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<u>Jordan</u> : King Husayn may be attempting to bolster his position by permitting more foreign Arab troops to move into Jordan.	
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units that appear to be part of this general movement were attacked while in transit in northern Jordan by Israeli planes on 27-28 July.	-
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The Jordanians may only be trying to stimulate greater US support by demonstrating their concern over the recent escalation of military activity. Nevertheless, the presence of Syrian artillery in Jordan is certain to attract increased attention	:
from Israeli aircraft and artillery.	25X1

Italy: Prime Minister Mariano Rumor is making a new attempt to form a Christian Democratic minority government.

Senate President Fanfani, who headed an investigative mission over the weekend, has concluded that there is sufficient parliamentary support for such a one-party government. Despite its earlier opposition to such an arrangement, the left-wing Socialist Party now is evidently willing to give its support, provided the new government is only a temporary arrangement looking toward the formation of a new centerleft coalition in the fall.

The other former members of the center-left coalition, the moderate Unitary Socialists and the small Republican Party, have agreed not to oppose a parliamentary vote of confidence. The Unitary Socialists will support the vote while the Republicans plan to abstain.

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El Salvador - Honduras: The Salvadoran with-drawal from Honduras is now complete but the underlying difficulties remain.

All captured Honduran towns have been turned over to OAS observer teams by Salvadoran forces. Trade and diplomatic relations have not been restored, however, and the problems resulting from earlier Salvadoran migration to Honduras have not been resolved.

The mood in Honduras continues to be bitter, with anti-Salvadoran, anti-US, and anti-OAS themes predominating. The US and the OAS are blamed for failing to declare El Salvador an aggressor. In contrast, the mood in El Salvador is one of pride, and preparations are under way for a victory parade in the capital city on Wednesday. This celebration will not improve feelings in Honduras.

Leftist elements, quiescent in both countries during the fighting, are now trying to undermine public confidence in their respective governments. Honduran President Lopez is being criticized for having been unprepared for the war and for failing to lead the army to victory. In El Salvador, leftists have questioned whether a victory has been won and have attacked President Sanchez for withdrawing under OAS pressure without effective guarantees for protection of the large Salvadoran colony in Honduras. Although neither government is believed to be in immediate danger, leftist efforts may be effective in disrupting the national unity fronts formed during the war and in increasing political tensions.

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NOTES

South Vietnam: Ground action this weekend remained light and scattered with no significant enemy attacks reported. Most major Communist field headquarters and subordinate main force combat units appear to be preoccupied with refitting and regroupment activities in base areas and border sanctuaries distant from prime allied targets. In many areas, conferences are reportedly under way to assess the results of the so-called "summer offensive" and to disseminate COSVN guidelines for the future.

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Communist China - USSR: A Chinese delegation is presently in Moscow negotiating a trade agreement, according to a French press report quoting "informed Chinese sources" in Moscow. The new agreement, the first in two years, will probably provide for the exchange of Chinese agricultural and consumer goods for Soviet industrial goods—an exchange that has continued despite political differences. Although the two countries failed to conclude a trade agreement last year, a minimum level of trade, totaling about \$100 million, was carried out.

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