

Since the Korean war began the Western Powers have drastically reduced what trade they maintained with the Soviet bloc—but this did not meet, until last month, with the protests which an action harmful to the Soviet economy would have produced. And secondly, according to this version, evidence exists of the reason for this change of Soviet policy towards East-West trade, to the effect that the Soviet Union is unable to fulfil her commitments, undertaken in successive trade agreements since 1950, to supply China with machinery'. To maintain the flow of new tractors to China, it is further stated, the Soviet Union is having to forego replacements on its own collective farms and tractor stations. Replacements consist of reconditioned tractors which would normally have been scrapped.

At the back of it, according to Whitehall's Soviet experts, the main reason for Soviet inability to meet foreign trade commitments, and the consequent need of American machinery, is the falling off in the productivity of Soviet labour. There are, besides, shortage of scrap which has reduced the production in Soviet metallurgical industry, growing strain on her railway system carrying traffic to and from the Far East: and so on. Assuming, however, that Soviet proposals for free trade are aimed mainly at relieving its own economical distress, what of it? After all, trade is for mutual advantage and if its position so desperate, the bargain strength of the others will be so much greater. The ultimate question here as elsewhere is whether two systems so diametrically opposed can exist side by side peacefully. Those who believe they can, or think it their business to hold the balance between the two, will hardly be convinced that withholding trade from any one group is the price they will have unnecessarily to pay for security. A foreign policy of neutrality cannot be reconciled with such self-imposed restraints on spheres of trading. In this respect all the countries of South East Asia, in so far as they are free to choose, are in the same camp with India and Singapore was certainly the right place to press the demand. It is not for nothing that the ECAFE, on which Soviet Union is represented is gradually being by-passed by the setting up of the Commonwealth Consultative Committee at Colombo. The Colombo Plan is itself the greatest rebuff to the Economic Commission for Asia and the Far East, even though the latter by a United Nations agency.

Indian Tobacco In Britain

A HOPEFUL feature about the Indian tobacco in the British market is the reluctant acceptance of our Agmark grading by British Duyers, But the bulk of our tobacco exports still go on consignment basis as baling and packing has to be greatly improved to induce the British importer to place firm order, observes the Commerce Department of the High Commissioner for India in London, in their report on the post-war position of Indian exports to UK. Packing in jute bags, it is complained, spoils the quality as the contents lose colour and suffer badly in course of shipment. If packed in wooden cases, the quality and colour would be better preserved.

Another interesting development is the netting up of a factory jointly financed by UK and Indian firms to manufacture cigarettes using mostly Indian tobacco. The restricted imports of American tobacco has also led to a greater percentage utilisation of Indian tobacco and in some popular brands, the proportion of Indian tobacco now ranges between 20 to 30 per cent, compared to only 2½ per cent before the war. But there is no likelihood

high price, provided they get the right quality. The lack of quality control and absence of attractive boxes and wrappings provides an opportunity for enterprising manufacturers to establish their brand in the British market. It is a pity that the proposition has not attracted private enterprise yet.

The same report draws attention to the steady decline in the position of India as an exporter of manganese ore to UK, her share in 1950 having declined to 25.5 per cent of the total, compared with 84 per cent in 1918, so largely has the Gold Coast replaced India in this field of exports.

The British manufacturers, however, still prefer Indian manganese ore because of its better quality and high metal content. The c.i.f. costs are comparatively high, the biggest being the high sea freight rate. Besides Gold Coast, South Africa has also been developing her manganese resources on a large scale, and her costs are lower. So it is apprehended that before long, she too will be a powerful competitor though up till now, Indian exports still exceed those from South Africa. The figures of imports into Britain are as follows;

IMPORTS OF MANGANESE ORE INTO UK

Eight months ended August 31 (in tons)

	1949	1950	1951
From Gold Cost	150,977	132,398	138,636
From Union of South Africa ..	49,145	63,285	44,730
From India	75,386	71,758	75,159
Total (including others) ..	308,920	273,350	261,418

of a market for Indian cigarettes in Britain. This is rather a surprising statement considering that many wellknown brands of cigarettes are now being manufactured by the Imperial Tobacco Co. in their factories in India and are being exported to Australia and other countries where they meet no sales resistance.

Along with the increased exports of raw tobacco from India, cigars have been losing ground; though compared to pre-war (80,000 lbs. in 1938) the exports are still no; too bad. The decline in exports of Indian cigars from 48,000 lbs. in 1947 to 9,000 lbs. in 1948, however, is drastic even though British imports of cigars generally showed a big fall during the year.

If packing and marketing stand in the way of expanding exports of raw tobacco from India, how much more they would be an obstacle for a luxury article like cigars for which discriminating smokers are prepared to pay a very

Exports of manganese appear to show very wide fluctuations from year to year. There has also been a marked diversion of exports to US, exports to UK being only 68,000 tons during the year ending March 1951 as compared to 3,55,000 tons to USA for the same period. For the first three months of the current financial year, the latest period for which figures are available at this end, manganese exports seems to have declined sharply. The fall has been far greater in the case of exports to US than to UK, the exports having dropped from 1,51,000 tons in the first three months ending June last year to 80,000 in the case of US and from 14,638 tons to 2,803 in the case of UK for the comparable periods. Such a decline calls for an explanation which could be nothing other than the freshly developed bottleneck in transport, following large scale movements of the imported food-grains. Later figures, however, suggest restoration to normal.