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7 May 1959

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

OK
Communist China - India: Peiping has issued a lengthy rebuttal of Nehru's statements on Tibet. The People's Daily article, which describes Nehru as a "friend of China," is probably intended to prepare the way for an improvement in Sino-Indian relations. The Chinese call for an end to mutual recriminations, but warn that any new Indian criticisms will be answered. Although Nehru will be further irritated by the continuing Chinese charges that India intervened in the Tibetan situation, he is also interested in easing the strain between the two countries.

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OK
USSR-Japan: Moscow is attempting to influence the important Japanese upper-house elections in June by charging that the Kishi government intends to involve Japan in a nuclear arms race. A Soviet note delivered in Tokyo on 4 May claims that the Japanese Government is "encouraging" the arming of US forces in Japan with nuclear weapons and that it is "taking measures to arm" Japanese forces with such weapons. Tokyo intends to reject Moscow's latest charges in a formal note. Similar Soviet moves prior to previous elections have damaged the position of the Japanese left.

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Watch Committee conclusion-- Berlin: No significant changes
bearing on the possibility of hostilities.

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II. ASIA-AFRICA

Watch Committee conclusion-- Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq and Iran. The situation in the area remains precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.

Iraq: The Communists are now moving to consolidate their dominant position by seeking representation in the cabinet. Although Qasim appears reluctant to permit overt political parties, he shows no signs that he is contemplating resolute anti-Communist action.

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DAILY BRIEF

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OK Iran-Oil. The British government has agreed to underwrite private West German construction of Iran's high priority \$125,000,000 pipeline project, including terminal facilities, from the Abadan refinery to the Persian Gulf. The entire output of Iran's 415,000 barrel-per-day Abadan refinery is currently dependent on the Iraqi-controlled Shatt-al-Arab River for exit to world shipping routes. Tehran has long feared that Iraq might close the Shatt-al-Arab to ships carrying Iranian oil. Tehran also claims that the \$8,000,000 it pays yearly in river dues is excessive.

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III. THE WEST

OK Britain-Iceland: Recent incidents, involving warning shots, have aggravated the eight-month-old dispute over Iceland's unilateral extension of its fishing limits. An Icelandic court has fined a British trawler captain heavily. Both sides may now act more aggressively, and relations between the two NATO allies may deteriorate further.

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I. THE COMMUNIST BLOC

Sino-Indian Relations

Peiping has issued a point-by-point rebuttal of Nehru's recent statements on Tibet, particularly that of 27 April which attempted to set the record straight on Indo-Tibetan relations. While the People's Daily editorial states that criticism of Communist actions will not go unanswered, its moderate tone contrasts with the recent bitter denunciation of "Indian expansionists" and represents an effort to pave the way for improvement in Sino-Indian relations.

Describing Nehru as a "friend of China," People's Daily agrees that India has no "political ambitions" in Tibet, but reminds the Indian prime minister that his remarks on Peiping's failure to honor its assurances of Tibetan autonomy are construed as "interference." Nehru's avowed sympathy for the Tibetan rebels is in "error," the article states, repeating Peiping's claim that the revolt was inspired by "feudal reactionaries." It suggests Nehru curb Indian criticism by adopting a "clear-cut, hands-off policy" and calls for an end to the exchange of recriminations with New Delhi.

The editorial claims the rebellion has been quelled "in the main" and states that traditional Tibetan political and social patterns are to be radically altered by "peaceful" revolution. The Communists have already introduced mutual aid teams--an elementary form of collectivization--to work land confiscated from rebel leaders and now are hinting about land distribution.

Peiping's continuing refutation of Indian statements will further irritate New Delhi, although Nehru probably will also try to ease the strain between the two countries.

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USSR Renews Charges of Nuclear Weapons in Japan

The USSR delivered a note in Tokyo on 4 May charging that the Kishi government intends to involve Japan in a nuclear arms race in the Far East. Moscow claims Tokyo is "encouraging" the arming of US forces in Japan with nuclear weapons and that it is "taking measures to arm" Japanese forces with such weapons. Unlike three previous Soviet notes on the same subject within the past year, this one specifically includes Japanese forces in its charges. The note apparently is intended to influence the vote in the upper-house elections on 2 June. Similar Soviet efforts in the past, however, have boomeranged and damaged the position of Japanese leftists.

The new note reiterates Soviet Premier Khrushchev's previous vague proposals for a conference of various Far Eastern powers, including the United States, to "guarantee" Japan's neutrality, and to set up a denuclearized zone in the Pacific region. Moscow, which "expects" the Japanese Government to make the "necessary explanations," is apparently seeking to provoke Tokyo into a formal rejection of its proposals. As an additional means of pressure, Soviet officials continue to obstruct settlement of the fishery negotiations although the fishing season has already begun.

Japanese Foreign Minister Fujiyama, who indicated on 6 May that Tokyo would answer the note soon, emphasized that Japan's policies will be decided by the government alone, and that Japan has no intention of arming itself with nuclear weapons. Both Prime Minister Kishi and Foreign Minister Fujiyama have publicly reiterated that a security arrangement between Japan and the US will continue to be necessary.

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West Germany to Build New Iranian Pipelines

West Germany has agreed to underwrite private German construction of Iran's high-priority \$125,000,000 pipeline project from the Abadan refinery to Khor Musa, 36 miles away on the Persian Gulf. Apparently the project calls for a number of relatively small pipelines--each carrying a range of refined products--rather than the single large pipeline generally used for crude oil. In addition, storage for about 6,000,000 barrels of petroleum products, offshore leading lines, and other port facilities will have to be provided.

The entire output of the 415,000-barrel-per-day Abadan refinery, which is operated by a Western consortium, now reaches world shipping routes via the Iraqi-controlled Shatt-al-Arab River. Tehran has long feared that the river might be closed to ships carrying Iranian oil. Iraq harassed river shipping after the 14 July revolution; during the Suez crisis it planned to block the river mouth; and it recently discharged British nationals responsible for keeping the constantly shifting sand bars from blocking the river mouth. Tehran has accused Baghdad of charging excessive river dues, pointing out that the \$8,000,000 paid Baghdad each year approximately equals Iran's share of the refinery profits. Oil exported from Iraq's southern fields does not use the river but is transported by pipeline to the oil terminal at Fao.

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III. THE WEST

Icelandic-British Fishing Dispute

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[A series of recent violations of Iceland's fishing limits by British trawlers has aroused Icelandic opinion. Both sides appear to be becoming increasingly aggressive and less disposed toward compromise. There is increasing concern over the possibility of casualties in the eight-month-old dispute, which on three separate occasions has involved warning shots.]

[One incident occurred on 29 April when an Icelandic patrol vessel attempted to arrest a British trawler within the four-mile limit, but was prevented by a British destroyer from taking the vessel in tow. Earlier a British trawler had submitted to arrest and was fined heavily. The Icelandic Government has refused to assure British trawler owners that it will not bring charges against trawlers submitting to arrest within the four-mile belt for also violating Iceland's unilaterally extended 12-mile fishing limit. The owners evidently now will order the trawlers to avoid arrest.]

[With parliamentary elections likely in June, the Icelandic Government appears neither willing nor able to pursue a moderate course in the dispute. Although the Communists are no longer in the cabinet or control the Ministry of Fisheries, the minority Social Democratic government remains a captive of the policies of its predecessor--in which the Communists had a strong influence--and is forced by public opinion to hold out for recognition of the 12-mile limit. All parties have united to support a parliamentary resolution protesting British infringements.]

[A serious incident within the four-mile limit could result in pressure on London to extend its naval protection into that belt, which would further inflame the Icelanders.]

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