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GENERAL

1. UK now supports the admission of Greece and Turkey to NATO:

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The US Embassy in Athens reports that the British Ambassador has delivered a formal confidential note to the Greek Government announcing that Britain supports the admission of Greece and Turkey to NATO as full members. The note reportedly contains no reservations on this policy and expresses the hope that the opposition of certain other NATO members can be overcome.

Comment: British acceptance of the US-proposed admission of Greece and Turkey to NATO will doubtless lead to the reluctant acquiescence of Norway and Denmark, and will place the burden of opposition upon Portugal and the Netherlands. France has expressed reservations toward the proposal and remains concerned over failure of the US and UK to recognize sufficiently French interest and influence in the Mediterranean.

FAR EAST

2. Ambassador Muccio gives recommendations on cease-fire problems: 3.3(h)(2)

US Ambassador Muccio in Pusan, commenting on the proposed cease-fire talks, warns that any arrangements made should be based on the premise that no other settlement of territorial and political issues will be reached in the foreseeable future. In order to make these decisions more palatable to the Republic of Korea and to Asiatic public opinion, he recommends that the Korean member be given a prominent position in the negotiations.

With respect to a possible 20 mile buffer zone, Muccio cautions against the creation of a third territorial entity in Korea administered by non-Koreans, and suggests that this can be avoided by designating a line approximately midway in the demilitarized zone which

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would permit administration of two halves by the adjoining Korean regimes. He adds that South Korean public opinion would find any other dividing line more acceptable than the 38th Parallel. Muccio also recommends that neither the 40,000 Korean prisoners of war who were impressed into the North Korean army nor the North Korean refugees be turned over to the Northern authorities against their will.

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4. US Embassy analyzes recent revolt in Thailand:

The US Embassy in Bangkok comments
that the navy's plans for a coup d'etat were
only part of a much larger plot that was to 3.3(h)(2)
have included police, army and air units.

Apparently, a small group of naval officers acted prematurely and
their co-conspirators were unable to render support. In the Embassy's
opinion, the probable consequences of the attempted coup are: (a) the
navy's strength and political influence will be drastically reduced;
(b) the government will come more firmly under dictatorial military

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rule; (c) Premier Phibun is likely to become a figurehead for a four-man, rivalry-ridden military junta; and (d) the Communists will exploit a number of propaganda possibilities to discredit the government in the eyes of the people.

5. Short life predicted for Indonesian cabinet:

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US Ambassador Cochran in Djakarta predicts that the current cabinet, formed by a coalition of the Masjumi and National parties (the two largest), will not last

long unless Prime Minister Sukiman demonstrates stronger leadership and his ministers evidence greater competence. The chief threat to the life of the cabinet derives from the moderate wing of the Masjumi, which recently has severely criticized the government's financial-economic policies. The National Party, although maintaining its support of the cabinet, is so concerned over the inefficient administration of the Economic Affairs Minister -- a Nationalist -- that it has urged him to resign. Cochran feels that any important crisis could precipitate the cabinet's collapse.

Comment: There is no immediate likelihood that the Masjumi moderates will withdraw support from the Sukiman cabinet and precipitate its fall. They fear the emergence of an even weaker cabinet subject to internal Communist pressure or one which would include the Communists. However, the present government has taken virtually no steps toward the achievement of law and order and has failed to improve the country's unsound condition. Except for the recent Indonesian adherence to the UN embargo, no firm stand has been taken against Communism on either a domestic or external level.

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NEAR EAST

6. Deadline for Iranian oil production cutoff nearing:

UK Counselor Middleton has informed the US Embassy that the refinery at Abadan will have to shut down by 14 July if there are no more tanker loadings.

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The closing date of the installations could, of course, be postponed if the dispute over the form of loading receipts could be settled and loadings were resumed. Following a shut-down, operations could begin without delay at any time within three months. Meanwhile, the Medical Officer aboard the UK cruiser Mauritius states that the maximum time the vessel can remain in Abadan without danger to health is two weeks.

Comment: Agreement to change the loading receipt form to suit the UK would constitute an abrupt reversal of Iranian policy, and remains improbable in the light of Iran's recent stand.

EASTERN EUROPE

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