

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

EF-64-06

EXEMPLAIRE N° 221
COPY

ENGLISH ONLY
19th September, 1962

NATO CONFIDENTIAL
WORKING PAPER
AC/89-WP/91/3

SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

THE ECONOMIC SITUATION IN ALBANIA

Note by the United Kingdom Delegation

1. Economic Relations with the Soviet Bloc and Communist China
 - (a) (i) Albania has trade and payment agreements with Czechoslovakia, Poland, the Soviet occupied zone of Germany, Bulgaria, Roumania, North Korea and Communist China.
 - (ii) Albanian exports to Czechoslovakia include ferro-nickel, chrome ore and asphalt in exchange for hydro-electric power station installations, lorries, spare parts, chemicals, etc. Albania's trade with Czechoslovakia is expected to increase from 15% to 17%.
 - (iii) We have no details on the trade agreement with Poland but it is presumed the exchanges will be of the same nature as before: industrial installations, raw materials and consumer goods from Poland in exchange for chrome ore, asphalt and copper. During 1961, Polish exports to Albania amounted to 14.9 million and imports from Albania to 15.9 million foreign exchange zloties representing 0.2% of Poland's total foreign trade turnover.
 - (iv) Albanian exports to the Soviet occupied zone of Germany include chrome ore, crude oil and copper in exchange for engineering products, spare parts, machinery and chemicals. Trade between the two countries increased from R. 10,000,000 in 1951 to R. 34,000,000 in 1958.
 - (v) In addition to a trade and payment agreement, Albania has signed a protocol on the transportation of goods with Bulgaria and Roumania.

NATO CONFIDENTIAL

- (b) (i) It is reported that in 1962, 59.1% of Albania's foreign trade will be with China, indicating a change from 3% in 1959 when half of her foreign trade was with the USSR. China has promised industrial goods in return for raw materials but it is doubtful if these will quite replace Soviet and Satellite deliveries on credit. China, from the Autumn of 1960, has been providing finance for purchases of grain in the West. The joint Chinese-Albanian Shipping Line which has been created is an intent to maintain the link. It is of course a costly business for both Albania and China to have close trade links as it would be far more remunerative for Albania to trade with its neighbours in Europe and the Mediterranean basin.
- (ii) Albania has also a trade agreement with North Korea.
- (iii) The attitude of the Eastern European Satellites is different from that of the USSR. They have benefited from their trade and they have good reasons to continue to trade at least on a barter basis.

2. Economic Relations with Non-Bloc Countries

- (a) (i) Albania has a protocol on goods exchange for 1962 with Yugoslavia, based on the 1955 agreement. The amount of trade then involved was \$2,000,000.
- (ii) Albania has a trade and payment agreement concluded in March with the UAR.
- (iii) With Austria the trade agreement involves exchange of Albania crude petroleum, chrome ore, ferrous nickel ore and bitumen for Austrian products.
- (iv) Albania has a five-year economic agreement with Brazil and negotiations have been concluded for an agreement with Iraq.

3. General

- (a) Albania is being linked with China more and more and the exchange of scientific and technical information has been arranged. Chinese technicians are also in Albania.
- (b) The Albanians claimed an increase of 7-10% in industrial production in 1961 and the 1962 plan calls for a 6% increase compared with the average 20% during each of the four years before 1961.

DECLASSIFIED - PUBLIC DISCLOSURE / DECLASSIFIE - MISE EN LECTURE PUBLIQUE

- (c) The dislocation caused by the stop in Soviet aid calls for a revision of the plan but it may be possible for Albania, with closer contact with China and Western countries, to weather her difficulties.
- (d) Self sufficiency in grain is far from having been accomplished due to a 3 year drought and the problem is serious as 84% of the daily intake of calories comes from grain as the consumption of animal products is very low. It is likely that a certain amount of the credits from China will be used to procure food. About 90% of Albania's imports from the USSR was grain.

OTAN/NATO,
Paris, XVIe.