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GENERAL

1. USSR proposes "new regime" for Black Sea Straits--Acheson has been informed by the Soviet Embassy that the USSR, pursuant to the Berlin Big Three Agreement, has submitted a note to Turkey proposing re-view of the Montreux Convention governing the Black Sea Straits. The Soviet note, delivered on 7 August, points out to Turkey that during the past war the Straits Convention did not prevent Germany and her allies from using the Straits for military purposes against the USSR and other Allied states. The Soviet Government accordingly proposes a new regime for the Straits, based on (a) open passage through the Straits at all times for merchant ships of all countries; (b) open passage at all times for passage of warships of Black Sea powers; (c) no passage through the Straits of warships of non-Black Sea powers, except for special cases; (d) restriction of responsibility for the Straits regime to Turkey and the other Black Sea powers; (e) joint organization by Turkey and the USSR of the defense of the Straits.

US Ambassador Wilson in Ankara, in reporting on the note, states that the joint defense clause does not appear, according to the British, to "have alarmed the Turks unduly." The Turks appear to be encouraged by the fact that the USSR notified the US and UK of its action.

2. British reported sending 15,000 combat troops to Abadan area--US Charge Baghdad reports that a "British public relations officer, who is in position to know," has stated that the British are sending to the Basra area 15,000 combat troops from India, rather than the brigade of 3,000 or 4,000 previously reported. The Charge comments that the British have hoped, by describing the new troops as replacements for a "few thousand men," to confuse and mollify public opinion.
3. Soviet violation of air clearance agreements denied--In commenting on a recent report of apparent Soviet violations of flight clearance agreements (see Daily Summary of 2 August, item 4), General Clay states that the frequent "unscheduled" Soviet flights across US Zone Germany in recent months have been cleared by telephone with the appropriate US authorities, and that Soviet authorities have been "very cooperative" in granting clearance for unscheduled US flights over the Soviet Zone.
4. Lebanon ready to sign air transport agreement with US--US Minister Wadsworth reports that the Lebanese are willing to sign the bilateral air

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transport agreement with the US and are very anxious to conclude the agreement not later than 10 August. The proposed agreement is virtually identical with that signed by the US and Egypt on 15 June.

EUROPE-AFRICA

5. **USSR: Visas for Soviet purchasing agents--US Embassy Moscow reports that three Soviet citizens who had sought US visas as Soviet Purchasing Commission officials now desire to visit the US as individual purchasing agents to deal directly with American firms. The Embassy believes that granting the visas would enable the Soviet Government to circumvent the current US effort to effect the early liquidation of the Commission's operations, and therefore suggests that the visas not be issued.**

6. **AUSTRIA: Jewish refugees to UK Zone--Clark reports that, in order to assist in caring for the great number of Jewish refugees arriving in US Zone Austria from the east (see Daily Summary of 5 August, item 4), the UK Commander in Austria has agreed to take 1,500 refugees for "temporary storage" in the UK Zone.**

7. **HUNGARY: Communist-fixed exchange rate disadvantageous to West--US Minister Schoenfeld in Budapest reports that with the present Government-prescribed prices, there is a wide disparity between the purchasing power of the forint (the new Hungarian currency) and the official foreign exchange rate. A member of the Government has admitted privately to Schoenfeld that the Hungarian Communists planned the low exchange rates for western currencies in order to force barter arrangements between Hungary and the Western Powers.**

FAR EAST

8. **INDOCHINA: Tension mounting between French and Viet Nam--US Consul Hanoi reports that tension is increasing between the French and Viet Nameese as a result of the ambushing of a French motor convoy on 3 August. The Consul believes that there is danger of an open break, followed by anarchy. The French admit that ultimate pacification of the country would be a "long, bitter operation."**

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THE AMERICAS

9. **MEXICO:** Post-election reaction ominous--According to US Ambassador Thurston, rising public resentment against political and economic developments is assuming dangerous proportions. Ninety percent of the Army is reported to be dissatisfied with election results and the cost of living, and might join a revolt. The attempts of the PRI (Government party) to discredit the opposition have brought on increased agitation, and the US Civil Attache has received reports of assertions that President-elect Aleman may not live to take office. There are rumors that a military man would be named provisional president should Aleman be assassinated or the elections nullified.
10. **GUATEMALA:** Reported plans for border incident--The Guatemalan Foreign Minister has informed US Ambassador Kyle that he has "undeniable evidence" of military movements in Nicaragua and Honduras toward the Guatemalan frontier designed to create a border incident which will result in the overthrow of the Guatemalan Government. The President of Costa Rica has informed the Guatemalan Minister to that country that he had been approached to join in the move.
- The Minister expressed confidence that Guatemala could defend its frontiers, but he feared that the state of unrest would be seized upon by dissident army and political elements, supported by funds from Nicaragua and Honduras, to effect a coup against the Government.

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