

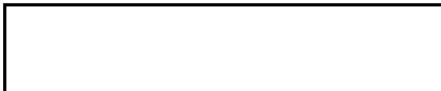
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15 May 1954

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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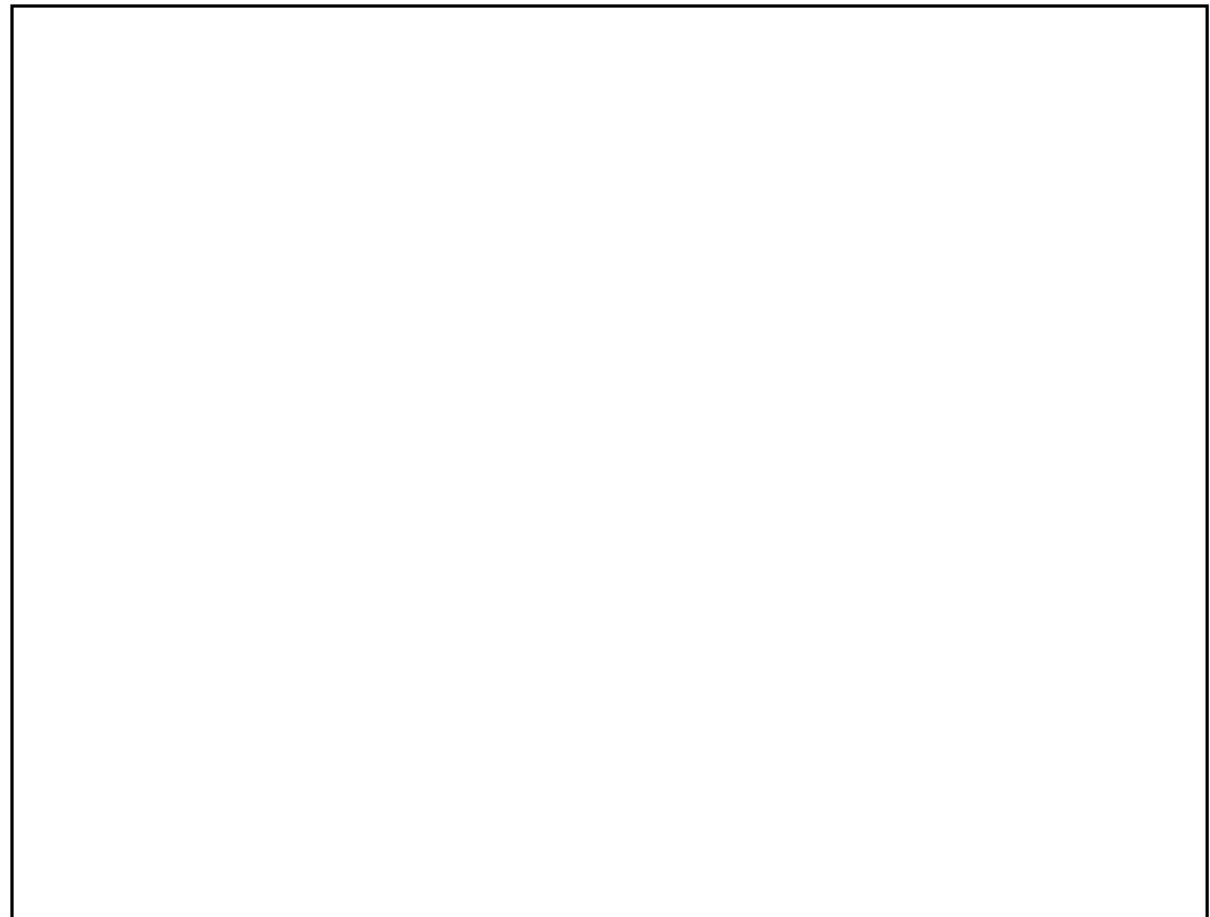
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GENERAL

1.



2. Comment on Molotov's proposal for a neutral commission on Indochina:

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[Redacted box]

Molotov's proposal on 14 May for the creation of a neutral nation commission to supervise a cease-fire in Indochina probably was intended as a reply to Bidault's basic criticism that the Viet Minh proposals of 10 May failed to provide international control. Molotov's suggestion applies only to the cease-fire agreement. It does not modify the Viet Minh provisions rejecting foreign supervision of elections in the three states and calling for the formation of local commissions to prepare for and carry out elections.

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Molotov left open for further negotiation the question of the composition of the neutral commission. He stated that he could not agree completely to the French proposal that any agreements be guaranteed by the nine Geneva participants, but accepted this proposal "in principle."

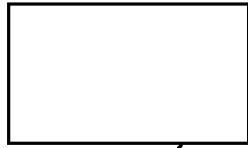
The Communists, in view of their emphasis at Geneva on the theme of "Asia for the Asians," may demand that some neighboring Asian states such as India, Burma, and Indonesia be included in the commission.

Molotov's move is consistent with other indications that the Communists are seeking to induce the French to open negotiations for a simple cease-fire without political guarantees. A truce based on the status quo would leave the Viet Minh in a strong position to continue infiltration into Laos, Cambodia and non-Communist areas of Vietnam, and would reduce the risk of possible American or United Nations intervention.

FAR EAST

3. South Korean difficulty in maintaining 20-division army seen:

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South Korean military officials believe the nation's manpower situation will make it extremely difficult to maintain a 20-division army after next year, [redacted]

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[redacted] At a meeting on 8 May, they determined that 20 divisions can be maintained until April 1955 by the induction of 18-year-olds, but after that date the army will have to retain those eligible for discharge. The officials decided this procedure would be inadvisable, but as a last resort the draft age limit could be raised.

Comment: This realistic appraisal of South Korea's manpower resources contrasts with President Rhee's demand that the United States train and equip 35 divisions prior to a UN troop withdrawal, and is unlikely, therefore, to be conveyed to him.

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4. Chinese Nationalists seize another Polish vessel:

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The Polish vessel Prezydent Gottwald, 5,028 gross tons, was seized on the high seas by a Chinese Nationalist destroyer escort about 450 miles east of Formosa on 13 May. Both vessels are now proceeding to the Formosan port of Kaohsiung.

The Prezydent Gottwald, having previously called at Canton, was reported as being en route to Tsingtao with a cargo of machinery and medical supplies. The interception followed an intensive search by two Nationalist destroyer escorts, a destroyer and five reconnaissance planes.

Comment: Since the seizure of the Polish tanker Praca last October, Orbit vessels have steered clear of Formosa. The insecurity of the new route--450 miles east of the island--may force the Communists to increase overland delivery of strategic goods to North China, or to use armed escorts for vessels in this trade.

SOUTHEAST ASIA

5. Movement under way to form Cochinchina republic:

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According to a French adviser to Premier Buu Loc, a local movement is under way to establish a "Cochinchina Republic" in the event of the partition of Vietnam. The informant said several prominent Cochinchinese leaders, including former premier Tam, are involved.

The embassy considers it probable that some such movement is afoot, and that it has considerable support from certain long-established French interests in Cochinchina.

Comment: Advocacy of a separate government for Cochinchina, which would comprise approximately the southern third of Vietnam, is considered tantamount to treason by almost all Vietnamese nationalists. Capable Vietnamese nationalists might be willing, as a last resort, to support a tentatively partitioned Vietnam, but not a definitively dismembered country.

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6. Viet Minh sets unacceptable terms for evacuation of wounded:

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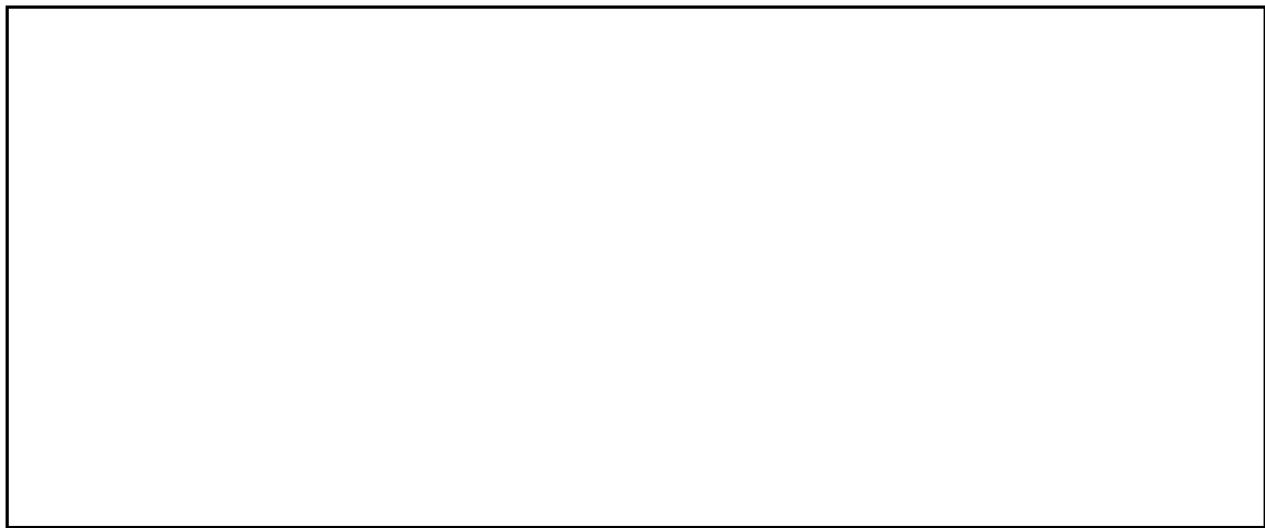
French commissioner general Dejean informed the American embassy in Saigon on 14 May that evacuation conditions imposed by the Viet Minh at Dien Bien Phu amount to using the wounded as hostages. The enemy insists that (a) only 450 wounded can be removed at this time; (b) during the evacuation the French may not bomb the main route leading to the Tonkin delta, in order to "permit the removal of Viet Minh wounded"; (c) no repair of the Dien Bien Phu airstrips can be made for their use by C-47's; and (d) no Vietnamese wounded can be evacuated.

Dejean said that following the evacuation of as many wounded as possible on 14 May, Navarre will inform the Viet Minh that its conditions are unacceptable and that French bombing will continue. Meanwhile, guidance from Paris has been urgently requested.

Comment: There are approximately 1,300 severely wounded at Dien Bien Phu. Refusal to permit the return of Vietnamese casualties is probably prompted by reluctance to admit that these troops refuse to adhere to the Viet Minh.

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8. Burmese premier warns Asian ministers against Ho Chi Minh:

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Premier Nu at the Asian premiers' conference in Colombo warned his fellow prime ministers against placing faith in Ho Chi Minh, according to information received by the American embassy in London. Nu was convinced that Ho had become hopelessly indebted to Peiping and Moscow and therefore no longer represented nationalist sentiment in Indochina.

Comment: Nu's position at Colombo reflects the recent development by Burmese leaders of a more realistic attitude on Indochina.

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WESTERN EUROPE

9. Spaak sees European security system endangered by French delay:

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Belgian foreign minister Spaak, who is "most discouraged" regarding the situation in France, believes that the "whole European

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security system which has been erected in the past few years" will be in danger of collapse if European integration is not achieved soon. In conversation with a member of the American delegation at Geneva, Spaak suggested that the other EDC members make an urgent appeal to the French government to move forward on the defense community treaty.

Comment: In the past Spaak has been generally optimistic on EDC prospects in France.

In the present temper of the French assembly, the appeal recommended by Spaak could produce a result opposite to that intended--particularly since Italy would probably refuse to take part and the French would be likely to see it primarily as West German pressure.