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ARMY review(s) completed.

State Department review completed

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GENERAL

1. Soviet plans for "liberation" of South Korea--On 28 October General Hodge in a report to General MacArthur called attention to the growing evidence that the USSR is planning to use a Soviet-trained Korean army for an "invasion" of South Korea, after the rice harvest this fall. General Hodge is convinced that this plan is more than mere rumor and that its execution will be attempted this winter, if present trends continue. It is his firm opinion that American forces in South Korea must be put at T/O strength without delay, that additional rice imports must be assured, and that publicity "on higher levels" must be given to the Soviet activities which are designed to discredit and undermine the US position.

2. Iceland threatens to close Loran station--The State Department has directed US Legation Reykjavik to remind Prime Minister Thors that continued operation of the Vik Loran station (navigational aid) is a vital safety factor in trans-Atlantic air commerce. The Department believes that the Communist Director of Civil Aviation, Ellingsen, in threatening to stop operation of US Loran equipment on 21 November, pending substitution of the British type "consol" system, is attempting to embarrass current US negotiations for the continued operation of Vik. Ellingsen claims that Vik is interfering with Icelandic fishing fleet radio reception; available reports, however, indicate that "consol" stations in the North Sea area have also impeded Norwegian radio operations.

3. New provisions of British-Egyptian agreement--US Ambassador Tuck has been informed by the British Charge d'Affaires that Premier Sidky Pasha has returned from London with real concessions. The British and Sidky have now agreed that (a) British forces may return to Egypt only in case of war; (b) Defense Council shall be an advisory body only; (c) British evacuation shall be completed in three years, possibly in two and one-half years; (d) the present administration of the Sudan is to continue, with periodic joint consultations on the "best interests of the Sudanese," until the Sudanese decide their own future.

4. USSR suggests Soviet-Danish air agreement--US Minister Copenhagen has been informed by the Danish Foreign Minister that the Soviets have asked that a Danish Mission visit Moscow to conclude an air-traffic exchange agreement. The Danes will attempt to arrange for joint operation with the Soviets between Copenhagen and Moscow but believe an exchange at Memel will be finally negotiated.

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5. South Schleswig issue linked to Greenland bases--According to US Minister Marvel, the Danish Prime Minister has requested that the question of a plebiscite in South Schleswig on its return to Denmark be given "serious consideration" by the Council of Foreign Ministers when its discussions on Germany take place. Marvel notes a growing popular sentiment in Denmark favoring the return of South Schleswig and feels that the "views and actions" of the US regarding this problem may have an effect on future negotiations for the continuance of US air rights in Greenland.

The Prime Minister commented on Danish fears of Soviet demands, if the US remains in Greenland. He added, however, that if he were forced by Soviet pressure to open negotiations on the existing US-Danish treaty, he would permit the matter "to drag on indefinitely" while maintaining the present status of the bases

NEAR EAST-AFRICA

6. SAUDI ARABIA: King comments adversely on President's letter--US Minister Childs reports that King Ibn Saud was "extremely vexed" at President Truman's reply to the King's recent letter on Palestine. The King is quoted by the US interpreter as saying President Roosevelt had promised that the US Government would take no action hostile to the Arabs but that President Truman's letter expressed a point of view "obviously hostile to us," since "nothing could be more hostile" than a plan to establish a Jewish State in Palestine.

7. TURKEY: US Ambassador recommends Turkish loan--US Ambassador Wilson recommends that, in view of the apparent availability of $50,000,000 of Exim Bank funds previously earmarked for Czechoslovakia, an additional loan of $25,000,000 be made to Turkey provided it is used for specific and approved projects. Wilson believes such action would be in line with the US desire that Turkey be strong [redacted] 25X1

25X1 [redacted]

FAR EAST

8. N.E.I.: Republic's intentions toward foreign business--US Consul General Batavia has been told by the Indonesian Minister of Economics, that Communism is "unsuited to Indonesia" and that "private property will

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be restored" after the Dutch-Indonesian agreement is signed.

THE AMERICAS

9. PANAMA: US stands on 1942 base agreement--The State Department has instructed Embassy Panama that if Panama persists in trying to force acceptance of its interpretation of the 1942 agreement, the US may be obliged to occupy the remaining defense sites for one year following a "definitive peace treaty." Continued Panamanian "irresponsibility," the Department adds, will injure Panama and endanger the security of the Canal.

10. ARGENTINA: Food shipments to Bolivia accelerated--Messersmith reports that while the Argentines may have indicated informally their desire for Bolivian metals and rubber, the Embassy has no evidence of Argentine pressure on Bolivia. Argentina, he adds, is taking "active steps" to speed food shipments [redacted] 25X1

25X1 [redacted]

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