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SINO-SOVIET RELATIONS

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

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Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 9 August 1960. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Atomic Energy Commission Representative to the USIB; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction.

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SINO-SOVIET RELATIONS

THE PROBLEM

To examine the Sino-Soviet relationship, and to estimate probable developments therein over the next five years.

CONCLUSIONS

1. The growth of Communist China's power and self-confidence has brought to the Sino-Soviet relationship an increased Chinese assertiveness and a consequent sharp increase in discord, particularly concerning outlook and attitude toward the non-Communist world. There is still one Communist faith, but there are now two voices of Communist authority. As a consequence, the Sino-Soviet relationship is in process of difficult change. (Paras. 7-9)

2. The Sino-Soviet relationship is not a Communist monolith. Instead, it contains elements of both cohesion and division, and varying degrees of unity are displayed in the relations of the two powers in ideological, foreign policy, economic, and military affairs. Although joined in the pursuit of broad Communist objectives, the Soviet and Chinese partnership is subject to many of the separatist forces that have traditionally confronted alliances and coalitions. (Paras. 58-63)

3. We believe that cohesive forces in the Sino-Soviet relationships will remain stronger than divisive forces at least through the period of this estimate. The strongest of the cohesive forces will be a mutual awareness of the heavy damage to their national interests and to the Communist cause which a substantial impairment of the alliance would inflict. The two partners will almost certainly continue to share a common hostility to the West and a belief that through their common effort in advancing international communism they can someday participate in dominating the world. Their relationship will also continue to find cohesion in the political, economic, and military advantages each receives. This will have particular force for the Chinese who, in view of their continuing military and economic dependence on the USSR, will probably feel that they have no genuinely acceptable alternative to maintaining their alliance with the Soviets. (Paras. 13-14, 64-65)

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4. Divisive forces continue to be present, however, and may increase. Differing national interests and characteristics, and the wide disparity in the development of the USSR and Communist China as Communist societies, will continue to exert basic stresses on the Sino-Soviet relationship. Communist China's relative weight in the Bloc is likely to grow over the next five years. This growth will diminish the leverage Moscow can bring to bear through Peiping's military and economic dependence. The Chinese Communists will be more inclined to pursue their own interests and to question Soviet leadership than they have during the first decade of the alliance. (*Paras. 15-17, 66*)

5. We do not rule out the possibility that the two powers may during the period of this estimate either come to an open break or reach a more fundamental integration of interests than now exists. We believe it much more likely, however, that there will be no fundamental reconciliation of differences, that discord will ebb and flow, and that the growing duality of power in the Bloc will become increasingly incom-

patible with the present Bloc structure which has been based on a single source of authority. However, differences will be unlikely to force the USSR and Communist China so far apart that they cease to look to each other for support in their common drive against the West. (*Paras. 67-69*)

6. The threat which the Sino-Soviet allies pose to US security and US interests is of great dimensions and is more likely to increase than to diminish during the period of this estimate. Nevertheless, since the alliance is a changing and evolving relationship, it offers possibilities for favorable as well as unfavorable developments from the US point of view. Stresses and strains in the Sino-Soviet relationship will tend to weaken the hostile combination, and may provide situations and opportunities which can be exploited by the West. At the same time, Chinese Communist pressure may on occasion influence the Soviets to pursue a more militant course toward the West than the Soviets would otherwise choose on tactical grounds. (*Paras. 70-71*)

DISCUSSION

I. INTRODUCTION

7. The Sino-Soviet relationship has of late been publicly displaying greater signs of apparent strain than at any time in its decade of existence: most importantly, the USSR and Communist China have been engaged in a controversy over global strategy in which each claims to be preaching the true doctrine. Disputes of this magnitude raise the question as to whether the Sino-Soviet relationship can long maintain its present character or its present degree of coordination.

8. The history of the Communist movement has been marked by controversies and schisms. These have occurred not only within the Communist Party of the Soviet Union, but between parties and between Communist regimes as well. Where disputes have reached serious proportions they have generally been settled by an exercise of Moscow's power. Occasionally, however, Moscow has either not sought or has not been able to exert such power, and schisms have occurred. The most notable example is Yugoslavia.

9. Until Communist China began to emerge as a great power, the Communist movement had not experienced a serious controversy involving a major potential rival to the USSR. Since Communist experience provides no clear precedent for settling such a dispute between major Communist powers, the present contention between Moscow and Peiping foreshadows a difficult test for the Sino-Soviet relationship in offsetting inherent schismatic forces. The outcome will in the long run significantly influence the future course of world communism, internally and externally. It will also have profound implications for the interests of the US and the West. The discussion which follows seeks to examine the nature of the Sino-Soviet relationship and to estimate its future course.

II. THE BASES OF THE SINO-SOVIET RELATIONSHIP

A. Evolution of the Relationship

10. The present Sino-Soviet relationship has been molded by an association—sometimes harmonious, sometimes discordant—of nearly 40 years' standing between the Communist Party of the Soviet Union and the Chinese Communist Party. Beginning with the founding of the Chinese Communist Party in 1921, the two groups shared a belief both in revolutionary communism, and in the goals of overthrowing existing Chinese regimes and destroying Western influence in China. It was to the interests of the USSR to sponsor the nascent Communist movement in China. To the Chinese Communist Party, in its early years a weak and disparate assortment of intellectuals, labor leaders, and military figures, the USSR was initially the only source of guidance and support.

11. There have been difficulties inherent in this relationship from the outset. Stalin's faulty comprehension of the Chinese scene led to a degree of misguidance that at times almost wrecked the Chinese Communist Party.¹ The USSR continued historic Rus-

¹ Chinese Communist media continue occasionally to criticize the courses taken, especially in the years 1931-1934, by "misguided" Chinese leaders who "automatically copied foreign experience."

sian efforts to obtain special rights and influence in China. China lacked even the economic base and administrative-technical skills which the Bolsheviks inherited in the Russia of 1917. Marxism, which had once been transplanted to the Russian scene, then required even more radical adaptations to fit it to an agrarian Chinese setting.

12. These problems were fairly manageable as long as the Chinese Communist Party was only a revolutionary instrument for pulling down the existing Chinese state, but the situation began to take on a new aspect once the Chinese Communist Party had firmly established its authority in China. To a far greater extent than the Soviet Satellites, it won its victory by its own efforts. The Peiping regime had developed its own sources of political and military power, independent of direct Soviet control. The terms of the Sino-Soviet Alliance (14 February 1950) accorded it special status within the Bloc, and it soon became clear that Peiping could in some respects set its own course. Mao had already gained a reputation as a doctrinal innovator; the foundation had been laid for Peiping to become a unique second source of authority in what had been a monolithic Bloc.

B. Underlying Forces

13. A number of very strong ties bind Communist China and the USSR. The leaders of both countries share a common core of philosophy and confront a common enemy. They join in perceiving the world powers as divided into two hostile camps and in placing their two countries on the same side. The Soviet and Chinese Communist leaders declare that there is an overriding need to preserve the unity of the Bloc in carrying on the struggle against the common enemy, and especially against its leading element, the US, the arch-enemy by definition.

14. Each nation derives great practical benefits from its association with the other. The USSR and Communist China both appreciate the great increase in strategic strength that derives from their alliance. Their possession of a large land mass fronting on two oceans obliges the West to disperse its military

strength widely in opposing the Bloc. The fact that Communist China opposes the West in Asia immobilizes a considerable portion of Western armed forces, diverts Western political and economic assets, and enables Moscow to concentrate its forces elsewhere. It was demonstrated in Korea that in certain circumstances Chinese Communist armed forces may serve Soviet interests without necessarily involving Soviet armed forces in direct conflict with the West. For its part, Communist China has received economic backing and technical support which has been essential to its industrial development. It has also received guidance in the establishing and administering of a Communist totalitarian state, support from the Soviet Union in international forums, equipment for a powerful military establishment, and the protection of the Soviet nuclear capability.

15. Basic stresses, however, underlie the relationship. National identity—that is, the whole spectrum of peculiarly national interests and national characteristics—is a powerful separatist force. Russia and China are nations with long and proud traditions, and the Russians and the Chinese are very different peoples whose relations with one another have often been marked by enmity and reciprocal contempt. The Chinese Communists, in particular, continue to manifest traditional Chinese extreme pride and sense of superiority. Although both the Soviet and Chinese Communist leaderships preach that “nationalist thinking” is an evil to be overcome, their primary appeals to their publics are overwhelmingly keyed to national pride and aspiration. “Proletarian internationalism” has not bridged the gulf that exists between the heritages, cultures, and psychological outlook of the Russians and the Chinese.

16. The wide disparity in the development of the USSR and China as Communist societies also places important stresses on their relationship. The immediate needs and objectives of the two countries differ in many respects. Communist China is in the early stages of building an industrial base; it feels compelled to drive its people, squeeze its capital from their output, and prolong extreme

austerity. The prevailing mood is revolutionary. On the other hand, the relatively mature and affluent Soviet Union has reached the stage where it is giving greater attention to the working conditions and living standards of its people in order to achieve the planned expansion and qualitative improvement of its economy. In addition, the Soviet people almost certainly have an increasing stake in preserving the gains in living standards and freedom from terror that they have experienced since Stalin's death.

17. The greatly different status of the two partners in international affairs also exerts a separatist force. The foreign policy outlook of Communist China is heavily influenced by the fact that it does not itself play a central role in international councils and it lacks many of the attributes of the great power status it covets. Because of relative isolation in international affairs and its geographical position, Communist China is an Asian power with immediate interests concentrated in that area and with little opportunity or capability for realistically assessing the situation in the West. Its foreign policy aspirations are frustrated not only by Western opposition but also by Soviet restraints.

III. THE CHARACTER OF THE SINO-SOVIET RELATIONSHIP

A. Communist Relations

18. *Ideology.* The leaders of both countries draw upon the same Marxist-Leninist system of thought for their appreciation of international and domestic affairs. They share a common faith in the ultimate world triumph of communism, believing themselves to be riding the crest of inevitable historic development. They are unalterably opposed to what they consider to be the decadent system of capitalism, which has in their view reached its final stage in imperialism. They believe that their efforts can hasten the destruction of capitalism. In addition, the Soviet and Chinese leaders also agree that Communists must gain and hold power in other countries, and that a “dictatorship of the proletariat” must be established, led by the Communist Party, to oversee forced development of the

economy through state planning and state ownership of the means of production.

19. In practice, however, the interpretation and application of ideological "truths" is at times a divisive force in the Sino-Soviet relationship. Although in both regimes all policies are conceived within the Communist frame of reference and some may be largely motivated by doctrinal concepts, we believe that most major policy decisions are primarily directed by practical considerations. In any case, every important switch and turn of policy in the Communist world must be accompanied by doctrinal justification. In the past few years both the Soviet and Chinese Communist leaders have endeavored to sanctify widely differing policies by citing selected excerpts from the vast and often contradictory mass of Communist scripture, claiming in the process that their leaders, Khrushchev and Mao, are "creatively developing" classic Communist doctrines. In this colloquy, Mao Tse-tung and his colleagues appear in a sense as fundamentalist "prophets" who consider that the "established church" has become too worldly and urbane, and that a return to original militancy is necessary for invigorating the common faith. Moreover, they deny status to Khrushchev as a great developer of communism on a level with Marx, Engels, Lenin, Stalin, and Mao. They appear to consider Khrushchev a second-generation Communist and a backslider from Leninism.

20. As long as Chinese policy initiatives and doctrinal pretensions were confined to relatively minor domestic matters, the Soviet attitude was favorable. However, as early as 1956 the Chinese began to make grand pronouncements on Bloc matters, and have since become increasingly assertive on both domestic and world affairs, differing flatly and openly with the Soviets on an increasing range of questions of doctrinal interpretation. The Soviet leadership is affronted by the departure from Soviet policy and the Chinese challenge to Soviet authority. Thus, Sino-Soviet debates on the proper interpretation of Communist scriptures reflect serious disputes both on fundamental policies and on the authority of the interpreters to formulate such policies.

21. In the past few years Moscow and Peiping have at times been in strong disagreement on a number of questions of ideological interpretation. Among these have been the Chinese emphasis on "uninterrupted revolution," the Chinese view that "contradictions" can exist between the leaders and the led in a Communist state, and the Chinese claim that political awareness is as important in stimulating productive effort as is a system of economic rewards. Although these matters are of considerable importance among Communists, they have been largely overshadowed by two especially significant areas of disputation. These concern ideological support for variant foreign policies and the theoretical "correctness" of the Chinese communes.

22. The most serious question of foreign policy for Moscow and Peiping is which policy should be followed toward the West and toward revolutionary movements outside the Bloc. In general, the Chinese interpret Leninist literature to justify a much harder and more aggressive line in these respects than does Khrushchev. The differences concern interpretation of the present historical epoch, the degree to which modern weaponry introduces new elements into the historical process, the proper definition of coexistence, the possibility of eliminating war, and, most importantly, the proper risks to be run. The USSR and Communist China publicly state their present bitter differences in ideological terms—which, among Communists, indicates that the dispute has become acute.³

23. The other principal dispute has concerned the Chinese Communist commune program, which runs completely counter to Khrushchev's plans for organizing and raising agricultural production in the USSR and Eastern Europe. Apparently without any previous discussion with the Soviets, the Chinese launched this radical program in August 1958. Individual comments in the controlled Chinese press built a crescendo of doctrinal claims which gave the impression that through the develop-

³ These differences, as they apply specifically to foreign policy and to the world Communist movement are discussed below in paragraphs 32-39.

ment of communes, the stage of "communism" was just around the corner in China. The Chinese thereby implied not only that they had found a way to get there ahead of the USSR and the rest of the Bloc, but that the Chinese Communist commune might well serve as a model for certain other countries.

24. Partly as a result of Soviet displeasure, the Chinese, toward the end of 1958, backed away from their more extravagant ideological claims for the communes. At the same time, internal considerations also dictated a number of retreats in the commune system. The Chinese accepted the Soviet position that no society could advance to communism without following the Soviet experience of greatly developed industry and high productivity, and they temporarily abandoned their claim that the commune idea was relevant to other countries. The initial Chinese assertiveness almost certainly played an important part in moving Khrushchev, at the XXI Congress of the Communist Party of the Soviet Union in February 1959, to make new ideological pronouncements of his own. These clearly seemed calculated to make unequivocal the primacy of the Soviet Union's position in the march toward communism, and at the same time to concede that all Bloc countries, including China, would achieve the ultimate goal of communism at approximately the same time.

25. The commune dispute has not yet been resolved. Soviet criticism of the communes has continued, and the Chinese Communists have moved slowly to regain some of the ground lost in their retreat of December 1958. In addition to reasserting the objectionable claims that the communes represent the beginnings of China's transition to communism and are relevant to other countries, the Chinese Communists have undertaken a program of urban communalization as well. Articles in the Chinese press have revealed, moreover, that the issue of Soviet experience and its relevance to the Chinese commune program has become a subject of dispute within the Chinese Communist Party and that opponents of the program have seized on Soviet criticisms and the Soviet example to buttress their own positions.

26. *Leadership Within the Bloc.* Peiping began to take an active, independent role in Bloc affairs in 1956. China's reluctance to go along fully with de-Stalinization, its initial encouragement of the Poles and Hungarians in 1956, and its criticism of Soviet "great power chauvinism" added to Soviet problems, even though Peiping subsequently supported Soviet actions in Hungary and assisted the Soviet leadership in reaffirming unity in the Bloc. More recently, the Chinese Communists have more directly challenged Soviet leadership by lobbying among representatives of other Bloc members against the course of Soviet foreign policy.

27. Nevertheless, Peiping continues to pay formal allegiance to Soviet leadership of the Bloc and world communism. The Chinese leaders accept the importance for Communist unity of a single locus of leadership, and they recognize that at least for the foreseeable future it must lie in Moscow. However, they have insisted that Soviet policies must reflect Chinese Communist interests and Peiping's views on certain fundamentals of Marxism-Leninism: in particular, (a) unremitting struggle against the clearly defined enemy (the US), and (b) more militant revolutionary policies in the world Communist movement.

28. The existence of an independent Chinese position on key issues encourages elements within the European Satellites to become more assertive. On a number of occasions, various satellites have failed to echo Soviet disapproval of Chinese statements and policies, and have sometimes given the Chinese open support.³ Initially there was some evidence of support in Eastern Europe, especially in Bulgaria, for the communal organization of the countryside. East Germany has been publicly

³For example, three weeks after the USSR had published its neutral stand on the Sino-Indian border dispute in the autumn of 1959, East Germany began public support of the Chinese Communist position. This lasted about six weeks, being abruptly switched on 9 November to match the Soviet position. Czechoslovakia for a briefer time gave even stronger support to Peiping on the border issue and had earlier joined Peiping in attacking Indian "imperialism" for causing the revolt in Tibet. North Korea and Albania gave early support to Peiping's opposition to Moscow's detente tactics.

sympathetic with Peiping's praise of Mao's contributions to Marxism-Leninism, has emulated certain Chinese economic innovations, and has at times joined in criticizing the Soviet line of coexistence with the West. The Chinese *Red Flag* articles of April 1960 were almost certainly designed in part to encourage and support any party members who disagreed with Khrushchev's policies toward the West.

29. All three of the Asian Satellite areas—North Korea, North Vietnam, and Outer Mongolia—have strong historical and cultural ties with China, and the Chinese Communists have retained a keen interest in these areas. However, Moscow also has interests in these areas, and there appears to be a Sino-Soviet division of authority in these satellites. Moscow-dominated Communist regimes in Outer Mongolia and North Korea were an established fact by the time the Peiping regime came into being. Moscow continues to dominate these areas, although Peiping's influence in North Korea has appreciably increased since Communist China's intervention in the Korean War. Chinese influence is probably predominant in North Vietnam, but even in this case, Moscow has retained considerable influence. Both Moscow and Peiping have substantial economic aid programs in the Asian Satellites, with Soviet aid predominating in Outer Mongolia and North Korea, and the Chinese leading in North Vietnam.⁴ This division of authority is almost certainly a delicate matter, but we have no indication of serious Sino-Soviet frictions on this score.

⁴ Economic Assistance Commitments of Communist China and the USSR to the Asian Satellites, as of 11 July 1960:

	(Million US \$)	
	Communist China	USSR
North Korea	225	458 ^a
Outer Mongolia	115	375 ^b
North Vietnam	300	253
TOTAL	640	1,086

^a Including debt cancellations amounting to \$132 million.

^b Including debt cancellations amounting to \$100 million, but excluding assistance committed in February 1960 for which no value has been announced.

30. *Leadership of Communism Outside the Bloc.* The Chinese Communists believe that their experience uniquely equips them to provide guidance to Free World Communist parties in the colonial or semicolonial countries, which in Communist parlance includes most of Asia, Africa, and Latin America. Communist China has recently made conspicuous efforts in these areas to increase its influence both with local Communist parties and with the non-Communist governments. In some of these countries, local Communists appear to be more receptive to Chinese than to Soviet guidance, and in some cases, at least, the USSR appears at present to favor an important role for the Chinese Communists. Nevertheless, Soviet influence remains dominant among the world's Communist parties. Even in non-Communist Asia, the three largest Communist parties—those in India, Japan, and Indonesia—still look principally to the USSR for guidance, although there is presently a tendency among their leaders to consult both Moscow and Peiping.

31. Despite the forcefully expressed differences of view in Moscow and Peiping regarding the tenor and pace at which communism should be pushed in the colonial or semicolonial countries, we have seen few signs of a Sino-Soviet struggle for dominance in these areas. It is probable that as long as there is a prospect of a workable compromise or reconciliation of views between Moscow and Peiping, neither wants to start a course of overt action abroad which might severely reduce this prospect. Nevertheless, if Sino-Soviet differences continue without a real settlement, instances of competitive efforts to guide Communists, front groups, and leftward-leaning neutralist governments are likely to become more frequent and increasingly sharp.

B. Strategic Relations

32. *World Outlook and Foreign Policy.* The Soviets and the Chinese Communists picture the world as now divided into three groups of states: (a) the Communist Bloc; (b) the anti-Communist, "imperialist" nations; and (c) the uncommitted nations and underdeveloped nations. They agree in viewing the latter group as affording the main opportunity for advanc-

ing the Communist struggle against the West, although constant pressure and efforts to erode the West's position in other areas continue. On these general questions the Soviets and the Chinese Communists agree. It is on questions of method, pace, and risk that they differ.

33. The Soviet leaders, headed by Khrushchev, believe that to push as forcefully for international Communist goals as Peiping desires is to take political and military risks which could jeopardize the achievement of those goals. The Soviets and the Chinese agree that Soviet advances in science and modern weapons have altered the world balance of power, but the Soviets are more concerned than are the Chinese over the possibility that "adventures" by the Communists could develop into a general war. Such a war, in the Soviet view, would be catastrophic to all participants, because of the destructive potential of modern weapons. The Soviets feel under these conditions that war should and can be avoided. In their view, the most effective approach for the attainment of world Communist goals is a flexible one, combining example, propaganda, and aid to existing regimes in newly independent countries (even though this involves cooperating in some cases with bourgeois nationalists) with subversion and on occasion the application of military pressure.

34. At the same time, internal factors in the Soviet Union reinforce Moscow's interest in avoiding serious risk of hostilities with the West. The Soviets strongly believe that their present economic plans, if unobstructed, will decisively strengthen the Socialist countries in competition with the anti-Communist group of nations, and will help considerably in demonstrating to all the superiority and desirability of the Soviet system. Moreover, current Soviet internal policies place stress on incentives, rather than coercion, and continued attention to the lot of the worker and peasant, whose production is vital to the program.

35. The Chinese believe that the Bloc should push more boldly and aggressively toward Communist world goals. They hold that Soviet achievements in advanced weaponry have so altered the world balance of power that

more forceful action should now be taken, even at the risk of local wars. In the Chinese view, if local war should develop into general war, not only would world communism triumph, but enough would remain of the world to make the victory worthwhile. Any relaxation of tensions meanwhile will dull Communist fighting spirit and allow the West a breathing space in which to prepare for war against the Bloc. The Chinese Communists are thus less inclined than Moscow to favor negotiations as a tactical method of struggle against the West.

36. The Communist Chinese not only consider the US as their prime enemy on ideological grounds, they also consider the US an immediate national enemy which is preventing them from gaining Taiwan and thus completing their victory in the Chinese civil war. They also consider that the US is blocking the expansion of Chinese Communist influence in Asia and in international affairs generally. This causes Peiping's enmity for the US to be more passionate and inflexible than is the case in Moscow. The "hate America" spirit which pervades Peiping's propaganda is also useful in justifying sacrifices by the Chinese people.

37. The Chinese also hold that many of the "oppressed peoples" of Latin America, Africa, and non-Communist Asia are ready for nationalist revolution, and that wars against "imperialist oppression" in these areas are inevitable, just, desirable, and deserving of Bloc encouragement and support. Although it may be expedient to support bourgeois national revolutions in these areas, revolutionary pressure should be applied where the opportunities exist and the bourgeois national regimes replaced by Communist ones as soon as practicable. They place less emphasis than do the Soviets on the possibility of attaining Communist power by parliamentary or other means short of armed revolution.

38. These differences have been building up since late 1957 and reached considerable dimensions in October 1959 when Khrushchev's speeches in Peiping clearly implied disapproval of Communist China's truculent foreign policy. They became openly bitter in April 1960 with the Chinese attacks on Soviet detente tactics preceding the Summit. Although the

failure of the Khrushchev-inspired Summit brought joy to Peiping, the Chinese Communists continued to criticize Soviet policy and lobbied for their own cause before such bodies as the World Federation of Trade Unions. In the Chinese Communist view, proof of the validity of its great expectations from a generally hard line is to be found in recent revolutionary events in Korea, Turkey, and Japan, which Peiping interprets as blows against US-supported reactionary regimes and indications that the natives are restless.

39. At the Bloc conference in Bucharest in June, the USSR apparently outlined its harder and more militant line toward the West, including at least temporary abandonment of negotiations as a major tactic. This switch to harsher tactics had probably been motivated in part by the Chinese Communist attitudes on world policy, and the Soviets probably attempted at Bucharest to extract in return Peiping's promise to fall in line with Moscow on ideological and other questions. The change in Soviet tactics may have partially assuaged Chinese Communist discontent with Bloc foreign policy. Such accommodation as may have been reached in recent weeks, however, almost certainly does not eliminate the basic factors which originally led to differences.

40. *Borderland Areas.* There has been considerable enmity in Russian-Chinese history regarding the borderland areas of Sinkiang, Mongolia, and Manchuria, and we believe that some sensitivity may continue on this score. The USSR secured Outer Mongolia as a puppet in 1924, and acquired temporary hegemony in Sinkiang province in the 1930's and 1940's. In ousting the defeated Japanese from Manchuria in 1945, the Soviets reclaimed part of Tsarist Russia's special rights concerning Dairen, Port Arthur, and the Manchurian railroads. They also sacked the Manchurian industrial complex of over three quarters of a billion dollars worth of plants and equipment. Since the Communist takeover of China, however, and especially since the USSR gave up its special status in Manchuria in 1955, these issues appear to have played little noticeable role in Sino-Soviet relations.

C. Military Relations

41. *The Military Alliance.* Since its inception in 1950, the Sino-Soviet Alliance has had an important military component. Although its text³ is focussed on Japan, both Moscow and Peiping view their military alliance in broader terms. For example, the Chinese Communists have stated in effect that they would enter any hostilities involving the Warsaw Pact; and the Soviets, in making supporting statements during the 1958 Taiwan Strait crisis, specifically referred to their commitment to Communist China under the 1950 treaty. The existence of the alliance greatly increases the military power of the entire Bloc and enhances the position of each power in world affairs.

42. Despite the existence of the military alliance and the high degree of materiel standardization of the Soviet and Chinese Communist armed forces, there has been no evidence of joint maneuvers of Sino-Soviet forces, land, sea, or air. They do, however, coordinate their air defenses. We lack direct evidence and are unable to ascertain the scope and nature of Sino-Soviet joint military planning. The Chinese continue to stress the military thought of Mao, and some Chinese military leaders have occasionally been criticized for following alien (Soviet) military doctrine too closely. There also appears to be little intimacy or a camaraderie between Soviet and Chinese military personnel.

43. *Communist China's Dependence on the Soviet Union.* Communist China attaches great importance to its military alliance with the Soviet Union. The protection provided by the military alliance with the USSR in 1950 enabled the Chinese Communist regime to set out upon its ambitious domestic programs with little fear of outside molestation. Lack-

³ The formal basis for military cooperation was established by the Treaty of Friendship, Alliance and Mutual Assistance, of February 1950. This treaty, which is valid until 1980, provides that if one of the parties should be "attacked by Japan or any state allied with it, and thus be involved in a state of war, the other contracting party shall immediately render assistance with all means at its disposal."

ing a nuclear strike capability of its own, Peiping obtains increased foreign policy maneuverability from Soviet possession of modern nuclear weapons. China has relied almost entirely on Soviet materiel to convert its primitive mass army of 1949 into a powerful semimodern army, backed by a sizable jet air force and a navy with more than a score of medium and long-range submarines. Military deliveries from the USSR appear to have declined as Communist China has increased its armament production capability,⁶ but Peiping is still heavily dependent on the USSR for many items which are essential to the maintenance of its present military establishment and to the further development of its modernization program.

44. *Nuclear Weapons and Missiles.* Communist China is totally dependent upon the USSR for military support with nuclear weapons and missiles. We believe it unlikely that the Soviets have stationed nuclear weapons in China, but even if they have, such weapons would almost certainly be held under strict Soviet custody. The USSR could give China nuclear weapons from its own stockpile, but it almost certainly has not done so, and we do not believe that the Soviets intend to do so within the foreseeable future. Similarly, we have no evidence that the USSR has equipped the Chinese with surface-to-surface ballistic missiles. There are indications, however, that the Chinese may have received some Soviet air-to-air missiles.

45. The USSR is aiding Communist China in basic nuclear research, but such aid does not appear to include direct assistance in fissionable materials production or nuclear weapons development. The Chinese are currently dependent on the Soviets for supplies of slightly-enriched uranium and heavy water for the research reactor which the USSR made available to Peiping in 1958. In the same

⁶From 1950 through 1955 about \$820 million in military deliveries to China were financed by Soviet loans. All deliveries since have been on a cash basis, and the Chinese have repaid over half the amount loaned. Most of the materiel consumed in the Korean War was probably donated by the USSR, while China supplied the manpower. See also Annex C.

manner, the development of uranium mines and processing plants under way in China for several years is also a product of Soviet scientific and technical assistance.

46. The USSR is almost certainly reluctant to see the Chinese Communists acquire nuclear weapons under their own control. Probably the most important consideration to the Soviets is that Chinese acquisition of a nuclear weapons capability would reduce Soviet leverage in controlling Chinese independent action, particularly action which might involve China in hostilities with the US. At the same time, the Chinese desire to achieve a nuclear weapons capability is very strong. Attainment of even a minimal capability would not only greatly augment Chinese military and technological prestige throughout the world, particularly in Asia, but would also enlarge Chinese freedom of action in pursuing their national objectives.

47. We are unable to assess with confidence the impact of these fundamentally opposing interests upon the Sino-Soviet relationship. We do not believe that either party wishes to push its own concern to a point where this issue will irreparably damage their relationship. On the other hand, given the key importance of the problem to both sides, this issue is almost certainly a source of friction. We believe that the Soviets are deliberately moving slowly in assisting the Chinese to acquire a nuclear weapons capability, while seeking to hold Chinese impatience and discontent at a level consistent with the best interests of the Sino-Soviet relationship. At the same time, the USSR has probably given the Chinese generalized assurances of Soviet protection with its nuclear weapons capability.

48. Although we cannot estimate the likelihood of such a development, it is possible that the Soviets may decide to assuage the Chinese desire for a nuclear weapons capability by providing the Chinese with a simple nuclear device and assisting them in detonating it. This would enable the Chinese to claim they had acquired a nuclear capability and to derive great prestige benefit from a widely publicized detonation. Although this action would probably assist the Chinese somewhat

in their nuclear weapons program, it would not, for the Soviets, run the risk of greatly accelerating the Chinese attainment of a separate nuclear weapons capability. Such an arrangement might permit the Soviets to delay further in providing the more advanced assistance the Chinese would need to obtain a nuclear weapons capability.

49. Chinese attainment of the capability to detonate their own nuclear device in the near term, say within two or three years, rests almost entirely upon the nature and extent of Soviet aid. If Soviet aid continues at its present apparent pace and character, the Chinese might attain the capability to detonate their own nuclear device by about 1964. However, if the Soviets have, in response to Chinese pressure, provided a great deal more aid than we have detected, a nuclear device of Chinese manufacture might be detonated a year or two earlier. Given direct Soviet supply of designs and fissionable material, and assistance in fabrication of the device, a nuclear detonation could be produced in China at almost any time in the immediate future. Even after the Chinese do test a device, it would take them several additional years to produce a small stockpile of weapons, since they do not possess the requisite highly advanced scientific, technical, and industrial establishment.

50. *Disarmament, Test Bans, and Atom-Free Asia.* The USSR's dramatic gestures toward unilateral reduction in armed forces have not been imitated by the Chinese. Peiping has praised the Soviet decision, but has defended its present force levels, and has made clear its belief that true disarmament is impossible prior to the universal triumph of communism. Proposals for an "atom-free zone for Asia"⁷ have also received occasional Chinese Communist propaganda support. That they are considered by the Chinese to be nothing more than propaganda is indicated by Peiping's insistence that no treaty with the West can be meaningful.

⁷ This is the popular catch phrase for the idea of banning all nuclear weapons, development, and production from Asia. It also has been presented as for "Asia and the whole Pacific Basin," "Asia and Africa," and other forms.

51. Peiping has stated that it favors the cessation of nuclear testing and has given propaganda support to the Soviet position in the test ban negotiations. If these negotiations should approach agreement, we believe that Peiping would make its adherence conditional on certain demands on the West and probably also on the Soviet Union. Peiping might set these demands so high—for example, on such matters as UN seating, the Taiwan question, and US bases in the Far East—as to make it unlikely, in Peiping's view, that the West would accept them. On balance, however, we believe that there would be prior Sino-Soviet discussions and that the Chinese would not have as their major goal the sabotaging of an agreement against Soviet wishes.

D. Economic Relations

52. *The Economic Model.* For the first few years of its existence, Communist China closely followed the Soviet course of economic development and relied upon the advice of Soviet experts for the planning and direction of its own economic plans. By about 1957, however, the Chinese Communists had recognized that the Soviet model was not adequate to meet the conditions existing in China. During the next few years, therefore, and most dramatically in 1958, the Chinese introduced economic policies that had no counterpart in Soviet practice and which, in some cases, dismayed the Soviets. The Chinese innovations, according to their own formulation, consist of three major policies: the communes, the "great leap forward," and "walking on two legs" (i.e., accompanying the rapid development of big industry with the concurrent development of vast numbers of small local plants and the use of simple equipment, and also the simultaneous development of agriculture and industry). These new policies were added to, but not substituted for, the Soviet capital-intensive model.

53. *Economic Benefits.* Economic cooperation between Communist China and the USSR has been an important aspect of their rela-

tionship ever since the Peiping regime was established. Both parties have benefited from this cooperation, although the economic effect on the Soviet Union has been much less than that upon China. The Soviet Union has exported a very small part of its industrial output to China (never more than two percent) in exchange for foodstuffs and industrial raw materials. Soviet importation of products requiring high labor input in exchange for goods requiring low labor input has aided its labor-short economy.

54. Chinese gains from this exchange have been much greater. The Chinese have benefited in all fields from support provided by Soviet technology and science. Soviet know-how in economic organization, finance, industrial engineering, and in science has been invaluable. The machinery and technical assistance received from the USSR and the Eastern European Satellites in the past decade have been vital to Communist China's industrialization program. Given the unavailability of Western materials, it would have been otherwise impossible for China to have achieved the extremely high rate of industrial growth (23 percent annually) which we estimate it attained through 1950-1958. China's economic ties to the USSR and the Bloc are obviously strong.

55. The USSR has made available for purchase by China 291 major installations, valued at more than \$3 billion. About one-half of these installations, which form the core of China's industrial development program have been completed and are now in operation.^a Soviet trade has been of particular value to China in that it has meant guaranteed deliveries of investment equipment, industrial raw materials, transport equipment, and petroleum products. Soviet support also has been extended in the form of modern technology, the services of Soviet experts, and loans of about \$1.3 billion, 1950-1956, of which \$430 million was for economic development and the remainder primarily for military purchases.

^a See Table 1.

TABLE I
USSR PROJECT CONSTRUCTION AGREEMENTS
WITH COMMUNIST CHINA, 1950-1959

Date of Agreement	Economic Credits (Million US\$) ^a	Number of Projects	Value of Complete Sets of Equipment ^b (Million US\$) ^c
February 1950	306	50	1,300 ^d
September 1953	0	91 ^e	
October 1954	130	15	100
April 1956	0	55	625
August 1958	0	47	N.A.
February 1959	0	78	1,250
Total	430	291^e	3,275

^a Converted from rubles at the official rate of 4 rubles to US \$1.

^b Including technical assistance related to these projects.

^c Agreement signed to deliver equipment for a total of 141 projects.

^d This sum includes the value of equipment and technical assistance for all of the 141 projects contracted through September 1953.

^e The Chinese announced in April 1959 that the 211 major Soviet assisted projects agreed upon through April 1956 were reduced in number to 166, as a result of merging of some projects during their construction.

56. The Sino-Soviet economic relationship has been conducted in extremely business-like terms. The USSR has at no time given China financial grants; indeed, China has committed more in economic grants and credits to other countries than it has received in economic loans from the USSR. Since Soviet credits expired in 1956, China has paid for all its imports from the USSR with current exports. In order to repay previous credits, China since 1956 has annually shipped more goods, by value, to the USSR than it has received from it.^a We believe that the terms, and possibly even the level, of Soviet aid and trade are sore points for Peiping. The Chinese leaders probably find it difficult to look with equanimity on fairly sizable Soviet aid to neutral states while China has had to deny itself

^a See Figures 1 and 2.

needed foodstuffs and other goods in order to pay for such Soviet aid as it receives.¹⁰

57. The Chinese Communists have no intention of participating in any scheme for economic integration, such as CEMA, which would gear their economy to that of the USSR and make them more dependent on Moscow. To the contrary, they are determined to develop as complete and autarkic an economy as possible, and, in view of the vast economic potential of China, they regard the development of all major industries, rather than specialization in a few, as the more realistic policy. The Soviets appear to accept this approach as proper for China at this time. It is probable, nonetheless, that specific aspects of economic cooperation and the exchange of goods and services within the Bloc have occasioned some friction in Sino-Soviet economic relations.

E. Summary Analysis of the Sino-Soviet Relationship

58. The nature of the Sino-Soviet relationship cannot be described in simple terms. No single descriptive term characterizes the behavior of the two Communist states toward one another or their joint demeanor toward the rest of the world. The two countries do not, to take an extreme example, conduct themselves as though they comprised a solid, unitary bloc, a Communist monolith which disregards national boundaries and interests and pursues Leninist precepts in perfect consonance. They do not, at the opposite extreme, behave in the manner of classical nineteenth century great powers, viewing their problems and their relationships strictly from the viewpoint of national interests. Instead, their relationship occupies a position somewhere between these poles and contains elements of both. The Communist ideology

¹⁰In comparison with Soviet economic loans to China of \$430 million, 1950-1956, the USSR since 1950 has extended loans or grants, for economic development, of \$684 million to India, \$621 million to the UAR, and \$211 million to Afghanistan. To date, however, the utilization of these Soviet offers has amounted only to the following: India, \$139 million, the UAR, \$85 million, and Afghanistan, \$69 million.

which pervades their relations both modifies the urgent nationalism of the two countries and is in turn modified by national considerations.

59. The Sino-Soviet relationship also does not display uniform cohesion in all respects. Varying degrees of intimacy and cohesion are exhibited in the relations of the two powers in ideological, foreign policy, economic, and military affairs. In economic matters, for example, the USSR and China are pursuing long-term programs which have among their goals the industrialization of China and the growth of Sino-Soviet economic strength. At the same time, the two countries transact the actual business of exchanging Soviet industrial products for Chinese agricultural and mineral products on terms which closely resemble trade negotiations in the capitalist world. In military affairs, the two powers have undertaken to modernize the Chinese military establishment and presumably seek to increase their combined power in support of the military alliance. Yet, the military relationship between the USSR and Communist China is not as close as that between the US and its NATO allies. Moreover, in the keen Chinese desire to obtain a nuclear weapons capability there is a strong potential for disunity.

60. The Sino-Soviet relationship appears most solidly unified on matters of broad Communist objectives. On the central core of Communist thought—the view of a world divided between capitalist-imperialist and socialist-proletariat camps, the belief in the eventual triumph of communism everywhere, and the faith in Marxist-Leninist precepts as a basis for building a new human society—China and the USSR appear in firm agreement. However, in the interpretation and application of these broad beliefs and concepts the two Communist states diverge in many respects, and, as they have demonstrated in recent months, they can on occasion disagree sharply and quite fundamentally. Paradoxically, the very Communist ideology which joins the two powers together also provides a source for disagreement and potential disunity.

61. In the realm of foreign policy, relations between the two Communist powers display on occasion a striking lack of cohesion and uniform direction. They find in their common enmity to the US a single point of departure, but in their approach to the US and in other foreign relations, notably in dealing with influential neutral powers, they sometimes take quite different paths. The actions of Communist China toward India and Indonesia during the past year clearly embarrassed the USSR and were unmistakably out of key with the tone of coexistence and detente the Soviet regime was then seeking to establish. It is impossible to advance any analysis of such behavior as the single correct one, but it appears most likely that the Chinese on these occasions were motivated more directly by considerations of their national interest than by concern for Bloc harmony and unity.

62. Divergences in foreign policy derive both from differing national interests and from doctrinal differences between the two Communist states. The Chinese differ sharply with the Soviets as to the pace, vigor, and manner of combating the West; Peiping clearly disdains the slower, more subtle formulas of Khrushchev. Some lack of harmony also exists in the approach of the two Communist powers to the methods and short-term goals of establishing communism in neutral and undeveloped countries.

63. In sum, the Sino-Soviet partnership is not a monolith but a structure of several kinds of relationships which vary in strength and intimacy and contain within themselves elements of both cohesion and division. Though joined by Communist thought, the partnership is subject to many of the separatist forces that have traditionally confronted alliances and coalitions. The future of this relationship will be determined by the interplay of these elements and the success of the Communist leaders in containing conflicting forces.

IV. PROSPECTS

64. We believe that the cohesive forces in the Sino-Soviet relationship are stronger than the divisive forces and are likely to remain so throughout the period of this estimate at

least. It is probable that for some time to come both the Soviet and Chinese leaders will value the alliance so highly that they will make strong efforts to keep discord from wrecking it. There will be a powerful tendency on each side to stop short of any irrevocable act which would force a permanent split.

65. The strongest of the cohesive forces throughout this period will be a mutual awareness of the heavy damage to their national interests and to the Communist cause which a substantial impairment of the alliance would inflict. The two partners will almost certainly continue to share a common hostility to the West and a belief that through their common effort in advancing international communism they can someday participate in dominating the world. Their relationship will also continue to find cohesion in the political, economic, and military advantages each receives. This will have particular force for the Chinese who, in view of their continuing military and economic dependence on the USSR, will probably feel that they have no genuinely acceptable alternative to maintaining their alliance with the Soviets.

66. Divisive forces will continue to be present, however, and may increase. The distinct national characteristics and the disparate developmental stages of the two states discussed in this estimate will continue to exert a disruptive force. Judging from the experience of recent years, there will continue to be a trend, though a somewhat uneven one, toward modifying the more arbitrary and stringent features of Soviet society and institutions; the Chinese Communists, however, will still be in the throes of forcefully engineering a vast economic and social upheaval with all the internal tensions this entails. Communist China's relative weight in the Bloc is likely to grow over the next five years. This growth will diminish the leverage Moscow can bring to bear through Peiping's military and economic dependence. Peiping's foreign policy outlook will probably continue to be less flexible and more aggressive than Moscow's, and this will at times place heavy strains on the relationship. Peiping will be more inclined to pursue its own interests and to question Soviet leadership than during the first decade of the alliance.

67. The future nature of the Sino-Soviet relationship will be shaped in part by developments which cannot be known at present: changes in Soviet or Chinese Communist leadership; the compulsions or restraints which developments within the USSR and China will exert on the respective leaderships; the strength and policies of the West; the opportunities which occur for the Communist movement throughout the world; and the failures and successes of various Communist ventures.

68. The interplay among these contingent developments and the broad forces of cohesion and division in the Sino-Soviet relationship will determine its precise future form. We do not rule out the possibility that the two powers may either come to an open break or reach a more fundamental integration of interests than now exists. We believe it much more likely, however, that there will be no fundamental reconciliation of differences, that discord will ebb and flow, and that substantial though not complete cooperation between Moscow and Peiping will continue. Complete unity appears inherently improbable between two centers of vigorous Communist authority and national pride, each backed by so much power as to make it difficult for either one to impose its will on the other and each having strong reasons for continuing to hold its own views. At the same time, such discord is unlikely to force the USSR and Communist China so far apart that they cease to look to each other for support in their common drive against the West.

69. The tensions inherent in the Sino-Soviet relationship could eventually lead to a basic reformation of the structure of the Bloc. It is even possible that the Sino-Soviet relationship will begin to take on more of the aspects of a traditional alliance between two powerful nation-states, perhaps extending to the development of tacitly acknowledged spheres of influence. In any event, over the next five years the growing duality of power in the Bloc will become increasingly incompatible with present Bloc structure which has been based on a single source of authority. As a consequence, quick and effective coordination of policy against the West may become

more difficult. Moscow may face difficulties in successfully denying its European allies an increased measure of authority and initiative and in preventing satellite officials from attempting to use Sino-Soviet differences as leverage against Moscow. The cohesion of the world Communist movement may suffer as a result of confusing and at times contradictory counsel from both Moscow and Peiping and of probable Chinese attempts to increase its influence in the guidance of other Communist parties.

70. The interplay of Sino-Soviet differences may well have an important effect on Bloc policies toward the West. Elsewhere we have estimated that the Soviets are likely, during the next few years, to mingle elements of accommodation and of pressure in their foreign policy. The Chinese will seek to minimize the former and maximize the latter. This tendency will be particularly strong in matters directly related to Communist China's national interests, especially those concerning the Taiwan question and Peiping's position in the international community. We do not believe that their efforts will decide the course of Soviet policy, but they will influence it. The Soviets will not be quite as free to reach agreements with the US, if they wish to do so, as they would be if they were not allied to the Chinese. Moreover, Chinese Communist pressure may at times cause the Soviets to pursue a more militant course toward the West than the Soviets would otherwise choose on tactical grounds.

71. Since the Sino-Soviet alliance is a changing and evolving relationship, it offers possibilities for favorable as well as unfavorable developments from the US point of view. Stresses and strains weaken the hostile combination, and possibly can be exploited to the advantage of the West. Public manifestations of Sino-Soviet disagreement damage the facade of Communist unity and diminish, to some degree, the forward thrust of world communism. Nevertheless, despite these mitigating considerations, the threat which the Sino-Soviet allies pose to US security and US interests is of great dimensions, and we believe that it is more likely to increase than to diminish during the period of this estimate.

~~SECRET~~

ANNEX A

THE IMPACT OF SOVIET TRADE AND TECHNICAL ASSISTANCE ON COMMUNIST CHINA'S ECONOMY

1. During the past 10 years, actual Soviet deliveries to Communist China of complete installations and other capital equipment have amounted in value to more than \$2 billion. In a series of agreements negotiated since 1950 the USSR has agreed to provide China with complete installations for 291 major projects, which form the core of China's industrialization program. These projects include complete sets of factory equipment for the large, modern, industrial plants—steel mills, a large petroleum refinery, aircraft and truck factories, and machine-building plants—and electric power installations, which form the core of the Chinese industrial development program. About one-half of these installations have been placed in full or partial operation. By importing complete factories from the USSR, China has received a relatively standardized basic plant and has gained the advantage of integrated planning by experts who are familiar with the demands of a socialist planned economy. These are not "aid" projects in the sense of economic grants, but they have helped China's industrial growth greatly by providing long-range guaranteed deliveries and by providing ready availability of modern Soviet technology and the services of Soviet experts who have supplied necessary guidance in all phases of plant construction and initial operation. The Soviet role in building these projects was especially comprehensive during the First Five-Year Plan (1953-1957).

2. The Chinese now claim to be more capable of coping independently with the building of modern industrial plants, and perform much of the planning and construction work on aid projects formerly done by Soviet experts. As

the Chinese advance in technical competence, however, they are attempting more complex types of production—aircraft, electronics equipment, and steel-making equipment—and Soviet assistance continues to be vital, although on a much higher technical level.

3. Soviet "aid" has taken various forms. The USSR loaned China about \$1.3 billion, 1950-1956, of which \$430 million was for economic development and the remainder primarily for military purchases. The credits had been almost fully utilized by 1955 and China now has repaid about two-thirds of the total indebtedness. A vast amount of Soviet technical data appears to have been made available free of charge over the past decade. The USSR has sent technicians and equipment which were in some cases in short supply at home. It has also coordinated its shipments with China's development programs and has been willing to make economic commitments years in advance.

4. China has also benefited from the extensive economic relations it has formed with the Eastern European Satellites, particularly Poland, East Germany, and Czechoslovakia. Agreements have been negotiated with certain of these countries calling for technical assistance and equipment for the construction in China of at least 100 large industrial installations, about two-thirds of which have been finished and placed in operation. Including these projects, the total value of machinery and equipment paid for and received by China during 1950-1959 from the European Satellites was about \$1.7 billion, approximately 40 percent of China's imports of these items from all sources.

~~SECRET~~

5. Figures for the First Five-Year Plan indicate that the joint projects involving Soviet capital equipment and technicians, but also Chinese materials, equipment, and labor, accounted for 44 percent of all state investment in industry during that period. In absolute figures, China invested 11 billion yuan¹¹ in Soviet projects during the First Five-Year Plan out of a total industrial investment program of 25 billion yuan.

6. The original Second Five-Year Plan proposals, which continued the emphasis on large-scale industry and on the Soviet-assisted industrial construction projects, probably were based on the assumption that the proportion of state industrial investment in Soviet-assisted projects would be maintained at about the level of the First Five-Year Plan. The leap forward drive, however, which greatly increased investment in small-scale home-grown industries, has radically changed the pattern of investment. The trend established in 1958 and 1959, and in the 1960 plan suggests that industrial investment during the Second Five-Year Plan may be twice as large as originally planned—100 instead of 50 billion yuan. Meanwhile, investment in Soviet-assisted projects, even though it seems to have been expanded, probably will not exceed 25 to 30 billion yuan. According to these figures, the proportion of investment in Soviet-assisted projects to total industrial investment will

¹¹ This figure includes the value of the investment goods imported from the USSR for these projects.

decline from 44 percent during the First Five-Year Plan to about 25 to 30 percent during the Second.

7. In addition to equipment for the 291 Soviet-assisted projects, China imports from the USSR a substantial additional amount of investment equipment and other items for industrial plants not included in the assistance agreements. Also vital to the running of China's economy are imports of Soviet industrial raw materials, transport equipment, and petroleum products.¹²

8. Petroleum products from the USSR are of particular importance, for even in 1959 Communist China's domestic production was able to meet only about half of its requirements, and more than 90 percent of its total imports were obtained from the USSR. Out of total imports of 3.3 million tons of crude oil and refined petroleum products in 1959, aircraft fuels and other fuels and lubricants for military uses may have comprised about 1 million tons. For these products China is still almost wholly dependent upon foreign supplies. In spite of considerable growth in domestic production of crude oil and in domestic refining capacity expected in the next five years, China's demand is growing so rapidly that annual petroleum imports are expected to rise to about 5 million tons in 1965. Imports will continue to consist mainly of refined petroleum products including a sizable quantity of military fuels.

¹² For a commodity breakdown of Sino-Soviet trade, 1950-1958, see Table 2.

TABLE A-2
IMPORTS BY COMMUNIST CHINA FROM THE USSR AS REPORTED BY THE USSR^a 1950-1958

Imports	Million US \$ and Percentages									
	1950 ^b		1951 ^c		1952 ^b		1953 ^b		1954 ^c	
	Value	%	Value	%	Value	%	Value	%	Value	%
Equipment and machines ..	41	11	108	23	157	28	161	23	199	26
Complete installations ...	(1)	(0.3)	(32)	(7)	(41)	(7)	(49)	(7)	(93)	(12)
Ferrous metals	20	5	50	10	66	12	68	10	88	12
Nonferrous metals	3	1	17	4	16	3	14 ^d	2	22	3
Petroleum and petroleum products	11	3	39	8	33	6	45	6	45	6
Paper	4	1	11	2	17	3	9	1	6	1
Miscellaneous ^e	23 ^d	6	51	11	19 ^d	4	10	2	25	3
Unaccounted for ^f	286	73	200	42	246	44	391	56	374	49
Total	388	100	476	100	554	100	698	100	759	100

Imports	1955		1956		1957		1958	
	Value	%	Value	%	Value	%	Value	%
Equipment and machines	230	31	305	42	272	50	318	50
Complete installations	(142)	(19)	(217)	(30)	(209)	(38)	(166)	(26)
Ferrous metals	76	10	81	8	33	6	61	10
Nonferrous metals	13	2	18	2	8	1	16	3
Petroleum and petroleum products ...	79 ^d	11	86	12	90	17	92	14
Paper	7	1	6	1	3	1	neg	neg
Miscellaneous ^e	16	2	15	2	15	3	31	14
Unaccounted for ^f	237	43	242	33	123	22	114	18
Total	748	100	733	100	544	100	634	100

^a All data contained in this table are from source ³³, except where otherwise indicated.

^b 55

^c 56

^d 57

^e Including such categories as chemicals, building materials, pharmaceuticals, and cultural and consumer goods.

^f Representing the value of goods not listed by Soviet sources and believed to be primarily of military and strategic origin.

TABLE A-2 (Continued)
 EXPORTS FROM COMMUNIST CHINA TO THE USSR AS REPORTED BY THE USSR^a 1950-1958

Exports	Million US \$ and Percentages									
	1950 ^b		1951 ^c		1952 ^b		1953 ^b		1954 ^c	
	Value	%	Value	%	Value	%	Value	%	Value	%
Raw materials of agricultural origin	67	36	86	26	125	30	122	26	116	20
Foodstuffs	22	12	23	7	57	14	89	19	149	26
Raw materials of animal origin	10	5	17	5	32	8	13	3	25	4
Nonferrous and alloy metals	20	11	46	14	73	18	101	21	107	19
Textile raw materials	17	9	30	9	39	9	58	12	56	10
Textiles	N.A.	N.A.	4	1	15	4	17	3	37	6
Miscellaneous ^d	52	27	126	38	73	17	75	16	88	15
Total	188	100	332	100	414	100	475	100	578	100
			1955		1956		1957		1958	
Exports	Value	%	Value	%	Value	%	Value	%	Value	%
Raw materials of agricultural origin ..	130	20	139	18	129	18	102	12		
Foodstuffs	179	28	201	26	128	17	219	25		
Raw materials of animal origin	22	3	26	3	21	3	22	2		
Nonferrous and alloy metals	118	18	126	16	142	19	123	14		
Textile raw materials	60	9	59	8	49	7	38	4		
Textiles	59	9	96	13	136	18	194	22		
Miscellaneous ^d	76	13	117	16	133	18	183	21		
Total	644	100	764	100	738	100	881	100		

^a All data contained in this table are from source ²¹, except where otherwise indicated.

^b 22

^c 22

^d Miscellaneous includes industrial goods, industrial raw materials, chemicals and rubber, and cultural and consumer goods.

9. The trend toward greater Chinese self-sufficiency is also characterized by the growth of the Chinese machine-building industry. Although China must continue to rely entirely on imports for some types of machines, it officially claims that it is now able to fulfill from internal production about 80 percent of its overall requirements for machinery, as compared with a production rate during the First Five-Year Plan which met only 60 percent of such requirements. This advance has not been uniform in all lines of production, however, and much of the additional machinery produced in China has been of simple types, for example, irrigation pumps for agriculture, or simple equipment for small factories.

10. The impact of Soviet equipment on Communist China's economy has been greatly enhanced by the employment of a large number of Soviet experts, most of whom have been on Chinese Communist payrolls or included in the cost of the Soviet assistance to major aid projects. By late 1959 about 11,000 Soviet economic and technical experts reportedly had worked in China at one time or another. These experts have included not only top-notch Soviet industrial specialists but also economic advisers who have helped formulate economic planning in all sectors in the Chinese economy. In the past two or three years the number of Soviet technicians has dwindled, and the remaining technicians are mostly in the background as technical advisers and

trouble shooters rather than as managers and operating engineers. Another mechanism for transmitting Soviet technology to Communist China has been the training program for Chinese students in the USSR. By 1958 China reportedly had sent 14,000 students to the Soviet Union for study and 38,000 individuals to Soviet industrial establishments for on-the-job training. Most of those receiving practical training were assigned to plants similar to ones under construction in China, to prepare them for serving as the initial group of skilled workmen and technicians in newly completed Chinese factories.

11. Although less tangible than technical assistance in the form of expert advice and training, Soviet transfers of technical information have been of considerable importance in the industrialization program of Communist China. Under the Sino-Soviet Scientific and Technical Cooperation Agreement of October 1954, the USSR has provided China with blueprints for the construction of 600 kinds of factories and enterprises, designs for 1,700 sets of machinery and equipment, and substantial information on production processes. Additional agreements for further technical cooperation were negotiated in 1958 and 1959, for application during the Second Five-Year Plan (1958-1962). Knowledge and data obtained in this manner from the USSR have been useful to China even on projects with which the USSR has not been involved.

ANNEX B

SINO-SOVIET SCIENTIFIC AND TECHNOLOGICAL RELATIONS

A. Scale and Nature of Communist China's Dependence on the Bloc

1. Communist China is capable, without organized foreign aid, of gradually expanding its scientific and technological capabilities, utilizing a small group of very able Chinese scientists who have access to the international literature in their fields. To reach world levels of effort in a significant number of selected fields by 1967, the Chinese would require considerable outside aid, particularly in advanced academic training. The dependence at present, however, is for the most part at everyday, practical levels. Aid is required, for example, for organizing the national research establishment, planning a research program, providing the latest in scientific know-how and solving problems quickly, furnishing materials for research, and training new scientists. As progress is made, personnel at increasingly higher scholastic and scientific levels will be sought. This pattern has been followed in other countries and is not new. To date, the Chinese have requested aid from the Soviet Union and other Bloc countries in a wide variety of fields and have received aid in a number of them. The Chinese also have followed Western technological developments and made use of them as far as practicable.

B. The Scale, Nature, and Terms of Soviet Assistance

2. By 1958, the Soviets had largely satisfied the Chinese need for organization, planning, and undergraduate education. Most of the aid was on a practical level with little participation in research and development. Personnel furnished up to this time were primarily teachers, short-term lecturers, advisors,

and industrial types. Starting in 1958, a few hundred researchers began to work jointly with Chinese scientists in China for periods of several months to a year or two.

3. Since January 1958, when a 5-year protocol was signed under the Sino-Soviet Scientific and Technical Agreement of 1954, Soviet aid has stepped up. This protocol clarified Sino-Soviet relations in research and development and the training of scientists, for which purpose over 120 programs were to be carried out jointly or with Soviet assistance to support China's 12-year Plan for Scientific Development. We believe some of this work also supports the Soviet research program.

4. Connected with the 1958 step-up was an agreement made in December 1957 between the academies of the two countries which provided for direct communications, joint research and expeditions, and coordination of work in important problems of science and technology. Similar agreements were executed in January 1958 between the academies of agricultural sciences of the two countries and between the ministries concerned with higher education. These were 5-year agreements with executive plans to be made yearly. The agreements were associated with the protocol mentioned above. Research and development and training in all fields and all pertinent agencies of government were encompassed in these documents.

5. Training in the Soviet Union is one of the most important ways that the Soviet Union is aiding China. Training in China has not progressed well and only a handful of qualified new scientists has been produced in China. The growth of qualified scientists in China has come almost entirely from those returning

after graduate study in the Soviet Union (other than the 200 or more who returned from the US and Europe after the Communist takeover). Postgraduate training began to receive increased emphasis starting in 1955, and, by 1957, a policy was adopted whereby only graduate students would be sent abroad. With this new policy, the number sent each year is believed to have dropped from the 2,000 and over for 1955 and 1956 to a few hundred per year. The number studying in the Soviet Union appears to be declining, but the level of study is rising. There are probably about 4,500 Chinese currently studying in the Soviet Union, mostly in scientific and technical fields.

6. The expenses of Soviet experts who stay in China up to three months reportedly are paid by the Soviet Union; those who stay up to six months have their travel paid by China; and those who stay longer have both salaries and expenses paid by China. It is believed that the expenses of Chinese students in the

Soviet Union are borne by China. Scientific apparatus and instruments are also paid for; in 1958, this trade item was reportedly 100 million yuan.

C. Net Worth to the USSR

7. Benefits to the Soviet Union are not obvious, although a number of Chinese researchers and graduate students working in Soviet research institutions have contributed to the overall research and development output in the USSR. Some research done in China in a few fields is probably of a level that would be of interest and value to Soviet scientists. Close contact with China's research and development has given the Soviet Union an opportunity to keep informed on China's progress and prospects. The Soviet access to the geographical area of China gives some advantage to the Soviet Union in such fields as geophysics. Advantages in satellite tracking also derive from this access.

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ANNEX C

COMMUNIST CHINA'S MILITARY DEPENDENCE ON THE USSR

A. Ground Forces

1. *Equipment.* Communist China's dependence upon the USSR for equipment has progressively lessened over the last 10 years. Nevertheless, China is still dependent upon the Soviet Union for many types of equipment for its armed forces.

2. At the time of the Korean War, Communist China was making mainly infantry weapons and ammunition. The USSR supplied armor, artillery, ammunition, and vehicles on a large scale, although Communist China was also using a variety of captured Japanese and US weapons. Shortly after the end of the Korean War, Communist China decided to develop a munitions industry with Soviet aid and geared to the production of Soviet-type weapons. Since then, China has gradually expanded its production to include Soviet-type artillery and artillery ammunition, medium trucks, the new type Soviet small arms and ammunition, and, most recently, medium tanks. It is believed that Communist China now produces enough of these items to supply the current peacetime replacement requirements of its armed forces. For all other items of equipment, especially heavy armor, specialized artillery, some kinds of complex signal and electronic equipment, and a variety of trucks and special purpose vehicles, Communist China is completely dependent upon the USSR or other members of the Bloc.

3. The quantities of equipment which may have been sent to China are unknown. However, sufficient equipment has been identified in the hands of troops to indicate that these shipments have been substantial. Little is known of the possible stockpiles of equipment in Communist China, but it is probable that if stockpiles exist that they consist primarily of Soviet items. Estimated production of

military items in Communist China indicates that output would hardly have been sufficient for the accumulation of stockpiles. Also, during the heavy Chinmen shelling, the artillery ammunition which was recovered and analyzed was mainly of Soviet manufacture, which suggests that ammunition stocks are certainly of Soviet origin.

4. In the last few years, the nature of Soviet assistance to Communist China has shifted. Instead of supplying mainly finished military equipment and supplies, the USSR is now chiefly providing technical aid and industrial facilities for munitions manufacture. By this means, China has been able to initiate production of a fairly extensive number of up-to-date weapons. More importantly, these industrial plants provide the base which can be expanded so that Communist China will ultimately become self-sufficient in the output of many types of military equipment.

5. But for the present, and for some years to come, Communist China's ability to modernize its forces with items of its own production will be very limited. At current estimated production rates, for example, of such a basic item of equipment as the T-54 tank, it will be five years before the T-34 tanks now assigned to units in the armored divisions and tank regiments of infantry divisions can be replaced, even at the modest levels now carried in the current TE.¹³

6. China does not now have and is not likely to have for a number of years a domestic capability to meet all of its requirements at wartime consumption levels for conventional weapons and the more complex types of radar and electronic equipment now essential for a modern ground force. The Chinese, even in peacetime, are dependent on the Soviets to

¹³ See tables C-1 and C-2.

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supply replacements and spare parts for many weapons now in use, and must rely on the Soviets for much of their communications equipment, radar, and early warning devices.

7. Chinese Communist ground forces dwarf all non-Communist Asian military forces, but the level of equipment of the Chinese forces is still far short of advanced modern standards. For example, in the Soviet tank divisions, there are more than eight times the number of tanks in the Chinese armored divisions; in the tank regiments of infantry divisions, the Soviets are over twice as strong as the Chinese in numbers of tanks. The Soviets have 25 times more tanks than the Chinese and most of them are larger and newer models.

8. Thus, even in a nonnuclear war, the time is not in sight when the Chinese Communists will be able to sustain major military operations against a modern armed force without substantial quantities of additional Soviet weapons and equipment. The Chinese will also need help in meeting their increasing POL requirements.

9. The lack of a major military research and development program will further extend the time before Communist China will achieve "military self-sufficiency." The Chinese have demonstrated a capability to make improvements on blueprints and plans of the relatively simple military equipment they are now manufacturing, but seem not yet to have undertaken any serious program of research and development of a truly "Chinese" weapons system, or of native Chinese support equipment.

10. *Training.* The Soviets have made a significant contribution to the Chinese Communist armed force strength by permitting them to attend Soviet training schools and through the Soviet advisory program in China. Here again, limited data indicate that the Soviets are withdrawing some of their personnel from lower units, probably because the Chinese can run their own training programs for their current organizations and weapons. However, the Chinese undoubtedly realize the importance of continuing to send as many personnel as possible to advanced Soviet schools

to prepare for further modernization of their forces.

11. *Logistics.* The Chinese Communists were unable to support their effort in Korea without a large-scale Soviet logistics effort, and, despite considerable work and progress, this portion of the Chinese Communist military organization remains basically weak. The weakness is found in the transportation system's limited capacity and its vulnerability to interdiction, in the logistical organization structure which provides this service to the combat forces, and in the lack of materiel, e.g., spare parts, POL, and other essential items, to permit the Chinese Communist forces to engage in modern warfare. They would be dependent on the Soviet Union for logistic support in any military operation against an enemy which included a modern Western military force.

B. Air Forces

12. Communist China is today heavily dependent upon the Soviet Union for aircraft, air weapons, air logistic items, electronic equipment, and training; and it is likely to remain so for a long time to come. As China lacks the two essential ingredients for a long-range strike power (nuclear weapons and long-range delivery capability), it must perforce rely upon Soviet capabilities. In addition to this dependence, China must also rely upon its Soviet ally for the maintenance and further development of the defensive and offensive air capability it now has in being.

13. Today, Communist China's aircraft inventory totals more than 3,000 aircraft in operational units including about 1,850 jet fighters and about 400 jet light bombers. The great bulk of these aircraft has been supplied to China by the Soviet Union. This aid undoubtedly constitutes the major direct Soviet contribution to Communist China's present military power. In addition to this support the Soviets have also helped the Communist Chinese to establish facilities for the local production of Soviet-designed aircraft. The Chinese Communists began series production of Soviet-designed fighters (FRESCO-

MIG-17) and utility aircraft (COLT-AN-2) in 1957 and have been producing helicopters (HOUND-MI-4) in series since the fall of 1959. Series production of FARMERS (MIG-19) has probably recently begun. Soviet support of this production has been extensive, but has decreased from initial levels as the Chinese have been able to supply more and more of the raw materials, components, and qualified personnel required in production. While this trend is likely to continue, it is probable that the Chinese Communists will have to depend on the USSR to supply certain components for these aircraft for some time to come.

14. Communist China remains heavily dependent on the Soviet Union for air logistic items. While Peiping's overall dependence on the USSR for air logistic materials has decreased moderately since 1950, the volume of its imports has increased substantially as a result of increases in Communist China's aircraft inventory. At present, it is estimated that China must depend upon the USSR for approximately 80 percent of its total air logistic requirements. China is particularly dependent on the USSR for the higher grade petroleum products required for its air forces. It is believed that all such products, including all aviation fuels, are now imported from the USSR and European Bloc countries. Even with the expected improvements in China's petroleum industry, Peiping will probably continue to rely on the USSR for the major portion of these petroleum products for some time. Thus China's military air capability will continue to be directly dependent upon the Soviet supply line.

15. Soviet training assistance has included both extensive supervisory and materiel support and has resulted in the development of an air training establishment in China closely patterned after that of the Soviet air forces. At the time of the Korean War, a large number of Soviet advisors and instructors were employed throughout the Chinese Communist Air Force. Since that time, the number of Soviet personnel assigned in China has markedly decreased but a few still remain in an advisory capacity. Today the Chinese Communists are capable of meeting most of their

annual training requirements through their own resources and probably rely upon the Soviets only for advanced technical equipment and for the training of highly skilled technicians.

C. Naval Forces

16. *Materiel Assistance.* Only through the extensive assistance of the Soviet Navy has the rapid development of the Chinese Communist Navy (CCN) been possible, and ships transferred from the USSR¹⁴ and those assembled in China from largely Soviet-supplied components¹⁵ today provide the principal combat potential of the navy. Most CCN naval materiel, especially ordnance, electronics, and propulsion machinery, and petroleum products, has also originated in the USSR. Much recent Soviet technical assistance has been directed toward the establishment of programs for local Chinese production of naval equipment.

17. *Soviet Naval Advisory Mission.* Equally important assistance in the development of the CCN has been furnished by the Soviet Naval Advisory Mission. This mission was instituted to impart Soviet naval experience, methods, and technical skills to the Chinese. It consists of the Soviet Advisory Section at Naval Headquarters, Peiping, and of a network of representatives attached to every major subordinate command or installation. Initially set up in 1950, this network became so extensive as to include every ship and tactical organization in the navy. It is estimated that by about 1954, upwards of 500 Soviets were assigned to various naval missions with the CCN, with about 100 serving with the Soviet Advisory Section in Peiping. Gradually, as the CCN developed and gained practical operating experience, the number of Soviet advisors was reduced. At the present time, the number probably does not exceed 150; the advisory section in Peiping has been reduced to about 30 persons with the remaining 120 on duty with the fleet and district commands, the naval academy at Dairen, and specialized training commands.

¹⁴ See table C-3.

¹⁵ See table C-4.

18. For psychological reasons the Soviet Naval Advisory Mission is integrated into the CCN organization so as to cloak even the slightest outward appearance of Soviet control or domination. Most of the personnel wear civilian clothing or CCN uniforms without badges or rank insignia. Relations between the Chinese and their Soviet advisors are generally described as "polite" with little evidence of serious ethnic friction on any level. Customarily the local Soviet advisors give specific advice only when it is requested. They do, however, make periodic reports to the head of the Soviet Advisory Section, Peiping, who in turn can recommend general remedial measures to the national CCN high command. The Soviet Naval Advisory Mission not only provides beneficial guidance to the CCN but also enables the Soviet Navy to evaluate adequately the professional competence of its Far Eastern ally.

19. Numerous other Soviet personnel have been provided to the Chinese to give technical guidance in the establishment of shipbuilding programs. Additional technicians have been sent to instruct the Chinese in the proper operation and maintenance of modern naval equipment.

20. *Training.* During the earlier stages in the development of the CCN large numbers of Chinese officers were sent to the USSR for senior and specialized naval schooling. Small numbers of senior naval officers are still being sent annually to the Order of Lenin Naval Academy at Leningrad for command and staff training. A limited number of junior officers and enlisted personnel are enrolled each year for specialized technical training at several other Soviet naval schools in the Leningrad area and in the Vladivostok-Nakhodka naval complex.

21. In addition to technical and materiel assistance in developing the CCN, the USSR has taken several measures which have enhanced the prestige of China as a new naval power. In 1955, the USSR ceded Kuan-tung Pan-tao (Kwantung Peninsula) to China, together with its important naval and industrial complex of Port Arthur-Dairen. Port Arthur has since become one of the two largest bases of the CCN. In the summer of 1956 the Soviet Pacific Fleet made an official visit to Shanghai, the first visit of foreign warships to mainland China since the defeat of the Chinese Nationalists. To date the Chinese Communists have not paid the customary return visit.

TABLE C-1
COMMUNIST CHINA
ESTIMATED CURRENT ANNUAL PRODUCTION OF ARMAMENTS
AND MILITARY VEHICLES

Small Arms	
7.62mm Pistol, type 51 (Copy of Sov TT-33)	10,000
7.62mm Carbine, type 56 (Copy of Sov SKS)	250,000
7.62mm SMG, type 56 (Copy of Sov AK)	180,000
7.62mm Light MG, type 56 (Copy of Sov RPD)	15,000
7.62mm Heavy MG, type 53 (Copy of Sov Goryunov)	1,000
12.7mm Heavy MG, type 54 (Copy of Sov M38 DShK)	1,000
	457,500
Mortars	
82mm (Copy of Sov 82mm M1937)	4,000
120mm (Copy of Sov 120mm M1938/43)	2,000
160mm (Copy of Sov M43)	500
Recoilless Rifles	
57mm, type 36 (Copy of US M18) Production ceased at end of 1957	
75mm, type 52 (Copy of US M20)	2,000
Rocket Launchers	
90mm, type 51 (Copy of US M20) Production ceased at end of 1957	
102mm, type 50	100
Artillery	
37mm AA gun, type 55 (Copy of Sov M1939)	50
57mm AT gun, type 55 (Copy of Sov M1943)	50
76mm Div gun, type 54 (Copy of Sov M1942)	175
122mm How (Copy of Sov M1938)	25
152mm How (Copy of Sov M1943)	10
Tanks	
T54 (100) Medium (Copy of Sov Model)	100
Trucks	16,000
Jeeps	500
Ammunition	
Artillery and Mortar	1.4 million rounds
Small Arms	150 million rounds

TABLE C-2

MAJOR ITEMS OF EQUIPMENT—CHINESE COMMUNIST GROUND FORCES

	Item	Quantity Now in Inventory	Country of Origin
Arty:	100mm Fld/AT Gun	70	USSR
	122mm How	1,800	USSR, China
	122mm Gun	800	USSR
	152mm How	400	USSR, China
	152mm Gun/How	400	USSR
	130 Gun	75	USSR
AAA:	37mm AA Gun	1,450	USSR, China
	57mm AA Gun	250	USSR
	85mm AA Gun	1,350	USSR
	100mm AA Gun	250	USSR
Rkt Lnchr:	132mm Rkt Lnchr	150	USSR
	140mm Rkt Lnchr	35	USSR
Armor:	M Tk, T-34/85	2,600	USSR
	M Tk, T-54	100	USSR, China
	H Tk, JS-2	80	USSR
	Aslt Gun, SU-76/100	800	USSR
	Aslt Gun, JSU-122	100	USSR
	Aslt Gun, JSU-152	100	USSR
Radar:	Radar Devices	600	USSR, China

TABLE C-3

SOVIET SHIPS TRANSFERRED TO COMMUNIST CHINA

Type/Class	Number	Date	Remarks
SS/"M-II"	1	1953	Nonoperational
SS/"S-1"	4	1954-1955	
SS/"M-V"	4	1954-1955	
SS/"SHCH-II"	4	1955	Nonoperational
DD/"GORDYY"	4	1954-1955	
PC/"KRONSHADT"	6	1955	
PT/"P-4"	80	1953	
MSF/T-43	2	1954	

TABLE C-4

SOVIET NAVAL DESIGNS CONSTRUCTED IN COMMUNIST CHINA

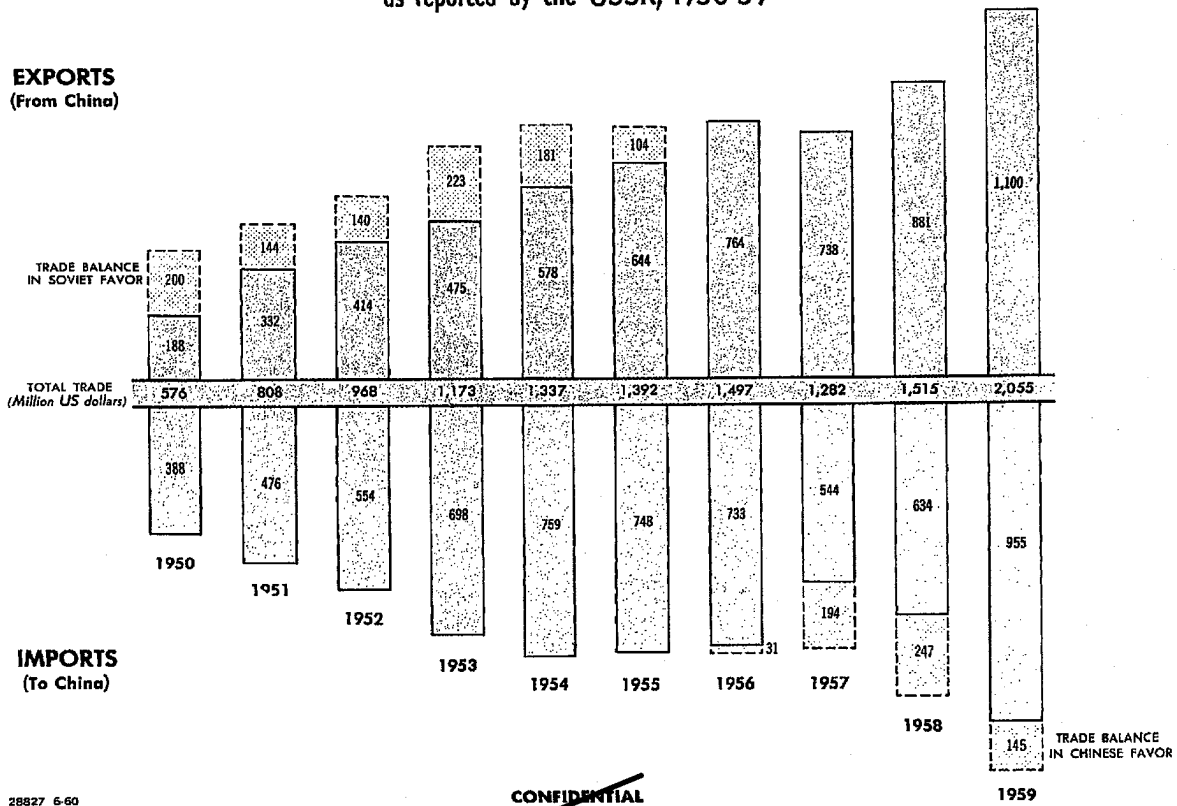
Type/Class	Number	Date ^a	Remarks
SS/"W"	17	1955	Additional units under construction or fitting out.
DE/"Riga"	4	1955	Program terminated with launching of 4th unit in 1957.
PC/"KRONSHADT"	18	1955	Program terminated with launching of 18th unit in 1957.
PT/"P-8"	60	1956	Still under construction.
MSF/T-43	8	1956	Still under construction.

^a Date construction program started in Communist China.

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Figure 1

Value of Imports, Exports, and Trade Balances of Communist China with the USSR
as reported by the USSR, 1950-59



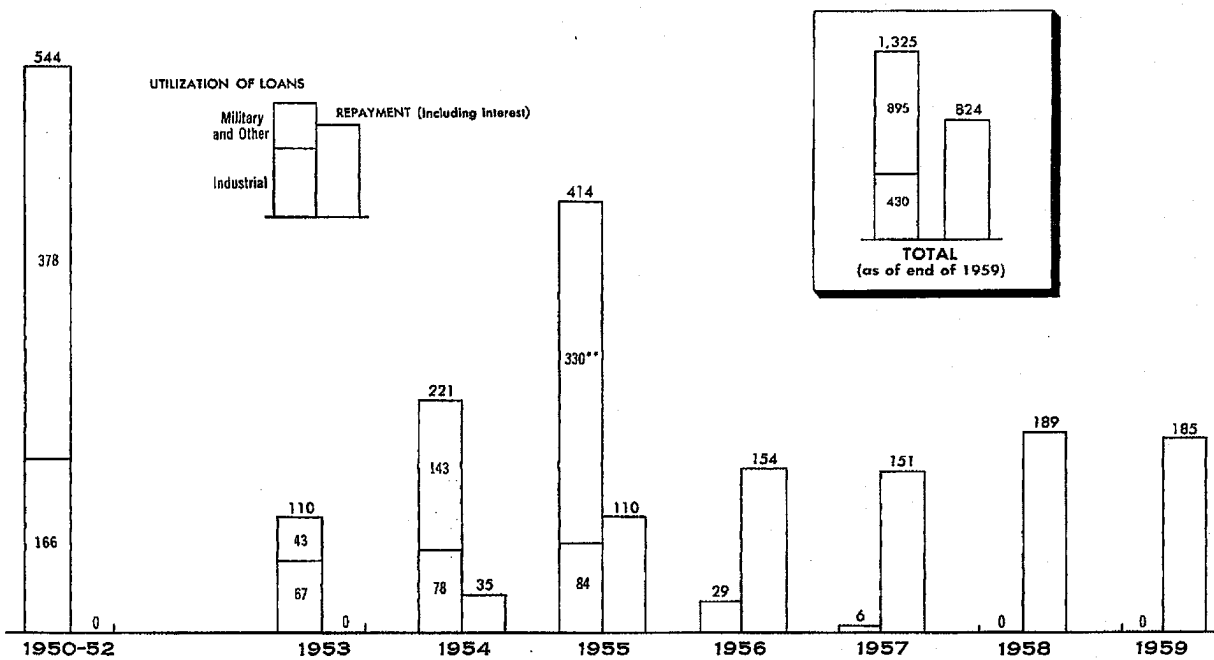
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Figure 2

Estimated Utilization and Repayments of Soviet Loans by Communist China, 1950-59 Million US dollars*



*Soviet loans to China during 1950-59 amounted to 5,294 million yuan and were converted at an exchange ratio of 4 yuan to US \$1.

**Including \$75 million estimated to be the value of assets of joint-stock companies returned to China by the USSR.

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