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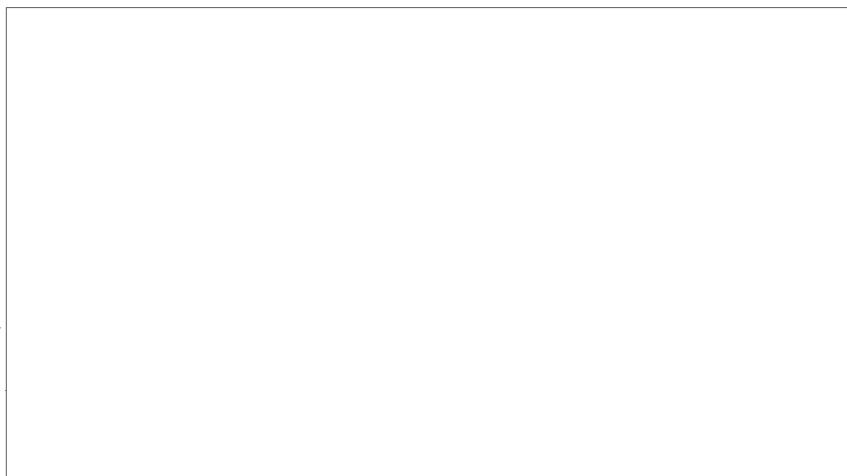
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[redacted] (page 9)

1. EGYPTIAN GOVERNMENT FEARS WESTERN ECONOMIC PRESSURES

The Egyptian government is now more concerned about the consequences of Western economic warfare measures than it is over the threat of Western force,

The Cairo cabinet reportedly believes that effective economic measures would bankrupt the country in a very few months, and that the alternatives open to the regime would be either complete economic dependence on the Soviet bloc or growing unrest which would culminate in Nasr's downfall.

The American embassy in Cairo reports that Egypt's existing industrial plant is already suffering from lack of replacement parts, especially in the communications field. The principal food problem facing Egypt in the next year is to obtain about 600,000 tons of wheat from abroad; 100,000 tons reportedly have been pledged by Syria, and an equal amount by Switzerland.

The embassy feels that the results of economic pressure might include the liquidation of the generally pro-Western middle class, which would be unable to stay in business under the economic controls the regime could apply.

2. CHINESE NATIONALIST AIRCRAFT MAY USE SOUTH KOREAN AIRFIELDS

Chinese Nationalist long-range reconnaissance aircraft may make use of South Korean airfields as terminals for flights over Communist China, [redacted]

[redacted] these aircraft would penetrate far inland and north into Communist China. [redacted]

[redacted] no confirmation of this information, but [redacted] the commander in chief of the Nationalist air force, General "Tiger" Wang, recently visited South Korea and that high-level meetings have taken place.

Comment	Seoul and Taipei have been advocating closer military co-operation and have publicly indicated a desire for a military alliance. Incidents resulting from deeper aerial penetrations of Communist China would serve the interest of both the Nationalists and South Koreans in maintaining a state of tension in the Far East.
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3. COUP REPORTEDLY IMMINENT IN SYRIA

Comment

Quwatli's information may be based on new threats by the Arab Socialists to overthrow him if the death sentences of the three rightist Syrian Social Nationalist Party members involved in a political assassination last year are not carried out. In early August, Quwatli said he would resign rather than approve their executions, but acceded to a compromise which has delayed the final decision.

A coup attempt by the Arab Socialists is a constant threat. They are the targets of the conservative senior officer group which forced the ouster of chief of staff Shuqayr, and they would almost certainly attempt a coup if they felt any serious moves against them were imminent.

4. BURMA CONSULTS OTHER NEUTRALIST POWERS IN BORDER DISPUTE WITH CHINA

Comment on:

Burma is laying the groundwork for the intercession of other neutralist powers on its behalf, should its own efforts fail to obtain satisfaction from Peiping on the Wa States border dispute.

In the event that any neutral countries should intercede with Peiping on Burma's behalf, the Chinese

Communists are likely to try to convince them that China's claim to the disputed territory is at least equally valid. Peiping has consistently refused to recognize the 1941 boundary line because it was negotiated by a Chinese government which was not properly representative of the "Chinese people."

5. INDONESIA PLANS TO REINTRODUCE NEW GUINEA ISSUE AT UN

Comment

Indonesia's efforts last year to get the UN to recognize its claim to Netherlands New Guinea failed when the General Assembly adopted a resolution merely noting that Indonesian-Dutch negotiations were under way and expressing the hope that they would be fruitful.

Indonesia is hopeful that President Sukarno's recent visits to the United States and Western Europe will result in increased support in the UN for its position.

THE ARAB-ISRAELI SITUATION
(Information as of 1700, 29 August)

[redacted]
estimates that Israel has a two-year supply of all types of small-arms ammunition in stockpile. [redacted]

In connection with a rumor circulating in Jordan on 24 August that 23 Israeli paratroopers had landed there, [redacted] that there is some unverified information that sections of Jordan's Arab army are on special anti-parachutist missions. [redacted] the "scare" resulting from the rumor points up the nervous state of the army and its readiness to believe any story involving possible Israeli aggression. [redacted]

Forty T-34 tanks and an undisclosed number of "large" artillery pieces which reportedly arrived on a Soviet vessel were moved from the security area of Alexandria on 20 August, [redacted]. It is probable that the tanks and artillery were delivered by a Soviet vessel which was due in Alexandria at that time. About 20 T-34 tanks, several JS-3 tanks, and considerable quantities of artillery ordered by the Egyptians are estimated to have been undelivered as of mid-August.

[redacted]

[redacted]