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2. Korea - North China - Japan

Estimated strength of North Korean ground forces as of 27 September dropped to 95,000, a loss of 25% since 20 September, and it is believed that overall combat effectiveness has been halved. This process has not been uniform; four divisions from the northern and eastern fronts will probably be able to retire with losses of no more than 15 or 20%. The bulk of the troops on the southern and western fronts, who have suffered considerable losses and disorganisation, have withdrawn from direct contact. A number of them will probably return to North Korea in civilian guise.

North Korean messages since 15 September indicate the intention to execute orderly withdrawals to new defense lines, with delaying actions where necessary. Recent messages directing the despatch of sixeable numbers of small arms and machine gums to Yonchon and Uijongbu, and the assembly of four security brigades in the Chunchon area may indicate a stand just south of the 38th parallel.

Orders for the coastal deployment of troops at Chongjin indicate preparations for defense of Morth Korea. Recent identification of new units (probably militia-type) north of the 38th parallel, and the availability of a large portion of the 126,000 replacements in training on 10 September and of divisional staff personnel despatched from the combat some indicate considerable continuing military espability.

Orders for the return 65 Pyongyang of numbers of Air Force personnel and mobile equipment reflect an effort to salvage this force.

APPROVED FOR RELEASE DATE: 22-Mar-2010

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There are indications in communications intelligence of preparations for guarrilla activity in UN-liberated areas: references to possible arms caches, receipt of equipment by "Peoples' Committees," and the recent appearance of a radio net serving the North Korean Labor Party in several provinces of South Korea.

There has been no reliable evidence of direct Chinese Communist or Soviet participation, nor has there been any firm indication of their intent to intervene openly, despite Chinese propaganda threate following the alleged US air attacks in Hanchuria. Recent exchange of North Korean diplomatic representatives with Poland, the Mongolian Peoples' Republic, Hungary, and Csechoslovakia probably reflects the effort to strengthen North Korea's position as a political entity.

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