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SECURITY INFORMATION

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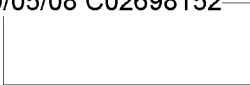
CENTRAL INTELLIGENCE AGENCY

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FAR EAST

1. Burmese Commander in Chief proposes withdrawal of Chinese Nationalists:

In a recent conversation with the acting US Army Attache in Rangoon, Burmese Commander in Chief Ne Win proposed a plan, subject to cabinet approval, for the evacuation of Chinese

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Nationalist troops now in northeastern Burma. He suggested a US request to Taipei for written orders instructing its troops to leave, and a similar approach to Thailand for assurance of their safe passage through that country. Ne Win said that Burma would use its air force to deliver the order by leaflet and would permit the entry into Burma of six responsible officers from Formosa to direct the withdrawal.

The Burmese military leader asserted that his plan offered the only possible solution, and added that removal of the Nationalists would relieve pressure from Peiping and would free Burmese troops to "clear up Communist insurgent areas."

Comment: There are no indications that the Chinese Nationalists would agree to this proposal, even if it were approved by the Burmese Cabinet and acceptable to all other interested parties.

Only a small number of Burmese troops are deployed against the Nationalists. The freeing of these forces would not greatly aid the government's efforts against the Communists.

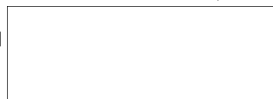
SOUTH ASIA

2. Comment on Kashmiri Prime Minister's departure for Paris:

Kashmiri Prime Minister Sheikh Abdullah's departure for Paris on 26 January is evidence that the Indian Government is finding it more and more difficult to control him. His presence there may complicate the forthcoming UN Security Council debates on Kashmir.

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Sheikh Abdullah, reputedly a persuasive orator with considerable influence over Indian Prime Minister Nehru, had planned on earlier occasions to attend UN meetings on Kashmir. In each case his departure from India was postponed at the last moment. Available evidence suggests that the Indian Government, knowing his predilection for Kashmiri autonomy, prevented his attendance for fear it could not control his statements.

In recent months, however, the Kashmiri drive for autonomy has become stronger. On 17 January the USSR openly espoused Kashmir's contention that it should be allowed to decide its own future without outside interference. The Indian press has given serious consideration to that suggestion and in some cases has acclaimed it. The Indian Government may therefore feel that it can no longer keep Kashmir from having a voice in the settlement of its own affairs.

Sheikh Abdullah publicly stated on 26 January that he was under no obligation to accept United Nations directives on the Kashmir issue.

NEAR EAST - AFRICA

3. Comment on the Egyptian situation:

The violent fighting at Ismailia five days ago and the subsequent rioting in Cairo gave King Farouk the opportunity he had previously sought of taking direct charge of political developments.

The immediate support given the new independent Premier, Ali Maher, in both the Senate and the Chamber of Deputies underscores the sobering effect which the violent disorders of recent days have had on responsible Egyptians. For the time being, the new government will accordingly receive substantial backing in its efforts to maintain public order.

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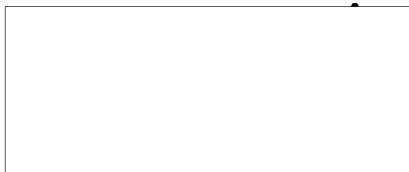
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The present situation offers Egypt and Britain alike a new opportunity for reaching an understanding. The independent cabinet, under royal guidance, may be expected to be more moderate than the preceding government. The British, in turn, have for several months indicated their belief that Anglo-Egyptian discussions would be possible only under a new regime in Cairo.

Whether the present calm continues or new outbreaks become the order of the day depends on how successfully and how quickly Egypt and Britain compromise their differences. Ali Maher can not erase the pledges of preceding governments concerning "evacuation and unity of the Nile Valley." His present political support, particularly that from the Wafd, may easily turn to opposition.

Recent mob violence in Cairo and in the canal zone appears to have had centralized direction; accordingly, if no progress is made toward a settlement, more terrorist disorders, possibly with Communist participation, may be expected.

4. Franco promises autonomy for Spanish Morocco:



General Franco has reportedly promised the Spanish Moroccan Khalifa, representative in Tetuan of the Moroccan Sultan, that a formal announcement of the zone's autonomy will be made when Franco visits Tetuan in March or April. Spain will also simultaneously begin the gradual transfer of various administrative services to the Khalifian government.

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Even though no actual commitments have been received, Spanish Moroccan nationalist leaders are highly optimistic. Diplomats from Middle Eastern countries, including Egypt, have urged the nationalists to adopt a conciliatory attitude toward Spain, which would be in the interest of both the Moroccans and the Middle Eastern states.

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Comment: Permission for the Khalifian government to exercise actual governmental responsibility would be a drastic departure from Spain's previous policy in its Moroccan protectorate. [redacted]

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[redacted] Franco's conciliatory policy toward Morocco is dictated by his desire to assume the role of mediator between the Arab countries and the West.

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WESTERN EUROPE

5. Saar question threatens Schuman Plan and European Army:

West German officials have urgently requested High Commissioner McCloy to make representations to France against the creation of an embassy to the Saar, another step toward giving the Saar an independent status. 3.3(h)(2)

Chancellor Adenauer, described as "gravely upset," and as dissatisfied with French Foreign Minister Schuman's explanation, instructed his chief delegate at the European Army discussions in Paris to make no more agreements there and to file another protest. Adenauer believes that under the present circumstances it will be impossible to get the German Upper House to approve the Schuman Plan this week as scheduled.

As a possible solution to this "most dangerous threat to the Schuman Plan and the European Defense Community," McCloy endorses a formula reportedly suggested by Adenauer, that the Saar be "internationalized" and made the seat of both the Schuman Plan Authority and the European Defense Community.

6. Italy seeks Chile's vote for UN membership:

The Italian Ambassador in Santiago informed the Chilean Foreign Office on 22 January that France, Brazil, the Netherlands, Pakistan, and Turkey, in addition to the Soviet Union, will give Security Council support to the Soviet omnibus resolution on UN membership. He expressed the hope that Chile would cast the seventh and decisive vote. 3.3(h)(2)

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Comment: The Italians clearly do not have the seven Security Council votes which they have recently been claiming. In addition to Chile they have also approached the Netherlands, Brazil, and Turkey, urging each not to cause the defeat of the resolution by withholding the seventh favorable vote.

France is at present undecided whether to vote for the resolution or to abstain. In the recent balloting of the General Assembly's Political and Security Committee, the Netherlands and Turkey voted against the resolution. Brazil, in line with its policy of examining each country's application for admission individually, abstained. There is no evidence that it will alter this policy in either the Assembly or the Security Council.

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