



UNITED NATIONS

GENERAL
ASSEMBLY

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APR 22 1960



Distr.
GENERAL

A/4220/Add.5
15 April 1960

ENGLISH

ORIGINAL: TURKISH/RUSSIAN

Fourteenth session

ECONOMIC DEVELOPMENT OF UNDER-DEVELOPED COUNTRIES

Report by the Secretary-General on measures taken by the
Governments of Member States to further the economic
development of under-developed countries in accordance
with General Assembly resolution 1316 (XIII)

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TURKEY

(Report transmitted with letter
dated 8 December 1959)

[Original: Turkish]

Problems of Turkish Economic and Social Development

General considerations

The large-scale and unremitting efforts that Turkey, which until recently bore the aspect of a backward country, has been making in every sphere to further its economic and social development have begun to bear fruit in the last few years.

In striving for economic and social development, Turkey has had to face many difficult problems. The country's general cultural level was low and the percentage of illiteracy, high. The economy was backward in almost every sphere and was hampered by inefficient production methods. Although three quarters of the population was dependent upon agriculture for a livelihood, agricultural production was at a low level. Turkish industry was limited to a few sectors and heavy industry was almost non-existent, so that many manufactured goods had to be imported. Infrastructural investment was extremely limited and there was insufficient capital accumulation to permit substantial investment by private enterprise, with the result that large-scale undertakings and investment were restricted to entities set up by the State. The country's social, cultural and health institutions were quite inadequate for the population's needs. The national income, which was low in any case, failed to keep pace with the 3 per cent annual population increase and, in addition, the country was saddled with a heavy defence burden.

The Turkish Government has come to grips with these problems and has been making intensive efforts to promote the country's rapid economic and social development. Considerable progress has already been made in this direction. In the first place, a large-scale infrastructural investment programme has been launched and in recent years the national budget has included large appropriations for this purpose. Dams, power plants, ports and port installations, roads and railways, irrigation works, schools, hospitals and other needed health, social and cultural undertakings have been built. Large sums have been invested in industry and agriculture both by the State and by private enterprise, and a large

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number of factories, plants and agricultural, commercial and industrial undertakings have been set up. The improvements in the country's infrastructure achieved by these investments have resulted in a greatly increased production capacity and, indeed, both production and consumption have increased in almost every sphere. Agricultural production has increased several times and over-all industrial production, food manufacturing and ore extraction have registered increases of more than 200 per cent over the past ten years. This increase in production has been accompanied by an expansion of commercial activity. The volume of internal and external trade has increased: total imports and exports rose from \$549 million in 1950 to \$928 million in 1953; internal trade also reached an unprecedented level.

Friendly countries, particularly the United States of America, and international organizations have contributed greatly to Turkish economic and social development by economic and technical assistance. Turkey has continued its participation in international organizations, making a positive contribution to their programmes, supporting all political and economic activities based on co-operation among the countries of the free world, discharging its own responsibilities and supporting the trend towards closer co-ordination of these activities.

A number of difficulties were encountered in the implementation of the economic and social development programme, mainly in connexion with the regulation of exports and imports.

Owing to its large-scale investments, a rapidly developing country's imports naturally tend to exceed its exports, thereby upsetting its balance of trade. It was therefore necessary for Turkey to restrict imports to goods essential to the country's economic and social development. This resulted in a shortage of imported consumer goods. These restrictions caused a decrease in the volume of foreign trade and there were some delays in the transfer of funds for the payment of Turkey's commercial debts. In 1958 the total value of foreign trade dropped to \$US562 million. However, the embargo on imports of certain consumer goods stimulated the domestic production of those goods, thereby contributing to the country's industrial development.

In view of restrictions on imports involving the use of free currency, import needs were met partly by credit arrangements and partly by clearing

arrangements, with a consequent increase in trade under bilateral agreements. At the same time, the national economy was exposed to inflationary trends resulting from the drive for rapid economic development, the large-scale State investment in the infrastructure, the difficulty experienced by private enterprise in obtaining credit, owing to its lack of accumulated capital, the continuing burden of large budgetary appropriations for non-productive services such as national defence, the strain imposed on State economic organizations and semi-public undertakings by the extensive investment programme, and the inability of the national income to keep pace with consumer and investment needs.

In order to overcome the difficulties arising from these inflationary trends and to ensure the continued development of the national economy on a sound basis, a new economic stabilization and development plan was brought into effect in August 1958, after consultation with the Office of European Economic Co-operation (OEEC) and the International Monetary Fund.

The basic objectives of this plan are:

- (a) To ensure stability in economic activities;
- (b) To increase the supply of goods and services;
- (c) To direct investments into the desired channels.

To attain these objectives, it was decided: to balance the general and annexed budgets, and, where actual income and expenditure exceeded estimates, to increase taxation or curtail expenditure in order to avoid recourse to the Central Bank; to abolish export subsidies and to replace the subsidy system by a simpler, uniform exchange premium system; where State undertakings operated at a loss, to raise prices to the extent necessary to bring their current earnings up to a level ensuring some degree of self-sufficiency (and some provision for normal depreciation); to adopt a policy whereby investments by State undertakings were financed only by non-inflationary methods; to ensure that the expenditure and investments of municipalities were covered by allocations from the national budget and by their own ordinary and extraordinary revenue, including any loans they might be able to obtain from banks other than the Central Bank; to impose a ceiling of £T400 million on applications by the Government to the Central Bank for credit up to the end of 1958; and, in order to combat inflationary tendencies in the private sector, to establish an adequate system of bank inspection and to impose a credit ceiling on commercial banks.

The Government also introduced a global quota system for imports to ensure the optimum use of the available foreign exchange. An economic co-ordination board was set up to study requirements in both the public and private sectors for raw materials, spare parts and current operational supplies, to determine the total sums to be allocated for investment in these sectors, to assess and approve these requirements in a systematic manner and to make the necessary appropriations.

In order to ensure the successful application of this programme, OEEC member countries and the United States of America provided assistance in the amount of \$359 million. In this connexion, steps were taken to consolidate Turkey's accumulated commercial debts and, after negotiations with the countries concerned, separate bilateral agreements were concluded providing for the regular amortization of the debts over a period of years through the application of a portion of Turkish exports for that purpose.

The favourable effects of the stabilization programme introduced on 4 August 1958 are now beginning to make themselves felt. Substantial progress has been made towards fiscal stability. This has been particularly evident in recent months, during which the upward trend of prices has levelled off and signs of stabilization can be seen. The downward trend of exports has been arrested, and the large volume of imports has fully covered current needs. These favourable developments have permitted a further advance in the form of the liberalization of imports of certain commodities. The value of the Turkish currency has increased considerably and the national budget has now been balanced. Operating deficits of State undertakings have been eliminated by adjustments in pricing, the prices of their manufactures being raised where necessary. Loan applications to the Central Bank from the public sector have been entirely excluded. The credit ceiling imposed on commercial banks has prevented recourse to inflationary methods of financing economic activity in the private sector. Under the new exchange system, it has been possible to bring the export prices of Turkish goods into line with world market prices, with the result that the world market is now accessible to Turkish goods. Turkish exports, which had dropped to \$247 million in 1958, have increased considerably under the new programme. It is now expected that exports in 1959, which were forecast at \$350 million in

January 1959, may amount to \$372 million. Imports, for which the sum of \$550 million has been allocated in 1959, are continuing at a steady rate. The progress made under the stabilization programme is opening the way to a system of unrestricted imports. A number of commodities have already been decontrolled.

In addition to the economic stabilization programme, investment in various fields is essential to ensure the country's continued economic development. Work has begun on the preparation of a ten-year investment programme for the private and public sectors. Under this programme, a three-year programme covering the investments and activities required in the initial phase has been drawn up. The success of both programmes will depend in large measure upon foreign aid and investment. Attention has already been turned to the question of sources for financing that part of the programme which necessitates the expenditure of foreign exchange. The implementation of the investment programmes will result in an important increase in Turkey's agricultural and industrial production, with an attendant increase in exports and foreign exchange income, so that the country's domestic consumer needs will be covered more adequately. Thus, increased exports and the consequent increase in the national income will make it possible to meet the needs of the growing population and to ensure a steady rise in the level of living.

Another fact which must be mentioned in this connexion is Turkey's decision to join the Common Market, for membership in which it has recently applied. Its application was favourably received by the member States, and consultations have begun regarding the conditions of Turkey's participation. This step will undoubtedly mark a new phase in the country's social and economic development.

The present report provides pertinent information on the measures taken in recent years to ensure Turkey's economic and social development and the progress made towards that goal, including progress in social and cultural affairs, health, industry, trade, labour, the tourist trade, public works, reconstruction and town planning and other fields, as well as Turkey's participation in international organizations and the work accomplished in the above-mentioned spheres with international assistance.

/Note by the Secretary-General: In addition to the above general statement, the reply deals with various aspects of the Turkish economy, as set forth below.

1. Agriculture

As a large part of Turkey's population is engaged in agriculture and its national income and foreign trade are mainly based on agricultural products, it is considered an agricultural country. Present economic and social progress is therefore closely dependent upon developments in agriculture.

With the advances made on all fronts by Turkey's rapidly growing population, great changes have taken place in the pattern of food consumption, thus enabling the farm population to share in the greater prosperity and the higher standard of living.

The major tasks of the Ministry of Agriculture, which closely follows these developments, are to satisfy the food requirements of the country's ever-growing population and to draw up plans and programmes to increase the quantity and value of the agricultural exports so as to enable the country to import the goods required for its economic development.

Agricultural policy therefore has two fundamental objectives, namely:

- (a) To increase productivity in order to ensure that the changing and expanding demand for agricultural products due to the continuous population increase and the rising standard of living can be covered by domestic production;
- (b) To adjust the output of agricultural products sold on the world market to the existing demand so that the optimum level may be reached and the country can thus acquire the foreign exchange needed for its general economic development.

The following activities, which have a bearing on some of the country's major agricultural development problems, are being given special attention with a view to increasing productivity, raising and improving agricultural output and lowering the cost of agricultural products: (a) research; (b) education and training of the farm population; (c) provision of the installations, implements, machinery, equipment and credits required for agriculture; (d) agricultural pest control measures which the farmers are not at present

in a position to undertake themselves; (e) soil conservation and land improvement programmes; (f) development of water resources and introduction in irrigated areas of a system of supervised farming which will help to develop the country's economy; (g) use in dry farming of improved and disinfected seed, fertilizers, suitable equipment and effective systems of rotation; (h) rapid improvement of pasture and production of other forms of fodder so that a balance can be established between stock-raising and cropping.

Attention is also being given to the marketing of agricultural products, with particular reference to the difficulties encountered in exporting products which are potentially valuable in foreign trade, the requirements of the buying countries with regard to quality, packing, etc., and future market trends.

Between 1950 and 1958, Turkey's efforts were concentrated primarily on increasing the area under cultivation with a view to raising agricultural output. Thus, the total area of cultivated land rose from 14,542,000 hectares in 1950 to 22,765,000 hectares in 1958. As possibilities of further extending the area under cultivation are, however, extremely limited, it will henceforth be necessary, as indicated above, to concentrate on measures designed to increase productivity.

[The reply goes on to deal with the course of agricultural investment between 1950 and 1958; cotton - production, exports and research; soil conservation and irrigation; pest control; State plant and animal breeding stations; dairying and animal husbandry; the supply of agricultural equipment; and developments in the field of forestry.]

2. Industry, mining and power

The progress made by Turkey in industry, mining and power production between 1949 and the end of 1957 may be seen from the results of the industrial census taken at the beginning of 1958. The census showed the following increases (1949 = 100):

Number of businesses	317
Number of workers	261
Investments	588
Production capacity	592
Actual production	512

[The reply then provides some detail under each of these heads.]

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3. Public works

A large number of dams have been built with a view to developing the country's all-important agricultural sector by harnessing water resources for irrigation, flood prevention and electric power production, sufficient to cover domestic requirements.

In the period from 1950 to 1959, the sum of £Tl,563 million was spent on the development of water resources.

	Resultant expansion (1950 = 100)	
	1950 to 1959	After completion of projects now under way
Irrigation network	150	463
Area made irrigable	1,050	1,750 (349,225 hectares)
Area protected from flooding	500	664 (375,665 hectares)
Towns and villages protected from flooding	750	763 (206)
Area of swamp drained	300	380 (67,455 hectares)

The output of electric power has also greatly increased. Whereas the total power capacity of all the power stations existing in 1950 was 382,000 kilowatts and their kilowatt-hour capacity 737 million per year, the corresponding figures today are 1,430,000 kilowatts and 3,610 million kilowatt-hours per year. With the completion of the hydroelectric stations now under construction, power production will increase fivefold and the country will derive 50 per cent of its electric power from its water resources.

[The reply gives details of the dams that have been constructed and then discusses development of water resources, and coal and petroleum resources, mining and electric power.]

4. Communications

The intensive development taking place in all fields in Turkey today makes it imperative that the road and railway system should likewise be expanded. Between 1950 and 1958, the total length of all-weather roadway was increased from 17,465 to 39,700 km, asphalt roads were greatly improved and their total length increased from 1,624 to 6,000 km, and the length of roadway under constant inspection rose from 19,166 to 45,760 km. Before 1950 there were only 289 bridges

having a length of more than six metres; since that date, the expansion of 1,270 bridges has been undertaken, and the work on 939 of them has been completed.

A large-scale programme to increase the total length of roadway in proportion to the total area of the country, and to improve the quality of existing roads, is being carried out.

[The reply gives details of highway development, describing activities and investments made during the period 1950-1958 as well as the objectives of a three-year investment programme currently under way. It also discusses the development of railways, ports and harbours, airports and the merchant marine.]

5. Reconstruction and town planning

Turkey today is engaged in an intensive effort to cure its economic ills and develop its infrastructure. The nation is devoting all its energies to the task of building up a prosperous and flourishing country which will be equal to the demands of the modern age. As a necessary complement to its manifold economic development activities, it intends to renovate its entire housing inventory. The Ministry of Reconstruction and Town Planning was established on 9 May 1958 with a view to concentrating all building and housing activities, including internal resettlement, under one authority.

[The reply goes on to give details of the activities of the General Directorate of Planning and Reconstruction, the General Directorate of Housing, the General Directorate of Building Materials, the General Directorate of Land and Resettlement, the Real Property and Mortgages Bank and the Provincial Bank.]

6. Foreign trade

The year 1958 marked the beginning of a stabilization programme carried out with foreign aid and loans from the International Monetary Fund, OEEC and the Government of the United States of America.

This programme, which includes economic, fiscal, credit and investment measures, is also concerned with foreign trade: in addition to securing credit from the sources mentioned above, it has instituted a new foreign trade regime based on new principles.

[After a review of the various measures constituting the 1958 stabilization programme, the reply concludes this section as follows:]

It may be useful to review briefly the efforts made to attract foreign capital in order to enable the country to develop certain of its economic resources for the exploitation of which insufficient domestic capital is available.

The legislation concerning the investment of foreign capital which was enacted in 1951 was highly restrictive, despite a number of subsequent amendments, and did not permit investors to obtain the desired return on their investments. For example, it limited the investment of foreign capital to industry, power, mining, public works, communications and the tourist trade, made no provision for assistance to agricultural enterprises other than through loans, limited to a maximum of 10 per cent transfers of profits, interest and dividends on invested capital, and allowed transfers of capital and equipment to be made only after three and five years, respectively. A new Foreign Capital Investment Act was therefore enacted in 1954 which lifted all these restrictions and gave foreign investors much greater freedom with respect to transfers of capital and profits.

Investment applications are examined by the Capital Investment Promotion Committee set up under this Act, and applicants who are found acceptable are granted capital investment guarantees.

The requirements for acceptance of an application are as follows: the investment must be in a field which is open to Turkish private enterprise; it must not require the granting of a monopoly or special concession; it must contribute to the development of the national economy.

Enterprises regarded as meeting the last of these requirements are those which will enable the country to develop resources for the exploitation of which insufficient domestic capital is available, those which will stimulate domestic manufactures and exports and those which will help to raise the national level of living.

A committee composed of three Ministers has the power to oppose the decisions of the Capital Investment Promotion Committee.

The applications accepted for the establishment of enterprises of various kinds or for partnership arrangements with existing industrial enterprises represent a total investment of £T408 million. Applications representing a total investment of £T25 million are now under consideration.

The foreign capital which will be brought into Turkey will be invested in foodstuffs, textiles, paper, rubber, chemicals, cement, metalwares, agricultural machinery and a number of other industries. These include industrial enterprises which will help to meet the country's most urgent needs, such as factories producing tyres, motors, tractors, drugs, electrodes, paint, artificial fertilizers, caustic soda and canned foods.

This capital is being brought into the country in the form of money, equipment, intangible assets (copyrights, patents, etc.) and services.

The domestic counterpart investment to the foreign investment of £T408 million referred to above is £T413 million.

The countries from which investment applications have been received are headed by the United States of America and include, among others, Switzerland, Italy, the Federal Republic of Germany, the Netherlands, Belgium, Denmark, the United Kingdom and France.

The volume of trade, i.e. of operations between production and consumption or export, has greatly expanded in recent years and commercial investments have been steadily increasing.

Turkey's economic and trade policy, which is aimed at raising the national level of living by exploiting the country's natural resources, encouraging the development of agriculture and industry and increasing the national income, is continuing to evolve.

7. Tourism

Turkey's natural beauties, pleasant climate and historical treasures make it an ideal country for tourism and a paradise for the tourist.

One of the objectives of the reconstruction and development activities undertaken by the Government is to present these attractions to the tourist in the most effective way. Government investments in this field have, indeed, already begun to produce positive results, for the number of tourists visiting Turkey has risen from 28,625 in 1950 to 100,803 in 1957 and 114,744 in 1958, representing a 300 per cent increase for the eight-year period.

The tourist trade will not only help to provide the foreign exchange needed for the country's economic development, but by opening up new avenues of

employment and promoting the development of small industries and cottage industries it will also help to increase the national income.

[The reply goes on to review the results of Act No. 6086 of 1953, "Promotion of the Tourist Trade" and the activities of the Ministry of Tourism.]

8. Social policy

Many new social problems have arisen as a natural and inevitable result of the economic and industrial development policy which the Government has been following in recent years, and appropriate new measures to solve them are being adopted. The most important of these measures may be briefly summarized under the three following heads: (a) measures to improve the working and living conditions of workers; (b) social security measures; (c) employment services.

[The reply gives details of recent activities in each of these fields.]

9. Health

[The reply describes the activities of the Ministry of Health and Social Welfare in the control of communicable diseases, tuberculosis, trachoma, syphilis, leprosy and malaria. It also describes work in the field of maternal and child health, the production of sera, the laboratory work of the Institute of Hygiene, and education in public health. The reply then discusses the Ministry's activities and programme in curative medicine and the provision of institutional services.]

[Among the programmes in which international co-operation and assistance have been particularly important, the reply cites those concerned with tuberculosis, malaria and trachoma control, and efforts to reduce child mortality.]

In 1948-1953, BCG vaccine was used to a limited extent in some provinces. At the beginning of 1953, the first mass BCG vaccination campaign on a country-wide scale was initiated in accordance with a special agreement between the Turkish Government, the World Health Organization and the United Nations Children's Fund, UNICEF undertaking to increase the equipment, transport facilities and staff which it was providing. In the course of this campaign, which was completed by the beginning of May 1959, 20,229,018 persons were examined for tuberculosis and the 7,722,613 persons who required it were inoculated with BCG vaccine. The second mass BCG vaccination campaign was launched in May 1959.

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Under the agreement about to be concluded between the Turkish Government, WHO and UNICEF, a pilot project to bring facilities for early diagnosis and treatment to the villages will be instituted in one province in 1960 and will subsequently be duplicated throughout the country. The staff to be employed on this project have been required to take a course of training at Copenhagen. A microfilm course is also to be organized for this purpose.

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In 1957 a Trachoma Control Agreement was concluded between WHO, UNICEF and the Turkish Government for the purpose of eradicating trachoma in Turkey and a new control plan drawn up jointly by the three parties to the Agreement was put into effect. This plan, which is now being applied in four provinces, will be extended year by year to other provinces until it covers all the nineteen provinces comprising the Trachoma Control Zone.

..... A new five-year programme to eradicate malaria in Turkey has been drawn up in conjunction with WHO and UNICEF on the basis of the work done during 1957-1958 [which succeeded in reducing the incidence of the disease to 0.7 per cent]. ... Under a plan of action which has been drawn up for the implementation of the joint WHO-UNICEF-Turkish Government programme, the existing malaria eradication organization will be extended to cover the whole country; WHO will provide technical assistance and UNICEF will give aid in the form of insecticides, anti-malaria drugs and motor transport.

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An agreement on maternal and child health services was concluded between WHO, UNICEF and the Turkish Government in 1952. In 1953 a Maternal and Child Health Demonstration and Training Centre was opened at Ankara. The maternal and child health centres opened in various provinces and districts between 1953 and the end of 1959 will total twenty-one, while the number of rural health stations opened by that date will total 110.

10. Education

[The reply gives details of the Turkish educational organization, including: child welfare and feeding and primary schools; secondary, normal and vocational and higher education; and libraries, fine arts and museums. The results of recent progress are summarized as follows:]

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Turkish education has made broad advances in every field during the past decade, although the Government has many difficulties to overcome in providing the necessary teaching staff and school buildings to satisfy the nation's great thirst for education. These difficulties have been partly overcome by the substantial increase in the budget of the Ministry of Education in recent years, but there is still a serious shortage of teachers, particularly in the sciences. The Ministry of Education has established a school for secondary school teachers at Ankara, but it will be four years before the first students graduate. The Ministry of Education has increased the number of normal schools for primary school teachers to fifty-two and the number of students attending them to 20,000. The new budget includes large appropriations for the construction of schools, particularly in rural districts. Modern school construction, however, requires time and large investment, but the Government is making every effort to extend its activities in that field. It is hoped that the report of the National Committee which has recently been studying educational systems throughout the world with the assistance of the Ford Foundation will lead to further advances in Turkish education.

UNION OF SOVIET SOCIALIST REPUBLICS

(Memorandum transmitted with
letter dated 15 January 1960)

[Original: Russian]

Economic and Technical Co-operation between the Soviet Union
and the Economically Under-Developed Countries

The Soviet Union extends economic and technical assistance to the under-developed countries in a sincere desire to aid their peoples in establishing a modern national industry and in developing agriculture and other sectors of the economy. These countries may stand solidly on their own feet, strengthen their national independence and raise their people's levels of living.

The Soviet Union co-operates with economically under-developed countries both on the basis of bilateral inter-governmental agreements on economic and technical assistance and through the technical assistance programmes of the United Nations.

At the present time, the Soviet Union is a party to agreements of this nature with the Governments of India, the United Arab Republic, Iraq, Afghanistan, Egypt, Iran, Jordan, Nepal, Yemen, Ethiopia and the Republic of Guinea. These countries are taking part in the construction of more than 250 industrial enterprises and other projects and in geological prospecting and other activities.

The characteristic feature of Soviet assistance is that it aims primarily at the establishment of industry and of other vital sectors of the economy and at the development of a diversified national economy and at the preservation of economic independence.

The Soviet Union provides assistance on a bilateral basis in the following fields: by conducting research and planning operations; by supplying machinery, equipment and certain types of materials; and by dispatching Soviet specialists (1) to provide technical assistance in selecting construction sites, in surveying and in gathering preliminary planning data, in the construction of industrial enterprises and other projects, and in installing and adjusting machinery and equipment and putting it into operation, and (2) to conduct geological prospecting and to dispatch Soviet personnel for work in projects being constructed with Soviet aid.

The Soviet Union provides extensive assistance in the training of specialists for various sectors of the national economy of the economically less developed countries by accepting them for training at Soviet higher educational establishments, scientific research institutes and other organizations and institutions and at Soviet construction projects and enterprises.

To cover the expenses incurred by Soviet organizations in furnishing assistance, the Soviet Union grants long-term loans on favourable terms to the Governments of under-developed countries. Soviet loans generally bear interest at the rate of 2.5 per cent per annum and are repayable over a period of twelve years. In many cases, repayment of a Soviet loan begins a year after delivery of the equipment for a given project has been completed, i.e. after the project has already gone into operation. Provision is made for loans to be repaid primarily in locally produced goods which the country in question normally exports or, if the Government of the country so desires, in a freely convertible currency.

A special feature of Soviet loans is that, under the loan agreements, they may be spent only on planning and research work and on machinery, equipment and certain materials. The Governments of countries receiving Soviet economic and technical assistance employ their own resources for construction and installation work, including the provision of manpower, water, electric power and locally obtainable materials for projects under construction; they also meet the expenses in local currency of Soviet experts who are sent to provide assistance. This system of financing ensures the widest possible utilization of local resources or materials and manpower and the most economically effective use of the Soviet credits. The execution of construction and installation work by local organizations, operating on a contract basis in consultation with Soviet experts, facilitates the training of local personnel for industrial and other types of construction and produces the most favourable possible conditions for passing on Soviet technical experience. Designs and technical documents relating to machinery, equipment and technological processes are furnished free of charge, apart from the actual cost of their preparation and transmission.

In addition to granting loans, the Soviet Union provides free assistance to a number of countries. For example, India is being aided without charge in

organizing and equipping a farm and repair shop and is being provided with free school equipment; Iraq is receiving school equipment and its population is being given medical care; Nepal is receiving assistance in the construction of a hydroelectric station, a sugar refinery, a cigarette factory, a hospital and other projects; Cambodia is being aided in the construction of a hospital and polyclinic; Burma is being supplied with equipment for laboratories at Rangoon University, etc.

The following facts illustrate the economic and technical assistance which the Soviet Union is providing to various economically under-developed countries in the construction of industrial enterprises and other projects and in connexion with various other activities:

India is being aided by the Soviet Union, under existing agreements, in the construction of the following projects:

- A metallurgical plant at Bhilai with an annual output of 1 million tons of steel, which is already producing pig-iron and steel;
- A heavy machine-building plant with an initial annual output of 45,000 tons of machinery;
- A mining-equipment plant with an annual output of up to 30,000 tons of machinery;
- An optical-glass factory with an annual output of 200 to 250 tons of eye-glass lenses and other optical glass;
- A thermo-electric station, operating on lignite, with an output of 250,000 kilowatts;
- Enterprises in the Korba coal-fields which will extract and process 2.5 million tons of coal a year, and a central repair shop for coal-mining equipment;
- State enterprises for the manufacture of medicines, medical preparations and surgical instruments;
- An oil refinery capable of processing 2 million tons of oil a year.

In addition, India is being assisted in geological prospecting and drilling operations for petroleum and gas and in organizing an institute of technology at Bombay; it has also received free assistance, in the form of agricultural

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machinery and equipment from the Soviet Union, in setting up a mechanized farm in the Suratgarh region.

By the end of the second five-year plan, the output of the Bhilai metallurgical plant will account for one third of the steel produced in the public sector, and 17 per cent of total national production. Under the third Indian five-year plan, an expansion of the plant's output to 2.5 million tons of steel is envisaged. In February 1959, the first of three projected blast furnaces went into operation at Bhilai and the first pig-iron was produced. The planned output of the furnace has already been exceeded. In October 1959, an open-hearth furnace with a capacity of 250 tons produced its first steel. In November, the operational testing of a blooming mill was begun. Work is proceeding on the other units and shops in accordance with the schedule agreed upon with India.

The heavy machine building and mining-equipment plants will be the first such enterprises in India. An idea of their annual volume of production is conveyed by the fact that, once they reach full capacity, they will be able to supply, each year, basic equipment for one metallurgical plant with an output of 1 million tons of steel and for twenty new mines.

The coal-mining enterprises will provide approximately 20 per cent of the increase in coal output envisaged for the public sector under the second five-year plan.

The construction of plants manufacturing medical products will, to a large extent, relieve India of the necessity of importing expensive drugs.

In September 1959, the Soviet Government concluded an agreement with the Indian Government for a new loan of 1,500 million roubles, which will be used for the construction of industrial plants and other projects provided for in India's third five-year plan (1961-1965).

In the United Arab Republic, Soviet organizations are helping in the construction or expansion of approximately 100 projects in all, including six ferrous and non-ferrous metallurgical plants, six machine-building plants, twelve petrochemical plants (including a coal-tar chemical plant, two pharmaceutical plants and a nitrogen-fertilizer plant), a shipyard, three enterprises connected with the food industry, a 650-kilometre railway line, and irrigation systems; they are also helping to conduct geological prospecting, to establish a nuclear physics laboratory and to install an atomic reactor.

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The Soviet Union is also aiding the United Arab Republic in the construction of the first stage of the Aswan High Dam and in establishing centres for the technical training of workers. Construction of the Aswan High Dam will make it possible to increase the area of irrigated land in Egypt by 520,000 hectares and to convert some 300,000 hectares from basin irrigation to year-round irrigation.

When the construction of a number of irrigation systems with Soviet aid has been completed, the area of irrigated land in the Syrian Region of the United Arab Republic will increase by 150,000-200,000 hectares. (At the present time, 600,000-700,000 hectares of Syrian land are irrigated.)

In Afghanistan, sixteen projects of various kinds have been built and put into operation with the aid of the Soviet Union. These include: a modern bakery combine at Kabul, comprising a grain elevator, a flour mill and a bakery; an asphalt-concrete plant; nine petroleum storage plants with a total capacity of 8,000 cubic metres; a large 120-metre-long bridge across the Khanabad River for motor and cart transport; a grain elevator at Pul-i-Khomri; and the first stage of the port at Kizil Kala.

At the present time, Soviet organizations are aiding in the construction of two hydroelectric stations, with outputs of 60,000 and 9,600 kilowatts; an automotive repair plant at Kabul, which is to include a repair shop capable of handling 1,000 motor vehicles a year, a shop for the manufacture of automotive spare parts and other equipment, and a foundry; a motor road through the Hindu Kush mountain range and a road from Kushka to Kandahar, 750 kilometres in length; the Jalalabad irrigation canal, the largest in Afghanistan; a physical chemistry laboratory, and other projects.

Soviet experts are providing technical aid in geological exploration, prospecting and aerial photographic surveys for petroleum in the northern areas of Afghanistan, in planning measures to expand the mining of lazurite and iron ore, in highway reconstruction, and in the repair of motor vehicles and road equipment. They are also giving advice on matters relating to irrigation, the raising of agricultural productivity, etc.

The extent of Soviet economic and technical assistance to Afghanistan is shown by the fact that approximately 70 per cent of the expenditure in foreign

currency provided for by Afghanistan's five-year plan of economic development is covered by credits and free assistance from the Soviet Union.

The automotive repair plant at Kabul will be the largest industrial plant in the country and, according to the King, will be "the heart of Afghanistan's nascent industry". In addition to repairing motor vehicles, tractors, other machinery and various types of equipment, the plant will produce spare parts and a wide range of metal products which at present are imported from abroad.

The opening of the bridge across the Khanabad River and of the motor road through the Hindu Kush range will make it possible to reduce the cost of transporting goods and passengers from Kabul to Kizil Kala by over 50 per cent.

The hydroelectric station being constructed at Naghlu with the help of Soviet organizations will have the highest output of any hydroelectric station in Afghanistan and will largely meet the country's electric power needs.

The Jalalabad irrigation canal will result in bringing an additional 26,000 hectares under irrigation.

Iraq: Under the terms of the agreement on economic and technical co-operation between the Soviet Union and the Republic of Iraq, the Soviet Union is providing Iraq with technical assistance in the construction of more than fifty projects, including a metallurgical reduction plant with an annual output of 60,000 tons of rolled steel, a nitrogen-fertilizer plant with an annual output of 60,000 tons of ammonia, a sulphur and sulphuric acid plant, a plant which will produce antibiotics and pharmaceuticals, a plant for the manufacture of agricultural machinery, implements and spare parts, an electric light bulb factory, and a glass factory. Soviet organizations are also helping Iraq to establish four State farms which will grow sugar beets, cotton, grain crops and rice.

In addition to the assistance provided for in the above-mentioned agreement, Iraq is receiving aid in the field of public health and in the training of medical personnel. A medical school is being established in the country with Soviet aid. Soviet organizations are also to aid in conducting exploratory work in connexion with irrigation, in determining the country's usable mineral resources and in planning several railway lines.

Indonesia: Under the terms of the existing Soviet-Indonesian general agreement on economic and technical co-operation, Soviet organizations are to aid Indonesian organizations in the construction of two metallurgical plants with an

annual output of 50,000 tons of steel each, a superphosphate plant with an annual output of up to 100,000 tons, and 662 kilometres of motor highway on the island of Kalimantan (Borneo); they are also to help in organizing two mechanized rice farms of 10,000 hectares each.

In addition, the Soviet Union is to supply equipment for a purification plant at a sulphur mine and is to provide technical assistance in prospecting for sulphur and phosphates.

Under an agreement with the Indonesian Government, the Soviet Government is to aid in the construction of a 100,000-seat stadium at Jakarta and in organizing a school of technology at Amboina; an additional loan has been granted for this purpose.

Ceylon is being aided with construction projects and other work of primary importance in laying the foundations for an independent national economy. In particular, it is receiving assistance, under the terms of an agreement, in the construction of a metallurgical and an automobile tyre plant, in bringing land under cotton and sugar-cane cultivation, in organizing peat mining, in constructing irrigation works, in expanding the fishing industry, in promoting the utilization of salt-mining waste products, and in building a flour mill and grain elevator and a cold storage warehouse, etc.

When the metallurgical and automobile tyre plants go into operation, Ceylon will no longer be obliged to import the products concerned. Moreover, the country will possess facilities for processing one of its principal agricultural products: rubber.

The bringing of new land under cultivation will considerably increase the output of cotton and sugar cane, which have heretofore been produced in very small quantities.

The development of a peat-mining industry is also of great importance to Ceylon in view of the absence of known supplies of other types of fuel in the country.

In Burma, the Soviet Union is helping with the construction of an institute of technology for 1,000 undergraduate and 100 post-graduate students at Rangoon, a 200-bed hospital with a polyclinic at Taungi, and a 206-room hotel. All projects are being built by Soviet organizations on a reciprocal gift basis. An agreement

has also been concluded with Burma providing for co-operation in the construction of irrigation works in the Kyetmauktaung area and for active participation by Soviet experts in the development of a diversified agricultural economy for the country.

In Cambodia, construction of a 500-bed hospital, with a polyclinic capable of handling 500 patients a day, is being completed at Phnom Penh as a gift from the Soviet people to the Government and people of Cambodia.

In the Kingdom of Yemen, a seaport capable of handling approximately 300,000 tons of goods annually and a petroleum storage plant are being built in co-operation with Soviet organizations. Soviet experts are providing medical care for the population. In 1958 they also undertook studies to determine Yemen's petroleum potential.

Nepal is to receive free assistance from the Soviet Union in the construction of a hydroelectric station with an output of up to 1,200 kilowatts, together with a 25-kilometre long electric power transmission line; a sugar plant capable of processing up to 1,000 tons of sugar cane a day, together with a repair shop and a laboratory; and a cigarette factory with an annual output of up to 2,000 million cigarettes, together with a diesel-operated electric power station. Nepal is also receiving free aid in carrying out survey work preparatory to the building of 1,500 kilometres of highway and in building and equipping a 50-bed hospital at Katmandu.

Ethiopia has been granted a 400-million-rouble loan by the Soviet Union which is to be used to help develop the national economy through the construction of a number of industrial plants and other projects.

The Republic of Guinea has been granted a 140-million-rouble credit and is to receive aid in the construction of a number of industrial plants, in developing agriculture, in road construction, in geological prospecting for minerals, in the field of public health, and in training its own engineers and other technical personnel.

In Iran, Soviet experts are providing technical assistance in the construction at Shiraz of a grain elevator with a capacity of 16,000 tons, the equipment for which has been supplied by the Soviet Union.

Turkey is to be supplied by the Soviet Union with equipment for three textile plants and a window-glass factory. Soviet experts are to provide technical aid in installing the equipment.

In addition to furnishing economic and technical assistance under bilateral agreements, the Soviet Union is aiding the under-developed countries in developing their economies through the United Nations.

Since 1953, the Soviet Union has contributed 4 million roubles annually to the United Nations Expanded Programme of Technical Assistance, while the Ukrainian and Byelorussian Soviet Socialist Republics have respectively contributed 500,000 and 200,000 roubles annually since 1954. Up to and including 1959, the Soviet Union contributed a total of 32.2 million roubles to the Programme.

The following under-developed countries have received assistance under the Expanded Programme, the cost of which has been covered by the Soviet contributions: India - 20.1 million roubles; Afghanistan - 1.2 million; Burma - 1 million; Pakistan - 1 million; United Arab Republic - 900,000; Ceylon - 600,000; Chile - 600,000; other countries - 300,000.

The Soviet Union's contributions to the United Nations Expanded Programme of Technical Assistance make it possible to aid the under-developed countries by supplying them with Soviet equipment and machinery, by providing their experts with advanced training in the USSR, and by dispatching Soviet experts to those countries. The Soviet Union has, in particular, supplied equipment for a statistical institute at Calcutta, for a laboratory in the physics department of Kabul University, for a laboratory and machine shop at Damascus University, and for hospitals in Afghanistan and Ceylon; equipment is being provided for an institute of technology at Bombay.

Between 1955 and 1958, 309 specialists from various countries were sent to the USSR for advanced training under the United Nations Expanded Programme.

It should be noted that, in the assignment of United Nations experts to under-developed countries, the use made of Soviet experts is completely inadequate. In 1958, for example, there were only forty Soviet experts among the 2,539 experts working in those countries under the Expanded Programme; this is obviously not in keeping with the Soviet Union's proportionate contribution to the Programme, nor does it reflect the tremendous potential of the Soviet Union, which has large numbers of experienced and highly qualified experts in all fields of science, technology and culture.

The Soviet Union has agreed to participate in the United Nations Special Fund. Its annual contribution has been fixed at 4 million roubles, that of the Ukrainian Soviet Socialist Republic at 500,000 and that of the Byelorussian Soviet Socialist Republic at 200,000.

Soviet economic and technical assistance is provided without any political or other conditions tending to infringe the sovereignty of the economically under-developed countries. It is not designed to obtain special benefits or advantages of any kind for Soviet organizations. In not a single instance does the Soviet Union become the owner, or share in the profits, of industrial enterprises or projects built with its aid.

The successful completion of the seven-year plan for the development of the national economy will make it possible to increase Soviet economic assistance and will provide new material means for helping the peoples of the economically under-developed countries. The progress made by Soviet science and technology opens up broad prospects for extending technical co-operation with other States.

As Mr. N.S. Khrushchev, the Chairman of the Council of Ministers of the USSR, stated on 18 September 1959 in his address to the United Nations General Assembly, the Soviet Union is providing and will continue to provide genuine, disinterested assistance to the under-developed countries, since it regards with the most sincere sympathy and profound understanding all those nations on the various continents which are defending their freedom and national independence.
