

5-3810

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CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED  
1999

21 September 1971

MEMORANDUM FOR:

ONE

SUBJECT : Communist Economic Aid Extended to Latin America

1. Attached is the table you asked for on Communist economic aid extended to Latin America. The figures in the table are Secret,

2. Although there has been a sharp increase in Communist commitments to Latin American countries during 1970 and 1971, we do not perceive any significant shift in Communist aid policy toward the area, except that some recent credits are more project oriented than before.

3. In the past, Communist economic aid to Latin America was largely trade related. Credits usually were provided for equipment purchases that required payment in 5-8 years and carried interest rates ranging up to 6%. Frequently cash downpayments also were required. But the credits that were made available were not used extensively, and by the end of 1970 less than 20% of the \$640 million of credits provided by Communist countries had been drawn. The Soviet performance was even worse, with less than 10% of the \$275 million extended actually drawn.

4. Nevertheless, as Latin American nations have become more receptive to the idea of accepting Communist assistance, annual aid commitments have increased. In 1970, they were three times as large as in 1969 and thus far in 1971, they rose an additional 15%. More of the recent commitments have been made for project assistance than previously. For example, Soviet aid extended to Peru in 1970 was designated for port development. More of Eastern Europe's assistance in 1971 also appears to be tied directly to project aid.

Acting Chief

Office of Economic Research

Attachment:  
As stated above

GROUP 1  
Excluded from automatic

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Communist Economic Aid Extended to Latin American Countries a/

1958 - 15 September 1971

Millions US \$'s

	1958-65	1966	1967	1968	1969	1970	Preliminary 1 Jan-15 Sep 1971	Total 1958-15 Sep 1971
<u>Total</u>	<u>44</u>	<u>90</u>	<u>55</u>	<u>2</u>	<u>20</u>	<u>66</u>	<u>53</u>	<u>330</u>
Argentina								44
Bolivia	44 b/							30
Brazil		90				28	2*	90
Chile			55 e/				51	106
Colombia				2		10		2
Costa Rica						28	1/	10
Peru					20			28
Uruguay								20
<u>By East European Countries:</u>								
<u>Total</u>	<u>189</u>	<u>48</u>	<u>22</u>	<u>10</u>	<u>11</u>	<u>51</u>	<u>80</u>	<u>411</u>
Argentina	7 d/		e/	5		1	25	12
Bolivia								26
Brazil	182 f/	42	17					241
Chile				5			45 e/	50
Colombia				b/			N.A.	
Ecuador			5					10
Peru					5			31
Uruguay		6						21
Venezuela					6			10
<u>By Communist China:</u>								
<u>Total</u>							<u>2</u>	<u>2</u>
Chile							2*	

\* Grant

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GROUP 1  
Excluded from automatic  
downgrading and  
declassification

~~SECRET~~

Communist Economic Aid Extended to Latin American Countries g/

1958 - 15 September 1971

- a. Mostly for sales of equipment with repayment terms that generally are less favorable than the 12 years, 2 1/2% characteristic of most Soviet aid. Unless otherwise specified, these credits call for repayment in 5-10 years and carry interest as high as 6% and in some cases require downpayments.
- b. Only the delivered portion (\$29 million) of a 1958 credit is included because the undrawn portion was due to expire in 1961.
- c. Part of this amount, that destined for project use by state enterprises, will be repaid over 12 year period.
- d. Excludes \$12 million undrawn Romanian credit extended in 1965 that expired in 1968.
- e. Excludes \$30 million undrawn Hungarian credit which expired on 31 December 1970.
- f. These credits were included in trade agreements concluded with East European countries and were to be used for capital equipment. They generally carried repayment terms of 2-9 years and interest ranging up to 6%.
- g. \$20 million Bulgarian credit allows 12 years, 2 1/2% terms.
- h. \$5 million East German credit for capital goods expired January 1971.
- i. Aid component for port development, announced as a \$60-\$75 million project, maybe covered by 1970 credits.

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