

CONSEIL DE L'ATLANTIQUE NORD
NORTH ATLANTIC COUNCIL

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~~DOCUMENT~~
AC/89-D/37

SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

JUNE MEETING OF THE COMECON COUNCIL PLENUM IN MOSCOW

Note by the Chairman

At its meeting on 30th July, the Committee of Economic Advisers instructed the Sub-Committee to continue to keep the activities of COMECON (1) under review on the basis of any information which delegations might be able to provide.

2. The Sub-Committee will, in particular, be able to make good use of the two communications by the German Delegation at Annexes I and II:

- (i) the first a note, dated 10th July, 1962, which the German Delegation has already sent to the other delegations;
- (ii) the second, a further note, dated 20th August, 1962.

(Signed) A. VINCENT

OTAN/NATO,
Paris, XVIe.

(1) AC/127-R/95, Item III (3).

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ANNEX I to
AC/89-D/37JUNE MEETING OF THE COMECON COUNCIL PLENUM IN MOSCOWNote by the German Delegation

1. The XVIth meeting of COMECON (7th June, 1962, in Moscow) occupies a prominent place among the meetings held so far. It was preceded by a conference of the Secretaries General of the Communist and Labour Parties of the COMECON member countries (6th and 7th June) and of their Heads of Government. The last conference of the kind, which was likewise held at the highest level and accompanied by far-reaching decisions of outstanding importance occurred in May, 1958, took the form of a briefing preliminary to the IXth Meeting of the Council (June, 1958). The two communiqués published at the close of these meetings show that the supreme political authority again took policy decisions which it was left to the Council to convert into practical measures. The meeting, on 7th June itself, of the leaders of the Soviet bloc countries in the Political Advisory Council of the Warsaw Pact Organization points to the political character of these discussions.

Not having received an invitation, Albania, also a member of COMECON, contested the legitimacy of this conference. The Asian countries of the Soviet bloc, such as the Chinese Peoples Republic, North Korea and North Vietnam, sent no observers to the conference. The Mongolian Peoples Republic sent representatives to both conferences and became a member of the Council.

2. During the Conference, emphasis was once again laid on the need to co-ordinate national economic plans. Despite all the government agreements concluded so far, the co-ordination of plans does not appear to extend much beyond a five-year period. Preparations for the co-ordination of national economic plans as far ahead as 1980 are still at an early stage.

Repeated requests for the allocation of tasks in the field of engineering and the manufacture of equipment, and for joint measures to ensure satisfactory supplies of raw materials, fuel and power, do not exceed what was already known. However, there is evidence that a real effort is at last being made to gradually to co-ordinate the larger industrial investment programmes.

It would appear that special importance also attaches to the declared intention of the political steering group to enhance the rôle, the authority and the responsibility of the COMECON Council and its organs. The creation of an Executive Committee was also considered.

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3. Although the "recommendations" of the political steering group were directed mainly at economic integration, one item was devoted to international economic policy. The intention was expressed of calling an international conference with a view to setting up a world-wide trade organization from which all discrimination would be excluded. For years, the USSR has campaigned, at the international level, against all the embargoes laid upon her. It was also to this end that she submitted to the United Nations Economic and Social Council a request for general economic co-operation. Since, however, consideration of this request was deferred from April, 1962, to the Spring of 1963, the Soviet leaders felt obliged to take other action. They therefore decided to change their methods and, in an article published in *Izvestia* on 24th April, 1962 (ILJITSCHOW), launched a violent attack against the "imperialist" economic union which, they maintained, the EEC to be.

4. The practical measures of integration adopted at the XVth meeting of the COMECON Council may be summarised as follows:

- (a) Setting-up of an Executive Committee composed of the deputy heads of government of the member countries and, consequently, modification of the Charter. The Executive Committee will probably take over certain functions hitherto reserved either for the Session of the Council, the Conference of National Representatives in the Council or the Secretariat. The last-named body, which is located in Moscow, has until now exercised a great deal of executive power.
- (b) It was decided to modify Article II (2) of the Charter to enable non-European countries also to become members of the Organization. This modification of the Charter was at first intended merely to enable the Mongolian People's Republic, the oldest satellite of Moscow, to become a member of COMECON; it may also enable other non-European countries of the Soviet bloc, such as Cuba and other underdeveloped countries, to accede to COMECON. In present circumstances, China will probably not become a member.
- (c) The following Standing Commissions were set up:
 - (1) Standardisation Commission, with a corresponding institute.
 - (2) Co-ordinating Commission for Scientific and Technical Research.
 - (3) Statistics Commission.

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All these newly-formed Commissions therefore play an important part in every sector of the economy; they must either create the necessary instruments for applying the integration measures or devise suitable methods of achieving this aim. Technical commissions are already in existence for all, or nearly all, the economic sectors.

5. The importance of these two conferences lies primarily in the decision taken by them to set up a supranational directing organ. Although the USSR has always emphasised that within the COMECON, in contrast to the European Economic Community, the sovereignty of the Member States is safeguarded, in view of the modification made to the Charter, she will no longer be able to maintain this assertion. The political and propaganda line will therefore have to be changed in respect both of the EEC and the under-developed countries.

This would also appear to explain why the communiqués fail to revile the EEC. The attacks, as usual, are indirect. The plan for an international economic conference is undoubtedly designed to serve the same ends. Moreover, the normal progress aimed at in the division of tasks within COMECON is to be achieved, more than in the past, by new instruments designed to facilitate methodical co-ordination.

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JUNE MEETING OF THE COMECON COUNCIL PLENUM IN MOSCOW

Note by the German Delegation

1. With regard to the XVIth Conference of COMECON which took place on 6th and 7th June, 1962, at Moscow, the German Delegation has learned from Tokyo that, in the opinion of the Japanese authorities, although it is not apparent, this Conference has rendered Sino-Soviet tension still more acute. In Japanese circles, it is not considered impossible that the Chinese People's Government, invited to participate in the COMECON Conference as observer, made its acceptance conditional upon Albania also being invited. Moscow having refused to send this invitation, it is assumed that Communist China's absence from the Conference was voluntarily and that it used its influence to prevent North Korea and North Vietnam from taking part in it.

In Tokyo, special note has been made of the increasing economic dependence of the Mongolian People's Republic on Moscow. The potential of the country has been exploited to such an extent that early in June, it became necessary to introduce meat and milk rationing, although the Mongolian People's Republic had previously had the highest per capita livestock holding of all the countries in the world.

2. Moreover, at the Moscow Conference of 6th and 7th June, 1962, a basic document entitled "Principles of International division of tasks between the Socialist Countries" was adopted. Prepared in Warsaw at the time of the XVth Meeting of the Council in mid-December, 1961, it has now been adopted despite the initial opposition of certain countries, in particular Poland and Hungary. It clearly betrays its Soviet origin. The purpose of this document would appear to be to assemble the principles and economic objectives of the Socialist system in a kind of charter based largely on the decisions of the XXIInd Congress of the USSR Communist Party.

Among the many objectives referred to in accordance with decisions taken at previous meetings of COMECON, by the key denomination "international division of tasks between the Socialist countries", attention should be drawn to a new attempt to develop a system of multilateral settlements between the member countries of COMECON. True, the document deals with this subject in fairly general terms, thus giving rise to divergent interpretations as to whether this lack of precision is due to the reluctance shown by the Soviet Union to abandon the fixed price system she has hitherto partially followed, or whether, in view of the many obstacles which probably continue to stand in the way of multilateralism, the purpose is merely to adopt a cautious method of approach.

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In addition, at the Moscow Conference, an Executive Committee, consisting of the deputy heads of government was set up for the first time. Thus, as a departure from the principles hitherto applied, a supranational directing organ was created the functions and practical activities of which cannot at present be accurately determined.

3. With regard to specialisation in industrial production (1), which the technical commissions organize between the member countries of COMECON (with the exception of the Soviet Union, which, it will be remembered, does not participate), the German Delegation is able to give a number of examples showing how this specialisation operates:

Smelting of cast steel	Czechoslovakia, Soviet-occupied Zone of Germany
Rare metal castings	Czechoslovakia
Treatment of copper ores	Bulgaria
Heavy metal sheets	Poland, Hungary
Medium and light metal sheets	Czechoslovakia
Cold rolled metal sheets, wire products	Soviet Occupation Zone
Steel sections, alloy steel wire	Czechoslovakia
Ball and roller bearings	Czechoslovakia
Rails	Soviet Occupation Zone
Equipment for light sheet-metal rolling mills	Czechoslovakia
Plate-bending rollers	Soviet-occupied Zone
Equipment for forging	Czechoslovakia, Soviet Occupation Zone
Small-diameter cylinders	Poland, Soviet Occupation Zone
Large-diameter cylinders	Czechoslovakia
Electric smelting furnaces	Czechoslovakia
Precision and optical instruments	Soviet-occupied Zone
Swarf-removing machine tools	Czechoslovakia
Machinery and equipment for sugar refineries	Czechoslovakia
Diesel engines	Czechoslovakia

(1) See Page 9 and subsequent pages of document AC/127-D/104

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Railway rolling stock

Poland

Oil-well equipment

Rumania

Turbines, maximum 50,000
kilowatts

Soviet-occupied Zone,
Hungary, Poland

Turbines, maximum 100,000
kilowatts

Soviet-occupied Zone,
Czechoslovakia

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