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GENERAL

1.

troop withdrawal from Austria:

SOVIET UNION

2. Administration of Soviet metallurgical industry decentralized:

The establishment of Union-Republic Ministries of Ferrous Metallurgy and Nonferrous Metallurgy is an unprecedented departure from the traditional Soviet policy of administrative centralization of heavy industry and may reflect a decision to give more emphasis to regionalized supervision.

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Metallurgy has always been among the all-union economic ministries which control specific parts of the economy directly without regard for internal administrative lines. In contrast, union-republic ministries have a dual organization, with the difficulties of coordination attendant on having the union ministry in Moscow and republic ministries in each of the constituent republics.

This disadvantage may be outweighed, however, by the possibility of stimulating regional areas of the USSR to more rapid development, with policy-making less centralized in Moscow. This would be in line with recent decisions giving individual industrial ministers greater administrative latitude.

[redacted] the ministry had been split into two all-union ministries [redacted] which helps to obviate speculation that it resulted from nonfulfillment by the metallurgical industry of the 1953 plan.

The two newly appointed ministers have long been associated with former minister Tevosyan. Tevosyan was promoted in December to deputy chairman of the Council of Ministers and probably continues to exercise control over the metallurgical complex. There is a possibility, however, that Tevosyan's removal as titular head of the metallurgical industry may be part of the political maneuvering connected with his current dispute with MVD minister Kruglov over control of Dalstroi, the Chief Directorate of Far Northern Construction. [redacted]

SOUTHEAST ASIA

3. Vietnam military chief critical of French air training:

[redacted]
General Hinh, chief of staff of the Vietnamese armed forces, told an American officer that he had turned over approximately 1,000 Vietnamese personnel to the French air force for on-the-job training, but that they were used only for KP duty and as orderlies. Few received any training, morale dropped and mass desertions occurred.

Hinh would like a United States mission to train the Vietnamese air force. He would also welcome American instructors for artillery and armored force training.

Comment: The Vietnamese have been eager for American instructors but the French have consistently opposed their use. General Navarre recently rejected an American proposal that he train a Vietnamese combat squadron, and the American air attaché in Saigon recently reported that the French efforts to train a native air force are not effective.

SOUTH ASIA

4. Pakistan agrees to Nimitz' resignation as Kashmir plebiscite administrator:

[Redacted]

Pakistani foreign minister Zafrullah Khan told Ambassador Hildreth on 9 February that his government had agreed to Admiral Nimitz' resignation as Kashmir plebiscite administrator and had so informed India and the UN secretary general. Sir Zafrullah said that Nehru had now narrowed down the choice of a successor to a representative of a small power not engaged in the cold war, which seemed to leave only Switzerland and Sweden. He added that recourse to the Security Council was inevitable.

Comment: Pakistan's concession to India's longstanding desire to replace Nimitz may be intended to publicize Pakistan's continued willingness to settle the dispute and to contrast with India's recent moves to increase its hold over Kashmir. India may be encouraged to hold fast, however, if it takes the timing of Zafrullah's statement as a sign of defeatism.

Pakistan is unlikely to raise the Kashmir issue in the UN until India has clarified its position on Kashmir's accession to India, recently reaffirmed by the Kashmiri assembly. India will not do so until Pakistan has explained its attitude toward American military aid and a Near Eastern defense pact.

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5. Afghan chargé raises hope for Pushtoonistan settlement:

[Redacted]

The Afghan chargé in Karachi states that his government is prepared to make substantial concessions to Pakistan on the Pushtoonistan issue and has invited Pakistani foreign minister Zafrullah Khan to visit Kabul soon, according to the Pakistani ambassador in Kabul. The chargé also proposed a customs union and defense agreement between the two countries.

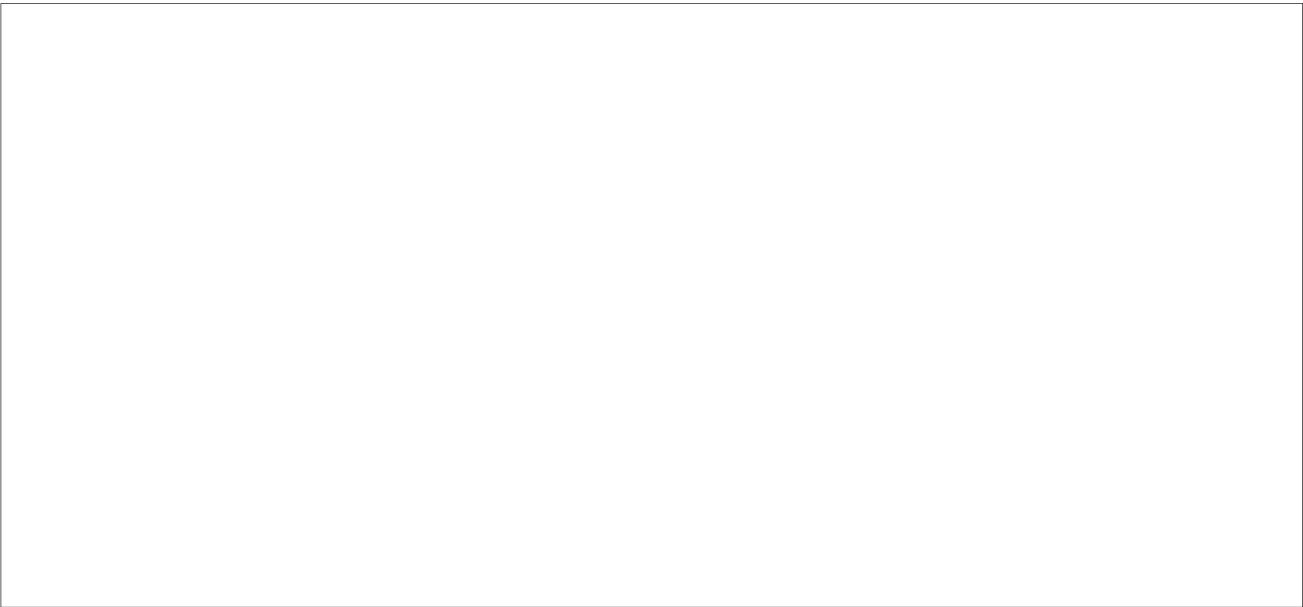
The ambassador states that Pakistan is in a conciliatory mood, and that Zafrullah will go to Kabul if the chargé's statements are confirmed.

Comment: A trend toward moderation of the six-year-old dispute over autonomy for border tribes has been evident in recent months, but this appears to be the first serious offer of Afghan concessions. There are indications that Afghanistan is reassessing its position vis-a-vis the Middle East, and it now seems likely that actual progress may be made in improving Afghan-Pakistani relations.

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