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## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/191

3 June 1963

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

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
17-30 May 1963

During June or July an official Chilean commercial mission will visit several Bloc countries as well as the United States and Western Europe. The planned visit to Eastern Europe results from Bloc overtures to expand trade and from domestic political pressure to explore these prospects. Among the Chilean commodities to be discussed are copper, iron, fishmeal, and wine. According to official Chilean statistics, trade between Chile and the Bloc has been small, amounting to about \$3 million or less in each of the past 3 years. These data, however, tend to understate the level of trade between the two areas. Copper sales to the Bloc and a barter arrangement with Poland totaled nearly \$5 million in 1962 -- still a small percentage of total Chilean trade.

During 1963, Rumania will provide Cuba with 1,500 tractors for use in next year's sugar harvest. The total cost of the tractors is estimated to be \$3 million and will be drawn from the \$15 million credit Rumania extended to Cuba in January 1961. When added to the value of 3,500 Rumanian tractors and spare parts shipped to Cuba in 1961 and 1962, estimated drawings against the credit total at least \$11 million.

Assistance to underdeveloped countries for the development of thermal electric and hydroelectric power facilities is an important part of the Bloc aid program to these areas and is a significant factor in the expansion of industrial production of the aid recipients. Major examples of aid for electric power are the Aswan High Dam in the United Arab Republic (UAR) and the numerous thermal electric power projects in India.

Since 1954 the Bloc has obligated nearly \$800 million for electric power projects in 18 countries. The major portion is for projects in the UAR and India. Approximately 90 percent of such aid is being furnished by the USSR and Czechoslovakia.

Implementation of these projects has not been without its problems. Some projects were not completed on schedule, exceeded original cost

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estimates, and were provided with poor-quality equipment. To some extent these difficulties are similar to those faced by Bloc countries in the construction of their own powerplants. Shortcomings in performing functions that are the responsibility of the underdeveloped country also contribute to the slow progress on many power projects.

The requirements of the aid program have necessitated a revision of priorities in the allocation of resources in Bloc countries. In both the USSR and Czechoslovakia, the agreements to provide electric power equipment to underdeveloped countries were superimposed on ambitious programs for expanding domestic capacity. The Bloc probably will meet its external commitments, but some downward revision of domestic priorities will be required.

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