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embargo on rubber exports to Communist China and North Korea on 22 August. An undetermined amount of illegal trade with Chinese Communists is transacted through Hong Kong. Burmese trade with the bloc continues to decline, and rice commitments to the bloc in 1958 have been cut back to 40,000 tons. Total trade declined in 1957 to \$57,500,000 or 11 percent of Burma's foreign trade. Bloc trade with Laos and South Viet-Nam remains negligible.

50. In the field of economic aid, bloc activities are concentrated on Burma and Cambodia. Cambodia is now in the second phase of a \$22,400,000 Chinese Communist grant-in-aid program, which appears to be proceeding smoothly. Phnom Penh has completed plans for various social and economic projects and sites have been selected for the four plywood, cement, paper, and textile factories that form the core of the program. At the end of Sihanouk's Peiping visit, Cambodia accepted an additional grant of \$5,600,000 and Peiping offered to expand the program to include construction of small iron and steel works and surveys of underground fuel resources. In addition, a Cambodian economic delegation headed by the economic planning counselor sent to the USSR completed preliminary economic and technical aid talks in September. Construction is now underway on the Soviet "gift" hospital in Phnom Penh and Cambodia has included in its 1958 import plan \$1,000,000 worth of aid-financed goods to raise funds to defray local costs.

51. Bloc countries, principally the USSR, have extended an estimated \$41,600,000 in loans to Burma. Implementation of Soviet "gift" projects appears to be progressing satisfactorily and construction has begun on the technological institute in Rangoon, a plow factory, and irrigation projects. Two Soviet loans totaling approximately \$8,500,000 were announced in early 1958 but have not yet been implemented. Communist China completed expansion of a government-owned textile factory during the first half of 1958.

52. There were approximately 140 bloc technicians in Burma in the first half of 1958 and the number of Soviet technicians will undoubtedly increase markedly as work on the Rangoon Technological Institute progresses. In Cambodia there were about 30 bloc technicians, mostly from Communist China; additional Soviet Chinese technicians are expected. (Note: There are current unconfirmed reports that the Ne Win Government intends to cancel bloc technicians' contracts but no action has so far been taken.)

53. Cultural and Propaganda Activity: The bloc shift to winter schedules brought an increase in weekly broadcast output in native languages from 79 to 93 hours. Bloc services in Burmese rose from 10.5 to 17.5 hours, and Peiping increased its Cambodian service from 7 to 10.5 hours weekly. There was a slight increase in total Vietnamese weekly output. In addition, Moscow raised its English language broadcasts to South and Southeast Asia from 17.5 to 19.75 hours weekly.

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