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NATO CONFIDENTIAL  
DOCUMENT  
C-M(66)37

CREDITS GRANTED BY NATO COUNTRIES TO THE  
USSR, THE EASTERN EUROPEAN COUNTRIES(1) AND  
THE FAR EASTERN COMMUNIST COUNTRIES

Thirteenth Report by the Committee of Economic Advisers  
covering the period up to 31st December, 1965(2)

I. General Trends

By end 1965, outstanding credits granted by NATO countries to Communist countries amounted to \$1,965 million; of these \$450.4 represented credits of over five years. These credits increased by 19.5% in the last six months of the year; thus their growth after having slowed down during the first half of 1965 was stepped up slightly during the second half of the year. The overall total of new credits granted in 1965 was \$869.9 million. As Communist countries during the same period reimbursed \$370.1 million, the level of outstanding credits rose by \$499.8 million.

2. Of the total outstanding, 96.5% were private credits guaranteed by governments, the remaining being government-to-government credits(3) from which only Poland has benefited. These are slowly being reimbursed, and no new credits have been granted since 1959, when NATO started to follow the evolution of credits to Communist countries.

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- (1) Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and the Soviet-occupied Zone of Germany.
  - (2) The previous report has been circulated under reference C-M(65)144.
  - (3) These do not include credits granted under bilateral trade agreements which normally extend over a period of less than 180 days, nor do they include sales of agriculture commodities under Public Law 480 of the United States. It has been agreed, that if any member country were to contemplate adopting an attitude not in conformity with the policy pursued by NATO of not granting any government-to-government credits to the USSR, such a country would immediately inform the Committee, so that the matter might be discussed there (C-M(59)75, paragraph 3).

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3. Of the \$450.4 million credits of over five years, \$69.3 million represented the balance of government-to-government credits granted to Poland before the setting up of the reporting procedure. Private credits of over five years guaranteed by governments amounted therefore to \$381.1 million. This is 20.1% of total outstanding guaranteed credits of over 180 days. The corresponding percentage at the end of 1964 was 18.7%. The increase in 1965 of credits of over five years (\$188.9 million) accounted for 37.5% of the increase (\$503 million) in the amount of outstanding private credits guaranteed by governments and for 21.7% of the total amount of new credits of this category extended (\$869.9 million).

## II. Geographical distribution

4. Eastern European countries accounted for the largest part of total credits and during 1965 their share increased from 55.6% to 60.5%. Among these countries the most rapid expansion in credits over the year as a whole took place in the case of the Soviet-occupied Zone of Germany and Bulgaria; in the last six months, Rumania benefited - absolutely and percentage-wise - from the largest increase.

5. Credits to the USSR rose by 4.3% during the latter half of 1965, but this did not offset the drop in the first half of the year; over the entire year, reimbursements (\$99.4 million) exceeded new credits granted (\$87.4 million); the share of the Soviet Union in total credits fell from 40.2% in December 1964 to 29.4% in December 1965.

6. The relatively small credits to Communist China showed an extremely rapid growth during the entire year, thus increasing the share of that country from 4.8% at the end of 1964 to 8.8% at the end of 1965.

## III. Credits and exports

7. Some indications are given below on the trend of exports of NATO countries to Communist countries. However, it should be borne in mind that no exact correlation is possible between the curve of such exports and that of credits, as available information does not permit the determination of the period at which the deliveries of goods, to which the credits apply, are carried out.

8. Preliminary figures indicate a rise of 7.5% in NATO countries' exports to Eastern Europe in 1965, due to the expansion of NATO Europe's sales; North American exports were very low in the first six months of the year, but they rose substantially in the last six months.

9. NATO countries' exports to the USSR appear to have dropped by 20% in 1965; although European NATO countries' exports are slightly higher than in the preceding year, North American exports do not seem to have reached more than some 52% of their record 1964 level, in spite of a sharp rise in the last six months of the year following huge wheat sales.

10. NATO countries' exports to Communist China grew by 41.3% in 1965, due to a rapid expansion of the sales of European NATO countries; North American exports fell by 23%.

(Signed) F.D. GREGH  
Chairman

OTAN/NATO,  
Paris, (16e).

TABLE I

CREDITS (1) OUTSTANDING (2) AS OF 31ST DECEMBER, 1965

	Outstanding credits of over 180 days  (In million US \$)	Of which out- standing credits of over 5 years  (In million US \$)	Percentage share of the recipient countries in total outstand- ing credits
USSR	<u>577.7</u>	<u>162.7</u>	<u>29.4</u>
EASTERN EUROPEAN COUNTRIES	<u>1,188.6</u>	<u>281.4</u>	<u>60.5</u>
<u>of which:</u>			
Poland	341.3(3)	78.9(3)	17.4
Soviet-occupied Zone of Germany	162.2	26.9	8.3
Albania	-	-	-
Bulgaria	207.6(4)	1.1	10.6
Czechoslovakia	152.5	32.8	7.7
Hungary	98.8	28.6	5.0
Rumania	226.2	113.1	11.5
COMMUNIST CHINA	<u>173.2</u>	-	<u>8.8</u>
OTHER ASIAN COUNTRIES (Mongolia, North Korea, North Vietnam)	<u>25.5</u>	<u>6.3</u>	<u>1.3</u>
	1,965.0	450.4	100

- (1) Private guaranteed credits and government-to-government credits.  
(2) For a complete definition of this term, see AC/127-D/174(Final).  
(3) Of which \$69.3 million government-to-government credits.  
(4) In addition, private non-guaranteed credits have been granted to Bulgaria in the amount of \$3.4 million.

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TABLE II  
CREDITS (1) OUTSTANDING ON DATES INDICATED AND PERCENTAGE  
CHANGES FROM PREVIOUS PERIOD

DATES	USSR		POLAND				SOVIET- OCCUPIED ZONE OF GERMANY		BULGARIA		CZECHOSLOVAKIA		HUNGARY		ROMANIA		TOTAL EASTERN EUROPE(2)		COMMUNIST CHINA		MONGOLIA NORTH KOREA NORTH VIETNAM		GUARD TAL(3)		
	Million US \$	% Change	private guaranteed	Million US \$	% Change	government-to- government	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	
31.7.59	90.4	n.a.	138.9	n.a.	87.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.1.60	52.1	-42.4	168.5	+21.3	86.8	-1.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.7.60	123.0	+136.1	168.0	-0.3	85.9	-1.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.1.61	167.9	+36.5	161.1	-4.1	84.9	-1.2	141.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.7.61	229.0	+36.4	174.8	+8.5	83.9	-1.2	20.5	+45.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.12.61	277.5	+21.2	205.0	+17.3	83.9	-	41.6	+102.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30.6.62	316.8	+14.2	196.4	-4.2	83.0	-1.1	45.8	+10.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.12.62	340.5	+7.5	237.2	+20.8	81.5	-1.8	60.0	+31.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30.6.63	327.8	-3.7	240.4	+1.3	79.5	-2.5	50.3	-16.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.12.63	374.8	+14.3	226.0	-6.0	77.6	-2.4	44.9	+10.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30.6.64	324.9	-13.3	223.3	-1.2	75.7	-2.4	37.7	-16.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.12.64	589.7	+81.5	250.0	+12.0	72.5	-4.2	64.9	+72.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
30.6.65	554.0	-6.1	255.0	+2.0	70.4	-2.9	121.6	+87.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
31.12.65	577.7	+4.3	272.0	+6.7	69.3	-1.6	162.2	+33.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

(1) Credits given in this table are private credits guaranteed by governments and government-to-government credits. Poland is the only beneficiary of the latter which are shown in a separate column. Private non-guaranteed credits have not been included in the table as, on the one hand, member countries have not always reported such credits, and, on the other hand, available data is likely to be very fragmentary.

(2) Until 31.7.1960 credits to Eastern Europe were reported under 2 headings: (i) Poland and (ii) all the other countries grouped together. After 31.7.1960, data on credits to Poland and to the Soviet-occupied Zone of Germany were given separately, but the other Eastern European countries were still grouped together. Since 31.12.1964, member countries report the amount of credits granted to each Eastern European country. Albania is not shown in the table as, apparently, no credits have been granted to it.

(3) Total credits outstanding on 31.7.61 and 31.12.61 are not comparable, since credits granted to Communist China have only been reported as from 31.12.61. Similarly, amounts outstanding on 30.6.64 and 31.12.64 are not strictly comparable as credits to Mongolia, North Korea and North Vietnam were not reported before 31.12.64. However, in this case, such credits are relatively small in comparison to the total outstanding ones, the percentage of growth is therefore hardly distorted by their addition.

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TABLE III

New outstanding private guaranteed credits granted to Communist countries and reimbursements made by the latter in 1965

(In million US \$)

Period	USSR	Poland	Soviet-Occupied Zone of Germany	Bulgaria	Czechoslovakia	Hungary	Rumania	Total Eastern Europe(1)	Communist China	Mongolia, North Korea, North Vietnam	GRAND TOTAL
1st half 1965	16.1	54.0	66.9	89.2	18.2	34.3	39.3	301.9	54.9	-	372.9
2nd half 1965	71.3	71.3	59.3	41.1	40.8	6.0	111.4	329.9	85.7	10.1	497.0
Total new credits for 1965	87.4	125.3	126.2	130.3	59.0	40.3	150.7	631.8	140.6	10.1	869.9
Reimbursements in 1965	99.4	103.3	28.9	16.2	16.7	26.0	33.1	224.2	41.8	1.5	366.9(2)

(1) No credits have been granted to Albania.

(2) This figure represents private guaranteed credits only. If reimbursements of government-to-government credits received by Poland are taken into account, total reimbursements are equal to \$370.1 million as stated in paragraph 1 of the report.

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TABLE IV - TABLEAU IV

OUTSTANDING CREDITS OF OVER FIVE YEARS GRANTED TO COMMUNIST COUNTRIES  
CREDITS EN COURS DE PLUS DE CINQ ANS CONSENTIS AUX PAYS COMMUNISTES  
(in million US \$ - en millions de \$ US)

Date and type of Credit	USSR	Poland	Soviet occupied Zone of Germany	Bulgaria	Czechoslovakia	Hungary	Rumania	Total Eastern Europe (1)	Communist China	Mongolia, North Korea, North Vietnam	GRAND TOTAL
Date et type de crédit	URSS	Pologne	Zone d'occupation soviétique d'Allemagne	Bulgarie	Tchécoslovaquie	Hongrie	Roumanie	Total Europe de l'Est (1)	Chine communiste	Mongolie, Corée du Nord, Vietnam	TOTAL GENERAL
31st DECEMBER, 1964											
31 DECEMBRE 1964											
1. Government to government credits		72.5						72.5			72.5
Crédits de gouvernement à gouvernement											
2. Private credits guaranteed by governments	149.4	0.3		1.0	19.9	18.4		39.6			189.0
Crédits privés garantis par les gouvernements											
TOTAL	149.4	72.8		1.0	19.9	18.4		112.1			261.5
30th JUNE, 1965											
30 JUIN 1965											
1. Government to government credits		70.4						70.4			70.4
Crédits de gouvernement à gouvernement											
2. Private credits guaranteed by governments (2)	150.4	5.7	9.3	1.0	26.0	28.5	29.0	99.5		6.3	255.2
Crédits privés garantis par les gouvernements (2)											
TOTAL	150.4	76.1	9.3	1.0	26.0	28.5	29.0	169.9		6.3	325.6
31st DECEMBER, 1965											
31 DECEMBRE 1965											
1. Government to government credits		69.3						69.3			69.3
Crédits de gouvernement à gouvernement											
2. Private credits guaranteed by governments	162.7	9.6	26.9	1.1	32.8	28.6	113.1	212.1		6.3	381.1
Crédits privés garantis par les gouvernements											
TOTAL	162.7	78.9	26.9	1.1	32.8	28.6	113.1	281.4		6.3	450.4

(1) No credits have been granted to Albania - Aucun crédit n'a été consenti à l'Albanie

(2) Figures for Poland have been modified to take into account the amendments made by a member country to the data previously furnished by it. Les chiffres concernant la Pologne ont été modifiés pour tenir compte des changements apportés par un pays membre aux renseignements fournis.

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TABLE V

(In million US \$)

	1960		1961		1962		1963		1964		1965	
	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half
	NATO COUNTRIES' EXPORTS TO THE USSR											
(i)												
NATO-EUROPE	304.1	320.4	341.7	349.4	364.0	369.3	352.0	278.5	257.2	327.3	282.2	303.4
NATO-NORTH AMERICA	18.6	28.2	48.6	20.8	12.4	10.8	10.8	151.3	334.1	105.1	39.3	187.9
TOTAL	322.7	348.6	390.3	370.2	376.4	380.1	362.8	429.8	591.3	432.4	325.5	491.3
	NATO COUNTRIES' EXPORTS TO EASTERN EUROPE (2)											
(ii)												
NATO-EUROPE	511.8	553.7	587.4	599.7	590.8	645.8	609.3	672.7	697.8	771.9	841.0	913.3
NATO-NORTH AMERICA	76.8	105.5	89.7	68.3	88.1	59.1	92.6	91.2	174.9	167.3	71.6	122.4
TOTAL	588.6	659.2	677.1	668.0	678.9	704.9	701.9	763.9	872.7	939.2	912.6	1035.7
	NATO COUNTRIES' EXPORTS TO COMMUNIST CHINA											
(iii)												
NATO-EUROPE	203.5	130.8	95.2	61.0	83.4	50.5	90.6	66.5	69.6	94.3	116.4	196.5
NATO-NORTH AMERICA	6.4	2.7	55.2	65.9	93.8	44.4	70.1	27.1	54.7	71.7	48.4	49.0
TOTAL	209.9	133.5	150.4	126.9	177.2	94.9	160.7	93.6	124.3	166.0	164.8	245.5

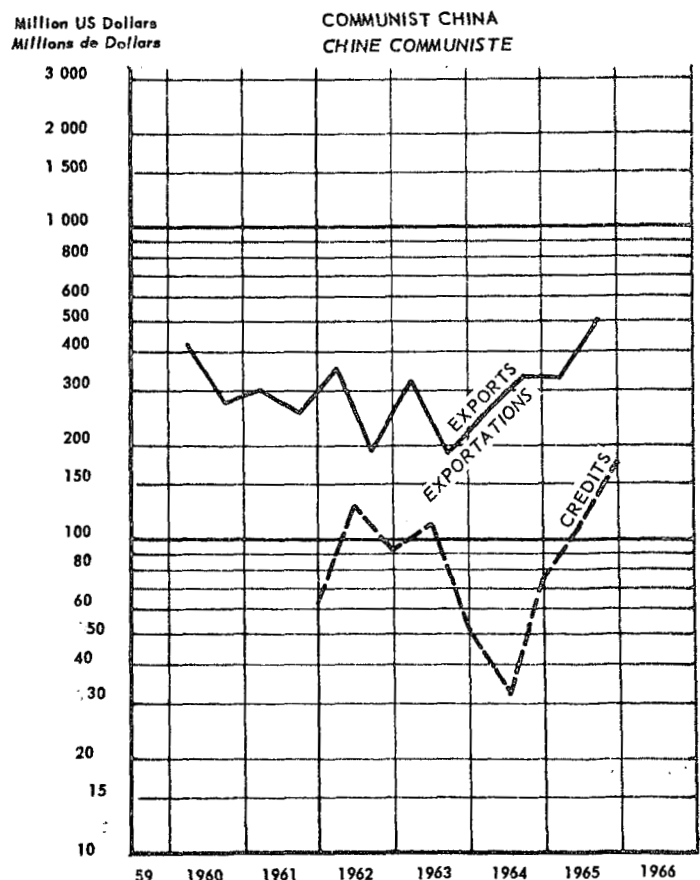
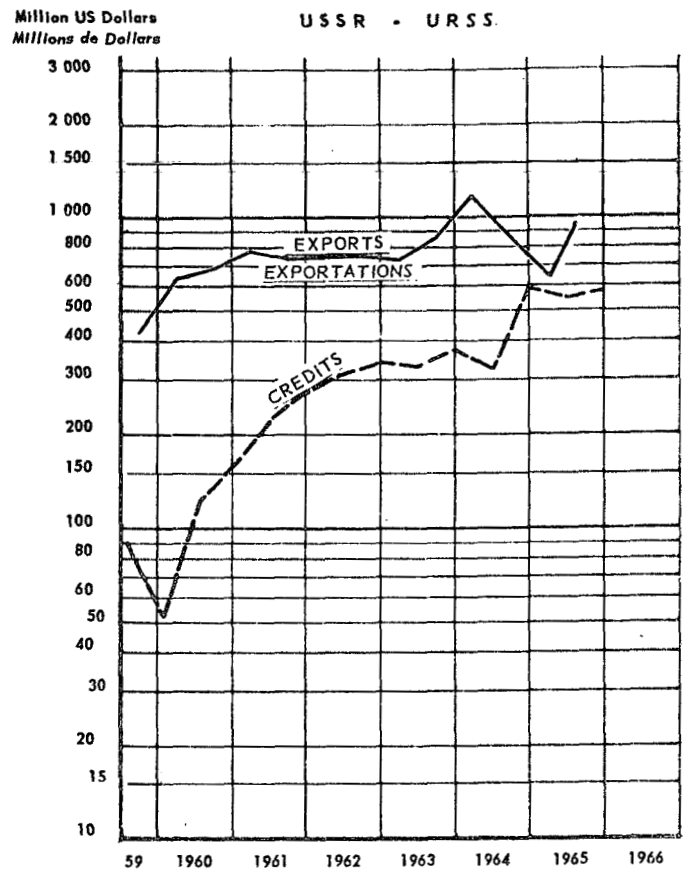
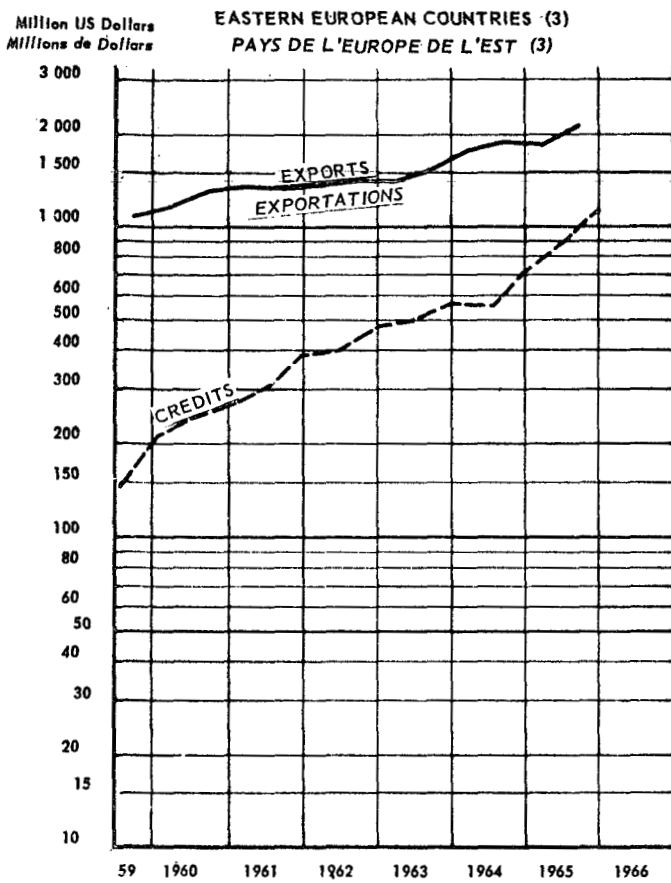
- (1) For Greece, official trade statistics are available up to November 1965 only.  
This country's exports for December 1965 have been estimated by the International Staff.
- (2) Eastern Europe: Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania and the Soviet-occupied Zone of Germany.

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DEVELOPMENT OF NATO COUNTRIES' CREDITS (1) AND EXPORTS (2)  
TO THE USSR, THE EASTERN EUROPEAN COUNTRIES AND COMMUNIST CHINA

EVOLUTION DES CREDITS (1) ET DES EXPORTATIONS (2) DES PAYS OTAN  
VERS L'URSS, LES PAYS DE L'EUROPE DE L'EST ET LA CHINE COMMUNISTE



NOTES

- (1) Private credits guaranteed by Governments  
*Crédits privés garantis par les gouvernements*
- (2) Export figures are yearly for 1959. Beginning 1960 export figures are half yearly and presented as yearly averages  
*Les chiffres des exportations sont annuels pour 1959. A compter de 1960 les chiffres des exportations sont semestriels et présentés comme des moyennes annuelles*
- (3) Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Roumania and the Soviet-occupied Zone of Germany  
*Albanie, Bulgarie, Tchécoslovaquie, Hongrie, Pologne, Roumanie et la Zone d'occupation soviétique en Allemagne*