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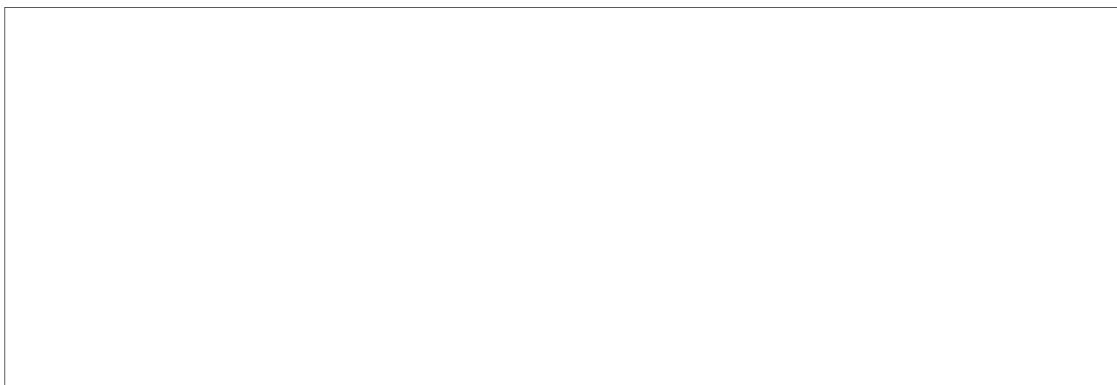
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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USSR

1. Arbitrary recomputation of Soviet factory output indicated: 3.3(h)(2)

[redacted]

1951, the Irkutsk heavy machine building plant, which had evidently failed to meet its November plan by a considerable margin, was ordered by its Ministry in Moscow to recompute its output data in order to show that the plan had been fulfilled. The Moscow official added, "Send a supplementary telegram stating that gross output is 100 percent and later we will somehow readjust it on the balance sheet."

3.3(h)(2)

[redacted]
the plant was again ordered to cover up its failure to fulfill the December plan.

3.3(h)(2)

Comment: This is the first appearance in [redacted] of deliberate falsification of plan figures, 3.3(h)(2) although defectors have often reported that this practice is not uncommon. The Irkutsk plant is a key installation in the manufacture of metallurgical machinery.

SOUTH ASIA

2. Pakistani Foreign Minister promotes Moslem bloc:

3.3(h)(2)

[redacted]
During a recent tour of the Near East, Pakistani Foreign Minister Zafrullah Khan discussed with the governments of Egypt, Turkey, Syria, and Lebanon the idea of periodic consultations on questions of mutual interest. According to the Pakistani Foreign Ministry, the reaction was uniformly favorable, and Zafrullah Khan will now draft the procedure to be observed by participating states. The Pakistani Foreign Minister envisages similar approaches to other Moslem governments.

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Comment: Pakistan has long been interested in achieving a prominent position in the Moslem world. To further this aim, it recently agreed to sponsor the Tunisian case before the UN Security Council.

While there is little basis on which a genuinely permanent Moslem league can be established, a temporary working arrangement among Near Eastern and other Asian powers has already occurred on several occasions. The effort of an eloquent spokesman such as Zafrullah may soon result in a highly articulate bloc in the United Nations.

NEAR EAST - AFRICA

3. Mossadeq does not intend to renew American Military Mission contract:

[Redacted] There is "no possibility whatsoever" that any member of the Iranian Government will give written authorization for a renewal of the US Army Mission contract, Prime Minister Mossadeq

told Ambassador Henderson on 3 March. Mossadeq suggested that the mission might remain for a few months, however, until a new Majlis had been formed and the oil problem settled, at which time Iran could "dispassionately consider" the advisability of retaining the mission.

The Ambassador thinks that Mossadeq is personally hostile to the concept of an army mission and that only the urgings of the Shah and certain of his military and political advisers induced him to suggest that the mission remain until a Majlis decision could be reached.

Comment: Mossadeq's refusal to renew the army mission contract, which expires on 20 March, was foreshadowed in late December 1951 when his adamant stand against giving Mutual Security Act assurances resulted in the cessation of US military aid.

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Mossadeq is firmly opposed not only to foreign missions but also to a strong, independent Iranian Army. Without a contract, the US Army Mission would be subject to any restrictions Mossadeq might choose to impose; its effectiveness would diminish and an important channel of American influence would gradually be closed.

4. Lebanese Prime Minister expresses reliance on France:

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[redacted] Lebanese Prime Minister Sami Solh, who took office early in February, has told the French [redacted] that he intends to rely strongly upon France. Solh stated his determination to encourage French capital and urged that France cooperate by not discouraging French investments in Lebanon.

Comment: The Prime Minister's statements indicate the success France has achieved since World War II in strengthening its relations with Lebanon as well as with Syria.

In addition to the Prime Minister, the President and other Lebanese officials have close connections with private French economic interests.

WESTERN EUROPE

5. Completion of Berlin canal by-pass reportedly delayed:

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[redacted] The completion date for East Germany's high-priority project for bypassing West Berlin by canal, [redacted]

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[redacted] has been postponed from May to September or October of this year. High water and a shortage of floating dredges are hampering construction.

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Comment: The by-pass project, reportedly employing 6,000 workers, is designed to increase Soviet harassing capabilities in Berlin by removing one of the main sources of Allied retaliation, the ability to halt or delay Soviet and East German barges passing through West Berlin.

6. Chances for French-German understanding on Saar impaired:

3.3(h)(2)

The German complaint to the Council of Europe regarding the Saar has brought a threat from French Foreign Office officials to release a long record of German interference in the area.

France is now convinced that the Federal Republic is not really interested in a European solution but has the ultimate objective of full reintegration of the Saar into Germany. The French Foreign Office has discarded the idea of any interim solution of the Saar problem.

Comment: The Germans have asked the Council of Europe to induce the Saar Government to grant freedom of political action to its people. When Chancellor Adenauer and Foreign Minister Schuman discussed the Saar issue in London last month they succeeded only in separating it momentarily from the European defense problem.

Prospects for a bilateral understanding at the Council of Europe Ministers meeting in Paris on 19 March could be seriously impaired by agitation from either side.

7. France takes steps to limit use of American military depots:

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The question of the use of atomic weapons by American forces in France has just been raised for the first time by the French Foreign Office, which is attempting to restrict the use of specific depot sites to conventional type ammunition. The US Military Facilities Negotiating Group interprets this step as a French effort to ensure that no atomic weapons will be introduced into France without prior US-French consultation.

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Comment: The French Government has become increasingly sensitive over its domestic prestige as plans for US military installations in France have materialized.

Recent reports indicate that French civilians are becoming aware that military installations in their vicinity constitute a hazard as well as a protection, and the French Government is probably anxious to forestall Communist propaganda exploitation of such sentiment.

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