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COMMITTEE OF ECONOMIC ADVISORS

NATO COUNTRIES' TRADE WITH COMMUNIST COUNTRIES

Draft Report to the Council by the Committee  
of Economic Advisers

The expansion of NATO countries' trade with the Soviet bloc has received wide attention and publicity in recent years and the role of this trade in the economies of member countries, as well as the possibilities of its further growth, seem often to have been exaggerated. The Committee has, therefore, considered appropriate to draw the attention of the Council to the actual situation as it is shown in recent statistics(1) on this trade.

A. DEVELOPMENT OF NATO COUNTRIES' TRADE WITH THE SOVIET BLOC  
(THE USSR AND EASTERN EUROPE)

(a) Exports

2. In none of the years between 1958 and 1963 did the total of NATO countries' exports to the Soviet bloc reach 3% of their exports to the world. For the European NATO countries alone this percentage amounted to 3.5% in 1958 and to 3.6% in 1963. Some NATO countries such as Iceland, Greece and Turkey, however, depended to a considerably higher degree on trade with the bloc and this was also the case of certain industries in other member countries.

(1) See attached tables extracted from AC/127-D/126 and AC/127-D/158.

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3. During the years 1959 to 1961, NATO countries' exports to the Soviet bloc increased more than their exports to the rest of the world: a yearly average of 16% against 8%. In 1962 and 1963, these exports, although remaining at a higher level, increased less than exports to the rest of the world: a yearly average of 3.4% against 6.7%

4. In 1963, the main new feature in the pattern of exports to the Soviet bloc occurred in sales to the USSR, which receives one third of total NATO deliveries to the bloc. Exports to the Soviet Union were heavily influenced by its important grain purchases contracted during 1963, although these are certainly not yet fully reflected in the trade figures of that year. The exports of North America amounted to \$162 million in 1963, i.e. seven times more than in 1962, when admittedly they were very small, i.e. \$23 million. The exports of the European NATO countries, on the other hand, fell by 14%, or about \$100 million to \$630 million.

(b) Imports

5. During the years 1959 to 1963, NATO countries imports from the Soviet bloc expanded more steadily than exports, attaining generally a slightly higher rate of growth than imports from the rest of the world. NATO countries' imports from the Soviet bloc, as a percentage of their total imports from the world, amounted to 2.7% in 1958, and to 3% in 1963. For the European NATO countries, this percentage amounted to 3.7% in 1958 and 3.9% in 1963.

B. DEVELOPMENT OF NATO COUNTRIES' TRADE WITH COMMUNIST CHINA

6. NATO countries' trade with Communist China was relatively small compared to trade with the Soviet bloc. In spite of heavy Canadian wheat sales since 1961, NATO countries' exports to Communist China declined by 36% between 1958 and 1963, whereas imports in 1963, after some irregular movements, were back at the 1958 level. NATO countries' trade with Communist China in 1963 accounted for 0.3% of their exports to the world and for 0.2% of their total imports.

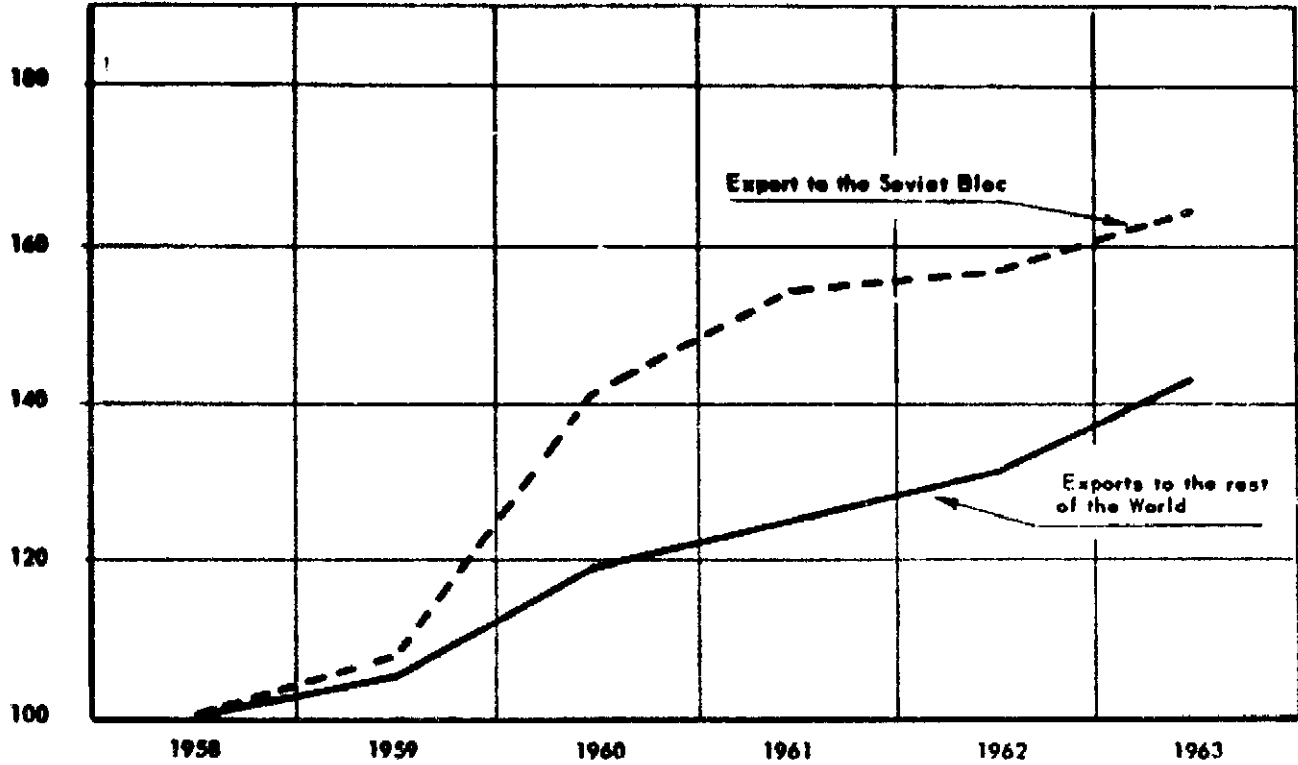
C. FUTURE PROSPECTS

7. Amongst the member countries conducting the greater part of trade with Communist countries, some consider most likely that this trade will be broadly consolidated at its present level, while others expect that its relative importance might somewhat increase. All, however, agree that dramatic increases are unlikely, in particular in view of the difficulties of finding markets in the West for the exportable products of the Communist countries.

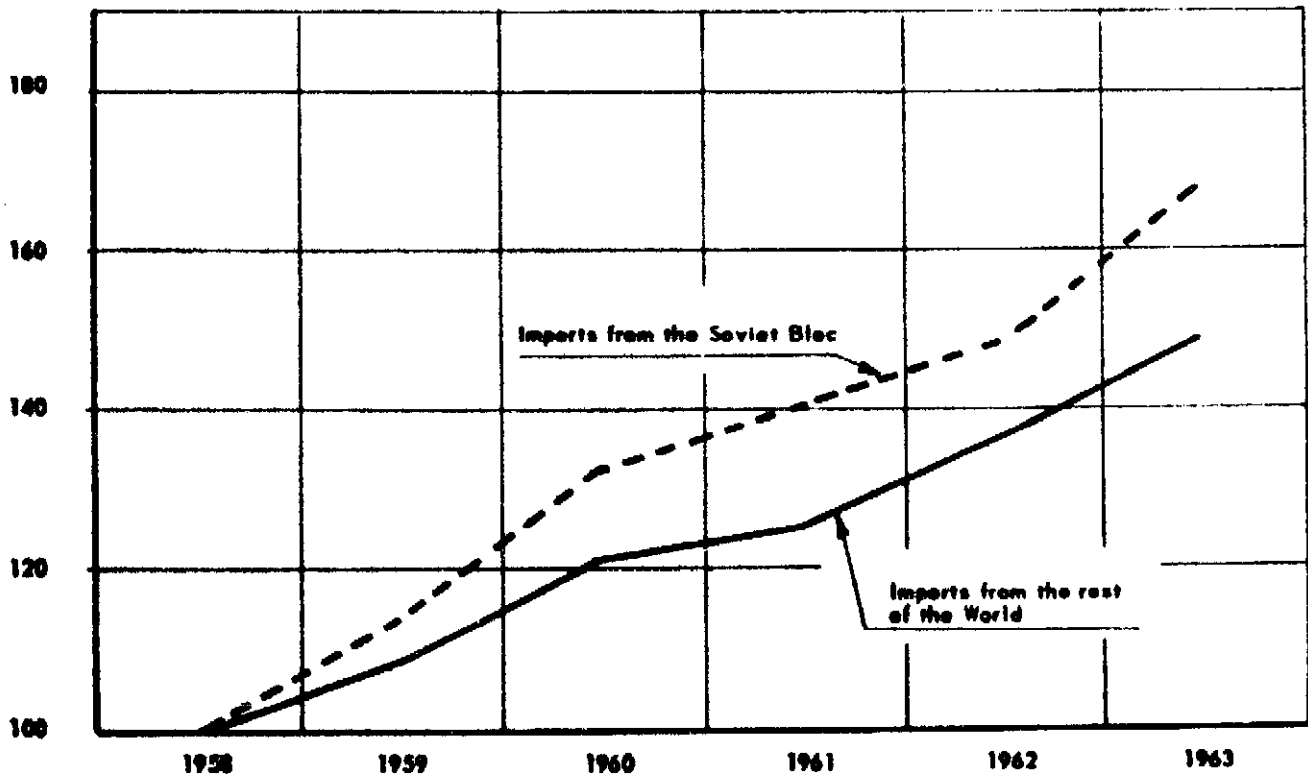
OTAN/NATO,  
Paris, XVIe.

THE DEVELOPMENT OF NATO COUNTRIES' TRADE  
WITH THE SOVIET BLOC AND THE REST OF THE WORLD  
1958 = 100

A. EXPORTS



B. IMPORTS



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TABLE I

## NATO COUNTRIES' TRADE WITH THE USSR

Development between 1958 and 1963

## NATO EXPORTS TO THE USSR

Annual totals f.o.b.

(Million US dollars)

	1958	1960	1962	1963
Belgium/Luxembourg	17.64	18.84	25.56	13.20
Denmark	12.96	16.20	20.64	28.92
France	75.60	115.56	138.12	64.20
Federal Republic of Germany	72.12	185.28	206.76	153.60
Greece	16.68	18.72	19.20	22.44
Iceland	10.80	9.96	10.92	10.68
Italy	30.96	78.96	103.20	114.96
Netherlands	10.80	11.76	31.92	23.76
Norway	14.64	12.84	10.44	12.72
Portugal	1.80	2.40	-	-
Turkey	12.96	4.80	5.52	7.08
United Kingdom	145.44	148.92	161.04	178.80
<b>Total NATO Europe</b>	<b>422.40</b>	<b>624.24</b>	<b>733.32</b>	<b>630.36</b>
Canada	19.44	8.40	3.12	139.20
United States	3.60	39.60	20.04	22.92
<b>Total North America</b>	<b>23.04</b>	<b>48.00</b>	<b>23.16</b>	<b>162.12</b>
<b>Total NATO</b>	<b>445.44</b>	<b>672.24</b>	<b>756.48</b>	<b>792.48</b>

Source: AC/127-D/126 and AC/127-D/158

TABLE II

NATO COUNTRIES' TRADE WITH THE USSR

Development between 1958 and 1963

NATO IMPORTS FROM THE USSR

(Million US Dollars)

Annual totals c.i.f.

	1958	1960	1962	1963
Belgium/Luxembourg	25.20	27.12	43.08	51.12
Denmark	16.44	28.80	23.40	24.48
France	94.68	94.68	110.64	141.12
Federal Republic of Germany	91.92	158.52	186.36	163.68
Greece	14.16	28.20	20.28	28.44
Iceland	14.88	12.24	10.32	11.88
Italy	39.72	126.48	166.92	176.76
Netherlands	40.92	44.40	36.36	47.28
Norway	18.96	19.32	18.24	21.36
Portugal	0.72	2.28	-	0.36
Turkey	6.84	5.88	6.48	8.88
United Kingdom	166.56	209.76	235.56	254.64
<b>Total NATO Europe</b>	<b>531.00</b>	<b>757.68</b>	<b>857.64</b>	<b>930.36</b>
Canada	1.68	3.24	1.68	2.16
United States	16.80	22.80	16.32	21.24
<b>Total North America</b>	<b>18.48</b>	<b>26.04</b>	<b>18.00</b>	<b>23.40</b>
<b>Total NATO</b>	<b>549.48</b>	<b>783.73</b>	<b>875.64</b>	<b>953.76</b>

Source: AC/127-D/126 and AC/127-D/158

TABLE III

NATO COUNTRIES' TRADE WITH EASTERN  
EUROPE(1)Development between 1958 and 1963NATO EXPORTS TO EASTERN EUROPE

(Million US Dollars)

Annual totals f.o.b.

	1958	1960	1962	1963
Belgium/Luxembourg	44.64	75.48	61.08	60.48
Denmark	30.24	39.24	55.20	51.24
France	69.60	105.00	129.00	161.88
Federal Republic of Germany <sup>(2)</sup>	395.76	500.90	522.88	500.10
Greece	20.76	26.04	31.20	35.28
Iceland	12.00	5.40	4.68	5.64
Italy	56.88	93.96	138.72	156.24
Netherlands	40.92	50.76	44.52	48.12
Norway	22.44	25.56	27.12	33.60
Portugal	3.12	4.68	5.52	6.36
Turkey	49.32	34.32	21.12	28.32
United Kingdom	68.40	121.20	207.72	195.24
<b>Total NATO Europe</b>	<b>814.08</b>	<b>1082.54</b>	<b>1248.76</b>	<b>1282.50</b>
Canada	3.84	28.20	42.48	40.32
United States	108.00	153.60	104.76	143.52
<b>Total North America</b>	<b>111.84</b>	<b>181.80</b>	<b>147.24</b>	<b>183.84</b>
<b>Total NATO</b>	<b>925.92</b>	<b>1264.34</b>	<b>1396.00</b>	<b>1466.34</b>

(1) Comprising Poland, the Soviet Occupied Zone of Germany, Czechoslovakia, Hungary, Roumania, Bulgaria and Albania.

(2) In the case of the Federal Republic of Germany, figures comprise interzonal trade deliveries.

Source: AC/127-D/126 and AC/127-D/158

TABLE IV

NATO COUNTRIES' TRADE WITH EASTERN EUROPE(1)

Development between 1958 and 1963

NATO IMPORTS FROM EASTERN EUROPE

Annual totals c.i.f.

(Million US Dollars)

	1958	1960	1962	1963
Belgium/Luxembourg	31.68	48.36	54.12	62.88
Denmark	40.92	48.96	59.64	60.00
France	78.84	59.88	86.76	109.80
Federal Republic of Germany (2)	397.52	484.00	509.82	545.16
Greece	25.44	27.12	34.44	39.96
Iceland	12.72	7.92	6.84	7.56
Italy	61.68	140.28	166.44	249.36
Netherlands	36.48	52.92	62.76	73.20
Norway	23.52	26.64	29.40	30.12
Portugal	2.16	5.52	4.44	4.20
Turkey	50.28	36.60	31.20	41.28
United Kingdom	119.64	179.52	206.16	226.68
<b>Total NATO Europe</b>	<b>880.88</b>	<b>1117.72</b>	<b>1252.02</b>	<b>1450.20</b>
Canada	8.28	10.20	14.16	16.68
United States	44.40	56.40	62.16	59.40
<b>Total North America</b>	<b>52.68</b>	<b>66.60</b>	<b>76.32</b>	<b>76.08</b>
<b>Total NATO</b>	<b>933.56</b>	<b>1184.32</b>	<b>1328.34</b>	<b>1526.28</b>

(1) Comprising Poland, the Soviet Occupied Zone of Germany, Czechoslovakia, Hungary, Roumania, Bulgaria, and Albania

(2) In the case of the Federal Republic of Germany, figures comprise interzonal trade deliveries

Source: AC/127-D/126 and AC/127-D/158

TABLE V

NATO COUNTRIES' TRADE WITH COMMUNIST CHINADevelopment between 1958 and 1963NATO EXPORTS TO COMMUNIST CHINA

Annual totals f.o.b.

(Million US Dollars)

	1958	1960	1962	1963
Belgium/Luxembourg	52.20	44.04	7.92	9.48
Denmark	3.84	2.04	3.60	0.60
France	44.40	52.68	43.32	58.44
Federal Republic of Germany	162.36	95.40	31.20	15.36
Greece	-	-	-	-
Iceland	-	-	-	-
Italy	32.64	39.96	19.08	19.44
Netherlands	11.88	6.84	3.60	12.84
Norway	4.68	4.08	0.96	3.36
Portugal	0.24	0.24	0.12	0.24
Turkey	-	-	-	-
United Kingdom	76.20	89.76	24.12	37.44
<b>Total NATO Europe</b>	<b>388.44</b>	<b>335.04</b>	<b>133.92</b>	<b>157.20</b>
Canada	8.04	9.12	138.12	97.20
United States	-	-	-	-
<b>Total North America</b>	<b>8.04</b>	<b>9.12</b>	<b>138.12</b>	<b>97.20</b>
<b>Total NATO</b>	<b>396.48</b>	<b>344.16</b>	<b>272.04</b>	<b>254.40</b>

Source: AC/127-D/126 and AC/127-D/158



TABLE VI

NATO COUNTRIES' TRADE WITH COMMUNIST CHINA

Development between 1958 and 1963

NATO IMPORTS FROM COMMUNIST CHINA

Annual totals c.i.f.

(Million US Dollars)

	1958	1960	1962	1963
Belgium/Luxembourg	6.00	9.72	4.68	8.16
Denmark	3.96	10.20	3.84	4.20
France	11.28	22.68	16.92	21.12
Federal Republic of Germany	58.44	69.36	39.24	40.80
Greece	-	-	0.12	0.12
Iceland	-	-	-	-
Italy	13.08	24.12	14.16	19.20
Netherlands	17.04	21.36	13.92	15.72
Norway	2.64	3.12	1.56	1.92
Portugal	0.12	0.24	0.12	0.12
Turkey	-	-	-	-
United Kingdom	51.84	69.72	64.80	51.84
<b>Total NATO Europe</b>	<b>164.40</b>	<b>230.52</b>	<b>159.36</b>	<b>163.20</b>
Canada	5.52	5.76	4.20	4.80
United States	-	-	0.24	0.24
<b>Total North America</b>	<b>5.52</b>	<b>5.76</b>	<b>4.44</b>	<b>5.04</b>
<b>Total NATO</b>	<b>169.92</b>	<b>236.28</b>	<b>163.80</b>	<b>168.24</b>

Source: AC/127-D/126 and AC/127-D/158

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TABLE VII

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AC/127-D/161NATO COUNTRIES' TRADE WITH THE SOVIET BLOC (USSR AND EASTERN EUROPE)  
AS A PERCENTAGE OF THEIR WORLD TRADE

Development between 1958 and 1963

	NATO Exports to the Bloc as a percentage of their exports to the world				NATO Imports from the Bloc as a percentage of their imports from the world			
	1958	1960	1962	1963	1958	1960	1962	1963
Belgium/Luxembourg	2.0	2.5	2.0	1.5	1.8	1.9	2.2	2.2
Denmark	3.5	3.8	4.7	4.3	4.3	4.3	3.9	4.0
France	2.8	3.2	3.6	2.8	3.1	2.5	2.6	2.9
Federal Republic of Germany (1)	5.2	5.9	5.4	4.4	6.4	6.2	5.6	5.3
Greece	16.2	22.0	20.3	19.9	7.0	7.0	7.8	8.0
Iceland	34.9	23.1	18.5	17.3	32.1	22.7	19.2	17.0
Italy	3.5	4.7	5.1	5.3	3.2	5.6	5.5	5.4
Netherlands	1.6	1.6	1.7	1.4	2.1	2.1	1.9	2.0
Norway	5.0	4.4	3.9	4.3	3.2	3.1	2.9	2.8
Portugal	1.7	2.2	1.5	1.5	0.6	1.4	0.8	0.7
Turkey	23.6	12.2	7.0	9.6	18.2	9.1	6.1	7.3
United Kingdom	2.3	2.6	3.3	3.2	2.7	3.1	3.5	3.6
Total NATO Europe	3.5	3.9	4.0	3.6	3.7	3.9	3.9	3.9
Canada	0.5	0.7	0.8	2.8	0.2	0.2	0.3	0.3
United States	0.6	1.0	0.6	0.7	0.5	0.5	0.5	0.5
Total North America	0.6	0.9	0.6	1.2	0.4	0.5	0.4	0.4
Total NATO	2.4	2.8	2.8	2.7	2.7	2.9	2.9	3.0

(1) In the case of the Federal Republic of Germany figures comprise interzonal trade deliveries.

Source : AC/127-D/126 and AC/127-D/158.