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SECURITY INFORMATION

1 May 1952

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Office of Current Intelligence

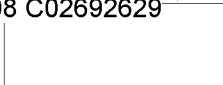
CENTRAL INTELLIGENCE AGENCY

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GENERAL

1. French airliner possibly flying out of air corridor:

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Although it has not been absolutely determined whether the French airliner fired on by Soviet MIG's on 29 April was in the authorized air corridor at the time of attack, it was shown by

3.3(h)(2)

of the corridor when first approached by Soviet aircraft. The French pilot, however, asserts that his aircraft was in the corridor throughout the flight.

2. Friction reported in Sino-East German commercial relations:

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[Redacted]

The China Export Corporation, an East German company engaged in selling Chinese products to the West, reportedly lost 18 million dollars in 1951 because the merchandise received was of

inferior quality.

[Redacted]

the managing director of the corporation was dismissed by East German authorities for his failure to examine the Chinese goods on arrival.

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The Chinese are now refusing to supply products to the corporation pending the signing of a 1952 trade agreement. The USSR is said to be bringing pressure on the East Germans to sign such a pact.

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FAR EAST

3. Indonesia proposes lifting embargo on rubber to China:

[REDACTED] The Indonesian Government has prepared for 3.3(h)(2) circulation at the Ottawa Rubber Conference in May a memorandum recommending termination of the embargo on rubber to China.

The United States is criticized for not absorbing the rubber surplus resulting from the embargo, and its "price depressing policies" are blamed for aggravating growing economic difficulties in Indonesia. These difficulties are repeatedly linked with the problem of maintaining law and order.

In conclusion, the memorandum asks why Indonesia should not be "free to sell rubber to any country which is prepared to buy it."

Comment: The Rubber Study Group, which is holding the meeting in Ottawa, is not a policy-making body and is without power to act on Indonesia's recommendations. [REDACTED]

[REDACTED] this memorandum is the first official admission of an intent 3.3(h)(2) to break the embargo, and it is further evidence of the new government's determination to return to a strictly "neutralist" foreign policy.

NEAR EAST - AFRICA

4. Syrian officers on observation tour of Yugoslavia:

[REDACTED] Nine Syrian Army officers left Damascus by 3.3(h)(2) air for Belgrade on 29 April. According to the American Minister, the Yugoslav Government invited the officers in order to counteract propaganda stating that the Tito regime is mistreating Moslems.

The American Minister believes that the chief

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reason for Syrian interest in the tour is to observe "Yugoslav military training tactics and resourcefulness in obtaining foreign aid."

Comment: Although recent reports have referred to Yugoslav and Albanian interest in Syria and Lebanon, there is nothing to link these to this unexpected Syrian mission to Belgrade. Yugoslavia has shown particular sensitivity to any criticism of its Moslem minorities and it has constantly sought Arab as well as Moslem support in the UN.

Syria's dominant political figure, Army Chief of Staff Shishakli, has been trying for some time to obtain extensive foreign military assistance and is reportedly ready to accept help from almost any source. Syria has received small amounts of arms in the past year from France and from private companies in Italy.

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6. French residents fear disorders in Morocco:



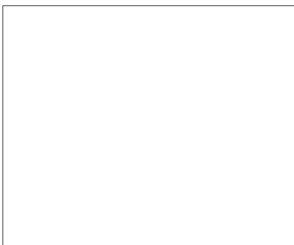
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Comment: A general uneasiness among all European elements of the Moroccan population has prevailed since the outbreak of disorders in Tunisia. Localized riots, such as broke out in Algiers on 28 April, and sabotage could occur at any time, but the French security forces could contain them.

Although the Istiqlal Party has the tacit support of most Moroccans, its leaders thus far have followed a policy of non-violence.

EASTERN EUROPE

7. Soviet twin-jet light bombers sighted in Hungary:



The American Air Attache in Budapest observed five twin-jet light bombers with Soviet markings at Tokol airfield on 27 April. Three of the aircraft were operational types and the remaining two were trainers.

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Comment: No light jet bombers have previously been identified in units of the 59th Air Army, based in Austria and Hungary.

The recent drop in conventional bomber strength from 43 to 26 ;

suggest the replacement of the obsolescent PE-2 with high performance bomber aircraft.

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