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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

ECONOMIC ACTIVITIES OF COMMUNIST COUNTRIES IN THE DEVELOPING
AREAS OF THE FREE WORLD OUTSIDE EUROPE

11th Report covering the period 1st January, 1964 -
31st December, 1966

The attached draft report has been established by the Economic Directorate in accordance with the decision of the Sub-Committee(1) which instructed the Secretariat to prepare a new report covering the two years 1965 and 1966 taking into account the comments submitted by various delegations on the draft AC/89-WP/196 which covered only the year 1965.

2. The Report is divided as follows:

- Part A provides a summary;
- Part B gives the essential facts and figures concerning Communist aid and trade activities during the period 1954-1966;
- Part C attempts to interpret this information in the light of the evolution of the Communist countries' involvement in the Third World, of the reaction of the recipients of Communist aid and of Western aid policies;
- Part D describes in more detail economic activities during 1965 and 1966 both by type of activity and by Communist country.

3. This paper will be put on the Agenda of a future meeting of the Sub-Committee.

OTAN/NATO
Paris, 16è

(Signed) A. VINCENT

(1) AC/89-R/85, Item I (2).

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11th Report by the Sub-Committee on Soviet Economic Policy
covering the period 1st January, 1964 - 31st December, 1966(1)
(Draft)

A. SUMMARY

Aid and trade have by now become permanent features of the foreign policies of the Communist countries which use them as instruments for enhancing their own position and reducing Western influence in the developing areas of the non-Communist world. The rivalry between China and the Soviet Union has added a new dimension to the struggle for influence, but the West can derive little comfort from this development, as both Communist competitors are attempting to improve their respective positions at the expense of the West. The decline in Western influence has not, however, led to a corresponding rise in Soviet and Chinese influence, as the developing countries, in receiving aid from Communist countries, have tended to stress their own nationalism and independence, rather than to copy the Communist model or to accept Communist guidance for their own development. The reversal of the political situation in Indonesia, among others, in September 1965 - a country which ranked among the most important recipients of both economic and military Communist aid (\$260 million economic credits drawn and over \$1,200 million worth military delivered) - came as a reminder of the limitations of foreign aid and trade as a means of influencing the future political orientation of the recipient countries.

2. After an initial period (1954-1961) during which the size and scope of Communist economic activities increased substantially, the Communist countries have, during recent years, maintained a constant flow of new economic aid commitments amounting to \$1,080 million in 1965 and \$1,275 in 1966. Actual deliveries have, however, somewhat declined to about \$510 million in 1965 and \$406 million in 1966. This decrease was mainly due to temporary factors and it can be expected that during the next few years Communist countries will continue to deliver aid at an average rate of \$500 million to \$550 million a year, of which roughly 70% is expected to be provided by the Soviet Union, 20% by the Eastern European countries and about 10% by the Chinese. Major recipient countries are, however, encountering increasing difficulties in fulfilling their debt obligations towards the Communist world.

(1) 10th Report: C-M(65)72 and AC/127-D/128.
In this, as in previous reports, the term "Communist Countries" includes the Soviet Union, Communist China, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and the Soviet occupied zone of Germany. Economic activities of Yugoslavia are not considered. Similarly special agreements and trade relations with such European countries as Turkey and Greece are excluded from the totals.

3. If the net flow of Communist aid during recent years is compared to similar industrialised Western deliveries, the economic aid provided by the Eastern countries represents hardly more than a negligible 5% of Western official assistance and only 3% if private loans and investments in developing areas are included in the aid concept. Nevertheless, by concentrating their efforts on a small number of selected countries (for instance U.A.R., India, Afghanistan) the Soviets have occasionally been able to contribute to the economic development efforts of these countries to a larger extent than would appear from the foregoing percentages. Since 1961, the volume of aid provided by Western countries did not rise in proportion with the economic growth of the industrialised free world while progress achieved in the less developed areas has been disappointing. The gap between rich and poor nations has widened at an even more rapid pace than in the past. The threat of Communist exploitation of hunger and despair and of the resulting political instability in many of the backward regions of the free world has not diminished.

4. The volume of new military aid commitments by Communist countries declined sharply from an estimated total value of \$900 million in 1964 to some \$250 in 1965 and \$210 million in 1966. Arms and military equipment under earlier agreements continued to be delivered to developing countries at a constant rate of about \$500 million per year during 1965 and 1966. Since the beginning of the military aid programme in 1955, Communist countries have been providing to developing nations more weapons and military goods than industrial equipment and tools for their economic expansion. The USSR which practically holds the monopoly of such aid, has provided over \$3,700 million worth of military assistance, as against a total value of \$2,200 million economic and technical aid, to developing countries. Some of the latter have diverted a large share of their resources from economic development projects to expensive military establishments causing serious financial problems and internal economic stresses.

5. The provision of economic and military aid has led to the presence in the recipient countries of an increasing number of technical advisers. Civilian personnel from Communist countries who have been working for at least one month in the developing areas of the free world reached 20,250 in 1965 and 22,420 in 1966. This number tended to decline by the end of the year either as a consequence of political changes in some developing countries (as, for instance, in Ghana in February 1966) which led to the expulsion of Communist personnel, or because in others some major projects had been completed (for instance the Aswan Dam in Egypt). Similarly the number of military advisers was reduced to about 3,700 in 1965 and 3,400 in 1966 mainly as a consequence of the reversal of the political situation in Indonesia in September 1965. The total number of nationals from developing countries who have been following courses at academic institutions or who have received technical training in Communist countries since 1956 reached 36,000 by the end of

1966, of which 14,500 came from African countries, but the number of annual new departures has been steadily declining ever since 1962. During the year 1966, less than 1,900 nationals from developing countries, of which 1,260 Africans, reportedly left their country to follow academic and technical training courses in Communist countries.

6. Trade between the Communist world and the developing nations increased by about 17% in 1965 and will probably prove to have continued to grow by about 15% during 1966. This is a faster rate of growth than that of developing nations' trade with the free world, which averaged about 7.5% during recent years. Despite the relatively rapid expansion of trade between the Communist world and the developing nations, such trade still accounts for only a small proportion, about 6.5%, of the latter's total trade. However, the Communists, by concentrating their economic activities on a limited number of countries, are absorbing a significant part of the total foreign trade of countries like the UAR, Afghanistan, Guinea, Syria, Mali, Ghana and Cambodia who are all conducting over one-fifth of their total trade with the Communist world. The continuous flow of deliveries under long-term economic credits, the repayments by developing countries of Communist economic and military aid through exports, the large scale purchases of Argentinian wheat, Maylaysian rubber and Egyptian cotton, have all contributed to this increase. World demand for traditional exports of the developing nations is not expected to increase very rapidly in the foreseeable future. Communist imports from these countries are still small in relation to the size of their domestic markets and there seems to be scope for further increase in the Communist countries' imports and hence for a continued expansion of their trade with the developing areas. Nevertheless, roughly three-quarters of total foreign trade of the developing areas will continue to be directed towards the industrialized free world nations for the foreseeable future if economic progress in the latter regions continues at satisfactory rates of growth.

7. Within the Communist world, the Soviet Union remains by far the most important source of aid to, and trade with the developing areas. After the fall of Krushchev in the Autumn of 1964, the Soviet leadership had adopted a rather more cautious attitude towards the question of economic aid. The military assistance programme, on the other hand, continued to represent the most dynamic aspect of the Soviet aid efforts. Nevertheless, after having restrained the volume of its new economic aid commitments during 1965, the USSR reaffirmed its leading position within the Communist world in the field of economic aid by making available in 1966 \$980 million worth of new economic credits, amounting to 77% of total credits and grants extended by

all Communist countries. It is expected that the flow of Soviet deliveries under its economic aid programme will be continued at a rate between \$350 to \$400 million a year. Trade between the USSR and the economically backward areas of the Free World, after levelling off in 1964, resumed its growth in 1965. Soviet trade increased more rapidly in volume than that of any other Communist country, mainly as a result of substantial purchases from the Middle Eastern and African countries which had declined during 1964. Among the Communist countries the Soviet Union remains by far the most important source of supply of capital goods; about 80% of the total industrial and transport equipment purchased by developing nations in the Communist world comes from the Soviet Union.

8. In recent years, notwithstanding its limited capabilities, Communist China has made strenuous efforts to challenge the Soviets in the field of economic and technical assistance to developing nations. Although the amount of credits and grants so far actually delivered by Communist China (annual average 1964-1965: \$55 million) is small, representing only 12% of similar Soviet aid, it has nevertheless sent large numbers of civilian personnel to a few developing countries. During 1966 some 5,150 Chinese Communists were reportedly at work in 16 different countries. In Africa, 3 out of 10 Communist civilian personnel were of Chinese origin. In Congo (Brazzaville), Guinea, Mali, Tanzania, Burma, Cambodia and Nepal, the Chinese labourers and technicians were far more numerous than the Soviets and in the Yemen their number nearly equalled that of Soviet citizens. While direct political motivation obviously plays a predominant rôle in Chinese economic and technical aid policies, looming even larger than in the case of the Soviet economic aid, economic considerations are determining to a large extent Chinese trade with the developing areas of the free world. This trade, which in absolute value represents less than half of that of the Soviet Union, increased during 1965 at a rate of growth similar to that of the latter country. China imports from these regions mainly raw materials and wheat, and exports manufactured goods and food products such as tea and rice.

9. During 1965 the Eastern European countries in general, and the Soviet occupied Zone of Germany in particular, made special efforts in favour of aid by extending some \$535 million of credits; an amount exceeding new Soviet economic aid commitments to countries outside Europe (\$427 million). In 1966, however, the share of the Eastern European countries in the overall Communist economic effort declined sharply with total new extensions not exceeding \$180 million. The flow of actual deliveries under these programmes similarly declined from \$116 million in 1964 to \$90 million in 1965 and \$74 million in 1966. The aid deliveries of these countries will probably increase somewhat in the near future and can be expected to run

at \$90 to \$100 million a year. The contribution of the Eastern European countries is relatively more important towards Communist technical assistance than towards economic aid. At the end of 1966, some 5,490 nationals from these Communist countries were reportedly at work in the developing areas of the free world, representing nearly half the number of USSR citizens in these countries. In Africa, their numbers were not far from equalling those of Soviet civilian personnel. Contrary to Soviet trade, which has fluctuated widely from year to year, that of the Eastern European countries directed at the developing areas has been increasing steadily during recent years at a relatively moderate rate, only slightly faster than similar trade of Western industrialized countries. It is expected that this constant trend will be maintained over the next few years. Eastern European imports from these regions consist primarily of raw materials and foodstuffs, while exports are mainly manufactured goods. The share of capital goods, machinery and transport equipment in exports to these areas has fluctuated in recent years around one quarter of the total.

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B. SHORT DESCRIPTION OF THE MAIN DEVELOPMENTS 1954-1966

10. The attempts of the Communist countries to gain influence in the developing areas of the free world through economic activities and military aid programmes, initiated in 1954, can be divided into two main periods: - the first covering the years 1954 to 1961, during which such Communist activities developed rapidly both in size, diversity and number of countries affected; - the second, which started in 1962, during which efforts have been aimed primarily at maintaining the levels reached in 1961, while further progress has been made at a slower pace.

The Opening phase

11. During the opening phase from 1954 till 1961:
- the total value of Communist trade turnover with the developing countries outside Europe trebled from \$0.7 billion in 1954 to about \$2.1 billion in 1961;
 - the volume of economic credits promised by Communist countries rose from \$11 million in 1954 to \$1,100 million in 1961 and the annual rate of their utilisation by the recipient countries grew gradually to some \$250 million in 1961;
 - military aid commitments and actual deliveries gathered momentum rapidly and reached a peak in 1961 when about \$850 million were committed and \$550 million worth of military equipment actually delivered;
 - the number of civilian and military personnel from Communist countries currently at work in the developing areas of the free world grew steadily to reach about 8,000 civil technicians and 1,400 military advisers by the end of 1961;
 - similarly, a special effort was made to attract increasing numbers of nationals of developing countries to academic and technical training facilities offered in Communist countries.

12. At the end of 1961, by extending long-term credits totalling about \$4.1 billion and sending experts, the Communist countries had been able to establish their presence in 24 different developing countries of the free world of which 9 in Asia, 8 in Africa, 5 in the Middle East and 2 in Latin America (not counting Cuba which had joined the group of Communist countries by that time). By

concentrating their trade drive on a few selected countries, they were absorbing during that year more than 40% of UAR total exports, one third of Afghan exports, more than 20% of Syrian and Guinean exports, slightly less of Burmese and a fraction of about 8 - 10% of total exports from Sudan, Ceylon, Indonesia, Uruguay and India. Military aid amounting in total to \$2.6 billion had been extended to a dozen free world developing countries among which Indonesia, UAR, Iraq, Syria and Afghanistan had been the main recipients, with Guinea, and the Yemen accounting for minor amounts.

The Period of Consolidation

13. Since 1962, the efforts of the Communist countries, in each of these specific fields, have been pursued relentlessly although with less spectacular results;

- Communist trade with the developing countries outside Europe increased further to about \$4.5 billion in 1966 at a more rapid rate than the trade of the developing areas with the rest of the world. Nevertheless, developing countries are still conducting over 90% of their total trade with the non-Communist world;
- although the annual amount of newly extended credits fluctuated widely (\$280 million in 1962, \$1,665 million in 1964 and \$1,275 million in 1966), the average of new credits promised during the last five years has been kept at roughly the 1961 level, when \$1,100 million new credits were extended;
- drawings on these credits by developing countries have been maintained at about \$500 million a year since 1963. As repayments by the recipient countries for both interests and capital reimbursements rose rapidly, the net influx of new Communist financial aid reached its peak at about \$350 million in 1965 and has in 1966 fallen back to its 1961 level of roughly \$200 million a year, representing less than 5% of net official aid extended by Western industrialised countries;
- deliveries of military equipment were maintained at their high levels of about \$500 million a year which had already been reached in 1961, while new annual commitments varied between \$900 million in 1964 and \$210 million in 1966;

- the number of Communist civilian technicians currently engaged in technical assistance activities continued to rise sharply, reaching 22,430 during 1966; that of military advisers has been fluctuating around 3,000 to 4,000 since 1962;
- the Communist programmes for receiving in their countries students and technical trainees from developing countries reached their peak in 1962 when over 7,000 nationals from the economically under-developed countries enrolled for such training. In 1966, this figure had been reduced by 60% to 2,880. Similarly, the number of military personnel from these countries in Communist ones, which had reached 3,750 in 1962 dropped to less than half that number by 1966, when it did not exceed 1,550.

14. Between 1962 and 1966 the Communist countries had extended another \$4.6 billion in long-term economic credits, thus bringing the total since 1954 to \$8.7 billion. Communist China participated much more actively than during the initial period in the overall Communist economic aid efforts. Between 1962 and 1966, China committed \$650 million to 21 countries. The geographical distribution of Communist trade had not been fundamentally altered and continued to be concentrated on the countries which had been conducting a large part of their trade with the Communist world. The presence of Communist countries in developing areas of the free world had been further enhanced by increased number of Communist civilian technicians while the military aid programme continued to play a major rôle in the Soviet Union foreign aid policy.

C. COMMUNIST FOREIGN AID AS VIEWED BY THE COMMUNIST COUNTRIES, THE DEVELOPING COUNTRIES AND IN RELATION TO WESTERN ECONOMIC AID

15. The initial drive from 1954 till 1961 took place in a period of tense political East/West competition during which the Sino-Soviet countries were able to present a fairly united front. In the developing areas of the free world, the process of decolonisation brought independence to a considerable number of countries, eager to affirm their new status by accepting aid from both Communist and non-Communist countries.

16. During the second period (from 1962 onwards) a number of major developments have considerably increased the complexity of the overall situation: the split in the Communist bloc has had far reaching repercussions on Communist aid policies; the recipient countries have learned the limits and dangers of Communist aid; the industrialized free world countries have been improving the efficiency of their own aid policies.

The Communist World

17. Inside the Communist world the Sino-Soviet ideological rift has led the Chinese since 1961 to challenge the Soviets in their attempts to gain influence in the developing areas of the Free World. Chinese offers were not only concentrated on their South Asian neighbours but competed with other Communist aid in countries where they believed that the régime contained some exploitable "revolutionary potential". After an all-out effort in 1964 when Communist China undertook to provide credits worth \$300 million at more favourable conditions than similar Soviet offers, the Chinese economic aid programme has been kept constant at an annual level of about \$115 million during the past two years, 1965 and 1966. Actual deliveries under this programme reached their peak in 1965 when about \$73 million were drawn by recipient countries and then declined to the 1964 level: about \$40 to \$45 million.

18. Although the total Chinese economic and military aid actually delivered represents only 12% and less than 3% respectively of Soviet economic and military assistance, it has nevertheless acted as a spur on the Soviets who found themselves battling on two fronts - one where they had taken the offensive seeking to gain influence at the expense of the West, and another where defensive tactics had to be adopted in view of the Chinese rivalry. New economic credits extended by the USSR reached a record level during 1964, the year when the Chinese made their major aid effort, but declined to some \$430 million in 1965. They increased again during 1966 when new commitments to the value of \$980 million were entered into by the Russians. Actual deliveries under the Soviet aid programme reached about \$375 million in 1964 but dropped to \$355 million in 1965 and \$280 million in 1966.

19. To supplement their own efforts, the Soviets attempted to enlist the support of the Eastern European countries(1) but co-ordination of aid policies, as originally contemplated within COMECON, has apparently met with increasing difficulties. Complaints have occasionally been voiced about the inequitable distribution of the foreign aid effort among Communist countries(2). Czechoslovakia and Poland, the two main sources of economic and military aid in Eastern Europe, have been attaching increasing importance to commercial considerations when defining their assistance policies. Only in the case of the Soviet Zone of Germany can it be clearly demonstrated that political considerations,

(1) Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and the Soviet-occupied Zone of Germany.

(2) See table IV, para. 76, page 29.

such as the enhancing of its prestige with the ultimate aim of gaining some kind of recognition as a state, have played a decisive rôle in the establishment of its foreign aid programme during recent years.

20. In 1965, Eastern European countries undertook to provide the highest amount ever (over \$500 million) committed by those countries during any given year, exceeding the share of the Soviet Union and representing about half of the aid extended by all Communist countries. In that year, for the first time, the Soviet Occupied Zone of Germany participated on a significant scale in the Communist foreign aid programme. In 1966, the Eastern European total aid extensions dropped to about 14% of total Communist aid. In terms of actual deliveries, drawings by recipient countries on Eastern European credits reached their peak in 1964 when over \$115 million were actually utilised and were kept thereafter at a level of about \$75 to \$90 million.

21. The failure of the "Great Leap Forward" Policy and the crisis that followed in Communist China during the years 1961-1963, the Soviet agricultural setbacks in 1963 and the general slowdown in economic progress, the disappointing performance of industry in the most advanced Eastern European countries, especially during 1963 and 1964, have tarnished the image of the Communist economic model as a short-cut to prosperity to be copied by developing countries. If absolute amounts of aid actually delivered are considered, it appears that the economic aid programmes never presented any serious drain on the domestic resources of the Communist economies. Economic credits, military and technical assistance never exceeded a minor fraction of 1% of their respective Gross National Products. However, given the stage of development reached by some of the Eastern European countries like Rumania and Bulgaria, as well as the need to keep Cuba's economy afloat and to help in the development of Asian Communist countries other than China, the internal economic difficulties have led the Communist leaders to reappraise more carefully than in the past the real cost to their economy of political gains obtained by diverting part of their limited resources to foreign aid policies for the uncommitted Third World. In spite of these limiting factors, all Communist countries have maintained foreign aid as a permanent feature of their foreign policy. Even Communist China has continued to extend economic loans on generous terms to countries whose per capita income is generally at a level similar to, or even higher than its own.

The Developing Countries

22. The original appeal of Communist aid offers gradually faded away as the developing countries were able to evaluate more soberly the merits of such offers on the basis of results rather than promises. Communist propagandists had frequently praised the generous terms on which their economic aid was provided in contrast to the "neo-colonialist" conditions of repayment and interest rates imposed by Western donor countries. Indeed, in the past, most credits from Communist countries had been carrying 2.5% interest rates or had even been extended interest-free (a practice introduced by Communist China) with relatively long repayment periods, generally 12 years. Recently, however, there has been a marked tendency in the Soviet Union to hardening the terms of its loans: Amortisation period of 5 to 10 years, requests for partial downpayments and interest-rates varying from 2.5 to 4% were attached to 40% of the new credits extended during 1966.

23. In addition, contrary to Western practice, "grants" play a negligible rôle in Communist economic aid (less than 5% of total extensions as against 50% in Western aid). It is only in the extension of military aid that the Communist countries appear to be more generous and more expeditious in delivery, (40% of military aid take the form of grants or discounts). Recipient countries are now beginning to feel the pinch of debt repayment. By the end of 1966, the developing countries had accumulated in respect of Communist economic loans an outstanding debt of some \$2,350 million, not counting a debt for arms deliveries of probably about \$2 billion. The debt servicing obligations have been increasing in recent years at a rate of 25% a year, reaching about \$210 million in 1966 (\$50 million in interests and \$160 million in principal) while the actual flow of new Communist aid delivered has been kept at a constant level of about \$500 million a year. Under such conditions the outflow of payments for interest and capital from developing countries would equal the inflow of new Communist credits by 1970-1971, and exceed their value thereafter unless the volume of new credits increased and/or some deferment of repayment could be obtained from the Communist countries. As Communist aid has been heavily concentrated on a few selected countries, some of them, including Indonesia, the UAR, Ghana and Somalia, have been unable to fulfil their debt servicing obligations in 1966 and had to request some form of relief.

24. It has often been presented as a major advantage of Communist credits over Western ones that the former could generally be repaid by exports of the developing countries, thus avoiding the drain on the modest hard currency reserves of these countries. Some Communist credit agreements give the possibility of reimbursement of interest and principal through the export of the goods produced by the factory built with Communist aid. To the extent that the exports of developing countries could not be absorbed on the free world markets, this Communist repayment system is of obvious help to the developing countries as it reduces excessive offer and thus tends to keep world prices at more remunerative levels. Nevertheless, the resulting redirection of trade toward long-term barter exchange agreements with Communist countries reduces the flexibility of the foreign trade policies of developing countries and might even inhibit the diversification of their exportable production.

25. The effect of Communist "tied" loans on developing countries' imports is even more questionable. No choice is left as to the equipment to be obtained through such credits. In a number of cases, the recipient countries have complained about the quality and the type of the equipment delivered, as well as about the delays in obtaining the required spare and replacement parts. Whenever the Communists have been able to exert an influence on the development plans of the recipient countries through their aid offers, they have generally tended to over-emphasize the development of heavy industry. The less-developed countries have recently become more aware of the need to restore a better balance in their development programmes and to improve the performance of their agricultural and food production. Communist aid, by concentrating on the public sector of the economy of the recipient country, has contributed substantially to the expansion of this sector in countries where the larger share of investment in economic development is provided by state enterprises. In addition, Soviet military aid programmes have resulted in some developing countries diverting a large share of their resources from economic development projects to modern and expensive military establishments causing internal economic strains and serious financial problems: Indonesia, Somalia, Syria and to some extent the UAR may be quoted in this connection. It should be stressed that the Communist countries have thus far delivered to developing countries under their aid programmes more arms, ammunition and military equipment (total value nearly \$4 billion) than industrial machinery, technical tools, capital equipment and technical assistance (total drawings on economic aid \$3 billion).

26. This is not to say that Communist aid has been economically ineffective. By concentrating its efforts on a few selected countries, the Soviet Union has been able to contribute to a sizeable increase in the productive capacity of Afghanistan, the UAR and India. In Afghanistan, Soviet expenditures in connection with the country's first 5 year plan (1956-1961) amounted to about $\frac{1}{3}$ of total gross investment. In the United Arab Republic drawings on Soviet credits amounted to about 10% of gross investment under the 5 year plan (1960-1965). In India, the Soviet contribution to the increase in the industrial capacity created during the three development plans was estimated by March 1965 at about 25% in the steel industry, 20% in machine tools, 20% in petroleum refining, 15% in electric power and 100% in heavy machine building and coal mining machinery.

27. Finally, the acceptance of Communist aid has had political implications as the recipient countries were drawn into East-West controversies, but even more seriously into the Soviet-Chinese rivalry, as was pointed out by such leading statesmen of developing countries as President BOURGUIBA of Tunisia and President BENDA of Malawi. Cases have been quoted where Communist China has not hesitated to link the aid extended to political tactical conditions. Technicians from Communist countries have occasionally been suspected of establishing contacts with subversive movements or, at least, to have favoured propaganda aiming at the overthrow of the governments that accepted Communist aid. This has led some developing countries (Ghana, end February 1966; Indonesia, September 1965; Kenya, end 1965) to react against subversion by expelling some of their Communist advisers and technicians from their territories and bringing to a standstill Communist aided projects.

Western Aid

28. Simultaneously, past and present experience is increasingly convincing the developing countries that the main source of foreign aid and trade is to be found only in the West. Communist China's ability to aid developing countries cannot be compared with the Soviet Union's potential in this field. But the latter, even if the Eastern European Communist aid deliveries are added to the Soviet efforts, has so far provided, in total, from 1960 up till the end of 1966, \$2.4 billion worth of economic aid, as against about \$42.0 billion official Western aid and about \$21.0 billion of private capital.

29. Although Western development aid efforts started long before the Communist countries entered this field and have never aimed primarily at countering the Sino-Soviet schemes, the latter have undoubtedly incited Western countries to improve the quality of their own efforts. During the 1960s the flexibility and diversity of the forms and conditions of Western financial assistance have improved considerably. The average length of the repayment period of Western commitments has been extended to over 25 years and the average interest rates lowered to about 3.1%, so that the terms of Communist loans no longer appear to be exceptionally generous.

30. Practically the total amount of net multilateral aid (IBRD, IDA, IFC, Common Market, UN agencies), which by itself compares favourably to the total aid delivered by the Communist countries, is of Western origin. The recent establishment of American, African and Asian development banks is indicative of the prevailing trend to reinforce such sources of development aid and self-help to which no political strings can possibly be attached. The confrontation of Western economic aid policies is actively pursued in the OECD and the experience gained with the "aid consortia" set up by the IBRD and the OECD, which originally covered only a few countries (India, Pakistan, Greece and Turkey) has been applied to "consultative groups" concerned with an increasing number of countries (Colombia, Malaysia, Nigeria, Sudan, Thailand, Tunisia). Similarly, the serious problems of foreign debt servicing facing a growing number of developing countries are being considered in various organizations and ad-hoc meetings grouping all Western creditor countries. In addition, the promotion of economic development through improved trade relations has been attracting increasing attention.

31. However, the volume of aid provided by the Western countries did not rise after 1961 in proportion with the economic growth in the industrialized free world. Progress achieved in the less-developed areas has been disappointing and the outcome of the race between increased food production and population growth remains uncertain. The gap between rich and poor nations has widened at an even more rapid pace than in the past. The threat of Communist exploitation of hunger and despair and of the resulting political instability in most of the backward regions of the free world has not diminished.

D. COMMUNIST ECONOMIC ACTIVITIES IN 1965 AND 1966

I. BY TYPE OF ACTIVITY

32. The main features of the developments of Communist foreign aid and trade during the years 1965 and 1966 can be summarised as follows:

a. - Economic Credits and Grants

33. Communist countries have maintained during 1965 and 1966 a constant flow of new aid commitments at a relatively high level : \$1,079.6 million in 1965 and \$1,275.3 in 1966. In total since 1954 some \$8,738.8 million credits have been extended to 35 different countries.

34. According to previous practice, such new aid commitments have been mainly concentrated on a few selected countries, with a special effort directed at the Middle-East: Iran (\$313.9 million) and the UAR (\$255.4 million) in 1965; India (\$641.7 million); Syria (\$191.8 million) and Pakistan (\$112.0 million) in 1966.

35. During 1965 the Eastern European countries(1) extended more economic aid (\$535.5 million) than during any previous year. It was directed at 17 different countries. The Soviet-occupied Zone of Germany contributed for the first time significantly to this effort by extending a total of \$199.3 million worth of credits mainly to the UAR, Ceylon, Syria and Ghana. In 1966, the Eastern European aid effort was reduced to \$179.1 million and new extensions to 8 countries. In total, since 1954 Eastern Europe has extended \$2,046.3 million to 26 countries.

36. The USSR has been considering aid requests more critically than in the past. In 1965, the Soviets extended \$426.7 million(1) worth of new credits to 14 countries, but in 1966 they increased their effort to a near-record level of \$979.3 million shared out between 12 countries. The Soviet Union has extended since 1954 a total of \$5,697.1 million to 33 countries.

(1) Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the Soviet-occupied Zone of Germany.

37. A larger share than in the past of Soviet aid credits (\$400.8 million in 1966 or 40% of the total) have been used for commercial purposes. Such "trade" credits are carrying higher interest rates (2.5 to 4%) and shorter repayment periods (5 to 10 years).

38. Communist China continued to vie with the Soviet Union in the developing countries while aiming simultaneously at reducing Western influence. It extended \$117.4 million to 6 countries in 1965 and another \$116.9 million to 7 countries in 1966; a clear indication of its persistent interest not only in Asian neighbouring countries but also in Africa and the Yemen. In total \$995.4 million have so far been extended by China to 21 countries.

39. Mainly as a result of the very low levels of new credits extended during the years 1962 and 1963, drawings on Communist credits declined for the second consecutive year from an estimated \$510 million in 1965 to about \$406 million in 1966. Implementation of the \$1.7 billion of credits extended in 1964 will make itself felt only in the coming years during which a constant flow of aid deliveries estimated at about \$500 to \$550 million can be expected. In total, at the end of 1966 \$3,018.5 million had been drawn by developing countries, representing 34.4% of the amounts extended.

40. If repayments of interest and principal due by the recipient countries are deducted, the net flow of Communist aid actually delivered during 1965 and 1966 can be estimated at about \$350 million and \$200 million respectively.

b. Technical Assistance

41. The number of Communist civilian personnel currently at work in the developing countries continued to increase rapidly, reaching 20,250 in 1965 and 22,420 in 1966. By the end of that year, their number fell as a consequence of political changes (Indonesia, Ghana) or because major projects had been completed (UAR, Yemen).

42. Such technicians are concentrated in a few countries, more than half of the total (10,900) being at work in Africa,

- 2,030 Soviet personnel in the UAR, 1,500 in India,
- 1,340 in Afghanistan, 1,150 in Algeria,
- 1,315 Eastern Europeans in Tunisia and
- 1,125 in Algeria,
- 1,445 Chinese Communists in Mali, 520 in Nepal,
- and 825 in Guinea.

43. The Soviet Union which delivered in 1966 some 70% of total Communist economic aid, sent 11,780 technicians or about 50% of all Communist technical personnel to these countries, while Communist China employed 5,150 personnel (about 23% of total) for servicing only 13% of total Communist aid effectively delivered.

44. The number of new academic students and technical trainees from less-developed countries enrolling for courses in Communist countries has been declining steadily. New departures of academic students were reduced from 2,400 in 1964 to 1,700 in 1965 and 1,675 in 1966. Departures of technical trainees similarly dropped from nearly 2,500 in 1964 to about 1,600 in 1965 and 1,200 in 1966. From 1956 - when Communist assistance in the field of education was initiated - until the end of 1966, in total some 35,750 students and technical trainees from developing countries have been following courses in Communist countries.

45. About 19,245 nationals (16,710 academic and 2,535 technical students) from developing countries were currently following academic courses and technical training in Communist countries by the end of 1966. The Soviet Union plays host to 12,735 of them; 6,015 are in Eastern European countries, and only 495 in Communist China. Nearly 56% of the academic students and 22% of the technical trainees (in all 10,065) come from African countries.

c. Military Aid

46. Military aid extended by Communist countries decreased from a peak of about \$900 million in 1964 to about \$250 million in 1965 and an estimated \$210 million in 1966. Nearly 90% of this aid is provided by the Soviet Union.

47. Since the starting of this programme in 1955 and up till the end of 1966, the main recipients of Communist military aid have been :the UAR, Indonesia, Iraq, India, Syria, Afghanistan and Algeria, with minor amounts going to the Yemen and African countries (Somalia, Morocco, Mali; Congo (Brazzaville), Guinea, Ghana).

48. During 1965 and 1966, heavy deliveries of military equipment continued to flow to the UAR, India, Algeria and Iraq. To the latter country the Soviet Union committed by far the major share of its 1966 new military aid credits. In total military aid deliveries continued at a rate of about \$500 million per year.

49. Following the increased deliveries of equipment after the 1964 large scale military aid commitments, the number of Communist military technicians rose to 3,870 in 1965 and declined thereafter to 3,435 in 1966. Most of the drop resulted from the sharp reduction in the number of advisers in Indonesia after the September 1965 coup, but was partly compensated by increase in Afghanistan and Iraq.

50. During 1965, some 2,720 nationals from developing countries departed for military training programmes and in 1966, another 1,550 joined them. In total since 1955, about 22,300 military personnel from 18 less-developed countries have been receiving military training in Communist countries, the largest contingent coming from Indonesia, followed by nationals from Afghanistan, Algeria, Syria and the UAR. Nearly 90% of this total went to the USSR.

d. Trade

51. Total trade turnover between Communist countries and the developing areas outside Europe increased during 1965 by roughly 17% over 1964 reaching \$3.9 billion and will probably prove to have risen by about 15% at the end of 1966 if prevailing trends during the first half of the year asserted themselves during the second half. Total trade turnover might have reached \$4.5 billion by the end of 1966.

52. The continuous flow of deliveries under long-term economic credits, the repayments of Communist economic and military aid through exports by the developing countries, large-scale purchases of Argentine wheat, Malaysian rubber and Egyptian cotton, all have contributed to the marked increase in Soviet and Chinese imports.

53. As a result the Soviet Union reinforced its lead over Eastern European countries as the main Communist trading partner of the less-developed areas taken as a whole.

54. There has been no major changes in the geographical distribution of this trade. During 1965 Asia accounted for about 40% and the Middle East for 29% of the total. The UAR (17% of the total) and India (16% of the total), together, continued to account for roughly $\frac{1}{3}$ of the total trade turnover between Communist countries and the developing ones.

55. The Communist share in the world trade of less-developed countries of the free world outside Europe represented during 1965 and 1966 about 6 to 6.5%

56. Nevertheless the Communist world supplied in 1965 more than 40% of total imports of Afghanistan and Mali, over 30% of those of Guinea and over 20% of imports of Cambodia, Iraq, Ghana and the UAR. Communist countries absorbed more than 50% of UAR's exports, over 30% of these of Syria and over 20% of those of Afghanistan, Sudan and Ghana.

57. The commodity composition of this trade has not been fundamentally altered. Raw materials and food products accounted for 85% of total Communist imports but the share of food in this total has tended to decline somewhat. Communist exports to these areas consisted for more than 80% of machinery, transport equipment and manufactured goods: the share of machinery and transport equipment declined from 59% in 1964 to 51% in 1965, while that of fuels increased from 13 to 16%.

II. BY COMMUNIST COUNTRY

a. THE SOVIET UNION

58. The main source of Communist aid and trade for the developing countries remains obviously the Soviet Union. The USSR has, up to the end of 1966, undertaken to provide 65% of all Communist economic aid commitments and has actually delivered 72% of total Communist aid so far received by the developing countries. Over 50% of the civilian technicians from Communist countries currently at work in the developing areas of the free world are of Soviet origin and the USSR plays host to 67% of the students coming from developing countries to be trained in the Communist world. As far as military aid is concerned, nearly 90% of it comes from the Soviet Union, both in terms of military equipment delivered and training in the use of weapons. Even in the field of trade with the developing countries, the USSR has overtaken the Eastern European countries. After a temporary decline in 1964, the share of Soviet trade in total trade between the developing areas and the Communist world increased again in 1965 to about 43%.

59. By extending large-scale credits:

- in 1965: \$288.9 million to Iran for industrial development
- in 1966: \$84.0 million for the Third Plan of Pakistan
\$333.3 million for the Fourth Indian Plan supplemented by \$222.2 million "trade" credits
\$133 million to Syria for the building of the Euphrates Dam
\$100 million "trade" credits to Brazil

the Soviet Union has reaffirmed its leading position as the main Communist source of economic assistance to be delivered to the developing nations.

60. Since the fall of Khrushchev in the autumn of 1964, the new leadership has nevertheless adopted a more cautious attitude on the question of foreign aid. The new leaders fully realised that on the one hand the prestige of the USSR would suffer severely if the flow of Soviet aid deliveries were to be substantially reduced, but that on the other hand political and economic efficiency of such assistance must be improved if both internal and external criticism were to be avoided. This new attitude led the Soviet leadership to consider more critically aid requests from developing nations and to accept new commitments only after more precise agreements had successfully been reached on the basis of detailed studies on the feasibility of the envisaged projects. Less publicity has been given to the extensions of large scale loans than during the Khrushchev period. Commodity loans to generate the local currencies needed for the implementation of aided projects became a more common practice in Soviet aid extensions. "Trade" loans with shorter repayments and higher interest rates than the traditional $2\frac{1}{2}\%$ over 12 years Soviet credit terms have increased the flexibility of the means used for promoting Soviet foreign aid and trade activities.

61. Deliveries under the Soviet aid programme which during 1965 (\$349.2 million) had declined somewhat as compared to 1964 were further reduced during 1966 (\$279.1 million). In part, the decline was due to a levelling off in project activity in major aid recipient countries. In India, many projects under the Third Five-Year Plan were nearing completion or reaching a new stage in their implementation, consequently requirements for imported equipment were temporarily reduced. In the U.A.R., $\frac{3}{4}$ of the Aswan high dam project and an even larger share of the transmission line had been completed by the end of 1966. During the coming years, it is to be expected that Soviet deliveries will reach their previous level of \$350 - 375 million as the large-scale credits extended during 1964 start being utilized. It may be noted that in Soviet exports to developing countries, machinery and transport equipment still represent more than half of the total (notwithstanding a reduction as compared to 1964). A large part of these exports is delivered under economic aid commitments.

62. The geographical distribution of Soviet economic aid from 1954 through 1966 as reflected by both Soviet commitments and actual deliveries is illustrated by the following table.

Table 1

Soviet Economic Credits and Grants 1954-66

Area	extended		drawn	
	in million US \$	in % of total	in million US \$	in % of total
Asia	2,810.5	50	1,315.3	60
Middle East	1,857.4	32	604.3	28
Africa	882.2	15	218.1	10
Latin America	147.0	3	31.3	2
TOTAL	5,697.1	100	2,169.2	100

Soviet economic aid has been directed to a few selected countries. Four of them: India (\$693.5 million), Afghanistan (\$443.7 million), the U.A.R. (\$379.8 million) and Iraq (\$120.8 million) had, at the end of 1966, absorbed 70% of the total economic aid so far actually delivered by the USSR (\$2,169.0 million).

63. New Soviet extensions of economic aid during 1965 and 1966 were concentrated on India, Iran, Syria and Pakistan which together accounted for 80% of these new commitments, leaving a \$100 million "trade" credit for Brazil and only minor amounts (in total \$175.6 million) to be distributed among the other beneficiaries: 9 African, 4 Asian, 1 Latin American and 2 Middle Eastern countries.

64. Since the early days of the Soviet foreign aid programme, technical assistance (both in the form of sending Soviet civilian personnel to the developing countries and of receiving nationals from those countries for training in the USSR) has played an important rôle in the overall efforts to gain influence in these areas. The Soviet leaders would seem to have considered technical assistance a particularly well suited means of furthering their aims in African countries. Indeed, if the geographical distribution of Soviet technical assistance is considered in relation to that of economic aid, its most striking feature is its concentration in African countries. Soviet technicians currently at work in Africa outnumber those

in any other of the less-developed areas. 4,180 Soviet civilian personnel were at work by the end of 1966 in seventeen different African countries as against 3,850 in the Middle East and 3,745 in Asia. Similarly 57% or 6,305 out of 11,210 academic students from developing countries following courses at USSR higher educational institutions and universities came from 42 different African countries, among which Kenya and Sudan were represented by more than 1,000 of their nationals and Ghana, Somalia, Mali, Nigeria and Tanzania each by more than 500. In addition, 180 African technical trainees were being trained in the USSR during December 1966.

65. Major concentrations of Soviet experts and technicians outside Africa are to be found in the main aid recipient countries, such as the UAR (2,030, of whom $\frac{1}{4}$ left at the end of 1966 when major construction work at the Aswan Dam was completed), India (1,500), Afghanistan (1,340) and Iraq (500). The number of students annually departing from developing countries to follow courses in the USSR reached its peak in 1962. Since then the number of new departures has been steadily declining; it did not exceed 1,405 during 1966, representing some 85% of the total new enrolments. It would seem that, from now on, the annual number of new departures will probably remain at about the present level. In total, by the end of 1966, the USSR had provided some training facilities to about 15,395 academic students and 7,655 technical trainees, representing 67% of all nationals from developing countries that have gone so far to Communist countries. Although their efforts have met with serious difficulties, the Soviet Union will probably continue to pursue, over the next few years, its current recruitment of academic students as a means of influencing the new elite in the uncommitted third world.

66. Information on Soviet military aid is, for obvious reasons, much more scarce than on economic aid and technical assistance. Military assistance has proved to be a less costly and politically more effective means of achieving a position of influence in some regions vital to Western interests. Arab-Israeli tensions, the Yemen conflict with the United Kingdom over Aden, Afghanistan's border dispute with Pakistan, Indonesia's confrontation with Malaysia, and even the Indian-Chinese conflict are all examples of opportunities that have been exploited by the Soviet Union. As a result, the main recipients of Soviet military aid have been: Indonesia, the UAR, India, Iraq, Syria, Afghanistan,

Yemen. During 1965 and 1966, the most striking developments in this field have been the important new agreements concluded between the Soviet Union and India, Algeria and Iraq(1). In addition, some military aid was extended during 1965 to Indonesia, the UAR and various African countries like the Congo (Brazzaville), Guinea, Mali and Uganda and during 1966 to Syria and Tanzania.

67. According to the official Soviet statistics, after levelling off in 1964, USSR's trade with the developing countries resumed its expansion at a rapid rate in 1965. Soviet exports rose by 13% from about \$735 million to \$835 million, while imports grew by 29% from \$616 million in 1964 to \$795 million in 1965. This rapid rise in imports resulted primarily from increased Soviet purchases of Argentinian wheat, Malaysian rubber, Egyptian and Sudanese cotton, Ghanaian cocoa, and various Indian goods. Deliveries of petroleum products, machinery and equipment to Argentina, the UAR and Ghana accounted for the more modest increase in Soviet exports.

68. The geographical distribution of trade between the USSR and the developing areas indicates a progressive gaining of importance of trade with Africa, while the increase with Latin America is rather due to exceptional circumstances linked with the food situation in the USSR. The Official Soviet statistics, however, give no information concerning the destination of a large fraction of their exports. It is generally believed that deliveries of military equipment are included in the difference between the total Soviet exports as reported according to the commodity breakdown and the sum of such exports as indicated in their geographical distribution.

69. Soviet trade with the developing areas fluctuated over the years 1963-1965 as follows:

TABLE II

Soviet trade with developing areas 1963-1965

Area	Soviet exports to				Soviet imports from			
	in million US \$			% Dist- ribution by area 1965	in million US \$			% Dist- ribution by area 1965
	1963	1964	1965		1963	1964	1965	
Africa	84.3	88.9	115.3	14	78.1	58.8	84.7	11
Asia	358.9	379.3	370.5	44	314.6	322.0	391.4	49
Latin America	30.6	29.1	48.4	6	75.6	63.0	107.8	14
Middle East	227.8	237.5	300.6	36	165.7	172.1	211.0	26
TOTAL	701.6	734.8	834.8	100	634.0	615.9	794.9	100

(1) Early in 1967, Iran accepted, for the first time, a Soviet arms deal valued at about \$110 million to be repaid largely by Iranian exports.

70. In 1965 the ten main trading partners of the Soviet Union, accounting for nearly 82% of total trade between the USSR and the developing countries, were the following:

TABLE III

Main trading partners of the USSR in the
developing areas (1965)

(in million US \$)

Country	Total trade turnover	Soviet exports to	Soviet imports from
1. India	403.2	215.0	188.2
2. U.A.R.	371.8	208.4	163.4
3. Malaya and Singapore	115.6	2.9	112.7
4. Argentina	92.3	20.3	72.0
5. Indonesia	86.4	54.4	32.0
6. Afghanistan	71.9	51.6	20.3
7. Ghana	65.3	34.6	30.7
8. Brazil	60.5	27.7	32.8
9. Iran	33.3	15.2	18.1
10. Iraq	32.9	29.2	3.7

71. After the considerable changes in the commodity composition of Soviet trade with developing areas during 1964 reflecting the difficult food situation in the USSR, in 1965 Soviet trade mainly consisted of the same exports and imports as during the previous year. While the absolute value of USSR exports of machinery increased, their share in total exports decreased. Nevertheless, exports of machinery still represented in 1965 51% of total Soviet exports as against: fuels 16% and manufactured goods 14%. Soviet imports consisted of 64% of raw materials, 36% food product and 13% manufactured goods.

72. From the partial information available on 1966 it would seem that Soviet trade would further increase at the rapid pace noted during 1965. Large scale deliveries of wheat from Argentina under contracts negotiated in 1965 were to continue while the better agricultural results in the USSR have probably allowed it to increase its sales of food products to other developing countries (UAR, Algeria, India).

b. THE EASTERN EUROPEAN COUNTRIES

73. Although from the point of view of the USSR the economic aid and trade activities of the Eastern European countries can still be considered as an adjunct to the Soviet efforts, these countries have been attaching growing importance to their own national interests in the pursuit of their foreign aid and trade policies. Countries like Czechoslovakia and Poland had, in the past, occasionally acted as the spearheads of Communist penetration. The first Communist military aid agreements concluded with the UAR were of Czechoslovakian origin. Similarly Poland provided the first important military assistance to Indonesia. Czechoslovakia, Rumania and Poland had extended economic credits to Latin American countries which had rejected Soviet offers. More recently, however, Eastern European credits have generally been allocated to countries where the Soviet Union had already established a firm foothold (as for instance the UAR or India).

74. Foreign trade plays a much more important rôle in the economies of Eastern European countries than in that of the Soviet Union. Although their estimated total GNPs, taken together, represent hardly more than one third of that of the USSR, their total trade with free world developing areas is roughly of the same order of magnitude as Soviet trade with these areas. In addition, Eastern European countries, such as Czechoslovakia, Poland, Hungary, have a long standing tradition of foreign economic relations. The attitude adopted by the Eastern European countries towards the extension of economic credits has generally been more commercial than political: foreign aid has been linked to their trade expansion drive. As a consequence, not only conditions imposed on credits have been harder than those on which Soviet loans are granted (higher interest rates, shorter repayment periods), but, also, the description of projects to be aided has been more precise, and the preliminary feasibility studies have been conducted more carefully than in the case of Soviet aided projects. It is only recently that the USSR has started to introduce similar features in its aid policies.

75. In the field of technical assistance Eastern European countries have contributed significantly to the overall Communist efforts accounting for 25% of the total of civilian technicians sent to developing areas and playing host to over 30% of the students and technical trainees coming from developing nations. Finally, the contribution of the Eastern European countries to total Communist military aid, although representing only a minor fraction of Soviet aid, is nevertheless much larger than that provided by Communist China.

76. The burden of economic foreign aid is unevenly distributed among Eastern European countries as appears from the following table.

TABLE IV

Distribution of the economic aid efforts among Communist countries

Aid extending country	Estimated GNP 1965		Aid actually delivered 1954-66		Estimated per capita GNP (1965)	Total aid 1954-66 in \$ per capita
	(billion of US \$)	as % total	(million US \$)	as % of total		
S.O.Z. of Germany	26.9	24	74.3	12	1,580	4
Poland	30.7	27	148.3	26	970	5
Czechoslovakia	22.0	20	268.6	47	1,560	19
Hungary	10.7	9	38.4	7	1,050	4
Rumania	15.5	14	34.6	6	760	2
Bulgaria	6.2	6	8.7	2	820	1
TOTAL EASTERN EUROPE	112.0	100	570.9	100	1,120	6
Soviet Union	300	267	2,169.0	380	1,300	9

77. Czechoslovakia had already complained in 1964 about the unfair distribution of the economic aid effort among Communist countries and the burden which this assistance programme represented for her economy. In comparison with other Eastern European countries, particularly with the Soviet-occupied Zone of Germany, the per capita income of which is of the same order of magnitude, and with the Soviet Union, economic aid financed by Czechoslovakia during recent years has represented a larger share of her GNP than that of any other Communist country. Since then, the flow of aid actually delivered by Czechoslovakia has been reduced and the new credits and grants extended during 1966 represented only half the amount extended during 1964 and 1965. In 1965, Czechoslovakia undertook to provide new large scale credits to the UAR (\$75.6 million) and to Iran (\$15 million), and in 1966, to Syria (\$29.5 million). In addition, Czechoslovakia extended the first Communist credit so far accepted by Nigeria (\$14 million) and in 1966 supplemented Soviet efforts by extending \$28 million to Pakistan.

78. The Soviet-occupied Zone of Germany has only recently stepped up its contribution to the Communist aid programme which, up till 1964, had been negligible. During 1965, the Soviet Zone extended \$100.8 million to the UAR, \$42 million to Ceylon, \$26.1 to Syria and \$20.2 to Ghana. During that year, in total, the Soviet Zone undertook to provide \$199.3 million to developing countries. In 1966, this effort was considerably reduced and only \$19.1 million were extended, of which the major share went to Burma, which received a credit of \$14 million. By the end of 1966, the

Soviet-occupied Zone of Germany had thus undertaken commitments up to a total value of \$341.5 million of which so far only \$72.3 million have been drawn. This low rate of implementation is, however, merely indicative of the fact that the Soviet Zone's ventures in this field are of a recent date and it is possible that, during the coming years, the amount of aid to be delivered by the Soviet Zone will further increase over the \$16.1 million actually disbursed in 1966.

79. The Polish economic foreign aid programme, which ranks second after Czechoslovakia both in terms of economic credits and grants extended and in aid actually delivered, has been more evenly spread among the five countries which received Polish aid during 1965 and 1966. During the former year, \$13 million credits were allocated to Morocco, \$25 million to Syria, \$22 million to India, \$20 million to Iraq and \$10 million to Burma. During 1966, Poland extended practically no new credits but continued to deliver, under earlier aid agreements, some \$22 million worth of goods and services as compared with \$32 million during 1965.

80. Among the other Eastern European countries, Hungary made a special effort by extending in 1966 \$52.5 million to India, the largest credit it ever provided to a single country. During 1965, Hungary had provided \$42 million to the UAR. Actual deliveries by Hungary dropped from \$10 million in 1965 to \$6 million in 1966. Bulgaria extended in 1965 a credit of \$37 million to the UAR. This was followed in 1966 by two credits of \$15 million each to India and Syria. The effort of Bulgaria, one of the less developed in Eastern Europe, is all the more remarkable, since Rumania which has reached approximately the same level of economic development as Bulgaria did not provide any new credits during 1965 and 1966 with the exception of a commercial credit of \$15 million for oil drilling equipment extended to Argentina.

81. The breakdown by main recipient areas of the aid committed and delivered from 1954 till the end of 1966 by the Eastern European countries follows in its broad lines the pattern adopted by the Soviet Union. Nevertheless total extension is somewhat more evenly distributed among the main areas.

TABLE V

Eastern European Economic Credits and Grants 1954-1966

Area	Extended		Drawn	
	in million US \$	in % of total	in million US \$	in % of total
Asia	788.7	39	275.7	50
Middle East	763.3	37	185.5	31
Africa	289.2	14	76.5	13
Latin America	205.1	10	33.2	6
TOTAL	2,046.3	100	570.9	100

82. The three main recipients of Eastern European economic aid up till the end of 1966 have been those that have been absorbing an important share of Soviet economic and/or military aid: India (\$132.5 million), the UAR (\$129.1 million) and Indonesia (\$127.3 million). These countries account for more than 68% of total Eastern European economic aid actually delivered. The rest is spread in minor amounts over 20 other countries: 9 in Africa, 5 in Asia, 2 in Latin America and 4 in the Middle East.

83. As far as technical assistance given by Eastern European countries is concerned the remark made about the Soviet concentration on Africa is even more relevant. Out of a total of 5,490 technicians sent to developing countries from Eastern Europe, 67% or 3,695 are concentrated in 14 African countries of which 1,315 are in Tunisia and 1,125 in Algeria. The other most important concentrations are reported in India (405), the UAR (355) and Iraq (340). Similarly the Eastern European countries are receiving at their educational institutes large numbers of students, most of which come from African countries. At the end of 1966, 5,080 academic students and 935 technical trainees were studying in Eastern European countries.

84. Military aid has so far been extended mainly by Czechoslovakia and Poland supplementing the efforts made in this field by the USSR. During 1965 and 1966, Czechoslovakia entered into an arms deal with India estimated at about \$40 million and an additional agreement valued at \$10 million with the UAR. Some minor amounts of Czech military aid to Syria and Cyprus have also been mentioned. Negligible amounts of military aid have sporadically been extended by Bulgaria.

85. In contrast with Soviet trade with the developing areas of the free world which develops in fits and starts, both Eastern European exports to and imports from these countries have been increasing at a slower but steadier rate. In 1965, Eastern European exports to developing countries increased by 13% while imports rose by 12%. Eastern European countries are maintaining some sizeable commercial relations with 63 different countries according to the trade returns published by these latter countries. In comparison to Soviet similar trade, the Eastern European one is more evenly spread over a larger number of developing countries.

86. The evolution of Eastern European trade with developing areas has been the following:

TABLE VI

Eastern European trade with the developing areas 1963-1965

	Eastern European exports to				Eastern European imports from			
	in million US \$			% Dist- tribution by area 1965	in million US \$			% Dist- tribution by area 1965
	1963	1964	1965		1963	1964	1965	
Africa	106.6	132.2	148.9	20	78.9	93.7	113.3	16
Asia	166.4	193.2	218.1	30	180.7	197.4	190.8	28
Latin America	74.2	88.7	78.3	11	116.9	152.4	187.3	27
Middle East	205.1	232.5	287.7	39	168.9	184.7	204.2	29
TOTAL	552.3	646.7	773.0	100	545.4	628.2	695.6	100

During 1965 Eastern European exports to Ghana, Iraq and the UAR increased more rapidly than sales to other areas, while large-scale Polish purchases from Mexico account for most of the increases on the import side.

87. According to the trade statistics produced by the developing countries, the 10 most important trade partners of Eastern European countries in 1965 were the following:

TABLE VII

Main Eastern European trading partners
in the developing areas -(1965)

(in million US \$)

Country	Total trade turnover	Eastern European exports to	Eastern European imports from
1. India	237.2	126.9	110.4
2. UAR	232.5	97.4	135.1
3. Brazil	89.4	29.4	60.0
4. Ghana	80.7	60.2	20.5
5. Mexico	63.5	4.9	58.6
6. Iraq	61.9	60.5	1.4
7. Iran	46.0	25.0	21.0
8. Argentina	44.0	13.3	30.7
9. Syria	43.0	19.7	23.3
10. Morocco	34.8	14.2	20.6

In total these 10 countries account for 65% of total trade turnover between developing countries and Eastern European ones.

88. Eastern European countries are exporting mainly manufactured goods other than capital equipment to the developing areas of the free world (41% of 1965 exports to these areas). Machinery and transport equipment represented only 23% and food products 15% of total exports. On the import side the relative share of food products in total imports from developing countries has been steadily increasing during recent years reaching 42% in 1965. Raw materials still maintain a short lead accounting for 44% of total imports while manufactured goods represented only 10%.

89. From the fragmentary information so far available for 1966, it would seem that Eastern European trade with the developing areas has further increased at a rate comparable or slightly superior to the growth of similar trade between Western industrialised countries and these areas.

c. COMMUNIST CHINA

90. The political motivation of Communist Chinese foreign aid to the developing countries of the free world is clearly demonstrated by the mere fact that this is the only case where a country which is still in its early stages of economic development has set out to extend large interest-free long-term loans to other developing countries whose standards of living are generally comparable, if not higher, than that of the donor country. This Chinese policy is closely linked to the split within the Communist world; it constitutes an attempt by Communist China to present itself as the only genuine model of communist economic development for the developing third world while challenging the Soviet Union for the leadership of the world Communist movement in the underdeveloped areas of the free world. Communist China started its own aid programme in 1956 by concentrating its first efforts on its Asian neighbours. From 1961 onwards, it turned its attention to Africa. By the end of 1966 Communist China had extended \$995.4 million to 10 African countries, 8 Asian countries and 3 Middle Eastern countries. It has so far actually delivered 28% of the aid promised.

91. The geographic distribution of Communist Chinese economic aid committed and actually delivered up till the end of 1966 is illustrated by the following table.

TABLE VIII

Communist Chinese Economic Credits and Grants 1954-1966

Area	Extended		Drawn	
	in million US \$	in % of total	in million US \$	in % of total
Asia	495.7	50	152.9	55
Africa	342.6	34	84.8	31
Middle East	157.1	16	40.9	14
Latin America	0	0	0	0
TOTAL	995.4	100	278.6	100

92. Chinese aid cannot compete in volume with that offered by the Soviet Union, nor even, for that matter, with that extended by the Eastern European countries. Nevertheless, if account is taken of the economic backwardness of the country, the cost burden of Communist Chinese aid in relation to its economic potential, appears to be comparable to that supported by the Soviet Union. Communist Chinese aid actually delivered by the end of 1966, valued at \$278.6 million, represented 12% of total Soviet deliveries. The annual deliveries of aid amounted in 1965 to \$70.8 million and to \$52.7 million in 1966. Chinese aid has from the outset shown serious elements of competitive aggressiveness. The Chinese have offered their foreign on more generous terms, they agreed in a few selected cases, to provide cash aid for budget support in contradiction with earlier Soviet practice and they agreed to finance some purely prestige projects (sports stadiums, official palaces). They tried to capitalise on the fact that Chinese technicians, sent abroad under technical assistance progress were expected to live under the same conditions as their local colleagues and they provided large numbers of manual workers for road building projects.

93. By concentrating their efforts on a few countries, Communist China can even claim to have delivered more aid to some countries by the end of 1966 than the Soviet Union. In Africa, Chinese aid to the Central African Republic, Congo (Brazzaville), Kenya, Tanzania and Uganda, and, in Asia, to Burma, Cambodia and Ceylon, exceeds economic aid extended by the Soviet Union. In Nepal, Communist China has undertaken to provide three times more credits and grants than the USSR.

94. As the competition for gaining influence in the developing areas of the Free World increased, China's and Soviet aid policies developed striking similarities. In both cases, political motivation played an increasing rôle and the total volume of aid commitments of both competitors fluctuated considerably from year to year with remarkable synchronisation. In 1966 this similarity came - perhaps temporarily - to an end: Soviet new aid commitments increased over the past year, while new undertakings by Communist China were kept constant at the previous year's level.

95. The main recipients of Chinese aid up till the end of 1966 have been:

TABLE IXMain recipients of Communist Chinese economic aid

(in million US \$)

Country	Economic Credits and Grants 1954-1966	
	Extended	Drawn
Indonesia	123.4	49.4
Cambodia	92.3	35.4
Yemen	56.1	28.1
Guinea	54.9	27.5
Mali	54.8	26.0
Burma	84.0	21.4
Nepal	63.0	12.8
Tanzania	54.5	11.4
Pakistan	60.0	8.0
UAR	84.7	4.7

These 10 countries, out of a total of 21 that had accepted Communist Chinese aid, have so far absorbed 80% of total Chinese aid actually delivered and have been promised two-thirds of total Chinese commitments.

96. In the field of technical assistance, Communist China has been active in sending technicians and labourers to 17 less developed countries of the Free World. Contrary to the Soviet Union or the Eastern European countries, Communist China has not been particularly active nor successful in implementing programmes in favour of nationals from the less developed countries wishing to study in China. In September 1966, when the cultural revolution started, the University Programmes in China were suspended and all foreign students sent home. The latter, at that time, numbered probably less than 500.

97. In Africa, three out of ten Communist civilian personnel are Chinese. There are even more Chinese civilian technicians and labourers than from other Communist countries in Mali (where, during 1966, the largest concentration of Chinese technicians was reported (1,445), in Tanzania (200), in Congo (Brazzaville) (315), in Nepal (920), in Burma (435) and in Cambodia (185). In Guinea, the number of Chinese technicians nearly equals that of the Soviet and Eastern European ones. At the end of February 1966, about 170 Communist Chinese personnel were expelled from Ghana following the coup d'état.

98. The contribution of China to the total Communist military aid programme represents less than 3%. During 1965, minor amounts of Chinese military aid have been extended to such African countries as Algeria and Uganda, and, in 1966, China reportedly provided small amount of military aid to Tanzania.

99. In recent years, Communist China has rapidly expanded its trade relations with the developing areas of the Free World. In 1964, the increase in total trade turnover amounted to 30% and in 1965 to 22% (Chinese exports increased by 18% and imports by 27%). This growth resulted mainly from stepped-up Chinese exports to African countries including deliveries of manufactured goods and machinery to Tanzania, Ghana, Mali and Nigeria. On the imports side, large scale food imports from Argentina were continued and cotton purchases in the UAR and Sudan expanded considerably. Chinese imports from Pakistan rose also rapidly. Nevertheless, the share of Communist China in the total foreign trade of the developed countries taken as a whole hardly represents 1%. Communist China's trade accounts for only one fifth of total Communist foreign trade with these areas.

100. Geographical distribution of Communist Chinese trade with developing countries of the Free World during recent years developed as follows:

TABLE X

Communist Chinese trade with the developing areas 1963-1965

Area	Chinese exports to				Chinese imports from			
	in million US \$			% Dist- tribution by area (1965)	in million US \$			% Dist- tribution by area (1965)
	1963	1964	1965		1963	1964	1965	
Africa	33.3	55.9	94.2	22	45.4	41.7	69.2	18
Asia	234.1	246.1	245.5	49	96.4	116.0	150.9	40
Latin America	2.1	2.0	2.2	1	3.8	91.9	93.9	25
Middle East	43.5	47.6	74.9	18	40.8	49.9	67.1	17
TOTAL	313.0	351.6	416.8	100	186.4	299.5	381.1	100

Communist China has constantly maintained an export surplus in its trade balance with the developing countries although its food imports from Latin America have had to be paid in hard currencies rather than by Chinese exports.

101. Among the developing countries the ten main trade partners of Communist China in 1965 were:

TABLE XI

Main Communist China trading partners in the developing areas
- 1965 -

(in million US \$)

Country	Total trade turnover	Chinese Exports to	Chinese Imports from
1. Malaya & Singapore	113.7	106.4	7.3
2. Indonesia	85.0	45.0	40.0
3. Argentina	84.0	0.3	83.7
4. UAR	71.8	26.7	45.1
5. Pakistan	61.8	18.4	43.4
6. Ceylon	60.0	23.9	36.1
7. Burma	45.1	27.7	17.4
8. Syria	22.5	5.8	16.7
9. Sudan	22.0	6.6	15.4
10. Iraq	21.9	16.9	5.0

These 10 countries account for 73% of total trade between Communist China and the Free World developing countries outside Europe.

102. The commodity composition of Chinese exports to the developing countries of the non-Communist world indicates that 44% of these exports consist of manufactured goods (textiles, bicycles, sewing machines), 39% of food products (rice, tea) and only 4% of machinery, capital and transport equipment. On the import side, China purchases were mainly raw materials (60% of total imports from those areas) and food products such as wheat (35%). During recent years the share of food products in imports has increased while that in exports has decreased. Contrary to the predominant political motivation of the Communist Chinese foreign aid programme, it would seem that as far as trade is concerned, economic considerations come first. This attitude seems to be in contrast to that of the Soviet Union towards its trade with the developing nations of the Free World.

103. The setbacks suffered in 1965 and 1966 by Communist China in Indonesia and in various African countries will probably be reflected in the 1966 trade trends with the developing nations. Further increases in trade with Asian neighbours such as Ceylon and Pakistan may have compensated the decline in exchanges of goods from the other countries. From the partial information so far available it would seem that total trade between Communist China and the developing countries of the Free World will exceed the volume reached in 1965.

CHART I

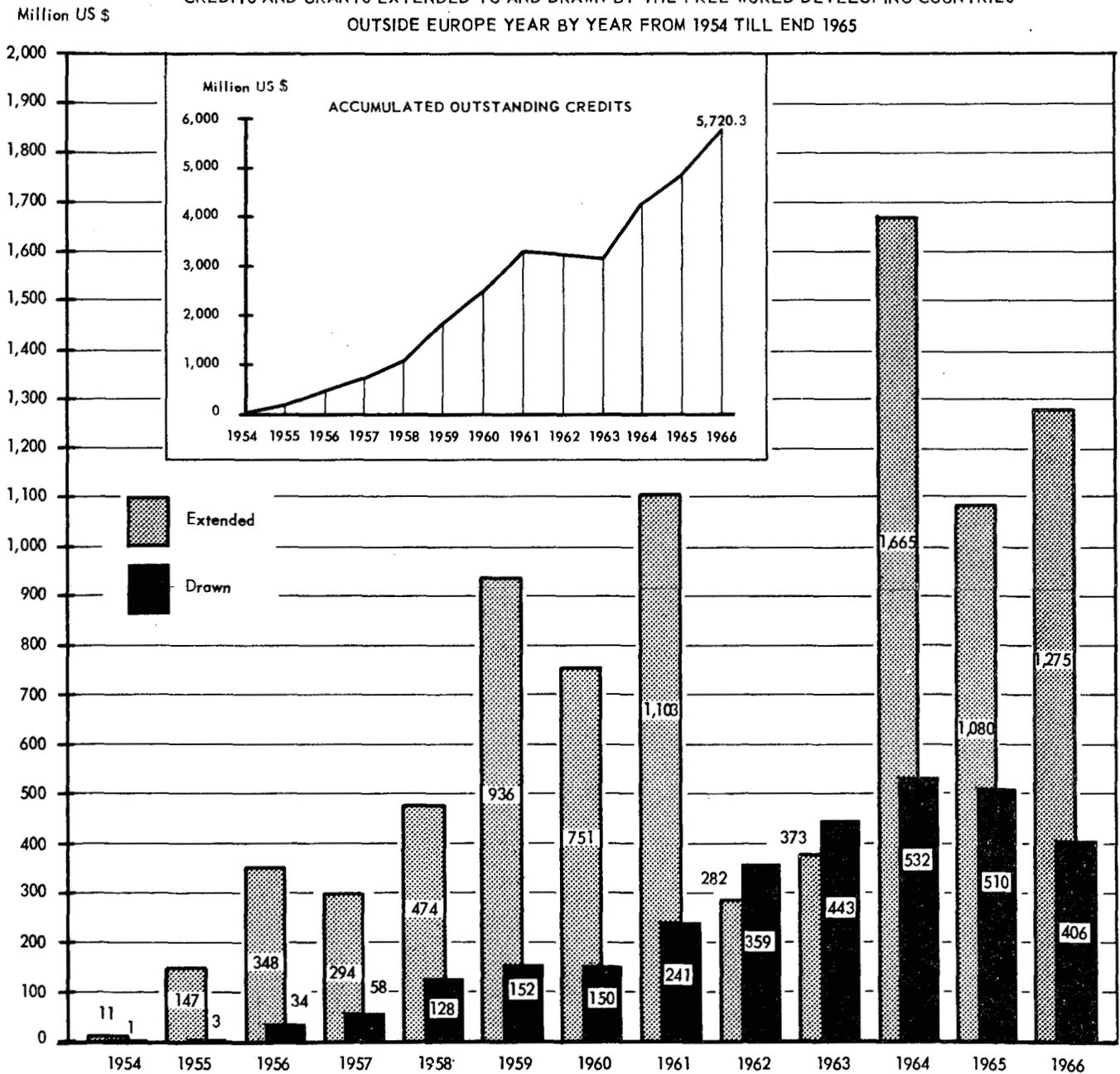
ECONOMIC AID EXTENDED BY COMMUNIST COUNTRIES

RECAPITULATIVE TOTALS 1954-1965

(Million US \$)

1. TOTAL AMOUNT EXTENDED	8,738.8
OF WHICH :	
GRANTS	420.9
CREDITS	8,317.9
2. TOTAL AMOUNT DRAWN	3,018.5 or 34.5% of total extended
3. OUTSTANDING CREDITS NOT YET UTILISED AS ON 1.1.1967	5,720.3

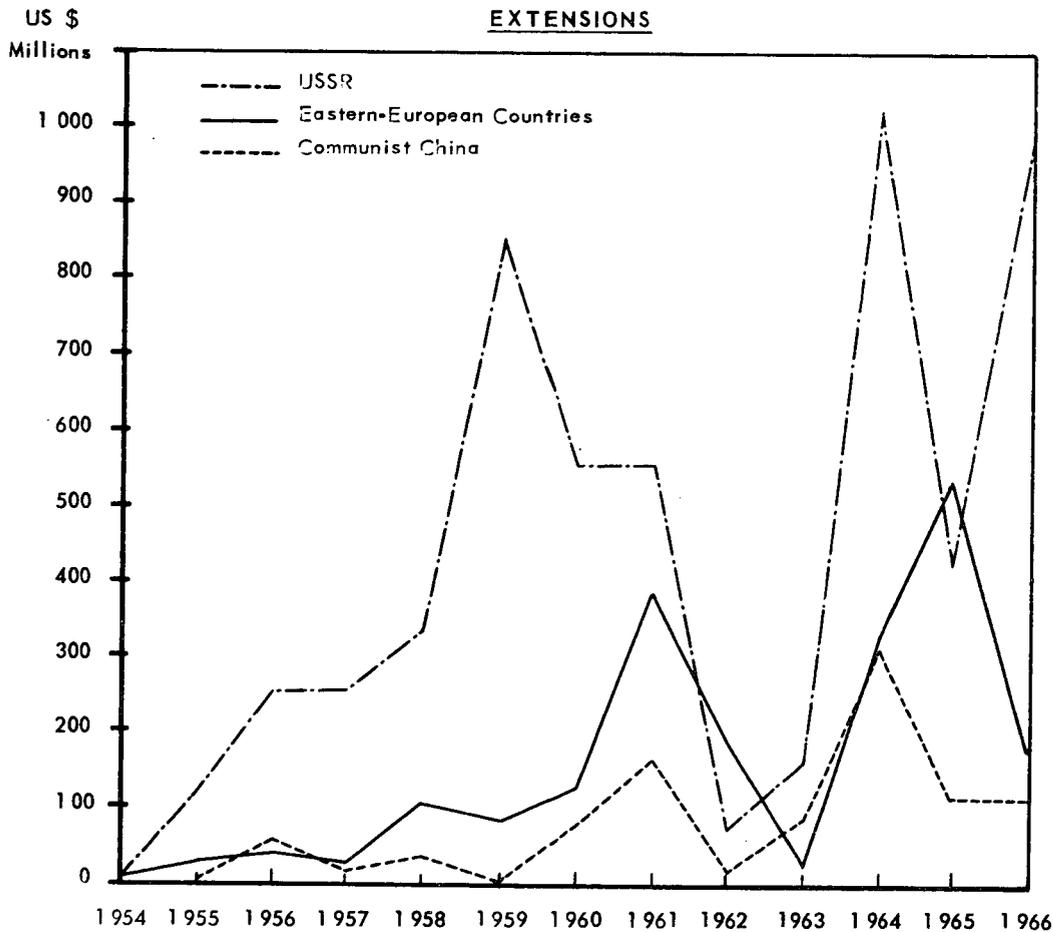
CREDITS AND GRANTS EXTENDED TO AND DRAWN BY THE FREE WORLD DEVELOPING COUNTRIES
OUTSIDE EUROPE YEAR BY YEAR FROM 1954 TILL END 1965



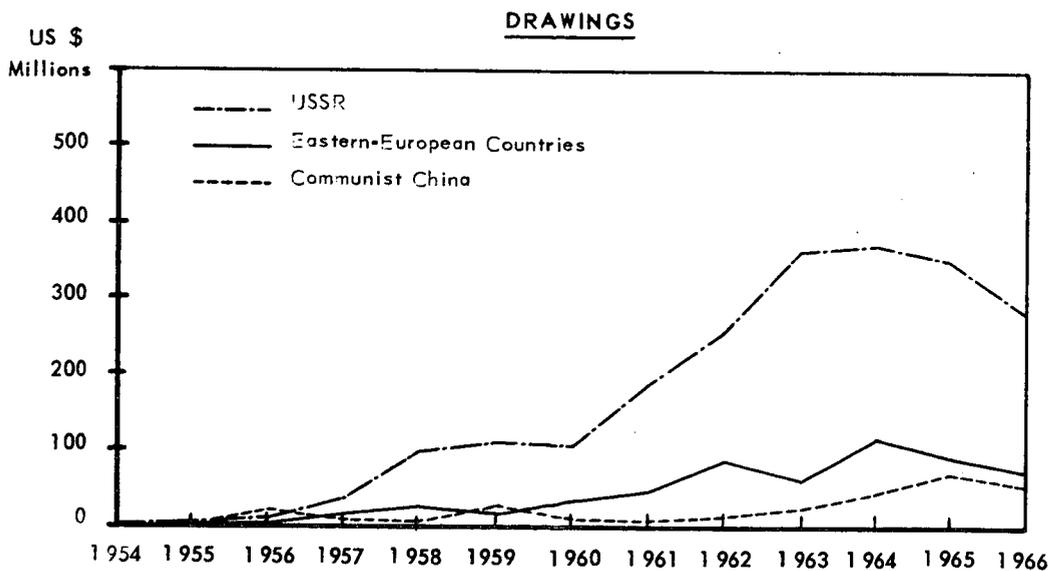
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CHART II

ECONOMIC AID EXTENDED BY COMMUNIST COUNTRIES



ECONOMIC AID FROM COMMUNIST COUNTRIES UTILISED BY
DEVELOPING COUNTRIES OF THE FREE WORLD OUTSIDE EUROPE



NOTE : Total annual amount ; end of year figures

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CHART III

MILITARY AID EXTENDED BY COMMUNIST COUNTRIES RECAPITULATIVE TOTALS

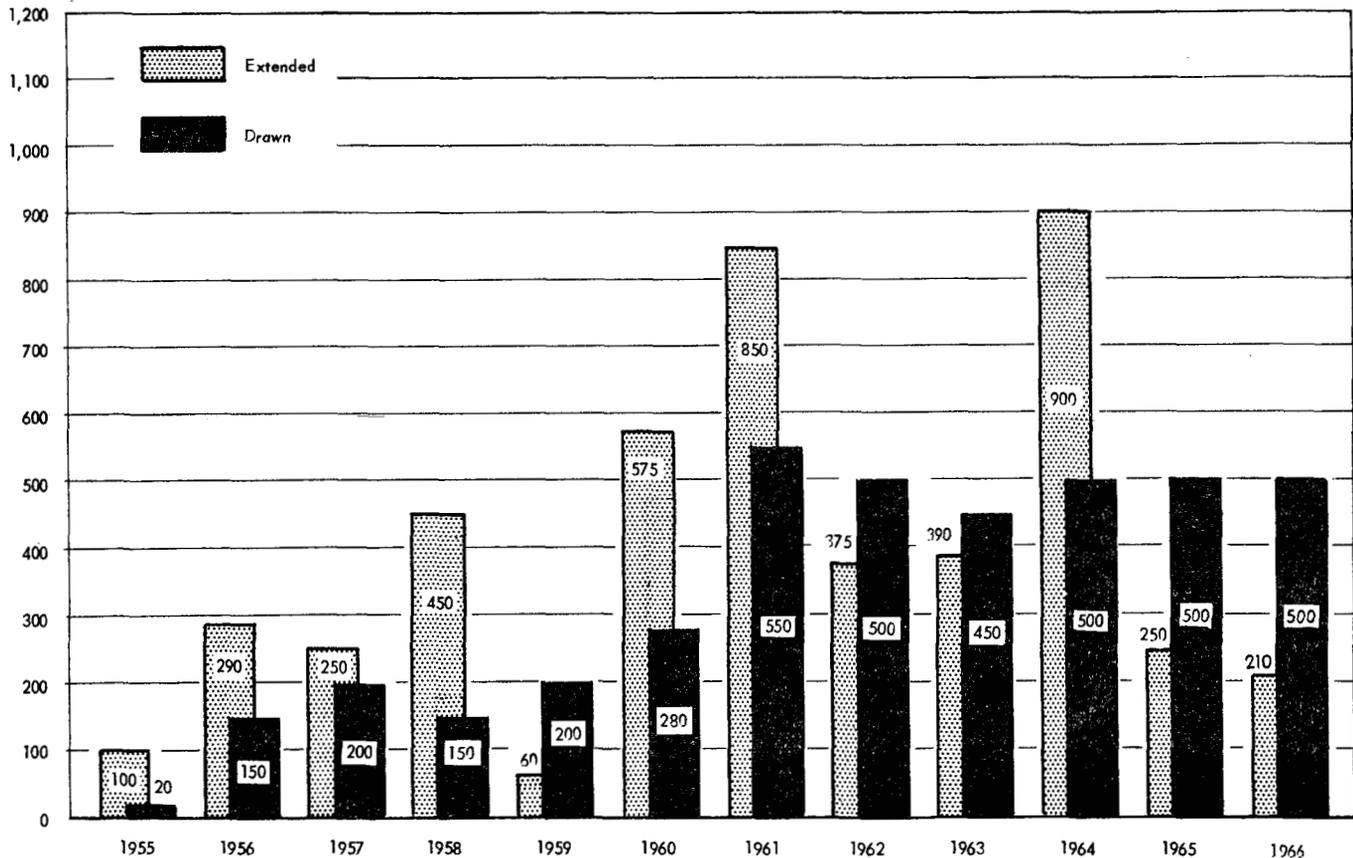
1955-1966

(Million US \$)

1. ESTIMATED TOTAL AMOUNT OF MILITARY AID EXTENDED	4,700
OF WHICH :	
DISCOUNTS AND GRANTS	1,880
CREDITS	2,820
2. ESTIMATED AMOUNT DRAWN	4,000 or about 85 % of amount extended

MILITARY AID EXTENDED TO AND DRAWN BY DEVELOPING COUNTRIES
OF THE FREE WORLD OUTSIDE EUROPE 1955-66 (1)

Million US \$



(1) Estimates

TABLE I

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ECONOMIC AID EXTENDED BY COMMUNIST COUNTRIES TO LESS DEVELOPED
COUNTRIES OF THE FREE WORLD 1965

ANNEX to
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(million US \$)

	USSR	Bulga- ria	Czecho- slovakia	Hun- gary	Poland	Ruma- nia	Sov.Zone Germany	Eastern Europe Total	Commu- nist China	Total
<u>Africa</u>	<u>49.9</u>	<u>5.2</u>	<u>24.0</u>	<u>2.0</u>	<u>30.0</u>	<u>0</u>	<u>22.6</u>	<u>83.8</u>	<u>23.4</u>	<u>157.1</u>
1. Algeria	-	-	-	-	-	-	-	-	0.2	0.2
2. Ethiopia	-	5.2	-	-	-	-	-	5.2	-	5.2
3. Ghana	-	-	-	-	-	-	20.2	20.2	-	20.2
4. Guinea	15.0	-	-	2.0	-	-	1.0	3.0	-	18.0
5. Mali	0.2	-	-	-	-	-	-	-	8.0	8.2
6. Morocco	-	-	-	-	30.0	-	30.0	30.0	-	30.0
7. Nigeria	n.a.	-	14.0	-	-	-	-	14.0	-	14.0
8. Sénégal	6.7	-	-	-	-	-	-	-	-	6.7
9. Sierra Leone	28.0	-	-	-	-	-	-	-	-	28.0
10. Somalia	-	-	-	-	-	-	-	-	0.2	0.2
11. Sudan	-	-	10.0	-	-	-	-	10.0	-	10.0
12. Tanzania	-	-	-	-	-	-	1.4	1.4	-	1.4
13. Uganda	-	-	-	-	-	-	-	-	15.0	15.0
<u>Asia</u>	<u>69.8</u>	<u>0</u>	<u>3.0</u>	<u>0</u>	<u>32.0</u>	<u>0</u>	<u>42.0</u>	<u>77.0</u>	<u>94.0</u>	<u>240.8</u>
14. Afgha- nistan	14.1	-	-	-	-	-	-	-	28.0	42.1
15. Burma	-	-	-	-	10.0	-	-	10.0	-	10.0
16. Ceylon	0.6	-	-	-	-	-	42.0	42.0	-	42.6
17. India	1.8	-	-	-	22.0	-	-	22.0	-	23.8
18. Indonesia	3.3	-	-	-	-	-	-	3.0	66.0	72.3
19. Pakistan	50.0	-	-	-	-	-	-	-	-	50.0
<u>Latin America</u>	<u>18.0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15.0</u>	<u>0</u>	<u>15.0</u>	<u>0</u>	<u>33.0</u>
20. Argentina	15.0	-	-	-	-	15.0	-	15.0	-	30.0
21. Brazil	3.0	-	-	-	-	-	-	-	-	3.0
<u>Middle East</u>	<u>289.0</u>	<u>37.4</u>	<u>90.6</u>	<u>52.0</u>	<u>45.0</u>	<u>0</u>	<u>134.7</u>	<u>359.7</u>	<u>0</u>	<u>648.7</u>
22. Iran	288.9	-	15.0	10.0	-	-	-	25.0	-	313.9
23. Iraq	-	-	-	-	20.0	-	-	20.0	-	20.0
24. Syria	-	-	-	-	25.0	-	26.1	51.1	-	51.1
25. U.A.R.	-	37.0	75.6	42.0	-	-	100.8	255.4	-	255.4
26. Yemen	0.1	0.4	-	-	-	-	7.8	8.2	-	8.3
TOTAL of	<u>426.7</u>	<u>42.6</u>	<u>117.6</u>	<u>54.0</u>	<u>107.0</u>	<u>15.0</u>	<u>199.3</u>	<u>535.5</u>	<u>117.4</u>	<u>1079.5</u>
of which (Grants)	(0.9)	(0.6)	-	-	-	-	-	(0.6)	(19.1)	(20.9)

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TABLE II

ECONOMIC AID EXTENDED BY COMMUNIST COUNTRIES TO LESS DEVELOPED
COUNTRIES OF THE FREE WORLD 1966

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ANNEX to
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(million US \$)

	USSR	Bulga- ria	Czecho- slov.	Hun- gary	Poland	Sov.Zone Germany	East Eu- rope-Total	Communist China	Total
<u>Africa</u>	<u>77.8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.1</u>	<u>0.1</u>	<u>40.0</u>	<u>118.3</u>
1. Algeria	1.0	-	-	-	-	0.1	0.1	-	1.1
2. Guinea	2.7	-	-	-	-	-	-	28.4	31.1
3. Mali	-	-	-	-	-	-	-	3.0	3.0
4. Morocco	45.6	-	-	-	-	-	-	-	45.6
5. Somalia	8.5	-	-	-	-	-	-	0.2	8.7
6. Tanzania	20.0	-	-	-	-	-	-	8.8	28.8
<u>Asia</u>	<u>662.6</u>	<u>15.0</u>	<u>29.2</u>	<u>52.5</u>	<u>3.5</u>	<u>14.0</u>	<u>114.2</u>	<u>62.5</u>	<u>839.3</u>
7. Afghanis- tan	0.9	-	1.2	-	3.5	-	4.7	-	5.6
8. Burma	-	-	-	-	-	14.0	14.0	-	14.0
9. Cambodia	3.5	-	-	-	-	-	-	42.9	46.4
10. India	574.2	15.0	-	52.5	-	-	67.5	-	641.7
11. Nepal	-	-	-	-	-	-	-	19.6	19.6
12. Pakistan	84.0	-	28.0	-	-	-	28.0	-	112.0
<u>Latin America</u>	<u>100.0</u>	<u>0</u>	<u>0</u>	<u>0.3</u>	<u>0</u>	<u>2.6</u>	<u>2.9</u>	<u>0</u>	<u>102.9</u>
13. Brazil	100.0	-	-	0.3	0	2.6	2.9	-	102.9
<u>Middle East</u>	<u>138.9</u>	<u>15.0</u>	<u>29.5</u>	<u>15.0</u>	<u>0</u>	<u>2.4</u>	<u>61.9</u>	<u>14.0</u>	<u>214.8</u>
14. Iraq	5.6	-	-	-	-	-	-	-	5.6
15. Syria	133.3	15.0	29.5	14.0	-	-	58.5	-	191.8
16. Yemen	-	-	-	1.0	-	2.4	3.4	14.0	17.4
TOTAL of which (Grants)	<u>979.3</u> (24.1)	<u>30.0</u> (-)	<u>58.7</u> (-)	<u>67.8</u> (1.0)	<u>3.5</u> (-)	<u>19.1</u> (2.0)	<u>179.1</u> (3.0)	<u>116.9</u> (23.0)	<u>1,275.3</u> (50.1)

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TABLE III

**ECONOMIC AID EXTENDED BY COMMUNIST COUNTRIES AND DRAWN BY
DEVELOPING COUNTRIES OF THE FREE WORLD OUTSIDE EUROPE**

RECAPITULATIVE TOTALS JANUARY 1954 - DECEMBER 1966

	CREDITS AND GRANTS EXTENDED BY			Total EXTENDED	DRAWINGS ON CREDITS EXTENDED BY			Total DRAWN
	USSR	Eastern Europe	Communist China	Total	USSR	Eastern Europe	Communist China	Total
(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TOTAL	5,697.1	2,046.3	995.4	8,738.8	2,169.0	570.9	278.6	3,018.5
AFRICA	882.2	289.2	342.6	1,514.0	218.1	76.5	84.8	379.4
1. Algeria	233.1	22.5	52.0	307.6	18.6	3.4	2.0	24.0
2. Cameroon	7.8	0	0	7.8	0	0	0	0
3. Central African Republic	0	0	4.0	4.0	0	0	2.0	2.0
4. Congo (Brazzaville)	8.9	0	25.2	34.1	0.8	0	4.5	5.3
5. Ethiopia	101.8	17.0	0	118.7	17.2	3.8	0	21.0
6. Ghana	93.0	104.1	42.0	239.1	31.0	20.7	3.5	55.2
7. Guinea	90.8	28.2	54.9	173.9	70.3	24.9	27.5	122.7
8. Kenya	48.7	0	18.2	66.9	2.0	0	3.0	5.0
9. Mali	60.0	22.6	54.8	137.4	37.9	5.8	26.0	69.7
10. Morocco	45.6	35.2	0	80.8	0	5.2	0	5.2
11. Nigeria	n.a.	14.0	0	14.0	0	0	0	0
12. Senegal	6.7	0	0	6.7	0	0	0	0
13. Sierra Leone	28.0	0	0	28.0	0.8	0	0	0.8
14. Somalia	65.7	5.6	22.0	93.3	21.3	2.5	3.4	27.2
15. Sudan	23.0	10.0	0	33.0	11.0	0	0	11.0
16. Tanzania	20.0	7.9	54.5	82.4	0	3.2	11.4	14.6
17. Tunisia	33.5	22.1	0	55.6	7.2	7.0	0	14.2
18. Uganda	15.6	0	15.0	30.6	0	0	1.5	1.5
ASIA	2,810.5	788.7	495.7	4,094.9	1,315.3	275.7	152.9	1,743.9
19. Afghanistan	591.7	11.8	28.0	631.5	443.7	7.1	0	450.8
20. Burma	13.7	25.5	84.0	123.2	12.9	1.5	21.4	35.8
21. Cambodia	24.9	5.4	92.3	122.6	10.0	4.9	35.4	50.3
22. Ceylon	30.6	53.2	41.0	124.8	18.6	2.4	25.9	46.9
23. India	1,611.8	344.7	0	1,956.5	693.5	132.5	0	826.0
24. Indonesia	331.2	292.1	123.4	746.7	81.4	127.3	49.4	258.1
25. Laos	7.6	0	4.0	11.6	1.5	0	0	1.5
26. Nepal	20.8	0	63.0	83.8	15.2	0	12.8	28.0
27. Pakistan	178.2	56.0	60.0	294.2	38.5	0	8.0	46.5
LATIN AMERICA	147.0	205.1	0	352.1	31.3	33.2	0	64.5
28. Argentina	44.0	18.7	0	62.7	31.3	5.2	0	36.5
29. Brazil	103.0	186.4	0	289.4	0	28.0	0	28.0
MIDDLE EAST	1,857.4	763.3	157.1	2,777.8	604.3	185.5	40.9	830.7
30. Cyprus	0	1.3	0	1.3	0	1.3	0	1.3
31. Iran	330.0	46.1	0	376.1	11.5	6.1	0	17.6
32. Iraq	189.5	20.0	0	209.5	120.8	19.0	0	139.8
33. Syria	233.8	140.0	16.3	390.1	55.5	25.4	8.1	89.0
34. UAR	1,011.1	542.9	84.7	1,638.7	379.8	129.1	4.7	513.6
35. Yemen	93.0	13.0	56.1	162.1	36.7	4.6	28.1	69.4

n.a. = not available

TABLE IV

ANNEX to
AC/89-WP/217

CIVILIAN PERSONNEL FROM COMMUNIST COUNTRIES IN
LESS-DEVELOPED AREAS OF THE FREE WORLD (1)
JANUARY-DECEMBER 1966 (persons)

Area and Country	USSR	Eastern Europe	Communist China	Total
<u>AFRICA</u>	<u>4.180</u>	<u>3.695</u>	<u>3.025</u>	<u>10.900</u>
Algeria	1.150	1.125	35	2.310
Congo (Brazza)	125	0	315 (a)	440
Ethiopia	575 (a)	80 (a)	0 (a)	655
Ghana (d)	735	225	170 (a)	1.130 (d)
Guinea	510	305	825 (b)	1.640
Kenya	10	15	0	25
Libya	50	235	0	285
Mali	335	40	1.445 (c)	1.820
Morocco	10	125	0	135
Niger	0	5	0	5
Nigeria	20	0	0	20
Sierra Leone	10	0	0	10
Somalia	370	30	30	430
Sudan	55	90	0	145
Tanzania	25	100	200	325
Tunisia	175	1.315	5	1.495
Uganda	25	5	0	30
<u>ASIA</u>	<u>3.745</u>	<u>740</u>	<u>1.695</u>	<u>6.180</u>
Afghanistan	1.340	135	125	1.600
Burma	40	35	435	510
Cambodia	85	40	185	310
Ceylon	85	50	15	150
India	1.500	405	0	1.905
Indonesia	275	75	0	350
Nepal	270	0	920	1.190
Pakistan	150	0	15	165
<u>LATIN AMERICA</u>	<u>5</u>	<u>80</u>	<u>0</u>	<u>85</u>
Argentina	0	30	-	30
Brazil	0	35	-	35
Chili	5	5	-	10
Mexico	0	10	-	10
<u>M. EAST</u>	<u>3.850</u>	<u>975</u>	<u>430</u>	<u>5.255</u>
Iran	375	60	0	435
Iraq	500	340	0	840
Syria	350	150	15	515
U.A.R.	2.030	355	15	2.400
Yemen	595	70	400	1.065
TOTAL	11.780	5.490	5.150	22.420

(1) Minimum estimates of the number of persons present for a period of one month or more. Personnel engaged solely in commercial or military assistance activities are excluded. Numbers are rounded to the nearest five.

- (a) including a few North Vietnamese
- (b) including 40 North-Vietnamese
- (c) including 75 North Koreans and 20 North-Vietnamese
- (d) in late February 1966, following the coup d'état, all communist personnel were expelled from Ghana.

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TABLE V

TRADE BETWEEN COMMUNIST COUNTRIES AND THE
DEVELOPING AREAS OF THE FREE WORLD

1963 - 1964 - 1965

	In million US \$			% distribution by geographical area			Evolution 1963 = 100		
	1963	1964	1965	1963	1964	1965	1963	1964	1965
COMMUNIST EXPORTS TO									
Africa	224.2	278.5	359.1	14	16	18	100	124	160
Asia	762.3	821.3	838.1	49	47	42	100	108	110
Latin America	106.9	119.8	129.5	7	7	7	100	112	121
Middle East	476.7	514.7	663.7	30	30	33	100	108	139
Total	1,570.1	1,734.3	1,990.4	100	100	100	100	111	127
COMMUNIST IMPORTS FROM									
Africa	202.4	203.9	267.2	15	13	14	100	101	132
Asia	595.6	637.9	738.1	44	41	39	100	107	124
Latin America	196.3	308.8	393.4	14	20	21	100	157	200
Middle East	375.5	407.8	483.1	27	26	26	100	109	129
Total	1,368.8	1,558.4	1,881.8	100	100	100	100	114	137

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TABLE VI

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ANNEX to
AC/89-WP/217% SHARE OF COMMUNIST TRADE IN TOTAL TRADE
OF DEVELOPING COUNTRIESCountries having more than 5% of their exports to
or of their imports from the Communist area

	1964		1965	
	Exports	Imports	Exports	Imports
<u>Africa</u>				
Ethiopia	3	7	2	7
Ghana	12	16	20	23
Guinea (a)	18	38	18	31
Mali (a)	41	49	4	44
Morocco	10	8	10	8
Niger	negl.	2	negl.	6
Sierra Leone	negl.	4	negl.	6
Sudan	12	10	21	13
Tanzania(b)	6	2	8	5
Tunisia	8	6	7	7
Uganda	6	2	12	4
<u>Asia</u>				
Afghanistan (a)	32	50	27	47
Burma	19	19	15	19
Cambodia	15	24	14	28
Ceylon	15	21	17	19
India	16	13	17	10
Indonesia (a)	15	20	15	16
Malaysia	8	7	10	8
Pakistan	6	4	12	5
<u>Latin America</u>				
Argentina	11	2	13	3
Brazil	6	5	6	6
Mexico	2	negl.	6	negl.
Uruguay	8	2	5	1
<u>M. East</u>				
Cyprus	5	5	11	7
Iran (c)	3	6	3	5
Iraq (c)	1	19	1	24
Jordan	4	10	4	12
Kuwait (c)	negl.	2	negl.	8
Libya	negl.	4	negl.	7
Malta	0	4	0	5
Syria	41	17	34	15
UAR	48	26	52	22

(a) Estimated

(b) Tanganyika only

(c) Excluding minor amounts of petroleum exported to communist countries.

negl. Less than 1%.