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SOUTH ASIA

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I. French Ambassador	sees India organizing league of neutrals:	
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	press report originating in Cairo that India was attempting to promote an Arab- Asian "league of neutrals" opposed to the	
Western world and it	s traditions.	
to the USSR and Chin opposes Arab partici	Prime ably aimed to have the bloc pledge neutrality a in the event of war. He believes that Nehru pation in a Middle East defense organization at the campaign for international settlement of roccan questions.	3.3(h)(2)
with Turkey and Syri	Comment: India has been attempting to in the Near East by signing friendship treaties a, agreeing to recognize the Egyptian King's d inviting the Regent of Iraq to visit India.	
	India has not so far taken a leading part in The bloc as it now exists is not fundamentally certain issues does conflict with the West.	

NEAR EAST - AFRICA

2. Western representatives in Athens concerned over Evros River incident:

Ambassador Peurifoy reports that certain Western European representatives in Athens show "genuine concern" over the Evros River incident between Greece and Bulgaria

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which the Greeks regard as a routine border matter.

The UN Balkan Peace Observation Committee expected a dangerous situation to develop if the Greeks used force to evict the Bulgarian troops which they claim had occupied a small island in the Evros River. However, when Greek troops opened fire the morning of 7 August there was no sign of life on the island and no immediate reaction from Bulgaria.

Comment: The Greek attitude seems to be that public opinion demanded some physical action. Acting Prime Minister Venizelos and Defense Minister Mavros have insisted that the Greeks do not intend to occupy the island. They remain confident that no serious situation will develop.

A similar incident between Greece and Bulgaria in September 1950 subsided without serious consequences.

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3. Greece considers abandoning plans for naval maneuvers with Yugoslavia:

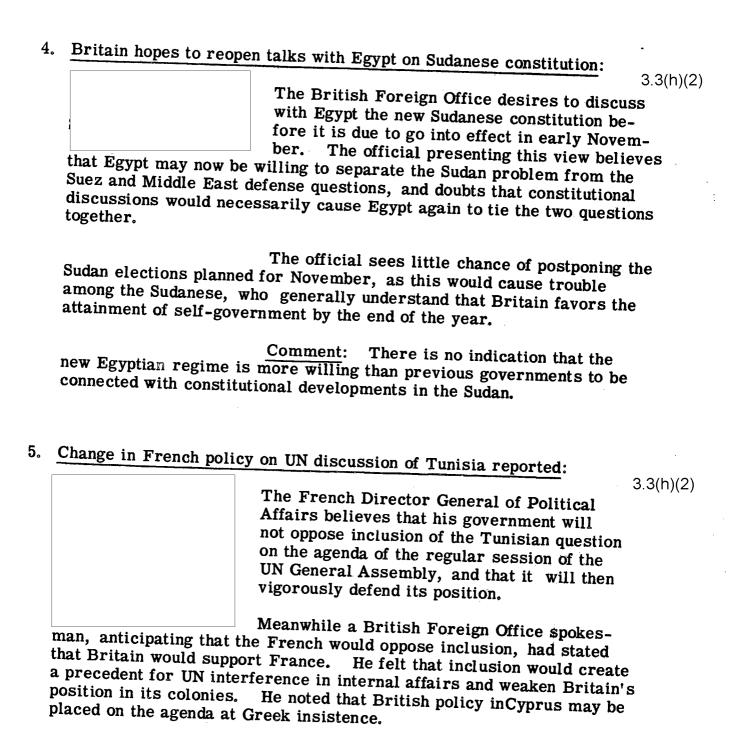
Greek Minister of Defense Mavros told Ambassador Peurifoy on 6 August that adverse Italian reaction to the planned joint Greek-Yugoslav naval maneuvers had caused Greece

to "stall indefinitely on concrete arrangements." Mavros indicated, however, that he was willing to approach the Italians again to attempt to convince them that the maneuvers would not be contrary to Italian interest. He suggested that the United States try to persuade Italy to withdraw its objections.

<u>Comment</u>: Greece has been anxious to proceed with Greek-Yugoslav defense planning and welcomed the Yugoslav suggestion to hold naval maneuvers.

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Comment: In the past France has consistently followed a policy of opposing UN discussion of the Tunisian and Moroccan questions. However, an increasing number of French officials have urged reversal of this policy on the ground that the French program for Tunisia is a good one and that the government has nothing to conceal.

WESTERN EUROPE

6.	West	Germans	discouraged	by	Schuman's	stand	on	the	Saar	question	l:

Following a conversation with Chancellor Adenauer, the West German Deputy Foreign Minister expressed disappointment over Schuman's alleged reluctance in the current

talks to alter France's economic relations with the Saar. Schuman's attitude, he feels, is incompatible with the Federal Republic's minimum demands which include the radical revision of the French-Saar convention and the equal participation of all European Community nations in the administration of the Saar.

American observers in Bonn consider that France will probably have to modify its special economic privileges before agreement is possible.

Comment: Another explosive issue, as yet undiscussed, relates to the licensing of the pro-German Saar political parties, which Adenauer desires as part of the general settlement.

Meanwhile, the French Foreign Office describes as "rude in tone" a letter just received from Chancellor Adenauer characterizing the initial Hallstein-Schuman talks as most unsatisfactory.

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7.	Rome Embassy comments on Nenni's relations with Italian Communists:
	The American Embassy in Rome believes that Socialist leader Nenni's appeal for an Italo- Soviet rapprochement amply demonstrates his

determination to work for a Socialist-Communist victory in the 1953 elections. The Embassy estimates that the appeal will not substantially improve this bloc's electoral prospects, but anticipates that Italy's basic socio-economic difficulties may, on a long-range basis, facilitate "penetration of the Italian political picture" by Nenni's "peace" forces.

Nenni's appeal for close Italo-Comment: Soviet relations may be designed to exploit Italian disillusionment should progress toward a European political community be too slow. Italy recently announced it would reconsider participation in the European Defense Community unless the formation of a European army were quickly followed by political federation.

LATIN AMERICA

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American Ambassador sees danger in Czech missions in Latin America:

Ambassador Briggs believes that the primary purpose of the Czech missions in Latin America is propaganda, espionage, and "other Kremlin purposes," rather than trade and nor-

He feels that it would be "greatly to our mal diplomatic activity. advantage to encourage termination" of these missions, or if this proves impractical, the reduction of the personnel to the number of Latin American officials stationed in Prague.



Comment: Czechoslovakia now has missions in Mexico, Brazil, Argentina, Uruguay, and Ecuador, and also maintains relations with several other Latin American countries. While these missions are in some cases engaged in illegal activities, they have also been active commercially in procuring dollars and raw materials. Covert activities of any terminated Czech missions could be taken over by Soviet missions in three of the countries, and a Polish mission in a fourth.

Brazilian officials have recently stated that there is no apparent reason for breaking relations with the Satellites so long as the United States does not do so. A similar reaction could probably be expected from Mexico and Uruguay and also from Argentina, which receives significant quantities of manufactured goods from Czechoslovakia.