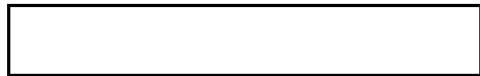


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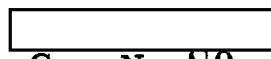
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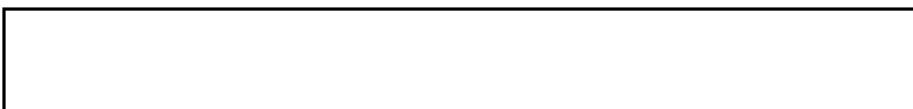
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25X1A [redacted]

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GENERAL

- 25X1A 1. Indian vice president sees little result from Chou-Nehru talks:

[redacted]

Most of Chou En-lai's conferences with Indian officials were just "talk," according to Indian vice president Radhakrishnan. Radhakrishnan said he gained the impression that Chou's expressions were perfunctory and that Peiping would pursue its policies regardless of Indian views.

There were serious conversations, however, on Indochina and Tibet. Regarding Indochina, Radhakrishnan believes Peiping really desires a negotiated peace and that an armistice satisfactory to both sides is a genuine possibility. Tibet was the major topic of the talks, and Radhakrishnan stated that Nehru repeatedly expressed to Chou concern over China's apparently imperialistic policy.

American chargé Weil believes that Nehru kept realities in mind during Chou's visit and was not lulled into complacency. He also reports a consensus among diplomats and Indian officials that the visit had little effect on Sino-Indian relations.

2.
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- [redacted]

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[redacted] 25X1

SOUTHEAST ASIA

- 25X1A 3. Another regular Viet Minh division may be headed for Tonkin delta:

[redacted] According to the American army attaché in Saigon, the French air force reports that the Viet Minh 312th Division, which fought at Dien Bien Phu, may be moving toward the northwest corner of the delta. The attaché comments that the enemy probably plans to create the threat of immediate action against the delta in order to overcome any French-Vietnamese hesitance to meet Viet Minh terms during the imminent cease-fire discussions.

An American correspondent in Hanoi states that the local French censor cleared a story to his press service to the effect that the French are giving up most of the Tonkin delta without a fight and that the anticipated truce talks will merely formalize agreements already reached. When the correspondent indicated surprise at this clearance, the censor replied, "But it is true, and you and I know it."

Comment: The only Viet Minh division whose entry into the delta has been confirmed by French intelligence is the 304th. Two regiments of this division, also present at Dien Bien Phu, are now in the southern delta.

NEAR EAST - AFRICA

4. Henderson says Iran needs emergency aid despite prospects of oil settlement:

25X1A

[Redacted]

Ambassador Henderson's revised schedule for an Iranian oil settlement indicates Iran cannot expect substantial oil revenues before November or December, and the consortium refuses to consider advances because of expected large expenses for rehabilitating and operating the oil industry.

Fiscal strains in Iran's economy are already apparent and are expected to become acute by August. The ambassador is convinced Iran will need an additional \$10,000,000 for the period 20 August to 20 October.

Henderson's present recommendation is in addition to his earlier suggestion that the United States grant Iran \$80,000,000 in economic and financial aid during the 12 months following an oil settlement.

Comment: Since Prime Minister Zahedi assumed office, the United States has contributed \$60,000,000 in emergency aid in addition to economic and military grants of \$46,000,000. Without this aid, Iran would have been bankrupt and any chance for political stability destroyed.

Henderson has suggested that oil production may be resumed in Iran soon after 1 October. This reflects his optimism over the progress of the oil negotiations despite the increasing Iranian political tensions. Considerable haggling and various adjustments within the agreement will probably occur before final settlement can be reached.

EASTERN EUROPE

5. Soviet ambassador urgently requests interview with Tito:

25X1A

[Redacted]

According to Yugoslav foreign secretary Popovic, Soviet ambassador Valkov recently returned from his second trip

to Moscow in two months and urgently requested an interview with Marshal Tito. The interview will probably take place on 30 June at Brioni.

Popovic was unable to learn the reason for this request, but suspects that the Balkan military alliance may be discussed.

Comment: Beyond recent manifestations of diplomatic cordiality, there has been no indication of a basically new approach by Moscow toward Belgrade.

WESTERN EUROPE

25X1A 6. Adenauer reported willing to renegotiate EDC treaty:

[redacted] According to a French Foreign Ministry official, French deputy high commissioner Berard in Germany has informed Paris that despite his public statements, Chancellor Adenauer is willing to accept new negotiations on the EDC treaty. To obtain French National Assembly approval of EDC, Adenauer would even be willing to accept modifications or additions requiring new ratification by the German legislature.

Berard recommended that two high officials of the French Foreign Ministry who are scheduled to visit Bonn this week propose to Adenauer changes in the treaty to lessen its supranational aspects.

Comment: Adenauer would probably prefer to postpone any discussion of modifications in the EDC treaty until it is clear that Mendes-France cannot make progress with the present text. While there are reports that Mendes-France is willing to present the EDC treaty as it stands if he thinks the assembly cannot agree on modifications acceptable to the five other powers, Berard's report that Adenauer is weakening may encourage the premier to press for modifications.

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LATE ITEM

25X1A 7. Comment on the Guatemalan negotiations:

The new Guatemalan military junta headed by Colonel Elfego Monzon has arranged through American Ambassador Peurifoy and the Salvadoran government to enter into negotiations with rebel leader Castillo Armas designed to work out terms for a peace settlement.

[redacted]
The negotiations are tentatively scheduled to take place in San Salvador beginning at noon on 30 June. The junta has asked the papal nuncio in Guatemala to act as an impartial witness at the proceedings.

Meanwhile both government and rebel radios in Guatemala have announced a cease-fire.

Castillo Armas has reportedly stipulated that his consent to enter into negotiations does not obligate him to come to any agreement. The two sides are, however, believed predisposed to reach a settlement. There are reports that one and possibly both of Monzon's fellow junta members are favorably inclined toward Castillo Armas.

Monzon himself, though a cabinet minister in the Arbenz regime, has long been considered strongly anticommunist. A few hours after becoming interior minister in the short-lived junta headed by Colonel Carlos Enrique Diaz, Monzon ordered the arrest of all known Communist leaders. Many of these are now reported to have found asylum in the Argentine, Chilean and Mexican embassies in Guatemala City. [redacted]

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