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BIWEEKLY REPORT

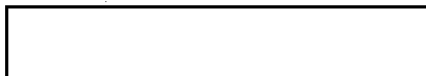
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/142

17 July 1961

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
30 June - 13 July 1961

A Chinese Communist economic mission toured Latin America from March to June, visiting Cuba, Brazil, Chile, and Argentina. After a fervent reception in Cuba and moderate success in Brazil, the group received cool treatment in Chile and Argentina -- countries that a few years ago had shown considerable interest in trade with China.

New Cuban trade agreements were signed late in June with Rumania and Bulgaria by the Cuban deputy minister of foreign trade, who has been touring the Bloc with a delegation since early in March. Trade with the Bloc is expected to amount to between 65 and 75 percent of Cuba's total foreign trade in 1961. In 1960, Bloc trade represented only 25 percent of the total.

After French military personnel are evacuated from the Bamako, Mali, airfield in July, the USSR appears to be planning to use the installation as a central base for the maintenance of Soviet-made aircraft operating in West Africa.

A joint Somali-Czechoslovak communiqué issued in Mogadiscio on 27 June announced that Czechoslovakia had extended a credit of \$4.2 million to Somalia at a "very low rate of interest." A Czechoslovak offer of military aid apparently was declined by Somalia.

The status of Indonesian negotiations for obtaining military equipment from the USSR is uncertain. Most of the items contracted for by the Army under the January 1961 agreement reportedly have been deleted because of the Soviet failure to demonstrate the equipment. Notwithstanding these difficulties, the Indonesian Air Force announced on 2 July that delivery had been made of two Soviet Tu-16 medium jet bombers and hailed this event as the beginning of a strategic bomber force. This is the first important delivery under the recent Soviet-Indonesian military agreements and is also the first known transfer of Tu-16's outside the USSR.

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