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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC

Note by the Chairman

Attached is a report prepared by the Economic Service, covering Sino-Soviet bloc economic offensive activities from 1st October, 1959, up to 30th June, 1960.

Delegations are invited to forward in writing to the Secretariat any comments they may have on this paper. A revised version will then be issued for consideration at a meeting of the Sub-Committee to take place after the summer recess.

(Signed) R.E. LUKE

OTAN/NATO,
Paris, XVIIe.

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Ref. P.A.

THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC

I. RECENT GENERAL DEVELOPMENTS

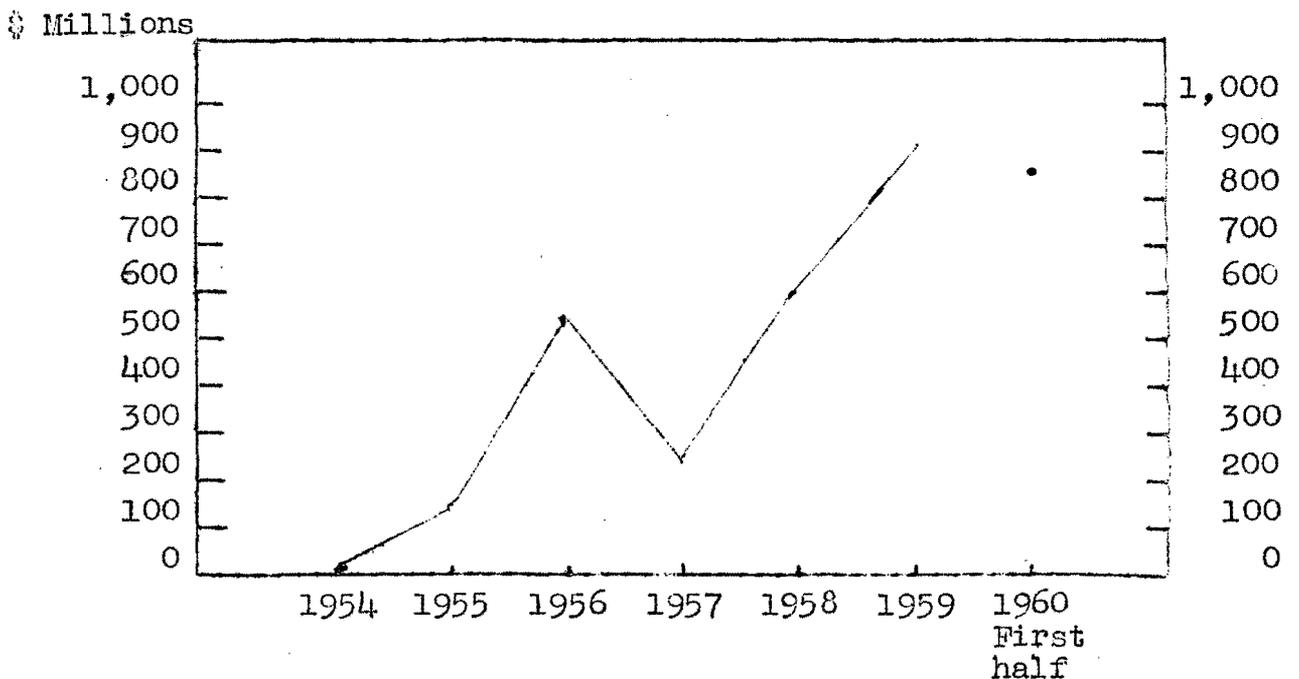
From 1st October, 1959 to date, credits and grants extended for economic purposes by the Sino-Soviet bloc to under-developed countries of the Free World amounted to \$841.2 million distributed as follows:

USSR	to UAR	\$287.0 million	January, 1960
"	to Indonesia	\$250.0	February, 1960
"	to Cuba	\$100.0	February, 1960
"	to Yemen	\$ 15.0	March, 1960
"	to Iraq	\$ 45.0	May, 1960
China (grant)	to Nepal	\$ 21.0	21st March, 1960
Poland	to India	\$ 31.5	May, 1960
Czechoslovakia	to India	\$ 48.5	November, 1959
"	to India(1)	\$ 1.7	February, 1960
"	to Ethiopia	\$ 10.0	11th December, 1959
"	to Brazil(1)	\$ 1.5	"
"	to Indonesia	\$ 30.0	17th May, 1960
TOTAL		<u>\$841.2 million</u>	

2. The chart below shows the development of economic aid extended by the Sino-Soviet bloc each year since 1954 to date.

ECONOMIC AID EXTENDED BY YEAR BY THE SINO-SOVIET BLOC

1954 - 30th June, 1960
(in millions of US dollars)



(1) Credits extended to private firms.

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3. The major portion of the new credits granted by the Soviet bloc during the period under review will not be drawn upon for several years to come. On the other hand implementation of previously granted credits is now beginning to gather speed and it may be that the drawings on these credits will exceed the level of \$200 million a year reported in the last report. It will, however, continue to be well within Russia's capacity to supply capital equipment.

4. The bloc has continued to make offers of credits and economic assistance to many countries: among others large-scale additional aid to India may be expected; none of the credit offers mentioned in the last report have been taken up. The following offers may be considered still valid:

		<u>\$ million</u>
From USSR	to India	420 - 630
" "	" Morocco	37
" "	" British Guiana	70
" "	" Mexico	100
" "	" Cyprus	unknown
" "	" Tunisia	unknown
" "	" Bolivia	60
" "	" Brazil	100
" Czechoslovakia	" Indonesia	3
" Rumania	" Indonesia	unknown
" Eastern Germany	" Iraq	unknown
" Czechoslovakia	" Iraq	unknown
" Poland	" Brazil	30

5. Only small-scale grants have been given by the USSR during the period under review: a technical school (\$2.8 million) to Ethiopia, a hospital to Indonesia, ten technical training centres to Iraq, 50,000 tons of wheat to Afghanistan and 2,000 tons of wheat to Ethiopia.

6. Communist Chinese penetration moves during this period have been limited to a grant to Nepal of \$21 million and a gift of 10,000 tons of rice to Guinea. A \$30 million credit previously granted to Indonesia has been cancelled as the result of the strained political relations between the two countries.

7. The only new military credit reported has been extended to Afghanistan. The supply of arms under earlier agreements seems to be nearing its completion except perhaps to Indonesia, where the delivery of a number of war vessels has been reported.

8. The Soviet bloc appears to attach increasing importance to education. By the end of 1959 the new "University of Peoples' Friendship" had started its activities. This University is intended to train and educate annually up to 4,000 Asian, African and Latin American students in various fields, such as engineering, agriculture, medicine, economics and teaching. The

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cost of travel to and from the USSR and the accommodation and education expenses are to be met by the USSR. In addition a stipend and free medical care will be given to the foreign students.(1) It is stated that the new University intends also to invite University teachers from these regions. At the same time, an "African Research Institute" has been opened in Moscow, indicating the special interest the Soviet bloc is taking in the developments in this part of the world.

9. In the regions where the Sino-Soviet bloc has been providing economic assistance for some time, it appears that the local governments are becoming increasingly aware of the disadvantages, and even dangers, related to Sino-Soviet penetration. Recent reports from Egypt, Iraq, India and from a certain number of smaller South-East Asian countries seem to indicate that the period of easy confidence, which marked the take-off stage of Sino-Soviet bloc assistance to underdeveloped countries in those areas is nearing its end. "The Times" recently described this phenomenon as a result of the "law of diminishing gratitude".

10. Major successes have been scored in countries with relatively inexperienced governments such as Cuba and Guinea. It also appears likely that in the future Soviet penetration will represent the greatest danger in countries where little experience of government is combined with economic difficulties, particularly in disposing of export products. The newly independent countries in Africa, such as Somalia and the former Belgian Congo, would therefore seem likely targets for further Soviet economic offensives as the new governments of these countries may well consider that the acceptance of some assistance from the Soviet bloc might reinforce their newly-won independence of the West.

11. The credit conditions offered by the bloc: long-term, low-interest rates and, even more, the possibility of repayment in goods produced by the receiving country, are tempting to governments of underdeveloped countries facing major economic and social difficulties. The extent to which the creation of the IDA may provide an alternate source of equally attractive loans from the West still remains to be seen.

12. More generally, it is still uncertain to what extent the various efforts to co-ordinate Western aid to underdeveloped countries, including the new OECD, will increase the capability of the West to counteract efficiently the economic offensive of the Eastern bloc.

II. HIGHLIGHTS BY AREA(2)

A. MIDDLE EAST

13. In the period under consideration, bloc economic activity in the Middle East has been concentrated on the countries where a considerable economic effort had already been registered,

(1) For further details see AC/119-WP(60)23/1

(2) For detailed country reports, see Annex I.

i.e. the UAR, Iraq and the Yemen. The major bloc initiative in the area has been the granting of a credit for the second stage of the Aswan Dam. Otherwise little change in the situation has been reported. Implementation of widely publicised projects has been slow and there are signs of growing awareness by the recipients of the drawbacks and limitations of Eastern aid.

14. The economic offensive by the Sino-Soviet bloc in Iraq still represents a greater danger to the West than penetration in other countries of the region. A new agreement concerning the creation of training centres in Iraq to accommodate 4,000 trainees has been signed and Eastern Germany is to build 17 small-scale industrial plants. An additional USSR credit of \$45 million has been granted for railway construction. Several contracts have been signed under the economic and technical co-operation agreement of 1959, which extended a credit of \$137.5 million to Iraq, and there have been more reports of progress in prospecting and designing spectacular projects. Out of 25 projects under this agreement so far only one, a broadcasting station, has been completed. There have been a number of reports of Iraqi discontent at the ineffectiveness of Russian assistance and complaints have been made that the qualifications of some Russian experts are not up to Western standards. The traditional trade patterns have not greatly changed and Iraqi imports from the Soviet bloc amount to less than 10% of total imports.

15. The Egyptian sector of the UAR continues to rely heavily on close economic relations with the Soviet bloc. Through the granting of a new credit for the second stage of the Aswan Dam, the Soviet Union has ensured that she will continue to occupy an important position in the Egyptian economy and, in spite of an increase in cotton sales to the West, the bloc purchases about half the Egyptian cotton crop. The weakness of the local Communist party and the determination of the Government to remain independent, supported by a highly nationalistic popular movement, alleviates, however, the danger of Communist penetration and signs of the régime's awareness of the dangers of Communist infiltration have not been lacking in the period under review. Implementation of assistance under the 1958 agreement has continued but at a rather slow pace and there are reports of Egyptian complaints about the poor quality of material received from the bloc.

16. In the Syrian sector of the UAR the Czechs have made new proposals following up the success of the oil refinery at Homs.

17. The UAR request for accommodation for Egyptian students in the West instead of in Russia presents a major challenge to Western initiative.

18. It is reported that the USSR has granted a new credit of \$15 million to the Yemen. This credit, in addition to previous Russian and Chinese loans, should have a substantial impact on the economy of that country.

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B. AFRICA

19. The Soviet bloc is clearly demonstrating its increasing interest in Africa; the USSR has recently set up in Moscow an African Research Institute and Khrushchev is planning to visit Africa later this year. Bloc trade missions have visited a number of African countries: Rhodesia and Nyasaland, Union of South Africa, Liberia, Guinea, Ghana, Tunisia, Morocco and Ethiopia. This increased interest is especially dangerous because many newly independent countries, anxious to develop their economies, are particularly vulnerable to Communist penetration.

20. Guinea continues to be a major target for the Soviet economic offensive and remains the most responsive of the independent African countries. The Soviet Union has agreed to implement a previous aid agreement by projects of particularly popular appeal, such as a national assembly building, a stadium, an airport and connecting highway, and some railways. In addition, the Soviets will deliver agricultural and building equipment and construct a polytechnical institute in Conakry. Whereas the Soviet credit was originally stated to be freely convertible, it has now become evident that it is tied to Soviet goods and services.

21. Guinea's recent withdrawal from the Franc zone has led to a substantial fall in her trade with France. The Soviet bloc is beginning to replace France as the main buyer of Guinea's agricultural products which were previously sold on the protected French market. The bloc is continuing to exploit every opportunity to expand its bridgehead in Guinea. In recent months, both the USSR and China have opened permanent press offices in Conakry to cover the area. In addition, a permanent hall for the display of Soviet goods is to be constructed. There are signs that Sekou Touré is beginning to be worried by the amount of Communist propaganda in the country and the attempts by the Communists to infiltrate the Democratic Party.

22. Communist activity in Ethiopia has continued to be substantial. The Soviets have made specific proposals for implementing credits by financing development projects in agriculture, transport and industry. The Russians are setting up as a gift a technical training school probably to be staffed by Russian technicians. A Soviet industrial exhibition has opened in Addis-Ababa.

23. It appears likely that the Soviets will accelerate their economic offensive in Africa in the near future. Of the many countries becoming independent this year, Somalia and the Belgian Congo, with very unexperienced governments and serious economic problems, should be particularly obvious targets for Soviet activities.

C. SOUTH AND SOUTH-EAST ASIA

24. On the world list of underdeveloped countries which have been receiving Sino-Soviet bloc assistance since 1954, India ranks top. By mid-1960 the total of credits and grants extended by the bloc to this single country exceeded \$800 million, i.e. more than $\frac{1}{4}$ of the total economic aid extended by the Soviet bloc and by far the largest part given to any single country of the Free World. The number of Sino-Soviet bloc technicians and specialists at work in the country by the beginning of this year was reported to be about 1,170. Following the \$378 million credit extended by the USSR to India in September, 1959, the most recent additional moves brought the Satellites into the limelight. Czechoslovakia and Poland added a substantial contribution to the USSR economic assistance.

25. During the period under review, the Soviet Union has been concentrating on the implementation of its large-scale agreements. She has now accepted Indian exports as repayment for all previously extended Soviet credits; formerly the USSR had the option of accepting either Indian products or payment in sterling. A similar clause was included in the recent credit agreements with the Satellites. After the visit of the Soviet Premier, Khrushchev, to India in February, 1960, it was understood that the USSR might be willing to give between \$420 and \$630 million additional credit aid for India's third Five-Year Plan (1961-1966).

26. In spite of all these efforts the Tibet affair and the Indo-Chinese border incidents have undoubtedly had adverse repercussions on further Sino-Soviet bloc penetration in Southern Asia in general and in India in particular. The USSR succeeded, however, to a certain extent in avoiding identification with China's aggressive policy. During his stay in India, Khrushchev attacked crudely the economic assistance programme of the Free World, but these statements met with little success. The difficulties facing Soviet economic penetration in the country have been admitted by Khrushchev himself(1). The coolness towards Soviet propaganda may be partly explained by the stir created by the Indo-Chinese border incidents but also by the widespread impression that the Free World is taking a serious interest in the success of India's development plans. This was again demonstrated by the recent bankers' mission under IBRD auspices and by the \$1,276 million United States wheat agreement.

27. The two most receptive countries for bloc penetration in this part of the world remain Indonesia and Afghanistan. A spectacular step was the new \$250 million loan granted by the USSR to Indonesia. However, at the present stage of her development

(1) It has been reported that during a banquet at the end of his Indian tour, Khrushchev said: "We, in our turn, cannot understand you. For so many centuries you have been oppressed by colonialists, yet you still do not feel as strongly as we do."

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it may take some time before Indonesia will be able to absorb the new aid in such fields as nuclear reactors for scientific research, iron and steel plants, non-ferrous metals and chemicals. Only about $\frac{1}{4}$ of the earlier \$100 million USSR loan has actually been drawn upon. The political tension between Indonesia and China, which started during 1959, is still hampering Chinese penetration and to a lesser extent Soviet aid. The low degree of efficiency of the Indonesian administration constitutes another element reducing the country's capacity to absorb Soviet aid.

28. Afghanistan's exceptional geographical situation makes it extremely hard for the Free World to counterbalance the steady growth of USSR influence in this country. The building of a second road linking the USSR border with the heart of Afghanistan, the further improvement of the Kabul airport and the presence of about 1,000 Russian experts, including some 170 military advisers, reflect the growing association of this country with the USSR.

29. Some smaller South-East Asian countries such as Ceylon and Burma have experienced disappointments in the implementation of economic agreements with the bloc and during recent months have tried to gain some elbow-room within the limits of these agreements. Ceylon discovered the disadvantages of her long-term barter agreement with China as the prices of the commodities concerned have moved in a direction which favoured free market operations. USSR assistance has proved rather unsatisfactory to the Burmese.

30. The three Asian SEATO countries, Thailand, Pakistan and the Philippines, kept well out of the sphere of influence of Sino-Soviet bloc penetration, although Thailand's rubber exports to the bloc have increased.

31. Nepal recently agreed to accept Chinese experts and to send trainees to China. This is in addition to technical aid from the USSR. Sino-Soviet penetration has been counteracted by increased assistance from the Free World, and especially from India.

D. LATIN AMERICA

32. Cuba is the Latin American country in which Communist bloc economic penetration has been most effective. Operating in the revolutionary atmosphere in Cuba the Soviets have made striking inroads. The USSR has made available a \$100 million credit for industrial development. Extensive Soviet technical assistance will be granted to Cuba. Trade with the Soviet bloc has increased and will take up about 15% of the country's total foreign trade. For the first time, the Cubans have agreed that sugar exports be repaid in Soviet goods rather than in convertible currencies. The agreement with Russia calls for repayment as to 20% in dollars and 80% in Russian goods. The USSR has made serious propaganda efforts by opening a large scientific and cultural exhibition in Havana. In this connection, it may be mentioned that the United States has felt compelled to discontinue its technical assistance to Cuba.

33. Argentina has served notice of its intention to terminate bilateral trade and payments' agreements with all East European countries except the USSR, whose \$100 million credit she is now drawing on. The 1958 agreement for the supply of petroleum equipment from the USSR has been amended to apply also to supplies of other capital goods.

34. At a time when Brazil is experiencing difficulties in selling her coffee production, Russia has signed her first trade agreement with that country. Brazil will export coffee and other products in exchange for petroleum, wheat and metals. Brazilian trade with the Satellite countries is expanding. Bloc countries have also been active in promoting trade with Chile, Colombia and Mexico. A USSR offer of a \$100 million credit to Mexico has been rather coolly received. Bolivia is reportedly negotiating a \$60 million credit with the USSR.

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ANALYSIS BY COUNTRIES

MIDDLE EAST

UAR (Egypt)

The economic relations between the United Arab Republic (Egypt) and the bloc have continued to develop along established lines, despite the fact that the political climate remains rather unfavourable for the bloc. In January, 1960, an agreement was reached providing for a \$287 million credit from the USSR for the construction of the second stage of the Aswan Dam. This is in addition to the earlier \$100 million credit extended by the USSR for the first stage of the Dam, on which work finally began in January, 1960. The terms of the second loan are the same as for the first one: an interest rate of 2.5% a year with capital repayment spread over 12 annual instalments starting one year after the completion of each stage. The USSR expects construction of the Dam to take three years less than originally planned by Western experts. Egyptian goods may be used for repayment of the loan. The USSR now has the full responsibility for the construction of the Dam and the British firm which had been acting as consultants for the Egyptian Government has been notified that its services will no longer be required.

2. Under the 1958 credit agreement with the USSR, Egypt was to receive Soviet assistance for the construction of a number of industrial projects. According to some reports, 76 projects fall under this agreement; of these only 3 textile mills and one laboratory are nearing completion. It is not known how much progress has been made on the remainder of the projects. The USSR has stated its intention of playing a major rôle in the industrial development of the UAR. Thus, the Vice-Chairman of the State Committee for Foreign Economic Relations of the USSR Council of Ministers announced in March, 1960 that more than 100 industrial projects would be built with Soviet assistance in the UAR, including 6 steel plants, 6 engineering works, oil, chemical, textile, and food industry establishments, irrigation and hydro-engineering installations such as the Aswan Dam. On the other hand, reports from Egypt state that the Egyptians have been appalled at the low quality of Soviet spinning mill machinery; thus, a British firm has been asked for quotations for replacing Soviet combers which the Egyptians considered useless.

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UAR (Egypt)
(contd.)

3. The USSR is constructing in Egypt 20 vocational training centres capable of training 5,000 workers during a single training period.

4. The economic situation has considerably improved owing to a rise in world demand for cotton which led to a price increase of about 15%. The share of Egyptian cotton sold to bloc countries, which declined slightly in 1958/1959, has declined further in the season 1959/1960. At present it accounts for about 50% of total cotton exports against 62% in 1958/1959 and 65% in 1957/1958.

UAR (Syria)

5. It is reported that the USSR is to open a new line of credits to Syria incorporating the unused portion of the credits made available in 1957. Following up their success at the Homs refinery, the Czechoslovakian trade corporation "Tekhnoexport" has offered to build a chemical and fertilizer plant complementary to this refinery. Some form of credit would probably be extended for this purpose.

6. Under earlier agreements, the Bulgarian State concern "Technoimplex" is completing a dam at Rastan as well as the construction of silos at Latakia. The USSR is to survey sites for a major dam on the Euphrates, on which construction is expected to start in 1962 and which should be completed within four years.

7. A large number of Soviet bloc technicians are working in Syria, inter alia on a geological survey and petroleum prospecting. Several hundred are involved in the survey of the Euphrates river. 300 Czech specialists are employed at the Homs refinery.

8. In February, 1960, Eastern Germany and the UAR signed a protocol which calls for an expansion of trade between the two countries to \$80 million in 1960, compared with \$57 million in 1959. In the first nine months of 1959, exports to the bloc countries declined from about 37% to 12% of total exports. In the same period, however, imports from the bloc increased. The existing shipping service between Eastern Germany and the UAR is to be extended to include calls at Latakia and Beirut, Alexandria remaining the terminal. There is also to be a regular service between Soviet Baltic ports and the UAR (a service from Black Sea ports already exists). The number of UAR students in the USSR has dropped substantially as a result of a deliberate policy on

UAR (Syria)
(contd.)

the part of the UAR Government which was worried by the extent to which the students received political indoctrination(1).

YEMEN

9. In March, 1960, the USSR granted a credit of \$15 million to the Yemen in addition to an earlier one of the same amount. In December, 1959, Russian experts were in the Yemen to carry out a survey of agricultural projects. It is also reported that about 700 Chinese are working on the road from Sana'a to the port of Al Hudaydah, which is being built under the direction of about 300 Russian experts.

IRAQ

10. Iraq in May, 1960, received a new credit from the USSR of \$45 million and Czechoslovakia has offered a credit of \$30 million; it seems likely that this offer will be accepted.

11. A number of projects are under preparation to implement the March, 1959, agreement by which the USSR granted Iraq a credit of \$137.5 million. Russian specialists have completed their main geological prospecting along the Tigris and the Euphrates. They are designing several large engineering installations on these rivers: a dam and a power station at Fatha on the Tigris, two other dams for regulating the flow of the Euphrates, possibly a large reservoir for regulating the flow of the two rivers, and a 310-mile canal between the rivers, which will drain a very large area of land. Iraq signed in April, 1960 a contract with the USSR under her previous agreement for the development of oil resources in the Khanagin area which was relinquished by the BP Company to Iraq.

12. Contracts have been signed with the Soviet "Tekhnoeksport" for the reconstruction of the neglected Baghdad-Basra railway line and for a new line between Kirkuk and Sulaimaniya. A site on the Tigris near Baghdad has been selected for the first Iraqi steel plant which will provide rolled steel for farm machinery and construction and cover about 20% of Iraq's present steel requirements. A contract has also been signed for the construction of a shipyard with a yearly capacity of ten ships of 800 d.w.t. each and some smaller craft. This project, to be situated near Basra, is expected to be completed rapidly. The USSR will further build a large antibiotics factory at Samarra, a sulphur

(1) For further details see AC/119-WP(60)11

IRAQ
(contd.)

works at Kirkuk and a cannery at Karbala. A technical assistance agreement has been signed providing for the construction of a nuclear reactor and an isotope laboratory and for organizing related research work and prospection for radioactive ores. It is announced that Soviet specialists are designing two grain elevators to a value of \$1.5 million. 34 Soviet experts will help to establish five state farms and agricultural machine stations. 38 Soviet experts are working in the harbour administration.

13. In December, 1959, Iraq and the USSR signed a technical training agreement according to which the USSR will assist in setting up 10 big centres for training Iraqis in the fields of radio-telecommunications, petroleum industry, agriculture, river transport, electronics, railways, weaving, spinning, metal sheet cutting, road-making machinery and air communications. About 4,000 workers will be trained by Soviet experts and the schools will be provided with the most modern equipment. The centres will also produce manufactured goods. 100 Iraq specialists arrived in the USSR in December, 1959, for training and an additional 36 engineers and technicians are expected. They will be trained to work in the antibiotics factory and sulphur works the USSR is going to build, as mentioned earlier. Iraqis will also be trained in the USSR in various other fields.

14. Iraq has accepted an offer from East Germany for the construction of 17 small-scale industrial plants but it is not clear whether credit is involved or if they will be paid for under the provisions of the existing trade agreement. The Iraqi Government is considering a similar offer from Czechoslovakia. Iraq railways have agreed to employ the Czech organization "Transakta" to act as their purchasing agents for all kinds of operating stores and to provide technical and advisory services. This would include advice on acceptance of tenders and choice of consultants. These services were previously provided by the British whose prices have been undercut by the Czechs by 25%. However, the railway authorities, it is reported, intend to have international tenders for their larger contracts.

15. There are reports that the Iraqis have been disappointed with the way in which the agreement with the USSR is being carried out: the opinions of the Iraqi experts are disregarded; it

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IRAQ
(contd.)

takes too much time to complete the projects; and some are chosen to suit the USSR's capability to supply equipment rather than to meet Iraq's economic needs. It is believed that the Iraqis will insist in the future on choosing projects more in line with Iraq's economic interests. On the other hand, some Western observers consider the Russian performance quite good. The first Soviet trade fair was opened in Baghdad on 10th April, 1960. A trade agreement was signed with Eastern Germany on 3rd June. Up till now, reorientation of Iraq's foreign trade towards the bloc seems to be less important than might have been feared; trade with the Communist bloc is still less than 10% of Iraq's foreign trade.

IRAN
JORDAN
LEBANON

16. According to press reports, a new trade agreement has been signed between Iran and Poland, providing for trade between the two countries of \$11.2 million each way during 1960-1961. A Czechoslovakian delegation, in January, 1960, is reported to have purchased 80,000 tons of phosphate in Jordan. In the Lebanon a Hungarian State trading concern and an Austrian engineering firm are jointly to build a large power station. Lebanese exports to the USSR in 1959 were twice the 1958 level; they included at least 120,000 cases of apples.

CYPRUS

17. Barter agreements between Cyprus and bloc countries in 1959 involved Cypriot exports valued at \$3.8 million or about 8% of Cypriot exports compared with 2% in 1958. Most of this trade is arranged by a Communist-controlled trading organization. Cyprus is exchanging 4,000 tons of raisins with the USSR for tinned meat, fish, pharmaceutical products and cement. The first 5,000 tons of a 20,000 tons' order of cement from Russia arrived at Limassol in February, 1960. It is reported that they will be sold 6% cheaper than locally produced cement. The Soviet Tekhnocksport has signed an agreement with a Cypriot firm to build an automatic flour mill at Paphos. If this project materialises, it would be the first bloc construction project in Cyprus. Russian sources have mentioned no special credit arrangement but have stated that payment would be made in agricultural products which were being "rejected by Western European countries". It has also been reported that the USSR would provide technical aid.

AFRICA

GUINEA

18. The Soviet bloc has been extremely active in Guinea, which continues to be the most responsive of the African countries. On 3rd March, 1960,

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GUINEA
(contd.)

agreement was reached on a number of projects which would be financed under the 1959 agreement with the USSR: a polytechnical institute for 2,500 students, many administrative buildings, a stadium to seat 25,000 persons, reconstruction of the Conakry-Mamu railway, improvement of the Conakry airport, a geological survey, a 17,000 hectares State rice farm and a number of dairy farms, a cement plant, a printing plant, a tannery and a cannery. A cultural agreement was also signed with the USSR and Czechoslovakia.

19. In addition to an earlier grant of 5,000 tons of rice delivered in July, 1959, Communist China has offered Guinea a further gift of 10,000 tons, part of which has already arrived in that country. Several hundred Communist Chinese agricultural specialists are scheduled to arrive in Guinea to assist the Government in its programme for the raising of livestock and the cultivation of rice. The first group was reported to be in Conakry at the end of February, 1960. The two countries signed a cultural co-operation agreement in October, 1959, and at the same time arranged for the exchange of diplomatic representation. President Schon Touré has accepted an invitation to pay an official visit to China before the end of this year.

20. Guinea will import \$5 million worth of capital equipment from Czechoslovakia. A Czech industrial exhibition opened in Conakry on 3rd March, 1960, and an agency for Skoda cars, trucks and motorcycles at very low prices will be established in Guinea. The Czech press reports that 60 medical service personnel will arrive in Guinea in 1960; in February, 1960, 15 had arrived under the terms of the long-term credit agreement of July, 1959.

21. Hungary will undertake the construction of a small flour mill; the equipment has arrived and Hungarian technicians will make the installations. This project is being carried out under the terms of the Guinea-Hungarian trade agreement concluded in 1959. On 1st October, 1959, Guinea concluded with Bulgaria an economic co-operation agreement and a trade agreement, providing for exchanges of Guinean agricultural products in return for Bulgarian industrial and consumer goods. Guinea has also signed a trade agreement with Eastern Germany covering the years 1960-1965 and a detailed trade protocol for 1960. The protocol provides for an increase in trade both ways and the agreement envisages further increases in the future. Eastern Germany will

GUINEA
(contd.)

supply small plants and equipment, fertilisers, cement, textiles, sugar, flour and other consumer goods in return for bananas, oleaginous plants, lemons and coffee.

22. 250 Guinean students are studying in Moscow: 150 of these are said to have been transferred to Tashkent to receive military training. Another 20 students have arrived in Prague possibly for military training.

23. Apparently following the advice given by bloc experts, the Guinean Government has adopted a policy which is likely to create serious difficulties in their foreign trade. The decision to leave the franc area means a loss of a protected high-price market for their agricultural exports. In the future they will to a large extent depend on Eastern markets for the disposal of these products. The Guinean attitude towards Western economic policy also seems to be influenced by Soviet bloc advice; it is significant that the country has not wished to join the International Monetary Fund and the International Bank.

ETHIOPIA

24. In March, 1960, it was announced that the USSR had offered Ethiopia a technical school to be built at Barr-Dar. This school will provide technical education for 1,000 students in textile and other local industries. It is reported that the Ethiopian Government may accept Russians as teachers. The cost of the school would reach about \$2.8 million. In December, 1959, an agreement was signed with Czechoslovakia covering economic, technical and cultural relations. This agreement provides for a \$10 million credit over a period of 10 years.

25. In March, 1960, Ethiopia and the USSR signed a protocol regarding the implementation of part of the \$100 million credit extended in July, 1959. Projects mentioned include a \$10 million refinery, a gold-ore dressing plant, geological survey and a survey of the possibility of setting up a metallurgical plant. Oil companies operating in Ethiopia have been approached to find out whether they would distribute Soviet oil and have also been warned to lower their prices as oil was available at a lower price from other sources. \$6 million of the \$100 million credit has already been allocated for purchase of Soviet refined petroleum products.

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ETHIOPIA
(contd.)

26. In November, 1959, an agreement was reached on the expansion of trade with the USSR. Soviet exports will include machinery, tractors, motor-cars, electrical and pharmaceutical goods. Ethiopia will export coffee, hides, skins, oil seeds and fish products. The USSR is carrying out a heavy advertising campaign in Ethiopia for Soviet goods.

27. Other Soviet bloc activities in Ethiopia have included a gift shipment of 2,000 tons of wheat for relief purposes. The Soviet wheat arrived shortly before a similar shipment from the United States. A Czech scientific mission has undertaken a geological survey in Ethiopia. Three Czech scientists are conducting a study of the country's thermal springs as the Emperor is interested in developing tourism.

GHANA

28. Unconfirmed press reports have mentioned a Russian offer to finance the Volta river project in Ghana. The Government is discussing with the USSR the possibility of establishing a steel plant; this follows a survey of the iron ore deposits in North-Eastern Ghana, made earlier by a Polish mission. Ghana's trade with the Communist bloc is developing; it was reported in January, 1960 that China had bought 2,000 tons of cocoa beans valued at about \$1.3 million. This seems to be the first Chinese purchase in Ghana since the latter became independent. Chinese exports to Ghana, previously negligible, amounted to \$1.3 million in the first seven months of 1959. An East German industrial exhibition opened in Accra in March. Ghana has signed a trade protocol with Hungary as a preliminary step towards a future trade agreement. Hungary has offered ten scholarships and has invited a Ghana delegation to visit Hungary in the near future.

TUNISIA

29. During recent negotiations with Tunisia, dealing with the 1960 protocol under the 1957 trade agreement with the USSR, the question of economic and technical assistance was raised and the Russians promised to give it "favourable consideration". A small Czech team of experts is in Tunisia to assess the scope for possible technical assistance. This is the first concrete sign of Tunisian willingness to accept such assistance from the Soviet bloc. Tunisian trade with the bloc continues to develop. Besides the renewal of the agreement with the USSR mentioned above, she has renewed her trade agreement with Bulgaria, and the President is planning to send a mission to Poland and Czechoslovakia to discuss barter agreements providing for the import of Polish

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and Czech heavy equipment. In January, 1960, Tunisia was also considering proposals for a trade agreement with East Germany, but she has refused offers to establish consular relations and a youth exchange programme.

LIBYA

30. Libya has reconsidered the USSR offer for the construction of two hospitals. In principle, she has accepted the offer but with conditions so severe that the Russians are thought unlikely to accept. This move seems mainly designed to stimulate further Western offers of aid. There have been reports that the Czechs have offered machinery and complete factories on liberal credit terms to a Libyan Chamber of Commerce mission which visited Czechoslovakia in November, 1959.

ASIA

AFGHANISTAN

31. Afghanistan has received a credit of \$15 million from the USSR, repayable in 50 years without interest; this credit is being used for petroleum exploration in the northern part of the country. Oil is reported to have been found on 10th April. Preliminary information indicates that production from the field which has been found might be well in excess of Afghanistan's needs. Under the previous credit agreement with the USSR, a number of important projects are under construction. By the end of 1959 about \$79 million of this \$100 million credit had been committed to specific projects. The USSR is building two hydro-electric power stations on the Kabul river, one at Naghlo and another at Darunta. The Soviets are also carrying out modernisation at the Kabul airport at a cost of \$3 million. Preparatory work has begun on the 470-mile concrete road from the USSR to Kandahar, on which agreement was reached in May, 1959. It is now reported that the construction of this road will cost the Afghans \$12 million, whereas previous reports indicated that the Soviet grant of \$80 million would also cover the local cost. Another road from the Soviet border to Kabul over the Salang Pass is being built by Soviet engineers.

32. A number of civilian Afghan technicians have gone to the USSR for training. This appears to represent a change in the policy of the Afghan Government. It is estimated that, in addition to 170 Soviet military personnel, more than 900 Soviet technicians are in Afghanistan. In August, 1959 the USSR provided Afghanistan with a credit of \$6 million for the purchase of military equipment actually worth

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about \$24 million. Since 1956 some 340 Afghan officers have received training in the USSR and about 140 officers are actually there. It is expected that in five years' time all Afghan officers will have received training in Russian Service schools.

33. The USSR has made a grant of 50,000 tons of wheat for 1960. A trade protocol was signed on 9th February, 1960, between Afghanistan and Czechoslovakia, calling for a 5% increase in trade in 1960 compared with 1959. Czechoslovakia will import cotton, wool and oil seeds and will export engineering equipment, complete plants and consumer goods.

CEYLON

34. Of the 16 projects covered by the 1958 \$30 million credit agreement between Ceylon and the USSR, seven have received the approval of the Ceylanese Government; these include a \$20 million iron and steel mill, a flood control, power and irrigation project on the Kelani Ganga river, and a motor-tyre factory.

35. Under the existing long-term barter agreement, Communist China in 1959 exported to Ceylon 230,000 metric tons of rice and imported 30,000 metric tons of rubber. A third protocol to this agreement has fixed quantities to be exchanged in 1960 at 160,000 tons of rice and 17,000 tons of rubber. In addition, Ceylon has to take 80,000 tons of rice left over from last year's agreement and China has an option on another 5,000 tons of rubber, repayable in goods other than rice. The situation on the world markets has changed to make the barter agreement less favourable to Ceylon. She now receives good prices for her rubber and rice is abundant on the world market. Abrogation of the agreement was therefore a possibility. One of the reasons for continuing the arrangement seems to have been that Ceylon is expecting to receive a \$3 million grant from China as a first instalment of a total of \$15.8 million which China was to provide during the five years of the agreement out of the proceeds realised from the sale of Chinese goods to Ceylon. There has, however, been little demand in Ceylon for Chinese goods and up till now no grants have been provided.

INDIA

36. Further bloc credits have been extended to India, bringing the total to over \$800 million. In November, 1959, agreement was reached on a new long-term credit of \$48.5 million under the economic assistance agreement with Czechoslovakia. The

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credit is for eight years at 2½% interest and repayment, which begins one year after final delivery, will be in Indian goods: pig iron, chemicals, engineering goods, non-ferrous metals and semi-finished products. The new credit will finance machinery and equipment for the third stage of the foundry forge at Ranchi. It will also finance a plant for producing heavy machinery and various other projects under India's third Five-Year Plan. The Czech Government enterprise Tckhnoeksport in February, 1960 extended a credit of \$1.7 million to a private Indian firm for machinery to produce automobile parts. The payment will be in non-convertible rupees over a period of 8 to 12 years, and Czechoslovakia has agreed to purchase from the Indian Government 20,000 tyres at a cost of \$210,000 over a period of four years. This is the first known bloc credit to a private Indian concern. India has accepted a Czech offer to set up a technological training centre at which Indian technicians will be trained in the design of machine tools. In May, 1960, Poland extended a credit of \$31.5 million, on conditions similar to those of the Czech credit to the Indian Government, for industrial equipment to be used during the third Five-Year Plan, including machinery for aluminium and zinc production and coal washing plants. It is also reported that the Poles are to start building a steel rolling mill at Agra, with a capacity of 30,000 tons a year. This would be the first sizeable Polish construction project in India. Another Polish credit offer to develop copper mining is still under consideration.

37. Under existing credit agreements with the USSR, a number of projects are at various stages of completion. After the successful completion of the Bhilai plant, agreement has been reached to expand its capacity from 1 million tons to 2.5 million tons; this is part of an agreement on the use of the \$375 million credit of July, 1959. The design has been completed for a coal dressing plant located in the Korba coal basin. This plant will have a capacity of 2 million tons a year. Electrical machinery has recently been delivered for the Neyveli power plant in Madras State. Agreement has been reached on delivery of \$32 million worth of machinery for a plant which will produce about 45,000 tons of heavy machinery per year. A further \$18 million worth of machinery and equipment will be used for a plant which will produce about 30,000 tons of mining equipment a year. The USSR have agreed to help India design and build nuclear power stations. This agreement may involve additional

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financial aid. (In this connection the chairman of India's atomic energy commission visited Russia in May/June, 1960.) Survey work on the Assam refinery, financed by a Rumanian \$10.7 million credit, has been completed.

38. The USSR and India have concluded a trade agreement for 1960 providing for Soviet deliveries of machinery, metals, fertilisers, chemicals, paper cellulose and oil products in exchange for traditional Indian exports. It is noteworthy that the Soviet exports of oil products are expected to increase very substantially; it has been reported that they may well reach the level of 1 million tons. A trade agreement with Poland was signed on 2nd November, 1959. It runs for three years from 1st January, 1960, and envisages "considerable increase" in Indo-Polish trade. The East German Deputy Minister for Foreign and Intra-German Trade was in New Delhi in February, 1960. A Hungarian trade mission was in India in June, 1960. The last trade agreement between India and China expired in December, 1959 and has not been renewed.

39. Other activities of the bloc in India include the arrival of a Czechoslovakian delegation in February, 1960, to negotiate an air agreement. A delegation of East German agronomists has also arrived in New Delhi to give lectures. It has been reported that the Indians are complaining that Soviet petroleum equipment now in use in India has performed badly and that Soviet drilling and testing techniques leave much to be desired. An accident which occurred at a drilling site lately was attributed to poor machinery and technique.

NEPAL

40. In addition to the grant of 1956, China has made a grant to Nepal of \$21 million to be drawn over a period of three years. This grant will be used to cover imports of equipment, machinery and materials including a cement plant. Nepal has agreed to send Nepalese trainees to China and to accept Chinese experts; 14 of these have already arrived and a further 20 are expected soon. Under the existing aid agreement with the USSR, several Soviet technicians have arrived to assist in the survey of the new East-West road. Additional technicians are expected from Russia to survey other projects, i.e. a hospital, a hydro-electric plant, a sugar mill and a cigarette factory. The Nepalese Government has stated that students from Nepal will not be allowed to study at the newly established university in Moscow.

INDONESIA

41. During Khrushchev's visit to Indonesia in February, 1960, it was announced that the USSR had extended an additional credit of \$250 million to be spent over a period of seven years. The interest rate of the new credit is 2 $\frac{1}{2}$ % and repayment will be made in 12 annual instalments beginning one year after delivery of the equipment. Repayment will be in Indonesian goods or convertible currencies. The price of the goods used for repayment will be settled three months before the beginning of each year. Only one-quarter of the earlier \$100 million credit has been drawn by Indonesia, partly because of Indonesian reluctance to accept larger numbers of bloc technicians. One bloc project under the earlier agreement, which is receiving high priority, is the construction of an impressive Asian games stadium in Jakarta whose completion in time for the Asian Games in 1962 is a point of national honour. Under the agreement, Indonesia will receive one or two small reactors for scientific research and industrial plants in the fields of iron and steel (including a steel mill in Western Java), non-ferrous metals, chemicals and textiles, as well as agricultural projects. Russia will make the surveys, prepare designs, give technical advice and supply equipment and material not available in Indonesia. In addition to the credit agreement, it was announced that a hospital of 200 beds will be built in Djakarta as a gift from the USSR. A cultural agreement was also signed, providing for exchanges of students; the USSR will build a technical institute at Amboin and a hydrographic institute. Under the terms of the naval aid agreement, Indonesia is reported to have accepted a Soviet offer of a cruiser and three or four submarines for delivery in 1961. This and previous deliveries of Soviet ships may entail naval personnel training by Russia.

42. Other offers of aid have been received from Satellite countries; Czechoslovakia has agreed to supply 48 diesel generators worth \$3 million on credit terms; Rumania has offered technical and economic aid in constructing a cement factory in Northern Sumatra and has offered to help in the rehabilitation of oil wells there. Indonesia has cancelled a \$30 million development credit negotiated with China in June, 1959 for three spinning mills, a soda plant and other projects. Under existing agreements, Soviet geologists have arrived to prospect for sulphur and phosphate deposits in Indonesia and Soviet technicians are helping to construct two iron and steel works in Java.

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INDONESIA
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43. Under a new trade agreement for 1960, Indonesia is to export 20,000 tons of rubber to the USSR. In 1959, the planned export of 14,000 tons was exceeded by 3 to 5,000 tons. Poland has ordered \$3 million worth of modern radio and radar equipment from the United Kingdom, to be installed in the 24 ships she is building for Indonesia. 20 diesel buses ordered from Hungary have arrived. Eastern Germany has made available for 1960 ten scholarships for specialists in science and 30 for university studies in fields to be selected by the Indonesian Government.

BURMA

44. The USSR appears, largely as a result of poor planning, to have been singularly unfortunate with its aid programme to Burma which consisted of a technological institute, a hotel and a hospital. Numerous changes have been made in the plans for use of the constructions, which are considered impractical. A reduction of bloc technical assistance has resulted and the Burmese Government has limited the amount of on-the-spot training of hospital staff by the USSR to a minimum.

45. Communist China and the USSR agreed in November, 1959, to let Burma draw on its Soviet clearing account credit to pay a longstanding \$2 million barter debt to China. Burma still has a credit balance with the bloc, which she finds difficult to use. She will, nevertheless, export 44,000 tons of rice to the USSR in 1960. In a recent trade agreement with Poland, involving the sale of rice over a three-year period, Burma is to receive cash payment in sterling.

CAMBODIA

46. During his visit to Cambodia in May, 1960, Chou En-Lai inaugurated two of the four projects constructed under Chinese supervision to implement the Chinese aid agreement. A 500-bed hospital, built by the Russians, is scheduled to open in July, 1960. The USSR will send out 18 doctors and six interpreters, train 20 Cambodian doctors in the USSR and supply medicines sufficient for two years. A minimum of 100 doctors, nurses and technicians is thought to be required for full utilisation of the hospital and it is apparently hoped in Cambodia that the rest of the staff can be recruited outside the bloc.

THAILAND

47. According to Japanese reports, East European cotton fabrics have been taking an increasingly large share of the Thailand market. The Soviet Union and Hungary have surpassed India as suppliers of cotton fabrics and are now second only to Japan and Hong Kong.

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MALAYA

48. During the first half of 1959 the USSR was the largest purchaser of Malayan rubber. Her total purchases for that period amounted to 117,783 tons, nearly twice the figure for the corresponding period in 1958. During the same period, the United Kingdom came second with a purchase of 73,000 tons.

LATIN AMERICACUBA

49. On the occasion of Mikoyan's visit in February, 1960, Russia and Cuba signed an agreement providing for \$100 million credit to Cuba, repayable in 12 years, starting one year after delivery. The credit is at 2½% interest and is repayable in goods or in convertible currencies. The agreement covers the establishment of industrial plants during 1961-65. The USSR will give extensive technical assistance and will undertake most of the work in connection with the projects. USSR technicians will probably make a survey of the potential of Cuban extractive industries, agriculture and manufacturing. In June, 1960 Czechoslovakia extended a \$20 million credit to Cuba at 2½% interest for the purchase of machinery and equipment.

50. A new trade agreement between the two countries calls for USSR purchases of 1 million tons of sugar for five years at a price of about 2.8 US cents per pound, i.e. somewhat below world market prices; Russia agreed not to re-export the sugar to traditional importers of Cuban sugar. Repayment will be 80% in Russian goods and 20% in dollars. In 1960, Cuban imports will comprise a large variety of raw materials and industrial goods, especially farm equipment. If the terms of the agreement are carried out, the USSR will account for about 10% of Cuba's total trade. The agreement also provides for the possibility that triangular settling of accounts may be arranged with a third party.

51. Cuba's imports from other bloc countries have so far been insignificant in comparison with its exports. An indication that this may change is seen in the trade agreement signed in March with East Germany which provides for Cuban exports of 60,000 tons of sugar at 3.08 US cents per pound and some other goods in exchange for industrial machinery and equipment. This agreement may involve a substantial credit from East Germany. It is reported that Cuba, the first Latin American country to do so, will establish a permanent mission in East Germany. East Germany is to establish a similar mission in Cuba soon. Sales of sugar have been arranged with other

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Communist countries; Poland has bought 100,000 tons at 2.93-2.95 US cents per pound in 1960 - this is a first direct sale to Poland and is probably due to the poor sugar beet crop in Eastern Europe; China has purchased 130,000 tons of sugar since December, 1959. In March a trade agreement was signed with Poland, which may involve delivery of Polish industrial equipment on credit terms. At the same time, a technical co-operation and scientific assistance agreement was concluded.

52. On 1st February, 1960, a Soviet technical, scientific and cultural exhibition opened in Havana; it was accompanied by extensive publicity and the USSR paid for the distribution of 150,000 additional copies of the paper "Revolucion" which praised Russia.

ARGENTINA

53. Argentina has purchased 80 diesel motor coaches from Hungary for the Argentine state railways. This may amount to the partial acceptance of the \$23.3 million Hungarian credit offered in March, 1959. The Polish State trading organization has contracted with an Argentine sugar co-operative to construct a sugar mill worth \$1 million at Florencia. The Poles will provide blueprints and the complete equipment for the plant which will process 3,000 tons of sugar cane and produce 25,000 litres of alcohol daily. It is not known whether this contract involves credit. Under the existing credit arrangement with the USSR, Argentina is to receive \$50 million worth of railway, road-making and electrical equipment. A number of USSR technicians will be used for the installation of the equipment and for training.

54. Argentina has made known its intention to terminate bilateral trade agreements with all Eastern European countries except the USSR. This is in accord with the IMF recommendation that she should eliminate bilateralism in her foreign trade. The countries involved are: Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, Yugoslavia and probably East Germany. The USSR was excepted because of the \$100 million credit. Most of the agreements will come up for renewal in 1960 and can be terminated at 90 days' notice. Under these trade agreements Argentina had a credit balance of nearly \$21 million with Eastern Europe on 31st October, 1959.

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BRAZIL

55. Czechoslovakia has extended a \$1.5 million credit to a private Brazilian firm for the purchase of machinery for a cement plant. The head of a Soviet trade mission visiting Brazil announced that the USSR was willing to extend a credit of \$100 million to this country without requiring the establishment of diplomatic relations between the two countries. In December, 1959, Brazil signed a trade agreement with the USSR providing for a total exchange of goods valued at \$208 million over the next three years. Approximately 75% of Brazilian exports will be accounted for by coffee, which Russia has committed herself not to re-export. Other exports include cocoa, vegetable oils and leather. Brazil will import from the USSR petroleum and petroleum products, equipment for the petroleum and other industries as well as wheat and metals.

56. Brazilian trade with the Satellite countries is also extending. An agreement has been signed with Poland providing for an exchange of \$70 million worth of goods. Poland has offered to build a \$30 million steel plant on credit to be repaid over eight years. Brazil will export coffee, cocoa, hides and iron ore in return for ships, machine tools, railway equipment, agricultural and textile machinery, chemicals and other goods. An agreement has been signed with East Germany under which Brazil will import agricultural machinery, machine tools, road building machines and railway and other industrial equipment; this agreement, which provides for trade worth \$16-\$20 million each way, is reported to include an element of credit. Czechoslovakia and Hungary are selling increasing amounts of agricultural machinery to Brazil. This machinery is reported to be of low quality but sells at prices far below those charged by the United States. Brazil is expected to contract with the Czech "Technoexport" for hydro-electrical equipment worth \$7.2 million for the Basiri power plant; payment will be made as to 70% in coffee and the rest through the existing clearing account. Four USSR petroleum experts have arrived under contracts with a private firm. It has been reported that Polish experts will put into operation the caustic soda plant at Cabonfrio, which was constructed and financed partly by the French. A Polish industrial exhibition showing heavy machinery, farming equipment and aircraft engines was held in Sao Paulo in November, 1959.

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CHILE

57. China has purchased for the first time from Chile 10,000 tons of crystallised nitrates to be paid for in sterling. The USSR is negotiating possibilities of purchases of copper, nitrates, wool and certain types of steel. USSR exports would be oil and industrial equipment, asbestos and chrome.

MEXICO

58. In connection with the USSR exhibition which took place in Mexico City in December, 1959, the USSR has offered Mexico a credit of \$100 million. It seems unlikely that this offer will be accepted.

COLOMBIA

59. A Colombian coffee sales' mission, which has toured the bloc, has concluded agreements with all the chief bloc countries except Poland.

URUGUAY

60. The USSR is an important purchaser of wool from Uruguay, although she apparently is losing ground in her trade with that country.

BOLIVIA

61. Following a Russian offer in August, 1959, a mission from Bolivia is visiting Moscow to negotiate a USSR loan of \$60 million for the petroleum industry. The loan is reported to be repayable over 40 years.

SINO-SOVIET BLOC CREDITS AND GRANTS EXTENDED TO
UNDERDEVELOPED COUNTRIES OF THE FREE WORLD
1ST JANUARY, 1954 - 30TH JUNE, 1960(1)

(Million US \$)

Area and Country	Economic	Military	Total
Total	3,091(2)	804	3,894
<u>Middle East</u>	<u>950</u>	<u>580</u>	<u>1,529</u>
UAR (Egypt)	525	315	840
UAR (Syria)	177	128	304
Yemen	59	17	76
Iraq	183	120	303
Iran	6	0	6
<u>Africa</u>	<u>153</u>	<u>1</u>	<u>154</u>
Guinea	41	1	42
Ethiopia	112	0	112
<u>Asia</u>	<u>1,671</u>	<u>223</u>	<u>1,894</u>
Afghanistan	217	38	256
Pakistan	3	0	3
Ceylon	58	0	58
India	806	0	806
Nepal	41	0	41
Indonesia	500(3)	185	684
Burma	12	0	12
Cambodia	34	0	34
<u>Latin America</u>	<u>206</u>	<u>0</u>	<u>206</u>
Cuba	100	0	100
Argentina	104	0	104
Brazil	2	0	2
<u>Europe</u>	<u>111</u>	<u>0</u>	<u>111</u>
Yugoslavia	111	0	111

- (1) Because of rounding, figures may not add up to totals.
- (2) Including about \$213 million in grant aid to: Afghanistan, Cambodia, Ceylon, Guinea, India, Nepal, Pakistan, Yemen and Indonesia.
- (3) Not including \$30 million credit extended by China in June, 1959, and subsequently cancelled by Indonesia.