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BIWEEKLY REPORT

SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

EIC WGR 1/153

18 December 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  
1-14 December 1961

On 7 December it was announced that Bolivia finally has approved an offer by Czechoslovakia to construct and to equip an antimony smelter in southwestern Bolivia. The plant is to be financed by a Czechoslovak credit valid for 8 years at 5 percent interest, with amortization to begin after a grace period of 4 years.

The Soviet-Afghan economic aid agreement signed in October 1961 provides for Soviet assistance in the amount of \$196 million. The agreement establishes two lines of credit on extremely liberal repayment terms. In addition, 350 Afghan students are to study in the USSR; and increased numbers of Soviet technicians in Afghanistan will substantially augment the current figure of approximately 2,000 Bloc personnel.

Seven or eight Soviet military advisers who arrived in Kabul in November are believed to be the vanguard of a new military mission to Afghanistan. Although no major deliveries of Soviet materiel for the ground forces have been reported in recent months, miscellaneous army equipment as well as spare parts and ammunition undoubtedly are continuing to arrive.

Although the Syrian regime that was established after the revolution of 28 September is more conservative than its immediate predecessors, there is no indication that either it or the Bloc intends to circumscribe the Bloc's present economic aid programs in Syria. On the contrary, the Bloc appears willing to consider extending additional assistance if it is requested.

Libya's Minister of Health recently announced that Libya once again has "suspended" its acceptance of a Soviet offer of two hospitals because of certain conditions attached to the offer.

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Implementation of the Soviet-Indonesian arms agreements of January and June is now being accelerated. Preparations for training air force personnel on surface-to-air missiles also are underway, and two Soviet submarines are scheduled to be delivered in December.

The USSR is providing Indonesia a hospital on a grant basis. Both the foreign exchange cost and the rupiah expenses of the hospital will be funded by the USSR -- the first time that the USSR has used the technique of a counterpart fund in Indonesia.

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**SECRET**

CONTENTS

	<u>Page</u>
I. Latin America . . . . .	1
Czechoslovak Antimony Smelter for Bolivia . . . . .	1
II. Middle East . . . . .	1
A. Afghanistan . . . . .	1
1. Continuing Soviet Military Assistance to Afghanistan . . . . .	1
2. Soviet Aid for the Afghan Second Five Year Plan . . . . .	2
B. Syria . . . . .	4
Status of Foreign Economic Assistance to Syria . . . . .	4
III. Africa (Libya) . . . . .	5
Apparent Rejection by Libya of a Longstanding Soviet Offer of Two Hospitals . . . . .	5
IV. Asia (Indonesia) . . . . .	5
A. Further Deliveries Under the Soviet-Indonesian Arms Agreements of 1961 . . . . .	5
B. Soviet Counterpart Fund for a Hospital in Indonesia . . . . .	6

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Next 5 Page(s) In Document Exempt

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