

CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

19-6-61

Ref PA

EXEMPLAIRE N° 213  
COPY

ENGLISH ONLY  
12th May, 1961

**NATO UNCLASSIFIED**  
~~NATO CONFIDENTIAL~~ DN 79/12  
WORKING PAPER  
AC/89-WP/76 (Revised)

SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC  
(1st July, 1960 - 31st December, 1960)

Note by the Secretary

Attached is a revised edition of the draft sixth report by the Committee of Economic Advisers on the Sino-Soviet Bloc economic offensive.

2. This edition has been prepared by the International Staff on the basis of comments received up to 28th April, 1961 from the Netherlands, United Kingdom, French, Italian and United States Delegations. The proposed amendments, which are marked by an asterisk in the margin, do not necessarily use the actual wording of the comments made by these delegations.

3. To facilitate comparison with the first edition of the report a list of amendments indicating their source is attached at Annex V and the original paragraph numbering has been retained.

4. Annex IV - "Basic Economic Data on the countries of the Free World outside Europe receiving financial assistance from the Sino-Soviet Bloc" - will be separately circulated in the near future under reference 'Addendum to AC/89-WP/76(Revised)'.  
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(Signed) M.J. JORDAN

OTAN/NATO,  
Paris, XVIe.

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THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC  
(from 1st July, 1960 till 31st December, 1960)

Sixth Report by the Committee of Economic Advisers (1)  
(Draft)

I. MAIN TRENDS AND RECENT DEVELOPMENTS

1. Since the launching of the Sino-Soviet bloc economic offensive in 1954, the bloc has steadily forged ahead with its economic penetration in the underdeveloped countries of the free world. The amount of aid extended has expanded considerably: from January 1954 to December 1960 economic and military aid reached the equivalent of \$4.8 billion, of which about one-third was pledged during 1960. Total bloc trade with the underdeveloped countries has roughly trebled in value from 1954 to 1960. The number of bloc technicians currently working in the underdeveloped countries rose by the end of 1960 to nearly 7,800. At the same time, the aid and trade offensive was directed towards an increasing number of countries, and, learning by experience, the bloc has constantly improved its methods of economic penetration, taking into account the political and economic situation in the various target countries. During the early years, Soviet long-term and low interest economic development loans and trade agreements were concentrated on a few Asian countries (2). In the Middle East, the spearhead of the economic offensive consisted of large scale armament deals (3). In Latin America the drive was initiated by the European Satellites offering barter trade agreements, supplemented in recent years by Soviet economic development credits (4). Africa has only recently become a new area for intensive activities.

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- (1) See fifth Report (C-M(60)116).
  - (2) Up to October 1957 all major Soviet lines of credit had been extended to Asian countries (India: \$115 million in February 1955, and \$126 million in November 1956; Afghanistan \$100 million in January, 1956; Indonesia \$100 million in September 1956).
  - (3) In September 1955: \$200 million arms agreement under credit extended by Czechoslovakia to Egypt, followed by USSR and Czech military aid agreements with Iraq, Syria and the Yemen.
  - (4) The first large-scale long-term loan to a Latin American country was extended by the USSR to Argentina in October 1958.

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2. Total bloc trade with the underdeveloped countries of the free world rose in value from \$870.5 million in 1954 to \$2.266 in 1959. As trade between the underdeveloped countries and the industrialised countries of the free world during the same period expanded at a slower rate, the bloc share increased to reach by the end of 1959 7% of the total trade of the underdeveloped countries with the industrialised countries, as compared with only about 3% in 1954. The trade drive has been concentrated on a small number of countries; in 1959 trade with the bloc represented more than 10% of the total trade of not more than five countries outside Europe: Afghanistan, Egypt, Syria, Guinea, Uruguay. Almost half of the fast-expanding Sino-Soviet bloc trade with the underdeveloped countries is still assumed by the European satellites for whom this trade largely corresponds to economic needs. However, the Soviet Union increased its share in bloc trade from less than one-quarter in 1954 to over one-third in 1959.

3. In recent years the bloc economic aid in the form of credits and grants extended, gathered considerable momentum (1). An amount equivalent to more than half the total of bloc economic aid granted during the six years' period 1954-1959 was pledged during the twelve months of 1960. By the end of 1960, \$3.6 billion worth of economic aid had been extended, three-quarters of which by the Soviet Union. Aid like trade was largely concentrated on a small number of countries. Although the list of countries accepting Sino-Soviet bloc aid had been lengthened to include a total of 20 countries, 80% of all economic credits and grants extended since 1954 was accorded to six major recipients only: India 25%; UAR 21%; Indonesia 17%; Cuba 7%; Afghanistan and Iraq each 6%.

3bis. In addition, large-scale military assistance has been extended to the following countries: UAR, Indonesia, Iraq, Afghanistan and the Yemen, in that order. During the second half of 1960, Cuba, Morocco and Guinea were added to the list. By the end of 1960, bloc agreements to supply arms and military training to non-Communist countries provided for the extension of credits (and a few grants) of at least \$1.2 billion. The value of the arms and training covered by these agreements is substantially higher, since this total does not reflect downpayments, price discounts and provisions of agreements. According to some estimates, the gross value of total military aid by the end of 1960 can be valued at slightly over \$2 billion.

4. During the second half of 1960 the most salient aspects of the recent development of the Sino-Soviet bloc economic offensive

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(1) See Chart 1, and Table 1 at Appendix on page 19.

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can be summarised as follows:

- \* (a) - from the point of view of geographical distribution special aid efforts directed towards a few countries, in particular: Cuba, Guinea and Ghana, and achievement of a dominant position in the foreign trade of both Cuba and Guinea;
  - \* - renewed efforts of aid and trade penetration in the African continent;
  - \* - continued economic pressure in other areas and specially on SEATO Asian countries (Thailand and Pakistan); follow up action in India, Cambodia, Indonesia.
- (b) from the point of view of bloc methods
- resumption of large-scale military aid programmes, mainly by the USSR, in Iraq, Guinea, UAR, Indonesia, Cuba;
  - improved co-ordination of economic aid and trade policies within the bloc;
  - increased participation of the European satellites in the bloc economic aid efforts;
  - emergence of China as a source of large interest-free credits.

## II. ECONOMIC AID

### (a) Credits extended

5. During the six monthly period under review at least \$492.6 million credits and grants have been extended by the bloc distributed as shown in table 1. This amount comes in addition to \$727.1 million extended during the first six months of 1960. The fact that the amount extended during the second half was lower than the corresponding figure for the first half of 1960 can not be considered as indicative of a declining trend since a six months period is too short for drawing any conclusion. Bloc credits and grants extended during the year 1960 amounted to \$1,219.7 million indicating an increase of 40% over the corresponding 1959 figure.

- \* 5bis. The credits extended during the period under review were granted along the general lines of previous practice.
- \* Long-term (usually 12 years), low-interest (generally 2½%) or even interest-free loans (as in the case of Chinese loans),
- \* and the possibility of repayment through exports of indigenous products are bound to make these credits especially attractive to
- \* poor countries with no previous experience of Sino-Soviet aid.

(b) Drawings

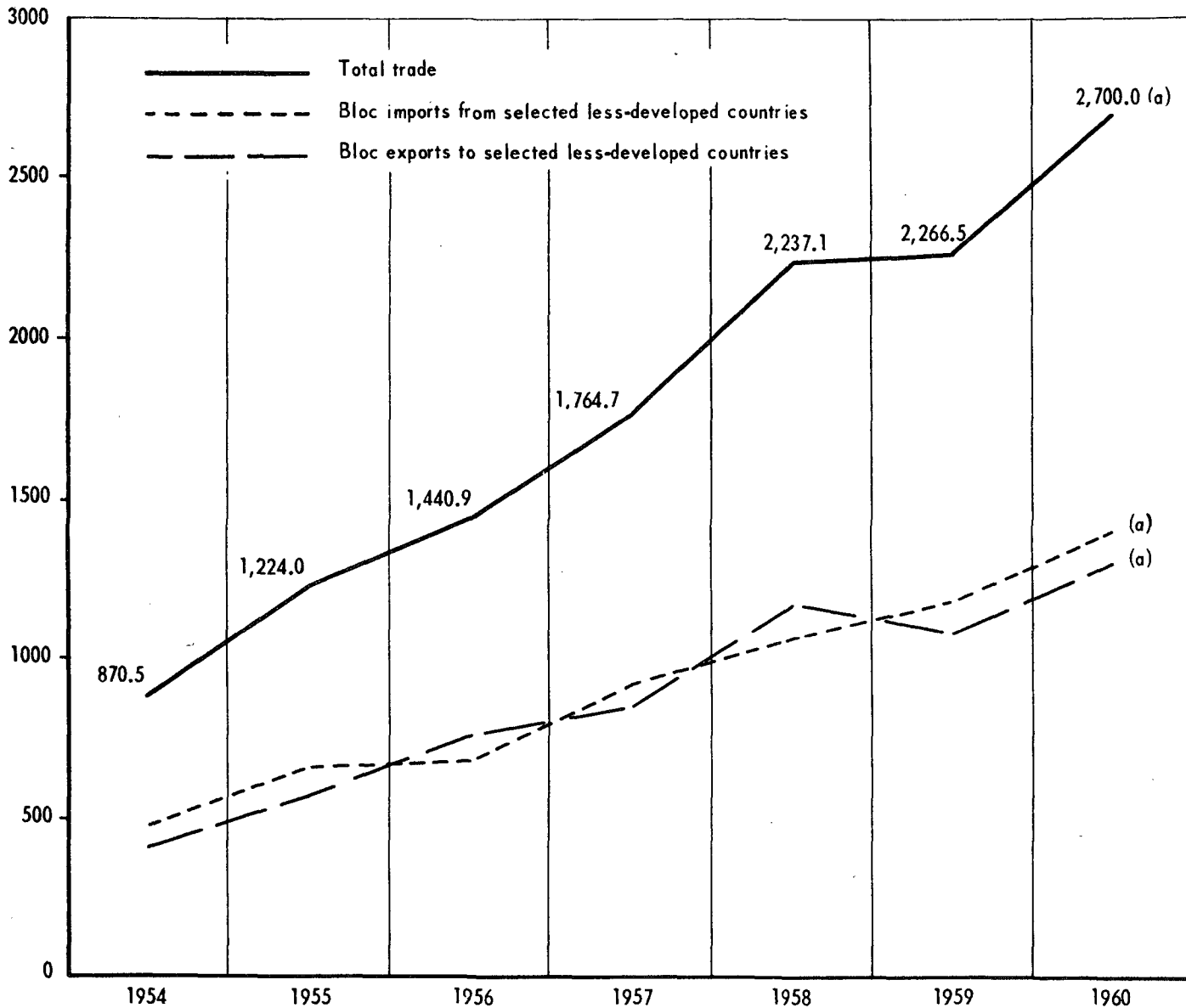
6. Between the signature of an economic aid agreement and the actual drawing of the credit there is a lapse of time which varies widely from case to case. (1)

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- (1) for instance, the \$100 million "line of credit" extended by the USSR to Indonesia in September 1956 had not started to be utilised before Spring 1958, and was still not used up at the end of 1960; similarly, the November 1956 \$126 million Soviet credit to India began to be drawn only in the second half of 1959 and was still far from exhausted at the end of 1960. On the other hand, the comparatively smaller credits extended by the European satellites had been drawn upon at a much faster rate as they were generally allocated to specific projects from the early stage. However, the pace of drawings on European satellite loans will probably slow down, as the satellites revert more and more to the procedure of the "line of credit".

CHART I

SINO-SOVIET BLOC TRADE WITH THE UNDERDEVELOPED COUNTRIES OF THE FREE WORLD

Million U.S. \$



(a) Estimates

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CHART II

SINO-SOVIET BLOC ECONOMIC CREDITS AND GRANTS

Million U.S.\$ extended to and drawn by underdeveloped countries of the free World year by year from 1954 till 1960

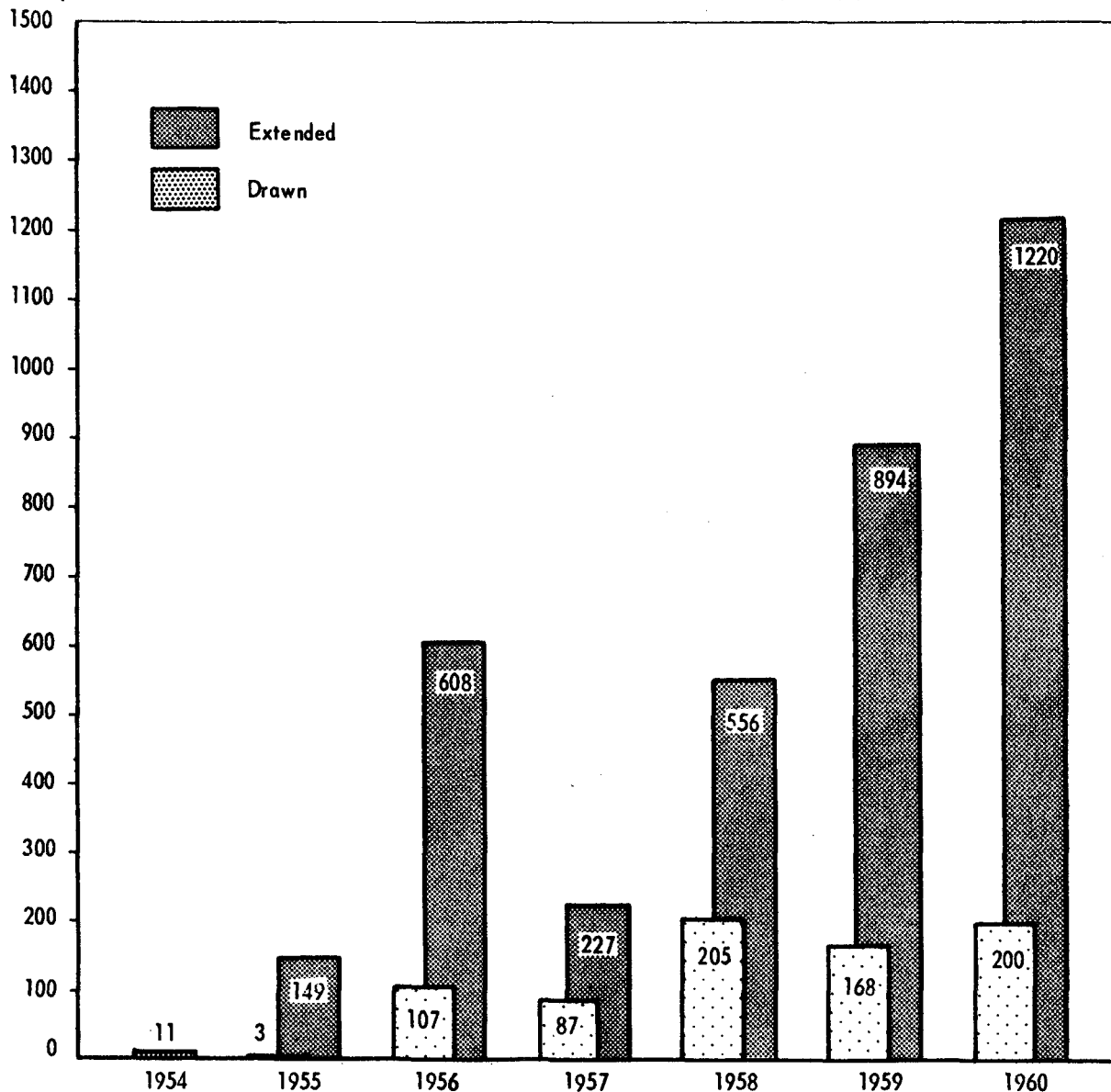
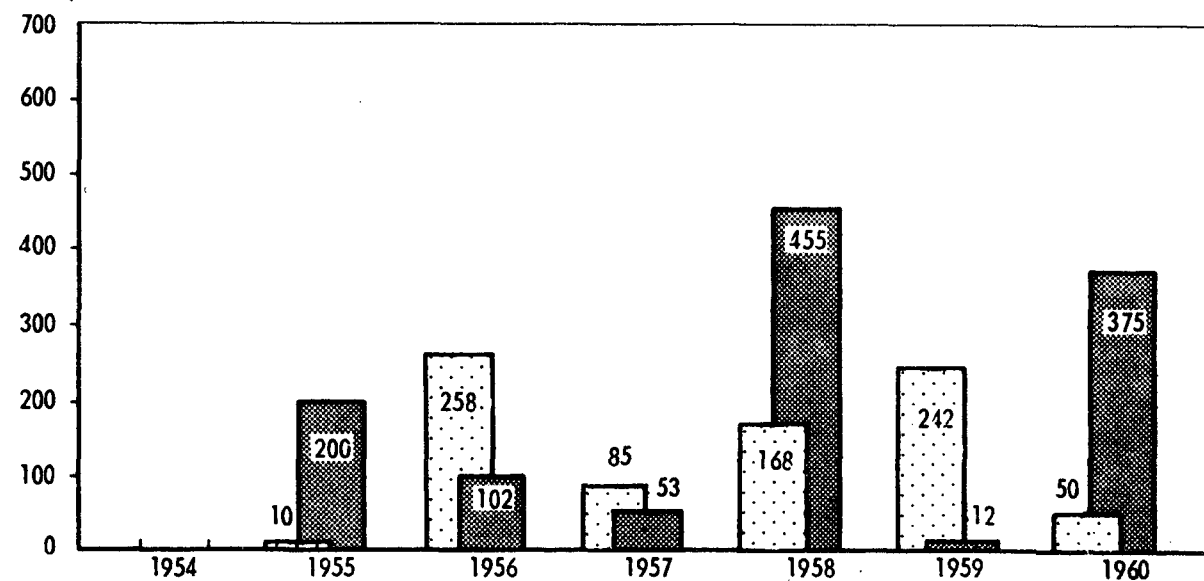


CHART III

SINO-SOVIET BLOC MILITARY CREDITS AND GRANTS

Million U.S.\$ extended to and drawn by underdeveloped countries of the free World year by year from 1954 till 1960



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This results from the procedure of "lines of credits" used first by the Soviet Union and increasingly followed by most of the European satellites and China. Under this procedure, the

- \* initial credit agreement indicates only the global figure put at the disposal of the receiving country sometimes identifying the projects in a general way, but without specifying the final
- \* use of the credit. In a second stage, a clearer definition is worked out for the use of the credit in an implementation protocol usually listing projects concerned. In a third stage, contracts are signed between the relevant bloc state export agency and the appropriate organization in the receiving country. Finally, goods and/or services are actually delivered. The "line of credit" gives the receiving country valuable indications for planning purposes of the total amount that may be anticipated for the years ahead. The Soviet bloc, derives propaganda advantages from the repeated publicity given at the various stages of the procedure to the pledged amount of aid.

7. As a whole, the rate of actual utilisation of economic aid extended has, in the past, never exceeded one-fifth of the total accumulated credits and grants. By the end of 1960 not

- \* more than \$750 million of the economic credits extended by the bloc since 1954 had been drawn, of which about \$200 million was drawn during 1960. It is to be noted that the amount drawn represents a gross figure, as no data are available on the amount of the repayments. In any case, these repayments must have been so far very small. The graph on page 5 shows economic credits and grants extended during each year and also the yearly drawings from accumulated credits and grants.

7bis. It is not possible to draw definite conclusions from the relatively slow rate of drawings up to the end of 1960. As the allocation of extended loans and grants for specific projects has recently gathered speed, the rate of drawings will

- \* probably increase in the near future. In the meantime, the fact of extending credits has by itself a direct bearing on the
- \* evolution of the economies of the countries concerned; it already involves direct participation by the bloc in the development and in the choice of the particular projects to be implemented.

(c) Type of projects covered by bloc aid

8. By the end of 1960, about two-thirds of the total economic credits and grants extended by the bloc to underdeveloped

- \* countries since 1954 had been allocated to specific projects. Although the bloc is involved in the construction of a number of
- \* highly publicised showpiece projects (e.g., Asian Games Stadium in Djakarta, sports stadium at Conakry, hotels in Rangoon and Conakry, etc.,) most of the bloc aid has been earmarked for basic
- \* development projects. The fact that greater emphasis on industrialisation is given in the Soviet aid programme than in
- \* Western assistance is bound to impress public opinion in the

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underdeveloped countries. Of the funds obligated, it is estimated that two-fifths was set aside for projects directly related to the expansion of industry, one-fifth for multipurpose projects including flood control, irrigation, land reclamation and hydro-electric power, one-sixth for transport and communications and one-tenth for mineral survey and exploitation. Funds to assist in the improvement of agricultural techniques, health, education, and administrative services account for only a small part of the bloc aid programmes.

9. During the second half of 1960 there seemed to be a trend towards devoting more attention to medium and small size industrial enterprises especially in aid programmes for Cuba, Guinea, Indonesia and Syria. However, the Soviet bloc programmes still include a number of large-scale projects which are bound to strike public opinion in the receiving countries. Some of those projects have already been completed, for example the Bhilai steel plant in India and the Homs refinery in Syria, both of which were successes for the bloc aid programme. Other major projects under construction are:

- the Aswan dam in Egypt for which certain delays have been reported in the early stages of the work;
- the heavy machine plant at Ranchi in India;
- the Neyveli power plant in Madras, India;
- the Baghdad-Bashra railway in Iraq;
- \* - the 770km. Kameshly-Latakia railway in Syria.

Other projects under survey include inter alia: the Euphrates Dam in Syria and the great East-West road in Nepal. Further large-scale projects have been included in recent credit agreements.

- the envisaged Bui Dam on the Back Volta river in Ghana;
- a one-million ton capacity steel plant announced in June 1960 for Cuba;
- the proposed bloc participation in the Konkouré river project in Guinea, providing for a large Dam and an aluminium plant.

(d) Sources of Sino-Soviet aid and co-ordination of aid within the bloc

10. The following table shows the distribution of the bloc economic aid efforts among the Sino-Soviet countries:

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\*\* Table 2 - Sino-Soviet bloc economic credits extended to underdeveloped countries by donor country during 1960

Donor Country	Total amount extended					
	From 1st Jan. to 30th June, 1960		From 1st July to 31st Dec. 1960		1960 Total	
	Million US \$	%	Million US \$	%	Million US \$	%
BLOC TOTAL	727.1	100	492.6	100	1,219.7	100
USSR	<u>625.9</u>	86	<u>203.2</u>	41	<u>829.1</u>	68
<u>Total European Satellites</u>	<u>78.7</u>	11	<u>166.4</u>	34	<u>245.1</u>	80
Czechoslovakia	44.0		95.0		139.0	
Poland	31.5		5.0		36.5	
East Germany	3.2		15.0		18.2	
Roumania	-		15.0		15.0	
Bulgaria	-		5.0		5.0	
Hungary	-		31.4		31.4	
<u>China</u>	<u>22.5</u>	3	<u>123.0</u>	25	<u>145.5</u>	12

\* 11. Communist China often offers products and services technically less sophisticated, which in some cases may be well adapted to the more immediate and urgent needs of the primitive types of economies prevailing in some newly-independent countries. In addition, the Chinese have tried to capitalise on anti-white feelings, especially in young African nations. The share of the USSR in the economic assistance provided by the bloc countries fell, during the second half of 1960 to 41% compared to 86% during the first half of 1960 and 75% for the whole period 1954-1959. Correspondingly, the part played recently by the European Satellites and China has considerably increased. In particular China, in spite of her domestic problems, extended in 1960 more assistance than during the entire period starting from the beginning of the economic offensive (\$145 million against \$142 million) and the terms of the Chinese assistance were much more generous than aid given by any other country. The Soviet Union and the European Satellites have constantly stressed their preference for low interest loans over grants, departing only exceptionally from their loan policy(1). The only large economic aid grants reported during 1960 were extended by China(2) \$21 million to Nepal in March 1960, \$38 million to Cambodia in November 1960. In addition China provided several interest free loans (3):

(1) The only large-scale USSR grant was given to Afghanistan in 1959 (\$86.6 million).

(2) Previous Chinese grants include, e.g. \$22.4 million to Cambodia in 1956; \$12.6 million to Nepal in 1956; \$15.8 million to Ceylon in 1957.

(3) On 9th January, 1961: \$84 million to Burma.

\$25 million to Guinea; \$60 million to Cuba. The loan to Cuba is a very unusual example of large-scale aid extended by a backward country to a much more advanced country enjoying a per capita income about four times higher than its own.

12. There is reason to believe that, particularly towards the end of the year, the European satellites and the Soviet Union made serious efforts to improve the co-ordination of their aid and trade programmes in favour of a number of countries, e.g. Ghana, Guinea, Cuba. This may explain partly the relative importance recently gained in bloc economic aid by such countries as Czechoslovakia, Poland, East Germany who have been participating earlier in the bloc aid effort and the emergence of such unusual sources of credit as Hungary, Roumania and even Bulgaria. A recommendation issued in August 1960 by the secretariat of the Council for Mutual Economic Assistance of the Countries of Eastern Europe (COMECON) reportedly provided for a common and uniform attitude of the member countries in relation to credits, interest rates and payment facilities extended to Cuba, recommending that she should be given the same treatment as members of the bloc.

III. MILITARY ASSISTANCE

13. From the end of 1958 to the middle of 1960, no major development in the Sino-Soviet bloc military assistance was reported, but during the last six months of 1960, bloc military aid to underdeveloped countries of the free world rose suddenly, and included a number of new countries which had never accepted any sizeable amount of bloc military equipment before, such as Cuba, Guinea, Morocco; at the same time old customers of Soviet bloc military aid, such as Iraq, the UAR and Indonesia, concluded large new armament deals with the bloc. The distribution of the recent military agreements is shown in the following table.

TABLE 3 - BLOC MILITARY ASSISTANCE

1st July - 31st December, 1960

Recipient Country	Date	Donor Country	Amount of expected military equipment million US \$
1. IRAQ	August 1960	USSR	70
2. GUINEA	September 1960	Czechoslovakia and USSR	5 - 6.25
3. UAR	November 1960	USSR	Not available
4. MOROCCO	November 1960	USSR	Not available
5. SUDAN	November 1960	USSR (gift)	Negligible
6. CUBA	December 1960	Czechoslovakia and USSR	40 - 50
7. INDONESIA	December 1960	USSR	275 - 375
TOTAL			390 - 500

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Exact information on the recent bloc military aid programme is difficult to gather, and it is not always clear to what extent credit may be involved in those deals or to what extent the prices to be paid for military equipment are related to its real value, but there is evidence of a considerable increase in expected deliveries of arms. A conservative estimate of at least \$600 million worth of military equipment will have to be added to the previously indicated figure of \$1,420 (1) million if the recent agreements materialise. However, if credits and grants extended for delivery of military equipment only are considered, the amount would reach by the end of 1960 \$1,198 million, as compared with \$822 million extended up to the middle of 1960.

14. When credits are involved in military aid agreements, the utilisation follows the signature of the agreements much more quickly than in the case of economic credits and grants. Reportedly, nearly all of the total of \$822 million worth of military credits and grants extended by the bloc to underdeveloped countries since 1954 had been drawn by the middle of 1960 and repayment had started. The \$376 million military credits and grants extended during the second half of 1960 were agreed at too late a date to be drawn before the end of the year. The provision of military equipment, a considerable proportion of which has come from stocks of discarded equipment, has imposed only a slight economic burden on the bloc.

IV. Technical Assistance

15. The Sino-Soviet bloc technical assistance is closely related to economic and military aid credits and the number of bloc technicians in the underdeveloped countries illustrates the progress in the implementation of the major aid projects. By the end of 1960 about 7,800 bloc technicians (including some 1,360 military advisers) were present in the underdeveloped countries of Asia, Africa and Latin America. This represents an increase of about 1,350, as compared with the same period during the preceding year. Economic personnel increased by 1,515, but the number of military advisers declined by about 10%. By the end of 1959 the corresponding figure was 6,430 (including 1,510 military advisers).

(a) Civilian technicians

16. Sino-Soviet bloc technical aid covers practically all conceivable types of development work, the main emphasis being on services connected with the construction and installation of plants and equipment supplied by bloc countries, but planning, surveying and technical and economic research are given increasing importance. About two-thirds of the bloc civilian technicians come from the USSR, as against one-sixth from the European satellite countries, mainly from Czechoslovakia, and one-sixth from China. However, the figure for China

\* (1) For estimated total value of military equipment delivered up to 30th June, 1960, see C-M(60)116, Annex II.

includes Chinese labourers sent to the Yemen in connexion with road building, accounting for nearly three-quarters of their total.

17. China has introduced in its assistance agreements, e.g. with Nepal, Guinea and Burma, a clause providing that the standard of living of the Chinese technicians shall not exceed that of personnel of the same rank in the assisted country. China is thus outbidding the Soviet experts and even more the experts from European satellites who cannot adapt themselves so readily to the living conditions in the underdeveloped areas.

(b) Military advisers

18. Since 1956 the number of bloc military personnel in the underdeveloped countries increased and reached its peak at the end of 1959 when 1,510 military advisers were reported. \* Towards the middle of 1960 the figure dropped to 1,225 reflecting the prolonged hiatus in military agreements between the end of 1958 and the end of 1960. During the second half of 1960, the number of military advisers increased again by about 10%. With the resumption of large-scale military aid agreements, the number of military advisers will probably increase during 1961.

(c) Scholarships and Training in bloc countries

19. Nationals of underdeveloped countries who had completed or were pursuing courses of instruction at military, academic and technical training centres in the bloc were estimated to have \* totalled about 11,700 by the end of 1960. This type of programme was started in 1956, and the countries with the largest numbers of trainees in the bloc countries are the UAR, Indonesia, India and Iraq. The number of African students has recently been increasing quickly: by the middle of 1960, 240 Guineans, 190 Sudanese, 65 Ghanaians, and 15 Ethiopians constituted the first group of African trainees in bloc countries. Recent developments in Africa will further increase their number. Cuba is expected to send a number of students and technicians for training in the bloc countries.

20. The much publicised "University of People's Friendship (now "Patrice Lumumba University") specially established in Moscow for the training and education of a planned number of about 4,000 Asian, African and Latin American students, was officially opened on 1st October, 1960. Only 500 vacancies were available for 1960 while, according to Soviet press reports, about 40,000 applications had been received by the end of September when the University authorities indicated that the deadline of 31st July was to be enforced, thus disappointing large numbers of candidates. Towards mid-October about 300 students from 65 countries were reportedly attending courses. In addition, admission procedures for the new university seem to have been devised in order to avoid the interference of the governments in

the selection of the candidates from amongst their nationals. Several countries, including India and Nepal, have reacted by refusing passports to all successful applicants. A number of students from countries such as Kenya and Cameroun are in Moscow against the wishes of their governments. The new university is located near the Moscow State University where about 700 other students from underdeveloped countries are in attendance and where a certain amount of resentment has recently built up against what has been denounced as "racial discrimination".

## V. TRADE

### (a) Main lines of approach

21. In their relations with the underdeveloped countries the Communists have always stressed the importance of trade as opposed to aid. "The USSR has always maintained the view that foreign credits must never constitute the principal means for developing the economy of a country... The USSR thinks that the expansion of normal trade relations and economic links without discrimination, without intervention in the internal affairs of other countries, without external preconditioning, is an important form of effective economic aid and assistance to the underdeveloped countries". (1) One of the arguments used in persuading the underdeveloped countries that trade relations with the Soviet bloc were advantageous was that Communist countries provide a stable market which is not influenced by recessions as opposed to the free world economic system where purchases of the traditional export goods of those countries fluctuate widely. It appears, indeed, that the bloc countries have often taken advantage of some special emergency situation in underdeveloped countries experiencing difficulties in finding markets for their most vital exports (Burmese rice, Egyptian cotton, Uruguayan wool, Brazilian coffee, etc.) In such situations, the bloc presented the countries looking for markets with long-term trade agreements; however, the continuity in Soviet bloc trading practice has been disappointing in a number of instances.

21bis. Within the centrally-controlled economy of the bloc, foreign trade remains always an integral part of foreign policy and national planning. It is impossible to separate

- \* purely economic motives from political ones in the bloc drive for trade expansion, as the order of priority between both
- \* varies from case to case, and often coincides. There has always been a certain amount of trade between the bloc and
- \* the underdeveloped countries, and the declared policy, aiming at a gradual increase in consumption as well as at
- \* further expansion in the economic development, tends to increase the internal need for raw materials, while there
- \* remains scope for more imports of tropical agricultural

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(1) Prof. L.A. Fitoni (Academy of Science, Moscow) at a colloquium organized by the "Université Libre de Bruxelles - Institut de Sociologie Solvay". (17th - 21st October, 1960)

products. At the same time, the bloc is able to offer a widening range of goods, including manufactured products for which the production capacity is at least sufficient to satisfy internal needs.

(b) Fluctuations in Bloc Trade

22. Although the Sino-Soviet bloc had provided generally expanding markets for goods from the underdeveloped countries some individual countries experienced downward fluctuations in their trade relations with the bloc. For instance, Argentine's trade with the bloc showed a drop from 9.3% in 1955 to less than 2.2% in 1959; Burma's trade with the bloc from 17.9% in 1955 to less than 10% in 1959. Bloc trade with the underdeveloped areas increased during 1959 above 1958 figures, except for the Middle East where a 13% decline was the main reason why, on the whole, the level of trade with underdeveloped countries in 1959 remained the same as in 1958. The Middle East accounted in recent years for about 40% of bloc trade turnover with underdeveloped countries. The following table indicates the fluctuations in bloc trade with underdeveloped countries in 1959 as compared with 1958.

Table 5 - Index of change in bloc trade with underdeveloped countries, based on trade in current prices

<u>Area</u>	<u>Total Trade</u>	1958 = 100	
		<u>Bloc Exports</u>	<u>Bloc Imports</u>
<u>All areas:</u>	<u>101</u>	<u>92</u>	<u>111</u>
Middle East	87	88	87
Africa	144	129	166
Asia	114	86	147
Latin America	106	117	99

23. Underdeveloped countries outside Europe which, during 1959, conducted more than 10% of their trade with the bloc appear below:

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	Exports to the bloc as % of total exports	Imports from the bloc as % of total imports
UAR (Egypt)	52	30
AFGHANISTAN	25	40
URUGUAY	28	9
GUINEA	17	8
UAR (Syria)	12	11

Recent developments

24. In the field of trade two major events have to be reported concerning respectively Cuba and Guinea. By the end of the year the bloc had succeeded in diverting towards bloc countries more than 50% of the total trade turnover of both countries previously traditionally related to the Free World countries. In both cases these changes in foreign trade policies resulted rather from political than economic considerations.

25. The Cuba and Guinea trade diversions have apparently had far-reaching repercussions on the trade policy of the bloc countries. Co-ordination of these policies became obvious towards the end of the year when it was announced that all the bloc countries, including China, would pay the same price for Cuban sugar. The agreed price (4 US cents a pound) was fixed at .75 cents a pound above the prevailing world market price and represented as much as a \$17 subsidy per ton of sugar in favour of Cuba.

26. The "tied" and strictly bilateral barter trade policy has proved in many cases to be one of the main obstacles to the expansion of trade with the underdeveloped countries. In spite of various efforts to improve the flexibility of the system, the bloc countries have not been able to organize a satisfactory multilateral payments system within the Sino-Soviet bloc. This difficulty had apparently been overcome in favour of Cuba when it was announced in late December 1960 that Cuba would be allowed to seek repayments for its sugar in goods of any country belonging to the Sino-Soviet bloc. Should this procedure be extended to more countries it would increase considerably the competitive power of the bloc in trade with underdeveloped countries.



Table 1 - Sino-Soviet Economic Credits and Grants  
extended to underdeveloped Countries

(1st July - 31st December, 1960)

Recipient Country	Amount in Million U.S. \$		Date of Extension
	Total	by donor country	
CUBA	125.0	15.0 Hungary	15th Sept.- Dec.
		20.0 Czechoslovakia	28th October
		60.0 China	30th November
		15.0 Roumania	December
		5.0 Bulgaria	"
		10.0 East-Germany	"
		1.0 Poland	"
INDIA	125.0	USSR	30th August
GUINEA	63.9	25.0 China	September
		21.5 USSR	"
		5.0 Czechoslovakia	"
		5.0 Poland	"
		5.0 East-Germany	"
		2.4 Hungary	"
GHANA	46.7	USSR	August
CAMBODIA	38.0	China (grant)	26th December
INDONESIA	33.6	Czechoslovakia	August
IRAQ	33.6	Czechoslovakia	23rd October
UAR	16.8	14.0 Hungary	December
		2.8 Czechoslovakia	"
TUNISIA	10.0	USSR	16th November
GRAND TOTAL	492.6		

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ANALYSIS BY COUNTRY

	<u>Paragraphs</u>
<u>MIDDLE EAST</u>	
1. CYPRUS	1
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CYPRUS

1. In late 1960 new bloc overtures to Cyprus were reported: the Soviet Ambassador to Greece on a visit to Cyprus announced that the USSR was prepared to provide economic aid for the Cypriots. Czechoslovakia announced that Cyprus had verbally agreed to conclude a one-year trade agreement which could later be extended for a longer period, and stated its readiness to offer technical assistance. By the end of 1960 no bloc aid to Cyprus had materialised. In the trade field, the USSR purchased through commercial intermediaries the entire 1960 Cyprus raisin surplus in exchange for timber and cement, and agreed to barter 10,000 tons of sugar for 6,000 tons of fruit. Raisins represent only a small fraction of total Cyprus exports: 2% in 1959; but some difficulties were encountered in finding markets for raisins and citrus fruits. The USSR has also shown an interest in exchanging machinery for surplus agricultural products. In addition, Bulgaria and Hungary have expressed a desire to increase trade relations with Cyprus.

IRAQ

2. On 23rd October, 1960, an economic and technical co-operation agreement was signed in Baghdad by which Czechoslovakia extended to Iraq credit amounting to \$33.6 million, repayable in eight years at 2½% interest. The agreement provides that the Iraq Government may draw upon the credit for all equipment, designs, services and training supplied by the Czechs under each contract. Preliminary studies, to be undertaken, inter alia, in the field of oil refining and petro-chemical industries, and in thermo and hydro-electric power generators, may not be charged against the credit. Efforts seem to have been made to improve the technical preparation of the projects, and the Iraqi Government appears to have obtained a more effective freedom of choice on projects to be executed. Czechoslovakia is to prepare upon request complete economic and technical studies for any project under this credit, while Iraq remains free to decide on the implementation after receipt of the studies. Czechoslovakia would then provide, install and operate the equipment and guarantee maximum production. A by-product of the increased freedom of choice for Iraq in implementing aid agreements with the bloc has been improved relations with the West. Although consultation with the West now seems to be followed chiefly as a bargaining device in negotiations with the bloc, the chances for free world participation in development projects appear to have improved.

IRAQ (Contd.)

3. This new economic assistance credit is the third of its kind granted by bloc countries since March 1959, when the \*USSR made the first move by extending a \$137.5 million loan supplemented by a second loan of \$45 million on 17th September, 1960. The implementation of the new Czechoslovakian credit will probably be slow as, in its first stage, it covers only economic and technical feasibility studies, but the proposed projects will probably be better prepared than those under the Soviet 1959 line of credit.

4. It is understood that negotiations on the allocation of funds under the recently extended USSR \$45 million additional credit are still going on, although the major part is \*probably to be allocated to the Baghdad-Bashra railway project.

5. At the end of October, the Iraqi Economic and Planning \*Council authorised the signature of a contract with the USSR for the construction of a 2,000 kW atomic reactor at Tuwaitha and for a laboratory for the production of isotopes. Both projects are covered by a special agreement on peaceful uses of atomic energy signed in August 1959.

6. Progress has been reported on various projects out of the 25 listed under the \$137.5 million USSR line of credit of \*March 1959; but with the exception of such projects as the technical assistance for four tractor stations and a continuing geological survey, most of the projects are still in the preliminary stage of research on technical and economical \*feasibility. The Soviet-constructed broadcasting station is due to be completed during the second half of 1961. Reports on \*other projects have been submitted to the Iraqi authorities and a certain number of projects will now be entering the planning stage.

7. The first arms deal, signed in November 1958, \*provided Iraq with at least \$280 million worth of military equipment. Reports were received during the second half of July 1960 revealing Iraqi dissatisfaction with the arms and equipment received from the USSR. There has been some feeling in Army circles that the USSR had passed off to Iraq a certain amount of obsolete armaments, especially discarded artillery weapons. Nevertheless, in November 1960, a new flow of deliveries of military equipment started to arrive in Iraq, confirming the rumours that in August 1960 a \$70 million arms agreement had been concluded. Under this new agreement, Iraq is supposed to receive at least 80 medium tanks, four helicopters, a number of MIG-19 jet fighters and 122 mm. howitzers.

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IRAQ (Contd.)

8. China, the USSR and East Germany have undertaken to buy from Iraq, during 1960, 110,000 tons of dates valued at over \$11 million. China will take 65,000 tons, the USSR 25,000 tons and East Germany 20,000 tons. (This is about half the total quantity of dates Iraq anticipates exporting this year). In 1959, Iraq's exports to the bloc were worth \$6 million (or slightly more than 1% of total exports) and in 1958 only \$0.8 million. During the first six months of 1960 \*Iraqi imports from the Soviet bloc amounted to 12% of total Iraqi imports.

SUDAN

9. Recent developments in Central Africa and the strategic geographic situation of Sudan as a gateway to the northern regions of the former Belgian Congo, have brought this country in the limelights again.

10. In November 1960, the Sudanese accepted in principle a Chinese offer to provide on a grant basis two 50 kW short-wave radio transmitters. This gift would include generators, antennae, aerials, a two-year supply of spare parts and the sending of some Chinese technicians to Sudan to work out the details of the deal. The acceptance of Chinese equipment and experts (in a field where comprehensive aid has already been provided by the United States) and the large Chinese mission in Khartoum emphasise the interest China attaches to that country.

11. In November 1960 the first USSR gift of military equipment consisting of five armoured personnel carriers was accepted by the Sudanese Government.

12. In addition, following the visit of a Sudanese economic delegation to Moscow in December 1960, the Soviets announced that trade between the USSR and Sudan will be doubled during 1961. In 1959, the latest year for which total figures are available so far, the USSR accounted for less than 2% of Sudan's foreign trade, but the first indications available for 1960 trade with the Soviet bloc are showing a marked increase over the 1959 figures. The significance of the recent trade arrangements lies less in the amount of trade expected during 1961 than in the bloc's continuing attempts to strengthen its economic links with that country and the recently less reluctant attitude of the Sudanese Government towards trade relations with the bloc. (1)

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(1) During the early months of 1961 the Sudanese Government \*apparently changed its outlook on relations with the bloc. \*It refused to allow supplies to be ferried across its \*territory to the pro-Lumumba groups in the Congo, and \*finally rejected the Chinese offer of transmitting equipment it had previously agreed to accept.

UAR (EGYPT)

13. The UAR Central Minister of Economy, commenting on the new budget 1960/1961 in July 1960, made it clear that for the implementation of its 1960-1965 economic development plan the UAR will continue to rely mainly on the Soviet bloc for investment capital and technical assistance while additional free-world assistance will be welcome. Out of a \$1,000 million total of foreign credits obtained by Egypt at the end of July 1960 for its new five-year plan, \$583.2 million had been pledged by the bloc countries, including \$542 million by the USSR and the rest equally divided between East Germany and Czechoslovakia. Most of the bloc credits mentioned in this statement are unused parts of loans extended since January 1958. The free world countries were quoted for less than 40% of total foreign assistance, including: \$125 million from West Germany, \$118.1 million from the United States, \$45 million from Italy, \$30 million from Japan and \$65.5 million from the IBRD. Since \*those figures were compiled, the United States has programmed further wheat sales to the Egyptian region, amounting to \*\$62.8 million, including the equivalent of \$40.8 million in local currency extended as a loan.

14. The most recent addition to the list of credits from bloc countries providing economic assistance for implementation of the five-year plan was announced in late December 1960. An agreement has been signed with Hungary under which this country has undertaken to supply both regions of the UAR with capital goods valued at \$14 million, on credit terms. This new Hungarian credit is the second to be extended by that country \*to Egypt. The new credit is for five years at 3% interest. It had been suggested earlier that this credit might be used to finance six projects connected with the manufacture of electric light bulbs and steel pipes, refrigeration and food processing.

15. The leading position of the USSR on the list of countries providing assistance in the implementation of the new \*five-year plan is mainly the result of the two loans totalling \$325 million which are intended for the Aswan High Dam. In an official report on the progress of work, released in October 1960 by the High Dam executive body, it was stated that all preliminary excavation work had been completed for the provisional dam and that blue-prints of this dam as well as the diversion canals had been drawn up. The report indicated that 62 Soviet experts were working on the project and that 12,000 tons of Soviet equipment had been received by the end of September 1960. One of the main attractions of the Soviet proposal was that the construction of the Dam would take three years less than originally planned by Western experts. According to some Western sources it would seem that since then \*the pace of progress on this project may have slowed down.

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UAR (EGYPT) (Contd.)

16. By the middle of 1960, out of a total amount of \$904 million, including \$315 million of military aid, extended to Egypt by the bloc countries since January 1954, about \$400 million had been drawn for goods actually delivered. Military equipment received in the country at the time accounted for more than \$300 million of the total amount drawn.

17. The USSR was working on the implementation of about 50 projects within the 58 identified projects under the Soviet credit agreement of \$175 million of January 1958. Four of the projects announced under the USSR credit are being carried out by East Germany, 5 by Czechoslovakia and 1 by Bulgaria. Up to the end of 1960, Egypt's total annual crude refining capacity depended on 4 refineries. In August 1960 it was reported that Czechoslovakia had apparently taken over the USSR's commitment as a sub-contractor for the building of crude stills, each of 1 million tons per year capacity at Alexandria and Suez, at a cost of \$5.7 million each. Perhaps even more significant is the financing by the USSR of Czech construction of a lubricating oil plant at Suez with a total capacity of 60,000 tons a year at a cost of \$15.8 million. This plant is reportedly under construction. As for the building of a shipyard at Alexandria for which a Protocol was signed in January 1959, the USSR officially confirmed its pledge in August 1960. The cost of the project has been estimated at \$17.25 million, and the works are to be terminated in 1968.

18. Since the implementation of projects might well gather speed under the new five-year plan, the number of Sino-Soviet bloc experts in the country will probably increase over the total of 485 industrial, agricultural and professional specialists reported to have been in the country at the end of June 1960, thus reversing the declining trend of the number of Sino-Soviet bloc experts in the country after the record figure of 655 experts reported at the end of June 1959. The number of Soviet personnel envisaged to be employed on the Aswan High Dam scheme is now estimated at 200, as against 70 previously.

19. The UAR has been seeking a more balanced distribution between East and West when sending students abroad. More scholarships in Western Europe and America have been accepted, but at the same time training of students in the Soviet bloc has not diminished.

20. According to some Western sources, the arms deal which seems to have been under negotiation in Moscow for over two years may well have been officially concluded after the December visit to Moscow of Marshal Abdul Hakim Amer, Vice-President of the UAR. Soviet arms deliveries had been reported earlier in the year, and have been continuing, although no specific new major weapons deal has been disclosed.

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UAR (EGYPT) (Contd.)

21. A new trade and payments agreement between the UAR and Poland was signed in Cairo on 2nd November, 1960. The agreement is valid for three years and replaces the Egyptian-Polish and Syrian-Polish trade and payments agreements concluded before the UAR merger. UAR exports to Poland will include cotton and manganese. Imports from Poland will be mainly chemicals, machinery and ships. In 1959 the total trade turnover between Egypt and Poland amounted to \$25.5 million. During the first year of the new agreement, trade between Egypt and Poland is expected to reach \$28.4 million and to increase by some 20% during the next few years.

22. In 1960, the Egyptian cotton crop was good and could be sold at advantageous prices, the earnings of foreign exchange from the Suez Canal were the highest ever gained from that source. But the situation with regard to foreign trade and the balance of payments remained difficult, although a large proportion of imports were made on a long-term credit basis, both from the Eastern bloc countries and from the United States. The United States was the most important supplier, part of the Egyptian imports from the United States being in the form of surplus wheat. The USSR remains Egypt's most important customer with purchases totalling 19.5% of total Egyptian exports. During the last four months of 1960, the Eastern bloc countries absorbed 67% of Egyptian cotton exports as compared with 45% during the corresponding period of 1959. This recent development has created some concern, as the industrialisation drive requires more convertible currency to cover the import of capital goods from the West.

UAR (SYRIA)

23. In the Syrian part of the new five-year economic development plan 1960-1965 of the UAR, it is anticipated that \*foreign loans and aid will total \$215 million. The Soviet \*Union has already undertaken to provide credits and services to cover part of the import requirements of the plan. The 1957 \*USSR credit to Syria of \$150 million, to be utilised over a \*7-year period, represented about one-quarter of development \*expenditures planned by the Syrians. For the projects on the \*economic Development Plan not covered by Soviet bloc credits, \*the Syrians have given indication that they will continue to seek financing from free world sources. In addition, Syria \*might even consider accepting loans from other sources for \*various projects on the Soviet list if better terms could be \*obtained. At the end of December 1960, Czechoslovakia granted a credit of \$2.8 million at 3% interest, covering a period of five years, for projects under the Syrian Ministry for Municipal and Village Affairs.

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UAR(SYRIA)

24. Up to September, 1960, only about \$25 million had been utilised out of the \$150 million credit provided under the Soviet-Syrian aid agreement of October 1957. The lack of progress in the implementation of this agreement has mainly been due to the Syrian inability to raise the local finances required as her contribution to match the Soviet credits for the projects envisaged.

25. A protocol signed in Moscow on 6th September, 1960, referring to the \$150 million credit agreement of 1957, revised the list of projects and earmarked \$71 million out of the original amount. The new list of specific projects includes: the construction of the Kemeshly-Latakia railway; the construction of a nitrogen fertilizer plant with an annual capacity of 110,000 tons of ammonium nitrate, to be completed in two stages, the first ending in 1964, the second in 1966; a lubricating oil plant with an annual capacity of about 25,000 tons, and the continuation of geological prospecting for oil and other minerals, including the use of equipment for drilling operations down to a depth of 5,000 metres. In all these projects consideration seems to have been given to the Syrians' difficulties in finding their share of the money to be invested, since the proportion of imported materials to local labour is higher in these projects than in projects envisaged earlier. Difficulty in providing for Syrian currency expenditures without encountering unacceptable inflationary pressures has been a major factor in delaying Syrian region development projects.

26. Negotiations with a Belgian-West German consortium for the railway project and with other free world sources for the fertilizer plant had been reported earlier and had already progressed a long way. However, in both cases these negotiations were over-ruled by high officials of the UAR. \*It has been suggested that the reason for this attitude was partly due to Nasser's desire to counter-balance the political impact of Western aid (U.S. P.L. 480 aid \$75.2 million in wheat and flour extended to the UAR (Egypt and Syria) during the second half of 1960).

27. The 770km. railway from Kameshly to Latakia, which the USSR is to build by 1966, has been subject to some criticism and Syrian officials reportedly agreed that an equal capital sum invested in some other sectors of the economy might have yielded a higher return. Reportedly, the USSR might have insisted on the inclusion of the railway project, perhaps for prestige reasons.

28. At the end of September 1960 a contract was signed between Czechoslovakia and a UAR (Syria) electric corporation for the building of a steam plant on Lake Homs (capacity: 30,000kW). This project had been included in the earlier USSR 1957 agreement, and Czechoslovakia appears to have acted as a sub-contractor.

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UAR (SYRIA) (Contd.)

29. Further progress has been reported on the implementation of a number of projects under way. The Rastan Dam, with Bulgarian assistance, is nearing completion, and Soviet experts are planning to turn the little town of Homs - where a Czechoslovakian-built refinery and an East German shoe factory have been erected and where the planned fertilizer plant and power station are to be located - into an important industrial centre. The geological prospecting, which started in 1957, is continuing and will be intensified. In connection with this project, the USSR is to supply three oil prospecting units to the UAR (Syria). Plans for Syria's most promising project, the proposed Euphrates Dam, are still not off the drawing board, but the first blue-prints are supposed to be completed in the course of the second quarter of 1961. The first stage of construction had originally been planned to start in 1962. The Syrian problem remains to find the balance of about \$250 million to pay for labour and local materials. Apparently, the Iraqis and the Syrians have still not reached agreement on the question of the Euphrates Dam. This may cause difficulties for the Soviets, who are committed to dam projects in both countries.

30. At present a large number of Soviet bloc technicians are working on various projects in the UAR (Syria), and if the implementation of the projects under the five-year economic development plan is to be carried out, more of them will have to be brought in the country. On 1st July, 1960, 475 industrial, agricultural and professional specialists were reported to be at work in Syria as against 735 at the same date in 1959.

31. Syria is still facing serious economic problems which have been aggravated by years of continued draught affecting mainly the wheat and barley crops. The wheat crop of 1960 has been estimated at 553,000 tons as against 1,553,000 tons in 1957, while the 1960 barley crop has been estimated at 157,000 tons as against 720,000 tons in 1957. Only the 110,000 ton cotton crop in 1960 can be considered as a success. In 1957 about 30% of total UAR (Syria) exports consisted of wheat and barley.

32. At the Seventh Damascus International Fair (15th August-10th September, 1960), where 25 countries were represented, the participation of Hungary, Bulgaria, Czechoslovakia, China, the Soviet Union and East Germany was remarkably well organised and widely publicised.

YEMEN

33. China and the USSR are intensifying their efforts to gain greater influence in the economic development of the Yemen. Some Western countries are said to have encountered difficulties in their economic activities in that country. Reportedly, the Yemen authorities have generally been impressed and pleased with the results of the bloc assistance.

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YEMEN (Contd.)

34. No new development credit agreements have so far been reported for the second half of 1960, but further progress on the bloc projects - most of them nearing completion - is to be noted. At the end of July 1960 Chinese equipment for a spinning mill, which is the first to be established in the Yemen and is to be located at San'a to produce cotton yarn from imported cotton, arrived at Al Hudaydah. However, the Imam has so far failed to permit the Chinese communists to start the works on the mill. The project is part of the Chinese-Yemeni technical assistance agreement of January 1958, providing for a \$17 million credit, two-thirds of which have been allocated to road construction, as reported earlier. In this connection, it may be noted that the inability of China to procure asphalt from Western companies in the Yemen may seriously hamper Chinese efforts to fulfil their contractual commitments in the Yemen. The list of industrial projects offered by China includes a glass factory, a tannery, and cigarette, soap and match factories. On the agricultural side, the Chinese have offered to develop a cotton growing project. In the beginning of August 1960, a Yemeni economic delegation left for Moscow and Peking to discuss further economic assistance. At the request of the Imam, the USSR agreed to provide a cash loan to the Yemen, and negotiations were reported on the Soviet offer to build the Al Hudaydah - Ta'iss road. China offered to mint \$10 million worth of silver coinage for the Yemen. This unusual offer was probably prompted by the fact that China had not been able to obtain sufficient Yemeni currency to pay the salaries and other local costs connected with its aid projects. No information has so far been available on the further results of this mission, but as the Soviet project for the Hudaydah port as well as the Chinese road from Hudaydah to San'a are nearing completion, further assistance to Yemen has probably been discussed, and it seems likely that additional aid from the bloc will be accepted.

35. By the end of June 1960, there were still 1,130 Soviet bloc personnel in the country; however, this figure includes about 700 Chinese labourers working on the road project. The Chinese technicians who will construct the textile mill are also in the country and they expect the project to be completed in six months, by which time Yemeni textile technicians now being trained in Peking will have returned to their country.

36. During the last few years the USSR has been purchasing Yemeni coffee at the rate of about 600 tons per year (about half of Yemeni coffee exports) on a barter basis for sugar, soap, matches, cement and consumer goods. The coffee purchases have recently (December 1960) been restricted; the aim of this Soviet move may be to obtain a reduction in the coffee price.

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### CONGO

37. The fast-moving flow of political events that has swept the Congo since it obtained its independence from Belgium, the permanent political crisis and the resulting instability do not allow for a balanced evaluation of the economic problems facing the new country. The Sino-Soviet bloc moves have, as a consequence, been mainly related to the political situation, taking advantage of such opportunities as appeared to be practicable for penetration.

38. At the end of July 1960, the USSR announced publicly its general willingness to render economic and technical assistance to the Congo and to establish at an early date trade ties with that country. In the middle of August, the Soviets announced the sending of relief supplies of food, trucks, and a number of technicians including doctors and medical workers. An Iljushin transport aircraft was presented as a gift to the then Prime Minister Lumumba. By the middle of September, reports indicated that 17 Soviet aircraft with bloc flight and ground personnel and one hundred 3-ton trucks, mainly for military use, had been put at the disposal of the Government. About 250 to 300 bloc technicians, some of whom were actually military advisers, a Soviet medical team, a Soviet cultural delegation and a Czechoslovakian economic mission in addition to East German and Czechoslovakian medical personnel were at work in the Congo.

39. At the end of September, the complete transformation of the political scene resulted in the rapid withdrawal of the bloc from the Congo. It is believed that the trucks with their spare parts and mobile repair shops, a certain amount of Czechoslovakian small arms, the medical supplies and equipment of the medical teams as well as an undefined number of bloc military technicians have been left behind. Although by the end of the year it appeared that the first wave of bloc penetration in the Congo had failed, it is still too early to draw any definite conclusions on the development of the Soviet economic penetration in this country.

### ETHIOPIA

40. Very little progress has so far been made in the implementation of the Soviet Economic Assistance agreement signed in July 1959, and covering a credit of \$100 million. The Soviet negotiators have been complaining about the "administrative and technical ineptitude of the Ethiopian Government".

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ETHIOPIA (Contd.)

41. In an attempt to press Ethiopia into a more rapid implementation of the projects listed in the protocol signed in March 1960 and earmarking about \$42 million of the available credit, the USSR went so far as to transfer, on 18th June, 1960, \$2 million to Ethiopia's account with a New York bank, apparently without much practical result. About the middle of August 1960 some Soviet geologists were reported to be conducting iron ore and copper explorations in Eritrea.

42. The USSR have reportedly proposed a four-year programme of intensive exploration of the southern part of the country, including aerial mapping, aerial magnetic surveying and geodetic work. Under this scheme a total of 300 Soviet technicians would go to Ethiopia. The Ethiopian Government appears to be rather reluctant to accept such large numbers of Soviet technicians, all the more since an agreement had been reached with the United States on the aerial survey project before the Soviet programme was proposed. Along the same lines the USSR has offered to supply the Ethiopian airlines with TU-104 jet transport aircraft under the terms of the \$100 million credit agreement. But here again it appears that the Ethiopians would prefer Boeing 720 B jets for which they have been negotiating for some time.

GHANA

43. Ghana has a high priority as a target for Sino-Soviet economic penetration. On 28th August, 1960, the news agency TASS announced the signature of a technical assistance pact providing \*for a long-term credit of \$40 million at 2.5% interest. Under \*this loan the USSR is to provide assistance in such fields as \*mineral exploration, industrial and power development, agricultural \*processing plants, and model state farms. The new Soviet credit \*was presented as an umbrella agreement, specific projects having to \*be negotiated separately. This loan follows the East German \*credit of \$3.1 million extended in April 1960 for printing works at \*Tema, the total cost of which will be approximately \$4.2 million.

44. [deleted]

\* 45. In November 1960, a Soviet economic and technical mission \*visited the proposed site for a dam at Bui, while another group \*inspected the bauxite deposits in Central Ghana (to be exploited if \*Ghana decides to develop her own aluminium industry). A third \*party had studied forestry methods and the possibilities of \*agricultural development in Northern Ghana. In late December 1960 \*a Protocol was signed regarding the implementation of the USSR credit \*extended in August 1960 from which it appeared that the USSR had \*agreed to co-operate in the building of a dam on the Black Volta \*River at Bui, to organise housing schemes at Accra and at the new

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GHANA (Contd.)

\*port of Tema, to build a 200-room hotel at Accra and to set up a  
 \*number of model state farms. The assistance would be given in  
 \*the form of services, designs, equipment, training and  
 \*supervision of construction. In addition, aid is to be rendered  
 \*in the field of mineral prospecting and surveying of water  
 \*resources. The project attracting most attention in this list  
 \*remains the Bui river dam, with its hydro-electric power station  
 \*of a proposed output capacity of 200 thousand kW. Estimates of  
 \*the cost of building the dam vary between \$51 to \$70 million.  
 \*The Soviet offers for assistance with regard to the Bui dam may  
 \*well have been inspired by the intention of thwarting the  
 \*negotiations concerning Western assistance for the much larger  
 \*Volta river project, and, if possible, even to pave the way for  
 \*an appeal by Ghana for massive Soviet assistance for this major  
 \*project.

\* 46. The proposed Bui dam project is still in the  
 \*exploratory stage, and it is not known so far if it will be an  
 \*economic proposition. The Bui dam was recommended both by the  
 \*preparatory commission and by Kaisers in their 1959 reappraisal  
 \*report as a project that could be taken up after the main Volta  
 \*scheme and when there was a market for extra power. A major  
 \*scheme is for a dam at Akosombo with an eventual hydro-electric  
 \*potential of 768 thousand kW. This will cost, with its  
 \*transmission lines, about \$196 million, of which Ghana will  
 \*provide 50% and the balance will be loaned by the IBRD, the  
 \*United States and the United Kingdom Governments. But its  
 \*construction is dependent on a sufficient and steady demand  
 \*from an aluminium smelter. Negotiations are still proceeding  
 \*with the Volta Aluminium Company, a consortium of American,  
 \*Canadian and British aluminium interests, headed by the Kaiser  
 \*Aluminium Company, which proposes to put up a manufacturing  
 \*industry to produce up to 210 thousand tons of metal a year.  
 \*The smelter would cost about \$170 million.

\* 47. As a consequence of these new developments, the number  
 \*of bloc technicians in Ghana is bound to increase considerably.  
 \*Training of Ghanaian students in the bloc countries will also be  
 \*intensified. Dr. Nkruma has been quoted saying that Ghana will  
 \*send 3,000 students to the USSR and other bloc countries early  
 \*in 1961, most of them to study scientific subjects.

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GHANA (Contd.)

48. The Soviet bloc has shown increased interest in the field of air communications. The Ghana Airways, which are providing the internal African services to Dakar and intend to serve new routes to Cairo and Leopoldville, have been making use in the past of turbo prop Iljushins. In mid-August 1960 the purchase of four more turbo props from the USSR was reported for a total cost of \$6.72 million to be paid over a period of eight years. About 80 Soviet technicians are expected to form the Accra ground crew. In order to meet the regulations of the International Civil Aviation Organisation, Polish and Czechoslovakian flight crews may have to be used. Delivery of the aircraft was originally scheduled for November, but ultimate confirmation of the purchase of these aircraft by Ghana had not been reported by that time and was apparently depending on the issue of certificates of airworthiness. On 4th November, a first group of 60 Ghanaians left for the USSR to be trained over a period of 3½ to 5½ years as pilots, navigators, flight and maintenance engineers. In order to assess the importance of the Soviet interests in the field of aviation, it should be borne in mind that the total purchases of Russian aircraft amount to \$11.2 million out of Ghana's total commitments for civil and military aircraft of \$84 million.

49. During the first half of 1960, Ghana's exports to the USSR increased considerably, mainly because of the purchase by the USSR of 30,000 tons of cocoa beans. In August, in addition to the technical assistance pact, the signature of a trade agreement was announced. Ghana will export cocoa beans, coffee, copra, rubber, fruit, and other commodities, while imports from Russia will consist of machinery, steel, and semi-finished non-ferrous products, construction materials and petroleum products. The trade agreement provides for most-favoured-nation treatment and clearing arrangements.

GUINEA

50. In the course of the last six months of 1960, the total amount of credits and grants extended to Guinea by the Sino-Soviet bloc has been more than doubled (from \$42 million to \$107 million) by a series of new economic aid agreements. At the same time the arrival of large numbers of bloc technicians in the country, the recent delivery of large quantities of arms, and the signature of a number of additional trade agreements have considerably increased Guinea's already close ties with the bloc. These new links between Guinea and the bloc are the result of Mr. Sekou Touré's negotiations with the Soviet Union and Communist China during his visit there in September 1960.

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GUINEA (Contd.)

ECONOMIC DEVELOPMENT CREDITS

51. In addition to the earlier line of credit of \$35 million extended in August 1959, a new credit of \$21.5 million was granted by the USSR in September 1960. So far the list of development projects to be financed by the new USSR credit has not been specified. A Moscow communiqué issued shortly after the departure of Sekou Touré on 9th September, 1960, announced that the USSR would participate in the construction of a group of projects on the Konkouré river. These projects involve the building of a large dam and, amongst others, an aluminium plant to utilise Guinea's bauxite deposits. The Konkouré river project has been estimated to cost in total some \$240 million and seems to be one of the most important projects included in the recent Guinean three-year economic development plan (July 1960-June 1963). In addition, the new Soviet credit may also be used for financing the establishment of large rice farms and the delivery of building material and agricultural equipment.

52. The new interest-free loan of 100 million roubles (\$25 million) extended in September 1960 by China represented, at the time, the largest single economic aid effort ever made by Communist China in favour of a free world country. This is \*the first Chinese line of credit expressed in roubles. The \*loan will be repaid in ten annual instalments starting from \*1970. Repayment can be made in local goods or in an agreed \*currency. The credit is to be utilised during the three-year economic development plan ending 1963. The projects under this credit are to be agreed upon later. The credit agreement states that the projects to be covered will be "primarily in the form of technical assistance and delivery of complete sets \*of equipment and machinery". The Chinese undertook to \*participate in the construction of a paper mill, some small \*dams and the administrative buildings for various ministries, \*as well as for the National Assembly. This credit will finance the salaries of the Chinese technicians, while Guinea will pay directly their living expenses. The agreement contains a clause which tends to become traditional in technical assistance agreements signed by China and which provides that "the standard of living of the (Chinese) technicians shall not exceed that of personnel of the same rank in the Republic of Guinea". Finally, the agreement also provides for the training of a number of Guinean technicians in China.

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53. Czechoslovakia, Poland, East Germany and Hungary have all been active in Guinea. There are good reasons to believe that the line of credit extended by Czechoslovakia in July 1959 for the purchase of capital equipment has been increased from the original \$5 million to a total amount of \$10 million. Funds so far obligated under the Czechoslovakian credit will be used to start a civil air service and to establish a radio station. Hungary, Poland and East Germany have also extended additional credits. No information is available on the projects to be covered by these credits, but they will probably include technical assistance programmes.

54. The implementation of the first series of projects covered by the USSR \$35 million credit of August 1959 is well on its way; the technological institute at Conakry (for 300 students) is under construction; the site for the National Assembly building at Conakry is being prepared, and actual construction is to begin soon: the reconstruction of the Conakry airfield (with a runway of 3 km) is to start shortly, some machinery has already been delivered; the geological survey projects are well under way; and the reconstruction of the Conakry-Mamou railway line is under study. A number of projects under survey include: a saw mill and timber plant, a leather tanning and shoe factory at Kindia, a canning factory at Mamou, petroleum installations at Conakry, a refrigeration plant, and a cement plant at Mamou. Some equipment is reported to have been supplied for the agricultural development projects, while the organisation of several dairy farms and a 17,000 acre rice farm is at present under study. The equipment for the sports stadium at Conakry (with a capacity of 25,000), which is still under survey, has been received and two hotels of 100 rooms each to be built at Conakry have now reached the planning stage.

55. It will be remembered that, in addition to the two Chinese rice grants(1) valued at \$1.5 million, Guinea has received the following gift supplies: in March 1959 arms from Czechoslovakia; in April 1959 highway equipment estimated at \$0.6 million, from Czechoslovakia and Poland jointly; in December 1959 a 150 kW radio station, from Czechoslovakia and East Germany jointly, and during the first half of 1960 printing equipment from East Germany.

56. The increased economic activity of the bloc in Guinea is also reflected by the number of bloc specialists in the country. Guinea is at present host to about 400 bloc specialists. This figure has to be compared with an estimated number of 165 bloc technicians in Guinea during the first half of 1960 and 30 technicians during the last six months of 1959.

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(1) See C-M(60)116

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GUINEA (Contd.)TECHNICAL ASSISTANCE

57. Out of a total of no less than 167 Chinese specialists at least 10 are reportedly agronomists. Hungary has 11 technicians at work in Guinea. A few Poles are also present, one of whom was recently nominated director of the Mining Department, a key post for the economic development of the country. East Germany provides at least 66 specialists including: technicians for the operation and installation of the granted printing equipment, 37 teachers, 6 agronomists and 3 public work technicians. The USSR is mainly concentrating on transport technicians including 40 railway specialists, and a number of advisers and administrators for the port of Conakry. The total of USSR personnel in Guinea as at 11th November, 1960, has been estimated at 85 as a minimum. Czechoslovakia has sent high-level advisers to various ministries including the Ministry of National Economy and Planning, the Ministry of Finance, the Directorate of Customs, the Department of Water and Forests. The Czechoslovakian mission of at least 60 members includes about 20 medical personnel, 10 teachers, five instructors at the Police and Gendarmerie School at Kankan, a director and several technicians at the airport of Conakry, a couple of geologists, a radio engineering and a news director for Radio Conakry. In each economic and administrative area of Guinea, bloc technicians have been attached to the local authorities and are actively participating in the implementation of the three-year economic development plan and in the preparation of future economic development plans. At the end of 1960 French technicians in technical public services, such as the electricity supply, started to be replaced by Czechoslovakian and Soviet engineers.

MILITARY AID

58. In 1959 Guinea received some small arms and military equipment from Czechoslovakia, but this gift represents little in comparison with recent developments. During the last quarter of 1960 Guinea received two sizeable shipments of Soviet arms. The first arrived in late September 1960 and the second was unloaded in the middle of November. These deliveries of small arms, light artillery, ammunition, military trucks and a helicopter represented the first known major shipments of arms from the USSR and revealed the existence of a Soviet-Guinean arms deal. The delivered tonnage of about 3,700 tons seems large in view of Guinea's probable military requirements and some observers think that the final destination of part of these arms may be outside the country.

TRADE

59. After the departure from the franc zone on 1st March, 1960, Guinea had to rely even more heavily on barter trade than in the past. Since then Guinean foreign trade has been steadily redirected towards bloc countries. More than 50% of the

GUINEA (Contd.)

country's foreign trade is now with the bloc.

60. In the beginning of August 1960 the Czechoslovakian Airlines (CSA) started a regular weekly service from Prague via Zürich and Dakar to Conakry. In the same month the purchase was recorded of Soviet petroleum products. Western oil companies were informed that they would not be allowed to import their own products unless prices were competitive with the bloc products, not only in amount but also in method of payment. In the middle of September the first Soviet tankers arrived at Conakry, together with the first shipment of 2,500 tons of gasoline and \*1,400 tons of kerosene. A joint Polish-Guinean sea-fishing company will be established at Conakry.

61. The signature of a trade agreement with the Soviet Union for the period 1961-1965 was announced at the same time as that of the aid agreement. It superseded the one-year renewable trade agreement that had been in operation between the two countries since February 1959. Trade between the signatories, insignificant in 1958, grew to over \$1.5 million in 1959 and is expected to be much higher in 1960.

62. During his visit to Peking, President Sekou Touré signed a trade and payments agreement with China for a five-year period starting in 1961. The target fixed in this agreement provides for an annual exchange of about \$5 million each way. This represents nearly 10% of total foreign trade of Guinea. Up till now trade between the two countries had been negligible. The commodities to be exported by Guinea include coffee, industrial diamonds, copra, peanuts, palm seed and oil, cashew nuts, sesame seeds and rubber. China is to send among other items rice, textiles, building materials, agricultural machinery chemicals, tea, foodstuffs and medicines. Balances in payment are to be settled within six months at the end of each year, in goods or in the currency of a third country.

63. In addition Guinea now has trade agreements with East Germany, Poland, Czechoslovakia and Hungary. A trade agreement \*was also signed with Bulgaria. After a series of agreements \*signed with the Eastern bloc countries during 1958-59, a new set \*of agreements was in the process of negotiation at the end of \*1960, providing for increased trade between Guinea and various bloc countries.

64. At the national conference of the Democratic Party of Guinea, the Minister of Economic Affairs, in order to justify the new policy, claimed that the Soviet bloc was paying prices between 10-20% higher than the world market prices for Guinea's agricultural products, and various reports have quoted cases where bananas were bought by bloc countries at 30% above world market prices. The real results of the new barter agreements can, however, only be evaluated when the prices paid for the Soviet goods are known.

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GUINEA (Contd.)

65. The bloc's share of Guinean trade, negligible in 1958, rose in 1959 to \$5.1 million or 8.3% of Guinea's imports and to \$4.8 million or 16.7% of her exports. The increase during 1960 will be even more impressive. Guinea's main crops have been mortgaged for years ahead to repay bloc credits.

66. On 30th December, President Sekou Touré opened an exhibition in Conakry showing China's economic achievements.

MALI

67. Since the splitting up of the Federation of Mali \*(consisting of Sudan and Senegal) on 20th August, 1960, various bloc countries have sent economic delegations to the new Republic of Mali to exploit quickly the opportunities offered to increase their economic relations with the new African state. At the end of September 1960, a Czechoslovakian economic delegation arrived in the Mali Republic and was presented with a long list of requirements. These projects were still under study in Prague at the end of the year.

68. In October 1960 an acute shortage of paraffin used for cooking and lighting was reported. Small quantities of Soviet oil had been imported by river from Guinea, and Western companies with storage facilities in Bamaku had been asked to store and sell them. Previously the oil supplies came by rail from Dakar, but since the separation from Senegal they have to be imported through the Ivory Coast and Upper Volta, which represents a difficult and expensive route. Transport difficulties are aggravated by the shortage of tanker lorries. Hence the Mali authorities have been trying to increase Soviet oil imports through Guinea. But here again they have been meeting transport difficulties and have, therefore, suggested to the Czechoslovakian economic delegation to study the feasibility of installing an oil pipeline through Guinea.

69. The Czechoslovakian mission was followed by a Soviet economic delegation which arrived in the middle of October. Unconfirmed reports on the negotiations with the Mali \*authorities say that the USSR might offer a \$44 million credit to the new state.(1) In December a Bulgarian economic delegation visited Mali. The outcome of their discussions was still pending at the end of the year.

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\*(1) In March 1961, the credit was actually extended.

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MALI (Contd.)

70. The only apparent results of those visits have so far been the trade and payments agreement and the scientific, technical and cultural co-operation pact signed with Czechoslovakia on 15th November, 1960. It would seem that the Czechoslovaks have promised to construct an international airport in Bamaku, an oil refinery, and to supply about 350 trucks.

MOROCCO

71. By the end of 1960, the continued efforts undertaken by the Sino-Soviet bloc to gain economic influence in Morocco seemed to have borne fruit. On 14th November, 1960, it was announced by the Moroccan Government that an offer of Soviet military aid had been accepted and that an offer of "unconditional" economic aid by the USSR had been taken into consideration. No further details were available at the end of the year.(1)

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(1) It has since been reported that 14 MIG jet fighter planes were delivered to Morocco by the Soviet Union in the first week of February 1961.

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MOROCCO (Contd.)

72. The trade agreement signed between Morocco and China in September 1958 was renewed before the end of 1960, providing for a 25% increase each way over the 1958 trade target of \$11 million. Up till the end of 1959, Morocco, and the UAR, had been the only African countries to do any appreciable amount of trade with China. In 1959 the volume of trade amounted to \$15 million (mainly green tea from China and phosphates from Morocco). The revised targets may well appear over-optimistic when considering the total of foreign trade between China and Morocco reached in 1960.

73. On 30th December, 1960, it was reported that a trade agreement had been signed between the USSR and Morocco for 1961. Soviet supplies will include oil products, vehicles, timber, machinery and industrial equipment. Morocco will mainly supply agricultural produce.

TUNISIA

74. On 16th November, 1960, the local press reported that the Government of Tunisia had, for the first time, accepted economic aid from the bloc. An agreement was said to have been reached on the extension of a line of credit for the purchase of capital goods worth \$10 million. Repayment is to be made in Tunisian goods, 10% on the placing of the order, 10% on delivery and the remainder over an eight-year period.

75. Before the end of 1960 Tunisia renewed her trade agreement with China, providing for an increase of about \$20 million over the previous very low level of trade between the two countries, (in 1959 the total turnover with China was about \$2 million).

OTHER AFRICAN COUNTRIES

76. The bloc has continued to be active in a number of other African countries which have recently achieved independence.

77. Around the middle of the year, bloc trade overtures were made to TOGO, so far without much success.

78. The USSR has reportedly offered financial and technical aid to the former FRENCH CONGO.

79. Towards the end of December 1960, a Soviet trade mission arrived in DAHOMEY.

OTHER AFRICAN COUNTRIES (Contd.)

80. A Czechoslovakian trade mission visited the CENTRAL AFRICAN REPUBLIC during the same period. Czechoslovakia has offered to increase trade relations, to supply long-term economic development loans and to send technicians to assist the Central African Republic.

81. Towards the end of the year, 26 students from SOMALIA were reported to have left for Peking to take up scholarships which the Chinese had offered to one of the opposition parties, apparently against the wish of the Somali Government.

AFGHANISTANAID

82. In late June 1960 the USSR sent a team of 24 experts to Kabul to assist the Afghan Ministry of Plans and Projects in the overall formulation of the second five-year plan (1961-1965) and to study the feasibility of a number of projects to be sponsored by the USSR. The combination of these two tasks to be performed by the same mission suggests the further interlocking of the economic development of both these countries.

83. This view seems to be supported by reports, according to which the USSR has offered to provide credits for the financing of a very large portion of the \$500 million foreign currency requirements for the Afghanistan Second Plan. Some unconfirmed reports have mentioned that the USSR might be prepared to extend assistance covering the total foreign and possibly even the local currency requirements of the Plan. Should these rumours be confirmed, it could mean the complete dependence of Afghanistan on Soviet credit for the implementation of its Second Plan. It appears, however, that such a sum is not very likely to be offered, since more than 60% of the present Soviet committed credits had not been used by the end of 1960. The visit of the West German Economic Minister Erhard to Kabul at the end of September 1960 and his offer of a \$40 million credit is a most noteworthy recent development.

84. In the meantime further progress has been reported on the implementation of a number of projects financed under earlier USSR credits and grants. In early August 1960, six Soviet experts began surveys for a 3,000-unit housing project in Kabul, to be occupied by government officials of lower and middle income groups. A Soviet survey team of 12 engineers started investigation of the possibility of constructing a deviation dam in the Chakhansur basin of the lower Helmand river. This project, originally studied by the United Nations, was abandoned later because of the failure of Afghanistan and Iran to settle their differences over the division of the river's waters. On the list of other proposed Soviet aid projects have been mentioned: a refinery, several cement plants, a fertilizer factory, the extension of the Jangala machine shop, servicing Soviet cars, a steel mill with an annual capacity of 100,000 tons as well as assistance in the field of education and public administration. Up till now assistance in the field of education and public administration had been given only by the free world.

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AFGHANISTAN (Contd.)

TRADE

85. The USSR continues to be Afghanistan's most important trade partner, accounting in 1959 for about 30% of Afghanistan's total trade. (25% of total exports and 40% of total imports.) Following the pattern of economic penetration started in 1953, Soviet bloc influence has again grown during the period under review and will probably continue to extend in 1961. There has been no change in the pattern of the Soviet bloc economic penetration started in 1953, but Afghanistan's dependence on the bloc has continued to grow during the period under review.

86. At the end of September 1960, a treaty of friendship and mutual non-aggression with China was signed during the visit to Kabul of the Chinese Foreign Minister. At the same time, the existing trade and payments agreement were extended. However, trade between the two countries is insignificant, and there seems to be little scope for increasing it on either side.

BURMA

87. The relations between Burma and China improved considerably during the second half of 1960. After the signature of the Sino-Burman boundary treaty in October 1960, Burma appeared to be much more receptive to Chinese economic aid and trade offers(1).

AID

88. The technological institute included in the USSR gift of April 1956 was almost completed by the end of December 1960, but Burma has delayed the signing of contracts for the purchase of Soviet scientific equipment so that the USSR may not be able to hand over the building before February or March 1961. The Burmese Government is planning to move the engineering college of the Rangoon University into the new building and thus to minimise the dependence of the institute on Soviet teachers and technicians. Only two Soviet teachers may be required.

TRADE

89. On 24th October, 1960, a Chinese trade delegation in Rangoon signed a trade agreement under which China will purchase between 300,000 to 400,000 tons of Burmese rice during 1961, representing between 15 and 20% of the total exportable rice surplus. Although the communiqué of 24th October did not specify the means of payment, it is supposed that payment will be required in pounds sterling. This agreement is all the more

(1) On 9th January, 1961, an interest-free \$84 million loan was extended by China. If this information is confirmed, this loan will represent the largest credit ever extended by China to a free world country.

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### BURMA (Contd.)

significant as Burma had terminated its trade and payments agreement with Communist China in 1957 and gradually eliminated all trade arrangements with other bloc countries. Burma continued to maintain her level of imports from China, while her exports to China declined considerably, as other markets for Burmese rice and cotton exports were found. In 1959, total imports from China amounted to \$16.4 million of which nearly 50% consisted of textiles, while the 1959 exports to China amounted to \$0.4 million only. It is estimated that if the lower target of rice exports included in the new agreement is reached, Burma's rice exports to China in 1961 will amount to about \$28 million worth. It seems that China will have an opportunity to increase their exports to Burma, where there is a strong demand for Chinese goods.

90. Since India had always been a most important customer of Burmese rice, the announcement of the United States-Indian wheat and rice agreement in May 1960 reportedly caused some resentment in Burma.

### CAMBODIA

91. On 26th December, 1960, Prince Sihanouk announced the conclusion of economic aid agreements with the USSR, Czechoslovakia and Communist China. The total value of the aid to be provided was not reported, but the agreements are to cover a wide variety of projects including: (1) a technological institute, a geographical survey of the country and the preliminary studies for the construction of two dams and hydro-electric power plants to be built by the USSR; (2) a sugar refinery, a tyre factory, and a tractor assembly plant, to be furnished by Czechoslovakia; and the establishment of a Cambodian-Czechoslovakian shipping company. The credits extended for most of the projects under the Soviet and Czechoslovakian agreements will be repaid in Cambodian agricultural products.

92. The agreement with China provides for: \$11 million for the completion of four factories which the Chinese are constructing and for the expansion of two of these enterprises; \$26 million for the construction of a steel mill and a factory for agricultural equipment; \$1 million for technical assistance in connection with the survey and construction work on the Phnom Pen - Sihanoukville railway line. The Chinese agreed to provide technical assistance for the reorganization of producers' co-operatives, the improvement of rice cultivation, and the introduction of several new types of cultures. A Sino-Cambodian shipping company is to be established and will train Cambodians in the operation and maintenance of commercial vessels. Up till then Cambodia had received in total about \$35 million in the form of grants, but no credit had been extended by the bloc countries.

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CAMBODIA (Contd.)

93. In October 1960, 89 trainees who had studied plywood, textile and paper manufacturing in China returned to Cambodia where they will gradually replace Chinese experts at the completed plywood and textile plants and at the paper factory, where operation is expected to start in early 1961. About 20 Chinese technicians have already returned to China. In November and December 1960, 87 Cambodian technicians left for China in order to study the manufacture of cement and electrical appliances. Some dissatisfaction with the prevailing living conditions and limited technical training facilities in China has been reported by some of the returned trainees.

CEYLON

AID

94. After a prolonged pause suggesting that a number of difficulties had been encountered in the utilisation of the \$30 million credit extended by the USSR in February 1958, Sino-Soviet bloc activities seem to have flared up again following the formation of the Government by Mrs. Banderanaiké, in July 1960.

95. Only six projects out of the list of 16 had been contracted for by October 1960. Nevertheless the Sino-Soviet bloc has continued its overtures of economic assistance. The USSR has offered a nine-month training course for Ceylonese pilots and a number of aircraft sufficient to cover the country's needs for civil aviation. Communist China was reported to have offered rolling stock, presumably under its \$15.8 million grant which was extended in September 1957 but has not yet been drawn upon. In the beginning of December 1960, negotiations were taken up again on the construction of a textile factory to be financed under the \$10.5 million credit extended by China in September 1958. At the end of 1960, during the Polish Prime Minister's visit to Ceylon, it was reported that an offer had been made to the Ceylonese Government for the supply of a fleet of cargo vessels and trawlers to be paid in long-term instalments, and that furthermore Ceylon had been offered an economic development loan of \$18 million for 8 years at 2.5% interest.

96. The sugar mill at Kantalai in north eastern Ceylon, which was constructed by the Czechoslovakian corporation "Teknoexport" and equipped with Czechoslovakian and Polish machinery, was officially opened on 2nd October, 1960. This project is the first major bloc accomplishment in the country. Its total cost has been estimated at \$4.8 million out of which \$1.6 million were financed under the \$1.7 million credit

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ANNEX I to  
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extended by Czechoslovakia in August 1957. The maximum output of the plant would be about 20,000 tons of sugar per year. In order to use the plant at full capacity, some 6,000 acres of sugar cane plantation would be required for the supply of the necessary raw material. The cost of clearing adjacent jungle for sugar plantations represents about \$0.6 million and is to be met by Soviet aid under the Soviet \$30 million credit of February 1958. By the middle of November 1960, 2,800 acres were reported to be under cultivation for sugar cane. The production cost of the sugar plant is said to be about \$110 per ton of sugar, which is at least 25% above the world market prices; however, the utilisation of by-products for the production of newsprint, writing paper, fibre board, acetic acid, edible yeast, power alcohol and rayon is supposed to make the running of the plant economically justifiable.

97. At the end of October 1960, Soviet experts submitted the plans for the iron and steel works near Colombo to be financed under the Soviet \$30 million credit of February 1958. According to press reports, the envisaged steel rolling mill would have an initial capacity of 35,000 tons of rolled products per year and would be enlarged to reach a maximum capacity of 50,000 tons per year. (During 1959 Ceylon imported about 60,000 tons of iron and steel products valued at \$8.8 million.) Until a blast furnace has been constructed imported blooms will have to be used as raw material. The estimated total cost of this project has been indicated at about \$31.5 million of which about \$20 million would be financed under the Soviet \$30 million credit of February 1958. At the same time 85 Ceylonese engineers would be offered to undergo a training in specialised techniques in the USSR, while semi-trained personnel would be trained on the job by USSR specialists. Ceylon has obtained the assistance of India to study and assess the Soviet plans.

98. The plans prepared by Soviet experts for the establishment of a tyre factory to be erected at Kelaniya near Colombo foresee a capacity sufficient to cover Ceylon's total requirements. (At present Ceylon is depending on the import of about 20,000 tyres annually to cover its needs.)

TRADE

99. The recent revival of Sino-Soviet economic activity has also been apparent in the field of trade. During the first weeks of July 1960 it was reported that the Ceylonese Government had under consideration an offer from the USSR to supply Ceylon's total requirements of petroleum products and fuel oils at prices at least 20% lower than those charged by the Western oil companies which at that time were covering Ceylon's

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CEYLON (Contd.)

total requirements (about 1 million tons per year). In the trade agreement signed with the USSR in February 1958, unspecified amounts of petroleum products to be supplied by the USSR had already been mentioned, but up till the middle of the year none had ever been imported. At the end of October 1960, it was announced that a Ceylonese private company, supported by the Government, had signed a contract to import 130,000 tons of oil annually from the USSR at prices 25% lower than those prevailing on the market. At that time it was not yet clear how far the Ceylonese Government had gone in considering the setting up of a state corporation to handle Soviet oil products. On 1st October, 1960, for the first time since 1958, the USSR took part in the Colombo tea auctions, apparently in order to promote trade with Ceylon and to assist the sale of Soviet oil.

100. At the end of December 1960, the rubber-rice barter trade agreement with China was renewed. The targets fixed for 1961 have been put at 28,000 tons of Ceylonese rubber to be sent to China in exchange for 230,000 tons of rice to be received by Ceylon. During 1960 the rubber exports to China amounted to somewhere between 17,000 and 22,000 tons, while the rice imports are expected to reach between 160,000 and 205,000 tons. Part of the Chinese rice sold to Ceylon comes from Chinese purchases of Burmese rice. Direct negotiations between Ceylon and Burma for the purchase of Burmese rice reportedly failed at the end of the year. The Burmese prices asked were apparently considered too high by Ceylon, while Burma could offer no guarantee for importing Ceylonese goods.

INDIA

101. The efforts of Soviet penetration in India have to be seen in the light of the increased attention given to Indian needs by the free world countries. The "Aid to India" Club set up in 1958 on the initiative of the International Bank for Reconstruction and Development with a view to helping India to overcome its foreign exchange difficulties, and originally comprising the United States, the United Kingdom, West Germany, Canada and Japan, has aroused interest on the part of various other potential creditors, and may be enlarged; it has already proved its value in a better co-ordination of Western aid. Another favourable event of major importance, in which the IBRD played the leading role, was the conclusion of the Indus Waters Treaty, signed between India and Pakistan in Karachi in September 1960. The total cost of the development of the Indus basin under the Treaty approximates to the equivalent of about \$1 billion, which will be financed largely with loans and grants from free world countries. The signature of the Treaty marks the end of a critical and long-standing dispute between India and Pakistan, and opens the way to the peaceful use and development of water resources on which the livelihood of some 50 million people in the two countries depends.

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INDIA (Cont.)

102. India's requirements of foreign capital during the period of her third five-year plan (1960-66) will greatly increase. Exports for a number of years have been substantially less than imports, and cannot be expanded to supply the increased requirements. The gross amount of external assistance required during 1961-66 has been estimated at \$6.72 billion, representing about one-third of the total planned investments of \$21 billion provided for under the third five-year plan. This amount includes operations under the plan and debt servicing. Up to 1st January, 1961, total external assistance already promised, according to official Indian sources, amounted to about \$5 billion, of which bloc aid represented about one-fifth as compared to the aid to come from the free world.

103. In August 1960 the Indian Government accepted a Soviet credit amounting to \$125 million under the same terms as the \$375 million credit extended by the USSR in September 1959. Bloc assistance to India since 1955 totals \$933 million, of which approximately \$730 million has been designated for use under India's third five-year plan. India is first on the list of free world countries receiving bloc economic assistance, though on a per capita basis the figure is still very modest.

104. The Soviet Union launched its economic offensive in 1955 with the offer to build the steel mill now almost completed in Bhilai. The capacity of the mill, which is at present 1 million metric tons, is to be increased 2½ times with Soviet aid under the third five-year plan. The pattern thus set relaying aid to important production targets in the Indian five-year plan has continued. Bloc aid projects are under way in the fields of petroleum refining, the manufacture of heavy machinery, pharmaceutical production and in establishing a coal-mining machinery plant, an optical glass plant and a power plant. By 1966 the output of bloc-assisted facilities will probably be making a significant contribution to the Indian economy. The heavy machinery complex to be built at Ranchi, Bihar, with Czech and Soviet aid will be capable of fabricating one steel mill every one to two years. The Soviet and Roumanian constructed public sector oil refineries will account for about one-third of the total Indian output of petroleum products, and Russian-built pharmaceutical plants will be manufacturing a wide variety of products from indigenous raw materials.

105. A nuclear power station of 300 EMW (consisting of twice 150 EMW reactors) to be constructed at Tarapur is included in the third five-year plan. The Indian Atomic Energy Commission (IAEC) is reported to be considering as a second priority after the 300 EMW plant a 150 EMW natural uranium-fuelled station in the Delhi area, though this project is not included in the third plan. A 40 EMW plant was constructed at Bombay with the assistance of Canada (1).

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(1) and was inaugurated in January, 1961.

INDIA (Contd.)

The Chairman of IAEC has on several occasions stated that a draft agreement with the Soviets for co-operation in peaceful uses of atomic energy is ready, and may well be signed within a few months. The Chairman has also indicated that India might seek Soviet assistance for its first nuclear power station (presumably Tarapur) if the West is unwilling to help.

\* 106. (Deleted)

\* 107. India's trade with the Sino-Soviet bloc amounted in 1959 to about 6% of her total trade. The USSR accounts for over one-half of all bloc trade with India. Indian trade with the bloc is generally conducted on a non-convertible Indian rupee basis. Imports from the bloc consist mainly of iron and steel products and machinery, and exports of raw materials and agricultural products. Revised trade agreements signed with the bloc countries in 1958-1959-1960 envisage especially increased levels of trade. A three-year agreement with the USSR, signed on 24th October, 1960, contemplates a doubling of trade by 1963. An absolute increase in future Indian trade with the Soviet Union would seem to be indicated, among other reasons, by the need to service the large Soviet loans already extended; for instance, the implementation of the plans for the increase of the capacity of the Bhilai steel works would account for part of this increase.

108. On 3rd November, 1960, a three-year trade agreement was signed with Czechoslovakia, fixing trade for 1961 at \$29.4 million each way or 40% above the level fixed for 1960. It seems, however, that the 1960 trade target will not be reached, owing to the failure of Czechoslovakia to take all its import quote.

109. The volume of trade between India and East Germany is still small, only 12 million in 1959, but following discussions in East Berlin in November 1960 on trade in 1961, it was announced that East German exports of machine tools, precision instruments optical equipment, chemicals and film material had increased during 1960, and a further increase of 35% was expected during 1961.

110. India did not seek an extension of her trade agreement with China when it expired at the end of 1959. China is the only bloc country with which India has not maintained trade relations.

111. In an agreement concluded on the 15th July, 1960, the USSR undertook to supply India, over a three-year period, with 1.5 million tons of Soviet petroleum products, mostly kerosene and diesel oil, to be purchased by the state-owned oil company, and to be paid for in rupees. The Indian Minister for Oil and Fuel stated that the prices were well below world market prices. At the same time, the Soviet Union offered to supply India with unlimited quantities of crude oil. The

\* three foreign-owned oil refineries in India refused to process  
\* the Soviet crude and made counter-proposals offering reductions  
\* of up to 12½%. On 8th August, 1960, the Government of India  
\* announced that negotiations for the delivery of Soviet crude  
\* had been terminated "for the time being", apparently because of  
\* the refusal of the foreign-owned refineries to handle the crude,  
\* and the acceptance by the Indian Government of the proposed  
\* reduction. At the beginning of December 1960 India requested  
\* the suspension of deliveries of Soviet oil products until arrange-  
\* ments could be made for storage and distribution of those products  
\* by the state-owned Indian oil company. At the same time, however,  
\* India announced that 1.9 million tons of Soviet petroleum products  
\* would be purchased over the next three years, instead of the 1.3  
\* million tons specified in the earlier trade agreement. (Total  
\* annual Indian requirements amounted in recent years to about  
\* 5 million tons of crude.) The participation of the USSR in the  
\* development of the new oil fields was also intensified, and it  
\* has been reported that the USSR is to assist in the construction  
\* of a third state-owned oil refinery to be built probably in the  
\* Cambay area.

112. Two contracts were signed at the end of 1960 for the  
\* sale of Soviet aircraft to India. The contracts provide for the  
\* delivery of 8 An-12 turbo-prop transport aircraft and 24 Il-14  
\* transports, as well as spare parts and auxiliary equipment, valued  
\* at approximately \$26 million, which will be repaid in Indian rupees.  
\* The contracts represent the successful culmination of long-standing  
\* Soviet efforts to penetrate India's aviation market. It has also  
\* been reported that India will purchase some road-building machinery  
\* from the USSR. According to official Indian sources, the agree-  
\* ments result apparently from the need for India to meet Chinese  
\* border threats by supplying her troops in the remote border areas  
\* with transport facilities and heavy road-building machinery.

INDONESIAECONOMIC AID

113. The visit of the Indonesian Prime Minister, Mr. Djuanda, to the USSR and Eastern Europe in July and early August 1960 was successful in obtaining new bloc support for the announced Indonesian eight-year development plan (1961-68). Czechoslovakia extended a new long-term economic credit amounting to \$33.6 million for the purchase of complete factories and industrial installations as well as other capital goods. Poland, Hungary and Bulgaria pledged their agreement in principle to extend long-term credits, and negotiations on the size and purposes of these new offers were due to start just before the end of the year.

114. At the same time further details were announced on the use of long-standing USSR credits. The development of the iron and steel industry was apparently discussed, and at the end of July 1960 it was disclosed that an agreement had been reached by which the USSR should build a steel plant of an annual capacity of 100,000 tons. (Under the \$100 million line of credit extended in September 1956 provision had been made for the construction of two steel plants of 50,000 tons each. The recent agreement supersedes the original plan). The construction of chemical plants has now been included in the list of projects to be covered by the September 1956 credit. The USSR, reportedly, was also considering the possibility of reviving the projects of a hydro-electric power station and an aluminium plant in Sumatra which had originally been planned in the late 1930's by Dutch firms but which never materialised.

115. Furthermore, details were revealed on the \$5 million Soviet atomic energy programme for Indonesia. Under the agreement on co-operation in peaceful uses of atomic energy, signed in July 1960, and implementing a commitment undertaken in September, 1956, the USSR declared its readiness to install a nuclear reactor, probably at Djakarta.

MILITARY AID

116. In late December, 1960, agreement was apparently reached with the USSR on a new arms delivery scheme. According to unconfirmed reports, the new Soviet deal for military equipment would reach an amount estimated between \$275 and \$375 million. If confirmed, this would be the largest single arms deal ever undertaken by the USSR.

TECHNICAL ASSISTANCE

117. During his visit to the bloc countries, Mr. Djuanda apparently showed an interest in expediting bloc technical assistance:



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Soviet technicians are expected to go to Indonesia by the end of 1960 to conduct a number of surveys of projects to be financed under the \$250 million credit extended by the USSR in February 1960, the formal ratification of which was announced at the end of July. Soviet specialists are to prepare studies for the construction of a metallurgical combine, chemical factories, and the Asahan hydro-electric station, power transmission lines and aluminium factory, while training personnel and equipment in the field of atomic energy will be made available to the university of Djakarta by the USSR. Technical assistance agreements with Poland, Hungary, Rumania, and Bulgaria were reportedly considered, while a specific programme of exchange under the earlier 1958 scientific and technical co-operation agreement with Czechoslovakia was also under preparation.

#### TRADE

118. On 9th July, 1960, a three-year trade agreement was signed with the USSR for the period 1961-1963. This new agreement replaces the original one signed in August 1956 and annually renewed thereafter. No significant modifications were reported and, while the commodities to be exchanged were said to have been listed, no target quotas were indicated. The volume of trade will probably be set informally at a later date and on an annual basis. The overall target is to triple the present level of trade by 1963. Trade agreements with Hungary and Bulgaria were also under consideration.

#### LAOS

119. On 27th October, 1960, unconfirmed press reports announced that the Laotian Government had accepted an offer of economic aid from the USSR. No specific type of aid had apparently yet been agreed upon; it was understood that the Soviet experts would first study Laos' five-year economic development plan before entering into detailed commitments. A Soviet offer of relief aid consisting of 1,000 tons of gasoline and some foodstuffs was accepted, and delivery started in the first week of December 1960. On 28th November, 1960, Prince Suvanna Phoua announced that he would head a goodwill mission to Peking and Hanoi to discuss the acceptance of specific aid from China and North Vietnam. He also accepted a North Vietnamese proposal to open the border between the two countries for trading on a limited scale and authorised Laotians in the region to buy salt in North Vietnam.

120. After 15th December, 1960, the political situation deteriorated in such a way that any assessment in terms of economic penetration is impossible. By the end of the year  
 \* substantial Soviet military aid was being extended to the left-wing groups engaged in the civil war.

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NEPAL

121. Nepal is among the more remote and backward countries of Asia. Its geographical position between China and India makes it an obvious target for Chinese penetration. It lacks the very fundamentals upon which economic development can be based: roads, administrators and technicians. The social and economic structures are mediaeval and the exploitation of its natural resources is still in its infancy. Relatively large amounts of foreign aid have been extended, but this aid, combined with the inadequacy of Nepal's administrative machinery, has led to what has been called "acute foreign aid indigestion".

122. Up to the end of the fiscal year 1960 approximately \$150 million in foreign aid had been made available to Nepal. Of this amount, the Sino-Soviet bloc has provided the equivalent of over \$41 million (China - \$33.6 million; USSR - \$7.5 million). By the middle of 1960, United States aid to Nepal, including contributions from private foundations, had amounted to over \$49 million; India remains the most important supplier of technical and economic assistance.

123. Nepal's second five-year plan, due to start in July 1961, is now in the process of review by the new government which came into power on 15th December. Development plans and projects are to be completely revised.

124. In October 1956 the Nepalese Government accepted a Chinese Communist offer of a grant of the equivalent to \$12.6 million. Of this sum \$4.2 million was in cash and was used by Nepal mainly in an effort to stabilise local currency, as well as for support of various development projects. The balance of \$8.4 million was to be in commodities and capital equipment; under this agreement Communist China was to supply machinery, a cement plant and a paper factory. In March 1960, China provided a second grant of the equivalent of \$21 million to cover costs of equipment, materials and technical assistance for projects to be mutually agreed upon. Little progress has so far been reported on the implementation of the projects covered by the Chinese grants. Some 30 Chinese experts were probably engaged in preparatory work for irrigation and communications projects, and a Communist Chinese economic delegation is reportedly due to visit Katmandu at the beginning of 1961 to complete plans for the construction of the cement and paper factories.

125. In April 1959 Nepal concluded its first aid agreement with the USSR, under which Nepal was to receive grants amounting to the equivalent of \$7.5 million to provide equipment and technical assistance for the construction and operation of a hospital in Katmandu, a hydro-electric plant, a sugar mill and a cigarette factory, and a survey for the proposed 500-mile East-West road. Implementation of these projects began in

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late 1959. In January 1960 Soviet surveyors submitted a preliminary report to the Nepalese Government on the proposed East-West road. A detailed ground survey was being conducted at the beginning of 1961.

PAKISTAN

126. Petroleum exploration provided the backdoor through which Soviet economic assistance was able to enter the Pakistani scene. The success scored in Afghanistan and the important aid to India in this field combined with the feeling that Western oil companies had not put forth their best efforts in attempting to find more oil in Pakistan, and that Soviet hostility could be reduced by accepting aid, were probably among decisive factors in the acceptance by this SEATO country of the Soviet assistance programme for oil exploration.

127. In September and October 1960, a team of Soviet experts visited and inspected both parts of Pakistan to pave the way for an offer. The Pakistani Minister of Fuel, Power and Natural Resources stated that the Soviet exploration programme would be restricted in both East and West Pakistan to areas not yet covered by Western concessions. The President, Ayub Khan, gave assurances that acceptance of Soviet aid would not affect national policy and was solely on economic grounds. After prolonged negotiations, some press reports mentioned a tentative figure of \$30 million of credit to be extended by the USSR to finance this undertaking(1). This will be the first bloc credit offer accepted by Pakistan. The only previous Soviet economic aid in the country had consisted of relief grants of wheat and rice in May 1956, valued at \$3 million.

128. The reappraisal of Pakistan's attitude towards Soviet bloc aid and trade offers had already become apparent by the middle of the year. At the time, new barter agreements with Czechoslovakia, Poland and the USSR had reportedly been envisaged. Acceptance of Soviet aid may be accompanied by an increase in bloc trade. Already in 1960 trade with the bloc, which had fallen in 1959, regained the 1958 level. The total value of bloc trade was about \$37 million in 1958, \$18 million in 1959 and \$28 million during the first half of 1960, and represented 5.4% of total trade both in 1958 and during the first six months of 1960. Barter deals played a lesser role in 1960 than was previously the case.

129. Up to the end of 1959, more than 1.5 billion of economic aid had been extended to Pakistan by the free world,

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(1) On 4th March, 1961, a Soviet loan of about \$30 million at 2.5% interest, repayable within 12 years was accepted.

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out of which the USA alone provided \$1.1 billion. The co-ordination of Western aid to Pakistan entered a new stage with the establishment of the Indus Basin Development Fund \*of almost \$900 million for works in Pakistan under the Indus Water Treaty signed in Karachi on 19th September, 1960, and with the constitution of an economic assistance group of countries rendering aid to Pakistan. This group was set up under the auspices of the IBRD. The USA, Germany, Canada, the United Kingdom, and Japan as members, and Italy and France as observers, held a common session in October 1960 at which "a preliminary exchange of views on the financial assistance to be extended to Pakistan for its second five-year economic development plan (July 1960-1965)" was conducted.

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THAILAND

130. On 3rd November, 1960, Thailand's Prime Minister stated that the USSR had offered economic aid and that Thailand was prepared to accept it. No further details were available at the end of the year. Thailand has a long-standing complaint that the United States has given comparatively greater assistance to neutral countries than to outspokenly anti-communist SEATO countries like Thailand.

ARGENTINA

131. The USSR has repeatedly offered to purchase large quantities of quebracho extract, wool, hides and linseed oil in exchange for other goods and has declared its readiness to give more long-term low-interest credits to Argentina in addition to the \$100 million loan extended in December 1959. The main obstacle to an increase in economic relations between the two countries has hitherto been the USSR's inability to supply adequate quantities of the kind of goods Argentina wants.

132. Argentina has now terminated her bilateral trade and payments agreements with Bulgaria, East Germany, Hungary, Czechoslovakia, Poland, and Rumania. This policy was adopted in accordance with the recommendations of the International Monetary Fund, which considered that these bilateral agreements had been an important contributory cause of inflation. Some reports indicated that Argentina intends to cancel the agreement with the USSR as well.

BOLIVIA

133. Several economic overtures have been made recently by the USSR to Bolivia. The first was an offer to provide Bolivia with a tin smelting factory, the second consisted of an offer of \$150 million credit for economic development projects for Bolivia's state-owned mining and petroleum corporations, and the third concerns long-term contracts for the purchase of Bolivian mineral products. None of these offers has so far been accepted.

134. Bolivia, who is the poorest of the Latin American countries, is drawing about 95% of its foreign export earnings from tin. At present, all Bolivian tin ore is sent to the United Kingdom for smelting, and freight and smelting charges absorb up to 60% of the proceeds of the sale. Agitation for the building of a smelting plant in Bolivia has been going on for some time and was revived by Khrushchev's announcement during the UN October session in New York that negotiations had been started for providing Bolivia with tin smelting facilities. But technical reasons make it extremely difficult to smelt Bolivian tin ore without mixing it with ore from elsewhere and this can be done more economically in the United Kingdom than in Bolivia.

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135. A Bolivian delegation of economic and technical experts, headed by the Minister of Mines, is to visit Moscow during the second half of January 1961 to discuss the tin smelting offer and the credit offer of \$150 million, as the Bolivian Government finds it apparently difficult to reject the officially announced Soviet aid offers. The possibilities of establishing closer trade relations will also be discussed.

BRAZIL

136. At the end of June 1960, five East German technicians arrived at Porto Alegre to consult with the State Government of Rio Grande do Sul on the installation of a new telephone system. Hungary is also reported to have submitted a proposal for the installation of a telephone system in the interior of that state.

137. Unconfirmed press reports state that an agreement has been reached under which a group of more than 20 Soviet engineers might give technical assistance in the production of gas for domestic use from bituminous shale. The planned volume of industrial output of gas will cover the needs of Sao Paulo and Rio de Janeiro and about half of the overall demands for this product in Brazil.

138. On 25th June, 1960, Brazil signed a five-year trade and payments agreement with Czechoslovakia, providing for a trade turnover target of 70 million in 1960. Brazil will export coffee, cocoa, minerals, leather and sisal against Czechoslovakian machinery. This agreement replaces the 1950 agreement, which was subsequently extended for short terms. In 1959 the total trade between the two countries amounted to \$42 million, a record figure for the trade relations between Czechoslovakia and Brazil.

139. In 1959 Brazil's total trade with the bloc represented some 4% of total Brazilian trade. This percentage might be increased to about 10% of total trade by late 1960 or beginning 1961, if the trade goals specified in recent trade agreements are fulfilled.

CHILE

140. No formal approach for the establishment of economic relations between the USSR and Chile has so far been made, and presumably diplomatic relations between the two countries would have to be resumed before a formal economic aid agreement could be concluded. However, on the occasion of the deliveries of relief supplies for the earthquake victims, the Soviet Ambassador in Argentina said that the USSR was willing

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surveys of Cuba's natural resources. The team had also assisted with development plans for certain industries, including off-shore oil exploration and the conversion of peat into fuel for thermo-electric power stations. In addition, a number of bloc technicians had rendered services in various economic agencies of the Cuban Government. The Soviet Union will continue to give technical assistance to Cuba's iron and steel, oil and power industry. Further geological prospecting for iron ore, chromium, oil and other minerals, to be conducted by Soviet experts, is also foreseen. About 200 Soviet technicians are expected in Cuba during 1961, and it has been implied that they might be needed to help run the seized American installations. In addition, provision was being made for the training of an unspecified number of Cubans in the USSR.

146. Czechoslovakia, who extended two \$20 million loans to Cuba, the first in May 1960, the second five months later, will provide machinery, equipment and assistance in the development of the production of motor vehicles, agricultural machines and machine-tool industries. Czechoslovakia has also undertaken to give Cuba technical assistance, inter alia, in the development of her nickel resources.

147. East Germany, according to Cuban public statements, is expected to deliver 17 complete factories in the course of 1961, nearly all of them light industrial plants including textile mills, fishmeal and vegetable oil factories. Technical assistance for the establishment of these projects will be provided. These industrial plants will be paid by Cuban exports of sugar, sisal, tobacco, honey, coffee, chromium and nickel.

148. Poland will provide for a number of complete industrial plants including a shipyard, a battery factory, a nail factory, a slaughter house and at least a dozen small industrial plants. The economic aid agreement with Poland does not mention any extension of loans to finance these projects, but it is not excluded that credit will be (or has been) extended to cover the transactions.

149. Hungary will provide machinery, equipment and complete industrial installations under its \$8 million loan which was later increased to \$15 million and is repayable in 10 years at 2.5% interest. Technical assistance related to these projects will be provided.

150. Rumania will participate in the Cuban economic development scheme by providing credit up to \$15 million. Further details have not yet been published.

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151. During 1961 Bulgaria will provide about 14 industrial plants, presumably to be financed in part by the \$5 million credit recently extended. Here again, the rate of implementation is very likely overoptimistic.

152. The Chinese \$60 million interest-free loan, to be drawn upon between 1961 and 1965 and repayable over 15 years, is intended to be used under the vast Cuban industrialisation programme for the construction of at least 24 factories of various types. A technical co-operation agreement was signed on 23rd July, covering such fields as: industry, architecture, geology and mining, agriculture and communications. The exchange of data between experts and the exchange of experts and scholarships for technical studies have been arranged for. Cuba is to send 200 students to China during 1961 for training in various fields. The Chinese assistance in the field of industrial development is all the more striking since China has an even more urgent need of industrialisation than Cuba, which as a receiving country already enjoys a higher level of standard of living than the donor country.

MILITARY AID

153. An important aspect of the bloc's programme for Cuba lies in the field of military assistance. The delivery of Czechoslovakian and Soviet arms started on 7th September, 1960. By the beginning of November a tonnage of about 10,000 tons of military equipment had already been received. Four more Soviet ships carrying arms arrived in Havana in late December 1960, bringing the delivered total to about 30,000 tons of arms and ammunition valued in the range of \$40 million to \$50 million. Little is known about the terms of payment for the bloc arms.

154. In the middle of August it was reported that a bloc military training programme had been started. A first batch of about 65 air and artillery cadets had left for Prague. Information on the further exchange of personnel with bloc countries may become more scarce, as a direct air service between Prague and Havana has been scheduled to be put into operation soon.

TRADE

155. Even more spectacular than the bloc economic aid drive during the second half of 1960 was the complete reorientation of Cuba's direction of foreign trade towards the bloc countries. Up till the end of 1959, Cuban trade with the bloc had been almost negligible. The Soviet bloc



CUBA (Contd.)

accounted for \$42 million (or 5%) of total Cuban exports during 1957, the peak year, and only for \$2.4 million (or 0.2%) of total Cuban imports during the same year. Cuba is the world's largest sugar exporter and depends on sugar for more than 3/4 of its total export earnings. Sugar production for 1960 has been estimated at 5.7 million tons by the Cuban authorities and at 5.2 million tons by United States experts.

156. On 13th February, 1960, the USSR and Cuba signed the first trade agreement representing a radical departure from Cuba's earlier trade policy. The first step called for a Soviet purchase of 1 million Spanish long tons(1) of sugar annually over a period of five years at prices believed to be below world market prices (80% payable in goods, including oil, and 20% in dollars).

157. In April an agreement was reached under which Cuba would buy 300,000 tons of crude oil from the USSR and another 300,000 tons of petroleum products at prices substantially lower than world market prices. Imports of Soviet petroleum had started in late April. In May, Cuba announced the purchase at \$2.75 a barrel of 900,000 tons of Soviet crude oil, representing about one-third of Cuba's annual needs. After the signature of this contract, the three main foreign-owned refineries were each requested to handle 300,000 tons of Soviet crude oil at agreed prices. On their refusal to do so the Cuban Government in late June took over the two United States and the one British-Dutch refineries. Soon after Soviet oil technicians arrived in Cuba to replace key personnel of the Western companies, who left the country.

158. Following the United States decision to cut the Cuban sugar quota, Khrushchev stated that the Soviet Union would buy an additional 700,000 tons of Cuban sugar during 1960 if Cuba had difficulties in disposing of its sugar. At the beginning of July Cuba concluded trade agreements with Poland, Czechoslovakia and East Germany.

159. On 23rd July, a five-year trade and payments agreement was signed with China providing for the sale of 500,000 Spanish long tons of sugar annually during the five years following the ratification of the agreement. The price quoted for this transaction was 3.25 cents per pound, which was about the world price of sugar. Payment for the first 100,000 tons during

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(1) The Spanish long ton, which is the conventional unit of measurement used in the international sugar market, is equal to 2,271.6 United States pounds or to 1.03 metric tons.

CUBA (Contd.)

1960 would be in sterling equivalent to about \$7 million and thereafter in Chinese goods at the rate of about \$35 million annually. During recent years Cuba's rice imports had currently amounted to about \$38 million a year. Cuba also reportedly agreed to export other agricultural and mineral products such as nickel, while China is expected to supply rice and other foodstuffs, machinery and consumer goods.

160. In order to facilitate the implementation of the bilateral agreements, Cuba had established a State Trading Bank which, in the middle of July, was given the legal monopoly for the import trade of a wide variety of goods including foodstuffs, china, cotton, textiles, iron and steel wire, fertilizers, insecticides, tractors, bulldozers and agricultural machinery. A Polish bank expert was brought in to give technical advice.

161. Trade agreements with the other bloc countries followed in quick succession. On 15th September, a 5-year trade and payments agreement was signed with Hungary along the lines already negotiated with Czechoslovakia, Poland, USSR and China. The agreement calls for the exchange of Cuban agricultural produce, minerals and textiles for Hungarian industrial equipment, buses and trucks, agricultural machinery, mining machinery, telephone exchange installations, road vehicles, a hydroelectric plant, and various other capital goods. No trade targets were announced.

162. On 7th October, a 5-year trade agreement was signed with Bulgaria, providing for exports of at least 20,000 tons of Cuban sugar annually.

163. On 26th October, a 5-year trade agreement was signed with Roumania calling for exports of Cuban sugar, but giving no indications as to the volume or value.

164. At the end of November China announced another important move. On 30th November, 1960, a new trade agreement was signed, by which China pledged to double in 1961 the intended sugar purchase agreed under the trade and payments agreement signed only four months earlier. China is committed to purchase 1 million tons of sugar in 1961 at the price of 4 cents per pound (which is about 0.75 cents above the world market prices). Cuba, for her part, is to purchase in 1961 about \$80 million worth of Chinese products. By the end of November 1960, about 20,000 of the 100,000 metric tons of rice purchased from China under the July agreement had arrived in Cuba, and a large part of the 500,000 tons of Cuban sugar purchased by China during the past twelve months had been shipped.

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165. After completion of the negotiations with China, trade agreements were signed with Outer Mongolia, North Korea and North Vietnam. By the end of the year some North Vietnamese rice had been received by Cuba, but these latter trade agreements have apparently a more symbolic than economic importance.

166. On 17th December, a 5-year trade agreement was signed with East Germany, and the protocol added for 1961 announced that East Germany, in the course of the next twelve months, would export goods (probably including the delivery of 17 factories) of a total value of \$25 million against \$20 million worth Cuban exports of sugar, sisal, tobacco, honey, coffee, chromium and nickel.

167. Five days later Poland was to be added to the list. The extension for four more years of the one-year trade agreement signed on 31st March, 1960, was announced. The protocol for 1961 signed at the same time provided for an annual exchange of goods valued at \$22 million each way. Poland will supply electrotechnical goods, agricultural and mining machinery, railway rolling stock, building machinery, lathes and transport equipment, bacon, potato flour, casein, radio receivers and gas stoves. Cuba will deliver manganese ore, synthetic fibres and raw hides.

168. To close the list, on 19th December, 1960, a protocol concerning trade between the USSR and Cuba was signed. Under this protocol, Cuban exports to the USSR will include raw sugar, nickel oxide, fresh and canned fruit, fruit juices and tanned hides. Soviet exports to Cuba will include oil and petroleum products, steel, wheat, fertilizers, chemicals, foodstuffs, machinery and equipment. It was announced that Cuba and the USSR had signed contracts covering the purchase of 1 million tons of sugar from Cuba at the announced price of 4 US cents per pound of sugar, and the purchase of 4.4 million tons of oil and petroleum products from the USSR. The total value of these exchanges would amount to about \$160 million. On top of everything came the announcement of the Soviet intention to buy up to 1.7 million Spanish long tons of Cuban sugar in addition to the already agreed 1 million tons should the United States completely eliminate Cuba's sugar quota for 1961.

169. By the end of the year, Cuba had concluded economic trade agreements with all the bloc countries except Albania. All these pacts include payments agreements as well as scientific and technical assistance agreements. As a result, the bloc has become the market for more than half of Cuba's sugar exports, and Cuba has obtained the guarantee to be able to sell, if need be, an additional 30% to the Soviet Union. In addition, since July 1960, the USSR has become the sole supplier of oil to Cuba and

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has been able to maintain a sufficient flow to meet Cuba's crude oil requirements. Cuban - bloc trade has not only increased in volume but has also become considerably diversified.(1)

ECUADOR

170. In September 1960 Czechoslovakia, who had previously never had very important economic relations with Ecuador, offered a credit of \$10 million for the purchase of agricultural and industrial machinery.

171. At the end of the year it was announced that Ecuador's Minister of Education had signed a contract with Czechoslovakia under which the latter is to supply about \$6.4 million worth of machinery and materials for use in state technical institutes in Ecuador. It was stated that this material would be delivered in exchange for cocoa, deliveries of which are to be spread over four years.

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(1) The Soviets during the first quarter of 1961 asked Venezuela whether oil from that country could be shipped to Cuba. Venezuela is reported to have asked for cash payment and prices above world market level.

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STATISTICAL ANNEX (1)

- Table 1 - Sino-Soviet credits and grants to underdeveloped countries of the free world - 1st January, 1954 to 31st December, 1960.
- Table 2 - Sino-Soviet bloc economic technicians in the underdeveloped countries of the free world.
- Table 3 - Trade of selected less-developed countries outside Europe with the Sino-Soviet bloc in 1958 and 1959 in absolute figures, and as percentage of total trade of the underdeveloped countries.
- Table 4 - Trade and payment agreements between bloc and less-developed countries as of 31st December, 1960.

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(1) Not included in first edition of the report.

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TABLE 1

SINO-SOVIET BLOC CREDITS AND GRANTS TO UNDERDEVELOPED  
COUNTRIES OF THE FREE WORLD

1st JANUARY, 1954 - 31st DECEMBER, 1960 (a)

(in million US \$)

	Economic	Military	Total Extended	Drawings
Total	3,638	1,198 (b)	4,836	1,513
Middle East	1,049	648	1,697	766
Iran	6	0	6	6
Iraq	216	188	404	128
UAR (Egypt)	604	315	919	} 599
UAR (Syria)	179	128	307	
Yemen	44	17	61	33
Africa	279	5	284	9
Ghana	50	0	50	3
Guinea	107	1	108	4
Ethiopia	114	0	114	2
Morocco	0	4	4	0
Tunisia	8	0	8	0
Asia	1,846	544	2,391	601
Afghanistan	217	38	255	97
Burma	12	0	12	12
Cambodia	73	0	73	26
Ceylon	58	0	58	5
India	933	0	933	160
Indonesia	509 (c)	506	1,016	294
Nepal	41	0	41	4
Pakistan	3	0	3	3
Latin America	353	0	353	26
Argentina	104	0	104	18
Brazil	4	0	4	4
Cuba	245	(?)	245	4
Europe	111	0	111	111
Yugoslavia	111	0	111	111

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TABLE 1 - Notes

- (a) Figures may not add to totals because of roundings. They do not necessarily correspond to an addition of the new credits mentioned in the present report and those mentioned in earlier reports. The differences may result from revision of figures given earlier.
- (b) Financial obligations entailed in military aid agreements only. Depending on the definition of military aid, estimated figures vary widely. Estimates of the total value of military equipment delivered go as high as \$2 billion.
- (c) Not including \$30 million credit extended by China in June 1959 and subsequently cancelled or allowed to expire.

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TABLE 2

SINO-SOVIET BLOC ECONOMIC TECHNICIANS IN THE UNDERDEVELOPED COUNTRIES OF THE FREE WORLD (a)

Area and Country	July - December	
	1959	1960
Total	4,930	6,435
<u>Middle East</u>	<u>2,160</u>	<u>2,655</u>
Iran	20	60
Iraq	300	400
UAR (Egypt)	525	525
UAR (Syria)	505	540
Yemen	810	1,130
<u>Africa</u>	<u>100</u>	<u>545</u>
Ethiopia	20	40
Ghana	30	120
Guinea	50	385
<u>Asia</u>	<u>2,585</u>	<u>2,940</u>
Afghanistan	1,025	1,650
Burma	65	60
Cambodia	175	235
Ceylon	45	40
India	1,170	735
Indonesia	75	165
Nepal	25	50
Pakistan	5	5
<u>Latin America</u>	<u>75</u>	<u>290</u>
Argentina	50	55
Brazil	20	10
Chile	5	5
Cuba	0	220
<u>Europe</u>	<u>10</u>	<u>5</u>
Yugoslavia	10	5

(a) Minimum estimates of personnel working on a contract basis for a period of one month or more. Personnel engaged solely in trade promotion or military activities are excluded. Numbers are rounded to the nearest five.

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TABLE 3

TRADE OF SELECTED UNDERDEVELOPED COUNTRIES OUTSIDE EUROPE WITH THE SINO-SOVIET BLOC 1958 AND 1959 - IN ABSOLUTE FIGURES AND AS % OF TOTAL TRADE OF THE UNDERDEVELOPED COUNTRIES (a)

From	Exports to the Sino-Soviet bloc				Imports from the Sino-Soviet bloc			
	1958		1959(b)		1958		1959(c)	
	in million US \$	% of exports	in million US \$	% of exports	in million US \$	% of exports	in million US \$	% of exports
<u>Middle East</u>								
Iran (d)	30.8	26.4	22.0	19.6	37.7	9.2	37.1	6.9
Iraq	-	..	6.1	1.0	6.0	1.9	18.2	5.6
Israel	6.7	4.7	5.2	2.9	7.8	1.8	6.2	1.4
Jordan	0.9	9.5	1.0	11.5	7.5	7.2	4.6	4.1
Lebanon	2.5	8.0	2.5	5.6	6.5	2.9	8.9	2.8
UAR (Egypt)	220.8	46.0	229.8	51.9	219.5	32.0	183.6	29.8
UAR (Syria)	36.9	31.4	12.3	12.3	24.7	12.1	19.9	11.2
<u>Africa</u>								
Ghana	1.1	0.4	6.2	2.0	6.8	2.9	10.2	3.2
Guinea	0.2	1.0	5.2	14.5	-	..	9.0	18.1
Morocco	13.9	4.0	14.4	4.2	22.2	5.6	15.4	4.5
Sudan	9.1	6.9	14.0	7.3	8.0	4.4	12.4	7.6
Tunisia	2.8	1.8	4.7	3.3	2.6	1.7	4.2	2.8
<u>Asia</u>								
Afghanistan	16.2	23.0	20.2	25.0	27.3	38.0	32.5	40.0
Burma	8.8	4.7	3.0	1.4	31.3	15.3	25.4	11.4
Cambodia	0.2	..	2.5	4.0	5.4	7.2	6.2	9.5
Ceylon	21.5	6.0	23.7	6.4	33.8	9.4	36.4	8.7
India	71.0	5.8	110.4	8.4	137.4	7.5	97.0	5.2
Indonesia	54.1	7.2	72.3	8.2	47.3	8.9	69.2	15.1
Malaya and Singapore }	115.9	9.5	189.0	13.2	68.8	5.1	56.0	4.2
Pakistan	21.2	7.1	10.9	3.4	16.1	4.1	7.9	2.2
Thailand	3.2	1.4	2.4	0.7	3.1	0.8	3.1	0.7

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TABLE 3 (Continued).

TRADE OF SELECTED UNDERDEVELOPED COUNTRIES OUTSIDE EUROPE WITH THE SINO-SOVIET BLOC 1958 AND 1959 - IN ABSOLUTE FIGURES AND AS % OF TOTAL TRADE OF THE UNDERDEVELOPED COUNTRIES (a)

From	Exports to the Sino-Soviet bloc				Imports from the Sino-Soviet bloc			
	1958		1959(b)		1958		1959(c)	
	in million US \$	% of exports	in million US \$	% of exports	in million US \$	% of exports	in million US \$	% of exports
<u>Latin America</u>								
Argentina	63.6	6.4	54.2	5.4	55.8	4.5	49.1	4.9
Brazil	45.8	3.7	55.3	4.3	29.0	2.1	48.2	3.6
Chile	0.3	..	-	..	2.3	..	1.0	..
Columbia	1.9	0.7	2.7	1.1	1.0	..	2.6	0.9
Cuba	17.7	2.4	16.5	2.4	2.0	..	1.5	..
Ecuador	0.2	..	0.2	..	0.1	..	n.a.	..
Mexico	0.6	..	1.5	..	2.3	..	2.4	..
Peru	0.6	..	0.1	..	0.9	..	0.8	..
Uruguay	29.4	21.2	27.4	28.0	10.3	4.5	13.4	6.4
Venezuela	-	..	0.9	..	4.5	..	7.0	1.0

- (a) Data based on official trade statistics of the free world countries. The bloc exports indicated are the free world trading partners' reported imports. The imports from the Soviet bloc are the free world trading partners' reported exports (with the exception of Afghanistan, Burma, India, Thailand and Uruguay).
- (b) January-December 1959; 12-month rate for: Venezuela, January-May; Iran, Lebanon and Chile, January-June; Jordan, January-September.
- (c) January-December 1959; 12-month rate for: Iran, Lebanon, January-June; Cuba, January-August; Jordan, January-September.
- (d) January-June - petroleum excluded.  
- indicates that no figure for trade is known, although some trade may have taken place.  
.. means less than 0.5%

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TABLE 4  
TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS DEVELOPED COUNTRIES  
AS OF 31ST DECEMBER, 1960 (a)

Area and Country	Albania	Bulgaria	Czecho-slovakia	East Germany	Hungary	Poland	Rumania	USSR	Communist China	Outer Mongolia	North Korea	North Vietnam
<u>Middle East</u>												
Iran	.	•	TP	.	TP	TP	.	TP	.	.	.	.
Iraq	T	•	T	T	T	T	T	T	TP	.	T	T
Israel	.	TP	.	.	TP	TP	TP	.	.	.	.	.
Lebanon	.	•	TP	TP	.	TP	TP	TP	.	TP	.	TP
UAR Egypt	.	TP	TP	TP	TP	TP	TP	TP	TP	.	.	.
Syria	TP	•	TP	TP	TP	TP	TP	T	TP	.	.	.
Yemen	.	.	T	TP	.	T	T	T	TP	.	.	.
<u>Africa</u>												
Ethiopia	.	.	T	.	.	.	.	T	.	.	.	.
Ghana	.	.	TP+	.	.	.	.	TP+	.	.	.	.
Guinea	.	.	TP	TP	T	TP	.	TP	TP+	.	.	.
Mali	.	.	TP+	.	.	.	.	.	.	.	.	.
Morocco	.	•	TP	T	T	T	.	TP	T	.	.	.
Sudan	.	•	P	P	TP <sup>o</sup>	P	.	T	c	.	.	.
Tunisia	.	TP <sup>b</sup>	TP	TP <sup>b</sup>	TP <sup>o</sup>	TP	.	TP	TP	.	.	.
<u>Asia</u>												
Afghanistan	.	.	TP	.	.	TP	.	TP	TP	.	.	.
Burma	.	T	.	T	T	T	T	T	T	.	•	TP
Cambodia	.	.	TP	TP+	.	TP	.	TP	TP	.	.	.
Ceylon	.	TP	TP	.	TP	TP	TP	TP	TP	.	.	.
India	.	TP	TP	TP	TP	TP	TP	TP	TP	.	•	TP
Indonesia	.	T	TP	T	T	T	.	TP	TP	.	.	.
Pakistan	.	.	T	.	T	T	.	TP	TP	.	.	.
<u>Europe</u>												
Yugoslavia	TP	TP	TP	TP	TP	TP	TP	TP	TP	TP	.	.

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TABLE 4 (Continued)

TRADE AND PAYMENTS AGREEMENTS BETWEEN BLOC AND LESS-DEVELOPED COUNTRIES  
AS OF 31ST DECEMBER, 1960(a)

Area and Country	Albania	Bulgaria	Czecho-slovakia	East Germany	Hungary	Poland	Rumania	USSR	Communist China	Outer Mongolia	North Korea	North Vietnam
<u>Latin America</u>												
Argentina	.	T	T <sup>d</sup>	.	T	T	T	TP	.	.	.	.
Brazil	.	.	TP	P	P	TP	P	TP	.	.	.	.
Columbia	.	.	T	T	e	.	T	T	.	.	.	.
Cuba	.	TP+	TP	P	TP+	TP	TP+	TP	TP+	TP+	TP+	TP+
Mexico	.	.	TP	.	.	.	.	.	.	.	.	.
Uruguay	.	P	TP	P	P	P	TP	P	.	.	.	.

Note: Symbols used in this table have the following meanings: +, new agreement since 30th June, 1960; TP, trade and payments agreement; T, trade agreements only; P, payments agreement only.

- (a) Including agreements known to be in force, agreements which are assumed to have been tacitly renewed, and newly-signed agreements of uncertain date of entry into force. Agreements include government-to-government agreements as well as nongovernmental agreements; the latter are listed only when they assume the practical characteristics of a government-to-government agreement. Barter agreements and contracts are not included.
- (b) Payments agreement added.
- (c) Agreement may or may not have lapsed.
- (d) Payments agreement terminated.
- (c) Agreement lapsed.

STATISTICAL ANNEX PER COUNTRY

The following Annex contains a summary of the information on the Sino-Soviet bloc economic penetration in its various aspects since the beginning of the bloc economic offensive in 1954 up to the end of 1960. In order to allow an evaluation of the impact of the Sino-Soviet bloc economic offensive in each country receiving financial assistance, the information has been grouped by country, according to the following pattern:

1. Bloc Credits and Grants

- total amount of credits and grants extended since 1954 by the bloc;
- amount extended per capita;
- total amount drawn as at 31st December, 1960;
- summary description of credits and grants extended and projects covered;

2. Technical Assistance

- number of bloc technicians in the country during each consecutive six-month period between 1956 and 1960;
- cumulative total of students from the country having received academic, technical and military training in bloc countries.

3. Trade with the Sino-Soviet Bloc

- trade with the bloc countries year by year since 1954 to 1959 inclusive; in absolute figures and as a percentage of the total trade of the country.

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(i) Continued.

	up to the end of 1956	During the Period					
		July 1 to Dec. 31, 1957.	Jan. 1 to June 30, 1958.	Jan. 1 to June 30, 1959.	July 1 to Dec. 31, 1959.	Jan. 1 to June 30, 1960.	July 1 to Dec. 31, 1960.
Economic technicians	<u>15</u>	<u>5</u>	<u>5</u>	<u>10</u>	<u>20</u>	<u>30</u>	<u>60</u>
from USSR	0	0	0	5	5	5	-
from European Satellites	15	5	5	5	15	25	-

(ii) Number of Iranian students trained in the bloc  
(cumulative total since January 1956 up to June 1960)

Academic training : 0  
Technical training  
 (in European Satellite countries) : 5  
 Military training : 0

3. Trade with the Sino-Soviet Bloc

million US \$

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	20.3	20.7	18.3	22.6	30.8	22.0
of which: to USSR	18.6	17.1	14.9	17.6	25.5	13.6
to European Satellites	1.7	3.6	3.4	5.0	5.3	8.4
to China	-	-	-	-	-	-
Imports from bloc countries	20.7	25.8	26.5	35.9	37.7	37.1
of which: from USSR	13.5	20.3	17.5	25.9	26.3	20.8
from European Satellites	7.2	5.5	9.0	10.0	11.5	16.3
from China	-	-	-	-	-	-

("-" = less than \$100)

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Trade with the bloc as percentage of total trade  
(including oil)

Year	Exports	Imports	Total Turnover
1955	5.9	8.7	7.2
1956	3.7	7.7	5.3
1957	3.5	8.6	5.5
1958	4.2	6.6	5.2
1959	2.9	5.9	4.3

Note: The USSR remains the most important purchaser of Iranian goods if oil is excluded. The main Iranian exports to the USSR are agricultural products and minerals from Northern Iran. If oil is excluded from the trade figures the table concerning the percentage of total trade would read as follows:

Trade with the bloc as percentage of total trade  
(excluding oil)

Year	Exports	Imports	Total Turnover
1957	22.7	11.4	17.0
1958	26.4	9.2	17.5
1959	19.6(1)	6.9(1)	14.3(1)

(1) Six months



I R A Q

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$404 million (including \$188 million  
representing \$58 per capita military credits and grants)  
Total amount drawn (as at 31st December), 1960: \$155 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
1958 October	118.0	USSR	C	Arms (The amount reflects adjustment for downpayments.)
1959 March	137.5	USSR	C	<u>Line of credit</u> for economic development including such projects as: a nitrogen fertilizer plant; a steel mill; a sulphur plant; a pharmaceutical plant; an electric bulbs factory; a glassware factory; a canning factory; two silos of 12,000 tons each; the establishment of five experimental farms; tractor stations; improvement works: in river navigation, on the Baghdad-Bashra railway and on the Kirkuk-As Sulaymaniyah railroad; four radio transmitters; Additional credit for the rehabilitation of the Baghdad-Bashra railway line.
1960 May	45.0	USSR	C	Arms.
August	70.0	USSR	C	Equipment and technical services on projects related to oil refining, petro-chemical industries and power stations.
October	33.6	Czechoslovakia	C	

IRAQ (Continued)

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded. (1)

	During the Period				
	up to Dec. 31, 1958.	Jan. 1 to June 30, 1959.	July 1 to Dec. 31, 1959.	Jan 1 to June 30, 1960.	July 1 to Dec. 31, 1960.
TOTAL	0	370	450	595	
Economic technicians	0	220	300	425	400
from USSR	0	215	240	295	
from European Satellites	0	5	60	130	
Military advisers	0	150	150	170	
from USSR	0	150	150	170	

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(1) Numbers are rounded to the nearest 5.

IRAQ (Continued)

(ii) Students from the country trained in the bloc

	Cumulative total from 1956	
	up to end 1959.	up to June 30, 1960.
TOTAL	880	1,255
Academic students	525	610
in USSR	400	400
in European Satellites	125	190
in China	-	20
Technical Students	175	365
in USSR	125	195
in European Satellites	50	170

(iii) Military personnel trained in the bloc

	Cumulative total from 1956			
	before 1959	up to June 30, 1959.	up to end 1959.	up to June 30, 1960.
TOTAL	0	135	180	280
in USSR	0	90	135	235
in European Satellites	0	45	45	45

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IRAQ (Continued)

3. Trade with the Sino-Soviet Bloc

(million US \$)

	1954	1955	1956	1957	1958	1959
<u>Exports to bloc countries</u>	0.1	0.1	-	-	-	6.1
of which: to USSR	0.1	-	-	-	-	2.5
to European Satellites	-	0.1	-	-	-	1.7
to China	-	-	-	-	-	1.9
<u>Imports from bloc countries</u>	3.7	5.2	6.2	7.2	6.0	18.2
of which: from the USSR	-	-	-	-	-	4.0
from European Satellites	3.7	5.1	6.2	7.2	5.8	10.7
from China	-	0.1	-	-	0.2	3.5

("-" = less than \$100,000)

Trade with the bloc as percentage of total trade

Exports to the bloc:   before 1959 : less than 0.1% of total exports, incl. oil;  
                           in 1959 : 1% of total exports, incl. oil.

Imports from the bloc:   in 1954 : 1.5% of total imports  
                           from 1955 to 1958 (incl.) : 2% " " "  
                           in 1959 : 5.6% " " "

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UAR (Egypt)

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$919 million  
 representing: \$35 per capita  
 (of which: \$200 million military assistance credits)  
 Total amount drawn as  
 at 31st December 1960: \$417.1 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
1955 Sept.	200	Czecho-slovakia	C	Arms
	2.9	East-Germany	C	Electrification projects - Nile Delta
Nov.	5.7	Hungary	C	Power-plant - Al-Tabbin
Dec.	1.2	Czecho-slovakia	C	Ceramics factory - Cairo
1956 March	3.4	"	C	Cement plant - Hulwan
	3.3	East Germany	C	Electrification projects - Nile Delta
1957 May	0.8	Czecho-slovakia	C	Bicycle factory
July	3.6	USSR	C	Oil drilling equipment
	7.1	Czecho-slovakia	C	Two sugar refineries - Armant - Kawn Umba
1958 Jan.	175.0	USSR	C	<u>Line of credit, covering:</u> <u>Geological research and mining:</u> 5 airfields in mining areas; a central mineral research laboratory; a laboratory for testing ore samples; 20 chemical field laboratories; geological research and survey; 14 sets of core-drilling machines; geophysical work; research on dressing of black sands, iron ore and

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1. Bloc Credits and Grants (Continued)

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
		USSR (Cont'd)		<p>manganese ore; organizations of ilmenite production; manganese ore production in Elba fields; phosphate enterprises; concentration and dressing of rock phosphate; geological survey for lead and zinc deposits; development of Bakaria iron ore mines; 2 plants for separation of rare earths; 5 radio stations in mining areas</p> <p><u>Metallurgical industry:</u> production of non-ferrous metals; production of non-ferrous rolled sheets; iron ore sintering plant; zinc plant - Suez; iron ore dressing plant - Aswan; cast iron fittings plant; expansion of iron and steel capacity - Hulwan.</p> <p><u>Engineering industry:</u> Welding electrodes plant; forging plant; aluminium cables plant; machine tool plant; emery and polishing paper plant; surgical instruments plant; textile equipment plant; electric welded chains plant; radio sets parts plant; cutting tools plant.</p> <p><u>Chemical industry:</u> coke chemical plant - Hulwan; calcium carbide and ferro-silicon plant - Aswan;</p> <p><u>Petroleum industry:</u> lubricating oil plant - Suez; gasoline plant - Suez; oil refinery - Suez; oil refinery - Alexandria; oil desalting plant - Suez; geophysical and exploration work; drilling equipment; plant for extraction of oil from oil shales.</p> <p><u>Pharmaceutical industry:</u> pharmaceutical plant; anti-biotics plant.</p>

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1. Bloc Credits and Grants (Continued)

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
		USSR (Cont'd)		<p><u>Food industry:</u> 3 milk processing plants; onion dehydrating plant.</p> <p><u>Textile industry:</u> 3 cotton spinning factories.</p> <p><u>Miscellaneous:</u> steam power station - Suez; cellulose pulp plant; shipyard - Alexandria; 20 vocational training centres.</p>
1958	100	"	C	Aswan High Dam (first stage).
1958 Aug.	21.5	East Germany	C	<p><u>Line of credit covering:</u> a factory for galvanized poles for power lines; a factory for non-galvanized poles for power lines; refrigerated storehouses - Suez; 2 textile dyeing and finishing mills; a wool spinning mill; cotton weaving mill; modernization of Misr film studio.</p>
1958 Nov.	8.6	"	C	Spinning mill equipment - Shibin al Kawn.
1960 Jan.	225	USSR	C	Second stage of Aswan High Dam.
June	20.8	Czechoslovakia	C	Machinery and equipment for municipal and rural public utility projects (power, water, sewage) for Cairo and Alexandria.
Dec.	14.0	Hungary	C	Six projects connected with the manufacture of electric light bulbs, steel pipes, refrigeration and food processing.

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2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	During the period					
	up to end 1956	Jan. 1 to June 30, 1958	Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
TOTAL	380	985	1,305	1,160	985	
Economic technicians	<u>180</u>	<u>410</u>	<u>655</u>	<u>525</u>	<u>485</u>	<u>525</u>
from USSR	n.a.	50	265	290	375	
from European Satellites	n.a.	360	390	235	110	
Military advisers	<u>200</u>	<u>575</u>	<u>650</u>	<u>635</u>	<u>500</u>	
from USSR			500	500		
from Czechoslovakia			150	135		

(ii) UAR Students(1) trained in the bloc

	cumulative total	
	from January 1956 to Dec. 1959	from January 1956 to June 1960
<u>Academic training</u>	<u>795</u>	<u>925</u>
in USSR	400	530
in the European Satellites		395
of which: Czechoslovakia	80	
East Germany	115	
others	200	
<u>Technical training</u>	<u>490</u>	<u>575</u>
in USSR	34	100
in European Satellites		475
of which: Czechoslovakia	56	
East Germany	300	
Poland	100	

(1) includes Egyptian and Syrian students

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(iii) Military personnel trained in the bloc

In:	1955	1956	1957	1958	1959	1960 (6 mths)	Total
USSR	0	0	145	200	80	90	515
Poland	300	130	30	0	0		
Czechoslovakia	0	100	210	0	0	20	810
Bulgaria	0		20	0	0		
<b>TOTAL</b>	<b>300</b>	<b>230</b>	<b>405</b>	<b>200</b>	<b>80</b>	<b>110</b>	<b>1,325</b>

3. Trade with the Sino-Soviet Bloc

(million US \$)

	1954	1955	1956	1957	1958	1959
<u>Exports to bloc countries</u>	<u>56.3</u>	<u>106.1</u>	<u>139.3</u>	<u>229.7</u>	<u>220.8</u>	<u>229.8</u>
of which: to USSR	5.4	20.2	16.0	89.8	82.1	81.4
to European Satellites	39.5	61.4	99.1	97.8	103.8	112.7
to China	11.4	24.5	24.2	42.1	34.9	35.7
<u>Imports from bloc countries</u>	<u>27.1</u>	<u>35.7</u>	<u>76.7</u>	<u>133.8</u>	<u>219.5</u>	<u>183.6</u>
of which: from USSR	6.7	6.6	22.7	53.4	90.9	77.1
from European Satellites	19.6	28.2	42.9	59.8	103.5	82.6
from China	0.8	0.9	11.1	20.6	25.1	23.9

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1954	14.2	5.9	9.4
1955	25.4	6.7	14.9
1956	34.5	13.5	22.2
1957	47.0	25.5	35.5
1958	46.0	32.0	37.7
1959	51.9	29.8	39.0

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AC/89-WP/76(Revised)U A R (Syria)SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC  
PENETRATION

(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$307 million  
representing: \$65 per capita  
of which \$127.7 million military  
assistance credits.

Total amount drawn (as  
at 31st Dec. 1960): \$182 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credits D= Grants	Type of Project
1955 Sept.	0.1	East Germany	C	Weaving mill
2nd half	6	Czecho-slovakia	C	2 cement plants, a sugar refinery - Damascus, a china factory.
1956 July	1.9	East Germany	C	Cement plant - Aleppo
Sept.	0.4	"	C	Textile mill
Nov.	1.0	Bulgaria	C	A grain elevator at Latakia
Nov.	16.7	USSR	C	Arms (the amount indicated reflects an adjustment for downpayment)
Nov.	1.3	Czecho-slovakia	C	A sugar refinery - Homs.
1957 Mar.	11.3	"	C	A petroleum refinery - Homs
May	0.5	USSR	C	Textile machinery - Damascus
2nd half	0.2	East Germany	C	Shoe factory - Homs
"	0.1	"	C	A hospital - Damascus
Oct.	150	USSR	C	<u>Line of credit</u> , covering: Projects such as: the Euphrates River Basin; the Al Khabur Basin; the Ahab-Asharneh Basin; the upper Orontes Basin; the Al Kabir Basin; the Barada Basin; the Yarmuk Basin and the electrification of the Orontes Basin; the Kameshli-Latakia railway; bridges; geophysical surveys; organization of four industrial banks; electric power-plants; well drilling and water storage in arid areas; an agricultural laboratory.
1960 Dec.	2.8	Czecho-slovakia	C	Machinery and equipment for municipal and public utility projects (power, water, sewage).

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UAR (Syria) (continued)

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only, are excluded.

	During the period					
	up to end 1956	Jan 1 to June 30, 1958	Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
TOTAL	65	495	1,000	775	675	
Economic technicians from USSR	<u>45</u>	<u>240</u>	<u>735</u>	<u>505</u>	<u>475</u>	<u>540</u>
from European Satell- ites		110	415	155	175	
Military advisers from USSR	<u>20</u>	<u>255</u>	<u>265</u>	<u>270</u>	<u>200</u>	
from European Satell- ites		85	85	80		

(ii) UAR Students trained in the bloc

The number of Syrian students is included in the figures indicated under the same subtitle for UAR (Egypt).

(iii) Military personnel trained in the bloc

	1955	1956	1957	1958	1959	1960 (6 months)	Total
TOTAL	<u>0</u>	<u>25</u>	<u>305</u>	<u>85</u>	<u>80</u>		<u>525</u>
USSR	0	0	210	85	80	20	395
Poland	0	25	40	0	0	} 10	} 130
Czechoslovakia	0	0	25	0	0		
Bulgaria	0	0	25	0	0		
East Germany	0	0	5	0	0		

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3. Trade with the Sino-Soviet Bloc

million US \$

	1954	1955	1956	1957	1958	1959
<u>Exports to bloc countries</u>	0.7	1.7	11.2	26.6	36.9	12.3
of which: to USSR	(a)	0.0	1.1	3.4	18.6	4.3
to European Sat- ellites	0.1	1.5	8.5	13.2	11.5	7.8
to China	0.6	0.2	1.6	10.0	6.7	0.1
<u>Imports from bloc countries</u>	4.7	5.5	12.7	13.7	24.7	19.9
of which: from USSR	0.1	0.2	0.9	3.2	3.7	6.1
from European Sat- ellites	4.4	5.1	11.3	9.5	19.9	12.3
from China	0.2	0.2	0.5	0.5	1.2	1.5

∠(a) less than \$50,000

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1954	0.5	2.7	1.7
1955	1.2	3.1	2.2
1956	7.6	6.8	7.1
1957	17.3	7.7	12.2
1958	31.4	12.1	20.0
1959	12.3	11.2	11.8

Y E M E N

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$61 million  
 Representing: per capita \$12 million  
 of which \$17 million military  
 assistance credits.

Total amount drawn  
 (as at 31 Dec. 1960): \$33 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
1956 (1st half)	17	Czecho-slovakia	C	Arms
July	25	USSR	C	<u>Line of credit</u> , covering: Construction of a port at Ras-al-Kathib; construction of an airfield; agricultural development credit.
1958 Jan.	17	China	C	<u>Line of credit</u> , covering: Road construction (Hudaydah-San'a); a textile factory at San'a; a glass factory; a tannery; a cigarette, a soap and a match factory; assistance in the development of a cotton growing project.
1959 March	0.7	USSR	D	10,000 tons of wheat
June	0.7	China	D	10,000 tons of wheat

2. Technical Assistance

- (i) Sino-Soviet bloc personnel in the country  
 Minimum estimates of Sino-Soviet bloc personnel, including technicians and labourers, present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

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2. (i) continued.

	During the period					
	up to end 1956	Jan 1 to June 30, 1958	Jan 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan 1 to June 30, 1960	July 1 to Dec 31, 1960
TOTAL	10	225	650	900	1,155	-
Economic technicians	0	160	575	810	1,130	1,130
from USSR	0	100	50	80	400	-
from European Satellites	0	50	25	30	30	-
from China	0	10	500	700	700	-
Military advisers	10	65	75	70	25	-
from USSR	0		60	75		
from Czechoslovakia	10		15	15		

(ii) Yemeni Students trained in the bloc

	cumulative total from January 1956 to June 1960
TOTAL	120
<u>Academic training</u>	45
in USSR	35
in European Satellites	10
<u>Technical training</u>	75
in China	75

3. Trade with the bloc

During 1958 and 1959, the USSR purchased about half of the coffee exported.

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GHANA

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION

(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended:                   \$50 million  
                                                                                   representing \$7.5 per capita  
 Total amount drawn (as at 31st December, 1960) \$3 million.

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
1960 April	3.1	East Germany	C	<u>Industrial development:</u> cigarette factory; coffee processing plant; fruits, vegetables and fish canneries.
August	40	USSR	C	<u>Line of credit, covering:</u> development of minerals and water resources; industrial plants; hydro-electric power stations; organization of state farms; construction of fish processing plants; housing and hotel development.
August	6.7	USSR	C	Purchase of 4 turbo-props (Iljushins)

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded:

During the period July-December 1959:   30  
 During the period July-December 1960:   120

(ii) Ghanaian Students trained in the bloc  
 (up to September 1960)

Academic training:   in Czechoslovakia : 40  
                                                                                   in USSR               : 15  
                                                                                   in East Germany   : 10

65

3. Trade with the Sino-Soviet Bloc

in million US \$

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	20.4	11.4	5.7	17.5	1.1	6.2
of which: to USSR	20.3	11.4	5.7	17.5	1.1	5.5
to European Satellites	-	-	-	-	-	0.7
to China	-	-	-	-	-	-
Imports from bloc countries	2.9	4.9	4.9	7.5	6.8	10.2
of which: from USSR	-	-	-	-	-	-
from Eur. Satellites	2.9	4.9	4.8	6.6	6.1	8.0
from China	-	(a)	0.1	0.9	0.7	2.2

("-" = less than \$50,000)

(a) less than \$100,000

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1954	6.3	1.5	4.5
1955	4.7	2.0	3.3
1956	2.6	2.0	2.3
1957	7.6	2.8	5.0
1958	0.4	2.9	1.6
1959	2.0	3.2	2.6

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G U I N E A

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$112 million  
of which \$5 million military credits and grants  
representing per capita \$45  
Total amount drawn as at 31st December 1960 : \$2 million

Date of Extension	Amount in million US \$	From	Type of Assistance C=Credits D=Grants	Type of Project
1959 April	0.6	Czecho-slovakia & Poland jointly	D	Highway equipment
June	0.5	China	D	5,000 tons of rice
July	5.0	Czecho-slovakia	C	Capital goods
"	n.a.	"	D	Arms (small quantity)
Aug.	35.0	USSR	C	<u>Line of credit for economic development</u> , covering: a technological institute; National Assembly building; two hotels; a cement plant; a sawmill and a timber pressing plant; a leather tannery; a shoe factory; a canning factory; a refrigeration plant; a sports stadium; airfield reconstruction; railroad reconstruction; a geological survey; port mechanisation; road network improvement; agricultural development projects.
Dec.	n.a.	Czecho-slovakia & East Germany jointly	D	A 150 kw. radio station.
1960 May	1.0	China	D	10,000 tons of rice
	n.a.	East Germany	D	Printing equipment

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1. Bloc Credits and Grants (continued)

Date of Extension	Amount in million US \$	From	Type of Assistance C=Credits D=Grants	Type of Project
1960 Sept.	25.0	China	C	Line of credit for projects under the three-year economic development plan (July 1960-June 1963): equipment, materials and technical assistance.
Sept.	5.0	Czechoslovakia		Additional credit to the 1959 July agreement for capital goods covering the establishment of a civil air service and of a radio station.
Sept.	5.0	Poland	C	No details so far available
"	5.0	E. Germany	C	id.
"	2.4	Hungary	C	id.
"	21.5	USSR	C	Additional line of credit for projects under the three-year economic development plan, covering: the USSR's participation in the Konkouré river project; the establishment of rice farms and the delivery of building material and agricultural equipment.
"	5.0	USSR	C	Arms

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	before 1959	During the period			
		Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
TOTAL	0)	35	55	175	
Economic technicians	0	30	50	165	385
from USSR	0	0	5	25	
from European Satellites	0	30	45	75	
from China	0	0	-	65	
Military advisers	0	5	5	10	

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(ii) Guinea Students trained in the bloc

cumulative totals

	1956-Dec.1959	1956-June 1960
<u>Academic training</u>	55	180
in USSR	35	100
in Czechoslovakia	15	40
in East Germany	0	30
in other European Satellites	5	10
Note: 366 Guinean students were reported to be enrolled in Bloc universities for the academic year 1960-61 of which 186 in the USSR		
<u>Military personnel trained</u>		
<u>in the bloc:</u>		
in USSR	0	60
in European Satellites	0	40
in European Satellites	0	20

3. Trade with the Sino-Soviet Bloc

million US\$

	1958	1959
<u>Exports to bloc countries</u>	0.16	5.2
of which: to USSR	-	0.5
to European Satellites	0.16	4.7
to China	-	-
<u>Imports from bloc countries</u>	0.06	9.0
of which: from USSR	-	1.0
from European Satellites	0.06	8.0
from China	-	-

∧"-" = less than \$50,000

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1957	n.a.	n.a.	n.a.
1958	0.2	0.1	0.1
1959	14.5	18.1	15.5

ETHIOPIA

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$115 million  
 representing \$5.4 per capita

Total amount drawn  
 as at 31st December  
 1960 : \$3.8 million

Date of Extension	Amount in million US \$	From	Type of Assistance C=Credits D=Grants	Type of Project
1958 Nov.	2.0	Czecho-slovakia	C	Hospital equipment and supplies
1959 July	100.0	USSR	C	Line of credit for economic development (in March 1960 an implementation protocol was signed earmarking \$4.2 million for : an oil refinery, a gold ore dressing plant, a geological survey and a survey of the possibility of setting up a metallurgical plant)
Dec.	10.0	Czecho-slovakia	C	Line of credit for economic development including: a canvas shoe factory, cotton and sugar plantation development
1960 March	2.9	USSR	D	A technical school and 2,000 tons of wheat

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged only in commercial activities are excluded.

	Before 1959	Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
<u>Economic and technical advisers</u>	0	25	20	25	40
from USSR	0	25	10	20	
from Czechoslovakia	0	0	10	5	

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(ii) Ethiopian Students trained in the bloc

	before 1960	up to mid-1960
<u>Academic training</u>	0	15
in USSR	0	5
in European Satellites	0	10

Note: 27 Ethiopian students were reported to be enrolled in bloc universities for the academic year 1960-61 of which: 12 in Czechoslovakia  
5 in the USSR

3. Trade with the Sino-Soviet Bloc (up to end 1959 negligible)

million US \$

	1956	1957	1958	1959
Exports to bloc countries	0.2	0.4	0.4	n.a.
of which: to USSR	0.2	0.3	0.2	
to Czechoslovakia	-	0.1	0.2	
Imports from bloc countries	1.1	1.3	1.3	n.a.
of which: from USSR	0.1	0.2	-	
from Czechoslovakia	0.7	0.8	1.2	
from other European Satellites	0.3	0.3	0.1	

∟ "-" = less than \$50,000/

Trade with the bloc as percentage of total trade

Up to the end of 1959: about 1.5% of total trade

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A F G H A N I S T A N

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Note: Afghanistan was the first country to receive economic aid from the USSR. Negotiations were started in 1953.

Total amount extended: \$255 million (of which \$38 million military aid)  
 representing: \$19.5 per capita  
 Total amount drawn: \$  
 (as at 31 Dec. 1960): \$97 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
1954 Jan.	3.7	USSR	C	Two silos; one flour mill; a bakery complex
Aug.	5.0	Czecho-slovakia	C	Two cement plants; a fruit cannery
Oct.	2.1	USSR	C	Various public works, including road paving
1956 Jan.	100.0	USSR	C	<u>Line of credit including:</u> Irrigation works; hydro-electric projects; airfields; bridges; repair workshops; consumer goods credit; a 100-bed hospital and 15 buses
first half	25.0	USSR	C	Arms
sec. half	7.4	Czecho-slovakia	C	Arms
1957 July	15.0	USSR	C	Petroleum exploration and aerial survey
1958 July	n.a.	USSR	C	Aerial mapping of northern Afghanistan
1959 Jan.	2.8	USSR	D	40,000 metric tons of wheat
Jan.	3.8	USSR	D	Inland port scheme (originally included in the 1956 line of credit and later converted into a separate grant)
May	80.0	USSR	D	Road construction including local costs
Aug.	6.0	USSR	C	Arms
1960 March	3.5	USSR	D	50,000 metric tons of wheat

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	During the period							
	up to end 1956	July 1 to Dec. 31, 1957	Jan. 1 to June 30, 1958	July 1 to Dec. 31, 1958	Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
TOTAL	430		545		950	1225	1380	
Economic and technical advisers from USSR	410	455	480	600	800	1025	1140	1650
from European Satellites			440		700	905	1025	
			40		100	120	115	
Military advisers	20		65		150	200	240	

(ii) Afghan Students trained in the bloc

	January 1956 to Dec. 1959	January 1956 to June 1960
<u>Academic training</u>		
in USSR	15	25
in Czechoslovakia	10	15
	5	10
<u>Technical training</u>		
in USSR	4	45
in Czechoslovakia	0	40
	4	5

(iii) Military personnel trained in the bloc

	before 1957	1957	1958	1959	Jan. to June 1960	Total
All of them in the USSR	0	70	130	140	180	520

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3. Trade with the Sino-Soviet Bloc

	million US\$	
	1958	1959
<u>Exports to bloc countries</u>	16.2	20.2
of which: to USSR	13.0	16.0
to European Satellites	2.7	3.5
to China	0.5	0.5
<u>Imports from bloc countries</u>	27.3	32.5
of which: from USSR	23.0	28.0
from European Satellites	3.8	4.0
from China	0.5	0.5

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total Trade
1958	23	38	32
1959	25	40	35

Main exports to the bloc (1959):

hides and skins, raw wool, cotton

Main imports from the bloc (1959):

petroleum, metal products, cement, foodstuffs and consumer goods.



B U R M A

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended:    \$ 12.5 million  
           representing       :    \$0.6 per capita  
 Total amount drawn as  
 at 31st Dec. 1960        :    \$12.5 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C=Credits D=Grants	Type of Project
1956 April	12.5	USSR	D <sup>(1)</sup>	A technological institute, a hotel and a hospital

(1) The three projects were formerly included in a list of 9 projects to be financed by Soviet credit. During the second half of 1959, six of these projects were cancelled by Burma while the three remaining projects were converted into grants projects covering also the foreign exchange costs.

2. Technical Assistance

(i) Bloc technicians

	During the period						
	up to end 1956	July 1 to Dec. 31, 1957	Jan. 1 to June 30, 1958	Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
Economic and technical advisers	85	60	140	60	65	50	60
from USSR			120	60	65	45	
from European Satellites			a	0	a	5	
from China			20	0	0	0	

(a) A few specialists were believed to be present. They are not included in total.

(ii) Number of Students who studied in Sino-Soviet Bloc countries

	Up till end 1959	Up till mid-1960
Academic training	less than 10	40
Technical training	0	0
Military training	0	0

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3. Trade with the Sino-Soviet Bloc (cont'd)

Main exports and imports

Burmese exports consisted mainly of rubber to the USSR and Communist China, and rice to the USSR and Czechoslovakia.

(million US \$)

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	0.1	43.2	34.7	24.8	8.8	3.0
of which: to USSR	0.0	15.2	11.4	9.2	-	1.0
to European Satellites	0.0	10.5	8.9	6.5	5.8	1.6
to China	0.1	17.5	14.4	9.1	3.0	0.4
Imports from the bloc	3.0	4.0	37.5	32.6	31.3	25.4
of which: from USSR	0.1	0.1	3.1	6.1	4.1	3.9
from European Satellites	2.3	1.6	12.2	14.0	10.6	5.1
from China	0.5	2.3	22.2	12.5	16.6	16.4

(- less than \$50,000)

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1954	0.4	1.5	0.6
1955	19.0	2.0	12.0
1956	14.0	19.0	16.0
1957	11.8	11.0	11.3
1958	4.7	15.3	10.0
1959	1.4	11.4	6.4

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C A M B O D I A

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC  
PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$73 million  
representing: \$15 per capita

Total amount drawn as  
at 31st December, 1960: \$26 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credits D= Grants	Type of Project
1956 July	22.4	China	D	A textile plant; a paper mill; a plywood factory; a cement plant; public works; three radio transmitters; various geological surveys.
1957 May	6.0	USSR	D	Building of a hospital - Phnom Penh
1958 Aug.	5.6	China	D	For economic development commodities.
1960 Dec.	38.0	China	D	Completion and expansion of the four factories built under the 1956 grant; a steel mill; a factory for agricultural equipment; survey of Phnom-Penh - Sihanoukville railway line; technical assistance in the field of agriculture.
	n.a.	USSR	C	<u>Line of credit covering:</u> a technological institute; geological survey and preliminary studies for the construction of two dams with hydro-electric power plants.
	n.a.	Czecho-slovakia	C	<u>Line of credit covering:</u> a sugar refinery; a tyre factory; a tractor assembly plant

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	up to end 1956	July 1 to Dec. 31, 1957	Jan.1 to June 30, 1958	Jan.1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan.1 to June 30, 1960	July 1 to Dec. 31, 1960
<u>Economic and technical advisers</u>	<u>20</u>	<u>30</u>	<u>30</u>	<u>80</u>	<u>175</u>	<u>210</u>	<u>235</u>
from USSR		10	10	20	20	20	
from European Satellites		0	0	0	(a)	(a)	
from China		20	20	60	155	190	

(a) a few specialists were believed to be present. They are not included in the total.

(ii) Cambodian Students trained in the bloc

	January 1956 to Dec. 1959	January 1956 to June 1960
<u>Academic training</u>	0	0
<u>Technical training</u> all of them in China	84	175
<u>Military training</u>	0	0

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3. Trade with the Sino-Soviet Bloc

	1954 (a)	1957	1958	1959
<u>Exports to bloc countries</u>		-	0.2	2.5
of which: to USSR		-	-	-
to European Satellites		-	0.2	1.1
to China		-	-	1.4
<u>Imports from bloc countries</u>		2.4	5.4	6.2
of which: from USSR		-	0.2	1.1
from European Satellites		-	0.4	0.8
from China		2.4	4.7	4.3

(a) reported under Indo-China.

[ "-" = less than \$100,000 ]

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total Trade
1957	-	4.1	3.2
1958	0.1	7.2	4.5
1959	4.3	9.5	7.1

C E Y L O N

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$58 million  
representing: \$5.9 per capita

Total amount drawn as  
at 31st December, 1960: \$5 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credits D= Grants	Type of Project
1957 Aug.	1.7	Czecho-slovakia	C	Sugar refinery; a central workshop for buses.
Sept.	15.8	China	D	Rubber rehabilitation.
1958 Feb.	30.0	USSR	C	<u>Line of credit including:</u> Development of sugar cane acreage; a hydro-electrical power station and irrigation facilities; irrigation-dam design; a steel rolling mill; a tyre factory; development of cotton acreage.
Sept.	10.5	China	C	<u>Line of credit including:</u> Delivery of rice.

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country  
Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	up to end 1956	During the period					
		July 1 to Dec. 31, 1957	Jan. 1 to June 30, 1958	Jan. 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
		Economic and technical advisers.	(a)	5	5	15	45
from USSR	-	-	5	10	15	10	10
from European Satellites	-	-	(a)	0	30	30	30
from China	-	-	-	5	0	0	0

(a) A few technicians were believed to be present. They are not included in the total.

(ii) Number of Students who studied in Sino-Soviet Bloc countries

	Up till end-1959	Up till mid-1960
<u>Academic training</u>	-	<u>15</u>
in USSR		5
in European countries		10
Technical training	-	-
Military training	-	-

3. Trade with the Sino-Soviet Bloc

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	46.9	25.8	38.5	36.5	21.5	23.7
of which: to USSR	0.0	0.0	0.0	0.1	4.2	6.4
to European Satellites	0.4	0.3	0.3	1.2	1.0	0.9
to China	46.5	25.5	38.2	35.2	16.3	16.4
Imports from bloc countries	34.3	18.4	29.7	19.7	33.8	36.4
of which: from USSR	0.4	0.1	0.2	0.3	0.2	0.5
from European Satellites	0.7	1.5	1.4	1.8	1.8	4.4
from China	33.2	16.8	28.1	17.6	31.9	31.5

Main exports to the bloc: rubber

Main imports from the bloc: rice

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1954	12	12	12
1955	6	6	6
1956	11	9	10
1957	10	5	8
1958	6	9	8
1959	6	9	8

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I N D I A

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC  
 PENETRATION  
 (up till the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$933 million  
 representing: \$2 per capita

Total amount drawn (as  
 as 31st December, 1960): \$160 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credits D= Grants	Type of Project
1955 Feb.	115.5	USSR	C	Bhilai steel plant - Bihar
Dec.	1.5	USSR	D	Agricultural equipment
Dec.	1.5	Czecho-slovakia	C	Sugar refinery - Punjab
1956 Jan.	2.1	Czecho-slovakia	C	Cement plant - Assam
March	1.0	Rumania	C	Oil-drilling rig - Punjab
April	1.9	Czecho-slovakia	C	Sugar refinery - Assam
May	16.8	USSR	C	Structural steel for Bhilai steel plant - Bihar
May	3.6	USSR	C	Petroleum exploitation equipment - Punjab, Assam, Bombay
Nov.	126.0	USSR	C	Line of credit including: Heavy machinery building plant - Ranchi - Bihar; power plant - Neyveli, Mashas; coalfield development - Madhya Pradesh; optical glass plant - West Bengal.
1957 July	2.0	East Germany	C	Textile machinery
1958 Jan.	21.0	Czecho-slovakia	C	Foundry-forge plant - Ranchi - Bihar
Oct.	10.7	Rumania	C	(adjusted for downpayment) Petroleum refinery - Gauhati, Assam.
Dec.	0.8	USSR	D	Technological Institute Bombay
1959 June	20.0	USSR	C	Four pharmaceutical plants (antibiotics, synthetic drugs, phytochemicals, glandular products); surgical instrument plant.



1. Bloc Credits and Grants (Contd.)

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credits D= Grants	Type of Project
1959 July	375.0	USSR	C	<u>Line of credit for industrial development</u> including: expansion of Bhilai steel plant; heavy electrical machinery plant; expansion of mining machinery and heavy machinery plants included in the 1956 November credits.
Sept.	25.0	USSR	C	Petroleum refinery - Barauni - Bihar
Nov.	48.5	Czechoslovakia	C	<u>Line of credit for industrial development</u> including: third stage of the Foundry-forge plant at Ranchi included in the 1958 January credit; heavy machine tool building plant; heavy electrical machinery plant
1960 Feb.	1.7	Czechoslovakia	C	Extended to a private firm for machinery to produce tyres.
May	31.5	Poland	C	Industrial equipment under the Third Five Year Plan, including: coal washing plants; machinery for aluminium and zinc production.
August	125.0	USSR	C	<u>Additional line of Credit to the July 1959 credit of \$375 million</u> for industrial development projects under the third five year plan.

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country

Minimum estimates of bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	During the period							
	up to end 1956	July 1 to Dec. 31, 1957	Jan. 1 to June 30, 1958	July 1 to Dec. 31, 1958	Jan. 31 to June 30, 1959	July 1 to Dec. 31, 1959	Jan. 1 to June 30, 1960	July 1 to Dec. 31, 1960
TOTAL - Economic and technical advisers	270	260	410	550	1025	1170	1100	735
from USSR			295		1000	1120	1000	
from European Satellites			115		25	50	100	

(ii) Total number of Indian Students who studied in the Sino-Soviet bloc countries.

	January 1956 to Dec. 1959	January 1956 to June 1960
<u>Academic training</u>	<u>95</u>	<u>115</u>
in USSR	40	50
in East Germany	50	60
in China	5	5
<u>Technical training</u>	<u>1045</u>	<u>1050</u>
in USSR	1000	1005
in Rumania	45	45

Military training - none up till end 1960

3. Trade with Sino-Soviet Bloc

(million US \$)

	1954	1955	1956	1957	1958	1959
<u>Exports to bloc countries</u>	19.4	27.6	49.4	67.0	71.0	110.4
of which: to USSR	5.3	5.2	22.7	39.2	49.0	63.7
to European Sat- ellites	5.5	3.4	13.7	15.7	14.3	28.0
to China	8.6	19.0	13.0	12.1	7.7	18.7
<u>Import from bloc countries</u>	13.1	23.2	72.3	86.5	137.4	97.0
of which: from USSR	2.4	6.0	31.3	48.6	100.9	53.1
from European Sat- ellites	4.9	9.1	20.9	28.0	23.0	31.2
from China	5.8	8.0	20.1	9.9	13.5	12.8

Trade with the bloc as percentage of total trade

Year	Exports	Imports	Total turnover
1954	1.6	1.0	1.3
1955	2.2	1.7	1.9
1956	3.8	4.2	4.0
1957	4.5	3.9	4.2
1958	5.8	7.5	6.8
1959	8.4	5.2	6.5

I N D O N E S I A

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC  
PENETRATION  
 (up till the end of 1960)

1. Bloc Credits and Grants

Total amount extended: \$1,016 million  
 (of which Military Aid, Credits and  
 Grants: \$506 million)  
 representing: \$11 per capita

Total amount drawn as  
 as 31st Dec. 1960: \$294 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credit D= Grant	Type of Project
1955 Feb.	8.6	East Germany	C	Sugar refinery - Jogjakarta
1956 April	21.5	Czechoslovakia	C	Line of credits including: Enamelware factory; tyre factory; irrigation projects; agricultural modernisation; industrial and transport development.
September	100.0	USSR	C	Line of credits including: Ten cargo ships; two tankers; roadbuilding; roadbuilding and construction equipment; engineering equipment; textiles
November	16.2	China	C	Funded trade deficit
1957 Feb.	8.0	USSR	C	4,000 jeeps
1958 Mar.	0.8	USSR	C	Electrical equipment
Mar.	108.2	Poland	C	Arms (the amount mentioned reflects adjustment for downpayments)
Apr.	11.2	China	C	Textiles and Rice
Apr.	39.0.	Czechoslovakia	C	Arms
June	36.7	Poland	C	Merchant ships
Oct.	0.9	Hungary	C	Trucks and buses
Dec.	8.0	China	C	Military training - air force
1959 Feb.	4.3	Poland	C	Shipyards construction (The amount mentioned reflects adjustment for downpayments).

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1. Bloc Credits and Grants (continued)

Date of Extension	Amount (in million US \$)	From	Type of Assistance C= Credit D= Grant	Type of Project
1959 June	30.0	China	C <sup>(+)</sup>	<u>Line of credits</u> including: three textile mills; spinning mills; a soda plant and other projects
June	12.5	USSR	C	Sports stadium - Djakarta
June	5.0	USSR	C	Merchant marine academy - Amboin
1960 Feb.	250.0	USSR	C	<u>Line of credits</u> for various projects to be used during the second development plan
	n.a.	USSR	C	War vessels including submarines
	2.4	USSR	C	200-bed hospital
	33.6	Czechoslovakia	D	Various complete factories and industrial installations and capital goods, including a number of chemical plants.
Dec.	n.a.	USSR	C	Military equipment valued at about \$400 million.

(+) cancelled in January 1960

2. Technical Assistance

(i) Number of bloc technicians in the country

Minimum estimates of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	During the period							
	up to end 1956	July 1 to Dec. 31 1957	Jan 1 to June 30, 1958	July 1 to Dec. 31, 1958	Jan 1 to June 30, 1959	July 1 to Dec. 31, 1959	Jan 1 to June 30, 1960	July 1 to Dec. 31, 1960
Economic and technical advisers	<u>20</u>	<u>105</u>	<u>170</u>	<u>270</u>	<u>150</u>	<u>75</u>	<u>125</u>	<u>165</u>
from USSR			5			15	75	
from European Satellites			160			60	50	
from China			5			0	0	
Military advisers	0		105		150	160	80	
Total	20		275		300	235	205	

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(ii) Number of Indonesian students who were trained in countries of the Sino-Soviet bloc

(a) <u>Academic training</u>	Cumulative totals	
	from 1956 to end 1959	from 1956 to mid 1960
in USSR	15	150
in European Satellites	95	130
in China	70	75
Total	180	355
(b) <u>Technical training</u>	0	25 <sup>(a)</sup>

(a) all in European Satellite countries

	Before 1958	In 1958	In 1959	During period Jan.1 to June 30, 1960	Total
(c) <u>Military training</u>					
in USSR	0	0	0	10	10
in European satellites	0	500	650	350	1,500
Total	0	500	650	360	1,510

3. Trade with the Sino-Soviet Bloc

Million US \$

	1954	1955	1956	1957	1958	1959
<u>Exports to the bloc</u>	9.0	33.9	23.6	34.6	54.1	72.3
of which: to USSR	0.4	0.0	-	7.4	10.0	15.5
to the European Satellites	6.3	27.7	11.9	1.0	0.7	3.7
to China	2.3	6.2	11.7	26.2	43.4	53.1
<u>Imports from the bloc</u>	15.3	40.3	44.7	33.4	47.3	69.2
of which: from the USSR	0.6	0.2	0.3	0.3	1.5	2.5
from the European Satellites	11.2	30.2	14.2	6.1	2.9	5.5
from China	3.5	9.9	30.2	27.0	43.0	61.2

- less than \$50,000

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Trade with the bloc as % of total trade

Year	Exports	Imports	Total Trade
1954	1.2	2.4	1.6
1955	3.5	6.4	4.7
1956	2.7	5.2	3.9
1957	3.6	4.2	3.8
1958	7.2	8.9	8.0
1959	8.2	15.1	11.8

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N E P A L

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up till the end of 1960)

1. Bloc Credits and Grants

Total amount extended : \$4.1 million  
 Representing : \$4.4 per capita  
 Total amount drawn (as at 31st December, 1960) \$4.2 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C = Credits D = Grants	Type of Project
1956 October	12.6	China	D	Financial assistance
1959 April	7.5	USSR	D	A hospital; a hydroelectric plant; a sugar mill; a cigarette factory; East-West road-building survey
1960 March	21.0	China	D	Equipment, machinery and technical assistance for the economic development programme

2. Technical Assistance

(i) Sino-Soviet bloc personnel in the country  
 Minimum estimate of Sino-Soviet bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	Before July, 1959	During the period		
		July 1 to Dec. 31 1959	Jan. 1 to June 30 1960	July 1 to Dec. 31 1960
Total:	0	25	40	50
Economic and Technical Advisers from the USSR	0	<u>25</u>	<u>40</u>	<u>50</u>
from the USSR	0	25	25	-
from China	0	0	15	-
Military advisers	0	0	0	0

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(ii) Number of Nepalese Students who were trained in the bloc

	<u>Before 1960</u>	<u>Up to mid. 1960</u>
Academic training	0	0
Technical training	0	15(a)
Military training	0	0

(a) in USSR

3. Trade with the Sino-Soviet Bloc

Trade between Nepal and Tibet, consisting of indigenous products from the border districts, represents a minor fraction of the total trade.

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PAKISTAN

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended : \$3.2 million

Representing : \$0.04 per capita

Total amount drawn (as  
at 31st December, 1960): \$3.2 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C = Credits D = Grants	Type of Project
1956 May	3.2	USSR	D	20,000 tons of wheat and 20,000 tons of rice

2. Technical Assistance

(i) Number of Sino-Soviet bloc technicians in the country  
This number never exceeded 5 during any six months' period up till 31st December, 1960.

(ii) Number of Pakistani students who have studied in bloc countries  
None reported up till mid-1960.

3. Trade with the Sino-Soviet Bloc Million US \$

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	33.6	36.9	20.4	20.1	21.2	10.9
of which : to USSR	3.6	-	0.0	4.0	6.6	3.5
to European Satellites	3.9	5.2	4.5	6.6	7.1	6.7
to China	26.1	31.7	15.9	9.5	7.6	0.7
Imports from bloc countries	6.5	3.4	8.7	10.3	16.1	7.9
of which : from USSR	0.3	0.1	0.3	1.3	2.0	0.8
from European Satellites	2.5	3.0	1.0	1.2	3.7	2.9
from China	3.7	0.4	7.4	7.8	10.3	4.2

("-" = less than \$50,000)

Trade with the bloc as % of total trade

Year	Exports	Imports	Total Trade
1954	13.5	2.0	8.3
1955	11.7	1.5	7.4
1956	6.0	2.1	3.8
1957	5.6	2.3	3.8
1958	7.0	4.1	5.3
1959	3.4	2.2	2.8

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ARGENTINA

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up to end 1960)

1. Bloc Credits and Grants

Total amount extended : \$104 million  
 Representing : \$5 per capita  
 Total amount drawn (as)  
 at 31st December, 1960: \$18 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C = Credits D = Grants	Type of Project
1955 July	1.3	Czecho-slovakia	C	Coal-washing plant - Rio Turbia (amount reflects adjustment for down payment)
1958 Oct.	100.0	USSR	C	<u>Line of credit</u> originally intended for petroleum equipment. In (May) 1960 a protocol was signed diverting part of the credit to other sectors. \$50 million were earmarked for the purchase of road construction equipment, bulldozers, mining equipment, machinery and machine tools, electric generators. \$32 million were obligated for petroleum equipment, \$18 million kept in reserve for the government petroleum company
1959 March	2.4	Czecho-slovakia	C	Cement-plant in the San Luis province (amount reflects adjustment for down-payment)

2. Technical Assistance

(i) Number of Sino-Soviet Bloc technicians in the country  
 Minimum estimates of bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities only are excluded.

	During the period							
	up to end of 1956	1 July to 31 Dec. 1957	1 Jan. to 30 June 1958	1 July to 31 Dec. 1958	1 Jan. to 30 June 1959	1 July to 31 Dec. 1959	1 Jan. to 30 June 1960	1 July to 31 Dec. 1960
Economic technicians	5	50	45	45	100	50	45	55
from USSR	0	0	0	0	0	0	0	
from European Satellites	5	50	45	45	100	50	45	

(ii) Students trained in bloc countries  
 None up to mid-1960

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3. Trade with Bloc countries

million US \$

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	90.6	84.9	35.9	29.6	63.6	54.2
of which : to USSR	36.4	29.7	16.5	13.9	15.5	19.3
to European Satellites	47.7	54.2	18.6	15.1	48.0	34.5
to China	6.4	1.0	0.8	0.7	0.1	0.4
Imports from the bloc countries	82.7	103.6	55.2	15.6	55.8	49.1
of which : from USSR	36.7	32.2	26.7	4.6	17.9	21.9
from European Satellites	46.0	71.4	28.5	10.7	38.0	27.2
from China	--	--	--	0.3	--	--

("-" less than \$50,000)

Trade with bloc as % of total trade

Year	Exports	Imports	Total Trade
1954	8.8	8.4	8.6
1955	9.1	8.8	9.0
1956	3.8	4.9	4.4
1957	3.0	0.9	2.0
1958	6.4	4.5	5.4
1959	5.4	4.9	5.1

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B R A Z I L

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
(up to the end of 1960)

1. Bloc Credits and Grants

Total amount extended : \$4 million  
Representing : \$0.05 per capita

Total amount drawn (as at 31st Dec. 1960) : \$4 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C = Credits D = Grants	Type of Project
1956 December	2.0	Poland	C	For the purchase of 2 freighters of 5,000 DWT each

2. Technical assistance

(i) Number of Sino-Soviet Bloc Technicians in the Country

Minimum estimates of bloc personnel present in the country for a period of one month or more; personnel engaged in commercial activities excluded.

	During the period:							
	up to end 1956	July to Dec. 1957	Jan. to June 1958	Jul. to Dec. 1958	Jan. to June 1959	July to Dec. 1959	Jan. to June 1960	July to Dec. 1960
Economic technicians	0	(a)	(a)	(a)	(a)	20	25	10
from USSR	0	0	0	0	0	0	5	-
from European Satellites	0	(a)	(a)	(a)	(a)	20	20	-

(a) One or two experts believed to be present

(ii) Brazilian students who studied in bloc countries

	Up to end 1959	Up to mid 1960
Academic training	less than 5	about 5
Technical training	0	10
Military training	0	0

3. Trade with Sino-Soviet bloc countries

in million US \$

	1954	1955	1956	1957	1958	1959
Exports to bloc countries	24.0	46.6	39.5	39.5	45.8	55.3
of which : to USSR	0.0	0.7	0.0	0.2	0.0	3.7
to European satellites	21.5	41.3	38.8	39.3	38.3	51.6
to China	2.6	4.6	0.7	0.0	7.5	(a)
Imports from bloc countries	18.8	38.1	46.1	37.0	29.0	48.2
of which : from the USSR	0.0	0.0	0.0	0.0	(a)	1.3
from European satellites	18.8	38.1	46.1	37.0	29.0	47.9
from China	0.0	0.0	0.0	0.0	(a)	(a)

(a) Less than \$50,000

Trade with the bloc as % of total trade

Year*	Exports	Imports	Total trade
1954	1.5	1.1	1.3
1955	3.3	2.9	3.1
1956	2.7	3.7	3.5
1957	2.8	2.5	2.7
1958	3.7	2.1	2.9
1959	4.3	3.6	3.9

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C U B A

SUMMARY OF INFORMATION ON SINO-SOVIET BLOC ECONOMIC PENETRATION  
 (up to the end of 1960)

1. Bloc credits and grants

Total amount extended : \$245 million  
 Representing : \$38 per capita

Total amount drawn (as  
 at 31st Dec. 1960) : \$3.5 million

Date of Extension	Amount (in million US \$)	From	Type of Assistance C = Credits D = Grants	Type of Project
1960 February	100	USSR	C	Line of credit covering various industrial projects to be established during 1961-65, and technical assistance expenditures connected with the industrial projects and with geological, industrial and agricultural surveys. A steel plant, an oil refinery, thermo-electric power plants, oil prospecting, capital goods and equipment delivery for the expansion of existing steel plants; various light industry factories.
June	20	Czecho-slovakia	C	Purchase of machinery and equipment for factories under Cuba's industrialisation plan.
September	8	Hungary	C	Machinery, equipment and complete industrial installations, technical assistance
October	20	Czecho-slovakia	C	Additional credit to the June 1960 agreement for the same purposes
November	60	China	C	(Interest-free credit). For the construction of at least 24 factories of various types. Technical assistance in such fields as: agriculture, mining, geology, etc.
December	7	Hungary	C	Additional credit to the September 1960 agreement for the same purposes

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1. Bloc credits and grants (continued)

Date of Extension	Amount (in million US \$)	From	Type of Assistance C = Credits D = Grants	Type of Project
1960 December	15	Roumania	C	Credit for economic development (no details available)
December	5	Bulgaria	C	Credit for 14 light industrial plants
December	10	East Germany	C	To finance partly 17 complete light industrial plants such as: textile mills, fishmeal and vegetable oil factories
	n. a.	Poland	C	To finance partly a shipyard, a battery factory, a nail factory, a slaughter house and a dozen small industrial plants.

2. Technical Assistance

(i) Number of Sino-Soviet bloc technicians in the country

MINIMUM ESTIMATES OF BLOC PERSONNEL PRESENT FOR A PERIOD OF ONE MONTH OR MORE. PERSONNEL ENGAGED IN COMMERCIAL ACTIVITIES EXCLUDED

	Up to end 1959	January-June 1960	June-December 1960
Economic technicians	0	40	220
from USSR	0	35	
from European satellites	0	5	
from China	0	0	
Military advisers	0	0	

(ii) Number of Cuban students who studied in the bloc countries

Up to mid-1960 : none

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3. Trade with the Sino-Soviet bloc countries

in million US \$

	1954	1955	1956	1957	1958	1959
Exports to the bloc countries	2.0	38.1	17.3	42.0	17.7	16.5
of which : to USSR	0.8	36.4	14.2	42.0	14.1	16.3
to European satellites	0.0	1.3	3.1	(a)	(a)	0.1
to China	1.2	0.4	(a)	(a)	3.6	0.1
Imports from the bloc countries	0.9	1.3	2.6	2.5	2.0	1.5
of which : from USSR	0.0	0.0	0.0	(a)	(a)	(a)
from European satellites	0.9	1.3	2.6	2.6	2.0	1.4
from China	0.0	0.0	(a)	(a)	(a)	(a)

(a) Less than \$50,000

Trade with the Bloc as % of Total Trade

Year	Exports	Imports	Total Trade
1954	0.4	0.1	0.2
1955	6.2	0.2	3.3
1956	2.5	0.4	1.5
1957	5.2	0.4	2.8
1958	2.4	0.3	1.3
1959	2.4	0.2	1.3

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SOURCE OF AMENDMENTS <sup>(1)</sup> INCLUDED IN THE REVISED REPORT

(a) Body of Report

<u>Paragraph Numbers</u>	<u>Delegation</u>	<u>Paragraph Numbers</u>	<u>Delegation</u>
1	Various	6	U.S.
2	France	7 bis	Various
3 bis	Italy, UK, US	8	France, US
4(a), 1st and 2nd Items	France	11	France
4(a), 3rd Item (deleted)	US	13, 14	Italy
5 bis	France, US	15 - 19	US
		21 bis	France

(b) Annex I

<u>Paragraph Numbers</u>	<u>Delegation</u>	<u>Paragraph Numbers</u>	<u>Delegation</u>
1-6	US	45	Netherlands
7	UK		UK
8	US	46, 48	UK
12	US, UK	52, 54, 57, 60, 63	France
13, 14	US	67, 69	UK
15, 3rd line	US	83	US
15, 16th line et seq.	US, UK	95	UK
17, 18, 20, 22, 23, 25-28	US	101-107, 110-112	US
29, 4th line	US	119, 120	UK
29, last sentence	UK	121-125	US
34	US	126-128	US
43, 44	UK	143, 145, 147, 151	US
		169	Netherlands

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(1) Factual or typographical corrections are not included in this list.