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BIWEEKLY REPORT

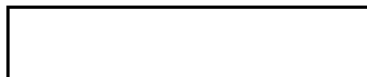
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/164

21 May 1962

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

ECONOMIC INTELLIGENCE COMMITTEE



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Summary of Events

4-17 May 1962

The USSR probably has extended to Cuba another credit of \$100 million for economic development. Soviet economic credits to Cuba, which now total \$300 million, are for the purchase of 20 industrial plants. Initial deliveries of equipment for several of these installations began recently.

Possibilities for the expansion of trade between Brazil and the USSR have been enhanced considerably since the resumption of diplomatic relations between the two countries in December 1961. The trade protocol signed on 7 May envisages almost a 100-percent increase in the total trade above that registered in 1961. The total trade turnover in 1961 amounted to almost \$40 million.

The Economic Planning Board of Iraq recently awarded to a Bulgarian firm a contract for construction of the first stage of a new international airport at Baghdad. The first stage is to cost about \$13.2 million out of an estimated total of \$42 million for the entire project.

A Soviet freighter recently arrived in Casablanca with approximately 1,500 tons of light arms and ammunition for the Moroccan armed forces. Although Morocco previously assured US officials that no Soviet military technicians would be allowed to enter the country, Soviet military technicians will be involved in maintaining and instructing in the use of the materiel.

India reportedly has purchased 25 Mi-4 helicopters from the USSR, thus raising the total number of these helicopters in the Indian air force to at least 40. India also is considering the purchase of at least a squadron of MIG-21 jet fighters and 12 additional An-12 transports as well as an agreement to manufacture the MIG-21 under license.

Under the new Soviet-Indonesian arms agreement, Indonesia is to receive additional missiles, aircraft, and submarines. The value of this new agreement -- \$70 million -- raises the estimated value of the total Bloc military aid to Indonesia to about \$920 million.

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Yugoslavia has made its first substantial purchase of Soviet military equipment since the Tito-Stalin break in 1948. This equipment includes at least 20 T-54 medium tanks and 12 SU-100 self-propelled assault guns. There also are reports that Yugoslavia will get MIG fighters from the USSR.

In the past few months the USSR has stepped up its drive to extend its international air routes to countries in Africa and Latin America. Although regular air service from the Bloc to these areas is not always economically profitable, it has considerable propaganda value and, in addition, facilitates the movement of Bloc technical and military personnel to underdeveloped countries where the Bloc has aid programs.

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