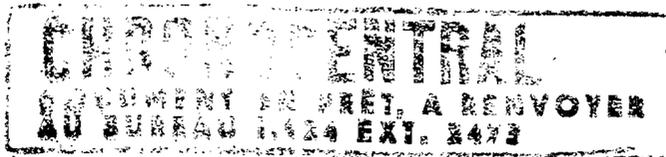


CONSEIL DE L'ATLANTIQUE NORD  
NORTH ATLANTIC COUNCIL

*Translates*



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DOCUMENT  
C-M(65)58

CREDITS GRANTED BY NATO MEMBER COUNTRIES TO THE USSR, THE  
EASTERN EUROPEAN COUNTRIES (1) AND COMMUNIST CHINA

ELEVENTH REPORT BY THE COMMITTEE OF ECONOMIC  
ADVISERS TO THE COUNCIL COVERING THE PERIOD  
UP TO 31ST DECEMBER, 1964

The present report is the eleventh of its kind(2). It has been prepared in pursuance of the new reporting procedure on credits of over 180 days granted to Communist countries(3) approved by the Committee of Economic Advisers on 18th February, 1965(4). However, not all member countries have furnished the information required to show separately in the report the amount of new outstanding credits granted during the six-month period covered by it, namely from 1st July to 31st December, 1964, and clarification has had to be requested from certain delegations; it has proved necessary, therefore, to postpone until the next report the inclusion of separate data on these new credits.

2. In addition to the usual data, the present report gives information which is new in three respects:

- (i) on the amount of outstanding credits granted for a period of over five years;
- (ii) on the amount of credits granted to each of the following countries: Albania, Bulgaria, Czechoslovakia, Hungary and Rumania (whereas in the previous reports a total figure was given for these countries under the heading "other Soviet bloc countries");

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- (1) Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, Soviet-occupied Zone of Germany.
  - (2) Previous reports have been circulated under the following references: C-M(60)63, C-M(61)7, C-M(61)55, C-M(62)8, C-M(62)63, C-M(62)150, C-M(63)46, C-M(63)131, C-M(64)62 and C-M(64)134.
  - (3) AC/127-D/174(Final).
  - (4) AC/127-R/152 (Item I).

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(iii) on total credits granted to North Korea, North Vietnam and Mongolia, these countries being taken together.

I. MAIN FINDINGS

3. During the second half of 1964, credits granted to Communist countries increased substantially, thus confirming the forecast made in the tenth report. On 31st December, 1964, these credits amounted to \$1,549.6 million, this figure included \$249.8 million of credits of over five years. Compared to the level reached on 30th June, 1964, the increase is of \$568.9 million, or 58%. The fact that the credits at the end of 1964 included, for the first time, those granted to Mongolia, North Korea and North Vietnam (\$16.9 million) hardly modifies this percentage.

4. This large increase in the volume of credits during the second half of 1964 is attributable mainly to the credits granted to the USSR and to Eastern Europe which have gone up by \$317 million and \$193 million respectively. It is the largest increase since the inception of the reporting procedure. All Communist countries have shared in it but in varying proportions:

- (a) credits to the USSR reached \$597 million, rising by about 113%;
- (b) credits to the Eastern European countries, taken together, rose to \$862 million, 29% above their level at the end of June 1964;
  - credits to the Soviet-occupied Zone of Germany - amounting to \$65.1 million - have, in percentage terms, shown the most vigorous growth among Eastern European countries: 84.4%;
  - credits to Albania, Bulgaria, Czechoslovakia, Hungary and Rumania, grouped together, reached \$461.8 million, i.e. 35% more than their amount at the end of the first half of 1964. For the first time since 1962, their growth rate has been slower than that of the credits granted to the Soviet Union;
  - credits to Poland, which amounted to \$334.6 million on 31st December, 1964, increased by 14.8%.

5. The share of Communist China in the total increase in credits granted to Communist countries is equal to \$42.5 million, a rise of 132% since the end of June 1964. This upward swing comes after a considerable drop which took place during the previous six-month periods.

6. The share of the various recipient countries in the total credits outstanding as of 31st December, 1964, is the following: Soviet Union: 38.5%, Poland: 21.6%, Rumania: 8%, Czechoslovakia: 7.8%, Hungary: 7%, Bulgaria: 7%, Communist China: 4.8%, Soviet-occupied Zone of Germany: 4.2%, Mongolia, North Korea and North Vietnam, together: 1.1%.

7. On 31st December, 1964, credits of over five years granted to the USSR and to the Eastern European countries amounted to \$249.8 million - of which, a balance of \$72.5 million represented government-to-government credits granted to Poland before the setting up of the reporting procedure, and \$177.3 million represented private credits guaranteed by the governments. The value of credits of over five years equalled 17.1% of the total credits granted to these countries. The Soviet Union was the main recipient with \$139.4 million, followed by Poland: \$72.8 million, Czechoslovakia: \$19.3 million, Hungary: \$17.3 million and Bulgaria: \$1 million. The bulk of the private credits of over five years duration guaranteed by governments has been granted in 1964, in particular in the course of the second half of that year(1). They have a significant share, about 33.6%, in the increase (\$431.2 million) noted in the private guaranteed credits between December 1963 and December 1964.

8. In 1964, NATO countries' exports to the USSR increased by 29%, to the Eastern European countries by 24% and to Communist China by 14%. In that year, exports from North American countries to Communist countries grew faster than those from their European allies, the latter's exports to the USSR even fell by 7.3% below their 1963 level(2). But during the second half of 1964, European exports to Communist countries, in particular to the USSR and Communist China, showed a marked recovery. At the same time, exports from NATO North American member countries to the USSR declined markedly following a decrease in Soviet wheat purchases. Exports to Eastern European countries were slightly lower than during the first half of 1964 but remained high in comparison to the previous six-month periods. Finally, Canadian sales to Communist China were distinctly larger than during the first half of 1964 and the second half of 1963. It is, however, arbitrary to correlate the curves of exports to Communist countries and of credits granted to them(3). To do so would be the more fallacious since the importance of credits of over five years is growing and these are even less likely than the others to correspond to exports which have taken place during the period under examination.

(Signed) A. VINCENT  
Acting Chairman

OTAN/NATO,  
Paris, XVIIe.

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- (1) See Committee of Economic Advisers' documents in the series AC/127-NEC.
  - (2) For further details see AC/127-D/191(Revised).
  - (3) It is not possible on the basis of available information to determine at what period the delivery of goods, to which the credits apply, is carried out, nor in consequence to establish a precise comparison between the volume of credits and of exports.

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C-M(65)58

TABLE I  
DEVELOPMENT OF CREDITS OUTSTANDING TO COMMUNIST COUNTRIES

(in million US \$)

	31st July 1959	31st December 1961	31st December 1962	31st December 1963	30th June 1964	31st December 1964
USSR	38.3	236.5	283.5	350.9	279.7	596.6
Eastern Europe(1)	231.7	433.0	512.7	667.0	668.9	861.5
TOTAL	270.0	669.5	796.2	1,017.9	948.6	1,458.1
Communist China	n.a.	61.9	88.7	49.6	32.1	74.6
Mongolia, North Korea and North Vietnam	n.a.	n.a.	n.a.	n.a.	n.a.	16.9
GRAND TOTAL:	270.0	731.4	884.9	1,067.5	980.7	1,549.6

(1) Eastern Europe: Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania and the Soviet-occupied Zone of Germany.

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TABLE II

CREDITS AS OF 31ST DECEMBER, 1964

(in million US \$)

	Outstanding credits of over 180 days	of which, outstanding credits of over five years
USSR	596.6	139.4
Poland	334.6	72.8(1)
Soviet-occupied Zone of Germany	65.1	-
Albania	-	-
Bulgaria	108.2	1.0
Czechoslovakia	120.6	19.3
Hungary	108.6	17.3
Rumania	124.4	-
TOTAL	<u>1,458.1</u>	<u>249.8</u>
Communist China	74.6	-
Mongolia, North Korea, North Vietnam	16.9	-
TOTAL	<u>91.5</u>	<u>-</u>
GRAND TOTAL	1,549.6	249.8

(1) of which \$72.5 million government-to-government credits.

NATO CONFIDENTIAL  
C-M(65)58

TABLE III

(in million US \$)

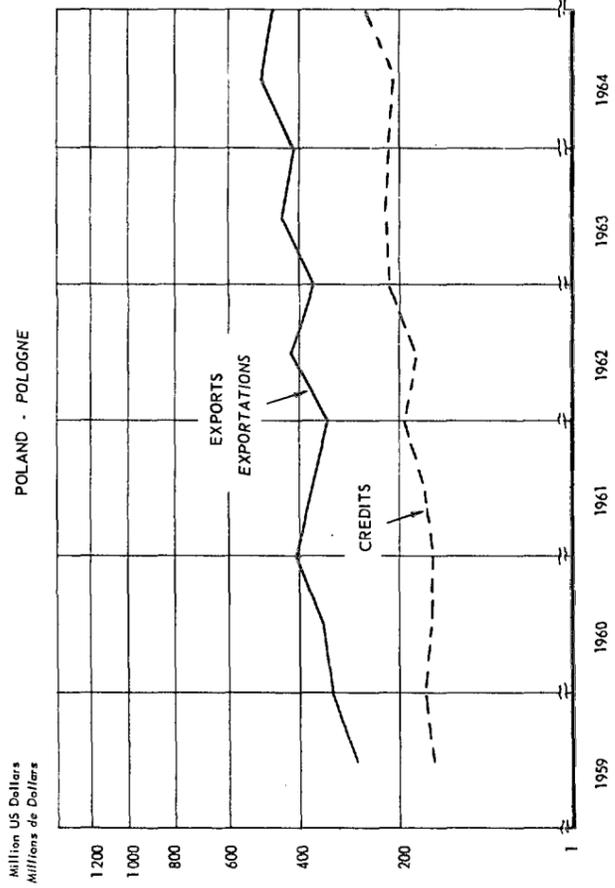
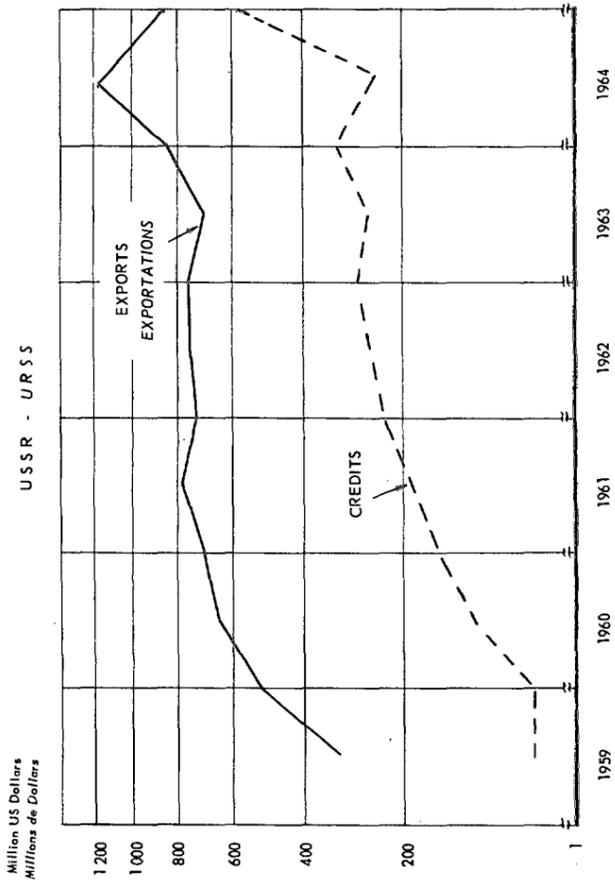
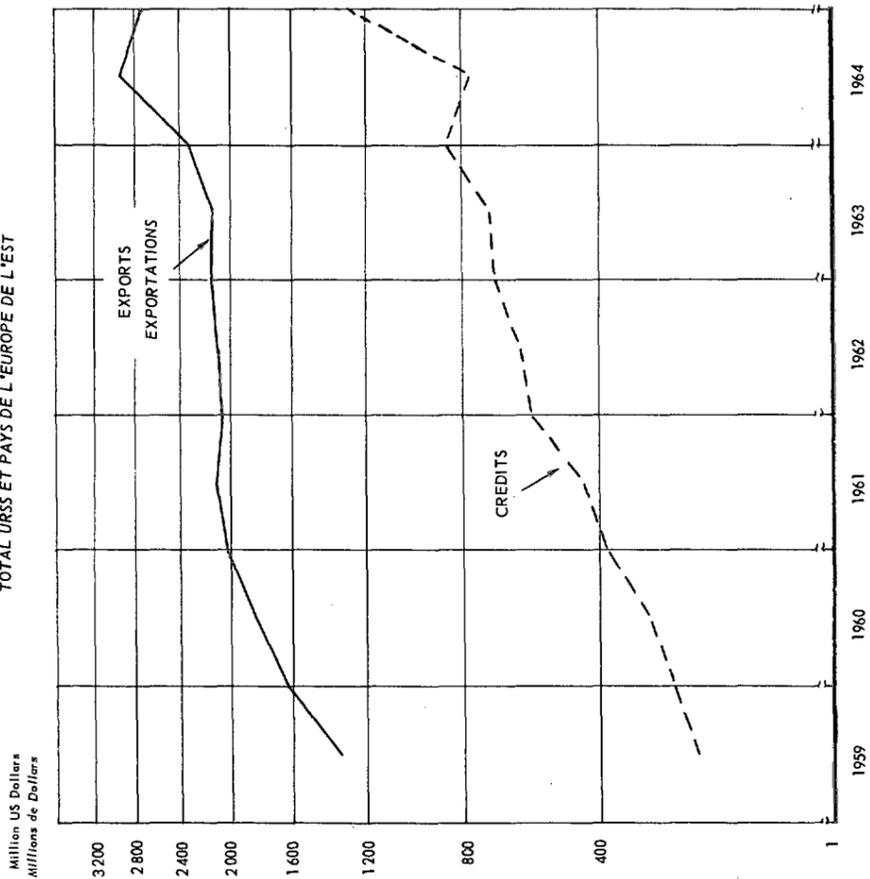
	1959		1960		1961		1962		1963		1964	
	First half	Second half										
<u>(i) NATO COUNTRIES' EXPORTS TO THE USSR</u>												
NATO-EUROPE	150.8	252.1	304.1	320.4	341.7	349.4	364.0	369.3	352.0	278.5	257.2	327.3
NATO-NORTH AMERICA	13.7	7.0	18.6	28.2	48.6	20.8	12.4	10.8	10.8	151.3	334.1	105.1
TOTAL	164.5	259.1	322.7	348.6	390.3	370.2	376.4	380.1	362.8	429.8	591.3	432.4
<u>(ii) NATO COUNTRIES' EXPORTS TO EASTERN EUROPE(1)</u>												
NATO-EUROPE	467.8	495.1	511.8	553.7	587.4	599.7	590.8	645.8	609.3	672.7	697.8	771.9
NATO-NORTH AMERICA	40.7	65.7	76.8	105.5	89.7	68.3	88.1	59.1	92.6	91.2	174.9	167.3
TOTAL	508.5	560.8	588.6	659.2	677.1	668.0	678.9	704.9	701.9	763.9	872.7	939.2
<u>(iii) NATO COUNTRIES' EXPORTS TO COMMUNIST CHINA</u>												
NATO-EUROPE	143.4	187.4	203.5	130.8	95.2	61.0	83.4	50.5	90.6	66.5	69.6	94.3
NATO-NORTH AMERICA	0.9	0.9	6.4	2.7	55.2	65.9	93.8	44.4	70.1	27.1	54.7	71.7
TOTAL	144.3	188.3	209.9	133.5	150.4	126.9	177.2	94.9	160.7	93.6	124.3	166.0

(1) Eastern Europe: Poland, Rumania, Czechoslovakia, Hungary, Bulgaria, Albania and the Soviet-occupied Zone of Germany.

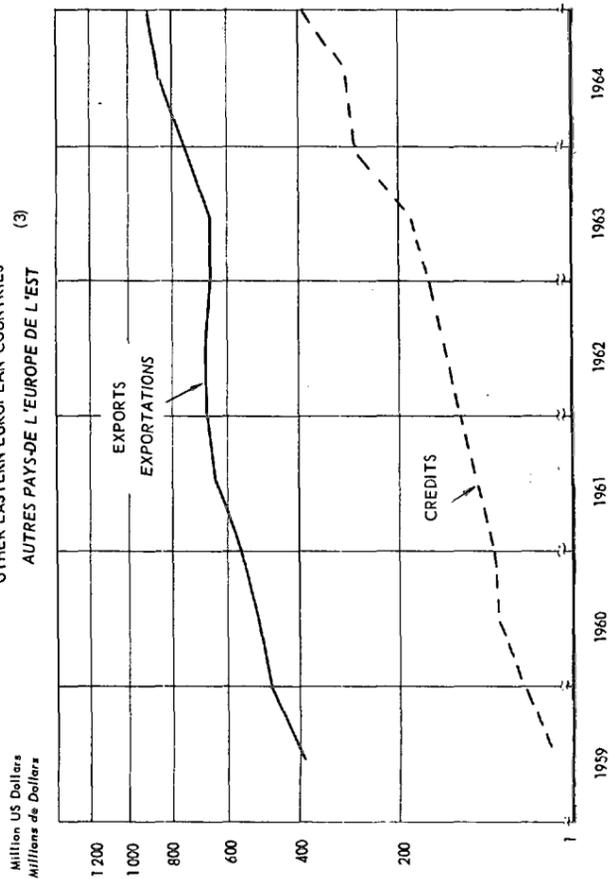
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DEVELOPMENT OF NATO COUNTRIES' CREDITS(1) AND EXPORTS(2)  
TO THE USSR, THE EASTERN EUROPEAN COUNTRIES AND COMMUNIST CHINA  
EVOLUTION DES CREDITS(1) ET DES EXPORTATIONS(2) DES PAYS OTAN  
VERS L'URSS, LES PAYS DE L'EUROPE DE L'EST ET LA CHINE COMMUNISTE

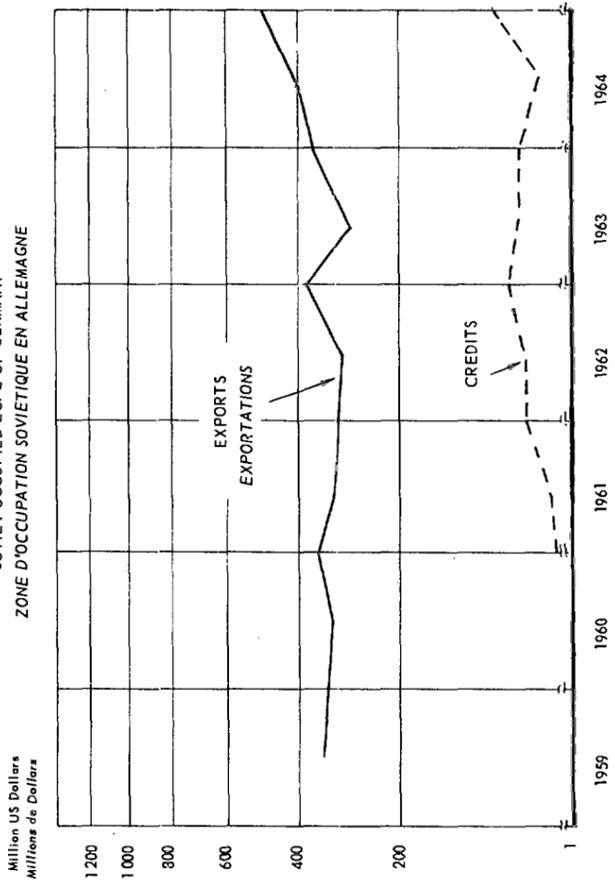
TOTAL USSR AND EASTERN EUROPEAN COUNTRIES  
TOTAL URSS ET PAYS DE L'EUROPE DE L'EST



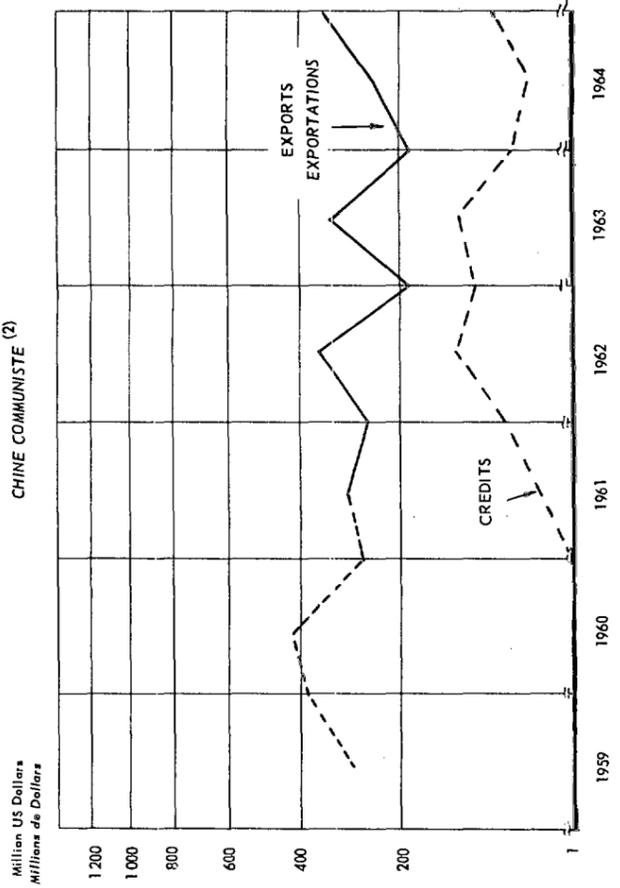
OTHER EASTERN EUROPEAN COUNTRIES  
AUTRES PAYS DE L'EUROPE DE L'EST



SOVIET OCCUPIED ZONE OF GERMANY  
ZONE D'OCCUPATION SOVIETIQUE EN ALLEMAGNE



COMMUNIST CHINA  
CHINE COMMUNISTE (2)



(1) Private credits guaranteed by Governments  
Crédit privés garantis par les gouvernements

(2) Export figures are yearly for 1959 and 1960. Beginning 1961 export figures are half yearly and presented as yearly averages.  
Les chiffres des exportations sont annuels pour 1959 et 1960. A compter de 1961 les chiffres des exportations sont semestriels et présentés comme des moyennes annuelles.

(3) Albania, Bulgaria, Czechoslovakia, Hungary and Rourmania.  
Albanie, Bulgarie, Tchécoslovaquie, Hongrie et Roumanie.