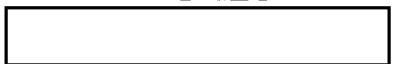


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BIWEEKLY REPORT

SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC WGR 1/188

22 April 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
5-18 April 1963

During the last month, about 100 Iraqi students have returned to Iraq before completing their full courses of study in the USSR. Of these returnees, about one-half were returned at the direction of the government of Iraq; the remainder were brought back at their own request. There is no evidence at this time to indicate that the government plans to withdraw its students on a large scale.

Ghanaian troops have been observed at an army camp about 150 miles north of Accra engaged in training with Soviet weapons, apparently under the instruction of Soviet technicians. These weapons probably were a part of the military cargo delivered at Takoradi in late December.

The Guinean Government apparently plans to reduce or terminate the Soviet and Czechoslovak operation of Air Guinea and replace this Bloc operation with US aircraft, pilots, and technical services. Alaska Airways has offered to supply a wide variety of domestic air services as well as flights to Freetown, Dakar, and Monrovia -- a program that should make Bloc aircraft and pilots superfluous. This proposal has been received very cordially by Guinean officials. President Toure has not indicated, however, how he intends to get rid of Czechoslovak and Soviet aviation personnel or what he would do with the Bloc aircraft now in Guinea.

During the few weeks since the Somali break with the UK and the increased tension with Kenya and Ethiopia, Bloc interest in the Somali Republic has remained high. Both the USSR and the Chinese Communists are reported to have offered military assistance, and Soviet authorities have strongly expressed interest in obtaining air rights for Aeroflot.

The USSR has agreed to extend to Cambodia a credit of \$16.1 million for a 50,000-kilowatt hydroelectric power station as a part of the Kamchay Dam project. The two countries also have been holding discussions on the implementation of military and economic projects, some of which are included in previous agreements.

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Indonesia's General Nasution discussed the proposed new Soviet-Indonesian military agreement of \$170 million with Marshal Malinovskiy during the latter's visit to Indonesia in late March, and Malinovskiy reportedly agreed in principle to the Indonesian proposal. Although the Indonesian arms debt apparently was not raised as an issue during Malinovskiy's visit, the Soviet trade delegation scheduled to discuss Indonesian debt repayment finally arrived in Indonesia on 11 April, and the leader of this delegation made it clear that the USSR is prepared to reschedule the debt over a period of 20 to 25 years in accordance with Khrushchev's letter to Sukarno in December 1962.

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