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SECURITY INFORMATION

13 September 1952

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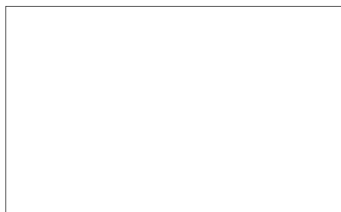
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GENERAL

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1. USSR apparently attempts to observe NATO exercises:

The captain of the Polish merchant ship Narvik, now under charter to the Soviet Union, has requested permission to receive cargo from the Russian ship Tungas in the sheltered waters of Skagen Roads or Aalbeck Bay at the north-

east tip of Denmark on or about 15 September,

The reason given was that during the last transfer of cargo in open water near Bear Island in the Arctic Ocean, damage was sustained by both vessels.

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comments that this is obviously an attempt to set up an observation post near the area involved in the amphibious phase of the NATO exercises. 3.3(h)(2)

Comment:

about 40 large Soviet trawlers in waters where NATO maneuvers were scheduled to take place. Other attempts have been made to observe this area through daily visits of East German, Polish, and Soviet craft.

FAR EAST

3.3(h)(2)

2. Chinese reportedly seek extensive Soviet military aid:

Chou En-lai mission in Moscow is seeking, for delivery before December 1953, equipment for 30 infantry divisions and 15 artillery and armored divisions, 440 to 480 jet fighters, as well as two to four heavy destroyers, six snorkel submarines, and other craft. The mission has allegedly informed Peiping that some 1,500 aircraft, including 500 MIG-15's, have been offered in exchange for China's entire output of wolfram.

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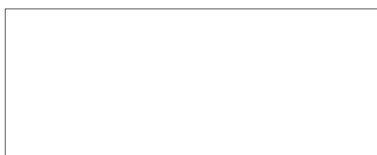
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Comment: These reports are probably propaganda for low-level Chinese officials, and are principally of interest as indicating that Communist cadres are being encouraged to expect increased Soviet aid as a result of the Moscow talks.

SOUTHEAST ASIA

3. Burma asks United States to admit military mission:



Burma has requested the United States to 3.3(h)(2) receive a military mission under the leadership of General Ne Win, Burmese Commander in Chief. The mission would arrive in late September to study American military organization, explore possibilities for the training of Burmese personnel, and arrange for the procurement of military supplies.

Comment: This mission would be a radical departure from Burma's policy of avoiding any semblance of military relations with the United States. The proposal indicates that Burma may be wavering in its neutral foreign policy.

SOUTH ASIA

4. Comment on failure of the latest Kashmir negotiations:

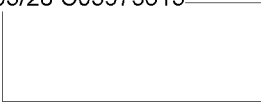
The failure of the latest Indo-Pakistani talks in Geneva probably foreshadows increasing Pakistani stubbornness over the Kashmir issue. Pakistan was most reluctant to engage in the Geneva conversations, and is unlikely to participate in future talks without first obtaining a major concession from India.

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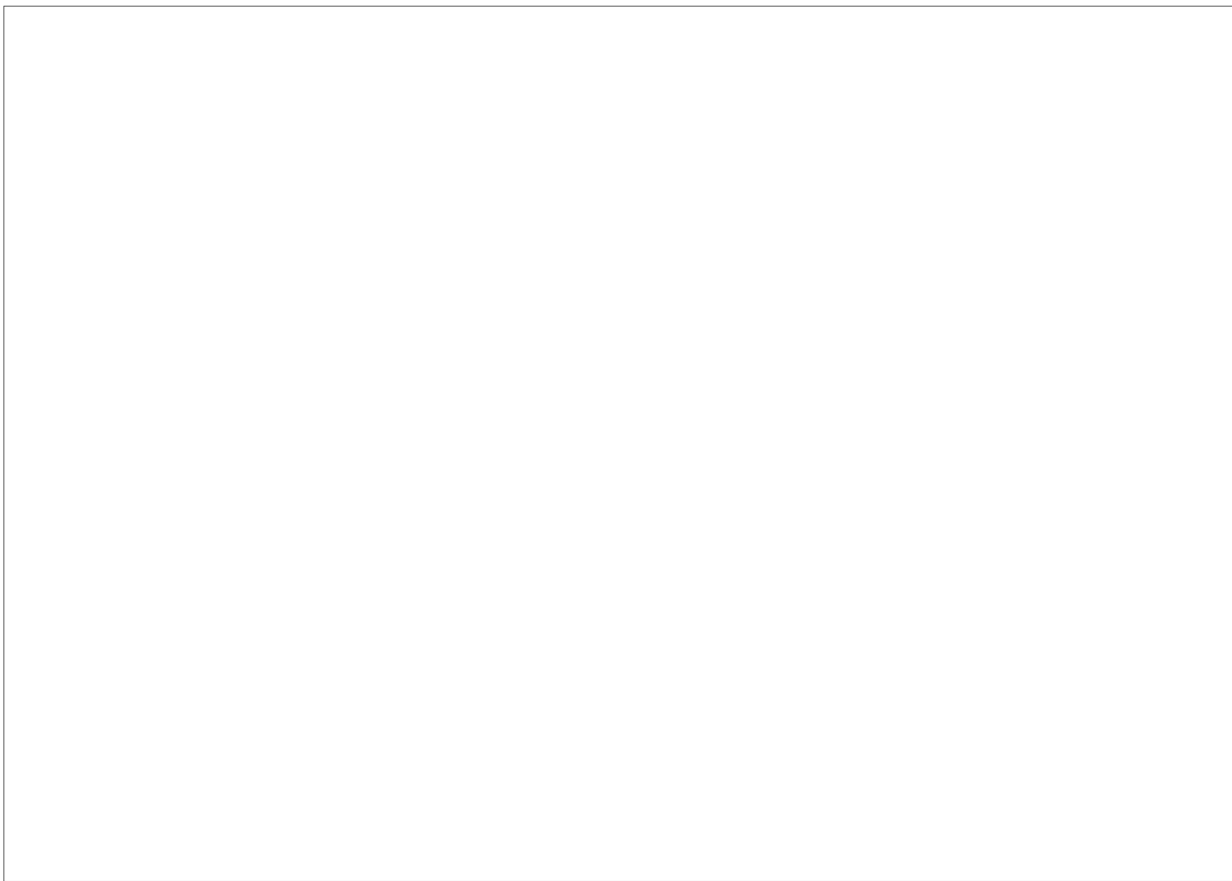
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Since the UN Security Council cannot easily drop the Kashmir issue, it will presumably be faced with the task of drafting a resolution strong enough to ensure Indian and Pakistani compliance with UN mediator Graham's most recent proposals, or one suggesting new approaches to settling the dispute. That either India or Pakistan would feel bound to abide by any such UN resolution is doubtful.

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NEAR EAST - AFRICA

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6. Panikkar praises Wafd in Cairo:

K. M. Panikkar, the Indian Ambassador-designate to Cairo, is making no secret of his opposition to the Egyptian military regime. Even before presenting his credentials, he has voiced strong sympathy for the Wafd, which "stood unwaveringly behind the Indian Congress Party during its days of trial."

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Ambassador Caffery adds that Panikkar's press statements reflect the admiration for Communist China he showed while Ambassador in Peiping. Panikkar was quoted in the Egyptian press as stating that the "Chinese now live in prosperity and stability unknown before."

7. Israelis believe Turkish mediation might bring peace with Egypt:

Several members of the Israeli parliament believe that a peace with Egypt can best be achieved through Turkish mediation. In reporting this information, the Turkish Ambassador in Tel Aviv noted considerable public and official optimism over the possibility of an eventual peace.

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Israeli hopes had been raised, he noted, when Prime Minister Ben-Gurion and Foreign Minister Sharett made undisguised peace offers to Egypt in their 18 August speeches in parliament.

Comment: A peace approach was also made on 22 August by the Israeli Charge in Paris to the Egyptian Charge. There have been no reports of any Egyptian reactions, and there is no indication that the officer clique in Cairo plans to alter Egypt's policy of avoiding a peace agreement with Israel.

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8. Eritreans may ask UN to intervene against Ethiopia:

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A group of Eritreans has informed Trygve Lie that it intends to refer Ethiopian violations of the UN resolution on federation to the next General Assembly unless the United Nations intervenes on its own initiative.

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The alleged violations include the failure to provide either a federal constitution or government. Eritreans also reportedly fear that perennial bandit activity may be used to justify Ethiopian military occupation.

Comment: This complaint was made on the first day of federation and presumably represents the opinion of Moslem elements bitterly opposed to it.

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WESTERN EUROPE

9. East Germans reportedly urge Soviet approval for army:

[Redacted]

The negotiations between East German leaders and the Soviet Control Commission on the "legal basis" for the establishment of an East German national army have produced no results,

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[Redacted] the Soviet Union has not decided on an East German army even though East German leaders, who have made detailed preparations for one, are pressing for an early decision.

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Comment: It is highly unlikely that the expansion of paramilitary formations and the preparation for "defensive forces" in East Germany have not had general Soviet approval. [redacted] East German leaders probably wish to proceed faster than the USSR considers desirable from an international point of view. 3.3(h)(2)

10. East German delegation to receive polite rebuff from West German Government:



The decision of Hermann Ehlers, President of the West German Parliament, to receive but not to negotiate with the East German delegation will have no effect on the government's plans for ratifying the Bonn and Paris treaties. Ehlers plans to receive the Volkskammer delegation, accept their letter, and "wish them God-speed on their return to East Germany." 3.3(h)(2)

Ehlers' decision, taken in concert with spokesmen of the leading parties, is designed to deprive the East German Government of any propaganda advantage and to counter any charges that the Federal Republic is acting "under American orders."

11. French press for firm US financial assistance commitment:



Defense Minister Pleven emphasized to Ambassador Dunn on 10 September the importance of an early reply to Premier Pinay's 8 August letter stating the French assumption that the total US commitment to support the 1953 military budget is \$650,000,000. 3.3(h)(2)

The Embassy believes that the French are planning their annual report to NATO on the basis of this amount, and warns that France must be informed as soon as possible of the final decision on the maximum available. In view

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of congressional cuts in foreign aid, the Embassy suggests that the French be assured of receiving between \$500,000,000 and \$575,000,000, the actual amount to be determined in accordance with the French defense effort.

Comment: Offshore purchases, funds allotted under the Moody amendment and any assistance in Indochina would be in addition to this budgetary support.

12. Adenauer and Schuman see Saar Europeanization soon:



After a strictly private talk on 11 September, Chancellor Adenauer and French Foreign Minister Schuman expressed complete agreement that all Saar problems could be worked out on a European basis.

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French officials believe that a decision was reached to urge the Saar Government to delay elections until February. German officials think that Adenauer agreed to ask the pro-German Saar parties to base their program on Europeanization.

German and French economic experts believe that the monetary question will be the most difficult problem, but feel that a solution would be greatly facilitated if immediate steps were taken to create a federal monetary union of the six Schuman Plan countries.

Comment: Adenauer and Schuman were equally optimistic after the Saar talks last March, although major problems had not been solved. A monetary union evolving from a Saar settlement could considerably advance European integration.

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