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12 August 1954

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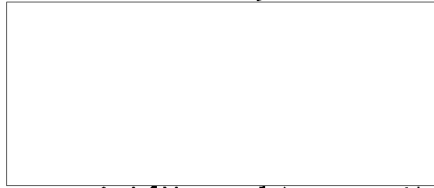
FAR EAST

1.



SOUTHEAST ASIA

2. General Ely sees short tenure for Diem government:



French commissioner general Ely told Ambassador Heath in Saigon on 10 August he did not believe the Diem government would last long because of the premier's

rigidity and incapacity, although he, Ely, recognized the popular appeal of Diem's integrity.

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Heath is uncertain of Diem's ability to develop a strong government but believes he should be given every chance since his potential is much greater than that of any of those planning to remove him.

Comment: While General Ely has apparently remained aloof from intrigues designed to bring down Diem, other French officials in Saigon and Paris have been active in them. The failure of the French to give Diem their support greatly complicates his task of developing a strong government.

NEAR EAST - AFRICA

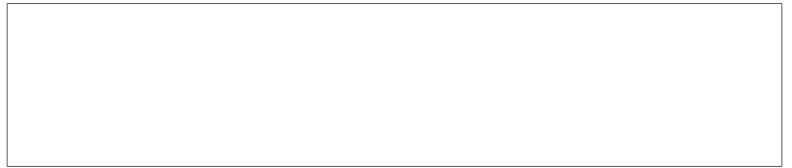
3. Good-will tour of Onassis tanker seen as pressure on ARAMCO:

[REDACTED] The forthcoming good-will tour of the Mediterranean by the 47,000-ton Onassis tanker King Saud I--the largest in the world--is probably calculated to stir up so much publicity in the Arab world that ARAMCO will be compelled to load the vessel when it reaches Saudi Arabia early in September, [REDACTED]

[REDACTED] the tanker will probably leave Europe in mid-August and will call at important ports, particularly Beirut, Alexandria and Suez. At each port, ceremonies will be held, government officials will be invited aboard, and the press will be alerted to give the maximum publicity.

Comment: The tanker's arrival may mark the showdown in the struggle between ARAMCO and the Saudi government over the Onassis tanker agreement. ARAMCO is prepared to shut down and even face nationalization rather than load an Onassis tanker.

Onassis' reported negotiations with the Bonn government for the purchase of the Howaldtswerke shipyard in Hamburg--the yard where the King Saud I was built and one of the largest in Europe--suggests that he is even more determined than he has previously indicated to carry out his agreement with Saudi Arabia.

~~TOP SECRET~~**WESTERN EUROPE****4. Adenauer informs France of his conditions on modifying EDC:**

at the Brussels EDC ministerial meeting on
19 August,

Adenauer will not accept any French proposal which would compel the Bundestag to re-examine EDC, would result in any delay in the treaty's implementation, or would limit the supranational powers established in the treaty.

The French minister to the EDC Interim Committee has expressed the belief that Premier Mendes-France will take these requirements into consideration. The French government has also indicated that prior to the Brussels meeting, it will inform the participating governments of its proposals for modifying the treaty.

Comment: While Adenauer will steadfastly hold to his position on not resubmitting the treaty to the Bundestag for changes, he may be willing to commit himself to a modification of the treaty's supranational powers after it has been adopted.

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