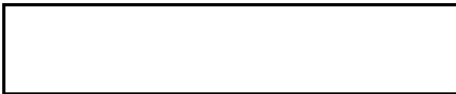


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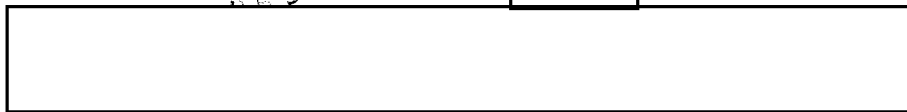
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SUMMARY

GENERAL

1. **Comment on Molotov's opening statement at Berlin (page 3).**

[Redacted]

25X1

SOUTHEAST ASIA

3. **Viet Minh attack on Dien Bien Phu expected within week (page 4).**

NEAR EAST - AFRICA

4. **Jordan may request British military assistance (page 4).**

[Redacted]

25X1

8. **Finland and USSR to negotiate gold loan and settlement of trade credit (page 6).**

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GENERAL

1. Comment on Molotov's opening statement at Berlin:

Foreign Minister Molotov's opening statement at the four-power conference indicated very little change in the Soviet position. Molotov raised the possibility of a prolonged deadlock at the outset by demanding that the first item on the agenda be the convening of a subsequent five-power conference. He is unlikely, however, to permit the conference to break down over this issue.

Molotov's proposal that the Austrian state treaty be discussed at Berlin was the first explicit Soviet agreement to this Western demand. His suggestion that the treaty be based on existing agreements foreshadows Soviet opposition to any alleviation of the harsh economic terms of Article 35. The demand that Austria never again become the tool of German militarism suggests that the Soviet Union will insist on a neutrality clause in the treaty.

Molotov did not repeat the familiar Soviet theme that a German settlement would facilitate agreement to an Austrian treaty.

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SOUTHEAST ASIA

3. Viet Minh attack on Dien Bien Phu expected within week:

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the French estimated as of 26 January that the Viet Minh would attack Dien Bien Phu within a week. One defensive area had been under harassing mortar fire for 48 hours and enemy intelligence reconnaissance units were active to the west and north of the town.

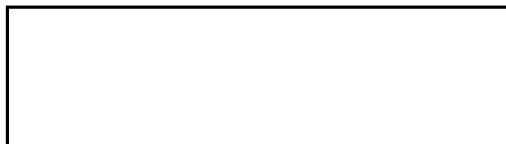
The French High Command believes the French position could be critical, since Viet Minh firepower at Dien Bien Phu is double that used in a similar situation at Na San in November 1952.

Comment: It is still not certain that the Viet Minh will try an all-out assault on Dien Bien Phu. The Communists may first undertake probing attacks to test French defensive capabilities before deciding their course of action.

NEAR EAST - AFRICA

4. Jordan may request British military assistance:

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A senior Jordanian official told Ambassador Mallory that Jordan must get military and financial assistance from a source other than the Arab League countries, since they are reluctant to continue contributing funds to the Jordanian National Guard.

The official stated that since Jordan is "fighting for its existence," it is seriously considering offering Britain military facilities as an alternative to the Suez base, despite the disfavor such a move would meet both in the Arab world and among ultra-nationalistic Jordanian circles.

- 4 -

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27 Jan 54



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Comment: The Jordanian government was under strong domestic criticism last October when the Arab Legion failed to repel the Israeli attack on Qibya. Arab League states voted to provide considerable financial support for the Jordanian National Guard along the Israeli border, but they have been slow to meet their commitments.

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- 5 -

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27 Jan 54

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8. Finland and USSR to negotiate gold loan and settlement of trade credit:

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A Finnish delegation headed by Trade Minister Aura left for Moscow on 25 January to negotiate a gold loan and a settlement of Finland's trade credit with the USSR.

Comment: Finland anticipates an export surplus of some \$15,000,000 with the Soviet Union during 1954, and hopes to obtain a Soviet commitment to settle all or part of this credit in sterling or gold.

The Finns have shown some interest in the Soviet offer of a gold loan, which would permit them to expand their non-woodworking industries. These have not been covered by loans from the International Bank for Reconstruction and Development.

- 6 -

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27 Jan 54