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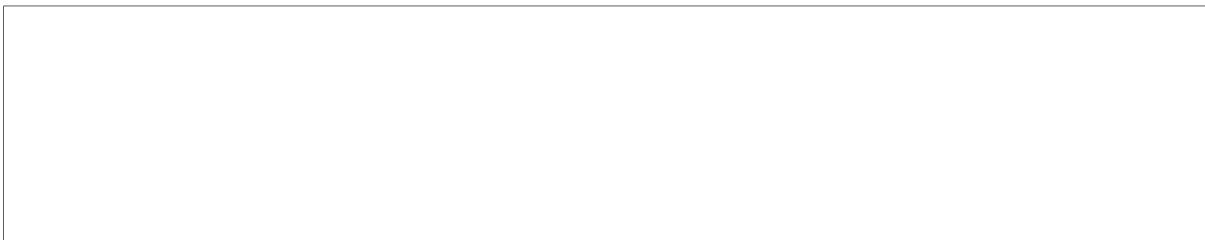
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**GENERAL****1. Burmese trade talks in Moscow break down:**

[redacted] the Soviet delegation had adopted a "more aggressive" attitude after 20 January and had raised "totally new and unacceptable terms" in an effort to bring the talks to an end. The Soviet negotiators had finally stated bluntly that they could buy rice only on Soviet terms.

Comment: [redacted]

These developments in Moscow contrast sharply with the comparative ease with which Burma has recently concluded agreements with Peiping. Some Burmese leaders have placed great hope on solving their country's economic problems through greater trade with the USSR.

**FAR EAST****2. Comment on plane incident off west coast of North Korea:**

[redacted] It now seems clear that the MIG-15's which on 5 February attacked a US RB-45 reconnaissance plane and its fighter escort off the west coast of North

Korea were North Korean aircraft.

[redacted] North Korean fighter units have assumed the predominant role in air defense of the North Korean area. North Korean pilots have demonstrated increased aggressiveness and have trailed UN flights from attack positions.

No connection is evident between the 5 February attack and the Formosan question.

#### NEAR EAST - AFRICA

##### 3. Iraq wants defense pact with Turkey, Britain and US by April:

Iraqi prime minister Nuri Said has advised the British ambassador in Baghdad that he wishes to sign a defense pact with Turkey, the United States, and Britain in March or April.

Nuri also told American ambassador Gallman on 3 February that he wants the proposed Iraqi-Turkish treaty to be the first step toward a general pact including Syria, Egypt, Iran, Pakistan, Britain, and the United States.

Comment: The proposed Iraqi-Turkish treaty, according to the communiqué issued by Nuri and Turkish prime minister Menderes on 13 January, will be open to states which wish to join and "are able to do so by reason of their geographical position or the means at their disposal."

The United States has an arms aid agreement with Iraq, and Britain has two air bases in that country under terms of the Anglo-Iraqi treaty of 1930, which expires in 1957.

Nuri, who has publicly promised action this spring on the Anglo-Iraqi treaty, probably hopes the proposed pact can be made to serve as a substitute for the treaty with Britain. In October British officials in London indicated to Nuri "general sympathy" for this approach.

#### LATE ITEMS

4. Moscow approaches British with suggestion for ten-power conference on Formosa:

On 4 February Foreign Minister Molotov handed the British ambassador in Moscow a memorandum suggesting that a conference on the China situation be held this month in Shanghai or New Delhi attended by the Big Four, Communist China, India, Burma, Indonesia, Pakistan, and Ceylon. This was necessary, he said, because the United States and British position had made "lawful and impartial consideration" by the UN "impossible."

Ambassador Bohlen feels this latest move is designed to bring the USSR in line with the Chinese, whose intransigence on UN consideration of the question he believes surprised even Moscow. The ambassador notes that the Soviet Union could hardly expect the Western powers, especially the United States, to accept this proposal to by-pass the UN and ignore Nationalist China completely. He sees it as an obvious play for Asian neutralist sentiment providing propaganda support for the Chinese and serving to keep Moscow in the center of any diplomatic negotiations on this issue.

Comment: If there have been differences between Moscow and Peiping as to how this problem should be handled, their policy now appears to be co-ordinated.

This latest move would seem designed primarily to generate pressure on the United States from its major allies and the Asian neutrals for conferences which could be manipulated to Communist advantage more easily than could UN discussions.

Peiping almost certainly intends to maintain tension in the China area by various means, including limited military operations, in order to give an air of urgency to such negotiations and to a settlement on Peiping's terms.

5. Italians favor general East-West conference to achieve "detente":

Italian officials suggested to Turkish prime minister Menderes on his recent visit to Rome the necessity of an early general East-West conference to achieve

a "detente" to reduce world tensions, according to Ambassador Warren in Ankara. The Italians have in mind a meeting, including also the Satellites and the neutralist nations, to seek a decision on general disarmament.

The Turks rejected the suggestion as impractical and undesirable at this time.

Comment: Rome has frequently expressed concern over the limitation of East-West talks to the "big powers," but this is the first indication that Italy is attempting to generate support for broadening the base of such discussions.

In view of the inability of the UN Disarmament Commission to reach agreement, there probably would be considerable interest in Western Europe in a conference of the type proposed.