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~~TOP SECRET~~

~~TOP SECRET~~**S U M M A R Y****SOVIET UNION**

1. Bohlen sees possible threat to Khrushchev's position (page 3).

SOUTHEAST ASIA

2. Navarre more optimistic about Dien Bien Phu (page 3).

NEAR EAST - AFRICA

3. Iranian oil consortium agreement again threatened by compensation question (page 4).
4. [Redacted]

WESTERN EUROPE

5. French EDC debate seen delayed (page 5).

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SOVIET UNION

1. Bohlen sees possible threat to Khrushchev's position:

Ambassador Bohlen observes that the "continued agricultural shortcomings" revealed in Khrushchev's 23 February report to the central committee may create a threat to his position. The report, made public on 21 March, blueprinted a grain expansion program apparently "based on new or more accurate data" than were available in September.

Bohlen notes that Khrushchev must, in the long run, accept the responsibility for the agricultural program. The ambassador points out that Khrushchev, in his sharp criticism of subordinates, may be attempting "to unload on others as much responsibility for the situation as possible."

Comment: By belatedly adding a grain acreage expansion scheme to the objectives set last autumn, the Soviet leaders increased the strains on their already ambitious program, and may well have opened up further possibilities for dissension within the hierarchy.

Assignments of priorities and equipment under the autumn plan were presumably based on the estimate that the grain situation was relatively satisfactory. The new plan requires the diversion of quantities of equipment and manpower earlier earmarked for other sectors of the Soviet economy.

SOUTHEAST ASIA

2. Navarre more optimistic about Dien Bien Phu:

General Navarre is definitely more optimistic about holding Dien Bien Phu than a week ago, according to Commissioner Dejean. Ambassador Heath reports that the French commander is gratified by the American permission to use C-119's for bombing. Navarre believes that massive napalm attacks on Viet Minh positions would destroy forest cover and cause heavy personnel losses and some destruction of artillery.

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[redacted] the Chinese Communists are stepping up their supply of artillery ammunition to the Viet Minh, particularly for 105's, and that 4,000 shells had arrived on 22 March, by way of Laichau. The French also have information that Viet Minh reinforcements are being sent to Dien Bien Phu, but believe that it will be ten days before they arrive.

NEAR EAST - AFRICA

3. Iranian oil consortium agreement again threatened by compensation question:

[redacted] The Anglo-Iranian Oil Company holds that its acceptance of the one billion dollar offer of the other participants for their shares in the oil consortium is contingent on payment of \$280,000,000 compensation by Iran.

The American companies are reluctant to commit themselves to such a deal without knowing whether the United States government would support it. They prefer to risk jeopardizing the entire negotiations now rather than to find themselves in an "impossible situation" later.

Herbert Hoover, Jr., feels the United States cannot support the British claim for \$280,000,000 compensation from Iran. He plans to request the British government to reconsider the necessity for any direct compensation to AIOC.

Comment: AIOC's agreement to the one billion dollar offer was originally conditional on the United States' and Britain's setting a figure for Iranian compensation payment which would be satisfactory to the company. The British government has stated that the final arrangements with Iran must include a direct compensation payment to deter other countries from nationalizing their oil industries.

If this latest proposal were submitted to Iran it would almost certainly be rejected.

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WESTERN EUROPE

5. French EDC debate seen delayed:

Guy Mollet, secretary general of the French Socialist Party, told Ambassador Bruce [redacted] that the French government "had already made it apparent" that it does not intend a debate before Easter.

The British Foreign Office believes that a pre-Geneva debate on EDC is highly unlikely in France, that ratification probably could not be obtained during the Geneva talks, and that a post-Geneva debate would face a new and probably worsened situation.

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Comment: Opening of the EDC debate before the Geneva conference becomes less likely with the passage of each day. If French preconditions have not been met by the end of next week, the debate will probably be postponed indefinitely.

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