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4962 CIA HISTORICAL REVIEW PROGRAM  
RELEASE AS SANITIZED

1998

17 June 1970

MEMORANDUM FOR : Mr. Alon Sokolski  
Deputy Director, JNR/REC  
Room 8722  
Department of State

SUBJECT : Soviet Equipment Orders

1. Pursuant to our telephone conversation of 16 June 1970, I am attaching a copy of Intelligence Memorandum (IM) No. 70-14 published in February 1970.

2. As you will note in the IM, known orders placed by the USSR in the West fell off substantially -- from nearly \$700 million in 1968 to about \$400 million in 1969. Thus far in 1970, more specifically during the period January-May 1970, such orders have been placed at about the same rate as in 1969. Our estimate for the period January-May is about \$170 million. Following is a breakdown of the 1970 orders (millions of US dollars):

Motor vehicle manufacturing	20
Chemical and petrochemical	57
Ships and marine equipment	n.s.
Timber and wood processing	n.s.
Textile manufacturing	3
Food processing	n.s.
Metalworking and metallurgy	3
Oil, gas, and pipeline equipment	47*
Electronics	4
Other	<u>36</u>
Total	171

\* Estimated equipment component of Soviet-West German pipe-for-gas contract signed in early 1970. Equipment is of US origin.

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3. The geographic distribution of the 1970 orders differs from that of 1969 when the UK and Italy accounted for more than half of the total. The West Germans and Japanese appear to be in the lead in 1970.

4. There are a number of contracts now being negotiated by the USSR with various Western suppliers. These include a \$350 million deal calling for the exchange of Japanese equipment and technology for Soviet wood chips; an agreement calling for Japanese equipment and technical aid in Soviet Far Eastern port construction and reconstruction; several contracts involving plant and equipment for chemicals and petrochemicals; probable orders for truck manufacturing equipment, and others. Should all of these materialize in 1970 the level of orders will be substantially higher than in 1969. We had expected a number of the pending deals to be completed by this time. Perhaps the delays are related to the failure to complete the drafting of the next five-year plan. We have no evidence to indicate that foreign exchange stringencies are chiefly responsible for the delays.

5. Our listings do not include contracts for items other than plants and equipment. Thus the large pipe-for-gas deals involving hundreds of millions of dollars are excluded except for the identifiable equipment components of the contracts.

6. If you require any further information from us on this subject, please do not hesitate to let us know.

~~Office of Economic Research~~

Attachment:

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