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BIWEEKLY REPORT

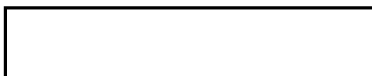
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

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30 July 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
13-26 July 1962

The results of the 10-day conference in Cairo of economic ministers and specialists from about 30 underdeveloped countries were set forth in a declaration issued on 18 July. The declaration, which contains the resolutions and recommendations of the conference, reflects the constructive approach toward a wide range of problems that was maintained, for the most part, throughout the meetings. Although apprehension was expressed regarding the consequences of the establishment of the Common Market, there was no condemnation of the European Economic Community and no move for the establishment of a new economic bloc composed of the underdeveloped countries.

On 17 July, Raul Castro returned to Havana after a 2-week stay in Moscow, where he headed a mission believed to be seeking additional Soviet military aid. The absence of publicity surrounding both his leaving Moscow and his arrival in Havana suggests that the mission may have been unsuccessful, although some members of the mission may have remained in Moscow to continue lower level negotiations. Previous Bloc deliveries of military hardware have given the Cuban army a greater armor and artillery capability than any other Latin American country and have considerably enhanced Cuba's naval and air power.

A Soviet-Cuban agreement signed on 19 July marks the first Soviet civil air penetration into Latin America. Under this agreement, Soviet Tu-114 turboprop airliners will provide direct air service between Moscow and Havana, reportedly to begin this September. The indicated route, which is an extension of recently established Soviet routes to Africa, is longer by one-third than the route Cubana Airlines will fly by extending its present Prague flights to Moscow.

The USSR resumed arms shipments to Syria in June, probably the first deliveries under the arms agreement negotiated in February. The type of materiel received does not represent a significant addition to Syria's arms inventory but suggests that it is intended for replacement or maintenance of equipment that may have become unserviceable.

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Tentative agreement has been reached on arrangements for Polish participation in the establishment of a boron-processing plant in Turkey. If the contract is concluded, Turkey will repay the credit advanced by Poland in the form of shipments of boracite and boric acid.

The 23 July Revolution Day parade in Cairo included several items of Soviet equipment not previously observed in the United Arab Republic (UAR) -- T-54 medium tanks, 57-mm antiaircraft guns, and 160-mm heavy mortars. The parade fly-by included four Tu-16 medium bombers and MIG-17 or MIG-19 jet fighters. Two types of Egyptian-made surface-to-surface missiles also were displayed.

Soviet Deputy Premier Mikoyan, accompanied by the Deputy Foreign Minister, the Deputy Chairman of the State Committee for Economic Relations, and the head of the Southeast Asia Directorate of the Foreign Ministry, visited Indonesia from 20 July to 24 July, ostensibly for the opening of the Asian Games Stadium in Djakarta, built with Soviet aid. The communiqué issued at the end of the visit indicated that the status of the West New Guinea situation, implementation of Soviet aid projects, and Soviet-Indonesian trade relations were subjects covered during meetings. Although not specifically mentioned in the announcements of the visit, it is likely that Indonesia's heavy repayment burden to the USSR for military aid also was a topic of discussion.

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