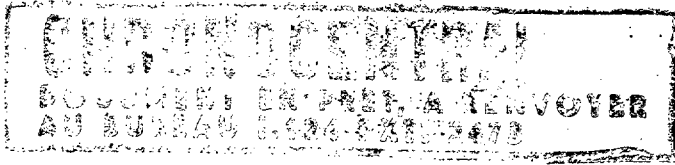


CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL



EXEMPLAIRE  
COPY

N° 625

*In del*  
ORIGINAL: FRENCH  
27th November, 1962

NATO SECRET  
ANNEX to  
C-M(62)108

*low. incorporated  
It 3.12.62*

THE SITUATION IN LATIN AMERICA

SOVIET ECONOMIC PENETRATION OF LATIN AMERICA

Annex to the report of the Group of Experts on Latin America

ARGENTINA

On their expiry, Argentina denounced all its trade agreements with the countries of Eastern Europe. Denunciation of the agreement with the USSR, on 22nd May, 1962, was the last of the series. It was because of the commitments entered into with the International Monetary Fund that Argentina decided, in 1960, not to renew bilateral agreements with countries outside South America.

2. The overall trade of Argentina with the countries of Eastern Europe represented in 1960, \$120 million in both directions, or roughly 5% of the country's foreign trade. The breakdown is as follows:

- \$33 million with the USSR
- \$31 million with Poland
- \$24 million with Czechoslovakia
- \$15 million with Hungary
- \$3 million with Rumania
- \$685,000 with Bulgaria

3. In 1961, the last year covered by a trade agreement, Argentina's exports to Russia totalled \$14 million against imports of a value of only a little over \$13 million. The figures for 1960 were thus a great deal higher. Argentina sends the countries of the Soviet bloc wool, linseed oil and wheat and, in exchange, receives steel products, capital equipment (mainly for the petroleum industry) etc. In the balance of payments, Argentina is generally the creditor.

4. As regards aid, the only notable event in 1961 was the signing, on 17th July, of a protocol with the USSR under which Argentina can purchase plant and machinery in the USSR up to a value of \$50 million. The amount specified is, in reality, part of the Soviet credit of \$100 million opened in October 1958 but still unused.

NATO SECRET

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

5. Communist China has endeavoured to expand its trade with Argentina. In May 1961 it purchased 20,000 tons of wheat, but a Chinese Delegation which visited Buenos Aires in June 1961 was unable to conclude an agreement which would have placed trade relations between the two countries on a permanent footing.

6. There has been no sign of any technical co-operation with economic overtones between Argentina and the Soviet bloc countries.

BRAZIL

7. The interest attached by Brazil to the expansion of its trade with the countries of Eastern Europe is to be explained, from the technical standpoint, both by the extensive potential market these countries represent for Brazilian products, and by the need in which Brazil stands of new sources of imports obtainable without the expenditure of foreign currency.

8. The trade agreements negotiated in 1961 provided, in the coming years, for an annual turnover of \$650 million. The figure for 1961 was \$154.7 million which can be broken down as follows:

- \$48 million with the USSR
- \$39 million with Czechoslovakia
- \$30 million with Poland
- \$28 million with the Soviet-occupied Zone of Germany
- \$6 million with Hungary
- \$3 million with Rumania
- \$9 million with Yugoslavia

9. These trade exchanges, conducted on a bilateral basis (agreement signed in 1958 with Yugoslavia, in 1959 with the USSR(1), in 1960 with Czechoslovakia and Poland, and in 1961 with Hungary, the Soviet-occupied Zone of Germany, Rumania, Bulgaria, Albania and Communist China) or through barter, are fairly evenly balanced.

10. Coffee represents 30%, and cocoa 20% of Brazil's exports, its imports comprising wheat (\$12 million in 1961), oil, chemical products and capital goods (ships, tractors, graders, combine harvesters, chlorate of potash etc.).

11. Trade with these countries is still comparatively insignificant (\$154 million against foreign trade totalling \$2.8 milliard) and, in fact, has not reached the figure written into the agreements (\$650 million), though the rate of progression is worth noting: from 2.8% of Brazil's overall foreign trade in 1958, it rose to 6% in 1960 (but the figure for 1961 is only 5.5%).

12. As regards aid, Brazil does not appear to have accepted in 1961 any of the offers it received from the countries of Eastern Europe. On the other hand, it signed several economic and technical

---

(1) Under a further agreement with the USSR signed in May 1962, trade between Brazil and Russia is to increase in 1962 to 150% of the 1961 level.

co-operation agreements, and a number of Soviet bloc technicians were working even before then on a few of Brazil's development projects. In 1962, various projects are in progress (the erection of wheat-flour mills at Fortaleza, Natal and Joao Pessoa by Czech technicians, silo design-studies by Bulgarian technicians, the construction of a cement factory at Belem by Czech engineers).

13. The renewal of certain agreements in 1961 resulted in considerable changes in the pattern of foreign trade without, however, substantially raising its level. These agreements, announced with a great deal of ballyhoo, are evidence of the desire for new markets and sources of finance. They point to the need of a certain degree of independence with a view to obtaining, by the use of see-saw tactics, greater assistance from the West. The recent rejection of Mr. Diaz Carneiro's scheme for the constitution of a body solely devoted to promoting trade relations with the countries of Eastern Europe is an indication that the genuine desire of some of Brazil's leaders to channel its foreign trade to the Soviet bloc meets with little response in many administrative quarters.

14. In its propaganda drive, Russia has not sought only to convince but also to beguile. The resumption of diplomatic relations together with the Soviet exhibition at Rio de Janeiro are clear pointers to Moscow's attempt to increase the influence of the USSR in Latin America. The exhibition, which opened in May 1962, called for a great effort, and it is the first time that so comprehensive a demonstration has been staged in Brazil. Unlikely though it is to have any great influence on trade between Brazil and the USSR, its political significance will certainly be far greater.

#### CHILI

15. The USSR has resumed negotiations for the purchase of 60,000 tons of copper per annum over a period of five years. The Copper Board had stood out against this so far by rejecting the barter formula put forward by the USSR. However, agreement has been reached on the purchase by the Soviet Union of 10,000 tons of non-blister copper to be paid for in hard currency.

16. On 16th May, 1962 the Foreign Ministers of Yugoslavia and Chili signed a treaty of mutual technical assistance.

#### PERU

17. Imports from Soviet countries are prohibited by a law of 1953. However, in 1955, the Government authorised the general exemption from its provisions for Czechoslovakia. In 1960, Peru purchased from this satellite country paper and machinery (mainly weaving looms and machine-tools) of a value of \$1,400,000. Peru's exports in 1958 and 1959 consisted of miscellaneous agricultural products.

18. There is no technical assistance between the countries of Eastern Europe and Peru.

URUGUAY

19. Except during 1958, 1959 and 1960 (when the USSR bartered large quantities of oil and cotton for imports of wool), trade between Uruguay and the Soviet bloc countries has remained at a comparatively low level.

20. In 1961, the overall value of trade with the countries of Eastern Europe fell to \$19 million (against \$30 million in 1960, \$40 million in 1959 and \$35 million in 1958). The breakdown is as follows:

- \$6,105 million with Czechoslovakia
- \$4,576 million with the Soviet-occupied Zone of Germany
- \$2,013 million with Poland
- \$1,839 million with the USSR *\$1,333 million with Hungary*
- \$855 million with Rumania
- \$333 million with Bulgaria
- (- \$2,400 million with Communist China)

21. While USSR is content to exchange oil and cotton for wool the satellite countries headed by Czechoslovakia are making great efforts to market their manufactures consisting of steel products, chemicals and dyes, industrial machinery, tools, bicycle components etc. These countries are represented by very active commercial agents and seldom fail to respond to any important call for bids.

22. Only one trade agreement is still in force, viz. the one between Uruguay and Czechoslovakia. The others have been denounced on account of the commitments entered into with the International Monetary Fund.

23. In 1962, Russia has offered to take 7,500 tons of beef and 2,500 tons of mutton but the counterpart of this transaction has not yet been agreed. During the first half of 1962 Czechoslovakia bought meat, wool, hides and other commodities from Uruguay to a value of \$3 million.

24. The Government at Montevideo has so far never accepted Soviet economic aid.

25. No technical assistance agreement has been signed by Uruguay and the Soviet bloc countries.

BOLIVIA

26. Under the terms of an agreement entered into in 1961 between a Czech firm, Techno-Export, and the Banco Minero, the former undertakes to construct a complete antimony foundry. The cost, put at \$1.9 million, is to be repaid over a period of 8 years, interest being charged at the rate of 5%. Bolivia's trade with the Soviet bloc continued to be negligible in 1961.

27. An offer by the USSR of economic aid in the form of a credit of \$150 million does not seem to have come to anything.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

COLUMBIA

28. In 1960, Columbia imported goods to the value of \$5 million from the Soviet bloc against exports of \$8 million. There was virtually no trade with the USSR and Rumania. The bulk of the country's foreign trade was with Czechoslovakia and the Soviet-occupied Zone of Germany, the business done with Hungary and Poland being on a much smaller scale. However, the volume of trade with the countries of Eastern Europe is still very moderate.

29. Columbia sells coffee to its trading partners and buys oil, tar, fertilizers, glass, paper, machine-tools, electrical equipment and motor vehicles.

ECUADOR

30. There is very little trade between Ecuador and the Soviet bloc countries. The 1961 figure of \$756,000 represented 0.63% of Ecuador's total foreign trade.

31. No trade or payments agreement is still in force. No aid has been granted. There is no technical assistance agreement.

OTAN/NATO,  
Paris, XVIe.