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# USSR Report

INTERNATIONAL ECONOMIC RELATIONS

(FOUO 1/82)

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USSR-CEMA TRADE

COORDINATING NATIONAL ECONOMIC PLANS OF CEMA MEMBER-STATES FOR 1981-1985

Moscow VOPROSY EKONOMIKI in Russian No 9, Sep 81 pp 107-116

[Article by I. Portyannikov and N. Rakhutin]

[Text] At the latest session, the 35th Session, of the Council for Mutual Economic Assistance [CEMA], which was held in July 1981, there was a summation of the results of coordinating the national economic plans of the CEMA member-states for 1981-1985. The Politburo of the CPSU Central Committee and the USSR Council of Ministers, after considering the report of the delegation of the Soviet Union, headed by Chairman of the USSR Council of Ministers N. A. Tikhonov, noted that "the completed coordination of the national economic plans and the session-approved coordinated plan for multilateral integrational measures in 1981-1985, create a solid basis for the successive development of the economy of the fraternal countries and the successful resolution by them of the increased social and economic tasks."

The current five-year period is the sixth five-year period for coordinating the plans of the CEMA member-states. After arising, during the first years of the activity of CEMA, as a method of coordinating individual problems in economic and scientific-technical cooperation, the coordination of the five-year plans has currently been converted into the leading form of joint planning activity, a harmonious international system of coordinating the foreign-economic conditions for developing and executing the five-year plans for the social and economic development of the fraternal countries under conditions of socialist economic integration.

"The main result of the coordination," N. A. Tikhonov remarked in his statement at the 35th CEMA Session, "as we see it, lies in the fact that for the next five years, and in individual areas for an even longer-range period of time, there has been found, for the most part, the resolution of questions that are linked with providing the countries with fuel, energy, raw and other materials, machinery and equipment, and other commodities."

The community of CEMA member-states has succeeded in doing this despite the fact that the economic development during recent years has been proceeding under conditions that are more complicated than those of previous periods. In a number of countries there has been a reduction in the labor-resources growth rate. There has been an increase in the expenditures, especially capital expenditures, for the extraction and transporting of fuel and raw materials, inasmuch as their extraction in the USSR -- the basic supplier of these commodities in the socialist market --

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have been constantly shifting to regions that are remote from places of consumption and that are relatively unassimilated, and the deposits of mineral resources possessing increasingly inferior geological-mining conditions are being involved in operation. For example, during the past five-year period the expenditures for the extraction of one ton of crude oil in the USSR more than doubled as compared with the period until 1972, and during the current five-year period those expenditures will increase even more. The specific capital investments for extraction of iron ore during the past 15 years at least tripled. In the Czechoslovakian Socialist Republic the further increase in the production of coal involved the changeover to worsened conditions and, in many instances, the need to use deposits of coal with reduced calorie output. The capital investments that were linked directly with this alone constituted during the past five-year period approximately one-third of the total capital investments in industry.

A definite effect is exerted upon the economic development of the CEMA countries by the rise in prices and the inflation on the world market, and by the worldwide currency-finance and energy crises. The rise in prices of raw materials has led to an increase in prices of output of the processing industry. In certain of the CEMA member-countries this has caused shortages in the commercial and payments balance sheets.

A number of factors that complicate the economic development of the socialist countries do not have anything in common with the diseases that affect the capitalist economy -- with its crisis-type instability, chronic unemployment, underloading of the production apparatus, disruption of the currency-finance mechanism, etc. At the same time, the socialist community has also been confronted by tasks of locating new capabilities for the development of dynamic and mutually advantageous cooperation within the framework of the CEMA, primarily by means of the closer coordination of the national economic plans on a multilateral and bilateral basis, and also the carrying out of a number of other measures involving mutual economic cooperation.

In the Communique Concerning the 35th Session of the CEMA, it is stated that the CEMA member-countries, using the advantages of the socialist system, on the basis of their own efforts, and relying upon mutual cooperation, have moved considerably ahead in economic development, have increased their economic and scientific-technical potential, and guaranteed a rise in the material and cultural standard of living of their peoples, while preserving for themselves the status as the most dynamic economic force in the world. That is convincingly attested to by the fact that the volume of national income in 1980 as a whole for the CEMA member-countries increased by 66 percent as compared with 1970, and the volume of gross industrial output, by 84 percent. During the past ten-year period there was a rise in the average annual level of agricultural production; during the past five-year plan it was 25 percent higher than in 1966-1970. With regard to the growth rates for national income and industrial output, during the past decade the CEMA countries surpassed by almost twice the developed capitalist countries.

Technical-production cooperation among the CEMA countries is being carried out successfully. This manifests itself particularly in the planned development and deepening of the specialization and cooperation of production. Solely on the basis of the concluded agreements, the reciprocal shipments of specialized output from the CEMA countries increased from 330 million rubles in 1970 to 25

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billion rubles in 1980. The export of specialized output of machine-building has been growing at a rate that is approximately twice as fast as the overall export of machinery and equipment.

The reciprocal foreign-trade turnover among the CEMA countries increased during the past ten years by a factor of 3.3 and at the present time exceeds 120 billion rubles. The reciprocal shipments provide for the overwhelming part of the import needs of most of the CEMA member-countries for machinery and equipment, petroleum, iron ore, and consumer goods. Last year the reciprocal shipments among the CEMA member-countries for those commodities accounted for approximately two-thirds of their total import.

By developing complete economic and scientific-technical cooperation and deepening the socialist economic integration and the coordination of plans, the CEMA countries create favorable -- but, most importantly, stable -- prerequisites for their steady, successive development and thus substantially lessen the unfavorable effect that the worldwide capitalist market is exerting upon their economy.

During the current five-year period it is planned to deepen further the complete economic ties among the CEMA member-countries. The congresses of the communist and workers' parties of the countries in the socialist community, which congresses were held in 1979-1981, by planning for the forthcoming years a new growth strategy that is aimed at increasing the final output without any substantial increase in the labor and material resources, demonstrated the unanimous striving to overcome the factors linked with the complication of the foreign and domestic conditions of economic development. That played an important role in working out the scientifically substantiated basic directions for the social and economic development of the CEMA member-countries for the five-year period.

The basic directions that are planned for the development of the national economy of the CEMA countries during the present five-year period provide for the successive carrying out of a policy aimed at the intensification of production, the improvement of the administration of the national economy, and the taking of all steps to economize the natural and labor resources on the basis of scientific-technical progress. The basic attention is devoted to the effectiveness of the national-economic ties, since that will encourage the development of the national economies, and will contribute to raising the national standard of living and to the resolution of the tasks of communist and socialist building.

The work of coordinating the national-economic plans for the present five-year period was carried out in conformity with the program that was developed by the CEMA Committee on Cooperation in the Area of Planning Activity and that was approved at the 31st Session of the CEMA (1977) -- the Program for Conducting the Work of Coordinating the CEMA National-Economic Plans for 1981-1985. That program provided a coordinated organizational-methodology basis for the actions to be taken by the Council countries and agencies in the process of the coordination work. The program proceeded from the time-tested principles of combining multilateral coordination -- within the framework of the CEMA Committee for Cooperation in the Area of Planning Activity and the other Council agencies -- with bilateral coordination -- among the central planning and economic agencies of the countries, with the combining of both these forms and in the close tie-in with the development of national plans, so that the CEMA countries could take into consideration its results at individual stages of preparation of the draft versions of their own five-year plans.

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A great influence upon the carrying out of the work of coordinating the plans for the present five-year period and upon deepening the mutual cooperation and the development of socialist economic integration was exerted by the meetings and negotiations of the party and governmental delegations of the CEMA member-countries, at which the most fundamental and most complicated questions of a long-term nature were discussed and coordinated.

A new feature in the coordination of the plans for 1981-1985 is, first of all, the fact that the coordination was carried out in combination with, and simultaneously with, the development and the initial implementation of the long-range programs that had been adopted by the CEMA countries -- the long-range target programs for cooperation in the key branches of material production. Those programs reflect the coordinated strategy of cooperation for a long-range period. When selecting the most important problems of cooperation for the purpose of resolving them in the current five-year period, consideration is also taken of the longer prospect. Thus, the long-term approach is intensified when the CEMA countries implement the most important national-economic problems.

The experience of carrying out the work of coordinating the plans for 1981-1985 confirmed the great importance of the long-range target programs for cooperation have for the further development of power engineering, fuel and raw-materials branches of industry, machine-building, agriculture and the food industry, the production of manufactured commodity goods, and the transportation ties of the CEMA member-countries. The now-traditional questions of production cooperation with the adoption of the long-range target programs, in the course of the coordination of the plans for the current five-year period, are resolved in a comprehensive manner with a consideration of the cooperation strategy that has been coordinated in these programs in the appropriate branches of material production for the long-range period. This is, as it were, the prerequisite for the changeover in the future to the coordination of the long-range national-economic plans of the CEMA country, and that, together with the coordination of the five-year plans, will serve the deepening of the cooperation in the field of planning activity.

Another no less important peculiarity of the coordination of the national-economic plans of the CEMA countries for 1981-1985 was the fact that the basic attention in the reciprocal cooperation among the countries of the socialist community is devoted to the specialization and cooperation of production. In the course of coordinating the plans there is an implementation of the Crimean accords arrived at by the heads of the parties and governments of the CEMA member-countries, to the effect that the next two five-year plans will be planned and carried out under the sign of the further, increasingly deeper cooperation and specialization of production on the basis of the broad use of the achievements of scientific-technical progress in the interests of the effective development of the economy of each of the CEMA countries and the reinforcement of the socialist community. That was promoted by the preparation and the signing of bilateral long-term programs for specialization and cooperation of production between the Soviet Union and other European CEMA member-countries. The programs, which are computed for the period until 1990, include a broad series of long-range measures that are aimed at the maximum use of the capabilities of the specialization and cooperation of production, upon the acceleration of scientific-technical progress, and upon the increase in the effectiveness of social production. They determine the strategic directions of the economic and scientific-technical cooperation,

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especially in uniting the material resources and scientific-technical potentials of the countries for the ten-year period.

The CEMA countries have coordinated and adopted the basic directions for economic and scientific-technical cooperation for the period 1981-1985 and until 1990, which have been called upon to assure a stable and long-term basis for the further deepening, expansion, and improvement of economic relations. One can already discern tangible results. For example, there has been an increase in the volumes of the reciprocal shipments of specialized output among the CEMA countries. Between the USSR and the European CEMA member-countries during the five-year period that has begun, the growth rates for the volumes of reciprocal shipments of specialized and cooperative output, primarily in the field of machine-building, will be considerably higher than the growth rates for commodity turnover as a whole.

A factor of special importance for developing and deepening the integrational ties in the field of machine-building is the state of agreement that was achieved during the course of plan coordination with regard to the further expansion of cooperative ventures dealing with individual assemblies and individual parts for passenger cars and trucks, motor buses, electronic computers, equipment of nuclear power stations, metallurgical equipment, road-building machinery, machine tools, railroad cars, tractors, agricultural machinery, ships, etc.

At the present time approximately 120 multilateral and more than a thousand bilateral agreements dealing with the specialization and cooperation of production, which were concluded between the USSR and other CEMA countries, are in the stage of implementation.

An important feature in the coordination of plans and the preparation of the draft versions of certain agreements dealing with measures for the long-range target programs for cooperation in the present five-year period was the consideration of the questions aimed at promoting the acceleration and increased effectiveness of the economic development of the Socialist Republic of Vietnam, the Republic of Cuba, and the Mongolian People's Republic.

In particular, the Soviet Union and Mongolia jointly developed a General Scheme for the Development and Placement of the Productive Forces of the MNR [Mongolian People's Republic] for the Period Until 1990. The measures involving the further development of the material-technical base of the national economy of the MNR with the technical and economic support of the Soviet Union are aimed primarily at increasing the effectiveness of the already created economic potential in the country; the completion of the projects for which construction has been begun; the guaranteeing of the upsurge in agriculture, light, food, and mining industry; the reinforcement of the fuel-and-energy and construction base; and also aimed at the resolution of the first-priority problems of the Mongolian People's Republic. In conformity with the signed protocol governing the coordination of the national-economic plans between the Czechoslovakian Socialist Republic and the MNR, during the present five-year period measures will be implemented to assure the joint development of the natural resources of the MNR, and the processing of raw materials of animal origin. Bulgaria will carry out the remodeling and modernization of a number of production capacities that were created with Bulgaria's assistance in Mongolia, and will also take part in the building of new projects. Together with other interested CEMA countries, Bulgaria will participate in developing the major

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deposits of phosphorites, coking coal, copper, and other minerals. In the current five-year period the operation of the International Geological Expedition of the Interested CEMA Member-Countries to the MNR will continue.

Cooperation on a multilateral basis will be carried out with the Republic of Cuba in conformity with a DTsPS [long-range target program for cooperation] in the construction of new capacities for the production of nickel- and cobalt-containing output, for the comprehensive development of agricultural production and the industrial processing of citrus crops and the production of sugar from sugar cane, and for the intensification of geological prospecting operations.

When the plans of the MNR, Cuba, and the Socialist Republic of Vietnam were being coordinated, consideration was taken of the specific features in the economy of those countries, where, practically speaking, there is no domestic production of machinery and equipment, and the policy aimed at the industrialization and creation of a stable economy with a well-developed agriculture and a number of branches of industry requires a considerable quantity of that machinery and equipment. As a result, a search is underway for the opportunities to assure the maximum satisfying of the needs that these countries have for machinery and equipment, and for the rendering of technical assistance in the construction of projects.

The CEMA countries and agencies, in conformity with the List of Problems to Coordinated on a Multilateral Basis, developed recommendations for resolving a total of more than 150 problems in economic and scientific-technical cooperation, prepared drafts of multilateral agreements, and worked out the overall concepts and directions for the cooperation and the methods and forms of carrying it out.

On a bilateral basis the CEMA countries coordinated large-scale national-economic problems of reciprocal cooperation. They include, first of all, problems of satisfying the countries' needs for the most important types of fuel and energy and raw material resources, machinery, equipment, and installations on the basis of the further development and deepening of international specialization and cooperation of production and other forms of cooperation. For example, in the process of coordinating the plans between the USSR and the GDR [German Democratic Republic -- East Germany], there was coordination of specific measures for deepening the cooperation in the area of science and technology and, within the framework of the Intergovernmental Commission on Economic and Scientific-Technical Cooperation, agreements were concluded and understandings were achieved. These include, in particular, the further development and application of microelectronics, the development of new technological schemes and installations for the production of energy, for the chemical industry, in the creation of progressive production technological schemes in the metal-processing industry. Proceeding from the large importance of providing the national economy with fuel and raw materials, important understandings have been reached with regard to the material-technical reinforcement of the branches of industry, and for their production in both countries. For these purposes large-scale reciprocal shipments of machinery, equipment, and units have been coordinated. For example, the GDR will deliver to the USSR units and equipment for the chemical and petroleum-refining industry, equipment for open-pit mining, metallurgical equipment, transformer substations, and other electrical-engineering equipment. In turn, the Soviet Union will deliver to the GDR equipment for nuclear and thermal electric-power stations, for geological prospecting operations, for the construction industry and the building-materials

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industry, and for metallurgy, and will simultaneously render technical assistance in installing them.

In the process of coordinating the plans, a large amount of attention was devoted to cooperation in the area of the fuel-and-energy and raw-materials branches of industry, which are of great importance for the development of the economy of the countries in the socialist community. The problems of fuel and raw materials have taken on world importance in recent years. The CEMA countries are resolving them by relying chiefly upon their own resources. They have proved to be the only industrially developed zone in the world to have avoided those serious blows that were inflicted on the capitalist economy by the energy crisis. By creating a large-scale fuel and raw-materials industry, the countries in the socialist community achieved a high level of energy consumption. At the present time those countries consume energy resources, in per-capita terms, which are approximately the same as in the countries of the European Economic Community (5 tons of conventional fuel). In 1980, by relying on reciprocal shipments, they covered their import needs for hard coal and lumber by 94-95 percent; crude oil and iron ore, by 68-70 percent; etc. The USSR provides for almost 90 percent of the import needs of the CEMA countries for petroleum products and 99 percent of the natural gas. In the current five-year period the Soviet Union is increasing by more than one-third the shipments to the CEMA countries of electrical energy, fuel and raw material commodities, and materials. Faithful to its international duty, the Soviet Union, despite the difficulties that have been linked with the worsening conditions with regard to production, is increasing the shipments of energy resources, in terms of conventional fuel, by 20 percent in the five-year period that has begun, as compared with the previous five-year period. The USSR delivers the fuel and raw materials to the fraternal countries at prices that are considerably lower than the prices on the world market.

At the same time, the long-term economic development of the CEMA countries that has been planned requires a corresponding increase in the production of the basic types of raw materials, fuel, the production of energy, and thus the guaranteeing of the further growth of the economic potential of the countries in the community. According to preliminary estimates, the consumption of energy by 1990 will increase in the CEMA countries by a factor of approximately 2.5 as compared with the present-day level, and there will also be a considerable increase in the needs for all types of raw materials and fuel, thus requiring the corresponding expansion of the sources to cover them.

All this is radically changing the scope of the economic ties and acts as one of the factors influencing the need for a qualitatively new approach to the further expansion of the economic cooperation with respect to the most important fuel and raw-material commodities. At the same time, a question that arises with all acuity is the question of using all types of fuel and raw materials, including those with low calorie content, that exist in the other CEMA countries; of developing and producing energy-saving machinery and equipment; and of achieving the accelerated development of nuclear power engineering.

A task that is becoming critically important is that of making the efficient application of everything that the countries in the socialist community already have at their disposal, primarily the raw-material and energy resources. The

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present stage of development of the socialist countries requires an increase in production with a reduction of the amount of funds, materials, and energy required for producing output. This is a faithful and reliable means of resolving the very important economic and social problems.

When coordinating the plans for the current five-year period, the Council's countries and agencies specified the priority directions to be taken in resolving the fuel and energy and raw materials problems. The needs of the CEMA member-countries for electrical energy will be satisfied primarily by means of the accelerated growth of nuclear power engineering. For these purposes, the following have been signed: a General Agreement Governing Cooperation in the Development of the United Electrical-Energy Systems of the CEMA Member-Countries for the Period Until 1990; and the Agreement Governing the Multilateral International Specialization and Cooperation of Production and Reciprocal Shipments of Equipment for Nuclear Electric-Power Stations for the Period 1981-1990. These very important agreements laid the foundations for the construction, with the technical assistance of the Soviet Union, on the territory of the European CEMA member-countries (excluding the USSR) and the Republic of Cuba, nuclear electric-power stations with a total rated capacity of 37 million kilowatts. The implementation of the program for the construction of the nuclear electric-power stations will make it possible for the participating countries annually to receive 250 billion kilowatt-hours of electric energy and to save approximately 70-75 million tons of conventional fuel, which is approximately comparable to the activation of four Soyuz gas pipelines constructed by the CEMA countries during the past five-year period.

The cooperation in nuclear power engineering, which unites the work of approximately 50 large-scale associations and enterprises in seven CEMA member-countries and SFRYu [Socialist Federated Republic of Yugoslavia], makes it possible on a single technical basis to assimilate and produce equipment for nuclear electric-power stations. Associations and enterprises that are becoming the leaders in nuclear machine-building are the Soviet Atomash, Czechoslovakian Skoda, the Magdeburg Heavy Machine-Building Combine, the Hungarian Ganz Magav Plant, etc.

In addition, for the more complete satisfaction of the needs of the national economies of Hungary, Poland, the USSR, and Czechoslovakia for electrical energy, and with a consideration of the readiness of the Soviet side to deliver it to the other participating countries, in March 1979 those countries signed a General Multilateral Agreement and a General Bilateral Agreement concerning cooperation in constructing on the territory of the USSR the Khmel'nitskaya Nuclear Electric-Power Station, with a capacity of 1 million kilowatts and an Agreement between Hungary, East Germany, Poland, the USSR, and Czechoslovakia concerning the construction of a high-tension electrical-transmission line (750 kilovolts) from the USSR (Khmel'nitskaya Nuclear Electric-Power Station) to Poland (Rzeszow). The activation of the first unit in that nuclear power station and the beginning of shipments of electrical energy have been planned for 1984, and by 1985 those shipments have been coordinated in the volume of 7.6 billion kilowatt-hours. By 1990 they are supposed to reach 12 billion kilowatt-hours. An agreement, signed in July 1981, concerning cooperation between Romania and the USSR in constructing, on the territory of the Soviet Union, the South Ukrainian Nuclear Electric-Power Station provides for the delivery from the USSR to Romania of electrical energy on a long-term basis.

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The CEMA countries have begun to implement the program adopted by the CEMA Committee on Cooperation in the Area of Planning Activity -- the program for multilateral cooperation in the comprehensive and more intensive involvement in economic circulation of new and additional sources of energy -- solar, wind, geothermal, etc. In the course of the next three or four years it is planned to carry out a series of measures involving the economically substantiated expansion of the use of renewable sources of energy and additional resources of synthetic hydrocarbon raw materials on the basis of cooperation among the interested countries.

In the course of coordinating the plans, an agreement was worked out to create and introduce improved processes in the secondary refinement of petroleum, for which the specialization and cooperation of production of the appropriate units and equipment will be carried out. For example, various units with an overall refining capacity of approximately 190 million tons of petroleum a year will be manufactured and delivered to the countries. The resolution of this problem will make it possible to produce more than 15 million tons of fuel and lubricants a year.

A considerable amount of work in the process of coordinating the plans has been done in searching for ways to meet the growing needs of the CEMA countries for ferrous metals. A large amount of attention here is devoted to working out the questions linked with the resolution of the problem of meeting the needs for iron-containing raw materials, which problem, in view of its scope, has become, like the fuel and energy problem, an international one.

Measures have been planned in the USSR iron-ore industry to preserve the existing shipments of iron-containing raw materials at the 1980 level. Projects are also underway to coordinate the draft of the General Agreement governing the organizing of cooperation in constructing on the territory of the USSR the Krivoy Rog Mining and Concentration Combine, both for the purpose of retaining the shipments of iron-ore raw materials at the 1980 level, and for satisfying the needs of the CEMA countries for iron-containing raw materials in excess of the 1980 level. However, the chief means of cooperation in the field of metallurgy, as was noted at the 35th CEMA Session, is not only the further buildup of the volume of production of metals, but primarily the fundamental improvement of the quality and structure of the metal output and the reduction of the amount of metal needed, especially in machine-building.

In the chemical industry, in the course of the coordination of the plans, a number of important problems were resolved. A General Agreement concerning specialization and cooperation in the production of energy-consuming and less energy-consuming chemical output was signed. On its basis, bilateral agreements were prepared and signed. Those agreements provide for the volumes and deadlines for shipments from the USSR to the countries participating in the agreement of energy-consuming output (ammonia, methanol, polyvinylchloride, polyethylene, divinyl, etc.) and from those countries to the USSR of less energy-consuming chemical output (chemicals to be used as additives to polymer materials, synthetic dyes, subsidiary textile substances, chemical means of protecting plants, plastics produced in relatively small quantities, chemical semifinished products, etc.). The implementation of the planned measures, with the tremendous saving in the import of hydrocarbons and

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energy carriers, exerts a substantial influence upon the formation in the CEMA countries of an economically substantiated structure in the chemical industry and upon increasing the effectiveness of cooperation in that area, in which the material basis for the chemicalization of the national economy of the countries is being created.

When searching for ways to build up, by their joint efforts, the capacities of the power-engineering and extractive branches of industry with the purpose of carrying out reciprocal shipments, the CEMA countries in the process of plan coordination devoted a large amount of attention to questions of the efficient use of the primary resources; the increase in production with a reduction in the amount of assets, materials, and energy needed for the production of output; the creation and production of new progressive technology and technological schemes that assure the increase in the effectiveness of production and that save the fuel- and energy and other material and labor resources.

The CEMA member countries are doing a lot for the joint development of the extractive industry. However, at the present time the factor that is taking on decisive importance is the economical, efficient use of the primary resources. That is the conclusion of all the past congresses of the communist and workers parties of the CEMA countries. The reduction in the expenditure of primary resources per unit of finished output requires, as a rule, fewer expenditures than the increase in their extraction. Computations indicate that the carrying out of measures involving the economizing of fuel requires from two-fifths to one-half the expenditures of producing an equivalent volume of energy resources. These tasks can be fundamentally resolved, as was noted at the 35th CEMA Session, only as a result of the reorganization of the structure of industrial production, the preferential development of production entities requiring less energy and fewer materials, and the introduction of technology and technological schemes that economize the resources.

"The key task today," N. A. Tikhonov said at the 35th CEMA Session, "is the raising of the technical level of production and its qualitative indicators. There is no other means of resolving the tasks of the 1980's other than the acceleration of the scientific-technical progress. Our opportunities here are especially great, for one-third of the scientific workers in the world are working in the CEMA countries. With this kind of scientific-technical potential at our disposal, it is necessary to strive for the corresponding benefit. It is especially important today to use all the opportunities of science and technology to reduce the energy and material requirements of social production."

A brilliant example of the work being carried out in this direction is provided by the cooperation between Czechoslovakia and the USSR in constructing and organizing a comprehensive automated technological line for the production of ammonia and the manufacture of equipment for the comprehensive technological line for the production of ethylene. The new lines with an optimal production capacity of 3000 tons of ammonia a day and 600,000 tons of ethylene a year will make it possible to double the labor productivity, to achieve a substantial reduction in the expenditures, and to reduce the metal consumption by 40 percent. This example also attests to the fact that a large-scale comprehensive increase in the effectiveness of production can be achieved primarily by the resolution, by the efforts of the CEMA countries, of the tasks in the area of scientific-technical cooperation.

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In the course of work to coordinate the plans in the field of machine-building and the radio-engineering and electronic industry, a number of agreements and recommendations were prepared. They deal with the further expansion of economic and scientific-technical cooperation. In addition, the products lists and tentative volumes of the reciprocal shipments of machinery and equipment until 1985 were coordinated. The approved and already signed agreements and amendments to previously concluded agreements include the first-priority measures for the long-range target programs for cooperation, which provide for the covering of the needs that the CEMA member-countries have for the basic types of machinery and equipment for the mining industry, electric-power engineering, the chemical industry, the petroleum and petrochemical industry, agriculture, the food and light industry, as well as for the development of the machine-building branches which provide the base for its efficient reorganization.

Certain agreements that were developed and signed in the course of the plan coordination provide for the creation of international production complexes which, from the point of view of their scope and technical level, are unmatched elsewhere in the world. These include the previously mentioned agreement dealing with the construction of nuclear electric-power stations and the production of equipment for them. At the 34th CEMA Session in 1980 an agreement dealing with international specialization and cooperation in developing and producing computer technology was signed. That agreement provides for the reciprocal shipments, during the current five-year period alone, with a total value of more than 15 billion rubles. The application in the national economy of new computer technology -- microcomputers -- will considerably increase the labor productivity and the return on investments and will reduce the manpower needs by several million persons.

A large amount of work has been done to subdivide the programs and to organize the output of hydraulic and pneumatic component equipment, as a result of which, in the USSR and other countries in the community, there will be an increase in the production of more progressive machinery and equipment for the mining industry, machine tools, and road-building and other technology.

Despite, however, the existing achievements and positive results that were achieved in the course of coordinating the plans for 1981-1985, as a whole the specialization and cooperation of production within the framework of the CEMA and in bilateral cooperation are still lagging behind the present-day requirements and the tasks posed by the communist and workers parties of the CEMA member countries. As a result of the fact that the planned development of international specialization and cooperation of production on a long-term basis is a very important direction in increasing the effectiveness of the further cooperation among the CEMA member-countries for the forthcoming decade, the CEMA agencies have planned steps to raise this work to a qualitatively new level and to concentrate the cooperation in the specialization and cooperation in the problems having great importance to the national economy, to intensify the comprehensive nature of that cooperation by means of the reciprocal coordination of research efforts, technical elaborations, the creation and production of technology, the organizing of its technical servicing, the expansion of the scope of international specialization involving standardized units and parts for the purposes of optimizing the production of the final output.

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Definite results in the process of plan coordination were achieved in the field of agriculture and the food industry, and the production of manufactured consumer goods and transportation ties among the CEMA countries. The resolved problems represent very important measures in the long-range target programs for cooperation, which formed the basis of the coordination work for 1981-1985 and determined as a whole their positive results.

The multilateral integrational measures, and primarily those linked with the implementation of the long-range target programs for cooperation, found their reflection in the coordinated plan that was prepared by the CEMA Committee on Cooperation in the Area of Planning Activity and that was approved by the CEMA Session -- the plan for multilateral integrational measures for 1981-1985, which provides for the construction, by the joint efforts of those countries, of a number of economic projects, the development of specialization and cooperation of production, cooperation in the area of science and technology, and standardization, as well as steps to promote the upsurge in the economy of Vietnam, Cuba, and the Mongolian People's Republic.

For the successful carrying out of the measures that were agreed upon during the coordination of the plans and reinforced by the appropriate agreements, the national economic plans of the individual countries stipulate the necessary material, labor, and financial resources.

As in the previous periods, the Soviet Union is doing everything possible to reinforce the economy of the countries in the socialist community. "With a large-scale economic, technical, and scientific potential at its disposal," the Communique of the 35th CEMA Session states, "the Soviet Union carries out shipments of fuel, raw materials, machinery and equipment, and other commodities, renders broad technical assistance to the CEMA member-countries in the construction of industrial projects; and carries out the transmittal of advanced production and scientific-technical experience. The extensive Soviet market guarantees most of the CEMA member-countries a stable area for the sale of a large part of the export of output of machine-building and other commodities."

Proceeding from the socialist principles governing the cooperation, the CEMA member-countries as early as 1975 agreed that, in their reciprocal trade, they would not allow any arbitrary, sharp changes in the prices of raw materials, energy, fuel, or other commodities. The prices in reciprocal trade, according to their decision, are established annually on the basis of the worldwide prices from which the influences of speculation and the market situation have been removed, and on the basis of their average level during the previous five years. The jointly found resolutions with regard to contract prices made it possible for the socialist countries to avoid those difficulties that were caused to the capitalist world by the energy crisis. As a result of Soviet shipments of petroleum alone, the European CEMA member-countries during the past five-year period obtained an advantage of no less than \$3 billion a year, as compared with the world prices. And the existing procedure of establishing prices continues to prevail for the current five-year plan. With that procedure the prices in the trade among the CEMA countries are lower than the current world prices. Taking into consideration the needs of the CEMA countries, the Soviet Union, despite the difficulties linked with the worsening of the drilling conditions, is, in 1981-1985, keeping the shipments of petroleum to those countries at the high level that was achieved in 1980.

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For the entire five-year period, Soviet shipments of petroleum will constitute approximately 400 million tons. During the current five-year plan the export of machinery and equipment from the USSR to the CEMA countries will reach 35 billion rubles, which is 40 percent more than during the past five-year plan. Soviet shipments of machinery and equipment cover the vitally important needs of the CEMA member-countries. They will contribute to the expansion and renovation of the fixed assets and the modernization of production.

Cooperation within the framework of the CEMA is yielding considerable advantages also for the Soviet Union. Suffice it to state that during the past five-year period the CEMA countries provided for as much as 40 percent of the new vessels in the Soviet fleet; 35 percent of the new passenger cars; 12 percent of motor buses; as much as 15 percent of the funds for our retail trade in ready-to-wear clothing, footwear, furniture, and canned goods. During the new five-year period the Soviet Union will import, in exchange for Soviet commodities, more than 60 billion rubles' worth of modern machine equipment and more than 40 billion rubles' worth of consumer goods. The shipments from the CEMA countries to the USSR of machinery and equipment will contribute to the resolution of major tasks in individual branches of the national economy and to the accelerated development of certain of the leading branches of industry. Shipments which are of great importance are, for example, the shipments of metallurgical equipment, equipment for the petrochemical and chemical industry, electric locomotives, passenger and freight railroad cars, and transport and fishing vessels. The increase in the import of furniture, knit goods, garments, and other consumer goods will promote the expansion of the variety of consumer commodities in the Soviet market.

The Basic Directions in the Economic and Social Development for 1981-1985 and for the Period Until 1990 have stipulated the complete development of mutually advantageous trade, economic, and scientific-technical ties with the socialist countries; the active participation in the further deepening of the socialist economic integration of the CEMA countries; and the consistent continuation of the implementation of the long-range target programs for cooperation which are aimed at the resolution of the most important problems in the development of power engineering, the fuel and raw-materials branches, machine-building, agriculture, transport, and the production of consumer goods, as well as the bilateral long-range programs for the specialization and cooperation of production.

On the basis of the coordination which has been carried out for the plans, during the five-year period that has begun there will be an expansion of the scope of the reciprocal cooperation between the USSR and all the CEMA countries, as a result of which the reciprocal shipments of commodities will grow by almost 40 percent as compared with the previous five-year period and will exceed 260 billion rubles. During the current five-year period the commodity turnover between the USSR and Bulgaria and Cuba will grow by a factor of more than 1.4 as compared with the previous five-year period; with Hungary, East Germany, and Mongolia, a factor of 1.5; with Czechoslovakia, a factor of 1.7; and with Romania, will almost double.

The planned scope of the reciprocal cooperation among the CEMA member-countries during the current five-year period can be judged on the basis of volume of reciprocal commodity turnover that was agreed upon during the course of the plan coordination. That volume will grow in 1981-1985 by 36 percent as compared with the actual reciprocal commodity turnover in 1976-1980. Moreover, the increase in reciprocal

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commodity turnover that was planned for the current five-year plan outstrips, as it did during the previous periods, the growth rates of national income and industrial production, thus attesting to the further deepening of the international socialist division of labor.

At the present time the CEMA member-countries are concluding the intergovernmental long-range trade agreements governing reciprocal shipments for the current five-year period and other agreements dealing with definite problems of economic cooperation.

Thus, the course and results of the coordination of the national economic plans of the CEMA member-countries for 1981-1985, as evolves from the materials of the 35th CEMA Session, convincingly indicate that, on the basis of economic mutual assistance, the further development and deepening of the international socialist division of labor, and the consistent carrying out of a course aimed at socialist economic integration, the CEMA countries, working together, are finding the means to resolve many of the complicated problems and are providing the conditions for stable and dynamic development. At the same time, under the management conditions of the 1980's, in the process of the work of coordinating the plans also located real reserves of materials, financial, and labor resources which the countries have at their disposal for the resolution of the problems that have arisen. The national planning agencies and the CEMA Committee on Cooperation in the Area of Planning Activity are applying efforts to locate additional opportunities for the more complete satisfying of the needs of the countries' national economies for fuel, raw materials, energy, machinery, and equipment, and for expanding the reciprocal trade in foodstuffs and manufactured consumer goods, which will contribute to the further development of the economy and the rise in the standard of living in the countries of the socialist community.

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TRADE WITH LDC'S

BOOK ON SOUTH YEMEN'S SOCIAL, ECONOMIC DEVELOPMENT

Moscow NARODNAYA DEMOKRATICHEKAYA RESPUBLIKA YEMENA: EKONOMIKA I TORGOVO-EKONOMICHEKSKIYE OTNOSHENIYA in Russian 1981 (signed to press 24 Apr 81) pp 1-2, 175-176

[Table of contents and brief description of book by V.N. Burmistrov]

[Excerpts] Title Page:

Title: NARODNAYA DEMOKRATICHEKAYA RESPUBLIKA YEMENA: EKONOMIKA I TORGOVO-EKONOMICHEKSKIYE OTNOSHENIYA (The People's Democratic Republic of Yemen: the Economy and Economic Trade Relations)  
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The main directions in the development of South Yemen's economy in the colonial period, after winning independence, and at the present stage of implementing reforms in South Yemen are covered. The foreign trade policies, means of state control of the republic's foreign trade, and basic trends in the development of foreign economic trade ties are examined.

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