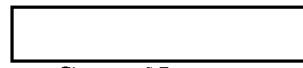
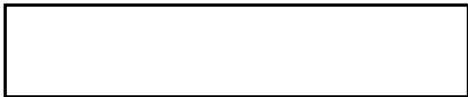


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16 July 1954

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State Department review completed

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SUMMARY

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SOUTHEAST ASIA

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GENERAL

25X1A 1. Communists reported willing to settle for 16th parallel in Vietnam:



Viet Minh delegate Dong at Geneva told Premier Mendes-France on 13 July he was prepared to compromise on the 16th parallel as the partition line for Vietnam, according to a member of the French delegation.

This conversation followed a talk between Mendes-France and Chou En-lai in which Chou said both sides must make concessions, with the Viet Minh making the larger.

Mendes-France is said to have told both Chou and Dong that France would insist on the Dong Hoi line for partition of Vietnam.

Comment: It seems likely that the Communist position on Vietnam will be affected by the French-Laotian position on Laos.

The Communists have previously pressed for partition of Vietnam at about the 14th parallel, while the French have insisted on the Dong Hoi line, midway between the 17th and 18th parallels. The Communists have also sought control of some part of Laos, and a Laotian delegate recently reported the French had suggested that Laos accept the Viet Minh proposal for "Pathet Lao regroupment areas" within Laos.

The Communists may propose that the Dong Hoi line for Vietnam be extended west through Laos, following the reported French defense line for those states. Partition along this line would give the Communists the northern half of Indochina.

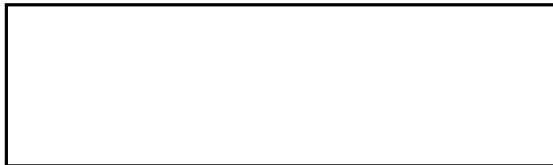
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FAR EAST

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2. South Korean prime minister discounts unilateral action threats:



South Korean prime minister Pyun told Ambassador Briggs on 13 July that the United States sometimes takes "too seriously" Korean threats of unilateral action when those statements are "meant to impress the Communist enemy, not Korea's American friends."

Pyun asserted that the United States, by rationing supplies and ammunition for the South Koreans and by contemplating the withdrawal of American forces, was "unwittingly creating a power vacuum in Korea" that was likely to encourage the Communists to repeat their 1950 aggression.

Comment: Pyun is probably trying to induce the United States to relax its control over military supplies in South Korea and to present in a more favorable light Seoul's request for a major build-up of balanced armed forces by dissociating it from the unilateral action issue.

South Korea's immediate objective is probably to acquire the logistical capability for unilateral military action rather than actually to undertake it, in order to strengthen its bargaining position with the United States.

SOUTHEAST ASIA

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3. Sharp rise noted in Vietnamese army desertions:

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[redacted] desertions of Vietnamese army regulars in the delta, which were less than 100 in the last week of June, rose to 900 during the

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first week in July. Most of the increase occurred in the southern zone of the delta, prior to and during French evacuation of that area. Since the evacuation, desertions in other zones have risen sharply as a result of the withdrawal.

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Comment: Bitterness over the abandonment of the southern delta was heightened by the disregard apparently shown some Vietnamese units during the evacuation and the fear of further precipitate French withdrawals. Viet Minh propaganda is effectively exploiting the situation.

WESTERN EUROPE

25X1A 4. Belgium plans cut in NATO-committed forces:

According to the Belgian army chief of staff, the defense minister has indicated that for budgetary and manpower reasons the government will probably reduce 1955 goals by dropping an interceptor air wing and by reducing the infantry divisions available on M-day from three to two.

Comment: Only two months ago the defense minister assured parliament that Belgium's military commitments would be fully respected. This planned reduction of NATO-committed forces has surprised SHAPE, which had been led to understand that the anticipated decrease in conscripts due to recent reduction of the service term from 21 to 18 months would not affect NATO units until 1956.