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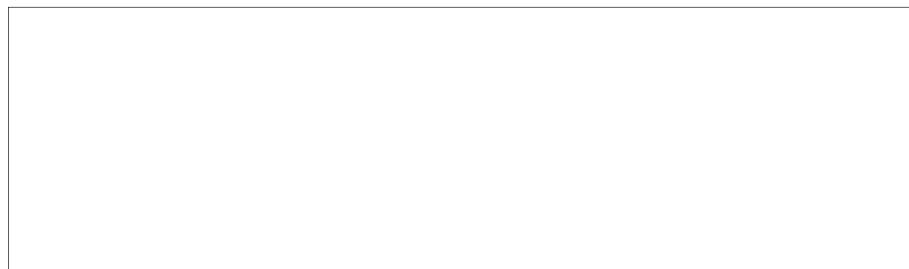
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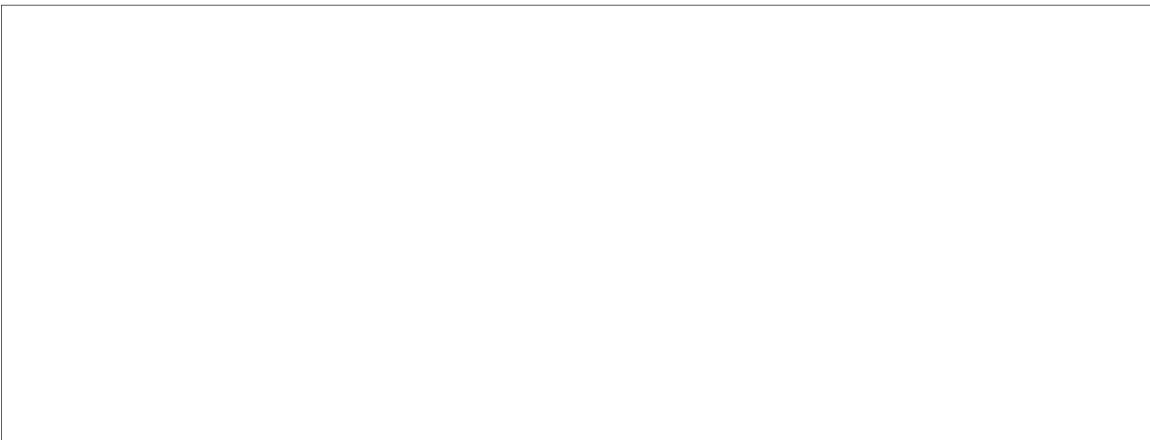
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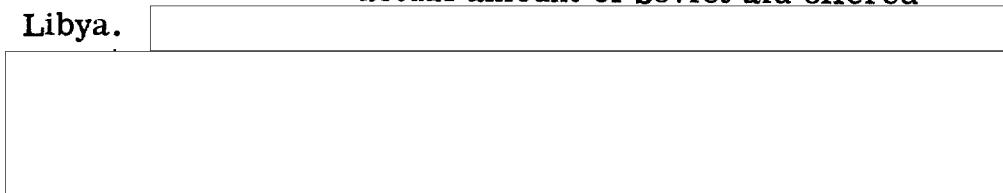
**1. USSR REPORTEDLY OFFERS LIBYA \$80,000,000
CREDIT**



Comment

This is the first indication as to the
actual amount of Soviet aid offered

Libya.



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2. SYRIAN ARMY GROUP REPORTEDLY INTENDS TO REPLACE PRIME MINISTER

[redacted] The dominant Syrian army group led by Major Abd al-Hamid Sarraj, head of army intelligence, wants to replace Prime Minister Ghazzi with [redacted]

~~ex-prime minister Khalid al-Azm,~~ [redacted]

[redacted] Ghazzi has refused to accede to demands that (1) Syria cut all ties with Iraq, (2) Syrian army covert activity in Jordan be stepped up, and (3) military courts be given jurisdiction in cases involving press attacks on the army.

Comment

The Ghazzi government has not heretofore effectively opposed army demands and may capitulate.

Azm, who has had army support in the past, has probably encouraged army dissatisfaction with Ghazzi. Azm has sought for some time to return to power and to that end has been willing to co-operate with any and all elements. As foreign minister in the previous cabinet, he followed a pro-French, anti-Iraqi, anti-American line and opposed accords with the West. [redacted]

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3. AFGHAN OFFICIAL ATTACKS HELMAND VALLEY DEVELOPMENT SCHEME

Afghanistan's new acting press chief, Abdus Sattar Shalizi, formerly Afghanistan's liaison official with Morrison-Knudsen in San Francisco, has made bitter personal complaints to the American embassy in Kabul against the Morrison-Knudsen Company and its Helmand Valley development projects.

Shalizi has charged that the Helmand Valley projects are a "gigantic fiasco." He has suggested to embassy officials that the United States government take over responsibility for the projects and finance them with "grants" until they become paying propositions.

Comment Since 1953, when Afghanistan's financial position became acute, Afghan officials have sought ways of lessening their government's considerable expenditures on the undramatic, long-range projects being undertaken in the Helmand Valley. They have from time to time attempted to play upon American pride and to hold up the threat of Soviet penetration to induce the United States to take over a large share of the financial obligations. Shalizi himself is reported to have told a group of Americans that Afghanistan's policy now is to "play the two sides off against each other."

If additional financing is not forthcoming, the Afghan government may eventually insist on the abandonment of certain projects in the Helmand Valley in order to concentrate expenditure on those remaining.

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~~SECRET~~**4. BURMESE REPORTED INTERESTED IN SOVIET TANKS****Comment**

This report probably refers to a Burmese purchasing mission which has recently returned from an extended tour of the Soviet Union and some of the Satellites.

The Burmese have long been interested in developing alternate sources of arms in order to reduce their dependence on Great Britain. Although Premier Nu recently stated his opposition to the purchase of military equipment from the Communist bloc, accumulating credits from sales of rice to the Orbit would make such purchases attractive to influential elements in the country.

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5. PEIPING SEEN MAKING PROPAGANDA GAINS IN THAILAND

Peiping is making propaganda gains in Thailand as a result of its warm reception of the unofficial Thai delegation led by Thep Chotinuchit and the conciliatory tone of its commentary on the visit. The Bangkok press is printing daily summaries of Chinese Communist broadcasts on the Thep visit.

Comment Thep, who is Thailand's leading advocate of neutralism, was permitted to leave for Communist China in mid-January accompanied by a small group of other members of parliament and newsmen. The group is now touring North China.

In its propaganda regarding the visit of the Thep group, Peiping has stressed Sino-Thai cultural and historical affinities and the potentialities of direct trade. It has lately been avoiding derogatory comments on the Phibun regime and has not mentioned the exiled former Thai premier, Pridi, although Thep had announced he intended to see Pridi while in China.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 7 February)

UN truce supervisor General Burns has informed the American embassy in Tel Aviv he believes there is enough danger of war to require immediate decisions by the United States, Britain and France regarding preventive action or intervention. Burns thinks war could start with either an Israeli land attack or an Egyptian air assault. He is considering proposing a buffer in the form of a UN force in the El Auja demilitarized zone and around the southern end of the Gaza strip, but is uncertain what measures should be taken against an air attack.