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NATO CONFIDENTIAL
ADDENDUM to
WORKING PAPER
AC/127-WP/70

COMMITTEE OF ECONOMIC ADVISERS

ADDENDUM

to

AC/127-WP/70
(dated 22nd February 1961)

Note on the Problems of East-West Trade

Before the present paragraph 9, add:

9. The examination of statistics of trade between NATO countries and the Soviet bloc over recent years shows three main features:

- (i) Since 1953 this trade has grown steadily : between that year and 1959 it more than doubled. This represents an even higher rate of expansion than that of inter-European or world trade. For some NATO countries the increase in this period was considerably more important, Greek imports from Eastern countries thus rose eleven times, and German imports four times while exports to Eastern countries from the Federal Republic of Germany increased six times and those of the UK four times.
- (ii) For NATO countries taken as a whole, this trade remains relatively limited : in 1959 it was of the order of 0.5% of total trade of North America, and of the order of 3.5% of that of European member countries of the OEEC (against about 7% before the War for OEEC member countries).
- (iii) The share of trade with the Soviet bloc in

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total trade varies significantly from country to country; it is particularly high in three NATO countries - Iceland, Turkey and Greece, which are facing special economic difficulties and are still in the course of development. In 1960, it amounted to 23% of Iceland's trade, in Turkey the Bloc accounted for 9% of imports and 12% of exports and in Greece for 12% of imports and 22% of exports. While in Iceland the share of Soviet trade declined in 1960 by comparison with previous years, the Bloc's share of Turkish trade remained approximately the same as in 1959 and its share of Greece's trade increased considerably.

10. East-West trade is relatively more important for Soviet bloc countries than for NATO countries. The share of this trade in total trade of Soviet Bloc countries ranged in 1959 from 15% to 30%. This is lower than the share in the years immediately following the war and much lower than before the war, where the bulk of foreign trade of these countries, including the USSR, was with the West. The present share is, however, higher than in 1953, which saw the culmination of the effects of the autarchic policy enforced in the last years of Stalin's regime. The relative importance of East-West trade compared with total trade of bloc countries and NATO countries is shown in Table A and B at Annex.

11. Tables C and D at Annex give a commodity breakdown of East-West trade for the years 1955 and 1959. The figures are taken from the OEEC report (C(60)176) on trade relations with monopoly state trading countries. The "Eastern countries" therefore include Yugoslavia as well as the Sino-Soviet bloc. The main commodities imported by OEEC members from Eastern countries were food, raw materials and mineral fuels; the share of "food" has increased in recent years, while that of raw materials and manufactured goods have declined. Between 1955 and 1959, the relative importance of mineral fuels has only slightly increased, in spite of substantial increases in imports of Soviet oil. Among the commodities exported to Eastern countries from the West, manufactured goods and machinery taken together account for over two-thirds of total exports in 1959; the share of these groups have in recent years increased, while the relative importance of the groups "food" and "raw materials" has diminished between 1955 and 1959.

12. NATO countries import more from the bloc than they export. In the years 1955 to 1959, OEEC members had an annual trade deficit with the Sino-Soviet bloc (including Yugoslavia) of between \$200 and \$250 million, which may have been partly offset by the settling of old claims on countries of Eastern Europe or by invisibles.

14. The present paragraphs 9 and 10 to be renumbered 13 and

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TABLE A

EAST-WEST TRADE AS PERCENTAGE OF TOTAL TRADE
IN BLOC COUNTRIES

Country	Imports				Exports			
	1937	1950	1953	1959	1937	1950	1953	1959
A. Soviet Bloc Countries								
Poland	56	30	22	25	72	38	27	31
Hungary	71	37	24	25*	78	28	16	27*
The Soviet-occupied zone of Germany ⁽¹⁾	-	25	22	21	-	31	19	19
Czechoslovakia	58	31	14	18	62	30	15	18
Roumania	68	10*	14*	16	72	6	13	16
Bulgaria	82	14	12	19*	79	12	13	10*
Soviet Union	52	17*	-	15	72	11*	-	16

(1) Including trade with Western Germany.

* Estimated by the Secretariat of the Economic Commission for Europe. Source : Economic Bulletin for Europe Vol. 11 No. 2 Vol. 12 No. 2.

TABLE B

EAST-WEST TRADE AS PERCENTAGE OF TOTAL TRADE
IN THE EUROPEAN NATO COUNTRIES

Country	Imports					Exports				
	1937	1950	1953	1959	1960	1937	1950	1953	1959	1960
B. NATO Countries										
Belgium-Luxembourg	6.9	1.9	1.7	2.2	1.9	5.1	3.6	2.9	1.8	2.5
Denmark	4.4	5.8	3.8	4.5	4.3	2.4	3.3	4.9	4.0	3.8
France	5.1	1.1	1.1	3.1	2.5	4.5	1.1	1.3	2.8	3.2
Federal Republic of Germany ⁽¹⁾	13.5	6.1	3.5	6.4	6.7	12.6	7.5	2.6	5.8	6.0
Greece	19.0	0.3	1.3	7.4	12.0	10.7	0.4	6.3	16.5	22.0
Iceland	2.5	9.9	8.5	30.6	22.7	1.5	11.1	19.9	33.7	23.2
Italy	11.7	4.0	1.9	4.6	5.6	6.5	5.1	3.9	4.1	4.7
Netherlands	7.8	2.5	2.2	2.8	2.1	5.8	2.6	2.6	1.6	1.6
Norway	6.8	5.4	4.4	3.5	3.2	3.8	4.4	6.3	4.7	4.4
Turkey	11.9	7.8	5.5	9.6	9.1	12.4	6.8	7.4	11.5	12.2
Portugal	2.5	0.7	0.2	1.0	..	2.6	1.5	2.5	2.1	..
United Kingdom ⁽²⁾	6.4	2.4	2.2	2.9	3.1	3.6	1.2	0.6	2.1	2.6

(1) Including interzonal trade. Data for 1937 based on the distribution of trade of the whole of Germany.

(2) Excluding re-exports

Source : Economic Bulletin for Europe Vol. 11 No. 2 and Vol. 12 No. 2 and for 1959 and 1960 : OEEC Statistical Bulletins.

TABLE COEEC MEMBER COUNTRIES' IMPORTS FROM EASTERN COUNTRIES

(0)	1955		1959	
	thousand dollars	% of total	thousand dollars	% of total
(0)	(1)	(2)	(3)	(4)
Food, beverages & tobacco	198,606	18.5	432,990	26.8
Crude materials	310,135	28.9	370,134	22.9
Mineral fuels	217,858	20.3	332,320	20.6
Oil and fats	4,759	0.5	6,935	0.4
Chemicals	51,477	4.8	92,993	5.8
Manufactured goods, classified chiefly by materiel	209,954	19.5	239,000	14.8
Machinery and transport equipment	51,743	4.8	85,183	5.3
Miscellaneous manufactured articles	28,038	2.6	46,688	2.9
Miscellaneous	1,240	0.1	7,796	0.5
Total	1,074,810	100.0	1,614,039	100.0

Source: OEEC Report (C(60)176) on Trade Relations in 1959 with Monopoly State Trading Countries.

TABLE D

OEEC MEMBER COUNTRIES' EXPORTS TO EASTERN COUNTRIES

	1955		1959	
	thousand dollars	% of total	thousand dollars	% of total
(0)	(1)	(2)	(3)	(4)
Food, beverages & tobacco	234,726	28.1	145,497	10.6
Crude materials	122,794	14.7	150,031	11.0
Mineral fuels	10,579	1.3	1,146	0.1
Oil and fats	25,395	3.1	18,125	1.3
Chemicals	58,416	7.0	134,673	9.9
Manufactured goods, classified chiefly by material	207,133	24.8	471,034	34.5
Machinery and transport equipment	157,001	18.8	397,544	29.0
Miscellaneous manufactured articles	12,513	1.5	38,001	2.8
Miscellaneous	5,615	0.7	10,636	0.8
Total	834,172	100.0	1,366,687	100.0

Source: OEEC Report (C(60)176) on Trade Relations in 1959 with Monopoly State Trading Countries.