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SECURITY INFORMATION

1 November 1953

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Copy No. 54

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 44
NO CHANGE IN CLASS.
LI DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2009
AUTH: HR 70-2
DATE: 20/12/79 REVIEWER: [Redacted]

3.5(c)

[Redacted]

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

[Redacted]

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GENERAL

1. Rome presses for prompt UN rejection of Soviet proposal on Trieste:

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	Rome is most anxious to have the 2 November meeting of the UN Security Council reject rather than merely postpone discussion of the Soviet proposal for the appointment of a governor of the Trieste Free Territory.	

2. Yugoslav diplomat hints at compromise on Trieste:

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Comment: [redacted]

Tito proposed that the city of Trieste be under Italian sovereignty and the rest of the Free Territory under Yugoslav sovereignty for a period of 10 to 15 years. The Yugoslav regime now appears to be retreating toward an earlier position which called for a definitive division preferably along the present zonal boundary.

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SECURITY INFORMATION**FAR EAST****3. French propose troop withdrawal as first step toward Korean peace:**

The French working paper for the Korean political conference calls for a gradual withdrawal of foreign forces to precede country-wide elections, the establishment of an all-Korean government, and "reciprocal guarantees." The French assert that unless withdrawal occurred first, free elections would be almost impossible.

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As an alternate proposal, the French suggest federation of the existing North-South Korean regimes under international supervision. Dual governmental functions would be eliminated gradually and the neutralization of Korea would be the ultimate goal. The American embassy in London comments that the French may have similar plans in mind for amalgamating the rival regimes in Indochina.

Comment: The primary French proposal differs strikingly from the 29 October British proposal in that it calls for the withdrawal of troops as the first step toward Korean unification. The alternate French proposal bears resemblance to a plan which the British have warned against.

SOUTHEAST ASIA**4. Viet Minh propaganda takes new line:**

A 28 October broadcast from the Viet Minh Peace Committee described the longing of the "Vietnamese people" for peace and friendship with the French people and their willingness to be linked to the French by economic and cultural ties. The broadcast, which was addressed to the French Peace Committee, blamed ill will on the part of the French negotiators for the failure of the negotiations in 1946 between France and the Viet Minh.

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Comment: This line is a modification of the strongly belligerent tone which the Viet Minh had continued to take despite Peiping and Moscow hints in recent months that a negotiated peace in Indochina might be possible. The adoption of a peace line in this form is probably designed to increase neutralist sentiment in France without committing the Viet Minh authorities to a less belligerent policy.

NEAR EAST - AFRICA

5. Iran to reopen negotiations with USSR on border and financial problems:

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Comment: Iran has been attempting to settle boundary disputes with the USSR and to obtain payment of the \$21,000,000 in gold and credits owed it since the end of World War II. The latest negotiations, started by Mossadeq, were suspended as a result of the change of government in August.

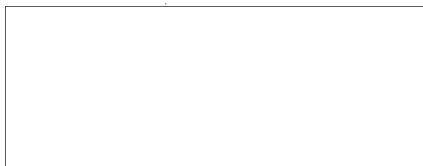
A favorable settlement of those issues would strengthen the Zahedi government, but there is no indication that agreement can be reached without prolonged bargaining. Even a resumption of negotiations, however, following the signing of the 3 September Soviet-Iranian supplemental trade agreement, would at least partially restore Soviet prestige in Iran lost as a result of Mossadeq's ouster and the Tudeh's failure at that time to make a better showing.

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SECURITY INFORMATION**WESTERN EUROPE****6. French government's case against Communist deputies stymied:**

The French Parliamentary Immunities Committee's rejection on 29 October of treason charges against four Communist deputies substantially reduces the likelihood

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of further prosecution, in the opinion of the American embassy in Paris.

The embassy fears that this development will have an adverse effect on further government action against the Communists, whose hand has now been strengthened in their current bid for joint action against the EDC and the Indochina war.

Comment: This decision has been hanging fire since spring, when it first became apparent that the French government's anti-Communist campaign was weakening. Since the government crackdown following the anti-Ridgway demonstrations in May 1952, the Communists have changed their provocative tactics and regained considerable prestige by promoting labor issues without political slogans. They also continue to profit from the Soviet peace offensive.

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