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OIA HISTORICAL REVIEW PROGRAM
RELEASE IN FULL
1999

PROSPECTS AND IMPLICATIONS FOR SOVIET
ECON TRADE WITH THE INDUSTRIAL WEST

1. Gentlemen, yesterday we looked at East-West trade as it has developed up to the present time. This morning we want to project the probable path of this trade some ten years ahead. First, let's consider prospects for Soviet trade with the industrial West.

A. It seems reasonable to assume that Soviet trade with the industrial West over the next ten years will most likely grow at a rate of from 5 to 10 percent a year. It is unlikely that this trade will grow more slowly than the total GNP, which is projected at 4 to 6 percent. It is also unlikely for a number of reasons that the annual rate of increase achieved from 1958 through 1963 (15 percent) will be sustained over the next five or ten years.

1. First, the forced pace of this trade was made possible by resorting to gold sales in excess of current production. Clearly there is a limit on how far reserves can be drawn on, and we believe that they are now close to this limit for normal commercial transactions.
2. A second factor in this rapid growth was the availability of medium-term credits, which were first

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extended in 1959 and which reached a level of about \$300 million a year between 1961 and 1963. By 1964, however, repayments just about offset the new credits made available, so that this stimulus to increased trade has virtually run its course.

3. Furthermore, the period 1958-63 started with a year of recession and ended with a year of general prosperity in the Western world. Increasingly buoyant Western markets brought higher prices for the growing volume of Soviet exports, thus facilitating the USSR's drive to increase its export earnings.
4. An additional consideration, which is difficult to assess, is the apparent reluctance of the new Soviet leaders to incur more foreign debt than they judge the Soviet economy can handle. In contrast to the more ebullient attitude of the Khrushchev regime, the present leaders seem to be returning to the traditionally conservative attitude toward trade financing.
5. The prospects for Soviet exports of particular commodities are mixed. Based on past experience and current Soviet plans, it appears that the traditional "Tsarist package" of exports, will be the major growth categories over the next five or ten years, except for grain, where the longer-term prospects are less certain.

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1. Soviet exports of petroleum products to the industrial West could be on the order of \$550 to \$750 million annually by 1975. Pipelines now in advanced stage of production point to Soviet intentions to expand such exports. In 1964 Soviet oil exports to the West reached an estimated value of \$400 million, and are expected to increase 6 percent to 8 percent annually.
 2. Currently the Russians are engaged in expanding their production, marketing and port facilities for wood and wood products, which together accounted for more than 17 percent of Soviet sales to the West in 1963. Wood products of high unit value are growing in importance.
 3. The USSR is also increasing its coal and coke-handling facilities in the Baltic, and is cutting its prices of these products in order to gain a larger share of Western Europe's market. These exports currently amount to 8 percent of the USSR's Western export trade.
 4. Other growth exports appear to include furs, which now account for about 5 percent of sales to the West but for which the USSR has recently begun to hold three auctions a year; and metals, (currently accounting for nearly 12 percent of exports to the West), in which the USSR has a considerable capability. Finally, it is expected that Soviet gold production will grow by perhaps

a third between now and 1970, when it is likely to reach some \$300 million. Production can perhaps be increased by an additional \$50 million between 1970 and 1975.

5. Other products seem less susceptible to expansion.

Manufactured consumer goods, currently 1 percent (\$12 million) of the Russian's sales to the West, suffer from poor styling and inadequate finishing; even a doubling of such exports would not be of significance. Other "miscellaneous" exports, chiefly chemicals and vegetable fibers, might well increase, but not enough to give them much more weight than their current 10 percent of Soviet exports to the West. Of machinery exports, currently less than \$20 million (of which the captive Finnish market takes by far the bulk), the best prospects appear to lie with the general purpose Soviet machine tools. Even here, there is a limited future in a market that prefers special purpose tools.

6. In sum, a projected 5-10 percent growth rate for Soviet trade with the industrial West assumes that the growth of this trade will be significantly moderated over the next ten years, perhaps only half as rapid as the 15 percent rate achieved in the 1958-63 period. The total volume of Soviet imports from the West is not likely to be affected by a

loosening of Western -- i.e., US -- trade controls, since the fundamental restriction on the size of imports is the limited Soviet ability to pay -- that is, its limited capacity to export to the West. At the moment we see no signs that any major effort will be made in the USSR to develop new export industries during this period and, as already noted, prospects are dim for any sharp increases in traditional exports.

- D. The spread of 5 to 10 percent annual growth would show the following relationship to world trade and the Soviet gross national product by 1975.

Soviet Imports from the West	World Trade	Soviet GNP
\$2.0 - \$4.0 billion	\$300 - \$350 billion	\$450 - \$500 billion

II. For the USA

- A. If there is no change in US trade policy toward the Soviet Bloc, the US share of Bloc trade with the West should remain about the same as it is now -- that is, around 4-5 percent. Indeed, it might decline slightly. While the level of the Bloc's total purchases from the industrial West is determined primarily by its ability to pay for them, the particular portion of its total purchases directed toward the US is determined by its needs for specific US technology. Our primary advantage over Western Europe lies in our ability

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to provide machinery embodying more sophisticated technology; this advantage should assure the US of its present small share of the Bloc's Western trade, even in the face of a softening West European trade policy toward the Bloc (e.g., larger quotas for Bloc products).

- B. If the US removed all restrictions, except those on direct military support goods, our exports to the USSR might then grow to a level of some 15 percent of total Soviet-industrial Western trade; that is, to some \$300 million to \$400 million by 1970 and \$375 to \$600 million by 1975. This is about the share which the US now has of the machinery imports of Western Europe and Japan together. The US share of the European Satellites' Western trade would probably be more like 10 percent, or about equal to US share of the imports of EFTA less the UK. This would mean US exports to Eastern Europe of perhaps \$300 million in 1970 and more than \$400 million in 1975, compared to \$117 million in 1963, of which some \$48 million represented PL 480 shipments to Poland.

III. For Eastern Europe

- A. Currently the East European countries are in the process of overhauling their economies. One of their goals is to increase their imports of more modern technology and equipment in the West and to enhance their competitive position on world markets. The importance of international trade to

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their total economic life, mentioned in yesterday's briefing, makes it virtually mandatory for them to incorporate that trade in any schemes for economic reform. The crucial question is to what extent they will be able to increase the acceptability of their goods in Western markets; but intimately associated with this question is the problem of attempting to reduce their dependence on Soviet markets and on Soviet raw materials, which account for probably 70 percent of their total raw material imports.

1. Currently the Czechs, Hungarians, and others are attempting to modernize the design, to improve the quality, and in general, to increase the "marketability" of their products in the West.
2. The Satellites, led by Rumania, have at the same time been successful in blocking Khrushchev's 1962-63 scheme to invest the Moscow-directed East European Council for Mutual Economic Assistance with Supra-national authority over the economies of Eastern Europe. This show of independence toward Moscow and toward CEMA suggests that any plans for a closer linking of Soviet Bloc economies in the future will be on a selective, national interest basis.
3. Indeed, the mounting economic pressures on Eastern Europe, and the progressive diminution of Soviet control evident

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since at least 1962, have led these nations in recent months to turn increasingly to the West for solutions to their economic problems. Economic reforms in the next ten years may well see a more rational calculation of economic advantage in new industrial investment and the introduction of new Western technologies. These reforms might even lead to some dismantling of high-cost industries. Although the desire for additional trade with the West is general in Eastern Europe, the re-orientation of national economies is a slow and uncertain process.

4. Over the past 6-8 years, Eastern Europe's trade with the industrial West has grown at roughly the same rate as East European industrial production; while total Satellite trade has grown at a somewhat faster rate. If the Satellites continue the trend toward directing their trade in closer accord with their own national interest, the Western share of this trade may gain at the expense of the Communist Bloc's share; and the Western share might then grow slightly faster than industrial production. Inasmuch as East European industrial output is expected to grow by 5-7 percent over the next ten years, Satellite imports from the West might be expected to grow at least 7 percent a year, or to a level of at

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least \$3 billion by 1970 and over \$4 billion by 1975.

- a. Assuming that the East European countries achieve only modest changes in the basic structure of their international trade and industrial production, then the share of the West would remain about the same. Although we feel that a shift to the West on the part of some countries, such as Rumania, can be anticipated, substantial shifts in the Western and Bloc shares of Eastern Europe's trade over the next 5-10 years will be very difficult in view of the unfavorable economic structure with which Eastern Europe's leaders have to contend.

IV. Remarks on Cuba and China

While beyond the terms of reference for this briefing, a few words on trade with Cuba and Communist China may be useful.

- A. A removal of US restrictions on trade with the Soviet Bloc would have no measurable impact on the Western trade of Cuba and China. The trade of the US with both countries is virtually non-existent, because of the special Governmental proscription on such trade. Western countries sympathetic with US views have maintained restrictions in the face of altered trade with the Soviet Bloc. Only those who have been unwilling to restrict trade to China and Cuba have pointed to our trade with the USSR to excuse their trade with the latter.

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1. Cuba's trade with the industrial West amounted to only some 20 percent of the total in 1964, and probably will decline again in 1965 (due to the decline in sugar prices). The low Western share of this trade is largely a product of Cuban initiative and foreign exchange assets rather than a punitive action by Western countries other than the USA.
2. Communist China's trade with the industrial West grew by about 30 percent a year in 1963 and 1964, as the Chinese shifted an ever larger share of their trade from the Soviet bloc to the West. Trade with Japan doubled from 1963 to 1964 (to \$300 million) and trade with Western Europe grew to \$400 million. Since China has been forced to turn increasingly to the Free World for grain to feed its people, the share of machinery in its total imports from the West has been quite small. Unless China is able to overcome its agricultural difficulties, or to effectively limit the growth of its population, it seems likely that increased imports from the West will continue to be largely foodstuffs.

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STRATEGIC IMPORTANCE OF WESTERN
TRADE TO THE SOVIET BLOC

1965 JND/RR's
aspect
CIA HISTORICAL REVIEW PROGRAM

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I. Gentlemen, with the background of Mr. Trezise's review of US policy let me emphasize two points at the outset: (a) US and Western policies are not the principal reason for the relatively low level of the postwar trade of the USSR and Eastern Europe with the industrial West; and (b) the impact of East-West trade on the aggregate economic activity and on the military capabilities of these Communist countries has been relatively small. With these generalizations let's examine the principal determinants of East-West trade, and the impact of this trade on the economies of the USSR and Eastern Europe.*

- A. The principal deterrent to the growth of Bloc trade with the West has been the failure of the Communist nations to develop sufficient exports for Free World markets. This is a subject of some importance on which more will be said in the discussion of trade expansion tomorrow.
- B. A second deterrent in this commerce has been the Soviet policy in Eastern Europe which during the postwar years sought to establish a basically self-sufficient, Moscow-

* For convenience, the terms "West" and "industrial West" are used interchangeably in this presentation to include the countries of non-Communist Europe, North America, Australia, and Japan. Similarly, "Eastern Europe" and "European Satellites" include Czechoslovakia, Hungary, the GDR, Poland, Rumania, and Bulgaria, while the "Soviet Bloc" includes these countries plus the Soviet Union.

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oriented Bloc insulated against Western economic influence.

1. Under Stalin's programs priority was given to the development of those industries in Eastern Europe which would meet the urgent needs of the Soviet market. At the same time, the expansion of Satellite industry became more dependent on large imports of Soviet industrial raw materials.
2. A second feature of the Stalinist program was a generally "balanced" investment pattern applicable to all East European countries, with little regard to differences in their resources. This policy prevailed into the early 1950's. The result was an abnormal degree of parallelism and high-cost production among East European industries, and a further growth in their dependence on the Soviet market.
3. Largely as a result of these policies, the trade of the Soviet Bloc nations with the rest of the Communist world grew rapidly so that, by 1953 -- the year of Stalin's death -- it accounted for 80 percent of Eastern Europe's trade and nearly 85 percent of the USSR's.
4. Within the past ten years, however, political leaders within the USSR and Eastern Europe have begun to acknowledge the excessive cost incurred in the implementation

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- of Stalin's economic policy. Increasingly they have sought to expand trade with the West as one means of alleviating persistent economic difficulties at home.
5. As a consequence, since the late 1950's both the USSR and the Satellite area have scored impressive gains in their trade with the West, although this trade has not grown nearly as much as they had hoped. The largest single obstacle -- one which all the Communist countries face in common -- is their limited export capability in the West. In brief, they have been hoist by the petard of their earlier trade and development policies, which neglected the possibilities for successfully competing in Western markets.
 6. In recent years Soviet Bloc governments -- especially those of Eastern Europe -- have been searching for ways to overcome this legacy. The measures adopted so far, however, have not seriously affected the basic flow of goods between the USSR and the East European Communist countries. Soviet-Satellite interdependence still remains fundamentally intact, although there are signs of change. Soviet efforts in 1962 to secure greater dominance over the economies of Eastern Europe were rebuffed, and a few hesitant steps have been taken in some Satellite countries to limit the central planners'

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influence on trade, and to loosen the trade ties between a number of the Communist countries.

G. For the Soviet Union, imports historically have been small in relation to total economic activity. The growth of Soviet trade with the industrial West, in particular, has been inhibited by the long-standing Stalinist policy of attempting to insulate the Soviet economy from Western influence. While it is true that the highly defensive, and generally autarkic trade policies of the Stalin period were overtaken by Khrushchev's more aggressive commercial policy toward the West, these same factors continue to restrict the expansion of this trade.

1. Generally speaking, most industrial countries conduct the bulk of their trade with other industrial nations (the share of Western industrial nations in the US trade, for example, is more than 60 percent); however, the USSR, the world's second largest industrial power, conducts less than 20 percent of its trade with the industrial West.

2. Essentially the Soviet leaders continue, as in Stalin's time, to look upon trade with the West as a way to acquire the specific types of advanced technology that would be most helpful in meeting current planning goals. This policy injects an element of instability in Soviet

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orders, which may run heavily to ships one year, as in 1963, and to chemical equipment the next. Similarly, there is some discontinuity in Soviet exports, which are considered to have no role except as a means of paying for imports. For example, the USSR emerged as a large tin exporter in 1958-59, its sales amounting to over 32,000 tons during this two-year period; by 1962, however, Soviet offerings were nil, and during the past two years the USSR was an importer of some 3,000 tons a year. In short, the Western practice of seeking permanent, stable, and expanding trade relationships generally has not been adopted by Soviet trade planners.

3. Despite the limited context of its trade policy, the USSR has increased its trade with the industrial West an average of 15 percent a year from 1958 through 1963. Certainly the ultimate futility of continuing to expand trade through annual exports of gold in amounts exceeding gold production is clearly recognized by the Soviet leadership.
4. It is conceivable that the current Soviet experiments in granting greater autonomy to the plant managers may suggest the need for some significant changes in the

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conduct of foreign trade. Thus far the signals are very faint indeed.

- D. For the Eastern European countries trade with the West assumes more importance than it does for the USSR. Like the Soviet Union, these countries conduct some 70 percent of their trade with other Communist countries, and only about 20 percent of their trade is carried on with the industrial West. Unlike Soviet trade, however, Satellite imports -- like those of other small industrial countries -- are generally of much greater importance in total economic activity, amounting to perhaps 20 percent of GNP in the case of several of these countries.
1. The importance of Western trade varies a great deal among the Satellite countries. Less than 15 percent of Bulgaria's trade is directed toward the industrial West, while this area accounts for about a quarter of the trade of Poland, Rumania and Hungary.
 2. By far the largest share -- more than 85 percent -- of Eastern Europe's trade with the industrial West is accounted for by Western Europe. The share of the United States is less than 4 percent.
 3. The desire of Satellite leaders to expand their Western trade more rapidly has, for the reasons already outlined, been thwarted by a shortage of suitable exports.

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Therefore, although the removal of US trade controls might well increase the US share of Satellite trade with the West, the payments problem would still remain, and total Satellite imports from the West would not necessarily rise. In other words, removal of controls would raise the US share of this trade at the expense of Western Europe.

4. As indicated earlier, some of the Satellite leaders have recently decided on a number of measures which may ultimately result in a greater export capacity to the West. These include the reform of foreign trade management and steps to loosen somewhat the trade bonds to one another and to the USSR. At the moment it is too early to judge where these and similar measures will lead.

- E. The impact of Western, indeed of all international, trade on the economies of the Soviet Bloc is small in the aggregate and difficult to quantify in any event. Soviet imports are some 7 percent of industrial production and about 2.5 percent of GNP, and imports from the West represent less than one percent of either industrial production or of GNP. East European trade is of greater relative importance; imports are almost 30 percent of industrial production and some 10 percent of GNP, while imports from the West amount to

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between 5 and 6 percent of industrial production, and about 2 percent of GNP. The importance of this trade to specific industrial sectors and to Soviet Bloc technology is, of course, greater, and is perhaps a more appropriate measure of the impact of this trade.

1. However, even the significance of equipment imports from the West should not be overstated: the USSR, for example, produces perhaps as much as \$50 billion of machinery a year; from the East European countries it acquires almost another \$2 billion; and from the industrial West it buys somewhat more than a half billion.
2. Nevertheless, imports sometimes have an important bearing on the growth and technological development of particular sectors of the Soviet economy. Over the last three years, for example, the USSR imported almost 40 percent of the annual increment to chemical equipment inventory. Almost one-fourth of this annual increment came from the West. An even larger share of equipment for the synthetic fiber industry was imported. The net effect of these imports, moreover, was greater than the ratios indicate, because imports from the West consisted almost wholly of more sophisticated and advanced equipment and technology

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- than that produced by the Soviets.
3. The Soviet maritime fleet is another entity highly dependent upon imports. Of total additions to the fleet in recent years, about 75 percent were imports, of which less than one-half came from Western yards. Large vessels were the principal Western contribution.
 4. The USSR and Eastern Europe still depend to a considerable extent on non-Communist sources for the supply of certain industrial raw materials. Net imports (imports minus exports) account for about 40 percent of the annual Soviet supply of rubber. Of a supply of some 800,000 tons, about 100,000 is exported (or re-exported) to Eastern Europe. In its recent current and long-range plans the USSR envisaged a sharp reduction in its dependence on rubber imports, but these plans have turned out to be highly unrealistic. Copper remains scarce, but Soviet net imports are now less than 5 percent of the estimated total supply. The Russians, nevertheless, continue to export (or re-export) more than 70,000 tons to Eastern Europe annually.
 5. The USSR purchases less than 2 percent of its total imports of petroleum equipment from the West. Rumania provides a substantial share of Soviet imports of this equipment. Imports of refinery

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equipment, almost all of which come from the European Satellites, are equal to some 15 percent of domestic output. Here again imports from the West have a greater worth than their value suggests, because they represent in large part more sophisticated technology and equipment.

6. Eastern European imports of metal working tools and machinery constitute about 20 percent of total domestic output. Most of the trade is conducted among Communist countries, of which the northern Satellites are net exporters. Imports from the West are some 14 percent of total imports. The industrial West supplies about 2 percent of the total available machinery supply in East Germany and Czechoslovakia, and as much as 8 percent of the supply in Rumania. Imports from the West, however, consist almost wholly of new equipment and advanced technology; i.e., new steel rolling and finishing equipment, new petroleum refining and chemical process equipment.
7. The substantial quantities of rolled steel products imported by the Satellites are equal to almost 20 percent of total consumption of these products in Eastern Europe. The industrial West has supplied a decreasing share of this total supply (about 7

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percent presently) although Western exports continue to increase appreciably each year.

8. The acquisition of Western equipment and technology thus is important in the modernization of particular sectors of the Bloc economies. It enables the USSR and the East European countries to develop new capacity and to start up new production much earlier -- in some cases years earlier -- than otherwise would have been possible. Even though this support has grown in recent years, it has been entirely inadequate to prevent the recent decline in Soviet Bloc economic growth.
9. In brief summary, we can make the following generalizations about the level and impact of Western trade with the European Communist countries:
 - a. By most measures this trade is small and its size has been restricted primarily by the limited capabilities of the Communist countries to export to the industrial West and by a pattern of trade which has been artificially structured to promote trade with the East and to restrict trade with the West.
 - b. In recent years economic difficulties in both Eastern Europe and the USSR, and pressures within

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Eastern Europe for greater independence from Moscow, have increased the desires for trade with the West. Since the late 1950's, this trade has shown significant gains; however, these gains have been supported by exports of gold and by new credits from the West -- i.e., by measures that hold little promise for the future. The pace of future trade expansion will hinge largely on Communist efforts to substantially build up those export industries with prospects of sales in hard currency areas.

- c. For the USSR the economic impact of this trade in aggregative terms has been relatively small. It has not had an important effect on either economic or industrial growth. Undoubtedly, certain sectors of the economy, such as the synthetic fiber industry, have made technological gains more quickly and have achieved production levels sooner than would have been possible without Western imports.
- d. For Eastern Europe this trade assumes somewhat more importance in the aggregate and has added significantly to industrial capacity in several of these countries.

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II. There have been very few cases in which the Russians have obtained Western products contributing directly to Soviet military capabilities. The purchase of the British Nene engine in 1947 is a case in point. In general, however, trade with the industrial West has contributed to the Soviet defense program largely by easing the demand for research and development resources in the non-military sectors of the economy.

A. When the Soviets obtain technology and modern industrial equipment from the West at a cost less than the cost of producing the item domestically there is of course a saving in both time and money. This essentially represents a saving in scientific and engineering resources which the Soviets could then assign to other priority purposes. This is true whether the import is modern industrial equipment or agricultural commodities.

In recent years the Soviet leaders have had increasing problems with the allocation of resources. Rising expenditures for space and advanced weapons programs have deprived the non-military sectors of the economy of investment funds and most of the best scientists, engineers, technicians, equipment and materials. This has been a principal, if not the principal, cause of the declining rates of Soviet industrial growth -- a decline which probably has been moderated slightly by imports of modern Western equipment and technology.

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The question here is the extent to which these imports facilitated the diversion of high quality resources to military programs. To put it differently, what would have been the impact on Soviet military programs if there had been no imports of Western equipment and technology? We judge the impact would have been small. Insofar as there were increased shortages of resources due to the absence of this trade it is likely that military programs would have been the last to suffer; whereas the civilian sector would have been assigned even fewer resources and would have shown a somewhat slower pace of growth and modernization.

- B. It is significant that during the period 1950-57 when Western nations achieved a substantial degree of harmony in trade control policy the USSR was able, assisted by effective military and industrial espionage, to build a military establishment second only to that of the US; and during the period 1958-63 when rigid controls remained on military items and on items judged of importance to advanced weapons systems the Soviets made tremendous strides in a variety of missile and space programs. We assume in discussing the prospective impact of Western trade on the USSR and Eastern Europe that the export of Western weapons and related control systems, including the specialized

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machinery for their manufacture, is not permitted. Therefore, the principal question is the impact of the denial of non-military items on Soviet defense capabilities.

C. In the field of advanced weapons:

1. the USSR began testing and production for inventory of both nuclear and then thermonuclear weapons during the period of broadest application of trade restrictions. Although trade controls had little effect on this program, successful Soviet espionage activities enabled the USSR to acquire extensive knowledge of Western nuclear technology that was particularly valuable during the initial stages of Soviet nuclear development.

a. Had the Russians had access through trade to non-military technology in chemicals and chemical equipment, they might have been able to reduce the cost of producing fissionable materials and in a few cases to advance the date when these materials became available. Such access, however, would not have altered total weapons production by more than a small fraction.

2. The USSR undertook development, production and deployment of both MRBM-IRBM and ICBM missiles in close time phasing with, or in advance of, similar programs in the US.

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- a. Access to certain non-military US electronic equipment, metallurgical products, and their technology probably would have had little impact on the military effectiveness of these missiles, or on the rates of their production or deployment.
- D. Increased access to Western industrial technology would have provided for greater effectiveness in certain aircraft programs. In general, such access would have had a minor impact upon conventional ground weapons systems.
- 1. Western electronic equipment and metallurgy would have reduced the weight and improved the kill factors and other performance characteristics of Soviet military aircraft. It would have had some effect on numbers because of an improved ability to perform their basic mission, and on the period of service-life before overhaul or replacement was required (aircraft gas turbines, for example).
- E. In any event, based on our long experience in providing intelligence support to the US trade controls program, we believe that the potential military gain to be had from particular Western exports can be judged only on a case-by-case basis; and that judgment is possibly only for items closely related to military applications. In some

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instances other COCOM countries* have shipped non-military items which, in our judgment, have provided assistance to Bloc military programs; but such instances have been relatively few in number, and in the aggregate they have not significantly affected the Soviet's overall military capability.

- F. The important point here is that over the past decade the USSR has demonstrated its capability to develop and produce advanced weapons and space systems. Freer industrial trade with the West might have reduced the costs and perhaps improved the effectiveness of some of these systems, but the fact remains that the USSR now has an established, effective base for the development and production of such systems -- a base relatively independent of the type of Western technology which could have been acquired through trade with the West.

*COCOM, or the Coordinating Committee, is an informal voluntary organization embracing all Western industrial countries and Japan, established in 1949 to prevent the shipment of strategic goods to Communist countries.

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