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ED

11 May 1954

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Copy No.

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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 52
NO CHANGE IN CLASS.
 DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2009
AUTH: HR 70-2
DATE: 31/12/79 REVIEWER: [Redacted]

[Redacted box]

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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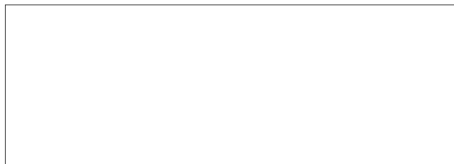
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GENERAL**1. Vietnamese oppose French proposal for cease-fire without political conditions:**

A member of the Vietnamese delegation at Geneva told Ambassador Heath on 9 May that his government was dissatisfied with the French proposal for a "purely military cease-fire." He considered the establishment of an internationally supervised zone along the China border as essential to a stable settlement, and requested American support of the Vietnamese position that military and political terms must be included in the same agreement.

Comment: In an earlier conversation, Vietnamese delegates told Heath their government hoped the conference would fail but would not sabotage it.

2. Buffer state in Indochina seen as Peiping's minimum demand:

The British chargé at Peiping, a member of the United Kingdom delegation at Geneva, expressed the belief that the establishment of a small Communist buffer state, headed by Ho Chi Minh, in northern Indochina is a minimum Chinese demand. He feels that Mao's regime has three principal reasons for this: (a) without such a state the Viet Minh embassy in Peiping would have to be closed, and the Communists would thereby lose face; (b) the military security of southern China would be threatened; and (c) Peiping would have difficulty maintaining control of the river system along the Indochina border on which the Yunnan tin mining industry depends for transportation.

Comment: Soviet officials have on several occasions suggested to American and British diplomats, but not to the French, that partition might be a solution in Indochina. At such times Soviet diplomats have usually emphasized the Chinese Communists' sensitivity regarding their southern frontier.

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While political and military sensitivity in this area is undoubtedly great, neither the tin mining industry nor any other important economic activity depends on the river system.

3. Sweden licenses sale of tankers which may go to Poland:

The Swedish government has confirmed to American officials that export licenses have been granted and contracts signed for the sale of two tankers to Lebanese merchants.

these ships are actually destined for Poland.

The American embassy in Stockholm understands that the first tanker is to be delivered on 18 May, the other at a later date.

Comment: The acquisition of these tankers would considerably increase the petroleum-carrying capabilities of the Soviet bloc, which has been seriously short of ocean-going tankers. One of the ships, listed at 11,232 gross tons, is larger than any tanker now owned by the bloc.

The general success of the COCOM embargo on tankers to the Orbit has apparently led to some Soviet construction of tankers on ways previously used for cruisers. No change in this embargo is expected in the current revision of COCOM controls.

FAR EAST

4. Rhee continues to oppose UN unification plan:

President Rhee reiterated on 8 May that he will not go along with the draft UN proposal for all-Korean elections until Chinese Communist troops have all been withdrawn

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from Korea and the North Korean army has surrendered. He said that after this had been accomplished, he would seek such amendments to the South Korean constitution "as may be necessary" to hold elections for an all-Korean legislature.

According to Ambassador Briggs, Rhee is firm on the question of a North Korean surrender and this position is as far as he will go.

Comment: Rhee's stand is likely to isolate him from his allies and to relieve the Communists of the onus for a conference failure. He probably still hopes that by remaining adamant on this point, he can obtain a firm United States commitment to build up the South Korean armed forces.

SOUTHEAST ASIA

5. Dejean says Navarre plan non-operational since last December:

 Commissioner General Dejean told the American chargé in Saigon on 8 May that the Navarre plan had ceased to be operational when the Viet Minh thrust across Laos to the Mekong River last December. Dejean also stated that on 15 March, two days after the beginning of the battle of Dien Bien Phu, Navarre had informed him the battle would be lost.

In view of the French failures to keep American representatives informed in these two instances, the chargé comments that the United States would be well justified in calling on Paris for a new look at the aid agreement concluded last September and likewise "at the entire framework of our military, financial, and political relationships to this conflict."

Comment: Immediately after the enemy move across Laos, Navarre stated it might throw his offensive plan somewhat off schedule, but as of late January Dejean told the American ambassador that Navarre was confident his timetable for a decisive offensive in the fall had not been upset. On 20 February, Navarre again told American officials that his plan was proceeding on schedule.

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6. Internationalization, capitulation or armistice seen as only alternatives in Indochina:

[REDACTED] Commissioner General Dejean told the American chargé in Saigon on 8 May that if an armistice is not achieved by the next campaign season, the only alternative to capitulation will be internationalization of the war "on a much larger scale." He believes by that time, the Viet Minh will have regrouped and been further strengthened by Chinese aid.

Comment: General Navarre has also recently said that the war must be internationalized, and in Paris the secretary of state for Associated States has observed that the only "real" solution is in early American intervention.

7. Viet Minh reported planning to destroy French column in northern Laos:

[REDACTED] The Viet Minh intends to trap and destroy the French force of four battalions, composed largely of Laotians, now some 25 miles southwest of Dien Bien Phu, according to French information reported by the American army attaché in Saigon. A pursuing group of four Viet Minh battalions now in northern Laos will be joined by elements of the enemy's Dien Bien Phu troops if the force can be located.

The army attaché comments that, although it is unlikely that the Viet Minh can trap these units, the danger exists that the battalions will melt away in the face of a Viet Minh advance.

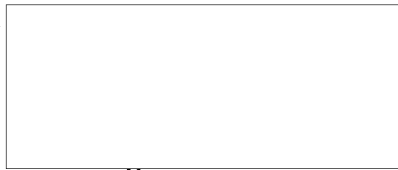
Comment: The four French Union battalions were sent toward Dien Bien Phu in an attempt to divert several enemy units from joining the attacking force there.

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8. Viet Minh's Dien Bien Phu forces expected to reach delta by late May:



Viet Minh forces at Dien Bien Phu will begin to move toward the delta on or shortly after 11 May. By 26 May, an initial force of nine battalions will have arrived at the delta and be ready for combat.

The American army attaché in Saigon comments that the entire enemy force of 28 battalions can be deployed to the delta for action by 2 June.

9. Rangoon has documentary evidence of Chinese communication with Burmese Communists:



captured documents clearly indicated Indian and Chinese Communist communication with the Rangoon branch of the insurgent Burma Communist Party.


Comment: These documents were apparently the basis of a government-inspired press campaign in Rangoon this spring during which it was first explicitly stated that the Burmese Communists were being aided by Peiping.

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NEAR EAST - AFRICA

10. Saudi Arabia makes "last appeal" for American support in Buraimi dispute:

 Acting Foreign Minister Yassin made a "last appeal" on 5 May for American support in the Saudi-British territorial dispute, according to Chargé Jones in Jidda.

Yassin stated that the British were cutting off Saudi water supplies in the Buraimi oasis and that a compromise was imperative "at any cost." He added that unless American backing were forthcoming, Saudi Arabia would be required to "sacrifice" its own oil interests and those of the Arabian-American Oil Company.

Jones comments that although Yassin, in an attempt to obtain American support, has probably exaggerated the extent of Saudi willingness to compromise, the urgency of his statement might reflect an increasingly precarious position of Saudi forces in the Buraimi.

Comment: Yassin's statement is the most direct warning to the United States thus far that the Saudis are willing to give ARAMCO's concessionary rights in the disputed territory to a British oil company in return for political control there.

Contrary to Yassin's statement, Saudi Arabia would make no "sacrifice" because, by extending its borders, it would receive royalties from the British.