

N A T O C O N F I D E N T I A L

24th November, 1975

CORRIGENDUM 2 to
ISD/119

To: Political Committee

From: Chairman

IMPLEMENTATION OF THE FINAL ACT OF THE CSCE: DRAFT REPORT

At the meeting of the Political Committee on 18th November which discussed the first draft of a report on Implementation of the Final Act of the CSCE (ISD/119), some delegations suggested that a summary should be attached to the report. The attached Corrigendum contains a draft of such a summary. This replaces the first 1½ pages of ISD/119 up to the heading "Basket I - Declaration of Principles". In addition, the sections in the initial draft on pages 7, 8 and 9 entitled "Future Reports" and "Conclusion" are incorporated into this Corrigendum and should be removed.

Furthermore, the Economic Committee has now produced its report on Basket II of the Final Act. The attached Corrigendum therefore also contains:

- (a) the text of a section entitled "Basket II" which should be inserted into the draft ISD/119 at the point indicated on page 3;
- (b) a revision of the section on "Multilateral Implementation" on page 7 of ISD/119; and
- (c) the full text of the Economic Committee's report on Basket II, entitled "Implementation of the Economic Aspects of the Final Act of the CSCE". This is to be added to ISD/119 as Annex C.

(Signed) E.F. JUNG

This document includes: 1 Annex

N A T O C O N F I D E N T I A L

IMPLEMENTATION OF THE FINAL ACT OF THE CSCE

Report by the Chairman of the Political Committee

At its meeting on 1st October, 1975, the Council agreed that a report on those aspects of the implementation of the Final Act of the CSCE which have a particular importance for the members of the Alliance could be prepared by the Political Committee, in collaboration with other relevant Committees, for the Council on the eve of each Ministerial meeting, within the larger framework of the examination of East-West relations and the general problem of détente. This is the first such report.

Summary and Conclusion

In the short time which has elapsed since the Helsinki Summit, there have been only a few examples of action by Warsaw Pact Governments which can be described with any certainty as constituting implementation of the Final Act. This lack of early progress is not altogether surprising given the complexity and political sensitivity of the subject. Moreover, the uncertain future of Mr. Brezhnev, the possible disagreement over policy among Soviet leaders, delays inherent in their policy-making machinery, and the high priority now being given to preparations for the Conference of European Communist Parties and Congress of the Soviet Communist Party, are all likely to be contributing to the difficulty of reaching decisions on implementation.

Nevertheless, there is already some evidence of the broad policy lines which the Warsaw Pact countries are adopting. These are emerging very much as was anticipated by the West when the Final Act was signed. The only surprise is their evident dilemma on how to deal with the Confidence-Building Measures.

The Warsaw Pact Governments have celebrated the Final Act as an historic stage in the policy of détente, which they describe as "irreversible". They have claimed that they will fully implement the provisions of the Final Act. But, at the same time, they have made clear that they intend to be firmly selective as regards degree, method and timing of implementation.

A distinction is drawn between inter-State relations which are to be governed by the Final Act and "social development" which has a momentum of its own: their insistence that the ideological struggle against the West shall continue unabated puts a severe limitation on the potential for improvement of relations as a result of Helsinki. In addition, it has been implied that the Final Act only applies to relations between countries with different social systems.

The Declaration of Principles within Basket I is represented as the most important aspect of the Final Act, as having the status of virtual international law, and as fulfilling the functions of a peace treaty legitimizing the present territorial and political status quo in Eastern Europe. The importance placed on this section of the Final Act is consistent with the Eastern view that "security" was the most important subject addressed by the CSCE.

To date the Eastern countries have not taken steps towards implementation of Confidence-Building Measures. However, given the difficulties of arriving at reliable estimates with regard to the size of Eastern manoeuvres, it cannot be stated with certainty at this stage whether Eastern countries have deliberately avoided to honour their undertakings under the Final Act of Helsinki.

The response on the part of Warsaw Pact Governments on to the provisions of Basket II of the Final Act has so far been inconclusive. On the other hand, the overall interest of Eastern countries should be high in securing the benefits of Western science and technology and in economic exchanges on advantageous terms. There are no indications yet as to what their detailed approaches will be.

The initial reactions of Warsaw Pact Governments suggest that their interpretation of the controversial matters in Basket III, particularly humanitarian issues, is likely to be, for the most part, legalistic and restrictive. The provisions of Basket III are being presented as requiring implementation through further bilateral and multilateral agreements, and as being governed by the general principle of non-interference in internal affairs.

Despite the generally defensive and restrictive nature of their initial reactions to and interpretation of the CSCE Final Act, there is still ground for hope that the Warsaw Pact countries are prepared to concede some gradual improvement in those areas of strong and persistent interest to the West.

In these circumstances, sustained pressure by Western Governments for implementation by Warsaw Pact countries is essential. On the other hand, at this stage it would seem premature to be too highly critical of the Eastern performance so far. Vigilance by Western Governments is also required to counter misinterpretations by Warsaw Pact countries of the Final Act, and in particular of the Declaration of Principles. Care must be taken to counter Eastern attempts to use multilateral institutions to advance Warsaw Pact interpretations of the Final Act.

Western countries are themselves only in the preliminary stages of planning how to follow up the Final Act, whether unilaterally, bilaterally or multilaterally. They have to consider not only how to obtain concessions from the Warsaw Pact countries and to take advantage of the Final Act to increase exchanges and contact, but also how to avoid laying themselves open to accusations of poor implementation. They should maintain their contact with the neutral CSCE participants.

The exchange and compilation of information on this subject, in accordance with the decision by the Council on 1st October, 1975, have already proved useful to the Allies and should be continued. Depending on the information made available by Allied authorities, future reports for the Council should be able to present more detailed tabulation of quantitative and qualitative information in respect of Eastern implementation of the Final Act, as well as some judgements about Eastern performance on the basis of this evidence.

The following paragraphs consider these questions in greater detail.

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Basket II

The span of time which has elapsed since the end of the Helsinki conference is really too short to allow an evaluation of any progress which might have been achieved as a specific result of the provisions of the Final Act. Any progress which has been noted in the recent past cannot be considered as a direct consequence of Helsinki. No definite patterns have as yet emerged and it will take time for these to develop. Therefore, at this stage any evaluation can only be considered as provisional.

There is considerable scope for obtaining from Warsaw Pact countries better facilities and greater freedom of action for businessmen as well as an improvement in the flow of commercial and economic information. In this regard, there would seem to be a particular case for examination and assessment by the Economic Committee of the unilateral and bilateral efforts expected from the parties of the CSCE in order to implement the provisions of Basket II.

Details of recent **trends** in Warsaw Pact countries are given in the full text of the report by the Economic Committee as Annex .

Multilateral Implementation

The Final Act gives such international fora as the ECE and UNESCO a rôle to play in the implementation of the results of the CSCE. The Executive Secretary of the ECE has circulated a detailed list of activities which the Commission could pursue. Certain Western delegations have formed a working group in Geneva to examine this list in the light of the Final Act. As regards multilateral aspects of Basket II, Allied countries will need to consult carefully on the rôle the ECE should play, in order, inter alia, to frustrate any attempts by the Warsaw Pact countries to use that organization as a means of neutralizing demands addressed to them or of reneging on unilateral commitments accepted under the Final Act. Close contacts between the Economic Committee and the national representatives of Allied countries in Geneva would, therefore, seem to be particularly desirable in the post CSCE period(1).

The UNESCO Secretariat have prepared two lists of projects connected with the Final Act. The need for caution on the part of the Allies, which has been noted in the case of the ECE, applies with even greater force in the case of UNESCO. This requires the closest collaboration among Allied delegations at UNESCO.

The Final Act also envisages the establishment of Ad Hoc meetings to discuss various questions, mainly of a technical nature. No proposals have yet been formulated by any CSCE participant.

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- (1) In this connection it may be useful to recall that, traditionally, shortly before the Annual Session of the ECE (Geneva), the Economic Committee has had an exchange of views with members from Allied countries' delegations in Geneva who are invited to participate in a meeting specially arranged for that purpose.

IMPLEMENTATION OF THE ECONOMIC ASPECTS
OF THE FINAL ACT OF THE CSCE

Report by the Economic Committee

1. Pursuant to the decision of the Council of 1st October, 1975 (C-R(75)40, Item I), the Economic Directorate has prepared the following report on the implementation of the economic aspects of the Final Act of the CSCE. It is based on information communicated by national delegations, and in particular by the United States Authorities.

2. One of the conclusions which emerges from discussions in the Economic Committee is that the span of time which has elapsed since the end of the CSCE Conference in August 1975 is really too short to allow an evaluation of any progress which might have been achieved as a specific result of the provisions of the Final Act. This report only constitutes, therefore, a very provisional evaluation.

3. Basket II of the CSCE Final Act comprises five main fields in which the participating states have affirmed their will to intensify co-operation between one another, i.e. commercial exchanges, industry, science and technology, the environment and other forms of economic activity. Data available deal essentially with specific aspects of commercial exchanges and much more cursorily with science, technology and the environment.

I. COMMERCIAL EXCHANGES

(a) Business contacts

4. In the GDR, Romania, Czechoslovakia and Bulgaria policies continue to be very restrictive as regards access of Western businessmen to end users of their products. Little contact, if any, is allowed and foreign interests have to deal almost exclusively through the Foreign Trade Offices and the official agency firms. In Czechoslovakia no facilities are really offered to newcomers to the market, Romania clearly prefers to deal with large multinationals and has little time for medium or small sized firms and Bulgaria keeps businessmen at arms length, limits their contacts and generally keeps them ignorant of the decision making process which, ultimately, is likely to affect their marketing strategies.

5. The situation in the Soviet Union would seem to be somewhat easier. In their report the United States Authorities state that there has been a steady improvement of conditions for

expansion of business contacts between US firms and Soviet clients. However, this seems to be the result of an evolution which started a few years back and there does not seem to be any sharp identifiable change in prevailing conditions in the expansion of business contacts since August 1975. In Hungary the attitude is somewhat ambiguous. That country seems to allow businessmen to have contacts with end users and does not restrict access to foreign trading firms, but the authorities are less accommodating in the case of countries which have not granted Hungary the benefits of the MFN Clause. Poland seems to have greatly improved facilities over the last few years and is allowing a substantial expansion of Western business presence in the country.

(b) Working conditions for businessmen

(i) Possibilities for establishment of permanent representation and of offices

6. Czechoslovakia still applies strict prohibition as regards the opening by foreign firms and businessmen of permanent commercial offices, but a change to be implemented on 1st January, 1976, was announced in November. No official ban exists in other Warsaw Pact countries, but the degree of "liberalism" varies from one country to the other. In the GDR very few Western firms are allowed to have accredited offices and in Bulgaria, although the establishment of permanent representation is not prohibited, possibilities for doing so are practically non-existent and firms are actually discouraged from trying to do so. The Soviet Government grants permission to maintain representative offices, however approval is lengthy and applicants are never sure whether their request will be accepted. Hungary, and especially Poland, seem to be more willing to allow businessmen to set up offices locally.

(ii) Better provision of accommodation, means of communication and premises

7. In general working conditions for businessmen still leave much to be desired in Warsaw Pact countries with, perhaps, the possible exception of Poland. In Romania conditions have actually deteriorated as a result of acute shortage of office space and housing; rental arrangements can no longer be made privately but must be concluded with the state authorities. Telephone, telex and cable communications with the West vary from adequate to good but are generally very expensive.

(c) Availability of commercial and economic information

8. No perceptible progress has been noted as far as the publication of scientific, economical and statistical reports are concerned. In all Warsaw Pact countries severe restrictions continue to exist on a whole range of statistical information which is generally freely available in the West. Here again there are substantial differences in the quality and the abundance of the data which are published by the individual countries.

II. SCIENCE, TECHNOLOGY AND ENVIRONMENT

9. Information about the Warsaw Pact attitudes in the field of scientific, technological and environmental co-operation is patchy. The United States have reported that the USSR's attitude to scientific and technological co-operation has been consistently positive; this is also the case for co-operation on environmental matters.

10. In all of these fields Warsaw Pact countries have usually something to gain from co-operation with the West and, in addition, they are careful to eschew any items which, from their point of view, could be politically, economically or ideologically sensitive. It is not surprising, therefore, that co-operation is easier to achieve than in economic or commercial areas.

III. CONCLUSION

11. Three months after the close of the CSCE there is still considerable scope for obtaining, from Warsaw Pact countries, better facilities and greater freedom of action for businessmen as well as an improvement in the flow of commercial and economic information. Any progress which has been noted in the recent past cannot be considered as a direct consequence of the provisions of the Final Act of the CSCE. No definite patterns have as yet emerged and it will take time for these to develop.

12. There would seem to be a particular case for examination and assessment by the Economic Committee of the unilateral and bilateral efforts expected from the parties of the CSCE in order to implement the provisions of the Final Act (Basket II). On the other hand, some multilateral aspects of the Final Act would seem to fall within the province of the United Nations Economic Commission for Europe, an organization which is often referred to in the Final Act. In this connection Allied countries

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will need to consult carefully on the rôle the ECE should play in order inter alia to frustrate any attempts by the Warsaw Pact countries to use that international organization as a means of neutralising demands addressed to them or to renege on unilateral commitments accepted as a result of the CSCE. Close contacts between the Economic Committee and the national representatives of Allied nations in Geneva would, therefore, seem to be particularly desirable in the post-CSCE period(1).

(1) In this connection it may be useful to recall that, traditionally, shortly before the Annual Session of the ECE (Geneva), the Economic Committee has had an exchange of views with members from Allied countries' delegations in Geneva who are invited to participate in a meeting specially arranged for that purpose.