

TOP SECRET

14 February 1953

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Copy No. 59

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CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 37
NO CHANGE IN CLASS. **25X1**
 DECLASSIFIED
CLASS. CHANGED TO: TS S C 2009
NEXT REVIEW DATE: _____
AUTH: HR 70-2
DATE: 19 Dec 79 REVIEWER: [Redacted]

[Redacted]

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Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

[Redacted]

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DOS review(s) completed.

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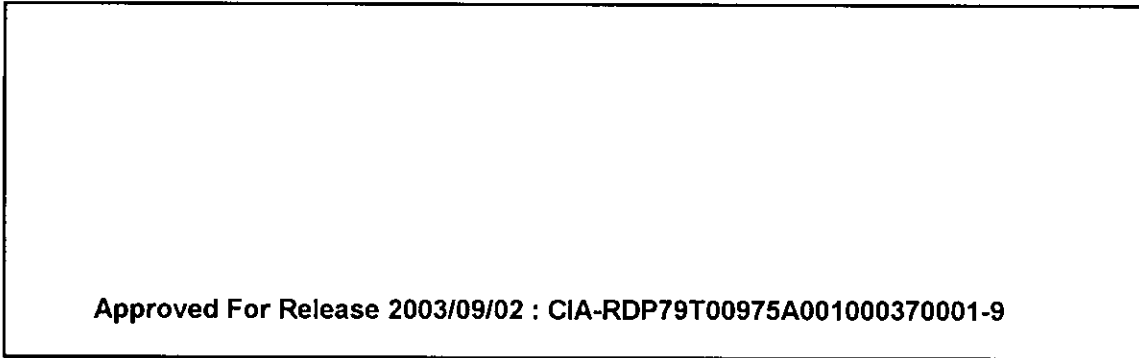


WESTERN EUROPE

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GENERAL

1. India allegedly airing new Korean peace proposal before Arab-Asian bloc:

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According to an unconfirmed report India, possibly with support from Indonesia, was to present a new Korean peace proposal to a meeting of Arab-Asian bloc representatives on 13 February. The proposal allegedly was to recommend that the issue of repatriating prisoners of war be left to the political conference which would follow a cease-fire.

Comment: This is the first information suggesting the concrete steps India intends to take in its further efforts to achieve peace in Korea. If accurate, it demonstrates that India has retreated from the stand expressed in its UN Korean resolution of 3 December and adopted the Soviet proposal that a cease-fire precede discussion of prisoner repatriation.

Under the Communist plan an 11-nation political conference, in which the four Communist countries represented would have veto power, would be committed to the principle of total repatriation. The reported Indian plan presumably envisages that the conference would decide whether repatriation is to be total or voluntary.

NEAR EAST - AFRICA

2. Arabs to ask for recall of UN truce supervisor:

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Arab members of the Palestine Mixed Armistice Commission agreed last November to demand the recall of General Riley, chief of the UN Truce Supervisory Organization, and, in the event of Israeli aggression, to call for Arab "counteraction," according to an American Embassy official in Amman who has seen the minutes of the meeting.

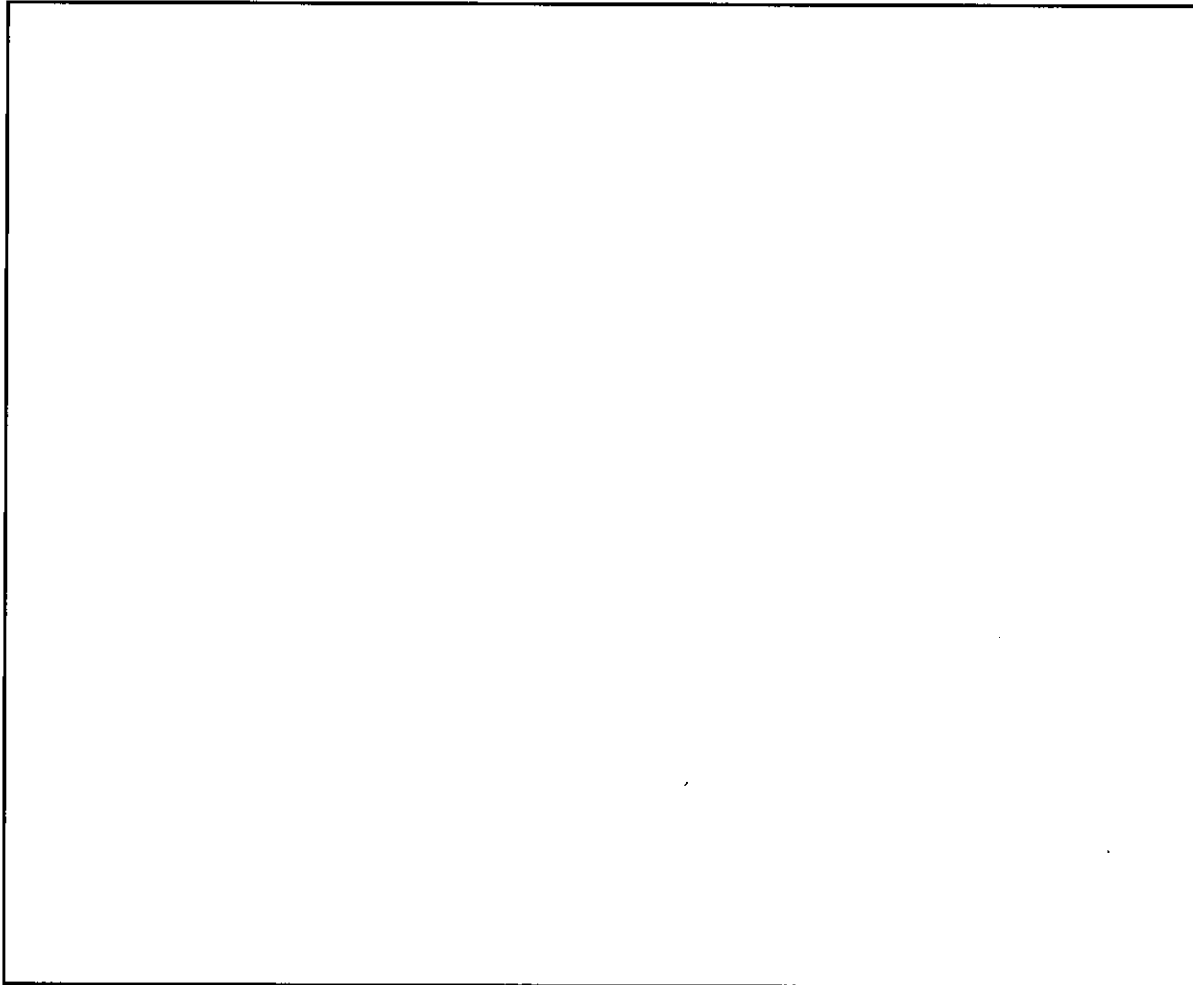
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Jordan and Syria have formally ratified these decisions; after similar action has been taken by Egypt and Lebanon, they will be put into effect.

Comment: The Arabs in recent months have repeatedly questioned Riley's neutrality.

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WESTERN EUROPE

4. Communist threat in Berlin seen as diversionary effort:

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American representatives in Berlin report that despite the threatening proclamation of the Socialist Unity Party on 11 February and further

East German measures in the past few days to isolate West Berlin, the East Germans have taken no new actions directed primarily at the West Berlin populace. They believe that the purpose of the proclamation was to divert public attention from the flood of refugees and the bad conditions in East Germany.

Comment: The proclamation states ambiguously that West Berlin's inclusion in the Western military system would constitute the final breach of the four-power agreement on Berlin. It also calls for a four-power meeting on Berlin and for free Berlin elections, and warns of further isolation of West Berlin if the treaties are ratified.

5. Bonn government imposes conditions for negotiations with individual Arab states:

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The Bonn government may have more success in negotiating trade agreements with the Arab states individually than it has had with Egypt and the states col-

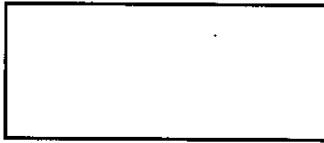
lectively, in the opinion of a West German Foreign Office spokesman. Bonn will demand, however, that the Arabs issue formal invitations and disavow General Nagib's contention that Germany owes the Arab states an indemnity. Moreover, the Germans will insist that the Israeli reparations agreement is not to be discussed and that the Arabs have no political or economic relations with East Germany.

Comment: It is unlikely that the Arab states will agree to these conditions. Unless the negotiations can be resumed in some form, the Arabs may feel impelled to adopt some form of boycott of West Germany.

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6. Swiss consider controls on transit trade:

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The American Minister in Bern believes that as a result of recent unfavorable publicity in the United States, the Swiss will soon deny free port facilities to merchants diverting strategic goods to the Orbit. The president of the Basel Free Port Company, with the approval of the Swiss Commerce Department, is sponsoring a plan to refuse transit shipments from suspect firms. This has already resulted in the blocking of a shipment of 100 tons of German aluminum apparently destined for Poland via Antwerp.

The Swiss Commerce department has proposed consultations with the American Legation on the problems involved in applying transit trade controls.

Comment: Hitherto the Swiss have maintained they could not institute transit trade controls unilaterally. They may take limited steps in this direction to satisfy United States criticism, but are unlikely to institute an effective control system unless other Western countries do likewise.

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