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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/199
23 September 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
6-19 September 1963

Brazil plans to increase its exports of iron ore to the Bloc from 1.5 million tons to 4 million tons. In addition to reflecting a general desire to increase exports, such shipments also are related to Brazil's search for nondollar sources of petroleum. By 1966 Brazil hopes to export 1 million tons of iron ore to Rumania for its projected metallurgical project at Galati. If the USSR fails to supply the ore for this project, which it opposes, the exchange of Brazilian ore for Rumanian petroleum clearly will be to the advantage of both partners.

Czechoslovakia will assist Brazil in the development of its electric power capacity under a credit of from \$60 million to \$100 million. Although it is not so stated, this credit probably is the May 1961 credit of \$60 million for machinery and equipment.

Cuba has begun preliminary negotiations with four Bloc countries on the 1964 protocols to the existing trade agreements with these countries. Negotiations at this time may indicate Cuban anxiety to obtain assurances of supply and balance-of-payments support from the Bloc as early as possible. In addition, these discussions may reflect Cuba's desire to complete its economic plan for 1964 before the first of next year.

East Germany has extended a credit of \$10 million to Cuba for machinery and equipment. Total East German credits to Cuba now amount to \$33 million.

Iraq has recently publicized a number of problems associated with economic projects undertaken by the USSR. These difficulties cannot be considered to reflect exclusively on Soviet or Bloc projects, and Iraqi complaints along these lines appear to be politically motivated.

Recent information on the Soviet credit of October 1957 to Syria has been received which indicates that only \$87.5 million of the original \$150 million has been committed for specific projects. The remainder

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may have been for the now-abandoned Euphrates Valley project or may be for projects subcontracted by the USSR to the European Satellites. On the other hand, the balance still may be outstanding as an open-end credit and subject to future negotiation. Uncertainty surrounding the status of this line of credit is compounded by the fact that it is the only major economic credit to an underdeveloped country for which an amount has never been announced by Soviet officials.

The USSR has offered Algeria a credit of \$100 million for economic development. The details of this proposed agreement will be negotiated in the near future when an Algerian government delegation will be in Moscow.

Soviet equipment, technical assistance, and training will be provided to Afghanistan in the field of atomic energy. This program will be conducted under the auspices of the International Atomic Energy Agency.

In anticipation of the completion in early 1964 of a Soviet technological institute near Phnom Penh, six Cambodian teachers have left for training in the USSR. About 25 Soviet teachers who will instruct at the institute are expected to arrive in Cambodia soon.

Communist China and Nepal have agreed to substitute five smaller projects for the paper mill project originally planned at Nepalgunj.

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