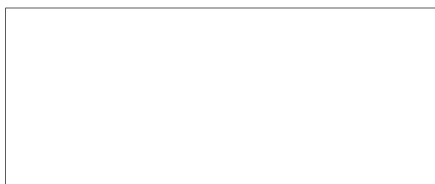


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13 January 1956

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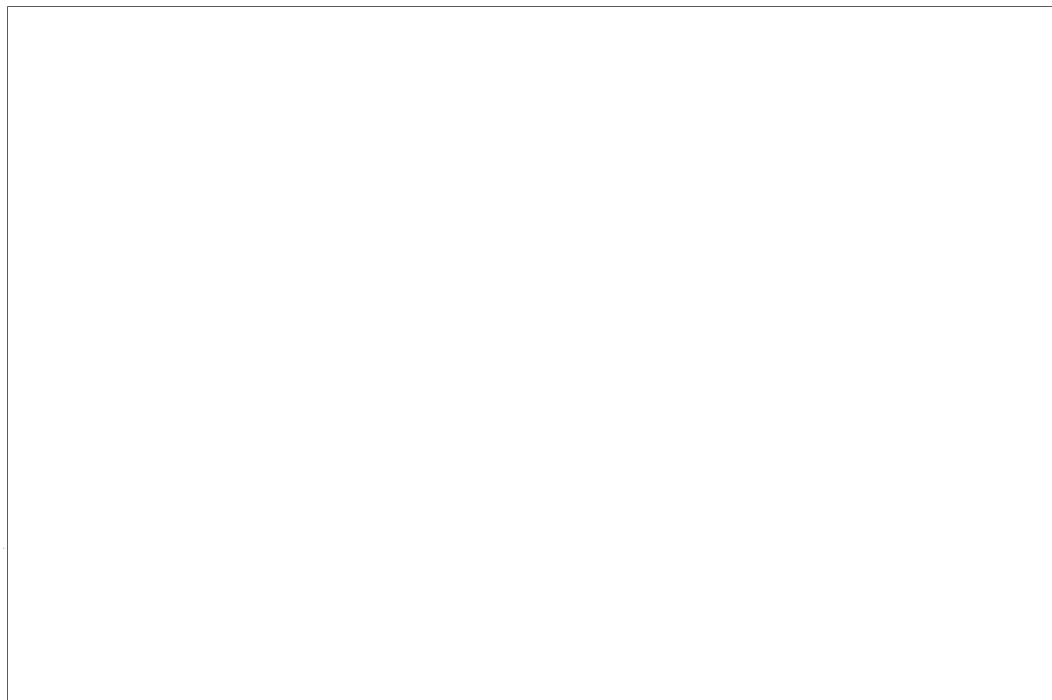
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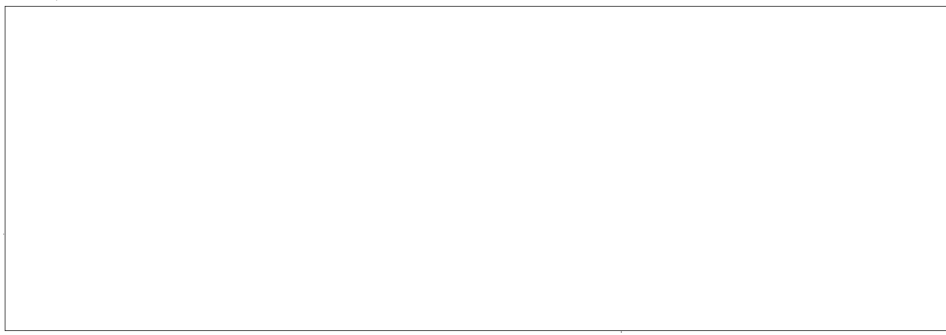
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**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**



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1. MOSCOW MAKES NEW ECONOMIC OFFERS TO INDIA

Comment on:

Indian officials in New Delhi announced on 11 January that Moscow has offered to build a complete aluminum industry and a 100,000-kilowatt hydroelectric plant in south India. These offers appear to be the first results of the economic discussions held in New Delhi during the Bulganin-Khrushchev tour. The Indian government is probably inclined to accept both offers.

The New Delhi announcement is probably closely connected with the interest shown by Hungary in building an integrated aluminum combine consisting of a 25,000-ton alumina plant and a 10,000-ton aluminum plant in India. The two plants would cost a total of almost \$20,000,000. It is likely that Moscow would supply the necessary rolling and electric power equipment and that the Hungarians would supply the machinery for production of both alumina and aluminum.

An integrated aluminum industry of this size would more than double India's 7,000-ton capacity and supply roughly half of the increase India needs for fulfillment of its Second Five-Year Plan goal for aluminum production--30,000 tons of aluminum annually.

Moscow's offer to build a 100,000-kilowatt hydroelectric plant is probably limited to supplying the turbines and generators, estimated to cost about \$8,000,000.
(Prepared by ORR)

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**2. PAKISTANI GOVERNOR GENERAL WILLING TO VISIT
AFGHAN KING**

Pakistani governor general Iskander Mirza has decided to accept an Afghan invitation to visit King Zahir Shah in Kabul if such an invitation is formally extended and if hostile propaganda ceases.

This decision was communicated to Ambassador Hildreth and the British high commissioner in Karachi in a meeting with Mirza, the prime minister, and the foreign minister.

The Pakistani officials indicated that they feel the meeting will be futile because Afghan prime minister Daud has already made terms with the USSR. Hildreth believes, however, that the Pakistanis will make a strong effort to make the meeting successful.

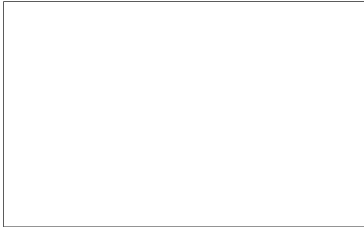
Comment

Present hostility and conflict of interest between Pakistan and Afghanistan make it unlikely that any easing of relations would result from such a meeting. Mirza, however, might attempt to use a visit to influence the king and other members of the Afghan royal family against Prime Minister Daud.

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3. RECOGNITION OF COMMUNIST REGIMES IMPLICIT IN SUDANESE NOTES

 In response to congratulatory notes from Sino-Soviet bloc regimes on the Sudan's achievement of independence, Sudanese prime minister Azhari has sent loosely worded replies which imply diplomatic recognition by the Sudan of East Germany, North Korea and Communist China.

The note to East Germany granted permission to open a commercial office in the Sudan, adding "we anticipate further co-operation." According to the Pyongyang radio, Azhari's note to North Korea anticipated "the establishment of the most amicable relations," and Peiping has broadcast that Azhari wishes to determine the "level and extent" of diplomatic relations between the Sudan and Communist China.

Comment

It is not yet clear whether the Sudanese government is aware of the implications contained in the prime minister's replies to the some 30 congratulatory messages it received. Cairo radio felt compelled to assure its listeners that Azhari's thank-you note to Tel Aviv did not mean that the Sudan recognizes Israel.

No state outside the Sino-Soviet bloc has extended diplomatic recognition to East Germany or North Korea, although several have commercial relations with East Germany. Sudanese recognition of Communist China would mark Peiping's first success in its campaign to establish diplomatic relations with the Moslem nations of Africa and the Near East. 

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4. RADIO FREE GREECE STOPS BROADCASTS

[REDACTED] Radio Free Greece, the Communist "clandestine" radio in Bucharest which has operated in support of Communist activities in Greece since 1947, discontinued its broadcasts on 31 December. Moscow may have terminated Radio Free Greece in order to strengthen leftist claims that the USSR is not interfering in internal Greek affairs.

Soviet activity in Greece and conciliatory moves by the Satellites toward Greece have recently increased, probably with the aim of influencing the Greek elections in February.

The shutdown of Radio Free Greece is apparently not merely a pre-election maneuver. Transmission schedules had been gradually reduced over a period of months, and the time formerly allotted to Radio Free Greece was turned over to Radio Independent Spain on 2 January.

Radio Free Japan also suspended operations on 31 December, probably with a view to the resumption of Soviet-Japanese negotiations on 17 January. [REDACTED]

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 12 January)

No significant military activity has been reported. No casualties were admitted following an hour's exchange of mortar and machine gun fire between Israeli and Egyptian forces on 11 January in the El Auja area. (Press)

Israeli prime minister Ben-Gurion and Foreign Minister Sharett met with Ambassador Lawson in Tel Aviv on 9 January and made a strong plea for quick and favorable action by the United States on arms. The officials stressed again Israel's alarm over the growing Egyptian air advantage. Ben-Gurion expressed the opinion that Egyptian premier Nasr would be ready for general hostilities in six to eight months but might launch an air attack at any time. Ben-Gurion did not, however, give Lawson the impression that Israel was threatening action if it did not get arms. Lawson felt also that Ben-Gurion was making a dramatic plea for understanding on the Tiberias raid, implying that in the future he would be more cautious.

Following Israel's recent parliamentary debate on foreign policy and its "sober reappraisal" of the Tiberias raid, Tel Aviv appears to be moving more cautiously but at the same time building up its defenses as rapidly as finances and materiel permit. On the Arab side, events in Jordan have temporarily diverted the attention of Israel's Arab neighbors.

UN truce supervisor Burns' statements that developments are leading toward general hostilities between Egypt and Israel probably reflect increasing hopelessness over his inability to bring the Israelis and Egyptians to some sort of agreement. The Arab-Israeli situation is such that war could occur through miscalculation by either side, but top Israeli leaders are apparently opposed to preventive action at this time and are continuing to seek a diplomatic solution.