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GENERAL

1. Arabs reserving decision on Palestine truce--US Embassy
Cairo has learned from an Arab League official that the Arabs are reserving their decision on prolongation of the Palestine truce while awaiting UN Mediator Bernadotte's reply to the Arab counter-proposals for a permanent settlement. The Embassy reports the British Ambassador's belief that the bellicose Arab assertions should not be taken fully at face value and that the Arabs may prolong the truce despite statements to the contrary.

UK advises Arabs to accept truce extension--Foreign Secretary Bevin has told US Ambassador Douglas that he wishes to leave no stone unturned in British efforts to extend the Palestine truce. Douglas reports that the UK is advising the Arab governments of its views that: (a) the truce must be extended; (b) if the Arabs are responsible for the resumption of hostilities, Security Council condemnation is inevitable and future UK arms deliveries will be impossible; (c) a Jewish state is an established fact; and (d) the UN Mediator's proposals are more favorable to the Arabs than any suggested before and should be used as a basis for negotiations.

EUROPE

2. YUGOSLAVIA: Reported reasons for Cominform action--
The US Military Attache in Paris transmits [redacted]

[redacted] an account of remarks made by Communist Leader Duclos, at a meeting of the French Communist Party Politburo, concerning the Cominform attack on Marshal Tito. According to Duclos, Zhdanov (Soviet Cominform representative) charged Tito with violating the principles of international Communism by: (a) supporting Bulgarian Premier Dimitrov's opposition to the Kremlin, presumably in connection with the Balkan Federation; (b) failing to support the Greek guerrillas and exploiting the Greek situation for Yugoslavia's profit; (c) making territorial demands on Trieste; and (d) opposing

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DIA & DOS review(s) completed.

NO CHANGE in Class.

- 1 - DECLASSIFIED

Class. CHANGED TO: TS

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DDA Memo, 4 Apr 77

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the proposal that the Balkan Communist parties give financial support to the western Communist parties. [redacted] according to Zhdanov, the USSR had decided that formal condemnation of Tito was preferable to allowing Tito to permit leaks of information concerning his divergencies with the Kremlin, thus providing ammunition for foreign anti-Communist propaganda.

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(CIA Comment: CIA believes that Tito primarily was prevented from obeying Kremlin orders by the problems arising from Yugoslav "nationalism" and internal economic and political difficulties.)

FAR EAST

3. **INDOCHINA: French action held necessary**--The US Consul in Saigon reports that the situation in French Indochina has become so confused that it is essential for the French Government to take positive and prompt action both on the recognition of a change in the status of Cochin China (now a French colony) and the official acceptance of the Franco-Vietnamese agreement of 5 June 1948. The Consul adds that lack of action will confirm the Vietnam belief that the French Government refuses to acknowledge the agreement arranged by French High Commissioner Bollaert, thus leaving the Vietnamese with nothing to hope for from the accord or from future negotiations.

(CIA Comment: CIA believes that the present Xuan regime in Indochina has little chance for success because the Schuman Government is not likely to jeopardize its position at this time by risking debate over the liberal concessions necessary for the continuation of the regime.)

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