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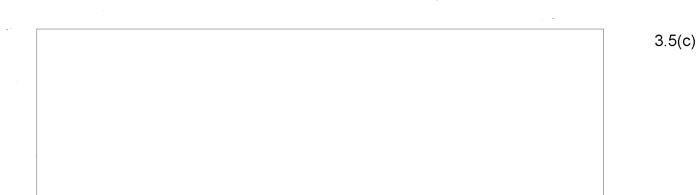
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SUMMARY

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- 3. Egypt reportedly to include Wafdists in cabinet reshuffle (page 4).
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	GENERAL			
1.	New Delhi sees Moscow and Peiping at variance on Korean truce:			
	Ambassador Bowles has found that Prime Minister Nehru, Indian Foreign Office officials, and most chiefs of diplomatic missions in New Delhi believe that the Soviet Union and Communist China have not seen "eye to eye" on the Korean truce question.	3.3(h)(2)		
	The Indian officials maintain that Peiping led them to believe that their truce plan "might" be acceptable. The violence of Vyshinsky's attack on their plan is construed as Soviet pressure to prevent Peiping's acceptance.			
	Comment: As far as is known, Peiping's encouragement of the Indian proposal amounted to no more than an indication that removal of the POW's from American control would be a step in the right direction. Soviet and Satellite spokesmen at the UN were hinting at the same time that a compromise was possible.	# !		
	Chinese Communist Premier Chou En-lai echoed Vyshinsky's rejection of the Indian plan, and there is still no evidence of Sino-Soviet disagreement on Korean truce issues.			
	SOUTHEAST ASIA			
2.	2. French commander estimates situation at Na San:			
	The commander of French-Vietnamese troops in the Na San sector believes that the Viet Minh must attack within two or three weeks or withdraw, owing to its			

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inability to maintain supply routes in the face of air interdiction. According to the Assistant US Army Attache in Hanoi, the commander states that his forces are prepared to hold Na San for one month, repulsing any Viet Minh attack. When the enemy begins to withdraw, he plans to drop paratroop units across their lines and gradually retake the Son La sector.

The attache comments that this estimate appears optimistic, in view of the Viet Minh's ability to maintain supply lines thus far, and maintenance difficulties of the French Air Force. He points to the possibility that the Viet Minh may not attack until a period of bad weather deprives French Union forces of air supply and fighter-bomber support.

NEAR EAST - AFRICA

3.3(h)(2)

υ.	Egypt reportedly to include wardists in cabinet resnume:		

Comment: Salaheddin, who was responsible for abrogation of the British treaty in 1951, is an extreme nationalist and somewhat anti-Western. He is now a member of the reorganized Wafd Party.

The two other prospective cabinet ministers, highly respected for their work in social affairs and education, were never active in the party. Their membership in the cabinet would strengthen it in areas to which the government has recently been giving increased attention.



4.	British	Ambassador	sees	need for	concessions	on	Sudan:
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3.3(h)(2)

The British Ambassador in Cairo believes that his discussions with the Egyptian Government on the future of the Sudan have reached the breaking point unless Britain makes some concessions.

According to the Ambassador, General Nagib feels he has made his major concession in abandoning the concept of "unity of the Nile Valley under the Egyptian crown." In Nagib's view there must now be some public recognition of Egyptian control in Sudanese affairs through Egyptian representation on a Governor General's council having administrative authority.

Comment: A breakdown of these discussions, in addition to prejudicing the slowly developing good relations between Egypt and the West, would cause internal political difficulties in the Sudan. All the major political groups there, with the possible exception of those in the primitive tribal south, are united in support of the agreements they worked out with Egypt in late October.

5. Ambassador Caffery advocates British cotton purchases to ease Egypt's crisis:

3.3(h)(2)

American Ambassador Caffery in Cairo believes that it is imperative for Great Britain to buy cotton from Egypt immediately as a stopgap measure to relieve its economic crisis. Such action, Caffery feels, would also assist the Anglo-Egyptian negotiations, now at a critical stage.

American Embassy in London, is worried over Egypt's financial situation and is considering the possibility of economic aid.

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Comment: On 23 November the Egyptian Government decreed the indefinite closing of the Alexandria cotton market because of the heavy recession in prices.

General Nagib has previously indicated that he believes Great Britain is putting economic pressure on his regime by withholding cotton purchases.

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