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SECURITY INFORMATION


27 October 1953

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CURRENT INTELLIGENCE BULLETIN

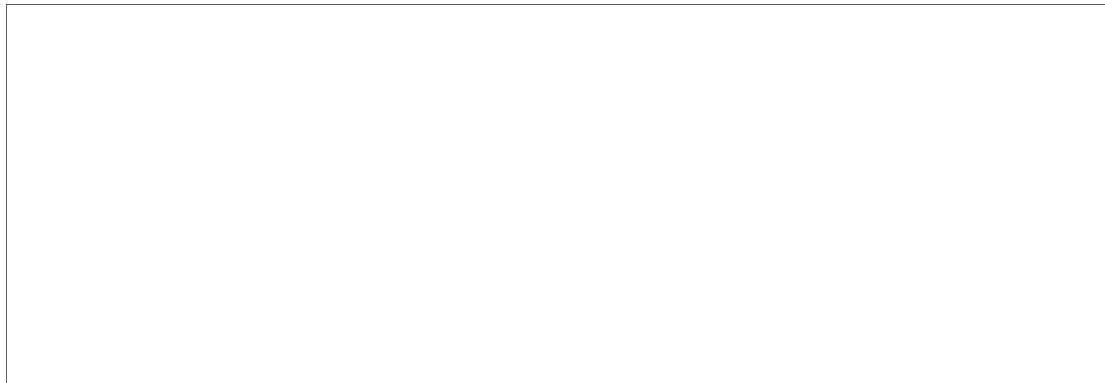
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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY



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SUMMARY

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[Redacted]

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FAR EAST

1. South Korean corps commander urges support for pro-American generals:

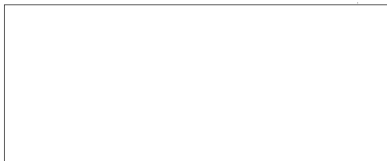
General Chong Il-kwon, commander of the South Korean II Corps, is anxious for the United States to support American oriented and trained South Korean generals should the army resist an order to march north. He also wants the US to make "flexible plans" covering, among other things, the possibility of Rhee's death and a coup d'etat,

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Comment: This is the second time in recent weeks that General Chong has hinted at the possibility of a coup or that the South Korean army might refuse to obey an order from Rhee to renew the war. Chong is a competent and respected military leader. He is also highly ambitious and may hope that such statements will generate American support for his appointment as chief of staff.

SOUTHEAST ASIA

2. Vietnam premier would await greater strength before questioning French Union concept:

In an off-the-record press conference in Hanoi on 23 October, Vietnamese premier Tam stated to local newsmen that in view of its dependence on French military aid, Vietnam must remain in the French Union for the time being. He said that Vietnam could reconsider its position when it is stronger.

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Comment: Realization on the part of Vietnamese leaders of the necessity for French military support will make them conciliatory in forthcoming negotiations in Paris. Most of them are nonetheless determined that the present concept of the French Union shall eventually be drastically revised.

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NEAR EAST - AFRICA

4. Iran reportedly will request economic mission to help solve problems:

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The director of the Iranian National Bank stated on 24 October that Iran planned to ask that a joint mission from the International Monetary Fund and the International

Bank for Reconstruction and Development be sent to Iran as soon as possible.

The Fund representatives would be asked to examine Iran's financial situation and make recommendations for its improvement. The International Bank members would investigate the possibility of a loan to Iran and aid in reaching or administering an oil settlement.

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Comment: Such a mission could be useful in formulating a new monetary policy to improve Iran's serious financial situation. It is not likely, however, that the International Bank would grant a loan until the oil industry is again in operation.

In January and February 1952, the International Bank attempted to help solve the oil dispute but failed to find a solution acceptable to former prime minister Mossadeq.

5. Iranian oil commission lacks knowledge and program:

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 The Iranian oil commission which met with Herbert Hoover, Jr., petroleum adviser to the Department of State, on 22 and 23 October has shown little understanding of the purpose of the meetings and has revealed an unawareness of oil problems generally, the American embassy reported on 24 October.

The commission has been mainly preoccupied with determining potential markets, prices and the level of production which the National Iranian Oil Company could attain unaided. It has given little consideration to management of the industry.

Comment: This lack of knowledge and planning, which, according to Ambassador Henderson, extends to Prime Minister Zahedi and the shah, indicates that considerable time will elapse before the Iranians will be able to negotiate seriously on the oil problem.

6. Arab League reportedly votes aid for Jordan's border defense:

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 The Arab League Political Committee reportedly decided on 23 October to give Jordan a total of two million pounds for reinforcing the Jordanian national guard and strengthening the defenses of the villages near the Israeli frontier. The committee also requested those Arab states not bordering on Israel to send troops to Jordan.

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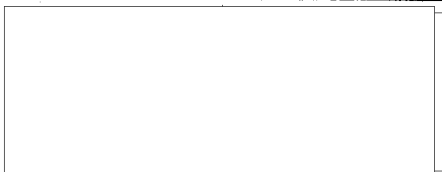
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Comment: Despite the committee's request, there is considerable doubt that any Arab state will send troops to Jordan. Popular pressure for more drastic action exists, but troop maneuvers reported thus far are merely precautionary measures.

7. USSR may bid on Greek request for fuel oil:



The USSR will probably bid on the Athens Power Company's request for 200,000 tons of fuel oil. The company is the largest consumer in Greece and the contract would

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provide the Soviet Union with an opportunity for an impressive success in marketing fuel oil in that country.

The American ambassador, in noting this possibility, stated that refusal of a low Soviet bid would prove awkward for the government, which is eager to export agricultural products to the USSR. Refusal would also supply new and potent material for Communist propaganda.

Comment: The Greek-Soviet trade agreement signed in July establishes a Soviet fuel oil contract of 200,000 t

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Greece has been the target of increasing Orbit interest in trade and diplomatic relations, and the USSR, in contrast to previous practice, might feel it worth while to submit a bid well under the world market.

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