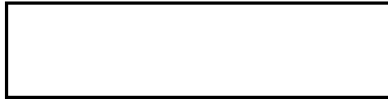


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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

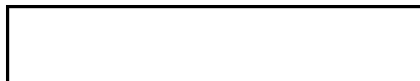
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23 November 1959

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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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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*
6 - 19 November 1959

Communist China and the USSR have agreed to permit Burma to draw on its Soviet clearing-account credit to pay a longstanding barter debt to China. As of June, Burma still owed China \$2 million under a clearing account that was terminated in 1957, and its credit balance in the Soviet clearing account was \$4.3 million.

Czechoslovak economic aid and trade activity increased sharply throughout Africa during October and November. A number of Czechoslovaks have arrived in Addis Ababa for final negotiations on the implementation of a \$20 million credit agreement; an agency for the sale of Skoda automobiles, trucks, and motorcycles is soon to be established in Guinea; and Libya has been offered Czechoslovak machinery and complete factory installations on liberal credit terms.

Libya has announced that it has approved an agreement with the USSR for the construction of two gift hospitals.

Western European ports are frequently used as transshipment points for Latin American exports destined for countries of the Soviet Bloc. Because Free World statistics do not identify these indirect shipments as exports to the Bloc, the true magnitude of Latin American trade with the Bloc is understated to the extent that such shipments have taken place. Statistics recently made available show, for example, that seven Latin American countries during 1958 shipped a total of 37,809 tons of merchandise indirectly to countries of the Bloc.

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Bloc countries, particularly Czechoslovakia and Hungary, are selling increasing amounts of agricultural machinery to Brazil and reportedly are cutting seriously into the Brazilian market for US tractors.

* An unclassified table summarizing Sino-Soviet Bloc credits and grants extended by the Bloc to underdeveloped countries of the Free World as of 15 November 1959 is included in this issue on p. 5.

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