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19 September 1956



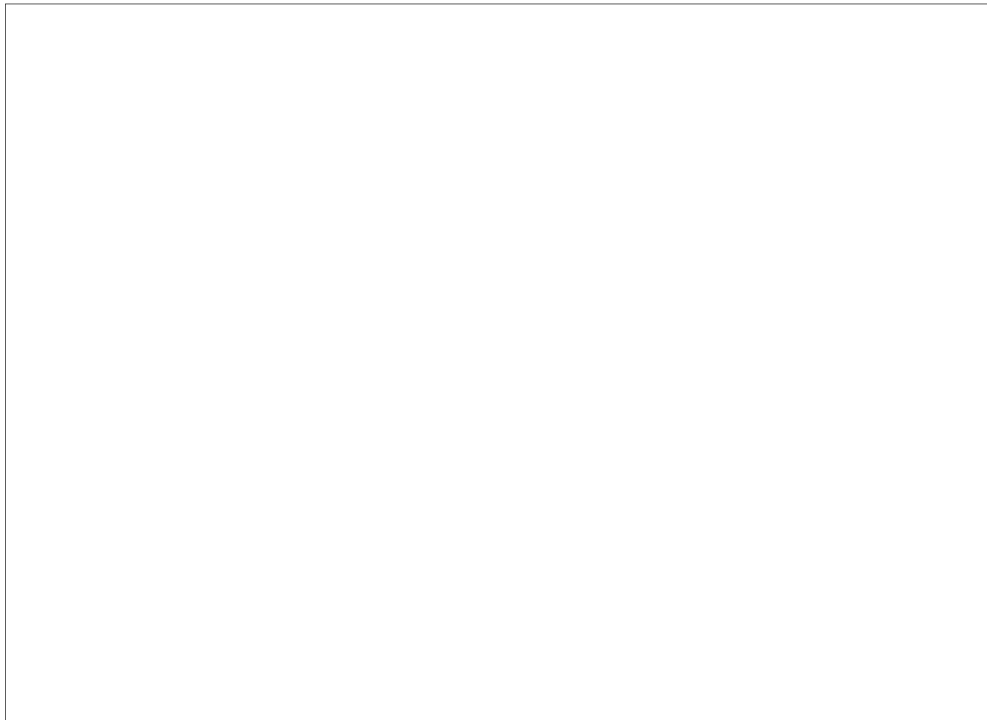
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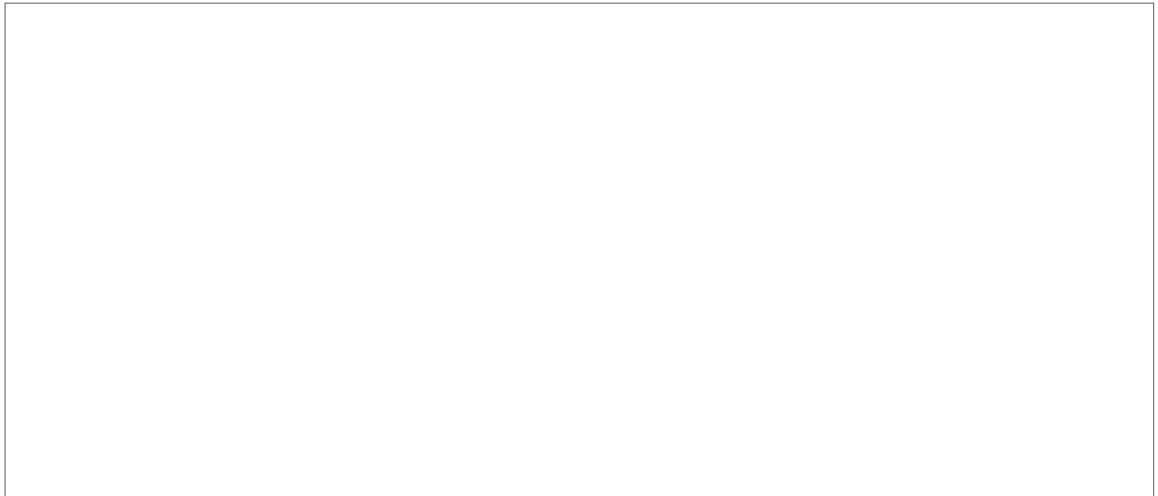
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1. SUEZ CONFERENCE PROPOSALS

Comment on:

Preliminary indications of the attitudes of the 15 countries meeting with the United States, Britain and France in London beginning 19 September suggest that a majority have strong reservations about the proposed Suez Canal users' association, and that only Australia and New Zealand are entirely favorable to the plan.

The Scandinavian countries, Norway in particular, appear highly skeptical, and all have indicated the belief that the long-term problem is a matter for the UN. Iran has stated it will oppose the users' association plan unless it is amended to eschew the use of force and include referral to the UN if Egypt refuses to co-operate. Pakistan has also indicated it will oppose the proposal.

According to the press, West Germany is maintaining a noncommittal attitude, as is Japan, pending clarification of the views of the sponsors. Italy has displayed reservations about the plan in its present form. Spain is sponsoring a plan similar to that put forth by India at the first London conference on the Suez.

Meanwhile India, which has accepted Egypt's invitation to a 45-nation meeting, is reported recommending that each conference should proceed as scheduled and name delegates to a subsequent negotiating group which would seek a solution acceptable to both sides.

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2. NASR REPORTED SEEKING BRITISH LABORITES' AID
TOWARD SUEZ COMPROMISE

[REDACTED]

[REDACTED] Egypt has no intention of "building an empire" in the Near East and that Egypt would never attack Israel. Nasr asserted, however, that the day of British "stooges" in the area has passed, and that it is to Britain's interest to co-operate with Arab nationalists in order to prevent Communist influence from replacing British;

[REDACTED]

Comment Nasr is [REDACTED] to have been in contact with Labor Party leaders in Britain for some time, and it is not unlikely that he has made an approach of this kind.

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3. SOME BRITISH SHIPPING BEING DIVERTED TO AVOID SUEZ CANAL

Comment on:

British shipowners have begun to route around Africa passenger ships normally passing through Suez. Diversions of cargo ships will presumably be ordered if delays occur in transit of ships through the canal under Egyptian management. London shipping rates to the Far East have been increased 15 percent in anticipation of the cost of delays at the canal or possible rerouting.


The American naval attaché in Colombo reports that 11 passenger ships have already been rerouted. Two British passenger lines were reported on 14 September to have said that all their ships would avoid the canal.

4. KHRUSHCHEV VISIT TO YUGOSLAVIA

Comment on:



TASS has announced that Khrushchev will visit Yugoslavia on 19 September for a few days' rest, but Yugoslav officials have announced that he would hold talks with President Tito. In the light of recent reports that important differences have arisen between the two countries over developments in the Satellites, Khrushchev may seek to persuade Tito to stop pressing for more liberalized policies in the Satellites.

Moscow reportedly warned the Satellite parties early in September against being influenced by Yugoslavia. 

5. BURMESE PRIME MINISTER REMAINS FIRM ON SINO-BURMESE BORDER ISSUE

[redacted] Peiping, Burmese prime minister Ba Swe welcomed Chou En-lai's promise to withdraw Chinese Communist troops from the Wa States in northeast Burma. He agreed to keep Burmese troops out of the area, but insisted on the validity of the boundary of the Wa States as accepted by Britain and China in 1941.

Ba Swe denied Chou's allegation that Burmese troops were violating Chinese territory in the area of the Kachin State in northern Burma, and countered by stating that Chinese troops had crossed the border at the northern tip of the state and should be withdrawn. The prime minister reiterated his contention that his government was responsible for administering all areas inherited from the British, and pointed out that the border of the Kachin State was a de facto line of 50 years' standing. He indicated a willingness, however, to accept the establishment of a joint boundary commission which would "examine" the Kachin frontier and make "recommendations to the respective governments."

Comment

[redacted] little disposition to make concessions either in the Wa States or the Kachin State. While both he and Chou have sought to appear conciliatory, they are still far apart on the substantive points at issue.

The outlook would appear to be for a continuation of the impasse, which may prove embarrassing to Peiping and fan further anti-Chinese Communist sentiment in Rangoon. The matter presumably will be discussed when Chou visits Rangoon for eight days beginning 11 December.

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6. MALAYAN CHIEF MINISTER MAY ACCEPT ROLE IN SINGAPORE SELF-GOVERNMENT

Comment on:



Chief Minister Rahman told the American consul general in Kuala Lumpur that despite apprehension among certain elements of his party, he believes his government must accept a role in the establishment of self-government for Singapore. He is willing to run the risk of involvement in the Singapore situation because of fear that an independent Malaya might be caught between the Communists in the jungle and a Communist-controlled government in Singapore.

Rahman said the British had suggested that he and Singapore chief minister Lim Yew Hock come to London at the same time in December to work out a common approach to the Singapore situation. Talks on Singapore self-government last spring ran aground over Britain's refusal to cede control over internal security to the local government. The British are now considering limited self-government for Singapore with joint British-Malayan responsibility for internal security until the long-range objective of a Malaya-Singapore merger can be achieved. Specifically, the British now want to appoint a federation minister to serve on the proposed Singapore internal security council.

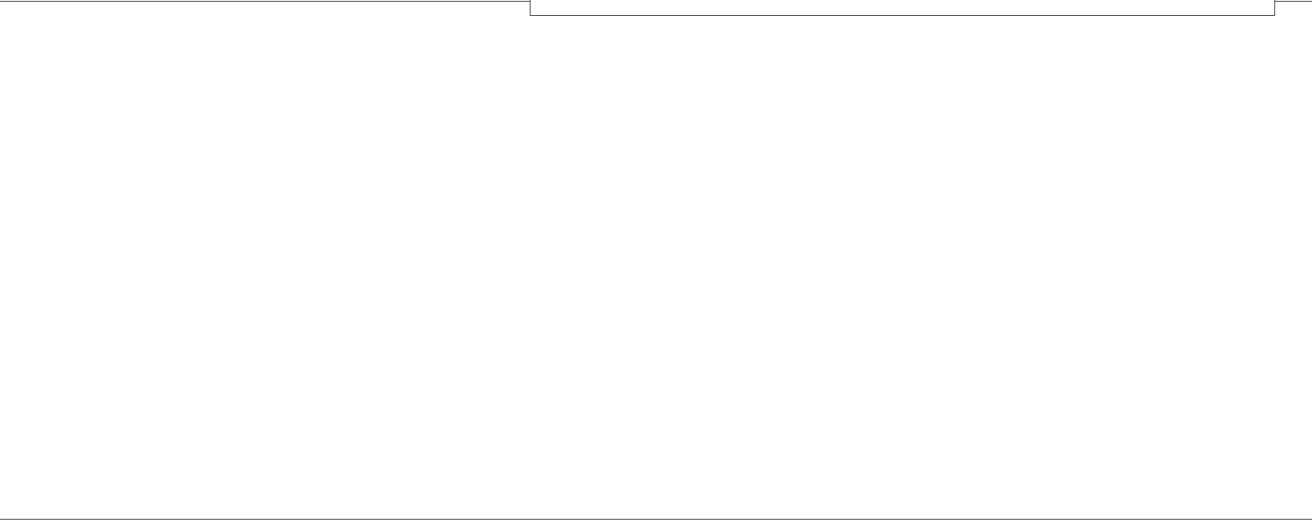
Rahman has long been convinced it would be dangerous for Malaya to become involved in Singapore's complicated problems, which arise primarily from Communist subversion of the colony's predominantly Chinese population. His willingness to risk such involvement should considerably relieve the difficulties surrounding Singapore's demand for self-government.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 18 September)



The Jordanian-Israeli mixed armistice commission has condemned Jordan for the death of 6 Israeli soldiers in the Jordanian attack of 10 September. The chairman of the commission stated that while Jordan was responsible for the incident, Israeli patrolling near the demarcation line greatly increased tension on the border.



[REDACTED]

Iraq is not known to have made any agreement to station Iraqi troops in Jordan. Prime Minister Nuri Said in fact told King Hussain on 14 September that Iraq "could not do much alone" and suggested a joint Iraqi-British-Jordanian planning operation. King Hussain [REDACTED] was discouraged at the Iraqi response to his request for military aid. Hussain said the Iraqis advance many objections. Hussain's impression was that Iraq could not and would not do much at present. [REDACTED]

[REDACTED]