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3.5(c)

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S U M M A R Y**SOVIET UNION**

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SOUTHEAST ASIA

2.

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NEAR EAST - AFRICA

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WESTERN EUROPE

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NEAR EAST - AFRICA

3. Iran assures Argentina of legal right to sell oil:

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Comment: The Argentine Government has been negotiating for Iranian oil for several months. It had asked for assurances that the oil offered for sale had been produced since nationalization, apparently to protect itself against possible claims by the Anglo-Iranian Oil Company that the oil was not Iranian property.

The adoption of this position would represent a useful selling point for Iran in its oil negotiations.

4. Egypt agrees to early informal defense talks:

3.3(h)(2)

The Egyptian Foreign Minister has agreed to informal Anglo-Egyptian defense talks, tentatively scheduled to begin on 20 April. The initial meeting is expected to set up subcommittees to consider the technical aspects of British withdrawal and the later maintenance of the Suez Canal base.

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An influential member of the Revolutionary Command Council told an American official that should these talks with the British bring them close to agreement on evacuation of the Suez base, he would agree to "informal" discussion of area defense with the United States and Britain.

Comment: While there is no doubt that the Nagib regime wishes to open talks on the Suez issue, basic difference on the major issues of evacuation and maintenance can be expected to create serious difficulties whenever discussion begins.

WESTERN EUROPE

5. Austrians urge immediate reopening of treaty negotiations:

3.3(h)(2)

Foreign Minister Gruber and his Socialist State Secretary have informed the three Western High Commissioners in Vienna that, although the position of the Austrian cabinet is not yet entirely firm, Austria is prepared to accept the economic risks involved in the old draft treaty if no better terms can be obtained from the Russians. Urging the need for haste, Gruber recommended that the Western powers inform Moscow by note that they are withdrawing the abbreviated treaty draft in expectation that the USSR will promptly conclude the treaty on the basis of the old draft.

Comment: The Austrians appear to be supporting British and French objections to the American position on the treaty. These three governments, while considering the short treaty as a tactical weapon, have consistently desired to keep open the possibility of an eventual settlement on the basis of the old draft despite the economic concessions the Soviet Union would receive thereby.

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6. French revive Moch's 1952 disarmament proposals.

[Redacted]

The French Government is anxious to establish^{3.3(h)(2)} agreement with the United States and Britain on any new disarmament proposals so that the tripartite position at the next meeting of the UN

Disarmament Commission will not appear "wholly negative." A high Foreign Ministry official has thus explained to the American Embassy the recent request for formal comments on Jules Moch's draft disarmament proposal of May 1952, which he is again pushing.

A Foreign Ministry spokesman states that the Moch proposal has the "sympathy" of the French Government, but will not be officially presented unless the United States and Britain agree.

Comment: In the face of American and British objections last June, France denied any intention to press for Moch's plan, which came close to Soviet desires, particularly in regard to atomic weapons.

Moch, a leader of the Socialist Party and a die-hard opponent of the EDC, recently made a strong plea that Soviet overtures be met halfway.

If the USSR responded favorably to Moch's proposal, French public opinion might force the government to present the proposal in the UN.

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