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## BIWEEKLY REPORT

# SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/183

11 February 1963

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

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
25 January - 7 February 1963

Czechoslovakia reportedly has liberalized the terms of the credit that it extended to Bolivia in 1962 for the construction of an antimony smelter. The Czechoslovaks hope to assure implementation of the contract by extending the repayment period from 8 to 20 years, by giving a longer grace period, and by canceling the gold clause.

Jordan has approached the USSR for assistance in petroleum exploration, but no reply has been received. This request stems from Jordanian dissatisfaction with US policy toward Nasser and the Yemen Arab Republic.

The government of the Central African Federation (formerly the Federation of Rhodesia and Nyasaland) has received an inquiry from the USSR regarding a possible purchase of 500 to 600 tons of cobalt. No decision has yet been made, and the government has indicated that no export permit will be issued without consultation with the United States.

A further delivery of Soviet materiel to Morocco, including anti-aircraft guns and gun directors, was made late in January. This delivery probably represents part of the materiel contracted for under the Soviet-Moroccan arms agreement of January 1962.

Activity under the Soviet aid program has increased in the northern part of the Somali Republic. Technicians have arrived to undertake engineering and technical surveys for the Berbera port development project, completion of which is scheduled for 1965. Somali apprehension over the number of Soviet technicians to be engaged on a large-scale agricultural project apparently has been overcome, and the initial group has arrived.

A Soviet offer to supply a number of MIG aircraft and to train Cambodian personnel reportedly is being negotiated by the Cambodian Government. Although the Soviet authorities have expressed willingness

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to conduct training in the recipient country, Cambodia prefers to send its personnel to the USSR.

Soviet delivery to India of four MIG-21 aircraft appears to be imminent. These aircraft may be intended either for training purposes or as prototypes in connection with Indian plans to manufacture MIG-21's under Soviet license. The plan to manufacture the Soviet Mi-4 helicopter, however, has been discarded. An Indian official has stated that the USSR has proposed a significant increase in its economic assistance and trade program.

Indonesia has concluded contracts with Poland and Czechoslovakia for the construction of two cane sugar mills. These projects will be financed under existing lines of credit. Under the terms of the Polish agreement, 80 percent of the estimated \$6.4 million foreign exchange costs will be financed on credit. Indonesia, however, is hopeful of a liberalization of these terms.

Indonesia's optimism on receiving Khrushchev's earlier assurances that the USSR was prepared to take all possible steps to ease Indonesia's debt repayment problems now appears to have been somewhat premature. The high-level Soviet economic delegation scheduled to come to Djakarta in mid-December to work out the new payment arrangement still has not arrived. Moreover, the USSR appears to be pressing the Indonesians to meet their debt obligations when due and to be demanding payment in "hard currency" commodities such as rubber.

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