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BIWEEKLY REPORT

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

EIC-WGR-1/60

26 May 1958

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
9 - 22 May 1958

The possible withdrawal of Soviet economic aid from Yugoslavia is the most significant recent development in the economic activities of the Sino-Soviet Bloc in underdeveloped countries of the Free World. Postponement on 17 May of the meeting of the Yugoslav-Soviet economic commission seems to indicate that an earlier (9 May) Soviet threat to withdraw economic assistance from Yugoslavia will be carried out. To date, only about \$52 million of the \$304 million in Soviet credits extended to Yugoslavia since the 1955 rapprochement have been drawn.

Czechoslovakia is continuing to develop its economic ties with Indonesia. On 9 May a new trade agreement between Czechoslovakia and Indonesia was signed at Djakarta. In mid-April the Indonesian government signed contract for the acquisition of Czechoslovak hydroelectric power generating equipment. It is also reported that Czechoslovakia is planning to offer a bid to construct for Indonesia on credit three steam powerplants worth about \$40 million.

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In the Middle East the government of Yemen has concluded an economic aid agreement with the USSR for \$15 million for the construction of port facilities at Ras al-Khatib and a similar agreement with Communist China for \$16 million for the construction of the Hudaydah-Ta'izz road and the development of eight small industrial projects. The USSR has also offered Yemen \$10 million for airports, gasoline storage tanks, and miscellaneous public works and unconditional aid in the fields of irrigation, dam construction, mineral exploration, and sanitation. In Egypt and Syria, earlier Soviet agreements continue to be implemented.

On 2 May, Brazil purchased from Poland 14 freighters valued at \$24.1 million. Seven of the ships are scheduled for delivery in 1959 and seven in 1960.

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Since 1955 the Sino-Soviet Bloc has concluded agreements with 7 underdeveloped countries of the Free World for the installation of 17 complete textile plants. In addition, the Bloc is providing textile machinery and spare parts for existing textile factories in a few of these countries. The total value of these installations is not known, but it is estimated that credits totaling in excess of \$10 million have been extended by the Bloc to finance a portion of the costs.

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