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China's Military and Economic Programs in the Third World

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A Research Paper

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China's Military and Economic Programs in the Third World [Redacted]

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A Research Paper

This paper has been prepared by [Redacted]
[Redacted] International Security Issues
Division, Office of Global Issues. Comments and
queries are welcome and may be addressed to the Chief,
Communist Activities Branch [Redacted]

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This paper has been coordinated with the
Department of State, the Defense Intelligence Agency,
and the Agency for International Development. [Redacted]

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**China's Military and
Economic Programs
in the Third World**

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Summary

*Information available
as of 15 August 1982
was used in this report.*

China's activities in the Third World in 1981 reflected Beijing's 1979 decision to earn hard currency through its military and economic programs. For the first time in nearly 20 years, Beijing seems to have abandoned its traditional arms giveaway program. China's military sales soared to \$2.8 billion in 1981, double the value of all military agreements with non-Communist LDCs since the program began in 1958. Of this, Iraq bought \$2.2 billion worth of ground forces weapons, spare parts, and ammunition for its war with Iran. Beijing also concluded its first military contracts with Iran and Libya.

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Despite the surge in military sales, China made only small inroads into the global arms market, which averages \$30 billion annually for major weapon systems and associated support. The dramatic growth in Chinese sales in 1981 probably was due more to short-term, unusual market conditions than to an increase in Chinese competitive strength. In particular, China responded to opportunities presented by Moscow's refusal to resupply Iraq while it was at war and Libya's desire to conceal weapons transfers to a number of clients by using non-Soviet-origin material.

China's economic aid effort—traditionally one of the most concessionary programs in the world—in 1981 sank to a 12-year low of \$77 million because of competing economic priorities at home. China also has become somewhat disillusioned over LDC mismanagement of aid projects, such as the Tan-Zam Railroad. Rather than providing new concessionary aid,

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We do not expect Chinese military sales to maintain the record level of 1981. China could, however, improve its longer term sales prospects by aggressively marketing more competitive weapon systems, such as its MIG-21-based fighter and improved medium tank. Weapons such as these would appeal to a wider group of customers and could result in a more stable and predictable flow of orders.

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Over the next year or so, foreign economic aid to LDCs almost certainly will remain low by historical standards, and additional effort will be placed on increasing hard currency earnings. In this regard, China will probably be able to expand its program to supply technical services to contractors abroad since its salary rates—from \$400 a month for laborers to \$2,000 for project managers—are highly competitive. [redacted]

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The data on economic and military agreements reflect the latest information and supersede data in our previous publications [redacted]

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The term *less developed countries* includes: all countries of Africa except the Republic of South Africa; all countries of East Asia except Hong Kong and Japan; Malta, Portugal, and Spain in Europe; all countries in Latin America except Cuba; and all countries in the Middle East and South Asia except Israel. Cambodia, Laos, and Vietnam, which became Communist in 1975, are reported on for prior years for historical reasons. [redacted]

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Within the aid context, the terms *extensions*, *commitments*, and *agreements* refer to pledges of goods and services, either on deferred payment terms or as grants. Assistance is considered to have been extended when accords are initialed and constitute a formal declaration of intent. For *economic* aid, credits with repayment terms of five years or more are included. Where terms are known, the credits are designated as “trade credits” if amortization is less than 10 years. For *military* transactions, all sales are included—whether for cash or provided under credits or grants. The terms *drawings* and *disbursements* refer to the delivery of goods or the use of services. [redacted]

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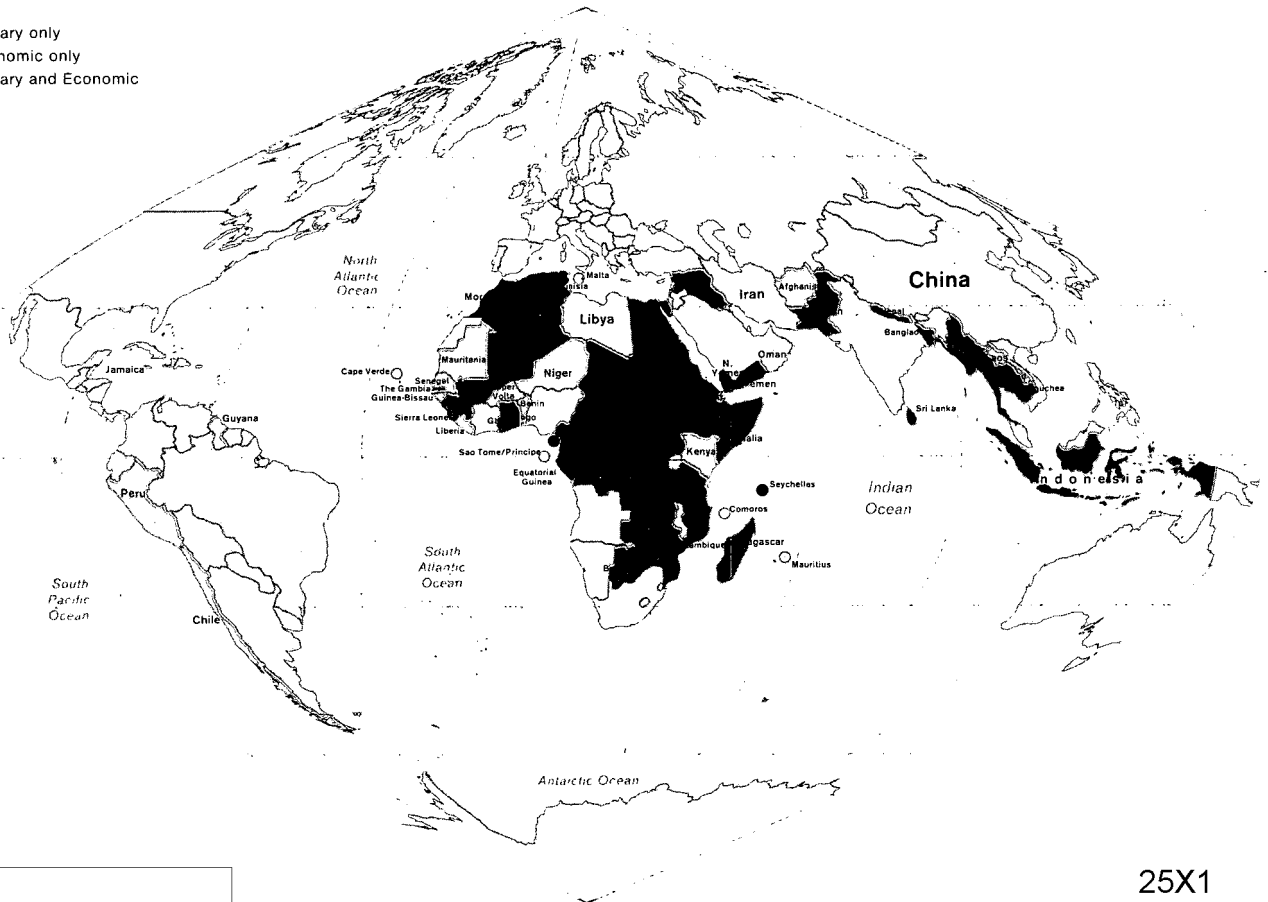
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China: Military and Economic Agreements with LDCs

-  Military only
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-  Military and Economic



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China's Military and Economic Programs in the Third World

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After decades of generally low profile aid in the Third World, Beijing began in earnest in 1980 to expand hard currency earnings through its military and economic programs. In 1981 Chinese military agreements soared to \$2.8 billion from an annual average of \$60 million in 1958-80 as Beijing moved quickly to close deals with hard currency customers. In this single year Iraq became China's most important arms buyer, nearly tripling military orders placed by Pakistan. Beijing's willingness to sell weapons to both Iran and Iraq underscored China's serious intent to pursue a vigorous commercial arms export policy.

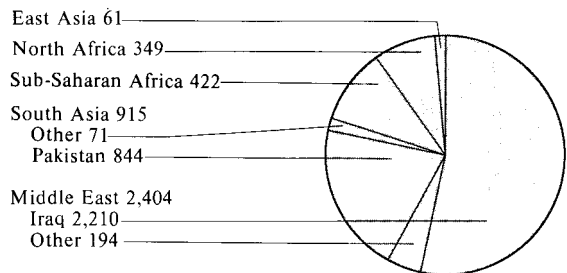
Economic aid commitments, traditionally China's major instrument of influence in the Third World, sank to a meager \$77 million.

Arms Exports Before 1980

China made occasional arms transfers to Third World countries in the late 1950s and early 1960s, but did not provide arms as a regular feature of assistance until 1965. Its support for Pakistan when the United States and the United Kingdom cut off deliveries during the Indo-Pakistani war made China the supplier to whom Islamabad subsequently turned for rapid delivery during crises. As a result, Pakistan's orders accounted for more than one-half of China's \$1.4 billion of military aid commitments to LDCs in 1958-80 (figure 1). Another 10 percent (\$125 million) went to Egypt to fill equipment and spare parts gaps after the withdrawal of Soviet aid in the mid-1970s. Most of the remainder went to 25 sub-Saharan countries—the largest share to Tanzania for developing that country's national forces.

Figure 1
China: Military Aid to LDCs by Major Recipient, 1958-81

Million US \$ Total=US \$4.2 Billion



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China's small program never competed seriously with Soviet or Western suppliers, except in Pakistan and Tanzania, before 1978. For the most part, China provided small quantities of outmoded aircraft, ground forces equipment, small arms, and ammunition to the poorer, less developed Third World nations (see table 1).

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An important break in marketing patterns came in 1978, when China concluded a \$90 million plus deal with Egypt for F-6 (MIG-19) fighters and spare parts for Soviet equipment as part of a new effort to assist countries that had broken ties with the USSR. The ability to service some of Cairo's Soviet equipment

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Table 1
Military Aid to LDCs ^a*Million US \$*

	1958-81		Equipment
	Agreements	Deliveries	
Total	4,151	1,578	
Africa	771	339	
Algeria	12	12	Field guns, infantry weapons, and radio equipment
Botswana	1	1	Tanks, infantry weapons, and ammunition
Burundi	2	2	Infantry weapons, ammunition, radio equipment, and trucks
Cameroon	7	7	Two fast patrol boats, field guns, small arms, and ammunition
Central African Republic	5	5	500 trucks and other unidentified equipment
Chad	NEGL	...	Small arms and ammunition
Congo	10	10	Type-62 tanks, field guns, infantry weapons, three helicopters, 10 naval craft, and support equipment
Equatorial Guinea	NEGL	NEGL	Unidentified ground forces equipment
Ethiopia	3	3	Small arms and ammunition
Gabon	7	7	Artillery and small arms
The Gambia	3	3	Small arms and radio equipment
Ghana	1	1	Small arms
Guinea	8	8	Two helicopters, four patrol craft, tanks, field guns, small arms, ammunition, and vehicles
Libya	305	...	Unidentified military equipment
Madagascar	2	2	Air defense guns, small arms, and ammunition
Mali	4	4	Five helicopters, Type-62 tanks, small arms, and military construction
Morocco	1	1	Air defense machineguns and ammunition
Mozambique	5	5	Air defense guns, small arms, and trucks
Rwanda	8	7	Artillery, small arms, and vehicles
Seychelles	1	1	Small arms, vehicles, and communications equipment
Sierra Leone	3	3	Two patrol craft and small arms
Somalia	41	34	Fighter aircraft, infantry weapons, ammunition, spare parts, and trucks
Sudan	95	28	F-5 and F-6 fighter aircraft, tanks, infantry weapons, and signal equipment
Tanzania	118	96	Fighter and trainer aircraft, patrol craft, APCs, field guns, infantry weapons, and trucks
Togo	1	1	Infantry weapons and radio equipment
Tunisia	31	20	Two patrol craft, air defense guns, tanks, and infantry weapons
Uganda	NEGL	NEGL	Field guns and infantry weapons
Zaire	50	32	Four patrol craft, tanks, field guns, infantry weapons, vehicles, and spare parts
Zambia	32	31	Fighter aircraft, air defense guns, infantry weapons, and military construction
Zimbabwe	15	15	Field guns, infantry weapons, ammunition, and spare parts

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Table 1 (continued)

Million US \$

	1958-81		Equipment
	Agreements	Deliveries	
East Asia	61	45	
Burma	NEGL	NEGL	Ammunition
Indonesia	37	21	Fighter and bomber aircraft, air defense guns, infantry weapons, and radars
Kampuchea ^b	23	23	Infantry weapons and ammunition
Thailand	1	1	
Middle East	2,404	396	
Egypt	125	118	F-6 fighter aircraft, field guns, air defense guns, and vehicles
Iran	36	NA	
Iraq	2,210	274	Field guns, antiaircraft guns, ammunition, and quartermaster supplies
North Yemen	2	1	Small arms
Oman	1	1	
South Yemen	NEGL	NEGL	Ammunition
Syria	30	2	Unidentified ground equipment
South Asia	915	798	
Bangladesh	44	36	Fighter and trainer aircraft, tanks, naval craft, and an ordnance plant
Nepal	6	6	Field guns and vehicles
Pakistan	844	735	Fighter, bomber, and trainer aircraft, naval craft, tanks, artillery, infantry weapons, vehicles, and support
Sri Lanka	21	21	Naval craft, field guns, and infantry weapons

Note: Ellipsis indicates no known deliveries; NEGL refers to less than \$500,000; NA indicates that value is not known.

^a Including all validated military agreements for military supplies provided for cash, under credit arrangements, or as grant aid. Values of military agreements are based on export prices charged LDCs.

^b Before Communist takeover, April 1975.

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pointed up the role China could assume in supplying former Soviet clients. The size and character of the sales to Egypt gave China credibility and access to a lucrative market where it could act as an alternative supplier while gaining political leverage. Beijing capitalized on this policy again in 1979 with nearly \$80 million worth of deals with Somalia and Sudan.

commercial basis and replaces the longstanding grant aid program to friendly governments that gave China less than 1 percent of the LDC arms market and only limited economic and political returns.

Commercialization of the Military Program

Beijing's new arms sales policy is aimed at earning hard currency by exploiting surplus production capabilities. It puts Chinese arms exports largely on a

[Redacted] China's foreign policy interests, however, will continue to be reflected in its military program through offers of concessionary prices and financing to politically favored Third World customers. [Redacted]

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Table 2
Military Agreements With LDCs, 1981

Million US \$

Total	2,770^a
North Africa	305
Libya	305
Sub-Saharan Africa	44
Sudan	30
Tanzania	7
Zaire	7
East Asia	16
Indonesia	16
Middle East	2,270
Iran	36
Iraq	2,204
North Yemen	1
Oman	1
Syria	28
South Asia	135
Bangladesh	6
Pakistan	129

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The 1981 surge in sales (tables 2 and 3), which greatly exceeded the annual target of \$1 billion set when China first decided to enter the arms market, reflected Beijing's willingness and ability to take advantage of special situations such as Moscow's refusal to supply Iraq, and Libya's large purchases,

The arms-for-profit policy places the greatest emphasis on hard currency earnings and relegates political considerations and arms giveaway programs to a less important role. For the first time in nearly 20 years, we did not observe China agreeing to provide any arms free of charge.

China capitalized on sales prospects provided by the USSR's embargo of weapons to Iraq. Baghdad, previously a small Chinese customer, bought \$2.2 billion worth of ground forces weapons, maintenance, spare parts, and ammunition—making up 80 percent of China's 1981 orders.

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Table 3
Military Aid to LDCs, by Year

Million US \$

	Agreements	Deliveries
Total	4,151	1,578
1958-71	410	298
1972	79	78
1973	27	77
1974	91	25
1975	40	102
1976	143	100
1977	74	71
1978	141	98
1979	198	98
1980	178	216
1981	2,770	415

China also arranged its first military agreement with Libya, a sale of \$305 million worth of ammunition

Jakarta purchased fire-control radar valued at \$16 million, and Damascus bought \$28 million worth of unspecified materiel. Other Chinese agreements were mainly with established clients:

- Pakistan, China's biggest customer before 1981 and an ally whose security is of vital interest to China, signed accords totaling about \$130 million, mainly for 40 A-5 fighter aircraft and ground forces equipment, according to the international press.
- Sudan concluded a \$30 million deal in late 1981 for F-6 (MIG-19) aircraft, tanks, field artillery, and other ground forces equipment despite China's unhappiness over Khartoum's failure to meet previous debt obligations,

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Table 4
Military Technicians in LDCs, 1981^a

	Number of Persons
Total	685
Africa	225
Mali	15
Rwanda	5
Somalia	30
Sudan	80
Tanzania	25
Zaire	45
Zambia	25
Middle East	10
Egypt	10
South Asia	450
Bangladesh	50
Pakistan	400

^a Minimum estimates of number of persons present for a period of one month or more. Numbers are rounded to the nearest five.

[REDACTED]

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Some 700 Chinese personnel were in LDCs in connection with the military programs in 1981 (table 4), about the same number as in previous years. China has typically maintained a low profile in its military technical service program. There may be some expansion in connection with increased deliveries, especially since China will charge hard currency for military technicians as part of its new policy. [REDACTED]

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A Special Place in the Market

Even though Beijing cannot compete directly with the big arms-producing nations (the global arms market averaged \$30 billion in annual sales of major weapon systems and associated support in 1976-81) in either quantity or level of sophistication, it has begun to carve out a niche in the market. In capitalizing on its particular production and technical service strengths, China is appealing to LDC needs that sometimes have

been ignored or denied by other suppliers, particularly for:

- Spare parts for Soviet-type weapons—ranging from tires and gun barrels to aircraft parts.
- Small arms and ammunition.
- Older model Soviet-type aircraft and ground forces equipment that are reliable and relatively easy to maintain.
- A limited range of somewhat more advanced hardware—mostly improved versions of Soviet-designed weapons, including Type-59 (T-54) tanks, a lighter version of the Soviet 130-mm field gun, and CSA-1 (SA-2) and SS-N-2 (Styx) surface-to-surface missile systems.

China also can supply production and repair facilities, such as the tank and jet engine overhaul plant and the small arms and ordnance factories it has built for Pakistan. [REDACTED] 25X1

Our analysis of arms contracts shows that Chinese small arms, some crew-served weapons, and ammunition are less expensive than similar weapons sold by small suppliers, Western countries, and the Soviets. The popular Chinese AK-47 rifle, for example, sells for about 40 percent below its Soviet counterpart, and the 57-mm antiaircraft gun is nearly 50 percent cheaper. Chinese willingness to negotiate prices of more complex weaponry, such as tanks and fighter aircraft, usually makes them competitive with comparable weapons. Beijing also generally offers liberal payment terms, typically 10 years at 3-percent annual interest. [REDACTED] 25X1

China probably can meet challenges to its market by small exporters such as North Korea, East European countries, Brazil, and other Third World producers with:

- Generally lower prices and easier repayment terms.
- Faster deliveries on some items such as small arms and ammunition.

Special discounts and repayment concessions, which Beijing gives in politically important circumstances, could give China additional advantages. [REDACTED]

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The New Look in Technical Services

As with military supplies, China has indicated that it has technical expertise available for countries willing to pay. In connection with its growing commercial ties with the Middle East, Beijing is marketing its services in the lucrative Arab market and has since 1979 signed contracts with Iraq, Kuwait, and Oman to construct development projects on a commercial basis.

Table 5

China: Economic Technicians in LDCs, 1981^a

	Number of Persons
Total	17,935
North Africa	1,575
Algeria	360
Libya	5
Mauritania	550
Morocco	35
Tunisia	625
Sub-Saharan Africa	6,975
Angola	10
Benin	200
Botswana	10
Burundi	300
Cameroon	550
Cape Verde	5
Central African Republic	150
Congo	500
Equatorial Guinea	100
Ethiopia	250
Gabon	30
The Gambia	200
Ghana	175
Guinea	150
Guinea-Bissau	75
Liberia	200
Madagascar	420
Mali	400
Mauritius	15
Mozambique	40
Niger	80
Nigeria	125
Rwanda	130
Sao Tome and Principe	45
Senegal	300
Seychelles	25
Sierra Leone	300
Somalia	400
Sudan	475
Tanzania	200

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China has been successful in marketing services because of heavy advertising of the reasonable salary rates for personnel—from \$2,000 per month for project managers down to \$400 a month for laborers. These charges compare with as much as \$8,000 a month for personnel from other Communist countries. China optimistically predicts that it will have a pool of a million personnel available for overseas jobs in the near future, with hard currency earnings projected at \$2.5 billion annually, according to the international press.

In addition to its commercial workers abroad, China also maintained 13,000 persons in LDCs, mostly in Africa, working on aid projects and as teachers and doctors. LDCs pay very little for the technical assistance provided by China under its aid program.

most technicians and laborers under this program cost the LDCs only about \$100 to \$300 monthly for subsistence.

China's Economic Program Falters

At the same time that arms sales and commercial service contracts have become more important, Beijing has nearly terminated its highly successful, highly concessionary economic aid program. New commitments in 1981 totaled only \$77 million, their lowest

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Table 5 (continued)

	Number of Persons
Togo	400
Uganda	50
Upper Volta	130
Zaire	220
Zambia	300
Zimbabwe	15
East Asia	150
Burma	150
Latin America	65
Guyana	5
Jamaica	35
Mexico	10
Panama	10
Peru	5
Middle East	8,010
Egypt	10
Iraq	4,000
Jordan	500
Kuwait	200
North Yemen	3,200
South Yemen	75
Syria	25
South Asia	1,160
Bangladesh	10
Nepal	200
Pakistan	750
Sri Lanka	200

^a Minimum estimates of the number of persons present for a period of one month or more. Numbers are rounded to the nearest five.

[Redacted]

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level in nearly 15 years (table 6). With its reputation for effective aid already secure, since the mid-1970s Beijing has been using its limited aid assets selectively to achieve immediate political and economic objectives. Egypt and Somalia, for example, received assurances of Chinese assistance after they canceled treaties with the USSR. [Redacted]

Table 6
China: Economic Agreements
Concluded With LDCs, 1981

Million US \$

Total	77
Sub-Saharan Africa	57
Mali	NEGL
Sudan	57
South Asia	20
Nepal	20

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While many LDCs continued in 1981 to appeal to China for aid for railroads and other infrastructure projects, Beijing pointed to higher priority economic obligations at home. Mismanagement of the Chinese-built Tan-Zam Railroad (turned over to Tanzanian-Zambian management in 1976), growing cost overruns at ongoing projects, and a lack of local financial and other support for Chinese projects also probably have contributed to Beijing's disillusionment with its foreign aid program. China maintained its traditional patterns by providing aid to Sudan, Nepal, and Mali (figure 2).

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[Redacted]

Beijing's aid has fluctuated widely from year to year, reflecting economic and political developments at home and changing attitudes toward the costs and benefits of aid (table 7). Economic assistance, which began in 1956 with a few scattered commitments to East Asian neighbors, gained momentum early in the 1960s as China competed for influence with the Soviet Union by extending assistance to newly independent African countries. The rivalry diminished in 1965 as China reduced its aid program because of political problems at home and Moscow for the time being lost interest in Africa. Chinese aid to the Third World did not recover until after the Cultural Revolution (1966-69), and China turned its attention again

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Figure 2
China: Economic Aid to LDCs by Major Recipient, 1956-81

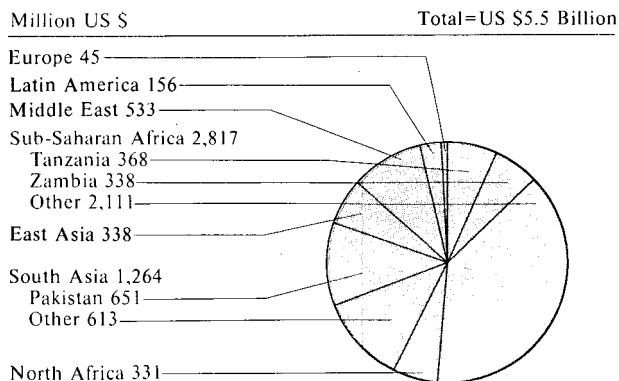


Table 7
China: Economic Aid to LDCs, by Year

Million US \$

	Agreements	Deliveries
Total ^a	5,484	3,362
1956-71	2,395	850
1972	623	261
1973	600	249
1974	282	267
1975	400	199
1976	155	347
1977	210	269
1978	219	284
1979	125	213
1980	399	210
1981	77	213

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

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from domestic to international affairs. In 1974 economic aid again suffered from domestic political infighting, and pledges plunged to a five-year low. In a newspaper article published following Chairman Mao's death in September 1976, Premier Hua Guofeng pledged to honor Mao's policy of assisting poorer nations within the limits of China's ability.

Prospects for Arms Sales and Economic Aid

The tempo of Chinese arms sales to LDCs in 1981 can be maintained only through additional crisis buying or unexpectedly large demands for spares or Soviet-type equipment from countries holding large inventories of Soviet hardware. Without these unusual market factors, China's acceptance as a full-fledged arms supplier will grow only gradually. In the near term, Beijing will try to capitalize on opportunities for large sales, mainly in the Middle East, as well as cultivate traditional clients. In most cases China will emphasize simple technology, spare parts and services, and support facilities.

Although China cannot compete directly with Moscow in supplying most weapons, it is taking advantage of crises and of the disaffection of former Soviet clients to enlarge its market share, mostly at Soviet expense. Chinese charges for technical services are one-third below those of the Soviets.

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LDC officials generally view the Chinese technicians as highly professional and efficient. Along with the capability to provide spare parts and ammunition for Soviet-made equipment, these factors could help China to make some additional inroads into Soviet markets. One consequence of this is that Moscow's ability to exert leverage over LDCs—most recently Iraq—by withholding spare parts could be undermined.

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We believe that China will improve its longer term prospects by aggressively marketing more competitive weapon systems, such as its MIG-21 fighter and improved medium tanks. Weapons like these probably will appeal to a wider group of customers and result in a more stable and predictable flow of orders. Even

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without such improved weapons, China's first taste of success undoubtedly will stimulate it to greater marketing efforts. [redacted]

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Beijing's decision in the late 1970s to concentrate its economic resources on spurring domestic development reduced the possibility of large new Chinese economic aid initiatives in the near term. It will, however, almost certainly maintain its present relatively small, low-profile program directed toward the needy nations because the effort yields useful foreign policy benefits at low cost. We believe new aid will be mostly for projects that are compatible with the needs and technological level of recipients. China also is pushing contracts to provide technicians and laborers to LDCs directly and to Western contractors working on projects in LDCs. With a labor force of more than 1 million persons qualified for overseas duty, Beijing will be able to fill demands for personnel to work abroad if it can win new contracts in the highly competitive international labor market. [redacted]

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Appendix

Economic Aid: A Successful Effort

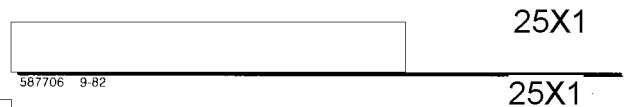
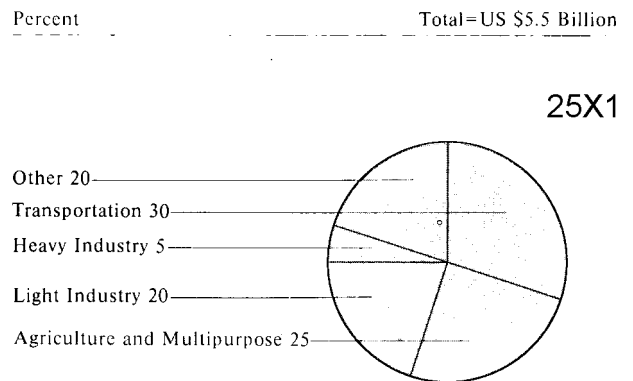
China has neither the resources nor the inclination to become a major aid patron. Chinese officials have repeatedly stressed that self-help programs are the only way LDCs can improve their economies and feed their growing populations. Despite efforts to counter Moscow's African program, Chinese aid has not competed with other Communist or Western programs, even in its 1970-73 heyday. Its \$5.5 billion economic aid commitment for the period 1956-81 has been dwarfed by the multibillion dollar annual commitments of major Western donors. [redacted]

Even though China's economic aid to the Third World has accounted for less than 1 percent of the total aid flowing to less developed countries in the past 26 years, in our judgment it is among the most successful of the national aid programs in terms of fulfilling LDC development objectives often ignored by other donors. China's focus on a narrow range of LDC development efforts has allowed Beijing to use its own limited capabilities effectively. The assistance, which is both simple and relevant to LDC needs, has been generally well received and has earned China a reputation that far exceeds the costs. Beijing usually provides a balanced package that effectively promotes both economic and social development. [redacted]

Our analysis indicates that Beijing's aid has been attractive to LDCs, especially the poorer nations, because:

- It is among the most concessional aid offered LDCs. About 15 to 20 percent of the total is given as outright grants. Interest-free credits, which comprise the rest of the program, usually allow at least 10 years for repayment, after a 10- to 30-year grace period. In contrast, average Western terms specify repayment periods of 24 years, after nine years grace, and 2.6-percent interest. Soviet terms usually require repayment periods of 10 to 12 years, after one year grace, with 2.5- to 4.5-percent interest, and even these terms are hardening. [redacted]

Figure 3
China: Economic Aid to LDCs by Sector, 1956-81



- Project implementation is fast. Nearly \$3.4 billion (about 60 percent of China's total commitment) had been delivered by the end of 1981. [redacted]
- China's economic aid has concentrated on infrastructure, primary industries, and agriculture, the most prominent areas of deficiency in LDC development. Only 5 percent of the aid has gone to heavy industry—all in Pakistan (figure 3). [redacted]
- Medical services, one of China's most effective programs in the Third World, address a high priority of poorer LDCs. The \$50 million worth of known Chinese assistance to public health has gone largely [redacted]

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Table 8
China: Economic Credits and Grants
to LDCs, 1956-81

Million US \$

	Extended	Drawn		Extended	Drawn
Total ^a	5,484	3,362	Somalia	164	130
North Africa	331	190	Sudan	139	72
Algeria	92	61	Tanzania	368	306
Mauritania	87	44	Togo	46	27
Morocco	55	10	Uganda	42	6
Tunisia	97	75	Upper Volta	51	13
Sub-Saharan Africa	2,817	1,735	Zaire	138	74
Benin	44	15	Zambia	338	324
Botswana	17	3	Zimbabwe	26	...
Burundi	58	34	East Asia	338	229
Cameroon	103	86	Burma	172	108
Cape Verde	17	2	Indonesia	47	47
Central African Republic	14	6	Kampuchea ^b	92	69
Chad	68	8	Laos ^b	26	5
Comoros	NA	...	Thailand	NA	...
Congo	112	73	Western Samoa	NA	...
Djibouti	30	...	Europe	45	45
Equatorial Guinea	24	22	Malta	45	45
Ethiopia	138	62	Latin America	156	42
Gabon	25	11	Chile	65	15
The Gambia	17	10	Guyana	37	15
Ghana	42	25	Jamaica	11	11
Guinea	134	90	Peru	42	2
Guinea-Bissau	17	3	Middle East	533	330
Kenya	64	3	Egypt	193	97
Liberia	23	3	Iraq	45	8
Madagascar	89	73	North Yemen	130	90
Mali	127	109	South Yemen	96	66
Mauritius	35	1	Syria	70	70
Mozambique	64	16	South Asia	1,264	791
Niger	52	14	Afghanistan	76	39
Rwanda	56	24	Bangladesh	107	24
Sao Tome and Principe	18	2	Nepal	207	106
Senegal	52	29	Pakistan	651	476
Seychelles	4	2	Sri Lanka	222	146
Sierra Leone	61	55			

^a Because of rounding, components may not add to totals shown.^b Agreements prior to formation of Communist government in 1975.

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to construct hospitals or clinics, mostly in the rural areas of 16 countries. In addition, Chinese medical teams have gone to at least 35 LDCs; in 1981 about 1,500 Chinese medical personnel were working in developing countries. [redacted]

25X1

- Projects are simple to operate and are import-saving. Chinese aid has stressed construction of simple processing facilities for raw materials and foods, and light industrial plants for textiles, plywood, paper, and agricultural implements. These plants come on stream rapidly, and, because of intensive training of local personnel, domestic labor is able to contribute immediately to national development programs. [redacted]

25X1

- Beijing provides adequate technical services, which always are in short supply in LDCs. It tightly controls the execution of projects and supplies its own administrators, as well as skilled labor and often unskilled labor, to assure rapid completion of projects. China's technical services, the least expensive of any nation, have been the most widely praised aspect of the Chinese development effort. LDCs pay only a local subsistence allowance for housing, food, and transportation within the country. In some cases, particularly for medical teams, China defrays even these modest costs. [redacted]

25X1

- China covers most local costs through commodities or cash transfers. These transfers—sometimes given as outright grants—have amounted to nearly \$1.5 billion, 45 percent of total Chinese deliveries under its aid program. [redacted]

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