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CURRENT INTELLIGENCE BULLETIN

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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FAR EAST

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2. Anti-Communist guerrilla warfare taking place in West China:

On 21 July a regiment of Chinese Communist troops supported by nine airplanes attacked and occupied a guerrilla base at Tachaitzu, about 100 miles northwest of Chengtu, in

Szechwan, according to the guerrilla commander there. After taking refuge in the mountains, the guerrillas continued fighting the Communists the next day.

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NEAR EAST - AFRICA

5. Iranian peasants becoming restive:

Unrest in Iran is now spreading to the traditionally apathetic and conservative peasants. The American Embassy has been receiving a growing number of reports from various sections of the country which feature politically ambitious Mullahs inciting the peasants against landlords. Some of the arguments used by the Mullahs appear to follow the Communist line and to arouse class antagonism rather than to present a constructive approach to the land reform program.

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Comment: Mossadeq is sponsoring an agrarian reform program; he is undoubtedly aware of its usefulness as a supplement to the anti-British campaign.

The approach to the peasants, like so many other National Front maneuvers, lends itself to Communist exploitation.

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[Redacted]

7. Iran reportedly ready to violate Battle Act:

[Redacted] Iranian Minister of National Economy Akhavi 50X1 informed the American Embassy that trade negotiations which included the sale of oil were under way with the USSR, Poland and Czechoslovakia. He thought the Czech delegation was particularly anxious to conclude an agreement and was offering payment in foreign exchange.

When it was pointed out to Akhavi that oil sales to the Orbit conflicted with the Battle Act, he stated that if Iran could get more by selling oil to the Soviet bloc than by accepting American aid it would do business with the Orbit.

Comment: Iranian spokesmen have on other occasions used the threat of selling oil to the Soviet Orbit in an attempt to obtain concessions from the United States.

8. Britain and Egypt agree on presentation of credentials:

[Redacted] Britain's Ambassador Stevenson will present new credentials to the Egyptian Regency Council, avoiding mention of the King's title, in accordance with an agreement between the Ambassador and Prime Minister Ali Maher. Barring last minute difficulties, the Foreign Office expects Stevenson to present them on 9 or 11 August.

When Stevenson tried to persuade Ali Maher to extend this procedure to other states, the Prime Minister refused to commit himself.

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WESTERN EUROPE

10. Austrian trade contacts may be sought by Russians during Vienna fair:

The American Embassy in Vienna believes that the anticipated arrival during the September trade fair of a Soviet delegation headed by Deputy Minister of Foreign Trade Zakharov may be related to recent Austrian proposals for trade talks.

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Comment: Foreign Minister Gruber recently informed the American Embassy that his government has tentatively decided to offer to negotiate a trade agreement with the Soviet Union, since it was under strong pressure from Austrian businessmen, and expected a Soviet initiative. Gruber, while agreeing to postpone an approach until September, urged an American expression of opinion by that time since he anticipated that the issue would "become public this autumn."