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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SUMMARY

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NEAR EAST

6. USSR is sending planes and men to combat locusts in Iran (page 6). $\forall \leq 5$ R IRAN

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8. US Embassy foresees possibility of Czech-US Diplomatic break CEEP 1 (page 7).

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9. US to consult Italy on aid to Yugoslavia (page 8). US, 19AVY, 4000 10. Madrid demonstration meets with partial success (page 9). - STAIN * * * *

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GENERAL

1. India counsels Burma against hasty UN appeal over Chinese Nationalist intruders:

According to the Indian Secretary General of the Ministry of External Affairs, the Indian Ambassador in Rangoon had been instructed to suggest to the Burmese Prime

Minister that Burma not take hasty action in appealing to the UN for aid in controlling refugee Chinese Nationalist forces in Burma. In addition, the Indian Ambassador in Peiping has been asked to explain to the Chinese Communists that Burma is not voluntarily harboring the Nationalists and is attempting to disarm and disband them.

<u>Comment:</u> It is India's concern to prevent the development of instability in Burma and to forestall any possible Chinese Communist intervention in that country. The Burmese Government is inclined to follow the lead of India in the conduct of its foreign affairs. The Indian suggestion, therefore, should encourage Burma to exercise caution before appealing to the UN.

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4. Communists make propaganda capital on serious health conditions in North Korea:

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Following a two week build-up in the Soviet Orbit press, an 8 May North Korean radio broadcast addressed to the UN accused US and ROK forces of employing biological warfare against the North Korean population.

The broadcast, in addition to mentioning alleged ROK documents concerning plans for the use of biological warfare, stated that the American Armed Forces had "contaminated with smallpox" the inhabitants in the areas of North Korea which they temporarily occupied. Claiming that no smallpox had occurred in North Korea for the past four years, the broadcast reported that a widespread outbreak had occurred seven to eight days after North Korean territory had been "liberated."

<u>Comment:</u> In addition to providing Communist forces in Korea with an excellent propaganda device for internal and international consumption, these claims may be an attempt to conceal the failure of North Korean public health authorities to prevent the outbreak of communicable diseases. While the incidence of smallpox to date in North Korea is unknown, the Wonsan area reported the outbreak of this disease earlier this year.

5. Communist China offers Ceylon rice in exchange for rubber:

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early May Communist China approached Ceylon with a proposal to barter 50,000 tons 3.3(h)(2)of rice for an equivalent value of rubber.

The UK Government has expressed to Ceylon its strong disapproval of such an arrangement.

<u>Comment:</u> Malaya's restrictions on rubber exports to China, which were adopted in early April, have forced the Communists to look for other sources of supply. The Communists

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have already agreed to export 100,000 tons of rice to India in 1951, half of which was to be exchanged for gunny bags. Although China's food situation is not favorable, the government can dispose of a few hundred thousand tons of rice in exchange for industrial materials.

6. <u>Imminent overthrow of Burmese Government by pro-Communists</u> predicted by US journalist:

The US Embassy in Rangoon reports that a Time - Life correspondent visiting in Burma is convinced the present Burmese Government will be replaced this summer by a pro-

Communist government. His opinion, which is not shared by the Embassy, is apparently derived from the following reports he has received: (a) the Chinese Communists have been sending "25 guns per week" into Burma, (b) 5,000 insurgent troops in northern Burma are being trained by the Chinese Communists, (c) Sino-Burmese Communists have infiltrated the Karen rebels' leadership, (d) the Burmese Communist chief, Than Tun, has been promised supplies and direction from Peiping, and (e) all pro-Communist groups in Burma are receiving aid and direction from the Chinese Communist Embassy in Rangoon.

Comment:

The correspondent's conclusion that the collapse of the present Burmese Government is imminent, however, is believed to be overly pessimistic - - except in the event of a Chinese Communist invasion. The Burmese Communist movement is now in a stage of reorganization; a considerable period of time will be required before the process of combining splinter elements, training, arming and regrouping is completed and Communist forces are in a position to threaten seriously the Burmese Government.

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7. US Ambassador reports Indonesian attitudes toward Communism:

During a conversation with President Sukarno, US Ambassador Cochram referred to enthusiastic May Day celebrations as evidence of Communist growth in Indonesia. Sukarno quickly admitted this development and said measures must be taken to check it. 3.3(h)(2)

Meanwhile, the new Indonesian Foreign Minister, Subardjo, has reaffirmed Indonesia's "neutralism" in foreign relations. When questioned regarding the export of strategic Indonesian raw materials to Communist China, Subardjo stated that Indonesia planned to sell "even to the devil" if the interests of the Indonesian people are therby served.

<u>Comment:</u> The Republic of Indonesia thus far has refused to take a firm stand against Communism either with regard to domestic problems or to external policy. There are no indications that the new government will be more aggressive in this respect. Subardjo has pursued an opportunistic career and has a record of associating with so-called "national Communists."

NEAR EAST

8. US Ambassador appraises Iranian Prime Minister's strategy:

The US Embassy in Tehran has made the following appraisal of the future course of the Mossadeq government: The government will concentrate on the oil problem to the

exclusion of other considerations, dropping electoral and budget reforms if such measures arouse opposition. Members of the Joint Oil Committee will probably be promptly selected, at which time Prime Minister Mossadeq will move cautiously. It is doubtful whether Mossadeq has any concrete plans as yet on how the nationalization processes will be implemented. Aside from the above, Mossadeq's

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present strategy is probably designed to avoid friction with the Majlis, and these tactics should keep him in office for at least three months or until the oil committee presents its recommendations to the Majlis. Factors which might cause an earlier upset are his poor health and popular impatience over the oil issue.

<u>Comment:</u> Mossadeq's National Front has wide popular appeal but few Majlis representatives, and Mossadeq's Cabinet Ministers - mostly old-line politicians - are unlikely to support measures that threaten their own interests. It is likely that friction with the Majlis will develop.

9. Syrian-Israeli border situation continues serious:

According to US Ambassador Davis in Tel Aviv, the border situation between Israel and Syria is still "far from encouraging." Davis reports that Foreign Minister Sharett, who is acting-Prime Minister while Ben-Gurion is in the US, is in a difficult position in regard to the border issue because: (a) the Israeli public is disappointed over the

foreign reaction to the border incidents, and (b) the Israeli Army, headed by Chief of Staff Yadin, lacks confidence in the Mixed Armistice Commission. Meanwhile, US Minister Cannon in Damascus reports that the tense atmosphere within Syria and the popular bitterness resulting from the frontier incidents are increasing the difficulties of the Syrian Government in any approach to a settlement of the dispute. Cannon is concerned that Israel may annex the demilitarized area, since colonization of this small but fertile region would help to release the pressure on Israel's immigrant staging centers.

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<u>Comment:</u> Reports from the Palestine area indicated that fighting on a major scale ended, for the time being at least, as a result of the UN Security Council cease-fire order of 8 May. Skirmishes reported subsequently in the demilitarized zone north of Lake Tiberias indicate, however, the continued seriousness of the Syrian-Israeli border troubles, which might again result in heavier fighting. There is still some danger that the Israeli Army - hostile toward the Mixed Armistice Commission, the Syrians and the local Palestinian Arabs - will force the hand of the Israeli Government by seizing part or all of the demilitarized zones and presenting the UN with a "fait accompli" that would be difficult to change.

EASTERN EUROPE

10. <u>Yugoslavs concerned regarding consequences of Western military</u> assistance:



3.3(h)(2) US Ambassador Allen in Belgrade has been informed by a reliable source that two leading members of the Yugoslav Government recently told Yugoslav officials in Bern that their

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Government would make every effort to keep Western forces out of Yugoslavia in the event of war. Allen has learned that the Yugoslav Military Attache in Paris made a similar statement to Yugoslav officials there. Ambassador Allen comments that the Yugoslav Government is aware that anti-Tito Yugoslavs within Yugoslavia and abroad are pressing for a US-UK commitment to send troops into Yugoslavia in case of war.

<u>Comment:</u> These assurances by high Yugoslav officials are apparently calculated to allay the fears of Yugoslav Communist Party members concerning the possible consequences of the Western military assistance that the Tito government is now seeking. Some Communist Party members undoubtedly fear that the West would attempt to use its military forces in Yugoslavia to replace the Communist regime with a pro-Western government.

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