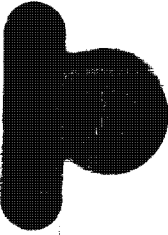


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1. Argentina seeking German war plant from Soviets--The US Embassy in Moscow has forwarded a "confidential" report received by an American correspondent that Argentina has asked the USSR to provide Argentina with German arms and machinery for the production of German-type armaments. (The Argentine Army desires to attain self-sufficiency in the production of German-type weapons, with which it is now equipped.)
2. Report of Spanish-Soviet conciliation--The French Ambassador to Argentina has "stated positively" to Messersmith that Peron arranged a meeting between Spanish Admiral Moreno and the Soviet Trade Mission during the recent inaugural ceremonies and that, "as first fruits of the meeting," Spain and the USSR have stopped public attacks against each other. Public reconciliation would await further developments, such as a Spanish plebiscite. Messersmith suggests that the report be accepted with reserve pending further substantiating information.

#### EUROPE-AFRICA

3. IRAN: Soviets continue penetration of Azerbaijan--US Consulate Tabriz reports that Soviet "penetration" of the Azerbaijan Army and police, "especially the latter," continues steadily. Soviet Caucasians head the secret police and the political, transportation and city security bureaus, and "uniformed Soviet railway personnel" have increased very noticeably in recent weeks.
4. ICELAND: UN membership--Legation Reykjavik reports that Iceland's objections to joining the UN are largely based on objections to the installation of any form of military base. The Legation believes that Iceland's consideration of its UN application would be "expedited" if the US informs the Icelandic Prime Minister that any future US base proposals will not refer to the availability of Icelandic military facilities to the UN.
5. SPAIN: De Grelle to be expelled--The Spanish Foreign Minister has informed US Charge Bonsal that Spain intends to expel the Belgian Rexist leader De Grelle. Bonsal comments that De Grelle apparently

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may choose the country to which he is to be expelled, since Spanish custom prevents his delivery directly to Belgium or Allied Governments.

6. **BULGARIA: Increasing Communist terror**--US Political Representative Barnes in Sofia reports that opposition leaders have pled with Barnes and his British colleague for "some sort" of action to stem the "rising tide of Communist terror" in Bulgaria, including arrests, imprisonment, and murder of large numbers of the opposition, widespread seizures of property, drastic restrictions on the opposition press, and increasing economic discrimination. Barnes believes that these measures have been dictated largely by former Comintern leader Dimitrov and Soviet Commander Biryusov in preparation for eventual Bulgarian elections.

**Communist attitude toward US and UK**--Barnes also states that President Kolarov of the Bulgarian Assembly has returned from consultations with Allied leaders in Paris with the "definite impression" that the US and UK will not recognize the Bulgarian Government unless it is broadened to include opposition members. However, Dimitrov appears to have told Kolarov that the Government will "stick to its guns" and force the US and UK to see that "light has dawned in Bulgaria."

7. **HUNGARY: Government replies to Soviet demands**--According to Minister Schoenfeld in Budapest, the Government has acceded to General Sviridov's demands (see Daily Summary of 12 July, item 2), for dismissal of Government officials, dissolution of certain youth organizations and continued purge of others, banning of organizations found to be aiding "fascist elements," calling on the Catholic priesthood to refrain from anti-Soviet propagandas, and directing the population to surrender small arms. The Government requests Sviridov to bring specific charges against the Deputies whose arrest and trial he demanded.

#### FAR EAST

8. **KOREA: Soviet espionage in US zone**--General Hodge reports that a Korean spy and agitator has recently been arrested in the US zone. The spy, a "graduate" of a Soviet espionage school in North Korea, had been sent into South Korea to collect information on US forces, to

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spread rumors of impending war between the US and the USSR, and to urge the liberation of South Korea from American oppression.

9. **CHINA: Opposition to UN membership for Outer Mongolia--The Chinese delegate to UN has informed Herschel Johnson that China cannot support Outer Mongolia's application for UN membership until full information is available on a reported secret agreement between Outer Mongolia and the USSR. The Chinese suspect that this agreement authorizes the maintenance of Soviet troops in Outer Mongolia and therefore violates the Sino-Soviet treaty recognizing the independence of Outer Mongolia.**

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