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25 May 1959

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CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO.

NO CHANGE IN CLASS.

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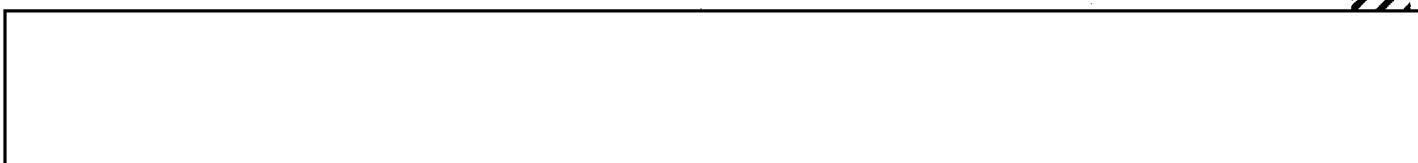
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CENTRAL INTELLIGENCE BULLETIN

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25 May 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

No
USSR-Albania: Defense Minister Malinovsky has postponed a trip to Austria in order to accompany Khrushchev to Albania. The Soviet Premier is scheduled to arrive on Monday for a 12-day visit. There is still no reliable information to account for the length of the stay. Yugoslav officials have denied rumors that Khrushchev will meet with Tito on this trip.

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USSR-Geneva:

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expressed optimism that the foreign ministers in the next two weeks could work out arrangements on a cessation of nuclear tests, Berlin, and an East-West German committee for final approval at a summit meeting. He stated that Foreign Minister Gromyko had told him that although the USSR will not take the initiative, it favors secret talks, and suggested that the British or French might propose this.
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OK
Communist China: Peiping's minister of agriculture has admitted that a reduction in acreage planted earlier this year may result in some loss of food crops. This is the first public suggestion from Peiping that the 1959 harvest may not measure up to the regime's heady expectations. It follows several indications of Chinese Communist concern over the current state of agriculture and a number of reports that food shortages are plaguing both city and countryside.

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DAILY BRIEF

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No
USSR-India: The Soviet minister of geology announced at the end of a two-week visit to India that the USSR will give further aid to the Indian oil industry. The Soviet Union is to assist India in the manufacture of oil-drilling equipment and will maintain a "sizable" repair center in India for oil-drilling rigs. Total Soviet bloc aid extended India to date amounts to about 10 percent of all foreign aid to India.

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II. ASIA-AFRICA

No
Israel-UAR: [The UAR's seizure of another cargo from an Israeli-chartered ship, bound through the Suez Canal, will probably cause Israel to lodge a complaint with the UN Security Council. Such a move had earlier been postponed pending informal UN efforts to resolve the dispute over two previous seizures last March. The latest seizure, which occurred despite Cairo's private assurance to the UN that it would cease such actions, probably was made because of advance Israeli publicity for this latest "test" of canal restrictions.]

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Uganda: [Violence, which has long plagued neighboring Kenya, may be impending in the British protectorate of Uganda. The most important political party, the Uganda National Movement has been banned following disorders in connection with a boycott sponsored by non-African goods. The British have been concerned over the party's unrealistic independence demands, which call for independence by 1960 for the most important of Uganda's four provinces.]

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*Laos: [The Pathet Lao battalion which defected on 19 May is still at large. Although Laotian officials have been optimistic that this battalion could be persuaded to return to its base, an unconfirmed press report states that fighting has broken out between Laotian Army troops and "rebel units."]

HQ

Hanoi has publicized a letter from Premier Pham Van Dinh to Nehru on 19 May calling for a resumption of the International Control Commission's activities in Laos. India favored reconvening the ICC earlier this year and, if the situation continues to be serious, probably will support resumption of its activities.]

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III. THE WEST

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European Community: Some important Ruhr industrialists are stepping up their campaign to undermine the European Coal-Steel Community in order to escape supervision, particularly on cartel matters. They are finding support among French steel interests and Paris officials, including Premier Debré. Their efforts emphasize the growing nationalist trend in the six-nation community and are an obstacle to the further development of the integration movement.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

USSR Stress [] ent at Geneva

[Soviet spokesmen are making a concerted effort to demonstrate the USSR's desire for sufficient progress at the foreign ministers' conference to open the way for a summit meeting. Khrushchev's optimistic remark to visiting Western scientists on 20 May that he sees no obstacles to an early agreement on test cessation has been echoed in private statements by Soviet representatives at Geneva.]

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the conference should be able to work out arrangements during the next two weeks on a test cessation, Berlin, and an East-West German committee for final approval at a summit meeting. He stated that Foreign Minister Gromyko had told him that the USSR would favor secret talks but would not take the initiative. He suggested the British or French might make such a proposal. []

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[] has also suggested that the foreign ministers should hold frequent private meetings during which they could "talk business and still keep the framework of the conference intact."

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[] stated emphatically that nothing would happen on 27 May when Khrushchev's original six-month deadline for converting West Berlin into a free city expires. As a "personal" trial balloon, he suggested that since there is no chance for agreement on signing a peace treaty with both German states, a four-power committee could be established to work out the basic terms for a treaty with a unified Germany. This committee, he said, would continue its work even after the foreign ministers' conference ends. He also suggested agreement to a temporary freeze on the armaments of both German states, especially on nuclear weapons.]

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[] expressed the belief that Khrushchev would strongly prefer holding a summit meeting in the United States]

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[and referred to the "eagerness" of San Francisco authorities to play host. [had said earlier that Moscow is thinking in terms of mid-August for a summit meeting and is trying to arrange an alternative schedule for Khrushchev's Scandinavian trip.]

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Communist China, Agriculture

In a highly unusual statement Peiping's Minister of Agriculture Liao Lu-yen publicly suggested on 22 May that, because of a reduction in planted acreage, the nation might lose 14,000,000 tons of food crops this year. Describing this as a "lesson we have learned from our failure to plant," Liao urged that commune members utilize "every inch" of arable land for late crops, probably in the hope that the threatened drop in output can be avoided.

This is the first public suggestion from Peiping that the 1959 harvest may not measure up to its expectations. While it is far too early to determine what the year's farm output may be--late crops have not yet even been planted--some of the regime's agricultural policies may backfire. It is possible that Peiping's talk about the feasibility of reducing sown acreage while farming limited areas along the intensive lines introduced last year did lead to a reduction in planted acreage. In addition the authorities have been concerned over the threat of lodging--the inability of plants to stand up during the ripening period. This is usually caused by heavy wind and rain, but it can also be caused by the close planting and heavy manuring encouraged by the regime on small plots.

Among other signs of uncertainty in Peiping about agriculture are two commentaries in the most recent edition of Red Flag concerning the need for more realistic farm targets. Targets will be more realistic, Red Flag says, when they are formulated in consultation with the masses and not by a "handful of men behind closed doors." The regime is also trying to increase production of meat by allowing individual commune members to raise hogs for their own profit.

The regime's concern over the farm situation is probably heightened by a tight food situation reportedly plaguing both city and countryside. It is not at all unusual for the peasants to be short of food just before the early harvest, but the shortage this year has apparently been aggravated by transportation and distribution difficulties which accompanied the "giant leap forward" and by increased consumption in the formative days of the communes.

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Additional Soviet Aid for Indian Oil Development

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[The USSR has agreed to provide further aid to the Indian oil industry in response to requests made by the Indian minister of mines and oil during his visit to the bloc in late 1958. At the time of this visit, Soviet officials urged India, which is embarking on an enlarged oil exploration program, to meet its substantially expanded needs for drilling equipment by developing its own manufacturing capacity.]

The Soviet minister of geology, who has just completed a two-week visit to India, announced that the USSR will assist India in the manufacture of oil-drilling equipment and will maintain a "sizable" repair center in India for oil-drilling rigs. The Soviet official also pointed out that additional "highly qualified Soviet geologists and geophysicists" were available to India and that training facilities in the USSR were open to Indian personnel.

Last year nearly 100 Soviet bloc oil technicians were employed in Assam state, Jawalamukhi in the Punjab, and Cambay, Bombay under the oil exploration program sponsored by the Indian Government. India has accepted a Rumanian offer to provide \$10,700,000 worth of equipment for India's first government-owned refinery, which is to be built in Gahauti, Assam. An Indian delegation, which is now in Moscow to discuss Soviet aid for India's Third Five-Year Plan, is also considering a Soviet offer, made earlier this year, to extend a \$32,000,000 loan toward construction of a second government-owned refinery at Barauni. Total bloc aid to India to date amounts to \$304,000,000, mostly from the USSR. This includes the Rumanian refinery offer, but not the new Soviet offers. Total Soviet bloc aid extended India to date amounts to about 10 percent of all foreign aid to India.

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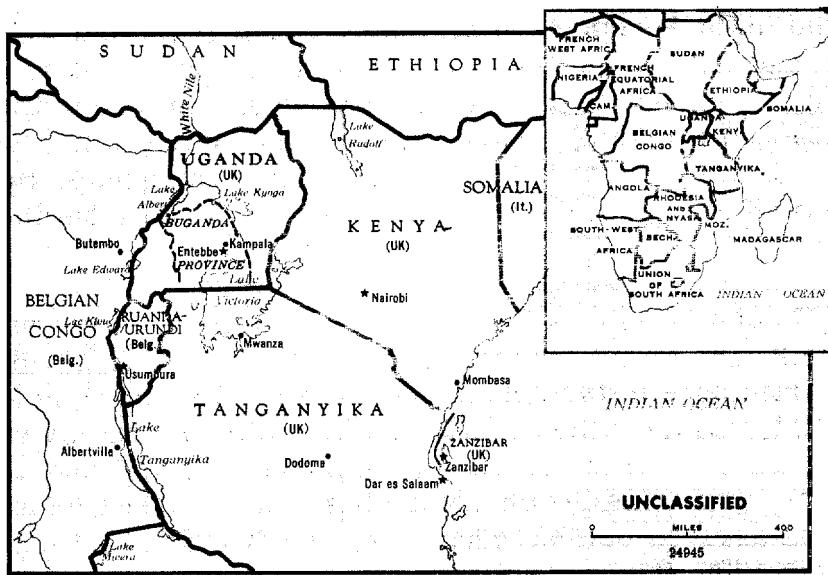
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Emergency Powers Invoked in Uganda

[Clashes between police and nationalist demonstrators in Buganda, the most important of the four regions of Uganda, have led Governor General Sir Frederick Crawford to declare Buganda a "disturbed area" and to confer special powers on the police, including power to control vehicular traffic and to impose a curfew.]

[In addition, the governor general has banned the Uganda National Movement (UNM), Uganda's most important political party, an ultranationalist group which demands independence for Buganda apart from the rest of the protectorate. Great Britain, however, appears to envisage a transition period, perhaps as long as ten years, prior to independence for Uganda, and is opposed to granting independence to the protectorate or any of its regions before that time.]

[Recent violence stems from a UNM-sponsored boycott of goods sold by white-owned stores, and subsequent attempts to impose it in the face of local resistance. British concern over the independence agitation has doubtless been heightened by the introduction of racial issues in the form of the boycott. In contrast to the situation in neighboring Kenya, Uganda's white population comprises less than one tenth of one percent of the total and racial strife has hitherto been avoided.]

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III. THE WEST

Proposed Revision of Coal-Steel Community Treaty Threatens European Movement

Reports that Ruhr interests are taking the lead in a campaign to "transfer" the European Coal-Steel Community (CSC) to the European Common Market emphasize the strong trend against supranational organizations which has become increasingly evident in the European Community movement in the past few months. A prominent West German businessman recently asserted to American Embassy officials in Bonn that the Ruhr industrialists in general consider such a transfer urgent and have persuaded French steel interests to "see the light." Conceding that neither Bonn nor Paris is prepared to propose such a "severe shock to the European integration concept," he said he thought Italy could be persuaded to take the initiative.

There have been many rumors in recent months, particularly in connection with the coal crisis, of growing pressures to revise the CSC treaty. These pressures are believed to come from three sources: German business interests who want to escape CSC supervision, particularly on cartel matters; German so-called "liberals" who have long accused the CSC High Authority of tending too much to supervise individual enterprises; and French elements who oppose the supranational principle. Premier Debré, himself, made clear in a recent speech that he would favor reducing the European agencies to administrative organs carrying out the decisions of the member governments.

This campaign against the High Authority of the CSC, and to a lesser extent against the Common Market and EURATOM commissions, poses a considerable threat to further development of the integration movement. Much of the political support behind the European communities is based on the assumption that these three agencies would develop into European executives which would be authorized to make decisions and able to prevent domination of the Community by the larger powers.

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