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TOP SECRET SECURITY INFORMATION

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SUMMARY

GENERAL

1. Britain anticipates prolonged Soviet campaign against West German integration (page 3).

SOVIET UNION

2.

3.3(h)(2)

FAR EAST

3. Greater communications activity among North Korean commands (page 4).

NEAR EAST - AFRICA

- 4. Tudeh plans May Day demonstrations throughout Iran (page 4).
- 5. New Anglo-Egyptian statement drafted (page 5).
- 6. King Farouk considering change of government in Egypt (page 6).

EASTERN EUROPE

7. Western talks on Trieste jeopardize US-Yugoslav relations (page 6).

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3.5(c)

TOP SECRET

3.5(c)

- 2 -

3.3(h)(2)

3.5(c)

GENERAL

1. Britain anticipates prolonged Soviet campaign against West German

integration:

	The British Foreign Office believes that the Soviet note of 9 April may have been designed to elicit a Western refusal to hold discussions on a German peace treaty, and that such a refusal would prejudice West German ratification of the European Defense Community treaty and the contractual agreements. Britain favors Chancellor Adenauer's suggestion that the Western reply point out the necessity for advance agreement on essentials without actually rejecting the possibility of four-power talks.	3.3(h)(2)
	Foreign Secretary Eden urges that the Western reply be coordinated in London or Paris rather than in Washington to avoid European criticism that the United States is dominating Western policy.	
	Comment: The chief of German affairs in the British Foreign Office had stated earlier that the USSR could make trouble in its efforts to prevent German integration with the West by offering genuinely free election of an all-German government. Britain evidently now believes that the USSR is preparing a prolonged diplomatic campaign aimed at blocking the ratification, if not the signature, of the EDC treaty and the Allied-German contract.	
	West German ratification would be endangered only if the Soviet Union offered proposals for unification which guaranteed Germany's independence.	
	SOVIET UNION	
2.	Major military communications changes throughout Soviet Armed Forces:	* «▼ ••
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3.3(h)(2)

3.3(h)(2)

security forces are capable of							
controlling provincial demonstrations but that a determined Tudeh effort							
in the capital would severely tax government forces there.							
that in spite of army advice, Mossadeq will not extend martial							
law to include 1 May.							

Comment: Martial law, which was imposed in Tehran immediately following the Tudeh riots of 28 March, is scheduled to end in late April. Mossadeq, who is allegedly alarmed by the recent riots, may extend it. Last year, despite army advice, Mossadeq permitted Tudeh May Day demonstrations. The security forces, however, are considered capable of successfully controlling any isolated Tudeh activities along these lines.

5. New Anglo-Egyptian statement drafted:

The text of an exchange of letters on defense problems has now been agreed to by the Egyptian Prime Minister and the British Ambassador in Cairo. Egyptian agreement, however, is conditional on the conclusion of a satisfactory statement on the Sudan.

The British Foreign Office feels that if the British Cabinet approves this text, the conversations in London withformer Egyptian Ambassador Amr, who is scheduled to arrive on 16 April, can be confined to the Sudan. The Foreign Office still refuses to suspend the new Sudanese constitution, but hopes that Egypt may be induced to associate itself with the constitutional development.

Comment: The formulation of a statement on the Sudan satisfactory to both parties is remote as long as the British Foreign Office refuses to recognize Farouk's title to the Sudan or to suspend the new constitution.

TOP SECRET

3.3(h)(2)

- 5 -

6	King	Farouk	considering	change	of	government in Egypt:
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King Farouk is determined to prevent the return to power of the influential Wafd Party and will therefore be forced to replace Prime Minister Hilali Pasha with someone who is

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prepared to govern Egypt indefinitely without Parliament.

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candidates to succeed Hilali are the former Minister of Foreign Affairs, Abd-al Hamid Badawi Pasha, and the current Minister of Interior, War, and Navy, Ahmad Murtada al-Maraghi Bey.

recent weeks that Hilali may not wish to continue in office if Egypt is unable to reach an agreement soon with Britain.

EASTERN EUROPE

7. Western talks on Trieste jeopardize US-Yugoslav relations:

The American Charge in Belgrade emphasizes that the London conversations concerning Italian demands for a greater voice in Trieste involve the United States in an issue deeply affecting

Yugoslav national interests. He warns that despite Yugoslav dependence on Western aid, the United States runs the risk of forfeiting its unique position of high prestige and influence in Yugoslavia.

The Charge points out that the Yugoslav Communist Party has found the Trieste issue an increasingly useful one and states that official Yugoslav reaction against an Italian assumption of civil affairs in Zone A would be "very strong," rendering a final solution of the Trieste problem even more difficult.

TOP SECRET

- 6 -