

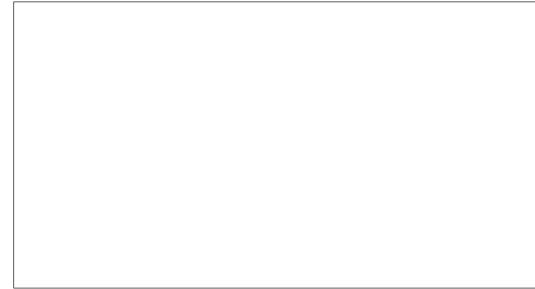
~~TOP SECRET
SECURITY INFORMATION~~

24 June 1953

[Redacted]
Copy No. 67

3.5(c)

CURRENT INTELLIGENCE BULLETIN



3.5(c)



Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



3.5(c)

~~TOP SECRET
SECURITY INFORMATION~~

~~TOP SECRET~~~~SECURITY INFORMATION~~**SUMMARY****GENERAL**

1. Italy may seek COCOM exception to export embargoed goods to USSR (page 3).
2. [Redacted]

3.3(h)(2)

SOVIET UNION

3. Comment on appointment of new Soviet ambassador to Poland (page 4).

FAR EAST

4. Comment on Rhee's 23 June "compromise" armistice proposals (page 4).

WESTERN EUROPE

5. [Redacted]

3.3(h)(2)

6. Semenov reported ready to agree to all-German elections (page 6).
 7. Riots strengthen West bargaining position on Germany (page 6).
 8. Dutch opposed to France speaking for all EDC powers at Bermuda (page 7).

* * * *

3.5(c)

~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~
SECURITY INFORMATION

GENERAL

1. Italy may seek COCOM exception to export embargoed goods to USSR:

3.3(h)(2)

According to a high official of the Italian Foreign Ministry, Italy may soon ask COCOM and Battle Act exception for the export of ships and cranes requested by the USSR in the current negotiations for renewal of the Italo-Soviet trade agreement. The Italians feel it may be necessary to include some embargoed types of these items in order to obtain "valuable raw materials" and to ensure Soviet acceptance of Italian textiles and citrus fruits.

Comment: As in negotiations with other Western European countries, the USSR is using its willingness to purchase consumer goods and to supply wheat, coal, timber, petroleum and manganese ore as bargaining levers to obtain strategic items and to weaken Western export controls.

The Italian government is under strong internal pressure to obtain more of the country's import requirements from the Soviet bloc in order to reduce the heavy deficits with the European Payments Union and the dollar area. Italy is having great difficulty in marketing its textiles and agricultural products in the West.

2.

3.3(h)(2)

- 3 -

~~TOP SECRET~~

3.5(c)

[Redacted Box] 3.3(h)(2)

SOVIET UNION

3. Comment on appointment of new Soviet ambassador to Poland:

The appointment of G. M. Popov, a former leading party figure, as ambassador to Poland probably results from a realignment of leading personalities following Stalin's death and suggests a weakening of Malenkov's influence, which would seem to have been responsible for Popov's relative obscurity during the past two years.

3.3(h)(2)

Popov's background in internal affairs contrasts sharply with that of his predecessor, a foreign affairs specialist. His assignment may signify a need to strengthen the Polish Communist Party and to supervise Poland's internal economic program.

FAR EAST

4. Comment on Rhee's 23 June "compromise" armistice proposals:

Having virtually satisfied by unilateral action his desire for the immediate release of North Korean prisoners opposing repatriation, President Rhee has now offered three "conditions" as the price for his support of an armistice. As reported by the press, these include the immediate withdrawal of Chinese Communist troops or the simultaneous withdrawal of all foreign forces, a US-South Korean mutual security pact, and a 90-day time limit on the postarmistice political conference.

- 4 -

~~TOP SECRET~~ [Redacted Box]

3.5(c)

~~SECURITY INFORMATION~~

This information confirms Rhee's continued opposition to any truce except on his terms, and his preference for continued hostilities. Rhee knows that the Communists will not accept the first and third conditions, and the second must be regarded as a further attempt to gain unconditional military guarantees from the United States.

Rhee's objective is to block a truce dividing Korea, either by proposing unacceptable conditions or by undertaking unilateral action. Technically the US has already met his demands for a military pact, substantial military and economic aid, and retention of American air and naval forces in Korea pending a South Korean build-up, after an armistice. He may now believe that his stubborn reiteration of demands for guarantees will cause the US to meet these demands prior to an armistice.

WESTERN EUROPE

5.

3.3(h)(2)

~~TOP SECRET~~

~~TOP SECRET~~
SECURITY INFORMATION

3.3(h)(2)

6. Semenov reported ready to agree to all-German elections:



Soviet ambassador Semenov reportedly wants 3.3(h)(2) an early meeting with the three Western high commissioners at which he will agree to all-German elections provided they are on a zonal

rather than a nation-wide basis. He has allegedly been instructed to cite the Potsdam agreement as the legal basis for all questions and to state that the Oder-Neisse frontier cannot be discussed before an all-German government is formed.

3.3(h)(2)

Comment: This may be a fabrication

The Bonn government could be expected to oppose the Potsdam declaration as the legal basis for any new arrangements, and to adhere to the Bundestag resolution of September 1951 that all-German elections must be on the basis of a single electoral district covering the whole country. In any event, a Soviet approach along the lines of this report would put Adenauer in an embarrassing position.

7. Riots strengthen West bargaining position on Germany:



American authorities in Berlin believe that 3.3(h)(2) the East German riots have placed the West, at least temporarily, in a better bargaining position with the Soviet Union on the German

unity question. They point out that the newly demonstrated weakness of the Communist government in East Germany would increase the risks to the USSR of any unification plan that would lessen Soviet control there.

~~TOP SECRET~~

~~TOP SECRET~~

SECURITY INFORMATION

The disturbances have presented the USSR with a difficult dilemma. Any reversal of the recent concessions would destroy whatever propaganda advantage was gained by them and increase popular resentment in the Soviet zone. An extension of the concessions might be taken as a sign of weakness that would lead to further East German demands which the Soviet Union would be unable to grant.

8. Dutch opposed to France speaking for all EDC powers at Bermuda:

3.3(h)(2)

An expected proposal from Italian premier De Gasperi to empower the French representative at the forthcoming Bermuda talks to act as spokesman for the EDC powers will be strongly opposed by the Netherlands, according to a high Dutch Foreign Ministry official. The six EDC nations differ on many questions that might be considered at the conference, and the Netherlands would prefer to convey its views on conference topics through diplomatic channels.

Comment: The Netherlands has often indicated mistrust of French leadership on the Continent.

When the Bermuda conference was first announced, Dutch officials expressed the hope that NATO countries concerned with decisions to be taken there would be consulted beforehand on their views.

- 7 -

~~TOP SECRET~~

3.5(c)