

Middle East

ISRAEL—Trade with Rumania, Hungary and Poland increased sharply during the first four months of 1958. There is no trade with the Soviet Union or Czechoslovakia, and relations with the former have been strained even more recently by a Soviet arbitration tribunal's dismissal of an Israeli suit for damages arising from the unilateral Soviet disruption of the oil-for-oranges trade in late 1956 as sanction for Israel's offensive against Egypt.

IRAN—Economic relations with the Communist bloc, particularly the Soviet Union, have been increasing during the last two years. A three-year Soviet-Iranian trade agreement concluded in April, 1957, provides for increased trade annually through 1959-1960.

LEBANON—The Communist bloc takes 10 per cent of Lebanese exports and supplies about 4 per cent of imports. The Soviet Union buys about one-third of the citrus crop and gets a good deal of propaganda value from its trade.

UNITED ARAB REPUBLIC—Well-informed sources report Egypt's commodity purchases from the Communist bloc declined sharply during the first five months of 1958. During the first three months of 1958, the Communist bloc accounted for one-third of Egypt's foreign trade, as against more than 40 per cent in the same period of 1957. Since late 1957, Egypt has contracted for \$57,000,000 in Czechoslovak and \$178,000,000 in Soviet credits for industrialization; but less than 1 per cent of the Soviet credit plan projects have been contracted for and no deliveries have begun. Hungarians have built a new bridge across the Nile above Cairo and Czechoslovakia has provided a ceramics factory. Egypt is reported eager to avoid total economic entanglement with the Communists. Syria agreed last October to Soviet credits that may total \$168,000,000 if fully implemented. Syrian trade with the Communist bloc increased sharply in 1957.

YEMEN—Last January, Communist China reportedly gave Yemen an interest-free \$16,000,000 credit for road building and developing light industry, with the Communist Chinese promising also to send technicians and to train Yemeni technicians. Evidence points to increasing trade with the Communist bloc and the presence of many non-Chinese Communist technicians in the country.

Africa

ALGERIA—Trade in the first quarter of 1958 was small, at about the same level as in 1957.

GHANA—A trade mission will probably visit Communist countries later this year.

Soviet Union sharply increased trade with the Communist bloc in 1957.

MOROCCO—A Soviet-Moroccan trade agreement signed last April provides for the exchange of Soviet oil, machinery, textiles, chemicals and lumber for Moroccan cork, sardines, citrus fruit, wool and miscellaneous products. Morocco imports large quantities of green tea from China and the imports rose heavily during the first quarter of 1958.

NIGERIA—Trade with East Germany and Czechoslovakia is likely to amount to several million dollars this year. An offer of Soviet economic assistance is expected after independence is achieved.

SOUTH AFRICA—Trade with the Communist bloc is small, with Czechoslovakia the most important. South Africans hope to repeat this year the unusual 1957 sales of wool and citrus fruit to the Soviet Union.

Asia

AFGHANISTAN—About 40 per cent of Afghanistan's foreign trade is estimated to be with the Communist bloc, and the country has also received Communist aid, primarily from the Soviet Union and Czechoslovakia, for various domestic development projects. Last January, Afghanistan agreed to accept Soviet help in exploring for oil.

BURMA—Burma has Soviet credit but has been unable to get satisfactory Soviet goods and has tried in vain to have the credits transferred to other Communist countries. The Burmese are reported favorably impressed by Soviet "gift" projects including a technical institute, a hospital, hotel, exhibition hall and stadium, though the Burmese were forced to agree to a reciprocal gift of twenty-year shipments of rice and other goods.

CAMBODIA—Communist China has promised aid, in the form of goods and foreign exchange, equivalent to \$22,400,000. By the end of 1957, more than \$5,000,000 of aid goods had arrived but the construction of various plants promised is apparently still distant. Czechoslovakia, Poland, the Soviet Union and North Vietnam have been seeking Cambodian trade.

CEYLON—Trade with Communist China this year is likely to be the same as or less than last year, when the Chinese took 11 per cent of Ceylon's exports (mostly rubber) and sent 5 per cent of imports (mainly rice). Peiping is providing \$3,250,000 worth of goods in aid this year instead of paying a premium rubber price as before. A Soviet aid pact was concluded early this year, with the Russians offering a loan of \$28,500,000 for five years at 2.5 per cent. A Soviet team is in Colombo discussing projects in the country.

INDONESIA—The Communist bloc has permitted Ceylon's Government to subsidize much replacement of worn-out rubber trees by high-yielding ones.

INDIA—Communist bloc trade this year is likely to be about the same as or slightly more than last year's \$128,000,000, or 4.6 per cent of India's foreign trade. India is favorably impressed by the quality of Communist goods and the level of prices. Work is continuing on the Soviet-financed Bhilai steel mill, while Moscow has given an additional \$126,000,000 credit for building a machinery plant, a coal-mining equipment plant, optical glass factory and a 250,000-kilowatt thermal power station, but no work has begun on these yet. The Russians have gathered more publicity and praise than has the United States for aid, although Soviet credits are only one-sixth of American grants and loans. The Soviet Union is helping India prospect for oil.

Activity in Indonesia

Indonesia—The volume of trade with the Communist bloc and of technical and cultural exchanges shows an appreciable increase this year over 1957. Trade with the Soviet Union is increasing because of a \$100,000,000 Soviet credit under which Indonesia is considering obtaining equipment for an electrification program and for highways. Communist China

made an emergency delivery this year of 25,000 tons of rice and 72,000,000 yards of textiles on a ten-year credit at 2.5 per cent. Peiping has offered textile plant on easy credit terms. The Soviet Union has offered unlimited credit to private industry, but no definite deals are known to have been concluded. Communist China and Russia have stepped up rubber purchases.

Japan—Communist China canceled a \$210,000,000 trade agreement with private firms earlier this year in a pique over Japanese Government policy. A Japanese-Soviet trade agreement authorizes \$60,000,000 in trade this year, triple last year's. There is a similar \$6,000,000 trade pact with Poland. The pre-war sea routes between Japan and the Soviet Union were recently restored.

Malaya—There has been a sharp decline in Soviet-Malayan trade this year. Coconut oil has supplanted rubber as the chief Russian commodity purchase. China is the principal Communist trader with Malaya. Moscow offered recently to provide technical assistance, but the Malayan Government has not responded.

NEPAL—Communist China has promised to give Nepal \$12,600,000, of which about \$4,000,000 has been received. About 10 per cent of Nepal's trade is with Tibet.

PHILIPPINES—There is very

little trade with the Communist bloc. Two Philippine businessmen were reported recently to have visited Moscow seeking loans to promote business enterprises.

THAILAND—Very little Communist bloc trade. An effort to conclude a Soviet-Thai trade agreement failed recently when Bangkok declined concessions. Soviet offers for Thai rubber are at prices below those of other buyers.

Australia and New Zealand

AUSTRALIA—Communist bloc countries, notably Poland, Czechoslovakia and Hungary, have increased their wool purchases nearly 20 per cent in recent months, compared with last year. Exports to Communist China reached \$5,200,000 in the first quarter of 1958, more than double the volume for the same period last year.

NEW ZEALAND—Late last month the Commercial Counselor of the Soviet Legation made a public speech complaining that while his country buys more than \$8,000,000 worth of goods annually, chiefly wool, New Zealand buys practically nothing from Russia in exchange. Some expansion of the limited trade with Communist China has occurred recently and a delegation from Peiping is to arrive in New Zealand soon to seek greater trade.