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SUBJECT: The Sino-Soviet Economic Offensive Through June 30, 1962

ABSTRACT

The primary objective of the Sino-Soviet bloc is to enhance total communist power relative to that of the United States and its allies. The bloc's economic offensive is an integral part of a long-range policy designed to attain this objective. Offers of development credits and technical assistance, and proposals for expanded trade have been subtly combined with political, propaganda, and diplomatic stratagems in an effort to replace Western influence as a prelude to undermining the foundations of free government in the less-developed countries. Arms assistance has been playing an increasingly important role in the bloc's relations with the latter, in some instances providing the initial channel of penetration.

A major goal of the economic offensive is to convince the world of the bloc's growing power and prestige, as illustrated by Soviet achievements in missile development and space exploration and by Soviet industrial expansion. Economic diplomacy serves as a major instrument for acquiring influence in less-developed countries, often providing the bloc with a political entree into countries where its role has hitherto been limited. Economic agreements are, in the Kremlin's eyes, the opening wedge for establishing trade missions, negotiating cultural and scientific cooperation agreements, exchanging delegations, and training students.

Eight years after its inception, the bloc's economic offensive continues to exhibit signs of vitality, expanding in both scope and magnitude. Since 1954 the bloc has extended a total of \$7.2 billion in credits and grants to 29 less-developed countries. Countries in Africa and Latin America have become the focal points of major efforts to establish beachheads in Western spheres of influence. The problems of many less-developed countries in disposing of their principal export commodities in traditional markets at prices they consider satisfactory provide the bloc with opportunities to exploit trade relations as a tool of diplomacy. Total trade turnover of the bloc with the less-developed countries rose from \$860 million in 1954 to \$3.4 billion in 1960, an increase of 295 percent.

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The existing capabilities of the Soviet and satellite economies give the Kremlin sufficient economic and technological power to meet commitments under present aid and trade agreements. These commitments could be considerably expanded if the Soviet leadership should decide that political gains justify the diversion of resources from alternative uses within the bloc.

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## I. BLOC ECONOMIC POLICY TOWARD LESS-DEVELOPED COUNTRIES

Foreign economic policy as practiced by the nations of the Sino-Soviet Bloc is an instrument of overall foreign policy. As such it is determined mainly by political considerations and must therefore be viewed against the broader background of broad foreign policy, strategy and objectives and the attempt to enhance total communist power relative to that of the United States and its allies.

The peoples of Asia, Africa, and Latin America, as inhabitants of "have not" nations or colonial dependencies, have always been regarded by the Soviet leadership as potential allies of communist revolution. According to Lenin's theory of imperialism, the capitalist West has been able to delay its inevitable collapse by expanding the exploitation of its own working class to include the colonial and dependent peoples who also provide markets for its factories and raw materials and foods for its metropolitan centers. Consequently, the disintegration of the "colonial system", which is continually being reported in the Soviet press, is expected to aggravate the "general crisis of capitalism" and to weaken the industrial countries of the free world by causing them to lose their markets, their sources of raw materials, and the military bases which they have located in less developed free world countries.

### A. The Years Immediately Following World War II --- Armed Struggle

Some of the most radical changes in Soviet foreign policy since World War II have been concerned with the less-developed countries. In the early postwar period, and especially during the years 1948-50, Moscow encouraged the local communist parties in the less-developed countries to follow militant, hard-line tactics. The results ranged from armed struggle against the government in such countries as the Philippines, Malaya, and Burma to attempted coup d'etat in Indonesia.

These tactics were the logical outcome in Asia of the broader policies heralded by the founding of the Cominform in August 1947, when Moscow reaffirmed the basic Leninist thesis that the world was split into two "camps" -- communist and imperialist -- and posited implacable hostility and struggle between them. Militant tactics were probably also encouraged by the success achieved by the Chinese Communists in using such methods to come to power.

### B. Moderation of Militancy, 1950-53

Communist militant tactics had very obvious adverse repercussions from the Communist standpoint: tarnishing the image of peace-loving policy which the USSR sought to project, stimulating rearmament and greater political unity in the West, and forcing the USSR to run unexpected risks in Korea. Furthermore, severe defeats of indigenous communist parties, e.g., Indonesia, threatened to destroy their effectiveness for years to come if they continued their militant tactics. A moderation in militant tactics of

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local communist parties began to be discernible in the 1950-51 period. For its part, the USSR began to make some effort to court not only the "people" but also the leaders in developing countries through support of the "anti-colonialism" issue, exploitation of nationalist, anti-Western sentiment, and rather tentative offers of economic assistance.

### C. The Post-Stalin Policy of Cultivating Noncommunist Governments

After the death of Stalin in March 1953, Soviet policy toward the less-developed countries underwent a dramatic change away from the extreme of the 1948-50 period of armed struggle. This new policy, which began gradually (in 1953) and emerged fully in 1955, was crowned with the official stamp of approval at the 20th Congress of the Communist Party of the Soviet Union (CPSU) in February 1956. At that time the Soviets proclaimed, in seeming contradiction to the Cominform's "two-camps" theory, a "vast zone of peace" composed of "peace-loving states" of the Afro-Asian area and the countries of the communist bloc.

It became evident that the post-Stalin Soviet leaders saw the less-developed countries -- with their weak economic and political systems, strong nationalist and anti-colonialist sentiments, neutralist tendencies, and resentment at past and present domination by West European countries -- as very susceptible to expansion of Soviet influence at Western expense. It is probable that they viewed more realistically than did Stalin the poor prospects of the local communist parties for seizing power and calculated that the best way to advance the interest of international communism in many less-developed countries was to offer temporary, tactical support to noncommunist nationalists (i.e., the "national bourgeoisie") while at the same time building up the local communists, where possible, in preparation for a long-term test of strength.

The new Soviet approach consisted of efforts to court the noncommunist bourgeois governments in the less-developed countries by a combination of approaches in the political, economic, and cultural fields. Communist state efforts to establish good relations with the governments of the neutralist less-developed countries were usually accompanied by a slowing down of the militant, aggressive action in which the local communist parties had previously been engaged. In some instances, local communist party interests were neglected when it appeared that their support from Moscow conflicted with Soviet efforts to maintain good relations with the local government. The Soviets have also protested vigorously in some cases, over what they have interpreted as unfair treatment of local communist party leaders.

### D. Soviet Methods and Objectives

The immediate Soviet objectives in the underdeveloped countries have been, at a minimum, to get them to take a neutral stand in the East-West disputes, to get them to side with the Communist bloc in such disputes whenever possible and to aggravate their differences with Western or

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pro-Western countries. An equally immediate objective has been to increase Soviet influence and prestige, with a concomitant deterioration of the West's position, including its defense arrangements with certain less-developed nations. To that end, Moscow hopes to alienate these less-developed countries completely from the West and soften them up for their takeover by communist governments, which remains, of course, the ultimate objective of Soviet policy.

Moscow has pursued its immediate objectives through multipronged but integrated efforts. These have included: high-level contacts with the political leaders of the less-developed countries (e.g., Mikoyan's visit to West Africa), the red-carpet treatment extended to leaders and delegations from less-developed countries visiting Moscow; expansion of broadcasting and other information activities; the launching of intensive campaigns of cultural penetration which have included delegation exchanges on the popular level; offers of economic and technical aid to lessen these countries' dependence on the West; training of selected students; and liberal military aid programs, including shipments of modern arms and equipment, to satisfy their national aspirations and make them dependent on the bloc for military instruction and training.

The changes in Soviet foreign policy regarding specific less-developed countries and on issues affecting such areas have been paralleled by equally notable shifts in economic policy. In the years immediately following World War II, Soviet economic relations with the less-developed countries were confined to a relatively small amount of foreign trade. Modifications in Soviet foreign economic policy were foreshadowed about 1950, although the first moves were confined to propaganda gestures with little effort being made toward concrete implementation.

Probably the first specific Soviet aid offer was made in 1949 during a meeting of the Economic Commission for Asia and the Far East (ECAFE). It consisted of an offer to extend trade and technical assistance in Asia, and was followed by a Czech-Indian technical aid agreement. It is possible that these apparently exploratory initiatives were part of a complex of moves designed to minimize the adverse impact of the militant policy without changing it. In 1951, however, the new tack began to be followed more vigorously as Moscow renewed its expressions of willingness to undertake trade and technical assistance in ECAFE. In 1952 it followed up these offers at a large international economic conference in Moscow where it urged "international cooperation" for the achievement of rapid industrialization of less-developed areas and offered to provide the less-developed countries with technical assistance and complete factory installations. Perhaps, however, because of its vague terms, this offer was not followed up by any specific agreements.

The death of Stalin in 1953 gave a sharp impetus to these sporadic moves toward a new Soviet policy for the less-developed countries. In April 1953, the USSR signed a technical assistance agreement with Afghanistan. This was followed by an announcement that the USSR would henceforth contribute to the United Nations Technical Assistance

Program (UNETAP), although in practice Soviet contributions to this program continued to be small, nonconvertible and are still basically bilateral in character.

The principle of assisting late-developing countries was officially proclaimed in a Soviet-Yugoslav communique of June 1955 and in Khrushchev's speech to the 20th CPSU Congress in 1956. The principle, or at least the scale, of assistance to non-communist states would appear to have been one of the many subjects for high level debate within the USSR and to some extent between Moscow and Peiping. The underlying ideological issues involved in the decision to extend aid to non-Communist countries are complex and beyond the scope of this paper, but for practical purposes the dramatic expansion of assistance offers and agreements provides convincing evidence that the bloc countries will continue to use trade and assistance on a growing scale as a useful and effective tool of foreign policy.

## II. BLOC CAPABILITIES

Under Stalin the Soviet Union was prevented from developing an effective foreign aid program not only because of doctrinaire internal political policies which reflected an attitude of complete hostility to all noncommunist countries, but also by real limitations on its capacity to export capital goods or otherwise expand trade.

Today, however, nearly ten years after the end of the Stalin era, the rapid and continuing growth of the Soviet and the satellite economies has given Moscow sufficient economic and technological power to meet its commitments under present aid and trade agreements. In fact, commitments to provide aid could be greatly expanded if the Soviet leadership should decide that the political gains justify the diversion of resources from alternative uses within the bloc. From a purely economic point of view the USSR would probably gain by substantially increasing its trade with the free world. It continues, however, to be a known precept of Soviet policy to avoid dependence on free world markets either from fear of potential political implications or of what Soviet economists refer to as "capitalist crises and fluctuations."

Although the export of some types of industrial equipment, such as steel rolling mills, chemical equipment and generators, in greatly increased volume would create definite problems for the USSR, such limitations have not placed a serious brake on bloc aid efforts. Forward commitments allow such items to be integrated into future bloc economic planning, and in most cases the shopping lists of the less-developed countries are sufficiently varied to enable Soviet and satellite negotiators to select project or commodity commitments which are most compatible with their own current and planned availabilities. Areas of particular Soviet capability are illustrated by recent initiatives in the field of petroleum exploration and production, development of civil aviation, construction of hydroelectric facilities, offers to provide standardized machine tools and agreements to construct small or

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medium-sized, fully equipped manufacturing plants.

The forced industrialization of Eastern Europe has now put these bloc countries in a position to contribute heavily to Moscow's economic offensive, especially as far as foreign trade is concerned. The expanding need for imported food and raw materials in Eastern Europe provides these countries with a growing incentive to expand markets for industrial exports. In some cases they try to obtain entry into such markets through price cutting, favorable terms or barter deals involving payment in commodities which a less-developed country has been finding it hard to dispose of in the free world. Growing experience in implementing projects under agreements concluded in earlier years and better cooperation between the USSR and the satellites on new projects are adding to the bloc's ability to carry out a foreign aid program. Among the factors which are expected to further enhance bloc foreign aid and trade capabilities over the next several years are an acceleration in research on the less-developed countries, with a subsequent increase in highly trained bloc personnel who have a specialized knowledge of the language, politics, social structure and economic problems of the country to which they are assigned. Efforts to make CEMA (the bloc Council for Mutual Economic Assistance) more influential in coordinating bloc foreign economic policy may improve the effectiveness of Moscow's foreign aid program during the next years.

A growing body of trained technicians and professional personnel is also increasing bloc capabilities to provide technical services abroad. Such resources have permitted the assignment of large numbers of skilled personnel on short notice for service abroad, and this, together with the high degree of state control over individuals, has enhanced the bloc's reputation for being able to respond promptly to requests for assistance. Facilities are being greatly expanded for providing academic and technical training for civilians from less-developed countries, and special programs have been set up for military personnel from Africa, Asia, and Latin America.

Communist China is under severe strain to meet its own development goals and hence can afford to divert only limited resources to foreign aid programs. In the total production picture, however, the amounts so far involved are very small and the burden of exports under assistance programs has been minimized by providing mainly cheap consumer goods, fairly simple machinery or plants involving simple technology and various types of technical assistance. With regard to trade, Peiping's large high priority need for capital goods from the industrialized countries and its limited need for agricultural raw materials together with a shortage of foreign exchange tends to place limits on a major expansion of imports from less-developed countries. However, such purchases are timed and shifted among suppliers to increase their political impact. The quantity of cheap Chinese manufactured goods which could be made available for export is growing, but promotion of such sales abroad often meets resistance from local producers.

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A few types of producers' goods in demand in developing countries (e.g., construction steel, textile and paper manufacturing equipment) could be made available in small quantities, but such exports will probably go mainly into Chinese assistance projects in areas which Peiping wishes to impress with its progress and considers somewhat vulnerable to its influence.

### III. OBJECTIVES OF THE ECONOMIC OFFENSIVE

The economic offensive, coordinated with political, psychological, cultural, military, and subversive activities, is an integral part of a long-range policy designed to establish communist control in the countries receiving bloc aid. It in no way represents the abandonment of traditional communist goals, although it may involve, at least temporarily, supporting "national bourgeois" leaders and strengthening the noncommunist economic system in developing countries.

An attempt to explain this apparent paradox was made at a special conference of leading communist theoreticians held in East Berlin in May 1959. At this meeting the speakers criticized the earlier failure to appreciate the usefulness of the "national bourgeoisie" in the first, "anti-imperialist," phase of the revolution, which is concerned with breaking the political and economic ties binding the less-developed countries with the industrialized countries of the free world. It was stressed that in the second, "social," phase of revolution, conflict was likely to develop in the ranks of any nationalist-communist coalition.

Lest there be any confusion as to the final goal of all communist activity, a Soviet publication, Problems of Philosophy, in May 1958 had advised each communist party to support all "democratic" activity of the "national bourgeoisie" but "...at the same time /to/ carry on a struggle to widen its influence, to increase the role of the working class and to strengthen its ties with all the popular mass in order to lead the country in the path of the construction of socialism (i.e., communism)." The article went on to cite the success of the Indian and Indonesian Communists in this regard.

The communists usually describe their ultimate goal, however, in more circuitous language, and direct their tactics toward immediate objectives which facilitate but do not make obvious their constant drive to achieve power. For example, the programmatic statement adopted by the conference of world communist leaders in Moscow in November 1960 urged communists in the less-developed countries to work for "national democratic states." This new formulation envisages, in the less-developed countries, strongly anti-Western regimes, which would be headed by nationalist rather than communist leaders, but which would grant them influence in the government. Such regimes would pursue a communist-style domestic program of agrarian reform, the buildup of the state sector of the economy, and "democratic freedoms" for the "progressive" forces (i.e., communists and their sympathizers). In short, the formulation envisages a regime in which the communists

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do not hold outright power, but one which they strongly influence and one which is constantly moving in the direction they desire. The Castro regime in Cuba was originally hailed as an example of the "national democratic state" described in the November 1960 statement.

Foreign aid is not measured, in the Soviet calculus, on its own merits but only as it contributes to policy objectives in recipient countries as a part of a whole complex of official and unofficial bloc activities designed to increase total Soviet power. It is justified to the extent it helps create a more favorable environment and more opportunities to spread communist influence and conversely weaken that of the West. In the long run it is hoped that conditions will be created which will facilitate an assumption of power by communist and other "progressive" forces.

The economic offensive, however, promotes a number of more immediate Soviet objectives in preparing the groundwork for an eventual communist takeover. An important aim is to increase the prestige of the USSR through strengthening the desired image of Soviet good will and economic success. This involves painting the USSR as not only a sympathetic friend but as a country which was itself underdeveloped until recently and whose system thus provides an appropriate model for others to apply. This appeal ignores the major differences in resources and problems of most underdeveloped countries today as compared with those of the USSR when it launched its first five-year plan.

Where it provides alternative sources of assistance and markets, Moscow hopes to stir up dissension in existing economic relations and to weaken ties between the less developed countries and the West. By holding out the lure of trade and aid, it maneuvers to increase internal pressures in developing countries for closer relations with the bloc and policies inimical to Western business interests. By raising trade and credits to significant levels it hopes that as a minimum, it will move the recipients to a more neutral position in international relations and, if possible, to a position in support of the bloc in international disputes. Domestically, Moscow hopes that the respectability of local communist parties will be enhanced, and that the local environment will be made more favorable for the extension of its influence.

In the case of Communist China, which is subjecting its people to dire hardships to obtain resources for its own development, the political motivation of grants and credits is abundantly clear. Such offers are strongly influenced by Peiping's desire to gain recognition and prestige and by its conviction that it has a special opportunity and responsibility to further the cause of world communism in newly independent countries.

The European satellites have mixed incentives. In addition to supporting bloc political objectives, the penetration of foreign markets provides a means of obtaining imports of food and raw materials which are needed in increasing volume to meet planned production goals. In some cases the USSR has found it difficult or undesirable to supply the imports involved in the growing amounts needed in Eastern Europe.

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#### IV. NATURE OF THE OFFENSIVE

##### A. Extent of Aid

Since 1954 the bloc program of foreign assistance has been enlarged continuously both in size and geographical scope. At the present time it encompasses 29 independent nations in the free world. Initially modest in total annual amounts, economic credits and grants were extended at an average rate of about \$1 billion annually during the 1959-61 period. The rate thus far in 1962, however, has been somewhat lower than this.

By the end of June 1962, a total of \$7.2 billion in credits and grants had been extended by the bloc countries to 29 less-developed countries on four continents (see Table 1). Nearly \$2.4 billion of this amount is estimated to be credits for the purchase of Soviet bloc arms, extended mainly to Egypt, Syria, Indonesia, Cuba, and Afghanistan. Of the \$4.9 billion extended for economic purposes, 24 percent was extended in 1960 and 21 percent in 1961. Communist China has made grants totaling \$116 million to Cambodia, Ceylon, Nepal, Egypt, Yemen, and Guinea, but the USSR apparently has been reluctant to provide grants instead of credits except in special cases -- for example, Afghanistan and Nepal -- where it could not accomplish its purposes otherwise.

The USSR is providing about \$3.6 billion of the total economic credits and grants and is taking a commanding role in the aid program. On some major economic credits the Soviet Union appears to be acting as financier and prime contractor, utilizing the more industrialized satellites as sub-contractors. The European satellites have extended about \$920 million for economic aid in their own right; it is quite obvious that Moscow has underwritten some of their major arms deals. Communist China has also participated in the bloc's aid activities to the extent of \$410 million.

The USSR is concentrating on major lines of credit for general economic development. Thus, agreements involving \$100 million or more account for nearly 60 percent of all bloc economic assistance. These include: credits of \$500 million to Afghanistan; \$100 million to Argentina and Ethiopia; \$100 million to Cuba for the expansion of <sup>the</sup> nickel industry in addition to \$200 million for general economic development; three credits to India of \$135 million for a steel mill, \$125 million for industrial enterprises under India's Second Five-Year Plan and \$500 million under its Third Five-Year Plan; \$325 million to Egypt for the Aswan Dam in addition to \$175 million for industrial development; \$150 million to the Syrian Arab Republic; \$138 million to Iraq; and two credits to Indonesia of \$100 million and \$250 million respectively. The other bloc countries have tended to concentrate on smaller lines of credit or individual projects. Czechoslovakia and Poland, however, have provided India with substantial lines of credit.

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Table 1. SINO-SOVIET BLOC ECONOMIC CREDITS AND GRANTS EXTENDED TO  
LESS-DEVELOPED COUNTRIES OF THE FREE WORLD:<sup>a/</sup>  
January 1, 1954 - June 30, 1962  
(Millions of US dollars)

Area and Country	Total	Credits	Grants
<b>Total</b>	<u>4,904</u>	<u>4,748</u>	<u>156</u>
<u>Latin America</u>	<u>567</u>	<u>567</u>	<u>0</u>
Argentina	104	104	0
Bolivia	2	2	0
Brazil	4	4	0
Cuba	437	437	0
<u>Middle East</u>	<u>1,133</u>	<u>1,127</u>	<u>6</u>
Cyprus	1	1	0
Iran	6	6	0
Iraq	216	216	0
Syrian Arab Republic	178	178	0
Turkey	17	17	0
United Arab Republic (Egypt)	671 b/	666 b/	5
Yemen	44	43	1
<u>Africa</u>	<u>678</u>	<u>664</u>	<u>14</u>
Ethiopia	114	112	2
Ghana	200	200	0
Guinea	125	119	6
Mali	100	100	0
Morocco	5	5	0
Somali Republic	63	57	6
Sudan	25	25	0
Tunisia	46	46	0
<u>Asia</u>	<u>2,410</u>	<u>2,274</u>	<u>136</u>
Afghanistan	515 c/	515 c/	0
Burma	93	93	0
Cambodia	65	8	57
Ceylon	58	42	16
India	950	946	4
Indonesia	641	640	1
Nepal	55	0	55
Pakistan	33	30	3

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Table 1. SINO-SOVIET BLOC ECONOMIC CREDITS AND GRANTS EXTENDED TO  
 LESS-DEVELOPED COUNTRIES OF THE FREE WORLD <sup>a/</sup>  
 January 1, 1954 - June 30, 1962  
 (Millions of US Dollars)  
 (Continued)

Area and Country	Total	Credits	Grants
<u>Europe</u>	<u>116</u>	<u>116</u>	<u>0</u>
Iceland	5	5	0
Yugoslavia	111 <u>d/</u>	111 <u>d/</u>	0

- a. Not including military credits and grants.  
 b. Not including about \$12 million in credits that were extended in 1958 and 1960 and have expired.  
 c. Although some grant aid is included, a breakdown is not possible.  
 d. Not including about \$353 million in credits that were extended in 1956 and subsequently either canceled or allowed to expire.

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The geographic scope of the offensive has expanded significantly in the past year or so, notably in Africa. Although five countries, UAR, Indonesia, India, Afghanistan, and Cuba account for about two-thirds of all bloc aid commitments, the impact potential of even the smaller lines of credit is substantial when viewed in the context of the level of the recipient country's investment from domestic sources, recent aid received from free world sources, and general level of technology.

Although this campaign is worldwide in scope, it is apparent that the bloc directs its aid where it believes situations exist which lend themselves to exploitation for political, psychological, or even, in a broad sense, strategic gains. In a number of cases bloc aid overtures have coincided with a strain in the country's relations with the United States or one of its allies. Offers to Greece, Iran, Turkey, and Pakistan provide notable examples of Soviet attempts to use aid as a means of weakening Western defense pacts; but despite much pressure, US allies have accepted only very limited bloc credits. Among the neutralists, Soviet tactics include concentrated efforts in key countries whose regional influence is expected to expand.

#### B. Utilization

Drawings under bloc economic credits generally extend over a number of years. In the case of the recent Soviet credit of \$250 million to Indonesia, for example, the program will extend over seven years. As of mid-year 1962 about 72 percent of all bloc economic credits and grants to less developed free world countries had been earmarked for specific purchases or projects.

Economic assistance has been provided for a variety of purposes. Development projects account for the major portion of the assistance funds that has been obligated thus far. Nearly three-fifths has been obligated for manufacturing enterprises and nearly one-fourth for agriculture, energy, and mining industries. A large segment of bloc assistance is designated for multipurpose installations (such as the Aswan dam) which are intended to increase supplies of waters for irrigation purposes in the recipient country and at the same time expand its electrical generating capacity as well as improve its capability for flood control. The following table illustrates how bloc economic assistance to less-developed countries has been utilized.

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<u>End Use</u>	<u>Percent of Total Obligations</u>
<u>All Uses</u>	100
Manufacturing	57
Multipurpose projects and agriculture (including reclamation, irrigation, and hydroelectric power projects)	12
Transport and communications	12
Mineral Surveys and exploitation	11
Health, education, and municipal services	3
Commodity credits	3
Gold, foreign exchange, and funded trade deficits	2

The rate of utilization of bloc assistance has increased -- particularly during 1961 and 1962 -- as more and more projects have reached the construction stage. Work was begun on the Aswan Dam in the UAR; the Homs oil refinery in Syria was finished in 1959; the Bhilai steel mill in India was finished in 1961; and in 1962 the Gauhati oil refinery commenced operations in India. Although the Soviets are generally moving ahead with the implementation of their agreements, initial progress in some countries has been slow and efforts by the USSR to expedite programs have not produced any very new or effective formulas for eliminating administrative or technical delays on the part of recipient governments or local contractors participating in the projects. In a few cases progress has been slowed at times by technical disagreements between bloc and local engineers or by labor problems, e.g., at Aswan and in Syria. Progress on the Aswan project has been delayed by the inadequate Soviet drilling equipment and it has been slow on power installations in India.

Much of the drawing on bloc credits is still for surveys and initial planning; however, drawings on economic credits during 1961 are estimated at about \$285 million and were up to about \$225 million during the first half of 1962. About 25 percent of total extensions of economic credits had been utilized by mid 1962. Military assistance agreements have been implemented more rapidly than economic agreements; two-thirds or more of military aid commitments had been fulfilled by July 1962.

### C. Credits Rather Than Grants

Most Soviet and European satellite assistance is in the form of interest-bearing credits to finance specific projects. The Soviets probably wish to give the impression of making businesslike deals and may consider that interest-free loans or grants arouse suspicion as to "strings" in the recipient countries. The provision for repayment with interest, even if at a low rate, makes the assistance relatively low cost to the USSR. Grants

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are frequently made by China, but in limited amounts.

While Khrushchev has admitted that some of the major aid projects were not financially advantageous to the USSR, the public within the bloc is assured that Soviet foreign assistance is "mutually profitable" and that the only reason the West charges higher interest rates is to reap "capitalist profits." The general use of credits rather than grants also serves as a restraint on the volume of requests, enabling the USSR from the outset to limit the overall scope of its aid program, with minimum adverse political effects. Finally, and most important, the use of credits assures that throughout the repayment period the Soviets will be able to maintain close and continuing relations with the target countries. Annual negotiations regarding the form of repayments will give the bloc creditors opportunities either to court favor with debtor countries or to exert pressure as suits the bloc's interests at the time. While the recipients of bloc aid hope to repay in "surplus" products, the effect in practice may be to cut into their earnings of convertible exchange.

#### D. Interest Rates

One of the features of Soviet credits to less-developed countries which has attracted wide attention has been the low interest rates, typically 2.5 percent. A recent large-scale loan to Afghanistan, however, is interest free. There has been more variation in the terms of credit extended by the satellites. A number of these have carried considerably higher rates of interest and other provisions (i.e., substantial down payments) which were closer to prevailing commercial terms. The larger of the recent satellite credits, however, generally parallel those terms granted by the Soviets. Chinese interest rates tend to be lower than Soviet rates and in some instances the Chinese have not charged interest.

The interest rate on Soviet credits appears to be motivated by political rather than economic factors. Soviet theory and practice do not even recognize the use of interest charges internally on investment capital. If such charges were made, the chronically severe shortage of capital in the USSR in relation to planned investment would undoubtedly impose a considerably higher rate than is used in Soviet foreign credits.

#### E. Repayment Terms

Most of the major Soviet agreements provide for repayment in annual installments over a period of 12 years. However, the large loan extended to Afghanistan in 1961 provides for repayment over 50 years, the first payment not commencing until 25 years after the aid is used. Annual negotiations will take place to establish lists, prices, and quantities of goods to be delivered in repayment. It is not yet clear just what these provisions imply, but they could easily result in making the real cost of aid higher than it appeared originally. In any case, they leave a large

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area for later bargaining, which may become a source of future friction and possible pressure by the USSR if it should so choose. While the assumption generally is that local products will be used for repayment, most of the agreements allow the bloc creditor the option of demanding convertible currency.

The USSR usually has agreed to defer repayments until completion of its own projects or deliveries of equipment and services. For the recipients of such assistance this provision is attractive because it permits production to begin before repayments are due. This provision does not apply to interest, which accrues from the time the credit is drawn upon.

Terms of the European satellite credits resemble those of the USSR. Satellite credits, however, are more often of medium-term duration, calling for payments in 5 to 8 years and substantial initial payments. The repayment terms of Communist Chinese loans are more liberal than those extended by the Soviets, and Communist China is more inclined than the USSR to provide for the local currency costs of projects that it undertakes.

The USSR's readiness to accept particular commodities in repayment from a debtor country and the prices it offers will probably vary with political developments but will also be affected by its domestic supply situation. A few of the exports of the less-developed countries are of great importance to the Soviet economy (examples: Indonesian and Malayan rubber), and the USSR may well be willing to accept such goods, occasionally even at prices above the world market. Other products can be absorbed, but substantial additional imports of most primary commodities are of secondary importance to the Soviet economy from the planners' point of view (examples: sugar, rice, cocoa, tea, coffee, raisins, spices, cotton, wool, hides, etc.). Still others may not be easily absorbed in volume either because the Soviet economy lacks processing capacity or already has sufficient domestic supplies. Soviet programs to increase internal production of cotton, wheat, wool, and hides, for example, may limit, but do not exclude imports of these products from Egypt, Syria, Afghanistan, Argentina, and other countries.

#### F. Military Assistance

By the end of June 1962, bloc agreements to supply arms and military training to noncommunist countries provided for military aid of nearly \$2.4 billion. Egypt, Syria, Indonesia, Iraq, Cuba, and Afghanistan account for the bulk of the assistance; commitments to Yemen, Guinea, and Mali, which are much smaller, are still of major significance in relation to the size and requirements of the recipient country.

The timing of Soviet arms offers has almost invariably coincided with periods of tension between the target country and a neighboring country or a member of a Western alliance. In a number of instances

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the West refused to make the arms available out of a desire to avoid increased regional frictions. The bloc's desire to exploit such situations -- despite the professed dedication to peace continuously proclaimed in its propaganda statements -- explains the scope of its military agreements. Such factors affect prices and payment terms, which vary considerably among recipient countries. Technological and supply considerations appear also to exert an important influence. Thus, items no longer being delivered for use by bloc forces or in surplus have been sold at less than half price, while quotations on more modern equipment or items equally usable for civilian or military purposes (e.g., some types of trucks) may involve little or no discount. Payment terms are based mainly on the importance of the recipient country in the Soviet international political calculus and on the Kremlin's estimate of how much Soviet influence can be expanded by closer ties with the country's armed forces, which often play a key role in determining government policies far beyond the military sphere.

The types of equipment range from small arms to tanks, submarines, and jet aircraft, plus substantial amounts of spare parts and ammunition. Recently Soviet deliveries have tended to include more items of advanced technological design, such as TU-16 jet medium bombers, MIG-21 jet fighters and some tactical missiles.

The bloc does not require any commitment that its arms be used only for defensive purposes. Most of its military aid has been rendered under circumstances in which the arms have increased the threat of hostilities between countries. In some cases it appears that the arms have been intended to permit exports of military items by the recipient to political dissidents elsewhere.

#### G. Technical Assistance

Bloc technical assistance is generally provided in conjunction with developmental and military aid. Almost all such services are paid for by the recipient, and they are not provided under a special program such as that carried out by AID. About 12,000 bloc technicians spent a month or more on the job in 29 less-developed countries during the first half of 1962. This rise reflects a step-up in implementation of bloc agreements and the conclusion of new accords. Nearly 22,000 nationals from the less-developed countries have also gone to the bloc, notably the USSR, for academic study and military or technical training during the last five to six years.

About 9,600 bloc technicians were employed on economic projects during 1962 (see Table 2). The largest single group was engaged in planning or supervising the construction of a wide variety of industrial installations. Technicians engaged in prospecting for petroleum and other minerals or in making geographic or geological surveys accounted for the next largest total while the remaining were engaged primarily as laborers employed on roads, harbors, and power projects. About 2,500 bloc military specialists in 10 countries were engaged in assembling bloc equipment and training local forces.

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About one-half of all bloc nonmilitary technicians were in the Middle East. About 25 percent were in Africa, nearly 15 percent in Asia, and the remainder in Latin America. The Soviet Union's role in the dispatch of technicians has continued to increase, now accounting for approximately 70 percent of all bloc specialists. The European satellites and Communist China account for 20 and 10 percent, respectively, of the remainder. Those from Communist China are in Burma, Ceylon, Yemen, Guinea, Cambodia, Nepal, and Cuba. In the first half of 1962, India, Cuba, Afghanistan, the UAR, Guinea, Iraq, and Yemen -- were the principal hosts to the bloc economic technicians -- accounting for more than 75 percent of the total in the economic category.

By sending technicians to countries where skills are in very short supply and by providing training both in the bloc and in the countries concerned, the bloc has brought many key individuals and groups into contact with its arguments in support of its own methods and products. While bloc personnel in general have an acceptable level of technical skill and have pursued their assignments diligently, their performance in a number of cases has reflected narrower training and less advanced procedures than those commonly employed by their Western counterparts. Russians sent to work on petroleum refining in Iraq are a case in point. Typically, bloc personnel seem to be selected on the basis of their technical or professional skill and political reliability, and evidence of specialized knowledge of the recipient country or its language is so far fairly rare.

Bloc technicians as a whole appear to have been careful about overt proselytizing, and the bloc's widespread political propaganda and subversive activities seem to be mainly assigned to other personnel. Nevertheless, technical assistance provides valuable opportunities and means for ultimately influencing the nationals of the less-developed countries in directions favorable to communist objectives. With this in mind, the Soviets have made special efforts in some countries to place their personnel as advisors to influential officials or in key ministries and projects (e.g., planning, internal security, defense, communications, education, etc.). Such services are expected to yield significant political dividends to the bloc, especially where the recipient government is relatively new or short of experienced officials and technical personnel.

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Table 2. SINO-SOVIET BLOC ECONOMIC TECHNICIANS IN THE LESS-DEVELOPED COUNTRIES OF THE FREE WORLD a/

Area and Country	1960	1961	1962 (Jan.-June)
Total, All Countries	<u>6,510</u>	<u>8,500</u>	<u>9,620</u>
<u>Middle East</u>	<u>2,730</u>	<u>2,545</u>	<u>2,945</u>
Greece	5	0	0
Iran	60	75	20
Iraq	400	630	830
Syria	540	420	425
Turkey	70	50	55
UAR	1,065	730	960
Egypt			
Syria			
Yemen	1,130	640	655
<u>Africa</u>	<u>545</u>	<u>2,000</u>	<u>1,785</u>
Ethiopia	40	100	30
Ghana	120	250	255
Guinea	385	1,440	1,080
Mali	120	120	170
Morocco		10	5
Somali Republic		15	40
Sudan		15	25
Tunisia		45	170
<u>Asia</u>	<u>2,940</u>	<u>3,135</u>	<u>3,870</u>
Afghanistan	1,650	1,920	2,320
Burma	60	35	60
Cambodia	235	170	170
Ceylon	40	25	35
India	735	560	665
Indonesia	165	315	410
Nepal	50	75	130
Pakistan	5	35	80

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Table 2. SINO-SOVIET BLOC ECONOMIC TECHNICIANS IN THE LESS-DEVELOPED COUNTRIES OF THE FREE WORLD <sup>a/</sup> (continued)

Area and Country	1960	1961	1962 (Jan.-June)
<u>Latin America</u>	<u>290</u>	<u>820</u>	<u>1,015</u>
Argentina	55	50	45
Brazil	10	10	10
Chile	5	5	5
Cuba	220	750	950
Ecuador		5	5

a. Minimum estimates of personnel working on a contract basis for a period of one month or more. Personnel engaged solely in trade promotion or military activities are excluded. Numbers are rounded to the nearest five.

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#### H. Air Route Expansion

The expansion of air routes in the less-developed countries has been a major aim of the bloc in recent years. Regular air service from Moscow and Prague is regarded as a useful supplement to the operations of bloc economic assistance programs, the exchange of cultural and governmental delegations, and the establishment of a Soviet presence in countries where the Soviet Union had been virtually unknown. In negotiating agreements providing aircraft, equipment, and training, the USSR appeals to the strong nationalist ambitions of the developing countries and their desire to assert their newly acquired independence and sovereignty in the international arena. Economically profitable operations do not appear to be the paramount objective of bloc air agreements in various areas of the world, but rather economic penetration, political influence, and the promotion of Soviet prestige.

Since mid-1961 bloc civil aviation efforts in less developed countries have been considerably accelerated, notably in Africa. During the first six months of 1962, the USSR concluded air agreements with Guinea, Ghana, Mali, and Morocco, and initiated an accord with Sudan. In addition the USSR concluded an air agreement with Cuba, marking the first Soviet civil air penetration of Latin America, and Poland entered into an air agreement with Afghanistan.

Bloc air routes currently in operation to less-developed countries include Aeroflot and CSA regular scheduled flights from Moscow and Prague to Southeast Asia -- Rangoon, Phnom Penh, Djakarta via New Delhi and Bombay; Czech airline flights to North and West Africa -- Rabat, Dakar, Conakry and Bamako; and Aeroflot and CSA service to the Middle East -- Cairo and Baghdad. Czechoslovak Airlines also make regular flights to Havana. Aeroflot service to West Africa, to Khartoum in the Sudan, and to Havana via Guinea is expected to begin during the late summer of 1962.

#### I. Some Economic Disadvantages of Bloc Aid Programs

In addition to the political risks, there are serious economic disadvantages in Soviet aid for recipient countries as compared with Western aid. The less-developed countries cannot afford projects undertaken for their political appeal or quick impact, with their basic economic soundness either ignored or given secondary consideration. In practically all cases these countries furnish a substantial part of the initial outlay -- not to mention the repayment of credits -- from hard-pressed domestic sources. Inflationary pressures are a common problem. Balanced, self-sustaining growth can be delayed by poorly chosen projects, even if such projects are carried out with technical efficiency.

While the bloc can show large gains in output of manufactured goods, few observers would question the general superiority of Western industrial technology and capital goods over their bloc counterparts. Thus, what

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appears at first to be an advantageous purchase can turn out to be costly in the end. In utilizing Soviet credits for development purposes, the recipient is relatively confined in choosing the goods and services that will be supplied. A loan from a Western country, by contrast, permits the recipient to shop in a market composed of many competing private suppliers and to pick and choose from among a wide assortment of goods and services.

Bloc credits result in making important development projects dependent upon limited and sometimes un dependable bloc sources of supply. Countries accepting bloc equipment also make themselves dependent upon bloc support for replacement parts; and, aside from the potential leverage involved, the bloc does not have an enviable record for parts and servicing.

#### J. The Trade Drive

1. General Aims - Prior to 1954 the Soviet Union had shown little interest in developing trade with the less-developed countries. While the USSR, as a matter of policy, has always tried to maintain an overall balance in its imports and exports, the less-developed countries were viewed largely as suppliers of tropical products and as occasional sources of various types of raw materials not available within the Soviet orbit; for the most part the USSR paid for these purchases by proceeds from sales to the industrialized nations of the West.

Since 1954 trade offers -- both export and import -- have played a growing role in Soviet attempts to gain increased political influence in the less-developed countries, including diplomatic recognition of bloc governments.

The USSR has stepped up both the tempo and scope of its trade promotion drive, sending out a large number of trade missions, pressing for conclusion of trade agreements and barter deals, participating extensively in trade fairs and exhibitions, and developing local agencies for its products. Various other members of the bloc have engaged in similar efforts on a wide front. Although the foreign aid side of the economic offensive has received the most publicity in the free world, the Soviets' own statements have emphasized the trade aspect. A leading Soviet economist has stated, "The most important form of economic cooperation of the USSR with other powers, including the countries which are poorly developed in regard to economic relationships, is foreign trade...." The lure of vast new markets has been repeatedly held out to countries with surplus goods and balance of payments problems. In fact, total Soviet trade with non-bloc countries in 1960 was only about \$2.9 billion, a volume of trade comparable to that of Denmark. In the hands of a state monopoly, however, such trade has been timed and directed to give significant support for Soviet political designs.

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2. Value and Pattern of Trade - Total trade turnover of the bloc with less-developed countries increased from \$860 million in 1954 to \$3.4 billion in 1960, an increase of 295 percent (see Tables 3 and 4)\*. The great bulk of this trade is accounted for by the UAR, Iran, Yugoslavia, Cuba, Malaya, and Singapore, India, Indonesia, and Brazil. A notable feature of bloc trade with the less-developed areas has been the increasingly important role played by the USSR. Although the European satellites have consistently exchanged the largest volume of goods with these regions, Soviet trade has expanded most sharply. Thus, while trade between the less-developed countries and the European satellites increased from \$440 million in 1954 to \$1,479 million in 1961, trade with the Soviet Union itself increased from \$215 million in 1954 to \$1,376 million in 1961. Trade between the less-developed countries and Communist China increased from \$205 million to \$557 million between 1954 and 1961. To some extent these figures overstate the real growth of the trade since they are not adjusted for price increases and in some cases represent a switch from indirect trade circumventing strategic controls to direct trade. A few countries account for the bulk of the increase. By careful timing and adroit exploitation of distress situations communist propaganda has been able to make considerable impact from amounts of trade that are relatively small.

Although the bloc enjoys only a moderate share of the total trade of the less-developed countries, it occupies a much more important position in the trade of particular countries. In 1960 the bloc accounted for more than 20 percent of the total value of exports of Afghanistan, the UAR, Iceland, Yugoslavia, Greece, Cuba, Syria, Iran, and Guinea and for more than 15 percent of imports of Finland, Iceland, Yugoslavia, Egypt, Cuba, and Afghanistan.

3. Commodity Composition of Bloc Trade - Trade between the Soviet Union and the less-developed countries is characterized by the exchange of Soviet machinery and equipment, crude oil and oil products, and metal products for free world agricultural commodities and raw materials, particularly tropical products. Soviet imports of nine agricultural products -- natural rubber, raw cotton, wool, raw hides, coffee, cocoa beans, raw sugar, rice, and tea -- account for two-thirds to three-quarters of total Soviet imports from the less-developed countries. These, plus other agricultural products such as tobacco, jute, vegetables, fruits, etc., account for the great bulk of Soviet imports from the less-developed countries. Wool in the past has been imported in considerable volume, but in recent years these purchases have been declining.

Soviet exports of machinery and equipment generally represent about one-third of total Soviet exports to the less-developed countries. Variations from this average are considerable, ranging from no machinery among Soviet

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\* In Statistical Appendix.

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exports to Portugal and the Malay Federation to about 75 percent in the case of Turkey. In addition to machinery, the USSR exports other products utilized by the less-developed countries in their infant industrial sectors, including petroleum and petroleum products, rolled steel and other ferrous metal products, cement, chemicals, etc. While machinery and equipment exported by the Soviets are not obsolete, generally it is technologically less sophisticated than much of the capital wares exported by Western countries.

The pattern of trade of the European satellites with less-developed countries is also characterized by the export of machinery and manufactured goods in exchange for raw materials and agricultural products. Purchases in the less-developed countries enable the European satellites to fill many of the more notable gaps in crude material availabilities. Imports of these products have risen considerably during the past several years. At present, satellite (except for Albania) imports from the less-developed countries are rising under the stimulus of providing substitute supplies for those goods which Communist China is unable to deliver. On the other hand, Communist China's exports to the less-developed countries, which have not declined during the current period of distress on the mainland, still include some food products. Imports from less-developed countries provide China with supplementary food and material supplies, as well as most of its rubber supply. It is noteworthy that exports of manufactured goods rose from about 11 percent in 1953 to 41 percent in 1960. These manufactured goods consisted of cotton textiles, light industrial products, cement, chemicals, and steel products.

4. Trade Agreements - The bloc's offensive has been spearheaded by a campaign to expand its network of bilateral trade agreements with less-developed countries. By mid-1961, the bloc had signed 222 such agreements with 35 different countries. (See Tables 5 and 6.)\* These agreements establish the official framework and conditions for the conduct of trade. They usually express the willingness of both parties to engage in trade, establish the types of commodities to be exchanged, sometimes set target quotas for these items, and arrange for the method of payment. The predominant portion of Soviet trade is with countries with which the Soviet Union had trade or payments agreements, or both.

It is difficult to make an over-all judgment on performance under bloc trade agreements. About half of the agreements with the less-developed countries do not provide specific targets for volume. In most of the cases where trade targets have been stated, actual levels of trade have fallen short of the specified amounts, indicating that the latter may have been set for propaganda impact. Nevertheless, the agreements are important as an indication of intentions and for purposes of propaganda, and they have generally been

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\* In Statistical Appendix.

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followed by some increases in trade.

5. Character of Bloc Trade - Foreign trade is a state monopoly in bloc countries and can thus be manipulated at any time to suit the purposes of the government. The problems of many less-developed countries in disposing of their principal export commodities in traditional markets at prices they consider satisfactory provide the bloc with opportunities to exploit trade relations as a tool of diplomacy. The bloc thus has taken advantage of Burma's temporary rice surplus, Egypt's cotton disposal problem, Uruguay's problems in selling its wool, and Iceland's difficulty in marketing its fish to expand its relations with these countries. Threats to reduce or cut off trade have also been used to exert political pressure on Yugoslavia, Finland, and Iran.

While bloc offers are often tempting to countries faced with temporary marketing difficulties for their basic export products, and while bloc countries have stepped in on a number of occasions to make significant bilateral deals, this type of trade has drawbacks which may only become apparent to the less-developed country when it tries to obtain return goods. Trade balances built up in one bloc country are seldom usable elsewhere -- even in the bloc -- and under virtually all bloc barter deals the less-developed country loses the valuable independence of choice of imports of goods and services necessary to economic development, which only multi-lateral trade with free-market countries affords. By sharply narrowing the area of choice, it often forces them to obtain commodities inferior to those which could be purchased for a similar price elsewhere.

Furthermore, the expected improvement in the terms of trade may be illusory. With some notable exceptions explainable in political terms, bloc traders drive hard bargains, sometimes engage in devious trade tactics, and reportedly often discriminate among purchasers or suppliers. In some cases prices for bloc goods have been higher than for those of traditional suppliers. For example, in Burma, a top-level official publicly stated that the barter deal with the USSR ultimately resulted in a 10 to 20 percent price disadvantage to his country. When the price of rice rose on the free market, Burma sought and finally obtained from the USSR a waiver of its commitments, and as a result Burmese-Soviet trade fell off in 1956 and 1957. Uruguay reportedly accepted Polish coal at a considerably higher price than that of the world market in order to use its clearing balance with that country. Over a wide range of products, imports from the bloc have proven to be inferior in quality and to represent less modern design and technology than their counterparts offered by free world suppliers. In the event of dissatisfaction on a trade deal, the USSR has ordinarily refused to accept the jurisdiction of arbitration tribunals other than its own. Western experience with this state-control arbitration process has not led to confidence in its impartiality.

The USSR's willingness to provide types of goods in short supply internally has been confined mainly to cases in which political considerations

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were paramount. Thus, some of the less-developed countries have found themselves with substantial export balances because the Soviets were unwilling or unable to provide the types and qualities of goods which they required. Some of these balances (e.g., in Argentina) persisted for years and have in effect constituted credits from the less-developed countries to the bloc.

Politically inspired bloc purchases at prices higher than those prevailing on the world market result in the diversion of trade and in time lead to the gradual drying up of traditional market outlets. This has occurred to some extent in the case of Egyptian cotton. While the bloc could absorb considerable quantities of imported food and raw materials if it wished, large-scale purchases frequently present the bloc with at least short-run problems of processing and storage capacity, and some countries have complained that their products were re-exported by the bloc at cut-rate prices. Most important, while the Soviet economy is sometimes described as complementary to those of non-industrialized countries, there is no convincing evidence that the USSR plans to change its basic trade policies. Thus, it will probably not provide large new markets for underdeveloped countries in general but will continue to increase its trade -- in terms of commodities and countries -- on a highly selective basis. Moreover, there is little reason to believe claims that markets will be "stable." One of the outstanding features of such trade to date has been its sporadic nature, in some cases reflecting internal economic developments in the bloc but in other instances clearly indicating political pressure on a trade partner.

## V. BLOC CREDITS AND GRANTS TO SOME SPECIFIC LESS-DEVELOPED COUNTRIES

### A. Asia

Afghanistan - Afghanistan is a major recipient of economic aid from the bloc. Credits and grants received from the bloc since 1954 amount to \$514 million. The USSR has been the principal bloc creditor and has offered unusually liberal terms to Afghanistan. The first large loan (\$100 million) carries an interest rate of 2 percent and is to be repaid over a 22-year period. More recent loans provide for payment up to 50 years, with grace periods up to 25 years. Afghanistan is the only country which has received a substantial grant from the USSR. It also is the recipient of a substantial amount of local currency aid, not generally available from the USSR.

Small credits extended in 1954 have been used for the construction of two wheat elevators, a flour mill and a bakery, and for the paving of streets in Kabul. A \$100 million credit, extended by the USSR in 1956, has been earmarked for a number of projects. Machinery for a metals workshop complex has been delivered and installed. Work is either

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finished or well toward completion on transportation projects, such as the Salang Pass road and the Bagram and Kabul airfields. Considerable progress has been made on the Darunta irrigation and hydroelectric project and on the Naghlu dam and hydroelectric plant.

The large grant of \$80 million was provided by the USSR in 1959 after Afghanistan determined that it was financially unable to assume additional foreign debts. The grant provides for Soviet assistance in building a 470-mile road from Kandahar to the Kushka railhead on the Soviet-Afghan border. Construction is underway on this road. Soviet projects covered by other credits or grants include port work at Qizil Qala (completed), oil exploration (half finished), and POL storage facilities (completed). Some wheat also has been given to Afghanistan. The most recent credits of more than \$200 million are for use during the Second Five-Year Plan. Petroleum exploitation and power development account for the major part of these credits.

Czechoslovakia also has provided a small amount of economic aid to Afghanistan. A \$5 million medium-term credit provides funds for two cement plants (completed) and a fruit cannery (completed).

India - India has received more economic aid from the bloc than any other country in the free world. All but a minor portion of the \$950 million that India has been extended by the bloc has been in the form of credits, primarily large extensions from the USSR. The first Soviet credit was extended in 1955, for \$116 million, to cover the foreign exchange cost of the Bhilai steel mill. Since then additional large lines of credit were extended in 1956 (\$126 million), in 1959 (\$375 million), and in 1960 (\$125 million). Other, smaller credits for specific purposes also were extended by the USSR during the 1955-60 period. Some of the European satellites, most notably Czechoslovakia, also have extended smaller credits, ranging in size to as large as \$49 million obtained from Czechoslovakia in 1959.

Terms for both Soviet and satellite credits call for repayment over 12 years. Early credit extensions specified that repayment would begin one year following the drawing of any part of the overall credit. Agreements since 1959, however, have stipulated that repayment would not begin until one year after project completion. Interest rates are generally 2.5 percent.

The Bhilai steel mill is the major Soviet bloc project that has thus far been finished. An agreement has been negotiated to expand the capacity of the mill. Several smaller projects, a petroleum refinery, three sugar refineries, and a cement plant, for example, also have been completed. A number of projects are under construction; substantial progress has been made, for example, on the large hydroelectric installation in Neyveli. The large projects, promised for construction during

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the period of India's Third Five-Year Plan, however, generally have not been carried beyond the survey and planning stage. Many of the bloc projects, such as the expansion of the mill at Bhilai, a heavy machinery plant at Ranchi, a mining equipment plant at Durgapur will play a key role in fulfilling the construction goals of the plan period. Important also is the Soviet bloc assistance promised for petroleum and gas exploration and development.

Indonesia - The bloc has continued to extend new economic credits to Indonesia, which at the end of 1961 had received a total of \$641 million in bloc credits and grants. While recent assistance has been in the form of relatively small credits, primarily from the satellites and China, large credits of \$100 million (1956) and \$250 million (1960) have been extended by the USSR. The larger credits follow the 12-year repayment at the 2.5 percent pattern; the smaller credits -- which account for about 45 percent of all bloc credits to Indonesia -- generally are on less favorable terms.

The \$100 million Soviet credit -- not ratified by the Indonesian Parliament until 1958 -- has been committed in large part for road construction and a steel mill, both of which are underway. Some of this credit was used to purchase cargo and tanker ships from the USSR, as well as roadbuilding and construction equipment. The \$250 million credit has been only partially obligated; the commitments include hydroelectric and aluminum reduction facilities, an integrated iron and steel mill, and several small chemical, textile, and metal-working plants. Nuclear reactors also have been promised, one for Djakarta, under this credit. A large hospital as well as the stadium for the Asian games also are Soviet projects, the former as a grant.

The European satellites have been active in Indonesia. Poland has provided credits for ship deliveries and for shipyard construction, more recently for a cement plant, a smelter, and railroad cars. Czechoslovakia has extended credits for construction of a tire factory in Djakarta, a cement plant in South Celebes, irrigation projects in Java, and for agricultural modernization in Sumatra and Borneo, and the purchase of diesel generators. East Germany has built a sugar refinery in Jogjakarta, encountering more than the usual number of difficulties. Hungary agreed during 1961 to erect several small light industrial factories under a \$22 million credit. Rumania has provided petroleum development assistance.

Communist China has not supplied project assistance to Indonesia, but it has furnished an \$11 million credit for textiles and rice deliveries and agreed in 1956 to fund an earlier trade deficit of \$16 million. Moreover, China is now committed to furnish textile plants under an agreement negotiated during 1961.

Enormous amounts of military goods have been supplied by the bloc to Indonesia. Ground, air, and naval equipment has been delivered and training

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has been furnished under credits extended by the USSR and the European satellites. Much of the equipment, moreover, has been priced with substantial discount allowances.

Burma - Burma has received about \$91 million in extensions of economic assistance from the bloc. Most of this sum, \$84 million, has been obtained as a loan from Communist China during the past year. This loan is interest-free, to be repaid over a 10-year period beginning in 1971. Other bloc assistance consists of a technological institute, a hotel, and a hospital, valued in total at about \$12 million and provided by the USSR.

All three of the Soviet projects in Burma have been completed. Specific project commitments under the Communist China credit were not negotiated before December 1961, consequently none of the installations have yet been started. Scheduled for construction are such things as several cement plants, a sugar mill, a tire factory, a bridge over the Salween river, several small hydroelectric plants, and a 265-mile highway. It appears probable that the total cost of this list of projects will be greater than the credit from China.

Cambodia - Bloc economic assistance to Cambodia now totals about \$65 million. About \$49 million has been received from Communist China as grants extended in 1956 and in 1960. Other assistance consists of small grants from European bloc countries, the largest of which is a Soviet-built hospital valued at \$6 million, and of a Czech credit estimated at about \$14 million.

Aid from Communist China was used in the construction of a textile plant, a paper mill, and a plywood factory and is currently being used on a cement plant, and various agricultural or public works projects. Additional Chinese assistance has been committed for the expansion of the factories already finished or under construction, as well as for the construction of a steel mill and a farm implement works. Technical studies for this assistance are now under way.

Contracts for the specific use of the Czechoslovak credit have not yet been announced. It appears, however, that the credit, when it is used, probably will be drawn upon for financing a palm sugar refinery, a tire factory, and a tractor assembly plant. Czechoslovakia has already delivered as grant aid two generators to Cambodia.

#### Other Asian Countries

Ceylon has accepted \$58 million in credits and grants from bloc countries, all of which was obtained during 1957-58. USSR credits amount to \$30 million, Czechoslovak credits less than \$2 million, and Communist China credits about \$11 million. Communist China also extended a grant

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of \$16 million. Some of the smaller bloc projects, a sugar refinery and a bus workshop, for example, have been completed, but the remaining projects, including hydroelectric installations, a rolling mill, a grain elevator, and agricultural facilities, have not advanced beyond the survey stage. A number of construction contracts, however, were negotiated during 1961.

Nepal has accepted about \$54 million in bloc economic assistance, all in the form of grants. Communist China has provided about \$44 million and the USSR the remainder. About \$5 million of the grants from China have been available in foreign exchange, which has been used, and the remainder has been assigned for roadbuilding and, to a lesser extent, such projects as a paper mill, a cement plant, and power facilities. While construction contracts were signed during 1961 under the grants from China, one of which dates back to 1956, work has not yet begun. Construction of the Soviet hospital and the road survey, however, are both under way.

Pakistan accepted a \$30 million credit from the USSR during 1961. The entire sum is to be used for oil exploration -- which has already begun -- in Pakistan.

#### B. Middle East

The UAR (Egypt) - The UAR has accepted about \$673 million in economic credits and grants from the bloc, as well as a substantial amount of military aid. The USSR was committed to extensive economic aid to Egypt beginning in January 1958 with the signing of an agreement for a \$175 million Soviet line of credit. Annex I of the agreement covers 40 specific projects agreed upon by Soviet and Egyptian authorities. These include geological research and mining, petroleum research and refinery operations, equipment for metallurgical and engineering industries, three textile plants, and other manufacturing enterprises. Annex II lists 25 other projects as potential areas of cooperation.

Implementation of the large Soviet economic aid agreement of January 1958 has proceeded slowly, but a number of construction contracts have been signed.

In October 1958, the USSR agreed to provide Egypt a credit of \$100 million for the construction of the first stage of the Aswan High Dam. The \$100 million Soviet credit is expected to cover the cost of machinery and equipment as well as a portion of the expenses of Soviet experts working on the dam; it is Egypt's responsibility to finance the local costs of the first stage of construction which may run as high as \$200 million over the next four or five years. Construction was formally inaugurated in 1960. Also in 1960, it was announced that the UAR had reached a preliminary agreement with the USSR to finance the latter stages of the Aswan High Dam project by means of an additional \$225 million credit.

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The UAR is to repay the Aswan Dam credits in 12 annual installments beginning the year after work has been completed. Interest at 2.5 percent per annum will accrue from the time each part of the credit is drawn upon.

Work on the first stage of the Aswan Dam appears reasonably on schedule, considering engineering difficulties encountered. It was necessary, however, for the USSR to send to Egypt in late 1961 a high official in its foreign assistance organization in order to iron out some of the more difficult troubles that had arisen. While final second stage plans have not yet been presented to UAR officials for approval, the Soviets have announced that construction of the necessary machinery and equipment is under way.

In August 1958 East Germany provided the UAR with a credit of \$21.5 million for 20 industrial projects in Egypt. Other East German projects in the Egyptian region involve two additional credits, totaling \$6.2 million, extended in 1955 and 1956 for electrification projects in the Nile delta. A series of Czech-Egyptian economic agreements concluded over a five-year period have provided some \$34 million in credits for the construction of sugar refineries, a ceramics factory, cement plant, and bicycle factory, and for the purchase of machinery and equipment for municipal and rural projects. Hungary extended a credit of \$5.7 million for a power plant at Al Tabbin in 1955 as well as the \$14.4 million credit, noted above, which was extended in late 1960.

Syria - The sudden departure of Syria from the union with Egypt apparently has not prevented the bloc from going ahead on its aid commitments. All of the bloc assistance committed to the Syrian area had been extended prior to the union with Egypt. Total bloc commitments to Syria amount to \$178 million.

Proposed projects under the \$150 million Soviet credit opened in 1957 include river development programs and related irrigation schemes, geophysical surveys, electrification programs, and the construction of a railway, electric power plants, and a fertilizer plant. Implementation of this agreement has moved slowly. Only a small sum has been drawn, and this primarily for geological surveys. A number of contracts have been let, and several technical studies have begun. Three major contracts (valued at about \$71 million) awarded to the Soviet Union relate to construction of an ammonium nitrate fertilizer plant at Homs, oil and phosphate prospecting in north Syria, and construction of the Qamishli-Latakia-Aleppo Railway. A major undertaking that the USSR was expected to assume in the Euphrates river basin, however, has been assigned to free world interests.

Between 1955 and 1957 the Syrian region also received credits totaling \$3.7 million from Bulgaria for the construction of a grain elevator, military barracks, and an airfield; nearly \$20 million from the Czechs for the construction of cement plants, sugar refineries, a china factory, and a petroleum refinery at Homs; and nearly \$3 million from East Germany for textile

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mills, a cement plant, a shoe factory, and a hospital. All of these projects have been completed.

Yemen - Yemen has received about \$44 million in credits from the bloc since 1956 to carry out various economic development projects. The USSR in mid-1956 provided Yemen a credit of \$25 million to be utilized over a five-year period and to be repaid over 15 years at 2.5 percent interest. Part of this credit was earmarked for port construction work at Hodeida, now finished. Some \$5 million of the \$25 million credit has been obligated for projects related to the development of agriculture, particularly irrigation works and cotton cultivation projects on the coastal plain near Hudaydah. In 1959 the USSR completed construction of an airport north of San'a and delivered a 10,000-ton gift shipment of wheat for famine relief in that year.

Communist China in January 1958 extended a \$16.3 million interest-free credit for the construction of a road from Hodeida to San'a, and for the construction and equipment of a textile mill. Repayment of this credit is to be made in 10 annual installments beginning one month after completion of the projects. The construction of the road has been accomplished despite difficulties in obtaining some materials and friction between the Yemenis and Chinese personnel, the latter numbering, at times, 800 or more workers and technicians. Work on the textile mill has not begun.

Some technical assistance has been provided Yemen by bloc personnel. A geological survey of mineral resources was carried out by Soviet technicians in 1958, while a few specialists from the European satellites have been employed in Yemen on highway, communications, and light industry projects. The USSR, Czechoslovakia, and East Germany have also sent medical personnel to Yemen in small numbers.

Iraq - The Qasim government in Iraq has accepted about \$216 million in economic credits from the bloc since it seized power in 1958. Military forces in Iraq have been receiving substantial quantities of Soviet bloc materiel, largely under credits.

The USSR has been the principal bloc creditor, extending for economic assistance about \$138 million in 1959 and \$45 million in 1960. Czechoslovakia has extended an economic credit of about \$34 million. The Soviet credit of 1959 envisaged its use for a steel mill, a fertilizer plant, a pharmaceutical plant, an agricultural machinery plant, a glass factory, railway expansion, three textile mills, a shipyard, three telephone exchanges, a geological survey, and river development projects. Separate project agreements were to be negotiated for each project.

The 1960 credit of \$45 million from the USSR was for major rehabilitation of the Basra-Baghdad Railway. The \$33.6 million credit from Czechoslovakia covered technical studies on oil refining, a petrochemical industry, and power generation.

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Difficulties in carrying out bloc-aided projects appear to be reflected in mutual charges of procrastination and failure to cooperate, and in Iraqi criticism of the bloc's failure to deliver goods on schedule and lack of quality control. In general, projects have not progressed beyond various stages of planning and surveys. Exceptions include bloc activity on experimental farms, a broadcasting station, and a telephone exchange, and the oil exploration program in the area near Khanuqin. Laying of track on the Baghdad-Basra railroad has begun. A food-processing plant and a tractor station are nearly completed. Construction of a garment factory and a drugs plant has gotten underway. Specific contracts for many of the other bloc projects have been signed.

#### Other Middle Eastern Countries

Turkey has accepted about \$17 million in credits from Soviet bloc countries. A \$5 million Czech credit was extended in 1955 for the purchase of 150 railway cars. During 1956 and 1957 Turkey contracted with Czech firms for a textile plant and equipment for a diesel engine factory financed under two credits which together totaled about \$1.4 million. These plants are now completed as are a power plant and a vegetable oil factory financed under two 1956 agreements with Hungary for credits totaling \$1.1 million.

Soviet credits to Turkey, first extended in July 1957, totaled nearly \$10 million. Additional and substantial Soviet offers of aid have not been accepted. Soviet aid was extended for textile machinery, a flat-glass manufacturing plant, and for the purchase of road construction equipment. The flat-glass factory is nearing completion and the textile plant has been finished.

Iran has received only \$6 million in credits from the bloc, all from Poland and intended for use in the construction of two privately owned sugar refineries. Both have been completed. Soviet offers of aid, generous in amount but demanding in political concessions, have been rejected by the Shah's government on several occasions.

Although Cyprus has received no long-term credits or grants from the bloc, it recently concluded an agreement with Poland for the improvement of the Port of Famagusta. Cost of the project will be \$3.4 million, with 40 percent of this sum carried on a two-year Polish credit.

#### C. Latin America

Cuba - Castro's government has been extended \$457 million in long-term credits by the bloc. USSR commitments amount to \$300 million, Communist China commitments are \$60 million, and the European satellites \$97 million. All of these credits have been extended since February 1960 and all are for use during the 1961-65 plan period of Cuba.

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According to Cuban claims, 204 factories or other installations are to be built with bloc assistance. The USSR is to have ready for operation by 1964 or 1965 a steel mill, a nickel plant, and an oil refinery. Among the plants promised by the European satellites are factories for the production of textiles, metal products, refrigerators, pencils and kitchen-ware, and several power plants. Communist China is to assist in establishing farm stations as well as other unspecified projects. While several surveys and other exploratory studies by bloc specialists have been completed and many of the bloc projects are under way, only a few small projects have been finished.

Bloc assistance has been instrumental in other ways, however, in providing assistance for the Cuban economy. Many of the 950 or more bloc technical personnel have been employed in existing factories and plants, filling part of the gap created by the departures of the supervisory, technical, and administrative personnel who had been running these establishments. Moreover, by paying premium prices for its sugar (4 cents per pound as compared with the present world market price of less than 2.5 cents) the bloc is in effect providing a grant to Cuba. These purchases amounted to about 4.5 million tons during 1961.

Brazil - While Brazil has entered a number of short-or medium-term contracts with bloc countries, involving substantial sums of money, long-term credits amount to less than \$4 million. The long-term credits were for a Polish sale of ships to a private firm and a Czech sale of equipment for a cement plant. The most significant short-and medium-term credit transactions involved sales of 14 Polish freighters, of Czechoslovak hydroelectric equipment worth \$7 million, and of East German automotive machinery valued at \$5 million.

A number of bilateral trade agreements with bloc countries were negotiated during the spring of 1961. These agreements appeared to open the way for Brazil to purchase capital equipment on credits, the terms for which are ambiguous and may, but probably do not, involve long-term financing. All of these agreements were negotiated by the Quadros government and those requiring legislative approval have not been ratified by the Brazilian legislature. Consequently, their status is unclear. A Soviet offer to construct a pilot plant for the extraction of gas from extensive oil shale deposits in Brazil, also, is an unsettled matter, as is a Soviet proposal for extensive projects in the restive northeastern area of Brazil.

Argentina - Extensions of bloc credits to Argentina amount to \$104 million. A Soviet credit of \$100 million was obtained in 1958, to be used for the purchase of petroleum equipment. Supplies valued at about \$32 million have been delivered. An agreement has been reached permitting the remainder of the credit to be drawn upon also for other types of equipment and machinery. A small delivery of roadbuilding machinery has been made. The

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other small bloc credits came from Czechoslovakia for use in installing a coal-washing plant and in constructing a cement plant, both of which have been finished.

D. Africa

Guinea - Guinea has been a major target of the bloc in Africa and has now accepted credits and grants totaling \$125 million. The Czechs spearheaded the drive in 1959 with a \$10 million long-term economic credit and several grants for highway equipment, a radio station, and arms. During 1960, the Hungarians, Poles, and East Germans provided Guinea with credits totaling \$12.4 million. Communist China first entered the picture in mid-1959 with a donation of 5,000 tons of rice, followed by a second gift of 10,000 tons in mid-1960.

In 1959 Guinea accepted a \$35 million line of credit from the Soviet Union for material and technical assistance. Projects later agreed upon include: a technical institute, a 17,000-acre state rice farm, a number of small industrial projects, a 25,000-seat sports stadium, and reconstruction of the Conakry airport and the Conakry-Kankan railway line.

Bloc aid to Guinea was nearly doubled in the fall of 1960 following a September visit of Guinean Prime Minister Sekou Toure to Moscow and Peiping. The Soviets extended a further development credit of approximately \$21.5 million and the Chinese Communists extended Guinea a \$25 million interest-free credit, repayable over 10 years beginning in 1970, for technical assistance and for the delivery of equipment and materials to be used in various other economic development projects. The only specific project mentioned under the new Soviet credit was USSR participation in a couple of projects on the Konkoure River.

During 1961 the construction pace was stepped up; several projects, including a radio transmitting complex and a printing plant, have been finished. The number of bloc technicians operating in Guinea has multiplied rapidly in conjunction with bloc assistance in carrying out geological research, road building, and project surveys, and with the extension of bloc advisory services to the Guinean broadcasting system, the Conakry airport, the Bureau of Mines, and other government agencies. Bloc personnel in Guinea now number nearly 1,500.

Ethiopia - Credits and grants extended by bloc countries to Ethiopia amount to \$114 million. The largest extension of assistance was a 1959 Soviet credit of \$100 million for construction of an oil refinery in Assab, a gold ore-processing plant in Adola, geological and mineralogical surveys, and a feasibility study for a metallurgical plant. To date, the only portion of the credit actually used by Ethiopia has been \$2 million in convertible currency for the Emperor's land reform program. A contract for a \$12 million oil refinery, however, was signed in 1961. The USSR also

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provided Ethiopia with a \$1.8 million grant in 1959 for the construction of a technical school.

Czechoslovakia agreed in 1959 to furnish a \$10 million line of credit for the construction of a canvas shoe factory and for the development of cotton and sugar plantations. Previously, Czechoslovakia had extended nearly \$1.8 million in credits for the purchase of hospital equipment and supplies. While the latter have been delivered, only the shoe factory has been started under the \$10 million credit. Failure to implement with despatch bloc-supported projects probably has been due in large part to increasing Ethiopian wariness that bloc aid might promote communist subversion.

Ghana - President Nkrumah has declared that Ghana has received about \$265 million in credits from the bloc. Of this sum, about \$196 million is identifiable as credits arranged for specific announced agreements for economic assistance. All but \$53 million, received from the USSR during 1960, has been obtained during the past year. In 1961 the USSR extended a new \$42 million credit, Communist China extended a \$20 million credit, and the European satellites extended the remaining \$67 million.

Under the USSR line of credit the Soviets are committed to work on a geological survey, a steel mill, a study for a major hydroelectric power station on the Volta river, a shipyard at Tema, housing development in Accra, a tractor assembly plant, and other projects. While some specific obligating contracts have been signed, few projects have gone beyond the planning stage. Delivery has been made, however, on several aircraft (IL-18's) for Ghana Airways. European satellites are now building a tire factory, a printing press, a pharmaceutical plant, and an electric bulb factory. They are also committed to construct other installations such as a cable factory, a sugar refinery, and a shoe factory. The specific commitments of Communist China, if they have been made, are not known.

#### Other African Countries

Bloc activity in other parts of Africa during 1961 has increased considerably the scope of its economic relations with the newly independent countries on the continent. Mali has now accepted \$98 million in bloc credits, the Somali Republic \$63 million, Sudan \$25 million, and Tunisia \$46 million.

Mali has accepted a \$44 million credit from the USSR and smaller credits from the European satellites, primarily Czechoslovakia. The USSR is committed to engage in mineral prospecting, to build a cement plant and a connecting rail line to the Guinean line, and to deliver aircraft. All of these have been started. Other uses of its funds, a training center and a stadium, have not begun. The satellites are to build a flour mill, a textile complex, provide press equipment, and peanut processing plants, and deliver several buses. Some progress has been made on some of these commitments, but since all were entered in 1961, it is unlikely that they will be fulfilled entirely for some time.

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The principal credit received by the Somali Republic amounts to \$52 million from the USSR. Smaller credits have been obtained from Czechoslovakia, \$4 million, and both the USSR and Czechoslovakia have extended grants amounting in total to \$6 million. No firm project agreements have been signed as yet under the lines of credit; however, a number of surveys have been completed and contracts may soon be forthcoming. Among the most likely undertakings are a hydroelectric complex on the Giuba river, port development and water well drilling by the USSR, and a tractor assembly plant, a power plant, and food storage plants by Czechoslovakia.

Sudan concluded a \$22 million credit agreement with the USSR in November 1961. The USSR is to provide assistance in the construction of three grain elevators, four canning factories, an asbestos cement plant, agricultural and animal husbandry research laboratories, and a cotton selection station. Soviet technicians already have begun the surveys preparatory to construction.

All but \$8 million of the bloc credits received by Tunisia were obtained during 1961. A Soviet credit of \$28 million, extended in August 1961, is intended for use in building several irrigation dams and to establish a National Technical Institute at the University of Tunis. Czechoslovakia extended a \$10 million credit in October 1961 to cover deliveries of unspecified machinery and equipment. A Polish credit of \$8 million, also, covers sales of machinery and equipment. No additional details are available on the implementation of these agreements.

#### E. Europe

Iceland - Iceland has accepted two credits from bloc countries totaling about \$4.6 million. The first, from Czechoslovakia in 1956, involved \$1.5 million for the purchase of hydroelectric units and three small power transformer stations. These commodities were delivered during the period 1957-58 and are now in operation. Contracts were signed in 1957 with East Germany for 12 ships (250-ton fishing vessels) valued at \$3.1 million. In 1958 this agreement was converted into a long-term credit, and the USSR agreed to refinance it over a 12-year period by increasing the overdraft facility under its clearing agreement with Iceland. Interest on this Soviet \$3.1 million credit was set at 2.5 percent with payments to be made in fish products. The delivery in 1959 of several of these small trawlers was followed by mounting criticism of faulty construction, inferior aluminum linings in the holds, defective auxiliary engines, and poor-quality ballast. Iceland has drawn only about half of the credit, and it seems unlikely that the remainder will be utilized.

Yugoslavia - In 1956 Yugoslavia accepted a total of \$464 million in economic credits from several countries of the Soviet bloc. Almost all the credits had a 10-year repayment period and bore 2 percent interest. The ideological controversy with Yugoslavia was renewed early in 1958, and as a result the USSR in May of that year suspended a \$110 million Soviet investment

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credit earmarked for a thermoelectric power station, fertilizer factories, dredging equipment, and mining improvements, and a joint Soviet-East German credit for \$175 million extended for the construction of an aluminum combine. Prior to suspension Yugoslavia had been able to utilize only \$15.8 million of these two credits. Work had already started on one fertilizer factory and on the coal-mining combine but little progress had been made on the huge aluminum combine to be constructed in Montenegro under the joint Soviet-East German credit for \$175 million.

All of a USSR credit of \$30 million in hard currency was used, but only \$27.1 million of a \$54 Soviet commodity credit, likewise extended in 1956, was drawn upon before the remainder was suspended in May 1958. About \$18 million of two Czechoslovak credits amounting to \$75 million was utilized or was under contract before the remainder of these two credits expired at the end of 1958. A Polish credit of \$20 million, however, remained in force and was completely drawn upon by the close of 1960. Thus, of the total of \$464 million in bloc credits extended in 1956, only \$111.1 million was actually available for disbursement. This entire amount was entirely utilized by early 1960.

Despite limited improvement in Yugoslavia's economic relations with most Soviet bloc countries since mid-1959, there have been no new offers of credit.

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Table 3. Bloc Exports to Selected Underdeveloped Countries a/  
1959 - 1961

Million Current US \$

Area and Country	Total Bloc			USSR			European Satellites			Communist China		
	1959	1960	1961	1959	1960	1961	1959	1960	1961	1959	1960	1961
Total	1,129.2	1,374.1	1,673.4	326.8	435.9	590.6	563.6	676.8	792.2	237.0	258.9	281.6
Latin America	125.4	265.2	535.9	28.0	114.3	246.1	96.5	137.5	208.1	0.8	13.3	76.8
Argentina d/	49.1	47.1	48.6	21.9	13.4	10.7	27.2	33.7	37.8	c/	c/	0.1
Brazil	49.2	79.6	70.3	1.3	17.6	19.2	47.9	62.0	51.1	—	c/	0.1
Chile d/	0.5	1.1	1.5	c/	c/	c/	0.5	1.1	1.5	c/	c/	c/
Colombia	2.6	5.4	5.0	c/	0.2	c/	2.5	5.2	4.9	0.1	c/	0.1
Cuba b/ e/	1.5	105.0	395.0	c/	72.0	215.0	1.4	21.0	100.0	c/	12.0	75.0
Ecuador d/	0.1	c/	c/	—	—	—	0.1	c/	c/	c/	—	—
Guiana d/	0.9	1.3	1.4	c/	—	—	0.8	1.3	1.4	0.1	—	—
Mexico	2.4	3.6	3.1	0.5	0.5	0.3	1.5	2.3	1.7	0.4	0.8	1.1
Peru d/	0.8	1.3	1.2	c/	c/	c/	0.8	1.3	1.2	c/	c/	c/
Uruguay	11.3	15.0	4.1	4.3	10.6	0.9	7.0	4.4	3.2	c/	c/	c/
Venezuela b/d/	7.0	5.8	5.7	c/	c/	c/	6.8	5.2	5.3	0.2	0.5	0.4
Middle East	371.5	380.1	401.9	134.0	136.4	157.6	208.0	213.6	205.1	29.1	29.7	38.8
Aden	2.8	3.9	2.7	—	—	c/	2.7	3.7	2.6	0.1	0.2	0.1
Cyprus	3.0	2.7	3.2	—	0.6	1.7	3.0	2.0	1.5	—	—	—
Greece	42.2	55.5	50.4	16.0	28.3	19.9	25.9	27.2	30.4	0.3	c/	0.1
Iran d/	37.1	30.3	49.2	20.8	17.3	23.0	16.3	13.0	16.6	—	—	9.6
Iraq d/	18.2	38.0	38.9	4.0	7.4	10.6	10.7	23.5	21.6	3.5	7.2	6.7
Israel	6.2	4.2	6.7	0.3	0.4	0.3	5.8	3.8	5.8	c/	c/	0.6
Jordan b/	4.6	7.2	7.4	—	0.1	0.1	4.6	5.9	6.2	—	1.1	0.9
Lebanon f/	8.9	13.9	13.0	2.5	4.7	4.0	6.4	9.2	9.0	—	—	—
Libya d/	1.4	2.4	4.5	0.6	0.9	1.9	0.8	1.2	2.1	—	0.3	0.5
Malta d/	1.1	1.2	2.0	c/	c/	c/	1.1	1.1	1.8	c/	0.1	0.2
Syrian Arab Republic d/	19.9	19.3	18.6	6.1	7.3	8.0	12.3	10.7	9.3	1.5	1.3	1.2
Turkey d/	42.4	42.6	39.4	6.6	6.0	8.7	35.8	36.6	30.6	—	—	c/
United Arab Rep. b/183.6	158.9	165.9	77.1	63.4	79.4	82.6	75.7	67.6	23.7	19.5	18.9	



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Table 3. Bloc Exports to Selected Underdeveloped Countries a/  
(continued)

Area and Country	Million Current US \$											
	Total Bloc			USSR			European Satellites			Communist China		
	1959	1960	1961	1959	1960	1961	1959	1960	1961	1959	1960	1961
<u>Africa</u>	89.5	129.0	158.1	12.0	28.2	36.0	56.2	73.3	89.5	21.5	27.2	30.4
Algeria b/	14.4	10.8	7.7	3.9	1.9	0.6	8.6	7.0	6.1	2.0	1.8	0.8
Angola d/	0.7	0.4	0.4	—	—	—	0.7	0.4	0.4	—	c/	—
Congo d/	3.1	2.1	0.6	0.1	c/	c/	3.0	2.1	0.5	c/	c/	0.1
Cameroun d/	1.4	1.0	1.2	c/	—	—	1.4	1.0	1.2	c/	c/	c/
Ethiopia d/	1.8	4.6	4.1	0.6	1.5	0.9	1.2	2.8	2.9	—	0.2	0.3
Federation of Rhodesia and Nyasaland	1.3	2.0	1.9 a/	—	2.0	N.A.	1.2	—	N.A.	0.1	—	N.A.
Ghana d/	10.2	15.0	21.1	c/	1.6	6.2	8.0	10.4	12.5	2.2	3.0	2.4
Guinea b/	9.0	22.0	29.8	1.0	5.2	8.5	8.0	16.0	16.7	—	0.6	4.6
Ivory Coast	N.A.	0.1	N.A.	N.A.	—	N.A.	N.A.	0.1	N.A.	N.A.	—	N.A.
Kenya	0.4	0.6	0.6	—	—	—	0.4	0.6	0.6	—	—	—
Morocco	15.4	22.7	26.9	2.5	6.5	4.1	4.9	9.2	14.2	8.0	7.1	8.6
Nigeria d/	14.7	16.7	19.0	c/	—	e/	9.5	11.7	15.2	5.2	5.0	3.8
Senegal, Mali, Mauretania	N.A.	6.5	9.9	N.A.	c/	5.4	N.A.	0.1	1.1	N.A.	6.4	3.4
Sudan d/	12.4	16.7	22.0	2.9	6.5	7.6	7.0	7.9	9.7	2.6	2.2	4.6
Togo d/	N.A.	e/	0.1	N.A.	—	—	N.A.	e/	0.1	N.A.	—	—
Tunisia	4.2	6.7	10.1	1.0	2.9	2.7	1.8	3.0	6.1	1.4	0.9	1.3
Uganda	0.1	0.1	0.1	—	—	—	0.1	0.1	0.1	c/	c/	c/
Sierra Leone	0.4	1.0	2.6	—	0.1	c/	0.4	0.9	2.1	—	—	0.5

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Table 3. Bloc Exports to Selected Underdeveloped Countries a/  
(continued)

Area and Country	Million Current US \$											
	Total Bloc			USSR			European Satellites			Communist China		
	1959	1960	1961	1959	1960	1961	1959	1960	1961	1959	1960	1961
<b>Asia</b>	<b>317.2</b>	<b>346.9</b>	<b>367.5</b>	<b>73.3</b>	<b>81.4</b>	<b>103.5</b>	<b>60.3</b>	<b>76.1</b>	<b>127.2</b>	<b>182.4</b>	<b>187.6</b>	<b>135.3</b>
Afghanistan f/	32.5	31.7	32.0	28.0	31.7	32.0	4.0	N.A.	N.A.	0.5	N.A.	N.A.
Burma b/ d/	25.4	35.0	26.0	3.9	2.9	3.5	5.1	7.6	4.7	16.4	24.6	17.8
Cambodia b/	6.2	14.4	12.3	1.1	2.1	1.6	0.8	3.6	3.8	4.2	8.1	6.1
Ceylon	36.4	32.4	18.2	0.5	1.3	2.0	4.4	3.3	8.9	31.5	27.8	7.3
India b/ d/	78.9	74.4	124.6	35.0	27.9	47.2	31.2	39.7	73.4	11.7	6.8	3.7
Indonesia b/ d/	69.2	72.4	69.2	2.5	6.7	8.8	5.5	7.5	20.8	61.2	57.0	39.2
Malaya	56.0	64.0	67.0	0.8	2.2	2.8	4.0	4.7	7.9	51.1	57.1	56.3
Pakistan	7.9	14.9	10.6	0.8	5.3	3.8	2.9	5.5	3.2	4.2	4.0	3.6
Taiwan d/	1.6	2.2	1.3	—	—	—	—	—	—	1.6	2.2	1.3
Thailand	3.1	5.5	6.3	0.7	1.3	1.8	2.4	4.2	4.5	—	—	—
<b>Europe</b>	<b>225.6</b>	<b>252.9</b>	<b>210.0</b>	<b>79.5</b>	<b>75.6</b>	<b>47.4</b>	<b>142.6</b>	<b>173.6</b>	<b>162.3</b>	<b>3.2</b>	<b>1.1</b>	<b>0.3</b>
Iceland	29.1	20.6	17.4	15.2	12.4	11.0	13.8	8.3	6.4	c/	c/	c/
Portugal	4.7	8.1	8.5	1.6	2.3	1.6	2.8	5.5	6.6	0.2	0.3	0.3
Spain d/	19.5	11.5	12.2	5.1	3.7	1.4	13.9	7.6	10.8	0.4	0.2	—
Yugoslavia b/	172.3	212.7	171.9	57.6	57.2	33.4	112.1	154.9	138.5	2.6	0.6	c/

a. These data are based on official trade statistics of the Free World countries involved (with the exception of Afghanistan) — that is, the Bloc exports indicated are the Free World trading partners' reported imports. All values have been rounded to the nearest \$100,000. A dash (—) entry indicates that no figure for trade is known, although some trade may have taken place. Totals are derived from unrounded data and may not agree with the sums of the rounded components.

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Table 3 Bloc Exports to Selected Underdeveloped Countries a/  
(continued)

b. Total figures include the following Bloc exports:

Destination	Thousand Current US \$								
	North Vietnam			North Korea			Mongolia		
	1959	1960	1961	1959	1960	1961	1959	1960	1961
Cuba	—	—	—	—	—	5,000	—	—	—
Venezuela	—	4	—	—	108	—	—	—	—
Jordan	—	123	87	—	—	—	—	—	—
United Arab Republic	56	—	—	130	203	425	—	—	—
Algeria	—	40	—	—	—	—	—	—	—
Guinea	—	203	—	—	—	—	—	—	—
Burma	—	—	—	—	3	—	—	—	—
Cambodia	36	590	856	1	—	—	—	—	—
India	1	—	1	1,051	1	215	—	—	—
Indonesia	—	1,040	—	—	168	326	—	—	—
Thailand	—	31	—	—	—	—	—	—	—
Yugoslavia	—	—	—	—	—	—	61	57	—

c. Less than \$50,000.

d. Trade figures for 1961 are at an annual rate for the following countries: Nigeria, India, Peru, Syria and Turkey for January-November; Spain, Angola and Argentina and Guiana for January-October; Iraq, Libya and Burma, Ethiopia, Togo and Sierra Leone for January-September; Sudan for January-August; Chile and Taiwan for January-July; Ecuador, Indonesia and Malta for January-June; Iran, and Venezuela for January-May; Cameroun for January-April and Congo for January-March.

e. Estimated.

f. Imports for 1961 are estimated

g. Includes imports from unspecified Soviet Bloc countries to Federation of Rhodesia and Nyasaland.

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Table 4. Bloc Imports from Selected Underdeveloped Countries a/  
1959 - 1961

Area and Country	Million Current US \$											
	Total Bloc			USSR			European Satellites			Communist China		
	1959	1960	1961	1959	1960	1961	1959	1960	1961	1959	1960	1961
	<u>1,226.8</u>	<u>1,474.0</u>	<u>1,761.7</u>	<u>496.5</u>	<u>585.1</u>	<u>784.5</u>	<u>542.0</u>	<u>648.2</u>	<u>687.4</u>	<u>185.2</u>	<u>237.4</u>	<u>274.6</u>
Latin America	<u>157.9</u>	<u>299.5</u>	<u>642.1</u>	<u>47.7</u>	<u>126.7</u>	<u>341.8</u>	<u>105.4</u>	<u>131.7</u>	<u>178.7</u>	<u>4.8</u>	<u>38.9</u>	<u>117.6</u>
Argentina d/	54.2	61.1	55.9	19.3	17.8	12.7	34.5	41.9	38.5	0.4	1.4	4.7
Brazil	55.3	71.5	74.8	3.7	13.3	19.2	51.6	57.6	55.6	—	0.5	e/
Chile d/	—	0.6	1.2	—	—	—	—	0.6	1.2	—	—	—
Colombia	2.7	8.1	2.1	—	0.2	—	2.7	7.9	2.1	—	—	—
Cuba b/ f/	16.5	143.0	478.0	16.3	93.0	309.0	0.1	16.0	69.0	9.1	32.0	96.0
Ecuador d/	0.2	e/	0.2	—	—	—	0.2	e/	0.2	—	—	—
Mexico	1.5	1.7	14.6	e/	0.9	—	e/	0.1	0.1	1.5	0.7	4.5
Peru d/	0.1	0.1	0.4	—	—	e/	0.1	0.1	0.4	—	—	e/
Uruguay	27.4	13.4	14.9	8.4	1.5	0.9	16.2	7.5	11.6	2.8	4.3	2.4
Middle East	<u>355.6</u>	<u>392.4</u>	<u>355.5</u>	<u>121.0</u>	<u>140.0</u>	<u>116.6</u>	<u>196.5</u>	<u>203.6</u>	<u>211.8</u>	<u>36.0</u>	<u>48.3</u>	<u>26.8</u>
Aden	0.2	0.1	e/	—	—	—	—	—	—	0.2	0.1	e/
Cyprus	1.2	1.4	2.4	e/	0.6	1.4	1.2	0.8	0.9	—	—	—
Greece d/	33.6	44.9	45.4	11.8	18.8	13.9	21.8	26.1	31.4	e/	e/	e/
Iran d/	22.1	28.0	28.2	13.6	17.6	15.0	8.4	10.4	13.2	—	e/	e/
Iraq d/	6.1	3.4	4.8	2.5	0.7	2.0	11.7	1.3	0.8	1.9	1.4	2.0
Israel	5.2	3.8	7.0	0.1	0.3	0.4	5.1	3.4	6.6	e/	—	—
Jordan	1.0	1.1	0.9	—	—	—	1.0	1.1	0.9	—	—	e/
Lebanon f/	2.5	3.2	3.5	2.1	1.7	2.0	0.4	1.5	1.5	—	—	—
Libya d/	0.5	0.7	0.8	0.4	0.4	0.7	0.1	0.3	0.1	—	—	—
Syrian Arab Republic d/	12.4	22.3	25.7	4.3	6.6	3.5	7.9	13.4	11.9	0.1	2.3	10.2
Turkey d/	41.0	39.2	28.2	4.8	4.6	4.8	36.2	34.4	23.4	—	—	e/
United Arab Republic b/d/	229.8	244.3	208.6	81.4	88.7	72.9	112.7	110.9	121.1	33.8	44.5	14.6

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Table 4. Bloc Imports from Selected Underdeveloped Countries a/  
(continued)

Area and Country	Million Current US \$											
	Total Bloc			USSR			European Satellites			Communist China		
	1959	1960	1961	1959	1960	1961	1959	1960	1961	1959	1960	1961
<b>Asia</b>	<u>434.2</u>	<u>436.6</u>	<u>450.6</u>	<u>223.9</u>	<u>188.2</u>	<u>223.3</u>	<u>79.3</u>	<u>124.6</u>	<u>118.2</u>	<u>129.9</u>	<u>123.4</u>	<u>106.7</u>
Afghanistan f/	20.0	16.7	17.0	16.0	16.7	17.0	3.5	N.A.	N.A.	0.5	N.A.	N.A.
Burma d/	3.0	13.4	54.1	0.9	5.0	e/	1.6	2.0	4.9	0.4	6.4	49.2
Cambodia b/	2.5	7.6	3.5	—	3.1	0.9	1.1	2.3	0.7	1.4	1.3	0.7
Ceylon	23.7	37.5	33.9	6.4	8.2	9.5	0.9	4.0	7.0	16.4	25.3	17.4
India b/ d/	110.4	108.3	115.3	63.7	62.9	67.4	28.0	33.7	46.5	17.7	11.8	0.4
Indonesia d/	72.3	70.3	68.8	15.5	28.1	34.6	3.7	6.7	9.0	53.1	35.4	25.2
Malaya	189.0	143.9	128.9	115.8	53.9	89.9	33.5	61.6	35.2	39.7	28.4	3.8
Pakistan	10.9	30.7	27.0	3.5	4.4	3.4	6.7	11.5	13.6	0.7	14.8	10.0
Thailand b/	2.4	8.8	2.1	2.1	5.9	0.6	0.3	2.8	1.3	—	—	—
<b>Africa</b>	<u>80.7</u>	<u>119.9</u>	<u>110.5</u>	<u>39.0</u>	<u>57.7</u>	<u>41.5</u>	<u>30.5</u>	<u>37.5</u>	<u>37.3</u>	<u>11.4</u>	<u>24.7</u>	<u>23.4</u>
Algeria	4.7	2.1	2.0	3.2	1.6	1.0	1.7	0.5	1.0	—	—	—
Angola d/	0.6	2.6	0.8	—	0.4	—	0.6	1.8	0.8	—	0.4	e/
Cameroun d/	5.7	0.5	0.4	5.5	0.2	—	0.2	0.3	0.4	—	—	—
Congo	0.1	0.8	N.A.	—	—	N.A.	0.1	0.8	N.A.	e/	—	N.A.
Ethiopia d/	0.4	0.6	1.3	0.2	—	0.4	0.2	0.5	0.9	—	0.1	e/
Fed. of Rhodesia and Nyasaland	15.0	17.0	12.0	c/ 11.9	12.0	N.A.	2.0	4.5	N.A.	1.1	0.5	N.A.
Ghana d/	6.2	22.5	10.5	5.5	20.4	12.5	0.7	0.8	1.7	—	1.4	0.2
Guinea	5.2	12.6	16.4	0.5	3.9	5.3	4.7	8.6	9.0	—	—	2.1
Ivory Coast f/	5.6	2.9	3.0	5.6	2.8	3.0	—	0.1	—	—	—	—
Kenya	—	—	0.2	—	—	—	—	—	—	—	—	0.2
Morocco	14.4	16.0	17.6	1.3	3.5	4.7	6.6	5.8	9.3	6.5	6.6	3.6
Nigeria d/	4.1	9.6	5.2	—	5.5	—	4.0	2.9	2.9	0.1	1.2	2.3
Sudan d/	14.0	23.6	24.0	4.3	5.8	12.1	6.8	8.4	6.6	2.9	9.4	5.1
Togo	—	0.1	—	—	—	—	—	0.1	—	—	—	—
Tunisia	4.7	3.9	7.7	1.0	1.6	2.5	2.9	2.3	4.7	0.8	—	0.5
Uganda	e/	5.1	7.4	—	—	—	—	0.1	—	e/	5.1	9.4

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Table 4. Bloc Imports from Selected Underdeveloped Countries<sup>e/</sup>  
(continued)

Area and Country	Total Bloc			USSR			European Satellites			Communist China		
	1959	1960	1961	1959	1960	1961	1959	1960	1961	1959	1960	1961
Europe	198.4	225.6	203.0	64.9	72.5	61.3	130.3	150.8	141.4	3.1	2.1	0.1
Iceland	21.9	16.4	10.1	11.9	9.9	5.1	10.0	6.4	5.0	—	—	e/
Portugal	6.7	7.5	4.9	1.6	2.5	e/	4.5	4.6	4.8	0.6	0.3	0.1
Spain <sup>d/</sup>	21.0	18.4	13.4	4.2	7.1	2.4	15.7	10.7	11.0	1.1	0.6	e/
Yugoslavia <sup>b/</sup>	148.8	183.3	174.6	47.2	53.0	53.8	100.1	129.1	120.6	1.4	1.2	—

Million Current US \$

a. These data are based on official trade statistics of the Free World countries involved (with the exception of Afghanistan) — that is, the Bloc imports indicated are the Free World trading partners' reported exports. All values have been rounded to the nearest \$100,000. A dash (—) entry indicates that no figure for trade is known, although some trade may have taken place. Totals are derived from unrounded data and may not agree with the sums of the rounded components.

b. Total figures include the following Bloc imports:

	Thousand Current US \$								
	North Vietnam			North Korea			Mongolia		
	1959	1960	1961	1959	1960	1961	1959	1960	1961
Cuba	—	1,000	—	—	1,000	4,000	—	—	—
United Arab Republic	1,658	133	943	264	—	—	—	—	—
Cambodia	—	259	1,162	—	—	—	—	—	—
India	567	14	393	394	4	474	—	—	3
Indonesia	3	—	—	—	—	—	—	—	—
Thailand	—	46	209	—	—	—	—	—	—
Morocco	—	140	1	—	—	—	—	—	—
Yugoslavia	—	—	—	—	—	—	77	—	190

c. Includes exports to unspecified Soviet Bloc countries from the Federation of Rhodesia and Nyasaland.

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Table 4. Bloc Imports from Selected Underdeveloped Countries a/  
(Continued)

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d. Trade figures for 1961 are at an annual rate for the following countries: Greece, Nigeria, India, Peru, Syria, and Turkey for January-November; Spain, Angola and Argentina for January-October; Iraq, Libya, Burma and Ethiopia for January-September; Indonesia and Sudan for January-August; Chile for January-July; Ecuador for January-June; Iran for January-May and Cameroun for January-March.

e. Less than \$50,000.

f. Exports for 1961 are estimated.

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Table 5. TYPES OF TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS-DEVELOPED COUNTRIES AS OF JUNE 30, 1961

Area and Country	<u>Albania</u>	<u>Bulgaria</u>	<u>Czecho-slovakia</u>	<u>East Germany</u>	<u>Hungary</u>	<u>Poland</u>	<u>Rumania</u>	<u>USSR</u>	<u>Communist China</u>	<u>Outer Mongolia</u>	<u>North Korea</u>	<u>North Vietnam</u>
<u>Middle East</u>												
Afghanistan	.	.	TP	.	.	TP	.	TP	TP	.	.	.
Greece	.	TP	TP	TP	.	TP	TP	TP	.	.	.	.
Iran	.	.	TP	.	TP	TP	.	TP	.	.	.	.
Iraq	T	T	T	T	T	T	T	T	TP	.	T	T
Israel	.	TP	.	.	TP	TP	TP	.	.	.	.	.
Lebanon	.	T	TP	TP	.	TP	TP	TP	.	.	.	.
Pakistan	.	.	T	.	T	T	.	TP	.	.	.	.
Turkey	.	TP	TP	TP	TP	TP	TP	TP	.	.	.	.
UAR												
Egypt	.	TP	TP	TP	TP	TP	TP	TP	TP	TP	TP	TP
Syria	TP	T	TP	TP	TP	TP	TP	TP	TP	.	.	.
Yemen	.	.	T	TP	.	T	T	T	TP	.	.	.
<u>Africa</u>												
Ethiopia	.	.	T	.	.	.	.	T	.	.	.	.
Ghana	.	.	TP	.	.	.	.	TP	.	.	.	.
Guinea	.	.	TP	TP	T	TP	.	TP	TP	.	.	.
Mali	.	.	TP	.	.	.	.	TP	.	.	.	.
Morocco	.	T	TP	T	T	T	.	TP	T	.	.	.
Sudan	.	T	TP	P	TP	P	.	T	C	.	.	.
Tunisia	.	TP <sup>b</sup>	TP	TP <sup>b</sup>	TP <sup>b</sup>	TP	.	TP	TP	.	.	.



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Table 5. TYPES OF TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS-DEVELOPED COUNTRIES  
AS OF DECEMBER 31, 1960 - JUNE 30, 1961  
(CONTINUED)

Area and Country	Albania	Bulgaria	Czecho- slovakia	East Germany	Hungary	Poland	Rumania	USSR	Communist China	Outer Mongolia	North Korea	North Vietnam
<u>Asia</u>												
Burma	.	T	.	T	T	T	T	T	T	.	T	.
Cambodia	.	.	TP	TP +	.	TP	.	TP	TP	.	.	TP
Ceylon	.	TP	TP	.	TP	TP	TP	TP	TP	.	.	.
India	.	TP	TP	TP	TP	TP	TP	TP	.	T	T	T
Indonesia	.	T	TP	T	T	TP	TP	TP	TP	.	T	T
<u>Europe</u>												
Iceland	.	.	TP	TP	TP	TP	TP	TP	.	.	.	.
Portugal	.	.	P	P	P	P	.	.	.	.	.	.
Spain	.	P	P	.	P	P	P	T	.	.	.	.
Yugoslavia	TP	TP	TP	TP	TP	TP	TP	TP	TP	TP	.	.
<u>Latin America</u>												
Argentina	.	T	T <sup>d</sup>	.	T	T	T	TP	.	.	.	.
Brazil	.	.	TP	P	P	TP	P	TP	.	.	.	.
Colombia	.	.	T	T	e	.	T	T	.	.	.	.
Cuba	.	TP +	TP	P	TP +	TP	TP +	TP	TP +	TP +	TP +	TP +
Mexico	.	.	TP	.	.	.	.	.	.	.	.	.
Uruguay	.	P	TP	P	P	P	TP	P	.	.	.	.

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Table 5. TYPES OF TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS-DEVELOPED COUNTRIES  
AS OF JUNE 30, 1961  
(Continued)

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Note: Symbols used in this table have the following meanings: +, new agreement since June 30, 1960; TP, trade and payments agreement; T, trade agreement only; P, payments agreement only.

- a. Including agreements known to be in force, agreements which are assumed to have been tacitly renewed, and newly signed agreements of uncertain date of entry into force. Agreements include government-to-government agreements as well as nongovernmental agreements; the latter are listed only when they assume the practical characteristics of a government-to-government agreement. Barter agreements and contracts are not included.
- b. Payments agreement added.
- c. Agreement may or may not have lapsed.
- d. Payments agreement terminated.
- e. Agreement lapsed.

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Table 6. NUMBER OF TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS-DEVELOPED COUNTRIES,  
December 1958 - June 1961<sup>a</sup>

Area and Country	<u>Estimated Number as of June 30, 1961</u>	December 31, 1960	December 31, 1958
Total	<u>222</u>	<u>206</u>	<u>174</u>
<u>Middle East</u>	<u>76</u>	<u>73</u>	<u>66</u>
Afghanistan	5	4	4
Greece	7	7	7
Iran	4	4	4
Iraq	11	11	3
Israel	4	4	4
Lebanon	6	6	7
Pakistan	4	4	4
Syria	9	9	9
Turkey	7	7	7
UAR			
Egypt	11	11	11
Yemen	8	6	6
<u>Africa</u>	<u>38</u>	<u>31</u>	<u>22</u>
Ethiopia	2	2	1
Ghana	3	2	0
Guinea	7	6	2
Mali	3	1	0
Morocco	7	7	7
Sudan	7	6	6
Togo	1	0	0
Tunisia	7	7	6

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Table 6. NUMBER OF TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS-DEVELOPED COUNTRIES,  
December 1958 - June 1961<sup>a</sup>  
(Continued)

Area and Country	Estimated Number as of June 30, 1961	December 31, 1960	December 31, 1958
<u>Asia</u>	<u>43</u>	<u>42</u>	<u>39</u>
Burma	9	8	8
Cambodia	6	6	5
Ceylon	8	7	7
India	10	10	10
Indonesia	10	10	9
<u>Europe</u>	<u>26</u>	<u>26</u>	<u>25</u>
Iceland	6	6	6
Portugal	4	4	4
Spain	6	6	5
Yugoslavia	10	10	10
<u>Latin America</u>	<u>39</u>	<u>35</u>	<u>22</u>
Argentina	6	6	7
Brazil	9	6	5
Colombia	4	4	2
Cuba	12	11	0
Mexico	1	1	1
Uruguay	7	7	7

a. Including agreements known to be in force, agreements which are assumed to have been tacitly renewed, and newly signed agreements of uncertain date of entry into force. Agreements include government-to-government agreements as well as nongovernmental agreements; the latter are listed only when they assume the practical characteristics of a government-to-government agreement. Barter agreements and contracts are not included.

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