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NORTH ATLANTIC COUNCIL

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NATO SECRET
SUMMARY RECORD
C-R(66)61

Summary record of a meeting of the Council held at the
Permanent Headquarters, Paris, (16e).,
on Wednesday, 16th November, 1966 at 10.15 a.m.

PRESENT

Chairman: Mr. J.A. Roberts

BELGIUM
Mr. A. de Staercke

GREECE
Mr. Christian X.
Palamas

NORWAY
Mr. G. Kristiansen

CANADA
Mr. C.S.A. Ritchie

ICELAND
Mr. H.Sv. Björnsson

PORTUGAL
Mr. V. da Cunha

DENMARK
Mr. H. Hjorth-Nielsen

ITALY
Mr. A. Alessandrini

TURKEY
Mr. Nuri Birgi

FRANCE
Mr. P. de Leusse

LUXEMBOURG
Mr. P. Reuter

UNITED KINGDOM
Mr. G.E. Millard

GERMANY
Mr. W.G. Grewe

NETHERLANDS
Mr. H.N. Boon

UNITED STATES
Mr. P. Farley

INTERNATIONAL STAFF

Deputy Secretary General - Assistant
Secretary General for Economics and
Finance:

Mr. F.D. Gregh

Assistant Secretary General for
Political Affairs:

Mr. J. Jaenicke

Assistant Secretary General for
Production, Logistics and
Infrastructure:

Mr. John Beith

Executive Secretary:

The Lord Coleridge

ALSO PRESENT

Military Committee Representative:

Major General W.W. Stromberg

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I. EAST-WEST RELATIONS

Reference: C-R(66)60, Item I
Document: Letter from the Italian Representative to
the Secretary General dated 8th November, 1966.

1. The CHAIRMAN recalled that at its last meeting the Council had had a first exchange of views on the Italian proposal for an Atlantic manifesto. The Council had agreed to continue discussion today, if possible on the basis of instructions received. As the general subject of East-West relations would be placed on the Council agenda for 23rd November, he invited the Council to limit discussion today to the Italian proposal.

2. The ITALIAN REPRESENTATIVE said that his Authorities would be very glad to follow up the suggestion to submit a draft text to the Council; they would do so as soon as possible.

3. The CHAIRMAN invited comments in the light of the above statement by the Italian Representative.

4. The NORWEGIAN REPRESENTATIVE, recalling that he had not been in a position to comment at the last meeting, said that his Authorities considered that the Italian proposal represented an important contribution to the discussion. They fully agreed on the need to co-ordinate allied policies in a flexible manner. The Italian paper rightly focused on the immediate question, which was whether the Ministers should express themselves publicly in December on policy regarding East-West relations, and if so how.

5. The Brussels communiqué had instructed the Council to take a new look at East-West relations. In view of the publicity since given to this task, it would be unfortunate if Ministers could not make a public statement on the conclusions drawn in the Council, stressing the positive progress made to date and indicating guidelines for the future. In this context the Italian proposal provided food for thought and also the elements of a possible statement by Ministers. The Norwegian Authorities very much hoped that Italy would provide a draft text; they also hoped that the Fifteen Allies would be able in December to agree to an unequivocal statement of the rôle of NATO and of the policy of the Allies regarding East-West relations.

6. The CHAIRMAN suggested that when a draft text had been made available by the Italian Delegation, it should be examined in the first instance by the Political Advisers Committee. Any other similar input would be most welcome, as a means of preparing the December Ministerial Meeting.

7. The BELGIAN REPRESENTATIVE hoped that nevertheless this subject would remain on the Council's agenda and that the Council itself would be able to discuss it at the same time as the Political Advisers.

8. The CHAIRMAN, confirming that this was the case, noted that there was a complex of questions now before the Council, including the United Kingdom initiative, the report on East-West relations (C-M(66)84), and the Italian proposal. These were all due to come back to the Council, but should, he suggested, be discussed in the first instance by the Political Advisers.

9. Continuing, he said that in connection with the report C-M(66)84, he would like to raise a point brought to his attention by the Chairman of the Political Committee. That Committee had been given, by the Council, the task of making the East-West Report ready for presentation to Ministers. Progress had been made on this, he understood. The Political Committee now needed a decision from the Council as to whether the report should, from the editorial point of view, remain unchanged and be presented as it was to Ministers with a cover note explaining that the report submitted was a document of the Political Committee; or whether it should be editorially changed in such a way as to become a Council document for submission to Ministers.

10. If it were the wish of the Council to follow the latter course, the Political Committee should be authorised to proceed with that task immediately, i.e. before the next regular Council Meeting.

11. He invited comments.

12. The UNITED STATES REPRESENTATIVE said that he had assumed that the Council had agreed at its last meeting that the Council itself should report to Ministers in accordance with the request made by Ministers in Brussels. His Authorities wished to see the Council adopt the report in a form suitable for transmission to Ministers. The Political Advisers should not reopen the report, except on the few specific points on which the Council had at its last meeting requested a redraft. Minor editorial adjustments were also necessary to make the report one presented by the Council, not the Committee, and to bring it up to date on developments since its issue.

13. The NETHERLANDS and UNITED KINGDOM REPRESENTATIVES supported this view, which was in line with the clear mandate given to the Council in Brussels, to report to Ministers in December. The Netherlands Representative said that it was important for the Council itself to see how much progress it could make. Perhaps this had been an over-ambitious programme, but it was the Council's responsibility to make the report. While it had not been possible to go as far as some countries would have wished, there was a wide agreement on the first three sections of the report. The Council should reconsider what might be done about Section IV; it might still be possible for it to reach the desired goal.

14. The TURKISH REPRESENTATIVE said that he thought it was a matter of convenience whether the report was redrafted as a report by the Council or forwarded to Ministers as a report by the Committee with a covering note saying that it had been endorsed by the Council. He personally would prefer the latter procedure.

15. The FRENCH REPRESENTATIVE said that he thought that it was for the Council itself to make the report and that this was in any case the traditional procedure for reports to Ministers. As regards Section IV, he thought that the Council did not wish to annex to the report the French memorandum which had been presented to the Political Advisers; it had however, been agreed to annex the text of the statement by the French Representative to the Council on 3rd November, as also a text from the Greek Representative.

16. The GREEK REPRESENTATIVE, confirming this agreement, said that he had circulated to the Secretary General and to Permanent Representatives a statement of the Greek reservations on Section I, which if the Council agreed could be annexed to the report. In this way the difficulties on Sections I and IV could be discussed by Ministers.

17. The CHAIRMAN noted accordingly that in conformity with the Brussels communiqué, it would be the Council which would present the report to Ministers. The Political Advisers Committee should now make the necessary editorial changes as indicated in discussion today, and submit the report to the Council for its meeting of 23rd November. The substance of the report would remain unchanged by the Committee, since this was a matter for the Council itself.

18. The COUNCIL:

agreed that the Political Advisers Committee should make the necessary editorial changes as suggested by the Chairman, and submit the report to the Council for discussion at its meeting on Wednesday 23rd November.

II. LONG-TERM ECONOMIC TRENDS IN NATO COUNTRIES,
IN COMMUNIST COUNTRIES AND IN THE THIRD WORLD

Document: C-M(66)95

19. The CHAIRMAN said that C-M(66)95 had been prepared by the Committee of Economic Advisers with a view to drawing the attention of the Council to recent economic developments in the various regions of the world and to the economic prospects up to 1975 if the prevailing trends continued.

20. It stressed the rather surprising fact that the trends of economic growth during recent years had been strikingly similar in both the Communist countries and those of the Free World. This, in itself, was already an encouraging sign, as some years ago the Communist countries were able to claim more rapid rates of growth than those of the Free World. Given the higher level already reached in the West, a similar rate of growth was sufficient to maintain and even increase the Western lead in absolute terms, especially in so far as living standards were concerned.

21. However, the report pointed out that unfortunately, the gap between the advanced countries and the less-developed countries had been widening at an alarming rate in both East and West. The speed of demographic or population growth and the problems posed by the world food situation already pre-occupied other international organizations. NATO, however, could not ignore these problems to the extent that they constituted a permanent threat to peace.

22. He invited comments on the report.

23. The TURKISH REPRESENTATIVE recalled that when the last report of the Economic Advisers Committee on this subject had been discussed in the Council in 1963, several speakers had emphasised the need for the Alliance to prevent the growing disparity between the levels of the economy of its highly industrialised members and those of its members who were in a stage of development.

24. Since that time constructive steps had been taken by the economic consortium for Turkey which had been created following on a NATO initiative, and Turkey was grateful for the assistance which had been provided to Turkey in this way.

25. However, it was a fact, which was also stressed in the report, that the economic expansion of industrialised countries, whether Western or Communist, would increase at a much faster rate than the economic growth of underdeveloped countries.

26. The Economic Advisers Committee had not attempted to draw any conclusions from this report because it was mainly a factual document. If however conclusions were to be drawn from it, one of the conclusions would be that, in view of the disparity in the rates of economic growth, the economic position of the less-developed countries of the Alliance should be improved in order to maintain a good position vis-à-vis the Communist countries and to ameliorate the Alliance's defence posture.

27. The GREEK REPRESENTATIVE said that he associated himself with this statement, since Greece was in the same category of a country with a developing economy.

28. The NETHERLANDS REPRESENTATIVE expressed his Authorities' appreciation for this valuable report. His Authorities were concerned at the clear gap between the industrialised and the under-developed countries which existed on both sides of the Iron Curtain.

29. If the present trends were projected into the future, it seemed clear that in certain Western countries, including the Netherlands, developments would not be so favourable as during the five-year period 1960 to 1965. It might therefore be advisable not to wait for another five years before having another report. He suggested that the Committee might be asked to review the situation in two or three years' time in the light of developments.

30. The BELGIAN REPRESENTATIVE said that, as always with reports of this kind from the Economic Advisers, the question arose of what use should be made of it. The report was an excellent one whose contents should be brought to the attention of national authorities. Capitals should be made more aware that the gap between the industrialised and the less-developed countries would grow if something was not done about it. He asked whether the contents of the report, which was confidential, could be given wider distribution.

31. The CHAIRMAN agreed with the Belgian Representative that there was a danger of the Council's simply noting the document and not doing anything about it. He was informed that the information contained in the report came from normally public sources. He suggested that the Economic Advisers should make a study and report to the Council on how this information could most usefully be employed.

32. In answer to a question by the Belgian Representative, he said that there was no objection to national authorities using the contents of the report without referring to the report itself.

33. The GREEK REPRESENTATIVE commented on paragraph 2 of the report in which it was stated that among the industrialised countries those which were relatively less advanced had progressed faster during the period 1960 to 1965. Reference was made to Bulgaria and Rumania in the Communist group and to Greece in the Free World, and it was stated that for these countries which were still in an intermediate stage of development, both systems gave about the same result. He wished to clarify this conclusion by pointing out that Greece had been able to pursue economic development in freedom, i.e. in addition to her economic progress she had also preserved freedom.

34. The CHAIRMAN said that the Council would wish to note this timely observation.

35. The COUNCIL:

- (1) took note of the report by the Committee of Economic Advisers C-M(66)95;
- (2) noted the statements made in discussion;
- (3) agreed that the Committee should review what might usefully be done with the information contained in the report; for the time being, this information could be released to capitals for use by national authorities without attribution.

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III. DEFENCE EFFORT OF MEMBER COUNTRIES IN RELATION TO THEIR ECONOMY

References: C-VR(65)53
C-R(66)2, Item II

Document: C-M(66)99

36. The CHAIRMAN recalled that at the Ministerial Meeting of December 1966, the Chancellor of the Exchequer of the United Kingdom, Mr. Callaghan, had expressed the wish that NATO should undertake a comparative study of the relative burden of defence on the economy of member countries. This had been discussed in the Permanent Council at the beginning of 1966 and the Committee of Economic Advisers was asked to propose Terms of Reference. The Council agreed during April on these, and the Council now had before it, in document C-M(66)99, the outcome of the efforts made by the Committee to fulfil its mandate. This document consisted of both a text setting out the various economic aspects of defence and a series of tables containing quantitative data.

37. The first question was whether the study established by the Committee of Economic Advisers was of the kind expected by the Council.

38. Secondly, the Council might wish to consider the use which might be made of the study. In this respect he recalled that in the Terms of Reference given to the Committee(1) the purpose of the study was specified as:

"to make available a reference document for the Council, the Defence Planning Committee and other Committees and meetings where it could be of use, in particular when defence efforts of member countries are discussed."

39. A third question of a procedural nature was whether the study should be submitted as such to Ministers next December. In favour of doing this, it might be argued that the whole exercise started at Ministerial level with the wish expressed by Mr. Callaghan. On the other hand, it was to be recognised that the study was rather a bulky one and that it might be convenient if, instead of its being placed on the agenda, the Secretary General were to make a reference to it in one of the reports, for instance in his Summary Appraisal within the framework of the Annual Review 1966, which in any case he must submit to Ministers.

40. He invited the United Kingdom Representative to open the discussion.

41. The UNITED KINGDOM REPRESENTATIVE said that his Authorities welcomed this report on the defence efforts of NATO countries. It was at the United Kingdom's suggestion that the study had been undertaken, and his Authorities were pleased that the Committee had been able to fulfil its Terms of Reference so adequately. They particularly welcomed the inclusion, for the first time, they believed, in the NATO forum, of data relating to the broader economic and industrial implications of countries' respective defence efforts. This new information, together with the basic data relating to the balance of payments and the main categories of national expenditure, provided the appropriate background against which the United Kingdom and, he believed, other countries, would wish to assess their defence efforts.

(1) C-M(66)23

42. The report rightly referred to the limitations of a study of this nature, which was concerned with international comparisons of a complex issue. The difficulties of making such statistical comparisons between countries were well known, and here the problem had been complicated by the fact that there was no single standard of comparison. This was not necessarily due to the limitations of the statistics available, but followed from the complex nature of the problem under consideration. Indeed, as the report pointed out, there were many aspects which needed to be taken into account as well, which did not lend themselves to statistical measurement.

43. His Authorities believed that the Alliance's understanding of the relationship between defence efforts and the background economic situation of member countries had been greatly increased by the study. Many times in discussions over past years the Council had had to wrestle with problems in which defence expenditure and economic issues were inextricably interwoven. No doubt similar occasions would occur in the future and the United Kingdom was grateful that this study in depth of complex issues would now be available as a background document.

44. There were many inter-related discussions going on at the moment. When one could see the way in which these were developing, the Council should be better able to decide what use should be made of this valuable document. But at the moment his Authorities hoped that the Council would note with approval this Report of the Committee of Economic Advisers and, in doing so, thank those concerned in compiling it, the member countries who had provided information and especially the members of the International Staff who had so expertly and patiently compiled the report on behalf of the Committee.

45. The ITALIAN REPRESENTATIVE said that he had been instructed to make the following comments. His Authorities had been very much interested in the United Kingdom suggestion and they noted the report as a balanced one which took account of the different aspects of the problem without prejudging any question now being studied by the Alliance. He reserved the right to comment further at a later date.

46. He therefore noted the report with the reservation that it should be used as a reference document, and that it should not be invoked for the purposes of any revision of cost-sharing formulae.

47. The UNITED STATES REPRESENTATIVE said that he had been instructed to commend the International Staff and the Committee for the quality and clarity of this report as also of the report C-M(66)95 discussed under Item II. A mass of data had been accompanied by a very well-balanced text to provide an invaluable reference document which his Authorities could agree to note. As regards the Ministerial Meeting, he thought that his Authorities would see no objection to the Secretary General's referring to the report in his Summary Appraisal.

48. The GERMAN REPRESENTATIVE said that he could note the report, which was an excellent document, even if it was difficult to define how it might be used in practice. He recalled the doubts he had expressed in the Council on 19th January, 1966(1) and 6th April, 1966(2) concerning the value of collecting this data. On 6th April he had said that:

"Germany continued not to understand the reason and purpose of the whole exercise and also had doubts with regard to the usefulness of the figures to be collected. In its opinion, international comparisons of national data of any kind were normally unlikely to produce useful results."

His Authorities continued to hold this view, which had been repeated by the German experts to the Economic Advisers Committee on 17th February, 11th July and 27th October. While it might be true that the data compiled in the report were reasonably accurate for each country, it was not possible to draw any further conclusions from them. A market economy was a very complex mechanism which could not show a defence effort in quantitative terms and the report could not be considered fully adequate for this purpose however valuable it might be as a collection of data. To produce an accurate assessment of defence efforts all relevant factors, including those which could not be expressed in figures should be taken into account.

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- (1) C-R(66)2, Item II
 - (2) C-R(66)13, paragraph 8

49. The NETHERLANDS REPRESENTATIVE thought that Mr. Callaghan's idea had been to have a more clear presentation of the various elements in individual countries' defence efforts. He noted that the United Kingdom was satisfied with the report as a useful reference work for the future.

50. The Netherlands Authorities had had no illusions as to the possibility of making a comparison, since conditions in each country bearing on the defence effort differed and the elements of this defence effort were difficult to measure. His Authorities thought, however, that the report showed that it had been worthwhile to devote time to this study, which had produced the most complete document to date on this question. With other speakers, he thanked Mr. Gregh and in particular Mr. Vincent for the work they had put into the report, which contributed considerably to the Council's knowledge of this problem. There were frequent press reports of statements by politicians to the effect that defence burdens were not fairly shared among the Allies. Should this controversy come up again, he hoped that it would be at a higher level on the basis of the information contained in the report. He could accordingly note the report as a background document.

51. The TURKISH REPRESENTATIVE said that he would like to congratulate Mr. Gregh and especially Mr. Vincent and his staff in having achieved a "tour de force" in preparing the document before the Council. The task had been a very difficult one for the reasons which had been referred to by previous speakers and which were very well explained in the report. In spite of these difficulties the International Staff had succeeded in producing an interesting and valuable document which took into account nearly all the views of the member countries. At least the main views of the Turkish Authorities were reflected in one way or another in this report.

52. As far as the views of Turkey were concerned, Turkey had always maintained that her defence efforts were high in comparison with her economic resources and that her defence sacrifices could not always be expressed in facts and figures. He was therefore pleased to see that this document confirmed what his Delegation had repeatedly stated. The figures shown in the tables annexed to this document illustrated Turkey's defence efforts very clearly. For instance, in Table 6, where the defence expenditures were shown as a percentage of the gross national product, it was indicated that Turkey, although having the lowest per capita national income, devoted to defence a very high percentage of her resources. Thus Turkey occupied the fifth position after the United States, Portugal, the United Kingdom and France.

53. In Table 11, where the defence expenditures were shown as a percentage of current expenditures of general government, Turkey occupied the first position.

54. There were of course defence sacrifices which could not be expressed in figures. Among these the most important for Turkey were what were called "opportunity costs". These were the value of goods and services which could not be produced because they were absorbed by national defence expenditures. It could not be denied that if Turkey devoted a larger share of her national resources to investment rather than to national defence, the growth of her economic development would become faster. This problem had been explained in length in a memorandum submitted to the Economic Advisers Committee and he was glad to see that it was mentioned in the report.

55. His intervention should not be interpreted as a sort of attempt by Turkey to justify running away from her responsibilities. His intention was to be positive in the sense of the conclusions he had expressed under Item II above concerning the long-term economic trends in NATO countries. He had tried to stress the necessity of helping to the widest extent possible the less-developed members of the Alliance so as to enable them to be in the best position to co-operate efficiently for the common defence, which meant at the same time the defence of their own country.

56. To sum up, he was ready to take note of the report before the Council. As regards the question of how to use it for the Ministerial Meeting of December, his Authorities were open-minded about the two alternatives the Chairman had suggested. This being said, he stated that personally he would prefer the alternative according to which the report should be mentioned in an appropriate way in the general report which the Secretary General would present to the Ministerial Council, instead of putting this report as an individualised item in the agenda of the Ministerial Meeting.

57. The GREEK REPRESENTATIVE said that he could note the report and agreed with the data given on the Greek economy. The Greek Delegation had contributed to this study. His Authorities were at present studying what practical use might be made of this important report; it was possible that they might wish to comment on it later. Noting that it was a confidential document, he expressed the strong hope that no publicity would be given to any data contained in it.

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58. The CHAIRMAN, summing-up, noted that the three questions he had raised at the outset had been fully answered. Firstly, the Council had found the report clearly satisfactory in its present form, and appreciation had been expressed for the professional expertise of its authors. Secondly, it was clear that this should be regarded as a reference document for Ministers and national authorities. He noted that it had been pointed out that it was not possible to record in figures certain intangible items bearing on a country's defence effort. Thirdly, the report should not be submitted formally to Ministers, but it had been suggested that the Secretary General should refer to it in his Summary Appraisal.

59. He supported the request by the Greek Representative that the confidential nature of this report should be respected.

60. The COUNCIL, subject to the comments made in discussion and to the summing up by the Chairman:

noted the report by the Committee of Economic Advisers (C-M(66)95) which was adopted as a reference document for the Council.

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IV. INTERIM REPORT BY THE HIGH LEVEL WORKING GROUP TO REVIEW MILITARY COMMUNICATIONS REQUIREMENTS

Document: C-M(66)93

61. The CHAIRMAN said that the High Level Working Group to review military communications requirements had been established by the Council at its meeting on 21st December, 1964. The task of the Group was defined in PO/65/95 as being "to screen the communications facilities for NATO military purposes, mainly in Allied Command Europe, and to recommend measures whereby operational requirements could be met in accordance with a co-ordinated plan, and as economically as possible".

62. It should be recalled that the initial reason for the establishment of the High Level Working Group was the concern of the Military Budget Committee with the rising trend of costs for military communications. Thus, while the Working Group was asked to examine and to report on the costs and trends of communications in NATO, it was, by the same directive, asked to consider and to recommend measures for co-ordination and economy.

63. The Working Group, composed of high level national experts, had met several times during 1965 and 1966 and had identified the evolution of cash credits in the military budget for NATO communications, taking the period 1961 to 1965 inclusive as its sample study period. Its findings were set out in Annexes A and B to the Interim Report C-M(66)93.

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64. Having considered the various systems of communications now in use in NATO, the Working Group agreed to the basic principles set out summarily in paragraph 5 of the Interim Report.

65. However, during the course of its work, other developments, flowing from the French initiative and the pace of technology, made it apparent that a new long-term plan for NATO communications requirements would have to be studied and prepared which would evidently take a considerably longer time than the period originally envisaged, when the High Level Working Group was established. The High Level Working Group therefore came to the conclusion that an Interim Report should be submitted by the Chairman to the Council, setting out what information had already been developed by the Group and pointing out to the Council that no further progress could be made at this time until the changes in Command structure, organization and location had been further developed and, in the light of these changes, a detailed co-ordinated communication plan for all NATO Commands had been prepared by the NATO Military Authorities.

66. The Interim Report C-M(66)93 was therefore submitted to the Council as an interim measure with the recommendations applicable to the current situation, it being understood that the Working Group might continue its task, unless otherwise decided, when the co-ordinated communications plan had been completed by the NATO Military Authorities and was available for study by the High Level Working Group.

67. He therefore asked Council to approve the recommendations set out on page 5 of document C-M(66)93 as the interim findings of the Working Group.

68. He added that it was he personally who had suggested the preparation of this Interim Report for the reason that it was two years since the Group had been set up and it seemed inadvisable for the Council to continue in ignorance of what was happening. Since the creation of the Group the work by SHAPE in the communications field had been upset by other developments, and it would now be some time before the Group could review SHAPE's requirements.

69. The COUNCIL:

- (1) approved the basic principles for NATO military communications set out in paragraph 5 of C-M(66)93;
- (2) took note of the Interim Report C-M(66)93 and of the basic problems referred to in it, which still remained to be studied;

- (3) accepted that the High Level Working Group could make no further progress at this time with the task entrusted to it in PO/65/95 until the changes in Command structure, organization and location had been further developed and, in the light of them, a detailed co-ordinated communications plan for all NATO Commands had been prepared by the NATO Military Authorities.

V. RELOCATION OF THE COUNCIL

Reference: C-M(66)97
Document: C-M(66)103 and Corrigenda

70. The CHAIRMAN said that the note by the Secretary General on the Relocation of the Council (C-M(66)103) was a purely factual document but one which invited the Council to take two decisions.

71. The decision with regard to the method of financing to be employed need not necessarily be taken today, but it was of great importance that a decision in principle should be taken with regard to which of the alternatives in paragraph 2 of the cover note should be adopted.

72. The Council had seen the Porte de Namur and certain sites on which buildings, either permanent or temporary, might be erected. Some members of the Council had also had the benefit of the advice of their experts who were in Brussels on 15th November. He would therefore now do no more than to ask for the views of Permanent Representatives on the three alternative courses of action outlined in paragraph 2. He appreciated that this was a difficult subject on which to speak at such short notice, but time was pressing. It was possible to hold over a decision for a day or two, but not more without losing the advantage of thinly-held options.

73. The GERMAN REPRESENTATIVE said that he had no precise instructions, but that he did not wish to forego this opportunity of a discussion which would be helpful to his Authorities in making up their mind. His Authorities were very hesitant to express, as a hasty decision, a preference in favour of renting the Porte de Namur building. Generally and in principle they felt that it was not the best solution to rent, and that it would be better to construct a new building, which would be more impressive to the public, more economical and practical, and which would allow for future developments. They felt that the rental asked for the

Porte de Namur building was very high, and represented one-quarter or one-fifth of the probable cost of constructing a new building. It was therefore difficult to take a decision in favour of this solution. They were aware that in the first instance this was not a financial decision, but was the consequence of a political decision; this should obviously be taken into account. They thought however, that it was first necessary to have more discussion of a number of practical points. For example, they wondered whether it was in fact correct, as stated in paragraph 2 of C-M(66)103, that a decision to build would mean that the Council could not move to Brussels in less than three years. Examination was necessary of whether it could really not be possible, with modern methods, to produce a new building more quickly. If in fact construction would take so long, could the necessary buildings be made available at the Porte de Namur for September 1967?

74. One might also again ask the Belgian Government whether all the possibilities of sites had been exhausted, other than the sites visited by the Council in Brussels.

75. His Authorities also felt that further studies were necessary on financial problems. He was not sure that the financial considerations in C-M(66)103 took sufficient account of the decision of the Council on C-M(59)80, in paragraph 5 of which it was envisaged that the proceeds of the sale of the Porte Dauphine building would be distributed among member countries in accordance with the cost-sharing formula for the construction of that building.(1) This decision seemed to exclude the possibility of using these proceeds for rental purposes. On the other hand, it should be possible to use them to build a new construction. This question therefore called for further consideration.

76. His Authorities felt that there remained many elements of uncertainty and difficulty in the way of a quick decision. They therefore urged that governments should not be pressed on such an important matter, but that they should be given more time to study the various aspects of the problem.

77. The UNITED STATES REPRESENTATIVE said that he thought it would be helpful to all member governments to have a discussion today. He had authority to agree to a version of alternative (3) in C-M(66)103, i.e. his Authorities wished to proceed without delay, and in view of the possibilities before the Council considered that there was a prima facie case for the third alternative. They did not however, wish to adopt it in principle until they saw its financial implications. They accordingly could agree that the Secretary General should further study the financial details of a four year rental, while reserving their position as regards any financial commitment.

(1) Reference C-R(59)32, Item V, paragraph 21.

78. A careful study should also be made of the points now raised by the German Representative. For example, it was not clear exactly what would be covered by the very high rental proposed. Again, the problem of conference facilities might for some time be very difficult, especially if, as the Council desired, the Military Committee were to be located in or near the Porte de Namur complex. There were strong arguments in favour of the colocation of the Council and the Military Committee; for example, the United States Authorities hoped that the Military Committee would operate the Situation Room on behalf of the Council. All these practical factors should be given further study. A study should also be made of the time required to construct a new building, since this might affect the view of his Authorities. One should look closely at the practical and financial aspects of a decision which would affect the efficiency and comfort of the operation of the Organization for years to come.

79. He thought that it would be practical for the proceeds of the sale of the Porte Dauphine building to be put at the disposal of the Organization, which had the legal right to own the money. Further, governments were surely in a position to take a new decision as to how these proceeds might best be used.

80. The UNITED KINGDOM REPRESENTATIVE said that his Authorities considered that the third alternative was the best proposition from the point of view of both cost and timing. They therefore agreed that the Secretary General should be authorised to negotiate a lease and also to negotiate concerning the disposal of the Porte Dauphine building, but without any financial commitment by governments at this stage. His Authorities assumed that the Secretary General would be able to use expert advice, including that of estate surveyors. They hoped that the financial implications would be studied further and that a financial decision would not be necessary now.

81. Commenting on the table contained in paragraph 14 of Annex I to C-M(66)103, he said that he thought there was not much to choose financially between solution B and solution C, but said that his Authorities did not favour part-purchase under solution C, since NATO part-ownership of the building would put NATO in a weak position when it came to negotiating a further lease of the Tower.

82. The proposal to invest the proceeds from the sale of the Porte Dauphine building was not, he thought, in line with normal practice by governments. Like the German Representative, he thought that the Council should consider the possibility of reversion of these proceeds to governments. Finally, his Authorities felt that one should not exclude the possibility of building a permanent headquarters later. Accordingly, one should not exclude consideration of the Porte de Namur as a temporary solution and the implications of this solution should be examined in detail.

83. The MILITARY COMMITTEE REPRESENTATIVE said that since the United States Representative had referred to the location of the Military Committee, he wondered if it would be appropriate to continue the discussion of this subject.

84. On being invited by the Chairman to continue, he recalled that previously he had only been able to give a consensus of the Military Representative's opinion resulting from their meeting of 3rd November. The Military Committee had met on 10th November and he had now received firm guidance which he wished to provide to the Council. The Military Representatives felt strongly that whatever decisions were made on the location of the Military Committee, the following principles should in order of priority be adhered to:

- (i) The Military Committee must retain its entity, that is the Chairman and the International Military Staff, the Military Representatives and their staffs must not be split.
- (ii) If possible the Military Committee as a corporate body should be in its own area in the same building as the Council.
- (iii) If this was not possible, the Military Committee should occupy its own building in close proximity to the Council building.
- (iv) The Situation Centre must be modern and effective and located to serve both the Council and the Military Committee.
- (v) Space permitting, appropriate Military Committee agencies should be housed with the Military Committee.

85. The Military Committee considered that a firm decision on its exact location was premature at this time, because it was not in possession of all the factors regarding accommodations required and available.

86. The BELGIAN REPRESENTATIVE hoped that it was clear that the decision on this question lay with governments, who were not today in any way committed by the statement by the Military Committee Representative.

87. The CHAIRMAN, confirming that this was the situation, suggested that the Council should not today discuss this matter.

88. The ITALIAN REPRESENTATIVE said that it was not easy to have an early financial decision on a document which had been issued only a few days before. The Italian Authorities were awaiting the result of the report by the experts visiting Brussels. He had been struck by the comments by the United States and United Kingdom Representatives. His Authorities were concerned to ensure the efficient operation of the Alliance in 1967, which might well be affected, if it was decided to build a new construction. He accordingly thought that the best and simplest solution would be to hire accommodation and thus have time to reflect on whether to build a new construction.

89. He reserved the right to comment at a later meeting.

90. The TURKISH REPRESENTATIVE said that he was without precise instructions. He thought that his Authorities would prefer the third alternative, since in the circumstances little choice was available. They were however, concerned at the financial implications. In view of the high rental, it might be preferable to build a new construction, if not now, then at a later stage. He asked whether it would not be possible to have a shorter lease than that of nine years. In indicating a probable preference for the third solution, he could not of course accept any financial commitment for his government.

91. The GERMAN REPRESENTATIVE said that so far he had not received clear instructions to express any preference. He fully agreed with the Italian Representative that the criterion of efficiency was an important one. It was on grounds of efficiency that his Authorities had doubts as to the wisdom of the Porte de Namur solution. Its drawbacks consisted in the number of buildings and storeys, the scattered location and the inadequate number of conference rooms. Difficult security problems would arise in a building thus situated in the centre of the city; there would be traffic and parking problems; and there would also be problems regarding future expansion. He agreed that one could not take too long in reaching a decision on relocation, and that the Council must draw the necessary consequences from its political decision; he thought, however, that the question had not yet been sufficiently studied to take a decision now.

92. The ITALIAN REPRESENTATIVE said that he wished to add that he had not linked the idea of efficiency to any particular building, but to the fact that if the Council decided on a new construction, the problem would arise of where the Council should be housed during the construction period. His Authorities were reluctant to consider constructing a new building.

93. The PORTUGUESE REPRESENTATIVE said that he was without instructions, but that personally he had been much struck by the comments of the German Representative. In principle his Authorities would favour a new building as the most economical and efficient solution. A study should be made of whether in fact three years would be required for new construction, as this was a point of capital importance. His Authorities would not favour building if it would require three years.

94. The Porte de Namur solution was not an ideal one, and the alternatives should therefore be studied. He supported the proposal by the German Representative for studies of a more economical and efficient solution.

95. The GREEK REPRESENTATIVE said that there seemed to be no alternative to the third solution, if a new construction would require three years. He agreed with other speakers that this requirement should be studied further. He could not at this stage commit his government financially. The financial expert of his Delegation was preparing a report on the Porte de Namur building, on which he would obtain instructions from his Government.

96. The UNITED STATES REPRESENTATIVE, referring to the comment by the Belgian Representative on the location of the Military Committee, said that he wished to make it clear that what he had said on this subject was on instructions from his Authorities.

97. The FRENCH REPRESENTATIVE said that he could approve any solution which was unanimously agreed by the Council. Commenting on the question of the rise in construction costs (Annex I, I, to C-M(66)103), he pointed out that the rise in costs in France affected primarily sites rather than buildings. The value of the Porte Dauphine building would of course have to be assessed by an expert.

98. The CHAIRMAN said that the Council would note this statement and that this subject would be discussed in due course.

99. The LUXEMBOURG REPRESENTATIVE said that he was without instructions, but that he could accept any solution which had unanimous approval.

100. The BELGIAN REPRESENTATIVE then replied to the comments which had been made in discussion. The Belgian Government, in view of the very rapid decision by the Council on relocation, had considered it best to proceed urgently. It had suggested the Porte de Namur solution because this was a particularly good opportunity which had become available on the

market. The disadvantage of this proposal was that it seemed to be forcing the hand of NATO governments. If, however, the Belgian Government had not put this urgent proposal before the Council, then it would have meant losing this opportunity.

101. The ideal solution would obviously be to construct after competitive bidding on an ideal site. The difficulty was the very short time available. The Council must take a decision in the next few days on the Porte de Namur; if not, this solution would cease to be available. The Belgian Government had not been able, in the short time at its disposal, to study all possible sites.

102. Replying to the comment by the German Representative, he said that it was possible that a new construction could be put up in less than three years. However, if the Council decided against the Porte de Namur, considerable time would be necessary firstly, to prospect for a site, secondly, to acquire it from its owner or owners and thirdly, to clear it by demolishing any existing constructions. The construction of temporary accommodation would cost one-third of the cost of a permanent building, and might have the added drawback that delegations would be dispersed.

103. The time limit on which the present option on the Porte de Namur should be taken up, would expire at the beginning of next week. A number of comments had been made on the disadvantages of this building. The German Representative had asked how it could be ready in time for October 1967. He, the Belgian Representative, pointed out that two of the buildings already existed, and that the rest of the complex could be completed in approximately 18 months. As regards the rental cost, the Banque Lambert in the same area was paying B.fr. 1,600 a square metre, whereas the owners of the Porte de Namur building were asking between B.fr. 1,400 and B.fr. 1,500.

104. If the Council chose this alternative, it would be an approval in principle only. The Secretary General would then discuss the contract and a request for authorisation of funds would only come at a much later stage, after experts, as suggested by the United Kingdom Representative, had had time to study the proposal.

105. He thought that the questions of the location of the Military Committee and the number of conference rooms were not insoluble, and did not raise fundamental difficulties.

106. The important problem was that of the lease. The owners of the building did not wish to sell, and wished to lease for a period of nine years. One might have a lease which could be cancelled after a certain time, with the possibility of a sub-lease or leases.

107. He therefore urged that the Council should decide in favour of this solution, which would permit the Council to be installed in dignified accommodation and give it time to look around for sites for a permanent headquarters. A decision should be taken by governments not later than Monday, 21st November on whether to take up the option. He doubted whether it would be possible in Belgium, or in any other country, to construct temporary accommodation in less than two or three years. He therefore urged an early Council decision and assured the Council that the Belgian Government would show the greatest goodwill in subsequently looking for suitable sites for a permanent headquarters.

108. The CHAIRMAN said that he thought that the Belgian Representative had fairly stated the case. He emphasised that the Council should not expect the Secretary General to work miracles. Admittedly the Council was faced with a difficult decision at short notice on what was a commercial proposition. It appeared from his enquiries that the proposed lease would leave the landlord responsible for major structural repairs to roofs, plumbing, elevators, etc., whereas the tenants would be responsible for normal cleaning and maintenance. The rental cost was not higher than that of comparable accommodation in the same part of Brussels. As regards the option, the contractor would hold the building until 20th December. During this time, he would be prepared to negotiate a longer term lease on the Elite building, or at least on the half of it nearest the Tower. The contractor would plan immediately to proceed with work on building number 3, and would try to arrange for alternative accommodation for the three present tenants of the Tower. In return for all this, the contractor was asking for an estimated ten million Belgian francs compensation should the Council change its mind after 20th December.

109. The building at 52 Avenue des Arts was not under option, but its owners were not proposing to rent at the moment, in the hope that NATO would take it.

110. If the Secretary General engaged in negotiations to hold the building at the Porte de Namur while the Council obtained instructions from governments, NATO did run a risk of having to pay compensation if the option was not taken up. He fully recognised that the Council was being asked to take a decision without the normal or prudent time required for reflection. If therefore it would help governments, the Council could meet again on Saturday 19th or Monday 21st. He must however, emphasise that if the Council then took no decision this would be tantamount to taking a decision, since alternative (3) would be removed as an option available to the Council.

111. The GERMAN REPRESENTATIVE said that he had put forward a number of arguments today in order to stimulate a discussion which would convince his Government of the need to take a decision. His Government could only decide after the fullest possible consideration of the question.

112. Replying to the Belgian Representative, he said that he was sure that a provisional solution, on another site, was neither practical nor economical. The construction of a new building would require due planning. He doubted whether one could look on the Porte de Namur building as a provisional solution; it was unlikely that one would wish after four years to make new arrangements for telecommunications and other facilities.

113. He did not doubt that the rental price was an appropriate one, for this part of Brussels; the question was, was it necessary for the Council to choose this expensive area?

114. As regards the option times, he did not see the objective necessity for haste by the owners, who had so far been able to rent only five storeys of the Tower. A too hasty decision by the Council might result in permanent improvisation, and it might later be very difficult to satisfy the requirements of the Organization.

115. The CHAIRMAN said that he doubted whether the Council had much to lose by postponing a decision to 21st November. In view of the arguments expressed today against taking a decision, he suggested that the Council should meet again on the afternoon of Monday, 21st November; this would give him time to obtain further information and delegations time to obtain further guidance. He emphasised however, that the Council should be fully aware of the implications of postponing a decision beyond that date.

116. The UNITED STATES REPRESENTATIVE said that while he had been instructed to state a preference for the Porte de Namur, his Authorities had very much in mind the difficulties outlined by the German Representative. He asked that the Council be given all possible further information, including what exactly it was being asked to agree to at this stage.

117. The NETHERLANDS REPRESENTATIVE, indicating that he would prefer a meeting on Tuesday, 22nd November, noted that one of the reasons for which the Council must take a decision next week, was in order that arrangements could be made to accommodate the present tenants elsewhere.

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118. The BELGIAN REPRESENTATIVE, replying to the comment by the German Representative, said that the owners had not let more accommodation to date for the precise reason that they were waiting for a decision by NATO.

119. The NETHERLANDS REPRESENTATIVE noted that if the Council agreed to take up the option next week, and then cancelled it, this would mean payment of compensation.

120. The CHAIRMAN said that it was possible that this would be the decision before the Council.

121. In conclusion, the COUNCIL:

agreed to continue discussion on
Tuesday, 22nd November at 10.15 a.m.

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VI. DATE OF THE NEXT MEETING

122. Tuesday, 22nd November at 10.15 a.m. (Plenary Session)

OTAN/NATO,
Paris, (16e).

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