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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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State Department review completed

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SUMMARY

GENERAL

1. Proposed Moscow trade conference allegedly not designed to alienate Western Europe from US (page 3).
2. Poland demands embargo-sized ball bearings in exchange for coal (page 3).

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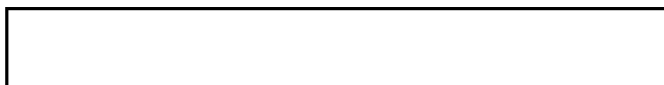
EASTERN EUROPE

8. Polish Government orders closing of USIS (page 7).

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GENERAL

25X1A 1. Proposed Moscow trade conference allegedly not designed to alienate Western Europe from US:

[REDACTED]

Yves Farge, prominent French journalist and president of the Communist-front French Peace Movement, denied in an article published in the fellow-traveling Liberation that the

proposed Moscow trade conference is intended to detach European countries from the US. The promoters of the conference want to broaden East-West trade contacts, specifically excluding political questions, he said, and have requested business groups to fix the date and the agenda. Only trade exchanges on a reciprocity basis will be discussed at Moscow.

Farge explained that the proposed conference has been supported by meetings of businessmen in France, Switzerland, Italy, Belgium and Great Britain. He concluded with the statement that Soviet and Chinese trade proposals would be "really sensational."

Comment: Various Communist parties and Communist-dominated "peace" organizations are concurrently being mobilized by the USSR to bring strong pressure against the tightening of Western economic restrictions of East-West trade. At the same time, Soviet propaganda is concentrating on alleged US economic exploitation of Western Europe and is portraying the benefits of East-West trade. This emphasis may indicate that Western economic measures have made necessary some alteration of Soviet tactics to obtain strategic materials from the West.

Arguments such as Farge's appear designed to anticipate US warnings to its NATO partners that the USSR would use the proposed conference chiefly to further cold war objectives.

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2. Poland demands embargo-sized ball bearings in exchange for coal:

[REDACTED]

Although the new Austro-Polish trade agreement was initialled on 2 August, Poland refuses to sign the commercial contracts for the

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delivery of coal to Austria unless the latter agrees to deliver embargo-sized ball bearings in exchange. The chief of the Polish delegation stated that France was currently supplying bearings of this size to Poland, and he declared that his country would not sign contracts for coal with any nation failing to agree to supply such bearings. The Austrians are asked to deliver bearings for one year at a rate of 10,000 dollars per month. The Austrian Government is very concerned over this situation, and US High Commissioner Donnelly observes that apparently Austria must either deliver embargoed goods, or the US must send coal from the US or the Ruhr.

Comment: Austrian industry and railroads will be forced to reduce coal consumption next month if new coal deliveries are not assured. Poland behaved in a similar intransigent fashion during recent negotiations with Finland and Norway. In the talks with Finland, the Poles showed a relative lack of interest in money but great interest in metals and minerals, particularly aluminum and cobalt, in exchange for their coal. Polish-Norwegian trade discussions were suspended indefinitely because of Poland's unreasonable demands on Norway.

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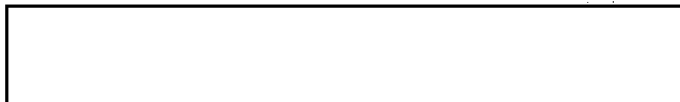
25X1A 8. Polish Government orders closing of USIS:



The US Ambassador in Warsaw was ordered on 8 August by the Polish Minister of Foreign Affairs immediately to terminate the activities of USIS in Poland. He stated that the decision

to close USIS was based upon the "whole policy" of USIS, to which he objected strongly.

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For the past four years, the Polish Government has been protesting against the "unfriendly policy and editorial content" of the US Embassy's News Bulletin, most recently on 5 May 1950. The embassy notes that the Foreign Minister's complaint against USIS was couched in general terms and made no great effort to present a particularized and argumentative justification for the closing of USIS.

Comment: The USIS office in Warsaw was the last one operating in Eastern Europe. Two years of secret police terrorism against the Polish employees and patrons of USIS in Warsaw had failed to prevent the successful functioning of this program. The closing of the Warsaw office follows the elimination of USIS from Hungary in July.

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