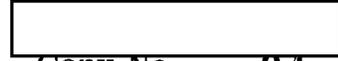


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12 April 1955



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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



State Dept. review completed

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SUMMARY

SOUTHEAST ASIA

- 1. Comment on Bao Dai's maneuvering against Diem (page 3).
- 2. Indian official suggests "neutralization" of Laos (page 3).

WESTERN EUROPE

- 3. Bonn plans "quiet" pressure on East Germans in truck tax case (page 4).
- 4. French seen adopting "chip on shoulder" attitude toward United States (page 5).

THE FORMOSA STRAITS
(Page 6)

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SOUTHEAST ASIA

1. Comment on Bao Dai's maneuvering against Diem:

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[REDACTED] Bao Dai's principal adviser and spokesman, Nguyen De, delivered to the American embassy in Paris on 9 April a long statement critical of Premier Diem.

Although Nguyen De argued that Diem had developed megalomaniacal tendencies and that Vietnam could no longer afford the luxury of his incompetence, there was no suggestion that Bao Dai planned to take the initiative in removing him. Instead, Nguyen De proposed that France and the United States create a Vietnamese executive body of which Bao Dai would remain the supreme arbiter. It is apparent from this statement that Bao Dai hopes to avoid personal responsibility for removing the premier.

In following these tactics Bao Dai is using a technique which over a period of years has preserved his own authority. Throughout Nguyen De's statement there emerges Bao Dai's fear that the Binh Xuyen gangsters, the mainstay of his local support, may be crushed by Diem.

2. Indian official suggests "neutralization" of Laos:

25X1

[REDACTED] Indian ambassador Parthasarathi, chairman of the International Control Commission in Cambodia, considers the only solution to the situation in Laos to be the neutralization of that country. Recently returned to Phnom Penh from a visit to Vientiane, he told the American ambassador there on 8 April he will probably recommend to Nehru that the opportunity be taken at Bandung to suggest that the Geneva powers underwrite the permanent neutrality of Laos.

Parthasarathi said the chief Polish representative in Laos was amenable to this idea, provided the Pathet Lao is integrated into the national community and that democratic elections are guaranteed.

Comment: Laotian premier Katay is planning to protest strongly at Bandung the Pathet Lao's refusal to accept royal authority in the northern provinces. An Indian proposal of neutralization would largely nullify such a protest and Katay himself might accept neutralization as an effective device for ensuring Laos' continued independence.

WESTERN EUROPE

3. Bonn plans "quiet" pressure on East Germans in truck tax case:

Ambassador Conant reports that the Federal Republic shows no inclination to meet the new East German tax on Berlin trucking "head on" for fear of precipitating a new blockade. Bonn's strategy is to exert a quiet but steady economic pressure on the East Germans in interzonal trade negotiations. Bonn is reluctant to hold up

steel shipments already approved, but has stopped further approvals, and about 15 April will start charging fees on all shipments to East Germany. This will yield as much revenue as the truck tax.

The chief of the West German interzonal trade office believes that countermeasures in the field of interzonal trade will be ineffective, and may result in the cessation of East German deliveries of brown coal to West Berlin.

He takes the view that the truck tax was imposed chiefly to gain recognition for the East German government. Both he and West Berlin mayor Suhr feel that action by the Western allies is necessary.

Comment: If Bonn is forced to deal with this matter by itself, it may be willing to enter bilateral discussions on a fairly high level, perhaps even at the ministerial level which the East Germans are asking, thereby approaching de facto recognition.

4. French seen adopting "chip on shoulder" attitude toward United States:

25X1 [redacted] Ambassador Dillon in Paris reports that the Faure government is acting as if it believes the United States will forget France as soon as the Paris agreements are deposited.

The secretary general of the French Foreign Ministry is working on a timetable which, as outlined to Dillon on 8 April, will propose a date for a meeting of a three-power working group on East-West talks prior to the depositing of the Paris treaties. The timetable may include a July or August date for four-power talks.

Ambassador Dillon believes that Premier Faure is capable of carrying out his threat to state publicly that he will not deposit the Paris treaties until after a three-power working group has met.

Comment: Both the United States and Britain oppose any three-power meeting on East-West talks until the Paris treaties have been deposited by all signatories.

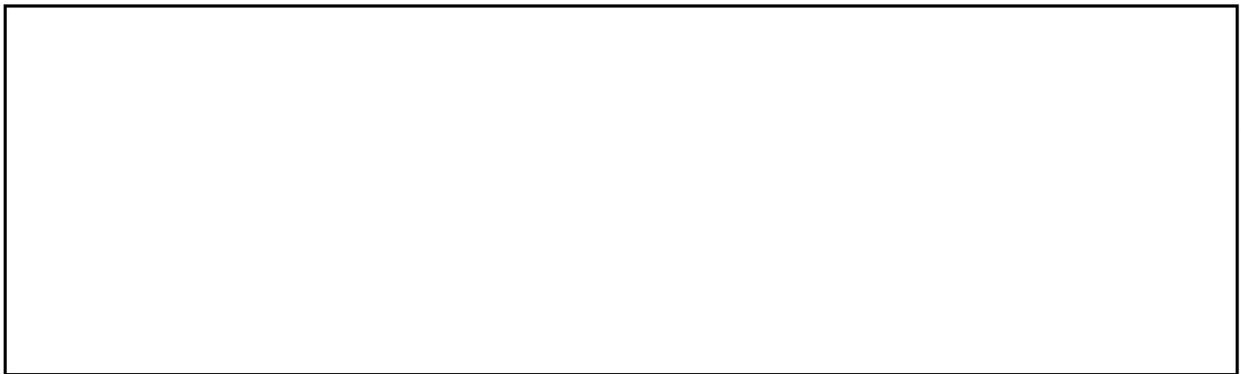
Reports suggesting that the French government intends to ask authorization from parliament, which does not reconvene until 3 May, to deposit the treaties are probably part of the pressure which the French are applying to get their way.

THE FORMOSA STRAITS

**Report of the IAC Current Intelligence Group
for the Formosa Straits Problem**

This report is based on information received in Washington up to 1100 hours 11 April 1955.

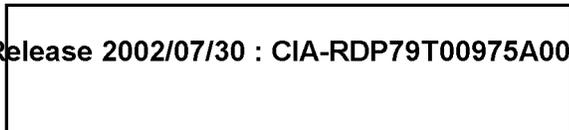
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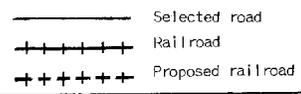
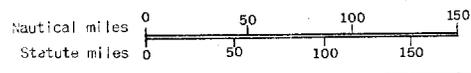
2. The Chinese Communists are expected to maneuver at the Asian-African conference at Bandung to obtain support for resolutions, relating to Formosa Straits questions, of the same type adopted by the Communist-dominated New Delhi conference on 10 April. These included calls for the removal of foreign bases and troops from Asian territory, the withdrawal of all US forces from the China area, and the convocation of a 10-nation Formosa conference excluding Nationalist China.

The Chinese, at the Bandung conference opening 18 April, will be dealing with national representatives of Asian-African countries rather than primarily with Communist and Communist-front delegates as at New Delhi. Nevertheless, the Communists may be able to get at Bandung some expression of support for certain of their claims, in which case they will probably feel in a stronger position for both political and military action.

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CHINA-FORMOSA SITUATION



COMMUNIST AIRFIELD LEGEND

PRIMARY	SECONDARY	USEABILITY	DESIGNATIONS
●	▲	+	PRIMARY: considered most important in area, with prepared runway generally 5000 feet or longer.
●	▲	—	SECONDARY: auxiliary or emergency bases, or fields of lesser importance--runways generally less than 5000 feet.
●	▲	—	OPERATIONAL: consistently used by military & civilian aircraft.
●	▲	*	SERVICEABLE: capable of use by aircraft.
●	▲		UNKNOWN: current status undetermined.
●	▲		OTHER: under construction, abandoned, or unserviceable.
		★	

