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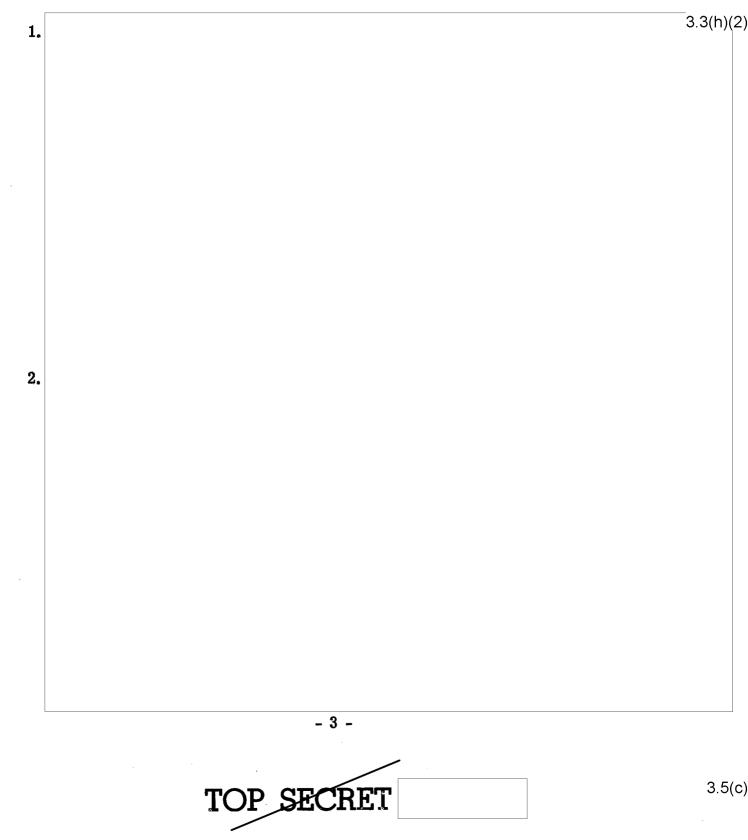
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FAR EAST



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3. Bao Dai considering removal of Vietnamese Premier:

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Bao Dai told American officials on 20 May 3.3(h that Premier Tran Van Huu had incurred the enmity of the French and therefore "mustgo." He has been unable, however, to decide on a

successor. The time was coming, Bao Dai said, when he must preside personally over a "government of national union," but he refused to do so now on the ground that French control, a condition he considers necessary at the present time, would prevent any government from being popular.

<u>Comment</u>: Since both Bao Dai and the French are opposed to Huu's continuance in office, his removal appears certain. Despite pressure from his Vietnamese advisers and the French to assume the premiership, Bao Dai has consistently demurred. Interior Minister Tam, a vigorous administrator with a reputation for brutality, thus emerges as the outstanding candidate for this position.

EASTERN EUROPE

4. Satellite air warning nets integrated into Soviet system:

A new air warning net with characteristics of the main Soviet air defense organization has been tentatively identified as operating since 17 April in Poland, Rumania, Czecho- slovakia and Hungary. Its appearance roughly coincides with the evident disappear-	
ance on 15 April of the inter-state air warn- ing system connecting Czechoslovakia,	

Hungary, 'Rumania and Bulgaria.

The internal air warning nets serving Rumania, Hungary, Czechoslovakia and possibly Poland have also since mid-April been using the same communications procedures as the new Soviet air defense net, as well as Moscow time.





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<u>Comment</u>: The reported integration of the air warning systems in Eastern Europe would facilitate the rapid transmission of early warning information originating in the Satellite areas and eliminate gaps and delays in previously existing channels.

WESTERN EUROPE

5. French Ambassador sees Trieste as dominant Italian electoral issue:

3.3(h)(2)

3.3(h)(2)

the Trieste question is the one most often raised throughout the region, including Sicily. In the impoverished farming regions of Calabria and Basilicata, for instance, when Premier de Gasperi tried to talk about the government's agrarian reform program, he was

interrupted by shouts of "tell us about Trieste."

Comment: This is the first definite information that the South, with its usual regional preoccupations, feels as strongly as the rest of Italy on the Trieste issue. There have been no indications that the London agreement, giving Italy a larger vote in the administration of Zone A of Trieste, has improved the government's standing in the eyes of the many independent voters.

6. French troop issue complicates Allied-German negotiations:

High Commissioner McCloy warns that the 3.3(h)(2) question of retention by the French forces in Germany of the same privileges and immunities as American and British forces will have to be

solved by the Foreign Ministers. German negotiators, he says, insist that French forces should be restricted to the same privileges as other European Defense Community nations.

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McCloy believes that enough progress has been made on all other issues to enable the Foreign Ministers to sign the contractual agreement on 26 May, as scheduled.

<u>Comment</u>: Up to now, the French Government had tacitly agreed that the immunities of its troops from civil authority would be derived from an EDC troop status convention. On 21 May, however, the French cabinet indicated that it wanted French troops to share all the privileges and immunities still retained by the American and British forces.

7. Belgian businessmen resent small share in Moscow conference "gains":

As a result of the large orders reportedly 3.3(h)(2) secured by Western participants in the Moscow Economic Conference, important Belgian industrialists, including representatives of the

Belgian Textile Federation, have complained to their government about official antagonism toward the conference, according to a Foreign Office spokesman. He implied that a clearer public understanding of the American position on East-West trade is necessary to avoid embarrassment to the West if, as he has heard, the Russians are now calling for an economic conference on the governmental level.

<u>Comment</u>: Certain French, Dutch and West German businessmen are also inclined to feel that they did not do as well at the conference as their neighbors. In their efforts to play on such international jealousies the Russians may find the depressed textile industry a particularly vulnerable spot.

Although Soviet propaganda has mentioned the need for a governmental economic conference, Moscow has not taken any steps to call one.

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