

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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SUMMARY RECORD
C-R(66)12

Summary record of a meeting of the Council held at the
Permanent Headquarters, Paris, 16e.,
on Wednesday, 23rd March, 1966 at 10.15 a.m.

PRESENT

Chairman: Mr. Manlio Brosio

BELGIUM

Mr. A. de Staercke

CANADA

Mr. G. Ignatieff

DENMARK

Dr. E. Schram-Nielsen

FRANCE

Mr. P. de Leusse

GERMANY

Mr. W.G. Grewe

GREECE

Mr. Christian X.
Palamas

ICELAND

Mr. H. Sv. Björnsson

ITALY

Mr. A. Alessandrini

LUXEMBOURG

Mr. P. Reuter

NETHERLANDS

Dr. H.N. Boon

NORWAY

Mr. G. Kristiansen

PORTUGAL

Mr. M. de Oliveira
Neves

TURKEY

Mr. Nuri Birgi

UNITED KINGDOM

Sir Evelyn Shuckburgh

UNITED STATES

Mr. Harlan Cleveland

INTERNATIONAL STAFF

Deputy Secretary General:

Mr. J.A. Roberts

Deputy Secretary General - Assistant

Secretary General for Economics and Finance: Mr. F.D. Gregh

Assistant Secretary General for Production,
Logistics and Infrastructure:

Mr. John Beith

Executive Secretary:

The Lord Coleridge

ALSO PRESENT

Standing Group Representative: Major General J. de Visschere

NATO SECRET

CONTENTS

| <u>Item</u> | <u>Subject</u> | <u>Paragraph Nos.</u> |
|-------------|---|-----------------------|
| I. | Statements on Political Subjects | - |
| II. | French Memoranda to Fourteen Member Countries | 1 - 8 |
| III. | Wheat Purchases by Communist Countries and Soviet Gold Sales on Western Markets | 9 - 24 |
| IV. | New Guidance on the Handling of ATOMAL Information | 25 - 28 |
| V. | Future Business | 29 - 32 |
| VI. | Date of the Next Meeting | 33 |

I. STATEMENTS ON POLITICAL SUBJECTS

(Discussed in private session).

NATO SECRETII. FRENCH MEMORANDA TO FOURTEEN MEMBER COUNTRIES

Previous reference: C-R(66)11, Item I

1. The CHAIRMAN said that the question of the French memoranda was still on the Council Agenda and could be raised at any time by any Permanent Representative.

2. The UNITED STATES REPRESENTATIVE said that President Johnson had now made a further reply to the letter from President de Gaulle. Contrary to some reports in the press, it was not a reply to the memorandum which had been received in one form or another by all fourteen Allies. The text of the reply was being made available on a confidential basis to all the NATO Foreign Ministers. Given the level of the communication, it would be premature for the Council now to discuss its contents. However, it was expected that President Johnson would touch on NATO questions at a conference he was due to give today.

3. He added that he had been authorised to make available the text confidentially to the Secretary General and that he had done so.

4. A discussion took place on the procedural aspects of this question, a number of Permanent Representatives expressing surprise that a communication should be made available to member governments and the Chairman of the Council, but not to the members of the Council. They felt that a communication to Foreign Ministers and to the Secretary General of NATO should be considered as a communication to the Council. The fear was expressed that this new procedure, (which the BELGIAN REPRESENTATIVE qualified as "multi-dispersed consultation"), might weaken the authority of the Council as the central body of the Alliance.

5. The DANISH REPRESENTATIVE, on the other hand, supported by the ITALIAN REPRESENTATIVE, thought that it should be made clear that any Permanent Representative should have the right to make a communication to the Secretary General on a confidential basis and not for circulation to the Council.

6. The GERMAN REPRESENTATIVE also thought that the present case was a special one, since it concerned a correspondence between heads of governments and it was only natural that there should be some hesitation about circulating it. The Council should respect the reluctance of President Johnson to circulate his letter at this early stage, and his desire to use a confidential channel of communication with his Allies.

7. The UNITED STATES REPRESENTATIVE said that this was a correct view of the situation. What was concerned here was a type of communication which, in normal diplomatic practice, was regarded as highly confidential. If Permanent Representatives were to advise their heads of government that they should choose between not circulating such communications at all, or circulating them in the Council framework, i.e. to hundreds of people, heads of government would obviously choose the former. Here President Johnson had chosen to circulate his letter to Foreign Ministers and to the Secretary General on the basis described by the Danish Representative, i.e. as not for general circulation. This was not the same thing as filing the document with the Council. He warned the Council against taking the line that a document available to one person should be available to all, since this would have the result that highly confidential documents would not be made available at all.

8. The CHAIRMAN noted that this statement had clarified the nature of President Johnson's communication. He thought that this should be satisfactory to the Council. At the same time, he agreed with the view which had been expressed that in the case of communications to Foreign Ministers or governments concerning the Alliance or its vital interests, it would be most welcome if the government making the communication could find a way of doing so which recognised the Council as the central body of NATO.

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III. WHEAT PURCHASES BY COMMUNIST COUNTRIES AND
SOVIET GOLD SALES ON WESTERN MARKETS

Reference: C-R(65)14
Document: C-M(66)21

9. The CHAIRMAN recalled that the Council had already considered a report on the important question of wheat purchases and gold sales by Communist countries on Western markets for the period 1963 to 1964. In view of the interest shown by the Council in this matter, the Committee of Economic Advisers had thought it useful to collect the information available for the period 1965 to 1966.

10. The document C-M(66)21 was so short that he hardly needed to summarise it. It showed that gold sales by the USSR had been large (of the order of \$450 to 500 million per year). In the present economic situation such transfers could be welcomed, as the Western system of international payments was almost entirely based on gold; there was however a shadow on this pleasant picture; one consequence of such purchases of wheat against gold was that it was likely to slow down the exports of Western industrial goods to Communist countries.

11. As for the future, the report indicated that Communist China was likely to continue significant imports of grain from the free world. The Soviet Union, on the other hand, might be anxious not to become too heavily dependent on such imports. The possibility that she would succeed in being self-sufficient by 1970 to 1971 could not be ruled out, although forecasts in this respect were especially difficult.

12. He invited comments on the report.

13. The UNITED STATES REPRESENTATIVE said that since the report C-M(66)21 had been drafted in late 1965, United States grain stocks had fallen more precipitously than anticipated in paragraph 13(ii). This development was due to the enormous food aid demand, of which India was the most dramatic case. As a result, his Authorities now estimated that United States wheat stocks on 1st July, 1966 would be not more than about 12 million tons. This was 4 million tons less than what his Authorities had been regarding as the minimum desirable stocks for the United States.

14. This development illustrated a much wider upcoming problem. Current trends in food production in the less-developed countries were not adequate to meet rising demands for food resulting from rapidly growing populations and from even slowly rising per capita incomes.

15. The less-developed countries which used to export grain, now produced only about 90% of the grain their people consumed. Even with imports most of which came in under concessional terms, average levels of food consumption were below accepted minimum standards. Millions of people whose consumption levels were below the country average, suffered serious nutritional deficiencies. This was the situation now.

16. If current trends were allowed to continue this would cause increasingly serious problems. But the most serious consequence of all would lie at the time, probably in about 20 years, when the total agricultural productive capacity of the food surplus countries would no longer be sufficient to meet the food needs of the aid recipient countries. This would lead to a breakdown of the world food economy with consequences which would range from catastrophic famine in many areas to an elemental struggle for the control of food resources. A pattern of massive food aid by itself was therefore a road to disaster.

17. The Development Assistance Committee of the OECD was studying this problem and would be seeking some solutions. He wished to highlight at this time in the Council only the enormous political importance of the food problem for world order in the coming years.

18. The CANADIAN REPRESENTATIVE said that as a major exporter of wheat the subject matter of the document was of direct interest to Canada and the Canadian economy. His Authorities considered the document to be a useful one and believed the International Staff had done an excellent job in presenting a complicated subject in a clear way. They fully appreciated the important issues which had just been referred to by the United States Representative.

19. By way of a particular comment, he said that while he recognised that by its nature this summary could not include too much detail, his Authorities believed that in paragraph 5 some distinction might be made among the various Eastern European countries since some of them, for example, Rumania, Bulgaria and Hungary, were much more likely to meet their own future domestic requirements than others. Further, in the same paragraph, his Authorities recognised that in general, forecasts in this area were difficult and they appeared to them to be no less difficult for the Eastern European countries than for the USSR.

20. The BELGIAN REPRESENTATIVE, recalling that the need to obtain the widest possible circulation of the information contained in reports of this nature by the Committee of Economic Advisers, asked what progress was being made in working out a suitable procedure.

21. Mr. GREGH, speaking as Chairman of the Committee of Economic Advisers, said that the Council's interest in a wider distribution of information of this kind had been under study for some time by the Committee. He had been in contact with the Security Bureau and hoped that a document could shortly be agreed on containing guidance on the type of information which could be distributed under certain conditions.

22. The GREEK REPRESENTATIVE said that there should be added to the report the fact that Greece was exporting wheat to Bulgaria from Greek surpluses. Of a total surplus of three hundred and ten thousand tons, one hundred and fifty thousand tons had been allocated for export to Bulgaria. This would be paid for in free currency and not under a barter arrangement. Before the advent of the Communist régime, Bulgaria had exported wheat, whereas Greece had been a net importer. Since then the situation had been reversed. It should however be noted that the decrease in Bulgarian wheat production was being compensated for by increased industrialisation, a phenomenon common to all Communist régimes.

23. The CHAIRMAN said that he thought the information provided by the United States Representative required attention from both the economic and political points of view. He said that he would instruct the Political Affairs Division to study the matter and suggested that the two Committees concerned might also be invited to study it.

24. The COUNCIL:

- (1) noted the report by the Committee of Economic Advisers, (C-M(66)21);
- (2) noted the statements made in discussion;
- (3) agreed to the proposal by the Chairman that the Committee of Economic Advisers and, as necessary, the Committee of Political Advisers, should study the above statements and keep the matter under consideration.

IV. NEW GUIDANCE ON THE HANDLING OF ATOMAL INFORMATION

Document: C-M(66)17

25. The CHAIRMAN said that he thought document C-M(66)17 was self-explanatory. The Council would observe that the Working Group charged with preparing supplementary administrative arrangements for the handling of ATOMAL information had now been informed that the United States were proposing to expand the scope of the proposals contained in the paper presently before the Group, i.e. C-M(65)135. The Working Group was therefore requesting the Council's authorisation to consider these broader proposals, which the United States hoped to submit in the near future.

26. He asked if the Council was prepared to take the action proposed in paragraph 4 of the document.

27. The UNITED STATES REPRESENTATIVE said that he had no objection to the action proposed. He added that the United States had liberalised the flow of atomic information to satisfy the needs of NATO in nuclear matters. Institutionalising these arrangements and fitting them into the requirements of United States legislation was a problem which United States Agencies were now attacking. He took this opportunity to assure the Council, member governments, and the military commands of NATO, that the delay and further deliberations on the new administrative arrangements neither had to date nor would in the future interrupt the flow of ATOMAL information from the United States to the North Atlantic Council, its committees and working groups or to military commands and member states. Ad hoc measures now being utilised would remain in effect and would permit the continued flow of atomic information.

28. The COUNCIL:

- (1) took note of the report by the Working Group on an agreement for co-operation regarding atomic information, (C-M(66)17);
- (2) agreed that the Working Group should examine the broader proposals for the handling of ATOMAL information which the United States was to make, and submit recommendations thereon to the Council;
- (3) noted the statement by the United States Representative.

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V. FUTURE BUSINESS

29. The CHAIRMAN said that there were only two subjects for the normal Agenda of the Council on the week beginning 28th March, firstly the 38th Report of the Co-ordinating Committee of Government Budget Experts, dealing with the 1965 Annual Review of Remuneration for International Staff serving outside France (PO/66/113), and secondly a report by the Economic Committee on the defence effort of NATO countries in relation to their economy, a study based on the proposals by the United Kingdom Chancellor of the Exchequer (C-M(66)23).

NATO SECRET
C-R(66)12

NATO RESTRICTED

30. Subject to the views of the United Kingdom Representative, he suggested that it might be preferable to defer discussion to the meeting on Wednesday, 6th April.

31. The UNITED KINGDOM REPRESENTATIVE said that he had no objection.

32. The COUNCIL:

agreed to discuss the two items referred to by the Chairman at its meeting on Wednesday, 6th April.

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VI. DATE OF THE NEXT MEETING

33. Tuesday, 29th March, 1966 at 10.30 a.m.

OTAN/NATO,
Paris, (16e).

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