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## SIZE AND NATURE OF COMMUNIST ECONOMIC PENETRATION CAMPAIGN.

- I. Firm intelligence about the current Sino-Soviet bloc effort to penetrate under-developed free world countries, particularly in Near East and Asia, reveals the following:
  - A. Arms have been sold and contracted for in the amount of about \$175 million and negotiations are still continuing.  
*(Details on these and other deals are attached.)*
  - B. Other projects using bloc personnel, equipment, and credits are actively underway to the amount of over \$200,000,000.
  - C. Other offers, reported and considered plausible, are of an order of magnitude of \$300,000,000, *including an estimated \$275,000,000 to Egypt.*
- II. Values and costs are known figures or estimates by highly-qualified intelligence specialists on specific subjects.
  - A. The time span begins roughly in Spring 1954 and is projected to mid-1956.
    1. Bloc negotiations are often long and complicated. Many deals were probably started before Spring 1954, and many more could be under consideration which have not emerged into the light of intelligence.
  - B. Deals already concluded, or being negotiated, are firmest indicator of size and nature of Communist campaign.
    1. Actual performance and carrying out of current offers will be best guide to future direction and intensity.

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NSC BRIEFING

18 NOVEMBER 1955

**THE ESTIMATED VALUE OF COMMUNIST CREDITS  
TO FREE WORLD COUNTRIES**

- I. Estimated total value of communist credits under negotiation or already extended to free world countries since about mid-1954 may reach between 400 and 700 million dollars within the next few months.
  - A. Higher figure, however, will be reached only if a contract for the Aswan High Dam estimated at 275 million is signed.
  - B. Contracts, including arms deals, which are known to have been signed amount to over \$200 million.
  - C. Additional contracts are continually being signed and tendered bids accepted.
  - D. From the tenor of negotiations it is likely that a large part of the projects currently under discussion will soon be formalized.
- II. To date India has contracted for \$5,600,000 of Communist construction products.
  - A. The contracts for the Panna Diamond mine and the steel mill, which seem certain to be signed in the very near future, would bring the total communist credits to India to almost \$110,000,000.
  - B. India's second five year plan, which will begin 1 April 1956, places heavy emphasis on the rapid development of industry.

1. In terms of Indian resources, however, plan is overly ambitious and there have been hints that New Delhi will request \$1.5 billion in US aid.
  2. In this connection Russians, Czechs and East Germans have recently stated that they were interested in participating in Indian Second Five Year Plan.
- C. As a result of the visit of Premier Bulganin, Party secretary Khrushchev, and to a lesser extent the visits of Czech Trade Minister Dvorak and East German Trade Minister Rau, it is expected that a number of the Industrial projects now under negotiation by the communists might soon be formalized.
- III. Bloc dealings with Afghanistan, while smaller in size, already have a well-established pattern and are likely to expand as a result of recently intensified bitterness between Afghanistan and Western-supported Pakistan.
- A. Their attractiveness lies in fact they include arms and extension of credits for development purposes at low interest repayable in Afghan exports.

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18 November 1955

EXPLANATORY NOTE FOR THE DIRECTOR

The attached listing of the total value of communist construction credits in the free world tends to err on the conservative side. While all known signed contracts are included, the listing of offers generally includes only those for which negotiations are either well along or appear likely to be finalized.

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INDIA

1. Signed contracts including projects now under construction:

USSR ---- Cement Plant	\$2,000,000	est.
Czech --- Suspension Bridge	1,000,000	est.
Czech --- Thermal Plant	600,000	est.
Czech --- Cement Plant	2,000,000	est.
	<u>\$</u>	<u>5,600,000</u>

2. Offers

USSR ---- Diamond Min. Equipment	\$7,000,000	
USSR ---- Coal Washing Plant	2,000,000	est.
USSR ---- Steel Mill	95,000,000	
USSR ---- Cotton Spinning Factory	1,000,000	est.
USSR ---- Brick Plant	100,000	est.
USSR ---- Manganese Ore Dressing Plant	150,000	est.
Czech --- Camera Factory	250,000	est.
Czech --- Coking Plant	13,000,000	
Czech --- Sugar Plant	650,000	est.
Hungary - Wire Plant	50,000	est.
Hungary - Cement Plant	2,000,000	est.
DDR----- Cement Plant	2,000,000	est.
DDR ----- Chemical Plant	500,000	est.
DDR ----- Sugar Plant	350,000	est.
	<u>\$</u>	<u>124,050,000</u>

ESTIMATED TOTAL INDIA -- \$129,650,000

AFGHANISTAN

1. Arms deal (est.) \$ 3,000,000

2. Credits signed to date:

USSR ----	\$6,800,000	
Czech ---	5,000,000	
		\$ 11,800,000

Projects firmed under above credits are:

USSR ----	500,000 gallon gasoline storage tank	\$ 600,000
USSR ----	2-70,000 and 2-120,000 gallon tanks	600,000 est.
USSR ----	silos, flour mill, bakery	3,500,000
USSR ----	road-building, street-paving	2,100,000
Czech ---	cement plant	1,500,000
Czech ---	remaining credit which may be allocated to glass factory, cannery, etc.	3,500,000
		<u>\$11,800,000</u>

3. Offers

gasoline pipeline 700,000 est.

4. Additional reported Czech credit \$10,000,000 plus reported offer of \$5,000,000 more.

TOTAL AFGHAN -- \$14,800,000

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EGYPT

1. Arms deal (est.) \$160,000,000

2. Signed contracts including projects  
now under construction:

USSR ----	Cement Factory	\$2,000,000 est.	
USSR ----	Fertilizer Plant	5,000,000 est.	
USSR ----	Butane Gas Plant	100,000 est.	
Czech ---	Shoe Factory	100,000 est.	
Czech ---	Swing Bridge	250,000 est.	
Czech ---	Bridge	95,000	
Hungary -	Bridge	3,200,000	
DDR -----	Transformer-distributor Station	250,000 est.	
			<u>\$ 10,995,000</u>

3. Offers:

USSR ----	Aswan High Dam	\$275,000,000 est.	
Czech ---	Generators	1,200,000 est.	
			<u>\$276,200,000</u>

ESTIMATED TOTAL EGYPT -- \$447,195,000

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SYRIA

1. Arms deal -- initial Czech  
contract  
Approx 75 T-34 tanks &)  
spare parts. )  
Ammunition ) \$ 5,900,000

2. Offers

Poland -- 500 km railroad	\$65,000,000 est.
Bulgaria- Hydro turbine & gen- erator	250,000 est.
Hungary - Cement Plant	2,000,000 est.
Hungary - Power Plant	670,000 est.
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	\$67,920,000

ESTIMATED TOTAL SYRIA -- \$73,820,000



INDONESIA

1. Signed contract including project now  
under construction:

East Germany --- Sugar Factory	\$13,000,000	
Czechoslovakia - Radio Factory	600,000	est.
Czechoslovakia - Pharmaceutical Plant	3,000,000	est.
		<u>\$16,600,000</u>

2. Offers:

Rumania ----- Cement Mill	5,000,000	
Hungary ----- Electric Power Plants	1,000,000	est.
		<u>\$ 6,000,000</u>

ESTIMATED TOTAL INDONESIA \$22,600,000

TURKEY

1. Offers

USSR ----	Wheat Mill	\$ 20,000	est.
USSR ----	Macaroni Factory	22,500	
USSR ----	Brick Factory	1,600,000	est.
Czech ---	Thread Factory	1,200,000	est.
DDR -----	Electric Materials Plant	136,000	
DDR -----	Spinning Mill Equipment	47,000	
Hungary -	Power Plant	150,000	est.
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			\$3,175,500

ESTIMATED TOTAL TURKEY -- \$3,175,500

LEBANON

1. No known signed contracts.

2. Offers:

East Germany --- Cement Plant	\$1,000,000
Czechoslovakia - Porcelain Factory)	1,000,000 est.
Czechoslovakia - Crystal Factory )	
Czechoslovakia - Glass Factory )	
Hungary ----- Cement Plant	1,000,000 est.
	<u>\$3,000,000</u>

ESTIMATED TOTAL LEBANON -- \$3,000,000

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SUDAN

1. Offers:

East Germany - Cement Factory	\$2,500,000 est.
East Germany - Sugar Factory	650,000 est.
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	\$3,150,000

ESTIMATED TOTAL SUDAN -- \$3,150,000

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IRAN

1. Completed

Czech --- Sugar Factory \$650,000 est.

ESTIMATED TOTAL IRAN -- \$650,000

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SAUDI ARABIA

1. Offer:

East Germany ----- Cement Plant(s) \$5,000,000 est.

ESTIMATED TOTAL SAUDI ARABIA -- \$5,000,000

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