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PART I

COMMITTEE OF ECONOMIC ADVISERS

THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC

REPORT BY THE SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

Note by the Acting Chairman

Attached is the sixth report on the economic offensive of the Sino-Soviet bloc, covering the period from 1st July 1960 to 31st December, 1960. This report has been prepared by the Economics Directorate on the basis of information provided by delegations. It has been considered in the Sub-Committee on Soviet Economic Policy and account has been taken of comments made and amendments suggested by delegations. The report is now submitted for examination to the Committee of Economic Advisers, which may decide, as has been the case for previous reports, to transmit it to the Council.

2. Following the suggestions of some delegations, an attempt has been made to improve the layout of the document. The report is presented in two parts:

I. GENERAL PART

This part contains a description of the main features of the offensive and some essential statistics.

II. ANALYSIS BY COUNTRY

(Signed) A. VINCENT

OTAN/NATO,
Paris, XVIe.

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SIXTH REPORT ON THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC
(from 1st July, 1960 to 31st December, 1960)(1)

I. GENERAL PART

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.

(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 million in 1959(1). 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(2). 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%.

4. 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, Morocco, Guinea and mainly Cuba accepted for the first time military assistance from the bloc. 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(3). 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.

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- (1) See Chart I, page 19
 (2) See Chart II, page 21 and table 2 page 24.
 (3) See Chart III, page 21 and table 2 page 24.

5. During the second half of 1960 the most salient aspects of the recent development of the Sino-Soviet bloc economic offensive 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 Communist China as a source of large interest-free credits.

II. ECONOMIC AID

(a) Credits extended

6. 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, page 23. 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 cannot 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.

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7. 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 loans from Communist China), and the possibility of repayment through exports of indigenous products are bound to make these credits especially attractive to poor countries.

(b) Drawings

8. 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). 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 Communist 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.

9. 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 about \$750 million of the economic credits extended by the bloc since

-
- (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".

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 repayments. In any case, these repayments must have been so far very small. The graph on page 21 shows economic credits and grants extended during each year and also the yearly drawings from accumulated credits and grants.

10. It is not possible to draw definite conclusions from the 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 act 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

11. By the end of 1960, about two-thirds of the total economic credits and grants extended by the bloc to underdeveloped countries since 1954 has 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 main emphasis in the Soviet aid programme has been put on the industrialisation of the 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, agricultural techniques. 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.

12. 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 Billei 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 envisaged in recent credit agreements.

- the envisaged Bui Dam on the Black 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 the Sino-Soviet aid and co-ordination of aid within the bloc

13. The following tables shows the distribution of the bloc economic aid efforts among the Sino-Soviet countries;

Sino-Soviet bloc economic credits extended to under-developed 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	492.0	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>	20
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	
Communist China	<u>22.5</u>	3	<u>123.0</u>	25	<u>145.5</u>	12

14. 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 Communist China has considerably increased. In particular Communist 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

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grants, departing only exceptionally from their loan policy(1). The only large economic aid grants reported during 1960 were extended by Communist China(2) \$21 million to Nepal in March 1960, \$38 million to Cambodia in November 1960. In addition Communist China provided several interest free loans(3): \$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.

15. 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

16. 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:

-
- (1) The only large-scale USSR grant was given to Afghanistan in 1959 (\$86.6 million).
 - (2) Previous grants from Communist China 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.

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

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.

17. 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 \$375 million military credits and grants extended during the second half of 1960 were agreed at too late a date to

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

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

18. 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

19. 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 Communist China. However, the figure for Communist China includes Chinese labourers sent to the Yemen in connection with road building, accounting for nearly three-quarters of their total.

20. Communist 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. Communist 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

21. 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

22. 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.

23. 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

24. In their relations with the underdeveloped countries the Communists have 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

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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.

25. 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 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. From the point of view of the recipient countries, a motive for increasing trade with the Soviet bloc countries is often to be found in their desire to affirm their independence by diversifying their trade relations

(b) Fluctuations in Bloc Trade

26. Although the Sino-Soviet bloc has 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

(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).

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.

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

1958 = 100

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

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

	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

28. 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.

29. 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 Communist 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.

30. 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.

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PART I

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

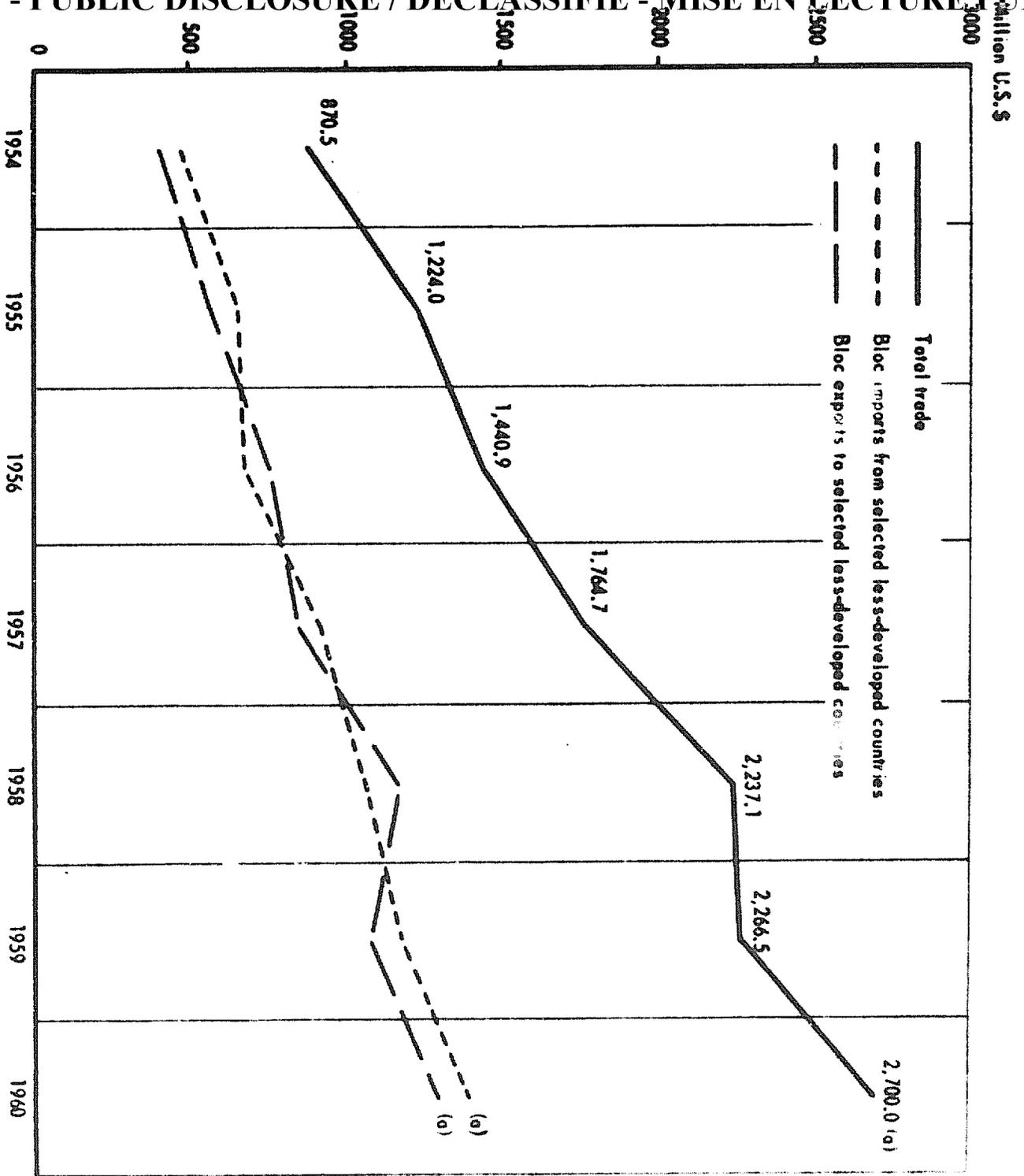


CHART II

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

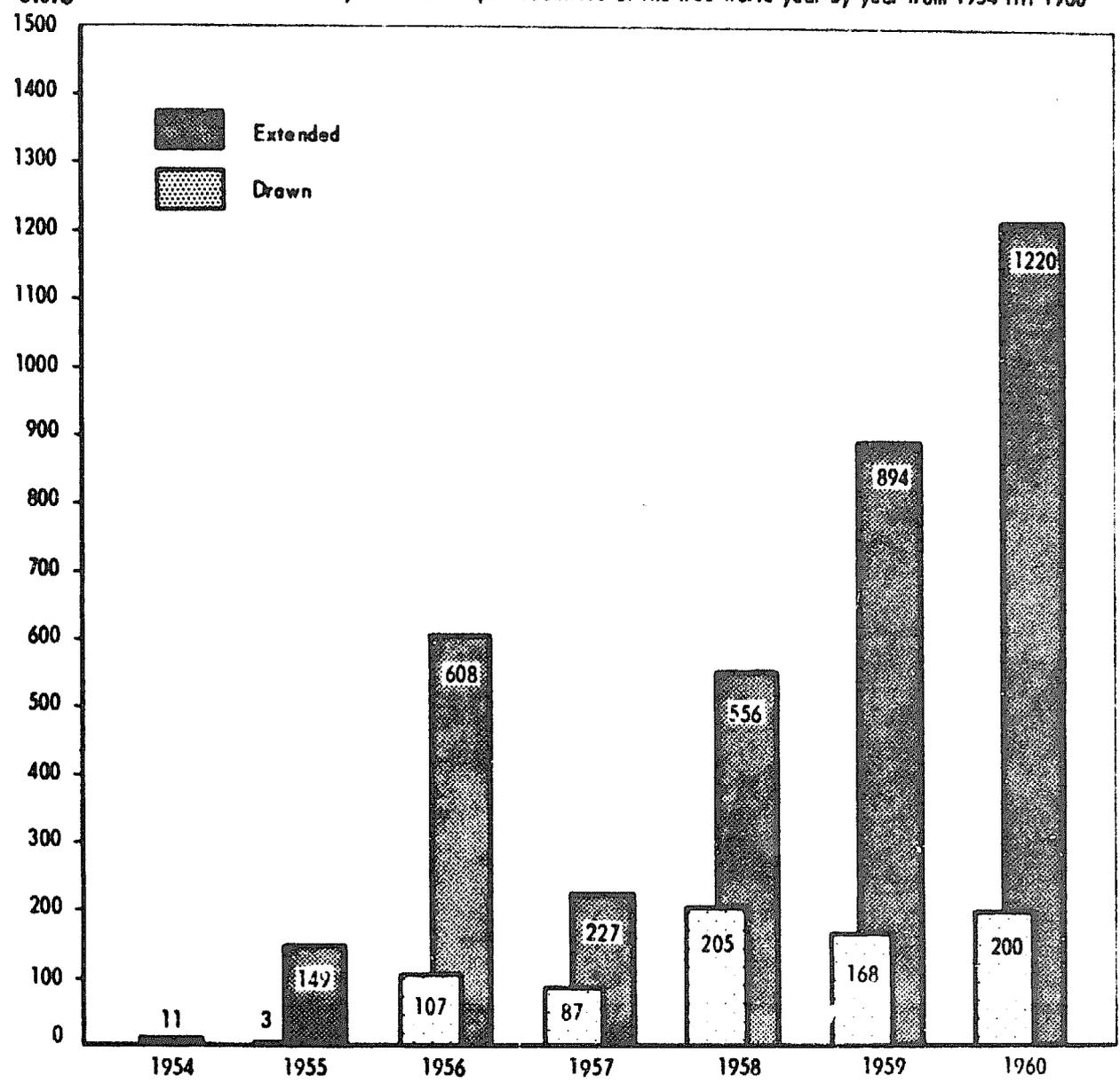


CHART III

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

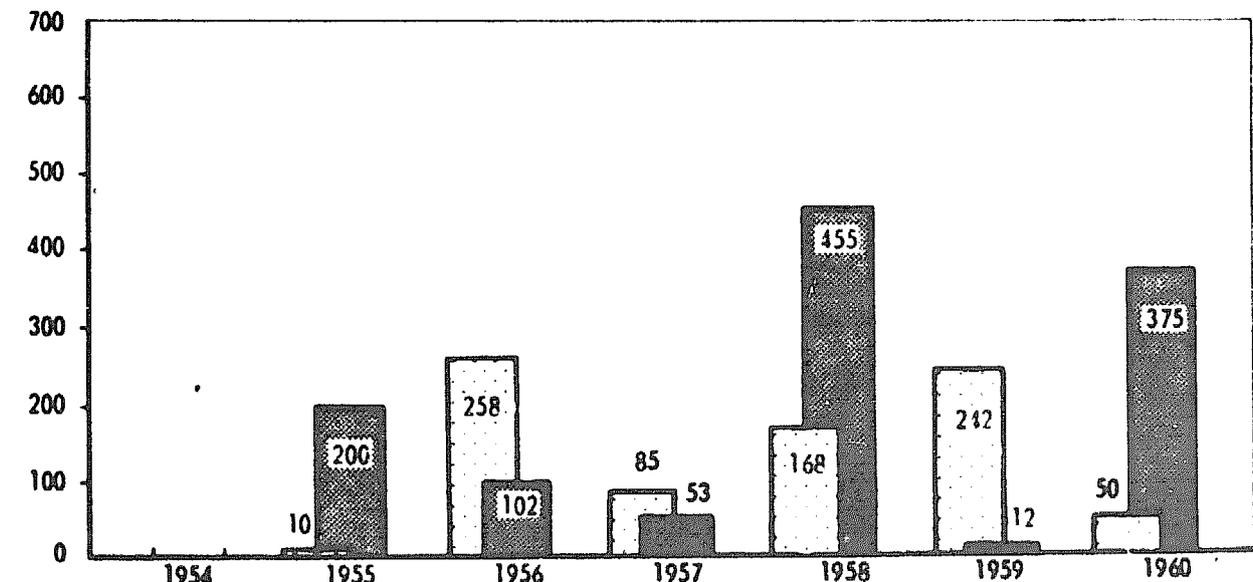


Table 1 - Sino-Soviet Economic Credits and Grants
 extended to underdeveloped countries

(1st July - 31st December, 1960)

Recipient Country	Amount in Millien US \$		Date of Extension
	Total	by donor country	
CUBA	125.0	15.0 Hungary	15th Sept. - December
		20.0 Czechoslovakia	28th October
		60.0 Communist China	30th November
		15.0 Roumania	December
		5.0 Bulgaria	"
		10.0 East-Germany	"
		Poland	
INDIA	125.0	USSR	30th August
GUINEA	63.9	25.0 Communist 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	Communist 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		

Table 2 - Sino-Soviet Bloc Credits and Grants to Under-
developed 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	33
Yemen	44	17	61	
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

Table 2 - 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 Communist China in June 1959 and subsequently cancelled or allowed to expire.

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