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**CIA HISTORICAL REVIEW PROGRAM
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1999**



DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

Major Directions in Soviet Military Assistance

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ER IM 69-61
May 1969

Copy No.

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
May 1969

INTELLIGENCE MEMORANDUM

Major Directions in Soviet Military Assistance

Summary

Since 1956, the USSR has provided about \$7 billion in military assistance to foreign countries, of which Communist countries have received about \$3 billion and less developed countries of the Free World \$4 billion. Only the United States, which has delivered some \$25 billion in military aid since 1956, surpasses the Soviet Union as a supplier of arms. During the past two years, Soviet arms aid deliveries have grown to around \$800 million annually -- almost 60 percent of the size of the annual US deliveries over the same time period.

Soviet arms aid, both to Communist and Free World countries, has been heavily concentrated in a few countries. Virtually all Soviet military aid to Communist areas has gone to North Vietnam, North Korea, and Cuba. North Vietnam, alone, has received roughly \$1.4 billion of Soviet arms. Although 22 less developed countries in the Free World have received arms from the USSR, more than 80 percent of Soviet aid to these areas went to five countries: the United Arab Republic (UAR), Indonesia, Iraq, India, and Syria. The three major Arab belligerents collectively account for about \$2.2 billion, or more than half the total. Two countries -- the UAR and Indonesia -- received arms on the order of about \$1 billion each.

Note: This memorandum was produced by CIA. It was prepared by the Office of Economic Research and was coordinated with the Office of Strategic Research and the Office of Current Intelligence.

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Soviet military aid is usually offered on terms very favorable to the recipient. Most types of weapons supplied to Free World countries are priced considerably below comparable Western equipment, and in addition the USSR often offers substantial discounts from the list price. Credits to Free World countries are amortized over eight to ten years, following a grace period of one to three years, at 2 percent annual interest. Although such terms appear less favorable than the grant basis under which about 90 percent of US arms aid is extended, in many countries Soviet aid may turn out to be little different from grants. To date, only nine of the USSR's 22 Free World arms clients have repaid any portion of their arms debt, and actual repayments so far total less than \$780 million out of gross debt obligations of \$2.2 billion. The actual aid terms have varied greatly from country to country, however. For example, India received no price discounts and is meeting its repayment obligations, while Indonesia received large discounts and is unlikely to make any substantial repayments. Arms aid to Communist countries is in the form of either grants or long-term credits. It is unlikely that the USSR expects repayment of some of these credits, particularly those for North Vietnam.

Soviet arms deliveries to the Free World have been accompanied by a growing program of military technical assistance as the USSR has sought to compensate for the serious shortage of skills in recipient countries and to assure more effective maintenance, repair, and use of equipment. Thus far the USSR has dispatched roughly 35,000 Soviet military technicians (in terms of man-years) to the less developed countries, especially to the Arab states. In addition, some 21,000 individuals from the less developed nations have received military training in the USSR. The total cost of this assistance is estimated to be around \$450 million. Unlike US technical assistance, which is financed by the United States, the costs of Soviet technical aid have been borne almost entirely by the recipient countries and paid for in cash or on clearing account.

During the next few years, total deliveries of Soviet military aid are not likely to exceed the

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recent flows of around \$800 million a year. Soviet military aid to North Vietnam will decline considerably if the fighting subsides, especially if there is a settlement. Aid to non-Communist countries is likely to continue at something like the recent level of \$400 million a year. Substantial quantities of arms remain to be delivered under existing agreements, and additional demands for spare parts, replacements, and modernization will generate new Soviet aid commitments. But the main buildup of Soviet arms among the USSR's largest current Free World customers -- the Arab states and India -- probably has already occurred, and the most likely new Soviet clients appear to be small countries with limited arms requirements.

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Magnitude and Trend of Soviet Military Aid*

1. The USSR is the world's second largest supplier of arms aid. Deliveries of military equipment under Soviet aid programs to both Communist and non-Communist clients amounted to an estimated \$700 million in 1968. Only the United States, whose global arms aid amounted to \$1.4 billion in 1968,** supplied larger quantities.

2. 7

* Data on Soviet military aid presented in this memorandum include the value of military equipment provided free of charge or on credits of five years or longer. Soviet aid to non-Communist countries according to this definition is almost as large as the total value of Soviet weapons shipments to these countries because Soviet commercial sales were very small -- on the order of \$100 million during 1956-68. Soviet commercial arms sales to Communist countries (in Eastern Europe), however, amounted to several billion dollars. Soviet military aid deliveries to non-Communist countries are valued at Soviet list prices applicable to foreign weapons sales. Because of the prevalence of discounts, however, the prices actually charged the recipient are often substantially below the list prices.

** US aid figures are on a fiscal year basis and include grants and credits but exclude non-credit sales by the US government and private firms, which totaled about \$900 million during 1956-68. US aid to South Vietnam is excluded from the data after 1964 because of the nature of direct US force involvement in the war in that country.

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Soviet arms supplied to East European Communist countries,* estimated to have amounted to \$500-\$600 million per year recently, are believed to have been financed on a commercial basis and are therefore not treated as aid in this memorandum.

3. Soviet global military aid during 1956-68 probably was on the order of \$7 billion -- roughly \$3 billion to Communist clients** and about \$4 billion to the less developed countries of the Free World. The US program, by comparison, amounted to some \$25 billion, or more than three times the size of the Soviet program. Almost half of the US aid, however, took place in the years 1956-60, when the Soviet program was still small. Since then, the disparity in size between the two programs has narrowed considerably, as growth in Soviet aid has been accompanied by a decline in US aid. During the past two years, Soviet aid has averaged more than \$800 million annually, or almost 60 percent of US global military aid.

4. Soviet military aid to Free World nations apparently has not been affected by the USSR's domestic defense requirements or by its commitments to other Communist countries. In 1962, for example, at the time of the Soviet arms buildup in Cuba, the USSR provided a record amount of arms to Free World countries. In more recent periods, the USSR has made sizable arms deliveries to the Middle East and other areas of the Free World while maintaining a large flow of military aid to North Vietnam. In relation to Soviet expenditures on defense, arms aid to both Communist and Free World countries is comparatively small, accounting for about 1.5 percent in recent years.

* Including Yugoslavia.

** Although firm data are lacking, it is estimated that Soviet aid to North Vietnam, North Korea, and Cuba during 1956-68 probably was about \$1.4 billion, \$0.8 billion, and \$0.7 billion, respectively. This excludes an undetermined amount of technical assistance from the USSR.

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Direction of Military Aid

Free World Recipients

5. Although the USSR has supplied arms to some 22 Free World nations since the program began in 1956, more than four-fifths of its \$4.1 billion in arms deliveries has gone to five countries. As shown in Table 1, these countries include the chief Arab belligerents and two of the largest non-Communist countries in Asia.

Table 1

Major Free World Recipients of Soviet Military Aid
1956-68

<u>Recipient</u>	<u>Aid Delivered (Million US \$)</u>	<u>Share of Total (Percent)</u>
<i>Total</i>	4,122	100
United Arab Republic	1,315	32
Indonesia	858	21
Iraq	470	11
India	420	10
Syria	388	9
Others	671	17

6. The UAR has received the largest share, about one-third, of Soviet military aid under a series of agreements dating back to 1957. (Annual deliveries of Soviet military aid by recipient during 1956-68 are presented in Table 2.) The initial Soviet agreements* were undertaken at a time when the UAR faced a Western arms embargo. The USSR has since provided the UAR with about \$1.3 billion in arms aid -- more than total US military aid to all of its Middle East arms clients during 1956-68. Although

* Although the first direct agreements were in 1956, the USSR used Czechoslovakia as an intermediary for a \$265 million agreement with the UAR in 1955.

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Table 2

Soviet Military Aid Deliveries to the Less Developed Countries
1956-68

Recipient	Million US \$										
	Total	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Total	4,122	15	136	195	95	216	322	786	576	286	327
Afghanistan	199										
Algeria	240										
Cambodia	8										
Congo (B)	2										
Cyprus	25										
Ghana	10										
Guinea	10										
India	420										
Indonesia	858										
Iran	35										
Iraq	470										
Mali	4										
Morocco	12										
Nigeria	6										
Somalia	31										
South Yemen	2										
Sudan	5										
Syria	388										
Tanzania	2										
Uganda	6										
United Arab Republic	1,315										
Yemen	74										

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vast quantities of Soviet equipment were lost in the wars with Israel, particularly in June 1967, the Egyptian forces have been largely resupplied and presently constitute the largest Soviet-equipped military force in the Free World.

7. Iraq and Syria also are among the largest and earliest Soviet arms recipients. Iraq began to receive Soviet aid shortly after the overthrow of the monarchy in mid-1958. Since then, the USSR has been the predominant supplier, furnishing \$470 million in military equipment -- some ten times the amount furnished by the United States. Intense anti-Western sentiment in Syria in the mid-1950's provided the USSR with an opportunity to initiate military aid there. Although Syria has continued to receive small amounts of aid from the West, including negligible quantities from the United States, its armed forces are now predominantly equipped with Soviet arms, amounting to about \$390 million.

8. Indonesia, the second largest Soviet arms recipient, was favored with large blocks of Soviet military aid during the first half of the 1960's, when Sukarno was following an anti-colonialist, anti-West foreign policy. Since the attempted Communist coup in 1965, Soviet military aid to Indonesia has ceased.

9. The major inflow of Soviet military aid to India came in response to the Chinese Communist attack in late 1962. India, which now ranks fourth among the non-Communist recipients of Soviet military aid, has received to date about \$420 million. US aid, by comparison, has amounted to about one-fourth of that total and, since the Indo-Pakistan war in 1965, has been curtailed by the embargo on shipments of lethal weapons.

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10. The remaining portion of Soviet aid (17 percent) has been scattered among 17 countries, mostly African. Soviet aid to Africa, notably in the equatorial region where there have been nine recipients, reflects a desire not only to erode Western influence in the area but also to offset the impact of Chinese military aid. In these small, politically and economically unsettled countries, the USSR apparently feels that military aid is the most effective way to gain influence. Total aid to the nine equatorial African clients since 1956 has been small, averaging only about \$8 million per country.

Communist Recipients

11. North Vietnam has received an estimated \$1.4 billion, or half of the arms aid supplied to Communist countries* by the USSR during 1956-68. Soviet aid to North Vietnam on a large scale began in 1956 and reached a peak level of about \$500 million in 1967. With the suspension of US bombing in 1968, North Vietnam's requirements for antiaircraft ammunition and other armaments fell off, and deliveries from the USSR declined to an estimated \$290 million last year.

12. Soviet military aid to North Korea since 1956 has amounted to an estimated \$800 million. During the period 1956-62, there was a heavy inflow of Soviet arms to North Korea to replace losses sustained during the Korean war and to modernize the North Korean forces. This aid virtually stopped in 1963-64, as differences between Moscow and Pyongyang developed in the wake of the Soviet-Chinese rift. Aid relations were resumed, however, in May 1965, and the USSR concluded an agreement to provide substantial quantities of modern equipment. In the past three years (1966-68), the USSR has delivered an estimated \$215 million in arms -- an average of about \$70 million per year.

* Prior to 1956 the USSR supplied China with arms aid valued at somewhat more than \$800 million. This aid, provided under credits repayable over a ten-year period, has been fully repaid by China.

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13. Cuba received most of its estimated \$700 million in Soviet military aid within the first several years after Castro came to power in 1959. Since then, Soviet arms deliveries to Cuba have been on a considerably smaller scale, averaging possibly \$15 million a year, but fluctuating quite sharply from year to year.

Composition of Soviet Military Aid to Free World
Less Developed Countries

Equipment

14. Soviet arms supplied to less developed countries generally have been competitive in performance and design to those supplied by the West. While much of the materiel delivered in the early years of the program consisted of items made surplus by Soviet arms modernization, there is no indication that the USSR shunted shoddy equipment to the less developed countries. Much of the equipment, although classified as "used," came directly from Soviet warehouses in new condition. Over the years, new equipment has made up an increasing share of Soviet arms exports, as the USSR has responded to the growing penchant of the less developed countries for newer, more advanced weapons. The cost of modern, complex weapons is considerably greater than that of earlier models. The supersonic MIG-21 and SU-7, for example, range (in trade prices) from \$, each, compared with only for the older MIG-17 fighter. To date, roughly two-thirds of the equipment supplied consists of items which are in standard use in the Soviet armed forces and a large portion is in current production. As shown in Table 3, half of the value of major weapons supplied by the USSR has consisted of aircraft, most of which have gone to the Middle East. Naval equipment accounts for about one-fifth of the total and was delivered mainly to Indonesia, India, and the Arab countries. Land armaments such as tanks and artillery also account for about one-fifth, while missiles (mostly surface-to-air missiles and surface-to-surface cruise missiles) represent the remaining 10 percent of the total value of major weapons delivered.

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Table 3

Major Soviet Weapons Supplied
to the Less Developed Countries
of the Free World
1956-68

<u>Category</u>	<u>Percent Distribution by Value</u>
Aircraft	50
Naval	20
Land armaments	20
Missiles	10

15. Generally the USSR has effectively implemented its military aid commitments. Delivery schedules normally are met, and the USSR has demonstrated a willingness and ability to respond quickly to urgent needs, as illustrated by the massive air lift to the Middle East in June 1967 and the more recent air deliveries to Nigeria. Problems encountered in the use of Soviet equipment usually have been those associated with the low technological and educational levels of recipient nations and the attendant poor use and maintenance of equipment. These problems have led to a high demand for replacements and spare parts which, in turn, has tended to perpetuate the initial arms relationship between the USSR and its clients. This dependency exists not only in those countries currently receiving a preponderant amount of their arms aid from the USSR but also in countries which have long since suspended arms procurement from the USSR

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Technical Assistance

16. Soviet technical assistance to many non-Communist less developed countries has gone well beyond the requirements for instruction in the operation of Soviet weapons. In a number of countries, particularly the Arab states, the USSR has made a considerable effort to generally upgrade the capabilities of the local armed forces. Since 1956 a total of about 35,000 Soviet technicians (in terms of man-years) have been dispatched to the less developed countries, and some 21,000 military personnel from these areas have been trained in the USSR. The total cost of this assistance, virtually all of which has been paid by the recipient countries in cash or on clearing accounts,** is estimated at \$450 million. By contrast, US technical assistance is provided free to countries receiving US arms aid.

17. Over the past several years the flow of Soviet military technicians to less developed countries of the Free World, particularly to the Middle East, has risen sharply both in absolute number and in proportion to arms deliveries. At the end of 1968, about 6,200 Soviet technicians were in the less developed countries -- double the number in 1966 and more than

On another occasion, the USSR used its spare parts leverage for even stronger concessions; in 1963 the USSR forced Iraq to abandon its anti-Communist propaganda campaign and to reduce its suppression of local Communists by withholding spare parts and ammunition.

*** The exception is Indonesia, which was provided technical assistance and military training on long-term credit.*

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five times the number in 1960. In 1968, there were approximately 17 technicians for each million dollars worth of arms aid supplied, compared with only five and seven technicians per million dollars in 1960 and 1966, respectively. The United States, by comparison, had only about 2,200 military technicians in the less developed countries (excluding Vietnam) in 1967 for a ratio of about 2 men per million dollars of aid. The considerably larger Soviet presence reflects in part the disparity in levels of technical skill between major US and Soviet arms recipients. The Soviet ratios vary from around four technicians per million dollars of aid in India, which has a developed military establishment, to almost 25 per million in Afghanistan. The sharp rise in recent periods is more directly attributable to Moscow's endeavors in the Arab states to raise the quality of training and to improve the maintenance and tactical use of equipment -- areas in which the June war exposed glaring weaknesses. Over the period 1966-68, the average number of technicians per million dollars of aid in Syria was 24 and in the UAR 14. At present, the UAR hosts the largest contingent of Soviet technicians -- about 2,500. The UAR, Syria, and Iraq together account for more than half of the Soviet military technicians in all less developed countries.

Prices and Terms of Soviet Arms Aid to Less Developed Free World Countries

18. Soviet arms aid to the less developed countries generally has been provided at low prices and on generous credit terms. The list prices of most types of Soviet arms have been substantially below those charged by the West.* Moreover, the USSR usually offers substantial discounts from the list prices. To date, such discounts have accounted for about 40 percent of the \$4.1 billion in Soviet military aid delivered to the less developed countries.

* Soviet prices, for example, range 40 percent lower in the case of a medium tank to roughly 50 percent lower in the case of an advanced fighter aircraft. On the other hand, prices of surface-to-air missiles and small arms and ammunition are about the same as Western prices.

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These discounts, predicated in part on ability to pay and in part on political favoritism, have varied from virtually nothing in the case of India to 95 percent in the case of Yemen. The USSR, however, almost invariably has refrained from making outright gifts of arms, in contrast to US military aid, 90 percent of which has been in the form of grants.

19. In addition to price inducements, the USSR has offered attractive credit terms: repayment in eight to ten years, a grace period of one to three years, and 2 percent interest annually. More than half of the Soviet agreements, by value, have permitted repayments in commodities, rather than hard currencies.

Debt Obligations and Repayments

20. Soviet arms clients have incurred debts totaling \$2.2 billion, of which they have repaid to date about \$780 million; about a half dozen aid recipients appear to have fallen behind on their installments. Moreover, Indonesia and the UAR -- two of the major debtors -- have made no payments at all since 1964 and 1967, respectively. It seems doubtful that any repayment of Indonesia's outstanding debt of more than \$500 million (excluding \$100 million in interest) will be forthcoming. Only one country -- Uganda -- is fully paid up, and three others -- Iraq, India, and Morocco -- have repaid 50 percent or more of their debts. About two-thirds of the debt paid to date has come from Afghanistan, Algeria, India, and the UAR -- countries which repay in commodities or local currencies. Only Uganda, Indonesia, Iraq, Syria, and Morocco have made hard currency payments.

21. The USSR has, as a rule, been generous in deferring payments. Nevertheless, repayments in recent years have increased somewhat and, combined with lower deliveries, have resulted in smaller net outflows of military aid from the USSR. In 1968, repayments of \$125 million were one-third of aid deliveries, compared with 25 percent in 1966 and 10 percent in 1962.

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Outlook for Soviet Military Aid

22. Soviet military aid deliveries during the next few years probably will not exceed recent levels of \$800 million annually. Aid shipments to North Vietnam will decline from the current level of about \$300 million if the fighting subsides and particularly if a settlement is reached. Soviet aid to North Korea and Cuba together, consisting essentially of arms resupply and modernization, probably will remain below \$100 million a year.

23. The level of military aid to non-Communist countries seems unlikely to exceed the recent average level of \$400 million a year. Existing arms agreements with the major clients -- India, Iran, and the Arab states -- and the supply of spare parts, ammunition, and equipment to other current recipients provide for a substantial flow of arms. Most of the prospective new Free World clients which Moscow may acquire during the next several years, however, probably will be small states with only limited needs for military equipment.

24. The general character of Soviet military assistance to Free World countries probably will remain essentially unchanged in the next few years. While refusing to supply nuclear weapons or strategic missiles, the USSR probably will furnish an increasing proportion of modern sophisticated weapons, such as MIG-21 and SU-7 fighters, guided-missile patrol boats, and surface-to-air missiles for the less developed countries. The level of Soviet technical assistance is not likely to decrease over the next several years, because of the demands generated by the introduction of newer, more complex weapons. For its part, the USSR appears interested in providing more advisers and technicians to insure more effective use of equipment.

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