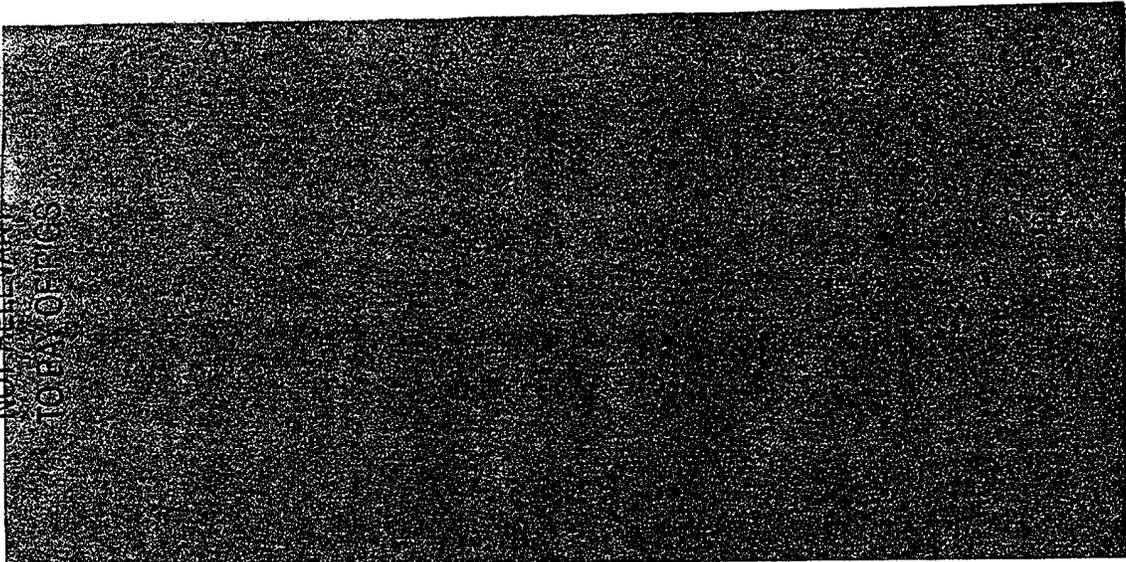


16 June 1960

DELETED TEXT
NOT RELEVANT
TO BIA OFFICE



CUBA

Czechoslovakia on 10 June signed several agreements designed to further bloc economic interests in Cuba. A five-year trade pact underscores Prague's active role, but no specific volume of trade was disclosed, partly because Czechoslovakia--an exporter of sugar--probably is unwilling to purchase large quantities of Cuban sugar. Earlier, however, the Czechs expressed interest in importing Cuban iron ore and possibly some manganese and nickel. A deal concluded last year calls for the exchange of Czech trucks for Cuban tobacco.

Other agreements provide for a long-term \$20,000,000 Czech credit to supply industrial machinery and equipment and technical assistance for Cuban industrial projects. A subsequent announcement states that contracts have been concluded for Czech equipment valued at nearly \$4,000,000 to set up eight small factories producing household goods and

tools. A group of Czech technicians is already in Cuba for sales promotion and presumably to plan for more important development projects.

There is no firm evidence that arms agreements were concluded during the Czech-Cuban negotiations. However, the presence in Havana during the talks of a high-level Czech official often involved in bloc military shipments to nonbloc countries strongly suggests military aid was discussed, and the possibility remains that the bloc has agreed to supply military equipment to the Castro government.

In a television interview on 10 June, Castro praised Czech equipment and hailed bloc economic agreements as facilitating an industrialization program under which machinery was already being purchased and installed in "70 factories." Castro claimed that Cuba now has almost \$200,000,000 in foreign exchange

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reserves; he ignored the fact that half or more of this amount is owed--chiefly to US suppliers.

Sergey Kudrayavtsev, Soviet minister-counselor in Paris, will be named ambassador to Havana, according to a source considered excellent. Kudrayavtsev has been identified as the intelligence officer who organized and ran the Soviet atomic spy ring in Canada from 1942 to 1945. According to a usually reliable source, another Soviet intelligence officer, now serving in the embassy in Mexico City, has said that he too will probably be assigned to Havana.

There have been further examples this month of the increasingly close relationship between the Castro regime and the Communist bloc. A group of Bulgarians headed by the under secretary for foreign affairs arrived in Havana almost simultaneously with the Czech group, supposedly to discuss trade. Soviet technicians continue to be received warmly by the Cuban Government, and the Peiping Opera Company now is touring the island under government auspices. Castro has expressed gratification over the attentiveness shown to the Cuban com-

mercial mission now in Moscow, including an honorary academic degree awarded to mission chief Nunez Jimenez, director of the Cuban National Agrarian Reform Institute.

Communist strength within the Cuban Government is growing. Known Communists, including at least two from other Latin American countries, have been appointed to key positions by Castro.

The Western refineries which refused to process Soviet crude oil have not yet been taken over. Castro may wait until he is assured of assistance from other sources in maintaining Cuba's POL requirements. Arrangements are probably under way for shipment of Soviet petroleum and products in larger quantities than present levels. Castro attacked the companies' refusal as economic and political aggression by Washington. Touring Cuban President Dorticos echoed Castro's charges in Mexico on 14 June and added that the Cuban Government "is prepared to take appropriate measures."

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