

**SECRET**

**BIWEEKLY REPORT**

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

**EIC-WGR-1/13**

**6 August 1956**

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

**ECONOMIC INTELLIGENCE COMMITTEE**

**SECRET**

**7 AUG 1956**

**W A R N I N G**

THIS MATERIAL CONTAINS INFORMATION AFFECT-  
ING THE NATIONAL DEFENSE OF THE UNITED STATES  
WITHIN THE MEANING OF THE ESPIONAGE LAWS,  
TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMIS-  
SION OR REVELATION OF WHICH IN ANY MANNER TO  
AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

S-E-C-R-E-T

C O N T E N T S

	<u>Page</u>
I. Summary of Events, 18 July-1 August 1956 . . . . .	1
II. South Asia . . . . .	2
A. Pakistan-Hungarian Trade Agreement . . . . .	2
B. Afghan-Czechoslovak Arms Agreement . . . . .	3
C. Indian Farm-Study Delegations to Communist China . . . . .	3
III. Far East . . . . .	4
A. Implementation of Burmese Trade Agreements with the Sino-Soviet Bloc . . . . .	4
B. Developments in Indonesian - Sino-Soviet Bloc Economic Relations . . . . .	5
IV. Middle East . . . . .	6
A. USSR and the Aswan Dam . . . . .	6
B. Egyptian-Rumanian Trade Pact . . . . .	7
V. Latin America: Uruguayan-Soviet Trade . . . . .	8

S-E-C-R-E-T

S-E-C-R-E-T

SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS\*

I. Summary of Events, 18 July-1 August 1956.

Significant events in Sino-Soviet Bloc economic relations with the underdeveloped areas of the Free World during the period 18 July-1 August 1956 included a reported agreement for the purchase of Czechoslovak arms by Afghanistan and statements by high Soviet officials that gave rise to the question of possible Soviet financial participation in the Aswan project.

An agreement for the purchase of Czechoslovak arms by Afghanistan was reported but not confirmed. The value of the arms is reported to be US \$13 million,\*\* and it is further stated that the agreement has no connection with the \$100-million Soviet credit extended to Afghanistan in January 1956. Also in South Asia, two Indian delegations were scheduled to visit Communist China to study techniques of farming and agricultural production.

In the Far East the recent improvement in the international rice market, coupled with Burmese dissatisfaction with the Sino-Soviet Bloc barter agreements, has prompted Burma to announce a policy favoring cash customers. As a result, both the USSR and Czechoslovakia are having difficulties obtaining rice under their trade agreements with Burma. The Burmese government is, however, continuing its efforts to obtain Bloc equipment. The Bloc continued its economic offensive in Indonesia,

25X1

\* Although the main emphasis of the Biweekly is on economic activities of the Sino-Soviet Bloc in underdeveloped areas of the Free World, significant Bloc activities of this nature in areas not considered underdeveloped also will be discussed.

\*\* Unless otherwise specified, all dollar values in this report are in terms of US dollars.

S-E-C-R-E-T

S-E-C-R-E-T

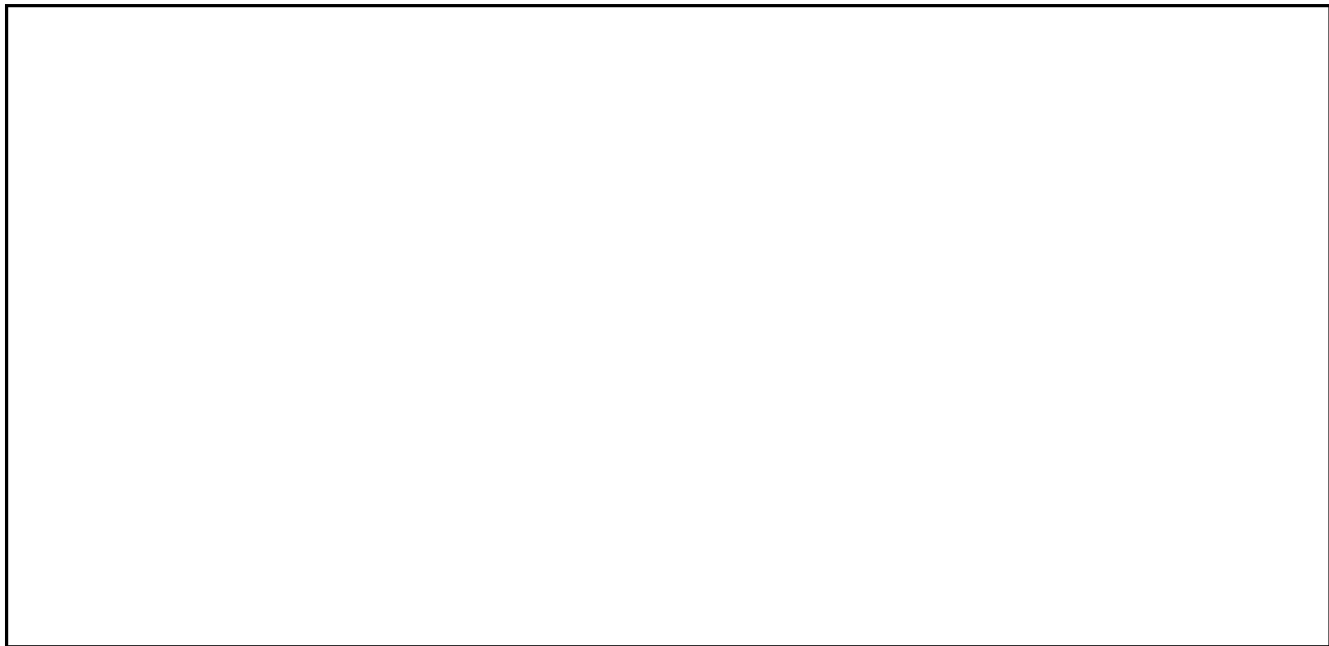
25X1

Indonesia is dissatisfied with its bilateral agreements with some Bloc countries and that it intends to replace them with arrangements for trade on a convertible basis. Indonesia will make no final decisions on additional Bloc offers of foreign aid until the end of the year, when President Sukarno will have completed his state visits to most of the Communist capitals.

The position of the USSR in regard to the Aswan Dam remains unclear. When questioned in Moscow about the withdrawal of US and UK assistance, Soviet Foreign Minister Shepilov was noncommittal regarding the dam, but he indicated that the USSR is prepared to assist Egypt in industrializing. No definite conclusions can be drawn from the ambiguous statements from Moscow and Cairo. During the period, Egypt signed a 3-year trade agreement with Rumania.

In Latin America the Uruguayan government authorized the Foreign Minister to sign three agreements governing trade relations with the USSR: a treaty of commerce and navigation, a commercial agreement, and a payments agreement.

25X1



- 2 -

S-E-C-R-E-T

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010013-6

Next 7 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010013-6