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# BIWEEKLY REPORT

Issued by the Group

## SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

CURRENT  
REV =  
DI GIP  
TO Review  
sections

EIC-WGR 1/99  
23 November 1959

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

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Czechoslovaks, reportedly to participate in final negotiations on the implementation of the \$20 million credit agreement that was signed in July. Twenty-one persons -- including the Czechoslovak Deputy Minister of Foreign Trade, three engineers, and a professor of medicine as well as several experts in geology and forestry -- are known to have arrived in Addis Ababa.

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Twelve to 16 Czechoslovak administrative and technical employees, capitalizing on an exhibit in Conakry in September of Czechoslovak trucks and automobiles, are expected in Guinea some time in November to establish an agency for the sale of Skoda automobiles, trucks, and motorcycles. It was reported earlier that the Czechoslovaks hope to gain a virtual monopoly of this line of goods by means of lower prices and better facilities than their Western competitors. At the present time Skoda products are being imported and sold by the Guinea Foreign Trade Agency, a government organization that during the past 6 months has sharply decreased the number of licenses issued for the importation of automotive and other goods from Western suppliers in order to give priority to the fulfillment of bilateral trade quotas with Bloc countries. (CONFIDENTIAL)

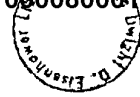
*DT Dele*

During a recent visit to Czechoslovakia, representatives of the Libyan Chamber of Commerce were offered Czechoslovak machinery and complete factory installations on liberal credit terms. Czechoslovak technicians would be sent to train Libyans in plant operations. The offers reported were similar to those made during the 3-month visit of a Czechoslovak trade mission earlier this year. (CONFIDENTIAL)

*DT Dele*

A Czechoslovak trade mission [of seven men] was expected to arrive in Liberia on 12 November for a 6-day visit. Skoda automobiles recently have appeared on the local market for the first time. Previously, the trade mission spent approximately 3 weeks each in the Union of South Africa and the Federation of Rhodesia and Nyasaland. Although this was the first time an official Czechoslovak trade mission had been received by either country, it is not expected that the visits will result in any significant increase in the trade of these countries with Czechoslovakia. (CONFIDENTIAL/NOFORN)

*DT Dele (also de.)*



B. Renewed Libyan Interest in Soviet Hospitals

An official Libyan press publication has announced that the Council of Ministers decided on 11 November to approve an agreement with the USSR for the construction of two gift hospitals. The offer was first made by the USSR in 1956, and in October 1958 the Libyan government confirmed its acceptance. In May 1959, however, the Council of Ministers decided to reject the offer because of Soviet insistence on staffing the hospitals with Soviet doctors and nurses.\* The terms of the agreement now being considered are not known. (FOR OFFICIAL USE ONLY)

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III. Latin America

A. Indirect Exports by Latin America to the Bloc

Western European ports are frequently used as transshipment points for Latin American exports destined for countries of the Soviet Bloc. Because Free World statistics do not identify these shipments as exports to the Bloc, the true magnitude of Latin American trade with the Bloc is understated to the extent that such shipments have taken place. (FOR OFFICIAL USE ONLY)

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Statistics recently made available show, for example, that seven Latin American countries during 1958 shipped a total of 37,809 tons of merchandise indirectly through Netherland ports to countries of the Bloc. Of this total, Argentine hides and skins accounted for 21,537 tons, and Uruguayan wool estimated to be worth \$8 million accounted for 8,092 tons. Small additional amounts of merchandise were shipped by Ecuador, Mexico, Peru, Brazil, and Chile. Hungary, which imported 14,521 tons, was the leading Bloc recipient of this indirect trade, followed by the USSR, which imported 9,373 tons. (FOR OFFICIAL USE ONLY)

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The Bloc imported directly about 43 percent by volume of Argentine exports of hides and skins during 1958. If the sizable indirect shipments shown above are considered, the Bloc apparently

\* See the Biweekly Report of 22 June 1959.

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accounted for well over 50 percent of Argentine sales of hides and skins in 1958. Direct imports by the Bloc of Uruguayan wool were worth \$24 million in 1958, or 30 percent by value of Uruguay's wool exports during the year. If the indirect shipments (worth approximately \$8 million) are considered, the Bloc bought about 40 percent of Uruguayan wool exports in 1958. Communist China bought 1,306 tons of Uruguayan wool indirectly and only 1,016 tons directly during 1958. (SECRET)

B. Bloc Agricultural Equipment in Brazil

Soviet Bloc countries, particularly Czechoslovakia and Hungary, are selling increasing amounts of agricultural machinery to Brazil and reportedly are cutting seriously into the Brazilian market for US tractors. Bloc agricultural machinery is generally considered to be inferior to comparable US products but sells at a price one-third to one-half of that quoted by US firms and is offered under more generous credit terms. Moreover, Brazilian currency control regulations have favored Bloc suppliers. A technician representing Motokov, the Czechoslovak foreign trade corporation for vehicles, has been detailed to Recife to take care of maintenance for the increasing number of Motokov farm tractors in the area. (UNCLASSIFIED)

In 1958, Brazil imported Bloc agricultural machinery worth approximately \$2.6 million, of which Czechoslovakia and Hungary were the main suppliers. These imports apparently are increasing sharply in 1959. The Brazilian Council of the Superintendency of Currency and Credit allocated \$42 million under trade agreements for imports of agricultural machinery during 1959, about half of which was to be purchased from Bloc countries. It is not certain that the entire allocation will be used, but 4,000 Czechoslovak farm tractors worth \$6 million and 300 Hungarian grain combines worth \$2 million were scheduled for delivery in 1959. (FOR OFFICIAL USE ONLY)

(SECRET)



Sino-Soviet Bloc Credits and Grants  
 Extended to Underdeveloped Countries of the Free World a/\*  
 1 January 1954 - 15 November 1959

Million US \$

<u>Area and Country</u>	<u>Total</u>	<u>Economic <u>b/</u></u>	<u>Military</u>
Total	<u>3,171</u>	<u>2,398</u>	<u>773</u>
<u>Middle East and Africa</u>	<u>1,688</u>	<u>1,078</u>	<u>610</u>
Afghanistan	245	213	32
Ethiopia	102	102	0
Guinea	36	36	0
Iran	6	6	0
Iraq	257	138	120
Pakistan	3	3	0
Turkey	17	17	0
United Arab Republic			
Egypt	658	343	315
Syria	304	177	128
Yemen	60	43	17
<u>South and Southeast Asia</u>	<u>1,264</u>	<u>1,101</u>	<u>163</u>
Burma	17	17	0
Cambodia	34	34	0
Ceylon	58	58	0
India	723	723	0
Indonesia	412	249	163
Nepal	20	20	0

\* Footnotes for the table follow on p. 6.

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