

Communist China Concludes Aid
Pact With Cuba and Agrees to
Increased Trade

Communist China is backing up its all-out propagandea campaign in favor of the Castro regime with new economic agreements to provide tangible evidence of its support. Under an economic cooperation pact signed in Peiping on 30 November, the Chinese extended a 240,000,000 ruble (\$60,000,000 at the present rate) interest-free line of credit to be used to supply equipment and technical assistance between 1961 and 1965—the largest economic aid credit that Peiping has extended to a non-bloc country. In addition, China agreed to double the amount of Cuban sugar it will buy in 1961 from 500,000 to 1,000,000 tons—the same amount the Soviet Union agreed to take annually under its five-year trade pact with Cuba. The bloc now is committed to take 2,200,000 tons of Cuba's estimated production of 5,500,000 tons in 1961.

Although no payment arrangements have been revealed, it is possible that the Chinese agreed to the same terms as the USSR—20 percent in cash and 80 percent in barter goods. The new agreements were signed by Cuban National Bank president Che Guevara at the end of his visit to Communist China.

The Chinese Communists, who lavish hospitality on all visitors, accorded exceptional attention to Guevara. Both Mao Tse-tung and Chou En-lai held private talks with him, and the ambassador-designate to Cuba escorted him on a tour of the country. Peiping again drew a

parallel between its history and conditions in Latin America. Asserting that Latin Americans can learn many lessons from China's example, Guevara hailed the achievements of China's communes and other social systems and forecast that Latin Americans would adopt "one of these methods or something similar" when they obtained their "liberation."

Although it had been slow in establishing economic ties with the Cuban regime, Communist China apparently intends to make every effort to carry out its new commitments. In July 1960, when the first Sino-Cuban trade agreement was concluded, the Chinese agreed to take up to 500,000 tons of Cuban sugar annually during the next five years—more than double their average annual imports from nonbloc sources in the past. Provision was also made for future extension of a development credit. Since then, despite domestic food shortages and evidence of difficulties in fulfilling trade commitments elsewhere, the Chinese have chartered a large number of Western vessels to pick up sugar in Cuba and to deliver Chinese goods. Two shiploads of Chinese rice have already arrived in Havana amid a strenuous Cuban and Chinese propaganda campaign stressing the futility of the US embargo. (CONFIDENTIAL)

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