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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/208
27 January 1964

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

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events
10-23 January 1964

The visit of four Soviet engineers to the proposed Sete Quedas hydroelectric power site in Brazil and their interview with President Goulart revived press speculation about Soviet intentions to finance the \$2 billion project. The Minister of Mines and Power, however, subsequently stated that the project is still under preliminary consideration and that there has been no final commitment entered into with the Soviet Government "or any other."

Cuba has concluded its 1964 trade protocols with the USSR, Communist China, East Germany, and Bulgaria, and substantial increases in trade are anticipated. The agreement with the USSR also includes provision for additional balance-of-payments support to help finance Cuba's continuing trade deficits.

A new long-term trade agreement has been concluded between Cuba and the USSR. Although the complete details are not available, the USSR has agreed to import increasing amounts of sugar. These shipments are scheduled to rise from 2.1 million tons in 1965 to 5 million tons during the 1968-70 period. The USSR will pay 6 cents per pound under the terms of the agreement -- the same price currently paid by the USSR and most of the other members of the Bloc.

Mexico's recent expansion of trade with Communist countries has included the sale of 550,000 metric tons of wheat to Communist China, Czechoslovakia, and East Germany and an order from Communist China for \$28 million worth of Mexican cotton in 1964. Trade missions to Communist China, Poland, and the USSR are planned for early 1964.

Details now available on the 1962 Soviet-Syrian arms agreement indicate that provisions originally were made for Il-28 jet light bombers, MIG-21 jet fighters, Komar-class missile boats, T-54 tanks, and SAM's. The order for SAM's was canceled later because of the high cost. Deliveries under this agreement, which began in mid-1963, have comprised about half of the equipment ordered; no Il-28's, however, have been delivered.

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In spite of an increase of the margin of swing credit in the Syrian - Chinese Communist payments agreement, Communist China has substantially exceeded the margin. Syria is now insisting on cash payments for cotton purchases.

Senegal's President Senghor has reported the cancellation of the proposed Soviet aid project for irrigation facilities and watershed rehabilitation on the Senegal River.

Additional information on Indonesian Defense Minister Nasution's negotiations with the USSR in November indicates that Indonesia will receive additional jet fighters and jet light bombers and -- for the first time -- Mi-6 helicopters. No country outside the USSR has received the Mi-6, the world's largest helicopter.

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