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SECURITY INFORMATION

19 July 1952



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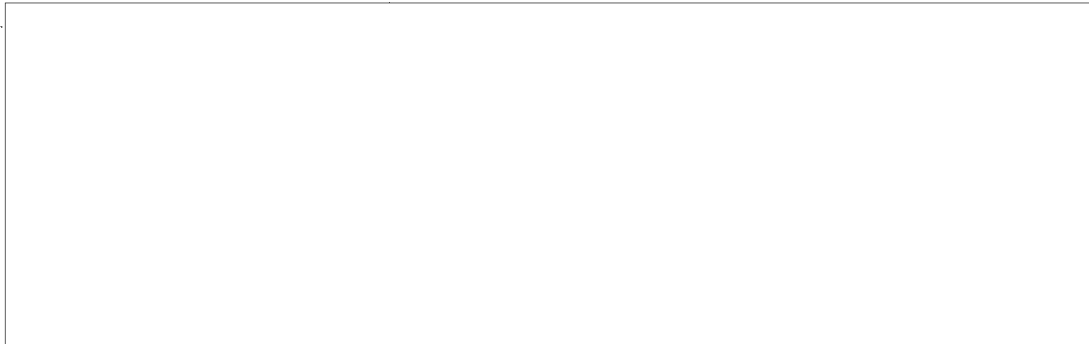


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CENTRAL INTELLIGENCE AGENCY



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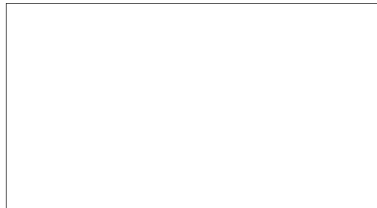
GENERAL

1. Comment on Stalin's attempt to lend prestige to forthcoming peace congresses:

Stalin's interview with Pietro Nenni, vice-chairman of the World Peace Council, underlines the importance the USSR attaches to such forthcoming Communist activities as the Asian Peace Congress scheduled for September in Peiping and the World Peace Congress for December in Vienna. The interview coincides with new emphasis placed by various Communist parties in both Europe and Asia on united front and "peace" tactics.

The interview will also serve to end speculation that Nenni intends to break with the Italian Communists. Nenni's left-wing socialist party has been exploited by the Communists to promote a "unity of all anti-Fascist forces," particularly after neo-Fascist gains in the local May elections.

3.3(h)(2)

2. Austro-Yugoslav conversations reportedly included defense matters:

3.3(h)(2)

among the questions discussed during the recent Gruber-Tito conversations was the "form which reciprocal intelligence or even consultations might take in case of the threat of aggression" against either Austria or Yugoslavia.

3.3(h)(2)

Comment: Neither the official communique nor information submitted [REDACTED] has hinted that the Gruber-Tito discussions went further than a general review of Austro-Yugoslav problems and Austria's economic interest in Trieste.

As early as last September, however, unconfirmed information suggested that defense discussions between Austria and Yugoslavia were in prospect. Since Austria cannot yet offer commitments in such matters, any discussions were probably exploratory and long-range.

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FAR EAST

3. Analysis reveals Soviet pilots engaged in 75 percent of Korean air combat: 3.3(h)(2)

[Redacted]

[Redacted]

3.3(h)(2)

at least 75 percent of the MIG-15's engaged in combat over North Korea were Soviet-piloted. Chinese pilots were involved in only 10 percent and the remaining 15 percent could not be identified.

[Redacted] operational flights by Chinese pilots declined to such an extent that they were airborne only to create a show of force without engaging UN aircraft.

3.3(h)(2)

Comment: [Redacted] the majority of MIG-15's encountered over Korea are still Soviet-piloted. However, in the past month and a half, some increase in the aggressiveness of Chinese MIG-15 pilots has been noted, and jet fighters flown by North Koreans have on occasion attacked US planes.

3.3(h)(2)

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3.3(h)(2)

4. Chinese Communists strengthen air defense:

[Redacted]

[Redacted]

3.3(h)(2)

air warning centers on the China coast and in Manchuria are coordinating their activities for the first time by reporting to a central point. It is believed that the center may be in the Dairen-Port Arthur area.

[Redacted]

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[Redacted]

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Comment: The Chinese Communists have steadily strengthened their air defense system, particularly radar coverage, along the coast during the past two years. There are air warning centers at Canton, Shanghai, Tsingtao, and in southern Manchuria.

The use of the Soviet-controlled Darien-Port Arthur area as the major center to which the regional air warning centers report, if confirmed, would be the first indication of a connection between the Chinese air warning system south of Manchuria and that in the Soviet Far East.

Most of the air warning systems in the Eastern European Satellites were recently reorganized to provide tighter links with Moscow; a similar development in the Far East would not be unusual because of growing Russian concern over air defense throughout the Orbit.

3.3(h)(2)

5. Viet Minh official believes French might discuss withdrawal of troops:

[Redacted]

[Redacted]

3.3(h)(2)

high officials in France, including President Auriol, were interested in withdrawing from Indochina under some "face-saving formula."

[Redacted]

3.3(h)(2)

the basic Viet Minh conditions for negotiation are the withdrawal of the French Army and the independence and unity of Vietnam, and that "the one who makes the first move must naturally be France because she began the hostilities."

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[Redacted]

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Comment: The official French position is that France is not now negotiating and has no present intention to do so, but that if the Viet Minh should make any overtures, the offers would not be rejected; they would be referred to the Bao Dai government.

While President Auriol and the other French leaders named in this report would be quite capable of entering into such negotiations, no confirmation of this or other reports of Franco-Viet Minh talks is available.

6. British officials disturbed by lack of French aggressiveness in Indochina:

 Ambassador Heath in Saigon was told by the British Minister that Letourneau, during his recent visit to Singapore, "disquieted" British officials with his statements on French military plans in Indochina. Letourneau had emphasized holding operations and had spoken of a sizable reduction of French forces by the end of 1954, to be made possible by the development of the Vietnamese National Army to a strength of eight divisions.

The British Minister stated that Letourneau had left the impression in Singapore that he lacked the "victory psychology" of the late Marshal de Lattre. The British official added his personal view that the French Commander in Chief was of the same mind as Letourneau and would not oppose French Defense Ministry requests for a reduction of expeditionary forces. He concluded that British officials in Singapore fear that the military position of Indochina in 1954 will be significantly weaker than at present.

Comment: It has been evident since De Lattre's death that the French have no specific plan for defeating the Viet Minh other than the seemingly impossible objective of gradually wearing it down to an insignificant guerrilla force.

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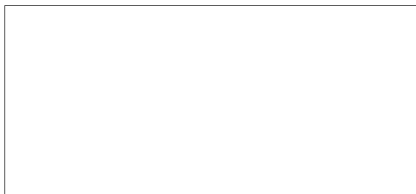
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The development of a national army in Indochina is hampered by both budgetary and political considerations. It will be a matter of years before a Vietnamese army will be capable of supplanting present French forces and insuring adequate defense of Vietnam.

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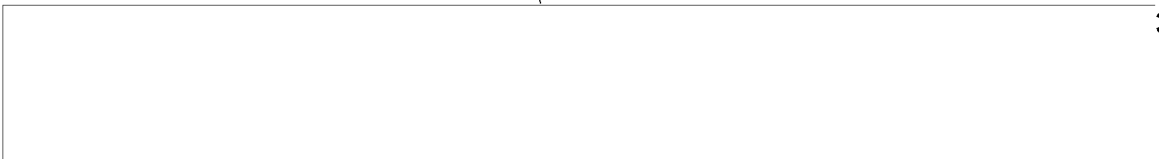
7. New Chinese Communist incursion into Indochina reported:



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in Indochina has told the US Army Attache that an estimated twelve battalions of Chinese Communist regular troops numbering between 5,000 and 6,000 men are now engaged against 1,000 French-supported tribesmen in northwestern Tonkin, east of Laokay. The Army Attache comments that this latest incursion has not been mentioned in regular briefings by the French.

Comment: This is the third such incursion in the vicinity of Laokay this year. Three battalions entered in mid-May and withdrew several weeks later. In the latter part of June, ten battalions allegedly were repulsed after suffering heavy casualties.



3.3(h)(2)

3.3(h)(2)

NEAR EAST - AFRICA

8. Commonwealth countries' attitudes on Middle East defense reported:



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the proposed Middle East Command of South Africa, New Zealand and Australia as interested Commonwealth countries.

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South Africa, he was informed, will participate in the command staff and send air and ground forces in case of war insofar as this does not infringe on the right of Parliament to declare war. The New Zealand High Commissioner expressed only his government's general support. The Australian High Commissioner said that his country hesitates to send forces to the Middle East because it considers the greater danger comes from the Pacific area; if this danger does not develop, Australia will consider the Near East problem separately.

Comment: These three governments last fall accepted invitations to be founding members of the proposed Middle East Command along with the United States, Britain, France, and Turkey.

9. Iranian-Polish trade agreement founders on question of quotas:

The Iranian Government informed the Polish Legation in Tehran on 24 June that it would not sign a trade agreement which failed to establish fixed quotas for the goods to be exchanged, except in the case of oil. The Iranians insist that the quantity of oil to be purchased by Poland be arranged jointly. Subsequently the Polish Foreign Trade Minister refused to sign the proposed trade agreement unless quotas could be fixed at a later date.

3.3(h)(2)

The insistence upon quotas, according to the Polish Legation, is based upon Iran's experience with Hungary with which a trade agreement was signed without quotas being specified. As of the end of June, almost five months after the signing of the agreement, the Hungarians had yet to make any quota proposals, with the result that Iran felt obliged to suspend commercial exchanges with Hungary.

Comment: The attitude of the Hungarian and Polish Governments suggests that their interest in trade agreements with Iran is more political than economic.

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10. Egyptian Prime Minister insists Sudan title issue cannot be dropped:

Egyptian Prime Minister Sirry Pasha has stated to Ambassador Caffery that in spite of his friendliness toward Britain neither he nor any other Egyptian Government can allow the Sudan title issue "to be put in mothballs." Sirry believes that if Egyptian leaders agreed to setting it aside, they would be faced with insurrections which would threaten foreign residents, especially the British. Sirry considers that under these circumstances King Farouk would lose his throne.

3.3(h)(2)

EASTERN EUROPE

3.3(h)(2)

11. Czechoslovakia expects shortage of ethyl fluid this year:

in spite of its increased need for ethyl fluid R-9 for use in a new formula for blending gasoline, Czechoslovakia could not count on being supplied during 1952 with "even the amount originally asked for." The personal intervention of Czech Minister of Foreign Trade Gregor had been to no avail in trying to obtain larger quantities.

3.3(h)(2)

Comment: Ethyl fluid R-9, a blending ingredient used to increase the octane rating of gasoline, is based on tetraethyl lead, which has in the past been supplied to Czechoslovakia entirely by the USSR. The failure of this source of supply to meet Czech needs may explain Czechoslovakia's attempt in June to purchase 100 tons of tetraethyl lead, apparently of Italian origin, through a Swiss company.

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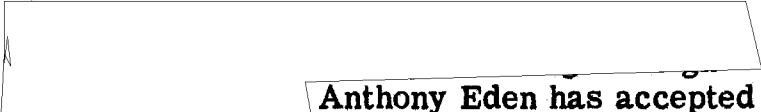
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12. Anthony Eden reportedly to visit Belgrade:

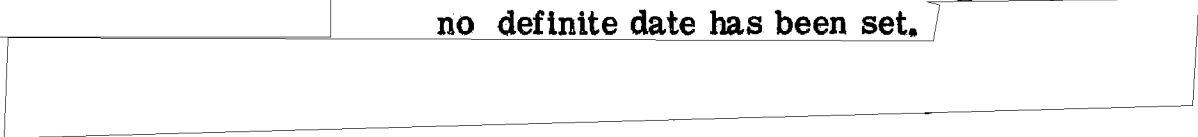


Anthony Eden has accepted an official invitation to visit Belgrade, but no definite date has been set.

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Comment: In the light of the suspicion in Belgrade that Britain is willing to barter Yugoslavia's Adriatic interests for Italian favor, an official visit by the British Foreign Secretary would be a significant contribution to improved Anglo-Yugoslav relations. As a result of the intensified "cold war" between Yugoslavia and Italy over Trieste, however, it would provoke an unfavorable reaction in Italy unless some attention were paid to Rome.

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