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TOP SECURITY INFORMATION

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SUMMARY

SOVIET UNION

- 1. TASS correspondent again comments on US-Soviet relations (page 3).
- 2. Soviet poster boasts of downing three US planes (page 3).

FAR EAST

- 3. Chinese reaffirm demand for return of all POW's in Korea (page 4).
- 4. Chinese Communists still fighting in Indochina (page 4).
- 5. That leaders reluctant to participate in Southeast Asia defense (page 5).

SOUTH ASIA

6. India and Pakistan agree to further talks on Kashmir (page 6).

NEAR EAST - AFRICA

- 7. Iranian Communists prominent in Tehran riots (page 6).
- 8. Mossadeq may request withdrawal of US military and gendarmerie missions (page 7).
- 9. Turkish Ambassador sees Middle East Defense Organization as vital (page 7).
- 10. King Farouk emphasizes seriousness of Egyptian situation (page 8).
- 11. Netherlands may recognize Farouk's title to Sudan (page 8).

EASTERN EUROPE

12.	3.3(h)(2)
13.	First mass deportations from Czechoslovak city reported (page 9).
	WESTERN EUROPE
14.	Italy objects to announcement of projected aid to Yugoslavia (page 10).
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SOVIET UNION

	In a mid-June conversation which he initiated with a reliable American newspaperman, Yuri
	with a reliable American newspaperman, Yuri
	Zhukov, TASS correspondent in Paris, said
	that the Americans are rebuffing Russian ef-
_	te peaceful discussions at every point. As an example,
e cited the Ar	nerican attitude toward a four-power conference on
ermany. Wl	nen queried as to whether he believed that the Americans
anted war, Z	hukov replied that there was no other conclusion the
ussians could	draw, but that "we shall continue to make every effort
or peaceful di	scussion and peaceful solutions even until the guns go off."
	 The American newspaperman commented that
nis was the fir	st time Zhukov had ever implied so openly that he believed
war would ev	entually come.
	st time Zhukov had ever implied so openly that he believ
	Comment: This conversation differs some-
hat from seve	eral others last year when Zhukov appeared to be seeking

information on such matters as American rearmament, policies in the Far East, and military activity in the Near East. In this case, Zhukov was apparently trying to bring about a more receptive attitude toward negotiations with the USSR, which the West had not then proposed, by emphasizing the dangers of US intransigence.

Soviet poster boasts of downing three US planes:

Ambassador Kennan reports the appearance 3.3(h)(2)in Moscow of a new poster picturing three American planes being shot down by Soviet fighters. Excerpts from Pravda printed on the poster identify one as the B-29 lost over the Baltic on 5 April 1950, the second as the patrol bomber lost in the Far East in November 1951,

and the third as the C-47 which landed in Hungary late last fall.

- 3 -



Comment: The Soviet notes after the first two incidents did not admit that these planes had been shot down. However, the decoration of Soviet pilots subsequent to each of these incidents was the Kremlin's indirect way of both warning the West and reassuring the Soviet people as to the inviolability of Soviet borders. The fact that the Soviet Government now publicizes these actions represents, in the opinion of Ambassador Kennan, a studied insult.

FAR EAST

3.	Chinese reaffirm	n demand for	return	of all	POW'	s in	Korea:

A Chinese Communist foreign affairs official 3.3(h)(2) recently told the Indian Charge in Peiping that his government would insist on repatriation of all Chinese POW's held by the United Nations and that any screening was unacceptable. The Chinese official violently abused the UN Command for the Yalu River bombing, characterizing

Comment: Despite a more agressive tone at the talks and in their propaganda, there is no indication that the Communists are contemplating terminating the negotiations.

4. Chinese Communists still fighting in Indochina:

it as "19th century gunboat tactics."

The campaign by Chinese Communist forces in support of a Viet Minh regiment against tribal guerrillas in northwestern Tonkin is still continuing,

Despite supply problems, combined

Communist troops have forced the French-supported Meo guerrillas to retreat and now have them encircled.

OP SECRET

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	Comment: This Chinese Communist operation,
involving an estimated 5,0	000 to 6,000 men, has been minimized
	as purely local military aid to hard-pressed 3.3(h)(2)
Viet Minh units. A Chine	ese invasion in force is still not indicated.

This incursion, however, like previous ones, is indicative of China's apparent willingness to disregard the integrity of the Indochina border, at least in areas where regular French-Vietnamese troops are not present.

3.3(h)(2)

5. Thai leaders reluctant to participate in Southeast Asia defer	defense
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3.3(h)(2)

despite their gratification that France, Britain and the United States are giving serious consideration to the security of Southeast Asia, they were concerned that these efforts might "at some stage" provoke the Chinese Communists. They said that Thailand would be willing to cooperate only at "a low and inconspicuous level."

3.3(h)(2)

Thai leaders hope for prompt United Nations action in the event of communist aggression, but are trying not to commit themselves irrevocably to the West.

The views expressed by Phibun Comment: and his Foreign Minister represent a considerable modification of the At that time Thailand was a leading advocate of policy of a year ago. a Pacific pact, to include the United States, for collective security in Southeast Asia.



3.5(c)

- 5 -

SOUTH ASIA

6. India and Pakistan agree to further talks on Kashmir:

Both India and Pakistan have agreed to UN 3.3(h)(2)
Representative Graham's latest suggestion
for a meeting at ministerial level on Kashmir.
India, however, has requested that the talks
be delayed until early August.

Comment: By accepting Graham's suggestion, India and Pakistan avoid the onus of breaking off negotiations. India's request that a meeting be delayed until August, however, suggests that it is no more eager to reach a settlement now than it has been in the past.

NEAR EAST - AFRICA

7. Iranian Communists prominent in Tehran riots:

3.3(h)(2)

The American Embassy in Tehran reports that in the recent rioting the Tudeh supplied the most aggressive elements in the mobs, planned the most successful street tactics, and was responsible for the anti-Shah and anti-American slogans.

The Communists have attempted to take full credit for leading the fight against "imperialism" and reportedly are trying to secure a formal alliance with the National Front. Ambassador Henderson states that National Front leaders realize their debt to the Tudeh, but that Majlis deputies are reasserting their loyalty to the Shah and discouraging further anti-Shah agitation.

Comment: Previous temporary Tudeh cooperation with the National Front has not promoted the Communist cause to any extent. It is unlikely that Mossadeq, who is now in a stronger position than ever before, would permit collaboration which might threaten his control of the government.



missions:		
	Ambassador Henderson warns that the United 3. States should be prepared to withdraw its military and its gendarmerie missions from Iran. He recalls that in early July Mossadeq told the ry mission was straining the Iranian budget and aid was increasing the cost of maintaining the	3(h)(2)
	The Ambassador is inclined to believe that long-standing opposition to foreign military asly to favor retention of the Military Aid Advisory sts Iran nothing.	
-	Comment: Minister of Court Ala believes that in whatever he desires from parliament. He also cannot refuse Mossadeq's requests. 3.3	
	3.3(h	า)(2)
Turkish Ambassador se	es Middle East Defense Organization as vital:	
	a Soviet invasion of the Arab States through Iran would permit Turkey to be surntic Pact could be put into action. Hence the 'a matter of life or death for Turkey."	
	Comment: The Turkish Chief of Staff previ- anxiety over the danger of The Turks realize their dependence on United ave continuously urged complete American par-	3.3(h)(2)

TOP SECRET

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10. King Farouk emphasizes seriousness of Egyptian situation	10.	King	Farouk	emphasizes	seriousness	of	Egyptian	situation:
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3.3(h)(2)

King Farouk has repeatedly advised Ambassador Caffery not to underestimate the seriousness of the situation in Egypt. He stated that Cairo was "gone" and that he did not know what would happen in Alexandria. "If anything is to be done," the King warned, "it must be done at once."

Meanwhile the British Foreign Office has instructed its Charge in Cairo to inform Farouk that Britain can 'not intervene with force in what appears to be an internal Egyptian problem."

Comment: While the situation still remains confused, it appears that at least temporarily a working arrangement has been achieved among the King, General Nagib, leader of the coup, and Prime Minister Ali Maher.

3.3(h)(2)

3.3(h)(2)

11. Netherlands may recognize Farouk's title to Sudan:

the Secretary General of
the Dutch Foreign Office will recommend to
the next Cabinet that it recognize Farouk as
"King of Egypt and the Sudan." The Dutch
official is quoted as having stated, with some irritation, that since
Britain opposes European federation, it must expect other countries to
act "quite independently."

- 8 -

3.3(h)(2)



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13.	First	mass	deportation	s from	Czechoslovak	city reported:

3.3(h)(2)

Reports of mass deportations from Bratislava on the Slovakian-Austrian frontier have been circulating in Prague for the past week. American Embassy has been informed that thus far about 400 families have been given

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48 hours to prepare for movement to unspecified destinations.

The Embassy believes that the deportations are designed to make living quarters now occupied by "capitalists and non-productive elements" available to workers and Communists.



Comment: This is the first report of mass deportations from a Czech city. During the past year evacuations are known to have been ordered from restricted border zones in western and southern Bohemia.

In addition to the economic and political reasons given by the Embassy, it is probable that Bratislava, located at the southeastern end of the Czech border fortification line, is considered a strategic center. Two weeks ago, border guards ended free movement of Czechs between Bratislava and the Petrzalka area of Czechslovakia across the Danube.

WESTERN EUROPE

14.	Italy objects to	announcement of	of	projected	aid to	Yugoslavia:

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Premier de Gasperi has complained to the American and British Ambassadors that the announcement that additional economic and military aid is planned for Yugoslavia,

following so closely Tito's statement that the time was not opportune for resuming negotiations on Trieste, has created an "unfortunate" impression in Italy.

When the American Ambassador pointed out that the contemplated aid to Yugoslavia was relatively small in comparison with what had already been given to Italy, the Prime Minister rejoined that he thought it essential to keep the "proper balance between Italy's role and that of Yugoslavia."

De Gasperi "presumed" that there were plans for the defense of the Balkans which would involve Yugoslavia, Greece, and Turkey, and said that he would like to be informed of their nature, because of Italy's "important and key role," there.

