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COMMITTEE OF ECONOMIC ADVISERS

NATO COUNTRIES' TRADE POLICY TOWARDS THE EASTERN
EUROPEAN COUNTRIES

Draft Report to the Council

Note by the Chairman

According to the decision taken by the Committee of Economic Advisers at its meeting of Thursday 24th September, 1964, the International Staff has prepared the attached draft report to the Council. This draft will be discussed at the Committee's meeting on 8th October, 1964.

(Signed) F.D. GREGH

OTAN/NATO,
Paris, XVIe.

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NATO COUNTRIES' TRADE POLICY TOWARDS THE EASTERN
EUROPEAN COUNTRIES(1)

Draft Report to the Council

1. The Council, during its examination on 9th October, 1963, of document C-M(63)71 on recent economic developments in the USSR, other Eastern European countries and Communist China, instructed the Committee of Economic Advisers to "make recommendations as to such economic measures as might be taken by NATO to loosen the ties between the USSR and the various satellites"(2).

2. Several permanent representatives, with this end in view, had suggested that it might be opportune, in the light of current developments, to apply, in the field of economic relations, a policy towards the Eastern European countries which would be differentiated with due regard to the individual positions of each of these countries. Such a policy might contribute to weaken Soviet influence over these countries and to favour a certain evolution which is beginning to appear within the Soviet bloc and to bring about a change in our favour in East/West relations.

3. The idea of a differentiation between the Eastern European countries had been put forward previously on several occasions. During the second meeting of APAG (3) a general consensus of opinion had emerged on the need for an adjustment of Western trade policy towards the Soviet bloc in the light of circumstances and with due regard to the individual position of each member of the bloc, and on the political advantage that the West might gain by developing its economic relations with some of the European Communist countries so as to maintain its links with these countries and to endeavour to loosen their ties with the Soviet bloc. The members of APAG had also agreed that: "If East/West trade is to be an asset to the West, or at least not a liability, it should be co-ordinated between member countries with a view to preventing the Soviet bloc from exploiting competition between them"(4).

(1) For the purpose of the present report the terms "Eastern European countries" cover Albania, Bulgaria, Czechoslovakia, Hungary, Poland and Roumania. This report does not apply to the Soviet Zone of Germany in view of its special political situation.

Corr. following

(2) C-R(63)58, paragraph 50.

(3) It is recalled that APAG is a consultative body whose views are not binding on governments.

(4) C-M(63)10, paragraph 9(111).