JUN 1946

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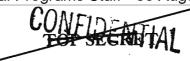
1. Portugal agrees to continue air base negotiations with UK--Ambassador Baruch reports that the UK proposal for continuation of air base negotiations (see Daily Summary of 24 June, item 1) has been accepted by Portugal. However, the Portuguese have suggested that the British Mission prolong its proposed stay in Lagens, and declare that they will be unable to carry on negotiations in Lisbon before 13 July.

EUROPE-AFRICA

- 2. ITALY: Delivery of high ranking Italians to Yugoslavia -- SACMED has requested instructions from CCS regarding the delivery of high ranking Italian officers to Yugoslavia as war criminals. He states that certain of these officers have rendered valuable service to the Allies and requests that "due consideration" he given to the adverse effects such "handovers" would have on his relations with the Italian Government and on the morale and on efficiency of the Italian Armed Forces, particularly in view of the modification of the Armistice terms.
- 3. ICELAND: British pressing for conclusion of airport agreement -- US Minister Dreyfus reports that the British Minister has received from London the "final version" of the UK airport agreement with Iceland. The British Minister further stated that he is submitting it "at once" to the Foreign Office because he is "very anxious" to have the present Governmen' sign the agreement rather than run the risk of possible election upsets.
- 4. IRAN: Kurdish mobilization -- US Consulate Tabriz has received "reliable" reports that the native mobilization in Iranian Kurdistan now has reached 20,000 and Azerbaijani reinforcements have been sent to the area. The Consulate believes that the mobilization is an effort to force Premier Qavam to agree to the separation of northern Kurdish territory from Azerbaijan. The Azerbaijani are "seriously concerned," because such a development would deal a severe blow to Azerbaijani prestige.

Soviet control of Azerbaijan railroads—Ambassador Allen reports that the Soviets still are controlling and operating the railroads between Tabriz and Julfa (on the Soviet-Azerbaijan border) and between Mianeh and Zenjan (on the Tabriz-Tehran line). Iranian officials are reported

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to have refused to accept return of the roads because the Soviets have removed much of the shop equipment and rolling stock.

- 5. BELGIUM: Communist cabinet proves difficult—Ambassador Kirk
 has been told that
 during the last Cabinet meeting the Communists and the other members
 almost split over the attitude to be adopted on strikes by the Government. Roch also said that the strikes are inspired by the Communists
 and that he regrets that the split did not take place because it is impossible to work with the Communists, and the longer they remain in the
 Government, the more thorough would be their infiltration into the administration.
 - 6. USSR: Embassy estimates Soviet intentions -- An estimate of Soviet intentions prepared by Ambassador Smith and senior State, War and Navy Department officers of Embassy Moscow concludes that (a) the USSR is unlikely to operate solely within the spirit of UN, because Soviet policy is based on the assumption that the "irreconcilable hostility" between the USSR and the "capitalist" West must eventually lead to war: (b) the USSR is unlikely at present to withdraw from UN and pursue Soviet objectives with all available means (including armed force), since such actions would alarm the West, mobilize world opinion against the USSR, and deprive the USSR of the propaganda and diplomatic advantages of membership in the UN; and (c) the Soviets are expected to remain in UN. but to operate unilaterally for purely Soviet objectives short of open rupture with the UN, until the limitations of membership outwelch the advantages. This latter course would enable the Soviets to pursue their immediate limited objectives while using the UN to "lull certain elements in the West into a false sense of world collective security," to weaken the West by confusing public opinion, and to exploit the UN as a means of embarrassing and confusing the US and UK.

FAR EAST

7. KCREA: Smith's views on Soviet policy--Ambassador Smith in Moscow considers that the USSR: (a) 'has no more intention of permitting Korea to gain real autonomy than to allow Poland freely to determine its own destiny'; (b) has no further desire to impose its will on Korea by military



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means simply because it would thereby risk open conflict with the US; and (c) will therefore rely on political measures to gain its ends. Smith fails to see where agreement between the US and USSR on Korea can be reached at this stage without "sacrifice of our principles." He sees little basis for assuming that Korea will develop into a truly independent state, and questions the wisdom of planning at this time to build up Korean economic strength "any more than it is wise to contribute to the strength of the Soviet satellites in Eastern Europe."

- 8. CHINA: Government retreats on Nazi repatriation—Consulate Shanghai reports that after protracted negotiations the Chinese Government has agreed to delete only 39 persons (instead of 184) from the list of 564 Germans listed by the US for repatriation from Shanghai (see Daily Summary of 25 June, item 10). The US, therefore, will hold over for one week the departure of the repatriation ship. The Consulate points out, however, that the agreement comes too late to affect the Germans which the Chinese had exempted from repatriation from other Chinese ports. At Tientsin only half of the persons listed were delivered aboard the ship.
- 9. SIAM: <u>Premier moves to restrain Army</u>—Legation Bangkok reports that the appointment of the "sinister and unpopular Luang Adul (former Director—General of Police and underground leader) as Commander—in—Chief of the Siamese Army indicates Premier Pradit's anxiety over his own position and his realization that the Army must be held in line, since any coup must have Army support. While no organized conspiracy apparently exists in the Army, the Legation considers that the officer corps is greatly dissatisfied with the political situation since King Ananda's death.

A well-placed source friendly to Fradit reports that the Government currently is losing ground. At the present time the Lower House is predominantly hostile to the Government and the Upper House is no longer unanimous in its support.

