

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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N A T O C O N F I D E N T I A L

ORIGINAL: FRENCH
9th November 1979

DECISION SHEET
AC/127-R/647

ECONOMIC COMMITTEE

Meeting held at NATO Headquarters, 1110 Brussels,
on Thursday 8th November 1979 at 10 a.m.

DECISION SHEET

I. VISIT TO ROME BY THE CHINESE CHAIRMAN HUA GUOFENG

The COMMITTEE:

was briefed by the Italian Representative on the economic issues which appeared to be of particular interest to the Chinese authorities judging from the tenor of the talks which had taken place during this visit; noted moreover that a translation of the "statement of intent" which had been signed at the end of the visit would shortly be distributed to Committee members.

II. RECENT ECONOMIC TRENDS IN THE SOVIET UNION, EASTERN EUROPE AND CHINA

(a) GDR economy - commercial prospects

The COMMITTEE:

noted a paper from the United Kingdom Delegation on this subject.

(b) Extension to China of the "most-favoured-nation" (MFN) clause

The COMMITTEE:

was briefed by the United States Representative in connection with a letter from President Carter of 23rd October on the conclusion of a trade agreement with China which could include a clause extending "most-favoured-nation" treatment to the latter; also noted information on the development of trade relations between the two countries in such a case.

(c) Harvest forecasts in the Soviet Union

The COMMITTEE:

noted a statement by the Canadian Representative on the subject.

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III. CSCE: DRAFT REPORT ON THE IMPLEMENTATION OF THE PROVISIONS OF THE FINAL ACT RELATING TO BASKET II (1ST MAY-15TH OCTOBER 1979)

Reference: POLADS(79)28

The COMMITTEE:

- (1) noted the submission by the German Representative of a paper on Hungary and by the Italian Representative of the replies to the Questionnaires on Czechoslovakia, Bulgaria and Hungary;
- (2) noted that several members of the Committee hoped that the open-ended meeting planned tentatively for the first part of the following week(1) would afford an opportunity for the examination of the information which was available to the Economic Directorate and which had provided the basis of the first draft consolidated report on the implementation by the Eastern countries of the Final Act provisions relating to Basket II(2).

IV. DEVELOPMENTS IN THE ECONOMIES OF THE SOVIET UNION AND THE EASTERN COUNTRIES IN 1979 - DRAFT SEMI-ANNUAL REPORT TO THE COUNCIL

Document: AC/127-WP/615

The COMMITTEE:

- (1) noted the preliminary comments by the Belgian Representative on the draft at reference and further noted, inter alia, the latter's concern that (i) account be taken of the conclusions reached in the report of the regional expert group on the Soviet Union and Eastern Europe and that (ii) the report should not consist simply of a technical analysis of statistical data but also draw attention to the most serious of the problems which had faced the Socialist economies during the period under review (e.g. agricultural shortfalls, inflation, energy conservation policy);
- (2) invited the other delegations to send in the comments from their respective capitals on this draft as soon as possible and agreed that it should be placed on the Agenda for its meeting of 22nd November.

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- (1) Meeting subsequently fixed for Tuesday, 13th November 1979 at 3.00 p.m.
 - (2) See ED/EC/79/57, distributed on Friday, 9th November 1979

V. DRAFT REPORT ON THE GROWTH OF TRADE RELATIONS BETWEEN THE EASTERN COUNTRIES AND THE THIRD WORLD AND ON COMMUNIST ECONOMIC AID AND ARMS SUPPLIES TO THE LESS-DEVELOPED COUNTRIES

Documents: AC/127-WP/611
AC/127-WP/612 and Corrigenda 1 and 2
Comments by the United States Delegation
distributed on 17th October

References: AC/127-R/643, Item IV
AC/127-R/646, Item V

The COMMITTEE:

- (1) on the basis of the United States Delegation's letter of 17th October, exchanged views on the advisability, when preparing the final report, of going beyond the analysis of economic data connected with Soviet penetration of the countries concerned;
- (2) noted, in this connection, the comments made by the Netherlands, Belgian, French and Canadian Representatives, speaking in that order, and, at the request of the United States Representative, who was awaiting further instructions from his Authorities, agreed that the drafts listed at reference should be placed on the Agenda of its 29th November meeting(1).

VI. ORGANIZATION OF THE MEETING ON ESSENTIAL COMMODITY REQUIREMENTS (15TH-16TH NOVEMBER 1979)

References: AC/127-A/648
Letter from the United States Delegation, dated
25th October

The COMMITTEE:

- (1) agreed, given the complexity of the subject, and the exploratory nature and imminence of the meeting, not to amend the Agenda, as had been proposed by the United States;
- (2) recalled that, in any case, the Agenda for expert meetings was not restrictive and that the experts were free to raise any related subject of interest to them which might arise in the course of the discussions.

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- (1) Meeting subsequently postponed to Monday, 3rd December 1979 at 10.30 a.m.

VII. ANNUAL UPDATING OF THE ATLAS OF SOVIET BLOC ARMS DELIVERIES TO THE THIRD WORLD

References: C-M(79)33
AC/127-R/636, Item I(b)

The COMMITTEE:

noted a request by the French Representative for a timetable for the national contributions needed for the updating of the Atlas in 1980.

VIII. EXCHANGE OF INFORMATION

(a) United States credit of \$500 million to Poland

The COMMITTEE:

noted the information furnished by the United States Representative in response to a question by his French colleague regarding the terms on which this credit had been granted.

(b) Treaty of friendship and co-operation between the USSR and South Yemen (SITCEN List No. 77, dated 8th November 1979)

The COMMITTEE:

had its attention drawn by the Chairman to a CIG report, dated 30th October, from Washington on this subject.

(c) Aid to Cambodia

The COMMITTEE:

noted a statement by the United States Representative on the programme of aid to Cambodia, on the methods of distributing this aid and on the additional contributions which were expected.

IX. APPROVAL OF THE REPORT ON THE SOVIET MERCHANT AND SHIPPING FLEETS

Reference: AC/127-WP/613

The COMMITTEE:

- (1) noted the distribution during the meeting of a letter by the United States Delegation commenting on the draft at reference and in particular on the recommendations set out on the cover page;

- (2) invited the Economic Directorate to distribute the comments and proposed amendments received from delegations in Corrigendum form and agreed to discuss this Corrigendum at its next ordinary meeting which was due to take place in December.

X. CALENDAR OF FORTHCOMING MEETINGS

- (a) Thursday, 15th and Friday, 16th November
(reinforced meeting on commodity requirements).
- (b) Next ordinary meetings
- Thursday, 22nd November 1979 at 10 a.m.;
 - Monday, 3rd December 1979 at 10.30 a.m.
- (c) Thursday, 6th and Friday, 7th December 1979
(reinforced meeting on economic developments in China).

NATO,
1110 Brussels.