48092 ТОР БАСКЕТ

GENERAL

1. No progress in Anglo-Egyptian talks on Suez--US Embassy London has learned from a British Foreign Office official that no progress has so far been made in Anglo-Egyptian treaty talks and that the Egyptians are still demanding that UK forces evacuate Egypt within one year. US Embassy Cairo comments that the present Egyptian Government is not likely to accept, on any terms, the idea of peace-time occupation of the Suez Canal area by foreign troops, and concludes therefore that the UK can do no better than to temporize and prepare "to ride out the storm."

2. Swedish thinking on critical issues -- According to US Embassy Stockholm. Swedish Defense Minister Vouct.

declared that sweden hoped to stay out of any general war but would certainly fight if Soviet forces attempted to "pass over Sweden" in order to obtain bases in Norway. Vougt expressed a desire to build up Swedish defenses sufficiently to discourage any nation from thinking it worthwhile to invade Sweden. Foreign Minister Unden told that if UN forces were compelled to evacuate Korea, Korea should be allowed to pass under Chinese domination. Under further stated that the US should leave Formosa to its fate and should withdraw its fleet from around the island and its support from Chiang Kai-shek. He also advocated that the UN should admit and the US should recognize the Communist regime in Peiping. The Foreign Minister strongly objected to rearming West Germany, on the grounds that to do so would rule out a settlement of the German issue with the USSR. Under still hopes such a settlement can be achieved.

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TOP SECRET

EUROPE

3. NORWAY: Conscript order seen as partial mobilization—A Norwegian Government official has informed the US Military Attache in Oslo that Norway is calling up 7,000 men for two to three months active duty in the three services. Although the plan is called "repeat training," it appears to the Attache to be "partial mobilization."

(Comment: The plan would increase the acting strength of the Norwegian armed forces to 31,500, or by approximately 28 percent.)

THE AMERICAS

4. PERU: Possibility of break in relations with Colombia-According to US Embassy Lima, the Peruvian Government
appears to be under "great pressure" to break off relations
with Colombia and seize Haya de la Torre. Although Peru
may not be able to resist this pressure, the Embassy is "still
hopeful" because Peruvian officials do not seem to have excluded entirely the possibility of resubmitting the case to
the International Court of Justice.