

*From the London End***East-West Trade Prospects**

THE Eighth Annual Session of the UN Economic Commission for Europe now meeting at Geneva has adopted a French resolution calling for East-West Trade Talks and for the convening of a meeting for this purpose on April 13th in Geneva. Behind this decision lies a whole comedy of errors lasting for over six months. At the Seventh Session of the ECE in March last year, the participating Governments unanimously expressed their belief that the extension of East-West trade would benefit all European countries and in May the Executive Secretary, Dr Gunnar Myrdal sought the views of a number of Governments on the possibility of a consultation of the kind referred to at the Commission's session. A number of Governments agreed to the consultations, but the most important of them, the Soviet and the East European countries, did not reply until January this year.

Now that it has been agreed to call a meeting to discuss principally the question of East-West trade, it will mean that on April 13th, all countries will come with prepared lists of import requirements and export availabilities. Mr Arutiunian, the Soviet spokesman, has already emphasised that trade<sup>1</sup> can be developed "on condition the West can supply appropriate counter-deliveries". The discussion on the French resolution is illuminating. It indicates that some of the Western countries are concerned just now in finding new markets. The discussion was kept up at a level which makes one forget that we are supposed to be in the midst of a cold war. Lord Reading, the British Under-Secretary for Foreign Affairs, in supporting the French resolution, said that he was "greatly encouraged by the remarks of the Soviet delegate". To him, there was no "economic blockade" against the Communist countries and whatever restrictions existed in Britain, these were in accordance with balance of payments and "other considerations". It more trade with the East is possible, concluded Lord Reading, "we shall rejoice".

The United States delegation was without its head. The failure of Mr William Draper, the US representative in Europe, to make an

appearance, it was reported in the press, indicated "a clear sign of American displeasure". It could not have been otherwise. A few days earlier the Mutual Security Administration had issued a seven-point programme aimed at limiting the flow of goods to the Communist countries, thereby attempting to make the US Battle<sup>1</sup> Act somewhat effective. There can, however, be little doubt that despite the known American attitude, the British.

French and other West European countries are more concerned with their declining markets and are willing to engage in talks and negotiations aimed at trading with the Communist East.

This willingness is possibly the most important and indeed the most interesting sign of what one may, with some hesitation, call an easing of the tension between East and West. If it can be translated into reality, the prospect of the revival of the entire economy of Europe will no longer be remote. The new buying capacity of Eastern Europe generated under the

**Britain's Trade with the East**

(£ million— 11 months' figures)

	1950		1951		1952	
	Imports	Exports	Imports	Exports	Imports	Exports
USSR .. .. .	32.0	12.5	54.0	21.0	56.0	36.0
China .. .. .	9.6	3.0	7.7	2.6	2.9	3.8
East Europe (excluding Yugoslavia)	26.4	15.2	31.8	15.7	23.1	12.7
Total .. .. .	68.0	30.7	93.5	39.3	82.0	52.5

% of Imports and Exports from and to all sources .. .. .

2.4 1.6 2.6 1.5 2.6 2.1  
(Source: UK Trade and Navigation Accounts)

**West European Imports of Foodstuffs, Timber and Coal from Certain Sources**

(Percentage of Total Imports of Each Commodity)

	1934-38 1949-50 1950-51 1951-52			
	(average)			
Bread Grain from:				
East Europe .. .. .	..	..	19	8
Canada & US .. .. .	..	..	38	71
Coarse Grain from:				
East Europe .. .. .	..	..	14	15
Canada & US .. .. .	..	..	7	29
Timber from:				
East Europe .. .. .	..	..	35	12
Canada & US .. .. .	..	..	15	13
Coal & Coke from:				
East Europe .. .. .	..	..	30	22
US .. .. .	..	..	—	25

**Estimates of Normal East West Trade**

	Turnover (imports plus exports) in 1951 (\$ millions)		Possible annual turnover 1953-1955 (\$ millions)
USSR .. .. .	..	750	2500 - 3300
Czechoslovakia .. .. .	..	540	900 - 1000
Poland .. .. .	..	580	700 - 800
Hungary .. .. .	..	240	300 - 400
Rumania .. .. .	..	70	200 - 300
Bulgaria .. .. .	..	20	100
		2200	4700 - 5900

aegis of its drive for industrialisation and higher standards of living will be more than enough to consume the surpluses of West Europe. It is true that the countries receiving American aid are forced to comply with the terms of the Battle Act and that this is a stumbling Block of some dimension to the restoration of trade between the West and the East. But given a beginning—a start with exchanging goods which do not (all in the embargo list (in spite of the list being so broad and naive as it is) —it is certain to make for better political relations and hence for invalidating the embargo eventually.

The value of Britain's trade with

the East in 1952 compares miserably with that in 1938 when it was 7.0 per cent for imports' and 5.8 per cent for exports. This is particularly so in the case of imports. In a recent ECE study, published in the *Economic Bulletin*, Second Quarter, 1952, reference is made to the level of trade between the whole of Western Europe and the Eastern countries on a volume basis. Taking 1950 as the base year, the volume index number for imports from the East fell from 360 in 1938 to 87 in 1951. The fall in imports from its traditional source has forced Western Europe to look to dollar countries to fill the gap.

The extent of the possible level

of trade if normal trading relationships are developed was broadly indicated at the Moscow Economic Conference, of April last year. The estimates made by the ECE study are given in Table 3,

Although these figures relate to the possible level of Eastern Europe's trade with the outside world, there can be little doubt that Western Europe's share in such trade will be dominant. The attitude of the delegates at the current session of the ECE appears to confirm these estimates. The prospects for a revival and growth of East-West trade exist, but, as the ECE study believes, the realisation of this prospect will be "dependent on politics rather than anything else".

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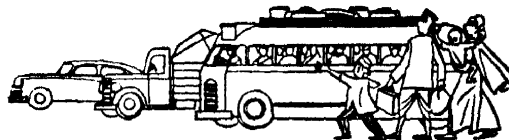
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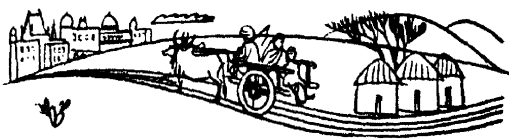
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