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BIWEEKLY REPORT

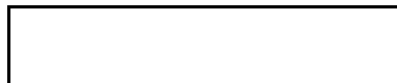
**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/102

4 January 1960

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

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events
18 - 31 December 1959

Although the Soviet Bloc supplied more than one-half of the materiel for Indonesia's rearmament program, Indonesia has been turning since mid-1958 to Free World suppliers for most of its military equipment. This shift can be accounted for by Indonesian unwillingness to rely exclusively on Bloc arms suppliers, some disillusionment about the performance of Bloc equipment, and an increasing responsiveness of the West to Indonesia's requests.

American steel experts, who recently toured the Soviet-built steel mill at Bhilai, India, have expressed to US officials the opinion that the mill is an impressive engineering accomplishment worthy of any US firm.

The USSR has contracted with the government of Syria to survey possible sites for a major dam on the Euphrates River. The contract also provides for designing the dam after the site has been selected.

Although the chief engineer of an Egyptian textile firm has indicated that Soviet textile equipment being installed at a spinning mill in Damietta was not what was ordered, that its delivery was behind schedule, and that unusual difficulties were encountered during installation, most Egyptian textile manufacturers are generally satisfied with the price and performance of Soviet textile equipment.

On 22 December, Finland and the USSR signed two important economic agreements, one of which establishes a Soviet line of credit to Finland of \$125 million and the other -- a trade protocol -- calls for a total trade between the two countries in 1960 of \$250 million.

The government of Greece has announced that an agreement has been reached with Poland under which Poland will supply equipment valued at \$3.8 million for a sugar refinery in Greece.

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