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NATO CONFIDENTIAL
WORKING PAPER
AC/127-WP/10

COMMITTEE OF ECONOMIC ADVISERS

RELATIONSHIP BETWEEN ECE AND EASTERN ECONOMIC ORGANIZATIONS

Note by the Acting Secretary

Attached for the information of the Committee, and in agreement with the delegations concerned, is a copy of a letter from the German Delegation to the US Delegation expressing the points of view of the German authorities on the question raised in document AC/127-N/11.

(Signed) A.W. LUKENS

Palais de Chaillot,
Paris, XVIIe.

NATO CONFIDENTIAL

Paris, 9th July, 1958

To: Delegation of the United States of America to NATO.

Subject: Proposal by the United States Government concerning
direct contacts between ECE, OEEC and CEMA
(Document AC/127-N/11)

As I already told you at the meeting on 7th July the Federal Government entertains very strong objections to the establishment of such contacts and fully endorses the view of your government that such contacts should be avoided wherever possible. However, the views of my government are based on factual rather than on purely formal reasons, and I would like to make the following comments on this matter.

The Council of Mutual Economic Aid in Moscow (CEMA/COMMCON) includes the following members: the Soviet Union, Poland, Czechoslovakia, Hungary, Bulgaria, Rumania, Albania and also the Soviet occupied zone of Germany. The Asian countries of the Soviet bloc are represented as observers. The Council is responsible for the co-ordination of the economic development of the European Soviet bloc countries through a harmonisation of long-term planning and specialisation of production in the various member countries. Under its Charter all members of the Council of Mutual Economic Aid enjoy equal rights. In actual practice, however, this organization is a tool of the Soviet Union and is designed to achieve the gradual integration of the economies of the European Soviet bloc countries into the economy of the Soviet Union. This is most clearly shown by the efforts to achieve specialisation in the field of production. In this connection specialisation does not only mean that the various countries concentrate their efforts on certain fields of production, but also that a much more specialised concentration on certain definite types (varying from country to country) of more or less the same branches of production is being aimed at in the various countries. Only for some fields of production certain general priorities of production are established. In this "division of labour" the most important part is being played by such highly industrialised members as Czechoslovakia and the Soviet occupied zone of Germany. While the Soviet Union itself does not take part in this specialisation but merely provides technical and financial assistance.

From this it appears that the importance of the Council of Mutual Economic Aid primarily lies in the political field since on that basis the Soviet Union seeks to establish through economic means firm and permanent ties between the CEMA members and with its own sphere of control. My government feels that it would be impossible to establish contacts with the CEMA not only because, for the above reasons, it is out of the question to compare OEEC with CEMA, but also because the establishment of contacts might result in strengthening the position of the Soviet occupied zone of Germany. The eastern bloc could interpret such contacts to the effect that OEEC members - in contrast to their present attitude - would be prepared to a greater extent to recognise the Soviet occupied zone of Germany as an independent State.

For these reasons the Federal Government fully endorses your proposal to prevent such contacts between the organizations referred to.

(Signed) W. SCHMID

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