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GENERAL

1. Azores airports--British Foreign Office officials have discussed with Dunn the question of military and commercial use of Azores airports. They do not consider that there would be any particular difficulties connected with commercial use and feel that the question of military use in time of war can easily be worked out when necessary. However, they feel that careful consideration must be given to the question of military use in time of peace and suggest that the US draw up a statement of its minimum requirements for discussion with the British before presentation to the Portuguese Government. The British view is that the airports would be commercial, with a side arrangement for staging US or UK military planes en route to distant bases, but no troops or military planes would be stationed in the Azores.
2. US restricts movements of German scientists--Pending the determination of steps that should be taken (for reasons of US military security) to prevent the exploitation by other nations of German scientists and technicians, the JCS have directed General McNarney to prevent the departure of such personnel (estimated at about 1000) from the US Zone, except as required by existing arrangements with the UK.
3. Soviets offer wheat to France--The French Minister of Food has informed the US Consul at Lyon, in strictest confidence, that the USSR has offered France 200,000 tons of wheat "for almost immediate delivery" from stocks built up on the Soviet-Iranian border at a time when military action appeared imminent. The Minister feels that the purpose of the offer is political and that its acceptance might result in important Communist gains in the coming elections.

In forwarding this information, Embassy Paris urges that the US make a "firm and immediate allocation" of wheat for France from supplies under US control, since a firm offer by the Soviets could not be refused by the French in view of their desperate need for wheat and public knowledge of the worldwide deficit.

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EUROPE-AFRICA

4. GERMANY: Firmer stand by US on centralization urged-- Murphy believes that a more aggressive stand should now be taken in favor of establishing German central administrative agencies, as agreed at Potsdam. He calls attention to the fact that German Communist leaders in the Soviet Zone are insisting upon a united Reich and retention of the Ruhr. Thus, Murphy points out, French obstructionism on the centralization issue permits the USSR to exploit "western resistance to a united Germany" and to emerge later as the champion of a united Germany whose only salvation would lie with the Soviet Union. He suggests the possibility of withholding cooperation from the French in other fields until they change their present attitude.

5. GERMANY: Report on displaced persons-- General McNarney reports that since the entry of US troops on German soil in 1944, over 5,500,000 persons have been returned to their home countries through the efforts of SHAEF and the US Zone Commander. More than 400,000 displaced persons, however, still remain in the US Zone, including a small number who may be classified as belonging to persecuted groups.

Prospects of forcible repatriations to USSR--The 3rd Army reports that of some 3,000 Soviets just screened in the US Zone of Germany about 1,800 are eligible for forcible repatriation under the Yalta agreement. US military authorities view the prospect with foreboding, in view of the numerous suicides and attempted suicides expected and the probable reaction of US soldiers to such developments.

6. GREAT BRITAIN: US loan--Ambassador Winant has submitted to the State Department a detailed analysis of the probable effects on British and world trade in the event the US Congress refuses to approve the proposed loan to Great Britain.

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7. GREAT BRITAIN: Officials frustrated by Polish troop question--
British Government officials have told Ambassador Winant that they are "frustrated and exasperated" by recent developments concerning the Polish troops. Vigorous representations have been made to the Polish Government regarding its 14 February note demanding the release of all Polish troops under British control. The British Foreign Office believes that the Polish Government does not want the troops returned to Poland before the elections. Winant also reports strong official and public support in England of a proposal to grant British citizenship to Poles who do not wish to return to Poland.

8. RUMANIA: Government to turn over mapping information to USSR-- ACC Rumania has transmitted a report from a [redacted] [redacted] that the Soviets have been trying for more than six months to obtain (through their ACC channels) certain official survey and mapping information on Rumania. The Rumanian Minister of Justice has now given instructions that triangulation points throughout the country are to be turned over to the USSR. This information has great military value in computing firing data for large guns and in aerial navigation.

9. BULGARIA: Failures in armistice fulfillment-- General Crane expects that the Soviets, at the ACC meeting of 28 February, will request the US and UK delegates to sign a joint US-UK-Soviet paper acknowledging that Bulgaria has fulfilled all armistice requirements. General Crane will refuse to sign such a statement, if it is presented, because he considers that the armistice agreement has not been fulfilled. Return of property in Bulgaria to US citizens and companies has been extremely slow, and the Soviets have not yet even acknowledged receipt of lists of unreturned US property submitted to ACC.

10. SPAIN: Monarchists lose hope of Franco-Don Juan agreement--
Even key monarchists in Spain are reported by US Charge Butterworth to admit the impossibility of an immediate agreement between Franco and Don Juan. They believe that Franco may press the Portuguese Government to ask Don Juan to leave the country. Franco's concern over increased monarchist activities

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within Spain have already resulted in reprisals against several prominent Spaniards of known monarchist sentiments.

FAR EAST

11. JAPAN: SCAP opposes separate Reparations Commission-- General MacArthur feels that the Far Eastern Commission is entirely adequate to perform the functions of the proposed Reparations Commission and recommends that no separate agency be created. Commenting on the proposal for interim reparations removals from Japan, MacArthur recommends that directives to SCAP prescribe the proportionate industrial capacity to be removed and that the selection of individual plants and the timing of their removal be left to his discretion.
12. JAPAN: Merchant shipping tonnage-- General MacArthur reports that on 25 February there were 517 operable Japanese merchant vessels with a gross tonnage of 662,124. In addition, 122 previously operable vessels and 108 previously inoperable vessels were undergoing repairs, bringing the potential gross tonnage to 1,168,464.
13. FRENCH INDOCHINA: French troops in Tonkin-- According to the State Department representative in Hanoi, the Chinese contend that a French force of 5,000, failing to follow the route to Laos prescribed by the Chinese, has split up into three columns, two of which are now headed toward Hanoi. They are advancing southward from the Chinese frontier against some Annamese opposition.
14. CHINA: Proposed landing of US consuls at Dairen-- On 25 February, General Marshall questioned the advisability of US consuls proceeding to Dairen by Navy destroyer. Admiral Cooke agrees that using a destroyer is inadvisable at this time but considers that since Dairen is an open port in Chinese territory, we should exercise the right to enter it as a matter of course with a merchant-type ship in a non-provocative manner. In Admiral Cooke's opinion, the US should be "prepared to insist, using force if

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necessary, upon the exercise of this natural right."

15. SEVENTH FLEET: Prospective shortage of lighterage craft-- On the basis of presently scheduled withdrawal and disposal of LSM's, Admiral Cooke anticipates that only 19 such craft will remain available to him on 15 April, as against an estimated need for 36 (North China, 10; Korea, 8; Japan, 18). He recommends a modification of schedules to permit him to retain the desired number.
16. SIAM: The British Naval Mission to Siam, according to ALUSNA Bangkok, appears to have the following primary objectives: (a) to offer technical assistance to Siam's Navy, (b) to select Siamese naval officers for training in Britain, and (c) to collect operational intelligence in the area. The Mission has not been, and will not be, requested by Siam, and currently appears contrary to the terms of the British-Siamese peace treaty.
17. INDIA: Task of Cabinet Mission--Official British sources have emphasized to Winant the wide latitude accorded the Cabinet Mission to India to make decisions on the spot in order to save vital time and to demonstrate the earnestness of British intentions. They declare that the Mission's main task is to find a common basis upon which representative Indian leaders can work to set up a constitution-making body and a new executive council. An obvious stumbling-block is posed by the demands for Pakistan, which are believed to have gained such momentum that even Jinnah could not "apply the brakes." CG IBT notes that the elections will give India's 90 million Moslems a clear majority only in Punjab and possibly Bengal. He suggests that the League might resort to a holy war affecting the entire Moslem world, since it has repeatedly announced its refusal to tolerate Hindu rule.

THE AMERICAS

18. ARGENTINA: British position--Foreign Secretary Bevin says that the British Government is unable to make a supporting statement on the Blue Book, since such a statement would look like

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intervention in the internal affairs of Argentina.

19. ARGENTINA: Blue Book reaction summarized--Official reaction among the American Republics has been generally reserved. A number have been silent. Fears of repercussions, or of a hemisphere split, have been expressed in Chile, Colombia, Cuba, Paraguay and Peru. However, Brazil, Venezuela and Costa Rica will follow the US lead, and latest reports indicate that Uruguay may do likewise.
20. BRAZIL: Decommissioning of Naval Operating Base at Rio--Ambassador Berle has been authorized to tell the Brazilian Foreign Office that the US Navy expects to have the operating base at Rio de Janeiro decommissioned by the end of April.
21. FRENCH GUIANA: Senegalese troops revolt--The CG, Antilles Department, reports that 160 armed Senegalese troops in Cayenne have revolted and have seized all the ammunition. The Governor has appealed for help to the US Base Commander, who has been directed by CG, Caribbean Defense Command, to use the 200 US troops only to protect US lives and property on the base at Rochambeau field. No trouble is expected at the base proper.

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