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ECONOMIC COMMITTEE

IMPLEMENTATION OF THE FINAL ACT OF THE CSCE(1)

Summary account of the meeting on 21st March, 1977

The Economic Committee met on 21st March, 1977 to consider, together with high officials from Allied capitals, Allied Missions in Eastern countries or Delegations in Geneva, the implementation of Basket II of the Helsinki Final Act and the follow-up to the CSCE. After reviewing the application of the provisions concerning co-operation in the fields of economics, of science and technology and of the environment, the participants considered the preparation of the Belgrade meetings and finally examined aspects relating to multilateral co-operation in the context of the ECE-Geneva.

I. REVIEW OF IMPLEMENTATION OF THE FINAL ACT (BASKET II)
OVER THE PERIOD NOVEMBER 1976 TO MARCH 1977

2. It was generally agreed that little progress had been recorded as regards the implementation by the Warsaw Pact countries of the provisions of Basket II aiming at facilitating the fostering of commercial exchanges.

3. In the area of economic and commercial information, it was noted that the USSR had recently started publishing quarterly statistical bulletins on its foreign trade, but on the other hand it had taken a step backward as the print run of its Statistical Annual has been reduced to 30,000 copies. In Poland and in Hungary the availability of data and information is greater than in other Pact countries. In this connection it was recalled that the GDR had taken measures reducing available data on foreign trade and that the situation in Bulgaria and Romania was unsatisfactory. The Representative of the United Kingdom pointed out that his Authorities were in the process of compiling a dossier on economic and commercial information available in the Eastern countries.

(1) This document is the final version of the summary account circulated as ED/EC/77/27 on 25th March, 1977 and amended by a number of Delegations.

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4. The Belgian Representative drew attention to the official instruction given on 27th August, 1976 in Bulgaria to restrict to the maximum the importation of equipment originating from non-socialist countries. Moreover, the Bulgarian Authorities did not make any special efforts to facilitate access to the Bulgarian market or to encourage marketing. He considered that these developments run contrary to the provisions of the Final Act.

5. The United States Representative informed the Committee of a number of measures by his Authorities in the information and trade facilitation areas. The Department of Commerce would be issuing a brochure on the provisions of Basket II as they may apply to business. The Commission on Security and Co-operation in Europe had sent a questionnaire on business conditions in Eastern countries to 260 US firms. The State Department had decided to permit the opening of a wholly owned Soviet company dealing with tractors and also allowed the creation of a jointly owned US-Soviet fishing company. On the other hand, the USSR recently initiated visa procedures which placed new limitations on US businessmen in the Soviet Union and made it very difficult for them to change their travelling arrangements out of the country or to be able to leave rapidly if the need arose. The US intended to lodge a formal complaint with the Soviet Authorities in this regard.

6. The German Representative shared the views already expressed on the quality, range and volume of economic and commercial information available in the East. He added that the Federation of German Industries had been asked to give its assessment of the Final Act implementation. A special pamphlet on Basket II had also been published for businessmen.

7. The Turkish Representative drew attention to the improvement in the commercial relations of his country with Eastern Europe since the signing of the Final Act. Turkey had concluded a number of agreements with individual Eastern countries on the exchange of technical and commercial information. He recalled the rôle of Balkanic co-operation, referred to regional co-operation in the area of public work and mentioned the project to build a North-South motorway from Gdansk to Turkey.

8. As regards technical co-operation, the Danish Representative recalled that a special meeting would take place at the end of March at the ECE-Geneva on construction techniques; on that occasion his Authorities will propose the organization in March 1978 of a symposium in Greenland on building and construction technology in the Arctic regions. The date suggested by the Danish Authorities should not clash with arrangements by other countries intending to hold seminars of the same type.

II. PREPARATION FOR BELGRADE MEETINGS
(ECONOMIC QUESTIONS)

(a) Assessment of degree of implementation of the provisions of Basket II

9. Turning to the question of the assessment to be made at Belgrade of the degree of implementation of the provisions of Basket II, the German Representative warned against two pitfalls: if the discussions remained at too general a level it would not be possible clearly to identify areas for future action, on the other hand a too detailed evaluation would dilute the negotiations and probably prolong them excessively. However, there should be a certain amount of detailed discussion on Basket II.

10. The United Kingdom Representative considered that there should be a detailed examination of Basket II. The European Community thinking was along the same line although the position of the "Nine" still had to be finalized.

11. The Turkish Representative cautioned against the risk of turning the Belgrade meeting into some court of justice. The ECE-Geneva should be presented at Belgrade as the focal point for the implementation of Basket II. Alliance countries should also be wary of attempts to present at Belgrade entirely new proposals.

12. The Danish Representative drew attention to the tactics to be adopted at Belgrade as regards the time to be allocated to the discussion of the various Baskets. If the Brezhnev proposals did not come up at Belgrade, there would be more time to discuss other aspects of Basket II; Alliance countries should therefore envisage the possibility of a more prolonged examination of these aspects and prepare for it.

(b) Development of comprehensive themes

13. The United States Representative shared the view that there should be a thorough discussion on implementation at Belgrade; it was only by going into the details that it would be possible to identify the shortcomings. However, it was also important to identify key themes which set apart Western practices from those of Eastern countries. This approach should enable Alliance countries to indicate to the Eastern countries what they expect from them in terms of future implementation; at the same time it could make it possible to explain to the Western Press and public what the Alliance objectives are. On the other hand Alliance countries should avoid getting involved in long discussions on procedures.

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14. Continuing his statement, the United States Representative said that, in the context of the identification of the broad themes, an inventory should be made of the criticisms likely to be made by the Eastern countries. The Alliance countries should also put together all the factual material to support their themes.

15. The Canadian Representative also urged the development of a thematic approach to Belgrade which, he suggested, would impose same pattern and order on the discussion. For example, he suggested that discussion on availability of commercial and economic information might take place under a much more general theme of "movements, access, and contacts". He suggested that a distinction should be drawn between broad themes and specifics which he termed "cases for complaint" that were contributory elements in more general themes.

(c) Preparation of new proposals aimed at fuller implementation of the Final Act

16. Referring to his Authorities' memorandum dated 20th January, 1977 the United States Representative confirmed that they did not intend to pursue original proposals on export credits by Eastern countries to Western importers and on the promotion of Eastern exports to the West. As regards the proposal aimed at enhancing the Westward flow of Eastern technology he said that a number of problems remained. There was not much knowledge of what the East had available for sale to the West. In addition there was a lack of reciprocity in the technology flows and the Soviets might avail themselves of such a proposal to try to obtain an even greater transfer of technology from West to East, thus accentuating the present imbalance. Perhaps the ECE-Geneva could be asked to establish an inventory of processes offered by the East and the West. Western firms could also be asked to make sure that there were reciprocal exchanges of technical and scientific information when dealing with the East. He invited further views and comments on this matter from other Delegations. The three main proposals for consideration at this stage were those concerning measures to attract Western small and medium-sized firms to Eastern countries, to strengthen the commercial information aspect of the Final Act and to facilitate the granting of entry/exit visas to Western businessmen assigned to Eastern Europe and the USSR(1).

17. The Italian Representative considered as particularly important the question of technological transfers. His country had been trying, so far without success, to reach a frame agreement with the USSR to guarantee the patent rights of

(1) See note dated 21st March, 1977 circulated during the meeting by the United States Delegation.

Italian firms as regards inventions resulting from bilateral co-operation agreements.

18. The Belgian Representative agreed with the United States proposal on the representation of small and medium-sized Western firms in the East. The Netherlands Representative wondered, for his part, whether the question of business contacts and availability of information might not be overstressed at Belgrade. He suggested that attempts should be made to put forward non-controversial proposals in order to encourage the Eastern countries to adopt a positive attitude. His Authorities were looking for positive proposals which could balance more controversial ones linked to certain aspects of Basket II.

19. The Canadian Representative welcomed the USA proposal to put forward formal resolutions at Belgrade. He suggested that the Allied countries boil down everything they want to achieve in Basket II to about four strongly worded resolutions which would, no doubt, be subject to watering down as a result of the negotiating process at Belgrade. This would not constitute a resolution for amendment of the Final Act but would provide a vehicle for organizing the discussion.

(d) Examination of the Warsaw Pact position at Belgrade

20. The United Kingdom Representative thought that the Soviets, by stressing the Brezhnev proposals, were attempting not only to put emphasis on their own implementation of Basket II but also to link such proposals to Basket III implementation.

21. The Turkish Representative expected the Eastern countries to focus on Basket II issues at Belgrade. They were likely to criticize Western implementation and might raise the question of migrant labour in Europe.

22. The Turkish Representative added that his Authorities had been against a discussion of the migrant labour issue at the CSCE. They continued to believe that this was a matter for bilateral negotiations and they would not raise it at Belgrade.

23. The United States Representative said that the Yugoslavs intended to raise this question at Belgrade. The Netherlands Representative said that in anticipation of a discussion at Belgrade, Alliance countries should carefully examine the problem of migrant workers in Eastern Europe, for example the conditions of Polish workers in the GDR.

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24. The United Kingdom Representative stressed that on Basket II issues the Eastern countries did not always present a united front, differences existed between the individual countries' positions as evidenced by the Romanian attitude.

(e) Examination of the position of the neutral and non-committed countries

25. The United States Representative reported that the Yugoslavs, in addition to the question of migrant labour, wanted to discuss at Belgrade sub-regional co-operation, Alpine co-operation particularly as regards transportation (with Italy and Austria), Danube countries co-operation on river pollution control (although the USSR is opposed to this idea) and Balkanic co-operation (despite the fact that Bulgaria is not co-operative). The Yugoslavs felt that in examining Basket II issues the participating countries at Belgrade should not lose sight of the problems of the non-European countries. They also believed that the countries participating in the Belgrade meeting should express an interest in principle in world economic problems and they wanted, therefore, to raise the question of European countries - LDCs relations.

26. At the close of the discussions the United States Representative indicated several areas which lent themselves to work in the Economic Committee in anticipation of the Belgrade meeting:

- development of broad concepts and themes;
- consideration of new proposals;
- examination of how to deal with the Brezhnev proposals (in this connection account should be taken of developments within the Western Caucus in Geneva and at the 32nd Plenary Session).

27. The Canadian Representative associated himself with the suggestions of the United States Representative. He stressed that, in addition to combining the theme and concept ideas, the Economic Committee should study specific problems and requirements which would illustrate the general themes for discussion at Belgrade. The Committee should also identify specific instances (5 or 6) of non-implementation (by commission or omission) of Basket II by the individual Eastern countries. This would help Allied countries to see whether deficiencies relate to the whole of Eastern Europe or only specific countries.

III. MULTILATERAL CO-OPERATION WITHIN ECE

28. The discussion under this item of the Agenda focussed entirely on the Brezhnev proposals.

29. The United Kingdom representative explained that the Nine had intended to discuss the letter which they had sent to the Executive Secretary on 18th March with their Allies before handing it over. Unfortunately the sudden delivery, on 16th March, of a second Soviet communication had faced the Nine with the choice between delivering at once the text which they had already agreed or waiting for some time and producing a redraft. They had thought it best, on balance, to opt for the former course of action and regretted the absence of consultation thereby necessitated. The United Kingdom Representative went on to say, in reply to a query from the Danish Representative, that the Soviets intended to have the Brezhnev proposals discussed at the 32nd Plenary Session of the ECE-Geneva. This was borne out by their last communication to the Executive Secretary of that Organization. This document, and more particularly the manner in which it had been presented by members of the Soviet Mission in Geneva, indicated a certain softening of the Soviet position. He felt that in any case the whole matter should be considered in the ECE. The "Nine" believed that if the issue could not be resolved in Geneva on terms favourable to them, then the matter would have to be taken up at Belgrade. The West was in a strong position as its attitude complied with the provisions of the Final Act, moreover the Soviets were the "demandeur". However it would be difficult to reject out of hand the Brezhnev proposals, in particular that on the environment, as these could be attractive to certain countries. The Soviets still seemed to be keen on the Conferences idea and it would be difficult not to give them some kind of satisfaction.

30. Referring to the letter by the "Nine" to Mr. Stanovnik, the United States Representative wondered whether it should have been sent. He asked whether other Allied countries intended to imitate the "Nine". He noted the absence of prior consultation in the Atlantic framework on the principle of forwarding a letter to the Executive Secretary of the ECE. His Authorities did not intend sending one; they also had misgivings about the text of the letter of the "Nine" as paragraph 6 could be interpreted by the Soviets as an acceptance of the Conferences principle. He recalled the need for a firm understanding on the attitude to be adopted by the Western countries at the 32nd Plenary Session.

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31. Explaining the attitude of the European Community, the United Kingdom Representative said that the "Nine" considered that they should be ready to envisage at the opportune moment a high level meeting within the framework of the ECE, on condition that it could take place on the basis of the criteria utilized by the ECE Executive Secretary in his document E/ECE/911. The "Nine" idea was to reject the Brezhnev proposals but to accept the Stanovnik approach. Such an approach would make it impossible for the Soviets to exploit a definite refusal of the Brezhnev proposals by accusing the Western countries of not contributing to the implementation of the Final Act.

32. In reply the United States Representative stated that the Brezhnev proposals had a political dimension which went beyond economic and technical considerations and that there was no need to accept any new commitments as long as the existing provisions of the Final Act were not actually implemented by the East. The United States Authorities had no interest in the Soviet proposals for All-European Congresses.

33. The United Kingdom Representative agreed that implementation of Basket II by Eastern countries had been poor but he did not think that this could constitute the basis of the Western answer to the Brezhnev proposals. By rejecting the latter and at the same time accepting the Stanovnik ideas, the whole matter would be placed in the UN framework and under the control of the ECE-Geneva. The Brezhnev proposals could then be reduced to more manageable proportions. In addition the "Nine" did not consider the Stanovnik proposals as a compromise solution but as an alternative approach to the Soviet proposals.

34. The German Representative concurred with the views expressed by the United Kingdom Representative. He pointed out that the letter of the "Nine" did not prejudice the position or interests of any one, it enhanced the rôle of the ECE-Geneva and the Soviets would not be able to claim that that Organization was not a proper forum for the examination of the Brezhnev proposals. He also thought that at Geneva it might be well to concentrate on possibilities for co-operation in the environmental field as suggested by the United States.

35. The United States Representative, referring to the recent Soviet Authorities letter to Mr. Stanovnik elaborating on the Brezhnev proposals, said that the Soviet Union persisted in their aim to have the Brezhnev conferences held outside the ECE context. The United Kingdom Representative felt that the Russians had probably not changed their basic objective, but that they had softened their negotiating position.

36. The Danish Representative also believed that the Soviets continued to consider that the ECE was not a suitable forum for the Conferences envisaged by the Brezhnev proposals.

37. Replying to a question of the United States Representative as to whether the letter of the "Nine" reflected the final position they will adopt at the 32nd Plenary Session, the United Kingdom Representative stated that the European Community would be extremely reluctant to change the position indicated in paragraph 7 of their letter, and in particular in its last sentence.

38. Referring to the environment as a subject for consideration at the ECE 32nd Plenary Session, the Norwegian Representative stressed that his Authorities initiative on the convening of a special meeting within the framework of the ECE-Geneva for the purpose of considering a harmonization of emission control policies had nothing to do with the Brezhnev proposals. He expressed the hope that at the Belgrade meeting a clear mandate would be given to the ECE on his country's proposal. Norway could support the approach of the "Nine" as regards the Stanovnik report. However, the Norwegian proposal should not be considered as an alternative to the Soviet proposal or to Mr. Stanovnik's ideas.

39. The United States Representative recalled that his Authorities did not envisage a conference on the environment even in the ECE context, neither did they favour the idea of a high level meeting. They would rather identify an area of specific importance to the West and acknowledge that on that particular aspect of the environment work should be implemented in the ECE. However, on this question the final position of the United States would be influenced by what other Allied countries wished to do.

40. The Turkish Representative stated that his Authorities were not in favour of the three conferences proposed by Mr. Brezhnev being held outside the ECE framework. His impression was that the proposal on environmental protection might be retained in preference to the other two. His Authorities would not oppose such a solution if there was a general consensus in its favour, but he indicated that his country was especially interested in co-operation in the field of transport, and this topic might perhaps be tackled at the same time as the environment problem.

41. The German Representative wished to know at what level the Norwegian Authorities wanted to hold their conference on the harmonization of emission control policies. He wondered

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whether a link could not be established between the Norwegian project and the Brezhnev proposal on the environment.

42. The Norwegian Representative replied that the conference should be prepared by experts but should end with a meeting of government representatives empowered to take decisions. He reiterated his statement that the Norwegian proposal, which had a limited scope, should not be presented as an alternative to the Soviet proposal. The USSR should be asked in Geneva why it did not want to organize its conference on environmental protection in the framework of the ECE.

43. The Canadian Representative, bringing the discussion of this item of the agenda to an end, said it must be recognized that the Brezhnev proposals, coming from one of the highest authorities in the USSR, had to be taken seriously. The Soviets had recently given some clarification on their proposals and this additional information should be looked into. If it did not make much sense then the USSR should be told so bilaterally in Geneva. It was possible to deal with the Stanovnik proposal as an alternative but this approach would depend on Soviet sensitivity on the whole matter. The USSR seemed to have a long-term project, if it felt that it was getting nowhere it could adopt a negative effect in the ECE-Geneva and obstruct its work. The Canadian Representative also believed that if the Soviets were to raise the matter at Belgrade it would not be in order to get a definite decision but mainly as a tactical move to draw attention to what would be - according to them - the West negative attitude. He wondered, therefore, whether the consequences of doing nothing might not be more serious than those of taking some action on some of the Soviet demands.