

6. Summary Reports of the North Atlantic Council on Economic Counter Measurements in face of the Berlin Crisis OCTOBER 1961

POSSIBLE ECONOMIC COUNTERMEASURES TO BE TAKEN IN FACE OF THE BERLIN CRISIS (...)

1. The CHAIRMAN noted that the Council had before it the report by the Joint Working Group of the Political and Economic Committees on Possible Economic Countermeasures to be taken in face of the Berlin crisis. The cover note explained the scope of the Working Group's study and the main limitations to which its examination of the problem had been subjected. The report dealt in the first part with the legal and administrative capacity of governments to implement measures of the kind envisaged, and in the second part with the impact of economic countermeasures on the economies of member countries and the means whereby adverse effects on certain countries could be averted or mitigated. The report reflected clearly the legal, administrative and economic difficulties which would be involved in an exercise of this kind; and the work done by the Group would be of considerable assistance to the Council in framing its eventual decisions. However, the report reached no conclusions and reflected no views on the fundamental political issue involved, which has clearly stated in the Foreign Ministers' Recommendations on Economic Countermeasures of 6th August, paragraph 2, i.e.:

“In the event that military and civilian access, air or ground, to West Berlin is blocked, the Four Governments have agreed that the immediate imposition of significant economic countermeasures amounting to a total economic embargo against the Soviet bloc would be an appropriate response, and hope that the NATO countries will proceed to plan their concerted participation in this effort.”

It was to this fundamental issue, on which no definite views had yet been expressed either in the Working Group or in the Council, that the Council should, in his view, now address itself.

2. The problem was one which clearly must be further examined in NATO. In particular, the United States Delegation had just communicated to him a paper prepared by the Four-Power Working Group containing suggestions on economic countermeasures for the consideration of member countries. This paper would now be circulated to the Council. Besides dealing with the problems involved in a total embargo, it dealt also with the question of partial and Graduated measures. Given this now document and the considerations he had outlined above, he thought it would be difficult for the Council to have a useful discussion at this stage.

He accordingly suggested that the Four-Power report should be referred to the Working Group, and that when delegations had had time to consider the basic issues involved a discussion should take place in the Council on the fundamental question of the expediency of a total economic embargo. Pointing out that the margin for successful East/West negotiations was a narrow one, he emphasised the need to study all other possible Measures. He suggested that the Four Powers, or the International Staff might prepare some basic questions on which a Council decision was necessary,

3. The FRENCH REPRESENTATIVE said that, notwithstanding the proposal of the Chairman to defer a substantive discussion, he would like to make three points:

- (i) the report listed the countries which had already taken the necessary administrative and legal steps which put them in a Position to decide on imposing an embargo, and also the countries which were not in a position to take such a decision. The Council should recommend to the latter countries the taking of the necessary steps now, in order to gain time if an embargo had to be imposed;
- (ii) as regards the three member countries which would suffer most from an embargo, the Council should decide on a system of assistance to ensure that these countries would not suffer unfair hardship.
- (iii) the fundamental political issue to which the Chairman had referred had not been treated in the report, for the reason that it was a political issue, but it should now be examined by the Council.

4. The GERMAN REPRESENTATIVE, noted that paragraphs 13 -16 of Part I of the report indicated that the Working Group had not been able to agree finally whether economic countermeasures by the NATO countries would be compatible with international law. His government therefore wished to support the suggestion by the Belgian Delegation (paragraph 13) that these questions, especially with reference to Article 41 of the United Nations Charter, and all other considerations mentioned in paragraphs 13-16, be studied in detail. For this purpose a legal study group, whose members should possess particular experience in matters of international law, should be set up under the Working Group.

5. The TURKISH REPRESENTATIVE said that he would first like to clarify one point. Turkey had indicated that she had the legal and administrative ability to take the necessary steps in order to apply appropriate economic countermeasures. This held good for all the measures from (a) to (i) listed in Annex II to document C-M(61) 82, except for measures listed under (g) and (h). These last measures referred to the closure of ports and airfields and to the prevention of transit overflights.

In fact, it would not be possible for Turkey to undertake measures to that effect in the area envisaged by the Montreux Convention without breaching her obligations arising out of the foregoing treaty. The report contained the statement made by the Turkish Representative in the Working Group, that non-compliance with obligations arising out of Montreux was to be considered as a measure of last resort. Upon instructions from his government he pointed out that this meant that, on this matter Turkey reserved its position.

6. In this connection, he supported the proposal by the German Representative to the effect that a working group composed of experts on International Law should be set up to study the legal aspects of the question.

7. He also associated himself with the views expressed by the French Representative concerning the assistance to be granted to countries which would heavily suffer from an economic embargo. The report noted that Turkey, Greece and Iceland would be seriously hurt by a total embargo and pointed out the necessity of evolving a scheme to meet these countries' difficulties. However, no specific proposal was contained therein as to the setting-up of a system of assistance designed to overcome the hardships that these countries would suffer from losing their outlets.

8. Therefore, it seemed that what the Council should do was to ask the Joint Working Group to evolve a scheme of assistance to countries which would be badly hit by economic countermeasures to be undertaken,

9. The **BELGIAN REPRESENTATIVE** said that his Government was anxious to cooperate in any measures to be agreed, and urged the Four Powers to do their utmost to put the other members of the Alliance in a position to cooperate. He was in agreement with the first two points made by the French Representative; in connection with the latter, he referred to the proposal by his delegation regarded in paragraph 69 of Part II of the report. The problem of burden-sharing should be examined thoroughly and as a whole, in order to ensure that measures designed to mitigate hardship for certain member countries did not create hardship elsewhere. On the third point, that of a total embargo, he agreed that a discussion should take place in the Council, but asked whether an embargo would be envisaged in the case of a partial or total blockade of West Berlin.

10. The **GREEK REPRESENTATIVE** said that his government was faced with very great constitutional difficulties in the way of taking preparatory steps now, as suggested by the French Representative. He supported the suggestion by the German Representative for the creation of a legal study group.

To the substance of the question he wished to repeat that, since Greek exports to the iron curtain countries were about one quarter of her total exports, the matter was of extreme seriousness to Greece. Because her exports (mainly tobacco and fruit) did not consist of items of first necessity, it was possible that, say, ten days of embargo would interrupt that kind of export for a very long period since the importing countries could do without them altogether.

11. In any case the Greek Government must be in a position to explain in due course to public opinion the overwhelming necessity for an embargo and to indicate that the economic risks involved were being borne equitably by all members of the Alliance. Greece was very anxious to play her part, but her special position must be understood. As regards timing, he thought that a total embargo should be imposed only when a state bordering on war had been reached.

12. The ICELANDIC REPRESENTATIVE said that, in view of the Chairman's suggestion to defer discussion, he would hold over to a later Meeting the statement he had been instructed to make.

13. The UNITED KINGDOM REPRESENTATIVE said that the United Kingdom could now be added to the countries listed in Annex III under measures (b) (d) (g) (i). Given the existence of the new document to which the Chairman had referred, it might be preferable to resume discussion in, say, a fortnight's time. On the question of hardship he said that the United Kingdom was anxious to participate in any agreed measures, but that the Council should be aware of the extremely serious effect on the United Kingdom of an embargo.

14. The NORWEGIAN REPRESENTATIVE said that his government envisaged participation in a total embargo only if access to West Berlin was completely blocked, i.e. a state of near-war existed. A total embargo would mean for Norway the violation of a number of international agreements, both bilateral and multilateral. He therefore supported the proposal to set up a legal study group.

He assumed that there was no intention of automatically in the imposition of an embargo and that the ultimate decision would be taken in the light of circumstances, bearing in mind other possible measures such as military probes, reference to the Security Council etc.

15. The CHAIRMAN, pointing out that the four powers had agreed on an automatic total embargo in the event of access being blocked to West Berlin, noted that this was a question on which the Council must take a decision when it studied the substance of this problem.

Commenting on the points raised by the French Representative, he questioned whether, from the psychological point of view, it would be wise for countries to prepare legislation now, thus indicating to Parliaments and the public that an embargo was envisaged. It might be preferable to take all possible measures discreetly to ensure that, if necessary, Parliamentary authority could be obtained speedily. As regards the three countries which would suffer most from an embargo, it was only possible to come to a decision on equitable burden-sharing after a much more profound study of the problem. The three countries must be assured that they would be given assistance to cover a long period if necessary. Finally, the legal Position should be studied most carefully by legal advisers from all the countries concerned. He also repeated his suggestion that the International Staff, in consultation with the delegations of the four powers, should prepare a list of basic issues on which a Council decision was necessary,

16. The FRENCH REPRESENTATIVE supported the proposal to convene a legal study group.

17. The CANADIAN REPRESENTATIVE hoped that the least possible publicity would be given to the work of the legal study set-up. Emphasising, the difficulty in which Canada found herself with regards preparatory steps, he pointed out that in order to the necessary powers to impose an embargo, the Canadian Government would have to invoke the War Measures Act, which was unthinkable in present circumstances.

18. The COUNCIL:

- (1) agreed that a meeting should be convened shortly in Paris of national experts in international law from all countries desiring to be represented to study the legal aspects of this question;
 - (2) agreed that the document submitted by the United States Delegation should be studied by the Working Group;
 - (3) agreed that the Working Group should study further the means of mitigating the repercussions of economic countermeasures on the economics of certain member countries;
 - (4) agreed that the International Staff, in consultation with the delegations of the four powers, should prepare a list of basic issues on which a Council decision was necessary;
 - (5) took note of the report by the Working Group on Economic Countermeasures (C-M(61)82) and agreed to discuss the basic issues involved at a later date in the light of the document to be prepared under (4) above.
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