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A SPECIAL NATIONAL INTELLIGENCE

PROBABLE SOVIET REACTION TO A

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Central Intelligence Agency

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### CENTRAL INTELLIGENCE AGENCY

18 July 1961

SUBJECT: SNIE 2-3-61: PROBABLE SOVIET REALTICN TO A WESTERN EMBARGO

### THE PROBLEM

To estimate probable Soviet reactions to the prospect and, subsequently, to the implementation of an embargo as part of the Western response to denial of access to Berlin. The embargo might be declared either by the US alone or by NATO plus Japan, and might be directed against the entire Sino-Soviet Bloc, the USSR and Eastern Europe, or East Germany alone.



It has been our judgment in previous estimates that, while the Soviets and East Germans might at some point deny access outright, the more likely contingency is one in which they introduce new procedures, short of an actual blockade, and the Allies feel that they cannot submit to these procedures.

#### THE ESTIMATE

# I. PRIOR TO IMPLEMENTATION

# Prospective Economic Effects

1. Bloc imports from advanced Western countries -- nearly \$2.5 billion annually -- amount to about one-sixth of total inports, and their loss would not have a serious general impact upon the volume of Bloc production. The USSR, however, sees in this trade considerable economic advantage to itself and its allies. In certain instances it provides then with key imports. The USSR, for example, is currently buying advanced equipment for its chemical and several other industries, and loss of these imports would have a significant effect upon the prospects for meeting planned goals in the industries affected over the next year or so. The most critical area of concern, however, is East Germany, which obtains from the NATO countries about one-sixth of its total imports, including many products not readily available elsewhere. A rull embargo would cause considerable disruption in the East German economy, and it might take up to six months for normal industrial growth to be resumed.



- 2. We believe that the Soviets would prefer to avoid a situation in which the Mest resorted to sanctions on this scale. They would almost certainly be willing, however, to risk this response if they were confident that in the end they could make substantial advances toward their political objectives of securing recognition of the GDR and altering the status of West Berlin. One principal reason for their willingness to take such a risk would be their belief that NATO would have great difficulty in maintaining a complete embargo, even against East Germany alone, for more than a few months. They would believe that many NATO countries would be reluctant to bear the costs of a prolonged embargo, that they could circumvent its effects via non-NATO countries, and that NATO's subsequent efforts to tighten controls would exacerbate its relations with these countries.
- 3. The Soviets would be unconcerned over the prespective economic effects of an embargo by the US alone. Its impact would be confined almost entirely to Poland, which in 1960 received \$143 million of the total of \$193 million of American experts to the Bloc.

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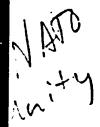
# Political Considerations

4. The Soviets, in studying NATO planning for various types of counteractions, will be seeking indications of the kinds of measures on which the Alliance can agree as responses to encreachments against Berlin (and also of US willingness to accept the views of its allies). If NATO should menifest considerable unity and resolve in agreeing to use military force if necessary, simultaneous agreement on for-reaching economic sanctions might help to persuade the USSR that the West was in fact willing to risk war. If, however, unity on economic measures were achieved against a background of conspicuous disunity over the question of military responses, the Soviets would be encouraged to believe that economic counteractions represented the true extent of Western intentions. Lastly, if the Soviets should see that NATO could not agree even on economic countermeasures, they would probably conclude that cany member nations would also be unwilling to risk war for any save the most direct and immediate threat to West Berlin.

5. The USSR would view Western efforts to include Japan in an enbargo action as an opportunity to press anew its charges that the present government is completely subservient to the US. Moscow

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would lay great stress on the contention that Japan was being asked to make sacrifices and run risks for reason, entirely unrelated to its own interests. Although the problem assumes that Japan would join in an embargo, the Soviets probably would consider that they had a good chance, with the aid of local leftist forces, of preventing Japanese participation or, failing that, waking that participation politically costly.

#### II. UPON IMPLEMENTATION

6. If a NATO embargo were actually applied in response to a denial of Allied access to Berlin, it is very unlikely that the Soviets, having gone this far, would restore access under acceptable conditions nerely in order to have the embargo removed. Their first response would be determined principally by their judgment as to whether the Western sanctions would be followed by more farreaching measures and ultimately by resort to force. The longer the West confined itself to an embargo and other normalitary countermeasures, the more the Soviets would be inclined to discount the possibility of a later Western resort to arms. If, however, at the time the embargo was invoked, the political and military stance adopted by the West suggested that it was seriously considering the use of force, the initial effect of an embargo might be to strengthen this possibility in the Soviet mind.

- 7. Short of an armed clash, Soviet measures and Allied countermeasures, including an embargo, would produce a prolonged state of tension. At some point the Soviets might decide that it was to their advantage to reduce tensions. This could occur for various reasons, such as increased unrest in East Germany, or because the USSR did not wish to contemplate a prolonged period of heightened tension in which there would be no opportunity to employ detente tactics. But it should be atressed that an embargo would be only one element among the considerations which might, in combination, persuade the Soviets to moderate their Berlin policies, at least sufficiently to permit a resumption of negotiations.
- 8. The East German regime would respond to an embargo with threats of retaliation against German civil access to Berlin, particularly in view of the relationship which has been established between intra-German trade and civil access. We believe that East Germany would actually take reprisals of this sort only if such action was consistent with the political stance assumed by the USSR.



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