

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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CREDITS GRANTED BY NATO COUNTRIES TO COMMUNIST COUNTRIES(1)

15th Report(2) by the Committee of Economic Advisers covering
the period up to 31st December, 1966

I. General trends

At the end of December 1966, outstanding credits(3) granted by NATO countries to Communist countries amounted to \$2,958.9 million. During the last six months of the year credits increased by \$436.3 million (that is, 17.3%); new credits came to a total of \$687.7 million, and reimbursements to \$251.4 million.

2. Of total outstanding credits, those of over five years amounted to \$1,146.6 million, i.e. 38.8%, as compared with 23.1% at the end of 1965 and 36% in June 1966; these credits increased by \$238.7 million during the second half of 1966, thus accounting for 54.7% of the total increase.

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- (1) The USSR, the Eastern European countries (Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and the Soviet Zone of Germany), Communist China, Mongolia, North Korea and North Vietnam.
 - (2) The previous Report to the Council has been circulated under reference C-M(66)141.
 - (3) Credits over 180 days (AC/127-D/174(Final)). Of the total outstanding on 31st December, 1966, 97.8% were private credits guaranteed by governments, the balance being government-to-government credits, from which only Poland has benefited, and which she is slowly reimbursing. No new credits of this kind have been granted since 1959, when NATO began to follow the development of credits granted to Communist countries. It should be noted that government-to-government credits recorded in the present series of reports do not include credits opened under bilateral trade agreements, which mostly extend over a period of less than 180 days, nor do they include sales of agricultural commodities under Public Law No. 480 of the United States.

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II. Geographical Distribution

3. Eastern European countries remained the chief beneficiaries of credits extended; in December 1966 their share, 53.2%, was practically the same as at the end of June 1966. During the second half of 1966, the most rapid increase - absolutely and percentagewise - took place in credits to Rumania, while those to Hungary declined by 7.9%.

4. Over the second half of 1966, although the growth of credits granted to the USSR was substantial, 16.2%, it was much smaller than the very high rise recorded in June 1966. The Soviet Union's share of overall credits declined very slightly from 36.8% in mid-1966 to 36.4% at the end of the year.

5. Credits to Communist China have also shown a further sharp increase (28.5%); this country's share in the total amount of credits granted to Communist countries has risen from 8.5% at the end of June 1966 to 9.4% at the end of 1966.

III. Credits and Exports

6. Some indications are given below about the trend of the exports of NATO countries to Communist countries. However, it should be borne in mind that it is not possible to establish an exact correlation between the evolution of such exports and that of credits, as available information does not permit the determination of the period at which the deliveries of goods, to which the credits apply, are carried out.

7. Exports from NATO countries to Communist countries in 1966 showed a marked rise in comparison to their level during 1965;

- exports to Eastern European countries increased by 26.2%, but this increase being however more marked in the case of deliveries from Europe (27.4%) than in that of North American exports (15.6%);
- exports to the USSR showed a rise of 13.1%, exclusively due to sales from North America which increased significantly (48.4%), chiefly as a result of wheat sales. European sales, on the contrary, have declined by 0.6%.
- exports to Communist China grew by 44.6% (35% from European sources and 75.6% from North America).

8. The Committee has noted that, in the case of the USSR, there has been, since mid-1964, a substantial increase in outstanding credits while the exports of the European member countries have remained approximately at the same level. Various possible explanations have been mentioned: the time lag between the opening of a credit and the moment when the corresponding exports are delivered can, in some cases, be considerable; large imports of cereals, which were paid in cash, may have caused the USSR to make use to a larger extent of credit facilities for other imports; an increasing part of the exports of the European NATO countries represents industrial equipment which is usually sold on credit terms; and possibly stronger competition among the industrialised countries of the Free World for Russian contracts. However, other factors may also have had some influence. The Committee also noted that the amount of indebtedness of some Communist countries, in particular Bulgaria, had become very high. It has not felt in a position to draw conclusions from these developments and the present report, like the previous ones, remains of a descriptive character. The Committee will, however, continue to study these problems.

(Signed) A. VINCENT
Acting Chairman

OTAN/NATO,
Paris, (16e).

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TABLE I

CREDITS(1) OUTSTANDING(2) AS OF 31ST DECEMBER, 1966

	Outstanding credits of over 180 days (In million US \$)	Of which outstanding credits of over 5 years (In million US \$)	Percentage share of the recipient countries in total outstand- ing credits
USSR	<u>1,078.1</u>	<u>654.4</u>	<u>36.4</u>
EASTERN EUROPEAN COUNTRIES <u>of which:</u>	<u>1,573.4</u>	<u>485.9</u>	<u>53.2</u>
Poland	397.9(3)	114.0(3)	13.5
Soviet-Occupied Zone of Germany	169.0	26.4	5.7
Albania	-	-	-
Bulgaria	284.8	37.5	9.6
Czechoslovakia	165.9	53.6	5.6
Hungary	92.0	30.2	3.1
Rumania	463.8	224.2	15.7
COMMUNIST CHINA	<u>277.6</u>	-	<u>9.4</u>
OTHER ASIAN COUNTRIES (Mongolia, North Korea, North Vietnam)	<u>29.8</u>	<u>6.3</u>	<u>1.0</u>
TOTAL:	2,958.9	1,146.6	100.0

- (1) Private guaranteed credits and government-to-government credits.
(2) For a complete definition of this term, see AC/127-D/174(Final).
(3) Of which \$64.8 million government-to-government credits.

TABLEAU II

CREDITS(1) EN COURS AUX DATES INDIQUEES ET VARIATIONS EN POURCENTAGE PAR RAPPORT A LA PERIODE PRECEDENTE

TABLE II

CREDITS(1) OUTSTANDING ON DATES INDICATED AND PERCENTAGE CHANGES FROM PREVIOUS PERIOD

DATES	URSS USSR		POLOGNE POLAND				ZONE D'OCCUPATION SOVIETIQUE D'ALLEMAGNE SOVIET-OCCUPIED ZONE OF GERMANY		BULGARIE BULGARIA		TCHÉCOSLOVAQUIE CZECHOSLOVAKIA		HONGRIE HUNGARY		ROUMANIE RUMANIA		TOTAL PAYS DE L'EUROPE DE L'EST (2) TOTAL EASTERN EUROPE(2)		CHINE COMMUNISTE COMMUNIST CHINA		MONGOLIE COREE DU NORD NORTH VIETNAM MONGOLIA NORTH KOREA NORTH VIETNAM		TOTAL GENERAL(3) GRAND TOTAL(3)			
	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change		
31.7.59	90,4	n.a.	138.9	n.a.	87.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	326.3	n.a.
31.1.60	52.1	- 42.4	168.5	+ 21.3	86.8	- 1.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	355.1	+ 8.8
31.7.60	123.0	+136.1	168.0	- 0.3	85.9	- 1.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	452.9	+ 27.5
31.1.61	167.9	+ 36.5	161.1	- 4.1	84.9	- 1.2	141.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	521.1	+ 15.1
31.7.61	229.0	+ 36.4	174.8	+ 8.5	83.9	- 1.2	20.5	+ 45.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	623.9	+ 19.7
31.12.61	277.5	+ 21.2	205.0	+ 17.3	83.9	-	41.6	+102.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	813.8	n.a.
30.6.62	316.8	+ 14.2	196.4	- 4.2	83.0	- 1.1	45.8	+ 10.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	934.6	+ 14.8
31.12.62	340.5	+ 7.5	237.2	+ 20.8	81.5	- 1.8	60.0	+ 31.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	992.7	+ 6.2
30.6.63	327,8	- 3.7	240.4	+ 1.3	79.5	- 2.5	50.3	- 16.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,025.4	+ 3.3
31.12.63	374.8	+ 14.3	226.0	- 6.0	77.6	- 2.4	44.9	- 10.7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,075.6	+ 4.9
30.6.64	324.9	- 13.3	223.3	- 1.2	75.7	- 2.4	37.7	- 16.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	996.9	- 7.3
31.12.64	589.7	+ 81.5	250.0	+ 12.0	72.5	- 4.2	64.9	+ 72.1	93.5	n.a.	110.2	n.a.	84.5	n.a.	108.6	n.a.	784.2	+ 22.7	74.4	+126.1	16.9	n.a.	n.a.	n.a.	1,465.2	+ 47.0
30.6.65	554.0	- 6.1	255.0	+ 2.0	70.4	- 2.9	121.6	+ 87.4	170.8	+ 82.7	116.1	+ 5.4	100.0	+ 18.3	128.0	+ 17.9	961.9	+ 22.7	111.8	+ 50.2	16.0	- 5.3	n.a.	n.a.	1,643.7	+ 12.2
31.12.65	577.7	+ 4.3	272.0	+ 6.7	69.3	- 1.6	162.2	+ 33.4	207.6	+ 21.5	152.5	+ 31.3	98.8	- 1.2	226.2	+ 76.7	1,188.6	+ 23.6	173.2	+ 54.9	25.5	+ 59.4	n.a.	n.a.	1,965.0	+ 19.5
30.6.66	927.6	+ 60.6	300.5	+ 10.5	67.1	- 3.2	151.3	- 6.7	274.9	+ 32.4	160.2	+ 5.0	99.9	+ 1.1	295.5	+ 30.6	1,349.4	+ 13.5	216.0	+ 24.7	29.6	+ 16.1	n.a.	n.a.	2,522.6	+ 28.4
31.12.66	1,078.1	+ 16.2	333.1	+ 10.8	64.8	- 3.4	169.0	+ 11.7	284.8	+ 3.6	165.9	+ 3.6	92.0	- 7.9	463.8	+ 56.9	1,573.4	+ 16.6	277.6	+ 28.5	29.8	+ 0.7	n.a.	n.a.	2,958.9	+ 17.3

n.a. = n.d.

- (1) Les crédits indiqués dans ce tableau sont des crédits privés garantis par les gouvernements et des crédits de gouvernement à gouvernement. La Pologne est le seul bénéficiaire des crédits de cette dernière catégorie qui figurent dans une colonne séparée.
- les crédits privés non garantis n'ont pas été inclus dans le tableau car d'une part les pays membres n'ont pas toujours signalés ces crédits et d'autre part, les renseignements disponibles ne peuvent être que très fragmentaires.
- (2) Jusqu'au 31 juillet 1960, les crédits consentis à l'Europe de l'Est étaient indiqués sous deux rubriques : (i) Pologne et (ii) l'ensemble des autres pays. Après le 31.7.60 et jusqu'au 30.6.64, les renseignements sur les crédits consentis à la Pologne et à la Zone d'occupation soviétique d'Allemagne ont été indiqués séparément, mais les autres pays de l'Europe de l'Est étaient encore groupés. Depuis le 31.12.64, les pays membres fournissent le montant des crédits accordés à chacun des pays de l'Europe de l'Est. L'Albanie ne figure pas dans le tableau car, apparemment, aucun crédit ne lui a été consenti.
- (3) Les crédits globaux en cours au 31.7.61 ne peuvent être comparés, car les crédits accordés à la Chine communiste n'ont été signalés qu'à partir du 31.12.61. De même, les crédits en cours au 30.6.64 et 31.12.64 ne sont pas strictement comparables car les renseignements concernant les crédits consentis à la Mongolie, à la Corée du Nord et au Nord Vietnam n'ont pas été fournis avant le 31.12.64. Toutefois, dans ce cas, ces crédits sont relativement faibles par rapport au total des crédits en cours; en conséquence, le fait de les avoir ajoutés aux autres crédits ne fausse guère le pourcentage d'augmentation.

- (1) Credits given in this table are private credits guaranteed by governments and government-to-government credits. Poland is the only beneficiary of the latter which are shown in a separate column.
- Private non-guaranteed credits have not been included in the table as, on the one hand, member countries have not always reported such credits, and, on the other hand, available data is likely to be very fragmentary.
- (2) Until 31.7.1960, credits to Eastern Europe were reported under 2 headings: (i) Poland and (ii) all the other countries grouped together. After 31.7.1960, and until 30.6.1964, data on credits to Poland and to the Soviet-occupied Zone of Germany were given separately, but the other Eastern European countries were still grouped together. Since 31.12.1964, member countries report the amount of credits granted to each Eastern European country. Albania is not shown in the table as, apparently, no credits have been granted to it.
- (3) Total credits outstanding on 31.7.61 and 31.12.61 are not comparable, since credits granted to Communist China have only been reported as from 31.12.61. Similarly, amounts outstanding on 30.6.64 and 31.12.64 are not strictly comparable as credits to Mongolia, North Korea and North Vietnam were not reported before 31.12.64. However, in this case, such credits are relatively small in comparison to the total outstanding ones, the percentage of growth is therefore hardly distorted by their addition.

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TABLE III

New outstanding private guaranteed credits granted to Communist countries and reimbursements made by the latter during the second half of 1966

(In million US \$)

Period	USSR	Poland	Soviet Occupied Zone of Germany	Bulgaria	Czechoslovakia	Hungary	Rumania	Total Eastern Europe (1)	Communist China	Mongolia N. Korea N. Viet- nam	GRAND TOTAL
1965/I	16.1	54.0	66.9	89.2	18.2	34.3	39.3	301.9	54.9	-	372.9
1965/II	71.3	71.3	59.3	41.1	40.8	6.0	111.4	329.9	85.7	10.1	497.0
1966/I	415.6	70.5	25.2	82.8	20.7	15.4	72.9	287.5	75.5	6.9	785.7
1966/II	188.3	92.1	40.6	33.4	24.0	6.2	191.9	368.2	105.7	5.5	687.7
Reimbursements during 2nd half of 1966	37.8	59.5	22.9	23.5	18.3	14.1	23.6	161.9	44.1	5.3	249.1 (2)

(1) No credits have been granted to Albania.

(2) If reimbursements by Poland of government-to-government credits are taken into account, total reimbursements are equal to \$251.4 million as stated in paragraph 1 of the report.

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T A B L E IV

PRIVATE GUARANTEED CREDITS AND GOVERNMENT-TO-GOVERNMENT CREDITS OF OVER FIVE YEARS
OUTSTANDING ON DATES INDICATED

(in million U.S. \$)

DATES	USSR	POLAND (2)		Soviet occup. zone of Germany	Bul- garia	Cze- choslo- vakia	Hungary	Rumania	Total Eastern Europe (1)	Commu- nist China	Mongolia North Korea North Vietnam	Grand Total
		Private guarant. credits	govt. to govt. credits									
31.12.64	149.4	0.3	72.5	-	1.0	19.9	18.4	-	112.1	-	-	261.5
30.6.65	159.4	5.7	70.4	9.3	1.0	26.0	28.5	29.0	169.9	-	6.3	326.6
31.12.65	162.7	13.0	69.3	26.9	1.1	32.8	28.6	113.1	284.8	-	6.3	453.8
30.6.66	537.5	32.4	67.1	27.0	37.4	39.0	30.4	130.8	364.1	-	6.3	907.9
31.12.66	654.4	49.2	64.8	26.4	37.5	53.6	30.2	224.2	485.9	-	6.3	1,146.6

(1) No credits have been granted to Albania.

(2) Poland is the only beneficiary of government to government credits.

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TABLE V

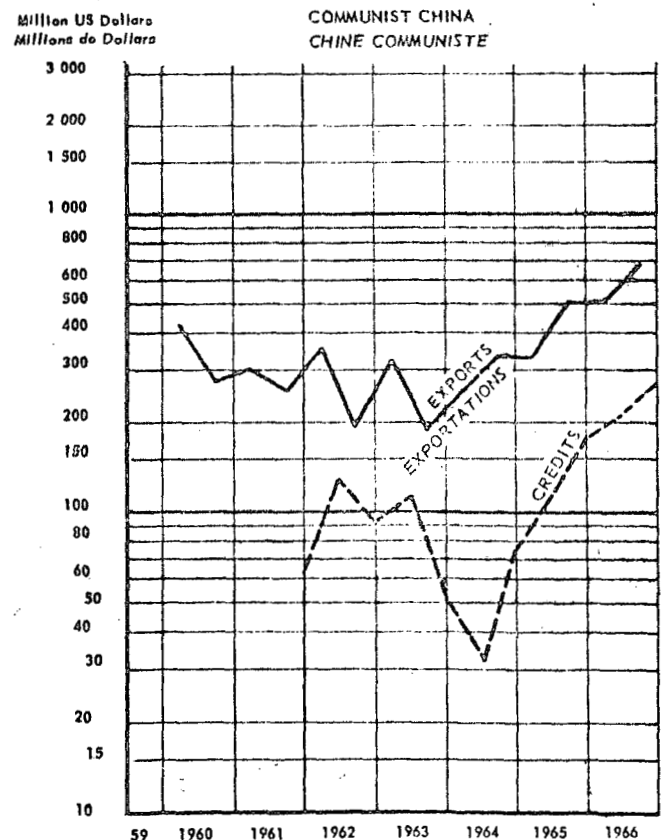
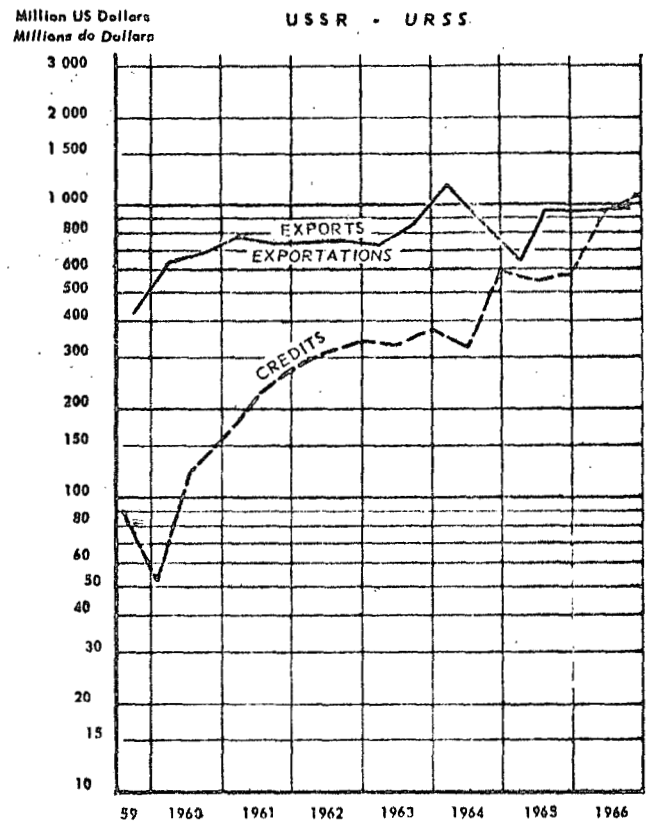
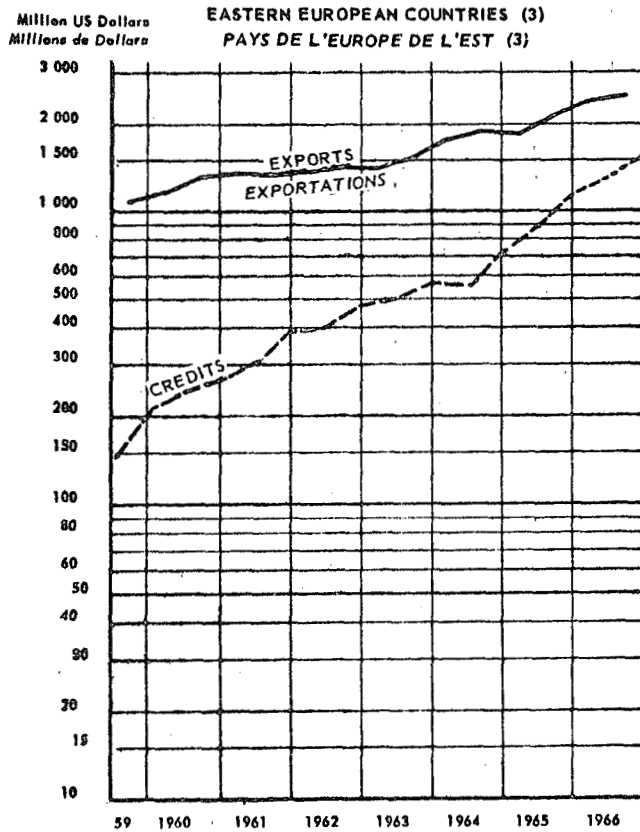
(In million US \$)

	1962		1963		1964		1965		1966	
	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half
NATO-EUROPE	364.0	369.3	352.0	278.5	257.2	327.3	286.2	304.0	296.1	290.9
NATO-NORTH AMERICA	12.4	10.8	10.8	151.3	334.1	105.1	39.3	187.9	174.2	163.0
TOTAL	376.4	380.1	362.8	429.8	591.3	432.4	325.5	491.9	470.3	453.9
	NATO COUNTRIES' EXPORTS TO THE USSR									
	NATO COUNTRIES' EXPORTS TO EASTERN EUROPE (1)									
NATO-EUROPE	590.8	645.8	609.3	672.7	697.8	771.9	841.0	918.2	1089.6	1,151.0
NATO-NORTH AMERICA	88.1	59.1	92.6	91.2	174.9	167.3	71.6	122.6	92.3	132.2
TOTAL	678.9	704.9	701.9	763.9	872.7	939.2	912.6	1,040.8	1,181.9	1,283.2
	COUNTRIES' EXPORTS TO COMMUNIST CHINA									
NATO-EUROPE	83.4	50.5	90.6	66.5	69.6	94.3	116.4	196.6	190.0	232.6
NATO-NORTH AMERICA	93.8	44.4	70.1	27.1	54.7	71.7	48.4	49.0	63.1	107.9
TOTAL	177.2	94.9	160.7	93.6	124.3	166.0	164.8	245.6	253.1	340.5

(1) Eastern Europe: Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania and the Soviet-occupied Zone of Germany.

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DEVELOPMENT OF NATO COUNTRIES' CREDITS (1) AND EXPORTS (2)
TO THE USSR, THE EASTERN EUROPEAN COUNTRIES AND COMMUNIST CHINA
EVOLUTION DES CREDITS (1) ET DES EXPORTATIONS (2) DES PAYS OTAN
VERS L'URSS, LES PAYS DE L'EUROPE DE L'EST ET LA CHINE COMMUNISTE



NOTES

- (1) Private credits guaranteed by Governments
Crédits privés garantis par les gouvernements
- (2) Export figures are yearly for 1959. Beginning 1960 export figures are half yearly and presented as yearly averages
Les chiffres des exportations sont annuels pour 1959. A compter de 1960 les chiffres des exportations sont semestriels et présentés comme des moyennes annuelles
- (3) Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Roumania and the Soviet-occupied Zone of Germany
Albanie, Bulgarie, Tchécoslovaquie, Hongrie, Pologne, Roumanie et la Zone d'occupation soviétique en Allemagne