

CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

CHRONOCENTRAL  
DOCUMENT EN RET. A RENVOYER  
AU BUREAU T. 124 EXT. 2478

ARCHIVES  
THIS COPY IS ON LOAN AND MUST  
BE RETURNED TO INCOPY UNIT  
EXEMPLAIRE

375

ORIGINAL: FRENCH  
14th December, 1962

NATO CONFIDENTIAL  
DOCUMENT  
C-M(62)150

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

SIXTH REPORT TO THE COUNCIL COVERING THE PERIOD  
UP TO 30TH JUNE, 1962

Note by the Chairman of the Committee of Economic Advisers

In accordance with the Council's instructions<sup>(1)</sup>, the Committee of Economic Advisers submits its sixth report on NATO countries' credits to the Soviet Bloc, including figures on credits to Communist China.

2. The implications for the Alliance of the trends in such credits will be the subject of further discussion in the Committee in the light of member countries' replies to a recent questionnaire on the rules and policies applied as regards the guaranteeing of export credits to the Sino-Soviet Bloc.

(Signed) F.D. GREGH

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

NATO CONFIDENTIAL

CREDITS TO THE SOVIET BLOC (1) AND TO COMMUNIST CHINASixth report to the Council covering the period  
up to 30th June, 1962

The present report, which is the sixth of its kind, has been prepared by the Committee of Economic Advisers on the basis of information received from delegations showing the position of credits granted by NATO countries to the Soviet Bloc and to Communist China up to 30th June, 1962.

2. Table I attached shows the outstanding credits to the Soviet Bloc respectively on 31st July, 1959, 31st January and 31st July, 1960, 31st January, 31st July and 31st December, 1961 and 30th June, 1962 as well as those granted to Communist China on 31st December, 1961 and 30th June, 1962. Table II indicates the changes in the amount of credits between these dates. A chart sets out the trend of credits and exports from NATO countries to the Soviet Bloc.

3. When considering the Tables and the chart, it has to be remembered that:

- (a) NATO countries have generally been unable to provide information on private non-guaranteed credits to the Bloc. In the first reports incomplete figures were included on this category of credits but the information available on the position since 31st July, 1961, is so fragmentary that its inclusion in the table would serve no useful purpose.
- (b) The section on government-to-government credits does not include credits granted under bilateral trade agreements, which normally extend over a period of less than 180 days, nor does it include sales of agricultural commodities under Public Law 480 of the United States. Poland is the only Soviet Bloc country which, by virtue of a special status, has received government-to-government credits. It has been agreed that, if any member country were to contemplate a change in the NATO policy not to grant any government-to-government credits to the USSR, such country would immediately inform the Committee so that the matter may be discussed there(2).

- 
- (1) As agreed, the Soviet Bloc is understood to include the USSR, Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, the Soviet-occupied zone of Germany and the Soviet-occupied sector of Berlin.
  - (2) See C-M(59)75, paragraph 3

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

- (a) The rise in the overall level of credits granted to the Bloc (not including China) was comparatively moderate in the first six months of 1962. The increase of 5% during this period was lower than in any other period since the procedure of reporting credits to the Bloc was initiated. Since 1959 the increase has never been less than 13% and between the 31st July and the 31st December, 1961, it was 21%. Throughout the period covered by the reports, the relative importance of credits to Poland has diminished: they accounted for 85% of total credits to the Bloc in 1959 against no more than 37% by the 30th June, 1962. Outstanding credits to Poland also fell in absolute value and have now become second to those granted to the USSR. These credits have continued to grow, although at a slower rate than in 1960 and 1961. Their part in total credits to the Soviet Bloc has gradually increased to approximately 38% by 30th June, 1962, against 12% in 1959.
- (b) Government-to-government credits which have been granted only to Poland have again slightly diminished: apparently these credits are slowly being repaid and no new credits seem to have been provided since the establishment of the NATO procedure to survey outstanding credits to the Soviet Bloc.
- (c) Private credits guaranteed by governments increased much more slowly in the first six months of 1962 than in the preceding period: somewhat more than 5% against 25%. This category of credits remains by far the most important and represented by June, 1962, as by the end of 1961, about 87% of total credits.
- (d) Credits to the Soviet occupied zone of Germany increased by about 11% in the first half of 1962 but their part in total credits - about 6% - remained largely the same as on 31st December, 1961.
- (e) Credits to Communist China increased considerably in the first six months of 1962. Nil at the end of 1960, they accounted by mid-1962 for more than 16% of total credits granted to the Soviet Bloc and Communist China taken together.

5. The comparison of the level of credits at different periods with the value of exports (as attempted in the attached chart) can only be interpreted with the utmost caution. The credits are usually made available over varying lengths of time up to five years; but on the basis of available information, it is not possible to determine when the goods to which the credits apply are shipped and, therefore, which portion of exports to the Bloc is actually covered by credits. Moreover, the amount of credits outstanding is influenced by payments of earlier credits, the rate of which may vary considerably from one period to another. In the preceding report(1) comparison between the level of credits on 31st December, 1961 and the value of NATO countries exports to the Soviet Bloc in 1961 was made on the basis of figures available for the first three-quarters of the year and estimates of exports in the fourth quarter. Actual exports in this quarter proved to be inferior to the estimates so that the revised figures for total credits as a percentage of exports to the Bloc by 31st December, 1961 is 31% instead of 28%; the proportion of private credits guaranteed by governments to exports at the same date is also higher than indicated in the preceding report: 30% instead of 24%(2). Keeping in mind the remarks above, the following conclusions might be drawn:

- (a) As a percentage of exports during the preceding 12 months, total credits by NATO countries to the Soviet Bloc grew from about 31% to 32% between 31st December, 1961 and 30th June, 1962.
- (b) During the first six months of 1962, the proportion of private credits guaranteed by governments to exports diminished from 50 to 44% in the case of Poland, probably as the result of partial repayment of credits, while it increased for the USSR from 30 to 34% and for the Soviet occupied zone of Germany from 11 to 13%.
- (c) Credits granted to Communist China (private credits guaranteed by governments) represented by 31st December, 1961, about 22% of NATO countries exports to that country in 1961.

OTAN/NATO,  
Paris, XVIe.

---

(1) C-M(62)63		
(2)	<u>Provisional (C-M(62)63)</u>	<u>Actual</u>
Total Soviet Bloc	24%	30%
USSR	25%	30%
Poland	47%	50%
Occupied zone of Germany	12%	11%
Other countries of the Bloc	16%	18%

TABLE I

## CREDITS OUTSTANDING(1) ON DATES INDICATED

(Million United States Dollars)

Date and type of credit	USSR	Poland	Soviet Occupied Zone of Germany	Other Bloc	Total Soviet Bloc	Communist China	Total
<u>31st July, 1959</u>							
1. Private non-guaranteed credits	0.5	-	N.A.	3.6	4.1	N.A.	N.A.
2. Government-to-government credits	-	87.8	N.A.	-	87.8	N.A.	N.A.
3. Private credits guaranteed by governments	37.1	140.4	N.A.	17.1	194.6	N.A.	N.A.
TOTAL	37.6	228.2	N.A.	20.7	286.5	N.A.	N.A.
<u>31st January, 1960</u>							
1. Private non-guaranteed credits	0.5	-	N.A.	11.9	12.4	N.A.	N.A.
2. Government-to-government credits	-	86.8	N.A.	-	86.8	N.A.	N.A.
3. Private credits guaranteed by governments	36.8	149.5	N.A.	40.0	226.3	N.A.	N.A.
TOTAL	37.3	236.3	N.A.	51.9	325.5	N.A.	N.A.
<u>31st July, 1960</u>							
1. Private non-guaranteed credits	18.3	-	N.A.	-	18.3	N.A.	N.A.
2. Government-to-government credits	-	85.9	N.A.	-	85.9	N.A.	N.A.
3. Private credits guaranteed by governments	98.0	144.9	N.A.	65.5	308.4	N.A.	N.A.
TOTAL	116.3	230.8	N.A.	65.5	412.6	N.A.	N.A.
<u>31st January, 1961</u>							
1. Private non-guaranteed credits	18.3	-	N.A.	-	18.3	N.A.	N.A.
2. Government-to-government credits	-	84.9	N.A.	-	84.9	N.A.	N.A.
3. Private credits guaranteed by governments	141.3	138.0	13.3	71.3	364.4	N.A.	N.A.
TOTAL	159.6	223.5	13.3	71.3	467.6	N.A.	N.A.

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

TABLE I (Contd.)

(Million United States Dollars)

Date and type of credit	USSR	Poland	Soviet Occupied Zone of Germany	Other Bloc	Total Soviet Bloc	Communist China	Total
<u>31st July, 1961</u>							
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	-	83.9	-	-	83.9	N.A.	N.A.
3. Private credits guaranteed by governments	187.0	151.2	18.7	92.7	449.6	N.A.	N.A.
TOTAL	187.0	235.1	18.7	92.7	535.5	N.A.	N.A.
<u>31st December, 1961</u>							
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	-	83.9	-	-	83.9	N.A.	83.9
3. Private credits guaranteed by governments	229.5	179.2	38.1	114.9	561.7	61.4(1)	623.1
TOTAL	229.5	263.1	38.1	114.9	645.6	61.4	707.0
<u>30th June, 1962</u>							
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	-	83.0	-	-	83.0	N.A.	83.0
3. Private credits guaranteed by governments	254.4	167.0	42.2	129.0	592.6	116.8	709.4
TOTAL	254.4	250.0	42.2	129.0	675.6	116.8	792.4

(1) On 31st December, 1960, there were no outstanding credits to Communist China

TABLE II

CHANGES BETWEEN DATES INDICATED

Date and type of credit	USSR		Poland		Soviet Zone of Germany		Other bloc including Soviet Zone of Germany		Total Soviet Bloc		Communist China		TOTAL	
	Amount (1)	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<u>31st July, 1959 - 31st January, 1960</u>														
1. Private non-guaranteed credits	0	0	0	0	N.A.	N.A.	+ 8.3	+ 230.6%	+ 8.3	+ 202.4%	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	- 1.0	- 1.1%	N.A.	N.A.	0	0	- 1.0	1.1%	N.A.	N.A.	N.A.	N.A.
3. Private credits guaranteed by governments	- 0.3	- 0.8%	+ 9.1	+ 6.5%	N.A.	N.A.	+ 22.9	+ 133.9%	+ 31.7	+ 16.3%	N.A.	N.A.	N.A.	N.A.
TOTAL	- 0.3	- 0.8%	+ 8.1	+ 3.5%	N.A.	N.A.	+ 31.2	+ 150.7%	+ 39.0	+ 13.6%	N.A.	N.A.	N.A.	N.A.
<u>31st January, 1960 - 31st July, 1960</u>														
1. Private non-guaranteed credits	+ 17.8	36.6 times	0	0	N.A.	N.A.	- 11.9	- 100%	+ 5.9	+ 47.6%	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	- 0.9	- 1.2%	N.A.	N.A.	0	0	- 0.9	1.0%	N.A.	N.A.	N.A.	N.A.
3. Private credits guaranteed by governments	+ 61.2	+ 166.3%	- 4.6	- 3.1%	N.A.	N.A.	+ 25.5	+ 63.7%	+ 82.1	+ 36.3%	N.A.	N.A.	N.A.	N.A.
TOTAL	+ 79.0	+ 211.7%	- 5.5	- 2.3%	N.A.	N.A.	+ 13.6	+ 26.2%	+ 87.1	+ 26.8%	N.A.	N.A.	N.A.	N.A.
<u>31st July, 1960 - 31st January, 1961</u>														
1. Private non-guaranteed credits	0	0	0	0	N.A.	N.A.	0	0	0	0	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	- 1.0	- 1.2%	N.A.	N.A.	0	0	- 1.0	1.2%	N.A.	N.A.	N.A.	N.A.
3. Private credits guaranteed by governments	+ 43.3	+ 44.1%	- 6.3	- 4.3%	N.A.	N.A.	+ 5.8	+ 8.9%	+ 56.1	+ 18.2%	N.A.	N.A.	N.A.	N.A.
TOTAL	+ 43.3	+ 37.2%	- 7.3	- 3.2%	N.A.	N.A.	+ 5.8	+ 8.9%	+ 55.1	+ 13.4%	N.A.	N.A.	N.A.	N.A.
<u>31st January, 1961 - 31st July, 1961</u>														
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	(excluding Soviet Zone of Germany)	(excluding Soviet Zone of Germany)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	- 1.0	- 1.2%	0	0	0	0	- 1.0	1.0%	N.A.	N.A.	N.A.	N.A.
3. Private credits guaranteed by governments	+ 45.7	+ 32.3%	+ 12.6	+ 9.1%	+ 5.4	+ 40.6%	+ 21.4	+ 30%	+ 85.4	+ 23.4%	N.A.	N.A.	N.A.	N.A.
TOTAL	+ 45.7	+ 32.3%	11.5	+ 5.2%	+ 5.4	+ 40.6%	+ 21.4	+ 30%	+ 65.9	+ 14.1%	N.A.	N.A.	N.A.	N.A.
<u>31st July, 1961 - 31st December, 1961</u>														
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	0	0	0	0	0	0	0	0	N.A.	N.A.	N.A.	N.A.
3. Private credits guaranteed by governments	+ 42.5	+ 22.7%	+ 28.0	+ 18.5%	+ 19.4	+ 103.7%	+ 22.2	+ 23.9%	+ 112.0	+ 24.9%	N.A.	N.A.	N.A.	N.A.
TOTAL	+ 42.5	+ 22.7%	+ 28.0	+ 11.9%	+ 19.4	+ 103.7%	+ 22.2	+ 23.9%	+ 112.0	+ 21.0%	N.A.	N.A.	N.A.	N.A.
<u>31st December, 1961 - 30th June, 1962</u>														
1. Private non-guaranteed credits	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Government-to-government credits	0	0	- 0.9	- 1.1%	0	0	0	0	- 0.9	1.1%	N.A.	N.A.	N.A.	N.A.
3. Private credits guaranteed by governments	+ 24.9	+ 10.8%	- 12.2	- 6.9%	+ 4.2	+ 10.9%	+ 14.7	+ 12.2%	+ 30.9	+ 5.5%	+ 55.4	+ 90.2%	+ 86.3	+ 13.8%
TOTAL	+ 24.9	+ 10.8%	- 13.1	- 5.0%	+ 4.2	+ 10.9%	+ 14.7	+ 12.2%	+ 30.0	+ 4.9%	+ 55.4	+ 90.2%	+ 85.0	+ 12.1%

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

CREDITS GRANTED BY NATO COUNTRIES TO THE  
SOVIET BLOC COMPARED WITH EXPORTS TO THE BLOC  
COMPARAISON ENTRE LES CREDITS ACCORDES PAR LES PAYS DE L'OTAN  
AU BLOC SOVIETIQUE ET LEURS EXPORTATIONS VERS LE BLOC

