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16. Military Assistance Program. A delay which must appear to the Burmese as inordinate has taken place in the Washington formulation of a specific offer with regard to the magnitude and terms of the military assistance which we are committed in principle to make available to the Burmese. Legal difficulties encountered here have now been resolved and Embassy Rangoon has been supplied with negotiating instructions.

17. Police Assistance Program. Although negotiations on the \$10 million police program loan are still going on, the program has begun. A way was found for initiating the program promptly by providing temporary draw-down against the existing line of credit for the period required to negotiate and conclude an effective agreement. The Burmese appear satisfied that the U.S. is demonstrating a timely interest. A survey of requirements has been completed and procurement of equipment is under way.

18. U. Kyaw Nyein Visit. Plans are being drawn up for a visit to the United States by Deputy Prime Minister U. Kyaw Nyein in the late summer or fall of 1958. Our inability to provide official "red carpet" treatment to U. Kyaw Nyein, who has been lavishly entertained in the USSR and Communist China, is being at least partially overcome by supplemental assistance from the Asia Foundation.

### III. CAMBODIA

#### A. SUMMARY EVALUATION

19. As a result of sustained efforts of the communist bloc to consolidate advantages it gained in Cambodia in 1956, the internal security situation has clearly deteriorated. However, there has been evidence recently that Prince Sihanouk and other Cambodian leaders are increasingly aware of the potential dangers of communist activities, and some steps have been taken to control subversion. In the short run, the situation in Cambodia is not alarming, since the population as a whole remains strongly Buddhist, loyal to the monarchy and united under the leadership of Prince Sihanouk, and it has not yet been heavily subjected to communist influence. In the long run, there is greater danger that the extension of communist influence may overcome such countermeasures as the Cambodians may be prepared and able to take.

There has been a reduction in pro-communist sentiment within the Chinese community in Cambodia, largely because of the Cambodian Government's action in the internal security field.

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