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SECURITY INFORMATION

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GENERAL

1. Italy seeks support for its position on East-West trade:

[redacted] Italy is seeking French support for its contention that the Coordinating Committee in Paris should make all decisions concerning East-West trade and that the United States should not do so unilaterally.

3.3(h)(2)

The Italian Foreign Office, [redacted] believes that since passage of the Battle Bill, American representatives seem to have received instructions to intervene directly in Italian shipments to Soviet-bloc countries. The American action is regarded as "proconsular" and as causing unnecessary hardship and legal complications on contracts placed before the prohibitions were made effective.

3.3(h)(2)

Comment: The American Ambassador in Rome also recently reported Italian objections to unilateral approaches by US officials on this problem. There is evidence that some Soviet bloc countries anticipated the Battle Bill's enactment by placing a number of orders in Italy for restricted items prior to the bill's passage.

USSR

2. Comment on Soviet press treatment of Malik war statement:

Soviet press accounts of Malik's speech before the United Nations on 2 February omitted his extemporaneous statement that "World War III has already begun." Pravda used only a Paris TASS account that the net result of the discussion was the "conclusive proof" that the United States plans a third world war. Radio Moscow broadcast this account to foreign but not to internal audiences.

The careful handling of this statement indicates that Moscow still does not wish seriously to alarm the Soviet people.

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FAR EAST

3. Chinese rice crop failure reduces exports to East Germany:

[Redacted]

3.3(h)(2)

Comment: No figures on the total volume of Peiping's exports of rice to East Germany are yet available.

[Redacted]

3.3(h)(2)

based on incomplete figures that Communist China's rice crop in 1951 was slightly less than in 1950 and eight percent below the average harvest of the period 1931-37. However, the total production of food in 1951 reportedly did not differ greatly from that in 1950.

4. Chinese imports of Soviet oil continue at high level:

[Redacted]

The All-Union Association for Petroleum Products in Moscow requested Peiping in December to extend an existing letter of credit up to 10 February and increase it by ten million rubles, and to open another for 20 million.

3.3(h)(2)

Comment: Thirty million rubles would purchase approximately 170,000 tons of oil. During the latter half of 1951 the USSR shipped an estimated 100,000 tons of oil monthly to China. The above letters of credit indicate that shipments are continuing at this high level thus far in 1952; previous intercepts revealed that four Soviet tankers carrying over 40,000 tons of oil were en route to China in January.

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~~TOP SECRET~~**5. French review recent Viet Minh operations:**

[redacted] in
 a review of Viet Minh operations since 1 December, report that the enemy is maintaining good morale despite heavy casualties and a high disease rate. They emphasize the improvement in Viet Minh staff work and estimate that a new system of rotation of front line units will enable the insurgents to maintain their current pressure on the French defense perimeter in Tonkin until the end of February. At that time, they believe, the enemy's front line ammunition will be exhausted.

3.3(h)(2)

Meanwhile, there is continuing heavy infiltration of the northern and southern zones of the delta by enemy units not engaged in the frontal operations.

NEAR EAST - AFRICA**6. American officials report on Sudan question:**

[redacted] Two American diplomatic observers, who recently returned to Cairo from Khartoum, state that unification of the Sudan under the "symbolic crown" of Egypt would be unpopular in certain areas of the Sudan and would probably cause disturbances in the main Sudanese towns. The intensity of any reaction would depend largely on the attitude taken by the British-controlled government in Khartoum. They point out that the police and defense forces in the Sudan are well organized and seem capable, if given the proper orders, of controlling such outbreaks.

3.3(h)(2)

The two observers believe that a symbolic union under the Egyptian crown would be more palatable to the Sudanese if a definite date were set for an internationally supervised plebiscite.

The American Ambassador in Cairo states that, on the basis of the observers' report and the moderate attitude of the Egyptian Prime Minister, it is "important to push ahead" to a solution of the Sudan question.

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