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ECONOMIC COMMITTEE

THE BALANCE OF PAYMENTS OF THE SOVIET UNION AND THE EAST EUROPEAN COUNTRIES IN 1978

Note by the French Delegation(1)

Numerous studies over the past few years have made it possible to obtain a fair clear picture of the Soviet bloc's external debt burden. There now seems to be a case for taking a closer look at the external payments situation of these countries. A description of their balance of payments position should make it possible to identify the source of the external imbalances and the funding policies followed. But any estimate of these balances of payments is severely impaired by the information available.

Two systems are employed:

- one is to show the balance of current payments of the Soviet bloc as a whole with the Western countries(1); this is the method used by the United Nations Economic Commission for Europe(2);
- the other is to provide a full picture of the Soviet balance of payments in convertible currency(2). This is the method used by American experts on the Soviet economy.

Attempts to seek out and analyse other or complementary sources of information have proved disappointing. A fairly large amount of data is available but it is mostly incomplete and does not enable a coherent estimate of the Soviet bloc balance of payments to be made.

(1) Prepared for the reinforced meeting scheduled for 19th and 20th May 1980.

(2) The numbers in brackets refer to the notes at the end of this paper.

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The "regionalised" balance of payments figures for the Western countries, which could be a valuable source of information, are actually too incomplete to be of much use (3). Moreover, information on capital movements remains very fragmentary; it is relatively good for Euro-currency flows but unreliable for other types of financing (officially-backed credits, supplier credits).

This brief analysis sets out to provide as complete a summary as possible of the information available on the balance of payments situation of the Soviet bloc countries in 1978; it shows, firstly, their balance of payments on current account (in the light of existing estimates) and secondly the capital movements situation.

I. THE SOVIET BLOC COUNTRIES' BALANCE OF PAYMENTS ON CURRENT ACCOUNT IN 1978

The different items of the balance of payments on current account of the Soviet Union and the East European countries have been estimated mainly by comparing the data for Eastern Europe as a whole (1) with those relating to the Soviet Union (2).

1. The visible balance with the West

This is the most important, and generally the best known, item of the Soviet bloc balance on current account. Depending, however, on the statistical sources used, the trade balance varies widely (Table I). A study of the main causes of these variations has shown (4) that the Soviet bloc statistics give the best picture of the trade deficit in the balance of payments context. According to these statistics, the East-West trade in balance was \$9.6 billion in 1978; the deficit of the Eastern countries, which went down sharply in 1977, rose again in 1978 (Table I). The worsening Eastern trade deficit can be traced mainly to trends in three countries (Table II): the Soviet Union's deficit doubled and Romania's and Hungary's increased by 70% and 40% respectively; on the other hand, Poland and the GDR succeeded in reducing their deficits with the West by diminishing the value of their imports.

TABLE I: SOVIET BLOC TRADE DEFICIT WITH THE WEST
BASED ON VARIOUS STATISTICAL SOURCES (Millions of \$)

	1975	1976	1977	1978
OECD (1) source (adjusted FOB-FOB)	- 9,179	- 7,791	- 6,064	- 7,290
Soviet Bloc sources (2) FOB-FOB	- 11,592	- 10,359	- 7,588	- 9,566
Pro mem: GDR-FRG deficit	- 235.5	155.4	165.0	310.5

(1) Foreign Trade Statistics. Series A - does not include the GDR trade deficit with the FRG. FOB adjusted with a factor 0.925.

(2) Yearly statistics of the Council for Mutual Economic Aid (COMECON); Polish Foreign Trade Statistical Yearbooks. Hungarian Statistical Yearbooks.

(conversion rates published in UN monthly statistical bulletins).

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TABLE II: EAST-WEST TRADE
IN 1978 (Millions of \$)

	Balance 1977 (1)	Balance 1978 (1)	Growth Rate in 1978 (3)	
			of Exports	of Imports
Bulgaria	- 385	420	12.8	8.2
Hungary (4)	- 787	- 1,125	4.3	19.2
Poland	- 2,530	- 2,193	9.8	- 1.9
GDR	- 1,322	- 1,192	5.8	- 2.0
Romania (5)	- 460	- 767	- 14.3	21.4
Czechoslovakia	- 702	- 796	6.7	6.2
Soviet Union (2)	- 1,402	- 3,073	- 1.4	10.5
TOTAL	- 7,588	9,566	+ 4.3	+ 8.8

Source: COMECON Statistical Yearbooks

- (1) Rouble to dollar conversion rates: 1977 = 1.356
1978 = 1.464
- (2) Excluding trade with Finland which is governed by a clearing agreement. Bulgaria, Hungary, the GDR and Romania also have clearing agreements with Finland, but the balance of this trade is of no significant importance.
- (3) Calculated from figures taken from Soviet bloc statistics.
- (4) Hungarian Statistical Yearbook.
- (5) Derived from data in the Polish Foreign Trade Yearbook.

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2. Balance of convertible currency trade with developing countries

Trade between the Soviet bloc and the developing countries is increasingly transacted in convertible currency. The number of bilateral clearing agreements have gone down sharply since the early 70s; in 1978, settlements of this type accounted for only a small fraction of the trade between the Communist countries and the Third World. As a result, the balance of this trade has become a major element in the convertible currency balance of payments of the Soviet bloc. This is true both for the Soviet Union and for the People's Democracies.

2.1 Convertible currency transactions between the Soviet Union and the developing countries comprise, on the one hand, trading in "civilian" merchandise with developing countries with which no clearing agreements exist and, on the other hand, Soviet arms sales.

Moscow retains clearing agreements with 15 or so developing countries (5); this number has remained stable since 1975, but trade transacted under these agreements expanded more slowly in 1978 than convertible currency trade. In 1978, trade transacted in convertible currencies accounted for 45% of Soviet exports to, and 58% of Soviet imports from, countries of the Third World. A Soviet deficit of approximately \$500 million (see Table III) was incurred under this heading.

According to United States experts, Soviet arms sales in convertible currencies⁽¹⁾ accounted during the same year, for more than \$1.6 billion and therefore comfortably offset this deficit. Thanks to these sales, Moscow has an overall surplus of around \$1 billion in its trade with the Third World which is not covered by clearing agreements. These currency earnings covered one-third of the trade deficit with the West in 1978.

(1) Arms sales transacted in convertible currency account for only a fraction of Soviet arms sales to Third World countries (less than half, so it appears).

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TABLE III: SOVIET TRADE WITH DEVELOPING COUNTRIES
(excluding arms sales)
(Millions of \$)

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		Exports	Imports	Balance
Total trade:	1977	3,724	3,996	- 272
	1978	4,180	4,134	+ 45
Clearing agreements:	1977	2,167	2,054	+ 113
	1978	2,309	1,770	+ 539
Convertible currency trade:	1977	1,557	1,942	- 385
	1978	1,871	2,364	- 494

Source: Soviet Foreign Trade Yearbook

Conversion rate R/\$: 1977 = 1.356; 1978 = 1.464

2.2 The convertible currency transactions between the East European countries and the Third World reveal that there has been an even greater move away from the clearing agreements system than in the case of the Soviet Union. It is known for a fact that in 1978, Poland and Bulgaria retained only 6 and 8 clearing agreements respectively with developing countries (6); in that year, convertible currency transactions accounted for most of these two countries' trade with the Third World (88% of Bulgarian exports, 78% of Polish exports, 65% of Bulgarian imports and 45% of Polish imports), and resulted in a substantial surplus for them (see Table IV).

Assuming that the same situation obtains for the other Eastern countries' trade with the Third World (i.e. that 80% of exports and 50% of imports are paid for in convertible currencies), then this trade should provide the East European countries with by no means negligible (\$2.3 billion)(1) net convertible currency earnings.

It is therefore important to take this net currency flow into account when considering the convertible currency balance of payment situation of the People's Democracies(2).

3. Soviet gold sales

In 1978, sales of gold totalled 430 tonnes and earned the Soviet Union approximately \$2.7 billion: since annual output is estimated to be around 400 tonnes, this probably led to a drop in Soviet stocks. The estimates for 1979 vary, with American experts advancing a figure of 250 tonnes and other sources 390 tonnes (7). Bearing in mind the trend in gold prices in 1979, the volumes sold (even on the most conservative estimate) may have been worth as much as in 1978.

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- (1) Part of this surplus probably comes from arms sales, but no figures are available on these.
- (2) A comprehensive picture of the convertible currency balance of payments situation of the East European countries should also include convertible currency transactions carried on within the area. However, too little is known of these transactions (which account for some 10% of reciprocal trade) to allow them to be taken into consideration.

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TABLE IV:

ESTIMATE OF THE EAST EUROPEAN COUNTRIES
CONVERTIBLE CURRENCY TRADE BALANCE
WITH THE DEVELOPING COUNTRIES
(Millions of \$)

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	1978
Bulgaria	+ 580
Hungary (1)	+ 122
Poland	+ 400
GDR	+ 370
Romania	+ 424
Czechoslovakia	+ 418
TOTAL	+ 2,314

Source: COMECON Statistical Yearbooks
UNCTAD. TD/B/752 and 749

(1) Hungarian Statistical Yearbook

4. Other current account items

The only information available on "invisible" transactions between East and West concerns, on the one hand, Soviet bloc as a whole (with a few details relating to Poland and Hungary) (1), and, on the other hand, the Soviet Union (2). These two series of data for 1978 have been compared in an effort to deduce the scope of "invisible" transactions between Eastern Europe and the West (no information is available on such transactions between the East and the Third World).

4.1 Transport

The Soviet bloc as a whole has a small surplus for services in the transport sector (\$80 million in 1978) (1). The Soviet Union enjoys a high level of net earnings under this heading (nearly \$1 billion), owing to the expansion of its merchant fleet and international traffic on the Trans-Siberian railway (2); this leads to the conclusion that the net expenditure of the People's Democracies on transport is extremely high (\$900 million). In the case of Poland, this item is in relative balance (2).

4.2 Tourism

The Soviet bloc's net earnings from the tourist industry (\$500 million) seem to be more equally divided - \$200 million for the Soviet Union and \$300 million for the East European countries. Poland's net earnings under this head are approximately \$60 million and Hungary's about \$40 million (1); the GDR, Bulgaria and Romania are the most popular with Western visitors (8).

4.3 Transfers

This sector brought the Soviet bloc net earnings of \$800 million in 1978. As the Soviet Union had a slight deficit (\$145 million) (1), this means that the net capital outflow to Eastern Europe was in the region of \$900 million. These transfers are mostly in the form of remittances by non-residents and benefit mainly Poland (\$600 million) and the GDR (1).

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4.4 Interest and royalties

The balance under this heading is made up essentially of payments of interest on the external debt (and, to a small extent, of payments of royalties for licences). Repayments of interest have increased rapidly since 1974-1975 and amounted to some \$3 billion in 1978. In other words, these outflows of currency are equivalent to one-third of the Soviet bloc's trade deficit with the West, or more than half the overall deficit on current account.

In 1978, the Soviet Union paid out some \$1.8 billion as interest (600 million for officially-backed credits, and 1.2 billion for Euro-currency loans); after the interest earned on deposits in Western banks (\$700 million) is deducted from this sum, the net deficit was in the region of \$1.1 billion (2).

It emerges from the above figures that the interest paid by the East European countries in 1978 amounted to approximately \$2 billion. Interest repayments by Poland amounted to at least \$1 billion and by Hungary to around \$300 million, the remaining \$600 million or so being accounted for by the four other countries (GDR, Romania, Bulgaria, Czechoslovakia) and by the COMECON international banks.

5. Balance on current account (see Table V)

A review of transactions under the different current account items reveals a deficit of \$5.1 billion in 1978 for the Soviet bloc as a whole(1). This overall deficit reflects a surplus for the Soviet Union (+ \$700 million according to the present calculations and + \$500 million according to preliminary 1978 American estimates) (2) and a deficit of \$5.8 billion for Eastern Europe. It should be pointed out that in the case of the Soviet Union the exports which offset the commodity trade deficit and the foreign debt burden are of a very specialized type (weapons and gold).

(1) This balance is different from that reported by the Economic Commission for Europe, which is based on Western trade statistics and does not include trade with the developing countries.

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N A T O U N C L A S S I F I E DAC/127-D/636TABLE V: SOVIET BLOC BALANCE OF PAYMENTS ON CURRENT ACCOUNT 1978

Billions of \$		Soviet bloc	USSR	Eastern Europe	Poland	Hungary
Trade balance with the West	1	- 9.6	- 3.1	- 6.5	- 2.2	- 1.1
Convertible currency balance with the developing countries	2	+ 1.8	- 0.5	+ 2.3	+ 0.4	+ 0.1
1 + 2		- 7.8	- 3.6	- 4.2	- 1.8	- 1.0
Arms sales	3	+ 1.6	+ 1.6	/	/	/
Gold sales	4	+ 2.7	+ 2.7	/	/	/
1 + 2 + 3 + 4		- 3.5	+ 0.7	- 4.2	- 1.8	- 1.0
Transport	5	+ 0.1	+ 1.0	- 0.9	0	- 0.2
Tourism	6	+ 0.5	+ 0.2	+ 0.3	+ 0.06	+ 0.04
Transfers	7	+ 0.8	- 0.1	+ 0.9	+ 0.6	+ 0.07
Interest and royalties	8	- 3.0	- 1.1	- 1.9	- 1.0	- 0.3
5 + 6 + 7 + 8		- 1.6	0	- 1.6	- 0.3	- 0.4
Balance on current account		- 5.1	+ 0.7	- 5.8	- 2.1	- 1.4

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This breakdown also shows that Poland has to meet exceptionally high interest repayments (half those for the East European countries) and that its current account deficit is considerably lightened by transfer earnings.

II. CAPITAL MOVEMENTS AND TREND OF INDEBTEDNESS IN 1978 AND 1979

The available information reveals that there are two major sources for financing the Eastern balance of payments on current account (9):

- Euro-currency bank loans
- other credits, mainly officially-backed.

1. Euro-currency credits

The Bank for International Settlements provides detailed data on Eastern commitments and deposits in Western banks (10).

Between December 1977 and December 1978 Eastern Euro-credit liabilities went up by \$11 billion (from 36.6 billion to 47.6 billion). Bearing in mind that, at the same time, the assets of these countries increased by only \$2 billion (from \$8.3 billion to \$10.4 billion), the net Eastern indebtedness in Euro-currency credits increased by approximately \$9 billion in 1978 (Table VI). 90% of these net Euro-currency flows went to four countries: Poland (+ 3.2 billion), Hungary (+ 2 billion), Romania (+ 1.5 billion) and the GDR (+ 1.2 billion). On the other hand, the Soviet Union reduced its debt: if the situation of the Soviet Union is distinguished from that of the COMECON banks (no distinction is made in the BIS statistics), it emerges that the net debt burden of the USSR dropped by approximately \$1 billion while that of the COMECON banks increased by around \$500 million (2).

**TABLE VI: TREND OF EASTERN COMMITMENTS AND ASSETS
VIS A VIS BANKS REPORTING TO THE BIS**

(Millions of \$)

	Trend between December 1977 and December 1978		
	Commitments	Assets	Net Commitments I less II
Bulgaria	+ 697	+ 73	+ 624
Hungary	+ 1,875	- 173	+ 2,048
Poland	+ 3,601	+ 380	+ 3,221
GDR	+ 1,518	+ 361	+ 1,157
Romania	+ 1,475	+ 24	+ 1,451
Czechoslovakia	+ 508	+ 107	+ 401
Eastern Europe	+ 9,674	+ 772	+ 8,902
USSR (including the COMECON international banks)	+ 1,320	+ 1,552	- 232
Not distributed	/	- 207	+ 207
TOTAL FOR THE SOVIET BLOC	+10,994	2,117	- 8,877

Source: BIS "Maturity Distribution of International Bank Lending"
End 1977 and end 1978

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Thus, the Soviet bloc's net borrowing in 1978 appears to have been nearly \$4 billion higher than the current account deficit. The net volume of Euro-currency loans to the six People's Democracies (\$8.9 billion) in 1978 was more than \$3 billion greater than the apparent deficit of their convertible currency balance on current account (\$5.8 billion). It will be seen especially that, in the case of Poland, Euro-currency borrowings were sufficient to meet all financing requirements arising from the deficit with the West and from repayments of interest; they would suffice to put payments in balance, even without income from trade with the Third World and transfers.

But while Euro-currency borrowings contributed towards the Soviet bloc current account deficit, other types of credits were also used.

2. Officially-backed credits

Any attempt to estimate capital flows in respect of officially-backed credits comes up against two difficulties:

- little information is available on new credit proposals, and even less is known about Eastern drawings on these credits (11);
- to estimate the actual amount of the financial resources made available to the Soviet bloc, it is necessary to deduct repayments of principal on matured credits; these repayments represent an increasingly heavy financial burden which greatly limits the flow of available resources;

In this respect, the position of the USSR, for which comprehensive estimates are available (2), is probably indicative of the situation in the East European countries: in 1978, the Soviet Union used \$2.5 billion-worth of officially-backed credits and its repayments of principal on earlier loans totalled \$1.5 billion. The net financial influx was therefore \$1 billion.

It is not possible to be so precise where the satellite countries are concerned. The total officially-backed credits made available to these six countries in 1978 were in the region of \$4 billion. At the same time, these countries' indebtedness in respect of officially-backed credits was comparable to that of the USSR in 1977, so it is reasonable to conclude that repayments of principal in 1978 also totalled about \$1.5 billion. This means that the net flow of officially-backed capital was in the region of \$2.5 billion.

It has to be remembered, of course, that the Soviet Union and the East European countries also grant convertible currency export credits (only the \$100 million-worth granted by the USSR are known for 1978) and that these credits correspondingly diminish their net resources in convertible currency.

But, as has already been pointed out, the Eastern countries' current account deficit in 1978 was more than offset by increased borrowing on the Euro-currency market. The estimated net capital flows in respect of officially-backed credits increases the Eastern "over-balance".

3. Adjustments

There are two possible explanations for this excess of capital flows over the Soviet bloc current account deficit.

In the first place, this deficit may have been underestimated. The data concerning several current account items may have been the cause of this. Some earnings may have been over-estimated (transport in the case of the USSR and trade with the Third World in the case of certain East European countries). But it appears above all that the debt servicing burden has been greatly underestimated. The volume of interest payments made by the six East European countries is very probably in excess of \$1.9 billion. This figure, which has been derived from the available data, amounts to less than 5% of the outstanding debt whereas, assuming an average interest rate of 8%, the total interest due in 1978 would be more than \$3.5 billion. If interest earned by these countries on their deposits in Western banks is deducted, the net outflow of currency for this purpose would be in the region of \$3 billion.

However, these adjustments cannot account for all the "overbalance" recorded and it must be concluded that this also reflects an increase in the exchange reserves of the Eastern countries. In 1978, these countries were able, among other things, to negotiate "precautionary" loans. Anticipating rises in interest rates and foreseeing, especially for some of them like Poland, the repayments falling due in 1979 and 1980, they must have borrowed more than was immediately necessary.

4. Eastern debt burden trends in 1978 and 1979

The trend of the Eastern debt burden in 1978 and 1979 has been calculated solely on the basis of Euro-currency borrowings, in the absence of adequate information on other types of credits. This estimate "by default" puts the Eastern debt burden at around \$61 billion at end-1978.

The debt burden breaks down as follows:

Bulgaria	\$ 3.5 billion
Hungary	\$ 6.3 billion
Poland	\$17.3 billion
GDR	\$ 7.7 billion
Romania	\$ 4.4 billion
Czechoslovakia	\$ 2.9 billion
Eastern Europe	\$42.1 billion
USSR	\$13.5 billion
COMECON banks	\$ 5.5 billion
TOTAL	\$61.1 billion

Judging from the development of their net situation vis-à-vis Western banks since end-1978, the Eastern countries continued to build up their debt last year. Their net commitments to these banks rose during the first three quarters of 1979 by \$4 billion.

Divulged medium-term loans contracted during 1979 reached the same figure as in 1978, viz \$3.8 billion. The biggest borrowers were again Hungary, Romania and Poland (Table VII). In pursuing their Euro-currency borrowing policy, the Soviet bloc countries, except Poland, have apparently encountered no difficulties. They have profited from the lengthening of the repayment periods and lower spreads on the Euro-currency market in 1979 (Table VII). At the same time, the increase in the basic rate (LIBOR) makes these loans increasingly expensive.

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**TABLE VII: EURO-CURRENCY LOANS(1), OF OVER ONE YEAR, CONTRACTED
BY THE EASTERN COUNTRIES IN 1979 (JANUARY-NOVEMBER 1979)**

(Millions of \$)

	Amount	Average spread (5)	Average term
Bulgaria	179 (1)	0.652	8.5
Hungary	1,040 (2)	0.651	8.5
Poland	782 (3)	1.310	4.5
GDR	/		
Romania	820	0.758	10
Czechoslovakia	450	0.625	10
Eastern Europe	3,271		
USSR	361.4	0.625	8
BIS	325		
Soviet bloc	3,957		
Cuba	172.2 (4)	1.071	7
China	2,563	0.5	5

Source: various issues of "Euromoney"

- (1) \$100 million + DM. 150 million
- (2) \$950 million + Yen 20 billion
- (3) \$755 million + Yen 6 billion
- (4) Yen 12.5 billion + DM. 200 million
- (5) Added to basic interest rates

(1) Divulged

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Only for Poland has access to the world money markets become much more difficult. Spreads on its 1979 loans, as well as the average term of these loans, show that its credit-worthiness is now rated as being very poor (Table VII). This situation is causing a rapid deterioration in the country's external payments situation: the increasing burden of debt servicing (repayments of interest and principal amounted to \$4.1 billion in 1979) already obliged it at the end of last year to negotiate a rescheduling of its officially-backed credit repayments with certain Western governments (12).

x x
x

In 1978, the Soviet bloc's external debt burden increased more slowly (by 20%, as compared with a fourfold increase between end-1973 and end-1977) and amounted, as in 1977, to about a fifth of the Third World countries' external debt. All in all, the figure for this debt appears relatively modest (since for the Soviet bloc it represents less than two years' convertible currency exports).

The recent trend has gone hand in hand with differing national approaches, which reveal the independence of the Soviet bloc countries when it comes to determining their external financial policy. Poland's external debt (which is much larger than the Soviet Union's) represents almost four years' convertible currency exports. Debt servicing is at present causing it serious difficulties and a noteworthy feature in this connection is that independence in Eastern national policies is accompanied by a lack of Soviet financial assistance to countries in need.

The other East European countries have taken a more cautious line, but their debt burden continues to rise and is unlikely to become stabilized before the second half of the 1980s (13). On the other hand, the Soviet Union as early as 1978 reduced its foreign debt which, considering its trading possibilities, remains very moderate.

NOTES

(1) Economic Bulletin for Europe UNO

Economic Commission for Europe, Geneva. Last volume published: 31 No. 1. See Annex I.

(2) P. Ericson, R. Miller: "Soviet Foreign Economic Behaviour: A balance of payments perspective". In Soviet Economy in a time of change - Joint Economic Committee - Congress of the United States. Volume 2 - October 1979. See Annex II.

(3) The European Communities Data Bank (CRONOS) contains in theory the balance of payments situations of the nine member countries and the United States and Japan, broken down by major geographical zones. These data are, however, of very limited use for analysing the balance of payments situation of the Eastern countries: on the one hand, the regional breakdown includes the USSR and the East European countries in a Sino-Soviet zone; also, data concerning certain EEC member countries are missing (this is especially the case for the United Kingdom); lastly, the recording of capital movements is imprecise (in many cases, the "multilateral settlements" and "errors and omissions" heads make for an overall balance of payments equilibrium).

(4) P. Marer "Towards a solution of the mirror statistics puzzle in East-West Commerce". Wiener Institut für Internationale Wirtschaftsvergleich. Studien über wirtschafts und Systemgleich. Band 9. 1978.

(5) i.e.: Afghanistan, Bangladesh, India, Jordan, Iran, Laos, United Arab Emirates, Pakistan, Syria, Turkey, Algeria, Egypt, Mali, Morocco and Mozambique.

(6) Poland has clearing agreements with Brazil, Colombia, Bangladesh, India, Iran and Nepal, and Bulgaria with the same countries plus the Lebanon and Ecuador.

(7) S. Montagu and Co, Annual Bullion Review.

(8) "Auslandstourismus im RGW" DIW Wochenbericht, quoted in Problèmes Economiques", issue of 6th June 1979.

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- (9) F. Lemoine "L'endettement des pays de l'Est en devises convertibles: problèmes d'évaluation", Courrier des pays de L'Est No. 222. October 1978.
- (10) Yearly reports of the Bank for International Settlements.
- (11) The Chase Manhattan Bank Review "East-West Markets", which published an estimate of these drawings based on the contracts signed, ceased publication at the end of 1978. The other sources of information (the Union de Berne, the OECD and NATO) are more difficult to exploit (limited access; incomplete figures).
- (12) "Euromoney", December 1979.
- (13) B. ASKANAS, G. FINK, F. LEVCIK "East-West Trade and CAEM. Indebtedness in the Seventies and Eighties". October 1979. Wiener Institut für Internationale Wirtschaftsvergleiche. A.J. LENS "Potential 1980 and 1985 Hard Currency Debt of the USSR and Eastern Europe under selected hypothesis". In Issues in East-West Commercial Relations. Joint Economic Committee. Congress of the United States. 12th January 1979.

ESTIMATE OF THE BALANCE OF PAYMENTS OF THE DEVELOPED MARKET
ECONOMY COUNTRIES (a) (LESS JAPAN (b)) WITH THE SOVIET BLOC
1978

Millions of dollars

Trade balance	4,937	(6,600)
Transport and insurance	- 80	
Travel	- 520	
Investment earnings	2,800	(3,000)
Transfers	- 820	
Balance on current account	6,317	(8,000)
Capital flows)		
Multilateral settlements)	6,317	(8,000)
Errors and omissions)		
Pro mem		
Trade Balance		
Japan - Soviet bloc	1,651	
Australia - Soviet bloc	534	
Federal Republic - GDR	311	

Source: ECE - UNO Economic Bulletin for Europe, Volume 31 No. 1

- (a) The developed marked economy countries include South Africa but exclude Australia and New Zealand. Transactions between the Federal Republic and the GDR are excluded.
- (b) The figures shown between brackets include settlements with Japan, which are not given in the original table but are quoted in the text of the ECE survey.

CONVERTIBLE CURRENCY BALANCE OF PAYMENTS OF THE USSR
1978

Millions of Dollars

Trade balance	- 3,794
Non-monetary gold sales	2,673
Arms sales	1,644
Net tourist industry earnings	200
Net transport earnings	970
Net investment earnings	- 1,081
- interest earned on deposits in Western banks	685
- interest paid on loans	- 1,769
Transfers	- 145
Balance on current account	467
Credits received	1,785
- officially-backed Western credits	1,041
- other Western credits	458
- East European loans for ORENBURG	286
Credits granted	- 1,612
- increase in deposits in Western banks	- 1,512
- increase in supplier credits	- 100
Capital flow balance	173
Errors and omissions	- 640

Source: P. ERICSON, R. MILLER: "Soviet Foreign Economic Behaviour: a balance of payments perspective". In "Soviet Economy in a time of change". Joint Economic Committee, volume 2, October 1979.