INTERNATIONAL TRADE - 1955

A Report by the Secretariat on Trade, Trade Barriers and the Activities of the CONTRACTING PARTIES

The draft of the section of Part I which deals with the trade of the Middle East, the USSR, Eastern Europe, mainland China, and some other Far Eastern countries is attached hereto. Any contracting party wishing to make suggestions is requested to do so not later than 15 May.
Non-sterling Countries of the Middle and the Far East

The value of Egypt's imports (c.i.f.) in 1955, at £557 million, was about 20 per cent higher than in 1954, whereas export values (£402 million) rose only slightly. The adverse trade balance, at £155 million, was nearly two and one-half times as large as in 1954.

The value of raw cotton shipments declined by 5 per cent (mainly on account of a 15 per cent decline in the volume of the Karnak variety) while prices, though falling after August, were for the year as a whole similar to those of 1954. The share of cotton in the total export earnings fell from 82 per cent in 1954 to 77 per cent in 1955. The value of rice exports, on the other hand, trebled and in 1955 accounted for 5 per cent of the total export proceeds. There was also some increase in the exports of onions and of cotton yarn. The rising tempo of industrial expansion and agricultural development affected both the value and the composition of imports significantly. In 1955 there were notable increases, both absolute and relative, in the imports of fuels, fertilizers, wood pulp (for the country's expanding rayon industry), iron and steel and capital goods.

The most outstanding development affecting the pattern of the geographical distribution of Egypt's trade in 1955 was the emergence of the USSR, Eastern European countries and mainland China as an important destination of exports - their combined share in the total rose from 13 per cent in 1954 to 25 per cent in 1955. On the other hand, the share of this group of countries in the total value of merchandise imports remained at 6 per cent. Exports to Continental Western Europe fell in relative importance from 39 per cent in 1954 to 32 per cent in 1955, while in imports the decline was only slight - from 48 to 46 per cent. Both North America and the United Kingdom maintained their share in the total value of imports at 12 per cent and 9 per cent, respectively, while in exports the share of the former rose from 5 per cent to 7 per cent and that of the latter fell from 10 per cent to 6 per cent.

While the Sudan's export earnings rose from $89 million in the first three quarters of 1954 to $109 million in the corresponding period of 1955, the total value of imports (c.i.f.) remained unchanged at $106 million. The increase in export values was accounted for partly by a rise in respect of raw cotton (from $50 to $67 million) and partly by increased exports of groundnuts and arabic gum. The volume of raw cotton exported rose by about 45 per cent while the average price fell by nearly one-tenth (most of this decline being concentrated in the third quarter) and the share of cotton in the total value of exports increased from 55 per cent to 60 per cent.

As in previous years, textiles were the principal import item and their share was maintained at about one-quarter of the total import value; food, beverages and tobacco accounted for another 30 per cent, followed by metals, machinery and vehicles (24 per cent) and fuels (6 per cent). The value of fertilizers imported during 1955 ($3 million) was three times as high as in 1954.

1 For a review of trade developments in Iraq, see above, page ...
Although the United Kingdom continued to be the major trade partner of the Sudan, her share in the total value of exports fell from 46 per cent to 29 per cent and in import values from 34 per cent to 29 per cent. While the share of Continental Western Europe in imports was maintained at about one-fifth, it rose in exports from 31 per cent to 38 per cent. Exports to India also rose in relative importance from 3 to 15 per cent.

Ethiopia's trade position in 1955 was adversely affected by a sharp fall in the price of coffee - her main export product. The total value of exports declined from $45 million in the first half of 1954 to $39 million in the corresponding period of 1955, whereas the value of imports was maintained at $34 million during the period. The share of coffee in total export earnings fell from 67 per cent to 57 per cent. On the other hand, there was some increase in the value of other exports, notably oil seeds, goatskins and beef cattle. Textiles continued to be the major item among imports, though there was some increase in the value of imports of motor cars, machinery and electrical equipment.

As regards the geographical pattern of Ethiopia's exports, the main changes during 1955 were in respect of the United States (her share falling from 35 to 25 per cent of the total value of exports) and Italy (increasing from 13 to 19 per cent). Italy replaced India as the largest source of imports, and the United States continued to occupy the third place among the major suppliers.

Although $11 million higher than in 1954, Saudi Arabia's exports in 1955 ($811 million) failed to keep pace with the growth experienced by other major oil exporting countries owing to the fact that crude oil output of Saudi Arabia (3.9 million metric tons) was no larger in 1955 than in 1954. Besides, her trade surplus showed some decline on account of a higher value of imports (which rose from $200 million in 1954 to approximately $280 million in 1955). In the absence of national trade statistics, not enough is known about the composition and the geographical pattern of imports. However, according to the data obtained from industrial areas, there has been a marked increase in the imports of capital goods from North America, as well as Western Europe in 1955.

Israel's trade position continues to be characterized by a heavy import surplus which in 1955 amounted to 73 per cent of the total value of imports as compared with 70 per cent in 1954. While export earnings were maintained at $88 million from 1954 to 1955, the imports (c.i.f.) rose from $290 million to $324 million.

There was some decrease in exports of citrus fruits - from $32 million in 1954 to $29 million in 1955, while exports of manufactured goods increased from $45 million to $50 million. Among manufactured goods, the exports of motor cars and parts declined from $8 million in 1954 to $4 million in 1955, whereas chemicals, polished diamonds, cement, wood manufactures and wearing apparel were the important categories showing some increases.
Despite an increase in import values, the composition of Israel's total imports remained substantially the same as in 1954 - manufactured goods accounting for 50 per cent and the rest being equally divided between foodstuffs and raw materials. Of the total manufactured goods imported hardly 15 per cent were consumer goods, the remainder consisting of capital goods and semi-manufactures.

The geographical pattern of Israel's trade remained substantially unchanged between 1954 and 1955. The United Kingdom, North America and Finland - in that order of importance - continued to be the best customers, while North America, Western Germany and the United Kingdom were the main suppliers.

There was a substantial increase in Iran's trade during 1955. Exports in the first six months of the fiscal year 1955/56 (year beginning 21 March 1955) were valued at $84 million, compared with $41 million in the corresponding period of 1954/55. Imports, on the other hand, rose from $91 million to $132 million.

The improvement in export earnings was wholly accounted for by oil exports which rose from $2 million to $45 million. While exports of carpets, cotton and rice were lower in the first half of 1955/56 than in the first half of 1954/55, exports of hair, hides and skins and wool registered substantial increases. Imports of steel and machinery rose by 43 per cent during the period and other important categories of imports showing some increase were sugar, cotton textiles and motor vehicles.

While exports showed marked increases to most of the Western European destinations, as reported (at c.i.f. values) by importing countries, during 1955, the rise was most spectacular in respect of the United Kingdom - from $9 million in 1954 to $47 million in 1955 - and the Netherlands - from $2 million in 1954 to $18 million in 1955. The share of the United States in the total value of imports fell from 24 per cent in 1954 to 20 per cent in 1955, that of the United Kingdom was maintained at 10 per cent and the share of Western Germany rose from 15 per cent to 17 per cent. Imports from the USSR and the Eastern European countries increased in relative importance from 10 per cent in 1954 to 12 per cent in 1955, while the share of Japan fell from 10 per cent to 8 per cent.

The value of Lebanon's imports (c.i.f.) increased from $175 million in 1954 to $190 million in 1955, while exports rose by only $4 million. As in the two preceding years, the import surplus again amounted to 83 per cent of the total import values in 1955.

Among exports, wool and cotton suffered slight declines, while citrus fruits, vegetables, cement and textiles increased. Except foodstuffs (their share in the total import values declined from 25 to 20 per cent), almost all the major import items, e.g. chemicals, textiles, machinery and motor cars, rose during 1955.

Although both exports to and imports from Syria declined in 1955, that country remained the principal supplier and the main customer of Lebanon. Syria's share in the total value of imports fell from 22 to 16 per cent (mainly
on account of the decline in food imports), and in exports her share declined from 14 to 11 per cent. The value of exchanges with Continental Western Europe showed marked increases in both directions. While exports to both the United States and the United Kingdom also rose, imports from these sources were below the level of 1954. There was an increase in exports (mainly on account of citrus fruits) to the USSR and the Eastern European countries, which represented $1,750,000 (or about 5 per cent of the total export earnings in 1955 as compared with $630,000 (or 2 per cent) in 1954. The value of imports from that area, on the other hand, remained constant at 2 per cent of the total import values.

During the first six months of 1955, Syria had an import surplus of $47 million as compared with $32 million in the same period of 1954. While export earnings, at $66 million, were by $19 million, or 42 per cent higher, the rise in the import values by $36 million was much larger.

The increase in export earnings was due to cotton and wool, while the rise in import values was accounted for by textiles, petroleum, machinery, iron and steel, and motor vehicles.

The geographical distribution of trade showed some change; Continental Western Europe's share in exports rose from 36 to 43 per cent (mainly on account of France and Italy), while in imports it fell from 41 to 37 per cent. The share of the sterling area in both exports and imports increased - in the former from 13 to 17 per cent and in the latter from 17 to 27 per cent. On the other hand, the share of Lebanon in exports fell from 29 to 23 per cent and in imports from 11 to 5 per cent.

The value of the Philippines' imports (f.o.b.) in 1955, at $547 million, was about 12 per cent higher than in 1954, whereas export values showed a slight decline. The adverse balance of trade rose from about $90 million in 1954 to $155 million in 1955.

Both the absolute value and the relative importance of the major export items remained substantially the same in 1955 as in 1954 - coconut products accounted for two-fifths of the total value of exports, followed by sugar (26 per cent), wood (10 per cent) and abaca (7 per cent). The rise in total import values affected capital goods and industrial raw materials most, but there was also some increase in food and textiles.

Reliance on the United States (still the dominant trading partner of the Philippines) both as a market for exports and a supplier of imports declined further. The share of that country in total exports fell from 64 per cent in the three quarters of 1954 to 62 per cent in the corresponding period of 1955, and in total imports, it declined from 71 per cent to 68 per cent. Japan ranked second with her share in exports increasing from 11 per cent to 15 per cent and in imports from 6 per cent to 8 per cent.
The trade position of Thailand improved considerably in 1955. The export earnings at $333 million were $50 million higher than in 1954, while imports rose by $22 million to $334 million. The improvement in export earnings was solely on account of higher proceeds from rubber which doubled from $44 million in 1954 to $88 million in 1955, while the value of exports of rice and tin was maintained at $145 million and $20 million, respectively. As in previous years approximately one-half of Thailand's rice exports in 1955 went to Hongkong, Malaya and Singapore and about one-third to Japan. On the other hand, rubber exports went almost exclusively to the United States while the major part of tin exports went to the sterling area. The rise in imports affected all the main sources of supply - the United States, Japan, and the United Kingdom and Hongkong.

Owing to a further reduction in the import values and a considerable improvement in export earnings, Indonesia's trade surplus rose from $227 million in 1954 to $325 million in 1955. The increase in export values (from $856 million to $931 million) resulted from a substantial rise in the exports of rubber (by $160 million, or 60 per cent), while proceeds from exports of petroleum ($235 million), tin ($65 million) and coconut products ($48 million) showed only a slight modification as compared with 1954. The main changes in the composition of imports during 1955 related to the share of capital goods (which increased from 30 per cent in 1954 to 32 per cent) and foodstuffs (which fell from 12 per cent to 5 per cent). While the share of consumer goods was maintained at about 35 per cent, there was some increase in semi-manufactures especially on account of chemicals.

As in the preceding year, Malaya and Singapore, and the Netherlands were the two principal customers of Indonesia, although their share in the total export values declined from 26 per cent in 1954 to 22 per cent, and from 19 per cent to 16 per cent, respectively. The share of North America was maintained at 17 per cent while that of the United Kingdom rose from 5 per cent to 10 per cent and that of the USSR and the Eastern European countries from 1 per cent to 3 per cent.

Except for a sharp fall in imports from Japan which declined in relative importance from 22 per cent in 1954 to 15 per cent in 1955, and an increase in the total share of USSR and Eastern Europe and mainland China from 2 per cent to 8 per cent, the geographical pattern of Indonesian imports remained almost unchanged. Continental Western Europe again accounted for 30 per cent of the total import values, (the Netherlands accounting for 10-11 per cent) followed by North America (15 per cent) and the United Kingdom (5 per cent).
USSR, Eastern Europe and Mainland China

The upward trend in the commercial exchanges of the Soviet area with the rest of the world, which began in the second half of 1953 and was maintained in 1954, continued during 1955. The total value of exports, c.i.f., increased from about $1,350 million in 1954 to about $1,720 million in 1955 (i.e., by 12.7 per cent), while import values, f.o.b., expanded from $1,364 million to $1,545 million (by 11.3 per cent). On the basis of c.i.f. figures for exports and f.o.b. figures for imports there was an apparent export surplus of about $175 million in 1955 as compared with almost a balanced trade in 1954. The trade of mainland China, after declining from 1953 to 1954, showed some recovery during 1955; the value of exports, at about $450 million, was $106 million higher than in the previous year, while import values, at about $300 million, were only $30 million larger. Although the rate of growth of the extra-regional trade of the Soviet area was nearly the same as that experienced by the industrial areas between 1954 and 1955, it was not as large as could have been expected from the volume of trade envisaged in the trade agreements concluded by the countries in the Soviet area with other countries during recent years. In spite of this increase, the entire extra-regional trade of USSR and the Eastern European countries in 1955 was not higher than the value of either Australia's or Sweden's trade. Moreover, the value of exports of a country such as the Netherlands to the non-industrial areas exceeded the total value of the Soviet area's exports to those regions by about 50 per cent.

The figures shown in Table A suggest that the share of the non-industrial areas in the total exports of USSR and Eastern Europe was maintained at 31 per cent, while the proportion in imports also remained constant, at 39-40 per cent between 1954 and 1955. On the other hand, there was a decrease in the relative share of non-industrial areas in the external trade of mainland China.

Trade with the industrial areas

Of the total increase of about $326 million in the value of exports (c.i.f.) to industrial destinations from 1954 to 1955, Continental Western Europe accounted for about one-half ($161 million), followed by the European sterling countries ($104 million), Japan ($41 million) and North America ($20 million). The value of imports (f.o.b.) into the Soviet area and mainland China from industrial areas increased by $131 million from 1954 to 1955. The largest increase was in respect of imports from Continental Western Europe ($58 million), the rest being divided between the European sterling countries ($51 million), Japan ($15 million) and North America ($7 million).

1 "Soviet area" includes Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Rumania and the USSR.

2 For a brief survey of the trade developments during 1954, see International Trade 1954, pp. 86-89.
### TABLE A

**EXPORTS (C.I.F.) AND IMPORTS (F.O.B.)**

OF U.S.S.R., EASTERN EUROPE AND MAINLAND CHINA TO AND FROM THE REST OF THE WORLD

AS MEASURED FROM THE AGGREGATE TRADE REPORTED BY THE PARTNER COUNTRIES

*(in million U.S. dollars)*

<table>
<thead>
<tr>
<th>Exports to</th>
<th>Imports from</th>
<th>Exports, c.i.f.</th>
<th>Imports, f.o.b.</th>
</tr>
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<tbody>
<tr>
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<td>Soviet Area</td>
<td>Mainland China</td>
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<tr>
<td>North America</td>
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<td>45.6</td>
<td>55.0</td>
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<td>European Sterling Area</td>
<td>220.9</td>
<td>315.0</td>
<td>25.4</td>
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<td>Continental Western Europe</td>
<td>659.5</td>
<td>802.0</td>
<td>63.1</td>
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<td>Japan</td>
<td>7.5</td>
<td>8.3</td>
<td>40.0</td>
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<td>Total Industrial Areas</td>
<td>924.5</td>
<td>1,181.2</td>
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<td>Dollar Latin America</td>
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<td>4.4</td>
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<td>Other Latin America</td>
<td>81.7</td>
<td>117.7</td>
<td>-</td>
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<tr>
<td>Overseas Sterling Area</td>
<td>42.2</td>
<td>51.6</td>
<td>192.7</td>
</tr>
<tr>
<td>Overseas Territories of Continental Western Europe</td>
<td>7.2</td>
<td>9.1</td>
<td>11.1</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>230.1</td>
<td>345.6</td>
<td>7.4</td>
</tr>
<tr>
<td>of which Finland</td>
<td>(197.2)</td>
<td>(204.6)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Total Non-Industrial Areas</td>
<td>414.4</td>
<td>528.1</td>
<td>271.2</td>
</tr>
<tr>
<td>Total World</td>
<td>1,349.0</td>
<td>1,729.2</td>
<td>342.4</td>
</tr>
</tbody>
</table>

**Note**: For sources, see Appendix

1. "Soviet Area" includes Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania and U.S.S.R.

2. Exports, f.o.b.

3. Annual rate of figures covering the first nine months of 1955 for all the non-industrial countries with the exception of Finland.
Continental Western Europe accounted in 1955 for about 64 per cent of the total value of exports to the industrial areas and for 77 per cent of the total value of imports from these areas. There was an increase in the trade of mainland China with almost every continental western European country. Exports from the Soviet area to all these countries (with the exception of Denmark, France and Norway) recorded higher values in 1955 than in 1954 and increased most to Turkey1 (by $46 million) and to West Germany ($42 million), followed by Austria, the Netherlands, Sweden and Switzerland. While there was some decline in imports from Belgium-Luxemburg, Denmark, Norway and Sweden, there were increases in respect of imports from France ($53 million) and from West Germany ($41 million), Turkey, ($14 million) and Austria ($12 million).

In the absence of comprehensive data on the commodity composition of trade of mainland China, the following information relates only to the trade of USSR and Eastern Europe. The composition of the Soviet area's exports to Continental Western Europe changed significantly during 1955. The share of manufactured goods in these exports rose from 29 per cent in the first three quarters of 1954 to 38 per cent in the corresponding period of 1955, while the share of fuels fell from 26 per cent to 23 per cent and that of foodstuffs also declined, from 24 per cent to 18 per cent. The fall in total food exports is attributable to a smaller value of shipments of cereals, which declined from $56 million to $49 million. While there was some decline in exports of forestry products (from $57 million to $51 million), there was a significant increase in exports of chemicals (from $26 million to $34 million), metals (from $7 to $26 million), machinery and electrical appliances (from $14 million to $29 million), and metalliferous ores and metal scrap (from $3 million to $9 million). Exports of textile fibres ($18 million), textiles ($14 million) and transport equipment ($12 million) were maintained at a level close to that of 1954.

The increase in the Soviet area's imports from Continental Western Europe was largely on account of manufactured goods, which rose in value from $246 million in the first nine months of 1954 to $268 million in the corresponding period of 1955, and in relative importance, from 47 per cent to 49 per cent. Although the value of food imports was maintained at $145 million during this period, there was a substantial fall in the imports of meat and dairy products which was offset by increases in the imports of sugar, cereals and other foodstuffs. While imports of chemicals rose from $48 million to $53 million, and of base metals, from $41 million to $77 million; imports of textile fibres ($48 million), machinery ($44 million) and transport equipment ($24 million) were maintained at a level close to 1954.

1 This increase has been influenced to a certain extent by the payments difficulties with the EPU area.

2 Many European countries do not report separately their trade with mainland China and Taiwan.
The export value (c.i.f.) from the Soviet area to the United Kingdom increased from $206 million in 1954 to $295 million in 1955. While foodstuffs (mainly coarse grains, canned salmon, bacon and eggs) were maintained at $40 million, there were increases in respect of fuels (from $6 million to $28 million mainly on account of a substantial increase in hard coal exported from Poland), pig iron (from $5 million to $13 million) and forestry products (from $67 million to $76 million). Although the value of manganese exports at $5 million was one-fifth below the level of 1954, the share of these supplies in the total United Kingdom import volume increased from 25 per cent to 30 per cent. The value of imports (f.o.b.) into the Soviet area from the United Kingdom (both domestic products and re-exports) increased from $98 million in 1954 to $142 million in 1955. While wool suffered a decline (from $26 million to $21 million), rubber showed a substantial rise, from $0.3 million in 1954 (in 1953 they amounted to $17.3 million) to $19.5 million in 1955. For the first time since 1951 the USSR imported 50,000 tons of refined sugar from the United Kingdom. Since the lifting of the embargo in August 1954, about 34,000 tons of copper wire were also imported. The value of machinery imports (including electrical equipment) also increased, from $26 million to $32 million, during this period.

The value of exports (e.g. eggs, tung-oil, bristles, menthol and albumen) from mainland China to the United Kingdom increased from $25 million in 1954 to $35 million in 1955. The value of imports of mainland China also increased (from $19 million to $22 million); wool tops, chemicals and machinery were again the major items.

While trade between the United States and mainland China continued to be negligible, the value of exports from the Soviet area to North America showed a significant increase, from $47 million in 1954 to $65 million in 1955. While the exports of manufactured goods (mainly textiles and chemicals) rose from $11 million to $21 million, canned meat exports rose from $18 million to $22 million and the value of furs was maintained. Imports into the Soviet area from North America also showed an increase - from $12 million to $18 million - on account of increased shipments of foodstuffs (particularly cereals) and wood pulp from Canada.

The total value of mainland China's exports to Japan doubled between 1954 and 1955 (from $41 million to $81 million), while imports also increased from $19 million to $29 million. Judging from data for ten months of 1955, the commodity composition of the Sino-Japanese trade remained substantially unchanged; mainland China's exports consisted of food and raw materials, while manufactures (mainly chemicals) accounted for all of her imports.

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1 Exports from the Soviet area to Canada increased from about $4 million in 1954 to $5 million in 1955, while imports from Canada into the Soviet area rose from $6 million to $11 million.
Trade with the non-industrial areas

Among the non-industrial areas, Argentina, Brazil and Uruguay in Latin America, Egypt, Iran and Israel in the Middle East, Australia and India in the sterling area, Finland, Yugoslavia and Indonesia were the major trade partners of the Soviet area, while Hong-Kong, Ceylon, Malaya and Pakistan were prominent in the extra-regional trade of mainland China during 1955.

Trade with Finland expanded in both directions during 1955; exports rose from $190 million in 1954 to $209 million and imports from $190 million to $203 million. Whereas Finnish trade with the USSR remained at about the same level, (about $90 million in imports and about $140 million in exports), there was considerable expansion in the trade of Finland with mainland China, Poland and Rumania during this period. While exports from the USSR of cereals ($21 million) sugar ($12 million) automobiles ($7 million) were somewhat higher than in 1954, there was a slight decline in the value of exports of petroleum ($31 million to $27 million) and of iron and steel ($14 million to $10 million). The value of coal and coke exported from Poland increased from $23 million in 1954 to $31 million in 1955 and there was also an increase in petroleum exports from Rumania. Among imports into the USSR from Finland, boats and ships continued to be the principal item; its value amounted to $58 million in 1955 as compared with $46 million in 1954.

Although the Soviet area is an important trading partner of Finland, the geographical distribution of Finnish trade was somewhat modified in 1955: the United Kingdom became the principal destination for Finnish exports, accounting for 23 per cent as compared with 22 per cent in 1954. The share of the USSR in Finnish exports in 1954, which was equal to that of the United Kingdom declined to 18 per cent in 1955. The United Kingdom also rose in relative importance in Finnish imports (from 16 to 17 per cent), while the share of USSR fell from 13 to 11 per cent. On the other hand, Continental Western Europe had maintained its relative importance at 31 per cent in exports and 34 per cent in imports. The total value of Finnish exports in 1955 ($736 million) was about $100 million higher than in 1954 owing to a higher quantum of timber and paper manufactures exported. As in 1954, forestry products continued to account for about 60 per cent of the total export values and board and paper manufactures for about 20 per cent. Transport equipment (boats and ships) were third in relative importance, representing 8 per cent of the total export values. The total value of Finland's imports in 1955 ($769 million) was also about $100 million larger than in 1954 and consisted of raw materials (including fuels) which accounted for 43 per cent of total import values, followed by machinery (27 per cent), foodstuffs (17 per cent) and manufactured consumer goods (13 per cent). The composition of imports was essentially the same as in 1954.
while imports of wooden houses and huts fell from $24 million to $8 million. Machinery and sawn timber imported into the USSR was slightly below the level of 1954, whereas paper imports rose. The increase in imports from Finland into mainland China was on account of newsprint and vessels, while more paper and cellulose was imported into Poland and there was some increase in imports of milk products, timber, wooden houses and paper into Czechoslovakia and Hungary.

Judging from incomplete trade returns, it would seem that the value of the Soviet area's exports to Latin America amounted to about $120 million in 1955 ($35 million more than in 1954). While exports from the USSR and Rumania to Argentina during 1955 were maintained at the level of 1954, those from Czechoslovakia, Poland and Hungary rose substantially; these exports consisted of fuels, cement, chemicals, iron and steel products and some machinery. The increase in exports to Brazil was also on account of Czechoslovakia, Poland and Hungary, while there were no direct shipments reported from the USSR. While the increase in Czechoslovakia's exports to Brazil was largely on account of machinery, base metals and glassware, in the case of Poland and Hungary the increase was due to chemicals, cement and metal manufactures. Apart from Argentina and Brazil, exports of the Soviet area to other countries in Latin America continued to be relatively unimportant, although it is worth noting that Czechoslovakia exported about $1 million worth of merchandise to each of the following countries during 1955: Uruguay, Chile, Cuba and Mexico.

The value of imports from Latin America rose from about $150 million in 1954 to approximately $180 million in 1955. This increase was wholly due to about $40 million worth of sugar imported into the USSR from Cuba (500,000 metric tons) and Mexico (30,000 metric tons) as compared with only 10,000 tons from Cuba in 1954. Imports from Argentina into the USSR and Hungary in 1955 were maintained at a level close to that of 1954, whereas there was a substantial increase in respect of Poland, Czechoslovakia and Rumania. As in the previous year, hides and skins, meat, wool, vegetable oils and cereals were the principal imports from Argentina. More coffee, cotton and cocoa were imported from Brazil in 1955 than in 1954. While the USSR continued to buy substantial quantities of Uruguayan wool on the London market during 1955, almost all of the Soviet area countries imported a considerable amount of wool directly from Uruguay especially in the last quarter of 1955. During the first half of 1955, the USSR and Eastern European countries also imported hides and skins ($1.4 million), wheat ($1.3 million), meat ($1.1 million) and linseed oil ($464,000), from Uruguay. Apart from the above-mentioned five Latin American countries (e.g. Argentina, Brazil, Cuba, Mexico and Uruguay) imports from the rest of Latin America into the Soviet area continued to be negligible.
As regards imports from the non-industrial areas into the Soviet area, the most significant expansion during 1955 was shown by the Middle East; the total value of such imports rose from $72 million in 1954 to $120 million in 1955. Imports from the Middle East into mainland China doubled during this period as a result of cotton imports from Egypt - the total value rising from $12 million in 1954 to $25 million in 1955. Imports from Egypt into the Soviet area (also consisting largely of raw cotton) increased from $45 million to $82 million during this period. While imports from Iran and Israel were maintained at about $23 million and $4 million respectively, there were slight increases in respect of Sudan (by $3 million) and Syria ($2 million).

Exports from mainland China to the Middle East continued to be insignificant, whereas those from the Soviet area rose from $74 million in 1954 to $88 million in 1955. Egypt and Iran continuing to be the main destinations. Exports to Egypt increased from $27 million to $36 million and those to Iran rose from $20 million to $30 million. While sugar exports to Egypt from both Poland and Czechoslovakia declined from about 40,000 tons in 1954 to 16,000 tons in 1955, those to Iran from the USSR were maintained at about 70,000 tons. The value of exports from the USSR to Egypt was maintained at $7 million, whereas those from Rumania and Czechoslovakia rose substantially. The growth of Rumania's exports (from $5 million to $11 million) was not only on account of petroleum products, which she supplied to Egypt at prices 15 per cent below those prevailing on the world market, but also due to larger shipments of timber and plywood. During 1955, Czechoslovakia exported to Egypt some capital equipment (including railway rolling stock) and a variety of miscellaneous manufactured goods among which textiles were the most important. While sugar exports from Poland to Sudan declined, those to Israel almost doubled. Rumania's exports of newsprint and timber to Israel were maintained during 1955, whereas there was some increase in exports of newsprint from the USSR to Israel. Wood manufactures, textiles and glassware continued to be the principal exports of the Soviet area to Syria and Lebanon.

The increase in mainland China's exports to the overseas sterling area (from $193 million in 1954 to $211 million in 1955) and the fall in her imports (from $151 million to $134 million) was mainly on account of Hong Kong. The total value of exports to Hong Kong increased from $121 million in 1954 to $157 million in 1955 and though a variety of food products and crude materials continue to figure prominently in these exports, there was a significant increase in manufactured goods (mainly textiles, paper and miscellaneous consumer items), and represented 30 per cent of the total, as

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1 Egypt, Iran, Israel, Lebanon, Sudan and Syria.
compared with 22 per cent in 1954. The decline in imports (from $68 million to $32 million) affected all the main categories: chemical fertilizers, dyestuffs, plastic materials and medicines. China's exports to Malaya and Singapore rose from $29 million to $38 million between 1954 and 1955, and the composition of these exports was very similar to that of exports to Hong Kong. On the other hand, imports from Malaya and Singapore declined by 50 per cent during this period (a fall from $6 million to $4 million); while rubber imports continued to be negligible, this fall was entirely on account of a decline in the value of vegetable oils imported. Trade of mainland China with Ceylon\(^1\) declined in both directions during 1955 owing to a reduced value of rice shipments and a smaller value of rubber purchased. Imports from Pakistan (mostly raw cotton) increased from $26 million in 1954 to $32 million in 1955, while there were practically no exports to that destination in the latter year. The value of imports from both India and Burma increased substantially owing to a higher value of tobacco and rice imports, respectively. There was also a rise in imports from Australia - from $3 million to $5 million.

While imports from Australia (mainly consisting of raw wool) into the USSR declined precipitously from $31 million in 1954 to barely $300,000 in 1955, the value of shipments to Poland was maintained at $16 million and those to Czechoslovakia rose from $5 million to $14 million. Imports from New Zealand into the USSR, on the other hand, were maintained at about $8 million. Imports from Malaya and Singapore into the Soviet area at $12 million in 1955 were $2 million higher than in 1954, and consisted mainly of rubber, and the main importing country was Poland ($10 million in 1955), while exports from the Soviet area amounted to $4 million in both years. The value of imports from the Gold Coast during 1955 were approximately one-half below the level of the previous year; in 1954, they were valued at $21 million and consisted mainly of cocoa. While imports from India into the Soviet area declined from $10 million in 1954 to about $7 million in 1955, the value of exports, on the other hand, doubled, from $6 million in 1954 to $12 million in 1955, and the major commodities were petroleum, machinery and iron and steel products.

The value of exports from the Soviet area into Indonesia at $31 million in 1955 was $19 million higher than in 1954, while imports increased substantially from $7 million to $26 million. Poland and Czechoslovakia accounted for most of the increase in imports, while there was a significant rise in exports from Czechoslovakia and Hungary. Trade of mainland China with Indonesia also expanded during this period - exports rising from $3 million to $9 million and imports increasing $1 million to $5 million consisting mainly of coconut products and sugar). Both Czechoslovakia and

\(^1\) For a detailed discussion of China's trade with Ceylon, see above, page...
Poland imported about $10 million worth of crude rubber each from Indonesia in 1955, while Czechoslovakia also imported substantial quantities of coconut products and vegetable oils. While Czechoslovakia and Hungary exported substantial quantities of textiles, the most significant development was the rise in the combined share of these two countries in the total value of machinery and transport equipment - from 2 per cent in 1954 to nearly 6 per cent in 1955. Exports from these two countries included such manufactured goods as insulated cables and wire rods, internal combustion motors, metalworking, mining, construction, textile and other industrial machinery; sewing machines and motor cycles.

During 1955, there was a substantial expansion in the Soviet area's trade with Yugoslavia. The value of exports to Yugoslavia increased from $6 million in 1954 to $26 million in 1955, while imports also rose from $7 million to $29 million. The Soviet area's exports consisted largely of crude oil, coal and coke, chemical fertilizers and machine tools, while the increase in imports was on account of live cattle and meat, wine, fruits and vegetables, tobacco, hemp and oakum, flooring materials and leather goods.

Apart from the re-emergence of the Soviet area as an important trade partner (accounting for 12 per cent of the total export values and 6 per cent of the total import values of 1955 as compared with only 2 per cent of both exports and imports in 1954), the major development affecting Yugoslavia's trade during 1955 was the diminished role of Continental Western Europe (the total share of exports declined from about 65 per cent to 56 per cent and in imports from 52 per cent to about 40 per cent). The share of the United Kingdom in exports declined from 10 to 8 per cent while in imports the fall was from 7 to 5 per cent. Trade with North America, on the other hand, was maintained at about one-third in imports and one-tenth in exports.

The total value of exports from Yugoslavia was maintained at about $245 million whereas her imports rose from $344 million in 1954 to $432 million in 1955. The major export commodities were forestry products, metals, live animals and meat, tobacco, chemicals and minerals. The principal articles of imports were foodstuffs, raw materials, fuels, electrical equipment, transport equipment and chemicals.
General remarks

In view of the growing importance of the Soviet area and mainland China in world trade it may be useful to examine some of the factors which have contributed to this trend and assess the prospects of the trade of the Soviet area with the rest of the world. During 1955 there has been a significant increase both in the exports and in the imports of the Soviet area, and its trade position vis-à-vis the rest of the world improved considerably in so far as there occurred an apparent export surplus (amounting to about one-tenth of the value of its total imports) as compared with an almost balanced trade in the preceding year; with the exception of Japan and the overseas sterling area, it had a trade surplus with all the major trading groups. Mainland China, too, had a substantial export surplus in 1955 as in 1954 since her imports have only been able to grow very slowly in view of the restrictions still maintained on exports to mainland China.

The overall increase in trade may have been due in certain cases to non-recurrent factors (such as temporary shortages of sugar and cereals), but it would seem that the need for increased imports of foodstuffs and raw materials may continue for a number of years to come. The resumption of trade with Yugoslavia, improved traffic and transit facilities in Austria and Yugoslavia and the increased use of the ports of Hamburg and Rijeka by Eastern European countries have also contributed to such increase. The revision of the strategic controls (which took effect in August 1954) has also affected to a limited extent the development of East-West trade during 1955. Moreover, the past year has been characterized by an active policy on the part of the countries of Eastern Europe (mainly Czechoslovakia, Poland and Hungary) to expand their trade with the non-industrial areas, in particular Latin America, Asia and the Middle East, by means of long-term bilateral agreements, which may indicate a growing recognition on the part of the Soviet countries of the advantages which may be obtained through the reciprocal exchange of goods.

As a result of the re-orientation of the commercial policy of the Eastern European countries, the composition of their exports has undergone a significant shift in favour of manufactures, the share of which amounted to approximately 35 per cent in exports to the industrial areas in 1955 (as compared with about 25 per cent in 1954) and to a substantially higher figure in exports to the non-industrial areas. This increase in the Soviet area's exports of manufactures was largely on account of Czechoslovakia, East Germany, Hungary and Poland, while no comparable increase occurred in respect of such exports from the USSR. The development in the export of manufactures was mainly due to the supply of capital goods which the Eastern European countries, thanks to the priority given to heavy industry, have been in a position to supply in increasing quantities. They now appear to be able to ship capital equipment and semi-manufactures as readily as the industrial countries of the western world. Although the bulk of capital goods imported into the non-industrial countries continues to originate in
the industrial countries of the West, progress has also been made by the Soviet area in these supplies, as exemplified by the trade statistics of such countries as Argentina, Egypt, India and Indonesia. In this connexion, it may be observed that, although a substantial amount of orders for the supply of capital equipment to a number of non-industrial countries have been booked not only at the recent Leipzig, Damascus and New Delhi trade fairs, but also by the diplomatic and trade missions of the Soviet area countries which visited the non-industrial countries during 1954/55, the real significance of these orders can only be seen when the actual trade materializes. To quote a few examples, Poland has sold rolling stock to India, while Hungary and Czechoslovakia have recently signed numerous contracts with many underdeveloped countries for the supply of machine-tools, and Rumania has also met with some success in selling equipment for petroleum extraction.

It may also be noted that during recent years the Eastern European countries have not only been prepared to supply certain machinery items to the non-industrial countries, they have also supplied or undertaken to supply plants completely installed by them. Many important contracts have gone to the Soviet area for the building of specific plants or for public work projects in a number of Middle Eastern and Asian countries. For instance, the USSR has undertaken to construct an integrated iron and steel plant in India. In Burma, East Germany is constructing a sugar refinery. Hungary is erecting two power plants in Egypt. Poland has undertaken to construct a plant for producing electric appliances in Egypt and has signed a contract for the construction of a railway joining Syria and Saudi Arabia. Poland is also setting up a chemical plant in Indonesia and has undertaken to build iron casting plants in Argentina and a plant for producing ships' propellers in Brazil. Czechoslovakia is building cement works in Afghanistan and Lebanon and a porcelain factory in Egypt.

The countries in the Soviet area may have a competitive advantage in the supply of capital goods over the major western industrial countries as a result of a more advanced technical integration in the form of exchange of designs etc. within the area and the specialization that has occurred in the exports of the various countries of the area. For instance, Czechoslovakia has increasingly concentrated on the exports of machine-tools, power plants and motor vehicles, East Germany has specialized on electrical machinery and precision instruments, Hungary on barges, diesel locomotives and electrical appliances, Poland is offering railway rolling stock, mining equipment and power machinery, while Rumania sends oil drilling equipment, pipes and tubes. Ships are also increasingly figuring in the exports of Poland and East Germany.

Another factor which facilitated the conclusion of bilateral trade agreements with the non-industrial countries was (apart from provisions for reciprocal credit, terms for deferred payment and technical aid) the readiness of the Eastern European countries to accept payment for their deliveries in kind over a number of years. They were prepared to buy
important amounts of raw materials and foodstuffs which in certain cases would have been difficult to dispose of on world markets; they were ready to enter into firm commitments both as regards prices and quantities. For instance, Burma was able to dispose of a considerable part of her unsold stocks of rice while the Eastern European demand for cotton contributed significantly to the sustenance of Egypt's trade position. On the other hand, the sporadic nature of the exports of certain commodities to Eastern Europe and mainland China and the rapid transfer of orders from one source of supply to another which have been noticed in recent years do not seem to give to the non-industrial countries the kind of stability which seems to them essential for their economic development. For instance, imports into the Soviet area of dairy products and cocoa during 1955 were significantly below the level of 1954. While it continued to buy a substantial amount of cotton, wool, rubber, meat and cereals from the rest of the world, there were abrupt shifts in the sources of supply between 1954 and 1955. Meat imports from Continental Western Europe declined during 1955 while those from Latin America increased. Wool imports from Australia and the United Kingdom declined while those from Latin America and the Union of South Africa increased. Rubber imports into the USSR from the United Kingdom increased substantially, whereas during 1954 rubber was neither imported from the United Kingdom nor from Malaya and Indonesia, although the USSR appears to have obtained in that year its supplies primarily from mainland China under an agreement whereby the latter was to re-export to the Soviet Union 45 per cent of its imports from South-East Asia.