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BIWEEKLY REPORT

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

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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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SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS*

I. Summary of Events, 28 August-10 September 1956.

The most significant features of the Sino-Soviet Bloc effort to expand economic relations with the Free World during the period 28 August-10 September 1956 are (1) the negotiation of an agreement between Indonesia and the USSR whereby the USSR will extend to Indonesia economic and technical aid amounting to about \$US 100 million,** (2) the extension of military aid, presumably in the form of Soviet Bloc arms, by Syria to Jordan, and (3) the disclosure that Burma's difficulties in trading with the Bloc have been alleviated, thereby enabling the Burmese to increase their trade with Czechoslovakia.

The announcement in Syria that \$7 million in military aid will be extended to Jordan is an indication that Jordan, previously reluctant to accept Bloc arms in view of its commitments to the UK, is now willing to receive large stocks of Bloc arms indirectly. Burma's difficulties with the Soviet Bloc were relieved somewhat by the transfer of 5 million pounds sterling (\$14 million) from Burma's barter trade account with the USSR to its account with Czechoslovakia, thus enabling the Burmese to obtain desired products from the Czechoslovaks.

In South Asia, India signed an agreement to purchase 60,000 tons of rice from Communist China, and Afghanistan has announced the purchase of arms and ammunition from the USSR and Czechoslovakia.

* 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.

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Sino-Soviet Bloc economic activities in the Far East not only include the bettering of Burmese-Bloc relations and the Soviet-Indonesian aid negotiations, mentioned previously, but also involve discussions between both Malaya and Laos with Communist China. An unofficial Malayan trade mission is now in China to discuss trade between the two countries. The Prime Minister of Laos has, however, denied that Chinese representatives were invited to Vientiane to discuss economic aid to Laos, as reported earlier by the Chinese.

In the Middle East, Syria offered military aid to Jordan, awarded a contract to East Germany for the construction of a cement plant in Aleppo, and received a Chinese Communist trade delegation. Iran renewed a trade agreement with the USSR, an action which may mean a revision of the Soviet policy of limiting trade with Iran, and Egypt purchased 200,000 tons of wheat from the USSR.

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