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FAR EAST

1. Political tension in Thailand continues:

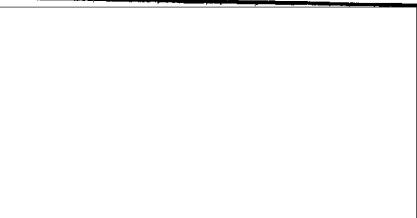
Police Director General Phao was primarily responsible for forcing the King of Thailand to sign the new constitution and thereby capitulate to the ruling military clique,

3.3(h)(2)

The American Embassy in Bangkok, [redacted] states that although the militarist group is "only one step away" from the ultimate goal of complete power, competition for Phibun's office between Phao and his chief rival, Assistant Army Commander Sarit, would create a serious internal conflict, possibly resulting in violence.

Comment: The Phao-Sarit rivalry has long been a threat to Thai stability. [redacted] as a result of events in the past few days, the chances of violence between followers of these two leaders before 12 March are "even."

In the past, compromise agreements on Phibun as Premier have prevented the outbreak of violence between rival political groups.

2. Indonesian official recommends trade talks with Soviet Union:

The chief of Indonesia's delegation negotiating an agreement on West New Guinea in the Netherlands advised his government on 9 February to "discuss the procurement of goods from Russia" in view of the impasse at The Hague.

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Only by adopting such tactics, in his opinion, could Indonesia influence the United States or Britain to force the Netherlands to make necessary concessions.

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The delegate emphasized that Indonesia must make the New Guinea problem appear to be a dispute between the "new nationalism of Asia" and Western Democracy as represented by the Dutch. He further stated that Indonesia should act as an Asian power occupying an important position in the East-West conflict and capable of establishing political or economic relations at any time with Russia or China.

3.3(h)(2)

NEAR EAST - AFRICA

3. Iranian Shah reportedly prepared to dismiss Mossadeq and seize power:

The Shah will seize power in Iran if Prime Minister Mossadeq refuses to resign,

3.3(h)(2)

"terrified" by threats of assassination from the terroristic Fedayan-i-Islam and may resign.

Comment:

3.3(h)(2)

Although the Shah is opposed to Mossadeq and wishes him removed, there is no indication that he intends to initiate drastic action to bring this about.

3.3(h)(2)

The Fedayan-i-Islam, which is credited with several killings and attempted assassinations, has in the past made wholesale threats against Iranian Government officials. Although Mossadeq may fear these terrorists, there is no evidence that their threats alone would force his resignation. His past expressions of interest in resignation have been political maneuvers.

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4. Iranian Communists plan sabotage of Abadan refineries:

[redacted] The Tudeh Party reportedly is planning to sabotage the Abadan refineries if Iran and the International Bank reach agreement on the oil problem. The Chief of Iranian Intelligence has been sent to Abadan to organize security precautions. 3.3(h)(2)

Comment: [redacted]

[redacted] the Tudeh planned to sabotage the refineries there if the government employed foreign technicians. Army units were alerted against Tudeh-inspired disorders at that time, [redacted] the army's anti-Tudeh measures have seldom been effective. 3.3(h)(2)

The present status of the International Bank negotiations with Iran and Britain does not suggest that an agreement is imminent.

5. British Foreign Office studying revision of Anglo-Iraqi military treaty:

[redacted] The British Foreign Office is now formulating tentative proposals for a revision of the Anglo-Iraqi Defense Treaty in case the Iraqi Prime Minister should feel compelled by domestic pressure to initiate discussions on the subject. The Foreign Office is considering modifications which would turn the two air bases now operated by the RAF over to the Iraqis who would then invite Britain to use them. Other suggestions are also under study.

Comment: The Anglo-Iraqi Treaty, which provides Britain with the use of two air bases in Iraq and any necessary facilities in time of war, expires in 1955. In 1948 the Iraqi government which initiated a revision of this treaty was forced out of office. Since that time the issue has been dormant except for sporadic outbreaks of nationalist agitation, specifically following denunciation by Egypt of its treaty with Britain.

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EASTERN EUROPE

6. March plan for Bulgarian petroleum imports exceptionally large:

[redacted] More than 30,000 metric tons of petroleum will be shipped to Bulgaria from Orbit sources in March, according to a [redacted]

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[redacted] This total includes 1,200 tons of 70-72 octane gasoline, 990 tons

3.3(h)(2)

of 95 and 100 octane gasoline, 900 tons of jet fuel, and a large number of other specialized petroleum products.

Comment: The total planned for March is almost double that of February, and has been surpassed only once, in September 1951, when large quantities of tractor kerosene and diesel fuel were shipped to Bulgaria, presumably for use in harvest operations. Only 700 tons of 95 octane fuel were shipped to Bulgaria during 1951, and shipments of 100 octane gasoline have not been noted since 1950 when 3,784 tons were received.

Included in the March shipments will be ethyl fluid, toluene, and iso-octane in quantities sufficient to boost some 1,550 tons of 70 octane gasoline to a 95 octane level. Since ethylated gasoline deteriorates more rapidly than unblended fuel, Bulgarian stock-piling operations might possibly be indicated.

7. Italians in Trieste plan demonstration favoring Territory's return to Italy:

[redacted] Pro-Italian elements in Trieste are planning a demonstration for 20 March to mark the fourth anniversary of the tripartite declaration calling for a return of the entire territory to Italy.

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The American Political Adviser comments that this action is obviously designed to commit the United States and Britain to support of the tripartite declaration through the local Allied Military Government's approval of the demonstration.

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Comment:

3.3(h)(2)

Premier de Gasperi is undoubtedly giving unofficial support to the proposed demonstration as a means of strengthening popular support for his Western-oriented government in face of the forthcoming Italian elections.

8. French and British Ambassadors oppose pressuring Yugoslavia on Trieste issue:

3.3(h)(2)

According to the American Charge, the French and British Ambassadors in Belgrade are very much opposed to the employment of economic pressure on Yugoslavia in order to bring about a solution of the Trieste issue. They believe that the application of pressure would undermine the current Western policy of buttressing Yugoslav independence by supplying aid with no political conditions.

SCANDINAVIA

9. US Minister fears Icelandic political crisis:

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The American Minister to Iceland reports that party conflicts within the Conservative-Progressive coalition government over the balance of payments situation have become so bitter that "a serious political situation must be anticipated." A withdrawal of the Progressives, particularly on the eve of Admiral McCormick's visit to Iceland next week, would gravely prejudice current US efforts to conclude detailed arrangements for additional defense facilities.

The Minister strongly urges granting Iceland's request for immediate American economic aid.

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Comment: The Progressive Party, which has for some time been seeking an issue on which to withdraw from the Cabinet, violently opposes the imposition of additional import restrictions to meet the balance of payments crisis.

LATIN AMERICA**10. Comment on Cuban coup:**

The almost bloodless revolt precipitated by General Fulgencio Batista is still in progress. Batista's success cannot be determined at this time, inasmuch as he controls all communications in Havana. All police and military officials in the Havana area appear to be on his side.

Batista, former dictator of Cuba, and a senator since 1948, has been a candidate for the presidency in the coming June elections. He headed the United Action Party, which placed third in the October 1951 party listings with less than 10 percent of the total registered voters. Since that time, his chances for attaining the presidency had diminished considerably, and it may have been his deteriorating position which impelled him to strike this sudden blow.

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