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SECURITY INFORMATION



18 July 1952



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CURRENT INTELLIGENCE BULLETIN



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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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GENERAL

1. Britain still opposes American position on Far East trade controls:



In a strong demarche to the American Embassy in London, the British Foreign Office has urged the United States to take the initiative in getting a quadrilateral agreement with France and Canada on the method for associating Japan with Western trade control machinery in advance of the negotiations with Japan beginning on 28 July.

3.3(h)(2)

The Foreign Office called attention to the generally favorable reaction to Japan's request for full membership in COCOM. According to the Embassy, the Foreign Office also indicated that even if Japan were persuaded to accept the American proposal for a separate Far Eastern organization, Britain would be most reluctant to participate.

Comment: Britain's position on this issue is influenced by its desire to protect the British economic position in South and Southeast Asia by deflecting Japanese competition toward the Chinese mainland, and also by its intention to relax restrictions on trade with China in the event of a Korean settlement.

SOVIET UNION

2. USSR improves air defense along European perimeter:



the USSR has reorganized the Air Defense Regions along its European perimeter. Six new air warning sectors have been established with control centers at Belomorsk, Riga, Minsk, Lvov, Balta, and Tiflis. (See map on following page.) The new sectors, which had previously been units within larger air defense regions, now report directly to the Moscow control station of the main Soviet air warning net.

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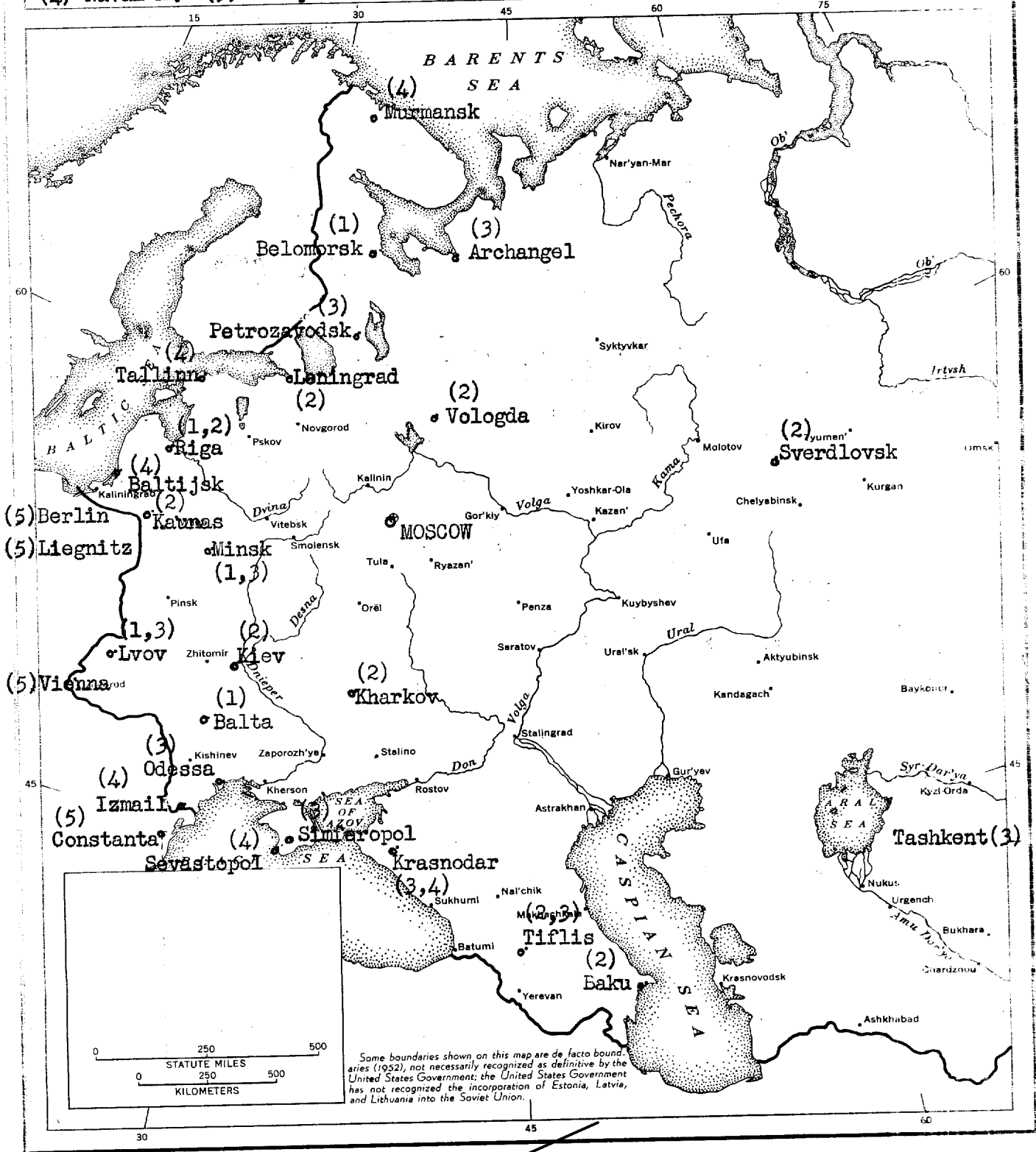
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WESTERN U.S.S.R.

STATIONS OF THE MAIN SOVIET AIR DEFENSE NET

- (1) New Air Def Sector HQ
- (2) Air Def Regional HQ
- (3) Military District HQ
- (4) Naval HQ
- (5) Groups of Forces Outside USSR



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Comment: Establishment of the smaller sectors and the elimination in some cases of one stage of the reporting sequence should increase the efficiency of the Soviet air defense system. The main air defense communications net now has 33 stations.

A concomitant development adding to Soviet capabilities for defense against air attack is the probable integration since last April of the air warning systems in the European Satellites with that of the Soviet Union.

FAR EAST

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4. Karen and Chinese Nationalists reported cooperating in Burma:

[Redacted]

The American Embassy in Rangoon is disturbed by the increasing reports of cooperation between Karen and Chinese Nationalist forces in Burma [Redacted]

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According to the Embassy, the Burmese Government has thus far treated the Chinese Nationalist problem with great restraint despite the widespread belief of US involvement. Chinese complicity with the Karens could seriously undermine American relations with Burma.

Comment: Reports of Karen-Chinese Nationalist cooperation are supported by the appearance of newly-acquired military equipment in the hands of Karen forces in eastern Burma. [Redacted]

3.3(h)(2)

5. Burmese report foreign aid to Chinese Nationalists:

[Redacted]

Chinese Nationalist forces in northeast Burma are being supplied by regular air drops and are being trained by approximately 100 Americans, [Redacted]

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Comment: [Redacted] further evidence of Burmese efforts to collect intelligence on Chinese Nationalist activities for possible presentation to the United Nations.

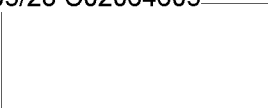
Although no reliable evidence is available to substantiate these Burmese allegations, they will tend to convince the Rangoon government of the validity of its suspicions that the Nationalists are being supplied from abroad.

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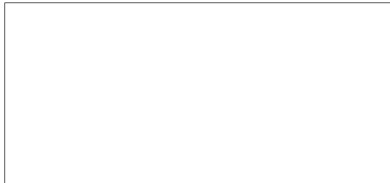
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6. Chinese Nationalists in Burma reportedly may defect to Communists:



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there is no truth to press reports that the Communists were attempting to gain control of the Nationalist force. [redacted] because of contention over the distribution of arms and supplies, allegedly flown in biweekly by CAT planes, the Nationalists may defect to the Communists "in sheer desperation" unless corrective measures are taken by Taipei or the United States.

3.3(h)(2)

NEAR EAST - AFRICA

7. Britain rumored considering withdrawal from Middle East:



The British Government is rumored to be thinking seriously of relinquishing its commitments in the Middle East, especially in the Suez area, [redacted]

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unofficial London reports confirm this thinking, which is attributed to deteriorating British financial conditions. Foreign Secretary Eden is said to have hinted to Secretary Acheson that Britain desires to shift its military responsibilities in the Eastern Mediterranean to the United States.

Comment: The Churchill government's position on various Middle Eastern questions suggests a firm determination to retain British commitments even under extremely adverse conditions. However, Britain is willing to make some tactical concessions in favor of multilateral arrangements, as in the case of the Suez Canal base.

Regardless of their accuracy, such reports will strengthen Egyptian determination not to compromise with Britain.

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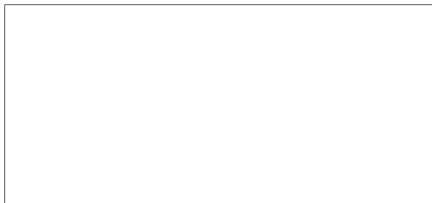
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8. Comment on Iran's new Prime Minister designate:

The appointment of former Prime Minister Ahmad Qavam as the new Prime Minister suggests that Iran may adopt a more reasonable attitude on the oil issue. Friendly to Britain and pro-West in attitude, octogenarian Qavam is one of the most astute politicians in Iran.

If he is confirmed, he will be hampered by a long-standing antipathy of the Shah, the country's near bankruptcy, continued British intransigence on the oil issue, and strong nationalist opposition. Even Qavam, who has indicated a willingness to compromise on the dispute with Britain, has insisted that no prime minister who agreed to return the British to a controlling position in the oil industry could remain in office.

EASTERN EUROPE

9. Czechs offer unused tire production capacity to other Satellites:

On 11 June Czechoslovakia informed its commercial representatives in the other Satellites of unused plant capacity for the manufacture of over 40,000 truck and passenger tires with tubes. The offer stipulated that the other Satellites furnish the necessary natural rubber and other materials or their equivalent in sterling exchange.

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Comment: This is further indication that the Western embargo on strategic goods is effective.

This technique of overcoming production losses may establish a new trend of economic coordination within the Orbit.

This number of tires and tubes represents only three percent of estimated 1951 production in Czechoslovakia, the bloc's second largest producer.

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