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SOVIET UNION - EASTERN EUROPE



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More Reassurance to the West

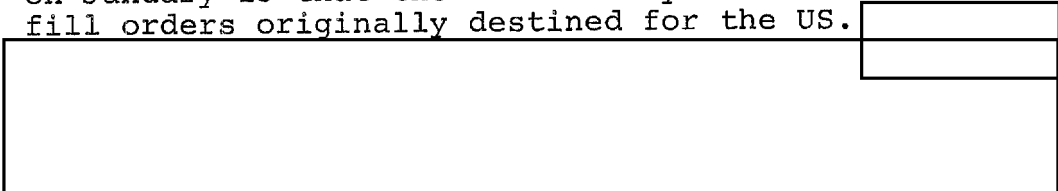
Moscow has taken additional steps publicly to reassure the West that the Soviets remain committed to detente, despite rejection of US trade legislation.

The most explicit reaffirmation since Secretary Kissinger's announcement came in a broadcast on January 16 by Tass observer Anatoly Krasikov, who derided Western rumors of a "sensational change" in Soviet foreign policy. Krasikov justified the Soviet action as resulting from a "flagrant contradiction" between the 1972 trade agreement and recent US attempts to interfere in Soviet internal affairs. He went on to stress, however, continued Soviet support for relaxation of international tension and mutually advantageous trade with the West, "not excluding" the US.

Moscow also managed a plug for continued cooperation with the US in Thursday's communique following Australian Prime Minister Whitlam's visit. The communique stressed the importance of Soviet-American agreements--especially those on nuclear war and strategic arms limitation--aimed at further improving the international climate.

Meanwhile, the USSR continues to cite US businessmen, congressmen, and journalists as understanding the Soviet position in refusing to implement provisions of the 1972 agreement.

Moscow may also have begun to point out to other Western trading partners the silver lining they may find in the US-Soviet cloud. Unofficial Soviet spokesman Victor Louis reported to a London paper on January 15 that the British may be invited to fill orders originally destined for the US.



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Eastern Europe Reaction to
US-Soviet Trade Agreement

Following Moscow's lead the East Europeans are blaming the US for the Soviet rejection of the trade agreement, but are describing detente as a continuing process.

Moscow's decision apparently caught its East European allies by surprise. Initial coverage was factual and brief, suggesting that the Soviets had once again failed to consult with their allies.

The most authoritative reaction has come from Prague, where Foreign Minister Chnoupek met with the US ambassador on Wednesday to inform him that restrictions in the trade agreement specifically aimed at Prague--and affecting Czechoslovak gold--had produced "a very bad reaction." Although he did not close the door to continued negotiations, Chnoupek did say that it might now be difficult to move forward on other normalization measures, such as opening a US Consulate General in Bratislava. Prague has its own axe to grind, but Chnoupek's remarks could signal that most Warsaw Pact capitals intend to be even less cooperative in meeting US requests while keeping open the prospect of progress if the new US Congress reconsiders the trade legislation.

Meanwhile, the Romanians and the Yugoslavs have avoided taking an authoritative line, probably because of the difficulty in finding a safe middle ground. Bucharest now is negotiating a new trade agreement of its own with Washington.

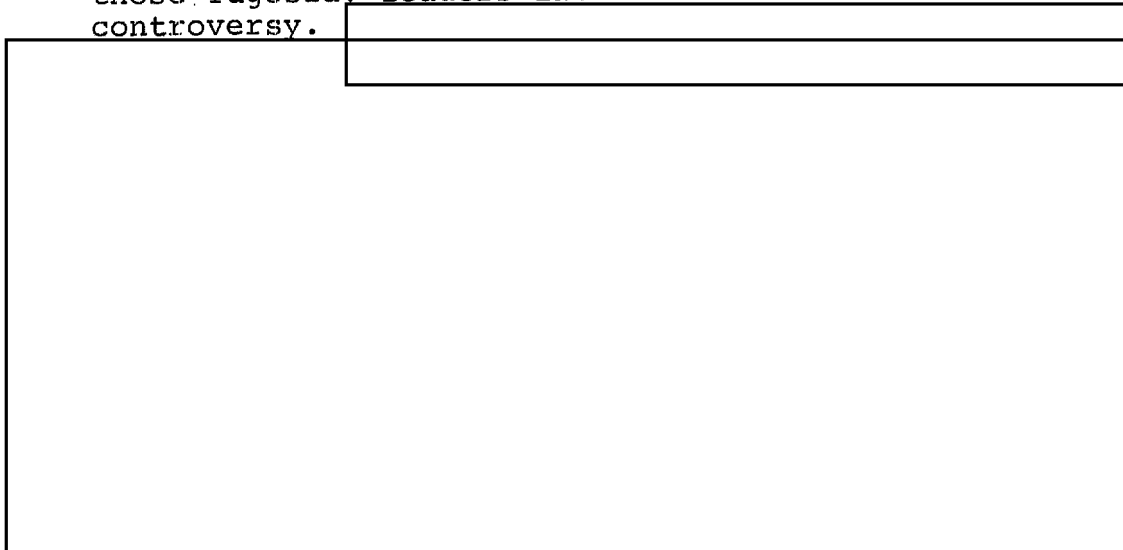
Belgrade and Washington announced on Wednesday that President Ford has accepted an invitation to visit Yugoslavia, and this will serve to cool down

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those Yugoslav leaders inclined to wade into the controversy.



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USSR: Jewish Emigration

The number of Soviet Jews granted permission to emigrate to Israel was 42 percent less last year than in 1973.

According to the Dutch officials who deal with Soviet citizens applying for emigration to Israel, approximately 20,200 emigrants were processed during 1974, down from 34,800 in 1973. The number of persons processed by the Dutch dropped sharply from the last quarter of 1973 to the first quarter of 1974, but since last April has held steady at approximately 1,600 a month. An additional 800 Soviet Jews emigrated directly to the US and other Western countries last year.

The Dutch attribute the decline in emigration partly to harassment by Soviet authorities and partly to the growing indecision of potential applicants. The Soviets have recently increased the bureaucratic red tape involved in exit applications, although threats that applicants will lose their jobs seem to have diminished. The Dutch see no reason to believe that the present lower levels of Jewish emigration will change. There has so far been no information from the Soviet Union on what, if any, impact developments concerning the US Trade Act will have on Jewish emigration.

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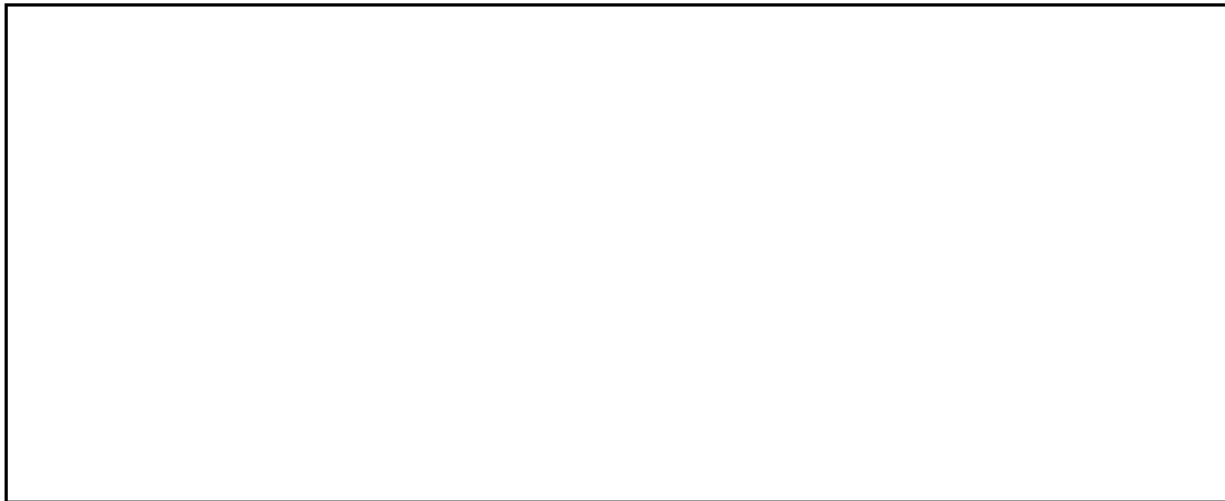
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Romania Seeking More US Machinery

Romanian officials say their country expects to purchase several hundred million dollars worth of US machinery and equipment through 1980. The orders will depend, however, on continued favorable credit arrangements with the Export-Import Bank.

Bucharest's shopping list includes petroleum machinery over the next four years worth \$300 million and \$100 million worth of heavy machinery in the next few months. Agricultural and irrigation equipment are also on the list.

The Romanian debt now totals more than \$2.3 billion in hard currency. Because of higher export prices, especially for petroleum products, Bucharest will nevertheless be able to handle a larger debt.



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Yugoslavia To Expand Air Services

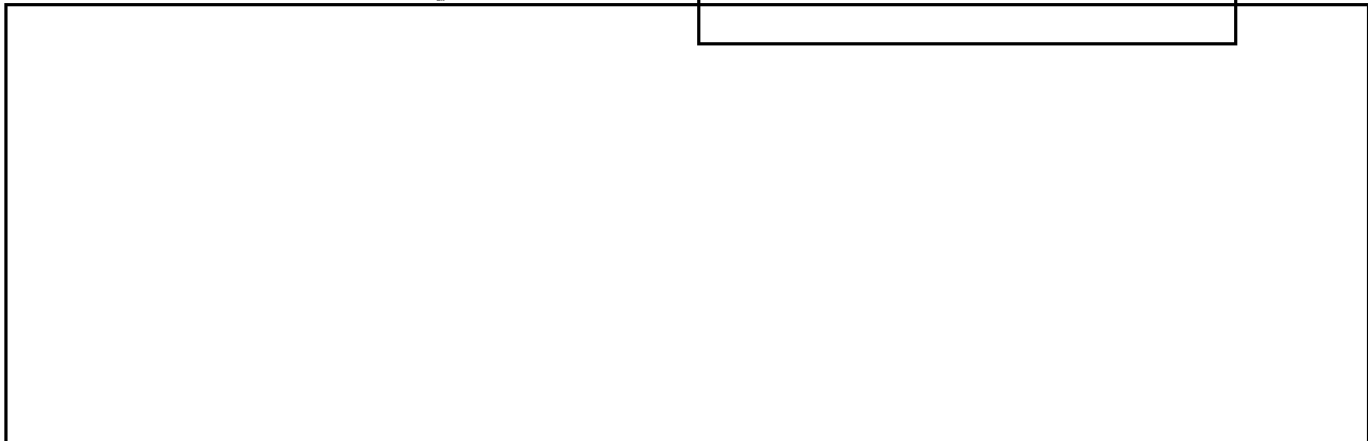
Belgrade is rapidly expanding its international air service. The Yugoslavian airline will begin its longest haul in April, when Australia is added to the route network. Later this year, its first scheduled service to Sub-Saharan Africa will get under way with flights to Zambia. The Zambian service, which will increase transportation available to Yugoslavian technicians working in Africa, probably will be an extension of its present route to Cairo.

Flights to Malta and Bangladesh are also scheduled to begin this year, and the groundwork is being laid for air agreements with Canada, Pakistan, India, South Korea, Kuwait, Iraq, Iran, and possibly Ethiopia and Cyprus. Service to the US has not materialized because of ticketing problems, but Belgrade hopes to solve these problems in time for operations in 1976.

The new international services will probably use Boeing 707s. Four already are in the fleet, and three may be ordered this year. In addition, the airline is considering acquiring wide-bodied aircraft for its anticipated US and Canadian service. The new long-range special performance Boeing 747 appears to be the leading contender.

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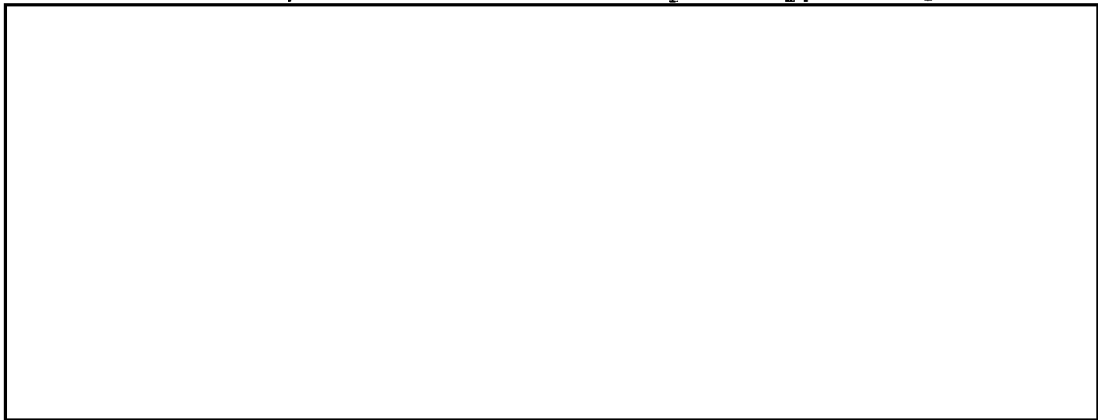
Large Soviet Computer Fails Acceptance Tests

The State Committee for Science and Technology has rejected the Soviet-built ES-1050 (RYAD-50) computer because it failed to pass quality control tests.

Moscow has been counting on the ES-1050 to get its planned nationwide data processing network off the ground. If current design deficiencies are not quickly corrected, the USSR may seek technological help from Western manufacturers or perhaps place substantial orders in the West for large data processing computers.

The major problem with the computer reportedly is over-heating of the components. The 1050 utilizes type 137 ECL (emitter-coupled logic) integrated circuits to achieve high-processing speeds. These Soviet components consume relatively large amounts of power that is dissipated as heat, a severe problem for any computer designer.

This problem could necessitate complete redesign of the 1050's component layout and cooling system, thereby delaying introduction of the computer for several years. Similar problems may account for the failure of the largest and fastest RYAD computer, the ES-1060, to reach even the prototype stage.



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Some Perspective on US-USSR Commercial
Relations During 1974

Soviet-American commercial contacts expanded again in 1974. More than 1,200 Soviet bureaucrats, scientists, technicians, and skilled workers visited the US for commercial purposes.

Some tentative conclusions about the Soviet leadership's priorities in its pursuit of American technology can be reached by looking at the organizational connections of the visitors. More than 30 Soviet government administrators with the rank of deputy minister or higher visited the United States for commercial purposes in 1974. In addition to the Ministry of Foreign Trade, organizations that sent two or more such officials were:

- Ministry of the Petroleum Industry
- Ministry of the Machine Tool and Tool Building Industry
- Ministry of the Pulp and Paper Industry
- Ministry of the Chemical Industry
- Ministry of Civil Aviation
- Ministry of Agriculture
- State Committee for Construction Affairs (Gosstroy)
- State Planning Committee (Gosplan)

Major Soviet commercial delegations usually consisted of a cross-section of the industry represented. For example, a chemical industry delegation might be headed by a deputy minister of the chemical industry and be accompanied by some or all of the following officials: a deputy chairman of the State Planning Committee (responsible for chemical industry planning); a representative from Soyuzkhimeksport, the Foreign Trade Ministry's association for the export and import of chemical products; an employee

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of the Scientific Research Institute of the Chemical Industry; the director of a chemical combine; a section head from the State Committee for Science and Technology; an editor of the official journal of the chemical industry; and a sector chief from the CPSU Central Committee's Chemical Industry Department. Any representative of the party apparatus invariably identified himself as an employee of a government ministry.

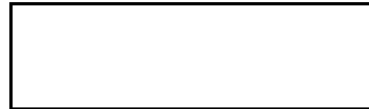
Another way of measuring Soviet commercial priorities is to group visitors according to the industry they represent. Included in the following approximate figures are a mixture of government officials, institute members, factory directors, party apparatchiks and workers from the Foreign Trade Ministry:

Automotive industry (including 54 trainees at US companies)	92
Construction industry (in- dustrial, rural, housing, in- stallation work, etc.)	53
Aviation	45
Petroleum and petrochemical industries	40
Food industry	40
Maritime affairs	39
Machine tool and tool building industry	33
Chemical industry	32
Nonferrous metallurgy (precious metals, zinc, lead, etc.)	30
Agriculture	28
"Machine Building" (road, live- stock and fodder, agricultural, light industry, etc.)	26
Ferrous metallurgy (iron and steel)	24
Electrical equipment	23
Radio, TV and cinematography	22
Geology	16

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Both quantitative yardsticks point to the same conclusion: the Soviet construction, aviation, petroleum, automotive, machine tool, and chemical industries were the most deeply involved in business with US firms during 1974. Close behind came the food and agricultural bureaucracies. Presumably those are the industries Moscow believes have the most to gain by technological exchange with the US.



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