

## 5. Southern Europe

The major event in Southern Europe was the signing of a Balkan alliance treaty by Yugoslavia, Greece and Turkey in August, following the treaty of friendship signed by these nations last year. In addition, the three chiefs of staff are to meet periodically, a Balkan consultative assembly is to be created, and a permanent council of foreign ministers is to meet twice a year.

The agreement on Trieste announced on October 5 at London stabilized conditions in that area of Europe by ending a source of serious disagreement between Yugoslavia and Italy. In a Memorandum of Understanding between the United Kingdom, the United States, Italy, and Yugoslavia, provision was made *inter alia* for (a) the termination of military government in Zones A and B of the territory, (b) the division of the territory approximately along the zonal boundary with slight adjustments, and (c) the protection of minorities.

During the year the Soviet Government made certain moves to normalize relations with Yugoslavia. Some of the Soviet-dominated states have also followed the Soviet lead by restoring or increasing trade, communications, and diplomatic representation. These moves have not made any difference to the basic Yugoslav policy of entering into various arrangements with non-Communist countries for mutual defence.

## 6. The Middle East

During the year there were developments leading to greater stability in the Middle East. Egypt and the United Kingdom concluded an agreement on the Suez Canal base which removed a source of friction between these two countries by providing for the withdrawal of British troops and at the same time affording a means of reactivating the base in times of emergency. In Iran the International Oil Agreement was signed and ratified, laying the groundwork for the restoration of an important source of oil and for the rebuilding of the economy of Iran. These developments have allayed some popular unrest in the Middle East and have enabled the governments concerned to consolidate their position. The current trends encourage a renewal of confidence in the relations between the Arab states and the Western democracies. Also of importance to the security of the area was the Treaty of Collaboration signed between Turkey and Pakistan in April.

Of continuing concern, however, were the stresses and strains in the relations between the Arab states and Israel. Although tension along the lines of demarcation in Palestine seemed to decrease slightly toward the end of the year, the underlying causes of dispute remained and sporadic outbreaks of violence occurred. The United Nations Truce Supervision Organization was strengthened during the year and Canada's interest in its work was heightened by the appointment of Major-General E. L. M. Burns as Chief of Staff.

Canadian diplomatic missions were opened in Egypt, Israel, and Lebanon. This event marked a new trend in Canada's external relations. Until 1954 there were no diplomatic representatives of Canada between the widely separated posts at Ankara and Karachi. The need for Canadian representation in the intervening region has been recognized for