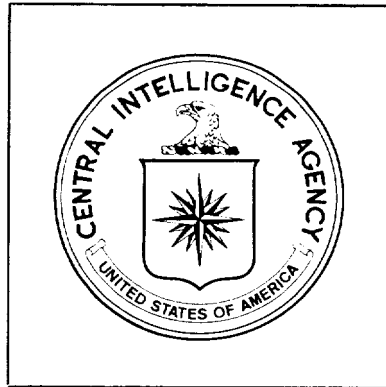


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*Communist Aid and Trade Activities
in Less Developed Countries, April 1976*

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ER CAT 76-006
June 1976

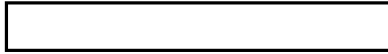
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CONTENTS AND SUMMARY OF EVENTS
(April 1976)

Highlights

- Moscow signed an agreement to construct an aluminum plant in Algeria; foreign exchange cost could exceed US \$100 million.
- South Yemen may have received \$25 million in new Soviet development credits.
- Morocco has again postponed discussions on a Soviet proposal to develop phosphates at Meskala.
- Poland agreed to provide up to \$35 million in fisheries assistance to Senegal.
- The USSR and India signed a new five-year agreement that envisions total annual trade of more than \$1.1 billion by 1980.



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Soviet Fisheries and Maritime Aid to Less Developed Countries	1
Summarizes Soviet fisheries and maritime assistance to LDCs in 1975.	

Other Activities

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COMMUNIST AID AND TRADE ACTIVITIES
IN LESS DEVELOPED COUNTRIES
APRIL 1976

SOVIET FISHERIES AND MARITIME AID
TO LESS DEVELOPED COUNTRIES*

One Major New Aid Initiative in 1975

Moscow's \$33 million commitment to Somalia in 1975 was the largest it ever made to a less developed country for fisheries development (see Table 1). Otherwise in 1975, the USSR provided only small amounts of new assistance to Gambia, Guinea-Bissau, and Portugal, all of whom signed their first fisheries agreements with Moscow. The accords include technical services, training, equipment, and facilities as well as surveys on marine resources and offshore geological formations.

About 750 Soviet technicians were in LDCs in 1975 to conduct research, to train local personnel, and to construct and manage port facilities and fish-processing plants. About 300 trainees from LDCs went to the USSR for training.

Table 1

Soviet Fisheries Agreements with LDCs
1975

Recipient	Value millions US \$	Provisions
Gambia	2.0 ¹	Port facilities; fishing vessels; and training.
Guinea-Bissau . . .	0.5 ¹	To establish commercial joint ventures; USSR to supply refrigerated trawlers and 90% of crew.
Portugal	0.5 ¹	Training Portuguese technicians and equipment to outfit Portuguese fishing vessels.
Somalia	33.0	\$14 million in grants and \$19 million in soft loans for training, small vessels, fishing gear, fishing bases, onshore port and processing facilities, repair facilities, and a training school.

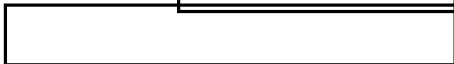
¹Estimated.



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Note: The substance of this publication has been coordinated with the Bureau of Intelligence and Research of the Department of State, with the Defense Intelligence Agency, and with the Agency for International Development. Comments and queries regarding this publication are welcomed. They may be directed to [redacted] the Office of Economic Research, [redacted]

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Moscow joined at least 5 countries—largely in Africa—in commercial fishing ventures. This brought the Soviet-LDC total for joint fishing operations up to 12 by the end of the year, and negotiations were in progress with another eight countries for similar ventures (see Table 2). A new trilateral venture also was arranged in West Africa by a Soviet-French company that is licensed and operating out of Sierra Leone.

Status of Fisheries Program

Since 1956 the USSR has signed fisheries agreements, valued at an estimated \$180 million, with 28 less developed countries (see Table 3); about 46% of the aid was provided to Africa and 30% to the Middle East. Although accounting for less than 2% of Moscow's total economic aid to LDCs, fisheries assistance has helped spread Soviet influence from the Indian Ocean across the Atlantic to countries adjacent to major fishing grounds. The joint research effort with LDCs has assisted Moscow in extensively exploring the southern reaches of the Indian, South Atlantic, and Pacific Oceans.

The aid is provided either as outright grants or under long-term credits that are repaid in reciprocal services. In either case, Moscow often requires LDC concessions for its fishing fleet. These include port rights for Moscow's trawler fleet, use of repair facilities, refueling, transfer of crews, and onshore processing. The services provided at low cost by LDCs greatly enhance Soviet fleet efficiency.

Recent Soviet efforts to expand their participation in the ownership of LDC fishing companies are intended to ensure exploitation of marine resources within national waters boundaries, regardless of new international boundaries that may be agreed to at the Law of the Sea Conference. Joint ventures usually give the USSR

Table 2

Status of Soviet Joint Fishing Ventures¹ with Less Developed Countries As of 31 December 1975

Recipient	Current Status
Argentina	Agreement in principle
Bangladesh	Under negotiation
Benin	Under negotiation
Ecuador	Earlier offer in abeyance
Egypt	In operation
Gambia	Under negotiation
Guinea-Bissau	In operation
Indonesia	Under negotiation
Iraq	In operation
Liberia	Offer under consideration
Malaysia	Under negotiation
Mauritania	Company approved in April 1975
Mauritius	Agreement signed
Morocco	Agreement signed
Peru	Under negotiation
Sierra Leone	Agreement signed
Somalia	In operation
South Yemen	In operation
Spain	In operation
Sri Lanka	Agreement signed

¹Joint ownership in some cases involves Soviet aid to the LDCs.

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49% ownership of the companies. These are small investments with a high return. Soviet vessels are leased or purchased by the joint company; they are jointly manned and used for training, research, and fishing. Part of the catch is delivered to LDCs for local distribution; the remainder is frozen and sold in Western markets. Profits are divided on the basis of ownership shares. The extent of Soviet aid to the companies is not known, although the USSR probably provides training without charge and possibly some equipment on credit or as grants.

Soviet Maritime Aid

The USSR extended no new maritime aid to LDCs in 1975, although it continued to work on projects agreed to previously. Through 1975 the Soviets had pledged about \$65 million to 16 nations in the form of merchant vessels and harbor and shipbuilding equipment. Usually maritime aid has been given to help LDCs make up deficiencies that limit their trade with Moscow—Egypt and North Yemen, for example. In the past few years Moscow also has begun to form joint shipping companies with LDCs. The most important ones already in operation are with Iraq, India, Philippines, Somalia, and Egypt.

Table 3

Soviet Assistance Extended to Less Developed Countries For Fisheries and Maritime Development January 1956-December 1975

	Million US \$	
	Fisheries ¹	Maritime
Total²	183.1	65.0
Africa	84.4	6.1
Algeria	4.5	3.0
Equatorial Guinea	0.5	N.A.
Gambia	2.0	N.A.
Ghana	11.2	....
Guinea	7.8	2.5
Guinea-Bissau	0.5	....
Kenya	2.2	....
Mauritania	2.0	....
Mauritius	6.5	....
Morocco	1.5	N.A.
Senegal	4.4	....
Somalia	38.4	N.A.
Sudan	2.0	....
Tanzania	0.9	....
Tunisia .....	....	0.6
Middle East	56.6	36.1
Egypt	15.0	16.6
Iran	8.3	1.5
Iraq	19.0	1.5
North Yemen	7.8	16.5
South Yemen	6.5	....
Syria .....	....	N.A.
South and East Asia	17.1	15.1
Bangladesh	8.0	N.A.
India	2.2	....
Indonesia	0.3	15.1
Pakistan	3.6	....
Sri Lanka	3.0	....
Latin America	24.5	....
Argentina	5.0	....
Chile ³	17.0	....
Peru	2.5	....
Europe	0.5	7.7
Greece .....	....	7.7
Portugal	0.5	N.A.

¹In the case of joint ventures, only the aid portion is included here.

²Total based partly on estimated figures.

³Programs have been discontinued.

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Outlook for Continued Fisheries Aid

25X1 Soviet fisheries aid will continue as a profitable, low-cost form of assistance. Emphasis on joint ownership of shipping companies and fisheries research are likely to increase. [REDACTED]

OTHER ACTIVITIES

Economic

Africa

25X1 *Algeria.* The USSR signed an agreement to construct an aluminum plant at Msila with a capacity of 140,000 metric tons per year. Financing for the facility, whose foreign exchange cost could top \$100 million, was not announced. [REDACTED]

25X1 *Guinea.* The USSR agreed to pay the \$4.73 per ton Guinean export tax on bauxite retroactive to October 1974. The \$10 million payment will be credited to Guinea's ruble account, which is for buying goods from the USSR. In the future, tax payments will be used to reduce Guinea's long-term debt to the USSR and its clearing trade account debt. Meanwhile, bauxite price negotiations are continuing. Conakry wants Moscow to pay the \$17.00 per ton price paid by other customers for Kindia bauxite rather than the \$6.50 per ton it now pays. [REDACTED]

25X1 *Guinea-Bissau.* Guinea's President Cabral signed long-term economic cooperation and trade agreements with Romanian officials while in Bucharest. [REDACTED]

25X1 *Mauritania.* A Soviet delegation was in Mauritania to discuss further developments under a 1973 fisheries cooperation agreement. The USSR already has provided two fishing vessels and plans to construct a research institute. [REDACTED]

Morocco. Rabat has postponed a joint Soviet-Moroccan intergovernmental commission meeting scheduled for the end of May. Moroccan officials give as a major reason for the delay Moscow's insistence on including on the agenda the Meskala phosphate development project. The agreement, originally scheduled for signing late in 1975, was postponed by King Hassan because of Soviet support for Algeria in the Western Sahara dispute. [REDACTED] 25X1

Mozambique. East German specialists in agriculture, forestry, and food processing discussed implementation of a 1975 technical assistance agreement at meetings held in Mozambique. [REDACTED] 25X1

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The USSR donated medical supplies to Mozambique in April, valued at \$275,000. A 27-man Chinese medical team also arrived under a health agreement concluded in November 1975. [REDACTED]

25X1

Senegal. Poland has agreed to provide trawlers to Senegal and to construct a dock, processing, and storage facilities. The \$35 million project is reportedly to be financed with long-term credits. In return, Senegal granted Poland fishing rights in its territorial waters. [REDACTED]

25X1

Senegal signed its first general economic agreement with Romania.

25X1

[REDACTED]

Sudan. China and Sudan signed their annual trade protocol, calling for \$65 million worth of trade in 1976, almost \$20 million below last year's level. Sudan will exchange cotton for Chinese textiles, light industrial products, and rice. Trade between the two countries is carried out in hard currency. [REDACTED]

25X1

Zaire. A team of Chinese technicians arrived in Zaire to begin work on an 80,000-seat Olympic stadium being financed under a \$100 million Chinese line of credit. [REDACTED]

25X1

East Asia

Burma. The Burmese Minister for Industry was in Prague to discuss further Czech assistance to Burma's tractor industry. Czechoslovakia constructed a tractor assembly plant in Burma under a \$13 million 1966 credit. [REDACTED]

25X1

Philippines. East Germany's first trade delegation to Manila proposed a trade agreement to replace present conduct of trade through third countries.

25X1

[REDACTED]

Representatives of the Philippines Chamber of Industries reportedly have signed a number of cooperation agreements with Poland. [REDACTED]

25X1

Romania and the Philippines signed their 1976 trade protocol under which Romania agreed to extend a \$4.5 million credit for trucks and tractors, repayable over five years at 6%-8% interest. Last year, Romania bought \$96 million worth of goods from the Philippines and sold them \$26 million worth. [REDACTED]

25X1

[REDACTED]

25X1

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Latin America

Argentina. Argentina sold the USSR an additional 300,000 to 400,000 tons of foodgrains, bringing the value of its 1976 grain sales to the USSR to an estimated \$100 million. [REDACTED]

25X1

Bolivia. A new Soviet-Bolivian three-year trade agreement signed in March includes 10-year credits at 4.5% to 5% interest and repayment in Bolivian products.

[REDACTED]

25X1

Brazil. The USSR is bidding on contracts to supply equipment to the Itaipu power project. The effort is intended to offset a record \$300 million trade deficit the USSR had with Brazil in 1975. [REDACTED]

25X1

Colombia. Soviet foreign trade officials offered Colombia up to \$150 million in 10-year credits for the purchase of hydroelectric power equipment for the \$400 million Alto Sinu power project. [REDACTED]

25X1

Ecuador. Ecuador announced cancellation of a 1975 joint oil exploration agreement with Romania because it violated Quito's foreign investment laws.

[REDACTED]

25X1

The USSR offered fisheries assistance to Ecuador's new government during the visit of a Soviet fisheries delegation in April. [REDACTED]

25X1

Guyana. Guyana signed a trade agreement with Romania in April, its second such agreement with an East European country. [REDACTED]

25X1

Mexico. Poland ordered Mexican shrimp boats. [REDACTED]

25X1

Peru. Czechoslovakia and Peru signed an economic cooperation protocol that probably dealt with the use of \$35 million worth of 1971 credits, mostly allocated to electric power development. Peru also signed long-term contracts for the supply of raw materials and semifinished products to Czechoslovakia. Trade between the two countries exceeded \$20 million in 1975, compared with an estimated \$11 million in the previous year. [REDACTED]

25X1

Trinidad and Tobago. China hopes to attract US buyers to a two-week trade exhibit planned for September in Port of Spain. Exhibits will include a wide range of products, including heavy industrial equipment. [REDACTED]

25X1

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Near East and South Asia

Bangladesh. The first Chinese ambassador arrived in Dacca under the agreement to establish diplomatic relations signed last year. [REDACTED]

25X1

The Ghorsal powerplant, built with \$14 million in Soviet aid, reached full capacity production in April. Its 110-MW capacity accounts for 16% of Bangladesh's power production. [REDACTED]

25X1

Cyprus. Cyprus plans to sign a long-term agreement on industrial and technical cooperation with Romania in May. [REDACTED]

25X1

Egypt. Egypt and Czechoslovakia signed a three-year trade agreement, which will use dollars instead of sterling as the unit of account. Egypt is moving toward the increased use of dollars for valuing transactions under bilateral trade agreements because of wide fluctuations in the value of sterling. [REDACTED]

25X1

Greece. The USSR and Greece have agreed to gradually replace their bilateral clearing system with hard currency payments. [REDACTED]

25X1

India. Bulgaria has agreed to assist in the establishment of an agricultural complex in Bangalore. The project includes bringing about 10,000 hectares under cultivation and building vegetable-processing facilities. [REDACTED]

25X1

An Indian-Hungarian protocol, signed during a joint commission session, calls for Hungarian assistance to the aluminum industry and for reconstruction of leather, textile, and pharmaceutical plants. Joint projects in third countries were also discussed, as well as increasing trade above the \$50 million 1975 level. [REDACTED]

25X1

A new Indo-Romanian protocol calls for doubling the level of their trade by 1980; it was \$112 million in 1975. The two countries also studied further collaboration in metallurgy, petroleum refining, petrochemicals, and light industry. [REDACTED]

25X1

In April the USSR and India signed a trade agreement covering 1976-80 and their 1976 trade protocol. The new agreement calls for trade to top \$1.1 billion annually by 1980, with Indian exports rising to \$675 million in 1980. Trade in 1975 amounted to about \$850 million, according to Indian data. The two sides also signed agreements allowing repayment of the 1973 wheat loan in Indian goods

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other than wheat. Meanwhile, Prime Minister Gandhi inaugurated the hot strip rolling mill at the Soviet-built Bokaro steel plant. She also announced plans to visit Moscow early in June; her last visit there was in 1971. [REDACTED]

25X1

Iran. An East German delegation to Iran in April proposed aid for Iranian industrial projects in return for crude oil. Further discussions on the proposal are to be held in Berlin in September. [REDACTED]

25X1

The Romanian Prime Minister is scheduled to visit Iran in May to iron out difficulties that have plagued trade relations over the past several months. Tehran apparently has not made scheduled deliveries [REDACTED] under the current protocol, and Bucharest has curtailed shipments of food and stopped construction on railroad projects under commercial contracts. [REDACTED]

25X1

25X1

Iran reportedly is pressuring the USSR to accept more Iranian exports to balance trade in the non-gas barter account. The Shah wants to stimulate exports to increase employment. In 1974, Iranian exports to the USSR were valued at \$300 million, of which natural gas comprised \$175 million. The USSR bought about 15% of Iran's non-oil exports. In the same year, imports from the USSR reached \$350 million. [REDACTED]

25X1

Iraq. The East German Minister of Electrical Engineering and Electronics was in Iraq to discuss proposals to participate in agricultural and transport projects and to use East German computers in Iraqi industry. East Germany already is financing railroad, port, electrification, and light industrial projects in Iraq under an \$84 million 1969 credit agreement. [REDACTED]

25X1

Hungary's Minister of Construction signed agreements for constructing housing projects in Iraq. Baghdad still has \$80 million of unused Hungarian credits to draw on. [REDACTED]

25X1

Two Soviet ministerial-level delegations were in Iraq in April to discuss further cooperation in the petroleum and machinery industries. [REDACTED]

25X1

Jordan. A Czech economic delegation has proposed an economic and technical cooperation agreement with Jordan. The details were not announced. [REDACTED]

25X1

Kuwait. Romanian President Ceausescu held discussions with Kuwait's Deputy Minister for Oil in Bucharest on plans for a Kuwaiti-financed petrochemical plant in Romania. [REDACTED]

25X1

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South Yemen. It is not clear whether a recent \$23 million Soviet loan to South Yemen is new aid. Moscow had extended \$55 million in aid to South Yemen, of which about \$30 million had been allocated for development projects. Soviet plans to construct a second powerplant at Aden, however, may require new funds. Moscow also has been prodding South Yemen to exploit iron and copper deposits located by Soviet technicians. [REDACTED]

25X1

Syria. Several Hungarian experts arrived in Syria to prospect for materials needed for cement plants now being constructed by the East Germans and Romanians. [REDACTED]

25X1

UAE. Czechoslovakia is to supply four steam turbines, with a total capacity of 240 MW, for a power station to be built in Dubai. [REDACTED]

25X1

Military

Africa

General. Rhodesian guerrillas are continuing to receive small arms and ammunition from the USSR and China through neighboring African countries. [REDACTED]

25X1

25X1

Mozambique's Defense Minister visited Moscow in late April. President Machel is scheduled to visit Moscow in May. [REDACTED]

25X1

Algeria. Moscow has begun deliveries of equipment ordered late last year by Algeria under a \$450 million accord. Arrivals during the first quarter of 1976 included 70-100 T-62 tanks and possibly 16 MIG-21 aircraft. Moscow has held off on shipments earlier this year, apparently waiting for the Algerian-Moroccan conflict to cool down. [REDACTED]

25X1

25X1

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25X1 *Chad.* The USSR delivered two M-13 truck-mounted rocket launchers to the Chadian army. This is the first direct Soviet arms delivery to this central African country. [redacted]

A Soviet military fact-finding mission visited Chad from 29 March to 6 April. As a result of the visit, the Chad government agreed to send Moscow a list of materiel requirements for its armed forces, which until now were supplied by France. Moscow agreed to deliver five rocket launchers by the end of May and 20 more later. The 16-round, 132-mm M-13 is an obsolescent rocket launcher used by the Soviets in World War II and has been assigned a reserve/training role. [redacted]

25X1

Moscow's token presence will serve to enhance President Malloum's prestige as proof of "big-power" support. More importantly, the delivery will give the USSR an additional military presence on the African continent. The addition of rocket launchers to the army's inventory however, will not have a significant effect on Chad's counterinsurgency effort against rebels in the north. The army has no other artillery and only a limited number of mortars. [redacted]

25X1

25X1 *Libya.* Moscow delivered 128 T-54 and T-55 tanks and 35 APCs to Libya in March [redacted] Czechoslovakia also delivered an additional 65 T-54/55 tanks [redacted]

25X1

25X1
25X1
Near East and South Asia

[redacted]

25X1

The four new Soviet Osa guided-missile patrol boats delivered to Calcutta earlier this year have now joined the Indian Western Naval Command in Bombay. The new Osas have a greater range than the eight provided in 1971. [redacted]

25X1

25X1

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Iraq. Moscow has delivered 27 MIG-23s to Iraq so far this year. Four delivered in late April brought Iraq's total inventory of these aircraft to 81. [redacted]

25X1

[redacted] It is estimated that Iraq could have as many as 100 MIG-23s when the contract is filled. [redacted]

25X1

Iraq's severe shortage of jet-qualified pilots probably will prevent optimum use of the new Soviet aircraft. Baghdad is currently estimated to have 300 jet fighter pilots. Although an ambitious training program has been started to provide more than 100 additional jet qualified pilots per year, the lack of trainable personnel and the overall poor quality of operational pilots will prevent the air force from graduating more than 30 to 40 pilots this year. With deliveries of other jet aircraft plus normal pilot attrition, Iraq will be unable to man more than two or three MIG-23 squadrons by the end of 1976. [redacted]

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East Asia

General. China plans to begin imports of 100,000 tons of bauxite annually from Malaysia and Thailand, its first such purchases from these countries.

25X1

[REDACTED]

Philippines. Under a 1976 protocol the Philippines will continue to import Chinese crude oil and other products in return for copper, sugar, lumber, and textile products. Peking agreed to eliminate its trade surplus, which in 1975 was \$22 million.

25X1

[REDACTED]

President Marcos plans to visit Moscow in May, where he is expected to announce the establishment of diplomatic relations and sign the long-pending Soviet-Philippine trade agreement.

25X1

[REDACTED]

Latin America

Bolivia. The USSR extended \$14 million in additional credits to Bolivia in January 1976 to supplement aid provided under a 1970 agreement. The new credits probably will finance cost overruns at the problem-ridden Potosi tin plant. The foreign exchange cost of the Soviet-built plant has reached \$20 million, from the original \$6 million estimate.

25X1

[REDACTED]

Brazil. In an attempt to redress its huge trade deficit with Brazil, China has offered to export petroleum. In each of the past four years, China has imported more than \$60 million worth of Brazilian products but has exported less than \$1 million annually.

25X1

[REDACTED]

Brazil and Poland signed a five-year agreement in March calling for \$3.2 billion in trade through 1980. The new agreement supersedes a 1975 agreement that called for \$1.7 billion in trade over 10 years. If the level envisaged in the new pact is achieved, Poland will become the largest East European trader in Latin America.

25X1

[REDACTED]

Chile. Peking has agreed to advance \$80 million to Santiago in return for 180,000 tons of copper over an unspecified period. At least 38,000 tons of copper are scheduled for shipment in 1976.

25X1

[REDACTED]

Chilean government officials met in February to discuss ratification of an agreement to reactivate Chinese credits extended to the Allende regime. Santiago reportedly has asked China to raise the credit limit to \$100 million from the \$63

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million extended in 1972. China has tied the credit to the purchase of plants to manufacture industrial and agricultural processing machinery. The Chilean private sector, however, has shown little interest in the Chinese equipment. [REDACTED]

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25X1

Guyana. Ten Guyanese went to China for training in textile technology; the Chinese are building a textile plant under a \$26 million credit. [REDACTED]

25X1

In an effort to initiate formal trade relations with Georgetown, Moscow invited a Guyanese trade delegation to the USSR to discuss the exchange of sugar for machinery and equipment. [REDACTED]

25X1

Jamaica. China offered Jamaica a textile mill, reportedly at a favorable price. The project, which could cost up to \$12 million, has been under discussion since the two countries signed an economic cooperation agreement in 1974. Contracts are being prepared for signature by midyear. [REDACTED]

25X1

Hungary has agreed to construct an aluminum plant in Jamaica, the first firm commitment of development assistance from an East European country. The agreement follows a 1975 Jamaican offer to exchange bauxite for Hungarian aluminum technology. Jamaica has had trouble in attracting new Western investment because of its threat to nationalize foreign holdings. [REDACTED]

25X1

Mexico. China and Mexico announced plans to cooperate in developing water, agricultural, and fishery resources. The two countries also agreed to exchange petroleum industry technicians. A group of Chinese technicians is in Mexico studying offshore drilling techniques. [REDACTED]

25X1

Mexico and Romania signed agreements in February for extensive cooperation in petroleum development. Romania will provide technical assistance in secondary petroleum recovery techniques in exchange for Mexican assistance in offshore drilling. [REDACTED]

25X1

Poland and Mexico signed a trade agreement in early March under which Poland will construct a coal mine, the first large Communist-assisted project in Mexico. Poland and Mexico also will cooperate in electric power development, nonferrous metals exploration, fisheries, and sulfur extraction. A joint commission was set up to administer these activities. [REDACTED]

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[REDACTED]

25X1

Peru. China signed agreements with Peru to import \$57 million worth of metals and fishmeal and to sell rice and kerosene valued at \$23 million. The kerosene sale will be China's first outside of East Asia. Although China will still run a deficit in its trade with Peru, the new agreement is designed to reduce the large deficits of recent years. In 1974, China imported \$72 million worth of metals and other Peruvian raw materials but sold only \$0.6 million worth of goods. [REDACTED]

25X1

25X1

[REDACTED]

China reportedly will sell both the rice and kerosene at reduced prices. Rice will be sold at almost \$50 a ton below world market prices. The two sides may have also reached agreement on the use of some of the outstanding Chinese credits for agricultural equipment, possibly for the Chimbote irrigation project now being studied by China. [REDACTED]

25X1

Romania and Peru signed agreements in March to expand industrial development cooperation, possibly drawing on some \$25 million in Romanian assistance provided in 1973. [REDACTED]

25X1

Lima has signed contracts with the Polish firm KOPEX for an engineering study of a mining and energy complex at Alto Chicaha in Northern Peru. Polish technicians completed a feasibility study for the project, to use coal for thermal power generation, under a 1972 credit agreement. [REDACTED]

25X1

Uruguay. The USSR agreed to extend the life of a 1969 \$20 million credit agreement for machinery and equipment. About \$3.5 million of the credit has been drawn. [REDACTED]

25X1

Near East and South Asia

Bangladesh. Bangladesh and the USSR signed a protocol in Moscow at the end of March, calling for \$35 million in trade in 1976. Earlier in the month Bangladesh signed its annual trade protocol with Bulgaria. [REDACTED]

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25X1 Bangladesh plans to buy 40,000 tons of wheat for shipment to the USSR in July and August as the first of five installments repaying the 1973 Soviet wheat loan. [redacted]

Greece. Under a long-term agreement signed in late March, Romania will undertake oil exploration and exploitation at several locations in Greece. Financial terms were not announced. The two countries also signed a trade agreement calling for \$80 million in exchanges in 1976. Romania will export oil products, machinery, metallurgical products, and vehicles. [redacted] 25X1

India. The third session of the Soviet-Indian Economic Commission, chaired by the head of the Soviet State Committee for Foreign Economic Relations, opened in Moscow on 31 March. The commission was set up in 1972 to integrate Soviet and Indian economic and commercial planning. [redacted] 25X1

25X1 *Iraq.* The deputy chairman of the East German planning commission arrived in Baghdad to discuss cooperation in economic planning. Iraq previously has drawn on the services of East European economists in formulating economic development plans. [redacted]

Economic talks ended in Moscow with Soviet agreement to assist in the construction of a new power station, a cement plant, and an irrigation network, as well as additional assistance to the petroleum industry. Financial terms of the new Soviet participation were not revealed. [redacted] 25X1

Kuwait. Romanian President Ceausescu, on a visit to Kuwait in late March, revived the question of Kuwaiti participation in a \$1 billion petrochemical complex in Romania. Last year, the two sides agreed to study the project, for which Kuwait would provide half of the financing, as well as the crude oil for the plant. Romania also proposed construction of a similar complex in Kuwait. Agreement was not reached, however, suggesting that Kuwaiti objections to Romania's 1975 feasibility study have not been resolved. [redacted] 25X1

[redacted]

25X1

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[Redacted]

25X1

Sri Lanka. China emerged as Sri Lanka's major trading partner in 1975, according to the Sri Lankan press. The announcement was made at the inauguration of the Sri Lankan-Chinese shipping line's services to Europe. [Redacted]

25X1

Syria. Syria's Petroleum Minister inaugurated production at the Czech-built distillation unit at the Homs petroleum refinery. [Redacted]

25X1

Turkey. The 17th annual Soviet-Turkish trade protocol, signed on 4 March, calls for total trade of \$170 million in 1976, slightly less than 1975 trade. In addition, Turkey will ship \$35 million worth of goods to the USSR for repayment of past credits. [Redacted]

25X1

Construction is scheduled to begin soon on a \$35 million dam on the Arpacay River, which is being financed jointly by the USSR and Turkey. The waters will be shared equally by the countries, as will the 17 million kilowatts of electricity to be produced by an associated hydroelectric plant. [Redacted]

25X1

Military

Africa

Kenya. In March, Moscow offered its first military assistance to Kenya. Nairobi, worried about expanding arms inventories in Uganda and Somalia and facing territorial claims by both, has also been negotiating with several Western arms suppliers. [Redacted]

25X1

Malagasy Republic. The Malagasy Republic is scheduled to receive its first Soviet aircraft – an MI-8 helicopter for VIP use. [Redacted]

25X1

Sudan. Soviet Deputy Defense Minister and Chief of Staff Kulikov will make an official visit to Sudan in early April, reciprocating a visit by Sudan's armed forces chief to the Soviet Union last July. Kulikov's visit closely follows the delivery in early March of 11-12 MIG-17 aircraft under a Soviet grant. [Redacted]

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Near East and South Asia

Afghanistan. A Soviet military delegation arrived in Kabul in mid-March, probably to sign protocols negotiated last year for armored personnel carriers to be used to reorganize Afghanistan's three armored divisions. The additional equipment will do little to increase the army's capabilities because of its rudimentary logistic system and a shortage of skilled manpower. [REDACTED]

25X1

Iran. Since 1974 Iran has received 22 of the 30 ZSU-23-4 self-propelled antiaircraft guns that were ordered from the USSR, one of the few Soviet combat systems purchased by Iran. Most of the \$826 million in Iranian military orders placed with the USSR since 1967 were for support equipment. [REDACTED]

25X1

Sri Lanka. The ship Moscow gave Colombo last November has been identified as a Mol class patrol boat, probably the naval combatant promised Prime Minister Sirimavo Bandaranaike during her November 1974 visit to Moscow. The Mol is an unsophisticated boat that uses an old type Osa hull. [REDACTED]

25X1

The Soviets have built at least two or possibly three Mols and will quite likely continue to produce a limited number of them. The Mol class was identified for the first time last summer. Sri Lanka might be the first country to receive this ship. [REDACTED]

Syria. In late March, Damascus received its second Petya-1 light frigate from the USSR; the first arrived in July 1975. The Petyas, the largest ships in the Syrian navy, are valued at more than \$10 million each and probably were ordered under a \$500 million 1974 arms agreement. Along with approximately 12 guided-missile patrol boats, the Petyas will provide the navy with its main combat strength. [REDACTED]

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