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FAR EAST

1. Large movement of Soviet tanks into North Korea reported:

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200 Soviet tanks recently crossed the Yalu River into North Korea.

Comment: Such a movement, if not compensated for by withdrawal of an equal number of tanks, would be another violation of the armistice agreement. The combined armored strength of the Chinese and North Koreans in Korea prior to this reported movement was estimated at approximately 450 tanks and 150 self-propelled guns.

SOUTHEAST ASIA

2. Burma will accept Nationalist proposal for limited evacuation:

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The president of Burma informed the American ambassador in Rangoon on 12 October that his government has decided to accept the Chinese Nationalist proposal to evacuate 2,000 troops.

The Burmese envisage that the withdrawal will be conducted in accordance with the plan drawn up by the four-power committee in Bangkok and are prepared to dispatch army officers to observe its implementation. Burma is not prepared, however, to resume its seat on the quadripartite committee.

Comment: If Taipei fulfills its commitment to a limited evacuation and refrains from assisting those troops remaining behind, Burmese security forces should ultimately be able to regain control over northeastern Burma. However, Taipei's record of persistent delays in negotiations and the fact that until very recently it continued the clandestine delivery of supplies to the Chinese troops in Burma raise doubt as to its sincerity.

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SOUTH ASIA

3. Comment on resignation of the prime minister of Ceylon:

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The appointment of Sir John Kotellawala to succeed Prime Minister Dudley Senanayake, who resigned on 12 October because of ill-health, will bring no major change in the policies of the government of Ceylon. The government can be expected to remain basically pro-Western in its sympathies, but because of its special problems will continue to follow an independent course in trade matters.

Kotellawala, minister of transport and works and veteran leader in parliament of the ruling United National Party, is conservative, strongly anti-Communist, and more forceful than his predecessor. Although faced with personal rivalries within his party, he will probably be able to control them and to keep it firmly in control of the government.

NEAR EAST - AFRICA

4. Zahedi feels unable to resume relations with Britain:

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Prime Minister Zahedi believes that he cannot resume diplomatic relations with Britain until an oil settlement is reached or at least until concrete steps have been taken in that direction. Zahedi told Ambassador Henderson that a resumption of relations before a settlement would be exploited by the opposition as "proof" that he was controlled by the British and the Americans.

Comment: Zahedi apparently genuinely wishes to re-establish relations with Britain. Recent statements in the Iranian press appear to be preparing the ground for public acceptance of renewed oil negotiations, but no noticeable attempt has been made to convince public opinion that diplomatic relations would make the negotiations easier.

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WESTERN EUROPE

5. Adenauer faces difficulties in Bundestag on Saar issue:

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[Redacted]

American officials in Bonn report that since the 6 September elections opposition has stiffened within the West German coalition parties to granting concessions to France on the Saar issue. The officials feel that Chancellor Adenauer can rely on the unqualified support of only about one third of the Bundestag deputies for any understanding with the French.

Within Adenauer's own Christian Democratic Union, some party leaders are demanding that any agreement be subject to revision within ten years of its coming into force and that it be reviewed whenever a peace treaty is negotiated. Some leaders of the minor coalition parties have threatened to leave the government should Adenauer go "too far" in his forthcoming talks with French foreign minister Bidault.

Comment: Bundestag opposition to concessions on the Saar is encouraged partly by a growing belief that the United States and Britain would sponsor a German army in NATO should the EDC fail as a result of a breakdown in the Saar negotiations.

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