

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

ARCHIVES

THIS COPY IS ON LOAN AND MUST
BE RETURNED TO INDEX UNIT

EXEMPLAIRE N° 374
COPY

Index

ORIGINAL: ENGLISH
21st June, 1960

NATO CONFIDENTIAL
DOCUMENT
C-M(60)63

CREDITS TO THE SOVIET BLOC⁽¹⁾

Report by the Committee of Economic Advisers

I. Introduction

On 5th August, 1959, the Council approved a report by the Committee of Economic Advisers on credits to the Soviet Bloc⁽²⁾. In so doing the Council established a procedure according to which the Committee of Economic Advisers would keep under continuous study the granting of credits by NATO countries to the Soviet bloc. The Council also noted that the Committee of Economic Advisers would report on the outcome of the reviews described in paragraph 6 of C-M(59)75.

2. Following the instructions of the Council, the Committee of Economic Advisers has examined information received from member countries showing the position of credits granted to the Soviet bloc as of 31st July, 1959, and as of 31st January, 1960. The purpose of this report is to present the results of this examination to the Council. The Committee wish to call the Council's attention to the fact that the period under consideration (6 months) is too short to draw any definite conclusions. This report is, therefore, of a tentative nature. A further report will be submitted to the Council when the returns covering the situation as of 31st July, 1960, have been examined.

II. Credits outstanding⁽³⁾

3. Data provided by NATO governments on credits are summarised in the following table:

-
- (1) As agreed, the Soviet bloc is understood to include, in addition to the USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the Soviet occupied zone of Germany and the Soviet occupied sector of Berlin.
- (2) C-M(59)75 and C-R(59)30, paragraph 10.
- (3) For a complete definition of this term see AC/127-R/41, Item I, and AC/127-WP/45.

NATO CONFIDENTIAL

TABLE I - Credits granted by NATO countries to the Soviet Bloc

A. Credits outstanding on dates indicated

(Million dollars)

	USSR		Poland		Other bloc countries		Total	
	31/7/59	31/1/60	31/7/59	31/1/60	31/7/59	31/1/60	31/7/59	31/1/60
1. Private non-guaranteed credits(1)	0.5	0.5	0	0	3.6	12.0	4.1	12.4
2. Government to-government credits	0	0	87.8	86.8	0	0	87.8	86.8
3. Private credits guaranteed by governments	36.8	99.5	142.5	156.6	17.9	49.6	197.2	305.8
TOTAL	67.3	100.0	230.3	243.4	21.5	61.6	289.0	405.1

B. Increase between 31st July, 1959 and 31st January, 1960

(Million dollars)

	USSR	Poland	Other bloc countries	Total
1. Private non-guaranteed credits(1)	0	0	8.4	8.4
2. Government-to-government credits	0	- 0.9	0	- 0.9
3. Private credits guaranteed by governments	62.8	14.0	31.8	108.6
TOTAL	62.8	13.1	40.2	116.1

(1) A number of governments are not in a position to report on private non-guaranteed credits; such credits, however, probably did not account for more than a small fraction of the total.

4. The information given above calls for the following observations:

(a) During the six-month period ending 31st January, 1960, the level of credits granted to the Soviet bloc has clearly increased. Credits guaranteed by governments are the most important form of such credits and have increased most in absolute terms. On present data, covering so short a period, it is not yet possible to determine whether this development will continue.

(b) Poland has enjoyed a special position as a recipient of Western credits; she is the only country which has received government-to-government credits and she accounted for about half the private credits granted to the bloc at the end of January 1960. Poland has, however, only received a small part of the additional credits granted during the period under review.

5. It has not been found possible to establish trade figures which could be directly compared with the credit figures given above. Credits normally run over a varying length of time, up to five years. From the information available it does not appear at what period the actual shipment of goods made possible by these credits has taken or will take place. Therefore, corresponding figures for credits and trade cannot readily be determined.

6. All that can be said is that trade between NATO countries and the Soviet bloc has grown considerably in the last decade and is now about twice as large as in 1950. However, exports from NATO countries to the Soviet bloc have expanded by only 10% from 1957-1959, as is shown by the following table.

TABLE II - Exports of NATO countries to the Bloc

(Million dollars)

Year	USSR	Poland	Other bloc countries	Total
1957	411.7	266.8	421.6	1,100.1
1958	446.2	310.6	424.3	1,181.1
1959	429.9	287.3	509.0	1,226.2

In 1958 about half the Western exports to be bloc were in the form of agricultural products, raw materials and semi-manufactured goods; approximately one-third consisted of machinery and equipment.

7. It is recalled that the Council, when approving C-M(59)75, noted 'that other aspects of the problem of East/West trade will be considered by the Committee in due course'. Pending the results of this study all that can be said is that in order to meet the targets of her new 7-year plan, the USSR may well be compelled to increase her imports, especially of capital goods, from the West. This might in turn raise a question with respect to financing, though some time may elapse before the policy of the USSR in this regard becomes apparent.

(Signed) F.D. GREGH
Chairman

OTAN/NATO,
Paris, XVIIe.