

TOP SECRET

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CENTRAL INTELLIGENCE AGENCY

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DOS and JCS review(s) completed.

TOP SECRET

GENERAL

1. Western delegates consider Soviet agreement at Foreign Ministers Conference unlikely (page 2).

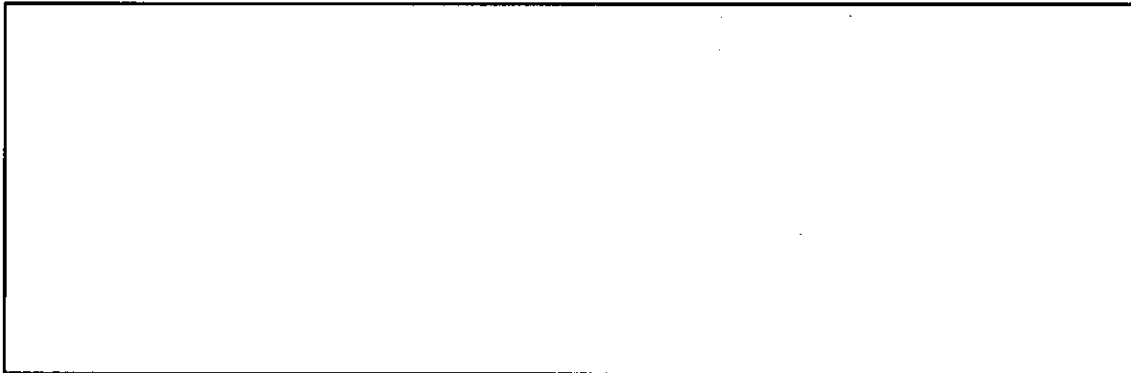
FAR EAST

2. Current lack of Communist aggressiveness in Korea deceptive (page 2).
3. Communists may be saving air arm for strategic reasons (page 3).
4. Comment on Chinese Communists' seizure of British Asiatic Petroleum Company Properties (page 3).

NEAR EAST

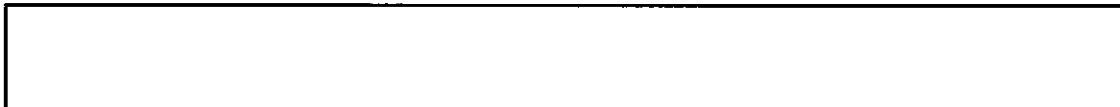
5. Shah of Iran appoints new Prime Minister (page 4).

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GENERAL

1. Western delegates consider Soviet agreement at Foreign Ministers Conference unlikely:

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The three Western delegates at the Deputy Foreign Ministers' Conference have expressed their personal views that the Soviet performance in Paris renders unlikely agreement with the USSR at a Foreign

Ministers' meeting, should one be held. French delegate Parodi believes that all the USSR sees in a meeting now is its propaganda value and the opportunity it presents to "split" the West, upset plans for a German military contribution, hinder Western rearmament, and prevent any Italo-Yugoslav settlement of the Trieste question. Parodi suggests that under present circumstances a Foreign Ministers' meeting might be dangerous. British delegate Davies questions whether the USSR still wants a Foreign Ministers' meeting except for propaganda purposes, since the USSR now knows that it cannot stop a German military contribution and the rearmament of the West. The British delegate suggests that the USSR may be using Four Power negotiations to determine whether to shift to a full war economy and to play for time while awaiting the possible effects of the Korean offensive and the political situation in the UK and France. Davies adds that the UK definitely wants a Foreign Ministers' meeting, since British public opinion insists that a meeting be held and because the UK believes there is a faint chance of agreement with the USSR at such a meeting. The delegates have tentatively discussed a direct approach to Moscow in an attempt to reach agreement on a Foreign Ministers' agenda. The US delegate adds, the Communist propaganda indicates a possible Soviet proposal for a Five Power conference.

USSR
US
UK
FRANCE

FAR EAST

Korea

2. Current lack of Communist aggressiveness in Korea deceptive:

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The Intelligence Staff of the US Far Eastern Command, in an estimate of the enemy's capabilities, warns that the enemy's "quiescent attitude" of the past 48 hours "must not be construed as an indication he has spent

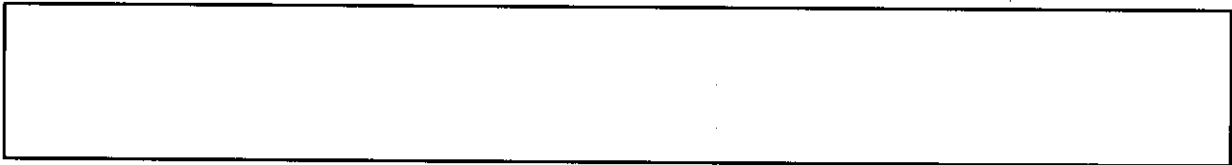
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his offensive effort." The estimate adds that all evidence points to an early resumption of the offensive and cites the extremely heavy southward movement of vehicles in the enemy's rear (over 2, 800 during the night of 29-30 April) as an indication of such intentions.

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3. Communists may be saving air arm for strategic reasons:

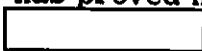
Korea

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The Intelligence Staff of the US Far Eastern Command, speculating on the enemy's "surprising failure to utilize his air arm in coordination with the current ground offensive," believes that, while intensive UN bombing of North Korean airfields and adverse weather conditions may have influenced the enemy's decision, the present enemy air inactivity over Korea could be a "deliberate stand-down for mechanical preparation." If this be the case, the enemy may be readying his air arm for "commitment when the forward drive of his present ground offensive falls" or for employment "in defense of supply lines as they are automatically extended, thus countering what in the past has proved his foremost vulnerability."

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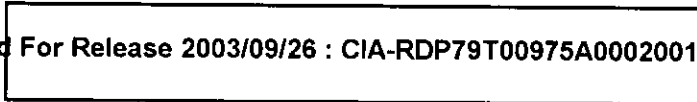
Comment: Less than 50 Soviet-type MIG jet aircraft were encountered over northwestern Korea during the period of the current Communist offensive.

4. Comment on Chinese Communists' seizure of British Asiatic Petroleum Company Properties:

China

The wording of Peiping's announcement requisitioning the properties in China of the British Asiatic Petroleum Company indicates that the Communists are retaliating against the British for their seizure of the tanker

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Yung Hao in Hong Kong on 7 April.

This 15,000-ton tanker, after being repaired in Hong Kong for the Chinese Nationalists, was taken over by a Communist crew. British authorities seized the vessel with great reluctance and only after strong US representations that the tanker would be militarily useful to the Communists. With Hong Kong businessmen and officials already nettled as a result of US controls on trade with the colony, the present consequences of yielding to pressure in the Yung Hao case may further embitter feeling in Hong Kong toward the US. Hong Kong is also concerned over the future consequences of its action in a parallel case--the disputed ownership of 71 formerly Nationalist aircraft now claimed by the Chinese Communists. The vigor of Peiping's reaction to the Yung Hao seizure may weaken the effect of US pressure on Hong Kong to deny the aircraft to the Communists.

NEAR EAST

IRAN

5. Shah of Iran appoints new Prime Minister:

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The Shah has appointed Dr. Mohammed Mossadeq Prime Minister following the recommendation of the Senate and Lower House. Mossadeq, leader of the National Front, has crusaded for nationalization of the

Anglo-Iranian Oil Company and his appointment came immediately after the Majlis (Lower House) had voted for the company's expropriation. He has started to form a cabinet and draft a party program, and has instructed police to permit May Day demonstrations.

Comment: The appointment of Dr. Mossadeq, the champion of oil nationalization, to be Iran's next Prime Minister illustrates the strength which the desire to nationalize Iran's oil has attained in Iran. Prime Minister Mossadeq gives little promise of bringing stability to Iran, even though he is apparently the only candidate who can obtain sufficient support from the Majlis at this time. The Shah was virtually forced to appoint him, and the Majlis, which is normally disunited, will probably not continue to support him for long. Mossadeq, an idealist, is devoted to the principle of non-intervention by foreigners in Iran and to freedom of expression.

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Next 1 Page(s) In Document Exempt

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