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CENTRAL INTELLIGENCE AGENCY

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**SUMMARY**

**GENERAL**

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- 5. Germans seek Saar formula that will insure Bundestag ratification of Schuman Plan (page 5).

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GENERAL



2. Negotiations for defense of Iceland being finalized:

*ICELAND*

*US*



Iceland's Foreign Minister has presented a draft of the US-Iceland defense agreement which, in the opinion of the US Legation in Reykjavik, leaves no important points unre-

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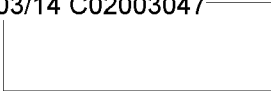
solved. The Foreign Minister reportedly hopes to obtain speedy approval of the draft by the Cabinet and by party leaders. At a later date, he intends to present to the Althing only the short basic agreement (which

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provides broadly that Keflavik Airport facilities will be made available to the armed forces of NATO parties for the defense of Iceland) but he desires to hold to a minimum published material regarding the detailed annexes (which specify the composition of the forces and the conditions under which they will utilize Icelandic facilities).

Comment: Negotiations will probably continue for a least another two weeks, since the Icelandic draft must obtain US approval and thus may be subject to a few minor changes. Absolute agreement on the duration of the pact has not been reached, and it is expected that Iceland will continue to insist on some recognition of its right to terminate the pact unilaterally. The Foreign Minister feels assured of sufficient support among the non-Communist Althing members to secure approval of the agreement, which will probably be presented in special session, since the Althing has adjourned for the summer.

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## EASTERN EUROPE

4. Yugoslavs seek to assign war correspondent to Korea:

US Ambassador Allen in Belgrade reports that the editor of the Belgrade daily Politika has requested US assistance in obtaining permission for a Yugoslav newspaperman to be

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accredited as a war correspondent in Korea. Ambassador Allen considers it decidedly in the US interest for Yugoslavia to have its own correspondent in Korea, since articles written by a Yugoslav correspondent would have a greater impact on Yugoslav public opinion than foreign news stories republished in Yugoslav papers. Allen comments that the Yugoslav Government may desire to change its Korean policy from neutrality to active support of the UN and may wish to assign a Yugoslav correspondent to Korea in order to develop an internal basis for such a change.

Comment: Yugoslav coverage of the Korean war would probably be useful not only within Yugoslavia but also throughout Eastern Europe in countering Soviet fabrications regarding the Korean war. Since the Yugoslav Government has been gradually moving from its independent position between East and West to one of closer alignment with the West and is now seeking both military and economic assistance from Western sources, the government is probably willing to give moral support to UN action in Korea. However, it is not likely to support any UN action which, in its opinion, might expand the war in the Far East and thereby weaken Western Europe.

## WESTERN EUROPE

5. Germans seek Saar formula that will insure Bundestag ratification of Schuman Plan:

Monnet and Hallstein, respectively the principal French and German officials conducting Schuman Plan negotiations, now agree that

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most of the outstanding problems involved in the negotiations can be settled, including probably the controversial problem of the relationship of the Saar to the coal-steel pool. Hallstein has stated that if France insists on signing the draft treaty for the Saar as well as for France, German ratification would be impossible. According to US High Commis-

sioner McCloy, Hallstein hopes that the protocol of signature will not mention the Saar. Hallstein expected to meet Schuman in Paris on 10 April to propose a separate Franco-German protocol specifying that the Schuman Plan will not prejudice the legal status to be assigned the Saar by the eventual peace treaty. In the meantime, McCloy, in an effort to eliminate German hostility and offset Socialist leader Schumacher's opposition to the Plan, held a six-hour talk with trade union representatives on 7 April. US officials in Bonn believe that, in the absence of unforeseen developments, the Schuman Plan will be ratified by the West German Bundestag with a comfortable majority, despite the vehement opposition of the Social Democrats.

Comment: Although the French would probably like to promote severance of the Saar's ties with Germany by giving the Saar a distinct status under the Schuman Plan, Schuman's anxiety to implement the coal-steel pool will probably lead him to accept a compromise, perhaps the one suggested by Hallstein. The above report gives the first definite indication that, despite differences of opinion, all German coalition parties, and probably other important parties in the Bundestag, are likely to support the Plan.

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