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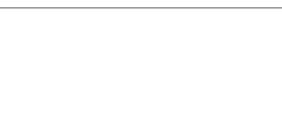
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GENERAL

1. East Germans to ask at Geneva for new European conference:

[Redacted box]

the presidium of the East German Council of Ministers in late February ordered Foreign Minister Bolz to prepare a memorandum for submission to "the five powers" near the end of the Geneva conference which would demand a new conference on European matters with East and West Germany participating. Bolz will claim that a precedent has been set by the admission to Geneva of North and South Korea as official participants or even as unofficial "third parties."

Comment: The submission of such a memorandum would be consistent both with East Germany's new "sovereignty" and with the recent Soviet agitation for talks on European security. A report that Bolz is in Moscow, presumably for consultation, has lent credibility by his absence since 11 March from official functions in Berlin.

2. USSR reportedly urges Afghanistan to accept military aid:

Foreign Minister Naim has stated that the Soviet ambassador has called on him "practically every other day" since the announcement of the Turkish-Pakistani agreement, and has pressed the Afghan government to accept Soviet technical and military aid, according to the UN technical assistance mission representative. Naim added that he had delayed replying to the Soviet ambassador, but felt that the time for stalling was running out.

Comment: The Soviet Union had previously pressed Afghanistan to accept economic and technical aid, but this is the first report of a Russian offer of military assistance. Up to now the USSR has not granted military aid to any non-Orbit country. This offer, if it has in fact been made, would suggest that Moscow is especially concerned over the possibility of Afghanistan's participation in military planning under Western aegis.

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Afghanistan has indicated that it would like to join the Turkish-Pakistani defense pact, or a similar arrangement, if its Pushtoonistan dispute with Pakistan were settled. It is unlikely that Afghanistan will accept Soviet military aid as long as it has any hope of Western support.

SOVIET UNION

3. Soviet secret police apparatus possibly re-created as independent government organ:



[redacted] the old Ministry of State Security (MGB) may have been re-established as an organ of the Soviet government separate from the Ministry of Internal Affairs (MVD).

Comment: The abolition of the MGB and the assumption of its functions by the MVD in March 1953 apparently was a part of the effort of Beria, then MVD chief, to expand his authority after Stalin's death. At the same time the new MVD relinquished its economic functions. [redacted]

[redacted] forced labor and other economic functions had been or were being returned to the MVD, uniting the state security and forced labor organizations in a single government organ.

The present separation of the state security organization from the MVD, rather than denoting a new emphasis on the coercive apparatus, would appear to be a logical measure designed to promote administrative efficiency and avoid concentrating too much power in one ministry. A new state security organization would probably include at least the militia, the secret police, and the espionage organs of the old MGB.

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FAR EAST

4. Another jet fighter division apparently transferred to Shanghai area:

Comment: The transfer probably involved a Chinese Communist jet fighter unit based originally in southeast Manchuria. This unit may well have been an unidentified MIG-15 unit of division strength which has not been reported active at its base at Antung since mid-March.

The transfer of a division of about 50 MIG-15's would bring to three the total number of Chinese Communist jet fighter divisions based in the Shanghai and Hangchow area. Total strength of all types in this vicinity, site of the largest concentration of aircraft in China proper, would be increased to approximately 250. The expected dispersal of some of these aircraft to bases along China's unprotected coast between Hangchow and Canton must await renovation or construction of airfields.

SOUTHEAST ASIA

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6. Crisis at Dien Bien Phu may be past:

~~CRISIS NOW APPEARS PAST.~~ According to the American army attaché in Saigon, the French believe that the arrival of a parachute battalion to reinforce Dien Bien Phu during the past few days has improved the French defense to a point that the ~~CRISIS NOW APPEARS PAST.~~ The French estimate that the Viet Minh does not have the short-range capability of taking Dien Bien Phu. However, several days of bad weather preventing supply drops would again make the French position dangerous.

The attaché says that the inability of the French air force to neutralize Viet Minh field and antiaircraft artillery, whose location and effectiveness remain of primary importance to the situation, is difficult to understand. So long as enemy fire denies use of the airstrips, the French will have to rely on airdrops, and the rotation of troops and evacuation of wounded will remain serious problems.

7. Thai ambassador urges support of Dulles' united action proposal:

Comment: A guarantee of American intervention in case of attack has been a primary objective of Thai foreign policy since the war. It is therefore probable that the Thai ambassador's recommendation will be accepted.

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NEAR EAST - AFRICA

8. Saudi Arabia may press ARAMCO to relinquish Trucial oil rights:

Ambassador Wadsworth in Jidda reports that Saudi Arabia may bring pressure to bear on the Arabian-American Oil Company (ARAMCO) to relinquish its concessionary rights in the disputed Trucial coast area on the Persian Gulf. The Saudis apparently hope to obtain political sovereignty over most of this territory in return for transferring the oil rights to the British-controlled Iraqi Petroleum Company or to the Anglo-Iranian Oil Company.

Wadsworth and ARAMCO representatives are concerned over recent anti-American statements made by King Saud and other high Saudi officials, as well as over reportedly widespread Saudi opinion favoring a British oil concession. ARAMCO has stated that it will not voluntarily surrender any concessionary rights and has requested the British oil companies to cease their activities in the disputed area.

Comment: The Saudi Arabian government has previously indicated to ARAMCO that it wanted to cut down the size of the concessions. By establishing a rival British concession inside their frontier, the Saudis hope to achieve larger revenues by playing the companies off against each other.

WESTERN EUROPE

9. Italy may exploit deteriorating Trieste situation:

American political adviser Higgs fears that the deteriorating Italian position in Trieste may lead the Italian government to bring pressure on the United States and Great Britain in an effort to obtain concessions.

Higgs reports that the "Italian cause" in Trieste has never been so low. He estimates that 90 percent of the Trieste populace fully approved the resignation of Italian political

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adviser de Castro on 2 April and its implied criticism of Italian officials. He adds that the Communists, relying on the present situation, are taking more initiative in agitating among labor groups and on other matters.

Ambassador Luce reports that a public campaign in Italy on the Trieste question may be expected in view of the continuing publicity on De Castro's resignation.

Comment: Any pressure by Italy would probably be designed to get immediate implementation of the 8 October declaration.

10. British rumored preparing to pull out of Trieste:

[redacted] Britain has decided for financial reasons to pull its forces out of Trieste and turn over its responsibilities there to the United States, according to rumors current among British officers and others in Trieste.

The American political adviser in Trieste notes that Commander Winterton of Zone A was unusually preoccupied and uncommunicative before leaving for London recently. The British political adviser has been almost totally indifferent of late to Trieste problems.

Comment: Britain has long wished to withdraw from Trieste, partly because of the military expense, and also because of the political abuse heaped on the British element by the Italians and Yugoslavs. Britain reduced its forces in Austria last fall with little more than a gesture toward consulting its allies.

Britain's withdrawal would leave the United States with full responsibility for Zone A affairs and would almost certainly result in increased Italian pressure for full implementation of the Anglo-American declaration of 8 October.

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