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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

Documents Pertaining to Economic Relations Among Bloc Countries

Comments by the United States Representative

I. ECONOMIC RELATIONS BETWEEN RUSSIA AND CHINA - Note by the Italian Delegation (AC/89-WP/58)

Paragraph 4

The value of machinery and equipment under the category Main Russian Export to China should read 1,271,800,000 roubles.

Paragraph 6

While it may be true that imports by the USSR of consumer goods from the West might increase if Communist China's supply were not available, we believe that Soviet reluctance to purchase consumer goods from the West is largely founded on the relatively low priority accorded to the import of consumer goods as compared to the import of capital equipment in the allocation of limited supplies of convertible exchange.

II. TRENDS TOWARDS ECONOMIC INTEGRATION WITHIN COMECON: THE CHEMICAL INDUSTRY - Note by the Italian Delegation (AC/89-WP/57)

1. We generally take a somewhat more critical view of the development of the chemical industry than the one expressed in this paper. Not mentioned in the paper is the extent to which bloc development of the chemical industry is dependent upon imports of machinery and technology from Western industrial countries. Despite large orders placed in the West, the investment programme in the chemical industry has lagged considerably, and there is no assurance that the ambitious goals mentioned in the paper will be fulfilled.

2. The increases for the chemical industry for 1965 as compared to 1958 as approved at the 10th plenum of CEMA which met in December 1958 in Prague differ somewhat from the figures shown in Paragraph 5 of the AC/89-WP/57. The planned growth for Hungary was 100%, for Czechoslovakia 110%, Bulgaria 280%.

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III. THE TREND TOWARDS ECONOMIC INTEGRATION WITHIN COMECON - Note
by the Italian Delegation (AC/89-D/28)

1. A number of comments might be made on the general conclusion concerning Soviet trade with other CEMA members contained in this document:

- (a) Page 2, line 4 - The difference between the USSR's balance of trade with Czechoslovakia and East Germany as compared to other CEMA members is not based solely upon respective differences in levels of industrial development. Some of the other countries in the past have also had active balances of trade with the USSR. In some cases (Hungary and Poland) current passive balances are in part the result of political factors which led to the granting of credits to these countries by the USSR.
- (b) Page 5 - The volume of Soviet raw material exports to CEMA members is a function of the relation of availabilities to requirements in the various countries and not just the respective level of industrialisation.
- (c) Page 8 - This conclusion is somewhat misleading to the extent that it implies that the Satellites' own economic development is not being furthered because of the pattern of trade with the USSR.

2. We believe there are several statistical discrepancies in this paper:

- (a) Paragraph 2 - Bulgaria should have been included in the Table headed Russian Net Balance With, on the first page which lists four other countries registering a deficit in trade with the USSR.
- (b) On page 5, under the category Wood, Wood Pulp and Derivatives, the correct figure for Hungary is 112.1 million roubles.
- (c) On page 5, under the category Meat, Milk, Butter, Eggs, the figure for East Germany should read 113.7 million roubles.
- (d) On page 5, under the category Household and Electric-Domestic Apparatus, the figure for Poland should read 75.5 million roubles.

IV. RECENT DEVELOPMENTS IN COMECON - Note by the Italian
Delegation (AC/89-WP/63/1)

1. With respect to the discussion of the specific problems now facing CEMA countries (Paragraphs 4, 5 and 6), we believe that the most important one remains that of rationalising Eastern European bloc production and trade.

2. With regard to the Sofia communique we would point out that the wording regarding "developing economic relations with all countries" is a familiar and well-worn Communist cliché. As for the remarks in the communique concerning apparently broad eligibility for membership, we do not believe that CEMA's real "purposes and principles" are such that Western European nations could properly seek membership.

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