

NSC BRIEFING

5 April 1956

MIKOYAN'S ASIA TOUR

- I. Visited four free Asian countries.
 - A. Restraint, business-like manner.
 - B. West says "rearm". We say "trade!"
- II. Afghanistan 21 March
 - A. "Special meeting"
- III. Pakistan 23-26 March
 - A. Discussed trade--anything for asking
 - B. USSR will break Baghdad pact and SEATO
 - C. Recommended "five principles" for Pakistan.
 - D. Sidestepped Kashmir
 - E. Hosts impressed. Mirza: "a change has come over the Russians."
- IV. India 26-30 March
 - A. Advice on Indian problems
 - B. Bhilai steel mill - "example peaceful economic competition..."
 - C. Oil industry aid
 - D. Soviet trade terms avoid Burden on India
- V. Burma 30 March - 2 April
 - A. Signed new trade agreement: USSR Burma's largest rice customer: 400,000 tons annually for 4 years (tot. \$180 million).
 - B. "Gift" - hospital, theatre, cultural & sports center.
- VI. North Vietnam 2 April
 - A. Unification by free democratic elections
- VII. Conclusion:
 - A. New force to "competitive coexistence":
 - B. Building confidence, business on mutually acceptable basis.

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4 April 1956

NIKOYAN'S ASIA TOUR

1. Since 21 March, Anastas I. Nikoyan--the Soviet Union's foreign trade overlord and number three man in the Soviet hierarchy--has visited Afghanistan, Pakistan, India and Burma, in company with a delegation of Soviet trade specialists, on an Asian sweep which will include Hanoi, Peiping and Ulan Bator before completion. Key-note of his approach to the free Asians (at New Delhi banquet): "The Soviet Union, contrary to the slogans of certain aggressive circles, 'Let us rearm', advocates the slogan 'Let us trade!'"

2. Nikoyan made a routine stop-over in Afghanistan (21 March) where he reportedly had a "special meeting" with Prime Minister Daud and other high-ranking Afghan officials.

3. In Pakistan (22-26 March), Nikoyan represented the USSR at ceremonies proclaiming foundation of the Republic. He discussed problems of trade with top-ranking Pakistani officials and left the impression that aid could be had for the asking. He remarked, however, that the USSR did not believe in "thrusting" aid, but gave assistance only to those who wanted it. [REDACTED] he attacked the Baghdad pact and SEATO--stating the USSR will break them--but made it clear that Soviet aid and friendship did not require Pakistan's withdrawal from its Western commitments. He suggested, however, that Pakistan could best serve the cause of peace by adherence to the "five principles" instead of participating in Western military pacts. [REDACTED] Nikoyan sidestepped press questioning on the Kashmir problem by stating that Khrushchev and

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Bulganin had expressed their views on this problem "after assessing (Indian) public opinion", and continued: "It is not for us to decide firmly the question of Kashmir. It should be decided by the people of Kashmir." This was music to Pakistani ears, since they have always maintained that if the Kashmir people could have the right of self-determination, they would choose overwhelmingly in favor of Pakistan. Mikoyan left his hosts impressed, and his invitation to the Pakistani parliament to send a delegation to Moscow was accepted.

Pakistan

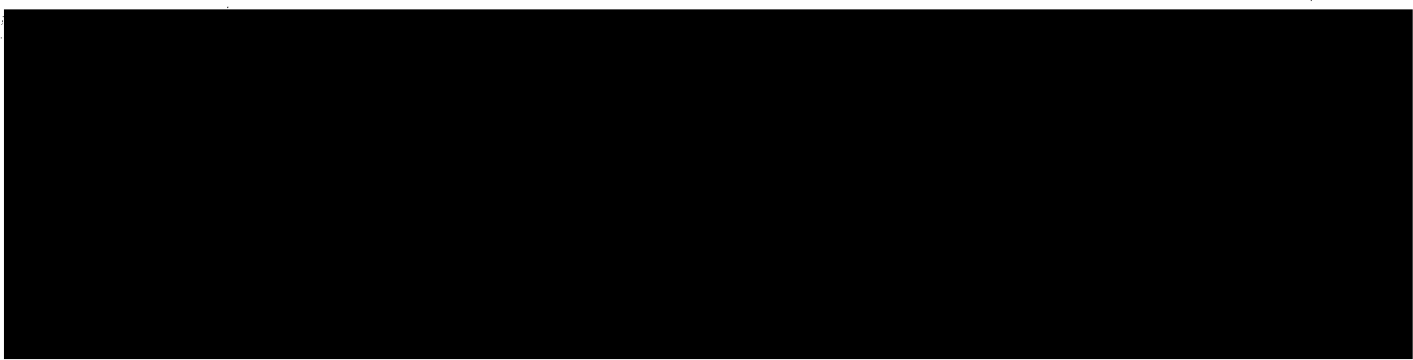
has also announced that an ambassador (the first since '52) soon will be sent to Moscow.

4. The Soviet press has contrasted the warmth of Mikoyan's reception in India (28-30 March) to the "cool" reception recently accorded Secretary Dulles. During his visit, Mikoyan candidly discussed Soviet economic problems and offered advice on Indian problems. He emphasized the importance of heavy industry for India, advised against the heavy mechanization of agriculture, in light of India's large surplus of manpower, and denied that Soviet methods are universally applicable. He wished India success in achieving its goal of a "welfare state." Mikoyan termed the Soviet-sponsored steel mill at Bhilai "an example of peaceful economic competition with the Western powers in this sphere," and added, "Let our Indian friends be the judge of this competition."

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5. In Burma (30 March - 2 April), Mikoyan's good-will junket included concrete results. He signed a new trade agreement which makes the USSR Burma's largest rice customer (400,000 tons a year, for 4 years). Bloc rice purchases from Burma this year have thereby been raised to at least one third of Burma's total exports. In exchange, the USSR is to ship "equipment, machinery and other goods" and to supply technical assistance. If Burma can deliver the total amount of rice covered in this formal agreement, the total deal will run to a value of some \$160 million. This rice-trading process gives the USSR a substantial economic foothold in Burma. Aside from this solid rice deal, Mikoyan also offered Burma a "gift" of a hospital, a theatre, and a cultural-and-sports center (which would include a stadium, exhibition facilities, a conference hall and a hotel). Burma reportedly will reciprocate with a counter-"gift" of an "appropriate amount" of rice. All of such a "show" project should have a substantial propaganda effect.

6. Mikoyan, on arrival in North Vietnam on 2 April, took the opportunity to re-state Moscow's long-standing position that Vietnam must be unified by "free democratic elections." From Hanoi, Mikoyan will proceed to Communist China and Outer Mongolia before returning to Moscow.

7. Conclusion: The Mikoyan trip has given new force to Moscow's campaign of "competitive coexistence" by building confidence among Asian countries in the USSR's willingness to do business on a "mutually profitable" basis.