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SECURITY INFORMATION

25 June 1952




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CURRENT INTELLIGENCE BULLETIN



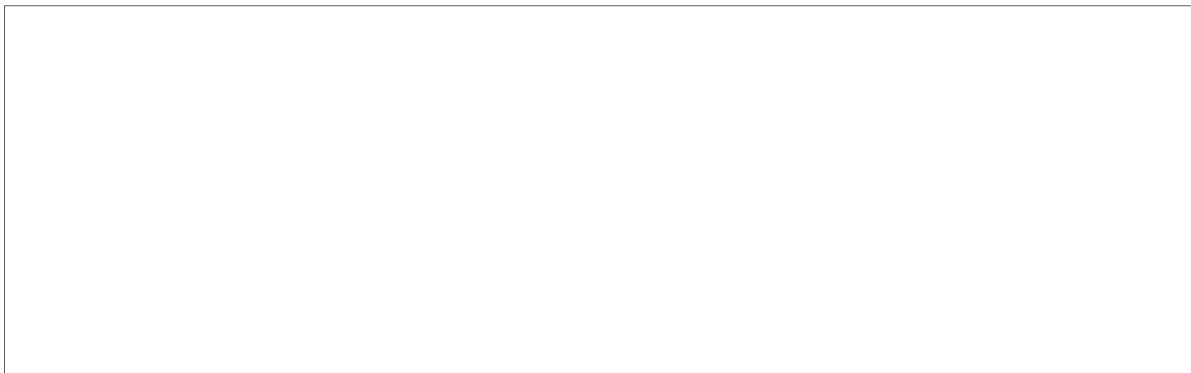
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CENTRAL INTELLIGENCE AGENCY



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FAR EAST

1.

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2. Indian firm repeats offer of lubricating oil to China:

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On 12 May a firm in Calcutta offered the Chinese Communist official trade agency in Kunming 300,000 gallons of lubricating oil.

Comment: Indian offers of this lubricating oil to the Chinese Communists were first noted in 1951. However, American consular officials were assured at the time that the Indian Government was "taking steps to put off shipment."

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SOUTH ASIA

3. Pakistan requests American grant of 30,000,000 dollars:

[REDACTED] Prime Minister Nazimuddin has requested the United States to grant Pakistan approximately 30,000,000 dollars to cover the purchase of 300,000 tons of wheat, which, he says, Pakistan does not have the dollar exchange to buy. If neither a grant nor a loan to be repaid in kind can be extended, the Prime Minister desires a loan to be repaid from dollar credits over the next ten years.

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Nazimuddin also stated that there would be serious unrest if no wheat loan were forthcoming. In view of his own critical position, he requested that, by the first of July, the United States give some assurance of its intention to help.

Comment: When Pakistan gained independence in 1947, it anticipated a regular annual surplus of grain. In 1948 natural disasters resulted in a 100,000 ton deficit, and 1952 will apparently be another deficit year.

Because of its growing population and its slow economic and agricultural improvement, Pakistan may develop a chronic food deficit.

NEAR EAST - AFRICA

4. Italian interests negotiate for Iranian oil:

[REDACTED] The Societa Commerciale Commissionaria, an Italian agency interested in selling Iranian oil in Italy, informed the Iranian Government [REDACTED] that negotiations for the sale of oil through Italian distributors had been broken off. [REDACTED] however, that another Italian firm with refineries in Genoa, Milan and Rome was still willing to negotiate for crude oil.

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WESTERN EUROPE**5. Italian Ambassador recommends tactics on Trieste negotiations:**

The Italian Ambassador in London recommended to Premier de Gasperi on 11 June that Italo-Yugoslav negotiations regarding Trieste be delayed until "the London agreement has been substantially put into force."

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The Ambassador warned that Italy must exercise extreme caution to prevent the negotiations proving fruitless. He promised to send detailed proposals "on ways of influencing the British and the Americans" in order to ensure that negotiations with Yugoslavia are prepared in the most satisfactory manner possible.

Comment: The Italian Government on 23 June undertook to fulfill the London agreement on Trieste by nominating Italian officials to serve as Political Adviser and Senior Director for Trieste.

6. East Germans reported purchasing steel rails in France:

West German officials have informed American authorities that representatives of the East German Government are ready to sign a contract with the Schneider-

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Creusot Company for 80,000 tons of steel rails. Payment would be in dollars to a Lausanne bank.

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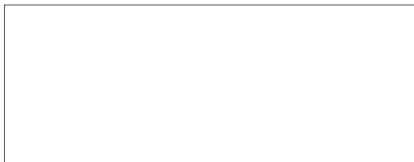
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HICOG believes that the reported transaction has serious implications for interzonal trade policy, as well as for Allied-West German relations.

Comment: The West Germans undoubtedly consider that the reported sale reflects discrimination against them in East-West trade matters, in view of the strict quantitative limitations on interzonal trade.

Although steel rails are on the American embargo lists, they are not included on the COCOM international lists. France has so far agreed to prohibit shipments of steel rails only to Communist China.

7. West German action on Bonn-Paris treaties is postponed:

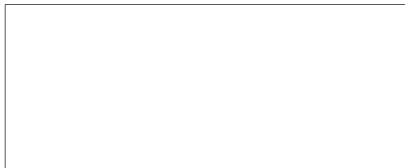


American officials in Bonn now believe that West German approval of the Bonn-Paris treaties will not occur before the end of September. Chancellor Adenauer

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has abandoned plans for ratification during the present parliamentary session, but government leaders have agreed to act on the bills immediately after Parliament reconvenes on 4 September.

8. French apparently not delaying Saar Convention revision:



The American Embassy in Paris reports that the French Foreign Office apparently plans to proceed with its efforts to liberalize the 1950 French-Saar Conventions with-

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out waiting until Bonn and Paris have ratified the European Defense Community treaty.

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The Embassy believes that French-Saar discussions are still in a preliminary stage, and suggests that a joint American-British demarche cautioning France to wait until after EDC treaty ratification may be desirable.

Comment: Recent French efforts toward liberalization of the French-Saar Conventions have probably been aimed at creating goodwill toward France in the Saar prior to the Landtag elections this fall.

These efforts may provoke a sharp reaction in Germany, where there is a widespread conviction that the status of the Saar should not be modified except by a German-French-Saar accord.

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