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GENERAL

1. Yugoslavia and Italy reject tentative proposal for five-power Trieste talks:

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Both Yugoslavia and Italy have rejected the terms of a tentative Anglo-American proposal for the holding of five-power discussions to ensure that the decision of 8 October is so applied as to bring about lasting peace on the Trieste issue.

Marshal Tito told the American charge and the British and French ambassadors in Belgrade on 18 October that a five-power conference was acceptable in principle, but that terms must first be

agreed upon which would not prejudice the outcome by tying it to the 8 October decision.

A spokesman for the Italian Foreign Ministry replied on 18 October that Italy could not accept a five-power conference on Trieste until the actual transfer of Zone A to Italy had taken place. Meanwhile, however, Pella told the British ambassador that he would not insist on taking over full military administration of Zone A prior to a conference if the civil administration of the zone were turned over to Italy.

2. Tito states his position on Trieste:

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Marshal Tito told the American, British, and French representatives in Belgrade on 18 October that if a partition of the Free Territory were agreed to, he would

not insist that Italy renounce its claims to areas given to Yugoslavia. He would, however, maintain his own claims to Zone A. Tito does want a public declaration by the three Western powers that they will not support Italian claims. He said this was necessary to refute suspicions in the minds of the Yugoslav public that the Western powers consistently support Italy.

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Tito said that if the 8 October decision were implemented, Yugoslavia would send troops into Zone A. If Italian troops entered under cover of the British and American occupying forces, Yugoslavia would not fight, "since we must not fight each other." A much more serious threat to good relations with the West would result from this action, however, since there was no way to explain to the Yugoslav people the need for such relations "with nations which impose such a diktat on us."

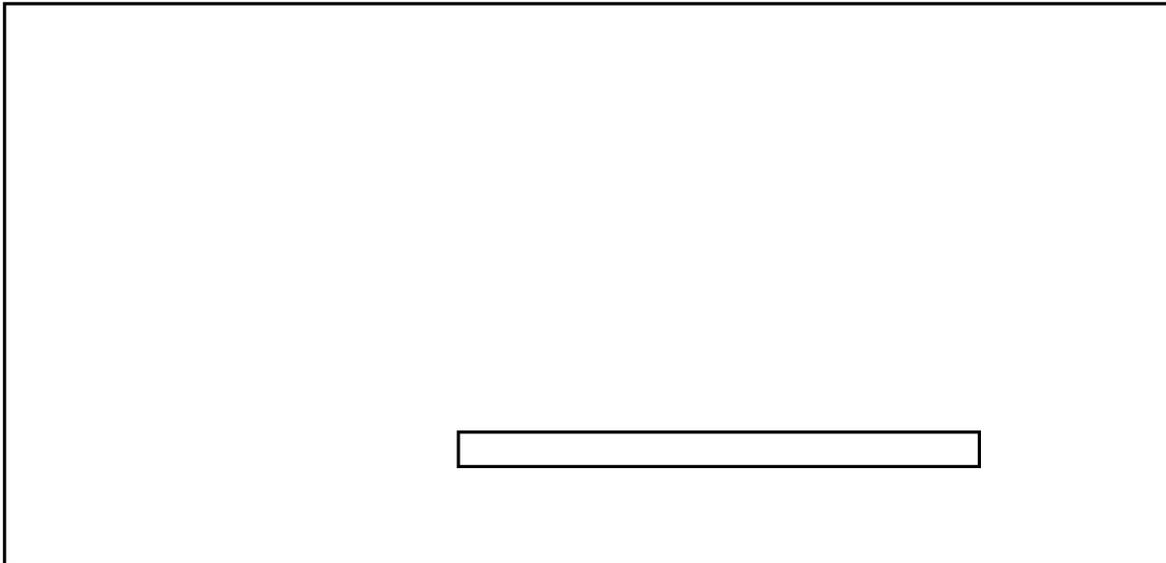
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5. Arab reaction to the Israeli-Jordanian dispute:

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Public and private statements by Arab spokesmen indicate that while spontaneous local wrath against Israel continues high, the Arabs, having restrained their initial impulse to take military action, are now awaiting Western moves. Failure on the part of the United States and its allies to act forthrightly on this issue by Arab standards will intensify suspicions of the West and aggravate existing differences.

The Iraqi prime minister, in commenting on the Israeli attack to the British and American ambassadors in Baghdad, elaborated on the growing Arab hostility toward Britain and the US and pointed out that repeated unpunished Israeli aggression promoted this state of being.



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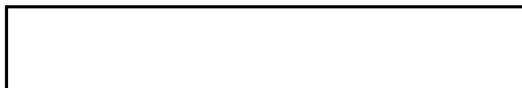
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The Jordanian prime minister publicly stated on 18 October that the future reputation of the United States in the Middle East hinged on its performance in the present crisis.

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6. Britain to make concession on uniform issue in Suez dispute:

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[REDACTED] Foreign Secretary Eden told Secretary Dulles on 17 October that the cabinet was unwilling to sign an agreement with Egypt prohibiting the wearing of uniform or the carrying of weapons by British personnel on the Suez base. However, he stated that the technicians would never wear uniform outside the base and normally not inside it.

The British will consider Secretary Dulles' suggestion that the base become available in the event of a UN decision that there is "a threat to peace, a breach of the peace or an act of aggression" as well as in the event of an attack on any member of the Arab League Collective Security Pact.

The British anticipate little difficulty on either air facilities or organization of the base. They are now prepared to evacuate their troops in 15 months and have worked out a time schedule for withdrawing the technicians over a seven-year period.

Comment: Except for the uniform issue, Britain and Egypt appear close to agreement. The next meeting in Cairo, which the Egyptians have threatened may prove the last if no agreement is reached, is now scheduled for 21 October.

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