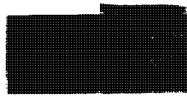


APPROVED FOR RELEASE - Historical Programs Staff 30 August 2018



**TOP SECRET
CONFIDENTIAL**

197

GENERAL

1. Jewish Agency proposes temporary Palestine agreement--According to Embassy London, the Jewish Agency has proposed to the British an interim agreement to cover the period from the present until the Palestine Conference resumes on 16 December. The terms specify that the British shall (a) permit immigration into Palestine of 15,000 Jews during the next three months, including 4,000 now on Cyprus; (b) immediately release Jewish Agency detainees; and (c) cease general searches for arms. In return, the Agency will cooperate "fully and actively" to preserve security. The Agency stated that, without renewed legal immigration, it could not guarantee Jewish cooperation to preserve peace. British and Jewish representatives are to formulate the terms of reference of a subcommittee which will consider these terms.

2. Sale of US fighter aircraft to Sweden approved--The State Department has now formally authorized the sale of 90 P-51's to Sweden. (This sale, originally negotiated by OFLC, lacked State Department approval; see Daily Summary of 10 May, item 13.)

3. Communist activity in northern Greece--US Military Attache Athens reports that armed Albanians have been crossing into northern Greece for some months, but that Greek forces appear to be observing orders not to retaliate.

The chief of the British Military Mission suspects that the Soviets are attempting to engineer a coup in northern Greece without foreign military intervention, but the US MA doubts that the plan will succeed without the participation of Albanian and Yugoslav troops.

4. Overseas Chinese as target of Asiatic nationalism--Embassy Nanking notes that a recent Chinese Foreign Office policy statement regarding Dutch-Indonesian friction represents a stronger-than-usual public stand on the position of overseas Chinese. The Embassy comments that the Chinese Government faces many difficulties in protecting and fostering Chinese nationals and interests in Indonesia, Indochina, Siam and the Philippines. It adds that the most important concomitant of the "unleashed forces" of Southeast Asiatic nationalism is the "perennial dislike" of other Asiatics for overseas Chinese, who are often considered as "the spearhead" of China's penetration and expansion.

71

- 1 -

THE C.I.A. HAS NO OBJECTION
TO THE DECLASSIFICATION OF
THIS DOCUMENT.**TOP SECRET
CONFIDENTIAL**

NO. 21 MAR 1978 oii

**TOP SECRET
CONFIDENTIAL**

EUROPE

5. **FRANCE: Operating rights for US military aircraft--**In view of recent statements by French air officials to Embassy Paris concerning drastic limitation of US air rights, the Embassy has recommended that the State Department urge the JCS and SWNCC to formulate their policies regarding operating rights for US military aircraft on French territory and instruct the Embassy "at the earliest possible date" of the rights desired.

6. **AUSTRIA: USSR may return certain non-German factories--**US Charge Denby reports indications that the Soviets are preparing to return to Austrian control certain of the non-German factories seized in the USSR zone. Denby believes that this voluntary transfer, which may be effected with "elaborate ceremonies," is designed to obtain a final settlement of the German assets controversy and a general acknowledgment of the USSR's right to the "major part" of the properties seized in Austria, without admitting quadripartite jurisdiction.

7. **BULGARIA: Soviet stand on elections--**US Delegate ACC Sofia reports that Soviet refusal to permit an ACC investigation of pre-electoral conditions in order to insure free elections indicates that the Soviets are satisfied with Bulgaria's international status and will not "provide the US with proper grounds for ultimate recognition." US Representative Barnes believes that the Government has already decided to fix the 27 October elections so as to limit the Opposition to 10 percent representation in the Government, but that continued US intervention "can modify the figure considerably."

8. **POLAND: US statement on elections urged--**US Ambassador Lane recommends that the US inform the Polish Government that, unless the Polish elections are "free and unfettered" in accordance with the Yalta and Potsdam agreements, the US Government will review its relations with the Polish Government, including the question of economic assistance. Secretary Byrnes, meanwhile, has told the Acting Secretary that the US should "certainly give no financial assistance" to Poland for the development of the coal mining industry without absolute guarantees that a reasonable portion of Polish coal exports will be allocated to countries west of the "iron curtain."

**TOP SECRET
CONFIDENTIAL**

**TOP SECRET
CONFIDENTIAL**

Proof of US-UK collusion with underground sought--Lane has been informed by a Polish Government employee that the Security Police are attempting to establish evidence of contact between the underground and the US and UK Embassies.

NEAR EAST-AFRICA

9. **TURKEY:** Proposed reply to Soviet note--US Embassy Ankara reports that the present Turkish draft reply to the latest Soviet Straits note emphasizes the inadequacies of the Montreux Convention and the need to bring it up to date, substituting the UN for the League of Nations and the US for Japan. The 5,000-word draft also expresses Turkey's willingness to submit to arbitration alleged Turkish violations of the Convention. Turkey states it will not oppose presentation of any requests for revision as provided for in the Convention.
10. **IRAN:** Elections forced by Soviet oil agreement--Ambassador Allen has been informed by Qavam that Soviet pressure is forcing him to hold elections as soon as possible in order that the Soviet-Iranian oil agreement can be submitted to the Majlis. (Qavam has been postponing elections until a settlement could be reached on the Azerbaijan question.) Allen points out that elections will be "rather a farce" under the present circumstances of armed warfare in the south and complete Azerbaijan independence in the north.
- The Shah, who has already signed the decree calling for immediate "preparations" for elections, fears that the new Parliament will be divided between Soviet spokesmen and deputies loyal to Qavam and that this division will "end Iranian independence."
11. **SAUDI ARABIA:** King seeks to build railroad--According to Legation Cairo General Giles, TWA Regional Director, has been requested by King Ibn Saud to transmit to President Truman a message in which the King declared his intention to construct a railroad from the east coast (Dhahran) to Riyadh, the capital. The King expressed the hope that this work would be done with US assistance but said that if US help were refused, he would not hesitate to turn to the British, or, if necessary, to "some other powerful nation."
- In reply, the President has informed the King that the question of such a railroad is under active discussion between the Saudi Arabian

CONFIDENTIAL

**TOP SECRET
CONFIDENTIAL**

Minister of Finance and high US economic officials (especially the Exim Bank President) and that every effort is being made to work out a solution satisfactory to the King.

FAR EAST

12. **PHILIPPINES: Roxas suggests revision of US base agreement--**In a "frank" conversation with McNutt on 5 October, Roxas stated that the Philippine Congress would not approve a US base agreement involving retention of Nichols Field, Fort McKinley, and a military reservation in the Manila port area. Roxas asserted that the presence and conduct of US military personnel in urban areas has caused a "deterioration of relations," and suggested Bataan Peninsula as an alternative location for US military installations.
13. **CHINA: Clearance for Harbin Consulate urged--**Consul-General Clubb urges from Mukden that the US "categorically" demand that the Chinese Communists grant clearance for a US Consular staff to fly in a US plane to Harbin to reopen the US Consulate there, a project which has been delayed for a year first by Soviet and now by Chinese Communist obstruction. Clubb offers his "considered opinion" that this is not a "side issue" and believes that only a forceful approach can "rip open" the iron curtain blocking the road to Harbin.
14. **FRENCH INDOCHINA: US views on Franco-Siamese border territories--**The US State Department has presented a memorandum to the Siamese delegation in Washington regarding Franco-Siamese territorial discussions, which states that the US cannot recognize territorial transfers effected with Japanese aid and believes that Siam should restore such territories to France. The US has urged, however, that opportunity be given Siam to seek subsequent boundary adjustments by peaceful processes, and hopes that Siam will accept French proposals for the retrocession of territories and subsequent adjustments by a conciliation commission.

**TOP SECRET
CONFIDENTIAL**