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CIA HISTORICAL REVIEW PROGRAM  
MEMORANDUM FOR THE DIRECTOR  
1998

11 March 1976

MEMORANDUM FOR:

NIO USSR/EE

THROUGH : Chief, USSR/Eastern Europe Division

SUBJECT : Cooperation Between Yugoslav Enterprises  
and the USSR

1. Available information indicates little in the way of co-production agreements between Yugoslav firms and the USSR either on the economic or military fronts. Belgrade has also been slow in drawing down Soviet credits, especially the \$540 million loan extended in 1972. As of July 1975 loans for only six of the forty-two projects under this credit have actually been committed.

2. Belgrade still looks primarily to the West for economic and military cooperation agreements. Since 1968, Yugoslav enterprises have concluded over 350 co-production agreements with western firms and have borrowed an estimated \$1 billion from the West in 1975 alone. The Yugoslavs also shop in Western Europe rather than the USSR for more reliable military systems.

3. Although cautious toward Soviet co-production agreements and credits, Yugoslavia has increased trade with the USSR sharply in 1974-1975 as the Western recession shrank export markets. As a result, the USSR became Yugoslavia's number-one trading partner in 1975, and the largest customer for Yugoslav goods. Trade in 1976 is expected to reach \$2.3 billion, about 18% of total Yugoslav trade.

END

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4. Attached are tables listing known Yugoslav firms that have co-production or credit agreements with the USSR.

Office of Economic Research

Attachments:

1. Yugoslavia: Enterprises Participating in Co-production Agreements with the USSR
2. Yugoslavia: Drawdowns of Soviet Credits - As of July 1975

Yugoslavia: Drawdowns of Soviet Credits - As of July 1975

<u>Borrower</u>	<u>Soviet Participation</u>	<u>Equipment Delivery Date</u>
• Energoinvest	\$130 million in Soviet equipment for development of aluminum complex at Zvornik.	
• Jogometal Enterprises <sup>1/</sup>	Soviet equipment for construction of second phase of Smederevo steel mill.	1974-78
• Sisak II Thermal Power <sup>1/</sup> Plant	Expansion of capacity by 210 MW using Soviet equipment.	1974-76
• Pljevlja Thermal Electric <sup>1/</sup> Power Plant	To have 210 MW capacity.	1975-77
• Kostolac III Thermal Electric <sup>1/</sup> Power Plant	Expansion of capacity by 210 MW using Soviet equipment.	1975-77
• Negotino Thermal Electric <sup>1/</sup> Power Plant	To have 210 MW capacity.	1975-77
• Zenica Mining and Metallurgical <sup>1/</sup> Combine, Prijeđor	Expansion of capacity to 1.5-2 million tons of steel annually.	Negotiable

<sup>1/</sup> Part of \$540 million Soviet credit extended in 1972.

Yugoslavia: Enterprises Participating in Co-production Agreements with the USSR

Enterprise

Participation

Military:

1. Torpedo Plant, Rijeka  
Bratsvo Weapons Factory,  
Novi Travnik  
Probably involved in building Sagger anti-tank missiles under a license agreement.
2. Rudi Cajevac Factory,  
Banja Luka  
Assembles componets for wire-guided anti-tank weapons, most likely the Sagers.
3. Factories in Skopje  
Soviet-Yugoslav cooperation in an unidentified activity ?
4. N/A 1/  
Yugoslavs have allegedly obtained Soviet license to produce T-72 tank.
5. Tivat Naval Shipyard  
Repair of Soviet warships.

Non-Military:

1. Progress Foreign Trade Enterprise  
representing Prva Petoljetka,  
Trstenik  
During 1976-80 will deliver to the Soviet \$80 million in parts for truck assembly at the Kama Motor Works, probably in exchange for trucks.
2. Crvena Eastava Automobile Firm,  
Kragujevac  
During 1976-80 will deliver automobile parts worth \$123 million to the Volga Motor Vehicle Plant at Tolyatti in exchange for Soviet vehicles.
3. Skopje Steel Works  
Krajevo Freight Car Factory  
During 1974-75 contracted to deliver \$25 million in freight cars to Soviets in exchange for semi-finished steel.

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N/A: Not Available

Yugoslavia: Known Firms Having Contracts with the USSR

<u>Yugoslav Factory/Enterprise</u>	<u>Participation</u>	<u>Value</u>	<u>Date of Agreement</u>
1. Koncar, Energoinvest, Minel, TSN	Contract for delivery of transformers and complete transforming plants to the USSR.	\$14 million	January 1976 (U)
INA-Naftaplin, Zagreb Naftagas, Novi Sad Petrol, Ljubljana	Long term agreement for delivery of Soviet natural gas through 1980.		December 1974 (U)
Iskra, Ljubljana	Contract for delivery of programmers for fully automatic machine tools for Soviet industry during 1976-80.		1975 (U)
Jugoturbina, Karlova Subcontractor; Rade Koncar, Zagreb	Contract for delivery of five diesel engines for Soviet atomic power stations by 1980.	\$28 million	October 1975 (U)
Drosevec, Kosovo, a member of the Jugometal Kombinat, Belgrade	In 1975, firm was to supply the USSR with steel pipe using Soviet raw materials.	\$25 million	1975 (U)
Major Firms: Jumel Business Assoc. Mag, Energoinvest, Litostroj, Minel, Metalna, Ivo Loia Ribar, Gosa, Djura Djakovic, Rade Koncar	Yugoslav machine building industry scheduled to deliver equipment to the Soviet ferrous metallurgical industry during 1976-80.	\$650 million	1975 (U)
Major Firms: Soda-So, Zorka, Ohis, Hromos-Katran-Kutrilin, Jugovinil, Miloje Zakic, Renk	Exchange of chemical products during 1976-80.	\$300 million	January 1976 (U)

Yugoslavia: Known Firms Having Contracts with the USSR

<u>Yugoslav Factory/Enterprise</u>	<u>Participation</u>	<u>Value</u>	<u>Date of Agreement</u>
8. Nikola Tesla	Yugoslav firm reportedly concluded a long-term agreement for delivery and assembly of long distance telex and telephone exchanges in the USSR.	\$100 million	June 1975 (U)
9. Ohis Chemical Plant	Yugoslav firm reportedly signed deal for Soviet equipment for an oil refinery at Skopje.	\$53 million	April 1975 (U)
10. Invest-Import Enterprise	Soviets reportedly ordered high-voltage cable to be delivered in 1976.	\$40 million	January 1976 (U)
1. Kovinotechna	Soviets reportedly ordered five electrical traveling cranes to be delivered during 1976-77.		January 1976 (U)
2. Energoinvest	Soviets reportedly ordered slides and valves for pipelines for delivery in 1976.	\$27 million	January 1976 (U)
3. Treci Maj Shipyard	Contract for construction of six tankers for the USSR to be delivered during 1978-9.		March 1976 (U)