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CURRENT SUPPORT MEMORANDUM

CEMA AND THE DANUBE

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

This report represents the immediate views of the originating intelligence components of the Office of Research and Reports. Comments are solicited.

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CEMA AND THE DANUBE

For a long time planners of the nations traversed or bordered by the Danube have been interested in the economic benefits which might be derived from its development for navigation, irrigation, and production of hydroelectric power.^{1/} However, the complex international character of the Danube and the magnitude of the investments involved have prevented any significant accomplishments.

There is recent evidence of revived interest, occasioned by the more friendly relations between Yugoslavia and its Soviet Bloc neighbors as well as the fact that the Council for Mutual Economic assistance (CEMA) is considering the matter.^{2/} At the Berlin CEMA meeting, 13-25 May 1956, a working program was discussed and adopted "to draft a plan for the all-round use of the water resources of the Danube."^{3/} Vljako Begovich (Director of the Yugoslav Institute for International Politics & Economics), an observer at the CEMA meeting stated that "plans in process of formulation which will take another 2 years to complete, for comprehensive exploitation of Danube power potential is calculated to yield 32 billion kwh from total projects. The cooperation of West Germany and Austria will be essential to complete realization of this plan." The magnitude of the plan is shown by the fact that 32 billion kwh is about half of the total electric power produced by West Germany in 1954.

Detailed plans for the comprehensive exploitation of the Danube are not known, but it seems certain that they will include the development of the "Iron Gate," located between Yugoslavia and Rumania, near Turnu Severin. This is a particularly favorable site for a hydroelectric plant since the Danube flows through a gorge in this sector and there is a rapid drop in water level. In addition, substantial navigational benefits would result. This project has been under consideration for many years and there now seems to be likelihood that it would become a reality.^{5/}

There are many indications that the development of the Danube would result in material economic benefit to all of the Eastern European Satellites as well as Yugoslavia, Austria, and West Germany. As a central body of plan coordination for the Eastern European Satellites, CEMA seems to be the most promising vehicle for such development, although there is some question as to the role that Austria and West Germany would play in any such scheme.

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Analyst:

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