

NORTH ATLANTIC COUNCIL

CONSEIL DE L'ATLANTIQUE NORD

NATO UNCLASSIFIED

and

PUBLIC DISCLOSED

~~CONFIDENTIAL~~

COUNCIL D-1/4

November 18, 1949

NORTH ATLANTIC COUNCIL
(Second Session)Directive to the Defence Financial and Economic Committee.

The attached directive was approved by the North Atlantic Council on November 18, 1949, in Washington.

It was further agreed that the working staff of this Committee be summoned to meet in London on December 6 on a provisional basis to "consider what further procedural and organizational arrangements require to be made before the Defence Financial and Economic Committee itself can meet; and, having regard to progress made by the military planning and supply organizations, to prepare an agenda and suggest a date and place for the first meeting of the Defence Financial and Economic Committee".

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NORTH ATLANTIC COUNCILDirective to the Defence Financial and Economic Committee

I

1. In accordance with the decision of the North Atlantic Council on September 17, 1949, and in further implementation of Article 9 of the Treaty, there is hereby established a Defence Financial and Economic Committee. It shall be responsible for advising the Council on the financial and economic aspects of measures for the defence of the North Atlantic area.

II

The following general provisions shall govern the operation of the Defence Financial and Economic Committee:

1. The Defence Financial and Economic Committee shall be composed of a representative at a ministerial or similarly high level of responsibility from each signatory country. It shall report directly to the North Atlantic Council. It shall consult with the Defence Committee as appropriate.
2. The Committee and any subordinate bodies which it may set up shall establish and maintain close working relations with the North Atlantic military organization, and particularly the Military Production and Supply Board. The Committee or its subordinate bodies shall provide them with guidance on all relevant economic and financial factors; shall obtain from them information on those requirements of defence programmes which are relevant to the consideration of economic and financial questions; and shall provide them with guidance on financial and economic arrangements to meet the requirements of defence programmes.
3. The Defence Financial and Economic Committee is in particular responsible to the North Atlantic Council for the performance of the following functions, having regard for the principle of self-help and mutual aid in the field of military production and supply, and for the primary importance of economic recovery and continued economic stability;
 - (1) To develop in cooperation with the Military Committee (including the Standing Group) and the Military Production and Supply Board overall financial and economic guides to and limits of future defence programmes, including military production programmes, which NAT countries as a group and individually should undertake within available financial and economic resources.

/(2).

November 18, 1949

- (2) To appraise the financial and economic impact on member countries of major individual defence projects formulated by the Military Production and Supply Board or the Military Committee (including the Standing Group), including consideration of financing problems and availability of raw materials, capital equipment, and manpower, and, on basis of such review, make recommendations as to action on such projects.
- (3) To recommend financial arrangements for executing military defence plans, and particularly financial arrangements for the interchange among NAT countries of military equipment, surplus stocks, or materials and equipment to be used in producing military equipment.
- (4) To measure and to recommend steps to meet the foreign exchange costs of imports of materials and equipment from non-member countries required by defence programmes under the NAT
- (5) To consider, as may be found desirable and appropriate, plans for the mobilization of economic and financial resources in time of emergency.

4. The Committee may delegate to any Regional Defence Financial and Economic Committee which may be established by the Governments of a Region any of its functions which, in its judgment, can be better performed by regional committees. Actions of regional committees under such delegations shall be under the general guidance of, and in accordance with the general policies laid down by the North Atlantic Committee, and shall be subject to its coordination and review.

5. The Committee shall provide itself with such subordinate bodies and staff assistance as may be necessary to carry out its functions. In particular, there shall be a permanent working staff in London, composed of qualified personnel representing interested countries, to carry on the day-to-day work of the Committee and to which the Committee may delegate such of its functions as it deems appropriate. The Committee shall have a Secretary, with suitable assistance, to perform secretarial and administrative functions.

6. The Committee shall meet at such times and places as may be required. Its secretariat and working staff shall be located in London. The Committee shall decide its own rules of procedure. Chairmanship shall be held in turn by the parties according to the alphabetical order in the English language beginning with the United States. Each party shall hold the office for one year. If any party does not wish to accept the Chairmanship, it shall pass to the next party in alphabetical order.