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REPORTS FOREIGN TRADE IN CRITICAL STAGE

DEFICIT INCREASES -- Svobodny Zitrek, No 13, 15 Dec 49

Prague -- The Communist economy has reached an unhappy stage. The 1950 plan has been revised several times in accordance with the new demands of the Soviet Union. Its extent is such that the domestic wealth and the labor force are being exhausted.

The execution of the plan fails insofar as a favorable foreign trade has been relied on. The average yearly value of foreign trade was to amount to 49,500,000,000 crowns during the Five-Year Plan. Imports of raw materials from the West were to be covered by the normal returns of foreign exchange. The planned annual import of investment goods valued at 17,250,000,000 crowns remained uncovered, but it was considered certain that necessary credits would be obtained from the West.

This optimism turned out to be unfounded, however. Not only are imports of raw materials from the West still not covered from current returns of foreign exchange, but the dollar and pound deficit of 1948, which amounted to about 4 billion crowns, has now increased to 12,500,000,000 crowns. The import of investment goods is out of the question because credit has been refused by the West.

Recently, when the situation had become extremely difficult, Evzen Loebl, Deputy Minister of Foreign Trade, allegedly revealed at one of the conferences of leading economic executives what he had been told by the US government during his visit to Washington. He allegedly announced that in order to save the Czechoslovak economy US credit conditions must be accepted.

On 25 November 1949, Loebl was arrested in Prague. Together with him were arrested another deputy minister, branch chief Margolius, the deputy chief of the foreign exchange section of the National Bank, Engineer Hajek, and several other officials. The governor of the National Bank, Doctor Nebesar, and the general manager of the bank, Engineer Chmela, were questioned. The official report called the arrested persons "wreckers of the regime." -- A. B.

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GIVES 1949 FOREIGN TRADE FIGURES - Neue Zuercher Zeitung, No 137, 21 Jan 50

According to an official report from Prague, Czechoslovakia's imports in December 1949 amounted to 3,569,000,000 crowns while imports for the entire year 1949 amounted to 39,399,000,000 crowns. December exports totaled 4,479,000,000 crowns and exports for 1949 are given as 40,308,000,000 crowns. By way of comparison, import-export figures for 1948 are listed as 37,869,000,000 and 37,653,000,000 crowns, respectively, so that 1949 shows an export surplus of 909 million crowns as against an import surplus in 1948 of 213 million crowns.

With regard to changes in currency valuation, it is significant that last year's imports approximate those of 1937, the last prewar year, even exceeding them to some extent; while exports, figured on the basis of 1937 prices, failed to achieve prewar standards.

It is well known that 1948 was a year of great pressure with regard to import requirements because of the disastrous crops of the preceding year, whereas the latest crops resulted in very favorable conditions for domestic consumers. Rationing of bread and flour could be discontinued. The food supply in general underwent considerable improvement. Sugar, however, is still being rationed, and the cultivation of sugar beets is being greatly increased, in the interest of exports.

Quantitatively, imports of raw materials, compared with total imports for 1949, rose to 54.6 percent as against 48.8 percent in 1948, an increase of 5.8 percent, constituting a 17-percent increase in value.

Total exports increased by 2,760,000,000 crowns compared with 1948.

Concerning participation of the Eastern countries in Czechoslovakia's foreign trading in 1949, the report merely states that it amounted to 45 percent instead of the anticipated 40 percent. Apparently Yugoslavia is not included in these figures, whereas East Germany and Albania obviously have been taken into consideration.

In 1948, the Soviet Union, with special shipments of grain, meat, and butter supplied Czechoslovakia with 15.6 percent of her total imports; on the other hand, 15.9 percent of the latter country's total exports went to the Soviet Union. All other Eastern Bloc countries, not including the Soviet Union, supplied 35 percent of the imports and received 37.8 percent of the exports, with Yugoslavia participating at the rate of 6.3 percent of the imports and 6.9 percent of the exports.

In conclusion, the report states that the elimination of Yugoslavia from Czechoslovak foreign trading has been more than compensated for by foreign-trade negotiations with the Soviet Union, Poland, Hungary, Rumania, Bulgaria, and Albania; the decline of import-export relations with the West is also reflected in this circumstance.

CREATES LARGE FOREIGN TRADE MONOPOLIES -- Neue Zuercher Zeitung, No 61, 10 Jan 50

According to Inpres, a mouthpiece of the Czechoslovak Ministry of Information in Prague, products of the Czechoslovak metallurgical industry will be handled on the world market by Ferromet, the nationalized foreign trading corporation. Ferromet will also act as purchasing agent for the import requirements of the metallurgical industry and will procure the foreign exchange necessary in this connection. The company plays an important part in the realization of the Five-Year Plan in that the export contracts secured by it are expected to keep the well developed metallurgical industry of Czechoslovakia supplied with work.

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The founding of Ferromet led to the total exclusion of private capital from the metallurgical industry. By acting as a clearing house for both exports and imports, Ferromet has become one of the largest foreign trading organizations in its field. Seventy percent of the company's employees have entered into socialistic contracts. With the aid of these contracts, and on the basis of numerous suggestions for improvements, the organization's activities have been rationalized and the overhead expense noticeably reduced. During the first year of its existence, Ferromet devoted a great deal of attention to the training of cadres. The socialized system of industrial accounting is currently being introduced.

Among the privileged foreign trading companies the Metalimex monopoly occupies a special position inasmuch as its functions are chiefly concerned with imports. The company is one of the largest of its kind. Its annual turnover amounts to several billion crowns. The company was founded in December 1948. In this first year of its existence it succeeded in setting up its administration, training cadres of specialists, and in satisfactorily coping with the foreign trade problems with which it was confronted. One of the main difficulties it had to overcome was the fact that some of the raw materials required by it, such as nonferrous metals, are considered strategic raw materials by the West. Nevertheless, the company was able to supply the industry with adequate quantities of raw materials and even exceeded the planned requirements. The majority of raw materials were imported from the Soviet Union. The elimination of superfluous imports is one of the company's most important goals.

Papco, the one-year-old combine for the export of paper products, has increased its volume of exports by 14.34 percent as compared with 1948, the last year prior to the monopolization. During the same period, Finland increased her paper goods exports by 8-percent, Sweden by 2 percent, Norway by 4.6 percent, and Canada by 12.04 percent. Papco's success was achieved under fairly difficult circumstances, since the company was up against the powerful organizations of the paper industry of the Nordic states, the so-called Scan-Organizations. In 1946, Czechoslovakia exported paper to 37 countries, 19 of which are overseas. In 1948, export of industry included 80 countries, of which 62 were overseas. In 1949, export was expanded to cover 90 countries, of which 68 were overseas. The paper industry's share in total exports has risen considerably in the postwar period.

1950 TRADE WITH USSR -- Svenska Dagbladet, No 54, 25 Feb 50

Prague, 24 February -- The Soviet Union will deliver 3 million tons of goods to Czechoslovakia under the terms of an agreement signed in Moscow by the two countries. The Soviet deliveries will include 1,300,000 tons of iron ore, 460,000 tons of wheat, 250,000 tons of corn and grain, nonferrous metals, fertilizers, synthetic rubber, raw materials for textiles, machinery, and industrial equipment. To transport all these commodities, 200,000 railroad cars will be needed. In order to ease the direct railroad traffic, part of the goods will be transported by way of Poland and the Danube.

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