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**BIWEEKLY REPORT**

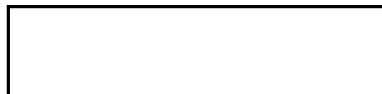
**SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS**

EIC-WGR 1/134

27 March 1961

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

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events\*  
10 - 23 March 1961

The USSR and Mali have concluded an economic and technical cooperation agreement providing for a long-term Soviet credit of \$44.4 million for various developmental projects. A contract also was signed to purchase commercial aircraft, helicopters, and airport equipment, presumably under a separate credit. A trade agreement concluded at the same time provides for most-favored-nation treatment and the exchange of Soviet industrial products for Malian agricultural commodities.

The Bloc's much-publicized assistance program in Cuba seems to have made only slight progress. Of the numerous projects envisaged in the long-term credit of \$245 million extended in 1960, no more than about half a dozen have made any headway. Bloc technicians, however, continue to arrive in Cuba, and much preliminary work probably has been done.

The visit of a team of Soviet experts to the Lower Helmand - Chakhansur region of Afghanistan for 5 days early in March has given rise to rumors that the USSR has agreed to build a dam in this sensitive area adjacent to the Iranian border.

The Bulgarian firm Technoexport has announced completion of the wall of the Muhradah Dam on the Orontes River in Syria. This dam is part of the second major project in the Ghab Valley development program.

Soviet technicians have arrived in Yemen to undertake a survey of the Hudaydah-Ta'izz road project. \*\*

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\* Unclassified tables showing Bloc trade with underdeveloped countries during 1959 and the first half of 1960 and the number of trade and payments agreements in force between the Bloc and underdeveloped countries as of the end of 1959 and the end of 1960 are included in this issue on pp. 10 and 13, respectively.

\*\* A map showing the location of the proposed road is included in this issue following p. 3.

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Two Soviet technicians reportedly are examining the feasibility of constructing a shipyard at Alhucemas on the Mediterranean coast of northern Morocco. A Moroccan newspaper has stated that the Soviet team also will make a study of a proposed iron and steel plant in the same area.

Sixteen Bulgarian architects and engineers have arrived in Tunisia to work with the Secretariat of Public Works and Housing. The group will be employed on public roads and urban development projects in all sections of the country.

The recent purchase by India of 32 cargo planes worth \$26 million from the USSR represents substantial Soviet support for New Delhi's border development program, which is aimed at strengthening India's position in the frontier zone in order to meet the threat posed by Communist China in this disputed region. A transaction of this magnitude is of particular interest against the background of Sino-Soviet differences regarding Soviet assistance to India and of the strained Sino-Indian relations arising from the border conflict.

King Mahendra of Nepal recently expressed a desire to reduce and eventually to eliminate Soviet aid. He also asserted that his country would not accept any further aid from Communist China.

The University of Peoples Friendship in Moscow, recently renamed Patrice Lumumba Friendship University, intends to more than double its present enrollment of 500 students when the new academic year begins on 1 September. Reports indicate that the current enrollment drive will emphasize an increase in the number of students from Africa, and Soviet authorities have mentioned a goal of 300 new admissions from Africa for the coming year.

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SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS\*

I. Latin America

Bloc Assistance for Cuban Industrialization

The Bloc's much-publicized program to assist Cuba's industrial development appears to have made only slight progress to date. Of projects to be financed under the \$245 million\*\* in long-term credits extended in the past year, no more than about half a dozen have made any noticeable headway. Bloc technicians, however, continue to arrive in Cuba, and much preliminary work probably has been done. [REDACTED]

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Early in February, Cuba announced that Soviet technicians had arrived to help in the construction of two Soviet-supplied industrial enterprises, the first Soviet projects to be started. These installations, a machine shop and an implements plant, had top priority after Cuba was cut off from its normal US suppliers. The machine shop will be designed to repair machinery for sugar mills and petroleum refineries as well as construction machinery and to manufacture up to 4,000 tons of spare parts annually. Some additional plants apparently are in various stages of construction, and machinery has entered the country for still others. These plants include factories from Czechoslovakia for the production of bicycles, pencils, and domestic appliances and one or more factories furnished by East Germany. There is no evidence that construction has begun on such previously publicized major projects as the automobile industry complex, the petroleum refinery, or the steel mill. [REDACTED]

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\* Although the main emphasis of the Biweekly Report is on economic activities of the Sino-Soviet Bloc in underdeveloped areas of the Free World, significant Bloc activities of this nature in areas not considered underdeveloped also will be discussed.

\*\* Unless otherwise specified, all dollar values in this report are in terms of US dollars.

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**SECRET**V. GeneralEnrollment for the Second Year at Patrice Lumumba Friendship University

The USSR has selected the period from 1 February to 31 March for conducting an enrollment drive for the 1961/62 academic year at the University of Peoples Friendship, which was recently renamed the Patrice Lumumba Friendship University. The institution reportedly will more than double its present registration of 500 students when the second academic year commences on 1 September. [REDACTED]

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The current enrollment drive is centered on increasing the number of African students at the university, and Soviet authorities have mentioned a goal of 300 new students from Africa for the 1961/62 academic year. Although the USSR has given no breakdown of current enrollment, apparently fewer than 100 students are now in attendance from Africa. The change in the institution's name may have been designed to interest prospective students from this continent. [REDACTED]

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Formal academic training at the university will get underway for the first time in September, in view of the fact that instruction during the year has been confined to a preparatory program concentrating on the study of the Russian language. This fall the class of 1960/61 presumably will undertake studies in one of the six faculties -- engineering, agriculture, mathematical and natural sciences, medicine, history and philology, and economics and law.\* [REDACTED]

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The new institution began operating in October 1960 using make-shift facilities and with only about half of the 500 students originally anticipated because some foreign governments were unwilling to allow students chosen solely by the USSR to go to Moscow for training.\*\* The Soviet authorities relented, however, and allowed the objecting governments to participate in the selection of students for the new institution.

\* See the Biweekly Report of 14 March 1960.

\*\* See the Biweekly Report of 24 October 1960.

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25X1 Because of this concession, the quota for the first class was met by the end of 1960. [REDACTED]

25X1 The USSR probably established the university because it would lend itself more directly to Soviet propaganda purposes than existing student-exchange programs. Soviet propaganda media have stressed the role taken by students from the University of Peoples Friendship in the Moscow demonstrations following the death of Lumumba, and elaborate coverage was given to the renaming of the institution by the Soviet Government. [REDACTED]

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Table 1

Sino-Soviet Bloc Trade with Selected Underdeveloped Countries  
of the Free World a/\*  
1959 and First Half 1960

Million US \$			
Area and Country	1960 (First 6 Months)	1959 (First 6 Months)	1959 (12 Months)
<u>Total</u>	<u>1,300.7</u>	<u>1,085.5</u>	<u>2,289.9</u>
<u>Latin America</u>	<u>207.0</u>	<u>139.6</u>	<u>285.8</u>
Argentina	61.5	48.9	103.3
Brazil	60.4	53.1	104.5
Chile <u>b/</u>	--	0.5	1.0
Colombia	2.3	1.9	5.3
Cuba <u>b/</u>	63.0	0.8	18.0
Ecuador	--	0.1	0.2
Mexico	1.4	2.0	3.9
Peru	0.6	0.5	0.9
Uruguay	17.8	28.4	40.8
Venezuela	--	3.4	7.9
<u>Middle East</u>	<u>452.3</u>	<u>412.4</u>	<u>788.0</u>
Afghanistan <u>c/</u>	26.2	26.2	52.5
Greece <u>d/</u>	52.5	33.3	75.9
Iran <u>c/</u>	27.0	27.0	59.1
Iraq	20.2	8.8	24.3
Israel	3.7	6.5	11.4
Jordan <u>c/</u>	1.5	2.0	5.6
Lebanon <u>c/</u>	3.9	4.3	11.4
Pakistan	28.4	10.1	18.8
Turkey	43.8	48.4	83.4
UAR -- Egypt	225.6	228.1	413.4
UAR -- Syria	19.5	17.7	32.2

\* Footnotes for Table 1 follow on p. 12.

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Table 1

Sino-Soviet Bloc Trade with Selected Underdeveloped Countries  
of the Free World a/  
1959 and First Half 1960  
(Continued)

Million US \$			
<u>Area and Country</u>	<u>1960</u> <u>(First 6 Months)</u>	<u>1959</u> <u>(First 6 Months)</u>	<u>1959</u> <u>(12 Months)</u>
<u>Africa</u>	<u>70.5</u>	<u>34.4</u>	<u>95.7</u>
Ethiopia	--	--	--
Ghana	29.8	6.4	16.4
Guinea	--	7.1	14.2
Morocco	20.7	10.0	29.8
Sudan <u>d/</u>	15.6	8.1	26.4
Tunisia	4.4	2.8	8.9
<u>Asia</u>	<u>345.8</u>	<u>301.9</u>	<u>696.6</u>
Burma	18.7	13.9	28.4
Cambodia	8.3	3.2	8.7
Ceylon	36.2	29.0	60.1
India	92.5	88.7	207.4
Indonesia	81.0	55.6	141.5
Laos	--	<u>e/</u>	--
Malaya and Singapore	103.4	108.6	245.0
Thailand <u>d/</u>	2.8	2.9	5.5
Vietnam	2.9	--	--
<u>Europe</u>	<u>225.1</u>	<u>197.2</u>	<u>423.9</u>
Iceland	20.1	25.8	51.0
Portugal	5.7	6.8	11.4

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Table 1

Sino-Soviet Bloc Trade with Selected Underdeveloped Countries  
of the Free World a/  
1959 and First Half 1960  
(Continued)

Area and Country	Million US \$		
	1960 (First 6 Months)	1959 (First 6 Months)	1959 (12 Months)
<u>Europe (Continued)</u>			
Spain <u>d/</u>	17.3	21.9	40.4
Yugoslavia	182.0	142.7	321.1

a. These data are based on official trade statistics of the Free World countries involved (with the exception of Afghanistan). All values have been rounded to the nearest \$100,000. A dash (--) entry indicates that no figure for trade is known, although some trade may have taken place. Because of rounding, figures may not necessarily add to the totals shown.

b. Trade figures for January-December 1959 are at an annual rate for Chile and Cuba, and the figure for January-June 1960 for Cuba is estimated.

c. The trade figure for January-June 1960 is estimated on the basis of data for January-June 1959.

d. The trade figure for January-June 1960 is in some cases extrapolated from available data covering less than the 6-month period.

e. Less than \$50,000.

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Table 2

Trade and Payments Agreements in Force  
Between the Sino-Soviet Bloc and Underdeveloped Countries  
of the Free World a/\*  
31 December 1959 and 31 December 1960

<u>Area and Country</u>	<u>Estimated Number as of 31 December 1960</u>	<u>Estimated Number as of 31 December 1959</u>
Total	<u>206</u>	<u>196</u>
<u>Latin America</u>	<u>35</u>	<u>26</u>
Argentina	6	7
Brazil	6	6
Colombia	4	5
Cuba	11	0
Mexico	1	1
Uruguay	7	7
<u>Middle East</u>	<u>73</u>	<u>75</u>
Afghanistan	4	4
Greece	7	7
Iran	4	4
Iraq	11	11
Israel	4	4
Lebanon	6	8
Pakistan	4	4
Turkey	7	7
UAR -- Egypt	11	11
UAR -- Syria	9	9
Yemen	6	6
<u>Africa</u>	<u>31</u>	<u>27</u>
Ethiopia	2	2
Ghana	2	0
Guinea	6	5

\* Footnote for Table 2 follows on p. 14.

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Table 2

Trade and Payments Agreements in Force  
Between the Sino-Soviet Bloc and Underdeveloped Countries  
of the Free World a/  
31 December 1959 and 31 December 1960  
(Continued)

<u>Area and Country</u>	<u>Estimated Number as of 31 December 1960</u>	<u>Estimated Number as of 31 December 1959</u>
<u>Africa (Continued)</u>		
Mali	1	0
Morocco	7	7
Sudan	6	7
Tunisia	7	6
<u>Asia</u>	<u>41</u>	<u>42</u>
Burma	8	9
Cambodia	6	5
Ceylon	7	7
India	10	11
Indonesia	10	10
<u>Europe</u>	<u>26</u>	<u>26</u>
Iceland	6	6
Portugal	4	4
Spain	6	6
Yugoslavia	10	10

a. Including agreements known to be in force, agreements that are assumed to have been tacitly renewed, and newly signed agreements of uncertain date of entry into force. Agreements include government-to-government agreements as well as nongovernmental agreements; the latter are listed only when they assume the practical characteristics of government-to-government agreements. Barter agreements and contracts are not included.

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