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SOVIET UNION

1. Large quantity of Soviet manganese ore offered:

On 25 November the American Legation in 3.3(h)(2) Bern was approached by an east-west trader seeking a dollar buyer for at least 50,000 tons of Soviet manganese ore and 6,000 tons of

ferro-manganese. He specified delivery via Antwerp.

<u>Comment</u>: This offer approximates the total quantity shipped from the USSR to all of Western Europe last year, representing, however, only one percent of estimated Soviet production. The ore offered is inferior in quality to that stockpiled by the United States Government.

The apparent change in Soviet policy on manganese ore exports may reflect the USSR's view that its limited embargo has not impaired the West's industrial and military expansion. It may also demonstrate the Orbit's need for dollars.

In spite of increases in output, chiefly in the Gold Coast, India and the Union of South Africa, following the Kremlin's curtailment of shipments to the United States in 1948, manganese ore remains in limited supply in the West because of the expansion of steel production.

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2. Possible construction of long range submarine at Leningrad:

ocea		sighting Iy completed large ie at Sudomekh yard	3.3(h)(2)
in L.	eningrad.	estimates	3.3(h)(2)
	production at	a rate of 20 to 30 per	

year.

<u>Comment:</u> This information supports earlier indications that the Sudomekh yard may be shifting submarine construction activity from coastal to ocean patrol types.

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3.3(h)(2)

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there have been unconfirmed sightings of a submarine 3.3(h)(2) under construction larger than those previously observed at that yard.

Production of 20 to 30 submarines a year is within Soviet capabilities, but there is no evidence that such a rate has been achieved.

3.3(h)(2)

SOUTHEAST ASIA

4. That premier concerned over Communist activities:

Premier Phibun told the American Ambassador^{3.3(h)(2)} on 4 December that over 2,000 "Communist soldiers" had infiltrated Thailand to serve as shock troops or agents in an organized attempt to overthrow the government. Phibun said that the government plans very shortly to round up known Chinese Communists and

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that he anticipated the arrest of as many as 1,000. The Ambassador comments that never before has he heard Phibun discuss the Communist threat with such deep concern.

3.3(h)(2)

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there had been a considerable influx into Southern Thailand of Chinese "agriculturalists" from Bangkok who have no visible means of support.

Comment: Phibun's remarks seem to confirm the genuineness of the current Thai anti-Communist drive. On 5 December Police Director General Phao announced that a campaign would be launched against Chinese terrorists near the Malayan border, according to a Hong Kong press dispatch.

SOUT H ASIA

5. Afghanistan considers direct approach on Pushtoonistan:

<u>Comment</u>: This is the first indication that the Afghan Government might seriously consider negotiating the Pushtoonistan question in a direct, informal manner--an approach long urged by Western powers. It is also the first time that Afghanistan has displayed any sensitivity to world opinion on the Pushtoonistan issue. There is no evidence that the Afghan attitude has resulted from Soviet pressure.

Indications are that Pakistan would be willing to negotiate with such a mission.

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3.3(h)(2)



6. Comment on political disorders in Indian-held Kashmir:

The Indian Government may be using current political disorders in Indian-held Kashmir as a pretext for reasserting its influence over Sheikh Abdullah's government, which is becoming increasingly independent, as well as to demonstrate the necessity for keeping strong Indian forces in the State.

The pro-Indian, Hindu-dominated Praja Parishad Party, which is responsible for the present disorders, is composed mainly of landlords who oppose Sheikh Abdullah's land reform policy of confiscation. It also favors complete integration of Kashmir with India.

The Praja Parishad was quickly suppressed by Abdullah's security forces early in 1952 in connection with unrest in the Jammu area. This time India ordered 186 policemen into Kashmir before there were any signs that the situation was out of control.

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NEAR EAST - AFRICA

7. General Mahmoud of Iraq reportedly intends to remain prime minister:

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Prime Minister Nur al Din Mahmoud of	3.3(h)
Iraq	3.3(h)(2)
plans to remain in office and has no intention of returning to military duty.	3.3(h)

<u>Comment</u>: This is the first direct report of the intentions of Mahmoud, who was previously quoted as wishing



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to return the government to civilian control. His extensive reform program as announced last week, however, suggested that he might be planning to remain as prime minister. The current unrest and the evident ability of the Communists to exploit it may induce Mahmoud to postpone elections.

3.3(h)(2)

8. Comment on assassination of Tunisian nationalist Farhat Hached:

Tensions in Tunisia may be expected to rise sharply as a result of the assassination on 4 December of nationalist Farhat Hached, secretary general of the General Federation of Tunisian Labor. Violent demonstrations are likely, a solution of the diplomatic impasse between the Bey of Tunis and the French probably will be postponed indefinitely, and the UN debate on the Tunisian question may now be bitter and prolonged.

In recent months Hached had become the most influential nationalist on the Tunisian scene and the only important one at liberty. He was considered by the French to be personally responsible for the Bey's rejection on 9 September of French-proposed reforms.

The assassination was probably perpetrated by one of two terrorist organizations which have recently sprung up in Tunisia; one is made up of French residents, the other of natives. Both have centered their propaganda attacks on "Hached the American." Some Tunisian leaders were also jealous of his power and influence. It will be extremely difficult to convince the nationalists that the act was not inspired by the French.

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9. Greek Government shows new signs of independence:

Greek Minister of Coordination Markezinis 3.3(h)(2) told an American Embassy official that he believes the veto privilege of the American and British members of the Greek Currency

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Committee should be abolished.

The Embassy adds that Prime Minister Papagos and Markezinis both feel strongly that the prestige and authority of the Greek Government require that it assume full responsibility for all its decisions, and that foreigners should be limited to an advisory capacity.

Comment: The Papagos government has given several indications since it took office in mid-November of its intention to act independently in the military and economic fields.

The Embassy has reported that the new government is willing to cooperate with the United States and to follow its advice, but has warned that serious controversy may be expected if the United States insists on retaining all the controls believed necessary in the past. Further difficulty is foreshadowed by Greek concern over reports of a drastic cut in American aid.

EASTERN EUROPE

10. Yugoslavs show sudden desire for military planning with Greece:

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3.3(h)(2)



<u>Comment</u>: Until the American-British-French approach to Tito on 21 October for initiation of joint military planning talks, the Yugoslavs had shown considerable caution in making firm detailed military commitments with any Western government. Now, however, the Yugoslavs seem to be eager to start definite planning with the US as well as with Greece.

11. Lagging coal production endangers Polish economy:

A recent marked deterioration in the quantity 3.3(h)(2) and quality of Polish coal shipments to Norway, Sweden, and Denmark suggests that the Polish coal industry is faced with

severe production difficulties.

The American Embassy in Warsaw sees recent government efforts to conserve fuel and obtain extra manpower for the mines as illustrating the seriousness of the situation. According to the Embassy, low labor morale and inefficiency in the mines as a result of food shortages, low wages, and incessant government pressure for increased output may be hampering the production program.

<u>Comment</u>: Poland's most valuable commodity for trading with the West is coal for which it obtains strategic goods. Any continued serious lag in the planned expansion of Polish coal production would not only retard the country's long range industrialization program, but would also have adverse effects on the Orbit's economy.

WESTERN EUROPE

12. Purge trial of East German Reds seen a possibility:



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prominent Communists who have allegedly had connections with Western espionage groups.

Most likely candidates for the purge are Paul Merker, one-time member of the Socialist Unity Party politburo, and Willi Kreikemeyer, former official of the East German railway system, both of whom lost their posts two years ago amid charges of contacts with the Field brothers. Others believed to be suspect are Gerhard Eisler and such well-known literary figures as Anna Seghers and Arnold Zweig.

<u>Comment</u>: East German propaganda has given heavy play to the Slansky trial, and in a recent speech Deputy Prime Minister Rau referred to the Prague proceedings as an exposure of the "imperialist efforts" to block "socialist reconstruction" which are also operating in Germany.



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