

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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NATO CONFIDENTIAL
DOCUMENT
C-M(67)79

CREDITS GRANTED BY NATO COUNTRIES TO COMMUNIST COUNTRIES(1)

16th Report(2) by the Committee of Economic Advisers
covering the period up to 30th June, 1967

I. General Trends

At the end of June 1967, outstanding credits(3) granted by NATO countries to Communist countries amounted to \$3,133.7 million. During the first six months of the year credits increased by \$174.8 million (that is 5.9%); new credits came to a total of \$463.3 million, and reimbursements to \$288.5 million.

2. Of total outstanding credits, those of over five years amounted to \$1,297.8 million, i.e. 41.4%, as compared with 23.1% at the end of 1965, 36% in June 1966 and 38.8% in December 1966; these credits increased by \$151.2 million during the first half of 1967, thus accounting for 86.5% of the total increase.

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- (1) The USSR; the Eastern European countries (Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania); and the Soviet Zone of Germany; Communist China, Mongolia, North Korea and North Vietnam.
 - (2) The previous Report to the Council has been circulated under reference C-M(67)34.
 - (3) Credits of over 180 days (AC/127-D/174(Final)). Of the total outstanding on 31st December, 1966, 98% were private government-to-government credits, from which only Poland has benefited, and which she is slowly reimbursing. No new credits of this kind have been granted since 1959, when NATO began to follow the development of credits granted to Communist countries. It should be noted that government-to-government credits recorded in the present series of reports do not include credits opened under bilateral trade agreements, which mostly extend over a period of less than 180 days, nor do they include sales of agricultural commodities under Public Law No. 480 of the United States.

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II. Geographical Distribution

3. Eastern European countries remained the chief beneficiaries of credits extended; in June 1967 their share, 53.6%, was practically the same as at the end of June and December 1966. During the first half of 1967, the most rapid increase - absolutely and percentagewise - took place in credits to Rumania, while those to the Soviet Zone of Germany and to Czechoslovakia declined by 2.4% and 8.6% respectively.

4. Over the first half of 1967, the rate of growth of credits to the USSR, 9.4%, was distinctly lower than the figures recorded for the two previous six-month periods (60.6% and 16.2% respectively). This percentage, however, was higher than those recorded for all the other Communist countries, with the exception of Rumania; as a result the Soviet Union's share of overall credits increased slightly from 36.4% at the end of 1966 to 37.7% in June 1967.

5. Credits to Communist China were 12.1% lower than their level at the end of last year; consequently the share of this country in total outstanding credits dropped from 9.4% in December 1966 to 7.8% in June 1977.

III. Credits and Exports

6. Some indications are given below about the trend of the exports of NATO countries to Communist countries. However, it should be borne in mind that it is not possible to establish an exact correlation between the evolution 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.

7. The rise in exports from NATO countries to Communist countries, recorded in 1966 continued during the first half of this year. In comparison to their level during the first six months of 1966:

- exports to Eastern European countries increased by 14.8%, this increase being however more marked in the case of deliveries from Europe (15.2%) than in that of North American exports (10.1%);
- exports to the USSR showed a rise of 17%, but whereas sales from Europe increased by 45.9%, those from North America dropped by 33.7%, chiefly as a result of the decrease in wheat shipments;
- exports to Communist China grew by 40.5% (49.8% from European sources and 12.4% from North America).

8. In compliance with the Council's instructions (C-R(67)30) of 28th June, 1967, the Committee is currently proceeding with a factual analysis of the significance of the continuing increase in the granting of credits to Communist countries. The findings will be submitted to the Council shortly.

(Signed) A. VINCENT
(Chairman)

OTAN/NATO,
Brussels, 39.

TABLE I

CREDITS(1) OUTSTANDING(2) AS OF 30th JUNE, 1967

	Outstanding credits of over 180 days (In million US \$)	Of which outstanding credits of over 5 years (In million US \$)	Percentage share of the recipient countries in <u>total</u> outstanding credits
USSR	<u>1,180.2</u>	<u>740.4</u>	<u>37.7</u>
EASTERN EUROPE AND THE SOVIET OCCUPIED ZONE OF GERMANY	<u>1,678.9</u>	<u>551.1</u>	<u>53.6</u>
<u>of which:</u>			
Poland	411.4 ⁽³⁾	116.8 ⁽³⁾	13.1
Soviet Occupied Zone of Germany	165.0	26.0	5.3
Albania	-	-	-
Bulgaria	291.7	40.0	9.3
Czechoslovakia	151.7	60.4	4.8
Hungary	.96.2	28.8	3.1
Rumania	562.9	279.1	18.0
COMMUNIST CHINA	<u>244.0</u>	-	<u>7.8</u>
OTHER COMMUNIST COUNTRIES IN ASIA (Mongolia, North Korea, North Vietnam)	<u>30.6</u>	<u>6.3</u>	<u>0.9</u>
TOTAL:	3,133.7	1,297.8	100.0

- (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 \$62.5 million government-to-government credits.

TABLEAU II

CREDITS(1) EN COURS AUX DATES INDIQUEES ET VARIATIONS EN POURCENTAGE PAR RAPPORT A LA PERIODE PRECEDENTE

TABLE II

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

DATES	URSS USSR		POLOGNE POLAND				ZONE D'OCCUPATION SOVIETIQUE D'ALLEMAGNE SOVIET-OCCUPIED ZONE OF GERMANY		BULGARIE BULGARIA		TCHECOSLOVAQUIE CZECHOSLOVAKIA		HONGRIE HUNGARY		ROUMANIE RUMANIA		TOTAL PAYS DE L'EUROPE DE L'EST (2) TOTAL EASTERN EUROPE(2)		CHINE COMMUNISTE COMMUNIST CHINA		MONGOLIE COREE DU NORD NORD VIETNAM MONGALIA NORTH KOREA NORTH VIETNAM		TOTAL GENERAL(3) GRAND TOTAL(3)			
	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	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.	235,9	n.a.	n.a.	n.a.	n.a.	n.a.	326,3	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.	303,0	+ 28,4	n.a.	n.a.	n.a.	n.a.	355,1	+ 8,8
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.	329,9	+ 8,9	n.a.	n.a.	n.a.	n.a.	452,9	+ 27,5
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.	353,2	+ 7,1	n.a.	n.a.	n.a.	n.a.	521,1	+ 15,1
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.	394,9	+ 11,8	n.a.	n.a.	n.a.	n.a.	623,9	+ 19,7
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.	474,3	+ 20,1	62,0	n.a.	n.a.	n.a.	813,8	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.	488,2	+ 2,9	129,6	+109,0	n.a.	n.a.	934,6	+ 14,8
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.	558,7	+ 14,4	93,5	- 28,9	n.a.	n.a.	992,7	+ 6,2
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.	585,2	+ 4,7	112,4	+ 20,2	n.a.	n.a.	1,025,4	+ 3,3
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.	649,6	+ 11,0	51,2	- 54,5	n.a.	n.a.	1,075,6	+ 4,9
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.	639,1	- 1,6	32,9	- 35,8	n.a.	n.a.	996,9	- 7,3
31.12.64	589,7	+ 81,5	250,0	+ 12,0	72,5	- 4,2	64,9	+ 72,1	93,5	n.a.	110,2	n.a.	84,5	n.a.	108,6	n.a.	n.a.	n.a.	784,2	+ 22,7	74,4	+126,1	16,9	n.a.	1,465,2	+ 47,0
30.6.65	554,0	- 6,1	255,0	+ 2,0	70,4	- 2,9	121,6	+ 87,4	170,8	+ 82,7	116,1	+ 5,4	100,0	+ 18,3	128,0	+ 17,9	n.a.	n.a.	961,9	+ 22,7	111,8	+ 50,2	16,0	- 5,3	1,643,7	+ 12,2
31.12.65	577,7	+ 4,3	272,0	+ 6,7	69,3	- 1,6	162,2	+ 33,4	207,6	+ 21,5	152,5	+ 31,3	98,8	- 1,2	226,2	+ 76,7	n.a.	n.a.	1,188,6	+ 23,6	173,2	+ 54,9	25,5	+ 59,4	1,965,0	+ 19,5
30.6.66	927,6	+ 60,6	300,5	+ 10,5	67,1	- 3,2	151,3	- 6,7	274,9	+ 32,4	160,2	+ 5,0	99,9	+ 1,1	295,5	+ 30,6	n.a.	n.a.	1,349,4	+ 13,5	216,0	+ 24,7	29,6	+ 16,1	2,522,6	+ 28,4
31.12.66	1,078,1	+ 16,2	333,1	+ 10,8	64,8	- 3,4	169,0	+ 11,7	284,8	+ 3,6	165,9	+ 3,6	92,0	- 7,9	463,8	+ 56,9	n.a.	n.a.	1,573,4	+ 16,6	277,6	+ 28,5	29,8	+ 0,7	2,958,9	+ 17,3
30.6.67	1,180,2	+ 9,4	348,9	+ 4,7	62,5	- 3,6	165,0	- 2,4	291,7	+ 2,4	151,7	- 8,6	96,2	+ 4,5	562,9	+ 21,4	n.a.	n.a.	1,678,9	+ 6,7	244,0	-12,1	30,6	+ 2,7	3,133,7	+ 5,9

n.a. = n.d.

- (1) Les crédits indiqués dans ce tableau sont des crédits privés garantis par les gouvernements et des crédits de gouvernement à gouvernement. La Pologne est le seul bénéficiaire des crédits de cette dernière catégorie qui figurent dans une colonne séparée.
- les crédits privés non garantis n'ont pas été inclus dans le tableau car d'une part les pays membres n'ont pas toujours signalés ces crédits et d'autre part, les renseignements disponibles ne peuvent être que très fragmentaires.
- (2) Jusqu'au 31 juillet 1960, les crédits consentis à l'Europe de l'Est étaient indiqués sous deux rubriques : (i) Pologne et (ii) l'ensemble des autres pays. Après le 31.7.60 et jusqu'au 30.6.64, les renseignements sur les crédits consentis à la Pologne et à la Zone d'occupation soviétique d'Allemagne ont été indiqués séparément, mais les autres pays de l'Europe de l'Est étaient encore groupés. Depuis le 31.12.64, les pays membres fournissent le montant des crédits accordés à chacun des pays de l'Europe de l'Est. L'Albanie ne figure pas dans le tableau car, apparemment, aucun crédit ne lui a été consenti.
- (3) Les crédits globaux en cours au 31.7.61 ne peuvent être comparés, car les crédits accordés à la Chine communiste n'ont été signalés qu'à partir du 31.12.61. De même, les crédits en cours au 30.6.64 et 31.12.64 ne sont pas strictement comparables car les renseignements concernant les crédits consentis à la Mongolie, à la Corée du Nord et au Nord Vietnam n'ont pas été fournis avant le 31.12.64. Toutefois, dans ce cas, ces crédits sont relativement faibles par rapport au total des crédits en cours; en conséquence, le fait de les avoir ajoutés aux autres crédits ne fausse guère le pourcentage d'augmentation.

- (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, and until 30.6.1964, 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 during the first half of 1967
 (In million US \$)

Period	USSR	Poland	Soviet Occupied Zone of Germany	Bulgaria	Czechoslovakia	Hungary	Rumania	Total Eastern Europe (1)	Communist China	Mongolia N. Korea N. Vietnam	GRAND TOTAL
1965/I	16.1	54.0	66.9	89.2	18.2	34.3	39.3	301.9	54.9	-	372.9
1965/II	71.3	71.3	59.3	41.1	40.8	6.0	111.4	329.9	85.7	10.1	497.0
1966/I	415.8	70.5	25.2	82.8	20.7	15.4	72.9	287.5	75.5	6.9	785.7
1966/II	188.3	92.1	40.6	33.4	24.0	6.2	191.9	388.2	105.7	5.5	687.7
1967/I	160.2	73.9	19.5	30.9	17.7	19.7	134.2	295.9	0.1	7.1	463.3
Reimbursements during 1st half of 1967	58.1	58.1	23.5	24.0	31.9	15.5	35.1	188.1	33.7	6.3	286.2 (2)

(1) No credits have been granted to Albania

(2) If reimbursements by Poland of government-to-government credits are taken into account, total reimbursements are equal to \$288.5 million as stated in paragraph 1 of the report.

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TABLE IV

PRIVATE GUARANTEED CREDITS AND GOVERNMENT-TO-GOVERNMENT CREDITS OF OVER FIVE YEARS
OUTSTANDING ON DATES INDICATED (in million US \$)

DATES	USSR	POLAND(2)		Soviet occup. zone of Germany	Bul- garia	Czecho- slovak- ia	Hungary	Rumania	Total Eastern Europe (1)	Commu- nist China	Mongolia North Korea North Vietnam	Grand Total
		Private guarant. credits	govt. to govt. credits									
31.12.64	149.4	0.3	72.5	-	1.0	19.9	18.4	-	112.1	-	-	261.5
30. 6.65	150.4	5.7	70.4	9.3	1.0	26.0	28.5	29.0	169.9	-	6.3	326.6
31.12.65	162.7	13.0	69.3	26.9	1.1	32.8	28.6	113.1	284.8	-	6.3	453.8
30. 6.66	537.5	32.4	67.1	27.0	37.4	39.0	30.4	130.8	364.1	-	6.3	907.9
31.12.66	654.4	49.2	64.8	26.4	37.5	53.6	30.2	224.2	485.9	-	6.3	1,146.6
30. 6.67	740.4	54.3	62.5	26.0	40.0	60.4	28.8	279.1	551.1	-	6.3	1,297.8

(1) No credits have been granted to Albania
(2) Poland is the only beneficiary of government-to-government credits.

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TABLE V

(In million US \$)

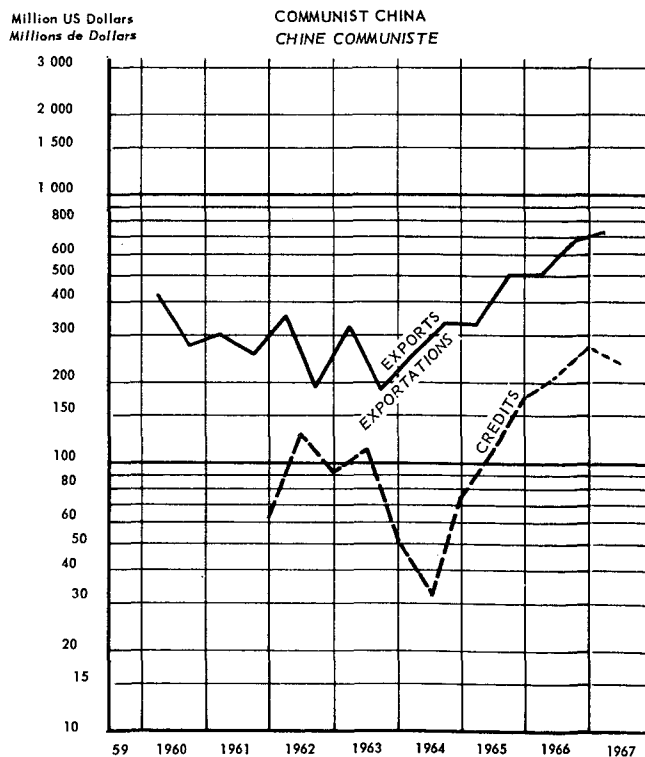
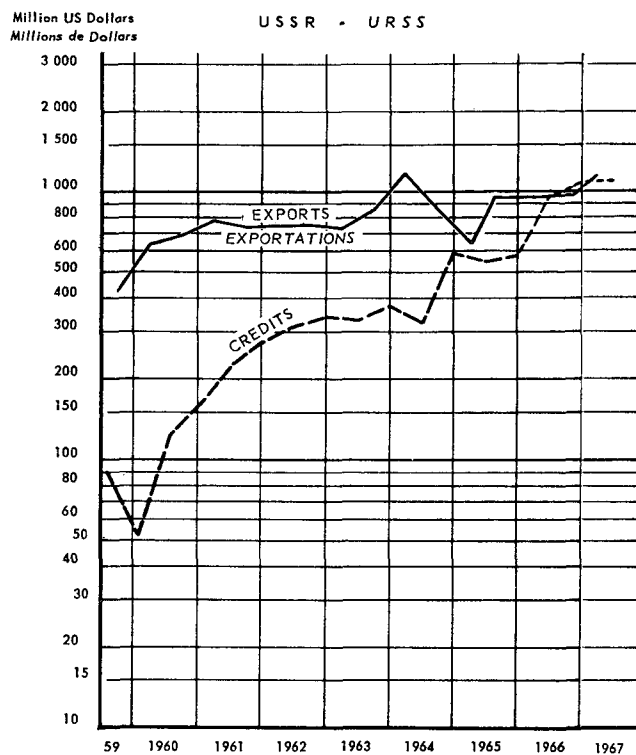
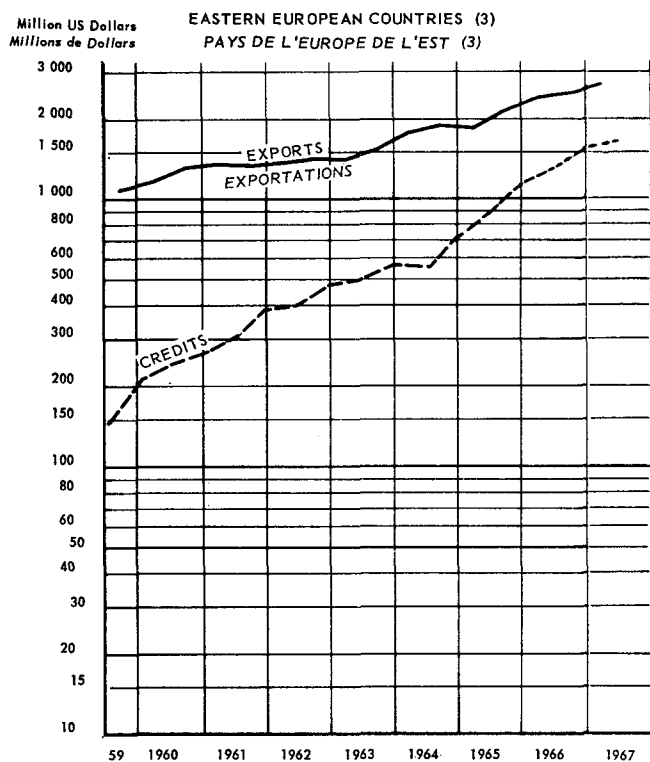
	1962		1963		1964		1965		1966		1967	
	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half(2)	
NATO-EUROPE	364.0	369.3	352.0	278.5	257.2	327.3	286.2	304.0	296.1	290.9	434.9	
NATO-NORTH AMERICA	12.4	10.8	10.8	151.3	334.1	105.1	39.3	187.9	174.2	163.0	115.5	
TOTAL	376.4	380.1	362.8	429.8	591.3	432.4	325.5	491.9	470.3	453.9	550.4	
				NATO COUNTRIES' EXPORTS TO THE USSR								
NATO-EUROPE	590.8	645.8	609.3	672.7	697.8	771.9	841.0	918.2	1,089.6	1,151.0	1,255.0	
NATO-NORTH AMERICA	88.1	59.1	92.6	91.2	174.9	167.3	71.6	122.6	92.3	132.2	101.6	
TOTAL	678.9	704.9	701.9	763.9	872.7	939.2	912.6	1,040.8	1,181.9	1,283.2	1,356.6	
				NATO COUNTRIES' EXPORTS TO EASTERN EUROPE(1)								
				COUNTRIES' EXPORTS TO COMMUNIST CHINA								
NATO-EUROPE	83.4	50.5	90.6	66.5	69.6	94.3	116.4	196.6	190.0	232.6	284.7	
NATO-NORTH AMERICA	93.8	44.4	70.1	27.1	54.7	71.7	48.4	49.0	63.1	107.9	70.9	
TOTAL	177.2	94.9	160.7	93.6	124.3	166.0	164.8	245.6	253.1	340.5	355.6	

(1) Eastern Europe: Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania and the Soviet occupied Zone of Germany.

(2) Canadian and Greek exports for June 1967 have been estimated.

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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

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