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SECURITY INFORMATION

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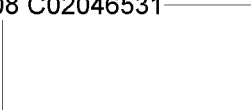
CENTRAL INTELLIGENCE AGENCY

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## FAR EAST

1. Chinese Communists concentrate forces near Indochina pass:

French intelligence in Hanoi accepts as confirmed the presence of 60,000 Chinese Communist regulars in the region between Nanning and Pingsiang, the best pass into

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Indochina. (SEE MAP) The US Consul comments that, if this report is true, the "picture is not good," since a force of this size in such a small area appears unnecessary for local security control.

Comment: Numerous reports indicating a build-up of Chinese Communist forces in the border area as a whole have not been confirmed. However, reports

have been received in recent weeks of an influx of Chinese regu3.3(h)(2) lars into the eastern section of the border area. The reported 60,000 troops constitute the largest single concentration which has been reliably reported.

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It is possible that deployment of Chinese Communist troops is designed to divert the attention of the French or to cause enough displacement of French forces to benefit the Viet Minh without actually involving China in hostilities.

2. Viet Minh capabilities greatly increased:

A French official told the American Consul in Hanoi that despite De Lattre's strategy and increased American aid, the situation in Tonkin is "more grim" than a year ago. The Viet

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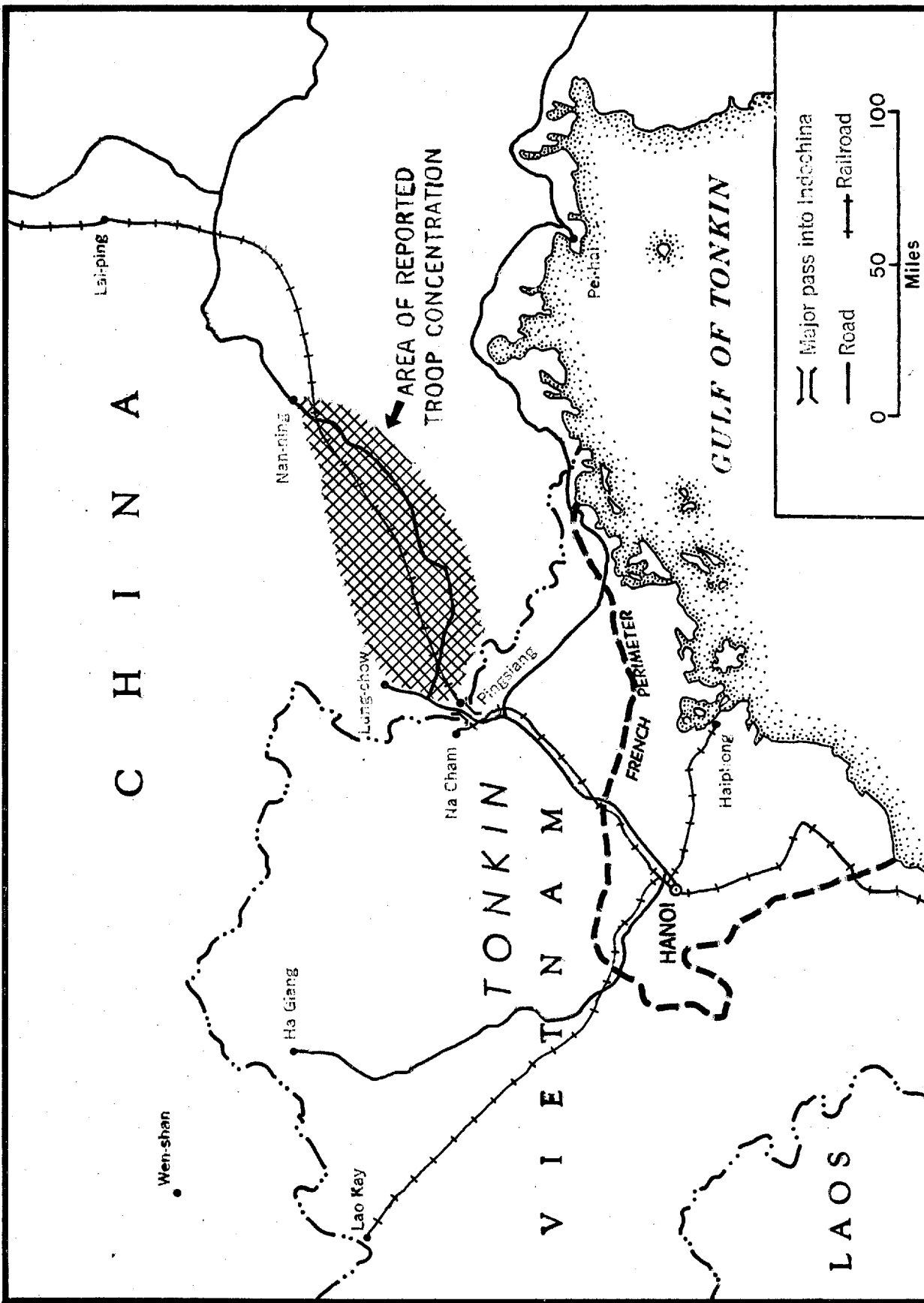
Minh army is now a far more efficient force, is receiving far more Chinese logistic support, and despite heavy casualties, appears to have "inexhaustible" manpower reserves. The Consul comments that a feeling of futility seems to be spreading among the French.

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Comment: When De Lattre arrived in Indochina a year ago the French were in grave danger of being driven out of Tonkin.

In the past, reserve manpower has been the greatest problem of the Viet Minh military effort. Viet Minh infiltration of the Tonkin delta during recent months has provided it with access to a manpower reservoir which it has evidently been exploiting with great success.

A French Admiral in Saigon, recently returned from Tonkin, said the French command was "preoccupied" with the ability of the Viet Minh to maintain pressure against the French defenses in the delta over such a prolonged period.

3. Viet Minh headquarters reports on French losses:

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Central Annam, detailing French losses in Tonkin from 10 November to 31 December, states that there were 6,637 killed and 1,319 captured, plus an uncalculated number of wounded. The capture of large supplies of ammunition, weapons and equipment was also claimed.

Comment: This listing of French personnel losses is roughly equivalent to losses claimed in Viet Minh broadcasts and might be designed as internal propaganda.

According to General Salan, Acting Commander in Chief of French-Vietnamese forces, French losses during this same period were 572 killed, 780 missing, and 1,000 wounded. Since the French figures apparently pertain only to the area of heaviest fighting, however, the Viet Minh figures for prisoners may not be greatly exaggerated. General Salan estimates at 23,000 the number of Viet Minh losses during the same period.

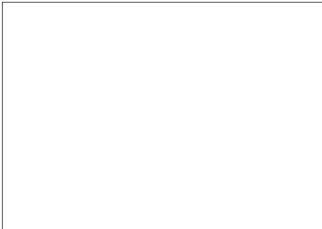
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4. France would refuse transit of Indochina to General Li Mi:

The French Foreign Office has asked the French High Commissioner in Saigon "to refuse formally any visa for Indochina to General Li Mi, Commander of the Chinese Nationalist units which are operating in upper Burma. "

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Comment: Burma had asked France to take this step in order to prevent Li Mi's return to that country from Formosa. Present indications are that he will not return to Burma, and there is no evidence that he intends to seek entry into Indochina.

5. Britain reportedly will continue support of Burma Socialists:

Current British policy toward Burma is to support the Burma Socialist Party, especially if Premier Thakin Nu is retained as head of the government,

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The British believe that the Socialists will continue in power indefinitely despite any efforts by Commander in Chief Ne Win to establish a military regime.

Comment: This report is supported by MacDonald's public and private statements, and there are no indications that the British Cabinet will alter this policy.

Although in control of a government which is fighting Communist insurgents, the Burma Socialists consider themselves to be a Marxist-Leninist party. Their neutral foreign policy is largely based upon a desire to avoid antagonizing Communist China.

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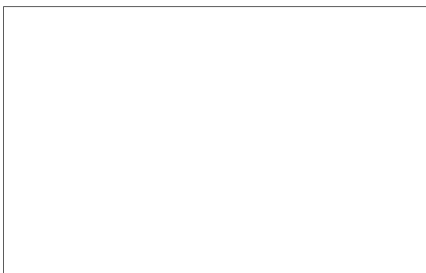
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## NEAR EAST - AFRICA

6. Turkey continues to insist on inclusion in Admiral Carney's command:3.3(h)(2)

Turkey has reiterated its desire to be included in Admiral Carney's Southern European Command rather than in a separate command composed of Greece and Turkey. A Turkish Foreign Office official has expressed to the Greek Ambassador in Ankara his country's concern and surprise over the reported acceptance of the separate command principle by the Greek Military Attache in Washington.

Comment: Turkey's insistence on inclusion in a European command stems from prestige considerations and from the realistic view that Turkey's defense will best be assured if it is tied to European defense as a whole. The Turks cherish a deepseated suspicion that a separate command would fall to British control and be used as an instrument of British policy in the Near East.

7. Egyptian officials desire US aid in solving Anglo-Egyptian dispute:

The Egyptian Ambassador in Washington has<sup>3.3(h)(2)</sup> expressed his belief that a solution of the Anglo-Egyptian crisis is possible if the "neutral and respected" United States plays a leading role and if face-saving formulas are found for Britain and Egypt. The Ambassador suggested that Britain might guarantee that it would evacuate its troops within a certain time and that Egypt might then declare its readiness to discuss the Western defense proposals.

The Lebanese UN delegate, Charles Malik, has also expressed his belief that the US should "step in and take an active part" in solving the Anglo-Egyptian crisis. According to Malik, the Egyptian Foreign Minister has indicated that he or the Prime Minister may come to Washington for the purpose of finding a way out of the current impasse.

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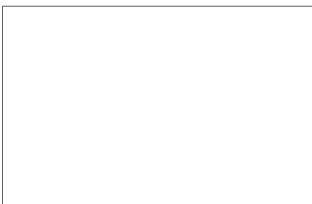
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Comment: These two expressions of interest in American mediation efforts indicate that the Wafd government is anxious to find a compromise solution to the present crisis despite the intransigent attitude expressed by Egyptian officials in public.

### WESTERN EUROPE

#### 8. Portuguese scientists offered atomic research facilities in France:



The French Ambassador in Lisbon has been instructed to inform the Portuguese Government that France's Atomic Energy Commission is willing to authorize Portuguese scientists, engineers, and technicians to conduct research at its processing plants and laboratories.

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Comment: There has been no indication of Portuguese reaction to a similar French proposal made to Premier Salazar last March. By this current offer the French Government is showing its appreciation for the 71 tons of radioactive minerals recently shipped from Mozambique to France.



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#### 9. Large antibiotic transshipments made through Switzerland:



Approximately 7,500 metric tons of streptomycin were transshipped to Prague through a Swiss firm during 1951, according to the British Consul in Basel. About 20 percent of this quantity reportedly came to Switzerland through Israel. The Consul states that the shipments were sent to Prague via Swissair and KLM.

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Comment: It is most improbable that such a large amount of streptomycin was shipped by air through Switzerland during the past year. During the past three years, the Soviet bloc has been getting large quantities of antibiotics from such widely separated points as the United States, Britain, Denmark, Australia, Italy, and Macao. Switzerland, Hongkong, and Israel have been frequently used as transshipment points. The Soviet bloc's success in procuring antibiotics is underscored in part by the capture by UN forces in Korea of antibiotics manufactured in America.

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