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a a second		FAR EAST	0.0(11)(2)
1.	Communist plans for a sixth p	hase offensive reported:	
	· ·	According to a recently capture munist soldier from the newly vision, 47th Army, his compostated that his division was order to permit troops in the prepare for a sixth phase of Far East Command conclude the fact that similar statements.	y arrived 140th Di- any political office holding the line in the rear areas to fensive. The US es, reasoning from
	officers have preceded previous launched if current cease-fire	us offensives, that an enemy of	5 2
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	estimates that Communist for major offensive for a two-wee	<u>Comment:</u> The US Far East ces in Korea have the capability k period.	
			3.3(h)(2)
2.	French military position in Inc	dochina believed to be 'very lit	tle improved":
		tnat, notwithstanding French cesses in Tonkin, the overal sition of French Union force	ll strategic po-
	improved over that which obtains factors, including the infliction Minh, are nearly offset by imputroop disposition and logistics.	ined last fall. He believes that n of a four to one casualty rate proved Viet Minh organization,	various favorable on the Viet
	and training native commission	The process of reinforcing F ned and non-commissioned office	French forces

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slow, and the attache believes that an attrition rate of ten to one would have to be maintained in order for French Union forces to seize and retain the initiative and insure the defeat of the enemy.

<u>Comment:</u> This is an unusually pessimistic estimate, particularly in view of official French claims that the Viet Minh has been badly defeated and decimated in battles during the past few months.

French Union forces, although roughly equal in numbers to those of the Viet Minh, are better armed. They possess undisputed air and sea control of Indochina, are far better supported logistically, and have access to a greater reservoir of fit manpower than the enemy. Thus, barring Chinese Communist intervention, a four to one attrition rate on the Viet Minh would appear to promise steady improvement of the French military position.

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SOUTH ASIA

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5. Yugoslavia refuses to attend San Francisco Conference:

Foreign Minister Vilfan informed US Ambassador Allen that the Yugoslav Government has decided not to attend the San Francisco Japanese Treaty Conference because of

the remoteness of Yugoslav substantive interest in Japanese affairs. Vilfan explained that, although his government recognized the declaration of war against Japan made by the Yugoslav London Government, Yugoslavia would find it embarrassing to take a position on a number of questions that would probably come up at the Conference.

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Comment: Yugoslavia had previously indicated that it would decline the invitation. By refusing to attend, the Yugoslav Government can avoid taking a stand on Chinese Communist participation in the treaty, a question that will probably be raised by the Soviet Union. It can also evade the awkwardness of signing a lenient Japanese treaty at a time when it is opposing all suggestions to revise the more punitive Italian Peace Treaty.

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WESTERN EUROPE		3.3(h)(2)
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Prospects for ratification of Schuman Plan deteriorating:

Recent developments indicate that the prospects for prompt ratification of the Schuman Plan by the West German Parliament (Lower House) are deteriorating. Key delegates of

of the two minor parties of the government coalition have commented that half of their factions might refuse to support the Plan when the Parliament reconvenes, in September. Although HICOG officials believe these claims are exaggerated, they acknowledge that German anger over the Saar issue and over recent rebuffs by the Ruhr Authority is certain to delay ratification of the Plan and strengthen the hand of the forces opposing ratification.

Comment: On 12 July, prior to the recess, the law ratifying the Schuman Plan successfully passed its first reading in the Lower House. Although at that time the three government parties presented a solid front in support of the Plan, the debate indicated that any adverse developments, particularly on the Ruhr Authority and Saar issues, might considerably increase the Chancellor's difficulties in securing approval on the final reading of the bill.

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