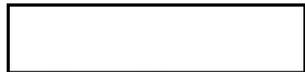


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10 March 1954



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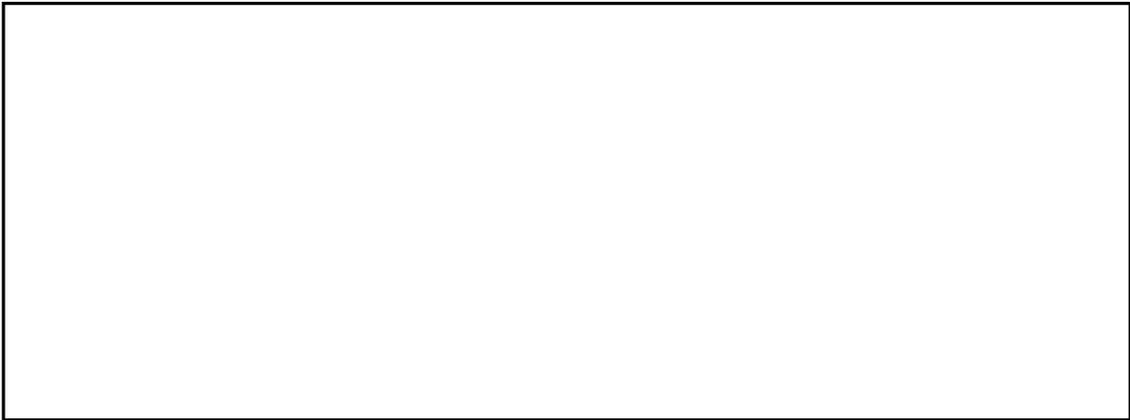
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State Department review completed

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SUMMARY

GENERAL

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SOUTHEAST ASIA

3. Thailand wants France to stay in Indochina (page 4).
4. Burma to continue military pressure against Chinese Nationalists (page 4).

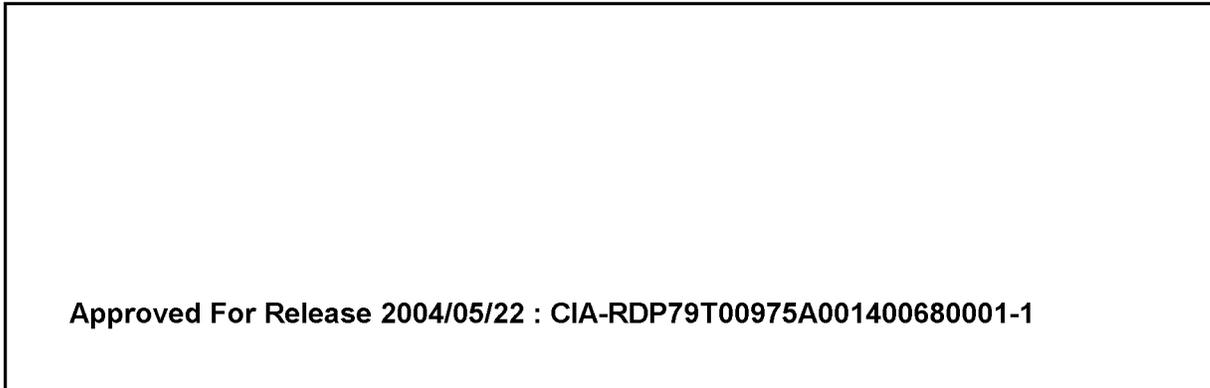
NEAR EAST - AFRICA

5. Shah fears Western abandonment of Iran (page 5).



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GENERAL

25X1A 1. Moscow likely to demand Viet Minh representation at Geneva:

[Redacted]

Pravda on 8 March attacked French foreign minister Bidault's recent statement that it is not necessary to invite

representatives of Ho Chi Minh's government to the Geneva conference and asserted that "it is impossible to solve the Indochina problem without considering the lawful right of her people." The article criticized those French leaders who "declare beforehand their unwillingness to hear representatives of the people of Indochina."

[Redacted]

25X1

Moscow probably hopes to secure greater international recognition and prestige for the Ho government, which it recognized in 1950, as the sole legitimate authority in Vietnam. The Pravda statement suggests that Moscow and Peiping will not be willing to abandon the Viet Minh in order to achieve a truce in Indochina or to serve wider strategic objectives in Europe and Asia.

25X1A

[Redacted]

25X1A 2. USSR allegedly ties release of Iranian gold to border concessions:

[Redacted]

[Redacted]

25X1

current Soviet-Iranian talks allegedly stated on 6 March that the USSR has made it clear that it will not pay its gold debts

to Iran unless border disputes are settled on terms which were accepted by the Mossadeq government and which would allow the USSR to retain the areas upon which it has encroached.

[Redacted]

25X1

[redacted] the chief of the Iranian delegation tends to favor a settlement on Soviet terms to avoid the necessity of negotiating with the USSR at the same time Iran is attempting to negotiate an oil settlement with Britain.

Comment: Continued negotiations with the USSR are not likely to lessen the Zahedi government's interest in a settlement with Britain.

SOUTHEAST ASIA

3. Thailand wants France to stay in Indochina:

25X1A

[redacted]

The Thai foreign minister on 6 March told Ambassador Donovan that Thailand wants France to stay in Indochina and expressed gratification that the Associated States had realized independence "within the framework of the French Union." Both he and Premier Phibun agreed that French military support of the Associated States was the best guarantee the region could have against Communist aggression.

Comment: These assurances suggest that Thailand's traditional dislike of the French and its desire to increase its influence in Laos and Cambodia are becoming outweighed by a feeling of dependence on French forces as the only effective military barrier to Communist expansion throughout Southeast Asia.

4. Burma to continue military pressure against Chinese Nationalists:

25X1A

[redacted]

Ambassador Sebald believes that the Burmese government has given up hope that a full-scale evacuation of the Chinese Nationalist troops from Burma can be effected and is now convinced that military pressure is the only means to a final solution. He inferred from remarks made by the acting foreign minister on 8 March that the government has made a firm decision to attempt such a solution before the monsoon season begins in May and doubts that Rangoon can be induced to change its plans.

Comment: On 8 March Burma rejected the joint evacuation committee's request that the current cease-fire be extended to include the area in which the Burmese army is conducting its limited offensive against Chinese Nationalist troops. Although the evacuation is still progressing, Burmese military pressure will seriously jeopardize its successful conclusion.

NEAR EAST - AFRICA

5. Shah fears Western abandonment of Iran:

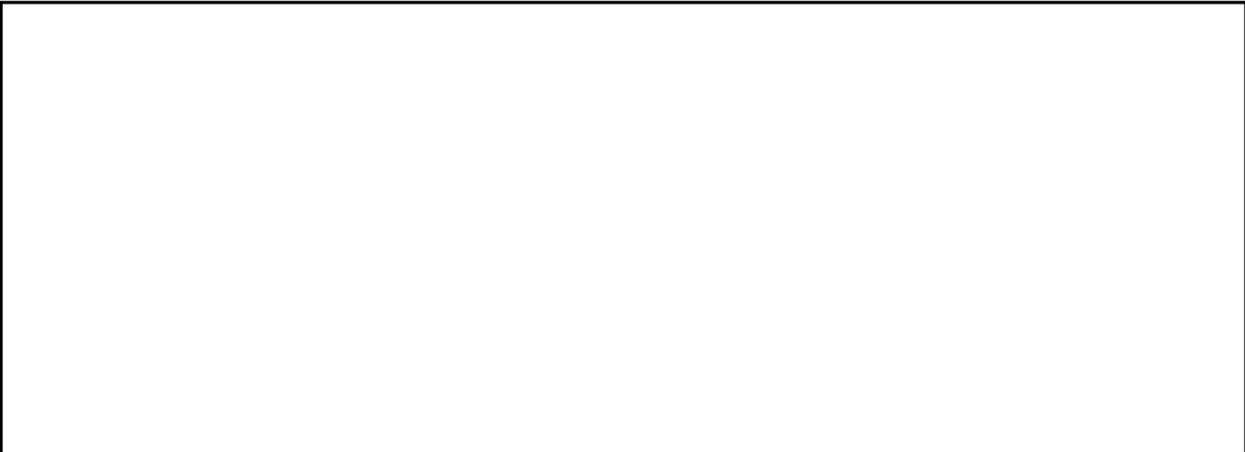
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Ambassador Henderson reported on 8 March that the shah is "extremely worried" over reports that the United States and Britain have written off Iran as an area of vital interest to the free world.

Even though the shah appears to recognize that Iran is not prepared to join a defense arrangement, he is concerned because his country has not been asked to join the Turkish-Pakistani defense pact. He stated that without Iranian participation such a pact will be useless, and again urged the development of an Iranian army which could hold back invading Soviet forces.

The shah also warned that Iran will face a serious financial crisis in a few months and asked whether the United States "would come to its rescue if it should find itself on the verge of bankruptcy."



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