CENTRAL INTELLIGENCE AGENCY WASHINGTON 25, D. C.

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SUBJECT: The Korean Situation

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Military Situation. Enemy pressure against the US-held front at Taejon and against South Korean positions on the US right flank in the Chongju-Koesan area was eased during the past 24 hours. To the east, North Korean units threatened language, while, in weeker the Tanyang-Yongju area further to the east, sizeable enemy forces appear to have moved south through the mountain passes a and are rearing the Naktong valley corridor which leads to we

The North Korean 4th Division has relaxed its pressure on US units in the Taejon area, while the experienced but battleweary 1st Division, which has not been recently reported in contact, may be moving laterally to the east. Although US forces apparently still hold the deserted city of Tasjon, the advanced headquarters of the US 24th Division has moved back about 22 miles to Yongdong. The enemy still is capable of further advances past Taejon along the rail line toward Tongdong and Kumchon, however. To the east, the Southern First Corpe is now in contact with the enemy 2nd and 3rd Divisions. Although . pressure was also light in this sector yesterday, the appearance of the North Korean 3rd Division in this area indicates preparations for a major push through the Southern-held position in the Chingju-Koesan area. Reanwhile, the enemy 15th Division is threatening Mungyong at the head of the north-south corridor leading to Kumchon. Despite reported Southern successes in the Techon area, it appears that substantial elements of the enemy 5th Division have penetrated the mountain passes on the road south of Yanyang and are infiltrating the approaches to the Maktong valley in the Yongju-Yechon area. Enemy ground forces which are moving unopposed down the west coast have reached Changhang, on the north bank of the Kum River opposite the seaport of Kunsan, and South Korean mavel units in the vicinity of Changhang have withdrawan to Kunsan.

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Advance elements of the US 1st Cavalry Division have landed her to reinforce the US-held harbor of Pohang on the Korean east coast. interpretation of the control of the

US planes shot down two Yak-9s in the Kongju area, and claimed destruction of 19 enemy tanks, 69-trucks, two locomotives, and one bridge

US raval forces continued harassing bombardment of east coast II. Other Developments.

Anbassedor Hiccio reports that virtually all South Korean civilians, as well as Southern government officials and police. evacuated Taejon on 16 July. The provincial government, which had its seat in the threatened city, has moved to Chonju, some 40 miles to the south. Hearwhile, ECA reports that the first portion of an emergency printing of South Korean currency - 3 following the loss of notes and plates during the fall of Scoul has arrived in Korea from Japan,

> R. H. HILLENKOETTER Rear Admiral, USN Director of Central Pirector of Central
> Intelligence

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