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18 July 1952

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CURRENT INTELLIGENCE BULLETIN

[Redacted]

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Department review completed

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GENERAL

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GENERAL

1. Britain still opposes American position on Far East trade controls:

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In a strong demarche to the American Embassy in London, the British Foreign Office has urged the United States to take the initiative in getting a quadrilateral agreement with France and Canada on the method for associating Japan with Western trade control machinery in advance of the negotiations with Japan beginning on 28 July.

The Foreign Office called attention to the generally favorable reaction to Japan's request for full membership in COCOM. According to the Embassy, the Foreign Office also indicated that even if Japan were persuaded to accept the American proposal for a separate Far Eastern organization, Britain would be most reluctant to participate.

Comment: Britain's position on this issue is influenced by its desire to protect the British economic position in South and Southeast Asia by deflecting Japanese competition toward the Chinese mainland, and also by its intention to relax restrictions on trade with China in the event of a Korean settlement.

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4. Karen and Chinese Nationalists reported cooperating in Burma:

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The American Embassy in Rangoon is disturbed by the increasing reports of cooperation between Karen and Chinese Nationalist forces in Burma

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According to the Embassy, the Burmese Government has thus far treated the Chinese Nationalist problem with great restraint despite the widespread belief of US involvement. Chinese complicity with the Karens could seriously undermine American relations with Burma.

Comment: Reports of Karen-Chinese Nationalist cooperation are supported by the appearance of newly-acquired military equipment in the hands of Karen forces in eastern Burma.

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8. Comment on Iran's new Prime Minister designate:

The appointment of former Prime Minister Ahmad Qavam as the new Prime Minister suggests that Iran may adopt a more reasonable attitude on the oil issue. Friendly to Britain and pro-West in attitude, octogenarian Qavam is one of the most astute politicians in Iran.

If he is confirmed, he will be hampered by a long-standing antipathy of the Shah, the country's near bankruptcy, continued British intransigence on the oil issue, and strong nationalistic opposition. Even Qavam, who has indicated a willingness to compromise on the dispute with Britain, has insisted that no prime minister who agreed to return the British to a controlling position in the oil industry could remain in office.

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