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26 June 1951

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. Comment on Malik's cease-fire proposal:

Although the manner in which Malik's cease-fire proposal was made suggests that it may have been designed for propaganda purposes, it possibly indicates a Soviet desire to settle the Korean War. If the latter is so, the USSR may have preferred to assume the role of "mediator" because of its official position of non-involvement in the Korean War. Even though Malik does not indicate what "belligerents" should participate in the discussions or whether North Korea would be accessible to UN inspection teams, his proposal is the first clear suggestion from the Soviet Government that a cease-fire might precede the withdrawal of the "foreign interventionists" or a discussion of a general Korean settlement.

[REDACTED]

the Chinese Communist Government endorses Malik's proposal for a cease-fire in Korea. It is not yet clear, however, whether the Chinese Communists will continue to press their demands concerning UN membership and Taiwan as conditions for a Korean settlement. These demands were not included in Malik's proposal, and they have been omitted from Moscow propaganda and from informed statements by Soviet spokesmen since early April.

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FAR EAST

2. Intensified enemy jet fighter operations noted in Korea:

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The Far East Command views the intensification of enemy jet fighter operations during the past week as a firm indication that the Communists will continue to provide vigorous air defense of the Yalu River border area. MIG-15's engaged UN aircraft on each day last week except on the 21st, when bad flying weather may have caused the lack of activity. An improvement in enemy fighter operations is indicated in addition, by the fact that in each of three aerial engagements during the week an F-86 was lost to enemy action. This sharp increase

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in combat proficiency may be due to commitment of a new, highly trained jet fighter unit to the Korean air war, an hypothesis supported by the observation of new markings on an enemy jet fighter group. Far East Air Force's estimate of the total number of jet fighters available to enemy forces in Manchuria has not been increased, as there is insufficient evidence to estimate accurately whether this unit is new or one previously active over Korea and recommitted following further training.

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~~TOP SECRET~~4. Bao Dai claims extensive support among the Viet Minh:

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In a conversation with US Minister Heath and William C. Bullitt, Bao Dai stated that he had received expressions of loyalty and of readiness to surrender from the commanders of large numbers of Viet Minh troops. He also claimed that he had more adherents in Viet Minh-dominated areas than in the areas controlled by the French and that he was in constant contact with these supporters. In explaining why these potential defectors continued their opposition to his government, Bao Dai cited French insistence that they surrender to French military commanders. He emphasized that no mass Viet Minh defections would be possible until a Vietnamese army was created that could assume responsibility for a sizable zone of operations.

Comment: Bao Dai has identified one of the most important problems barring a satisfactory solution of the situation in Indochina. Although French officials have constantly emphasized their determination to build quickly an effective Vietnamese army, their actions has been characterized by many delays. Plans for creating a Vietnamese army are still in the early stages of development.

5. Indonesia will be urged to include rubber in embargo:

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The Department of State has instructed US Ambassador Cochran in Djakarta to make it "crystal clear" to Indonesian officials that a failure to embargo rubber to Communist China will make it difficult for Indonesia to certify under the Kem Amendment.

Comment: Although the Indonesian delegate to the UN has indicated that rubber has been excluded from the Indonesian Government's list of strategic exports subject to the UN embargo, the list has not yet been submitted to the Additional Measures Committee of the UN. It is possible that, as a result of US pressure, the government will either include rubber in its list or will supplement the list with a statement that Indonesia is adhering to its historic trade pattern under which no

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rubber has been shipped to China. US Ambassador Cochran has suggested that the Indonesians omitted rubber because they believed the US would not force Indonesia to adhere strictly to the requirements of the Kem Amendment.

NEAR EAST

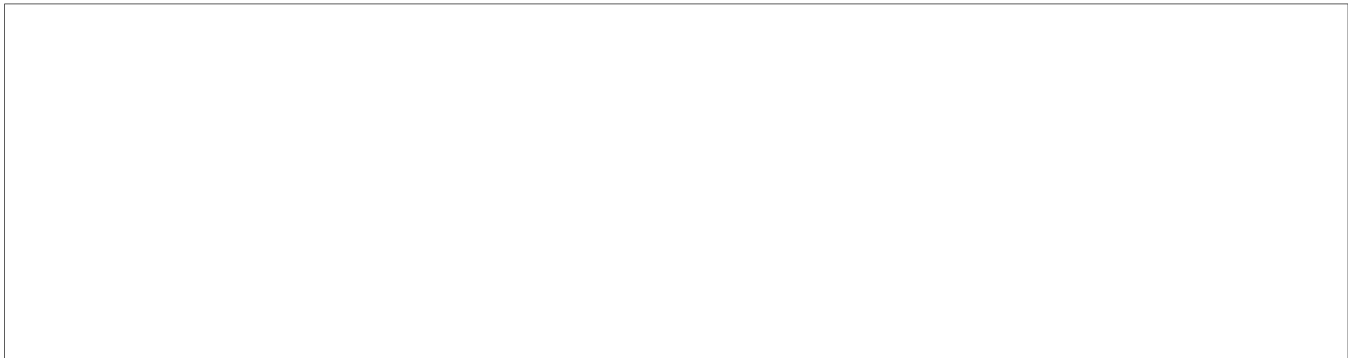
6. UK elaborates its position on Iranian oil shipping dispute:

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The US Embassy in London reports the statement of a high UK Foreign Office official that British technicians will be withdrawn from Iran if the Iranians prevent oil exports because of disagreement with the AIOC over procedures. The British estimate that, because of the limits in present storage capacity, a closure of the Abadan refinery would result after three weeks stoppage of on-loading. The UK official stated that he believes there is some possibility that the Shah and other moderate elements, supported by the Army, might be able to take command of the situation after a period of threatening disintegration. The Embassy comments that, apart from defensive tactics for the immediate situation and apart from the possibility of applying economic sanctions against Iran, the UK Government apparently has not yet evolved plans for further action and remains greatly worried.

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EASTERN EUROPE

7. Polish Army strength reported to be gradually increasing:

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The US Embassy in Warsaw reports that information presently available indicates a general increase in the strength of the Polish Army.

The Embassy bases its opinion upon (a) personal observation of new personnel, (b) continued increase in the use of new trucks by the Army, and (c) repeated reports that older classes are being retained in service and technicians being recalled.



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Comment: The Polish Army's present strength is estimated at 180,000, as against an approximate 136,000 in January 1951.



that non-coms, specialists and officers were being recalled to active duty from the reserves, and that men scheduled for release from military service were being retained.

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WESTERN EUROPE

8. Election losses not regarded as defeat for French Communist Party:

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In the opinion of the US Embassy in Paris, the decrease in the Communist popular vote (from 28.6 percent in 1946 to 26.1 percent in 1951) can hardly be regarded as a defeat, inasmuch

as the party has again demonstrated its ability to command the strongest popular support of any party in France. Furthermore, the drop in Communist voters does not indicate any loss in real party strength or capacity for action.

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The Embassy estimates that French public opinion has, however, begun to veer away from Communism, even though the party was in a favorable position to exploit social discontent and the desire for peace. The election results also demonstrated that the Independent Communist Movement, which received only 20,000 votes, made no important cut in the Communist vote. The extent of the Communist popular vote would seem to point out that large segments of the French people still fail to understand that the French Communist Party is an instrument of Moscow. Communist losses were greatest in departments where the party's strength has been traditionally low, and the vote fell appreciably in departments where US troops are presently located.

Comment: A continuation of the shift in French public opinion away from the Communists is at present doubtful in view of the unfavorable outlook for adequate anti-inflation measures in France. However, the bulk of the Communist electorate, which remains convinced that the French Communist Party is the only dependable champion of low-income groups, considers that its first loyalty is to France. It is probable that the French Communists will continue to watch carefully the Independent Communists.

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