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BIWEEKLY REPORT

**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIG WGR 1/159

12 March 1962

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

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
23 February - 8 March 1962

Uruguay has agreed to sell 20,000 tons of meat to the USSR at prices considerably below the world market. In conjunction with the Uruguayan contract, other recent Soviet purchases of meat in the Free World will help alleviate the situation in the USSR caused by internal difficulties in production of livestock and by reduced imports of meat from Communist China.

Continued Soviet interest in Chile has been evidenced by an offer to construct a copper refinery. Chile, however, has indicated to the USSR its interest in a petroleum refinery.

Conclusive evidence has been received that Morocco has agreed to accept a significant amount of arms and other military equipment from the USSR. Most of this materiel will be paid for by barter through arrangements included under the regular Soviet-Moroccan commercial agreement.

Prospects for the new Soviet aid agreement with Burma to construct a national theater and a dam and irrigation project are uncertain following the overthrow of the U Nu government. Preliminary reports indicate that the new government may drop the national theater project but probably will strongly support agricultural development. In this situation the dam and irrigation project may now receive more attention and support than under the previous government.

The Indian air force has purchased 20 Mi-4 helicopters from the USSR. At least 9 of these aircraft have been delivered, and 11 reportedly are being delivered. Purchase of 10 more Mi-4's is now under negotiation.

A site for surface-to-air missiles is under construction in West Java, Indonesia. An 80-man Soviet training mission will train Indonesian anti-aircraft units in the use of Soviet missiles.

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Indonesia has accepted a Soviet offer to train 100 petroleum technicians in the USSR. This group represents all the trainees in the petroleum industry that Indonesia intended to send abroad for instruction.

Nepal has purchased two helicopters from the USSR. This transaction represents the first Nepalese purchase of Bloc aircraft, although Nepal has received a gift of an Il-14 transport from the USSR and has been promised three aircraft from Communist China.

A survey of available Bloc aid agreements with underdeveloped countries permits certain generalizations concerning the costs that must be borne by the recipient countries. Such costs are divided between those representing foreign exchange outlays and those representing local currency expenditures. Although the foreign exchange costs of Bloc technicians generally are covered by the lines of credit for developmental projects, the local costs are direct outlays of the recipient country and add to the total cost of a Bloc project. In general, local costs directly attributable to maintaining Bloc technicians are estimated to equal from 20 to 25 percent of the foreign exchange costs.

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