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GENERAL

- 1. Soviet views on Peace Conference convocation--Ambassador Smith in Moscow reports that the Soviets, in reply to the French note on the convocation of the Peace Conference (see Daily Summary of 28 March, item 2), have informed the French Embassy that (a) the Moscow decision provides that the Conference should be convoked when the preparation of all the draft treaties has been completed, and (b) the USSR agrees to the convocation of the Conference as soon as this condition is met and urges the Deputies to expedite the preparation of the drafts.

Ambassador Smith agrees with the French Charge's view that the Soviets may not favor a meeting of the US, UK, Soviet and French Foreign Ministers on 25 April (as requested by Byrnes) until final disposition of the Iranian question has been made.

- 2. US views on Transylvania--The State Department concurs in Dunn's proposal that the draft Rumanian peace treaty recognize the country's present frontiers (leaving all of Transylvania to Rumania) without prejudice to future direct negotiations between Rumania and Hungary.

EUROPE-AFRICA

- 3. ICELAND: Premier still favors press release--Charge Carlson reports that the Icelandic Premier has shown evident desire to comply with the recent US request that he (a) withhold his proposed press release summarizing the negotiations for US bases in Iceland, and (b) publish no documents relating to the question of bases without US approval.

The Premier, however, believes that a press release will be necessary in order to prevent actual publication of the official documents involved. He declared that (a) a resolution requiring him to publish the official correspondence had been placed at the top of the agenda for the next Parliamentary session, and (b) publication of the correspondence is being demanded by "almost all" Icelandic newspapers. The Premier added that, if the Parliament orders him to publish the documents, he will resign.

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DDA Memo: 4 Apr 77
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 Date: 14 MAR 1978 By: Oll

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4. POLAND: US opposes unilateral cabinet change--The State Department has instructed Ambassador Lane to request the Polish Provisional Government to explain why it has permitted a change in the Cabinet which destroys the balance between the political parties as agreed at Moscow in 1945. (A member of Mikolajczyk's Polish Peasant Party has been replaced as Minister of Posts and Telegraphs by a member of the Communist-dominated Peasant Party.) The State Department points out that (a) the Polish Provisional Government was recognized only pending the holding of elections, and (b) this unilateral change in the Cabinet constitutes a violation of specific obligations assumed by Polish representatives.

5. IRAN: Azerbaijan prohibits US-made clothing--US Consul Tabriz reports that Azerbaijan has forbidden further importation or sale of "American ready-made clothing." In reply to the Consul's queries as to whether the local government did not feel legally bound by the US-Iran reciprocal trade treaty, the Deputy Prime Minister asserted that (a) the Azerbaijan "Government" does not consider itself independent, but (b) it also does not recognize the Central Iranian Government or the latter's laws or treaties when they are deemed contrary to "the peoples' will."

FAR EAST

6. CHINA: Ministry of Defense--The Assistant Naval Attache, Nanking, has been told by "reliable sources" that the Chinese Government, (a) on or about 15 April will establish a Ministry of Defense with separate Army, Navy and Air Departments, and (b) after 1 May will designate the head of the Ministry.

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THE AMERICAS

7. **BRAZIL:** Sale of arms to Dominican Republic completed--The Brazilian Foreign Office has informed Embassy Rio that the sale of rifles and ammunition to the Dominican Republic has been effected. In view of US concern, however, the Brazilian Government reduced the amount sold to 60% of the original request for 10,000 rifles and five million rounds of ammunition.
8. **ECUADOR:** Crisis ends--Embassy Quito reports that the Government now is in complete control of the situation and the Army will support President Velasco unreservedly until the Congress meets in August.

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