

U.S.S.R. imports of equipment for the chemical industry from free world, 1958-60

[Value in thousands of dollars]

Country	1958	1959	1960
Total.....	19,481	77,843	135,222
United States.....	241	1,663	3,839
Sweden.....	2,204	2,868	251
United Kingdom.....	6,286	33,497	39,142
France.....	3,708	7,215	17,646
German Federal Republic.....	5,497	22,232	41,512
Austria.....	1,525	1,464	2,925
Italy.....	20	6,680	22,818
Switzerland.....		1,155	481
Japan.....		1,069	4,044
Netherlands.....			401
Belgium.....			2,163

Rubles converted to dollars at \$1.11.

Source: Ministry of Foreign Trade. Foreign Trade of U.S.S.R. in 1960. [In Russian], Moscow, 1961.

III. THE NATURE OF THE COMMUNIST TRADING SYSTEM

A. MARKET PRACTICES OF THE STATE TRADING AGENCIES

One underlying fact on the technical side of the East-West commercial confrontation is that the private trading firm always labors under a serious handicap in doing business with the state-run trading agencies of the Soviet bloc. We may take the situation in the U.S.S.R. as representative of the trading system in effect throughout the area. In that huge economy, the largest on the European Continent, the whole foreign trade operation is concentrated in 24 government corporations, each exercising a monopoly over a specific list of commodities. Under no circumstance can any of these monopoly bodies be circumvented. Their functions are prescribed by law. The private trader or commercial firm must come to terms with officially designated trading corporations or forget about the Soviet market.

In general, when dealing with the Communist countries, the foreign trader finds himself working in the dark. He is rarely allowed direct contact with potential consumers of his product, if he is a seller; or with the manufacturing unit whose product he may be prepared to import. He cannot establish local representation; cannot supervise the adequate servicing of his own export product; cannot advertise his product except on the highly restrictive terms prescribed by the organs of the Ministry of Foreign Trade.

Furthermore, he cannot secure legal protection for his rights vested in a product for which he holds a patent. The Soviet Government does not recognize private property rights in new production ideas, and is not a signatory to any of the international conventions pertaining to patents or copyrights.

Nor is the foreign trader able to find any clue to the possible advantage of buying or selling in the Soviet bloc market by following domestic price levels in the Soviet bloc countries. The reason is simple: their currencies are not convertible, exchange rates are a matter of simple fiat. Prices, moreover, are wholly arbitrary, set on the basis of mysterious bureaucratic criteria and arbitrarily revised by the central authorities in response to shifting administrative pressures or bookkeeping convenience.