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COMMITTEE OF ECONOMIC ADVISERS

CREDITS TO THE SOVIET BLOC⁽¹⁾ AND TO COMMUNIST CHINA

Fifth Report, covering the period up to 31st December, 1961⁽²⁾

Draft Report to the Council

The present report which is the fifth of its kind, has been prepared by the International Staff on the basis of information received from member countries showing the position of credits granted to the Soviet Bloc and to Communist China up to 31st December, 1961.

2. Table I attached shows the outstanding credits to the Soviet Bloc respectively on 31st July, 1959, 31st January, and 31st July, 1960, 31st January, 31st July and 31st December, 1961, as well as those granted to Communist China on 31st December, 1961. Table II indicates the changes in the amount of credits between these dates. These Tables are illustrated by a chart which also indicated the trend of NATO countries exports to the Soviet Bloc.

3. When considering the Tables and the chart, it has to be remembered that:

- (a) NATO countries have generally been unable to provide information on private non-guaranteed credits to the Bloc. In the first reports incomplete figures were included in this category of credits, but no information is available on the position on 31st July, 1961 and 31st December, 1961.

- (1) As agreed, the Soviet Bloc is understood to include the USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the Soviet-occupied zone of Germany and the Soviet-occupied sector of Berlin.
- (2) The fourth report of 5th February, 1962 (C-M(62)8), previously circulated as AC/127-D/89, covered the period up to 31st July, 1961. From the present report onwards the Committee of Economic Advisers has considered preferable that the dates closing the periods under review coincide with the end of the calendar year or the end of the first six months of the calendar year.

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(b) The section on government-to-government credits does not include credits granted under bilateral trade agreements, which normally extend over a period of less than 180 days, nor does it include sales of agricultural commodities under Public Law 480 of the United States. Poland is the only Soviet Bloc country which by virtue of a special status, has received government-to-government credits. It has been agreed that, if any member country were to contemplate a change in the NATO policy not to grant any government-to-government credits to the USSR, such country would immediately inform the Committee so that the matter may be discussed there⁽¹⁾.

(c) In accordance with a decision of the Committee of Economic Advisers noted by the Council on 22nd February, 1962 (C-R(62)8), the present report includes for the first time figures for credits granted to Communist China on 31st December, 1960 and 31st December, 1961 respectively. No government-to-government credits having been granted to Communist China, reports comprise private credits guaranteed by governments only.

4. A number of observations may be made on the basis of the available information:

- (a) The overall level of credits accorded to the Bloc (not including China) rose by 21% in the five months period from 31st July to 31st December, 1961, whereas the increase had been 14% in the six months period from 31st January to 31st July, 1961 and 13% and 27% respectively during the two preceding six months periods. As in the previous period, credits to Poland increased, but less than credits to the rest of the Bloc; although they are still the largest in absolute value, they now represent no more than 40% of the overall level of credits accorded to the Bloc, against 85% in 1959. There has continued to be a marked upward trend in credits to the USSR, but they have increased at a slower rate than during the three preceding six months periods; they now account for 35% of the credits granted to the Bloc as a whole, against 12% in 1959.
- (b) Government-to-government credits, which have been granted only to Poland, remained during the last five months of 1961 at the same level as in the middle of 1961.
- (c) Private credits guaranteed by governments, which now represent 87% of the total, have increased by some 25%; the rate of expansion, already high during the first six months of 1961, has thus been slightly accelerated.

(1) See C-M(59)75, paragraph 3

- (d) Credits granted to the "DDR" have risen steeply; their share of total credits granted to the Bloc has doubled, rising from 3% to 6% during the five months under review.
- (e) Credits to Communist China, nil at the end of 1960, accounted at the end of 1961 for about 9% of total credits granted to the Soviet Bloc and Communist China taken together.

5. The comparison of the level of credits at different periods with the value of exports (as attempted in the annexed chart) can only be interpreted with considerable caution. The credits are usually made available over varying lengths of time - up to five years - but on the basis of available information, it is not possible to determine when the goods covered by the credits are shipped and, therefore, which portion of exports to the Bloc is actually covered by the credits. Moreover, the amount of credits outstanding is influenced by payments of earlier credits, the rate of which may vary considerably from one period to another. Whereas in previous reports it was possible to make the comparison, subject to these reservations, between credits granted by NATO countries at the various dates considered and their exports to the Bloc during the twelve preceding months, this time, as the chart shows, the only figures available are those relating to exports for the first three quarters of 1961. In 1959 and 1960, the exports of NATO countries during the fourth quarter showed a marked increase over the mean figure for the first three quarters. Assuming, as seems reasonable, that a similar increase occurred in 1961, the following conclusions might be drawn:

- (a) the proportion of total credits granted to the Soviet Bloc as compared with exports, which had increased slowly since July 1959 (at which date it stood at 21%), rose from about 25% on 31st July, 1961 to some 28% on 31st December, 1961. Since the figures of exports to Communist China in 1961 are not available, it has not been possible to make a similar comparison.
- (b) for private credits guaranteed by governments, the proportion has increased most markedly in the case of the "DDR", since it rose in one year from 3% to some 12%, but it is still lower than that of the other Soviet Bloc countries. In the case of Poland, the proportion of credits in relation to exports has increased and has attained the level of about 47%, i.e. about the same level as in 1959. The proportion of credits granted to the USSR in relation to exports rose from 10% in 1959 to 25% in the middle of 1961 and was still at this level at the end of 1961

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TABLE I
CREDITS OUTSTANDING (1) ON DATES INDICATED
(Million United States Dollars)

Date and type of credit	USSR	Poland	Soviet Occupied Zone of Germany	Other bloc	Total Soviet Bloc	Communist China	Total
<u>31st July, 1959</u>							
1. Private non-guaranteed credits	0.5	0	N....	3.6	4.1	N....	N....
2. Government-to-government credits	0	87.8	N....	0	87.8	N....	N....
3. Private credits guaranteed by governments	37.1	140.4	N....	17.1	194.6	N....	N....
TOTAL	37.6	228.2	N....	20.7	286.5	N....	N....
<u>31st January, 1960</u>							
1. Private non-guaranteed credits	0.5	0	N....	11.9	12.4	N....	N....
2. Government-to-government credits	0	86.8	N....	0	86.8	N....	N....
3. Private credits guaranteed by governments	36.8	149.5	N....	40.0	226.3	N....	N....
TOTAL	37.3	236.3	N....	51.9	325.5	N....	N....
<u>31st July, 1960</u>							
1. Private non-guaranteed credits	18.3	0	N....	0	18.3	N....	N....
2. Government-to-government credits	0	85.9	N....	0	85.9	N....	N....
3. Private credits guaranteed by governments	98.0	144.9	N....	55.5	308.4	N....	N....
TOTAL	116.3	230.8	N....	55.5	412.6	N....	N....
<u>31st January, 1961</u>							
1. Private non-guaranteed credits	18.3	0	N....	0	18.3	N....	N....
2. Government-to-government credits	0	84.9	N....	0	84.9	N....	N....
3. Private credits guaranteed by governments	141.3	138	13.3	71.3	364.4	N....	N....
TOTAL	159.6	223.5	13.3	71.3	467.6	N....	N....
<u>31st July, 1961</u>							
1. Private non-guaranteed credits	N....	N....	N....	N....	N....	N....	N....
2. Government-to-government credits	0	83.9(2)	0	0	83.9(2)	N....	N....
3. Private credits guaranteed by governments	187.0	151.2	18.7	32.7	449.6	N....	N....
TOTAL	187.0	235.1(2)	18.7	32.7	535.5(2)	N....	N....
<u>31st December, 1961</u>							
1. Private non-guaranteed credits	N....	N....	N....	N....	N....	N....	N....
2. Government-to-government credits	0	83.9	0	0	83.9	0	83.9
3. Private credits guaranteed by governments	229.5	179.2	36.1	114.9	561.7	61.4(3)	623.1
TOTAL	229.5	263.1	36.1	114.9	645.6	61.4	707.0

(1) For a complete definition of this term see -C/127-R/41, Item I, and -C/127-W/45
 (2) Revised figures
 (3) On 31st December, 19.0 there were no outstanding credits to Communist China

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TABLE II
CHANGES BETWEEN DATES INDICATED

Date and type of credit	USSR		Poland		Soviet Zone of Germany		Other bloc including Soviet Zone of Germany		Total	
	Amount(1)	%	Amount	%	Amount	%	Amount	%	Amount	%
<u>31st July, 1959 - 31st January, 1960</u>										
1. Private non-guaranteed credits	0	0	0	0	N....	N....	+ 8.3	+ 230.6%	+ 8.3	+ 202.4%
2. Government-to-government credits	0	0	- 1.0	- 1.1%	N....	N....	0	0	- 1.0	- 1.1%
3. Private credits guaranteed by governments	- 0.3	- 0.8%	+ 9.1	+ 6.5%	N....	N....	+ 22.9	+ 133.9%	+ 31.7	+ 16.3%
TOTAL	- 0.3	- 0.8%	+ 8.1	+ 3.5%	N....	N....	+ 31.2	+ 150.7%	+ 39.0	+ 13.6%
<u>31st January, 1960 - 31st July, 1960</u>										
1. Private non-guaranteed credits	+ 17.8	36.6 times	0	0	N....	N....	- 11.9	- 100 %	+ 5.9	+ 47.6%
2. Government-to-government credits	0	0	- 0.9	- 1.2%	N....	N....	0	0	- 0.9	- 1.0%
3. Private credits guaranteed by governments	+ 61.2	+166.3%	- 4.6	- 3.1%	N....	N....	+ 25.5	+ 63.7%	+ 82.1	+ 36.3%
TOTAL	+ 79.0	+211.7%	- 5.5	- 2.3%	N....	N....	+ 13.6	+ 26.2%	+ 87.1	+ 26.8%
<u>31st July, 1960 - 31st January, 1961</u>										
1. Private non-guaranteed credits	0	0	0	0	N....	N....	0	0	0	0
2. Government-to-government credits	0	0	- 1.0	- 1.2%	N....	N....	0	0	- 1.0	- 1.2%
3. Private credits guaranteed by governments	+ 43.3	+ 44.1%	- 6.3	- 4.3%	N....	N....	+ 5.8	+ 8.9%	+ 55.1	+ 18.2%
TOTAL	+ 43.3	+ 37.2%	- 7.3	- 3.2%	N....	N....	+ 5.8	+ 8.9%	+ 55.1	+ 13.4%
<u>31st January, 1961 - 31st July, 1961</u>										
1. Private non-guaranteed credits	N....	N....	N....	N....	N....	N....	N....	N....	N....	N....
2. Government-to-government credits	0	0	- 1.0(2)	1.2%(2)	0	0	0	0	- 1.0(2)	- 1.0(2)
3. Private credits guaranteed by governments	+ 45.7	+ 32.3%	+ 12.6	+ 9.1%	+ 5.4	+ 40.6%	+ 21.4	+ 30 %	+ 85.4	+ 23.4%
TOTAL	+ 45.7	+ 32.7%	11.5(2)	5.2(2)	+ 5.4	+ 40.6%	+ 21.4	+ 30 %	+ 65.1(2)	+ 24.1(2)
<u>31st July, 1961 - 31st December, 1961</u>										
1. Private non-guaranteed credits	N....	N....	N....	N....	N....	N....	N....	N....	N....	N....
2. Government-to-government credits	0	0	0	0	0	0	0	0	0	0
3. Private credits guaranteed by governments	+ 42.5	+ 22.7%	+ 25.0	+ 18.5%	+ 19.4	+ 100.7%	+ 22.2	+ 23.9%	+ 112.0	+ 24.9%
TOTAL	+ 42.5	+ 22.7%	+ 25.0	+ 11.9%	+ 19.4	+ 100.7%	+ 22.2	+ 23.9%	+ 112.0	+ 21.0%

(1) In all cases, amounts are in millions of dollars
 (2) Revised figures

CREDITS GRANTED BY NATO COUNTRIES TO THE
SOVIET BLOC COMPARED WITH EXPORTS TO THE BLOC

