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AC/127-D/174(2nd revise)

COMMITTEE OF ECONOMIC ADVISERS

REPORTING PROCEDURE ON CREDITS OF OVER
180 DAYS TO COMMUNIST COUNTRIES

Note by the Chairman

At the meeting of the Committee of Economic Advisers on 21st January, 1965, most delegates could agree to the text of document AC/127-D/174(Revised) of 29th December, 1964, as amended by Corrigenda dated 7th and 14th January, 1965 (the last one on "blue", reference ED/65/7). However, the Representatives of the Netherlands and Norway, in the absence of final instructions from their Authorities, had to reserve their positions. In addition, the United Kingdom Representative had not received authority to agree to the United States Representative's proposal that henceforth member countries should report the amount of credits granted to each of the countries now grouped under the heading "rest of the Soviet bloc". He would inform his Government that all the other national delegations were in principle agreeable to this proposal and ask them whether they could review their position. Pending a final decision in this respect, the words "rest of the Soviet bloc", and the alternative list "Albania, Bulgaria, Czechoslovakia, Hungary, Rumania" have been placed next to each other and between brackets in the Rule (2nd paragraph) and in Annex II.

2. The Belgian Representative suggested a slight modification to the text of Annex II to the document; he also sought the assurance that national authorities would report outstanding credits until the latter were reimbursed in full. The amendments made to Annex II take into account these remarks.

3. The attached document on the reporting procedure established for the sake of clarity includes all the modifications to document AC/127-D/174(Revised) suggested by members of the Committee since it was circulated to them on 29th December, 1964. It will only become final when the Representatives who reserved their positions have informed the Secretariat of the decision of their authorities; should it then appear that unanimous agreement has not been reached, the document will again be placed on the Agenda of a future meeting of the Committee.

(Signed) F.D. GREGH

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DRAFT REPORTING PROCEDURE ON CREDITS OF
OVER 180 DAYS TO COMMUNIST COUNTRIESRULE

All government-to-government credits or loans(1), export credits(2), officially backed(3) and, whenever practicable, private firms' credits not covered by government guarantee, exceeding 180 days(4), extended to Communist countries(5), as of the end of the first half and of the second half of the calendar year should be reported by member countries not later than the last day of the following month(6), to the Economic Directorate.

The reports should show separately the amount of credits to the Soviet Union, Poland, the Soviet-occupied Zone of Germany including the Soviet-occupied Sector of Berlin, [the rest of the Soviet bloc](x) [Albania, Bulgaria, Czechoslovakia, Hungary, Rumania], Communist China and, grouped together, North Korea, North Vietnam and Mongolia. For each of these countries or groups of countries, member countries should:

- (a) give the total amount of outstanding credits(7);
- (b) and, in addition, indicate separately:
 - (1) on the one hand, the amount of outstanding credits extended for a period of over five years(8);
 - (11) on the other hand, the amount of all new outstanding credits granted during the last six-month period covered by their report.

On the basis of the information received, the Economic Directorate will establish a statistical report(9).

Interpretation of the Rule

The Committee of Economic Advisers has agreed that the terms of the above-mentioned rule should be interpreted as follows:

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- (x) If the proposal of the United States Representative at the Committee's Meeting on 7th January, 1965 is accepted, this item should be replaced by the list of countries between brackets, following it.

(1) Government-to-government credits or loans

Any NATO Government credit or loan to any Communist country as defined in (5) below(1).

(2) Export credits

- (a) Credits given to foreign buyers by suppliers of national products.
- (b) Loans given to foreign buyers or to foreign banks or other financial institutions, by banks or other financial institutions to finance exports of national products.
- (c) Loans given to suppliers to finance (a) above.

(3) Officially backed

- Export credits for which national agencies have given official cover or which have been financed by national governments or organizations under their control.
- Export credits for which regional agencies have given official cover or which have been financed by provincial or local governments or organizations under their control, or by a nationalised concern.

(4) Exceeding 180 days

(a) Definition of duration

- The last instalment is due more than 180 days after the starting point of the credit;
- or the agreement allows the buyer to renew the original contract and carry the last instalment beyond 180 days from the starting point of the credit;
- or the agreement is, in fact, renewed in such a way.

(b) Definition of starting point of the credit

- In the cases of individual items usable in themselves, the starting point of the credit

(1) It is recalled that paragraph 3 of C-M(59)75 states: "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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is the date when the buyer actually takes physical possession of the goods in his own country.

- If a number of individual items are delivered over a period of time and credit arrangements are made independently of the individual deliveries, the starting point of the credit can be regarded as the mean date of the actual dates when the buyer has taken physical possession of the goods.
- In the case of equipment for complete plants or factories, the starting point of the credit is the date when the buyer is taking physical possession of the entire equipment (excluding spare parts) supplied under the contract.
- In the case of construction or installation contracts, the starting point is the date when the seller has constructed or installed the plant.

(5) Communist countries

- The USSR, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, the Soviet-occupied Zone of Germany including the Soviet-occupied Sector of Berlin, Communist China, Mongolia, North Korea, North Vietnam.

(6) date of reporting

- The outstanding credits as of 30th June of any calendar year should be reported not later than 31st July and credits outstanding on 31st December of any calendar year should be reported not later than 31st January of the following year.

(7) Credits outstanding

- Total amount of credits extended, including that part which might not have been officially backed, minus repayments.
- Credits are regarded as outstanding when the exporter, or bank, or other financial institutions and the guaranteeing body have signed a contract setting out the risk to be covered (Stage 5 in Annex as regards credits defined in (2)(a) above).

(8) Over five years

- Duration and starting point defined as under (4).

(9) Statistical report

- The returns by each NATO country will be collated by the Economic Directorate which will circulate, for the information of the Committee of Economic

and the following:

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(a) The totals returned by NATO countries as a whole for each of the recipient areas on which information is received.

(b) In a separate table, totals for credits of over five years granted by NATO countries as a whole to each of the recipient areas on which information is received.

(c) In another table, totals for new outstanding credits granted, during the last six-month period covered by the statistical report, by NATO countries as a whole to each of the recipient areas on which information is received.

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