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SOVIET AID AND TRADE AND ITS THREAT TO THE FREE WORLD

An article by
Professor Philip L. Gamble
Chair of Economics

In recent years the U.S.S.R. has circumvented the West's containment policy through the use of economic, technical, and military aid programs support by a viable and growing merchant fleet and navy. The breakout is supported by basic Communist philosophical beliefs, and the national pride of a great power in competition with other nations. This Soviet effort forces the United States to modernize both its merchant marine and naval fleet in order to ensure continued unrestricted use of the high seas.

One manifestation of the growth in the economic power of the U.S.S.R. is the expansion of her aid and trade programs. These, in turn, have led to and been accompanied by expansion of her merchant marine, her navy, and her search for foreign bases and friendly ports. Accompanying this growth of aid, trade, and maritime power has been an increased threat to the United States and Europe of nuclear missile launches from submarines or sites closer than the landmass of the U.S.S.R.

Soviet and other Communist-world aid to developing nations really dates from the death of Stalin in 1953. The causes for this about-face in Soviet attitude towards aid programs are probably mixed, but certainly include the observation of the successes of American aid in the Marshall Plan; the up-risings in the satellite countries of Po-

BIOGRAPHIC SUMMARY



Professor Philip L. Gamble did his undergraduate work at Wesleyan College, holds a master's degree in economics from Wesleyan, and gained a Ph.D. in the field from Cornell University. He has done considerable research work and writing in the field of taxation, has served as Acting Department Head and Dean at the University of Massachusetts in the Department of Business Administration and School of Business Administration, respectively, and holds a professorship at this institution. In the years 1964-65 he served as a Fulbright Lecturer at Tunghai University, Taiwan, Republic of China. Professor Gamble is currently occupying the Chair of Economics at the Naval War College.

land, Hungary, and East Germany; the overcapacity of its heavy industry and the need for raw materials; the need for sophisticated machinery; the desire to break out of the containment ring; and the desire to spread communism and counter European and American domination of "Third World" markets. In the sixties some Soviet aid was extended to counter aid given by its former close ally, Communist China.

Turning to the problem of Soviet aid, we must recognize that aid programs are of several types. They may be economic, military, or technical. Each of these may be provided in the form of outright grants or in the form of "soft" or "hard" loans. Technical aid may be given by either sending representatives to the recipient countries or by training representatives from these recipient countries in the schools of the donor nation.

The economic value of foreign aid programs lies in the transfer of goods and services from one country to another. This increase in goods and services permits the recipient country to exercise more economic options that it could otherwise do. It makes no difference if the new resources are in the form of civilian goods, military goods, or technical aid; for the addition to the recipient country's net available resources permits additional economic programs or transfers of resources to other programs.

Foreign aid programs permit a less-developed country to import more goods and services than it could otherwise, until the repayments of interest and capital exceed the earnings from exports and new loans and aid extensions. For most developing nations, continuing large aid programs are vital. They must continue to expand their investment because of the need to repay previous loans. Moreover, some citizens of developing countries prefer to keep some of their earnings abroad in investments or bank accounts in the de-

veloped countries because of a greater yield, greater safety, or some combination of these. Foreign exchange from aid is also needed to pay for transportation, insurance, and the cost of diplomatic missions and foreign experts and teachers.

It is easier to measure the net increase in resources provided to a developing country than to determine the influence the aid program has had on its economic development. Basically, the aid increases the recipient's policy flexibility over a wide range of choices, both external and internal. The ultimate effect depends on the soundness of the choices made. These choices also determine whether the aid programs serve all or some of the donors' interests and how effectively these interests are actually served.

Fundamentally the foreign policy of sovereign states is guided by their own national interests as they see them. Isolated acts of substantial generosity or symbolic steps by a government to satisfy the conscience of its own citizenry and its appeal to world recognition of its own moral stature may occur. Nevertheless, the normal contribution of significant sums that are the earmark of any successful foreign aid program is unlikely unless the national interest of the donor is clearly served, widely understood, and supported.

In view of the above, it is important to trace the pattern of Soviet and Communist bloc aid to see the aim and direction of its thrust. Clearly, the main thrust in recent years has been towards countries near the borders of the Soviet Union and in regions where it would like to have access. Aid to Pakistan, India, and the Middle East, especially the United Arab Republic, has dominated the program of the Soviet Union. Lesser amounts have been given where they might undermine the influence of the Western Powers, but they are small in amount and not consistently provided.

It is important to recognize that the history of Soviet position with respect to aid is roughly divided into two periods: from 1917 to 1953 and the death of Stalin, and from 1954 to the present. During the first period, the Soviets were almost exclusively the recipients of aid, much of it coming from the United States and much of the balance, by various devices, from sister Communist states. In the second period, the Soviets first granted large amounts of aid to their satellite nations and to Communist China and then were joined by the other Communist states as purveyors of aid to the nations of the free world.

Soviet Aid 1917-1953. From 1917 to 1953 the Soviet Union asked for or demanded economic and military aid rather than dispensing it. Through reparations, joint-stock companies, and trade agreements, it managed to channel large amounts of economic goods into its own national income stream. From the United States alone it is estimated that over \$12 billion was received plus technical aid given as training to Soviet

engineers and provided by American representatives. Eleven billion dollars of this total represented lend-lease assistance at the time of World War II. Table I summarizes the aid to the U.S.S.R. and European Communist countries by the United States during this historical period.

Additional aid to the Soviet Union provided by Communist and other nations is impossible to quantify precisely but was very extensive. For example, by late 1951 the Soviet Union admitted to taking \$3,659 million at prewar prices from Germany alone. In addition, East and West Germany were forced to bear the cost of maintenance of Russian troops. One estimate of Russian collections from China totaled \$900 million. Large reparations were also collected from Poland, Bulgaria, Czechoslovakia, and Rumania.

Joint-stock companies with various partners of the Soviet Union served as effective instruments of penetration. By imposing them on both friendly and hostile countries, the Russians were able to obtain a steady source of income and

TABLE I--AID TO EUROPEAN COMMUNIST COUNTRIES^a
1 July 1945 through 30 June 1962

	UNRRA Supplies	U.S. Military Aid Supplies and Services	U.S. Economic and Technical Assistance	Total
(millions of U.S. dollars)				
Albania	26	-----	20	46
Czechoslovakia	261	-----	191	452
East Germany	-----	-----	17	17
Hungary	4	-----	26	30
Poland	478	-----	878	1,356
U.S.S.R. ^b	259	-----	409	668
Yugoslavia	416	719	1,585	2,720
Total	1,444	719	3,126	5,289

^aMilorad M. Drachkovitch, *United States Aid to Yugoslavia and Poland* (Washington: American Enterprise Institute, 1963), p. 121.

^bThe Soviet Union received, in addition to the assistance itemized above, supplies and equipment during World War II under lend-lease from the United States at nearly \$11 billion.

to secure priority shipments of goods, including uranium and nonferrous materials, to the U.S.S.R. at a time of severe international shortages. Finally, by the joint-stock company device the U.S.S.R. managed to control the airlines of almost all the countries of Eastern Europe, Mongolia, and China as well as river transportation on the Danube.

By setting the terms of trade with its satellites, the U.S.S.R. was able to get additional economic advantages. High prices for Russian goods and low prices for satellite goods provided a steady net gain to Russia. Only after the Polish revolt of 1957 was the price paid for Polish coal raised from the prewar price of \$1.50 per ton to \$6.50 per ton and \$600 million in claims against Poland and canceled.

Soviet Aid 1954--Present.

Economic Aid. Turning to the second period of Soviet aid history, beginning in 1954 after the death of Stalin and continuing to the present, Table II showing Communist economic aid, compiled by the Bureau of Intelligence and Research of the U.S. State Department, has informative significance. Data for all Communist nations is included because the aid from satellite nations is Soviet inspired. In the case of China it is competitive, though clearly for different reasons.

Of the total Communist nation economic aid grants for the period 1954-1967 (\$8,981 million), \$6,155 million has gone to the Near East and South Asia. The largest amounts within this area went to India with \$1,948 million and the U.A.R. with \$1,679 million. These two account for more than two-thirds of the total to the area and more than one-third of the overall total aid given. Africa, with a total of \$1,451 million, of which \$304 million was to Algeria and \$231 million was to Ghana, follows, and the Far East and Latin America are next with \$944 million and \$431 million, respectively. In

the Far East, Indonesia was the major recipient with \$740 million; and in Latin America, Brazil received \$312 million.

The year 1967 showed a great tapering off of aid from Communist countries with a total of only \$192 million as compared with the total for 1966 of \$1,503 million. The greatest drop occurred in the aid to the Near East and South Asia, with the largest decline being in the grants to India, Iran, Pakistan, and Syria.

It is not possible to determine the reasons for the much lower commitments in 1967, which were lower than in any year since 1955, but they may be due to the large backlog of unexpended credit still available to the less-developed countries, or to the lack of opportunities for new aid extensions after 3 years of record-high new aid extensions in 1964-1966, and to the reluctance of some developing countries to accept new aid offers made during the year. This reluctance may stem in part from the realization that the repayment for aid already received is straining the capacities of the recipients to pay. Communist terms appear favorable when first viewed because of the low interest rates charged relative to those of the United States, but the repayment terms compel trade exports almost at once of large amounts to repay the total in 12 or 13 years, while the U.S. terms, with their long grace periods of up to 8 years and loans of 40-year duration, do not. The result is some disenchantment with Communist loans because they do not give enough time for the investment to become productive and for returns on the investment to be realized.

While Communist aid commitments through the end of 1967 amount to slightly less than \$9 billion, a wide gap remains between commitments and actual aid disbursements. Only about 40 percent of Communist aid has been implemented. The gap of about \$6 billion was narrowed in 1967 because

TABLE II--COMMUNIST ECONOMIC CREDITS AND GRANTS EXTENDED TO LESS DEVELOPED COUNTRIES
1954-1967 AND YEARS 1966 AND 1967^a (Million Current U.S. \$)

	1954-1967				1966				1967			
	TOTAL	USSR	EASTERN EUROPE	COM CHINA	TOTAL	USSR	EASTERN EUROPE	COM CHINA	TOTAL	USSR	EASTERN EUROPE	COM CHINA
TOTAL	8,981	5,989	2,099	893	1,503	1,244	228	31	192	69	74	49
AFRICA	1,451	858	297	296	88	77	0	11	47	9	17	21
ALGERIA	304	232	22	50	1	1	--	--	--	--	--	--
CAMEROON	8	8	--	--	--	--	--	--	--	--	--	--
CENTRAL AFRICAN REPUBLIC	4	--	--	4	--	--	--	--	--	--	--	--
CONGO (B)	34	9	--	25	--	--	--	--	--	--	--	--
ETHIOPIA	119	102	17	--	--	--	--	--	--	--	--	--
GHANA	231	89	102	40	--	--	--	--	--	--	--	--
GUINEA	123	73	25	25	3	3	--	--	--	--	--	--
KENYA	62	44	--	18	--	--	--	--	--	--	--	--
MALI	101	55	23	23	3	--	--	3	--	--	--	--
MAURITANIA	7	3	--	4	--	--	--	--	7	3	--	4
MOROCCO	79	44	35	--	44	44	--	--	--	--	--	--
NIGERIA	14	--	14	--	--	--	--	--	--	--	--	--
SENEGAL	7	7	--	--	--	--	--	--	--	--	--	--
SIERRA LEONE	28	28	--	--	--	--	--	--	--	--	--	--
SOMALIA	94	66	6	22	9	9	--	--	--	--	--	--
SUDAN	49	22	27	--	--	--	--	--	17	--	17	--
TANZANIA ^B	79	20	6	53	28	20	--	8	--	--	--	--
TUNISIA	54	34	20	--	--	--	--	--	--	--	--	--
UGANDA	31	16	--	15	--	--	--	--	--	--	--	--
ZAMBIA ^B	23	6	--	17	--	--	--	--	23	6	--	17
FAR EAST	944	411	294	239	28	4	24	0	0	0	0	0
BURMA	124	14	26	84	24	--	24	--	--	--	--	--
CAMBODIA	80	25	5	50	4	4	--	--	--	--	--	--
INDONESIA	740	372	263	105	--	--	--	--	--	--	--	--

TABLE II--continued

	1954-1967				1966				1967			
	TOTAL	USSR	EASTERN EUROPE	COM CHINA	TOTAL	USSR	EASTERN EUROPE	COM CHINA	TOTAL	USSR	EASTERN EUROPE	COM CHINA
LATIN AMERICA	431	185	246	--	128	85	43	--	70	55	15	--
ARGENTINA	49	45	4	--	--	--	--	--	--	--	--	--
BRAZIL	312	85	227	--	128	85	43	--	--	--	--	--
CHILE	55	55	--	--	--	--	--	--	55	55	--	--
ECUADOR	5	--	5	--	--	--	--	--	5	--	5	--
URUGUAY	10	--	10	--	--	--	--	--	10	--	10	--
NEAR EAST AND SOUTH ASIA	6,155	4,535	1,262	358	1,259	1,078	161	20	75	5	42	28
AFGHANISTAN	610	570	12	28	6	1	5	--	5	5	--	--
CEYLON	123	30	52	41	--	--	--	--	--	--	--	--
GREECE	84	84	--	--	--	--	--	--	--	--	--	--
INDIA	1,948	1,593	355	--	639	571	68	--	10	--	10	--
IRAN	386	330	56	--	289	289	--	--	10	--	10	--
IRAQ	184	184	--	--	--	--	--	--	--	--	--	--
NEPAL	80	20	--	60	20	--	--	20	--	--	--	--
PAKISTAN	301	178	56	67	112	34	28	--	7	--	--	7
SYRIA	393	233	144	16	192	133	59	--	--	--	--	--
TURKEY	218	210	8	--	--	--	--	--	--	--	--	--
UAR	1,679	1,011	562	106	--	--	--	--	43	--	22	21
YEMEN	149	92	17	40	1	--	1	--	--	--	--	--

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968), p. 2.

^bIn 1967 Communist China agreed to assist in constructing the Tan-Zam railroad. The amount of the credit is still undecided.

disbursements remained at about \$500 million, while new commitments were less than \$200 million.

The slow implementation of Communist economic aid is probably largely due to shortages of technical and management skills by aid recipients, the inability of many of them to provide local currency to finance Communist-aided projects, plus the diversion in several cases of scarce resources into military procurement. To some extent the 1967 slowdown is related to the desire of the Communist donors to speed implementation of old credits and promote fuller utilization of existing plant capacity. This approach is more in keeping with the more pragmatic and businesslike approach to aid policy noted in the past few years.

Drawings on aid are running at about \$500 million per year, and this total has remained essentially the same since 1964. The major expenditures are being made in India, the U.A.R. and Afghanistan. Together these three countries account for about 60 percent of total economic drawings to date. Estimated annual drawings of Soviet economic aid reached a peak of about \$370 million in 1964, but declined to \$300 million in 1966. In spite of heavy deliveries to the U.A.R. primarily for the Aswan Dam project, Soviet aid deliveries in 1967 did not increase and may have even decreased slightly due to the large cut-backs to India resulting from that country's industrial recession. Estimated drawings in 1967 on China and East European aid increased and kept the overall total at the \$300 million figure.

The net value of Communist aid is considerably less than the gross disbursement due to repayments in goods and, to a much lesser extent, in convertible currency. Scheduled annual repayments of principal and interest for 1967 are estimated at over \$200 million. For the U.S.S.R., because of the growing level of annual repayments and the leveling off of aid deliveries in

recent years, the net outflow of goods and services is estimated to have actually declined. From about \$60 million in 1960, the net outflow rose to \$290 million in 1964 and declined to \$125 million in 1967. In addition, there are indications that repayment obligations, some of which are due in goods that might be resalable in Western markets, are increasingly felt by some aid recipients and that a number of them, including Indonesia and the U.A.R., have requested and received various forms of relief from their debt-servicing obligations.

Military Aid. In 1967 Communist countries pledged some \$480 million in new military aid to developing countries, exceeding the average extensions of \$350 million during the preceding 2 years, but remaining far below the record Communist commitment of 1 billion in military aid for 1964. The new commitments for 1967 brought the total of military aid extended from 1955 to \$5.5 billion. Table III gives the totals for 1955-1967, cumulative by countries.

The table shows that the U.S.S.R., among the Communist countries, has been and continues to be the major supplier of military aid, accounting for more than 90 percent of the aid pledged in 1967. Most of this aid was given to Near Eastern countries. In January 1967 the Soviets signed a \$110 million arms aid agreement with Iran, representing the first military aid given that country. Also in 1968, a series of agreements were signed with Arab states to replace the severe losses of the June war with Israel.

The table also shows that the majority of the Communist arms aid has gone to the Near Eastern countries. Out of a total of \$3,800 million to the Near East and South Asia, only \$920 million has gone to other than Arab states. Most of the military aid to the Far East went to Indonesia, with only \$10 million

going to Cambodia compared with \$1,350 million to Indonesia. Aid to Africa has only amounted to a total of \$360 million, with \$250 million of this going to Algeria.

TABLE III--COMMUNIST MILITARY AID EXTENSIONS, CUMULATIVE BY COUNTRY, 1955-67^a

Area and Country	Million U.S. \$ Aid Extended
Total	5,510
Africa	360
Algeria	250
Congo (B)	Negl. ^b
Ghana	10
Guinea	10
Mali	Negl. ^b
Morocco	40
Somalia	30
Tanzania	10
Uganda	10
Near East and South Asia	3,800
Afghanistan	250
Cyprus	30
India	610
Iran	110
Iraq	650
Pakistan	40
Syria	460
UAR	1,550
Yemen	100
Far East	1,350
Cambodia	10
Indonesia	1,340

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968), p. 6. Nigeria also received some Communist military equipment during the year.

^bNegligible indicates less than \$5 million.

Technical Assistance. The long-run aim of the Soviet Union is to convince the Third World that communism provides the best means of rapid economic growth. Soviet technical assistance programs try to develop a preference for Soviet-type institutions. All kinds of assistance in the form of scholarships for studying in the Soviet

Union offered to the young of developing countries, and this influence is added to that of the trainees of the technical assistance cadres sent to the developing countries. The result is that, even though a larger number of students are trained in the West, positions of power are going more and more to those trained by the Soviets. In addition, the students trained in the West find it more and more difficult to get jobs at home under governments which are becoming more hostile to Western political and economic doctrines.

This reluctance to recognize the expertise of Western-trained persons is of great importance where regimes are controlled by the military as is frequently the case among developing countries. The military training of the U.S.S.R. cannot be balanced by that of the West. In the Middle East the military has traditionally been the dominant group, and the effect of Soviet training on the future military leaders should not be underestimated. It is certain to have some influence on the political and economic beliefs of future military leaders.

Training of students from the developing countries has continued to be a dominant part of the Communist strategy. The Chinese, however, suspended their training in the fall of 1966. The total number of students studying in Communist countries at the end of 1967 amounted to about 14,425 and was somewhat lower than in previous years, although the number of new students going to Communist countries was about the same as in 1966 (circa 1,600). The drop is probably due to temporary factors like the return of some Arab students in the wake of the Arab-Israeli war, while some 300 Indonesian students broke off their studies in the U.S.S.R. to go to Communist China with the overturn of Sukarno.

Beginning in 1964 there has been a noticeable leveling off of Communist academic exchange programs. The num-

her now coming is about one-half the former 3,000 per year, due to more exacting admission requirements and the fact that most East European academic institutions have probably reached their capacity. It is likely that unless capacity is expanded, the number of new students will be determined by the number of vacancies that occur.

TABLE IV--ACADEMIC STUDENTS FROM LESS DEVELOPED COUNTRIES STUDYING IN COMMUNIST COUNTRIES AS OF DECEMBER 1967^a

	USSR	Eastern Europe
Total	10,275	4,150
Africa	5,750	2,250
Far East	750	450
Latin America	1,100	300
Near East and South Asia	2,675	1,150

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968), p. 10.

The average period of training in the U.S.S.R. is about 5 years, including one of Russian language study. About 40 percent of the total are registered in Lumumba University which was created to take care of the great influx of the early 1960's from the undeveloped world. The yearly number of graduates should begin to level off soon to about 700. Most of the graduates are specialists in engineering, chemistry, agronomy, and other technical fields, including a large number of medical doctors.

The schools are still bothered with a large number of poorly prepared students who owe their appointments to politics rather than to academic accomplishment. The U.S.S.R. still has the majority of the students with about 10,000 out of the 14,000; East Germany and Czechoslovakia provide for

most of the remainder. Communist China's share is now almost nothing as the turmoil of the cultural revolution has stopped academic life on the mainland.

The Communist countries have continued to make technical assistance of primary importance in their foreign aid programs because of the obvious lack of skills in the undeveloped countries which hampers their aid programs. Almost 22,000 technicians were working in underdeveloped countries in 1967, about half of them in Africa. The U.S.S.R. furnished about half of all technicians with the bulk of them concentrated in the Near and Middle East. Almost three-fourths of the Chinese technicians were in Africa.

TABLE V--COMMUNIST ECONOMIC TECHNICIANS IN LESS DEVELOPED COUNTRIES, 1967^a

	USSR	Eastern Europe	Communist China
Total	11,040	6,250	4,550
Africa	3,800	4,000	3,075
Far East	225	100	575
Latin America	15	100	0
Near East and South Asia	7,000	2,050	900

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968), p. 10. Minimum estimates of the number of persons present for one month or more.

In addition, an estimated 2,125 technical trainees from less-developed countries were studying in Communist countries.

Trade relations have been influenced by aid programs because it is only through trade that aid can be given, and one purpose of aid is trade. Consequently, consideration of international aid patterns is almost always concerned with trade.

**TABLE VI-TECHNICAL TRAINEES
FROM LESS DEVELOPED COUNTRIES
TRAINING IN COMMUNIST COUNTRIES
AS OF DECEMBER 1967^a**

	USSR	Europe	Communist China
Total	985	1,090	50
Africa	375	375	50
Asia		75	
Latin America	10	15	
Near East and South Asia	600	625	

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968).

Communist Trade. In the latest data available covering the first half of 1967, there seems to be little change in either the value or the direction of Communist foreign trade. The only exceptions were a large decline in Communist imports from Argentina and an important increase in exports to Pakistan. Imports from Argentina fell from about \$185 million in the first 6 months of 1966 to about \$40 million during the first half of 1967, largely as a result of the virtual ending of wheat purchases. Trade with Pakistan, on the other hand, rose from about \$70 million for the first half of 1966 to \$120 million in the first half of 1967.

In 1966, the last complete year for which trade data are available, total Communist trade with the less-developed nations rose from about \$4.5 billion to almost \$4.8 billion, or an increase of about 7 percent. This compares with an increase of about 17 percent in 1965 and is the smallest annual percentage gain since 1962. The reduction is primarily due to lower levels of Chinese imports and of Soviet exports. Communist exports to the less-developed countries continued to exceed imports in 1966, but the trade

surplus remained about the same as in 1965.

The increase in Communist trade with the less-developed countries for 1966 was almost all due to increases of trade by Eastern Europe and Communist China. East European trade increased by 10 percent over 1965. Imports increased the most, coming largely from Argentina and other Latin American countries, Spain, and Greece. East Europe's exports to Syria, Turkey, and the U.A.R. together rose almost \$80 million, offsetting the \$40 million decline in exports to Ghana. Communist China's trade rose almost \$900 million in 1966 when a 29 percent increase in exports more than countered a 13 percent decline in imports. These increases were largely to Ceylon, Malaysia, Singapore, and the U.A.R. The total trade was largest with its neighbors, including the above-mentioned Pakistan. Because of large grain purchases from Argentina, this country continued to be an important trading partner.

In 1966, as in 1965, the developing countries accounted for about 10 percent of total Communist trade. The Communist share of the total trade of the developing countries was about 6 percent. It was concentrated in a few countries, mainly Afghanistan, Cambodia, Ceylon, Iraq, India, Mali, Syria, and the U.A.R. Near East and South Asian trade rose 11 percent in 1966 and accounted for 57 percent of total Communist trade with the less-developed countries. The U.A.R. and India remained the principal trading partners and accounted for 41 percent of the total trade of the U.S.S.R. with less-developed countries. This concentration is due to the trade momentum generated by deliveries under long-term economic credits and repayments in commodities for both economic and military credits. It also reflects the desire of those countries to continue exchanges with bilateral trading partners

90 NAVAL WAR COLLEGE REVIEW

as their foreign exchange holdings are reduced.

While Communist trade with Africa and Far Eastern countries fell slightly in 1966 and Latin America's share remained about the same as in 1965, Communist trade with the less-developed countries of Europe, Portugal, and Spain increased by 31 percent in 1966. This increase was almost all due to increased East European and Cuban imports from Spain. In spite of the rapid growth the absolute amounts were small, and Europe accounted for only 5 percent of total Communist trade with the less-developed countries in 1966.

Table VII shows the overall expansion of Soviet foreign trade since 1938.

TABLE VII--SOVIET FOREIGN TRADE^a
(in billion rubles; one rouble equals \$1.11)

1938 - .5	1962 - 12.1
1950 - 2.9	1963 - 12.9
1952 - 4.8	1964 - 13.9
1958 - 7.8	1965 - 14.5
1959 - 9.5	1966 - 15.0
1960 - 10.1	1967 - 16.3
1961 - 10.6	

^aAmerican Maritime Association, *Growth of the U.S.S.R. Foreign Trade Fleet* (New York: June 1965), p. 20; "U.S.S.R. Foreign Trade," *Quarterly Economic Reviews: U.S.S.R.*, no. 1, 1969, p. 9.

The increase in trade turnover has brought changes to the Russian pattern. In 1960-1961 the U.S.S.R. changed from being primarily an importer to an exporter, and it appears that the Soviet Union will continue to keep this favorable balance. No longer is Russia solely a giant consumer of raw materials from other Communist countries; for in 1965 it had trade relations with 91 countries, 13 of them socialist, 51 developing and 27 capitalist. In addition to the Communist bloc countries, the Soviet Union has strong trade ties with India, Egypt, Algeria, Afghanistan, Syria, Iran, Ceylon, Ghana, and Turkey.

Trade with the free world consists mainly of exports of raw products such as petroleum and timber and imports of manufactured goods including machinery, tools, and other production equipment. Export trade with Communist countries and the new developing nations is made up of Soviet manufactured products, military cargoes, and economic materials, i.e., petroleum, aluminum, and concrete. On the import side, Russia receives large quantities of raw products which are vital to her industry.

Soviet Merchant Marine. At present the trade on the 56 regular shipping routes maintained by the Soviet Union is light, but Russia is sparing no effort to triple the volume of traffic on them. These efforts, if successful, will create an even greater demand on the merchant marine.

The Soviet merchant marine has not yet had any great impact on world shipping, but its influence is starting to be felt. As it expands and becomes able to carry all of Russia's foreign commerce, the Soviets will become less and less reliant upon foreign shipping, charter markets, and vessel procurement. This independence will allow the U.S.S.R. to use her merchant fleet as an even greater instrument of Soviet political expansion and to become a strong competitor in foreign trade. According to a report in 1964 of Y.V. Savinkov, a deputy minister for the Soviet merchant marine, Russia at that time expected to have the capacity to carry all her foreign commerce in Soviet vessels by 1966. Present estimates vary widely, and at least one indicates that she is still far from this goal.

Recent incidents are just starting to cause concern of Russian competition in world shipping. In commenting about a Soviet bulk carrier which was built in Japan and chartered by Japanese interests to carry Canadian grain to Japan, it was stated that "for the first time since

the war Russian ships have been offered for charter on the world markets, thus giving real competition to ships from capitalist countries."¹ This is not an isolated example, for the U.S.S.R. has plans to open a liaison office in Japan in order to secure regular charters to make full use of their vessels which would normally be laid up because of Soviet ports freezing over during the winter. This is expected to offer serious competition to Hongkong, one of the world's shipping capitals.

Sweden and Finland, both producers of Soviet vessels, are starting to show concern over Russian competition, for they were forced in 1966 to reduce their passenger vessels on the Stockholm-Leningrad run as not competitive with Soviet-flag vessels. Sweden has also leveled other charges of discrimination by Communist countries against free world shipping. Two of the more prominent forms of this discrimination are the systematic diversion of all cargoes, imports and exports to their own vessels, and the "gradual infiltration into established West European trade routes by sheer dumping of prevailing freight rates."²

As the Soviet merchant marine continues its rapid expansion, the Russian economic offensive against free world shipping will become more pronounced. Warnings of this threat of world domination have come from many sources, but little action has been taken to counter it. Instead, many free world maritime nations continue to build Russian vessels and encourage trade with the U.S.S.R. Should Russia be able to maintain her present rate of growth, it is possible that "we may witness the display of Communist ships serving American ports."³

In the *Marine Engineering Log* for 15 June 1968 in the 27th *Annual Maritime Review Yearbook* Issue, it was reported that the merchant fleets of the world had, in oceangoing steam and motor ships of 1,000 gross tons and over,

18,386 ships of 164,066,000 gross tons. Of this total the United States had 2,209 ships of a gross tonnage of 19,495,000 tons, equal to 11.8 percent of the world total, of which 969 ships with a gross tonnage of 10,345,000 were privately owned, and the rest were owned by the U.S. Government. This total compares with that reported for the U.S.S.R. in June 1967 of 1,362 ships of 8,086,000 gross tonnage, equal to 4.9 percent of the world total, or about the target set by the 22d Communist Party Congress for the end of 1964. This total represented a sixfold increase in tonnage for the U.S.S.R. over 1939 and a better than fourfold increase over 1950.

The data in Table VIII show past growth and future long-range predictions for the Soviet maritime fleet as of June 1962.

TABLE VIII--GROWTH OF SOVIET MERCHANT FLEET^a

Year End.	Number of Ships	Tonnage Deadweight
1939 (Sept.)	354	1,597,900
1946 (June)	488	1,851,675
1950	432	1,797,000
1955	604	2,426,000
1958 (June)	735	4,939,000
1962	1,002	5,922,000
1964	1,227	8,207,000
1965	1,746	9,878,000
1970	2,619	14,817,000
1975	3,492	20,990,700
1980	4,365	27,164,500

^a"Russia's Maritime Build-up," *Marine Engineering/Log*, 15 June 1962, p. 69. Russian Fleet expansion in 1965-1980 projected in accordance with tonnage goals set by the 22d Communist Party Congress. Trend toward larger size ships will enable tonnage goals to be met with fewer ships than number listed. The 1967 goal was not reached until 1967.

¹American Maritime Association, *Growth of the U.S.S.R. Foreign Trade Fleet* (New York: June 1965), p. 20.

²*Ibid.*

³*Ibid.*

TABLE IX—INVENTORY OF U.S. CONTROLLED MERCHANT SHIPS: OCEAN-GOING SHIPS^a 1000 GROSS TONS & OVER^b
As of March 1, 1968 (In Thousands of Deadweight Tons)

	TOTAL SHIPS		PRIVATELY OWNED				MARITIME ADMINISTRATION SHIPS			
	NO.	DWT.	U. S. FLAG		FOREIGN FLAG ^c		OPERATING		LAID-UP	
			NO.	DWT.	NO.	DWT.	NO.	DWT.	NO.	DWT.
TOTAL ALL SHIPS	2580	40,530.5	988	15,216.9	423	14,707.5	158	1,658.8	1011	8,947.3
I DRY CARGO	1639	20,191.0	668	8,099.7	149	3,762.1	157	1,649.0	665	6,680.2
GENERAL	1383	15,282.5	582	6,880.9	40	431.1	153 ^d	1,623.0	608	6,347.5
BULK	159	4,370.5	59	1,074.2	99	3,285.3	--	--	1	11.0
REEFER	41	231.7	19	109.5	9	40.4	2	13.9	11	67.9
COASTAL	56	306.3	8	35.1	1	5.3	2	12.1	45	253.8
II PASSENGER CARGO & TRANSPORT	101	803.3	27 ^e	234.7	9	68.8	1 ^f	9.8	64 ^g	490.0
III TANKERS	591	18,166.6	293	6,882.5	265	10,876.6	--	--	33	407.5
MAJOR	522	17,669.1	254	6,594.5	244	10,691.4	--	--	24	383.2
COASTAL TYPES	43	114.1	26	60.5	8	29.3	--	--	9	24.3
SPECIAL PRODUCTS	26	383.4	13	227.5	13	155.9	--	--	--	--
IV MERCHANT TYPE MILITARY AUXILIARIES	249	1,369.6	--	--	--	--	--	--	249	1,369.6

^a"U.S. Transfers Foreign," *Marine Engineering/Log*, 15 June 1968, p. 192.

^bExcludes ships in the custody of the Department of Defense.

^cSelected Panamanian, Honduran and Liberian flag ships.

^dIncludes 7 GAA ships in ROS. One ship waiting scrap is included in layup.

^eIncludes SS *Cristobal* of the Panama Canal Co.

^fThe Nuclear Ship *Savannah*.

^gIncludes: 20 Victory type and 10 Liberty type ships of 258,300 Dwt. converted to troop ships.

Even if the U.S.S.R. should reach its projected goal of 27,164,500 deadweight tons by 1980, it would be still far less than the tonnage presently under the control of the United States of 40,500,000 deadweight tons as shown in Table IX taken from the *Marine Engineering Yearbook* issue for June 1968.

The *Marine Engineering Yearbook* also shows that much of the shipping controlled by U.S. interests is of modern design. Table X shows that a total of 48,438,261 deadweight tons were ordered by American and affiliated interests since 1950.

TABLE X--YEARLY RECORD OF VESSELS ORDERED ABROAD BY AMERICAN INTERESTS^a

Date of Survey	No. of Vessels Ordered	Total DWT
Sept 1950	32	559,900
June 1951	68	1,070,410
Feb 1962	78	1,683,660
Sept 1953	83	1,959,064
March 1955	41	781,797
June 1956	232	6,660,835
May 1957	153	5,134,750
May 1958	104	4,285,300
May 1959	58	1,284,075
May 1960	47	1,301,580
May 1961	56	1,413,970
May 1962	64	1,634,725
May 1963	34	853,030
May 1964	78	3,450,250
May 1965	43	1,180,390
April 1966	58	2,204,555
April 1967	91	3,999,050
April 1968	94	9,081,720

^a"U.S. Orders Abroad," *Marine Engineering/Log*, 15 June 1968, p. 198.

Most of the building for American interests has been abroad, and most of it is from developed countries because only long-established shipyards in Europe and Japan are able to construct these vessels, especially the supermammoth size tankers and hulk carriers of recent years. It is also true that these

vessels are being registered in less-developed countries to provide tax havens for the American businessman and to eliminate the American seaman who, for many years, has been the highest paid in the world. (See Appendix III)

The threat of the merchant fleet of the U.S.S.R. to the United States is not presently great in terms of its ability to carry economic goods in world trade, as the data in Appendix III shows. It is great, however, in terms of its ability to provide logistic support for Soviet naval forces. This potential is increased if present Soviet plans are realized. At that time the Soviet Fleet might be able to compete on a cut-price basis on many important trade routes and to affect the loyalties of significantly important strategic countries.

The present merchant ship tonnage of the U.S.S.R. is estimated to about equal her present needs for export and import trade, relieving her of the former need to employ foreign shipping for trade and aid.

In the light of the available data, it appears that the United States is well provided with access to merchant shipping for the foreseeable future. The U.S.S.R. will be able to provide for its own trade needs, but not much more, and its total tonnage will be a minor percentage of world shipping, even if it reaches its 1980 goal shown in table VIII. The real threat in the growth of the U.S.S.R. fleet is its newly obtained ability to reach out with aid and trade anywhere in the world, and particularly into areas that it could never before penetrate. Clearly this is a real strategic breakthrough that requires recognition and study by the members of the free world and the United States in particular.

The growth of the merchant marine of the U.S.S.R. has been paralleled by the growth of her navy which, for the first time in many years, now appears

on all the seven seas. Clearly, the merchant marine, by providing logistic capabilities, enlarges the scope of Soviet naval action, besides providing a training ground for nautical personnel. When this increased capability is combined with access to friendly ports like those in Cuba or those in Africa, it exposes continental United States and Europe to nuclear threats from offshore submarines or other vessels.

Summary and Conclusions. Up until 1954 the Soviet Union and allied Communist nations were primarily recipients of economic, military, and technical aid. This massive help was very important to their development, and much of it came from the United States. Soviet Russia exploited her sister Communist states until after the death of Stalin in 1953 and the uprisings in Poland, Hungary, East Germany, and Rumania.

Yugoslavia broke away from Soviet Russia earlier as a result of discontent with economic agreements. In addition to open solicitation of grants and technical aid from the free world, the Soviets, through reparations claims, joint-stock companies, and trade agreements, ruthlessly exploited their Communist neighbors.

In recent years, beginning in 1954, the U.S.S.R. has effectively broken out of the free world's containment lines by

the use of its economic, military, and technical aid programs supported by the necessary building of a merchant fleet and navy. It is impossible to say whether this series of developments was the result of an original plan or whether developing capabilities to supply goods and needs for raw materials naturally led to the end results. In any event, the breakout is supported by drives of basic philosophical Communist beliefs and the national pride of a great power in competition with other nations of the world. In part, its program is certainly defensive in that it is designed to retain within its orbit the satellite countries of Eastern Europe, and in part offensive in that it is a primary vehicle for exporting and supporting Soviet national aims.

As the Soviet capabilities grew, so did its power to oppose the interests of the free world, and the United States in particular. Supplies for Vietnam, bases in Cuba and on the North African coast, and ships in all the oceans can and do interfere with the plans and power of the United States. It forces us to consider updating our naval fleet and our merchant marine and the establishment of an antiballistic missile system that can counter both long-range nuclear missiles from the U.S.S.R. and shorter range missiles fired from offshore vessels or submarines.

Naval War College Review, Vol. 22 [1969], No. 6, Art. 8
APPENDIX I--COMMUNIST EXPORTS TO SELECTED LESS DEVELOPED COUNTRIES, 1964-66^a (Million Current U.S. \$)

AREA AND COUNTRY	TOTAL ^B			USSR			EASTERN EUROPE			COMMUNIST CHINA		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
TOTAL	2,084.0	2,365.4	2,513.5	774.3	910.7	886.3	771.3	914.6	977.7	389.4	438.1	555.4
AFRICA	324.8	385.5	355.1	88.9	115.6	103.8	136.8	145.1	128.0	48.9	85.7	104.7
ALGERIA ^C	39.1	29.3	35.8	15.7	15.4	18.8	17.2	6.7	8.4	4.2	5.6	7.0
ANGOLA	0.5	0.4	1.2	...	...	...	0.5	0.4	1.2	E	...	...
CAMEROON	1.4	2.1	3.9	E	0.1	0.1	1.4	2.0	3.5	E	...	0.3
CHAD	0.8	0	1.2	...	...	...	0.3	N.A.	0.6	0.5	...	0.6
CONGO (B)	0.1	2.7	1.3	E	2.7	1.3	0.1	...	...	...	...	...
CONGO (K)	...	...	1.9	...	...	...	...	...	1.9	...	...	...
DAHOMEY	...	1.3	1.6	E	0.4	0.4	...	0.4	0.6	...	0.5	0.6
ETHIOPIA	9.3	15.2	12.9	3.3	7.8	5.2	4.2	4.7	5.1	1.8	2.7	2.6
GABON	0.2	0.3	0.4 ^D	...	...	...	0.2	0.3	0.4 ^D	...	...	...
GHANA	53.1	109.5	41.2	19.5	34.6	14.0	30.9	60.2	19.7	2.7	14.7	7.5
GUINEA ^F	9.2	9.7	10.8	9.2	9.7	10.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
IVORY COAST	1.5	1.7	1.8	...	0.3	...	0.9	1.4	1.6	0.5	...	0.2
KENYA	6.5	5.9	11.7	E	1.0	1.7	4.6	2.2	4.6	1.9	2.7	5.4
MALAGASY REPUBLIC	1.6	3.1	3.6	...	...	...	1.3	1.5	0.7	1.3	1.6	2.9
MALI	17.6	21.0	20.2	13.2	9.8	3.6	1.6	1.4	1.6	2.8	9.8	10.0
MOROCCO	86.1	71.2	64.4	8.1	8.4	19.8	18.1	14.2	20.3	11.8	11.9	16.4
MOZAMBIQUE	0.2	0.3	0.3	...	...	...	0.2	0.3	0.3	E	E	E
NIGER	0.7	2.0	2.6	...	...	...	0.2	0.2	0.1	0.5	1.8	2.5
NIGERIA	28.8	33.9	33.4	1.2	3.2	4.6	18.8	17.1	14.7	8.8	13.6	14.1
RHODESIA ^G	1.1	0.9	0.9 ^D	...	...	...	1.1	0.8	0.8 ^D	...	0.1	0.1 ^D
SENEGAL	3.6	3.4	5.0	0.3	0.1	0.2	0.2	0.3	0.7	3.3	3.0	4.1
SIERRA LEONE	4.4	6.1	8.0	...	0.1	0.7	3.6	4.7	5.8	0.8	1.3	1.5
SOMALIA ^F	8.3	6.9	8.7	8.3	6.9	8.7	...	...	...	...	...	...
SUDAN	28.1	26.8	32.3	6.3	7.2	7.4	15.2	12.3	14.4	6.6	6.6	10.5
TANZANIA ^H	2.5	7.3	14.9	0.2	0.4	1.0	1.4	2.0	3.5	0.9	4.9	10.4
TOGO	1.8	2.0	2.8	0.7	0.8	0.7	0.5	0.5	0.7	0.6	0.6	1.3
TUNISIA	16.3	17.2	24.4	3.1	6.6	8.7	13.0	9.0	14.0	0.2	1.6	1.7
UGANDA	1.7	4.9	7.1	E	0.1	0.1	1.0	2.1	2.2	0.7	2.7	4.8
ZAMBIA	0.3	0.4	0.8	...	...	...	0.3	0.4	0.6	...	...	0.2

APPENDIX I—continued

AREA AND COUNTRY	TOTAL ^B			USSR			EASTERN EUROPE			COMMUNIST CHINA		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
EUROPE	105.3	115.7	100.8	3.7	20.2	6.2	35.6	59.4	52.4	0.4	1.9	3.8
PORTUGAL	9.8	15.1	12.9	...	...	...	9.6	11.9	12.5	0.2	0.2	0.2
SPAIN	95.5	100.6	87.9	3.7	20.2	6.2	26.0	47.5	39.9	0.2	1.7	3.6
FAR EAST	348.7	359.2	314.2	60.5	67.3	17.6	54.4	59.3	50.9	231.1	228.7	243.1
BURMA	47.4	45.9	26.5	6.4	5.3	5.2	9.3	12.9	8.6	31.7	27.7	12.7
CAMBODIA	19.7	29.7	31.3	1.8	2.9	2.4	6.2	10.7	8.4	10.4	14.1	18.7
INDONESIA ^G	163.2 ^D	149.4 ^D	79.1 ^D	47.1	54.4	4.8	26.8 ^D	24.5 ^D	22.1 ^D	89.3 ^D	70.5 ^D	51.7 ^D
MALAYSIA ^I	110.4	116.4	59.2	3.4	2.9	0	6.8	5.2	2.4	98.8	106.4	56.6
SARAWAK	...	10.0	14.6	...	...	...	...	0.1	...	...	9.9	14.6
SINGAPORE	...	...	94.0	...	...	2.8	...	...	2.4	...	...	88.8
TAIWAN	0.9	0.1	0.2	...	...	...	E	...	0.1	0.9	0.1	E
THAILAND	7.1	7.7	9.3	1.8	1.8	2.4	5.3	5.9	6.9	0	...	...
LATIN AMERICA	122.5	130.9	129.6	29.1	49.5	37.5	88.7	77.9	89.4	2.0	2.2	2.2
ARGENTINA	18.1	33.9	23.1	4.5	20.3	7.4	13.4	13.3	15.3	0.2	0.3	0.4
BARBADOS	0.3	0.3 ^D	...	...	...	...	0.3	0.3 ^D	...	...	...	...
BOLIVIA	1.6	2.0	2.1	...	...	...	1.6	2.0	2.1	...	...	E
BRAZIL	65.4	57.1	64.1	24.0	27.7	27.7	40.8	29.4	36.4	0.6	E	E
CHILE	2.1	2.1	3.7	...	...	...	2.0	1.4	3.5	...	0.1	0.2
COLOMBIA	8.5	10.3	12.3	...	0.3	1.1	8.5	10.0	11.2	...	...	...
COSTA RICA	0.2	...	0.3 ^D	...	...	...	0.2	...	0.3 ^D	...	...	...
ECUADOR	1.2	1.4	1.6 ^D	...	...	...	1.1	1.2	1.5 ^D	0.1	0.1	...
EL SALVADOR	0.6	0.3 ^D	0.3 ^D	...	...	...	0.5	0.2 ^D	0.2 ^D	0.1	0.1	0.1 ^D
GUYANA	2.1	2.5	2.1	...	...	...	1.2	1.6	1.2	0.6	0.9	0.9
HAITI	1.6	...	...	...	...	...	1.6	...	...	...	...	...
HONDURAS	1.8	1.5	1.1	...	...	...	1.8	1.5	1.1	E	...	...
JAMAICA	0.2	0.1	N.A.	...	...	...	0.2	0.1	N.A.	E	...	N.A.
MEXICO	4.3	5.8	4.2	0.3	0.8	0.7	4.0	4.9	3.5	E	0.1	E
PERU	1.6	2.1	3.1	...	...	...	1.6	2.1	3.1	E	...	E
SURINAM	...	...	...	...	...	...	...	...	...	E	...	...
TRINIDAD AND TOBAGO	0.6	0.7	0.4	...	...	...	0.6	0.7	...	...	...	...
URUGUAY	5.4	2.8	2.8	0.3	0.4	0.6	2.8	1.8	2.1	E	0.1	0.1
VENEZUELA	6.9	8.0	8.4	...	...	...	6.5	7.4	7.9	0.4	0.5	0.5

APPENDIX I—continued

AREA AND COUNTRY	TOTAL ^B			USSR			EASTERN EUROPE			COMMUNIST CHINA		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
NEAR EAST AND SOUTH ASIA	1,182.7	1,374.1	1,613.8	592.1	658.1	721.2	455.8	572.9	657.0	107.0	119.6	201.6
ADEN	9.4	6.8	5.7	...	...	...	8.3	5.0	4.3	1.1	1.8	1.4
AFGHANISTAN	51.9 ^D	58.2 ^D	79.8 ^D	47.4	51.6	73.3	4.5 ^D	6.6 ^D	6.5 ^D	...	...	...
CEYLON ^G	89.1	61.3	88.0	24.4	21.3	21.3	18.5	15.3	17.7	42.9	23.9	45.6
CYPRUS	5.4	8.7	8.3	1.3	3.4	3.3	4.1	5.3	5.0	...	...	...
GREECE	72.2	103.2	101.5	25.9	36.7	38.4	45.9	65.8	62.6	0.1	0.1	0.5
IRAN	47.5	41.6	75.2	21.8	15.3	31.0	21.6	25.0	28.8	0	...	11.2
IRAQ	84.1	114.5	101.1	31.0	29.6	35.9	32.0	60.5	42.2	14.6	16.9	21.2
INDIA	349.9	343.1	324.1	234.8	215.0	193.3	115.0	126.9	130.5	0.1	E	E
ISRAEL	16.4	16.3	16.9	...	...	...	16.4	16.3	16.9	E	E	E
JORDAN	15.4	18.9	21.1	1.6	2.9	3.7	11.6	11.2	10.5	2.2	3.7	5.6
KUWAIT	7.9	29.4	36.8	2.1	6.7	7.8	3.7	10.5	13.8	2.1	12.2	15.2
LEBANON	28.5	42.4	50.1	6.0	5.6	5.6	19.9	31.9	36.8	2.6	4.9	7.7
LIBYA	13.2	23.2	31.0	2.8	5.0	3.9	8.9	13.3	19.2	1.5	4.8	7.9
MALTA	4.1	4.3	5.2	...	...	...	3.8	3.8	4.5	0.3	0.4	0.7
NEPAL ^F	1.2	2.1	1.2	1.2	2.1	1.2	...	...	...	...	...	...
PAKISTAN ^G	36.7	49.5	88.4	11.0	13.2	39.0	9.2	17.4	20.3	16.3	18.4	28.5
SAUDI ARABIA ^H	0.7	3.6	2.9	0.7	3.6	2.9	...	...	...	...	...	...
SYRIA	45.4	42.4	86.8	12.2	12.7	22.7	23.0	19.7	45.1	5.4	5.8	15.7
TURKEY	43.9	57.7	85.7	9.9	16.7	27.4	34.0	41.0	58.2	...	...	0.1
UNITED ARAB REPUBLIC ^F	256.6	338.9	392.2	154.8	208.7	198.7	75.4	97.4	134.1	17.8	26.7	40.3
YEMEN ^F	3.2	8.0	11.8	3.2	8.0	11.8	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968), p. 16-19. Data for the U.S.S.R. are from official Soviet trade yearbooks. Data for other Communist countries are based on official trade statistics of the Free World country involved—that is, Communist exports indicated are the Free World trading partners' reported imports. In some cases where such data were not available, independent estimates were made. A leader entry (. . .) indicates that no figure for trade is known, although some trade may have taken place.

^bTotal figures include the following Communist exports, in million current U.S. dollars: Albania, 1964, 0.6, 1965, 2.2, 1966, 0.8; Cuba, 1964, 144.6, 1965, 95.1, 1966, 87.2; North Korea 1964, 0.7, 1965, 0.8, 1966, 3.4; North Vietnam, 1964, 3.1, 1965, 3.9, 1966, 2.7.

^cWith the exception of Soviet data, trade figures for 1966 are at an annual rate for January-June.

APPENDIX I—continued

^dData are estimated.

^eLess than \$50,000.

^fTotal includes Soviet trade figures only.

^gTrade figures for Communist China include Outer Mongolia's exports to Ceylon, Indonesia, Pakistan, and Senegal.

^hData are for Tanganyika only.

ⁱData for 1964 and 1965 include both Malaysia and Singapore. Data for 1966 are for Malaysia only.

Naval War College Review, Vol. 22 [1969], No. 6, Art. 8
APPENDIX II—COMMUNIST IMPORTS FROM SELECTED LESS DEVELOPED COUNTRIES, 1964-66^a (Million Current U.S. \$)

AREA AND COUNTRY	TOTAL ^B			USSR			EASTERN EUROPE			COMMUNIST CHINA		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
TOTAL	1,760.4	2,123.7	2,274.0	654.0	845.4	903.2	719.5	811.2	918.9	299.2	385.6	335.9
AFRICA	208.5	272.5	255.9	58.8	84.8	71.5	93.6	105.6	127.8	41.3	68.9	44.8
ALGERIA ^C	9.7	18.4	22.8	3.8	3.8	5.9	5.0	6.8	8.5	...	2.6	3.2
ANGOLA	0.6	1.4	1.8	...	...	...	0.4	1.4	1.8	0.2	E	...
CAMEROON ^F	1.3	0.4	1.5	0.1	0	0.4	0.6	0.4	1.1	0	...	...
CHAD	...	...	0.1	...	...	...	...	...	0.1	...	...	...
CONGO (B)	0.9	...	0.4	...	...	0.4	0.6	...	...	0.3	...	...
CONGO (K)	N.A.	N.A.	N.A.	...	...	...	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
DAHOMEY	...	E	E	...	...	...	...	E	...	...	...	...
ETHIOPIA	3.0	4.2	4.3	2.4	2.6	3.0	0.6	1.5	0.8	0	0.1	0.5
GABON	0.3	1.1	1.5 ^D	...	...	...	0.3	1.1	1.5 ^D	...	...	...
GHANA	33.9	56.9	47.7	20.7	30.7	24.2	10.4	20.5	18.3	2.8	5.7	5.2
GUINEA ^G	2.2	3.6	3.6	2.2	3.6	3.6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
IVORY COAST	3.4	8.3	2.6	0.9	5.1	...	2.5	3.2	2.6	...	...	E
KENYA	4.4	4.6	7.0	0.1	0.7	1.1	3.2	2.1	3.3	1.1	1.8	2.6
MALAGASY REPUBLIC	0.9	0.9	0.5	...	...	...	0.9	0.9	0.5	...	E	N.A.
MALI	7.5	2.6	1.6	3.7	2.6	1.6	1.2	E	...	2.0	E	E
MOROCCO	53.7	48.8	53.6	6.5	11.0	9.4	23.7	20.6	29.8	12.3	9.2	7.8
MOZAMBIQUE ^F	0.4	0.1	0.1	...	...	...	0.2	0.1	0.1	0.2	...	...
NIGER	...	...	...	...	...	...	...	...	...	...	...	...
NIGERIA	12.8	21.6	9.2	4.2	5.8	0.8	7.0	13.8	8.4	1.6	2.0	...
RHODESIA	2.6	5.3	5.3 ^D	...	...	...	2.6	5.3	5.3 ^D	...	E	...
SENEGAL ^H	1.9	0.7	0.8	0.3	0.6	0.8	0.1	0.1	E	...	...	...
SIERRA LEONE	0.3	N.A.	N.A.	...	...	...	0.3	N.A.	N.A.	...	N.A.	N.A.
SOMALIA ^E	E	...	...	E	0	0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
SUDAN ^F	24.2	40.1	33.0	5.0	12.4	7.3	14.3	12.3	14.5	4.9	15.4	11.2
TANZANIA ^I	11.2	14.8	15.8	2.0	1.7	1.8	2.7	1.0	4.5	6.5	12.1	9.5
TOGO	0.5	0.6	...	0.4	0.6	0	0.1	E	...	...	...	...
TUNISIA	10.3	11.0	14.1	2.2	3.6	3.8	7.8	4.9	9.5	0.3	2.5	0.8
UGANDA	11.1	21.6	12.6	...	0	0.3	2.0	4.1	8.9	9.1	17.5	3.4
ZAMBIA	11.4	5.5	16.0	4.3	...	7.1	7.1	5.5	8.3	...	...	0.6

APPENDIX II—continued

AREA AND COUNTRY	TOTAL ^B			USSR			EASTERN EUROPE			COMMUNIST CHINA		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
EUROPE	56.9	70.3	143.5	4.3	2.2	6.6	21.0	28.8	57.9	0.2	E	E
PORTUGAL	7.0	7.3	7.1	...	...	...	6.8	6.2	6.7	0.2	E	E
SPAIN	49.9	63.0	136.4	4.3	2.2	6.6	14.2	22.6	51.2	E	E	E
FAR EAST	253.9	285.8	297.9	117.8	160.1	157.3	55.0	49.0	58.0	75.4	71.2	77.9
BURMA ^F	45.7	33.9	21.8	20.3	13.6	0.3	8.7	2.9	4.4	16.7	17.4	17.1
CAMBODIA ^F	13.3	14.7	12.7	0.8	1.2	0.6	5.1	4.8	5.4	6.2	6.5	5.7
INDONESIA ^H	88.5	82.2	54.8	25.8	32.0	30.8	9.2	9.7	13.8	52.2	40.0	9.5
MALAYSIA ^J	105.3	150.6	165.1	70.9	112.7	125.6	30.9	27.8	18.3	0.3	7.3	21.2
SARAWAK	...	E	...	...	...	...	...	...	...	...	E	...
SINGAPORE	...	...	37.7 ^D	...	...	...	...	...	10.3 ^D	...	...	24.4 ^D
TAI WAN	...	E	E	...	...	...	...	E	E	...	...	...
THAILAND	1.1	4.4	5.8	E	0.6	0	1.1	3.8	5.8	0	...	...
LATIN AMERICA	324.5	391.7	439.1	63.0	108.5	159.7	153.0	186.2	187.7	92.0	96.2	86.7
ARGENTINA	159.8	186.5	247.7	19.9	72.0	107.3	45.9	30.7	55.1	91.7	83.7	84.0
BRAZIL	89.0	93.2	106.0	37.1	32.8	30.6	51.2	60.0	72.5	0.2	0.4	1.1
CHILE	2.7	7.3	5.1	...	...	...	2.0	0.9	3.9	0	6.4	1.2
COLOMBIA	8.0	11.8	18.4	...	0.4	2.3	8.0	10.8	16.1	0	...	...
ECUADOR	0.1	0.1	1.1 ^D	...	...	...	0.1	0.1	1.1 ^D	...	...	...
EL SALVADOR	0.7 ^D	3.8 ^D	0.2 ^D	...	...	...	0.6 ^D	1.5 ^D	0.1 ^D	0.1 ^D	2.3 ^D	0.1 ^D
GUYANA	4.0	0.2	...	...	...	...	E	0.2	...	...	...	...
JAMAICA	4.9	...	N.A.	2.9	...	...	2.0	...	N.A.	0	E	N.A.
MEXICO	22.4	61.5	18.8	2.1	0.3	10.3	17.7	58.6	8.0	0	2.5	E
PERU	12.7	17.6	21.2	...	...	...	12.6	16.9	21.2	E	0.7	E
URUGUAY	18.7	8.7	19.3	1.0	3.0	9.2	12.8	5.5	9.6	E	0.2	0.3
VENEZUELA	1.5	1.0	1.3	...	...	...	0.1	1.0	0.1	...	...	...

AREA AND COUNTRY	TOTAL ^B			USSR			EASTERN EUROPE			COMMUNIST CHINA		
	1964	1965	1966	1964	1965	1966	1964	1965	1966	1964	1965	1966
NEAR EAST AND SOUTH ASIA	916.6	1,103.4	1,137.6	410.1	489.8	508.1	396.9	441.6	487.5	90.3	149.3	126.5
ADEN ^E	0.1	0.1	0.1	...	...	...	E	...	E	E	0.1	E
AFGHANISTAN ^D	27.0	22.0	22.1	22.7	20.2	18.8	4.3 ^D	1.8	3.3 ^D	...	...	...
CEYLON ^H	59.3	70.0	70.1	22.9	19.1	17.3	10.7	14.8	14.9	25.6	36.1	37.2
CYPRUS	2.5	7.8	8.4	0.3	3.4	4.3	2.2	4.4	4.1	0	...	...
GREECE	65.1	76.4	99.7	24.6	28.4	29.7	40.5	48.0	64.5	E	E	E
IRAN	39.7	39.1	41.5	21.0	18.1	19.4	18.7	21.0	22.0	0	E	0.1
IRAQ	8.7	10.1	12.5	2.4	3.7	3.2	1.4	1.4	2.7	4.9	5.0	6.6
INDIA	275.3	302.7	303.8	155.9	188.2	191.1	118.5	110.4	112.7	E	E	E
ISRAEL	14.4	16.7	20.5	...	...	...	14.4	16.5	20.5	E	0.2	...
JORDAN	1.1	1.1	1.0	...	...	...	1.1	1.1	0.7	0	...	0.3
KUWAIT	...	E	0.1	...	...	...	...	E	E	E	E	0.1
LEBANON	7.5	6.5	8.3	5.3	2.4	3.8	2.2	3.7	4.5	...	0.4	E
LIBYA	0.6	0.4	0.2	0.6	0.4	0.2	E	E	E	0	...	...
MALTA	E	E	0.1	...	...	...	E	E	...	0	...	0.1
NEPAL	...	0.1	0.3	0	0.1	0.3	...	...	...	...	...	...
PAKISTAN ^H	30.3	67.6	80.2	2.7	3.9	29.3	8.8	12.0	20.4	14.8	43.4	30.2
SAUDI ARABIA	...	...	1.3	...	...	...	...	...	...	...	...	...
SYRIA	72.5	58.6	61.3	17.8	18.6	20.3	26.1	23.3	21.6	28.3	16.7	19.4
TURKEY	37.9	69.3	74.9	9.2	18.9	18.8	28.7	48.1	56.1	...	2.3	...
UAR	273.6	353.9	329.7	123.6	163.4	150.0	119.3	135.1	139.5	16.7	45.1	32.5
YEMEN	1.1	1.0	1.6	1.1	1.0	1.6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

^aU.S. Dept. of State, Bureau of Intelligence and Research, *Communist Governments and Developing Nations: Aid and Trade in 1967*, Research Memorandum RSE-120 (Washington: 14 August 1968), p. 20-23. Data for the U.S.S.R. are from official Soviet trade yearbook. Data for other Communist countries are based on official trade statistics of the Free World countries involved—that is, Communist imports indicated are the Free World trading partners' reported exports. In some cases where such data were not available, independent estimates were made. A leader entry (. . .) indicates that no figure for trade is known, although some trade may have taken place.

^bTotal figures include imports to Albania, Cuba, Mongolia, North Korea, and North Vietnam in million U.S. dollars as follows: Albania, 1964, 0.6, 1965, 0.4, 1966, 1.1; Cuba, 1964, 81.2, 1965, 74.2, 1966, 103.5; Mongolia, 1966, 0.1; North Korea, 1964, 2.1, 1965, 1.5, 1966, 8.4; North Vietnam, 1964, 3.8, 1965, 5.4, 1966, 2.9.

APPENDIX II—continued

^cWith the exception of Soviet data, trade figures for 1966 are at an annual rate for Algeria (January-June).

^dData are estimated.

^eLess than \$50,000.

^fWith the exception of Soviet data, trade figures for 1966 are at an annual rate for the following countries—Cambodia for January-November, Burma and Mozambique for January-October, Sudan for January-September, and Cameroon for January-June.

^gTotal includes Soviet trade figures only.

^hTrade figures for Communist China include Outer Mongolia's imports from Ceylon, Indonesia, Pakistan, and Senegal.

ⁱData are for Tanganyika only.

^jData for 1964 and 1965 include both Malaysia and Singapore. Data for 1966 are for Malaysia only.

APPENDIX III
 POST-WAR BUILDING FOR AMERICAN AND
 AFFILIATED INTERESTS IN OTHER COUNTRIES^a

JAPAN

TYPES	NO.	GROSS TONS	DEADWEIGHT	HORSEPOWER
TANKER (INCLUDING LPG)	244	8,297,442	13,934,856	4,346,845
BULK CARRIER	95	2,493,171	4,437,845	1,485,950
JUMBOIZING	80	1,312,904	2,324,475	...
CARGO	68	631,876	923,453	545,400
DREDGE	3	38,000	53,000	31,500
BARGE	23	67,098	115,700	...
OIL-WELL DRILL BARGE	6	22,340	33,000	37,800
ORE/OIL CARRIER	16	673,700	1,235,955	308,600
CAR FERRY	1	5,800	5,400	8,800
TUG, CREWBOAT	16	5,157	6,200	33,590
TOTAL	551	13,510,288	23,009,084	6,777,785

WEST GERMANY

TANKER	141	3,953,909	6,788,728	2,191,650
BULK CARRIER	27	531,800	719,400	238,000
JUMBOIZING	39	424,000	751,000	...
CARGO, CONTAINER	36	225,373	321,310	190,120
REEFER	3	11,031	10,290	10,860
CABLE SHIP	1	7,000	9,020	8,500
TUG	2	400	400	2,500
HYDROFOIL FERRY	2	170	200	6,550
TOTAL	251	5,245,683	8,600,348	2,678,180

UNITED KINGDOM

TANKER (INC. LPG, SULFUR)	94	2,073,271	3,396,102	1,087,945
BULK CARRIER	17	246,921	330,200	131,100
JUMBOIZING	2	24,500	42,500	...
REEFER	3	19,500	16,500	27,000
OIL-WELL DRILL BARGE	6	26,580	36,000	35,000
CARGO	28	182,567	271,500	144,900
OIL BARGE, TUG	15	4,664	6,650	13,300
DREDGE	1	400	800	3,000
TOTAL	166	2,578,403	4,100,252	1,442,315

SWEEDEN

TANKER (INCLUDING LPG)	67	2,415,721	3,951,480	1,201,030
BULK CARRIER	10	119,300	180,400	76,300
CARGO	5	20,250	30,830	26,400
TOTAL	82	2,555,301	4,162,710	1,303,730

FRANCE

TANKER (INCLUDING LPG)	41	1,166,390	1,878,526	680,055
BULK CARRIER	5	54,000	82,600	43,000
JUMBOIZING	3	41,200	64,000	...
OIL DRILL BARGE, ETC.	2	12,195	18,000	4,000
TOTAL	51	1,274,195	2,043,126	727,055

104 NAVAL WAR COLLEGE REVIEW

APPENDIX III--continued

HOLLAND

TYPES	NO.	GROSS TONS	DEADWEIGHT	HORSEPOWER
TANKER (INC. LPG, SULFUR)	62	1,267,030	2,091,100	711,185
BULK CARRIER	7	151,000	248,000	110,800
JUMBOIZING	7	56,595	102,100	...
BARGE	21	58,310	92,155	3,180
OIL-WELL DRILL BARGE . . .	2	5,500	9,000	15,000
TUG, TRAWLER, SUPPLY . . .	11	4,140	5,560	14,470
TOTAL	110	1,542,575	2,552,915	851,635

ITALY

TANKER (INC. LPG)	23	648,436	1,041,203	382,200
BULK CARRIER	5	55,925	92,930	40,000
JUMBOIZING	2	16,000	25,000	...
LAUNCH	7	105	140	3,920

BELGIUM

TANKER	20	294,717	451,588	188,650
JUMBOIZING	3	39,000	66,900	...
BULK CARRIER	1	12,000	33,000	6,370
OIL BARGE	2	300	700	...

SWITZERLAND

SUBMARINE	1	60	100	100
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CANADA

BULK CARRIER	7	120,000	177,700	61,100
TANKER	12	122,480	189,590	77,000
DREDGE, BARGE, TRAWLER . .	11	24,352	47,000	24,680
FERRY, SUPPLY BOAT	3	6,274	5,880	13,760
OIL-WELL DRILL BARGE . . .	1	2,000	4,000	6,000

SPAIN

JUMBOIZING	7	81,726	141,000	...
TANKER (INC. LPG)	3	116,800	191,500	56,400
BULK CARRIER	2	29,200	39,000	25,000
BARGE	4	10,800	24,500	...

ARGENTINA

TANKER	2	2,000	3,160	2,920
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DENMARK

TANKER	12	612,600	1,086,600	224,500
JUMBOIZING	2	24,000	46,000	...
BULK CARRIER	1	6,900	9,000	5,840

NORWAY

TANKER	3	52,800	88,000	27,400
JUMBOIZING, CONVERSION . .	6	61,160	111,800	...
BULK CARRIER	2	22,000	32,000	16,200
OIL-WELL DRILL BARGE, SURVEY BOAT	2	2,200	4,250	6,730

APPENDIX III--continued

TYPES	NO.	GROSS TONS	DEADWEIGHT	HORSEPOWER
LEBANON				
OIL BARGE	5	1,080	2,300	...
FINLAND				
CARGO	4	32,000	52,800	34,000
TANKER	1	2,600	4,000	1,000
NETHERLANDS ANTILLES				
BARGE	1	560	906	...
BRITISH GUIANA				
SALVAGE BARGE	1	600	1,000	...
YUGOSLAVIA				
BULK CARRIER	2	28,000	44,000	20,000
TAIWAN				
TANKER	2	43,000	72,000	40,920
GREECE				
JUMBOIZE TANKER	4	122,860	186,500	...
CARGO BARGE, TUG	2	1,500	2,400	1,530
HONG KONG				
BARGE, COASTAL TANKER	14	4,838	13,150	300
TUGBOAT	2	245	300	800
JUMBOIZE TANKER	1	2,000	3,000	...
GUNBOAT	1	400	600	...
EGYPT				
CARGO BOAT	1	250	500	200
TANKER	1	375	600	375
MALTA				
PIPELAYING BARGE	1	600	1,200	...
SINGAPORE				
OIL BARGE	1	700	1,400	...
AUSTRALIA				
OIL-WELL DRILLING BARGE	1	8,000	9,000	6,000
DECK BARGE, ETC.	7	3,670	4,250	9,400
GRAND TOTALS	1,414	29,158,307	48,438,261	14,629,470

^a"U.S. Orders Abroad," *Marine Engineering/Log*, 15 June 1968, p. 197-198.