

MISE EN LECTURE PUBLIQUE
RECLASSIFIED

ORIGINAL: ENGLISH
Date: June, 1965

NATO RESTRICTED
DOCUMENT
AC/127-D/191

COMMITTEE OF ECONOMIC ADVISERS

NATO COUNTRIES' TRADE WITH COMMUNIST
COUNTRIES IN 1964

Draft Report to the Council

In view of the increasing interest devoted to the rôle of economic relations between East and West, the Committee has considered that it might be useful to bring up to date its earlier report(1) to the Council on NATO Countries' trade with communist countries. Although this trade has expanded over recent years, it still represents only a fraction of NATO countries' total trade. The present report covers the period 1960-64, and attempts to set out, in particular, the changes which occurred last year in comparison with 1963. Recent developments in this trade show a great difference according to countries, whether NATO or communist countries. They have been greatly affected by the sales of wheat by Canada and the United States.

IMPORTANCE OF TRADE WITH COMMUNIST COUNTRIES IN NATO
COUNTRIES' TOTAL TRADE

2. In 1964, the exports of NATO countries to communist countries taken together represented 3.3% of their total exports, the same percentage as in 1960, but slightly higher than in 1963, when the corresponding figure was only 3%. It must be noted, however, that while for NATO Europe the percentage fell from 4.6% in 1960 to 3.7% in 1964, it increased during the same period in the case of North America, from 0.9% to 2.7%. Some NATO countries, such as Iceland, Greece and Turkey, depend to a considerably higher degree on trade with communist countries(2).

3. In 1964, the imports of NATO countries from communist countries represented 3% of their total imports, compared with 3.3% in 1960 and 3.2% in 1963. While the percentage in North America has remained fairly constant at about 0.5%, that of NATO Europe declined from 4.5% in 1960 to 4.2% in 1963 and 4% in 1964(2).

(1) O-N(64)54.
(2) See Tables I and II.

II. EASTERN EUROPEAN COUNTRIES (1)

4. In 1964, the Eastern European countries accounted for about 58% of NATO countries' trade with the communist countries as a whole. This share has risen only slightly since 1960. However, if NATO Europe alone is considered, there has been an increase; for exports, the percentage has risen from less than 55% in 1960 to more than 66% in 1964.

5. NATO Europe's exports to Eastern Europe, over the period 1960-64, as a whole, grew at about the same rate as their total exports. However, in 1964, there has been a tendency for the rise to be faster owing essentially to an expansion of exports from the Federal Republic of Germany and Italy. For most other NATO European countries, sales to Eastern Europe increased, on the contrary, at a rather lower rate than their total exports to the world. As regards NATO Europe's imports from Eastern Europe, their growth was slower than that of their total imports from the world.

6. As far as North America is concerned, the trade pattern with Eastern Europe has changed only as a result of the wheat sales of these countries. North American exports increased by 88% from 1960 to 1964. Most of the rise occurred in 1964 for which year these total North American exports to Eastern Europe reached a level 86% higher than in 1963. North American imports from this area expanded at a much slower pace with the result that there was a substantial trade surplus in favour of the United States and Canada.

III. THE USSR

7. In 1964, the USSR accounted for about one-third of NATO countries' trade with communist countries as a whole; during the period 1960-64, this share increased slightly for NATO countries' exports but this development is, in fact, the result of a sharp increase in the share of North America which has more than offset a decline in that of NATO Europe. For NATO countries' imports, the share of the USSR in the total for communist countries declined slightly during the period 1960-64. This was true of imports by both NATO Europe and North America, although the drop was sharper in the case of the latter.

8. Between 1960 and 1964, NATO Europe's exports to the USSR diminished; in fact, there was a significant increase from 1960 to 1962, followed by a rather sharp decline - about 20% - between 1962 and 1964. NATO Europe's imports from the USSR expanded steadily from 1960 to 1963, but fell by about 4% in 1964; during this latter year, they exceeded exports by \$500 million.

9. North America's exports to the USSR increased substantially in 1963 (mainly as a result of Canadian wheat sales) and in 1964 again (as a result of wheat sales by both Canada and the United States).

(1) For the purpose of the present paper, Eastern Europe comprises Poland, the Soviet-occupied Zone of Germany, Czechoslovakia, Hungary, Roumania, Albania and Bulgaria.

The level in 1964 was more than nine times that in 1960 and more than two and a half times that of 1963. On the contrary, North America's imports from the USSR remained quite constant at their rather low level during the whole period 1960-64. Consequently, North America obtained, for the single year 1964, a trade surplus with the USSR of \$415 million.

IV. COMMUNIST CHINA

10. NATO countries' trade with Communist China, in 1960 represented 15% of their trade with the communist countries as a whole, but this figure fell to 9% in 1964. North America's exports to Communist China consist only of Canadian sales, as the United States has placed an embargo on trade with this country: they were hardly significant in 1960, but increased in 1961 owing to wheat sales and since then they have remained at about the same level. On the other hand, Canada's imports from Communist China have remained at a very low level. In the case of NATO Europe, there was a sharp drop of exports to Communist China in 1961 and, in spite of some recovery since then, the level of such exports in 1964 was still less than half that of 1960. NATO Europe's imports from Communist China did not fluctuate so widely; there was a decline from 1960 to 1962 which was followed by a rise in 1963 and even more so in 1964; however, during this latter year, the level of 1960 had not yet been regained. While North America had in 1964 a considerable trade surplus with Communist China, NATO Europe had a small trade deficit.

OTAN/NATO,
Paris, XVIe.

TABLE I

NATO COUNTRIES' EXPORTS TO COMMUNIST COUNTRIES AS A
 PERCENTAGE OF THEIR TOTAL WORLD EXPORTS

	1960	1963	1964
Belgium/Luxembourg	3.7	1.7	1.5
Denmark	3.9	4.3	3.9
France	4.0	3.5	3.2
Federal Republic of Germany(1)	6.6	4.5	5.2
Greece	22.0	19.9	21.0
Iceland	23.1	17.3	14.3
Italy	5.8	5.7	4.9
Netherlands	1.7	1.7	1.4
Norway	4.8	4.6	5.0
Portugal	2.3	1.6	1.4
Turkey	12.2	9.6	9.2
United Kingdom	3.5	3.7	2.8
Total NATO Europe	4.7	3.8	3.7
Canada	0.8	4.3	7.4
United States	1.0	0.7	1.3
Total NATO North America	0.9	1.5	2.7
Total NATO	3.3	3.0	3.3

(1) In the case of the Federal Republic of Germany, figures comprise both exports and interzonal trade deliveries to the Soviet-occupied Zone of Germany.

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TABLE II

NATO COUNTRIES' IMPORTS FROM COMMUNIST COUNTRIES AS A
PERCENTAGE OF THEIR TOTAL WORLD IMPORTS

	1960	1963	1964
Belgium/Luxembourg	2.2	2.4	2.2
Denmark	4.9	4.2	4.1
France	2.8	3.1	2.9
Federal Republic of Germany(1)	7.1	5.6	5.4
Greece	7.9	8.5	8.3
Iceland	22.7	17.7	16.2
Italy	6.1	5.9	5.4
Netherlands	2.6	2.3	2.1
Norway	3.4	2.9	3.6
Portugal	1.5	0.7	1.3
Turkey	9.1	7.3	7.7
United Kingdom	3.6	4.0	3.8
Total NATO Europe	4.5	4.2	4.0
Canada (fob)	0.3	0.4	0.5
United States (fob)	0.5	0.5	0.5
Total NATO North America	0.5	0.5	0.5
Total NATO	3.3	3.2	3.0

(1) In the case of the Federal Republic of Germany, figures comprise both imports and interzonal trade deliveries from the Soviet-occupied Zone of Germany.

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TABLE III

NATO COUNTRIES' EXPORTS TO EASTERN EUROPE(1)

Annual totals fob (Million US dollars)

	1960	1961	1962	1963	1964	% change between 1964 and 1963
Belgium/Luxembourg	75.48	64.80	61.08	60.48	62.76	3.8
Denmark	39.24	42.12	55.20	51.24	44.28	- 13.6
France	105.00	124.92	129.00	161.88	170.76	5.5
Federal Republic of Germany(2)	484.05	489.15	511.01	499.89	644.85	29.0
Greece	26.04	33.48	31.20	35.28	40.55	14.9
Iceland	5.40	4.80	4.68	5.64	5.88	4.3
Italy	93.96	127.32	138.72	196.24	184.92	18.4
Netherlands	50.76	58.32	44.52	48.12	59.04	22.7
Norway	25.56	24.72	27.12	33.60	41.52	23.6
Portugal	4.68	4.68	5.52	6.36	6.84	7.5
Turkey	34.32	25.44	21.12	28.32	28.80	1.7
United Kingdom	121.20	187.20	207.72	195.24	179.52	- 8.1
Total NATO Europe	1065.69	1186.95	1236.89	1282.29	1469.72	14.6
Canada	28.20	71.16	42.48	40.32	149.64	271.1
United States	153.60	87.48	104.76	143.52	192.60	34.2
Total North America	181.80	158.64	147.24	183.84	342.24	86.2
Total NATO	1247.49	1345.59	1384.13	1466.13	1811.96	23.6

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

(2) In the case of the Federal Republic of Germany, figures comprise inter-zonal trade deliveries.

Source: AC/127-D/189

TABLE IV

NATO COUNTRIES' IMPORTS FROM EASTERN EUROPE(1)

Annual totals cif (Million US dollars)

	1960	1961	1962	1963	1964	% change between 1964 and 1963
Belgium/Luxembourg	48.36	51.36	54.12	62.88	67.80	7.8
Denmark	48.96	49.56	59.64	60.00	72.48	20.8
France	59.88	69.24	86.76	109.80	117.96	7.4
Federal Republic of Germany(2)	511.56	505.26	513.80	545.14	573.43	5.2
Greece	27.12	30.48	34.44	39.96	45.95	15.0
Iceland	7.92	6.24	6.84	7.56	10.20	34.9
Italy	140.28	160.20	166.44	249.36	223.32	- 10.4
Netherlands	52.92	64.80	62.76	73.20	89.64	22.5
Norway	26.64	28.80	29.40	30.12	41.40	37.5
Portugal	5.52	6.48	4.44	4.20	9.60	128.6
Turkey	36.60	31.08	31.20	41.28	33.96	- 17.7
United Kingdom	179.52	198.24	206.16	226.68	268.68	18.5
Total NATO Europe	1145.28	1201.74	1256.00	1450.18	1554.42	7.2
Canada	10.20	13.20	14.16	16.68	22.80	36.7
United States	56.40	57.60	62.16	59.40	77.88	31.1
Total North America	66.60	70.80	76.32	76.08	100.68	32.3
Total NATO	1211.88	1272.54	1332.32	1526.26	1655.10	8.4

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

(2) In the case of the Federal Republic of Germany, figures comprise inter-zonal trade deliveries.

Source: AC/127-D/189

TABLE V

NATO COUNTRIES' EXPORTS TO THE USSR

Annual totals fob

(Million US dollars)

	1960	1961	1962	1963	1964	% change between 1964 and 1963
Belgium/Luxembourg	18.84	27.00	25.56	13.20	14.76	11.8
Denmark	16.20	5.04	20.64	28.92	34.80	20.3
France	115.56	109.92	138.12	64.20	64.08	- 0.2
Federal Republic of Germany	185.28	204.00	206.76	153.60	193.56	26.0
Greece	18.72	18.72	19.20	22.44	24.18	7.8
Iceland	9.96	5.28	10.92	10.68	10.08	- 5.6
Italy	78.96	90.00	103.20	114.96	90.84	- 21.0
Netherlands	11.76	19.68	31.92	23.76	14.88	- 37.4
Norway	12.84	12.48	10.44	12.72	17.04	34.0
Portugal	2.40	-	-	-	-	-
Turkey	4.80	4.44	5.52	7.08	9.00	27.1
United Kingdom	148.92	194.40	161.04	178.80	111.24	- 37.8
Total NATO Europe	624.24	690.96	733.32	630.36	584.46	- 7.3
Canada	8.40	24.24	3.12	139.20	292.80	110.3
United States	39.60	45.48	20.04	22.92	146.40	538.7
Total North America	48.00	69.72	23.16	162.12	439.20	171.0
Total NATO	672.24	760.68	756.48	792.48	1023.66	29.2

Source: AC/127-D/189

TABLE VI

NATO COUNTRIES' IMPORTS FROM THE USSR

Annual totals cif

(Million US dollars)

	1960	1961	1962	1963	1964	% change between 1964 and 1963
Belgium/Luxembourg	27.12	34.08	43.08	51.12	49.80	- 2.6
Denmark	28.80	27.60	23.40	24.84	26.04	4.8
France	94.68	97.20	110.64	141.12	141.12	0
Federal Republic of Germany	158.52	142.32	186.36	163.68	170.40	4.1
Greece	28.20	19.80	20.28	28.44	27.41	- 3.6
Iceland	12.24	10.92	10.32	11.88	11.04	- 7.1
Italy	126.48	151.08	166.92	176.76	147.24	- 16.7
Netherlands	44.40	39.36	36.36	47.28	35.64	- 24.6
Norway	19.32	19.44	18.24	21.36	25.80	20.8
Portugal	2.28	1.56	-	0.36	-	- 100.0
Turkey	5.88	8.40	6.48	8.88	8.04	- 9.5
United Kingdom	209.76	238.20	235.56	254.64	252.96	- 0.7
Total NATO Europe	757.68	789.96	857.64	930.36	895.49	- 3.7
Canada	3.24	2.64	1.68	2.16	2.60	20.4
United States	22.80	22.68	16.32	21.24	21.48	1.1
Total North America	26.04	25.32	18.00	23.40	24.08	2.9
Total NATO	783.72	815.28	875.64	953.76	919.57	- 3.6

Source: AC/127-D/189

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TABLE VII

NATO COUNTRIES' EXPORTS TO COMMUNIST CHINA

Annual totals fob

(Million US dollars)

	1960	1961	1962	1963	1964	% change between 1964 and 1963
Belgium/Luxembourg	44.04	10.08	7.92	9.48	7.44	- 21.5
Denmark	2.04	3.72	3.60	0.60	1.08	80.0
France	52.68	36.36	43.32	58.44	49.56	- 15.2
Federal Republic of Germany	95.40	30.48	31.20	15.36	25.44	65.6
Greece	-	-	-	-	-	-
Iceland	-	-	-	-	-	-
Italy	39.96	29.76	19.08	19.44	18.48	- 4.9
Netherlands	6.84	4.08	3.60	12.84	5.88	- 54.2
Norway	4.08	4.92	0.96	3.36	5.88	75.0
Portugal	0.24	-	0.12	0.24	0.24	0
Turkey	-	-	-	-	-	-
United Kingdom	89.76	36.48	24.12	37.44	49.92	33.3
Total NATO Europe	335.04	155.88	133.92	157.20	163.92	4.3
Canada	9.12	121.20	138.12	97.20	126.36	30.0
United States	-	-	-	-	-	-
Total North America	9.12	121.20	138.12	97.20	126.36	30.0
Total NATO	344.16	277.08	272.04	254.40	290.28	14.1

Source: AC/127-D/189

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TABLE VIIINATO COUNTRIES' IMPORTS FROM COMMUNIST CHINA

Annual totals of

(Million US dollars)

	1960	1961	1962	1963	1964	% change between 1964 and 1963
Belgium/Luxembourg	9.72	3.24	4.68	8.16	13.68	67.6
Denmark	10.20	6.60	3.84	4.20	7.56	80.0
France	22.68	15.84	16.92	21.12	30.84	46.0
Federal Republic of Germany	69.36	39.60	39.24	40.80	51.84	27.1
Greece	-	-	0.12	0.12	0.14	16.7
Iceland	-	-	-	-	-	-
Italy	24.12	12.24	14.16	19.20	23.76	23.8
Netherlands	21.36	15.24	13.92	15.72	19.92	26.7
Norway	3.12	1.68	1.56	1.92	3.24	68.8
Portugal	0.24	0.24	0.12	0.12	0.24	100.0
Turkey	-	-	-	-	-	-
United Kingdom	69.72	86.40	64.80	51.84	69.00	33.2
Total NATO Europe	230.52	181.08	159.36	163.20	220.22	34.9
Canada	5.76	3.24	4.20	4.80	8.70	81.3
United States	-	0.36	0.24	0.24	0.48	100.0
Total North America	5.76	3.60	4.44	5.04	9.18	82.1
Total NATO	236.28	184.68	163.80	168.24	229.40	36.4

Source: AC/127-D/189