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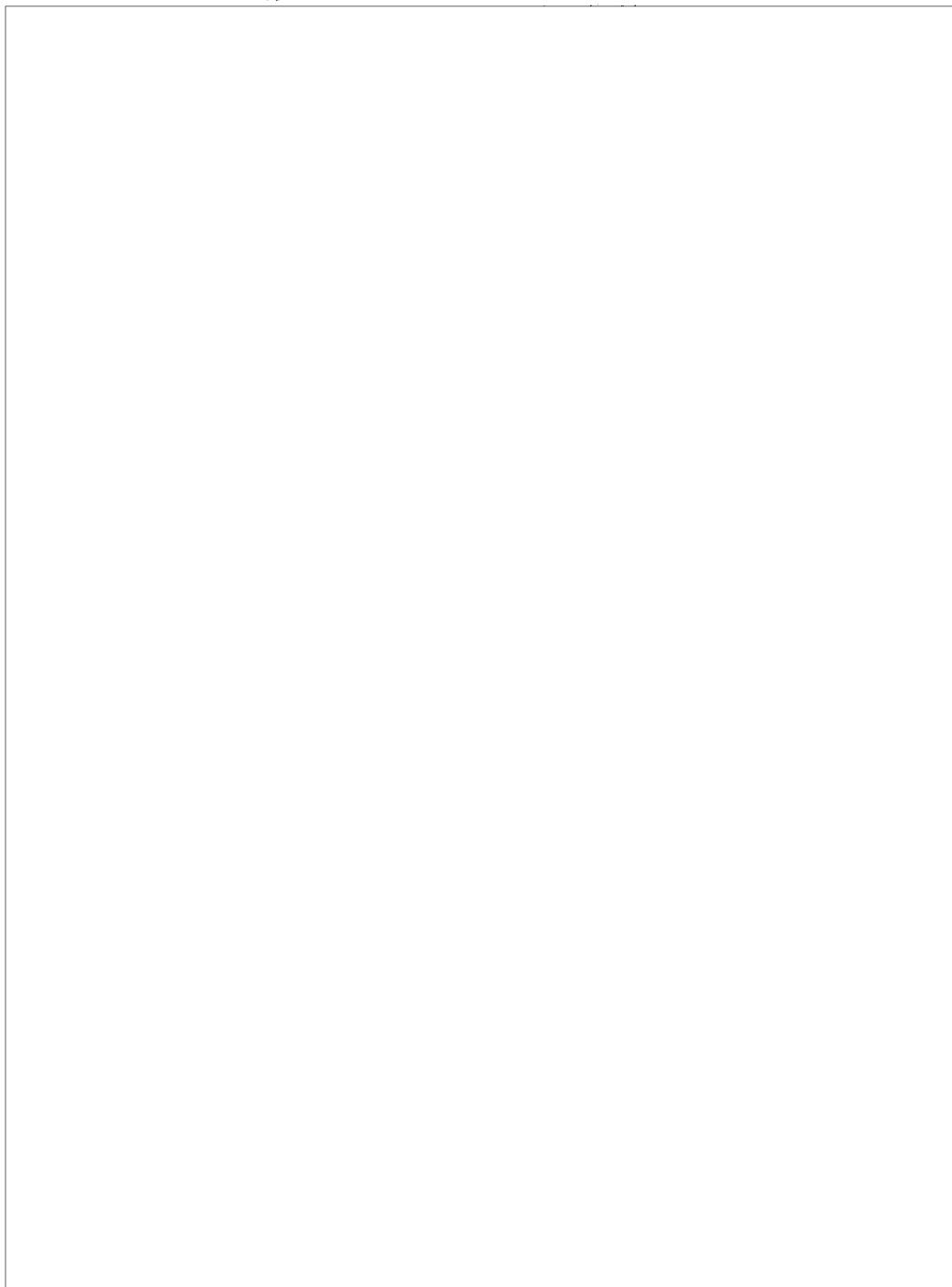
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CENTRAL INTELLIGENCE BULLETIN

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15 DECEMBER 1959

I. THE COMMUNIST BLOC

Pro-Chinese Tibetans reported seeking to subvert Nepalese border tribes.

(1)

II. ASIA-AFRICA

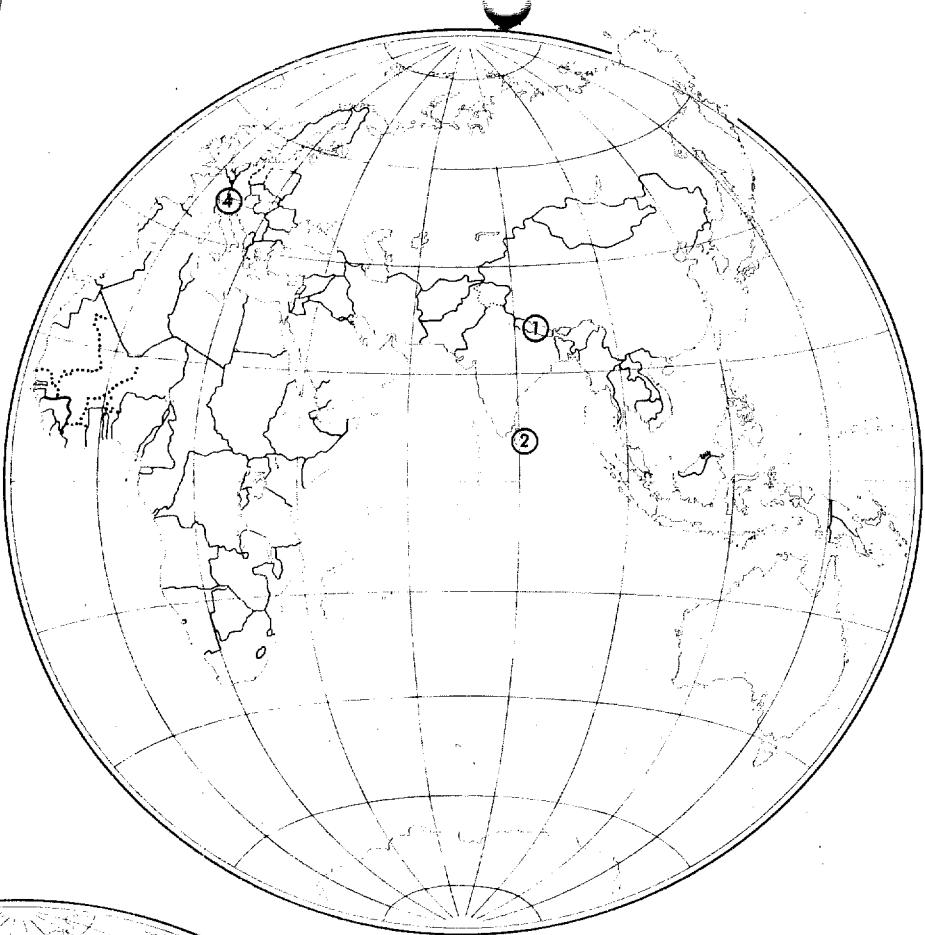
Ceylon prepared to suspend rice-rubber trade with Peiping if agreement on 1960 quotas cannot be reached shortly.

(2)

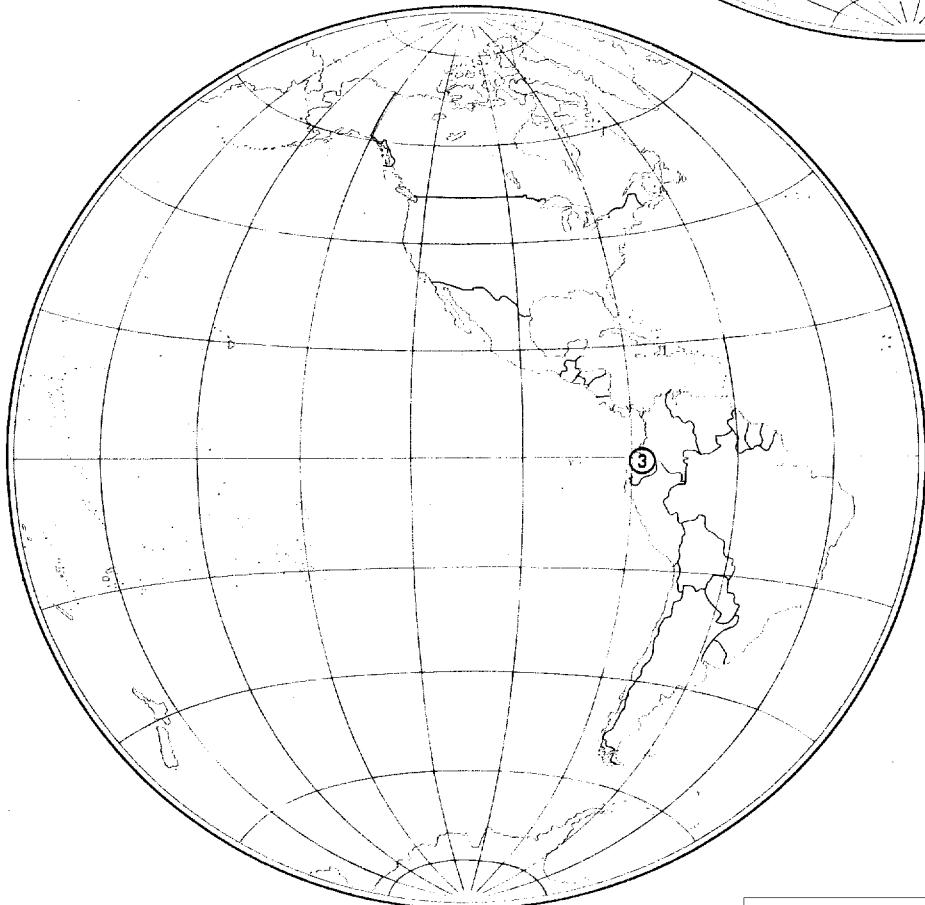
III. THE WEST

Ecuador now feels Inter-American Conference may have to be postponed until summer.

(3)

**LATE ITEM**

(4) USSR offers new package proposal in Geneva nuclear test talks.

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CENTRAL INTELLIGENCE BULLETIN

15 December 1959

DAILY BRIEF

SIRAB

I. THE COMMUNIST BLOC

Communist China - Nepal: [Tibetans acting for the Chinese Communists have been trying for the past two months to persuade border tribes in Nepal that they owe allegiance to Tibet,]

A late October clash between Chinese forces and Khamba rebels near the Sino-Nepalese border suggests that Chinese troops are moving westward along the undemarcated frontier, increasing the possibility of incursions into Nepalese territory. There is concern in Nepal, which last September unsuccessfully sought written Chinese guarantees of the "traditional" boundary, over reports of border crossings.]

(Page 1) (Map)

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II. ASIA-AFRICA

Ceylon - Communist China: [Colombo apparently is prepared to suspend its rice-rubber trade with Peiping for the year 1960 if Communist China does not agree shortly to Ceylonese proposals for next year's protocol. Colombo's trade minister informed Ceylon's ambassador in Peiping]

[that the government has to make "immediate arrangements" to purchase its remaining rice requirements for 1960 and will be compelled to negotiate with other sources if the Chinese continue to quibble over terms. Colombo has been making inquiries about the availability of rice from the US, UAR, Italy, and Thailand.]

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III. THE WEST

OK

Inter-American Conference: Ecuadoran Foreign Minister Tobar has told the press that the 11th Inter-American conference, set for Quito on 1 February, may have to be postponed until after Ecuador's presidential election in June. The declaration was cleared with President Ponce, who has heretofore insisted that the meeting would be held as scheduled, and apparently has the approval of the Brazilian foreign minister, with whom Tobar recently conferred in Rio. Meanwhile, former Ecuadoran President Galo Plaza, who has considerable prestige in Latin America, has also recommended postponement. These statements will probably encourage Peru and Venezuela to continue their effort to delay the conference--a move which already has the sympathy or support of some other Latin American nations.

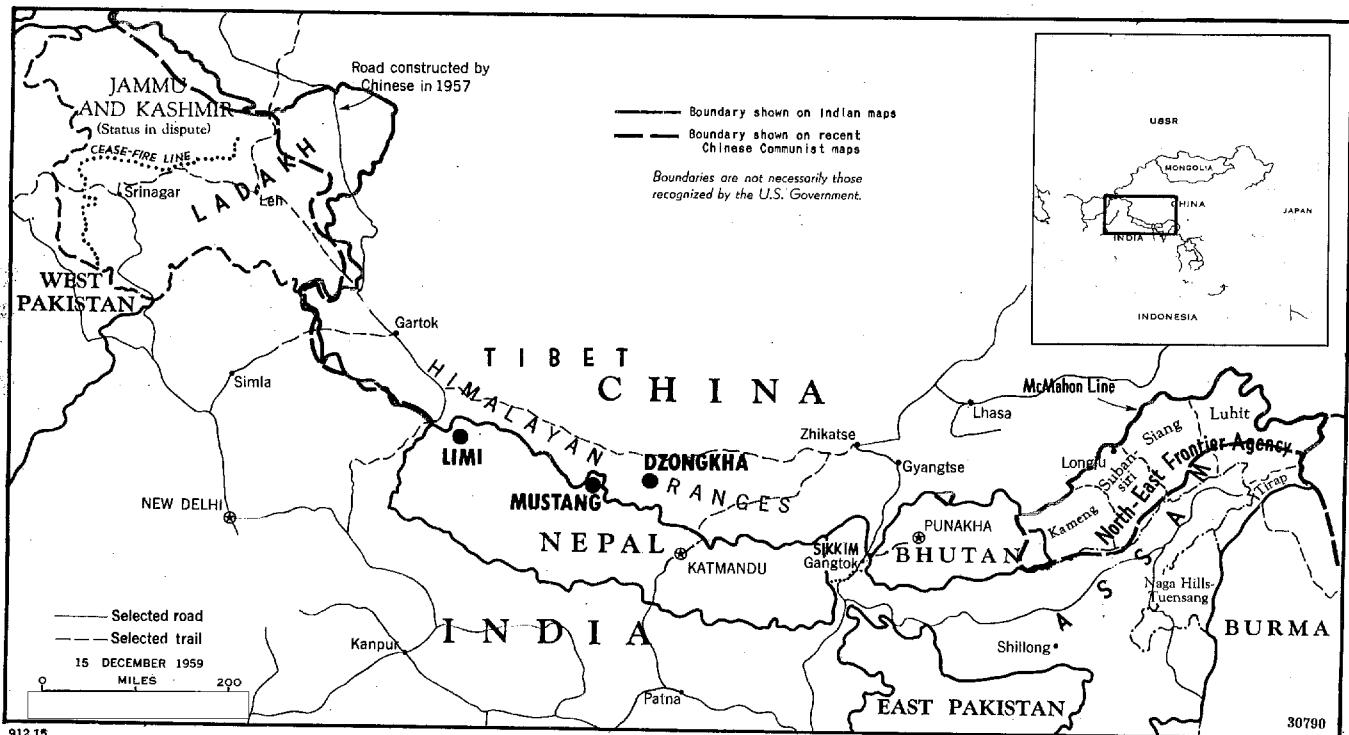
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LATE ITEM

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*USSR-Geneva Talks: The package proposal on composition and voting procedures in the control commission and staffing of the inspection posts, presented at the nuclear test cessation talks by the Soviet delegate on 14 December, is a further move to demonstrate the USSR's desire for an early settlement of outstanding issues. Moscow probably hopes this offer to compromise on political issues will increase pressure on the West to make concessions in the technical talks on the detection of underground tests which would lead to an agreed report by the experts. The Soviet leaders probably believe that agreement by the experts would forestall any Western pressure for a limited treaty which would exclude underground tests. While the new proposal drops previous insistence on three power unanimity over budgetary matters, it provides for a two-thirds majority vote in a commission composed of three Western states, three bloc, and one neutral, which would enable Moscow to block any decision in this area.

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I. THE COMMUNIST BLOC

Chinese Communist Activity Along Sino-Nepalese Border

Communist China may be stepping up its subversive activities along the Sino-Nepalese border. Tibetans acting for the Chinese have been trying for the past two months to persuade tribal minorities across the Nepal border that they owe allegiance to Tibet.

Chinese propaganda among Nepal's border minorities will not be too effective, since many of them regard Tibetans as inferior despite their close cultural ties with Tibet.

A clash between Chinese forces and Khamba rebels, in which the latter were defeated, occurred in late October at Dzongkha near the Sino-Nepalese border. The area of the clash suggests that Chinese troops are moving westward along the undemarcated frontier, increasing the possibility of incursions into Nepalese territory.

there are from 3,000 to 4,500 Khamba and Tibetan rebels between Dzongkha and the Nepalese salient of Mustang to the west.

temporary entry at one point of Chinese troops in search of Khambas in late November. There have also been reports of Chinese infiltration across the western end of the Sino-Nepalese border near Limi.

These reports have caused concern in Nepal, which last September unsuccessfully sought written Chinese guarantees of the "traditional" boundary. The Nepalese Army believes that such areas as Mustang, lying north of the main Himalayan range, would be the first affected by Chinese infiltration.

The Nepalese Defense Minister charged on 15 December that a heavy concentration of Chinese Communist troops is "within a few days' march" from the border.

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II. ASIA-AFRICA

Ceylon Prepared to Suspend Rice-Rubber Trade With Peiping During 1960

[Colombo apparently is prepared to suspend its rice-rubber trade with Peiping for the year 1960 if Communist China does not soon agree to Ceylonese proposals for next year's contract. Negotiations have been under way since late October on the 1960 protocol to the second five-year agreement, which is effective through 1962. In what appears to be Colombo's final effort to force the issue, Trade Minister Senanayake informed Ceylon's ambassador in Peiping [redacted] that the government will be compelled to purchase rice elsewhere if China does not agree by mid-December to Ceylon's terms. He pointed out that the delay had prevented Ceylon from taking advantage of the low point in the Thai market.

A one-year suspension of trade would not necessarily lead Colombo to abrogate the five-year agreement. It would substantially increase this possibility, however, particularly if Ceylon next year could readily sell the rubber it normally sends China and offset the loss of Chinese rice supplies. Throughout the negotiations with Peiping, Colombo has maintained contact with Bangkok, Cairo, Rome, and Washington concerning the availability of rice for 1960 and recently signed a four-year contract with Burma which will provide over half its import requirements. In November the Governor General asked whether the United States could replace the usual Chinese shipments under PL 480.

Prime Minister Dahanayake's caretaker government has the power to discontinue trade for one year, but the future of the five-year agreement probably will be decided by whatever government is voted to power in the March national elections.]

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III. THE WEST

Ecuador May Call for Postponement of Eleventh Inter-American Conference

The Ecuadoran Government has apparently abandoned its opposition to postponement of the Eleventh Inter-American Conference, scheduled for Quito on 1 February. Foreign Minister Tobar told the press on 13 December that Ecuador would accept a later date if the success of the conference so demanded, and that if the conference were postponed the new date should be after the presidential elections in June. His announcement was cleared with President Ponce and apparently has the approval of the Brazilian foreign minister, with whom Tobar recently conferred in Rio.

Domestic opposition was apparently one of the factors behind the government's decision. Former President Galo Plaza, who has considerable prestige in Latin America and who is a presidential contender, recently recommended postponement and called for the introduction of the inflammatory Ecuador-Peru boundary dispute when the meeting is held. Former President Velasco, another presidential aspirant, has also called for inclusion of the boundary dispute on the conference agenda. Tobar has made two public statements--highly unpopular in Ecuador--that his government would not introduce this topic, apparently in an effort to keep Peru from carrying out its threat to boycott the meeting.

Tobar's press statement will probably encourage Peru and Venezuela to continue their effort to delay the conference--a move which appears to have the growing support or sympathy of several Latin American countries, including the Dominican Republic, Paraguay, and Colombia, and possibly Cuba and Mexico.

Regional Communists, who have been working to delay or disrupt the conference, may claim a victory if the postponement is effected and will have time to better organize their subversive and propaganda activities against a later meeting. On the other

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hand, a delay of the conference may avoid the political tension and unrest now prevalent in Ecuador and the current extremist feelings in Peru and Ecuador over the boundary dispute, and will provide time for some relaxation of tension among various Latin American countries over disarmament and authoritarian regimes.



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