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SECURITY INFORMATION

13 February 1952



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CURRENT INTELLIGENCE BULLETIN

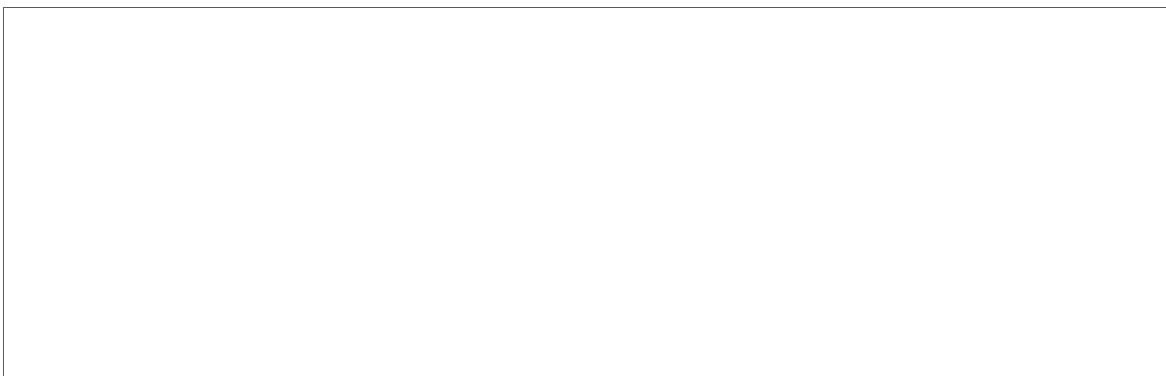
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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SECURITY INFORMATION

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FAR EAST

1. Two British-flag vessels offered for charter to Chinese Communists:

[redacted] Two British-flag vessels were offered for three-month charter to the Chinese Communists [redacted]

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The vessels would operate between Japan and the Chinese mainland.

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Comment: The British Government has been unwilling to follow the US and Panamanian lead in barring its merchant ships from the China trade. Accordingly, British-flag ships, many operating under charter to the Chinese or to the East European Satellites, have been more active in this trade than those of any other registry.

Last October a London firm asked its Hong Kong correspondent to investigate the advantages of putting additional British ships on the China run, in view of the reported loss of tonnage resulting from the withdrawal of Panamanian ships.

2. Vietnamese Government reportedly bankrupt:

[redacted] Vietnamese Premier Huu, at a cabinet meeting [redacted] announced the bankruptcy of his government and its consequent inability to meet civil and military expenses for March 1952, [redacted]

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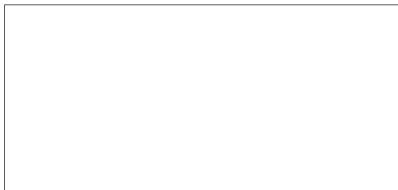
Comment: Despite the urging of French and American officials, the Vietnamese Government has never prepared a budget, and accurate assessment of its fiscal status is therefore impossible.

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Since its creation the Vietnamese Government has been obliged to resort to deficit financing which has been covered regularly by advances from the French Treasury. However, Bao Dai said on 28 January that the French had not promised to meet expected deficits in 1952 arising from military expenditures and had been threatening to cease other financial aid.

3. Chief of US military mission reviews Tonkin military situation:

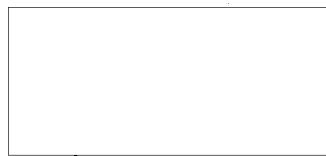


The Chief of the US military mission in Indochina, General Brink, who has just returned from Hanoi, estimates that the "strictly military" situation in Tonkin is not as alarming as has been pictured by some observers. He states, however, that the political situation and the loyalty of the population are uncertain and that this could well neutralize the military effort.

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General Brink believes that the Tonkin delta can be defended, albeit with some difficulty. On the other hand, he sees a growing threat to the main communication line between Hanoi and Haiphong. In addition, French troop strength is inadequate to meet any new Viet Minh attacks on the defense perimeter and simultaneously to prevent infiltration of the delta.

4. King of Thailand threatens abdication:



The King of Thailand reportedly is threatening abdication in protest against the usurpation of his powers by the military clique which controls the government. The Chief of the Thai Air Force, [redacted] states that Thailand would become a republic if the King does not accept the 1932 Constitution as amended.

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Comment: Other reports indicate that the King is using the threat of abdication as a weapon in his controversy with government leaders over his constitutional powers and probably has no real intent of stepping down. Although veneration of the monarchy is widespread in Thailand, no effectively organized force has yet come forward to support the King in his struggle with the military leaders.

NEAR EAST - AFRICA

5. Existence of Egyptian Cabinet depends on solution to Anglo-Egyptian dispute:

[Redacted]

Amr Pasha, recently Egypt's Ambassador to London and now political adviser to King Farouk, believes that the government of Prime Minister Ali Maher will not last

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long unless progress is made toward solution of the Anglo-Egyptian dispute. He insists that discussions regarding the proposed Middle East Command will be in vain if Great Britain fails to recognize Farouk as King of the Sudan.

According to the American Ambassador in Cairo, while Amr Pasha recognizes social reform as the only adequate weapon against the spread of Communism in Egypt, he believes that reform in Egypt will not be possible until a solution of the Anglo-Egyptian problem is found.

Comment:

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[Redacted] there is no indication that Britain is prepared to recognize the title recently assumed by King Farouk.

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EASTERN EUROPE

6. Rumania receives Soviet order for aviation gasoline:

[redacted] Rumanian officials in Moscow have requested the Ministry of Foreign Trade in Bucharest to examine the possibilities of fulfilling during 1952 a new order for 20,000 tons of high-test 95-octane aviation gasoline. The trade officials explained that this amount is "over and above the quantity of 70-octane aviation gasoline communicated by Minister Barladeanu."

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Comment: This is the first direct reference to Rumanian production and export of high-octane aviation gasoline and may be an indication that Moscow is shifting to Rumania part of the burden of aviation gasoline production. The small quantity involved suggests that actual production may not yet have begun, although there have been reports of planned installation of catalytic cracking equipment in Rumania.

Foreign Trade Minister Barladeanu is heading a trade delegation to Moscow. In December another trade official in Moscow advised Bucharest to request more ethyl fluid from the USSR in order to ethylate 120,000 tons of gasoline for export.

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