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15 May 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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CENTRAL INTELLIGENCE BULLETIN

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DAILY BRIEF

I. THE COMMUNIST BLOC

USSR - East Europe: The eleventh plenum of the bloc Council for Mutual Economic Assistance (CEMA) opened in Tirana on 12 May. The USSR delegation is led by A. N. Kosygin, chairman of the Soviet State Planning Committee. 25X1
[This session will be concerned with coordinating bloc economic plans of the member countries for the period 1961-65. Particular emphasis will be given production of coking coal, ferrous, and nonferrous metals, and the unification of electrical power systems. An "exchange of opinions" on a Bulgarian proposal to create a Sino-Soviet international bank also is on the agenda.]

Bloc-Iraq: The Soviet bloc is apparently succeeding in its efforts to obtain civil air rights in Iraq. The USSR, Czechoslovakia, and Hungary have been negotiating for a route to Baghdad, presumably via Cairo. Iraqi Airways is reported to be preparing a new schedule which would include the USSR and East Europe as well as Asian and African countries now served. Moscow reportedly has offered to re-equip the Iraqi civil air fleet.

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II. ASIA-AFRICA

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India-USSR: The high-level Indian economic delegation which left New Delhi on 14 May for a two-week visit to Moscow will seek Soviet aid for India's Third Five-Year Plan (1961-66). The total foreign exchange cost of the dozen projects India wants to discuss is \$735,000,000. India now is drawing up the third plan, which is likely to have a foreign exchange gap of at least \$5 billion, and any offers of aid for particular projects would be of considerable assistance to Indian officials in formulating the plan.

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DAILY BRIEF

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H/D Laos: [The house arrest of the leaders of the Communist Neo Lao Hak Zat party apparently is intended to cut communications between them and the two former dissident Communist battalions which have refused to be integrated with the Laotian Army. These incidents will be used by the Communist bloc to support the campaign for the return of the International Control Commission to Laos.]

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H/D Algeria: [The provisional government of the hard-pressed Algerian rebels is attempting to induce the US to bring pressure to bear on France. A rebel spokesman at the UN has hinted that unless the West can soften the French attitude toward the provisional government, the rebels in desperation may take "spectacular military action"--possibly even an attempted air attack on Metropolitan France--to dramatize their determination to continue the war.]

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I. THE COMMUNIST BLOC

Bloc-Iraqi Civil Air Negotiations

The bloc drive to establish civil air links with Iraq apparently has met with success. Baghdad announced on 13 May that a new air schedule linking Iraq with a number of countries, particularly those of the Communist bloc, Asia, and Africa, will soon be put into operation.

The Iraqi Government paved the way for expanding civil air cooperation with bloc countries when, in late April, it "retired" the pro-Western director and deputy director of the Iraqi Airways. Major American commercial airlines, faced with continuing harassment of their operations and personnel, have ceased all but token services to Iraq.

Talks between Soviet Embassy officials and Iraqi officials over the establishment of an air route were held in Baghdad in March. The discussions may have included a preliminary Soviet offer to provide the Iraqi airline with modern Soviet civil aircraft. Furthermore, in March Iraqi officials reportedly were studying drafts of proposed civil air agreements which had been submitted by Czechoslovakia and Hungary. Bloc civil air traffic to Baghdad probably will be routed via Cairo, by extending the present bloc flight routes now terminating there.

Increased bloc political and economic activity in the Middle East since 1955 has included attempts to establish direct air connections with the Middle East capitals which lie on major air routes between Europe and Asia. The only routes established thus far connect Moscow and Prague with Cairo. The Soviet ambassador in Beirut again approached the Lebanese Government on 8 May on the question of a Soviet-Lebanese air agreement.

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Indian Delegation Visiting Moscow to Discuss Additional Soviet Aid

The Indian delegation which left New Delhi on 14 May for a two-week visit to Moscow will seek Soviet aid for India's Third Five-Year Plan (1961-66). The delegation--which includes the minister of steel, mines, and fuel and the minister of industry as well as high-level civil servants--is also planning to discuss projects the USSR has already agreed to finance, such as pharmaceutical plants and a petroleum refinery. The total foreign exchange costs of these projects is \$735,000,000.

India now is drawing up its Third Five-Year Plan, which is likely to have a foreign-exchange gap of at least five billion dollars. Therefore, any specific offers of aid the delegation can obtain from Moscow would be of considerable assistance to Indian officials in formulating the third plan. The projects India wants to discuss include expansion of the Bhilai steel mill being constructed with Soviet aid, construction of a heavy electrical equipment plant, expansion of Soviet assistance for India's petroleum exploration program, and the establishment of a watch-making factory.

Soviet bloc aid provided to India to date totals about \$304,000,000--about 10 percent of free-world aid--and will increase by about \$80,000,000 if India accepts the pharmaceutical and refinery offers as it reportedly intends to do. [REDACTED]

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The Secretary of State

The Under Secretary of State

The Under Secretary of State for Economic Affairs

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Commander in Chief, Pacific

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