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SALES OF HIGH-PERFORMANCE SOVIET TRANSPORT
AND CARGO AIRCRAFT TO COUNTRIES
OUTSIDE THE SINO-SOVIET BLOC
AS OF 1 FEBRUARY 1962



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FOREWORD

This report presents a summary as of 1 February 1962 of export sales of high-performance Soviet transport and cargo aircraft to countries outside the Sino-Soviet Bloc. The prices of the aircraft and the terms of sale, as far as they can be determined, have been included. Because Soviet efforts to export aircraft to the underdeveloped nations of the world are indicators of the over-all Soviet attempt to gain influence in these nations, this report includes past unsuccessful Soviet offers of high-performance transport and cargo aircraft to the developing countries and those offers that are presently under consideration.

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SALES OF HIGH-PERFORMANCE SOVIET TRANSPORT
AND CARGO AIRCRAFT TO COUNTRIES
OUTSIDE THE SINO-SOVIET BLOC
AS OF 1 FEBRUARY 1962*

Summary and Conclusions

At the beginning of 1962 the USSR had in service or in the proving stage eight types of high-performance transport and cargo aircraft. Of these, only two types, the Coot (Il-18) aircraft, a turboprop civil transport, and the Cub (An-12) aircraft, a turboprop military transport, have been sold to countries outside the Sino-Soviet Bloc. The number of aircraft exported, the terms of sale, and the principal characteristics of these aircraft are summarized in Tables 1, 2, and 3.**

The USSR has concentrated its efforts to sell high-performance transport aircraft in Africa, the Middle East, Southeast Asia, and India. These efforts were unsuccessful until mid-1960, when Ghana contracted to purchase four Il-18 aircraft. Since that time a total of 25 Coot and Cub aircraft have been sold to five developing countries. These sales indicate that the USSR is becoming more successful in its attempts to infiltrate underdeveloped countries through the sale of aviation equipment.

Soviet success can be attributed in large part to the liberal terms of sale offered. Trade agreements provide for long-term credits, low interest rates, and, in some instances, payment in native currency. In addition, the USSR provides for the training of native crews or sends

* The estimates and conclusions in this report represent the best judgment of this Office as of 1 February 1962.

** Tables 1, 2, and 3 follow on pp. 7, 8, and 9, respectively, below.

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Soviet crews to operate the exported aircraft.* Such terms of trade -- in addition to increased sales efforts in the future as additional types of high-performance Soviet transport and cargo aircraft are made available for export to non-Bloc countries -- can be expected to lead to a greater acceptance of Soviet aviation equipment by the developing countries.

I. Sales of Aircraft

A. Ghana

Late in the summer of 1960, Ghana contracted to purchase four Il-18 aircraft from the USSR. The terms of the contract stated that these aircraft, together with _____ would cost Ghana a total of \$7,504,000.** Each aircraft including spare equipment was priced at \$1,876,000.*** Payment was to be made in pounds sterling as follows: 10 percent on delivery at Accra and the remaining balance to be paid in eight equal annual installments at a rate of interest of 2.5 percent on the unpaid balances. In addition, the USSR was to send four sets of crews at no cost to Ghana and four sets of relief crews at a cost of \$115,920 -- all eight sets of crews to be made available for only 9 months. 2/ The four aircraft were delivered to Ghana between 30 November 1960 and 1 February 1961.

On 1 February 1961 a contract was signed for the purchase of two additional Il-18 aircraft. 3/ A third contract was signed on 28 March 1961 to purchase two more Il-18 aircraft, bringing to eight the number of such aircraft purchased by Ghana. 4/ Of the four Il-18 aircraft purchased

* Western aircraft companies also train native crews but at a somewhat higher cost.

** For a discussion of the derivation of dollar values in this report, see the methodology, Appendix A.

*** The Western aircraft that is comparable to the Il-18 aircraft is the Lockheed Electra. In 1960, four Electras were offered to a South American carrier at a price of \$2,640,000 per aircraft. In addition, each spare engine was priced at \$93,000, whereas the price of each Il-18 aircraft included four spare engines. 1/

by the Ghanaian government in 1961, two were delivered in April, one in July, and one in August. These aircraft were purchased under the same terms as the original four.

B. Guinea

Although, as late as November 1961, the Soviet Ambassador in Conakry, Guinea, was reported as saying that the Il-18 aircraft operated by Air Guinea were not the property of the Guinean government but were only under charter, 5/ there is evidence that sometime in 1961 Guinea did purchase three Il-18 aircraft.

By May 1961, flight schedules, , indicated a total of three Il-18 aircraft . In addition, ' September 1961 purchase of three aircraft by the government of Guinea. 6/ It is believed that these aircraft were sold under a line of credit of \$35 million granted by the USSR to Guinea in August 1959. 7/ The terms of sale are unknown but probably were similar to those for Ghana.

C. India

D. Iraq

E. Mali

In accordance with the Soviet-Malian trade agreement signed on 18 March 1961, Mali contracted to purchase certain Soviet aircraft, among which were two Il-18 aircraft. The price of each aircraft was \$1,876,000. The terms of trade are unknown but probably were similar to those offered to Ghana. The two Il-18 aircraft were delivered to Mali in August 1961.

II. Offers of Aircraft

A. Egypt

Negotiations for the purchase of Camel (Tu-104) and Il-18 aircraft for the Egyptian Misrair began as early as February 1958. In October 1958 the USSR specified that four Tu-104 aircraft and three Il-18 aircraft could be purchased under a 3-year commercial agreement for about \$17 million. Delivery was scheduled for 1959-60. 10/

In view of the fact that Misrair officials were reserved in their acceptance of the Tu-104 aircraft and that Soviet and Egyptian government officials could not reach a mutually satisfactory trade agreement, negotiations were not completed. No further reports of attempts on the

part of the Egyptian government to purchase high-performance transport aircraft have been received.

B. Afghanistan

Reports of Soviet efforts to sell three Il-18 aircraft to the Ariana Airlines of Afghanistan during mid-1960 have not been verified, and it seems unlikely that Afghanistan seriously considered purchasing such aircraft. Ariana Airlines had signed a contract with Pan American World Airways to purchase US aviation equipment, and Ariana's limited air traffic at that time would not have warranted the purchase of additional aircraft. Pan American's contract expires in 1962, however, and Ariana may consider the purchase of Soviet civil aircraft in the future.

C. Iraq

In 1960 the USSR offered to sell three Il-18 aircraft to Iraq Airways. On the basis of findings by a board of inquiry the offer was not accepted by the government of Iraq.

no reports of Iraq's intent to purchase additional high-performance Soviet transport aircraft have been received.

D. Ceylon

Early in 1961, Air Ceylon was considering the purchase of Tu-104 and Il-18 aircraft. The Soviet offer of these aircraft included arrangements for a long-term loan of 15 years at a rate of interest of 2.5 percent per year. The price of each Tu-104 aircraft was approximately \$2 million. ^{11/} In addition to the Soviet offer, Air Ceylon has received offers of aircraft from French and British aircraft companies, but the liberal terms offered by the USSR might be the factor that would lead Ceylon to purchase Soviet-made high-performance transport aircraft.

E. India

Reports of a Soviet offer of three Tu-104 aircraft to Air India appeared in mid-1959, and rumors of a sale of such aircraft continued

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through the fall of 1960. In addition,
India was interested in the Il-18 aircraft. Since india's purchase
of Tu-104 or Il-18 aircraft have been reported. however, no negotiations for the purchase of

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Table 1

Export Sales of High-Performance Soviet Transport and Cargo Aircraft to Countries Outside the Sino-Soviet Bloc
as of 1 February 1962

<u>Country</u>	<u>Aircraft</u>	<u>Number Sold</u>	<u>Year Sold</u>	<u>Price and Terms of Sale</u>
Ghana	Il-18	8	1960-61	\$1,876,000 for each aircraft and associated equipment, with 10 percent down and a 2.5-percent rate of interest on the unpaid balances of eight equal annual installments.
Guinea	Il-18	3	1961	Terms are unknown but are estimated to be similar to those for Ghana.
Mali	Il-18	2	1961	\$1,876,000 for each aircraft and associated equipment, with terms similar to those for Ghana.

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Table 2
Offers of High-Performance Soviet Transport and Cargo Aircraft to Countries Outside the Sino-Soviet Bloc
as of 1 February 1962

<u>Country</u>	<u>Aircraft</u>	<u>Number Offered</u>	<u>Year</u>	<u>Terms</u>
Egypt	Tu-104	4	1958	\$17 million for the seven aircraft under a 3-year commercial agreement
	Il-18	3	1958	
Afghanistan	Il-18	3	1960	Unknown
Iraq	Il-18	3	1960	Unknown
Ceylon	Tu-104	Unknown	1961	\$2 million for each Tu-104 aircraft, with all aircraft to be offered under a 15-year loan agreement and with a 2.5-percent rate of interest
	Il-18	Unknown	1961	
India	Tu-104	3	1959	Unknown
	Il-18	Unknown	1960	Unknown

Table 3

Principal Characteristics of the Il-18 and An-12 Aircraft
as Established Through 1 June 1961 a/

Characteristics	Il-18 (Coot)
Engines	
Number	4
Designation	AI-20
Type	Axial-flow turboprop
Takeoff weight	
Normal	134,000
Maximum	N.A.
Number of passengers	73 to 111
Payload (pounds)	25,400
Fuel (pounds)	41,800
Range (nautical miles)	2,890
Average speed (knots)	342
Total mission time (hours)	9.2

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APPENDIX A

METHODOLOGY

The conclusions presented in this report are based on current intelligence information. Sales of aircraft were estimated from flight schedule: and from information reported by various US intelligence services. Wherever possible, the prices of aircraft and aviation equipment and the terms of sales were taken from copies of actual contracts. When documentary sources were not available, estimates were based on intelligence reports.

In order to present the prices of all aircraft in terms of current US dollars, the prices of the Il-18 aircraft and aviation equipment sold to Ghana were converted from pounds sterling, as stated in the contract, into dollars, using the current rate of exchange of £1 to \$2.80. All other intelligence sources that were used quoted the prices of aircraft and auxiliary equipment in terms of US dollars.

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APPENDIX B

GAPS IN INTELLIGENCE

In the preparation of this report, significant gaps in intelligence were encountered in the determination of the terms under which high-performance transport aircraft have been sold to countries outside the Sino-Soviet Bloc. were available for only two trade agreements, and little detailed information was available concerning agreements with Guinea, Iraq, and Mali. In addition,

thus making it difficult to estimate the exact extent of the Soviet attempt to sell high-performance transport aircraft to non-Bloc countries.

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APPENDIX C

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

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