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SECURITY INFORMATION

31 October 1952

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CENTRAL INTELLIGENCE AGENCY

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~~TOP SECRET~~

3.5(c)

SUMMARY

GENERAL

- 1. Moscow suspected of planting rumors of Franco-Soviet negotiations (page 3).
- 2. USSR obtaining strategic electronic equipment through London (page 3).
- 3. Indian Ambassador believes Peiping "feeling way" toward compromise on POW issue (page 4).

FAR EAST

- 4. Unusual stand-down by Communist combat air units in Manchuria reported (page 5).

EASTERN EUROPE

- 5. Council of Economic Mutual Assistance meets in Bucharest (page 5).

WESTERN EUROPE

- 6. New French-German Saar negotiations appear distant (page 6). 3.3(h)(2)
- 7.
- 8. Comment on growing pressure in France for four-power talks (page 7).

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3.5(c)

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## GENERAL

1. Moscow suspected of planting rumors of Franco-Soviet negotiations:

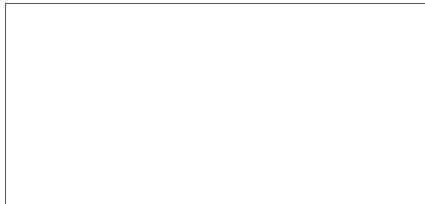
Simon Alstot, an employee of the independent leftist daily Franc-Tireur, attempted in early October to sell a leading American newspaper a story regarding secret Franco-Soviet conversations.

3.5(c)

The story alleged that a high French official engaged in the talks, which were instigated and financed by "powerful French industrial interests in North Africa" in an effort to impair American policy in Western Europe and so relieve United States "pressure" on France concerning North Africa.

American officials investigating Alstot's alleged documentation concluded that the whole story was fabricated. Embassy files in Paris describe Alstot as a Communist and a suspected Moscow agent.

Comment: This information tends to confirm the theory that Moscow has inspired the oft-repeated rumors of secret Franco-Soviet negotiations. Recent efforts to investigate such rumors have shown that they originated with obscure journalists who personally admitted giving them no credence.

2. USSR obtaining strategic electronic equipment through London:

The Soviet foreign trade agency in London notified the Industrial Machinery Import Agency in Moscow during July and August of two shipments to Leningrad comprising technical electronic testing and measur-

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ing equipment valued at about \$130,000.

- 3 -

~~TOP SECRET~~

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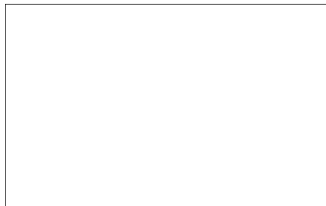
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Comment: This specialized equipment, some of which is embargoed, can be utilized in development of search and fire control radar, radio communications, proximity fuses, and control units for guided missiles.

The USSR has given high priority to expansion of its electronics industry and has surrounded it with strict security measures.

3. Indian Ambassador believes Peiping "feeling way" toward compromise on POW issue:



Chinese Communist Premier Chou En-lai recently summoned the Indian Ambassador at midnight for a two-hour talk. Chou denounced the United States for refusing to discuss the latest Chinese proposals on

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the prisoner of war issue and insisted that all Chinese prisoners must be repatriated.

The Ambassador believes that the Chinese Communists are "feeling the way" toward a compromise based primarily on a distinction between Chinese Communist and North Korean prisoners.

Comment: Communist negotiators already have compromised to the extent of reducing their repatriation demands from 134,000 to 116,000 prisoners. Chou En-lai has further suggested a willingness to settle for repatriation of 100,000 provided they include all 20,000 Chinese of whom some 16,000 are unwilling to be repatriated.

Soviet officials have recently hinted in private conversations in New York that the Communists are approaching the UN position on the POW issue. Although Peiping may be preparing to compromise on its demand for the 20,000 Chinese, neither the latest Chinese proposals nor Chou's remarks to the Indian Ambassador provide specific evidence of such an intention.

- 4 -

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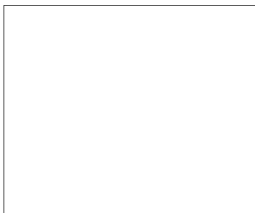
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FAR EAST

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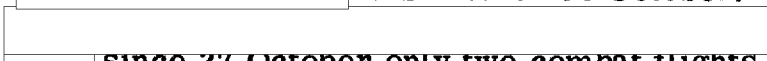
4. Unusual stand-down by Communist combat air units in Manchuria reported:



An unusual three-day stand-down by Chinese and Soviet combat air units

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in Korea on 30 October.



since 27 October only two combat flights have crossed the Yalu River into North Korea. Training and routine flights within Manchuria have continued.

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no enemy aircraft have been sighted by UN pilots during this period.



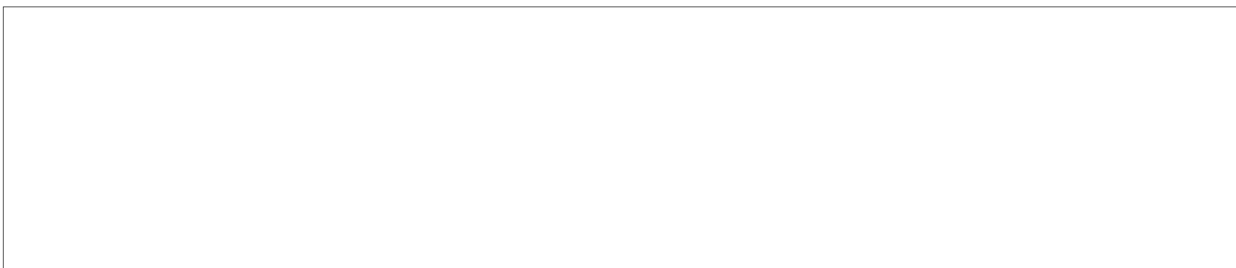
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Comment: This is the first lengthy stand-down in over a year, and the reason for it is not apparent. While previous stand-downs of a shorter duration have produced no change in the enemy operations, a long period of inactivity would enable the enemy to prepare for maximum effort.

EASTERN EUROPE

5. Council of Economic Mutual Assistance meets in Bucharest:

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~~TOP SECRET~~

3.5(c)

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3.5(c)

Comment: The last known meeting of the CEMA congress was in mid-1950. The purpose of a meeting of this congress immediately after conclusion of the 19th Party Conference is presumably to receive economic directives on implementation of the Kremlin trade policy, which is designed to disrupt Western political unity by breaking down Western export controls.

### WESTERN EUROPE

#### 6. New French-German Saar negotiations appear distant:

The West German Government appears unperturbed by the recent breakdown of the Saar negotiations, and there is little indication that it will ask for a resumption of French-German talks soon. 3.3(h)(2)

In Paris, Foreign Minister Schuman is reported to have said that little possibility exists for a compromise of the disputed economic issues until a new West German Government is elected in 1953.

Minister President Hoffman of the Saar territory has declared that the Saar elections will be held on 30 November, and that no further postponement is possible unless France and West Germany reach an agreement before 8 November, when the electoral campaign will begin.

Comment: Chancellor Adenauer seems convinced that West German ratification of the Bonn and Paris treaties is assured, and apparently feels that an immediate settlement of the Saar dispute is now less urgent. West German diplomats also have suggested that the French Government may be more amenable to compromise when its domestic political position improves.

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8. Comment on growing pressure in France for four-power talks:

Growing pressure within Premier Pinay's coalition for four-power talks is suggested by the recent proposal of National Assembly deputy Andre Denis that opponents of the Bonn and Paris treaties unite in proposing immediate discussions with the Soviet Union. Denis made his proposal coincident with an announcement that he had had "most useful talks" in Berlin with East German Foreign Minister Dertinger and Deputy Premier Nuschke. The results of his visit, he said, had been made known to "those responsible for our policy."

- 7 -

~~TOP SECRET~~

3.5(c)

~~TOP SECRET~~

3.5(c)

This pressure for four-power talks appears to be contributing to the government's consideration of Vyshinsky's recent approach to Ambassador Joxe for bilateral efforts toward an East-West detente. Denis is prominent among the approximately 30 left-wing deputies of Foreign Minister Schuman's own Popular Republican Party whom Pinay now needs to conciliate in order to avoid defeat in critical Assembly voting on foreign policy issues.

- 8 -

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3.5(c)