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SECURITY INFORMATION

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SOUTH ASIA**1. Comment on India's food prospects for 1952:**

A recent public announcement by the Indian Food Ministry indicates that widespread droughts and floods are creating the threat of a 1952 famine equal to that experienced this year, when India was forced to increase by two million tons its normal food grain imports of three million tons per year.

Since it is anticipated that India's balance of payments and foreign exchange positions will be less favorable at the beginning of 1952 than they have been this year, India may be even less able to pay for future food grain imports.

The Indian Food Ministry announcement appears to have been made at this early date to prepare foreign powers for another request for major food grain assistance. A statement by India's Ambassador to Peiping on 3 October that China had three million tons of surplus food grains, which could be sent to India if transportation were available, may also be calculated to stimulate Western interest in India's problem.

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4. Egyptian police activity undermining British position in Suez canal area:

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Intimidation by the Egyptian police is effectively reducing the supply of Egyptian labor available to the British forces in the Suez canal zone. In addition, the police are permitting mobs to destroy British food supplies and in some places are joining extremist groups in forcibly preventing workers from entering the canal zone.

British Foreign Office officials have expressed bitterness at the failure of the Egyptian Minister of Interior to keep his promise that there would be no interference with labor or with essential supplies, and they believe that terrorist groups are entering the canal zone with at least the connivance of the government.

The US Ambassador in Cairo reports that, in an effort to force corrective action by the Egyptian Government, British military authorities 'have again virtually turned off the tap' of Egypt's oil supply. The Egyptians are so thoroughly worked up over the fuel oil stoppage that its only effect has been to make them more intransigent.

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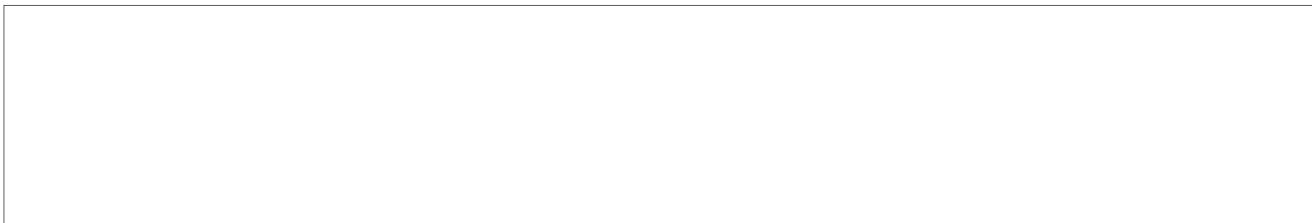
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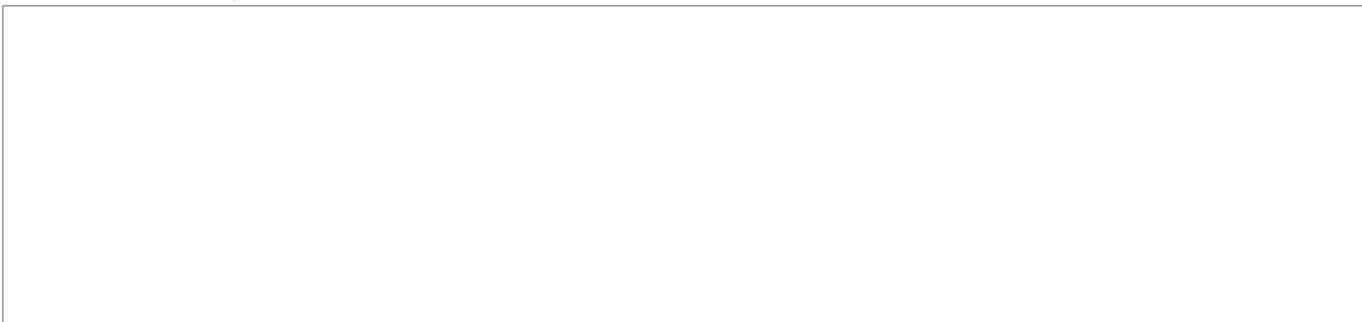
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EASTERN EUROPE

5. Yugoslav Government expects no agreement with Italy on Trieste: 3.3(h)(2)

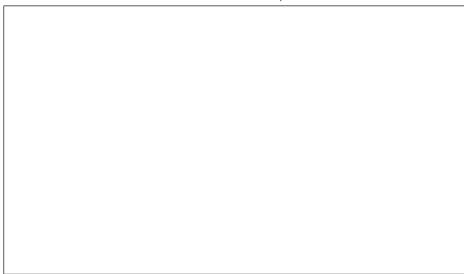


Comment: Despite Italian and Yugoslav expressions of willingness to discuss the Trieste issue, there is no evidence that either country is willing to make concessions sufficient to satisfy the other's demands.

The Yugoslav Government had agreed that the negotiations should be undertaken in secrecy, but Marshal Tito in a press interview on 31 October declared that the Trieste problem might be the subject of direct talks between Yugoslavia and Italy at the forthcoming UN General Assembly.

WESTERN EUROPE

6. British appear reluctant to suspend German interzonal trade:



Foreign Secretary Eden has requested a full report on the Berlin situation, and has instructed British High Commissioner Kirkpatrick to take

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[Redacted] no strong counteraction at present, for fear of unnecessarily adding Berlin to Britain's other difficulties. US High Commissioner McCloy reports that Kirkpatrick showed some hesitation at a meeting on 31 October on the subject of suspending interzonal trade, as earlier planned by the Allies.

Meanwhile, McCloy states that he will continue to press for cessation of interzonal trade as soon as possible. He concurs with the Department of State's feeling that, although such a move is risky during the winter months because of Berlin's vulnerability, the alternative of giving in to the East at this time involves more serious dangers.

Comment: This is the first evidence of a reported policy of the new British Government to proceed cautiously on the German question.

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8. Netherlands critical of details of European Defense Forces plan: 3.3(h)(2)

A Dutch Foreign Office official, in reviewing his government's objections to the European Defense Forces plan, has stressed the Dutch fear that the plan is being expanded into political and economic fields beyond the original concept. The Dutch, who believe that there should be a definite link between NATO and the European Defense Forces plan, specifically oppose the proposals for a single high commissioner and a common defense budget.

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