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SECURITY INFORMATION

25 October 1952

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## CURRENT INTELLIGENCE BULLETIN

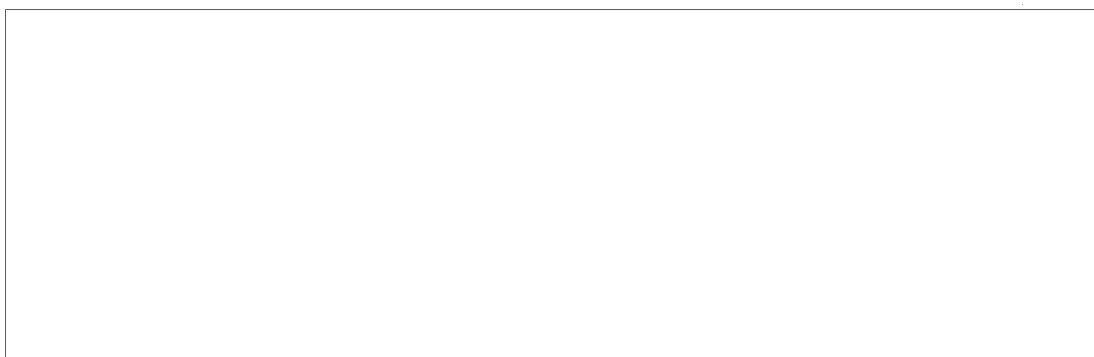


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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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## GENERAL

1. French to ignore Soviet demarche for the present:

The Deputy Director of Political Affairs in  
the French Foreign Ministry has told  
American officials in Paris that his govern-  
ment "intended to take no notice" of the recent

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Vyshinsky demarche to Ambassador Joxe in Moscow. When Joxe returns  
to his post in late October and calls at the Soviet Foreign Ministry, he  
will not refer to the matter, and the official does not believe the Russians  
will bring it up.

The Director of Political Affairs has cautioned  
that his deputy's statement does not represent a change in French thinking.  
France still intends to consider the Soviet offer of bilateral conversa-  
tions, but only on the basis of keeping the United States and Great  
Britain informed.

Comment: While the latest reports indicate  
that the French Government has so far decided to make no early move  
to accept the Soviet offer, a new wave of anti-American sentiment  
over North Africa or the Saar might alter French policy.

Premier Pinay's initial success in parrying  
the criticisms leveled at his foreign policy in the recent party con-  
gresses has probably allayed for the moment the temptation of French  
officials to use talks with the USSR as a political safety valve.

## FAR EAST

2. Chou En-lai suggests meeting with Burmese and Indian leaders:

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A visit by Chou would be interpreted by Near Eastern and Southeast Asian government leaders as evidence that India and Burma were turning toward the Orbit and would presumably lower the resistance of these leaders to Orbit pressures.

3. Chinese foray into Burma predicted for November:

Communist China intends, with Burmese acquiescence, to eliminate Chinese Nationalist troops in the Kengtung area of Burma, perhaps in late November,

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In preparation for this move, Communist troops along the Kengtung-China border have allegedly been increased to approximately 5,000.

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Comment: The Chinese Communist 14th Army, believed to total some 35,000 men, is stationed in western Yunnan. Dispositions near the Kengtung border are not known.

On 2 October Chou En-Lai told the head of a visiting Burmese mission that China would respect Burma's integrity and act only against those Nationalists who crossed into China.

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~~TOP SECRET~~**4. Chinese Nationalists report successful island operation:**

[redacted] In their capture of Nan Jih Island, off the coast of Fukien, on 13 October, the Chinese Nationalists committed 5,000 troops and engaged four Chinese Communist battalions,

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[redacted] During the three-day

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operation, all the 2,000 Communists on the island were killed or captured. Over 800 Chinese Communist prisoners are being held for interrogation and reindoctrination on Formosa.

Comment: This is the largest and most successful island operation yet reported by the Chinese Nationalists. They have not previously transported a large group of Chinese Communist prisoners to Formosa.

**NEAR EAST - AFRICA****5. Mossadeq and Shah estranged over break with Britain:**

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[redacted] Comment: The Shah has been ineffectual since the July rioting, from which Mossadeq emerged greatly strengthened, and he has shown no inclination to dispute publicly the Prime Minister's decisions.

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## WESTERN EUROPE

6. West German Ministry wants inter-zonal border police strengthened:

[redacted] The West German Interior Ministry expects renewed incidents along the Soviet Zone border as soon as the Bonn and Paris treaties are ratified by the Bundestag in November.

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For this reason it is asking the Western powers for permission to equip the Border Police with helicopters, additional armored cars, and 60-mm mortars. It also intends to ask the Bundestag to double the strength of the Border Police, which now numbers 10,000.

Comment: Federal Interior Minister Lehr has made many attempts to double the size of the Border Police, but he is opposed by the Finance Ministry.

7. Pinay reported amenable to additions to EDC treaty:

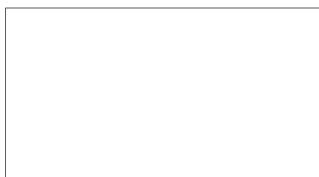
[redacted] French Premier Pinay reportedly has told the Foreign Affairs Committee of the National Assembly that the government would consider "certain modifications" in the EDC treaty should the Assembly suggest them. Pinay gave the impression of favoring the idea of seeking "additions" to the treaty in the form of legislative guarantees from the United States and Britain.

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A French Foreign Ministry official reports that Pinay was successful in satisfying the coalition parties and obtaining a breathing spell before the ratification debate.

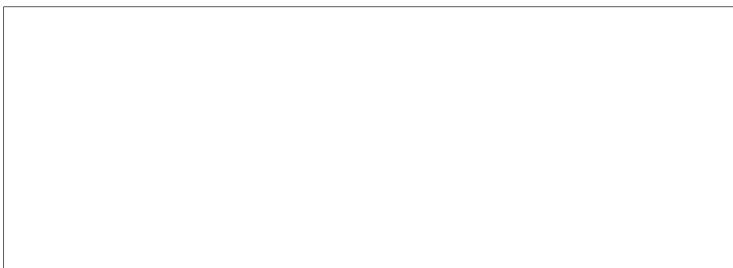
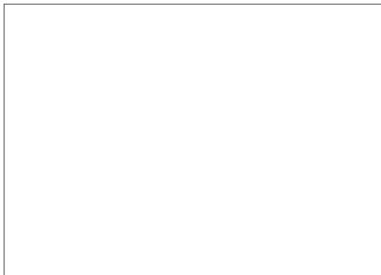
Comment: Pinay's reported flexibility on this issue may foreshadow time-consuming efforts at renegotiation in the form of additional protocols and guarantees that would require the agreement of all six signatories to EDC.

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~~TOP SECRET~~8. Dutch to go ahead with ratification of EDC treaty:

An official Dutch spokesman has informed the American Embassy in The Hague that his government's decision to go ahead with ratification of the EDC treaty has not been affected by the increasing qualms of the French toward EDC. He does not, however, think Dutch ratification probable before the end of December.

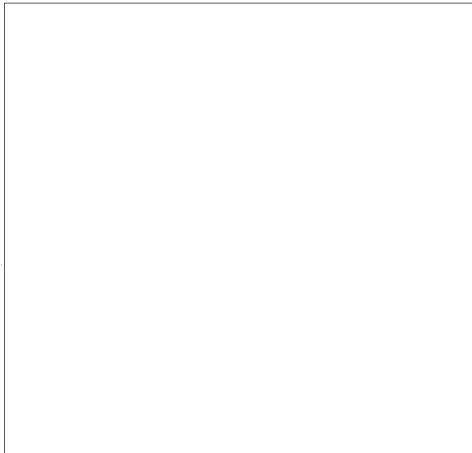
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9. Britain and France agree to approach Yugoslavia now on military planning:

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Comment: France has been cooperating with the United States and Britain in considering the best means of coordinating Yugoslav and general Western defense planning without raising the problem of Yugoslavia's relations with NATO.

10. Eden "furious" with French in Saar negotiations:

British Foreign Secretary Eden is "furious with the French" regarding the Saar negotiations. He has instructed the British Ambassador to tell French Foreign Minister Schuman that if a date for the Saar elections is set, and the negotiations fail as a result, the responsibility will rest upon French shoulders.

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The Saar Landtag will decide on 27 or 28 October when to hold elections. Meanwhile, Schuman and Chancellor Adenauer are

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trying to reach agreement on a joint statement which would make it possible for the Saar elections to be postponed.

Comment: If the Saar Landtag sets an election date next week, the pro-German parties in the Saar will not be allowed to participate, as their applications for legal status have not been accepted. The rejection of these parties would considerably dampen prospects of an agreement on the Saar.

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