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SECURITY INFORMATION

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3. Plan for major Viet Minh offensive reported (page 4). 3.3(h)(2)

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EASTERN EUROPE

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WESTERN EUROPE

7. Comment on East German "reforms" (page 7).

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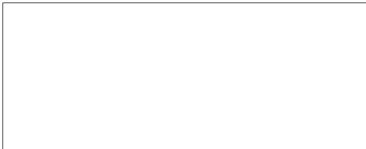
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FAR EAST

1. Indian Ambassador attempting to influence Japanese policy:

Japan's Foreign Minister Okazaki has informed Ambassador Murphy that the Indian Ambassador to Tokyo, K. K. Chettur, on three recent occasions has tried to influence Japanese policy by intimating that Japan should be consulted regarding UN action in Korea such as the Yalu raid.

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Chettur suggested that Japan should indicate its disapproval of methods now being pursued on the theory that Peiping would be alienated and peace prospects reduced.

Comment: Chettur, a strong advocate of India's neutrality, has openly criticized American Far Eastern policy. He is supporting neutralist elements in Japan, and is believed to have been instrumental in influencing Nehru against India's participation in the Japanese Peace Treaty Conference at San Francisco.

2. Peiping repudiates Korean POW compromise proposal:

In an apparent major reversal of its position, the Chinese Peoples Government recently advised [redacted] that the Communists are no longer willing to

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negotiate on neutral rescreening of POW's at Panmunjom. The note disclosed that the Peiping government is interested only in negotiating on the basis of the return of 100,000 Communist POW's, including 20,000 Chinese.

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3.3(h)(2)

3. Plan for major Viet Minh offensive reported:

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[redacted] the Viet Minh has prepared a military plan for a coordinated attack by all units to penetrate the French defense perimeter north and south of Hanoi (see map on following page). According to this plan, which covers the period from July through October, two Viet Minh divisions will attack against the northwestern sector of the perimeter, followed by another divisional attack in the area east of Hanoi. In the southern sector of the delta, a fourth division will create a diversion.

[redacted] the primary aims of the operation are to collect rice from the "last" harvest and to increase Viet Minh control in the delta area.

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[redacted]

Most reports indicate that the Viet Minh, currently engaged in training activities and the stockpiling of supplies, does not intend to mount a major offensive until the beginning of the dry season in October.

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NEAR EAST - AFRICA

4. Lebanese-Iranian rivalry developing for Turkish seat on Security Council:

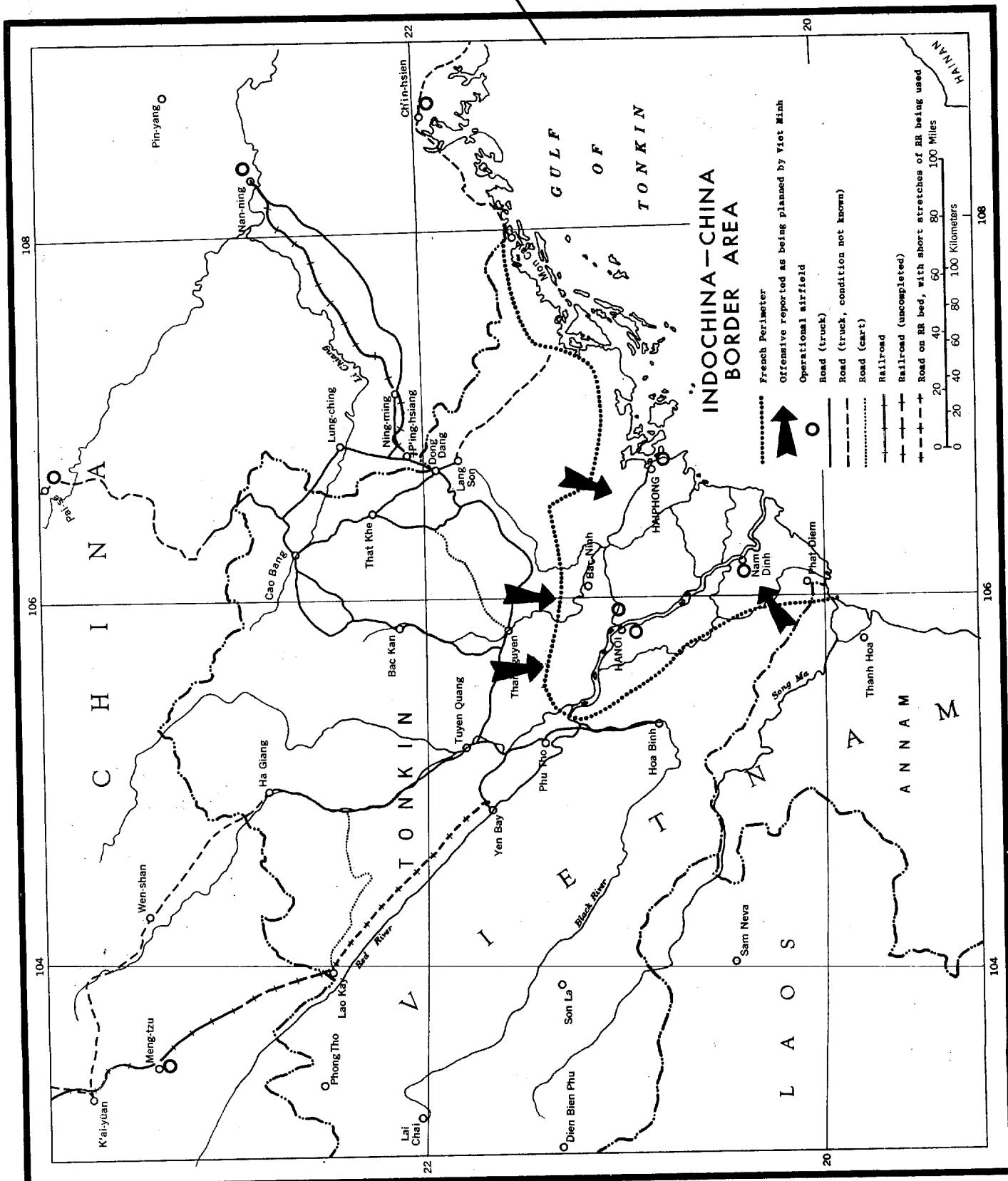
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[redacted]

a general agreement among the Near Eastern nations provided for the election in 1952 of an Arab state to replace Turkey on the Security Council. Beirut stated that the Arab countries had favored the Lebanese candidacy for the past two years.

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Comment: Both the Iranian and the Lebanese delegates to the UN have already sought American support for their country's candidacy.

5. British banks prevent transfer of Iranian funds:

London banks have prevented transfer of sterling funds from official Iranian accounts

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Comment: Despite the justification which may be offered for this procedure, such action tends to encourage anti-British sentiment in Iran and to increase popular support for Mossadeq.

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EASTERN EUROPE

6. Czechoslovakia purchasing tetraethyl lead from the West:

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Comment: This is the first indication of an Orbit purchase of tetraethyl from the West. Its source is probably Italy. This amount would ethylate 30,000 tons of high octane aviation gasoline, more than the estimated annual consumption in Czechoslovakia for all purposes.

Orbit requirements in the past have been met from Soviet production. The marked expansion of Soviet production of aviation gasoline, as well as the Soviet policy of stockpiling it only in ethylated form, have sharply increased requirements for tetraethyl lead throughout the bloc.

WESTERN EUROPE

7. Comment on East German "reforms":

Implementation of the administrative "reforms," announced at the Socialist Unity Party conference last week, would continue the trend toward tighter controls and concentration of authority in East Germany which began with the government reorganization announced in May. The "reforms" may reflect dissatisfaction with previous performance, but probably also anticipate the introduction of additional measures likely to be unpopular. These might include still tighter border controls, party and administrative purges, further curtailment of "bourgeois" political activity, and ultimately the complete satellization of East Germany.

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The failure to announce measures for the immediate formation of a national army suggests either that initial steps will be taken *sub rosa* or that the East Germans will await the lead of the Bonn government.

The possibility that a decision to embark on full-scale rearmament has not yet been reached is supported by the continued emphasis on the necessity of obstructing West German adherence to the European Defense Community while preparing an East German "socialist" base from which the "vassal Bonn government" can be upset.

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