

SOVIET AND EAST EUROPEAN AID PAPER

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Soviet and East European Aid to the Third World, 1981

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Definition of Terms

The term *Communist countries* refers to the USSR and the following countries of Eastern Europe: Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and Romania. Included in this edition also are data on Cuban and North Korean aid to and personnel present in LDCs.

The term *less developed countries* includes all countries of Africa except the Republic of South Africa; 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 countries in 1975, are reported on for prior years for historical reasons.

Within the aid context, the terms *extensions*, *commitments*, and *agreements* refer to pledges to provide 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.

**Soviet and East European Aid
to the Third World, 1981**

Summary

Warsaw Pact countries signed \$8 billion worth of military agreements with Third World countries in 1981, down sharply from the record \$15 billion in orders in 1980. Soviet and East European economic aid pledges to Third World countries also declined dramatically in 1981 to a little more than \$1 billion.

The decline in military agreements was entirely attributable to a drop from \$14 billion to \$6 billion in Soviet military sales, as major clients absorbed heavy equipment deliveries under previous contracts. Traditional clients in Africa, the Middle East, and South Asia accounted for 95 percent of new Soviet orders. Moscow added Jordan and Nicaragua to its list of military customers in 1981. East European military sales of \$2 billion (almost all to the Middle East) nearly tripled the 1980 sales record.

Soviet economic assistance dropped to a four-year low of \$450 million as several major negotiations dragged on without final agreement. We do not believe this drop reflects reduced Soviet interest in its foreign economic program. Most of the 1981 Soviet economic credits went to small clients, were trade associated, and carried harder repayment terms. East European economic assistance also dropped dramatically, to \$665 million.

The data on economic and military agreements reflect the latest information available and supersede data in our previous publications.

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Soviet and East European Aid to the Third World, 1981

Perspective

Warsaw Pact agreements in 1981 continue a post-World War II pattern of aggressively building Communist political, military, and economic influence in the Third World. The Communist programs emphasize military rather than economic aid and focus on a few key countries. Throughout the last three decades, Moscow's basic objectives have remained unchanged: (a) to erode Western influence and substitute its own, (b) to persuade Third World countries that

the Soviet economic model offers a solution to their economic problems, (c) to establish military and political bases from which to project Soviet power, and (d) to gain access to strategic raw materials. East European countries have pursued similar aims in LDCs, and their economic and military programs have complemented those of the USSR.

The Soviet Military Program

Moscow's \$6 billion of new military agreements in 1981 brought the value of its Third World military agreements to \$70 billion over the past 26 years. Soviet arms sales have been heavily concentrated on a small number of countries—primarily those that are strategically situated and/or have friendly governments. The largest share (95 percent since 1955) has gone to nations on the Soviet border and to radical North African and Middle Eastern states such as Algeria, Libya, and Syria. A number of them—notably Afghanistan, Algeria, Iraq, Libya, and Syria—have equipped their military forces largely with Soviet arms and remain dependent upon Moscow for parts, supplies, and servicing.

The Economic Program

Moscow still considers economic aid a useful tool for expanding Soviet influence in the Third World despite the loss of much of the early political dynamism of its program, which now emphasizes economic criteria rather than political criteria in determining what countries will receive aid. Because of its early emphasis on large, showy projects in the industrial sector—projects that often had been turned down by Western donors because of questionable economic returns to the client—the USSR's aid has often gained a reputation not warranted by its size. Indeed, the USSR accounts for less than 3 percent of international aid flows to non-Communist LDCs. Still, the USSR gained entree into Egypt, India, Iran, Syria, and a number of other countries through its economic program, and these ties endure even when other relationships wither.

More recently, Moscow has pressed for broad, long-term cooperation agreements with all of its major LDC clients to synchronize their planning cycles with Moscow's. These open-ended, nonbinding agreements are designed to provide a firmer

Table 1
USSR and Eastern Europe: Military
Agreements With LDCs, 1981

Million US \$

	USSR	Eastern Europe
Total ^a	6,060	2,030
North Africa	..	650
Sub-Saharan Africa	1,910	5
Latin America	105	10
Middle East	3,505	1,365
South Asia	535	5

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

Table 2
USSR and Eastern Europe:
Military Deliveries to LDCs

Million US \$

	USSR	Eastern Europe
1977	4,740	355
1978	5,705	550
1979	7,615	635
1980	6,290	525
1981	6,445	775

Table 3
Military Technicians
in LDCs, 1981^a

Number of persons

	USSR	Eastern Europe	Cuba
Total	16,280	1,925	39,175 ^b
North Africa	4,000	600	50
Sub-Saharan Africa	4,535	765	36,910
Latin America	165	60	1,715
Middle East	5,425	500	500
South Asia	2,155	NA	..

^aNumbers are rounded to the nearest 5.

^b Includes combat units in Angola and Ethiopia.

economic base for long-term planning by client countries, while increasing the USSR's assurance of a stable flow of raw materials.

Over the past 27 years, East European countries have pledged nearly \$12 billion of aid to more than 60 countries, of which

\$4.3 billion has been disbursed. The commercially oriented East European program, which usually provides financing for equipment purchases rather than large, high-visibility projects, has not had much political impact in LDCs.

The Military Assistance Program in 1981

Soviet Arms Sales Slip

Moscow continued as a major supplier of weapons systems to the Third World in 1981,¹ despite a sharp drop in contracts to \$6 billion from the record \$14 billion in 1980 (table 1). Moscow's military sales program scored important gains in the Middle East, the Caribbean, and in key black African states. The Kremlin added Jordan and Nicaragua to its list of arms clients and received record reorders from Syria. We had anticipated the falloff in new agreements last year from the record-shattering 1980 sales of \$14 billion since:

- Some major buyers stayed out of the market to absorb large delivery backlogs from record orders placed in 1979-80.
- Moscow would not sign large new weapons contracts with Iraq and Iran because of the war.

Moscow made inroads into new markets in 1981 with its first arms agreements with Jordan and Nicaragua. Soviet officials undoubtedly consider their sale of air defense equipment to Jordan a major breakthrough among conservative Arab customers.

¹ Includes aircraft, ground armaments, missiles, and naval craft.

Arms Deliveries

Second Highest on Record

In contrast to sales, Soviet equipment deliveries rose slightly in 1981 to \$6.4 billion, pushed by transfers under multibillion-dollar contracts signed with major clients in 1979-80 (table 2). Since the mid-1970s, the growing arms buildup in the Middle East financed by oil money has meant that Arab countries have overwhelmingly dominated the Soviet arms supply program.

Military Technical Services:

An Expanding Presence

Military programs in the Third World required the services of 57,400 military personnel from the USSR, Eastern Europe, and Cuba in 34 Third World countries during 1981, 8,700 more than in 1980 (table 3). The Soviet presence continues to focus on advisory and training functions in Africa and the Middle East. The Soviets have played a key role in improving the capabilities of established clients—mainly Algeria, Angola, Ethiopia, Libya, and Syria—with a pervasive advisory and technical presence that sometimes reaches down to the company level.

Table 4
USSR: Economic Aid Extended
to LDCs

Million US \$

Total	22,355
1954-76	13,060
1977	430
1978	3,000
1979	3,345
1980	2,070
1981	450

Table 5
Eastern Europe: Economic Aid
Extended to LDCs, 1981

Million US \$

Total	665^a
Bulgaria	25
Czechoslovakia	NEGL
East Germany	355
Hungary	30
Romania	250

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

Table 6
USSR and Eastern Europe:
Military Relations With Non-Communist LDCs

Million US \$

	Agreements		Deliveries	
	USSR	Eastern Europe	USSR	Eastern Europe
Total^a	68,415	7,630	49,415	4,905
1955-71	8,615	1,115	6,920	1,040
1972	1,680	155	1,215	75
1973	2,890	130	3,135	130
1974	5,735	600	2,225	210
1975	3,205	635	2,045	280
1976	6,100	355	3,085	335
1977	9,335	650	4,740	355
1978	2,520	565	5,705	550
1979	8,360	675	7,615	635
1980	13,915	710	6,290	525
1981	6,060	2,030	6,445	775

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

Economic Aid in 1981

USSR: No New Directions

The USSR's economic program fell to its lowest level in the past four years with only \$450 million in new credits to a few small recipients (table 4). Following recent patterns, the USSR's new credits in 1981 were designed primarily to promote the sale of Soviet equipment and were less concessionary than traditional development aid that allows 12-year payments at 2.5- to 3-percent interest.

The decline in Soviet extensions this year does not reflect reduced Soviet interest in its economic program. Rather, negotiations were under way on several billion dollars in projects at yearend, which, if completed, could have upped the total close to earlier levels. For example, various press sources report that the USSR signed a \$2 billion accord with Angola early in 1982 that calls for large, new credits to development projects.

In 1981 the bulk of Moscow's new aid went to hitherto small recipients of Soviet economic assistance. The USSR provided a well-publicized grant of 20,000 tons of wheat (to replace US supplies) and \$75 million of other aid to Nicaragua—Moscow's largest economic commitment in 1981—for developing agriculture and communications. The development credits are the first specific allocation of Soviet aid to Managua and come under the broad, open-ended framework accord of 1980. Moscow also extended a 10-year, \$70 million credit to Bangladesh, under their trade agreement, for two 110-MW generators to expand the Soviet-built Ghorosal electric plant.

The USSR signed contracts with India and Turkey, allocating credits under earlier agreements to projects in metals processing. India received permission to use \$350 million of outstanding credits to finance a blast furnace complex at Visakhapatnam. Moscow approved \$200 million under a

1975 Soviet-Turkish accord to expand the Soviet-built aluminum complex at Seydisehir, and Soviet officials continued negotiations with Ankara for expanding the Iskenderun steel mill. The USSR will receive payment in output from these plants, an arrangement that is becoming increasingly beneficial to the beleaguered Soviet economy. Moscow's large new allocations to India and Turkey for steel and aluminum development underline the importance the Soviets have long placed on aiding Third World public-sector minerals and metals industries.

Eastern Europe: Promoting Business Interests

East European economic agreements with 13 diverse Third World clients totaled \$665 million in 1981, one-half the previous year's level (table 5). While East European countries did not provide new aid to their major Middle Eastern clients, they were able to capitalize on unsettled events to promote commercial relationships (always the major aim of the aid program) without the use of credits. At least 100,000 b/d of barter oil flowed to Eastern Europe in 1981 from Iran and Iraq (despite their production cutbacks) in return for military and industrial goods, food, and consumer items. Growing hard currency shortages, as the costly war dragged on, assured even more comprehensive barter deals with Baghdad and Tehran that will help alleviate severe hard currency shortages in Eastern Europe.

Disbursements Still High

Soviet deliveries of project and commodity aid under earlier agreements sustained their momentum in 1981, although they dipped from the record level achieved in 1980, when grant consumer goods and food to Afghanistan raised total aid disbursements to \$810 million. Support to Afghanistan and Ethiopia kept disbursements in 1981 well above levels in previous years. The USSR did not begin any major

new projects in LDCs in 1981. East European disbursements recovered somewhat from the five-year low of 1980 but still did not reach levels set in the mid-1970s, because:

- Economic deterioration in Poland forced Warsaw to renege on some project commitments.
- Romania has completed \$350 million worth of projects in Syria that kept delivery levels high for several years.
- Programs in Iran and Iraq were curtailed because of the war.

**Technical Services:
A Source of Ready Cash**

The Soviet Bloc technical presence in the Third World rose to a record high of 115,000 personnel in 1981, a 15-percent jump from the previous year. For the USSR and Eastern Europe, the civilian technical services program is one of their most profitable undertakings in LDCs. From a small effort employing only a few hundred people in the 1960s, it has evolved into a high-visibility program involving 96,000 Soviet and East European technicians in 75 countries in 1981. About two-thirds of these personnel were working in Arab and other countries that pay hard currency for services.

**Academic Training:
The Most Concessional Program**

About 72,000 students from LDCs were enrolled in universities in the USSR and Eastern Europe at the end of 1981, over one-half in the Soviet Union. Students from African countries made up nearly one-half of the total. Both Soviet and East European scholarship support was heaviest to Marxist LDCs, whose personnel accounted for one-third of all students from developing nations studying in the USSR and Eastern Europe.

European Communist countries provide most academic training to LDCs free of charge. Students are awarded full scholarships, which cover subsistence, living quarters, tuition, and transportation. Some East European countries value this assistance at the equivalent of \$10,000 per student per year.

We believe that the USSR, in particular, views its academic program as a potentially high-yield effort. Scholarships have favored African countries (50 percent), touching 50 of them on that continent. For many African countries, the Soviet scholarship program is Moscow's only aid effort.

**Economic and
Military Programs:
A Regional Analysis**

**The Middle East:
New Opportunities for Moscow**

Selling arms to Jordan and successfully balancing its aid program among regional antagonists were the most notable accomplishments of the USSR's efforts in the Middle East in 1981. Military sales to the region, the most important asset of Moscow's Middle East policy, rebounded strongly to \$3.5 billion, the third-best year ever. For the third year, Moscow sent more than \$3 billion worth of modern armaments into the Middle East.

***Economic Aid Slips
to 20-Year Low***

Commercial interests (always close to the surface in Communist aid relations with Arab countries) took the lead in Bloc economic relations with Middle Eastern customers during 1981; for the first time in nearly two decades, the USSR and its European allies did not promise new economic aid to a major Middle Eastern client. Only North Yemen received new aid. Moscow also allocated \$200 million under an earlier framework agreement with Turkey to expand the Seydisehir aluminum complex. Nonetheless, Soviet and East European willingness to supply food and other consumer goods to Iran and Iraq paid handsome dividends in a resumed flow of oil and burgeoning trade. Trade data show that Soviet exchanges with Iran were restored to prerevolutionary levels—\$1.1 billion—and Moscow received 2.5 million tons of Iranian oil (shipped to India).

Egypt

Just before his death, President Sadat surprised Moscow in September by expelling some 400 Soviet economic and some diplomatic personnel (including the Ambassador) for alleged involvement in subversive activities. Sadat also announced the canceling of all outstanding contracts between the two countries and closed military offices in Cairo and Moscow. President Mubarak at the end of the year

requested the return of Soviet personnel needed for the operation of Soviet-built facilities, such as the Aswan dam, the Asyut cement plant, and the aluminum plant at Nag Hammadi. Mubarak also lifted the ban on cotton sales to the USSR and Eastern Europe imposed by Sadat in 1977.

Iran

Tehran guardedly expanded its relations with the USSR to gain access to badly needed military equipment and technical assistance, industrial products, and commodities for its faltering economy. The Khomeini regime reportedly signed a new military agreement and asked Moscow to accelerate work on several ongoing development projects. Nonmilitary trade was restored to prerevolutionary levels because Iran sold its first oil to the USSR (40,000 b/d for India) as a substitute for gas that was used until 1980 to settle accounts.

Although Iran and the USSR were not able to resolve pricing problems to restore gas deliveries to the USSR, the two sides resumed discussions on development projects under at least \$1 billion in agreements signed with the Shah. According to the Soviet news agency, TASS, work will begin soon on two power and irrigation dams on the Araks border river, a mining machinery plant at Kerman, and a welding electrodes plant.

More than 2,000 Soviet personnel were back at work after Iranian forces managed to secure Soviet project sites that were under attack by Iraq. They activated two smelters at the Isfahan steel plant, stepped up work on the Isfahan power plant, and completed electrification of the Tabriz-Julfa railway under a 1968 agreement. Press reports indicate that the USSR agreed in May to accept more transit goods for Iran, and assigned personnel and locomotives to the Iranian railway organization to help clear backlogs at the

Iranian border and to get Soviet and Western transit goods flowing more smoothly into Iran. Improved transport facilities, along with the USSR's first Iranian oil deliveries, restored trade to \$1 billion in 1981, about the level reached before the Khomeini takeover.

Iraq

The USSR's influence with the ruling regime in Iraq was severely eroded by Baghdad's belief that Moscow had let it down at a time when its arms requirements had been most urgent. In fact, the Soviets maintained a complete embargo on arms shipments until the early spring, but they did endorse East European arms agreements with Iraq.

Hastening to cash in on lucrative trading opportunities, the USSR and Eastern Europe concluded several large commercial contracts with Iraq in 1981. Soviet exports topped \$1.2 billion in spite of Iraq's refusal to allocate any of its limited oil exports to the USSR in return. In the past, Moscow had made a considerable profit in reexporting barter oil from Iraq to hard currency customers in Europe and elsewhere.

Moscow probably was able to clear the 10,000-ton backlog of Iraq-bound equipment that piled up after the closure of Iraqi ports in 1980. Still, activity on projects did not reach prewar heights as Iraq's costly war with Iran (estimated at \$1 billion a month) drained resources from development.

Romania maintained the fast pace of activity that has made it Baghdad's most important East European partner with contracts to assist power and petroleum development. According to press reports from Sofia, Bulgaria offered aid to airport

construction and other communications projects and signed a trade protocol calling for exports to reach \$350 million in 1982. Hungary signed a contract to supply \$20 million worth of cold storage facilities, while 8,000 Polish technicians worked on a variety of projects under technical services contracts.

Jordan

Moscow's \$200 million sale of air defense equipment to Jordan provided the USSR with a long-sought breakthrough in relations with this moderate Arab state. Moscow is expected to begin military deliveries to Jordan in second-half 1982.

Syria

Damascus remained one of the most important elements in Moscow's Middle East policy in 1981. The mutually supportive relationship, formalized in the long-term Treaty of Friendship signed in October 1980, was reinforced by a large new arms agreement calling for the introduction of new missile systems, advanced aircraft, and tanks.

Communist countries continued their broad-based effort in Syria's economic sector with 4,100 personnel working on projects under \$740 million of outstanding credits. European Communist countries signed agreements for trade valued at more than \$3 billion over the next five years, and an estimated \$500 million in new development contracts, repayable in Syrian goods such as petroleum, phosphates, and cotton.

The USSR also signed protocols to continue prospecting for the Communist-built oil industry, handed over the 750-kilometer Latakia-Qamishlie rail line and began negotiating further rail construction that will enable Syria to develop the port of Banias.

**North Africa:
An Integral Part
of Moscow's Arab Policies**

Algeria and Libya demonstrated both direct and indirect support of Soviet foreign policy objectives last year. Both stepped up assistance—military and financial—to the Marxist regime in Nicaragua, in concert with expanded Soviet and Cuban aid programs. The escalation of Libyan activities aimed at undermining moderate Arab and African Governments also serves Soviet interests. Colonel Qadhafi's tripartite cooperation agreement with Ethiopia and South Yemen had Soviet encouragement and should facilitate coordination of Moscow's interests between these three major arms recipients.

Soviet economic and commercial ties with other North African countries were strained by the USSR's indirect support to the Polisario rebels fighting Moroccan rule in Western Sahara and disapproval of the USSR's occupation of Afghanistan. Despite these problems, Mauritania signed a joint venture fishing agreement under negotiation since 1979, and Tunisia permitted continuing access to ship repair facilities at Menzel Bourguiba. In Morocco, work proceeded on the multibillion-dollar Meskala phosphate project. East European business activities were not affected by Soviet actions.

Algeria

Moscow's economic relationship with Algeria took on new dimensions with several hundred million dollars of agreements to construct priority projects in Algeria's current five-year development plan. Terms for

these new agreements were not revealed. The USSR also is considering aid to Algeria's extensive planned railway construction and to the minerals industry.

Libya

Libya is by far the USSR's largest Third World arms client, having purchased about \$15 billion of military materiel from the USSR since the 1973 Middle East war. About one-half of these purchases have been delivered and include a wide variety of advanced ground forces weapons, fighter aircraft, air defense systems, and naval vessels. Although Colonel Qadhafi's massive defense procurement project has given Libya one of the largest and most modern inventory of arms and equipment in Africa, shoddy maintenance and storage practices seriously impair its operational readiness.

The Communist economic effort in Libya has been nearly as large as the military program and just as profitable. Commercial construction and services contracts are valued at several billion dollars, and there were no cutbacks in development projects in 1981 in spite of Libya's worsening cash flow problems.

Even as several major projects drew to a close, Moscow deepened its involvement in Libya's economy with contracts to construct a nuclear power plant at Surt and to participate in the second stage of the Misurata steel complex. The number of East European technicians employed in Libya soared to 30,000, supplementing lucrative equipment sales to Tripoli with hard currency earnings from technical services.

Morocco

East European countries have adopted a noncontroversial posture on the Western

Sahara and pursued low-key commercial exchanges of goods and services for Moroccan phosphates.

Technical assistance was the mainstay of most East European programs as nearly 2,200 teachers, doctors, and other personnel worked in Morocco during the year. Romania offered to expand construction activities to include an airport, a steel mill, hydropower plants, and road projects. Bulgaria offered joint ventures in lead, zinc, and silver production under a December protocol, while Hungary agreed to provide silver-refining equipment valued at \$1.5 million.

**South Asia:
Invasion of Afghanistan
Clouds Relationships**

European Communist initiatives in South Asia during 1981 were tempered by continuing adverse South Asian political reactions to the Soviet occupation of Afghanistan. Area leaders were alarmed by Moscow's military support of the Marxist regime in Kabul. To counter Soviet pressures, they emphasized their already warm ties with China and the West. Pakistan also enlisted the political and financial support of the moderate Arab states.

Afghanistan

The military takeover in Afghanistan has forced Moscow to augment its already large aid commitments to shore up the Afghan economy and rebuild the military structure.

Moscow's political stake in Afghanistan is underlined by its unprecedented \$800 million of economic support to the Marxist government, one-half of it free of charge. Moscow is refashioning Afghan Government institutions along the Soviet model by placing hundreds of advisers in ministries and financial institutions. The USSR also has tied Afghanistan's economy more closely to its own by monopolizing trade

and developing industries whose production is oriented toward the Soviet economy. Among the hundreds of agreements announced during the year, the most notable were:

- A five-year trade agreement (1981-85) designed to triple trade over the 500-million-ruble level of 1980.
- An agreement to proceed with transportation and servicing facilities that will almost certainly be used to supply Soviet troops.
- A contract to deliver 150,000 tons of wheat as a grant.
- An agreement to supply 300,000 tons of petroleum products.

The USSR continued work on oil and gas development, the half-billion-dollar Ainak copper complex, and agricultural development and processing projects. Soviet technicians also started work on a \$200 million power transmission project; on straightening border rivers; and on truck maintenance, bridge, railway, and oil storage facilities that will support the Soviet military presence.

East European countries have actively supported Soviet aims in the country with \$170 million of credits since the Marxist takeover to finance agriculture and industry. Czechoslovakia agreed to refurbish the US-built Helmand Valley irrigation project and had delivered half of the equipment necessary by yearend. Bulgaria worked on agriculture and processing projects, while East Germany delivered communications and power equipment.

India

Under its economic program, the USSR focused on projects to be constructed during India's Sixth Plan (1980-85) with some \$800 million of outstanding Soviet credits. Contracts were signed for: (a) \$350 million of equipment for a 3-million-ton steel complex at Vishakapatnam, (b)

a dam and irrigation project using experimental blasting techniques in Himachal Pradesh, (c) oil prospecting over the next 10 years, (d) a comprehensive power development plan for Madhya Pradesh that will take five years to complete, and (e) coal development that could result in an annual production increase of 50 million tons. Work proceeded on modernization of the Bhilai and Bokaro steel plants, and the 6-million-ton Mathura oil refinery began trial production. The two countries also continued to explore opportunities for Indian participation in Soviet projects abroad.

East European countries focused on expanding trade by selling industrial plants. Czechoslovakia offered to participate in metallurgy and power development projects, particularly through the Czech-built Bharat heavy electrical equipment plant. Romania won a contract to build an iron ore pelletizing plant. Hungary plans to build a heavy truck manufacturing facility, while Bulgaria agreed to expand economic and commercial ties.

The USSR agreed to provide military equipment to Afghanistan and India. In addition, Moscow provided new economic aid to Afghanistan (\$25 million in commodities) and Bangladesh (\$70 million for a power plant).

**East Asia:
Resisting Soviet Political Overtures**

The USSR's continued occupation of Afghanistan, its support of Vietnam's aggression in Kampuchea, and its military presence in Vietnam puts it at odds with most nations in East Asia, and Moscow's political overtures during the year were largely rebuffed. East European countries, whose \$665 million credit program in the area has always been designed to promote their commercial interests, expanded exchanges of equipment for raw materials.

Latin America

***Central America and the Caribbean:
Penetration Activities Increase***

Communist countries intensified their aid activities last year to strengthen leftist regimes in Central America and the Caribbean. These countries accounted for almost all of the Communist military agreements and one-half of the economic commitments to all of Latin America. Nicaragua was the main recipient, signing agreements for \$100 million in military assistance and nearly \$200 million in economic aid. The Cubans, acting to consolidate their own influence as well as to serve Moscow, dispatched 2,000 more technicians to the Caribbean and Central America in 1981, accounting for most of the 50-percent increase (to 6,900) in the Communist presence over 1980.

Nicaragua. The Soviet Union actively exploited new opportunities to forge military and economic aid ties with Nicaragua in 1981, signing new military agreements and providing \$80 million in economic aid under a 1980 framework agreement that calls for assistance to agriculture, fisheries, mining, and energy. In an unusual move, the Soviets provided 20,000 metric tons of wheat in the spring as a grant, which, together with 60,000 tons of free grain from Bulgaria and East Germany, more than made up for the cancellation of P.L. 480 grain deliveries for 1981. In July the USSR allocated \$50 million in 10-year credits for the purchase of agricultural, roadbuilding, and communications equipment, which already has begun to arrive in Nicaragua. The USSR also has sent six research vessels to conduct an extensive survey of Nicaraguan fisheries resources. Nicaraguan press reports indicate that Managua is negotiating for Soviet participation in a 180-MW hydropower project.

Clearly supporting Moscow's initiatives, East European countries provided upward

of \$40 million in new economic commitments as well as an estimated \$20 million in short-term financing for commodities and raw materials. The new pledges bring Communist commitments since the leftist takeover in 1979 to \$170 million. East Germany has been the most active under a program that began in 1979, providing food and aid to public health. Bulgaria appears ready to move rapidly on \$25 million in aid for agriculture, industry, and mining promised in 1981 and is negotiating an additional \$30 million for power development. Cuba provided \$70 million in new aid, mostly to support the activity of 4,000 teachers, doctors, and other civilian personnel.

**South America:
Trade Considerations Drive
Aid Program**

Since the early 1960s, when the USSR and Eastern Europe began their drive to expand relationships with South America, they have provided nearly \$3 billion in credits for development projects, largely in the electric power industry. The credits were provided to penetrate Latin American equipment markets, historically dependent on Western (particularly US) suppliers. Even with these inducements, Communist countries still find themselves on the buying side of a commercial relationship characterized by heavy purchases of agricultural products, large trade imbalances, and local apathy toward Communist offers to finance equipment for development.

This trend was intensified in 1981 as the USSR restructured its food imports by turning to Argentina and Brazil following the US ban on agricultural sales to the USSR. These purchases made Moscow's goal of reducing its traditional large Latin American trade deficit even more elusive, and its deficit in 1981 soared to \$4 billion, more than double that of the previous year. The USSR was able to conclude only about \$200 million in civilian equipment contracts with the two countries.

Argentina. Argentina's growing economic relationship with the USSR has not yet been translated into broader political support for Soviet policies. In 1981 Buenos Aires was the main beneficiary of the US embargo on Soviet grain purchases with sales to the USSR that reached 10 million tons valued at \$3.2 billion. The USSR also signed agreements to buy a minimum of 5 million tons of grain annually over the next five years.

According to press reports, Argentina agreed to let the Soviets supply 15 percent of the equipment for the multibillion-dollar Yacyreta hydropower project, but Moscow is pressing for more meaningful participation in Argentina's power development program. The USSR also signed agreements to supply enriched uranium and heavy water to the nuclear industry and has begun fishing research under an agreement ratified in 1981.

Brazil. Brazil, the largest Latin American recipient of Communist economic aid (\$925 million), also has emphasized the commercial side of its Communist relationship. Brazil's view of European Communist countries as promising markets for Brazilian goods was reinforced in 1981 by major Soviet purchases of grain and the conclusion of a long-term trade agreement that press reports say is worth \$6 billion, mostly in Brazilian exports. The USSR's attempts to sell hydropower equipment on deferred terms resulted only in a \$135 million contract to supply equipment to the Ilha Grande hydropower project. Nor did Brazil agree to draw on some \$650 million of East European aid pledged in previous years.

**Sub-Saharan Africa:
Bases Primary Soviet Concern**

Moscow's military sales to Sub-Saharan Africa rose to a record \$1.9 billion in 1981 as Soviet military supply relationships with key clients matured and Moscow consolidated its position with pledges of greater

arms support. In contrast, economic agreements reached only \$125 million, although there are some indications that the USSR is considering increasing economic support to Africa. The Soviet, East European, and Cuban military and economic presence on the subcontinent rose to its highest level ever—more than 65,000 troops, advisers, and military and economic technicians, nearly all Cubans.

Soviet Economic Aid Levels Still Low

Moscow provided only \$125 million in new economic credits to African countries in 1981. East European countries almost matched the Soviet contribution with \$115 million in new pledges focused on Mozambique, Nigeria, and Zimbabwe. Nonetheless, there are several indications that Moscow may be preparing to reverse its longstanding neglect of African economic development needs, particularly if the recipient's politics are compatible with Soviet goals. Early in 1982 Moscow signed a \$2 billion, 10-year economic agreement with Angola that calls for aid to development projects. Other outstanding offers include hydropower assistance to Mozambique and aid for port development in the Seychelles.

Angola

A 10-year trade and economic cooperation agreement signed by the USSR early in 1982 and valued at \$2 billion should sweeten relations, although it has become obvious to Angolan officials that the Communist countries will not commit sufficient resources to assist economic recovery as military expenditures continue to drain the economy. Even with 10,500 Communist economic personnel, Angola has not been able to restore production of basic necessities to prewar levels; Luanda now wants to hire Portuguese experts to rebuild the country's basic infrastructure. Most Angolans strongly resent the Communist, particularly Soviet, exploitation of their economy. Moscow has been harshly criticized for causing domestic shortages by overfishing

Angolan waters under their fishing treaty and for siphoning off hard currency to pay for inferior goods and services.

Nonetheless, Angola signed agreements with several Communist countries to move ahead with economic projects that have been under discussion for some time. Bulgaria agreed to build assembly and maintenance shops for road transport equipment and completed a project to process rock phosphates. Czechoslovakia agreed to provide credits for unidentified projects, while East Germany signed protocols to aid energy and mining.

Mozambique

Mozambique considers Communist countries its natural allies and has relied on them to fill its defense needs. South African cross-border raids and intensified South African-supported dissident activities in 1981 pushed Mozambique toward greater dependence on the USSR and its allies for more advanced support and security assistance.

European Communist countries have not gained as much influence over Mozambique's economic affairs because Maputo has followed more pragmatic policies and has encouraged Western aid, trade, and investment. Still, the economy was the focus of Communist attention in 1981, as the USSR and Eastern Europe took steps to enhance their presence with new economic pledges and a 10-year Soviet-Mozambican economic cooperation agreement. The USSR and East European countries apparently turned down Mozambique's application to join the Council for Mutual Economic Assistance.

Table 7
USSR and Eastern Europe:
Military Technicians in LDCs, 1981 ^a

Number of persons

	USSR and Eastern Europe	Cuba ^b
Total	18,205	39,175
Africa	9,900	36,960
North Africa	4,600	50
Algeria	2,000	NA
Other	2,600	50
Sub-Saharan Africa	5,300	36,910
Angola	1,600	23,000
Ethiopia	1,900	12,000
Guinea	50	10
Guinea-Bissau	50	50
Mali	205	
Mozambique	550	1,000
Other	945	850
Latin America	225	1,715
Nicaragua	125	1,700
Peru	100	
Other		15
Middle East	5,925	500
Iraq	550	
North Yemen	700	
South Yemen	1,100	500
Syria	3,300	
Other	275	
South Asia	2,155	
Afghanistan	2,000	
India	150	
Other	5	

^a Minimum estimates of the number of persons present for a period of one month or more. Numbers are rounded to the nearest 5.

^b Including combat units in Angola and Ethiopia.

Table 8
USSR and Eastern Europe:
Training of LDC Military Personnel
in Communist Countries, 1955-81 ^a

Number of persons

Total	57,795
Africa	18,330
North Africa	4,530
Algeria	2,395
Libya	1,990
Morocco	145
Sub-Saharan Africa	13,800
Angola	180
Benin	120
Congo	630
Equatorial Guinea	200
Ethiopia	2,095
Ghana	180
Guinea	1,005
Mali	495
Mozambique	530
Nigeria	850
Somalia	2,600
Sudan	350
Tanzania	2,125
Zambia	600
Other	1,840
East Asia	9,300
Indonesia	9,270
Kampuchea	30
Latin America	1,050
Nicaragua	260
Peru	790
Middle East	20,750
Egypt	6,255
Iran	395
Iraq	4,410
North Yemen	2,060
South Yemen	1,115
Syria	5,515
Other	1,000
South Asia	8,365
Afghanistan	5,580
Bangladesh	445
India	2,285
Pakistan	45
Sri Lanka	10

^a Data refer to the minimum number of persons departing for training; numbers are rounded to the nearest 5.

Table 9
USSR and Eastern Europe: Economic
Credits and Grants to LDCs,
Extended and Drawn, 1954-81

Million US \$

	Extended		Drawn	
	USSR	Eastern Europe	USSR	Eastern Europe
Total ^a	22,355	11,885	9,765	4,295
1954-71	7,890	3,435	4,030	1,255
1972	655	925	430	175
1973	715	630	500	230
1974	815	840	700	235
1975	1,955	545	500	270
1976	1,030	835	475	385
1977	430	460	550	480
1978	3,000	1,575	480	405
1979	3,345	645	575	290
1980	2,070	1,330	810	255
1981	450	665	715	325

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

Table 10
USSR and Eastern Europe: Economic Aid Extended
to Non-Communist LDCs, by Country ^a

Million US \$

	1954-81		1980		1981	
	USSR	Eastern Europe	USSR	Eastern Europe	USSR	Eastern Europe
Total	22,355	11,885	2,070	1,330	445	665
North Africa	3,250	980	315			
Algeria	1,045	525	315			
Mauritania	10	10				
Morocco	2,100	215				
Tunisia	95	230				
Sub-Saharan Africa	2,870	1,990	310	280	125	115
Angola	30	100				
Benin	10	NA			5	
Burundi		NEGL				
Cameroon	10					
Cape Verde	5	5				NA
Central African Republic	5					
Chad	5					
Congo	45	60				
Equatorial Guinea	NEGL					
Ethiopia	400	355			10	5
Gabon		NEGL				
The Gambia	NEGL					
Ghana	95	145				
Guinea	215	110	5			
Guinea-Bissau	10	5				
Ivory Coast		NA				
Kenya	50					
Liberia	NEGL					
Madagascar	70	35	50	35		
Mali	100	25			5	
Mauritius	5					
Mozambique	175	100			NA	
Niger	NEGL					
Nigeria	5	220				20
Rwanda	NEGL					
Sao Tome and Principe	NA	NA				
Senegal	10	35				
Sierra Leone	30					
Somalia	165	10				
Sudan	65	270		30		
Tanzania	40	75				
Uganda	25	25				
Upper Volta	5					

Table 10 (continued)
USSR and Eastern Europe: Economic Aid Extended
to Non-Communist LDCs, by Country ^a

Million US \$

	1954-81		1980		1981	
	USSR	Eastern Europe	USSR	Eastern Europe	USSR	Eastern Europe
Zambia	20	165		30		
Other	1,275	250	255	185	100	90
East Asia	260	665		40		
Burma	15	215		40		
Indonesia	215	365				
Kampuchea	25	15				
Laos	5	5				
Philippines		65				
Latin America	1,420	2,135	250	195	170	50
Argentina	225	300				
Bolivia	100	75		15		
Brazil	145	780		150	55	10
Chile	240	145				
Colombia	215	80				
Costa Rica	15	10				
Ecuador	NEGL	20				
Grenada	NEGL	NA		NA		
Guyana	NA	35				
Jamaica	30	285				
Mexico	NA	45				
Nicaragua	80	70	NA	30	80	40
Panama		5				
Peru	275	215	250			
Uruguay	60	30				
Venezuela	NA	10				
Other	35	25			35	

Table 10 (continued)

Million US \$

	1954-81		1980		1981	
	USSR	Eastern Europe	USSR	Eastern Europe	USSR	Eastern Europe
Middle East	7,925	4,495		675	55	
Cyprus	15	10		5		
Egypt	1,440	1,225		300		
Greece	5	NA				
Iran	1,165	685				
Iraq	705	495				
Jordan	30	NA				
Lebanon		10				
North Yemen	140	40				
South Yemen	205	125		15		
Syria	770	1,155				
Turkey	3,400	755		355		
Other	55				55	
South Asia	6,625	1,370	1,195	135	100	250
Afghanistan	2,120	210	395	135	25	
Bangladesh	375	320			70	250
India	3,080	455	800			
Nepal	30					
Pakistan	920	150				
Sri Lanka	100	95				
Other		140				
Other		250				250

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

Table 11
USSR and Eastern Europe: Economic
Technicians in LDCs, 1981 ^a

Number of persons

	USSR and Eastern Europe	Cuba
Total	95,685	23,075
Africa	60,600	14,685
North Africa	45,870	5,250
Algeria	11,150	250
Libya	31,700	5,000
Mauritania	50	
Morocco	2,350	
Tunisia	600	
Other	20	
Sub-Saharan Africa	14,730	9,435
Angola	3,900	6,500
Ethiopia	1,800	1,000
Gabon	10	
Ghana	80	
Guinea	660	125
Guinea-Bissau	275	
Kenya	35	
Madagascar	100	50
Mali	425	
Mozambique	1,800	1,000
Niger	15	
Nigeria	4,400	
Rwanda	10	
Sao Tome and Principe	15	
Senegal	70	
Sierra Leone	35	
Somalia	5	
Sudan	25	
Tanzania	200	
Zambia	475	
Other	395	760
East Asia	60	

Table 11 (continued)*Number of persons*

	USSR and Eastern Europe	Cuba
Europe	150	
Latin America	930	4,640
Bolivia	75	
Brazil	100	
Colombia	75	
Nicaragua	200	4,000
Peru	125	
Uruguay	25	
Other	330	640
Middle East	27,150	3,650
Iran	2,450	3,500
Iraq	13,000	
North Yemen	175	
South Yemen	2,700	150
Syria	4,100	
Other	4,725	
South Asia	6,795	100
Afghanistan	3,750	100
Bangladesh	125	
India	1,625	
Nepal	10	
Pakistan	1,150	
Sri Lanka	125	
Other	10	

^a Minimum estimates of number present for a period of one month or more. Numbers are rounded to nearest 5.

Table 12
Academic Students From LDCs Being
Trained in the USSR and Eastern
Europe, as of December 1981 ^a

Number of persons

Total	72,090
Africa	34,805
North Africa	4,485
Algeria	2,225
Libya	275
Mauritania	280
Morocco	650
Tunisia	1,055
Sub-Saharan Africa	30,320
Angola	1,655
Benin	400
Botswana	80
Burundi	510
Cameroon	120
Cape Verde	340
Central African Republic	525
Chad	235
Comoros	30
Congo	1,845
Djibouti	20
Equatorial Guinea	250
Ethiopia	5,355
Gabon	325
The Gambia	45
Ghana	1,135
Guinea	825
Guinea-Bissau	425
Ivory Coast	595
Kenya	805
Lesotho	45
Liberia	110
Madagascar	2,180
Mali	735
Mauritius	230
Mozambique	2,535
Niger	205
Nigeria	3,250
Rwanda	225
Senegal	310
Sierra Leone	470
Somalia	400
Sudan	1,560

Table 12 (continued)*Number of persons*

Tanzania	450
Togo	445
Uganda	180
Upper Volta	350
Zaire	405
Zambia	335
Other	380
East Asia	15
Latin America	6,800
Bolivia	105
Brazil	45
Colombia	1,015
Costa Rica	670
Dominica	10
Dominican Republic	800
Ecuador	835
El Salvador	85
Grenada	40
Guatemala	80
Guyana	95
Nicaragua	425
Peru	795
Venezuela	135
Other	1,665
Middle East	18,650
Egypt	775
Iraq	2,275
Lebanon	545
North Yemen	775
South Yemen	1,335
Syria	3,665
Other	9,280
South Asia	11,820
Afghanistan	8,700
Bangladesh	905
India	1,130
Nepal	405
Pakistan	220
Sri Lanka	440
Other	20

^a Numbers are rounded to nearest 5. Most of the estimates are based on scholarship awards.