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SECURITY INFORMATION

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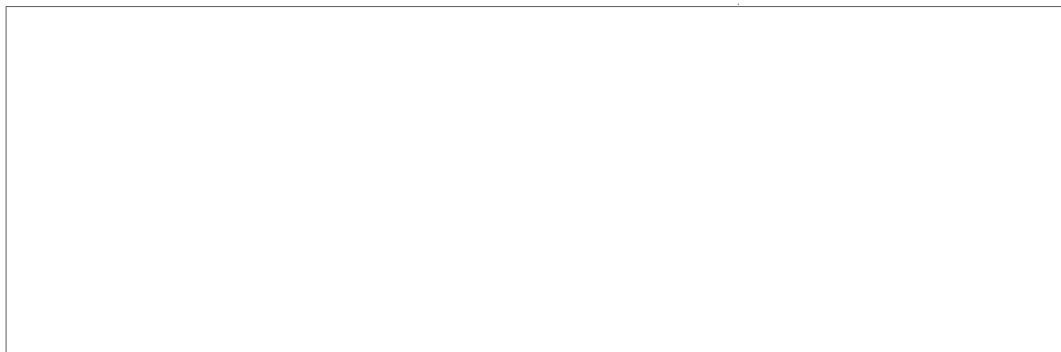
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SECURITY INFORMATION

~~TOP SECRET~~**SUMMARY****FAR EAST**

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FAR EAST

1. Ten Chinese battalions reported in northwestern Tonkin:

3.3(h)(2)

[redacted] about ten Chinese Communist battalions, each numbering from 200 to 300 men, are now active in northwestern Tonkin. These units, in cooperation with the Viet Minh, have clashed with French-supported guerrillas, [redacted] and for the first time dead combatants have definitely been identified as Chinese.

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Chinese probably entered Indochina to stop French interference with the opium trade, and that this is not a "serious Chinese invasion."

Comment: There is as yet insufficient information to judge whether these Chinese troops are provincial or regular forces and whether their operations will be confined to this relatively remote area of Tonkin. Three Chinese battalions were reported to have entered the same area about 13 May and to have withdrawn several weeks later.

NEAR EAST - AFRICA

2. Turkish Ambassador urges Turkey be included in Middle East defense talks:

3.3(h)(2)

[redacted] The Turkish Ambassador in London believes that the Acheson-Eden-Schuman conversations may include Middle East defense and he has urged his government to "demand" that Turkey participate in any discussions on this subject. The Ambassador suggested that if the three powers do not agree to its participation, Turkey should insist on being given the opportunity to express its opinions on any decision.

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Comment: The British have been working on a new version of the Middle East Command which they plan to present to France, Turkey and the interested dominions.

Turkey, a sponsor of the proposed Middle East Command, has been critical of the manner in which its establishment has been discussed.

WESTERN EUROPE

3. Italy makes clandestine shipments of ball bearings to Czechoslovakia:

[redacted]

an Italian firm is sending a shipment of ball bearings at the end of May. This consignment was to be sent as "luggage." Another shipment was to be sent on 12 June to Basel, and from there by airplane to Czechoslovakia.

3.3(h)(2)

Comment: Despite Italian assurances that exports to Czechoslovakia of International List I bearings would be held up pending United States consideration of these items as a possible exception to the Battle Act, clandestine shipments are being made. The Czech-Italian trade agreement now in effect calls for supplying Czechoslovakia with 1.4 million dollars worth of List I bearings, which Italy has refused to ship since 1951.

3.3(h)(2)

[redacted]

smuggling from Italy to Czechoslovakia during the last six months of such other strategic items as cobalt, molybdenum, tungsten and nickel.

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~~TOP SECRET~~**4. West German pressure for four-power talks increases:**

There is a growing demand among political circles in West Germany for four-power discussions on German unification. This trend, which was touched off by press reports that France wants immediate discussions, was given further impetus by the recent postponement of German ratification of the Bonn-Paris treaties.

3.3(h)(2)

Meanwhile, East German Foreign Affairs Minister Dertinger is quoted in an East Berlin newspaper as stating that the Western powers may yield to popular pressure for such talks, but will attach unacceptable conditions.

5. Danish Government may fall if US aid is suspended:

Danish Foreign Minister Kraft has told the American Ambassador that his government may fall and that Denmark may have to review its entire foreign policy if MSA aid is stopped as a consequence of Denmark's delivering to the USSR a tanker recently completed under the 1948 trade agreement. The Danes have agreed to postpone delivery for a few days.

3.3(h)(2)

Kraft believes that the opposition Social Democratic Party could not assume power in these circumstances and still support NATO.

Comment: The United States requested Denmark to delay the delivery of the ship until late 1953, as scheduled in the agreement, or until the end of the Korean conflict, whichever is later. When Denmark replied that Soviet merchant marine officers were already on board the vessel, the United States warned on 25 June that if the tanker were delivered, the US would have to apply the Battle Act and probably terminate aid.

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