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11 March 1958

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

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I. THE COMMUNIST BLOC

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Communist China - Vietnam: Peiping's endorsement of Hanoi's proposals for early North-South talks on bilateral troop reductions and trade in Vietnam is intended to demonstrate bloc initiative for a negotiated settlement of Asian issues. Peiping is relating this latest gesture to other recent bloc proposals for East-West talks and to its own decision to withdraw Chinese troops from Korea. The Hanoi-Peiping move, like the 8 March Pravda attack on SEATO, was probably timed to achieve maximum impact on the current SEATO meeting in Manila.

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II. ASIA-AFRICA

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India - USSR: The USSR may provide financial aid for one of the two oil refineries the Indian Government intends to build in eastern India. This was intimated privately by the Indian minister for mines and fuel early in 1958, and was publicly expressed on 8 March by the leader of a Soviet parliamentary delegation now touring India. Soviet interest probably will center on a refinery planned west of Calcutta in Bihar State, since Rumania is reported to have made a firm aid offer for a small one to be built in Assam. [redacted] (Map)

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DAILY BRIEF

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[redacted]

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Pakistan: Pakistani Prime Minister Noon's statements on 8 March, which included a threat to turn "elsewhere" if full British and American support on Kashmir is not forthcoming by April, spring from frustration and a need to counter recent opposition criticism of the government's economic dependence on the West and its lack of independence in foreign policy. These statements by the irresponsible and unpredictable prime minister--who stressed the necessity of Pakistan's alliances with the West only two days earlier--are unlikely to result in any change in the government's foreign policies which are largely controlled by President Mirza.

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SIS
Jordan - Syria: Jordan may be subjected to an economic blockade by the United Arab Republic if King Husayn carries through his ill-conceived plan to prevent Syrian trucks from entering Jordan and Iraq, in retaliation for recent Syrian restrictions on Jordanian trucking. Since Jordan's established supply routes are from the Mediterranean through Syria, retaliatory measures imposed in turn by the United Arab Republic could further seriously dislocate the Jordanian economy.

(Page 6) (Map)

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I. THE COMMUNIST BLOC

Communists Propose New Negotiations on Vietnam

Peiping is publicizing Hanoi's 7 March letter to South Vietnam as another bloc initiative for a negotiated settlement of Asian issues. The letter, sent by Premier Pham Van Dong to President Diem of South Vietnam, proposed early North-South talks to discuss bilateral troop reductions and trade as first steps toward reunification of Vietnam.

Peiping is relating the letter to the recent "peace" proposals of the USSR, Poland, and North Korea, and to Communist China's decision to withdraw its troops from Korea. The release of the letter apparently was timed to coincide with preparations for the SEATO nations' meeting in Manila. In a 9 March Foreign Ministry statement on the letter, Peiping charged that the United States is building military bases in South Vietnam and is trying to "drag" Saigon into SEATO.

Peiping and Hanoi seem to be concerned over the steady improvement of South Vietnam's army and are subjecting the American military aid program in South Vietnam to increasing criticism. The Communists in recent months have accelerated their campaign to persuade the International Control Commission (ICC) to label this assistance as a violation of the 1954 Geneva Armistice.

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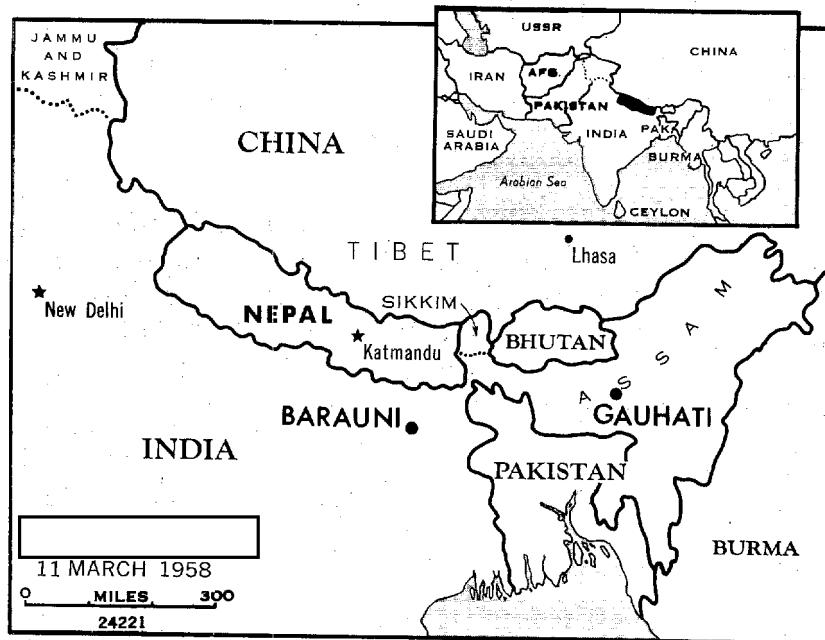
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India May Accept Soviet Offer to Finance Oil Refinery

The Indian Government may accept a Soviet offer to finance one of the two state-owned oil refineries planned in eastern India. The leader of the Soviet parliamentary delegation now touring India stated on 8 March that the USSR was considering assistance for the project. Soviet interest probably centers on the refinery planned for Bihar State, since the Rumanians have offered to construct the refinery planned at Gauhati in Assam.

The two refineries are to have a combined capacity of 50-60,000 barrels a day, with the refinery in Bihar accounting for about three fourths of total output. The total cost of the refineries will be approximately \$70, - 000,000, about half in foreign exchange.

The Indian Government has requested financial assistance for the Bihar refinery from Western oil companies, which own the four existing refineries in India, but they have apparently decided not to participate. The minister of mines and fuel informed the US Embassy in New Delhi on 7 February that India had approached West Germany and France as well as the USSR for assistance, and requested the United States to consider financing the project. [redacted]

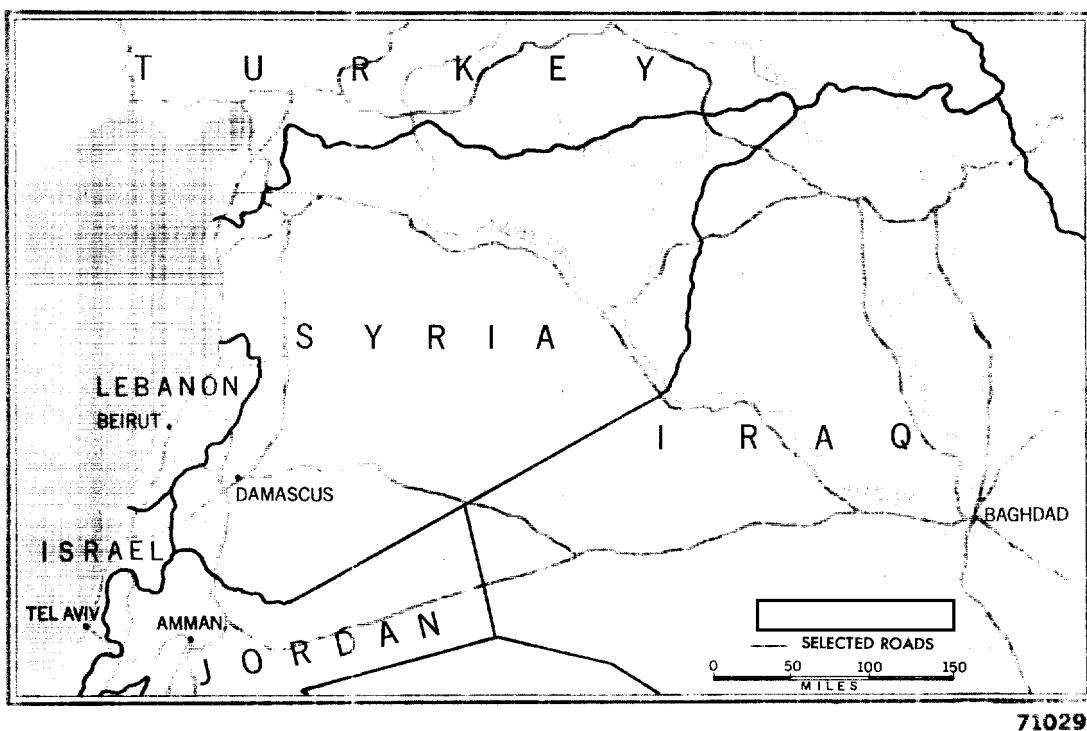
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Jordan-Syria Economic Warfare Looms

A dispute over the movement of Jordanian trucks in Syria may lead to economic warfare between Jordan and Syria, and possibly their respective Arab groupings. King Husayn plans to act in concert with Iraq, possibly by the last week in March, to prevent Syrian trucks from entering Jordan and Iraq--thereby cutting lucrative Syrian trade with Kuwait and Saudi Arabia in addition to direct trade with Jordan and Iraq.

Iraqi cooperation is essential to the success of the move since otherwise Syrian trucks could bypass Jordan. King Husayn asserts that Iraq has agreed to provide alternate sources of supply for Jordan, more than 80 percent of whose trade normally passes through Syria by truck, and that Iraq is prepared to supply Jordan with fuel by truck below present prices.

The current crisis stems from Syrian action last fall prohibiting Jordanian trucks from picking up cargoes in Syria. Attempts to settle the dispute collapsed toward the end of February, whereupon Syrian customs officials began sealing empty Jordanian phosphate trucks returning from Beirut to prevent their picking up goods in Syria. On 3 March the Jordanian cabinet authorized reprisals, and next day approximately 800 Syrian vehicles were held up at the Jordanian border. Syria then agreed to resume negotiations, and normal truck traffic was temporarily restored.

Jordan's effort earlier last year to develop the Gulf of Aqaba route to supplement the road through Syria was largely unsuccessful. King Husayn's proposed action is likely to invite a new round of reprisals from Syria and also probably from Egypt. The Jordanian Government is also imposing new restrictions on the numerous resident Syrian merchants. Jordan apparently believes that Syria would suffer most from such action, and sees an opportunity to develop new Iraqi sources of supply.

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