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CENTRAL INTELLIGENCE BULLETIN



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State Department review completed

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4 JANUARY 1960

I. THE COMMUNIST BLOC

Latest Chinese Communist note to India contains no significant new offers.

Sino-Soviet bloc extended slightly over \$1 billion in new aid credits to non-Communist countries in 1959.

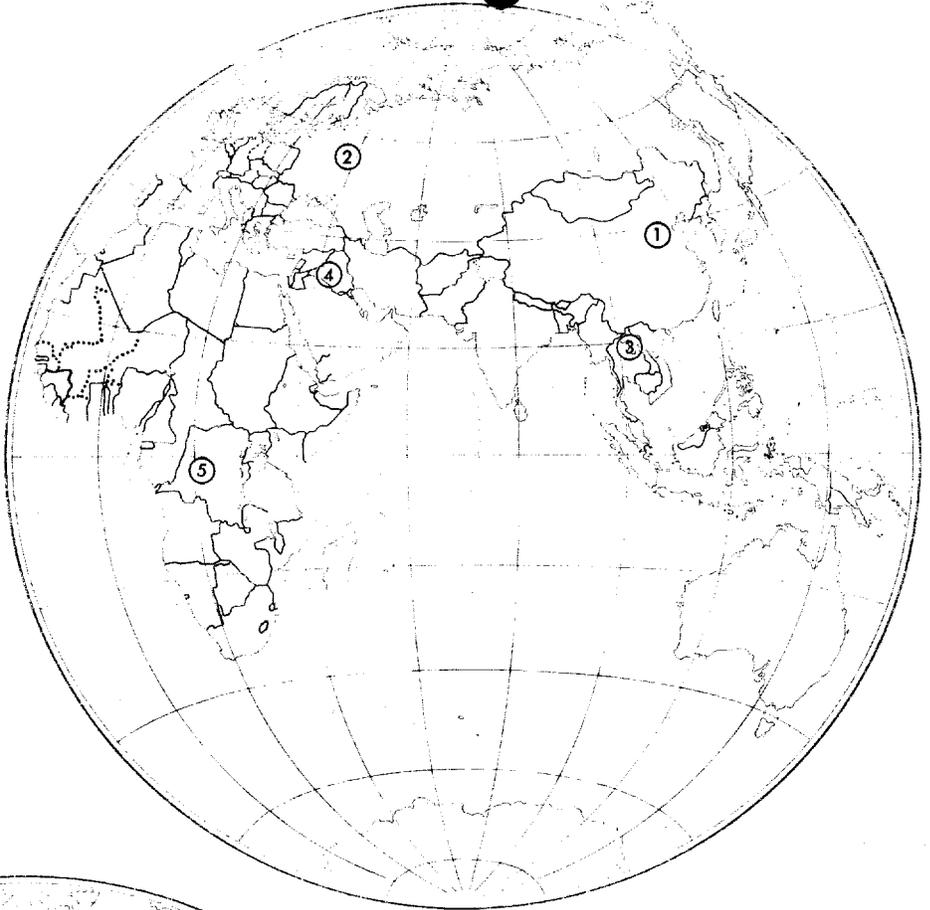
II. ASIA-AFRICA

Laos--Negotiations continue among anti-Communist elements for new government.

New Iraqi law opens way for legal political parties; Qasim reported planning cabinet and military changes.

Belgium apparently ready to accelerate Congolese progress toward independence.

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CENTRAL INTELLIGENCE BULLETIN

4 January 1960

DAILY BRIEF

I. THE COMMUNIST BLOC

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Communist China - India: Communist China's latest note to India makes no new offers which would facilitate negotiations. The note, sent on 26 December and released publicly on 2 January, urges that Nehru meet with Chou En-lai to "reach agreement on some principles" and calls on New Delhi to accept "two key points"--the Chinese view that the entire border is undelimited and Chou's proposal for a mutual withdrawal of frontier troops. New Delhi is not likely to accept either of the "key points," and Nehru probably will again reject the proposed meeting with Chou as premature. Nehru may defer a formal reply until after Khrushchev's expected visit to New Delhi in February, in the hope of enlisting Soviet influence to soften Peiping's stand. [redacted]

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OK

Sino-Soviet Bloc: The Sino-Soviet bloc extended slightly over \$1 billion in new aid credits to non-Communist countries in 1959; the USSR accounted for over 90 percent of these new credits. Soviet aid since 1954 to countries outside the bloc now totals \$2.5 billion, while aid from Communist China and Eastern Europe amounts to an additional \$1 billion. Only one third of total bloc aid has been delivered so far. Most of the deliveries have been military materiel. Asian countries were the recipients of more than half the aid extended in 1959; offers of assistance elsewhere, however, suggest that an increased share of future bloc aid probably will be directed toward Africa and Latin America. [redacted]

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II. ASIA-AFRICA

Laos: [Negotiations among anti-Communist elements for the selection of a new Laotian premier and cabinet are continuing. General Phoumi, influential leader of the young reformist Committee for Defense of National Interests (CDNI), has indicated that he would prefer an experienced politician to a military man as premier. Meanwhile, the army, acting under the King's authority, is running the government pending formation of a new cabinet.]

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Iraq: The Qasim government on 2 January issued its promised law for the licensing of political parties beginning on 6 January. The pro-Communist president of the Iraqi People's Court has stressed, however, that pro-Western and pro-Nasir party activities will be barred. This would leave the political field essentially to the National Democratic party, which has strength in the present cabinet and in the countryside, and to the Communists, who are the best organized and disciplined political group.

Prime Minister Qasim, said to be "obsessed" with the idea that Nasir is determined to overthrow him, is reported to be considering changes in the cabinet and the top military command; these changes may include the transfer of the anti-Communist General Abdi from his posts as Military Governor and Chief of the General Staff.

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NO

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Belgian Congo: [The Belgian Government, which had previously sought a four-year transitional period for the Congo, has accepted the concept of an "independent" Congo during 1960, according to Belgian Minister for the Congo de Schrijver.

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Agreement on details has not been reached, however, and the timing of transfer of authority for defense and foreign affairs may prove a point of contention in the discussions between Belgian authorities and Congolese leaders which are scheduled for mid-January.]

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DAILY BRIEF

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I. THE COMMUNIST BLOC

Latest Chinese Communist Note to India Contains No
New Offers

Communist China's latest note to India expresses a "fer-vent desire" to settle the Sino-Indian border issue but makes no new offer which would facilitate negotiations. The note, sent on 26 December and broadcast in summary by the Chinese on 2 January, is intended to answer Indian communications of 26 September and 4 November. Essentially it is a recapitulation of Peiping's now familiar "indisputable facts," which attempt to portray Communist China's territorial claims as traditionally valid while denying those of India. Despite the note's relatively mild tone, sources in New Delhi have been quoted as saying it does "little to enthuse India."

Stating that a settlement must take into account "historic background and the present actual situation," the Chinese again indicated that they have no intention of abandoning the northeast corner of Ladakh but hinted that their claims to portions of northern Assam might eventually be more negotiable. The note urged Nehru to meet with Chou En-lai to "reach agreement on some principles" and called on New Delhi to accept "two key points"--the Chinese view that the entire border is undelimited and Chou's proposal for a mutual withdrawal of frontier troops.

New Delhi is not likely to find either of these points acceptable, and Nehru probably will again reject the proposed meeting with Chou as premature, although he may repeat his suggestion that discussions be held at a lower level. Public and parliamentary pressure for a stiff stand is likely to mount if reports of a new border incident are confirmed. According to a press report from Calcutta, official Indian sources believe that Communist Chinese ground fire is responsible for the crash of an Indian transport plane near the Indian-Tibetan border on 3 January.

Nehru may defer a formal reply until after Khrushchev's expected visit to New Delhi in February, in the hope of enlisting Soviet influence to soften Peiping's stand. Moscow's handling of the issue continues to be essentially factual, with emphasis on statements made by both parties expressing their willingness to negotiate a settlement.

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Soviet Bloc - Free World 1959 Economic Relations

During 1959 the Sino-Soviet bloc extended just over \$1 billion in new aid to non-Communist countries, with the USSR accounting for about 90 percent of these new credits. Soviet aid outside the bloc since 1954--primarily to underdeveloped countries--now totals about \$2.5 billion; East European nations and Communist China have extended about an additional \$1 billion. Only one third of total bloc aid has been delivered to date, and most of this has been military materiel sent to the UAR, Afghanistan, Iraq, Indonesia, and Yemen.

The first Soviet credits to non-Arab African states were extended to 1959. Ethiopia received a standard Soviet \$100,000,000 credit and a \$10,000,000 Czech credit, and Guinea was granted a \$35,000,000 Soviet credit. The bloc also committed itself to long-term future assistance by agreeing to aid India's Third Five-Year Plan, which begins in 1961. New Delhi is to receive \$375,000,000 from Moscow and nearly \$50,000,000 from Prague as initial aid for the plan.

Asian countries continued to be the major recipients of Soviet and bloc aid, accounting for more than half the credits extended in 1959. General credit offers and a few specific proposals made elsewhere show that a further expansion of Soviet foreign aid to the underdeveloped countries can be expected, with new emphasis on African and Latin American countries.

Soviet trade with the free world, according to Deputy Premier Mikoyan, may increase from \$2.5 billion in 1958 to \$3 billion in 1959. Trade with West European countries--greatly enlarged by purchases of complete plants and equipment for the Soviet chemical industry--accounts for the largest part of the expansion. Increased direct purchases of raw materials such as rubber and wool have sustained a growth in trade with the underdeveloped countries, although apparently at a slower rate than in 1958. [REDACTED]

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II. ASIA-AFRICA

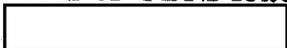
The Situation in Laos



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[Behind-the-scenes negotiations for the selection of a new Laotian premier and cabinet are continuing between the King, the young reformist Committee for Defense of National Interests (CDNI), and former Premier Phoui's old-guard Rally of the Lao People (RLP). Some difficulty may be encountered, however, in finding an individual both willing to undertake the assignment and mutually acceptable to all groups. The CDNI would probably have preferred to bring Phoui back in, as the head of government, but the chasm between the King and his former premier may now be too great to permit this. In any event, General Phoumi, one of the CDNI's most influential leaders, reportedly prefers an experienced politician to a military man--a view which is probably shared by most of his colleagues.]

[Pending formation of a new cabinet, the government will be in the hands of the army acting under the authority of the King. Several communiqués have been issued by the Royal Army General Headquarters, the most significant of which was a declaration nullifying all actions taken by the National Assembly at its special session last month. This move is in line with the position taken by the CDNI in the dispute which led to Phoui's resignation--namely, that the assembly's mandate expired on 25 December and that its efforts to extend its life through application of a 1957 electoral law were unconstitutional.]

[The North Vietnamese radio, in commenting on 1 January on the developments in Laos, accused the United States of "blatantly inciting" the CDNI and said the aim of CDNI leaders is "to repress the patriotic forces."] 



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