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INTELLIGENCE MEMORANDUM

RECENT DEVELOPMENTS IN THE FOREIGN ECONOMIC RELATIONS
OF THE SOVIET BLOC

CIA/RR IM-420

3 February 1956

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CIA/RR IM-420
(Project 40.1028)

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RECENT DEVELOPMENTS IN THE FOREIGN ECONOMIC RELATIONS
OF THE SOVIET BLOC*

Summary and Conclusions

The Soviet Bloc, as a result of the changing structure of its component economies and in order to gain political and strategic advantage, has recently begun to expand its economic contacts with underdeveloped countries, to extend long-term capital credit, and to purchase the exportable surpluses of underdeveloped countries. Because of the rapidly increasing industrial power of the USSR it has now become possible, and from an economic point of view advantageous, for the USSR and other Bloc countries to export some types of capital goods and desirable for them to import certain raw materials and food products.

As of 1 February 1956 the Soviet Bloc has made offers of credit, primarily for capital goods, of about US \$1 billion. Of this total, acceptances have amounted to about US \$600 million, extending over a period of years. If all of these offers materialize into actual credits, which are then fully utilized, the commitment of the Bloc will require less than 1 percent of its industrial production. Thus it is likely that the countries of the Bloc, without hampering their growth or fulfillment of plan goals, could expand credit and export programs with underdeveloped countries substantially without impairment to their own economies. The economic threat presented to the Free World by the growing capability of the Bloc to export capital goods and to import raw materials will continue and become increasingly severe.

* The estimates and conclusions contained in this memorandum represent the best judgment of ORR as of 1 February 1956.

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I. Introduction.

The statements of high Soviet officials in recent months, outlining a much more vigorous participation by the Soviet Bloc in the international economic affairs of the non-Bloc world, especially the underdeveloped countries of Asia, Africa, and Latin America, must be accepted as a basic and reliable declaration of Bloc intentions and an indication of Bloc economic capabilities to support such a program. This new orientation has resulted in the formation of a Main Administration of Economic Relations, directly subordinate to the Council of Ministers of the USSR. On a lower level, new organizations have been formed in the Ministries of Foreign Trade of the USSR and several of the European Satellites which deal specifically with the exportation of complete plant installations and with the provision of technical assistance.

Liberal credits, technical assistance, wider participation in trade fairs, and expansion of trade with underdeveloped countries by the Soviet Bloc mark the beginning of a significant trend in Bloc international economic relations with the rest of the world. The Bloc, especially the USSR, will use its expanding but still modest capability to export capital goods to underdeveloped countries and to purchase the exports of those countries in order to compete with the aid programs of the West and to win every possible political, economic, and strategic advantage. Underdeveloped countries must necessarily regard the Bloc as an active competitor with the West as a source of capital for their internal economic development.

In his speech before the Supreme Soviet on 29 December 1955, Khrushchev stated that despite the growing internal needs of the Soviet economy, "... we consider it our duty to share with our friends." With respect to Western economic aid, he noted that "capitalist countries have to increase economic aid to underdeveloped countries" and that further Western aid must be "regarded as indirect help by the Soviet Union" The Bloc is thus inviting underdeveloped countries not only to participate in the Bloc program of credit extension but also to use Soviet offers as leverage in negotiations with the West.

The Soviet Bloc program has two principal aims. It is designed both to neutralize US influence in underdeveloped countries and to

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undermine the Western politicomilitary position in the areas adjacent to the Bloc. The shrewd placement of extensions of credit and offers of credit to neutralist states -- to countries at the periphery of the Bloc, Yugoslavia and Afghanistan; to Egypt and Syria as well as to other Middle East states; to Southeast Asia, Burma and India; and to Latin America -- indicates the importance which the Bloc attaches to these goals. In addition, as the following analysis shows, the Bloc can supplement its own resources in a modest but important way by exporting capital goods and importing raw materials and food products from underdeveloped countries. Lesser but not insignificant results of the Bloc program have been the substantial favorable public reaction to their moves in underdeveloped countries and the opportunity offered to publicize the effectiveness of the Communist system by accomplishing rapid industrial and technological development.

II. Soviet Economic Development.

At the time of the Revolution, Russia was predominantly an agricultural country; little industry existed, and the industrial plant was small. When the Communists gained control, the new government determined that the country would become a major industrial power. The USSR has maintained an unusually high rate of investment for a long period of time, concentrating on the construction of plants and equipment for heavy industry. Since 1928 the USSR has undergone the classical process of economic development experienced by the US, the UK, France, Germany, and other countries, with the time span, however, greatly reduced by the high rate of investment sustained at considerable hardship through enforced low living standards for the people. In about 30 years the USSR has changed from an agriculturally oriented, industrially impotent country to the second industrial power in the world.

Because of the Soviet emphasis on industry, the proportion of gross national product originating in industry has increased substantially. In the mid-1930's, industry produced only about 25 percent of total production. By 1955, industry accounted for about 40 percent of total production. The USSR now produces a wide range of industrial products in large quantities. For example, the Soviet machine tool industry is producing as much as its counterpart US industry, and the product is of generally comparable quality. The Sixth Five Year Plan (1956-60) in the USSR indicates a continued emphasis upon industry.

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During the next 5 years, industrial production in the USSR probably will grow by more than 10 percent per year -- faster than in any other industrial nation. The relative, though not the absolute, gap in industrial production between the USSR and the US is being closed because of the rapid Soviet growth.

Although industry as a whole has been pushing ahead rapidly in the USSR, the extractive industries, especially agricultural and food production, have progressed much more slowly and face increasingly serious resource limitations. The proportion of total production originating in extractive industries has declined steadily in the past three decades. As industrial production has grown larger, it has become increasingly evident that the USSR is not well endowed with all the requisite raw materials. Many ores are lean and production costs are becoming higher. The USSR is totally lacking in natural rubber and industrial diamonds. For decades before 1953, agriculture had been relatively neglected and had received little investment. Increases in production have not always kept pace with population growth. Obtaining additional agricultural output has now become very costly, inasmuch as the USSR not only must make up for a long period of neglect but also must overcome many natural barriers, such as unfavorable climate, limiting topographical characteristics, and relatively little arable land.

In the past, when the USSR was still primarily an agrarian economy in process of rapid industrialization, the pattern of Soviet foreign trade was to export the products of the extractive industries, such as timber and wheat, in order to import capital goods. This pattern served to enable the USSR to acquire costly capital goods which it was not equipped to manufacture at the cost of some of the output of the extractive industries which it did not yet require for its industries and could deny its population.

The gradually changing structure of the Soviet economy is resulting in important shifts in the relative costs of producing different items in the USSR. As the USSR has expanded its plant and equipment and has gained more experience in the manufacture of capital goods, costs of production have declined. On the other hand, it is becoming more costly for the USSR to obtain the output of the mineral and agricultural sectors, as the USSR has already exploited most of the low-cost output. The present relative cost position of the USSR is

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indicated by the ratio of ruble prices to dollar prices for various products. The ruble-dollar ratio for capital goods is about 8 or 9 to 1, whereas for raw materials it is about 20 to 1. Food products have a ruble-dollar ratio of about 11 or 12 to 1. Hence it is now becoming relatively cheaper for the USSR to produce some types of capital goods and other finished products and relatively more expensive to extract many of the indigenous resources.

The USSR is now finding that its traditional pattern of foreign trade -- that is, the export of raw materials and foodstuffs in exchange for imports of capital goods -- is disadvantageous. Reflection of this can be found in the Soviet decision not to import as much capital goods as it could even under present East-West trade controls and in the increasing proportion of Soviet imports accounted for by food products and raw materials. Section III, below, treats further the development of trends in Soviet Bloc trade with the West.

The USSR not only is capable of exporting a relatively varied line of capital goods, such as trucks; tractors; agricultural, construction, and mining machinery; structural shapes; and other capital goods, but also finds that it is advantageous to do so on economic grounds. The Soviet economy is obtaining food and industrial raw materials, such as copper, the domestic production of which requires a greater expenditure of resources than required for the capital goods which the USSR is exporting.

Because the shift in relative costs is still in process, the bulk of the Soviet exports of capital goods probably will be confined to the simpler types which are relatively easy to manufacture. These exports have been the very items which the underdeveloped countries have especially desired to import -- that is, certain types of transportation equipment, prime movers, machinery for extractive industries, and basic and standard manufacturing facilities. Furthermore, the USSR is able to and will export technical assistance. For many years, Soviet technical and engineering training has been conducted on a large scale, and the USSR now rivals the leading Western countries in numbers of engineers and technicians.

The production of food has been a chronic Soviet problem. It can be expected that the USSR will continue to attempt to supplement its domestic food supply increasingly with imports, especially from the

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underdeveloped countries. In addition, industrial raw materials can be used by the USSR to add to its own resources as needed supplies for its rapidly growing industries.

The extension of credit and technical assistance to underdeveloped countries and the expansion of trade with these areas, instead of imposing a burden upon the Soviet economy, probably will result in a small net economic gain. As the USSR develops its industrial capacity further, resulting in increased industrial demands for basic resources and the gradual depletion of these resources, it will become increasingly advantageous for the USSR to export capital goods and to import industrial raw materials. In addition, as population continues to grow, it will also become more advantageous for the USSR to import food products.

The fact that the USSR is apparently beginning to shift its trade pattern -- the same shift from importing capital goods and exporting raw materials to exporting capital goods and importing raw materials previously experienced by other maturing industrial economies -- is a most fortunate historic accident for the USSR. The political and strategic implications of even a small shift in trade are great, coming at a time when politically vulnerable, capital-hungry nations need the kinds of capital goods which the USSR has the capability to export and when the USSR can readily absorb their exportable surpluses. The probability of political gains, along with economic gains, is a situation ready-made for the present Soviet leadership to seize upon and exploit.

The policy of Soviet foreign trade is frequently characterized as a policy which is striving toward autarky, or "self-sufficiency." This long-standing dogma means that the USSR does not intend to become inextricably dependent on the rest of the world for the basic supplies for its economy. The basic dogma continues to hold, but it will not prevent the USSR from expanding trade or from changing the geographic direction or commodity composition of trade so long as the changes do not result in too great a dependence upon imports.

III. Foreign Trade Trends in the Sino-Soviet Bloc.

The value of trade between the Sino-Soviet Bloc and the rest of the world has in the postwar years hovered between US \$3 billion and US \$4 billion a year. The pre-Korean War level probably was attained

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in 1955, inasmuch as preliminary data indicate a volume of trade of about US \$4 billion. Imports and exports over this period each have constituted no more than about 1 percent of total production.

The direction of Sino-Soviet Bloc trade has remained relatively stable over the postwar years. Trade with Western Europe has represented about two-thirds of total Bloc trade and remains approximately constant as a proportion of total trade. The principal change in the past 3 years has been the growing relative importance of trade with Latin America, which has increased from 1 percent to about 7 percent of the total. Although trade with other areas increased, it has not expanded so rapidly as total trade. Table 1* shows the geographic direction of Sino-Soviet Bloc trade between 1953 and 1955.

The most recent developments in Sino-Soviet Bloc economic relations with underdeveloped areas have not yet been reflected in trade statistics. Almost all of the Bloc commitments in these areas were not made until the latter half of 1955, and deliveries in many instances have not been completed and recorded. The magnitude of the Bloc credit program is not yet such that it would loom large in recent annual trade statistics. Section IV, below, contains details of the Bloc credit program.

The commodity composition of Sino-Soviet Bloc trade with the rest of the world has changed significantly in recent years. In the early postwar years the Bloc was a net importer of manufactured goods and a net exporter of food products. This situation has not been substantially altered. In 1954, for the first time, both the USSR and the European Satellites became net importers rather than exporters of food products. At the same time, the European Satellites became net exporters of manufactured goods, and the USSR remained a net importer of manufactured goods by a relatively slim margin, although it doubled its exports of manufactured goods between 1952 and 1954.

For capital goods (machinery and transport equipment) the Sino-Soviet Bloc countries as a group remained net importers by about US \$140 million in 1954. Bloc exports of these goods were about 50 percent larger in 1954 compared with 1953, whereas Bloc imports remained at the 1953 level. Bloc exports of capital goods to underdeveloped countries doubled from 1953 to 1954.

* P. 15, below.

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Motor vehicles; agricultural machinery, including tractors; and office machinery accounted for more than half of the capital goods exported by the Sino-Soviet Bloc in 1954, and in each case Bloc exports exceeded imports by a considerable margin. This was also the case with metalworking machinery, railroad vehicles, and other transport equipment. The major Bloc imports -- ships and boats and electric- and power-generating equipment -- together accounted for more than half the total. Table 2* shows 1953 and 1954 Bloc imports and exports of capital goods. Data for all of 1955 are not yet available, but trade for the first 6 months and scattered data for the full year suggest that the Bloc is continuing to move toward the position of a net exporter of capital goods.

The Sino-Soviet Bloc has both the capability and the opportunity to increase greatly the margin by which it is now a net importer of capital goods. Although some capital goods items are embargoed to the Bloc, many types of machinery and equipment can be obtained by the Bloc without restriction. Even among the items under quota, only vessels and bearings are currently being purchased by the Bloc in quantities close to the quota. For half the items under quota, the Bloc made no purchases during the first 9 months of 1955 from countries that are members of the Coordinating Committee (COCOM) which regulates exports to the Sino-Soviet Bloc.

The size of current Soviet gold reserves and current gold production provides the Sino-Soviet Bloc with the capability to expand greatly its imports from the West at any time it desires. Current gold production alone, amounting to about US \$175 million per year, is sufficient to have nearly doubled Bloc imports of capital goods from the West in 1954 had the USSR so desired.

Sino-Soviet Bloc trade data indicate strongly that the pattern of trade is in process of change. Trade negotiations and agreements and offers and acceptances of credits, especially in 1955, indicate that trade with underdeveloped countries will increase somewhat as a proportion of Bloc foreign trade. The Bloc has already become a net importer of food and appears to be moving out of its present position as an importer of capital goods. Indications are that these trends will continue.

* P. 16, below.

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IV. Character and Magnitude of the Soviet Bloc Credit Program.

The Soviet Bloc credit program encompasses the provision of technical assistance, the provision of specific items of capital equipment, and the building of entire manufacturing plants for underdeveloped countries. Bloc offers have been made and accepted on many contracts for long-term, low-interest credits with payments to be made in local currencies or through barter arrangements.

One of the most appealing aspects of the Soviet Bloc credit program is the favorable payment terms. Bloc credits have interest rates of 2 to 3 percent -- about half Western rates -- and may be repaid over extended periods of time.

The Soviet Bloc generally is prepared to accept in payment the exportable surpluses of underdeveloped countries unsalable in other markets at prices satisfactory to the producing country. In Egypt and Burma the Bloc has arranged to take exportable surpluses of cotton and rice in exchange for Bloc industrial equipment and the services of Bloc technicians.

Total long-term credits extended by the Soviet Bloc to underdeveloped countries are estimated to be about US \$600 million, 70 percent of which has been negotiated by the USSR. Credit extension under serious consideration amounts to an additional US \$400 million, making a total credit of approximately US \$1 billion which the Bloc is prepared to advance. It must be remembered that these credit agreements call for deliveries over a period of several years and payment over many more years. Tables 3 and 4* indicate the magnitude and distribution of Bloc credits.

As a part of its over-all program the Soviet Bloc has exported arms to Egypt and Afghanistan and has offered arms to Syria and Saudi Arabia as well as to several Latin American countries. The Bloc has a considerable export potential in arms because of its substantial stocks of military hard goods which are approaching the obsolescent stage for its own forces but which are quite adequate for Middle Eastern and Latin American needs. In view of the increased attention being devoted to the advancement of their foreign credit program by high Soviet officials as well as by Bloc commercial and technical

* Pp. 17 and 18, respectively, below.

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representatives abroad, a significant expansion of Bloc credits to non-Bloc countries may be anticipated.

V. Role of the USSR in Directing the Soviet Bloc Credit Program.

The USSR has assumed the central role in establishing the framework within which the Soviet Bloc credit program operates. Primary responsibility for the Bloc credit program in the Middle East and Indonesia seems to have been placed with the European Satellites, whereas the USSR has been cast in the dominant role in Afghanistan, India, Burma, and Yugoslavia. The foregoing jurisdictions have been by no means exclusive. Furthermore, the barter arrangements under which a significant proportion of the Egyptian cotton and rice surpluses were quickly purchased by Communist China, Poland, Czechoslovakia, East Germany, Hungary, and the USSR bear evidence of coordinated effort. On the whole, Communist China's role has been ancillary.

In addition to encouraging the other Soviet Bloc countries to develop their own credit programs, the USSR has used them as intermediaries in special cases. An example of this is the Czechoslovak sale of Bloc arms to Egypt.

The pre-World War II commercial experience and contacts of the European Satellites make them ideally suited to act as the Soviet Bloc's entering wedge in promoting trade in the Middle East. Furthermore, an increase in Middle East demands for certain categories of capital goods produced in the European Satellites appears to coincide with a decrease in Soviet demand for them. In addition to the economic considerations involved, the establishment of trade missions may serve as an intermediate step in securing diplomatic recognition for East Germany and Communist China.

The degree of geographic division of labor established between the USSR and the European Satellites tends to maximize Soviet control of the Bloc credit and trade expansion effort in areas contiguous to the USSR and to minimize direct Soviet involvement in the explosive Middle East political situation.

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VI. Recipient Countries Under the Soviet Bloc Credit Program.

Yugoslavia has been the principal recipient under the Soviet Bloc credit program, accounting for one-third of all credit extended by the Soviet Bloc and for nearly one-half of that provided by the USSR. Other important recipient countries have been Afghanistan and India, each receiving about one-quarter of Soviet credits.

Egypt ranks second to Yugoslavia, receiving one-quarter of all credits extended by the Soviet Bloc but none from the USSR. Tables 3 and 4* show the composition of Bloc credits, by country. Table 5** gives a breakdown of Bloc credits by country of origin and by recipient countries in terms of particular projects and of exports of capital goods.

Underdeveloped countries undoubtedly regard the Soviet Bloc as a source of capital actively competing with the Free World for the opportunity to assist in their internal economic development. Economic conditions in a number of these countries are very favorable for the type of program being offered by the Bloc. Not only do these countries need large quantities of the types of capital goods and plant facilities being offered by the Bloc but also they are able to sell to the Bloc commodities which other countries will not buy.

In addition, the provision by the Soviet Bloc of capital goods and plant facilities may have a substantial impact on underdeveloped countries, increasing their capacity and output of particular products by significant amounts. Thus it is not surprising that the offer of such goods, coupled with favorable credit terms, has been accepted by these underdeveloped countries. The uncertainty of Free World markets for some of the commodities exported by the underdeveloped areas is an important factor favorable to Bloc activities in these areas.

The majority of the recipient countries appear to be aware, in varying degrees, of the serious consequences of becoming dependent on trade with the Soviet Bloc. There is a realization that the Bloc is not always a reliable trading partner, that it is susceptible to political

* Pp. 17 and 18, respectively, below.
** P. 19, below.

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motivation, and that it might withdraw trade unexpectedly because of political reasons or because of internal economic problems. Imports of Bloc capital goods and technical assistance place a part of the recipient country's industrial base on Soviet standards, which may well result in a dependence on Bloc willingness to supply replacement parts. Although there is a danger of Soviet influence, and possibly of Soviet dominance, the short-run gains appear to the recipient countries to be sufficient to outweigh the economic and political dangers involved.

VII. Economic Capabilities of the Soviet Bloc to Support Its Credit Program.

The credit program of the Soviet Bloc will not impose a net economic burden upon the Bloc economies. The economic gain is slight but will increase over a period of time. Even if there were no return to the Bloc for the credits granted, the program as it has developed so far would not impose a serious economic burden upon the Bloc economies. Credit offers of about US \$1 billion amount to about 1 percent of annual industrial production in the Bloc. If all of these offers materialize into actual credits, which are then fully utilized, the projects undertaken will require up to 5 years to complete.

The Soviet Sixth Five Year Plan, with its continued emphasis on heavy industry, will provide the USSR with a growing stock of plant and equipment. The larger capital stock will provide the base with which the USSR can continue to increase its exports of capital goods.

The credit program does imply that those capital resources exported to underdeveloped countries will not be available for capital expansion domestically. The construction in India during 1956-59 of a steel mill with a capacity of 1 million metric tons means that the USSR must forego resources which represent about 6 percent of Soviet steel expansion during that period. The export of other plants, such as electric power stations, cement plants, sugar factories, and other facilities detracts from the immediate ability to use these facilities in the Bloc. Bloc exports represent, however, the capability to produce only a minute fraction of what the Bloc produces annually for all the items exported. The magnitude of the program indicates that the impact on immediate growth in the Bloc will be very small and will not inhibit the fulfillment of plan goals.

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In addition, it must be remembered that in return for exports of capital goods the Soviet Bloc is obtaining food products and industrial raw materials for the production of which it would otherwise have had to use indigenous resources. Hence the general impact upon the Bloc will be to foster economic growth, if only slightly, and to enable the Bloc to use its resources in a more advantageous fashion.

In view of the magnitude of the total trade of the Soviet Bloc with the rest of the world, its present activities in underdeveloped countries, and the size and present stage of development of its economies, long-term credits can be expanded considerably and trade with underdeveloped countries can be enlarged substantially without impairment to the Bloc economies.

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APPENDIX

STATISTICAL TABLES

Table 1

Sino-Soviet Bloc Trade with the Free World
1953-55

Trading Areas	Exports						Imports					
	1953		1954		1955		1954		1955		1955	
	January-June	July-December	January-June	July-December	January-June	July-December	January-June	July-December	January-June	July-December	January-June	July-December
US and Canada	1,207	1,030	4,113	7,908	8,743	8,141	27,325	24,417	26,721	28,196	31,166	44,131
OEEC Countries a/	352,797	421,457	486,826	508,964	535,724	516,515	394,749	529,572	457,445	594,753	603,821	728,269
Other Europe	76,417	102,918	93,152	103,532	100,726	129,215	85,483	96,870	82,675	111,503	110,131	117,927
Near East and Africa	55,191	28,339	58,136	64,622	71,921	87,323	58,634	50,362	55,204	66,583	70,403	61,113
Far East	122,711	85,113	102,795	116,044	96,841	139,512	164,582	144,259	128,289	158,643	191,870	184,873
Oceania	17,422	57,936	57,950	15,198	29,871	20,682	5,360	7,291	7,262	8,090	7,345	9,117
Latin America	15,078	23,308	92,583	48,961	57,746	70,016	15,496	15,794	33,048	75,633	75,910	79,772
Total	640,823	748,101	897,555	865,229	901,574	971,404	751,429	868,565	788,734	1,043,401	1,090,648	1,225,202

a. Organization for European Economic Cooperation.

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Table 2

Sino-Soviet Bloc Trade in Capital Goods with the Free World
1953-54

Commodities	Thousand US \$			
	1953		1954	
	Imports	Exports	Imports	Exports
Machinery and equipment	<u>164,745</u>	<u>41,476</u>	<u>146,128</u>	<u>57,989</u>
Metalworking machinery	6,319	3,180	4,857	7,956
Electric and power generating equipment	77,935	8,104	69,710	12,718
Agricultural machinery (including tractors)	912	9,064	2,009	11,896
Office machinery	2,544	4,446	363	9,923
General industrial equipment	77,035	16,682	69,189	15,496
Transport equipment	<u>65,557</u>	<u>24,670</u>	<u>85,102</u>	<u>36,568</u>
Railroad vehicles	3,015	2,708	1,403	6,421
Motor vehicles	4,170	20,347	4,792	27,937
Ships and boats	57,877	14	77,967	
Other transport equipment	495	1,601	940	2,210
Unspecified machinery and transport equipment	<u>1,416</u>	<u>109</u>	<u>1,591</u>	<u>263</u>
Total	<u>231,718</u>	<u>66,255</u>	<u>232,821</u>	<u>94,820</u>

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Table 3

Credits Extended by the Sino-Soviet Bloc to Non-Bloc Countries
January 1956

			Million US \$
<u>Recipient Areas</u>	<u>USSR</u>	Bloc <u>Excluding USSR</u>	<u>Total Bloc</u>
Middle East			
Egypt		147	147
Iran		3	3
Syria		8	8
Turkey		3	3
Total		<u>161</u>	<u>161</u>
South Asia			
Afghanistan	107	5	112
India	101	4	105
Indonesia		18	18
Total	<u>208</u>	<u>27</u>	<u>235</u>
Europe			
Finland	20		20
Yugoslavia	204		204
Total	<u>224</u>		<u>224</u>
Grand total	<u>432</u>	<u>188</u>	<u>620</u>

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Table 4

Sino-Soviet Bloc Credits Extended and Those Under Serious Consideration
to Non-Bloc Countries
January 1956

Million US \$

<u>Recipient Areas</u>	<u>USSR</u>	<u>Bloc Excluding USSR</u>	<u>Total Bloc</u>
Middle East			
Egypt	200	147	347
Lebanon		3	3
Iran		3	3
Saudi Arabia		5	5
Sudan		3	3
Syria	100	74	174
Turkey	6	3	9
Total	<u>306</u>	<u>238</u>	<u>544</u>
South Asia			
Afghanistan	107	15	122
India	131	4	135
Indonesia		24	24
Total	<u>238</u>	<u>43</u>	<u>281</u>
Europe			
Finland	20		20
Yugoslavia	204		204
Total	<u>224</u>		<u>224</u>
Grand total	<u>768</u>	<u>281</u>	<u>1,049</u>

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Table 5
Sino-Soviet Bloc Loans to Non-Bloc Countries
January 1954-January 1956

Recipient Country	Credits Reportedly Extended		Credits under Serious Consideration		Million US\$
	Bloc Country	Project	Value	Project	
Afghanistan	USSR	POL storage tanks	0.6	Czechoslovakia	10.0
		Silos, flour mill, bakery	3.5		
		Roadbuilding	2.1		
		Development of agriculture, hydroelectric stations, irrigation works, motor car repair shops, reconstruction of Kabul airport	100.0		
		Storage tanks	0.6		
	Czechoslovakia	Portion used for cement plant	5.0		
Total			111.8		10
Egypt	Czechoslovakia	Arms agreement	140.0	USSR	Aswan Dam
		Shoe factory	a/*		
		Ceramics factory	a/		
	Hungary	Bridge	3.0		
		Power plant	3.5		
	East Germany	Equipment for 4 power plants	a/		
	Poland	Enamelware foundry	a/		
Total			147.0		200.0

* Footnote for Table 5 follows on p. 22.

Table 5

Sino-Soviet Bloc Loans to Non-Bloc Countries
January 1954-January 1956
(Continued)

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Recipient Country	Credits Reportedly Extended		Credits under Serious Consideration		Value
	Bloc Country	Project	Value	Project	
Syria	Czechoslovakia	Sugar-refining plant	1.7	Railroad	65.0
		2 cement plants	4.5	Oil refinery	100.0
	East Germany	Cement plant	1.3	Power plant and plant equipment	1.0
		Textile mill	0.5		
Total			<u>8.0</u>		<u>166.0</u>
Indonesia	East Germany	Sugar-refining plant	13.0	Cement plant	5.0
	Czechoslovakia	Radio factory	a/	Electric power plants	1.0
		Pharmaceutical factory	a/		
		Agricultural machinery plant	a/		
		Electric power plant	a/		
		Canvas factory	a/		
Total			<u>18.0</u>		<u>6.0</u>
Turkey	Czechoslovakia	Thread mill	a/	Capital equipment	a/
	East Germany	Spinning mill equipment	a/	Electrical materials factory	a/
	Hungary	Flour mill	a/	Power plant	a/
Total			<u>3.0</u>		<u>8.0</u>

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Table 5
Sino-Soviet Bloc Loans to Non-Bloc Countries
January 1954-January 1956
(Continued)

Recipient Country	Credits Reportedly Extended			Credits under Serious Consideration			Million US\$
	Bloc Country	Project	Value	Bloc Country	Project	Value	
Lebanon				East Germany	Cement plant	1.0	
Finland	USSR	Gold loan of February 1954 Gold loan of January 1955	10.0 10.0	Czechoslovakia	Porcelain, glass, and crystal factories	1	
Total			20.0				
India	USSR	Steel plant Diamond-mining equipment	95.0 6.0	USSR	Coal-washing plant	2	
	Czechoslovakia	Suspension bridge Thermal plant Cement plant Photoequipment plant Hosiery mill	1.0 a/ 2.0 a/ a/				
	Hungary	Wire plant	a/				
Total			105.0				2.0

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Table 5

Sino-Soviet Bloc Loans to Non-Bloc Countries
January 1954-January 1956
(Continued)

Recipient Country	Credits Reportedly Extended		Credits under Serious Consideration		Value
	Bloc Country	Project	Bloc Country	Project	
Yugoslavia	USSR	Raw materials credit			54.0
		Long-term investment			120.0
		Gold loan			30.0
Total					204.0
Iran	Czechoslovakia	Sugar factory			3.0
Total			Hungary	Cement plant	3.0
Total					3.0
Sudan	East Germany	Cement plant			a/
		Sugar factory			a/
Total					3.0
Saudi Arabia	East Germany	Cement plants			5.0
Total					5.0

a. The estimated value of this project has been included in the combined estimate of all credits extended to this country.

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