

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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NATO CONFIDENTIAL
DECISION SHEET
AC/89-R/69

SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

Meeting held at the Permanent Headquarters,
Paris, XVIe., on Thursday, 24th June, 1965 at 10.15 a.m.

DECISION SHEET

I. ECONOMIC REVIEW OF THE SOVIET-OCCUPIED ZONE OF GERMANY

The SUB-COMMITTEE:

- (1) had a final exchange of views on their report (AC/89-WP/159 and Corrigendum dated 14th June, 1965) and agreed to submit it to the Committee of Economic Advisers(1);
- (2) agreed, subject to confirmation by the German Representative, to incorporate in AC/89-WP/148/4(2) a table on NATO countries' trade with the Soviet-occupied Zone of Germany distributed to them by the United Kingdom Representative during the meeting;
- (3) instructed the Secretariat to take account of the observations circulated by the member delegations in the series AC/89-WP/148, when drafting the reference paper on the Soviet-occupied Zone of Germany(3).

II. ECONOMIC REVIEW OF HUNGARY

The SUB-COMMITTEE:

had a final exchange of views on their revised report on Hungary (AC/89-WP/163) in the light of the comments circulated by the United Kingdom and United States Delegations (AC/89-WP/163/1 and AC/89-WP/163/2) and agreed to submit it to the Committee of Economic Advisers as modified in the course of discussion(4).

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- (1) Circulated as AC/127-D/193
 - (2) To be circulated as AC/89-WP/148/4(Revised)
 - (3) To be circulated as AC/89-D/46
 - (4) Circulated as AC/127-D/194

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III. CURRENT ECONOMIC DEVELOPMENTS IN THE SOVIET UNION: THE RESULTS OF THE 1964 ECONOMIC PLAN AND THE PLAN FOR 1965

The SUB-COMMITTEE:

agreed to postpone their examination of AC/89-WP/160 until their next regular meeting.

IV. ECONOMIC DEVELOPMENTS IN COMMUNIST CHINA IN 1964

The SUB-COMMITTEE:

- (1) noted that the United Kingdom and United States Delegations would shortly circulate their Authorities' comments on AC/89-WP/161;
- (2) noted the request by the United States Representative to insert in AC/89-WP/165 a statement to the effect that the countries which had shown most marked increases in their trade with Communist China during 1964 were not necessarily those which had full diplomatic relations with it and consequently, the concern felt by certain Western and Japanese businessmen referred to in paragraph 23 of AC/89-WP/165 was unjustified;
- (3) agreed to resume discussion at their next meeting.

V. PRICES AND STRUCTURE OF SOVIET FOREIGN TRADE

The SUB-COMMITTEE:

- (1) were informed by the German Representative that the German expert participating on 2nd July, 1965, at the special session on Bulgaria would try to reply to some of the requests made by member representatives for clarification of Soviet export figures as shown in AC/89-WP/153(1);
- (2) noted a statement by the Canadian Representative on AC/89-WP/153 (reproduced at Annex).

(1) See AC/89-R/68, Item V

VI. YUGOSLAVIA'S ASSOCIATION WITH COMECON

The SUB-COMMITTEE:

- (1) were informed by the Canadian Representative that he expected to circulate soon a number of comments on AC/89-WP/155;
- (2) agreed to resume discussion at their next meeting.

VII. THE 1964 GRAIN HARVEST IN COMMUNIST COUNTRIES

The SUB-COMMITTEE:

postponed discussion of this item until their next meeting.

VIII. COMMUNIST ECONOMIC ACTIVITIES IN DEVELOPING COUNTRIES

The SUB-COMMITTEE:

- (1) agreed to obtain their authorities' observations on the breakdown of figures in AC/89-WP/162 pertaining to the Communist aid distributed amongst the main recipient countries;
- (2) agreed to resume discussion at their next meeting.

IX. DATE OF NEXT MEETING

Examining Session on Bulgaria, Friday, 2nd July, 1965.
Next regular meeting, Thursday, 8th July, 1965, at 10.15 a.m.

OTAN/NATO,
Paris, XVIe.

PRICES AND STRUCTURE OF SOVIET FOREIGN TRADE

Statement by the Canadian Representative under Item V

"The Canadian Authorities have found AC/89-WP/153 most interesting and agree with the conclusion expressed in paragraph 8 that no deliberate attempt is made to put countries dependent for foreign trade on the USSR at a disadvantage. The Canadian Authorities would take issue, mildly, with the description of world market prices in paragraph 15 as an "accurate yardstick". For example, if the COMECON is regarded very loosely, as a "customs union" there is no reason to consider its prices less "accurate" than those within the EEC where cereal production is valued at a domestic price, which does not accord with world cereal prices which in turn are largely the result of administrative agreements. A COMECON trend towards world prices, rather than resulting from a yearning for accuracy is, in the view of the Canadian Authorities, more likely to result from the adoption of a more logical approach, which in part would reflect the unsatisfactory progress of the "union", and in part the lack of useful alternative prices."