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GENERAL

1. UN conversations concerning Korea--Indian delegate Rau has told US representative Gross that the atmosphere during his conversation with General Wu was friendly and that Wu expressed to Rau a desire for peaceful settlement without specifying, however, what this meant. Rau said he was not at liberty to reveal parts of the conversation, but hoped to be able to do so later. Gross gained the impression that Rau had followed an appealing line in the interview. Another Indian delegate expressed the view to the US delegation that one encouraging outcome of the talk between Rau and Wu was that Wu accepted a dinner invitation from Rau for 3 December and also indicated a willingness for social contacts with other UN representatives, including the British.

Meanwhile, Philippine delegate Romulo told the US delegation that the presence of the USSR on the Peace Observation Commission (POC), recently authorized by the General Assembly, might provide an opportunity for fruitful negotiation on the Korean question. Romulo expressed the belief that the POC could go immediately to Korea and that it might also be able to get in touch with the Chinese.

EUROPE

2. UNITED KINGDOM: Concern over commodity shortages--US Embassy London reports that concern is growing in the British Government over the problem of raw materials shortages, especially zinc, sulphur, cotton and copper. The Government is convinced that continued scarcity, which would necessitate further restriction of domestic consumption, will create unemployment. British officials believe failure to prevent such a development would be a serious blunder, not only for economic reasons but because of the adverse public reaction at a time when the Government is seeking maximum public support for rearmament.

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NEAR EAST-AFRICA

3. IRAN: Shah voices anti-US views in interview--US Embassy Tehran has been told [redacted] concerning the 29 November press interview in which the Shah of Iran belittled US aid to Iran, that the Shah's off-the-record statements were much more anti-US. Indicating that the interview has been widely distorted in the local press and radio, the Embassy comments that the result will be to cause further deterioration in the greatly weakened US position in Iran. The Embassy expects these distorted versions of the interview to be adopted by Government officials and the public as "a guide" to their relations with the US.

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FAR EAST

4. BURMA: Estimate of China border situation--US Embassy Rangoon, in an analysis of all available information of the past two months on the China-Burma border situation, estimates that: (a) there is no evidence of Chinese Communist military build-up aimed at Burma, there being only three to five thousand troops in the vital central border zone; (b) current Chinese Communist military activity in the northern and southern zones appears connected primarily with Chinese operations in Tibet and Indochina; and (c) the Burmese are unable to prevent either illegal Chinese immigration and smuggling or encroachment by Chinese Communist forces across the Burmese border, particularly in the undemarcated border region of Kachin. The Embassy concludes that the current border situation, combined with a growing atmosphere of mutual suspicion, is likely to lead to a deterioration of China-Burma relations. The Embassy estimates that in the event of general war Chinese forces now in the border region could move quickly into remote upper Kachin and Kentung, but some time would be required to move up sufficient forces for an attack on Burma proper.

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### THE AMERICAS

5. PERU: Officials unyielding over Haya case--US Ambassador Tittmann reports that when he expressed to Peruvian President Odria and Foreign Minister Gallagher the concern of the US over the current dispute with Colombia regarding the custody of Haya de la Torre, the two Peruvian officials maintained a wholly friendly attitude but did not give any indication they would "recede one inch from their position." Odria and Gallagher did assure the Ambassador, however, that they would not be precipitate. Concerning the possibility of good offices in the situation, Tittmann indicates that Gallagher did not flatly reject the idea but did express the view that such offers would get nowhere because Colombia will never turn Haya over and Peru will not issue safe-conduct.

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