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FAR EAST

1. Indian ambassador believes Peiping wants Korean conference:

[redacted]

Indian ambassador Raghavan in Peiping believes that he has "persuaded" Chinese Communist premier Chou En-lai not to reject recent American proposals on the composition of the Korean political conference but instead to await "further indications" of a change in the American attitude.

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In Raghavan's view, the Russians have decided that nothing can be gained from a conference, but the Chinese "still seem to want" one.

Comment: In the interest of gaining concessions from the UN, Chou has for some time been encouraging Indian officials to believe that there are exploitable differences of opinion between Moscow and Peiping on Korean issues. At no time has there been reliable evidence of such a split. On the contrary, both Moscow and Peiping appear interested in delaying the political conference in order to exploit differences of opinion among the UN allies.

SOUTHEAST ASIA

2. Chinese Nationalist spokesman clarifies position on evacuation from Burma:

[redacted]

The Chinese Nationalist representative on the Bangkok Committee has proposed that the first group of evacuees leave Burma within a week after the joint evacuation teams are in a position to receive them at the Thai-Burma border. He also promised that Chinese troops would withdraw from the six areas specified in the committee's evacuation plan, and indicated that no supplies would be furnished to perpetuate their existence in Burma.

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The Nationalist official, however, expressed deep concern over Burmese attacks on the Chinese forces and requested the committee to ask the Burmese to stop their military operations in the interest of preserving the "good work" accomplished by the committee in the past four months.

Comment: Ambassador Donovan in Bangkok has characterized the Nationalist evacuation proposal as unsatisfactory and unrealistic. The Burmese delegate to the United Nations has indicated that it is highly improbable that his government would accept it, largely because the 1,500 to 2,000 troops to be withdrawn are far below Burma's minimum position.

3. France sees Indochina peace depending on negotiations with Viet Minh:

3.3(h)(2)
 The French Foreign Ministry believes that the Indochina hostilities can be settled only by negotiations with either the Viet Minh or the Chinese Communists, or both. A Foreign Ministry spokesman envisaged consultation with the United States and possibly Great Britain prior to any negotiations, but emphasized that conversations with the Viet Minh are not under consideration now. He did refer to the possibility of exploratory conversations with the Russians and Chinese Communists during the Korean political conference.

Comment: This is the first official acknowledgment that the French see an end to the war only through a negotiated peace with the Viet Minh. Recent public statements by Premier Laniel and Finance Minister Faure as well as press comment have encouraged the French public to believe that the additional American aid and the Navarre plan are intended to improve France's negotiating position with the Viet Minh rather than achieving military victory as is understood in connection with the recent grant of additional US aid.

4. Quirino may charge American officials with interference in Philippine affairs:

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 The American embassy in Manila reports that President Quirino may at any time charge that US imperialism is being reimposed and

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accuse American officials, both in Manila and Washington, of intervening in Philippine affairs to his disadvantage. Such accusations, the embassy believes, would result from Quirino's conviction that his relations with the US have hopelessly deteriorated.

Comment: Quirino has already charged the American government with showing favoritism to Magsaysay, his opponent in the forthcoming general elections, but has thus far refrained from naming individuals.

NEAR EAST - AFRICA

5.

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6. USSR and Iran reportedly sign agreement on Caspian fisheries property:



An agreement which settles the compensation 3.3(h)(2)
to be paid by Iran for the installations of the
former Soviet fishing concession on the Caspian
Sea was signed early in September, [redacted] 3.3(h)(2)

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[redacted] this agreement 3.3(h)(2)

and the complementary Soviet-Iranian trade agreement signed on 3 September constitute a gesture of appeasement toward Moscow by the new Iranian government.

Comment: A liquidation commission for resolving the question of the fisheries property was set up last February. There was an unconfirmed report in April that the Soviet share of the property was valued at 40,000,000 rials and that Iran would pay this sum by supplying fish and caviar to the USSR.

The USSR blocked a solution to this problem in the preliminary negotiations. Since the USSR lost prestige in Iran following the Zahedi coup, the alleged agreement is more likely to represent a concession on the part of Moscow rather than Tehran.

7. French officials in Morocco concerned over success of reform program:

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[redacted]
According to the American consul in Rabat, the principal officials of the French protectorate have privately expressed serious misgivings about the application of the reform program and French ability to maintain order in Morocco. French residents are impeding the reform program by pressing Paris to remove even nominal concessions proposed for the Moroccans.

Comment: This information confirms previous indications that the French government is having difficulty drafting labor code and civil rights codes. In spite of strict security controls, sporadic violence and sabotage continue.

EASTERN EUROPE

8. Cutbacks in Albanian industrial construction revealed:

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[redacted]
Albanian officials have been "requested" to cancel several construction

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projects, including the Tirana steel foundry, the copper smelting works in Rrubic, and an automobile repair depot in Elbasan.

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Comment: These cutbacks in the Albanian industrial program have apparently been ordered by Moscow. Cancellation of these projects will help to relieve a burden on Czechoslovakia, which has been the chief exporter of industrial equipment to Albania.

This is the first firm evidence that sizable reductions are planned in Albanian industrial development. In his 1 August keynote address before the newly reorganized Albanian government, Premier Hoxha alluded to possible cutbacks in non-essential industries, and there is some evidence of a curtailment of activity on the major hydroelectric project on the Mat River.

LATIN AMERICA

9. Communists reportedly press to take over control in British Guiana:

The American consul general in Trinidad warns that with the leaders of the pro-Communist Peoples Progressive Party pressing hard to establish complete control of British Guiana, a consolidated

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Communist bridgehead in this area is distinctly possible unless the menace is firmly met. The British governor feels that a showdown may be necessary within the next few weeks and that British troops may even have to be called in.

Comment: A high-ranking official of the Colonial Office in London informed the American embassy on 14 September that the situation in British Guiana was "as dangerous as anywhere in the colonial empire."

The Peoples Progressive Party, majority party in the elected legislature since last April, walked out of the House of Assembly on 25 September when the British-appointed speaker overruled the party's attempt to force through a bill for compulsory recognition of trade unions.

British Guiana produces about 20 percent of the free world's bauxite.

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