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SOUTHEAST ASIA

1. Viet Minh sees prospect of victory through Geneva conference:

[redacted] [redacted] states that the Viet Minh will continue to concentrate on offensive moves for political and psychological rather than military effects in the belief that its chances of winning the war are greater at the conference table than on the battlefield. He points out that the Viet Minh campaign in north Laos is a further indication that the political front is rapidly replacing the military front as the key to the outcome of the Indochina war.

[redacted] said that the Viet Minh's hopes have been buoyed by the prospect of the Geneva conference despite their fears that they may be forced to accept concessions which the Soviet Union and the Chinese Communists may make to the French. [redacted] the concept of Viet Minh fears of concessions is pure hypothesis.

SOUTH ASIA

2. Nehru's attack on US observers in Kashmir primarily for internal effect:

[redacted] The American embassy in New Delhi believes Nehru's announcement on 1 March that India no longer regards American members of the UN observer team in Kashmir as neutral is largely "symbolic" and intended primarily for internal effect. The action may have been taken at the insistence of R. A. Kidwai and K. Katju, two of Nehru's more anti-American cabinet members.

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Comment: No formal Indian request for removal of the 24 Americans with the Kashmir team has yet been received by the UN, and an Indian Foreign Ministry source stated that only the text of Nehru's speech will be presented to Secretary General Hammarskjold, thus leaving further action up to him.

India's 1954-55 budget, announced three days after Nehru was advised of the American decision to grant aid to Pakistan, anticipates \$94,500,000 in foreign aid, most of which would come from the United States.

WESTERN EUROPE

3. Final West German approval of EDC threatened:

West German government officials warn that final ratification of the Bonn and Paris treaties may be blocked if the Allies withhold their approval of the defense constitutional amendment "even for a few days" after the scheduled 19 March vote on it in the Bundesrat. Unless the French government can be persuaded to withdraw its objections to the amendment's promulgation, opposition Social Democrats may renew their efforts to have President Heuss enjoined from signing the treaties.

Chancellor Adenauer appears willing to accept Allied approval of the amendment with almost any qualification. He may raise the issue with French foreign minister Bidault on 9 March at Paris.

Comment: Pending promulgation of the constitutional amendment, which was passed by the Bundestag on 26 February to legalize German rearmament, an adverse ruling on the treaties by the Constitutional Court is possible under continued Socialist pressure.

French government officials apparently feel that promulgation of the amendment might jeopardize French EDC ratification.

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