

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

M. F.

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COMMITTEE OF ECONOMIC ADVISERS

CREDITS GRANTED BY NATO COUNTRIES TO THE
SOVIET BLOC AND COMMUNIST CHINA

Note by the Chairman

It has been found useful to assemble in the attached document the basic texts on the Committee's regular reporting procedure on credits to the Soviet bloc and Communist China.

(Signed) F.D. GREGH

OTAN/NATO,
Paris, XVIe.

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CREDITS GRANTED BY NATO COUNTRIES TO
THE SOVIET BLOC AND COMMUNIST CHINA

Basic Texts on the Reporting Procedure of the
Committee of Economic Advisers

I. ESTABLISHMENT OF THE PROCEDURES

- C-M(59)75, dated 3rd August, 1959, paragraph 6.

"In order to provide a basis for further consideration of the trends of aggregates of longer-term credits (over 180 days) extended by NATO countries to the Soviet bloc countries, and of their possible implications, member countries will report through the International Staff to the Committee of Economic Advisers on the total amount of such credits outstanding to the Soviet bloc, showing separately private firms' credits covered by government guarantee and, if practicable, any private firms' credits not so covered, and any government credits to satellites of the Soviet Union. (1) The figures reported will be broken down as between the Soviet Union, Poland, and the rest of the Soviet bloc. The returns by each NATO country will be collated by the International Staff, which will circulate, for the information of the Committee, the totals returned by NATO countries as a whole for each of the three areas, i.e. the Soviet Union, Poland, and the rest of the Soviet bloc. The first returns, to be submitted not later than 15th September, 1959, will show the position as on 31st July, 1959. Subsequent returns will be submitted at intervals of six months."

- C-R(59)30, dated 5th August, 1959, Item II.

"The COUNCIL:

- (1) approved the report C-M(59)75;
- (2) noted that the Committee of Economic Advisers would report to the Council on the outcome of the reviews described in paragraph 6 of this report."

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- (1) Paragraph 3 of C-M(59)75 had stated: "For the present, no NATO country intends to grant government-to-government credits to the Soviet Union. All members of the Committee agree that, if any change of policy in this respect is contemplated in future by any member country, such country should inform the Committee of Economic Advisers so that the matter may be discussed there."

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II. DEFINITION OF THE SOVIET BLOC

- C-M(59)75, dated 3rd August, 1959, paragraph 4.

"USSR, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, the Soviet-occupied zone of Germany and the Soviet-occupied sector of Berlin."

III. DEFINITION OF "OUTSTANDING CREDITS"

- AC/127-R/41, dated 21st January, 1960, Item I.

"The COMMITTEE:

agreed that the words "credits outstanding" should be interpreted to include the total amount of credits which have reached state 5 described in document AC/127-WP/45, minus repayments on credits outstanding. Where local practices deviate from the pattern mentioned in AC/127-WP/45 countries should report figures as closely similar to this pattern as possible."

- AC/127-WP/45, dated 12th November, 1959, paragraph 2.

"When guarantees are granted to exporters extending credits to foreign buyers, the following stages are normally gone through:

1. The exporter begins negotiations with a view to winning a contract with a foreign firm or agency involving the granting of credit;
2. The exporter approaches his national credit guarantee company to obtain an indication of its willingness to cover his risk, should the deal be made;
3. The credit guarantee company promises to cover the credit risk if a contract is signed between the exporter and the foreign buyer;
4. On the basis of this promise, the exporter proceeds with his negotiations and concludes the contract according to which he extends a credit to the purchaser, this credit to be repaid at a certain time, e.g. some years from delivery of the goods.
5. The exporter and the credit guarantee company sign a contract, setting out the risk to be covered by the company; it is normally limited to a percentage of the total credit involved;
6. The purchaser becomes debtor, e.g. through delivery of the goods.

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7. Payments take place, cancelling all or part of the credit and the corresponding risk carried by the credit guarantee company."

INCLUSION IN FUTURE REPORTS OF SEPARATE FIGURES FOR THE SOVIET OCCUPIED ZONE OF GERMANY

- AC/127-R/72, dated 4th August, 1961, Item I

"The COMMITTEE:

- (5) noted the invitation of the Chairman to delegations to submit not later than 1st September, along with regular reports of credits to the Soviet bloc, information on longer-term credits (over 180 days) outstanding with the Soviet-occupied zone of Germany on 31st July, 1959, 31st January, 1960 31st July, 1960, 31st January, 1961, and 31st July, 1961, such reports to be broken down to show:
- (i) private non-guaranteed credits;
 - (ii) government-to-government credits;
 - (iii) private credits guaranteed by governments;"

INCLUSION OF FIGURES ON CREDITS TO COMMUNIST CHINA IN FUTURE REPORTS

- AC/127-R/82, dated 17th January, 1962, Item I

"The COMMITTEE:

- (2) subject to confirmation by the United Kingdom Delegation agreed that the reporting procedure should henceforth be extended to credits granted to Communist China, the next report showing these credits on 31st December, 1960, and 31st December, 1961;"

- AC/127-R/83, dated 6th February, 1962, Item IV

"The COMMITTEE:

- (1) was informed that the United Kingdom Representative had confirmed his authorities' approval of the extension of the reporting procedure to credits granted to Communist China;"

- C-R(62)8, dated 22nd February, 1962, Item V, paragraph 25

"The COUNCIL:

- (2) took note of the statement by the Acting Chairman that future periodical reports would include credits granted by NATO countries to Communist China."

VI. CHANGE OF THE PERIODS TO BE EXAMINED

- AC/127-R/82, dated 17th January, 1962, Item I.

"The COMMITTEE:

- (3) agreed that for all communist countries the dates at which outstanding credits are reported should coincide in the future with the end of the calendar year or the end of the first half of the calendar year; as a consequence, the next report should give figures as per 31st December, and replies should be received by the Secretariat by the 31st January, 1962;"

VII. DATE FOR THE TRANSMISSION OF REPLIES TO THE SECRETARIAT

Country reports on the position as of 31st December have been called for not later than the following 31st January and reports on the position as of 30th June not later than 31st July.