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SECURITY INFORMATION

5 February 1952



3.5(c)

Copy No. 49

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 46

NO CHANGE IN CLASS.

1: DECLASSIFIED

CLASS. CHANGED TO: TS S C

NEXT REVIEW DATE: 2609

AUTH: HR 70-2

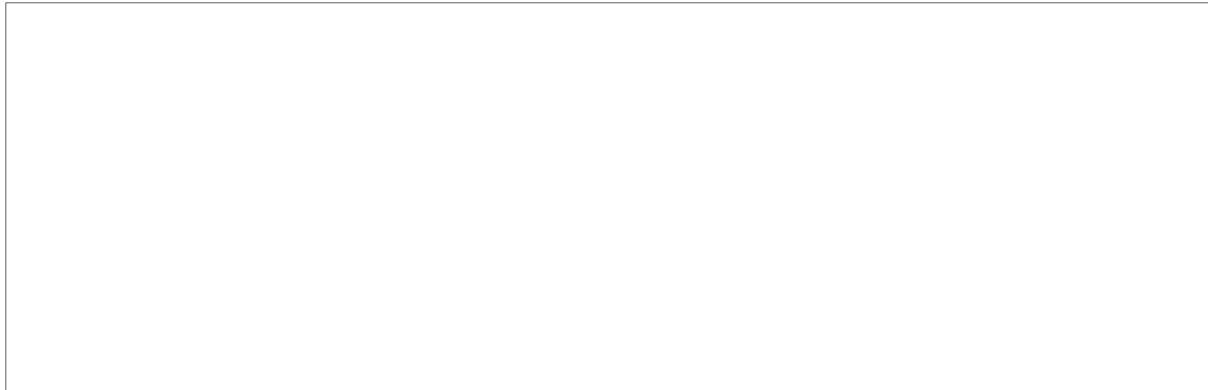
DATE 12-16-73 REVIEWER: A rectangular box with a black border, used for redaction.



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SOUTH ASIA

1. Bank of Ceylon finances rubber shipment to China:

The Bank of Ceylon has opened a credit to cover the shipment to China of 1,200 tons of rubber on the Russian ship Nicolaev, now in Colombo harbor. Additional credits are expected momentarily, and Colombo circles believe the ship may load up to 2,000 tons.

3.3(h)(2)

Comment: With other producing areas banning the export of rubber to China, Ceylon is now the only legitimate source available to the Chinese Communists. They have had difficulty in finding shipping space for transporting rubber from Ceylon; the only recent shipments have been one of 5,500 tons last October and one of 450 tons in January.

NEAR EAST - AFRICA

2. Hungarian-Iranian trade agreement may include aviation-type oil:

The Hungarian Foreign Ministry on 18 January instructed its trade representative in Tehran to include 3,000 tons of aviation-type lubricating oil in the trade agreement being negotiated between the two countries.

3.3(h)(2)

The lubricating oil, as well as 50,000 tons of boiler fuel and 5,000 tons of crude, was to be included in a supplement to the barter agreement.

Comment: The Hungarian Minister in Tehran had told Ambassador Henderson that Hungary was interested in buying oil for agricultural use. The small amount of crude mentioned suggests that Hungary is interested in promoting Iranian intransigence in the oil dispute rather than in buying large quantities of oil. Boiler fuel is presumably included as a concession to the Iranians, who would manufacture this fuel as a by-product of normal operations, since the Soviet bloc is not believed in need of this type of oil.

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~~TOP SECRET~~**3. Former Syrian President reportedly plans coup:**

[redacted]

Former Syrian President Quwwatli and ex-Prime Minister Mardam arrived in Beirut, some 40 miles from the Syrian frontier, on 1 February to confer with their supporters on plans to depose Lieutenant Colonel Shishakli and regain power in Syria.

3.3(h)(2)

Simultaneously, six army officers, reportedly Quwwatli's supporters, were arrested in Syria.

Comment: President Quwwatli, able and friendly toward the US, was deposed by the first army coup in April 1949 and has been living in exile in Cairo. He retains considerable popular following in Syria and has Egyptian and Saudi Arabian support. In view of Shishakli's tight control in Syria, his assassination would probably be necessary before any independent government took over.

4. Wafd Party may hamper Anglo-Egyptian negotiations:

[redacted]

The Secretary General of the Wafd Party has informed Egyptian Prime Minister Ali Maher that the Wafdist "must be more intransigent" on the question of negotiations with Britain than they were when they were in power. He indicated his doubt, therefore, that Wafd participation in the National Front Committee would be of any aid to the present cabinet.

3.3(h)(2)

The American Ambassador in Cairo states that despite this warning the Prime Minister still wishes to form the National Front Committee, which is to backstop the government in any discussions with Britain. The Ambassador fears that the selection of former Foreign Minister Salaheddin as a Wafd representative on the committee "bodes not good."

Comment: Implementation of the Wafd Party threat to become a strong opposition would endanger the existence of the present government as well as the success of any Anglo - Egyptian discussions.

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EASTERN EUROPE

5. Britain proposes end to tripartite approach on aid to Yugoslavia:

The British Ambassador in Belgrade has offered to accept the higher American figure for financial aid to Yugoslavia for the first six months of this year in return for assurances that the tripartite method of approach will be changed after 1 July. Stressing Britain's domestic financial difficulties, the Ambassador argued that his government had wished to keep the current aid level low to avoid setting a precedent for the next fiscal year.

3.3(h)(2)

Commenting on the sharp change in the British position, US Ambassador Allen notes that previous British objections were based on charges that the Yugoslavs were misrepresenting their economic situation.

WESTERN EUROPE

6. French air build-up endangered by pilot shortage:

The French Air Force expansion program may collapse because of the shortage of trained pilots unless American physical standards are lowered to enable academically qualified French students to receive training in the United States. Of the 172 cadets scheduled to come to the US at the end of February, only 50 are expected to meet physical and language requirements.

3.3(h)(2)

Comment: The French Air Force has less than 3,000 pilots, and French pilot schools, which have been handicapped by a shortage of qualified training personnel, have been planning on graduating only 320 pilots a year.

According to official NATO estimates, pilot training is not expected to affect the over-all NATO air build-up for 1952, but a deficiency in training this year can have very serious effects on the continuing build-up in 1953 and 1954.

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~~TOP SECRET~~**7. American defense orders fall short of Italy's expectations:**

[Redacted]

The Italian Government is becoming highly skeptical of US promises to place contracts for war materiel in Italy. The slowness of negotiations and the United States plan to let only 500 million dollars worth of such contracts in all of Europe lead Italy to feel that any orders it receives will not help much in reducing its dollar deficit. Another factor is the report that the United States will order no vehicles, which represent 40 percent of Italy's potential contribution.

3.3(h)(2)

Comment: Neutralists and opposition elements will be quick to seize upon this development to attack the foreign policy of the De Gasperi government in the impending municipal campaigns. The Italian Government had hoped that 500 million dollars worth of contracts would be let in Italy alone.

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