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THE INDEBTEDNESS OF COMMUNIST COUNTRIES

Report by the Economic Committee

Since 1959 it has been the practice of NATO countries to report on guaranteed credits covering their exports to Communist countries(1).

2. The rapid increase in the indebtedness of Communist countries has raised the question whether or not some of them may have become overcommitted. The Economic Committee has been instructed by the Council to examine this question(2).

3. The present paper is largely based on information provided by capitals. It includes a calendar of scheduled service payments up to 1978 on the private export credits which have been officially backed by NATO countries by the end of 1970, but it has not been attempted to estimate how much the export credits which will be taken up later will increase these service payments. The paper cannot claim to be either complete or entirely reliable, since it has been necessary in some cases to resort to data from less reliable sources than the reports from member countries.

4. The report is purely descriptive. It comprises three parts, the first dealing with export and other credits, the second with total indebtedness, while the third is a country by country analysis.

(Signed) Y. LAULAN  
Chairman

NATO,  
1110 Brussels.

This document includes: 6 Annexes.

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- (1) The last report in this series was distributed  
29th April, 1971 as C-M(71)24  
(2) C-M(70)2, C-R(70)8 and C-R(70)32

N A T O C O N F I D E N T I A L

THE INDEBTEDNESS OF COMMUNIST COUNTRIES

SUMMARY AND CONCLUSIONS

1. During the last 10 years export credits granted to Communist countries by countries of the Alliance have grown considerably, so that at the end of 1970 the amounts outstanding to the debit of European Communist countries totalled about \$4.7 billion, of which \$2.5 billion for the countries of Eastern Europe and \$2.2 billion for the Soviet Union. The growing share of long-term credits should be stressed, their duration in some cases extending beyond 10 years; these credits represent, at present, 65% of the indebtedness of the European Communist countries.

2. An examination of the schedule of the dates on which credits extended to these countries fall due indicates that in certain cases - particularly Romania and Bulgaria - the debt servicing will represent a relatively heavy burden. Consequently, although to date Communist countries have met their commitments in a satisfactory manner, it is probable that some of them might be faced with increasing difficulties with regard to their debt repayments.

3. In at least one case - Hungary - credits other than those linked to exports seem to have represented a substantial amount. It is not excluded that the granting of these types of credit may grow in the future. On the basis of available information, it seems probable that the value of credits granted by countries which do not belong to NATO is at least equal to one quarter of that of the credits granted by members of the Alliance.

4. The country by country analysis indicates that the USSR continues to be the main borrower, particularly for long-term credits; this results in a relatively favourable indebtedness pattern, contrary, for example, to that of Romania and Bulgaria.

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I. EXPORT AND OTHER CREDITS

5. Export credits have acquired considerable importance in the 1950s and especially in the 1960s. The extension of such credits to Communist countries began somewhat later than those to the less developed countries - in the late 1950s for credits up to 5 years and in 1963-1964 for longer term credits(1).

6. Private officially backed export credits(2) represent the main source of the USSR and the East European countries' indebtedness in convertible currencies. Information available on these credits is more complete and reliable than on private non-guaranteed export credits, export credits from non-NATO countries, loans from Western financial markets, etc., which will be discussed separately.

A. Private officially backed export credits

(i) Evolution

7. New export credits made available to Communist countries have, since 1965, been reported periodically by NATO countries. As shown in Tables 1 and 2, there are fairly abrupt variations from year to year, in particular as regards longer term credits (more than 5 years). In 1970 new credits amounted to \$1.2 billion, 12% less than in the peak year 1969 but much more than in any of the previous years. The trend towards a higher level of extensions over the six years 1964-1970 seems clear.

8. This upward movement in the level of extensions is mainly due to credits granted to the Soviet Union. Whereas extensions of credits to the East European countries were already at a high level in 1965 and have until 1969 grown at an annual average rate of 3.5% only, the Soviet Union starting from a low point received in 1970 substantially more new credits than all the East European countries together (see Graphs 1 and 2 in Annex VI).

9. Most of the credits taken up by the USSR since 1966 are of a duration of more than 5 years. They accounted for 93% of all credits extended to this country in 1969-1970. The share of longer term credits in the total obtained by the East European countries is much more modest (35%) (see Tables 4 and 4a).

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- (1) Since 1964 the share of the Communist countries in all longer term credits guaranteed by the OECD countries has been around 12%. See Annex III.
- (2) The reported credits include interest to be paid in future. No information has been given on commercial credits of 180 days or less. See Annex I to this paper, and AC/127-D/331 dated 2nd February, 1971.

10. The share of the various East European countries in the total extended to them has not changed in any dramatic way. The largest single borrowers are Romania and Poland. If the inter-German credits are included (information on which is only available for the last six months of 1970) the GDR ranks third among the East European countries.

(ii) Cost

11. In certain exporting countries various arrangements have made it possible to lower the cost of export credits below the rates prevailing for domestic transactions; this has worked to the advantage of all importers including the Communist countries. No NATO country accords, in principle, more favourable rates to the Communist countries than to other industrialised countries. Some indications of the present cost of credits to these countries are given in Annex II.

(iii) Duration

12. Whereas in the fifties most credits were for less than 5 years, in the sixties longer term credits have been more and more resorted to as the understanding reached within the Berne Union to set a 5 year limit on guaranteed export credits was progressively relaxed.

13. In most exporting countries longer term credits cover a period of between 7 to 10 years after complete delivery of the equipment, machinery etc. has taken place. It should be noted that in the case of turnkey factory sales there may be a span of 3 years or more between the time the contract is signed and delivery is actually completed. There have been recent, unconfirmed reports of credits stretching as far as 20 years ahead.

B. Private export credits (without official backing)

14. With the exception of Norway and Italy(1) member countries have not been able to supply information on the amount of export credits which might have been extended to Communist countries without official backing. It is known, however, that exporters are able to find in certain cases a Western or Soviet bank in the West willing to finance their

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(1) In the case of Italy, non-guaranteed credits represented some 14% of the credits to the East European countries and 0.6% of the credits to the USSR (of over 360 days). In the case of Norway, private non-guaranteed credits in respect of sales of second-hand ships to East European countries represented some 43% of all outstanding credits to Communist countries at the end of 1970.

sales without official guarantee(1). There are reasons to believe that such financing by and large represents a modest share of total credits granted by most Allied countries.

C. Government to Government credits

15. The only credits of that nature reported to NATO are those granted by the United States Government to Poland in 1946, 1957, 1958 and 1959; they originally amounted to \$101 million, of which \$57 million was still outstanding at the end of 1970.

D. Other Borrowings

16. In 1968 Hungary secured 3 to 4 years Eurodollar facilities to the tune of \$10 million and subsequently \$15 million from banking consortia headed by Lazard and Rothschild respectively. In 1969, the Bank of London and South America arranged a \$15 million loan to the National Bank of Hungary. The money was raised by a syndicate of 12 international banks and was to be used for expanding the aluminium industry. In a similar way, the same bank arranged a \$30 million loan in 1970. This loan was for 5 years with repayments beginning in 1973 and was to be used for modernisation of the pharmaceutical industry. In 1971, Hungary was the first East European country successfully to place a Eurobond issue of \$25 million for 10 years on the market. In December of the same year, a consortium of 18 international banks advanced the National Bank of Hungary a new 5 year loan of \$50 million to assist financing the development programme of Hungary's export orientated industries. Assuming this information is complete, financial loans to Hungary would amount to a total of \$145 million between 1968 and 1971(2).

E. Compensation Agreements

17. A number of agreements have been concluded between the USSR and the East European countries on the one hand and Western countries on the other as regards compensation of prewar debts, nationalisations and - in the case of the USSR - lend lease. The yearly payments under these agreements do not represent large amounts(3)...

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- (1) Insurance cover for political and commercial risks is given by the Soviet-owned Austrian registered company GARANT, which in turn is accepted by certain banks in Austria and Germany.
  - (2) According to press reports, Romania also has obtained \$13 million loans of this kind and the Comecon Bank (International Bank for Economic Co-operation) is negotiating important loans from various Western banks. A medium-term loan of \$20 million has already been granted by a consortium of banks and another \$60 million loan may recently have been arranged too.
  - (3) In 1963 they amounted to some \$9 million from all the East European countries (AC/127-WP/173(Revised)) and to some \$19 million from the USSR (AC/127-WP/193).

F. Export credits by non-NATO countries

18. No complete information on the importance of export credits from industrialised non-NATO countries is available. It is, however, known that Japan, next to the United States, is the largest single supplier of export credits to all destinations and that it has also granted considerable credits to the USSR and some to East European countries. Moreover, Austria and, to a lesser extent, Sweden and Switzerland, have granted suppliers' credits to the Communist countries.

19. As regards longer term credits for the purchase of industrial goods, indications are that new credits from industrialised non-NATO countries to the USSR in the period 1965-1970 have amounted to at least some \$550 million (against credits from NATO countries of \$1.9 billion). This would mean that some 22% of total credits of this category came from non-NATO countries(1). In the same period such credits to East European countries have amounted to at least \$240 million (against credits from NATO countries of \$1.4 billion) and represented 15% of the total(1). However, the rôle of non-NATO countries seems to vary very much from one East European country to the other. (See Part III below).

II. OVERALL INDEBTEDNESS

A. Accumulated outstanding credits

20. Whereas there are considerable ups and downs in the extension of new credits, the total of credits outstanding has risen almost uninterruptedly since 1959. Nearly every year throughout this period, the Eastern countries have taken up more new credits than they have reimbursed, and a higher proportion of the credits taken up has been of a duration exceeding 5 years. By the end of 1970, the amount due by the European Communist countries had reached \$4.7 billion, of which \$2.5 billion was due by the East European countries and \$2.2 billion by the Soviet Union.

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(1) The non-NATO and NATO figures have been drawn from different sources and are not strictly comparable. The latter are generally much more comprehensive. Therefore it is likely that the importance of the non-NATO longer term credits has been underestimated. This is also indicated by the respective rôles of NATO and non-NATO OECD countries in trade with the European Communist countries. In 1970, the OECD countries not belonging to NATO (Austria, Finland, Ireland, Japan, Spain, Sweden and Switzerland) accounted for 32% and 21% of total OECD trade with the USSR and the East European countries respectively.

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B. The payment schedule

21. The new reporting procedure(1) has, for the first time, made it possible to draw up a calendar showing the reimbursements due each year up to 1978(2). The scheduled repayments are as follows:

Future Service Payments on Officially Backed Export Credits(3)  
(million US \$)

Deb- tor coun- try	Total credits outst. 31/12/ 70	1971	1972	1973	1974	1975	1976	1977	1978 and after
East- ern Eur- ope	2,572.16	44.34	1511.52	7418.39	7316.58	0247.66	1171.78	0105.97	6151.56
USSR	2,177.43	310.23	1271.27	0244.82	0230.41	2219.40	7186.89	3165.78	4548.57
TOTAL	4,749.59	54.57	2782.79	7663.21	7546.99	2467.06	8358.67	3271.76	0700.14

22. The table gives rise to a number of observations. The USSR and East European countries between them have debt servicing obligations which for the year 1971 amount to \$955 million - 20% of all outstanding credits. The repayments due in 1971 appear very heavy but fall regularly over the period up to 1977. Over the period 1972-1977, none of the borrowing countries will have to face in any one year a concentration of debt service charges on the already granted credits. It has not been found possible to quantify the service payments which will become due on credits which have been taken up since the end of 1970 and which will be taken up in the future.

(1) AC/127-D/331.

(2) Obviously, this calendar is incomplete in as much as it is not possible to take into account the new credits which have been taken up in 1971 and which will be taken up in the following years. Debt servicing in 1972 and the following years will, therefore, be swollen with repayments of credits opened in 1971 and later. Only the debt servicing shown in 1971 is likely to be comprehensive as the credits granted that year will practically not give rise to repayments before 1972. On the other hand, the amounts in the table are based on the schedule set out in the contracts. As contracts are carried out, changes in the schedule are likely to occur.

(3) Payments include interests and reimbursements of capital. Table 6 gives the breakdown of repayments for each of the East European countries. Of the outstanding debt of 5 East European countries \$4.2 million are not included above as the repayment schedule of this amount is not known; it is probable that it will take place after 1978.

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23. Over the period up to 1978, the debt structure of the USSR is much more favourable than that of any of the East European countries, in the sense that the debt is longer term. Between now and 1975, the Soviet Union will only have to reimburse 59% of the export credits extended, whereas the corresponding figure for the East European countries is 83% (Table 7). This reflects the fact that 87% of the export credits granted to the USSR are of a duration of more than 5 years as against only 47% of those of the East European countries (Table 4a). It is also likely that the over 5 years credits negotiated by the USSR are on the average longer than those obtained by the East European countries. The USSR's favourable debt structure is no doubt due to a higher proportion of large scale projects covered and to its superior bargaining power in dealing with the Western firms.

24. Among the East European countries there are also considerable differences. Three countries (Poland, Bulgaria and Hungary) benefit from a more favourable debt structure as illustrated in Table 7.

C. Debt Servicing Capabilities

25. The burden of debt servicing may be illustrated by comparing the payments falling due in 1971 with the latest available information on the borrowing countries' export receipts from NATO countries (1970). These percentages bring out that Romania and Bulgaria are confronted with very heavy debt servicing. They also show that, of all other countries, the USSR is the one which has most heavily mortgaged her future exports.

Debt Servicing as a percentage of export receipts(1)

USSR	Romania	Bulgaria	Poland	GDR	Czech.	Hungary	East Eur. countries
18	41	49	17	14	13	9	20

The impact of debt servicing depends on the net trade position. Over the years 1966-1970 this position was negative in all these countries, with the exception of the USSR and Poland.

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(1) A more elaborate calculation has been made in Annex IV. See also for Romania C-M(72)12. The above percentages, if calculated on the basis of 1971 export receipts, would probably be somewhat smaller. For the first half of 1971 exports to NATO countries by the East European countries increased by 14% and those of the USSR by 4%.

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III. COUNTRY BY COUNTRY ANALYSIS

A. Repayment performance

26. The Communist countries have not defaulted on the repayment of the export credits falling due. The only instance of defaulting which has been reported concerns a Bulgarian enterprise which subsequently paid the claims.

27. Several Eastern countries have, however, had payment difficulties. Some NATO countries have accepted to refinance maturing obligations of Bulgaria, Romania and Czechoslovakia. These countries have obtained some extension of the period of debt servicing, but there has been no general debt consolidation of the kind which has been negotiated with a number of less developed countries by groups of lending countries. Moreover, it has been reported that Bulgaria has received Soviet aid to meet her obligations towards the West and that of the \$300 million credit given to Romania by China in September 1970, \$100 million was in freely convertible currency.

B. The Borrowers

(a) The USSR

28. It is recalled that:

- since 1965 the increase in new extensions of credits to the USSR has been particularly rapid, and, therefore, drawings have been much larger than reimbursements;
- the share of longer term credits in the total granted to the USSR is high.

29. The reported indebtedness of the USSR to NATO countries (\$2.2 billion)(1) looks modest compared to that of the East European countries(2). Accumulated outstanding credits correspond to \$9 per head of population as against an average of \$24 in the East European countries. Compared to GNP these credits correspond to 0.5% against an average of 2% in the East European countries.

30. However, if the USSR's future reimbursements are compared to its export earnings from the industrialised non-Communist countries the ratio between debts and exports is higher than that of all the other East European countries with the exception of Romania and Bulgaria. (See Annex IV.) This illustrates the modest rôle of foreign trade in the economy of

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- (1) Excluding non-guaranteed export credits. See Table 5.  
(2) To give an order of magnitude, it may be mentioned that, for instance, Yugoslavia's and Israel's indebtedness at the end of 1970 amounted to some \$2 billion each.

the Soviet Union. In the assessment of this high debt/export ratio, it should also be kept in mind that the USSR, to a greater extent than the East European countries, is able to reimburse in kind the credits received by arranging barter deals; for instance, delivery of natural gas in payment for pipes. Moreover, the USSR, unlike the East European countries, has gold reserves generally estimated at \$2 billion.

31. Credits mostly refer to turnkey contracts, such as sales of car and chemical plants, machinery and pipelines. France has the largest share (27.7%) in the credits extended by NATO countries, followed by Italy (26.5%), the Federal Republic of Germany (25.8%) and the United Kingdom (17.5%). The average duration of the longer term credits ranges between 6 and 10½ years.

32. As mentioned above, the USSR has obtained at least \$550 million longer term credits from non-NATO countries in the period 1965-1970. If this is correct, NATO countries accounted for some 78% of all credits in this category.

(b) Romania(1)

33. Romania is by far the largest East European borrower (\$789 million). Future service payments are heavily concentrated in the years up to 1975 and in the last six months of 1970 reimbursements on old credits exceeded drawings on new ones.

34. The Federal Republic of Germany accounted for 33% of NATO countries' credits to Romania (chemical plants and steel plant equipment), France for 22% (chemical and car plants), the United Kingdom for 20% (machinery), Italy for 12% and Belgium for 9%. The average length of the longer term credits is about 8 years.

35. In the period 1965-1970, Romania has received at least \$56 million longer term credits from non-NATO countries. On this basis, the rôle of these countries was modest. In the 1960s they accounted for some 8% of new credits of this category, and for 19% in 1970.

(c) Bulgaria

36. With a debt of \$324 million, Bulgaria is, next to Romania, the East European country which relative to its economic and foreign trade potential and its population has the most heavy obligations towards NATO countries. The share of over 5 year credits now represents about 54% of the total debt. Its debt servicing obligations are considerably less concentrated in the first years than those of Romania.

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(1) The indebtedness of this country has been discussed in greater detail in C-M(72)12.

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37. The largest lenders to Bulgaria among NATO countries are France (48%), Italy (18%), Belgium (10%), Federal Republic of Germany (9.6%) and the United Kingdom (8%). The length of longer term credits to Bulgaria varied between 7 and 8½ years.

38. In the period 1965-1970, Bulgaria has received at least \$43 million longer term credits from non-NATO countries (about 17% of all credits of this category).

(d) Poland

39. Poland is, next to Romania, the largest borrower in Eastern Europe (\$632 million). Relative to population, GNP, and trade with the industrialised non-Communist countries, Poland's indebtedness is less than half that of Romania and Bulgaria but it is higher than that of the other East European countries. Poland's debt structure is quite favourable. Long term credits amount to 65% of total outstanding debts (9% represent United States Government to Government loans).

40. The United Kingdom has the largest share (26%) in NATO countries' credits to Poland, followed by France (18%), Italy (17%), Denmark (13%), the Federal Republic of Germany (10%) and the United States (9%). These export credits mainly concern cargo vessels (Denmark, United Kingdom, Italy) and machinery (France, the Federal Republic of Germany). The length of longer term credits varied between 7 and 8½ years.

41. Poland seems to have received some \$28 million longer term credits from non-NATO countries between 1965-1970. If the figure is correct these credits accounted for some 7% only of total credits in this category.

(e) GDR

42. GDR is the third largest borrower in East Europe, (\$407 million). Inter-German commercial credits are included, but not the "swing balance" on which the GDR may be debtor to the extent of some \$150 million. The level of credits guaranteed by NATO countries other than the Federal Republic has changed markedly from year to year. The share of over 5 year credits is the lowest in East Europe - about 7% of the credits outstanding by the end of 1970. As a result, 89% of service payments will fall due before 1975.

43. The Federal Republic of Germany accounted for 38% of the credits reported by NATO countries to the GDR, France for 28%, the United Kingdom for 15%, and Belgium for 12%. Among the few contracts notified, most of them concerned the delivery of ships (Belgium, Netherlands). The length of the long term credits notified varied between 6 years and 7 years.

44. No information is available on any longer term export credits granted by industrialised non-NATO countries in the 1960s. Japan is reported to have granted a long-term credit of \$75 million in 1970.

(f) Czechoslovakia

45. Czechoslovakia's debt to NATO countries is \$260 million. The debt structure is unfavourably short-term, as 90% of service payments fall due before 1975.

46. The largest NATO lenders to Czechoslovakia were the Federal Republic of Germany (24%) (chemical plants), France (19.7%) and the United Kingdom (14%). The average length of long-term credits varied between 7 and 8½ years.

47. Between 1965 and 1970 Czechoslovakia has obtained longer term credits from industrialised non-NATO countries amounting to at least \$48 million. Non-NATO countries have thus provided 27% of all credits in this category.

(g) Hungary

48. Export credits due by Hungary amount to \$159 million, the smallest figure in Eastern Europe, both in absolute and relative terms. However, new extensions have risen considerably in recent years.

49. Among NATO countries the United Kingdom is the largest provider of export credits to Hungary (40%), followed by Italy (16.6%), the Federal Republic of Germany (15%), France (13%) and Belgium (11%). These credits concerned mainly the sale of chemical plants (United Kingdom, Belgium) and lorry plants (France and Germany). With the exception of the 10 year credits notified by the United Kingdom and Denmark, all the other long-term credits have a duration of about 8 years.

50. No information is available on any longer term export credits to Hungary from non-NATO countries. On the other hand, Hungary is reported to be very active in the short-term Euro-dollar market and it has also obtained a number of medium and longer term loans on this market in recent years. (See paragraph 16 above). These financial loans are as large as the amount due in respect of export credits and, therefore, will significantly affect the repayment capability of Hungary.

C. The lending countries

51. The rôle of the various NATO countries in the accumulated outstanding export credits to the USSR and the East European countries is shown in Table 11. It appears that 97.5%

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of the credits to the USSR and 82% of the credits to the East European countries are guaranteed by four countries: France, Federal Republic of Germany, Italy and the United Kingdom. Between them, these four countries accounted for 74% of NATO countries' exports to the USSR and 77% of their exports to the East European countries(1). They were also (with Denmark) the countries which had the highest proportion of machinery and equipment in their exports to the European Communist countries(2).

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- (1) See AC/127-D/360, page 25.  
(2) See AC/127-D/303, page 27.

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DEFINITIONS AND METHODOLOGICAL NOTES

1. Since 1959 NATO countries have provided information on officially backed export credits of more than 180 days extended to Communist countries. Revisions of the reporting procedure have gradually added to the detail supplied. The present Annex sets out the kind of information available, the period for which it is at hand, and the purposes for which it can be used(1). The credits referred to here are those extended by a Western exporter or bank and guaranteed by an official agency in a NATO country.

2. The longest series concerns the accumulated outstanding credits. For the East European countries taken together this information is available since 1959. From 1964 on, the position of all the individual East European countries has been reported. For the purpose of the reporting procedure, a credit is "outstanding" once it is entered into, that is, once a contract setting out the risk to be covered has been signed between the guaranteeing body and the exporter, bank or other financial institution. This means that a credit is "outstanding" before delivery is made or a debt is actually incurred. The amount reported comprises all credits thus opened until the reporting date and includes interest to be paid in future. On the other hand, reimbursements received are deducted and do not figure in the amounts outstanding. The figure of accumulated outstanding credits thus shows the total amount due to be reimbursed in future by the borrowing country. Changes from one reporting date to the next indicate trends in total indebtedness but cannot be used to assess the flow of credits because these changes are as much the result of reimbursement of old credits as of extension of new credits. The main use of this information is to indicate the future financial commitments of the debtor country. As regards "accumulated outstanding credits", certain points should be borne in mind.

- (a) They do not indicate whether there is any dangerous accumulation of reimbursement in any particular period.
- (b) They cannot be compared with exports from NATO countries as most of the amount outstanding is likely to be related either to goods delivered earlier than the reporting period or to future exports.
- (c) Moreover, changes in the outstanding amounts are unreliable as indicators of the trends in the extension of new credits because they are influenced by reimbursements, the magnitude of which reflects variations in the flow of credits granted in earlier years.

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(1) The exact definitions of the terms used are set out in the rules of the reporting procedure AC/127-D/331 dated 2nd February, 1971.

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3. Since 1965 member countries have reported the amount of new credits extended in the course of a 6-monthly reporting period, and since 1968 this information has been given separately for credits up to five years and for those of longer duration. This information makes it possible to ascertain to what extent a change in the "stock" figure of outstanding credits is due to new rather than to past events. It also makes it possible to follow the trend in the extension of new credits. Because it gives an idea of the flow of resources made available to the Communist countries by credits, it is more useful than the information on outstanding credits as an indication of the economic effects of these credits. However, the time between the opening of a credit and the delivery of the goods is long and varies from case to case. It is therefore impossible to determine the exact period within which these credits have been used to finance imports into the debtor country.

4. It would, however, be possible to relate imports to credits on the basis of information on drawn credits, i.e. the amount of credits in fact utilised over a given period either through delivery of goods or through utilisation of loans. In the new reporting procedure an estimate of such utilisation during the last reporting period is asked for, and member countries have been able to give such estimates in the reports covering the last six months of 1970. When these estimates become available over a few reporting periods it will be possible to determine more exactly the economic rôle of the credits. When comparing over a given period imports with credits drawn, certain facts should, however, be borne in mind. The reported credits include the interest to be paid. This must be deducted if imports are to be related to credits. The share of interest in the total amount to be paid varies with the rate of interest and the duration of the credit. The average share of interest may be some 10% in credits up to 5 years and some 20% in longer credits. Moreover, trade statistics do not include all imports covered by the credits, as only physical goods are covered, yet credits also cover "software", i.e. the value of "know-how" and various services. In the case of complete plants sold this may account for as much as 40% of the total price. Thus in comparing imports and credits, the rôle of the latter is overstated.

5. Since 1965, when member countries started to report on new credits, the Economic Directorate has calculated the amount of reimbursements of earlier credits. This is done by adding the new credits to the accumulated outstanding credits at the end of the previous period and deducting the amount now outstanding. The figures obtained by this method are not entirely accurate. If for instance a guarantee is given but later annulled, it will appear as a reimbursement, although in fact there has been neither credit nor refunding. Nevertheless, it is considered possible to use the calculation of

"reimbursements" as an indicator of trends. Under the new procedure, which provides for the reporting of reimbursements, this source of error should be eliminated. The figure for reimbursements in the second half of 1970 is the first one based on this procedure.

6. In accordance with the new reporting procedure, member countries have reported future service payments (reimbursements plus interest) due eight years ahead. This permits the assessment of the debtor country's credit-worthiness in the light not only of its total commitments but of the way these are spread over time. This calendar of repayments shows the situation as it would be if no credits were taken up in the future as the reports obviously do not comprise reimbursements on such credits which might be taken up in 1971 and later. The reporting of reimbursements due in 1971 should be almost complete, since reimbursements on credits granted in 1971 will not normally start until 1972 at the earliest. To the reimbursements currently reported for 1972 onwards will subsequently have to be added reimbursements of any credits taken up in 1971 or later.

COSTS OF EXPORT CREDITS IN SOME OF THE  
MAIN LENDING COUNTRIES(1)

1. In the United Kingdom a fixed interest rate of 5.5% for medium and long-term finance for exports was introduced in 1962; it was raised to 7% in September 1970 but lowered to 6.5% in October 1971. The fixed rate applies to business with all countries. These rates do not include bank charges and insurance premiums. Annual bank charges vary between 0.4% and 0.6%.

2. In France interest rates on export credits vary with the type of the credit (supplier's or buyer's credit), the length of the credit and the status of the buyer (public or private). In the case of the supplier's credit, interest rates vary between 6.16% for 5 year credits and 6.67% for credits of 7 years and longer duration. To this should be added the cost of insurance premium. On buyer's credits interest rates vary between 6.31% for a 5 year credit and 6.83% for credits of 7 years and longer duration. To this should be added certain charges which vary with the status of the buyer. The rate of interest applied to Communist countries is the same as to industrialised non-Communist countries. The rate of interest paid by the buyer is negotiated directly and may vary from case to case.

3. In the Federal Republic of Germany export credits to industrialised or Communist countries are granted at the normal market rate of interest. However, the export Credit Company has a re-discount line at the Central Bank. By refinancing on this line (from ceiling A) rates slightly lower (some 0.5%) than the market rate can in individual cases be obtained. By September 1971 the rate was 8-8.5%. With regard to the GDR, the conditions are similar. The credit arrangements are, however, taken over by a special organization. Buyers from less developed countries can obtain a somewhat lower rate of interest (when they qualify for re-discounting from ceiling B).

4. In Italy the average interest rates on medium-term supplier's credits were 6.5% in 1970. There was an average contribution by the State of about 3.5% (the difference between the interest paid by the buyer and the interest rate quoted on the market). There was no subvention of either short-term or long-term credits. There is no difference between Communist countries and other countries as regards the interest rates charged but since 1971 there is a difference between credits to Common Market countries and to other countries. Interest rates to the former are higher following an EEC arrangement in accordance with which the official re-discount rate has to be applied. The insurance premium paid on credits to Communist countries is among the lowest quoted due to their high credit rating.

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(1) The rates indicated below are the most recent ones. The rates of interest quoted before 1971 were lower in several countries, in particular France and the Federal Republic of Germany. In the latter, interest rates of 5.5% have been charged. The interest rate charged on the credit of DM 328 million granted in 1970 to finance the purchase of pipelines was 6%.

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5. Export credits granted by private United States firms to Communist countries, with or without bank financing, are permitted so long as the credit terms are comparable with those commonly applicable to exports of the same commodities to other countries. The main source of export credits in the United States is, however, the Export/Import Bank which is engaged in both credit insurance and financing. This bank has, until recently, been precluded from participating in financing exports to Communist countries with the exception of Yugoslavia. However, under the Export Expansion Finance Act, the President can deem it in the national interest to allow the extension of credits. He did so as regards Romania in December 1971. The average interest rates for medium and long-term credits seem to vary between 6.8% and 10.5%.

6. The Belgian interest rates follow the market rates. Since 1968 there has been a continuous increase of the rates of credit-export, which are now 7.6% for credits up to 5 years and 7.85% for credits of longer duration. Rates are the same regardless of the geographic destination of exports.

7. In Canada, loans guaranteed by the Export Development Corporation are financed by the Canadian Chartered Bank at strictly commercial rates.

8. In Norway the rate of interest for Communist countries is similar to those quoted for export credits to other countries. For short-term credits 7 to 8%, medium-term credits 8 to 9% and long-term ones 8 to 10% (in 1971). This is about one third above the levels in the early sixties.

RECAPITULATION OF INTEREST RATES FOR  
MEDIUM AND LONG-TERM CREDITS  
(in 1971)

United Kingdom	7% (6.5% since October 1971)
France	6.16 - 6.83%
FRG	8 - 8.5%
Italy	6.5% (1970)
United States	6.8 - 10.5%
Belgium	(7.6% up to 5 years (7.85% over 5 years)
Canada	Commercial rates
Norway	(Short-term      7 - 8%
	(Medium-term     8 - 9%
	(Long-term       8 - 10%

LONG-TERM CREDITS GUARANTEED BY OECD COUNTRIES  
SHARE OF MAIN GROUPS OF COUNTRIES IN OVER 5 YEARS  
CREDITS GUARANTEED BY OECD COUNTRIES FOR  
THE PURCHASE OF INDUSTRIAL EQUIPMENT

(in percentages)

	1964	1965	1966	1967	1968	1969	1970
Industrial countries	7.9	12.7	33.1	18.8	13.9	15.1	20.6
State trading countries	12.0	13.5	14.6	12.4	10.2	11.9	12.7
Less developed countries	80.1	73.8	52.3	68.8	75.9	73.9	66.7
TOTAL	100	100	100	100	100	100	100

Note: The share of the USSR and East European countries in the total extended by OECD countries seems to have been somewhat around 12% without any tendency to change much. Industrial countries are: the EEC, EFTA, Canada, USA, Australia, New Zealand, South Africa and Japan; Yugoslavia is grouped with the less developed countries.

ASSESSMENT OF THE DEBT SERVICE BURDEN

1. In paragraph 25 the Communist countries' debt servicing commitments in 1971 have been compared with their preceding year's income on exports to the NATO countries. The main purpose of this comparison was to indicate the considerable difference found in the situation of the various Warsaw Pact countries.

2. In order to provide some preliminary elements for a comparison between Communist and non-Communist countries it has been attempted to apply the method used by the OECD Development Assistance Committee to calculate "the average debt service ratio". The numerator of the OECD ratio is total cumulative debt service payments (principal and interest) due during the next 15 years on present debt outstanding, and the denominator the value of exports of goods and services in the latest available year. The ratio is converted to an annual basis by dividing it by the number of years covered. In the case of the Communist countries two ratios have been calculated, one in respect of credits maturing in the first 5 years and one in respect of total debt. In the latter case it has been assumed that the debt of the GDR, Czechoslovakia and Romania mature in 8 years, that of Poland, Bulgaria and Hungary in 9 years and that of the USSR in 11 years.

3. It has not been possible to apply the OECD method fully. In any interpretation of the table below the following should, in particular, be borne in mind:

- (a) for the less developed countries the OECD has been able to take foreign exchange reserves and invisible income into account, whereas such information was not available for the Communist countries. The debt service ratio would have been smaller for the Communist countries if it had been possible to make such adjustments;
- (b) in the case of the less developed countries it is, in principle, the total debt which is considered, whereas in that of the Communist countries only the debt arising from officially backed export credits has been taken into account. Had it been possible to include all debts the ratio for the Communist countries would have been higher;
- (c) in the case of the less developed countries, all exports are taken into account, also those to countries with which trade is conducted on a bilateral basis, whereas only exports to

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industrialised non-Communist countries are taken into account in the case of the Communist countries. (In the comparisons in paragraph 25 only exports to NATO countries were taken into account.)

AVERAGE DEBT SERVICING/EXPORT RATIO

	USSR	Rom- ania	Bul- garia	Poland	GDR	Czech.	Hun- gary	East Eur. count- ries
Debts falling due 1971-75	10.7	21.7	20.5	9.8	7.8	6.9	5.0	10.8
Total debt*	8.3	15.9	13.8	7.2	5.5	4.8	3.7	7.7

\* See Column I, Table 6

3. As the OECD stresses, the average debt service ratio can only provide an illustration of the "complex problem of debt servicing capacity, the full analysis of which would involve a much greater research and data input". Moreover, the discrepancies in the data available for the Communist and non-Communist countries only allow a rough comparison to be made. Bearing this in mind, the above ratios for the Communist countries' total debt may be compared to those of certain non-Communist borrowers; for instance, the debt servicing ratio of Tunisia and India surpasses or approaches 20, while that of Brazil, Ghana and Israel is over 10(1).

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(1) See OECD Development Assistance Review 1970, (page 155) and 1971 (page 154).

IMPACT OF CREDITS ON BALANCE OF PAYMENTS  
AND TRADE IN THE SECOND HALF OF 1970

1. A comparison of the amount of credits drawn and the service payments effected by the Eastern countries brings out the net balance of payments effect of these credits in the period considered. Table 8 shows that the USSR drew \$192 million more on new credits than it reimbursed on older ones, whereas the corresponding figure for all the East European countries was only \$16 million. In three of the latter countries the outflow due to service payments on earlier credits was greater than the drawing on new credits. This was marginally the case for Hungary and Bulgaria, whereas for Romania the negative balance of payments effect amounted to \$31 million.

2. For the second half of 1970, it is also possible to compare the amount of credits utilised with the imports of the borrowing countries. This is done in Tables 9 and 10. It appears that - at least in this short period - there was a marked difference between the ratio credit/imports of the USSR and that of the East European countries. In the case of the latter the volume of imports from the lending countries financed by credits was 18%. In the case of the Soviet Union it was as high as 49%.

GRAPHS AND TABLES

New credits to USSR and Eastern Europe by NATO countries (1959-1970)	Graphs 1-8
Accumulated outstanding credits to USSR and Eastern Europe	Graph 9
Outstanding credits (by NATO country)	Graph 10
Outstanding credits (individual Communist countries' share in total)	Graph 11
New credits (up to, and longer than, 5 years) granted by NATO countries (1965-1970)	Table 1
New credits (up to, and longer than, 5 years) to USSR	Table 2a
New credits (up to, and longer than, 5 years) to the East European countries	Table 2b
New credits (individual Communist countries' share in total)	Table 3
Long term credits (over 5 years) as proportion of new credits (1965-1970)	Table 4
Long term credits (over 5 years): share of each Communist country in total outstanding	Table 4a
Accumulated outstanding credits to Communist countries (mid 1959 - end 1970)	Table 5
Schedule of yearly repayments of credits (1971-1978)	Table 6
Service payments due over periods 1971-1975, 1976-1977, 1978 and after	Table 7
Net balance of payment effect of export credits in second half 1970	Table 8
Credit drawings and exports in second half of 1970: USSR	Table 9
Credit drawings and exports in second half of 1970: Eastern Europe	Table 10
Outstanding credits to Communist countries (end 1970) (shares of individual NATO countries)	Table 11
Outstanding credits to Communist countries (end 1970) (amounts granted by individual NATO countries)	Table 11a
Outstanding credits (end 1970): share of each Communist country in credits granted by individual NATO countries	Table 12

GRAPHIQUES ET TABLEAUX

Nouveaux crédits accordés à l'URSS et à l'Europe de l'Est par les pays de l'OTAN (1959-1970)	Graphiques	1 - 8
Total cumulatif des crédits en cours accordés à l'URSS et à l'Europe de l'Est	Graphique	9
Crédits en cours (par pays membre de l'OTAN)	Graphique	10
Crédits en cours (Pourcentage de chaque pays communiste dans le total)	Graphique	11
Nouveaux crédits (pour une période égale ou supérieure à 5 ans) accordés par les pays membres de l'OTAN (1965-1970)	Tableau	1
Nouveaux crédits (pour une période égale ou supérieure à 5 ans) accordés à l'URSS	Tableau	2a
Nouveaux crédits (pour une période égale ou supérieure à 5 ans) accordés aux pays de l'Europe de l'Est	Tableau	2b
Nouveaux crédits (pourcentage de chaque pays communiste dans le total)	Tableau	3
Crédits à long terme (période supérieure à 5 ans) en pourcentage de l'ensemble des nouveaux crédits (1965-1970)	Tableau	4
Crédits à long terme (période supérieure à 5 ans) de chaque pays communiste dans le total des crédits en cours	Tableau	4a
Total cumulatif des crédits en cours accordés aux pays communistes (milieu de 1959 - fin de 1970)	Tableau	5.
Programme des remboursements annuels des crédits (1971-1978)	Tableau	6
Paiements du service de la dette au cours des périodes 1971-1975, 1976-1977, 1978 et suivantes	Tableau	7.
Effet net sur la balance des paiements des crédits à l'exportation durant la deuxième moitié de 1970	Tableau	8
Crédits tirés et exportations durant la deuxième moitié de 1970: U.R.S.S.	Tableau	9.

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Crédits tirés et exportations durant la deuxième moitié de 1970: Europe de l'Est	Tableau	10
Crédits en cours accordés aux pays communistes (fin 1970) (pourcentage de chacun des pays de l'OTAN dans le total)	Tableau	11
Crédits en cours accordés aux pays communistes (fin 1970) (montants accordés par chacun des pays de l'OTAN)	Tableau	11a
Crédits en cours (fin 1970): part relative de chaque pays communiste dans les crédits accordés par chacun des pays de l'OTAN	Tableau	12

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**NEW CREDITS GUARANTEED BY NATO COUNTRIES  
NOUVEAUX CREDITS GARANTIS PAR LES PAYS DE L'OTAN**

(Million US \$ - Millions \$ EU)

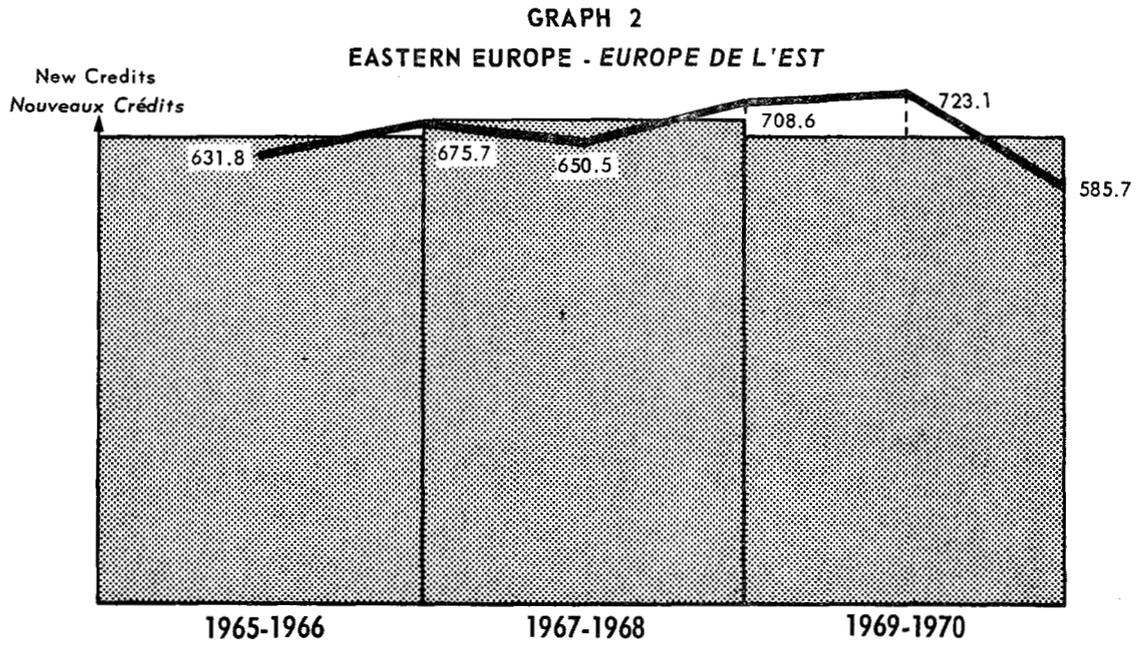
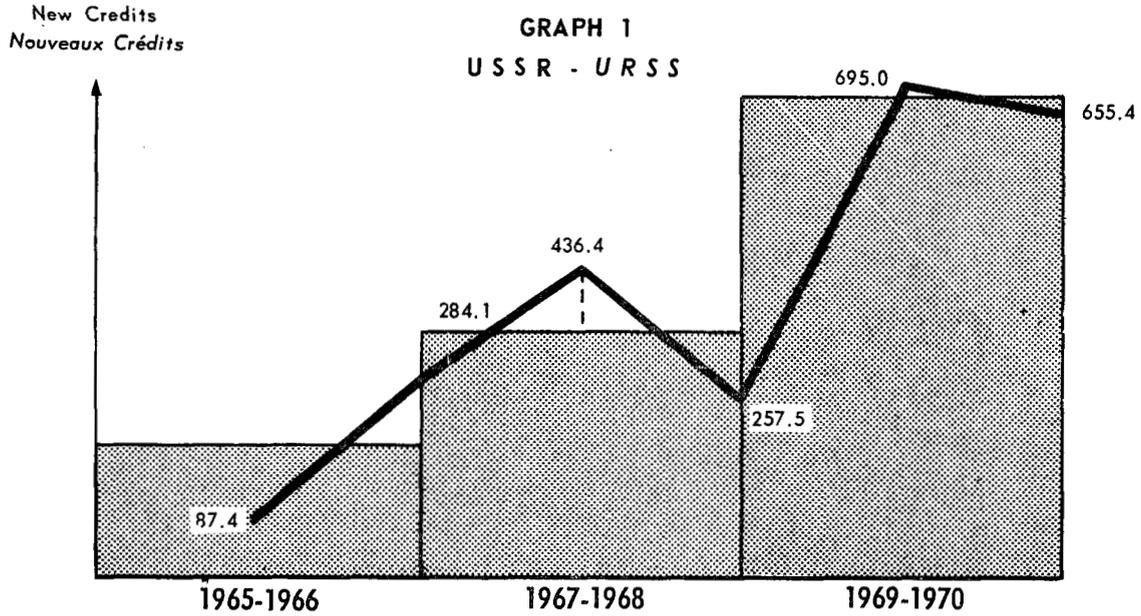


TABLE A

TABLE B

USSR - URSS		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	87.4	} 186
1966	284.1	
1967	436.4	} 347
1968	257.5	
1969	695.0	} 675
1970	655.4	

EASTERN EUROPE - EUROPE DE L'EST		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	631.8	} 654
1966	675.7	
1967	650.5	} 680
1968	708.6	
1969	723.1	} 654
1970	585.7	

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NATO CONFIDENTIAL

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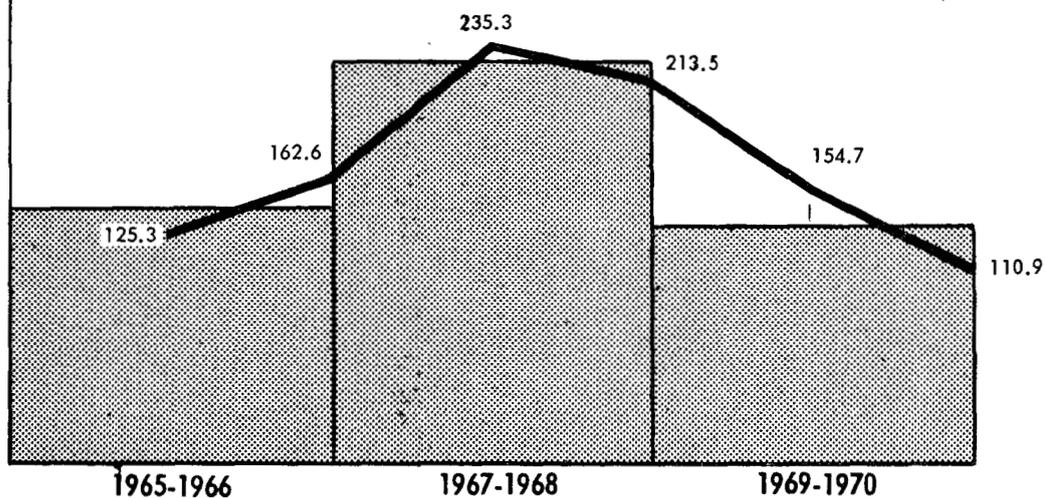
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NEW CREDITS GUARANTEED BY NATO COUNTRIES  
NOUVEAUX CREDITS GARANTIS PAR LES PAYS DE L'OTAN

(Million US \$ - Millions \$ EU)

New Credits  
Nouveaux Crédits

GRAPH 3  
POLAND - POLOGNE



New Credits  
Nouveaux Crédits

GRAPH 4  
G D R - R D A

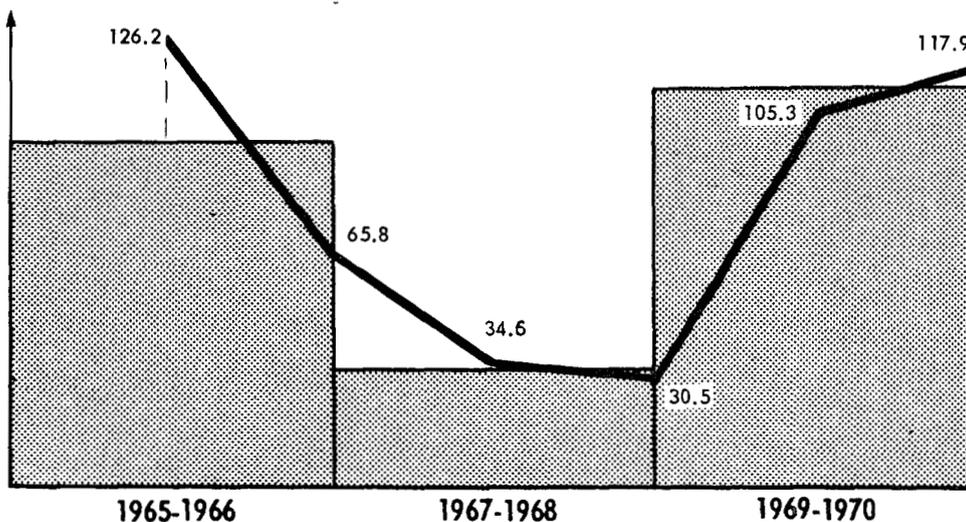


TABLE C

TABLE D

POLAND - POLOGNE		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	125.3	} 144
1966	162.6	
1967	235.3	} 224
1968	213.5	
1969	154.7	} 133
1970	110.9	

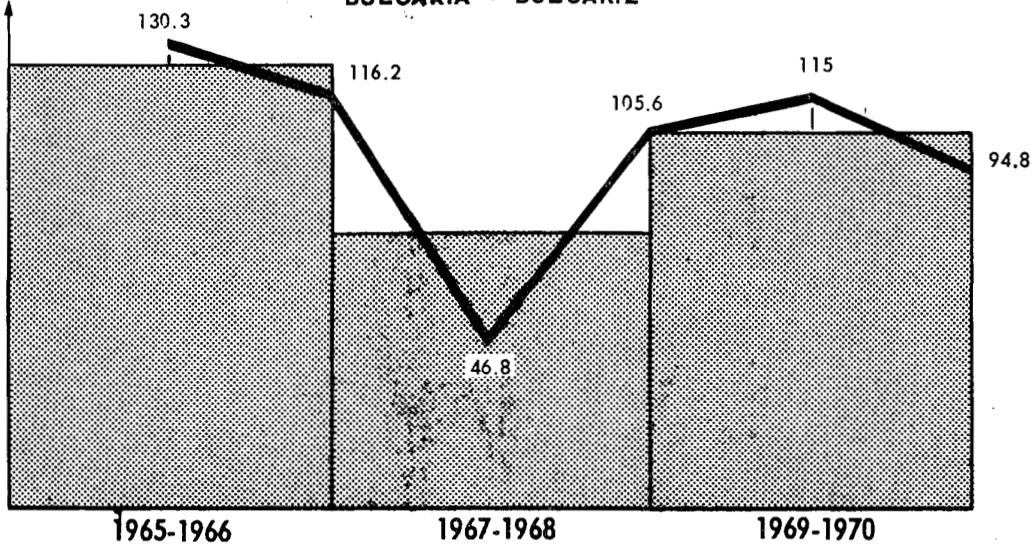
G D R - R D A		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	126.2	} 96
1966	65.8	
1967	34.6	} 33
1968	30.5	
1969	105.3	} 112
1970	117.9	

**NEW CREDITS GUARANTEED BY NATO COUNTRIES  
NOUVEAUX CREDITS GARANTIS PAR LES PAYS DE L'OTAN**

(Million US \$ - Millions \$ EU)

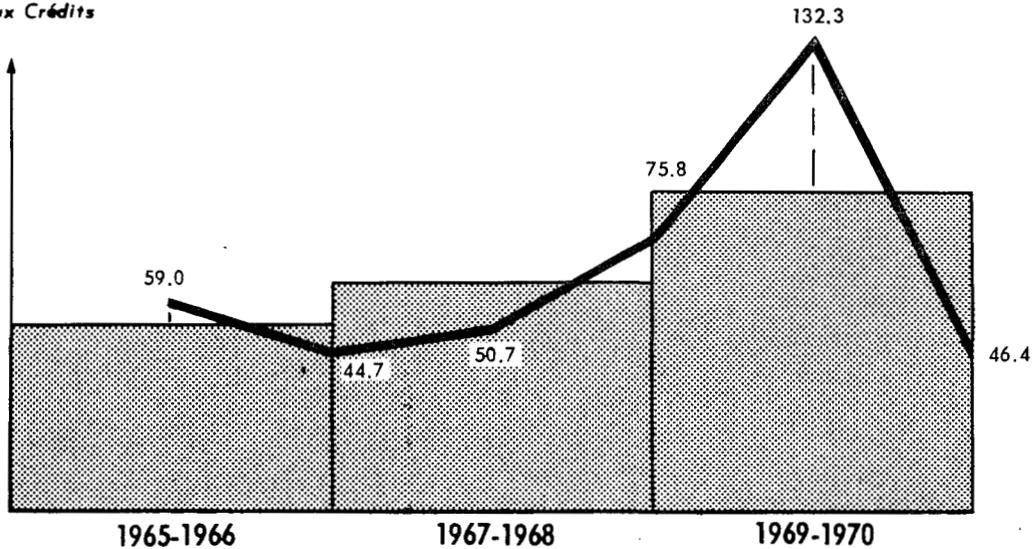
New Credits  
Nouveaux Crédits

**GRAPH 5  
BULGARIA - BULGARIE**



New Credits  
Nouveaux Crédits

**GRAPH 6  
CZECHOSLOVAKIA - TCHECOSLOVAQUIE**



**TABLE E**

BULGARIA - BULGARIE		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	130.3	} 123
1966	116.2	
1967	46.8	} 75
1968	105.6	
1969	115.0	} 105
1970	94.8	

**TABLE F**

CZECHOSLOVAKIA - TCHECOSLOVAQUIE		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	59.0	} 52
1966	44.7	
1967	50.7	} 63
1968	75.8	
1969	132.3	} 89
1970	46.4	

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NEW CREDITS GUARANTEED BY NATO COUNTRIES  
NOUVEAUX CREDITS GARANTIS PAR LES PAYS DE L'OTAN

(Million US \$ - Millions \$ EU)

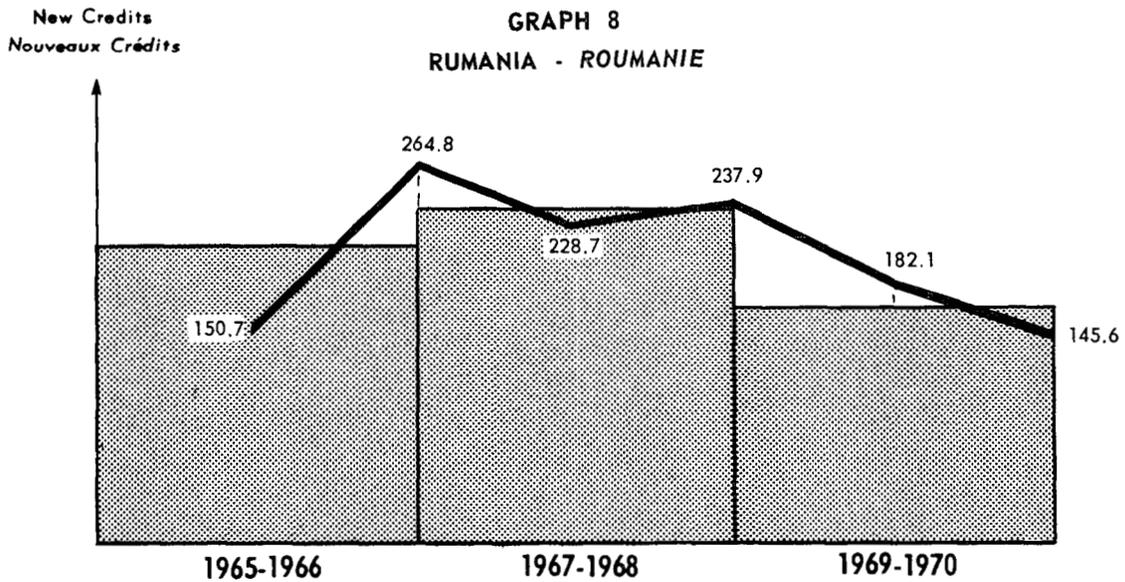
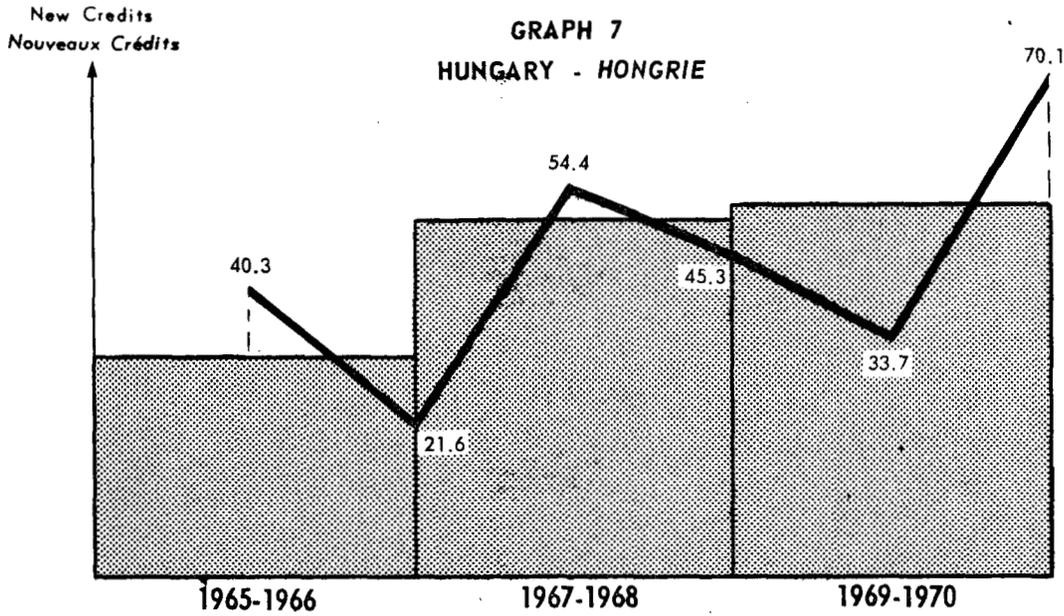


TABLE G

HUNGARY - HONGRIE		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	40.3	} 31
1966	21.6	
1967	54.4	} 50
1968	45.3	
1969	33.7	} 52
1970	70.1	

TABLE H

RUMANIA - ROUMANIE		
YEARS ANNEES	NEW CREDITS NOUVEAUX CREDITS	AVERAGES MOYENNES
1965	150.7	} 208
1966	264.8	
1967	228.7	} 233
1968	237.9	
1969	182.1	} 164
1970	145.6	

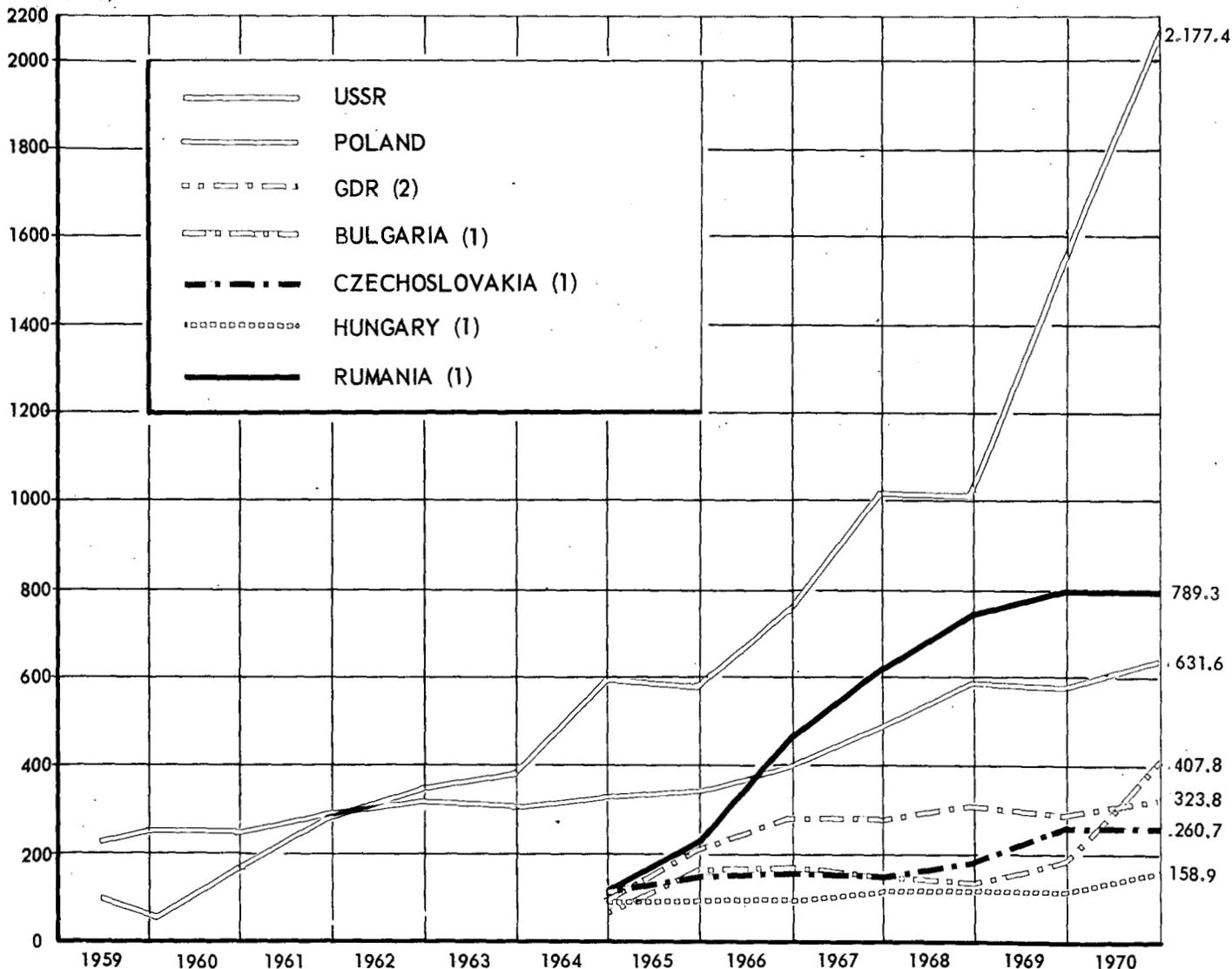
GRAPH 9

ACCUMULATED OUTSTANDING CREDITS TO THE USSR AND  
THE EAST EUROPEAN COUNTRIES GUARANTEED BY NATO COUNTRIES  
(END OF THE YEAR)

MONTANT CUMULE DES CREDITS EN COURS GARANTIS A L'URSS  
ET LES PAYS DE L'EST PAR LES PAYS DE L'OTAN  
(FIN DE CHAQUE ANNEE)

OUTSTANDING CREDITS  
CREDITS EN COURS

(Million US \$)  
(Millions \$ EU)



NOTES :

(1) For the years 1959-1963 Credits to Rumania, Bulgaria, Czechoslovakia and Hungary were not separately reported.

*Pour les années 1959-1963, les crédits consentis à la Roumanie, la Bulgarie, la Tchécoslovaquie et la Hongrie n'ont pas fait l'objet de rapports séparés.*

(2) The intra-German credits have been reported only as from the second half of 1970.

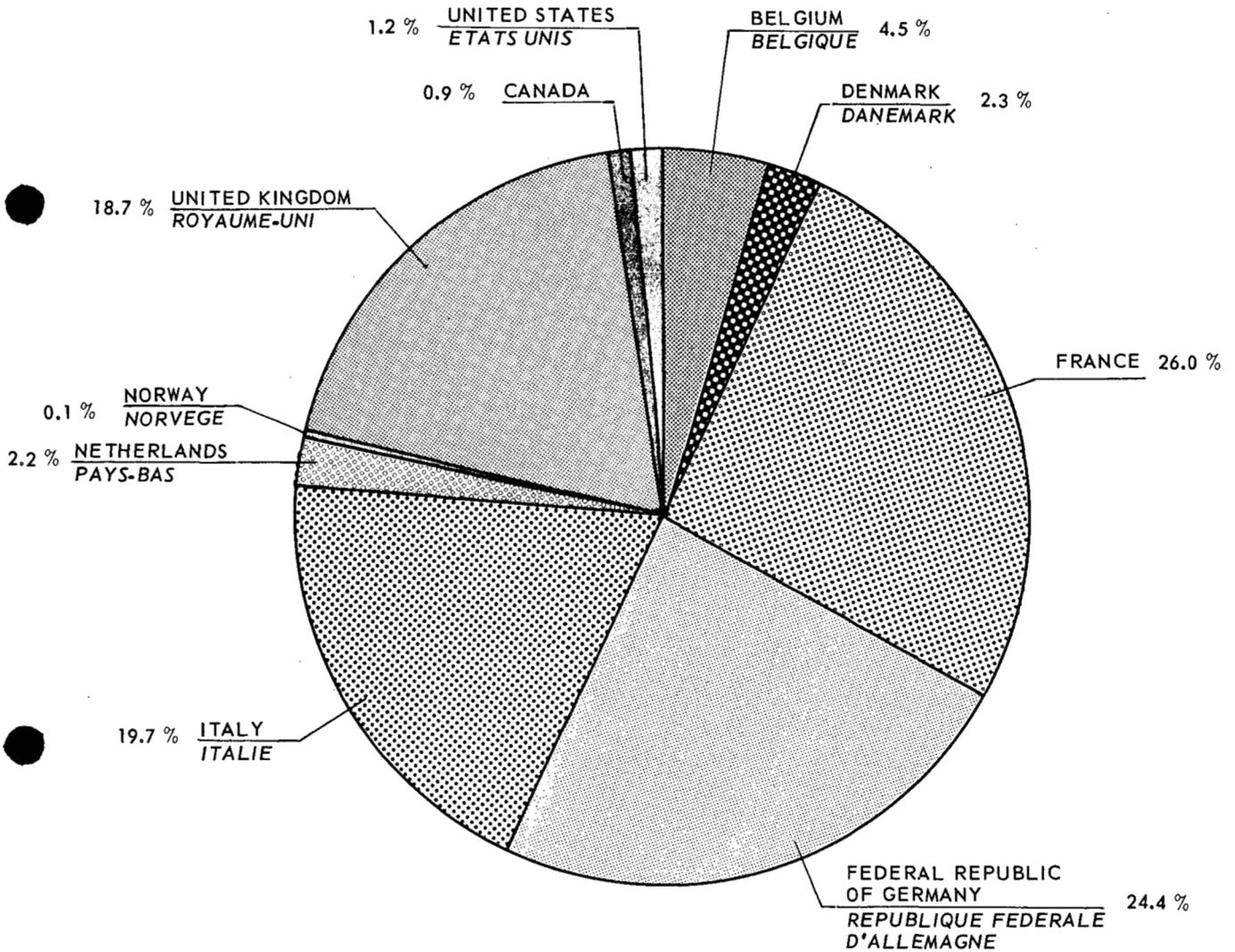
*Les crédits intra-Allemands n'ont fait l'objet que depuis la moitié de 1970.*

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GRAPH 10

SHARE OF THE INDIVIDUAL NATO COUNTRIES IN OUTSTANDING CREDITS  
GRANTED TO COMMUNIST COUNTRIES (1) (2)  
(31-12-70)

PART DE CHACUN DES PAYS DE L'OTAN DANS LE TOTAL DES CREDITS EN COURS  
ACCORDE AUX PAYS COMMUNISTES (1) (2)  
(31-12-70)



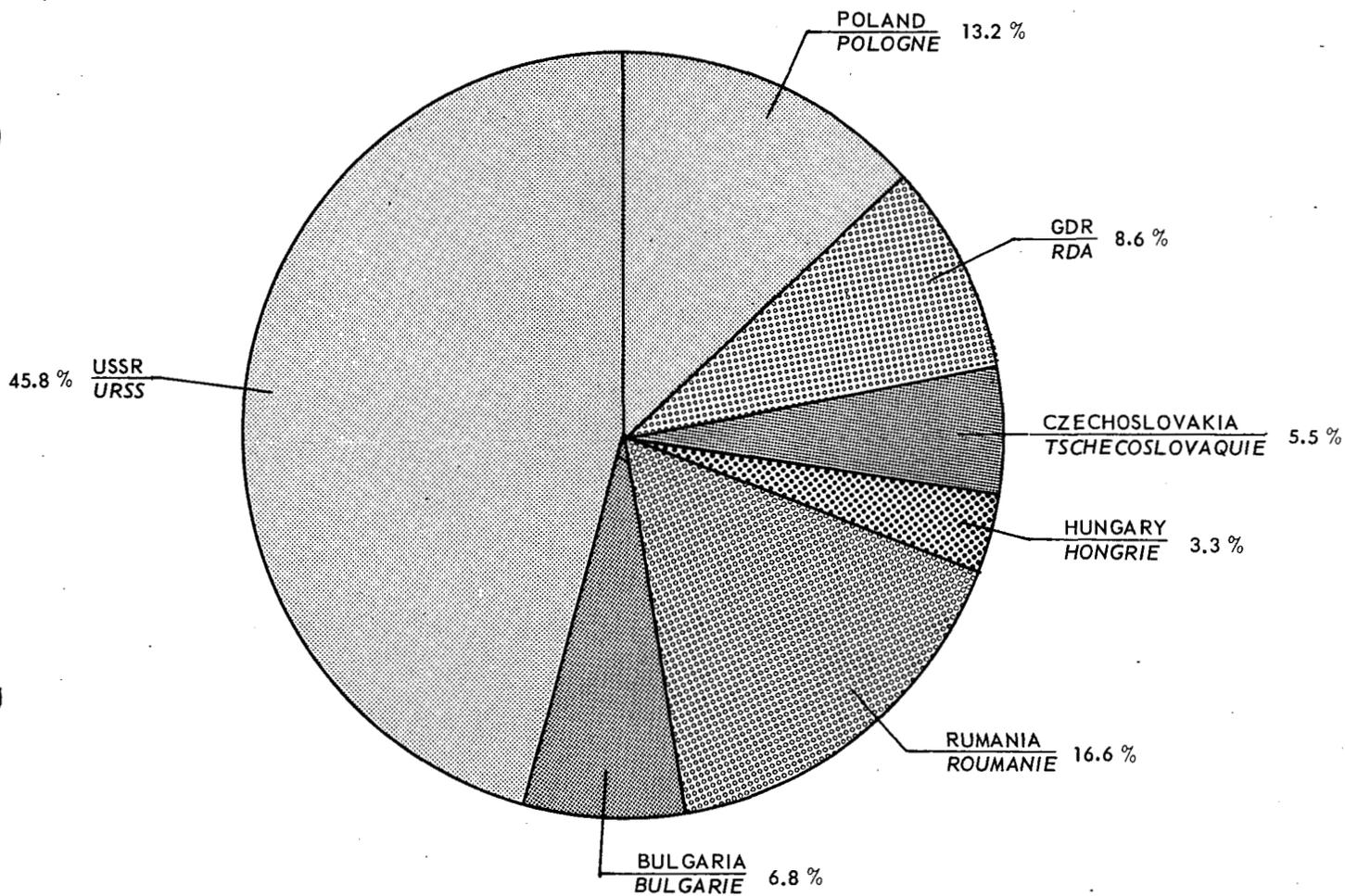
(1) USSR and Eastern Europe  
*L'URSS et les pays de l'Est*

(2) See also table 11 and 11a,  
*Voir aussi tableau 11 et 11a,*

GRAPH 11

SHARE OF COMMUNIST COUNTRIES IN OUTSTANDING CREDITS  
GRANTED BY NATO COUNTRIES (1)  
(31-12-70)

PART DES PAYS COMMUNISTES DANS LE TOTAL DES CREDITS EN COURS  
ACCORDE PAR LES PAYS DE L'OTAN (1)  
(31-12-70)



(1) See also tables 11a and 12,  
Voir aussi tableaux 11a et 12,

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Table 1

NEW CREDITS GRANTED BY NATO COUNTRIES TO THE USSR AND  
EASTERN EUROPE

NOUVEAUX CREDITS GARANTIS A L'URSS ET AUX PAYS DE L'EST

(in million US \$)

(en millions EU \$)

	Up to 5 years Jusqu'à 5 ans	Over 5 years Plus de 5 ans	Grand total
(0)	(1)	(2)	(3)
1965	529.8	189.4	719.2
1966	591.0	368.8	959.8
1967	522.6	564.3	1.086.9
1968	533.4	432.7	966.1
1969	473.8	944.3	1.418.1
1970	489.4*	771.7	1.241.1
TOTAL	3.120.0	3.271.2	6.391.2

\* The 1970 figure comprises for the first time inter-German credits amounting to \$ 20.9 m.

Le chiffre de l'année 1970 comprend pour la première fois les crédits inter-allemands dont le montant s'élève à \$ 20.9 m.

Table 2(a)

NEW CREDITS GRANTED BY NATO COUNTRIES TO THE USSR

NOUVEAUX CREDITS GARANTIS A L'URSS

(in million US \$)

(en millions EU \$)

	Up to 5 years Jusqu'à 5 ans	Over 5 years Plus de 5 ans	Grand total
(0)	(1)	(2)	(3)
1965	74.1	13.3	87.4
1966	121.1	163.0	284.1
1967	142.5	293.9	436.4
1968	89.5	168.0	257.5
1969	28.0	667.0	695.0
1970	68.5	586.9	655.4
TOTAL	523.7	1.892.1	2.415.8

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TABLE 2(b)

NEW CREDITS GRANTED BY MEMBER COUNTRIES TO EASTERN EUROPEAN COUNTRIES SINCE 1965  
NOUVEAUX CREDITS ACCORDES PAR LES PAYS MEMBRES AUX PAYS DE L'EST DEPUIS 1965

(million US \$ - en millions EU \$)

	POLAND/POLOGNE				GDR/RDA				BULGARIA/BULGARIE			
	Up to 5 years Jusqu'à 5 ans	Over 5 years Plus de 5 ans	Total	Up to 5 years Jusqu'à 5 ans	Over 5 years Plus de 5 ans	Total	Up to 5 years Jusqu'à 5 ans	Over 5 years Plus de 5 ans	Total	Up to 5 years Jusqu'à 5 ans	Over 5 years Plus de 5 ans	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
1965	112.4	12.9	125.3	99.3	26.9	126.2	130.2	0.1	130.3			
1966	126.6	36.0	162.6	65.8	-	65.8	79.8	36.4	116.2			
1967	93.1	142.2	235.3	34.6	-	34.6	23.5	23.3	46.8			
1968	153.9	59.6	213.5	30.2	0.3	30.5	56.0	49.6	105.6			
1969	74.9	79.8	154.7	102.8	2.5	105.3	65.0	50.0	115.0			
1970	79.5	31.4	110.9	101.2 (1)	16.7	117.9	36.3	58.5	94.8			
	CZECH./TCHEC.				HUNGARY/HONGRIE				RUMANIA/ROUMANIE			
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)			
1965	46.1	12.9	59.0	30.1	10.2	40.3	37.6	113.1	150.7			
1966	23.9	20.8	44.7	20.1	1.5	21.6	153.7	111.1	264.8			
1967	32.7	18.0	50.7	54.4	-	54.4	141.8	86.9	228.7			
1968	53.7	22.1	75.8	19.4	25.9	45.3	130.7	107.2	237.9			
1969	79.9	52.4	132.3	30.0	3.7	33.7	93.2	88.9	182.1			
1970	41.1	5.3	46.4	43.1	27.0	70.1	99.7	45.9	145.6			

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Foot note to Table 2(b)

- (1) This amount includes for the first time inter-German credits extended during 1970; it is therefore not comparable with the amounts granted in the previous years.
- (1) Ce montant comprend pour la première fois des crédits accordés par la RFA à la RDA pour 1970. Il ne peut dès lors être comparé aux montants accordés pendant les années précédentes.

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N A T O C O N F I D E N T I A LANNEX VI to  
C-M(72)13TABLE 3PERCENTAGE SHARE IN NEW CREDITS GRANTED TO THE USSR AND THE EASTERN EUROPEAN COUNTRIES, 1965 - 1970PART EN POURCENTAGE DES NOUVEAUX CREDITS GARANTIS A L'URSS ET AUX PAYS DE L'EST 1965-1970

(in percentages - en pourcentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Poland/ Pologne	GDR/RDA	Czech./ Tchec.	Hungary/ Hongrie	Rumania/ Roumanie	Bulgaria/ Bulgarie	Total East Europe	USSR/ URSS	Total
							Total Europe de l'Est		
1965	17.4	17.5	8.2	5.6	21.0	18.1	87.8	12.2	100.0
1966	16.9	6.9	4.7	2.3	27.5	12.1	70.4	29.6	100.0
1967	21.6	3.2	4.7	5.0	21.0	4.3	59.8	40.2	100.0
1968	22.1	3.2	7.8	4.7	24.6	10.9	73.3	26.7	100.0
1969	10.9	7.4	9.3	2.4	12.8	8.1	51.0	49.0	100.0
1970	9.1	7.9	3.8	5.7	11.9	7.8	46.3	53.7	100.0

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Footnote to Table 3

In calculating the percentages the inter-German credits which have for the first time been reported as of end 1970 have not been taken into account in order to assure comparability with earlier years. If these credits are included the 1970 share of the GDR is 9.6%.

Tableau 3

En calculant les pourcentages, les crédits accordés par la RFA à la RDA qui, pour la première fois, ont été déclarés fin 1970, n'ont pas été pris en considération pour assurer ainsi une comparaison possible avec les années précédentes. Si ces crédits sont inclus, la part de la RDA pour 1970 s'élève à 9.6%.

TABLE 4

SHARE OF CREDITS OF OVER 5 YEARS IN TOTAL AMOUNT OF NEW  
CREDITS (1965-1970) AND IN TOTAL AMOUNT OF CREDITS  
OUTSTANDING AT 31.12.70

PART DES CREDITS DE PLUS DE CINQ ANS DANS TOUS LES  
NOUVEAUX CREDITS (1965-1970)

(in percentages - en pourcentages)

	USSR URSS	Eastern Europe L'Europe de l'Est
	(1)	(2)
1965	15.2	27.9
1966	57.4	30.5
1967	67.3	41.6
1968	65.2	37.4
1969	96.0	38.3
1970	89.5	31.6

TABLE 4(a)

SHARE OF OVER 5 YEAR CREDITS IN TOTAL AMOUNT OF  
CREDITS OUTSTANDING AT 31.12.70

PART DES CREDITS DE PLUS DE 5 ANS DANS TOUS LES  
CREDITS EN COURS AU 31.12.70

(in percentages - en pourcentages)

USSR URSS	87.3
Eastern Europe Europe de l'Est	46.5
Poland Pologne	64.5
GDR RDA	6.8
Bulgaria Bulgarie	54.4
Czechoslovakia Tchecoslovaquie	44.1
Hungary Hongrie	42.5
Rumania Roumanie	51.1

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TABLE 5

ACCUMULATED OUTSTANDING CREDITS(1) TO THE USSR AND THE EAST EUROPEAN COUNTRIES  
GUARANTEED BY NATO COUNTRIESMONTANT CUMULE DES CREDITS EN COURS GARANTIS A L'URSS ET AUX PAYS DE L'EST  
PAR LES PAYS DE L'OTAN

(in million US \$ - en million \$ EU)

Year Année	Poland(2) .Pologne	GDR RDA	Bulgaria Bulgarie	Czech. Tchec.	Hungary Hongrie	Rumania Roumanie	E. Europe Pays de l'Est	USSR URSS	Grand Total
31.7.59	226.7	n.a.	n.a.	n.a.	n.a.	n.a.	235.9	90.4	326.3
31.1.60	255.3	n.a.	n.a.	n.a.	n.a.	n.a.	303.0	52.1	355.1
31.1.61	246.0	141.1	n.a.	n.a.	n.a.	n.a.	353.2	167.9	521.1
31.12.61	288.9	41.6	n.a.	n.a.	n.a.	n.a.	474.3	277.5	813.8
31.12.62	318.7	60.0	n.a.	n.a.	n.a.	n.a.	558.7	340.5	899.2
31.12.63	303.6	44.9	n.a.	n.a.	n.a.	n.a.	649.6	374.8	1.024.4
31.12.64	322.5	64.9	93.5	110.2	84.5	108.6	784.2	589.7	1.373.9
31.12.65	341.3	162.2	207.6	152.5	98.8	226.2	1.188.6	577.7	1.766.3
31.12.66	395.9	169.0	284.8	165.9	92.0	463.8	1.573.4	749.4	2.320.8
31.12.67	488.2	144.2	281.0	152.0	117.1	626.7	1.809.2	1.017.4	2.826.6
31.12.68	585.1	129.4	315.3	180.5	119.3	748.5	2.078.1	1.105.8	3.183.9
31.12.69	585.4	183.6	289.8	267.3	118.2	791.8	2.230.1	1.545.5	3.775.6
31.12.70	631.6	407.8(3)	323.8	260.7	158.9	789.3	2.572.1	2.177.4	4.749.5

For footnotes please see following page  
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Footnotes to Table 5

- (1) "Outstanding Credits" comprise all credits opened including the part which has not yet been drawn, but net of reimbursements.
- (2) The amounts outstanding in Poland comprise government-to-government-credits granted by the United States. By the end of 1970 these credits amounted to 57.0 m. or 9% of the total amount of credits granted to Poland. These credits are slowly being amortized; future interest on these credits for the first time been included in 1970.
- (3) The inter-German credits are for the first time included in the amount of outstanding credits by the end of 1970. The figure for that year is therefore not comparable with those of the earlier years.

Tableau 5

- (1) "Les crédits en cours" comprennent tous les crédits accordés en tenant compte de ceux qui n'ont pas encore été tirés mais nets de remboursements.
- (2) Les montants en cours pour la Pologne, comprennent les crédits inter-gouvernementaux accordés par les Etats-Unis. A la fin de 1970, ces crédits s'élevaient à 57.0 m ou 9% du total des crédits accordés à la Pologne. Ces crédits ont été amortis lentement. Les intérêts futurs pour ces crédits ont été, pour la première fois, inclus en 1970.
- (3) Les crédits de la RFA à la RDA ont été pour la première fois inclus dans le montant des crédits en cours à la fin de 1970. Le chiffre de cette année n'est dès lors pas comparable avec ceux des années précédentes. Effet net des crédits à l'exportation sur la balance des paiements pour la deuxième moitié de 1970.

N A T O C O N F I D E N T I A LANNEX VI to  
C-M(72)13TABLE 6CALENDAR OF FUTURE YEARLY SERVICE PAYMENTS (1971-1978)CALENDRIER DU SERVICE DE LA DETTE DANS LE FUTUR  
(1971-1978)

(in million \$)

	Total Credits Out- standing at 31.12.70 Total des crédits en cours en 31.12.70	Percent -age Share Part en pour- cent- ages	Future Service Payments Service de la dette dans le futur								Unspec- ified non specif -ifée
			1971	1972	1973	1974	1975	1976	1977	1978 and after et après	
Poland/Pologne	631.6*	13.3	138.873	120.603	96.230	71.252	55.600	46.499	36.747	61.806	3.993
GDR/RDA	407.8	8.6	109.545	79.932	73.370	53.742	46.927	30.086	8.765	5.330	95
Bulgaria/Bulgarie	323.8	6.8	94.352	73.160	43.973	31.075	24.210	15.576	12.282	29.067	92
Czech./Tzech.	260.7	5.5	69.576	55.050	47.433	35.353	25.959	14.376	6.007	6.847	52
Hungary/Hongrie	158.9	3.3	34.682	24.688	23.138	21.011	16.769	12.316	9.212	17.125	
Rumania/Roumanie	789.3	16.6	197.313	158.094	134.253	104.147	78.196	52.927	32.963	31.394	11
Total East Europe/ Europe de l'Est	2.572.1	54.2	644.341	511.527	418.397	316.580	247.661	171.780	105.976	151.569	
USSR/URSS	2.177.4	45.8	310.231	271.270	244.820	230.412	219.407	186.893	165.784	548.576	
TOTAL	4.749.5	100.0	954.572	782.797	663.217	546.992	467.068	358.673	271.760	700.145	4.243

\* From which \$57.0 are government-to-government credits/Parmi lesquels \$57.0 sont des crédits de gouvernement à gouvernement

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TABLE 7

ACCUMULATED AMOUNT OF FUTURE SERVICE PAYMENTS IN 1971-75, 1976-77, 1978 AND THEREAFTER  
TOTAL CUMULE DU SERVICE DE LA DETTE DANS LE FUTUR, EN 1971-75, 1976-77, 1978 ET APRES

	Credits out- standing at 31.12.70 Crédits en cours en 31.12.70	Future Service Payments Service de la dette dans le futur in million US \$ en millions \$ EU				(2) as % of (1) (2) comme % de (1)	(3) as % of (1) (3) comme % de (1)	(4) as % of (1) (4) comme % de (1)									
		1971-75	1976-77	1978 and after 1978 et après 1978	(2)				(3)	(4)	(5)	(6)	(7)				
(0)																	
USSR/URSS	2.177.4	1.276.1	352.7	548.6	58.6	16.2	25.2										
East Europe/ Europe de l'Est	2.572.1	2.138.5	277.8	155.8	83.1	10.8	6.1										
Poland/Pologne	631.6	482.6	83.2	65.8	76.4	13.2	10.4										
GDR/RDA	407.8	363.3	39.1	5.4	89.1	9.6	1.3										
Bulgaria/Bulgarie	323.8	266.8	27.8	29.2	82.4	8.6	9.0										
Czech./Tzech.	260.7	233.5	20.3	6.9	89.6	7.8	2.6										
Hungary/Hongrie	158.9	120.3	21.5	17.1	75.7	13.5	10.8										
Rumania/Roumanie	789.3	672.0	85.9	31.4	85.1	10.9	4.0										
TOTAL	4.749.5	3.414.6	630.5	704.4	71.9	13.3	14.8										

TABLE 8

NET BALANCE OF PAYMENTS EFFECT OF EXPORT CREDITS IN THE  
SECOND HALF OF 1970  
EFFET NET DES CREDITS A L'IMPORTATION SUR LA BALANCE DES  
PAIEMENTS POUR LA DEUXIEME MOITIE DE 1970

(in million US \$)

	Drawings Tirages	Service Payments Service de la dette	Net Effect (1)-(2)
(0)	(1)	(2)	(3)
USSR/URSS	309.7	118.1	+ 191.6
East Europe Europe de l'Est	276.7	260.8	+ 15.9
GDR/RDA	65.7	36.3	+ 29.4
Czech./Tzech.	42.8	29.4	+ 13.4
Poland/Pologne	65.7	55.5	+ 10.2
Hungary/Hongrie	14.1	16.2	- 2.1
Bulgaria/Bulgarie	34.5	38.3	- 3.8
Rumania/Roumanie	53.9	85.1	- 31.2

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Table 9

ANNEX VI to  
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CREDITS TIRES ET EXPORTATIONS PENDANT LE DEUXIEME SEMESTRE 1970

Exporting countries guaranteeing credits	USSR/URSS		Exports to the USSR Exportations destinées à L'URSS	Share of (1) in (2) -- in % Part de (1) dans (2) -- en pourcentage
	Drawings by the USSR Tirages par URSS	(million US \$) (millions \$ EU)		
(0)	(1)	(2)	(3)	
France	89,57	138,09	64,9%	
Fed. Rep. Germany Rép. Féd. Allemagne	102,00	207,18	49,2%	
Italy Italie	72,64	134,22	54,1%	
United Kingdom Royaume-Uni	36,84	115,86	31,8%	
Canada	8,70	38,25	22,7%	
TOTAL	309,75	633,60	48,9%	

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Table 10

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## DRAWN CREDITS AND EXPORTS IN THE SECOND HALF OF 1970

## CREDITS TIRES ET EXPORTATIONS PENDANT LE DEUXIEME SEMESTRE 1970

## EASTERN EUROPE/EUROPE DE L'EST

Exporting countries guaranteeing credits	Drawings by the East European countries	Exports to Eastern Europe	Share of (1) in (2) - in percentages	
			(1)	(2)
Pays exportateurs garantissant les crédits	Tirages par les pays de l'Europe de l'Est	Exportations des- tinées à l'Europe de l'Est	Part de (1) dans (2) - en pourcentage	
			(1)	(2)
Denmark Danemark	13,93	42,24	33,0%	
France	112,71	185,10	60,9%	
Fed. Rep. Germany Rép. Féd. Allemagne	60,22	783,25(1)	7,7%	
Italy Italie	32,21	204,78	15,7%	
Netherlands Pays-Bas	4,76	84,69	5,6%	
Norway Norvège	2,10	21,03	10,0%	
United Kingdom Royaume-Uni	46,67	181,20	25,8%	
Canada	4,09	18,21	22,5%	
TOTAL	276,69	1,520,50	18,2%	

(1) Including intra-German exports/les exportations inter-allemandes sont  
inclus

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TABLE 11

SHARE OF THE INDIVIDUAL NATO COUNTRIES IN OUTSTANDING CREDITS GUARANTEED TO THE USSR  
AND EACH OF THE EASTERN EUROPEAN COUNTRIESPART DE CHACUN DES PAYS DE L'OTAN DANS LES CREDITS EN COURS GARANTIS A L'URSS  
ET AUX PAYS DE L'EST (31.12.70)

(in percentages - en pourcentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	USSR/ URSS	Poland/ Pologne	GDR/ RDA	Czech/ Tchécos.	Hungary/ Hongrie	Rumania/ Roumanie	Bulgaria/ Bulgarie	Total Eastern Europe	Grand Total
Belgium/Belgique	0.2	3.5	12.0	4.1	10.6	9.1	10.5	8.0	4.5
Denmark/Danemark	0.7	13.1	0.8	0.7	0.3	0.2	0.6	3.6	2.3
France	27.7	18.1	27.9	19.7	12.8	22.2	47.6	24.4	26.0
Federal Republic of Germany/République Fédérale d'Allemagne	25.8	10.3	38.1(1)	24.0	15.1	33.1	9.6	23.3	24.4
Italy/Italie	26.5	17.2	3.3	23.6	16.6	11.7	17.6	14.0	19.7
Netherlands/Pays-Bas	1.0	0.6	2.9	13.6	-	2.1	3.5	3.0	2.2
Norway/Norvège	-	0.2	0.2	0.0	-	-	11.3	0.3	0.1
United Kingdom/ Royaume Uni	17.5	25.6	14.8	14.1	40.1	20.3	8.3	19.8	18.7
Canada	0.6	2.4	-	0.2	4.0	0.3	1.0	1.1	0.9
United States/ Etats Unis	-	9.0(2)	-	-	0.5	1.0	0.0	2.5	1.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

For footnotes, see following page/Renvois page suivante

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Footnotes to Table 11

- (1) This figure represents credits which according to the recognised special status of inter-German trade are not regarded as export credits in the usual sense.
- (1) Ce chiffre représente des crédits qui selon le statut spécial reconnu des échanges inter-allemands ne sont pas considérés comme des crédits à l'exportation entendus dans le sens habituel.

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(2) Government to government credits

(2) Crédits de gouvernement à gouvernement

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TABLE 11 a

INDIVIDUAL NATO COUNTRIES OUTSTANDING CREDITS TO COMMUNIST COUNTRIES

(31.12.1970)

CREDITS EN COURS OCTROYES AUX PAYS COMMUNISTES PAR CHACUN DES PAYS DE L'OTAN

(31.12.1970)

(in million US \$ - en millions E.U. \$)

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Poland/ Pologne	GDR/ RDA	Czech/ Tchéc.	Hungary/ Hongrie	Rumania Roumanie	Bulgaria Bulgarie	E. Europe Pays de l'Est	USSR URSS	Grand total
Belgium/Belgique	21.8	49.1	10.7	16.8	72.3	34.1	204.8	5.0	209.8
Denmark/Danemark	83.0	3.5	1.7	0.5	1.6	2.0	92.3	15.7	108.0
France	114.6	113.6	51.4	20.3	175.1	154.2	629.2	604.1	1233.3
Federal Republic/ Rép. Fédérale d'Allemagne	64.8	155.4 <sup>(2)</sup>	62.5	23.9	261.4	31.0	599.1	560.7	1159.8
Italy/Italie	108.7	13.5	61.5	26.5	92.1	56.9	359.2	574.5	933.7
Netherlands/Pays-Bas	3.4	11.6	35.4	-	16.7	11.2	78.3	22.2	100.5
Norway/Norvège	1.6	0.9	0.1	-	-	4.3	6.9	-	6.9
United Kingdom/ Royaume Uni	161.4	60.3	36.8	63.8	160.0	26.7	509.0	381.1	890.1
Canada	15.4	-	0.4	6.3	2.0	3.1	27.3	14.0	41.3
United States/ Etats Unis	57.0	-	-	0.8	8.0	0.0	65.9	-	65.9
TOTAL	631.6	407.8	260.7	158.9	789.3	323.8	2572.1(1)	2177.4	4749.5(1)

For footnotes, see following page/Renvois page suivante

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Footnotes to Table 11 a

- (1) Due to rounding totals may not add up.
- (1) Les totaux ne correspondent pas à la somme des parties  
constituantes par suite de l'arrondissement des chiffres.
- 
- (2) This figure represents credits which according to the recognised  
special status of inter-German trade are not regarded as export  
credits in the usual sense.
- (2) Ce chiffre représente des crédits qui selon le statut spécial  
reconnu des échanges inter-allemands ne sont pas considérés  
comme des crédits à l'exportation entendus dans le sens habituel.

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TABLE 12

SHARE OF COMMUNIST COUNTRIES IN THE OUTSTANDING CREDITS GRANTED BY THE INDIVIDUAL NATO COUNTRIES  
(AT 31.12.70)(1)PART DES PAYS COMMUNISTES DANS LES CREDITS EN COURS GARANTIS PAR CHACUN DES PAYS DE L'OTAN  
(AU 31.12.70)(1)

	In percentages/En pourcentage									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Poland/ pologne	GDR/ RDA	Czech. Tchecos.	Hungary/ Hongrie	Rumania/ Roumanie	Bulgaria/ Bulgarie	East Europe/ Europe de l'Est	USSR/ URSS	Grand total		
(0)										
Belgium/Belgique	10.4	23.4	5.1	8.0	34.4	16.3	97.6	2.4	100.0	
Denmark/Danemark	76.8	3.2	1.6	0.5	1.4	1.9	85.4	14.6	100.0	
France	-9.3	9.2	4.2	1.6	14.2	12.5	51.0	49.0	100.0	
Federal Republ. of Germany/ Republique d'Allemagne	-5.6	13.4	5.4	2.1	22.5	2.7	51.7	48.3	100.0	
Italy/Italie	11.7	1.4	6.6	2.8	9.9	6.1	38.5	61.6	100.0	
Netherlands/ Pays-Bas	3.4	11.5	35.2	-	16.6	11.2	77.9	22.1	100.0	
Norway/Norvège	22.8	12.9	1.8	-	-	62.5	100.0	-	100.0	
United Kingdom/ Royaume Uni	18.1	6.8	4.1	7.2	18.0	3.0	57.2	42.8	100.0	
Canada	37.2	-	1.0	15.3	5.0	7.5	66.0	34.0	100.0	
United States/ Etats-Unis	86.5	-	-	1.2	12.2	0.1	100.0	-	100.0	
TOTAL	13.2	8.6	5.5	3.3	16.6	6.8	54.2	45.8	100.0	

For footnotes, see following page - Renvois page suivante

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Footnote to Table 12

- (1) Due to rounding totals may not add up. All outstanding credits are officially backed private credits except in the case of Poland, where \$57.0 m. are government-to-government credits extended by the United States before 1959. These credits represent 9% of all reported credits to Poland and 1.2% of the credits to the USSR and Eastern Europe. The officially backed private credits to Poland alone represent 12% of all credits to these countries.
- (1) Les chiffres ayant été arrondis; les totaux ne correspondent pas exactement à la somme des parties qui les constituent. Tous les crédits en cours sont des crédits privés officiellement garantis sauf dans le cas de la Pologne où, \$57,0 m. sont des crédits inter-gouvernementaux accordés par les Etats-Unis avant 1959. Ces crédits représentent 9% de tous les crédits déclarés à la Pologne et 1,2% des crédits accordés à l'URSS et à l'Europe de l'Est. Les crédits privés, officiellement garantis, uniquement à la Pologne représentent 12% de tous les crédits à ces pays.