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FAR EAST

1. Communists may be planning to break off Panmunjom talks:

Ambassador Dean believes that the Communists may be preparing to break off the preliminary talks at Panmunjom. He notes that the Soviet Union is now "holding back" on the political conference and adds that Soviet and Chinese plans to rehabilitate North Korea, Peking's ten-year pact with Pyongyang, and the military importance to the Communists of their territories bordering on Korea all militate against the UN objective of peaceful unification of that country.

Dean thinks that opposition to the political conference is being cloaked by an insistence on "neutral" participation, which the Communists know is unacceptable to the United States.

Comment: The Soviet and Chinese Communist grants of substantial aid to North Korea seem designed to integrate the latter further into the bloc and do not support the Communists' contention that they are seeking the unification of Korea. Communist propaganda has not yet suggested, however, an intention to break off the Panmunjom talks.

2. No secret pact reported as result of Rhee-Chiang talks:

The Chinese Nationalist foreign minister told the American ambassador on 30 November that nothing had been "signed" as a result of South Korean president Rhee's visit to Chiang Kai-shek and that no mention was made of using Chinese Nationalist troops in Korea. The foreign minister, who claims to have been present at all the Rhee-Chiang conversations, states that they agreed that "nothing could be accomplished" without American approval and support.

Comment: In Seoul the South Korean foreign minister stated publicly that Rhee had "made no secret agreements" during his visit to Chiang. He also observed that "even the Chinese don't think the time has come" for an operation against the mainland.
SOUTHEAST ASIA

3. Bao Dai fears French may accept Ho's offer:

Discussing the Viet Minh peace feeler with Ambassador Heath on 1 December, Bao Dai was bitterly critical of the initial reaction of Secretary of State for Associated States Jacquet, which he interpreted as indicating a serious intention on the part of the French to conclude an armistice. He said that certain French expeditionary units were already asking why further sacrifices were necessary. Rather than agree to any armistice, Bao Dai said, he would go into exile and later attempt to reconquer Vietnam.

He pointed out the urgency of a strong French-Vietnamese alliance, attractive to Vietnamese nationalist aspirations, and stated that Premier Tam would be removed immediately after his return from Paris.

Comment: Even if the French were eager to deal with Ho, they would probably find Vietnamese opposition to an armistice an unsurmountable barrier. Vietnamese leaders are convinced that an armistice would result in early Viet Minh control of the country. Bao Dai's insistence on the conclusion of a new French-Vietnamese treaty and his decision to remove Tam promptly, the only Vietnamese authority who has admitted the possibility of dealing with Ho, are contrary to French predictions that he would retire to an inactive role if an armistice were considered.

NEAR EAST - AFRICA

4. Tudeh reportedly plans demonstrations against Vice President Nixon:

The Tudeh party is planning violent demonstrations during Vice President Nixon's visit to Iran between 9 and 12 December.
Comment: Demonstrations may be attempted in connection with the Nixon visit, but they are not likely to disturb significantly the political equilibrium in Iran. The swift action taken by the security forces during the attempted pro-Mossadeq demonstration on 12 November indicates their ability to prevent serious disorders.