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25X1A [redacted]

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1. PAKISTANI GOVERNMENT MAY FALL OVER SUEZ ISSUE

25X1A Comment on:

Differences of opinion between President Mirza and Prime Minister Suhrawardy of Pakistan on Pakistan's adherence to the Suez Canal users' association seem likely to result in a dispute which will cause the fall of Suhrawardy's government.

Mirza, who favors adherence, has said he would see to it that Pakistan joins, and he has indicated a willingness to put heavy pressure on the prime minister. Suhrawardy has stated that while his government would not denounce the association, it could not join it.

Since Suhrawardy's government has widely publicized its lack of sympathy for the users' association, the prime minister cannot now alter his stand without exposing himself to the criticism of yielding to Western pressure. This he is unlikely to do, having stated in his speech on assumption of the prime ministership on 12 September that Pakistan would not be a pawn in international politics. It seems probable, therefore, that Suhrawardy will resign or be ousted by Mirza in the near future.

Since the present coalition government of the Republican Party and Suhrawardy's Awami League is the only combination which currently appears able to rule in Pakistan, Suhrawardy's fall might well lead Mirza to assume dictatorial powers. Mirza's ability to govern successfully for any length of time is doubtful in view of the violent opposition he would probably face both on the Suez issue and from Suhrawardy's followers in East Pakistan.

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**2. SHIPS DELAYED AT SUEZ FOR FIRST TIME SINCE
FOREIGN PILOTS WALKED OUT**

25X1A Comment on:

[redacted] The American naval attaché in Cairo reports that on 23 September three ships were held up at Port Said because pilots were unavailable to take them through the Suez Canal. According to the attaché, this is the first instance of delay from this cause since foreign employees of the Suez Canal Company walked out on 14 September.

The attaché also reports that an Egyptian pilot has stated that the strain on pilots is severe, owing to the fact that a pilot must now take a ship the entire length of the canal with a layover of only 9 to 11 hours before returning with another ship. Previously pilots were on duty continuously only as far as Ismailia, about half way along the canal.

The Egyptian operation of the canal has been favored by a decrease in the number of ships seeking transit. However, this number has more recently risen from a low of 30 ships a day on 18 September to about 40 on 23 September. It is not clear whether this upward trend will continue, but if it does, it will place a further strain on the reduced pilot force, which even with recent additions still totals only about half the prenationalization group of over 200 men. Moreover, none of the 40-odd foreign pilots who have arrived in Egypt since 14 September have yet completed their training.

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4. COMMUNIST CHINA SIGNS TREATY WITH NEPAL

Comment on:

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Under the terms of the friendship treaty and accompanying notes signed by Communist China and Nepal on 20 September, China gains the right to establish a consulate general in Katmandu as well as three trade agencies with normal consular privileges and several trade centers elsewhere in Nepal. Nepal loses its long-standing extraterritorial rights in Tibet, and the small Nepalese military forces which have protected trade routes in Tibet are to be withdrawn within six months.

On the other hand, both parties agree that they will "for the time being" be represented by their respective ambassadors to India. Nepal will have some control over the timing of the establishment of any Chinese missions in Nepal, since the treaty and notes specify that their locations and dates of establishment will be "determined at a later date!"

New Delhi, which has sought to keep foreign missions in Katmandu to a minimum, is opposed to the expansion of Chinese influence in Nepal. The Nepalese ambassador in New Delhi has indicated that his government hopes to delay, possibly for a number of years, the opening of the consulate general in Katmandu. The number of Sino-Nepalese contacts seems likely to increase whether the exchange of consulates is delayed or not. Steady Chinese pressure and anti-Indian sentiment in Nepal can be expected to work against such a delay.

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