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CURRENT SUPPORT BRIEF

SOVIET FOREIGN TRADE IN 1960

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SOVIET FOREIGN TRADE IN 1960

Details of Soviet foreign trade in 1960 have just been released in the annual edition of the Soviet foreign trade handbook. 1/ Total Soviet foreign trade increased from \$10,514 million in 1959 to \$11,191 million in 1960--a relatively modest increase of 6.4 percent compared with the more than 20 percent increase in the previous year and the 13 percent average annual increase during the period 1955-1959. Soviet trade with China declined almost \$400 million, offsetting the substantial increase in trade with the European Satellites and resulting in only a one percent increase in Soviet trade with other members of the Sino-Soviet Bloc. The increase in over-all Soviet trade was, therefore, largely attributable to a 22 percent increase in trade with the Free World. The almost \$600 million increase in Soviet-Free World trade was due largely to increased imports from the industrialized and the underdeveloped countries and resulted in unusually large trade deficits with both these areas.

The relatively small increase in Soviet foreign trade in 1960 of \$677 million, following a \$1.9 billion increase in 1959, reflected chiefly the sharp decline--19 percent--in trade with China. Because of domestic economic difficulties, Chinese exports to the Soviet Union declined from \$1,100 million in 1959 to \$848 million in 1960. This reduced the Chinese export surplus to the USSR to only \$31 million--a sum considerably smaller than that necessary to finance Chinese indebtedness to the Soviet Union. The shortfall in Chinese exports was concentrated largely in agricultural raw materials, including textile raw materials, rubber, soy beans, rice, and meat, but also included such items as tin, ores and concentrates, and cloth.

Soviet trade with its European Satellites continued to increase in 1960, with Soviet exports of fuels and industrial raw materials increasing more or less as planned. More than half of the \$300 million increase in Soviet imports from the Satellites consisted of machinery and equipment, especially transport equipment, and there was an increase of more than \$50 million in manufactured consumer goods. The smaller Soviet export surplus in 1960 (\$300 million compared with \$430 million in 1959) reflects, among other things, reduced Satellite drawings on previously extended Soviet credits and increased Satellite credit repayments.

The 22 percent increase in Soviet trade with the Free World--from \$2,700 million in 1959 to \$3,287 million in 1960--pushed the share of non-Bloc countries to almost 30 percent of Soviet total trade, the largest since 1948. More than 80 percent of the \$587 million increase resulted from expanded imports from the area. An increase of \$314 million in imports from countries of the Industrial West, largely attributable to accelerated Soviet purchases of machinery, steel, and pipe, combined with an increase of only \$116 million in Soviet exports (more petroleum, cotton, grain, and other raw and semi-processed materials), resulted in a unique Soviet import surplus of almost \$100 million. More than three-fourths of the increase in Soviet trade with this area was accounted for by West Germany, the US, Japan, the UK, and Italy, and substantial import surpluses were incurred in trade with the first two countries as well as with France.

An increase of \$237 million in Soviet trade with the underdeveloped countries was primarily due to the large volume of trade conducted with Cuba, which amounted to \$175 million in 1960 compared with \$7 million in 1959. Soviet imports from the underdeveloped areas increased more rapidly than exports, with a resultant import surplus of \$262 million,

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the highest in recent years. Larger imports from Cuba, Egypt, and Ghana, among others, accounted for much of this increase. For example, the Soviet Union imported almost 1.5 million tons of sugar from Cuba in 1960 as compared with 133,000 tons in 1959. Other increased imports of note were those of cotton (Egypt), coffee (Brazil), and cocoa (Ghana). Exports of machinery and equipment expanded by about \$25 million, but this category accounted for less than one-third of total Soviet exports to the area--the same share as in 1959. Exports of more than 2 million tons of petroleum to Cuba more than offset reduced deliveries to Egypt, Argentina, and Uruguay.

The disappearance of the traditional Soviet export surplus with industrial countries, coupled with an unusually large import surplus with underdeveloped areas, has undoubtedly contributed to a deterioration in the Soviet balance of payments position with the Free World in general. Continued heavy purchases in the Industrial West in 1961 apparently motivated exports of Soviet gold amounting to about \$225 million during the first half of this year, the largest volume in a six-month period since World War II.

Table 1

SOVIET FOREIGN TRADE IN 1959 AND 1960
(Millions of Current \$US)

	1959			
	Exports	Imports	Turnover	Balance
Total	5,441	5,073	10,514	+ 368
Soviet Bloc	4,078	3,736	7,814	+ 342
European Satellites	2,950	2,520	5,470	+ 430
China	955	1,100	2,055	- 145
Other Bloc	173	117	290	+ 56
Free World	1,363	1,337	2,700	+ 26
Industrial West	856	756	1,612	+ 100
Underdeveloped Countries	389	574	963	- 185
Unaccounted For	118	6	124	
<u>1960</u>				
Total	5,562	5,629	11,191	- 67
Soviet Bloc	4,083	3,822	7,905	+ 263
European Satellites	3,120	2,819	5,939	+ 301
China	817	848	1,665	- 31
Other Bloc	147	154	301	- 7
Free World	1,480	1,808	3,287	- 329
Industrial West	972	1,070	2,042	- 98
Underdeveloped Countries	469	731	1,200	- 262
Unaccounted For	38	7	45	

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Source :

1. Ministry of Foreign Trade, USSR, Vneshnyaya Torgovlya Soyuz SSR za 1960 god (Foreign Trade of the USSR in 1960). Moscow 1961. U.

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