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**BIWEEKLY REPORT**

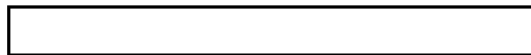
**SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS**

EIC-WGR-1/67

1 September 1958

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

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events

15 - 28 August 1958

Argentina has reportedly accepted a Soviet offer of equipment worth \$100 million for the development of its petroleum industry. This agreement, if implemented, will be the largest single deal concluded by the Soviet Bloc in Latin America. Other Bloc economic activity in Latin America includes a Soviet offer to Brazil of a new \$20-million bilateral trade agreement under which Brazil would export coffee and other agricultural and mineral products in exchange for petroleum and other Soviet products including petroleum development equipment.

On 19 August, India signed a \$21-million contract with Czechoslovakia to acquire machinery and equipment for a foundry to be located in Bihar state in northeastern India. Civil air flights between New Delhi and Moscow began on 14 August under the Indian-Soviet bilateral civil air agreement signed on 2 June. Ceylon has approved a plan to equip a textile factory with Chinese Communist machinery.

Six Cambodian officials left for Moscow on 20 August to resume negotiations for an economic and technical aid agreement. On 22 August, Thailand lifted its embargo on rubber exports to Communist China and North Korea, thereby ending the controls over these exports which it had imposed in compliance with the UN resolution of May 1951 regarding trade with these countries.

The first scheduled commercial air service between a Bloc country and an Arab state was inaugurated on 18 August when a Czechoslovak Tu-104 landed in Cairo. Czechoslovakia has concluded civil air agreements with Egypt and Syria, and similar agreements between Rumania and the UAR await ratification.

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The USSR has granted Iceland a credit equivalent to \$3.2 million to cover payment by Iceland for twelve 250-ton fishing boats being built in East Germany. The loan will be repayable in Icelandic exports over a period of 12 years and will carry interest at the rate of 2-1/2 percent.

Over the past 2 years, countries of the Soviet Bloc and Yugoslavia have engaged in survey and construction activities aimed at developing existing as well as new port facilities for both commercial and military uses at Alexandria and Abu Qir in Egypt; at Latakia and Minat-al-Baydah in Syria; and at Al-Hudaydah, Salif, Ras-al-Kathib, Minat-al-Hamdani, and Mocha in Yemen.

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