

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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NATO CONFIDENTIAL
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C-M(66)141

CREDITS GRANTED BY NATO COUNTRIES TO COMMUNIST COUNTRIES(1)

14th Report(2) by the Committee of Economic Advisers
covering the period up to 30th June, 1966

I. General trends

At the end of June 1966, outstanding credits(3) granted by NATO countries to Communist countries amounted to \$2,552.6 million. During the first six months of the year credits increased by \$557.6 million (that is, 28.4%); new credits came to a total of \$785.7 million, and reimbursements to \$228.1 million.

2. Of total outstanding credits, those of over five years amounted to \$907.9 million, i.e. 36%, as compared with 23.1% at the end of 1965; these credits increased by \$454.1 million during the first half of 1966, thus accounting for 81.4% of the total increase.

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- (1) The USSR, the Eastern European countries (Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and the Soviet Zone of Germany), Communist China, Mongolia, North Korea and North Vietnam.
 - (2) The previous Report to the Council has been circulated under reference C-M(66)37.
 - (3) Credits over 180 days (AC/127-D/174(Final)). Of the total outstanding on 30th June, 1966, 97.3% were private credits guaranteed by governments, the balance being government-to-government credits, from which only Poland has benefited, and which she is slowly reimbursing. No new credits of this kind have been granted since 1959, when NATO began to follow the development of credits granted to Communist countries. It should be noted that government-to-government credits recorded in the present series of reports do not include credits opened under bilateral trade agreements, which mostly extend over a period of less than 180 days, nor do they include sales of ~~agricultural commodities~~ under Public Law No. 480 of the United States.

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II. Geographical Distribution

3. Eastern European countries remained the chief beneficiaries of credits extended, but their share decreased from 60.5% at the end of 1965 to 53.5% at the end of June 1966. During the first six months of 1966, the most rapid increase - absolutely and percentagewise - took place in credits to Bulgaria and Rumania.

4. Over the first half of 1966, credits granted to the USSR showed a very sharp increase, reaching 60.6%; thus the Soviet Union's share of overall credits has risen from 29.4% in December 1965, to 36.8%.

5. Credits to Communist China have also shown a new increase (+ 24.7%); nevertheless this country's share in the total amount of credits granted to Communist countries has fallen very slightly from 8.8% at the end of 1965 to 8.5% at the end of June 1966.

III. Credits and Exports

6. Some indications are given below about the trend of the exports of NATO countries to Communist countries. However, it should be borne in mind that it is not possible to establish an exact correlation between the curve of such exports and that of credits, as available information does not permit the determination of the period at which the deliveries of goods, to which the credits apply, are carried out.

7. Exports from NATO countries to Communist countries over the first half of 1966 show a marked rise in comparison to their level during the first six months of 1965;

- exports to Eastern European countries increased by 29.5%, this increase being nearly the same in the case of deliveries from Europe (29.6%) and from North America (28.9%);
- exports to the USSR show a rise of 44.5%, largely due to sales from North America which are more than four times as large (+343.2%), chiefly as a result of wheat sales. The increase in European sales has, on the contrary, been extremely modest (3.5%);
- exports to Communist China grew by 53.6%, (63.2% from European sources and 30.4% from North America).

(Signed) F.D. GREGH
Chairman

OTAN/NATO,
Paris, (16e).

TABLE I
CREDITS(1) OUTSTANDING(2) AS OF 30th JUNE, 1966

	Outstanding credits of over 180 days (In million US \$)	Of which outstanding credits of over 5 years (In million US \$)	Percentage share of the recipient countries in total outstand- ing credits
USSR	<u>927.6</u>	<u>537.5</u>	<u>36.8</u>
EASTERN EUROPEAN COUNTRIES	<u>1,349.4</u>	<u>364.1</u>	<u>53.5</u>
<u>of which:</u>			
Poland	367.6(3)	99.5(3)	14.6
Soviet-Occupied Zone of Germany	151.3	27.0	6.0
Albania	-	-	-
Bulgaria	274.9(4)	37.4	10.9
Czechoslovakia	160.2	39.0	6.4
Hungary	99.9	30.4	3.9
Rumania	295.5	130.8	11.7
COMMUNIST CHINA	<u>216.0</u>	-	<u>8.5</u>
OTHER ASIAN COUNTRIES (Mongolia, North Korea, North Vietnam)	<u>29.6</u>	<u>6.3</u>	<u>1.2</u>
TOTAL:	2,522.6	907.9	100.0

- (1) Private guaranteed credits and government-to-government credits.
- (2) For a complete definition of this term, see AC/127-D/174(Final).
- (3) Of which \$67.1 million government-to-government credits.
- (4) In addition, private non-guaranteed credits have been granted to Bulgaria in the amount of \$1.7 million.

TABLEAU II
CREDITS(1) EN COURS AUX DATES INDIQUEES ET VARIATIONS EN POURCENTAGE PAR RAPPORT A LA PERIODE PRECEDENTE

TABLE II
CREDITS(1) OUTSTANDING ON DATES INDICATED AND PERCENTAGE CHANGES FROM PREVIOUS PERIOD

DATES	URSS USSR		POLOGNE POLAND				ZONE D'OCCUPATION SOVIETIQUE D'ALLEMAGNE SOVIET-OCCUPIED ZONE OF GERMANY		BULGARIE BULGARIA		TCHECOSLOVAQUIE CZECHOSLOVAKIA		HONGRIE HUNGARY		ROUMANIE RUMANIA		TOTAL PAYS DE L'EUROPE DE L'EST (2) TOTAL EASTERN EUROPE(2)		CHINE COMMUNISTE COMMUNIST CHINA		MONGOLIE COREE DU NORD NORD VIETNAM MONGOLIA NORTH KOREA NORTH VIETNAM		TOTAL GENERAL(3) GRAND TOTAL(3)		
	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	Million US \$	% Change	
	Crédits privés garantis Private guaranteed		Crédits gouverne- ment à gouvernemen- t government-to- government																						
31.7.59	90,4	n.a.	138,9	n.a.	87,8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	326,3	n.a.
31.1.60	52,1	- 42,4	168,5	+ 21,3	86,8	- 1,1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	355,1	+ 8,8
31.7.60	123,0	+136,1	168,0	- 0,3	85,9	- 1,0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	452,9	+ 27,5
31.1.61	167,9	+ 36,5	161,1	- 4,1	84,9	- 1,2	141,1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	521,1	+ 15,1
31.7.61	229,0	+ 36,4	174,8	+ 8,5	83,9	- 1,2	20,5	+ 45,4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	623,9	+ 19,7
31.12.61	277,5	+ 21,2	205,0	+ 17,3	83,9	-	21,6	+102,9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	813,8	n.a.
30.6.62	316,8	+ 14,2	196,4	- 4,2	83,0	- 1,1	45,8	+ 10,1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	934,6	+ 14,8
31.12.62	340,5	+ 7,5	237,2	+ 20,8	81,5	- 1,8	60,0	+ 31,0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	992,7	+ 6,2
30.6.63	327,8	- 3,7	240,4	+ 1,3	79,5	- 2,5	50,3	- 16,2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,025,4	+ 3,3
31.12.63	374,8	+ 14,3	226,0	- 6,0	77,6	- 2,4	44,9	- 10,7	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,075,6	+ 4,9
30.6.64	324,9	- 13,3	223,3	- 1,2	75,7	- 2,4	37,7	- 16,0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	996,9	- 7,3
31.12.64	589,7	+ 81,5	250,0	+ 12,0	72,5	- 4,2	64,9	+ 72,1	93,5	n.a.	110,2	n.a.	84,5	n.a.	108,6	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,465,2	+ 47,0
30.6.65	554,0	- 6,1	255,0	+ 2,0	70,4	- 2,9	121,6	+ 87,4	170,8	+ 82,7	116,1	+ 5,4	100,0	+ 18,3	128,0	+ 17,9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	1,643,7	+ 12,2
31.12.65	577,7	+ 4,3	272,0	+ 6,7	69,3	- 1,6	162,2	+ 33,4	207,6	+ 21,5	152,5	+ 31,3	98,8	- 1,2	226,2	+ 76,7	1,188,6	+ 25,6	173,2	+ 54,9	25,5	+ 59,4	1,965,0	+ 19,5	
30.6.66	927,6	+ 60,6	300,5	+ 10,5	67,1	- 3,2	151,3	- 6,7	274,9	+ 32,4	160,2	+ 5,0	99,9	+ 1,1	295,5	+ 30,6	1,349,4	+ 13,5	216,0	+ 24,7	29,6	+ 16,1	2,522,6	+ 28,4	

n.a. = n.d.

- (1) Les crédits indiqués dans ce tableau sont des crédits privés garantis par les gouvernements et des crédits de gouvernement à gouvernement. La Pologne est le seul bénéficiaire des crédits de cette dernière catégorie qui figurent dans une colonne séparée.
- les crédits privés non garantis n'ont pas été inclus dans le tableau car d'une part les pays membres n'ont pas toujours signalés ces crédits et d'autre part, les renseignements disponibles ne peuvent être que très fragmentaires.
- (2) Jusqu'au 31 juillet 1960, les crédits consentis à l'Europe de l'Est étaient indiqués sous deux rubriques : (i) Pologne et (ii) l'ensemble des autres pays. Après le 31.7.60 et jusqu'au 30.6.64, les renseignements sur les crédits consentis à la Pologne et à la Zone d'occupation soviétique d'Allemagne ont été indiqués séparément, mais les autres pays de l'Europe de l'Est étaient encore groupés. Depuis le 31.12.64, les pays membres fournissent le montant des crédits accordés à chacun des pays de l'Europe de l'Est. L'Albanie ne figure pas dans le tableau car, apparemment, aucun crédit ne lui a été consenti.
- (3) Les crédits globaux en cours au 31.7.61 ne peuvent être comparés, car les crédits accordés à la Chine communiste n'ont été signalés qu'à partir du 31.12.61. De même, les crédits en cours au 30.6.64 et 31.12.64 ne sont pas strictement comparables car les renseignements concernant les crédits consentis à la Mongolie, à la Corée du Nord et au Nord Vietnam n'ont pas été fournis avant le 31.12.64. Toutefois, dans ce cas, ces crédits sont relativement faibles par rapport au total des crédits en cours; en conséquence, le fait de les avoir ajoutés aux autres crédits ne fausse guère le pourcentage d'augmentation.

- (1) Credits given in this table are private credits guaranteed by governments and government-to-government credits. Poland is the only beneficiary of the latter which are shown in a separate column.
- Private non-guaranteed credits have not been included in the table as, on the one hand, member countries have not always reported such credits, and, on the other hand, available data is likely to be very fragmentary.
- (2) Until 31.7.1960, credits to Eastern Europe were reported under 2 headings: (i) Poland and (ii) all the other countries grouped together. After 31.7.1960, and until 30.6.1964, data on credits to Poland and to the Soviet-occupied Zone of Germany were given separately, but the other Eastern European countries were still grouped together. Since 31.12.1964, member countries report the amount of credits granted to each Eastern European country. Albania is not shown in the table as, apparently, no credits have been granted to it.
- (3) Total credits outstanding on 31.7.61 and 31.12.61 are not comparable, since credits granted to Communist China have only been reported as from 31.12.61. Similarly, amounts outstanding on 30.6.64 and 31.12.64 are not strictly comparable as credits to Mongolia, North Korea and North Vietnam were not reported before 31.12.64. However, in this case, such credits are relatively small in comparison to the total outstanding ones, the percentage of growth is therefore hardly distorted by their addition.

NATO CONFIDENTIAL
C-M(66)141

TABLE III

New outstanding private guaranteed credits granted to Communist countries and reimbursements made by the latter during the first half of 1966

(In million US \$)

Period	USSR	Poland	Soviet-Occupied Zone of Germany	Bulgaria	Czecho-slovakia	Hungary	Rumania	Total Eastern Europe (1)	Communist China	Mongolia	North Korea	North Viet-nam	GENERAL TOTAL
1st half 1965	16.1	54.0	66.9	89.2	18.2	34.3	39.3	301.9	54.9	-			372.9
2nd half 1965	71.3	71.3	59.3	41.1	40.8	6.0	111.4	329.9	85.7	10.1			497.0
1st half 1966	415.8	70.5	25.2	82.8	20.7	15.4	72.9	287.5	75.5	6.9			785.7
Reimbursements during first half of 1966	65.9	42.0	36.1	15.5	13.0	14.3	3.6	124.5	32.7	2.8			225.9(2)

(1) No credits have been granted to Albania.

(2) If reimbursements of government-to-government credits received by Poland are taken into account, total reimbursements are equal to \$228.1 million as stated in paragraph 1 of the report.

NATO CONFIDENTIAL

NATO CONFIDENTIAL
 C-11(CG)141

TABLE IV

OUTSTANDING CREDITS OF OVER FIVE YEARS GRANTED TO COMMUNIST COUNTRIES

(in million US \$)

Date and type of credit	USSR	Poland	Soviet Occupied Zone of Germany	Bulgaria	Czechoslovakia	Hungary	Rumania	Total Eastern Europe (1)	Communist China	Mongolia North Korea North Vietnam	GRAND TOTAL
<u>31st December, 1964</u>											
1. Government-to-government credits	-	72.5	-	-	-	-	-	72.5	-	-	72.5
2. Private credits guaranteed by governments	149.4	0.3	-	1.0	19.9	18.4	-	39.6	-	-	189.0
TOTAL:	149.4	72.8	-	1.0	19.9	18.4	-	112.1	-	-	261.5
<u>30th June, 1965</u>											
1. Government-to-government credits	-	70.4	-	-	-	-	-	70.4	-	-	70.4
2. Private credits guaranteed by governments	150.4	5.7	9.3	1.0	26.0	28.5	29.0	99.5	-	6.3	255.2
TOTAL:	150.4	76.1	9.3	1.0	26.0	28.5	29.0	169.9	-	6.3	325.6

(1) No credits have been granted to Albania.

NATO CONFIDENTIAL

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C-II(66)141

TABLE IV (cont'd)

(in million US \$)

Date and type of credit	USSR	Poland	Soviet Occu- pied Zone of Germany	Bulgaria	Czecho- slovakia	Hungary	Rumania	Total Eastern Europe (1)	Commu- nist China	Mongolia North Korea North Vietnam	GRAND TOTAL
<u>31st December, 1965</u>											
1. Government-to-govern- ment credits	-	69.3	-	-	-	-	-	69.3	-	-	69.3
2. Private credits guaranteed by governments (2)	162.7	13.0	26.9	1.1	32.8	28.6	113.1	215.5	-	6.3	384.5
TOTAL:	162.7	82.3	26.9	1.1	32.8	28.6	113.1	284.8	-	6.3	453.8
<u>30th June, 1966</u>											
1. Government-to-govern- ment credits	-	67.1	-	-	-	-	-	67.1	-	-	67.1
2. Private credits guaranteed by governments.	537.5	32.4	27.0	37.4	39.0	30.4	130.8	297.0	-	6.3	840.8
TOTAL:	537.5	99.5	27.0	37.4	39.0	30.4	130.8	364.1	-	6.3	907.9

(1) No credits have been granted to Albania.

(2) Figures for Poland have been modified to take into account the amendments made by a member country to the data previously furnished by it.

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O-M(66)141

(In million US \$)

TABLE V

	1961		1962		1963		1964		1965		1966
	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half (1)	First half
NATO-EUROPE NATO-NORTH AMERICA	(i) NATO COUNTRIES' EXPORTS TO THE USSR										
	341.7	349.4	364.0	369.3	352.0	278.5	257.2	327.3	286.2	304.0	296.1
	48.6	20.8	12.4	10.8	10.8	151.3	334.1	105.1	39.3	187.9	174.2
TOTAL	390.3	370.2	376.4	380.1	362.8	429.8	591.3	432.4	325.5	491.9	470.3
NATO-EUROPE NATO-NORTH AMERICA	(ii) NATO COUNTRIES' EXPORTS TO EASTERN EUROPE (2)										
	587.4	599.7	590.8	645.8	609.3	672.7	697.8	771.9	841.0	918.2	1,089.6
	89.7	68.3	88.1	59.1	92.6	91.2	174.9	167.3	71.6	122.6	92.3
TOTAL	677.1	668.0	678.9	704.9	701.9	763.9	872.7	939.2	912.6	1040.8	1,181.9
NATO-EUROPE NATO-NORTH- AMERICA	(iii) NATO COUNTRIES' EXPORTS TO COMMUNIST CHINA										
	95.2	61.0	83.4	50.5	90.6	66.5	69.6	94.3	116.4	196.6	190.0
	55.2	65.9	93.8	44.4	70.1	27.1	54.7	71.7	48.4	49.0	63.1
TOTAL	150.4	126.9	177.2	94.9	160.7	93.6	124.3	166.0	164.8	245.6	253.1

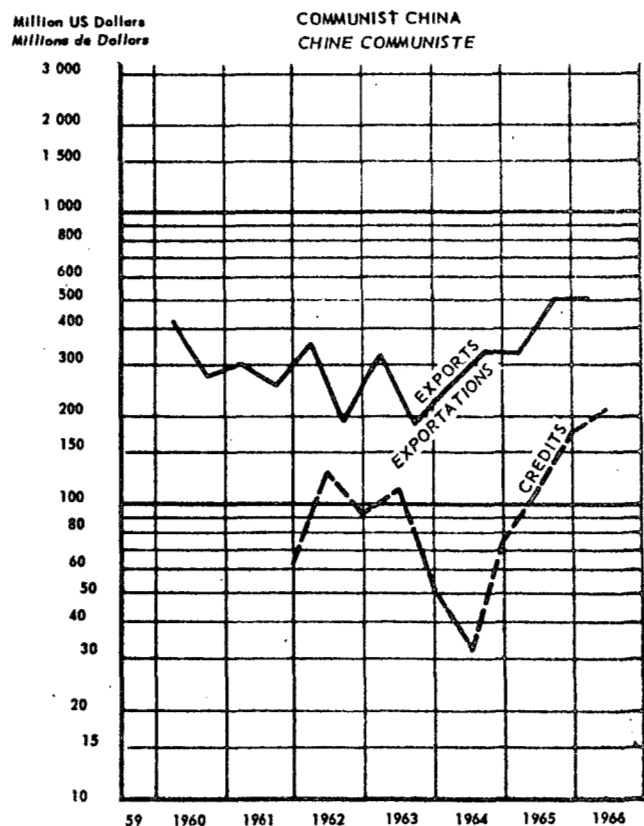
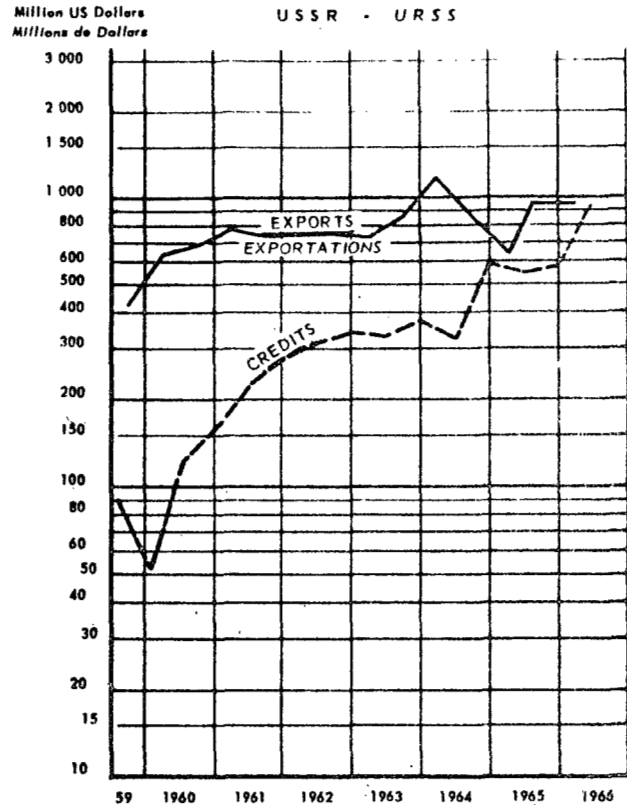
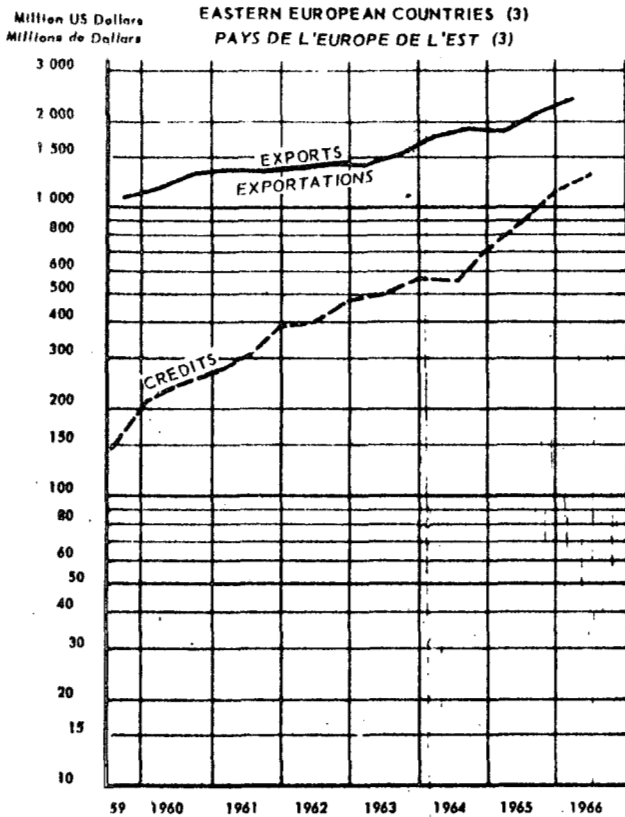
(1) New Totals replacing those given in C-M(66)37 which included an estimate of exports by Greece in December 1965.

(2) Eastern Europe : Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania and the Soviet-occupied Zone of Germany.

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DEVELOPMENT OF NATO COUNTRIES' CREDITS (1) AND EXPORTS (2)
TO THE USSR, THE EASTERN EUROPEAN COUNTRIES AND COMMUNIST CHINA

EVOLUTION DES CREDITS (1) ET DES EXPORTATIONS (2) DES PAYS OTAN
VERS L'URSS, LES PAYS DE L'EUROPE DE L'EST ET LA CHINE COMMUNISTE



NOTES

- (1) Private credits guaranteed by Governments
Crédits privés garantis par les gouvernements
- (2) Export figures are yearly for 1959. Beginning 1960 export figures are half yearly and presented as yearly averages
Les chiffres des exportations sont annuels pour 1959. A compter de 1960 les chiffres des exportations sont semestriels et présentés comme des moyennes annuelles
- (3) Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Roumania and the Soviet-occupied Zone of Germany
Albanie, Bulgarie, Tchécoslovaquie, Hongrie, Pologne, Roumanie et la Zone d'occupation soviétique en Allemagne