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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY



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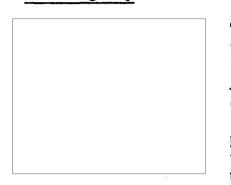
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GENERAL

1. Britain and France oppose American plan for separate Eastern export control group:



The French Foreign Office has reiterated 3.3(h)(2) its support of the Japanese request for full membership in COCOM. It states that the American plan for a separate Far Eastern control organization would prejudice the French political position in Indochina, and points out that other COCOM members share its fear that Japan would obtain privileged treatment.

In London, officials indicate that Britain would at the most agree only to the establishment of a standing Far Eastern secretariat in COCOM's Consultative Group, together with a Far East working level committee, with Japan as a member of both.

Comment: Britain, France and Canada have previously made known their opposition to the United States proposal to include Japan in a Far Eastern controls group parallel to, but separate from, COCOM.

SOVIET UNION

3.3(h)(2)

2. Soviet plane attacks UN aircraft off Dairen:

a MIG-15 subordinate to the 5th Fleet at Port Arthur was probably involved in the interception of a UN reconnaissance B-26 on 16 July, 45 miles southeast of Dairen.

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Comment: The interception of the UN plane is another in a series of incidents in which the Soviet Air Force has reacted to surveillance missions in widely separated sections of the periphery of the Soviet Orbit. A UN B-29 lost off Vladivostok on 13 June was probably shot down by Soviet aircraft.

FAR EAST

3. Enemy reportedly concentrates on defense of Manchurian border:

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3.3(h)(2)

enemy planes continue to be more active in protecting the Manchurian border than in defending Pyongyang. When UN

bombers raided Pyongyang on 10 July, 23 Communist planes were airborne. Instead of protecting Pyongyang, they concentrated on patrolling the Antung area.

Comment: Russian-manned jet units in Manchuria have pursued an erratic policy in intercepting UN bombers in recent weeks. While failing to disrupt UN attacks on the power plants in late June and on Pyongyang on 10 July, they made a determined effort on 4 July to break up the attack on a North Korean military academy near Sakchu in northwest Korea.

4. Burmese Premier intends to request Communist aid:

The American Embassy in Rangoon reports3.3(h)(2)that contrary to earlier information, theBurmese Premier intends to carry out hisrecent proposal to request economic assist-

ance from the Soviet Union and Communist China. The Embassy adds that the Premier is confident his action will embarrass the USSR and China and undercut accusations that he has abandoned neutrality by accepting American aid.

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<u>Comment</u>: It is unlikely that either the Soviet Union or Communist China would be embarrassed by this move, although they may eventually find it expedient to give vague, public

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promises of future aid.

SOUTH ASIA

5. Comment on probable change of government in Nepal:

Renewed terrorism aimed at Indian landlords and political maneuvers designed to oust pro-Indian Prime Minister M. P. Koirala are the latest developments marking the steady growth of anti-Indian feeling in Nepal and the struggle for power between the moderate Prime Minister and his anti-Indian half-brother, Nepal Congress Party President B. P. Koirala.

The party's reported demand that the Prime Minister accept cabinet changes which would favor B. P. Koirala or resign suggests that the latter is about to replace his more conservative half-brother. B. P. Koirala's assumption of the Prime Ministership would encourage irresponsible elements of the Nepalese Congress Party, as well as the Communists, to further anti-Indian excesses.

India is unlikely to accept passively the existence of an anti-Indian government in Nepal, which would represent a threat to the security of its northern frontiers. Indian military intervention in Nepal's affairs without the invitation of the Nepalese Government, however, would constitute a breach of the treaty of 1950 which guarantees the sovereignty and territorial integrity of Nepal.

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NEAR EAST - AFRICA

6. Comment on military coup in Egypt:

The military coup on 23 July led by General Mohammed Nagib, a hero of the 1948 Palestine War, represents the most drastic blow to Egyptian constitutional government to date. Whether or not harmony is eventually restored between King Farouk and the new army leaders, the King's prestige has been impaired and a precedent has been set for military dictation to civil government.

Army dissatisfaction with top military leaders has been growing since the arms scandals of the Palestine War leaked out to the public three years ago. Last week, when Farouk became involved in the dispute, the resultant army differences forced the fall of the Sirry cabinet, making way for the two-day Hilali government.

The fall of Hilali has been followed by the appointment to the premiership of Ali Maher, whom King Farouk entrusted with the government last January. Nagib put his stamp of approval on Maher prior to the appointment. The position of Maraghi, who was Minister of Interior in the previous Maher cabinet and the two Hilali cabinets, and who has long been considered a candidate for the premiership, is not clear. 3.3(h)(2)

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7. Greek Ambassador in Paris suggests that France support Cyprus union:



that he had suggested to ForeignMinister Schuman on 26 June that Francecould influence the British Government tochange its stand against the union of Cypruswith Greece.3.3(h)(2)

Schuman stated that he understood the popular

Greek demand for union. He warned, however, that nothing should be done to affect Allied relations and praised the Greek Government's present policy of waiting.

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Comment:

that the French Communist Party received instructions from Moscow for "direct action" shortly before the May disturbances, and that party leaders

delegation will go to Athens shortly for staff

connivance of the French Government, of large parts of the Duclos notebook, is useful because of its counterpropaganda value, in the opinion of the American Embassy in Paris. The document brings out clearly

Publication of Duclos notebook considered effective counterpropaganda: The recent publication, probably with the

that it would be preferable for the NATO Greek-Turkish area command to be located in Greece rather than Turkey, as that would facilitate eventual coordination with Yugoslavia.

Comment: Apparently, Yugoslav-Greek cooperation is moving faster than had been anticipated. The Turks have expected Yugoslavia to approach them first, and will be irritated by the extent of Greek-Yugoslav progress on joint planning. It can be expected also that Turkey would resent any Greek-Yugoslav pressure to have the NATO area command located in Greece.

WESTERN EUROPE

themselves are admitting difficulties and the loss of strength.

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The Yugoslav Minister suggested unofficially

talks.

Greek-Yugoslav staff talks expected soon:

8.

9.

a growing frustration over inability to promote the union of Cyprus with Greece through bilateral negotiations The Ambassador's discussion with Schuman with Great Britain. appears to be part of the current Greek campaign to present the issue to the United Nations.

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a Yugoslav military

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<u>Comment</u>: The propaganda value of Duclos' notebook is evident from surveys which indicate that over 75 percent of the 5,000,000 Frenchmen who voted Communist in last year's national election do not believe that the French Communist Party is closely tied to Soviet policy.



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