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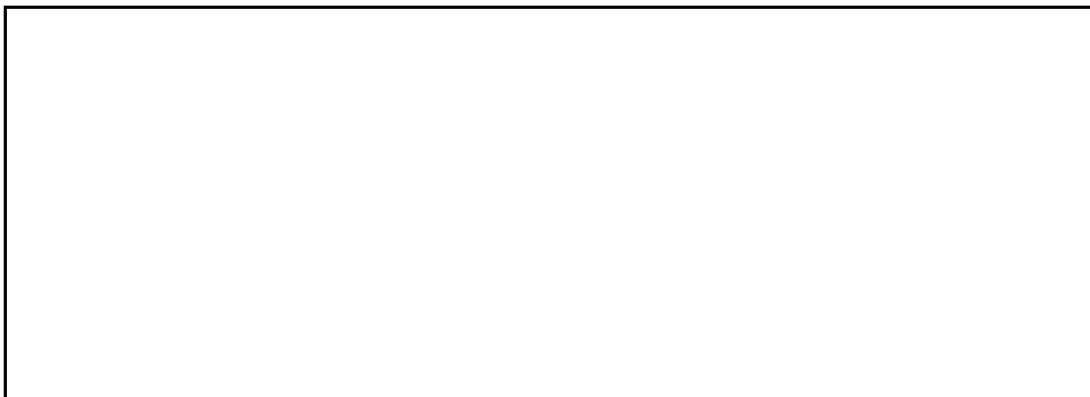
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State Department review
completed

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Soviet official proposes exchange of naval visits with Norway:

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[Redacted]

The Soviet military attaché in Oslo has proposed to Norwegian defense minister Knudsen that Soviet and Norwegian naval vessels exchange visits to Oslo and Leningrad. According to the Norwegian NATO representative, Knudsen has not yet replied and wants to know if other NATO powers have been similarly approached.

Comment: In response to a Soviet request, Swedish and Soviet naval vessels exchanged visits this summer for the first time since 1925. An exchange with Norway would be the first with a NATO power.

The USSR has made various efforts since early 1954 to improve relations with all the Scandinavian powers and was presumably encouraged in this move by the favorable reception Soviet ships received in Stockholm in July.

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SOUTHEAST ASIA

3. Saigon embassy comments on Hinh's army support:

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The American embassy in Saigon estimates that the majority of the Vietnamese army supports General Hinh or at least hesitates to oppose him actively. The embassy is inclined to credit reports, however, that a group of young "revolutionary" officers is pushing Hinh to extreme measures in the hope of supplanting him once he has "gained power."

Pro-Diem sources allege that army officers are increasingly dissatisfied with Hinh's behavior, but with the exception of General Nguyen Van Vy, the embassy sees no officer who could readily command the loyalty of a majority of the army.

Comment: Two officers of Hinh's staff in charge of military government and special operations have established the nucleus of a political organization within the army to support him, but this effort has apparently not been comprehensive or systematic. Moreover, these two officers are presently out of the country.

At the outset of the Hinh-Diem dispute, General Vy refused the premier's request that he head the army.

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SOUTH ASIA

4. Defense minister suggests Pakistan may grant air bases to US:

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Pakistan's defense minister Ayub told American officials on 26 October that his government would be receptive to an American proposal to establish air bases in Pakistan capable of supporting B-47 medium jet bomber operations.

The American embassy notes that Ayub speaks with considerably more authority as defense minister than he previously did as army commander in chief.

Comment: Despite Ayub's position of authority he has been defense minister only since 24 October, and the new cabinet probably has not discussed its position on the matter of American bases.

Ayub is able and determined and may eventually win the government to his way of thinking, but he was probably speaking for himself alone at this time. He has in the past been ahead of the government on the question of military co-operation with the West.

NEAR EAST - AFRICA

5. Anti-American sentiment rising in Greece:

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Ambassador Cannon reports that sentiments unfriendly to the United States are becoming a regular feature of the Greek press, even in newspapers usually most friendly, inspired particularly by confusion in Greece regarding the American position on the Cyprus question and popular resentment against extraterritorial provisions in the American-Greek Military Facilities Agreement.

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Cannon believes that Prime Minister Papagos might resign if his government suffered a direct defeat in the UN on the Cyprus question. The fall or disintegration of his government would seriously impair American influence in Greece.

Comment: The decline of American prestige in Greece is creating a dangerous situation, which Moscow may be able to exploit. The Orbit's campaign for improving its relations with Greece appears to be increasingly successful.

Greek officials are beginning to reflect the popular concern over the American course on the Cyprus issue. The leader of the Greek UN delegation, in a recent conversation with Ambassador Lodge, indirectly accused the United States of bad faith in pursuing a shifting policy regarding Cyprus.

LATE ITEM

6. Sainteny mission sees change in Vietnamese government necessary to facilitate French-Viet Minh negotiations:

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[redacted] [redacted] the Sainteny mission's negotiations with the Viet Minh regarding French property and the exchange of coal from the coastal area for power from Hanoi have been futile so far. Meanwhile Viet Minh propaganda stresses the need to await a reversal of French policy.

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[redacted] Sainteny's team has concluded the French must take the first step to break the impasse by installing a premier in the south not susceptible to American influence. Buu Hoi and Tran Van Huu are mentioned as acceptable in this regard.

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Comment: One of Mendes-France's advisers on Indochina stated on 9 October that the "Sainteny policy" of coming to terms with the Viet Minh and writing off South Vietnam

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is the prevailing policy in current French official thinking. Although the accuracy of this statement cannot be assessed, it is evident that official French backing of the Diem government in the south is scarcely compatible with the coexistence policy of the Sainteny mission in Hanoi.

The semiofficial French radio in Saigon announced on 28 October that Bao Dai would return to Vietnam on 15 November and would appoint Prince Buu Hoi as premier.