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SECURITY INFORMATION

11 May 1952

Copy No. 53

3.5(c)

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO.

NO CHANGE IN CLASS.

IT DECLASSIFIED

CLASS CHANGED TO: TS S

NEXT REVIEW DATE:

AUTH: HR 70-2

DATE: 12-19-71 REVIEWER:

67

2001

3.5(c)

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

3.5(c)

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FAR EAST

1. Russians make large shipments to Chinese and Korean Communists:

[Redacted]

Recent Russian messages reveal letters of credit covering Chinese purchases of four million rubles (one million dollars at the official rate of exchange) worth of spare parts for motor vehicles and tractors, almost 200,000 rubles for medical supplies, and over 350,000 rubles for explosives. The delivery date for these items is believed to be no later than 21 June.

3.3(h)(2)

The US Air Force comments that a build-up pattern strikingly similar to that which preceded the outbreak of hostilities in 1950 is provided by this transaction coupled with recently reported letters of credit amounting to 13 million rubles covering Soviet shipments of petroleum products to the North Koreans, and deliveries in late May or early June of approximately 2,000 motor vehicles.

Comment: A steady build-up of supplies during the period of the truce negotiations has provided the Communists with sufficient materiel to launch a major offensive against the UN forces. A continuing flow of deliveries from the Soviet Union is foreshadowed by a Sino-Soviet trade protocol which was signed in mid-April and which provided, according to TASS, for "a considerable expansion of goods exchange in the coming year as against the 1951 level."

2. North Koreans intercept UN communications:

[Redacted]

The commander of the North Korean 23rd Brigade, assigned to coastal defense in western Korea, learned "by intercepting the enemy wireless telegram," of UN operational plans in this area. The officer, reporting to his corps commander on 9 May, stated that ROK guerrillas were evacuating islands north of the 38th parallel and were concentrating on Paengnyon island, just south of the parallel.

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3.3(h)(2)

3. Peiping sketches line for Asian "peace conference":

[redacted] The Chinese Communists have asked the World Peace Council to approve a preliminary statement distributed to Asian representatives invited to attend a preparatory meeting for an Asian "peace conference." The Chinese statement alleges that the "resurgence of militarism" in Japan, the inconclusive negotiations in Korea, the Americans' alleged use of biological weapons, and the establishment of military bases throughout Asia threaten all Asian peoples with another war.

3.3(h)(2)

[redacted] peace can be "won" by opposing Japanese rearmament and all "foreign intervention," and by supporting "peaceful coexistence" and normal trade relations.

3.3(h)(2)

Comment: Representatives from several Asian states are to meet in Peiping on 28 May to prepare for an elaborate "peace" conference later this year.

Peiping's preliminary statement is the first indication of the line that the conference will adopt. Most of these themes represent a continuation of the basic Communist propaganda of the last two years.

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4. Chinese Communists dismiss high officials:

The Central People's Government of China announced on 6 May the removal of 14 officials including a deputy director of the Ministry of Public Security, the Director of Public Security in East China, the two ranking officers of the Department of North China Affairs, eight governors or deputy governors of provinces, and the mayors of Tientsin and Anshan.

3.3(h)(2)

Comment: Although certain of the removed officials may be reassigned to important posts, the pattern of removals suggests that Peiping is dissatisfied with the work of its governing apparatus in several regions and provinces, particularly in the North China area. These dismissals do not appear to be connected with the "San Fan" campaign which was directed chiefly against bourgeois elements.

SOUTH ASIA

5. Ceylon opens credit for Soviet rubber deal:

The Foreign Department of the Bank of Ceylon states that a credit of 200,000 pounds sterling has been opened in favor of R. Wanigatunga and Co., for shipment in June of Ceylonese rubber to the USSR via Rotterdam. Wanigatunga recently returned from the Moscow Economic Conference through Hong Kong. The American Embassy in Colombo believes this credit is the first installment of an anticipated one million pound sterling Russian credit.

3.3(h)(2)

Comment: This deal is in a more advanced stage than any which appear to have resulted from the Moscow Economic Conference. It is the first Soviet purchase of Ceylonese rubber since 1946 when 3,000 tons were bought. The transaction further emphasizes the official Ceylon policy of selling to all comers.

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NEAR EAST - AFRICA

6. Iranian Parliament rejects credentials of opposition and government leaders:

In a stormy session on 8 May, the Majlis refused to seat 22 of the 70 deputies who have been elected. Those whose credentials were rejected include several of the most important leaders of the conservative opposition. The conservatives, however, succeeded in obtaining rejection of ten of the twelve Tehran deputies, all of whom are members of the National Front, and they are making a determined effort to have the Tehran elections annulled altogether.

3.3(h)(2)

Comment: Conservative success in obtaining rejection of the Tehran deputies represents a considerable set-back for the Prime Minister, who reportedly hoped to purge the opposition from the Majlis. Confirmation of the rejections, which are now being reviewed by a Parliamentary board, would further postpone full convocation of the Majlis. Rejection of the Tehran deputies would permit some Communist-sponsored deputies to be seated unless the Tehran elections are annulled.

7. King Farouk rejects British proposal on Sudan:

In rejecting the latest British proposal on the Sudan, King Farouk stated that if he started full-scale negotiation without a prior Anglo-Egyptian agreement on this issue, he might be faced with Prime Minister Hilali's resignation. He emphasized that he had no one in mind to succeed Hilali. Farouk also said that "under no circumstances" could he or any Egyptian Government agree to prior consultation with the Sudanese before Britain recognizes his new title as "King of the Sudan."

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The King bitterly criticized the British and warned that he might be forced to denounce them publicly in order to protect his own position.

Comment: This is the strongest warning of possible internal disturbances in Egypt that Farouk has given to the American Ambassador since the time of the Cairo riots in late January.

WESTERN EUROPE

8. Indications seen that East Germans are tightening security:

American representatives in Berlin believe 3.3(h)(2) that the 8 May East German press announcement of the conviction of fifteen persons as foreign saboteurs is more likely to be a preparation for increased internal and external security measures rather than a true reflection of sabotage in East Germany. They feel this belief is supported by other East German press releases on Western "military provocations" on the interzonal border and on the "dangerous" smuggling of East German goods into West Berlin.

The suggested East German security measures may be related to recent threats by Grotewohl and Pieck to "organize the armed defense of the homeland" if Bonn goes ahead with the program of Western integration.

Comment: Suggestive that new security measures are being prepared in East Germany is the unexplained detention of American and British military patrol vehicles on the Berlin-Helmstedt autobahn starting on the evening of 8 May.

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9. Netherlands will not present obstacles to signing of Defense Community treaty:

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Foreign Minister Stikker of the Netherlands believes that the cabinet, which meets 16 May to discuss the European Defense Community treaty, probably will agree to sign the treaty even though the problem of the German financial contribution is not solved. The cabinet, however, is likely to take the position that a satisfactory settlement must be reached before the treaty can be ratified by the Parliament.

Because the Netherlands is reluctant to commit itself for a fifty-year membership in the Defense Community, Stikker is considering proposing as a prerequisite of signature that it have the right to withdraw from the Community should the British defense guarantee be discontinued.

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