

CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

EXEMPLAIRE N° 296  
COPY

N A T O   S E C R E T

ORIGINAL: ENGLISH  
23rd October, 1975

DOCUMENT  
C-M(75)57

COMMUNIST AID RELATIONS WITH THE LESS DEVELOPED  
COUNTRIES IN 1974

Note by the Chairman of the Economic Committee

The purpose of this report is to analyse Communist aid to the less developed countries within the strict definition of grants and loans (other than purely commercial loans) for civil or military purposes, together with technical assistance.

2. Obviously this exercise must be seen in the broader context of Soviet-LDC economic and trade relations: for example, outright sales (or sales with normal commercial facilities) of arms cannot be excluded from the picture if the real interest shown by the Soviet bloc in certain LDCs is to be correctly evaluated. Arms supplied for cash contribute as much to the recipient's potential and the extension of the donor's influence in the recipient country as arms supplied on credit terms; any assessment of the effects of Soviet bloc arms supply activities, if it is to be at all reliable, must take account of the former as well as the latter.

3. The Council is invited to take note of this report.

(Signed) J. BILLY

NATO,  
1110 Brussels.

This document consists of: 14 pages  
Annex of: 7 pages

N A T O   S E C R E T

COMMUNIST AID RELATIONS WITH THE LESS DEVELOPED  
COUNTRIES IN 1974

Report by the Economic Committee

A. GENERAL SURVEY

1. New Communist(1) economic and military aid to the LDCs in 1974 declined to \$2.6 billion, the lowest level in three years. The bulk of this downturn was in military aid which fell considerably from the high crisis levels of 1973.

2. Commitments of new economic aid were down 20% on 1973 aid levels and 40% from the record 1971-1972 levels(2).

3. Despite this reduced programme, there are no signs of a basic change in Communist aid policy. Programmes currently operative continued more or less at the same pace as in most recent years, and the number of Communist personnel - both military and economic - stationed in the LDCs increased. Commercial exchanges have also increased sharply.

4. Consistent with patterns that have emerged over the past twenty years, Communist nations continued in 1974 to provide economic aid on a very selective basis for projects in countries where they are interested in expanding their politico-strategic influence primarily and their economic ties only in the second place.

5. Of particular interest in the Soviet aid distribution pattern in 1974 was a renewal of interest in Latin America with particular attention focused on Argentina which became the beneficiary of large Communist export credits. As an exception to the general rule underlying Soviet aid motivations, Moscow's credit aid to Argentina appears to have been aimed at helping to reduce that country's huge trade deficit with the USSR and Eastern Europe. This does not, of course, exclude subsequent Soviet political activities in a country torn both economically and socially. Additionally, it is noteworthy that, as in the last three years, there was the almost complete absence of any new Soviet commitments to Black Africa which apparently has most to gain from Chinese aid, the latter being geared more effectively to meet the less sophisticated needs of the local economies.

---

(1) USSR, 6 Eastern countries (Warsaw Pact) and China

(2) For purposes of uniformity and of comparison with international Western aid figures, the value of Communist credits is expressed in current dollars: consequently actual drop in extensions and drawings may, in physical terms, be less than indicated.

C-M(75)57

-3-

6. In contrast to fluctuating aid extensions and deliveries, there was a relatively steady growth in the number of Communist economic technicians in the LDCs, LDC students in Communist academic institutions and LDC technical trainees in Communist countries. Chinese technicians still predominate, reflecting Peking's continued heavy commitments to Africa, where in 1974 some 90% of all Chinese technicians were employed. The USSR continues to host more foreign students than any other Communist country, offering over 400 specialities at more than 800 universities. This contrasts with the very small and highly selective academic programme offered by China.

7. Military aid, although below the 1973 record levels once again reflected in 1974 the degree of Soviet and East European involvement in the Middle East. The largest share of pledges and deliveries in this sector was allocated to Iraq and Syria which, incidentally, received shipments of MIG-23 jet fighters although this equipment has not even been supplied to Warsaw Pact countries. Military advisers from the USSR and Eastern Europe also increased in numbers in these two countries during 1974.

8. For the shorter to medium term, it would appear that Communist aid and terms policies will remain basically unchanged: these programmes continue to be characterised by:

- (a) the extension or consolidation of geo-political interests rather than humanitarian motivations;
- (b) concentration on the public sector of the LDC economies and on a relatively small number of countries;
- (c) the close tying of credits to purchase of donor country goods;
- (d) the virtual absence of assistance disbursements through multilateral organizations;
- (e) a small ratio of grant aid ( $\pm$  2%).

9. On the other hand Western aid to the LDCs continues to increase, and despite Soviet propaganda attempts to prove the contrary, the vast gulf between Western and Communist aid, whether measured in volume terms or on the basis of the donor's GNP, has not narrowed. Total Communist aid extensions to the LDCs since 1953 including aid to Communist LDCs, total some \$19-19.5 billion, less than one half of which has been drawn. By contrast, total net flows from OECD member countries amounted to around

\$26.3 billion in 1974 alone(1). In addition, a new aid phenomenon arose in 1974 to challenge and, perhaps, erode, Communist aid to the LDCs in specific areas - bilateral aid commitments from the OPEC countries which last year are believed to have totalled around \$9 billion, of which at least \$2.5 billion were drawn.

10. Finally, it should be noted that because of relatively short Soviet credit terms and the small ratio of grant aid, LDC payments have climbed more quickly in recent years than Soviet disbursements. Unless there is a change in Moscow's aid policy, the global net flow could decline to near zero and feasibly become negative in the medium term.

B. ECONOMIC ASSISTANCE (Extensions)

11. In 1974 new commitments of economic aid by the USSR, the East European countries and the PRC to the less developed countries amounted to \$1.3 billion, representing a moderate drop from the 1973 level of \$1.6 billion and a 40% decline from the 1971-1972 levels of around \$2 billion.

12. As in most years, the Soviet Union held the position of leading Communist donor country on the strength of \$455 million (35% of total new extensions), although this sum is considerably lower than that committed in 1972 or 1973 (average of \$625 million) and much lower than the 1971 extension of some \$1 billion.

13. Almost 85% of the Soviet 1974 commitments went to three countries - Argentina, Pakistan and Syria - \$60 million to Argentina for a hydro-electric project in what may be open-ended credit facilities up to \$600 million, \$216 million for steel mill construction in Pakistan and at least \$100 million (minimum estimate) primarily to advance the Soviet-built Euphrates Dam and several other projects, including port development and a textile mill in Syria.

14. Cumulative Soviet aid extensions 1954-1974 amounted to some \$9.5 billion. With annual levels fluctuating widely commitments averaged around \$640 million over the last five years.

---

(1) Strictly speaking, for comparability, OECD figures should exclude private capital flows and aid to multilateral institutions. This would reduce the OECD net figure to \$10.5 billion. Additionally, to ensure a more comparable assessment, the OECD data should be converted to gross flows, i.e. \$11.8 billion.

C-M(75)57

-5-

15. Collectively, East European extensions at \$621 million were above the 1973 level but under the 1972 all-time record (\$885 million), and constituted the second largest source of Communist economic assistance. Rumania, Czechoslovakia and Poland were the largest East European donors with the aid focus primarily on Argentina (\$200 million), Syria (\$185 million), Guinea (\$80 million) and Bangladesh (\$76 million).

16. Cumulative East European pledges during 1954-1974 reached \$5.5 billion. During the last five years, annual pledges averaged around \$540 million.

17. PRC commitments of \$200 million were lower than in any year since the revival of Peking's aid programme in 1970, and well below the \$525 million annual average in the period 1971-1973. As usual, the PRC concentrated on sub-Saharan Africa, except for a \$25 million grant to Laos, Peking's first aid accord with the coalition government. At the end of 1974, global PRC aid commitments stood at \$3.4 billion.

C. ECONOMIC ASSISTANCE (Drawings)

18. Drawings by LDCs reached a record \$930 million in 1974 because of a one-time \$265 million Soviet grain shipment to India under a 1973 credit. If the Soviet shipment were excluded, total drawings in 1974 against Communist aid would approximate the annual average of 1970-1973 (\$660 million): for the USSR, the drawings would be somewhat below the average for the same period.

19. LDCs drew somewhat over half or \$5.3 billion of Moscow's total aid pledges in the period 1954-1974. Its eight ranking aid recipients (with commitments ranging from over \$200 million to nearly \$2 billion)(1) accounted for nearly 80% of undrawn extensions. India leads in unutilised commitments with over \$600 million to be drawn of Moscow's \$1.9 billion pledges.

20. It should be noted that fluctuations in deliveries of Soviet aid, which stresses heavy industrial plants, relate to timing of starts and completions of major projects. Expenditures rise gradually during preliminary work stages, accelerate rapidly and peak during the middle years, then drop off sharply as equipment deliveries are terminated and project construction is ended. In 1973 for example, several large projects marked important stages of completion (e.g. steel mills in Egypt, Iran and India and the Euphrates Dam in Syria), and the next run-up phase can be anticipated during 1975 and 1976.

---

(1) India, Egypt, Afghanistan, Iran, Iraq, Pakistan, Algeria, Syria

21. Global deliveries of Chinese aid in 1974 dropped 10% against 1973. Since 1970, drawdowns have varied considerably with the work stages on the Tan-Zam railway, Peking's largest project in the LDCs. The near completion of this Tanzanian sector does not appear to have been offset by boosted activity on the Zambian portion of the project(1).

D. COMMUNIST AID CONDITIONS AND AREAS OF INTERESTS

(i) Conditions

22. Soviet aid conditions continue to be relatively hard:
- development credits are usually for 10-12 years at 2.5%-3% interest with grace periods usually limited to one year beginning after project completion or delivery of goods;
  - commercial-type credits are repayable over 5-8 years at 4%-6% interest. Such credits accounted for around 20% of Soviet commitments in 1972, but a far higher proportion in 1973 because of Moscow's wheat deal with India; the 1974 picture is heavily weighted by two credits (\$216 million to Pakistan and at least \$100 million to Syria) both presumably at 12 year 2½% terms;
  - Soviet contracts are set either in rubles or in US dollars; the Soviets fix the dollar-ruble parity for each individual accord. In addition, most Soviet agreements carry a gold clause, i.e. repayments must reflect the same gold content as the ruble which again is artificially established by Moscow for each accord.

---

(1) The validity of annual comparisons since 1971 has been affected both by the changes in currency values and the inflation of prices of aid goods delivered and used in repayment for aid. Analysis of aid relationships also is made less meaningful as data are aggregated. This is especially relevant to the problem of relating aid drawings under pre-1971 agreements to aid extended after that data and in computing net flows. No suitable methodology has so far been devised to correct for these distortions. Consideration may be given to the use of constant dollars in terms of exchange values - possibly with 1971 as a base-year - for application to all aid data. A further adjustment, to account for the upsurge in prices, might also be considered.

C-M(75)57

-7-

23. Normally, there is a far higher trade element in East European assistance. Trade credits with usually 8-10 year repayment terms carry between 4% and 6%.

24. The terms of China's new credits in 1974 adhered to the usual PRC pattern, i.e. interest free, repayable over 10-30 years with a five to ten year grace period.

25. By contrast, within the framework of Official Development Assistance (excluding trade credits specifically referred to in paragraphs 22 and 23) Western loans provide on average for reimbursement over 29.9 years with a grace period of 7.4 years and an annual interest of 2.8% together with a much higher grant element than in the Communist case.

(11) Basic areas of interest

26. The Soviet and East European programme is particularly interested in heavy industry, power projects and oil exploitation. In addition to its normal development loans, Moscow often offers trade credits to promote LDC imports of Soviet equipment.

27. The Chinese aid programme is especially concerned with railway and road construction, light industry projects and agricultural projects, i.e. a basically less sophisticated type of aid than that offered by the USSR and its East European partners.

E. TECHNICAL AND ACADEMIC ASSISTANCE

28. In contrast to fluctuating aid extensions and drawings, there has been virtually steady growth during the last five years in the number of Communist economic technicians in the LDCs, LDC students in Communist academic institutions and LDC technical trainees in Communist countries. 1974 was no exception to this rule with the Communist presence increasing by 10% over 1973 in the Third World. African nations received the bulk of this assistance, followed by the Near East and South Asian countries.

29. Around 50% of the technicians in 1974 were Chinese most of these working in sub-Saharan Africa partly on transportation projects in Tanzania, Somalia and Zambia. Soviet technicians were largely employed on Soviet credit-aided projects in the Near East and South Asian countries. Many East Europeans also worked under contract to LDCs in posts not financed by aid credits.

30. The training of LDC technicians in Communist countries is the smallest of the three technical and academic aid programmes. Rather than bring large LDC contingents to the USSR for technical training, Moscow has endeavoured to develop educational facilities in selected LDCs to provide instruction locally, sending some 1,500 instructors annually to staff these facilities. The trend now is for Moscow to accept mostly technically educated personnel for training primarily in advanced technical and engineering skills.

31. By contrast, the PRC continued to accept very few LDC nationals for training in China. In part, this is because Chinese aid projects involve less complex technology than Soviet undertakings, and are carried out by large numbers of PRC technicians and labourers, who do most of the work, whilst providing on-the-spot training to local manpower.

32. At the end of 1974 over 25,000 LDC students were receiving training at Communist academic institutions; of these more than 50% were African. The USSR repeatedly hosts more foreign students than any other Communist country, followed by Eastern Europe. Main areas selected for study include medicine, science, engineering and law. As in the case of technical training, the PRC's academic programme is small and highly selective.

F. MILITARY AID

(i) Extensions

33. As compared with economic aid of \$1,275 million, Communist military aid in 1974 amounted to \$1,315 million. The Arab states remained the focal point of Communist arms diplomacy. The Soviet Union was the main donor with Syria and Iraq as the chief recipients receiving nearly 60% of all new Soviet assistance. Clearly, military aid is always more politically oriented than economic aid, and this is reflected in the fact that Moscow offered no new aid in this sector to Egypt, compared with 1973 when Cairo received some \$635 million in pledges. Another major arms customer for Moscow was Iran which concluded a record \$250 million deal for ground forces and engineering equipment.

(ii) Drawings

34. The bulk of arms deliveries came from the Soviet Union in 1974 with deliveries dropping sharply from the record \$2.1 billion in 1973 to \$1.3 in 1974, due primarily to the huge decline in Soviet aid to Egypt. Despite this decline, it should be noted that Soviet deliveries were the second highest on record, with Syria and Iraq as the main recipients. The picture of drawdowns for Egypt, Syria and Iraq for 1973 and 1974 looked as follows:

C-M(75)57

-9-

	<u>1973</u>	<u>1974</u>
	(million US \$)	
Egypt	565	80
Iraq	335	275
Syria	700	435
TOTAL	<u>1,600</u>	<u>790</u>

35. Soviet deliveries to India fell to their lowest level since 1970, although this is due mainly to the completion of old agreements with new ones to be implemented to begin in 1975.

36. The bulk of East European arms deliveries went to Arab states in 1974 with Iraq receiving over 50% of the assistance. Chinese deliveries were mainly to Pakistan.

37. Although clearly not within the definition of aid, mention should be made here of the large cash sales in the military sector to Libya, including development of that country's air force infrastructure and procurement of SA-7 and SA-9 missiles. Some experts evaluate the total Soviet sales contract at some \$7 billion, although it is highly unlikely that Moscow could honour such commitments in the shorter or even medium term. Indeed the most reliable information now available indicates Libyan purchases of \$250 million in 1974 and possibly an additional \$750 million in 1975. Nevertheless, the size of such an accord could imply an attempt by the USSR to strengthen its position within Libya by obtaining bases there.

38. The Soviets have always carried the major burden of LDC military training. In 1974 the Near East and South Asian countries remained the largest users of Communist military training. The main contingents of LDC trainees in Communist countries came from Afghanistan, Guinea, Iraq, India, Libya and Syria.

39. It is interesting to note that Soviet military aid during 1954-1974 totalled around \$11,850 million, an amount significantly greater than Moscow's economic aid commitments of \$9,562 million over the same period. Because of the "shelf item" nature of military equipment in contrast to the long lead time needed to implement many economic projects, the gap in the respective programme deliveries was more pronounced - roughly 90% (\$10,450 million) of military pledges compared with about 50% (\$5,309 million) of economic aid extensions. Thus the value of Soviet military deliveries was about twice that of its economic aid programme.

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

G. THE CHALLENGE OF WESTERN AND OPEC AID

40. It would seem relevant in this analysis to look briefly at the other two prime sources of aid to the LDCs - Western and OPEC-based assistance, both of which constitute a very definite challenge to aid from Communist sources.

(i) Western Aid

41. There is a huge gulf between Western and Communist aid to the LDCs and the available figures speak for themselves (see paragraph 9). For example in the period 1963-1973 such Western aid totalled some \$71 billion (i.e. drawn) (excluding, of course, private aid flows), whereas the parallel figure for the USSR, Eastern Europe and the PRC comes to some \$6 billion only. Again, in the period 1965-1973, official Western deliveries averaged \$6.5 billion annually compared with the annual Soviet, East European and Chinese figures of around \$570 million.

42. A similar pattern emerges, of course, if aid is assessed in terms of GNP. For example such countries as the UK, the Netherlands or Belgium give much more official aid proportionately than the USSR: in 1974 the net aid flow (i.e. after repayments) for the USSR amounted to some 0.05% of estimated Soviet GNP, for the PRC, the figure was around 0.127% to be compared with 0.62% for the Netherlands, 0.50% for Belgium and 0.38% for the United Kingdom (official flows only in all three cases). The respective figures for France and the US were 0.62% and 0.25%.

43. In addition to the aid gap, it should be remembered that Soviet terms are often much harsher (see D), and that no Western supplier of aid to the LDCs links its assistance as closely as does the USSR to the provision of its own goods and, moreover, to the realisation of such a limited group of projects which the Soviets insist should be in the public sector. Practically no Soviet aid comes in the form of direct gifts or interest free loans which represent at least half of all Western aid.

44. Finally, it should be remembered that Western aid must be seen in more complex terms than Communist assistance to the LDCs, i.e. it does not consist exclusively of aid disbursements or transfers of funds; rather its objectives are to raise the technological level of the LDCs to enable them to develop a viable commercial structure and thus boost trade, to co-operate in large-scale projects as joint ventures, and to help the hungry nations develop and expand their own capacity to produce vital foodstuffs. In addition Western industrialised countries have implemented measures to facilitate LDCs' exports to their markets (Lomé agreements, measures to stabilise commodity markets, etc.).

C-M(75)57

-11-

(ii) OPEC Aid(1)

45. OPEC bilateral aid commitments to LDCs totalling about \$8.5 billion in 1974 were responsible for almost all of the increase in global aid undertakings during the year. Aided by their huge surplus oil revenues and pressed by the emergency requirements of Arab states, OPEC provided roughly 50% of this aid in cash; the remainder is believed to be for project assistance. Probably as much as 85% of the total aid committed was designated for nations with which OPEC had geo-political or religious ties: Egypt, Pakistan and Syria were the biggest clients. In addition India benefited from special facilities for settling her oil bill. For the most part, repayment terms were apparently liberal: Saudi Arabia, the largest donor, gave the bulk of grant aid. Iran's terms were hardest and grants comprised less than 5% of its total undertakings.

46. By mid-1974 several new currents were discernible: OPEC nations (except for Kuwait) had no institutional structures for aid giving. To pursue actively project assistance, some organization had to be developed and OPEC recognised the need for Western know-how. In many cases the IBRD will provide technical assistance; in some cases triangular arrangements are evolving to include a developed country "partner".

47. Concurrently, OPEC awareness of the possible short-lived character of their wealth has generated concern about longer term aid programmes. The evidence points increasingly to assistance for projects that will be "mutually beneficial". Many projects are taking the form of joint ventures with OPEC taking an active management rôle. Such ventures are included in the aid category only when OPEC covers the credit or grant for the LDC share of the undertaking.

48. It is anticipated that Arab oil producing countries will sustain a bilateral aid programme, mostly to the Moslem nations. However, due to the current decrease of their earnings it is not expected that cash grants will continue on the 1974 scale. In granting such aid Arab oil exporters not only demonstrate their political solidarity with the states fighting directly with Israel but also their long-term interest in the economic development of the countries assisted. These latter may in turn become suppliers of commodities of which the oil-producing countries are domestically short (for instance agricultural products from the Sudan).

---

(1) Mainly from Saudi Arabia, Kuwait, Iran and the United Arab Emirates

49. Multilaterally, OPEC, in addition to involvement in the large number of institutions mushrooming under their auspices, will continue to find investment in IBRD bonds and in other international institutions such as the Oil Facility to be sound and therefore worthy of support. As of 30th April, 1975, OPEC provided the IMF Oil Facility with \$3.2 billion. They have also lent substantial amounts to the World Bank (\$1.8 billion at the end of 1974).

H. THREE AID SOURCES COMPARATIVE ASSESSMENT

50. There are fundamental differences not only in magnitude but also in philosophy and motivation of the three aid sources described above; hence, valid and meaningful comparisons are difficult. Western aid remains at present the highest in both volume and value terms (1974: total net flow of resources: \$26.7 billion), and the widest in scope to help developing nations evolve economically and socially.

51. In this context, OPEC aid, second in rank after the West in the extent of its commitments (1974: \$8.5 billion with some \$2.5 billion in disbursements), could well complement Western aid in future years. Of course the target areas of OPEC aid are essentially limited at present to the Moslem Arab and non-Arab countries. There is a hint that this aid will be extended to other countries. Aid disbursements of the major OPEC donors are well over 3% of their GNP and their oil revenues (e.g. in 1974 Kuwait: GNP: 3.7% oil revenues: 4.5%. UAE: GNP: 3.8% oil revenues: 3.6%).

52. By contrast, Soviet aid objectives (1974: net flow estimates at \$634 million) remain closely linked to Moscow's political ambitions with altruism taking a definite secondary place in Soviet aid planning. Indeed, since the Soviets decided to embark on a formal aid programme in the mid-1950s Moscow has constantly viewed economic aid as a major instrument of its foreign policy in the Third World. While OPEC aid would appear to combine both humanitarian and psychological objectives, in Soviet aid (and trade, for that matter) to the LDCs, the political emphasis remains uppermost.

53. However, OPEC is far from being united in its objectives and depending on future oil revenues, its aid programme could be short-lived. Should this aid continue at its present levels, it is likely that, in the shorter term, it will still be directed primarily towards the Moslem areas and the poorer countries of the world. If, by contrast, the scope of such assistance were to broaden, this emergency of OPEC as a major donor in the Third World could lead to modification of the aid policies of the big powers. For instance OPEC aid might become significant in areas:

C-M(75)57

-13-

- (i) where Western aid has been predominant;
- (ii) where Soviet aid could lead to political developments contrary to the interests of the Arab world.

Subsequently such changes in the aid situation could result in the Soviet leadership reconsidering the goals and extent of its own aid programmes.

I. CONCLUDING REMARKS AND OUTLOOK

54. During 1974 there was little evidence of any significant new trends in Communist economic aid activity. Most of the new credits extended in 1974 were for the usual type of development projects and many were intended to cover existing projects. New projects continued to be of the type generally associated with the donor countries: USSR and the East European countries concentrated on the large-scale and more sophisticated industrial projects, whereas Chinese aid was allocated in general to smaller scale light industrial and rural development schemes. China, nevertheless, may be moving towards larger scale projects in Africa (apart from the Tanzam railway) for example in the field of hydro-electric power projects.

55. Also, as in 1973, both the USSR and Eastern Europe apparently continued to increase their efforts to secure oil in exchange for project assistance, although the actual amounts of oil involved are small in terms of Soviet bloc consumption and of world oil trade. It seems likely that this trend will continue and possibly be extended to other vital raw materials e.g. bauxite, phosphates and copper, where Soviet bloc and Chinese aid (or offers of aid) in exploiting these deposits in the LDCs are repayable in kind.

56. The world economic crisis during 1974 exacerbated the repayment situation of a number of LDCs which hoped for a rescheduling of debts together with credits under more generous conditions from the Communist bloc. In an unusual move, Moscow cancelled part of Somalia's and South Yemen's debts: however, given that both these countries are strategically situated at the entrance to the Red Sea and that their importance with their naval bases for the USSR will grow with the reopening of the Suez Canal, it is clear that Soviet motives in both cases were less altruistic than geo-political. Other countries such as India and Egypt were less fortunate. For instance following the recent Soviet Union decision to revalue the ruble vis-à-vis the rupee, India, in order to pay for what she had received from the USSR, has to deliver a larger amount of commodities.

57. It follows that Russian aid motivations to the LDCs continue to rest on the premise that whilst not ignoring the economic needs of the LDCs to which they grant their "tied" aid, the Soviet donors keep political considerations firmly in mind. Where possible, as for example in India, Bangladesh or Iraq and Syria, the USSR has made every effort to consolidate or extend its sphere of influence through aid programmes. Failing this, Soviet aid continues to be granted either to protect Soviet interests in the LDCs, currently of lesser strategic importance, to ensure a presence in uncommitted countries or to counter Western aid - and possibly OPEC aid policies in the future.

58. It seems, finally, highly unlikely that any fundamental change will take place in the nature of Soviet aid. Communist assistance to the LDCs is infinitely less than Western aid, its conditions are harsher, and the USSR concentrates on a far smaller number of countries. There is, moreover, a limited ratio of Soviet grant aid and the virtual absence of assistance disbursements through multilateral organizations. As donors, the Soviets have attempted - and in some cases succeeded - in extracting the maximum of profit from the minimum of aid.

59. All the basic principles of Soviet aid to the LDCs enumerated above will very probably be operative over the next twelve months.

TABLE 1

**COMMUNIST ECONOMIC AID EXTENDED TO LESS DEVELOPED COUNTRIES  
1974**

Million Current US \$

	Eastern Europe									
	Total	USSR	Total	Bulgaria	Czecho- slovakia	East Germany	Hungary	Poland	Romania	PRC
Total .....	1,275	455	621	74	100	35	62	100	250	199
Africa .....	267	13	80	...	...	...	...	...	80	174
Cameroon .....	Negl.	Negl.	...	...	...	...	...	...	...	...
Chad .....	1	1	...	...	...	...	...	...	...	...
Ethiopia .....	1	1	...	...	...	...	...	...	...	...
Gambia .....	Negl.	Negl.	...	...	...	...	...	...	...	...
Guinea .....	84	2	80	...	...	...	...	...	80	2
Mauritania .....	37	Negl.	...	...	...	...	...	...	...	37
Niger .....	6	1	...	...	...	...	...	...	...	5
Senegal .....	1	1	...	...	...	...	...	...	...	...
Somalia .....	6	5	...	...	...	...	...	...	...	1
Tanzania .....	75	...	...	...	...	...	...	...	...	75
Upper Volta .....	4	2	...	...	...	...	...	...	...	2
Zambia .....	52	...	...	...	...	...	...	...	...	52
East Asia .....	25	...	...	...	...	...	...	...	...	25
Laos .....	25	...	...	...	...	...	...	...	...	25
Latin America .....	333	73	260	...	N.A.	10	50	100	100	...
Argentina .....	314	64	250	...	N.A.	...	50	100	100	...
Bolivia .....	1	1	...	...	...	...	...	...	...	...
Colombia .....	8	8	...	...	...	...	...	...	...	...
Guyana .....	10	...	10	...	...	10	...	...	...	...
Near East and South Asia .....	650	369	281	74	100	25	12	...	70	Negl.
Bangladesh .....	104	28	76	1	...	25	...	...	50	...
Egypt .....	20	20	...	...	...	...	...	...	...	...
Lebanon .....	9	...	9	...	...	...	...	...	9	...
North Yemen .....	5	5	...	...	...	...	...	...	...	...
Pakistan .....	216	216	...	...	...	...	...	...	...	...
Sri Lanka .....	11	...	11	...	...	...	...	...	11	Negl.
Syria .....	285	100	185	73	100	...	12	...	...	...

<sup>1</sup> Credits extended in foreign currencies converted into dollars at the average exchange rate for 1974.

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

TABLE 2

**COMMUNIST ECONOMIC AID TO LESS DEVELOPED COUNTRIES,  
EXTENDED AND DRAWN**

Million Current US \$

	Extended				Drawn			
	Total	USSR	Eastern Europe	PRC	Total	USSR	Eastern Europe	PRC
Total(1)	18,570	9,562	5,551	3,457	8,185	5,309	1,461	1,415
1954-64	5,388	3,740	1,251	597	2,079	1,318	385	176
1965	976	372	533	71	521	352	91	77
1966	1,699	1,241	294	164	498	331	74	90
1967	482	301	132	50	518	303	114	100
1968	654	379	220	54	486	300	116	70
1969	936	494	426	16	502	341	91	70
1970	1,102	198	170	728	540	360	112	68
1971	2,165	1,118	484	563	732	419	145	170
1972	2,079	610	885	584	665	348	97	221
1973	1,614	651	529	431	713	402	117	194
1974	1,275	455	621	199	930	634	118	178

1) Because of rounding, components may not add to the totals shown

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

TABLE 3

**COMMUNIST MILITARY AID TO LESS DEVELOPED COUNTRIES,  
EXTENDED AND DRAWN**

Million US \$

	Total		USSR		Eastern Europe		PRC	
	Extended	Drawn	Extended	Drawn	Extended	Drawn	Extended	Drawn
Total.....	13,655	11,910	11,850	10,450	1,250	1,000	550	460
1955-65.....	4,720	3,580	4,050	3,025	550	500	120	55
1966.....	525	575	450	450	25	50	50	75
1967.....	655	500	525	450	75	25	55	25
1968.....	550	530	475	450	50	50	25	30
1969.....	430	475	350	425	75	25	5	25
1970.....	1,090	1,050	975	950	50	75	65	25
1971.....	1,550	915	1,375	775	100	75	75	65
1972.....	1,005	875	825	750	100	50	80	75
1973.....	1,815	2,145	1,725	2,000	75	75	15	70
1974.....	1,315	1,265	1,100	1,175	150	75	65	15

DECLASSIFIED/DECLASSIFIED - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

**TABLE 4**

**COMMUNIST MILITARY TECHNICIANS IN LESS DEVELOPED COUNTRIES <sup>1</sup>**

	Persons					
	1971			1973		
	Total	USSR and Eastern Europe	PRC	Total	USSR and Eastern Europe	PRC
<b>Total</b> .....	7,760	6,730	1,030	7,045	6,020	1,025
Afghanistan.....	470	470	....	425	425	....
Algeria.....	650	650	....	650	650	....
Bangladesh.....	50	50	....	100	100	....
Burundi.....	....	....	....	10	....	10
Congo.....	60	30	30	50	30	20
Egypt.....	200	200	....	520	520 <sup>2</sup>	....
Equatorial Guinea.....	25	10	15	20	10	10
Guinea.....	135	110	25	160	110	50
India.....	270	270	....	300	300	....
Iran.....	70	70	....	60	60	....
Iraq.....	1,030	1,030	....	785	785	....
Libya.....	100	100	....	10	10	....
Mali.....	25	15	10	55	45	10
Morocco.....	....	....	....	10	10	....
Nigeria.....	60	60	....	70	70	....
North Yemen.....	120	120	....	130	130	....
Pakistan.....	25	....	25	25	....	25
Peru.....	15	15	....	15	15	....
Sierra Leone.....	10	....	10	30	....	30
Somalia.....	1,000	1,000	....	700	700	....
South Yemen.....	310	260	50	225	225	....
Sri Lanka.....	....	....	....	5	....	5
Sudan.....	140	90	50	70	20	50
Syria.....	2,150	2,150 <sup>3</sup>	....	1,780	1,780	....
Tanzania.....	745	....	745	745	....	745
Uganda.....	30	30	....	25	25	....
Zambia.....	70	....	70	70	....	70

<sup>1</sup> Minimum estimates of the number of persons present for a period of one month or more. Numbers are rounded to the nearest five.

<sup>2</sup> Most of these arrived with the equipment supplied after the outbreak of the October war

<sup>3</sup> Excluding personnel assigned to Soviet operational units.

DECLASSIFIED/DECLASSIFIED - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE ANNEX to M(75) 57

TABLE 5

NET FLOWS RELATED TO GNP OF USSR, CHINA AND EASTERN EUROPE  
1974

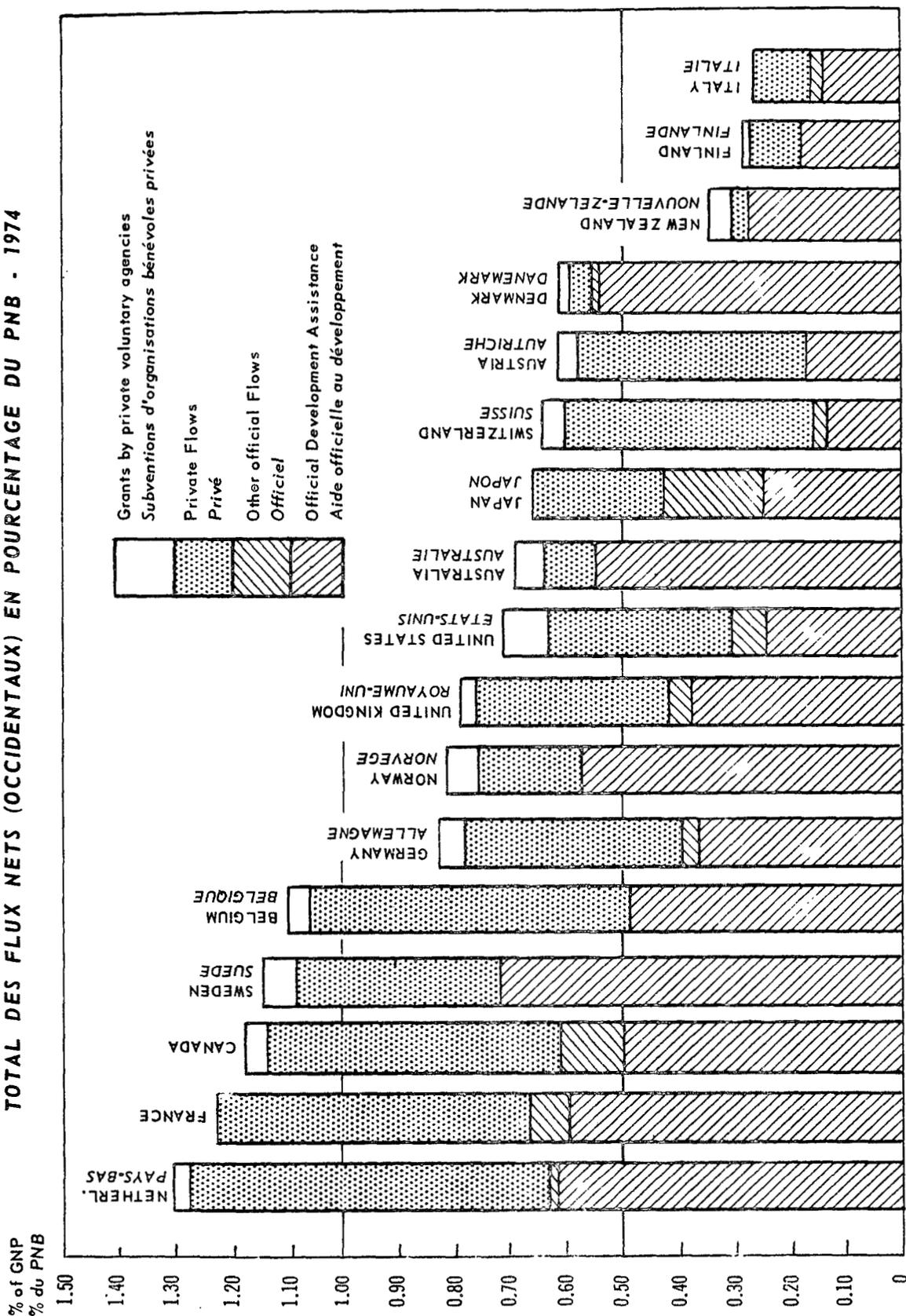
<u>COUNTRY</u>	<u>% OF GNP(1)</u>
USSR	0.05
CHINA	0.127
BULGARIA	0.06
CZECHOSLOVAKIA	0.02
GDR	0
HUNGARY	0.02
POLAND	0.01
ROMANIA	0.003

---

(1) Estimated by Professor H. Machowski, Deutsches Institut für Wirtschaftsforschung, Berlin

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

TABLE 6 - TABLEAU 6  
 TOTAL WESTERN NET FLOWS RELATED TO GNP - 1974  
 TOTAL DES FLUX NETS (OCCIDENTAUX) EN POURCENTAGE DU PNB - 1974



Source : OCDE, Paris

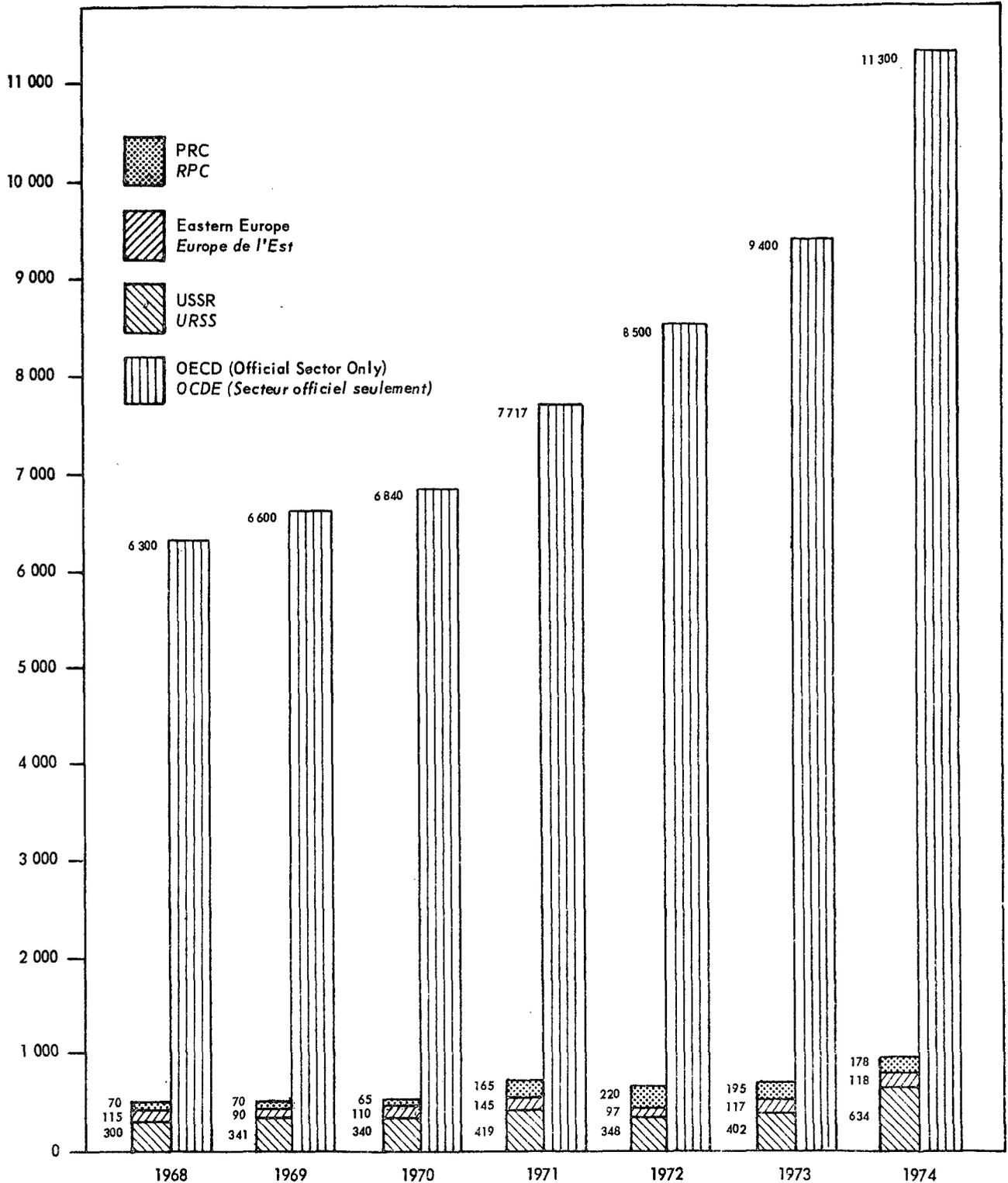
TABLE 7 - TABLEAU 7

NET ECONOMIC AID TO THE DEVELOPING COUNTRIES  
AIDE ECONOMIQUE NETTE AUX PAYS EN VOIE DE DEVELOPPEMENT

(1968 - 1974)

Million US \$

(AT CURRENT PRICES - AUX PRIX COURANTS)



Source : OCDE, Paris

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE