

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

EXEMPLAIRE

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NATO CONFIDENTIAL
DECISION SHEET
AC/127-R/150

Included Corrig.

Rectif. Inclus

COMMITTEE OF ECONOMIC ADVISERS

Meeting held at the Permanent Headquarters, Paris, XVIIe.,
on Thursday, 9th July, 1964, at 3.15 p.m.

DECISION SHEET

I. EX POST FACTO NOTIFICATION OF OFFICIALLY BACKED EXPORT CREDITS OF OVER FIVE YEARS TO COMMUNIST COUNTRIES

The COMMITTEE:

- (1) agreed, in principle, to a number of amendments to the text of document AC/127-D/154(Revised), proposed by the German and United Kingdom Delegations;
- (2) ~~noted the reiteration by the United Kingdom Representative of his earlier statement(1) on the importance his Authorities attached to amending the rules of notification in order to ensure that all officially backed export credits were reported;~~
- (3) heard a statement by the German Representative on a six-year credit extended by a Schleswig-Holstein bank, to the Soviet Union in order to match a Japanese offer(2);
- (4) agreed to seek their Authorities' approval for their next meeting, of a second revised text of AC/127-D/154 modified according to proposals made in (1) above.

{1} See AC/127-R/131, Item I(4)

{2} Full text reproduced at Annex.

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

The COMMITTEE:

- (1) agreed, subject to confirmation by the United Kingdom Representative, to submit to the Council their report AC/127-D/163 on Credits Granted by NATO countries to the Soviet Bloc and Communist China together with the Chairman's cover note as amended during the discussion.

See Corr. following

III. NATO COUNTRIES' TRADE POLICY TOWARDS THE EUROPEAN SATELLITE COUNTRIES

The COMMITTEE:

- (1) noted the member representatives' preliminary reactions to the draft report to the Council ED/64/25 prepared by the International Secretariat;
- (2) heard the views of the United Kingdom and the United States Delegations on the advisability of fostering signs of independence in certain satellite countries by differentiating in their favour in the field of international trade, and invited other member countries to give their views on this subject (1);
- (3) agreed to resume the discussion at their next meeting.

IV. COMMUNIST ECONOMIC ACTIVITIES IN THE DEVELOPING COUNTRIES

The COMMITTEE:

agreed to postpone this Item until their next meeting.

V. RECENT ECONOMIC DEVELOPMENTS IN THE COMMUNIST COUNTRIES

The COMMITTEE:

- (1) took note of the following documents submitted by the Sub-Committee on Soviet Economic Policy:
- (i) Report on COMECON (AC/127-D/165);

(1) See also Annex to AC/127-R/128 and AC/127-R/130, Item III.

- (ii) Report on Economic Developments in Communist China in 1963 (A.C/127-D/166);
- (iii) Report on the Recent Economic Developments in the European Satellite Countries and Prospects for the Future (A.C/127-D/164);
- (iv) Report on Current Economic Developments in the Soviet Union (A.C/127-D/167);
- (2) had a first exchange of views on a draft summary for the Council (ED/64/24) prepared by the International Secretariat, covering the four subjects examined in the reports mentioned in paragraph (1) above;
- (3) agreed to the United States Representative's suggestion to delete the section on Communist China in the summary and instructed the International Secretariat to establish, for their next meeting, a separate note on developments in that country;
- (4) agreed to resume discussion on the two draft summaries at their next meeting;
- (5) noted the statement by the Italian Representative stressing the importance his authorities attached to the following two points which the Sub-Committee might further examine within the context of the studies referred to in paragraph (1) above:
 - (i) exchange of raw material and industrial products between COMECON members;
 - (ii) recent developments in relations between COMECON and Yugoslavia.

VI. MEETING OF THE AD HOC GROUP OF EXPERTS ON DEMOGRAPHIC TRENDS

The COMMITTEE:

- (1) agreed that the proposed meeting of the Ad Hoc Group of Experts on Demographic Trends be held on Wednesday, 28th, Thursday, 29th, Friday, 30th, Saturday, 31st October, 1964;
- (2) were informed by the United Kingdom Representative that his authorities would prepare papers on the labour situations in Poland, the Soviet-Occupied Zone of Germany and Czechoslovakia;

- (3) noted that the French Authorities might prepare a paper on the labour situation in Roumania;
- (4) noted the Chairman's plea that some other member delegations volunteer to produce similar papers on Hungary, Bulgaria and Albania(1).

VII. DATE OF NEXT MEETING

Thursday, 23rd July, 1964 at 10.15 a.m.

OTAN/NATO,
Paris, XVie.

(1) AC/127-R/131, Item IV(2)

EX POST FACTO NOTIFICATION OF OFFICIALLY-BACKED EXPORT
CREDITS OF OVER FIVE YEARS TO COMMUNIST COUNTRIES

Statement by the Representative of the Federal Republic on
Item I of the Agenda

The contract concluded between the firm HOWALDTSWERKE on the one hand and the Soviet foreign trade company SUDOIMPORT on the other for the delivery by 1966 of 8 factory-ships (of 10,000 tons each) representing a total value of DM. 247 million, is a private contract. It was concluded on a cash payment basis since the Federal Government, in compliance with its frequently proclaimed policy, was not prepared to authorise the supplier to grant to the Soviet Union and still less to provide cover for such a credit. Moreover, in view of the fact that the acceptance of this order in the face of powerful foreign competition benefited both the firms' production schedule and the economic development of Land Schleswig-Holstein, a bank of this Land granted the Soviet contracting party a financial credit to enable the cash payment to be made to the supplier. In this case, the Schleswig-Holstein Bank granted the same credit conditions as those offered by the Japanese (6 years as from the date of delivery). It was only as a result of this measure that half the order, which originally was to be carried out entirely by HOWALDTSWERKE, could be saved. In view of the well-known conditions of international competition prevailing in the ship-building industry, it should be noted that the attitude of the Bank and of Land Schleswig-Holstein is in conformity with the "matching clause" recognised by all international bodies.