

CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

MF

EXEMPLAIRE N° 186  
COPY

ORIGINAL: FRENCH  
22nd March, 1965

NATO CONFIDENTIAL  
CORRIGENDUM to  
AC/127-D/179(Revised)

COMMITTEE OF ECONOMIC ADVISERS

WHEAT PURCHASES BY COMMUNIST COUNTRIES AND SOVIET GOLD  
SALES ON WESTERN MARKETS

Corrigendum to AC/127/D/179(Revised) dated 5th March, 1965

According to additional information received from the Canadian and United Kingdom Delegations, the following modifications are to be made to document AC/127-D/179(Revised):

Page 5, paragraph 7, line 9:

The part of the third sentence starting with the words "These experts estimate....." should read:

"These experts estimate the harvest in 1963 at about 95 - 105 million tons as against 110.7 million tons claimed in the most recent official Soviet statistical yearbook".

Unable to draw upon credit and with insufficient reserves of hard currency, the USSR has had to sell large quantities of gold in western markets: these amounted to \$525 million in 1963, and had reached \$325 million by 1st September, 1964, against an annual average of \$220-250 million during the preceding years.

10. The gold available to the USSR for purchases abroad depends on the volume of domestic production available each year (after deductions for internal uses) and the level of its reserves. The Soviets are extremely reticent on both these points but the United States Authorities estimate that available production of gold will be \$150 million a year until 1970(1), whereas the United Kingdom Authorities have estimated it at slightly below \$200 million in 1963 and expect it to increase at an average rate of 8% per year(2). Soviet gold reserves which at the end of 1963 probably amounted to some \$1.8 billion, did not, it appears, exceed \$1.2 to \$1.3 billion by the end of 1964. If the Soviets had to cope with another bad harvest or buy for cash large quantities of industrial equipment in the West, their external financial position would therefore become extremely precarious.

(b) For the western economies:

11. The enormous purchases of wheat by the Communist countries during 1963-1964 have reduced the stocks held by such important grain producing countries of the world as Canada and the United States and have helped to improve the balance of payments of these countries. The sales of Soviet gold which resulted from them might, in certain circumstances, have caused difficulties, in particular by creating inflationary pressures(3); in fact, they have had a favourable effect on the balance of payments of the exporting countries as well as upon international liquidity.

12. The consequences of the Soviet wheat purchases have, however, differed from one country to another. They have led to a redistribution of Soviet foreign trade: the USSR has attempted to curtail its imports of other products and to expand its exports. To ensure that the wheat purchases should not lead to excessive pressure on their balance of payments in 1963, the Soviet Authorities reduced their imports from the European countries of NATO which fell by 13% in comparison with 1962 (about \$100 million). Exports of semi-finished ferrous metal products from these countries to the USSR fell by nearly 65% between 1962 and 1963, and their value diminished by about \$100 million (see Annex V, Table I). For their part, Soviet exports to the European countries of NATO continued to increase gradually (total exports by more than 5%, those of oil and oil products by 13%, those of furs by 7%, and those of timber and timber products by 7% - see Annex V, Table II). This trend was probably continued in 1964 when the greater part of the payments for the wheat orders placed in 1963 were made and when the Soviet balance of payments had therefore deteriorated still further.

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(1) AC/127-WP/132/2.

(2) AC/127-D/159, Part I, paragraph 37.

(3) AC/127-D/137/1, paragraph 4.

13. Information currently available on the 1964 wheat crop in the USSR seems to indicate that Soviet wheat imports during the 1964-1965 crop-year will not reach the level of the previous year.

209 Corr. following

NATO CONFIDENTIAL  
ANNEX I to  
AC/127-D/179(Revised)

ANNEX I: WHEAT PURCHASES BY COMMUNIST COUNTRIES IN WESTERN MARKETS

TABLE I: COMMUNIST CHINA(1)

COUNTRY OF ORIGIN	VOLUME (in tons)	
	In 1963	In 1964
Argentina	28,000	800,000
Australia	3,001,000	1,700,000
Canada	1,382,000	1,800,000(2)
France	813,000	.300,000
Mexico	-	450,000
TOTAL in tons	5,224,000 (including flour)	5,050,000 (including flour)
COST in millions \$	312 (approx.)	310 (approx.)

Not available

- (1) Imports of wheat and wheat flour according to the August 1964 Bulletin of the International Federation of Agricultural Producers.
- (2) According to information provided by the Canadian Delegation (AC/127-D/179/1), 717,000 tons of wheat had been sent by Canada to Communist China by the end of July 1964.

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Page 9, Annex I, Table 1 - Communist China:

Change the volume (in tons) of wheat purchases by Communist China from Canada in 1964 "1,800,000(2)" to read "1,560,000". Delete the footnote and correct the total "5,050,000" to read "4,810,000".

Page 11, Annex I, Table 3 - USSR:

Change the volume (in tons) of wheat purchases by the USSR from Canada in the column headed "According to Western sources" from "5,012,000(3)" to read "5,007,000(3)". In the same column delete the last figure for the Federal Republic of Germany "300,000". Correct accordingly the total of wheat in the same column from "9,023,500" to read "9,018,500". Deliveries to the USSR of flour during 1963-1964 amounted to 593,000 tons so that the overall total, including flour, should be changed from "9,398,500" to "9,611,500".

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ANNEX I to  
AC/127-D/179(Revised)

WHEAT PURCHASES BY COMMUNIST COUNTRIES IN WESTERN MARKETS

TABLE II: COUNTRIES OF EASTERN EUROPE AND THE SOVIET-OCCUPIED ZONE OF GERMANY

RECIPIENT COUNTRIES	COUNTRIES OF ORIGIN	ORDERS PLACED DOR THE 1963-1964 CROP-YEAR AND ACTUALLY DELIVERED	
		Volume (in tons)(1)	COST (in million US \$) approximate
Bulgaria	Canada(1)	260,000	"
Hungary	Canada	"	"
	United States(3)	200-235,000	15.6
	Italy	40,000	4.4
Poland	Canada(1)	457,000	32.0
	United States(3)	607,800	"
	France	250,000	"
	Italy	50,000	5.5
Rumania	Canada(1)	264,000	"
Czechoslovakia	Canada(1)	781,000	55.0
Soviet-occupied Zone of Germany	Canada(1)	394,000	"
	United States(3)	"	"
<b>TOTAL</b>		<b>5,303,802(2)</b>	<b>200.0(2) (Est.)</b>

" = Not available.

(1) Data provided by the Canadian Delegation (AC/127-D/179/1).

(2) Those figures include the following amounts bought by the USSR and directed to the following Eastern European countries: Bulgaria 54,000 tons, Poland 50,000 tons, Rumania 264,000 tons, Czechoslovakia 602,000 tons, Soviet-occupied Zone of Germany 394,000 tons.

(3) Negotiations under way: United States statistics show relatively large exports to these countries during the last quarter of 1963 and the first quarter of 1964.

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See Corr. following

WHEAT PURCHASES BY COMMUNIST COUNTRIES IN WESTERN MARKETS  
Table III - USSR

USSR	COUNTRY	VOLUME (in tons)		COST (\$ millions)		
		According to Soviet sources(1)		According to Western sources (2)	1963	1963/1964
		1963 Actual Imports	1964 Likely Imports	Orders placed for 1963/1964 and actually fulfilled	(According to Soviet sources)	
	Argentina	-	-	50,000	-	
	Australia	273,000	1,388,000 177,000 ■ )	1,750,000	16.17	..
	Canada	2,323,400 123,200 ■	3,807,000 714,800 ■	5,012,000(3)	157.74 11.55	424.2 ..
	Denmark	-	-	7,000	-	
	United States	-	-	1,794,500	-	140
	France	-	-	185,000	-	..
	Italy	-	-	62,000	-	6.7(estim.)
	Mexico	-	-	50,000	-	..
	Fed. Rep. of Germany	-	-	113,000 300,000 ■	-	
	TOTAL (excluding flour)	2,596,700 (4)	5,194,600	9,023,500	173.91	570.9
	(including flour)	2,750,700	6,309,350 + 639,000 (5)	9,398,500		
			6,948,350			

.. = not available ■ = flour

- (1) According to the Soviet foreign trade yearbook for 1963.
- (2) According to statements by the governments of the exporting countries.
- (3) To this amount is to be added 1,364,000 tons of wheat bought by the USSR in Canada and delivered to Eastern European countries (See Annex I, Table II). Furthermore, the USSR bought 240,000 tons of wheat and 150,000 tons of wheat flour which were shipped directly to Cuba (AC/127-D/139/3, paragraph 12).
- (4) According to Soviet statistics, total imports of wheat amounted to 3,052,000 tons (compared with 65,100 tons in 1962) and those of wheat flour to 277,000 tons, including 395,200 tons of wheat from Rumania in repayment of a previous loan.
- (5) According to an unusual footnote in the Soviet foreign trade yearbook, in 1963 the USSR bought from capitalist countries 9,445,000 tons of wheat, including 7,880,000 tons of wheat and 1,585,000 tons of wheat flour. Of this, 1,661,000 tons of wheat and 177,000 tons of flour came from Australia and 6,130,000 tons of wheat and 838,000 tons of flour from Canada. Thus 8,806,000 tons of wheat and wheat flour were imported from these two countries. This figure is roughly equivalent to the combined total of the first two columns in the above table. The residual of 639,000 tons to be imported from other western countries must then be added. The Soviets do not appear to have included their purchases of wheat from the United States in the total of 9,445,000 tons.

GRAIN PRODUCTION IN THE USSR

1. The official Soviet statistics for gross grain production are generally thought to exaggerate the real harvest. Before 1958, the only Soviet official data available were "biological" estimates of the standing crop prior to the harvest. Khrushchev released for the first time in December 1958 the "barn" crop data. Present USSR statistics are based on "bunker weight"; such a definition exaggerates real production because:

- unripe and wet grains are included in output figures;
- the grain crop is weighed as it comes from the grain combine and includes broken and otherwise unacceptable kernels as well as weeds and other impurities;
- post-harvesting losses (loading and unloading, transport, storage) are not deducted.

2. In addition, local officials have an interest in reporting the highest possible production figures and Khrushchev himself has, on various occasions, criticised the grain crop estimations and even denounced some plain "padding" of accounts. Figures for state purchases may also be exaggerated though perhaps to a lesser degree. The extent of over-estimation has fluctuated considerably from year to year, adding to the difficulty of objective evaluation. The table hereunder sums up the official Soviet data and some western estimates.

Table 1

GRAIN PRODUCTION IN THE USSR  
1957/1964

(million tons)

YEAR	Official Soviet Data			Western Estimates total grain output	
	State grain purchases	Grain left at the disposal of the farmers	Total Grain output	US (a)	UK (b)
1	2	3 = 4-2	4	5	6
1957	35.4	69.6	105.0	100	97
1958	56.6	84.6	141.2	125	121
1959	46.6	79.3	125.9	100	108
1960	46.7	87.7	134.4	100	112
1961	52.1	85.9	138.0	115	115
1962	56.5	91.7	148.2	115	115
1963	44.9	(50-70)	(94-115)	95	105
1964(d)	67.0	83.0	150.0 <sup>(c)</sup>	120	110 to 115

(a) United States Research Memorandum RSB 133 (20/8/62) and AC/89-WP/134.

(b) United Kingdom Economic Intelligence Group EIG(62)3(Final) (15/2/62) and AC/89-WP/126 and AC/89-WP/128.

(c) No official statistics published but on the basis of figures cited by IVASHCHENKO (see AC/127-D/167 paragraph 14)

(d) The only official Soviet data for 1964 so far available are those concerning State grain purchases (column 2). It is thought that the Soviet Authorities may eventually issue an official figure of about 150 million tons (column 4) for total grain output, thus leaving some 83 million tons at the disposal of the farmers (column 3), Western estimates for 1964 are provisional.

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following

Page 14, Annex II, Table 1 - Grain Production in the USSR:

Change the line for the year 1963 from:

<u>1</u>	<u>2</u>	<u>3=4-2</u>	<u>4</u>	<u>5</u>	<u>6</u>
"1963	44.9	(50-70)	94-115(c)	95	105"

and replace by the following:

"1963(c)	44.8	65.9	110.7	95	95-105"
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Note (c) should be modified to read:

"(c) There remains some uncertainty about the comparability of the post-Khrushchev statistical account with previous harvest data, and western estimates for 1963 are still provisional".

Change the UK estimate for 1964 in Column 6 from "110 to 115" to read "110 to 120".

THE GRAIN REQUIREMENTS OF THE SOVIET UNION

1. To evaluate the extent of the real grain shortage in the USSR, a comparison is to be made between grain output(1) with current actual needs. As no official estimates of total grain requirements for the Soviet economy are available, the following layout has been adopted, combining various Western estimates, for an evaluation of the needs:

- (a) bread grain for human consumption;
- (b) fodder grain;
- (c) grain for non-food industrial uses;
- (d) exports;
- (e) stocks.

(a) Bread grain requirements for human consumption

2. To provide a population of 225 million people with a daily ration of 500 grammes of bread requires a total grain output of 41 million tons per year. Taking account of the production of other foodstuffs based on grain, total requirements can be estimated at about 45 million tons. As 1.25 kg. of grain is required for the production of 1 kg. of flour, this would allow about 36 million tons of flour which is considered to be sufficient to ensure the normal supply of the population. These requirements increase at the same rate as the population, i.e. between 1.5 and 1.7% per annum, or about 1 million tons: in 1963, the minimum requirements could be estimated on this basis at some 5.4 million tons above the 1958 level.

3. It has been estimated that 39.5 million tons of flour were actually utilised in 1963 to feed the people, while the total volume of grain and pulses consumed by the population represented 47.5 million tons. The demand for bread for human consumption is rather inflexible; however, some 3 million tons might be saved without undue hardship to the population by lowering the quality of bread and flour.

4. To grow 45 million tons of bread grains requires the sowing of about 9 million tons of seed, taking into consideration the overall fertility of the Soviet soil and the reduced utilisation of fertilisers in comparison with Western practices. The quality of the wheat harvested is affected by climatic conditions and the amount of resulting waste unsuitable for human consumption fluctuates from year to year. In 1963, waste was estimated at roughly 6% of net production (i.e. some 3 million tons) and this percentage might well have been higher in terms of grains.

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(1) See Annex II - "Grain production in the USSR".

suitable for human consumption. Thus, a net total of bread grains required for human consumption of 45 million tons requires a gross total production of about 57 million tons if seed and waste are to be taken into account.

(b) Fodder grain requirements

5. The USSR's utilisation of grain for fodder remains far below Western standards. In 1957, out of a poor harvest, officially estimated at 105 million tons of grain, 36 million tons were set aside for livestock feeding. In 1958, out of the claimed 141.2 million tons of grain, some 49 million tons were said to be devoted to this purpose. According to Western estimates, it would seem that in 1963 about 27 million tons of grains and pulses have been used for feed.

6. The growth of livestock (especially hogs and chickens, which are large consumers of grain fodder) had apparently been permitted to outstrip feed supplies. In addition, potatoes, which are an important source of feed for hogs, suffered, a near crop failure in 1962, thus increasing the demand for fodder grains. As soon as the feed shortage became apparent in 1963, the number of pigs declined sharply as a result of considerable slaughter and curtailment in the rate of animal reproduction.

7. In the Seven Year Plan ending 1965, it had been proposed that 85 to 90 million tons of grain, representing half of the total grain production, be used as fodder. If a rapid increase in livestock breeding is to be envisaged after the serious reduction imposed during 1963, Western experts assume that at least 30 million tons of grain for feed might be required. This net volume equals a minimum of 38 to 40 million tons of grain to be produced in order to maintain the indispensable supply of seed and allow for unavoidable waste. These Western estimates still represent less than half the target set in the plan for 1965.

(c) Industrial uses

8. The Soviet Union uses large quantities of cereals for the manufacture of technical products such as synthetic rubber for which ethyl alcohol is obtained by processing grain and potatoes. Butyl alcohol used in the Soviet chemical industries is also produced from agricultural products that could be consumed as food. Many special kinds of synthetic rubber are used in the production of armaments, whilst synthetic rubber and ethyl alcohol enter into the production of plastics which likewise play an important part in the armaments industry.

9. The production of ethyl alcohol required some 4.1 million tons in 1962 and probably at least 4.5 million tons in 1963(1). To this must be added an unknown amount for the production of butyl

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(1) See AC/127-D/139/2, paragraph 23

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alcohol. The total quantity of grain and pulses utilised in industry for non-food purposes during 1963 has been estimated at some 6.5 million tons. If seed and waste are taken into account, it would seem that total industry requirements of grains might amount to about 8 million tons.

(d) Requirements for exports

10. During the period 1958-1962, the USSR exported an average of about 7 million tons a year, of which some 4.5 million tons went to other Communist countries. The export volume dropped in every year following a poor harvest. Thus only 5.1 million tons of grain were exported in 1958 following the harvest failure of 1957. In 1963, according to the Soviet official statistics, the USSR exported 4.1 million tons of grain to Communist countries, of which about 3.2 million tons were wheat. It would seem that annual export bread grain commitments to Eastern Europe (mainly the Soviet Occupied Zone of Germany and Czechoslovakia) and Cuba, which the Soviet leaders might consider to be of vital political importance, can be estimated at at least 4 million but less than 5 million tons on average during the coming years.

(e) USSR stockpiling policy

11. The size of the domestic grain reserves of the Soviet Union is a closely guarded State secret and estimates are subject to a large margin of error. In a centrally planned economy, with its inherent reluctance to rely on foreign trade, stockpiling is to be considered as one of the most important ways of freeing the economy from too heavy a dependence on climatic conditions. 'Pravda' in a leader on 23rd December, 1963, asserted that an increase in grain production was "the most urgent task" to ensure "the replenishment of governmental reserves" and Mr. Khrushchev announced the intention of building up wheat stocks sufficient to cover one year's needs. The period required for piling up such reserves of bread grain will largely depend on the judgement of the Soviet leaders on the urgency of fulfilling this goal, taking into account the actual achievements of agricultural production. After a record harvest in 1958, the years 1959, 1960, 1961 and 1962 do not appear to have allowed for the building up of important stocks although, during these years, crops were probably about large enough to cover consumption requirements. The size of the 1963 stocks might thus be estimated at about the level of the 1958 excess production. A figure of about 8 million tons in early 1963 has been quoted(1). Accordingly, the 1963 deficit could probably have been covered by depleting State stocks, thus leaving the USSR at the mercy of the 1964 harvest. The USSR apparently preferred not to run such a serious risk and started large-scale imports of grain from the free world countries.

(1) See AC/127-D/133/2, paragraph 24

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Conclusion

12. These considerations lead to the following table assessing the domestic grain requirements of the Soviet Union. The types of demand listed hereunder vary considerably in flexibility; those for human consumption and fodder appear to be the most pressing while those for industrial purposes, exports and stockpiling can be influenced more easily by policy decisions.

ESTIMATE OF USSR'S MINIMUM ANNUAL REQUIREMENTS OF GRAIN  
(Recent years)

(million tons)

A. Human consumption (NB. Population increases at about 1.5% per annum)	45
B. Fodder grains (for maintaining the present level of livestock)	25 to 30
C. Industrial requirements (1963 actual utilisation)	6.5
Net domestic requirements for actual consumption (A+B+C)	76 to 82
D. Seeds required to cover domestic requirements	20
E. Extra production needed to account for losses and waste	6
Total domestic requirements (A+B+C+D+E)	100 to 110
F. Exports: estimated minimum commitments to Eastern European countries and Cuba	4 to 5
Total requirements for consumption (A+B+C+D+E+F)	105 to 115
G. Annual stockpiling (according to annual crop results)	(0 to 10)
TOTAL	(105 to 125)

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Page 18, Annex III - Estimate of USSR Minimum Annual Requirements of Grain:

Under the title delete "(recent years)" and replace by "1963/1964(1)".

Footnote (1) should read:

"(1) Figures hereunder refer to the 1963/1964 crop year. It may be recalled that in earlier years the number of human consumers was lower (the annual rate of population growth in the USSR is about 1.5%) but the number of animals requiring fodder grains was higher than in 1963/1964 so that global requirements might have been very roughly of the same order of magnitude during the period 1959/1962."

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13. If this table is compared to the estimated grain production in the USSR (see Annex II), it would seem that the crop in:

- 1957 - probably covered current needs;
- 1958 - left about 10 million tons for stockpiling;
- 1959-1962 - equalled total requirements for consumption, allowing for the maintenance of stocks at the 1958 level;
- 1963 - left a gap of 5 to 10 million tons that could have been covered at the cost of the 1958 carry-over but was instead made good by imports;
- 1964 - will probably leave some small surplus for food, stockpiling and/or exports to other communist countries.

NATO CONFIDENTIAL  
ANNEX IV to  
AC/127-D/179(Revised)

ANNEX IV: SOVIET WHEAT EXPORTS IN 1963(1)

(in tons)

TO COMMUNIST COUNTRIES			TO EUROPEAN NATO COUNTRIES		
of which:	1962	1963	of which:	1962	1963
Bulgaria	93,700	149,900	Belgium	30,000	19,000
China	104,100	-	Denmark	..	-
Cuba	269,300	264,100(2)	France	30,100	12,400
Hungary	40,100	62,900	Fed. Rep. of Germany	70,400	86,000
Poland	505,200	163,400	Greece	2,600	2,600
Czechoslovakia	2,700	1,157,000	Iceland (flour)	2,400	2,200
Soviet-occupied Zone of Germany	1,251,100	1,044,600	Italy(3)		
			Netherlands	95,500	118,300
			Norway	79,300	41,000
			Portugal	..	..
			Turkey	..	..
			United Kingdom	344,900	276,300
Total (4):	3,166,300	2,841,900		655,200	557,800

- (1) Soviet source: "Foreign Trade of the USSR in 1963", Statistical Yearbook.  
(2) To this must be added 450,000 tons of Canadian wheat purchased by the USSR and sent directly to Cuba (Annex I, Table III, (3)).  
(3) Italy imported no Soviet wheat in 1963 but imported 107,300 tons of grain (rye, barley, maize) compared with 72,800 tons in 1962.  
(4) Total Soviet exports amounted to 4,080,000 tons in 1963, i.e. somewhat less than exports in 1962 (4,765,200 tons).

NATO CONFIDENTIAL

## ANNEX V - FOREIGN TRADE BETWEEN THE USSR AND THE EUROPEAN NATO COUNTRIES

TABLE I.- SOVIET IMPORTS FROM THE EUROPEAN NATO COUNTRIES

(thousand roubles)

	1962					1963				
	TOTAL of which:	Ferrous Metal Products	Machinery and Equipment	of which equipment: for the Food Industry for light Industry		TOTAL of which:	Ferrous Metal Products	Machinery and Equipment	of which equipment: for the Food Industry for light Industry	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Belgium	29,800	6,770	13,200	-	-	25,800	3,392	3,900	-	-
Denmark	21,900	-	21,900	-	-	28,800	-	25,200	-	-
France	139,000	16,664	79,200	22,276	141	63,800	9,883	30,100	1,238	622
Federal Republic of Germany	183,900	87,918	53,300	4,265	188	134,100	26,617	66,100	963	1,104
Greece	19,500	-	-	-	-	20,200	-	-	-	-
Iceland	10,600	-	-	-	-	9,700	-	-	-	-
Italy	88,700	36,819(1)	30,000	318	-	122,500	11,775	72,400	493	-
Netherlands	43,500	201(11)	16,500	-	-	33,500	-	8,700	-	-
Norway	11,500	1,858(111)	2,800	-	-	12,200	861	1,100	-	-
Portugal						Nil				
Turkey	4,900	-	-	-	-	6,400	-	-	-	-
United Kingdom	105,600	18,231	56,000	7,429	12,080	116,900	123,200	57,800	83	5,661
TOTAL:										
- in thousand roubles	658,900	168,461	269,500	34,288	12,309	574,000(1)	59,848(2)	265,300(3)	2,777(4)	7,387(5)
- in thousand £	725,000	185,300	296,450	37,716	13,539	631,400	65,830	291,830	3,054	8,125

- (1) The comparison of imports in 1963 with those of 1962 shows a fall of \$93.6 million or 13%. This substantial reduction is in contrast to the 9% increase in total Soviet imports over the same period.
- (2) The decline registered in 1963 in comparison with 1962 amounted to \$119.47 million or 64.4%, three times greater than that of total Soviet imports of ferrous metal products (-22.4%).
- (3) Although total Soviet imports of machinery and equipment rose by 9.8% in 1963 in comparison with 1962, those from the European NATO countries which are industrialised countries and large exporters of this type of product underwent a slight reduction of about 1.5%.
- (4) Imports of this type of machinery and equipment almost ceased completely, falling by 92%. Thus the reduction was three times greater than that for total Soviet imports of this type of equipment (i.e. - 32%).
- (5) This figure represents a decline of 44% compared with 1962. Thus here, as in the case of machinery for the food industry, the reduction was three times greater than that of total Soviet imports of this type of equipment (i.e. -15%).
- (i) This figure covers rolled steel, high quality steel, steel wire, tubes and high tension cables only.
- (ii) Tubes only.
- (iii) Rolled steel, wire, and steel for reinforced concrete.

NATO CONFIDENTIAL  
ANNEX V to  
AC/127/D/179(Revised)

ANNEX V - FOREIGN TRADE BETWEEN THE USSR AND THE EUROPEAN NATO COUNTRIES

TABLE II - SOVIET EXPORTS TO THE EUROPEAN NATO COUNTRIES

(thousand roubles)

	1962				1963						
	Total of which	Oil and oil products	Timber and timber products	Fur products	Total of which	Oil and oil products		Timber and timber products		Fur products	
						in 1000r	Percentage increase 1962/1963	in 1000r	Percentage increase 1962/1963	in 1000r	Percentage increase 1962/1963
Belgium	41500	4954	10802	179	44200	5263	+ 6	14247	+31	809	+35.2
Denmark	18300	1661	833	156	18900	3439	+ 108.3	1470	+76	186	+19
France	76900	11209	14676	824	93200	6422	+ 46.4	16687	+13.8	2175	+42.5
Federal Rep. of Germany	121000	33991	18387	1591	118000	37654	+ 10	17426	- 4	5394	+24
Greece	18600	9778	3794	-	24000	12687	+ 31	4201	+10.5	-	-
Iceland	10600	5774	689	-	9700	6346	+ 10	991	+43	-	-
Italy	118200	60226	13741	708	123000	63890	+ 5	10808	-22	829	+17
Netherlands	37500	886	10156	381	38000	855	- 3.7	8239	-19	680	+79
Norway	14300	3415	1408	26	15000	4147	+ 21	1470	+ 5	47	+80
Portugal	-	-	-	-	-	-	-	-	-	-	-
Turkey	3900	154	750	-	7800	364	+ 136	1335	+77	-	-
United Kingdom	191800	3259	75374	26900	193500	2738	- 16	84275	+11.8	33821	+25.7
TOTAL:											
- in roubles	652600	35307	150610	40765	685300	153985	+ 13	161149	+ 7	43941	+ 7
- in '000 \$	717.86				753.83		(1)	(2)			(3)

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ANNEX V to  
AC/127-D/179(Revised)

FOOTNOTES:

- (1) Soviet exports to the European NATO countries increased by 5% in 1963 compared with 1962; this increase was greater than the increase in total Soviet exports which was only 3%.
- (2) The Soviet sales of oil and oil products to the European NATO countries therefore increased by 13% in 1963 compared with 1962. According to western estimates (C-M(64)52), the increase was 14.9% for crude oil and 12.4% for oil products.
- (3) Soviet exports of timber and timber products (sawn timber, ply-wood, cellulose and wood pulp) to the European NATO countries thus rose by 7% in 1963 in comparison with 1962 as did exports of furs (7%).

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ANNEX VI

PURCHASES OF WHEAT BY COMMUNIST COUNTRIES  
ON WESTERN MARKETS DURING THE CROP YEAR 1964-65

(Information available as of 9/2/65)

RECIPIENT COUNTRY	COUNTRY OF ORIGIN	QUANTITIES (in tons)	VALUE (1) (in million \$)
China(2)	Argentina	700,000	45 - 50
	Australia(3)	1,500,000	91.8
	Canada(4)	700,000	50(approx.)
		<u>2,900,000</u>	<u>less than \$200</u>
Hungary Poland Poland Czechoslovakia TOTAL Eastern European countries	Canada	113,000	7.4
	Canada	200,000	14
	United States	9,100	0.55
	Canada	<u>300 - 400,000</u>	<u>21 - 28.0</u>
		622,100	43 - 50
	to		
	722,100		
USSR	Australia(5)	760,000	44.8
	Canada(6)	670,000	50 - 60
	France(7)	250,000	15.25
		<u>1,608,000</u>	<u>109.25 - 119.25</u>
GRAND TOTAL		from 5.2 million to 5.3 million	from 350 to 370

- (1) For their new purchases of wheat in the West the Communist countries will benefit from more advantageous conditions than in the past as a consequence of the lowering of prices decided on 25th, 27th and 28th January by Canada and of the increase in subsidy extended by the United States to its producers (26th January). The reduced price has already been applied on the sale of Canadian wheat to China (700,000 tons representing some \$50 million) taking account, apparently, both of the existence of considerable exportable excess stocks and of the competition between France, Australia and Argentina.
- (2) Negotiations started in July 1965 on the signature of a long-term agreement on wheat deliveries to China by France and concerning about 1 million tons per calendar year have been suspended. They will be resumed, in principle, next summer.
- (3) It is expected that China will negotiate a new agreement for the purchase of the same quantity of grains in 1965/1966.
- (4) Of this amount 81,600 tons will be directly delivered to Albania.
- (5) With an option of an additional purchase of 75,000 tons.
- (6) Consisting of 570,000 tons of wheat and 80,000 tons of wheat flour ("Financial Times" 5/2/65) of which:
  - an order of 250,000 tons of wheat and 25,000 tons of wheat flour valued at \$21 million which, according to information provided by the Canadian Delegation was placed in October 1964;
  - and an order of 122,400 tons at a cost of about \$9 million was placed in February 1965 according to the Canadian Wheat Office.
- (7) With an option on the purchase of an additional 50,000 tons.