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Athens, 29 November-20 December 1967  
Provisional agenda, Items 3(g) and 4(c)

FORMS OF CZECHOSLOVAKIA'S ECONOMIC RELATIONS WITH  
DEVELOPING COUNTRIES AND ITS CONTRIBUTION TO  
THE LATTER'S INDUSTRIALIZATION

Submitted by

The Government of Czechoslovakia

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We regret that some of the pages in the microfiche copy of this report may not be up to the proper legibility standards, even though the best possible copy was used for preparing the master fiche.

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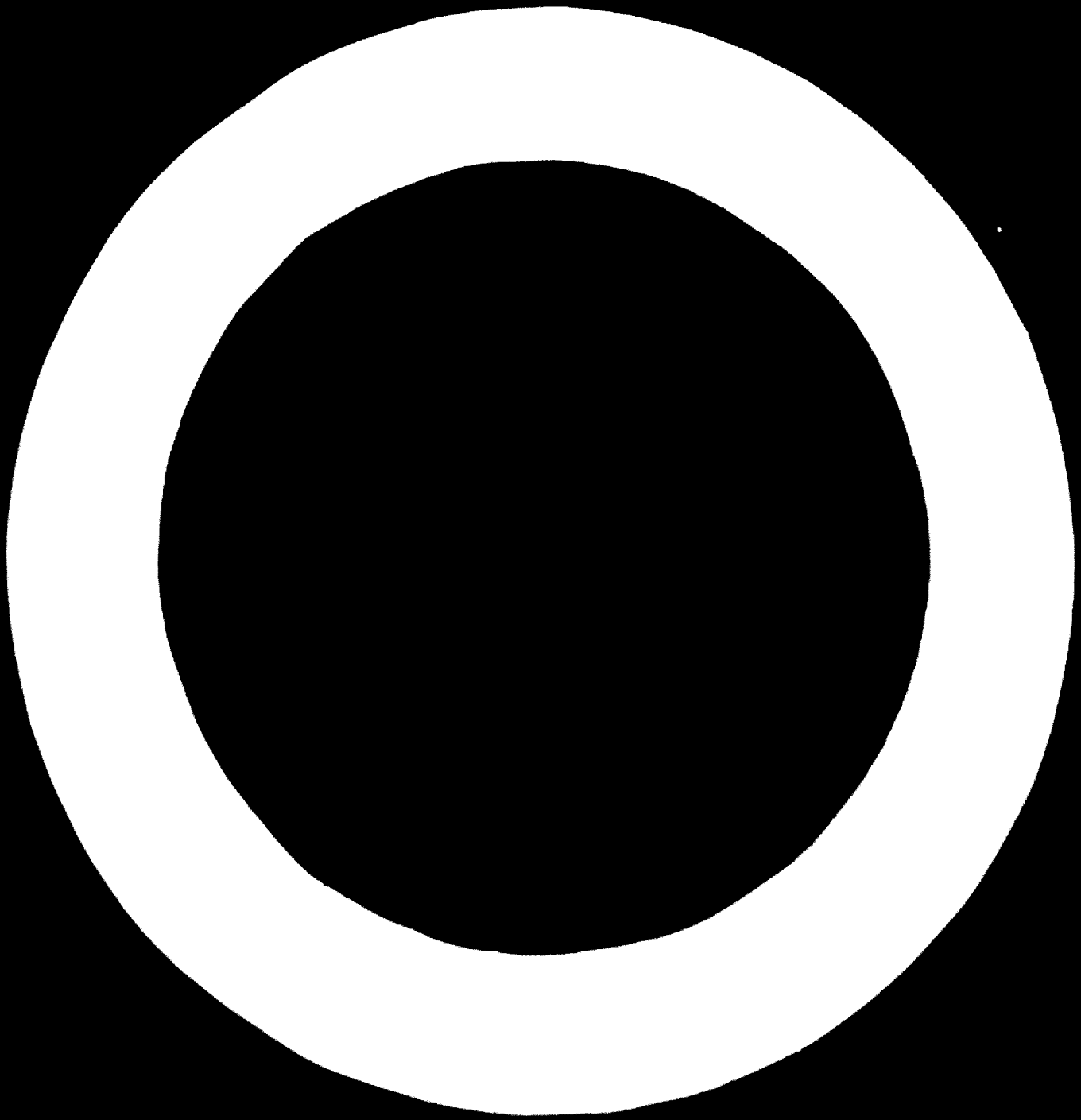
FORMS OF CZECHOSLOVAKIA'S ECONOMIC RELATIONS WITH  
DEVELOPING COUNTRIES AND THEIR CONTRIBUTION TO  
THE LATTER'S INDUSTRIALIZATION

SUMMARY

Submitted by the Government of Czechoslovakia

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\* This is a summary of a paper issued under the same title as document ID/CONF.1/G.50.



## I. INTRODUCTION

1. External economic relations can play an important role in the process of industrialization and, under some circumstances, contribute notably to the acceleration, or be responsible for the slow-down of a country's economic growth. Czechoslovakia's economic relations with the developing countries are carried out primarily in the form of mutual exchange of goods by means of foreign trade, economic co-operation, assistance in the form of credits and direct as well as indirect technical assistance, both bilateral and multilateral. All the said forms are interconnected, complement each other and their aggregate constitutes the overall volume of Czechoslovakia's economic relations with the developing countries.
2. The dynamic growth of Czechoslovakia's relations with the developing countries dates from the middle of the 1950's. Over the past fifteen years (i.e. 1950-1965), for example, its turnover of foreign trade with the latter countries registered an almost 3.5 fold increase.
3. Exchange of goods between Czechoslovakia and the developing countries has contributed to their industrialization owing, inter alia, to the fact that over the past decade exports of machinery, mechanical equipment and means of transportation, i.e. basic capital goods intended for the productive sphere of the national economy, accounted for about fifty per cent of all Czechoslovak exports to the developing countries. A considerable part of these engineering exports, almost half, comprises supplies of complete industrial plants.
4. The importance of all capital goods supplies in Czechoslovakia's overall economic relations with the developing countries is borne out by the fact that over the years dating from 1955 to the end of 1965 Czechoslovakia supplied to the latter and put on stream a total of 331 various factories and plants. The highest number of plants was built in India, the United Arab Republic, Indonesia, Iran, Ghana, Syria, Iraq, and Afghanistan. At present an additional 145 plants,

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to be completed in 1967-1969, are already under construction or else contracts have been signed for their supply. Almost all Czechoslovak supplies of capital goods are coupled with economic or technical co-operation, which play an important role in the process of industrialization.

5. The scope of economic and technical co-operation and assistance depends on Czechoslovakia's economic potentialities and the attained economic level of the respective developing countries.

6. The purpose of bilateral intergovernmental trade and economic agreements and scientific and technical co-operation agreements is to further the **growth of** exchange of goods, economic co-operation and technical assistance. Apart from bilateral relations, Czechoslovakia seeks to expand its economic relations with the developing countries by multilateral arrangements and through international organizations such as United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), General Agreement on Tariffs and Trade (GATT) and others.

## II. CZECHOSLOVAKIA'S BILATERAL ECONOMIC AND TECHNICAL CO-OPERATION WITH THE DEVELOPING COUNTRIES CARRIED OUT IN CONNEXION WITH SUPPLIES OF CAPITAL GOODS AND MACHINERY

7. The following are the fundamental features of Czechoslovak co-operation with the developing countries:

- (a) Support of an independent economic development of the developing countries;
- (b) Productive nature of the co-operation aimed above all at the sphere of production requiring a high share of engineering supplies;
- (c) Stability and long-term co-operation ensured primarily by means of long-term agreements and contracts;
- (d) Support of state sector and government projects;
- (e) Possibility of repaying credits by supplies of goods;
- (f) Comprehensive technical co-operation, including trial operation of the project;
- (g) Co-operation not tied in with any political or economic conditions.

the rest is used to pay the costs of receiving and stay of trainees, sending of specialists or organization of international seminars, symposia and courses mostly for participants from the developing countries. Until 1964 the United Nations made inadequate use of Czechoslovakia's possibilities to receive trainees and send its **specialists**.

19. A satisfactory trend of development in the sending of Czechoslovak experts has been registered only in the last two to three years, their number rising to 83 in 1966. The number of United Nations trainees in Czechoslovakia has averaged 50 to 60 annually.

20. Good results were achieved also in the organization of various international seminars, symposia and courses under the auspices of or in co-operation with the United Nations and specialized agencies.

#### V. EXPECTED TREND OF DEVELOPMENT IN CZECHOSLOVAKIA'S ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

21. Czechoslovakia will continue to support the effort of the developing countries for industrialization and wider participation in the international division of labour to the utmost of its capacities and in accordance with the presupposed structural changes of its national economy.

22. It will make use of all existing as well as new bilateral and multilateral forms of economic relations to expand its co-operation with the developing countries and to participate as **much** as possible in their development programmes. In the sphere of economic, scientific and technical co-operation it will continue to make available the expert knowledge of its specialists backed by many years of experience, to offer theoretical and practical instruction to nationals of the developing countries in Czechoslovak factories, professional schools, and institutions of higher learning, and to organize both bilateral and multilateral international meetings and the exchange of experience at joint seminars and symposia.



23. Moreover, Czechoslovakia suggested to the United Nations, and other international organizations (United Nations Development Programme (UNDP), United Nations International Development Organization (UNIDO), Food and Agriculture Organization (FAO), World Health Organization (WHO), International Civil Aviation Organization (ICAO), the International Labour Organisation (ILO) and others) ways of improving mutual co-operation and making better use of the capacities of Czechoslovak project design institutes. It also called their attention to the advantage of comprehensive reports and designs of their development programmes.

8. Within the scope of economic relations, Czechoslovakia grants the developing countries long-term commercial credits provided by commercial organizations and long-term government credits.
9. Commercial credits are payable after two, six and more years, government credits are extended for ten or more years according to the size of the project concerned. The higher the value of the supply the more advantageous are the payments conditions. The biggest long-term credits extended by Czechoslovakia were granted to India, the United Arab Republic, Indonesia, Iran, Syria, Argentina and Pakistan.
10. Government credits are granted for specific purposes and their scope, by virtue of their character of economic co-operation, aimed at establishing new relations in the international division of labour and co-operation in the sphere of manufacture, far exceeds that of a simple exchange of goods.
11. Economic agreements serve as an official form regulating the granting of long-term government credits. By the end of 1966, Czechoslovakia concluded twenty-one such international credit agreements with the developing countries.
12. Examples illustrating the comprehensive character of Czechoslovakia's economic and technical co-operation with the developing countries are the supply and construction of engineering and other plants in India, Iran, Syria and other countries. The latter will be of considerable importance to the development of other industries of the developing countries concerned.
13. In 1964, 1965 and 1966 Czechoslovakia sent almost 1,000 of its specialists to the developing countries and received for training in Czechoslovak industrial plants some 500 of their specialists annually in connexion with the construction of capital projects in the developing countries.

III. CZECHOSLOVAK BILATERAL DIRECT TECHNICAL ASSISTANCE  
NOT LINKED UP WITH SUPPLIES OF MACHINERY AND EQUIPMENT

14. Czechoslovakia grants the developing countries also direct technical assistance in that it sends its specialists and receives trainees of the latter. Since 1956, i.e. when direct technical assistance started to register an upward trend, until 1965 Czechoslovakia concluded scientific and technical co-operation agreements under which sending of experts and receiving of trainees are negotiated with twenty-four developing countries. Technical assistance, however, is granted also to countries with which no agreement has been concluded. This brings the number of developing countries receiving technical assistance from Czechoslovakia to thirty-nine.

15. In recent years Czechoslovakia has sent over 800 specialists and received for training in Czechoslovak plants almost 400 trainees annually within the scope of bilateral direct technical assistance to the developing countries.

16. Moreover, Czechoslovakia enables nationals of the developing countries to study at Czechoslovak professional schools, institutions of higher learning, scientific institutes and centres. Thus, for example, in 1965-1966 alone over 2,000 foreign students studied at Czechoslovak institutions of higher learning, the majority of whom received Czechoslovak scholarships,

IV. MULTILATERAL TECHNICAL ASSISTANCE GRANTED BY CZECHOSLOVAKIA  
TO DEVELOPING COUNTRIES THROUGH THE UNITED NATIONS AND  
INTERNATIONAL ORGANIZATIONS

17. Czechoslovakia participates in the United Nations development programme, the so-called United Nations Regular Technical Assistance Programme, and in technical assistance programmes of specialized agencies.

18. The United Nations and specialized agencies use a considerable portion of the Czechoslovak contribution for purchases of Czechoslovak merchandise, while

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## I. INTRODUCTION

1. Industrialization of the developing countries is an inherent process of their development whose objective is to gradually raise their economic level. This process cannot, however, be regarded as one involving simple construction of some industries, but as one involving gradual restructuring of the existing economy conforming to the current stage of economic development.

2. External economic relations, above all foreign trade, economic co-operation, credit and technical assistance, can play an important role in the process of industrialization and, under some circumstances, conduce notably to the acceleration of the country's economic growth. Imports of equipment from abroad can help surmount quicker technical backwardness, particularly at the initial stage of industrialization, and thus skip some of the development stages through which other national economies have had to pass. It does not mean that external economic relations must remain a key problem of the development throughout the entire period of industrialization, however, any persistence in the level attained without further progress would be a step backward. Therefore, external economic relations have an important function also in the process of raising the economic and technical level of industrialization, namely in the process of specialization, i.e. at the transient stage of basic industrial phase, relying only on natural resources, to higher stages, relying on the application of science and technology. The developing countries can substantially shorten this process of development by importing know how, experience and new equipment from the industrialized countries. Higher level of specialization, which is a prerequisite for production of high-quality and technically perfect goods finding outlet in severe competition on markets of the industrial countries, must be the principal objective of all developing countries if they wish to be equal partners of the industrial countries in the international division of labour.

3. On the one hand, external economic relations of the developing countries helps to accomplish the process of industrialization; on the other hand, industrialization, relying on the development of national resources, is becoming an essential factor in the solution of problems of their present participation in the international division of labour. Under some circumstances, external economic relations may influence the acceleration or slow-down of the progress of economic growth. There is a general, and in the developing countries a particularly close and reciprocally conditioned, dependence between external economic relations and the process of industrialization.

## II. MAIN FEATURES OF CZECHOSLOVAKIA'S ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

4. Czechoslovakia's economic relations with the developing countries are of relatively short duration. Their systematic and dynamic growth dates from the middle of the 1950's, marked by the creation of new independent states, revival of economic relations after the cold war and efforts made by all countries for a more profound participation in the international division of labour.

5. Exchange of goods by means of foreign trade, credit assistance, economic and technical co-operation, as well as technical assistance extended both bilaterally and multilaterally are the principal forms of Czechoslovak economic relations with the developing countries. They intermingle and complement one another and all of them combined make up the overall volume of Czechoslovakia's relations with the latter.

### Trend of development of Czechoslovakia's foreign trade with developing countries

#### Turnover of Czechoslovak foreign trade in 1950-1965:

	<u>1950</u>	<u>1955</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
In mill. of Kčs	989	2149	2814	3292	2893	3076	3217	3409
Index 1950=100	100	216	285	330	294	310	324	345

Facts on Czechoslovak Foreign Trade 1966

6. Expansion of economic relations of the developing countries with the Socialist countries, including Czechoslovakia, considerably benefited the parties concerned owing to the advantages derived from the international division of labour. Potential possibilities of exports of traditional goods in exchange for imports required for the development of the national economies of the partners concerned expanded mutually. Principles for stabilizing mutual exchange of goods were set.
7. The fact, that Czechoslovak Socialist Republic, having a considerable industrial potential, has been able to effectively assist the developing countries in accelerating their industrialization by supplies of means of production, especially machines and capital goods, can be regarded as one of the actual advantages arising for the developing countries from the expansion of economic relations with Czechoslovakia. The efficiency of Czechoslovakia's co-operation with the developing countries is borne out by its exports of machinery, mechanical equipment and transportation means which have accounted over the past decade for some 50 per cent of its overall exports to the latter. It should be noted in this connexion, that supplies of complete industrial plants alone made up a notable part, i.e. almost one half of these engineering exports.
8. Over 30 per cent of the equipment and machinery exported within the scope of Czechoslovakia's economic relations with the developing countries are designed for the engineering and metallurgical industries, 20 per cent for the power engineering industry, the rest for the building industry and transportation.
9. As follows from the commodity pattern of engineering supplies, their overwhelming majority is designed for the productive sphere of the economies of the developing countries and is immediately conducive to the process of industrialization in their industry, agriculture and transport.
10. Part and parcel of the supplies of capital goods, designed primarily - as already pointed out - for purposes of industrialization, are economic and technical co-operation and assistance, which are essential factors in the process of industrialization.

11. There are many forms of economic and technical co-operation with and assistance to the developing countries accompanying exchange of goods, particularly supplies of machinery and capital equipment. Their scope and nature depend on the economic level attained by the respective developing country. Some of them have already gained some experience in economic construction and are well capable of participating both financially and technically in the construction of industrial factories and other projects (India, the United Arab Republic, Brazil, etc.). There, the Czechoslovak party assumes the task of making surveys and designs, supplying equipment and materials which cannot be obtained locally, sending specialists to assist in the construction of buildings and assembly of equipment, putting the factory into operation and helping in its operation as long as the foreign partner desires.

12. Another relatively large group of developing countries, whose economic and technical level is at the initial stage of development, require much wider co-operation and assistance in their industrialization. The latter lack mostly design and building organizations as well as enough economic and technical specialists and skilled workers. For this reason these countries usually require turn-key projects, including drawings of building project, building materials and construction of all structures, communications and distribution lines, i.e. complete construction, including all kinds of technical assistance necessary for ensuring proper operation of the project after its completion.

#### Economic co-operation and technical assistance

13. The Czechoslovak Socialist Republic is well equipped to conduct various forms of economic co-operation and technical assistance to the developing countries. It has a highly developed industry, advanced technology, wide scientific and research base, specialists, great experience, etc. Some other conditions for expansion of economic co-operation must be systematically created both in Czechoslovakia and the developing countries.

14. Czechoslovakia conducts its economic and technical co-operation with the developing countries in keeping with the principles of its foreign policy based



on mutual respect for the sovereignty and independent development of their political and economic life. Czechoslovakia does not attach any political, military or economic conditions to its economic and technical co-operation with and assistance to the developing countries, which would interfere in their internal affairs. This form of co-operation and assistance is conducive not only to acceleration of the development of the latter's economic sectors, essential to the elimination of the colonial deformation of their national economies, faster growth of their national incomes and higher standard of living, but also to the expansion and strengthening of the policy of peaceful co-existence among nations.

15. Mutually advantageous trade, stimulated by bilateral inter-governmental trade and economic agreements and scientific and technical co-operation agreements, forms the basis of the present economic relations and scientific and technical co-operation between Czechoslovakia and the developing countries.

16. Besides its bilateral relations, Czechoslovakia seeks to expand its economic relations with the developing countries also by means of multilateral arrangements and through international organizations, particularly by its participation in the work of various United Nations agencies such as : United Nations Conference on Trade and Development (UNCTAD), United Nations Industrial Development Organization (UNIDO), etc., the General Agreement on Tariffs and Trade and by membership in international commodity agreements.

17. What makes trade, payments, economic and other agreements between Czechoslovakia and the developing countries most important is that they inject into their mutual economic relations stability and security having a positive effect on the planned growth of their national economies. The stabilizing effect asserts itself fully mainly in connexion with long-term agreements, yet, even annual agreements have a similar effect.

18. In addition to the agreements concluded on government level, the respective Czechoslovak foreign trade corporations conclude separate contracts on supplies of various kinds of equipment and machinery, as well as on the so-called direct technical assistance not linked up with supplies of machinery and equipment with

the respective firms and organizations of the developing countries.

19. Czechoslovakia's economic co-operation and technical assistance to the developing countries is directed overwhelmingly at the development of their key industries, power engineering, agriculture, transport and communication as well as at research activities, geological survey, the humanities, i.e. health, education and culture, in accordance with the requirements and conditions of each country. In these relations due attention is paid to the material and financial potentialities of each developing country, its manpower, power and raw material resources, condition of communications and telecommunications, number of pedagogues and scientists and other factors whose rational utilization is essential in order to ensure the highest efficiency of co-operation.

20. According to the forms of Czechoslovak economic co-operation and technical services rendered to the developing countries, the activity can be divided into the following four main categories:

- (a) Economic co-operation and technical services extended to the developing countries under bilateral agreements and arrangements and linked up with supplies of capital goods and machinery;
- (b) Direct technical services not linked up with supplies, extended both under bilateral agreements and arrangements as well as multilateral arrangements;
- (c) Direct technical assistance, not linked with supplies, extended under bilateral scientific and technical co-operation agreements and arrangements;
- (d) Multilateral technical assistance, extended to the developing countries through the United Nations and its international agencies.

### III. CZECHOSLOVAKIA'S BILATERAL ECONOMIC CO-OPERATION AND TECHNICAL SERVICES EXTENDED TO THE DEVELOPING COUNTRIES IN CONNEXION WITH SUPPLIES OF CAPITAL GOODS AND MACHINERY

21. The following two factors are essential to the process of industrialization of the developing countries, namely, financial funds for purchases of machinery and equipment from the industrialized countries and technical assistance. Owing to their present unfavourable payments situation, the majority of developing

of developing countries are compelled to make utmost use of external financial aid, apart from their domestic capital resources.

22. However, foreign capital entering the developing countries may be of double nature. It may either have a positive effect as an additional source of accumulation to be used for purposes of further growth of their national economies, or it may have a negative effect if invested in their auxiliary sectors and if used by foreign investors as a source of profits and exploitation.

23. In its economic co-operation with the developing countries, Czechoslovakia, like other Socialist countries, is intent on establishing conditions conducive to mutually advantageous economic relations and on supporting the developing countries in their effort to surmount their economic backwardness. In granting financial assistance to the latter, Czechoslovakia, therefore, prefers long-term credits, for this form fully respects their sovereignty and does not withdraw profits from their national incomes.

24. The fundamental features of Czechoslovak economic co-operation and technical assistance to the developing countries can be summarized as follows:

- (a) Support of their independent economic development;
- (b) Productive nature of co-operation directed primarily at the sphere of production marked by a high share of engineering supplies;
- (c) Long-term stabilizing nature of co-operation carried out mostly under long-term agreements and contracts;
- (d) Support of state sector and government projects;
- (e) Possibility of repaying credit by supplying goods required by Czechoslovakia;
- (f) No additional conditions of political or economic nature attached to co-operation.

25. Czechoslovakia grants the developing countries two forms of long-term credits, namely long-term commercial credits provided by commercial organizations and long-term government credits.

#### Long-term commercial credits

26. Czechoslovak trade organizations grant the developing countries long-term commercial credits as a part of its economic relations with the latter. The

growing gap in the economic level of the industrial and the developing countries and their ever-growing social consumption compels the latter to buy an ever higher number of machines and capital equipment. In order to be able to afford to buy the latter despite their inadequate funds, the industrial countries must accord them favourable terms of payment, or solve the problem of their imports by investment of capital.

27. Czechoslovakia grants the developing countries which buy machinery and equipment manufactured in this country, advantageous long-term commercial credits through its foreign trade corporations. Credits are payable in two to six years depending on the size of the project concerned, in some cases even later. Advantages of payments conditions grow commensurately to the value of the supply concerned and are naturally the highest with respect to supplies of major capital goods. Credits are granted at reasonable annual interest rates without any economic or other conditions.

28. Czechoslovakia naturally granted the most and highest long-term credits to the developing countries with which it has major trade and economic relations, above all to the Republic of India, the United Arab Republic, Indonesia, Iran, Syria, Argentina, and others.

29. Closer examination of the commodity pattern of the supplies made under long-term commercial credits reveals that over 50 per cent of the business transactions are made up of supplies of complete industrial plants, the rest being made up of individual machines and means of transportation. Metallurgical and engineering plants, various types of electric power plants, crude-oil refineries, factories serving the purpose of the building and food industries, ore and coal treatment plants, rubber and shoe factories, etc. account for the biggest share in the supplies of equipment.

30. The importance of capital goods supplies in Czechoslovakia's overall economic relations with the developing countries is borne out by the fact that during the period from 1955 to the end of 1965 Czechoslovakia supplied to the developing countries and put on stream a total of 331 various plants and equipment.

The highest number of plants was built in India - 94; the United Arab Republic - 86; Indonesia - 17; Ghana - 17; Iran - 23; Syria - 12; Iraq - 11; and Afghanistan - 10. At present, an additional 145 plants, to be completed in 1967-1969, are already under construction or else contracts have been signed for their supply.

#### Long-term government credits

31. Next to commercial credits, Czechoslovakia grants the developing countries also long-term government credits within the scope of its potential possibilities. The latter are intended above all for supplies of complete industrial plants, technological equipment for industry, power engineering, mechanical equipment and means of transportation. Hence they are aimed at the productive sphere of their economies by having a direct positive effect on the rise in employment, the expansion of market relations and the elimination of economic and cultural dependence. Economic agreements exceed the scope of simple exchange of goods, for they contain marked features of Czechoslovakia's economic assistance to the developing countries, include novel elements of economic co-operation, particularly efforts to build up relations of international division of labour and industrial subcontracting in the sphere of manufacturing industry. Furthermore, they are accompanied by extensive instruction of their nationals to enable them to assume operation of future factories in their home countries.

32. Despite the fact that under this form of co-operation the countries are required to buy Czechoslovak machines and equipment, i.e. that the latter are credits for a specified purpose, it brings the developing countries many advantages:

- (a) It enables the developing countries to make payment on the credit received in traditional export goods. This has a favourable effect on their payments situation. Sometimes payment is made even in goods manufactured in factories built under Czechoslovak assistance;
- (b) Final decision concerning the construction of a project and its size is entirely up to the receiving country, which, in evaluating it, can duly consider all its interests and future development plans;

- (c) Completed factories are handed over to specialists of the developing countries after the completion of trial operation after all technical assistance has been granted. Unlike some other industrial countries which after giving the developing countries financial loans are no longer interested in their use, Czechoslovakia assumes full responsibility for all technical assistance and putting the factory into operation once the contract on its construction has been concluded;
- (d) Long-term government credits are granted at low rates of interest advantageous to the developing countries.

33. Bilateral economic (credit) agreements are official institutional forms of economic relations between Czechoslovakia and the developing countries regulating extension of long-term government credits.

34. By the end of 1966 the number of inter-government credit agreements concluded by Czechoslovakia with the developing countries was twenty-one. Under these agreements Czechoslovakia granted the developing countries long-term government credits on supplies of complete industrial plants, machinery, mechanical equipment and means of transportation worth \$ US 550 million. The biggest long-term government credits of the Asian countries were granted to India, Indonesia, Pakistan, Cambodia and Iran and of the African countries to the United Arab Republic, Ghana, Guinea, Algeria, Mali, and others.

35. These credits are extended as a rule for as many as ten years at a low rate of interest of about 3 per cent according to the size of the project concerned.

#### IV. CZECHOSLOVAKIA'S TECHNICAL CO OPERATION WITH THE DEVELOPING COUNTRIES

36. The quality and scope of technical assistance usually accompanying supplies of complete industrial plants often determine the final effect of economic assistance granted to the developing countries. Owing to the lack of domestic technicians, engineers, various specialists and skilled workers capable of assembling the supplied equipment, putting it into operation and supervising it, technical co-operation is increasingly becoming an integral part of every Czechoslovak major supply of complete industrial equipment to the developing countries.

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37. The economic and technical level of the developing countries concerned, which differs considerably, determines which of the various forms of Czechoslovak technical co-operation is to be used. The most frequently used form is that of comprehensive co-operation ranging from geological survey to supervision of operation of the equipment or plant supplied.

38. The supplied of Czechoslovak engineering plants to India can well serve as an example of the wide technical co-operation accompanying supplies of complete industrial plants. These include a foundry-forge and a heavy machine-tool manufacturing factory at Ranchi, a high-pressure boiler manufacturing factory at Tiruchirapalli and a heavy power-engineering equipment manufacturing factory in Hyderabad, for which Czechoslovakia supplied, in addition to designs, technical drawings for all goods to be manufactured there, organization charts of particular plants and shops, including descriptions of all operations and designs as well as drawings of all equipment or their parts to be manufactured in India. Moreover, the next few years Czechoslovakia will send to India several hundred specialists for stays of both short and long duration. Czechoslovakia will also supply technical documentation, supervise assembly, put the plants into operation and supervise it, train 600-700 Indian engineers and technicians in major Czechoslovak engineering works and ensure consulting services with respect to some parts of equipment supplied by other countries.

39. Construction of the four aforementioned complete industrial plants, particularly that of the foundry-forge at Ranchi, will be of major importance to India's further industrialization. Its annual production capacity of 39,000 tons of grey iron castings and 132,000 tons of steel castings and forgings will make it the biggest works not only in India but in all of central Asia and one of the few such works in the whole of Asia in future. It will make grey iron castings up to 100 tons and steel castings up to 160 tons, hitherto not worked in India. This will make possible further growth of the domestic medium and heavy engineering. One of the works' features will be a 6,000 ton casting press useful particularly for the production of heavy power-engineering equipment.

The works' construction proceeds in three stages simultaneously. When completed, it will employ some 7,000 workers in the direct manufacturing process. Assuming that each has a family of four or five members, the works will ensure a living for 28,000 to 35,000 people. To this figure must be added another, much higher number of workers of the related industries which will have to be built in advance or simultaneously with the construction of the works proper.

40. Alongside the foundry-forge, India, assisted by Czechoslovakia, built a heavy machine-tool manufacturing factory. It started operation in January 1967. It is to manufacture 22 types of heavy cutting machine tools of Czechoslovak origin which have hitherto been imported to India. The machine tools include above all big lathes, vertical lathes, horizontal boring and milling machines, planing machines, radial boring machines, etc. Production of all the above-mentioned types of machines will be introduced gradually, starting with the least and proceeding to the most complex machines. When completed, the factory will have some 2,000 workers.

41. The heavy power-engineering machine and equipment factory under construction in co-operation with Czechoslovakia in Hyderabad will produce in the first stage turbines and generators with a total annual output of 900 MW and will operate in two shifts. Its production range will include sets of the lowest output as well as 110 MW turbines and generators, the latter forming an overwhelming share of production. After the completion of the first stage of construction, the factory will employ about 6,000 workers. After the completion of the second stage of construction, its production will be extended to include turbo-compressors, turbo-blowers with the respective steam turbine drives and bigger electric motors. Furthermore, the factory will also manufacture blades for 100 and 200 MW turbines manufactured in another Indian factory.

42. Another high-pressure boiler manufacturing factory, built in co-operation with Czechoslovakia at Tiruchirapalli, will supply boilers complementing turbines and generators supplied by the Hyderabad factory. The factory's first stage has been completed and production of boilers, output up to 450 tons steam



per hour, is about to start. With the first stage in full operation, the factory will have about 3,600 workers. The factory is expected to extend its capacity of boiler production up to 2000 MW, thus doubling that of the first stage.

43. Another significant example of Czechoslovakia's co-operation with the developing countries is the construction of a foundry-forge at Tabriz, Iran, currently under preparation. It will manufacture various kinds of products ranging from castings and forgings to complex, minor and medium engineering goods. Its construction will be divided into three stages and when completed, the factory will manufacture over 2,500 machine tools of 16 types and four types of presses annually (boring machines, eccentric presses), 1,000 compressors of two types, 1,000 pumps of 15 types, 50,000 various electromotors with output up to 10 HP and over 4,000 diesel engines of four types.

44. A crude-oil refinery with capacity of 1 million tons of crude oil annually, later extended to 1.5 million tons, was built in Syria in co-operation with Czechoslovakia. There, too, Czechoslovakia supplied in addition to the financial also general technical assistance extending from designs to putting the plant into operation. For the purpose of ensuring proper operation, seven Czechoslovak specialists worked at the refinery for several years after the completion of trial operation of the first stage. In 1966 the two parties signed a contract on further extension of the refinery's capacity to 2.5 million tons of crude oil annually. The additional extension is of special importance to Syria in that it enables it to process its domestically produced crude oil by the most modern methods. Hitherto the refinery has processed only crude oil coming from Iraq. Completion of the extension will ensure further growth of Syria's petrochemical industry.

45. Czechoslovakia's extensive co-operation with the developing countries extends also to the spheres of steam and hydro-power engineering, the food industry, equipment for the building materials industry, the coal and chemical industries, and others.

46. In many developing countries Czechoslovak suppliers co-operated in the construction of factories of the said industries and trained specialists from the developing countries in their respective factories.

47. In the past few years Czechoslovakia has sent many of its specialists for prolonged stays in the developing countries in connexion with its supplies of complete industrial equipment. On the other hand, many of the latter's specialists received training in factories, institutes and centres in Czechoslovakia.

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
No. of specialists sent for prolonged stay	620	657	762	894	920	937	997
No. of trainees received	55	70	164	221	238	541	618

Without Yugoslavia

48. The growth in the number of specialists sent and trainees received is the result of expanding economic relations between Czechoslovakia and the developing countries. The number of specialists sent for a short stay and that of trainees received whose training did not exceed three months are not included in the table. The highest number of specialists was sent and received within the scope of co-operation with India, the United Arab Republic, Syria, Afghanistan, etc.

49. The number of specialists sent abroad is higher than of the trainees received as sending of specialists is more effective than receiving of trainees, for the training of a larger number of persons on the spot is much less expensive than the training of a smaller number in Czechoslovakia.

50. This brief outline of Czechoslovakia's technical co-operation with the developing countries shows its wide scope and diversity. It covers scores of sectors of the latter's economies, extending from geological surveys and tenders to putting plants on stream and supervising their operations for an agreed

length of time. The main purpose of this co-operation is to ensure efficient use of long-term credits for the construction of the designed projects relying on comprehensive technical co-operation and thereby helping speed up industrial construction, and to ensure training especially of technicians of the developing countries who are essential for the accelerated growth of their national economies.

V. CZECHOSLOVAKIA'S BILATERAL DIRECT TECHNICAL ASSISTANCE  
NOT LINKED UP WITH SUPPLIES OF MACHINERY AND EQUIPMENT

51. As pointed out in the preceding papers, the majority of developing countries lack technicians of all kinds. This makes drawing of their plans of development and their realization difficult. The developing countries are short of specialists also in many spheres of their cultural and economic activities and depend for help on the industrial countries.
52. Czechoslovakia has joined the industrial countries which extend to the developing countries technical assistance both bilaterally as well as multilaterally through the United Nations.
53. Data showing direct Czechoslovak technical assistance granted to the developing countries are available for the years starting with 1954. Prior to that, Czechoslovak specialists were sent to the latter countries virtually only in connection with supplies of machinery and capital equipment. Assistance conducted through the United Nations and its international agencies marks the beginning of direct technical assistance.
54. The first bilateral negotiations with some developing countries and conclusion of the first scientific and technical co-operation agreements took place in 1956. Under these agreements Czechoslovak specialists were sent to the developing countries to work in all basic sectors of their national economies as well as in social, cultural and pedagogic sectors, and nationals of the developing countries were received for training in Czechoslovakia.
55. Experience thus gained resulted in an increasing number of Czechoslovak

specialists sent to the developing countries and trainees received under bilateral agreements, which Czechoslovakia concluded with many of the latter countries. Over the years from 1956-1965 Czechoslovakia concluded scientific and technical co-operation agreements with 24 developing countries. Czechoslovakia extended direct technical assistance even to countries with which it had not concluded such agreements as well as to countries which were not independent, e.g. Angola and previously Ruanda, Kenya, Tanganyika and Zanzibar. Czechoslovakia extends technical assistance to 39 developing countries, namely to 20 African, 15 Asian and 4 Latin American countries.

56. The universally high level of Czechoslovakia's industry, science, technology, education, health and social care as well as its wide experience gained in the process of building up its own economy assure the developing countries of the capability of Czechoslovakia's technical assistance to solve successfully the problems of development of their national economies.

57. The following number of specialists were sent and trainees received over the years from 1959 to 1966 in connection with direct technical assistance extended under bilateral arrangements :

	<u>No. of specialists sent</u>	<u>No. of trainees received</u>
1959	117	181
1960	229	193
1961	536	636
1962	623	649
1963	685	591
1964	692	413
1965	859	396
1966	861	399

Without Yugoslavia

58. For example, in 1966 the highest number of Czechoslovak specialists were active in Tunisia, Cuba, Algeria, Afghanistan, Iran, Ghana, and Sudan. Most of the specialists represented the following sectors : health, education, heavy

industry, consumer goods industry and building. Most of the trainees staying in Czechoslovakia in 1966 came from Tunisia, Algeria, Cuba, Syria, Yemen, Indonesia and Burma.

59. Many developing countries benefited from Czechoslovak technical assistance. Thus, for example, Czechoslovak specialists participated or still participate in the construction of roads and bridges, in the management and operation of hospitals, in the establishment and management of an international hotel and in the management of cement mills in Afghanistan.

60. A number of Czechoslovak professors teach at the university of Baghdad and a group of designers help design roads and bridges in Iraq.

61. Scores of Czechoslovak health specialists (110 at present) have been for some time active in the organization and management of all levels of public health care, a group of Czechoslovak technicians help maintain the operation of car and heavy road-building machine repair shops and Czechoslovak physical training specialists are with the Ministry of Youth in Tunisia.

62. Twenty professors and teachers are in the school of medicine in Oran, another group work in the capacity of industrial consultants and a Czechoslovak specialist has been appointed adviser to the Director of Industry in Algeria.

63. The fact that the receiving countries often ask for extension of their stay or use them as consultants and ask for more Czechoslovak specialists bespeaks the quality of their work in the developing countries.

64. Growth of industry, agriculture and improving health and social conditions in the developing countries lead to a growing demand both for long-term and short-term training of their nationals. There are two forms of training in Czechoslovakia. On the one hand, hundreds of trainees receive individual instruction in the traditional sectors of Czechoslovak industry annually and, on the other hand, Czechoslovakia organizes a number of short- and long-term specialized courses. The most effective form of training has been the recent strictly specialized courses consisting of theoretical and practical instruction according to previously agreed curricula.

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65. In general, instruction of trainees in the form of joint courses concentrated in 1966 more on technical branches. Of the so-called non-technical remained but the banking course, which, however, is attended by the highest number of participants (40 in 1966) and the course on tourist trade. A total of 17 courses were held in Czechoslovakia in 1966 and were devoted, inter alia, to the following subjects: amelioration, car repair, operation and maintenance of building machines, sanitary equipment, shoe making, veterinary medicine, leather processing, soil analysis and telecommunication. Experience has proved that on the whole the results have been satisfactory both in the theoretical instruction and practical training in manufacturing factories with a few exceptions resulting from inadequate knowledge and practice in the respective branch on the part of some participants.

66. In addition to the described forms of instruction of specialists of the developing countries, their nationals, if they so desire, can study at Czechoslovak professional schools, institutions of higher learning, scientific institutes and centres. This form is organized by the respective ministries and national organisations on the basis of direct agreements with their counterparts in the developing countries.

67. Thus, for example, over 2,000 foreign students, most of whom received Czechoslovak scholarships, studied under various cultural agreements at Czechoslovak institutions of higher learning in 1965-1966.

68. A new institution of higher learning, namely the University of 17th November, was founded in Czechoslovakia to facilitate enrolment of foreign students in Czechoslovak institutions of higher learning and their studies there. The function of the university is to assist the developing countries not only by instructing their students but also to ensure both expert and linguistic training of future Czechoslovak specialists. Instruction is carried out in the form of various study courses, lectures and meetings, devoted to the social, economic and cultural background of the region to which the specialists are assigned, and in the form of linguistic instruction in evening and correspondence courses.

69. Foreign students are selected and enrolled in accordance with the provisions of various cultural agreements, or by means of competition. Virtually all foreign scholarship holders accepted for enrollment live in students' lodging houses. While studying in Czechoslovakia, they enjoy many advantages.

70. Scientific and technical assistance to the developing countries is extended also by the Czechoslovak Academy of Sciences under direct cultural and scientific co-operation agreements. The latter sends Czechoslovak scientists to various developing countries and receives their nationals for advanced studies, for example, in polarography, physics, biology, geology, etc.

71. Technical assistance to the developing countries is granted also by other Czechoslovak central authorities and institutions such as the Ministry of Health, the Czechoslovak Radio, the Ministry of Telecommunications, the State Board of Social Security, the Central Council of Co-operatives, etc.

#### VI. CZECHOSLOVAKIA'S MULTILATERAL TECHNICAL ASSISTANCE THROUGH THE UNITED NATIONS AND INTERNATIONAL ORGANIZATIONS

72. In recent years the developing countries have been increasingly interested in the technical assistance of the United Nations and its specialized agencies. Responsible for this interest is their desire to develop their national economies rapidly, as well as the lack of financial and foreign exchange funds. A marked share of their interest in the United Nations technical assistance is also represented by the newly arising independent countries which are becoming members of the United Nations.

73. Czechoslovakia's technical assistance extended to the developing countries through the United Nations and international organizations is of much smaller scope compared with its bilateral assistance.

74. Czechoslovakia participates regularly in the United Nations development programme, the Regular Technical Assistance Programme, and in the programmes of specialized agencies.

75. The United Nations and specialized agencies use a major portion of Czechoslovakia's contributions for purchases of equipment from Czechoslovak foreign trade corporations. The rest is used to pay the costs of receiving trainees, sending specialists, organization of international seminars, symposia and courses, designed mostly for participants from the developing countries.

76. The purpose of receiving trainees from the developing countries in Czechoslovakia is to enable their practical training, especially in Czechoslovak industry, administration, planning, health, social security and other sectors of the national economy.

Number of United Nations trainees in Czechoslovakia  
in recent years

<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
24	17	26	61	56	55

77. Until 1964 the United Nations and specialized agencies did not make full use of Czechoslovakia's offer to receive trainees. Although the number of United Nations trainees in Czechoslovakia has registered a marked rise since then, this number need not be final in view of the experience and high level of various sectors of the Czechoslovak national economy. In the preceding years as well as in 1966, the majority of trainees were from Yugoslavia and some from the United Arab Republic, Burma, Ceylon, India and Colombia. The length of training in Czechoslovakia averaged three to four months. Most trainees were received for training in industry. Training organized in cooperation with UNIDO in the field of production of Diesel engines will take place in Czechoslovakia at CKD Praha, one of Czechoslovakia's major engineering manufacturers, provided that the developing countries are interested in such training. Fifty per cent of the costs of the stay of United Nations trainees in Czechoslovakia (not costs of their instruction which is free) are defrayed by the Government of Czechoslovakia, the other 50 per cent from the United Nations crown account in Czechoslovakia.

78. In addition to individual instruction of United Nations trainees, a number of international seminar, symposia and courses, attended both by participants



from the developing and the industrial countries, were held in Czechoslovakia under the auspices of or in co-operation with the United Nations and specialized agencies in the past few years.

79. The following are some of the important ones: in the 1959-1961 period the seminars on social security and water supply, the study tour of building specialists; in 1962, the seminar on industrial wood-processing and the study tour of metallurgists, in 1963, the United Nations international symposium on modern methods of iron and steel production attended by 130 specialists from the developing and the industrial countries. An international symposium on modern building methods, attended by 65 participants, was held in this country in 1964. Owing to its success, another similar symposium was held in 1965 which concerned itself with industrial project evaluation and was intended primarily for the developing countries. The symposium was attended by 90 foreign participants, of whom 50 were from the developing countries. Two international meetings took place in Czechoslovakia in 1966, namely an international seminar on programming and conditions of small-scale industry under the auspices of the International Labour Organization and a symposium on the use of atomic energy.

80. Apart from that, various Czechoslovak central authorities and scientific institutions hold long-term courses of study designed for scientists from the developing countries.

81. Experience of the past few years in connexion with the instruction of United Nations trainees and Scholarship-holders has shown that group instruction, which ensures more even and higher level of all participants, is more effective and economic. For this reason Czechoslovakia will continue to support the organization of such meetings and instruction courses in this country.

82. Sending of specialists is another way of using Czechoslovakia's contribution to the United Nations technical assistance. Like other United Nations Member States the Czechoslovak National Committee concerned with United Nations technical assistance is kept informed of newly approved posts for United Nations specialists in the developing countries and according to the information received,

offers the respective United Nations quarters Czechoslovak candidates for recruitment.

Number of Czechoslovak specialists active in the developing countries in 1961-1966 and sent through the United Nations and other international organizations

<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
11	14	10	29	42	83

83. Until 1965 the number of Czechoslovak specialists sent through the United Nations was far below the potential possibilities of Czechoslovakia. That situation was caused by a number of problems confronting the candidates proposed for recruitment. One of them was the rather lengthy procedure of confirmation, particularly inconvenient to candidates having their working obligations and functions to consider. Frequently the candidate is unable to wait long for an answer to his offer from the United Nations and is compelled to accept another appointment in Czechoslovakia. In the past two years the number of specialists registered a marked rise, some favourable results being achieved in 1965 and 1966. In 1966 alone the United Nations and specialized agencies hired 57 Czechoslovak specialists, the number of specialists recruited thus rising to 83. In 1966 the highest number of Czechoslovak specialists was recruited by the World Health Organization - 20; the United Nations Development Programme - 19 and UNESCO - 14. Other Czechoslovak specialists were hired by the International Labour Organization (ILO), International Telecommunication Union (ITU), International Atomic Energy Agency (IAEA) and the Food and Agriculture Organization (FAO).

84. One of the principal reasons for the increase in the number of Czechoslovak specialists has been the reactivation of the Czechoslovak National Committee for Technical Assistance and of other organizations responsible for the selection and linguistic preparation of specialists in Czechoslovakia. In 1966 alone Czechoslovakia offered 199 specialists to the United Nations Technical Assistance, 43 to WHO, 20 to UNESCO, etc. At present, the highest number of Czechoslovak specialists are active in Asia, the Middle East and Central Africa.

85. The United Nations appreciate both the good results achieved by Czechoslovak specialists as well as their high expert knowledge. Owing to this, there is a growing demand for Czechoslovak specialists on the part of international organizations.
86. Despite the figures already achieved, it can be said that the number of Czechoslovak specialists active in the developing countries in the capacity of experts of the United Nations and other international organizations can be increased still further, however, provided that co-operation with the United Nations and the specialized agencies will proceed along the same lines and that the latter will continue to be ready to make use of Czechoslovakia's offers of highly qualified specialists.
87. In addition to the aforementioned and hitherto most used forms of Czechoslovak co-operation with the United Nations and other international organizations in the field of technical assistance, there are prospects of making greater use of Czechoslovak project design institutes by UNIDO and other international organizations for carrying out their projects. Their large design capacities and the advantage of their being capable of drawing up feasibility reports, regional industrial plans and other related functions as well as conducting economic research afford favourable prerequisites for the establishment of closer co-operation between the respective Czechoslovak institutes and various United Nations agencies, should they be interested to this kind of co-operation with Czechoslovak institutes.

VII. EXPECTED TREND OF DEVELOPMENT IN CZECHOSLOVAKIA'S  
ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

88. The volume and structure of their foreign trade makes the developing countries important trade and economic partners of Czechoslovakia. It can be expected that they will continue to hold this position in Czechoslovakia's external economic relations.
89. Czechoslovakia will do its utmost to support the efforts of the developing countries in their industrialization and the development of their export industries, which would bring about higher participation of the parties concerned

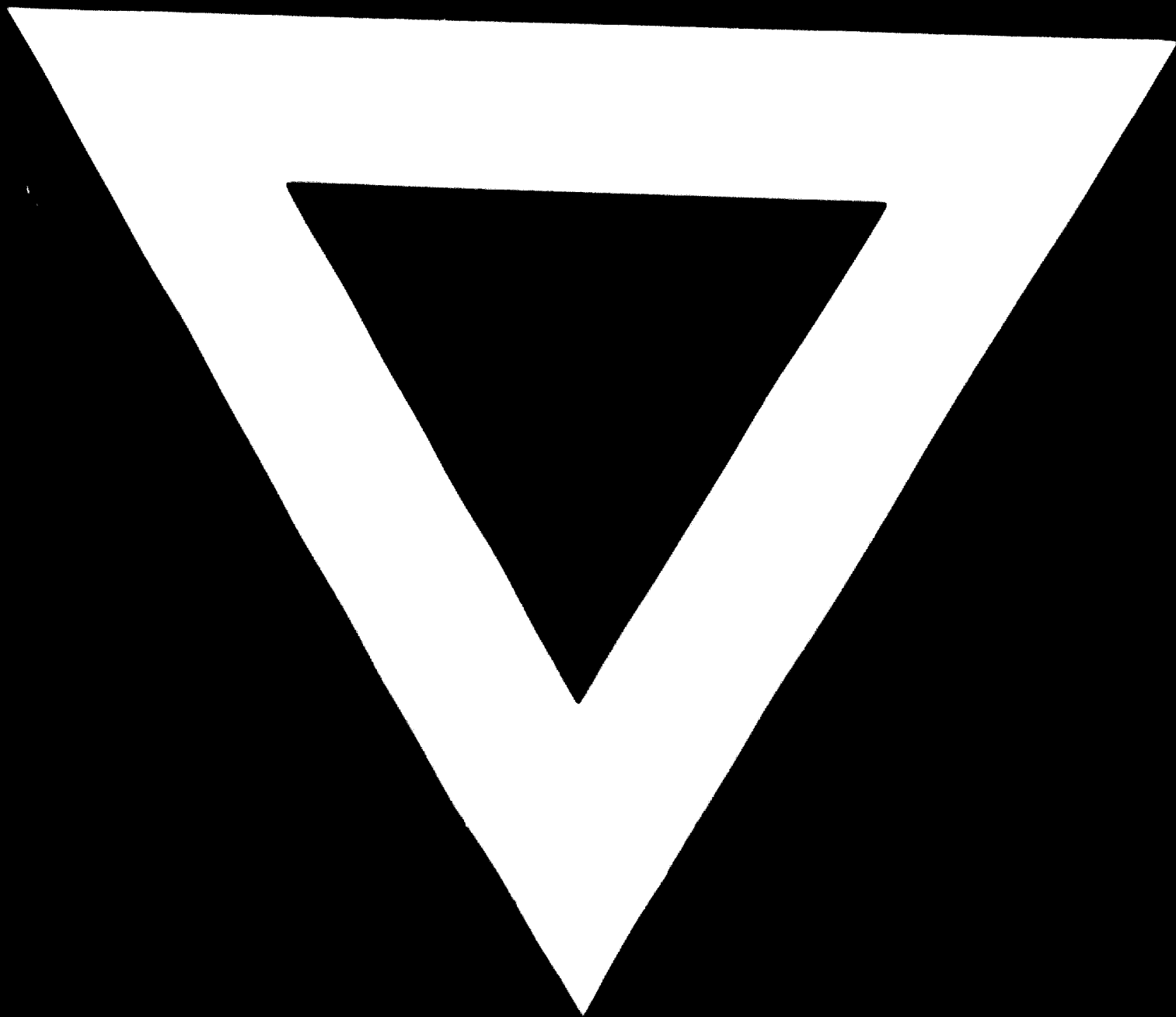
in a mutually advantageous international division of labour both by means of foreign trade and economic, scientific and technical co-operation. The efforts of the developing countries are in accord with the aims and objectives of the Czechoslovak national economy. In its long-term programme of development Czechoslovakia expects to carry out structural changes which would ensure maximal expansion of international exchange with all countries, including the developing countries.

90. In the sphere of economic, technical and scientific co-operation and technical assistance, Czechoslovakia will participate as much as possible in development programmes of the developing countries both on a bilateral and multilateral basis, share the knowledge of its specialists backed by many years of experience, offer theoretical and practical instruction to nationals of the developing countries in Czechoslovak factories, professional schools, and institutions of higher learning and organize international meetings and exchange of experiences at joint seminars and symposia.

91. It depends, however, not only on Czechoslovakia but also on the developing countries, the United Nations and the international organizations to what extent it will be possible to carry out these plans.

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