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# Projections of the Soviet Hard Currency Position

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A Research Paper

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**A Research Paper**

This paper was prepared by [redacted] Office  
of Soviet Analysis, with contributions from [redacted]  
[redacted] SOVA.

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Comments and queries are welcome and may be  
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## Projections of the Soviet Hard Currency Position

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### Summary

*Information available  
as of 15 May 1985  
was used in this report.*

In its trade with the West, Moscow has long pursued a conservative policy. The USSR's aversion to becoming dependent on the West for both imports and credits has been reinforced in recent years by the debt problems of its East European partners and the sanctions imposed by the West after the USSR's invasion of Afghanistan in late 1979 and the imposition of martial law in Poland in late 1981. The leadership's disappointment over the failure of Western machinery and equipment to raise productivity further contributed to Moscow's negative attitude toward expanding trade relations.

Efforts to hold down borrowing from the West were sidetracked in 1981 as the Soviets incurred a current account deficit due to a sharp rise in imports of farm products, particularly grain and meat, while the steep rise in prices for oil exports ended. In 1982-83, however, Moscow moved its current account back into surplus—mainly by increasing exports of oil and by reducing agricultural imports—and thereby reduced its hard currency debt to the West. Provisional estimates indicate that the USSR ran a sizable surplus again in 1984; declining imports of machinery and equipment and nongrain agricultural commodities more than offset sharp increases in grain imports. The outlook for 1985 is somewhat less favorable because energy export earnings may drop at a time of continued high imports of grain.

Hard currency imports are important in meeting agricultural needs and in providing industrial inputs—such as tubular and nontubular steel—not produced at all or not in sufficient quantity and/or quality in the USSR. Moreover, imports of Western technology have helped Moscow deal with serious problems in the energy, chemical, and automotive sectors, and they would support implementation of an urgently needed industrial modernization program. Last, imports—both legal and illegal—have been useful in the defense industries.

Barring an unexpected rise in energy prices and/or revision in Soviet borrowing policies, reduced hard currency oil exports could well force the USSR to cut the volume of imports from hard currency countries at least through 1990. In these circumstances, the USSR will have every incentive to offer large additional supplies of natural gas to Western Europe at prices below those available from competing sources. It has, moreover, the gas reserves and technical capability to do so.

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Under varying assumptions regarding the volume of energy exports, prices, and borrowing through the year 2000, our projections of import capacity indicate that:

- Under an optimistic scenario for energy export volume, assuming a 5-percent annual decline in real energy prices and an unchanged debt service ratio, Soviet import capacity declines slightly through 1990.
- In our worst case scenario for energy exports—where hard currency oil exports decline more substantially and new export gas pipelines are not built—import capacity falls considerably faster through 1990. In this situation, the Soviets—barring a rise in oil prices—could retain the volume of imports at the 1983 level through 1990 only by abandoning their conservative borrowing policy and allowing the debt service ratio to rise to nearly 40 percent.

Although we believe Moscow would accept some rise in its debt burden to maintain hard currency imports—say, perhaps, to 25 percent—we think it would be unwilling to accept the potential political and financial vulnerabilities associated with a high debt burden. Under most scenarios, therefore, Moscow will have to accept at least some cuts in its capacity for real hard currency imports.

Such a situation need not present the leadership with major economic problems, however. Even with a significant decline in imports, the Soviets—barring a series of very poor harvests—would be in a position to import:

- All of the grain needed to allow for continued growth in per capita food consumption.
- Sufficient quantities of raw materials to prevent major bottlenecks from emerging.
- Essential technology and equipment for key investment areas.

Furthermore, Moscow might be able to partially offset any reduction in Western imports by leaning more heavily on Eastern Europe. Indeed, imports of machinery and equipment from Communist countries have been growing rapidly and now make up over two-thirds of total machinery and equipment imports. But the Soviets will have to weigh carefully the impact on its allies of any attempts to get more from them.

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Moscow also could intensify its efforts to arrange compensation deals. Western firms, however, generally have been reluctant to enter into such agreements. The Soviets would probably have more success in attracting Western investment in joint ventures, but Moscow probably will continue to shy away from such deals for domestic political reasons. In addition, the USSR could find useful turnkey projects where Western contractors assume responsibility for all on-site work. However, the size and complexity of major import projects, limits on hard currency, and concern over the presence of large numbers of Western workers may dampen the regime's enthusiasm for such projects.



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**Projections of the Soviet  
Hard Currency Position**

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**Trade Policy**

Since the mid-1970s, the Soviets have pursued a conservative policy in their trade with the West. After a surge of borrowing to finance imports led to a rapid runup of debt in the early 1970s, Moscow returned to its practice of limiting borrowing, even though its credit rating was excellent and it could have afforded to buy more.

We believe Soviet unwillingness to borrow more from the West during the latter part of the 1970s reflects several factors. In part, the USSR feared that a rising debt would make it dependent on the West, a concern that was reinforced by the debt problems of its East European partners, notably Poland. Soviet attitudes toward trade with the West—especially the United States—became even more cautious following the sanctions imposed after the USSR's occupation of Afghanistan in 1979 and the imposition of martial law in Poland in late 1981.

Moscow's changing perception of the contribution of Western machinery and equipment also played a major role in the Soviet leadership's less favorable attitude toward trade with the West. In the late 1970s, the Soviets started to express their disappointment over the failure of Western imports to contribute significantly to industrial output. Some sectors experienced difficulties in absorbing new technology. Even in those areas where Western technology clearly helped (computers, the automotive and chemical industries, oil and gas exploration, and development), diffusion was minimal.

The net result of these factors was that, beginning in 1976, Moscow returned to a policy of holding down borrowing in the West. During 1977-80, net debt to the West actually declined by \$800 million, while real growth of machinery and equipment imports fell considerably.

<sup>1</sup> References to the USSR's trade and debt are to its hard currency position with non-Communist countries (appendix A).

**Recent Developments**

**From 1981 to 1983**

Moscow's policy of holding down borrowing from the West was temporarily shelved in 1981 as imports of farm products, particularly grain and meat, rose and the steep rise in world prices for oil ended (see appendix tables B-1 and B-2). Even though imports of machinery and equipment fell sharply, the USSR's net hard currency debt climbed by more than \$3 billion to \$12.4 billion (see table 1). Apparently because of a strong commitment to its Food Program in a period of poor harvests, Moscow borrowed heavily—mainly on short-term credits—to cover its agricultural imports. However, it put off imports of some nonagricultural commodities and started a campaign to boost the volume of oil exports by reducing exports to Eastern Europe and limiting domestic supplies.

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Moscow managed to turn its payments position around in 1982 by sharply increasing exports of oil to hard currency customers (see table 2). It was aided in this by an improved harvest, which permitted a reduction in agricultural imports. These changes enabled the Soviet Union to reduce its net debt to \$10 billion in spite of substantial drawings on credit to finance imports of Western machinery and large-diameter pipe, paced by deliveries for the Siberia-to-Western Europe natural gas pipeline.

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The USSR's balance-of-payments account position continued to improve in 1983, even though deliveries for the new export pipeline helped to push up imports of machinery and equipment and to keep pipe imports at a high level. Even so, real imports of machinery and equipment probably remained below the 1976 level. Total hard currency imports rose very little because agricultural imports fell in the wake of a substantial increase in agricultural production in the USSR.

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Table 1

Million US \$, yearend

USSR: Estimated Hard Currency Debt to the West <sup>a</sup>

	1975	1980	1981	1982	1983	1984 <sup>b</sup>
Gross debt	10,577	17,865	20,865	20,000	20,500	20,200
Commercial debt	6,947	10,015	13,015	11,300	11,500	11,300
Government and government-backed debt	3,630	7,850	7,850	8,700	9,000	8,900
Assets in Western banks <sup>c</sup>	3,125	8,565	8,425	10,000	9,600	9,800
Net debt	7,452	9,300	12,440	10,000	10,900	10,400

<sup>a</sup> Our estimate of the USSR's gross hard currency debt at yearend 1983 is considerably lower than that put forth by the Organization for Economic Cooperation and Development and the Bank for International Settlements. We believe that most of the difference between the two sets of estimates is a result of OECD/BIS inclusion of the two CEMA banks and Finland in the amounts outstanding. Differences in assumptions about amounts actually drawn and the degree of double counting in the raw data also play a part.

<sup>b</sup> Preliminary estimate.

<sup>c</sup> The Soviets also have sizable assets in the form of gold reserves—estimated at 2,200 tons valued at \$24 billion at yearend 1984—and

outstanding credits to the less developed countries (LDCs) for the purchase of civilian and military goods. Our estimates place LDC hard currency debt to the USSR at yearend 1984 at roughly \$17 billion. But a sizable portion (perhaps as much as half) of the \$15 billion in outstanding military debt is owed by countries that may well be unable to make scheduled repayments—for example, Ethiopia, South Yemen, North Yemen, Peru, Tanzania, and Mozambique.

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[redacted]

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Hard currency imports of grain dropped by more than 10 percent to 32 million tons valued at \$4.9 billion. Grain imports from the United States declined markedly. [redacted]

**From 1984 to 1985**

Moscow's hard currency position remained healthy in 1984 as a 3-percent drop in exports was virtually offset by a 2-percent fall in imports (see appendix table B-3). Purchases from France, Italy, Japan, the Netherlands, and West Germany dropped sharply as deliveries of machinery and equipment and large-diameter pipe for the new export pipeline were phased out. Imports from Argentina, Brazil, and Canada—all important agricultural suppliers—also declined or leveled off, while those from the United States rose by 64 percent due to the rise in grain purchases. The total hard currency grain bill for calendar year 1984 probably exceeded the 1983 bill by some \$2 billion. [redacted]

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The small increase in hard currency exports in 1983 was the result of an \$800 million rise in the value of oil exports (to \$15.6 billion). The 13-percent rise in the volume of gross Soviet oil sales to 1.4 million barrels per day (b/d) was made possible, in turn, mainly by reexport of larger oil imports from the Organization of Petroleum Exporting Countries (OPEC) in partial payment for past arms deliveries. Arms exports to the less developed countries—which amount to approximately \$7 billion or roughly one-fifth of total Soviet hard currency receipts—probably increased slightly in 1983. Despite the improvement in the USSR's current account position, Soviet net hard currency debt to the West increased to an estimated \$10.9 billion, largely as a result of government-backed credits to finance pipe and equipment purchases.<sup>2</sup> [redacted]

As for exports, the value of arms deliveries to the LDCs fell by an estimated 4 percent. The volume of hard currency oil exports increased by an estimated 5 percent, offsetting a 3-percent drop in average prices. [redacted]

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<sup>2</sup> Estimates of hard currency debt exclude sums owed the USSR by the LDCs for credits extended in support of Soviet military sales and economic assistance. If the growth in Soviet net claims on the LDCs was taken into account, the USSR's hard currency debt position would have improved in 1983. [redacted]

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**Table 2**  
**USSR: Estimated Hard Currency Balance of Payments**

Million US \$

	1975	1980	1981	1982	1983	1984 <sup>a</sup>
Current account balance	-4,607	1,904	-175	4,333	4,663	4,225
Merchandise trade balance	-4,797	1,714	200	4,433	4,713	4,175
Exports, f.o.b.	9,780	27,784	27,978	31,977	32,428	31,614
Imports, f.o.b.	14,577	26,070	27,778	27,544	27,715	27,439
Net interest	-570	-710	-1,375	-1,200	-1,150	-1,050
Other invisibles and transfers	760	900	1,000	1,100	1,100	1,100
Capital account balance on credits received	5,805	720	4,975	-3,490	-1,805	-2,300
Gross drawings <sup>b</sup>	6,371	2,865	6,200	2,450	4,300	3,600
Government backed	1,972	2,195	2,000	2,850	2,800	2,500
Commercial	4,399	670	4,200	-400	1,500	1,100
Repayments	969	3,050	3,200	3,315	3,800	3,900
Government backed	730	1,915	2,000	2,000	2,500	2,600
Commercial	239	1,135	1,200	1,315	1,300	1,300
Net change in assets held in Western banks <sup>c</sup>	-395	-235	-140	1,575	-400	200
On credits extended to the LDCs	-715	-910	-865	-2,150	-3,455	-2,500
Gold sales	725	1,580	2,700	1,100	750	700
Net errors and omissions <sup>d</sup>	-1,198	-2,624	-4,800	-843	-2,858	-1,925

<sup>a</sup> Provisional estimate.

<sup>b</sup> Including additions to short-term debt.

<sup>c</sup> A minus sign signifies a decline in the value of assets.

<sup>d</sup> Includes hard currency assistance to and trade with Communist countries. In 1981, the USSR apparently granted hard currency assistance to crisis-ridden Poland of \$800 million to \$1 billion. "Errors and omissions" also includes credits to developed Western countries to finance sales of oil and other commodities, as well as errors and omissions in other line items of the accounts. Among the

omissions is an adjustment for fluctuations in the US dollar vis-a-vis other Western currencies. A rough estimate indicates, for example, that, if the data on gross credits drawn less repayments and the increase in assets were adjusted for the exchange rate effect, net credits drawn in 1982 would be -\$1.4 billion to -\$1.9 billion instead of the -\$2.4 billion shown in the table. This in turn would result in an increase of \$500 million to \$1 billion in outflows under errors and omissions.

Data from the Bank for International Settlements (BIS) indicate that, during the first nine months of 1984, net Soviet liabilities to Western commercial banks fell slightly. At the same time, Soviet debt on Western government and government-backed credits—used mainly to finance purchases of equipment and pipe—probably declined somewhat. We estimate that by the end of the year the USSR's net hard currency debt to the West had dropped by \$500 million to \$10.4 billion.

Moscow resumed substantial syndicated Euroloan borrowing in the second half of the year after being almost absent from this market since 1979. With the revival of Western lending to Eastern Europe and the greater availability of Eurofunds in 1983, Moscow apparently decided to test the market by trying for a

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**Table 3**  
**USSR: Equipment Orders Placed**  
**With Hard Currency Trading Partners <sup>a</sup>**

Million US \$

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
<b>Total</b>	<b>4,779</b>	<b>5,866</b>	<b>3,783</b>	<b>2,818</b>	<b>2,674</b>	<b>2,641</b>	<b>6,830</b>	<b>3,774</b>	<b>2,237</b>	<b>1,091</b>
Oil and natural gas projects <sup>b</sup>	517	1,508	322	832	190	397	4,288	1,326	835	67
Other projects	4,262	4,358	3,461	1,986	2,484	2,244	2,542	2,448	1,402	1,024
Of which:										
Chemical and petro-chemical equipment	1,629	1,818	1,628	702	607	412	465	506	381	66
Metalworking and metallurgical equipment	305	1,028	641	363	784	806	592	802	388	90

<sup>a</sup> When comparing Soviet orders for Western equipment with actual deliveries as shown in table B-2, the reader should bear in mind that our information represents only a portion of total imports and that lags—running from a few months to several years—exist between the date a piece of equipment is ordered and the time it is delivered.

<sup>b</sup> Includes orders for the Orenburg gas pipeline.

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\$150 million syndication. This syndication, concluded in May 1984, was oversubscribed by \$100 million. Ultimately, the Soviets concluded six additional syndications for a total of \$900 million. The rates charged the Soviets have been very favorable. We believe that these loans were used primarily to replace older higher interest credits and to help retire some of the USSR's short-term debt. [Redacted]

The USSR's hard currency position could deteriorate somewhat in 1985. Agricultural imports probably will remain high. Grain orders already on the books and anticipated agreements indicate that these imports will be about 25 million tons in first-half 1985. Machinery and equipment imports should remain at about the 1984 level. Soviet equipment orders dropped from \$6.8 billion worth in 1981—when large orders for the export pipeline were placed—to \$2.2 billion in 1983 and to only about \$1.1 billion in 1984 (see table 3). Oil exports may be down, and, if West European energy demand continues to be soft, Moscow probably will be unable to boost deliveries of natural gas sufficiently to offset any sizable drop in oil revenues.

[Redacted]

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#### Why So Cautious?

Why hasn't Moscow abandoned its conservative trade policy and imported more from the West, given its robust hard currency position and pressing economic difficulties? We do not know which factors are paramount, but the Soviets may:

- Be fearful of moving away from their ultraconservative borrowing policy. As already indicated, the experiences of some of their East European allies—notably Poland—have reinforced this concern.
- Wish to limit their dependency on hard currency imports. Oleg Rakhmanin, first deputy head of the CPSU Central Committee's Bloc relations department, probably expressed a longstanding Soviet attitude when he called recently for a joint CEMA policy to ensure the Bloc's "invulnerability from the West" by reducing imports to a "minimum."

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- Consider it of paramount importance to retain great flexibility in their hard currency position, in the face of uncertainties in the weather and in world markets. The USSR would have been hard pressed to import the agricultural products it needed following the poor agricultural performance of 1979-81 if oil prices had weakened before they did.
- Want to maintain a safety net in case oil production continues to fall or in case they see an urgent need to come to the aid of one or more of their East European allies.
- Be confident they can maintain satisfactory rates of economic growth by maintaining imports from non-Communist countries at about their current level, while realizing moderate growth in net imports from the Communist countries.
- Be skeptical about the extent to which imports of materials or technology and equipment from the West will help (a) break the many bottlenecks that exist in industry, transportation, and agriculture and (b) span technological progress.

### Thoughts About the Future

#### Import Priorities, 1985-2000

Although Soviet hard currency imports equal only about 5 percent of the USSR's gross national product, they have played a particularly important role in compensating for shortfalls in farm production. Imports of specialty steels and of large-diameter pipe for the gas pipeline system also have been critical. The share of machinery and equipment from hard currency countries in the USSR's total machinery and equipment investment, however, has been declining since 1976 and, according to our estimates, is now less than 10 percent. Nevertheless, imports of Western technology have undoubtedly helped Moscow deal with some serious problems, notably in the energy sector and in the chemical and automotive industries. In addition, legal and illegal imports from the West—such as dual-purpose electronic equipment—have aided the Soviets in modernizing their defense industries.

The extent to which the 1982 Food Program succeeds in making the USSR more self-sufficient in agricultural production will largely determine how much the Soviets can spend on nonagricultural goods within the conservative borrowing limits they seem to have established. During the 1985-2000 period, we believe the USSR will import sufficient quantities of farm products to keep per capita consumption of quality foods near present levels, purchase necessary industrial materials, and buy enough machinery and technology to meet priority investment goals. If forced to choose among these purchases because of hard currency constraints and continued unwillingness to increase dependence on Western credits, Moscow probably would try to ensure its imports of grain and feedstuffs at the expense of other farm products and nonagricultural imports because of the higher priority it has accorded in recent years to rationing demand for quality foods, particularly meat. Its second priority probably would be the industrial materials needed to prevent production bottlenecks, and the equipment and technology to help develop and exploit energy sources. Its third priority might well be equipment and technology for other key areas, notably for the agricultural and food industry sectors. At the bottom of the list would be other machinery and equipment and those nonfeedstuff farm products that are temporarily in short supply because of production problems.<sup>3</sup>

**Agricultural Products.** The USSR has been a net importer of agricultural products since the early 1970s, and agricultural imports have claimed about one-third of total hard currency purchases since 1980. Grain—the USSR's largest farm product import—is supplied mainly by the West and currently accounts for nearly two-thirds of total Soviet purchases of farm products for hard currency. The need for grain derives

<sup>3</sup> How much the Soviets can spend on less important commodities will to some extent depend on relative prices of various imports. If, for example, the nominal price of grain increases less rapidly than the rate of inflation we have assumed, the Soviets would have more room to purchase nongrain commodities. If the nominal price of grain were to remain level—and assuming the Soviets buy on average 30 million tons a year—while the average rate of inflation remains at 5 percent a year, the Soviets would in 1990 realize a savings of \$1.5 billion.

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from the early years of the Brezhnev-Kosygin regime, when the leaders promised consumers larger supplies of meat and other livestock products but could not supply them from domestic production. [redacted]

Hard currency expenditures for nongrain agricultural products—largely meat, butter, vegetable oil, sugar, and soybeans and soybean meal—also have risen sharply since the mid-1970s. Without these imports, per capita availability of a variety of foods would have declined substantially during 1979-82 and the average diet would have been even more monotonous. [redacted]

Moscow's need for grain is largely driven by the size of the domestic grain crop, although a number of other factors such as size of the animal inventory, availability of other feeds, changes in feeding efficiency, and quantities of meat, milk, and eggs to be produced also help determine the need. We estimate that Soviet grain production during the 1986-90 period probably will average 195 million tons annually. With a more favorable climate, such as that which existed during 1976-80, grain production could average about 220 million tons per year; a less favorable climate, such as that of the 1961-65 period, would reduce average annual grain output to 165 million tons. [redacted]

Assuming no change in feeding efficiencies, a slight growth in livestock herds, and an average annual grain crop of 195 million tons, Moscow would need to import an average of 35 million tons of grain annually during 1986-90 to achieve plan targets for production of meat, milk, and eggs. Meeting goals for production of livestock products would, in turn, reduce the need for meat imports to bolster per capita availability, saving perhaps \$300 million annually. Imports of other farm products will depend on domestic production and the extent to which the Soviet leadership is committed to increasing per capita consumption levels. [redacted]

**Industrial Materials.** The USSR relies to varying degrees on the West for imports of large-diameter pipe, specialty steels, molybdenum, raw and intermediate phosphate materials, plastics, dyes, pesticides, manmade fibers, and chemical catalysts. Total hard currency purchases of tubular steel products reached record highs in 1982 and 1983 with the construction

of the Siberia-to-Western Europe gas pipeline. Imports of chemicals from hard currency countries have declined in volume since 1980, but Moscow continues to import substantial amounts of superphosphoric acid to produce high-quality fertilizers. [redacted]

In the near future, purchases of large-diameter (1,020 to 1,420 mm) pipe will remain critical for the construction of gas pipelines. But, by the late 1980s, the Soviets could be able to scale down pipe purchases as domestic manufacturing capacity is put into operation. In addition to pipe, the Soviets will continue to buy large amounts of cold-rolled sheet steel for the machine-building and the automobile and other consumer durables industries; tin plate for canning and packaging; and various types of high-quality metal products for use in transformers and electric motors. Purchases of these products may decline after 1986 or 1987, when the Novolipetsk metallurgical plant is expected to go into full operation. [redacted]

We expect Moscow to continue to buy phosphate materials, plastics, dyes, pesticides, manmade fibers, and catalysts from the West. To this end, it has in place a number of long-term trade and technical cooperation agreements with Western firms calling for major exchanges of products and technologies. Among the most important is a \$6.5 billion, 10-year reciprocal trade agreement with the French firm Rhone Poulenc to supply chemical equipment and technology, pesticides, fertilizers, and animal feed in exchange for such energy-intensive chemicals as naphtha, ammonia, and methanol. Similar though less extensive agreements have been signed with British and Italian companies. Other raw materials needed will include metal ores and alloying materials of strategic importance to both civilian and military industries, especially tungsten, molybdenum, and manganese. [redacted]

**Machinery and Equipment.** Moscow is likely to continue to import sizable quantities of machinery and equipment from hard currency countries. We believe that in the 1985-2000 period the Soviets will need Western machinery and equipment for the energy

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industries, agricultural and food-processing industries, machine tool production, construction and transportation projects, process control and other electronics industries, and chemical production. [redacted]

Moreover, Moscow has reason to increase total imports of machinery and equipment to make up for domestic shortages. Moscow no doubt expects much of the increase in imports of machinery and equipment to come from East European and other Communist countries, which now provide about two-thirds of such imports. In real terms, purchases of equipment from the Communist countries have increased about 12 percent a year since 1975. But the extent to which Communist countries can continue to expand their exports of machinery and equipment to the USSR is still uncertain and will depend on how much they are willing to restrain their own investment programs to satisfy Soviet demands. [redacted]

Nevertheless, the Soviet leadership perceives that importing Western technology will have only a limited impact on promoting efficiency and modernization. Moscow is therefore likely to concentrate on improving the performance of Soviet research and development and strengthening R&D ties with production sectors. Thus, the Soviets will continue for the most part to look to the West mainly for equipment and technology that domestic and East European producers cannot manufacture at all or in sufficiently sophisticated forms. [redacted]

#### Limited Export Potential

Even though the USSR could put a rising volume of imports from the West to good use, Moscow's real hard currency purchasing power may well decline through at least 1990. Although it could pick up in the 1990s, it might still be below the present level by the end of the century. To address the great uncertainties involved in determining prospects for Soviet oil and gas exports, we have developed alternative scenarios that allow fairly wide ranges in availability of oil for export and in West European demand for natural gas. [redacted]

**Energy Exports.** In 1983, the Soviet Union earned nearly \$19 billion in hard currency from sales of crude oil, petroleum products, and natural gas to the West. These exports accounted for more than half of

the USSR's total hard currency receipts. To project their future hard currency earnings, we have developed three scenarios each for oil and gas exports to the West. The scenarios for oil exports are based on varying projections of domestic oil production and a series of assumptions about the minimum oil needs of client states in Eastern Europe and elsewhere and of other soft currency trading partners, notably Finland. The gas-export scenarios are based on our estimate of the current capacity of existing pipelines to Western Europe (the low case) and the probable maximum amount of Soviet gas that could be absorbed under conditions of rising demand and low indigenous production in Western Europe (the high case) (see table 4 and inset for our projections of oil and gas earnings and the assumptions underlying them). [redacted]

The high gas-export scenario would require the construction of the equivalent of two additional export pipelines, as well as relaxation of Western concerns about relatively high percentages of dependency on Soviet gas and the absence of economically viable Western gas supply alternatives. [redacted]

In the case of high oil exports, we assume that the Soviets—through a combination of new discoveries, increased purchases of Western oil equipment and technology, improved oilfield operations, and the production of a small amount of synthetic liquid fuels—manage to hold oil output at about the current level through the end of the century; that is, 12 million b/d. In the low oil-export scenario, we have assumed that domestic oil production begins to decline gradually to about 10 million b/d in the year 2000. Continued oilfield operating problems, a more realistic view on the part of the leadership of the high burden on the economy of investment in the oil industry, and rapidly deteriorating reserve quality would be consistent with this scenario. [redacted]

Under each production scenario, we assume that Moscow can:

- Continue to substitute natural gas for oil and improve the efficiency of energy use allowing only a slight rise in domestic oil consumption through 1990 and holding it about level through 2000.

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**Table 4**  
**USSR: Hard Currency Earnings Projections**

Billion 1983 US \$

	1983	High Oil and Gas Exports		Low Oil and Gas Exports		Midpoint Oil and Gas Exports	
		1990	2000	1990	2000	1990	2000
<b>Total receipts <sup>a</sup></b>	<b>35.2</b>	<b>31.7</b>	<b>40.2</b>	<b>27.8</b>	<b>29.7</b>	<b>29.6</b>	<b>34.7</b>
Merchandise exports	32.4	26.4	34.6	22.5	24.1	24.3	29.1
Oil	15.6	7.5	7.3	4.2	1.8	5.8	4.6
Natural gas	3.2	5.0	11.0	4.4	6.1	4.6	8.3
Other	13.6	13.9	16.2	13.9	16.2	13.9	16.2
Gold sales	0.8	2.8	2.8	2.8	2.8	2.8	2.8
Invisibles receipts (including interest receipts)	2.0	2.5	2.8	2.5	2.8	2.5	2.8

<sup>a</sup> On current account and from gold sales.

[Redacted]

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- Reexport OPEC oil as a way to settle trade accounts for arms and other deliveries, although we see little opportunity for sizable increases in reexports.
- Give a high priority to its client states, although probably not as high as the requirements of the domestic economy or hard currency exports.
- Meet the needs of non-Communist soft currency countries such as Finland with which they have a mutually beneficial trading relationship. [Redacted]

**Prospects for Nonenergy Exports.** <sup>4</sup> The USSR's hard currency earnings from exports of commodities other than energy amounted to about \$13.6 billion in 1983, only two-fifths of its total hard currency receipts. We believe that earnings from exports other than energy, gold, and arms could be increased by as much as 3 to 4 percent a year. To achieve that increase, however, the Soviets would have to allocate more investment and manpower to a variety of industries when they are short of both resources. In addition, Western demand would have to be robust enough to accommodate a large volume of Soviet sales. Because neither of these conditions is likely to be met, we believe a more realistic rate of real growth for these exports may be 0 to 2 percent per year. In the scenarios, we project growth in the volume of nonenergy exports at 1.5 percent annually, a rate only slightly below the roughly 2.4 percent yearly average recorded during the 1976-83 period. [Redacted]

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The outlook for Soviet exports of gas for hard currency is much better than that for oil sales. With 40 percent of the world's proved gas reserves and practically no foreseeable constraints on domestic output, production will be determined by both domestic and export demand. We have again considered two scenarios. Our low export scenario is based on the projected level of deliveries under existing contracts with some modest expansion in the 1990s up to the capacity of existing or soon-to-be-completed domestic and transit pipelines. The high export scenario assumes not only a larger increase in West European gas demand in the 1990s, but also the willingness of West Germany, France, Italy, and possibly some other countries to become dependent on the Soviet Union for as much as one-half their gas supplies, as well as the absence of large-scale Western alternative sources of gas. [Redacted]

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**Assumptions Underlying Hard Currency  
Balance-of-Payments Projections**

Oil exports fall from 1.4 million barrels a day (b/d) in 1983 to (a) 900,000 b/d by 1990 and 800,000 b/d by 2000 in the high oil-export scenario, (b) 500,000 b/d by 1990 and 200,000 b/d by 2000 in the low oil-export scenario, and (c) 700,000 b/d by 1990 and 500,000 b/d by 2000 in the midpoint case.

Gas exports rise from 26 billion cubic meters (m<sup>3</sup>) in 1983 to (a) 54 billion m<sup>3</sup> in 1990 and 120 billion m<sup>3</sup> in 2000 in the high gas-export scenario, (b) 46 billion m<sup>3</sup> in 1990 and 60 billion m<sup>3</sup> in 2000 in the low gas-export scenario, and (c) 50 billion m<sup>3</sup> in 1990 and 90 billion m<sup>3</sup> in 2000 in the midpoint case.

Real nonoil, nongas exports grow by 1.5 percent a year in the 1985-2000 period after falling 7 percent in 1984.

Real arms sales show no growth in 1985-95 and then rise 2 percent per year.

Real net earnings from invisibles (excluding interest) grow by 2 percent a year during 1984-2000.

Gold sales rise from 60 tons in 1983 to 300 tons by 1988 and then level off.

Real unrecorded expenditures and net lending to LDCs are held at 15 percent—the average in 1980-83—of earnings from merchandise exports (including arms).

The overall annual inflation rate applicable to non-energy exports and imports is 0 percent in 1984 and 5 percent in 1985-2000.

Nominal oil prices decline from \$30.50 per barrel for the mix of crude oil and petroleum products exported to hard currency countries in 1983 to \$28.55 in 1986 before returning to \$30.50 in 1990. The price then rises with the rate of inflation (5 percent per year) in 1991-95 and then at 7 percent a year through 2000.

Nominal gas prices drop from the 1983 level of \$123 per thousand m<sup>3</sup> to \$115 in 1986 before returning to \$123 by 1990. They then (a) rise with the rate of inflation through 2000 in the high and midpoint gas-export scenarios or (b) rise with the rate of inflation through 1995 and then at 7 percent a year in 1996-2000 in the case of low gas exports.

The nominal gold price falls from \$400 per troy ounce in 1983 to \$340 per troy ounce in 1984 to \$300 in 1985 and then rises with the rate of inflation through 2000.

Interest rates average about 11 percent.

The average maturity structure is eight years on Western government-backed credits and five years on medium- and long-term commercial bank credits.

Our projections, of course, depend a great deal on the volumes of oil, gas, and gold sold. Each additional 100,000 b/d of oil sold would increase annual purchasing power by an average of roughly \$1 billion, using the real prices we have assumed. Each additional billion cubic meters of natural gas sold would yield about \$100 million in real terms. And for each additional 50 tons of gold sold, real hard currency receipts would rise by about \$500 million.

The projections are also highly sensitive to world market prices for oil, gas, and gold. Every \$1 change in the real price per barrel of oil changes Soviet hard currency purchasing power in 1990 by about \$330 million under the high oil-export scenario; a reduction of \$5 per 1,000 cubic meters in the real price of gas would result in a loss of \$270 million in earnings. Another \$250 million in earnings would be forfeited if the price of gold were \$25 lower per troy ounce than we have assumed. Conversely, the Soviets would benefit if the real prices of their major export commodities were higher than we have assumed.

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The Soviets stand a fairly good chance of increasing hard currency earnings from sales of precious metals, nickel, chromium, and certain chemicals. The USSR's exportable surplus of platinum-group metals could well double by the end of the 1980s as a result of sharply increased production. Moreover, the Soviets are guaranteed sizable earnings from chemical exports as a result of long-term compensation and buy-back deals with Western firms. [ ]

Moscow could also step up gold sales, which in 1983 amounted to an estimated 60 tons, worth \$750 million. Indeed, the Soviets could—without dipping into reserves—sell about 300 tons a year but might be reluctant to do so if such heavy sales threatened to push the price down to an unacceptable level. [ ]

Chances are only slim, meanwhile, that the Soviets will be able to substantially boost their hard currency earnings from sales of machinery or to increase earnings by transshipping cargoes by rail between Europe and the Far East. Western demand for Soviet machinery and rail services will probably remain weak. Chances are also poor that the Soviets will be able to increase sales of timber and agricultural products. Real exports of these goods have declined over the past eight years, and there are no indications that they will pick up soon. Output of the timber industry has been stagnating, and it does not appear that Moscow is prepared to devote enough investment to this sector to enhance its export capability. [ ]

Barring a radical change in the Third World political scene, we likewise do not foresee any dramatic increase in Soviet hard currency sales of arms to the LDCs, at least over the next few years. Major hard currency purchasers of military equipment—such as Libya, Iraq, and Syria—are in financial difficulties that could well prevent them from increasing these imports. We do, however, foresee a continuation of military sales and assistance programs. Indeed, military assistance will remain a principal means of Soviet entree in many countries, and we expect even more aggressive sales campaigns in the future. [ ]

### Credit Policy Options

#### Continued Financial Conservatism

The Soviets have adhered to a conservative borrowing policy since the mid-1970s, after a surge of borrowing

led to a rapid runup of debt. In current dollar terms, the USSR's net hard currency debt to the West soared from less than \$1 billion at yearend 1972 to \$10 billion at yearend 1976 but has remained at about that level to the present time. The ratio of debt service to total hard currency receipts has fluctuated between 15 percent and 18 percent. [ ]

In *Financing Scenario A* (table 5), we assume that Moscow continues this established conservative approach and holds the ratio of debt service to total hard currency receipts at 20 percent or less.<sup>5</sup> Even under the high oil- and gas-export scenario, Soviet import capacity would decline slightly through 1990, before picking up sharply in the 1991-2000 period. In the low and midpoint oil- and gas-export scenarios, real import capacity would decline considerably more before rising throughout the 1990s. In the low-energy export case, it would still be about 10 percent less than in 1983 by the year 2000. [ ]

#### Relief Through Western Credits?

Western credits could support sizable additional hard currency imports if the Soviets become substantially less conservative about borrowing. Moscow still enjoys a good credit rating and probably would have little difficulty in raising substantially more credits in the West so long as they were used to support exports to the USSR. Most West European governments probably will continue to back credits—mainly long term—to finance machinery and equipment sales by their firms to the USSR. And Western banks will probably be willing to increase their short- and medium-term exposure to Soviet banks if doing so increases their customers' exports. Moreover, the Soviet Union can raise additional untied Euroloans as long as the market remains relatively liquid. [ ]

<sup>5</sup> To suggest the magnitude of the USSR's hard currency needs and constraints, we have used a balance-of-payments accounting model to project trends in the USSR's hard currency accounts through the year 2000. The model, which consists of a series of standard accounting identities, projects trends of overall payments with assumed values for key earnings items, such as the volume and price of oil and gas, gold and arms sales, and level of borrowing. From these assumptions, the model generates Soviet import capacity through 2000. [ ]

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**Table 5**  
**USSR: Hard Currency Import Capacity**

*Billion 1983 US \$*  
(except where noted)

	1983	High Oil and Gas Exports		Low Oil and Gas Exports		Midpoint Oil and Gas Exports	
		1990	2000	1990	2000	1990	2000
<b>Total receipts <sup>a</sup></b>	<b>35.2</b>	<b>31.7</b>	<b>40.2</b>	<b>27.8</b>	<b>29.7</b>	<b>29.6</b>	<b>34.7</b>
<b>Financing Scenario A</b>							
Debt service ratio ( <i>percent</i> )	17	19	20	20	19	19	19
Import capacity	27.7	26.2	34.2	22.4	24.8	24.4	28.6
<b>Financing Scenario B</b>							
Debt service ratio ( <i>percent</i> )	16	25	13	39	106	36	62
Import capacity	27.7	27.7	27.7	27.7	27.7	27.7	27.7

<sup>a</sup> On current account and from gold sales.

[ ]

Our second scenario assumes that Moscow will borrow what is necessary to maintain a constant level of real imports (*Financing Scenario B*). In the most optimistic export scenario, the USSR would have to let its debt service ratio rise to about 25 percent by 1990 to hold real import capacity constant in 1984-90. Moscow just might be willing to allow its debt service to rise to this level if it foresaw relief shortly in the form of improved export prospects. To maintain constant real imports in the case of low and midpoint oil and gas exports, however, the USSR would have to permit its debt service ratio to climb to 39 percent and 36 percent, respectively, in 1990 and to 106 percent and 62 percent in 2000. [ ]

#### **Coping With Less: Moscow's Options**

The foregoing analysis suggests that—barring an unforeseen surge in Soviet export earnings or a reversal of its conservative debt management policies—Moscow will be forced to accept some reduction in imports from the West. If handled properly, such a situation need not present the leadership with major economic problems, however. Even with cuts in real imports, we believe the Soviets—barring a series of very poor harvests—still will be in the position to import:

- All of the grain needed to allow for some growth in per capita consumption of meat and other quality foods.

- Sufficient quantities of industrial raw materials to prevent bottlenecks from emerging, especially since the USSR's own capacity for such important inputs as specialty steels and large-diameter pipe should increase sharply during the 1986-90 period.

- Essential technology and equipment for key investment areas. [ ]

Furthermore, Moscow should be able to partially offset any reduction in Western imports by relying more heavily on its Communist allies. The Soviets continue to press Eastern Europe for increased imports of machinery and equipment and other manufactured goods. Indeed, shipments of machinery to the USSR increased substantially in each of the past two years. In many cases, the Soviets may find East European technology and equipment as well suited to their purpose as Western equipment, because it is more compatible with much of the already installed machinery and East European engineers can more easily assist in its installation and repair. [ ]

The USSR, in turn, could attempt to boost its hard currency earnings:

- Though the leadership has publicly stated that it will maintain oil deliveries to Eastern Europe during 1986-90 at the 1985 level, Moscow could reverse itself and cut oil deliveries as it did in 1982.

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- Moscow might try stepping up its exports to the West by pushing compensation deals as it did in the mid-1970s or it could try to attract investment in joint ventures. To gain Western interest, however, the Soviets may have to allow Western contractors to assume responsibility for all on-site work and/or on-site quality control once production begins.

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Alternatively, Moscow may reassess its borrowing policies and allow a substantial rise in medium- and long-term indebtedness. Such a decision is more likely if the ability to repay such borrowing is assured through compensation arrangements. However, the leadership could well opt for allowing debt to rise substantially if:

- It reverses current policy and embarks on an expansionary investment program to improve long-term growth prospects and reduce the technological lag.
- The East Europeans prove unable to boost equipment exports or deal with cuts in energy deliveries.
- A series of domestic crop failures require unduly hard choices between agricultural and nonagricultural imports.

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It is likely that, in the final analysis, Moscow will opt to employ a combination of measures. Thus, it might feel it can comfortably raise its debt service ratio—say, up to 25 percent—to reduce the depth of import cuts. At the same time, it could continue to press Eastern Europe for modest concessions and perhaps realize some gains from compensation deals and from on-site Western contractors.

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## Appendix A

**USSR: Hard Currency Trade Partners, 1970-83<sup>a</sup>**  
**(as Reported by Partner Countries to the IMF)**

Developed West	Less developed countries	Less developed countries (continued)	Less developed countries (continued)
European Community	Africa	Nigeria	Nicaragua
Belgium	Algeria (1980 on)	Rwanda	Panama
Denmark	Angola (1977 on)	Senegal	Paraguay
Federal Republic of Germany	Benin	Sierra Leone	Peru
France	Burkina	Sudan	Trinidad and Tobago
Greece (1978 on)	Burundi	Tanzania	Uruguay
Ireland	Cameroon	Togo	Venezuela
Italy	Cape Verde (1978 on)	Tunisia	Asia and Middle East
Luxembourg	Central African Republic	Uganda	Burma
Netherlands	Congo	Zaire	Cyprus
United Kingdom	Ethiopia	Zambia	Hong Kong
Other European countries	Equatorial Guinea	Latin America	Indonesia
Austria (1971 on)	Gabon	Argentina	Iraq
Iceland (1977 on)	The Gambia	Bolivia	Israel
Malta	Ghana (1976 on)	Brazil	Jordan
Norway	Guinea-Bissau	Chile	Kuwait
Portugal	Ivory Coast	Colombia	Lebanon
Spain	Kenya	Costa Rica	Macau
Sweden	Liberia	Dominican Republic	Malaysia
Switzerland	Libya	Ecuador	Nepal (1977 on)
Other	Madagascar	El Salvador	Philippines
Australia	Malawi	Guatemala	Saudi Arabia
Canada	Mali (1978 on)	Guyana	Singapore
Japan	Mauritania	Honduras	Sri Lanka (1977 on)
New Zealand	Mauritius	Jamaica	Thailand
United States	Mozambique	Mexico	Yemen Arab Republic
	Niger		Yemen, People's Democratic Republic of

<sup>a</sup> Some of the Soviet trade with the hard currency LDC partners, however, probably is on a barter basis. Conversely, part of the trade with bilateral LDC partners may be on a hard currency settlement basis.

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## Appendix B

### Statistical Tables

**Table B-1**  
**USSR: Hard Currency Exports**  
**by Major Commodities**

	1970	1975	1980	1981	1982	1983
<i>Million US \$</i>						
<b>Total</b>	<b>2,824</b>	<b>9,780</b>	<b>27,784</b>	<b>27,978</b>	<b>31,977</b>	<b>32,428</b>
Oil and oil products	430	3,391	12,295	12,232	14,808	15,577
Natural gas	14	220	2,704	3,968	3,673	3,209
Machinery and equipment	176	538	1,234	1,189	1,380	1,411
Wood	389	739	1,500	1,016	848	854
Chemicals	64	243	768	783	703	742
Agricultural products	192	547	458	553	593	436
Diamonds <sup>a</sup>	175	478	1,304	NA	NA	NA
Military <sup>b</sup>	239	1,885	5,068	5,900	7,162	7,318
Other <sup>c</sup>	1,145	1,739	2,453	2,337	2,810	2,881
<i>Million 1970 US \$ <sup>d</sup></i>						
<b>Total</b>	<b>2,824</b>	<b>3,690</b>	<b>5,295</b>	<b>4,980</b>	<b>6,015</b>	<b>6,200</b>
Oil and oil products	430	530	675	640	870	980
Natural gas	14	100	295	320	315	300
Machinery and equipment	176	265	450	430	500	510
Wood	389	375	335	200	175	175
Chemicals	64	150	395	385	430	500
Agricultural products	192	250	105	160	200	135
Diamonds	175	280	375	NA	NA	NA
Military	239	930	1,840	2,145	2,555	2,610
Other <sup>c</sup>	1,145	810	825	700	970	990

<sup>a</sup> OECD statistics.

<sup>b</sup> To derive these calculations, we have used our estimate of the value of arms-related commercial exports included in the reporting on Soviet exports to individual LDCs and most of the reported export residual in published Soviet data on trade with LDCs (that is, the difference between Soviet reporting on aggregate exports to the LDCs and Soviet reporting on exports to individual LDCs). These estimates are generally higher than the Intelligence Community's estimates of the value of observed military deliveries for hard currency. The main difference between the two sets of

estimates is the inclusion of follow-on supplies needed to maintain LDC inventories of military equipment.

<sup>c</sup> Includes diamonds from 1981 through 1983.

<sup>d</sup> Estimated.

Source: Official Soviet trade statistics.

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**Table B-2**  
**USSR: Hard Currency Imports**  
**by Major Commodities**

	1970	1975	1980	1981	1982	1983
<i>Million US \$</i>						
<b>Total</b>	<b>2,984</b>	<b>14,577</b>	<b>26,070</b>	<b>27,778</b>	<b>27,544</b>	<b>27,715</b>
Agricultural products <sup>a</sup>	758	4,083	9,265	11,698 <sup>a</sup>	9,964	9,101
Grain	101	2,323	4,548	6,378	5,504	4,859
Other	657	1,760	4,717	5,320	4,460	4,242
Nonagricultural products	2,226	10,494	16,805	16,080	17,580	18,614
Of which:						
Machinery and equipment <sup>b</sup>	967	4,593	6,039	4,523	6,114	6,998
Ferrous metals <sup>b</sup>	303	2,627	3,606	3,597	4,247	3,712
Chemicals	215	722	1,646	1,590	1,457	1,431
Fuels	16	589	831	503	1,579	2,100
<i>Million 1970 US \$ <sup>c</sup></i>						
<b>Total</b>	<b>2,984</b>	<b>7,419</b>	<b>9,095</b>	<b>9,455</b>	<b>9,420</b>	<b>9,700</b>
Agricultural products <sup>a</sup>	758	1,859	2,710	3,300	3,000	2,780
Grain	101	997	1,188	1,600	1,500	1,340
Other	657	862	1,522	1,700	1,500	1,440
Nonagricultural products	2,226	5,560	6,385	6,155	6,420	6,920
Of which:						
Machinery and equipment <sup>b</sup>	967	2,700	2,350	1,750	2,350	2,700
Ferrous metals <sup>b</sup>	303	1,055	1,383	1,305	1,620	1,655
Chemicals	215	448	610	575	585	585
Fuels	16	75	45	25	85	130

<sup>a</sup> This value probably excludes sizable agricultural imports that cannot be identified and are included under the residual in nonagricultural imports.

<sup>b</sup> Excluding purchases for the Orenburg gas pipeline; such imports, however, are included in the total.

<sup>c</sup> Estimated.

Source: Official Soviet foreign trade statistics.



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**Table B-3**  
**Soviet Hard Currency Trade With Selected Countries**

Million US \$

	1980			1981			1982			1983			1984		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
<b>Total</b>	<b>27,784</b>	<b>26,070</b>	<b>1,714</b>	<b>27,978</b>	<b>27,778</b>	<b>200</b>	<b>31,977</b>	<b>27,544</b>	<b>4,433</b>	<b>32,428</b>	<b>27,715</b>	<b>4,713</b>	<b>31,614</b>	<b>27,439</b>	<b>4,175</b>
Developed West	21,818	21,514	304	21,248	21,586	-338	22,866	22,100	766	23,314	21,719	1,595	23,454	21,383	2,072
<b>Of which:</b>															
Australia	9	1,194	-1,185	16	748	-732	19	703	-684	16	546	-530	27	592	565
Austria	894	610	284	1,187	705	482	931	739	192	764	1,063	-299	944	1,096	-152
Belgium	1,297	590	707	1,038	625	413	1,424	790	634	1,337	825	512	1,473	616	857
Canada	46	1,496	-1,450	69	1,914	-1,845	29	1,902	-1,873	33	1,725	-1,692	23	1,726	-1,703
France	3,453	2,326	1,127	3,509	2,314	1,195	3,074	1,749	1,325	3,270	2,332	938	3,010	2,186	824
Italy	3,235	1,438	1,797	3,453	1,393	2,060	3,893	1,687	2,206	4,048	1,939	2,109	3,882	1,629	2,253
Japan	1,463	2,730	-1,267	1,135	3,076	-1,941	1,044	4,038	-2,994	1,114	2,937	-1,823	1,033	2,527	-1,494
Netherlands	1,582	555	1,027	1,417	637	780	2,076	496	1,580	1,653	661	992	1,983	340	1,643
Sweden	547	496	51	405	482	-77	565	476	89	881	344	537	693	334	359
Switzerland	686	620	66	460	691	-231	763	567	196	689	466	223	666	504	162
United Kingdom	1,323	1,467	-144	897	1,193	-296	1,122	1,038	84	1,600	853	747	1,713	1,008	705
United States	233	2,081	-1,848	255	2,310	-2,055	214	2,839	-2,645	446	2,120	-1,674	376	3,480	-3,104
West Germany	4,767	4,603	164	5,053	3,757	1,296	5,610	4,020	1,590	5,490	4,536	954	5,579	4,152	1,427
I.D.C.s*	5,966	4,556	1,410	6,730	6,192	538	9,111	5,444	3,667	9,114	5,996	3,118	8,160	6,056	2,104
<b>Of which:</b>															
Argentina	47	1,790	-1,743	43	3,298	-3,255	38	1,747	-1,709	35	1,755	-1,720	32	1,358	-1,326
Brazil	34	390	-356	23	742	-719	248	573	-325	144	797	-653	117	458	-341
Iraq	729	399	330	1,259	5	1,254	1,347	25	1,322	504	516	-12	336	823	-487
Libya	252	443	-191	264	502	-238	305	1,534	-1,229	357	1,369	-1,012	172	1,394	-1,222

\* Including military deliveries not broken out by country.

Source: Official Soviet foreign trade statistics.

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