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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

THE TREND TOWARDS ECONOMIC INTEGRATION WITHIN COMECON

Note by the Italian Delegation

1. The Italian Delegation attributes a great interest to the exchange of views held in the Committee on Soviet Economic Policy about trends towards economic integration within COMECON (Note by the French Delegation AC/127-D/40).

The Italian Delegation believes that the discussions in the Committee have shown the need for further study and that many a useful element might emerge from the 1958 figures of COMECON trade.

2. During 1958 trade between the USSR and the other COMECON countries (East Germany, Czechoslovakia, Poland, Rumania, Bulgaria, Hungary and Albania) amounted to 18,103 million rubles. This figure represents 52.5% of the whole of Russian foreign trade.

The 18,103 million rubles are to be so divided:

- Russian exports to other COMECON countries:  
9,290.5 million rubles
- Russian imports from other COMECON countries:  
8,812.8 million rubles.

These figures show a net balance for Russia of 457.7 million rubles which is accounted for this way:

Russian net balance with:

- Poland	:	446.6	million rubles
- Hungary	:	154.5	" "
- Albania	:	121.0	" "
- Rumania	:	<u>71.6</u>	" "
		793.7	" "

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Russian deficit towards:

- Czechoslovakia	:	261.4	million	rubles
- East Germany	:	64.7	"	"
- Bulgaria	:	<u>9.9</u>	"	"
		336.0	"	"

These data show the different economic development of the COMECON satellites: East Germany and Czechoslovakia, industrially more developed, have been able to sell to Russia more than they needed to buy. The others are not in such a position and still cannot balance their imports from Russia with their exports there.

3. A country by country breakdown of trade with Russia shows the following figures (in millions of rubles):

- EAST GERMANY:

Exports to USSR	3,263.7
Imports from USSR	<u>3,199.0</u>
Net balance	+ 64.7

- CZECHOSLOVAKIA:

Exports to USSR	2,048.4
Imports from USSR	<u>1,787.0</u>
Net balance	+ 261.4

- POLAND:

Exports to USSR	1,060.6
Imports from USSR	<u>1,507.2</u>
Deficit	= 446.6

- RUMANIA:

Exports to USSR	934.0
Imports from USSR	<u>1,005.6</u>
Deficit	- 71.6

- BULGARIA:

Exports to USSR	802.2
Imports from USSR	<u>812.3</u>
Deficit	- 9.9

- HUNGARY:

Exports to USSR	647.7
Imports from USSR	<u>802.2</u>
Deficit	- 154.5

## - ALBANIA:

Exports to USSR	56.2
Imports from USSR	<u>177.2</u>
Deficit	- 121.0

4. It is interesting to see in what amount the various goods are traded within COMECON.

RUSSIAN EXPORTSRolling mill products to:

East Germany	478.2	million rubles
Rumania	265.9	" "
Bulgaria	95.0	" "
Poland	55.1	" "
Hungary	40.5	" "
Albania	10.9	" "
Czechoslovakia	4.8	" "

The main buyer of Russian rolling mill products is East Germany. Those products are probably used in East Germany to manufacture the industrial machinery later re-exported to Russia.

Cereals to:

East Germany	494.6	million rubles
Czechoslovakia	358.4	" "
Poland	92.9	" "
Rumania	65.7	" "
Hungary	45.3	" "
Albania	14.7	" "
Bulgaria	7.3	" "

East Germany and Czechoslovakia - being predominantly industrial countries - are the most important buyers of Russian cereals and especially of Russian wheat.

Textile raw materials and semifinished products to:

East Germany	310.7	million rubles
Czechoslovakia	204.1	" "
Poland	187.4	" "
Hungary	113.1	" "
Rumania	104.9	" "
Bulgaria	52.6	" "
Albania	2.7	" "

Solid fuel to:

East Germany	404.9	million	rubles
Hungary	73.0	"	"
Czechoslovakia	62.0	"	"
Rumania	40.5	"	"
Poland	26.0	"	"
Bulgaria	7.3	"	"
Albania	-----		

Liquid fuel to:

Poland	178.4	million	rubles
Czechoslovakia	141.5	"	"
Hungary	100.6	"	"
East Germany	90.9	"	"
Bulgaria	60.1	"	"
Rumania	-----		
Albania	-----		

Minerals to:

Poland	249.0	million	rubles
Czechoslovakia	197.7	"	"
East Germany	99.4	"	"
Hungary	75.4	"	"
Rumania	33.9	"	"
Bulgaria	-----		
Albania	-----		

Pig Iron to:

East Germany	144.8	million	rubles
Czechoslovakia	48.0	"	"
Bulgaria	21.3	"	"
Hungary	7.7	"	"
Poland	1.8	"	"
Rumania	1.4	"	"
Albania	-----		

Non-ferrous metals and alloys to:

East Germany	170.4	million	rubles
Czechoslovakia	108.8	"	"
Poland	48.7	"	"
Rumania	26.4	"	"
Hungary	24.8	"	"
Bulgaria	11.5	"	"
Albania	0.9	"	"

Machinery to:

Bulgaria	202.7	million	rubles
Czechoslovakia	189.6	"	"
Poland	169.3	"	"
Rumania	135.3	"	"
East Germany	108.9	"	"
Albania	104.9	"	"
Hungary	82.6	"	"

Trucks and cars represent over 20% of the machinery trade.

Wood, wood pulp and derivatives to:

Hungary	202.9	million	rubles
East Germany	134.3	"	"
Czechoslovakia	54.9	"	"
Bulgaria	27.5	"	"
Rumania	1.0	"	"
Poland	-----		
Albania	-----		

Meat, milk, butter, eggs to:

East Germany	173.0	million	rubles
Czechoslovakia	39.6	"	"

Household and electro-domestic apparatus to:

Poland	120.1	million	rubles
Czechoslovakia	76.0	"	"
Hungary	51.1	"	"
Rumania	21.0	"	"
Bulgaria	12.0	"	"
East Germany	7.2	"	"
Albania	2.0	"	"

(This includes watches, radio, TV sets, cameras...).

From these figures some conclusions can be drawn about Russian commercial policy within COMECON:

- Russia exports raw materials mainly to East Germany and Czechoslovakia - these being her most industrialised satellites;
- these two countries also represent a large market for Russian cereals;

- to all COMECON satellites Russia exports textile raw materials. From those satellites Russia imports textile finished products;
- the exports of timber and oil products are - as of today - less important than it was believed;
- Russia has become an important exporter of iron minerals;
- Russia tries to establish in COMECON satellites a market for her own consumer goods: TV and radio sets, cameras, watches, and household and electro-domestic apparatus.

So far for Russian exports to COMECON countries.

RUSSIAN IMPORTS

Machinery from:

East Germany	1,877.5	million	rubles
Czechoslovakia	748.0	"	"
Hungary	373.2	"	"
Poland	345.5	"	"
Bulgaria	62.0	"	"
Rumania	40.0	"	"
Albania	-----		

Machinery represents the main Russian imports from satellite countries. This confirms the theory that in order to reach the targets set in the Seven Year Plan Russia must draw on the industrial output of the other COMECON countries.

East Germany, which receives from Russia very large amounts of raw material, is the main supplier of machinery to Russia: its machinery exports represent 57.5% of all its exports to the USSR.

Liquid fuel from:

Rumania	384.8	million	rubles
Hungary	14.5	"	"
Albania	4.5	"	"

Minerals and metals from:

Czechoslovakia	522.7	million	rubles
Poland	118.7	"	"
Bulgaria	108.7	"	"

Cables from:

East Germany	83.3	million	rubles
Czechoslovakia	59.6	"	"
Hungary	7.7	"	"
Poland	5.6	"	"

Textile raw materials and semifinished products from:

East Germany	38	million	rubles
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Tobacco from:

Bulgaria	87.8	million	rubles
Albania	16.5	"	"
Hungary	6.6	"	"

Sugar from:

Czechoslovakia	58.4	million	rubles
Poland	24.5	"	"

Textiles from:

Poland	40.9	million	rubles
East Germany	39.0	"	"
Hungary	22.1	"	"
Czechoslovakia	11.5	"	"

Ready made suits and underwear from:

Bulgaria	209.7	million	rubles
East Germany	123.3	"	"
Czechoslovakia	83.3	"	"
Hungary	33.4	"	"
Albania	1.9	"	"

Leather footwear from:

Czechoslovakia	162.7	million	rubles
Bulgaria	22.7	"	"
Hungary	16.7	"	"

Household and electro-domestic appliances from:

East Germany	121.2	million	rubles
Czechoslovakia	31.7	"	"
Hungary	30.0	"	"
Rumania	6.6	"	"
Poland	5.7	"	"
Bulgaria	2.2	"	"

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The conclusion emerges from these figures that the COMECON satellites work for the economic development of Russia. They do so both by supplying their machinery to that country and by specialising in the production of consumer goods for export thereto. They thereby allow the USSR to concentrate its resources on those sectors of the economy the development of which is instrumental in the fulfilment of its Plan.

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