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**BIWEEKLY REPORT**

**SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS**

EIC WGR 1/207

13 January 1964

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

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
27 December 1963 - 9 January 1964

The high level of Soviet military deliveries begun in October continued through December with arms shipments arriving in Syria, the United Arab Republic, Iraq, and Algeria.

Brazil and Bulgaria signed a new trade protocol to the 1961 trade and payments agreement. It is reported that the protocol provides for substantial future exports of Brazilian iron ore -- 300,000 metric tons in 1964, increasing to 2 million metric tons in 1970.

The USSR has informed Brazil that the 1963 commitment to deliver 500,000 tons of wheat cannot be fulfilled; only half of the amount has been delivered. Furthermore, it is probable that the USSR will not be able to meet the 1964 quota of 600,000 tons. The Soviet Government reportedly blamed the failure to meet delivery quotas in 1963 on "exceptionally unfavorable conditions of food supply in the USSR."

The Ethiopian Government announced in late December that the USSR will proceed with construction of the oil refinery at Assab. Implementation of this project will result in the first substantial drawings on the \$100 million Soviet credit extended in 1959.

In his recent tour to the USSR the Indonesian Defense Minister failed to obtain substantial economic, military, and diplomatic support for Indonesia. Although he made limited purchases of military equipment from the USSR under credits previously extended, no new credits were granted. Additional Soviet weapons will be forthcoming, but financing will be under existing lines of credits. The longstanding Indonesian request for a weapons assembly plant was turned down by the USSR.

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