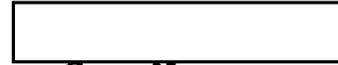


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28 November 1954



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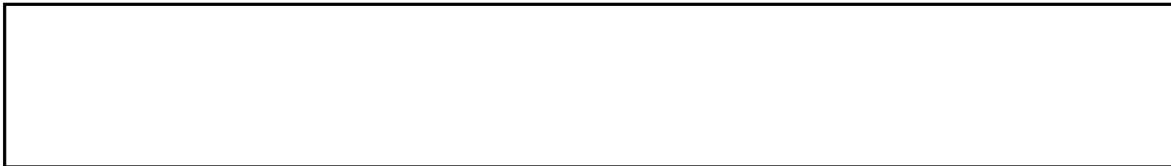
SUMMARY

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SOVIET UNION

1. USSR reported increasing pressure on Finland:

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Soviet embassy officials in Helsinki have been staging a scare campaign at social events with continual references to new Soviet measures in the event that the Paris agreements are ratified, [redacted] Finnish officials believe that the Soviet delegation led by Trade Minister Mikoyan, which has arrived in Finland, timed its visit to be present at Finnish independence day observances.

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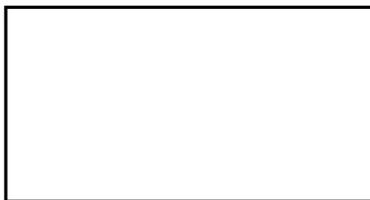
These measures are believed to be groundwork for possible later official overtures in accordance with the 1948 Finnish-Soviet mutual assistance pact. Finnish officials are becoming increasingly aware of Soviet pressure, although they have no feeling of impending catastrophe.

Comment: The ostensible purpose for the visit is to attend the launching of one icebreaker and transfer of another to the USSR, but the high rank of the delegation makes the visit itself a form of pressure. Moscow may use the pact with Finland, which provides for consultations in case of a threat of attack by Germany, as an excuse to press for closer military co-operation or Finnish participation in the security system proposed by the USSR.

In the reply to the Soviet invitation to a European security conference on 19 November, Finland stated that it would attend only if the Western powers accepted.

2. Soviet UNESCO delegation's actions moderate:

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The first Soviet delegation to a UNESCO meeting has generally avoided disruptive or irrelevant tactics, according to reports from the American delegation in Montevideo. The Soviet delegates' basic mission appears limited to familiarizing themselves with procedures, establishing friendly relations with the secretariat and

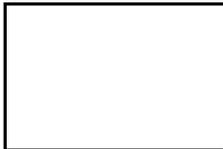
other delegates, and possibly assisting Communist sympathizers to attain key positions.

The limited Soviet objectives at this session probably were those apparent in the delegates' opening speeches: (a) obtaining condemnation of the use of mass media for war-mongering, (b) enlisting UNESCO facilities in peace campaign, (c) impressing member states with Soviet cultural achievements and devotion to "negotiation" of international disputes, and (d) attracting students from underdeveloped countries to Soviet universities.

SOUTHEAST ASIA

3. Hinh's actions deepening cleavage between Vietnamese army factions:

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General Hinh, in an effort to strengthen his control over the Vietnamese army, shortly before leaving for France on 19 November began the replacement of

certain unit commanders with men personally loyal to him,

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A pro-Hinh demonstration is said to be planned by army elements for approximately 4 December.

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although army commanders loyal to Premier Diem have demanded that the government take action against the pro-Hinh clique, it has not been able to do so owing to lack of support from the general staff and to fear that this probably would lead to open fighting within the army. Diem is waiting for a message from Bao Dai supporting him rather than Hinh before he takes any action against officers who are plotting against his government.

Comment: Hinh's continuing verbal barbs against the Diem regime, as reported in the Paris press, reached a climax on 26 November with the allegation that Diem is organizing "assassination committees" to execute officers faithful to Hinh.

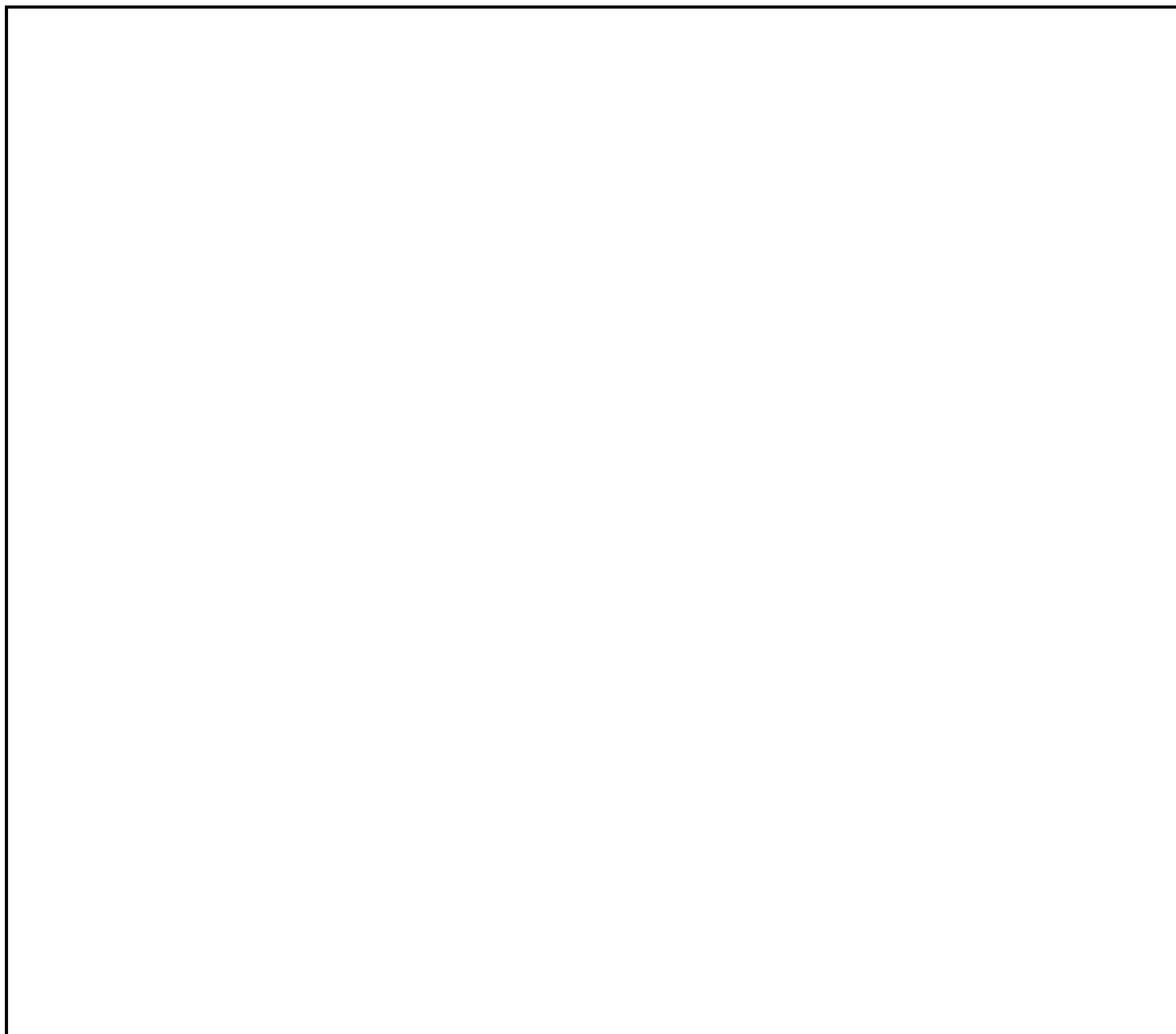


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The American chargé in Saigon recently noted that, despite the settlement of a mid-November rebellion by an army unit favoring Diem, the general situation remains dangerously unstable. He added that results would be calamitous should fighting break out between the Hinh and Diem factions in the national army.

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WESTERN EUROPE

5. COCOM finally agrees on application of transit trade controls:

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Major obstacles to putting new controls over transit trade in strategic goods into effect on 3 January have been removed as a result of concessions made at a COCOM meeting on 23 November, the American COCOM delegate reports.

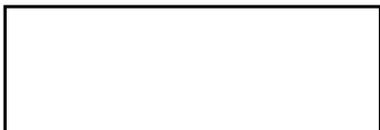
Britain announced at the meeting that it was prepared to apply COCOM's Transit Authorization Certificate (TAC) scheme in Cyprus, Malta, and Gibraltar as soon as political and administrative difficulties were solved. These and similar assurances given by Greece and Turkey were accepted by the Italian delegate as meeting the conditions set by Rome for adoption of the TAC scheme.

Comment: Under the TAC scheme, no co-operating government would permit strategic goods bound for the Orbit to transit its territory--including free port areas--without the permission of the original exporting country. Strongly supported by the United States for two years, this plan had been threatened by administrative difficulties in some countries and by the insistence in COCOM that similar controls must be simultaneously adopted by all.

The new agreement will tighten the export control system at what has hitherto been one of its weakest points. The willingness of Western European COCOM members to enforce the program has grown since the sharp curtailment last August of the number of items subject to control. The Orbit may now try to make increased use of free port areas outside the COCOM countries--Beirut, for example, or the 13 Swiss free ports--but subsequent negotiations are planned to extend the new arrangement to these limited facilities also. (Concurred in by ORR)

6. Paris embassy fears fall of Mendes-France before Paris accords debate:

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Ambassador Dillon believes that the government of Premier Mendes-France may be overthrown in the 10 December North African debate if the National Assembly feels that he has been forced to agree to a slowdown in dollar aid under the 1954 Indochina aid agreements. Dillon points out that assembly opposition to the Paris accords is growing, and that the overthrow of Mendes-France before the 14 December debate on the accords would give his opponents the necessary time to organize a "formidable" attack.

Comment: The Mendes-France government has generally been considered safe at least until the assembly debate on the accords has started, and it is still too early to modify this opinion.

Gaullist supporters of the government have been highly critical of both Mendes-France's North African policy and of his "subordination" to American policy on Indochina. Their position in the North African vote, however, will probably depend on General de Gaulle's views on the Paris accords, which he is reportedly planning to announce on 4 December.

