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18 May 1951

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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SUMMARY

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~~USSR~~
~~CHINA~~
~~JAPAN~~

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~~CHINA~~

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~~GREECE~~
~~TURKEY~~
~~NATO~~
~~USSR~~

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GENERAL

1. Indonesia favors USSR and Communist China participation in Japanese peace treaty, but will sign regardless:


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 The Indonesian Foreign Minister has informally told the US Ambassador in Djakarta that, in line with Indonesia's independent foreign policy, his government would like to see both Soviet Russia and Communist China participate in the Japanese peace treaty. He added, however, that if this should not prove feasible, Indonesia would be willing to go ahead without them.

Comment: Subardjo's statement represents the first time an Asian nation has committed itself to participate in a Japanese peace treaty which was boycotted by the USSR and from which Communist China was excluded. In spite of some reluctance, it is nevertheless expected that all other Asian nations invited to sign a treaty will do so.

FAR EAST

2. Major Communist effort seen in central sector:

 In an estimate of the enemy's capabilities, the US Far East Command states that "the latitude and scale of enemy reconnaissance activity and aggressive patrolling in the past 24 hours strongly indicate a new offensive effort." It concludes that while the enemy is still capable of launching a major attack along the eastern approaches to Seoul, the recent shift of major Chinese Communist forces to the Chunchon area in the central sector points to the Chunchon-Wonju corridor as the projected zone for the enemy's initial major effort.

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Comment: While it is indicated that the major Communist effort will be in the central sector, strong diversionary attacks probably will be launched on both the eastern and

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western flanks of the UN line. In the eastern sector, [REDACTED] the North Korean V Corps has probably been ordered to join the III Corps in its eastward attack towards the coast. On the west, the North Korean VI Corps is believed to be moving southward into the battle area to support the I Corps. A Chinese prisoner taken on the Kimpo Peninsula states that his unit (possibly an element of a new major Chinese Communist force, the 2nd Army Group) will attempt to outflank the strong UN position at Seoul by launching an attack across the Han River down the weakly-defended Kimpo Peninsula west of Seoul.

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NEAR EAST

3. India will probably abstain on strategic embargo against China:

[REDACTED] On 16 May, the Secretary-General of the Indian Ministry of External Affairs informed the US Embassy in New Delhi that India's stand regarding an embargo on strategic materials destined for China would be determined by political considerations and not by its views on armaments. The Secretary-General stated further that while India could hardly vote against a UN resolution in view of its attitude toward peace, it could not easily vote for the resolution after having refused to brand Communist China as an aggressor. He therefore believed it likely that India would abstain.

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Comment: India has not looked with favor upon the idea of an embargo against China. Thus, if India abstains from voting on the proposed embargo, it may feel free to deal with China as it sees fit. In any event, India may be expected to interpret the embargo terms in an independent manner.

4. USSR urges Iran to accept planes to combat locust plague:

[REDACTED] The Iranian Minister of Agriculture has advised the US Embassy in Tehran that the USSR is strongly urging Iran to accept the

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use of eight small Soviet planes equipped for spreading poison bait. The Iranians are seriously considering the offer. These planes would be used in Eastern Iran, along the route that the locusts usually travel north toward the Soviet border.

Comment: In making this offer, the Soviet Government was probably concerned lest the locust plague, which has been unusually severe in Iran this year, spread into the USSR. In April, the Iranians accepted a Soviet offer of two men and some material to assist in combating the plague. The Soviet Government is doubtless aware of the intelligence and propaganda possibilities inherent in its offer.

5. French officer accuses Israel of being unfriendly to France:

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Comment: Israel has publicly protested Colonel Bossavy's rulings and the Israeli Ambassador in Washington has told the US Department of State that Israel was concerned over "French pro-Syrian activities." Reports from the French UN representatives and from the French Consul General in Jerusalem have on occasion revealed strong anti-Israeli sentiment. While France is making formal efforts to remain on cordial terms with Israel, its interest in rebuilding French influence in Syria and Lebanon, as well as the anti-Israeli attitude of some of its official representatives, make the maintenance of a semblance of neutrality difficult.

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6. Iraq sends an air squadron for "Syria's protection":

[REDACTED] On 16 May, the Chief of Operations of the Iraqi General Staff informed the US Military Attache in Bagdad that the ground elements of one Iraqi air squadron and a 40 mm. air-craft unit would arrive in Damascus on 17 May. The Iraqi Officer stated that this action was "purely defensive" and only for Syria's protection. The US Ambassador in Bagdad is inclined to take the Iraqi statement at face value, although he recognizes the danger of volatile Arab public opinion and the "subterranean growlings" to the effect that violent action may be the only way of dealing with "repeated Israeli aggression." [REDACTED] that twelve planes were involved.

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Comment: Iraq's precipitous action will exacerbate the Israeli-Syrian dispute. Syria will derive some encouragement from Iraqi support and, at the same time, the new threat will rally public opinion in Israel. The support given by Iraq will induce other Arab states to consider somewhat more seriously the possibility of doing likewise if for no other reason than to prevent Iraq from achieving a special position in Syria.

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WESTERN EUROPE

7. Projected French military expenditures for 1952 greater than foreseen:

[REDACTED] According to the US Embassy in Paris, the level of French military expenditures now being projected for 1952 will probably reach \$4 billion. This would be 50 percent above the 1951 level and 16.5 percent of the national income. A military effort of this magnitude is expected to result in a budget deficit of \$3.1 billion for 1952. The Embassy comments that the \$2.1 billion deficit for 1951 has already called for at least \$285 million more in inflationary borrowing than the French say their economy should carry. In view of the prolonged bickering over the extent of French commitments

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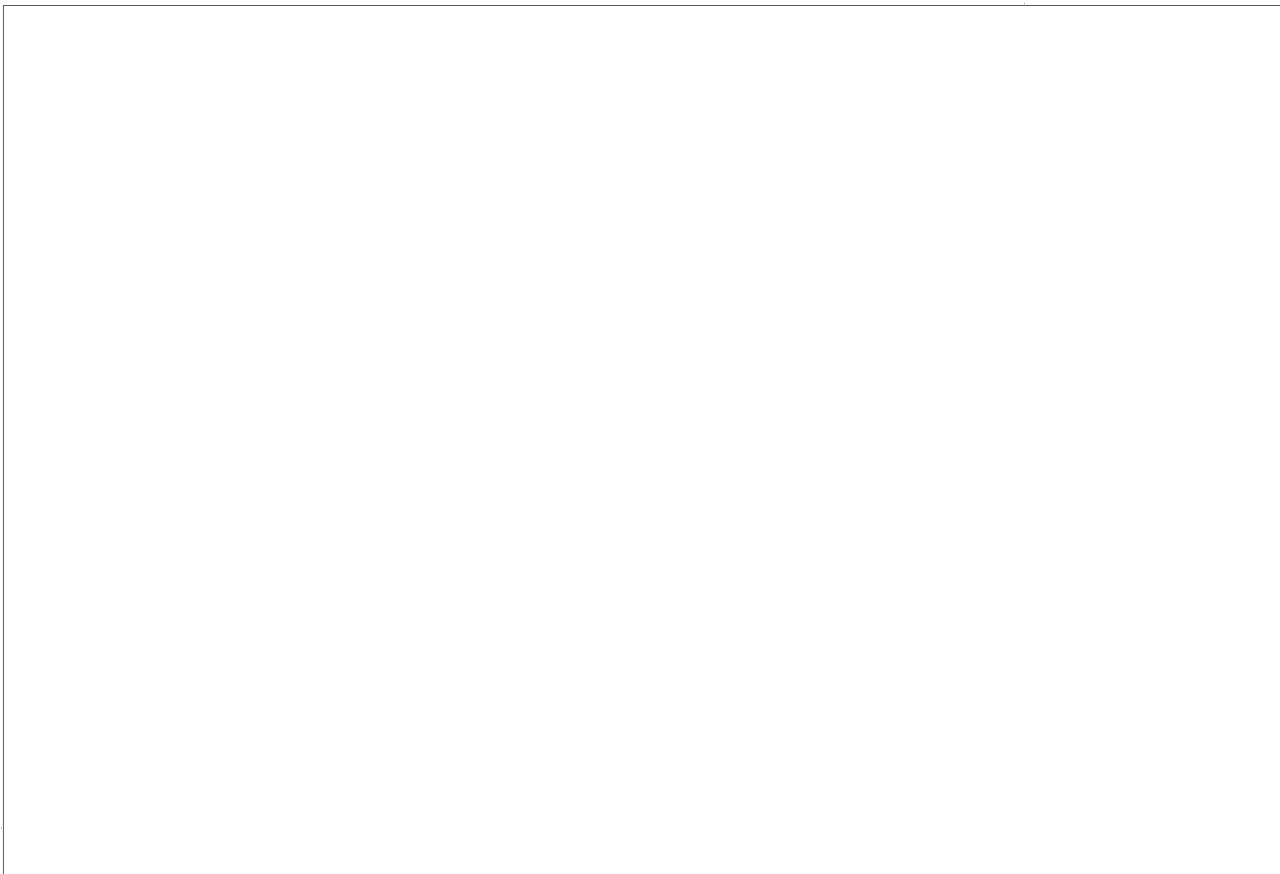
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following the October 1950 US-French talks, some French officials hesitate to present the US with this projection and again risk US disappointment in the event of later reductions.

Comment: The tentative figure of \$4 billion for military expenditures in 1952 represents more than a 15 percent increase over the March ECA estimate for 1952. The military programs on which the projected expenditures are based are already under way, and there is no reason at this time to expect that the new Assembly will cut back rearmament when it meets in July.

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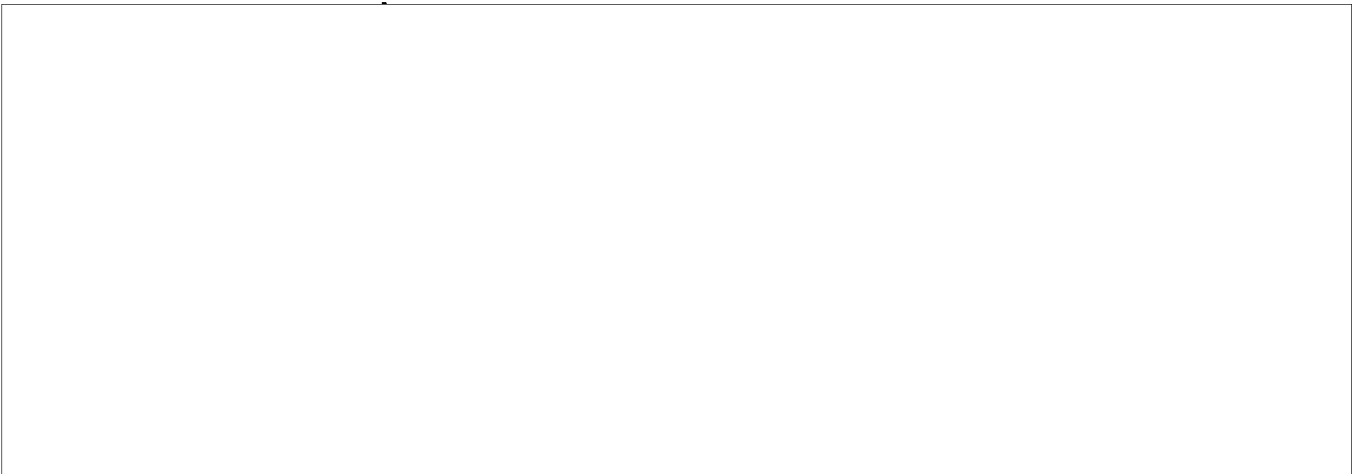
9. Spanish relations with France near breaking point:

The US Embassy in Madrid reports that Spanish-French relations were strained almost to the breaking point by the Spanish Government's threat to close French schools in Spain in 3.3(h)(2)

retaliation for the French failure to evict Basque Nationalists from a Spanish government-owned building in Paris. Only General Franco's last-minute decision to "postpone indefinitely" this retaliatory measure averted the recall of the French Ambassador in Madrid. Spain alleges that the premises in question are a focal point of Basque anti-Franco and pro-strike activity. The US Embassy comments that this, together with an anti-French campaign in the Spanish press, marks the inception of an official campaign to blame the Spanish strikes on French laxity in controlling anti-Franco "subversive elements" in France.

Comment: The French action in granting asylum to active Spanish anti-Franquists has always been considered by Franco to be a hostile act. The recent upsurge of government strikes in Spain has made him even more sensitive on this point. This particular incident is part of the larger Spanish effort to shift the blame for the country's chronic economic ailments to "foreign and Spanish elements working against the best interests of Spain." In the past, Franco has effectively used appeals to Spanish national pride and latent xenophobia, but in the present case this tactic would seem to have less chance of success.

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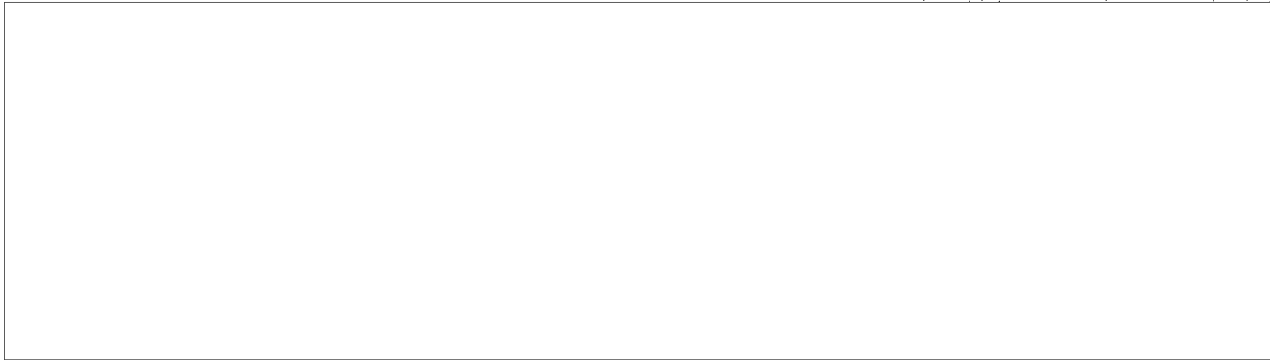
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11. Norwegian Foreign Office favors admission of Greece and Turkey to NATO:



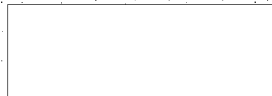
The Norwegian Foreign Office will recommend to the Cabinet and the Foreign Affairs Committee of Parliament that Norway support the admission of Greece and Turkey to full mem-

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bership in NATO.

Comment: The Foreign Office recommendation represents a complete reversal of Norway's previous position. Heretofore, Norway has felt that the inclusion of these Mediterranean countries in NATO would weaken the defense system by over-extending it and would alter the nature of the alliance from one primarily against Communism to an outright anti-USSR pact. Now, although still concerned lest the northern flank receive only subsidiary treatment, Norway has broadened its concept of the needs of a comprehensive defense system.

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