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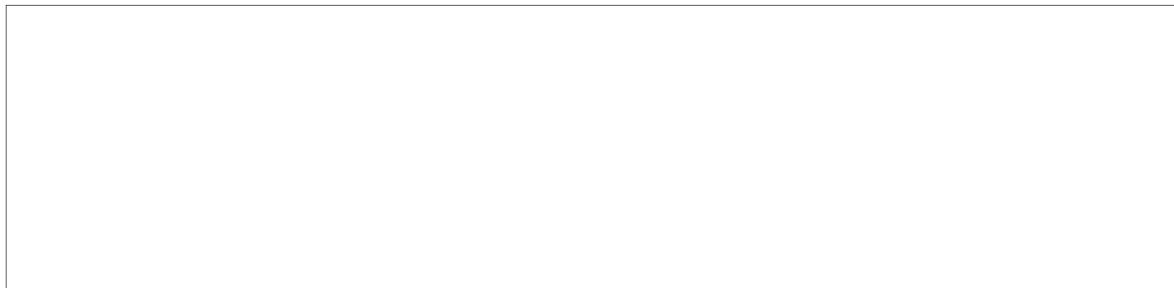
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SOUTHEAST ASIA

1. Indonesian army factions reported to have reached agreement:

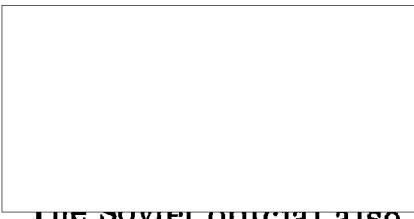
The two principal Indonesian army factions, the "pro- and anti-17 October groups," have reached agreement, according to Colonel Kawilarang, West

Java army commander. The agreement, which will be made public after 17 February, will enable the army to present a united front against political pressure. Kawilarang stated that if the forthcoming elections are not conducted honestly, the army would feel justified in taking action to remove fraudulently elected politicians.

The American ambassador in Djakarta comments that if Kawilarang is not being overly optimistic, the agreement among military commanders to guarantee honest elections is an encouraging sign that the long-delayed general elections will be held this summer.

Comment: The two army factions resulted from an incident on 17 October 1952. This incident was engineered by professionally trained, anti-Communist army officers who resented political interference in military affairs.

There have been other recent reports indicating interest in the development of army unity. The anti-17 October group, however, has heretofore exhibited opportunistic tendencies which the pro-Communist defense minister has exploited.

2. USSR still interested in purchasing Burmese rice:

Soviet foreign trade minister had again expressed his "sincere desire" to conclude a rice deal as soon as possible.

The Soviet official also stated that since the questions of price and quantity had already been settled, adequate assurances on quality remained the only problem to be resolved. He did not consider

this obstacle insurmountable as his government was prepared to suggest alternatives to an earlier demand that the rice be fumigated.

Comment: The Burmese broke off negotiations in early February because of what they considered impossible demands regarding quality. They had been led to believe that Moscow was eager to purchase a large quantity of rice as well as to conclude a trade agreement. They were therefore deeply offended by the unexpected, though typical, hard bargaining tactics of the Soviet negotiators. This new approach, however, indicates that the USSR still desires--apparently for political reasons--to develop economic relations with Burma.

The Burmese trade delegation left Moscow on 3 February to initiate trade negotiations with the USSR's European Satellites. Although negotiations in Warsaw apparently had negative results, Czechoslovakia announced on 14 February the signing of a long-term trade agreement calling for the exchange of machinery and light industrial products for Burmese rice, fodder and raw materials.

NEAR EAST - AFRICA

3. Arab League politics may prevent Jordan from accepting Johnston proposals:

Ambassador Johnston, now concluding his discussions with the Arab states and Israel regarding Jordan River development plans, reports that Arab League politics have made it difficult for Jordan to take favorable action on his proposals.

Johnston states that the cordial atmosphere which greeted him in Amman had raised his hope for Jordanian acceptance of his proposals. This would encourage agreement by Syria and Lebanon. Lebanon urged Jordan to take no action, however, until Arab representatives reassembled in Beirut about 18 February to consider the final Arab position on the Jordan River proposals.

Comment: Ambassador Johnston visited the Near East in late 1953 and mid-1954 in an effort to obtain agreement on the same plan. On the present trip he has had discussions in Tel Aviv, Cairo, and Amman. He will continue his talks in Damascus and Beirut.

The prospects for achieving a compromise agreement at this time are not bright, despite both Arab and Israeli reluctance to assume the onus for failure of the negotiations.

4. French Foreign Ministry criticizes Iraqi-Turkish treaty plans:

[Redacted]

In answer to a question by the American embassy, a high French Foreign Ministry spokesman replied on 14 February that the proposed Iraqi-Turkish treaty, while in the "right direction" of collective security in the Middle East, is not necessarily the "right move." The spokesman cited the renewed arms race between Israel and the Arab states, Arab discord which the treaty has already produced, and French fears of Iraq's intentions toward Syria.

Comment: Though not opposed to the "northern tier" approach to Middle East defense, the French believe that the United States and Britain, but not France, may be invited to participate in the proposed Iraqi-Turkish treaty. They also resent that they were not consulted early in the treaty negotiations.

France fears that its [redacted] position in Syria is being undermined. In addition, it fears that Egyptian hostility to the treaty may result in a renewed Arab attack on its position in North Africa.

French insistence on joining the treaty would probably provoke strong Arab, particularly Iraqi, opposition.

5. Prime Minister Sharett's policy receiving more support in Israel:

[Redacted]

The American embassy in Tel Aviv reports that both former premier Ben-Gurion and some critics within the cabinet appear for the time being to be backing Prime Minister Sharett's foreign policy of restraint and diplomacy. The embassy also believes that Mapai, the dominant political party, will continue to support Sharett. This development has left Defense Minister Lavon and the extremists "out on a limb."

Comment: This is the first report that Ben-Gurion has shifted his backing from the aggressive approach of Lavon to Sharett's policy of diplomatic action.

Even though at present there appears to be a closing of ranks behind Sharett, popular support for a tough line and considerable army opposition to the current moderate policy remain. Moreover, Ben-Gurion is realistic and may be expected to support aggressive action should he consider it necessary.

LATIN AMERICA

6. Comment on reported split in British Guiana People's Progressive Party:

[Redacted]

The reported demotion of Communists Cheddi and Janet Jagan from official top leadership of the People's Progressive Party in British Guiana offers little encouragement to Britain's hopes for an end to the political stalemate in the colony and a return to gradual political development.

The party, whose activities caused London to suspend the British Guiana constitution in October 1953, remains the only effective one in the colony. This is due mainly to the continued apathy of moderate elements.

British officials have long regarded Lyndon Burnham, the newly elected party leader, as possibly even more

dangerous to British interests than the Jagans, who will presumably retain a measure of influence in the party despite their demolition. In addition, support of Burnham by East Indians in the party executive suggests that the People's Progressive Party's appeal to all racial groups in British Guiana remains unimpaired.

[Redacted]