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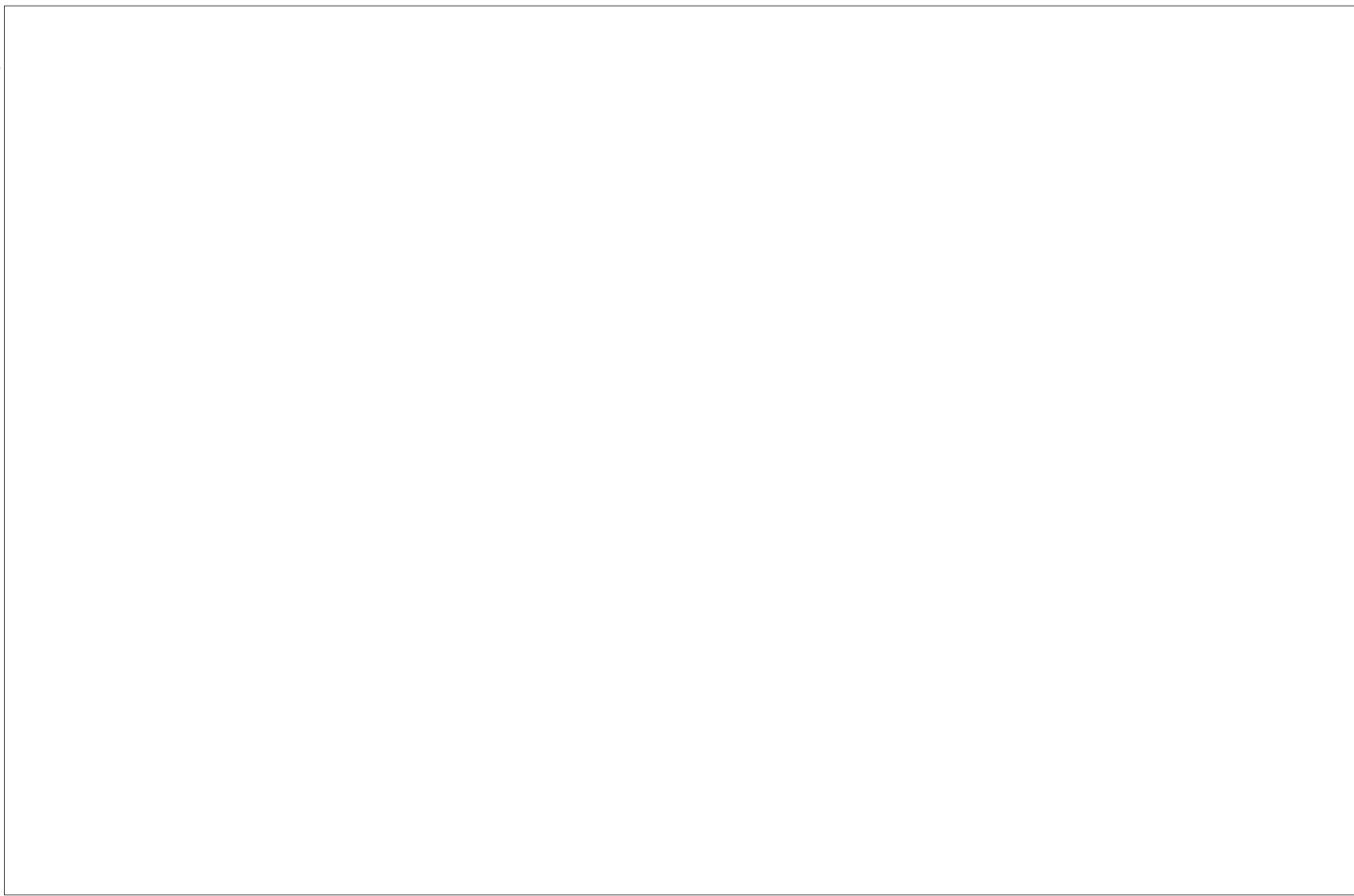
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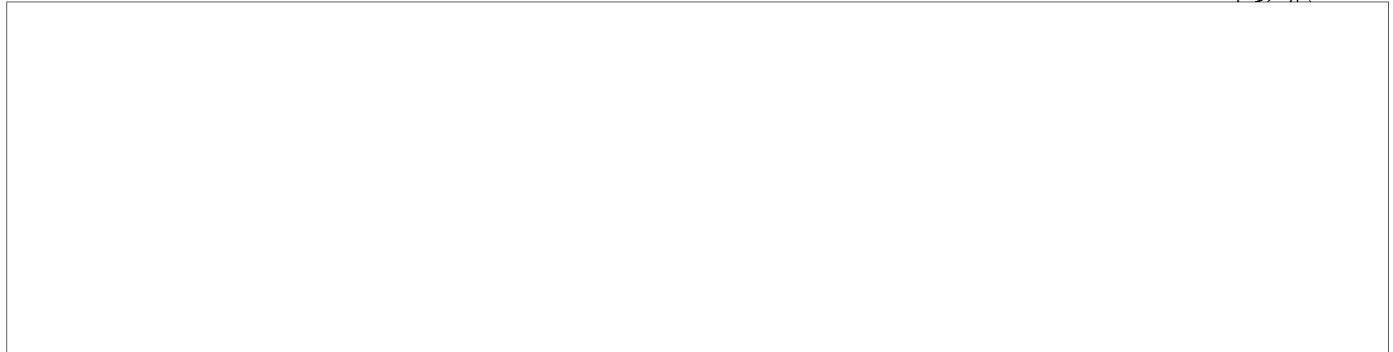
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FAR EAST

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2. Speculation on Chinese Communist leader Mao's whereabouts widespread: 3.3(h)(2)

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Comment: Mao's absence from the public eye since 26 January has stimulated a spate of rumors and reports regarding his whereabouts and health. Although it has been reliably reported that Mao has been suffering from a heart ailment and has been attended by Soviet physicians, there is no firm information regarding his present state of health. The various reports of Mao's travels, to Moscow or elsewhere, have contained conflicting information with respect to dates, means of travel and destination. Furthermore, there is no evidence that the USSR is dissatisfied with Mao or is attempting to replace him.

3. Viet Minh offensive reported for mid-March:

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Comment: Current locations of Viet Minh forces would permit an attack of this nature with little additional preparatory movement. While it seems probable that one more strong effort to decimate French forces will be made before the May monsoons and before the arrival of planned French reinforcements and further US military aid, there has been no definite indication that such an offensive is imminent.

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NEAR EAST

4. Reactions to the assassination of Premier Razmara:

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A reliable neutral source has stated that the assassin of Premier Razmara is a member of the Friends of Islam, a fanatical right-wing religious organization. A well-qualified source with contacts in the Iranian government believes that the assassination was probably motivated by resentment against Razmara's opposition to

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the nationalization of Iranian oil resources. According to this source, the Shah, while naming Khalil Fahimi to head a caretaker government, has offered the premiership to Hussein Ala, formerly Iranian ambassador to the US. An Israeli broadcast from Jerusalem has stated that martial law has been declared throughout Iran.

Comment: During his tenure of office, Premier Razmara aroused considerable opposition. Old guard elements in Iranian politics and conservative Moslem groups opposed his program of economic reform. The pro-Soviet Tudeh Party resisted his vigorous measures to control subversive elements throughout Iran. British interests associated with the Anglo-Iranian Oil Company became impatient at his failure to secure ratification of the supplementary Anglo-Iranian oil agreement. The Shah, while depending on Razmara for a successful program of economic reform, was known to be apprehensive over the growth of Razmara's popularity.

Razmara's death is likely to lead to increased parliamentary instability, governmental confusion and internal tension. Under an ineffective premier, Iran will be more vulnerable to Soviet pressure, to the infiltration of Soviet agents and to internal dissension inspired by the Tudeh Party. Furthermore, without Razmara, the success of a program of economic reform is endangered.

The new acting Premier, Khalil Fahimi, who is a member of the old guard group and a recently appointed minister-without-portfolio, will prove to be less effective than Razmara in dealing with current problems. Hussein Ala is known for his understanding of the US and sympathy for US policies. He may be reluctant to accept the responsibilities of the premiership, however, because of his age and ill health.

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LATIN AMERICA

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Comment: Relations between Arias and Remon, the key to Panamanian stability since the coup of November 1949, have deteriorated in recent months. The numerous rumors that Arias is attempting to oust Remon from his position may provide Remon with a compelling reason for upsetting the status quo. Remon reportedly obtained written proof of the attempted graft on 5 March; he could use it either to strengthen his position as police chief under Arias or to arouse public support for a coup to install a more complaisant chief of state.

6. Brazilian Foreign Office requests delay in Eximbank loan for manganese development:

VIBv 2212
An official of the Brazilian Foreign Office has requested that the Export- 3.3(h)(2)
Import Bank temporarily delay action

on the loan application for Sobramil, the company owned jointly by US Steel and the Chamma family of Brazil, for the exploitation of the vast Urucum manganese deposits in Mato Grosso. The official stated that the application is under detailed study by the Brazilian National Security Council because the validity of the Chamma concession from the State of Mato Grosso is being questioned; furthermore, some members of the Council consider that, since the concession is located in a frontier zone, approval by both state and federal governments is required. The official added that the problem is an entirely domestic one arising in connection with Brazilian law.

Comment: The manganese deposit in the Chamma concession, which is believed to contain 33 million tons of

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manganese, is the largest in the Western Hemisphere. The Brazilian Constitution does not expressly require that such concessions have the approval of state governments.

Although the military members of the Brazilian National Security Council have continued to favor transporting the manganese ore by rail (in order to obtain US improvement of the railroad across southern Brazil), the Eximbank loan provides for the construction of facilities for transporting the ore by barge down the Paraguay-Parana River to a deep-water port. This desire on the part of the Brazilian military is a possible reason for the delay in the loan application. The delay might also indicate that Brazil intends to use the US need for manganese as a bargaining point at the meeting of the Inter-American Foreign Ministers this month.

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