

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

EXEMPLAIRE
COPY

N° 367

ORIGINAL: ENGLISH
28th October, 1968

NATO SECRET
SUMMARY RECORD
C-R(68)53

Summary record of a meeting of the Council held at the NATO
Headquarters, Brussels, 39, on Wednesday, 16th October, 1968
at 10.15 a.m. and 4.00 p.m.

PRESENT

Chairman: Mr. Manlio Brosio

<u>BELGIUM</u>	<u>GREECE</u>	<u>NORWAY</u>
Mr. A. de Staercke	Mr. P.A. Cavalierato	Mr. G. Kristiansen
<u>CANADA</u>	<u>ICELAND</u>	<u>PORTUGAL</u>
Mr. Ross Campbell	Mr. N.P. Sigurdsson	Mr. A. Fortunato de Almeida
<u>DENMARK</u>	<u>ITALY</u>	<u>TURKEY</u>
Mr. H. Hjorth-Nielsen	Mr. C. de Ferrariis Salzano	Mr. Nuri Birgi
<u>FRANCE</u>	<u>LUXEMBOURG</u>	<u>UNITED KINGDOM</u>
Mr. R. Seydoux	Mr. L. Schaus	Sir Bernard Burrows
<u>GERMANY</u>	<u>NETHERLANDS</u>	<u>UNITED STATES</u>
Mr. D. Oncken	Mr. H.N. Boon	Mr. Harlan Cleveland

INTERNATIONAL STAFF

Deputy Secretary General:	Mr. J.A. Roberts
Assistant Secretary General for Political Affairs:	Mr. J. Jaenicke
Chairman of the Economic Committee:	Mr. A. Vincent (Items V and VI)
Chairman of the Infrastructure Committee:	Mr. J.F. Donelan
Deputy Executive Secretary:	Mr. K.W. Andreae

ALSO PRESENT

Chairman, Military Committee: Admiral Sir Nigel Henderson

NATO SECRET

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

CONTENTS

<u>Item</u>	<u>Subject</u>	<u>Paragraph Nos.</u>
I.	Statements on political subjects	
II.	General situation in the Mediterranean	1 - 20
III.	Release of information about NATO finances to Members of Parliament	21 - 22
IV.	Report of the International Board of Auditors for NATO on the audit of Infrastructure Accounts for the year ended 31st December, 1967	23 - 24
V.	Credits granted by NATO countries to Cuba	25 - 28
VI.	Credits granted by NATO countries to Communist countries	29 - 47
VII.	Council programme of work	48 - 49
VIII.	Death of Mr. Selim Sarper	50 - 53
IX.	Date of the next meeting	54
	Annex	

DECLASSIFIED/DECLASSIFIEE - PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

I. STATEMENTS ON POLITICAL SUBJECTS

Private session.

NATO SECRET

II. GENERAL SITUATION IN THE MEDITERRANEAN

Document: PO/68/524

1. The CHAIRMAN recalled that in paragraph 8 of the Reykjavik Communiqué the Secretary General had been requested to co-ordinate the exchange of information among members of the Council and to keep the Council closely advised on the situation in the Mediterranean. In addition, Permanent Representatives had been directed to consult fully on this situation and to extend their consultations in range and depth as circumstances required. He knew that certain delegations, like himself, considered that the present circumstances called for a full discussion on the general situation in the Mediterranean with special reference to recent developments in this area. There was no need to go into this situation in detail. The essential development had been the recent significant increase in the Soviet Mediterranean fleet. This might or might not be related to recent developments in Eastern Europe and in the Balkans. At all events, recent tensions between the Soviet Union on the one hand and Rumania, Yugoslavia and Albania on the other might affect the military and political situation in the Mediterranean area, particularly if the Soviet Union were to attack one or all of these countries. In document PO/68/524, he had made an effort to touch upon the main events in the Mediterranean area since the Reykjavik Ministerial Meeting. He acknowledged that this paper was not exhaustive, for since its distribution there had been further interesting developments, such as the peace plan put forward by the Israeli Foreign Minister at the United Nations and President Johnson's decision to open talks with Israel concerning the delivery of jet aircraft. However, he hoped that, incomplete though it might be, this document would be of assistance in the Council's discussion. Within this context, the Council might also wish to consider the letter which the United States Deputy Permanent Representative, Mr. Cargo, had sent him on 9th September and which he had circulated to delegations. This letter emphasized the desirability of increasing the number of visits by naval units of NATO countries to ports in the Mediterranean area. He felt that Mr. Cargo's suggestion was particularly interesting in view of the recent announcement of a visit by Soviet ships to Casablanca. He pointed out that the assessment of the implications of the Czechoslovak crisis referred to the

effects of this crisis on the situation in the Mediterranean. However, the Council would no doubt wish to discuss this important problem in greater detail. The discussion might, inter alia, lead to consideration at a later date - e.g., the following week - of the attitude to be taken by member nations in the event of further Soviet initiatives in the Mediterranean area. The Council might also wish to consider whether, bearing in mind paragraph 8 of the Reykjavik Communiqué, the Secretary General should be asked to make a report to Ministers on the developing situation in the Mediterranean. In conclusion, he invited the Chairman of the Military Committee to give a short briefing on the balance of forces in the Mediterranean.

2. The CHAIRMAN of the MILITARY COMMITTEE gave a briefing, the text of which was circulated to delegations and is attached at Annex to the present summary record.

3. The UNITED STATES REPRESENTATIVE said that PO/68/524 was a good example of what a political evaluation should be. He recommended that these studies should be continued and that, in accordance with the mandate he had been given in Reykjavik, the Secretary General should prepare a report for the next Ministerial Meeting. This report should comprise an updated version of the military assessment prepared in June, based on the new elements provided by the Chairman of the Military Committee; however, in view of its nature, the report should not be discussed or formally approved by the Council. As regards the developments which had taken place since the circulation of PO/68/524, he recalled that it was as a result of a recommendation by the United States Congress that President Johnson had decided to begin negotiations with Israel regarding the sale of "Phantom" jet aircraft. Commenting on the talks with the Spanish Government, he said that it was difficult to foresee what their outcome would be. Should Spain decide not to renew the agreement on the bases, the United States would have to reconsider the ways and means of abiding by its commitments to NATO in this area and consult with its Allies. He would welcome any information other countries might have on Spain's intentions. On the Adriatic question, he felt that the analysis of the situation in Yugoslavia could be amplified if - as the Canadian Representative had suggested during the exchange of views under Item I - the Political Committee undertook a systematic study of the information Western statesmen had gleaned from their recent contacts with leading figures in the countries most directly threatened by Soviet policy in this area. In his view, there was no point in holding consultations on Middle East problems, which had already been the subject of considerable discussion in the United Nations and during meetings between the Ministers of member countries. The United States hoped that Dr. Jarring's attempts at mediation would be successful. He stressed the importance the United States attached to stepping up the number of visits by member countries' ships to Mediterranean ports in order

to demonstrate the Alliance's interest and presence in this area. However, on condition information was normally exchanged through the Situation Centre, the United States felt that these visits need not be previously co-ordinated at the political level. He added that one of the countries in which this policy should be applied was Malta. Pointing out that notwithstanding these measures, there was still a need for a more active form of surveillance in the Mediterranean, he welcomed the activation of the new COMMARAIRMED.

4. The TURKISH REPRESENTATIVE said that his Authorities had not yet completed their study of PO/68/524 and that he reserved the right to comment further on this question later. In connection with paragraph 1, he said that although the present numerical strength of the Soviet Mediterranean squadron was still below that of July and August 1967, it was clear from the statement by the Chairman of the Military Committee that its operational capability had increased. Consequently, the 1967 figures were of only limited value as a basis for comparison. Moreover, these figures should not be considered as an acceptable minimum. Commenting on paragraph 3, he said that his Delegation would provide the Situation Centre with information on Soviet activities at Mers-el-Kebir. As regards the situation in the Adriatic, he was prepared to take part in any studies resulting in plans to counter an extension of the Soviet Union's activities. In connection with Albania, he stated that the Albanian Foreign Minister, who was due to visit Turkey on 14th October, had informed the Turkish Authorities that it was impossible for him to make this visit in view of the possible repercussions of the Czechoslovak crisis and of the Albanian withdrawal from the Warsaw Pact.

5. Turning to the Middle East, he said that in PO/68/524 a greater share of responsibility appeared to have been assigned to the Arab countries than to Israel; this, in his view, was an inaccurate premise. On the question of naval visits to Mediterranean ports, he said that although the Turkish Navy had only limited capabilities, it had carried out the following visits in 1966 and 1967:

- 3 battleships had visited an Egyptian port in 1966;
- the training ship "Savarona" had called at Libyan, Tunisian, Algerian, Spanish and Maltese ports in July 1966;
- a battleship had visited a Maltese port in 1967;
- 2 battleships had called at a Maltese port in September 1967;
- the training ship "Savarona" had visited Libya in September-October 1967, and Egyptian, Libyan, Tunisian, Spanish and Maltese ports in July-August 1968.

6. He had no information regarding any proposed visits at the end of 1968 or in the future.

7. The CHAIRMAN said that in drafting the paragraphs on the Middle East conflict, he had attempted impartially to set down acknowledged facts without touching on the problem of restoring peace, which was a matter for the United Nations. He was prepared to amend his document in accordance with representatives' suggestions.

8. The PORTUGUESE REPRESENTATIVE drew special attention to the changes which might occur in the balance of forces in the Middle East as a result of the military agreement between the Soviet Union and Egypt which, according to certain sources, had been signed in July and provided for the delivery of 200 of the latest aircraft (MIG2A and SU7) and 500 of the best-equipped tanks to Egypt during the year.

9. The GERMAN REPRESENTATIVE said that his Authorities shared the concern expressed in PO/68/524 and were prepared to fall in with the views of the member countries most directly concerned and to consider supporting them - e.g., in the negotiations with Spain. On the question of visits to Mediterranean ports, his Government agreed in principle to this suggestion, but could take only limited action since German warships rarely visited the Mediterranean and the German Government had no diplomatic relations with certain Arab countries such as the United Arab Republic and Algeria. However, the United States Delegation's proposal was under consideration and the training vessel "Deutschland" was already scheduled to visit Spain in 1969.

10. The GREEK REPRESENTATIVE said that, pending the completion of his Authorities' review of PO/68/524, he would confine himself to a few personal comments. He felt that developments in the Mediterranean should be viewed against the new political doctrine of the Soviet Union, which was liable to be implemented not only within the boundaries of the Warsaw Pact but also in progressive Arab countries. The theory that the Soviet naval presence in the Mediterranean was designed solely to exert political pressure on the Arab States was no longer credible in view of the wide variety of missions which could be carried out by the most modern units of the Soviet fleet now in the Mediterranean. He regretted that no reference whatsoever had been made to the situation in the Eastern Mediterranean, where the Soviet naval presence, backed up by the presence of troops in Bulgaria, was clearly intended as a means of exerting pressure in the Balkans. In conclusion, he stated that his Government wholeheartedly supported the United States Delegation's suggestions and would do its best to increase the number of visits by warships to Mediterranean ports. Plans had been made for a visit to Libyan ports and a training vessel would be making its yearly cruise with calls at Spanish, Tunisian and Libyan ports.

DECLASSIFIED/DECLASSIFIED PUBLIC DISCLOSED/MISE EN LECTURE PUBLIQUE

11. The ITALIAN REPRESENTATIVE said that he, too, was concerned at the dangers involved in the new "Socialist Commonwealth" doctrine at a time when the Soviet Union was increasing its military capability in the Mediterranean. There was always a possibility that certain Arab countries might invoke this doctrine to call for Soviet assistance; this made the threat more far-reaching and consequently more dangerous, particularly since part of the Mediterranean being outside the North Atlantic Treaty area, the risks a Soviet intervention in this theatre would entail were less clear-cut than in the case of Berlin and Central Europe. Although for the present the Soviet fleet had (clearly-*limited objectives*) defined missions, it might be designed simply as a basic structure which was to be brought up to full strength should the need arise. As regards the Adriatic, while acknowledging that Yugoslavia was especially threatened, he considered that Albania, too, was in a dangerous position. There were two possible motives for a Soviet intervention in this country: *Albania!* it would give the Soviet Union a springboard for action against the West and allow it to take certain precautions vis-à-vis *China*. In view of the various courses of action open to the Soviet Union, an extremely close watch should be kept on the Albanian situation. Answering a question by the Chairman, he confirmed that certain circles in Italy considered that it might be in the interest of both blocs to neutralise Albania. With respect to the suggestion by the United States Delegation, he said that the Italian Authorities had always tried to arrange for their ships to visit foreign ports, *Med* especially those located in Algeria, Spain and Yugoslavia. He agreed that visits should also be made to Malta. In conclusion, he asked the Chairman of the Military Committee for his views on the theory that in wartime the Soviet fleet would be in a difficult position in the Mediterranean since it would not have access to its Black Sea bases.

3-5

the case time

in the area of the Black Sea
in the area of the Black Sea
in the area of the Black Sea

noted

12. The CHAIRMAN of the MILITARY COMMITTEE said that this theory would be valid only in the case of general and prolonged war; however, it would be less applicable should the Soviet Union confine itself to a limited surprise attack.

13. The GREEK REPRESENTATIVE expressed support for the Italian Representative's comments on Albania. In his view, a Soviet intervention in this country could easily be carried out and would enable the Soviet Union to increase its pressure on NATO countries near Yugoslavia. However, he acknowledged that the Soviet Union had to exercise some caution in view of the possibility of a Chinese reaction on the Sino-Soviet frontier.

14. The UNITED KINGDOM REPRESENTATIVE said that he could agree to PO/68/524 as a basis for discussion with a view to preparing plans and deciding what action was needed to strengthen NATO's defences in this area, which naturally

called for the closest attention as a result of the Czechoslovak crisis; however, he felt that there was no point in trying to secure agreement on a new document dealing with the situation as a whole. Generally speaking, he recommended that - without minimising the overall threat - special attention should be drawn to comments on the various aspects of this threat. On the question of the Soviet naval forces, he pointed out that these units had had several phases of activity and that, after declining sharply in June 1968, their strength had been built up again and by mid-August had reached the July 1967 level. As regards the presence of two Kashin Class destroyers, he understood that these vessels' primary task was to assist in testing the Moskva's anti-submarine warfare capability but that they would not be permanently assigned to the Soviet Mediterranean fleet. In connection with paragraph 6 and the threat to Yugoslavia, he said that during his conversation with Mr. Stewart, Mr. Nikezic had expressed the view that the critical phase of the crisis was now over; this had been confirmed in an Italian Ministry of Defence report to the Situation Centre. Consequently, it might reasonably be assumed that the Soviet Union did not propose to attack Yugoslavia or Albania for the moment. He would be very interested to hear whether there had been any further contacts between the Western countries and Albania, with which the United Kingdom had no diplomatic relations. He agreed that in recent months there had been another violent outbreak of war fever in the Middle East; however, although the danger was still basically unchanged, the situation was under better control than a short time previously. He could not confirm the report that a new airfield was being built in Southern Egypt. On the question of preparations for the Ministerial Meeting, his Government considered that it was unnecessary to draw up an agreed document on the political implications of the Soviet Union's activities in the Mediterranean but that efforts should be concentrated on implementing the decisions taken at Reykjavik, bearing in mind also the decisions within the province of the Defence Planning Committee. On the basis of these decisions, the Military Committee and the NATO Military Authorities should prepare plans which, he suggested, might be examined at the Ministerial Meeting. While welcoming the activation of COMMARAIARMED, he pointed out that provision had been made at Reykjavik for certain other measures, such as the establishment of an "on call" force. In conclusion, he said that he could agree in principle to the United States Delegation's suggestion regarding visits by warships to Mediterranean ports on condition that - as the United States Representative had stated - no previous co-ordination was required.

15. The ITALIAN REPRESENTATIVE pointed out that the information from the Italian Ministry of Defence referred to by the United Kingdom Representative was simply a series of comments which were applicable only for a limited period

and could be variously interpreted. In assessing the present situation, it was essential to take account of constant factors, namely, the existing danger and the impossibility of anticipating the Soviet Union's decisions. As regards the tasks to be carried out before the Ministerial Meeting, he felt that it was most important for the Council to consider what action should be taken in the event of further interventions by the Soviet Union.

16. The NETHERLANDS REPRESENTATIVE said that his Authorities were firmly convinced that the Soviet threat to the South-Eastern flank was detrimental to the interests of the Alliance as a whole. They were especially concerned at the Soviet Union's new political doctrine, which might serve to justify further interventions. Soviet policy was characterised by a readiness to move in wherever a vacuum was created and the Soviet Union might be given further incentive to do this by Western withdrawals in certain areas of the Mediterranean. In this connection, a close watch should be kept on Soviet activities in Southern Egypt, the Yemen and Mers-el-Kebir. He was prepared to take part in a discussion in the Defence Planning Committee with a view to considering practical measures. While welcoming the activation of COMMARAIMED, he felt that it was essential that the necessary forces should be assigned to this body. As for the attitude of Spain, he pointed out that in view of the current political situation only a limited degree of influence could be brought to bear on this country. On the question of visits by warships to Mediterranean ports, he was not in a position to undertake any commitment but believed that this matter would be considered when the Netherlands fleet's programme of activities for 1969 was prepared.

17. The FRENCH REPRESENTATIVE, referring to paragraph 6 on the Adriatic, said that during a discussion with a distinguished French visitor, Marshal Tito had said that he did not fear an attack by the Russians. In his view, the Soviet Union was aware that the Yugoslavs would defend themselves if need be and had been informed of the defensive measures which had been taken. On Albania, he pointed out that whereas PO/68/524 stated that this country appeared to fear a seaborne rather than a landborne attack, the Chairman of the Military Committee had said that the Soviet Union had only limited facilities for a landing operation. As regards the paragraph on Algeria, he recalled that a few weeks previously he had informed the Council of a report from the French Embassy in Algeria to the effect that the Soviet technical assistants had been transferred to the premises vacated by the French at the Mers-el-Kebir base. He would inform his Authorities of the information in paragraph 3. In conclusion, he pointed out that the report that an airfield was being built in Southern Egypt had not been confirmed.

18. The CHAIRMAN of the MILITARY COMMITTEE said that, as things stood at present, Albania's concern was well-founded; for the moment, however, the military experts felt that it would be difficult to carry out an invasion from the sea. He added that the Soviet Union might opt for a third solution, namely, an airborne operation.

19. In conclusion to the discussion, the CHAIRMAN stressed that his intention had not been to amend the assessment of the situation approved by the Council. He would bear in mind the points made in discussion and continue to report to the Council as objectively as possible on any further developments. In the same spirit, he would prepare a report for Ministers, to which a list of questions might be appended to further the discussion. He had noted representatives' concern at the broadening of the threat as a result of the new "Socialist Commonwealth" doctrine, which could be applied to Arab countries as well as the Warsaw Pact nations. He had also noted that there were omissions in PO/68/524 in so far as the Eastern Mediterranean was concerned. Commenting on the position taken by Spain, he said that while this problem could not be approached from the standpoint of Spanish relations with NATO, developments in the bilateral negotiations regarding the agreement on bases were none the less of the greatest interest to the Alliance; he therefore requested the United States Representative to keep the Council posted on developments. He noted that the suggestion for an increase in the number of visits by warships to Mediterranean ports had been favourably received. In addition, the United Kingdom had strongly pressed for the implementation of the measures recommended at Reykjavik, and he would inform the Military Authorities of these comments. In conclusion, he suggested that at its next meeting the Council should discuss the action to be taken in the event of a Soviet invasion of other countries.

20. The COUNCIL:

- (1) took note of PO/68/524 and of the comments to which it had given rise, and invited the Chairman to keep this study up to date with a view to the submission of a report at the Ministerial Meeting;
- (2) took note of the briefing by the Chairman of the Military Committee (see Annex);
- (3) agreed to continue the discussion at its next meeting, at which consideration would be given to possible action in the event of a Soviet invasion of other countries.

III. RELEASE OF INFORMATION ABOUT NATO FINANCES TO
MEMBERS OF PARLIAMENT

Reference: PO/67/662
Document: C-M(68)40

21. The CHAIRMAN drew the Council's attention to the proposals submitted by the Civil and Military Budget Committees in response to the request it had made at its meeting on 26th September, 1967 (C-R(67)40, Item V). He recalled that, as a result of an initiative by the Assembly of Western European Union, the Council had agreed in principle that more information about NATO finances could be made available to Members of Parliament. After consultation with the NATO Security Bureau, the two Budget Committees recommended the release of the information at Annex to C-M(68)40, subject to certain restrictive conditions; these were that such information should be released solely to the Parliamentarians of the North Atlantic Assembly and the Assembly of Western European Union, it being understood, however, that national authorities of member countries were free to release the information - also on a restricted basis - to Parliamentarians other than those referred to above.

22. The COUNCIL:

approved the recommendations by the
Civil and Military Budget Committees
set out in paragraph 7 of document C-M(68)40.

NATO RESTRICTED

IV. REPORT OF THE INTERNATIONAL BOARD OF AUDITORS FOR
NATO ON THE AUDIT OF INFRASTRUCTURE ACCOUNTS FOR THE
YEAR ENDED 31ST DECEMBER, 1967

Reference: C-M(68)9
Document: C-M(68)50

23. The CHAIRMAN invited the Council to consider the Report by the International Board of Auditors for NATO on Infrastructure accounts for the year ended 31st December, 1967 (C-M(68)9) and also the Report by the Infrastructure Committee on various points raised by the Board (C-M(68)50). He understood that the Infrastructure Committee was continuing its efforts to settle the issues mentioned by the Board, and that it had made considerable headway with several problems to which a satisfactory outcome was expected in the near future.

24. The COUNCIL:

took note of the Report by the International Board of Auditors for NATO for the year ended 31st December, 1967 (C-M(68)9) and of the Report by the Infrastructure Committee (C-M(68)50).

NATO CONFIDENTIAL

V. CREDITS GRANTED BY NATO COUNTRIES TO CUBA

Reference: C-M(67)66
Document: C-M(68)48

25. The CHAIRMAN said that the 12th half-yearly Report by the Committee of Economic Advisers on outstanding credits granted by NATO countries to Cuba showed that credits had increased during the second half of 1967 although not at the same rate as during the first half of that year. He also pointed out that during the year 1967 the value of exports from member countries to Cuba had reached the highest level recorded since 1960.

26. The UNITED STATES REPRESENTATIVE said that in the current political climate, and at a time when the Soviet Union was making strenuous efforts to reduce its aid to Cuba, which it considered unduly onerous, it was surprising that credits guaranteed by NATO governments as at 31st December, 1967 had totalled over \$120 million. The countries providing these credits were helping to lighten the burden on the Soviet Union and to give the Castro régime an appearance of respectability.

27. The GERMAN REPRESENTATIVE stated that his Government had not guaranteed credits accorded to Cuba and that he had no information on private credits.

28. The COUNCIL:

took note of the Report by the Committee of Economic Advisers on the credits granted by NATO countries to Cuba (C-M(68)48) and of the comments by the United States and German Representatives.

VI. CREDITS GRANTED BY NATO COUNTRIES TO COMMUNIST COUNTRIES

Reference: C-M(67)79
Document: C-M(68)49

29. The CHAIRMAN submitted to the Council for its consideration the 17th semi-annual report by the Committee of Economic Advisers on credits granted by NATO countries to Communist countries. He pointed out that outstanding credits at the end of 1967 had been affected by certain factors of an accidental nature which made it difficult to establish a comparison with the figures given in earlier reports. However, if these factors were eliminated, it would be seen that there had been an overall increase in such credits of more than 5%. New credits, and in particular credits of over five years, had continued to rise sharply in 1967. The main beneficiaries were still the USSR, Rumania and Poland but it was to be noted that the Soviet Union's share - while still high - had fallen from 37.7% in June 1967 to 33.1% at the end of December 1967. Credits to Communist China had continued to shrink.

30. The GREEK REPRESENTATIVE said that Greece was not granting any credits to the Eastern bloc countries.

31. The UNITED STATES REPRESENTATIVE remarked that the report covered a period preceding the events in Czechoslovakia and that of the three European countries which had most profited from Western credits, two had participated in the invasion while Novotny's Czechoslovakia was well down the list. He was of the opinion that the new situation had created problems which governments should discuss; if only on security grounds, it might be necessary to reverse a tendency towards liberalisation which had appeared in Western credit policy and in some relaxation of restrictions on trade, for example, in the OOCOM.

32. The GERMAN REPRESENTATIVE said that his Government was endeavouring to put a brake on the increase in long-term credits to Eastern bloc countries but this policy implied a restriction on exports which might raise a problem for German industry as orders would fall. It would be regrettable if countries not applying the same policy took advantage of this situation to build up their trade.

33. The CHAIRMAN suggested that the problem of trade relations with Eastern bloc countries should be examined within the framework of crisis management planning.

34. The UNITED STATES REPRESENTATIVE assumed that other governments besides those of the United States and the Federal Republic had considered the implications of the Czech crisis for their trade and credit policy towards Eastern Europe. He suggested that the Committee of Economic Advisers should be invited to list the measures contemplated in the different NATO countries in order that these might be taken into account in political contingency planning.

35. The FRENCH REPRESENTATIVE commented that the point raised by the United States Representative was tied up with the fundamental issue of whether trade relations with the Eastern countries should be kept up. In accordance with its policy of long-term détente, the French Government did not intend to modify its position in this sphere. Generally speaking he did not believe it to be in the interests of the West to limit its credits to the Eastern countries since this would place the latter in a difficult situation in which they would be at the mercy of the Soviet Union.

36. The TURKISH REPRESENTATIVE thought that the problem of trade should not be seen as a single problem and that account must be taken of specific cases. He believed nevertheless that it would be useful to make a study of the different viewpoints without prejudging the position which each member country might adopt in future.

37. The CHAIRMAN recalled that the Council had approved a report(1) by the Committee of Economic Advisers on the implications of the Czech crisis and that, despite their very general nature, the conclusions set out in this report were still applicable. However, he felt that the present situation and the possibility of Soviet action against such countries as Rumania, Yugoslavia and Albania justified a study by the Committee of Economic Advisers of the consequences of such an action from the standpoint of the trade and financial policies of member countries.

38. The CHAIRMAN of the COMMITTEE OF ECONOMIC ADVISERS explained that the Committee had a three-fold programme of work:

- a review of economic and financial measures adopted by member governments vis-à-vis the five Communist countries which had intervened in Czechoslovakia;

(1) O-M(68)44

- an analysis of the economic repercussions of recent events in Czechoslovakia. This analysis had been set out in the report C-M(68)44. The Council had taken note of this document and invited the Committee to pursue its study. An additional report might be prepared should developments so warrant;
- a study on the possible relationship between trade and credit agreements and trends towards liberalisation in the European Communist countries.

Within the framework of this programme of work and, in particular, the review of economic measures taken by member countries, any delegation which so desired could initiate a discussion in the Committee of Economic Advisers on the adequacy or inadequacy of member countries' economic policy following the Czech crisis.

39. As a result of the discussion which had just taken place, the Committee might be given a fourth task, which would consist, not in reviewing the repercussions of past events, such as the Czechoslovak crisis, but in identifying the economic aspects of the problem which would arise in a new situation - necessarily of a hypothetical nature - such as a renewed Soviet aggression. The object of this study would be to establish a basis for appraising the economic policies deemed appropriate by member countries.

40. The FRENCH REPRESENTATIVE said that he would have no objection to a study by the Committee of Economic Advisers based on hypothetical situations.

41. The UNITED KINGDOM REPRESENTATIVE also agreed that the Committee of Economic Advisers should undertake an analytical study which would provide the Council with the means of evaluating the situation objectively. He could see there was a good case for continuing to trade with the Eastern countries so as to enable them to keep in touch with the free world.

42. The LUXEMBOURG REPRESENTATIVE suggested that the Committee of Economic Advisers should consider the possibility of a procedure for a priori consultation as practised by the six Common Market governments.

NATO SECRET
C-R(68)53

NATO CONFIDENTIAL

43. The UNITED STATES REPRESENTATIVE agreed that the Committee of Economic Advisers should supplement its studies on the different economic aspects of the Czech crisis by an analysis of various possible situations. He pointed out, however, that the political aspects of the problem, in particular the need to discriminate between an aggressor state and a non-aggressor state could not be eluded. He added that the primary problem was not trade but credit.

44. The ITALIAN REPRESENTATIVE said that he had not received instructions on the point raised by the United States Representative. He felt, however, that his Authorities would have been ready to consider collectively in NATO the economic aspects of the short-term problems raised by the invasion of Czechoslovakia, taking into account the principle of discrimination between the countries which took part in the invasion and those which were the victim or did not have a part in it. He added that his Delegation intended to circulate certain remarks on the Economic Report recently submitted to the Council.

45. The UNITED KINGDOM REPRESENTATIVE stressed the need for utmost caution in approaching concepts such as discrimination between states and credit restrictions. He pointed out that trade which depended on the availability of credit was a necessity of international life.

46. The CHAIRMAN noted that the Council would shortly have an opportunity to consider the advisability of crisis management studies and that in so doing it could decide whether there was also a need to study economic aspects. At all events, and in order to save time, he would invite the International Staff to begin a review of these aspects.

47. The COUNCIL:

noted the report by the Committee of Economic Advisers concerning credits granted by NATO countries to Communist countries during the period up to 31st December, 1967 (C-M(68)49) as well as the comments to which it had given rise.

NATO UNCLASSIFIED

VII. COUNCIL PROGRAMME OF WORK

48. The CHAIRMAN said that he had received no objections to the proposed dates for the Ministerial Meeting and they could accordingly be regarded as final. Consequently, the Defence Planning Committee and the Nuclear Planning Committee would meet on 14th November and the Council on 15th and 16th November. He suggested that the next regular meeting of the Council be devoted to a discussion of the preparations for the November session. The Council would

NATO SECRET

NATO SECRET
C-R(68)53

NATO UNCLASSIFIED

have to decide what tasks to entrust to the Political Committee at Senior Level which might be instructed to prepare draft conclusions for the Ministers, it being understood that the Defence Review Committee and the Defence Planning Committee would for their part, examine questions of military interest. Lastly, he recalled that no decision had yet been reached concerning a meeting of the Defence Ministers at the end of December.

49. The COUNCIL:

noted the above statement.

NATO UNCLASSIFIED

VIII. DEATH OF MR. SELIM SARPEN

50. The CHAIRMAN announced that Mr. Selim Sarper who had represented Turkey on the Council from 1957 to 1960 had died on 11th October. He himself had had an opportunity of appreciating the intelligence and perspicacity of Mr. Sarper whose opinion on Soviet policy he had sought when on a visit to Moscow where Mr. Sarper was Ambassador from 1944 to 1946. He recalled that after leaving NATO Mr. Sarper had filled the post of Secretary General at the Ministry of Foreign Affairs and then of Deputy Minister Foreign Affairs before being elected to Parliament. He intended to send a message of condolence to his family on behalf of the Council.

51. The BELGIAN REPRESENTATIVE shared the regret expressed by the Chairman. He added that all those who had known Mr. Sarper had appreciated his strength of mind, his grasp of situations, his dignity and his capacity for friendship.

52. The TURKISH REPRESENTATIVE thanked the Council for its warm words in memory of a man who believed deeply in the Alliance and in the place of Turkey as a member of the European concert of nations.

53. The COUNCIL:

endorsed the statements of the Chairman and the Belgian Representative.

NATO UNCLASSIFIED

IX. DATE OF THE NEXT MEETING

54. Friday, 18th October at 10.15 a.m.

OTAN/NATO,
Brussels, 39.

NATO SECRET

Statement by the Chairman of the Military Committee

RECENT REINFORCEMENT OF RUSSIAN SHIPS IN THE MEDITERRANEAN

"At the moment there are some 45 Soviet naval units there, which is close to the peak number in the Arab-Israeli war. They include:

- 1 MOSKVA helicopter carrier
- 2 cruisers
- 10 destroyer/escorts
- 2 landing ships
- 11 submarines

I would like to describe briefly what effect it is thought that the reinforcements have on the balance of sea power in the Mediterranean.

I shall not discuss the accepted doctrine that the Russians are primarily in the Mediterranean to bring psychological and political influence to bear on the Arab countries. Nothing has altered this, as far as I know, and so I will only deal with the military aspects. The NATO countries' naval forces in the Mediterranean have not substantially changed over the last few months. The strike carriers of the United States Sixth Fleet are there with their escorts and amphibious forces. The Polaris submarines are on station. The various Allied navies are there as before. The setting up of the Mediterranean Maritime Air Command next month, which you recently approved, should considerably enhance NATO's ability to keep track of Soviet naval forces in the area.

The main counter to the strike carriers is the continuing presence of the cruiser KYNDA and of a Russian nuclear submarine, both of which carry cruise missiles with a range of 350 nautical miles and, of course, there is always the Russian land-based air threat. That has not altered. At the moment, the KYNDA is outside the Mediterranean paying a social visit to Casablanca, but only yesterday a relief missile-carrying nuclear submarine arrived on station in accordance with present practice. The Sixth Fleet is making port visits.

Indications seem to show that the helicopter ship MOSKVA, which can carry quite a large number of small helicopters, is at present primarily an anti-submarine ship. Her helicopters are all believed to have dipping sonar.

The ship herself has variable depth sonar on her stern so that she can herself detect submarines, and it is known that in the past weeks she has been carrying out anti-submarine exercises in the Eastern Mediterranean. Thus the Russians are probably endeavouring to develop a counter to the Polaris submarine in the Mediterranean, which they have not previously possessed. This is not at present evaluated as being effective. Although MOSKVA's helicopters can carry troops, as indeed can almost all helicopters, there is nothing at present to suggest that this is their main rôle, but this could change quickly.

Indeed, the amphibious or assault capability of the Russians in the Mediterranean at the present time remains slight. They have two small landing ships regularly in Port Said, but no troops in the area and no landing craft. That is not to say they could not bring troops in by air or by merchant ships through the Turkish Straits. But a major amphibious assault at the present time is not possible. A minor landing is feasible but could be undertaken with little or no opposition. I think this has a bearing on any possible operations against Albania or Yugoslavia from the sea.

The Russians continue to use Alexandria and Port Said as ports to station their depot ships for logistic support for their ships. They also continue to use Hammamet Bay, near Tunis, for training and logistic purposes. They do not use Mers-El-Kebir, although we know there are Russian technicians there who may have recently been slightly augmented.

There is a possible new Soviet technical development in the Mediterranean. It is now thought that the destroyers with surface-to-air missiles, of which there are six in the Mediterranean at the present time, have had their missiles modified to give them a surface-to-surface capability with a range of up to 25 miles. If this is correct it gives the Soviets an added anti-ship capability.

Thus, to sum up, the Soviet naval forces in the Mediterranean have been strengthened, with the attendant political effects, but militarily mainly in the anti-submarine field, possibly to try to counter the Allies' Polaris submarines. The possibility of amphibious assaults against Albania and Yugoslavia cannot, of course, be entirely ruled out but are improbable at the present time.

Finally, one nation has reported that in Southern Egypt, near the Sudan, Soviet technicians have constructed a new airfield with bomb storage sites which can be used by heavy bomber aircraft. If this is confirmed, it is significant that the base might be used by BADGER aircraft already in the United Arab Republic, which could be positioned out of reach of Israeli aircraft.