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GENERAL

1. Soviet-Iranian Oil Agreement--The major terms of the Soviet-Iranian oil agreement, according to Ambassador Murray, are as follows:
A joint Soviet-Iranian oil company with a life of 50 years is to be formed. During the first 25 years control will be 51% Soviet and 49% Iranian; during the second 25 years control will be on an equal basis. The company will exploit a limited area in northern Iran which does not include territory directly contiguous to the Turkish and Iraqi frontiers. All security forces required by the company's operations will be Iranian. The agreement is to be submitted to the Iranian Parliament within 7 months.
2. Paris Peace Conference--The Secretary of State has asked Molotov, Bevin and Bidault to meet him in Paris on 25 April in order to resolve the major questions that have not been settled by the Council of Foreign Ministers in drafting peace treaties for Italy and the Balkans, and thus make possible the opening of the Paris Peace Conference on 1 May as scheduled.

EUROPE-AFRICA

3. ICELAND: US opposes publicity on base negotiations--The State Department (a) has asked the Foreign Minister of Iceland not to release to the press his proposed statement summarizing negotiations for US bases in Iceland, and (b) has told him that the US assumes that he will not publish documents relating to the question of bases without US consent.
4. RUMANIA: Government plans diplomatic break with Spain--The US political representative in Bucharest reports that (a) the Rumanian Government has advised its Legation in Madrid that Rumania is about to break diplomatic relations with Spain and (b), according to officials of the Rumanian Foreign Office, this action is being taken at the express request of the USSR.

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5. TRANSJORDAN: Petroleum pipeline--For his guidance in final negotiations, the State Department has transmitted to the US Consul in Jerusalem the following information regarding the efforts of the Arabian American Company (Aramco) to obtain a pipeline concession from the Transjordan Government:

(a) Aramco desires to grant to Transjordan more favorable terms (including a transit fee) than are contained in existing Iraq Petroleum Company arrangements. (b) The British Foreign Office has expressed hope of success for the negotiations and has recognized Britain's legal obligation to assist Aramco and to refrain from discouraging the offer or acceptance of favorable terms. (Britain is still the mandatory power and therefore a party to the negotiations.) (c) The State Department desires liberalization of concession arrangements for pipelines and refineries in the Near and Middle East. (d) While the Transjordan Government would like to make exorbitant demands initially, it will probably accept in the end terms of payment which are acceptable to Aramco.

(The Arabian American Company is owned by the Standard Oil Company of California and the Texas Company, which control large oil deposits in Saudi Arabia. The distribution of this oil to western markets now involves shipment through the Arabian Sea. Possession of a pipeline to a Mediterranean port would equalize in that area the position of Aramco and of the Iraq Petroleum Company, which operates a line from the Iraq fields to Haifa. British, American, Dutch and French interests have equal participation in IPC.)

6. VENEZIA GIULIA: Tito's charges refuted--According to Allied HQ in Italy, "there are absolutely no grounds" for the allegations in Marshal Tito's 1 April speech that "12 trains and 70 lorries packed with Fascist bandits had recently arrived in Trieste." The Commander of the XIII Corps in Venezia Giulia requests that this accusation of partiality by the occupying forces be immediately refuted. He makes the counter-charge that the Yugoslavs are deliberately importing unruly elements into Zone A to take part in pro-Slav demonstrations.
7. ITALY: Allied HQ to be moved to Milan--The US political representative in Caserta reports that the US and Allied Commanders in the Mediterranean Theater have agreed that the new Allied HQ in Italy should be established in Milan. The tentative date for the transfer from Caserta is 15 May.

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8. GERMANY: Physical violence increasing--General McNarney reports that, although the general security situation in the US zone is "fairly satisfactory," there is a definite rise in incidents of physical violence. He cites (a) increased attacks against US military personnel; (b) an increase in the number of depredations by misplaced persons; (c) restlessness among German youth, which threatens to upset the security situation in the US zone unless satisfactory reeducation methods are introduced; and (d) the highest level yet reported of misconduct by troops and others in US uniform.

FAR EAST

9. CHINA: Secret agreement on use of Manchurian Railways--SSU has learned from a "reliable" source in Peking that Nationalist efforts to reoccupy Manchuria have been hampered by Soviet refusal to allow Nationalist troops to use the South Manchurian Railway. According to a Nationalist Government official, the Chinese Minister of Foreign Affairs agreed in Moscow to a secret protocol barring Chinese troops from the use of joint Sino-Soviet-controlled Manchurian railroads.

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