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MEMORANDUM FOR:

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Attached is D/TA's contribution for the paper

Project contains information on Soviet fisheries and maritime aid to less developed countries. If you have any further questions please contact

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Acting Chief
Trade and Aid Branch
Office of Economic Research

7 May 1975
(DATE)

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Summary and Background

Since 1960, the USSR has concluded fisheries assistance agreements with 27 less developed countries (LDCs) and pledged approximately \$115 million to support LDC fishing development programs. (Table 1) Most of these funds have been channeled to African and Middle Eastern states. In recent years, Soviet aid has emphasized technical and research support rather than equipment and construction of onshore facilities that was the hallmark in the 1960s. Moscow also seeks client states adjacent to major or potentially major fishing grounds. Currently, Moscow also seeks to establish joint companies that will provide a modicum of security for continued Soviet exploitation of marine resources throughout the world regardless of future decisions that may emerge from Law of the Sea deliberations.

Soviet fishing aid is complimented by maritime assistance including the supply of merchant vessels, harbor and ship-building equipment. About \$71 million¹ of such aid has been given to 13 nations. Maritime assistance usually evolves an ad hoc response to conditions in the LDC which enhance Moscow's trading capabilities with that country.

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1. Does not include salvage operations conducted by Soviet naval vessels in Bangladesh and Egypt.



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Recent Developments in Fisheries Aid

Since 1973, Moscow has added two new clients, Argentina and Portugal, as fisheries assistance recipients. Pledges of funds will be finalized after agreement is reached on equipment and projects respectively. A major portion of the assistance, however, certainly will be for technical services and training.

USSR also actively followed through on prior agreements with at least 14 nations including assignment of approximately 1000 fisheries personnel in LDCs. Among the most notable developments is the proposal made to Indonesia in December 1974 to reestablish the fisheries aid program abandoned in 1965. Accordingly, Moscow has offered not only trawlers, crews, and training but also help in developing port facilities.

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Moscow is stressing the establishment of jointly owned fishing companies and has approached at least 14 LDCs regarding such ventures. (Table 2) The general characteristics of the three companies currently in operation are as follows:

- The vessels used are of Soviet origin and are leased to the firm or purchased by the LDC.
- Proceeds of the operation are used first to cover vessel expenses and net profits are then divided equally by the two parties.

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- Vessels used are jointly manned and are also used for training and research purposes.
- A portion of the catch is delivered to the LDC for local distribution and the remainder is frozen and shipped to other markets.

Data so far, indicate that leasing and depreciation charges are inordinately high, so as to limit profitability.

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Table 1

Estimated Soviet Aid Extensions for Fisheries and Maritime
Development in Less Developed Countries
January 1956 - June 1975

	Million US \$	
TOTAL	Fisheries Aid <u>115.0</u>	Maritime Aid <u>71.2</u>
Africa	<u>46.4</u>	<u>12.3</u>
Algeria	4.5	9.2
Equatorial Guinea	N.A.	
Gambia	N.A.	
Ghana	11.2	
Guinea	6.3	2.5
Kenya	N.A.	
Mauritania	N.A.	
Mauritius	5.0	
Morocco	N.A.	
Senegal	6.7	N.A.
Sierre Leone	N.A.	N.A.
Somalia	9.8	
Sudan	2.0	
Tanzania	0.9	
Tunisia	0.6	0.6
Middle East	<u>37.7</u>	<u>36.1</u>
Egypt	7.0	16.6
Iran	6.3	1.5
Iraq	11.0	1.5
Syria	N.A.	N.A.
Yemen (Aden)	5.6	
Yemen (Sana)	7.8	16.5
South and East Asia	<u>12.1</u>	<u>15.1</u>
Bangladesh	8.0	N.A.
India	2.2	
Indonesia	0.3	15.1
Pakistan	1.6	
Sri Lanka	N.A.	
Latin America	<u>18.8</u>	<u>7.7</u>
Argentina	N.A.	
Chile*	17.0	
Peru	1.8	
Europe	N.A.	
Greece	7.7	7.7
Portugal	N.A.	

* Programs have been discontinued.

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Table 2

Soviet Joint Venture Agreements in Fishing
with Less Developed Countries

<u>Recipient</u>	<u>Current Status</u>
Argentina	letter of intention unchanged
Bangladesh	under negotiation
Egypt	joint fishing venture underway in Central Atlantic
Gambia	under negotiation
Indonesia	
Iraq	
Liberia	offer under consideration
Mauritania	company formation approved in April
Mauritius	offer pending
Morocco	
Peru	under negotiation
Somalia	joint fishing venture in operation
South Yemen	joint fishing venture in operation
Sri Lanka	negotiations in limb

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Analysis of Recent Activities

Moscow's interest in reaching joint venture arrangements with LDCs reflects the uncertainties of pending decisions on a global Law of the Seas and the subsequent need for a buffer position. Moscow, in concert with the world's other major fishing nations continues to push for inclusion of an optimum utilization clause^{2/} in any decision to expand territorial fishing jurisdiction to 200 miles. LDCs with embryonic fishing capabilities are disadvantaged by such a provision. They would have to rely on foreign fleets operating their coastal water possibly through licensing arrangements, royalty payments or joint ventures -- the latter being the most secure and profitable from the Soviet point of view.

Moscow's use of technical services centers on some basic economic considerations. For example, ^{technical} aid is less costly than the provision of equipment or onshore facilities. Moreover, it offers Moscow increased fishing information and a better financial return. Because the planned expansion of Moscow's own fishing fleet is facing a shortfall, technical assistance to LDCs in lieu of equipment transfers also places no additional strain on the USSR's resource base.

The major fisheries centers have moved gradually southward in recent years with important implications for fisheries aid and Soviet fishing in general. Moscow has

2. Achieving maximum sustainable yield over time, consistent with certain environmental and economic factors.

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extensively researched the southern reaches of the Indian, South Atlantic, and Pacific Oceans, where over the past 18 months new fisheries aid including offers of joint ventures, has been extended. With the Soviet fishing fleet already topheavy in support ships and with the need for repair facilities within reach of fishing grounds, these joint ventures may well be the most economically feasible way for the USSR to exploit extensively the world's southern fisheries.

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Maritime Assistance

The USSR made two new commitments in the maritime assistance field in 1974, following a year's hiatus. Soviet technicians will take a major role in the \$35 million expansion of the port of Latakia in Syria. The value of Soviet assistance is not known but it will involve aid in the construction of several new docking and warehousing facilities aimed at doubling the port's current berthing capacity. In February 1974, the USSR also agreed to help expand the port of Hudayah in North Yemen. This aid will include harbor dredging and the supply of cargo handling equipment.

Prospects

Soviet fisheries aid is profitable, low cost and may be necessary for effective fisheries exploitation in the future. Joint ventures and technical assistance will continue to keynote the program, which will concentrate on recipients with access to lucrative fisheries areas. Maritime assistance, particularly the supply of harbor equipment, will continue to occur in areas of mutual economic benefit.

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