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FAR EAST

1. Communists continue airfield construction program in Korea:

The Far East Command reports that photographs^{3.3(h)(2)} taken of enemy airfields at Uiju, Sinanju, and Pyongyang during December and early January indicate the continued construction of new facili-

ties and the repair of bomb-damaged runways. The three-field complex of Namsi-Taechon-Saamcham in the Chongchon river area, however, has had no work done on it since early November.

<u>Comment</u>: Jet aircraft operated from Uiju airfield, on the Manchurian border, during November and December. While no operational aircraft have been sighted on the fields in the Pyongyang and Sinanju area, it is possible that they are bases for night interceptor or harassing flights.

2. Communists accumulate considerable food stockpile in eastern North Korea:

39,490 tons of rice, millet, and beans at one of the principal east coast supply depots. These

supplies, transported by truck, were accumulated during one week's time.

<u>Comment</u>: This quantity of food is sufficient to supply all the Communist troops in Korea for almost two months, or troops in the eastern sector alone for six months.

A very short truck haul is indicated by the quantity of material moved during this period, possibly indicating movement from an eastern or central Korean railhead to the supply depot.

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3. Peiping allocates imports from USSR:

Items on the 1952 Soviet "production materials list"

These items were designated as "thick hard-3.3(h)(2) steel plates, black and galvanized iron pipe, triangle steel, I-bar steel, channel steel, steel wire rope, high carbon steel, copper rods, copper pipes, gasoline generators, gasoline, diesel oil, machine oil, and motor oil for cars."

Comment:/

the quantities are large and that the USSR is probably China's major supplier of the items specified. Communist China's imports in 1951 were at record levels and, according to Peiping, about half of the shipments originated in the USSR. Approximately one-fourth came from other Orbit countries and the remainder from Western sources of supply.

SOUTH ASIA

4. India continues to raise problems regarding Kashmir:

Shortly before Ambassador Bowles' departure ^{3.3(h)(2)} for Washington, Prime Minister Nehru and the Secretary General of the Indian Ministry of External Affairs again indicated to him a willingness to expedite settlement of the Kashmir dispute.

The Secretary General hinted at the possibility of an Indian compromise on demilitarization, but at the same time brought up the explosive subject of partition, which has not yet been openly discussed in the UN Security Council. He also questioned how former residents of Kashmir could be repatriated and establish their eligibility to vote prior to a plebiscite.

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<u>Comment</u>: The Indian technique of raising tangential questions or of accompanying propositions with conditions impossible for Pakistan or the Security Council to accept has successfully delayed a settlement of the Kashmir dispute for over three years. Even if the Indian Government makes certain concessions in the near future on such matters as demilitarization, there is still no reason to believe that a final solution is anywhere in sight.

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5. Afghanistan considers drilling for oil near Soviet frontier:

An Afghan Cabinet Minister told the French Ambassador in Kabul on 10 January that there is considerable anxiety in Afghanistan over possible Soviet reaction to the development of oil fields in northern Afghanistan, near the Soviet

frontier. "Our oil resources," the Minister remarked, "are, fortunately or unfortunately for us, more abundant than we had thought until now." He added that a national company would, nevertheless, be established to manage the oil industry and that the Afghan Cabinet was studying pertinent reports submitted by the UN technical assistance mission currently in Afghanistan.

The French Ambassador states that four oil companies -- three American and one French -- are competing for the contract. He believes that Afghanistan, aware of the inherent dangers in the situation and of its own weakness, will decide to postpone its decision for a year.

<u>Comment:</u> The UN mission in Afghanistan includes a Dutch oil expert who has identified six potential oil basins. The most promising area is presumably in north-central Afghanistan near the Soviet frontier and close to a proven Soviet oil field.

Afghanistan, dependent on Pakistan and the USSR for its oil, has long wished to develop an oil industry sufficient to take care of its domestic market. Lack of finances and technical personnel, as well as fear of Soviet reaction, has delayed the project. No tests have been

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drilled. Afghanistan currently appears to be interested in operating its own company, and in recruiting foreign personnel for exploratory drilling.

NEAR EAST - AFRICA

6. Iranian troops receive part pay in government bonds:

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The US Army attache in Tehran reports that officers and some enlisted men of the Iranian Army were paid partly in government bonds for the month of December. Dissatisfaction is not yet serious, although it may become so later.

<u>Comment</u>: The government is attempting by this maneuver to keep the troops paid, conserve its rapidly dwindling cash reserve, and stimulate the lagging sale of government bonds.

LATIN AMERICA

7. Chilean position on copper may be firmer than previously believed:

The Chilean Foreign Office "confidentially" 3.3(h)(2) informed its Embassy in Washington on 2 January that President Gonzalez Videla is "ready to take over the entire copper production the very moment that Chile's withdrawal from the Inter-

national Materials Conference becomes inevitable, whatever may be the consequences. The Foreign Minister stated that if an attempt is made to fix the price of copper without Chilean consent, Chile would be obliged to change its entire copper policy.

<u>Comment</u>: This indicates that the Chilean position may be firmer than was previously believed.

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