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SECURITY INFORMATION

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GENERAL

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1. Soviet Ambassador says USSR will sign separate treaty with East Germany:

[redacted] states that the Soviet Ambassador to East Germany, G. M. Pushkin, told Foreign Minister Georg Dertinger early in February that,

"if a bloodless revolution does not come about" after West Germany signs the General Agreement, the Soviet Union will sign a separate peace treaty with the German Democratic Republic. Pushkin said that after the conclusion of the treaty, which will take months, Soviet forces will remain as security troops.

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The Ambassador said that the USSR assumes that the West will reject President Grotewohl's proposal for a treaty.

Comment: Dertinger, a member of the weak East German Christian Democratic Party, is retained as a figurehead to strengthen the Communist contention that the East German Government is a coalition of several parties.

Although the likelihood of a separate peace treaty is remote, [redacted] the West Germans reluctant to split Germany by integrating the Federal Republic into Western Europe.

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FAR EAST

2. Communists in Korean theater step up combat pilot training:

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[redacted] The record total of 1,387 MIG-15's sighted over North Korea last week, coupled with increased aggressiveness of enemy pilots, indicates to the Far East Air Force that the

enemy is taking advantage of the stalemated armistice talks to provide training for as large a number of pilots as possible. By basing combat aircraft on fields deeper in Manchuria and shuttling them into the Antung complex, the enemy can commit larger numbers of pilots in training flights over the combat area.

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The Far East Air Force also notes the possibility that the Communists, after a two-month lull, may be planning to exploit their capability for expanding air operations into UN-held territory.

Comment: The current move from Shanghai to the Korean border area of MIG-15's of the 12th Chinese Communist Division, not previously committed to combat, is further evidence of Communist emphasis on combat training.

3. Burmese Commander fears Chinese Communist intervention:

The American Army Attaché in Rangoon 3.3(h)(2)

reports that according to the Burmese Commander in Chief, General Ne Win, five fresh Chinese Communist divisions have been massed along the China-Burma frontier. Ne Win

believes that these troops may move against the Chinese Nationalists in northeastern Burma at an "early date" and push them into Thailand.

Comment: A number of 3.3(h)(2)

reports have stated that the Chinese Communists have been shifting troops away from the Indochina frontier towards Burma. The Swiss Minister in Peiping reported recently that southwestern Yunnan was declared a military zone in January. This is the first statement from a highly-placed Burmese source suggesting that Chinese Communist intervention against the Nationalist troops in Burma is imminent.

NEAR EAST - AFRICA

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4. Saudi Arabian King reportedly prepared to abdicate:

the aging King

Ibn Saud of Saudi Arabia has decided to abdicate in favor of his eldest son, Crown Prince Emir Saud. The King is reportedly anxious that the

transfer of royal power take place while he is still living in order to prevent the disturbances which might occur if the succession were delayed until his death.

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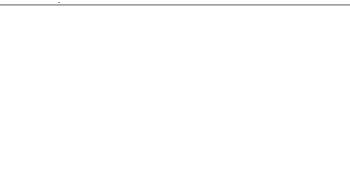
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[redacted] Prince Feisal, currently Saudi Arabian Foreign Minister, would succeed Emir Saud as Crown Prince.

Comment: There has been an increasing number of reports during the last few weeks on the poor health of the King and the possibility of succession troubles.

5. Czechoslovakia offers to buy Iranian oil for shipment via Caspian Sea:



The National Iranian Oil Company has been asked by the Czechoslovak oil monopoly for a quotation before 31 March on up to fifty thousand tons of high octane aviation gasoline, motor gasoline, kerosene and diesel oil. The products are to be shipped via Bandarshah on the Caspian Sea, and the Czechs requested port and shipping information.

Comment: [redacted]

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[redacted] Czechs were ready to buy up to 500,000 tons of oil products and were attempting to obtain ocean shipping facilities. This is the first known time a deadline has been set and may indicate that the Czechs actually intend to buy at least a small amount of petroleum products.

In spite of the poor transportation facilities in Iran, the required amount of petroleum products probably could be moved from Abadan to Bandarshah over a period of time. Thereafter, shipment would involve long hauls over Soviet-bloc transport facilities.

WESTERN EUROPE

6. Comment on loopholes in Austrian trade controls:

Despite Austria's cooperation with COCOM members in restricting the flow of strategic materials to the Orbit, the inadequacy of Austrian control procedures and the failure of Western

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European governments to appreciate the unreliability of end-use certificates issued solely by the Austrian Government are permitting some important items to leak through Western controls.

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reported lead and zinc sales by British firms to a notorious middleman in Vienna whose letterhead was accepted as a guarantee of Austrian use. In previous sales to this same dealer, the British were given certificates which the firm, by citing legitimate buyers, had obtained from the Austrian Government. The absence of a centralized agency for issuing end-use certificates and the apparent absence of formal procedures for verifying deliveries permitted the dealer to use such certificates to obtain metals for diversion to Orbit purchasers.

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diversions, so serious that they have recommended "blacklisting" action against the British firms who made such sales.

7. Labor Party may urge that Britain join European Army:

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European Defense Force.

A powerful group within the British Labor Party is urging that the party support Britain's participation in a European Army in order to prevent German domination of the projected

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Comment: Although the British Government is not expected to modify its policy of close association with rather than participation in a European Army, it would be embarrassed by such a marked change of policy on the part of Labor.

Furthermore, various members of the center parties in the French National Assembly would probably join the Socialist Party in its demands for British participation in the European Defense Community.

8. British act to block shipment of German explosives to Egypt:

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The British High Commissioner in Germany has been instructed by his government to take unilateral action under the Occupation Statute to prevent a shipment of German-manufactured explosives to Egypt. Federal Republic authorities had originally agreed to comply with a British request to halt the shipment, scheduled to be sent from Hamburg, but reversed themselves after a protest from the manufacturer.

Comment: Since Britain stopped sending arms to Egypt over a year ago, the Egyptians have been attempting to obtain arms and explosives from other European countries on both sides of the Iron Curtain.

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