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SECURITY INFORMATION

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CENTRAL INTELLIGENCE AGENCY

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~~TOP SECRET~~
SECURITY INFORMATION

~~TOP SECRET~~**S U M M A R Y****GENERAL**

1. Comment on Soviet position at UN disarmament talks (page 3).

FAR EAST

3.3(h)(2)

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4. Chinese Communist forces on Indochina border may total 290,000 (page 4).

NEAR EAST

5. Saudi Arabian Finance Minister harasses Arabian American Oil Company (page 5).

EASTERN EUROPE

3.3(h)(2)

WESTERN EUROPE

7. West Germans still reluctant to stop all shipments to East Germany (page 7).

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3.5(c)

- 2 -

~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~

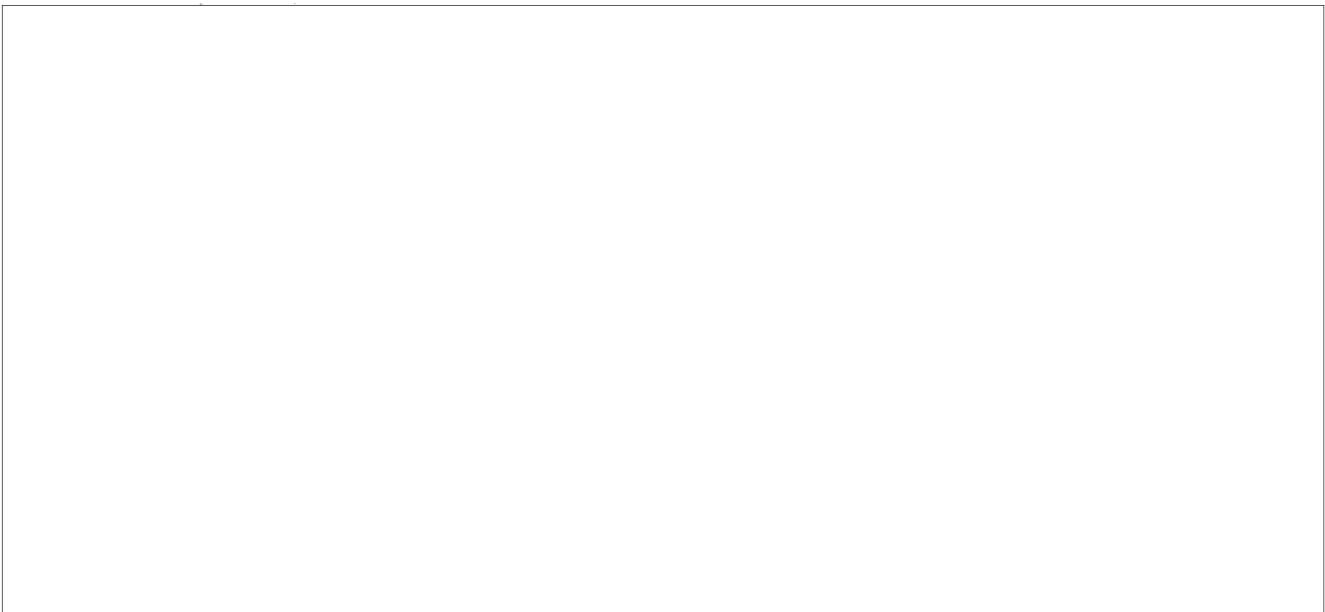
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GENERAL**1. Comment on Soviet position at UN disarmament talks:**

At the big-power disarmament talks at the UN General Assembly the USSR is evidently seeking an immediate ban on the atomic bomb in exchange for the questionable possibility of a later control agreement covering the entire atomic energy and armaments fields. Once the West agreed to such a ban, the Soviet Union would probably have little interest in arriving at an agreement on control of atomic energy, since the West would already be morally committed not to produce or use the bomb.

The USSR also continues to seek agreement in principle on a one-third reduction of conventional armaments and armed forces of the Big Five. Acceptance of this principle would tend to hinder the build-up of NATO defense without providing any mechanism for reducing Soviet and Satellite armed forces, and without taking into account the existing level and type of armaments.

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FAR EAST~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~

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4. Chinese Communist forces on Indochina border may total 290,000:

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A [redacted] study, regarded as probably accurate [redacted] estimates that there are up to 290,000 Chinese

3.3(h)(2)

- 4 -

~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~

3.5(c)

Communist troops near the Indochina border. Of these forces -- disposed in Kwangsi, Yunnan, Kwangtung Provinces and on Hainan Island -- the study considers the presence of 150,000 as confirmed, 65,000 as probable, and 75,000 as possible.

Comment: The presence of at least 150,000 Chinese Communist troops on the Indochina frontier -- the number estimated to be necessary for internal security purposes -- has been accepted for several months. Additional forces, totaling between 50,000 and 150,000 troops, have reportedly been moving into this area in recent weeks, but there is no reliable evidence of a Chinese Communist intention to invade Indochina at this time.

3.3(h)(2)

NEAR EAST

5. Saudi Arabian Finance Minister harasses Arabian American Oil Company:

[Redacted]

The Saudi Arabian Finance Minister appears to be deliberately creating serious difficulties for the Arabian American Oil Company. His tactics include a 4 December order prohibiting the company from shipping oil out of Saudi Arabia. He has also reportedly been talking to his subordinates about breaking up ARAMCO into smaller units and nationalizing Saudi Arabian oil.

The Finance Minister may be trying to make the company more pliable for his future financial demands, or he may be preparing to attack its oil concession.

The US Ambassador feels that while there is no evidence that a major showdown is coming in Saudi Arabia, there are some ominous portents of trouble.

Comment: [Redacted]

3.5(c)

[Redacted] he continues to enjoy the confidence of King Ibn Saud. He

- 5 -

~~TOP SECRET~~

3.5(c)

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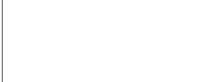
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can be expected to attempt to squeeze more money out of ARAMCO, at the same time keeping a close eye on Iranian oil nationalization developments.

In view of the strength of his enemies the Finance Minister's tenure of office would seem to be limited strictly by the life of the aged and ailing King.

EASTERN EUROPE

3.3(h)(2)


- 6 -~~TOP SECRET~~ 

3.5(c)

~~TOP SECRET~~

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WESTERN EUROPE

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7. West Germans still reluctant to stop all shipments to East Germany:

West German officials, under considerable pressure from local business interests, are unwilling to suspend trade with East Germany despite their earlier agreement to do so if

Soviet harassing of Berlin trade continued. Because the French and British are satisfied to let the matter "simmer," some interzonal trade still continues.

US High Commissioner McCloy recommends that representations be made in London and Paris aimed at stopping all interzonal trade until the Berlin situation improves.

Comment: Soviet interference with Berlin trade is continuing, although to a lesser degree since the signing of the latest interzonal trade pact in mid-September. Britain and France have not yet accepted the US position that shipments to East Germany must be stopped completely if the Russians are to be forced to cease their harassing tactics.

~~TOP SECRET~~

3.5(c)