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RFE TARGET AREA RESEARCH AND ANALYSIS

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Background ReportEASTERN EUROPE'S ECONOMIC COMMITMENTS IN CUBA

Statistics on Eastern Europe's trade with, and various forms of assistance to Cuba, so far as they have been revealed by official media or reported by reliable observers on the spot (the latter in the case of CSSR arms aid), indicate that Czechoslovakia bears the lion's share of this task among the five target countries. Czechoslovak trade with and aid to Cuba is at least twice as great as the next highest contributor. In the case of all five countries, a "great leap forward" in the amount of trade and assistance is to be observed in 1961, with the few scattered data available for 1962 indicating that during the current year these sums were once again vastly multiplied over those of last year. All this has been in face of the fact that Cuba, whose main export is sugar, is not a "natural" trading partner of any importance for any of the East European countries which are themselves substantial beet sugar producers.

While, as stated above, Czechoslovakia is Castro's main East European trading and assistance partner, Poland and Bulgaria both come more or less second, each accounting for + 20 million trade in 1961 and 1962, while Rumania accounts for only about half this amount. No statistical data on Hungarian trade with Cuba has ever been published.

In the matter of loans, there is not as much data available, but what there is again indicates that the main burden in this category, too, is again borne by the CSSR.

While the CSSR again leads the way insofar as technical personnel in Cuba is concerned, apparently all the countries of Eastern Europe have some technicians and other types of advisers on the Caribbean island, while there are various Cuban students and trainees present in all the five countries.

Only in the case of Czechoslovakia is there evidence of any arms deliveries, although no official admissions have ever been made on this point by the Prague regime.

The following are brief summaries of the economic commitments in Cuba of Bulgaria, Czechoslovakia, Hungary, Poland and Rumania.

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BULGARIA

The total Bulgarian trade with Cuba was (in US dollars):

	<u>Bulgarian exports</u>	<u>Bulgarian imports</u>
1960	495,000	-
1961	12,997,000	8,170,000

The figures for 1961 represent about 3.4 per cent of the total Bulgarian exports and about two per cent of the total imports.

For 1962, the protocol signed on 12 January 1962 provided for a goods exchange almost double that in 1961. Among Bulgarian exports, according to this protocol, there are 100 threshing machines and spare parts for them, other agricultural machines worth \$ 100,000, machines for the wood industry worth \$ 400,000 and electrical equipment worth more than one million dollars. Among Bulgarian imports from Cuba, there are 110,000 tons of refined sugar and 75,000 tons of molasses. There are signs that in the future the Bulgarian imports of Cuban sugar will be increased, since the recently published Bulgarian 20-year economic plan makes no provisions for increase of the BPR's own sugar beet production.

On 26 June 1962 a protocol was signed for further increase of the goods exchange during the current year, but no details were published.

According to the first agreement on trade and payments between Bulgaria and Cuba, signed on 7 October 1960, each country was to give the other "a technical credit of one million dollars". A credit agreement was signed on 12 January 1961, according to which Bulgaria gave Cuba a long-term credit of 5,000,000 dollars. This in spite of the fact that Bulgaria herself has taken and still needs long-term credits.

The protocol for technical collaboration signed on 12 January 1961 provided for 14 complex industrial enterprises to be delivered by Bulgaria to Cuba up to 1965, among them a factory for the production of transformers, a factory for calcium carbide, several factories for the food industry and 10 kinds of electric power stations with capacities of up to 5,000 kw.

No data have been published so far about Bulgarian specialists working in Cuba, but there must be some technical specialists helping with the construction of some of the above enumerated factories, the building of which has already begun.

According to the agreement on scientific-technical cooperation, signed on 12 January 1961, 20 Cuban students were to study at Bulgarian universities and 100 workers to receive qualification in various branches of the economy. According to the first plan for cultural exchange, signed on 22 May 1961, the number of Cuban students in Bulgaria was increased to 25, while five Bulgarian students were to learn Spanish in Cuba.

### CZECHOSLOVAKIA

The overall volume of Czechoslovak trade with Cuba in 1960 amounted to 84,134,000 Kcs, a total which represented a mere 0.3 per cent of Czechoslovak foreign trade. Cuba's share rose, in 1961, to 421 million Kcs., i.e. 1.4 per cent of the entire Czechoslovak foreign trade. According to a protocol signed last December, trade exchange between the two countries is to rise to "nearly 100 million dollars" this year (this would represent over 700 million Kcs). As may be seen from the foregoing figures, the increase of trade relations between the two countries is quite spectacular.

As for the structure of this trade, the Czechoslovak regime grossly neglected all principles of economic advantage, to the detriment of the country's population. At a time when the shortage of meat was already noticeable at home, the CSSR exported meat and meat products to Cuba to the tune of 2,208,000 Kcs last year; on the other hand, Czechoslovakia, although a sugar-exporting country herself, imported Cuban sugar to the value of 84 million Kcs.

Among the major items exported to Cuba last year, we find equipment for complete factories (for nearly 17 million Kcs), agricultural implements (over 17 million Kcs), metals and half-finished products (over seven million Kcs) and technical equipment (nearly eight million Kcs). In return, Czechoslovakia received sugar (!) and ores as by far the largest in size imports from Cuba.

Czechoslovakia did not restrict herself to normal trade operations, but granted Cuba two 20 million dollar credits, in June and October 1960 respectively. They are repayable in 10 years at a 2.5 per cent interest. The loans were granted to enable Cuba to purchase complete factories in Czechoslovakia.

The regime never revealed how many enterprises were to be constructed by Czechoslovakia in Cuba. According to official information available here, there are at least eight of them:

- Plant for manufacture of refrigerators,
- Plant for production of sparking plugs,
- Foundry
- Bicycle factory,

Pencil factory,  
Plant for manufacture of diesel engines,  
Cement factory,  
Plant for production of tractors and motor  
vehicles.

In addition, Czechoslovakia is supplying Cuba with six steam power stations.

Czechoslovakia never admitted sending arms to Cuba. It is known from a number of Western sources, however, that such shipments did arrive in Cuba, consisting predominantly of small arms and ammunition, as well as some training and observation planes. The economic terms and value of this military assistance are unknown.

The CSSR is also heavily engaged in sending her own "experts" and technicians to Cuba and in training Cubans in Czechoslovakia. Regime media, though publishing scattered data on various departures to, or arrivals from Cuba, keep silent on the total numerical strength. Some Western sources of as late as October 1962 alleged that there were some 2,000 Czechoslovaks in Cuba. On the other hand, it is known from official releases that there are some 500 Cubans in Czechoslovakia, undergoing higher studies or technical training. It may be surmised that there are also some military trainees in the CSSR. The above figures of some 500 pertains to Cubans who are to stay in Czechoslovakia for at least one and, in most cases, for several years. Apart from them, there is a lively exchange of various study and trade union delegations; some of these Cuban visitors also receive training ranging from several weeks to several months.

The considerable amount of aid of various kinds which is lately being granted to Cuba by the Czechoslovak regime is known and resented, not only by the population at large, but also among the Party members. This is evident, among other things, from the fact that various Party speakers were forced to "explain" such assistance in reply to questions or critical remarks.

#### HUNGARY

The economic relations between Hungary and Cuba are based on the long-term (five years) agreement including the exchange of goods, the granting of credits, scientific and technical cooperation, signed in Cuba September 1960. The agreement ensures for both countries the most favored nation clause.

Hungary exports the following goods: Factory equipment, telecommunication equipment, means of transportation, agricultural machines, durable consumer goods, chemicals.



Cuba exports the following goods to Hungary: Sugar, tobacco, leather, colored metals, canned fruit, corduroy thread. Hungary granted, for the carrying out of the trade program, an eight million dollar credit payable in ten years at 2.5 per cent interest, and, aside from this, a two million dollar open clearing credit for the trade not included in the agreement (tourist traffic, sports, technical cooperation, etc.). The scientific-technical agreement embraces the training of experts, the granting of scholarships, scientific conferences, etc.

On Hungary's part, the export program has no obstacles, because Cuba readily imports from Hungary and thus an agreement was concluded within the framework of the agreement for the shipment of following items: peas, onions, locks, telephone installments, toys, in addition to equipment for glass, cotton, electric tube, oxygen small transformers factories, a slaughter house and a poultry-processing plant.

The difficulty lies on the import side. Cuba's chief export item is sugar, while Hungary itself is a sugar-exporting country. In the re-export of sugar, on the other hand, Hungary helps Cuba, in addition to importing Cuban coffee, cocoa, tobacco, hides and colored metals, but Cuba does not have sufficient quantities of these items for much export. In 1961 the ten million dollars credit was raised to 15 millions.

Thirty Hungarian experts are now living in Cuba: pharmacists, chemists, experts in meat processing and textiles, and electro-technicians. Aside from this, Hungary provides help for Cuba in the building up of her machine-repair network, for which the plans were also prepared by Hungarian experts (Monitoring, 13 September 1962). Hungary maintains in Cuba a trade agency, headed by Ivan Sos (Monitoring 13 September 1962).

Thus far Hungarian statistics have published no statistical data on the actual state of the Cuban trade. However, there are a few supplementary data:

An agreement was concluded for the shipment of elevators, for floating-cranes of 100 tons and less, and for the complete equipment of a brick factory ("Kulkereskedelem" December 1961).

Without specifying the actual amount, thus far the Hungarian import firms have bought the following items from Cuba:

- Raw hides (Tanninpex)
- Casings "
- Coffee, honey, yeast (Monimpex)
- Thread (Hungarotex)
- Tropical canned fruit (Teximpex)
- Molasses (Agrimpex)

("Kulkereskedelem",  
July-August 1961)

### POLAND

The trade relations between Poland and Cuba have always been negligible. Poland was not interested in the Cuban market. After all, Cuba could pay for her trade with her only commodity -- sugar, but Poland has enough sugar, not only for her own needs, but also for export.

After the government of Cuba was taken over by the Castro regime, the situation changed. Poland, probably under Soviet pressure, had to expand her trade with Cuba, and to accept sugar as payment for ships, machine tools, diesel engines, road building machines, etc., notwithstanding the fact that Poland has to export her own sugar to Latin America. At the beginning, Poland did not like this form of trade. Poland has enough troubles and the prospect of additional troubles with Cuba did not appeal to Warsaw, especially since the representatives of Cuba made it understood that they expect the socialist countries to support them. Poland, despite all official sympathy shown to Fidel Castro's regime, needs economic help herself, and could not support the ruined economy of Cuba.

Nevertheless, under Soviet pressure, the trade relations had to be expanded rapidly. According to "Maly Rocznik Statystyczny" for 1962, Poland's export to Cuba in 1950 amounted only to 300,000 currency zlotys (75,000 dollars) for the whole year. In 1960 the value of the export trade was expanded to 16,300,000 currency zlotys (over four million dollars) and in 1961 it jumped to 90,200,000 currency zlotys (22,550,000 dollars).

Import from Cuba increased in the same way. In 1960 it amounted to 39,000,000 currency zlotys (9,750,000 dollars) and in 1961 it jumped to 97,500,000 currency zlotys (24,375,000 dollars).

Poland exported chiefly various machines, industrial equipment and consumer goods. She received from Cuba, apart from sugar, tobacco and tropical fruits.

According to a UPI dispatch from Moscow of 2 November 1962, the Soviet journal "Economic Gazette" predicted a further big increase in trade between Cuba and the Communist bloc countries compared with 1961. Poland -- the journal said -- plans to build 25 storehouses for maize in Oriente province and Polish engineers have designed a port elevator in Havana. Other Polish contributions, according to the "Economic Gazette", include ships, machine tools, agricultural and road building machines and diesel engines.

Poland helps Cuba in various other ways. For instance, Polish cargo vessels carrying Soviet bloc aid and trade have made 14 voyages between Polish and Cuban ports so far this year.

Poland has especially chartered four free world cargo ships to carry Communist bloc aid to Castro.

A Polish engineering group, the "Prozamet" has undertaken to construct a ship repair yard and ship-building facilities at Mariel in Cuba. The shipyard will be capable of constructing vessels of up to 10,000 tons and is scheduled for completion in 1965. The ship repair unit is slated for operation in 1964.

Poland and Cuba signed in July 1960 a technical and scientific aid agreement. According to information from Warsaw, Poland agreed to send scientists to Cuba to conduct a geological survey of the country, while Cuban students will study in Poland and Polish professors will teach in Cuba.

Finally, Poland has sent a group of 25 experts to Cuba to help in establishing various industries, and Cuban technicians are studying in Poland.

#### RUMANIA

In 1961, the total volume of Rumanian-Cuban trade was \$ 11.9 million (Rumanian exports: \$ 11.4 million; Cuban exports: \$0.5 million) and represented 1.1 per cent of the RPR's total foreign trade.

This was within the framework of a long-term trade and payments agreement for the 1961-65 period which had been signed the previous fall ("Scanteia" of 28 October 1960).

According to a protocol on commercial exchanges signed for 1961 ("Scanteia" of 8 January 1961), Rumania was to deliver oil equipment, equipment for road construction and other industrial equipment, chemical products, mineral oil, agricultural produce, freezing compressors, and 2,000 tractors; while Cuba was to deliver sugar (which is now a surplus product in the RPR), nickel oxide, textile fibers, coffee and other food products.

On this occasion, Rumania granted a \$ 15 million credit to Cuba for delivery of machinery and equipment imported from the RPR.

An additional trade protocol was signed later in 1961 ("Scanteia" of 26 June 1961) providing mainly for additional Rumanian export of oil equipment.

The trade protocol for 1962 was published in "Scanteia" of 26 January 1962. The volume of trade for the current year was not specified, but, in addition to the goods listed in the 1961 protocols, Rumanian imports of ores were mentioned.

Finally, in November 1961, according to a report from Havana (CN 44 of 28 November 1961), a contract was signed providing for an additional Rumanian delivery of 1,500 tractors, including spare parts.

The protocols signed for 1961 also provided for Rumanian technical-scientific assistance to Cuba, within the framework of a protocol on technical-scientific cooperation for the 1961-1965 period which had been signed in the fall of 1960 at the same time as the long-term trade and payments agreement ("Scanteia" of 28 October 1960). This assistance was to include:

Training and advance study in the RPR for Cuban engineers, technicians and workers;

Admission of young Cubans to Rumania's institutes of higher education;

Rumanian experts to go to Cuba;

Translation into Spanish of a number of scientific and technical works;

Establishment and organization in Cuba of repair shops (with Rumanian installations) for tractors delivered by Rumania.

In addition, according to RFE Item No.2286/62, it would appear that there are about 300 Cuban students in the RPR (total number of foreign students: 1,200).

End