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OPERATIONS COORDINATING BOARD
Washington 25, D. C.

MEMORANDUM TO THE EXECUTIVE OFFICER, OPERATIONS COORDINATING BOARD

SUBJECT: Evacuation of Chinese Nationalist Personnel from Burma

REFERENCE: NSC 146/2, page 6, paragraph 22.

Paragraph 22 of NSC 146/2, referred to above, provides for continuation of diplomatic pressure for the repatriation to Formosa of Chinese Nationalist personnel from Burma, and for consideration of U.S. logistic support if transportation is not available. This paragraph has been a priority item for the OCB Working Group on NSC 146/2, which in view of recent developments submits the following recommendations to the OCB, the first as a matter of urgency. Details are set forth in the Annex.

Recommendations:

1. That additional funds in the amount of \$222,000 be made available to the Department of State to cover the U.S. financial share of the second phase of evacuation begun February 14, on the understanding that all unused funds will be returned to the Treasury once all phases of the evacuation are considered finished.

2. That the OCB take note of the prospects for a third phase as described in the Annex, and of the possibility that additional funds now roughly estimated at \$175,000 may later be requested for that phase.

/s/

Alfred le S. Jenkins
Acting Chairman
OCB Working Group on NSC 146/2
and NSC 166/1

DOS and NSC review(s) completed.

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SECRET

February 17, 1954

A N N E XEvacuation of Chinese Nationalist Personnel from BurmaFINANCIAL BACKGROUND:

Following the UN resolution of April 23, 1953, a military working committee of Burma, China, Thailand and the U.S. began meeting at Bangkok to plan and execute an evacuation. Agreement was soon reached in principle that each of the first three countries should share expenses in its own territory and that the U.S. would share with each, in proportions to be determined later at the governmental level. In June 1953 the sum of \$281,000 was made available to the Department of State for the then estimated U.S. share of transportation costs (as distinct from "inducement" money, which was provided in the amount of \$200,000 as a separate allocation). At this intermediate stage an evacuation of up to 3,000 men was envisaged. The committee discussed an operation overland through Thailand thence by sea to Formosa, but the Thai adamantly opposed surface transit of their whole territory and insisted, with Chinese support, on an airlift from near the Thailand-Burma border. Since Thai cooperation was, and is, a sine qua non, subsequent planning has been on the basis of the airlift.

Burma withdrew from the committee in mid-September, for political reasons, and did not later share in the expenses of the first evacuation. As plans were developed there were in fact no major expenses in Burmese territory during that operation.

First Phase: An air evacuation of 2,260 Chinese (1,925 troops, 335 dependents) was completed between November 7 and December 8, 1953, at a total transportation cost of \$352,980. Of this the U.S. paid \$186,058; the rest was paid by China and Thailand, using FOA counterpart. Since less than 3,000 were evacuated the full amount of U.S. funds for use in the Thailand-China operation was not spent, while the funds provided for use in Burma went untouched. Of the \$281,000 destined for transportation there thus remained an unspent \$94,942 of U.S. money after 2,260 Chinese had been repatriated.

Second Phase: Until December 7 further evacuation had not been envisaged. On that date, however, word was received that President Chiang had addressed a strong appeal to the guerrillas for further exodus, and that China wished to evacuate up to 3,000 more men. Political negotiations for this "second phase" were difficult and were completed only on February 10, 1954. In view of the uncertainties the Department of State did not wish to request more money until the second phase was actually begun. It started February 14 and is now under way. Funds are thus required soon for the U.S. share of Phase Two, in the maximum amount of \$222,000.

Third Phase: Further Chinese proposals, while now still in a formative stage, indicate that after the current second phase is completed there may be a third phase involving some 1,500 men in the Tenasserim area of lower

SECRET

Burma. While such an operation is in the U.S. interest, practical difficulties make its realization still uncertain at this stage, with no clear figures determinable. A rough calculation based proportionately on Phase Two would indicate that a further \$175,000 might be needed for Phase Three. These funds are not now requested, but attention is called to the possibility that they may be asked for later.

BREAKDOWN OF TRANSPORTATION COSTS:

Outlays in Phase One:

C.A.T. was contracted for the airlift, at \$123 a head. The U.S. and China shared these costs, two parts to one, while Thailand provided all other facilities--ground installations, housing, maintenance of security troops, food, etc. It should here be noted that China also bore the full cost of resettlement on Formosa--some \$442,000 out of FOA counterpart--which does not figure in transportation costs. The latter were:

U.S.	\$186,058	(approx. 2/3 airlift)
China	91,922	(approx. 1/3 airlift)
Thailand	75,000	
Total	<u>\$352,980</u>	for 2,260 evacuees.

Of the \$281,000 provided for the U.S. share, \$240,000 was for expenses in Thailand and \$41,000 for the same in Burma. As the latter sum was unspent in Phase One, and as Burma has agreed to pay all reasonable expenses of the second phase incurred in its territory, it is considered that the \$41,000 is now available for Phase Two in Thailand. The full carry-over from Phase One is thus:

\$53,942	(unspent from \$240,000 Thailand allocation)
<u>41,000</u>	(unspent original Burma allocation)
\$94,942	

Estimated Costs for Phase Two:

Before discussing costs for Phase Two attention is invited to the following considerations:

(1) "Inducement" payments, or "debts and bonuses," have already been provided for in Phase Two and do not enter into the present calculations.

(2) Following Phase One the Thai asked to be relieved of the expense of bus transport and security to Lampang airfield 170 miles south of the border, offering in return to habilitate the nearer Chiengrai airfield. This saved the Thai \$5.56 a head but added \$5.00 to the airlift price. In view of Thai reluctance to participate otherwise, the proposal was agreed to and the per capita price is now \$128.

(3) Burma has agreed to bear all "reasonable" expenses of Phase Two in its territory. These are understood to include: (a) packing and trucking surrendered arms to Kengtung airfield in Burma, for airlift to Formosa; (b) transportation of prisoners and possibly refugees from Mandalay to the border point. It is not believed politic to press Burma for further financial participation.

SECRET

The figures which follow represent a maximum estimate based on air-lifting 3,000 regular evacuees, plus 196 military prisoners and 178 civilian refugees held by the Burmese--a total of 3,374 persons--as well as the transportation of surrendered arms from the border point to Formosa. Estimates are based on figures furnished by the committee at Bangkok:

(1) Airlift 3,374 at \$128	\$431,872
(2) Airlift arms of 3,000 men	25,700
(3) Thai ground costs	51,058
(4) Pack and transport arms to Kengtung ...	970
Total	<u>\$512,600</u>

Other countries are expected to pay at least:

China (1/3 airlift 3,374)	\$143,957
Thailand (item 3, above)	51,058
Burma (item 4, above)	970
Total	<u>\$195,935</u>

The maximum U.S. share is thus estimated at \$512,600 minus \$195,935, or \$316,665; of this amount, \$94,942 remains as a carry-over from Phase One. The difference to be covered is thus \$221,723.

It is not anticipated that the maximum amount will be used because it is unlikely that the full 3,374 will be evacuated. Moreover, China will be asked not only to share the costs of airlifting the arms but also to pay the full airlift of the 178 refugees--providing there is sufficient counterpart available. Since any money remaining unspent will be held in reserve against the possible development of Phase Three, a round sum is requested in the amount of \$222,000.

SECRETof 3 ¹³ pages

