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ORIGINAL: ENGLISH
6th December, 1960

NATO CONFIDENTIAL
DOCUMENT
C-M(60)116

THE ECONOMIC OFFENSIVE OF THE SINO-SOVIET BLOC
(from 1st October, 1959 till 30th June, 1960)

Fifth Report by the Committee of Economic Advisers (1)

I. RECENT GENERAL DEVELOPMENTS

From 1st October, 1959 to 30th June, 1960, credits and grants extended for economic purposes by the Sino-Soviet bloc to underdeveloped countries of the Free World amounted to at least \$808 million distributed as follows:

USSR	(credit)	to UAR (Egypt)	\$225.0 million	January, 1960
"	"	Indonesia	\$250	February, 1960
"	"	Cuba	\$100	February, 1960
USSR	(grant)	to Afghanistan	P.M. (2)	March, 1960
"	"	Ethiopia	\$ 2.9 (3)	March, 1960
"	(credit)	Iraq	45	May, 1960
China	(grant)	to Nepal	\$ 21 (4)	March, 1960
"	"	Guinea	P.M. (4)	May, 1960
Poland	(credit)	to India	\$ 31.5	May, 1960
Czechoslovakia	(credit)	to India	\$ 48.5	November, 1959
"	"	Ethiopia	\$ 10.0	December, 1959
"	"	Brazil	\$ 1.5 (5)	January, 1960
"	"	India	\$ 1.7 (5)	February, 1960
"	"	Indonesia	\$ 30.0	May, 1960
"	"	Cuba	\$ 20.0	June, 1960
"	"	UAR (Egypt)	\$ 20.8	June, 1960
TOTAL			\$807.9	

- (1) See: - 1st report covering the economic offensive up to August, 1957 (C-M(57)116, dated 21st August, 1957);
- 2nd report covering the period August, 1957 - May, 1958 (C-M(58)97, dated 16th June, 1958);
- 3rd report covering the period May 1958 - end December, 1958 (C-M(59)2, dated 21st January, 1959);
- 4th report covering the period 1st January, 1959 - 1st October, 1959 (C-M(59)103, dated 8th December, 1959)

- (2) Grant of 50,000 tons of wheat.
(3) Grant of a technical school and 2,000 tons of wheat.
(4) Grant of 10,000 tons of rice.
(5) Credits extended to private firms.

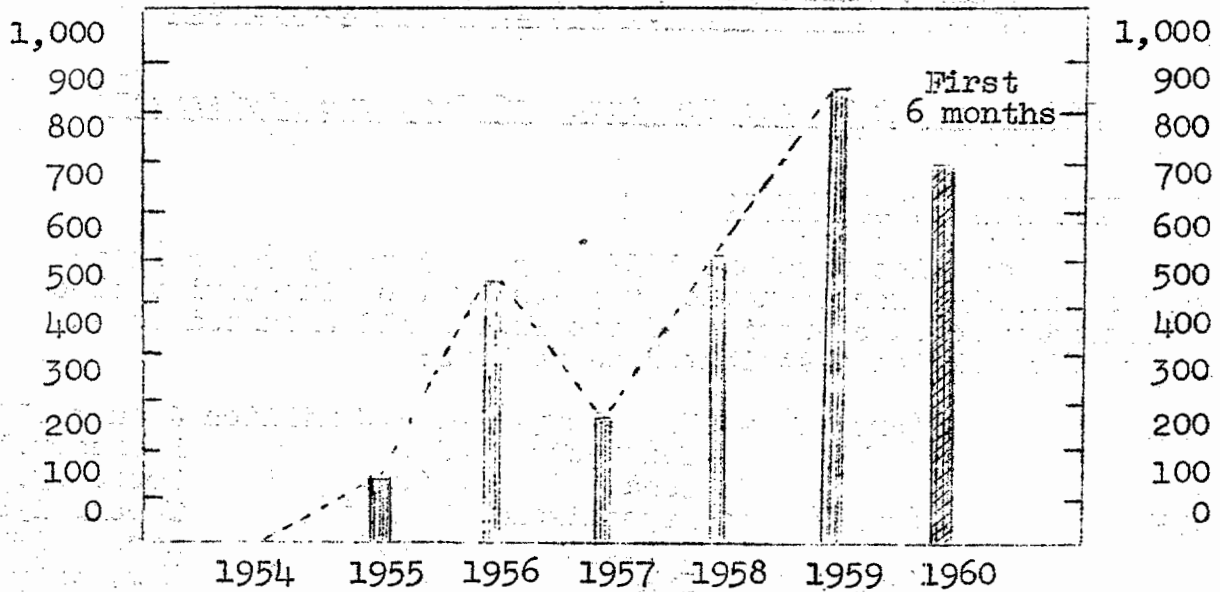
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2. The chart below shows the development of economic aid extended by the Sino-Soviet bloc each year since 1954 through the first half of 1960.

ECONOMIC AID EXTENDED BY YEAR BY THE SINO-SOVIET BLOC

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

\$ millions



3. The major portion of the new credits extended for economic purposes by the Soviet bloc during the period under review will not be drawn upon for several years to come. Drawings on economic credits for the first six months of 1960 were \$89 million. However, 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 per year reported in the last report. It will, however, continue to be well within the bloc's capacity to supply economic assistance.

4. The bloc has continued to make offers of credits and economic assistance to a wide range of countries. Amongst these a large-scale offer of additional aid (\$420 to \$630 million) to India appears most significant. None of the credit offers mentioned in the last report (1) have been taken up.

(1) See document C-M(59)103

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. Apart from her efforts to build up trade links with the newly independent countries of Africa, Communist China's 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. It is understood that a \$30 million credit previously granted to Indonesia has been cancelled by her, probably 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 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. Sino-Soviet economic aid is likely to appear most attractive to comparatively inexperienced governments particularly those in newly independent countries. This is partly because the requirements of such governments for development aid are generally greater than the aid available from the West; because such governments like to emphasise their independence by accepting aid from both East and West; and because Sino-Soviet terms are - at least superficially - highly attractive: long-term loans, low interest rates and, even more, the possibility of repayment in goods produced by the receiving country. Conversely, more sophisticated governments, or those with longer experience of Sino-Soviet aid, are likely to assess its benefits and disadvantages more realistically. 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

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

take-off stage of Sino-Soviet bloc assistance to underdeveloped countries in those areas may be nearing its end. 'The Times' recently described this phenomenon as 'the law of diminishing gratitude'. If such a phenomenon is occurring, it has not affected and need not necessarily affect the amount of aid which those countries are willing to accept.

II. HIGHLIGHTS BY AREA (1)

A. MIDDLE EAST

10. 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, 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.

11. In view of the lack of organized popular support of the Qasim regime and the relative strength of the Communist movement, the economic offensive of the Sino-Soviet bloc probably still represents a greater danger to the West in Iraq than penetration in the other countries of the region. An agreement with the USSR concerning the creation of training centres in Iraq to accommodate 14,000 trainees has been signed, but apparently Iraq might prefer a UNESCO project. Eastern Germany is to build 17 small scale industrial plants. An additional USSR credit of \$45 million has been granted, probably mainly 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.

12. 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

(1) For detailed country reports, see Annex I

half the Egyptian 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.

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

14. The UAR request for accommodation for Egyptian students in the West to counterbalance the large number of students in Russia and the Satellites, presents a major challenge to Western initiative.

B. AFRICA

15. The Soviet bloc is clearly demonstrating its increasing interest in Africa; the USSR has recently set up in Moscow an African Research Institute. 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 significant because many newly independent countries, anxious to develop their economies, are particularly vulnerable to Communist penetration.

16. 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.

17. 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 propoganda in the country and the attempts by the Communists to infiltrate the Democratic Party.

18. 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. They are setting up as a gift a technical training school in the hope that it would be staffed by Russian technicians. The Ethiopian Ministry of Education has, however, asked the United States Government to train Ethiopian teachers for the proposed school in order to avoid accepting staff from the USSR. A month-long Soviet industrial fair was held in Addis-Ababa.

19. It appears likely that the Soviets will intensify their economic offensive in Africa in the near future since a number of African countries are becoming independent this year. The lack of governmental experience and the seriousness of the economic problems to be faced should make these new countries particularly obvious targets for Soviet penetration activities.

C. SOUTH AND SOUTH-EAST ASIA

20. 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 credits and grants extended by the bloc to this single country exceeded \$800 million, i.e. more than a quarter 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.

21. 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, Khrushchey, 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).

22. 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.

23. 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 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 a quarter 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. The low degree of efficiency of the Indonesian administration constitutes another element reducing the country's capacity to absorb Soviet aid.

24. 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.

25. 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.

(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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26. The three Asian SEATO countries, Pakistan, Thailand and the Phillipines kept out of the sphere of influence of Sino-Soviet bloc penetration, although by mid-June, 1960, negotiations were being conducted between the USSR and Pakistan with regard to Soviet aid in the fields of petroleum and mineral exploration. It appears also that Thailand's rubber exports to the bloc have increased.

27. 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

28. 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.

29. 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.

30. 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 not been accepted.

(Signed) F.D. GREGH
Chairman

OTAN/NATO,
Paris, XVIe.

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 \$225 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 twelve 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, 56 projects fall under this agreement; of these only 3 textile mills and 1 laboratory are nearing completion. 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 (Egypt and Syria), including 6 steel plants, 6 engineering works, oil, chemical, textile, and food industry establishments, irrigation and hydro-engineering installations such as the Aswan Dam. 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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ANNEX I to
C-M(60)116

UAR (Egypt)
(contd.)

3. The USSR will construct in Egypt three vocational training centres (each comprising several schools), capable of training up to 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 1958/59, has declined further in the season 1959/60. At present it accounts for about 57% of total cotton exports against 68% in 1958/59.

UAR (Syria)

5. Following up its success at the Homs refinery, the Czechoslovakian trade corporation "Tekhnoexport" has offered to build a chemical and fertiliser plant complementary to the refinery.

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 has completed a survey of sites for a major dam on the Euphrates, the construction of which was, according to original plans, to start in 1962 and was to have been completed in 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 the part of

UAR (Syria)
(contd.)

the UAR Government which was worried by the extent to which the students were being politically indoctrinated⁽¹⁾.

YEMEN

9. 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 400 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.

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 exploration 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 works at Kirkuk and a cannery at Karbala. A technical assistance agreement has been signed providing for the

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

IRAQ
(contd.)

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.

13. In December, 1959, Iraq and the USSR signed a technical training agreement according to which the USSR would assist in setting up ten big centres for training Iraqis in the fields of radio telecommunications, petroleum industry, agriculture, river transports, electronics, railways, weaving, spinning, metal sheet cutting, road-making machinery and air communications. About 4,000 workers were to be trained by Soviet experts and the schools were to be provided with the most modern equipment. The centres would also produce manufactured goods. According to more recent reports Iraq is believed to have had second thoughts about the agreement which is too expensive and to prefer a UNESCO project.

14. Iraq is considering an offer from East Germany for the construction of seventeen 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 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

IRAQ
(contd.)

in Baghdad on 10th April, 1960. A trade agreement was signed with Eastern Germany on 3rd June. Up till now, re-orientation 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 \$11.2 million of trade each way between the two countries during 1960-1961. A Czechoslovakian Delegation, in January, 1960, is reported to have purchased 80,000 tons of phosphate in Jordan. In 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. Trade agreements between Cyprus and bloc countries in 1959 involved Cypriot exports valued at \$1.2 million or about 2.3% of total Cypriot exports of approximately \$53 million. Involved in this trade are some of the oldest and most respected firms in Cyprus who claim they trade with the bloc only in the absence of alternative markets for surplus agricultural products. The major bloc trading partners are Rumania and Czechoslovakia. Cypriot exports are chiefly in the form of citrus fruits, raisins, tobacco, asbestos and iron and copper pyrites; Cypriot imports are timber, cement, textiles, glassware and wooden cases for citrus fruits. Trade totals are expected to rise in 1960. In February the first 5,000 tons of a 20,000-ton order of cement from the Soviet Union arrived at Limassol. It reportedly will be sold 6% cheaper than locally produced cement. In March a Cypriot industrialist signed an agreement in Moscow with the Soviet Trading Corporation, Techno-Export, which provided that the Soviet firm would supply machinery to establish the first automatic flour mill in Cyprus at Paphos. No special credit arrangements were mentioned but payment was reportedly to be made in agricultural products 'which were being rejected by the European countries, and the USSR was to provide technical aid without any political strings attached'. This is the bloc's first economic assistance project in Cyprus.

AFRICAGUINEA

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, 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 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. At least 64 specialists from Communist China were reported to be in Guinea in June 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 Sekou 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 motor-cycles at very low prices will be established in Guinea. The Czech press reports that 60 medical service personnel will arrive in Guinea during 1960; by February, 1960, 15 were reported to have arrived.

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,

GUINEA
(contd.)

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

22. Of the 250 Guinean students studying in Moscow, 150 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 Baherdar. This school will provide technical education for 1,000 students in textile and other local industries. The United States Government has been asked to train Ethiopian teachers for this school since the Ethiopian Ministry of Education appears anxious to avoid accepting Soviet staff. 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

ETHIOPIA
(contd.)

million refinery, a gold-ore dressing plant, a 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. Since the Western distributors refused to handle the Soviet oil, the previous USSR offer of refined petroleum products amounting to \$6 million under the \$100 million credit agreement has been revised and restricted to the amount for government needs only.

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. A month long Soviet industrial fair was recently held at the estimated cost of \$1 million provided by the USSR and has been generally well received.

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

GHANA
(contd.)

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. Subsequently a Tunisian mission was sent to Poland and Czechoslovakia to discuss economic matters but returned reportedly 'uncommitted and unimpressed'. 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.

ASIAAFGHANISTAN

31. Afghanistan received in 1957 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 1956 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

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AFGHANISTAN
(contd.)

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 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 Ceylonese Government; these include a \$20 million iron and steel mill, a flood control project, a 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

CEYLON
(contd.)

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 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 Tekhnoeksport in February, 1960 extended a credit of \$1.7 million to a private Indian firm for machinery to produce automobile parts. Repayment will be in non-convertible rupees over a period of eight to twelve 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

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INDIA
(contd.)

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 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.

INDIA
(contd.)

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 new 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; fourteen of these have already arrived and a further twenty 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 a new credit of \$250 million to be spent over a period of seven years. The interest rate of the new credit is 2.5% and repayment will be made in twelve 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. Under this agreement, Indonesia will receive one or two small reactors for scientific research in addition to a number of industrial plants in the fields of iron and steel, non-ferrous metals, chemicals and textiles as well as assistance for various agricultural projects. Russia will make the surveys, prepare designs, give technical advice and supply equipment and material not available in Indonesia. Till June, 1960, less than a quarter of the 1956 \$100 million credit from the USSR had been drawn, partly because of Indonesian reluctance to accept large numbers of bloc technicians. On 2nd June, 1960, an agreement was reached earmarking \$35 million of the 1956 credit for equipment and construction

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INDONESIA
(contd.)

material for a steel mill in Western Java. One bloc project under a separate 1959 agreement, which is receiving high priority, is the construction of an impressive Asian games stadium in Djakarta whose completion in time for the Asian games in 1962 is a point of national honour. In addition to the credit agreement, it was announced during Khrushchev's visit that a hospital of 200 beds will be built in Djakarta as a gift from the USSR. At the same time, a cultural agreement was signed providing for the exchange of students; the USSR will build a technical institute at Amboin and a hydrographic institute. It has been reported - although this information is questionable - that Indonesia might have accepted at the same occasion, under the terms of the Naval Aid Agreement, a Soviet offer of a cruiser and three or four submarines for delivery in 1961, and that this and previous deliveries of Soviet ships might 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 financing 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.

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 thirty 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

BURMA
(contd.)

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 eighteen doctors and six interpreters, train twenty 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.

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 AMERICA

CUBA

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

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CUBA
(contd.)

in twelve 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 annually for five years. The price for the first delivery of sugar was reported to be 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 of triangular settling of accounts.

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. 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 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 for some years and may be due to political motives, although it is worth noting that the sugar in Eastern Europe has been poor. China has purchased 130,000 tons of sugar since December, 1959. In March a trade agreement was signed with industrial equipment on credit terms. At the same time, a technical co-operation and scientific assistance agreement was concluded.

CUBA
(contd.)

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 "Revolution" 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 was reported to be negotiating with an Argentine sugar co-operative for the construction of a sugar mill at Florencia. These negotiations failed to secure agreement. Under the existing credit arrangement with the USSR, Argentina is to receive \$50 million worth of railway, roadmaking and electrical equipment. A few Soviet technicians may be used for the installation of the equipment and for training.

54. Argentina has made known its intention to terminate bilateral payments 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 agreements Argentina had a credit balance of \$14.5 million with Eastern Europe on 30th April, 1960.

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 reportedly said that the USSR was willing to extend a credit of \$100 million to that 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.

BRAZIL
(contd.)

56. Brazilian trade with the Satellite countries is also expanding. 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 "Technoeksport" 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.

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 tentatively proposed making a credit of \$100 million to Mexico. This proposal was not 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 has offered to purchase over a three-year period \$75 million worth of Uruguayan wool if Uruguay would import \$50 million worth of Soviet crude petroleum. Uruguay's failure to accept Soviet offers has led to the withdrawal of the USSR from the Uruguayan wool market since the beginning of the 1959-1960 wool season.

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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
		(2)	
Total	3,148	822	3,970
Middle East	998	578	1,576
UAR (Egypt)	589	315	904
UAR (Syria)	177	128	304
Yemen	44	17	61
Iraq	182	118	300
Iran	6	0	6
Africa	156	1	157
Guinea	42	1	43
Ethiopia	114	0	114
Asia	1,653	244	1,897
Afghanistan	217	38	255
Pakistan	3	0	3
India	808	0	808
Nepal	41	0	41
Ceylon	58	0	58
Indonesia	479 (3)	206	685
Burma	12	0	12
Cambodia	35	0	35
Latin America	227	0	227
Argentina	104	0	104
Brazil	3	0	3
Cuba	120	0	120
Europe	111	0	111
Yugoslavia	111	0	111

- (1) 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.
- (2) 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 \$1,430 million.
- (3) Not including \$30 million credit extended by China in June, 1959 and subsequently cancelled or allowed to expire.