

Chinese Communists Conclude Trade Pact With Cuba

The trade pact concluded by Peiping and Havana on 23 July represents a strong Chinese effort to win diplomatic recognition, which appears imminent, and is intended to demonstrate Peiping's willingness to back anti-US movements with considerable material support. Since the Castro takeover, Peiping has worked diligently to deepen the leftist commitment of Cuban leaders and secure its first breakthrough in diplomatic recognition by Latin America.

Under the provisional quotas of the agreement, Peiping is to take up to 500,000 tons of sugar annually during the next five years--well over twice the yearly amount normally imported from its non-bloc sources. The first 500,000 tons, however, probably includes the 130,000 tons purchased earlier this year from Havana. In return for the sugar, minerals, and other commodities, China will supply Cuba with manufactured goods and agricultural products, including rice.

In view of China's shortage of merchant ships, difficulties in the transfer of commodities--particularly sugar--may be encountered which would limit the prospects for increased trade envisaged in the new pact.

Peiping hopes to strengthen further its economic ties with the Castro regime by extending credit for Cuban economic development to Havana. A Cuban mission is to visit Peiping later in the year to conclude a credit agreement for deliveries of complete--probably small--industrial plants. This credit probably will be repaid with additional Cuban exports.

The Chinese sugar purchases raise total bloc purchases to about 2,500,000 tons for this year, approximately half of Cuba's foreign sales. Most of the remainder has gone to the United States. [REDACTED]

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