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BIWEEKLY REPORT

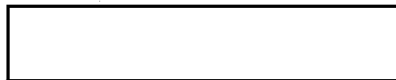
**SINO-SOVIET BLOC
ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

EIC WGR 1/147

25 September 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
8-21 September 1961

The USSR has withdrawn from the Euphrates Valley project in the Syrian Region of the United Arab Republic. This project was to have been built by the USSR under the credit of \$150 million established by the Soviet-Syrian aid agreement of October 1957. Almost one-half of this line of credit had been obligated for the Euphrates Valley project, which now will be constructed by West Germany.

The Congo (Brazzaville), Niger, Dahomey, and Senegal -- four members of the Union of African States and Madagascar (UAM) (a confederation of former French colonial territories) -- are sending economic missions to the Bloc.

President Nkrumah's plans to send a large number of Ghanaian cadets to the USSR for military training suggest that negotiations for military assistance took place during his recent visit to Moscow. Although there is substantial opposition to this development among the British-trained high command of the Ghanaian army, it remains to be seen whether Nkrumah can be influenced to alter his plans.

Guinea and Communist China have agreed on a list of projects to be built under the line of credit of \$25 million extended in September 1960. A National Assembly building, a series of small hydroelectric dams, and a number of small factories are to be constructed.

A Soviet ship has offloaded another shipment of arms at Casablanca -- the fourth Soviet delivery since December 1960. Inasmuch as Soviet arms have not been seen in the Moroccan army, previous deliveries probably were destined for the Algerian rebels.

Credit agreements between Indonesia and five Bloc countries have been concluded recently. Total Bloc economic aid commitments to Indonesia now amount to more than \$600 million.

Czechoslovakia will assist Indonesia in the field of mining and processing of raw materials under a credit of unspecified amount

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extended in May 1961 during President Sukarno's visit to Prague. The agreement incorporates such standard terms as repayment in 10 annual installments at 2.5 percent interest, but it is unusual (1) in that repayment will be largely in raw materials produced by the facilities constructed, without the option of repayment in convertible currency, and (2) in that amounts of these raw materials in addition to those supplied as repayment will be delivered to Czechoslovakia for a period (and in quantities) to be determined later.

A protocol to the Chinese Communist - Nepalese aid agreement of March 1960 was signed early in September providing for a tannery and a shoe factory to be built in Katmandu.

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