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BIWEEKLY REPORT

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

EIC-WGR-1/29

18 March 1957

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

ECONOMIC INTELLIGENCE COMMITTEE

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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
1 - 14 March 1957

The most important Sino-Soviet Bloc activities in underdeveloped countries of the Free World during the period 1 - 14 March 1957 were (1) the arrival in Egypt of a group of Soviet engineers, allegedly to build dams, bridges, and factories, and (2) the reported offer by Soviet Defense Minister Marshal Zhukov of military equipment to India.

The Soviet engineers in Egypt are headed by a supervisor believed to have considerable experience in foreign trade and in the administration of engineering projects.

The offer of Soviet military equipment to India by Zhukov has apparently not been rejected, but logistic problems and Indian reluctance to become dependent on Soviet supplies probably will make the Indian government hesitant about accepting the offer. In the same area, however, the government of Afghanistan has signed a contract with the USSR for communications equipment valued at almost \$500,000.

Arrangements for the sale of 100,000 tons of rice by private interests in Thailand to Communist China have reportedly been completed. The transaction is legal, and completion of the sale is probable. Although contrary to the Thai government's policy of discouraging trade with Communist China, the transaction represents the first significant trade between the two countries since the Korean War. Also in the Far East, the construction of various office buildings for the Cambodian government is likely to be the first project to get under way under the Chinese Communist aid program for Cambodia.

In the Middle East, in addition to the arrival of Soviet engineers in Egypt, as noted above, Czechoslovakia has contracted to purchase about one-third of the annual production of phosphate in Jordan. Czechoslovak trade delegations have been active in Jordan during the past year, and offers of credits for industrial development and of a commission of experts to study the phosphate and potash industries in Jordan have been given to the Jordanian government.

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In Latin America, Cuba has sold 200,000 Spanish long tons of sugar to the USSR. The transaction was arranged through official government agencies of both countries, and the payment to Cuba will be in excess of \$26 million, presumably in US dollars. The sale constitutes the first major Bloc sugar purchase in Latin America since early 1956.

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