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19 June 1963

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Sino-Soviet Bloc Grants of Military Aid

1. The Sino-Soviet Bloc to date has provided more than \$3 billion in military assistance to underdeveloped countries. A significant part of this assistance has been in the form of grants. In the context of Bloc military assistance a "grant" implies either:

- (a) An outright gift of military materiel, or
- (b) A discount from list prices of military materiel purchased from the Bloc by underdeveloped countries under long term contracts.

2. In respect to (a), the attached list reflects Bloc gifts of military equipment.* One form of grant aid -- for which data are fragmentary -- is a total write-off of repayment after the equipment has been delivered. Deliveries to Cuba may be the best example in this category. During the crisis in the fall of 1962, Castro said publicly that the equipment delivered from the USSR (excluding equipment retained in Soviet custody) was furnished gratis.** Yemen, Morocco, Guinea, and Algeria also have received equipment, valued at over \$20 million, for which repayment also may have been waived by the Bloc.

3. Even more important is aspect (b), the discount feature of military assistance contracts. Generally, equipment provided by the Bloc is sold at list prices which reflect a reasonable value for the equipment. Thus, discounts which are believed to aggregate over \$500 million for the entire military assistance program are not artificial devices, but in a real sense represent grants. In the case of Indonesia for example, discounts are estimated to have averaged about one-third of Bloc military aid deliveries totaling over \$1 billion.

* Military equipment distinguished from military assistance in the form of construction of arsenals, repair facilities, airfields, highways, and ports. This military construction probably totals several hundred million dollars, some of which has been in the form of grants.

** Castro's statement was ambiguous in that it did not reveal whether the write-off applied to all deliveries past and future or to only those made in support of the 1962 build-up.

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List of Military Equipment Provided as Grants
by the Bloc to Underdeveloped Countries

This list reflects only the equipment delineated in unclassified references. Quantities and types in many cases are unknown. Thus, the estimated values reflected must be accepted as minimal values.

<u>Recipient</u>	<u>Supplier</u>	<u>Equipment (units)</u>	<u>Estimated Value (US\$)</u>
Algeria	Communist China	Small Arms	--
		Other	--
	USSR	85-mm Field Guns	--
		122-mm Howitzers	--
130-mm Rocket Launchers MI-4 Helicopters (5)		900,000	
Burma	USSR	MI-4 Helicopter (1)	180,000
Cambodia	USSR	MI-4 Helicopter (1)	180,000
Guinea	Czechoslovakia	Light Arms Antitank Guns Armored Cars Ammunition	1,000,000
Indonesia	USSR	Motor Gunboats (10)	2,500,000
		Light Arms	500,000
		MI-4 Helicopters (3)	540,000
Laos	USSR	AN-2 Light Transports (2)	134,000
		LI-2 Light Transports (7)	700,000
		MI-4 Helicopter (1)	180,000
Morocco	USSR	MIG-17 Fighters (12)	2,040,000
		U-MIG-15 Trainers (2)	280,000
Nepal	USSR	MI-4 Helicopters (2)	360,000
Sudan	USSR	BTR-152 Personnel Carriers (5)	100,000
TOTAL			9,594,000