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SECURITY INFORMATION

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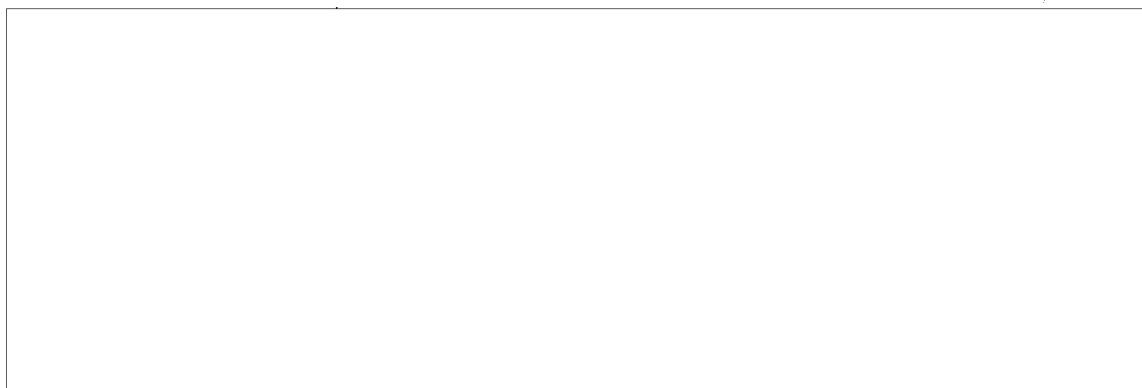
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GENERAL

1. Comment on Asian attendance at Moscow Economic Conference:

The interest which the Moscow Economic Conference holds for underdeveloped countries is revealed

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An influential Iranian delegation, which includes the son-in-law of Mossadeq and an Iranian of avowedly pro-American sympathies, reportedly will attend the conference with the government's "blessing."

A Burmese delegation composed of both extreme rightists and fellow-travelers is on its way to Moscow. Burma's chief rice trader is a member. During a stop-over in Rangoon a spokesman referred to the "foreign trade" mission of the delegation.

The Indonesian Government rejected a suggestion to subsidize seven delegates to the conference, and the Indonesian participants will proceed to Moscow on an individual basis but with governmental encouragement.

FAR EAST

2. North Korean Army unit disproves police report of BW incident:

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[redacted] a civilian police officer had discovered [redacted] an American bacteria bomb. The policeman's findings apparently were based on the coincidence of a UN bombing attack and the appearance of "flies" in the area.

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A North Korean military sanitation officer, sent to affirm this incident, reported that the policeman's report was false and that the flies "were not caused from the bacterial weapon but from the fertilizers on the place."

Comment: This is the first observed instance in which a Communist unit has investigated and entered a negative report on an alleged American use of BW agents.

SOUTH ASIA

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3. Soviet Union interested in French plans to exploit Afghan oil:

[Redacted] Early in March the Soviet Ambassador in Kabul initiated with the French Ambassador a discussion of French plans to obtain an oil drilling concession in northern Afghanistan. The Soviet Ambassador pointed out the practical difficulties in operation and transportation which would be faced by Western concessionaires, and remarked that the USSR could exploit Afghan oil fields with much greater ease.

He also indicated that the USSR was closely following the progress of the Afghan oil question and that it had political as well as economic aspects of the problem in mind. The French Ambassador, apparently worried by the Soviet approach, urged in two cables that his government reconsider the advisability of undertaking oil drilling operations in northern Afghanistan.

Comment: Heretofore, the USSR has displayed its interest in the Afghan oil question merely by its propaganda output, accusing Western "imperialists" of infiltrating the Afghan economic system and of conducting intelligence activities along the Soviet frontier. The Afghan oil deposits are adjacent to the Russian border.

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The present Soviet move is likely to lessen the French desire to obtain an Afghan oil concession. It may also lead to a repetition of the British "go-slow" advice, tendered to the United States in mid-1951. Plans for oil exploitation by two American and one French company are under Afghan consideration. Russian pressure might eventually convince the Afghan Government that development of its oil resources near the Soviet border would be an unwise political move.

NEAR EAST - AFRICA

4. Syria plans dissolution of political parties and restrictions on Western business:

Syrian Army Chief of Staff Shishakli intends to dissolve all Syrian political parties and to stop publication of all but two of Syria's newspapers by 31 March,

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In addition, the American Minister in Beirut reports that the Syrian Government plans to require all "foreign concessions" to be operated by Syrian-organized companies with a majority of Syrian directors.

Comment: There are approximately thirty daily newspapers in Syria. The reported restrictions would supplement measures recently adopted by the military regime in Damascus to eliminate domestic opposition.

5. Egyptian Cabinet will not contest elections unless agreement with Britain is reached:

Prime Minister Hilali's cabinet has decided that, in the absence of an agreement with Britain, it will not contest the 18 May Egyptian elections and will resign immediately thereafter. The

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Egyptian Foreign Minister has stated, however, that in the event of an agreement, Hilali will stay in the elections and attempt to secure popular approval.

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Comment: There have been conflicting reports on the intentions of the Hilali cabinet in the event the Anglo-Egyptian negotiations should fail. The weight of evidence suggests that the government will resign in this eventuality and let the Wafd return to power, although British officials believe that this apparent readiness to resign may be a form of blackmail.

6. Arab pressure for UN discussion of Tunisian problems increases:

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The French Foreign Office informed the Resident General in Tunisia on 22 March that the Pakistani representative on the UN Security Council had urged that France and Tunisia come to an agreement as soon as possible, since he was under continuous pressure from other members of the Arab-Asian bloc to present the Tunisian case for Council discussion.

Comment: Reimposition of censorship and the arrest on 25 March of Tunisian Prime Minister Chenik and three of his Ministers, including the Bey's son-in-law, will undoubtedly lessen the chances of successful negotiation of the recent French offer of a reform program and increase the pressure for Security Council action. The measures may also cause reconsideration of the problem by various Security Council members such as Turkey, Greece, the Netherlands and Brazil, whose tentative support of France has been revealed in French diplomatic communications.

EASTERN EUROPE

7. Thirty percent of Yugoslav combat officers reported pro-Cominform:

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superiors that thirty percent of the officers in combat units are pro-Cominform. The general reportedly recommended that increased attention be given to political and ideological orientation lectures for officers.

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Comment: Ten or twelve army colonels were arrested in Macedonia last November for allegedly holding anti-Western views. Moreover, a generally reliable source reported in February that all Yugoslav army officers known to have Cominform sympathies were being arrested and tried in complete secrecy.

Although pro-Soviet sentiment or opportunism in the army may be greater than generally estimated, informed Western observers believe that the Yugoslav Army on the whole is loyal to the Tito regime.

WESTERN EUROPE

8. Italian Foreign Office fears effects of the Trieste situation on the government's stability:

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A high official of the Italian Foreign Office believes that the Trieste situation could have "most grave consequences" for the West as a whole and the Italian Government in particular.

He states that unless the British make "some gesture" in Trieste, the De Gasperi government may have to make further anti-British moves in order to avoid collapse.

Both the American and British Embassies in Rome are convinced that Premier de Gasperi is facing a real parliamentary crisis which will force him to take a strong stand in order to save his government.

Comment: The Italians are undoubtedly using the threat of a cabinet crisis to wring concessions from the Western powers on Trieste. There is little likelihood of the government falling on the Trieste issue, although its foreign policy may be subjected to a heated parliamentary debate.

On the other hand, the rising tide of nationalism throughout the country may threaten Italy's close collaboration with the West in NATO, as well as in the Schuman Plan, which has not yet been approved by the lower house.

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