PRINCETON STUDIES IN INTERNATIONAL FINANCE NO. 8

Financing Free World Trade with the Sino-Soviet Bloc

Raymond F. Mikesell

and

Jack N. Behrman

INTERNATIONAL FINANCE SECTION

DEPARTMENT OF ECONOMICS AND SOCIOLOGY

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THIS is the eighth number in the series called PRINCETON STUDIES IN INTERNATIONAL FINANCE. These monographs are published from time to time by the International Finance Section of the Department of Economics and Sociology in Princeton University. The authors have long been active in studying international economic problems. Raymond F. Mikesell is now W. E. Miner Professor of Economics at the University of Oregon. He has frequently served as a consultant to various United States and international organizations, both public and private. Jack N. Behrman has recently accepted an appointment as Professor of Economics at the University of Delaware. Before that he had been at Washington and Lee University and was for three years prior to that a Research Assistant in the International Finance Section.

This study was undertaken as a part of a systematic inquiry into the foreign economic relations of the Soviet Union, Eastern Europe, and Mainland China. It was sponsored by the Soviet Bloc Foreign Economic Relations Project of the Woodrow Wilson Department of Foreign Affairs at the University of Virginia and financed by the Dearborn Foundation. The authors are grateful for the many services provided by the Project in the course of the study. Robert Loring Allen, its director, read and commented on the manuscript and directed the compilation of the appendix tables. Mr. Aubrey Drewry made important contributions to the statistical analysis. The authors also acknowledge substantial assistance from Mr. Franklin Howard, Mr. Donald Wells, Mr. William Bartsch, and Mr. Hermann Stoller in gathering and assembling data. Mrs. Lucy Vick, secretary to the Project, performed many essential chores in connection with the preparation of the manuscript.

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While the Section sponsors the STUDIES, the writers are free to develop their topics as they will. Their ideas and treatment may or may not be shared by the editorial committee of the Section or the members of the Department.

GARDNER PATTERSON, *Director*

Princeton University
June 1958

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INTRODUCTION

TRADE between the Sino-Soviet bloc countries[1] and the rest of the world is both a weapon of the cold war and an aspect of peaceful coexistence. On both sides of the Iron Curtain, the conduct of trade is closely controlled and heavily burdened with national economic and security interests. The primary concern of this study is with the financial and trading practices of the Free World and Communist bloc trading partners. Most of this trade is conducted under some form of bilateral agreement. Therefore, our investigations have centered on the character and operation of the agreements and on the economic and political motivations underlying them.

A portion of this study is devoted to a statistical and qualitative analysis of the trade and payments agreements and of the volume and character of the trade which has been conducted under them. Our primary aim, however, has been to evaluate certain financial and trading practices and arrangements from the standpoint of the interests and objectives of the Free World trading partners. This is, of course, a limited objective since an evaluation of the full impact of East-West trade would require economic considerations far beyond the terms of reference of this study.

The study begins with a brief review of the structure and organization of Sino-Soviet bloc trade, followed by a chapter on Free World and bloc motives for negotiating bilateral trade and payments agreements. Chapters III and IV, which form the bulk of this monograph, are devoted to a description of the financial and other commercial practices employed in East-West trade, with special emphasis on the negotiation, nature, and operation of the trade and payments agreements. A statistical analysis of the trade under some 240 agreements is also given in Chapter IV. In Chapter V, we have sought to characterize the experience of Free World countries in trading under agreements with the Sino-Soviet bloc. This review is based in large part upon unpublished case studies covering the motivation, negotiating problems, and operating experience under bilateral agreements of selected Free World countries and bloc countries. The final chapter

1 Sino-Soviet bloc countries comprise the following: USSR; Soviet European Satellites, which include Albania, Bulgaria, Czechoslovakia, Soviet Zone of Germany, Hungary, Poland, and Rumania; China (since 1949), which includes Mainland China, Manchuria, Inner Mongolia, and Tibet; Outer Mongolia; North Korea (beginning 1951); and North Vietnam (beginning 1955). Free World includes all other countries.

summarizes the major conclusions and presents an overall evaluation of the operation of the East-West bilateral arrangements.

SOURCES OF INFORMATION

Information on Sino-Soviet bloc trade and payments agreements with Free World countries has been obtained almost exclusively from non-Soviet sources. The Soviet bloc countries have only recently let down some of their bars to dissemination of statistical information, and analytical studies from that side are virtually non-existent. A modicum of information is available in Soviet propaganda pieces, but the reliability of such sources is small save for presenting *avowed* objectives of the agreements signed by bloc countries.

Information on bilateral agreements and trade practices from the Free World side is also limited. Little has been published of an analytical nature and even information concerning the provisions of the agreements is often classified or unavailable outside of government circles. We attempted to overcome these hurdles by talking at length with persons in the United States government and with officials of some foreign governments, thus obtaining a "non-official" picture from those having firsthand information. These discussions gave us many leads and helped us to interpret some of the data which we have been able to uncover.

Much of the information presented in this study came from a gleaning of the unclassified files of the Department of Commerce, whose officials were most helpful and gave unstintingly of their time. Officials of the State Department provided us with a complete set of agreements (abstracted) between Free World nations and members of the Sino-Soviet bloc. We have also drawn heavily upon articles in the domestic and foreign press. Some of the information which we were able to obtain cannot be considered as "verified." In several instances, information found in one source was contradicted by later information on the same subject. Despite considerable checking, we cannot be sure that all that has been recorded here is correct, but we believe the errors are not such as to invalidate any of our conclusions or seriously to alter our analysis.

I. THE STRUCTURE OF EAST-WEST TRADE

THE volume and character of trade between the Sino-Soviet bloc and the Free World have been determined primarily by the national economic and political security policies of the trading partners, and to only a limited degree by free market forces. All of the foreign trade on the bloc side and most of the trade with the bloc on the Free World side is subject to government controls. Controls on the Free World side range from security restrictions on exports of certain goods to the bloc or to certain bloc members,[1] to licensing and quota controls on all trade with bloc countries.

PRE-WORLD WAR II

Soviet trade relations and those of the countries under Russian domination have undergone several major shifts since World War I, reflecting basic changes in Soviet economic and political policies and objectives. During the interwar period Soviet policy emphasized internal self-sufficiency, and Russia limited her foreign trade to that necessary to achieve her basic development goals. Both imports and exports during the interwar period were well below the 1913 levels.[2]

During her first Five-Year Plan (1928-1932), Russia placed large orders for machine tools and other heavy industrial equipment in the United States and Germany. Technical excellence rather than reciprocal commercial advantage tended to be the predominant consideration.[3] Russia's imports of industrial raw materials were largely imported from traditional sources and not under bilateral agreements.

In contrast to the period following World War II, Russia's interwar trade was largely multilateral in character and she made relatively little effort to use her trade as a bargaining weapon for creating economic or political advantage. Russia had trade deficits in most of the years between 1925 and 1932; these were covered by gold sales, by drawing down currency reserves, and by short-term commercial credits from abroad. After 1932 Russia's imports were sharply reduced and her trade position reversed, so that she was able to repay most of her commercial

1 The United States government prohibits all trade and financial transactions with North Korea and Mainland China.

2 During the interwar period, Soviet exports never exceeded a half billion dollars annually as compared with $780 million in 1917, and imports never rose over $570 million as compared with $707 million in 1913. See *Foreign Commerce Yearbook*, U.S. Department of Commerce, 1939, p. 125.

3 A. M. Baykov, *Soviet Foreign Trade*, Princeton University Press, Princeton, N.J., 1946, pp. 73-74.

indebtedness by 1935.[4] By 1938 Russia's trade was approximately balanced at about a third of a billion dollars (see Table 1) as compared with exports and imports of more than double this amount in 1930.

In contrast to the widespread bilateralism practiced by other Central and Eastern European countries, Russia negotiated but few clearing agreements. She was a partner to only three agreements in 1936 and five in 1939.[5] In 1937 only 18 per cent of Russia's imports and 9 per cent of her exports were financed through clearing agreements. In contrast, Bulgaria financed 88 per cent of her imports through clearing agreements in 1937; Czechoslovakia, 29 per cent; Germany, 53 per cent; Hungary, 60 per cent; Italy, 46 per cent; the Netherlands, 23 per cent; Rumania, 75 per cent; Sweden, 24 per cent; Switzerland, 36 per cent; Turkey, 72 per cent; and Yugoslavia, 61 per cent.

The Early Postwar Period, 1947-1951

Following World War II, the trade of Eastern Europe came under Russian control. Before the war, trade between Russia and Eastern Europe had been almost negligible, and among these countries themselves relatively small, but Russian postwar policy was directed toward increasing trade within the Soviet bloc at the expense of satellite trade with the rest of the world. By 1950 about one-third of Eastern Europe's trade was with the USSR and intra-Soviet bloc trade represented about two-thirds of the total trade of this area.

Following World War II, trade between Western Europe and the Soviet bloc rose slowly. By 1948 Soviet bloc exports to Western Europe were only 31 per cent of the 1938 volume and imports from Western Europe were but 59 per cent of the 1938 volume. Czechoslovakian and Polish exports to Western Europe were substantially larger, relative to 1938, than was the case with Russian exports. In fact, these countries achieved fairly substantial surpluses in their trade with Western Europe in 1948, a portion of which were received in sterling available for making purchases of raw materials in the outer sterling area.

By 1949 the Soviet bloc's trade surplus with Western Europe had disappeared. During the next three years both exports and imports (by volume) with Western Europe declined (see Table 3). This was caused

[4] Soviet indebtedness reached 1.4 billion rubles in 1931 (about a quarter of a billion dollars), mainly in the form of short- and medium-term credits for the purchase of goods. See Harry Schwartz, *Russia's Soviet Economy*, Prentice-Hall, New York, 1954, p. 589.

[5] See Margaret S. Gordon, *Barriers to World Trade*, Macmillan, New York, 1941, p. 131. In contrast, Bulgaria was a party to 13 clearing agreements in 1936; Czechoslovakia, 10; Germany, 28; Hungary, 12; Rumania, 17; Turkey, 18; and Yugoslavia, 11. (*Ibid.*, pp. 130-131.)

Table 1

Merchandise Trade of Major Free World Areas with Sino-Soviet Bloc, USSR, European Satellites, and Communist China 1938, 1948, 1952-1956 (millions of dollars)*

	Imports				*Exports*			
Year	*From Sino-Soviet bloc*[1]	*From USSR*	*From European satellites*	*From Communist China*	*To Sino-Soviet bloc*	*To USSR*	*To European satellites*	*To Communist China*
a. *United States and Canada*								
1938[2]	129.1	26.9[a]	51.0	51.2	192.3	75.3[b]	65.5	54.5
1948	242.4	86.9	31.3	124.2	444.5	28.1	113.9	302.5
1952	76.0[c]	19.2	27.8	25.9	1.7	—	1.7	—
1953	51.7[c]	11.7	29.6	1.7	2.3	—	2.3	—
1954	54.9[c]	12.5	33.7	1.9	12.1	5.2	6.8	.1
1955	73.2[c]	17.5	42.9	3.4	19.0	3.0	15.0	1.0
1956	88.5[c]	25.4	50.0	6.0	76.3	28.6	45.2	2.5
b. *Europe*[3]								
1938	1,146.0	312.7[a]	732.3	101.0	859.8	227.7[b]	544.3	87.8
1948	1,268.4	338.9	860.2	69.3	1,011.6[d]	313.6[d]	616.1	81.9
1952	1,076.6	383.7	635.2	57.7	972.6[e]	386.7[e]	535.3	50.6
1953	1,103.7	332.6	642.1	129.0	983.3	336.3	546.2	100.8
1954	1,237.2[f]	414.4	722.4	100.3	1,193.7	405.4	698.8	89.5
1955	1,624.8[f]	536.0	956.4	128.2	1,378.3	425.6	841.5	112.2
1956	1,949.5[g]	666.0	1,116.8	165.7	1,774.5	619.5	960.5	194.5
c. *Latin America*[4]								
1938	21.2	.4	20.6	.2	22.0	1.2	19.3	1.5
1948	33.1	.6	31.4	1.1	75.7	1.7	70.8	3.2
1952	25.1	—	24.8	.3	20.8	—	20.8	—
1953	26.8	—	26.8	—	37.8	12.4	24.5	.9
1954	98.9	36.7	62.2	—	133.8	57.2	72.8	3.8
1955	145.5	32.3	113.2	—	180.2	71.4	102.8	6.0
1956	118.6	29.9	87.6	1.1	106.7	30.4	74.7	1.6

(Continued on next page)

Table 1 (Continued)

Year	*Imports* From Sino-Soviet bloc[1]	From USSR	From European satellites	From Communist China	*Exports* To Sino-Soviet bloc	To USSR	To European satellites	To Communist China
d. *Far East*[5]								
1938	275.6	1.9[a]	14.1	259.6	439.5	5.1	14.0	420.4
1948	271.0	16.8	18.4	235.8	237.9	80.6	27.2	130.1
1952	298.9	11.1	22.1	265.7[h]	297.0	29.7	55.4	211.9
1953	320.4	11.1	26.2	283.1[h]	206.5	8.2	30.4	167.9
1954	284.0[i]	5.9	30.8	247.2	218.4[i]	9.3	31.4	177.7
1955	389.1	10.0	54.7	362.2[h]	254.8	12.9	77.4	164.5
1956	535.5	38.7	64.0	424.8[h]	305.9	50.0	63.6	192.3
e. *Near East and Africa*[6]								
1938	72.5	24.1	43.4	5.0	35.7	15.4	19.1	1.2
1948	108.3	48.7	46.7	12.9	97.7	63.9	31.5	2.3
1952	105.6	55.2	43.2	7.2	117.9	65.3	43.7	8.9
1953	89.7	23.4	55.7	11.6	76.9	32.0	34.3	10.6
1954	98.3	27.5	57.7	13.1	113.6	53.1	47.8	12.7
1955	123.1	28.4	72.6	22.1	170.6	65.5	79.2	25.9
1956	175.1	43.1	98.0	34.0	193.5	42.8	123.3	27.4
f. *Oceania*[7]								
1938	9.0	.8	4.9	3.3	17.3	4.5[a]	10.3	2.5
1948	23.8	.2	14.6	9.0	59.6	34.5	17.8	7.3
1952	16.3	1.3	10.8	4.2	18.9	—	18.3	.6
1953	12.6	1.8	6.0	4.8	73.3	33.1	34.9	5.3
1954	15.3	1.9	8.8	4.6	73.2	40.5	29.5	3.2
1955	16.2	2.2	8.8	5.2	57.8	6.4	44.7	6.7
1956	16.8	1.4	10.0	5.4	57.6	5.7	41.4	10.5
g. *All areas—Year totals*[j]								
1938	1,653.4	366.8	866.3	420.3	1,596.6	329.2	672.5	567.9
1948	1,947.0	492.1	1,002.6	452.3	1,927.0	522.4	877.3	527.3
1952	1,598.5	470.5	763.9	361.0	1,428.9	481.7	675.2	272.0
1953	1,604.9	380.6	786.4	430.2	1,380.1	422.0	672.6	285.5
1954	1,788.6	498.9	915.6	367.1	1,744.8	570.9	887.1	287.0
1955	2,371.9	626.4	1,248.6	521.1	2,060.7	584.8	1,160.6	316.3
1956	2,884.0	804.5	1,426.4	637.0	2,514.5	777.0	1,292.1	428.8

[a] Includes imports from Estonia, Latvia, and Lithuania.
[b] Includes exports to Estonia, Latvia, and Lithuania.
[c] Includes imports from Outer Mongolia, North Korea, and North Vietnam.
[d] For Finland, includes reparations delivered to USSR valued at $84.9 million.
[e] For Finland, includes reparations delivered to USSR valued at $35.7 million from January 1952 to September 1952, when reparations deliveries were terminated.
[f] Includes imports from Outer Mongolia, North Korea, and North Vietnam by the Federal Republic of Germany.
[g] Includes imports from Outer Mongolia, North Korea, and North Vietnam by Belgium-Luxembourg, and the Federal Republic of Germany.
[h] In the case of Taiwan, represents goods of Communist Chinese origin imported from Hong Kong.
[i] 1954 data relate to Indochina, which included Vietnam, Laos, and Cambodia. For Japan, includes imports from Outer Mongolia.
[j] Totals differ by small amounts from those given in Table 2 because of the inclusion in Table 1 of the trade of countries not covered in the area categories given in Table 2.
[1] The Sino-Soviet bloc comprises the following: Soviet European satellites, which include Albania, Bulgaria, Czechoslovakia, Soviet Zone of Germany, Hungary, Poland, and Rumania; USSR, including Estonia, Latvia, and Lithuania; Outer Mongolia; North Korea, beginning 1951; North Vietnam, beginning 1955; and China, for which data since 1949 refer (as far as possible) to Mainland China, Manchuria, Inner Mongolia, and Tibet.
[2] The 1938 data are not comparable with those for later years for many reasons. Most important are the lack of information about trade with that part of Germany known today as the Soviet Zone and lack of uniform definitions for "China." No adjustments have been made in original data except as indicated.
[3] Europe: Data include trade of Belgium and Luxembourg, Denmark, France, Federal Republic of Germany, Greece, Italy (including Trieste), Netherlands, Norway, Portugal, Turkey, United Kingdom, Austria, Finland, Iceland, Sweden, Switzerland, and Yugoslavia.
[4] Latin America: Data include trade of Argentina, Brazil, Cuba, and Uruguay.
[5] Far East: Data include trade of Burma, Ceylon, Hong Kong, India, Indochina, Indonesia, Malaya, Pakistan, and Taiwan.
[6] Near East and Africa: Data include trade of Egypt, Gold Coast, Iran, Israel, Lebanon, French Morocco, Nigeria, Syria, and Union of South Africa.
[7] Oceania: Data include trade of Australia and New Zealand.
* *Source: The Strategic Trade Control System, 1948-1956,* Ninth Semiannual Report to Congress under the Mutual Defense Assistance Control Act of 1951, Washington, D.C., 1957, pp. 94-107. *East-West Trade Developments, 1956-1957,* Tenth Semiannual Report to Congress under the Mutual Defense Assistance Control Act of 1951, Washington, D.C., 1958, pp. 52-55.

Table 2

Total Free World Trade and Free World Trade with Sino-Soviet Bloc, Annually 1947-1956 and January-June 1957*

(millions of dollars)

Period Covered	*Total to world*	*Sino-Soviet bloc as per cent of world*	*Total Sino-Soviet bloc*	*European Soviet bloc*	*European satellites*	*USSR*	*Communist China*
			Free World exports				
Year 1947	48,567	4.1	2,005.7	1,333.5	856.5	477.0	672.2
Year 1948	53,784	3.7	1,968.5	1,434.2	900.7	533.5	534.3
Year 1949	55,131	3.0	1,666.7	1,342.6	914.2	428.4	324.1
Year 1950	56,480	2.7	1,544.8	1,092.7	791.6	301.1	452.1
Year 1951	76,501	2.2	1,688.5	1,242.3	854.8	387.5	446.2
Year 1952	73,778	1.9	1,438.2	1,165.7	682.4	483.3	272.5
Year 1953	74,757	1.9	1,388.8	1,101.4	677.9	423.5	287.4
Year 1954	77,542	2.3	1,764.2	1,470.2	896.7	573.5	294.0
Year 1955	84,148	2.5	2,074.5	1,757.9	1,158.5	599.4	316.6
Year 1956	93,557	2.7	2,535.6[a]	2,102.1	1,319.0	783.1	433.4
Jan.-June 1957 (prel.)	50,228	2.9	1,468.5[a]	1,218.1	714.1	504.0	247.3
			Free World imports				
Year 1947	53,327	2.7	1,424.7	1,006.8	732.9	273.9	417.9
Year 1948	59,935	2.4	2,008.0	1,519.7	1,026.0	493.7	488.3
Year 1949	60,030	2.0	1,796.8	1,370.6	1,089.9	280.7	426.2
Year 1950	59,191	2.9	1,727.0	1,192.3	940.0	252.3	534.7
Year 1951	81,372	2.3	1,883.0[a]	1,358.1	967.5	390.6	524.7
Year 1952	80,114	2.0	1,633.9[a]	1,262.9	794.6	468.3	367.9
Year 1953	76,396	2.1	1,631.1[a]	1,189.7	807.9	381.8	432.7
Year 1954	79,513	2.3	1,835.6[a]	1,453.2	952.7	500.5	375.4
Year 1955	88,898	2.7	2,418.4[a]	1,914.4	1,281.5	632.9	494.4
Year 1956	97,971	3.0	2,943.4[a]	2,284.0	1,470.1	813.9	643.3
Jan.-June 1957 (prel.)	53,926	2.9	1,567.9[a]	1,232.2	747.6	484.6	321.4

[a] Includes trade with Outer Mongolia, North Korea, and North Vietnam, where available.
* *Source: East-West Trade Developments, 1956-1957,* Tenth Semiannual Report to Congress under the Mutual Defense Assistance Act of 1951, Washington, D.C., 1958, Table 1, p. 50.
Source for world totals: International Monetary Fund, *International Financial Statistics,* Washington, D.C.

partly by the low level of cereal production in Eastern Europe and partly by a shift of Eastern European trade to the USSR. While Western Europe's trade was expanding, both within Western Europe and outside of Europe, the Soviet bloc's trade with the outside world was contracting. Between 1948 and 1952, Sino-Soviet bloc exports to the Free World declined by over $350 million and imports by more than $500 million. (See Table 2.)

Soviet bloc trade with non-European countries (other than Communist China) also decreased sharply between 1948 and 1951; well over

Table 3

Indexes of Volume of Trade Between Eastern and Western Europe, 1938, 1949, 1950, 1952, 1954, 1955, and 1956

(1950 = 100)

Year	*Imports into Western Europe*	*Exports from Western Europe*
1938	305	205
1949	111	103
1950	100	100
1952	85	91
1954	107	129
1955	134	137
1956	153	161

Source: United Nations, *Economic Bulletin for Europe*, Geneva, August 1957, p. 35; August 1956, p. 43; and August 1955, p. 35.

half of this trade was with the outer sterling area. The Soviet bloc countries had a substantial trade deficit with the outer sterling area and other primary commodity-producing areas, including Latin America. Trade with non-European countries (excluding Mainland China) was relatively small; imports averaged $340 million in 1950-1951 and exports $225 million for the same period. In volume terms this was less than half of the bloc's trade with these countries in 1938.[6] Soviet bloc exports to the United States were $113 million in 1948 but declined to $40 million in 1952; United States exports to the Soviet bloc fell from $122 million in 1948 to only $1 million in 1952.

During 1948-1952, Communist China increased its trade with Eastern Europe more than fivefold. China's trade with the Free World declined sharply, especially after China's entrance into the Korean War and the imposition of the United Nations' embargo on the export of strategic materials. China's trade with countries outside the Soviet bloc was very largely with the sterling area countries of the Far East, particularly Hong Kong, Malaya, Pakistan, India, and Ceylon.

Postwar Trade, 1953-1956

In 1948, trade between the Free World and the Sino-Soviet bloc was approximately balanced at about $2 billion each way, but the value declined thereafter to a low in 1953 of less than $1.4 billion for Free World exports and $1.6 billion for Free World imports. Since 1953, however, trade between the two areas has been rising steadily, so that in 1956 Free World exports to the Sino-Soviet bloc were $2.5 billion and imports were $2.9 billion (see Table 1).

[6] United Nations, *Economic Bulletin for Europe*, Geneva, November 1952, p. 37.

The bulk of this rise was accounted for by increased trade between Eastern and Western Europe. The volume of trade between Eastern and Western Europe increased by nearly 50 per cent between 1952 and 1956 (see Table 3). The proportion of East-West trade to total trade for both the Soviet and the non-Soviet countries of Europe has also risen in the past few years, but the relative importance of East-West trade in 1956 for both areas was still well below that of 1948 (see Table 4).

Table 4

Relative Importance of East-West European Trade in Total Trade of Eastern and Western Europe, 1937, 1948, 1954, 1955, and 1956[a]

(percentages)

Year	*Western Europe* *Imports*	*Western Europe* *Exports*	*Eastern Europe* *Imports & Exports*
1937	8.4	6.9	58
1948	5.0	4.6	33
1954	2.9	3.2	14
1955	3.4	3.2	16
1956	3.7	3.5	18

a Excludes postwar trade between Eastern and Western Germany. Eastern Europe includes Poland, Hungary, Rumania, Czechoslovakia, USSR, Albania, Bulgaria, and Eastern Germany.

Source: United Nations, *Economic Bulletin for Europe*, Geneva, August 1956, p. 48, and August 1957, p. 36.

Trade between the Sino-Soviet bloc countries and the less developed countries of the Free World approximately doubled between 1953 and 1956. In 1956 this trade accounted for about one-fourth of total Free World trade with the bloc. Among the less developed countries which substantially increased their trade with the bloc during the 1953-1956 period were Argentina, Brazil, Burma, Cuba, Egypt, India, Indonesia, Israel, South Africa, the Sudan, Turkey, and Uruguay.

Not only has trade between the Soviet bloc and the Free World grown since 1953, but there have also been important shifts in its relative composition. Manufactures and crude materials and fuels have gained at the expense of cereals in Eastern European exports to Western Europe. Grain, coal, and timber, which accounted for about half of Eastern European exports to Western Europe a few years ago, now make up less than one-third. Growing exports of steel and heavy manufactures reflect the emphasis on industrialization in Eastern Europe.

The growth of manufacturing exports has been even greater in Eastern Europe's trade with overseas countries. While the bulk of the Soviet bloc exports to these countries continues to take the form of petroleum, coke, crude steel, cement, and light-industry commodities such as textiles, the recent agreements provide increasing exports of machinery and heavier manufactures. In exchange, the Soviet countries are eager to buy foodstuffs and raw materials, and their bargaining power is particularly high with countries seeking to export commodities like cotton and rubber, which tend to be in surplus on Free World markets.

The negotiation of new trade and payments agreements, together with a broadening of old agreements and the granting of credits between bloc members and Free World countries, has played a part in this trade expansion. But the role of the agreements should not be overemphasized. Fundamental demand and supply factors arising from economic causes have been of major importance in bringing about the expansion of trade and a shift in its commodity composition and geographical pattern.

Among the economic factors responsible for this growth in East-West trade are (1) the increased Soviet demand for consumers' goods following the death of Stalin; (2) the growing West European demand for imports which accompanied the industrial boom beginning in late 1952; (3) the greater availability of manufactured goods in Eastern European countries; and (4) the rising East European requirements for raw materials and foodstuffs.

A more favorable political climate since the death of Stalin has of course permitted these forces to operate more effectively. The conclusion of the Austrian Peace Treaty ending the occupation of Austria in 1955, the resumption of normal trade relations between Yugoslavia and the Soviet bloc countries in 1954, and the August 1954 reduction of the items on the list of strategic commodities embargoed by the Western European countries to the Soviet bloc also contributed to the expansion of trade between Eastern and Western Europe.

Importance of Bilateral Agreements

Bilateralism, or the conscious control of trade for achieving a bilateral balance, may arise either from the nature of the trade agreement or from the means of financing established by the bilateral agreement. For example, two countries may agree to plan their trade so as to achieve a bilateral balance even though the means of financing are multilateral. On the other hand, two countries may agree to finance their trade through a clearing account and to maintain a balance in the account over time without adopting a rigid system of bilateral trade quotas. As a rule, however, pairs of countries which agree to finance their trade with one another through a clearing account also adopt a trade agreement with rigid quotas designed to achieve bilateral balance.

Bilateralism was well established in Eastern Europe before World War II and the period of Russian domination. Moreover, in the early postwar period, bilateral trade and payments agreements guided trade among nearly all non-dollar countries except members of the sterling area. Immediately following World War II, the Eastern European countries, especially Czechoslovakia, Hungary, and Poland, concluded a number of bilateral trade and payments agreements with Western Europe and, to a lesser extent, with non-European countries. In some cases these were simply a renewal of prewar agreements, since a large proportion of the trade of the Eastern European countries, other than the USSR, had been conducted under payments and clearing agreements. During 1947-1951, the USSR concluded fewer agreements than did either Czechoslovakia or Poland. Almost all of Russia's agreements were with Western Europe and the Sino-Soviet bloc.

There were approximately 240 bilateral trade and/or payments agreements between Free World and Sino-Soviet bloc countries in operation in 1957. This represents a significant increase in the number of agreements since 1952, mainly because of the larger number of agreements with the less developed countries. However, a larger number of agreements does not necessarily imply a larger proportion of trade which is conducted under bilateral agreements.

The diversity of the types of trade and payments agreements between Free World and Sino-Soviet bloc countries makes difficult any statistical comparisons of agreement with non-agreement trade. Some agreements cover only a part of the trade, some have to do solely with trade, while others cover both trade and financing. Some of the agreements are between governments, while other agreements are with private associations or enterprises in the Free World countries. Notwithstanding the statistical problems involved, some idea of the proportion of East-West trade between agreement partners can be obtained.

Table 5 shows exports and imports by area between Free World and Sino-Soviet bloc countries which were partially or wholly covered by trade and/or payments agreements in 1955.[7] The total trade turnover between the pairs of agreement countries was about $3.1 billion in 1955, or about 71 per cent of the total trade turnover for all Free

[7] Table 5 includes agreements negotiated by semi-official groups such as chambers of commerce and federations of industries as well as government-to-government agreements. Private compensation or barter agreements involving individual enterprises or trade associations with apparently no official standing were not included.

Table 5

Merchandise Trade Between Free World and Sino-Soviet Bloc by Major Areas:
Total Imports and Exports in 1955 and Per Cent of Total Trade Between Countries
Which Were Partners to Trade Agreements in 1955
(Italic figures are percentages and other figures are values in millions of dollars)

Free World Area:	Imports from bloc	Per cent of all imports	Imports from USSR: Value	Imports from USSR: % of total imports from bloc	Imports from China: Value	Imports from China: % of total imports from bloc	Imports from satellites: Value	Imports from satellites: % of total imports from bloc
United States and Canada	73.2	*0.4*	17.6	*24.0*	3.4	*4.6*	52.2	*71.4*
% under agreements	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Latin America								
Total Trade	136.1	*1.9*	32.3	*23.7*	1.8	*1.3*	102.0	*75.0*
Agreement partners trade	124.6	—	32.3	—	—	—	92.3	—
% under agreements	*91.6*	—	*100.0*	—	—	—	*90.5*	—
Europe								
Total Trade	1629.0	*4.0*	536.9	*33.0*	132.3	*8.1*	959.8	*58.9*
Agreement partners trade	1222.8	—	315.9	—	4.1	—	902.8	—
% under agreements	*75.1*	—	*58.8*	—	*3.1*	—	*94.1*	—
Middle East								
Total Trade	108.6	*4.0*	33.5	*30.8*	13.8	*12.7*	61.3	*56.4*
Agreement partners trade	81.4	—	33.0	—	1.1	—	47.3	—
% under agreements	*75.0*	—	*98.5*	—	*8.0*	—	*77.2*	—
South Asia & Far East								
Total Trade	385.8	*4.3*	10.4	*2.7*	322.8	*83.7*	52.6	*13.6*
Agreement partners trade	172.5	—	9.6	—	115.2	—	47.7	—
% under agreements	*44.7*	—	*92.3*	—	*35.7*	—	*90.7*	—
Africa	49.0	*0.9*	.5	*1.0*	22.4	*45.7*	26.1	*53.3*
Oceania	15.4	*0.6*	2.1	*13.6*	5.3	*34.4*	8.0	*51.9*
FREE WORLD TOTALS								
Total Trade	2397.4	*2.9*	633.3	*26.4*	502.1	*20.9*	1262.0	*52.6*
Agreement partners trade	1601.3	—	390.8	—	120.4	—	1090.1	—
% under agreements	*66.8*	—	*61.7*	—	*24.0*	—	*84.4*	—

(Continued on next page)

Table 5 (continued)

Free World Area:	Exports to bloc	Per cent of all exports	Exports to USSR: Value	Exports to USSR: % of total exports to bloc	Exports to China: Value	Exports to China: % of total exports to bloc	Exports to satellites: Value	Exports to satellites: % of total exports to bloc
United States and Canada	18.7	*0.1*	2.9	*15.5*	1.0	*5.3*	14.8	*79.1*
% under agreements	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Latin America								
Total Trade	177.7	*2.3*	71.4	*40.2*	5.2	*2.9*	101.1	*56.9*
Agreement partners trade	132.6	—	34.3	—	—	—	98.3	—
% under agreements	*74.6*	—	*48.0*	—	—	—	*97.2*	—
Europe								
Total Trade	1376.6	*3.9*	425.5	*30.9*	111.1	*8.1*	840.0	*61.0*
Agreement partners trade	1105.9	—	301.0	—	12.5	—	792.4	—
% under agreements	*80.3*	—	*70.7*	—	*11.3*	—	*94.3*	—
Middle East								
Total Trade	118.7	*3.1*	22.9	*19.3*	26.0	*21.9*	69.8	*58.8*
Agreement partners trade	116.1	—	22.9	—	24.7	—	68.5	—
% under agreements	*97.8*	—	*100.0*	—	*95.0*	—	*98.1*	—
South Asia & Far East								
Total Trade	250.1	*3.0*	22.8	*9.1*	160.4	*64.1*	66.9	*26.7*
Agreement partners trade	164.9	—	22.4	—	92.1	—	50.4	—
% under agreements	*65.9*	—	*98.2*	—	*57.4*	—	*75.3*	—
Africa	40.4	*0.9*	26.8	*66.3*	—	—	13.6	*33.7*
Oceania	45.1	*1.8*	6.4	*14.2*	6.3	*14.0*	32.4	*71.8*
FREE WORLD TOTALS								
Total Trade	2027.3	*2.5*	578.7	*28.4*	310.0	*15.3*	1138.6	*56.2*
Agreement partners trade	1519.5	—	380.6	—	129.3	—	1009.6	—
% under agreements	*75.0*	—	*65.8*	—	*41.7*	—	*88.7*	—

Source: Appendix Table I and United Nations, *Direction of International Trade*, New York, Series T, Annual Issues.

World-bloc trade. However, this probably overstates the proportion of total trade which was actually subject to government-to-government agreement. A considerable amount of trade between countries is not specially provided for in trade agreements; and this trade may or may not be financed through the payments mechanism provided by the agreement. Britain has trade agreements covering certain commodity exchanges with some bloc countries but additional trade may take place, and all of Britain's trade with the bloc is financed with transferable sterling (for which no formal agreement is required).

Only 24 per cent of the Free World imports from Communist China and 42 per cent of non-Soviet countries' exports to Communist China were conducted under government-to-government agreements (including semi-official agencies) during 1955. In the case of the USSR, nearly a third of its trade turnover with the Free World was outside of government-to-government agreements; two of that country's largest trading partners, Britain and West Germany, had no agreements in effect with the USSR during that year. The vast bulk of the trade between the European satellites and Western Europe was under government-to-government agreement. However, the satellite countries had a substantial amount of non-agreement trade with countries outside of Europe. Altogether, about 12 per cent of the trade turnover was not covered either wholly or in part by bilateral agreements.

In the case of the South Asian and Far East countries, trade turnover between Free World and Sino-Soviet agreement partners was 53 per cent of total trade between these countries in 1955. Forty-five per cent of the imports from the bloc and 66 per cent of exports to the bloc countries were between agreement partners. Much of the trade between agreement partners was not covered by quotas, however.

For the Middle East, trade with Sino-Soviet agreement partners represented over 85 per cent of the total trade turnover with bloc countries, but much of the trade was not covered by quotas. For Latin America, total imports from the bloc were $136 million, or about $11 million more than imports from the bloc agreement partners. Total exports to the bloc were $178 million, or $45 million more than exports to bloc agreement partners.

Areas of Multilateralism

While Soviet bloc countries have trade and payments agreements with most of their Free World trading partners, a considerable proportion of the trade is definitely not bilateral in character. The broadening of the transferable sterling area to include virtually the entire non-dollar world in March 1954 increased the degree of multilateralism in trade between the sterling area and the bloc countries. Recently Germany revised her agreements with bloc countries to provide for settlements in Beko-marks of limited convertibility in place of non-transferable clearing account dollars. Other examples of the use of transferable currencies in financing East-West trade will be noted in Chapter III.

Still another element of multilateralism is provided by re-exports of commodities by one of the trading partners. A number of the recent agreements between Eastern and Western European countries permit the re-exportation of commodities; Finland has balanced her trade with her Soviet trading partners on occasion by re-exporting Soviet materials to Western Europe. In some cases actual trans-shipment is unnecessary.

Where opportunities for multilateral settlement exist, rigid adherence to quota lists and quantities becomes unnecessary; quotas are then little more than target estimates serving as a guide for the actual negotiation of purchase contracts. British agreements with Soviet bloc countries frequently do not even provide for a target trade turnover. Where countries have rigid trade and clearing account agreements providing for balanced trade in a fixed list of commodities, there may be extra-agreement trade financed with transferable currencies.

II. MOTIVATION IN NEGOTIATION OF BILATERAL AGREEMENTS

THE fact that the bulk of the trade of the Sino-Soviet bloc with the Free World is financed and organized under bilateral agreements warrants a detailed study of the nature and operation of these agreements. Basic to an understanding of the agreements and an evaluation of their effects on trade is a knowledge of the objectives which the agreement partners have had in negotiating them. Before taking up the agreements themselves, therefore, we shall consider briefly the underlying motives of both the Free World and the Sino-Soviet bloc countries in negotiating bilateral trade and payments agreements.

MOTIVES OF FREE WORLD COUNTRIES

SOME GENERAL CONSIDERATIONS

Bilateral trade and payments agreements are by no means confined to trade with the Sino-Soviet bloc. Most non-dollar countries conduct a portion of their trade with other Free World countries under bilateral agreements and some appear to prefer trading on an agreement basis. On the other hand, trade among Free World countries has moved substantially away from bilateralism since 1950. While the number of bilateral agreements with bloc countries has been rising since 1952, the new agreements are mainly those between the bloc and the less developed countries in the Free World. Why are the less developd countries especially attracted by bilateralism with the Sino-Soviet bloc?

Less developed countries tend to be heavily dependent upon a few primary commodity exports for their foreign exchange earnings. Instability of prices and demand in international commodity markets has a severe impact upon their internal economies, their foreign exchange reserves, and their development programs. They seek a stable market for their exports at favorable prices. They also have an almost insatiable demand for foreign credits to finance their development programs and a need for technical assistance in modernizing their economies. Bilateral agreements with the Sino-Soviet bloc appear to offer a means of realizing these desires.

In addition to the above economic factors, there are political motives in the bilateral deals with the bloc. The agreements indicate a policy of active neutrality expressed through creating new economic ties with the Communist bloc while loosening the old bonds with the West. Thus the negotiation of trade agreements with bloc countries is supported as an expression of "anti-Western" or "anti-colonial" feelings.

Finally, there are certain countries, notably Egypt and Syria, that have been drawn to bilateralism with the Soviet bloc as a means of obtaining military goods and technicians which are not ordinarily available from the West.

Several of the more powerful factors which have attracted the less developed countries to negotiate bilateral agreements with the bloc countries in recent years—such as long-term credits and bulk contracts for the purchase of primary commodities—have not been present in Western Europe's trade relations with the Sino-Soviet bloc. The two countries having the largest trade with the bloc, Britain and Germany, have virtually abandoned bilateralism; yet their exports to Sino-Soviet bloc countries more than doubled between 1953 and 1956. Other Western European countries, however, have continued to negotiate bilateral agreements with bloc countries for a variety of commercial and financial reasons.

Most Western European countries have restricted the transferability of their own currencies to the EPU area plus a few additional countries such as Argentina, Brazil, and Finland. With all other non-dollar countries they tend to trade on a clearing account basis. Although they are willing to accept payment for their exports to the bloc countries in sterling or other transferable currencies, they are frequently unwilling to permit their residents to make payments to bloc countries in transferable currencies. The Western European countries want to make sure that these purchases do not result in a foreign exchange drain. They may also feel that bilateral agreements are necessary in order to maximize their bargaining position in trading with Soviet state trading monopolies.

Western European countries are interested in expanding their export markets, and the negotiation of bilateral trade agreements provides a means of accomplishing this objective. European governments are frequently under strong pressure from their business communities to negotiate agreements for trade expansion with Communist countries.[1]

[1] A number of agreements between Free World and Soviet bloc countries are negotiated by private organizations such as trade associations or chambers of commerce on the Free World side with agencies in the bloc countries. Some of these agreements, especially the "global compensation agreements," are indistinguishable from the government-to-government trade and payments agreements. For a variety of political and economic reasons, governments may not want to enter into official trade and payments agreements with bloc countries but are nevertheless under pressure from their own business community to permit, or to provide official sanction for, private compensation arrangements. The business community is in turn motivated by the fact

The Soviets in turn have actively exploited this business interest in commercial agreements by announcing opportunities for large orders which may accompany successful trade negotiations. Commercial contacts between firms on either side of the Iron Curtain tend to be limited and the bilateral trade agreement represents a primary instrument of trade promotion in dealing with Communist countries.

One further factor motivating the Western European agreements with the bloc countries may be found in political pressures for more cordial relations with the Sino-Soviet bloc. While the policy of "active neutrality" expressed through economic ties with the Communist bloc is much stronger among the less developed countries, it is by no means absent in Western Europe. For example, there is evidence that French commercial relations with the bloc have been stimulated by a desire to "get along well with the Russians."

Despite these factors contributing to a retention of bilateralism in trade between most Western European countries and the Sino-Soviet bloc, the liberalization of private trade and the reduction in state trading in Western Europe have made bilateral trade and payments agreements increasingly less compatible with Western European trading systems. Many EPU countries have indicated a desire to shift all of their trade to a transferable currency basis. There is considerable evidence that even the Soviet bloc countries would welcome arrangements for multilateralizing their trade with all of Western Europe. (This question will be dealt with in the following chapter.) Moreover, trade with Western Europe must be conducted with goods that meet Western standards and at prices more or less in line with those established in world markets. Opportunities for the Soviet countries to gain political advantage through trade or by the extension of credits to Western Europe are limited; the Soviet interest in trading with that area is dictated very largely by economic motives.

SOME SPECIFIC OBJECTIVES

In the following paragraphs we shall discuss by means of concrete examples several types of motivation on the part of Free World countries, especially non-European, in negotiating trade and payments agreements with the Sino-Soviet bloc countries: (1) disposing of tempo-

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that Sino-Soviet bloc countries often refuse to do business on any other terms except under bilateral agreements. Unless the Free World government's trade and exchange controls are modified so as to permit bilateral deals, exporters will be required to ship only for transferable currencies. But very often bloc governments refuse to buy goods with free currencies and, if their bargaining power is strong, they force foreign exporters into barter or compensation arrangements.

rary surpluses of primary commodities outside of free international markets; (2) achieving greater price and market stability for exports; (3) securing better terms of trade; (4) obtaining credits to cover import surpluses; (5) securing technical and financial assistance for economic development; and (6) providing a market for exports subject to an overvalued exchange rate. In most cases, agreements reflect more than one type of motivation, often including non-economic ones.

(1) *Disposal of temporary surpluses*

Commodity surpluses are a product of governmental controls and of interference in the operation of free markets. In many countries, governments seek to stabilize agricultural incomes by purchasing farm output at fixed minimum prices or by making loans to enable producers to withhold products from the market in periods of declining prices. In some countries, state trading agencies monopolize all export trade in certain commodities, which they buy at controlled prices from local producers. These practices frequently lead to the accumulation of surpluses in the hands of state trading or quasi-official organizations. While in most cases the accumulated stocks of coffee, or rice, or cotton could be sold on Free World markets by offering them at lower prices, holders of stocks are reluctant to take "losses" by selling them below the controlled domestic price. Or if they control a significant proportion of the world's supply of a commodity, they may withhold supplies in order to maintain the world market price.

When countries accumulate surpluses of export commodities which they see little opportunity of selling in world markets *at the controlled prices* in the near future, they often turn to bilateral agreements. To be attractive, however, sales under bilateral agreements must be *in addition to* what they expect to sell in normal commercial channels for dollars or sterling or other transferable currencies. While they usually demand *nominal prices* as high or higher than those available in Free World markets, they may knowingly accept some sacrifice in their terms of trade (by paying higher than world prices for imports), provided the agreement sales are supplemental to their normal sales.[2] Bilateral agree-

[2] Sales of surplus commodities for inconvertible currencies under bilateral agreements are by no means confined to those by underdeveloped countries. The United States government has "sold" some $3 billion worth of farm commodities in inconvertible currencies under the Agricultural Trade Development and Assistance Act of 1954 (PL 480). The sales agreements are accompanied by provisions regarding the use of the local currency sales proceeds and by assurances that the local currency purchases will be *in addition to* normal acquisitions for dollars. PL 480 agreements have been concluded with only one Soviet country—namely, Poland.

ments covering the sale of surplus commodities usually stipulate that the Soviet bloc partner will not re-export the commodities.

Bilateral trade and payments agreements with Sino-Soviet bloc countries negotiated by Brazil, Burma, and Egypt have at times been strongly motivated by a desire to dispose of surpluses of coffee, rice, and cotton, respectively. Brazil has at times destroyed its coffee surpluses in order to prevent them from depressing world prices. Consequently, she has been quite willing to sell coffee to Czechoslovakia, Poland, and Hungary for clearing account credits.

Burma was motivated to make a barter agreement with China in November 1954, and with other bloc countries during 1955, in order to dispose of rice accumulated by the Burmese State Agricultural Marketing Board. The Burmese state rice monopoly had accumulated 1.3 million tons of rice during the sharp fall in prices following the Korean War, in anticipation of a reversal of world price and demand conditions.

Like Brazil and Burma, Egypt was also drawn into bilateral deals with Russia and other bloc countries as a means of surplus disposal. To support its agricultural sector, the Egyptian government adopted a policy of purchasing cotton from the growers and withholding stocks from the world market which could not be sold at the support prices. Partly as a consequence of her pricing policies, which kept import demand high while limiting the market for her exports, Egypt incurred balance of payments deficits in 1950-1952. In July 1951, Egypt entered into a barter agreement with Russia for the exchange of Egyptian cotton and rice against Russian wheat. Although Egypt was itself in need of rice, it accepted the tie-in deal in order to export its cotton surplus and to reduce its foreign exchange drain by substituting Russian for dollar wheat.

(2) *Achieving greater price and market stability for exports*

While countries like Brazil, Burma, and Egypt could provide domestic producers with a degree of insulation from fluctuating world prices, their export-pricing policies not only failed to stabilize their foreign exchange receipts but probably contributed to their instability. Thus Egypt and Burma were attracted to barter contracts as a means of stabilizing the international purchasing power of their primary commodity exports. Moreover, the Sino-Soviet bloc countries were quite willing to absorb all of the cotton and rice that could be offered at prices fixed over the contract period.

There is a popular belief in many raw material-exporting countries that dependence on world markets for their exports is undesirable, and that they should seek long-term contracts for their exports and an assured flow of imports. In the early postwar period, Western nations, including the United States, negotiated long-term contracts on a government-to-government basis, but in recent years free commodity markets have been largely restored outside of Communist countries. In the less developed countries, however, concern for price and market stability and favorable terms of trade is second only to that for aid for economic development. Hence these countries are strongly attracted by Soviet offers of contracts to buy substantial quantities of raw materials at fixed prices, perhaps coupled with offers to supply wheat or rice or petroleum at fixed prices. Thus, for example, the wide postwar fluctuations in the purchasing power of Ceylon's rubber in terms of that country's principal import, rice, strongly influenced her decision to enter into barter agreements with Russia and China.

(3) *Securing better terms of trade*

Closely related to the desire for market stability is the interest of the less developed countries in improving their terms of trade. There is a widespread conviction among spokesmen for nonindustrial countries that buying and selling in free international markets are disadvantageous to their terms of trade; that the major gains from trade tend to be captured by the industrial countries.[3] While this position has not been substantiated by statistical data, it is clear that the less developed countries are highly conscious of movements in the ratio of their export prices to the prices of their imports. They are therefore often receptive to offers of bilateral deals which appear to insure the real purchasing power of each unit of their exports.

The desire to improve her terms of trade was a primary factor in Ceylon's decision to negotiate a series of rubber-rice deals with Mainland China, beginning in 1952. In order to induce Ceylon to break the United Nations blockade on shipments of rubber to China, China offered Ceylon premium prices for rubber and less than world prices for rice. The Ceylon Minister of Trade and Industry indicated the circumstances under which the Chinese offer was accepted: "We could have got rice at £80 or £90 per ton, but we could not afford to pay that price. [The price of Chinese rice for the first year of the agreement was £54 per ton.] Rather than go to China were we to starve? Were we to

[3] For a statement of this position, see United Nations, *The Economic Development of Latin America and Its Principal Problems*, New York, 1950, pp. 1-3. See also "Back to Barter in Ceylon's Overseas Trade," *Ceylon Economist*, February 1951, pp. 287-288.

reject the Chinese offer of Rs. 1.75 per lb. for rubber, take the world price of Rs. 1.10 and throw 300,000 laborers out of employment? The contract has resulted in a gain of Rs. 98 million to this country."[4]

Indonesia has also been induced to enter into bilateral agreements with Soviet countries by offers to pay prices for rubber 10 per cent above the world market. Under a 1951 cotton-wheat barter deal with Russia, Egypt reportedly sold cotton above the world market price and purchased wheat below the prices prevailing in free dollar markets, outside of International Wheat Agreement sales.

(4) *Obtaining credits to cover import surpluses*

One of the alleged advantages of bilateral payments agreements is that participants can import without expenditure of dollars or sterling or other foreign exchange. Many underdeveloped countries negotiating agreements with Soviet countries are chronically short of exchange, and the bloc countries have offered to sell them goods under agreements providing for short-term credits repayable in exports to the bloc countries. Such arrangements appeared to provide a solution to their short-term foreign exchange problem and to insure a steady flow of imports.

In addition to meeting their short-term liquidity or foreign exchange problems, countries have been attracted to bilateral agreements by offers of intermediate and long-term credits over and above the credit limits provided by the clearing agreements. This was undoubtedly a significant inducement to Argentina in negotiating her initial agreement with Russia in August 1953. A separate protocol to this agreement called for a $30 million credit to Argentina for the purchase of oil-field equipment and farm machinery.

(5) *Securing technical and financial assistance for economic development*

Closely related to the need for commercial credits is the overwhelming desire to secure financing for long-term projects. Bilateral trade and payments agreements are sometimes tied to offers of long-term credits by Sino-Soviet bloc countries. Purchases from the bloc country under the loans, as well as payments of interest and principal, are generally made through the bilateral clearing account, and exports by the borrowing country are covered by the trade agreement. Thus one of the conditions for receiving development assistance from the Soviet bloc is the channeling of trade and payments through bilateral agreements.

[4] Quoted by J. Cardew, "Ceylon's Trade with China: The Economic Background," *New Commonwealth*, April 13, 1953, p. 378.

While a number of countries receiving substantial amounts of development assistance from the bloc countries have had a variety of motives for entering into bilateral trade and payments agreements, there are a few cases in which the desire for development assistance appears to be a predominant factor. For example, India appears to have little otherwise to gain from bilateral trade with the Soviet countries; indeed, India's trade agreements with the bloc countries are loosely drawn as regards quotas and arrangements for bilateral balancing. Countries like Burma whose experience in trading under bilateral pacts with the Sino-Soviet bloc have been none too satisfactory are probably led to continue the arrangements as a condition for receiving development credits, "gifts," and technical assistance.

(6) *Providing a market for exports subject to overvalued exchange rates*

Bilateralism has appealed to several countries with overvalued exchange rates, as a means of disposing of commodities which cannot be sold in competitive world markets at prices high enough to cover domestic costs. An overvalued exchange rate is frequently a barrier to exports, especially in the case of manufactures whose costs are in large part determined by wage rates and other inflexible items. Communist countries are quite willing to purchase overpriced goods in exchange for their own overvalued exports.

Finland's bilateral agreements with the Soviet bloc countries provides a good example of this type of motivation. Finland's economic ties with the USSR stem from a number of factors, including the large reparations deliveries and political pressures on a weak country in constant danger of losing its independence. But Finland's heavy dependence upon Soviet markets for her exports is a compelling motive for her bilateral arrangements.

Finland's inflationary financial practices and high taxes on industrial employers for social benefits (averaging about 20 per cent of payrolls) have produced a high, rigid cost structure. Money wages rose over 70 per cent between 1950 and 1957, but the currency was not devalued until September 1957. As a consequence of the large reparations deliveries, Finland's major industries, the metal-working, shipbuilding, and pre-fabricated housing industries, became heavily dependent upon Soviet markets. But after the reparations had been paid, they were unable to shift to Western markets because of high costs. Finland's inability to earn sufficient foreign exchange to meet her essential import needs for grain, sugar, fodder, and fuel made it necessary to acquire these commodities from Soviet bloc countries under bilateral agreements.

SINO-SOVIET MOTIVATION

Sino-Soviet bloc motives for the negotiation of bilateral agreements with Free World countries should be distinguished according to whether they relate to: (a) a desire to increase trade; or (b) a desire to improve the bloc's bargaining position through bilateral trade and payments agreements and the provision of long-term credits. Both political and economic motives may be discerned in these interrelated activities. Economic motivation is undoubtedly the dominant factor behind increased trade; and bilateralism and credits are devices for expanding and channeling foreign trade. But important political interests are frequently served by these same devices, so that bloc countries reap a double dividend.

EXPANDING TRADE

The largest increase in Sino-Soviet bloc trade with the Free World since 1953 has been with Western Europe. An increasing proportion of this trade is on a multilateral basis, and opportunities for achieving bloc political objectives through increased trade with Western Europe are rather limited. Commercial advantage is the dominant motive on both sides. The bloc countries need crude and semi-finished materials, such as iron and steel and non-ferrous metals, and specialized machinery and other capital goods for their industrial expansion. The weakness of bloc agriculture has led to increased dependence upon Western Europe's farm products in recent years. To pay for these commodities they have increased their traditional exports to Western Europe of grain, fuel, and timber and have also sought to expand their market for finished manufactures such as textiles, machinery, and transport equipment, including automobiles.

Years of concentration by the Sino-Soviet bloc on industrialization and investment in heavy industry relative to agriculture and raw materials have altered the trade pattern and policies of the bloc countries. Emphasis on industrialization and the capital goods industries was motivated by military requirements and by the traditional Soviet aim of self-sufficiency. These internal economic policies have undoubtedly produced a structural imbalance within the bloc economies. Relative neglect of agriculture and the extractive industries has necessitated increased imports of foodstuffs, fibers, and raw materials. But the relative export advantage appears to be shifting to the export of manufactures and semi-manufactures, including certain kinds of capital goods.

These considerations may provide an explanation of the economic motivation for expanding trade in industrial goods, particularly with the primary commodity-producing countries. The less developed countries are not only anxious to import capital goods and technical services, but also provide a market for the finished manufactures of bloc countries, which frequently do not meet the quality standards for sale in Western markets. Moreover, the less developed countries are eager to trade their primary commodities for those same goods and services whose output has been expanded under bloc economic programs.

Although the expansion of trade has been largely motivated by economic considerations, the Sino-Soviet bloc countries—especially Russia—have sought wherever possible to extract political advantage from trade. In Western Europe they have enlisted the support of both business and labor for the relaxation of Western controls on exports of strategic commodities to the Soviet bloc and to China.[5] Bloc governments frequently announce large prospective orders from various Western European countries which might follow a relaxation of export controls or the negotiation of a bilateral agreement, or simply promise more "friendly" relations.

In the case of the non-European countries, increased trade is accompanied by an influx of technicians and trade delegations whose presence provides opportunities for political propaganda of various kinds. An expanded market for exports and offers of development assistance from the Sino-Soviet bloc countries are emphasized as the rewards for friendly relations with the bloc. Thus the less developed countries are provided with a strong economic motive for being "neutral" in the power struggle between East and West. This neutrality may be expressed in vigorous opposition to alliances such as NATO, SEATO, and the Baghdad Pact and in voting with the Soviet bloc in the United Nations.

IMPROVING BARGAINING POSITION

There are strong economic and political motives behind the preference of the Sino-Soviet bloc countries for conducting trade under bilateral trade and payments agreements. The standard explanation of the desirability of bilateral agreements offered by the Soviet Union is

[5] An International Co-ordinating Committee (COCOM) consisting of representatives of NATO countries and Japan co-ordinates individual member country policies with respect to shipments of strategic commodites to the Soviet group. A China Committee (CHINCOM) performs a similar function with respect to shipments to Mainland China.

that such agreements are necessary to facilitate the smooth operation of the domestic economy. It is alleged that centrally planned economies must plan both exports and imports in advance and that this can best be accomplished by bilateral trade pacts. This argument is largely spurious, since procurement and sales in free international markets often provide greater assurance of supplies when needed and of a continuous and ready market for production than is in fact provided by bilateral pacts. Moreover, before World War II the USSR was not especially attracted to bilateralism.

While bloc countries are probably inclined to believe their own propaganda, they do have economically sound motives for bilateralism which they do not reveal in their propaganda statements. Bilateralism undoubtedly enhances the bargaining power of state buying and selling monopolies in dealing with weaker trading partners. This principle is so well known in domestic markets that it scarcely needs amplification. Sino-Soviet bloc countries can negotiate contracts to buy a large proportion of the total exports of a rubber- or cotton- or rice-exporting country at prices comparable to or higher than it is getting in free markets. What the bloc countries ask in return is that the export proceeds be tied to the purchase of bloc goods. While the raw material-exporting country would probably prefer to purchase these goods in Western markets on the basis of quality, delivery, and prices, it must buy from the bloc country if it is to enjoy the additional market for its exports. By exploiting their monopolistic and a monopsonistic positions, the bloc countries can gain as exporters and importers. Thus, if the bloc countries were to make all of their purchases of primary commodities in Free World markets, market prices would in some cases be higher than the prices which they offer to their agreement partners. And if they sold on a competitive basis, they would in some cases have to make substantial price concessions in order to sell their own exports on world markets and to overcome the preference for Western goods. Thus bilateralism undoubtedly provides a means of *obtaining* more favorable terms of trade for bloc countries, especially in purchasing primary commodities, even though they appear to be *offering* more favorable terms of trade.

Bilateral payments agreements provide an opportunity to expand imports without payment in free currencies. Both Free World and Sino-Soviet bloc countries have undoubtedly been attracted by the credit aspect of bilateralism. There have been a number of instances in which bloc countries have rapidly accumulated debit balances on the clearing account by accelerating imports from the partner country.

A debit balance may give the debtor country a bargaining advantage in negotiating prices and other terms of sale in exporting to the creditor, since the creditor will be anxious to make purchases in order to reduce the amount of credit extended to the debtor.

While Soviet bloc countries appear to have been debtors on clearing accounts rather more often than creditors, the securing of short-term credits has probably not been a major motive for the USSR. The credit factor is more significant for the satellites, which do not possess large gold reserves, as does the USSR.

Since bilateral agreements are in general a result of government-to-government negotiations, bloc countries are able to make trade serve their political ends. The negotiations themselves are an avenue of influence over their trade partners. Bloc countries have not hesitated to use trade offers to punish their enemies and reward their friends. When Iceland had a Communist cabinet officer, the Soviet Union offered an agreement to purchase fish. When the Communist was ousted, the agreements were not renewed. When a Communist once again became a member of the government, trade agreements were renegotiated.

Finally, the larger the proportion of a country's trade with the Sino-Soviet bloc, the more vulnerable is its economic well-being to arbitrary action by the bloc. This realization may well make countries less willing to incur the displeasure of the bloc by the conduct of their national policy.

The extension of substantial amounts of long-term credits by the Sino-Soviet bloc countries to certain less developed countries has been generally regarded as motivated by political interest. The vast bulk of the $1.9 billion in credits negotiated over the 1955-1957 period have been to Afghanistan, Egypt, India, Indonesia, Syria, and Yugoslavia—all countries of strategic importance to the bloc. Highly advertised credits build up good will in countries hungry for development assistance and provide the bloc countries with opportunities for sending technicians and trade delegations whose activities contribute in various ways to their political objectives.

Nevertheless, there is undoubtedly a considerable element of "good business" in the extension of these credits. The trade advantages to be derived from foreign investment exist for Communist countries no less than for Western industrial countries. The credits, which are frequently repayable in raw materials, provide a means of orienting the debtors' import and export trade toward bloc countries. The promise of credits has been an important factor in getting countries to trade under bilateral agreements, which increase the bargaining power of the bloc countries.

By supplying equipment and technicians for industrial plants and other projects under long-term credits, the bloc countries assure themselves of a market for parts and replacement items for many years to come. This is one of the best ways of overcoming the preference for Western capital goods. The same is true of military equipment supplied to Egypt and Syria. Whereas the United States has given away billions of dollars worth of military goods, the bloc countries have been able to sell goods on credit, thereby reaping both political and commercial benefits. In many cases, the military equipment consists of obsolete items which otherwise would have been destined for the scrap heap.

III. FINANCING EAST-WEST TRADE

Introduction

Trade between Free World and Sino-Soviet bloc countries is financed in one of four ways: (1) payment in transferable currencies such as the dollar or sterling; (2) payment by debiting or crediting a bilateral clearing account; (3) financing without a foreign exchange transaction by means of barter or private compensation; or (4) financing by means of a credit or gift. Frequently trade between a Sino-Soviet bloc country and one in the Free World may involve two or more methods of financing. For example, a country may have a clearing account agreement with a bloc country limited to the financing of trade in certain commodities, while other trade may be financed in sterling. There may also be barter or compensation deals from time to time between these countries, and in addition a portion of the trade may be financed by a long-term credit.

Methods (2) and (4) are always set forth in an agreement between official or semi-official agencies of the trading partners, while methods (1) and (3) may not be. Thus nearly all United States and Canadian trade and most British trade with the Sino-Soviet bloc is financed with transferable currencies without any special agreement as to means of financing.[1] On the other hand, Britain and Germany have agreements with certain bloc countries providing specifically for payment in transferable sterling and "transferable" Beko-marks, respectively. As regards method (3), provision for barter or private compensation deals may be made in official or semi-official agreements, or they may be engaged in by traders in countries with no agreement with the bloc trading partners. For example, an American concern might arrange a barter deal with a firm in Czechoslovakia.

In nearly all cases where the method of payment is set forth in an agreement, there is also an agreement with respect to the trade between the two countries. However, some trade agreements do not include provisions with respect to the method of payment; in this event, transactions are generally financed in transferable currencies, or, where permitted by the exchange control of the Free World country, under barter or compensation deals.

[1] An interesting exception is the United States agreement of 1957 to ship agricultural commodities to Poland in exchange for zlotys. (*New York Times*, June 8, 1957, p. 1.)

The Nature of the Payments Arrangements

East-West agreements relating to the means of payment may be classified as follows: (1) payments agreements employing a "clearing account"; (2) payments agreements providing for payments in transferable currencies; and (3) barter and private compensation agreements.

Table 6 indicates the types of financing of trade employed by 43 Free World countries which have trade and/or payments agreements with one or more of 11 bloc countries. Of the 473 pairs of countries listed in Table 6, 180 had formal arrangements for financing trade through bilateral clearing accounts, 55 had payments agreements for financing their trade in transferable currencies, seven had agreements for financing their trade under barter or private compensation without a clearing account, and the remaining pairs of countries had no agreement for trade or financing. For the last group, the bulk of the trade was financed with transferable currencies, with perhaps some use of barter or of private compensation deals.

CLEARING ACCOUNT TYPE

The most common method of financing trade under agreements between Free World and bloc countries is the "clearing account."[2] That is, special accounts are established in the central bank of one or both partner countries, designed specifically for the financing of certain trade transactions (usually specified in the agreements). Credits in clearing accounts are not held as a rule by commercial banks or firms, nor are they ordinarily transferable to third countries except by special agreement of both countries.[3]

[2] The terms "clearing agreement" and "payments agreement" have tended to be used interchangeably in the postwar period. In the prewar period, however, the clearing agreement referred to a device whereby importers in each country paid their own currency into a special bank account out of which payments to exporters in the same country could be made. This meant that exporters had to "wait" until there were sufficient funds in the clearing account to receive payment for their sales. While there are some cases in which the "waiting" principle is still employed, nearly all postwar agreements have involved the crediting (or debiting) of accounts held in the banks of one or both countries, in favor of the partner country. In other words, the payments agreements provide for a transfer of balances from a resident to a nonresident or the crediting of a clearing account balance in favor of one of the partners. For a further discussion of the subject, see R. F. Mikesell, *Foreign Exchange in the Postwar World*, Twentieth Century Fund, New York, 1954, pp. 85-86.

[3] For example, the guilder clearing accounts established to finance bilateral trade between the Netherlands and each of several Eastern European countries are quite different from the transferable guilder deposits held by foreign banks and firms in Dutch banks and used to finance transactions with the Netherlands or with residents of other countries in the transferable guilder area. For a fuller description of the various types of payments agreements, see M. N. Trued and R. F. Mikesell, *Postwar Bilateral Payments Agreements*, International Finance Section, Princeton University, Princeton, N.J., 1955.

Table 6

Principal Methods of Financing Trade Between Free World and Sino-Soviet Bloc Countries

Free World countries	Bloc Countries										
	Albania	*Bulgaria*	*Czecho-slovakia*	*East Germany*	*Hungary*	*Poland*	*Rumania*	*USSR*	*Communist China*	*N. Korea*	*N. Vietnam*
Austria	*	C	C	C	C	C	C	C	*	*	*
BLEU	*	T	C	B	C	C	C	C	*	*	*
Denmark	*	C	C	C	C	C	C	C	*	*	*
Finland	*	C	C	C	C	C	C	C	C	*	*
France	*	C	C	C	T[1]	C	C	C	T	*	T
West Germany	*	T	T	C-B	T	T	T	T	T	*	*
Greece	*	C	C	C	C	C	C	C	*	*	*
Iceland	*	*	C	C	C	C	C	C	*	*	*
Italy	C	C	C	T	T	C	T	T	*[2]	*	*
Netherlands	*	C	C	C	C	C	*	C	*	*	*
Norway	*	C	C	C-B	C	C	C	C	*	*	*
Portugal	*	*	C	C	C	C	*	*	*	*	*
Spain	*	*	*	*	*	C	*	*	*	*	*
Sweden	*	C	C	C	C	C	C	C	T	*	*
Switzerland	*	C	C	B	C	C	C	T	*	*	*
Turkey	*	C	C	C-B	C	C	C	C	*	*	*
United Kingdom[3]	*	T	T	*	T	T	*	*	*	*	*
Yugoslavia	C	C	C	C	C	C	C	C	C	*	*
Afghanistan	*	*	C	*	*	C	*	C	C	*	*
Argentina	*	*	C	*	C	C	C	C	*	*	*
Brazil	*	*	C	*	C	C	*	*	*	*	*
Burma	*	T	C	C	C	T	T	C	T	T	*
Cambodia	*	*	C	*	*	C	*	C	C	*	*
Ceylon	*	C	C	*	C	C	C	*	C	*	*
Chile	*	*	B	B	B	*	*	*	*	*	*
Colombia	*	*	C-B	C	C-B	*	*	*	*	*	*
Egypt	*	C	C	C	C	C	C	C	C	*	*
Ethiopia	*	*	C	*	*	*	*	*	*	*	*
India[4]	*	T	T	T	T	T	T	T	T	T	T
Indonesia	*	*	T	T	T[5]	T	T[5]	T	C	T	T
Iran	*	*	C	*	C	C	*	C	*	*	*
Israel	*	C	*	*	C	C	C	*	*	*	*

Table 6 (Continued)

Free World countries	*Albania*	*Bulgaria*	*Czecho-slovakia*	*East Germany*	*Hungary*	*Poland*	*Rumania*	*USSR*	*Communist China*	*N. Korea*	*N. Vietnam*
Japan	*	C-B	B	C-B	C-B	*	C-B	T	B	*	*
Laos	*	*	*	*	*	*	*	*	C	*	*
Lebanon	*	T	C	C	T	C	C	C	*	*	*
Mexico	*	*	C	*	*	*	*	*	*	*	*
Pakistan	*	*	T	*	T	T	*	T	*	*	*
Paraguay	*	*	C	*	C	C	*	*	*	*	*
Uruguay	*	*	C	C	C	C	*	T	*	*	*
Sudan	*	*	C	C	C	C	*	*	*	*	*
Syria	T	C	T	C	T	C	C	C	C	*	*
Tunisia	*	C	C	*	*	*	*	C	*	*	*
Yemen	*	*	C	C	*	C	C	C	*	*	*

KEY to Symbols:
T—Transferable currency.
C—Clearing account.
B—Private compensation and barter.
C-B—Private compensation with clearing account.
*—No formal agreement on methods of payment. (Usually in such cases trade is financed either with transferable currencies or under compensation arrangements. The absence of a payments agreement does not necessarily mean that there is no trade agreement or a credit or a grant of assistance.)

[1] Except for transfers related to goods under bilateral quotas.

[2] Italy announced use of multilateral lire in settlements with China in June 1956, but there is no information as to a formal agreement.

[3] All transactions between Britain and Sino-Soviet bloc countries financed with transferable account sterling. The only bilateral payments agreements currently in force are those with Bulgaria and Hungary involving the use of a portion of the sterling receipts of these countries for debt settlement. The same applies to transactions between all other countries of the sterling area (except India, Pakistan, and Ceylon) and the Sino-Soviet bloc countries.

[4] Indian agreements generally specify payment in rupees, but rupees are convertible into sterling.

[5] Bilateral payments agreement was terminated October 1, 1956, with the understanding that henceforth payments would be made in transferable sterling.

Source: Largely from International Monetary Fund, *Eighth Annual Report on Exchange Restrictions*, Washington, D.C., May 1957. Table believed to be substantially correct as of December 1957. Note: this table is limited to countries which are known to have a bilateral trade or payments agreement with one or more Sino-Soviet bloc countries. Except in the case of Mexico, the dollar area countries are not included in the table, since they have no agreements with the bloc countries and finance their trade in dollars. However, some countries not included in the table finance a portion of their trade with bloc countries under barter or compensation agreements. This is also true, of course, for a number of countries listed in the table, but an effort was made to indicate only the principal means of financing trade. Morocco and Tunisia have trade agreements with bloc countries, but, as members of the French franc area, presumably finance trade through French bilateral accounts.

In the typical clearing-account type of agreement, an account is maintained in the central bank or official clearing office of one or both trading partners. The account (or accounts) is credited in favor of the exporting country by the value of export shipments and debited by the value of imports or other transactions giving rise to payments to the partner country. The actual financing of particular commercial transactions involves the use of bank letters of credit, drafts drawn directly on the importer, and other traditional foreign exchange instruments. Banks in the Free World countries holding drafts on bloc-country importers or their banks sell them to their own central bank and, after verification, these claims are settled by entries in the clearing account. Likewise, commercial banks having to make payments to firms or banks in bloc countries, either on their own account or for the account of customers, make the payments to their own central bank or clearing office in their own currency, and the central bank or clearing office in turn makes the appropriate entry in the clearing account. These accounting practices are described more fully below.

Aside from the basic mechanism involved in the operation of clearing accounts, the agreements differ widely in such matters as the units of account employed, accounting procedures, credit provisions, types of transactions permitted to be financed through the clearing account, and settlement provisions. The basic features found in the payments agreements are described in the following paragraphs.

(1) *Units of account*

The unit of account employed in the clearing arrangement may be the currency of one or both of the partner countries or that of a third country, usually the dollar or sterling. Bloc currencies are generally not employed as units of account in payments agreements with Free World countries. This is partly because bloc-country currencies, with the possible exception of the Czech crown, have never been used as international payments media. Moreover, exchange values of bloc currencies bear little relationship to their internal purchasing power.

Most of the agreements involving the principal Continental Western European countries—Belgium-Luxembourg, Denmark, France, Western Germany, Italy, the Netherlands, Norway, Sweden, and Switzerland—employ the Western European partner's currency as the unit of account. Some of the agreements with Czechoslovakia employ the Czech crown along with the Western currency,[4] and in the case of the

[4] This practice is in most cases a continuation of the provisions of the original

Turkey-Czechoslovakia agreement the crown is the sole unit of account. Finnish agreements with bloc countries usually employ the ruble as the unit of account. Agreements involving other non-Soviet European countries usually employ the dollar as the unit of account. The dollar or sterling is used as the unit of account in most clearing agreements between non-European Free World countries and the Soviet bloc countries. An important exception is Egypt, whose agreements with bloc countries usually make the Egyptian pound the unit of account.

The unit of account does not necessarily determine the currency in which the exports are invoiced; in some cases the invoice value may be converted into the unit of account at the official rate of exchange. However, when a Western currency is used under an agreement with a bloc country, trade is probably invoiced in the Western currency. Except for trade with Finland and perhaps shipments from bloc countries under credit arrangements, bloc currencies are not used for quoting prices or for invoicing trade with the Free World.

The significance of using one unit of account rather than another is not always clear. Where the unit of account is the currency of one or both of the partners, the agreement sometimes provides for a revaluation guarantee in terms of gold or dollars. In such cases its nominal dollar value would remain constant. But what is the real value of a credit in a clearing account valued in terms of dollars, or, say, of French francs with a dollar value guarantee? This depends in part upon the settlement provisions. If a balance can only be liquidated by purchasing additional goods from the partner country, its real value depends upon the quality and prices of the goods which can be purchased. On the other hand, if a balance can be settled by demanding gold or transferable currencies, its value depends upon the ratio of exchange between the unit of account and gold or transferable exchange. In other words the unit of account in and of itself may have little significance apart from the more important provisions of the agreement covering use of the balances.

(2) *Transactions financed through accounts*

The agreements generally stipulate the types of transactions which may be financed through the accounts. Sometimes only merchandise items specified in the trade-quota lists may be paid for through the clearing account; in other cases a variety of invisible items, including shipping, insurance, and payment of interest and principal on indebt-

payments agreements with Czechoslovakia which were negotiated before the Communists took over the Czech government in 1948.

edness may be handled through the account. For example, in the French agreements with Poland and Czechoslovakia, provision was made for the repayment to France of debts owed her by each of the others.

In some cases separate accounts are established for certain categories of goods or for invisibles. Thus, under the Sweden-Poland agreement of May 1956, two Swedish kronor accounts, "A" and "D," are maintained in the Swedish National Bank. Twenty-three per cent of Swedish payments to Poland for coal and coke are credited to the "D" account. Balances in the "D" account are freely available to Poland in sterling. Under the 1955 Indonesian agreements with Czechoslovakia and with Hungary, the clearing account was used for recording the f.o.b. value of imports (at first European port) and the accessory costs of shipping, etc., were met with transferable currencies.

Recently the Finland-USSR agreement was changed so that partial payments on Soviet orders for the production and delivery of machinery and ships by Finland would be credited to the regular clearing account and thus made available for use by Finland in making purchases in the USSR. Formerly such payments were credited to a special account.

(3) *Credit provisions in the payments agreements*

Inasmuch as it is virtually impossible to maintain a balanced trade at all times, all clearing account agreements must provide either explicitly or implicitly for credits. Where the trade agreement approaches barter conditions, with each country agreeing to deliver certain quantities of goods representing balanced trade values, no explicit swing credit may be mentioned. Within the stated period of the agreement, each country is expected to deliver the agreed amounts, and entries in the clearing account measure the progress of contract fulfillment. It is expected, of course, that the account will be unbalanced in one direction or another until all of the transactions have been completed.

Most payments agreements make specific provision for a swing credit. Credit is particularly important in cases where the trade agreements provide for trade in a number of commodities or where the governments merely undertake to issue the appropriate import and export licenses rather than to supply or to purchase the commodities covered by the trade agreement. The stipulated swing credit sets a limit on the amount of deficit a country may ordinarily run in the clearing account.

Swing credits in Soviet bloc agreements with Free World countries tend to be rather small, usually from $1 to $3 million and rarely over $6 million. This is in contrast to the swing credits between Western

European countries before the establishment of the EPU in 1950, which sometimes amounted to $50 million or more. The swing credits vary with the total trade and tend to range from 5 to 20 per cent of the amount of trade in each direction anticipated in the agreement, with the majority of them approximating 10 per cent of the target trade each way. At the extremes, the USSR-Austria agreement of 1955-1956 provided for balanced commercial trade of $25 million each way and a swing credit of $5 million; the 1955-1956 agreement between Rumania and Italy provided for a swing credit of only $0.6 million and balanced trade of $11.4 million each way.

In most cases the swing credits are free of interest, but several Western countries have insisted on the payment of interest (up to 5½ or 6 per cent) by the debtor country on balances in excess of a certain amount. Under the Italy-USSR agreement, interest is paid after the balance reaches $480,000, and under the Argentine agreements with Hungary and with Poland, interest is charged on balances in excess of $1 million.

(4) *Provisions for maintaining the balance and for settlements*

Trade under bilateral agreements is planned so as to achieve a balanced position in the clearing accounts over time and to avoid settlements in gold or convertible currency. This does not necessarily mean a bilateral balancing of merchandise trade. When transportation and other services are financed through the clearing account, one country may have a deficit on account of collateral services and a surplus in merchandise trade. Frequently, regular payments on debt service are made through the clearing account; under the France-Rumania agreement of December 1956, 6 per cent of the proceeds of exports from Rumania are automatically used to redeem Rumania's debt to France, and the France-Czechoslovakia agreement provides for earmarking 7 per cent of the proceeds of Czech exports to France (subject to a minimum of $.34 million) to compensate French owners of nationalized properties in Czechoslovakia. Some of the Israeli agreements provide that the value of the holdings of Jewish immigrants from the Eastern European country in question will be credited to a clearing account and available for financing exports to Israel.[5]

In a few clearing-type agreements, provision is made for triangular settlements or for the transfer of balances by mutual consent. But the majority of the agreements depend largely upon the bilateral off-

[5] See Trued and Mikesell, *Postwar Bilateral Payments Agreements, op.cit.*, pp. 30-31.

setting of merchandise trade for achieving balance on the clearing account. This is often difficult to accomplish, even where trade is largely on a government-to-government basis. It is more difficult in Western Europe, where most trade, even with the Soviet bloc, is in private hands. The trade agreement quotas are merely permissive; there is no guarantee that Western importers will use the import licenses made available to them or that the Western exporters will export the goods for which licenses may be obtained for shipment to the Soviet country. In a few instances, the imported commodities covered in the agreements are under open license from a large number of countries or from all countries. In most cases, however, Western European countries control their trade with the Soviet bloc to a greater degree than they do trade with the rest of the non-dollar world or even with the entire non-Soviet world. Nonetheless, settlement provisions for balances are necessary.

(a) Bilateral settlement

When the swing credit is exceeded, some agreements provide for the automatic liquidation of excess balances in gold or transferable currencies. Others simply provide for a redressing of the balance by means of trade controls, or the method may be left to the determination of a mixed commission. The creditor country generally has the option of denying export licenses when the swing credit is exceeded. But pressure from private exporters and a desire to maintain markets make creditor countries reluctant to take this step except as a last resort. Several Greek agreements with Soviet bloc countries contain a special self-liquidating barter provision to facilitate trade when the swing credit is exhausted.

Agreements vary also with respect to the exactness and automaticity of the settlement requirements when the swing credit is exceeded. In some cases the credit limits appear to be more in the nature of "talking points" calling for discussion as to how and when the excess is to be settled. However, in other cases the obligations of the debtor appear to be specific and rigid. For example, in the Belgium-Czechoslovakia agreement of May 1956, any balances in the clearing account in excess of $455,000 may be invested in short-term Treasury securities and any balances in excess of $1.5 million are payable in gold or acceptable currency.

The Egypt-Rumania agreement of July 1956 contains a double credit limit and automatic settlement provisions. The maximum swing credit is $3.5 million, with any excess payable in sterling within 30 days. However, no more than $1.4 million may be carried over from one year to another. The Iran-Poland agreement of April 1956 provides that balances in excess of $560,000 may be converted into any mutually agreed currency within a period of six months; thereafter, such balances are to be liquidated by transfers of sterling or a currency acceptable to the creditor.

Many agreements provide for settlement of excess balances in transferable currencies as one of the ways of liquidating the balance. But this method is probably used sparingly under agreements of the clearing account type. Goods are normally cheaper and more easily obtained with free currencies than are the same commodities when acquired under bilateral agreements. Hence there is little incentive for the debtor to settle excessive clearing balances with free exchange. The alternative for the debtor country is to reduce imports and/or step up exports to the creditor country.

Since payments agreements tend to be renewed with or without amendment, consideration is given during trade negotiations to the current status of the clearing balance. If it is excessive in one direction or another, trade for the following year is planned accordingly.

Payments agreements almost always provide for a final settlement of balances at the expiration (or termination) of the agreement. Final settlement provisions of the agreements vary widely with respect to the type of, and maximum period for, settlement. A typical settlement clause is found in the Argentine-Poland agreement of October 1952; it provides that any balance remaining six months after the expiration of the agreement is to be paid in gold, U.S. dollars, or an agreed currency. Also typical is the Egypt-Czechoslovakia agreement of July 1955; it provides that balances remaining at the expiration of the agreement will be transferred to a new agreement if concluded; otherwise, they are to be liquidated in merchandise within one year and thereafter in sterling or other acceptable currency.

Settlement procedures in cases where the payments agreement provides for more than one account are sometimes fairly complicated. For example, the trade and payments agreement between Israel and Poland, which was terminated in June 1954, involved four separate accounts through which different categories of payments were made. In the final settlement Poland was required to deliver up to 10,000 tons of sugar, which was to be paid for as follows: (a) $100,000 out of the balance in favor of Israel in the "A" account (b) $160,000 out of the balance in favor of Israel in the "B" account; and (c) $300,000 paid by Israel in free United States dollars. Balances in the "C" and "D" accounts were to be settled by a transfer of free dollars.

(b) Triangular settlements and switch deals

A few clearing-type agreements make provision for more or less regular or automatic transfer of bilateral balances to a third country, as a means of settling bilateral imbalances scheduled by the trade agreements. Thus, according to the Finland-USSR agreement of December 1955, a scheduled imbalance in favor of Finland for 1956 was to be settled by means of trilateral settlements with third countries with which the USSR expected to have surpluses and Finland was scheduled to have deficits. Finland then entered into special trilateral agreements with USSR-Poland, USSR-Czechoslovakia, USSR-Rumania, and USSR-East Germany covering the delivery of specific commodities which represented the scheduled settlements of the balances arising out of the bilateral agreements.

An apparently one-shot trilateral deal was consummated among Japan, Czechoslovakia, and North Vietnam during 1956. Private Japanese traders exported two 5,000-ton freighters to Czechoslovakia and imported coal from North Vietnam; the triangle was closed in the payments account between Czechoslovakia and Vietnam.

Such arrangements are obviously a cumbersome way of achieving multilateralism. Moreover, as discussed in a later section, the Finnish triangular agreements with bloc countries have tended to break down. One of the barriers to a more flexible system of multilateral clearing with Soviet countries is the trade and accounting practices among the Soviet bloc countries themselves. Because of the artificial nature of the pricing practices, balances in the clearing accounts among Soviet countries may have little significance apart from the bilateral trade transactions financed through the particular agreement. To a lesser degree this may also be true in the case of trade between a Soviet and a non-Soviet country, unless, of course, prices are set in accordance with world market quotations. Thus a transfer of a balance in a clearing account (whether denominated in dollars or in rubles) from one country to another represents a transfer of a nominal amount of purchasing power with an uncertain real value.

A number of the agreements between Soviet bloc and non-Soviet countries make provisions for the transfer of clearing balances to third countries by mutual consent. However, such deals are difficult to arrange, since the use of a clearing balance for making purchases in a third country requires agreements between each of the bilateral partners as to what the balance can be used for. Thus far, there has been little evidence of any substantial amount of transfers of clearing balances to third countries, although a growing number of agreements contain clauses permitting such transfers by mutual consent.

Commercial arbitrage provides another element of multilateralism which may be of considerable importance. If one country in Western Europe has a credit balance in a clearing account with an Eastern European country, importers may obtain licenses to buy these commodities for re-export to third countries. Some of the agreements make specific provision for re-exports. Likewise bloc countries sometimes buy commodities, e.g., Egyptian cotton, for re-export to a third country. A substantial amount of Finnish imports from the USSR are known to be re-exported to Western Europe, and in 1955 over half of Finnish imports from Communist China—silk, tea, wood oil, cottonseed oil, and feathers—were re-exported to Western European countries.

Some of the trade agreements specifically prohibit the re-export of commodities unless special permission is granted. This is true, for example, of most of the Argentine agreements with the bloc countries. Others make provision for re-exports as a means of settlement. For example, the Egypt-China agreement of October 1956 provides that the accounts will be reviewed quarterly and balances may be liquidated by delivery of goods from third countries, by exports from the debtor to the creditor of goods which the latter may sell to a third country, or by transferring the balance to a third country. As will be discussed in Chapter V, the tendency of bloc countries to re-export commodities for free currencies has been a source of irritation between the agreement partners.

AGREEMENTS PROVIDING FOR PAYMENTS IN TRANSFERABLE CURRENCIES

When two countries agree to finance their trade with transferable currencies, the essential condition for a bilateral payments agreement is largely lacking—namely, restriction of the means of payment to bilateral trade. Yet, in the absence of such an agreement each country might have demanded dollars or convertible Swiss francs for its exports to the other country. The payments agreement may also define the area within which the balances are generally transferable. There may be additional features in the agreement concerning financial relations between the two countries.

Trade between two countries may be financed in a transferable currency like sterling, without any formal agreement. Britain has no formal payments agreement currently in effect with the USSR, but trade between them is substantial and is financed entirely in transferable sterling. The United Kingdom has formal payments agreements with Bulgaria, Czechoslovakia, and Hungary providing for sterling settlement; a certain percentage of the proceeds from British exports were set aside for the settlement of British claims.

During 1956 and early 1957 West Germany renegotiated all of her clearing account payments agreements in favor of agreements providing for the financing of trade in limited convertible Deutsche marks, the so-called Beko-marks. Germany has such agreements with several Soviet bloc countries, including Bulgaria, Czechoslovakia, Hungary, Poland, and Rumania. Beko-mark accounts are transferable throughout a wide area, including all EPU countries (except Turkey), Argentina, Brazil, Egypt, Finland, Iran, Japan, Paraguay, Spain, Uruguay, Yugoslavia, and the five Soviet bloc countries mentioned above. Except for trade with certain countries which is limited to private compensation, apparently all German trade with the Soviet bloc countries is conducted with transferable currencies, principally limited convertible DM or sterling.

Recently Italy established a multilateral lire account for non-residents; balances under it are transferable throughout the EPU area and to certain other non-dollar countries. While Italy has clearing account agreements with several Soviet bloc countries, new agreements with East Germany (May 1957) and the USSR (December 1957)[6] provide for payments in "multilateral" lire.

India and Pakistan have trade and payments agreements with Soviet bloc countries which call for payments to be made in sterling or in rupees, which are convertible into sterling upon demand. These agreements apparently do not provide for quotas, nor is there an attempt to achieve bilateral balancing.

In 1956, Indonesia terminated her bilateral payments agreements with Czechoslovakia, East Germany, Hungary, and Rumania, and placed all payments relations with these countries on a straight transferable-account sterling basis; only the agreement with Mainland China maintains a clearing account.

France has clearing account agreements with several bloc countries. But, in her agreements with Mainland China and with Hungary, the franc accounts are transferable over a wide area, including the EPU countries and several Latin American republics. Transferability of Hungarian (French) franc accounts is limited to balances arising from transactions in goods or services *not* under the bilateral quota agreement between the two countries.

There is a recent and significant trend on the part of certain Free

[6] *New York Times,* December 11, 1957.

World countries away from clearing account agreements with bloc countries and in favor of financing with transferable currencies.[7] However, there appears to be no perceptible trend away from trade agreements with bloc countries, even among the countries of Western Europe.

BARTER AND PRIVATE COMPENSATION

A considerable portion of the agreement trade between the Free World and the bloc countries is conducted without any foreign exchange transactions whatsoever. This is also true of some of the non-agreement trade. For example, an importer in the United States or Canada may export non-strategic commodities to a bloc country, either directly or through a foreign intermediary, and receive an equivalent value of other goods in exchange. Some of the trade agreements between governmental or semi-official agencies provide that trade may be conducted on a barter or private compensation basis.[8]

Bloc governments have also negotiated a number of straight barter agreements with non-Soviet countries, sometimes with a private firm or trade organization. Chile has arranged barter deals for the export of wine against manufactured goods from Hungary and East Germany. The Iraq Date Trading Company has bartered dates against goods from the USSR. Greek traders have also entered into a number of barter deals with the Soviet bloc.

The line between a barter-type transaction and one involving a foreign exchange transaction is very difficult to draw. The official nomenclature is not standardized, and the arrangements are difficult to classify. The term "compensation agreement" is frequently given to settlements involving private or non-governmental organizations. Where a number of commodities may be traded under the agreement, it is often referred to as a "private global compensation agreement." Under some of these agreements, it may be unnecessary to balance individual transactions. Sometimes a clearing account with a swing credit is established under the agreement.

The term "barter" is usually, but not always, reserved for contracts calling for the shipment of a specific quantity of a good against a

[7] For a further discussion of this question, see United Nations, *Economic Bulletin for Europe*, Geneva, August 1957, pp. 47-49.

[8] Private compensation deals involve a private exporter and importer in at least one of the two trading countries. A balanced trade is arranged whereby the private importer in one country pays his own currency to the private exporter in the same country, and a similar settlement takes place in the foreign country between exporter and importer, in case they are not one and the same agency. The transactions are frequently arranged by dealers who act as brokers for this type of trade.

specific quantity of another good; e.g., the exchange of Egyptian cotton against Rumanian oil. But such deals are not as simple as the boyhood practice of swapping five marbles for a blade. A precise balancing of values is not always possible because of variation in the quality of commodities, the exact nature of which is not known until delivery is made. Also there are freight, insurance, and other incidental charges which cannot be known in advance. Finally, for large contracts, partial shipments each way will be necessary, with deliveries ranging over several months.

For these reasons, accounts must be kept to measure the progress of barter contract fulfillment and provision be made for settling any balance in the account after all deliveries have been made. For example, under the March 1955 barter agreement between Egypt and the USSR for the exchange of 90,000 metric tons of wheat against 9,900 metric tons of Egyptian cotton (karnak), payments were to be made for the wheat by crediting a special Egyptian pound account in favor of the State Bank of the USSR at the National Bank of Egypt. The cotton was to be paid for by debiting this account, and any balance in the account could be liquidated in sterling. Similar agreements for the exchange of wheat against cotton were concluded by Egypt with several other bloc countries. Ceylon and Communist China have concluded a barter agreement each year since 1952 for the exchange of specific quantities of rubber against rice. As in the case of the Egyptian cotton-wheat agreements, the prices of the rubber and the rice are determined by contract; any balance in this account after the annual deliveries are made is settled in sterling.

Some of the so-called private global compensation agreements which involve the exchange of a number of commodities are quite complicated and are in many respects similar to the government-to-government trade and clearing agreements. For example, Japanese private trade associations operating under government sanction have negotiated global compensation agreements with a number of bloc countries including the USSR, Bulgaria, Czechoslovakia, Hungary, Rumania, North Korea, North Vietnam, and Communist China.[9]

The Japanese compensation agreement with Communist China establishes three categories of merchandise according to their importance. Goods of one category must be exchanged for goods of the same category. The task of the Japanese trade association is to arrange deals

9 The Japanese associations negotiating these agreements include the Japanese-Soviet Trade Associations, the Japan International Trade Promotion Association, and the Diet Members' Union to Promote Japan-China Trade. Agreements are with the bloc government or official organs such as the Chamber of Commerce in Bulgaria.

involving private Japanese importers and exporters, on the one hand, and the Chinese trading agencies, on the other, which will balance trade in each category.

Payments under the compensation transactions may be handled in one of several ways. The Japan-USSR agreement provides for payment through clearing accounts denominated in sterling at the London branch of the Moscow People's Bank. Where no clearing arrangement has been negotiated, as is apparently the case with the account between the Japan International Trade Promotion Association and Communist China, a special type of letter of credit linking the individual export and import transactions is sometimes employed. The nature of these instruments is described in the following section.

Commercial and Banking Practices

Whether final settlement is made through a clearing account or by the transfer of free exchange, the credit instruments and procedures employed in financing transactions in East-West trade are similar to those employed generally in world trade. The letter of credit, cash on presentation of documents, cash on delivery, time drafts on the importer, partial payment or full pre-payment with orders, and open account—all are mentioned in documents discussing the financing of East-West trade.[10] However, government regulations in Free World countries frequently regulate credit terms and other conditions of sale to bloc countries.

CASH AND LETTERS OF CREDIT

Apparently the bulk of the trade with the Sino-Soviet bloc countries is financed either by cash payment against shipping documents or by a letter of credit. This applies to both agreement and non-agreement trade. Where credit terms are involved, time drafts are sometimes drawn on the Soviet bloc importing organizations, provided they are guaranteed by the state bank of the bloc country.

According to the London Chamber of Commerce, British exports to the Soviet Union are usually made on the basis of cash payment against shipping documents or within 30 days of shipment, or by the opening-up of a letter of credit in the Moscow-Narodny Bank in London.[11] The Russians prefer simple terms of payment, and they are noted for promptness in payment and rigid adherence to contract terms.

[10] Information on commercial practices is taken largely from East German and West German journals and documents.

[11] London Chamber of Commerce, *Anglo-Soviet Trade*, London, 1957, p. 7.

Most trade between countries which are parties to a clearing account agreement is financed by letters of credit issued by commercial banks in one of the countries. Sometimes exporters will ship only on the basis of irrevocable letters of credit confirmed by a domestic bank. If the clearing account is not likely to be overdrawn and if the letter of credit and bills drawn under it are of relatively short maturity, a bank would presumably run little risk in issuing or confirming export letters of credit on behalf of Soviet bloc banks. However, if the letter of credit calls for payment in transferable currency, a Western bank might not be willing to confirm the credit unless the Soviet bloc bank held an equivalent amount of funds on deposit in the Western bank.

Whether or not a German or Belgian exporter is willing to ship on the basis of a letter of credit issued by a Czech or Polish bank, or whether he will insist on confirmation by a domestic bank, is determined by some of the same factors which enter into the decision of an American firm to ship against guarantees by a South American bank. West European banks may in some cases discount bills drawn on bloc firms or their banks or they may issue letters of credit on behalf of bloc-country banks. These claims can in turn be sold to the central bank or clearing agent for settlement through the clearing account. Normally drafts discounted by banks have a maturity of not more than 180 days. However, special credits for longer periods are sometimes arranged. For example, under a three-year Belgium-Luxembourg-Poland agreement of September 1954, Belgian exporters of consumer goods to Poland were permitted to draw drafts on Polish purchasing organizations under a guarantee by the Polish Bank of Handlowy. The drafts were payable 5 per cent on delivery of the mechandise, 5 per cent at the end of the first year, 25 per cent after two years, and the remainder at the end of the third year.

GOVERNMENT REGULATIONS

Countries having exchange controls usually regulate credit terms and other aspects of financing trade with bloc countries. Under a West German government decree of May 27, 1955, exports to Albania were to be financed only under an irrevocable letter of credit calling for payment at the time of delivery or on the basis of drafts payable at sight against documents; the same regulations have been applied to exports to Bulgaria, Czechoslovakia, Poland, and Hungary. The regulations stated specifically that acceptances and drafts drawn on Hungary or Rumania might not be purchased by the state central banks.

West Germany's regulations concerning trade with the USSR were different from the above, probably because payments by the USSR were made in transferable currencies, while in 1955 West Germany had clearing account agreements with most of the other bloc countries. According to West German regulations in effect in 1955, all exports to the USSR were to be made under irrevocable letters of credit issued by either a West German bank or a Russian bank. Special arrangements for partial payments could be made if delivery periods were for more than three months.

West German regulations covering trade with Red China in 1955 provided for less flexible arrangements.[12] Exports were to be financed only on the basis of pre-payment in transferable currencies or under an irrevocable and confirmed letter of credit payable in full amount, without conditions, immediately after shipment. The confirming bank could not have its residence in East Germany or in certain Far Eastern countries.

West Germany also appears to have regulations regarding the credit terms or maturities of drafts drawn under letters of credit in connection with shipments to Eastern European countries. Especially favorable credit terms require permission of the West German government.

INSTRUMENTS FOR FINANCING BARTER AND COMPENSATION DEALS

Mention has already been made of the fact that barter and compensation agreements may provide for the establishment of clearing accounts in a bank in one (or banks in both) of the partner countries. Bills drawn by exporters in both countries are credited to the account, while imports give rise to debits. For example, under the Egypt-USSR barter deal involving cotton and wheat which was described above, the barter contract provided that the Egyptian buyer of wheat was to arrange (through an Egyptian bank) for opening confirmed transferable letters of credit in Egyptian pounds in favor of the seller (the USSR Export Corporation, Exportkhleb). The letter of credit was to be issued by the State Bank of the USSR to the USSR Export Corporation, which in turn was paid in rubles by the State Bank of the USSR upon delivery of documents indicating shipment of the wheat. The amount of the letter of credit was to be credited to the special account of the State Bank of the USSR in the National Bank of Egypt upon receipt by the National Bank of Egypt of the following documents: full set of bills of lading, certificates of quality of the State Grain Inspection of the USSR, insurance policies, and sellers' invoices.

[12] See Decree of November 9, 1954, Association of German Industries, *Ost-Handel, Handbuch fuer den Handel mit Laendern im Osten*, Cologne, 1956.

A similar process involving the issuance by the National Bank of Egypt of an export letter of credit in favor of the Egyptian exporter financed the shipment of Egyptian cotton. The special account at the National Bank of Egypt would be debited by the amount of the letter of credit. On completion of the deliveries under the contract, any surplus or deficit in the account must be liquidated in pounds sterling.

A number of the barter and private global compensation agreements are accompanied by special agreements between banks in the partner countries—frequently private commercial banks in the Free World country—providing for the opening-up of letters of credit and the maintenance of special accounts. Sometimes the accounts must be cleared periodically either in foreign exchange or by shipment of additional merchandise; in other cases swing credit limits are established. Where clearing facilities are not provided for, the actual financing of the trade may involve the issuing of letters of credit calling for drafts payable in a transferable currency. Thus, the compensation agreement between the Japanese International Trade Promotion Association and the People's Republic of China of May 1955 stated that until a payments agreement was signed between the central banks of both countries, transactions would be paid for temporarily in pounds sterling. However, special types of letters of credit have been developed linking the export and import transactions together and making the honoring of drafts drawn under the import letter of credit depend upon the purchase of the draft arising out of the export letter of credit, or vice versa.

Trade between Japan and Communist China under the compensation agreement has been financed largely by the "reverse Tomas" (Import First) letter of credit.[13] The "Tomas" (Export First) letter of credit provides for the purchase of goods by China in Japan with payment to be effected by collateral Japanese purchases in China within from six to nine months. The "reverse Tomas" letter of credit, which permits Japan to make the initial purchase in China, naturally involves less risk for the Japanese.[14] Under this arrangement, an import letter of credit is issued by the Japanese bank to the Chinese exporter, to become effective after receipt of a letter of guarantee from an agency of the Chinese government that it will purchase a collateral export from Japan within a fixed period (usually six months) after the issuance of the import letter of credit. The Japanese bank receives payment in

13 "Far East Trade with the Soviet Bloc," *News from Behind the Iron Curtain*, October 1955, p. 26.

14 For terms and conditions of these procedures, see *Japan Foreign Trade News*, May 1956, pp. 55-56.

yen from the importers on receipt of goods in Japan and subsequently makes the payment to the Japanese exporter.

There are indications that Japan has experienced difficulties in its compensation agreement with Mainland China under the "reverse Tomas" letter of credit. Pursuant to an agreement involving the exchange of Chinese soybeans for Japanese textiles and chemicals, the Japanese government authorized imports of Chinese soybeans despite the fact that the price was substantially higher than either United States prices or Chinese prices to European destinations. The soybean imports were to be paid for largely by textile exports within six months under the "reverse Tomas" letter of credit arrangement. But the Japanese exporters of rayon had difficulty in coming to terms with the Chinese importers, who maintained that the rayon textiles could be obtained more cheaply in Italy. In the event that the Japanese exporters and Chinese importers could not come to terms, Japan would be obliged to pay sterling for the soybeans, contracted for at premium prices.[15] This case appears to indicate that there are loopholes in the "letters of guarantee" under the "reverse Tomas" arrangement.

Special types of back-to-back letters of credit are also used to finance barter and compensation deals between West European countries and Soviet bloc partners. Typically, these arrangements provide for the issuance of an import letter of credit which becomes effective within the stated amount when a collateral export letter of credit has been established. The two obligations cancel out and no foreign exchange payment need be made. Internal settlements must of course be made if the exporter and importer within the same country are not the same person. There is some credit risk involved in these arrangements, since as a rule the exports will not be made simultaneously. Japan has also used this method with Russia, China, and East Germany. In trade with East Germany in mid-1955, Japanese firms importing fertilizer valued at $3.1 million employed the back-to-back method, offering as collateral exports cotton yarn equal to 12 per cent of the value of the fertilizer and the rest in iron and steel products.

CREDIT GUARANTEES

Several Western European countries have established institutions for guaranteeing commercial credits extended by exporting firms to foreign purchasers; these guarantees include credits to Soviet importers. For example, in West Germany a governmental organization, Hermes-

[15] This case was taken from an American Embassy Report, Tokyo, December 3, 1954.

Kreditversicherungs, insures such export credits. In Paris the Banque Nationale Commerciale pour l'Europe du Nord (said to be Russian-controlled) also guarantees commercial credits to bloc enterprises.[16]

In 1955, the government of Egypt established a system of guarantees to private exporters shipping cotton to Sino-Soviet bloc countries with which Egypt had bilateral payments agreements. The rules governing the guarantees were stated as follows:[17]

(1) The bills shall be drawn for six months, renewable for a further period within six months, and must be guaranteed by the central bank of the importing country.

(2) The central bank of the importing country shall guarantee payment either through the Agreement account or in sterling, the dollar, Deutsche mark, French franc, or Swiss franc.

(3) Local banks may discount the guaranteed bills and may rediscount them at the National Bank of Egypt.

(4) A charge of 4½ per cent of the value of the bill is made for the guarantee.

TRADING IN CLEARING ACCOUNT BALANCES

In some countries, unofficial markets for clearing account balances have developed in which effective rights to employ "clearing account dollars" may be purchased at substantial discounts. In Brazil, for example, clearing account dollars available for use in Czechoslovakia, Hungary, and Poland may be purchased for cruzeiros at the official foreign exchange auctions. Despite high Czech prices, it has been possible for dealers to buy Czech goods with Czech-Brazilian account-clearing dollars acquired at a discount with cruzeiros and to sell these goods at a substantial profit either in Brazil or in third countries. In Uruguay, accounting dollars available for use in bloc-agreement partner countries have also been sold at a discount. Of course, unless these countries are getting a substantial premium for their coffee or wool from the bloc countries, their terms of trade will be lower as compared with sales and purchases in Free World markets.

INTERMEDIATE AND LONG-TERM CREDITS

In addition to commercial credits, bank credits, and swing credits under bilateral agreements, trade between the Soviet bloc and the Free World has been financed by a number of intermediate and long-term credits; these are usually arranged on a government-to-government

16 *The Times* (London), December 17, 1956, p. 12.

17 Source: Cairo newspapers, May 10, 1955, taken from State Department dispatch.

basis. Western countries have made available a few credits to Eastern European countries from time to time. The largest of these was the Swedish credit of one billion krona (about a quarter of a billion dollars) to the USSR in 1946. Sweden also made available two-year credits to Czechoslovakia and Hungary shortly after the war. Under a West Germany-Poland agreement of February 1955, Germany granted a special credit of $9.6 million for the purchase of machinery by Poland, the credit to be repaid in four annual installments. Canada undertook to sell Poland 150,000 tons of wheat during 1956-1957 under a credit repayable in installments over a three-year period.

Beginning in 1953, the Soviet bloc countries began making available long-term credits for financing exports of goods and services required for economic development projects in the less developed areas.[18] These credits have been tied to shipments of commodities and the services of technicians from the bloc country extending the credits. They carry relatively low rates of interest, usually 2.5 per cent, and are repayable in installments running up to 30 years in a few cases. Repayment is made either in commodities specified in the loan agreement or under the trade agreements. Presumably the repayments are made through the clearing accounts, where they exist. Repayment is made in transferable currencies, where trade is so financed. This is true in the case of India's credits from the bloc countries.

According to a recent study by the State Department, the Sino-Soviet bloc countries agreed over the period 1955-1957 to extend economic aid to the underdeveloped countries, aggregating $1.9 billion (see Table 7).[19] The vast bulk of the aid is in the form of credits, with deliveries scheduled over periods of from one to five years or more. These aggregates provide little basis for a determination of actual capital movements, however. In the first place, the credits are frequently renegotiated. For example, early in 1957, the USSR proposed postponing until after 1960 deliveries under its loans to Yugoslavia involving some $250 million; but, after an improvement in the relations between the two countries, the loans were reportedly restored on the original basis. The terms of Egypt's long-term credit were altered in May 1958, during Nasser's visit to Moscow; Russia agreed to a 15 per cent reduction in the prices of industrial goods purchased by Egypt under the agreement.

[18] See Robert L. Allen, "The Soviet and East European Credit Programs," *American, Slavic, and East European Review*, December 1957, pp. 443-449; see also Klaus Knorr, *Ruble Diplomacy*, Center of International Studies, Princeton University, Princeton, N.J., 1957.

[19] For text of State Department study, see *New York Times*, January 4, 1958, p. 4.

Table 7

Estimated Sino-Soviet Bloc Aid To Less Developed Countries 1955-1957 as of December 30, 1957[a]

(millions of US dollar equivalents)

Afghanistan	145
Cambodia	22
Ceylon	20
Egypt	480
India	270
Indonesia	110
Nepal	13
Syria	280
Yemen	10
Yugoslavia	465
Other	70
	1,885

[a] Credits except for grants of $22,000,000 to Cambodia, $13,000,000 to Nepal, $16,000,000 to Ceylon, and $5,000,000 to Egypt. Burma is receiving several "gift" projects, but will make a return "gift" of rice to the USSR over an extended period.
Source: U.S. Department of State (*New York Times*, January 4, 1958, p. 4).

Another factor which may tend to overstate the amount of the credits is that the prices of the goods to be delivered may be higher than world prices. Credits are usually valued in terms of rubles, and the actual dollar value may differ substantially from the ruble value converted into dollars at the official rate of exchange. Only in the cases of the USSR's February 1956 loan of $30 million to Yugoslavia, and of two $10 million loans to Finland, were the loans made in free currencies. A list of Soviet bloc credits to Free World countries for the period January 1953-January 1958 is given in Appendix Table II. While offers of Soviet bloc credits have been made to Greece and Turkey, there is no record of actual granting of credits to non-Soviet European countries other than to Finland and Yugoslavia.

The Role of Gold and Free Currencies

Only scant information is available with regard to Soviet bloc gold sales. It is believed that the USSR, which is undoubtedly one of the world's largest producers of gold,[20] sold little gold in the postwar period until 1952. Over the period 1952-1956, sales have averaged an estimated 3 million ounces annually, with sales in 1956 totaling about 4.3 million ounces ($150 million). However, in 1957 Soviet sales reached a record

[20] A leading London gold brokerage firm, Samuel Montagu & Company, estimates the current annual gold production by the USSR at 17 million ounces, or about the same level as South Africa's. The U.S. Bureau of Mines estimates Russian gold production for 1954 and 1955 at 9 million ounces annually. (See *New York Times*, February 19, 1958.)

of 7.5 million ounces, according to the annual report of Samuel Montagu & Company. A considerable portion of the sales are for sterling which is used to meet deficits with the raw material-producing countries that cannot be covered by the surpluses with Britain.

There is some evidence that a kind of free foreign exchange pool has been in operation among the European Soviet countries, so that if a satellite country earns a surplus in sterling, it is transferred to the Soviet Union. The Soviet Union in turn has been known to make purchases of raw materials in Free World markets for transfer to the satellite countries. It is also believed that the USSR has settled a portion of Hungary's commercial debts to Western countries in 1956 with transferable exchange.[21] The USSR, according to press reports, has also made available free foreign exchange to East Germany and other satellite countries from time to time; it also made gold loans totaling $20 million to Finland to ease the latter's foreign exchange position.

While the Sino-Soviet bloc as a whole apparently has had a current account deficit with the Free World in recent years that has had to be settled in gold, certain bloc countries have had surpluses. For example, Communist China, whose Free World trade is largely with the sterling area, had a trade surplus with the sterling area of 67 million pounds in 1956 and in addition received an estimated 20 million pounds in family remittances from Chinese living abroad. China also has had a sterling surplus with Japan. On the other hand, Communist China's sterling reserves declined from about 100 million pounds to 30-40 million pounds during 1956. China must make certain payments for shipping and other services to non-Communist countries and has had a trade deficit with some countries, including Egypt. However, these payments are not likely to account for the decline in reserves in the face of an overall trade surplus with the Free World. A more likely explanation is that China has used sterling to settle her deficit with the USSR.[22]

The Problem of Multilateral Settlement

The use of freely transferable currencies for financing trade tends in part to destroy the basic motivations for bilateralism: the securing of goods without foreign exchange payment, and forcing your trading partner to buy as much from you as you buy from him. In other words, the bilateral trade agreements depend in large measure upon the balancing requirement in the payments mechanism for their enforcement. Nevertheless, both the Sino-Soviet bloc countries and the Free World

[21] *The Times* (London), May 14, 1957.
[22] See *The Times* (London), May 20, 1957.

trading partners have been well aware of the fact that bilateral balancing limits trade. Planned trade can be multilateral rather than bilateral, provided there are opportunities for multilateral settlement.

East-West bilateral agreements have employed three types of arrangements for achieving a degree of multilateralism: (1) transfer of balances to third countries by mutual consent; (2) explicit provision for re-export to third countries or settlement of bilateral deficits with re-exports of goods from third countries; and (3) planned triangular trade. Only the first is actually a multilateral payments device; the other two are trade devices. In general, the first two devices have been used to settle unplanned deficits in the clearing balances rather than as a means of facilitating multilateral trade. Only the planned triangular trade agreements negotiated by Finland with the USSR and other Sino-Soviet countries have in the past provided a means of continuous multilateral settlement.

TRIANGULAR SETTLEMENTS BETWEEN FINLAND AND SINO-SOVIET BLOC COUNTRIES

Provision was first made for triangular balancing of trade between Finland and the USSR in an agreement signed in 1950. A Finnish surplus with Russia was scheduled under the agreement and, subsequently, Finnish agreements with Czechoslovakia, Poland, Rumania, Hungary, and China scheduled Finnish deficits equal to her surplus with Russia. These deficits were to be discharged by a transfer of ruble balances to the satellite countries and China, that had accumulated in the Finnish-USSR clearing account. The satellite countries and China in turn scheduled deficits in their trade with the USSR.

These complicated arrangements evidently did not work out exactly as planned, for Finland accumulated a fairly substantial credit balance in her clearing account with the USSR. The balance was partially liquidated by Finnish re-exports of Russian wheat to West Germany and by an agreement by Russia in 1954 to convert 15 per cent of Finland's credit balance into sterling. In addition, Russia extended a $10 million "gold" loan to Finland in 1954 at 2½ per cent interest, although Finland was still a substantial creditor on her clearing account.

A new five-year trade agreement between Finland and the USSR was signed in 1954 covering the years 1956-1960. Soviet imports from Finland were projected to rise from $145 million in 1954 to $147.5 million in 1956 and to $164 million by 1960. Russian exports to Finland were to remain some $40 million per year less than its imports. The surplus was to be covered by $10 million in convertible currency plus trilateral settlements amounting to $30 million annually. Each of the third-party countries agreed to sell fairly high proportions of their exports to Finland for clearing account rubles: Rumania accepted 40 per cent in rubles; Poland 46 per cent, and East Germany 10 per cent. These rubles were to be used by these countries for settlements with the USSR.

The commodity lists for 1956 and 1957 provided for an expansion of Finnish-Soviet trade, as planned, and for the settlement of the Finnish surplus trilaterally. But in early 1957, Finland's position received a severe setback when Czechoslovakia refused to continue its trilateral deliveries. Poland, Rumania, and East Germany also withdrew from the trilateral arrangements. Thus, Finland was forced to pay for goods from these countries with its own exports or convertible currencies. Poland demanded that 400,000 pounds sterling, representing about one-third of her coal deliveries, be paid for in free foreign exchange rather than settled triangularly with Russia. These actions evidently stemmed from a dissatisfaction on the part of the satellite countries with their trade relations with the USSR and perhaps reflect an increase in the degree of political independence of these countries from Russia.

The actions by the satellites apparently came as a surprise to the principal partners, for they had postulated their own agreement for 1957 again on trilateral deliveries, particularly by Poland. Russia consequently agreed to ship more goods to Finland directly in order to cut its estimated deficit of $12 million for 1957. Russia also agreed to shift the funds in the prepayment accounts for ships, machinery, etc., into the "current" clearing account, wiping out the pre-payment account by 1960. The USSR continued to put forth the principle of tripartite settlements, presumably with the expectation of more successful bargaining with the other bloc countries in the future.

Clearly, planned triangular trade and settlement are a clumsy device for achieving multilateralism. They involve several simultaneous negotiations and the success of each negotiation depends upon the successful execution of all of the others.

THE ECE MULTILATERAL CLEARING SCHEME

Since 1948 the Economic Commission for Europe has been seeking a means of promoting trade between Eastern and Western Europe.[23] A major barrier to East-West trade has been the inability to use a credit balance with one clearing partner to settle a deficit with another. In

[23] For an excellent review of these efforts, see Michael L. Hoffman, "Problems of East-West Trade," *International Conciliation*, January 1957, pp. 288-297.

May 1957, the Economic Commission for Europe announced the inauguration of a multilateral compensation scheme developed by the ECE's Committee on the Development of Trade and favored in principle by "more than twenty European countries represented at the Fifth Session of the United Nations ECE Committee on the Development of Trade, ending October, 1956."[24] The ECE Secretariat acts as Clearing Agent for the compensation scheme. Several European countries, including Belgium, Britain, Italy, and West Germany, have announced their unwillingness to participate in the ECE scheme.

The ECE System operates as follows: At the end of each quarter, the central banks of participating countries inform the Clearing Agent of the debit or credit balances which they wish to submit for compensation. (There is no obligation to submit their total balance with any individual country or overall.)[25] On the basis of this information, the Clearing Agent prepares and transmits specific proposals for compensation. The proposals are designed to offset to the greatest extent possible the total of debit or credit balances submitted for compensation and to bring into compensation circuits the maximum number of countries.[26]

The first compensation operation was based on balances existing as of September 30, 1957. The ECE Secretariat announced that eight governments (Denmark, Finland, France, Greece, Israel, Norway, Poland, and the USSR) had agreed to compensations totaling $9.0 million. Offers had been received from 12 governments (including Austria, Czechoslovakia, Hungary, and Yugoslavia) to compensate 39 specific claims or debts totaling the equivalent of $38.3 million.[27] The second quarterly compensation resulted in compensations totaling $10.0 million. Data on the gross bilateral positions involved in the first and second compensations have not been released, nor has information been given on the composition of the individual circuits.

Since trade between Eastern and Western European countries has been running at from $400 to $450 million per quarter, the amount of compensation achieved through the ECE scheme in the first com-

24 UN Press Release, ECE Trade Committee, Geneva, October 30, 1956. See also "East-West Clearing," *The Economist*, May 25, 1957, p. 727.

25 UN Press Release, ECE Trade Committee, October 12, 1956.

26 The circuit or offset method is as follows: Construct the longest possible closed circuit of bilateral positions. Thus, A has a credit with B; B has a credit with C; C has a credit with D; . . . ; X has a credit with Y; and Y has a credit with A. Then cancel out the largest common balance. Then construct the longest possible circuit with the remaining balances, and so on, until no further cancellation is possible.

27 UN Press Release, ECE Trade Committee, August 7, 1957, and November 13, 1957. See also *Economic Bulletin for Europe*, August 1957, p. 49; and *International Financial News Survey*, September 6, 1957, pp. 73-74.

pensation was quite modest. However, it should be remembered, the Western European countries with the largest Soviet bloc trade, Britain and Germany, trade with the Soviet bloc on a transferable currency basis.

The ECE compensation arrangement is in certain respects similar to the OEEC's "First Agreement on Multilateral Monetary Compensation of November 18, 1947," which represented the first concrete effort of the Western European countries to achieve a degree of multilateralism in their postwar bilateral payments positions. There are important differences, however. First, all 13 members of the OEEC system, both regular and occasional, agreed to inform the Bank for International Settlements at the end of each month of their bilateral positions vis-à-vis the other members. Second, six members (Belgium-Luxembourg, the Netherlands, France, Italy, West Germany) agreed to accept automatically all BIS recommendations for first-category compensations, i.e., mutual cancellation of balances.[28] The results of the OEEC multilateral compensation arrangement were extremely meager. At the time of the first reporting of the balances to the BIS, (gross) bilateral debits of reporting countries were over $700 million, of which about $400 million represented net credits (or debits). This meant that $300 million of the gross indebtedness could have been compensated, given a mechanism for complete multilateral compensation or netting of the bilateral positions. However, the maximum possibilities for first-category compensations or circuit offsetting were from $40 to $50 million, assuming all 13 members accepted the BIS recommendations. But actual compensations amounted to less than $2 million for the first clearing operations in December 1947, and by the end of March 1948 compensations had totaled only $39 million.[29]

From the standpoint of the formal arrangements, it would seem that the present ECE arrangement has much less chance of achieving a significant amount of multilateral clearing than the December 1947 OEEC compensation agreement. Some fundamental difficulties arise in any scheme for the multilateral compensation of clearing balances, and they are especially evident where Communist countries are among the participants.

PROBLEMS OF OPERATION OF THE ECE SCHEME

One difficulty with the ECE scheme arises immediately over the

[28] For a discussion of various types of multilateral compensation, see Raymond F. Mikesell, *Foreign Exchange in the Postwar World, op.cit.*, Chapter 6.

[29] Bank for International Settlements, *Eighteenth Annual Report*, Basle, 1948, pp. 148 and 159.

comparability of the nominal values of the balances. Austria would be willing to offer a credit balance with Czechoslovakia in exchange for the cancellation of a debt to the USSR only on condition that the value of the Czech credit is equal to or less than the cost of discharging the debt to the USSR by shipping goods. The relative value of the Czech credit cannot readily be determined. The calculation is quite different from buying or selling in free markets where the prices are known. Each price must be negotiated, as well as the goods to be made available. In fact, the value of a given balance is uniquely related to the bilateral trade agreement under which it has arisen.

Under the 1947 OEEC multilateral compensation agreement, differences in the real values of the balances greatly limited the willingness of the occasional members to accept recommended compensations. Thus, Denmark was unwilling to cancel a credit with a strong-currency country like Belgium in exchange for discharging a debit with, say, Italy or France. Similar and even greater limitations will surround East-West compensations.

A member of the European Payments Union will probably be reluctant to give up a credit vis-à-vis another EPU member in exchange for discharging a deficit with a Soviet bloc country. (There were no such cases in the first two compensation operations.) Balances between EPU members may be cleared through the EPU or exchanged for other EPU currencies, some of which can be sold for dollars at a discount of about 1 per cent from their official dollar value. Hence, Western European countries will ordinarily be willing to offset a debit balance with a Soviet bloc country only against a credit with another Soviet bloc country, or with a country like Israel which is not a member of the EPU.

On the other hand, individual Soviet bloc countries will be most reluctant to exchange a credit balance with a Western European country for discharging a deficit with a Soviet bloc country. (In the first two compensations there were no cases in which two bloc countries were directly connected in the same circuit.) The reason is that a credit in a Western European country can generally be used to acquire a wide variety of goods at world market prices, while a deficit with another Soviet bloc country often can be discharged only with goods the debtor may be anxious to sell.

The opportunities for multilateral offsets will, therefore, be quite limited as compared with the theoretical possibilities for offsets by means of the circuit system. But even the *maximum* theoretical possibilities for compensations by means of the circuit system are only a fraction of the compensations that can be achieved if balances are transferred from one country to another. Thus, if France could use a surplus with the USSR to buy goods in Czechoslovakia, and Czechoslovakia could in turn use the balance transferred from the France-USSR clearing account to increase her purchases in the USSR or in Finland or Rumania, a fully multilateral trading system could be established.

However, the limitations on the transfer of clearing balances under bilateral agreements are even greater than on the process of multilateral offsetting. The reason lies in the lack of *fungibility* of the balances. A sterling balance or a franc balance can be spent for a variety of commodities in the sterling area or in the French franc area at market prices. But if Denmark has a surplus in her clearing account with the USSR and desires to use that balance to make purchases in Poland, the problem is much more complicated. First, Poland may not be willing to accept the balance unless she can arrange to step up her imports from the USSR. This would require a revision of the trade agreement. Second, in order to utilize the balance in Poland, Denmark must negotiate with Poland regarding the availability and the prices of commodities. Credit balances in clearing accounts are simply not purchasing power except in the context of a bilateral trade agreement.

INTRA-SOVIET BLOC CLEARING

One of the major barriers to the transferability of East-West clearing balances has been the absence of a multilateral clearing system among the Soviet bloc countries themselves. There have been indications in the press from time to time for the past ten years that the USSR has been seeking to establish a multilateral payments system based on a transferable ruble. The latest indication came out of a session of the Soviet Council for Economic Assistance held in June 1957. It was announced that agreement had been reached at this session for the creation of a multilateral trade agreement and clearing system for members of the European Soviet bloc, including Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, and the USSR.[30] No details regarding the operation of the clearing system have been announced.

Such announcements must be viewed with skepticism so long as intra-Soviet bloc trade is conducted under rigid bilateral agreements

[30] *International Financial News Survey*, July 19, 1957, p. 18. See also *Economic Bulletin for Europe*, August 1957, pp. 48-49.

according to which prices are negotiated with respect to the specific bilateral deals, and at levels that may bear little relation to world market prices. Under a system of bilateral trade balancing, a country can insist upon obtaining goods whose real value is equal to what it exports. But it is an entirely different matter to export the same goods for ruble balances the value of which depends upon the bargaining power of the holder of the balances.

It is quite possible, of course, that intra-Soviet bloc trade may be shifting to a basis which would make a system of multilateral clearing feasible. Poland, East Germany, and Hungary have recently taken steps to decentralize their foreign trade and to grant enterprises more autonomy in dealing directly with foreign firms. Such moves would seem to require a closer relationship between internal prices and costs and world market prices. But a fairly drastic change in the internal price and cost structures of the Soviet bloc countries will have to take place before a balance in rubles can be equated with a balance in zlotys. This problem is summarized in the following statement in the ECE's *Economic Bulletin for Europe* (August 1957, p. 47): "The view has been steadily gaining ground that foreign trade should not be governed by ad hoc decisions to fill gaps or dispose of surpluses, nor be considered merely as a method of linking the centrally planned economies, but that greater benefits could and should be sought from a wider international division of labor. In order to achieve this, it is necessary that the real relative costs of production of different goods should be discernible, but the price structure in Eastern European countries hardly fulfills this condition at present. The discussion of the tests to be applied in determining the real 'profitability' of foreign trade under the conditions of a planned economy is now becoming more widespread throughout Eastern Europe."

THE BRITISH PROPOSAL

The ECE proposal for multilateral compensation of East-West trade has been opposed by Britain, West Germany, Italy, Belgium, and Turkey.[31] In the case of the first four countries, opposition has stemmed from a desire to eliminate bilateralism entirely in their own trade relations; this policy is easier to maintain if other countries do likewise. The West German government has taken the position that to make bilateralism more palatable by providing a clearing mechanism may lead to its perpetuation.

[31] It is also reported that the Bank for International Settlements refused to act as clearing agent for the scheme. (*The Economist*, May 25, 1957, p. 725.)

As a counterproposal, the British have suggested that the EPU countries make the balances in their own currencies arising out of trade with the Soviet bloc freely transferable within the EPU area. This is already the situation with respect to the pound sterling and the Deutsche mark, both of which are used as the means of financing trade between these two countries and the Sino-Soviet bloc.

The British proposal would, in effect, eliminate bilateral clearing agreements in East-West trade, leaving bilateral trade agreements intact if desired. The suggestion is opposed by the countries of the Soviet bloc in part because it would reduce their bargaining power. Since their trading partners would have the alternative of using their export proceeds from sales to a bloc country for making purchases either in the bloc country or in Western countries, bloc goods would need to become fully competitive with commodities available in free Western European markets. Soviet bloc countries may also oppose the British suggestion because they would no longer be able to run deficits on the clearing accounts with their European partners. For example, before West Germany shifted her trade to a transferable currency basis, that country was a substantial creditor on the clearing accounts to the bloc. Now bloc countries must have transferable Deutsche marks or sterling to pay for German goods. Soviet countries might of course obtain short-term banking or commercial credits from individual countries willing to extend them. But such credits are likely to be more carefully scrutinized than those created via running up clearing account deficits by a sharp rise in their imports, as was formerly possible.

IV. TRADE AGREEMENTS AND THE ORGANIZATION OF EAST-WEST TRADE

THE types of organization and control employed in trade between Free World and Sino-Soviet bloc countries are closely related to the methods of financing and are equally as varied. In this chapter we shall deal with (1) the agencies conducting East-West trade; (2) the nature and operation of the trade agreements; (3) pricing practices in East-West trade; and (4) certain trade practices which affect the volume and character of East-West trade. The last part of this chapter is devoted to a statisical analysis of the operations of the trade agreements.

THE AGENCIES CONDUCTING EAST-WEST TRADE

FREE WORLD ORGANIZATION

The trading practices employed by Free World countries in transactions with the Sino-Soviet bloc tend to follow those employed in their trade with other Free World countries. If wheat or coal are generally imported by a state trading organization, the state importing agencies will ordinarily make a contract for the importation of the commodity at prices agreed by negotiation with the exporting agency of the Soviet country. If, on the other hand, the commodity is normally imported by private firms, the appropriate license will be issued to any firm seeking to purchase such merchandise from the bloc country, if such license is required.[1] Likewise, exports will be handled on a state trading or a private basis, depending upon the way trade is generally conducted in that commodity. Sometimes state trading is only partial in certain commodities; in such cases, trade with the Soviet bloc may be either private or governmental.

As discussed in Chapter III, there are also cases in which trade in certain commodities is conducted by trade associations, some of which have a semi-official status.[2] Such organizations may participate with government officials in the negotiation of the trade agreements. Where trade is conducted on a compensation basis, private or semi-official

[1] The Uruguayan licensing system (1955) has been reported as encouraging imports from non-dollar (including bloc) countries. Each importer is given a certain amount of "import points" based on past activity. He must use some of them to buy in bloc countries or lose them to a competitor in subsequent periods. Even so, lack of commercial connections and knowledge of what is available has slowed the expansion of trade with the bloc.

[2] Austrian officials are reported to have advised small and medium-sized enterprises to form associations for dealing with Soviet bloc foreign trade monopolies.

associations may arrange the compensation deals, which are frequently participated in by several private concerns. For example, the Norwegian Compensation Company in Norway arranges compensation deals with East Germany and charges a fee of 1 per cent on import and export contracts for its services.

In recent years Western European countries have tended to shift out of state trading. However, as of May 1957, 11 per cent of the imports of the OEEC countries from the United States and Canada was subject to state trading;[3] this percentage was probably higher for trade with the Soviet bloc countries. Grains, feeds, and other primary agricultural commodities, together with fuels and certain minerals, are partially or wholly subject to state trading in several Western European countries.

In the less developed countries, a somewhat larger percentage of the total trade is subject to state trading or is conducted by semi-official organizations. Exports of major primary commodities, such as rice, cotton, and rubber, are often handled by a state monopoly. Imports of fuel, basic foodstuffs, fibers, industrial raw materials, and machinery for government-sponsored development projects are also frequently under a government agency.

SINO-SOVIET BLOC TRADING AGENCIES

The vast bulk of the foreign trade of the Sino-Soviet bloc countries is handled by some 150 foreign trade corporations operating as agencies of the governments of individual bloc countries. The foreign trade corporation usually handles all exports or imports (or both) with respect to a certain category of commodities. For example, one Soviet corporation, Machinoexport, handles exports of electrical, chemical, transport, and light industrial equipment; Exportlyon handles exports and imports of textiles and textile raw materials.[4] Some 22 foreign trade corporations are located in Moscow and handle virtually all of Russia's foreign trade. They act as mediaries between the producing, consuming, or distributing enterprises, on the one hand, and foreign buyers and sellers, on the other. As of December 1955, the latest date for which comprehensive data are available, Communist China was reported to have had 18 foreign trade corporations; Czechoslovakia, 25; Hungary, 24; Poland, 26; Rumania, 14; Bulgaria, 12; Albania, 2; North Korea, 3; and North Vietnam, 1.

[3] Organization for European Economic Cooperation, *Liberalisation of Europe's Dollar Trade (Second Report)*, Paris, June 1957, p. 77.

[4] See London Chamber of Commerce, *Anglo-Soviet Trade*, London, June 1957, Appendix V.

The growing decentralization of trade between Eastern and Western Europe, arising from the latter's liberalization measures, has necessitated greater contacts between private firms in the West and the purchasing and selling corporations in the Soviet bloc. Soviet purchasing organizations maintain representatives and branch offices in many countries throughout the world and the barriers to travel by Western businessmen in Eastern European countries are decreasing. International trade fairs also provide opportunities for international contacts between Free World business firms and Soviet representatives. One of the reported advantages of attending Eastern bloc trade fairs is that Western businessmen have an opportunity of meeting not only with the representatives of the bloc countries' foreign trading corporations but also with representatives of the producing and consuming enterprises as well. The Economic Commission for Europe has also facilitated trade negotiations between Eastern and Western European countries.

The centralization of bloc-country trade in special corporations undoubtedly makes for rigidities and inefficiency as compared with a system under which private enterprises in the West could deal directly with producing, consuming, or distributing firms in the bloc countries. Recently, however, there have been indications of decentralization of foreign trade in the Soviet bloc countries. For example, certain East German firms have, according to press reports, been permitted to make contracts directly with foreign firms. In June 1954, a system of foreign exchange bonuses of from 1 to 2 per cent of the foreign exchange transactions was established for certain export products in East Germany. The enterprise receiving the foreign exchange bonus may import on its own, or through a foreign trade corporation, certain commodities or services (including foreign business travel, advertising, etc.) which will promote exports.[5]

The Polish Minister of Finance issued a decree in November 1956 restoring the right of private citizens to hold foreign exchange, gold, and platinum. All foreign means of payments which had been deposited with banks under previous regulations could thereafter be withdrawn at any time, although free trading in foreign exchange was not permitted. Among other things, the new measure is designed to enable private enterprises, especially small traders, to buy raw materials abroad.

[5] See Wolfgang Foerster, *The Foreign Trade System of the Soviet Occupation Zone of Germany* (in German), Bundesministerium fuer Gesamtdeutsche Fragen (All-German Ministry), Bonn, 1956.

Nature and Operation of the Trade Agreements

The trade agreements between the Sino-Soviet bloc and Free World countries are so varied in their textual content and their operation that they almost defy classification in terms of useful categories. Where the agreements are limited to the exchange of specific quantities of a few commodities, they are called "barter agreements," but the distinction between barter and the broader type of trade agreement is not always clear. It is even difficult to draw the line between governmental and non-governmental agreements, since some of the private associations or co-operatives which negotiate agreements appear to have a semi-official status, while others do not. In this section we shall consider all agreements relating to the exchange of commodities (as opposed to their financing).

TRADE QUOTAS

Trade agreements between Free World and Sino-Soviet bloc countries usually set forth quota lists with corresponding values or quantities for reciprocal trade. Prices are not ordinarily dealt with in the basic agreement. These must be negotiated when contracts for specific transactions are drawn up with private firms, co-operatives or associations, or state trading agencies.

The quota lists usually cover trade for one year, but the basic trade and payments agreement may have a longer duration, up to five years; or it may be automatically renewable unless denounced by one of the partners. The trade and payments agreements usually provide for termination at any time on three or six months' notice by either party. Sometimes the same trade-quota lists are renewed for a further period; but usually they are amended, even if the basic agreement remains in force. The following excerpt from the France-USSR trade and payments agreement signed in February 1957 is typical of this type of accord:[6] "USSR and France will deliver goods listed on lists annexed to the present accord. . . . These lists will be adjusted and completed by the parties during the conclusion of the annual protocols. . . . On this occasion the parties will attempt to expand the nomenclature of products which are the subject of the reciprocal deliveries, taking into account, with common agreement, not only the products which play a traditional role in the commerce between the two countries but also other products. . . . The two governments will make every effort so that the price of the products delivered under the present agreement

[6] *New York Times*, February 12, 1957.

will be established on the basis of world prices, that is to say, the prices in use for the same products on the principal markets."

(1) *Quota fulfillment*

Trade quotas do not represent a governmental commitment to buy or deliver on the part of Free World governments, except possibly in the case of commodities subject to state trading. Even in the case of state-traded commodities, the trade agreement is ordinarily not a contract subject to legal action in the event of non-fulfillment. What the government undertakes to do is to issue import and export licenses in accordance with the quota lists. Since representatives of private enterprise are usually included in the delegations, negotiators have some idea of what goods will be available for sale and what goods will be purchased. But Western governments do not ordinarily force private enterprises to fulfill the quotas. Moreover, the governments themselves may fail to issue the export licenses if the partner country has exhausted the swing credit or if the commodities are in short supply. A government may fail to issue the import licenses for foreign exchange reasons or because other sources of the commodity become available. Sometimes licenses are issued, but there is no requirement that they be used. For example, West German imports from Bulgaria under the 1950 agreement were not fulfilled because some German importers obtained licenses only to prevent the goods from being imported by their competitors.

It should not be assumed that the failure to fulfill trade agreement quotas is wholly or even largely a consequence of the inability of Free World governments to control the transactions of private enterprise. Failure to fulfill export quotas is quite common on the part of Soviet bloc agreement partners. Both parties to the transaction may be responsible for delays in reaching an agreement on prices, or a complete failure to agree. Partly as a result of delays in export clearance and possibly as an attempt to guarantee fulfillment of the bargain, *both* Czechoslovakia and West Germany demanded that the other ship its exports first. The exchange of Czech coal for West German rolled-steel products was interrupted several times during 1950-1952 as a result of each country's believing the other was intentionally lagging in deliveries.

Occasionally agreements have broken down because of political difficulties such as occurred between France and Rumania in June 1955, following Rumania's imprisonment of several French businessmen, or because of a failure to reach an agreement on debt compensation.

Apart from suspension of an agreement, fulfillment has frequently been prevented by delays in customs clearance—often the result of unfamiliarity with customs requirements.

Some of the commodities in the trade-quota lists are not subject to import licensing in the Free World country. This is true in the case of several British trade agreements. No special problem arises in the British case, since no attempt is made to achieve a target amount of trade or to balance trade transactions. But where clearing account agreements are in force, the absence of licensing controls on traded goods in the Free World country makes difficult the job of establishing a target balance.

There are a number of trade agreements for which specific quotas are provided for only a portion of the commodities listed. In the Norway-Czechoslovakia agreement covering trade in 1956, for example, an estimated $2.3 million worth of imports in the trade-quota list were on the Norwegian free list. The trade agreement therefore stated that if actual Norwegian imports of these goods exceeded $2.3 million, Norway would issue additional export licenses for fish and hard fats. In the France-Hungary agreement for 1956, certain commodities could be imported into France without import restriction.

(2) *Classification of agreements by quota provisions*

Table 8 provides a classification of the agreements between Sino-Soviet bloc and Free World countries (as of September 1956) according to the quota provisions for commodity trade. Less than a third of the 106 agreements between Eastern and Western Europe for which information was available provide individual commodity quotas for 75 per cent or more of the total value of the items to be traded. Thirteen of the agreements contain quotas for only the more important commodities listed in the agreement, while 19 provide for no quotas. In some cases, old quota lists have been continued automatically year after year and have probably lost their original significance. Under the Netherlands-Bulgaria agreement of 1956, the old quota lists were no longer valid but trade could take place on the basis of "both sides licensing individual transactions." In 1956, the earlier quota lists covering trade between Bulgaria and Belgium-Luxembourg were not renewed, and thereafter trade could take place only on the basis of private compensation or by payment of transferable currencies.

Only a few of the agreements between Sino-Soviet bloc countries and the less developed countries of the Free World provide for quotas covering the bulk of the trade, as Table 8 shows, and the majority

Table 8

Trade Agreements Valid September 1956, Classified by Quota Provisions

I. Agreements Between Eastern (Soviet Bloc) and Western European Countries[a]

Western European Countries	*USSR*	*Bulgaria*	*Czechoslovakia*	*East Germany*	*Hungary*	*Poland*	*Rumania*
Austria	F	M	P	F	F	P	M
Belgium-Luxembourg	F	N	F	F	M	*	N
Denmark	F	L	F	F	M	M	P
Finland	M	F	F	F	F	M	M
France	F	M	*	M	P	M	M
West Germany	—	M	F	—	F	P	F
Greece	F	L	P	P	P	L	—
Iceland	F	—	*	L	*	L	L
Italy	F	F	L	F	M	F	P
Netherlands	F	N	M	F	M	M	—
Norway	F	P	M	F	*	M	F
Portugal	—	—	M	M	P	M	—
Sweden	F	P	F	M	M	M	L
Switzerland	L	P	L	N	L	N	—
Turkey	L	*	*	*	*	L	*
United Kingdom	—	L	—	—	L	L	—
Yugoslavia	P	L	F	L	P	L	P

II. Agreements Between Sino-Soviet Bloc Countries and Other Non-European Countries

Less Developed Countries	*USSR*	*China*	*Bulgaria*	*Czechoslovakia*	*East Germany*	*Hungary*	*Poland*	*Rumania*
Afghanistan	L	—	—	L*	—	—	L*	—
Argentina	L	—	—	F	L	L	L	L
Brazil	—	—	—	L	—	L*	L*	—
Burma	P	L	P[1]	L	L	P[1]	L	L
Cambodia	—	L*	—	—	—	—	—	—
Ceylon	—	F	L	L*	—	L	P	L*
Colombia	—	—	—	—	L*	—	—	—
Egypt	L	L*	L	L	L	L	L*	L*
Ethiopia	—	—	—	*	—	—	—	—
India	L	L*	L	L	L	L	P	L
Indonesia	L	L	*	F[2]	L[3]	F	F	L*
Iran	F	—	—	*	—	L	L*	—
Israel	F	—	L*	—	—	L*	L[4]	L*
Japan	L*	L	L*	L*	L*	L*	—	L*
Laos	—	*	—	—	—	—	—	—
Lebanon	L*	L*	L*	L*	L*	—	L*	L*
Malaya	—	F	—	—	—	—	—	—
Mexico	—	—	—	L	—	—	—	—
Pakistan	L	P	—	L	—	L	L	—
Paraguay	—	—	—	L	—	L	L*	—
Sudan	—	—	—	*	L*	*	*	—
Syria	L	L	L	N	L	L	L	L
Uruguay	L	—	—	L*	*	L*	N	—
Yemen	L*	—	—	*	*	—	—	—

KEY to symbols:

F —commodity lists with monetary quotas for at least 75% of the total value of the agreement trade target, or with physical quotas for at least ¾ of the listed commodity categories.

M—commodity lists with monetary quotas totaling at least 50% of the total value of the agreement trade target; or with physical quotas for at least 50% of listed commodity categories.

P —commodity lists with quotas for only the most important items, where such agreements do not fall into one of the previous designations.

L —commodity lists without quotas or *where quotas are automatic extensions of quota lists prepared before 1950*

N—no commodity lists.

* —no information as to existence of quotas.

— no agreement.

[a] Includes both government-to-government agreements and semi-official barter and private compensation agreements.

[1] In most of these cases, rice is the only commodity for which a quota is specified.

[2] Agreement replaced in November 1956 by one containing no quotas.

[3] Signed December 1956.

[4] This agreement may not have been valid in September 1956. It was scheduled for expiration in June 1955, and no report of renewal was made until October 1956, at which time it was reported that quotas were extended.

Source: Appendix Table I, Department of State and Economic Commission for Europe Summaries of Agreements.

provide only for commodity lists. The failure to provide for quotas is more likely in cases where settlements are in transferable currencies and no attempt is made at bilateral balancing in a clearing account. However, several agreements which do not govern trade by quota lists nevertheless employ a bilateral clearing account.

Pricing Practices in East-West Trade

GENERAL PRACTICES

There are no free markets in the Sino-Soviet bloc countries, at least not in commodities entering into their international trade. Moreover, as noted before, their official currency values bear little relationship to internal prices, and the prices at which their goods are traded in international markets, including intra-bloc trade, usually do not reflect the cost-price relations within the bloc countries. Apparently one of the functions of the special foreign trading corporations, which usually do both importing and exporting in bloc countries, is to absorb the losses and capture the profits in terms of rubles or other bloc currencies arising out of foreign trade transactions.

The prices involved in most transactions between Free World and bloc countries are quoted in Free World currencies and are related to world market prices or to prices in the Free World country. The degree to which the prices actually conform to world market prices depends upon the way in which the trade is organized and financed, on the bargaining strength of the Free World traders, and, in certain cases, on the willingness of Soviet bloc countries to give special price concessions for political reasons. As was mentioned in Chapter II, Free World countries with overvalued exchange rates sometimes find a market for overpriced goods in bloc countries, but receive in return bloc goods which are also priced higher than the same goods traded in free international markets.

Where transactions are with private buyers and sellers in the Free World countries and where no barter or compensation deals are involved, prices are ordinarily in line with world prices. For example, China prices its coking coal to Japan on the basis of the United States price plus freight from Norfolk, Virginia. But when continuous deficits have been accumulated by a bloc country, the Free World partner may be willing to pay higher than world prices just to reduce the credit it is extending. For example, in 1953 the Italian Prime Minister announced that the Russian deficit equaled 4 billion lire ($6.4 million) and that the deficit of the Eastern European countries was 1.5 billion lire ($2.4 million); when Russia offered wheat in April 1953 at $122 per ton f.o.b. the Black Sea, Italy was willing to pay $110 per ton to decrease the deficit, despite the fact that American wheat was then priced at $92 per ton.

Importers in the Free World countries have sometimes been willing to pay higher prices for certain Soviet bloc goods if licenses are granted more freely for imports financed through clearing accounts than for those financed with free exchange. However, with the general liberalization of trade in Western Europe, most Soviet bloc exports must be competitive in other respects as well if they are to find a market. Thus, when Poland first started trading with Greece in late 1952, she priced her coal and sugar at from 20 to 30 per cent higher than world prices for these items. But, after Greece liberalized her imports in 1953, the Polish agency found that it could not do business without realigning prices with world levels. In 1954, the Poles quoted coal at prices below those asked by West Germany, but they lost the contract on a quality basis. Quotations to Greece on Rumanian softwood timber were cut to 10 per cent below similar Austrian timber;[7] nonetheless, the offers were rejected because Austria offered delivery in small lots, inspection could be arranged before shipment, and payment could be made against shipping documents at destination. Czech sugar, coal, and rolling mill products were overpriced to Swedish importers in 1952-1953; they refused to purchase the amounts provided for under the agreement, leaving Czechoslovakia in a deficit position on the clearing account.

It is sometimes true that exporters in Free World countries can obtain somewhat higher prices for goods shipped to bilateral clearing account countries than they can get if the exports are sold for free exchange. On the other hand, they may be induced to accept lower than world market prices when the quantities involved are large. For example, Russia offered in 1957 to buy 1 million pounds of rayon filament yarn at $.44 per lb. f.o.b. Japan. Japan countered with a demand for $.50 per lb., asserting that the Russian price was lower than that offered by Communist China, which itself was lower than the world market price. In April 1957, Japan offered China rayon yarn at 43d per lb. (equivalent to just under $.50 per lb.) c.i.f. Hong Kong. China rejected the offer and held out for 41d despite the fact that Japan had in the meantime cut the price to 41.5d per lb. After several months of negotiation, during which Japan was enticed by a transaction which

[7] Russian quotations on timber in early 1954 were reported by Athens as 17 per cent higher than the most expensive Western source; even when Russian prices were lower, the absence of credit facilities increased the cost to Greek importers.

might run to between $1.3 and $1.5 million, the Chinese Rayon Trade Mission and the Japanese companies signed contracts for shipments to Shanghai of 3,090,000 lbs. of rayon yarn to be delivered over a nine-month period. The price agreed upon was 40.5d per lb.—1d below Japan's previous low offer, and ½d *below* China's previous bid. Partly because of the low price but also because of the long delivery schedule, the boost to the rayon market which was anticipated from such a large order did not materialize, bringing disappointment to Japanese companies which had engaged in negotiations for over four months.

PRICING UNDER BARTER TRANSACTIONS

In the case of pure barter, such as the exchange of, say, 50,000 tons of rubber for 250,000 tons of rice, prices expressed in terms of currency units are not involved. However, as was pointed out in Chapter III, pure barter is rarely employed, owing to the problems arising out of variations in the quality of the merchandise, the quantities involved in each shipment, transportation charges, etc. Hence prices in terms of an agreed accounting unit are established in negotiation for barter transactions. However, these prices may depart substantially from world market prices, since each partner to the transaction will establish his asking price in relation to the price asked by the other. As a result, even though the prices established may be out of line with world prices, the actual terms of trade may not depart significantly from those established in world markets.

For this reason, barter transactions are often attractive to firms whose costs are too high to permit them to sell in free international markets, provided they can obtain foreign goods in exchange that are selling at premium prices in their own markets. If the exporter's country has import restrictions which cause foreign goods to command high prices, such deals may be quite profitable.

LONG-TERM CONTRACTS

Sometimes Soviet bloc countries offer long-term contracts to producers of primary products that fix prices for a year or more. Finnish timber prices and Icelandic fish prices are fixed on an annual basis in agreements with the USSR. The agreement between Iceland and Russia for the sale of Iceland's fish catch is in terms of bulk weights, but the prices are determined in advance by bargaining between the Icelandic co-operatives and the Russian import agency. There is no world price for fish; instead, fish is "hawked" around at the best price. Many Iceland officials would rather have a fixed price to assure some stability in income. Instability then would arise from the volume of the catch rather than from a change in prices. Because of the price certainty which they provide, the agreements have been actively sought by Iceland, and about 30 per cent of Iceland's fish exports have gone to Eastern Europe and Russia under the agreements during the past few years.

SOVIET BLOC PRICING PRACTICES

The erratic character of Soviet bloc pricing practices arises from the disparities between internal costs and prices, on the one hand, and external prices, on the other, and from the policy of using trade as a means of achieving political and economic ends. It is not entirely clear in all cases whether the willingness to supply goods at bargain prices or to import goods at concession prices is dictated by political motives or by a desire to break into a market or to dispose of a surplus. The quite favorable terms of trade given to Ceylon in her exchange of rubber for rice with Mainland China in 1953 was apparently motivated by a complex of economic and political factors. Premium prices for rubber were made necessary by the restrictions placed by most UN nations on rubber shipments to China. On the other hand, Ceylon's acceptance of the deal in defiance of the UN blockade was a political victory for China.

Russia's favorable trade treatment of Afghanistan would appear to be motivated largely by political interests. Russian exports to Afghanistan are reported to be at competitive prices.[8] But Russia has reportedly paid higher than world prices for Afghan cotton and wool.

The erratic nature of the pricing policies of the Soviet bloc countries is indicated by their efforts to penetrate the Greek market in 1953 and 1954. When the Greek State Monopoly requested bids in 1954 for the purchase of 20,000 cases of safety matches, it received them from 13 countries, ranging in price from a low of $17.22 per case of 7,200 boxes by Czechoslovakia to a bid by the United Kingdom of $58.94 per case. The Russians offered a case for $21.50, compared with an offer of $43.00 (cut later to $35.00) by the Swedish suppliers who had served the Greeks for 25 years. As an added inducement, the Czechs offered to set aside a large portion of the proceeds of the sale for the purchase of Greek wines. The Russians extended a last-minute counteroffer which was lower than that of the Czechs, plus an agreement to buy $130,000 worth of Greek bay leaves.

[8] Afghanistan has no quantitative import restrictions, and Russian goods must sell on a competitive basis with Western goods.

Again, in an effort to penetrate the Greek fuel oil market, the Russians offered to meet the 12 months' requirement of the Athens-Piraeus Electricity Co. of 200,000 metric tons at $12.60 per ton c.i.f.; when adjusted for differences in the quality of the oil as compared with Western supplies, it came to $13.70 per ton. This price was lower than the price of from $14 to $15 per ton paid previously to Western suppliers, but an American oil company pre-empted the Soviet bid by offering to supply oil at $12.08 per ton c.i.f. In January 1954, however, the Russians were successful in obtaining a contract to supply 1,200 tons of *gas* oil at $28 per ton c.i.f., underbidding an American offer of $32.47 c.i.f.

Trade Practices Affecting East-West Trade

In addition to the restrictions imposed by bilateralism, the volume of trade between Free World countries and bloc partners is affected by the inflexibility of the bloc's merchandising of its exports, by inadequate representation in the Free World markets, by lack of service facilities, and by slow deliveries.

INFLEXIBLE MERCHANDISING

The state trading agencies of the Soviet bloc countries have frequently failed to adjust to the requirements and practices of foreign markets. They have been slow in providing specifications, and samples offered for inspection have frequently been inadequate. The Soviet countries often have been reluctant to extend suppliers' credits similar to those provided by Western countries; bloc agencies have usually insisted on cash terms, except in trade with the less developed countries, where special credits have been arranged.

Inspection of the commodities traded has also been an obstacle. In the case of a shipment of timber by Rumania to Greece, the bloc agency was apparently unwilling to arrange for inspection by an international inspection agency before each shipment. Again, an offer by the USSR to purchase Greek sultanas on payment terms of 70 per cent by letter of credit at time of shipment and 30 per cent upon delivery was unacceptable to the Greek exporters because the proposed inspection at destination could not be carried out by a reliable agency. Greece also demanded a chemical analysis of Polish coal, a request which Poland consistently refused to supply on the ground that Britain did not require such information. In order to use the coal, the Greeks had to make their own laboratory tests after the arrival of the coal at considerable cost and inconvenience.

Trade with state agencies also reduces, if it does not eliminate, those personal relationships which traders among the Western countries find so satisfying. Mutual confidence is more difficult to establish, since the Soviet agencies operate on an impersonal basis, totally devoid of the human touch; the result is distrust and a non-committal attitude. This attitude is also partly the result of frequent changes in management; these changes have made negotiations difficult to carry out, for verbal agreements are not readily transferred to succeeding officials and correspondence requires interpretation by a new and unfamiliar person. Sales representatives and close liaison between buyers and sellers are perhaps less important in the case of trade in primary commodities, but they are highly important in trade in smaller articles of export such as hardware, glassware, clothing, and electrical appliances.

When Soviet policy dictates an expansion of trade with a given area, it has been implemented strongly by low prices, quick delivery, and even credit. Sales of coal, chemical fertilizers, petroleum, wheat, and entire industrial plants have been consummated quite rapidly. But a steady growth of trade in a large variety of items is not possible without closer contacts than have existed in the past few years.

REPRESENTATION, SERVICING, AND DELIVERIES

Western countries have long had direct or indirect representation in the trading countries of the world, but the Soviet bloc countries (save for Czechoslovakia) have had to develop new sales relationships. In many cases, they have also been bound by agreement provisions that preference shall be given in the selection of representatives to natives of the Free World country (e.g., Ceylonese, Egyptians, and Indonesians). The traders interested in directing Soviet trade with their nation have frequently been below average in business standing and sales experience. Where Soviet organizations are permitted to maintain their own delegations on a more or less permanent footing, this disadvantage has tended to disappear.

When the sale of machinery and equipment is involved, servicing is of major importance. Soviet agencies have not yet been able to establish service facilities in all countries where they are selling such goods; this inadequacy has hampered sales of both industrial and agricultural machinery in some areas. Where the competition from Western suppliers is already entrenched with large-scale service operations, the Soviet agencies have been at a disadvantage. The same problems arise in durable consumer goods, which also have a large complementary demand for suppliers of parts.

Lack of assurance of prompt deliveries has been a significant deterrent to traders in Western Europe. When the Soviet goods are of a seasonal nature—e.g., clothing—the Western importers have been reluctant to place orders for fear of having too large an inventory carryover. In countries where high interest rates prevail, large inventories are extremely costly.

Recent reports point, however, to a greater effort by the USSR to make good on its shipments and to deliver them promptly. Russia has attempted to improve the quality of its merchandise and to fulfill its contracts to the letter. It has stepped up the deliveries under the credit programs and the construction of industrial plants called for under the agreements. At the same time, trade partners often fear that a slowdown can be expected any time it suits Russia's convenience. During 1956 and early 1957, it was reliably reported that the Russians had corrected errors in shipments quickly and had sent bonuses in the next shipment. Errors in export shipments were greatly reduced, and the Russian officials reportedly wanted to have mistakes brought to their attention immediately rather than publicized.

Statistical Analysis of the Operation of the Agreements

Statistical comparisons between target trade values stipulated in trade and payments agreements and actual trade values present a number of difficulties.

First, the time periods indicated in the agreements frequently do not correspond to the periods for which data are available.

Second, the values stated in the agreement may have a different valuation basis than those employed in the compilation of the trade statistics. Even the export (or import) trade statistics themselves are usually not on a comparable basis.

Third, one-year trade agreements may provide for orders of machinery and ships requiring a year or more for production and delivery. Partial payments on such items may be reflected in the payments accounts during the course of the year, but actual deliveries will not be reflected in the trade data for two or three years.[9]

Fourth, some of the trade between agreement partners is conducted outside of the framework of the agreement, and certain trade items are not reported in the official trade statistics.

[9] Partial payments on orders for machinery and ships by the USSR in Finland are reflected in the clearing account.

Fifth, target values are usually estimates of the maximum trade that could take place if licenses for all of the permissible quotas were granted and utilized, rather than realistic estimates of how much trade will actually take place on the basis of past experience.

Finally, the target values in the agreements frequently make allowance for invisible payments which are not included in actual trade figures and for which no data are available.

VOLUME OF TRADE

In spite of these severe limitations, a comparison of actual trade with trade agreement targets provides some indication of the reliability and stability of bilaterally planned trade between Sino-Soviet and Free World countries. Tables 9, 10, 11, and 12 summarize the results of a study of 240 trade agreements between Free World and Sino-Soviet bloc countries, covering the period 1953-1956.[10] As indicated by Table 9, in 37 per cent of the cases, actual exports from Free World countries to their bloc agreement partners were less than 51 per cent of the trade agreement targets. In 36 per cent of the cases, actual imports by Free World countries from bloc agreement partners were less than 51 per cent of trade agreement targets. However, in 21 per cent of the cases, Free World exports were over 100 per cent of the agreement targets; and, in 24 per cent of the cases, Free World imports were over 100 per cent of the agreement targets.[11]

As Table 10 shows, actual trade between Soviet and non-Soviet *European* countries was higher in relation to agreement targets than was the case with agreements involving the less developed countries and the bloc countries. Trade performance under the agreements was often quite erratic from one year to the next; in one year trade might be less than 50 per cent of the agreement targets, and in the following year well over 100 per cent. Some of these fluctuations can be explained by the difference in time between orders and deliveries for heavy items, but much of it is a consequence of the operation of demand and supply forces and of the administrative difficulties involved in planning bilateral trade.

The data provide some evidence that Soviet bloc imports from Free World countries have compared more favorably with the agreement

[10] Details of the agreements are given in Appendix Table I. The 240 agreements studied were selected on the basis of availability of data. Comparisons were made between the trade agreements targets and actual trade during the periods covered by the agreements.

[11] Because most of the Free World imports from the Soviet bloc are on a c.i.f. basis, while Soviet imports are on an f.o.b. basis, the former tend to be overvalued as compared with the trade target figures.

Table 9

Frequency Distribution of 240 Selected Soviet Bloc-Free World Trade Agreements According to Percentage of Fulfillment of Trade Targets*

EXPORTS FROM FREE WORLD COUNTRIES

Actual exports as a percentage of target exports	*Number of agreements*[a]	*Percentage of agreements*
0- 10	11	4.6
11- 25	19	8.0
26- 50	59	24.8
51- 75	47	19.7
76-100	53	22.3
Over 100	49	20.6
TOTALS	238	100.0

IMPORTS OF FREE WORLD COUNTRIES

Actual imports as a percentage of target imports	*Number of agreements*	*Percentage of agreements*
0- 10	10	4.2
11- 25	18	7.5
26- 50	58	24.2
51- 75	56	23.3
76-100	41	17.1
Over 100	57	23.7
TOTALS	240	100.0

* The 240 trade agreements in operation during the years 1953-1956 were selected on the basis of (1) the existence and availability of trade targets; and (2) the availability of trade data for the approximate period within which the trade targets were to be realized.

a For two agreements included in the import group, there is no export information.

Source: Data on trade agreements from Department of State and Economic Commission for Europe; trade data from United Nations, *Direction of International Trade*, New York, Series T, Annual Issues.

targets than have Soviet bloc exports. This is especially the case for trade between the less developed countries and the bloc members. Generalizations from such statistical evidence are dangerous, however. For example, a determination of the cause of the relative shortfall of bloc-country exports would require an analysis of both demand and supply factors. One can, of course, point to the failure of Poland to meet coal quotas to Sweden and the failure of other Eastern European countries to meet grain quotas. On the other hand, export quotas are frequently not met because prices and qualities are not attractive to Western buyers.

As regards the relatively low level of bloc exports as compared with target levels in trade with the less developed countries, two factors must be kept in mind. First, much of this trade, while conducted within the framework of trade agreements, is not subject to quotas or to bilateral balancing through clearing accounts. Hence a Soviet-country

Table 10

Actual Trade Values as a Percentage of Agreement Targets for 240 Selected Soviet Bloc and Free World Trade Agreements, by Areas*

	USSR		*European Satellites*		*Total*	
	Exports	*Imports*	*Exports*	*Imports*	*Exports*	*Imports*
Europe[1]	93	88	75	73	80	78
Western Group[2]	93	79	71	75	76	76
Finland & Yugoslavia	98	100	107	74	102	91
Greece & Turkey	22	41	49	45	45	44
Less Developed Countries[3]	38	38	65	72	55	60
Latin America[4]	49	47	67	62	60	56
Middle East[5]	30	41	53	105	46	85
Far East[6]	12	7	74	67	51	45

* Exports and Imports here refer to exports and imports of the bloc areas to and from non-Soviet regions. Since the time periods of the 240 selected agreements from which this table was calculated are rarely the same, the above table must be considered only an indicator of the general pattern of the whole period of the calendar years 1953, 1954, 1955, and 1956.

1 *Europe* includes selected agreements of Austria, BLEU, Denmark, Finland, France, West Germany, Greece, Italy, Netherlands, Norway, Sweden, Switzerland, Turkey, United Kingdom, Yugoslavia, and Iceland.

2 *Western Group* includes selected agreements of Austria, BLEU, Denmark, France, Western Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, and Iceland.

3 *Less Developed Countries* includes selected agreements of Argentina, Brazil, Egypt, Indonesia, Japan, Israel, Lebanon, and Uruguay.

4 *Latin America* includes selected agreements of Argentina, Brazil, and Uruguay.

5 *Middle East* includes selected agreements of Israel, Lebanon, and Egypt.

6 *Far East* includes selected agreements of Indonesia and Japan.

Source: Trade agreements data from U.S. Department of State and Economic Commission for Europe; trade data from United Nations, *Direction of International Trade*, New York, Series T, Annual Issues.

deficit may mean a net payment to the less developed country in free currencies. Second, the less developed countries are shipping raw matrial and foodstuffs, while they are receiving a certain amount of capital goods, which in many cases require more time for delivery than was allowed for in establishing the trade targets corresponding to the stated time period. In addition, some of the trade values may have included technical services which are not reflected in merchandise trade statistics.

Total trade values for the agreement periods as a percentage of trade agreement target values, by areas, for the 240 selected trade agreements are shown in Table 10. Relatively high percentages of total trade to agreement targets were revealed for the trade of Finland and Yugoslavia with the Soviet bloc European countries. Low percentages were found for Greece and Turkey and for Latin America and the Middle East, especially for Soviet bloc exports.

Since overall trade figures may often provide an inaccurate impression of the degree to which trade agreement targets have been fulfilled, an attempt was made to relate actual commodity trade to the individual commodity quotas found in the trade agreements. Owing to the lack of complete information on commodity categories in the quota lists, the number of cases for which such comparisons can be made is severely limited.

However, a study was made of seven trade agreements between Eastern and Western European countries during 1955, covering some 113 commodities or commodity classifications. The overall results of this study of agreements (selected on the basis of the availability of data) are presented in Table 11. For 34 per cent of the total items studied, actual trade was less than half of the trade targets stated in the commodity lists. For 32 per cent of the items, actual trade was between 51 and 105 per cent of the trade agreement targets. For 35 per cent of the items, actual trade was over 105 per cent of the target trade. For 16 per cent of the items, actual trade was zero; at the other extreme, for 7 per cent, actual trade was over 200 per cent of the agreement targets. Only very tentative generalizations can be drawn from Table 11, since it was necessarily based on a very limited sample, owing to the paucity of cases for which adequate data were available on a comparable basis.

One interesting fact brought out by Table 11 is the rather high percentage of cases in which actual trade during the trade agreement period exceeded the trade targets for particular commodities. (It should be pointed out, however, that the total trade as a percentage of total targets in the agreements was considerably *higher* for the pairs of countries selected than was the case for most East-West trading partners.) It may also be noted that there is a wide disparity in target trade fulfillment between the various items covered by the same trade agreement. There is some evidence that trade in manufactured goods came closer to target levels than trade in agricultural commodities and raw materials. Finally, the results of the sample provide little evidence that a shortfall of exports was more prevalent on the Soviet side than on the Western side.

STABILITY OF BILATERALLY PLANNED TRADE

Not only has bilaterally planned trade with the Soviet bloc been wide of the agreement targets but it has also been less stable and more subject to erratic fluctuations than unplanned trade among Free World countries. This of course has been a characteristic of bilateralism that is not confined to bilateral trading between Free World and Sino-Soviet bloc countries. The relatively wide fluctuations in trade of major areas of the Free World with the Sino-Soviet bloc countries is indicated in Table 1 (Chapter I). This tendency is even more pronounced for the trade of individual underdeveloped countries.

Table 12 shows a frequency distribution of the year-to-year fluctuations in selected countries' proceeds from exports to bloc countries compared with the year-to-year fluctuations in export proceeds in trade with a selected group of Western countries. While there are statistical difficulties involved in such comparisons, the general picture is clear: trade with the Soviet bloc involved greater year-to-year fluctuations in export proceeds than did trade with the Western group. For example, in the case of Indian exports to the Soviet group, over half of the year-to-year changes in export proceeds from members of the Soviet group were greater than 50 per cent, while only 10 per cent of the year-to-year changes in export proceeds from trade with members of the Western group were greater than 50 per cent. And, in the case of the Netherlands, 45 per cent of the annual changes in the value of exports to the Soviet group were greater than 50 per cent, as compared with only 5 per cent for exports to the Western group. Only in the case of Finland was trade with the Sino-Soviet bloc more stable than her trade with major Western countries over the 1948-1956 period.

Caution must be exercised in drawing conclusions from the frequency distribution in Table 12. For one thing, the greater year-to-year fluctuations in export proceeds in trade with Sino-Soviet bloc countries probably reflect instability of trade under bilateral agreements rather than instability of trade with bloc countries as such. The results may also be influenced by the fact that trade on any substantial scale between certain Free World countries and members of the bloc has only recently been inaugurated, while trade relations between the Free World countries have long been established.

TRADE BALANCES AND AGREEMENT TRADE

Trade balances between Free World and Sino-Soviet bloc countries can only be approximated because of differences in the reporting of exports and imports recorded in the *Direction of International Trade* (DIT), from which most of the trade data for this study were taken. All Sino-Soviet bloc imports are on an f.o.b. basis, while most Free World imports from the Sino-Soviet bloc are on a c.i.f. basis. This means a relative overvaluation of Free World imports as compared with exports to the Soviet bloc. The percentage reduction in the DIT

Table 11

Actual Trade as a Percentage of Trade Agreement Targets for Selected Items in Seven Trade Agreements Between Eastern and Western European Countries[a]

Agreement partners	*Period*	*Number of items*[b]	*Distribution by percentage fulfillment of Agreement Target* 0%	0-50%	51-75%	76-94%	95-105%	106-149%	150-199%	Over 200%
Czechoslovakia-Finland	Calendar 1955									
Exports		7	1	—	2	—	—	3	—	1
Imports		4	—	1	2	—	—	1	—	—
Poland-Finland	Calendar 1955									
Exports		7	2	1	—	—	—	1	1	2
Imports		5	2	—	—	—	2	1	—	—
USSR-Finland	Calendar 1955									
Exports		20	2	4	2	4	5	3	—	—
Imports		5	—	—	—	1	3	1	—	—
Czechoslovakia-West Germany	Calendar 1955									
Exports		9	1	2	—	—	—	2	3	1
Imports		4	—	1	—	1	2	—	—	—

Table 11 (continued)

Agreement partners	*Period*	*Number of items*[b]	*Distribution by percentage fulfillment of Agreement Target*							
			0%	*0-50%*	*51-75%*	*76-94%*	*95-105%*	*106-149%*	*150-199%*	*Over 200%*
USSR-Sweden	Calendar 1955									
Exports		9	2	2	1	—	1	—	1	2
Imports		5	1	1	1	—	1	1	—	—
USSR-France	1/7/54 to 31/7/55									
Exports		13	4	4	—	1	1	2	1	—
Imports		9	3	1	1	2	—	—	1	1
Poland-West Germany	1/1/55 to 30/6/56									
Exports		10	—	3	1	—	—	3	2	1
Imports		6	—	1	—	—	—	3	2	—
Total Items										
Exports		75	12	16	6	5	7	14	8	7
Imports		38	6	5	4	4	8	7	3	1
Percentage of total										
Exports		100	16	21	8	7	9	19	11	9
Imports		100	16	13	11	11	21	18	8	3

[a] Exports are from Soviet bloc country; imports are by Soviet bloc country.

[b] Only those items in trade agreements for which comparable data were available.

Source: Calculated from data found in United Nations, *Economic Bulletin for Europe*, Geneva, 1955 volumes.

Table 12

Frequency Distribution of Annual Percentage Changes in Export Proceeds in Trade of Selected Free World Countries With Western Countries and Soviet Bloc Countries, 1948-1956

"A" columns show the number of annual percentage changes in export proceeds derived from trade of the exporting country with individual members of the Western group and with individual members of the Soviet group for the percentile range indicated at the top of the column.

"B" columns show the number of annual percentage changes in export proceeds as given in column "A" for each percentile range indicated, as a percentage of the total number of annual percentage changes calculated, as shown in column "C."

"C" column shows the total number of annual percentage changes in export proceeds of the exporting countries arising from trade with individual members of the Western group and of the Soviet group calculated for the 1948-1956 period.

Percentile range:		*+51 to +100*		*+1 to +50*		*0*		*−1 to −50*		*−51 to −100*		*No. of annual % changes calculated*
Country		A	B	A	B	A	B	A	B	A	B	C
Burma	Western group[a]	8	22.9	10	28.6	4	11.4	5	14.3	8	22.9	35
	Soviet group[b]	3	33.3	1	11.1	0	0	2	22.2	3	33.3	9
Ceylon	Western group	4	10.0	16	40.0	0	0	16	40.0	4	10.0	40
	Soviet group	6	25.0	4	16.6	4	16.6	4	16.6	6	25.0	24
India	Western group	3	7.5	16	40.0	1	2.5	19	47.5	1	2.5	40
	Soviet group	13	32.5	5	12.5	4	10.0	7	17.5	11	27.5	40
Indonesia	Western group	8	20.0	15	37.5	0	0	13	32.5	4	10.0	40
	Soviet group	13	43.3	2	6.7	2	6.7	4	13.3	9	30.0	30
Brazil	Western group	2	5.0	20	50.0	0	0	17	42.5	1	2.5	40
	Soviet group	9	30.0	8	26.7	1	3.3	7	23.3	5	16.6	30
Egypt	Western group	5	12.5	10	25.0	1	2.5	21	52.5	3	7.5	40
	Soviet group	11	27.5	14	35.0	0	0	7	17.5	8	20.0	40
Finland	Western group	4	10.0	20	50.0	1	2.5	15	37.5	0	0	40
	Soviet group	3	7.5	23	57.5	0	0	13	32.5	1	2.5	40
Netherlands	Western group	2	5.0	32	80.0	0	0	6	15.0	0	0	40
	Soviet group	9	22.5	11	27.5	0	0	11	27.5	9	22.5	40
Italy	Western group	1	2.5	30	75.0	0	0	9	22.5	0	0	40
	Soviet group	5	12.5	15	37.5	1	2.5	19	47.5	0	0	40
Sweden	Western group	2	5.0	23	57.5	0	0	15	37.5	0	0	40
	Soviet group	5	12.5	14	35.0	0	0	15	37.5	6	15.0	40
Austria	Western group	4	10.0	25	62.5	0	0	11	27.5	0	0	40
	Soviet group	7	19.4	14	38.8	2	5.6	10	27.7	3	8.3	36
Japan	Western group	6	15.0	24	60.0	2	5.0	5	12.5	3	7.5	40
	Soviet group	8	40.0	2	10.0	1	5.0	2	10.0	7	35.0	20

[a] Western group: United States, United Kingdom, West Germany, France, Belgium.

[b] Soviet group USSR, Czechoslovakia, Poland, Hungary, China.

Source: United Nations, *Direction of International Trade*, New York, Series T, Annual Issues, 1949-1957.

values of Free World imports from the bloc required for adjustment to an f.o.b. basis differs substantially from country to country, but the overall average is in excess of 10 per cent.[12]

Thus the $370 million trade deficit of the Free World countries with the Sino-Soviet bloc, as indicated by the DIT data for 1955, was probably less than $100 million on an f.o.b. basis. (See Table 5.) The $811 million deficit of Free World countries with the bloc in 1956, as given by the DIT data, probably indicates an actual deficit of $150-$200 million.

The 1955 trade deficit of the Free World countries trading under agreements with the Sino-Soviet bloc partners was $82 million, according to the DIT data. (See Table 5.) But after adjusting the Free World imports to an f.o.b. basis, the Free World trading partners probably had a surplus.

Information on the status of the balances in the bilateral clearing accounts is available for only a few of the agreements. For the Free World partners for which such data have been published over a period of several years—Austria, West Germany, Egypt, and Switzerland—all but Switzerland had a persistent creditor position with most of the bloc trading partners over the period 1953-1956. Thus West Germany had a continual credit balance in its clearing accounts with Bulgaria, Czechoslovakia, Hungary, and Poland between March 1953 and December 1956.[13] Austria was in a creditor position about 90 per cent of the time over the period December 31, 1952-March 31, 1957, on her clearing accounts with Bulgaria, Czechoslovakia, Hungary, Poland, and Rumania. She had a deficit in her account with the USSR over the period December 31, 1955-March 31, 1957.

TARGET TRADE BALANCES VS. ACTUAL TRADE BALANCES

Table 13 shows a frequency distribution of the actual bilateral trade balances which exceeded scheduled balances by as much as $500,000, for 238 of the 240 selected trade agreements employed in constructing Tables 9, 10, and 11. For 21 per cent of the trade agreements studied, the actual balance and the scheduled balance did not differ by more than a half million dollars. This 21 per cent includes many agreements which provided for a relatively small trade turnover (e.g., the

[12] For the United States, Canada, most dollar countries of Latin America, Oceania, the Union of South Africa, and Rhodesia, DIT imports are on an f.o.b. basis; for non-Soviet Europe, imports from the bloc must be reduced by about 10 per cent, and imports for the rest of the world from the bloc must be reduced by about 15 per cent, in order to adjust the figures to an f.o.b. basis.

[13] *Bank Deutscher Laender, Monthly Reports.* The clearing account agreements with Bulgaria and Hungary were terminated during 1956.

Table 13

Frequency Distribution of Bilateral Trade Balances for 238 Selected Trade Agreements According to Number of Cases in Which Actual Trade Balance Exceeded Scheduled Trade Balance by More Than One-Half Million Dollars*

(Number of balances as per cent of total agreements in parenthesis)

Free World area	*USSR*		*European Satellites*		*Total*	
	In favor of Free World country	*In favor of USSR*	*In favor of Free World country*	*In favor of satellite country*	*In favor of Free World country*	*In favor of bloc*
Western Europe	14 (5.9)	12 (5.0)	59 (24.8)	69 (29.0)	73 (30.7)	81 (34.0)
Latin America	1 (0.4)	2 (0.8)	5 (2.1)	4 (1.7)	6 (2.5)	6 (2.5)
Middle East	2 (0.8)	1 (0.4)	4 (1.7)	6 (2.5)	6 (2.5)	7 (2.9)
Far East	0 (0)	1 (0.4)	2 (0.8)	6 (2.5)	2 (0.8)	7 (2.9)
All areas	17 (7.1)	16 (6.7)	70 (29.4)	85 (35.7)	87 (36.5)	101 (42.4)

* In 50, or 21 per cent, of the 238 agreements, the difference between scheduled and actual balances was less than $500,000.

Source: See Table 9.

agreements between Greece and the bloc countries); it cannot be said, therefore, that this figure indicates a high degree of success on the part of agreement partners in living up to their commitments.

For 42 per cent of the cases, there was an actual trade surplus of more than $0.5 million in excess of the scheduled balance and in favor of the bloc partner. For about 37 per cent of the cases, balances were $0.5 million larger than scheduled in favor of the Free World country. If allowance is made for the overvaluation of Free World imports, which has the effect of increasing the frequency of recorded bloc surpluses, these results do not indicate a greater tendency on the part of either bloc countries or Free World countries to run surpluses under the agreements.

V. EXPERIENCE IN TRADING UNDER THE BILATERAL AGREEMENTS[1]

OVERALL trade data and statistical analysis of trade under the bilateral agreements, while useful for some purposes, cannot provide a basis for an evaluation of the experience of Free World countries in trading with the Sino-Soviet bloc. Specifically, they cannot reveal the extent to which the objectives of the Free World countries in negotiating bilateral agreements with the bloc countries have been realized. This can be approached only by means of case studies. At the same time, few generalizations can be made from case studies when the experience varies substantially from case to case and when, as happens here, detailed information on the cases is lacking.

It will nonetheless be our purpose in this chapter to review and to draw some tentative conclusions from the Free World experience under the bilateral agreements with bloc countries with respect to the objectives of the Free World agreement partners set forth in Chapter II. The discussion will be organized under the following headings: (1) the expansion of export markets; (2) the terms of trade; and (3) creditor-debtor experience under the payments agreements.

EXPANDING MARKETS FOR EXPORTS

A number of the underdeveloped countries which have negotiated bilateral trade pacts with the Sino-Soviet bloc since 1952 have substantially increased their exports to the bloc. However, the fact that countries like Burma, Egypt, India, and Indonesia have done so under bilateral agreements does not necessarily mean that they have expanded the *total* market for their exports. In the case of a number of commodities, such as rice, cotton, rubber, and jute, for which there are world markets, increased exports to the bloc under the agreements may simply represent a diversion from international markets (including purchases of these same commodities by bloc countries in international markets with transferable currencies). Since the bulk of the commodities sold by the underdeveloped countries could have been sold at some price on free markets, the question of trade advantage boils down to a consideration of the terms of trade.

[1] This chapter is a distillation of case studies covering the experience of some of the Free World countries in trading under bilateral trade and financial agreements with Sino-Soviet bloc countries. Limitations of space prevented publication of the case studies themselves—all of which were prepared by Jack Behrman.

Indonesia's experience is a case in point. Indonesia exports mainly rubber, tin, copra, tea, and coffee, for which there are ready world markets. Bilateral deals could scarcely enlarge a market which was already capable of absorbing her entire output at some price. By 1955 Indonesian officials had become convinced that the premium prices offered for Indonesian rubber by her bloc trading partners were more than offset by the high prices of imports from the bloc and by the credits which Indonesia was extending under the clearing agreements. This realization was made clear in a speech by Prime Minister Harshap before the Indonesian Parliament on October 24, 1955: "It is an open secret that parallel transactions with the East European countries have brought about a reduction in the overall sale of our foreign exchange. Raw materials we have sold these countries are usually retraded in other markets . . . with the result that in the world markets we have to compete with goods originating in our own country. In other cases parallel transactions have resulted in a surplus credit in the form of money which does not serve our purposes well, because imports of goods from the countries concerned do not meet the need of the producing sector of our country. . . . With barter trade and compensation transactions our exports are usually sold at a lower price than that obtained in the world market. Losses suffered are compensated by increasing prices of articles imported under the transactions. Thus the country loses doubly; on the one hand, it receives less foreign exchange, and on the other Indonesian customers have to pay heavily for increased prices of imported goods."

Indonesia used the expiry of trade agreements with Eastern European countries during 1956 to eliminate provisions which tied her trade closely to bloc exports. The revised agreements called for payment for exports in transferable currencies, and the volume of trade under the agreements was reduced. Indonesia canceled her payments agreement with Poland as of April 30, 1957; all future letters of credit or supply contracts are to be settled in sterling.

Egypt's trade agreements with Sino-Soviet bloc countries have resulted in a rise in cotton exports to these countries of from $35 million in 1953 to $95 million in 1956, with a further rise reported for 1957.[2] These shipments have, however, been at the expense of Egypt's cotton exports to Western Europe rather than representing an additional market. Whereas in 1953 Western Europe (including Britain) took 52 per cent of Egypt's cotton exports, by 1956 this share had been re-

[2] Robert L. Allen, *Middle Eastern Economic Relations with the Soviet Union, Eastern Europe, and Mainland China*, University of Virginia, Charlottesville, Va., 1958, pp. 20-21.

duced to 33 per cent. There is substantial evidence that Czechoslovakia, Egypt's largest bloc customer, has been re-exporting cotton to Western European markets, thus reducing Egypt's direct sales for free currencies.[3]

There are of course cases in which Free World countries have secured at least a temporary increase in the demand for their exports through agreements with the bloc countries. This was undoubtedly true in the case of Ceylon's barter deals for the export of rubber to China during the period 1953-1956. This was due, however, to the special circumstances arising from the United Nations blockade. Burma was able to dispose of her accumulated rice surpluses under her agreements with China and other bloc countries during 1955 and 1956. However, China re-exported some of the Burmese rice to Ceylon and Indonesia, thereby possibly cutting Burma's exports for free currencies. Moreover, later in 1956 when the world market for rice improved substantially, Burma was unable to take full advantage of the rise in free currency prices because she had contracted to export large quantities of rice under bilateral agreements with the bloc. Also during 1956 Burma's state rice monopoly discovered that the demand for rice in world markets was fairly elastic and was able to increase its sales to free markets substantially by lowering prices in line with world market levels.

Since 1956, Burma has sought to reduce her commitments to ship rice to the Sino-Soviet bloc under bilateral agreements. This was partly a consequence of dissatisfaction with the quality and prices of bloc goods. Most of Burma's agreements with the Sino-Soviet bloc signed during 1956—tying some 35 per cent of Burma's rice exports to bloc exports of goods and technical services—extend through 1958, and the Russian agreement goes to March 1960. However, the trade agreement with China was allowed to expire in early 1957; all subsequent trade is to be on a cash basis. Also, agreements with Bulgaria and Poland were terminated in 1957, before their normal expiration.

Several instances have been recorded in which bloc countries have provided supplementary markets for commodities which have been hard to sell. Thus Argentina has found a market for inferior-quality hides in bloc countries. Czechoslovakia and East Germany agreed to purchase tapioca from Indonesia at a time when exports dropped sharply; in 1956 Russia purchased 20,000 cases of cashew nuts from India in an effort to win favor by bolstering a sagging market; and

[3] *New York Times*, March 7, 1957. See also R. L. Allen, *op.cit.*, p. 22.

Czechoslovakia employed the same tactic in purchasing mica from India in 1954. By and large, however, the goods exported by the less developed countries to the bloc countries under bilateral agreements could have been sold in free currency markets had the sellers been willing to lower their prices.

Finland's exports of industrial goods to the Soviet bloc represent a somewhat different problem, however. Many of these commodities could not be sold in Western markets except at drastically reduced prices. Exports to Russia under bilateral agreements enabled Finland not only to avoid a shift of resources out of metal-working and other industries built up during the period of reparations deliveries, but also to continue exporting with a highly overvalued exchange rate. Moreover Finland has not only received favorable prices for her exports, sufficient to cover her relatively high wage and other costs, but frequently obtains wheat and other primary commodities from the USSR at world prices.

It seems clear from statements by Finnish government and business spokesmen that Finland's trading arrangements with the bloc have proved expedient if not reasonably advantageous in the short run. On the other hand, this course may prove to be quite costly over the longer run. Bilateral trade has evidently stimulated industries in which Finland does not have a comparative advantage and the continuing disparities between internal and external costs and prices have undoubtedly led to a misallocation of resources. Moreover, Finland's heavy dependence on Russian purchases, which are subject to political as well as economic motivation, is a source of considerable danger.

Terms of Trade and Quality of Imports

One of the principal attractions of bilateral deals with Sino-Soviet bloc countries has been the offers of higher than world prices for raw commodities such as rubber, cotton, and rice. While something is known regarding prices paid for exports to the bloc, there is relatively little information as to prices of the industrial goods shipped in return.

Ceylon's rubber-rice agreements with China provide a clear case of favorable terms of trade as compared with operations in the free market, especially in 1953. Under the agreement covering trade during 1953, Ceylon is reported to have obtained rice at a price one-third lower than the world market and to have sold her rubber to China at what was then a premium over the world market price of about *60* per cent. In late 1954 and again in late 1955, however, rises in world rubber prices resulted in deliveries to China under the contract at prices lower than those prevailing in the world market. But under the 1956 Ceylon-China agreement, rubber prices were based on the Singapore market average price as follows:

If the Singapore price was—		China paid:	
below 22d			27d
between 22d and 27d	per pound	Singapore price plus	6d
between 28d and 34d	" "	" " plus	5d
between 35d and 39d	" "	" " plus	4d
over 39d	" "	" " plus	3d

While world prices fell an average of 15 per cent in 1956, the prices at which Ceylon sold its rubber dropped by only about 4 per cent over the year. After Singapore and Malaya relaxed their embargoes on the sale of rubber to China, Ceylon received a lower premium over world prices.

Ceylon's favorable experience was in large measure a consequence of her unique bargaining position and of the fact that she insisted on trading rubber for another raw commodity, in spite of pressures by China to get her to accept industrial goods. Where primary commodities have been exchanged for industrial goods and technical services, the terms of trade cannot readily be measured.

There have been numerous complaints about inflated prices of bloc goods from most of the bloc's trading partners. Mention has already been made of Indonesia's dissatisfaction with the prices of bloc imports as expressed by her Prime Minister in 1955. In spite of the fact that Indonesia received a 10 per cent premium over world prices for her rubber, this advantage was believed to have been discounted by inflated prices of bloc goods. Unofficial complaints have also been expressed by Egyptians, although Egypt has been receiving premium prices for her cotton exports to the bloc. For example, it has been reported that whereas the Soviet bloc undercut all Western bids on industrial projects during 1956, the bloc raised its prices by 40 per cent during 1957.[4] And the Indian press questioned the generosity of the Russian credit terms on the ground that Soviet exports were overpriced.

Burma exported rice under agreements with bloc countries during 1954-1956 at prices only slightly higher than those received from her sales for transferable currencies. Her purpose was to find a large market at the minimum prices fixed by her state monopoly. As already

[4] *New York Times*, June 4, 1957.

noted, however, the free market demand for rice picked up in 1955 soon after the agreements were signed, and Burma was unable to take full advantage of the enlarged cash demand because of her commitments to the bloc countries.

From statements by Burmese officials and from newspaper accounts, it is clear that the Burmese believed that any export advantage from the agreements with the bloc countries was offset on the import side. Four principal complaints have been made with respect to imports from the bloc countries: (1) limited choice of goods; (2) poor quality; (3) inflated prices; and (4) delays and irregularities in delivery.[5] Premier U Nu is reported to have said that Burma was losing from 10 to 20 per cent through clearing account arrangements. There have been many reports of overcharging, including a case in which Soviet textiles were overpriced by 35 per cent, resulting in an outright rejection of a contract by Burma. Sometimes the initial price estimate was favorable but later on the price would be raised.

Bloc exports have not in general measured up to Western European standards. Some of the Czech tractors arrived in Burma with the wrong type of couplings, delaying their use. Several shipments of consumer items turned out to be unmarketable: electrical items arrived which did not fit Burmese sockets; 2,000 cases of Czech whisky turned out to be all but undrinkable; condensed milk was shipped in rusty cans; and Soviet textiles proved too drab for a society accustomed to vivid colors and were poor in quality.

Burma has not been able to obtain guarantees on delivery and quality, or machinery and parts corresponding to the British specifications to which she is accustomed. To some extent Burma's difficulties have been inherent in the process of ordering a large package of goods under the bilateral agreements instead of making separate contracts for commodities as they are needed. For example, the Burmese ordered cement for projects which had not yet been started and before the structural steel was available. When the cement arrived there was no place to store it, and the rains rendered much of it unusable. Burma later re-exported over a third of the cement to India at a book loss of over a half million dollars.

Egypt also had difficulties with cement orders from the bloc. When Russian cement deliveries were delayed, Egyptian factories expanded production to meet urgent requirements. The Russians refused to can-

[5] For critical statements concerning the bloc agreements by Premier U Nu, see *New Times* (Rangoon), May 30, 1956, and *Burma Commerce* (Rangoon), June 3, 1956. For other critical comments on the operations of the agreements, see *New Times*, September 1956, and *The Nation* (Rangoon), February 24, 1956.

cel the order and the shipment arrived. As a consequence, a large Egyptian cement plant was shut down for a month.

Also as a result of poor phasing of Burma's import program, Chinese spindles and looms were received even before the plant building was started. The machinery and equipment lay around for a full year before they could be housed, and two or three years more will be required before they can be put into operation. Had Burma received cash instead of clearing account credits for her exports perhaps she would not have been so hasty in placing orders.

Brazil's terms of trade in selling coffee and other commodities to bloc countries under bilateral agreements are revealed to a degree through the operation of her system of foreign exchange auctioning. In recent years, Brazil has employed a system of auctioning various foreign currencies for specific categories of imports as a means of allocating her foreign exchange receipts. Most Brazilian imports are paid for in dollars or ACL currencies (i.e., the currencies of the Western European members of the so-called Hague Club). But Brazil also auctions clearing account balances, including those arising out of transactions with Soviet bloc agreement partners. The purchaser is entitled to an import license for goods of a certain category, as determined by the auction classification, to be purchased from the foreign country whose currency or balance has been acquired.

As might be expected, clearing balances of Soviet partners have been sold at auction at a substantial discount in terms of cruzeiros as compared with the price of the same nominal amount of purchasing power in dollars or ACL (Hague Club) currencies. The relatively low rates at which Czech or Polish clearing account balances could be purchased in Brazil tended to offset the high prices of their exports. In fact, the large discounts on these bloc clearing balances—as much as 50 per cent from their nominal value in terms of dollars—made it profitable for importers to purchase goods produced in the United States and Western Europe through bloc countries (or possibly through Western countries which were willing to accept bloc clearing balances at a discount).[6]

Such transactions provided a means of liquidating clearing account credits acquired by Brazil in selling coffee and other commodities to Eastern Europe. But the (dollar equivalent) prices paid for the imports were quite high. This was true even though the sale of the balances

[6] Such transactions contravene Brazilian regulations, which require that imports acquired by a bilateral account balance must originate in the agreement country. However, it is relatively easy to falsify invoices.

to Brazilian importers at large discounts made the transactions quite profitable to the private dealers. Moreover, there was always the possibility that the coffee exported under bilateral agreements would be re-exported to Western Europe or to the United States, thereby reducing Brazil's sales of coffee for free currencies.

Creditor-Debtor Experience Under the Agreements

An important attraction of bilateral agreements with the Sino-Soviet bloc countries has been the possibility of being able to import goods without payment in free currencies and in advance of delivering exports. Since in most cases exporting to the bloc agreement partners was simply an alternative to export for free currencies, the advantage (aside from the terms of trade factor) could be realized only if the Free World countries were debtors on the clearing account. Measuring the extent to which Free World countries have received credits under the agreements is complicated by the scarcity of information on clearing balances and by the fact that the bloc countries have extended special intermediate and long-term credits outside of the swing credits in the clearing accounts. Moreover, in many cases the longer-term credits have not been in operation for a sufficient length of time to determine what the net creditor-debtor position of the Free World countries has been. However, it may be profitable to review a few cases for which certain information is available.

In most cases for which data are available, the bloc partners have tended to run initial *deficits* under the clearing agreements, and in a number of cases this debtor position has tended to persist. One of Russia's earliest agreements with a less developed country was the August 1953 agreement with Argentina. This agreement called for an exchange of $70 million worth of goods each way; a separate protocol provided for a $30 million credit to Argentina for the purchase of oil-field equipment and farm machinery. The first shipment from Russia under the agreement arrived six months after it was signed, but Argentina had fulfilled nearly half of her trade commitment within the first eight months. An estimate of the shipments under the agreement during its first year of operation indicates that Argentina fulfilled about half of its total commitment while Russia met only about one-fifth of its part.[7]

Russia oversupplied its quota of certain petroleum products, but it

[7] Estimates were made by adding to the official figure of trade through March 1954 the published ships' manifests through August 1954; the comparison is of metric tonnages of actual trade with the agreement quotas.

fell far short on the major items of its export list, including crude oil, coal, and steel. It failed to deliver any of a host of other projected exports. None of the $30 million in credit for oil-field equipment and farm machinery was made available because the precise terms were unsatisfactory to Argentina. Despite the poor performance, Argentina renewed the agreement in 1954 with many of the original quotas scaled down.

As a result of this earlier poor record of exports by Russia, it was reported that the balance of trade with Russia during 1954 was approximately $4 million in favor of Argentina, leaving Argentina the creditor of Russia to the extent of about $13.6 million at the end of 1954.

Argentina fared little better with most of her other Soviet bloc agreement partners. At the end of 1954 Argentina was reportedly the creditor of Hungary in an amount equivalent to $12.4 million, of Czechoslovakia to $11.6 million, and of Poland to $5.6 million. Whereas Argentina was scheduled to receive imports of some $45 million *more* than it exported under credits from Czechoslovakia and Russia, it was left holding balances with the Soviet bloc aggregating almost $43 million. Argentina has continued to have a credit balance in its agreement with the USSR. An agreement signed in January 1958 seeks to reduce the Russian deficit by means of increased Soviet exports of petroleum.

Egypt's clearing accounts with Czechoslovakia, East Germany, Hungary, and Poland were consistently in surplus from December 1953 to August 1957 (see Table 14) and Egypt has had a credit balance in most

Table 14

Net Balance of Egypt's Bilateral Clearing Accounts
(in million Egyptian pounds[a])

	Dec. 30 1953	*Dec. 31 1954*	*Dec. 31 1955*	*June 30 1956*	*Nov. 30 1956*	*Feb. 28 1957*	*Aug. 29 1957*
Czechoslovakia	0.43	0.65	1.77	1.72	1.66	1.66	1.82
East Germany	0.46	0.51	0.37	0.56	0.59	0.59	0.54
Hungary	0.71	1.48	1.75	1.97	1.91	1.95	1.81
Poland	0.42	0.47	1.43	1.49	1.33	1.21	0.86
USSR	n.a.	0.61	1.78	2.18	–2.77	0.94	–2.86
China	—	—	—	—	0.37	1.11	–0.50

[a] Egyptian pound = $2.87.
Source: National Bank of Egypt, *Economic Bulletins*.

years with the USSR. However, Egypt's net creditor position on the clearing accounts is being offset by deliveries under long-term credits from the bloc countries. Indonesia's experience under most of her bilateral clearing accounts with bloc countries has been similar to that of Egypt, although here again the current account is offset by long-term credits.

The tendency of the less developed countries to run surpluses with their bloc trading partners is largely a consequence of the relatively slow deliveries of bloc industrial goods as compared with shipments of raw commodities. The regular deliveries of rice coupled with the slow rate of purchases by Burma in the Soviet area have resulted in Burma's accumulating clearing balances. Of the bloc countries, only China has supplied a significant amount of consumer goods to Burma, and only Czechoslovakia and East Germany appreciable amounts of capital goods.

As of April 1, 1957, Burma had a credit balance with the Sino-Soviet area of $3.7 million. It had credit balances with Russia of nearly $10 million and with Czechoslovakia of $6.7 million, but Burma had a debit balance of nearly $14 million with China. Burma is normally in deficit with China on bilateral trade accounts, but China has placed itself in a greater surplus by making sterling payments to Burma. The apparent reason for this action is that China considers Burma a sort of "rice bowl" which it wishes to be able to tap in case of emergency without prior negotiation; it is therefore willing to keep a credit balance with Burma.

VI. SUMMARY AND EVALUATION

BILATERALISM is not a Soviet invention. Its persistence in Sino-Soviet bloc trade relations with a large part of the Free World constitutes the principal residue of the network of bilateral trade and payments agreements which encompassed virtually the entire non-dollar world before 1950. The sharp rise in Free World trade with the Sino-Soviet bloc since 1952 has been accompanied by an increase in the number of bilateral agreements, but mainly with the less developed countries.

Countries signatory to trade and payments agreements carry on perhaps 70 per cent of total East-West trade. But this proportion is probably no larger today than it was in 1952. The two countries having the largest trade with the bloc, Britain and Germany,[1] have very largely abandoned bilateralism; yet their exports to Sino-Soviet bloc countries more than doubled during 1954-1956. Most other Western European countries continue to trade with bloc countries under bilateral trade and payments agreements. But with the liberalization of Western Europe's trade and payments and the decline in state trading, the restrictions required to achieve bilateral balancing and to meet quotas set forth in trade agreements have become less compatible with Western Europe's trading systems. There is considerable evidence that even the Soviet bloc countries would welcome arrangements for multilateralizing their trade with all of Western Europe. Moreover, trade with Western Europe must be conducted with goods that meet Western standards and at prices more or less in line with those established in world markets. Opportunities for the Soviet countries to gain political advantage through trade or by the extension of credit to Western Europe are limited; the Soviet interest in trading with that area is dictated very largely by economic motives.

In spite of the large proportion of trade which is conducted between East-West agreement partners, a substantial proportion of the total trade is multilateral in character. Widespread failure to achieve a balance on the clearing accounts, even after several years of trading, may necessitate settlement in transferable currencies or by re-exporting commodities acquired from third countries. A number of agreements provide for more or less automatic settlement of clearing account balances in transferable currencies, and a few agreements require that current payments be made in transferable currencies. There are a

[1] In April 1958 Germany signed a trade agreement with the USSR, but payments will continue to be made in transferable currency.

limited number of East-West agreements, chiefly those involving Finland, which make provision for triangular trade balancing. And the Economic Commission for Europe is having some success in arranging multilateral clearings of bilateral balances arising out of East-West trade in Europe.

If Sino-Soviet export prices were to be brought more into line with world prices and if the bloc countries were to develop a workable clearing system based on the ruble, it is quite possible that a modified multilateral payments system for financing trade between Western Europe and the bloc countries could be developed. Such a system would not necessarily do away with trade agreements. Bloc countries are not likely to favor a system whereby clearing account credits of less developed countries arising out of their trade with bloc partners could be transferred to Western Europe. This would seem to defeat an important motivation of the bloc countries in tying the trade of the less developed countries to their own exports. On the other hand, bloc countries may become more liberal in permitting a less developed country—say, Egypt—to transfer a clearing account credit with one bloc country in payment for imports from another bloc country. This would require a smoothly functioning clearing system within the bloc itself.

Motivation of Free World countries for negotiating trade and payments agreements with the bloc is in part the same as that which induces them to bilateralism with other Free World countries. Bilateral agreements are believed to provide a means of importing without foreign exchange payment; a means of selling goods whose prices and quality are out of line with those in free Western markets; and a means of securing an additional market in countries which refuse to deal on any other terms. Because of their great bargaining strength both as importers of primary goods and as exporters of commodities and services desired by the less developed countries, the Sino-Soviet bloc countries have offered special inducements to bilateral trade. They are sometimes prepared to negotiate agreements for purchasing substantial amounts of primary commodities at prices above world markets. They sometimes offer long-term credits at low interest rates, repayable in the exports of the borrowing country. Bilateral agreements with bloc countries are also a tangible expression of "neutrality" in the power struggle between the Sino-Soviet bloc and the West.

Bloc preference for bilateralism is based on both economic and political motives. The tendency of the Sino-Soviet bloc countries to emphasize heavy industry at the expense of agriculture and raw materials has undoubtedly been a factor in their trade expansion since 1953. As their industrial capacity has grown, their competitive advantage has tended to shift toward industrial products. The Soviet educational system is also turning out a large supply of technicians whose services are available for export. Bilateralism provides a means of breaking into the world markets for finished manufactures, capital goods, and technical services—markets in which there is ordinarily a strong preference for Western goods and services. Thus bilateral agreements offering favorable prices for agricultural and raw materials, and even long-term credits, serve the economic interest of the bloc countries in expanding their trade and reorienting their trade pattern.

At the same time, the bilateral agreements which redirect the trade of the less developed countries and increase their economic dependence upon the bloc serve Communist political goals. By providing a market for exports at favorable prices and especially by offering credits and technical assistance for economic development, Russia and the satellites gain popular support and political influence in the less developed countries.

As has been true in the operation of most bilateral agreements, whether with bloc countries or between Free World countries, trade under the agreements studied has not been stable nor has actual trade conformed to agreement targets. For about 60 per cent of the 240 cases studied, actual trade within the agreement period was less than 75 per cent of the agreement targets; and for 12 per cent of the cases, actual trade was less than 25 per cent of the agreement targets. But there is no predominance of evidence that the shortfall in exports was mainly on the Sino-Soviet bloc side.

Failure to achieve export and import targets leads to unbalanced trade. While a statistical analysis of the case studies does not show a predominance of cases in which the bloc countries ran deficits, such data on clearing account balances as are available indicate that the bloc partners have been debtors on the accounts to a greater extent than they have been creditors. This is especially true in the case of bloc agreements with less developed countries. In some cases the imbalances have led to settlements in free currencies, but there are a number of instances of complaints by Free World countries of continuing bloc deficits arising from slow deliveries from the bloc trading partners.

There is considerable statistical evidence that exports to bloc agreement partners are less stable than exports to Western industrial countries. This is perhaps inevitable in bilateral trade, which requires long and complicated negotiations and is subject to delays arising from the settlement of clearing balances.

The experience of Free World countries in trade with bloc agreement partners with respect to the terms of trade, quality of imports, and delivery schedules has not been uniform. Where primary commodities have been bartered against other primary commodities, as in the case of Ceylon's rubber-rice deals with China, the experience has been favorable. On the other hand, several countries, including Burma and Indonesia, have become disillusioned with trade under bilateral agreements and have sought to put their trade with the bloc on a multilateral basis. India has been able to negotiate agreements with bloc countries calling for settlements in sterling and this has undoubtedly worked to her advantage. India is thus placed in a far stronger bargaining position, since she does not need to accept overpriced commodities as compensation for her exports. On the other hand, India is under some obligation to purchase as much from her bloc trade agreement partners as she sells; otherwise they may stop buying her goods.

But countries must weigh the disadvantages of agreement trade, as compared with buying and selling in Free World markets, against the gains from additional trade and the offers of credits. As their trade with bloc countries continues to grow, some of the disadvantages may disappear. The less developed countries will learn how to trade with the bloc countries; they will learn how to place their orders in terms of quantity and specifications. Probably most of the dissatisfaction with Sino-Soviet trade relations has arisen from a lack of knowledge and experience on both sides rather than from deliberate gouging by bloc countries. There is considerable evidence that the bloc countries are making a greater effort to meet delivery schedules and to improve the quality of their goods.

In spite of certain disadvantages and disappointments of Free World countries in trading under bilateral agreements with the Sino-Soviet bloc, the bloc trade offensive in the less developed areas is making steady progress. Offers of credits on generous terms repayable in commodities and of contracts to purchase large quantities of primary commodities at favorable prices—especially when demand in free international markets is slack—have a powerful appeal. This Soviet challenge to traditional trade patterns and practices cannot be ignored or discounted with the expectation that Free World countries will break off agreement trade with the bloc countries as soon as they discover its shortcomings. The Communist countries have an important economic and political stake in this trade and there are ways of making it more efficient and palatable. Not only are delivery schedules and quality of exports by the bloc countries likely to improve, but they may develop a system whereby credits with one bloc country can be used for making purchases in another. The process of negotiating agreements and contracts is also likely to improve with time.

A consideration of the economic and political implications of the Sino-Soviet trade and economic assistance offensive in the underdeveloped countries, and of the measures for meeting it, is beyond the terms of reference of this study. It seems clear, however, that it is not enough for the Western powers to point to the longer-run economic and political dangers of increased dependence upon bloc markets and export offerings. The immediate gains from a market for surplus rice or cotton and from credits which can be paid for in commodities may appear to overbalance the longer-run disadvantages. The Soviet challenge to the trading position of the Western industrial powers in the less developed areas must be met with something more tangible than sophisticated economic and political arguments.

APPENDIX TABLE I

SUMMARY OF PAYMENTS AGREEMENTS AND OTHER TRADE ACCORDS BETWEEN THE FREE WORLD AND THE COUNTRIES OF THE SINO-SOVIET BLOC

EXPLANATORY NOTES

Stated Swing Credit, Exports to Free World, and Imports from Free World are expressed in millions of designated currency units.

— has been used whenever information is not available.

The absence of any entry under any of the main headings indicates that the information is the same as that contained in the original agreement.

Because the basic information was derived from different sources, "East Germany" is listed with all non-European countries, whereas "Soviet Zone of Germany" is listed with all European countries.

Dates in parentheses under "Period of Validity" refer to actual dates of signature.

COUNTRY TABLES

Afghanistan:	With	USSR
		Czechoslovakia
		Poland
		Mainland China
Argentina:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Poland
		Rumania
Austria:	With	USSR
		Bulgaria
		Czechoslovakia
		Communist China
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany

BLEU:	With USSR
	Bulgaria
	Czechoslovakia
	Hungary
	Poland
	Rumania
	Soviet Zone of Germany
Brazil:	With Czechoslovakia
	Hungary
	Poland
Burma:	With USSR
	Bulgaria
	Czechoslovakia
	East Germany
	Hungary
	Poland
	Rumania
	Mainland China
	Czecho-USSR
Cambodia:	With Czechoslovakia
	Mainland China
Ceylon:	With Bulgaria
	Czechoslovakia
	Hungary
	Poland
	Rumania
	Mainland China
Chile:	With Czechoslovakia
	Hungary
	East Germany
Colombia:	With East Germany
Denmark:	With USSR
	Bulgaria
	Czechoslovakia
	Hungary
	Poland
	Rumania
	Soviet Zone of Germany
Egypt:	With USSR
	Bulgaria
	Czechoslovakia
	Czecho-USSR

		East Germany
		Hungary
		Poland
		Rumania
		USSR-Rumania
		Mainland China
Federal Republic of Germany:	With	Albania
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany
		Mainland China
Finland:	With	USSR
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany
		Mainland China
		USSR-Czech
		USSR-Poland
		USSR-Rumania
		USSR-Soviet Zone of Germany
France:	With	USSR
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany
Greece:	With	USSR
		Albania
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany

Iceland:	With	USSR
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany
India:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Poland
		Rumania
		Mainland China
		North Korea
		North Vietnam
Indonesia:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Poland
		Rumania
		Mainland China
		North Korea
		North Vietnam
Iran:	With	USSR
		Czechoslovakia
		Hungary
		Poland
Iraq:	With	USSR
		Bulgaria
		Hungary
		Poland
		Rumania
Italy:	With	USSR
		Albania
		Bulgaria
		Czechoslovakia
		Hungary
		Poland

		Rumania
		Soviet Zone of Germany
Japan:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Rumania
		Mainland China
		North Korea
		North Vietnam
		North Vietnam-Czechoslovakia
Laos:	With	Mainland China
Lebanon:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Poland
		Rumania
		Mainland China
Malaya:	With	Mainland China
Mexico:	With	Czechoslovakia
Morocco:	With	USSR
		Bulgaria
		Mainland China
Nepal:	With	Mainland China
Netherlands:	With	USSR
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Soviet Zone of Germany
Norway:	With	USSR
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Soviet Zone of Germany
Pakistan:	With	USSR
		Czechoslovakia

		Hungary
		Poland
		Mainland China
Paraguay:	With	Czechoslovakia
		Hungary
		Poland
Portugal:	With	Czechoslovakia
		Hungary
		Poland
		Soviet Zone of Germany
Saudi Arabia:	With	Poland
Spain:	With	USSR
		Poland
Sudan:	With	Czechoslovakia
		East Germany
		Hungary
		Poland
		Mainland China
Sweden:	With	USSR
		Bulgaria
		Czechoslovakia
		Soviet Zone of Germany
		Hungary
		Poland
		Rumania
		Mainland China
Switzerland:	With	Bulgaria
		Czechoslovakia
		Hungary
		North Korea
		Poland
		Rumania
		Soviet Zone of Germany
		USSR
Syria:	With	USSR
		Albania
		Bulgaria
		Czechoslovakia
		Soviet Zone of Germany
		Hungary
		Poland

		Rumania
		Mainland China
Tunisia:	With	USSR
		Bulgaria
		Czechoslovakia
Turkey:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Poland
		Rumania
United Kingdom:	With	USSR
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
Uruguay:	With	USSR
		Bulgaria
		Czechoslovakia
		East Germany
		Hungary
		Poland
Yemen:	With	USSR
		Czechoslovakia
		East Germany
Yugoslavia:	With	USSR
		Albania
		Bulgaria
		Czechoslovakia
		Hungary
		Poland
		Rumania
		Mainland China
		Soviet Zone of Germany

AFGHANISTAN

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR	July 1, 1950-June 30, 1954	Two clearing accounts. In $US.	$0.2	$30.0 total		Commodity lists. No quotas.	[1]	Gold or $US.[2]	[1] Settlement may be made in gold or $US at any time. [2] Within three months. This trade and payments agreement replaces the agreement of August 15, 1948. To remain in force after expiration until canceled with six months' notice.
	July 1, 1954-June 30, 1955 (November 28, 1954)			$30.0 total					Protocol. See above.
	July 1, 1955-June 30, 1956			$30.0 total					Protocol. See above.
	January 28, 1956	—	—	$100.0	$100.0	—	—	—	USSR extends credit of $100 million in form of equipment for development. Repayment in goods beginning eight years after receipt in 22 equal installments at 2% interest per annum.
	January 1, 1956-December 31, 1958		$0.2	—	—				"Sixth barter agreement." Assumed to be a protocol of agreement of July 1950.
	1956-1957	—	—	—	—	Commodity lists.	—	—	—
Czechoslovakia	August 22, 1954-4 years	Clearing accounts in both national banks.	£St. 10% of commodity trade.	$2.08[1]	$2.08[1]	Commodity lists.	Goods.	Goods.[2]	First postwar trade agreement with credit and payments arrangements. Czechs grant $4 million for eight years for industrial construction. Repayment in goods starting three years after plants begin operating. In five annual installments at 3%. [1] Estimated for 1956. [2] Within six months; by goods; within next six months in goods at 3% interest. Thereafter by mutual agreement.

Czechoslovakia continued	August 1, 1956-July 31, 1957		£St. 10% of commodity trade.	$2.08	$2.08				Protocol. See above.
	August 1, 1957-July 31, 1958			$15.0	$15.0	Commodity lists. Some quotas.			Protocol. See above.
Poland	August 2, 1956-3 years	—	—	$10.0	$10.0	Commodity lists.	—	—	First postwar trade and payments agreement.
	One year (August 6, 1957)			$2.0	$2.0				Protocol. See above.
Mainland China	2 years (July 28, 1957)	—	—	—	—	Commodity lists. Some quotas.	—	—	May be automatically extended.

ARGENTINA

USSR	August 15, 1953-August 14, 1954	Clearing accounts in both national banks in $US.	$11.0	$75.0[1]	$75.0	Commodity lists[2] with quotas.	—	Goods.[3]	[1] Plus $30 million credit to Argentina. Estimates for first year. [2] No re-exports are permitted without mutual consent. [3] For one year, thereafter in $US. Annual Tacit Renewal (ATR).
	August 15, 1954-October 14, 1954			—	—				Extension of time for delivery of goods under the above agreement.
	August 15, 1954-August 14, 1955			—	—	No commodity lists.			Annual tacit renewal. [1] This period was cut short by a new protocol.
	January 1, 1955-December 31, 1955	Accounts in both central banks in $US.	$11.0	$50.0	$50.0	Commodity lists[1] with quotas.	—	Goods.[2]	[1] No re-exports are permitted without mutual consent. [2] For one year, thereafter in $US. ATR.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
USSR continued	January 1, 1956-December 31, 1956			—	—	No quotas.			Tacit renewal. See above.
Bulgaria	1956	Free $ for exports. Account $ for imports.	—	—	—	—	—	—	—
Czechoslovakia	July 6, 1954	Separate bookkeeping accounts.	—	$9.5	$9.5	Commodity lists.	—	—	Barter agreement outside of trade and payments agreement.
	February 11, 1955-February 10, 1958	Accounts in both central banks in $US.	$6.4	$32.0[1]	$32.0[1]	Commodities listed with quotas.	Gold or $US.[2]	Goods.[3]	New trade and payments agreement. Czechs to extend credit to $15 million. No re-exports are permitted. [1] Estimate for first year. [2] On demand. [3] For six months, thereafter in gold on demand.
	November 5, 1957-November 4, 1958	Clearing accounts in both national banks in $US.	$3.0	$40.0 turnover expected.		No quotas.	[1]	[1]	New trade and payments agreement. ATR, three months' notice. Payments from current accounts may be made in third-country currencies upon agreement. Czechoslovakia will promote exports of capital goods on credit terms with government financing. Re-exports are prohibited. [1] On demand in minimum quotas of $100,000 or multiples thereof in free $US or any other agreed currency.
East Germany	January 1, 1955-December 31, 1955 (September 6, 1954)	Private compensation.	—	$20.6	$20.6	Commodity lists.	—	—	Semi-official compensation agreement. Not renewed.

East Germany continued	5 years (1956)	—	—	—	—	Commodity lists.	—	—	Trade arrangement.
Hungary	September 8, 1953-September 7, 1956	Clearing accounts in both national banks in $US.	$5.0[1]	$30.0[2]	—	Commodity lists. No quotas.	Gold.	Goods.	Replaces agreement of July 14, 1948, and protocols thereto. No re-exports are permitted. Provides for deferred payment for Hungarian capital goods. Half the value of Hungarian exports to be applied to existing trade debt. [1] Amount in excess of $1.0 million is charged 2.75% interest. [2] Total trade.
	April 12, 1954	—	—	$4.75	$3.5	—	—	—	Barter agreement. Trade imbalance to cover $1.25 million debt owed Argentina.
	November 5, 1957-November 4, 1958	Clearing accounts in both national banks in agreement dollars.	$3.0	$30 turnover expected.		Commodity lists. No quotas.	[1]	[1]	New trade and payments agreement. ATR, three months' notice. Payments from current accounts may be made in third-country currencies upon agreement. Hungary will promote exports of capital goods with government financing. Re-exports are prohibited. [1] On demand in minimum quotas of $100,000 or multiples thereof in free $US or any other agreed currency.
Poland	October 30, 1952-December 31, 1954	Clearing account at Argentine Central Bank in $US.	$5.0[1]	—	—	Commodity lists. No quotas.	Gold.[2]	Goods.[3]	Preceding agreement expired December 31, 1951. No re-exports are permitted. [1] Amounts in excess of $5.0 million are charged 3% interest. [2] Payable on demand. [3] For six months, thereafter in gold. ATR.
	January 15, 1954 (December 4, 1953)			$9.5[1]	—				Contracts under October 1952 agreement. [1] Total trade.
	January 1, 1954-December 31, 1954			$21.4[1]	—	Commodity lists with quotas.			Protocol to October 1952 agreement. [1] Total trade. See above.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Poland continued	January 1, 1955-December 31, 1955 (January 24, 1955)			$24.6	$24.6	Commodity lists.			Protocol to October 1952 agreement. No re-exports are permitted. Poland to export capital goods on installment payment terms. See above.
	January 1, 1956-December 31, 1956			—	—	No quotas.			Tacit renewal of October 1952 agreement. See above.
	November 5, 1957-November 4, 1958	Accounts in both national banks in agreement dollars.	$3.5	$60 turnover expected.		Commodity lists. No quotas.	[1]	[1]	New trade and payments agreement. ATR, three months' notice. Payments from current accounts may be made in third-country currencies upon agreement. Poland will promote exports of capital goods with government financing. Re-exports are prohibited. Most favored nation treatment granted to ships of each under the legislation of each country. [1] On demand in minimum quotas of $100,000 or multiples thereof in free $US or other agreed currency.
Rumania	July 25, 1951-July 24, 1952	Clearing account at Argentine Central Bank in $US.	No swing limit.[1]	—	—	Commodity lists. No quotas.	—	Goods.	Protocol to trade and financial convention of October 10, 1947. No re-exports are permitted. Goods of a third-country origin will not be covered by the clearing account except by mutual agreement. [1] Only documentary credits are to be extended on either side by authorized Argentine banks and the Central Bank of Rumania. ATR.
	July 25, 1954-July 24, 1955			$6.0	$6.0				Protocol to July 1951 agreement. No re-exports are permitted. Goods of a third-country origin will not be covered in the clearing account except by mutual agreement. ATR. See above.

ARGENTINA, *continued*

Rumania continued	July 25, 1955-July 24, 1956			—	—				Tacit renewal of July 1951 agreement. See above.
	July 25, 1956-July 24, 1957			—	—				Tacit renewal of July 1951 agreement. See above.

AUSTRIA

USSR	October 17, 1955-October 16, 1960	Clearing accounts in both national banks in $US.	$5.0	$25.0 first year.	$25.0 first year.	Commodity lists.	—	[1]	[1] Balances to be liquidated within six months by additional deliveries and thereafter by transfer of gold, $US, £Sterling, or other currency. First postwar trade and payments agreement. If agreement is not terminated on six months' notice prior to the expiration of the five-year period, it remains in force until denounced on 12 months' notice. Provides for most favored nation treatment.
	October 17, 1956-December 31, 1956			Old quotas extended.	Old quotas extended.				Extension of above agreement. See above.
	January 1, 1957-December 31, 1957			$33.0	$33.0				Protocol. See above.
	1958-1960			(1958) $90.0 total					New commodity lists. In 1959 and 1960 commercial exchanges are expected to rise to about twice the 1957 level.
Bulgaria	July 1, 1952-June 30, 1953	Clearing accounts in $US.	$1.0	$8.3	$8.3	Commodity lists. Some quotas.	—	—	—
	July 1, 1953-June 30, 1954[1]	Two clearing accounts in each central bank, one for trade, one for payments in $US.	$1.0	$10.5	$10.5	Commodity lists with quotas.	—	Within six months by additional deliveries.	Protocol to trade and payments agreement of October 16, 1948. Tacitly renewable each year unless terminated on three months' notice. [1] Extended to October 31, 1954.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Bulgaria continued	November 1, 1954-October 31, 1955			$8.5	$8.5				Protocol to trade and payments agreement of October 16, 1948.
	January 1, 1956-December 31, 1956			$7.5	$7.5				Protocol to trade and payments agreement of October 16, 1948, and payments agreement of October 16, 1948, as amended December 17, 1948, and July 9, 1949.
	January 1, 1957-December 31, 1957			—	—				Protocol to trade and payments agreement of October 16, 1948. The 1957 quotas remain in force for another year unless terminated on two months' notice.
Czechoslovakia	November 1, 1951-October 31, 1952	Clearing accounts in $US.	$3.5	$30.0	$33.0	Commodity lists. Some quotas.	—	—	Balance to be used for transit freights for coal imported into Austria from Poland.
	January 1, 1954-December 31, 1954	Clearing accounts in national bank in $US.	$3.5	$12.0	$12.0	Commodity lists with quotas.	—	Liquidated by measures agreed upon by Mixed Commission.	Protocol to agreement of October 29, 1948, and subsequent amendments. Tacitly renewable each year unless terminated on three months' notice.
	January 1, 1955-December 31, 1955			$12.0	$12.0				Protocol to above agreement.
	January 1, 1956-December 31, 1956			$37.5 total					Protocol. See above.

Czecho-slovakia continued	January 1, 1957-December 31, 1957			$22-23	$22-23				Protocol to above agreement. Re-exports and transit operations will be subject to the consideration of competent agencies in each country.
Communist China	1954	Swiss francs or sterling.	—	None.	$0.2[1]	—	—	—	Contracts signed at the Berlin Industry Fair, September 26-October 11, 1953. [1] Communist China placed orders for steel, tools, lathes, and diesel generators totaling $8.0 million. Contracts accepted by Austria amounted to $200,000, but no breakdown of commodities is available.
Hungary	September 1, 1952-August 31, 1953	Clearing accounts in $US.	$2.0	$17.5	$17.5	Commodity lists with quotas.	—	—	—
	September 1, 1953-August 31, 1954	—	$2.0	$13.2	$12.9	Commodity lists with quotas.	—	—	Protocol to trade and payments agreement of December 21, 1946, as amended June 3, 1948.
	September 1, 1954-August 31, 1955			$17.0	$15.0				Protocol to above agreement. Tacitly renewable each year unless terminated on three months' notice.
	September 1, 1955-August 31, 1956			$23.0	$23.0				Protocol to above agreement.
	September 1, 1956-August 31, 1957		$2.5	$25.6	$24.4				Protocol to above agreement.
	September 1, 1957-August 31, 1958			—	—				Protocol to above agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Poland	April 1, 1954-March 31, 1955	Clearing accounts in both national banks in $US.	$2.5	$20.0	$20.0	Commodity lists with quotas.	—	Goods within six months.	Tacitly renewable each year unless terminated on three months' notice. Austria to pay for 10% of the purchased coal in £St.
	April 1, 1955-March 31, 1956			$20.0	$20.0				Protocol to above agreement. Austria to pay for 10% of the coal purchased in £St., and transfer its Brazilian credits for payment of $1.1 million on the account.
	April 1, 1956-July 31, 1956			—	—				Extension of above protocol. No increase in quotas; old quotas extended.
	August 1, 1956-July 31, 1957			$30.0	$30.0				Protocol to above agreement.
	August 1, 1957-July 31, 1958			$33.0	$33.0	Commodity lists.			Protocol to above agreement.
	Three years (signed June 17, 1957)	—	—	—	$5.0	—	—	—	Long-term credit extended to Poland for purchase of consumer goods in Austria.
Rumania	December 1, 1952-November 30, 1953	Clearing accounts in $US.	$1.5	$15.0	$15.0	Commodity lists with quotas.	—	—	—
	April 1, 1954-March 31, 1955	Clearing accounts in both national banks in $US.	$1.5	$14.0	$14.0	Commodity lists with quotas.	—	Goods in six months.[1]	Protocol to trade and payments agreement of July 12, 1950, as amended April 11, 1952. Tacitly renewable each year unless terminated on three months' notice. [1] Any balances existing seven months after expiration date are to be liquidated within one month by transfer of free currencies.

Rumania continued	April 1, 1955-March 31, 1956			$28.5 total					Protocol to above agreement.
	July 1, 1956-June 30, 1957			$15.3	$13.7				Protocol to above agreement.
Soviet Zone of Germany	January 1, 1954-December 31, 1954	—	—	$18.0	$18.1	Commodity lists with quotas.	—	—	Agreement concluded between Chambers of Commerce.
	January 1, 1955-December 31, 1955	Clearing accounts in both national banks in $US.	None.	$14.0	$14.0	Commodity lists with quotas.	None.	None.	Protocol to non-governmental trade and payments agreement of December 18, 1953. Tacitly renewable each year unless terminated on three months' notice.
	January 1, 1956-December 31, 1956	Clearing accounts in both national banks in $US.	$0.3[1]	$19.5	$19.5	Commodity lists.	—	Goods.[2]	New non-governmental trade and payments agreement replaces above. [1]Granted to East Germany beginning about April 1956. [2] Within three months and thereafter by negotiations. Tacitly renewable each year unless terminated on three months' notice.
	January 1, 1957-December 31, 1957		[1]	$19.5	$19.5				Protocol to above agreement. [1] Austria grants East Germany a credit limit of $600,000. East Germany grants Austria a credit limit of $300,000 with a possibility of increasing it.
	(July 12, 1957)			$11.0	$11.0				Supplement to above protocol. Reduction of quotas. May be raised if East Germany is capable.

BLEU

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR	January 1, 1954-December 31, 1954	Clearing accounts in both central banks in Belgian francs.	$.456	$70.0	$70.0	Commodity lists with quotas.	Gold, $US, or other acceptable means.	—	Protocol to trade and payments agreement of February 18, 1948. Ships, floating cranes, and boilers to be delivered by Belgium during 1955-1957, estimated at $100 million. USSR will deliver goods as payment. Protocol remains in force until terminated on six months' notice.
	January 1, 1955-December 31, 1955			—	—	No quota lists.			Trade and payments agreements of February 18, 1948, remained in force.
	January 1, 1956-December 31, 1956			—	—				Protocol to above agreement.
Bulgaria	April 21, 1947-April 20, 1948	Clearing account in Belgian National Bank in Belgian francs.	$.455	$7.0-$9.0	$7.0-$9.0	Commodity lists.	Gold or acceptable currency.	[1]	First postwar trade and payments agreement. Trade agreement tacitly renewable each year unless terminated on three months' notice. Payments agreement tacitly renewable each year unless terminated on two months' notice. [1] Balances existing at the expiration of the agreement bear 3% interest and may be used by the creditor for additional purchases during one year. If the balance is not liquidated in one year, settlement will be made by transfer of gold or by other acceptable methods.
	— April 1956[1]								Although the provisions of the agreement remain in force, trade takes place only by means of private compensation arrangements. [1] Extended yearly until April 1956.

Czecho-slovakia	September 30, 1952-September 30, 1953	—	—	$12.0	$12.0	Commodity lists.	—	—	—
	January 1, 1954-December 31, 1954	Clearing accounts in both national banks, in Belgian francs and Czech crowns, respectively.	$1.5[1]	$11.2	$11.2	Commodity lists with quotas.	Gold or acceptable currency.	[2]	New trade agreement and protocol to payments agreement of April 3, 1946, renewable for a period to be determined by both parties to the agreement. [1] Balances in excess of $.455 million may be invested in short-term Treasury securities. [2] Balances existing at the expiration of the agreement to be liquidated within six months in gold or acceptable currency, or by a method to be determined. In the interim, the balance will be placed in Treasury securities of the debtor carrying interest at the official rate.
	January 1, 1955-March 31, 1955			—	—				Extension of above agreement.
	April 1, 1955-March 31, 1956	—	—	$13.0	$13.0	Commodity lists with quotas.	—	—	New trade and payments agreement replacing trade agreement of December 22, 1953, and payments agreement of April 3, 1946. Category established for products to and from the Belgian Congo; commodities unspecified. Tacitly renewable each year unless terminated on three months' notice.
	April 1, 1956-March 31, 1957			$12.5	$12.5				Protocol to above agreement.
	April 1, 1957-March 31, 1958			$27.7 total					Protocol to above agreement. Contains detailed commodity lists for Belgian Congo and Ruanda-Urundi.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary	February 1, 1955-January 31, 1956	Clearing accounts in Belgian National Bank in Belgian francs.[1]	$.2	$10.5	$10.5	Commodity lists with quotas.	[2]	[3]	New trade agreement and protocol to the payments agreement of April 23, 1947. The trade agreement has annual tacit renewal unless denounced with three months' notice. The payments agreement is of indefinite duration and may be terminated on three months' notice. [1] Bears 3% annual interest to charge of debtor in event of a balance. [2] A credit balance in excess of the credit limit may be invested by Hungary in short-term Belgian Treasury bonds in blocks of $100,000. A debit balance will be liquidated by transfer of gold or other acceptable currency by Hungary. [3] A credit balance at the expiration of the agreement may be used by Hungary to purchase additional goods within one year. As an alternative, Hungary may demand payment in gold or other currency. A debit balance must be liquidated within one year by Hungarian transfers of gold or acceptable currency.
	February 1, 1956-January 31, 1957			—	—				Renewal without change of above agreement.
	February 1, 1957-July 31, 1957			—	—				Extension of above agreement.
	August 1, 1957-January 31, 1958			—	—				Extension of above agreement.

Poland	January 1, 1954-December 31, 1954	Clearing accounts in both National Banks in Belgian francs.	$5.0	$15.4[1]	$15.4	Commodity lists with quotas.	Gold or acceptable currency.[2]	[3]	Protocol to trade agreement of April 13, 1950, and payments agreement of August 14, 1946. The trade agreement is given annual tacit renewal and may be denounced with two months' notice. The payments agreement is of indefinite duration unless terminated on six months' notice. [1] $2.0 million each way will represent Congo trade. [2] Balances will be determined monthly. [3] At the expiration of the agreement, all accounts will be closed and, after the repurchase of Treasury notes bought in pursuance of this agreement, balances will be liquidated. As settlement, the debtor will issue the creditor state notes bearing 3% interest, to be amortized in annual installments of $500,-000, and to be redeemed in gold or acceptable currency.
	January 1, 1955-March 31, 1955			$3.85	$3.85				Extension of above agreement. Prorated on basis of above agreement.
	April 1, 1955-June 30, 1955			$3.85	$3.85				Extension of above agreement. Prorated on basis of above agreement.
	July 1, 1955-September 30, 1955			$3.85	$3.85				Extension of above agreement. Prorated on basis of above agreement.
	October 1, 1955-December 31, 1955			$3.85	$3.85				Extension of above agreement. Prorated on basis of above agreement.
	January 1, 1956-March 31, 1956			$3.85	$3.85				Extension of above agreement. Prorated on basis of above agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
Poland continued	April 1, 1956-June 30, 1956			$3.85	$3.85				Extension of above agreement. Prorated on basis of above agreement.
	Three years (signed September 1954)	—	—	None.	$10.0	Commodity lists.	—	—	Extension of credit to Poland for purchase of Belgian consumer goods. The credits will be utilized by drafts drawn up by the Belgian exporter, accepted by the Polish purchasing organizations, and guaranteed by the Polish Bank Handelowy. Repayment is to be made at the following rate: 5% on delivery, 5% after one year, 25% after two years, 65% after three years.
Rumania	September 3, 1948-September 2, 1949	Clearing account in Belgian National Bank in Belgian francs.	—	—	—	Commodity lists.	—	1	First postwar trade and payments agreement, with annual tacit renewal if not denounced with three months' notice. [1] At the expiration of the agreement, a credit balance will be liquidated within one month by transfer of gold or foreign exchange by the National Bank of Belgium to the National Bank of Rumania.
	December 31, 1956			—	—				Annual tacit renewal of trade and payments agreement of September 3, 1948, without commodity lists.
Soviet Zone of Germany	September 1, 1953-December 31, 1954	—	$.3	$10.0	$10.0	Commodity lists.	—	—	Agreement between Federation des Industries Belges and Deutscher Inne- und Aussenhandel Kompensation.
	September 1, 1953-December 31, 1954			$2.0	$2.0	Commodity lists.			Supplement to above.
	February 1, 1955-January 31, 1956	—	—	$9.6	$9.6	Commodity lists with quotas.	—	—	Agreement between Federation des Industries Belges and Deutscher Inne- und Aussenhandel Kompensation.

BLEU, *continued*

Soviet Zone of Germany continued	January 1, 1956-December 31, 1956	—	—	$11.3	$11.3	Commodity lists with quotas.	—	—	Agreement between Federation des Industries Belges and Deutscher Inne- und Aussenhandel Kompensation.
	January 1, 1957-December 31, 1957 (June 1957)	—	—	—	—	Commodity lists with quotas.	—	—	Agreement between Federation des Industries Belges and Deutscher Inne- und Aussenhandel Kompensation.

BRAZIL

Czechoslovakia	May 17, 1953-May 17, 1954	Clearing account at Bank of Brazil in $US.	No credit limit.	—	—	Commodity lists.	—	—	Protocol to agreements of May 17, 1950. No re-exports are permitted except by mutual agreement. Goods originating in a third country cannot be paid for through the clearing account.
	May 17, 1954-May 17, 1955 (November 1953)[1]			—	—	No quotas.			Protocol to agreements of May 17, 1950. No re-exports are permitted except by mutual agreement. Goods originating in a third country cannot be paid for through the clearing account. [1] Tacit renewal of May 1950 agreement. See above.
	May 17, 1955-May 16, 1956			—	—				Protocol to May 1950 agreement. Abrogated May 16, 1956; later reinstated and extended. See above.
	May 17, 1956-August 16, 1956			—	—	No quotas.			Extension of May 17, 1950, agreement; for three months. See above.
Hungary	April 20, 1954-April 19, 1955	Clearing account at Bank of Brazil in $US.	—	$20.0	$20.0	—	—	—	First postwar trade and payments agreement. ATR.
	April 20, 1955-April 19, 1956			—	—				Annual renewal of April 1954 agreement. See above.

BRAZIL, *continued*

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
Hungary continued	April 20, 1956-April 19, 1957			—	—				Annual renewal of April 1954 agreement. See above.
Poland	April 1, 1954-March 31, 1955	Clearing accounts in both state banks in $US.	$2.0	—	—	—	—	—	New payments agreement replaces payments agreement of October 24, 1952. ATR.
	1954-1955 (one year after ratification; signed November 23, 1954)	—	See above.	$7.0	$7.0	—	—	—	New trade agreement. Replaces trade agreement of October 24, 1952. No re-exports are permitted. ATR.
	March 31, 1955-April 1, 1956[1]			—	—				Tacit renewal of payments agreement of April 1954. [1] Abrogated by Brazil as of April 1, 1956. See above.
	April 1, 1956-June 30, 1956			—	—				Three months' extension of April 1954 payments agreement. See above.
	July 1, 1956-September 30, 1956			—	—				Three months' extension of April 1954 payments agreement. See above.
	October 1, 1956-December 1956			—	—				Three months' extension of April 1954 payments agreement. See above.
	1955-April 1, 1956[1]			—	—				Tacit renewal of November 1954 trade agreement. [1] Abrogated by Brazil as of April 1, 1956.

BRAZIL, *continued*

Poland continued	April 1, 1956-June 30, 1956[1]			—	—				Three months' extension of November 1954 trade agreement. [1] Presumably other extensions. See above.

BURMA

USSR	3 years (July 1, 1955)	Clearing accounts in £St.	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade agreement with payments arrangements. Provides for most favored nation treatment.
	1 year (July 1, 1955)			—	$15-$20	Commodity lists.			Protocol to agreement of July 1, 1955. See above.
	2 more years (April 1, 1956)			—	—				Supplement to trade agreement of July 1, 1955. See above.
	November 18, 1955[1]	—	—	$5.0[2]	—	Commodity lists.	—	—	Contracts in accordance with protocol of July 1, 1955, between Burmese Government Purchasing Mission and Soviet Foreign Trade Organizations. [1] To be concluded in 1955. [2] Uncertain whether total exchange or each way.
	4 years (April 1, 1956)			—	$38.8	Commodity lists. Some quotas.			Protocol to trade agreement of July 1, 1955. See above.
	(April 1, 1956)	—	—	—	—	Commodity lists.	—	—	Contract for the mutual exchange of gifts.
	(October 1956)	—	—	—	—	—	—	—	Clearing agreement defining "the convertibility of currency in trade relations" between the countries.
	(February 1, 1957)	—	—	—	$9.5	Commodity lists with quotas.	—	—	Contract.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Bulgaria	May 16, 1956-May 15, 1957	Clearing accounts in £St. at both central banks.	—	1	$1.9	Commodity lists with some quotas.	—	—	First postwar trade protocol with payments procedure. 1 Equal in value to rice imports.
Czechoslovakia	February 14, 1955-February 13, 1958	Clearing accounts in £St.	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement.
East Germany	February 27, 1955-February 26, 1958	Clearing accounts in £St.	—	—	$5.2	Commodity lists. No quotas for first year.	—	—	First postwar trade and payments agreement.
Hungary	February 21, 1955-February 20, 1956	Clearing accounts in £St.	—	—	—	Commodity lists.	—	—	First postwar trade and payments agreement.
	(May 5, 1956)	Clearing accounts in £St.	—	—	$5.0-$7.0	Commodity lists with some quotas.	—	—	Barter agreement.
Poland	November 1, 1955-October 31, 1958	Clearing accounts in £St.	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement.
	November 1, 1955			1	$4.8-$5.8	Commodity lists.			Annual protocol to agreement of November 1955. 1 Equal in value to Burmese rice exports. See above.
Rumania	1956 (February 7, 1956)	Clearing accounts in £St.	—	1	$1.9	Commodity lists. No quotas.	—	—	First postwar trade agreement with one-year protocol. 1 Equal in value to Burmese rice exports.

BURMA, *continued*

Mainland China	January 1, 1954-December 31, 1956 (April 22, 1954)	All payments in £St.	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement.
	November 3, 1954-November 2, 1955			—	—				Annual protocol to agreement of April 1954. See above.
	(March 28, 1955)	—	—	$5.32	$16.8[1]	Commodity lists.	—	—	Contract under protocol of November 3, 1954. [1] The imbalance of $11.48 will be used by the Burmese government and businessmen at a later date.
	1955-1956 (December 29, 1955)			—	$15.5	Commodity lists.			Protocol to agreement of April 22, 1954.
Czecho-USSR	October 1956	—	—	—	—	—	—	—	A clearing agreement defining "the convertibility of currency in trade relations" between the countries.

CAMBODIA

Czechoslovakia	(Signed October 6, 1956)	—	—	—	—	—	—	—	First postwar trade and payments agreement.
Mainland China	June 16, 1956-June 14, 1957[1]	Clearing accounts in both central banks in £St.	$2.8	$14.0	$14.0	—	£St.[2]	£St.[3]	First trade and payments agreement. [1] Can be renewed by negotiation. [2] Immediately. [3] Account reconciled semi-annually. Balances payable on demand.
	June 21, 1956, for 1958	—	—	$22.4	—	—	—	—	A *gift* for construction and development.

CEYLON

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Bulgaria	June 19, 1956-June 18, 1957	Clearing accounts[1] at both central banks in £St.	No credit limit.	—	—	Commodity lists. No quotas.	—	Mutual agreement by Mixed Commission.	First postwar trade and payments agreement. Subject to ratification. Provides for most favored nation treatment. [1] Balances may be transferred to or from clearing accounts maintained with third nations. ATR.
Czechoslovakia	(December 16, 1955) 1 year[1] after ratification.	All payments in £St. unless other methods are agreeable.[2]	—	$5.6[3]	$5.6[3]	Commodity lists.	—	—	First postwar trade agreement. Provides for most favored nation treatment. [1] No termination provision. To be reviewed before expiration. [2] See below. [3] Described as minimum.
	(March 13, 1956) 1 year[1] after ratification.	Clearing accounts in both central banks in £St.	$1.4	—	—	—	Goods.[2]	Goods.[3]	First postwar payments agreement. Balances may be transferred to accounts maintained with third nations. Re-exports and fairs are covered. [1] No terminal provisions; to be reviewed before expiration. [2] For three months, thereafter in sterling. [3] For six months, thereafter in sterling.
	3 years (August 8, 1956)	—	—	—	—	Commodity lists.	—	—	Agreement for trade and economic cooperation. Provides for most favored nation treatment.
	May 30, 1957-December 16, 1957								Extension of March 13, 1956, trade agreement. See above.
Hungary	June 4, 1956-December 31, 1957	—	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade agreement. Provides for most favored nation treatment.
Poland	(December 2, 1955) 1 year after ratification.	Clearing accounts in both central banks in £St.	$1.1	—	—	Commodity lists. Some quotas.	Goods.[1]	Goods.[2]	First postwar trade and payments agreement. Provides for most favored nation treatment. Renewable by agreement. [1] For three months, thereafter in sterling. [2] For six months, thereafter in sterling.

Poland continued	(March 27, 1957)			—	—				Extension of above agreement.
Rumania	1 year (March 16, 1956)	Clearing accounts in both central banks in £St.	—	—	—	Commodity lists.	—	—	First postwar trade and payments agreement. Most favored nation treatment.
Mainland China	October 20, 1952-October 19, 1953 (October 4, 1952)	Clearing accounts in both central banks in Ceylon rupees.	—	$52.5	$52.5	Commodity lists with quotas.	—	Goods.[1]	First trade and payments agreement. No termination provisions. [1] Conversion into third currency or carried forward as agreed.
	January 1, 1953-December 31, 1957 (December 18, 1952)	Clearing accounts in both central banks in Ceylon rupees.	No credit limit.	$40.8[1]	$41.2[1]	Commodity lists with quotas.	—	£St.[2]	Trade and payments agreement relating to rice and rubber. May be extended. No provision for re-exports. Contracts for first year are regarded as execution of October 4, 1952, agreement. Failure of either party to fulfill the obligation releases the other party.
	January 1, 1954-December 31, 1955 (September 23, 1953)			—	—				Two-year extension of trade agreement of October 1952. See above.
	January 1, 1954-December 31, 1954 (September 23, 1953)			$37.0	$36.0[1]	Commodity lists with quotas.			Annual protocols to agreement of December 1952. [1] Maximum based on top-grade rubber prices. See above.
	January 1, 1955-December 31, 1955 (October 18, 1954)			—	[1]	Commodity lists with quotas.		[2]	Annual protocol to agreement of December 1952. See above. [1] Prices agreed upon in October were effective only for January 1, 1955-May 30, 1955. [2] These settlement provisions apply only to January 1, 1955-August 1955.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Mainland China continued	January 1, 1956-December 31, 1956 (October 14, 1955)			—	—				Extension of October 1952 agreement. See above.
	January 1, 1956-December 31, 1956			—	—	Commodity lists with quotas.			Annual protocol to agreements of December 1952. See above.
	January 1, 1957-December 31, 1957 (December 29, 1956)			—	—				Extension of trade agreement of October 1952. See above.
	January 1, 1957-December 31, 1957 (December 29, 1956)			$23.0	$34.7-$52.7				Annual protocol to agreement of December 1952. See above.
	(April 1957)	—	—	—	—	Commodity lists.	—	—	—
	January 1, 1958-December 31, 1963	—	—	—	—	Commodity lists with some quotas.	—	—	New trade agreement.

CHILE

Czechoslovakia	October 27, 1955-December 6, 1955	Barter.	—	—	—	—	—	—	Barter.

CHILE, *continued*

Czecho-slovakia continued	(December 6, 1955) 1956	Barter.	—	—	—	—	—	—	Barter.
Hungary	(July 12, 1955)	Barter.	—	—	—	—	—	—	Barter.
East Germany	(December 1954)	Barter.	—	$.3[1]	$.3[1]	—	—	—	Barter. [1] Not clear whether each way or total exchange.
	September 1955-December 31, 1956	—	—	$10.0[1]	—	—	—	—	Non-governmental barter agreement. [1] Total exchange.

COLOMBIA

East Germany	February 14, 1955-March 21, 1956	Clearing accounts in both central banks	—	$7.0	$7.0	Commodity lists.	—	—	Non-governmental agreement between East German Central Bank and Colombian coffee growers.

DENMARK

USSR	December 1, 1951-March 31, 1952	—	—	$7.4	$6.8	Commodity lists with quotas.	—	—	—
	July 1, 1953-June 30, 1954	Clearing accounts in both central banks in Danish crowns.	$.289	$20.9	$20.9	Commodity lists with quotas.	[1]	[2]	Protocol to trade and payments agreement of July 8, 1946. ATR, three months' notice. [1] Any balance exceeding the credit limit during the validity of the agreement will be charged 2% interest per year and may be liquidated by transfer of gold, $US, or other acceptable currency. [2] Balances existing at the expiration of the agreement are to be liquidated within three months by additional deliveries or by transfer of $US, gold, or other acceptable currency.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR continued	May 15, 1956-May 14, 1958	Clearing accounts in both central banks in Danish crowns.	$.289	$42.0	$39.0	Commodity lists.	Acceptable currency.		Protocol to above agreement. Planned trade imbalance to cover previous Soviet trade deficit. See above.
	March 1, 1957 (agreement of August 1956)	—	—	$.217	$.217	Commodity lists.	—	—	Barter agreement between CE TROSOJUS (Russian Co-operative Organization) and FDB (Joint Association of Denmark's Co-operative Consumer Associations).
	February 1958 (agreement of April 1957)	—	—	$.522	$.522	Commodity lists.	—	—	Barter agreement between CE TROSOJUS and FDB. See above.
Bulgaria	January 28, 1948-January 27, 1949	—	$.1	$1.2	$1.2	Commodity lists.	—	—	First postwar trade and payments agreement. ATR, three months' notice. Re-exports are prohibited.
	Annual tacit renewal to January 27, 1957								See above.
Czechoslovakia	April 4, 1952-April 3, 1953	—	—	$3.5	$2.9	Commodity lists.	—	—	—
	April 23, 1953-April 22, 1954	Clearing accounts in Czech crowns and Danish crowns in both national banks.	$1.1	$2.5	$2.4 + P.M. items.	Commodity lists.	Mixed Commission to decide.[1]	[2]	New trade and payments agreement. ATR, three months' notice. [1] During the validity of the agreement any balance exceeding one-half of the credit limit will bear 1.5% interest. [2] Liquidated within six months by additional deliveries and in three subsequent months by transfer of acceptable currency, preferably sterling.

Czecho-slovakia continued	June 1, 1954-May 31, 1955			$3.6	$3.3	Commodity lists with quotas.			New trade and payments agreement. All provisions same as above.
	June 1, 1955-May 31, 1956		$1.45	$7.5	$7.5	Commodity lists with quotas.			New trade and payments agreement. Terms same as above.
	Trade: June 1, 1956-May 31, 1959 Payments: June 1, 1956-May 31, 1957	Clearing accounts in Czech and Danish crowns in central bank in each country.	$1.45	$8.3 (1st year)	$8.3 (1st year)	Commodity lists.	1	2	New trade and payments agreement. ATR, trade agreement after May 31, 1949, three months' notice. ATR, payments agreement, three months' notice. During the validity of the agreement, any balance exceeding one-half the credit limit will bear 1.5% interest. [1] Any balance in excess of the credit limit will be liquidated by negotiations, with the debtor having the right to transfer currency of the creditor country, other acceptable currency, or gold. [2] Balances at the expiration of the agreement will be liquidated within six months by additional deliveries and within three additional months by transfers of acceptable currency, preferably sterling, and thereafter in acceptable currency or gold. Special provisions: Balances may be transferred by mutual agreement to clearing accounts maintained by either of the contracting parties with other countries. Balances from clearing accounts maintained by either of the contracting parties with other countries may be transferred by mutual agreement to the account of this agreement.
	May 31, 1957 (signed January 1957)			$.101	$.116	Commodity lists.			Supplement to trade and payments agreement of June 1956, enlarging list of goods to be exchanged. See above.
	June 1, 1957-May 31, 1958			$9.13	$9.13				Protocol to 1956 agreement. See above.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
Hungary	March 1, 1952-February 28, 1953	—	—	$1.5	$1.5	Commodity lists.	—	—	—
	March 1, 1953-February 28, 1954			$1.5	$1.5	Commodity lists.			Renewal of 1948 agreement. No alteration in commodity lists.
	March 1, 1954-February 28, 1955	Clearing accounts in National Bank of Denmark in Danish crowns.	$.435	$2.9	$2.5	Commodity lists.	—	Additional deliveries.[1]	New trade agreement and protocol to payments agreement of February 17 and 24, 1948. No renewal provision for trade. Payments, ATR, three months' notice. [1] Within six months, thereafter by transfer of $US, gold, or other acceptable currency.
	March 1, 1955-February 29, 1956			—	—				Renewal of above without change.
	March 1, 1956-February 28, 1957			—	—				Renewal of above without change.
	March 1, 1957-February 28, 1958			—	—				Renewal of above without change.
Poland	December 1, 1951-November 30, 1952	—	—	$16.9	$11.9	Commodity lists with quotas.	—	—	—
	March 1, 1953-February 28, 1954	Clearing accounts in both central banks in Danish crowns.	$3.6	—	—	Commodity lists.	[1]	Measures by Mixed Commission within one year.	Protocol to trade and payments agreement of June 9, 1952. ATR, three months' notice. Denmark to pay for 7% of the coal imported in $US and 20% in sterling. [1] Liquidated by suspension of import or export licenses.

Poland continued	March 1, 1954-June 30, 1954			—	—				Extension of above agreement.
	Trade: January 1, 1955-December 31, 1955 Payments: March 7, 1955-December 31, 1955	Clearing accounts in both national banks in sterling.	None.	$8-$9	$8-$9	Commodity lists with quotas.	1	1	Protocol to above trade agreement. New payments agreement. No renewal provisions for payments agreement. Special provision: Portion of Polish coal imported by Denmark amounting to $1.8 million is to be paid in Danish crowns. [1] Balances existing in the accounts may be liquidated partially or entirely at the demand of the creditor, by transfer of sterling. The debtor reserves the right to regulate the portion of the balance to be paid at a given time.
	January 1, 1956-December 31, 1956			$5.1 + coal and coke estimated at $14.0	$12.3				Protocol to above agreement.
	January 1, 1957-December 31, 1957			—	—				Extension of above protocol. No increase in quotas; old quotas extended.
Rumania	April 1, 1954-March 31, 1955	Clearing accounts in both central banks in Danish crowns.	$.435	$2.9	$2.9	Commodity lists with quotas.	Additional deliveries.	1	First postwar trade and payments agreement. ATR, three months' notice. [1] After six months, additional deliveries within six months, and thereafter in $US or other acceptable currency.
	April 1, 1955-March 31, 1956			$2.9	$2.9				ATR of above agreement.
	April 1, 1956-March 31, 1957			—	—				ATR of above agreement.

DENMARK, *continued*

							Settlement:		
			Stated	*Total Agreement Trade:*		*Nature of*	*Overdrawn*		
Country	*Period of Validity*	*Principal Means*	*Swing Credit*	*Exports to Free World*	*Imports from Free World*	*Trade Accord*	*Swing Credit*	*At Termination*	*Notes*
Soviet Zone of Germany	July 20, 1956-July 19, 1957	—	$1.01	$15.9	$15.9	Commodity lists.	—	—	New non-government compensation agreement between East German Chamber of Commerce and Danish trade organizations; and payments agreement between Danish national bank and East German Notenbank. [Except for 1949, when a non-government agreement was in force, postwar trade was effected via barter arrangements.]

EGYPT

USSR	(March 3, 1952)		—	—	—	—	—	—	Signing of trade agreement.
	August 18, 1953-August 17, 1954	Clearing account in Egypt's central bank in £E.	$2.86	—	—	—	—	Goods.	First postwar payments agreement. Re-export and barter require prior approval.
	August 18, 1954-August 17, 1955			—	—				Renewal of payments agreement of August 1953.
	August 18, 1955-August 17, 1956			—	—				Renewal of payments agreement of August 1953.
	August 18, 1956-August 17, 1957			—	—				Renewal of payments agreement of August 1953.

EGYPT, *continued*

USSR continued	(August 10, 1953)	—	—	—	—	—	—	—	Trade agreement signed.
	March 27, 1954-March 26, 1955	—	—	$42.9[1]	—	Commodity lists. No quotas.	—	—	Trade agreement; payments agreement of August 1953 applies. [1] Total exchange.
	March 27, 1955-March 26, 1956			—	—	[1]			Protocol to trade agreement of March 1954 and payments agreement of August 1953. [1] Lists to remain in force indefinitely.
	March 27, 1956-March 26, 1957			$30.0[1]	—				Tacit renewal of trade agreement of March 1954 and payments agreement of August 1953. [1] Not stated whether total or each way.
	March 27, 1957-March 26, 1958			$60.0[1]	—				Protocol to trade agreement March 1954 and payment agreement of August 1953. [1] Total exchange.
	(April 27, 1955)	—	—	£.2	£.3	Commodity lists.	—	—	A trade agreement.
	(April 28, 1955)	—	—	—	—	Commodity lists.	—	—	Trilateral barter with Rumania.
	(September 6, 1955)	—	—	$7.95	$7.95	Commodity lists.	—	—	Barter contract.
	(April 17, 1956)	—	—	$2.86[1]	—	Commodity lists.	—	—	Barter. [1] Total exchange.
	(September 4, 1956)	—	—	$16.6	$16.6	Commodity lists.	—	—	Sales contract. Uncertain whether a separate contract or under the trade agreement.
	(September 29, 1956)	—	—	$16.6	—	Commodity lists.	—	—	Sales contract. See above comment.
	(January 24, 1957)	—	—	—	—	Commodity lists.	—	—	Trade pact. See above comment.
	(January 25, 1957)	—	—	—	—	Commodity lists.	—	—	Purchase contract. See above comment.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
USSR continued	(March 14, 1957)	—	—	—	—	Commodity lists.	—	—	Purchase contract. See above comment.
Bulgaria	April 6, 1950-April 5, 1951	Clearing account at Egypt's central bank in £E.	No credit limit.	—	—	Commodity lists. No quotas.	—	£St.[1]	First postwar trade and payments agreement. [1] Balances are reconciled quarterly and payable on Bulgarian request.
	April 6, 1951-April 5, 1952			—	—				Annual tacit renewal of agreements of April 1950.
	April 6, 1952-April 5, 1953			—	—				Annual tacit renewal of agreements of April 1950.
	April 6, 1953-April 5, 1954			—	—				Annual tacit renewal of agreements of April 1950.
	April 6, 1954-April 5, 1955			—	—				Annual tacit renewal of agreements of April 1950.
	April 6, 1955-April 5, 1956			—	—				Annual tacit renewal of agreements of April 1950.
	March 17, 1956-March 16, 1959	Clearing account at Egypt's central bank in £E.	$.574[1]	$.287[2]	$2.87[2]	Commodity lists.	—	—	Replaces trade and payments agreement of April 1950. [1] Swing credit contingent on Bulgaria's fulfillment of import quota. [2] Bulgaria obliged to import $2.87 annually. Egypt obliged to import only $.287 annually.
Czechoslovakia	(July 19, 1955)	—	—	—	—	—	—	—	Long-term trade agreement. Replaces agreement of October 1951. Provides for most favored nation treatment. Re-exports are permitted.

Czecho-slovakia continued	July 19, 1955-July 31, 1956	Clearing account at Egypt's central bank in £E.	$5.7	$7.0[1]	$7.0[1]	Commodity lists. No quotas.	£St.	Carried forward.[2]	Trade and payments agreement; multilateral transactions are permitted. [1] Minimum. Some estimates as high as $20 million each way. [2] To new agreement; if no agreement, settlement in goods for one year, thereafter in sterling.
	(September 28, 1955)	—	—	$80.0	$80.0	Commodity lists.	—	—	Barter. Arms valued under cost.
	July 15, 1956-July 14, 1957			—	—				Annual protocol to agreements of July 1955.
	March 10, 1957-July 14, 1957			$1.4[1]	—	Commodity lists.			Supplementary protocol to July 1955 (long-term) agreement. [1] Total trade or each way—not clear. Apparently applies only to schedule increases. Re-exports are permitted.
	July 15, 1957-July 14, 1958			$9.8	$9.8	Commodity lists.			Protocol to above agreement.
Czecho-USSR	September 1955	—	—	$225-$400	—	Commodity lists.	—	—	Arms valued under cost. Czech credit extended against 7-10 years' cotton shipment.
East Germany	March 7, 1953-March 6, 1954	—	—	—	—	—	—	—	Trade and payments agreement. Not further described.
	March 7, 1953-March 31, 1955[1]	—	—	$11.0	$11.0	Commodity lists.	—	—	Trade agreement. [1] Report of renewal of March 1953 agreement through 1955.
	November 10, 1955-December 31, 1958	[1]	—	$8.6[2]	$8.6	Commodity lists.	—	—	Trade agreement, applying only to government purchases. Private transactions are regulated under annual agreement. Provides for most favored nation treatment. [1] Payments regulated under March 1953 agreement, as amended November 10, 1955—see below. [2] Estimates for first year; efforts to be made to double this amount. Some estimates as high as £E 6 million each way or $33 million total trade.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
East Germany continued	November 10, 1955-December 31, 1956	Clearing account at National Bank of Egypt in £E.	$2.1	$8.6	$8.6[1]	Commodity lists. No quotas.[2]	—	Goods.[3]	Protocol to and amendment of agreement of March 1953. [1] Estimates for first year. Increasable to $17.2 million each way. Not specified in the protocol. [2] No mention of quotas in the above agreement. [3] For six months, thereafter in sterling.
	August 26, 1956	—	—	—	—	Commodity lists.	—	—	Trade agreement.
	1958	—	—	$25.8	$25.8	—	—	—	New trade and payments agreement.
Hungary	February 26, 1949-February 25, 1950[1]	Clearing account at Egypt's central bank in £E.	—	—	—	Commodity lists. No quotas.[1]	—	—	First postwar trade and payments agreement. [1] Reported still in force as of March 1955. Tacit renewal.
	February 25, 1958	—	—	—	—	—	—	—	Agreement presumably tacitly effective.
	(November 2, 1955)	—	—	—	—	Commodity lists.	—	—	Barter agreement. Egyptian products to be exported in four installments in 1956.
	(December 6, 1955)	—	—	—	$2.9	Commodity lists.	—	—	Cotton purchase contract; to be exported in one week.
	—	—	—	—	—	Commodity lists.	—	—	Barter agreement. Provides for balanced exchanges within $.3 million limit.
Poland	January 1, 1951-December 3, 1951[1]	Clearing account at Polish National Bank in £E.	$1.0	—	—	Commodity lists.	£St.	£St.[2]	Trade and payments agreement replacing agreements of July 1, 1949. [1] Reported renewed through December 1954. [2] Within three months.

Poland continued	January 1, 1953-December 31, 1954			—	—				Annual protocol to agreements of January 1951.
	March 27, 1955-March 26, 1956	Clearing account at Egypt's central bank	$4.3[1]	—	—	Commodity lists.	£St.	Goods.	Trade and payments agreement, replacing agreements of November 1950. [1] $1.4 million is interest free; next $2.9 million at 5.5% interest per annum.
	March 27, 1956-March 26, 1957			—	—				Annual tacit renewal assumed.
	(April 15, 1957)			—	—				An annex to trade agreement of March 1955.
Rumania	(October 24, 1953)	—	—	—	$1.44[1]	—	—	—	Trade agreement. [1] Uncertain whether total exchange or each way.
	January 18, 1954-January 17, 1955	Clearing account at National Bank of Egypt in £E.	$1.4	—	—	Commodity lists. No quotas.	—	Goods.	First postwar trade and payments agreement. Provides for most favored nation treatment. Barter deals and re-exports require prior approval.
	January 18, 1955-January 17, 1956			—	—				Annual tacit renewal.
	(February 27, 1955)	—	—	$2.9	$2.9	Commodity lists.	—	—	Trade agreement.
	July 16, 1956-July 15, 1959	Clearing account at National Bank of Egypt in £E.	$1.4[1]	$12.9[2]	—	Commodity lists.	£St.	£St.[3]	New trade agreement with amendments to payments agreement. [1] Through June 30 each year. May be increased to $3.5 million, but no more than $1.4 million may be carried forward, i.e., beyond June 30 each year. [2] Total exchange (first year); some estimate this as £E 4.5 million each way for first year. [3] In excess of $1.4 million in 30 days. Balances less than this are payable in goods for six months and thereafter in sterling.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR-Rumania	(March 29, 1954)	—	—	$8.6	$8.6	Commodity lists.	—	—	Tripartite barter; petroleum at world price less 15%; cotton at world price.
	(April 28, 1955)	—	—	$9.0	$9.0	Commodity lists.	—	—	Trilateral barter. Cotton vs. petroleum.
	(September 6, 1955)	—	—	$8.0	$8.0	Commodity lists.	—	—	Trilateral barter. Rice vs. crude oil.
Mainland China	August 1955[1]	—	—	—	$22.0	Commodity lists.	—	—	Cotton contract. [1] Contracted before August 1955.
	(August 8, 1955)	Payment in £St.	—	—	$11.2	Commodity lists.	—	—	Contract between Chinese Export-Import Commission and Egypt Cotton Commission. Not connected with the trade agreement.
	(August 11, 1955)	—	—	—	£E8.0	Commodity lists.	—	—	Purchase agreement.
	September 23, 1955-September 22, 1958	[1]	—	$28.6[2]	$28.6[2]	Commodity lists.[2]	—	—	First postwar trade agreement. Provides for most favored nation treatment and $30.0 million credit to Egypt. Renewal by mutual agreement. [1] No payments agreement. Payments to be made by letters of credit in sterling. [2] For first year.
	(August 24, 1955)	—	—	£5.0[1] (*sic*)	—	Commodity lists.	—	—	Barter transaction. [1] Chinese cotton.
	(August 23, 1955)	—	—	$12.5	$6.8	Commodity lists.	—	—	Two contracts under agreement of August 1955.
	(March 1, 1956)	—	—	—	—	Commodity lists.	—	—	Trade agreement.
	(April 16, 1956)	—	—	—	$11.2	Commodity lists.	—	—	Trade "deal" (*sic*).

EGYPT, *continued*

Mainland China continued	September 23, 1956-September 22, 1957	Clearing accounts in both central banks in £St.	$5.6	$33.6[1]	$33.6[1]	Commodity lists.	"Agreed currency."	"Agreed currency."[2]	Protocol to trade agreement of August 1955 and first payments agreement. [1] A 20% increase over the previous agreement. [2] Balances are reviewed quarterly and are payable by deliveries of goods for third nations or by exports to the creditor nation, who may sell to third countries with the debtor's approval, or by transfers of balances to third parties. Accounts are reviewed semi-annually and balances are payable in "agreed" currency. Annual tacit renewal.

FEDERAL REPUBLIC OF GERMANY

Albania	September 8, 1955	—	—	$2.0	$2.0	—	—	—	Private barter agreement between Albania and West German firms.
Bulgaria	August 1, 1952-December 31, 1953	—	$2.0	$11.9	$11.4	Commodity lists with quotas.	—	—	Protocol to trade and payments agreements of 1947.
	January 1, 1954-March 31, 1955	Accounts in Bulgarian National Bank and Bank Deutscher Laender.	[1]	$13.0	$13.0	Commodity lists with quotas.	$US, convertible currencies, or gold.	—	Protocol to trade and payments agreements of 1947. [1] Credit limit to be fixed each calendar quarter at 25% of the actual imports or exports, whichever lower, during the preceding 12 months. Balances exceeding $0.2 million bear 3½% interest.
	April 1, 1955-March 31, 1956			$12.1	$11.5	Commodity lists with quotas.			Protocol to trade and payments agreements of 1947, with same payments provisions as above protocol.
	April 1, 1956-March 31, 1957	[1]	$1.0	$15.0	$15.0	Commodity lists.			Protocol to trade and payments agreements of 1947. [1] All payments to be settled in Deutsche marks of limited convertibility, beginning July 1, 1956.

FEDERAL REPUBLIC OF GERMANY, *continued*

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
Bulgaria continued	April 1, 1957-March 31, 1958			$19.0	$19.0	Commodity lists.			Protocol to trade and payments protocol of 1956.
Czechoslovakia	January 1, 1952-December 31, 1952	—	$7.5	$30.0	$17.0	Commodity lists with quotas.	—	—	Target Czech export surplus of $13.0 million for paying transportation costs. Protocol to trade agreement of 1948 and payments agreement of 1947.
	January 1, 1954-December 31, 1954		$5.6	$19.5	$17.5	Commodity lists.			Protocol to trade agreement of 1948 and payments agreement of 1947.
	January 1, 1955-December 31, 1955		$6.5	$24.0	$22.0	Commodity lists.			Protocol to trade agreement of 1948 and payments agreement of 1947.
	January 1, 1956-December 31, 1956		—	$37.5	$37.5	Commodity lists.			Protocol to trade agreement of 1948 and payments agreement of 1947.
	January 1, 1957-December 31, 1957	[1]	—	$48.5	$48.5	Commodity lists.			Protocol to trade agreement of 1948 and payments agreement of 1947. [1] After April 1, 1957, payments to be made in Beko (limited convertibility) marks.
	April 1, 1957-indefinite.	Beko-mark account in Bank Deutscher Laender.	—	—	—	—			Payments protocol, amending agreement of 1947.

Hungary	January 1, 1952-December 31, 1952	—	—	$27.0	$23.8	Commodity lists with quotas.	—	—	Protocol to 1948 trade agreement and 1947 payments agreement.
	January 1, 1953-December 31, 1953	Accounts at Hungarian National Bank in $US.	$5.5	$24.8	$23.3	Commodity lists.	—	—	Protocol to 1948 trade agreement and 1947 payments agreement.
	January 1, 1954-December 31, 1954		[1]	$21.3	$20.0	Commodity lists with quotas.	$US, gold, or other convertible currency.	$US or £St.	Protocol to 1948 trade agreement and 1947 payments agreement. [1] 25% of the value of actual import or export, whichever smaller, during previous 12 months. Tacitly renewable each year unless denounced with three months' notice.
	1954-1955	—	—	None.	—	—	—	—	Contracts for delivery of 88,000 tons of wheat and barley between West German and Hungarian governments. West Germany grants 18-month credit; 85% of which underwritten by German Hermes Insurance Credit.
	July 1, 1955-June 30, 1956			$26.0	$28.2	Commodity lists.			Protocol to 1948 trade agreement and 1947 payments agreement, with same payments stipulations as 1954 protocol.
	July 1, 1956-October 31, 1956			$8.7	$9.4	Commodity lists extended.			Extension of above protocol, with prorated deliveries.
	February 1, 1956-indefinite.	Account in Beko (limited convertibility) marks in Bank Deutscher Laender.	—	—	—	—	—	—	New payments agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	November 1, 1956-October 31, 1957			$34.3	$34.3	Commodity lists.			Protocol to 1948 trade agreement and 1956 payments agreement.
	July 1, 1957-December 31, 1957			$18.3	$17.1	Commodity lists.			Protocol to 1948 trade agreement and 1956 payments agreement.
Poland	January 1, 1952-June 30, 1953	Account in Polish National Bank in $US.	$7.5	$62.0	$55.0	Commodity lists with quotas.	—	—	Protocol to trade and payments agreement of 1949. Polish target export surplus to be used to offset payments deficit from 1950-1951 year.
	July 1, 1953-June 30, 1954			—	—	Commodity lists.	$US.	[1]	Protocol to trade and payments agreement of 1949. [1] Additional payments covering incompleted transactions concluded prior to termination. Such payments shall be offset and balances settled in $US at the end of each quarter.
	January 1, 1955-June 30, 1956	Account in $US in Polish National Bank.	[1]	$37.0	$34.0	Commodity lists with quotas.	In $US immediately.	Additional agreements covering incompleted transactions concluded prior to such termination.	Protocol to trade and payments agreement of 1949. [1] January 1-September 30, 1955: $7.5 million; October 1-December 31, 1955: $6.5 million; January 1-June 30, 1956: $6.0 million. Germany gives credit of $9.55 million for purchase of machinery.

Poland continued	July 1, 1955-June 30, 1956			$10.0	$10.0	Additional commodity lists.			Supplement to 1955 protocol.
	July 1, 1956-December 31, 1957	Beko-mark account of limited convertibility in Bank Deutsche Laender.	$6.0	$70.0	$70.0	Commodity lists.	—	—	Protocol to trade and payments agreement of 1949. Payments agreement is amended. If the currency of either partner achieves free convertibility, adjustment of the payments system in force will be effected by negotiations.
Rumania	January 1, 1954-December 31, 1954	Accounts in $US in Rhein-Main Bank (Frankfort) and Rumanian National Bank.	$2.5	$16.4	$16.4	Commodity lists, with quotas.	Initially by merchandise then in £St., limited convertibility DM's, or other currency (but not dollars or Swiss francs).	—	First postwar trade and payments agreement. Tacitly renewable unless denounced with three months' notice.
	January 1, 1955-December 31, 1955		$5.5	$30.0	$30.0				Protocol to 1954 agreement. See above.
	January 1, 1956-December 31, 1956		$3.0[1]	$30.0	$30.0	Commodity lists.			Protocol to 1955 protocol. See above. [1] Plus $1.0 million mutual additional credit.
	October 1, 1956-December 31, 1956	Accounts in Beko-marks (limited convertibility) in Rumanian State Bank and Rhein-Main Bank (Frankfort).	$3.0[1]	—	—	—			Protocol amending 1954 payments agreement. Beko-marks may be used, in the case of a Rumanian export surplus, to facilitate purchases in third countries that are members of EPU or with which Germany has payments agreements. [1] Plus $1.0 million mutual additional credit.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Rumania continued	January 1, 1957-December 31, 1957			$30.0	$30.0	Commodity lists.			Protocol to trade and payments agreement of 1954, as amended by 1956 protocol. See above.
Soviet Zone of Germany	January 1, 1952-December 31, 1952	—	$7.1	$50.0	$50.0	Commodity lists.	—	—	—
	January 1, 1953-December 31, 1953	—	$4.8	$97.0	$97.0	Commodity lists.	—	—	—
	January 1, 1954-December 31, 1954	Accounts in clearing units (= to 1DM) in Deutsche Notenbank and Bank Deutscher Laender.	$11.9	$175.5	$175.5	Commodity lists with quotas.	—	By deliveries of goods and services within three months.	Protocol to trade and payments agreement of 1951. Tacitly renewable each year unless denounced with three months' notice.
	January 1, 1955-December 31, 1955		$23.8	$238.0	$238.0	Commodity lists with quotas.			Protocol to trade and payments agreement of 1951. See above.
	January 1, 1956-December 31, 1956		$23.8	$232.0	$232.0	Commodity lists.			Protocol to 1951 trade and payments agreement. See above.
	January 1, 1957-December 31, 1957		$23.8	$250.0	$250.0	Commodity lists.			Protocol to 1951 trade and payments agreement. See above.

FEDERAL REPUBLIC OF GERMANY, *continued*

Soviet Zone of Germany continued	January 1, 1957-December 31, 1957			$23.8	$19.3	Additional commodity lists.			Three supplements to 1956 protocol's goods lists, increasing amount to be exchanged for 1957 year.
	1958-1959 (November 12, 1957)	—	—	—	—	Commodity lists.	—	—	Trade agreement.
Mainland China	(1957)	All payments in DM or convertible currencies.	—	$54.8	$54.8	Commodity lists.	—	—	Trade agreement.

FINLAND

USSR	January 1, 1951-December 31, 1955 (signed June 13, 1950).	Clearing accounts in central banks of both countries in rubles.	$1.5	1951: $38.0 1952: $43.0 1953: $49.25 1954: $53.0 1955: $55.5	$58.0 $64.25 $69.50 $78.0 $80.5	Commodity lists,[1] with quotas.	[2]	Gold, $US, or acceptable currency.[3]	First postwar long-term trade and payments agreement. [1] Commodity lists are to be confirmed no less than three months prior to the expiration of an agreement year. [2] To be liquidated within three months. If not settled, the creditor may suspend deliveries or demand immediate payment in gold, $US, or other acceptable currency. [3] Within six months. The scheduled imbalance in the present Soviet-Finnish agreement is to be liquidated to a value of $20-25 million by means of trilateral agreements with third countries.
	January 1, 1952-December 31, 1955 (signed September 23, 1952)			1952: $21.25 1953: $43.75 1954: $43.75 1955: $43.75	$21.25 $43.75 $43.75 $43.75	Commodity lists with quotas.			Supplement to above agreement.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR continued	January 1, 1954-December 31, 1954		$15.0[1]	$100.0	$141.3				Protocol to long-term trade and payments agreement of June 13, 1950, as supplemented September 23, 1952. Special provision: By exchange of letters, a special "border trade" agreement was reached governing the exchange of consumer goods scheduled to value $5 million each year. [1] Raised on February 6, 1954.
	January 1, 1955-December 31, 1955			$104.0	$139.0				Protocol to long-term trade and payments agreement of June 13, 1950, as supplemented September 23, 1952. Special provision: By an exchange of letters on February 8, 1955, a special "border trade" agreement was reached governing the exchange of consumer goods valued at $2.5 million each way.
	January 1, 1956-December 31, 1960 (signed July 17, 1954)	—	—	1956: $107.5 1957: $108.75 1958: $117.50 1959: $120.0 1960: $123.75	$147.5 $148.75 $157.5 $160.0 $163.75	Commodity lists.	—	—	New long-term trade and payments agreement replacing agreement of June 13, 1950. The scheduled imbalance in the present Soviet-Finnish agreement is to be liquidated by means of trilateral agreements with third countries and by transferring annually to Finland $10 million in convertible currency.
	January 1, 1956-December 31, 1956			$110.0	$147.5				Protocol to above agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR continued	January 1, 1957-December 31, 1957 (signed November 1956)			$125.0	$153.8				Protocol to above agreement. Settlement of imbalances to be liquidated by negotiations with third countries and to include payments in free currency. [Agreement reached on liquidation of scheduled imbalance in February 1957—The USSR will pay $10 million in Western currencies and Czechoslovakia will participate in a triangular arrangement to the extent of $2.5 million. The remaining $16.25 million Finnish surplus will be reviewed in May-June 1957 and the USSR will attempt to make payment by delivery of additional goods. Beginning January 1, 1957, the USSR will begin paying (thru the clearing account) for ships as they are under construction, rather than a lump sum at delivery.]
	December 31, 1957 (signed June 12, 1957)			$25.0 total					Supplement to trade and payments agreement for 1957. See above.
Bulgaria	January 1, 1952-December 31, 1952	—	—	$1.0	$1.0	Commodity lists.	—	—	—
	January 1, 1953-December 31, 1953	—	$.2	—	—	Commodity lists.	—	—	—

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Bulgaria continued	January 1, 1954-December 31, 1954	Clearing accounts in both central banks in $US.	$.5	$2.0	$2.0	Commodity lists with quotas.	Restriction of exports licenses by creditor.	Additional deliveries within four months.	New trade agreement and protocol to payments agreement of October 6, 1948. ATR, one month's notice.
	January 1, 1955-December 31, 1955			$2.0	$2.0				Protocol to above agreement.
	January 1, 1956-December 31, 1956			$1.0	$1.0				Protocol to above agreement.
	January 1, 1957-December 31, 1957	—	—	$2.2 total		Commodity lists.	—	—	—
Czechoslovakia	November 23, 1951-December 31, 1952	—	—	$6.0	$6.0	Commodity lists.	—	—	—
	January 1, 1953-December 31, 1953	—	None.	$14.1	$3.9	Commodity lists with quotas.	—	—	Czech surplus is compensated by Finnish deliveries to USSR under the triangular agreement.
	February 17, 1954 (provisional)-December 31, 1954	Clearing account in Czech State Bank in Czech crowns.	Secret.	$13.9	$3.5	Commodity lists with quotas.	—	—	New trade agreement and protocol to payments agreement of May 18, 1946. ATR, three months' notice. The scheduled imbalance in present Finnish-Czech bilateral agreement will be liquidated by means of a trilateral agreement with the USSR.

Czecho-slovakia continued	January 1, 1955-December 31, 1955	—	$4.17	$19.2	$8.4	Commodity lists with quotas.	—	—	New trade and payments agreement. The scheduled imbalance in the present Finnish-Czech bilateral agreement will be liquidated by means of a trilateral agreement with the USSR.
	January 1, 1956-December 31, 1956	—	$4.17	$25.2	$13.0	Commodity lists.	—	—	The scheduled imbalance in the present Finnish-Czech bilateral agreement will be liquidated by means of a trilateral agreement with the USSR.
	January 1, 1957-December 31, 1957		$4.17	$24.2	$13.3	Commodity lists.			Protocol (presumably to trade and payments agreement of 1955). Scheduled trade imbalance to be liquidated through trilateral arrangements with the USSR.
Hungary	January 1, 1952-December 31, 1952	—	—	$3.5	$3.5	Commodity lists.	—	—	—
	January 1, 1953-December 31, 1953	—	$0.5	$3.8	$3.8	Commodity lists.	—	—	—
	January 1, 1954-December 31, 1954	Clearing accounts in central banks of both countries in $US.	Secret.	$7.4	$5.3	Commodity lists with quotas.	1	2	Protocol to trade agreement of September 25, 1948, as amended November 24, 1950, and payments agreement of September 25, 1948. ATR, three months' notice. Scheduled imbalance will be liquidated by means of a trilateral agreement with the USSR. [1] Suspension of exports by creditor or by payments in gold or other acceptable currency by the debtor. [2] Balances existing at expiration of the agreement may be used by the creditor within six months to settle the account. Any balance thereafter will be liquidated in $US unless other means specified.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	January 1, 1955-December 31, 1955			$7.0	$6.0				Protocol to above agreement.
	(Signed July 18, 1955)		[1]	$1.4	$1.4				Supplement to 1955 agreement. [1] The credit limit is increased by $600,000 until March 31, 1956.
	January 1, 1956-December 31, 1956			$9.0	$8.6				Protocol to above agreement.
	January 1, 1957-December 31, 1957			$15.0 total					Protocol to above agreement.
Poland	January 1, 1952-December 31, 1952	—	—	$22.4[1]	$23.7[1]	Commodity lists with quotas.	—	—	[1] Was increased by $10.0 million in April.
	January 1, 1953-December 31, 1953	—	$3.0	$28.3	$13.7	Commodity lists with quotas.	—	—	—
	January 1, 1954-December 31, 1954	—	$3.0	$26.0	$14.0	Commodity lists with quotas.	—	—	Protocol to trade agreement of February 5, 1948, and payments agreement of March 12, 1947. The present imbalance will be liquidated by means of a trilateral agreement with the USSR.

Poland continued	January 1, 1955-December 31, 1955	—		$30.0	$16.0	Commodity lists with quotas.	—	—	Protocol to above agreement. In addition to the coal specified in the commodity list, Poland will, under certain conditions, deliver 100,000 more tons of coal. Finland is required to deliver, as a counterpart, 135 tons of copper. In the event that Poland delivers more than 1.5 millions tons of coal, it may not demand more than 2,025 tons of copper.
	January 1, 1956-December 31, 1956	—	—	$35.0	$22.0	Commodity lists.	—	—	The scheduled imbalance in the present Finnish-Polish bilateral agreement will be liquidated by means of a trilateral agreement with the USSR.
	January 1, 1957-December 31, 1957	—	—	$70.0 total		—	—	—	No trilateral provisions included in this agreement.
Rumania	July 18, 1953-December 31, 1954	Accounts are maintained in rubles.	$.4	$6.5	$3.5	Commodity lists with quotas.	—	—	Protocol to trade and payments agreement of March 14, 1951. Scheduled imbalance to be liquidated by means of a trilateral agreement with the USSR.
	January 1, 1955-December 31, 1955			$9.6	$5.7				Protocol to above agreement.
	January 1, 1956-December 31, 1956			$8.25	$5.75				Protocol to above agreement.
	January 1, 1957-December 31, 1957			$14.5 total					Protocol to above agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Soviet Zone of Germany	January 1, 1952-December 31, 1952	—	—	$7.0	$7.0	Commodity lists with quotas.	—	—	—
	January 1, 1953-December 31, 1953	Clearing accounts in $US.	$1.0	$6.5	$6.5	Commodity lists.	—	—	—
	January 1, 1954-December 31, 1954	Clearing accounts in both central banks in $US.	$3.0	$16.5	$13.0	Commodity lists with quotas.	1	2	New trade and payments agreement. ATR, three months' notice. Scheduled imbalance to be liquidated by means of trilateral agreements with the USSR. [1] Curtailment or suspension of import or export licenses. [2] After one month, by additional deliveries within six months.
	January 1, 1955-December 31, 1955			$20.0	$18.0				Protocol to above agreement.
	(Signed August 31, 1955)			$3.0	$3.0				Supplement to 1955 agreement.
	January 1, 1956-December 31, 1956	—	—	$23.0[1]	$19.0[1]	Commodity lists.	—	—	New trade and long-term payments agreement. Scheduled imbalance to be liquidated by means of trilateral agreement with the USSR. [1] Reportedly includes the $6.0 million as provided by the August 31, 1955, supplement.
	January 1, 1957-December 31, 1957	—	—	—	—	Commodity lists.	—	—	No trilateral provisions.

Soviet Zone of Germany continued	(September 10, 1957)	—	—	—	—	Commodity lists.	—	—	Provides for increase of total volume of trade.
Mainland China	May 1, 1954-April 30, 1955	—	—	$12.5	$12.5	Commodity lists.	—	—	New trade agreement and protocol to payments agreement of June 5, 1952. If the execution of the contracts concluded under this agreement is not completed by April 30, 1955, the agreement will remain in force until all contracts have been fully implemented. Special provision: China will pay for $2,175,000 worth of Finnish goods in the currency of a third country.
	December 13, 1954-April 30, 1955			$3.0	$3.0	Commodity lists.	—	—	Supplement to above agreement.
	May 1, 1955-April 30, 1956	—	—	$15.0	$15.0	Commodity lists.	—	—	New trade agreement and protocol to payments agreement of June 5, 1953. If the execution of the contracts concluded under this agreement is not completed by April 30, 1956, the agreement will remain in force until all contracts have been fully implemented.
	May 1, 1956-April 30, 1957			$15.25	$15.25				Protocol to above agreement.
USSR-Czech	January 1, 1955-December 31, 1955	—	—	$8.0	$8.0	Commodity lists.	—	—	Trilateral trade and payments agreement concluded for purpose of offsetting scheduled imbalance in Finnish-Soviet bilateral agreement of April 1955. Similar agreements were concluded in 1949-1953, but not in 1954.
	January 1, 1956-December 31, 1956	—	—	$12.2	$12.2	—	—	—	Trilateral trade and payments agreement concluded for the purpose of offsetting the scheduled imbalance in the Finnish-Soviet bilateral agreement of December 2, 1955.

FINLAND, *continued*

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR-Poland	January 1, 1955-December 31, 1955	—	—	$13.0	$13.0	Commodity lists.	—	—	Trilateral trade and payments agreement concluded for the purpose of offsetting the scheduled imbalance in the Finnish-Soviet bilateral agreement of 1955. Similar agreements were concluded in 1949-1953, but not in 1954.
USSR-Rumania	January 1, 1955-December 31, 1955	—	—	$4.0	$4.0	Commodity lists.	—	—	Trilateral trade and payments agreement concluded for offsetting scheduled imbalance in Finnish-Soviet bilateral agreement of 1955. A similar agreement concluded in 1953, but not in 1954.
USSR-Soviet Zone of Germany	January 1, 1955-December 31, 1955	—	—	$1.8	$1.8	Commodity lists.	—	—	Trilateral trade and payments agreement concluded for offsetting the scheduled imbalance in Finnish-Soviet bilateral agreement of March 1955. Similar agreement concluded in 1953, but not 1954.

FRANCE

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR	July 15, 1953-July 14, 1956. Schedules for July 1, 1953-June 30, 1954	Clearing accounts in national banks of both countries in French francs.	$3.5	$34.0 (1953-1954 year)	$34.0 (1953-1954 year)	Commodity lists with quotas.	Suspension of deliveries by creditor.	[1]	First postwar trade and payments agreement, concluded on the basis of the Reciprocal Trade Relations Agreement and the statute of the USSR Trade Representation in France of September 3, 1951. The account will remain open until all transactions have been completed. [1] Upon completion of the transactions, within six months by delivery of merchandise or, failing this, by transfers of $US or other acceptable currency. ATR, six months.
	(January 28, 1954)								Amendment to above agreement.

USSR continued	July 1, 1954-December 31, 1955			$77.1	$74.3				Protocol to July 1953 agreement.
	(September 22, 1955)			$4.2	—	Commodity lists.			Supplement to above protocol. To offset trade deficit which the USSR was not willing to settle in gold.
	January 1, 1956-December 31, 1956			$100.0 total					Protocol to July 1953 agreement.
	January 1, 1957-December 31, 1959			$274.3	$274.3	Commodity lists.			Protocol extending the July 1953 agreement to December 31, 1959. Schedules established for 1957, 1958, and 1959.
Bulgaria	(Signed March 19, 1954)	—	—	$4.3	$4.3	Commodity lists.	—	—	Agreement not to be put into effect until question of Bulgarian debts has been settled.
	July 28, 1955-July 27, 1956	—	—	—	—	Commodity lists.	—	—	New trade and payments agreement. ATR, three months' notice.
	August 1, 1956-July 31, 1957			$6.4[1]	$6.4				Protocol to above agreement. Between Bulgaria and countries of the French zone. [1] $81,141 represents Bulgarian exports to Morocco.
	August 1, 1957-July 31, 1958			—	—	Commodity lists with quotas.			Renewal of above agreement.
Czechoslovakia	March 1, 1953-February 28, 1954	—	$5.0	$10.0	$8.6	Commodity lists.	—	—	—

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
Czechoslovakia continued	April 1, 1954-March 31, 1955	Clearing accounts in French francs in Bank of France and in crowns in State Bank of Czechoslovakia for payments in each currency area.	$5.0	$13.2	$10.8	Commodity lists.	Gold or acceptable currency.	[1]	New trade agreement and protocol to payments agreement of July 29, 1956. Payments agreement; ATR, three months' notice. [1] Balances existing at the expiration of the agreement may be used by the creditor for all payments in the currency area of the debtor.
	April 1, 1955-June 30, 1955			—	—				Extension of above agreement. Quotas to be increased.
	July 1, 1955-June 30, 1956			$13.0 appx.	$11.0 appx.	Commodity lists with quotas.			Protocol to above agreement. The agreement, for the first time, is between Czechoslovakia and France, Morocco, and the franc zone. Previously between France and Czechoslovakia. Separate commodity lists for Tunisia and reportedly for Morocco; previously, the commodities to and from these areas were listed with the French and Czech exports with notations as to the area of origin and destination.
	July 1, 1956-October 31, 1957	Clearing accounts in francs in Bank of France and in crowns in State Bank of	$5.0	[1]	[1]	Commodity lists.	Gold or acceptable currency.	[2]	New trade agreement and protocol to payments agreement of July 29, 1946, as amended June 2, 1950, containing separate quota lists for Morocco and Tunisia. ATR, payments agreement within three months. [1] Established value of Czech exports to Morocco $1.8 million, and Moroccan exports to Czechoslovakia $1.7 mil-

Czecho-slovakia continued		Czecho-slovakia for payments in each currency area.							lion. Not available for France. [2] Balances remaining may be used by creditor for all payments in currency area of debtor. Special provisions: 7% of Czech exports, including those to Morocco and Tunisia, are to be applied to Czech debts to France, subject to an annual minimum of $340,-000. Separate barter arranged for an exchange of French motor vehicles against Czech mechanical products.
	November 1, 1957-May 31, 1958			—	—	Extension of above commodity lists.			—
Hungary	March 13, 1952-March 12, 1953	—	—	$11.2	$11.2	Commodity lists with quotas.	—	—	Extension of 1951 agreement.
	June 1, 1953-May 31, 1954	—	None.	$7.1	$7.1	Commodity lists.	—	—	New trade and payments agreement.
	June 1, 1954-May 31, 1955			$7.1	$7.1	Commodity lists with quotas.			Annual renewal of above agreement.
	June 1, 1955-August 15, 1955			$1.5	$1.5				Extension of above agreement.
	August 16, 1955-October 15, 1955			$1.2	$1.2				Extension of above agreement.
	October 16, 1955-December 31, 1955			$1.5	$1.5				Extension of above agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	January 1, 1956-December 31, 1956	—	—	—	—	Commodity lists.	—	—	New trade agreement and amendment to payments agreement of June 10, 1953.
	January 1, 1957-June 30, 1957								Extension of 1956 agreement.
	July 1, 1957-September 30, 1957								Extension of 1956 agreement.
	October 1, 1957-September 30, 1958								Renewal of 1956 agreement.
Poland	July 1, 1952-June 30, 1953	—	$5.1	$20.0	$20.0	Commodity lists with quotas.	—	—	—
	October 1, 1953-September 30, 1954	Clearing account in Bank of France in francs.	$5.1[1]	$11.4	$11.4	Commodity lists with quotas.	—	Consultation.	New trade agreement and protocol to payments agreement of August 1, 1946. Payments agreement, ATR, three months. [1] When the credit balance of the account is insufficient to meet the franc requirement of the National Bank of Poland, the French government will deposit up to $5.1 million without interest or the National Bank of Poland may replenish the account by transfers of $US or other acceptable currency.
	Trade: December 1, 1954-	Clearing accounts in Bank of	—	$12.9	$10.0	Commodity lists with quotas.	—	Transfers of currency or com-	New trade and payments agreement. Payments agreement remains in effect until terminated on three months' notice.

Poland continued	November 30, 1955 Payments: January 1, 1955-in-definite	France in francs.						mercial payments.	
	(Signed November 25, 1954)	—	—	—	$14.3	—	—	—	Equipment agreement—electrical. Protocol to above trade agreement.
	December 1, 1955-November 30, 1956			$13.0	$13.0				Protocol to trade and payments agreement of November 25, 1954. No quotas established for Morocco, but some items of Morocco are limited as export possibilities applicable to the account of the entire French zone.
	December 1, 1956-November 30, 1957	Clearing accounts in Bank of France in francs.	—		$51.0 total	Commodity lists.	—	Transfers of currency or commercial payments.	New trade agreement. Although signed by France, separate lists were established for Morocco and Tunisia. Protocol to payments agreement of 1954-1955. In addition, a protocol to the equipment agreement of November 1954 was concluded, as well as an agreement concerning Polish payment for French wheat already delivered.
Rumania	Trade: January 1, 1955-December 31, 1957 Payments: January 1, 1955-December 31, 1955	Clearing accounts in Bank of France in francs.	—	$14.3 (1955)	$13.4 (1955)	Commodity lists with quotas.	—	Goods, then $US or acceptable currency.	New trade and payments agreement. Payments agreement, ATR, three months. Agreement was suspended by France on June 18, 1955, because Rumania held five Frenchmen prisoners; reinstated on August 1, 1955.
	January 1, 1956-December 31, 1956			$16.4	$14.6				Protocol to above agreement.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Rumania continued	January 1, 1957-December 31, 1957			$16.4	$14.6				Renewal without change of 1956 protocol.
Soviet Zone of Germany	December 9, 1953-December 31, 1954	Clearing accounts in Bank of France in francs.	$0.3[1]	$4.15[2]	$4.15	Commodity lists.	—	—	Agreement between Bank of France and representatives of Services Français en Allemagne, and Deutsche Innen- und Aussenhandel. Protocol to financial agreement of January 4, 1952. [1] When credit balance does not have sufficient funds to cover the franc requirements of Deutsche Notenbank, the Bank of France will replenish the account with the necessary funds in blocs of $10,000. Final settlement will be made at the expiration of the agreement. [2] Of which French Morocco is authorized to import $0.393 million.
	July 19, 1954-December 31, 1954			$1.0	$1.0				Supplement to 1954 agreement.
	March 1, 1955-February 29, 1956			$6.0[1]	$6.0	Commodity lists with quotas.			Protocol to above agreement. [1] Of which French Morocco alone is authorized to import $0.9575 million.
	March 1, 1956-June 30, 1956			$0.3205	—				Extension of 1955 agreement with additional quotas for East German exports to Morocco.
	July 1, 1956-December 31, 1957			$12.8[1]	$12.8[2]				Non-governmental trade accord and protocol to January 1952 financial agreement. [1] Of which Morocco alone is authorized to import $0.21 million. [2] No quotas are fixed for exports of Moroccan products to East Germany, but the attention of Moroccan producers and exporters is drawn to export possibilities under the French zone quotas.

FRANCE, *continued*

Soviet Zone of Germany continued	April 12, 1957-December 31, 1957			$1.4	$1.4				Supplement to 1956-1957 trade accord. Quotas for import and export possibilities between East Germany and Morocco.

GREECE

USSR	July 28, 1953-July 28, 1954	Clearing accounts in both national banks in $US.	$1.0	$10.0	$10.0	Commodity lists with quotas.	$US or convertible currency.	Goods within six months, thereafter in $US or convertible currency.	First postwar trade and payments agreement. ATR, three months' notice.
	July 28, 1954-July 27, 1955			$5.0	$5.0				Protocol to above agreement.
	July 28, 1955-December 31, 1956			$9.95	$9.95		1		Protocol to above agreement. 1 Any balance in excess of the credit limit may, by mutual agreement, be transferred to third countries after prior approval from such countries.
	January 1, 1957-December 31, 1957			$17.5	$17.5				Protocol to above agreement. Same provision for transfer of balances as in 1956 agreement.
Albania	July 11, 1956-indefinite	—	—	—	—	—	—	—	Private barter transactions with Albania by Greek Foreign Trade Board. Greek imports of textiles, cotton goods, and artificial and synthetic fiber goods cannot exceed 10% of goods exported from Greece. Imports into Greece must precede exports from Greece in all barter transactions which must be self-liquidating. Exports may precede imports, provided a guaranty of 10% of the amount exported is deposited with the Bank of Greece. Barter agreements must be approved by authorized officials.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Bulgaria	December 5, 1953-December 31, 1954	—	$0.15	$1.8	$1.8	Commodity lists.	—	—	First postwar trade and payments agreement. ATR.
	January 1, 1956-December 31, 1956			$3.5	$3.5				First protocol to above agreement.
Czechoslovakia	January 1, 1954-December 31, 1954	Clearing account in Czech State Bank in Czech crowns.	$0.4	$4.9	$3.8	Commodity lists with quotas.	—	Goods within six months, thereafter within one month by transfer of free currencies.	New trade and payments agreement. ATR, three months' notice. On November 17, 1954, a self-liquidating barter accord (under the clearing agreement) was concluded to facilitate trade when the credit limit is exhausted. Under this accord, imports must normally precede Greek exports. Exports may precede imports if, *inter alia*, a bank guarantee of 10% of the value of the export shipment is deposited with the Bank of Greece to ensure that the corresponding imports will be effected. If imports do not take place within the time limit, all guarantees will be forfeited. In each case, imports are required to take place within six months from the date of a Greek export. This period may be extended an additional three months with Greek approval.
	January 1, 1955-December 31, 1955			$5.7	$5.0				Protocol to above agreement.
	January 1, 1956-December 31, 1956			$14.0 total					Protocol to 1954 agreement.

Czechoslovakia continued	January 1, 1957-December 31, 1957			$13.9 total					Protocol to 1954 agreement.
Hungary	June 1, 1953-May 31, 1954	—	—	$2.2	$2.2	Commodity lists.	—	—	Barter agreement between Chambers of Commerce of each country.
	June 5, 1954-June 4, 1955	Clearing accounts in central banks of both countries in $US.	$0.25	$2.2	$2.2	Commodity lists.	—	Goods within six months.[1]	First postwar trade and payments agreement. ATR, three months' notice. [1] Thereafter within one month by transfer of free currency of creditor's choice.
	December 14, 1954-indefinite	—	—	$4.0	$4.0	Commodity lists with quotas.	—	—	Self-liquidating barter agreement outside of existing clearing agreement. If Greek exports exceed imports, the value of such shipments must be guaranteed by a West German bank to ensure that Hungarian counterexports, not made within certain time limits, are covered and remitted through the West German-Greek clearing account.
	(June 5, 1956)			—	—				Renewal of December 1954 barter agreement.
	June 5, 1955-May 31, 1956			—	—				Trade and payments agreement of June 1954 continues in effect, although no quotas established for this period.
	June 1, 1956-May 31, 1957			$6.0	$6.0	Commodity lists.			Protocol to June 1954 trade and payments agreement.
	June 1, 1957-May 31, 1958			$6.0	$6.0	Commodity lists extended.			Renewal of 1956 protocol without change.
Poland	October 22, 1952-October 22, 1953	—	—	$4.0	$4.0	Commodity lists with quotas.	—	—	Agreement between the Chambers of Commerce of each country.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
Poland continued	January 1, 1954-December 31, 1954	Clearing accounts in both national banks in $US.	$0.4	$3.9	$4.1	Commodity lists with quotas.	1	2	Agreement between the Bank of Greece and Narodowy Bank Polski. ATR, three months' notice. [1] On November 17, 1954, a self-liquidating barter accord (under the clearing agreement) was concluded to facilitate trade when the credit limit is exhausted. Under this accord, imports must normally precede Greek exports. Exports may precede imports if, *inter alia*, a bank guarantee of 10% of the value of the export shipment is deposited with the Bank of Greece to ensure that the corresponding imports will be effected. If imports do not take place within the time limit, all guarantees will be forfeited. In each case, imports are required to take place within six months from the date of a Greek export. This period may be extended an additional three months with Greek approval. [2] Accounts remain open until all contracts implemented, but no longer than six months. Balances remaining will be liquidated within six additional months by delivery of goods and thereafter by transfer of free currencies at the choice of the creditor.
	January 1, 1955-December 31, 1955			$3.9	$4.1	Commodity lists extended.			Extension without modification of above agreement.
	January 1, 1956-March 31, 1956			$0.975	$1.025	Commodity lists extended.			Extension without modification of above agreement.

Poland continued	July 30, 1956-July 31, 1957	Clearing accounts in central banks of both countries in $US.	$0.5	$6.0	$6.0	Commodity lists.	—	Goods within six months, thereafter in $US.	First governmental trade and payments agreement. ATR, three months' notice. Balances existing as of July 31, 1956, will be transferred to the clearing account set up by this agreement. Transactions already concluded will be completed within six months after expiration.
Rumania	June 1, 1954-June 30, 1955	Clearing accounts in both national banks in $US.	$0.25	$3.0	$3.0	Commodity lists.	—	[1]	First trade and payments agreement. ATR, three months. [1] Balance determined within two months after expiration and then liquidated within six additional months by delivery of goods, and in two additional months, if necessary, by transfer of free currency.
	July 1, 1955-June 30, 1956			—	—				Renewal without modification of above agreement.
	November 9, 1956-December 31, 1957		$0.75	$7.0	$6.0	Commodity lists.			Protocol to above agreement with modifications. $0.86 million of target imbalance represents the first installment of the $6.0 million Rumanian nationalization debt, $0.14 million represents freight charges.
Soviet Zone of Germany	October 1951-indefinite	—	—	$4.1	$4.1	Commodity lists.	—	—	Agreement forms framework for individual compensation agreements.
	December 23, 1953-December 31, 1954	Clearing accounts in Bank of Greece in $US.	$0.25	$6.3	$6.3	Commodity lists with quotas.	[1]	[2]	First postwar agreement (between Bank of Greece and Deutsche Notenbank). ATR, three months' notice. [1] Same as Greece-Poland, 1954. [2] After one month after expiration, within six months by delivery of goods; thereafter in $US.
	January 1, 1955-December 31, 1955			$6.3	$6.3				Renewal of above agreement without change.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Soviet Zone of Germany continued	January 1, 1956-December 31, 1956			$6.3	$6.3				Renewal of above agreement without change.
	January 1, 1957-December 31, 1957	Clearing accounts in both national banks in $US.	$0.51[1]	$5.0-$6.0	$5.0-$6.0	Commodity lists.	Suspension of export licensing by creditor.[1]	After one month, by goods within six months; thereafter by agreement.	Agreement between Bank of Greece and Deutsche Notenbank, replacing 1953 agreement. ATR, three months. [1] An additional seasonal credit limit of $0.2 million available from November 1-March 31. If by March 31 balance is not restored to the level of $0.5 million, to be liquidated by transfer of free currency which must be refunded as soon as the balance above $0.5 million has been liquidated, or by July 31, at the latest.

ICELAND

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Overdrawn Swing Credit*	*At Termination*	*Notes*
USSR	August 1, 1953-July 31, 1955	—	$0.6127	$10.0 (1953-1954 year)	$10.0 (1953-1954 year)	Commodity lists with quotas.	—	—	First postwar trade and payments agreement.
	July 1, 1954-December 31, 1955			—	—				Protocol to above agreement.
	January 1, 1956-December 31, 1956		$1.2	$10.0	$10.0	Commodity lists.			Protocol to 1953 agreement.
	January 1, 1957-December 31, 1957		—	—	—	Commodity lists.			Protocol to 1953 agreement.

Czecho-slovakia	September 1, 1953-September 15, 1954	—	$0.7	$1.8	$1.8	Commodity lists with quotas.	—	—	New trade and payments agreement.
	September 16, 1954-August 31, 1957	—	—	$3.2 (1954-1955 year)	$3.2 (1954-1955 year)	Commodity lists.	—	—	New trade and payments agreement, with protocol for first year. ATR, six months' notice, after August 31, 1957.
	September 1, 1955-August 31, 1956			$3.8	$3.8				Annual protocol to above agreement.
	September 1, 1956-August 31, 1957			$4.65	$3.9				Protocol to agreement of 1954. Czecho-slovakia extends $0.69 million credit for Icelandic purchase of hydroelectric machinery. Iceland to export $0.3 million extra to repay credit.
	Three years (signed October 1, 1957)	—	—	—	—	Commodity lists.	—	—	New trade agreement.
Hungary	March 1, 1953-February 28, 1954	—	$0.1	—	—	Commodity lists.	—	—	New trade and payments agreement.
	March 1, 1954-August 31, 1954			—	—				Six-month extension of above agreement.
	September 1, 1954-December 31, 1955			—	—				Sixteen-month extension of 1953 agreement.
	January 1, 1956-December 31, 1956			—	—				Twelve-month extension of 1953 agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
Hungary continued	January 1, 1957-December 31, 1957			—	—				Twelve-month extension of 1953 agreement.
Poland	January 1, 1954-December 31, 1954	—	—	$1.5	$1.5	Commodity lists.	—	—	Protocol to trade and payments agreement of 1949.
	January 1, 1955-December 31, 1955			$1.5	$1.5	Commodity lists extended.			Extension of 1954 protocol.
	March 1, 1956-February 28, 1957			$3.0	$3.0	Commodity lists.			Protocol to trade and payments agreement of 1949.
Rumania	April 13, 1954-December 31, 1955	Accounts in each country's central bank in Icelandic crowns.	$0.09	$1.0	$1.0	Commodity lists. No quotas.	Goods, following negotiations.	Goods within one year after expiration; thereafter $US or other acceptable currency.	First postwar trade and payments agreement.
	January 1, 1956-December 31, 1956			$1.0	$1.0	Commodity lists. No quotas.			Extension of 1954 agreement.
	January 1, 1957-December 31, 1957			$1.0	$1.0	Commodity lists.			Protocol renewing commodity lists amending 1954 trade and payments agreement. Tacitly renewable each year unless denounced with three months' notice.

ICELAND, *continued*

Soviet Zone of Germany	September 8, 1954-December 31, 1955	—	—	$2.0	$2.0	Commodity lists.	—	—	Agreement between Deutsche Inne- und Aussenhandel and the Icelandic Barter Association.
	January 1, 1956-December 31, 1956	—	—	$3.3	$3.3	Commodity lists.	—	—	Agreement between Deutsche Inne- und Aussenhandel and the Icelandic Barter Association.
	January 1, 1957-December 31, 1957	—	—	—	—	—	—	—	—

INDIA

USSR	December 2, 1953-December 31, 1958	Payment in rupees thru both central banks.[1]	—	—	—	Commodity lists. No quotas.	—	—	First trade and payments agreement. Renewable. [1] Balances are convertible into £St. on demand.
	January 1, 1955-December 31, 1955 (December 13, 1954)			—	—				Protocol to agreements of December 2, 1953.
	January 1, 1956-December 31, 1958 (December 13, 1955)	—	—	—	—	—	—	—	Special agreement. Outside protocols. USSR to increase purchases to equal the value of USSR deliveries of ferrous metals.
	January 1, 1956-December 31, 1956 (December 16, 1955)			—	—	Commodity lists. No quotas.			Protocol to trade agreement of December 2, 1953.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR continued	March 8, 1956, general agreement of February 2, 1955	—	—	—	—	—	—	—	Contract for construction of steel mill. USSR to finance ½ rupee cost, USSR share is $115.0 million. Repayment in 12 annual installments at 2.5% interest. To begin after credit is granted.
	(November 15, 1956)	—	—	—	—	—	—	—	Extension of $126.0 million long-term credit. By USSR.
	January 1, 1957-December 31, 1957 (January 20, 1957)			—	—	Commodity lists. No quotas.			Protocol to trade agreement of December 2, 1953.
Bulgaria	June 1, 1953-December 31, 1954 (June 17, 1953)	—	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement. No ATR.
	January 1, 1955-December 31, 1955 (February 9, 1955)			—	—				Renewal without change of trade agreement of June 17, 1953.
	April 18, 1956-December 31, 1959 (April 18, 1956)			—	—				Protocol to trade agreement of June 17, 1953.

Czechoslovakia	November 17, 1953-December 31, 1954	Payment in Indian rupees or accounts in Indian banks.[1]	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement replaces agreement of March 1951. Renewable by mutual agreement. [1] Rupee balances are convertible into £St. on demand.
	January 1, 1955-March 31, 1955			—	—				Extension of above agreement.
	April 1, 1955-December 31, 1955			—	—				Extension of agreement of November 1953.
	January 1, 1956-December 31, 1956 (January 30, 1956)			—	—				Protocol to trade agreement of November 1953. Annual renewal by mutual agreement.
	January 25, 1957-March 31, 1957			—	—				Extension of above agreement.
	October 1, 1957-September 30, 1960	Payment on rupee basis.[1]	—	—	—	Commodity lists.	—	—	Trade agreement. [1] Czech balances convertible on demand into sterling.
East Germany	October 16, 1954-October 15, 1955	Payment in sterling or Indian rupees.[1]	—	—	—	Commodity lists. No quotas.	—	—	Not a formal agreement owing to lack of recognition. A governmental arrangement between Indian Ministry of Commerce and Soviet Zone Government. ATR. [1] Accounts in Indian banks. Rupee balances are convertible into £St.
	October 16, 1955-October 15, 1956			—	—				Annual tacit renewal of the above agreement.

INDIA, *continued*

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
East Germany continued	January 1, 1957-December 31, 1959	Payment in Indian rupees.	—	—	—	Commodity lists. No quotas.	—	—	Governmental trade agreement, replaces arrangement of October 1954.
	(July 1957)	—	—	$2.5	$2.5	Commodity lists.	—	—	Special payments arrangement and barter agreement. East Germany will receive payment, after five years, in rupees to the credit of East German Bank. By utilizing rupee proceeds of its exports of essential machinery, East Germany may purchase Indian goods.
Hungary	June 17, 1954-December 31, 1955	Payment in Indian rupees or £St.	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement, replaces agreement of November 1952. Tacit renewal for two-year period.
	March 10, 1955-December 21, 1955	—	—	—	—	—	—	—	Revision of commodity lists.
	January 1, 1956-December 31, 1957			—	—	Commodity lists.[1] No quotas.			Protocol to trade agreement of June 1954. [1] Schedules for 1956 only.
Poland	January 1, 1953-December 31, 1954 (June 1, 1953)	Payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	Protocol to trade agreement of January 6, 1951.
	January 1, 1954-December 31, 1954			—	—				Supplementary protocol to agreement of January 6, 1951. Commodity lists expanded.

Poland continued	January 1, 1955-December 31, 1955 (March 3, 1955)			—	—				Protocol to agreement of January 6, 1951, replaces protocol of January 1, 1953, with no change.
	January 1, 1956-March 31, 1956			—	—				Extension of 1955 protocol to trade agreement of July 1949 (*sic*).
	April 1, 1956-December 31, 1959 (April 3, 1956)	Payment in rupees.	—	—	—	Commodity lists.	—	—	Long-term trade and payments agreement. Replaces agreement of January 6, 1951.
	April 1956-December 3, 1958 (April 11, 1956)	Settlement of accounts in rupees.		—	—	Commodity lists. Some quotas.			Protocol to trade agreement of April 3, 1956.
	January 1, 1957-December 31, 1957	Settlement of accounts in rupees.		—	—	Commodity lists.			Protocol to trade agreement of April 3, 1956, amending commodity lists.
Rumania	March 23, 1954-December 31, 1954	Payment in rupees or £St.[1]	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade agreement with payments arrangements. Renewable for another year. [1] Accounts in Indian banks. Balances are convertible into £St.
	January 1, 1955-December 31, 1955			—	—				Annual tacit renewal of March 1954 agreement.
	January 1, 1956-December 31, 1956			—	—				Annual tacit renewal of March 1954 agreement.

INDIA, *continued*

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Rumania continued	January 1, 1957-December 31, 1957			—	—				Annual tacit renewal of March 1954 agreement.
Mainland China	8 years from ratification (April 29, 1954)	—	—	—	—	—	—	—	Agreement regulating India's relations with Tibet. But no commodity or payments provisions.
	October 14, 1954-October 13, 1956	Account in Indian commercial banks.[1]	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade agreement with payments provisions. Renewal by negotiation. [1] Payment in rupees or £St. Rupee balances are convertible into £St. on demand.
	(August 28, 1956)	Payment in rupees.	—	—	—	Commodity lists. Some quotas.	—	—	Contracts delivery due before November 1956.
	July 1, 1957-December 31, 1958			—	—				Extension of trade agreement with a few changes which affect mainly trade payments.
North Korea	(August 19, 1957)	—	—	—	—	Commodity lists. No quotas.	—	—	Trade arrangement.
North Vietnam	Three years (September 22, 1956)	Payment in rupees or £St.	—	—	—	Commodity lists.	—	—	First governmental trade agreement.

USSR	August 12, 1956-August 11, 1957	No clearing account; payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	First governmental trade agreement. Tacit renewal for one year.
	(September 1956)	—	—	—	—	—	—	—	USSR extends $100.0 million credit. Repayable in 12 years at 2.5% interest in goods or sterling or other currency.
Bulgaria	(December 14, 1954)[1]	Payment in convertible currency via barter.	—	—	—	Commodity lists.	—	—	First trade agreement. [1] Although signed, this agreement apparently did not go into effect.
Czechoslovakia	July 15, 1954-July 14, 1955[1] (July 8, 1954)	Clearing accounts in both central banks in £St.	$1.1	$9.7	$9.7[2]	Commodity lists with quotas.	£St.	£St.	New trade and payments agreement. Replaces agreement of October 1951 and its protocols. [1] Tacit renewal for one year. [2] Czechs to pay 10% above London price for rubber. Multilateral transactions are permitted.
	July 15, 1955-July 14, 1956	See above.	$1.1	$16.8	$16.8	Commodity lists with quotas.	£St.	£St.	New trade agreement and protocol to payments agreement of July 8, 1954. Tacitly renewable for one year.
	(May 16, 1956) For 5 years after receipt of goods.	—	—	—	—	—	—	—	Extension of credit by Czechs. Czechs will apply the payments for aid to buy Indonesian goods. Terms: 10% on signing of contract. 15% on presentation of documents. Balance in two half-year equal installments at 4% interest.
	One year (November 17, 1956)	Payment in convertible currency.	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement. Tacitly renewable for one year.
East Germany	One year (June 1954)	—	—	—	—	Commodity lists.	—	—	Agreement on trade on a barter basis between Chambers of Commerce.
	One year (December 12, 1956)	No clearing account; payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	First governmental trade agreement. ATR.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Hungary	July 1, 1954-June 30, 1955 (June 22, 1954)	Clearing accounts in both central banks in guilders.	$.526	$7.7	$7.2	Commodity lists with quotas.	Free French francs.	Free French francs.	New trade and payments agreement. Replaces agreement of October 16, 1952. Payments: Tacit renewal for one year.
	July 1, 1955-June 30, 1956			—	—				Annual tacit renewal.
	October 16, 1957-October 15, 1958	Payment in transferable £St.	—	—	—	Commodity lists. No quotas.	—	—	New trade agreement with protocol replacing trade and payments agreement of June 22, 1954. ATR, three months' notice. Most favored nation treatment mutually extended.
Poland	May 1, 1954-April 30, 1955 (July 1, 1954)	—	—	—	—	Commodity lists.			Protocol to trade and payments agreement of May 6, 1953.
	May 1, 1955-April 30, 1956 (September 6, 1955)	—	—	$5.0	$5.0	Commodity lists with quotas.	—	—	New trade agreement. Protocol to payments agreement of May 6, 1953. Tacitly renewable for one year.
Rumania	July 1, 1954-June 30, 1955 (July 31, 1954)	Clearing accounts in both central banks in £St.	$.476	$4.76	$4.76	Commodity lists.	£St.[1]	Goods or £St.[2]	First trade and payments agreement. [1] On demand. [2] Within three months, thereafter in £St. within 30 days. Tacitly renewable for one year.
	July 1, 1955-June 30, 1956			—	—				Tacit renewal of July 1954 agreement.

INDONESIA, *continued*

Rumania continued	November 27, 1956-December 31, 1957	All payments in transferable £St. under irrevocable letters of credit.	—	—	—	Commodity lists. No quotas.	—	—	Trade and payments agreement replaces agreement of July 31, 1954. Trade in nonlisted commodities is not precluded. Contracts concluded but not implemented during the period will be fulfilled. Tacitly renewable for one year.
Mainland China	January 4, 1954-December 31, 1954 (November 30, 1953)	No clearing account.	—	—	—	Commodity lists. No quotas.	—	—	First trade agreement. Tacitly renewable for one year.
	August 1, 1954-July 31, 1955 (September 1, 1954)	Clearing accounts in both central banks in £St.	$1.7	$8.4	$8.4	Commodities listed. No quotas.	£St.[1]	Goods.[2]	Protocol to trade agreement of November 30, 1955, and first payments agreement. Tacitly renewable for one year. [1] On demand. [2] For three months, thereafter in £St. within 14 days.
	August 1, 1955-July 31, 1956			—	—				Tacit renewal of trade agreement of November 1953 and payments agreement of September 1954.
North Korea	May 15, 1957-May 14, 1958	Payments in transferable £St.	—	—	—	Commodity lists.	—	—	Trade and payments arrangement.
North Vietnam	One year (January 8, 1957)	No clearing account. Payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	First trade agreement and protocol for implementation.

IRAN

USSR	(September 3, 1953)	—	—	—	—	—	—	—	Trade agreement; amount of barter doubled.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR continued	April 1, 1954-March 31, 1955 (June 1954)	Clearing accounts in Swiss francs.	$.935	$24.7	$25.5	Commodity lists with quotas.	Goods.	Swiss francs.	Protocol to commerce and navigation agreement of 1940 and trade and payments protocol of November 1950. Renewable annually by mutual agreement.
	(February 16, 1955)			—	—	Commodity lists.			Supplementary trade protocol.
	April 1, 1955-March 31, 1956 (May 1955)			$25.0	$25.0	Commodity lists with quotas.			Protocol to agreement of June 1954.
	April 1, 1956-March 31, 1957 (September 1956)			$25.33	$25.33				Protocol to agreement of June 1954.
	1957-1960 (April 16, 1957)	—	—	—	—	Commodity lists with quotas.	—	—	—
Czechoslovakia	August 28, 1952-August 27, 1953[1]	Unit of account is Swiss franc.	—	$4.14	$4.14	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement. [1] Reported still in force June 1954.
	January 1, 1955-December 31, 1955[1]	Payment in Swiss francs.	—	$9.3 total		Commodity lists.	—	—	New agreement; replaces agreement of August 1952. [1] No information regarding extension.
	One year (August 2, 1957)	—	—	—	—	Commodity lists.	—	—	New trade and payments agreement.

IRAN, *continued*

Hungary	June 4, 1955-June 1956	Clearing account at Bank Melli Iran in $US.	$.575	$4.5	$4.5	Commodity lists. No quotas.	£St.	Goods.[1]	New trade and payments agreement. Old agreement expired in 1953. ATR for payments provisions only. [1] For nine months, thereafter in sterling.
	June 5, 1956-June 4, 1957 (April 1956)			—	—				Protocol to trade and payments agreement of June 1955.
	June 5, 1957-June 4, 1958			—	—				Renewal of June 1955 agreement.
Poland	October 8, 1952-October 7, 1953	Clearing account at Bank Melli Iran in Swiss francs.	$.56		$2.78 total	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement. ATR.
	1953 1954 1955 1956			—	—				Renewals.
	April 16, 1956-April 15, 1957	Clearing account in Bank Melli Iran in £St.	$.56	$10.0	$10.0	Commodity lists.	£St.	Goods.[2]	New trade and payments agreement, replaces agreement of October 8, 1952. [1] Convertible to any currency for six months, thereafter payable in sterling. [2] For six months, thereafter in sterling. ATR.
	April 17, 1957-April 16, 1958	—	—	$10.0	$10.0	Commodity lists. Some quotas.	—	—	New trade agreement.

IRAQ

USSR	(September 1954)	—	—	—	—	Commodity lists with some quotas.	—	—	Trade agreement. Cancelled in 1955 with termination of diplomatic relations. Resumed in 1956; Iraq elected to take cash in lieu of Russian consumer goods.

ISRAEL

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR	(March 12, 1953)	—	—	$2.9	$2.9	Commodity lists.	—	—	Trade agreement.
	January 6, 1954 (December 1953)	—	—	—	—	Commodity lists. Quota.[1]	—	—	[1] Purchase agreement (Russian oil) with option for additional oil (100,000 tons).
	February 18, 1954-1956[1]	Both central banks.	No credit limit.	—	—	—	—	—	Indefinite payments agreement. [1] Renewed in 1956.
	(March 5, 1954)	—	—	—	—	Commodity lists with quotas.[1]	—	—	[1] Purchase of 100,000 tons of crude oil, presumably under the above option.
	January 1, 1955-June 30, 1955 (October 30, 1954)	[1]	—	$3.0	$3.0	Commodity lists with quotas.	—	—	Second petroleum purchase agreement. [1] Payments within framework of February 1954 agreement.
	July 1, 1955-December 31, 1955 (May 8, 1955)	[1]	—	—	—	Commodity lists with quotas.	—	—	Supplement to a purchase agreement of October 1954. [1] Payments within framework of February 1954 agreement.
	January 1, 1956-December 31, 1956[1] (November 3, 1955)	[2]	—	—	—	Commodity lists with quotas.	—	—	Third Israeli purchase agreement (petroleum). These three agreements are also described as barter arrangements. [1] Delivery to be made first half of 1956. [2] Payments within framework of February 1954 agreement.

USSR continued	1957-1958[1] (July 16, 1956)	Clearing accounts in both central banks in $US.	Unlimited credit.	$18-$20	$18-$20	Commodity lists with quotas.	—	Mutually acceptable currency.[2]	Fourth petroleum purchase contract between Soviet Petroleum Export Trust and Delek (Israel Fuel Corporation) and Palestine Electric Corporation. [1] Suspended by USSR in November 1956 in light of Near East developments. [2] Settlement in neither dollars nor goods. Mutually acceptable currency in two installments in November 1957 and November 1958. No ATR.
Bulgaria	December 20, 1954-December 31, 1955	Clearing accounts in both central banks in $US.	$.25	$1.5	$1.5	Commodity lists.	—	Goods.[1]	First postwar trade and payments agreement. [1] For six months; by mutual agreement for next three months, thereafter by transfer of currency. ATR.
	January 1, 1956-October 10, 1956			—	—				Tacit extension of agreement of December 20, 1954.
	October 11, 1956-October 10, 1957			$1.5	$1.5				Protocol to trade and payments agreement of December 20, 1954. ATR.
	(October 1957)			$1.5 total					Renewal of above agreement.
Hungary	February 26, 1954-February 26, 1955	Clearing accounts in both central banks in $US.	$.2	$2.0[1]	$2.0	Commodity lists. No quotas.	—	Goods.[2]	New trade and payments agreement replaces agreement of February 6, 1950. [1] Estimated as total trade by one source. [2] For six months, thereafter by mutual agreement within three months. ATR.
	February 26, 1955-February 26, 1956			—	—				Annual tacit renewal of agreement of February 1954.
	February 26, 1956-July 2, 1957 (*sic*)			—	—				Tacit extension of February 1954 agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	July 3, 1956-July 2, 1957[1]	Clearing accounts in both central banks in $US.	$.2[2]	$2.6[3]	$2.6	Commodity lists.	[2]	Goods.[4]	New trade agreement, protocol to payments agreement of February 1954. Provisions: Re-exports, free currency transactions, compensation arrangements, and transfer of balances with third parties will be considered. [1] Reported cancelled in January 1957 by Hungary in light of Near East developments. [2] Plus a temporary limit of $.1 million to be repaid in goods within three months—if not in goods, then in currency. [3] Some estimate total trade at this figure. [4] For six months, thereafter by mutual agreement within three months. ATR.
Poland	July 1, 1954-June 30, 1955 (June 15, 1954)	Clearing accounts in both central banks in $US.	$.25	—	—	Commodity lists. No quotas.	—	Goods.[1]	New trade and payments agreement, replaces agreement of April 1, 1951. Transit and barter deals are to be considered. [1] For three months; for next three months by mutual agreement. ATR.
	November 1, 1956-October 31, 1957 (October 12, 1956)			$2.6	$2.6	Commodity lists. Quotas extended (*sic*)			Protocol to agreements of June 16, 1954.
	November 1, 1957-October 31, 1957			—	—	Commodity lists.			Protocol to above agreement.
Rumania	September 9, 1954-December 31, 1955	Clearing accounts in both central banks	$.25	$2.5	$2.5	Commodity lists.	—	Goods.[1]	First postwar trade and payments agreement. Multilateral transactions will be considered. [1] For three months, thereafter in free currency. ATR.

ISRAEL, *continued*

Rumania continued	January 5, 1957			—	—				Above agreements reported extended.
	(October 1957)			$4.5	$4.5				Protocol to above agreement.

ITALY

USSR	January 1, 1952-December 31, 1952	—	—	$22.0	$22.0	Commodity lists with quotas.	—	—	—
	October 27, 1953-October 26, 1954	Clearing accounts in both national banks in Italian lire.	$.96	$30.0	$17.0	Commodity lists with quotas.	—	Additional deliveries within four months.	Protocol to trade and payments agreement of December 11, 1948. Tacitly renewable for six-month periods, six months' notice. Imbalance is presumably to be covered by long-term deliveries of Italian industrial equipment. Credit limit free of interest charges up to $480,000, thereafter 2% *per annum* computed monthly.
	January 1, 1955-December 31, 1955 (signed August 12, 1955)			$33.6	$33.6				Protocol to above agreement.
	January 1, 1956-December 31, 1956 (signed June 1, 1956)			$25.6	$25.6				Protocol to above agreement. A supplementary agreement signed the same day calls for additional Italian deliveries of industrial equipment valued at $3.2 million to USSR in 1957 and 1958.
Albania	January 1, 1955-December 31, 1955	Clearing accounts in $US.	$.5	$1.8	$1.8	Commodity lists with quotas.	—	—	Italy in July 1955 agreed to send goods worth $2.6 million to Albania in war reparations.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Albania continued	October 1, 1955-September 30, 1956	Clearing accounts in both national banks in $US.	$.5	$1.3	$1.3	Commodity lists.	—	Within three months by additional deliveries, thereafter in 30 days by $US or other acceptable currency.	First trade and payments agreement (*sic*). ATR, three months.
	October 1, 1956-May 31, 1957			—	—				Tacit extension of above agreement.
	June 1, 1957-May 31, 1958			$4.0 total					Protocol to above agreement.
Bulgaria	September 1, 1953-December 31, 1954	Clearing accounts in both national banks in $US.	$.2	$5.0	$5.0	Commodity lists with quotas.	—	Additional deliveries within six months.	New trade and payments agreement, replacing agreement of November 5, 1947. ATR, three months' notice.
	January 1, 1955-December 31, 1955		$.2	$5.0	$5.0				ATR without change.
	January 1, 1956-December 31, 1956			—	—				ATR without change.
	January 1, 1957-December 31, 1957			—	—				ATR without change.

Czechoslovakia	July 2, 1947-December 31, 1947	—	—	—	—	—	—	—	Barter agreement. Tacitly renewable for three months' period, unless terminated on one month's notice. Tacit renewal to September 30, 1956.
	October 1, 1956-September 30, 1957	Clearing account in Italian national bank in $US.[1]	$2.5	$21.8	$16.7	Commodity lists.	By transfers of "freely convertible bills" redeemable in three months.	Delivery of goods after transactions completed, within six months.	First postwar trade and payments agreement. Replaces above. ATR, three months. Special provision: Transfers may be effected through accounts in central banks of third countries by mutual consent of the signatories. The Italian import surplus will be offset by the cost to Czechoslovakia of Italian port facilities. [1] If debit balance exceeds $1.25 million, 3% *per annum* is charged.
	October 1, 1957-March 31, 1958			—	—				Extension of above agreement.
Hungary	January 1, 1953-December 31, 1953	Clearing accounts in lire.	$.72	—	—	Commodity lists.	—	—	—
	January 1, 1954-December 31, 1954	Clearing accounts in both national banks in lire.	$.72[1]	$10.9	$10.0	Commodity lists with quotas.	—	Goods in six months, thereafter in $US or acceptable currency.	Protocol to trade and payments agreement of December 16, 1948. ATR, two months' notice. Target imbalance to cover invisibles. [1] Plus $0.08 million for Trieste transit operations.
	January 1, 1955-December 31, 1955			$10.9	$10.0	Commodity lists extended.			Annual tacit renewal of above agreement without change.
	January 1, 1956-December 31, 1956		$1.6	$17.1	$15.7	Commodity lists.	Gold or convertible currency.[1]		Protocol to above agreement. [1] Debtor has right to repurchase such transfers within three months, or five months under certain conditions.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
Poland	July 1, 1949-June 30, 1950	Clearing accounts in both national banks in $US.	$2.0	—	—	Commodity lists.	—	Goods.	New trade and payments agreement, replacing agreement of December 31, 1947. Trade agreement has annual tacit renewal, to be terminated on six months' notice. Payments agreement has annual tacit renewal, to be terminated on three months' notice. Extended for three-month periods from July 1, 1950 to June 30, 1951. Trade set at $5.0-$6.0 million each way for each three-month period.
	July 1, 1951-December 31, 1951			$10.0-$12.0	$10.0-$12.0	Commodity lists extended.			Extension of above agreement.
	April 1, 1952-December 31, 1952			—	—	Commodity lists with quotas.			Extension of above agreement.
	January 1, 1953-March 31, 1953			$5.0-$6.0	$5.0-$6.0	Commodity lists extended.			Extension of above agreement.
	April 1, 1953-June 30, 1953			$12.5	$12.5	Commodity lists.			Extension of above agreement.
	July 1, 1953-June 30, 1954			$20.0-$25.0	$20.0-$25.0	Commodity lists with quotas.			Extension of 1949 trade and payments agreement.
	July 1, 1954-December 31, 1954			—	—				Extension of 1949 trade and payments agreement.

Poland continued	January 1, 1955-March 31, 1955			—	—				Extension of 1949 trade and payments agreement.
	April 1, 1955-December 31, 1955			\$15.0-\$19.0	\$15.0-\$19.0				Extension of 1949 trade and payments agreement.
	January 1, 1956 1956-December 31,			\$20.0-\$25.0	\$20.0-\$25.0				Extension of 1949 agreement.
	January 1, 1957-December 31, 1957			\$20.0-\$25.0	\$20.0-\$25.0				Extension of 1949 agreement.
Rumania	December 20, 1950-December 19, 1951	Clearing accounts in both national banks in lire.	\$0.64	\$11.0	\$11.0	Commodity lists with quotas.	—	Goods within six months.	New trade and payments agreement, replacing agreement of December 24, 1947. ATR, three months.
	December 20, 1951-December 19, 1952								Annual tacit renewal of above agreement without change.
	December 20, 1952-December 19, 1953			\$11.2	\$11.2				Annual tacit renewal of 1950 agreement without change.
	December 20, 1953-December 19, 1954			—	—				Annual tacit renewal of 1949 agreement without change.
	December 20, 1954-December 19, 1955			\$11.4	\$11.4				Annual tacit renewal of 1949 agreement without change.

				Total Agreement Trade:			*Settlement:*		
Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Overdrawn Swing Credit*	*At Termination*	*Notes*
Rumania continued	December 20, 1955-December 19, 1956			—	—				Annual tacit renewal of 1949 agreement without change.
	December 20, 1956-December 19, 1957		$1.4	$18.8	$18.8		[1]		Protocol to 1949 agreement. [1] At option of debtor by transfers of foreign exchange which may be repurchased within three months (this period may be extended two additional months).
	(April 1957) (for 1957)	—	—	$7.04	$7.04	—	—	—	Barter agreement outside of above protocol.
Soviet Zone of Germany	January 1, 1952-December 31, 1952	—	—	$5.1	$5.1	Commodity lists.	—	—	—
	April 1953-indefinite	—	—	$11.0	$11.0	Commodity lists.	—	—	Global compensation agreement.
	January 1, 1955-December 31, 1955	—	—	$9.0	$9.0	Commodity lists with quotas.	—	—	Barter agreement.
	April 1956-indefinite	—	—	$10.4	$10.4	Commodity lists.	—	—	Global compensation agreement.
	January 1, 1957-December 31, 1957	—	—	$16.0	$16.0	Commodity lists.	—	—	Non-governmental trade accord.

JAPAN

USSR	Two years (June-July 1954)	[1]	—	$40.0	$40.0	Commodity lists.	—	Mutual agreement.	Provisional barter agreement between unofficial Soviet trade mission and the trade companies. [1] Accounts at London branch of Moscow State Bank in £St. Maintained through letters of credit.
Bulgaria	September 24, 1955-September 23, 1956	Clearing accounts at London branch of Moscow Bank.	—		$1.96 total	Commodity lists.	—	Goods.	Non-governmental barter agreement. Between Japanese-Soviet Trade Association and Bulgarian Chamber of Commerce.
Czechoslovakia (See also North Vietnam)	(October 1955)	Barter.[1]	—	$0.7[2]	$0.7	Commodity lists.	—	—	Private barter between Japanese-Soviet Trade Association and Czech Public Metal Export Corporation. [1] January 12, 1956, a correspondent contract was signed by the Czech National Bank and Bank of Tokyo. Permits the latter to open letters of credit with Czech banks, thus facilitating payments. [2] Not known whether total trade or each way.
East Germany	(May 1954)	Barter.	—	$1.9	$1.9	Commodity lists with quotas.	—	—	Barter between Nichimen Jitsugyo Co. and East German government.
	(June 1955)	Barter.	—	$3.1	$3.1	Commodity lists with some quotas.	—	—	Barter agreement between three Japanese firms and East German government.
	One year (August 24, 1955)[1]	Barter.	—	$3.2	$3.2	Commodity lists.	—	Goods.	Private barter agreement between Japanese-Soviet Trade Association and East German Compensation Public Trade Corporation. [1] Agreement effective upon exchange of notes. Date of exchange is not known.
Hungary	One year (October 1955)	[1]	—		$4.0 total	Commodity lists.	—	—	Private barter between Japanese-Soviet Trade Association and Hungarian representatives. [1] Barter; clearing through London branches of Japanese and Hungarian banks.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Rumania	One year (February 21, 1956)	1	—	$5.6 total		—	—	—	Private barter between Japanese-Soviet Trade Association and Rumanian representatives. [1] Bank in Tokyo and Rumanian State Bank will effect financial settlement.
Mainland China	October 29, 1953-December 31, 1954	1	—	$84.0	$84.0	Commodity lists.[2]	—	—	Protocol to non-governmental trade agreement of June 1, 1952, between Japan Diet Members' Union to promote Japanese-Chinese Trade and China Committee for promotion of international trade. [1] Barter; unit of account £St. Methods of clearance to be decided by the actual parties to the contracts. [2] Goods are classified into three categories in order of their importance to the importing country. In principal, goods of one category are to be exchanged only for goods of the same category.
	January 1, 1955-March 31, 1955			—	—				Extension of above protocol.
	May 4, 1955-May 3, 1956	1	—	$84.0	$84.0	Commodity lists.[2]	—	—	Trade agreement between Japanese International Trade Promotion Association, Diet Members' Union; and People's Republic of China. [1] Temporarily, payment to be made in £St., until a payments agreement is signed between the central banks of both countries. [2] See note 2 above.
	May 4, 1956-May 3, 1957			—	—	Commodity lists extended.			Renewal of May 4, 1955, agreement by exchange of letters between J.I.T.P.A. and China committee.

JAPAN, *continued*

North Korea	(February 26, 1956) For 1956.	—	—		$14.0 total	Commodity lists.[1]	—	Goods.[2]	Commodity exchange agreement between Korean Trading Co. and J.I.T.P.A. [1] See note 2 above. [2] Or by letter of credit through the bank of a third country.
	(September 27, 1957)	—	—	$2.1	$2.1	Commodity lists.	—	—	Trade agreement.
North Vietnam	(February 1956)	—	—	—	—	Commodity lists with some quotas.	—	—	Barter agreement between North Vietnam government and Meiwa Sangyo Co.
	One year (May 1956)	[1]	—	$4.2	$4.2	Commodity lists.[2]	—	—	Agreement between J.I.T.P.A. and North Vietnamese General Export and Import Public Corporation. [1] Accounts to be settled through a Chinese bank in Hong Kong, as proposed in October 1956. [2] See October 1953 agreement with China in note 2 above.
	One year to March 1958 (January 1957)			[1]	[1]	Commodity lists.			Renewal of May 1956 agreement. [1] Value not specified, but indicated to be greater than $4.2 million each way.
North Vietnam-Czechoslovakia	(January 1956)	Payment on a switch account basis.[1]	—	—	—	Commodity lists with some quotas.	—	—	A trilateral contract between Czech and Vietnamese representatives and three Japanese trading companies. [1] Trade between Czechoslovakia and Vietnam to be settled under existing payments agreement.

LAOS

Mainland China	(August 25, 1956)	—	—	—	—	—	—	—	Trade agreement.

LEBANON

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	At Termination	Notes
USSR	September 11, 1954-September 10, 1955 (April 30, 1954)	Clearing accounts in both central banks in both currencies.	$.3	$3.0[1]	$4.5[1]	Commodity lists with quotas.	—	Goods.[2]	First postwar trade and payments agreement. Provides for most favored nation treatment. [1] One source estimates this as $4.6 million each way. [2] For six months, thereafter in free currency. ATR.
	September 11, 1955-September 10, 1957 (October 1, 1955)			$4.5	$4.5				Protocol to agreements of April 30, 1954.
	September 11, 1956-September 10, 1957 (October 1956)	—		$6.8	$6.8				Protocol to agreements of April 30, 1954.
	January 1, 1957-December 31, 1957			Leb. £15.0	Leb. £15.0				Protocol to agreements of April 1954 with increased quotas.
Bulgaria	One year (September 15, 1956) Also listed as June 13, 1956.	—	—	—	—	Commodity lists.	—	—	Signing of first postwar trade agreement with most favored nation treatment. Bulgaria to import at least 60% of value of exports.
Czechoslovakia	(July 12, 1952)	Clearing accounts in both central banks in both currencies.	$.2	$2.3	$2.3	Commodity lists.	—	Goods.[1]	Trade and payments agreement with most favored nation treatment. [1] Accounts are reconciled every six months and payable by deliveries for next six months and thereafter by negotiation.

Czecho-slovakia continued	November 20, 1953-November 19, 1954 (August 1953)			$2.3	$2.3				Renewal of July 1952 agreement.
	November 20, 1954-November 19, 1955			$3.65	$3.65				Protocol to July 1952 agreements. Czechs may use 25% of export proceeds for Free Zone (Lebanon) purchases.
	November 20, 1955-November 19, 1956			—	—				Annual tacit renewal of agreements of July 1952.
	Three years (June 27, 1956) Also given as January 11, 1957.	—	—	$2.5	$2.5	Commodity lists.	—	—	Trade and payments agreement replaces protocol of 1954 and agreement of 1952.
East Germany	February 14, 1954-February 13, 1955 (December 2, 1952)	Clearing accounts in both central banks in $US.	$.1	$1.0	$1.0	Commodity lists. No quotas.	—	Goods.[1]	First postwar trade and payments agreement with most favored nation treatment. [1] For six months, thereafter by mutual agreement.
	Five years (November 12, 1955)[1]	Clearing accounts in both central banks in £.	$.23[2]	$2.3[3]	$2.3	Commodity lists.	By negotiation.	—	Protocol to agreements of December 2, 1953. Germany may use up to 15% of export earnings for purchases from Free Zone (Lebanon) and for unscheduled goods. [1] Three months prior to expiration, both parties to renegotiate. [2] Or 10% of annual volume. [3] For first year. Annual volume of trade to be fixed by an exchange of letters annually.
	Three years (January 22, 1957)			—	—	Commodity lists.			Amendment to 1955 trade agreement.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Hungary	(October 19, 1956)	–	–	–	–	Commodity lists.	–	–	An initialing of an "economic convention" providing for commercial exchanges and triangular dealing. No payments agreement reported for this period.
Poland	January 1, 1956-December 31, 1956	Clearing accounts in both central banks in $US.	$.35	–	–	Commodity lists.	By negotiation.	–	First postwar trade and payments agreement. ATR.
Rumania	January 1, 1956-December 31, 1956	Clearing account.	$3.0	$30.0	$30.0	Commodity lists.	–	–	First postwar trade and payments agreement with most favored nation clause. Subject to renewal.
Mainland China	August 4, 1956-August 3, 1957	Payment in transferable £ through central banks.	£.25	–	–	Commodity lists.	–	–	First postwar trade and payments agreement with most favored nation clause. Re-exports are permitted.

MALAYA

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Mainland China	–	–	–	–	–	Commodity lists with quotas.	–	–	Described as "informal" trade agreement. Rice vs. rubber.

MEXICO

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Czechoslovakia	January 1, 1954-December 31, 1954 (November 9, 1949)	Clearing accounts in $US.	$1.0	–	–	Commodity lists. No quotas.	–	$US.	First postwar trade and payments agreement. Tacitly renewable for two-year periods.

MOROCCO

USSR	One year (April 17, 1957)	—	—	—	—	Commodity lists.	—	—	First trade agreement; previously trade was conducted under an agreement between USSR and France.
Bulgaria	August 2, 1957-July 31, 1958	—	—	—	—	Commodity lists.	—	—	Trade agreement.
Mainland China	One year (May 27, 1957)	—	—	—	—	Commodity lists with quotas.	—	—	Trade agreement.

NEPAL

Mainland China	(October 1956)	—	—	—	—	—	—	—	Chinese grant of $12.6 million in aid.

NETHERLANDS

USSR	January 1, 1954-December 31, 1954	—	$1.0	—	—	Commodity lists with quotas.	—	—	Protocol to trade and payments agreement of July 2, 1948.
	January 1, 1955-December 31, 1955	—	—	—	—	—	—	—	Extension of above without commodity lists.
	January 1, 1956-January 1, 1957	—	—	$40-$50	$40-$50	Commodity lists.	—	—	Protocol to 1948 agreement.
Bulgaria	June 15, 1947-May 31, 1948	—	$.226[1]	$2.1	$2.9	Commodity lists.	—	—	First postwar trade and payments agreement. On January 1, 1950, the agreement was made automatically renewable for annual periods. The commodity lists were dropped, leaving only the payments arrangements in force. [1] Credit limit raised on October 30, 1948, to $.376 million. ATR, three months' notice.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Bulgaria continued									Extended annually until December 31, 1956, without commodity lists.
Czecho-slovakia	February 1, 1953-February 1, 1954	—	—	$10.3	$10.3	Commodity lists with quotas.	—	—	—
	February 1, 1954-January 31, 1955	—	—	$11.6	$11.6	Commodity lists with quotas.	—	—	Protocol to trade agreement of July 7, 1949, and payments agreement of November 15, 1946, as supplemented July 7, 1949, July 29, 1950, and modified February 6, 1953.
	February 1, 1955-January 31, 1956	—	—	$14.5	$14.5	Commodity lists.	—	—	Protocol to above.
	February 1, 1956-February 1, 1957	—	—	$16.5	$16.5	Commodity lists.	—	—	Protocol to above.
	February 1, 1957-January 31, 1958	—	—	$37.5 total		Commodity lists.	—	—	Protocol to above.
Hungary	October 1, 1952-October 1, 1953	Clearing accounts in guilders.	$1.6	$5.3	$5.3	Commodity lists.	—	—	—
	October 1, 1953-October 1, 1954	—	$1.3[1] $ .4[2]	$6.0	$6.0	Commodity lists with quotas.	—	—	Protocol to trade agreement of March 16, 1953, and payments agreement of December 20, 1947. ATR, three months' notice. [1] For merchandise. [2] For services.

Hungary continued	January 1, 1955-December 31, 1955	—		$6.6	$6.6	—	—	—	New trade agreement and protocol to above payments agreement.
	April 1, 1956-March 31, 1957			$7.5	$7.5		—	—	Protocol to above.
	April 1, 1957-October 1, 1957			—	—		—	—	Extension of above protocol.
	October 1, 1957-March 31, 1958			—	—		—	—	Extension of 1956 protocol.
Poland	December 18, 1946-December 17, 1949	Clearing accounts in guilders in Netherlands banks.	$1.8	—	—	—	Negotiations.	Negotiations.	First postwar payments agreement. After December 17, 1949, the agreement may be terminated on three months' notice. This agreement is presumed to have continued in force until July 31, 1955.
	January 1, 1949-December 31, 1949	—	—	$21.5	$21.5	Commodity lists.	—	—	New trade agreement. ATR, three months' notice. This agreement is presumed to have continued in force until July 31, 1955.
	August 1, 1955-July 31, 1956	—	—	$7.3	$6.0	Commodity lists.	—	—	New trade and payments agreement replacing above. Trade agreement. ATR, three months' notice.
	1955 (agreement of January-February, 1955)	—	—	—	—	—	—	—	Barter agreement.
	August 1, 1956-July 31, 1957	—	—	$8.0-$9.0	$8.0-$9.0		—	—	Protocol to 1955-1956 agreement.

NETHERLANDS, *continued*

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Soviet Zone of Germany	July 1, 1954-June 30, 1955	Clearing accounts in both central banks in guilders.	$1.0	$6.6	$6.6	Commodity lists.	$US or other currency.	$US or other currency, in twelve months.	Protocol to trade and payments arrangement of 1949. ATR, twelve months' notice.
	July 1, 1955-December 31, 1955		—	$10.0	$10.0	Commodity lists.			Extension and supplement to above.
	January 1, 1956-December 31, 1956			$15.8	$14.5				Protocol to above.
	January 1, 1957-December 31, 1957			$34.2 total					Protocol to above.

NORWAY

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR	January 1, 1952-December 31, 1952	—	—	$8.5	$8.5	Commodity lists with quotas.	—	—	—
	January 1, 1953-December 31, 1953	Clearing accounts in kroner.	$0.2	$9.0	$9.0	Commodity lists with quotas.	—	—	—

USSR continued	January 1, 1954-December 31, 1954	Clearing accounts in both national banks in Norwegian kroner.	$.14 or $1.0	$14.0	$14.0	Commodity lists with quotas.	Gold, $US, or other acceptable currency.	Merchandise, gold, $US, or other agreed currencies within three months.	Protocol to trade and payments agreement of December 27, 1946. ATR, three months' notice.
	January 1, 1955-December 31, 1955			$34.0 total					Protocol to above.
	January 1, 1956-December 31, 1958			Annual minimum: $14.7 each way 1956: $16.8	$18.2				Protocol to above. An additional protocol was signed on November 15, 1955, which listed additional commodities to be exported during 1956.
	January 1, 1957-December 31, 1957			$18.9	$18.9				Protocol to above.
Bulgaria	Announced October 1955 until June 30, 1956	—	—	$.155	$.155	Commodity lists.	—	—	Barter agreement. Separate from trade agreement.
	December 2, 1955-May 31, 1957	Clearing accounts in central banks of both countries in Norwegian kroner.	$.14	$.84	$.84	Commodity lists.	—	—	First postwar trade and payments agreement. ATR, three months' notice.
Czechoslovakia	October 1, 1951-September 30, 1952	—	—	—	—	Commodity lists.	—	—	—

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Czechoslovakia continued	January 1, 1953-December 31, 1953	—	$2.3	$6.0	$6.0	Commodity lists with quotas.	—	—	—
	January 1, 1954-December 31, 1954 (trade: signed June 9, 1954)	Clearing accounts in Norwegian kroner.	$.98	$7.4	$6.3	Commodity lists with quotas.	—	—	Protocol to trade agreement of March 20, 1947, and new payments agreement. ATR, one month's notice.
	January 1, 1955-December 31, 1955		$1.7	$8.0	$8.0	Commodity lists.	[1]	—	Protocol to above trade agreement and amendments to above payments agreement. [1] Any balance in excess of credit limit will bear 1% interest for a period up to six months; for more than six months, the rate of interest will be 3% *per annum*, computed semi-annually.
	January 1, 1956-December 31, 1956			$9.5	$9.5			—	Protocol to above.
	January 1, 1957-December 31, 1957			$20.3 total				—	Protocol to above.
Hungary	February 1, 1952-January 31, 1953	—	—	—	—	Commodity lists.	—	—	—
	February 1, 1953-January 31, 1954	Clearing accounts in Norwegian kroner.	—	$1.1	$1.1	Commodity lists.	—	—	—

Hungary continued	February 1, 1954-January 31, 1955	Clearing account in Norwegian bank in Norwegian kroner.	$.21[1]	$1.4	$1.4	Commodity lists with quotas.	—	Negotiations.	Protocol to trade and payments agreements of August 27, 1946, as amended by trade protocol of February 14, 1949, and payments protocol of January 28, 1950. ATR, two months' notice. Special provision: Private compensation agreements will be permitted. [1] Not known if reciprocal or extended to Norway only.
	February 1, 1955-April 30, 1956		$.28	$3.9	$3.9	Commodity lists with quotas.	—		Protocol to above.
	May 1, 1956-April 30, 1957		—	—	—		—		Tacit renewal of above.
	May 1, 1957-April 30, 1958		$.28	$3.9	$3.9		—		Extension of protocol of 1955-1956 agreement.
Poland	April 1, 1952-March 31, 1953	—	—	$11.6	$8.4	Commodity lists with quotas.	—	—	25% of Norway's coal imports to be paid for in £St.
	May 1, 1954-April 30, 1955	Clearing accounts in both central banks in Norwegian kroner.	$.986	$7.5	$6.2	Commodity lists.	£St.	£St.	Tacit renewal of June 19, 1953, protocol to trade agreement of December 31, 1948, and payments agreement of December 21, 1949, as amended June 19, 1953. ATR, one month's notice.
	May 1, 1955-April 30, 1956			—	—				Protocol to above.
	May 1, 1956-April 30, 1957			$6.7	$6.4				Protocol to above.
	May 1, 1957-April 30, 1958			—	—				Protocol to above.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Rumania	June 1, 1954-May 31, 1955	Clearing accounts in both national banks in Norwegian kroner.	$.4	$2.8	$2.8	Commodity lists with quotas.	Negotiations.	After six months, by merchandise within six months. Thereafter in $US or acceptable currency.	First postwar trade and payments agreement. Previous trade on compensation basis. ATR, three months' notice.
	June 1, 1955-May 31, 1956			$3.8	$3.8				Protocol to above agreement.
	June 1, 1956-May 31, 1957			$4.0	$4.0				Protocol to above.
Soviet Zone of Germany	January 1, 1952-December 31, 1952	—	—	$7.8	$7.8	Commodity lists.	—	—	Private global compensation agreement.
	January 1, 1953-December 31, 1953	—	—	$8.0	$8.0	Commodity lists.	—	—	Private global compensation agreement.
	January 1, 1954-December 31, 1954	Special account in Bank of Norway.	$1.0	$8.2	$8.2	Commodity lists with quotas.	—	—	Private global compensation agreement. Payments and deliveries must take place by March 31, 1955.
	January 1, 1955-December 31, 1955	Payment made in Norwegian kroner through special account in Bank of Norway.	—	$8.3	$8.3	Commodity lists with quotas.	—	—	Private global compensation agreement. Payments and deliveries must take place by March 31, 1956.

NORWAY, *continued*

Soviet Zone of Germany continued	January 1, 1956-December 31, 1956	Same as above.	—	$8.4	$8.4	Commodity lists.	—	—	Private global compensation agreement. Payments and deliveries must take place by March 31, 1957.
	January 1, 1957-December 31, 1957	Same as above.	$1.05	$8.4	$8.4	Commodity lists.	—	—	Protocol to 1956 agreement. Private global compensation agreement. Payments and deliveries must take place by March 31, 1958.

PAKISTAN

USSR	September 3, 1956-September 2, 1957 (June 27, 1956)	USSR will maintain rupee accounts at commercial and state banks of Pakistan.[1]	—	—	—	Commodity lists. No quotas.	—	£St.	First trade agreement. To remain in force until terminated. Provides for most favored nation treatment. In 1953 a barter agreement was negotiated—cotton for wheat. [1] Balances are convertible to £St. on demand.
Czechoslovakia	August 15, 1956-August 14, 1957	Payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement, replaces agreement of June 28, 1952.
Hungary	July 30, 1956-July 29, 1957	Payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement replaces agreement of October 9, 1950. Provides for most favored nation treatment.
Poland	February 4, 1956-February 3, 1957	Payment in £St.	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement with most favored nation clause. Replaces the June 27, 1952, agreement which was never ratified. Re-exports are permitted.
Mainland China	(March 15, 1953) 1953-1954	Barter.	—	—	—	Commodity lists with quotas.	—	—	Barter contract.
	(June 1954)	—	—	—	—	Commodity lists with quotas.	—	—	Additional contract.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
PAKISTAN, continued									
Mainland China continued	(1955)	–	–	–	–	Commodity lists with quotas.	–	–	Purchase contract–jute from Bengal.
	(July 13, 1956)	Payment in Pakistani rupees.	–	–	–	Commodity lists with quotas.	–	–	Purchase contract–rice from China.
PARAGUAY									
Czechoslovakia	November 15, 1953-November 14, 1954[1]	Clearing accounts at Czech Central Bank in $US.	$2.0	–	–	Commodity lists. No quotas.	–	Goods.[2]	First postwar trade and payments agreement between both central banks. [1] Reported in force through 1956. [2] For 12 months, thereafter by mutual agreement.
	1955	–	–	–	–	–	–	–	Report of a grant of credit of $15.0 million for purchase of capital goods.
Hungary	November 1, 1953-October 31, 1954[1]	Clearing accounts at Hungarian Central Bank in $US.	$.4	–	–	Commodity lists. No quotas.	–	Goods.[2]	First postwar trade and payments agreement between both central banks. [1] Reported in force through 1956. [2] For 12 months, thereafter by mutual agreement. ATR.
Poland	December 3, 1955-December 3, 1956 (December 23, 1955)	Clearing accounts at Polish Central Bank in $US.	$.2	–	–	Commodity lists.	–	–	First postwar trade and payments agreement between both central banks.
PORTUGAL									
Czechoslovakia	March 1, 1956-February 28, 1957	–	–	$4.1	$4.1	Commodity lists.	–	–	First postwar payments agreement. ATR. Between national banks of both countries.

PORTUGAL, *continued*

Hungary	March 1, 1956-February 28, 1957	—	—	$4.5	$4.5	Commodity lists.	—	—	First postwar payments agreement. ATR. Between national banks of both countries.
Poland	March 1, 1956-February 28, 1957	—	—	$4.5	$4.5	Commodity lists.	—	—	First postwar payments agreement. ATR. Between national banks of both countries.
Soviet Zone of Germany	March 1, 1956-February 28, 1957	—	—	$4.2	$4.2	Commodity lists.	—	—	First postwar payments agreement. ATR. Between national banks of both countries.

SAUDI ARABIA

Poland	(December 1955)	—	—	—	—	—	—	—	Trade agreement.

SPAIN

USSR	July 1, 1954-December 31, 1955	—	—	—	—	Commodity lists.	—	—	Compensation arrangements.
Poland	One year (July 5, 1957)	—	—	$20.0 total		Commodity lists with quotas.	—	—	First agreement between Spain and an Eastern European country. Between Spanish Exchange Control Board and Polish National Bank.

SUDAN

Czechoslovakia	(May 1955)[1]	Clearing accounts at Egypt Central Bank or other Sudanese bank in £E.	$2.2[2]	—	—	—	£St.[3]	£St.	[1] First payments agreement to remain in force until terminated. All purchases must be made direct—not through third parties; arbitrage transactions are prohibited. [2] Through November 30, 1955; $1.4 million thereafter. [3] Applies to balances in favor of Czechoslovakia after one month.

SUDAN, *continued*

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
East Germany	June 10, 1955-December 31, 1956	Clearing accounts at Sudanese bank in £E.	$.56	—	—	Commodity lists.	—	£St.	First payments agreement. Re-export and arbitrage transactions are prohibited without prior approval. ATR.
Hungary	May 20, 1955-May 19, 1956	Clearing account at a Sudanese bank in £E.	$.56[1]	—	—	—	—	£St.	First postwar payments agreement. Arbitrage is prohibited. [1] Unilateral credit extended to Hungary. ATR.
	June 1955-not stated	See above.	—	—	$.378[1]	Commodity lists.	—	—	Contract, six months' credit extended to Hungary, repayable through payments arrangements of May 1955. [1] Uncertain whether total trade or each way.
Poland	May 20, 1955-May 19, 1956	Clearing accounts at a Sudanese bank in £E.	$.56	—	—	—	—	£St.	First postwar payments agreement. ATR.
Mainland China	(April 12, 1956)	Payment to be made in a "current international currency."[1]	—	—	—	—	—	—	An agreement to promote trade. Procedures will be agreed upon by the parties to each contract. [1] Clearance according to "general international practice."

SWEDEN

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR	September 7, 1940-September 7, 1945, and automatic yearly renewal.[1]	Clearing accounts in Swedish kronor at both USSR State Bank and clearing office in Sweden.	$.119	—	—	Combined trade and payments agreement with commodity lists for 1940-1942 trade. Quotas.	In dollars or acceptable third currencies.	In dollars or acceptable third currencies.	[1] May be denounced with six months' notice. If an imbalance should develop in trade, proposals to be made by both countries for its removal. If not shortly thereafter corrected, the concerned government may suspend licensing of deliveries to the debtor country until the imbalance is removed.

USSR continued	December 10, 1946-December 10, 1951[1]			$27.8 (1947)	$27.8 (1947)	Commodity lists with quotas.			[1] Protocol to 1940 agreement, which is extended for five years and thereafter for one-year periods if not denounced with six months' notice.
	December 10, 1946-December 9, 1951	—	—	—	$278.0	Credit arrangement. Commodity lists of goods to be purchased annexed.	—	—	$278 million credit to be amortized, beginning in 1961. Interest payments of 3% begin in 1950. Six-year period for Swedish deliveries.
	January 1, 1948-December 31, 1948	Same as September 1940.	$.119	$10.0	$8.3	Commodity lists with quotas.	In dollars or acceptable third currencies.	In dollars or acceptable third currencies.	—
	January 1, 1949-December 31, 1949	—	—	$7.0	$12.5	Commodity lists with quotas.	—	—	—
	January 1, 1951-December 31, 1951	—	—	$8.7	$7.2	Commodity lists with quotas.	—	—	—
	January 1, 1952-December 31, 1952	—	—	$18.4	$15.5	Commodity lists with quotas.	—	—	Supplementary List 3 set up of Swedish goods to be delivered during 1952 or later (type of goods formerly exported under credit agreement).
	January 1, 1953-December 31, 1953	—	—	$14.5	$14.5	Commodity lists with quotas.	—	—	—
	January 1, 1954-December 31, 1954	—	—	$27.1[1]	$23.3	Commodity lists with quotas.	—	—	[1] Swedish quota expanded by $10.7 million in July 1954. Soviet quota expanded by $3.9 million in July 1954.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR continued	January 1, 1955-December 31, 1955	—	—	$20.6	$7.8	Commodity lists with quotas.	—	—	—
	January 1, 1956-December 31, 1956	—	—	$29.1	$17.4	Commodity lists with quotas.	—	—	—
	January 1, 1957-December 31, 1957	—	—	$31.0	$31.0	Commodity lists with quotas.	—	—	—
Bulgaria	October 1, 1947-December 31, 1948[1]	Payment agreement in kronor account in Bulgarian National Bank's name.	None.	None.	None.	Commodity lists. No quotas.	None.	Mutual agreement.	[1] Tacit automatic annual renewal, unless denounced with one month's notice. Payments agreement is integral part of simultaneous trade agreement. First postwar trade and payments agreement with Bulgaria. Article V of payments agreement allowed Bulgaria to transfer kronor credit balances in blocks of $139,000 against gold or acceptable third currencies.
	August 1, 1949-December 31, 1949	—	—	$1.26	$1.16	Commodity lists with quotas.	—	—	—
	April 1, 1955-March 31, 1956	—	—	$1.93	$1.93	Commodity lists with quotas.	—	—	—
	April 1, 1956-March 31, 1957	—	—	$1.93	$1.93	[1]	—	—	[1] Extension of 1955-1956 goods lists.

Bulgaria continued	April 1, 1957-March 31, 1958	—	—	$1.93	$1.93	1	—	—	[1] Extension of 1955-1956 goods lists.
Czecho-slovakia	November 17, 1945-July 1, 1946	Payment agreement accounts in kronor in Czech National Bank's name.	None.	$8.3	$8.3	Commodity lists with quotas.	None.	None.	First postwar trade and payments agreement with Czechoslovakia. Sweden granted Czechoslovakia a $5.7 million credit to facilitate Czech-Swedish trade (two-year credit).
	July 1, 1946-June 30, 1947			$25.0	$25.0	Commodity lists with quotas.			Extension of 1945 agreement.
	November 1, 1947-October 31, 1948	Krona and koruna accounts.[1]	$3.3	$33.3	$30.6	Commodity lists with quotas.	In gold or acceptable third currency.	If not transferred to new agreement, in gold or acceptable third currency.	[1] Two-account payments agreement: krona account of Swedish Riksbank in Czech National Bank's name, koruna account at Czech National Bank in Riksbank's name. Official rate of exchange set up between krona and koruna. If the official rate of exchange should be changed, the accounts were to be terminated and the balances settled at the previous official rate. When 1/3 of swing credit used, the debtor bank was to pay 2% interest on the excess amount.
	February 1, 1949-January 31, 1950		$6.4	$37.2	$33.1	Commodity lists with quotas.			Protocol to 1947 agreement, extension.
	February 1, 1950-January 31, 1951		$6.4	$26.2	$23.1	Commodity lists with quotas.			Protocol extending 1947 agreement.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Czecho-slovakia continued	February 1, 1951-February 29, 1952		$6.4[1]	$19.4	$21.3	Commodity lists with quotas.		If not transferred to new agreement, to be liquidated by delivery of acceptable goods.[2]	Protocol extending 1947 payments agreement (which is now automatically renewable for new one-year periods, if not denounced with three months' notice). [1] For period February 1, 1951-August 31, 1951, increased temporarily to $11.6 million, but to be reduced to regular $6.4 million by October 31, 1951, Sweden to pay ½% interest (beyond normal 2% interest) in excess amounts (i.e., over $6.4 million) of swing credit. [2] Any balance remaining after 12 months after agreement's expiration to be settled in gold or acceptable third currencies.
	March 1, 1952-February 28, 1953	Same as above.	Same as above.	$25.2	$23.3	Commodity lists with quotas.	Same as above.	Same as above.	—
	August 1, 1955-October 31, 1956	Krona account at Riksbank in Czech National Bank's name.	$0.78 to Czecho-slovakia.	$15.5	$11.6	Commodity lists with quotas.	None.	If not transferred to new agreement, in acceptable deliveries of goods.[1]	New trade and payments agreements, which are automatically renewed for new one-year periods, if not denounced with three months' notice. Payments agreement account can be credited with transfers from third countries and used for transfers from a third country. [1] Any balance after six months in gold or third currency, if not agreed upon other settlement means.
	November 1, 1956-October 31, 1957			$13.6	$11.6	Commodity lists with quotas.			Protocol to 1955 agreement.
	November 1, 1957-October 31, 1958			$13.6	$11.6	[1]			[1] Extension of 1956 protocol through exchange of notes.

Soviet Zone of Germany	May 21, 1947-April 30, 1948	Dollar accounts in Garantie und Kredit Bank's name at Riksbank or Swedish foreign exchange banks.	None.	—	—	Commodity lists. No quotas.	[1]	[1]	First postwar trade and payments agreement with Soviet Zone of Germany. [1] The German bank had to cover any deficit at any time in its account in dollars. Also could use its dollar balance for transfer to other countries.
	July 1, 1948-June 30, 1949	Krona accounts operated by Riksbank and Garantie und Kredit Bank in each other's name.	$0.28[1]	$5.6	$5.6	Commodity lists with quotas.	If exceeded continuously for three months, in dollars or acceptable third currency.	In dollars or acceptable third currency.	[1] Negotiations for additional deliveries were to be initiated if an overdraft of the swing limit was envisaged.
	July 1, 1949-June 30, 1950	Same as above.	$1.39[1]	$11.1	$11.1	Commodity lists with quotas.	If exceeded, authorities may suspend licensing of goods to debtor country.	Within nine months in acceptable goods deliveries. Thereafter in dollars or acceptable third currency.	[1] For period July 1, 1949-December 31, 1949, swing credit temporarily raised to $2.78 million. See note 1 above.
	November 8, 1950-June 30, 1951	Krona accounts at banks in Sweden and East Germany.	$0.68	$7.0	$7.0	Commodity lists with quotas.	—	—	First private compensation agreement signed between German trading company DIA and Swedish private company SUKAB, called "Global Compensation Agreement." Not inter-governmental.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Soviet Zone of Germany continued	July 1, 1951-December 31, 1951			$10.8	$10.8	Commodity lists with quotas.	—	—	Extension of 1950 agreement through 1951 year.
	January 1, 1952-December 31, 1952	Same as above.	$0.68	$21.0	$21.0	Commodity lists with quotas.	—	—	New global compensation agreement. Original quotas—$18.1 million each way—increased in July 1952.
	January 1, 1953-December 31, 1953	Same as above.	$0.68	$12.1	$12.1	Commodity lists with quotas.	—	—	New global compensation agreement.
	January 1, 1954-December 31, 1954	Same as above.	$0.68	$17.4	$17.4	Commodity lists with quotas.	—	—	New global compensation agreement. Sweden allowed re-export of East German goods.
	January 1, 1955-December 31, 1955	Same as above.	$0.68	$17.1	$17.1	Commodity lists with quotas.	—	—	New global compensation agreement. Sweden allowed re-export of East German goods.
	January 1, 1956-December 31, 1956	Same as above.	$0.68	$17.7	$17.7	Commodity lists with quotas.	—	—	New global compensation agreement. Sweden allowed re-export of East German goods.
	January 1, 1957-December 31, 1957	Same as above.	$0.68	$17.7	$17.7	Commodity lists with quotas.	—	—	New global compensation agreement. Sweden allowed re-export of East German goods. Kammer für Aussenhandel succeeds DIA as East German agreement partner.

Hungary	August 1, 1946-July 31, 1947	Krona account in Hungarian National Bank's name.	None.	$7.5	$5.3	Commodity lists with quotas.	None.	None.	First postwar trade and payments agreements with Hungary. Sweden grants Hungary $1.4 million loan (two years) to be credited to account.
	August 1, 1947-July 31, 1948			$5.3	$4.7	Commodity lists with quotas.			Protocol extending 1946 agreement.
	October 1, 1948-September 30, 1949			$7.9	$6.9	Commodity lists with quotas.			Protocol extending 1946 agreement.
	April 1, 1951-March 31, 1952	[1]		$7.0	$6.6	Commodity lists with quotas.			Protocol to 1946 agreement. [1] Hungarian National Bank and authorized Hungarian banks may open "special accounts" in kronor at Swedish foreign exchange banks.
	April 1, 1952-March 31, 1953			$6.6	$5.5	Commodity lists with quotas.			Protocol to 1946 agreement.
	October 1, 1953-September 30, 1954		$0.19 (to Hungary)	$4.5	$3.8	Commodity lists with quotas.		[1]	Protocol to 1946 agreement. [1] Any debit balance to be liquidated within six months by delivery of Hungarian goods. Thereafter in dollars or acceptable convertible currency within a month.
	October 1, 1954-September 30, 1955			$4.5	$3.8	Commodity lists with quotas.			Extension of 1953 protocol.
	October 1, 1955-September 30, 1956			$5.2	$4.3	Commodity lists with quotas.	—		Protocol to 1946 agreement.
	October 1, 1956-January 31, 1957			$1.7	$1.4	Exchange of notes.	—		Four-month extension of 1955 protocol.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	February 1, 1957-January 31, 1958			$5.2	$4.3	Commodity lists with quotas.	—	—	Twelve-month extension of old agreement.
	January 1, 1959 (September 12, 1957)			—	—		—	—	Extension of trade and payments agreement.
Poland	July 9, 1945-November 30, 1945	Krona account for Narodowy Bank Polski.	None.	$9.5	$9.5	Commodity lists with quotas.	None.	None.	First postwar trade and payments agreement with Poland. Poland was allowed to use credit balance to buy gold or dollars.
	August 20, 1945-December 1, 1946	Two krona accounts.[1]	None.	$47.6	$47.6	Commodity lists with quotas.	None.	None.	Replaced earlier 1945 agreement. [1] 50% of Polish export earnings to be credited to convertible Account B (which could be used for purchase of gold, dollars, or third currencies). 50% of Polish export earnings to be credited to inconvertible Account A. Poland granted $23.8 million credit by Sweden.
	April 1, 1947-March 31, 1948	Two krona accounts.[1]	None.	$56.9	$31.1	Commodity lists with quotas.	None.	By mutual agreement.	New trade and payments agreements. [1] 60% of Polish export earnings to be credited to inconvertible Account A. 40% of Polish export earnings to be credited to convertible Account B. Poland agreed to use B Account kronor to cover any A Account deficit.
	April 1, 1947-March 31, 1951	—	—	—	$100.0	Long-term trade agreement with commodity lists.	—	—	Sweden agreed to license the $100.0 million worth of capital goods in exchange for a guarantee on the part of Poland to deliver minimum quantities of coal over the five-year period April 1, 1947-March 31, 1952. Capital goods to be paid for in advance by Polish export surpluses in trade.

Poland continued	May 1, 1948-April 30, 1949	Three krona accounts.1	None.	$76.4	$40.3	Commodity lists with quotas.	—	—	Protocol to 1947 agreement. 1 A Account to be credited with all of Polish export earnings, except 25% of coal earnings, of which 50% to be credited Account B. Other 50% to be credited new Account D, which could be used for purchase of £St. or soft third currencies.
	May 1, 1949-July 31, 1949	Two krona accounts.1		$19.1	$10.1	Exchange of notes, with commodity quota lists extended.	—	—	Extension of 1948 protocol. 1 Account B abolished. All but 25% of coal export earnings (to be credited Account D) credited Account A.
	August 1, 1949-September 30, 1949			$12.7	$6.7	Exchange of notes, with commodity quota lists extended.	—	—	Second extension of 1948 protocol.
	October 1, 1949-October 31, 1950	Two krona accounts.1	None.	$51.4	$19.4	Commodity lists with quotas.	None.	Mutual agreement.	Protocol extending 1947 trade agreement. New payments agreement. 1 All Polish export earnings but a certain percentage of coal deliveries to be credited to A Account. For Polish deliveries of coal up to 2 million, between 2-3 million, and over 3 million tons, 25%, 15%, 10% of earnings to be credited to D Account, respectively.
	November 1, 1950-October 31, 1951	1	$1.2 (to Poland)	$47.5	$19.4	Commodity lists with quotas.			Protocol extending 1947 trade agreement. New payments agreement. 1 All Polish export earnings but a certain percentage of coal deliveries to be credited to A Account. For Polish deliveries of coal and coke up to 3.2 million tons, 18% of earnings to be credited to D Account.
	November 1, 1951-October 31, 1952	1	$4.8 (to Poland)	$66.9	$35.9	Commodity lists with quotas.			Protocol extending 1947 trade agreement. New payments agreement. 1 All Polish export earnings but a certain percentage of coal deliveries to be credited to A Account. 23% of coal earnings to be credited to D Account.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
Poland continued	November 1, 1952-February 28, 1953	Single krona account.	$4.8 (to Poland) [1]	$22.3	$11.9	Extension of old lists with quotas.			Protocol extending 1951 protocol four months. D Account is abolished. [1] May be temporarily increased to $7.8 million, but reduced to normal overdrawing right (O.D.) by end of agreement period. When used beyond normal O.D., 2½% interest charged on excess amount.
	March 1, 1953-February 28, 1954		$3.9 (to Poland) [1]	$36.0	$16.5	Commodity lists with quotas.			Protocol extending 1947 trade agreement. [1] Temporarily increased to $6.8 million, to be reduced to normal O.D. by end of agreement period. When Polish debit balance exceeds normal O.D, interest of 2½% charged on excess amount.
	May 1, 1954-April 30, 1955		$2.9 (to Poland) [1]	$25.2	$13.0	Commodity lists with quotas.	£St.		Protocol extending 1947 trade agreement. [1] Poland to receive temporary additional O.D. of $3.9 million to extent £St. is supplied. Additional O.D. to be completely reduced at end of agreement period. Interest of 2¾% charged on amounts over normal O.D. right.
	May 1, 1955-April 30, 1956		$2.9 (to Poland) [1]	$23.3	$12.0	Commodity lists with quotas.	£St.		Protocol extending 1947 trade agreement. [1] Poland to receive temporary additional O.D. of $2.9 million to extent £St. is supplied. Additional O.D. to be completely reduced at end of agreement period. Interest of 3 3/4% charged on amounts over normal O.D. right.
	May 1, 1956-April 30, 1957		$2.3 (to Poland) [1]	$32.4	$14.5	Commodity lists with quotas.	£St.		Protocol extending 1947 trade agreement. [1] Poland to receive temporary additional O.D. of $1.9 million to extent £St. is supplied. Additional O.D. to be completely reduced at end of agreement period. Interest of 3¾% charged on amounts over normal O.D. right.

SWEDEN, *continued*

Poland continued	May 1, 1957-April 30, 1958		$2.3 (to Poland) [1]	—	—	Commodity lists with quotas.	£St.		Protocol extending 1947 trade agreement. [1] Poland to receive temporary additional O.D. of $1.9 million to extent £St. is supplied. Additional O.D. to be completely reduced at end of agreement period.
Rumania	April 1, 1955-March 31, 1956	—	—	$0.4	$0.4	Commodity lists.	—	—	First postwar agreement with Rumania. Not an inter-governmental agreement, but rather a private compensation. Agreement between the private Swedish company SUKAB and the Rumanian State Corporation, Technoimport.
	January 1, 1956-December 31, 1956	—	—	$1.7	$1.7	Commodity lists.	—	—	Extension of private compensation agreement to calendar year 1956.
	January 1, 1957-June 30, 1957	—	—	$0.9	$0.9	Extended lists.	—	—	Extension of 1956 agreement for six months.
Mainland China	(1957)	Transferable SKr., £St., or other acceptable currency.	—	—	—	Commodity lists. No quotas.	—	—	Trade agreement. Most favored nation treatment in matters of tariffs and shipping.

SWITZERLAND

Bulgaria	January 1, 1947-December 31, 1947, and automatic renewal.	Account in Swiss francs for Bulgarian National Bank in Swiss National Bank.	—	—	—	Commodity lists.	—	—	Remains in force unless terminated on three months' notice.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
Bulgaria continued	January 1, 1954-December 31, 1954		—	—	—	—	—	—	1946 agreement remains in force, although quota lists have not been exchanged for several years.
	May 10, 1955-December 1, 1955	Clearing account.	—	—	—	Commodity lists.	—	—	New trade and payments agreement replacing that of 1946. 7% of Bulgaria's export earnings to go toward compensation payments for nationalized Swiss property in Bulgaria. Most favored nation treatment accorded.
	January 1, 1956-December 31, 1956		—	—	—	Renewed commodity lists.	—	—	Exchange of notes renewing 1954 agreement.
	—	Barter.	—	—	—	Commodity lists.	—	—	Barter agreement between a Bulgarian foreign trade enterprise and a Swiss company of cotton textiles for watches, signed September 13, 1956.
	January 1, 1957-December 31, 1957	Clearing account.	—	—	—	Renewed commodity lists.	—	—	Renewal without change of 1954 agreement.
Czechoslovakia	January 1, 1950-December 31, 1954 (renewable each year)	Account in Swiss francs in Swiss National Bank.	$2.3 (to Czechoslovakia)	$29.2 (1950)	$26.9 (1950)	Commodity lists (for 1950 year only).	—	—	Long-term trade and payments agreement, replacing agreement of September 25, 1948. 7% of Czech export earnings to go for compensation payments for nationalized Swiss property in Czechoslovakia.
	April 1, 1952-March 31, 1953		$2.3	$23.0	$23.0	Commodity lists.	—	—	—

Czecho-slovakia continued	April 1, 1953-March 31, 1954		$2.3	$23.0	$23.0	Commodity lists.	—	—	—
	April 1, 1954-March 31, 1955	Account in Swiss francs in Swiss National Bank.	$2.3 (to Czecho-slovakia)	$16.5	$13.1	Commodity lists.	—	—	Protocol to trade and payments agreement of December 22, 1949. Same 7% rule on compensation.
	April 1, 1955-March 31, 1956			$16.5	$13.1		—	—	Renewal without change of 1954 protocol.
	April 1, 1956-December 31, 1956			$12.0	$10.0	Extension of commodity lists.	—	—	Extension of 1954 protocol with 9/12 of the quotas.
	January 1, 1957-December 31, 1957			$16.5	$13.1	Renewal of commodity lists.	—	—	Renewal of 1954 protocol.
Hungary	June 27, 1950-June 30, 1955	Account in Swiss francs in Swiss National Bank.	$1.2	—	—	—	—	—	New trade and payments agreement, replacing agreement of 1946. Remains in force unless denounced with six months' notice. Included indemnification for nationalized property payments.
	October 1, 1951-September 30, 1952	Same as above.	$1.2	$11.5	$10.4	Commodity lists with quotas.	—	—	—
	October 1, 1952-September 30, 1953	Same as above.	$1.2	$6.9	—	Commodity lists.	—	—	—
	October 1, 1953-September 30, 1954	Same as above.	$1.2	$10.9	$10.9	Commodity lists.	—	—	—

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	October 1, 1954-September 30, 1955	Same as above.	$1.2	$10.9	$10.9	Commodity lists.	—	—	—
	October 1, 1955-September 30, 1956		$1.2	$10.9	$10.9	Commodity lists.	—	—	Renewal of 1950 agreement, with quotas.
	October 1, 1956-September 30, 1957			—	—		—	—	Renewal of 1950 agreement, with quotas.
	October 1, 1957-September 30, 1958			—	—		—	—	Renewal of 1950 agreement, with quotas.
North Korea	1957	—	—	$0.56 total		—	—	—	Contract between Tongmyon Company of Pyongyang and the Ernst Debranner Company of Switzerland.
Poland	July 1, 1949-June 30, 1954	Account in Swiss francs in Swiss National Bank.	$1.7 (first year)	$14.0 (first year)	$14.0 (slightly less)	Commodity lists.	—	—	New trade and payments agreement replacing that of 1946. Includes indemnification payments for compensation of Swiss nationalized property.
	July 1, 1951-June 30, 1952			$10.0	$9.5	Commodity lists with quotas.	—	—	—
	July 1, 1954-June 30, 1955			None.	None.	No commodity lists.	—	—	Renewal of 1949 agreement.

Poland continued	July 1, 1955-June 30, 1956			None.	None.	No commodity lists.	—	—	Renewal of 1949 agreement.
	July 1, 1956-June 30, 1957			None.	None.	No commodity lists.	—	—	Renewal of 1949 agreement.
Rumania	August 1, 1952-July 31, 1953	Account in Swiss francs in Swiss National Bank.	None.	$16.4	$16.0	Commodity lists.	Third currencies, unless otherwise specified.	—	Protocol to trade and payments agreement of August 3, 1951. Rumania agreed to $18.4 million for nationalized Swiss property.
	August 1, 1953-July 31, 1954			$8.7	$8.5			—	Protocol to 1951 agreement. Remains in force until terminated on three months' notice.
Soviet Zone of Germany	(Signed May 1957)	Barter.	—	$.15 total		—	—	—	Compensation agreement.
USSR	April 1, 1948-March 31, 1950	Payment in Swiss francs, unless parties agree to use of a third currency.	—	$28.0 (1948-1949)	$17.5 (1948-1949)	Commodity lists.	—	—	New trade agreement replacing that of 1941. Swiss also to deliver long-term goods valued at $18.7 million during 1949-1951. Agreement remains in force unless denounced with six months' notice.
	April 1, 1954-March 31, 1955		—	—	—		—	—	Annual tacit renewal of 1948 agreement. Lists have lost significance; trade conducted exclusively in form of private barter transactions.
	April 1, 1955-March 31, 1956		—	—	—		—	—	Annual tacit renewal of 1948 agreement.
	April 1, 1956-March 31, 1957		—	—	—		—	—	Annual tacit renewal of 1948 agreement.

SYRIA

Country	Period of Validity	Principal Means	Stated Swing Credit	*Total Agreement Trade:* Exports to Free World	Imports from Free World	Nature of Trade Accord	*Settlement:* Overdrawn Swing Credit	At Termination	Notes
USSR	April 3, 1956-April 2, 1957	Clearing accounts at Bank of Moscow and Bank of Syria and Lebanon in £St.	$.84	—	—	Commodity lists. No quotas.	£St.[1]	Goods.[2]	First postwar trade and payment agreement with most favored nation clause. Soviet commercial institutions may use Syrian Free Zones. [1] After one month—on demand. [2] For six months, then in £St. within one week. ATR.
Albania	September 9, 1956-September 8, 1957	—	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement. ATR.
Bulgaria	March 10, 1957-March 9, 1958 (June 2, 1956)	Payment in $US.	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement with most favored nation clause. Bulgaria to import at least 75% of the value of exports.
Czechoslovakia	March 27, 1953-March 26, 1954 (July 30, 1952)	Payment in free exchange agreed on by exporters and importers—in accordance with exchange control laws.	—	—	—	No commodity lists.	—	—	First postwar trade agreement with most favored nation treatment clause. Czechs to import at least 75% of the value of exports.
	March 27, 1954-March 26, 1955 March 27, 1955-March 26, 1956 March 27, 1956-March 26, 1957			—	—	—	—	—	Tacit renewals of July 30, 1952, agreement.

Czecho-slovakia continued	(May 3, 1957) For three years.	See above.		—	—	Commodity lists.	—	—	First long-term trade and payments agreement. For 30% of its imports, Syria is exempt from the hard currency provisions. ATR.
	(June 22, 1957)	—	—	—	—	—	—	—	Credit of £E 1.0 million at Czech National Bank opened by Egypt in favor of Syria for the purchase of Czech goods.
Soviet Zone of Germany	April 17, 1956-April 16, 1957 (November 27, 1955)	Clearing account at the Bank of Syria and Lebanon in £Syrian.	$.685	—	—	Commodity lists. No quotas.	£Syrian[1]	Goods.[2]	First postwar trade and payments agreement with most favored nation clause. [1] After one month. [2] For six months, thereafter in £Syrian in one month. ATR.
	(September 1956)	"Payment will be made through Egypt" (*sic*).	—	$3.36	—	—	—	—	No data to indicate if this is a separate agreement or a contract under the November 1955 agreement.
Hungary	December 28, 1956-December 27, 1957 (May 8, 1956)	Payment in $US.	—	—	—	Commodity lists. No quotas.	—	—	First postwar trade and payments agreement with most favored nation clause. Hungary is obligated to import 75% of the value of exports. Re-export of Syrian goods to Israel is prohibited.
Poland	(October 10, 1955) For one year after ratification.	Clearing accounts in both central banks in $US.	$.75	—	—	Commodity lists. No quotas.	$US.[1]	Goods.[2]	First postwar trade and payments agreement with most favored nation clause. [1] On demand. [2] For six months, thereafter in $US.
	(July 1956)	—	—	—	—	—	—	—	Trade agreement.
Rumania	(January 14, 1956)[1]	Clearing accounts in both central banks in $US.	$.3	—	—	Commodity lists. No quotas.	$US.[2]	Goods.[3]	First postwar trade and payments agreement with most favored nation clause. Rumania guaranteed the use of Syrian Free Zones. [1] Duration—18 days after ratification for one year. [2] On demand "within three months." [3] For six months, thereafter in $US. (No data on ratification.)

SYRIA, *continued*

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Rumania continued	(June 1956)	–	–	–	–	–	–	–	Trade agreement.
Mainland China	(November 30, 1955)[1]	Clearing account at the Bank of China in £St.	$.7	–	–	Commodity lists. No quotas.	£St.[2]	Goods.[3]	First postwar trade and payments agreement with most favored nation clause. [1] For one year after ratification. [2] Within 15 days. [3] For six months, thereafter in sterling.
	1957 (July 3, 1957)	–	–	–	–	Commodity lists.	–	–	Trade agreement.

TUNISIA

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR	July 1, 1957-June 30, 1958	Clearing accounts in both countries in Tunisian francs.	$.14	$1.86	$1.86	Commodity lists.	Negotiations.	Merchandise within six months, thereafter by transfer of hard currency.	First trade and payments agreement which Tunisia negotiated and concluded, independently of France, with the USSR. ATR, three months' notice. Provides for most favored nation treatment with exception of Tunisian agreements with France.
Bulgaria	August 1, 1957-July 31, 1958	[1]	–	$1.143	$1.143	Commodity lists.	–	–	First trade agreement which Tunisia has negotiated and concluded, independently of France, with Bulgaria. [1] In accordance with payments agreement between Bulgaria and French Zone of July 28, 1955. Each country will grant most favored nation treatment insofar as possible. This excepts Tunisian agreements under the Franco-Tunisian customs union.

TUNISIA, *continued*

Czechoslovakia	November 1, 1957-October 31, 1958	Clearing accounts in both central banks in $US.	$0.2	$1.9	$1.9	Commodity lists.	Negotiations.	Negotiations within one year; thereafter by transfer of third currencies or other acceptable means of payment.	First trade and payments agreement negotiated and concluded, independently of France, with Czechoslovakia. Each country will grant most favored nation treatment insofar as possible. This excepts Tunisian agreements under the Franco-Tunisian customs union. Balances in clearing accounts may be debited or credited by transfer of funds to or from third countries. ATR, three months' notice.

TURKEY

USSR	October 8, 1937-January 1, 1939	Accounts in both central banks in £St.	—	—	—		—	—	Trade and payments agreement.
	January 1, 1954-December 31, 1954			$.84	$.84	Commodity lists. No "ceiling."			Renewal of October 8, 1937, agreement.
	(November 12, 1954)	—	—	—	—	—	—	—	Expansion of above renewal.
	End of 1954			—	—	Commodity lists.			Special protocol.
	January 1, 1955-December 31, 1955			$0.84	$0.84	—			Renewal of October 8, 1937, agreement.
	(June 1955)			—	—	Commodity lists.			Trade protocol.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*At Termination*	*Notes*
USSR continued	January 1, 1956-December 31, 1956			$0.84	$0.84	—			Renewal of October 8, 1937, agreement.
Bulgaria	(February 1955)	—	—	£3.0	£3.0	Commodity lists.	—	—	Barter.
	March 10, 1955-March 9, 1956	Clearing accounts in Turkish Central Bank in $US.	$0.25	$2.5	$2.5	Commodity lists.	$US.	[1]	First postwar trade and payments agreement. Replaces agreement of March 1942. [1] Goods within six months, then by mutual agreement within three months.
	March 10, 1956-March 9, 1957			—	—				Extension of agreement of February 23, 1955.
	(October 1956)	—	—	—	—	Commodity lists.	—	—	Clearing agreement.
	March 10, 1957-March 9, 1958	[1]	$0.5	$2.0	$2.0	Commodity lists.			Protocol to agreement of February 1955. [1] "In order that payments be easier, changes were made in the payments arrangements."
Czechoslovakia	July 1, 1949-June 30, 1950	—	—	—	—	—	—	—	Trade and payments agreement, a protocol to the *modus vivendi* of April 30, 1934.
	July 1, 1954-June 30, 1955	Clearing account at Czech National Bank in Czech crowns.	$0.3	—	—	Commodity lists.		[1]	Protocol to the above protocol. [1] Goods within six months, thereafter in $US up to $1.5 million. ATR.

Czecho-slovakia continued	(November 10, 1950)	—	—	—	—	Commodity lists.	—	—	A "tobacco protocol" providing for Czech exports of consumer goods to offset Turkish tobacco exports. The deficit on this date was $1.4 million. It has been renewed yearly and runs concurrently with the trade protocols.
	July 1, 1955-August 31, 1956			—	—				Annual renewal of July 9, 1949, agreement.
	(August 16, 1956)	—	—	£T 32.2	—	—	—	—	Purchase agreement.
	September 1, 1956-August 31, 1957	Clearing account in Czech Central Bank in Czech crowns.	$3.47	—	—	Commodity lists.	—	1	Protocol amending trade and payments agreement of July 9, 1949. Renewal of "tobacco protocol." [1] Goods within six months, thereafter in gold, $US, or Swiss francs up to $1.5 million. ATR.
	(October 6, 1956)	—	—	—	—	—	—	—	Technical amendments to payments agreement and quotas.
East Germany	April 1, 1954-March 31, 1955	Clearing account at the Turkish bank in $US.	$2.5	$26.3	$26.3	Commodity lists with quotas.	—	—	Non-governmental agreement between KREDI BANASI A.S. and Deutsche Notenbank.
	April 1, 1955-April 30, 1955			—	—				Extension of the above agreement.
	May 1, 1955-June 30, 1956	Clearing account in Is Bankasi (Turkey) in $US.	$2.5	$26.15	$26.15	Commodity lists.	1	2	Agreement between Chambers of Commerce and German Chamber of Foreign Trade. Replaces agreement of April 1954, balances of which are transferred to a new account in the Turkish Is Bank. [1] Creditor will restrict import licenses until debtor has made payment. [2] By purchase of goods by creditor within six months, thereafter as decided by contracting parties.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
East Germany continued	June 30, 1956-June 30, 1957			$26.15	$26.15				Protocol to non-governmental agreement of April 1955.
Hungary	June 1, 1949-May 31, 1950 (March 12, 1949)	Clearing account at Turkish Central Bank in $US.	$2.0	—	$10.01	Commodity lists.	$US.	2	First postwar trade and payments agreement. 1 Total trade. 2 Goods within six months, thereafter in $US.
	(February 1, 1954)	—	—	—	—	—	—	—	Amendment to payments agreement. Swing credit increased.
	June 1, 1955-May 31, 1956			—	—				Renewal of May 12, 1949, agreement as amended.
	June 1, 1956-May 31, 1957			—	—				Renewal of May 12, 1949, agreement as amended.
Poland	August 1, 1948-July 31, 1949	Clearing accounts in both central banks in $US.	$0.5	$1.3	$1.3	Commodity lists.	$US, repurchasable within three months.	Goods in six months, thereafter in free currency.	First postwar trade and payments agreement.
	(November 1953)	—	—	—	—	—	—	—	Amendment to trade and payments agreement.
	August 1, 1955-July 31, 1956		$2.0	—	—				Annual renewal of July 18, 1948, agreement as amended.
	August 1, 1956-July 31, 1957			—	—				Annual renewal of July 18, 1948, agreement as amended.

TURKEY, *continued*

Rumania	February 6, 1954-May 31, 1954[1]	Clearing account in Turkish Central Bank in $US.	$0.4	$1.0	$1.0	Commodity lists.	[2]	[3]	Temporary trade protocol. [1] Or until a new agreement is reached, whichever is earlier. [2] Liquidated by special payments orders drawn up by the ministries of economy and trade. [3] Transferred to the new agreement, or, if none is reached, liquidated by July 31, 1954, by special payments orders.
	April 15, 1954-April 14, 1955 (April 5, 1954)	—	—	$13.25[1]		Commodity lists.	—	—	First postwar trade and payments agreement. [1] Not stated whether total trade or each way. ATR.
	April 15, 1955-April 14, 1956			—	—				Annual renewal of trade and payments agreement of April 5, 1954.
	April 15, 1956-April 14, 1957			—	—				Annual renewal of trade and payments agreement of April 5, 1954.

UNITED KINGDOM

USSR	(January 7, 1954)	—	—	—	—	—	—	—	Contract between the British Iron and Steel Corporation and the USSR for Soviet delivery of 100,000 tons of pig iron.
	(January 21, 1954)	From £ proceeds of Soviet exports, or gold.	—	—	$3.26	—	—	—	Contract for British export of sugar.
	(January 17, 1954)	From £ proceeds of Soviet exports, or gold.	—	—	$16.8	—	—	—	Contract between Brooke-Marine Ltd. and the USSR for the delivery of 20 British trawlers.

UNITED KINGDOM, *continued*

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
USSR continued	(May 19, 1954)	From £ proceeds of Soviet exports, or gold.	—	—	$19.6	—	—	—	Contract between Platt Brothers and the USSR for delivery of British textile machinery.
	(September 21, 1955)	Barter.	—	—	—	—	—	—	Barter of 1,500 pieces of tweed cloth from Scottish Cooperative Society for Wholesale Purchase for 5,000 tons of wheat from the Central Union of Co-operatives of the USSR.
	(August 1956)	Barter.	—	—	—	—	—	—	Barter of wool cloth from Scottish Co-operative Wholesale Society against wheat from Central Union of Co-operatives of the USSR.
Bulgaria	October 1, 1955-December 31, 1957	—	—	$4.2 (1955-1956 year)	$7.0 (1955-1956 year)	Commodity lists.	—	—	First postwar trade and payments agreement. To offset imbalance in deliveries, Bulgaria will pay off British financial claims at rate of $1.1 million annually.
	October 1, 1956-September 30, 1957			$4.2	$7.0				Protocol to 1955 agreement.
	October 1, 1957-September 30, 1958			$4.2	$7.0				Extension of 1956 protocol.
Czechoslovakia	August 19, 1949-August 18, 1951	£St.	—	—	—	—	—	—	"Sterling payments agreement" replaces "monetary" agreement of November 1, 1945. Has been renewed through December 31, 1959.

Czecho-slovakia continued	September 28, 1949-June 30, 1954	£St.	—	$16.1[1] (1949-1950 year)	$4.3 (1949-1950 year)	Commodity lists.	—	—	Trade and financial (indemnification) agreement. Includes indemnification agreement for payment to U.K. of $42 million over five years for British property claims. [1] Also $5.6 million to British colonies.
	July 1, 1950-June 30, 1951			$34.3	$4.3 plus	Commodity lists.			According to terms of 1949 agreement.
	July 1, 1951-June 30, 1952			$34.3	$4.3 plus	Commodity lists.			According to terms of 1949 agreement.
	July 1, 1952-June 30, 1953			$16.1	$4.2	Commodity lists with quotas.			Protocol to trade and financial agreement of 1949.
	July 1, 1953-June 30, 1954			$34.3	$4.3 plus				Protocol to trade and financial agreement of 1949.
	January 1, 1957-December 31, 1959	£St.	—	$22.4 (1957)	$15.4 (1957)	Commodity lists.	—	—	Replaces 1949 agreement and extends sterling payments agreement of 1949. Trade not to be restricted to commodities specified in lists. 7% of Czech export earnings for repayment of indemnification claims.
	January 1, 1958-December 31, 1958			$22.4	$15.4	Commodity lists.			According to 1957 agreement.
	January 1, 1959-December 31, 1959			$22.4	$15.4	Commodity lists.			According to 1957 agreement.
Hungary	September 1, 1954-August 31, 1955	£St.	—	$15.4	$14.0	Commodity lists.	—	—	New trade agreement and protocol to 1946 payments agreement.

UNITED KINGDOM, *continued*

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	June 27, 1956-June 26, 1959	£St.	—	—	—	Commodity lists.	—	—	New trade and indemnification agreement and protocol to 1946 payments agreement. 6½% of Hungarian export sterling proceeds to be credited toward indemnification payments, total of which amounts to $12.6 million.
	July 1, 1957-June 30, 1958			—	—				Extension of 1956 agreement.
Poland	January 1, 1954-December 31, 1956	£St.	—	—	—	Commodity lists.	—	—	New trade agreement replacing 1949 agreement and extending 1948 payments agreement. Poland to pay $15.3 million in settlement of U.K. financial claims and compensation for nationalized property claims.
	January 1, 1956-December 31, 1956			—	—				Protocol to 1954 agreement.
	January 1, 1957-December 31, 1959			—	$44.1 (1957)	Commodity lists.			New trade agreement, replacing that of 1954, and protocol to 1948 payments agreement.

URUGUAY

USSR	July 28, 1954-July 27, 1956	Clearing account in the Central Bank of Uruguay in £St.	—	$22.4	$22.4	Commodity lists.	—	—	Inter-central bank agreement. Uruguay to buy $5.6 million initially and in lots of $0.56 million thereafter.

USSR continued	July 28, 1956-July 27, 1957			—	—				Tacit renewal of inter-bank exchange agreement of July 1954.
	Two years (August 11, 1956)	Clearing accounts in both central banks in $US.	$4.0	—	—	—	By negotiation for first three months.[1]	Goods or $US within nine months, thereafter only in $US.	First governmental trade and payments agreement. [1] Thereafter in $US for balances in excess of $2.0 million. After one year, liquidation through negotiations. If negotiations do not start in 60 days or there is not agreement in 90 days, payment in $US temporarily. Agreement remains in force until terminated.
Bulgaria	(October 1956)	—	—	—	—	—	—	—	Inter-bank agreement.
Czechoslovakia	July 24, 1954-July 23, 1955	—	—	$5.0	$5.0	—	—	—	One-year extension to the agreement between both central banks. Information on the basic agreement is not available.
	July 24, 1955-July 23, 1956			—	—				Assumed renewal of above agreement.
	July 24, 1956-July 23, 1957			—	—				Assumed renewal of above agreement.
East Germany	June 29, 1954-June 28, 1955	Clearing accounts in both central banks in $US.	$6.0 (*sic*)	$6.0	$6.0	Commodity lists.	—	—	Monetary exchange agreement between both central banks. Import quotas in lots of $2.0 million to be opened by Uruguayan bank. German credit in the account must be sufficient to pay for Uruguayan imports at all times. Annual tacit renewal for agreement.
	June 29, 1955-June 28, 1956			—	—				Annual tacit renewal of June 1954 agreement.
	September 13, 1956-December 31, 1957	—	—	—	—	—	—	—	Payments agreement between both national banks, replacing agreement of June 29, 1954.

Country	Period of Validity	Principal Means	Stated Swing Credit	Total Agreement Trade: Exports to Free World	Total Agreement Trade: Imports from Free World	Nature of Trade Accord	Settlement: Overdrawn Swing Credit	Settlement: At Termination	Notes
Hungary	(Prior to October 1952)	—	—	—	—	—	—	—	Inter-banking payments agreement.
	One year (October 16, 1952)	—	—	$1.4	—	Commodity lists.	—	—	Import quotas opened by Uruguay. Assumed to be under the above agreement.
	1954 1955 1956 1957			—	—				Renewals of the above payments agreement.
Poland	April 24, 1953-April 23, 1954	Clearing account in Uruguayan Central Bank in $US.	—	$2.5	—	—	—	Goods.[1]	First postwar agreement between central banks. [1] Only balances in favor of Poland mentioned.
	April 24, 1954-April 23, 1955			—	—				Annual tacit renewal of April 1953 payments agreement.
	April 24, 1955-April 23, 1956			—	—				Annual tacit renewal of April 1953 payments agreement.
	April 24, 1956-April 23, 1957			—	—				Annual tacit renewal of April 1953 payments agreement.
	(January 1957)	—	—	—	—	—	—	—	Payments agreement.

YEMEN

USSR	(March 8, 1956)	—	—	—	—	Commodity lists.	—	—	First trade agreement.
Czecho-slovakia	(July 5, 1956)	—	—	—	—	Commodity lists.	—	—	First trade agreement.
East Germany	(July 2, 1956)	—	—	—	—	—	—	—	First trade and payments agreement.

YUGOSLAVIA

USSR	October 1, 1954-December 31, 1954	Clearing accounts in both central banks in $US.	$0.5	$2.5	$2.5	Commodity lists.	—	1	Formal barter agreement between Yugoslavian Chamber of Commerce and the USSR, first since Cominform break. 1 After March 31, 1955, within two months in goods; thereafter by immediate transfer of $US.
	January 1, 1955-December 31, 1955	Same as above.	$3.0	$10.0	$10.0	Commodity lists with quotas.	—	Within six months by merchandise, thereafter by negotiation.	First trade and payments agreement between two since Cominform break. ATR, three months' notice.
	July 30, 1955-December 31, 1955			$6.0	$6.0		—		Supplement to above.
	October 3, 1955-December 31, 1955			$4.0	$4.0		—		Supplement to above.
	January 1, 1956-December 31, 1956			$35.0	$35.0	Commodity lists.	—		Protocol to trade and payments agreement. See above.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
USSR continued	June 6, 1956-December 31, 1956			$20.0	$20.0	Commodity lists.	—		Supplement to protocol of January 6, 1956, within framework of the trade and payments agreement of January 5, 1955.
	1957 (signed February 20, 1957)	—	—	$18.0	None.	Commodity lists.	—	—	Protocol to long-term commodity credit protocol of February 2, 1956.
	1957 (signed February 26, 1957)	—	—	$7.5	None.	—	—	—	Protocol to the Protocol on Co-operation and Development of Industrial Enterprises in Yugoslavia of August 2, 1956. Permits use of credit to Yugoslavia for purchase of equipment for industry and agriculture.
	January 1, 1957-December 31, 1957	—	$5.0	$56.0	$56.0	Commodity lists.	—	—	Protocol to trade and payments agreement of January 5, 1955.
	1958-1960	—	$5.0	None.	None.	Commodity lists. No quotas.	—	—	First long-term trade agreement with the Soviet Union "based on the principles contained in protocol of September 1, 1955."
	January 1, 1958-December 31, 1958	—	$125.0 total			—	—	—	Protocol to trade agreement of 1957 trade agreement and 1955 payments agreement.
Albania	May 17, 1955-December 31, 1955	Clearing accounts in both central banks in $US.	$.1	$.75	$.75	Commodity lists with quotas.	—	Merchandise within six months, thereafter by negotiations.	First trade and payments agreement. Trade agreement, ATR, three months' notice. Payments agreement, ATR.

Albania continued	January 1, 1956-December 31, 1956			$.75	$.75	Commodity lists.	—		Protocol to above.
	January 1, 1957-December 31, 1957			$1.0	$1.0		—		Protocol to above.
	January 1, 1958-December 31, 1958			$1.5	$1.5	Commodity lists.	—		—
Bulgaria	(Signed November 12, 1954)-December 31, 1954	Barter.	—	$.5	$.5	Commodity lists.	—	—	Non-governmental trade accord. First between two since Cominform break in 1948.
	April 1, 1955-March 31, 1956	Clearing accounts in both central banks in $US.	$.5	$2.5	$2.5	Commodity lists with quotas.	—	Merchandise within six months, thereafter by negotiations.	First trade and payments agreement between two since Cominform break in 1948. ATR, three months' notice.
	One year (signed March 16, 1955)	—		—	$3.0	—	—	—	Protocol providing for Bulgarian deliveries of goods to Yugoslavia as repayment for debt incurred by the Bulgarian railways; covering the period January 1, 1949-December 31, 1949.
	January 1, 1956-December 31, 1956		$1.0	$4.5	$4.5	Commodity lists with quotas.	—		Protocol to 1955 agreement. Provides for most favored nation treatment.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Bulgaria continued	One year (signed February 10, 1956)	—	—	$3.0	—	—	—	—	Protocol implementing the provisions of the debt accord of March 16, 1955.
	January 1, 1957-December 31, 1957			$3.5	$3.5		—		Protocol to 1955 agreement as amended in 1956 agreement.
	(July 1957)			$.5	$.5		—		Supplement to 1957 protocol.
	January 1, 1958-December 31, 1958			$14.0 total			—		Protocol to above agreement.
Czechoslovakia	(Signed August 10, 1954)-December 31, 1954	Barter.	—	$3.5	$3.5	Commodity lists.	—	—	Non-governmental trade accord. First between two since Cominform break in 1948.
	January 1, 1955-December 31, 1955	Clearing accounts in both central banks in $US.	$3.0	$13.5	$13.5	Commodity lists with quotas.	—	Within six months by merchandise, thereafter within six additional months by gold or free currency upon demand.	First trade and payments agreement since Cominform break in 1948. ATR, three months' notice.

Czecho-slovakia continued	(Signed February 11, 1956) A—three years; B—five years.	Accounts in $US.	—	—	—	—	—	—	Czechoslovak extension of long-term credit to Yugoslavia. A—Industrial and consumer goods credit to be drawn upon during a period of three years in the amount of $25.0 million. B—Investment equipment credit to be utilized during a period of five years in the amount of $50.0 million. Repayment in 10 years by deliveries of goods; at 2% per annum, beginning after the draw-down period.
	January 1, 1956-December 31, 1956			$13.0	$13.0		—		Protocol to 1955 agreement.
	January 1, 1957-December 31, 1957			$12.0	$12.0		—		Protocol of 1955 agreement. Special provision: Provides for transit of Czech goods through Yugoslavia.
	(Signed February 14, 1957)-"as soon as possible."	—	—	$4.6	—	—	—	—	In order to eliminate the debit balance incurred by heavy utilization of Yugoslav transport services, Czechoslovakia undertakes to deliver "various goods" to Yugoslavia.
Hungary	(Signed May 22, 1954)	Barter.	—	$2.5	$2.5	Commodity lists.	—	—	Compensation agreement. First trade accord since Cominform break.
	January 1, 1955-December 31, 1955	Clearing accounts in both central banks in $US.	$1.8	$7.0	$7.0	Commodity lists with quotas.	—	Within six months by merchandise, thereafter by negotiation.	First trade and payments agreement between two since Cominform break. ATR, three months' notice. Special provision: Provides for Hungarian transit trade through Yugoslavia.
	July 1, 1956-December 31, 1957	Same as above.	$2.5	$20.0	$20.0	Commodity lists.	—	—	New trade and payments agreement. $2.0 million of Hungarian target is to pay for the transit of Hungarian goods through Yugoslav port of Rijeka.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Hungary continued	1957-1958 (signed April 30, 1957)	—	—	—	$2.0	Commodity lists.	—	—	Long-term agreement implementing the announcement of January 11, 1957, whereby Yugoslavia agreed to extend credit and "certain facilities in mutual trade exchange" to enable Hungary to purchase raw materials in that country. In addition, a credit of $10.0 million was extended by an accord signed the same day, by which the Yugoslavs agreed to deliver $10.0 million worth of goods to Hungary during 1957 to be repaid in kind during 1959-1961, in effect postponing half of the $20.0 million annual Hungarian debt (the amount of the $85.0 million reparations claim due this year, arising from damages incurred by Yugoslavia, caused by the Cominform break).
Poland	January 1, 1955-December 31, 1955	Clearing accounts in both central banks in $US.	$2.0	$7.5	$7.5	Commodity lists with quotas.	—	Merchandise within six months, thereafter by mutual agreement.	First trade and payments agreement since Cominform break in 1948. ATR, three months' notice.
	January 1, 1956-December 31, 1956			$14.0	$14.0		—		Protocol to above.
	1956-1958 (signed January 1, 1956)	—	—	$20.0	—	Commodity lists.	—	—	Agreement implementing the general economic accord of November 14, 1955, whereby Poland extends a long-term credit to Yugoslavia for the purchase of industrial and transport equipment. Provides for utilization over a three-year period and for repayment over a six-year period beginning in 1959, at 2% interest.

Poland continued	1956-1960 (signed August 17, 1956)	—	—	—	—	—	—	—	Contract between the Polish Firm Centramer and representatives of the Split shipyard of Yugoslavia. Yugoslav exports: four 12,800-ton trampers (two in 1959 and two in 1960). Ships not included in trade agreement lists or under the credit.
	January 1, 1957-December 31, 1957			$15.5	$15.5	Commodity lists.	—		Protocol to 1955 agreement.
	July 1, 1957-December 31, 1957			$4.65	$4.65	Commodity lists.	—		Supplement to above protocol.
	1958-1960	—	—	(1958) $54.0 total		—	—	—	Long-term trade agreement.
	1961-1962 (signed May 1957)	—	—	—	—	—	—	—	Contract between Polish Ocean Lines and Split shipyard of Yugoslavia. Yugoslavia to deliver two 20,000-ton tankers in 1961 and 1962.
Rumania	January 1, 1955-December 31, 1955	—	—	$6.0	$6.0	Commodity lists with quotas.	—	—	—
	April 1, 1955-March 31, 1956	Clearing accounts in both central banks in $US.	$.9	$3.0	$3.0	Commodity lists.	—	Merchandise within six months, thereafter within three additional months by mutual agreement.	First trade and payments agreement between two following Cominform break. ATR, three months' notice.

Country	*Period of Validity*	*Principal Means*	*Stated Swing Credit*	*Total Agreement Trade: Exports to Free World*	*Total Agreement Trade: Imports from Free World*	*Nature of Trade Accord*	*Settlement: Overdrawn Swing Credit*	*Settlement: At Termination*	*Notes*
Rumania continued	January 1, 1956-December 31, 1956	Same as above.	$1.2	$5.5	$5.5	Commodity lists.	—	Same as above.	New trade and payments agreement. ATR, three months' notice. Special provision: Manufacturing deals and compensation deals may be concluded on approval of both parties.
	January 1, 1957-Indefinite.	Same as above.	$1.2	—	—	—	—	Same as above.	New trade and payments agreement. May be terminated on six months' notice. Permits "finishing" (processing) and compensation transactions.
	January 1, 1957-December 31, 1960	Same as above.	$1.2	[1]	[1]	Commodity lists.	—	Same as above.	Long-term protocol on the exchange of goods. [1] $7.0 million each way minimum for the first year up to $9.0 million minimum for the last year.
	January 1, 1957-December 31, 1957		$1.2	$8.0	$8.0	Commodity lists.	—		Protocol to above agreement.
Mainland China	February 17, 1956-December 31, 1956	Clearing accounts in both central banks in £St.	$2.8	$7.0	$7.0	Commodity lists.	£St. or Swiss francs.	Merchandise within three months, thereafter by convertible £St. or Swiss francs within three months.	First trade and payments agreement. ATR, three months' notice. Provides for most favored nation treatment. Actual sales contracts will be concluded directly between commercial enterprises involved.
	January 1, 1957			$9.8	$9.8				Protocol to above.

Soviet Zone of Germany	(Signed August 25, 1954)-June 30, 1955	Barter. Accounts in terms of $US counterpart (non-transferable).	—	$2.0	$2.0	Commodity lists.	—	—	Non-governmental global compensation agreement; the first accord between two since Cominform break in 1948. Renewal or denouncement to be determined not later than April 30, 1955. Transactions outside of compensation agreement and re-export transactions require the consent of both parties. Provision is made for examination of proposals regarding processing of raw materials and semi-finished goods.
	(Signed September 22, 1955)-December 31, 1955		—	$1.0	$1.0		—	—	Extension of above. Contracts may be made through December 31, 1955. Payments arrangements remain in force through January 31, 1956. Deliveries may be made through March 31, 1956.
	March 1, 1956-June 30, 1956		—	$1.5	$1.5		—	—	Extension of above.
	July 1, 1956-December 31, 1956		—	$5.0	$5.0		—	—	Extension of above.
	January 1, 1958-December 31, 1958	—	—	$24.8	$24.8	Commodity lists.	—	—	First governmental trade and payments agreement.

APPENDIX TABLE II

Sino-Soviet Long-Term and Intermediate-Term Credits to Free World Countries, January 1953-January 1958

Bloc Country and Loan Recipient	*Date*	*Amount*	*Terms of Repayment*	*Purpose*
USSR-Afghanistan	January 1954*	$3.5 million	3% repayable in 5 yrs. starting 1957, in commodities.	2 grain elevators; 3 electric flour-grinding mills. Bread-baking factory: completion 1956.
	July 1954	$1.2 million	Repayment in cotton and other products.	Oil storage tanks and pipelines from Uzbek USSR to Mazar-i-Sharif.
	August 1954	$2.0 million	N.A.	Road-building equipment.
	December 1954	N.A.	N.A.	Cotton refinery equipment.
	May 1955*	$2.1 million	No interest.	Asphalt factory, cement plant, pave streets of Kabul.
	January 1956	$100.0 million	2% repayment after 8 yrs. in 22 equal installments in goods.	Military equipment (perhaps 40%), improvements of transportation facilities, industrial plant equipment, irrigation works.
USSR & CSR-Afghanistan	Summer 1956	$25.0 million	N.A.	Small arms, artillery, aircraft.
USSR-Argentina	August 1953*	$30.0 million Reduced in May 1955 to $4.0 million	Virtually none of the credit was utilized as of early 1956.	Capital goods purchases.
USSR-Burma	December 1956* (offered in December 1955)	N.A.	Repayment in rice over a period of years.	1. Building and equipping technological institute, Rangoon. 2. Industrial enterprises, irrigation and agricultural equipment.
	April 1956	N.A.	Repayment in rice.	Hospital, theater, sports stadium.
	January 1958*	$7.0 million	Irrigation loan in 12 yrs. at 2½% interest. Factory loan in 5 years at 2½% interest.	2 loans, one for 2 irrigation dams, the other for a farm implement factory.
USSR-Egypt	February 1956*	N.A.	N.A.	Nuclear physics lab at Cairo.

TABLE II, *continued*

USSR & CSR-Egypt	September 1956*	$225-$250 million	Credit against cotton shipments. 7-10 year repayment.	1. Tanks, planes, subs, ships, arms. 2. Training for Egyptian armed forces.
	November 1957*	$175.0 million	2½% in 12 years in Egyptian goods or cash.	Economic Development Project.
USSR-Finland	February 1954*	$10.0 million	2%; 10 years; gold or free exchange.	Cover Finnish exchange difficulties.
	January 1955*	$10.0 million	2%; 10 years; gold or free exchange.	Cover Finnish exchange difficulties.
USSR-India	October 1955*	N.A. (Possibly credit)	N.A.	Contract for equipment of steel file and rasp plant.
	December 1955*	$0.5 million	N.A.	20 drilling rigs for coal-mining.
	March 1956* March 1956 May 1956 June 1956	$231 million (Total ultimate cost) $115.5 $16.8 $5.0	2.5%; 12 equal annual installments. Payment in rupee account for purchase of Indian goods. Balance convertible to sterling.	Construction and equipping of steel plant at Bhilai.
	May 1956*	$1.554 million	N.A.	2 oil-drilling rigs.
	May 1956*	$.8 million	N.A.	1 oil-drilling rig.
	June 1956*	$10.0 million	Payment in industrial diamonds.	Diamond-mine equipment and survey.
	November 1956*	$126.0 million	2.5%; repayable in 12 yrs. in Indian goods.	Machinery, coal-mining equipment, fertilizer plant, and oil refinery.
	November 1956* (reportedly signed)	$63.0 million	N.A.	Petroleum equipment.
USSR-Indonesia	September 1956*	$100.0 million	2.5%; repayable in 12 annual installments starting after 3 yrs. in $US, sterling, or raw materials.	Construction of industrial plants.

TABLE II, *continued*

Bloc Country and Loan Recipient	*Date*	*Amount*	*Terms of Repayment*	*Purpose*
USSR-Sudan	April 1956	N.A.	Repayable in Sudanese products.	General economic and technical aid.
USSR-Syria	March 1956 (unconfirmed report)	N.A.	N.A.	Grain stores, oil refinery, cement factory.
	N.A.	$40-$44.0 million	N.A.	Arms and ammunition.
	October 1957*	$170.0 million	2½% in 12 years in Syrian products or convertible currencies.	Available for period of 7 years. For irrigation projects, capital goods, road-building, etc.
USSR-Yemen	June 1956	N.A. (Unconfirmed report)	10 yrs. No interest charged; coffee.	Construction of roads, parts, factories.
USSR-Yugoslavia[1]	January 1956*	$110.0 million	2% interest, 10 yrs.	Construction and equipping plants in the extractive industries.
	February 1956*	$54.0 million	2%; 10 yrs., beginning January 1, 1959.	Commodity credit to buy Russian goods.
	February 1956*	$30.0 million	2%; 10 yrs., beginning January 1, 1959.	Gold loan for use 1956-1958.
USSR & East Germany-Yugoslavia[1]	August 1956*	$175.0 million	2%; partial repayment in aluminum.	Development of aluminum industry.
Czechoslovakia-Afghanistan	August 1954*	$5.0 million	3%; 8 yr. loan, repayable in goods over 5 yrs. starting 1957.	Cement plants, factory equipment, agricultural and industrial equipment.
CSR-Argentina	1952 or 1953	N.A.	N.A.	Construction of distillery for corn alcohol.
	January 1955*	$15.0 million	N.A.	Purchase of capital goods.
CSR-Ceylon	August 1956*	N.A.	3%; 8 yrs.	General economic aid. Sugar refinery in Kantalai and survey on the possibilities of constructing a cement plant.
CSR-Egypt	December 1955	$.56 million	N.A.	Ceramics plant.
	March 1956	N.A.	N.A.	Cement plant.

TABLE II, *continued*

CSR-Iceland	August 1956*	$1.75 million	N.A.	For purchase of hydroelectric machinery.
CSR-India	January 1958*	$63.0 million	First payments on loan will be deferred 3 yrs.	Construction of a foundry at Ranchi, Bihar.
CSR-Indonesia	May 1956	$1.6 million	4%; 5 yrs.	Various industrial projects.
CSR-Paraguay	1955	$15.0 million	N.A.	Purchase of capital goods.
CSR-Syria	March 1956*	$56-$60 million	N.A.	Arms and ammunition.
	N.A.	$10.0 million	N.A.	Petroleum refinery.
CSR-Yugoslavia[1]	February 1956	$50.0 million	N.A.	Investment credit to construct plants and equip them.
	February 1956	$25.0 million	N.A.	Commodity credit to purchase Czechoslovakian products.
East Germany-Iceland	N.A.	N.A.	N.A.	For purchase of five East German fishing vessels. Expected to be delivered in 1957.
East Germany-India	August 1956	$6.3 million	N.A.	Establishment of raw-film manufacturing plant.
East Germany-Indonesia	February 1955	$9.2 million	6 yr. repayment in raw materials.	Sugar mill and transport equipment.
Hungary-Egypt	June 1955 (report)	N.A.	N.A.	Construction of seven bridges.
	December 1955 (unconfirmed)	N.A.	N.A.	Electric power-plant equipment.
	January 1956 (unconfirmed)	$2.87 million	Repay in cotton and Egyptian currency.	Construction of electric power-plant.
Poland-Egypt	December 1955	N.A.	N.A.	Enamelware factory.
Poland-India	June 1955	$5.0 million	N.A.	2,500 railway cars.
Poland-Yugoslavia[1]	November 1955	$20.0 million	2% interest.	Equipment for factories, mines, and transportation facilities.
Rumania-India	March 1956	$.9 million	N.A.	Oil-drilling rig.

TABLE II, *continued*

Bloc Country and Loan Recipient	*Date*	*Amount*	*Terms of Repayment*	*Purpose*
Rumania-Indonesia	March 1955	N.A.	N.A.	Installation of cement plant.
Mainland China-Burma	January 1958*	$4.0 million	N.A.	Textile factory.
Mainland China-Yemen	January 1958*	$16.0 million	10 yr. loan in Swiss francs.	For Chinese construction of a 300-mile road, textile mill, aluminum factory, cigarette factory, and several other small plants.

* An asterisk indicates the date is that of the agreement signature rather than that of actual transactions.

1 In early 1957, the Soviet Union proposed postponing deliveries involving probably $250 million in loans until after 1960. After an improvement of relations between the two countries, delegates met in July 1957, and a compromise agreement was reached whereby some of the commitments would be honored as originally agreed, while some would be delayed.

Source: Credit provisions and related information in this table were taken from "Foreign Assistance Activities of the Communist Bloc and Their Implications for the United States," a study prepared for the Special Committee to Study the Foreign Aid Program, March 1957, *New York Times*, January 4, 1958, and other press reports.

The total of known Bloc credits here entered undoubtedly represents a minimum figure, since for a sizable number of specific credit extensions or offers, no quantitative information on amount of credit was revealed. Though many of these credit arrangements appear to cover fairly modest-sized projects, in aggregate they may represent as much as $100-$200 million additional bloc credits to Free World countries.

Only those arrangements where the definite existence of a credit is known are included. Thus grants, economic and technical aid given free, and the like are excluded.

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