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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

Support Project Initiation Memorandum (for Non-Scheduled Intelligence Production)		1998
TO: Production Control Staff.		
2. Title or Subject (31) Line 1 USSR: Financing the Hard Line 2 Currency Deficits. Line 3 Soviet Outstanding Debt to the Line 4 West and the Debt Service Line 5 Ratio.		3. Analyst(s) & Other Contributors (21) Line 1 Line 2 Manhours: 4 Completion Date (y m d) 1976 June 18
4. Requester and Purpose (39) Line 1 Harry Kopp, Office of East-West Trade, Line 2 Dept. of State, for Line 3 Helmut C. Sonnenfeldt, State Dept. Line 4 Counselor. Line 5 Line 6		Classification (39) UNCLASSIFIED
5. Precis (39) Line 1 Tabular display of Soviet hard currency Line 2 deficit for 1975 and 1976 and methods Line 3 of financing. Also, a tabular display Line 4 of Soviet debt to the West and the Line 5 debt service ratio. Line 6 Line 7 Line 8		

APPROVAL:	Branch (if less than 10 manhours)	Date
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Note: Numbers in parentheses indicate the maximum number of characters and blanks to be inserted in a line--i.e., (16) means no more than 16 spaces.

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USSR: Financing Hard Currency Deficits

Million US \$^{1/}

	1975	1976 (Estimated)
Trade deficit ^{2/}	-6,300	-4,000 to -6,000
Medium- and long-term credits net of principal and interest payments ^{3/}	2,200	1,400
Other invisibles and hard currency trade not elsewhere specified ^{4/}	500	600
BALANCE FINANCED of which:	-3,600	-2,000 to -4,000
Eurocurrency syndications	800	1,000 to 500
Gold sales	1,000 ^{5/}	1,000 to 800
Change in Eurocurrency position, net ^{6/}	3,200	1,000 to 0
Errors and Omissions ^{7/}	-1,400	-1,000 to 1,000

1. Data rounded to nearest \$100 million.

2. Derived from Soviet statistics.

3. Includes government-backed credits for imports of machinery and equipment and large-diameter pipe.

4. Includes estimated revenues from arms sales, hard currency expenditures under clearing agreements, and net receipts from tourism and transportation.

5. Including rumored sale of 50 tons directly to Middle Eastern buyers, which may have earned some \$250 million

6. Position includes some medium-term borrowing.

7. Includes changes in short-term capital, and for 1976 will probably include additional bank-to-bank borrowing on the Eurocurrency market.

Estimated Soviet Debt to the West
and Debt Service Ratio

Year	Debt Outstanding at Yearend (Million US \$)	Debt-Service Ratio <u>1/</u> (%)
1970	1,722	18
1971	2,029	18
1972	2,608	20
1973	3,641	17
1974	4,461	15
1975	7,489	20
1976 ^{2/}	10,179	N.A.

1. Repayments of principal and interest taken as a percentage of Soviet hard currency exports. Inclusion of invisible receipts would decrease the debt-service ratio only slightly.

2. Preliminary.