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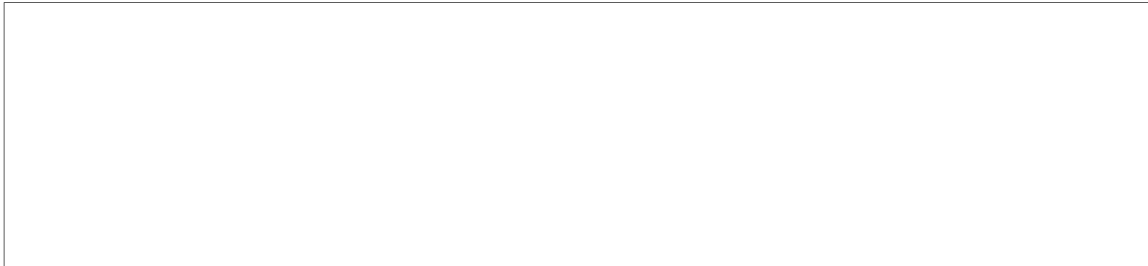
**WESTERN EUROPE**

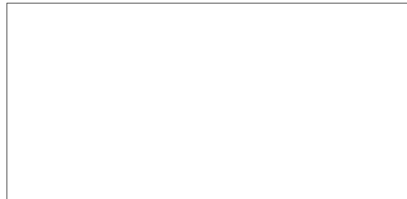
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**GENERAL****1. Uruguay may challenge Guatemalan credentials in UN:**

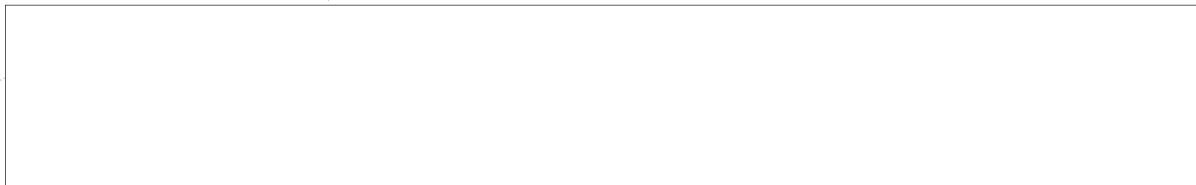
Uruguay's permanent UN representative, Rodriguez Fabregat, plans to challenge the credentials of the Guatemalan delegation at the 12 October meeting of the Credentials Committee, according to

a report reaching the American delegation. Fabregat allegedly intends to charge that the Guatemalan delegation is not qualified to sit in the General Assembly because its credentials were issued by a regime which is not representative of the Guatemalan people.

Ambassador Lodge comments that such a move would offer the USSR an ideal opportunity to draw an analogy between this and the Chinese representation issue.

Comment: The 6 October meeting of the Credentials Committee--whose decisions are subject to General Assembly approval--was adjourned until 12 October at the request of Fabregat, who said he intended to discuss the credentials of "certain states." In the General Assembly Uruguay, as well as Argentina and Ecuador, has criticized the Security Council's handling of an appeal from the former Arbenz government in Guatemala.

While eventual approval of the Guatemalan delegation's credentials can be expected, an airing of the issue would almost certainly arouse some criticism of the United States.

**FAR EAST****2. Large air base nearing completion in East China:**

[REDACTED]

Comment: Previous reports concerning construction at Chuhsien have indicated it will be one of the largest bases in East China. Jet fighters based there will be within range of all the Nationalist-held islands, including Formosa itself. Other fields in East China have not been improved and made suitable for sustained jet operations, but it is estimated they could be made ready in from five days to two weeks.

[REDACTED]

### SOUTHEAST ASIA

#### 3. Laotians bitter over Thai intrigues:

[REDACTED]

The Laotian premier told the American minister in Vientiane on 6 October that the Thai government seemed determined to stir up trouble in Laos in order to increase its influence and perhaps reduce Laos to vassalage. He said his government knew the names of Thai police officers who sheltered the assassins of Laos' defense minister both before and after the 18 September crime. The Thai government had not yet answered a request that the killers be turned over to Laos.

The premier said if Thai behavior does not change, he would retaliate by sending armed bands across the border and stirring up the 6,000,000 Laotians in Thailand.

Comment: Laotian officials claim to have evidence that agents of Laotian prince Petsarath, who has lived in Thailand since 1946, carried out the 18 September killing with Thai government support.

[redacted]  
[redacted] Thai leaders have traditionally regarded Laotians as inferiors and Laos as a buffer area. They might feel that with the decline of French power in the area they should take steps to install a government in Laos subject to Thai control.

#### NEAR EAST - AFRICA

#### 4. Iranian parliamentary committee delays approval of oil agreement:

[redacted] The Iranian mixed parliamentary committee charged with examination of the oil agreement is seriously troubled by the agreement's failure to provide for assured production levels after the third year, according to Ambassador Henderson. The committee has requested clarification of production intentions from the consortium. The opposition can base its most effective objections against ratification on the uncertainty of long-range production.

Henderson says the parliament "quite possibly" will not ratify the agreement until the last week in October. He reports, moreover, that he and the British ambassador are increasingly concerned over the way things are going in Tehran. Henderson adds that the situation is not one of bargaining but of "great political delicacy."

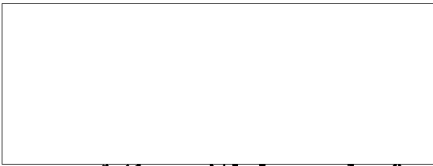
Comment: [redacted]  
[redacted] committee approval of the agreement, [redacted] guarantees the amount of oil production for the first three years. After that period, the consortium's plan is to fit Iranian production into the over-all pattern of the Middle

East output. The consortium hesitates to make a firm commitment assuring Iran of specific production levels beyond three years.

Opposition elements could use the deep-seated Iranian suspicion of foreign intentions to impede, but probably not prevent, approval of the agreement.

## WESTERN EUROPE

### 5. Austria ready to accept Soviet offer to renew treaty talks:

 The Austrian government desires to accept the Soviet proposal of 12 August for new Austrian treaty talks, but to point out that the conclusion of a treaty and the withdrawal of occupation forces are inseparable.

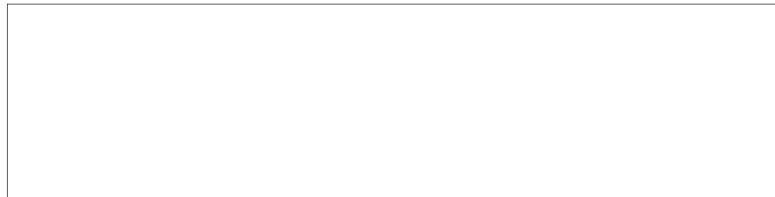
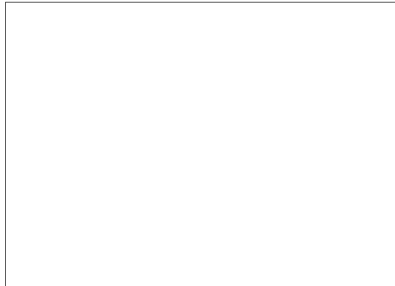
French and British officials seem to feel that such a reply, which the Austrians wish to deliver to Moscow on 12 October, would be acceptable to their governments, according to the American embassy in Vienna.

Foreign Minister Figl believes the note should be sent promptly to take advantage of the favorable atmosphere following the successful London meeting and to counter rumors that Austria is willing to sign a treaty without the complete evacuation of foreign troops. Figl also believes that Molotov's 6 October proposal for the evacuation of occupation forces from Germany justifies an Austrian demand for evacuation.

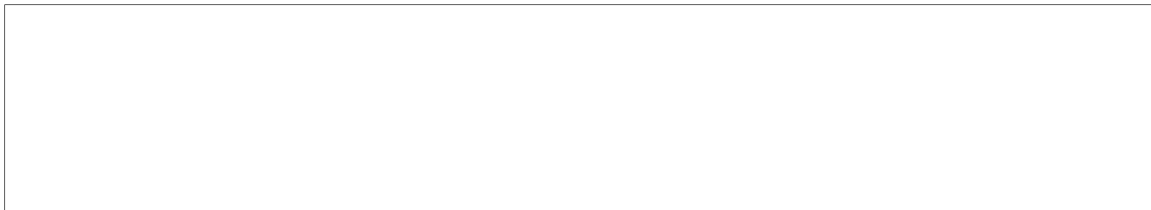
Comment: The United States has opposed an Austrian treaty which fails to provide for the withdrawal of all occupation forces.

Moscow might reply to the proposed Austrian note by expressing a willingness to reduce its occupation forces sharply. Soviet officials in Vienna have already hinted at this. The idea of a settlement on such terms has apparently already been rejected in Austrian thinking, however.

6. Bonn leaders fear London accords may promote revival of German militarism:



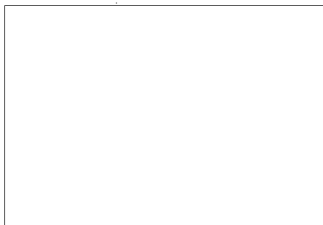
Adenauer and other Bonn coalition leaders are said to fear that once West German remilitarization is started, a military-political machine will rise and displace the present civilian control over military matters. Coalition leaders are also reported to feel that the London decisions will make European integration more difficult.



Comment: The Bonn defense planning office is at present headed by elements devoted to the development of German democracy. Some elements in this office, however, as well as many former German officers, appear to favor a return to the old Prussian militarism. As the new army is organized and expanded, a dangerous power struggle could develop, particularly since defense planning office officials have not been allowed to develop popular support.

LATIN AMERICA

7. Honduras elections on 10 October may be marked by disturbances:



The American embassy in Tegucigalpa believes there may be un-co-ordinated local disturbances, with some danger to American citizens, during and after the 10 October presidential and

congressional elections in Honduras. The embassy does not expect any organized hostilities, however.

Comment: Election frauds by any one of the three contending parties may well provoke violence, but no attempt to seize the government by force is expected.

If, as is probable, none of the three presidential candidates receives an absolute majority, Congress will choose between the two polling the most votes. Current estimates give the moderate Reformist Party, which has named General Abraham Williams its candidate for president, a slight edge but less than a majority in the Congress, with the Communist-infiltrated Liberal Party running a close second. Strong political pressures might then force a Reformist-Liberal coalition in favor of Williams against the Nationalist Party's candidate, ex-dictator Carias.