

THE FOREIGN TRADE OF COMMUNIST CHINA
1949-1960
A REGIONAL AND COMMODITY ANALYSIS

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This is to certify that the
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ABSTRACT

THE FOREIGN TRADE OF COMMUNIST CHINA 1949-1960 A REGIONAL AND COMMODITY ANALYSIS

by Victor Mok

The purpose of this study is to analyze the regional distribution and commodity structure of the foreign trade of Communist China with respect to her economy and economic development. In order to make estimates of the regional distribution and balance of her foreign trade, a comparison is made between her statistics and those reported by her trading partners. This comparison shows that the foreign trade statistics of Communist China are on the whole reliable, with due understanding of two factors. First, the official yuan-ruble and yuan-dollar rates were divorced from the international dollar-ruble exchange rate. Second, Communist China reported her foreign trade figures in external prices; that is, her foreign trade figures are calculated by converting the foreign exchanges used into yuan figures each at their official rates. The estimates themselves indicate that the foreign trade of Communist China was heavily oriented to the Communist bloc; and, while accumulating a huge deficit with the Communist bloc, she had a considerable surplus from countries of the Free World.

In the analysis of the commodity structure of her

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foreign trade, commodities are classified into four major categories, namely, machinery and equipment, manufactured goods, raw materials, and foodstuffs. Her trading partners are separated into three groups: Russia, the developed countries, and the underdeveloped countries of the Free World. Simple regression coefficients are calculated to determine the trends of various commodity groups that Communist China traded with various groups of countries. This analysis indicates that while Communist China stood in relation to Russia and the developed countries as an underdeveloped country, she was rapidly emerging into the position of an industrial country in relation to the underdeveloped countries. Also to adjust herself to the Embargo, Communist China concentrated her purchase from Russia only on those commodities that she could not get from the Free World.

Because of the size of the Communist Chinese economy and her policy of "balanced growth," the foreign trade sector was not an engine of growth in her economic development. Quantitatively, it occupied a very small percentage in the national income of Communist China; its level depended heavily on her ability to export, which in turn depended on the performance of her economy. Therefore, despite its importance in transplanting the modern tricks of technology into Communist China, foreign trade would fall an immediate victim in case of a failure in her economy.

THE FOREIGN TRADE OF COMMUNIST CHINA

1949-1960

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By

Victor Mok

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INTRODUCTION

The study of the foreign trade of Communist China remains largely on a general-survey level. Either in general works on the economy of Communist China,¹ or in individual articles on this subject,² investigations usually include an estimation of the turnover of Communist Chinese foreign trade, its regional distribution, its balance, and some discussions on its commodity structure and the terms of trade problem. There are also two independent studies on this subject. One is made by Hsin Ying in 1954,³ most

¹Some of the prominent works are: Cho-ming Li, Economic Development of Communist China (Berkeley and Los Angeles: University of California Press, 1959), Chapter XI; A. Doak Barnett, Communist Economic Strategy: The Rise of Mainland China (Washington, D.C.: National Planning Association, 1959), Chapters 8-10; C. F. Remer ed., Three Essays on the International Economics of Communist China (Ann Arbor: University of Michigan Press, 1959); Y. L. Wu, An Economic Survey of Communist China (New York: Bookman Associates, 1956), Chapter 13; Y. L. Wu, F. P. Hoerber & M. M. Rockwell, The Economic Potential of Communist China (Menlo Park: Stanford Research Institute, 1953), Chapter 13; and Bernhard Grossmann, Die Wirtschaftliche Entwicklung der Volksrepublik China (Stuttgart: Gustav Fischer Verlag, 1960), Chapter 10.

²For example: E. F. Szczepanik, "Foreign Trade of Communist China," Contemporary China, No. 3, (1958-1959), pp. 64-130, and also "Balance of Payments of Mainland China," Economic and Social Problems of the Far East, E. F. Szczepanik ed., (Hong Kong: Hong Kong University Press, 1962), pp. 113-129; and T. C. Li, "A Valuation of China's Foreign Trade," Far Eastern Economic Review, Vol. XXVII, No. 14 (Oct. 1, 1959), pp. 550-558.

³Hsin Ying, The Foreign Trade of Communist China (Hong Kong: The Union Research Institute, 1954).

of which is devoted to explaining the trade practices in the earlier years of the Communist regime. The other by Cheng Cho-yuan in 1956,¹ which goes further to present some main features of the commodity structure of Communist Chinese foreign trade, but it is short of systematic analysis. There are still other studies that limit themselves mainly or entirely to Sino-Soviet economic relations and thus give an incomplete picture.²

Evidently, many authors of these studies are not aware of Communist China's manipulation of her foreign exchange rates and her special way in making foreign trade reports, and therefore are confused when they find that Communist China's foreign trade statistics are incompatible with those reported by her trading partners. Besides, none of these studies has a detailed and systematic analysis on the changing pattern of the commodity structure of the foreign trade of Communist China in relation to her economic development. Moreover, none of them has assessed Communist China's position in the international flow of commodities, to say nothing of international comparisons.

This study consists of seven chapters. The first

¹Cheng Cho-yuan, The China Mainland Market under Communist Control (Hong Kong: The Union Research Institute, 1956).

²For example: Alexander Eckstein, "Moscow-Peking Axis: The Economic Pattern," Moscow-Peking Axis, H. L. Boorman, et. al. (New York: Council on Foreign Relations, 1957), pp. 54-111; Die Wirtschaftliche Verflechtung der Volksrepublik China mit der Sowjetunion (Hamburg: Institut fuer Asienkunde, 1959).

chapter is essentially an introductory chapter, which relates the foreign trade of Communist China with her economy and economic development. Chapter Two deals with the compatibility of the Communist Chinese foreign trade statistics with those reported by her trading partners, with an estimation of the actual regional distribution and balance of her foreign trade. Chapters Three through Five are devoted to a detailed analysis of the commodity structure and its changes in the foreign trade of Communist China, and her net position in various commodity groups in relation to various countries. An international comparison with respect to the concentration of foreign trade is made in Chapter Six, with discussions on various factors that make the case of Communist China somewhat special. Chapter Seven, the concluding chapter, summarizes findings in previous chapters and once more assesses the place of foreign trade in the Communist Chinese economy and economic development and its prospects in the future.

The time period under study is 1949-1960. For Communist China, this was a period of continuous, though fluctuating, growth. In spite of the fact that her recent economic crisis began in the latter half of 1960, foreign trade still maintained its normal level in that year. Because of lack of statistics, detailed analysis is limited to the period 1955-1960. Short as this period might seem, it does not fail to provide certain evident trends indicating rapid changes in the commodity structure of the foreign

trade of Communist China.

Total value is used as the quantitative measure. The problem of "unit value" (price) is deliberately avoided for two reasons. First, various countries made their trade reports in various physical units even for the same commodities. There is no way to compare the "unit value" of commodities when some physical units are given in "pieces" and "meters" while others are given in "metric tons," and so on, not to speak of the more tricky problem of quality comparison. Second, the problem of "unit value" is connected with the terms of trade question, on which a few preliminary studies have been made by some other economist by use of sample commodities.¹ No attempt is made here to repeat their work, but their results will be discussed when they are related to the context of the present study.

The following are abbreviations of titles of some Communist Chinese publications and translation series that are cited in this study.

Communist Chinese Newspapers:

JMJP Jen-min jih-pao (People's Daily)

TKP Ta-kung-pao (Impartial Daily)

Communist Chinese Periodicals:

HHYP Hsin-hua yueh-pao (New China Monthly)

¹For example: Feng-hua Ma, "Price Problems in Communist China's Foreign Trade," Journal of Asian Studies, Vol. XXI, No. 4 (August, 1962), pp. 631-632. (Abstracts of Papers Presented at the Fourteenth Annual Meeting); and A. Yoshio, "Terms of Trade of China and Underdeveloped countries in Relation to Their Trade with the Soviet Union," JPRS:9494 (28 June, 1961).

HHPYK **Hsin-hua pan-yueh-kan (New China Semi-monthly)**

CHCC **Chi-hua ching-chi (Planned Economy)**

CHYTC **Chi-hua yü tung-chi (Planning and Statistics)**

CKCKY **Chung-kuo ching-kung-yeh (Chinese Light Industry)**

PC **People's China**

PR **Peking Review**

Translation series:

JPRS **U.S. Joint Publications Research Service
(Washington, D. C.)**

SCMP **Survey of China Mainland Press
(Hong Kong, American Consulate General)**

CHAPTER I

THE PLACE OF FOREIGN TRADE IN THE ECONOMY
OF COMMUNIST CHINA

The ambitious scheme of comprehensive economic planning for development of Communist China shows an impatient giant's attempt to leap into prospective affluence, with one foot still bound in deep-rooted economic backwardness of the past. China's economic backwardness was further accentuated by eight years of Sino-Japanese war and four years of civil hostility. When the Communist regime finally took over in 1949, it spent three years in restoring the national economy, in spite of the Korean War which was being fought during part of this period. By the end of 1952 most outputs in major industrial and agricultural products were reported to have surpassed the peaks in the "pre-liberation" era.¹ The ambitious First Five-Year Plan was then launched (1953-1957), followed by two years of the "Great Leap Forward," in which major targets of the Second Five-Year Plan were claimed to have been fulfilled three years

¹First Five-Year Plan For Development of the National Economy of the People's Republic of China in 1953-1957 (Peking: Foreign Languages Press, 1956), p. 13. (This work will be cited in brief hereafter as the First Five-Year Plan).

ahead of schedule.¹ Then came three years of devastating catastrophe. Throughout these years, in days of achievements and in days of adversity, industrial development was the focal point of all efforts. In the First Five-Year Plan, 58.2% of total state investments in capital construction was allotted to industry alone.² It was contended that industrialization, and only rapid industrialization, was the magic needed to rid the country of its economic backwardness. Such a contention, however, does not lead necessarily to policies which the regime had consciously designed and vigorously pursued, had it not been guided by other considerations.

In the First Five-Year Plan the Constitution of the People's Republic was quoted:³

From the founding of the People's Republic to the attainment of a socialist society is a period of transition. During the transition the fundamental task of the state is, step by step, to bring about the socialist industrialization of the country and step by step, to accomplish the socialist transformation of agriculture, handicrafts and capitalist industry and commerce.

Here it is unmistakably clear from the very outset that the orientation was ideological. It was not merely industrialization, but socialist industrialization which was

¹Li Fu-chun, "Report on the Draft 1960 National Economic Plan," Second Session of the Second National People's Congress of the People's Republic of China (Document) (Peking: Foreign Languages Press, 1960), p. 1.

²First Five-Year Plan, op. cit., p. 29.

³Ibid., p. 21.

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desired. The First Five-Year Plan did not map out the exact steps by which the whole process would be achieved. However, it was made clear that a small-peasant economy, which constituted the overwhelming proportion of the Chinese economy, was incompatible with socialist industrialization.¹ The transformation of the traditional economy was therefore a matter of necessity. In this respect, industrialization itself was not merely an end which symbolized higher economic well-being, but by its very process, it was also a means to shatter the traditional economy and help achieve the ideological goal of socialization.

The First Five-Year Plan also quoted Mao Tse-tung for saying:²

Without industry, there can be no solid national defense, no people's welfare and no national prosperity and power.

This reflects very well the vivid impressions of the days of treaty-ports and extra-territoriality in the minds of the Communist Chinese leaders. To consolidate national defense as well as to increase national prestige and power, industrialization was deemed to be indispensable. Needless to say the aim was political in nature. Here once again industrialization was a means as well as an end of the whole venture. With a low industrial basis to start, the main goal to strive for was, of course, the development of her own industrial sector.

¹Ibid., p. 16f.

²First Five-Year Plan, op. cit., p. 16.

It is upon these ideological and political grounds that we should tackle the problem of Communist Chinese industrialization. And it is in the lights of these considerations that we should look into the pattern of her foreign trade as an integral part of her economy and economic development.

Requirement for Capital Goods Import

In view of urgent need for rapid economic development, Communist China required a tremendous amount of capital goods. She not only needed capital goods for the production of consumers' goods, but also those for producing producers' goods. The First Five-Year Plan was enunciated to establish a multiplicity of industries, the core of which was to be imported. This consisted of 156 "above norm" industrial and mining projects which were designed and further supplied with complete sets of the latest equipment from Russia, and another 68 projects from the Eastern European Communist countries.¹ In addition to these, Communist China also imported large amounts of other capital goods and raw material inputs from the Communist bloc as well as from the Free World. Of all imports, pointed out the Minister of Foreign Trade, more than ninety percent were capital goods.²

¹These projects will be discussed in greater detail in Chapter 3, pp. 61-62, and Appendix F below.

²Yeh Chi-chuang, "Shih-nien lai wo-kuo ti tui-wai mao-i," (Foreign Trade of Our Country in the Past Decade), JMJP, Sept. 22, 1959.

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A comparison of Communist China's import of capital goods with total capital investments will show the importance of these imports in her capital construction.

TABLE I-1:--Relation of Capital Goods Import to Capital Investments (value in million yuans)

Year	Total Capital Goods Import	Imp. as % of Total Import	Capital Goods Import	Total Capital Investments	Capital Goods Imp. as % of Total Invest.
(1)	(2)	(3)	(4)	(5)	(6)
1952	3,746.8	90.6	3,394.6	4,360.0	77.8
1953	4,611.3	93.0	4,288.5	8,000.0	53.6
1954	4,404.4	92.8	4,087.3	9,070.0	45.1
1955	6,039.0	94.5	5,706.9	9,300.0	61.3
1956	5,297.0	92.4	4,894.4	14,800.0	33.1
1957	5,002.0	92.7	4,636.9	13,830.0	33.5
1958	6,137.9	93.7	5,750.3	26,700.0	21.5
1953-57					
	25,353.7		23,614.0	55,000.0	42.9

Sources: Column (2): Table II-1 below; Columns (3) & (5); Ten Great Years, (Peking: Foreign Languages Press, 1960), p. 176 and pp. 57-58 respectively; Column (4): calculated from Columns (2) & (3); Column (6); calculated from Columns (4) & (5).

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It should be noted here that the Total Import figures were based on external prices,¹ while the Capital Investments figures were based on internal prices. Disequilibrium exchange rates would distort their actual relation. Therefore this comparison should be considered as a comparison of expenditures on capital goods import and capital investments from the standpoint of the Communist Chinese budget. The comparison shows that for the First Five-Year Plan period more than forty percent of the State's expenditure on capital investments was made in purchasing capital goods abroad. The abrupt decrease of the percentage of capital goods import to capital investments was due to an abrupt increase of the latter, which probably included a substantial amount of local investments in indigenous industries made during the "Great Leap Forward."

Foreign Credits and the Need for Export

In part Communist China was able to finance her imports with the help of foreign credits. From Russia alone, she obtained a total of 1720 million (old) rubles under agreements made in 1950 and 1954.² She must also have obtained further trade credits, for in his budgetary report

¹Communist China's manipulation of foreign exchange rates and her way of reporting foreign trade figures will be discussed in Chapter 2 below.

²Equivalent to 1763 million yuans. The exchange rate between the yuan and the ruble will be discussed in Chapter 2 below.

to the People's Congress, the Minister of Finance indicated that up to 1957 Communist China had received a total of 5294 million yuans of credits from Russia.¹ In his later budgetary reports, no provisions were made for further credits. Therefore the total credit received during the period 1950-1960 was 5294 million yuans. For the same period, Communist China imported a total of more than 54 billion yuans of goods.² Therefore, Russian credits helped to finance an amount slightly less than 10% of Communist Chinese imports during this period.

Because these Russian credits were tied to imports from Russia, a comparison of these credits with Communist Chinese imports from Russia would be more revealing. From 1950 to 1960 Communist China imported from Russia a total of about 29 billion (old) rubles of goods,³ in which complete industrial undertakings amounted to about 6.8 billion rubles.⁴ These were equivalent to about 30 and 6.9 billion

¹Li Hsien-nien, "Kuan-yü 1956 nien kuo-chia chueh-suan ho 1957 nien kuo-chia yü-suan tsao-an ti pao-kao," (Report on the 1956 National Final Accounts and 1957 National Draft Budget), HHPYK, No. 14, 1957, pp. 16-28.

²From Table II-9 below.

³See Appendix B below.

⁴See Table III-2 below; also M. Sladkovskie, "Razvitiye Torgovli Sovyetskogo Souza s Kitaeskoe Napodnoe Respublikoe," (Trade Development of the Soviet Union with the People's Republic of China), Vneshnyaya Torgovlya (Foreign Trade), No. 10, 1959, pp. 2-10.

yuan respectively.¹ Then we see that Russian credits were enough to finance about 18% of Communist China's imports, or slightly less than 80% of her imports of complete industrial undertakings from Russia. The rest Communist China paid in current exports. Moreover, repayment for part of these credits were due as early as 1955 in form of exports.²

Dictated by her urgent need for imports, Communist China had to promote exports to the best of her ability. The importance of foreign trade, it was contended, was on the side of imports. And the other side was but a necessary evil. This was stressed by the Minister of Foreign Trade, who stated that:³

The purpose of export is to guarantee the import of those complete sets of equipment and various important materials necessary for our various constructions, especially our heavy industrial constructions.

In fact, every country has to export for the sake of import. However, when this truism became a slogan, its underlying implication was obvious. It constituted the grounds for an all-out export-drive policy. It was not at all surprising that the Minister proceeded to lay down

¹The exchange rate between the yuan and the ruble will be discussed in Chapter 2 below.

²For information on the terms of these credits, see: Cho-ming Li, op. cit., p. 170.

³Yeh Chi-chuang, "Kai-chin wo-kuo tsu-kou, Pao-cheng kuo-chia kung-yeh chien-she," (Improve Our Work in Exports, Guarantee Our National Industrial Construction), HHPYK, No. 21, 1956, p. 155.

principles stipulating that: quotas be imposed on exports of those commodities that were necessary for national construction and people's livelihood, economy be practiced on domestic consumptions of those agricultural by-products and light industrial products so as to provide more for export, and priority be given to export in those commodities that could be dispensed with in the domestic market.¹ In other words, all surplus over minimum domestic requirement should be exported.

Therefore, the foreign trade sector of Communist China was essentially a tool to transplant into Communist China modern technology from the advanced countries. Its function was to turn part of her domestic surplus into foreign exchanges, and then the foreign exchanges into foreign supply of capital goods. All her foreign trade operations were part and parcel of her efforts towards economic development.

Organization, Nationalization and Planning

Recognizing so important was the task for foreign trade, the Communist regime lost no time and further took no chances in leaving its operation in private hands. Under the provision of the Organic Law of the People's Republic, a Ministry of Trade was set up in 1949 as the administrative organ for all trade operations. Trade departments were instituted in major administrative regions, provinces, and

¹Ibid., p. 156, passim.

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municipalities to take part directly in trading. In May, 1950 twelve national-wide state companies were organized, six of which were foreign trade companies dealing in bristles, oils and fats, tea, mining products, native manufactured goods and import-export.¹ The Ministry was divided into a Ministry of Foreign Trade and a Ministry of Commerce when Communist China was about to embark on her First Five-Year Plan. Thus the Ministry of Foreign Trade became the supreme administrative organ in foreign trade since August, 1952. There were also increases and reorganizations in the state operated foreign trade companies. By 1955 there were some fifteen such companies covering all branches of foreign trade operations.²

Since 1950 there were also Foreign Trade Control Offices under the Ministry of Trade, as private foreign trade was then still permitted to operate. Their function was to register and grant business licenses to private foreign trade concerns, issue export and import licenses, and to check and fix price in each deal.³ In 1953 these offices were liquidated and their staffs were merged into local offices of the Customs Administration, which itself

¹"China's Foreign Trade Arrangements and Activities," JPRS:3725, Communist China Digest No. 22 (18 August, 1960), pp. 23-24.

²"Trading Organizations in China," Far Eastern Economic Review, Vol. XX, No. 20 (May 17, 1956), pp. 627-628.

³Hsin Ying, The Foreign Trade of Communist China, op. cit., pp. 21-22.

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As the state trading companies grew in number and in size, as well as enjoyed monopoly in trading certain important commodities, the scope of private business concerns soon began to contract. Those who survived still had to go through a process of socialist transformation. The government had them under control either by making investments in their businesses, merging them with state companies, sending workers to supervise them, or making them to operate as intermediaries or commissioners of the state companies.¹ By 1955, virtually all foreign trade transactions were under state control.²

In a planned economy, foreign trade planning can play either the role of balancing domestic surplus and deficit of different sectors, or of fitting the domestic economy into the international economy. In the first case domestic lines of production are determined by considerations other than existing comparative cost-price relationships, so that foreign trade only functions as a safety valve. In the second case considerations on comparative cost-price relationships determine domestic lines of production. This

¹"China's Foreign Trade Arrangements and Activities," op. cit., p. 22.

²Chao Chi-chiang, "Chi-nien lai wo-kuo tui-wai mao-i chung-ta pien-hua ho fa-chan," (Important Changes and Developments of Our Country's Foreign Trade in the Last Seven Years), Tui-wai mao-i lun-wen shuan (Selected Treatises on Foreign Trade), (Peking, 1957), pp. 10-17.

static dichotomy, however, precludes economic development. When economic development is considered to be of paramount importance, this dichotomy is then transformed into the choice between development through "balanced growth," or through "comparative advantage." The choice of Communist China was obviously the first one. Foreign trade planning played the role of balancing domestic deficit and surplus, which in the light of deliberate development, were but capital goods and their necessary payments.

In her actual execution of foreign trade planning, Communist China was not without difficulties. While import requirements were heavy and pressures were high, and were often pre-determined and thrust upon the Ministry, the main task in planning rested on the arrangement of more exports. Little information was available on the actual planning procedure. All that which was known was that a plan did exist. The agricultural sector remained the main source from which exportable commodities were drawn. With its unpredictability, there was no way to draw up a plan of any precision in order to guarantee the rigid demand for imports. Probably it was for this reason that, in the First Five-Year Plan, there was only a target for the total trade turnover in 1957 to increase 66.5% over 1952.¹ No other information was given. This target, admitted the Minister of Foreign Trade before the People's Congress in 1955, " . . . is for controlling purposes and is only a

¹The First Five-Year Plan, op. cit., p. 163.

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target to strive for."¹ The difficulties in planning and balancing were spelled out more explicitly by him in the following year:²

In the past, because that the export plan very often could not be handed down together with the national economic plan, it could not be integrated into the national economic plan of various provinces and municipalities. This had caused a weak guaranty in the source of exportable commodities.

He also complained that:³

. . . in arranging or increasing import and export plans, related government departments paid too much attention on import requirements and neglected import supplies.

and finally admitted that "not enough had been done on developing the production of exports in a planned manner."⁴

It was not until 1957, when previous Russian credits came to an end and no further credits were foreseeable, that import and export planned targets were reduced. The planned import figure was cut to 4755 million yuans for 1957 from an actual 5297 million yuans in 1956, while the planned export figure was cut to 5200 million yuans for 1957 from an

¹"Yeh Chi-chuang pu-chang ti fa-yen," (The Statement of Minister Yeh Chi-chuang), Jen-min shou-tse (People's Handbook) (Peking, 1956), p. 232.

²Yeh Chi-chuang, "Kai-chin wo-kuo tsu-kou kung-tso, Pao-cheng kuo-chia kung-yeh chien-she," (Improve Our Work in Exports, Guarantee Our National Industrial Construction), HHPYK, No. 21, 1956, p. 155.

³Ibid., p. 155.

⁴Ibid., p. 155.

actual 5568 million yuans in 1956.¹ Thus a substantial safety margin was provided. Also, it was not until the same year that the export plan and the supply plan for export commodities were ratified by the State Council to be integrated into the national economic plan.² Since then it was advocated that export plan should not be based on import plan alone. It should rather be arranged in such a way as to balance basic construction, production, and domestic market demand, and observe the principle of "fixing import by export."³

In fact this was quite a step towards more rational planning. However, because of pressures on the side of needed imports, long run planning and stabilization were not achieved. As we shall see later, this only shows that her foreign trade sector depended heavily on her domestic economy, so that it would fall an immediate victim in case of a mal-performance of the latter.

Foreign Trade, Industrial and Agricultural Production

It was already mentioned that the export of Communist China depended heavily on her agricultural sector, and that

¹Yeh Chi-chuang, "Tan tui-wai mao-i," (On Foreign Trade), HHPYK, No. 16, 1957, p. 91.

²Li Ming, "Wo-men shi chen-yang kuan-li tui-wai mao-i chi-hua ti" (How we Manage Foreign Trade Planning), CHCC No. 5, 1957, p. 20.

³Li Po-fang, "Chi-chi chia-chiang tsu-chi tsu-kou huo-yuan," (Strenuously Strengthening the Organization of Commodity Sources for Exports), CHCC, No. 2, 1958, p. 28.

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her economic development depended heavily on capital goods import. The following table is a comparison of the rates of growth of her imports, exports, industrial and agricultural productions.

TABLE I-2:--Rates of increase of import, export, industrial and agricultural productions of Communist China (percentage increases over preceding year)

Year (1)	Import (2)	Export (3)	Gross Value Indus. Prod. (4)	Gross Value Ag. Prod. (5)	Nature of Ag. year (6)
1952	6.7	11.2	30.3	15.3	good
1953	20.8	28.1	30.2	3.1	normal
1954	-4.5	16.8	16.3	3.3	poor
1955	37.1	21.5	5.6	7.7	good
1956	-12.3	12.6	28.2	4.9	poor
1957	-5.6	-3.8	11.4	3.5	poor
1958	22.7	23.1	66.2	25.0	good
1959	12.3	15.2	39.3	16.7	good

Sources: Columns (2) & (3): calculated from figures in Table II-9 below; Columns (4) & (5): Yang Chien-pai, "On the Internal Relationship between Industrial and Agricultural Production," JPRS:5634, 26 Oct., 1960; Column (6): for 1952-1956, Po I-po, "Kuan-yü 1956 nien tu ching-chi chi-hua ti chi-hsing chieh-kuo ho 1957 nien tu kuo-min ching-chi chi-hua tsao-an ti pao-kao" (Report of the Results of the Execution of the 1956 Economic Plan and the 1957 Draft National Economic Plan), HHPYK, No. 14, 1957, pp. 28-39; for 1958-1959, general information.

In general, a rapid increase of export was correlated with good or normal agricultural year, and slow increase of export with poor agricultural year. This shows clearly the dependence of her export on the performance of her agricultural sector. The same relationship holds between her agricultural production and import. Poor agricultural years were correlated with actual decreases in her import. This suggests that every year import was pushed as far as the agricultural surplus would allow, so that in case of a subsequent decline in agricultural production, it decreased in absolute value. Except in 1955 when there was an inward transfer from Russia,¹ the rates of increase in export were higher than those in import. That is to say, starting from a lower absolute level, export had to forge ahead at a faster rate to sustain import and repay previous credits.

The relationship between the rates of increase of industrial production and that of the others was less conspicuous. In some cases there seemed to be a one-year lag in the pattern of growth in industrial production behind those of the others. The prime determinant was of course agricultural production, which not only helped finance import, but also furnished raw materials for industrial production. The remarkable rapid rates of increase in industrial production in the latter years were mainly due to the development of the "indigenous industries" during the "Great

¹See discussion on p.42 below.

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Leap Forward," however, they were also partly fruits of previous imports.¹

Foreign Trade and National Income

Even though the role of foreign trade in the economic development of Communist China was important, one might ask a further question, how important was it in relation to her national income?

For the purpose of comparison, the estimates of T. C. Liu and K. C. Yeh for the national income of Communist China are used. Their estimates are in 1952 constant prices. As the Communist Chinese foreign trade figures are in current prices, adjustments are made by using the United Nations' export and import price indices as deflators.²

One point should be noted in this comparison. As the National Product figures were calculated in internal prices, the Import and Export figures were calculated in external prices.³ Disequilibrium exchange rates would affect the

¹By the end of 1959, it was reported that 113 Russian projects, and some projects supplied by the Eastern European Communist countries, were completed and put into operation. See Appendix F.

²In the view that Communist China's foreign trade was transacted in, or based on "capitalist world market prices" (see p. 50 below), the use of the United Nations' price indices is justified. Here the world export price indices are used to adjust the Communist Chinese imports, and the world import price indices are used to adjust the Communist Chinese exports.

³See Chapter II, pp. 36-41 below.

TABLE I-3:--The relation between foreign trade and national product of Communist China (value in billion constant 1952 yuans)

Year (1)	Nat'l Product (2)	Import (adj'td) (3)	Export (adj'td) (4)	Import, N.P. (5)	Export, N.P. (6)	Im. + Ex., N.P. (7)
1952	71.41	3.75	2.71	5.3	3.8	9.1
1953	75.33	4.85	3.85	6.4	5.1	11.5
1954	79.28	4.57	4.47	5.8	5.6	11.4
1955	82.30	6.43	5.37	7.8	6.5	14.3
1956	92.08	5.52	5.92	6.0	6.4	12.4
1957	95.34	5.10	5.62	5.3	5.9	11.2
1958	108.00	6.46	7.29	6.0	6.8	12.8

Sources: Column (2): T. C. Liu and K. C. Yeh, The Economy of the Chinese Mainland: National Income and Economic Development 1933-1959 (2 vols.: Santa Monica: The Rand Corporation, 1963), Vol. I, p. 94; Columns (3) & (4): Table II-9 below, with adjustments as mentioned in the text; Columns (5) through (7): calculated.

result of this comparison. It is known that the Communist Chinese yuan is overvalued against currencies in the Free World;¹ however, evidence also shows that it was undervalued against the Russian ruble.² Then, the effects of these disequilibrium exchange rates would balance each other out

¹Yeh Chi-chuang, "Tan tui-wai mao-i," (On Foreign Trade), HHPYK, No. 16, 1957, p. 93.

²Kang Chao, "Yuan-dollar price Ratio in Communist China and the United States," Occasional Papers No. 2, James I. Crump, Jr., ed. (Center for Chinese Studies: University of Michigan, 1963), p. 19.

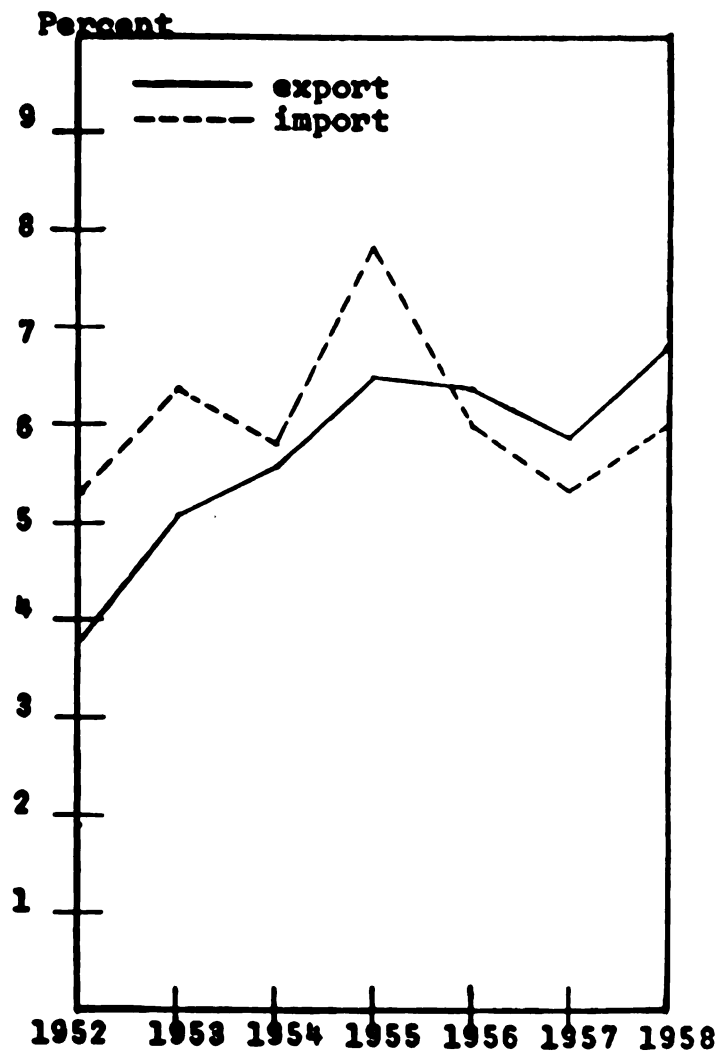
to some extent. Since there is no way to determine the net result, we can only keep this as a qualification.

The comparison shows that both the import and export of Communist China were small compared to her national product. While the percentage of import to national product was quite constant (about 6%), the percentage of export to national product showed a slight trend of increase. For the whole period under study, the foreign trade turnover of Communist China was only about 12% of her national product. The percentage is about that of the United States, and considerably lower than most industrial countries.¹

¹The same percentage for United Kingdom was 32% (1945-1952); for France was 25% (1946-1951); for Canada was 30% (1950-1954); and for Japan was 20% (1950-1954). See Simon Kuznets, Six Lectures on Economic Growth, (Illinois: The Free Press of Glencoe, 1959), pp. 101-103.

FIGURE I-1

Import and Export as Percentage of
National Product of Communist China



Source: Table I-3.

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CHAPTER II

ESTIMATION OF THE TURNOVER, REGIONAL DISTRIBUTION AND BALANCE OF THE FOREIGN TRADE OF COMMUNIST CHINA

There are two sources of information from which we can get statistics to estimate the foreign trade of Communist China: reports made by Communist China, and those made by her trading partners. Theoretically, statistics derived from these two sources should be identical. However, they are found to have substantial differences when compared on the same currency basis, and thus raise a host of possible explanations among economists. The core of the entire problem, as I shall demonstrate, lies in Communist China's manipulation of foreign exchange rates, and special way of reporting foreign trade figures. On this basis, it will be shown that these two sets of figures are essentially the same, and we are enabled to arrive at the actual turnover, regional distribution and balance of the foreign trade of Communist China.

Estimates from Communist Chinese Sources

Compared to other Communist Chinese economic statistics, foreign trade statistics have been relatively scarce, because they are classified as economic secrets

of the State.¹ But it is still possible to compile the following tables from information given in various Communist Chinese publications, (Tables II-1, II-2).

In Table II-2, all countries outside the Communist bloc are grouped together under the heading of Rest of the World, for which all absolute figures and percentages are residuals. Incomplete statistics hamper the operation of breaking down these figures into further sub-groups. What is more, it is exceedingly hard to assess the connotations of such terms as "capitalist world," "capitalist countries," and the "Asian-African countries," which are often seen in Communist Chinese publications. Therefore, it is better to classify them under one group. As for breaking down the several trade figures into exports and imports, incomplete information again hampers us.

Estimates from United Nations' Publications

In spite of the fact that foreign trade statistics from Communist Chinese sources are scarce, such statistics are far more readily accessible from Communist China's trading partners. Foreign trade reports of various countries to the United Nations, and occasionally some other information, make it possible to have a more detailed picture. For the purpose of comparison two following tables are compiled,² (Table II-3, II-4).

¹Choh-ming Li, op. cit., p. 176.

²For detailed statistics and explanations, see Appendices A and B.

TABLE II-1.--Foreign trade turnover of Communist China (in million yuans)

Year (1)	Turnover (2)	Import (3)	Export (4)
1950	4,150.0	2,116.5	2,033.5
1951	5,950.0	3,510.5	2,439.5
1952	6,460.0	3,746.8	2,713.2
1953	8,090.0	4,611.3	3,478.7
1954	8,470.0	4,404.4	4,065.6
1955	10,980.0	6,039.0	4,941.0
1956	10,870.0	5,297.0	5,568.0
1957	10,450.0	5,002.0	5,447.0
1958	12,870.0	6,137.9	6,710.6

Sources: Column (2): Ten Great Years (Peking: Foreign Languages Press, 1960), p. 175; Columns (3) & (4): 1950-1955: calculated from (2) and indices given by Communist Chinese source. For indices, see Helen Yin and Yi-chang Yin, Economic Statistics on Mainland China (1949-1957) (Cambridge: Harvard University Press, 1960), p. 63; 1956: Yeh Chi-chuang, "Tan tui-wai mao-i," (On Foreign Trade), HHPYK, No. 16, 1957, p. 91; No final official figures were given for 1957. Here estimates are made by assuming both the import and export targets were overfulfilled by the same percentage. For targets, see Yeh Chi-chuang, Ibid., p. 91; 1958: calculated. Import was 2.9 times and export was 3.3 times that of 1950, Ten Great Years, op. cit., p. 164.

TABLE II-2.--Regional distribution of foreign trade turnover of Communist China (in million yuans)

Year	Total Turnover Value	Communist bloc						Rest of the World	
		Total bloc		U.S.S.R.		Rest bloc			
		%	Value	%	Value	%	Value	%	Value
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1950	4150.0	33.5	1390.3	30.9	1282.4	2.6	107.9	66.5	2759.7
1951	5950.0	63.3	3766.4	48.7	2897.7	14.6	868.7	36.7	2183.6
1952	6460.0	78.1	5045.3	57.3	3701.6	20.8	1343.7	21.9	1414.7
1953	8090.0	75.5	6108.0	56.4	4562.8	19.1	1545.2	24.5	1982.0
1954	8470.0	80.0	6776.0	n.a.	n.a.	n.a.	n.a.	20.0	1694.0
1955	10980.0	80.0	8784.0	(62.0)	6797.0	(18.0)	1987.0	20.0	2196.0
1956	10870.0	75.0	8152.5	54.0	5869.1	21.0	2282.7	25.0	2717.5
1957	10450.0	75.0	7837.5	50.0	5225.0	25.0	2612.5	25.0	2612.5
1958	12870.0	(70.0)	9037.0	(48.0)	6165.5	(22.0)	2871.5	30.0	3833.0

Sources: Column (2): Table II-1; Columns (3) to (10):

- All percentages in 1950-1953: Vneshnyaya Torgovlya (Foreign Trade), No. 5, 1956, p. 17. Absolute figures are calculated.
- Percentages for Total bloc in 1954-1955: Jen-min shou-tse (People's Handbook) op. cit., p. 522. Percentages for Rest of world are residuals and absolute figures are calculated.
- Absolute figure for USSR in 1955 was 5.3 times that of 1950; Li Hsien-nien, "Shu-luan shih wo-kuo chien-she she-hui-tsu-i ti pang-yang ho wei-ta ti yuan-tso-chieh," (The Soviet Union is a Model for Constructing Socialism and Great Helper of Our Country), HHPYK, No. 5, 1956, p. 50. Rest of bloc figures is a residual.
- Percentage for Total bloc: Yeh Chi-chuang, "Tan tui-wei mao-i," (On Foreign Trade), HHPYK, No. 16, 1957, p. 91; percentage for USSR: People's China, No. 23, 1957, p. 41. Percentages for Rest of bloc and Rest of World are residuals. Absolute figures are calculated.
- Percentage for Total bloc in 1957: Peking Review, June 17, 1958, p. 13. Percentage for USSR in 1957: "Chung-shu soong-ti pan hu-tso ho-tso ti hsien-cheng-chiu," (New Achievements of the Sino-Soviet Fraternal Mutual Assistance and Cooperation), JMJP (Editorial) Apr. 24, 1958. Percentages of Rest of bloc and Rest of world are residuals, and absolute figures are calculated.
- Absolute figures for Total bloc: 6.5 times of 1950. Ten Great Years, op. cit., p. 164; Absolute figures for USSR: 18% over 1957. SCMP No. 1893, p. 41. Absolute figures for Rest of bloc and Rest of world are residuals.
- Percentages in parentheses are calculated from absolute figures.

TABLE II-3.--Foreign trade turnover of Communist China (in million U.S. dollars)

Year (1)	Import (2)	Export (3)	Turnover (4)=(2)+(3)
1949	370.0	429.1	799.1
1950	808.9	703.7	1512.6
1951	956.9	872.5	1829.4
1952	836.8	817.3	1654.1
1953	1179.3	1072.0	2251.3
1954	1281.4	1157.4	2438.8
1955	1285.8	1352.4	2657.2
1956	1407.6	1635.0	3072.6
1957	1330.5	1621.3	3010.8
1958	1811.7	1950.4	3762.1
1959	1954.4	2182.8	4137.2
1960	1848.3	1914.1	3762.4

Source: Appendix B.

TABLE II-4.--Regional Distribution of foreign trade of Communist China (in million of U.S. dollars)

Year (1)	Communist Bloc										Rest of World	
	Total Bloc					U. S. S. R.					Rest of Bloc	
	Total (2)	Import (3)	Export (4)	Total (5)	Import (6)	Export (7)	Total (8)	Import (9)	Export (10)	Total (11)	Import (12)	Export (13)
1949	342.1	143.2	198.9	342.1	143.2	198.9	n.a.	n.a.	n.a.	457.0	226.8	230.2
1950	588.1	394.5	193.6	579.5	388.2	191.3	8.6	6.3	2.3	924.5	414.4	510.1
1951	904.5	525.6	378.9	809.7	478.4	331.3	94.8	47.2	47.6	924.9	431.3	493.6
1952	1075.1	599.4	475.7	967.9	554.2	413.7	107.2	45.2	62.0	579.0	237.4	341.6
1953	1535.3	885.5	649.8	1172.3	697.6	474.7	363.0	187.9	175.1	716.0	293.8	422.2
1954	1759.6	995.7	763.9	1337.6	759.3	578.3	422.0	236.4	185.6	679.2	285.7	393.5
1955	1859.1	979.2	860.0	1391.9	748.2	643.5	467.2	230.8	217.4	798.1	306.6	491.5
1956	1999.2	980.6	988.6	1497.5	733.5	764.2	501.7	247.3	224.4	1073.4	427.0	646.4
1957	1842.3	810.3	973.0	1282.2	544.1	738.1	560.1	266.2	234.9	1168.5	520.2	648.3
1958	2215.2	1043.7	1171.5	1514.6	634.0	880.6	700.6	409.7	290.9	1546.9	768.0	778.9
1959	2725.1	1278.2	1446.9	2052.8	953.6	1099.2	672.3	324.6	347.7	1412.1	676.2	735.9
1960	2293.7	1146.8	1146.9	1663.6	816.3	847.3	630.1	330.5	299.6	1468.7	701.5	767.2

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Source: Appendix B.

Comparison of the Communist Chinese and United Nations'
Statistics:

(1) Overall Communist Chinese Foreign Trade

To make these two sets of statistics comparable, the United Nations' figures are converted into Communist Chinese yuan figures. In doing so, the exchange rate U.S. \$1.00 = ¥2.45 is used, which is a cross-rate using the British £ as the medium,¹ instead of the Communist Chinese official rate U.S. \$1.00 = ¥ 2.34. The reason is that there is no telegraph transfer rate between the Communist Chinese yuan and the U.S. dollar,² and the official rate is only the buying-rate for U.S. notes at which the dollar is deliberately depreciated.³ In a Communist-type economy, the official exchange rates are used for internal conversion between the State Central Bank and the Foreign Trade Departments.⁴ It is possible, and indeed very often happens, that these rates are pegged at disequilibrium levels. However, when it comes to international clearance, it is the

¹Since 1953, Communist Chinese official rate: £1 = ¥6.859, and at par, £1 = U.S.\$2.80, therefore U.S.\$1.00 = ¥2.45.

²Solomon Adler, The Chinese Economy (New York: Monthly Review Press, 1957), p. 226.

³Using the Communist Chinese official rates, the cross-rate is £1 = U.S.\$2.92.

⁴Edward Ames, "Exchange Rates in Soviet-Type Economy," Review of Economics and Statistics, Nov. 1953, pp. 337-342; also F. Bystrov, "The Organization of International Settlements Among the Socialist Countries," Problem of Economics, June 1960, pp. 56-59.

international rates that have to be observed. In her trade with the Free World, Communist China mainly uses the British £ as the means of transaction, which she must have also used to finance her deficit with the Communist bloc. Therefore, the cross-rate is deemed to be more appropriate. The conversion rates used for 1950, 1951-1952 follow the same rationale. They are different because the official rates for the British £ were different.¹

Two observations can be made from Table II-5. First, for the Total and the Communist bloc, the two sets of figures are entirely incompatible. Secondly, for the Rest of the world, the two sets of figures show much similarity. Therefore, the big differences in the Total trade figures are results of big differences in the Communist bloc trade figures, not of differences in the Rest of the world trade figures. These relations can be seen more clearly in the diagram below, (Figure II-1).

(2) Sino-Rest of world Trade

Because relatively small differences are found in the two sets of trade figures concerning Communist Chinese trade with the countries in the Free World, little explanation is necessary. However, it is of interest to review

¹For 1950, the £ rate used is only an average because of changing official quotations.

£1 = ¥9.018, since £1 = U.S.\$2.80, therefore
U.S.\$1.00 = ¥3.22.

For 1951-1952, £1 = ¥6.235, therefore, U.S.\$1.00 = ¥2.23.
The official exchange rates are listed on p.40 below.

TABLE II-5.--Turnover & regional distribution of foreign trade of Communist China (in million
yuans)

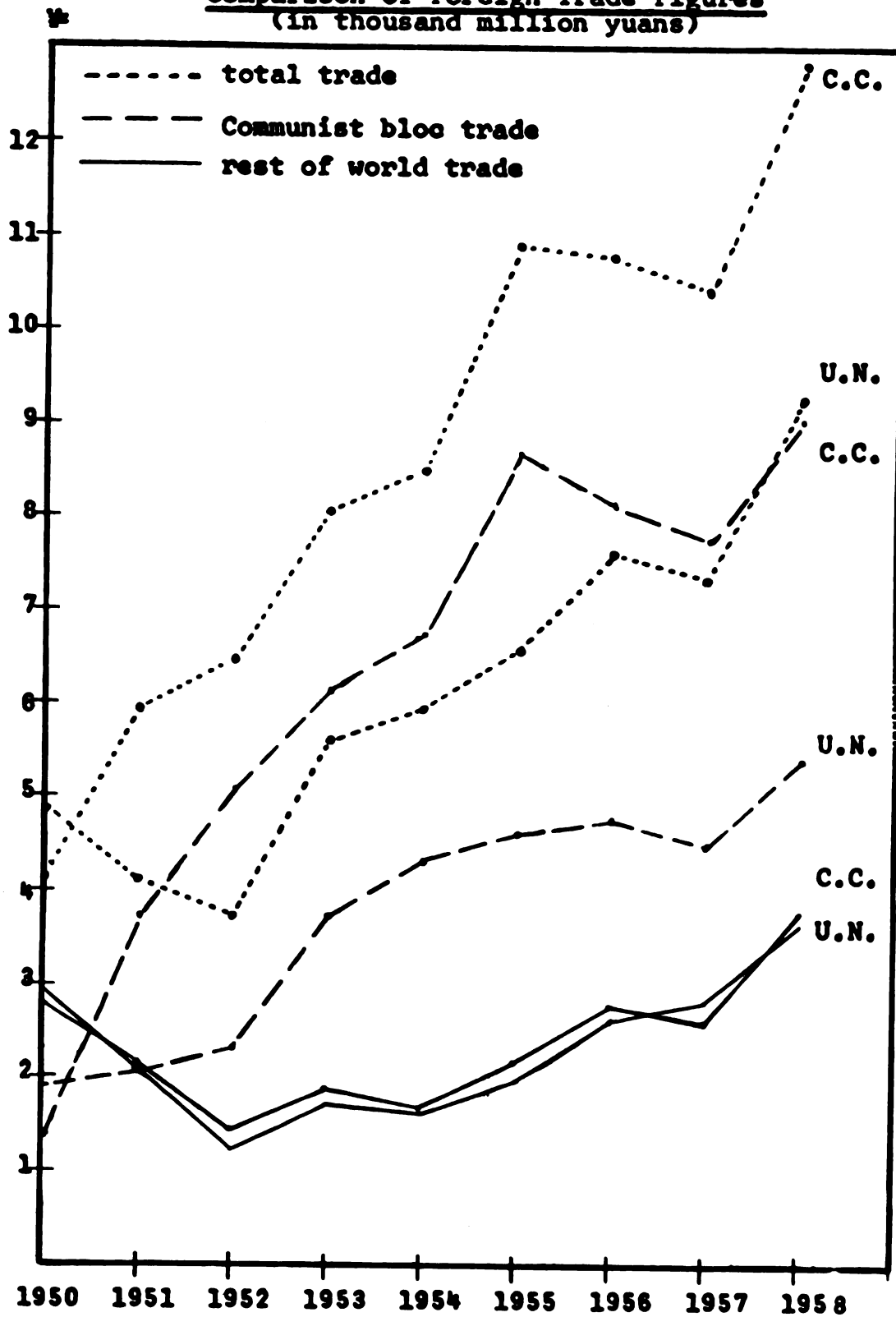
Year (1)	Total		Communist Bloc				Rest of World	
	C.C. (2)	U.N. (3)	Total Bloc		U.S.S.R.		Rest Bloc	
			C.C. (4)	U.N. (5)	C.C. (6)	U.N. (7)	C.C. (8)	U.N. (9)
1950	4150.0	4870.6	1390.3	1893.7	1282.4	1866.0	107.9	27.7
1951	5950.0	4079.6	3766.4	2017.0	2897.7	1805.6	868.7	211.4
1952	6460.0	3688.6	5045.3	2397.5	3701.6	2158.4	1343.7	239.1
1953	8090.0	5515.7	6108.0	3761.5	4562.8	2872.1	1545.2	889.4
1954	8470.0	5975.1	6776.0	4311.0	n.a.	3277.1	n.a.	1033.9
1955	10980.0	6510.1	8784.0	4554.9	6797.0	3410.4	1987.0	1144.5
1956	10870.0	7527.9	8182.5	4897.9	5869.1	3668.7	2282.7	1229.2
1957	10450.0	7376.5	7837.5	4513.6	5225.0	3141.4	2612.5	1372.2
1958	12870.0	9217.1	9037.0	5427.3	6165.5	3710.8	2871.5	1716.5
							3833.0	3789.9

In Table above C.C. denotes trade figures from Communist Chinese sources while U.N. denotes United Nations' trade figures converted into yuans.

Sources: C. C. figures are from Table II-2; U.N. figures are from Tables II-3 and II-4 each converted into yuan figures at the exchange rate: 1950 -- U.S.\$1.00 = ¥3.22, 1951 & 1952 -- U.S.\$1.00 = ¥2.23, since 1953 -- U.S.\$1.00 = ¥2.45.

FIGURE II-1

Comparison of Foreign Trade Figures
(in thousand million yuans)



Source : Table II-5.

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certain explanations advanced by other economists.

In his study, R. F. Dernberger finds that the figures from Communist Chinese sources are in general higher than those reported by her trading partners, and thus advances the argument that this is due to the over-valuation of the Communist Chinese yuan.¹ But this argument simply does not apply in this case, even if the yuan is overvalued. In Communist China, the state operated foreign trade concerns serve as the bridge between the foreign and the internal market. Then, the Ministry of Foreign Trade can report her total foreign trade figures in two ways. It can either report the sum of all foreign exchanges used, converted into the local currency each at its official rate; or the sum of the values of all traded commodities at their local prices. If the local currency is overvalued, the latter sum will be higher than the former. Evidence shows that Communist China used the first method of reporting.² Then, the sum should be exactly the same as that which is

¹R. F. Dernberger, "International Trade of Communist China," Three Essays on the International Economics of Communist China, ed. C. F. Remer (Ann Arbor: University of Michigan Press, 1959), p. 136.

²We shall see later that when the Sino-Communist-bloc trade figures as reported by the Communist countries are converted into yuan figures at the official ruble rate, they are almost the same as those reported by Communist China. This shows that Communist China reports her foreign trade by converting the total transacted value of foreign exchanges into the local currency, not by summing up the total value at local prices.

calculated by converting the United Nations' figures into yuan figures at official exchange rates. In other words, Columns (10) & (11) in Table II-5 should be identical. It is known that the Communist Chinese yuan is overvalued. But as long as she reports her foreign trade in the first method, internal prices are not involved and overvaluation does not come into the picture.

The same argument applies to show that the difference can not be due to "difference in pricing," as advanced by Choh-ming Li.¹ In the trade between Communist China and the Free World, prices are most likely quoted in foreign currencies, and most unlikely quoted in yuan. Then, the total trade value announced by Communist China is only a summation of these prices, each multiplied by its quantity and converted into yuan. Again, this summation should not be different from that reported by her trading partners, when their reports are also converted into yuan figures.

The argument that the differences are due to differences "in c.i.f. and f.o.b. valuations" and "in timing of arrivals and departures" do have some weight.² It is difficult to assess the effects of timing, since it affects both sets of figures in both directions. Most countries in the Free World report their trade c.i.f. import and f.o.b. export. While Communist China probably reports in the same

¹Choh-ming Li, op. cit., p. 188.

²Choh-ming Li, Ibid., p. 188.

way,¹ the U.N. figures would overstate Communist Chinese exports and understate her imports. The net effects on the total value is hard to determine. Probably the result would be an overstatement because Communist China exported more than she imported from the Free World in the years under study.

Some other explanations also help to make up for the differences. There were trade activities kept unreported in the United Nations' publications, the most important of which was the smuggling trade of embargoed commodities through Hong Kong, Macau and Japan.² Another explanation lies in the statistics themselves. Many countries made no report at all, especially in the earlier years under study. These two reasons are important enough to explain why in general the Communist Chinese figures are slightly higher than the United Nations' figures.³

With all these facts in mind, it can be stated that these two sets of statistics are on the whole compatible, and there is no evidence of deliberate falsification on the part of Communist China.

¹See discussion on p. 47.

²See Hsin Ying, op. cit., pp. 115-116.

³Another unreported trade activity is probably narcotics traffic. See Feng-hwa Mah, "The First Five-Year Plan and Its International Aspects," Three Essays on the International Economics of Communist China, C. F. Remer, ed. (Ann Arbor: University of Michigan Press, 1959), p. 96.

(3) Sino-Communist-bloc Trade

The Communist Chinese and the United Nations' statistics markedly differ from each other in the Sino-Communist-bloc section. Such differences can, in no case, be explained by any or any combination of explanations given above. We have to look for other clues.

In his speech delivered at the National People's Congress in July, 1957, Yeh Chi-chuang, the Minister of Foreign Trade, pointed out that:¹

Our Country's internal conversion rate between the ruble and the People's currency was also fixed at the People's Bank's quotation at that time. This is what we now call the "trade ruble."

"That time" which was referred to was April 19, 1950, the date of the signing of the first Sino-Soviet Trade Agreement. Little is known about this internal conversion rate, so that many economists had tried to derive it by various methods.² However, a thorough checking of the foreign exchange rate quotations of the Bank of China³ will make all these efforts unnecessary, and give us the clue to

¹Yeh Chi-chuang, "Tan tui-wai mao-i," (On Foreign Trade), HHPYK No. 16, 1957, p. 93.

²Die Wirtschaftliche Verflechtung der Volksrepublik China mit der Sowjetunion (Hamburg: Institut fuer Asienkunde, 1959), pp. 33-36; World Economic Report (United Nations, 1957), p. 222, Table III, note F; T. C. Li, "A Valuation of China's Foreign Trade," Far Eastern Economic Review, Oct. 1, 1959, p. 552; Choh-ming Li, op. cit., pp. 171-173.

³The Bank of China is a specialized bank under the People's Bank as the sole agent in all foreign exchange transactions.

solve the whole problem.

The following table is a compilation of these official quotations since May 1950.

TABLE II-6.--Official foreign exchange quotations of Communist China (yuans of Mar. 1, 1955 per unit of exchange)

Date	\$	£	Ruble
May 11, 1950 ^a	3.75	9.3	1.025
26, "	3.75	9.89	
June 8, "	3.75	9.89	0.94 ^b
July 3, "	3.55	9.428	
8, "	3.50	9.32	1.025
26, "	3.50	9.144	unchanged
Aug. 7, "	3.22	n.a.	unchanged
Sept. 6, "	3.1	7.821	unchanged
Jan. 5, 1951	2.49	6.837	
20, "	2.289	6.235	
June 7, "	2.227	6.235	
Dec. 6, 1952 ^c	2.227	6.859	

^aPrior to May 1950, official quotations were not unified.

^bFor inward remittances (esp. buying government bonds) only.

^cOfficial quotations remained unchanged hereafter, except for U.S. notes, the buying rate for which was later pegged at ¥2.34.

Sources: Compiled from information in the Financial Market section in respective issues of the Far Eastern Economic Review.

Here there are actually a few quotations for the ruble, which was later either quoted as unchanged or not quoted at all. If we apply the rate Rbl.1.00 = ¥1.025 to convert the Sino-Communist-bloc trade figures in the United Nations' statistics into yuans,¹ and compare the results with the figures given by Communist China, we get the following table.

TABLE II-7.--Sino-Communist-bloc trade* (in million yuans)

Year	Total Bloc		U.S.S.R.		Rest Bloc	
	C.C.	U.N.	C.C.	U.N.	C.C.	U.N.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1950	1390.3	2411.2	1282.4	2375.9	107.9	35.3
1951	3766.4	3708.5	2897.7	3319.8	868.7	388.7
1952	5045.3	4407.9	3701.6	3968.4	1343.7	439.5
1953	6108.0	6294.7	4562.8	4806.4	1545.2	1488.3
1954	6776.0	7214.4	n.a.	5484.2	n.a.	1730.2
1955	8784.0	7622.3	6797.0	5706.8	1987.0	1915.5
1956	8152.5	8196.1	5869.1	6139.7	2282.7	2056.4
1957	7837.5	7553.4	5225.0	5257.0	2612.5	2296.4
1958	9037.0	9082.3	6165.5	6209.8	2871.5	2872.5

*Since ruble is used in foreign trade pricing and settlement in the Communist bloc, the conversion rate mentioned is used here not only for trade with Russia, but also with the entire bloc.

Sources: Columns (2), (4) and (6) are from Table II-5; Columns (5) & (7) are calculated by converting Columns (7) & (9) into yuans at the rate \$1.00 = ¥4.10; Column (3) is sum of columns (5) & (7).

¹That is, Rbl.1.00 = ¥1.025, and as U.S.\$1.00 = Rbl.4.00, U.S.\$1.00 = ¥4.10.

When comparison is made on such a basis, there is a remarkable degree of similarity between these two sets of figures, especially in the more recent years.¹

In Sino-Soviet trade (Columns 4 & 5), the U.N. figures are in general slightly higher than the Communist Chinese figures. Relatively large differences are found in figures for 1950, 1951, and 1955. Differences in 1950-1951, period of the Korean war, may be due to Russian military equipment supplies which were not recorded as foreign trade by Communist China, thus making the Communist Chinese figures considerably below the U.N. figures. In 1955, when the Russian shares of the four Joint Stock Companies were transferred to Communist China and were to be repaid by Communist Chinese exports,² it is probable that these transfers were recorded by Communist China as trade, but not by Russia, and so making the Communist Chinese figures higher than the U.N. figures. It is also very probable that when Russian investments were made in these companies (mainly in form of equipment) prior to 1955, Russia recorded these as trade, but Communist China did not. When in 1955 Communist China took over these shares, she recorded them as trade, but this time Russia did not.

In comparing Columns (6) & (7), the Communist

¹For comparison, also see Figure II-2 below.

²These Joint Stock Companies are the Non-Ferrous and Rare Metals Company, The Petroleum Company, The Civil Aviation Company and The Dairen Dockyard.

Chinese figures are in general higher, especially in the earlier years. One explanation can be found in the statistics themselves. The coverage of the U.N. statistics are far from complete. Some of the trade figures of the Eastern European countries are not available for the earlier years, and little of the trade figures of the Asian Communist countries are accessible throughout these years.¹ It is also possible that in the earlier years part of the Sino-Eastern-European trade was transacted via Russia, with the result of aggravating the Russian trade figures and understating the Eastern European trade figures.

Overall Comparison of Statistics

We can now put the separate comparisons together for an overall comparison, which is shown in Table II-8 and Figure II-2. Here a marked similarity between these two sets of figures can be seen. It is therefore by understanding the Communist Chinese manipulation of exchange rates and her special way of reporting foreign trade figures that her foreign trade statistics can be reconciled with those reported by her trading partners. Also by the same understanding, her foreign trade turnover in 1959 and 1960 can be estimated.

¹See Appendix B.

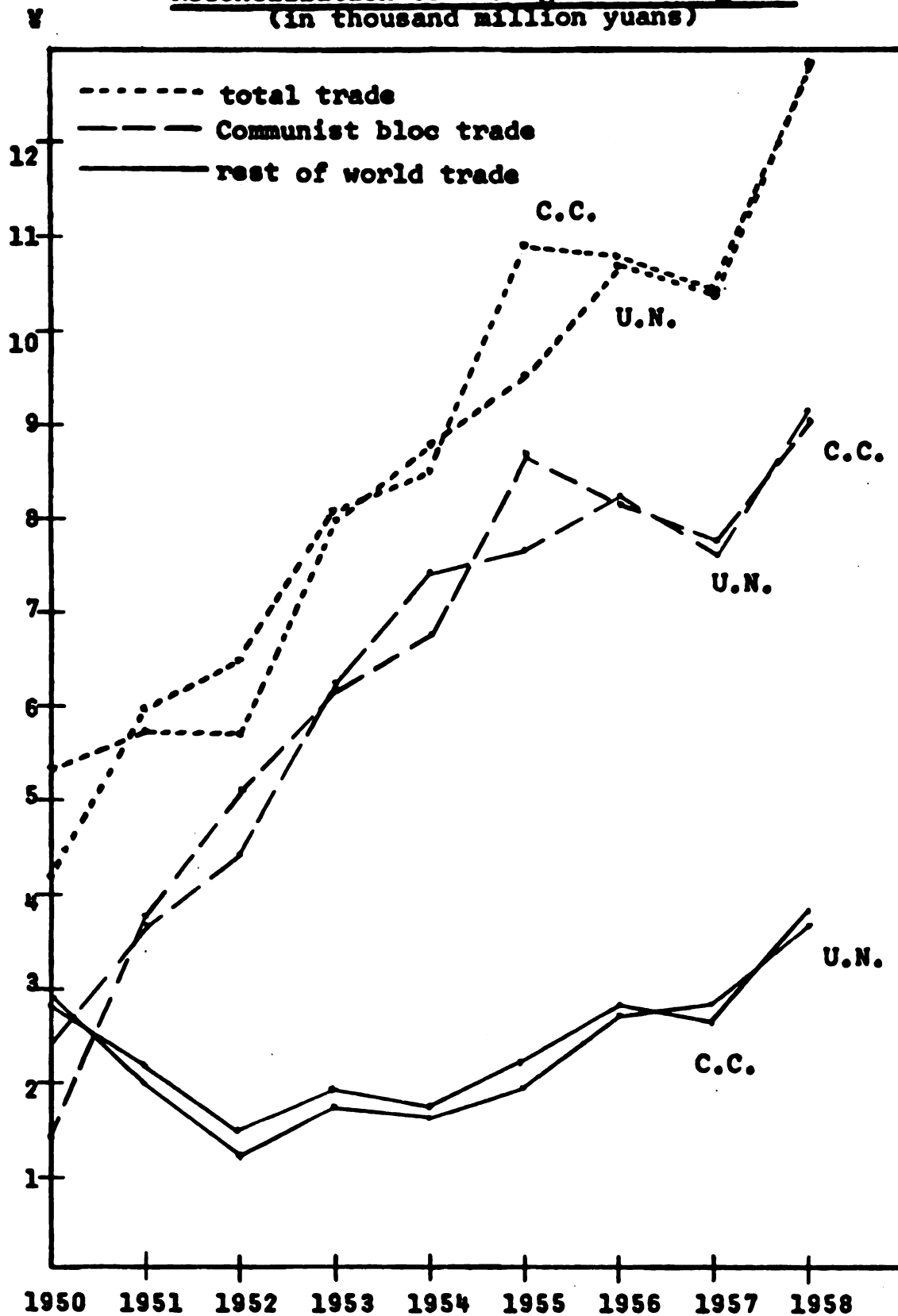
TABLE II-8.--Turnover and regional distribution of foreign trade of Communist China (in million yuans)

Year (1)	Total		Communist Bloc		Rest World	
	(2)C.C.	(3)U.N.	(4)C.C.	(5)U.N.	(6)C.C.	(7)U.N.
1950	4150.0	5388.1	1390.3	2411.2	2759.7	2976.9
1951	5950.0	5771.0	3766.4	3708.5	2183.6	2062.5
1952	6460.0	5699.1	5045.3	4407.9	1414.7	1291.2
1953	8090.0	8048.9	6108.0	6294.7	1982.0	1754.2
1954	8470.0	6879.4	6776.0	7214.4	1694.0	1665.0
1955	10980.0	9577.6	8784.0	7622.3	2196.0	1955.3
1956	10870.0	10825.9	8152.5	8196.1	2717.5	2629.8
1957	10450.0	10416.2	7837.5	7553.4	2612.5	2862.8
1958	12870.0	12872.2	9037.0	9082.3	3833.0	3789.9
1959	(14632.5)		(11172.9)		(3459.6)	
1960	(13002.5)		(9404.2)		(3598.3)	

Sources: Column (2): Table II-2; Columns (4) & (5): Table II-8; Columns (6) & (7): Table II-5; Column (3): sum of Columns (5) & (7); Figures in parentheses are estimates by converting U.N. figures in Table II-4 into yuans at exchange rates: for Communist bloc trade, \$1.00 = ¥4.10, and for Rest of world trade, \$1.00 = ¥2.45.

FIGURE II-2

Reconciliation of Foreign Trade Figures
(in thousand million yuans)



Source: Table II-8.

It is also possible to make a comparison of statistics from the standpoint of trade balance. In so doing, we have to content ourselves with a simpler form of comparison. Because of lack of detailed statistics, only a comparison of an overall balance can be made.

TABLE II-9.--Balance of foreign trade of Communist China
(in million yuans)

Year	Import		Export		Balance	
	C.C.	U.N.	C.C.	U.N.	C.C.	U.N.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1950	2116.5	2951.8	2033.5	2436.3	- 8.3	- 515.5
1951	3510.5	3116.8	2439.5	2654.2	-1071.0	- 462.6
1952	3746.8	2986.9	2713.2	2712.1	-1033.6	- 274.8
1953	4611.3	4350.4	3478.7	3698.6	-1132.6	- 651.8
1954	4404.4	4782.3	4065.6	4096.1	- 338.8	- 686.2
1955	6039.0	4765.9	4941.0	4733.9	-1098.0	- 32.0
1956	5297.0	5066.6	5568.0	5636.9	+ 271.0	+ 570.3
1957	5002.0	4596.7	5447.0	5577.6	+ 445.0	+ 980.9
1958	6137.9	6160.8	6710.6	6711.5	+ 572.7	+ 550.7

Sources: Columns (2) & (4): Table II-1; Columns (3) & (5): calculated by converting trade figures in Table II-4 each at their respective exchange rates; Columns (6) & (7): differences between Columns (2) & (4), (3) & (5) respectively.

Three observations can be made from the table above. First, concerning imports, the Communist Chinese figures are higher than the U.N. figures. Second, for exports the U.N. figures are higher than the Communist

Chinese figures. And third, differences in the import figures are greater than differences in the export figures. Since the effects of Communist Chinese manipulation of foreign exchange rates are already taken into account in the calculation of the table, explanations must be sought in other aspects. It is here that the c.i.f. and f.o.b. valuation practice of various countries comes into picture.

In the import columns, Communist Chinese figures are in general higher than the U.N. figures. This suggests that, while all her trading partners report their exports f.o.b., Communist China reports her imports c.i.f. The result is that the Communist Chinese figures are substantially higher.

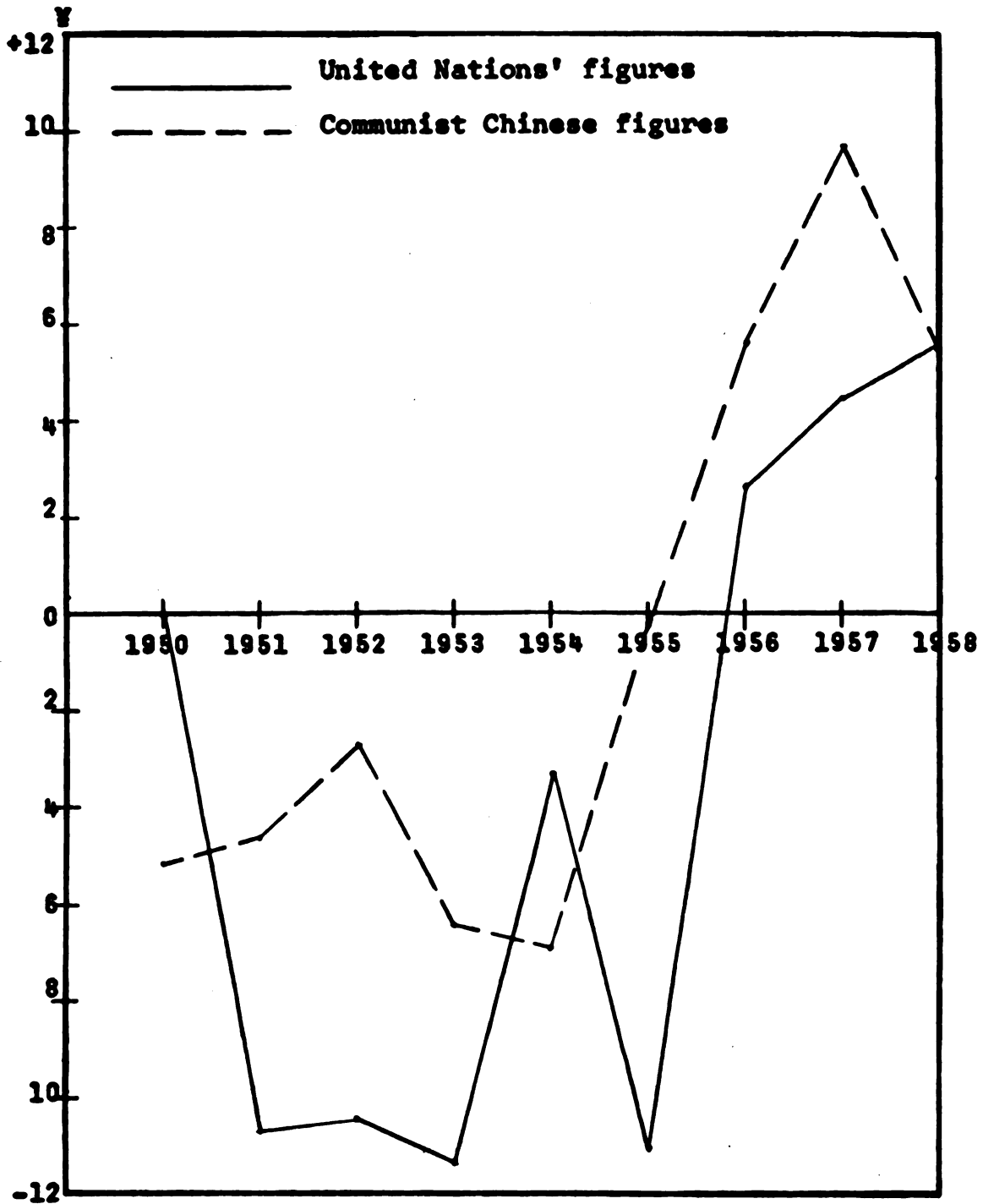
In the export columns, the U.N. figures are higher. This suggests that while Communist China reports her export f.o.b., part of her trading partners (i.e., countries in the Free World)¹ report their imports c.i.f., with the result that the U.N. figures are slightly higher.

The combined effects are shown in the balance columns. In general, the U.N. figures understate Communist Chinese deficits when she has an unfavorable balance, and overstate her surplus when she has a favorable balance.

¹As a rule, Communist countries report both their imports and exports f.o.b. country of origin.

FIGURE II-3

Foreign Trade Balance of Communist China
(in hundred million yuans)



Source: Table II-9.

The Actual Regional Distribution and Balance of the Foreign Trade of Communist China

After all these comparisons ending in the final reconciliation of the Communist Chinese and the United Nations' statistics, we come to the question: Which one set of figures should be used in order to arrive at the actual regional distribution and balance of the foreign trade of Communist China? On the one hand, there are Communist Chinese figures which are sums of two separate parts, each converted into yuans at its own rate of exchange; on the other hand, there are United Nations' figures with incomplete statistical coverage and the need for adjustments in their c.i.f. and f.o.b. valuations.

Two aspects of the same problem should be considered. From the financial point of view, the manipulation of exchange rates by Communist China, divorced from their international parities, affects only internal conversion within the country. Or to be more specific, it affects payments made or received by the Ministry of Foreign Trade in its transactions with the Bank of China in buying or selling foreign exchanges. Whether or not it affects decision on trade directions, we do not know. It is probable that it does. Definitely her pattern of exchange rates would overstate the proportion of Sino-Communist bloc trade in the total if they are given in yuan figures. For instance, a trade value of one million rubles would be recorded as 1.025 million yuans. But a trade value of a quarter million

dollars, which is equivalent to one million rubles, would be recorded as only $250,000 \times 2.45 = 612,500$ yuans. When it comes to international clearance, it is the accounts of the Bank of China, in terms of rubles, dollars and pound sterlings etc., that matter. All settlements must observe international parity. Therefore, it is the United Nations' statistics that are meaningful.

From the commodity point of view, it is known that the pricing of commodities in intra-Communist-bloc trade is based on world market prices.¹ This is also true in Communist Chinese trade with all countries.² Then, the United Nations' trade figures are also representative of commodity movements. For example, when prices are more or less the same, the amount of commodities valued at one million dollars would be equal to that valued at four million rubles. On the contrary, the amount of commodities valued at one million yuans would be different if purchased from, or sold to different sides of the Iron Curtain. Therefore, the United Nations' statistics are again more appropriate.

It is difficult to assess the incompleteness of the United Nations' figures. However, compared to the statistics that are already available the errors are small. Adjustments can be made for c.i.f. and f.o.b. valuations.

Because countries in the Free World report their

¹F. Bystrov, loc. cit., p. 57.

²Yeh Chi-chuang, "Tan tui-wei mao-i," (On Foreign Trade), HHPYK, No. 16, 1957, pp. 92-93.

trade statistics f.o.b. exports and c.i.f. imports, and Communist China depends heavily on foreign transportation in her foreign trade, United Nations' figures necessarily overstate her exports and understate her imports. An arbitrary 5% adjustment is made here, i.e., Communist Chinese exports are scaled down by 5%, and imports raised 5%. Since trade figures reported by the Communist countries are f.o.b. both imports and exports, an upward adjustment of 5% in her imports alone is necessary. Furthermore, no adjustments are necessary for Sino-Soviet trade, because these two countries are neighboring and deliveries are made mainly by railway hauling. Table II-10 shows the results of these adjustments and the final balance. The actual turnover and regional distribution of the foreign trade of Communist China is shown in Table II-11.

1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949
------	------	------	------	------	------	------	------	------	------	------	------

TABLE II-10.--Balance of foreign trade of Communist China (in million U.S. dollars)

	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949
<hr/>												
<u>Export to</u>												
Total	1875.7	2146.0	1911.5	1588.9	1602.7	1327.8	1137.7	1050.9	800.2	847.8	669.2	417.6
<u>Bloc</u>	1146.9	1446.9	1171.5	973.0	988.6	860.9	763.9	649.8	475.7	378.9	193.6	198.9
USSR	847.3	1099.2	880.6	738.1	764.2	643.5	578.3	474.7	413.7	331.1	191.3	198.9
Rest	299.6	347.7	290.9	234.9	224.4	217.4	185.6	175.1	62.0	47.6	2.3	0
Rest												
<u>World</u>	728.8	699.1	740.0	615.9	614.1	466.9	373.8	401.1	324.5	468.9	475.6	218.7
<hr/>												
<u>Import from</u>												
Total	1899.9	2004.4	1870.6	1369.8	1442.3	1312.6	1307.4	1203.3	851.2	980.9	830.1	381.3
<u>Bloc</u>	1163.3	1294.4	1064.2	823.6	993.9	990.7	1007.4	894.8	601.9	528.0	394.8	143.2
USSR	816.3	953.6	634.0	544.1	733.3	748.4	759.3	697.6	554.2	478.4	388.2	143.2
Rest	347.0	340.8	430.2	279.5	260.6	242.3	248.1	197.2	47.7	49.6	6.6	0
Rest												
<u>World</u>	736.6	710.0	806.4	546.2	448.4	321.9	300.0	308.5	249.3	452.9	435.3	238.1
<u>Balances</u>												
Total	-24.2	+141.6	+40.9	+219.1	+160.4	+15.2	-169.7	-152.4	-51.0	-133.1	-160.9	+36.3
<u>Bloc</u>	-16.4	+152.5	+107.3	+149.4	-5.3	-129.8	-243.5	-245.0	-126.2	-149.1	-201.2	+55.7
USSR	+31.0	+145.6	+246.6	+194.0	+30.9	-104.9	-181.0	-222.9	-140.5	-147.1	-196.9	+55.7
Rest	-47.4	+6.9	-139.3	-44.6	-36.2	-24.9	-62.5	-22.1	+14.3	-2.0	-4.3	0
Rest												
<u>World</u>	-7.8	-10.9	-66.4	+69.7	+165.7	+145.0	+73.8	+92.6	+75.2	+16.0	+40.3	-19.4

TABLE II-11.--Turnover and regional distribution of foreign trade of Communist China (in million U.S. dollars)

Year	Total	Communist Bloc	U.S.S.R.	Free World
1949	798.9 (100.0)	342.1 (42.8)	342.1 (42.8)	456.8 (57.2)
1950	1499.3 (100.0)	588.4 (39.2)	579.5 (38.6)	910.9 (60.8)
1951	1828.7 (100.0)	906.3 (49.5)	809.5 (44.2)	921.8 (50.5)
1952	1651.4 (100.0)	1077.6 (65.2)	967.9 (58.6)	573.8 (34.8)
1953	2254.2 (100.0)	1544.6 (68.5)	1172.3 (52.0)	709.6 (31.5)
1954	2445.1 (100.0)	1771.3 (72.4)	1337.6 (54.6)	673.8 (27.6)
1955	2640.4 (100.0)	1851.6 (70.1)	1391.9 (52.7)	788.8 (29.9)
1956	3045.0 (100.0)	1982.5 (65.1)	1497.5 (49.1)	1062.5 (35.0)
1957	2958.7 (100.0)	1796.6 (60.7)	1282.2 (43.3)	1162.1 (39.3)
1958	3782.1 (100.0)	2235.7 (59.1)	1514.6 (40.0)	1546.4 (40.9)
1959	4150.1 (100.0)	2741.3 (66.0)	2052.8 (49.4)	1409.1 (34.0)
1960	3775.6 (100.0)	2310.2 (61.2)	1663.6 (44.0)	1465.4 (39.1)

Sources: Absolute figures are based on Table II-10. Figures in parentheses are percentages of total.

CHAPTER III

THE IMPORTS OF COMMUNIST CHINA

In the study of international trade and economic development, countries are very often classified as industrial and primary producing countries, which usually are the developed and underdeveloped countries respectively. There is, of course, no necessary correlation between industrialization and development, primary production and underdevelopment. For instance, Japan has a highly developed sector of industries but low per-capita income, whereas Australia is a primary producing country with high per-capita income. These are only notable exceptions; in general such a correlation prevails. In international trade, commodity movements between these two groups of countries are primarily the exchange of manufactured goods for primary products. Therefore, the examination of the commodity pattern of a country's foreign trade, as well as its commodity trade relation with different types of economies, will give us some perceptions of its stage of development. And the change of its commodity structure through time will reflect the direction and speed of the development of various sectors in its economy, as well as its changing position in the world.

It is the purpose of this chapter, and the two chapters that follow, to investigate the commodity structure and its change through time in the foreign trade of Communist China, so as to ascertain her position in the international flow of commodities, and the stage of her economic development compared to other countries.

To develop such an analysis, I shall use data derived from Appendices D and E. For convenience, commodities are classified into four major groups--machinery and equipment, manufactured goods, raw materials, and foodstuffs, each with several sub-groups.¹ The trading partners of Communist China are divided into three groups: Russia representing the Communist bloc,² the developed countries,³ and the underdeveloped countries.⁴

Simple regression analysis is used to show the changes in the percentage shares of different commodity and country groups through time. In doing so, the years 1955-1960, assuming the values from 1 to 6, are used as the values

¹For the composition of these groups and their sub-groups, see Appendix E.

²It will be pointed out in Chapter VI and Appendix C that, in spite of the absence of statistics, data used here are fairly representative of Communist Chinese commodity trade. The commodity pattern of Sino-Eastern-European trade is similar to that of Sino-Soviet trade.

³This group consists of all non-Communist European countries, Australia, New Zealand and Canada. Some of these countries do have low per-capita income, such as Portugal and Greece. However, their trade with Communist China is very small.

⁴This group consists of the Asian, African and Latin American countries, the commodity trade statistics of which are available. For coverage of countries, see Appendix C.

of the independent variable X, while the actual percentages are used as the values of the dependent variable Y. Here we have:

$$Y_i = a + b X_i \quad (i=1, \dots, 6)$$

The simple regression coefficient b is calculated by using the formula:

$$b = \frac{N \sum X_i Y_i - (\sum X_i)(\sum Y_i)}{\sum X_i^2 - (\sum X_i)^2} \quad (N=6)$$

to show the trend in every case. It is defined here that a share increases if its regression coefficient is between 1.0 and 2.0, and increases significantly if its regression coefficient is above 2.0. Percentagewise, an increase means a total increase of 5-10% and a significant increase means a total increase of more than 10% in six years. The same definitions are used for decrease and significant decrease of shares except, of course, that the regression coefficients are negative in value.

General Picture of Communist Chinese Commodity Imports

As detailed analyses will be presented separately under each group, a few remarks are sufficient in passing. In the years under study, Communist China imported only very small amounts of foodstuffs, and even these were far exceeded by her foodstuffs exports.¹ Machinery and equipment took up about some 40% of her total imports. A closer examination of statistics indicates that it would be about 50% if we include

¹See Chapter IV and Chapter V below.

TABLE III-1.--General Commodity Imports of Communist China
(in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coeff.
Foodstuffs	20.5 (3.1)	15.3 (1.9)	19.5 (2.3)	29.1 (2.4)	6.0 (0.5)	40.9 (3.1)	-0.117
Raw materials	100.5 (15.5)	125.5 (15.4)	191.1 (22.4)	209.5 (17.5)	216.0 (15.5)	249.3 (18.8)	+0.340
Manufac- tures goods	303.3 (47.0)	347.5 (42.7)	325.1 (38.1)	591.4 (49.4)	507.5 (37.2)	507.3 (38.1)	-1.420
Machinery & equipment	222.8 (34.4)	326.7 (40.0)	318.0 (37.2)	367.2 (30.7)	636.2 (46.8)	533.8 (40.0)	+1.197
Total	647.1 (100.0)	815.0 (100.0)	853.0 (100.0)	1197.2 (100.0)	1360.3 (100.0)	1331.3 (100.0)	

Source: Appendix D. Figures in parentheses are percentages of total.

machinery and equipment that were primarily not for economic uses.¹ In her total imports, the share of machinery and equipment had increased while that of manufactured goods decreased.

Imports of Machinery and Equipment

Of all these imports Russia was the predominant supplier. Except for the fact that no complete industrial undertakings had yet been imported, Communist China has resumed purchasing such commodities from the developed countries of the Free World. The increase was especially marked in 1957 when the Embargo was relaxed by many countries. In a few

¹See explanatory note in Appendix C.

cases, such imports were comparable to those imported from Russia.

TABLE III-2.--Machinery and equipment imports of Communist China (in million U.S. dollars)

	1955	1956	1957	1958	1959	1960
Complete Industrial undertakings.	140.5	216.9	209.0	166.2	399.8	373.8
Russia	140.5	216.9	209.0	166.2	399.8	373.8
Power, electrical & metal-working mach.	23.6	25.0	27.5	40.2	51.6	53.5
Russia	21.1	18.6	13.9	23.6	35.6	28.7
Developed countries	1.8	4.2	11.7	14.4	14.3	24.4
Transportation & Agricultural mach.	27.9	45.1	18.2	95.0	127.6	69.4
Russia	27.2	29.6	10.7	79.3	122.4	53.9
Developed countries	0.3	10.9	5.7	8.5	4.5	14.4
Other machineries.	30.8	39.7	63.3	64.8	57.2	37.1
Russia	25.7	30.5	25.6	24.4	26.3	26.6
Developed countries	3.8	4.9	32.5	31.4	30.4	8.3
Total	222.8	326.7	318.0	367.2	636.2	533.8
Russia	214.5	295.6	259.2	293.5	584.1	483.0
Developed countries	5.9	20.0	49.9	54.3	49.2	47.1
Underdev. countries	2.4	11.1	8.9	19.4	2.9	3.7

Source: Appendix D.

Another comparison would be more illustrative.

**TABLE III-3.--Machinery & equipment imports of Communist China
(in percentages)**

	1955	1956	1957	1958	1959	1960	Regr. Coeff.
<hr/>							
Imports from developed countries as % of:							
(1) Total imports of mach. & equip.	2.6	6.1	15.7	14.8	7.7	8.8	+1.007
(2) Total imports from developed countries	6.6	12.7	24.1	11.7	12.1	11.3	+0.265
Imports from Russia as % of:							
(3) Total imports of machinery and equip.	96.3	90.5	81.5	80.0	91.8	90.5	-0.192
(4) Total imports from Russia	51.5	59.9	62.0	59.2	75.3	69.3	+3.840

Source: Calculated from statistics in Appendix D.

Line (1) shows that imports of machinery and equipment from the developed countries into Communist China increased not only absolutely, but also relatively to those from Russia. However, compared to Communist Chinese imports of all commodities from these countries, these imports showed no change (Line 2). That is to say, Communist China also increased her other imports from these countries as well.

Despite the fact that Russia's share remained stable (Line 3), such imports took up increasing shares in total imports from Russia (Line 4). In other words, Communist China was concentrating her imports on machinery and equipment in Sino-Soviet trade, and substituting other

imports from Russia either by domestic production or imports from the Free World. Furthermore, as the increase of Communist Chinese imports of machinery and equipment from the Free World, excluding complete industrial undertakings, was faster than those from Russia (Table III-2), Communist China was trying gradually to substitute Russian machinery and equipment with those she could get from the Free World, and concentrate her imports from Russia on complete industrial undertakings.

More should be said about Communist Chinese imports of complete industrial undertakings, as they amounted to more than 50% of her imports of machinery equipment, for which Russia was the main supplier.¹ These complete industrial undertakings were first known as the 156 "above-norm"²

¹The other Communist countries also supplied Communist China with some complete industrial undertakings. Not much is known about them. (See Appendix F.)

²To facilitate management and supervision, Communist China had set "investment norms" for capital constructions. Projects were classified as above or below norm according to whether their investments were above or below the normal figures. The norm for iron and steel, motor vehicle, tractor, shipbuilding and rolling stock manufacturing industries was ten million yuans; for non-ferrous metals, chemical and cement industries, six million yuans; for power stations, power transmission lines, coal-mining, oil-extracting, oil-refining and machine-building industries, motor vehicle and ship maintenance works and textiles, five million yuans; for rubber, paper-manufacturing, sugar-refining, cigarette-making and pharmaceutical industries, four million yuans; for ceramics, food processing and other light industries, three million yuans. First Five-Year Plan, op. cit., pp. 21-22.

construction projects designed and supplied by Russia in the First Five-Year Plan.¹ The number of these projects increased to 211 in 1956,² and they were later integrated into 166.³ In 1958 and 1959, another 125 projects were agreed upon,⁴ which, in view of the current rift, probably existed on papers only.

It was mentioned in the First Five-Year Plan that within its duration 24,850 million yuans were to be spent on all industrial capital constructions, which included 694 above-norm projects. Among these, 145 were to be designed and supplied by Russia. However, these Russian projects were to cost 11,000 million yuans out of the total, and 143 of the other above-norm projects were supplementary to the Russian ones.⁵ In other words, these imported projects formed the backbone of Communist China's first step towards industrialization.

There is no complete list of these projects. It was claimed that by 1959, 113 of these Russian projects were either entirely or partially completed and put into

¹Ibid., p. 38.

²Kao Ching-sheng, "Chung-shu liang-kuo ti ching-chi ho-tso," (Sino-Soviet Economic Cooperation), TKP, April 19, 1957.

³Li Fu-chun, "Kuan-yü 1959 nien kuo-min ching-chi chi-hua tsao-an ti pao-kao," (Report on the 1959 Draft National Economic Plan), HHPYK, No. 9, 1959, p. 15.

⁴Ibid., p. 15.

⁵First Five-Year Plan, op. cit., p. 39.

production.¹ The following should give some idea about the extent and nature of some of these projects.²

Power	16	Textiles	10
Iron and steel	14	Elec. instruments	4
Coal	12	Machine tools	2
Pneumatic instruments	1	Motor Vehicles	1
Steam turbines	1	Boilers	1
Mining equipment	1	Tractors	1
Petroleum refining	1	Aluminum & alloys	2
Chemicals	2	Measuring & Cutting instruments	1
Sugar	2	Paper	2
Food processing	2	Starch	1
Glass	1		

From experience, Communist China has been very eager to publicize the completion of her above-norm projects. However, the completion of the first few domestically designed projects, including a machine-building plant, one hydro-electric power station and one reconstructed synthetic fibre plant,³ were not announced until early 1958. Thus we can see how important these imported projects have been to

¹Li Fu-chun, loc. cit., p. 15.

²For identification of projects, see Appendix F.

³Po I-po, "Kuan yü 1958 nien kuo-min ching-chi chihua tsao-an ti pao-kao," (Report on the 1958 Draft National Economic Plan), HHPYK, No. 5, 1958, p. 18.

her industrial expansion.

Imports of Manufactured Goods

This group consists of three sub-groups, namely, chemicals, manufactured minerals, and other manufactured goods.

TABLE III-4.--Manufactured goods imports of Communist China
(in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Chemicals	95.7 (14.9)	97.6 (12.0)	106.0 (12.4)	129.7 (10.8)	114.1 (8.4)	80.1 (6.0)	-1.626
Mfg. minerals	157.1 (24.3)	173.5 (21.3)	158.8 (18.6)	410.5 (34.3)	346.7 (25.4)	378.6 (28.4)	+1.386
Others	50.5 (7.8)	76.4 (9.4)	60.3 (7.1)	51.2 (4.3)	46.7 (3.4)	48.6 (3.7)	-1.180
Total	303.3 (47.0)	347.5 (42.7)	325.1 (38.1)	591.4 (49.4)	507.5 (37.2)	507.3 (38.1)	-1.420

Source: Appendix D. Figures in parentheses are percentages of total imports.

In absolute value, Communist China increased her imports of manufactured goods. This was due to some increase in chemicals and tremendous increase in manufactured minerals, which overwhelmed decreases in other manufactured goods.

Percentage-wise, both imports of chemicals and other manufactured goods decreased, whereas that of manufactured minerals increased. As a result, the imports of manufactured

goods in the total imports of Communist China decreased.

TABLE III-5.--Chemicals imports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	95.7	97.6	106.0	129.7	114.1	80.1	
(1) Russia	5.6	4.7	4.3	8.9	8.6	9.7	
(2) Dev. countries	49.5	63.2	72.1	90.8	101.6	66.7	
(3) Underdeveloped countries	40.6	29.7	29.6	30.0	3.9	3.7	
Percentage shares							
(4) Russia	5.9	4.8	4.0	7.1	7.5	12.1	+1.206
(5) Dev. countries	51.7	64.8	68.0	69.8	89.1	83.4	+6.663
(6) Underdeveloped countries	42.4	30.4	28.0	23.1	3.4	4.5	-7.868
As % of total Communist Chinese imports							
(7) Russia	0.9	0.6	0.5	0.8	0.6	0.7	-0.020
(8) Developed countries	7.7	7.8	8.4	7.5	7.5	5.0	-0.437
(9) Underdeveloped countries	6.3	3.6	3.5	2.5	0.3	0.3	-1.169

Source: Appendix D. Percentages are calculated.

Compared to the Free World, Russia had exported to Communist China very small amounts of chemicals. Notwithstanding the increase of her share of the market (Line 4), such exports only maintained the same percentage in total Communist Chinese imports (Line 7), because of the decreasing importance of chemicals in Communist Chinese imports. The developed countries had also captured increasing shares of the market significantly but still remained stable compared

to total Communist Chinese imports (Lines 5 & 8). As for the underdeveloped countries, their exports to Communist China decreased absolutely. As a result, their share of the market decreased significantly (Line 6).

TABLE III-6.--Manufactured minerals imports of Communist China
(value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	157.1	173.5	158.8	410.5	346.7	378.6	
(1) Russia	153.2	149.2	117.9	153.8	148.2	168.6	
(2) Dev. countries	2.5	14.5	22.9	234.6	183.1	199.3	
(3) Underdeveloped countries	1.4	9.7	18.0	22.1	15.4	10.7	
Percentage shares							
(4) Russia	97.5	86.1	74.2	37.5	42.7	44.5	-12.340
(5) Dev. countries	1.6	8.4	14.5	57.2	52.8	52.6	+12.311
(6) Underdeveloped countries	0.9	5.5	11.3	5.3	4.5	2.9	+ 0.029
As % of total Communist Chinese imports							
(7) Russia	23.7	18.3	13.8	12.9	10.9	12.6	- 2.246
(8) Dev. countries	0.4	1.8	2.7	19.6	13.4	15.0	+ 3.563
(9) Underdeveloped countries	0.2	1.2	2.1	1.8	1.1	0.8	+ 0.069

Source: Appendix D. Percentages are calculated.

Communist Chinese imports of manufactured minerals increased both absolutely in value and relatively to total imports. However, such imports from Russia only maintained their absolute level. Among those commodities supplied by Russia, only petroleum products showed an increasing

trend,¹ while all others, including iron and steel, decreased. As a result, the Russian share of the market decreased significantly (Line 4). On the other hand, the developed countries made the most remarkable advances in the Communist Chinese market. Especially since 1958, these countries poured into her market with such metals as iron and steel, copper, aluminum and nickel, and finally outstripped Russia to become the main supplier to Communist China (Lines 2 & 5). Their exports had even increased significantly faster than the increase of Communist China's total imports (Line 8). Compared to the others, the underdeveloped countries exported only very small amounts of manufactured minerals to Communist China.

As Communist China's imports of other manufactured goods decreased relatively to her total imports as well as in absolute values, suppliers had to compete with one another as well as with her own domestic production. Only the developed countries had increased their exports in absolute terms. Their supplies of textiles (predominantly yarns)² enabled them to capture a significantly increased share of the market (Line 5), and stand still in total Communist Chinese imports in face of a shrinking

¹See Appendix D. All Communist Chinese petroleum products import figures are Russian export figures. Virtually no country in the Free World had supplied Communist China with such commodities.

²See Appendix D. Most of these Communist Chinese imports were from the developed countries.

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TABLE III-7.--Other manufactured goods imports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	50.5	76.4	60.3	51.2	46.7	48.6	
(1) Russia	24.6	23.7	19.7	20.3	17.1	16.0	
(2) Dev. countries	8.5	21.4	21.1	20.6	22.8	25.7	
(3) Underdeveloped countries	17.4	31.3	19.5	10.3	6.8	6.9	
Percentage shares							
(4) Russia	48.7	31.0	32.2	39.7	36.6	32.9	-1.563
(5) Dev. countries	16.9	28.1	35.1	40.2	48.8	52.9	+7.063
(6) Underdeveloped countries	34.4	40.9	32.6	20.1	14.6	14.2	-5.497
As % of total Communist Chinese imports							
(7) Russia	3.8	2.9	2.3	1.7	1.2	1.2	-0.534
(8) Dev. countries	1.3	2.6	2.5	1.7	1.7	2.0	0
(9) Underdeveloped countries	2.7	3.9	2.3	0.9	0.5	0.5	-0.646

Source: Appendix D. Percentages are calculated.

market for all other manufactured goods (Line 8). Russia faced a decreased share of the market (Line 4), while the underdeveloped countries even suffered a more significant decrease (Line 6). With Communist China's growing capacity to produce or even to export many commodities under this category,¹ only in scientific instruments that other countries

¹In Chapter V, it will be seen that Communist China had finally become a great and net exporter of commodities under this category.

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could expect a sustained demand.¹ In fact, Communist China had become more interested in obtaining commodities other than what these various groups of countries had provided.

Imports of Raw Materials

This group consists of two sub-groups: animal and vegetable raw materials and crude minerals.

TABLE III-8.--Raw materials imports of Communist China (in million U.S. Dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Animal & Veg. materials	84.5 (13.0)	107.7 (13.2)	175.8 (20.6)	192.5 (16.1)	194.8 (14.3)	235.2 (17.7)	+0.637
Crude miner- als	16.0 (2.5)	17.8 (2.2)	15.3 (1.8)	17.0 (1.4)	15.8 (1.2)	14.1 (1.1)	-0.297
Total	100.5 (15.5)	125.5 (15.4)	191.1 (22.4)	209.5 (17.5)	210.6 (15.5)	249.3 (18.8)	+0.340

Source: Appendix D. Figures in parentheses are percentages of total Communist Chinese imports.

In general, imports of raw materials into Communist China increased at about the same rate as her total imports. In absolute values, imports of crude minerals (predominantly crude petroleum) only maintained a stable level, while that of animal and vegetable raw materials (mostly rubber, wool and cotton) increased tremendously. These will be discussed

¹From both Russia and the developed countries, Communist China's imports of scientific instruments continued to increase. (See Appendix D.)

separately.

TABLE III-9.--Animal & vegetable raw materials imports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	84.5	107.7	175.8	192.5	194.8	235.2	
(1) Russia	0.6	0.6	0.4	1.6	2.3	2.0	
(2) Dev. countries	21.9	32.8	38.7	50.9	47.5	69.7	
(3) Underdeveloped countries	62.0	74.3	136.7	140.0	145.0	163.5	
Percentage shares							
(4) Russia	0.7	0.5	0.2	0.9	1.2	0.9	+0.109
(5) Dev. countries	25.9	30.5	22.0	26.4	24.4	29.6	+0.131
(6) Underdeveloped countries	73.4	69.0	77.8	72.7	74.4	69.5	-0.240
As % of total Communist Chinese imports							
(7) Russia	0.1	0.1	0.1	0.1	0.2	0.2	+0.023
(8) Dev. countries	3.4	4.0	4.5	4.3	3.5	5.2	+0.209
(9) Underdeveloped countries	9.5	9.1	16.0	11.7	10.6	12.3	+0.406

Source: Appendix D. Percentages are calculated.

Countries in the Free World were the main suppliers of animal and vegetable raw materials to Communist China. The developed countries supplied her with wool and hair, while the underdeveloped countries supplied her with rubber and cotton. In general, their exports increased at approximately the same rate, and also at about the same rate as the increase of total Communist China's imports. Therefore, there was no change in relative shares.

**TABLE III-10.--Crude minerals imports of Communist China
(value in million U.S. dollars)**

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	16.0	17.8	15.3	17.0	15.8	14.1	
(1) Russia	16.0	17.7	15.2	16.5	15.3	13.8	
(2) Dev. countries	0	0.1	0	0.3	0.3	0.1	
(3) Underdeveloped countries	0	0	0.1	0.2	0.2	0.2	
Percentage shares							
(4) Russia	100.0	99.4	99.3	97.1	96.8	97.9	-0.586
As % of total Communist Chinese imports							
(5) Russia	2.5	2.2	1.8	1.4	1.2	1.1	-0.297

Source: Appendix D. Percentages are calculated.

The bulk of Communist Chinese imports of crude minerals was crude petroleum, for which Russia was virtually the sole supplier. In absolute values, such imports were rather stable throughout the years under study.

Communist China imported only very small amounts of foodstuffs, and even these imports were by far exceeded by her foodstuffs exports. In fact, her imports were mainly for the purpose of re-exports. The underdeveloped countries were the main suppliers of her foodstuffs imports, and there was no change in relative shares throughout the years. The abrupt increase in 1960 was due to a purchase of some

30 million dollars of sugar from Cuba, the reason for which must have been mainly political.

TABLE III-11.--Foodstuffs Imports of Communist China

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	20.5	15.3	19.5	29.1	6.0	40.9	
(1) Russia	1.0	0.6	1.0	1.1	0.5	0	
(2) Dev. countries	0.3	2.6	4.0	10.2	0.6	2.1	
(3) Underdeveloped countries	19.2	12.0	14.5	17.8	4.9	38.8	
Percentage shares							
(4) Russia	4.9	4.6	5.1	3.8	8.3	0	-0.410
(5) Dev. countries	1.4	17.0	20.5	35.0	10.0	5.1	+0.342
(6) Underdeveloped countries	93.7	78.4	74.4	61.2	81.7	94.9	+0.077

Source: Appendix D. Percentages are calculated.

Imports of Communist China from Various Countries

It is shown above that, compared to total Communist Chinese imports, the imports of machinery and equipment and manufactured minerals of Communist China increased, while that of chemicals and other manufactured goods decreased. Different country groups had varying shares in the Communist Chinese market. For Russia, the emphasis was on complete industrial undertakings, crude petroleum and petroleum products, and her share in chemicals also increased. The developed countries increased their share in most commodity groups, and especially in manufactured minerals, while the under-developed countries had a decreasing share in most

30 million dollars of sugar from Cuba, the reason for which must have been mainly political.

TABLE III-11.--Foodstuffs Imports of Communist China

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	20.5	15.3	19.5	29.1	6.0	40.9	
(1) Russia	1.0	0.6	1.0	1.1	0.5	0	
(2) Dev. countries	0.3	2.6	4.0	10.2	0.6	2.1	
(3) Underdeveloped countries	19.2	12.0	14.5	17.8	4.9	38.8	
Percentage shares							
(4) Russia	4.9	4.6	5.1	3.8	8.3	0	-0.410
(5) Dev. countries	1.4	17.0	20.5	35.0	10.0	5.1	+0.342
(6) Underdeveloped countries	93.7	78.4	74.4	61.2	81.7	94.9	+0.077

Source: Appendix D. Percentages are calculated.

Imports of Communist China from Various Countries

It is shown above that, compared to total Communist Chinese imports, the imports of machinery and equipment and manufactured minerals of Communist China increased, while that of chemicals and other manufactured goods decreased. Different country groups had varying shares in the Communist Chinese market. For Russia, the emphasis was on complete industrial undertakings, crude petroleum and petroleum products, and her share in chemicals also increased. The developed countries increased their share in most commodity groups, and especially in manufactured minerals, while the under-developed countries had a decreasing share in most

commodity groups except in foodstuffs and animal and vegetable materials. These changing shares were due to the fact that different country groups had increased their exports to Communist China to different degrees. An investigation from another standpoint would be more revealing.

TABLE III-12.--Exports of Russia to Communist China (in percentages)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Mach. & Equip.	51.5	59.9	62.0	59.2	75.3	69.3	+3.840
Chemicals	1.4	1.0	1.0	1.9	1.1	1.4	+0.034
Mfg. minerals	36.9	30.3	28.2	31.0	19.1	24.2	-2.694
Other mfg.	5.9	4.8	4.7	4.1	2.1	2.3	-0.763
An. & Veg. mat.	0.1	0.2	0.2	0.2	0.3	0.4	+0.051
Crude minerals	3.9	3.6	3.7	3.4	2.1	2.2	-0.380
Foodstuffs	0.2	0.2	0.2	0.2	0	0	-0.060
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Source: Calculated from statistics given in Appendix D.

Here it can be seen that in all her imports from Russia, Communist China increased her purchases of machinery and equipment significantly at the expense of manufactured minerals. Except for petroleum products, she shifted her demand to the developed countries in the Free World. In other words, Communist China had singled out Russia as the

supplier of machinery and equipment, crude petroleum and petroleum products, most of which she still could not get from the Free World. This trend, no doubt, was the manifestation of Communist China's efforts to adjust her position in face of the easing Embargo.

TABLE III-13.--Exports of developed countries to Communist China (in percentages)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Mach. & Equip.	6.6	12.7	24.1	11.7	12.1	11.3	+0.265
Chemicals	56.2	41.3	34.3	19.6	25.2	16.2	-7.514
Mfg. minerals	2.9	9.5	11.0	51.0	45.0	48.5	+10.700
Other mfg.	9.5	13.7	10.2	4.4	5.7	6.5	-1.280
An. & Veg. mat.	24.8	21.2	18.4	11.2	11.7	16.8	-2.163
Crude minerals	0	0	0	0	0	0	0
Foodstuffs	0	1.6	2.0	2.1	0.3	0.7	-0.026
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Source: Calculated from statistics given in Appendix D.

In the case of the developed countries, a significant increase was found in manufactured minerals. Decreases were found in chemicals, animal and vegetable raw materials, and other manufactured goods, in the order of importance. Yet, it should be remembered that in absolute values these exports

to Communist China still went up considerably.¹ As far as Communist China still could not purchase certain embargoed commodities from these countries, she categorized them into suppliers of iron and steel, copper, aluminum and nickel. The increase was abrupt in 1958 when a further relaxation of the Embargo was executed. As a result, about one half of Communist China's imports from these countries were manufactured minerals. In absolute terms, these suppliers exceeded those from Russia.²

TABLE III-14.--Exports of underdeveloped countries to Communist China (in percentages)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Mach. & Equip.	1.8	6.8	3.7	8.0	1.5	1.7	-0.412
Chemicals	28.6	17.4	13.2	12.5	2.3	1.8	-5.143
Mfg. minerals	0.9	5.8	7.9	9.0	8.4	4.7	+0.797
Other mfg.	12.3	18.8	8.6	4.5	3.8	2.9	-2.746
An. & Veg. mat.	43.2	44.0	60.2	58.5	80.9	71.9	+7.214
Crude minerals	0	0	0	0	0	0	0
Foodstuffs	13.2	7.2	6.4	7.5	3.1	17.0	+0.223
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Source: Calculated from statistics given in Appendix D.

¹See Tables III-5, III-7, and III-9 above.

²See Table III-6 above.

As for the underdeveloped countries, trends were quite in the opposite direction. Compared to their total exports to Communist China, the shares of both chemicals and other manufactured goods decreased significantly. Increasingly, Communist China had specialized these countries into suppliers of raw materials. This can be seen more clearly in the "triangular percentage-distribution chart"¹ below, in which commodities are regrouped into three large categories,² (Figure III-1).

Conclusion

In the totality Communist China's imports, machinery and equipment, and manufactured goods were the main components, and the trend had been to shift from the latter to the former. Russia started out as the chief supplier of machinery and equipment, crude and manufactured mineral.

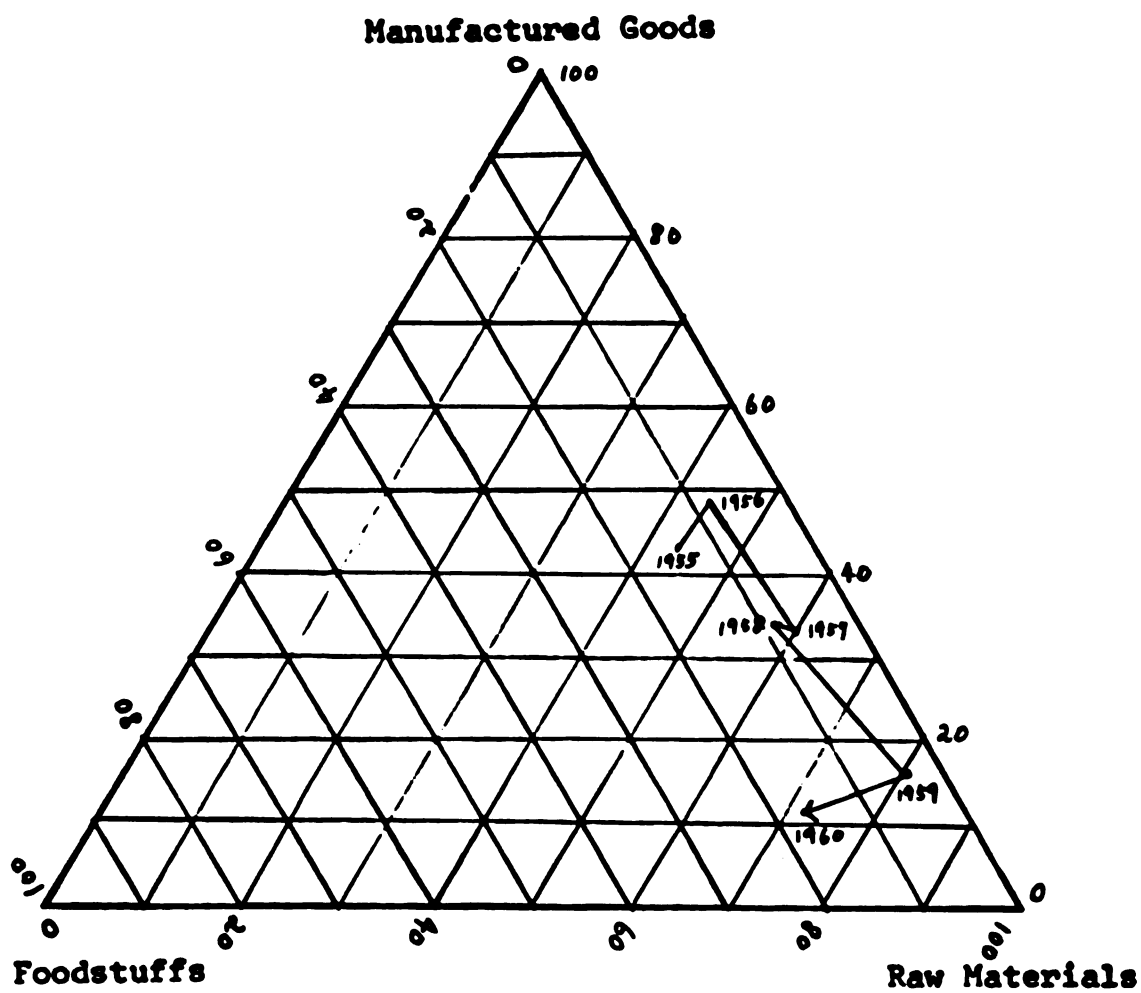
¹This chart is devised to show the change in the three-way percentage-distribution of components, which can be three commodity or country groups. One component is designated at each vertex and at that point the percentage share of that component is 100. Between the vertex and its opposite side, parallel lines are drawn each designating a certain percentage which decreases to 0 on the opposite side. Points on the same line are of the same percentage. Then, any point within this triangle represents a unique combination of three percentages as measured from three vertices, the total of which will be exactly 100. For each year, the percentage-distribution of the three components will be plotted on the chart and is represented by a point. Thus, a polygonal line joining a number of points will indicate the relative percentage change of components throughout the corresponding years.

²Here raw materials include both animal and vegetable raw materials and crude minerals, while manufactured goods include machinery and equipment.

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Figure III-1
Exports of Underdeveloped Countries to Communist China
(in percentages)



Source: Table III-13.

As a result of the relaxation of the Embargo, she became mainly a supplier of complete industrial undertakings, crude petroleum and petroleum products, when her supplies of some machinery and equipment and many manufactured minerals were substituted by those of the developed countries in the Free World. The developed countries were also chief suppliers of chemicals. The underdeveloped countries, on the other hand, were reduced into mainly suppliers of animal and vegetable raw materials such as rubber and cotton.

CHAPTER IV

THE EXPORTS OF COMMUNIST CHINA

China used to be an exporter of mainly foodstuffs and raw materials, and remained very much the same during the first few years after the Communist takeover. Towards the end of the first decade under the Communist regime, the pattern of her exports changed drastically. Manufactured goods had finally become the main source of her external finance. This new pattern reflects the speedy development of her industrial sector as well as the lagging of her agricultural sector. The present chapter is devoted to a detailed analysis of the commodity composition of Communist China's exports and their geographic distribution.

General Picture of Communist Chinese Commodity Exports

In absolute value, Communist Chinese exports had been increasing. This was mainly due to a persistent increase of the exports of her manufactured goods. Exports of other commodities fluctuated with no definite trends of change. As a result, the percentage share of manufactured goods in her total exports increased incessantly at the expense of all others. By the end of the period under study,

manufactured goods had replaced raw materials to become the most important commodities that Communist China was exporting.

TABLE IV-1.--General commodity exports of Communist China
(in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Foodstuffs	355.6 (33.4)	414.7 (32.8)	371.7 (28.7)	537.0 (35.3)	470.7 (28.0)	370.3 (24.3)	-1.523
Raw materials	459.1 (43.1)	506.2 (40.1)	496.5 (38.3)	423.7 (27.2)	497.7 (29.6)	423.0 (27.7)	-3.417
Mfg. goods	239.7 (22.4)	331.4 (26.3)	417.8 (32.3)	551.0 (36.8)	694.6 (41.3)	725.2 (47.6)	+5.014
Mach. & Equip.	11.5 (1.1)	10.9 (0.8)	8.9 (0.7)	10.4 (0.7)	18.2 (1.1)	5.4 (0.4)	-0.074
Total	1065.9 (100.0)	1263.0 (100.0)	1294.9 (100.0)	1522.1 (100.0)	1681.2 (100.0)	1523.9 (100.0)	

Source: Appendix E. Percentages are calculated.

Exports of Foodstuffs

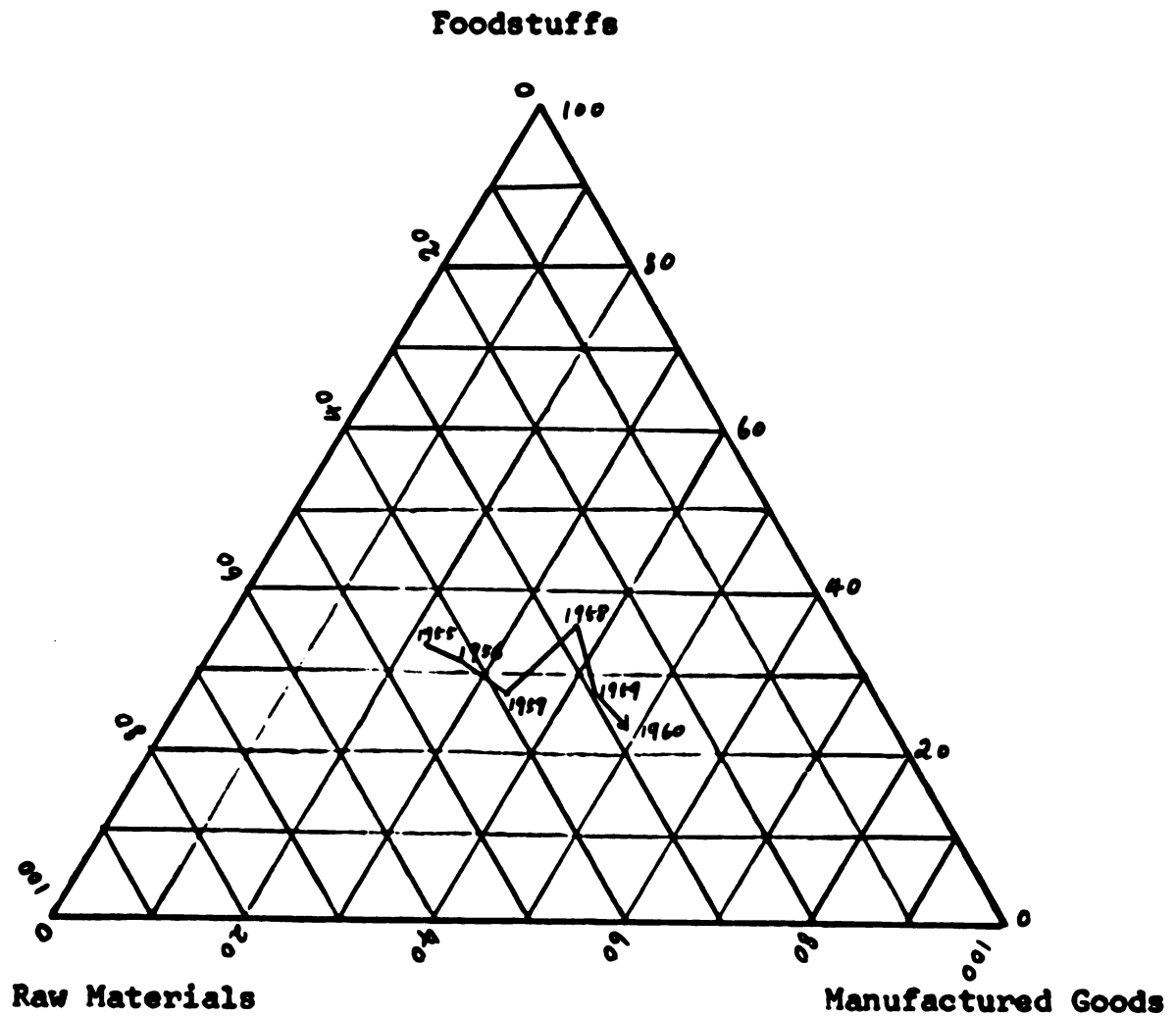
TABLE IV-2.--Foodstuffs exports of Communist China (in
million U.S. dollars)

	1955	1956	1957	1958	1959	1960
Meat	119.5	115.5	91.7	154.4	104.7	79.3
Grain	92.6	132.5	66.1	135.0	173.0	130.5
Others	143.5	166.7	213.9	247.6	193.0	160.5
Total	355.6	414.7	371.7	537.0	470.7	370.3

Source: Appendix E.

FIGURE IV-1

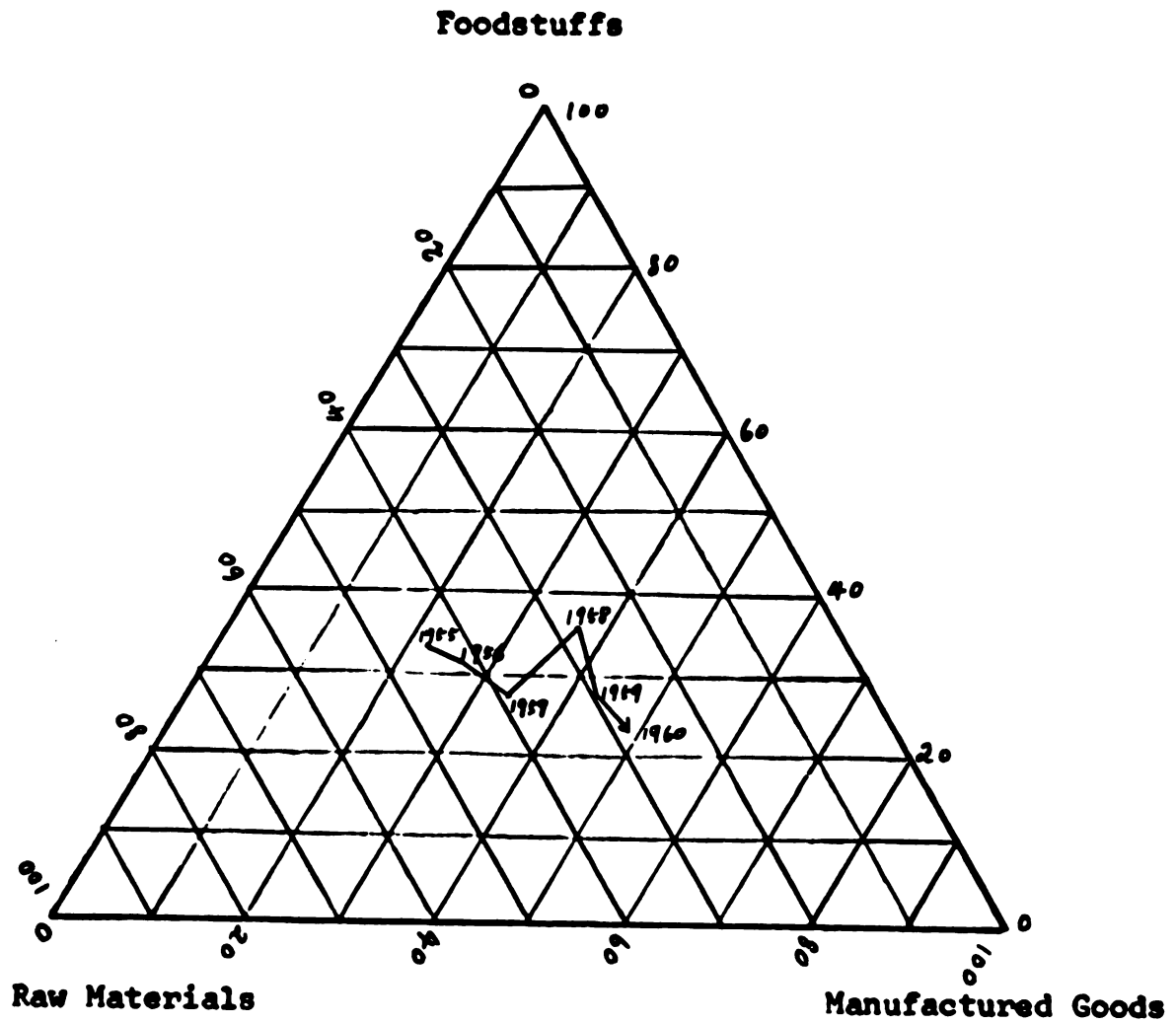
General Commodity Exports of Communist China
(in percentages)



Source: Table IV-1.

FIGURE IV-1

General Commodity Exports of Communist China
(in percentages)



Source: Table IV-1.

In absolute value, the exports of Communist China's foodstuffs demonstrated no definite trend. This was also true in the sub-items. In general these exports were at their maxima in 1958 and 1959, for which two bumper harvests were claimed.¹ However, since there was no trend of increase in total exports, the agricultural production of Communist China must have only made meagre progress. In view of her policy of exporting to the utmost of her tolerance, the stagnation of her foodstuffs exports reflects the fact that her foodstuffs production could barely keep up with her population increase.

TABLE IV-3.--Foodstuffs exports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	355.6	414.7	371.7	537.0	470.7	370.3	
(1) Russia	175.8	213.7	163.8	244.5	226.9	130.7	
(2) Dev. countries	29.4	37.4	37.4	54.7	49.1	41.7	
(3) Underdev. countries	150.4	163.6	170.5	237.8	194.7	198.5	
Percentage shares							
(4) Russia	49.4	51.5	44.1	45.5	48.2	35.3	-2.257
(5) Dev. countries	8.3	9.1	10.0	10.2	10.4	11.1	+0.517
(6) Underdev. countries	42.3	39.5	45.9	44.3	41.4	53.6	+1.731

Source: Appendix E. Percentages are calculated.

¹The general relationship between exports and agricultural production of Communist China is discussed in Chapter I.

Russia and the underdeveloped countries were the chief importers of Communist Chinese foodstuffs. In general, exports to various countries also varied according to agricultural conditions in Communist China. After making allowances for these conditions, Communist China exported to them approximately the same amount of foodstuffs year in and year out. In other words, these exports functioned always like a cushion to her total exports, despite its waning importance relative to manufactured goods.¹

Percentage-wise, the share of the Russia decreased significantly while the share of the underdeveloped countries increased. The share of the developed countries was kept at about 10% constantly.

Exports of Raw Materials

TABLE IV-4.--Raw materials exports of Communist China (in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
An. & Veg. materials	373.3 (35.0)	394.4 (31.2)	366.9 (28.3)	320.6 (21.1)	399.6 (23.8)	335.4 (22.0)	-2.697
Crude minerals	85.8 (8.1)	111.8 (8.9)	129.6 (10.0)	103.1 (6.1)	98.1 (5.8)	87.6 (5.7)	-0.720
Total	459.1 (43.1)	506.2 (40.1)	496.2 (38.3)	423.7 (27.2)	497.7 (29.6)	423.0 (27.7)	-3.417

Source: Appendix E. Figures in parentheses are percentages of total exports.

¹In the next Chapter, it will be shown that Communist China was a constant net exporter of foodstuffs to all country groups. But this was not so for the exports of her other commodities.

Like the exports of her foodstuffs, there was no obvious trend of change in absolute values in the exports of Communist China's raw materials. Such exports had been fluctuating roughly about the same level, with the result that their importance decreased significantly relative to total exports. Two reasons may be advanced for such a phenomenon. On the one hand, since the bulk of such exports were animal and vegetable materials, which were primarily generated from the agricultural sector, the performance of the agricultural sector determined the capacity of their exports. The retarded development of the agricultural sector of Communist China was thus reflected in the stagnation of exports of such raw materials. On the other hand, her own requirements for raw materials must have also increased as a result of the development of her industries,¹ thus putting further restraints on their exports.

The animal and vegetable raw materials that Communist China exported were composed mainly of oil seeds, fats, bristles, silk and cotton. Russia was the chief market, which absorbed about one half of these exports. Still, her share decreased when compared to Communist China's total exports and her exports of these raw materials (Lines 4 & 7). On the other hand, the developed countries started from a relatively low level and made rapid

¹In the next Chapter we shall see that Communist China had become a heavy net importer of raw materials from the underdeveloped countries.

advances (Lines 2 & 5). Probably this was due to Communist China's efforts to redirect her traditional exports back to these countries in face of more normal trade relations in more recent years. As a result, their purchases had roughly kept in pace with total Communist China's exports, despite stagnation in her exports of animal and vegetable materials (Line 8). Exports to the underdeveloped countries decreased even in absolute values, so that their share decreased significantly.

TABLE IV-5.--Animal & vegetable raw materials exports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	373.3	394.4	366.9	320.6	399.6	335.4	
(1) Russia	222.0	222.5	209.4	173.2	243.9	138.2	
(2) Developed countries	70.0	88.5	71.2	88.4	121.2	151.7	
(3) Underdev. countries	81.3	83.4	86.3	59.0	34.5	45.5	
Percentages shares							
(4) Russia	59.5	56.4	57.1	54.1	61.0	44.1	-1.892
(5) Developed countries	18.7	22.4	19.4	27.6	30.3	45.2	+4.697
(6) Underdev. countries	21.8	21.2	23.5	18.3	8.7	10.7	-2.805
As % of total Communist Chinese exports							
(7) Russia	20.8	17.6	16.2	11.4	14.5	9.7	-1.988
(8) Developed countries	6.6	7.0	5.5	5.8	7.2	9.9	+0.497
(9) Underdev. countries	7.6	6.6	6.6	3.9	2.1	2.3	-1.212

Source: Appendix E. Percentages are calculated.

TABLE IV-6.--Crude minerals exports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	85.8	111.8	129.6	103.1	98.1	87.6	
(1) Russia	73.1	87.8	102.9	88.7	86.0	69.1	
(2) Dev. countries	0.3	0.4	0.3	1.4	2.9	3.7	
(3) Underdeveloped countries	12.4	23.6	26.4	13.0	9.2	14.8	
Percentage shares							
(4) Russia	85.2	78.5	79.4	86.0	87.7	78.9	+0.077
(5) Dev. countries	0.3	0.4	0.3	1.4	2.9	4.2	+0.803
(6) Underdeveloped countries	14.5	21.1	20.3	12.6	9.4	16.9	-0.880
As % of total Communist Chinese exports							
(7) Russia	6.9	7.0	8.0	5.2	5.1	4.5	-0.586
(8) Dev. countries	0	0	0	0.1	0.2	0.2	+0.049
(9) Underdeveloped countries	1.2	1.9	2.0	0.8	0.5	1.0	-0.183

Source: Appendix E. Percentages are calculated.

The exports of Communist China's crude minerals were composed mainly of coal and non-ferrous base metal ores, most of which went to Russia. The underdeveloped countries also purchased certain amounts of coal from her. In general, there were no changes in relative shares among the various countries.

Exports of Manufactured Goods

The exports of Communist China's manufactured goods

registered the most rapid increase of all her exports. Not all manufactured goods, however, had shared the increase. Probably because of her own requirements, the exports of chemicals and manufactured minerals were kept approximately at the same absolute levels.¹

TABLE IV-7.--Manufactured goods exports of Communist China
(in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Chemicals	24.7 (2.3)	42.7 (3.4)	37.4 (2.9)	49.7 (3.3)	29.6 (1.8)	28.3 (1.9)	-0.183
Mfg. minerals	88.8 (8.3)	85.5 (6.8)	72.6 (5.6)	93.7 (6.7)	86.2 (5.1)	98.8 (6.5)	-0.371
Other mfg. goods.	126.2 (11.8)	203.2 (16.1)	307.8 (23.8)	407.6 (26.8)	578.8 (34.4)	598.1 (39.2)	+5.569
Total	239.7 (22.4)	331.4 (26.3)	417.8 (32.3)	551.0 (36.8)	694.6 (41.3)	725.2 (47.6)	+5.014

Source: Appendix E. Figures in parentheses are percentages of total exports.

As shown in the table above, it was in the exports of other manufactured goods that Communist China made the most advances. Commodities of this category were mostly consumption goods such as textiles, fur clothes and foot-wears, in which Communist China could hold down domestic consumption and make the most provisions for exports. As

¹In the next Chapter, we shall see that Communist China was still a net importer of these commodities.

a result, such exports increased almost five times in value within a period of six years.

TABLE IV-8.--Chemicals exports of Communist China (in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	24.7	42.7	37.4	49.7	29.6	28.3	
(1) Russia	9.9	23.0	17.2	22.3	13.8	16.3	
(2) Dev. countries	9.5	11.4	10.8	13.6	8.9	5.7	
(3) Underdeveloped countries	5.3	8.3	9.4	13.8	6.9	6.3	
Percentage shares							
(4) Russia	40.0	53.9	46.0	44.8	46.6	57.5	+1.840
(5) Dev. countries	38.5	26.7	28.9	27.4	30.1	20.1	-2.380
(6) Underdeveloped countries	21.5	19.4	25.1	27.8	23.3	22.4	+0.540

Source: Appendix E. Percentages are calculated.

The exports of Communist China's chemicals were only about 2-3% of her total exports, of which Russia purchased about one half, with the tendency of getting an increasing share. The developed countries' share decreased significantly. In fact, as we shall see in the next chapter, Russia was a net importer, while the developed countries were net exporters of chemicals to Communist China.

The bulk of Communist China's exports of manufactured minerals were iron, steel, tin, tungsten and other non-ferrous base metals. Most of these exports found their way to Russia. However, the Russian share decreased

significantly, because Communist China had redirected part of her exports of tin and non-ferrous metals into markets of the developed countries of the Free World since 1957. The abrupt increase in 1960 was due to a sale of some \$14 million of silver, probably for financing purposes. Even if we exclude this, the share of the developed countries still increased significantly. At its minimum, the Russian share still exceeded well above one half of such Communist China's exports.

TABLE IV-9.--Manufacturing minerals exports of Communist China (value in Million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	88.8	85.5	72.6	93.7	86.2	98.8	
(1) Russia	83.1	78.8	61.5	74.6	70.7	64.6	
(2) Dev. countries	0.9	1.1	4.1	5.1	8.3	25.9	
(3) Underdeveloped countries	4.8	5.6	7.0	14.0	7.2	8.3	
Percentage shares							
(4) Russia	93.5	92.2	84.7	79.0	82.0	65.4	-5.051
(5) Dev. countries	1.0	1.2	5.6	5.4	9.6	26.2	+4.314
(6) Underdeveloped countries	5.5	6.6	9.7	15.0	8.4	8.4	+0.720

Source: Appendix E. Percentages were calculated.

TABLE IV-10.--Other manufacturing goods exports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	126.2	203.2	309.8	407.8	578.8	598.1	
(1) Russia	71.8	119.7	184.3	279.3	427.5	400.5	
(2) Dev. countries	6.3	10.8	18.7	26.0	31.0	33.3	
(3) Underdeveloped countries	48.1	72.7	104.8	102.3	120.3	164.3	
Percentage share							
(4) Russia	56.9	58.9	59.9	68.5	73.9	67.0	+3.060
(5) Dev. countries	5.0	5.3	6.1	6.4	5.3	5.5	+0.080
(6) Underdeveloped countries	38.1	35.8	34.0	25.1	20.8	27.5	-3.150

Source: Appendix E. Percentages are calculated.

The increase in exports of Communist Chinese "other manufactured goods" was phenomenal. In a few years its value had increased by several times and sales had increased in all markets. Most of these goods were consumption goods, such as various types of textiles, fur clothes and footwears, which required less capital investment and allowed faster capital turnover. Also, domestic consumption of these goods could be held down without directly straining developmental efforts. It was due to these reasons that Communist China could make the most for these exports. Towards the end of the period under study, these commodities constituted more than one third of total Communist Chinese exports, and became the leading component

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in her external financing.

The greatest customer of these commodities was Russia, which absorbed from one half to three fourths of these exports. Her share even continued to increase significantly. The underdeveloped countries constituted the second largest market for such goods. In spite of the fact that their share decreased significantly, their imports in absolute value still increased by more than twice. Therefore, their decreasing share was mainly due to a slower increase of such imports relative to other countries. The share of the developed countries was rather stable. In other words, in absolute value their imports increased at about the same rate as the increase of total Communist China's exports of such commodities.

Exports of Machinery and Equipment

The exports of machinery and equipment of Communist China only amounted to about 1% of her total exports.

TABLE IV-11.--Machinery and equipment exports of Communist China (value in million U.S. dollars)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Value: total	11.5	10.9	8.9	10.4	18.2	5.4	
(1) Russia	10.3	9.2	6.9	7.3	15.8	2.4	
(2) Dev. countries	0	0	0	0	0	0	
(3) Undev. countries	1.2	1.7	2.0	3.1	2.4	3.0	
As % of total Communist Chinese exports							
(4) Russia	1.0	0.7	0.5	0.5	1.0	0.2	-0.086
(5) Dev. countries	0	0	0	0	0	0	0
(6) Underdev. countries	0.1	0.1	0.2	0.2	0.1	0.2	+0.014

Source: Appendix E. Percentages are calculated.

In general, most of these exports went to Russia. Probably such exports to the underdeveloped countries were actually higher than the figures shown in the table above, as some of these countries might have reported such imports as manufactured goods. Even so, such of Communist China's exports were essentially on a trial basis, and had more political implications than economic significance.

Exports of Communist China to Various Countries

In summary of the previous findings, two major points should be mentioned. Firstly in Communist China's total exports, "other manufactured goods" were of significantly increasing importance, while foodstuffs and animal and vegetable raw materials were of decreasing importance. Secondly, Communist China had redirected increasing amounts of her traditional exports to the markets of the developed countries of the Free World, while Russia had an increasing share of her chemicals and "other manufactured goods." In addition, the underdeveloped countries also had an increasing share of her foodstuffs. Since these countries increased their imports from Communist China to different extents in absolute terms, an analysis of these increases and/or decreases each within their baskets of Communist Chinese goods would be of interest.

In her trade with Russia, Communist China exported significantly increasing amounts of "other manufactured goods" at the expense of all other commodities, especially foodstuffs, raw materials and manufactured minerals. Towards

the end of the period under study, such exports amounted to approximately one-third or one half of her total exports to Russia.

TABLE IV-12.--Exports of Communist China to Russia (in percentages)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Foodstuffs	27.2	28.2	21.7	27.6	20.9	15.7	-2.140
An. & Veg. Mat.	34.3	29.4	28.1	19.5	22.5	17.8	-3.217
Crude minerals	11.4	11.7	13.9	8.9	7.9	8.3	-0.911
Chemicals	1.5	3.1	2.3	2.6	1.2	1.9	-0.097
Mfg. minerals	12.9	10.5	8.3	9.1	6.5	7.9	-1.034
Other mfg.	11.1	15.9	24.8	31.5	39.4	48.1	+7.532
Mach. & Equip.	1.6	1.2	0.9	0.8	1.6	0.3	-0.143
Total	100.0	100.0	100.0	100.0	100.0	100.0	

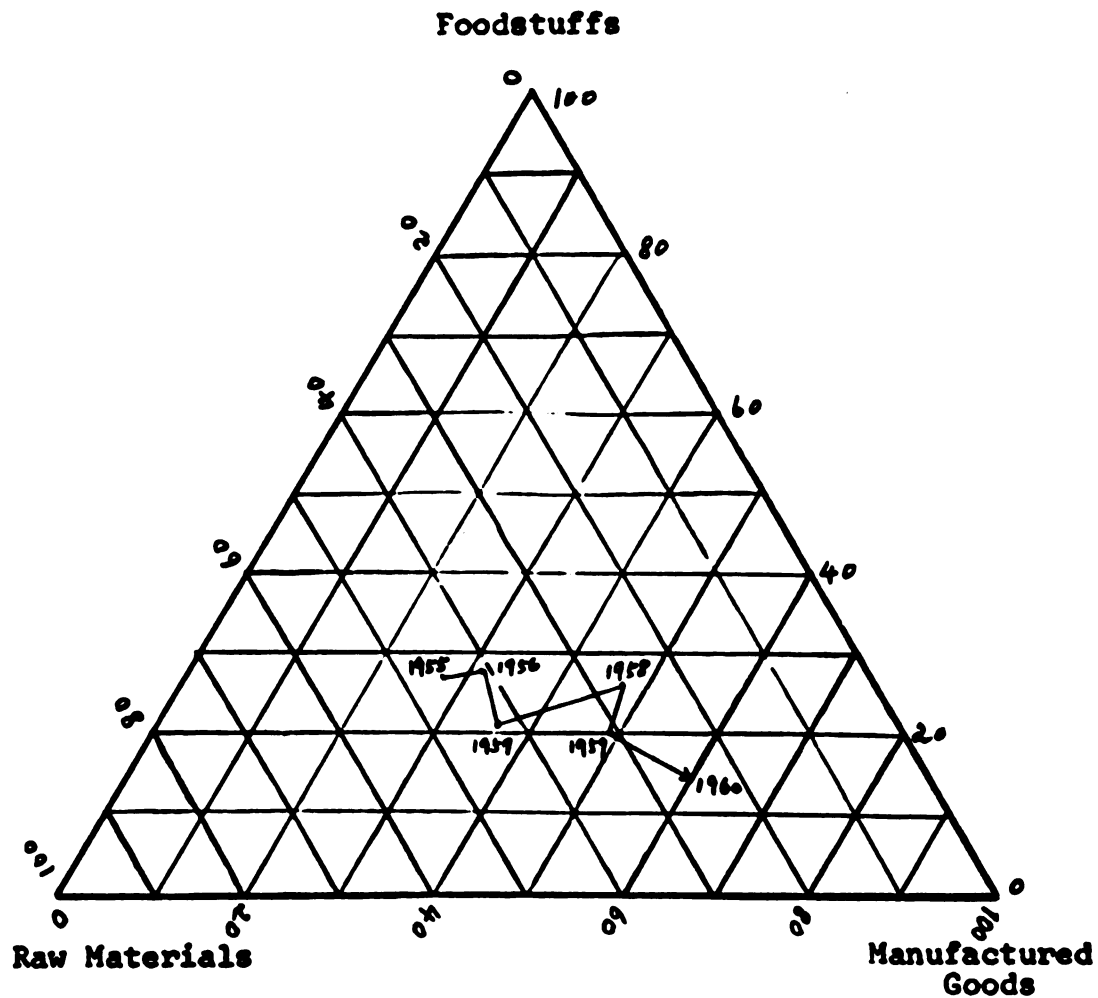
Source: Calculated from statistics given in Appendix E.

To the developed countries, Communist China exported mostly animal and vegetable raw materials, and this situation persisted throughout the years. In addition, exports of both her "other manufactured goods" and manufactured minerals had increased,¹ while exports of her foodstuffs and chemicals had decreased. Compared to Communist China's exports to

¹These exports were mostly textiles, tin, other non-ferrous base metals and silver.

FIGURE IV-2

Exports of Communist China to Russia
(in percentages)



Source: Table IV-12.

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Russia, the pattern of her exports to these countries had changed far less. This can be seen in the "triangular percentage distribution chart" below, (Fig. IV-3).

TABLE IV-13.--Exports of Communist China to developed countries (in percentages)

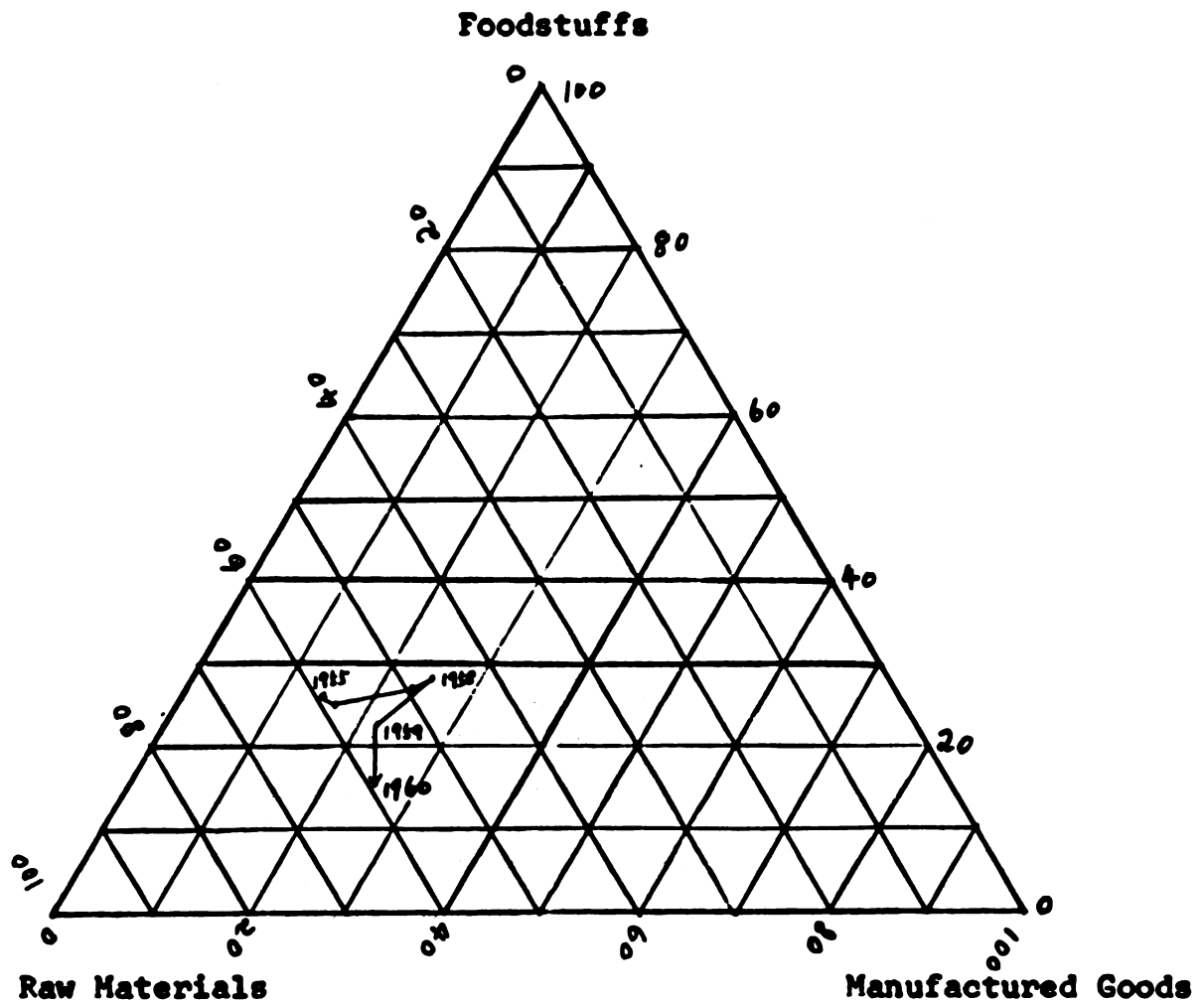
	1955	1956	1957	1958	1959	1960	Regr. Coef.
Foodstuffs	25.5	24.8	26.4	28.8	22.0	15.9	-1.543
An. & Veg. material	60.0	59.8	50.0	46.4	54.6	58.2	-0.806
Crude minerals	0	0	0	0.8	1.5	1.2	+0.323
Chemicals	8.2	7.7	8.2	7.2	4.5	2.4	-1.131
Mfg. minerals	0.9	0.9	2.7	3.2	3.8	10.0	+1.563
Other mfg.	5.4	6.8	12.7	13.6	13.6	12.3	+1.594
Mach. & equip.	0	0	0	0	0	0	0
Total	100.0	100.0	100.0	100.0	100.0	100.0	

Source: Calculated from statistics given in Appendix E.

The main exports of Communist China to the underdeveloped countries were foodstuffs. Besides these, her exports of "other manufactured goods" increased significantly, while that of animal and vegetable raw materials decreased significantly. Towards the end of the period under study, about one-third of Communist Chinese exports to these countries were in the category of "other manufactured goods," most of which consisted of various types of textiles.

FIGURE IV-3.

Exports of Communist China to Developed Countries
(in percentages)



Source: Table IV-13.

TABLE IV-14.--Exports of Communist China to Underdeveloped countries (in percentages)

	1955	1956	1957	1958	1959	1960	Regr. Coef.
Foodstuffs	49.6	45.6	42.2	53.6	52.0	46.1	+0.374
An. & Veg. mat.	26.8	23.1	21.1	13.4	9.4	8.2	-4.051
Crude minerals	4.2	6.7	6.4	2.7	2.2	3.4	-0.606
Chemicals	1.8	2.5	2.2	3.1	1.8	1.5	-0.077
Mfg. minerals	1.4	1.4	1.6	3.4	1.8	1.9	+0.157
Other mfg.	15.8	20.4	25.9	23.1	32.3	38.1	+4.126
Mach. & equip.	0.4	0.3	0.6	0.7	0.5	0.8	+0.077
Total	100.0	100.0	100.0	100.0	100.0	100.0	

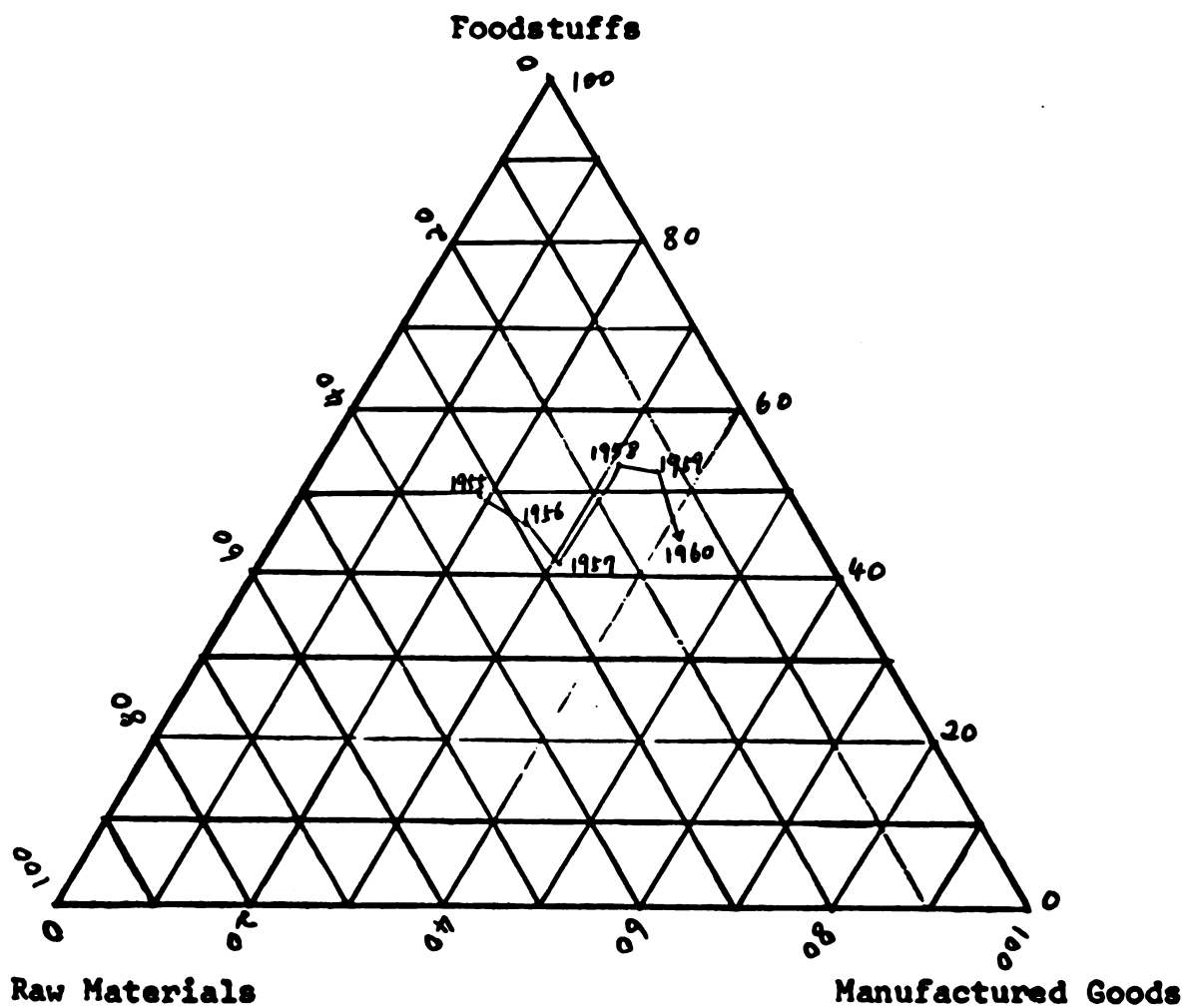
Source: Calculated from statistics given in Appendix E.

Conclusion

The commodity pattern of Communist China's exports had undergone drastic changes. The most spectacular change lay in the increased exports of manufactured consumption goods to all countries. Decreases were mainly in foodstuffs and animal and vegetable raw materials. However, if we exclude these manufactured consumption goods, her basic exports to Russia and the developed countries of the Free World were still raw materials, while to the underdeveloped countries mostly foodstuffs.

FIGURE IV-4

Export of Communist China to Underdeveloped Countries
(in percentages)



Source: Table IV-14.

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As for how all these are related to her industrialization and her changing position in the international flow of commodities, further analyses on her net commodity trade position with various groups of countries will be more illustrative. To this purpose the next chapter is devoted.

CHAPTER V

THE NET POSITION OF COMMODITY TRADE OF COMMUNIST CHINA

Under the classification used in the previous two chapters, Communist China imported as well as exported commodities in all categories. This is true not only in her foreign trade in general, but also in her trade with the various groups of countries. Thus, there is no way to know her real position in the international flow of commodities unless we put her imports and exports together. Also, there is the question of re-exports,¹ which would distort the real picture if imports and exports are considered separately. What is more, trends in imports and exports may balance each other, so that it might be misleading to draw conclusions based on imports or exports alone. It is the purpose of this chapter to tie the two ends together, and pin down the net position of Communist China in commodity trade in general as well as with various groups of countries. This will not only add to our knowledge of the pattern and trend of her foreign trade, but will also throw some more light on the problems of her economic development.

Here, Communist China's net position in a certain

¹For Communist China, some examples were: re-exports of Burmese rice to Ceylon, and South-East Asian rubber to Russia.

commodity group is determined by the difference between her imports and exports of that group of commodities. For example, Communist China would be a net exporter of foodstuffs if her exports of foodstuffs were larger than such imports. It should be pointed out that her net position in a certain commodity has no relation with the importance of that commodity in her total foreign trade, because of balancing effects. That is, large imports may be balanced by large exports. All we know is which deficit commodity groups were paid for by which other surplus groups.¹

Net Commodity Trade Position of Communist China in General

TABLE V-1.--Net commodity trade position of Communist China*
(in million U.S. dollars)

	1955	1956	1957	1958	1959	1960
Foodstuffs	+355.1	+399.4	+352.2	+507.9	+464.7	+329.4
An. Veg. Mater.	+288.8	+286.7	+191.1	+128.1	+204.8	+100.2
Crude minerals	+ 69.8	+ 94.0	+114.3	+ 86.1	+ 82.3	+ 73.5
Chemicals	- 71.0	- 54.9	- 68.6	- 80.0	- 84.5	- 51.8
Mfg. minerals	- 68.3	- 88.0	- 86.2	-324.2	-260.5	-279.8
Other mfg. goods	+ 70.7	+126.8	+247.5	+356.4	+532.1	+549.5
Mach. & Equipment	-211.3	-315.8	-309.1	-356.8	-588.0	-528.4

*A plus sign denotes a net exporter and a minus sign denotes a net importer position.

Source: Appendices D and E.

¹Trade figures for net positions need not balance because of imbalance of trade.

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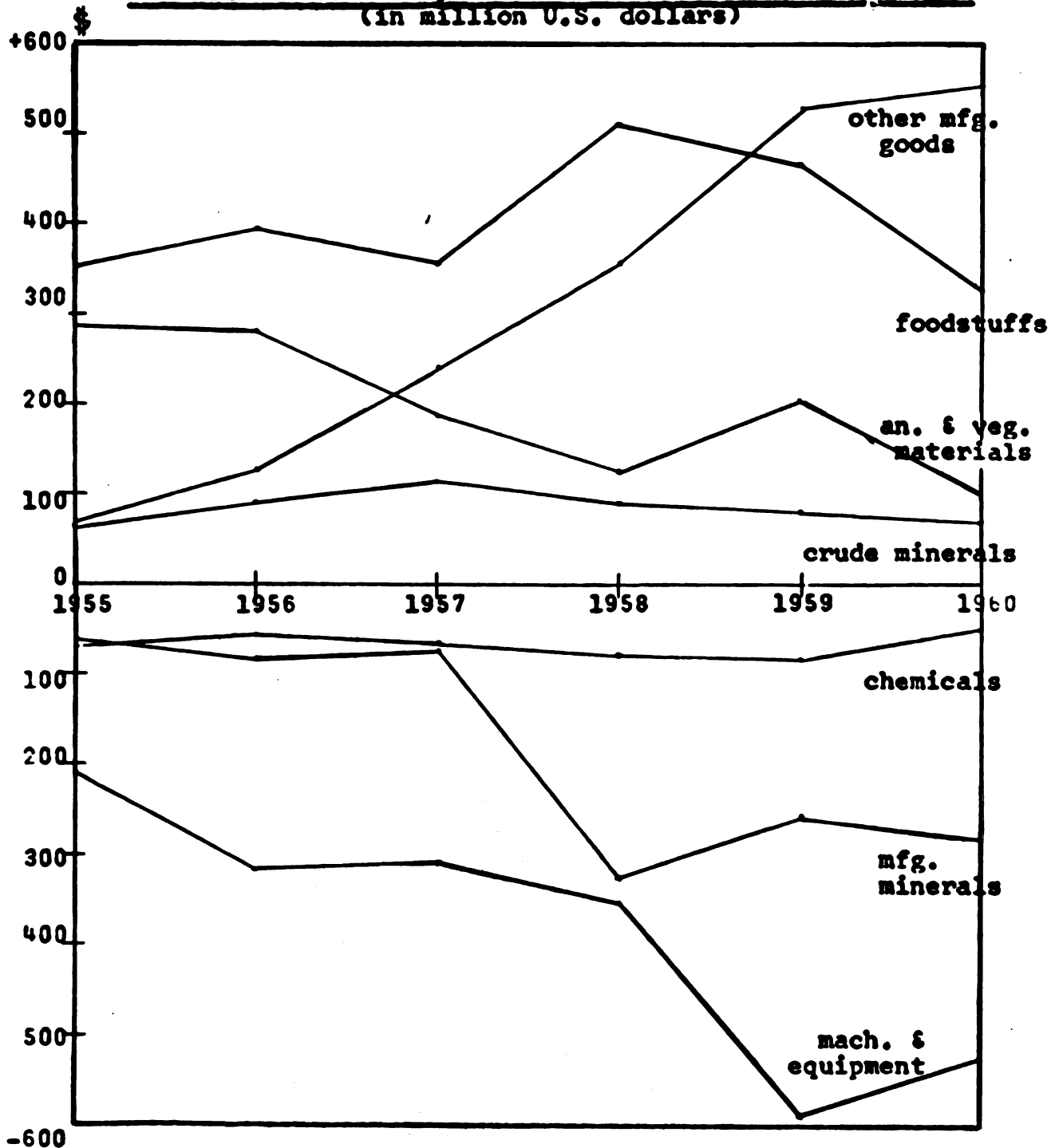
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FIGURE V-1

Overall Net Commodity Trade Position of Communist China
(in million U.S. dollars)



Source: Table V-1.

The overall picture shows that Communist China was a net exporter of foodstuffs, raw materials and other manufactured goods, while a net importer of chemicals, manufactured minerals, machinery and equipment. This basic pattern remained throughout the period under study. However, there had been certain trends in some commodity groups.

Communist China was an increasing net importer of machinery and equipment. Such net imports were largest.¹ Her net imports of manufactured minerals also had an increasing trend. Her net exports of manufactured consumption goods showed a most spectacular increase, and finally replaced foodstuffs as the major net export commodity. In foodstuffs, her net exports fluctuated with no definite sign of change; but net exports of animal and vegetable raw materials decreased. In other words, in financing her net imports, her net exports of foodstuffs remained substantial, while that of animal and vegetable raw materials were rapidly substituted by manufactured consumption goods.

With various country groups, the net position of Communist China in commodity trade was slightly at variance with this general pattern. Separate discussions with some more detailed information are given in the following sections.

¹It was pointed out in Chapter III that substantial amounts of military supplies were excluded from these statistics. Including these will add to the predominance of net imports of machinery and equipment.

Net Commodity Trade Position of Communist China with Russia

TABLE V-2.--Sino-Soviet net commodity trade position (in million U.S. dollars)

	1955	1956	1957	1958	1959	1960
Foodstuffs	+174.8	+213.0	+162.8	+243.4	+226.4	+130.7
An. & Veg. matr.	+213.4	+221.9	+209.0	+171.6	+241.6	+146.2
Crude minerals	+ 57.1	+ 70.1	+ 87.7	+ 72.2	+ 70.2	+ 55.3
metal ores	+ 71.2	+ 84.9	+101.9	+ 87.2	+ 83.9	+ 67.4
crude petrol.	- 14.1	- 14.8	- 14.2	- 15.0	- 13.7	- 12.1
Chemicals	+ 4.3	+ 18.3	+ 12.9	+ 13.4	+ 5.2	+ 6.6
Mfg. minerals	- 70.1	- 70.5	- 56.4	- 79.2	- 77.5	-104.0
iron & steel etc	- 49.7	- 35.6	- 25.7	- 36.4	- 23.2	- 43.1
petr. products	- 64.9	- 71.1	- 76.2	- 77.4	-104.0	-101.0
non-ferrous base metals	+ 44.5	+ 36.2	+ 45.5	+ 34.6	+ 49.7	+ 40.1
Other mfg. goods	+ 47.2	+ 96.0	+164.6	+259.0	+410.8	+384.5
Mach. & equip.	-204.2	-286.4	-252.3	-286.2	-568.3	-480.6

Source: Appendices D & E.

Under a broad classification Communist China was a net importer of machinery and equipment, and manufactured minerals, and a net exporter of foodstuffs, raw materials, chemicals and other manufactured goods. More detailed information shows that of crude minerals, she was a net importer of crude petroleum, while of manufactured

minerals¹ she was a net exporter of non-ferrous metals.

It was pointed out in an earlier chapter that Communist China tended to depend on Russia only for the supply of commodities that she could not obtain from the Free World. Evidence here also supports this thesis. From Russia, Communist China was a net importer of mainly machinery and equipment, and petroleum products. In spite of the fact that she was also a net importer of Russian iron and steel, such net imports were by far exceeded by those from the developed countries of the Free World since the relaxation of the Embargo in 1957.² Crude petroleum was also her net import from Russia. It can be seen in Figure V-2 below that not only was Communist China a heavy net importer of Russian machinery and equipment, she had continued such imports increasingly.

In all commodity groups in which Communist China had a net exporter's position with Russia, the values of net exports had not changed except that of manufactured consumption goods. The increase in net exports of these manufactured consumption goods was phenomenal. In the period from 1958 to 1960, the net exports of these goods were enough to finance almost 80% of her net imports of machinery and equipment.

In general, the net commodity trade relation between Russia and Communist China was essentially one between a

¹Tin was the main export within this category.

²Compare Figure V-3 below.

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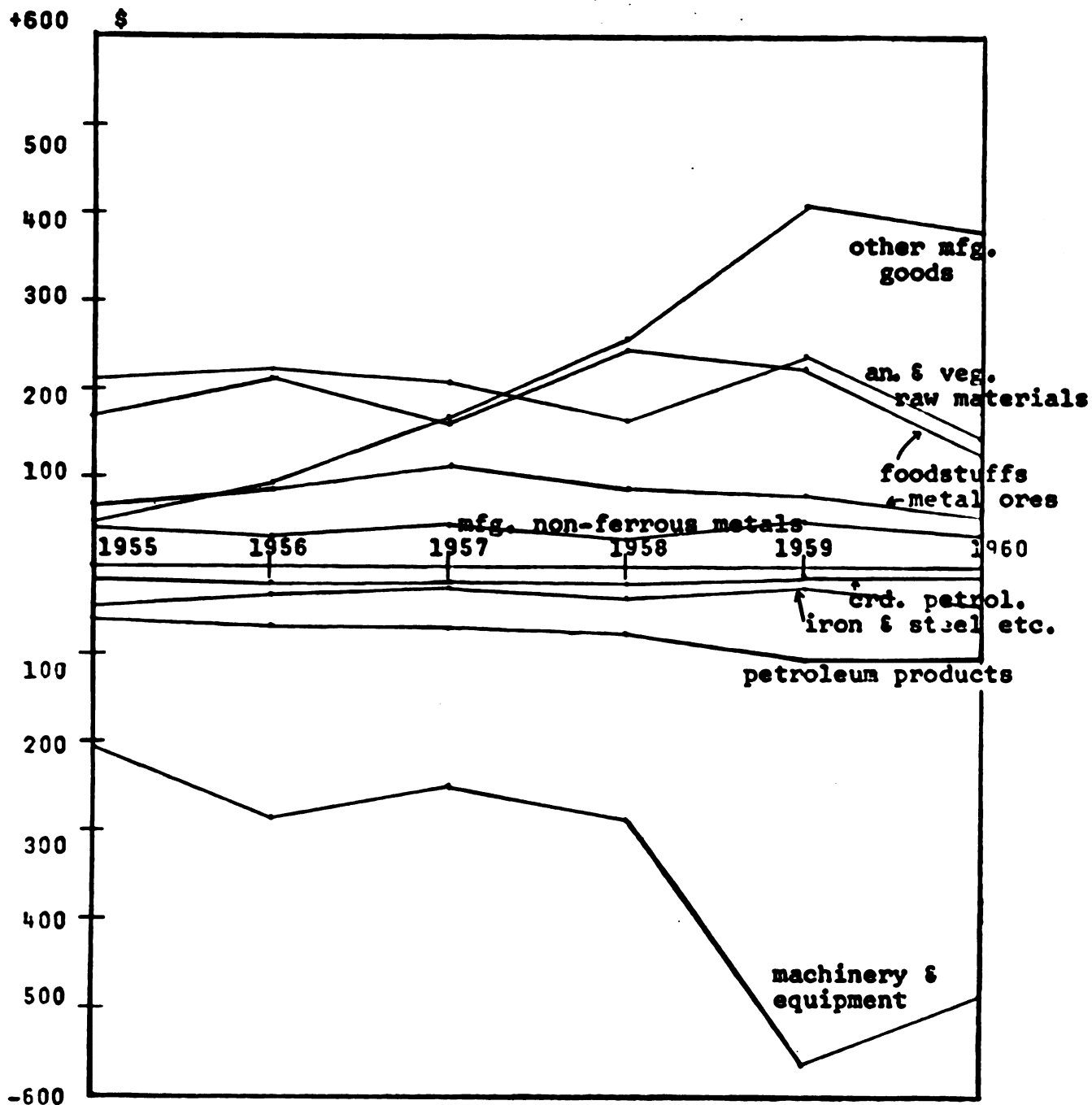
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FIGURE V-2

Sino-Soviet Net Commodity Trade Position
(in million U.S. dollars)



Source: Based on Table V-2.

developed country and an underdeveloped but rapidly industrializing country.

Net Commodity Trade Position of Communist China with Developed Countries

TABLE V-3.--Sino-developed-countries net commodity trade position (in million U.S. dollars)

	1955	1956	1957	1958	1959	1960
Foodstuffs	+29.1	+34.8	+33.4	+44.5	+48.5	+39.0
An. & Veg. mater.	+48.1	+55.7	+32.5	+37.5	+73.7	+82.0
Crude minerals	+ 0.3	+ 0.3	+ 0.3	+ 1.1	+ 2.6	+ 3.6
Chemicals	-40.0	-61.8	-61.3	-77.2	-92.7	-61.0
Mfg. minerals	- 1.6	-13.4	-18.8	-229.5	-174.8	-173.4
iron & steel etc.-	2.3	-14.2	-19.9	-185.5	-111.7	-120.5
non-ferrous base metals	+ 0.7	+ 0.8	+ 1.1	-44.0	-63.1	-52.9
Other mfg. goods	- 2.3	-10.6	- 2.4	+ 5.4	+ 8.2	+ 7.6
Mach. & Equip.	- 5.9	-20.0	-49.9	-54.3	-49.2	-47.1

Source: Appendices D and E.

To the developed countries, Communist China was mainly a net exporter of foodstuffs and raw materials, and a net importer of machinery and equipment, chemicals, iron and steel, and non-ferrous base metals. This basic pattern remained the same throughout the years. Also, she gradually emerged as a net exporter of manufactured consumption goods. But in absolute values, these net exports were very small

compared to those of foodstuffs and raw materials.

In commodity groups in which Communist China was a net importer, the relaxation of the Embargo in 1957 and 1958 clearly showed its effects. Her net imports of machinery and equipment experienced a jump and had maintained the new level; meanwhile her net imports of iron and steel, and non-ferrous base metals also showed tremendous increases. Probably this reflects the inelastic supply on the part of Russia for these commodities, of which Communist China was in urgent need in the process of her industrialization.¹ Therefore the relaxation of the Embargo immediately led to rapid increases of her purchases from the Free World.

The net exports of her raw materials also increased. This shows that Communist China had redirected her traditional exports to markets of these countries. Unlike her trade relation with all other countries, net exports of her manufactured consumption goods to these countries had increased only slightly.

In general, the commodity trade position of Communist China to the developed countries is typical of an underdeveloped country to the developed countries. This can clearly be seen in Figure V-3 below.

¹ Since the relaxation of the Embargo, net imports of iron and steel from the developed countries exceeded by far those from Russia, while Russia was continuously a net importer of Communist Chinese manufactured non-ferrous base metals. (cf. Table V-2 and Figure V-2.)

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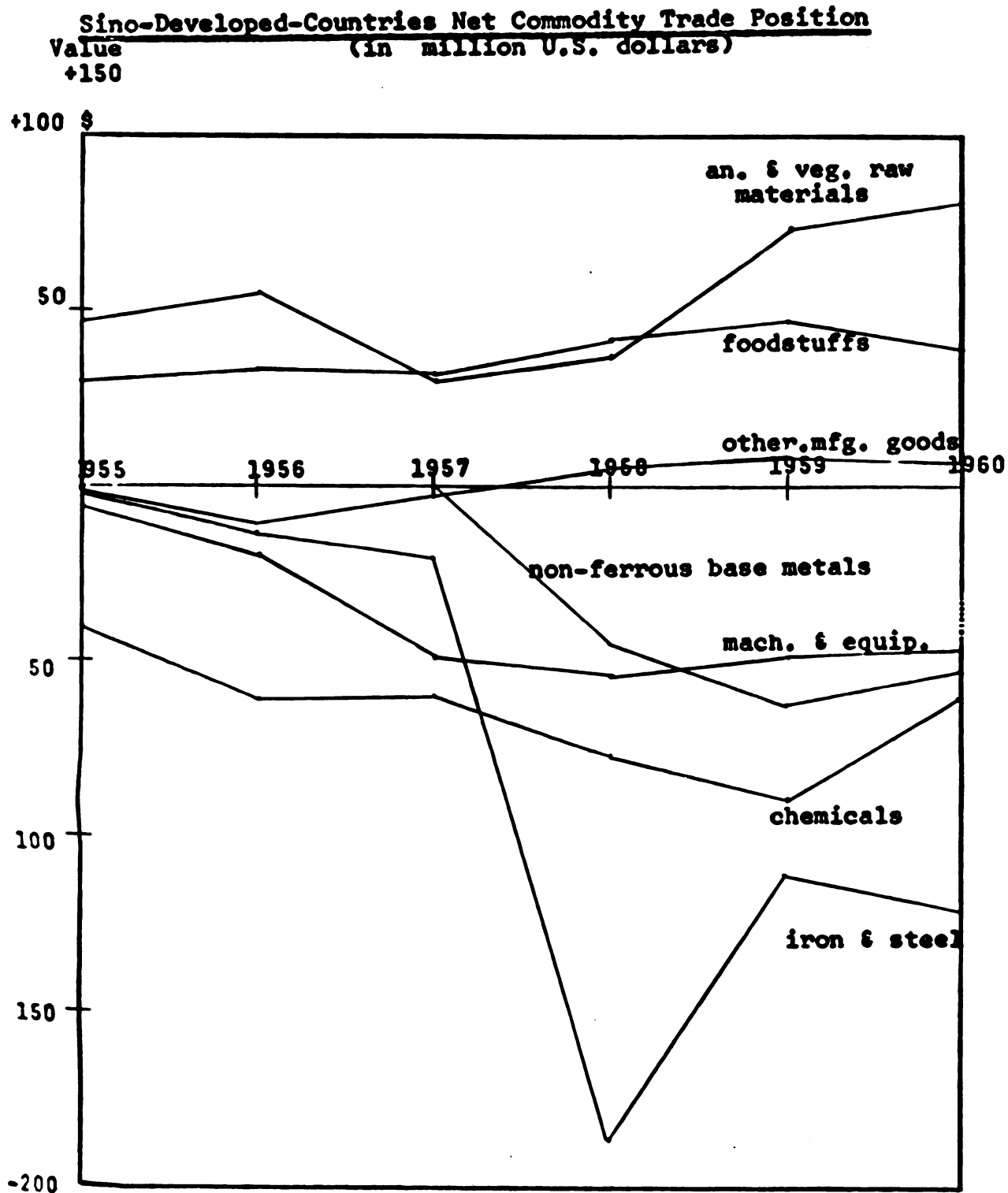
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FIGURE V-3



Source: Table V-3.

Net Commodity Trade Position of Communist China with Underdeveloped Countries

TABLE V-4.--Sino-underdeveloped-countries net commodity trade position (in million U.S. dollars)

	1955	1956	1957	1958	1959	1960
Foodstuffs	+131.2	+151.6	+156.0	+220.0	+189.6	+159.7
An. & Veg. mater.	+ 19.3	+ 9.1	- 50.4	- 81.0	-110.5	-128.0
Crude minerals	+ 12.4	+ 23.6	+ 26.3	+ 12.8	+ 9.0	+ 14.6
Chemicals	- 35.3	- 21.4	- 20.2	- 16.2	+ 3.0	+ 2.7
Mfg. minerals	+ 3.4	- 4.1	- 11.0	- 8.1	- 8.2	- 2.4
Other mfg. goods.	+ 30.7	+ 41.4	+ 85.3	+ 92.0	+113.5	+157.4
Mach. & Equip.	- 1.2	- 9.4	- 6.9	- 16.3	- 0.5	- 0.7

Source: Appendices D and E.

The net commodity trade position of Communist China with the underdeveloped countries gives a marked contrast to those discussed in the previous sections. In a few years, it had changed considerably in some manner. Though still a heavy net exporter of foodstuffs, Communist China had shifted into the position of a heavy net importer of animal and vegetable raw materials. Her net exports of manufactured consumption goods also increased tremendously, and finally became as important as her net exports of foodstuffs. Towards the end of the period under study, Communist China had also reversed her position in chemicals. But

with respect to machinery, equipment, and manufactured minerals, she was still a net importer. Quantitatively these were of little significance, however. She had also net exports of crude minerals.¹

It is interesting to note that the net commodity trade position of communist China with the underdeveloped countries differed considerably from that with other countries. Firstly, her net exports of foodstuffs remained dominant. Secondly, she became a heavy net importer of raw materials. And, if we exclude foodstuffs, the basic relation became the exchange of her manufactured consumption goods for animal and vegetable raw materials. This pattern, curiously enough, is typical of the trade relation between an industrial country and the underdeveloped countries. Furthermore, her net exports of these manufactured goods had increased to an extent that they alone could finance all net imports from these countries, so that her net exports of foodstuffs could be used for financing through other channels. These relations are shown in the figure below, (Fig. V-4).

Conclusion

By putting together previous findings, we can once more construct a complete picture of the commodity trade pattern of Communist China. From this we can gain further insight into problems related to her economic development.

¹The bulk of such commodities was coal.

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1650

1600

1550

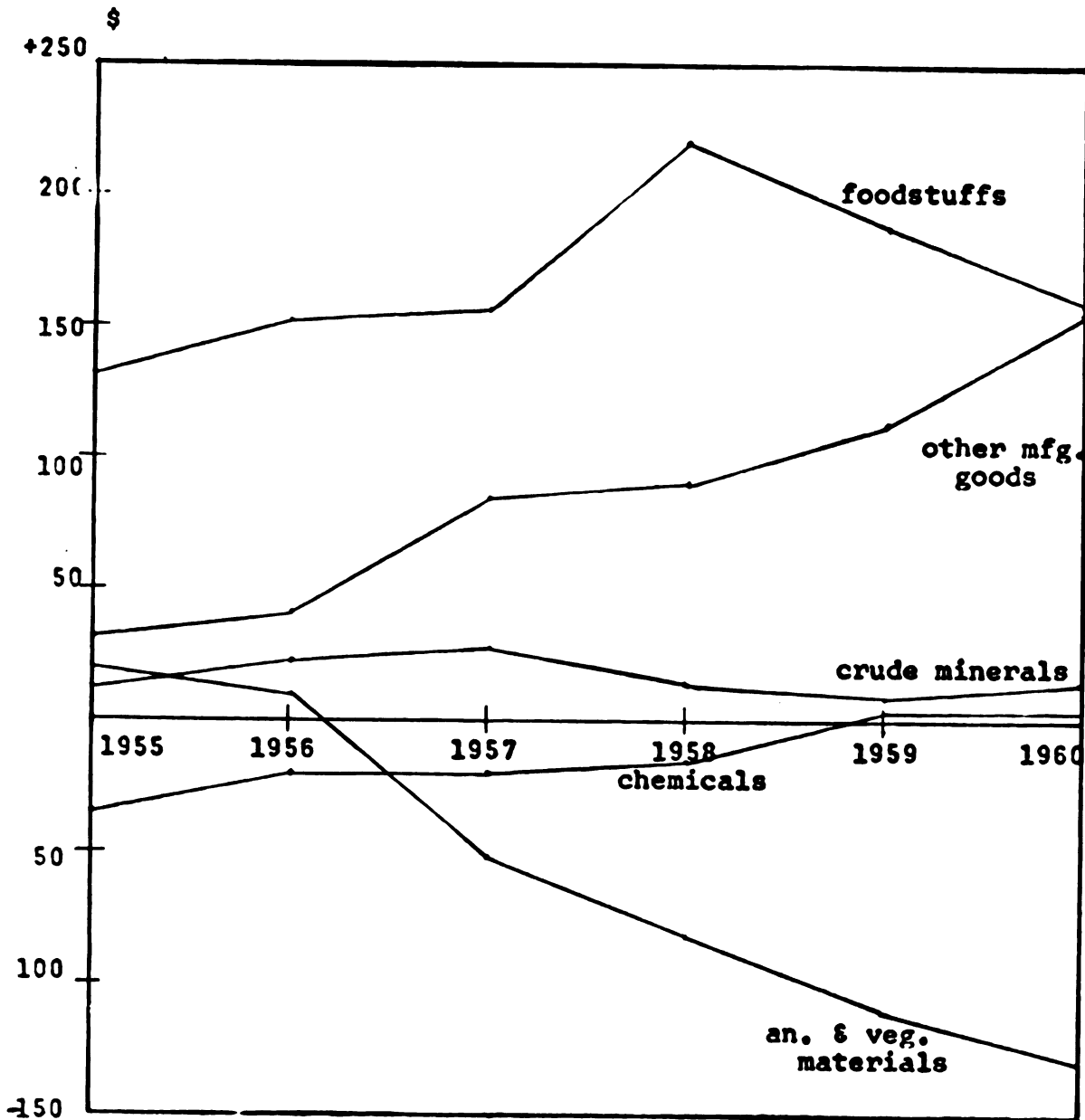
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1450

1400

FIGURE V-4

Less-Developed-Countries Net
Commodity Trade Position
 (in million U.S. dollars)



Source: Table V-4.

In her trade with Russia and the developed countries, the relation was the exchange of net exports of foodstuffs, raw materials and light industrial goods for net imports of manufactured minerals, machinery and equipment; while with the underdeveloped countries the relation became the exchange of net exports of foodstuffs and light industrial goods for net imports of raw materials. One fact stands out clearly. To all countries she was a net exporter of foodstuffs and light industrial goods. These commodities were mainly consumption goods, and her capacity for their exports depended on how effectively she could hold down domestic consumption. Yet, as her net exports of light industrial goods increased tremendously, her net exports of foodstuffs remained more or less stagnant. Once more this reflects the low performance of her agricultural sector, in sharp contrast with progresses made in her production of light industrial goods.

Here we can visualize the dualistic nature of the economy of Communist China. On the one hand, there was her large but slowly improving agricultural sector, which, besides providing for domestic consumption of her teeming millions, constituted the final resort for external financing. On the other hand, it was on this basis that she was able to build up her industrial sector, which soon gathered strength and helped further financing by exporting part of its products. Yet, in the vast hinterland, the agricultural sector remained almost as backward as it ever

was; and only enough improvements could be made to keep in pace with her population growth. As a result, her agricultural surplus that could be spared was more or less constant.

In case of foodstuffs, this duality created no problem, as domestic consumption could be arrested at a low level to leave a surplus for export. Therefore, the net exports of Communist China's foodstuffs always constituted a cushion for her external financing. However, this is not so in the case of raw materials. Domestic consumption had to be increased if the production and growth of her industries were to be sustained. In face of limited domestic supplies, certain agricultural raw materials had to be imported increasingly. Consequently, in spite of the fact that her exports of agricultural raw materials remained at the same absolute level, her net exports decreased because of increasing imports. It is in her trade relation with the underdeveloped countries that her economic duality was most pronounced. While having considerable net exports in foodstuffs, Communist China stood as an industrial country to the underdeveloped countries in her other sector.

To Russia and the developed countries, Communist China was still an underdeveloped but developing country. However, the picture was distorted by the Embargo. In earlier years, she was limited to have considerable net imports of only chemicals (mostly fertilizers) from the developed countries of the Free World, while her net imports

of-machinery and equipment, manufactured minerals and crude petroleum were predominantly from Russia. Freer trade in more recent years tended to spread her net imports of some once-embargoed commodities more evenly among these countries. She was able to acquire huge quantities of manufactured metals from the developed countries of the Free World. Yet, Russia remained unchallenged in her position as a dominant net supplier of most machinery and equipment, crude petroleum and petroleum products, most of which were still on the Embargo list. In other words, the Embargo had affected the direction of Communist Chinese commodity imports from various developed countries. Yet, Embargo or not, she remained an underdeveloped country in her commodity trade relation with these developed countries.

CHAPTER VI

THE CONCENTRATION OF FOREIGN TRADE OF COMMUNIST CHINA

So far in this study, the investigation of the foreign trade of Communist China is largely confined within the context of her economy and economic development. In spite of the fact that we have assessed her overall import, export and net positions in commodity trade, as well as her positions towards various groups of countries, we are still left with the question about her actual standing among all countries. We know that her imports and exports were concentrated on certain groups of commodities, and her foreign trade in general was heavily oriented towards the Communist bloc; and yet we have no accurate measure of the degree of this commodity and geographic concentration that can be compared with those of other countries. An international comparison of this kind will not only add to our knowledge of her standing in international economic relations, but also give us further insights into her economic potentials and the path of her economic development. To make such a comparison, the "concentration indices" are used.¹

¹For discussions on the "concentration indices," see Appendix G.

The work on the concentration of foreign trade was pioneered by Albert O. Hirschman, who first developed the "indices of concentration of trade" and calculated the geographic concentration indices of imports and exports of forty-four countries in 1913 and several inter-war years.¹ This work was furthered by Michael Michaely, who, in addition to the geographic concentration indices, calculated the commodity concentration indices of imports and exports of forty-four countries in 1954.² Later these indices were calculated by Joseph D. Coppock for the exports of some eighty countries in 1957.³ The commodity concentration of exports of Communist China was included. However, his calculation was based on about 40% of Communist Chinese commodity trade statistics, thus raising the question as to whether its result can be appropriately compared with those based on complete statistics of other countries.⁴

By making use of more complete statistics, both the geographic and commodity concentration indices of imports

¹ Albert O. Hirschman, National Power and the Structure of Foreign Trade (Berkeley and Los Angeles: University of California Press, 1954).

² Michael Michaely, Contribution to Economic Analysis, Vol. 26: Concentration in International Trade (Amsterdam: North-Holland Publishing Company, 1962).

³ Joseph D. Coppock, International Economic Instability: The Experience after World War II (New York: McGraw Hill Book Company, 1962).

⁴ Statistics given in the United Nations' Yearbook of International Trade Statistics, which Coppock used, exclude intra-bloc trade statistics.

and exports of Communist China have been calculated. They will be presented in the following sections and compared with Michaely's findings for forty-four countries.

Needless to say, for Communist China political considerations precede economic decisions. Therefore her special case may very well be at variance with the general pattern. Yet, her behavior is not unique. The Embargo itself is its counterpart. Furthermore, extra-economic considerations are not free from the confines of economic potentials. Therefore, economic factors remain to be the underlying basis for the comparison. Deviation from the general rule will give us a clue to what extent extra-economic factors can affect the economic ones.

Geographic Concentration of Foreign Trade of Communist China

The investigation of the geographic concentration of the foreign trade of Communist China here is based essentially on statistics given in the United Nations' Yearbook of International Trade Statistics, from which indices are calculated and presented below.

Before comparing these indices with those presented in Michaely's study, it is of interest first to look into these indices themselves. One striking fact that stands out is the rapid decrease of the import concentration indices. That is to say, Communist China had been diversifying her imports more evenly among her trading partners. This was probably the result of two factors. First, it was the

TABLE VI-1.--Geographic concentration indices of the foreign trade of Communist China**

Year	Exports	Imports	Exports/Imports
1954	50.9	60.0	0.85
1955	50.0	59.1	0.85
1956	48.9	52.9	0.92
1957	47.9	42.4	1.13
1958	46.9	37.4	1.25
1959	51.9	50.0	1.04
1960	46.9	45.8	1.02
Average			
1954-1960	49.1	49.7	0.99*
1957-1960	48.4	43.9	1.10*

*Because of rounding off, this differs slightly from the average of the Exports/Imports column.

**Calculated from statistics given in Appendix A. A higher index means a higher degree of concentration.

gradual resumption of "normal" trade between Communist China and countries of the Free World. Vigorous trade-promoting efforts on the part of Communist China were responded to by the relaxation of the Embargo. In 1957, all countries of the Free World, except the United States, resolved to reduce the Embargo list for Communist China to that for all other Communist countries. A further reduction of the joint list was resolved in the following year. As a result, the increase of trade between Communist China and the Free World exceeded

by far that between Communist China and the Communist bloc. When 1954 is used as a basis, Sino-Communist-bloc trade registered a 30% increase in 1960, while in the same period Sino-Free-World trade was more than doubled. The increase was especially noticeable in her trade with the non-Communist European countries, which were the chief suppliers of the once-embargoed goods. Trade with these countries was more than tripled. The effects on Communist Chinese imports were even more revealing. Within the same period, Communist China's imports from the Communist bloc increased only by 15%, while those from the Free World increased by 145%, and more specifically, those from the non-Communist European countries were quadrupled.¹ The second reason is essentially economic in nature. As a country develops, it diversifies its economy. It begins to demand commodities that it did not demand previously, and that its old trading partners might not be able to supply. As a result it makes new trade connections with an increasing number of countries and increases its demand on commodities supplied by this group of new trading partners. In the case of Communist China this is manifested in her increasing imports of raw materials from the underdeveloped countries, such as natural rubber, cotton and jute.

In fact, these factors must also have effects on the geographic diversification of her export, as her

¹All these percentages are calculated from figures in Appendix B.

geographic concentration indices of exports show a slight trend of decrease. This retarded decrease compared to that of imports was probably due to the fact that she was bound to repay her previous debts to countries of the Communist bloc.¹

If we take the geographic concentration indices of Communist China in 1954 and compare them with those calculated by Michaely for forty-four countries in the same year, we find that Communist China ranked eleventh in export concentration and eighth in import concentration.² That is to say, she was among the first quarter of countries whose foreign trade was geographically concentrated. No doubt, this concentration was partly due to the fact that being a Communist country, she tended to have more trade with countries within the bloc. But evidence suggests that this is far from the decisive factor. In Coppock's calculation of the geographic concentration indices of exports of eighty countries, six Communist countries were included. None of

¹Since 1957 Communist China had a favorable balance of payments with the Communist bloc, from which she accumulated a huge deficit in transactions during previous years. The retarded diversification of her exports geographically might also due to the sluggish increase of the Free World's demand for her exports. However, Communist Chinese exports to the Free World amounted to only 0.5-0.6% of total world (excluding intra-bloc) exports. In view of her low commodity concentration in exports, which will be discussed later, the Free World could have absorbed more of her exports.

²Michaely's indices range from 18.7 to 95.5 with a median of 34.0 for exports, and from 19.4 to 81.2 with a median of 37.2 for imports. op. cit., pp. 19-20. Table 3.

them was among the first quarter of countries whose exports were concentrated, and two of them came very close to being among the first quarter of countries of diversified exports.¹ Thus, the high concentration of exports of Communist China should be due to other reasons also.

One reason is the strict Embargo that was imposed upon her. The fact that she had to turn to Russia and the other Communist countries for most commodities needed for basic constructions was responsible for the concentration of her exports to these countries. Even when the Embargo was gradually relaxed, repayments for previous debts still had to be made. From the standpoint of Russia this pattern might not be economically desirable. It depends on whether Russia was really in need of these exports from Communist China. If it was not, Russia could finance her imports by means of her favorable balance of payments with Communist China;² otherwise, she could find some other compensations. Or if it was, then Communist China would trade with Russia heavily regardless of the Embargo. Therefore, it is important for us to look further if there were underlying economic reasons other than the political ones. The

¹Among eighty countries, the ranks of these Communist countries were: Russia, 21; Hungary, 24; Czechoslovakia, 33; Poland, 51; East Germany, 54; and Bulgaria, 58, in order of from low to high concentration. Coppock, op. cit., Appendix Table A-2, Column X₂₈.

²That is, by acquiring the Pound Sterlings which Communist China had accumulated from trading with the Sterling Area.

investigation of the commodity concentration of her foreign trade will help to disentangle the effects of various factors.

Commodity Concentration of Foreign Trade of Communist China

Based on broad commodity classification, Coppock calculated the commodity concentration index of exports of Communist China in 1957. Numerically the result was 54.4, which ranked fourteenth (from low to high concentration) among seventy-eight countries.¹ This is to say, Communist China was among the first one-fifth of countries whose exports were diversified. As it was already pointed out, the statistics which Coppock used excluded intra-bloc trade statistics, which accounted for 60% of Communist China's exports in that particular year. To what extent his result was representative of Communist China's commodity trade concentration, therefore, requires further investigation.

On this account, one experiment is performed. It is to estimate the commodity concentration index of exports of Communist China by including Sino-Soviet trade statistics, thus making the coverage of statistics up to 80% of Communist Chinese exports.² Using also the broad Standard

¹Coppock's indices range from 41.6 to 96.4 with a median of 67.4 Coppock, op. cit., Appendix Table A-2, column X₂₆.

²What is absent in the statistics is that of the other Communist countries, which accounted for another 15% of Communist China's exports. The commodity components of such exports were similar to those of her exports to Russia, especially when these countries were taken together. (see also explanation in Appendix C.)

International Trade Classification, which Coppock used, the calculated result is 54.4.

It is striking to notice that numerically this index is almost identical with that which was calculated by Coppock. This suggests that in exports Communist China was equally diversified in commodities in her trade with the Free World, and in her trade with the Free World and Russia combined. It also reaffirms Coppock's result that Communist China was a country of diversified exports in commodities.

In order to compare the commodity concentration of the foreign trade of Communist China with those of other countries in Michaely's study, it is necessary to recalculate her commodity concentration indices by using the 150-group Standard International Trade Classification which Michaely used. Here, 1957 is used as the basis for calculation.¹ Such a choice is dictated by the fact that it was a year for which commodity trade statistics of Communist China are most complete. In addition, it has the advantages that this was the year Coppock used and the year in which "freer" trade was resumed. For Communist China it was the concluding year of her First Five-Year Plan. Moreover, despite unfavorable agricultural conditions, her economy was stable for being free from the disruptive effects of her "Great Leap Forward" and the introduction of the commune

¹It should be remembered that Michaely's study was based on 1954 statistics. For most countries, it seems reasonable to follow Michaely's belief that using statistics of immediately neighboring years would call forth only minor changes in the indices.

system in latter years.

The outcome of the calculation is most interesting. Communist China had a commodity concentration index of 18.8 for exports, and 34.7 for imports.¹ Compared to Michaely's calculation for forty-four countries, she ranked the third in export diversification (tied with the United States), and the second in import concentration.² For exports the result of this calculation reaffirms the conclusion of both Coppock's study and the aforementioned experiment.

The high commodity concentration of Communist China's imports is easily understandable. The monopoly of foreign trade by the state made it easy to concentrate her imports on commodities suitable for her developmental purposes. In 1957 more than 90% of her imports were within the category of "producers' goods," the bulk of which consisted of machinery and equipment, manufactured metals, petroleum products and natural rubber.³ It is mainly due to this reason that Communist China departs from the general rule in which import indices in commodity concentration are substantially lower than export indices.⁴

¹For statistics and explanations, see Appendix C.

²Michaely's indices range from 16.9 to 99.6 with a median of 39.0 for exports, and from 15.5 to 83.0 with a median of 20.6 for imports. Michaely, op. cit., pp. 11-12, Table 1.

³See Chapter III above.

⁴Michaely, op. cit., pp. 12-13.

Michaely suggested several possible causes for the variation in commodity concentration in exports. One of these is the stage of economic development, and the other is the level of industrialization. In general, the more developed (as measured by higher per-capita income) and the more industrialized (as measured by lower share of primary production in national product) is a country, the more diversified would be its exports.¹ To explain the highly diversified commodity exports of Communist China, the first reason is out of the question. Yet, by the end of her First Five-Year Plan she did have an industrial sector which could turn out substantial amounts of such goods as textiles, manufactured metals, clothings, chemicals and some other manufactured goods for exports. This reason alone, however, seems still insufficient to rank her high in export diversification, for in 1957, she still had 40% of her national product generated from her agricultural sector,² compared to that of 13.0% for Netherlands (1947-1954), 17.1% for France (1947-1949), 7.2% for the United States (1947-1954), and 5.6% for the United Kingdom (1948-1954), the four

¹Michaely, op. cit., pp. 13-14.

²This percentage is calculated from estimates of Ta-chung Liu and Kung-chia Yeh, "Preliminary Estimates of the National Income of the Chinese Mainland 1952-1959," American Economic Review, Vol. LI, No. 2., (May 1961), p. 490.

other most diversified exporters.¹

One simple-minded explanation would ascribe it to her export-drive policy. Yet, diversification itself could not have been achieved had it not been supported by economic potentials. Here the size of her economy becomes important. Even when we compare two underdeveloped countries of different sizes as Simon Kuznets pointed out, we would expect a wider range of economic activities to exist in the larger one, " . . . particularly if our observation penetrates below the broad economic sectors and distinguish divisions within agricultural, mining and so on."² Communist China is an excellent example to illustrate this point. The vastness of her territories enables her to command varied natural resources. Within the broad categories of foodstuffs and crude materials, she was far from a country exporting only a few staple or extractive commodities, as many an underdeveloped country tended to be. Her exports ranged from grains, tea, sugar, dairy products to tobacco in foodstuffs, and from non-ferrous metal ores, oil seeds and fats, bristles, silk, fur skins to natural rubber in crude materials.

¹These percentages are calculated from estimates of Simon Kuznets, "Quantitative Aspects of the Economic Growth of Nations -- II: Industrial Distribution of National Product and Labor Force," Economic Development and Cultural Change, Vol. V, No. 4 (Supplement, July 1957), pp. 62-63.

²Simon Kuznets, "Economic Growth of Small Nations," Economic Consequences of the Size of Nations, ed. E.A.G. Robinson (New York: St. Martin's Press, 1960), p. 16.

No doubt, the commodity diversification of the exports of Communist China was fostered by her deliberate efforts, as it was her pronounced policy to export whatever it was available over and above her own requirements. Under such a policy direction, all sectors of her economy were exploited. It is exceedingly difficult to assess to what extent her pattern of exports reflected her comparative cost in producing these commodities. Many of her exports were those China exported traditionally during the pre-Communist era, while some others were mainly the products of her recent industrial development. To say nothing of the inavailability of her detailed price statistics, her manipulation of the internal price structure also poses a problem. Several attempts had been made to close the price differentials between industrial and agricultural products; but there is no way to tell whether this reflected the "real" or the "desired" cost-price relationship. In any event, this probably did not affect her determined drive for exports. It was clearly admitted that in exporting to countries in the Free World, her foreign trade concerns were actually sustaining losses.¹ In other words, to her the marginal utility per unit of foreign exchange by far exceeded that of the equivalent value of local resources at internal prices.

Even so, this does not mean that the low commodity concentration index of exports of Communist China was mainly the result of her export-drive policy. This follows by the

¹Yeh Chi-chuang, "Tan tui-wai mao-i," (On Foreign Trade), HHPYK, No. 16, 1957, p. 91.

very nature of the index itself. A low index depends not on the number of kinds of commodities that a country can export, which can be easily stipulated, but primarily on the even distribution of the value of its exports, which must be supported by certain economic potentials. Because the index is calculated on the basis of the percentage shares of the exports of individual commodities in total exports, an export-drive which results in increases in the exports of all or most of the individual commodities will also increase total exports. The percentage shares of these individual exports in the total, and consequently the index itself, would not be different significantly from that in the case had the export-drive not been undertaken. Therefore, the basic determinants are still the underlying economic conditions, which in the case of Communist China were her size and the development of her industries.

In his investigation in commodity concentration of exports with respect to the stage of economic development and the size of the economy, Michaely inferred that among developed countries exports are more concentrated in the small countries, and that among underdeveloped countries the effect of size is relatively unimportant. Among large countries, the developed countries had an average index of 21.1, compared to an average of 57.9 of the underdeveloped countries.¹ Curiously enough if we compare the numerical magnitudes of indices Communist China ranked with the large and developed countries. Then, contrary to the general pattern, the effect of size was overwhelming in her case. Underdeveloped as she was as measured by per-capita income, the diversification of her exports was fostered by her size and the very existence of her industrial sector which she could exploit for the purpose of exports. In fact, we can find another similar example in Michaely's study. According

¹Michaely, op. cit., p. 16. His calculation of the average commodity concentration indices of exports is reproduced below.

	Developed countries	Underdeveloped countries	Total
Large countries	21.1	57.9	40.6
Small countries	39.1	52.0	43.4
Total	31.1	55.8	41.9

Here, a large country is defined as one whose population numbered more than ten million, and a developed country is one whose per-capita income exceeded \$300, for the period 1952-1954.

to the same criteria, Japan was also a large and under-developed country. Yet, her industrial capacity ranked her the tenth in export diversification among forty-four countries.

Another factor that contributed to the diversification of Communist China's exports is her location. For one reason or another she traded heavily with Russia; the geographic vicinity of these two countries must have also increased the variety of commodities that they could exchange with each other.

The Relationship Between Geographic and Commodity Concentration of the Foreign Trade of Communist China

Both Hirschman and Michaely pointed out, as a rule, there is a positive correlation between geographic and commodity concentration of exports.¹ Then Communist China was an exception--as we have already seen she ranked high in geographic concentration and low in commodity concentration. To explain the general rule, Hirschman suggests that as a country becomes more industrialized, which in general means more capable of exporting a greater variety of goods, it makes trade connections with more countries.² It is true that the industrialization of Communist China, together with the size of economy, enabled her to rank among countries of high commodity diversification in exports. But effects of

¹Hirschman, op. cit., pp. 106-107; Michaely, op. cit., pp. 22-23.

²Hirschman, op. cit., p. 107.

these factors-on-her geographic diversification were outweighed by her political alliance with Russia. However, it would seem appropriate to reason that her high geographic concentration in exports based on political alliance alone would not have been economically feasible, had it not been supported by underlying economic factors. It is pointed out in an earlier section that being a Communist country alone was far from the decisive factor for high geographic concentration in exports.¹

To interpret the general rule of positive correlation between geographic and commodity concentrations of exports, Michaely also suggests that " . . . for a country which for one reason or other maintains trade connections with only one or a very few countries abroad, exports are limited to those which are in demand in the partner country."² This does not preclude the possibility of a negative correlation. It depends on the variety of commodities that are in demand in the partner country. A negative correlation can still exist if a country exports to its predominant trading partner a great variety of commodities. It is indicated in an earlier section that in exports Communist China was equally diversified in the variety of commodities in her trade with the Free World, and in her trade with the Free World and Russia combined.³ In other words, her exports

¹See p. 122 above.

²Michaely, op. cit., p. 23.

³See p. 124 above.

to Russia was as diversified as that to the entire Free World. As we find in the Free World countries of various types at various stages of economic development, their demands for Communist Chinese exports must have been varied. Then the Russia demand for Communist Chinese exports must have also been varied to the same extent.¹ Probably this was also fostered by the political alliance itself. It is doubtful, however, that the political alliance was the dominant factor, because Russia could have financed her desirable imports by her favorable balance with Communist China.

It is, therefore, this economic factor together with her geographic proximity and political alliance with Russia that contributed to the negative correlation between her geographic and commodity concentrations of her exports.

Yet, Communist China was not a unique case. There was another country whose pattern of concentration of exports bore a remarkable resemblance with hers. This country was Canada which ranked high in geographic concentration and low in commodity concentration of exports.² Different as these two countries might be when measured by per-capita income, there were factors in common that caused their

¹ A perusal on the Sino-Soviet section of Communist Chinese commodity trade statistics will help to bring this out more clearly. (Appendix E.)

² Among the forty-four countries Canada ranked eleventh in commodity diversification and eighth in geographic concentration of exports. Michaely, op. cit., p. 12, Table 1.

defection from the general rule. On the one hand, the sizes of their economies and their industrialization contributed to the commodity diversification of their exports. On the other hand, they both found their largest customers in their immediate neighborhood absorbing about one-half of their total exports, which in turn constituted about one-fifth of the total imports of their largest customers. In other words, Communist China stood in relation to Russia very much the same as Canada stood in relation to the United States in exports.

Prospectively, the high commodity concentration of the imports of Communist China is very likely to last for quite a long time. Her sustained efforts towards economic development will necessitate her purchase list to remain highly selective for that purpose, regardless of international political situations. But her high geographic concentration of imports will depend very much on such situations, as it is already pointed out that the gradual relaxation of the Embargo already had its effects.

On the export side, as Communist China was already diversified in commodity varieties, she was potentially in a position to diversify geographically. This is especially so because her exports constituted a very small proportion of total international trade. As her exports assumed the role of a necessary payoff, the future pattern will depend on that of imports. In the foreseeable future, it would seem unlikely that Communist China will be among those countries

whose foreign trade are highly diversified geographically. Despite the recent rift between her and Russia, the existing Embargo will oblige her to depend heavily on Russia, unless she is willing to go without those urgently needed commodities. Yet, given no worsening in the international relations between Communist China and countries of the Free World, there is still a long way she can go in this direction.

CHAPTER VII

SUMMARY AND CONCLUSIONS

The present study investigates the foreign trade of Communist China within both the context of her domestic economy and the international economy. In reflection, the pattern of her foreign trade gives us a static view of her economy and a dynamic view of her economic development. By first summarizing the previous findings, this chapter will focus on these economic problems of hers, and draw further conclusions with respect to the prospects of her foreign trade in the future.

On Communist China's Foreign Trade Statistics, Exchange Rates and the Terms of Trade

Usually the first question posed on Communist China's economic statistics is their reliability. This naturally includes her foreign trade statistics as well. A careful comparison of foreign trade statistics released by Communist Chinese sources and those by her trading partners shows that by and large there is no evidence of deliberate falsification. These two sets of statistics can be reconciled with due understanding of two factors, namely, the Communist Chinese manipulation of her foreign exchange

rates and her special way in reporting foreign trade figures. For detailed analysis, however, the Communist Chinese statistics are too crude and fragmentary to be useful. Furthermore, because of her foreign exchange manipulation and her special way in making foreign trade reports, her foreign trade figures are not found to be very meaningful from the point of view of international finance as well as commodity movements. As the yuan-ruble rate was set at ¥1.025, the yuan-dollar rate should have been ¥4.10.¹ But, instead, it was set at ¥2.34. This depreciation of the dollar (and also of the other Western currencies) would necessarily exaggerate the proportion of the trade between Communist China and the Communist bloc in her total trade in statistics given by Communist China. Even when her foreign trade was constant in real terms, a shift in its direction would still affect Communist China's statistics.² Given the pattern of her foreign exchange rates, it would seem that the planning and controlling purposes would be better served if the books of the Foreign Trade Ministry were kept in terms of rubles, dollars etc. Figures given in yuans can only distort the real picture.

¹This refers to the 4 to 1 rate of the old ruble to the dollar.

²See also: Kang Chao, "Yuan-dollar Price Ratios in Communist China and the United States," Occasional Papers No. 2, ed. J. I. Crump, Jr. (Ann Arbor: Center for Chinese Studies, 1963), p. 21.

Then come the questions concerning the exchange rates themselves. Admittedly the yuan was overvalued against the Western currencies; yet, evidence shows that it was undervalued against the ruble.¹ Then the normal result for Communist China should have been an import surplus with the Free World and an export surplus with the Communist bloc. However, the actual result was the very opposite. One reason for this is, of course, that part of her imports were financed by Russian credits. But her export surplus with the Free World was largely the effect of the Embargo. If both markets were freely accessible to her, she should have imported far more from countries of the Free World, assuming that the terms of trade were the same in all markets. This may very well explain why the relaxations of the Embargo in 1957 and in 1958 resulted in rapid increases of her imports from the Free World.² In fact, it is very probable that the overvaluation of the yuan itself (against the Western currencies) was a counter-measure against the Embargo.

It should be noted here that as the Embargo forced the Ministry of Foreign Trade to pay higher prices for imports, these prices were paid in the local currency to the People's Bank for acquiring foreign exchanges. The Ministry

¹Kang Chao, op. cit., p. 19.

²Since 1958, Communist China had a deficit with countries in the Free World. Previously, it was a constant surplus. See Table II-10 above.

also received higher prices in selling her foreign exchange proceeds from exports.¹ For the Communist Chinese economy as a whole, whether she was trading in the best markets depended on the pricing of commodities in terms of foreign exchanges. This leads us to the question of her terms of trade. More specifically, one would ask whether Communist China had suffered from a worse terms of trade in trading heavily with the Communist bloc.

The Minister of Foreign Trade of Communist China stated once that pricing in Sino-Soviet trade was reasonable and fair, because in negotiation prices in the capitalist world-market were used as references.² If so, Communist China was not taken advantage of by the monopolistic position of Russia as a result of the Embargo. A few inquiries have been made by economists to test this statement. Due to limited information these inquiries are all based on the comparison of the prices of only a few sample commodities.³ No attempt is made here to duplicate such

¹For the practice of these internal transactions, see pp. 32-33.

²See discussion on p.50.

³See: R. F. Dernberger, "International Trade of Communist China," Three Essays on the International Economics of Communist China, ed. C. F. Remer (Ann Arbor: The University of Michigan Press, 1958), pp. 143-149; Feng-hua Ma, "Price Problems in Communist China's Foreign Trade", Journal of Asian Studies, Vol. XXI, No. 4 (August, 1962), pp. 631-632, (Abstracts of Papers Presented at the Fourteenth Annual Meeting); Y. L. Wu, F. P. Hoerber and M. M. Rockwell, op. cit., pp. 321-328; and A. Yoshio, "Terms of Trade of China and Underdeveloped Countries in Relation to Their Trade with the Soviet Union," JPRS:9494, 28 June, 1961.

efforts. However, two points deserve our attention. First, as these inquiries are based on a limited sample of commodities, it is doubtful whether they are representative of the whole picture. Second, price negotiation in Sino-Soviet trade was not made on the basis of individual commodities. Using the world prices as a reference, prices were first fixed in the Sino-Soviet Trade Agreement in 1950. Adjustments were made in later years so that concessions of one party on some commodities were met by concessions of the other party on some other commodities.¹ Therefore, it was essentially a deal of packages of commodities. Short of detailed statistics and complete information on commodity specifications, results of these inquiries may not bring out the real picture. In fact, it is not surprising that these attempted inquiries do yield quite different results.²

As the Embargo created a potential position for Russia to exercise monopolistic power, it was up to Russia to decide whether to exploit it or not, especially when Communist China was most anxious to trade. Even if Communist China was paying and getting reasonable and fair prices,

¹Yeh Chi-chuang, "Tan tui-wai mao-i" (On Foreign Trade) HHPYK No. 16, 1957, pp. 90-93.

²Both Ma and Yoshio show that Communist China was paid lower prices in about one half of the sample commodities and paid higher prices in most sample commodities in her trade with Russia, compared with the trade between Russia and other countries. Yet, on the other hand, the other two studies show that Communist China paid and was paid about world prices in trading with Russia.

her terms of trade could still be bettered as alternatives were open. Perhaps the test of the pie is still in its eating. The rapid resumption of trade between Communist China and countries of the Free World may be taken at least partly as some indication that previously she was not trading in the best of all markets.

The Foreign Trade of Communist China in her Domestic Economy

As the regional direction of the foreign trade of a certain country may be affected by non-economic factors, its capacity is largely a reflection of its economic potentials. Communist China had pushed her foreign trade vigorously. In ten years the turnover increased by 150%. For the period 1958-1960 she was about as great a trading country as Australia, Switzerland and East Germany, and was superseded by only the established trading countries.¹ She was second only to Russia in the Communist bloc.

Yet, compared to national product, her foreign trade turnover was a meagre 12%, which was a relatively low percentage.² Two reasons may be advanced for such a phenomenon. The first reason lies in the size of her economy. For Communist China "size" clearly refers to both population and geographic area. In general, the variety of natural resources

¹They are: United States, Canada, Belgium-Luxemburg, France, West Germany, Italy, Netherlands, United Kingdom, Sweden, Japan and Russia.

²See comparison with Simon Kuznets' findings for other countries on p. 24 above. (Simon Kuznets, Six Lectures on Economic Growth, op. cit.)

and economic activities are positively correlated with the size of the economy. The larger the size of the economy, given the stage of economic development, the greater variety of commodities can be domestically produced, and the less is the necessity to participate in international trade; and vice versa. This is well substantiated by the study of Simon Kuznets, who shows that for the world at large the foreign trade ratio (imports + exports/national product) and the size of the economy (population in his case) are negatively correlated.¹ The same rule also holds in countries of low per-capita income.² For Communist China the effects of her size on the nature of her economy was well reflected in her varied exports.

The second reason for her low foreign trade ratio is closely related with the first one. It is the low level of her economic development. In fact, the level of economic development itself has no general relation with the foreign trade ratio. A low level of economic development can also be compatible with a high foreign trade ratio. But, as the Communist Chinese economy was varied to start with, it had also a varied domestic demand to cater for. Then, the level of exports depended on the surplus of domestic production over consumption of the same commodities. In

¹Simon Kuznets, op. cit., pp. 95-96, esp. Table 10.

²Simon Kuznets, "Economic Growth of Small Nations," Economic Consequences of the Size of Nations, ed. E. A. G. Robinson (New York: St. Martin's Press Inc., 1960), p. 20, Table 1 (B).

other words, given minimum requirements for domestic consumption, the level of domestic production determined the level of her exports and consequently the level of her foreign trade. Therefore, the low level of her foreign trade was a combined result of the size of her economy and her low level of economic development.

Of the three basic paths towards economic growth, namely, through expanding primary production for exports, expanding light industrial goods for exports, and producing industrial goods for domestic markets, the choice of Communist China was essentially the last one. In spite of the fact that she exported light industrial goods to other underdeveloped countries in exchange for raw materials, her overall exports were diversified. Circumscribed by the underlying nature of her economy and further dictated by her policy of "balanced growth," only 5-7% of her national product was exported. This pattern of economic growth by definition involves necessary improvements in the agricultural sector, which not only provides foodstuffs and raw materials for the entire economy, but also absorbs the products of the growing industries. The economic development of Communist China did begin with some improvements on the agricultural front, and also with import-substitution of the domestic light industrial products.¹ This does not

¹In the pre-Communist era, China was a net importer of both grains and manufactured goods including textiles.

mean the end of foreign trade, because as Ragnar Nurkse pointed out:¹

. . . "import substitution" can mean not only (a) the substitution of home-produced goods for imported goods, but also (b) the substitution of capital goods imports for consumer goods imports.

For Communist China it meant both. Through strict regimentation of domestic consumption, she was soon able to capitalize on the development of her import-substituting industries by exporting their products. In other words, such industries were not only able to substitute imports, but also able to accompany her traditional exports in financing her capital goods imports. In fact, if these industries continued to develop at a high speed, and external markets were easily accessible, she could shift into a position of exporting light industrial goods in exchange for foodstuffs and raw materials. This was what Japan did in the turn of the century. As Communist China was reluctant to adopt this pattern, a judicious balance must be struck between various sectors internally in order to warrant stable growth.

This can be seen more clearly when presented formally. Take the case of an economy with three sectors: A being the agricultural sector, L being the light industrial sector, and H being the heavy industrial sector. A supplies foodstuffs to both L and H, also raw materials to L. L

¹Ragnar Nurkse, Pattern of Trade and Development (Oxford: Basil Blackwell, 1961), p. 45.

supplies consumer goods to both A and H. Assume further that this is an underdeveloped economy, so that A depends very little on the products of H. Probably L depends on the products of H to a greater extent; but most products of H will be further invested.

Then, in a closed economy, a drag in the H sector will mainly affect itself. Its repercussions on the other sectors will not be far-reaching and immediate. The effects of a drag of L on the economy will be more severe, as consumers in all sectors will be hit. Yet, the most far-reaching and immediate will be the adverse effects of a drag in A. Besides consumers, the smooth-running of L will be affected by shortages in the supply of raw materials. Part or some branches of it will have to come to a standstill, which in return will have adverse effects on the entire economy.

An open economy provides escapages through imports in case of need. Given a marketable surplus, a drag in any sector can be salvaged by imports without creating balance of payments problems. Yet, for an underdeveloped country, this surplus primarily comes from the A sector. Even when the L sector has developed to a stage of providing a surplus for export, it still depends on A heavily for material inputs. Of course in the long run a country can develop its L sector on imported materials, if it is willing to do so and if it can get free access to foreign markets. But it is the short-run adjustment that is most painful. A drag in

the A sector not only creates shortages of foodstuffs and materials, but also cuts its means of financing. Repercussions will cause a situation more than a problem of balance of payments. As resources cannot be shifted from sector to sector over-night, a considerable proportion of the economy will come to a standstill. And before adjustments are made, the economy will have suffered tremendously.

Therefore, when a country takes the path of balanced growth, the key to smooth development is still the agricultural sector. In fact, more leeway should be given, for, by its very nature, it does not only drag, but sometimes it also strikes. Its adverse effects will be immediate and repercussions far-reaching. Even foreign trade will have to go through quantitative as well as qualitative readjustments.

In such a type of economic growth, foreign trade is not an engine of growth itself. Despite its importance in financing capital goods imports, it is a servant or a victim. The abrupt decrease of the foreign trade and imports of grains of Communist China during her recent economic crisis furnishes a very good example.

The Foreign Trade of Communist China and the International Economy

The analysis of the commodity structure and the net commodity position of the foreign trade of Communist China leads to the following conclusions.

Firstly, Communist China was a net exporter of

foodstuffs to all groups of countries. Despite its waning importance relative to light industrial goods, such net export remained quite stable in absolute values, and continued to be a basic source for external financing.

Secondly, she was becoming an increasingly great net importer of machinery and equipment and also manufactured minerals, while an increasingly great net exporter of other manufactured goods. Her net exports of raw materials decreased on the other hand.

Thirdly, in her commodity trade relation with the developed countries, including those of the Free World and Russia, Communist China still stood as an underdeveloped but rapidly developing country. Foodstuffs, raw materials and light industrial goods were exported in exchange for chemicals, manufactured minerals, and machinery and equipment. The tendency was that more and more light industrial goods were exported.

Fourthly, to adjust herself to the Embargo, Communist China depended on Russia for the supply of the embargoed goods. Other than machinery and equipment, crude petroleum and petroleum products, she was a net exporter in all other commodities to Russia. From the developed countries of the Free World, she had increasing net imports of manufactured minerals, chemicals, and some machinery and equipment.

Lastly, if we exclude foodstuffs exports, Communist China stood in relation to the underdeveloped countries as

an industrial country. She exported light industrial goods in exchange for animal and vegetable raw materials. These exports alone were about enough to finance all her net imports from these countries. Therefore, her foodstuffs exports to these countries, which constituted about one half of their total imports from her, were essentially a surplus for financing through other channels.

In spite of the fact that this study is limited to a very short period of time, the above conclusions indicate that Communist China was developing at a fast rate. The impression is especially clear in the changing pattern of her exports. Eventually she had emerged into a position exporting almost one half of her total exports in manufactured goods. One might ask, what the stage of her industrialization is.

In the study of the development of exports of manufactured goods, from 1899 to 1953, A. K. Cairncross pointed out that for ten industrial countries:¹

. . . The main change has been a shift away from textiles and towards engineering products. Metals and chemicals have shown a slight upward trend since 1899, although the change between 1937 and 1950 was the other way. The miscellaneous group of manufactures has shown a pronounced downward trend, especially since 1929.

That is to say, the path of further economic development is

¹ A. K. Cairncross, "World Trade in Manufactures since 1900," Factors In Economic Development (London: George Allen & Unwin Ltd., 1962), p. 245. These ten countries are: United Kingdom, United States, France, Germany, Belgium, Italy, Sweden, Switzerland, Canada and Japan.

to go from exporting consumers' goods to exporting producers' goods. Indeed, as late as 1899, all industrial countries still exported mainly textiles and/or other consumers manufactures, except the United States.¹ As newcomers started to export manufactures, usually textiles, old-timers shifted to export mainly capital goods. The following table shows that Communist China is just another new-comer.

TABLE VII-1.--Manufactures exports of Communist China (in percentages)

Year	Engineering Products	Textiles	Chemicals & Metals	Miscellaneous
1957	2.1	50.6	25.8	21.5
1958	1.9	41.0	25.5	21.5
1959	2.6	49.3	16.2	31.9
1960	0.6	50.5	17.4	31.5

Source: Calculated from statistics given in Appendix E according to Cairncross' classification.

¹Cairncross' calculation is reproduced as follows. (op. cit., p. 246, Table XI).

Proportion of Main Categories to
Total Exports of Manufactures 1899 & 1953

	Engineering Products		Textiles		Metals & Chemicals		All Other Items	
	1899	1953	1899	1953	1899	1953	1899	1953
UK	17.5	44.9	47.0	15.5	17.4	17.8	18.1	21.8
USA	27.9	54.2	7.9	6.6	34.3	20.2	29.8	19.0
France	5.7	25.7	35.8	18.6	13.6	32.5	44.8	23.2
Germany	8.9	45.7	20.6	5.9	20.7	25.5	49.8	22.9
Belg, Italy, } Swed, Switz. }	8.9	25.3	42.6	15.8	19.3	29.7	29.3	29.1
Canada	30.2	18.5	7.5	0.9	9.7	36.0	52.6	44.6
Japan	0.2	18.1	58.4	36.1	21.5	21.0	19.8	24.8

In these years, textiles and miscellaneous manufactures were predominant in Communist China's exports.

It is interesting to note that in 1957, the concluding year of her First Five-Year Plan, the commodity structure of her exports of manufactures was very similar to that of Japan in 1899.¹

This of course does not mean that Communist China would follow the footsteps of Japan in her pattern of development. Nor does it mean that it would take her another sixty years to develop to a stage comparable to the present day Japan. In economic development every case is unique, because of unique underlying economic factors and historical incidences. However, it gives us some indication of the approximate stage of her economic development as reflected in the commodity structure of her exports of manufactures at the end of her First Five-Year Plan.

The Prospects of the Foreign Trade of Communist China

Although in economics everything depends on everything else, something is bound to depend on something else more. In Communist China the foreign trade sector was small compared to her entire economy. Important as it was in transplanting the modern tricks of technology directly from the advanced countries, its stable development depended mainly on the stable development of the domestic economy

¹According to W. W. Rostow, this was the time (1878-1900) of the Japanese takeoff. See his The Stages of Economic Growth (Cambridge: Harvard University Press, 1961).

itself, which in turn depended largely on the performance of the agricultural sector. This was especially so when she was determined to adopt a "balanced growth" policy. As a result foreign trade only played a passive role in the entire economy.

No doubt, the long-term goal of Communist China is to become economically independent. Yet, we do not know how independent is truly independent. On the one hand, it can mean complete isolation so that foreign trade will one day die an unknown soldier; or self-sufficiency in basic requirements so that foreign trade will become only a balancing item. On the other hand, it may be contended that a low foreign trade ratio among countries, together with an independent industrial sector, would be independent enough so as not to forego certain advantages derived from foreign trade. It is very probable and only reasonable that it is this that the Communist Chinese leaders have in mind. Even so, it is far too early for Communist China to be able to attain this stage. Her immediate task still is to build up her own industrial sector, and in doing so foreign trade has been a powerful leverage. Therefore under normal conditions we should expect her foreign trade to grow continuously. It is also likely that even her foreign trade ratio will increase for some years to come.

As for the commodity structure of her foreign trade, trends discussed previously will continue as she further develops. That is to say, she will continue to

increase her exports of light industrial goods in exchange for heavy industrial goods from the developed countries, and for raw materials from the underdeveloped countries.

These expected projections, however, were brought to a pause by her recent economic crisis, in which foreign trade was an immediate victim. Total turnover in 1962 was about one half of its peak level in 1959, and substantial amounts of grains were for the first time imported. This was further aggravated by her "rift" with Russia, which resulted in a more than 50% decrease in Sino-Soviet trade. Her imports from Russia decreased by about 75%, with complete industrial undertakings coming close to the vanishing point. Of course, this does not mean that the previous developments of her foreign trade will be washed away for good. Rather they are waiting in retrenchment for her to resume normal economic conditions, for which she is probably now setting aside a few years before she would launch another Five-Year Plan. We should therefore expect her foreign trade to follow the projected pattern, upon the normalization of her economy based on improvements in her agricultural sector.

Further developments in the geographic distribution of her foreign trade is hard to predict for political reasons. As successive relaxations of the Embargo has brought her nearer to the Free World, there is no way to determine how far she can and is willing to go in that direction. The main prospect still lies in the possibility for her to

acquire heavy machinery and equipment from the Free World, and her political relation with Russia. It is here where the "economic man" goes out and the "political animal" steps in.

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APPENDICES

APPENDIX A

The Regional Distribution of the Foreign Trade of Communist China

The following tables are compiled mainly from statistics given in various issues of the United Nations' Yearbook of International Statistics, Direction of International Trade, and World Economic Report. Up to 1953, some countries reported only their "trade with China." There is no way to disentangle "trade with Communist China" figures from these overall figures. However, in these years "trade with Nationalist China" of these countries was relatively insignificant. From 1954 to 1956 Pakistan reported also only her "trade with China." Here figures are adjusted by deducting the Pakistan-Nationalist-China trade figures reported by Nationalist China from those "trade with China" figures.

Since most figures in the following tables are derived from the above-mentioned sources, they are referred to in the text as United Nations' statistics. In cases where statistics are not available from them, the following sources are used. A Survey of the Strategic Trade Control Control Program 1957-60 and The Battle Act in New Times (U.S. Department of State: 1960 and 1962); Der Ostblock: Aussenhandel des oestlichen Wirtschaftsblockes einschliesslich China by Bruno Kiesewetter (Berlin, 1960); Japan

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Foreign Trade of Communist China
(in million U.S. dollars)

ASIA

Countries (export to, import from)	1960			1959			1958			1957		
	export	import	total	export	import	total	export	import	total	export	import	total
Burma	24.7	7.9	32.6	16.3	.4	16.7	16.6	3.0	19.6	12.5	9.9	22.4
Cambodia	3.8	1.4	5.2	4.6	1.7	6.3	5.3	0	5.3	2.3	0	2.3
Ceylon	29.6	25.3	54.9	31.5	16.3	47.8	31.9	16.3	48.2	17.6	35.2	52.8
Malaya*	73.0	31.0	104.0	67.8	45.2	113.0	63.9	38.0	101.9	52.2	24.2	76.4
Hong Kong	207.5	21.0	228.5	181.0	20.0	201.0	244.5	27.3	271.8	197.9	21.6	219.5
India	5.4	11.0	16.4	10.2	16.4	26.6	11.1	7.2	18.3	10.2	7.8	18.0
Indonesia	56.4	35.1	91.5	61.4	53.2	114.6	41.8	43.4	85.2	27.0	25.2	52.2
Japan	20.7	2.7	23.4	18.9	3.6	22.5	54.4	50.6	105.0	80.5	60.5	141.0
Macau	-	-	-	10.0	.2	10.2	9.6	.3	9.9	8.2	.7	8.9
N. Borneo	1.9	.6	2.5	1.5	.4	1.9	1.7	.9	2.6	1.1	1.8	2.9
Pakistan	4.0	14.8	18.8	4.2	.7	4.9	10.3	7.6	17.9	7.8	11.4	19.2
Sarawak	5.0	0	5.0	4.3	.1	4.4	3.3	.1	3.4	2.2	0	2.2
Thailand	-	-	-	-	-	-	0	3.0	3.0	0	3.3	3.3
Aden	.2	.1	.3	.1	.2	.3	.1	.1	.2	.4	.3	.7
Afghanistan	-	-	-	-	-	-	1.0	.0	1.0	.4	.0	.4
Iran	-	-	-	13.9	-	13.9	17.7	-	17.7	15.3	.4	15.7
Iraq	7.0	-	7.0	4.0	2.2	6.2	.2	0	.2	-	-	-
Jordan	1.0	0	1.0	1.2	0	1.2	.4	0	.4	.1	0	.1
Kuwait	-	-	-	2.1	0	2.1	1.1	0	1.1	.4	0	.4
Syria	1.3	-	1.3	1.7	.1	1.8	1.2	6.7	7.9	.5	10.0	10.5
Total Asia	441.5	150.9	592.4	434.7	160.7	595.4	516.1	204.5	720.6	436.6	212.3	648.9

*Including Singapore.

Foreign Trade of Communist China
(in million U.S. dollars)

ASIA (continued)

Countries (export to, import from)	1956			1955			1954			1953		
	export	import	total	export	import	total	export	import	total	export	import	total
Burma	22.2	15.1	37.3	2.3	17.5	19.8	.5	1.0	1.5	1.5	1.4	2.9
Cambodia	0	0	0	0	0	0	-	-	-	-	-	-
Ceylon	28.1	38.3	66.4	16.8	25.5	42.3	33.2	46.5	79.7	43.9	50.8	94.7
Malaya*	43.1	7.8	50.9	37.8	4.2	42.0	28.5	6.4	34.9	34.4	1.9	36.3
Hong Kong	181.7	23.8	205.5	157.1	31.8	188.9	121.0	68.4	189.4	150.0	94.6	244.6
India	17.5	8.0	25.5	9.2	13.7	22.9	4.3	6.2	10.5	2.1	1.7	3.8
Indonesia	30.2	11.7	41.9	10.1	6.5	16.6	35.4	2.8	38.2	2.1	-	2.1
Japan	83.7	67.3	151.0	80.8	28.5	109.3	40.8	19.1	59.9	29.7	4.5	34.2
Macau	6.0	1.3	7.3	5.6	2.1	7.7	-	-	-	-	-	-
N. Borneo	1.5	0	1.5	.8	0	.8	.4	.1	.5	-	-	-
Pakistan	6.9	15.9	22.8	.2	28.4	28.6	1.6	26.1	27.7	.3	26.2	29.2
Sarawak	2.1	0	2.1	2.2	0	2.2	-	-	-	-	-	-
Thailand	0	1.2	1.2	.1	0	.1	-	-	-	-	-	-
Aden	-	-	-	-	-	-	-	-	-	-	-	-
Afghanistan	.1	0	.1	-	-	-	-	-	-	-	-	-
Iran	10.5	.4	10.9	6.4	0	6.4	8.7	0	8.7	1.9	0	1.9
Iraq	-	-	-	-	-	-	-	-	-	-	-	-
Jordan	-	-	-	-	-	-	-	-	-	-	-	-
Kuwait	-	-	-	-	-	-	-	-	-	-	-	-
Syria	.3	1.6	1.9	.2	.2	.4	.2	.6	.8	1.0	0	1.0
Total Asia	433.9	192.4	626.3	329.6	158.4	488.0	274.6	177.2	451.8	269.6	181.1	450.7

*Including Singapore.

Foreign Trade of Communist China
(in million U.S. dollars)

ASIA (continued)

Countries (export to, import from)	1952			1951			1950			1949		
	export	import	total	export	import	total	export	import	total	export	import	total
Burma	2.5	.2	2.7	1.4	1.8	3.2	2.2	2.3	4.5	9.7	10.3	20.0
Cambodia	-	-	-	-	-	-	-	-	-	-	-	-
Ceylon	6.9	26.0	32.9	.9	0	.9	.6	0	.6	.6	.0	.6
Malaya*	39.5	0	39.5	41.5	32.5	74.0	31.3	40.5	71.8	32.9	42.6	75.5
Hong Kong	145.3	91.0	236.3	151.0	280.7	431.7	150.1	255.7	405.8	136.2	133.2	269.4
India	27.7	.1	27.8	33.4	14.2	47.6	1.4	7.3	8.7	1.3	6.0	7.3
Indonesia	1.9	0	1.9	2.4	.1	2.5	2.5	0	2.5	10.2	0	10.2
Japan	16.3	.6	16.9	21.6	5.8	27.4	39.3	19.6	58.9	15.5	2.9	18.4
Macau	-	-	-	-	-	-	-	-	-	-	-	-
N. Borneo	-	-	-	-	-	-	-	-	-	-	-	-
Pakistan	.2	3.3	3.5	13.0	39.9	52.9	22.3	26.2	48.5	-	-	-
Sarawak	-	-	-	-	-	-	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	-	-	-	-	-	-
Aden	-	-	-	-	-	-	-	-	-	-	-	-
Afghanistan	-	-	-	-	-	-	-	-	-	-	-	-
Iran	-	-	-	-	-	-	-	-	-	-	-	-
Iraq	-	-	-	-	-	-	-	-	-	-	-	-
Jordan	-	-	-	-	-	-	-	-	-	-	-	-
Kuwait	-	-	-	-	-	-	-	-	-	-	-	-
Syria	-	-	-	-	-	-	-	-	-	-	-	-
Total Asia	242.1	150.9	393.0	265.2	375.0	640.2	249.7	351.6	601.3	206.4	195.0	401.4

*Including Singapore.

AFRICA

Foreign Trade of Communist China
(in million U.S. dollars)

Countries (export to, import from)	1960			1959			1958			1957		
	export	import	total	export	import	total	export	import	total	export	import	total
Algeria	1.8	0	1.8	2.0	-	2.0	2.4	0	2.4	2.6	0	2.6
Brit. E. Afr.	.1	6.6	6.7	.1	1.0	1.1	.1	1.3	1.4	0	2.9	2.9
Egypt	19.5	44.5	64.0	23.7	33.8	57.5	25.1	34.9	60.0	20.6	42.1	62.7
Fr. W. Afr.	-	-	-	-	-	-	3.9	0	3.9	1.9	0	1.9
Ghana	3.0	1.4	4.4	2.2	-	2.2	.7	0	.7	.9	0	.9
Ivory Coast	-	-	-	1.3	-	1.3	-	-	-	-	-	-
Morocco	7.0	6.6	13.6	8.0	6.5	14.5	15.9	3.2	19.1	12.6	0	12.6
Nigeria	2.4	-	2.4	5.2	.1	5.3	4.1	-	4.1	2.9	-	2.9
Rhodesia & Nyasaland	-	-	-	.1	1.0	1.1	.1	1.0	1.1	-	-	-
Senegal	4.0	-	4.0	6.4	-	6.4	.8	-	.8	6.5	-	6.5
S. Africa	2.3	7.3	9.6	2.0	11.9	13.9	4.0	7.0	11.0	1.4	2.8	4.2
Sudan	2.2	9.4	11.6	2.6	2.9	5.5	1.5	2.1	3.6	.7	1.7	2.4
Tunesia	.9	0	.9	1.4	.8	2.2	.5	.5	1.0	.6	.6	1.2
Uganda	0	5.1	5.1	-	-	-	-	-	-	-	2.3	2.3
Total Africa	43.2	80.9	124.1	55.0	58.0	113.0	59.1	50.0	109.1	50.7	52.4	103.1

Foreign Trade of Communist China
(in million U.S. dollars)

AFRICA (continued)

Countries (export to, import from)	1956			1955			1954			1953		
	export	import	total	export	import	total	export	import	total	export	import	total
Algeria	-	.5	-	-	-	-	-	-	-	-	-	-
Brit. E. Afr.	0	.5	.5	-	-	-	-	-	-	-	-	-
Egypt	11.1	24.2	35.3	1.0	24.5	25.5	.8	11.4	12.2	.7	10.4	11.1
Fr. W. Afr.	-	-	-	-	-	-	-	-	-	-	-	-
Ghana	.1	-	.1	.1	-	.1	-	-	-	-	-	-
Ivory Coast	-	-	-	-	-	-	-	-	-	-	-	-
Morocco	19.8	-	19.8	19.0	-	19.0	11.1	-	11.1	7.2	-	7.2
Nigeria	1.3	-	1.3	-	-	-	-	-	-	-	-	-
Rhodesia and Nyasaland	-	-	-	-	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-	-	-	-	-
S. Africa	.9	1.1	2.0	-	-	-	-	-	-	-	-	-
Sudan	.3	2.5	2.8	.1	.8	.9	.1	.2	.3	-	-	-
Tunesia	.3	.7	1.0	-	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-	-	-	-	-
Total Africa	33.8	29.0	62.8	20.2	25.3	45.5	12.0	11.6	23.6	7.9	10.4	18.3

Foreign Trade of Communist China
(in millions U.S. dollars)

AFRICA (continued)

Countries (export to, import from)	1952		1951		1950		1949	
	export	import	total	export	import	total	export	import
Algeria	-	-	-	-	-	-	-	-
Brit. E. Afr.	-	-	-	-	-	-	-	-
Egypt	.7	8.9	9.6	-	-	-	-	-
Fr. W. Afr.	-	-	-	-	-	-	-	-
Ghana	-	-	-	-	-	-	-	-
Ivory Coast	-	-	-	-	-	-	-	-
Morocco	5.5	-	5.5	12.7	10.7	0 10.7	-	-
Nigeria	-	-	-	-	-	-	-	-
Rhodesia and Nyasaland	-	-	-	-	-	-	-	-
Senegal	-	-	-	-	-	-	-	-
S. Africa	-	-	-	-	-	-	-	-
Sudan	-	-	-	-	-	-	-	-
Tunesia	-	-	-	-	-	-	-	-
Uganda	-	-	-	-	-	-	-	-
Total Africa	6.2	8.9	15.1	12.7	10.7	10.7	-	-

[illegible]

Foreign Trade of Communist China
(in million U.S. dollars)

EUROPE (continued)

Countries (export to, import from)	1952			1951			1950			1949		
	export	import	total	export	import	total	export	import	total	export	import	total
Austria	0	.3	.3	.3	9.4	9.7	.1	7.5	7.6	-	.8	-
Bel-Luxembourg	4.7	.6	5.3	18.4	.3	18.7	27.8	7.5	35.3	9.8	10.6	20.4
Denmark	0	.2	.2	8.6	.1	8.7	8.7	2.8	11.5	-	-	-
Finland	.3	6.6	6.9	.7	.8	1.5	1.5	.2	.5	.7	.8	1.5
France	5.5	3.2	8.7	17.3	1.9	19.2	19.2	5.4	24.6	-	-	-
Germany (F.R.)	17.6	27.9	45.5	48.8	4.9	53.7	14.7	14.7	29.4	6.6	.4	7.0
Greece	-	-	-	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-	-	-	-
Italy	2.1	3.6	5.7	7.9	.9	8.8	1.7	1.7	3.0	4.8	2.7	7.5
Netherlands	4.9	0	4.9	17.3	.3	17.6	12.5	12.5	12.9	-	-	-
Norway	3.2	1.8	5.0	2.4	.5	2.9	2.6	2.6	3.4	-	-	-
Spain	-	-	-	-	-	-	-	-	-	-	-	-
Sweden	.8	.6	1.4	6.7	1.0	7.7	4.6	4.6	8.5	-	-	-
Switzerland	9.9	18.0	27.9	12.9	25.7	38.6	13.3	13.3	31.1	-	-	-
U.K.	8.0	13.0	21.0	20.0	8.0	28.0	26.0	26.0	36.0	-	-	-
Yugoslavia	-	-	-	-	-	-	-	-	-	-	-	-
Portugal	-	-	-	-	-	-	-	-	-	-	-	-
Total Europe -	57.0	75.8	132.8	161.3	53.8	215.1	91.4	56.8	148.2	12.3	13.6	25.9
Non-bloc.	-	-	-	-	-	-	-	-	-	-	-	-

Foreign Trade of Communist China
(in million U.S. dollars)

AMERICA & OCEANIA

Countries (export to, import from)	1960			1959			1958			1957		
	export	import	total	export	import	total	export	import	total	export	import	total
U.S.	.2	9.0	.2	.2	1.8	.2	.2	8.0	.2	.1	0	.1
Canada	5.7	1.4	14.7	5.1	.4	6.9	5.7	13.7	5.5	1.5	7.0	7.0
Argentina	0	.5	1.4	.1	-	.4	-	7.5	.1	.7	.8	.8
Brazil	.1	-	.5	.1	-	.1	0	-	0	0	0	0
Columbia	-	-	.1	.1	-	.1	-	3.6	0	0	0	0
Cuba	-	32.1	32.1	-	.1	.1	0	-	0	0	0	0
El Salvador	-	-	-	-	-	-	-	-	.1	0	0	.1
Net. Antilles	-	-	-	-	-	-	.1	0	.1	0	0	.1
Nicaragua	-	-	-	.3	.5	.8	.2	0	.2	0	0	.2
Surinam	-	-	-	.6	0	.6	.5	-	.5	0	0	.5
Venezuela	-	-	-	.2	-	.2	-	1.0	.2	.1	0	.1
Uruguay	-	4.3	4.3	-	2.8	2.8	0	1.0	0	2.6	2.6	2.6
Mexico	.9	1.5	2.4	.7	2.8	3.5	.4	.5	.9	1.0	1.6	1.6
Total N. & S.												
America	6.9	48.8	55.7	7.3	8.4	15.7	7.1	20.9	28.0	9.3	5.8	13.1
Australia	10.0	36.1	46.1	8.0	30.4	38.4	7.0	21.9	28.9	4.8	14.4	19.2
N. Zealand	1.2	8.8	10.0	1.2	7.0	8.2	1.2	2.8	4.0	-	-	-
Total Oceania	11.2	44.9	56.1	9.2	37.4	46.6	8.2	24.7	32.9	4.8	14.4	19.2

AMERICA & OCEANIA Foreign Trade of Communist China
(continued) (in million U.S. dollars)

Countries (export to, import from)	1956			1955			1954			1953		
	export	import	total	export	import	total	export	import	total	export	import	total
U.S.	.2	0	.2	.2	0	.2	.2	0	.2	9.6	0	9.6
Canada	5.8	2.4	8.2	3.2	1.0	4.2	0	0	0	1.1	0	1.1
Argentina	-	-	-	-	-	-	-	-	-	-	-	-
Brazil	0	.1	.1	0	4.6	4.6	0	2.9	2.9	-	-	-
Columbia	-	-	-	-	-	-	.2	0	.2	-	-	-
Cuba	-	-	-	-	-	-	-	-	-	-	-	-
El Salvador	.1	.1	.2	.1	0	.1	-	-	-	-	-	-
Net. Antilles	.1	0	.1	.1	0	.1	-	-	-	-	-	-
Nicaragua	.2	.2	.4	-	-	-	-	-	-	-	-	-
Surinam	.6	0	.6	.5	0	.5	.3	-	.3	.2	0	.2
Venezuela	-	-	-	-	-	-	-	-	-	-	-	-
Uruguay	0	.2	.2	0	0	0	0	0	0	-	-	-
Mexico	.6	2.4	3.0	.4	.3	.7	.4	0	.4	.3	.1	.4
Total N. & S.	7.6	5.4	13.0	4.5	5.9	10.4	1.1	2.9	4.0	11.2	.1	11.3
America	5.1	6.1	11.2	3.9	6.1	10.0	4.4	4.9	9.3	3.2	1.5	4.7
Australia	-	-	-	.8	0	.8	.6	.1	.7	.6	0	.6
N. Zealand	5.1	6.1	11.2	4.7	6.1	10.8	5.0	5.0	10.0	3.8	1.5	5.3
Total Oceania												

AMERICA & OCEANIA
(continued)

Foreign Trade of Communist China
(in million U.S. dollars)

Countries (export to, import from)	1952			1951			1950			1949	
	export	import	total	export	import	total	export	import	total	export	import
U.S.	27.8	0	27.8	46.4	0	46.4	149.5	0	149.5	-	-
Canada	1.3	1.2	2.5	1.8	.4	2.2	4.9	2.0	6.9	3.2	13.5
Argentina	-	-	-	-	-	-	-	-	-	-	16.7
Brazil	-	-	-	-	-	-	0	2.6	2.6	.1	.2
Columbia	-	-	-	-	-	-	-	-	-	-	-
Cuba	-	-	-	-	-	-	-	-	-	-	-
El. Salvador	-	-	-	-	-	-	-	-	-	-	-
Net. Antilles	-	-	-	-	-	-	-	-	-	-	-
Nicaragua	-	-	-	-	-	-	-	-	-	-	-
Surinam	-	-	-	-	-	-	-	-	-	-	-
Venezuela	-	-	-	-	-	-	-	-	-	-	-
Uruguay	-	-	-	-	-	-	-	-	-	-	-
Mexico	.3	0	.3	.2	.2	.4	.2	.2	.4	-	-
Total N. & S.	29.4	1.2	30.6	48.4	.6	49.0	154.6	4.8	159.4	3.3	13.6
America	6.9	.6	7.5	6.0	1.9	7.9	3.7	1.2	4.9	8.2	4.6
Australia	-	-	-	-	-	-	-	-	-	-	12.8
N. Zealand	6.9	.6	7.5	6.0	1.9	7.9	3.7	1.2	4.9	8.2	4.6
Total Oceania	6.9	.6	7.5	6.0	1.9	7.9	3.7	1.2	4.9	8.2	12.8

Foreign Trade of Communist China
(in million U.S. dollars)

COMMUNIST BLOC

Countries (export to, import from)	1960			1959			1958			1957		
	export	import	total	export	import	total	export	import	total	export	import	total
Albania	-	-	-	-	-	-	1.7	.8	2.5	5.9	.7	6.6
Bulgaria	-	-	-	-	6.3	16.9	7.1	11.0	18.1	4.5	4.0	8.5
Czechoslovakia	93.4	109.4	202.8	-	99.7	195.3	91.0	109.2	200.2	66.9	81.3	148.2
Germany (D.R.)	100.2	97.1	197.3	111.8	106.5	218.3	103.8	133.3	237.1	88.6	105.8	194.4
Hungary	36.0	40.7	76.7	43.7	39.8	83.5	33.9	57.5	91.4	31.4	29.5	60.9
Poland	46.4	50.0	96.4	56.1	42.8	98.9	36.8	72.0	108.8	37.6	44.9	82.5
Romania	23.6	33.3	56.9	29.9	29.5	59.4	16.6	25.9	42.5	-	-	-
Asian Communist countries	-	-	-	-	-	-	-	-	-	-	-	59.0*
Total	299.6	330.5	630.1	347.7	324.6	672.3	290.9	409.7	700.6	234.9	266.2	560.1
U.S.S.R.	847.3	816.3	1663.3	1099.2	953.6	2052.8	880.6	634.0	1514.6	738.1	544.1	1282.2
Total Bloc	1146.9	1146.8	2293.7	1446.9	1278.2	2725.1	1171.5	1043.7	2215.2	973.0	810.3	1842.3

*North Korea only

Foreign Trade of Communist China
(in million U.S. dollars)

COMMUNIST BLOC (cont.)

Countries (export to, import from)	1956		1955		1954		1953	
	export	import	total	export	import	total	export	import
Albania	4.1	.7	4.8	1.3	0	1.3	-	-
Bulgaria	5.2	5.2	10.4	4.3	4.6	8.9	4.6	5.3
Czechoslovakia	66.4	64.7	131.1	60.7	57.6	118.3	55.7	60.7
Germany (D.R.)	85.4	94.9	180.3	86.7	97.4	184.1	67.4	60.4
Hungary	28.5	31.1	59.6	29.0	36.5	65.5	58.3	29.5
Poland	34.8	50.7	85.5	35.4	34.7	70.1	27.3	31.0
Romania	-	-	-	-	-	-	-	-
Asian Communist countries	-	-	30.0**	-	-	19.0	4.0*	1.0
Total	224.4	247.3	501.7	217.4	230.8	467.2	175.1	187.9
U.S.S.R.	764.2	733.3	1497.5	643.5	748.4	1391.9	474.7	697.6
Total Bloc	988.6	980.6	1999.2	860.9	979.2	1859.1	649.8	885.5

** North Korea and Mongolia

* North Vietnam only

Foreign Trade of Communist China
(in million U.S. dollars)

COMMUNIST BLOC (cont.)

Countries (export to, import from)	1952		1951		1950		1949	
	export	import	total	export	import	total	export	import
Albania	-	-	-	-	-	-	-	-
Bulgaria	1.9	.6	2.5	-	-	-	-	-
Czechoslovakia	-	-	-	-	-	-	-	-
Germany (D.R.)	-	-	-	-	-	-	-	-
Hungary	27.3	20.9	48.2	24.8	20.9	45.7	-	-
Poland	33.8	23.7	57.5	22.8	26.3	49.1	2.3	6.3
Romania	-	-	-	-	-	-	-	8.6
Asian Communist countries	-	-	-	-	-	-	-	-
Total	62.0	45.2	107.2	47.6	47.2	94.8	2.3	6.3
U.S.S.R.	413.7	554.2	967.9	331.3	478.4	809.7	191.3	388.2
Total Bloc	475.7	599.4	1075.1	378.9	525.6	904.5	193.6	394.5
							198.9	579.5
							143.2	8.6
							198.9	588.1
							143.2	342.1
							143.2	342.1

The Regional Distribution of the Foreign Trade
of Communist China -- Summary
(in million U.S. dollars)

Countries (exp. to, imp. from)	1960			1959			1958		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
<u>Comm. Bloc.</u>	1146.9	1146.8	2293.7	1446.9	1278.2	2725.1	1171.5	1043.7	2215.2
U.S.S.R.	847.3	816.3	1663.6	1099.2	953.6	2052.8	880.6	634.0	1514.6
Rest Bloc	299.6	330.5	630.1	347.7	324.6	672.3	290.9	409.7	700.6
<u>Rest World</u>	767.2	701.5	1468.7	735.9	676.2	1412.1	778.9	768.0	1546.9
Asia	441.5	150.9	592.4	434.7	160.7	595.4	516.1	204.5	720.6
Africa	43.2	80.9	124.1	55.0	58.0	113.0	59.1	50.0	109.1
Europe	264.4	376.0	640.4	229.7	411.7	641.4	188.4	467.9	656.3
America	6.9	48.8	55.7	7.3	8.4	15.7	7.1	20.9	28.0
Oceania	11.2	44.9	56.1	9.2	37.4	46.6	8.2	24.7	32.9
<u>Total</u>	1914.1	1848.3	3762.4	2182.8	1954.4	4137.2	1950.4	1811.7	3762.1

Continued									
Countries (exp. to, imp. from)	1957			1956			1955		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
<u>Comm. Bloc</u>	973.0	810.3	1842.3	988.6	980.6	1999.2	860.9	979.2	1859.1
U.S.S.R.	738.1	544.1	1282.2	764.2	733.3	1497.5	643.5	748.4	1391.9
Rest Bloc	234.9*	266.2*	560.1*	224.4*	247.4*	501.7*	217.4*	230.8*	467.2*
<u>Rest World</u>	648.3	520.2	1168.5	646.4	427.0	1073.4	491.5	306.6	798.1
Asia	436.6	212.3	648.9	433.9	192.4	626.3	329.6	158.4	488.0
Africa	50.7	52.4	103.1	33.8	29.0	62.8	20.2	25.3	45.5
Europe	148.9	235.3	384.2	166.0	194.1	360.1	132.5	110.9	243.5
America	9.3	5.8	13.1	7.6	5.4	13.0	4.5	5.9	10.4
Oceania	4.8	11.4	19.2	5.1	6.1	11.2	4.7	6.1	10.8
<u>Total</u>	1621.3	1330.5	3010.8	1635.0	1407.6	3072.6	1352.4	1285.8	2657.2

*figures do not add because of having only total figures.

Continued

Countries (exp. to, imp. from)	1954			1953			1952		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
<u>Comm. Bloc.</u>	763.9	995.7	1759.6	649.8	885.5	1535.3	475.7	599.4	1075.1
U.S.S.R.	578.3	759.3	1337.6	474.7	697.6	1172.3	413.7	554.2	967.9
Rest Bloc	185.6	236.4	422.0	175.1	187.6	363.0	62.0	45.2	107.2
<u>Rest World</u>	393.5	285.7	679.2	422.2	293.8	716.0	341.6	237.4	579.0
Asia	274.6	177.2	451.8	269.6	181.1	450.7	242.1	150.9	393.0
Africa	12.0	11.6	23.6	7.9	10.4	18.3	6.2	8.9	15.1
Europe	100.8	89.0	189.8	129.7	100.7	230.4	57.0	78.5	132.8
America	1.1	2.9	4.0	11.2	.1	11.3	29.4	1.2	30.6
Oceania	5.0	5.0	10.0	3.8	1.5	5.3	6.9	.6	7.5
<u>Total</u>	1157.4	1281.4	2438.8	1072.0	1179.3	2251.3	817.3	836.8	1654.1

Continued

Countries (exp. to, imp. from)	1951			1950			1949		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
<u>Comm. Bloc.</u>	378.9	525.6	904.5	193.6	394.5	588.1	198.9	143.2	342.1
U.S.S.R.	331.3	478.4	809.7	191.3	388.2	579.5	198.9	143.2	342.1
Rest Bloc	47.6	47.2	94.8	2.3	6.3	8.6	-	-	-
<u>Rest World</u>	493.6	431.3	924.9	510.1	414.4	924.5	230.2	226.8	457.0
Asia	265.2	375.0	640.2	249.7	351.6	601.3	106.4	195.0	401.4
Africa	12.7	-	12.7	10.7	-	10.7	-	-	-
Europe	161.3	53.8	215.1	91.4	56.8	148.2	12.3	13.6	25.9
America	48.4	.6	49.0	154.6	4.8	159.4	3.3	13.6	16.9
Oceania	6.0	1.9	7.9	3.7	1.2	4.9	8.2	4.6	12.8
<u>Total</u>	872.5	956.9	1829.4	703.7	808.9	1512.6	429.1	370.0	799.1

APPENDIX C

The Commodity Structure of the Foreign Trade of Communist China 1957
(in million U.S. dollars)

SITC Code	Commodity Specification	Import	Export
001	livestock for food		28.3
011	meat fresh	0.1	24.4
012	meat dried		2.3
013	meat canned		21.1
021	milk cream fresh		
022	milk dried		0.1
023	butter		
024	cheese and curd		
025	eggs		34.2
026	natural honey		5.7
029	dairy products, n.e.s.**		8.0
031	fresh fish		15.5
032	fish preserved		0.1
041	wheat unmilled		1.0
042	rice	7.1	54.8
043	barley unmilled		0.3
044	maize unmilled		0.8
045	cereals unmilled n.e.s.**		0.3
046	wheat flour, etc.		
047	flour, etc., n.e.s.**		2.8
048	cereal preparations		6.1
051	fruit nuts fresh	0.3	32.4
052	dried fruit	0.4	7.0

APPENDIX C (continued)

053	fruit prep.		11.5
054	vegetable fresh dried		23.9
055	vegetable prep.	0.3	8.0
061	sugar	9.3	10.6
062	sugar prep. confectionary	0.8	0.1
071	coffee		
072	cocoa		
073	chocolate & pre.		
074	tea & mate		21.9
075	spices	1.1	6.6
081	fodder n.e.s.**		1.5
091	margarine		0.2
099	food prep. n.e.s.**	0.1	1.8
111	beverages non-alc.		0.4
112	beverages alc.		1.0
121	tobacco un.mfg.		43.8
122	tobacco mfg.		0.2
211	hide etc. crude		14.1
212	fur skin crude		4.5
221	oil seeds etc.	1.0	126.1
231	crude rubber	79.0	37.2
241	fuelwood charcoal	0.2	1.1
242	wood round etc.	0.2	2.2
243	wood shaped		1.0
244	cork raw waste	0.2	
251	pulp waste paper	1.2	

APPENDIX C (continued)

261	silk		30.1
262	wool & hair	36.9	51.0
263	cotton	51.2	3.4
264	jute inc. waste	0.3	1.6
265	veg. fibres n.e.s.**	0.7	6.0
266	synthetic fibres	0.2	
267	textile waste		
271	fertilizers crude		
272	crude minerals n.e.s.**	0.9	27.4
281	iron ore etc.		0.1
282	scrape iron steel		
283	base metal ores n.e.s.**	0.2	90.0
284	scrape metal n.e.s.**		
285	silver ore		
291	animal mattr. n.e.s.**	0.8	23.1
292	veg. mattr. n.e.s.**	1.9	19.2
311	coal coke etc.		12.1
312	petroleum crude	14.2	
313	petroleum products	76.5	
314	natural gas. mfg.		
315	electric energy		
411	animal oils fats	0.3	
412	vegetable oils fats	1.7	45.2
413	oils fats n.e.s.**		1.1
511	inorganic chem.	7.8	10.9
512	organic chem.	9.7	2.5
521	tar cr. coal chem.	0.1	0.1

APPENDIX C (continued)

531	coaltar dyes etc.	7.5	0.3
532	dye tanning extr.	0.5	2.0
533	paints etc.	1.1	0.7
541	drugs	13.3	4.1
551	essential oils	0.4	5.4
552	soap & cosmetics etc.	0.2	2.2
561	fertilizers mfg.	53.6	
591	explosives	0.5	0.6
599	chem. mat, prod. n.e.s.**	11.3	8.6
611	leather	0.1	0.1
612	mfg. leather		
613	furs dressed etc.		1.1
621	rubber semi-finished	0.1	
629	rubber mfg. n.e.s.**	1.0	0.1
631	boards plywoods		0.6
632	wood mfg. n.e.s.**	0.1	1.0
633	cork mfg.		0.2
641	paper paperboard	9.5	5.0
642	paper etc. mfg.	3.6	5.5
651	yarn thread	10.8	6.2
652	cotton fabrics	1.7	38.3
653	misc. fabrics	3.6	92.1
654	ribbon etc.		5.8
655	special fabrics	0.7	24.0
656	madeup textiles	1.0	42.2
657	rugs		7.3
661	lime cement	0.4	16.4

APPENDIX C (continued)

662	bricks tiles etc.		1.3
663	minerals mfg. n.e.s.**	0.6	3.7
664	glass	0.3	2.1
665	glass ware	0.1	1.3
666	pottery		1.9
671	silver etc. metals	0.8	0.8
672	gems, etc.		0.2
673	worked gld. slv. gems		0.5
681	iron & steel	62.0	11.4
682	copper	3.1	
683	nickel	1.6	
684	aluminum	1.9	0.2
685	lead	0.1	0.2
686	zinc	0.4	
687	tin		48.7
689	base metals n.e.s.**	5.8	7.9
691	ordnance	126.4*	
699	metals mfg. n.e.s.**	7.6	2.4
711	power mach. n.e.s.**	5.6	
712	ag. mach.	0.8	
713	tractor non-steam	3.5	
714	office mach.	0.2	0.4
715	metal-working mach.	7.4	
716	mach. n.e.s.**	272.1	1.5
721	elec. mach. n.e.s.**	14.5	0.5
731	railway vehicles	0.6	
732	road motor vehicles	9.0	

APPENDIX C (continued)

733	road vehicles n.e.s.**	2.6	2.6
734	aircraft	0.1	
735	ships and boats	1.6	6.4
811	prefab. bldg. etc.	0.1	0.4
812	bldg. fixtures	0.2	0.1
821	furniture		1.7
831	handbags		1.2
841	clothes not fur		
842	fur clothes n.e.s.**	0.1	19.6
851	footwear		7.6
861	instruments	16.4	0.1
862	photo goods	2.4	
863	expd. movie films	1.2	0.4
864	watches clocks	2.4	
891	music instruments etc.	0.1	0.1
892	printed matter	3.0	1.1
899	mfg. goods. n.e.s.**	0.8	19.3
911	postal pckgs n.e.s.**		0.1
921	live animals n.e.s.**		0.2
931	special shipments	0.1	0.1

** not elsewhere specified.

* Estimated; see explanation below.

The United Nations' Commodity Trade Statistics (1957)

gives complete commodity trade statistics according to the 150-group Standard International Trade Classification for the following countries: Austria, Belgium-Luxemburg, Denmark, Finland, France, Germany (F.R.), Greece, Ireland, Italy, Netherlands, Norway, Portugal, Sweden, the United Kingdom, Yugoslavia, Canada, El Salvador, Neth. Antilles, New Zealand, Australia, Ghana, Trinidad and Tobago, Turkey, Japan, Malaya and Singapore. Part of some countries' important commodity trade statistics are also given, such as the exports of Indonesian rubber and Egyptian cotton. However, it is included here only those cases in which complete statistics are available. Therefore, to complete the statistics of those countries whose statistics are only partly given, the F.A.O. Trade Yearbook for 1957 is also referred to in a few cases. In other words, the statistics used here represent quite a complete picture of the commodity trade between Communist China and her trading partners mentioned.

Complete Sino-Soviet trade commodity statistics in 1957 are given in the Russian book of trade statistics: Vneschnyaya Torgovlya Soyozu SSR za 1955-1959 Goda (Foreign Trade of U.S.S.R. 1955-1959). These statistics are given according to Russian trade codes. Since the Russian classification is more detailed than the SITC three-digit code, the former can readily be converted into the latter. In the Russian trade statistics values of detailed items do not

add to the given total. The difference between the given and the aggregated total in Russian imports from Communist China is less than 1% of the total. This can be considered as statistical discrepancies. But in Russian exports to Communist China, the given total exceeds the aggregated total by more than 20%. (As a matter of fact, this phenomenon is consistent throughout the years in which statistics are given, not only in 1957.) This suggests that there were some Russian exports to Communist China kept unreported in detail for one reason or another. A careful comparison between the Russian and the United Nations' classifications shows that the only item missing in the Russian report is Ordnance (SITC 691), and leads to the judgment that the undesignated proportion of Russian exports were commodities of this nature.

The commodity trade statistics between Communist China and some of her important trading partners in Asia, such as Hong Kong, Burma, Ceylon, Indonesia and Macau are given in various issues of the Far Eastern Economic Review. These reports give complete statistics, but commodities are classified according to simpler codes. Hong Kong reports her trade according to the Standard International Trade Classification two-digit code (52 items). In integrating these statistics into the more detailed three-digit code classification, an average is ascribed to each of the sub-items. The effects of such an arbitration are discussed in Appendix G below. As for other countries, names of commodities

are used for the purpose of classification, such as rice, crude rubber, cotton textiles etc., and make it easy to integrate into the SITC three-digit code. As these countries are traders of high commodity concentration, the bias would not be significant.

The coverage of commodity trade statistics in this study is by no means complete. The most obvious absence of statistics is those of the other Communist countries. Judging from the trade agreements between Communist China and these countries, the pattern of commodity trade would be very similar to that between Communist China and Russia, especially when these countries are taken together. Even with their absence, we have here still about 80% of both Communist Chinese commodity exports and imports. Geographically, this study covers all important trading countries in non-Communist Europe except Switzerland; in Asia, all important Communist Chinese trading partners are covered; in the New Continent, we cover Canada, El Salvador, Neth. Antilles; in Africa, we have Egypt, Uganda and Ghana; in Oceania, both Australia and New Zealand; and for the Communist bloc, Russia. Since this coverage is well represented by important trading partners of Communist China in different continents, and of different types of economies, we can confidently state that it is fairly representative of the foreign trade of Communist China with respect to its commodity structure.

APPENDIX D

The Commodity Structure & Origin of Imports
of Communist China 1955-1960
(in million U.S. dollars)

<u>Specification</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
<u>Foodstuffs</u>	20.5	15.3	19.5	29.1	6.0	40.9
Meat	0.2	0.3	0.1	0.3	0.4	0.3
Russia	0	0.1	0	0	0	0
Dev. countries	0.1	0	0.1	0.1	0.1	0
Underdev. countries	0.1	0.2	0	0.2	0.3	0.3
Grains	18.8	10.2	7.1	8.9	0	0.9
Russia	0	0	0	0	0	0
Dev. countries	0	0	0	7.9	0	0
Underdev. countries	18.8	10.2	7.1	1.0	0	0.9
Others	1.5	4.8	12.3	19.9	5.6	39.7
Russia	1.0	0.6	1.0	1.1	0.5	0
Dev. countries	0.2	2.6	3.9	2.2	0.5	2.1
Underdev. countries	0.3	1.6	7.4	16.6	4.6	37.6
<u>Animal & vegetable raw materials</u>	84.5	107.7	175.8	192.5	194.8	235.2
Crude rubber	24.7	49.6	79.0	91.5	109.1	121.0
Russia	0.1	0.2	0.1	0.4	0.2	1.1
Dev. countries	0	0	0.3	1.3	3.0	16.2
Underdev. countries	24.6	49.4	78.6	89.8	105.9	103.7
Oil seeds & fats	4.4	0.2	3.1	2.1	1.8	3.8
Dev. countries	.0	0	0.1	0.1	0.7	2.5
Underdev. countries	4.4	0.2	3.0	2.0	1.1	1.3
Fibres	50.3	52.4	89.3	91.3	76.9	100.8
Dev. countries	21.3	31.2	36.8	46.2	42.0	44.9
Underdev. countries	29.0	21.2	52.5	45.1	34.9	55.9
Others	5.1	5.5	4.4	7.6	7.0	9.6
Russia	0.5	0.4	0.3	1.2	2.1	0.9
Dev. countries	0.6	1.6	1.5	3.3	1.8	6.1
Underdev. countries	4.0	3.5	2.6	3.1	3.1	2.6

APPENDIX D (continued)

<u>Specification</u>	1955	1956	1957	1958	1959	1960
<u>Crude minerals</u>	16.0	17.8	15.3	17.0	15.8	14.1
metal ores	0.2	0.2	0.2	1.6	1.8	1.4
Russia	0.2	0.2	0.2	1.2	1.3	1.2
Dev. countries	0	0	0	0.3	0.3	0
Underdev. countries	0	0	0	0.1	0.2	0.2
fuels	14.1	14.8	14.2	15.0	13.7	12.1
Russia	14.1	14.8	14.2	15.0	13.7	12.1
others	1.7	2.8	0.9	0.4	0.3	0.6
Russia	1.7	2.7	0.8	0.3	0.3	0.5
Dev. countries	0	0.1	0	0	0	0.1
Underdev. countries	0	0	0.1	0.1	0	0
<u>Chemicals</u>	95.7	97.6	106.0	129.7	114.1	80.1
org. & inorganic	22.2	14.8	17.5	29.6	38.8	27.6
Russia	1.7	3.0	1.6	5.7	6.1	7.3
Dev. countries	12.2	10.3	11.5	22.0	32.1	20.1
Underdev. countries	8.3	1.5	4.4	1.9	0.6	0.2
fertilizers mfg.	39.5	56.1	53.6	65.6	40.3	28.9
Russia	0.6	0.1	0.5	1.2	0.8	0.9
Dev. countries	21.2	35.6	37.8	42.5	38.5	27.5
Underdev. countries	17.7	20.4	15.3	21.9	1.0	0.5
others	34.0	26.7	34.9	34.5	35.0	23.6
Russia	3.3	1.6	2.2	2.0	1.7	1.5
Dev. countries	16.1	17.3	22.8	26.3	31.0	19.1
Underdev. countries	14.6	7.8	9.9	6.2	2.3	3.0
<u>Minerals mfg.</u>	157.1	173.5	158.8	410.5	346.7	378.6
iron & steel	77.2	74.8	62.0	255.9	150.7	181.4
Russia	75.5	60.3	32.4	60.7	37.7	57.1
Dev. countries	1.3	11.3	17.5	176.8	102.9	124.3
Underdev. countries	0.4	3.2	12.1	18.4	10.1	0
petroleum products	65.0	71.3	76.5	77.7	104.6	103.2
Russia	64.9	71.1	76.2	77.4	104.0	101.0

APPENDIX D (continued)

Specification	1955	1956	1957	1958	1959	1960
<u>Minerals mfg. (continued)</u>						
other base metals	12.1	18.1	12.9	61.4	80.7	81.2
Russia	11.7	14.2	6.3	14.3	5.2	8.8
Dev. countries	0.2	0.3	2.2	44.5	70.7	64.0
Underdev. countries	0.2	3.6	4.4	2.6	4.8	8.4
Other metals	2.8	9.3	7.4	15.5	10.7	12.8
Russia	1.1	3.7	3.0	1.4	1.3	1.7
Dev. countries	0.9	2.8	2.9	13.1	9.2	10.9
Underdev. countries	0.8	2.8	1.5	1.0	0.2	0.2
<u>Other mfg. goods</u>	50.5	76.4	60.3	51.2	46.7	18.6
textiles	15.8	24.0	17.8	15.9	19.9	22.0
Russia	0	0	0.1	0.4	0	0.1
Dev. countries	2.5	4.7	6.1	9.3	15.0	18.3
Underdev. countries	13.3	19.3	11.6	6.2	4.9	3.6
instruments	10.2	20.1	21.3	22.4	16.7	15.3
Russia	5.7	6.5	9.1	14.6	12.6	10.0
Dev. countries	1.1	6.4	8.1	5.4	3.6	4.4
Underdev. countries	3.4	7.2	4.1	2.4	0.5	0.9
others	24.5	32.3	21.2	12.9	10.1	11.3
Russia	18.9	17.2	10.5	5.3	4.5	5.9
Dev. countries	4.9	10.3	6.9	5.9	4.2	3.0
Underdev. countries	0.7	4.8	3.8	1.7	1.4	2.4
<u>Machinery & Equipment</u>	222.8	326.7	318.0	367.2	636.2	533.8
complete industrial undertakings (Russia)	140.5	216.9	209.0	166.2	399.8	373.8
transportation equip.	17.5	30.7	13.9	71.6	117.7	59.8
Russia	16.9	20.7	8.8	59.7	114.0	45.2
Dev. countries	0.3	6.1	3.9	5.1	3.4	13.6
Underdev. countries	0.3	3.9	1.2	6.8	0.3	1.0
Power, elect. & metal-working mach.	23.6	25.0	27.5	40.2	51.6	53.5
Russia	21.1	18.6	13.9	23.6	35.6	28.7
Dev. countries	1.8	4.2	11.7	14.4	14.3	24.4
Underdev. countries	0.7	2.2	1.9	2.2	1.7	0.4

APPENDIX D (continued)

<u>Specification</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
<u>Machinery & Equipment (continued)</u>						
ag. mach. & tractors	10.4	14.4	4.3	24.4	9.9	9.6
Russia	10.3	8.9	1.9	19.6	8.4	8.7
Dev. countries	0	4.8	1.8	3.4	1.1	0.8
Underdev. countries	0.1	0.7	0.6	1.4	0.4	0.1
others	30.8	39.7	63.3	64.8	57.2	37.1
Russia	25.7	30.5	25.6	24.4	26.3	26.6
Dev. countries	3.8	4.9	32.5	31.4	30.4	8.3
Underdev. countries	1.3	4.3	5.2	9.0	0.5	2.2

For sources and explanations, see Appendix E below.

APPENDIX E

The Commodity Structure & Destination of Exports
of Communist China 1955-1960
(in million U.S. dollars)

<u>Specification</u>	1955	1956	1957	1958	1959	1960
<u>Foodstuffs</u>	355.6	414.7	371.7	537.0	470.7	370.3
Meat	119.5	115.5	91.7	154.4	104.7	79.3
Russia	70.7	66.5	37.6	75.5	46.7	23.1
Dev. countries	4.4	7.1	6.9	11.0	8.9	2.9
Underdev. countries	44.4	41.9	47.2	67.9	49.1	53.3
grains	92.6	132.5	66.1	135.0	173.0	130.5
Russia	47.7	72.0	27.2	61.1	86.3	58.9
Dev. countries	1.2	0.8	0.2	3.3	12.0	14.0
Underdev. countries	43.7	59.7	38.7	70.6	74.7	57.6
others	143.5	166.7	213.9	247.6	193.0	160.5
Russia	57.4	75.2	99.0	107.9	93.9	48.7
Dev. countries	23.8	29.5	30.3	40.4	28.2	24.2
Underdev. countries	62.3	62.0	84.6	99.3	70.9	87.6
<u>Animal & vegetable raw materials</u>	373.3	394.4	366.9	320.6	339.6	335.4
Crude rubber	0.7	12.9	37.2	22.0	18.0	7.1
Russia	0.7	12.9	37.2	22.0	18.0	7.1
oil fats	50.8	59.3	46.3	52.4	44.1	34.9
Russia	35.3	34.2	22.0	29.7	30.0	13.9
Dev. countries	7.5	13.6	9.4	11.7	9.0	15.7
Underdev. countries	8.0	11.5	14.9	11.0	5.1	5.3
fibres	100.3	101.0	92.1	72.9	139.7	107.3
Russia	74.4	61.7	58.1	48.7	105.6	78.3
Dev. countries	16.7	27.0	25.5	18.6	27.8	28.2
Underdev. countries	9.2	12.3	8.5	5.6	6.3	0.8
oil seeds	160.5	158.2	126.1	110.2	136.7	113.7
Russia	98.5	99.7	79.8	61.9	79.0	43.1
Dev. countries	23.8	29.5	16.3	29.2	52.6	64.9
Underdev. countries	38.2	29.0	30.0	19.1	5.1	5.7

APPENDIX E (continued)

Specification	1955	1956	1957	1958	1959	1960
<u>Animal & Vegetable raw materials (continued)</u>						
others	61.0	63.0	65.2	63.1	61.1	72.4
Russia	13.1	14.0	12.3	10.9	11.3	5.8
Dev. countries	22.0	18.4	20.0	28.9	31.8	42.9
Underdev. countries	35.9	30.6	32.9	23.3	18.0	23.7
<u>Crude Minerals</u>	85.8	111.8	129.6	103.1	98.1	87.6
metal ores	63.2	75.8	90.1	75.0	80.6	63.9
Russia	62.2	75.5	89.9	74.0	73.3	61.2
Dev. countries	0.1	0.1	0	0.6	2.0	2.6
Underdev. countries	0.9	0.2	0.2	0.4	5.3	0.1
fuels	6.7	10.5	12.1	8.4	5.0	14.1
Russia	5.0	2.1	1.9	2.8	2.6	2.6
Dev. countries	0	0	0	0	0.1	0.2
Underdev. countries	1.7	8.4	10.2	5.6	2.3	11.3
others	15.9	25.5	27.4	19.7	12.5	9.6
Russia	5.9	10.2	11.1	11.9	10.1	5.3
Dev. countries	0.2	0.3	0.3	0.8	0.8	0.9
Underdev. countries	9.8	15.0	16.0	7.0	1.6	3.4
<u>Chemicals</u>	24.7	42.7	37.4	49.7	29.6	28.3
org. & inorganic	8.8	19.2	13.4	20.2	12.9	14.9
Russia	6.5	16.6	9.6	12.2	7.4	10.4
Dev. countries	1.9	1.5	1.8	3.7	3.2	1.1
Underdev. countries	0.4	1.1	2.0	4.3	2.3	3.4
others	15.9	23.5	24.0	29.5	16.7	13.4
Russia	3.4	6.4	7.6	10.1	6.4	5.9
Dev. countries	7.6	9.9	9.0	9.9	5.7	4.6
Underdev. countries	4.9	7.2	7.4	9.5	4.6	2.9
<u>Manufactured minerals</u>	88.8	85.5	72.6	93.7	86.2	98.8
iron & steel	27.3	29.2	11.4	23.7	11.4	16.4
Russia	26.8	27.8	7.7	22.3	10.3	13.9
Dev. countries	0	0	0.6	0	0	0.3
Underdev. countries	0.5	1.4	3.1	1.4	1.1	2.2

APPENDIX E (continued)

<u>Specification</u>	<u>1955</u>	<u>1956</u>	<u>1957</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>
<u>Manufactured minerals (cont.)</u>						
petroleum products	0	0	0.7	0.4	0.5	0.1
Russia	0	0	0	0.2	0.1	0
Dev. countries	0	0	0	0	0.4	0.1
Underdev. countries	0	0	0.7	0.2	0	0
other base metals	58.7	53.2	56.6	62.1	64.5	62.7
Russia	56.2	50.4	51.8	48.9	54.9	48.9
Dev. countries	0.9	1.1	3.3	5.0	7.6	11.1
Underdev. countries	1.6	1.7	1.5	8.2	2.0	2.7
other metals	2.8	3.1	3.9	7.5	9.8	19.6
Russia	0.1	0.6	2.0	3.2	5.4	1.8
Dev. countries	0	0	0.2	0.1	0.3	14.4
Underdev. countries	2.7	2.5	1.7	4.2	4.1	3.4
<u>Other Mfg. goods</u>	126.2	203.2	307.8	407.6	578.8	598.1
textiles	91.0	139.0	215.9	230.2	351.4	368.3
Russia	60.0	92.4	139.7	157.1	268.2	243.6
Dev. countries	4.7	7.5	14.3	19.9	22.0	23.7
Underdev. countries	26.3	39.1	61.9	53.2	61.2	101.0
instruments	0.1	0.2	0.2	0.5	0.5	0.2
Underdev. countries	0.1	0.2	0.2	0.5	0.5	0.2
others	35.1	64.0	91.7	176.9	226.9	229.6
Russia	11.8	27.3	44.6	122.2	159.3	158.9
Dev. countries	1.6	3.3	4.4	6.1	9.0	9.6
Underdev. countries	21.7	33.4	42.7	48.6	58.6	63.1
<u>Machinery & Equipment</u>	11.5	10.9	8.9	10.4	18.2	5.4
transportation equip.	10.4	9.4	6.5	4.9	12.9	0.7
Russia	10.3	9.2	6.4	4.3	12.1	0
Underdev. countries	0.1	0.2	0.1	0.6	0.8	0.7
power, electrical & metal working mach.	0.1	0.4	0.5	2.9	2.6	0.7
Russia	0	0	0	1.6	2.0	0
Underdev. countries	0.1	0.4	0.5	1.3	0.6	0.7

APPENDIX E (continued)

Specification	1955	1956	1957	1958	1959	1960
Machinery & Equipment (continued)						
others	1.0	1.1	1.9	2.6	2.7	4.0
Russia	0	0	0.5	1.4	1.7	2.4
Underdev. countries	1.0	1.1	1.4	1.2	1.0	1.6

The geographic coverage of statistics here is the same as Appendix C. Sources of statistics are also the same, except other issues of the cited Yearbooks are also used. The trading partners of Communist China are divided into three groups: Russia representing the Communist bloc; all non-Communist European countries, Canada, Australia and New Zealand as the developed countries; and all the others as the underdeveloped countries. Commodities are regrouped into twenty-six broader groups, the composition of which are shown below. (SITC 691 and 911-931 are excluded.)

Commodity specification	Composition (in SITC three-digit codes)
Meat	001-013, 031-032.
Grains	041-048.
Other foodstuffs	021-029, 051-122.
Crude rubber	231.
Oil fats	411-413.
Fibres	261-267.
Oil seeds	221.
Other an. & veg. raw materials	211-212, 241-251, 291-292.

APPENDIX E (continued)

<u>Commodity specification</u>	<u>Composition (in SITC three-digit codes)</u>
Metal ores	281-285.
Fuels (crude minerals)	311-312.
Other crude minerals	271-272.
Organic & inorganic chemicals	511-512.
Fertilizers mfg.	561.
Other chemicals	521-552, 591-599.
Iron & steel	681.
Petroleum products	313.
Other (non-ferrous) base metals	682-689.
Other metals	671-673, 699.
Textiles	651-657.
Instruments	861-862, 864-891.
Other "other mfg. goods"	611-642, 661-666, 811-851, 863, 892, 899.
Complete industrial undertakings	no equivalent, but evidently no such trade was transacted by those countries which reported in SITC codes.
Transportation equipment	731-735.
Power, electric & metal-working mach.	711, 715, 721.
Agricultural mach. & tractors	712-713.
Other machinery & equipment	714, 716.

APPENDIX F

THE IMPORT OF COMPLETE INDUSTRIAL UNDERTAKINGS
OF COMMUNIST CHINA

- The content of this Appendix is compiled from
scattered information in the following references:
- I Yin-tang, "Chung-shu mao-i ti fa-chan," (The Development of Sino-Soviet Trade), JMJP, April 27, 1957.
- Kuo Chun-wen, "Liang-tiao-tui chou-lu, kao-shu-tu chien-she chin-kung-yeh," (Walking on Two Legs, Developing Light Industries at High Speed), CKCKY, No. 18, 1959.
- Li Che-jen, "Shu-luan ho ko jen-min-min-tsu kuo-chia ti yuan-tso shi shi-hsien wu-nien-chi-hua ti jou-li tiao-chien," (The Assistance of the Soviet Union and the People's Democratic Countries Is An Advantageous Condition for Realizing the Five-Year Plan), HHYP, No. 9, 1955, p. 131.
- Li Fu-chun, "Kuan-yü 1959 nien kuo-chia ching-chi chi-hua tsao-an ti pao-kao," (Report on the 1959 Draft National Economic Plan), HHPYK, No. 9, 1959, pp. 15-20.
- Li Hsien-nien, "Kuan-yü 1955 nien kuo-chia chueh-shuan ho 1956 nien kuo-chia yü-shuan ti pao-kao," (Report on the 1955 National Final Accounts and the 1956 National Budget), HHPYK, No. 14, 1956, pp. 1-9.
- Liu Chi-heng, "Chi-pen chien-she shih-hsien-la keng-hao ti chuan-mien ti ta-jao-chin," (Basic Construction Has Realized A Better and All-around Great Leap Forward), CHYTC, No. 1, 1960, p. 29.
- Lu Shih-kuang and Huang Juen-ting, "Wo-kuo chin-kou mao-i tsai ti-i-ko wu-nien-chi-hua chi-chien ti tso-yung," (The Function of Our Import Trade During the First Five-Year Plan Period), TKP, Dec. 15, 1957.
- Po I-po, "Kuan-yü 1958 nien kuo-min ching-chi chi-hua tsao-an ti pao-kao," (Report on the 1958 Draft National Economic Plan), HHPYK, No. 5, 1958, pp. 12-23.
- Yeh Chi-chuang, "Wei-ta ti ho-tso, wu-shi ti yuan-tso," (Great Cooperation, Selfless Assistance), JMJP, November 3, 1957.

APPENDIX F (continued)

"Wo-kuo tui-wai mao-i tsai ti-i-ko wu-nien-chi-hua chi-chien ti fa-chan," (The Development of Our Foreign Trade During the First Five-Year Plan Period), PC, No. 23, 1957.

Kuo-chia tung-chi-chü, (State Statistical Bureau)

"Kuan-yü 1952 nien kuo-min ching-chi ho wen-hua tsiao-yü hui-fu yü fa-chan ching-kuang ti kung-pao," (Communique on the Restoration and Development of the National Economy, Culture and Education in 1952), HHYP, No. 10, 1954, pp. 229-230.

"Kuan-yü 1953 nien-tu kuo-min ching-chi fa-chan ho kuo-chia chi-hua chi-hsing chieh-kuo ti kung-pao," (Communique on the Development of the National Economy and the Results of the Execution of the National Plan in 1953), HHYP, No. 10, 1954, pp. 231-232.

"Kuan-yü 1954 nien-tu kuo-min ching-chi fa-chan ho kuo-chia chi-hua chi-hsing chieh-kuo ti kung-pao," (Communique on the Development of the National Economy and the Results of the Execution of the National Plan in 1954), HHYP, No. 10, 1955, pp. 166-167.

"Kuan-yü 1955 nien-tu kuo-min ching-chi chi-hua chi-hsing chieh-kuo ti kung-pao," (Communique on the Results of the Execution of the 1955 National Economic Plan), HHPYK, No. 13, 1956, pp. 39-42.

"Kuan-yü 1956 nien-tu kuo-min ching-chi chi-hua chi-hsing chieh-kuo ti kung-pao." (Communique on the Results of the Execution of the 1956 National Economic Plan), HHPYK, No. 17, 1957, pp. 201-205.

"Kuan-yü fa-chan kuo-min ching-chi ti ti-i-ko wu-nien-chi-hua (1953-1957) chi-hsing chieh-kuo ti kung-pao." (Communique on the Results of the Execution of the First Five-Year Plan 1953-1957 for the Development of the National Economy), HHPYK, No. 8, 1959, pp. 48-51.

"Kuan-yü 1958 nien kuo-min ching-chi fa-chan ching-kuang ti pao-kao," (Communique on the Development of the National Economy in 1958), HHPYK, No. 8, 1959, pp. 51-54.

From year to year Communist China announced the completion or partial completion of her above-norm projects that were put into production. In the following list, group A are those explicitly announced as Russian projects, and group B are those just mentioned as "above-norm" projects.

1952: 3 projects

A -- Fuh-sin Power Station; Harbin Flax Mill.

B -- Northwestern Cotton Mill No. 1.

1953: 9 projects

A -- Fuh-sin Hai-chow Open-cut Coal Mine; Feng-man Power Station; Si-an Power Station No. 2; An-shan Steel Rolling Mill; An-shan Seamless Steel-tube Plant; An-shan Blast Furnaces No. 7 and No. 8.

B -- Fu-shun Power Station; Wu-lu-mu-chi Power Station.

1954: 6 projects

A -- Harbin Measuring and Cutting Instruments Plant; Sheng-yang Pneumatic Tools Plant; Cheng-chow Power Station; An-shan Steel Sheets Plant; An-shan Blast Furnace No. 6; Chung-King Power Station.

1955: 9 projects

A -- Sheng-yang Machine Tools Plant No. 1; Liao-yuan Chung-yang Vertical Shaft Coal Mine; Ho-kang Tung-shan Vertical Shaft Coal Mine.

B -- Dairen Power Station; Wu-la-po Power Station; Peking State Cotton Mill No. 2; Shih-chia-chuang State Cotton Mill No. 2; Cheng-chow State Cotton Mill No. 3; Wu-lu-mu-chi July First Cotton Mill.

1956: 15 projects

A -- Chang-chun Motor Vehicles Plant; Harbin Electrical Instruments And Apparatus Plant; Ho-kang Hsing-an-tai Vertical Shaft Coal Mine; Fu-shun Aluminum Plant; Harbin Aluminum Alloys Plant; Peking Electronic Tubes Plant; An-shan Steel Rolling Mill No. 2.

B -- Huai-nan Shieh-chia-shih Vertical Shaft Coal Mines No. 2 and No. 3; Shih-chia-chuang Power Station; Kuang-ting Power Station; Sheng-yang Electrical Cable Plant; Northwestern State Cotton Mill No. 4; Shih-ning and Pang-foh Food Processing Plants.

1957: 7 projects

A -- Pen-ki Steel Plant; Hei-lung-kiang Steel Plant; Kirin Fertilizer Plant; Kirin Carbide Plant; Harbin Boilers Plant; Si-an Electrical Capacitors Plant; Tai-yuan Power Plant No. 2.

1958: 22 projects

A -- Chia-mu-ze Paper Mill; Shih-chia-chuang Starch Plant; Shih-chia-chuang Glass Plant; Wu-han Blast Furnace No. 1; An-shan Open-hearth Furnaces No. 4 and No. 5; Wu-han Heavy Machine Tools Plant; Lo-yang Mining Equipment plant; Harbin Steam Turbine Plant; Shuang-ya-shan Coal Washery; Huai-nin Shieh-chia-shih Coal Washery; Fuh-sin Hsin-chiu Vertical Shaft Coal Mine; Lo-yang Power Station; Pen-ki Power Station; Lan-chow Si-koo Power Station; Lan-chow Petroleum Refinery; Hua-chiao Sugar Refinery; Kuei-ping Sugar Refinery; Nan-ping

Paper Mill; Han-tan Cotton Mills No. 2 and No. 4;
Cheng-chow State Cotton Mill No. 6.

1959: 7 projects

- A -- Pao-tao Blast Furnace; Wu-han Open-hearth Furnace;
Lo-yang Tractors Plant.
- B -- Ping-ting-shan Vertical Shaft Coal Mine; Ma-tou and
Tai-yuan Coal Washeries; Peking Power Station.

The total list here consists of 78 projects. This is far from complete, because by the end of 1959 it was claimed that 113 Russian projects were completed.

It was announced that by 1954 a total of 19, by 1955 a total of 29, and by 1956 a total of 43 Russian projects were completed. If we take both the A and B projects together, they come very close to the alleged numbers of those completed projects. This suggests that all projects under group B are also Russian projects.

The Eastern European Communist countries also agreed to supply Communist China with 68 projects. Little has been known about these projects, except by 1957 the supply of 33 projects was completed. A few of these can be identified.

From Poland -- Chiang-men Sugar Cane Chemical Plant; Friendship Sugar Refinery; New China Sugar Refinery.

From East Germany -- Pao-tou Sugar Refinery; Peking Glass Plant; Northern China Tele-communication Apparatus Plant.

From Czechoslovakia - Pao-tou Leather Plant.

APPENDIX G

CONCENTRATION INDICES OF FOREIGN TRADE

The index of geographic concentration of exports of country j is defined as:

$$G_{jx} = 100 \sqrt{\sum_s \left(\frac{X_{sj}}{X_{.j}} \right)^2}$$

where X_{sj} is the export of country j to country s , and $X_{.j}$ is her total exports. And, the index of geographic concentration of imports of country j is defined as:

$$G_{jm} = 100 \sqrt{\sum_s \left(\frac{M_{sj}}{M_{.j}} \right)^2}$$

where M_{sj} is the import of country j from country s , and $M_{.j}$ is her total imports.

The upper limit of these indices is 100, which will be the case if country j exports to, or imports from only one country. The lower limit is also definite, as there is a definite number of countries in the world.

The index of commodity concentration of exports of country j is defined as:

$$C_{jx} = 100 \sqrt{\sum_i \left(\frac{X_{ij}}{X_{.j}} \right)^2}$$

where X_{ij} is country j 's exports of commodity i , and $X_{.j}$ is her total exports. The index of commodity concentration of imports of country j is defined as:

$$C_{jm} = 100 \sqrt{\sum_i \left(\frac{M_{ij}}{M_{.j}} \right)^2}$$

where M_{ij} is country j 's imports of commodity i , and M_j is her total imports.

The upper limit of these indices is also 100, which will be the case when country j exports or imports only one defined commodity. But the lower limit is variable, depending on the number of commodities defined. Here a broader or a more detailed classification of commodities will affect this lower limit. For instance, under the 150-group classification the lower limit is 8.2, which will be the case when country j exports (or imports) an equal amount of all 150 commodities. However, the lower limits will only be 13.9 and 37.7, if commodities are classified into 52 or 7 groups respectively. In other words, the more detailed the classification, the wider will be the range of the commodity concentration indices, with the common maximum of 100.

Then without mathematical proof, it can be visualized that when the same commodity trade statistics are used, the concentration index will always be higher when broader classification is used. And such an index will set an upper limit to that which is based on more detailed classification. This limit will only be approached when both indices approach 100.

As mentioned in Appendix C, Hong Kong reported her trade according to the 52-group Standard International Trade Classification. In integrating these trade figures into the more detailed 150-group classification, arbitrary estimates are made by attributing an average value to each of the

appropriate sub-groups. Needless to say indices based on this arbitration will be different from that which are calculated had the exact values been known. Its effect on the commodity concentration index of imports can only be slight, because only 1.5% of Communist Chinese imports was from Hong Kong in 1957. However, it could cause a substantial error in her commodity concentration index of exports, as Hong Kong absorbed 12% of her exports in that year.

It is pointed out by Hirschman (op. cit., pp. 160-162) that based on the assumption of equal distribution within the frequency classes, the index will naturally always be lower than it would have been had the exact values of the single items been known. In other words, the index based on that assumption sets a lower limit for the real index. Therefore, the commodity concentration index of exports of Communist China (which is 18.8) should be more appropriately considered as a minimum.

The maximum value can also be arrested. It is indicated earlier in this Appendix, that the concentration index based on broader classification will set an upper limit to that which is based on more detailed classification. Another experiment is made by calculating for Communist China the commodity concentration index of exports based on the 52-group classification. The result is 25.4, which is the upper limit.

Here finally we know that the commodity concentration index of exports of Communist China falls within the range

from 18.8 to 25.4 for the year 1957. This range is by no means narrow. But, when compared to those indices calculated by Michaely, we know one fact for sure--Communist China was among the most diversified countries in exports.