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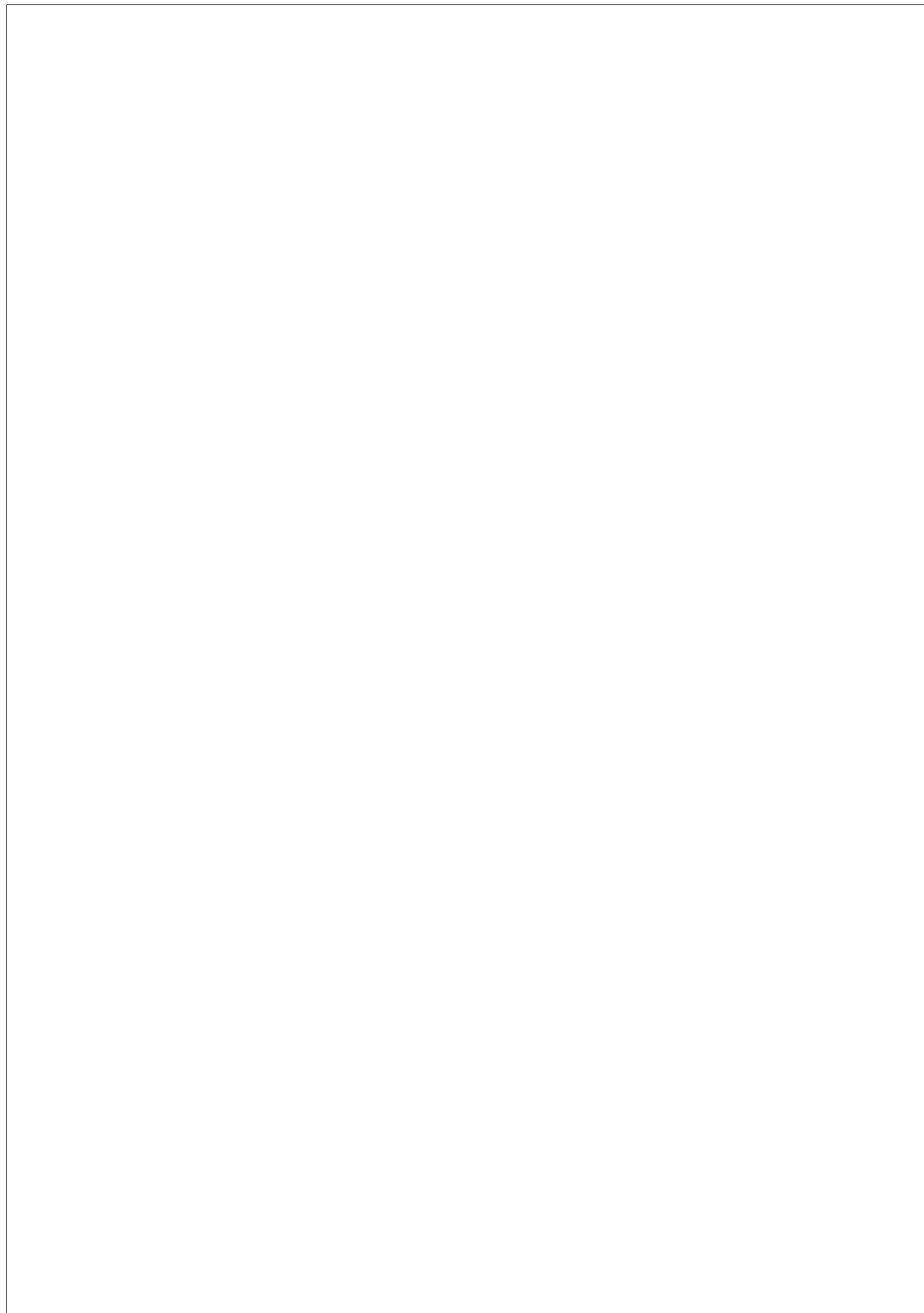
3 November 1959

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CENTRAL INTELLIGENCE BULLETIN

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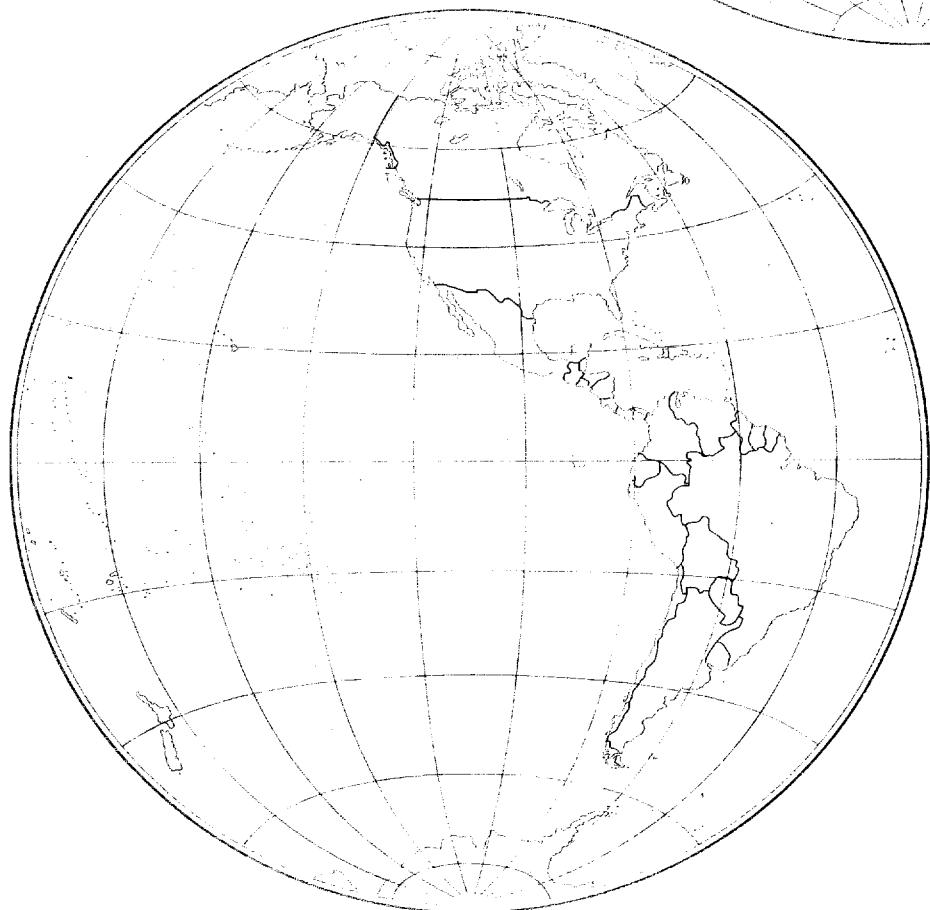
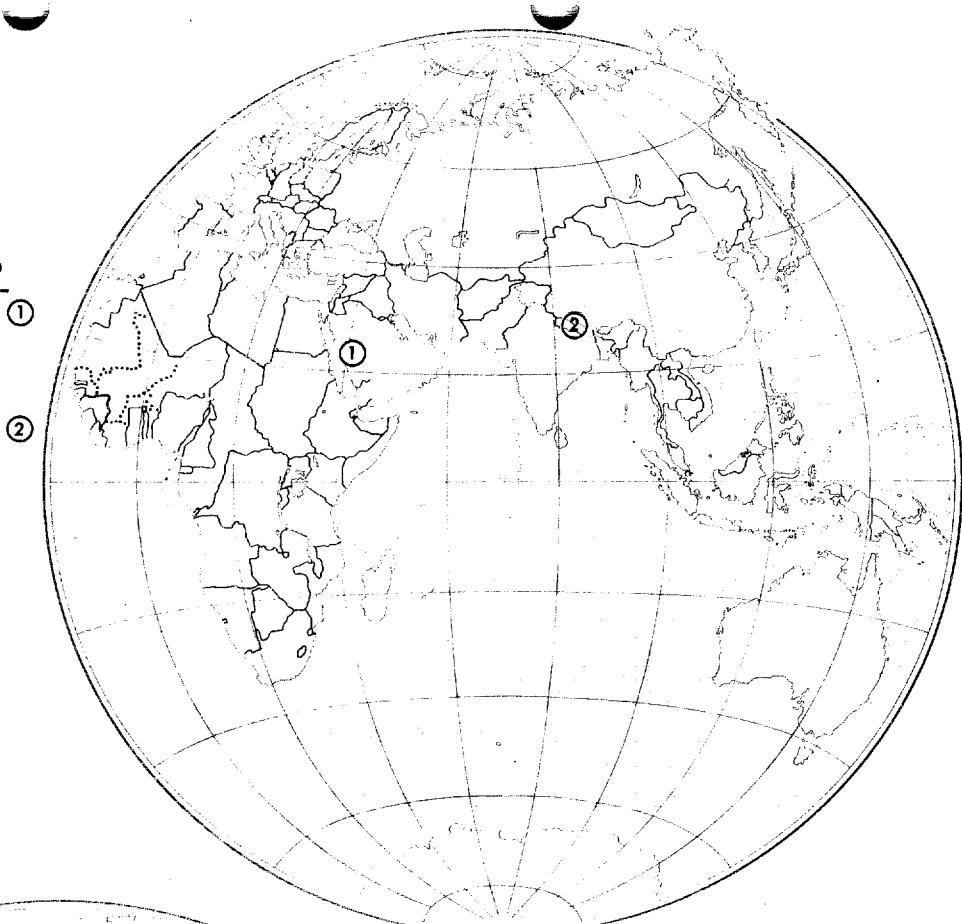
3 NOVEMBER 1959

I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Arab League oil experts call for Arab-owned pipeline from Persian Gulf, Arab tanker fleet, boycott of oil firms operating in Algeria.

Nepalese prime minister alert to threat from China but says his domestic position requires for the present a policy of "pragmatic neutralism."



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3 November 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

SIRAB

II. ASIA-AFRICA

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Middle East Oil: Oil specialists from nine of the Arab League's ten member states and delegates from Kuwait, Qatar, and Bahrein have indicated trends in Arab thinking on oil questions during a ten-day meeting which began in Jidda on 26 October. The delegates called for building a pipeline from the Persian Gulf to the Mediterranean, to be owned by the Arab governments involved; establishing an Arab tanker fleet; and boycotting firms operating in Algeria--which includes most of the major oil companies operating in Arab lands. The Saudi delegate advocated converting the oil companies to national companies directed by Arab governments.

Saudi Arabia's American legal consultant urged producing countries to scrap the 50-50 profit-sharing formula and enact income-tax legislation without prior consultation or negotiations.

The experts' proposals will be voted on at the 11 December meeting of the Arab League's High Economic Council.

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Nepal: Prime Minister Koirala in late October assured the American ambassador that he was alert to the threat of Chinese infiltration and subversion in Nepal, but said his domestic position required that he maintain a policy of "pragmatic neutralism" toward Peiping. Koirala explained that he does not consider he can take full control of foreign policy until he has consolidated his personal power and developed a closer understanding with King Mahendra, who he feels is still under the influence of certain pro-Chinese palace advisers. Koirala reiterated his interest in increased American aid and in an early visit to the United States.

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Nepalese Prime Minister Reaffirms Neutralist Policy

Prime Minister Koirala reassured the American ambassador in late October that his government is fully aware of the threat to Nepal posed by Communist China and that it is concerned over China's opportunities for subversion and infiltration across the Tibetan frontier. Koirala added, however, that he would have to maintain his present policy of "pragmatic neutralism" toward Peiping and the Sino-Indian border dispute "for the time being." The Nepalese leader explained that until he consolidated his position domestically and developed a closer understanding with King Mahendra he could not exert full control over the country's foreign policy. Koirala, whose government took office on 29 May, believes that the King is still under the influence of certain palace advisers who are sympathetic toward China.

The prime minister said that Chinese Communist propaganda activity in Nepal had been increasing noticeably and that his government attributed this to recent financial support from the Chinese diplomatic mission in New Delhi. Koirala also reported that Soviet officials were making progress in establishing their resident embassy in spite of logistic difficulties. The Soviet ambassador presented his credentials on 29 September, and Soviet technicians are beginning to arrive under Moscow's economic aid program.

The King and government leaders expressed general approval of the American aid program, and Koirala personally restated his desire for further assistance. He is primarily interested in agreement on a currency stabilization project and in procurement of additional aircraft for border surveillance and internal security. In this connection, Koirala hopes to visit the United States some time

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before the current UN General Assembly session concludes. He stressed, however, his conviction that such a visit would be advisable only if he returned with "concrete benefits" with which to impress both the palace and the public with American interest in Nepal.

Koirala probably believes that his own political interests as well as those of his government will be best served by carefully balancing Nepal's relations with Moscow, Peiping, Washington, and New Delhi to gain the maximum benefits from each without antagonizing any one of them.

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The Secretary of the Treasury

The Department of State

The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

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The Deputy Under Secretary for Administration

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Director of Naval Intelligence, Department of Navy

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