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NATO CONFIDENTIAL  
DOCUMENT  
AC/127-D/89

COMMITTEE OF ECONOMIC ADVISERS

CREDITS TO THE SOVIET BLOC (1)

Fourth Report covering the period up  
to 31st July, 1961 (2)

Draft Report to the Council

The present report has been prepared by the Committee of Economic Advisers on the basis of information received from member countries showing the position of credits granted to the Soviet bloc up to 31st July, 1961. A further report will be submitted to the Council when the returns concerning the situation as of 31st January, 1962, have been examined.

2. Table I in the present report shows the credits outstanding on 31st July, 1959, 31st January, 1960, 31st July, 1960, 31st January, 1961 and 31st July, 1961. Table II indicates the changes in the amount of credits between these dates. These tables are illustrated by the annexed chart which also indicates the trend of NATO countries exports to the bloc. When considering them, it has to be remembered that:

- (a) NATO countries have generally been unable to provide information on private non-guaranteed credits to the bloc. In previous reports incomplete figures were included, but no information is available as of 31st July, 1961.
- (b) Government-to-government credits granted under bilateral trade agreements, which normally extend over a period of less than 180 days, and sales of agricultural commodities under Public Law 480 of the United States are not included in this category of credits. Poland has enjoyed a special status as a recipient of Western credits; she is the only country

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- (1) As agreed, the Soviet bloc is understood to include, in addition to the USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the Soviet-occupied zone of Germany and the Soviet-occupied sector of Berlin.
  - (2) The third report, of 21st June, 1961 (C-M(61)55), (previously circulated as AC/127-D/65, covered the period up to 31st January, 1961.

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which has received government-to-government credits. For the present, no NATO country intends to grant government-to-government credits to the USSR. All members of the Committee of Economic Advisers have agreed that if any change is contemplated in this policy by a NATO country, this country will inform the Committee, so that the matter may be discussed there (?).

- (c) In response to a request by the Committee of Political Advisers, figures for outstanding credits to the Soviet Occupied Zone of Germany in particular have been reported for the first time. No government-to-government credits having been granted to the "DDR", reports comprise private credits guaranteed by governments only. Complete figures are available for credits outstanding on 31st January, 1961 and 31st July, 1961. It has not been possible to give comparable figures for the earlier reporting dates, as few countries have been able to report on credits to the "DDR" outstanding on these dates.

3. A number of observations may be made on the basis of the available information:

- (a) The overall level of credits accorded to the bloc rose by 18% in the six months period ending 31st July, 1961, against 13% in the previous six months period and 27% during the preceding period. Credits to Poland, which fell slightly during 1960, have increased in the last six months period, although less than credits to the rest of the bloc. Poland now accounts for about 44% of total credits to the bloc against 85% in 1959.
- (b) Government-to-government credits declined slightly in the six months under review, as they have done since the reporting procedure was established. The development in these credits seems to be confined to a slow amortisation of earlier granted credits.
- (c) Private credits guaranteed by governments now represent some 85% of total credits. This category thus accounts for the greater part of total credits and comparisons between the positions in this category only on the different reporting dates seem of particular interest. Private credits guaranteed by governments have increased during all of the four periods where figures are available, respectively by 16%, 36%, 18% and 23% over each preceding period. The two particularly marked increases being in the first period of 1960 and the first period of 1961.

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(1) See C-M(59)75, paragraph 3.

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- (d) Credits granted to the "DDR" represent some 3.5% of total credits granted to the bloc. In the six months' period prior to 31st July, 1961, their increase has been more marked than for the bloc as a whole or for the USSR. From incomplete figures available it appears, however, that the greater part of the increase in credits granted had been promised before 31st January, 1961. The total of granted and promised credits on 31st January and 31st July shows a decline between these two dates.

4. The comparison of the level of credits at different periods with the annual value of exports (as attempted in the annexed Chart) can only be interpreted with considerable caution, since the credits are made available over varying lengths of time - up to five years. On the basis of available information, it is not possible to determine when the goods covered by credits are actually shipped and which portion of exports to the bloc are actually covered by credits. Moreover the amount of credits may in varying degrees be influenced by payments of earlier extended credits. Keeping this in mind, comparisons between credits granted by NATO countries at the various dates considered and their exports to the bloc during the twelve preceding months show that:

- (a) total credits granted to the Soviet bloc as a whole represent a proportion of exports which has tended to rise slightly from some 21% at the end of July, 1959 to some 25% at the end of July, 1961; in the case of Poland, the corresponding percentage has declined from nearly 80% to about 60%;
- (b) for private credits guaranteed by governments, by far the most important, the proportion has increased markedly in the case of the USSR: from about 10% at the end of July, 1959 to more than 25% at the end of July, 1961; in the case of Poland, after a fall from nearly 50% at the end of July, 1959 to some 37% at the end of January, 1961, there has been a slight rise to about 39% at the end of July, 1961; in the case of the "DDR", the proportion remains small, although it has increased from nearly 4% at the end of January, 1961 to 5.5% at the end of July, 1961.

OTAN/NATO,  
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TABLE I

CREDITS OUTSTANDING (1) ON DATES INDICATED

Date and type of credit	(Million United States Dollars)				
	USSR	Poland	Soviet Occupied Zone of Germany	Other bloc	Total
<u>31st July, 1959</u>					
1. Private non-guaranteed credits	0.5	0	N.A.	3.6	4.1
2. Government-to-government credits	0	87.8	N.A.	0	87.8
3. Private credits guaranteed by governments	37.1	140.4	N.A.	17.1	194.6
TOTAL	37.6	228.2	N.A.	20.7	286.5
<u>31st January, 1960</u>					
1. Private non-guaranteed credits	0.5	0	N.A.	11.9	12.4
2. Government-to-government credits	0	86.8	N.A.	0	86.8
3. Private credits guaranteed by governments	56.8	143.5	N.A.	40.0	226.3
TOTAL	57.3	236.3	N.A.	51.9	325.5
<u>31st July, 1960</u>					
1. Private non-guaranteed credits	18.3	0	N.A.	0	18.3
2. Government-to-government credits	0	85.9	N.A.	0	85.9
3. Private credits guaranteed by governments	98.0	144.9	N.A.	65.5	308.4
TOTAL	116.3	230.8	N.A.	65.5	412.6
<u>31st January, 1961</u>					
1. Private non-guaranteed credits	18.3	0	N.A.	0	18.3
2. Government-to-government credits	0	84.9	N.A.	0	84.9
3. Private credits guaranteed by governments	141.3(2)	138(2)	13.3(3)	71.3	364.4
TOTAL	159.6(2)	223.5(2)	13.3	71.3	467.6
<u>31st July, 1961</u>					
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	80.6	0	0	80.6
3. Private credits guaranteed by governments	187.0	151.2	18.7	92.7	449.6
TOTAL	187.0	231.8	18.7	92.7	530.2

(1) For a complete definition of this term see AC/127-R/41, Item I, and AC/127-PP/45.

(2) Revised figures.

(3) Revised as a consequence of the inclusion of separate figures for the Soviet Occupied Zone of Germany.

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TABLE II

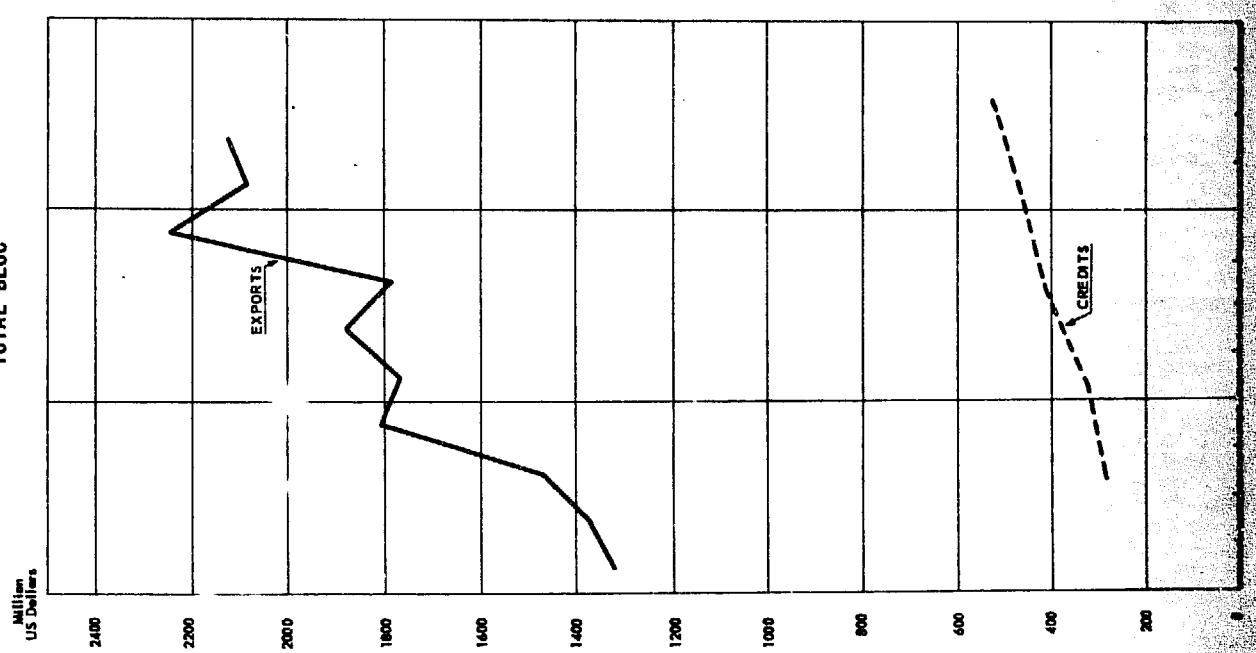
CHANGES BETWEEN DATES INDICATED

Date and type of credit	USSR		Poland		Soviet Zone of Germany		Other bloc including Soviet Zone of Germany		Total	
	Amount (1)	%	Amount	%	Amount	%	Amount	%	Amount	%
<u>31st July, 1959 - 31st January, 1960</u>										
1. Private non-guaranteed credits	0	0	0	0	N.A.	N.A.	+ 8.3	+230.6	+ 8.3	+202.4
2. Government-to-government credits	0	0	- 1.0	- 1.1	N.A.	N.A.	0	0	- 1.0	- 1.1
3. Private credits guaranteed by governments	- 0.3	- 0.8	+ 9.1	+ 6.5	N.A.	N.A.	+ 22.9	+133.9	+ 31.7	+ 16.3
TOTAL	- 0.3	- 0.8	+ 8.1	+ 3.5	N.A.	N.A.	+ 31.2	+150.7	+ 39.0	+ 13.6
<u>31st January, 1960 - 31st July, 1960</u>										
1. Private non-guaranteed credits	+ 17.8	36.6 times	0	0	N.A.	N.A.	- 11.9	-100	+ 5.9	+ 47.6
2. Government-to-government credits	0	0	- 0.9	- 1.2	N.A.	N.A.	0	0	- 0.9	- 1.0
3. Private credits guaranteed by governments	+ 61.2	+166.3	- 4.6	- 3.1	N.A.	N.A.	+ 25.5	+ 63.7	+ 82.1	+ 36.3
TOTAL	+ 79.0	+211.7	- 5.5	- 2.3	N.A.	N.A.	+ 13.6	+ 26.2	+ 87.1	+ 26.8
<u>31st July, 1960 - 31st January, 1961</u>										
1. Private non-guaranteed credits	0	0	0	0	N.A.	N.A.	0	0	0	0
2. Government-to-government credits	0	0	- 1.0	- 1.2	N.A.	N.A.	0	0	- 1.0	- 1.2
3. Private credits guaranteed by governments	+ 43.3	+ 144.1	- 6.3	- 4.3	N.A.	N.A.	+ 5.8	+ 8.9	+ 56.1	+ 18.2
TOTAL	+ 43.3	+ 57.2	- 7.3	- 3.2	N.A.	N.A.	+ 5.8	+ 8.9	+ 55.1	+ 13.4
<u>31st January, 1961 - 31st July, 1961</u>										
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	- 4.3	- 5.1	N.A.	N.A.	0	0	- 4.3	- 5.1
3. Private credits guaranteed by governments	+ 45.7	+ 32.3	+ 12.6	+ 9.1	N.A.	N.A.	+ 40.6	+ 30	+ 85.4	+ 23.4
TOTAL	+ 45.7	+ 32.3	+ 8.3	+ 3.7	N.A.	N.A.	+ 40.6	+ 30	+ 80.9	+ 18

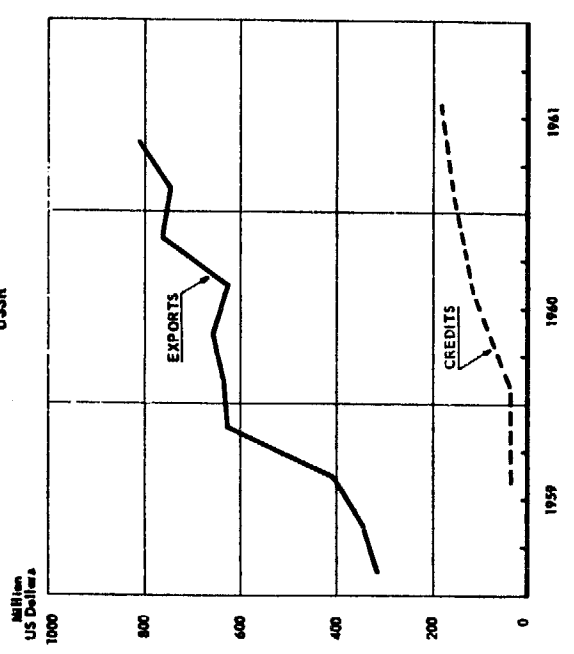
(1) In all cases amounts are in millions of dollars.

CREDITS GRANTED BY NATO COUNTRIES TO THE  
SOVIET BLOC COMPARED WITH EXPORTS TO THE BLOC

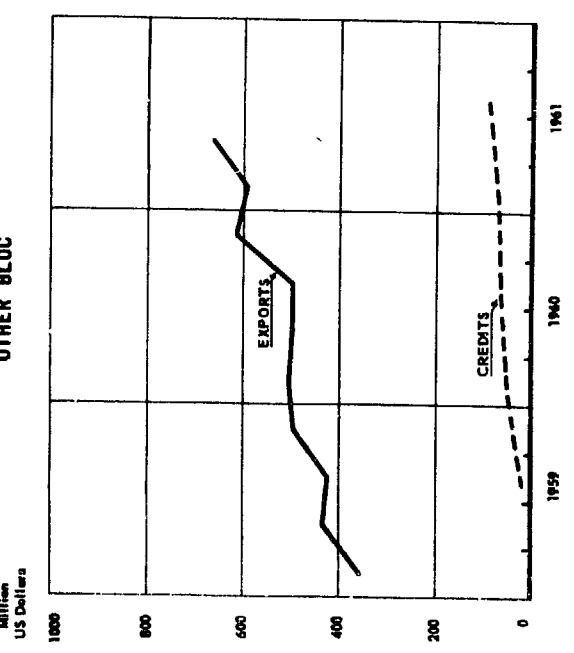
TOTAL BLOC



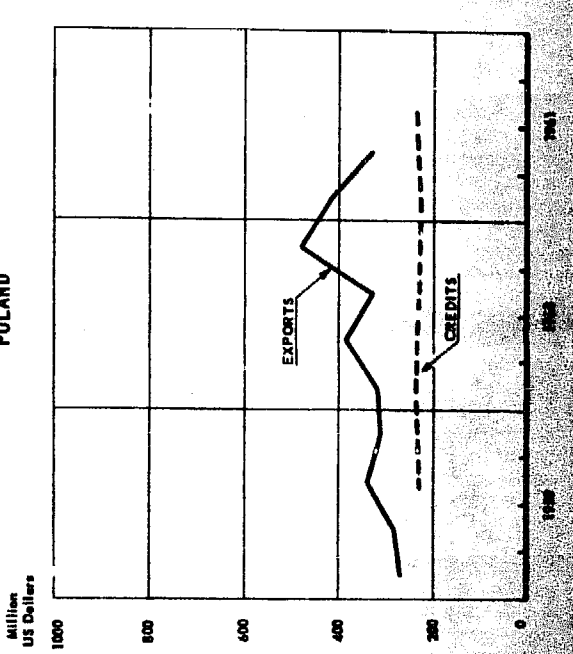
USSR



OTHER BLOC



POLAND



SOVIET OCCUPIED ZONE OF GERMANY

