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1. China proposes Sino-British intervention in Indochina--US Embassy  
 London reports that Chinese Minister Tuan called a second time at the Foreign Office and "pressed" the Chinese proposal for Sino-British intervention in Indochina. The proposal has been referred to Bevin who is expected to turn it down.
2. US expresses its concern to France--The State Department has in-  
 formed the French Ambassador at Washington of its deep concern over the outbreak of hostilities in Indochina. The Department has no desire to offer to mediate under present conditions but is willing to do anything the French might consider helpful. The Department believes that if present unsettled conditions continue, other powers may seek to bring the matter before the Security Council and attempt some form of intervention unsatisfactory to the US.

## EUROPE

3. USSR: US to urge early negotiations for lend-lease settlement--The  
 State Department has instructed Ambassador Smith to make vigorous representations to the Soviet Foreign Office on the "highest level" regarding the early initiation of negotiations for lend-lease settlement, disposition of lend-lease merchant vessels, and the return to the US of three naval ice-breakers. The USSR had failed to respond to communications of 14 September and 31 October on the same subjects.
4. SPAIN: US views on solution of Franco issue sought--According to US  
 Military Attache Madrid, a responsible Foreign Office official believes the Franco Government would welcome a visit by a US Senator or equally important person to study the situation and discuss with Franco some "reasonable solution" which the US would approve. The MA adds that, according to a usually reliable source, officials of the regime recently stated that the US should take advantage of Franco's present strength to negotiate with him a reasonable plan for Spain's political evolution, and that dealing with the Opposition is a "waste of time."

Official seeks British views on new Government--US Embassy  
 London reports that the Director General of the Spanish Foreign Office

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informally inquired of a member of the British Embassy at Madrid what composition any new Spanish Government should have in order to receive British recognition. The British "may consider" making a reply if the inquiry is put more formally.

#### FAR EAST

5. **CHINA: Soong hopes for share of US relief grant**--T. V. Soong has handed a memorandum to US Ambassador Stuart requesting him to seek White House support in obtaining for China an "appropriate share" of the foreign relief grants which are to be recommended to Congress. General Marshall recommends that a "suitable amount" be requested from Congress for "possible use" in China.
  
6. **FRENCH INDOCHINA: Suggested reasons for Vietnam attack**--US Consul Hanoi reports that, although the reasons why the Vietnamese attacked the French are unclear, theories advanced in Hanoi are that (a) the attack was ordered by Moscow either "simply to upset South-east Asia" or possibly to enable the French Communists, if they should assume power in France, to strengthen their position by arranging a quick and favorable settlement; and (b) the Vietnamese, having lost hope of a satisfactory settlement when the return of d'Argenlieu was announced, are following the Javanese example of fighting while negotiating.
  
7. **BURMA: Burmese leaders may accept invitation to confer in London**--The UK Foreign Office has informed US Embassy London in strict secrecy that a delegation of Burmese leaders, including Aung San, will probably accept the British Government's invitation to come to London in January.  
Possibility of Civil War--US Military Liaison Officer Singapore, commenting on Aung San's threat to resign from the Executive Council unless Burma is granted independence by the end of January 1947, expresses the view that his resignation might precipitate a general strike including a police strike, and that "possibilities of civil war in Burma are greater now than at any time since the end of the war."

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**THE AMERICAS**

8. **PANAMA: Negotiators cite "needs of Panama"--US Ambassador Hines has been told by Panamanian negotiators on the defense sites issue that Panama no longer desires even token abandonment of the sites now held by the US. These negotiators, however, have drawn attention to Panama's "needs" (mostly financial), implying that if the US "showed herself ready" to meet these needs, the new defense sites agreement "would soon be signed."**

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