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GENERAL

1. Comment on Pravda editorial on Korean armistice:

Analysis of the 28 July Pravda editorial on the Korean armistice suggests that Soviet conciliatory tactics will continue. The editorial describes the armistice as a "supremely important" vindication of the current Soviet position favoring settlement of international questions by negotiation, and not by the "policy of force."

Pravda repeats another familiar propaganda claim that the truce represents a victory for "peace-loving forces" in that the UN allies were compelled by the pressure of world opinion to enter the armistice talks. It stresses Moscow's role in this marshalling of world opinion, and repeats Malenkov's 27 July promise of support and help from the USSR and "other democratic countries" in restoring Korean national unity and rehabilitating the national economy.

As regards the political settlement, Pravda's repetition of earlier demands that the destiny of Korea should be determined by the Koreans themselves, without foreign interference, may foreshadow an early Communist demand for the immediate withdrawal of all foreign troops from Korea.

In line with past Communist propaganda, Pravda places full responsibility for the actions of the South Korean government on the United States.

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SOUTHEAST ASIA

3. Burmese suggest Peiping's aid may be sought in ousting Chinese Nationalists:

Acting Foreign Minister Kyaw Nyein told Ambassador Sebald in Rangoon on 23 July that he is seriously considering recommending that Burma seek some arrangement with

3.3(h)(2)

Peiping to use Chinese Communist troops in ousting the Chinese Nationalists. He said that his government is convinced that Taipei has decided not to withdraw the troops.

Sebald believes that Kyaw Nyein's remarks should not be taken too seriously in view of his previous known stand against communism, but that it is possible they reflect the thinking of some Burmese leaders.

Comment: The Burmese government has been wary of Chinese Communist involvement in the Nationalist problem, but its growing impatience with the lack of progress toward solution of the problem has been evident for some time. Other government leaders and the progovernment press have previously alluded to a request for Chinese Communist aid; as a last resort, the government may seriously consider taking such action.

SOUTH ASIA

4. India contravenes Battle Act provisions:

3.3(h)(2)

According to the Indian finance minister, Prime Minister Nehru personally authorized the 17 July shipment from India to Communist China of 2,248 pounds of thorium nitrate. The issuance of an export license had been delayed for 30 days "in view of the international situation," but the commodity is now enroute to China via Colombo, Ceylon, aboard the Polish vessel Mickiewicz.

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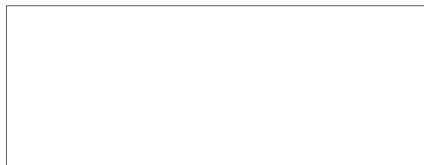
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The Indian government has been informed that under the terms of the Battle Act the United States will have to terminate all aid to India if the shipment is not off-loaded in Ceylon. Both the Indian finance minister and the foreign secretary assert that only the prime minister can authorize the off-loading and that it will be difficult to find a legal basis for doing so. According to the foreign secretary, neither he nor the prime minister had been aware of the implications of the shipment.

Comment: Nehru presumably was responsible for holding up the export license for 30 days, and he probably was generally aware of the strategic nature of the shipment and of the American reaction to be expected.

High officials have publicly emphasized that India is free to trade at will with all countries. Furthermore, Nehru's personal pride and freedom of action are now involved, and he may therefore be disinclined to recall the shipment.

5. Indo-Pakistani prime ministers' talks producing no results:



Pakistani foreign minister Zafrullah Khan on 3.3(h)(2) 27 July told the American chargé in Karachi that the talks between Prime Ministers Nehru and Mohammad Ali had made no progress

toward agreement on Kashmir or any other issue.

The Pakistani cabinet was indignant at Nehru's unwillingness to come to grips with the problems, but finally agreed that the discussions should be continued in New Delhi if Nehru should so desire. The cabinet also agreed to do everything possible to keep the public calm and to prevent any anti-Indian outbreaks.

Comment: The Pakistani public has become used to the failure of Indo-Pakistani negotiations and is unlikely to react strongly in this instance, though some bitter statements will probably appear in the press.

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NEAR EAST - AFRICA

3.3(h)(2)

6.

7. Egyptian foreign minister to contact British delegates informally:

[Redacted]
British chargé Hankey and General Robertson, military delegate for the Anglo-Egyptian talks, will meet Egyptian foreign minister Fawzi [Redacted]

soon, according to Ambassador Caffery.

Fawzi also said that the Pakistani chargé in Cairo had invited him to dinner with Hankey and Robertson on 30 July.

Comment: These two proposed meetings should offer the necessary opportunity to arrange a resumption of the Anglo-Egyptian talks, which have been suspended since 6 May.

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EASTERN EUROPE

8. Bulgaria reportedly willing to resume relations with US:

[Redacted]

Bulgarian officials recently told French minister Baudier in Sofia that they were willing to resume relations with the United States but would not make the first move, according to 3.3(h)(2)

the Israeli charge in Sofia. Baudier told the charge of similar statements in April, but said that immediately after the Beria purge he had been told that there were enough "imperialist agents" in Sofia and no more were desired.

US minister Ravndal in Budapest notes that the Bulgarian minister there has made several friendly gestures at recent diplomatic receptions.

Comment: A Bulgarian willingness to resume relations with the US would be in accord with recent Soviet policy toward Yugoslavia and the West. Baudier, however, has not always been accurate in his reporting.

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