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KOREA

1. South Korean forces falling back-- [redacted] [redacted] during the 30 June attack along the Han River front in the Seoul area, many Korean soldiers showed a reluctance to hold under artillery fire and in several instances withdrew without contacting enemy infantry despite efforts of US officers. [redacted] if North Korean tanks cross the Han River in sizable numbers, a rout of the defenders would be in prospect. [redacted] the South Koreans may even disintegrate under artillery and ground attack and notes that the South Korean general staff was further dispirited by the latest developments.

(CIA Comment: [redacted])

[redacted] confirms the breakthrough of North Korean forces across the Han River, the over-running of Suwon, and the withdrawal of US and South Korean military headquarters to Taejon. South Korean forces appear, however, to have made an orderly withdrawal from the Suwon area, an indication that discipline and morale is still being maintained. The assumption of command by General Chung Il Kwon, the most competent South Korean officer, should bring about the most effective use of the available forces.)

2. Soviet Reply to US Note on Korea-- [redacted] [redacted] the tenor of the Soviet reply to the US demarche on Korea corroborates other current evidence, indicating that the USSR continues, at least for the present, to await developments before definitely taking a position on the Korean war. In support of this belief, [redacted]

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[redacted] the Soviet reply appears to have been carefully drafted to include numerous ambiguities which could be used in the future as the basis for either a strong Soviet reaction in support of the North Koreans or eschewing any direct involvement. [redacted] the Kremlin undoubtedly is closely watching military developments in Korea and that the crucial stage in the determination of the Soviet course will be reached when the military situation turns in favor of South Korea.

3. Soviet public reaction to the Korean conflict-- [redacted] [redacted]

[redacted] the initial Soviet press and radio reports on the Korean war were received by the average Soviet citizen with a calmness bordering on apathy. [redacted] although news of US intervention caused considerable surprise and "more than a trace of alarm," the Soviet press and radio treatment of the US action created the general impression that the USSR is not directly involved and does not intend to become involved, thus apparently allaying the almost pathological fear of war among Soviet citizens. The [redacted] average Muscovite would prefer to see the matter settled quickly and considers the outcome of minor importance. As a further measure of public reaction, [redacted] there were no indications of hoarding or excessive buying in the Moscow area.

FAR EAST

4. BURMA: Nationalist troops create problem-- [redacted] [redacted]

[redacted] Prime Minister Thakin Nu and other Burmese officials are becoming increasingly concerned over the activity of approximately 2000 former Chinese

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Nationalist troops in the Kengtung area. The Burmese officials state that these troops, which are remnants of the 26th Nationalist Chinese Army, are becoming more truculent and are too well armed to be forcibly interned by present Burmese forces. The Burmese officials point out that, although the Chinese Communists have given assurances that they would not send troops into Burma to disarm the Nationalists, the Communists are insisting that the Government of Burma intern the Nationalist elements. The Burmese officials fear that the situation may sooner or later provide the Chinese Communists with reasonable grounds for incursion.

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