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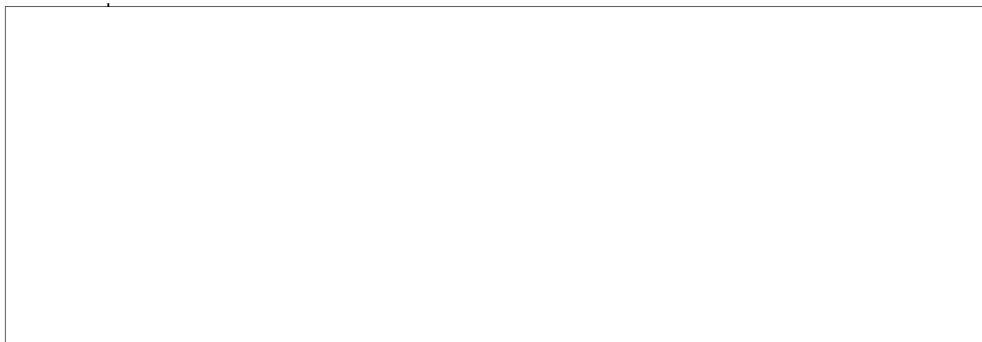
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~~TOP SECRET~~**1. USSR OFFERS MUNITIONS TO SYRIA**

[redacted] The Soviet minister in Damascus offered on 27 September to provide arms to Syria. The offer was made to Syrian prime minister Ghazzi on the basis of a two- or three-year credit to be paid for by Syrian cotton and other export commodities. President Quwatli said that the Syrian government is taking the offer under consideration, [redacted]

[redacted]

Ghazzi gave evasive replies to inquiries by Ambassador Moose on 29 September. Questions by the British chargé were also evasively answered by the minister of national economy. Moose believes the prime minister's failure to deny the offer supports other evidence that arms discussions have taken place between Syria and the USSR.

Comment

Syrian arms are generally antiquated and heterogeneous; armored vehicles in particular are in short supply. Chief of Staff Shuqayr probably would accept arms from any source if he believed they would help him stay in power and if he could get government approval.

[redacted] Egypt is advising Syria to follow its example in bartering exports for Soviet bloc munitions. A strong protest from Israel can be expected if the Soviet offer is accepted, as Israeli army intelligence already believes Syria to be the state's most dangerous enemy.

While Soviet munitions offers themselves are important in terms of their immediate effect in the Middle East, the types of long-term barter agreements involved are even more significant. Once they establish a steady market in the Soviet bloc for exports important to their economies, such Middle Eastern countries as Egypt and Syria will be under pressure to hold on to this market. [redacted]

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2. NENNI'S MISSION TO PEIPING AND MOSCOW SEEN HAVING SEMIOFFICIAL CHARACTER

[REDACTED] Pietro Nenni, head of the Italian Socialist Party, told Italian diplomatic officials in Moscow that his visit to Communist China involved the mission of finding the facts concerning Italian assets in Communist China and exploring certain questions related to the status of Roman Catholic missions. These were practical problems, said Nenni, which would require solution if relations were to be established with China. He implied that President Gronchi, Premier Segni, and Foreign Minister Martino were all acquainted with his objectives.

Nenni also spoke of his Moscow "mission" as an attempt to ascertain the USSR's "real" position on Germany, and its attitude toward Italian entry into the UN.

The Italian embassy in Moscow got the impression, according to American chargé Walmsley, that Nenni is conducting himself as if he were a candidate for the post of foreign minister.

Comment Despite Rome's repeated denial that Nenni's trip has any official character, there is growing interest in government circles in exploiting the Geneva atmosphere to re-establish diplomatic and commercial ties with Peiping.

Nenni was minister of foreign affairs in 1946 and 1947 until the Communists were expelled from De Gasperi's government.

His trip coincides with widespread Italian discussion of a possible alliance between the Christian Democrats and the Nenni Socialists. Discussion of this alliance has, however, largely assumed that Nenni would lay aside his interest in a neutralist foreign policy.

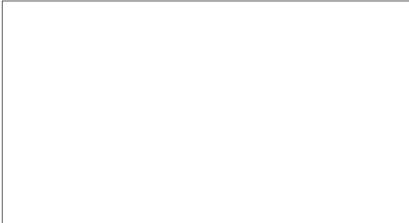
**3. COMMENT ON STEPS TO RESTORE GREEK-TURKISH
COLLABORATION**

Formal Greek-Turkish collaboration in NATO and the Balkan alliance will probably be resumed as a result of the "moral satisfaction" Ankara has agreed to render to Athens. The bitterness aroused by the anti-Greek riots in Istanbul and Izmir, as well as Turkey's opposition to the union of Cyprus with Greece, will continue to hinder the development of friendly relations.

Furthermore, Ambassador Warren in Ankara reported on 29 September that Menderes was about to send a personal apology to Greek prime minister Papagos for incidents which occurred during the riots in Izmir.

While Greek forces will not participate in NATO exercises scheduled for 1 to 5 October, they will probably resume their full NATO participation thereafter. Deputy Premier Kanellopoulos has informed Admiral Fechteler that Greek air space and airfields are entirely at the disposition of NATO, although strong anti-NATO feeling would still prevent Greek participation in the immediately forthcoming exercises.

4. BONN LEADERS FEAR CONSEQUENCES OF THE NEXT GENEVA MEETING

 West German political leaders unanimously agree that there is not the "slightest" prospect that the next Geneva meeting will meet with any success on the German reunification question, according to American embassy officials. Nearly all these leaders forecast that after Geneva the USSR and East Germany will inaugurate a broad campaign to improve relations between East and West Germany which will be hard to thwart.

Some Bonn officials see growing domestic pressure in West Germany to expand contacts with East Germany, and predict that Adenauer's ministers will be maneuvered into dealing with their East German counterparts within a fairly short time.

Comment

German pessimism about the Geneva meeting has largely been inspired by the USSR's attitude on unification during Adenauer's Moscow visit. Some progress on this subject was wishfully anticipated by German public opinion because the summit conference succeeded in placing reunification on the agenda for the subsequent Geneva meeting.

5. PARIS SEES GRAVE CONSEQUENCES IF VIETNAMESE TRY ARRESTED FRENCH OFFICERS

[REDACTED] The French government foresees serious repercussions if the Vietnamese persist in their intent to try two French officers being held for complicity in terrorist activity in Saigon, [REDACTED]

[REDACTED] The French are concerned that members of the French community, and particularly the French Expeditionary Corps, may provoke incidents, and Premier Faure has appealed to Diem for transfer of the officers to French custody.

Comment

The two French officers, allegedly caught in the act of setting explosive charges in mid-town Saigon, were arrested on 22 August and have remained in Vietnamese custody despite strong French protests. Long convinced that the French were behind much antigovernment activity, Diem may intend to make this case a public issue to dramatize Vietnamese demands for complete withdrawal of French forces at an early date.

**6. PATHET LAO CHIEF BALKS AT SCHEDULED MEETING
WITH LAOTIAN PREMIER**

[REDACTED] Pathet Lao chief Prince Souphannouvong has informed the International Control Commission that because of "aggressive" actions by the royal government, he considers the site selected for the meeting on 30 September with Premier Katay to be insecure. He proposed another site be sought. "perhaps in a neutral country." [REDACTED]

The American embassy comments that prospects for a political settlement now seem more remote than ever, and it sees Souphannouvong's reference to the government's "aggressive" action as somewhat ominous.

Comment 10 October is in effect the deadline for completion of negotiations between the government and the Pathet Lao, for after that date, the government intends to proceed with preparations for the 25 December elections without the participation of the Pathet Lao.

A breakdown of negotiations may be followed by stepped-up Pathet military pressure to force government troops out of the two northern provinces.