

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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COPY N°

ORIGINAL: FRENCH
12th November, 1963

NATO CONFIDENTIAL
DOCUMENT
AC/127-D/141

COMMITTEE OF ECONOMIC ADVISERS

CREDITS GRANTED BY NATO COUNTRIES TO THE
SOVIET BLOC (1) AND TO COMMUNIST CHINA

EIGHTH REPORT COVERING THE PERIOD UP TO
30TH JUNE, 1963

Draft Report to the Council

The present report, which is the eighth of its kind, has been prepared by the Committee of Economic Advisers on the basis of information received from delegations showing the position of credits granted by NATO countries to the Soviet bloc and to Communist China up to 30th June, 1963.

2. Outstanding credits to the Communist countries, at six monthly intervals, from 31st July 1959 (31st December, 1961 for China) to 30th June, 1963 are shown in Table I. Table II indicates the changes in the amount of credits between the dates chosen. A chart sets out the trend of credits and exports from NATO countries to the Soviet bloc.

3. When considering the tables and the chart, it should be recalled that:

- (a) NATO countries have generally been unable to provide information on private non-guaranteed credits to the bloc. In the first reports, incomplete figures were included in this category of credits, but the information available on the position since 31st July, 1961 is so fragmentary that its inclusion in the table would serve no useful purpose;

(1) As agreed, the Soviet bloc is understood to include the USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Roumania, the Soviet-occupied Zone of Germany and the Soviet-occupied sector of Berlin.

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- (b) The section on government-to-government credits does not include credits granted under bilateral trade agreements, which normally extend over a period of less than 180 days, nor does it include sales of agricultural commodities under Public Law 480 of the United States. Poland is the only Soviet bloc country which, by virtue of a special status, has received government-to-government credits. It was 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(1);
- (c) Following a decision of the Committee of Economic Advisers of 19th February, 1963(2), the figures on private credits guaranteed by governments reported by member countries to the International Secretariat, comprise the total value of such credits, including that part of the credit which remains at the exporter's risk.

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

- (a) during the first six months of 1963 the over-all level of credits granted to the Soviet bloc (excluding Communist China) only grew by 1.8%; this was the lowest six-monthly increase registered since the periodical reporting procedure on credits was established. It should be noted, however, that in 1962 the growth of credits was slower in the first than in the latter half of the year;
- (b) government-to-government credits, from which only Poland has benefited, again diminished slightly; they are in the process of being progressively reimbursed and no new credits appear to have been granted since NATO started to follow the trend of credits to the Soviet bloc;
- (c) private credits guaranteed by governments, which constitute more than 90% of the total of credits under examination, have grown by 2% during the first six months of 1963, as against approximately 12% during the latter half of the year 1962;

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

(2) AC/127-R/104, Item I(4).

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- (d) for the first time since 1960 the level of credits granted to the USSR diminished slightly (-4%), during the first half of 1963. Likewise, the USSR's share in total credits granted to the Soviet bloc (1), which had reached a level of 37% in June 1962, as a result of a considerable increase, dropped to 34% in June 1963, thus continuing the tendency to fall which began during the previous six-months' period;
- (e) credits granted to Poland remained approximately at their level of 3rd December, 1962. Their share in total credits extended to the bloc (1) continues to be the largest (37%), despite a substantial decrease of this share since 31st July, 1959, when it constituted close to 80% of the total;
- (f) credits granted to the Soviet-occupied Zone of Germany, that had grown very rapidly since January 1961, fell by nearly 18% during the first half of 1963. Their share in total credits extended to the bloc(1), never important, fell to 6% on 30th June, 1963 as against 7% on 31st December, 1962.
- (g) credits granted to other countries of the Soviet bloc showed a very marked increase - 25% - during the first six months of 1963. Their share in total credits extended to the bloc(1) grew: it stood at 23% on 30th June, 1963 as against 7% four years earlier, on 31st July, 1959(2);
- (h) after falling substantially during the latter half of 1962, credits granted to Communist China increased by 22% during the first half of 1963, but remained below the level of 30th June, 1962. At 30th June, 1963, their share in total credits(1) granted to the Soviet bloc and Communist China combined was 13%, as against 11% on 31st December, 1962, and 16% on 30th June, 1962.

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- (1) Including government-to-government credits.
- (2) Reporting on outstanding credits to the Soviet-occupied Zone of Germany in particular was first initiated on the position as of 31st January, 1961; the 1959 figures for "other Soviet Bloc countries", therefore, include possible credits to the Zone while this is not the case in the 1962 figures. The share of the satellites, other than Poland, in outstanding credits to the Soviet Bloc on the dates indicated above have risen from 7% to 29% if the Soviet Zone of Germany is included at both dates.

5. The comparison between the trend in the level of credits and the value of exports which has been attempted in the present report has been made on the basis of private credits guaranteed by governments, since government-to-government credits now outstanding appear to bear no relation to recent exports (see paragraph 4(b)). As was pointed out in the last report, it is not possible on the basis of available information to determine at what period the delivery of goods to which the credits apply is carried out, nor in consequence to establish a significant comparison between the volume of credits and of exports. It is, however, clear from the attached chart that in 1960, 1961 and 1962 the rate of growth of credits was constantly greater than that of exports. During the first half of 1963, credits to the Soviet bloc as a whole continued to grow, whereas exports decreased slightly compared to the previous six-months' period.

OTAN/NATO,
Paris, XVIc.

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TABLE I

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AC/127-D/44

CREDITS OUTSTANDING(1) ON DATES INDICATED

(million United States \$)

Date and type of credits	USSR	Poland	Soviet-occupied Zone of Germany	Other Bloc (including Soviet Zone of Germany)	Total Soviet Bloc	Communist China	TOTAL
<u>31st July, 1959</u>							
1. Private non-guaranteed credits	0.5	-	n.a.	3.6	4.1	n.a.	n.a.
2. Government-to-government credits	-	87.8	n.a.	-	87.8	n.a.	n.a.
3. Private credits guaranteed by governments	38.3	151.8	n.a.	17.7	207.8	n.a.	n.a.
TOTAL	38.8	239.6	n.a.	21.3	299.7	n.a.	n.a.
<u>31st January, 1960</u>							
1. Private non-guaranteed credits	0.5	-	n.a.	11.9	12.4	n.a.	n.a.
2. Government-to-government credits	-	86.8	n.a.	-	86.8	n.a.	n.a.
3. Private credits guaranteed by governments	38.0	162.3	n.a.	41.0	241.3	n.a.	n.a.
TOTAL	38.5	249.1	n.a.	52.9	340.5	n.a.	n.a.
<u>31st July, 1960</u>							
1. Private non-guaranteed credits	18.3	-	n.a.	-	18.3	n.a.	n.a.
2. Government-to-government credits	-	85.9	n.a.	-	85.9	n.a.	n.a.
3. Private credits guaranteed by governments	100.9	158.5	n.a.	67.4	326.8	n.a.	n.a.
TOTAL	119.2	244.4	n.a.	67.4	431.0	n.a.	n.a.
<u>31st January, 1961</u>							
1. Private non-guaranteed credits	18.3	-	n.a.	(excluding Soviet Zone of Germany)	18.3	n.a.	n.a.
2. Government-to-government credits	-	84.9	-	-	84.9	n.a.	n.a.
3. Private credits guaranteed by governments	145.8	151.8	14.1	73.7	385.4	n.a.	n.a.
TOTAL	164.1	236.7	14.1	73.7	488.6	n.a.	n.a.
<u>31st July, 1961</u>							
1. Private non-guaranteed credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	-	83.9	-	-	83.9	n.a.	n.a.
3. Private credits guaranteed by governments	190.9	164.7	20.0	93.7	469.3	n.a.	n.a.
TOTAL	190.9	248.6	20.0	93.7	553.2	n.a.	n.a.
<u>31st December, 1961</u>							
1. Private non-guaranteed credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	-	83.9	-	-	83.9	-	83.9
3. Private credits guaranteed by governments	236.5	192.8	40.0	117.0	586.3	61.9(2)	648.2
TOTAL	236.5	276.7	40.0	117.0	670.2	61.9	732.1
<u>30th June, 1962</u>							
1. Private non-guaranteed credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	-	83.0	-	-	83.0	-	83.0
3. Private credits guaranteed by governments	262.0	179.4	43.5	133.8	618.7	117.6	736.3
TOTAL	262.0	262.4	43.5	133.8	701.7	117.6	819.3
<u>31st December, 1962</u>							
1. Private non-guaranteed credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	-	81.5	-	-	81.5	-	81.5
3. Private credits guaranteed by governments	283.5	219.1	57.3	152.5	712.4	38.7	801.1
TOTAL	283.5	300.6	57.3	152.5	793.9	38.7	882.6
<u>30th June, 1962</u>							
1. Private non-guaranteed credits	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	-	79.5	-	-	79.5	-	79.5
3. Private credits guaranteed by governments	272.0	222.7	47.2	186.8	728.8	108.4	837.2
TOTAL	272.0	302.2	47.2	186.8	808.3	108.4	916.7

(1) For a complete definition of this term, see AC/127-D/41, Item II, and AC/127-IB/45.

(2) On 31st December, 1960, there were no outstanding credits to Communist China.

TABLE II

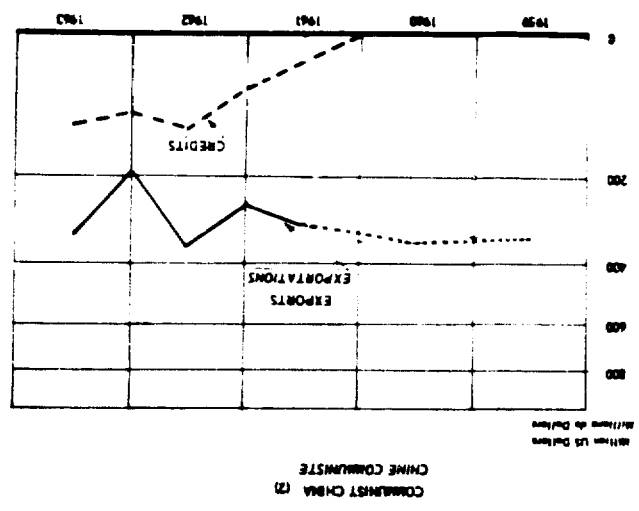
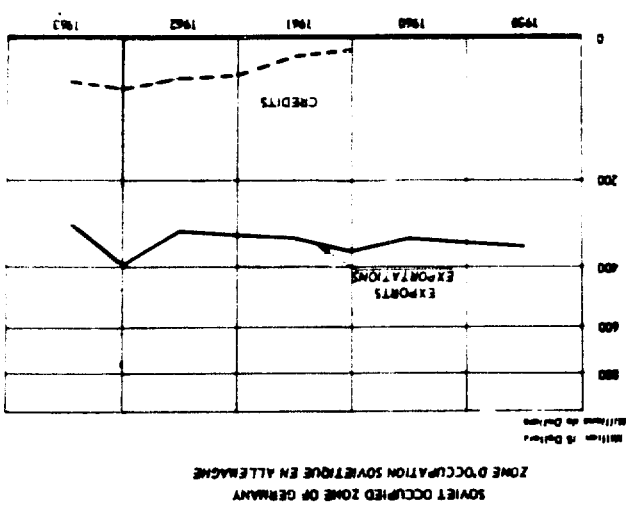
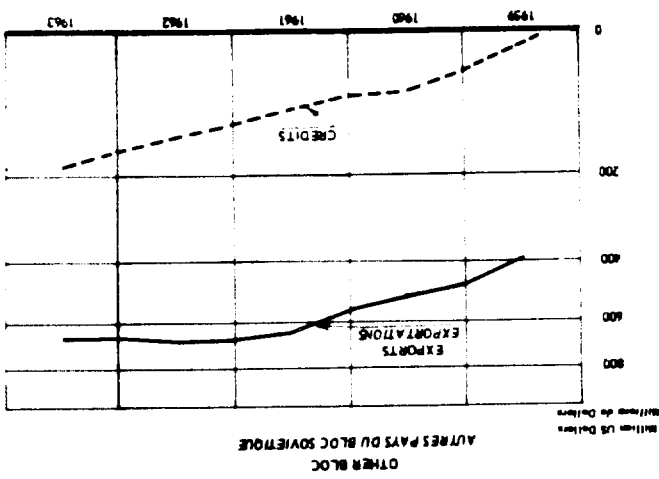
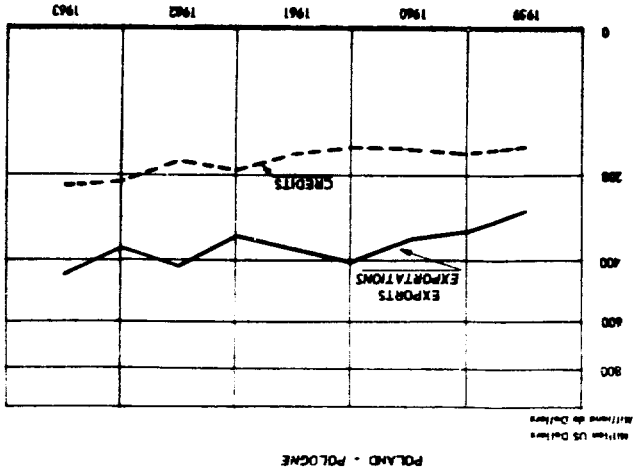
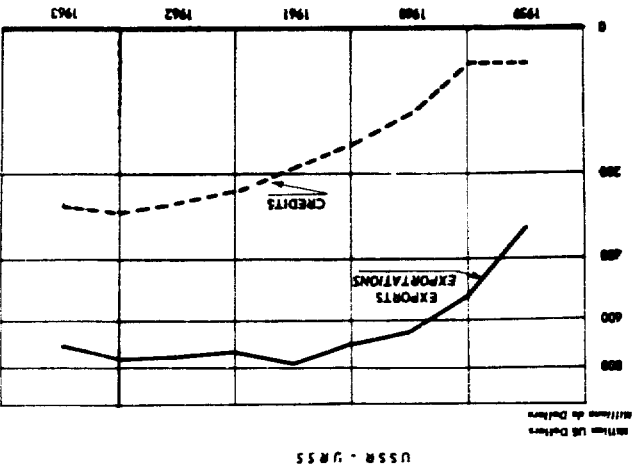
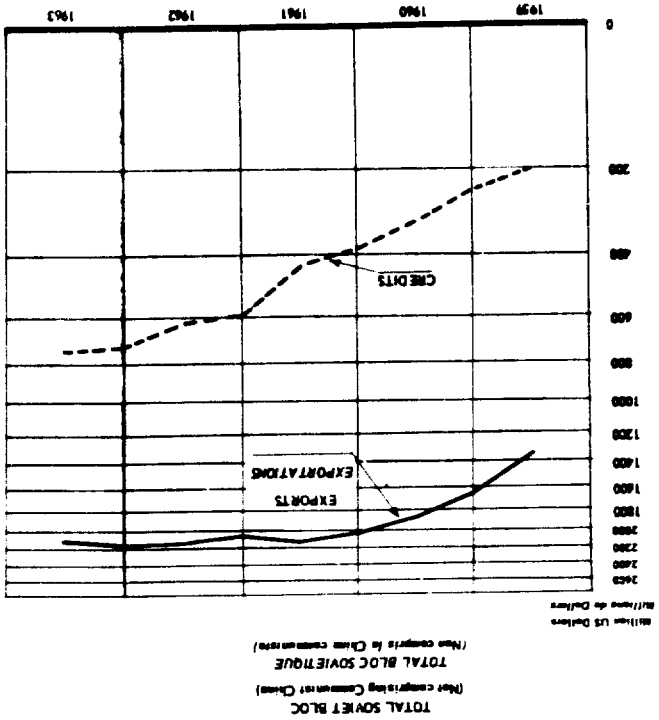
CHANGES BETWEEN DATES INDICATED

Date and type of credit	USSR		Poland		Soviet Zone of Germany		Other Bloc (including Zone of Germany)		Soviet Bloc		Communist China		TOTAL	
	Amount(1)	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
31st July, 1959 - 31st January, 1960														
1. Private non-guaranteed credits	-	-	-	-	n.a.	n.a.	+ 8.3	+230.6	+ 8.3	+202.4	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	- 0.3	- 0.8	- 1.0	- 1.1	n.a.	n.a.	-	-	- 1.0	- 1.1	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	- 0.3	- 0.8	+ 0.5	+ 0.9	n.a.	n.a.	+ 23.3	+ 31.5	+ 33.5	+ 16.1	n.a.	n.a.	n.a.	n.a.
TOTAL	- 0.3	- 0.8	+ 2.2	+ 4.0	n.a.	n.a.	+ 31.6	+ 148.4	+ 40.8	+ 13.6	n.a.	n.a.	n.a.	n.a.
31st January, 1960 - 31st July, 1960														
1. Private non-guaranteed credits	+ 17.8	36.6 times	- 0.9	- 1.2	n.a.	n.a.	- 11.9	- 100.0	+ 5.9	+ 47.6	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	-	-	- 3.8	- 2.3	n.a.	n.a.	+ 26.4	+ 64.4	- 0.9	- 1.0	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 62.9	+ 62.5	-	-	n.a.	n.a.	+ 14.5	+ 27.4	+ 85.2	+ 35.4	n.a.	n.a.	n.a.	n.a.
TOTAL	+ 80.7	+ 62.6	- 4.7	- 1.9	n.a.	n.a.	+ 26.0	+ 27.4	+ 90.5	+ 26.6	n.a.	n.a.	n.a.	n.a.
31st July, 1960 - 31st January, 1961														
1. Private non-guaranteed credits	-	-	-	-	n.a.	n.a.	-	-	-	-	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	+ 44.9	+ 44.5	- 1.0	- 1.2	n.a.	n.a.	+ 6.3	+ 9.3	- 1.0	- 1.2	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 44.9	+ 37.7	- 7.7	- 3.2	n.a.	n.a.	+ 6.3	+ 9.3	+ 58.6	+ 17.9	n.a.	n.a.	n.a.	n.a.
TOTAL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+ 20.0	+ 27.1	+ 57.6	+ 13.4	n.a.	n.a.	n.a.	n.a.
31st January, 1961 - 31st July, 1961														
1. Private non-guaranteed credits	-	-	- 1.0	- 1.2	n.a.	n.a.	-	-	- 1.0	- 1.2	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	+ 45.1	+ 30.9	+ 2.9	+ 8.5	n.a.	n.a.	+ 20.0	+ 27.1	+ 81.9	+ 21.8	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 26.8	+ 16.3	+ 1.9	+ 5.0	n.a.	n.a.	+ 20.0	+ 27.1	+ 64.6	+ 13.2	n.a.	n.a.	n.a.	n.a.
TOTAL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+ 20.0	+ 27.1	+ 17.0	+ 21.1	n.a.	n.a.	n.a.	n.a.
31st July, 1961 - 31st December, 1961														
1. Private non-guaranteed credits	-	-	-	-	n.a.	n.a.	-	-	-	-	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	+ 45.6	+ 23.9	+ 28.1	+ 17.0	n.a.	n.a.	+ 23.3	+ 24.9	+ 17.0	+ 24.9	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 45.6	+ 23.9	+ 28.1	+ 11.3	n.a.	n.a.	+ 23.3	+ 24.9	+ 17.0	+ 21.1	n.a.	n.a.	n.a.	n.a.
TOTAL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+ 23.3	+ 24.9	+ 17.0	+ 21.1	n.a.	n.a.	n.a.	n.a.
31st December, 1961 - 30th June, 1962														
1. Private non-guaranteed credits	-	-	- 0.9	- 1.1	n.a.	n.a.	-	-	- 0.9	- 1.1	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	+ 25.5	+ 10.8	- 13.4	- 7.0	n.a.	n.a.	+ 16.8	+ 14.4	+ 32.4	+ 5.5	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 25.5	+ 10.8	- 14.3	- 5.2	n.a.	n.a.	+ 16.8	+ 14.4	+ 31.5	+ 4.7	n.a.	n.a.	n.a.	n.a.
TOTAL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+ 16.8	+ 14.4	+ 31.5	+ 4.7	n.a.	n.a.	n.a.	n.a.
30th June, 1962 - 31st December, 1962														
1. Private non-guaranteed credits	-	-	-	-	n.a.	n.a.	-	-	-	-	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	+ 21.5	+ 3.2	+ 39.7	+ 12.2	n.a.	n.a.	+ 18.7	+ 11.4	+ 93.7	+ 11.5	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 21.5	+ 8.2	+ 38.2	+ 11.5	n.a.	n.a.	+ 18.7	+ 11.4	+ 92.2	+ 11.3	n.a.	n.a.	n.a.	n.a.
TOTAL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+ 18.7	+ 11.4	+ 92.2	+ 11.3	n.a.	n.a.	n.a.	n.a.
31st December, 1962 - 30th June, 1963														
1. Private non-guaranteed credits	-	-	- 2.0	- 2.5	n.a.	n.a.	-	-	- 2.0	- 2.5	n.a.	n.a.	n.a.	n.a.
2. Government-to-government credits	+ 11.5	+ 4.1	+ 3.6	+ 1.6	n.a.	n.a.	+ 34.3	+ 22.5	+ 16.4	+ 2.3	n.a.	n.a.	n.a.	n.a.
3. Private credits guaranteed by governments	+ 11.5	+ 4.1	+ 1.6	+ 0.5	n.a.	n.a.	+ 34.3	+ 22.5	+ 19.7	+ 1.8	n.a.	n.a.	n.a.	n.a.
TOTAL	- 11.5	- 4.1	- 10.1	- 17.6	n.a.	n.a.	+ 34.3	+ 22.5	+ 14.4	+ 1.8	n.a.	n.a.	n.a.	n.a.

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

DEVELOPMENT OF NATO COUNTRIES CREDITS (I) AND EXPORTS
TO THE SOVIET BLOC AND COMMUNIST CHINA
EVOLUTION DES CREDITS (I) ET DES EXPORTATIONS DES PAYS OTAN
VERS LE BLOC SOVIÉTIQUE ET LA CHINE COMMUNISTE

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AC/177-D/141



(1) Private credits guaranteed by Governments
Credits privés garantis par les Gouvernements

(2) Export figures are yearly for 1959 and 1963 and half-yearly for 1961 and 1962
Les chiffres des exportations sont annuels pour 1959 et 1963 et semi-annuels pour 1961 et 1962

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