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LATIN AMERICA

1. Comment on the Guatemalan situation as of 20 June:

As of 20 June the outcome of the efforts to overthrow the regime of President Arbenz of Guatemala remains very much in doubt. The controlling factor in the situation is still considered to be the position of the Guatemalan armed forces, and thus far this group has not given any clear indication of whether it will move, and if so, in which way. If the Guatemalan army should move within the next few days against the Arbenz regime, it is considered to have the capacity to overthrow it. On the other hand if it remains loyal and if most of the military elements commit themselves to vigorous action against the forces of Castillo Armas the latter will be defeated (see map, page 5).

The position of the top-ranking military officers is constantly shifting, with daily rises and falls in their attitudes. This group has long proclaimed its strong anti-Communist feelings and its ultimate intention of doing something to rid the government of Communist influences. Various officers have declared themselves as willing to take action against the regime given just a little more time or just a little more justification. It is probable that the rising pressure of events will compel this group to declare its position, one way or the other, at any time from now on--although the possible result could be a split in the ranks. [There were unconfirmed rumors as of Saturday night to the effect that Colonel Diaz, the Chief of the armed forces, and some 40 officers had applied for asylum in various foreign embassies in Guatemala City, but these embassies have not yet confirmed this report].

There were new defections on Saturday from the Guatemalan air force, one pilot flying out with his plane and several others obtaining asylum in the Salvadoran embassy. The Guatemalan air force has thus far failed to produce any interception effort against the overflights by the Castillo Armas planes. However, heavy antiaircraft fire is reported.

There is thus far no evidence to confirm the charges and propaganda of the Guatemalan regime of bombing

attacks upon Guatemala. On the contrary, there are eyewitness accounts of clumsy efforts to fabricate evidence of aerial bombardment (the home of Colonel Mendoza, one of the defecting air force officers, was set on fire by the police). It is probable that some of the damage to oil storage facilities and other installations, attributed by the Guatemalan Government as well as by Castillo Armas to bombing attacks, is in fact the result of sabotage efforts on the part of Castillo Armas' agents or other resistance elements.

There is considerable evidence of a determination on the part of the Guatemalan Government to mobilize and arm Communist-controlled student youth and labor organizations. At the same time there is evidence of a hasty attempt to mobilize additional strength for the army.

There are strong indications of mounting tension between the army and the Guardia Civil, the Communist-influenced police organization.

Reports that Puerto Barrios and San Jose have fallen to the Castillo Armas forces cannot be confirmed, but it is clear that there have been uprisings in these and other cities.

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SOUTHEAST ASIA

2. Viet Minh division may be preparing 1 July attack on delta:

[redacted] the Viet Minh 320th Division and some irregular units have been ordered to prepare for action on 1 July in the southern part of the Tonkin Delta. One regiment of the 304th Division may be involved.

The French are undecided whether this operation would be part of an attack on the entire delta or a limited campaign in the southern region.

General Cogny told the American consul in Hanoi on 17 June that he had no indications that the Viet Minh would make a major attack "within the next week or ten days." He added, however, that if he were General Giap, he would have attacked the delta two weeks ago. He said that the Viet Minh battle corps was in position and ready to move against the French "at any time."

NEAR EAST - AFRICA

3. Iraqi decision on Turk-Pakistani pact unlikely before fall:

[redacted] Prime Minister al-Umari, who was appointed in April to head a caretaker government to supervise the recently concluded elections, will probably

remain in office until autumn, according to Foreign Minister Jamali. In the fall, Jamali told American chargé Ireland on 17 June, a new government will be formed, perhaps with elder statesman Nuri Said heading a coalition.

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Comment: As long as al-Umari's caretaker government remains in power, Iraq is not likely to make any significant move toward joining the Turkish-Pakistani pact. The country's two strongest supporters of the pact are Nuri Said, who is in London, and Jamali, who is preparing to take a trip to the United States.

4. Comment on continuing Syrian political paralysis:

[Redacted] The formation of a nonpartisan Syrian cabinet, reported by the Damascus radio on 19 June, manifests the political bankruptcy of the dominant parties and the political strength of the army.

The new cabinet, headed by Said al-Ghazzi, a well-known lawyer and former minister of finance, is composed of relatively weak and undistinguished characters. It was formed because no strong political figures would assume responsibility.

The cabinet's immediate task is the holding of free parliamentary elections. However, the personality conflicts and party animosities which have immobilized the Syrian government since the fall of Shishakli in February will probably make this very difficult, if not impossible.

Meanwhile, the army, whose opposition to Defense Minister Dawalibi's policies brought on the resignation of the Asali cabinet on 11 June, appears content to let the politicians try once again to establish a government to its liking. Continuing political deterioration will probably result in open return of the military to power, however. [Redacted]

WESTERN EUROPE

5. High British officials urge early action on West German sovereignty:

[Redacted] At least three top British Foreign Office officials hold that the EDC is dead. Parliamentary Under Secretary Nutting told

Ambassador Aldrich that he, Permanent Under Secretary Kirkpatrick, and Under Secretary Sir Frank Roberts feel strongly that the United States and Britain should act as soon as possible to bring the contractual agreements with West Germany into force.

The British believe that German troops should "eventually" be an integral part of NATO forces.

Comment: Many Western diplomats have long held that an alternative to EDC would become necessary. They have feared, however, that separation of the Bonn and Paris treaties, and subsequent agreement on any formula for German rearmament, would be as protracted and complicated as the EDC negotiations.

6. Comment on proposed New French cabinet:

The Socialists' refusal to participate in his government has obliged Premier Mendes-France to pick a cabinet preponderantly rightist in character, although several deputies holding key ministries represent the center parties. Finance Minister Edgar Faure, a Radical Socialist whose views on economic and foreign policy closely parallel the premier's, is the only prominent holdover from the Laniel cabinet. Several of the new ministers, although relatively young, have had previous cabinet experience.

A reappraisal of France's foreign policy, particularly in Europe, seems in prospect. Mendes-France will be his own foreign minister.

There is no important pro-EDC spokesman in the proposed cabinet. Over one-third of the ministers and under-secretaries were reported as recently as late April to favor EDC. Another third were reported undecided. Four key figures, however--the premier himself, Faure, Guerin de Beaumont and Francois Mitterrand, minister of the interior--have gradually qualified previous

support of EDC by more and more open opposition to early ratification. Pierre Koenig, who replaces Pleven as minister of defense, is a strong opponent of EDC and a close personal friend of General de Gaulle.

Mendes-France has retained the Foreign Ministry for himself primarily in order to exercise personal control over negotiations on Indochina. He may also hope to woo the Popular Republicans' support by holding out the prospect of their return to the Foreign Ministry.

The cabinet includes two of the ten left-wing Popular Republicans who voted for Mendes-France. This probably reflects a desire by the premier to counter the impression that rightist elements predominate. [redacted]