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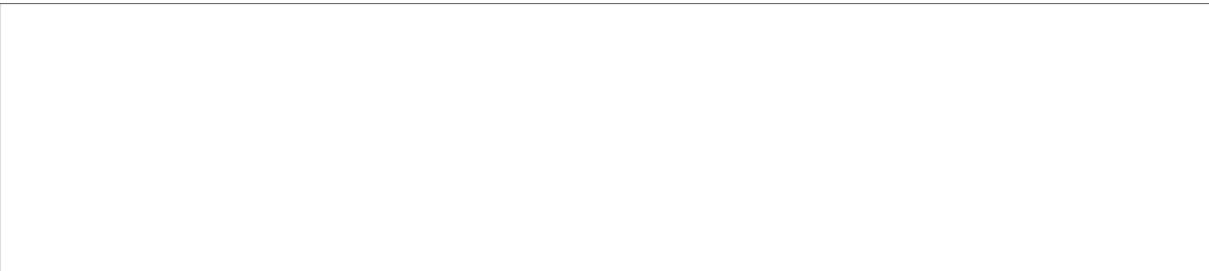
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GENERAL

1. Mendes-France sees possible last-minute agreement at Geneva:

Mendes-France looks for a possible last-minute agreement at Geneva on 19 July,



Comment: The Communists are expected to offer Mendes-France a settlement on Indochina, in advance of his 20 July deadline, which the French premier will find it difficult to refuse.

The offer is expected to include a cease-fire proposal and an outline for a political settlement requiring further negotiations. Ambiguities in the Communist proposals would be designed to make agreement easier.

The French were mistaken in believing that Chou En-lai had withdrawn Communist demands on behalf of the "resistance movements" in Laos and Cambodia. It is believed that Communist proposals will involve the partitioning of Vietnam on terms very favorable to the Communists, Communist control of some part of Laos, and some form of recognition for Communist forces in Cambodia.

SOVIET UNION

2. Four Soviet merchant ships ordered to leave Singapore for rendezvous point:



Comment: According to a press report from Singapore, the Alexander Nevsky, the A. Andreev, the Leningrad, and another tanker, the Maikop, left Singapore on 12 July.

It is likely that once the ships have sailed well north of Formosan waters, some will be redirected to China. However, the Chinese Nationalists are credited with the capability of intercepting vessels 500 miles off Formosa.

While there is no evidence of Soviet or Chinese Communist plans to provide naval escort or air cover to convoy the group of merchant ships, that possibility is suggested by the establishment of a rendezvous point. The first Soviet note to the United States on the Tuapse incident, sent on 24 June, stated that necessary measures would be taken to protect Soviet ships in the Far East. An alternative to armed escort would be to keep as far as practicable outside Formosan waters.

The intercepted Soviet tanker Tuapse is still held by the Chinese Nationalists.

FAR EAST

3. President Rhee now accepts invitation to visit United States:

[redacted] President Rhee told Ambassador Briggs on 10 July he has now decided to accept an invitation to visit the United States and wishes to depart "within two or three weeks." Rhee expects to bring a predominantly military staff with him, including Defense Minister Sohn, Army Chief of Staff General Chong Il-kwon, and two high-ranking air force officers.

Briggs reports he had never seen the president in such poor physical condition. Rhee's mind wandered several times during a half-hour conversation, and he appeared vague and confused.

Comment: Rhee previously rejected this invitation,

[redacted]

Rhee's primary objective is to obtain American aid in expanding the South Korean armed forces. A secondary objective is to redirect American interest away from Japan as the basis for the United States' position in Asia.

[redacted]

SOUTHEAST ASIA

4. French believe Viet Minh may be attempting to cut Tonkin delta in half:

[redacted] The start of a Viet Minh attempt to cut the Tonkin delta in half isolating Hanoi, may, be indicated by increased enemy activity during the past few days in the Luc Nam and Hung Yen areas, on the northern and southern edges of the present French defense line.

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Comment: Enemy activity in these areas, some of which involved elements of the Viet Minh divisions returned from Dien Bien Phu, has been coincident with increased pressure from the north and west of Hanoi. An effort to split the delta and thus hasten the fall of Hanoi presumably would be accompanied by an attack on the French defense line northwest of Hanoi, where enemy intelligence units are reported active.

NEAR EAST - AFRICA

5. Ankara seeks Iranian commitment to join Turkish-Pakistani defense pact:

[Redacted]

Recognizing that Iran's immediate adherence is not possible, Ankara nevertheless wants Tehran to commit itself now to eventual participation.

Comment: The shah and Prime Minister Zahedi have accepted the principle that Iran should adhere to the Turk-Pakistani pact. They insist, however, that careful preparation of the public is a prerequisite, and the shah has hinted that Iranian participation may depend on substantial increases in American military aid.

The current Soviet campaign to block Iran's participation in Western defense planning suggests the degree of Moscow's concern over these discussions. Tehran's new anxiety over Soviet intentions will probably preclude Iran's acceptance of the pact in the near future and increase its equivocation on Western commitments.