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CREDITS GRANTED BY NATO COUNTRIES TO THE SOVIET BLOC

THIRD REPORT TO THE COUNCIL COVERING THE PERIOD UP  
TO 31ST JANUARY, 1961

Note by the Chairman of the Committee of  
Economic Advisers

In accordance with the Council's instructions(1), the Committee of Economic Advisers submit its third report on credits by NATO countries to the Soviet Bloc. It should be noted that the present report supersedes the previous ones, the data of which have had to be revised.

2. The report has remained factual and does not attempt to draw any conclusions with regard to the policy of member countries in this field.

(Signed) F.D. GREGH

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OTAN/NATO,  
Paris, XVIe.

(1) C-M(59)75 and C-R(59)30, paragraph 10.

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CREDITS GRANTED BY NATO COUNTRIES TO THE SOVIET BLOC(1)Third Report to the Council covering the period up to 31st January, 1961

The present report has been prepared by the Committee of Economic Advisers on the basis of information received from member countries showing the position of credits granted to the Soviet bloc up to 31st January, 1961. A further report will be submitted to the Council when the returns concerning the situation as of 31st July, 1961, have been examined.

2. The present report supersedes the first report (C-M(60)63) and the second report (C-M(61)7), the data of which have been revised and recapitulated in the tables below. Table I shows the credits outstanding on 31st July, 1959, 31st January, 1960, 31st July, 1960 and 31st January, 1961. Table II indicates the changes in the amount of credits between these dates. These tables are illustrated by a Chart. When considering them, it has to be remembered that:

- (a) Most NATO countries have been unable to provide information on private non-guaranteed credits to the bloc. While such credits are apparently still of minor importance, it may be significant that the firm Garant Versicherung AG, established by the USSR in Vienna for the purpose of insuring East-West trade, has substantially increased its capital.
- (b) Government-to-government credits granted under bilateral trade agreements, which normally extend over a period of less than 180 days, and sales of agricultural commodities under Public Law 480 of the United States are not included in this category of credit.
- (c) Fairly complete information has been given by delegations for private credits guaranteed by governments, as compared to the situation as regards non-guaranteed credits.

3. A number of observations may be made on the basis of available information:

- (a) The overall level of credits accorded to the bloc rose by 13% in the six-month period ended 31st January, 1961, against 27% during the previous six months' period.

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(1) As agreed, the Soviet bloc is understood to include, in addition to the USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the Soviet-occupied zone of Germany and the Soviet-occupied sector of Berlin.

While credits to the USSR and the satellites have generally continued to rise, credits to Poland are still tending to fall slowly. Nevertheless, Poland still accounts for nearly half the total of credits accorded to the bloc.

- (b) Private credits guaranteed by governments remain the most important form of credit, representing some 78% of the total, and was the only form of credit to increase.
- (c) For the present, no NATO country intends to grant government-to-government credits to the USSR. All members of the Committee of Economic Advisers have agreed that if any change is contemplated in this policy by a NATO country, this country will inform the Committee, so that the matter may be discussed there(1). Poland has enjoyed a special status as a recipient of Western credits; she is the only country which has received government-to-government credits. The level of these credits granted to Poland has declined slightly during the period under review.
- (d) Private non-guaranteed credits probably remain small. However, their actual level is undoubtedly larger than indicated in the table. After the rapid increase in previous periods, they have apparently shown no increase since August, 1960.
- (e) The comparison of the level of credits at different periods with the annual value of exports (as attempted in the Chart) can only be interpreted with considerable caution, since the credits are made available over varying lengths of time - up to five years. On the basis of available information, it is not possible to determine when the goods covered by credits are actually shipped and the portion of exports to the bloc which are actually covered by credits. With this qualification, when the value of all credits accorded, as of 31st January, 1961, is compared to the value of exports by NATO countries to the bloc in 1960, it will be seen that they equal the value of about one-quarter of this trade. Credits to Poland correspond to about three-fifths and those to the USSR for about one-fifth the value of exports in 1960.

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(1) See C-M(59)75, paragraph 3.

TABLE I  
CREDITS OUTSTANDING(1) ON DATES INDICATED

(Million United States Dollars)

| Date and type of credit                      | USSR  | Poland | Other bloc | Total |
|--|-------|--------|------------|-------|
| <u>31st July, 1959</u>                       |       |        |            |       |
| 1. Private non-guaranteed credits            | 0.5   | 0      | 3.6        | 4.1   |
| 2. Government-to-government credits          | 0     | 87.8   | 0          | 87.8  |
| 3. Private credits guaranteed by governments | 37.1  | 140.4  | 17.1       | 194.6 |
| TOTAL  | 37.6  | 228.2  | 20.7       | 286.5 |
| <u>31st January, 1960</u>                    |       |        |            |       |
| 1. Private non-guaranteed credits            | 0.5   | 0      | 11.9       | 12.4  |
| 2. Government-to-government credits          | 0     | 86.8   | 0          | 86.8  |
| 3. Private credits guaranteed by governments | 36.8  | 149.5  | 40.0       | 226.3 |
| TOTAL  | 37.3  | 236.3  | 51.9       | 325.5 |
| <u>31st July, 1960</u>                       |       |        |            |       |
| 1. Private non-guaranteed credits            | 18.3  | 0      | 0          | 18.3  |
| 2. Government-to-government credits          | 0     | 85.9   | 0          | 85.9  |
| 3. Private credits guaranteed by governments | 98.0  | 144.9  | 65.5       | 308.4 |
| TOTAL  | 116.3 | 230.8  | 65.5       | 412.6 |
| <u>31st January, 1961</u>                    |       |        |            |       |
| 1. Private non-guaranteed credits            | 18.3  | 0      | 0          | 18.3  |
| 2. Government-to-government credits          | 0     | 84.9   | 0          | 84.9  |
| 3. Private credits guaranteed by governments | 147.3 | 132.6  | 84.5       | 364.4 |
| TOTAL  | 165.6 | 217.5  | 84.5       | 467.6 |

(1) For a complete definition of this term see AC/127-R/41, Item I, and AC/127-WP/45.

NATO CONFIDENTIAL  
C-M(61)55

TABLE II

CHANGES BETWEEN DATES INDICATED

|  | USSR                  |            | Poland |       | Other Bloc |         | Total  |         |
|--|-----------------------|------------|--------|-------|------------|---------|--------|---------|
|  | Amount <sup>(1)</sup> | %          | Amount | %     | Amount     | %       | Amount | %       |
| <u>31st July, 1959-31st January, 1960</u>    |                       |            |        |       |            |         |        |         |
| 1. Private non-guaranteed credits            | 0                     | 0          | 0      | 0     | + 8.3      | +230.6% | + 8.3  | +202.4% |
| 2. Government-to-government credits          | 0                     | 0          | - 1.0  | -1.1% | 0          | 0       | - 1.0  | - 1.1%  |
| 3. Private credits guaranteed by governments | - 0.3                 | - 0.8%     | + 9.1  | +6.5% | +22.9      | +133.9% | +31.7  | - 16.3% |
| TOTAL  | - 0.3                 | - 0.8%     | + 8.1  | +3.5% | +31.2      | +150.7% | +39.0  | + 13.6% |
| <u>31st January, 1960-31st July, 1960</u>    |                       |            |        |       |            |         |        |         |
| 1. Private non-guaranteed credits            | +17.8                 | 36.6 times | 0      | 0%    | -11.9      | -100%   | + 5.9  | + 47.6% |
| 2. Government-to-government credits          | 0                     | 0          | - 0.9  | -1.2% | 0          | 0       | - 0.9  | - 1.0%  |
| 3. Private credits guaranteed by governments | +61.2                 | +166.3%    | - 4.6  | -3.1% | +25.5      | + 63.7% | +82.1  | + 36.3% |
| TOTAL  | +79.0                 | +211.7%    | - 5.5  | -2.3% | +13.6      | + 26.2% | +87.1  | + 26.8% |
| <u>31st July, 1960-31st January, 1961</u>    |                       |            |        |       |            |         |        |         |
| 1. Private non-guaranteed credits            | 0                     | 0          | 0      | 0     | 0          | 0       | 0      | 0       |
| 2. Government-to-government credits          | 0                     | 0          | - 1.0  | -1.2% | 0          | 0       | - 1.0  | - 1.2%  |
| 3. Private credits guaranteed by governments | +49.3                 | + 50.3%    | -12.3  | -8.5% | +19.0      | + 29.0% | +56.0  | + 18.2% |
| TOTAL  | +49.3                 | + 42.4%    | -13.3  | -5.7% | +19.0      | + 29.0% | +55.0  | + 13.3% |

(1) In all cases amounts are in millions of dollars.

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CREDITS GRANTED BY NATO COUNTRIES TO THE  
SOVIET BLOC COMPARED WITH EXPORTS TO THE BLOC

CHART

