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12 October 1952

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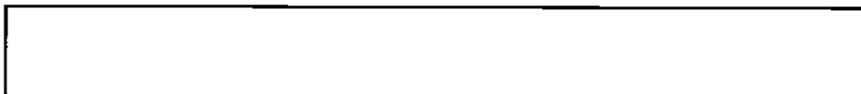


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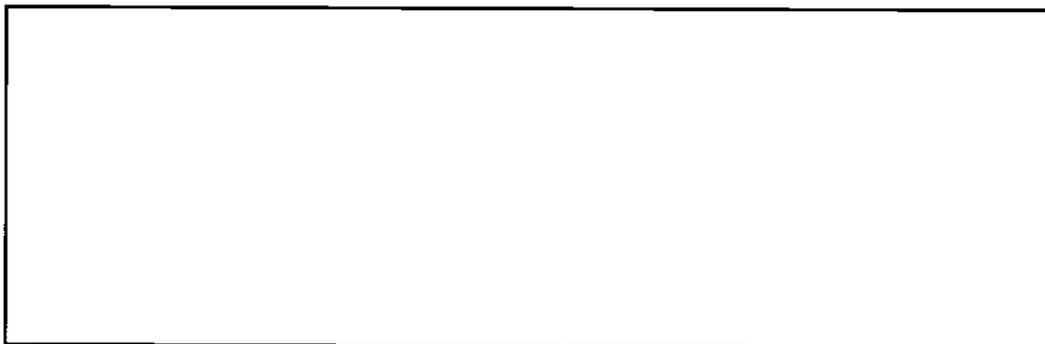
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25X1

SUMMARY

FAR EAST

1. North Korean Navy reportedly augmented by PT boats (page 3).
2. Rhee contravenes UN orders to South Korean Navy (page 3).

SOUTHEAST ASIA

3. Burmese debate retention of British Services Mission (page 4).

WESTERN EUROPE

4. Adenauer willing to compromise on permanency of Saar solution (page 4).
5. German Socialists seen swinging to support for EDC (page 5).
6. Paris Embassy comments on controversy with French over 1953 budget (page 6).

LATIN AMERICA

7. Uruguay may break relations with the USSR on 15 October (page 6).

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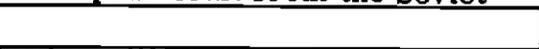
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FAR EAST

1. North Korean Navy reportedly augmented by PT boats:

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The North Korean Navy recently received 14 patrol-torpedo craft from the Soviet Union, 

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These boats, with their crews, are under training in Unggi harbor on the Korean east coast a few miles from the Soviet border.

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A similar report, 

 was received by the US Navy in September.

Comment: The North Korean Navy lost its small patrol-torpedo boat force at the beginning of the war as a result of US naval action.

Heightened Communist efforts to defend the east coast were evidenced by MIG-15 interception of US naval aircraft over Hungnam on the east coast on 4 and 7 October, the first such incidents in over a year.

2. Rhee contravenes UN orders to South Korean Navy:

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President Rhee has directed his chief of naval operations to intercept Japanese fishing vessels in the Korean sea defense zone and escort them into Pusan, according to

US Charge Lightner. This contravenes orders of the United Nations Command which has assumed operational control of South Korean patrol craft in the area.

Lightner believes that Rhee should be told "in no uncertain terms" that this is a UN Command responsibility and that no contravention will be tolerated. He notes, however, that an effort to curb Rhee might raise the question of UN operational control over the South Korean Armed Forces, and the equally delicate problem of Japanese civilian personnel used by the UN forces.

- 3 -

25X1A

Comment: The UN Sea Defense Command was recently established to preclude threatened Japanese-Korean incidents over fishing rights near the Korean coast. The move has been incorrectly interpreted by the Koreans as excluding Japanese but not Korean fishing operations in the designated zone.

SOUTHEAST ASIA

3. Burmese debate retention of British Services Mission:

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 The Burma War Office reportedly is discussing the advisability of retaining the British Services Mission, which provides training and supplies for the Burmese armed forces. A final decision is not expected until the return to Rangoon of Burmese Commander in Chief Ne Win, who is to head a military mission to the United States late this month.

Comment: The agreement under which the mission operates terminates on 3 January 1953 unless it is renegotiated. Relations between the mission and the Burmese armed forces have never been wholly satisfactory. The Burmese frequently complain that the British have not adequately met their requests for arms.

WESTERN EUROPE

4. Adenauer willing to compromise on permanency of Saar solution:

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 Chancellor Adenauer reportedly is willing to consider some form of guarantee that would permit a provisional solution of the Saar problem to become permanent, provided sufficient progress has been made in over-all European integration.

- 4 -

25X1A

American officials in Bonn hold that without some form of European political union, the Chancellor would find it difficult to obtain German consent to Europeanization of the Saar. They suggest that an acceptable alternative might be a Europeanization, which, permanent in practice, would theoretically be subject to revision in the event of a final peace treaty or German reunification.

Most German politicians are said to believe that retention of some legal link between the Saar and West Germany is necessary if the legal basis of Germany's claims to the territories across the Oder-Neisse is not to be jeopardized.

Comment: Permanency of steps now taken toward the solution of the Saar question has long been a principal French demand. Since Pinay has recently injected a strong nationalistic note into French foreign policy, the chances of the French agreeing to a German-proposed compromise are slim.

5. German Socialists seen swinging to support for EDC:

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Mayor Kaisen of Bremen, an influential Socialist leader, has informed American officials that the Socialist party, since its recent party conference, is prepared to accept the principle of a West German contribution to European defense prior to German reunification.

Kaisen personally supports the Bonn and Paris agreements and believes they will be ratified. He feels that if a "truly generous policy" can be worked out, the Socialists might withdraw their opposition. In Kaisen's view, Franco-German understanding is the key to European integration, and, while the Soviet system "will eventually defeat itself," Western defenses must be built up in the meantime.

Comment: Kaisen's reported views are in line with recent evidence that the new Socialist leadership is trying to work out some compromise with the West, without abruptly reversing previous opposition to the Bonn and Paris agreements.

- 5 -

6. Paris Embassy comments on controversy with French over 1953 budget:

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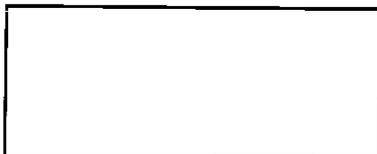
American officials in Paris report that it is not yet clear whether the French Government will now refuse to discuss with NATO as well as with the United States, the size and content of its 1953 military budget. They warn that the French in their present frame of mind could seriously prejudice the NATO Annual Review and might line up other member nations to restrict examination of military budgets.

In the opinion of these officials, Premier Pinay, hypersensitive on the subject of raising taxes, probably has inferred that the United States is seeking to encourage such a policy. His firm stand against higher taxes is already jeopardized by the concessions he has had to make to demands for increased expenditures in the civil and investment portions of the proposed 1953 budget.

LATIN AMERICA

7. Uruguay may break relations with the USSR on 15 October:

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There is a strong possibility that the Government of Uruguay will break diplomatic relations with the Soviet Union at its next National Executive Council meeting on 15

October, 

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Comment: There is no other evidence regarding the agenda of the National Executive meeting. In recent years government officials and the press in Uruguay have periodically questioned the desirability of continuing relations with the USSR.

