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CIA HISTORICAL REVIEW PROGRAM
RELEASE AS SANITIZED

5-3831

1999

3 October 1971

MEMORANDUM FOR: Mr. Harry L. Moffett, Director
Office of Minerals and Solid Fuels
Department of the Interior

SUBJECT : Soviet and Communist Chinese Assistance to
Mining and Metallurgical Operations in the
Free World

1. Attached is a set of tables with details of Soviet and Chinese assistance classified Secret/~~Secret~~. The summary information presented in the text which follows, however, may be used in your unclassified study.

2. The USSR is providing about \$2 billion of aid for mining and metallurgical operations in 23 less developed countries of the Free World. This aid represents about 30% of total Soviet aid extended since the start of its economic aid program in 1954. Approximately \$1.8 billion of the total has been committed to the construction of metallurgical projects in 12 countries; the remainder (over \$200 million) is being used for geological surveys and exploration and mineral exploitation in 19 countries. The largest mining operation is in Guinea, where more than \$90 million of aid is being provided for mining bauxite.

3. By far the largest amount of the assistance provided for metallurgical operations has been allocated to steel mills, which eventually will provide more than 15.5 million ingot tons of additional capacity. Listed below are the countries where steel plants have been built or are underway.

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Soviet Aid to Steel Mills

Country	Aid Commitment (Million US \$)	Capacity (Thousand ingot tons)	Status
Algeria	128	350 a/	Under construction
Indonesia	35		b/
Ceylon	12	60	c/
India	570	7,200	d/
Iran	320	4,000	e/
Pakistan	210	1,000	Survey made
Turkey	265	2,000	Under construction
Egypt	160	1,200	Under construction

- a. First stage capacity, under credits extended to date.
- b. Construction suspended after 1965 abortive coup. Soviet survey team reviewing possibility of resuming construction.
- c. First stage completed. Further aid may be forthcoming for expansion of capacity.
- d. Bhilai construction completed (3.2 million ton capacity); Bokaro, first stage, under construction.
- e. First stage capacity of 600,000 tons should be completed in 1972. Eventual capacity planned at four million tons.

4. Other metallurgical assistance includes approximately \$150 million for building aluminum plants in Turkey, Egypt, and India and a number of plants in Algeria, Bolivia, Iran, and Egypt to concentrate nonferrous metals.

5. While this assistance is enabling less developed countries to exploit their resources and to establish domestic processing facilities, it also has economic advantages for the USSR. Most Soviet assistance is provided under credits that call for repayment over 12 years. Repayment normally is in commodities, often the output of plants built with Soviet aid. For example, the USSR agreed to purchase 600,000 tons of steel sections over three years produced at the Soviet built Bhilai steel plant in India. The larger part of the output of the phosphate fertilizer complex to be built by the Soviets in the UAR will be exported to the USSR, and Moscow will take bauxite as repayment for Soviet aid in building a bauxite mining complex in Guinea.

6. Chinese aid for mining and metallurgy has been negligible, probably confined to small amounts provided to Egypt and Pakistan.

Acting Chief
International Services Division

Attachment:
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Soviet Aid for Mining and Metallurgical Operations to IDCs of the Free World

	<u>Commitment</u>	<u>Status</u>
	<u>Value</u>	
<u>Date</u>	<u>(Million US \$)</u>	
<u>Africa</u>		
Algeria		
<u>Mining</u>		
1963	N.A. (all under \$100 million line of credit, which includes at least 30 other projects)	Underway Underway
<u>Geological research</u>		
Rehabilitation of Mines		
Iron Ore Development		
<u>Metallurgical</u>		
1963	N.A. (under the \$100 million line of credit)	Survey underway
<u>Lead and Zinc Concentration</u>		
El Abid		
Iron Ore Concentration Plant		
Mercury Production Plant, Ismail		
1964	127.8	May be built 300 ton annual capacity. Completed in 1971 First stage capacity will be 350,000 tons of rolled steel; may be increased to 1.2 million tons. Almost one-half of credit drawn at end of 1970.
Steel Mill, Annaba		
Oha		
<u>Mining</u>		
<u>Geological Surveys</u>		
1968	N.A. (one of several projects under \$2.2 million credit)	No activity
Congo (B)		
<u>Mining</u>		
<u>Geological Survey, Point Noire and Niari</u>		
1964	N.A. (one of several projects under \$8.9 million credit)	Underway

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Soviet Aid for Mining and Metallurgical
Operations to IDCs of the Free World

		Commitment			
		Date	Value (Million US \$)	Status	
Ethiopia					
Mining					
<u>Geological Survey</u>		1959	N.A.	Underway	
		(one of several projects under \$100 million line of credit)			
Guinea					
Mining					
<u>Geological Survey</u>		1960	8.4	Suspended after coup	
Metallurgical					
<u>Gold refinery, Tarkwa Steel mill</u>		1960	0.4	Suspended after coup	
		1960	N.A.	Never begun	
				(under the 1960 \$40 million line of credit, which also includes projects listed above and others)	
Guinea					
Mining					
<u>Geological Survey</u>		1959	2.6	Completed	
<u>Diamond and Gold Mining</u>		1959	5.1	Completed	
<u>Emelite Mining</u>		1969	92.2	Survey begun in 1970. Output to exceed 500,000 tons annually	
				(will be used to expand bauxite production and to build an associated 150km rail line to the port city of Conakry)	
Metallurgical					
<u>Survey for aluminum refinery</u>		1960	N.A.	Completed	
				(under \$21.5 million line)	

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Soviet Aid for Mining and Metallurgical
Operations to IDCs of the Free World

	Commitment		Status
	Date	Value (Million US \$)	
Mali			
<u>Mining</u> Geological Survey	1961	12.8	Underway. New contract signed Jan 1971 for extension of surveys for two more years.
Nigeria			
<u>Mining</u> Prospecting, Kaduna	1970	N.A.	Equipment may have begun to arrive in mid-1971
<u>Metallurgical</u> Iron and steel feasibility study, Lokaja	1968	N.A.	Survey completed in 1971
Senegal			
<u>Mining</u> Prospecting for gold and diamonds	1965	N.A. (under \$6.7 million credit which includes other projects)	No activity reported
Sudan			
<u>Mining</u> Operations in Red Sea	1969	N.A. (under a \$12.8 million credit which includes other projects)	Surveys begin in 1971

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Soviet Aid for Mining and Metallurgical
Operations to IDCs of the Free World

	Commitment		
	Date	Value (Million US \$)	Status
<u>Tanzania</u>			
<u>Mining</u> <u>General Surveys</u>	1966	0.3	No reported progress.
<u>East Asia</u>			
<u>Burma</u>			
<u>Mining</u> <u>Rehabilitation - Mauchi Mines</u>	1969	1.7	Survey underway
<u>Indonesia</u>			
<u>Metallurgical</u> <u>Steel mill at Tjilegon</u>	1956	36.0	Suspended after abortive coup in 1965, but presently being surveyed by Soviet team for possible resumption of constructive
<u>Latin America</u>			
<u>Bolivia</u>			
<u>Mining & Metallurgy</u> <u>Machinery</u> (zinc smelter and tin volatilization plant)	1970	27.5 (included under the 1970 credit)	No deliveries to date (Studies underway)
<u>Latin America</u>			
<u>Mining</u>	1970	N.A. (under the \$28.3 million line of credit)	No progress

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Soviet Aid for Mining and Metallurgical
Operations to LDCs of the Free World

		Commitment		Status	
		Date	Value (Million US \$)		
<u>Near East-South Asia</u>					
Afghanistan					
<u>Mining</u>					
Geological Survey		1961	11.0		
Geological Survey		1968	N.A. (under \$12 million credit for third five- year plan)		May still be underway, although work now in progress could come under 1968 credits. Underway
<u>Metallurgical</u>					
Design for iron foundry and electric power plant		1961	2.2		No information on progress
Feasibility study for steel mill		1961	0.1		No information on progress
Ceylon					
<u>Metallurgical</u>					
Iron and steel plant, Homagama - Oruwala		1958	12.0		Completed in 1967. Annual capacity of rolling mill is 60,000 tons Report that USSR will make \$6 million available for Stage II under the 1958 line of credit. Survey completed for Stages II & III.
Stage I		1958			
Stage II & III		1958			

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Soviet Aid for Mining and Metallurgical
Operations to IDCs of the Free World

		Commitment			
		Date	Value (Million US \$)	Status	
India	<u>Mining</u>				
	Coal field development exploration for copper, Rakha	1957 1966	11.2 N.A. (under \$222 million line of credit)	Underway	No progress reported
	Iron Ore Mines, Expansion of Mishra and establishment of Waghahatapur	1966	N.A. same as above	No information on progress	
	Aerial surveys for mineral exploration	1966	2.2	Underway	
	Iron Ore Mine, Dalli	1966	6.7	No information on progress	
	<u>Metallurgical</u>				
	<u>Bhilai Steel Mill</u>				
	Expansion	1955	118.4	Construction completed 1961; capacity one million ingot tons	
	Expansion	1956	16.8	Completed in 1967; capacity to be increased to 2.5 million ingot tons	
	Expansion	1959	136.5	Completed mid-1971; will have 3.2 million tons capacity	
	Expansion	1966	13.3	Underway	
	Pig iron foundry, Bhilai Expansion	1961	N.A. (under \$125 million line of credit)	No progress reported	
	Steel casting plant, Arkonam	1966	N.A. (under \$222 million line of credit)	No progress reported	
	Bokaro Steel Mill, Bihar				
	1st stage	1965	224.7	Capacity 1.7 million ingot tons; hope to complete it by end 1971.	
	2nd stage	1966	61.1 + and other unutilized credits	Will increase capacity to four million tons. Not yet started.	

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Soviet Aid for Mining and Metallurgical
Operations to IDCs of the Free World

	Commitment	Value	Status
	Date	(Million US \$)	
India (Cont'd)			
Aluminum Refinery, Korba	1966	33.3	Under way, with completion scheduled for 1972. Plant capacity to be 100,000 tons to use alumina from Hungarian built plant.
Tyran			
<u>Metallurgical</u>			
Steel mill, Isfahan			
1st stage	1966	190.0	Scheduled completion in 1972. Capacity 600,000 tons.
2nd stage	1968	125.0	To increase capacity to four million tons.
Lead and zinc smelter, Kirman	1968	35.0	No progress reported
Iraq			
<u>Mining</u>			
Geological Survey	1959	1.4	Completed
Phosphate Mine	1971	N.A.	Not begun yet
		(under \$222 million line of credit)	
Pakistan			
<u>Mining</u>			
Geological Survey	1966	1.3	Underway
<u>Metallurgical</u>			
Steel Mill, Karachi	1971	208.8	Surveys completed for one million ton plant

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Soviet Aid for Mining and Metallurgical
Operations to IDCs of the Free World

	Commitment		Status
	Date	Value (Million US \$)	
Turkey			
<u>Metallurgical</u>			
<u>Steel Mill, Iskenderum</u>			
First stage	1967	97.0	One million ton capacity; began construction in 1970.
Second stage	1969	166.0	Increase capacity to two million tons
Aluminum plant, Seydisehir	1967	62.0	Alumina capacity 200,000 and aluminum plant capacity of 60,000 ingot tons. Scheduled completion in 1972.
UAR			
<u>Mining</u>			
Geological research	1958	4.2	Includes laboratories and survey work. All completed.
Includes at least 13 projects			
<u>Metallurgical</u>			
<u>Ironworks plants</u>			
Various plants	1958	7.5	Completed
Helwan Steel Plant, Expansion	1964	44.2	Completed
Stage I		161.1	Underway
Stage II			To increase from 300,000 tons to 900,000 ton capacity
Aluminum plant, Naja Hamadi	1964	52.7	To increase capacity to 1.5 million tons. Scheduled completion 1975
Phosphoric complex, Al Sabaiya	1964	55.3	Surveyed. 100,000 ton capacity.
Nurosilicon Plant, Idfu	1964	2.0	120,000 ton capacity. Under Survey in 1970.
Lead and zinc plant	1954	N.A.	20,000 ton capacity. Surveys done
		(included under \$110 million credit)	No progress reported.

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 Communist China's Aid for Mining and Metallurgical
 Operations, Extended to the IDC's of the Free World

	Commitment		Status
	Date	Value (Million US \$)	
Pakistan			
<u>Mining</u>			
Hook Mine, Rangpur	1970	N.A. (under \$200 million line of credit)	No progress reported
<u>Metallurgy</u>			
Big Iron plant, Chagri	1970	N.A. (under \$200 million line of credit)	No progress
UAR			
<u>Mining</u>			
Expansion Red Sea Phosphate Mines	1964	\$10.0	No progress reported

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United States Department of the Interior

OFFICE OF MINERALS AND SOLID FUELS
WASHINGTON, D.C. 20240

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Office of Economic Research

Central Intelligence Agency
Washington, D.C. 20505

Dear

Mr. Edgar Gealy, International Trade Officer, Department of the Interior, suggested that you may be able to provide information on the economic and technical aide and investments made by the U.S.S.R. and the Peoples Republic of China in mining and metallurgical operations in free world countries.

We would like to have any information by October 8 for our study of the relation of the U.S. minerals industry in the world economy.

Sincerely,

Harry L. Moffett
Director

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27 SEP 1971