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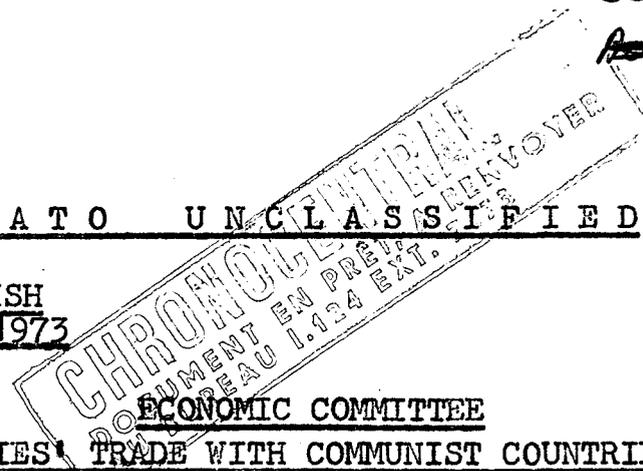
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N A T O U N C L A S S I F I E D

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ECONOMIC COMMITTEE
NATO COUNTRIES' TRADE WITH COMMUNIST COUNTRIES IN 1972

Draft 10th Report to Council

The present report which is based on statistics prepared by the International Staff(1) comprises:

- a summary of trends in NATO countries' trade with the Communist countries in 1972 and an indication of the outlook for future East/West trade;
- three Annexes(2) constituting an analytical study, on the one hand of East/West trade from the standpoint of its development in value terms and, on the other hand, of the commodity composition of such trade;
- a series of statistical tables and graphs, (Annex IV).

Summary of Trends in 1972

1. 1972 marked a turning point in East/West trade relations. NATO exports to all Communist countries(3) grew at a record 35% to \$8.6 billion. The growth in exports to the Soviet Union was even greater, 53%. The development in imports, \$7.3 billion, although less striking (up 20%) was also substantial.

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- (1) AC/127-D/449, AC/127-D/451, AC/127-D/437
 - (2) Annex I: Analysis of NATO countries' trade with the Communist countries in 1972
Annex II: Trade of non-NATO member countries of OECD with the Communist countries
Annex III: Itemized study of the structure of NATO countries' trade with Communist countries in 1971. This study could only be completed after the publication by the OECD of the statistical data, i.e. some 18 months after the period considered in this Annex
 - (3) Communist countries:
Eastern Europe: Poland, Hungary, Bulgaria, Rumania, Czechoslovakia and GDR
USSR
China
Other Communist countries: Albania, Korea, North Vietnam

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2. Another striking development in 1972 was the rapid growth registered in United States exports to the Communist countries. The United States replaced Italy as the third ranking supplier among NATO countries, as its exports (\$879 million) grew nearly two and a half times in one year. Soviet grain purchases in the United States in 1972 more than tripled American exports to the USSR.

3. The FRG, which raised its exports to the Communist countries by nearly 40% to \$3.3 billion and accounted for over one-third of total NATO sales in the Communist world, retained in 1972 its first ranking supplier position.

4. In 1972, Communist countries incurred a substantial trade deficit occasioned by the gap between growth rates of NATO-country exports and imports. NATO countries as a whole registered a huge trade surplus of \$1.3 billion in 1972 against \$327 million in 1971. As in past years, this overall performance included considerable variation in the trade results of individual countries. The aggregate trade surplus was concentrated on West Germany, North America and France. On the other hand, substantial deficits were registered by the United Kingdom in trade with the USSR and by Italy in its dealings with Hungary, Poland and Rumania.

5. In regard to Communist countries' share of NATO countries' world trade, this has progressed slightly in 1972 to almost 4% of total exports under the influence of the growth in North American sales, but has remained at just over 3% of total NATO imports. With particular reference to the Soviet Union, no NATO country directed more than 8% of its exports or imports to that market, the share of which in total NATO trade remained at just over 1%. The Soviet Union raised its share of NATO exports from just over 27% in 1971 to 31% in 1972 reflecting the steep increase of purchases from North America, but its share in NATO imports from Communist countries declined slightly from 31% to 29.5%. Eastern Europe continued to account for the dominant share of 60% of total NATO trade with Communist nations. Poland overtook East Germany as the leading NATO trading partner in that region, the two nations together accounting for over one-half of total East European commerce with NATO countries.

6. The NATO export boom to Communist nations which was twice as rapid as NATO sales in other overseas markets was no doubt a result of such special factors as the rise in gold prices, the worsening of Communist and in particular Soviet agricultural and industrial problems, increasing East/West political détente and consequently, economic co-operation. Some or all of these factors are likely to prevail in the next few years and stimulate NATO countries' sales to Communist nations.

In the first three months of 1973, for instance, NATO exports to all Communist countries rose by 50% to \$817 million against \$545 million in the first three months of 1972. NATO exports to the Soviet Union however grew faster, by 70% to \$292 million. The credits extended in 1972 by NATO countries to the Soviet Union and Eastern European countries exceeded considerably the extensions of the previous years. Because of the customary lag between such extensions and deliveries of goods, this implies a considerable increase in future Communist imports from NATO countries.

7. Prospects for trade between NATO and Communist countries in 1973 appear especially promising as regards the USSR. The big Soviet orders in NATO countries actually concluded or in the process of being negotiated, relating to the exploitation of Soviet natural gas, oil, steel, various ores and fertilizer industries, will no doubt boost Soviet machinery and equipment imports. In addition, the USSR may continue to buy a certain amount of grain, in particular feed grain, in North America. The improvement of East/West political relations is a factor leading to economic and industrial co-operation between Communist nations and NATO countries which will favourably affect the two-way trade.

ANALYSIS OF NATO COUNTRIES' TRADE
WITH THE COMMUNIST COUNTRIES IN 1972

A. NATO EUROPE TRADE WITH THE COMMUNIST COUNTRIES

(a) Exports

(i) Eastern Europe

1. In 1972, the East European countries further strengthened their position as the principal Communist customers of NATO Europe, taking 67.6% of European NATO exports to Communist countries. These sales rose 28% (the fastest growth since 1966), totalled \$4,752 million and, as in previous years, accounted for over 90% of total NATO country sales in that area. The GDR and Poland, in that order, remained the leading customers, increasing their purchases by about 30% and 55% respectively. Exports to Rumania also rose an impressive 30%. The growth in sales to Hungary and CSSR was slower than in 1971.

2. The original EEC members and the United Kingdom accounted for almost the whole of the increase in exports in 1972 and remained the main NATO European supplier of Eastern Europe. The FRG maintained its lead, accounting for half of total NATO European exports, with sales of almost \$2.4 billion. The most striking increases were reflected in purchases by Poland (up 100%), Rumania (up 53%) and the GDR (up 27%). The latter remained, with purchases totalling \$909 million, by far the largest market for the Federal Republic of Germany in Eastern Europe.

(ii) USSR

3. European NATO sales to the Soviet Union rose by 26% to \$1.8 billion last year, exceeding the growth rate of any year since 1969 and accelerating rapidly after a drop in sales in 1971. The principal Western beneficiaries were the FRG and France whose sales grew by 55% and 32% respectively. On the other hand, Italy's sales reached their lowest point in three years. The share of Europe in total NATO exports to the Soviet Union fell sharply (69% against 84% in 1971). The Soviet share of NATO European exports to Communist countries remained about 26%, compared with 29-30% during 1968-70. For individual NATO countries, however, the proportion exported to the USSR was considerably higher: Iceland (60%), Turkey (39%), France (34%), the United Kingdom (30%).

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(iii) China

4. NATO European sales to China continued the downtrend of recent years in regard to their shares of both (a) total NATO exports to China (about 59% in 1972), and (b) NATO European exports to all Communist countries (6.5%). This trade has shown considerable year-to-year fluctuation but no long-term growth. After having dropped 12% in 1971 (to \$417 million), it rose only 9% in 1972, totalling \$456 million. The most rapid growth in Chinese purchases was from Italy - up 30% to \$77 million; West German sales rose 19% to \$165 million after having declined by 83% in 1971. France, which was the only country besides Italy to have succeeded in increasing sales by a striking 38% in 1971 experienced a sharp drop of 47% in its sales in 1972.

(b) Imports from the Communist Countries

(i) Eastern Europe

5. Record increases of 21% of imports from this area were attained last year by European NATO countries which receive over 9/10 of total purchases by Alliance nations from Eastern Europe. Hungary was the chief beneficiary, raising its export earnings in NATO Europe by 37% against a 12% increase in 1971. Imports from Poland and Rumania both rose about 25%. Poland thereby nearly overtook the GDR, the principal East European exporter to NATO Europe.

(ii) Soviet Union

6. NATO Europe's imports from this source rose 13% (to \$2.0 billion) last year, the fastest rate since 1965, and continued to account for more than 90% of total NATO-country imports from the USSR. The leading customer of the USSR in 1972 remained the United Kingdom, followed by West Germany, Italy and France. The United Kingdom continued to receive from the Soviet Union more than half of its total imports from the Communist countries with purchases totalling \$562 million, or one-quarter of total NATO imports from the USSR. Rates of growth of imports by all these countries were relatively close together, varying between 9% and 14%.

(iii) China

7. European NATO purchases from China rose sharply last year, reaching \$469 million after hovering for seven years around the \$350 million level. China nevertheless remained a relatively

minor source (7%) of NATO European imports from Communist countries. The bulk of NATO-country purchases from China continued to be delivered to European markets, but this share was reduced to 85% compared with 93% share in previous years. The Federal Republic of Germany, France, Britain and Italy remained the principal customers and accounted for most of the import increase in 1972.

(c) Balance of Trade

8. A record surplus of \$522 million - more than double the 1971 figure - was achieved last year by NATO European countries in their trade with Eastern Europe. Most of the increase accrued to the FRG which, with France, also registered the highest country trade surpluses (\$557 million and \$483 million, respectively). East Germany and Poland accounted for most of the deficit on the East European side. The European NATO trade surplus with the GDR rose sharply from \$40 million in 1971 to \$205 million last year. The unfavourable balance with Poland in 1970 and 1971 turned into a considerable trade surplus in 1972 (\$87 million). Czechoslovakia and Hungary, on the other hand, decreased the \$100 million surpluses of European NATO exports over imports in 1971 to about \$80 million and \$30 million in 1972.

9. Faster growth of exports than of imports also decreased the long-standing trade deficit of European NATO countries with the Soviet Union. The imbalance declined from about \$340 million in 1971 to \$199 million in 1972. The main element in this change was a nearly \$300 million rise in the West German trade surplus. The overall NATO European deficit stems almost entirely from the British imbalance, which rose to \$335 million last year.

China

10. For the first time since 1968 NATO European countries have had a small trade deficit of \$13 million with China after having enjoyed trade surpluses varying between \$40 and \$130 million in the previous four years. While the FRG continued to enjoy a trade surplus with China amounting to \$59 million in 1972, the favourable trade balance of France in 1971 was replaced by a trade deficit of \$45 million. The trade deficit of the Netherlands with China doubled over 1971 level and rose to \$35 million. Following the sharp rise in Turkish exports to China which increased from \$3 million to \$19 million in 1972, Turkey enjoyed after the FRG and Norway the largest trade surplus (\$18 million) with China.

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B. NATO NORTH AMERICA TRADE

(a) Exports

11. Sales by Canada and the United States to Communist countries nearly doubled in 1972 from \$763 million to \$1,502 million. They rose by over \$500 million (or 238%) to the Soviet Union (\$833 million) and by \$120 million (or 60%) to China (\$322 million). Sales to Eastern Europe grew by a more modest, but still substantial, figure, 28% to reach \$336 million. The share of North America in total exports of the Alliance to Communist countries showed a striking increase. Its share of NATO exports to the Soviet Union rose from 17% in 1971 to 31% and moved even higher, 41% against 33% in 1971, in the case of sales to China. Following grain deliveries, the Soviet Union became the leading Communist customer of the United States and Canada last year, purchasing over half of total North America exports. Combined sales of grain to China by Canada (\$260 million) and the United States, which sent its first shipments in recent years, totalling \$60 million, almost overtook the values of North America exports to Eastern Europe. Eastern Europe, which used to provide a market for 35-40% of North America sales in previous years, purchased only 23% in 1972 despite a rise of about 50% and 33% in exports to Poland and Rumania respectively.

(b) Imports

12. In 1972, the bulk, 62%, of North America imports from Communist countries continued to come from Eastern Europe, led by Poland, which accounted for half, \$161 million, of the East European total. The share of that area in the North American market, however, declined considerably down from 70% in 1971, owing to a tripling of US-Canadian imports from China. The Chinese share accordingly rose to 16% in 1972 from 8.5% in 1971. Despite a striking 57% increase in US purchases from the Soviet Union, that country continued to supply only one-fifth of North America imports from Communist areas.

(c) Trade Balance

13. Last year the surplus earned by North America in its trade with Communist countries rose to an unusual \$999 million, over twice as large as any in recent years and slightly more than the West German surplus of 1972. The favourable US balance (\$526 million) was three and a half times as great as that of 1971, and somewhat higher than the Canadian.

14. Almost all of the increase, and about 70% of the total surplus, was earned in trade with the Soviet Union, largely as a result of a quadrupling of the US export surplus which rose to \$450 million. China accounts for the bulk of the remaining North America earnings. In commerce with Eastern Europe the United States retained a small surplus and Canada a small deficit, and a virtual balance was maintained with most countries of that area.

N A T O U N C L A S S I F I E DANNEX I to
AC/127-WF/367TRADE OF NATO COUNTRIES WITH COMMUNIST COUNTRIES
1971-72

	<u>Exports to</u>		<u>All Communist Countries</u>		<u>Imports from</u>		<u>All Communist Countries</u>		<u>Trade Balance</u>	
	<u>1971</u>	<u>1972</u>	<u>% Share</u>	<u>% Change</u>	<u>1971</u>	<u>1972</u>	<u>% Share</u>	<u>% Change</u>	<u>1971</u>	<u>1972</u>
Belgium	3.0	3.2		+45.0	3.9	4.0		+23.4	-46.68	-16.44
Denmark	2.3	1.8		+4.3	2.5	2.3		+13.1	-6.36	-19.80
France	13.3	11.8		+19.1	10.9	11.5		+26.3	+187.44	+175.32
FRG	37.5	38.3		+37.5	33.7	32.7		+16.6	+351.53	+909.10
Greece	1.3	1.4		+37.9	1.7	1.8		+22.7	-18.83	-9.99
Iceland	0.3	0.3		+40.2	0.4	0.3		+12.2	-5.04	-1.10
Italy	12.7	10.1		+7.0	16.0	16.5		+24.2	-156.48	-333.72
Netherlands	4.3	4.0		+25.4	4.9	4.9		+20.1	-22.44	-12.48
Norway	1.1	1.4		+68.6	2.8	1.9		-16.9	-98.88	-21.00
Portugal	0.1	0.1		+21.4	0.4	0.3		-7.9	-15.49	-12.37
Turkey	1.3	1.2		+26.9	1.9	2.2		+43.6	-29.89	-56.85
UK	10.8	8.9		+11.9	15.4	14.7		+15.3	-244.20	-304.44
<u>Total</u>										
<u>NATO Europe</u>	88.0	82.5		+26.2	94.5	93.1		+18.7	-105.32	+296.23
Canada	6.0	7.3		+64.5	1.7	2.1		+46.9	+276.84	+473.28
United States	6.0	10.2		+129.0	3.8	4.8		+54.6	+155.76	+525.96
<u>Total NATO</u>										
<u>North America</u>	12.0	17.5		+96.9	5.5	6.9		+52.2	+432.60	+999.24
<u>Total NATO</u>	100.0	100.0		+34.7	100.0	100.0		+20.5	+327.28	+1295.47

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

TRADE OF NON-NATO MEMBER COUNTRIES
OF THE OECD WITH COMMUNIST COUNTRIES

(a) Exports

1. Like the NATO countries the eight non-NATO member countries of the OECD in 1972 increased their exports to Communist countries faster (by 27%) than their global exports which rose by 20%. Their sales to the Communist world totalled \$3.4 billion.

2. Exports by Australia and Switzerland to these markets experienced a very rapid growth - by 58% and 32% respectively. Japan remained the leading supplier of the Communist world accounting for 42% of the non-NATO OECD exports to this area. There was a striking rise (45%) in Japan's exports to Eastern Europe.

3. Sales to the Soviet Union amounting to \$1.2 billion increased 36% and accounted for about one-third of total non-NATO OECD exports to all Communist countries last year. With sales of \$504 million Japan remained the leading supplier followed by Finland whose exports totalling \$364 million grew by 43%.

4. The growth of sales to Eastern Europe has also been striking. They reached \$1.3 billion having progressed by about 30% in one year. Poland remained the best customer of non-NATO OECD increasing its purchases by \$165 million to \$407 million, or nearly to one-third of total Eastern European imports. The GDR, with purchases a little over half of Polish imports, was the second ranking customer in 1972 as in 1971. Among non-NATO OECD countries, the first-ranking supplier of Eastern Europe was Austria with \$360 million in exports, followed by Sweden (\$241 million), Japan (\$231 million) and Switzerland (\$214 million).

5. Sales to China by non-NATO OECD countries amounting to \$748 million, grew a relatively slow 11%. Japan was the major supplier, providing 81% of total exports.

(b) Imports

6. Imports from Communist nations, totalling \$3 billion increased slightly faster, 19%, than imports from the world. Nearly two-thirds of the \$483 million rise in imports in 1972 was registered by Japan, which increased its purchases from the Communist world as a whole by 30% and from China by a record 52%. The growth of Japanese imports from the Soviet Union and Eastern Europe was also substantial, 20%.

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7. The growth in imports of non-NATO OECD countries from different parts of the Communist world however varied considerably.

8. Purchases from Eastern Europe which is the second largest supplier of non-NATO OECD countries rose quite rapidly (21%) totalling \$1,031 million. In contrast purchases from the leading supplier, the USSR, rose only moderately (by 9%) and amounted to \$1,316 million against \$1,207 million in 1971. A record 47% increase was registered in imports from China which, nevertheless, remained the third largest supplier with sales totalling \$622 million.

9. Among the non-NATO OECD countries, Japan was by far the best customer of China with purchases totalling \$491 million. For the Soviet Union, Japan with \$594 million, and Finland with \$384 million in imports were the two major customers. Austrian purchases in Eastern Europe exceeded those of all other non-NATO OECD countries and amounted to \$325 million; its leading suppliers in Eastern Europe continued to be Czechoslovakia, Hungary and Poland, in that order.

(c) Balance of Trade

10. The positive trade balance of non-NATO countries with all Communist countries more than doubled in 1972 rising to \$391 million against \$142 million in 1971. More than one-half of the trade surplus, \$216 million, accrued to Japan. Australia and Switzerland, with surpluses of \$142 million and \$124 million respectively, were the only other two countries which enjoyed notable net earnings from trade with Communist countries.

11. Non-NATO OECD countries had a favourable balance in their trade with Eastern Europe as well as with China. Among Eastern European countries the largest trade surpluses were registered with Poland (\$99 million), GDR and Rumania (\$82 million each). The Japanese trade balances with both Eastern Europe and China showed the largest trade surpluses of any other non-NATO OECD country. The trade surplus with Eastern Europe increased by \$60 million to a total of \$132 million in 1972 whereas the surplus with China declined by 54% to \$118 million.

12. Non-NATO OECD countries experienced a trade deficit with the Soviet Union in 1972, though it was considerably less (\$70 million) than in 1971 (\$294 million).

NATO COUNTRIES' COMMODITY TRADE
WITH COMMUNIST COUNTRIES IN 1971(1)

I. EUROPEAN NATO COUNTRIES' EXPORTS

(a) Eastern Europe

1. Exports of NATO European countries to Eastern Europe rose by 15% to \$3,709 million in 1971. The bulk, 79%, of these exports (\$2,943 million) consisted of manufactures(2). These comprised machinery and transport amounting to \$1,223 million, manufactured goods totalling \$1,004 million, and chemicals - \$520 million.

2. Purchases of non-manufactures(3) by Eastern Europe in NATO Europe rose by 11% to \$766 million; and their share in the total declined slightly from 21.3% to 20.6% in 1971.

3. The FRG remained the leading supplier of Eastern Europe in manufactures. West Germany supplied slightly over half of the manufactured goods, 52% of the chemicals, and nearly half of the machinery exported to Eastern Europe by NATO Europe. France with a share of 20% in the total was the second ranking supplier of machinery to Eastern Europe. The shares of Italy and the United Kingdom were roughly the same, 12% each.

4. With total purchases amounting to \$991 million and accounting for 27% of the total, the GDR remained the principal Eastern European customer of NATO Europe for both manufactures and non-manufactures. Its share in non-manufactures, however, was larger, 35%.

- (1) For full statistics see AC/127-D/437, dated 8th May, 1973, compiled from OECD statistics for trade by commodity
- (2) For the purpose of the present report, the term "manufactures" covers all items falling into the following sections of the SITC: Section 5 - chemicals; Section 6 - manufactured goods; Section 7 - machinery and transport equipment; Section 8 - miscellaneous manufactured articles; Section 9 - non-classified items
- (3) For the purposes of the present report, the term "non-manufactures" covers all the items listed in the following sections of the SITC: Section 0 - food; Section 1 - beverages; Section 2 - crude materials; Section 3 - mineral fuels; and Section 4 - oil and fats

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5. European NATO exports to Hungary and Poland increased substantially, by 24% and 20% respectively. Exports of machinery to Hungary, however, grew by 44%. Czechoslovakia increased its purchases of manufactured goods by 49%.

(b) USSR

6. In 1971, as in 1970, manufactures made up the bulk (91%) of total NATO European exports (\$1441 million) to the Soviet Union. Machinery and transport which registered an 8.9% decrease in 1971, amounted to \$562 million. Italy and the United Kingdom were affected most, their sales declining by nearly 20%. The FRG (with a 30% share), Italy and France (with a 25% share each), were the major European NATO suppliers of machinery to the USSR. In contrast, Soviet imports of manufactured goods from NATO Europe increased by 12% to \$463 million. Thus, for two consecutive years, in 1970 and in 1971, the Soviet Union continued to increase its purchases of manufactured goods in NATO Europe. The FRG supplied nearly half (45%), Italy about one-fifth of Soviet imports. NATO European sales of chemical products fell slightly (by 3%) to \$156 million, against \$161 million in 1970. West Germany accounted for over one-third and the United Kingdom nearly one-fifth of the exports in this category.

7. The share of non-manufactured goods in total European NATO exports fell slightly (to 9.1% against 9.7% in 1970) as the USSR sharply decreased (by 42%) its purchases of beverages.

(c) China

8. In 1971 European NATO exports to China fell from \$467 million to \$410 million. Sales of manufactured goods decreased considerably, (27%) totalling \$158 million in 1971 against \$218 million in 1970, as did exports of chemicals (down 23%), while machinery and transport exports rose sharply, (47%), from \$97 million to \$143 million in 1971. Sales in these three categories amounting to \$391 million practically made up the total.

II. EUROPEAN NATO IMPORTS

(a) Eastern Europe

9. European NATO increased its purchases in Eastern Europe by 15% to \$3,470 million. Purchases of manufactures, however, grew much more rapidly, by 23% to \$1,886.7 million, thus

accounting for 54% of the total imports, instead of 51% in 1970. Imports of non-manufactures rose more slowly, 11% to \$1,583.7 million.

10. Among the manufactures, imports of miscellaneous manufactured goods, in particular clothing, furniture and footwear, advanced most rapidly, by 40%, to \$488.8 million. All Eastern European countries, without exception, succeeded in increasing their sales in this category of goods. Sales by Rumania and Poland, however, showed the most rapid growth, 79% and 65% respectively. France and the FRG doubled their purchases from Rumania, while the Netherlands and the United Kingdom increased their imports by 57% and 43% respectively. Polish sales in the Netherlands tripled and in West Germany almost doubled.

11. Imports of manufactured goods(1), totalling \$758.6 million and those of machinery and transport(2), amounting to \$408.6 million, grew by 21% each. Among Eastern European countries the GDR succeeded in registering a remarkable growth of 33% in its exports of manufactured goods. Its sales to the FRG increased by 41%, well above the recorded average.

12. European NATO imports of machinery and transport from Bulgaria showed a record increase. Imports doubled since Norway purchased \$13.3 million worth of boats and ships. Imports from Poland in the same category rose by 63%, owing mainly to a substantial increase in Norwegian and Portuguese boat and ship purchases which totalled \$45.4 million in 1971 against \$1.2 million in 1970. West Germany also increased considerably (by 80%) its imports from Poland. Its purchases however, consisted mainly of metal working machinery, machinery and appliances, non-electric parts, electric machinery and apparatus.

13. Among the non-manufactures, purchases of mineral fuels by European NATO countries showed a growth of 24%, because of the rise in world energy prices. Purchases in 1971 totalled \$298.1 million against \$240 million in 1970. Indeed, in 1971, Poland sold less tonnage of coal to NATO Europe than in 1970, but increased its hard currency earnings by \$43 million. Polish coal exports in 1971 amounted to 8.8 million tons and the hard currency earnings amounted to \$157.1 million, whereas in 1970 exports had totalled 9.4 million tons and the earnings

(1) These comprise in particular sheets of iron, ingots and other primary forms of iron or steel, iron and steel bars, fabrics, synthetic and cotton, woven fabrics, paper and paperboard

(2) These consist of mainly ships and boats, machinery appliances, metal working machinery, road motor vehicles

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\$114.7 million. Similarly, by increasing its sales of petroleum products by 240,000 tons to 1.8 million tons in 1971, Rumania increased its hard currency earnings from \$36 million to \$52 million in 1971.

14. The share of food in the total European NATO imports from Eastern Europe remained quite substantial, 23.5% or \$814 million. The growth in food imports, however, was rather slow (4.8%). Czechoslovakia and Hungary, nevertheless, succeeded in increasing their exports by 19% and 11% respectively. Poland (\$238 million), Hungary (\$185 million), the GDR (\$142 million) and Rumania (\$110 million) were the major suppliers. The best customers were Italy and FRG which together accounted for three-quarters of total European NATO food imports.

(b) The USSR

15. According to trade figures given in AC/127-D/449 drawn from OECD statistics, Soviet sales in NATO Europe rose by 8.9% to \$1,790 million in 1971. Statistics showing commodity breakdown of Soviet exports (AC/127-D/437) however give a figure of \$1,565 million. The difference of \$225 million is due once again to the fact that Soviet sales of diamonds, pearls and semi-precious stones are not given in the OECD Commodity Trade Statistics. If these are taken into account, Soviet sales of manufactured goods would amount to \$462 million instead of \$237.7 million in 1971 and these would constitute the second ranking Soviet export item after mineral fuels (26% of the total).

16. Soviet sales of mineral fuels, purchased mainly by Italy, France and the FRG, amounted to \$559.8 million and accounted for 31% of the total Soviet sales. The rapid growth (28%) in Soviet exports of mineral fuels was largely due to the sharp increase in the world oil prices in 1971.

17. Although Soviet machinery and transport equipment exports along with miscellaneous manufactured articles accounted for only 5.6% of the total, they showed a record increase of 35%, since sales to Norway and Turkey nearly tripled. Soviet exports of oils and fats rose rapidly, 56%, while food exports grew by 28%.

(c) China

18. European NATO imports from China in 1971 increased slightly, totalling \$370 million against \$343 million in 1970. Nearly half of the total imports were crude materials. Within NATO the best customers for these products were the FRG, Italy and the United Kingdom, in that order.

III. NATO NORTH AMERICA EXPORTS(a) Eastern Europe

19. In 1971, North American exports of non-manufactures totalling \$210 million and accounting for 79% of the total exports to Eastern Europe registered no change over the 1970 level. However, there were important fluctuations in certain categories of goods among the non-manufactures. For instance, food exports rose sharply, 47%, to \$135 million. In contrast, exports of crude materials, oils and fats declined by about 22%. Sales of mineral fuels were cut back drastically from \$31 million to \$5 million in 1971.

20. North American NATO sales of manufactures in Eastern Europe decreased by 12% in 1971 to \$56 million. The drop in the exports of chemicals and manufactured goods was larger, 25% and 42% respectively. Exports of machinery and transport equipment, however, grew by 15% to \$31 million.

(b) USSR

21. Exports of non-manufactures totalled \$161.8 million in 1971 against \$128 million in 1970. Food exports registered a rapid growth and accounted for 44% of total North American exports to the Soviet Union in 1971 against 39% in 1970.

22. North American sales of manufactures in the Soviet Union rose sharply, 38%, to \$124 million. Exports of machinery and transport, which totalled \$67 million, advanced even faster, by 45%, as did those of chemical products which totalled \$39 million and grew by 55%.

(c) China

23. In 1971 North American, in fact only Canadian, sales to China rose sharply, 45% to \$202 million against \$139 million in 1970. Chinese grain purchases in Canada accounted for nearly all, 93%, of Canadian exports.

IV. NATO NORTH AMERICA IMPORTS(a) Eastern Europe

24. While in 1971 North American exports to Eastern Europe decreased, imports from these countries grew by 11% to \$232 million. There was an 18% rise in manufactures imported

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from Eastern Europe, the value of which was \$159 million. North American purchases in Eastern Europe of manufactured goods, comprising mainly of iron and steel bars and sheets of iron, rose by 30%, to \$82 million. Poland and Czechoslovakia were the major East European suppliers. Machinery imports grew by 17% to \$22 million. The major supplier of machinery (e.g. textiles and leather machinery, motorcycles and bicycles) was Czechoslovakia whose sales in the United States accounted for two-thirds of the total. Poland was the major exporter of chemical products.

25. North American imports of non-manufactures, which showed a slight decline in 1971, totalled \$76 million. Food imports accounted for four-fifths of the total, or \$62 million. The major customer was the United States whose purchases of meat and fish in Poland alone amounted to \$51 million.

(b) USSR

26. North American imports from the Soviet Union, by contrast to its imports from Eastern Europe, fell considerably to \$70 million; 74% of these imports consisted of manufactures, as against 68% in 1970. The fall was largely due to an 18% decrease in the purchases of manufactured goods which totalled \$41.3 million in 1971 against \$50.1 million in 1970. On the other hand, imports of chemicals from the USSR in 1971 were about four times their previous year level, but they totalled only \$4.9 million.

(c) China

Despite the sharp rise (55%) in North American imports from China, from \$18 million to \$28 million, their share in total imports remained small. Imports of miscellaneous manufactured goods accounted for slightly over one-third of the total imports.

TABLE I

NATO COUNTRY EXPORTS TO COMMUNIST COUNTRIES AS
A PERCENTAGE OF THEIR TOTAL EXPORTS

	1960	1970	1971	1972
Belgium/Luxembourg	3.7	1.7	1.5	1.7
Denmark	3.9	3.6	4.0	3.5
France	4.0	4.1	3.9	3.9
Federal Republic of Germany(1)	6.6	6.1	5.9	8.1
Greece	22.0	16.6	13.0	13.6
Iceland	23.1	10.1	10.9	12.1
Italy	5.8	5.8	5.4	4.7
Netherlands	1.7	2.0	2.0	2.1
Norway	4.8	2.9	2.8	3.7
Portugal	2.3	0.8	0.6	0.6
Turkey	12.2	14.4	12.3	11.9
United Kingdom	3.5	3.8	3.1	3.2
Total NATO Europe	4.7	4.4	4.2	4.6
Canada	0.8	1.7	2.1	3.1
United States	1.0	0.8	0.9	1.8
Total NATO North America	0.9	1.1	1.2	2.2
Total NATO	3.3	3.3	3.2	3.9

(1) In the case of the Federal Republic of Germany the figures cover both exports to the Communist countries and deliveries to the GDR. Source: AC/127-D/449

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TABLE II

NATO COUNTRY IMPORTS FROM THE COMMUNIST
COUNTRIES AS A PERCENTAGE OF THEIR TOTAL IMPORTS

	1960	1970	1971	1972
Belgium/Luxembourg	2.2	1.7	1.9	1.9
Denmark	4.9	3.6	3.3	3.4
France	2.8	2.8	3.1	3.1
Federal Republic of Germany(1)	7.1	5.7	5.7	5.9
Greece	7.9	5.2	5.0	5.5
Iceland	22.7	10.8	10.2	10.4
Italy	6.1	6.0	6.1	6.2
Netherlands	2.6	1.8	1.9	2.1
Norway	3.4	2.4	4.2	3.2
Portugal	1.5	0.6	1.2	0.9
Turkey	9.1	13.0	10.4	10.8
United Kingdom	3.6	4.4	3.9	3.8
Total NATO Europe	4.5	4.1	4.1	4.2
Canada (fob)	0.3	0.6	0.7	0.8
United States (fob)	0.5	0.6	0.5	0.6
Total NATO North America	0.5	0.6	0.5	0.7
Total NATO	3.3	3.0	3.0	3.1

(1) In the case of the Federal Republic of Germany the figures cover both imports from the Communist countries and deliveries by the GDR. Source: AC/127-D/449

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TABLE III

NATO COUNTRIES' BALANCE OF TRADE WITH
THE COMMUNIST COUNTRIES
(US \$ millions)

	1960	1970	1971	1972
Belgium/Luxembourg	+ 53.16	+ 4.44	- 46.68	- 16.44
Denmark	- 30.48	- 40.32	- 6.36	- 19.80
France	+ 96.00	+199.32	+148.92	+175.32
Federal Republic of Germany(1)	+ 25.29	+384.84	+349.14	+909.10
Greece	- 10.56	+ 5.05	- 18.83	- 9.99
Iceland	- 4.80	- 2.24	- 5.04	- 1.10
Italy	- 78.00	-126.12	-156.48	-333.72
Netherlands	- 49.32	- 7.20	- 22.44	- 12.48
Norway	- 6.60	- 16.32	- 98.88	- 21.00
Portugal	- 0.72	- 1.36	- 15.49	- 12.37
Turkey	- 3.36	- 30.16	- 29.89	- 56.85
United Kingdom	- 99.12	-228.24	-244.20	-304.44
Total NATO Europe	-108.51	+141.69	-146.23	+296.23
Canada (fob)	+ 26.52	+188.28	+276.84	+473.28
United States (fob)	+114.00	+127.80	+155.76	+525.96
Total NATO North America	+140.52	+316.08	+432.60	+999.24
Total NATO	+ 32.01	+457.77	+286.37	+1295.47

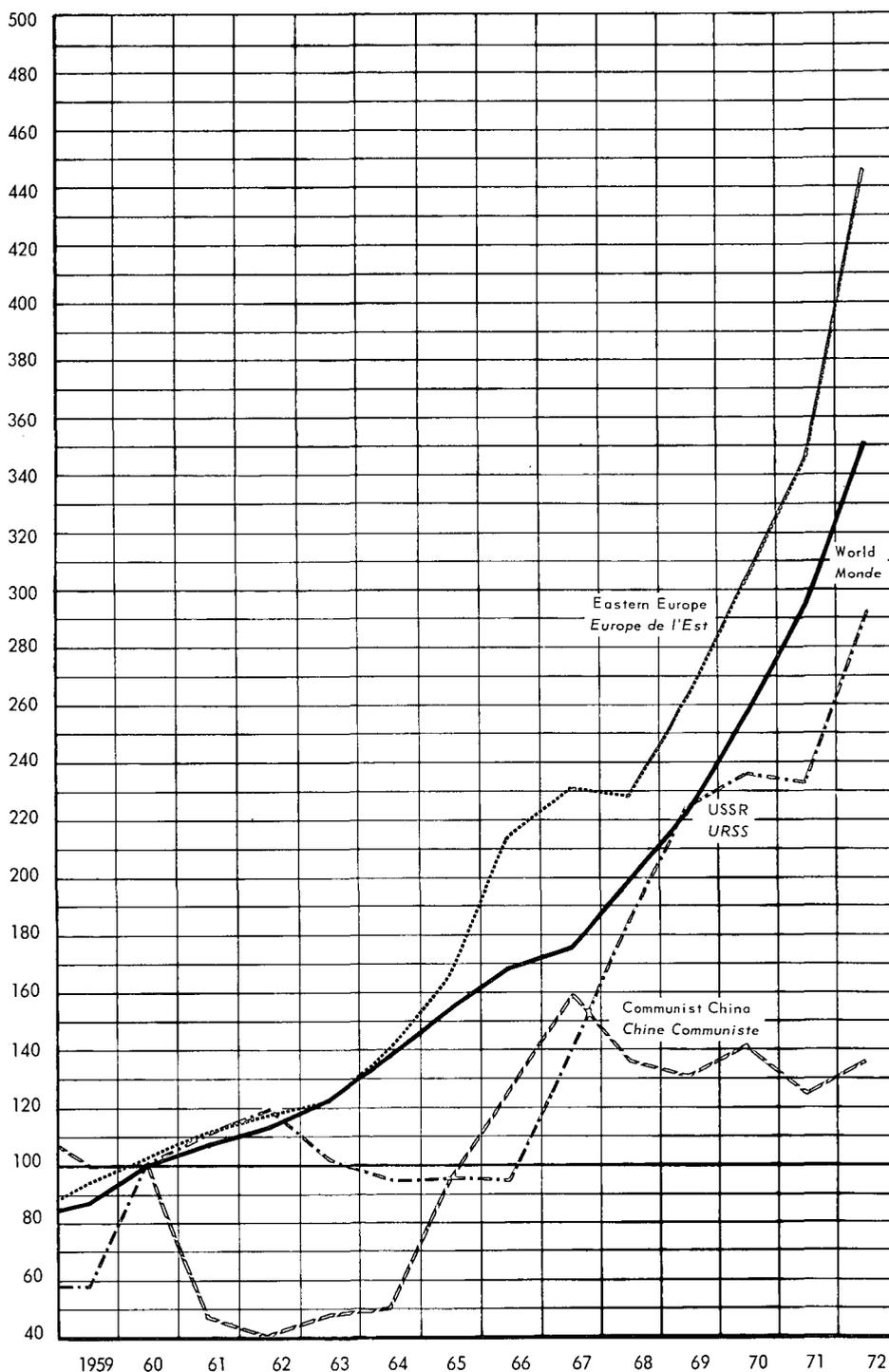
(1) In the case of the Federal Republic of Germany the figures cover trade with the GDR. Source: AC/127-D/449

GRAPH I - GRAPHIQUE I

THE DEVELOPMENT OF NATO EUROPE EXPORTS
TO THE WORLD AND THE COMMUNIST COUNTRIES 1959-1972

LE DEVELOPPEMENT DES EXPORTATIONS DES PAYS EUROPEENS DE L'OTAN
VERS LE MONDE ET LES PAYS COMMUNISTES 1959-1972

1969 = 100 (*)



(*) The absolute values (million US \$) for 1972 would read as follows :
USSR = 1.825; Eastern Europe = 4.752; Communist China = 456; World = 152.723

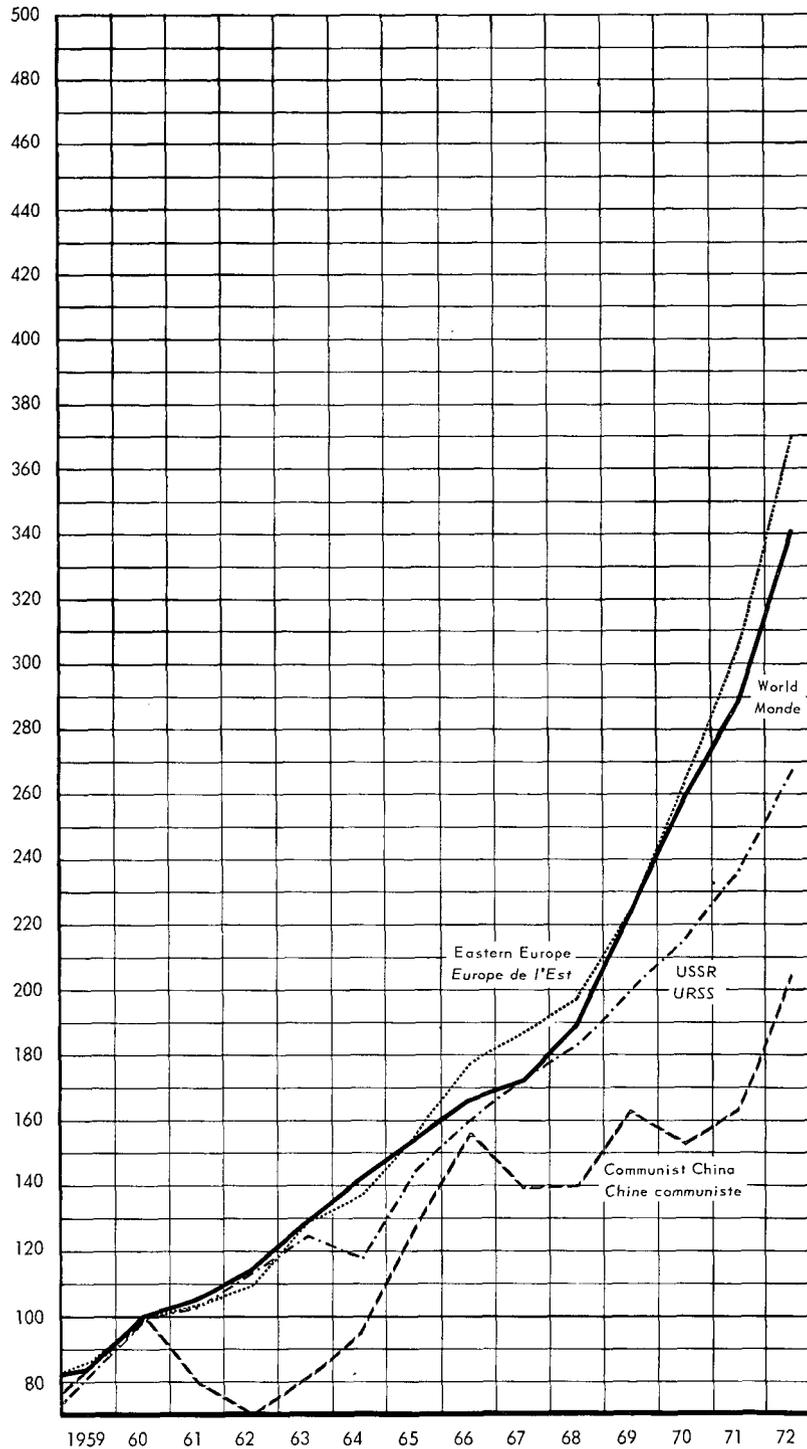
Les valeurs absolues (en millions de \$ EU) des exportations pour 1972 s'établissent comme suit :
URSS = 1.825; Europe de l'Est = 4.752, Chine Communiste = 456; Monde = 152.723

GRAPH II — GRAPHIQUE II

THE DEVELOPMENT OF NATO EUROPE IMPORTS
FROM THE WORLD AND THE COMMUNIST COUNTRIES 1959-1972

LE DEVELOPPEMENT DES IMPORTATIONS DES PAYS EUROPEENS DE L'OTAN
EN PROVENANCE DU MONDE ET DES PAYS COMMUNISTES 1952-1972

1960 = 100 (*)



(*) The absolute values (million US \$) for 1972 would read as follows :
USSR = 2.023; Eastern Europe = 4.230; Communist China = 469; World = 162.496

Les valeurs absolues (en millions de \$ EU) des importations pour 1972 s'établissent comme suit :
URSS = 2.023; Europe de l'Est = 4.230; Chine Communiste = 469; Monde = 162.496

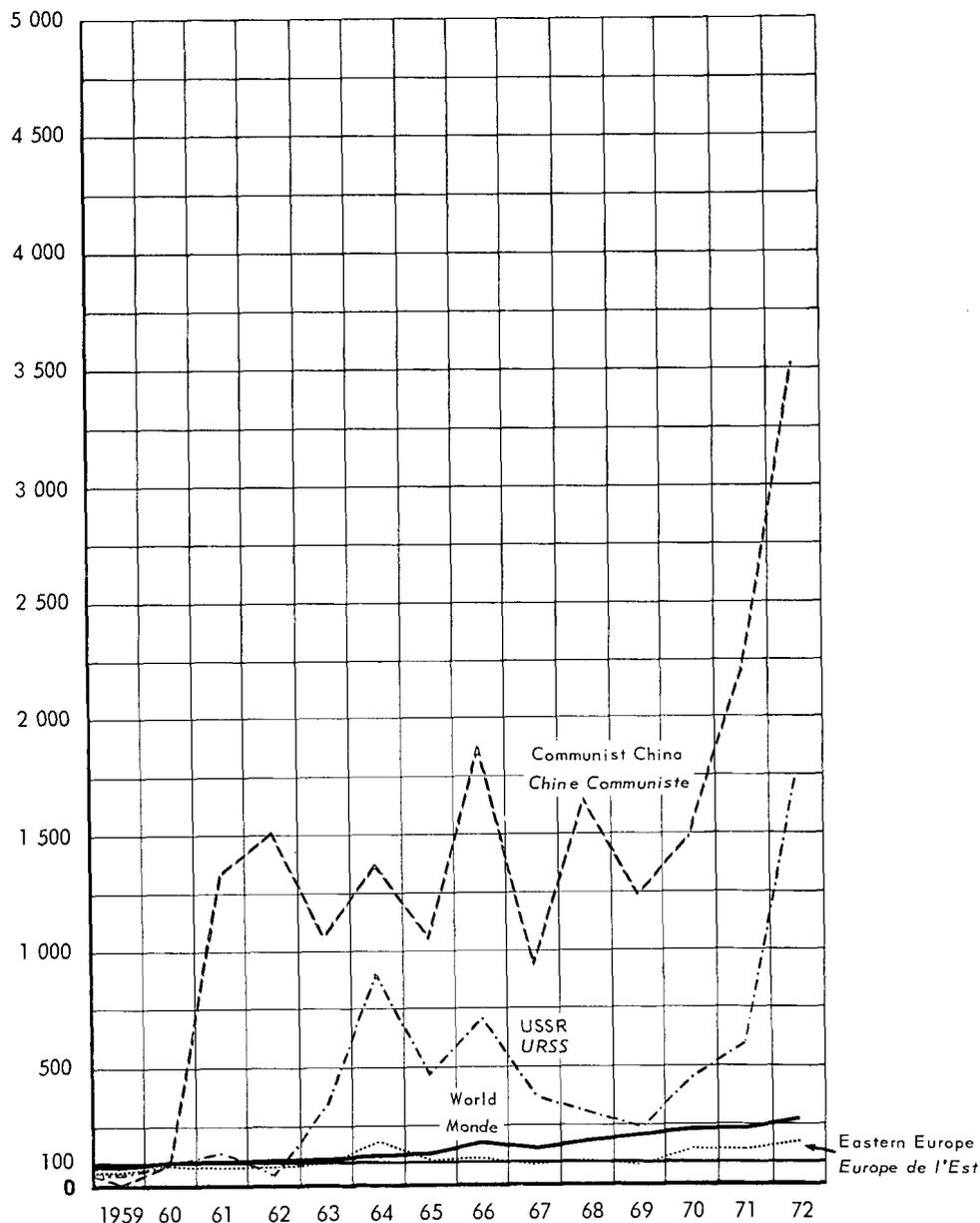
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GRAPH III - GRAPHIQUE III

THE DEVELOPMENT OF NATO NORTH AMERICA EXPORTS
TO THE WORLD AND THE COMMUNIST COUNTRIES 1952-1972

LE DEVELOPPEMENT DES EXPORTATIONS DES PAYS OTAN DE L'AMERIQUE DU NORD
VERS LE MONDE ET LES PAYS COMMUNISTES 1952-1972

1960 = 100 (*)



(*) The absolute values (million US \$) for 1972 would read as follows :
USSR = 833; Eastern Europe = 336; Communist China = 322; World = 69.854

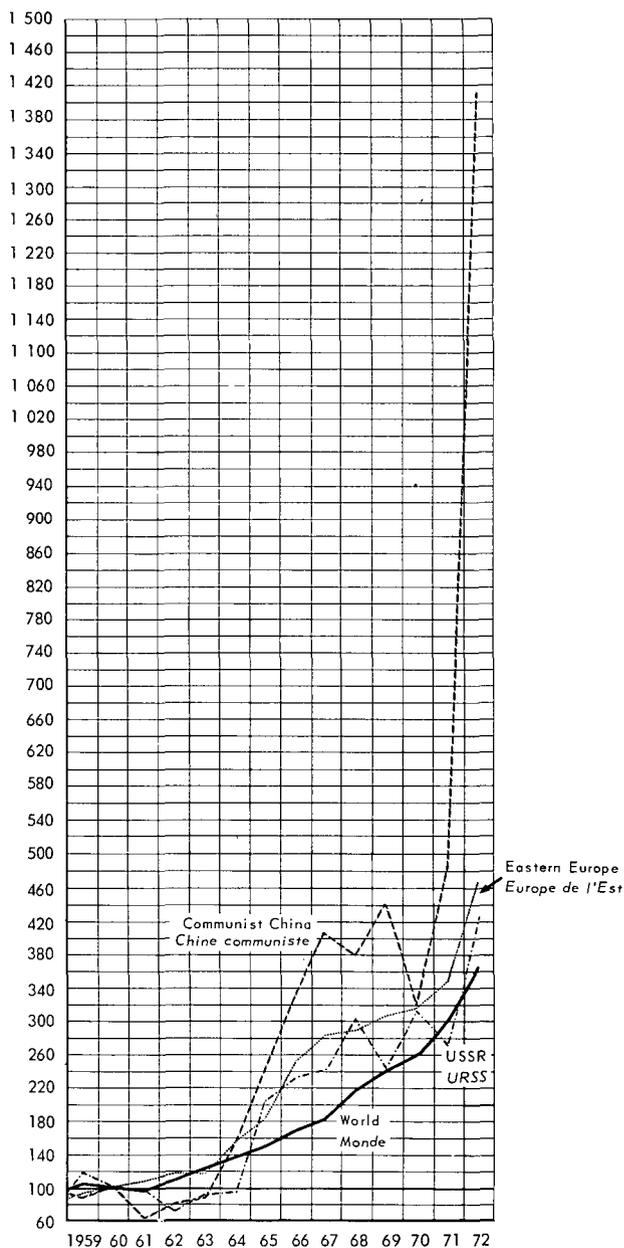
Les valeurs absolues (en millions de \$ EU) des exportations pour 1972 s'établissent comme suit :
URSS = 833; Europe de l'Est = 336; Chine Communiste = 322; Monde = 69.854

GRAPH IV - GRAPHIQUE IV

THE DEVELOPMENT OF NATO NORTH AMERICA IMPORTS
FROM THE WORLD AND THE COMMUNIST COUNTRIES 1959-1972

LE DEVELOPPEMENT DES IMPORTATIONS DES PAYS OTAN DE L'AMERIQUE DU NORD
EN PROVENANCE DU MONDE ET DES PAYS COMMUNISTES 1959-1972

1960 = 100 (*)

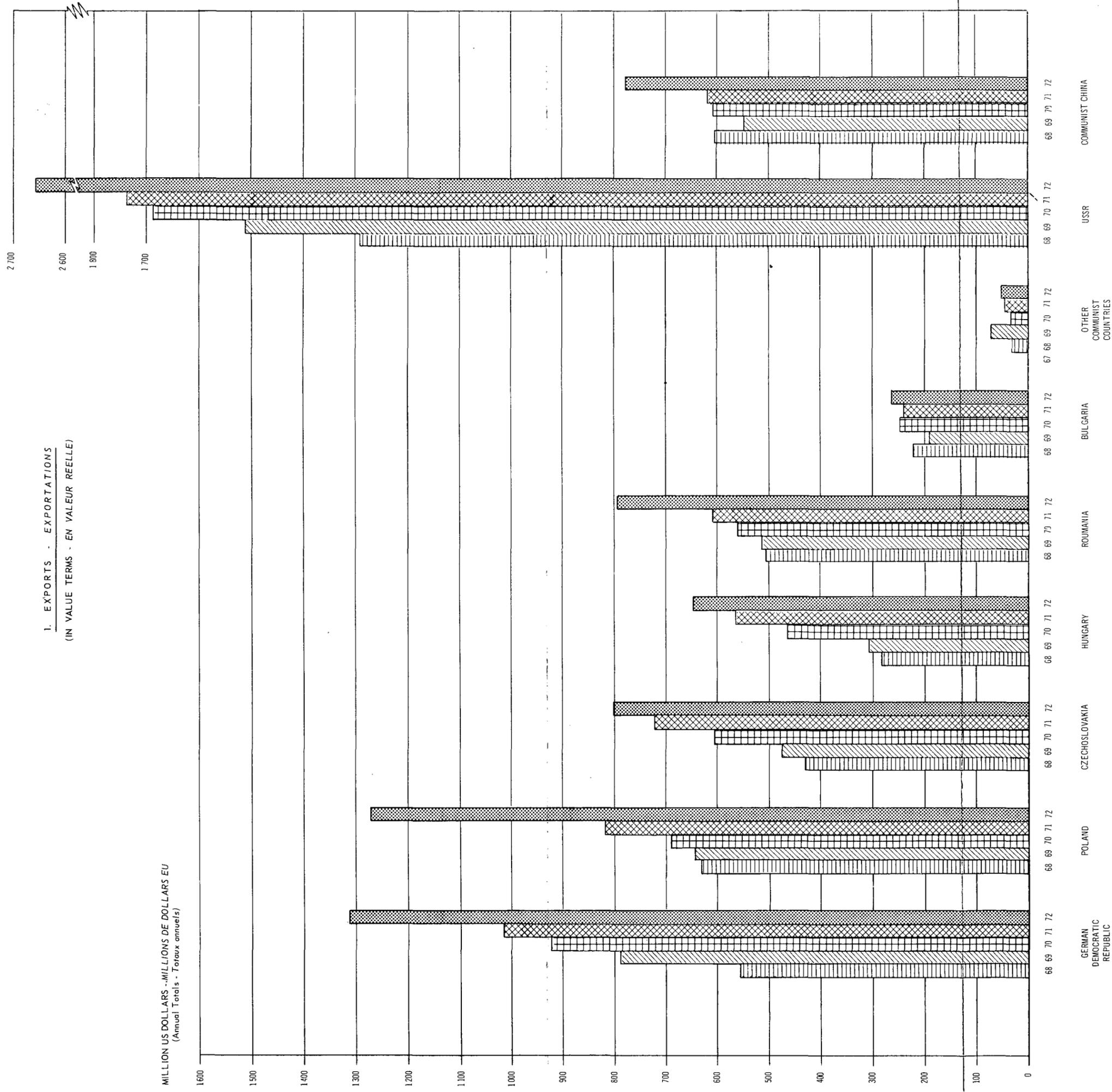


(*) The absolute values (million US \$) for 1972 would read as follows :
USSR = 111; Eastern Europe = 311; Communist China = 81; World = 74.477

Les valeurs absolues (en millions de \$ EU) des importations pour 1972 s'établissent comme suit :
URSS = 111; Europe de l'Est = 311; Chine Communiste = 81; Monde = 74.477

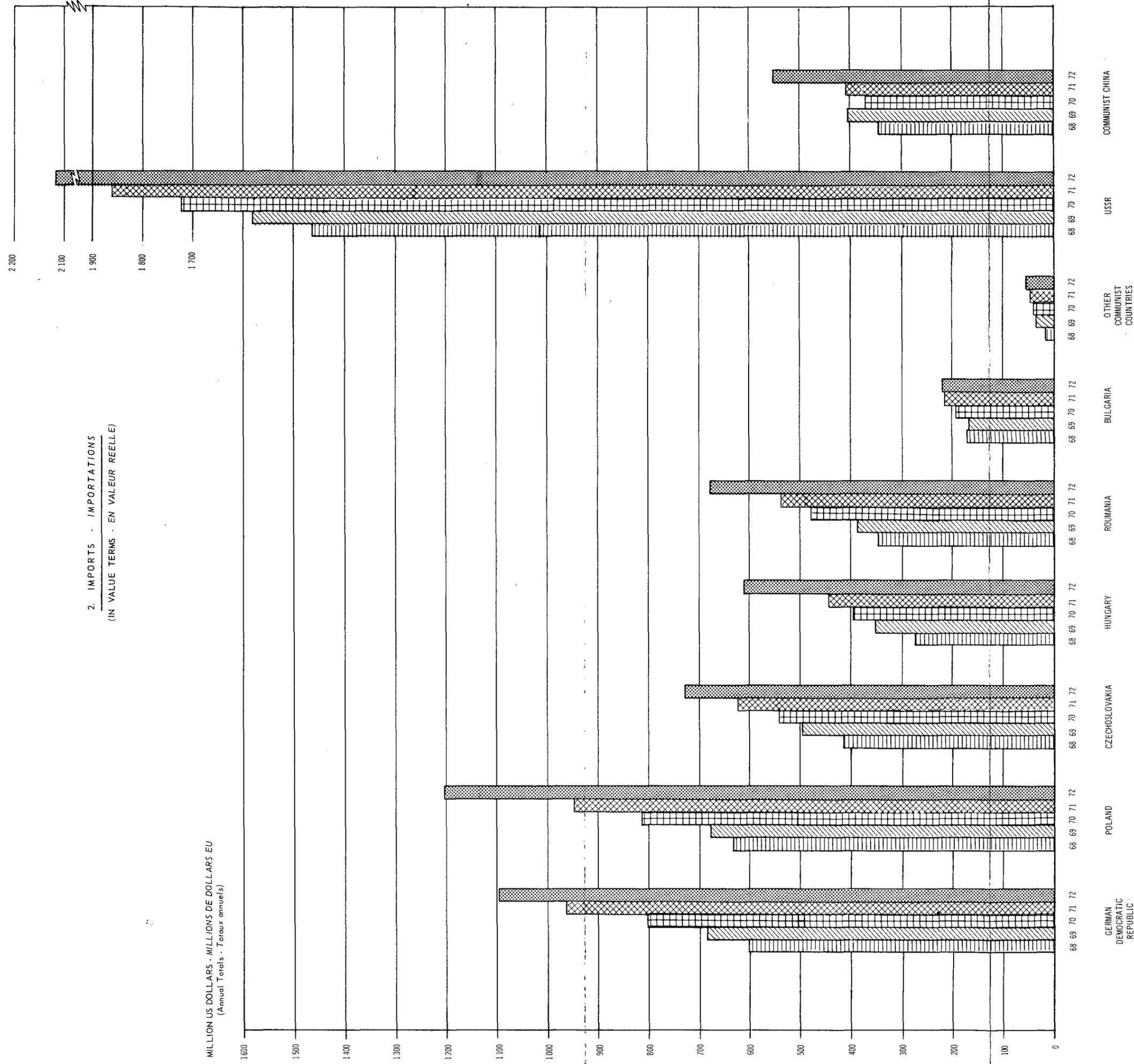
GRAPH V - GRAPHIQUE V

NATO COUNTRIES' TRADE WITH EACH OF THE INDIVIDUAL COMMUNIST COUNTRIES 1968 - 1972
 COMMERCE DES PAYS DE L'OTAN AVEC CHAQUE PAYS COMMUNISTE 1968 - 1972



GRAPH VI - GRAPHIQUE VI

NATO COUNTRIES' TRADE WITH EACH OF THE INDIVIDUAL COMMUNIST COUNTRIES 1968 - 1972
COMMERCE DES PAYS DE L'OTAN AVEC CHAQUE PAYS COMMUNISTE 1968 - 1972



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

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APPENDIX to
ANNEX IV to
AG/127-WP/367RECAPITULATION OF OVERALL DEVELOPMENT 1959 - 1972 FOR NATO EUROPE
NATO NORTH AMERICA AND TOTAL NATORECAPITULATION DU DEVELOPPEMENT GLOBAL 1959 - 1972 POUR OTAN EUROPE
OTAN AMERIQUE DU NORD ET TOTAL OTAN

1. EXPORTS TO EASTERN EUROPE, THE USSR, COMMUNIST CHINA AND THE WORLD
EXPORTATIONS VERS L'EUROPE DE L'EST, L'URSS, LA CHINE COMMUNISTE ET LE MONDE
Million US Dollars (Annual Totals) - Millions de Dollars EU (Totaux annuels)

(0)	EASTERN EUROPE EUROPE DE L'EST			U.S.S.R. U.R.S.S.			COMMUNIST CHINA CHINE COMMUNISTE			TOTAL COMMUNIST COUNTRIES TOTAL POUR LES PAYS COMMUNISTES			WORLD MONDE		
	NATO EUROPE	NATO NORTH AMERICA	TOTAL NATO	NATO EUROPE	NATO NORTH AMERICA	TOTAL NATO	NATO EUROPE	NATO NORTH AMERICA	TOTAL NATO	NATO EUROPE	NATO NORTH AMERICA	TOTAL NATO	NATO EUROPE	NATO NORTH AMERICA	TOTAL NATO
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
1959	963	107	1,070	403	423	330	2	332	1,696	129	1,825	38,282	22,778	61,060	
1960	1,066	182	1,248	624	672	335	9	344	2,025	239	2,264	45,512	25,861	69,373	
1961	1,187	159	1,346	691	761	156	121	277	2,034	350	2,384	46,724	26,448	73,172	
1962	1,237	147	1,384	733	756	134	138	272	2,104	308	2,412	49,205	27,293	76,498	
1963	1,282	184	1,466	630	792	157	97	254	2,069	443	2,512	53,767	29,393	83,160	
1964	1,470	342	1,812	585	1,024	164	126	290	2,219	907	3,126	59,927	33,785	93,712	
1965	1,760	194	1,954	590	817	313	97	410	2,663	519	3,182	67,118	35,111	102,229	
1966	2,283	218	2,501	587	925	423	171	594	3,322	734	4,056	73,407	39,871	113,278	
1967	2,461	178	2,639	870	1,050	531	84	615	3,887	447	4,334	76,938	42,082	119,020	
1968	2,436	201	2,637	1,154	1,294	451	151	602	4,069	495	4,564	86,233	46,963	133,196	
1969	2,766	159	2,925	1,399	1,514	435	113	548	4,667	391	5,058	96,974	51,742	148,716	
1970	3,220	270	3,490	1,474	1,689	473	135	608	5,197	625	5,822	112,382	59,361	171,743	
1971	3,704	263	3,967	1,451	1,738	417	202	619	5,603	763	6,366	128,071	61,813	189,884	
1972	4,732	336	5,068	1,825	2,658	456	322	778	7,072	1,503	8,575	152,723	69,854	222,577	

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