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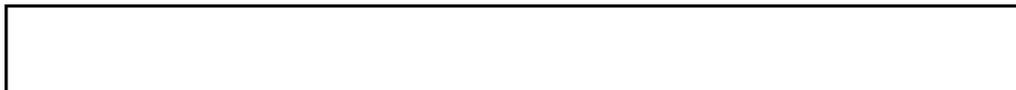
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[SUDAN-USSR: Khartoum's break with Moscow follows a period of growing disillusionment with the Soviets.

Already under examination because of Sudanese disappointment over the low level of Soviet economic aid, relations between the two countries were put under severe strain by events during and after the coup of 19 July by Communist military officers. Although there is no firm evidence that Moscow was involved in the coup, Khartoum was unhappy that the Soviet ambassador was the only one to call upon Major al-Atta, the spokesman and early leader of the coup, on 21 July. The harsh reaction by Moscow to the execution of the coup leaders and Sudanese Communist Party officials and repeated public complaints of "provocative escapades" directed against Soviet representatives and property proved to be the last straw for the Sudanese.

Sudanese President Numayri has reacted to the Soviet press campaign by stating that his purge of local Communists is an internal matter. He has sought to blunt the Soviet attack further by charging in a press interview that the only explanation for the harshness of the attack is that the Soviet Embassy was an "accomplice of the coup leaders and the Sudanese Communist Party." Numayri said his government was conducting an investigation into the role of all Communist embassies during the coup.

Khartoum's break with Moscow is not a complete one; the Sudan has merely withdrawn its ambassador to the Soviet Union and "is continuing to study the situation."

Although the Soviets probably prefer not to have a break in relations, Numayri's actions to date have left Moscow with little opportunity to be conciliatory toward Khartoum. Recent events in the Sudan have not only embarrassed Soviet policy throughout]

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[the Middle East but could even lead to the questioning of that policy within the Soviet leadership. Soviet public statements during the past week indicate that Moscow is at least prepared to use its military and economic aid in the Sudan to apply pressure on the Numayri government.

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ARAB STATES: Egypt has asked the US to keep King Husayn from "menacing" the Syrian border.

Egyptian Foreign Minister Riad charged yesterday that the Jordanians have positioned "six to seven brigades" along their border with Syria, and said President Sadat would appreciate any effort by the US to calm matters. The Jordanians have, in fact, moved additional troops into the border area, fearing possible intervention by units of the Syrian-based Palestine Liberation Army during and after last month's operation against the fedayeen. Occasional instances of firing across the border have probably helped fray Jordanian nerves.

Nevertheless, Amman has nothing to gain by attacking Syria, and both Damascus and Cairo must be aware of this. The Egyptian demarche was probably an outgrowth of the recent summit meeting in Tripoli, during which both Syrian President Asad and President Sadat managed to keep Libya's Qadhafi from pushing through any kind of punitive action against Jordan; Cairo undoubtedly feels that some gesture is in order to remind King Husayn that he will lose the support of the moderates altogether if he does not make a greater effort to respect Arab sensibilities. [REDACTED]

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EAST GERMANY -- BERLIN: The East Germans have attempted to increase the pressure for a four-power settlement on Berlin by disclosing some of the proposals Pankow has made in its talks with the West Berlin Senat on passes.

On 31 July, the East German party daily Neues Deutschland published an editorial outlining Pankow's offer to allow either six two-day visits or one 30-day visit annually by West Berliners to relatives in East Berlin or elsewhere in East Germany. They stipulated, however, that the Senat agree to avoid "unnecessary complications" in West Berlin. This phrase has been used in the past and means the prohibition of Bonn government activities in West Berlin, a topic reserved for the four-power negotiations and outside the mandate of the East German - Senat pass talks. The editorial also unveiled an East German proposal on another issue of the four-power negotiations--the problem of exclaves, the small parcels of land adjacent to the Western sectors and under Allied aegis.

The pass talks have failed to make any progress in the past because of East German insistence on discussing issues tabled at the four-power talks, and this is the first time that details of the talks have been publicized since they began in March. Pankow may believe that publication of its relatively attractive pass proposal may generate popular pressure for an early four-power settlement. Most West Berliners, however, probably will be wary of a pass agreement that would undermine their ties with the Federal Republic.

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JAPAN: The crash of the All-Nippon Airways Boeing 727 with the loss of all 162 persons aboard has added to the problems of the beleaguered Sato government.

The Socialists, Japan's major opposition party, are having a field day in exploiting heated public criticism of the government because a Japanese Air Self-Defense Force (JASDF) plane--a US-built jet--caused the crash. The Socialists, the chief foes of Japan's modest rearmament, blame the alleged priority of military over civilian aircraft in Japanese airspace for the crash and claim that US military aircraft in particular are creating congestion by monopolizing many air lanes.

The press reports that Prime Minister Sato has asked US Ambassador Meyer to seek US Air Force cooperation in easing air traffic congestion. The newly appointed director general of the Defense Agency, Keikichi Masuhara, has tendered his resignation in accordance with the long-standing Japanese custom for cabinet members to assume formal responsibility. Sato is expected to accept the resignation at an emergency cabinet session today. Sato, now a "lame duck" prime minister whose leadership is being increasingly challenged, will be particularly concerned to show his government's great interest in the air safety problem in the wake of Friday's midair collision and other recent air disasters over Japan.

All JASDF training flights were suspended indefinitely on 30 July. The US Embassy reports that this does not inhibit the scrambling of JASDF planes for air defense operational responsibilities.

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EUROPEAN COMMUNITIES - EFTA: The EC Council agreed last week that those countries affiliated with the European Free Trade Association (EFTA) that have not applied for EC membership should nevertheless become a part of the community's preferential area when the EC is enlarged.

On 26-27 July, the Council rejected an alternative--favored by the US--that would have left the status of the non-applicants undecided for two years following the EC's enlargement. Instead, the Council made clear its desire to begin early negotiations with them on a free-trade arrangement to include industrial products and to go into effect over the same transition period that the new members will have.

A major EC objective in these negotiations will be to avoid the participation of the non-member countries in the community's own decision-making. A certain amount of harmonization of economic and trade policies will be necessary, however, to prevent the non-members from gaining competitive advantages. Despite the EC Commission's intention to exclude agricultural trade, there will also be pressures to make special provision for at least some farm products even though this may make the agreements even more unpalatable to US opinion.

The community now hopes to be able to agree by October or November on a mandate that would enable the Commission to open formal negotiations soon thereafter. Initial reactions to the EC position from at least two of the EFTA neutrals--Switzerland and Austria--have been favorable. Sweden, however, still hopes to persuade the community to offer an arrangement that would give it wider participation in community affairs. [REDACTED]

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USSR: Construction of automotive service centers is falling far behind the growing output of passenger cars.

Although 500 million rubles have been allocated for starting a network of service centers and filling stations during the 1971-75 plan period, construction industries have found it unprofitable to build them because the projects have low ruble values that add little to the industries' performance figures. Only a fraction of the scheduled work has been completed and the various construction ministries are being accused of foot-dragging. To compensate for the slow progress the Soviets are converting old buildings into auto repair shops and pressing them into service.

Maintenance and repair shops in the USSR have always been grossly inadequate even for the small number of private automobiles in use, and most of the repair facilities service primarily state-owned cars. About 200 automobile repair garages and some 2,000-3,000 filling stations in the entire country serve the general public.

According to Pravda, existing facilities in the RSFSR can service no more than 12 percent of the private cars in this largest republic of the USSR. With total Soviet auto production this year expected to be 50 percent higher than in 1970, the problem of insufficient service facilities could become acute.

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COMMUNIST CHINA - ARMS CONTROL: Peking has formally rejected the Soviet proposal for a five-power nuclear disarmament conference. [REDACTED]

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[REDACTED] the Chinese emphasized their opposition to any attempt at settling the question of nuclear disarmament by depending on the "two nuclear superpowers." The statement reaffirmed China's support for a summit conference of "all countries of the world" to discuss the abolition of nuclear weapons. Chou En-lai originally proposed such a meeting in 1963; this has become Peking's standard position on arms talks. Despite their delay in responding to the 15 June Soviet proposal, the Chinese were cool to the idea from the start and their attitude had been mainly responsible for the lack of enthusiasm among some other countries for the Soviet plan. [REDACTED]

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BURMA - COMMUNIST CHINA: General Ne Win will visit Peking this month in another step toward restoration of closer Chinese-Burmese relations. Ambassadorial ties were resumed last spring after a break of almost four years caused by the anti-Chinese riots in Rangoon in 1967. Low-level Chinese support to Communist insurgents in northeast Burma probably will continue to inhibit a full return to the cordiality that characterized relations before 1967, however. [REDACTED]

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