

From the London End

Allies Differ on Trade with Cuba

THE cracks in the NATO alliance are beginning to widen. The latest rift is over exports to Cuba by Britain and France despite strong American pleas to all her allies to stop trading with Cuba and thus make the US trade boycott of Cuba more effective. The recent announcement that Britain was to supply another 500 buses to Cuba has brought forth sharp comment from the Americans. Even in the field of trade, assistance to developing countries and international finance, the disagreement among the NATO allies has brought discussions both at the Kennedy Round and at the Trade Conference in Geneva to a stalemate. The same differences of opinion will be evident, when the International Monetary Fund meets on Tokyo this autumn to consider proposals for increasing international liquidity.

US View

It is known that when Butler, the Foreign Secretary, visited President Johnson, the latter had a few sharp things to say about Britain's increasing trade with Cuba. The Americans believe that the Cuban economy is in a critical condition and assistance in the form of bus and locomotive sales could have a decisive effect in prolonging the Castro regime. With an election ahead, it is not surprising that there should be a hardening of the attitude of the Administration on this point.

It is understood that Butler told the President that the situation had not changed since February when the British Prime Minister informed President Johnson that Britain's policy was to engage in peaceful commerce with any country while withholding arms and strategic goods from Communist nations. The position was further complicated when it became known that France is to sell locomotives to Cuba. The American Administration points out that official Cuban sources estimated late last year that only 25 per cent of the locomotives operating in Cuba in 1959 were still useable. The French firm of Berliet has accepted an order for 308 lorries and other heavy vehicles for Cuba's public works and transport programmes, and eight of these lorries left Marseilles for Cuba early in May. Another

French firm, Brissonneau et Lotz, has announced a contract to supply Cuban Railways with 20 locomotives with an option for 10 more.

What is interesting is that the Americans are inclined to be less critical of the French than the British, even though they admit that in the light of their own long-term strategy the sale of locomotives to Cuba is more damaging than the sale of buses by Britain. Apparently the French have informed Washington that if Britain withdrew its own offer for the sale of locomotives, France would follow suit. The Americans believe that if Britain is benefitting from trade with Cuba and is competing for sale of locomotives, France is justified in entering this competition.

Implications for US Elections

There is little evidence that the friction between Washington and London over this issue is likely to ease. With General Elections coming up both in America and Britain, neither Johnson nor Home both of whom are looking nervously over their shoulders at the leaders of the Opposition, can afford to give the impression of being intimidated by an ally. President Johnson probably regards Cuba as the only foreign policy issue likely to have any bearing on the voting in this year's Presidential election. It is possibly for this reason that Dean Rusk was given a "get lough with Britain" brief when he visited Britain on the eve of the NATO meeting.

In an interview on television, Rusk argued that Britain's sale of buses to Cuba was something quite different from US sales of wheat to the Soviet Union. "The wheat to Russia is about one-tenth of Western Europe's exports to Russia in the same period" he said. The US was "far behind" Western Europe in that trade. While the Tories are bound to say in public that they must uphold the right to trade with anyone, rumours were current in Britain that a way out of the present dilemma had been devised.

William Black, Chairman of Leylands, confirmed that 500 more buses had been ordered by the Cubans, and authority to supply them had been

given by the Export Credit Guarantee Department. This new order brings Leyland's total contract with Cuba to 950 buses. In the original contract for 450 buses, there was an option for a further 1,000. Leylands have said that if the Cubans want the remaining 500, they will be prepared to supply them. "If we don't, someone else will". The scheme which might now be adopted to put a stop to future large deals with Cuba is that the Export Credit Guarantee Department of the Board of Trade will review Cuba's credit-worthiness and decide to impose a ceiling on the level of credit which could be underwritten. This would put an effective ban on further exports to Cuba, as Cuba like many other developing countries, is dependent on long-term credits to finance her imports.

In view of the persistence of this rumour, the Foreign Office denied that British sales to Cuba were likely to be restricted as a result of action through the Export Credit Guarantees Department; it said that ECGD was very definitely remaining in business in the Cuban market. The British line is that applications for cover will still be considered for British-made goods other than those by the NATO strategic embargo.

Britain's Reasons for Cuban Trade

It has also been suggested that one of the reasons why the British are taking this stand with regard to sales to Cuba, apart from the commercial advantage that Britain derives from this trade, is that the Tories are not prepared to provide a precedent for the imposition of tough trade embargoes as they are most unwilling to support the all-out bid by the Afro-Asian group in the United Nations to get a really serious trade embargo imposed on South Africa this autumn to force the abandonment of *apartheid*. Britain feels she will be in a stronger position to hold out against economic sanctions on South Africa if she takes the stand that there should be no meddling with normal commerce for political purposes in any part of the world. It is interesting that Dean Rusk should have said that the Cuban question appeared to British eyes as a question of trade policy, but that to the Americans it was "a problem

of a security threat to the Western hemisphere". In the same way the Tories regard good relations with South Africa as a "must" for strategic reasons. If the Red Sea route should become unreliable in the event of a major international crisis, the security of the Cape route to the Far East would be regarded as of paramount importance. The Simonstown defence agreement with South Africa guarantees the Cape route.

The question of trade with Cuba may well divide the Hague NATO Conference. But what is particularly

interesting is that while the Americans are preaching the need for allied unity on a trade embargo against Cuba, the United States is pushing ahead with plans to increase her trade with Communist countries in Eastern Europe. The latest move in this field is the American bid for larger trade with Rumania. The fact that the President has chosen Averell Harriman, the Under-Secretary of State for Political Affairs, to lead the American delegation which is to negotiate with the Rumanian authorities on May 18 is an indication of the importance the Americans attach to this

mission. Trade with the East is being sought as part of America's export drive. American business has been growing steadily more resentful of the present restrictions while it watches European competitors with substantial orders in these markets. The Rumanians want to buy equipment of a synthetic rubber plant, and it would certainly appear that exports of this nature have more strategic value than the buses and lorries that the French and British are selling to Cuba and which has provoked so much ill feeling on the American side.

Letter from Tokyo

Japan's Status Symbol

THE Olympic Games are to be held in Tokyo from October 10 to 24. The main events will be held in the National Stadium in the centre of the city which is expected to hold 80,000 spectators. A special running surface has been invented suitable for all weathers and complying with the Olympic specifications. Indoor events will be held in the Tokyo Metropolitan Gymnasium (seating 5,000), the Tokyo Metropolitan Indoor Swimming Stadium, both already built, and the newly-constructed Komazawa Indoor Gymnasium (4,000 spectators) and the Yoyogi Indoor Stadium (13,000). In addition new hockey (2,000) and football (20,000) stadia are to be built from scratch. A rowing course exists and will only need renovation and various other halls and grounds will be temporarily done up for other events. Special provision has had to be made for accommodating over 8,000 overseas participants.

The amount of money necessary to build these new facilities and to renovate the old ones is enormous. Over 9,000 million yen is required just for running the Olympic Committee, entertaining guests and for a training programme for potential Japanese athletes. In addition, an enormous system of under-passes and over-passes has been constructed between different sports sites. Between the aerodrome and down-town Tokyo and linking the main hotels. The roads were built at such speed that in the beginning several girders fell on innocent cars underneath, leading newspaper editorials to criticise the Tokyo Metropolitan Government and ask

that safety regulations among workers at the various sites should not be relaxed. During the past year thousands of rural workers have flooded into Tokyo working as labourers at wages not less than 800 yen a day.

Money Raising and Spending

In order to prevent confusion, the money raising and the money spending functions have been carefully separated. The central spending body of the games is the Organising Committee of the 18th Olympiad with a membership of 26 and divided into 11 divisions such as Press, Hospitality etc. Although ultimately responsible to the International Olympic Committee, it is supported by the Cabinet (both directly and through a special minister in the Cabinet, Eisaku Sato) and by various prefectural governments, of which the most important is the Tokyo Metropolitan Government, which has a special money raising body within itself separate from the main Tokyo Olympic Fund Raising Association. The Organising Committee does not spend money directly on training Japanese athletes but this is done through the Japan Amateur Sports Association which is also affiliated to the IOC. There has recently been some internal controversy about the acceptance of athletes who have participated in the Indonesian sponsored GANEFO, but this has been settled according to the IOC's ruling.

The Tokyo Olympic Fund Raising Association has had as its aim a total of about 3,200 million yen through a nation-wide campaign for donations from the general public, the issue of

special postcards and stamps with a surcharge, the sale of a brand of cigarettes called Olympia of the price of which ten yen go to the Olympic funds, special donations from sports bodies and special fund-raising horse races or shows. Even so, most of the money has to come from the Government and other sources. It is impossible to make any precise estimate of how much extra money has either been spent or come into circulation as a result of the Games, but there can be little doubt that the amount of money which has been spent by the Tokyo Government on general city improvement in the past has been well below what is necessary.

Quest for Medals

As for the Games themselves, over 20 sports are included. In the following list I have starred those games in which the Japanese feel they may get a medal: athletics*, basketball, boxing, canoeing, cycling, equestrian sports*, fencing*, football, gymnastics*, field hockey*, judo*, modern pentathlon, rowing*, shooting, swimming and diving, volley-ball*, water polo, weight lifting, wrestling*, yachting.

At one time the Japanese were more or less the best swimmers in the Far East, but the games held last year were a great surprise to the Japanese. Their top stars failed to get as good places as they were expected to even though certain foreign competitors did not attend. The preliminary trials for the Olympic judo events were held a few weeks ago. The main press reaction was one of sorrow at the Japanese competitors' "lack of spirit". During the past