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# BIWEEKLY REPORT

## SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/176

5 November 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  
19 October - 1 November 1962

The Soviet and Iranian Governments have agreed to exchange instruments of ratification on the transit agreement signed in April 1957.

In late October a group of 49 Soviet technicians arrived in Iraq reportedly to construct surface-to-air missile sites. Contractual provisions have been made for well over 100 Soviet military engineers and technicians to set up missile bases in Iraq and train Iraqis in their operation and maintenance. Missile equipment was first delivered in mid-October, and more may be forthcoming early in November.

The USSR has granted recognition to the new Yemeni Government and agreed to provide a new economic credit. Additional military assistance has been made available through the United Arab Republic.

A protocol to the Sino-Ghanaian agreement on economic and technical cooperation, concluded during President Nkrumah's visit of last year to China, was signed on 18 October. This represents the first action toward implementation of the agreement.

Senegal has become the first member of the Afro-Malagasy Union to accept Bloc diplomatic representation. The recent arrival of Soviet diplomats in Dakar came as a surprise to Prime Minister Dia, whose government had taken no action on an agreement for diplomatic exchanges signed last June in the USSR.

Soviet support for Communist China's position in the Sino-Indian border dispute apparently has resulted in the cancellation of the December delivery of MIG-21's to India.

According to Indonesian Foreign Minister Subandrio, the USSR has agreed to defer all but \$7.5 million of Indonesia's \$28 million repayment obligation on military credits that fell due in October 1962. The USSR is now considering a request for consolidation and rescheduling of future payments over a longer term, but there is evidence of Soviet reluctance

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in this matter. Soviet response to Indonesia's problems may be indicated by a reported offer of a new \$100 million credit for financing imports of spare parts and raw materials. In addition, it is likely that the USSR has agreed in principle to Indonesia's making a substantial part of future repayments in export commodities.

In response to a request from Souvanna Phouma, the USSR is to provide Laos with a gift of nine transport aircraft and one helicopter together with several crews to train Laotian pilots.

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