USSR: COMMERCIAL RELATIONS WITH THE THIRD WORLD AND SOME CONSEQUENCES FOR WESTERN BUSINESS

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Introduction

The purpose of this paper is to present some basic information on Soviet commercial activities in the Third World and to evaluate the impact of the Soviet presence in non-Communist Less Developed Countries (LDCs) on the willingness and ability of US firms to conduct business in Third World countries.[1] The first two sections describe Soviet goals in the Third World and the various instruments used by the USSR in its relations with the LDCs. The concluding section discusses the effect of Soviet-LDC relations on Western trade and investment.

Soviet Goals in the LDC

Moscow's activities in the LDCs play an important part in its broader campaign to increase Soviet influence worldwide and weaken its capitalist adversaries. The Soviets view global politics in terms of a struggle between socialism and capitalism and regard the Third World as a key arena in this struggle. They believe that the radicalization of postcolonial elites, persistent regional rivalries, economic disorder, and widespread anti-American attitudes provide abundant opportunities for exploitation.

In dealing with the LDCs, Moscow tries to affect both the short-term behavior of the regimes and to bring about longer-term

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[1] For purposes of this paper, the terms LDCs and Third World refer to the non-Communist developing countries.

political and economic changes that weaken pro-Western forces and strengthen its own supporters. Thus, the Soviets pursue both immediate objectives such as obtaining access to port facilities and airfields and winning support for Moscow's positions at the United Nations and longer-term goals such as the development of a politically dominant communist party and the suppression of the private economic sector. They also pursue traditional economic goals such as supplementing domestic production of agricultural goods and raw materials with imports from the LDCs, acquiring markets for Soviet products, and earning convertible currency.

Policy Instruments

Trade

The USSR's trade with non-Communist LDCs still runs a poor third to its ties with Communist countries and the developed West, but the LDCs have become an important market for Soviet arms and machinery and a source of grain, foodstuffs, and some minerals.

Importance of Bilateral Trade Relations. For some LDCs such as Ethiopia and Afghanistan, which has become a virtual appendage of the USSR, trade with the USSR is very significant. In recent years Argentina has also emerged as a key supplier of agricultural products to the USSR. Argentina and India currently are the USSR's largest LDC trade partners. Each country accounts for about one-fifth of total Soviet trade with non-Communist LDCs (see Table 2).[2] India's current position

[2] Excludes Soviet deliveries of major weapons systems.

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reflects a jump in Soviet imports of Indian agricultural products since 1979 and a sharp increase in Indian imports of Soviet oil. In the aggregate, however, total Soviet trade with the LDCs (including military trade) accounts for only 14 percent of total Soviet trade and the share of USSR trade in total LDC trade (nonmilitary) is even smaller, accounting for no more than 5 percent in most cases (see Table 1).

Commodity Composition. Soviet exports to the LDCs consist mainly of military item (roughly three-fifths on average), civilian machinery and equipment (about one-fifth), and oil and oil products (one-seventh). Chemicals and wood and wood products are of lesser importance (see Table 3). The non-Communist LDC market provides Moscow with its only important outlet for machinery and equipment exports outside the socialist bloc. For some categories of equipment, the LDC share of Soviet exports ranges from 85 to 100 percent. Most of these deliveries are directed toward Soviet-assisted projects.

Although much of Soviet machinery and equipment is less advanced technologically than Western products, Moscow is competitive with the West in some product lines. In a few, such as power engineering and metallurgical equipment, the USSR even enjoys an advantage. Soviet hydroelectric generation equipment, for example, ranks among the world's best.

As is the case with exports, the range of Soviet imports from the LDCs is relatively narrow. "Real" imports (i.e., expressed in constant prices) from the LDCs actually declined between 1970 and 1979. The need to import large amounts of grain from Argentina after the US embargo in early 1980 was largely responsible for a jump in Soviet imports from the LDCs in 1980-81. Of total Soviet imports from these countries, agricultural products account for about 50 percent, crude oil and natural gas for 20 percent, and textiles for 6 percent (see Table 4).

Agricultural imports from the LDCs have been particularly useful in recent years in helping to offset domestic harvest shortfalls. In 1981, Argentina supplied more than one-third of the nearly 43 million tons of grain the USSR purchased from foreign suppliers. Small quantities of grain also were purchased from other LDCs. Imports of sugar, soybeans, soybean meal, meat, and vegetable oils from the LDCs also have expanded rapidly since 1979. Moscow has entered into long-term trade agreements with Argentina and Brazil to ensure continuing access to supplies of key agricultural commodities.

The Soviets also buy significant quantities of crude oil from the LDCs. After reaching a peak of 6.5 million tons in 1976, purchases declined steadily through 1980 before increasing sharply in 1982 to roughly 10 million tons, as Libyan deliveries soared. Most of the oil imports currently originate in Libya and Iran in payment for past and current purchases from the USSR. None of the oil is used by the Soviet Union domestically. Instead, it is shipped to third countries in fulfillment of delivery contracts for oil, thus allowing Moscow to reduce shipping costs and increase hard currency exports of petroleum beyond domestic capabilities.

Moscow also has been a steady importer of natural gas from Afghanistan since the early 1970s, and, before 1980, from Iran. As in the case of crude oil, the exporting countries use these exports to repay a combination of past assistance and current obligations. For Moscow, these imports also allow a more cost-effective distribution of natural gas supplies to domestic users in Central Asia.

The Soviet Union buys relatively small quantities of non-energy raw materials from the LDCs. Because of its own abundant resources, the USSR is self-sufficient in most minerals and a net exporter of many, often in direct competition for markets with the LDCs. Moscow does rely on imports, however, to supply some of its domestic needs. Imports of bauxite (primarily from Guinea) and tin (from Malaysia, Singapore, and Bolivia) account for about 30 percent and 25 percent, respectively, of available domestic supplies. Moscow also imports substantial quantities of phosphates--mainly from Morocco--for its fertilizer industry.

Compensation agreements have played an important role in Soviet trade with the LDCs. A number of arrangements under which the USSR supplies equipment and technical assistance to the LDCs have committed the USSR to purchase a specified amount of the output over time. The Soviets agreed to develop and mine phosphates in Morocco, for example, in exchange for nearly all of the project's output over a 30-year period. The USSR similarly has a 25-year arrangement for Guinean bauxite in exchange for Soviet assistance in exploiting bauxite reserves. In addition, the USSR has agreed to "buyback arrangements" as part of agreements to install non-ferrous metals processing plants, including the purchase of alumina from India and Turkey, aluminum from Algeria and Turkey, and tin concentrates from Bolivia.

Trade Policy and Operations. With some exceptions (see pages 5 and 9), the USSR generall has tried to avoid relying on foreign suppliers as a cost-efficient way of freeing up cheaper and more plentiful productive resources at home. Soviet planners historically have treated the foreign trade sector as a residual outlet and supplier for the nation's economy. Imports usually support large or important industrial projects such as the Siberian gas pipeline, offset domestic agricultural shortfalls, or relieve industrial bottlenecks. Exports typically have been regarded as a means to earn enough hard currency to permit imports and/or, especially in the case of arms, as a source of influence or leverage over a prospective client.

The business of exporting and importing non-military goods is conducted by foreign trade organizations (FTOs), most of which fall under the control of the Ministry of Foreign Trade.[3] Acting on the basis of annual plans, these FTOs approach foreign firms, solicit bids, negotiate sales, and supervise the implementation of contracts. They also have full responsibility for export trade. All business is conducted through the FTOs; Western firms and LDC buyers have little direct contact with either the end-user of the merchandise being sold or the producer of export goods.

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3 Military and economic aid deliveries are administered by the State Committee for Foreign Economic Relations (GKES).

Although the USSR's trade monopoly allows Moscow to control entry by foreign firms into the internal Soviet market, it does not allow the USSR to extract similar benefits in external markets. When FTOs sell abroad, they are not necessarily able to transform their institutional monopoly over foreign trade into market power. Even in those few categories where the USSR has a significant market share, the Soviets seem to have been price takers rather than price setters.

In addition to the FTOs, the USSR has built in recent years a growing network of commercial entities whose primary objective is to expand Soviet-LDC economic relations. Moscow's LDC ventures reflect long-standing Soviet emphasis on developing influence by expanding commercial ties. The participation of Soviet firms in Western markets is important not only for the access it gives the USSR to foreign markets, but also because it puts Moscow in a position to collect information about a wide array of commercial and business practices that it could not otherwise obtain as easily.

Of the 30 Soviet companies formed in the Third World since the mid-1960s, more than half have been joint fishing ventures. Under these agreements, the USSR provides boats, equipment, expertise, and training in return for the privilege of fishing within the partner country's territorial waters. Aside from its joint venture fishing companies, the USSR also has opened:

- Trading and marketing companies in Cameroon, Ethiopia, Morocco, Nigeria, and Mexico;

- Branches of Moscow Narodny Bank in Singapore and Lebanon; and
- Transport companies in Afghanistan, Iran, and Singapore.

Most Soviet joint venture companies in LDCs have been capitalized at under $1 million and probably are quite profitable. According to UN statistics, about one-third of the Soviet fish catch comes from LDC waters, and Moscow earns at least $150 million in hard currency annually from exports of fish to the West.

Aeroflot, the Soviet airline, also plays a role in projecting the USSR's commercial image. The world's largest airline--accounting for a fourth of all passenger-kilometers flown worldwide--it operates in 94 foreign countries, including 82 non-Communist countries. Because the Soviets view Aeroflot principally as a political bridge between Moscow and the rest of the world, they have been willing to operate the airline's international service as a vast but only marginally profitable network.

Economic Assistance Programs

Due to its early emphasis on large, showy projects in the industrial sector--projects that often had been turned down by Western countries because of questionable economic returns to the client--the USSR's aid has enjoyed a reputation not warranted by its size. Indeed, the USSR accounts for less than 3 percent of international aid flows to non-Communist LDCs; the US share, on the other hand, is roughly one-fifth. Annual disbursements average less than 0.1 percent of Soviet GNP compared with 0.4 percent for all Western donors and about 0.3 percent for the

United States. Still, its economic aid program has helped the USSR establish commercial relations with Egypt, India, Iran, Syria, and a number of other countries, and these ties endure even when other relationships wither.

Moscow still considers economic aid a useful tool for expanding Soviet influence in the Third World even though much of the early political dynamism of its aid program is missing. The USSR now tends to focus largely on economic rather than political criteria in determining which countries will receive aid. The economic aid extended by Moscow to LDCs has totaled $23 billion since the beginning of the aid program in 1954 (see Table 5). Of total aid offered, about $11 billion had been disbursed by the end of 1982. Most of the aid has been to LDCs in North Africa, the Middle East, and South Asia. Since 1970, the USSR has tended to concentrate on projects and countries that promise the greatest economic returns, especially in the supply of materials needed by the Soviet economy. Afghanistan, India, Morocco, and Turkey have been the largest recipients of Soviet economic assistance, accounting for nearly half of the total over the past 28 years (see Table 6). Another third of this aid has gone to Algeria, Egypt, Ethiopia, Iran, Iraq, Nigeria, Pakistan, and Syria.

Moscow's East European allies have complemented the Soviet effort by pledging another $12 billion in aid to the LDCs since 1954. Although in the early years Eastern Europe's selection of aid recipients appears to have been heavily influenced by the USSR, East European countries in the past decade seem to be placing a greater emphasis on the commercial benefits of their aid programs.

More than three-fourths of the value of Moscow's economic aid has been used in heavy industry and electric power. Relatively small allocations have been directed to transportation, agriculture, geological prospecting, and education and health. The largest amount of Soviet economic aid--$12 billion since 1954, or half of the total--has supported the development of LDC mineral resources and metals. While steel ($7.4 billion) retains its dominant role--by the end of 1980 Moscow had agreed to build more than 33 million tons of steelmaking capacity in LDCs--allocations for the development of LDC aluminum industries ($1 billion) have become important, and phosphate development ($2 billion) has absorbed a large share of recent pledges. Other aid has been used for geological surveys and the development of copper, lead, zinc, gold, and other mineral deposits.

Soviet aid is in general less liberal than the aid programs of other major industrialized countries. Outright grants to LDCs have totaled only about $1 billion over the past 27 years and have been disbursed to the USSR's staunchest political supporters. For example, about $750 million of the total grant aid has been taken up in commodity support to Afghanistan after the 1979 invasion and oil subsidies to the Marxist regime in Ethiopia. The USSR is demanding harder repayment terms than before under its new agreements--10 years repayment at 4- to 8-percent interest, compared with earlier accords that called for

12-year repayments at 2.5-percent interest. Only in the case of clients such as Afghanistan and Ethiopia is Soviet aid still highly concessionary.

The USSR's economic development programs have been accompanied by a comprehensive technical services and training effort. During 1981, nearly 42,000 Soviet technicians were employed on development projects and in administrative positions in LDCs. More than 75 percent of these technicians were at project sites in major Soviet aid-receiving countries in South Asia, North Africa, and the Middle East that generally pay cash for services. Indeed, except for a few doctors and teachers provided free to poor countries, mostly in Africa, the Soviets charge heavily for their services--over $50,000 a year for project managers and nearly as much for geologists, interpreters, and other less senior personnel.

In contrast, more than 50,000 LDC students attended Soviet schools last year, and most of these students were on full scholarships that cover subsistence, living quarters, tuition, and transportation. This training effort probably costs the USSR the equivalent of $250-$300 million annually. Moscow has viewed its academic program as a low-cost, potentially high-yield effort. Half of all Soviet scholarships have gone to 50 countries in Africa. For many African countries, the Soviet scholarship program is Moscow's only aid effort.

Military Arms Trade

Since 1954, Soviet military deliveries to the LDCs have totaled an estimated $57 billion (see Table 7) and have been concentrated in the Middle East and North Africa (see Table 8). Of total agreements amounting to $78 billion, nearly three-fifths ($46 billion) have been signed since 1976. Since 1977, the USSR has become the world's largest exporter of weapon systems (ground armaments, air and naval craft, and missiles). Soviet military deliveries have been supplemented by deliveries from Eastern Europe--about $7 billion since 1954.

Major Clients. The largest recipients of Soviet military deliveries among the LDCs have been Iraq, Syria, and Libya, which account for more than half of the total. Ethiopia, Iran, Indonesia, and The People's Democratic Republic of Yemen received about another eighth. Some countries--notably Afghanistan, Algeria, Angola, India, Iraq, Libya, and Syria--have equipped their military forces largely with Soviet arms and remain dependent upon Moscow for parts, supplies, and servicing.

Contract Terms. Until the early 1970s, the highly concessionary nature of Soviet military aid gave Moscow a substantial edge over Western competitors. Arms agreements frequently included (a) large discounts from list prices (b) repayments stretching over 8 to 10 years at 2-percent interest, and (c) for a number of clients, payment in local currencies and commodities rather than in hard currency.

In the 1970s, the rising oil revenues of Moscow's major Arab clients opened up new possibilities for the Soviet military aid program. While continuing to use arms transfers to expand Soviet influence, the USSR was able to rapidly increase the share of arms shipments sold for hard currency. To increase hard currency earnings, Moscow:

- o Raised prices on most weapons;
- o Shortened repayment periods and raised interest rates;
- o Required more cash payments in hard currency; and
- o Demanded advance payment for selected items.

Even though these measures were aimed primarily at wealthy OPEC clients (which began to demand the most advanced weapons they could afford), Moscow also applied these harsher terms to other clients, including poorer African countries.

Nonetheless, Soviet terms on military sales are still more lenient than those of Western suppliers. Moscow provides other concessions to favored clients, and Soviet willingness to reschedule and sometimes forgive LDC debts makes the arms program more liberal than the Soviets originally intended. India, for example, pays for Soviet arms with rupees instead of hard currency, and Afghanistan still barters goods for military hardware.

Soviet Gains From Arms Trade. From its inception, Moscow has viewed its military aid program as the best means of gaining influence in the LDCs. Soviet leaders perceived a large demand in the Third World for weapons and military training services--needs that Western suppliers were not willing to fulfill for political or financial reasons. Moscow's ability and willingness to deliver large quantities of arms rapidly to almost any LDC on favorable terms have established its place in the market.

Many LDCs received their first jet fighters, tanks, missile systems, and modern naval craft from the USSR. Even though some of these arms were outdated by Western standards, most were well suited to LDC needs and in some cases represented the most modern weapons in the Soviet inventory. Because of the importance leaders of emerging states attached to military acquisitions, the Soviets were able to deepen and prolong the dependence of these countries on the USSR. In some instances (such as Egypt and Syria), dependence was heightened because some sophisticated weapons were provided but were kept under Soviet control.

In recent years, Moscow has attempted to solidify its position, especially in some North African and Middle Eastern states, by meeting requests for top-of-the line Soviet weapons such as MIG-25 fighters, IL-76 tranports, T-72 tanks, and SA-8 surface-to-air missile systems. In some cases, favored customers such as Iraq and Libya have received such weapons before Moscow's Warsaw Pact allies.

The export of increasingly advanced arms has generated an expanded Soviet advisory and technical service presence, as well as a large LDC training program in the USSR. The geographical concentration of the 17,500 Soviet military personnel in some 30 LDCs in 1981 closely paralleled the distribution of arms sales by value, especially in cases where clients had acquired new military technology and needed additional training. At the same time, Moscow has sought to perpetuate dependence on Soviet personnel by deliberately limiting the development of LDC capabilities. Furthermore, Moscow orchestrates East European technical service programs, although (like Cuba) these countries also send military specialists abroad to advance their own foreign policy aims.

Other Instruments

In addition to trade and aid, the USSR employs a range of other instruments in its attempts to influence the LDCs. These include diplomacy, propaganda, covert measures, the use of surrogates, support of insurgent groups, and outright military intervention. In some cases by design, and in others almost coincidentally, these instruments are used against Western business interests.

On the diplomatic front, Moscow regularly uses international meetings dealing with North-South issues as platforms to attack Western economic policies--both governmental and corporate--and has not hesitated to assail Western corporations, even in technical meetings devoted to solving environmental, public health, and other international problems. It also has persistently condemned the role of multinational corporations in the Third World and pushed for central economic planning in every available United Nations or Group of 77 forum. Similarly, on the propaganda side, the Soviets have arranged seminars and symposia to criticize the actions of multinational firms, focusing particularly on US-based corporations and petroleum companies.

Moscow uses its aid programs to train military and civilian leaders or potential leaders of developing countries, hoping to influence them to adopt anti-Western policies. In its training of officials involved in industry, agriculture, or mining, the USSR encourages the nationalization of Western business holdings and the harassment of pro-Western businesses. Moscow presumably expects that many of the middle- and lower-level LDC personnel in the military, government, or media who receive Soviet training also will favor policies and express views detrimental to private entrepreneurship and Western investment.

The USSR also has made extensive use of surrogates in its relations with the LDCs. While East European aid (including arms deliveries and a host of military, technical, and economic services) to LDCs is not insignificant, by far the most active Soviet ally today is Cuba. "Of the 40,000 Cubans operating in Africa, 80 percent are officers and soldiers on active duty, mainly in Ethiopia (13,000) and Angola (19,000), whereas the great majority of East [Europeans] are civilians (admittedly including many police and intelligence experts)."[4] Cubans offer certain advantages to the host country that personnel from major powers do not. As an LDC and a member of the nonaligned movement, Cuba's presence can more easily be portrayed as brotherly aid, not great-power imperialism. Cubans are more tolerant of tropical conditions and apparently less concerned

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4 The Pattern of Soviet Conduct in the Third World, edited by Walter Laqueur, Praeger Publishers, New York, N.Y., 1983, page 13.

with perquisites than their Soviet counterparts. Culturally, economically, and sometimes linguistically, they are closer to the LDCs.

Impact of Soviet activities on Western Business

The extent to which the USSR affects the climate in the LDCs for US or other Western businesses is difficult to measure. In those instances where Moscow has chosen to support insurgencies or to intervene militarily, the impact on the investment climate has been quick and all-encompassing.

Overall trends in Soviet nonmilitary trade with the Third World, however, show very little displacement of Western firms by the USSR. Where such displacement has occurred it has been in countries in which Communists gained control (Cuba, Vietnam) or which relied very heavily on Bloc military support to stay in power (Angola, Ethiopia, and Nicaragua). Although a similar shift in the orientation of nonmilitary trade might have been expected in countries drawn to the USSR because of hostile neighbors (such as Syria against Israel and India against both China and Pakistan), this has not occurred to a significant extent.

As noted earlier, the Soviet share in the total nonmilitary trade of LDCs, and in the aid they receive, remains small. Only in the cases of a few countries has the Soviet share increased substantially. The rise in imports of Argentine agricultural products following the US grain embargo resulted in a rise of the Soviet share in total Argentine exports from less than 2 percent in 1970-72 to 16 percent in 1979-81. The increase from 1 percent to roughly 10 percent in the Soviet share of total Ethiopian trade, on the other hand, was due primarily to a sharp rise in Soviet oil exports and the resulting drop in the volume of OPEC deliveries to Ethiopia. Although the USSR's share in Angolan trade is small (probably less than 3 percent), the volume of this trade has grown rapidly since Angola gained its independence in 1975. Soviet trade with Nicaragua also has increased substantially in the past two years, but still accounts for only an estimated 3 percent of Nicaraguan trade.

Short of direct intervention, military assistance has been the most successful tool employed by the Soviets in gaining leverage in the Third World. The military sector often is the leading force in the LDCs and Moscow can implement full-scale military aid programs rapidly. According to Walter Laqueur,"Soviet arms shipments to the Third World have made recipients considerably dependent on the Soviets for advice, the supply of spare parts, and logistic support. . . the more sophisticated the arms system, the greater the dependence. . . Arms deals, as in the case of Egypt in 1955, have been the point of departure for many Soviet political initiatives in the Middle East. . . but it is also true that neither arms deals _per se_, nor the presence of Soviet military advisers, . . .have created a secure foundation for Soviet presence in the Third World."[5]

Moscow's programs for training LDC military and civilian personnel have achieved some of the political objectives that the

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[5] Walter Laqueur, editor, _op. cit._, p. 34.

Soviets desire. Although few of these students seem to have changed their political persuasion after four to five years residence in the USSR (some have become intensely anti-Communist) most are willing to maintain professional and business ties with the USSR. Only a handful of these Soviet-trained individuals, however, have attained cabinet level status (except in countries that have declared themselves Marxist), partly because they compete with better trained and more numerous professionals who were educated in the West. According to an Afghan official, personnel trained in the USSR are concentrated at lower levels of the bureaucracy because of their poor academic preparation.

Constraints Imposed by LDCs

Among the biggest obstacles to Moscow's attempts to discourage Western investment in the LDCs has been a well-deserved LDC distrust of Soviet intentions. In part, this distrust of Moscow is based on observation of Moscow's role in Afghanistan and Eastern Europe. In part, the distrust arises from LDC nationalism. In countries where the Soviets have become the principal foreign source of support, LDC governments have also used the USSR as a scapegoat for their economic and security problems. Sadat's expulsion of Soviet military advisers from Egypt, for example, was a politically popular move. Similarly, putting or keeping the Soviets at arms length can help an LDC improve its relations with politically moderate neighbors. Ugandan President Obote, for example, had good relations with the Soviets during his earlier term of office. But he has been cooler toward them since returning to power, in part because he needs to stay on good terms with moderate neighboring states Kenya, Sudan, and Zaire.

The success of Soviet opposition to Western business interests in the LDCs has also been constrained by the preference of many, and probably most, LDCs for Western-produced machinery and equipment. The LDCs simply prefer Western goods because of the deservedly poor reputation of Soviet manufactures and the poor service and repair record of Soviet export organizations. Developing countries with very limited foreign exchange reserves often choose Western rather than Soviet-bloc equipment, and turn to Moscow only when low Soviet prices and easy credit terms more than offset the low quality of Soviet products, or when LDC leaders want to diversify their suppliers and reduce their dependence on the West. Even LDC countries politically close to Moscow have found Soviet trade a poor substitute for economic relations with the West.

Constraints Imposed by the USSR

Moscow has also placed some limits on its opposition to Western business interests in the LDCs. However much Moscow may rail against the "subversive and imperialistic role" of Western investors in the Third World, Soviet leaders recognize that the USSR by itself cannot provide the capital that the LDCs want. Soviet leaders recognize as well that in Third World countries where Western capital has been pushed out--e.g., Cuba and Vietnam--the USSR has had to assume a heavy economic burden. Soviet reluctance to provide substitute aid has extended in some cases to encouraging LDCs to rely more on Western firms.

Table 1

Soviet Share in Exports and Imports of Selected Non-Communist LDCs[a]

(In Percent)

Country	Soviet Share of LDC Exports		Soviet Share of LDC Imports	
	1970-72	1979-81	1970-72	1979-81
Afghanistan	35.3	20.8[b]	29.1	25.1[b]
Algeria	5.5	1.1	3.7	0.9
Argentina	1.5	15.8	0.2	0.2
Bangladesh	4.7[c]	5.8	--	1.7
Brazil	1.4	1.7	0.1	0.1
Burma	1.4	1.1	2.6	0.1
Chile	0.3	--	0.2	--
Colombia	0.1	0.3	0.2	0.3
Costa Rica	1.6	0.1	--	0.1
Ecuador	0.7	0.2	--	0.2
Egypt	37.6	5.4	12.8	2.1
Ethiopia	1.4	8.4	1.0	12.6
Gambia	--	--	1.9	1.9
Ghana	6.4	7.2	3.5	NA
Guyana	2.3	1.1	0.4	--
India	14.0	6.0	8.0	7.4
Indonesia	1.1	0.3	0.7	0.2
Iraq	0.3	NA	10.1	NA
Kenya	0.3	0.4	0.3	0.1
Kuwait	--	--	1.1	0.2
Lebanon	1.3	2.1	2.4	0.7
Liberia	--	0.2	0.3	0.1
Libya	0.5	NA	11.3	0.4
Malaysia	3.1	2.3	0.2	0.2
Mali	1.4	1.0	6.2	--
Morocco	3.4	4.9	4.3	1.9
Nigeria	0.2	--	0.8	0.3
Pakistan	4.6	2.0	2.4	1.0
Peru	0.2	0.7	0.1	0.8
Phillipines	--	2.5	--	0.2
Rwanda	--	--	0.6	0.9
Saudi Arabia	--	--	0.7	0.2
Senegal	--	0.4	0.4	--
Singapore	2.3	1.1	0.4	0.1
Sri Lanka	4.1	2.9	2.0	0.4
Sudan	10.7	5.7	6.3	0.1
Syria	14.7	5.6	7.1	NA
Tanzania	0.4	2.2	0.3	0.1
Thailand	0.4	2.7	0.4	0.1

(Continued)

Country	Soviet Share of LDC Exports		Soviet Share of LDC Imports	
	1970-72	1979-81	1970-72	1979-81
Togo	8.8	0.2	2.3	0.8
Tunisia	2.6	0.1	1.2	0.7
Turkey	4.9	5.2	6.1	2.1
Uganda	0.4	--	1.7	--
U. Arab Emir.	--	--	0.8	0.1
Upper Volta	--	--	0.1	0.4
Uruguay	0.9	3.8	0.6	0.2
North Yemen	16.5	--	7.7	0.9
South Yemen	--	--	1.6	0.9
Zambia	--	0.6	--	0.1

[a] Calculated from reported trade flows given in Direction of Trade Statistics, published by the International Monetary Fund. Some important Soviet clients such as Angola, Nicaragua, and Mozambique do not report any trade with the USSR. Data exclude most, if not all, military related trade.

[b] Percentage shares are probably understated because the IMF extrapotates data when information is incomplete.

[c] 1972 only.

Table 2

USSR: Trade with Selected Non-Communist LDCs, 1982

(Million US $)

	Exports	Imports
Total[a]	13,764	9,115
India	1,435	2,034
Iraq	1,259	25[b]
Argentina	38	1,746
Brazil	248	573
Iran	797	260
Afghanistan	569	384
Libya	305	1,554
Syria	291	415
Egypt	302	417
Algeria	183	64
Morocco	188	81
Ethiopia	252	18
Angola	84	5
Nigeria	366	19
Pakistan	99	97
Ghana	1	51
Malaysia	22	324
Philippines	18	111
Thailand	12	183
Ivory Coast	1	96
Other[c]	7,294	658

[a] OECD definition of non-Communist LDCs, which includes: 1) all countries of Africa except the Republic of South Africa; 2) all countries of East Asia except Hong Kong and Japan; 3) all countries of Latin America except Cuba; and 4) all countries in the Middle East and South Asia, except Israel, Kampuchea, Laos, Vietnam, and Turkey.

[b] Imports from Iraq have fallen off sharply since the onset of the Iran-Iraq war in 1980 due to a cessation of oil deliveries. Imports peaked in 1978 at $603 million.

[c] Including trade unallocated by country, which in the case of Soviet exports includes sales of major weapons systems.

Source: Soviet foreign trade statistics.

Table 3

USSR: Exports to Non-Communist LDCs

(Million US $, f.o.b.)

	1970	1975	1976	1977	1978	1979	1980	1981	1982
Total	1,976	4,550	4,878	7,121	8,267	9,186	10,096	11,525	13,764
of which:									
Machinery and equipment[a]	626	1,098	1,185	1,361	1,708	1,955	2,036	2,071	2,430
Fuels	67	468	481	653	571	965	1,490	1,689	1,955
Petroleum and petroleum products	60	422	446	615	543	939	1,455	1,649	1,938
Ferrous metals	94	104	49	50	44	54	92	65	59
Chemicals	16	118	42	71	78	71	182	287	NA
Wood and wood products	59	162	153	169	139	143	239	237	199
Agricultural commodities	94	115	75	74	72	95	114	157	NA
Consumer goods	36	86	87	96	97	105	96	98	NA
Other[b]	984	2,399	2,806	4,647	5,558	5,798	5,847	6,921	8,700

a Includes some exports of military-related equipment (e.g., common-use durables such as trucks).

b The other category is believed to consist mainly of military shipments.

Source: Soviet foreign trade statistics.

Table 4

USSR: Imports from Non-Communist LDCs

(Million US $, f.o.b.)

	1970	1975	1976	1977	1978	1979	1980	1981	1982
Total	1,225	4,076	3,618	3,920	3,995	4,702	7,507	10,450	9,115
of which:									
Agricultural products	883	2,366	2,054	2,124	1,942	2,322	4,573	6,665	4,560
Petroleum and petroleum products	25	552	535	538[a]	749[a]	925[a]	831[a]	1,103[a]	1,781
Natural gas	22	253	234	260[b]	265[b]	178[b]	254[b]	269	287
Other raw materials	28	140	108	144	108	195	206	226	191
Manufactured goods	209	550	492	534	523	577	897	1,208	NA
of which:									
Textiles	113	332	299	349	314	343	488	590	NA
Machinery and equipment	3	26	27	32	62	65	65	121	213
Other	93	192	166	153	142	163	344	497	NA
Other commodities	58	215	195	320	408	505	746	979	NA

[a] Estimated from Soviet imports of unspecified category 2 (fuels, minerals, and metals) from Iraq, Libya, and Iran (in 1981-1982).

[b] Iranian natural gas exports were estimated from the difference between total reported Soviet imports from Iran and imports specified by type.

Source: Soviet foreign trade statistics.

Table 5

USSR: Economic Aid to LDCs, 1954-82

(Million US $)

	Extended	Deliveries
Total	23,336	11,105
1954-72	8,540	4,465
1973	735	500
1974	815	700
1975	1,955	500
1976	1,030	475
1977	435	550
1978	3,000	480
1979	3,345	575
1980	2,070	810
1981	520	850
1982	880	1,195

Source: US Government estimates.

Table 6

USSR: Economic Aid Extended to LDCs[a]

Recipient	1978	1979	1980	1981	1982	Total 1954-82
Total	3,002	3,347	2,071	522	883	23,336
North Africa	2,000	16	315	50	Negl.	3,299
Algeria	--	16	315	50	--	1,097
Mauritania	--	--	--	--	Negl.	8
Morocco	2,000	--	--	--	--	2,098
Tunisia	--	--	--	--	--	96
Sub-Saharan Africa	13	1,295	310	127	634	3,530
Angola	2	Negl.	--	--	400	438
Benin	--	--	--	4	--	10
Cameroon	--	--	--	--	--	8
Cape Verde	2	N.A.	--	Negl.	--	3
Central African Republic	--	--	--	--	--	3
Chad	--	--	--	--	--	5
Congo	--	--	Negl.	N.A.	--	46
Equatorial Guinea	--	--	--	--	2	3
Ethiopia	2	94	190	60	150	627
Gambia	--	--	--	--	--	Negl.
Ghana	--	--	--	1	10	106
Guinea	--	--	3	--	--	236
Guinea Bissau	--	--	--	Negl.	15	27
Kenya	--	--	--	--	--	49
Liberia	--	--	Negl.	--	--	Negl.
Madagascar	6	--	50	--	6	76
Mali	1	1	1	6	20	120
Mauritius	--	--	--	--	--	5
Mozambique	--	--	65	45	5	178
Niger	Negl.	--	--	--	--	2
Nigeria	--	1,200	--	--	--	1,207
Rwanda	--	--	--	--	--	1
Sao Tome and Principe	--	--	--	--	--	N.A.
Senegal	--	--	--	--	--	8
Sierra Leone	--	--	--	2	--	30
Somalia	--	--	--	--	--	164
Sudan	--	--	--	--	--	65
Tanzania	--	--	--	--	5	44
Uganda	--	--	--	--	--	24
Upper Volta	Negl.	--	--	--	--	6
Zambia	--	--	--	6	--	21
Other	--	--	--	--	20	20

(Continued)

Recipient	1978	1979	1980	1981	1982	Total 1954-82
East Asia	--	--	--	--	--	261
Burma	--	--	--	--	--	16
Indonesia	--	--	--	--	--	214
Kampuchea	--	--	--	--	--	25
Laos	--	--	--	--	--	6
Latin America	15	--	251	175	173	1,598
Argentina	8	--	--	--	--	227
Bolivia	--	--	--	--	--	100
Brazil	--	--	--	55	--	143
Chile	--	--	--	--	--	238
Colombia	--	--	--	--	--	216
Costa Rica	--	--	--	--	--	15
Ecuador	--	--	--	35	--	35
Grenada	--	--	1	1	10	12
Jamaica	--	N.A.	--	--	--	N.A.
Mexico	--	--	--	--	--	N.A.
Nicaragua	--	--	N.A.	84	163	246
Peru	--	--	250	--	--	276
Uruguay	8	--	--	--	--	60
Venezuela	--	--	--	--	--	N.A.
Middle East	749	1,600	--	55	--	7,927
Cyprus	--	--	--	--	--	14
Egypt	--	--	--	--	--	1,439
Greece	--	N.A.	--	--	--	8
Iran	--	--	--	--	--	1,164
Iraq	--	--	--	--	--	704
Jordan	--	--	--	--	--	31
North Yemen	38	--	--	55	--	197
South Yemen	90	--	--	--	--	204
Syria	--	--	--	--	--	768
Turkey	620	1,600	--	--	--	3,399
South Asia	225	436	1,195	116	75	6,719
Afghanistan	Negl.	435	395	27	75	2,196
Bangladesh	--	--	--	70	--	374
India	--	--	800	--	--	3,082
Nepal	--	Negl.	--	--	--	29
Pakistan	225	--	--	18	--	939
Sri Lanka	--	--	--	--	--	100

[a] Because of rounding, components may not add to totals shown.

Source: US Government estimates.

Table 7

USSR: Military Aid to LDCs, 1954-82

(Million US $)

	Agreements	Deliveries
Total	78,475	56,820
1954-72	10,290	8,130
1973	2,890	3,165
1974	5,735	2,225
1975	3,185	2,030
1976	6,115	3,110
1977	9,590	4,820
1978	2,520	5,910
1979	8,410	8,055
1980	14,235	7,000
1981	6,395	6,295
1982	9,120	6,075[a]

[a] Preliminary estimate.

Source: US Government estimates.

Table 8

USSR: Military Aid to LDCs, by Area[a]

(Million Tons)

	Agreements	Deliveries
Total	78,475	56,820
North Africa	20,150	12,265
Sub-Saharan Africa	7,475	5,465
East Asia	890	885
Europe	30	--
Latin America	1,535	1,185
Middle East	35,465	29,990
South Asia	12,935	7,030

[a] Because of rounding, components may not add to totals shown.

Source: US Government estimates.