

Report from Bangkok by Sophie Tanapura

Opening the Soviet market

With U.S. protectionist measures being put into place, the Kremlin is rushing to fill the trade void.

In the period following Soviet Party chief Mikhail Gorbachov's Vladivostok initiative last July, the Soviets have stepped up their "good will" offensive in Thailand. Last year the Soviets purchased 193,883 tons of A-1 special grade broken rice as food aid to Vietnam. As the United States Congress is "turning allies into enemies" by drafting protectionist legislation and the four-year farm bill, the Soviets are wasting no time in filling the void, and have chosen to target Thailand relentlessly.

The name of the game is "win new friends through trade relations." From mid-October to early November, the Soviets organized their biggest trade exhibition ever in Thailand. Well over 500,000 people—mainly Thais—visited the trade fair and the Soviets are claiming a great success. It was not staged as a typical dry, run-of-the-mill trade fair, but featured such things as a special booth on Buddhism in the Soviet Union, a propaganda tactic which worked to a certain degree.

The unprecedented Soviet trade fair yielded very concrete results. Two major deals were struck: \$3 million worth of Soviet textile machinery will go to Thailand. Included is a clause covering spare parts to be supplied through Singapore and \$2 million worth of Soviet newsprint paper—5,000 tons in volume—was sold to the Thai Rath Co., which publishes *Thai Rath*, the largest-circulation daily. The paper-print deal was signed on the opening day of the trade fair.

An agreement on cooperation between the Soviet Chamber of Commerce and Industry and the Board of Trade Delegations and Exhibitions in both countries was also signed. So far, in the first nine months of this year, the Soviet Union has imported \$105 million worth of Thai goods, while Thailand has bought \$10 million worth of Soviet exports. Reportedly, the Soviets are ready to export paper, wood pulp, crude oil, aluminum, coal, and machinery to Thailand in exchange for imports of Thai agricultural produce.

There are ongoing negotiations between the Soviet commercial councillor and the Thai Cane and Sugar Corp. in an effort to export 22,000 tons of Thai sugar to the Soviet Union at a "friendship" price, although the initial offer would be slightly above world price, or about \$.06 per pound. The Thai Cane and Sugar Corp. is trying to win a long-term sale contract for the delivery of about 200,000 tons with possible counter-trade in Soviet fertilizer to be considered. In the event that the United States might soon clamp down on import quotas of sugar, Thai sugar producers are frantically looking for a way out, and to them, the new Soviet market may be a panacea.

Following the Soviet trade, Aeroflot General Manager Vitaly Pavliluk announced a meeting between Thai and Soviet aviation authorities to draw up guidelines for air talks in Moscow. By this December, Aeroflot plans to step-up its Bangkok-Moscow opera-

tions, a plan which will include an increased number of flights, introduction of a freight service, and the use of larger aircraft. The Aeroflot manager also announced that he would like to see Thai International Airlines land in the Soviet Union to help foster a closer relationship between the two countries. In line with its policy, Aeroflot has, over the past month, bought a quasi-permanent advertising spot on Thai TV Channel 3, promoting tourist visits to "Moscow, the oldest capital" in the world, and depicting domes of Byzantine architecture and the Bolshoi Ballet as attractions.

Boxed in by a contracting international export market for Thai products, foreign policy has taken a turn for more open trade relations with countries within the Soviet sphere of influence. On a recent visit to Iran, Commerce Minister Surat Osathanugrah signed an agreement to buy up to 10,000 barrels of Iranian oil per day in exchange for 400,000 tons of Thai rice. Iran is also expected to export cotton, vegetables, and nuts to Thailand. In addition, 24,000 tons of rice negotiated for the last two months of the year will be exported to Syria. Certain sources claim that the negotiated prices were unusually low and have contributed to destabilizing the price of rice domestically. Syria has already bought 39,000 tons of rice from Thailand this year.

On the diplomatic and foreign trade front, the situation may look quite rosy between Thailand and the Soviet Union. However, nationalist conservatives within the Thai government apparatus have not let things lie. According to well-informed sources, two Soviet operatives under a business cover were found to be engaged in suspicious activities and were asked to leave Thailand early this November.