

## TRADE RELATIONS BETWEEN THE SOVIET UNION AND THAILAND: DOCUMENTARY EVIDENCE FROM THE NATIONAL ARCHIVES AND RECORDS ADMINISTRATION (NARA) FROM THE 1940S TO THE 1960S

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### Abstract

The objectives of the article are to use documentary evidence to describe the economic and trade relations between “the Soviet Union” or the Union of Soviet Socialist Republics (USSR) and “Siam” or the Kingdom of Thailand, and analyze these relations from the perspective of the United States of America from the 1940s to 1960s. This documentary evidence was obtained from the National Archives and Records Administration (NARA), College Park, Maryland, United States of America in 2016 where the records are maintained and published legally. The evidence were examined and showed trade relations and issues chronologically in multiple dimensions from the US that are reflective of today’s circumstances and which can be adapted for use in the present day, especially in aspects of development diplomacy and socialism.

**Keywords:** Trade Relations, Soviet Union, National Archives, Socialism

### บทคัดย่อ

บทความนี้มีวัตถุประสงค์เพื่อศึกษาหลักฐานข้อมูลเอกสาร ที่บรรยายความสัมพันธ์ทางการค้าและเศรษฐกิจระหว่าง “สหภาพโซเวียต” หรือสหภาพสาธารณรัฐสังคมนิยมโซเวียต (USSR) และ “สยาม” หรือราชอาณาจักรไทย และวิเคราะห์ความสัมพันธ์ทางการค้าในแง่ของสหรัฐอเมริกาในช่วงทศวรรษที่ 1940 ถึง 1960 แหล่งหลักฐานข้อมูลเอกสารได้มาจากองค์การบริหารจดหมายเหตุและบันทึกแห่งชาติ เมืองคอลเลจพาร์ค รัฐแมริแลนด์ สหรัฐอเมริกา ในปี ค.ศ. 2016 ซึ่งเป็นสถานที่บันทึกและเก็บรักษาจดหมายเหตุ ตลอดจนได้รับการเผยแพร่อย่างถูกต้องตามกฎหมาย หลักฐานได้ถูกพิจารณาและแสดงให้เห็นถึงความสัมพันธ์ทางการค้าและประเด็นต่าง ๆ ตามลำดับเหตุการณ์ ในหลากหลายแง่มุมจากสหรัฐอเมริกาที่สามารถสะท้อนและปรับใช้ให้เข้ากับสถานการณ์ปัจจุบันได้ โดยเฉพาะอย่างยิ่งในด้านการพัฒนาทางทูตและระบบสังคมนิยม

**คำสำคัญ:** ความสัมพันธ์ทางการค้า สหภาพโซเวียต หอจดหมายเหตุ สังคมนิยม

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## Documentary Introduction

In 1934, the US Congress established the National Archives and Records Administration (NARA). NARA is an independent agency of the United States federal government tasked with the preservation, documentation, and publication of government and historical records. This article is studied on the selected documents relating to trade relations between the Soviet Union and Thailand from the United States' point of view during 1940s to 1960s. The documents were obtained from NARA, College Park, Maryland, in 2016. General (WAC) Professor Dr. Her Royal Highness Princess Maha Chakri Sirindhorn provided funding for the research team.

This paper can provide innovative guidelines for the future chronological study of trade relations. With the new source information and new set of data, the research can be viewed in multiple dimensions. The NARA data was carefully obtained and was analyzed with various comment procedures. It has to be noted that the data presented here comes purely from the US's viewpoint. At the time, the US had significant interest in the Soviet Union's activities and Thailand's reactions and initiatives, as part of the wider Cold War struggle. Thus, the researcher had to be wary of biases and prejudices. The trading, national security, diplomatic strategies or political, economic and socio-cultural scopes can be considered and adapted to today's circumstances.

Sun Tzu famously stated: "If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle". This is not only the principle for military intelligence to meet with victory, but also highlights the need to take into account all available information. Both the US and the Soviet Union had to deal with all the information in order to analyze the situations and circumstances. This need generated a huge amount of data via reports and analyses and provides us with a significant source of information for the study of the historical trading relations between the Soviet Union and Thailand during 1940s to 1960s. Given the scope of the data, this research will not go into criticism regarding communism.

This paper is divided into three parts as follows: 1) Introduction, 2) the Soviet Union and Thai economic development, and 3) Documentary evidence from NARA about trading relations between the Soviet Union and Thailand during 1940s – 1960s.

## The Soviet Union and Thai Economic Development

### The Soviet Union

The Soviet Union era ran between 1922 to 1991. This nation, officially called the Union of Soviet Socialist Republics (USSR) was composed of multiple national Soviets

republics, all with a highly centralized government and economy. From 1917 to 1927, the state ideology was based on Marxism – namely the doctrine of Karl Marx and Friedrich Engels. The critical theories of Marx and Engels dealt with how society, economics, and politics, contributed to the rise of capitalism (Marx *et al*, 1972). In accordance with these theories, the capitalist system was replaced by a Socialist state that ultimately aimed to achieve Pure Communism. Between 1927 and 1953, Joseph Stalin ruled the Soviet Union. Stalin transformed Soviet society with central planning and the development of heavy industry.

Between 1953 and 1964, Soviet politics was dominated by the Cold War. Throughout the US and USSR's ideological battle for global dominance of the socio-economic systems, a centrally planned economy over a series of five-year periods remained the principle Soviet economic policy. Between 1964 and 1982, the USSR faced social, political and economic stagnation. Average annual import and export stagnated as economic growth declined, signaling the need for reforms. The Soviet Union continued to decline between 1982 and 1991, with some republic starting to resist central control. The import and export gap continued to increase, leading to state bankruptcy and the dissolution of the Union in 1991.

### **The Kingdom of Thailand**

The Kingdom of Thailand, formerly Siam, became a constitutional monarchy following a bloodless coup in 1932 and was subsequently renamed as “Thailand”. Thailand's economy greatly suffered from the Great Depression. During the 1940s, the government established a rice office to oversee rice trading and started a multiple exchange rate system during the economic recession where the country faced a shortage of consumer products.

In the late 1950s, Field Marshal Sarit Thanarat staged a military coup and established a strategic relationship with the United States based on their common anti-communist policy. As a result, the US assisted Thailand with financial support, military equipment, essential supplies, training, constructing and economic supports. The Bureau of Budget, Office of the National Economic and Social Development Board (NESDB), and Thailand Board of Investment (BOI) were established to oversee the rapid economic growth. During the 1960s, the Thai economy expanded from market-oriented Import-Substituting Industrialization (ISI), while implementing the National Economic and Social Development Plan. From the 1970s until mid-1980s, Thailand suffered from economic recession with unstable politics. General Prem Tinsulanonda replaced the country's fixed exchange rate with a multiple currency basket peg system. Between 1981 and 1984, the devaluation of Thai currency occurred three times from 20.775 baht per US dollar to 27

baht per US dollar (*Yu and Xu, 2001*). Fortunately, since the US dollar depreciated, while accounting for 80 percent of the Thai currency basket, the Thai baht also depreciated, thereby making exports more competitive and increased Foreign Direct Investment (FDI).

### **Thai-Soviet Economic Relations**

In 1863, two Russian ships arrived on Chao Phraya River and started the first contact between Russia and Siam. In 1876-1877, N. Miklukho-Maklay visited Thailand during his Asia-Pacific region journey. In 1899, the Russian-Siamese Declaration of Jurisdiction, Trade and Navigation was signed in Bangkok. In 1947, the Agreement on the Exchange of Diplomatic Missions was signed. One year later the Russian Embassy was established in Thailand, however, during the Cold War, the relations between the Soviet Union and Thailand developed ambivalently. It was not until 1979, when General Kriangsak Chamanan, the Prime Minister, visited the Soviet that the bond of friendship was strengthened. The relations' details will be described further from the NARA documents in the next part.

### **Documentary evidence from the National Archives and Records Administration (NARA) about Thai-Soviet Trade Relations from the 1940s to the 1960s**

Elements of citations to records of the NARA document should identify the record item, the file unit, the series, the subgroup, the record Group and the repository. The following documentary evidence is completely identified. For example,

Record Item: Cross-Reference File Note, USSR, Mar 12, 1941  
 File Unit: File No. 661.9231/1  
 Series: Box 1759  
 Subgroup: Decimal File 1940-1944  
 Record Group: General Records of the Department of State,  
 Record Group 59  
 Repository: National Archives Building, Washington, DC  
 Secret Class: -

**Record Group:** General Records of the Department of State,  
 Record Group 59

**Repository:** National Archives Building, Washington, DC

#### **1. Between 1940 and 1944**

##### **Decimal File 1940 - 1944, Box 1759, File No. 661.11245/25 to 662.1111/29**

Cross-Reference File Note from USSR to Department of State, Washington on March 12, 1941, negotiations concerning the establishment of normal diplomatic and

commercial relations between the Soviet Union and Thailand. PRAVDA announced this morning that the Thai Minister to Berlin had arrived in Moscow yesterday.

A copy of telegram received from the Foreign Office, London, S.W.1 to Department of State, Washington on May 20, 1941, there are indications of increasing Soviet interest in trade with Thailand particularly over rubber, wolfram, and tin.

June 27, 1941, Cross-Reference File Note from China (Chungking) - Guass to Department of State, Washington that the Russian trade representative for Thailand informs of call from officer of the Russian Trade Representative's Office to inquire concerning visas for two men who are proceeding to Bangkok, for the purpose of exchanging oil and gasoline for Thailand rubber.

From the above information, between 1939 and 1945, both countries could only start the discussion of diplomatic and commercial relations on rubber, wolfram, tin, oil, and gasoline. The trade relation was not developed.

## 2. Between 1945 and 1949

**Decimal File 1945 - 1949, Box 2883, File No. 661.90d31/1-145 to 662.00228/12-3149**

April 1, 1948, Department of State Washington informed (Confidential) the American Embassy, Bangkok, that Rattanakosin Hotel was the headquarters for the Soviet Legation staff with 102 persons now in residence, 150 technical staff enroute and 1,000 civilian businessmen contemplated to establish trade relations.

April 23, 1948, Secretary of State received incoming (Confidential) telegram from American Embassy, Bangkok that total Soviet Legation personnel (DEPTTEL 145 April 1) believed not more than 38 with 30 occupying 25 rooms Rattanakosin Hotel and 8 in Suriyanon Hotel. Foreign Office reports no additional entry requests for Legation or business personnel.

May 28, 1948, Secretary of State received (Secret) incoming telegram from Shanghai that today, by Pan American Airways, Leon A. or E. or F. Samanas or Saminas, age 30, with Soviet diplomatic passport, passed through Shanghai from Nanking to Bangkok. Records list him as trade commission economist.

June 1, 1948, Secretary of State received (Secret) incoming telegram from Nanking that we believe subject of Shanghai's 1208, May 28 is L.E. Semenas trade representative accredited to Soviet Embassy Nanking is probably heading for Madras IN ECAFE (Economic Commission for Asian and Far East) inasmuch as he attended previous UN ECAFE meetings.

June 7, 1948, Department of State, Division of Communications and Records received incoming (Restricted) telegram from American Embassy, Bangkok, Siam that

according to newspaper Bangkok Post trade proposals by both Soviet Russia and Czechoslovakia have been made to the Government Purchasing Bureau, including an offer to buy unlimited supplies of tin, it was revealed today by Nai Chote Khumphan, director of the bureau.

A Soviet trade representative, Mr. S. Arinitechev, is now in Bangkok and has conferred with Nai Chote on the prospects of Russo-Siamese trade.

Russia, according to Mr. Arinitechev, is prepared to accept tin, as much as 3,000 tons of rubber monthly, teak, shellac and coconut oil from Siam.

She has ready for export to Siam, he said, news print and other paper products, Amonium Sulphate, alum, coal, and oil. Soviet shipping facilities are readily available for trade with Siam.

Czech interests were represented by Mr. J. Zuna, of the Beta Company, who called upon Nai Chote. Mr. Auna reported that Czechoslovakia requires 500 to 1,000 tons of rubber monthly, as well as sticklac and coconut oil. Both representatives said that US dollars or British pounds could be paid, or, of suitable conditions could be arranged, trade by barter would be acceptable.

Nai Chote has consulted with members of the Ministry of Commerce in the matter.

January 3, 1949, Department of State, Division of Communications and Records received (Confidential) incoming airgram from American Embassy, Bangkok that A.A. Panteleimonov, manager of Bangkok branch of USSR All Union Association (Exporthleb) (reference Embassy's confidential report No.93 of November 1, 1948) made air trip to Phuket, center of local to mining, mid-November and stayed briefly in that city. Reliable sources indicate he saw only on business firm and that object of trip was purchase of tin ore and metal. Business firm was Phuket branch of Thai Farmers Bank, controlled by Lamsan family of Bangkok. Thai Farmers representative later approached Penang office of Eastern Smelting Co. with proposition for sale tin ore and tin metal to USSR.

Terms of purchase were one bulk shipload 2,000 tons metal of concentrate to be paid for by dollars at premium price slightly above local market. Eastern Smelting referred proposal to home office in London. Cabled reply reported to have been in negative.

The quantity of tin requested in one lot larger than 1948 output of any single mining operation in Siam. Accumulation of such quantities from various small producers and storage until full shipload achieved would largely cancel advantages of premium dollar price.

February 21, 1948, Department of State Washington (Confidential) informed by Amembassy, Commerce, Bangkok that Reur dispatch #20 of January 24, 1948, enclosing excerpts from Bangkok Post of January 21, 1948. Information from other group O countries indicate possibility quasi governmental agencies of satellite countries acting as

purchasing of goods of US origin, exported on general license, for transshipment to such satellite countries. If Mr. Panteleimonov succeeds in appointing a local firm as local agents commerce will be interested to know its identity. Also, of the Czechoslovak-Siam trading company, established contacts with local import-export firms commerce will be interested to their identity in order that licenses, in which such firms are named as consignees, may be screened carefully.

January 24, 1949, the Foreign Service of the United States of America received (Unclassified) from American Embassy, Bangkok that the Ambassador has the honor to enclose an article entitled "Siam Trade with USSR Reported on Increase", which appeared in the Bangkok Post in the edition of Friday, January 21, 1949. It is believed that the newspaper report will be of interest to the Department.

February 24, 1949, excerpt from Bangkok Post of January 21, 1949, entitled "Siam Trade with USSR Reported on Increase". "Iron Curtain" Trading: Since the Ceylon (present day Sri Lanka) Government rejected a Soviet bid for the entire rubber production of its country late last year, there has been a marked increase in commercial activity between Siam and countries behind the so-called "Iron Curtain", including Russia itself, according to local trade circles.

A Russian agent has been making inquiries among Chinese and Siamese business houses in Bangkok for rubber and metal, at times offering prices higher than prevailing in the market, while an industrial firm in Czechoslovakia has been awarded contracts for supplying machinery and equipment for some Siamese government departments.

So far, commercial sources reveal, trade between Siam and Russia has been conducted through China, with local Chinese firms acting as import and export agents. Ready-made clothing and other textiles, caviar and other canned foods imports from Russia via Shanghai and Hong Kong.

With reports that the Russian representative is looking for a building where a business office can be set up or, alternatively, for a reliable firm to appoint as regular local agents, direct trade with Russia is expected to open soon.

Presumably to speed the establishment of trade relations between Siam and Russia, the Soviet government has appointed a Commercial Attache to Bangkok. The attache, Mr. Panteleimonov, has recently set up office at 67 Sathorn Road. He also represents the All Union Association, a USSR trade organization.

According to Ministry of Commerce sources, there is at present no trade pact between Siam and Russia and that no moves have been made by the USSR government to conclude such as agreement. No official figures have been kept of trade with Russia.

Mr. Panteleimonov declined comments on possibilities of trade between his country and Siam.



Meanwhile, local merchants who have been contacted by the Russian representative disclosed that he requires a company with at least three million baht capital to act as regular local agents. It is reported that he prefers a Chinese firm.

No figures are available as to the amounts of materials the agent has purchased here but it is reported that he is offering competitive prices. For instance he recently offered to buy antimony at 4.25 baht per kilogram while the ruling market price was 3.80.

With such activity in the market, traders expect a Russian ship to call here shortly for cargo. There have been irregular calls at Bangkok by Russian vessels, the last one – S.S. Byelo Russia – coming here last November to load rice for India. The ship, which was chartered by the Indian government came into port on ballast.

Trade with another “Iron Curtain” country, meantime, has progressed the Czechoslovak-Siam Trading Co., has been awarded contracts to supply ten stream rollers for the Highway Department, 50 pumps for the Irrigation Department and two Diesel electric motors for the Post and Telegraph Department.

According to Mr. A. Veverka, manager of the Czechoslovak-Siam Co., Czechoslovakia wants to import copra, coconut oil, ground-nuts and other seeds from Siam but, because of the local high prices, merchants there are not purchasing the products.

Mr. A. Veverka explained that the Czechoslovak government maintains strict control over prices. He claimed that there is no black market in the country.

From Colombo, dispatches report that since the Ceylon government rejected the Soviet rubber bid, there has been no Soviet purchasing in the open market there and “none was expected”.

Trade circles in Ceylon believe that Malayan sellers were giving them lower grade rubber than they had contracted and paid for.

March 30, 1949, the Foreign Service of the United States of America received (Unclassified) from American Embassy, Bangkok, Subject: “USSR Trade with Siam” that with reference to Embassy dispatch No. 20 of January 24, 1949 the Ambassador has the honor to enclose for the Department’s information five copies of an article entitled “USSR Can Supply Siam with Scarce Materials” which appeared in the Bangkok Post edition of March 28, 1949.

The Embassy believes this press report to be of interest since its publication closely follows the conclusion of the International Wheat Conference in Washington, D.C. and coincides with the opening of the ECAFE Conference now holding sessions in Bangkok.

With the enclosure copy of Article from Bangkok Post, March 28, 1949, “USSR Can Supply Siam with Scarce Materials”.



Russia is able to fill Siam's needs in scarce goods which are under export control in other countries, it is claimed by Mr. N. Bogaty, managing director of the Bangkok branch of USSR All Union Association "Exporthleb," which has its head office in Moscow.

As an illustration, Mr. Bogaty mentioned fertilizers, any amount of which can be exported by Russia to Siam. Because there is a shortage in other parts of the world, fertilizers are allotted to countries which need them under an international scheme.

Siam was allotted 500 tons last year and 400 tons this year while her minimum requirements are estimated by Agriculture Department officials as 6,000 tons a year.

According to Mr. Bogaty, Russia can supply all varieties of fertilizers, including Ammonium Sulphate, most wanted in Siam.

Russia also does not control the export of wheat because she produces the grain in quantity. Neither are there restrictions on the export of fodder for animals, chiefly wheat waste. Siam is at present banning the export of bran, derived from paddy and used as food for pigs, because there is insufficient internal production of animal fodder.

Mr. Bogaty said Russia has all types of machinery to offer equipment for farms, factories offices and homes.

Tractors, trucks, automobiles, motor-cycles, bicycles, sewing machines, typewriters, farm implements, calculating machines, optical instruments, medical equipment, and cameras are available for export.

Mr. Bogaty said that most consumer goods are manufactured in Russia to particularly meet the tastes and needs of Far Eastern markets. For example textiles are printed with colors and designs, which have proved popular in the Far East, musical instruments are made which have wide appeal in Asia including instruments native to the different places, and there are pharmaceuticals for tropical diseases and ailments peculiar to the East.

The methods of drug-manufacturing are also rooted in oriental tradition. "Pentocrine", which is claimed as a tuberculosis preventive and good for the glands, is produced mainly from the horns of reindeer.

Russian textiles are made of cotton, wool, rayon and other fibers and printed with designs of large-sized flowers on bright as well as dark backgrounds, which are reportedly popular in China.

Other goods which can be supplied by Exporthleb include paper for all uses, glassware, and electrical appliances.

Samples and catalogues are available at the local office of Exporthleb, 67 Sathorn Road, for inspection by merchants intending to do business with Russia.

Mr. Bogaty is also interested in purchasing tin ore, rubber and shellac. So far he has made no purchases because:

1. Tin ore has been quoted him higher than it is quoted American buyers, although he offers to purchase with US dollars.

2. Rubber prices in Siam are higher than Malaya.

3. The quality of Siamese shellac is not up to requirements.

Mr. Bogaty said his organization will trade with Siam in US dollars or pounds sterling.

He will quote c.i.f. Bangkok or Koh Sichang and all arrangements for shipping will be made by his organization. He said recently a supply of pharmaceuticals arrived from Russia on board a China line steamer and that Russian ships call occasionally at Singapore.

Goods from Russia may be loaded in ships at Vladivostok in the USSR. Established in 1917 after the Communist revolution, it has branches in most countries of the world, including the United States.

Mr. Bogaty said he is looking for a suitable local firm to act as agents for his organization.

September 20, 1949, Department of State Washington received (Restricted) memorandum of conversation between Igor G. USATCHEV, Soviet Charge d’Affaires and William O. ANDERSON, Assistant Commercial Attache, American Embassy, Bangkok, Subject: “Soviet Trade in Asia”. In answer to specific questions, Usatchev stated that freight is moving on the trans-Siberian line to Vladivostok like “clockwork”, but that, of the commodities shipped, Thailand can use only oil. He remarked that the USSR hopes to increase shipments as there appears to be a growing market for produce shipped to Vladivostok. However he complained that Siberian Freight movement is at times one-sided. Presumably he meant the flow is heavier to than from Vladivostok. (Vladivostok imports more than export from Siam?) (Some Chinese tin ore is being flown from mines in Central China to North China ports but in rather small volume, he said.)

Usatchev seems to be discouraged by Thai lack of interest in USSR products and observed that Thai production is so small that shipping costs make the exchange of goods uneconomical. Trade with Singapore is much more profitable, he remarked.

The above documentary evidence was in the Cold War period of 1947, the US observed the Soviet Union and Thailand Relations on how both countries communicate and develop the relations in deep detailed from observing, reporting, newspaper and conversations from American Embassy team in Thailand, China on what aspects, where, with whom, how and how many.

The trade relations about tin, rubber, teak, shellac, coconut from Thailand and news print, paper products, Amonium Sulphate, alum, coal and oil from the Soviet Union were ready for the trade and could be paid by US dollars or British Pounds even barter trade. Some ready-made clothing, textiles, caviar and canned foods were traded via China as *Shirk (1969) said*. Also, Russian business office was set up in Bangkok.

In addition, the Soviets could supply goods that were scarce in Thailand, which were under export control in other countries as a shortage on some parts of the world, especially, Ammonium Sulphate, wheat, fodder for animal, and chiefly wheat waste. Also, all types of farms, factories offices and homes machinery and equipment and drug-manufacturing were offered.

However, with the economical cost of shipping, Thailand had no interest in the products where trading with Singapore was more practical.

### 3. Between 1950 and 1954

#### 3.1 Decimal File 1950 - 1954, Box 2128, File No. 461.9131/12-153 to 462.9431/4-1353

February 13, 1950, the Foreign Service of the United States of America received (Confidential) air pouch from Commercial Attache, American Embassy, Bangkok, Subject "USSR/Thai Trade" that a usually reliable commercial source informed reporting officer today that, as a result of his private commercial investigations (on behalf of an American company), he has obtained definite information that the USSR legation is rapidly preparing plans for a major increase in economic activity in Thailand designed to weaken US and UK trade contacts and to secure a steady supply of rice for Communist China.

According to the informant, agents of the USSR trade outlet (Exportheb) have approached Chinese merchants directly during the last two weeks with offers to supply mixed commodity goods on a consignment basis, free of advance costs; the seller is to receive a basic "retaining fee" to induce compliance with the scheme and, furthermore is to receive an ample portion of the selling price even though that price be substantially below the prevailing market price. A shipment of 100 sewing machines, made with confiscated materials in satellite European countries, has reached Bangkok and another shipment of 250 machines are expected within 10 days. The machines are to be released primarily through trade outlets previously sampled by the Czechoslovakian trade representative acting through Kovo, Ltd. A large shipment of newsprint, described as "sufficient to flood the Bangkok market", is also expected to arrive in Bangkok within two weeks. The port of shipment named was Darian.

The informant stated further that a number of commercial pamphlets (brochures) are now being circulated surreptitiously in Bangkok by the USSR Legation. He exhibited to the reporting officer a small pamphlet, printed in the Russian language with English subtitles, describing the USSR sewing machines which recently arrived.

According to the informant, the main drive, assisted by funds brought into Thailand through diplomatic pouches, is designed to obtain tight control of the Thai rice industry, through the mills and export agents, with a view to expediting bulk shipments

to China. USSR activities in the general commodity market are believed to be more smokescreen to conceal more vigorous activities among skilled workers in essential industries and among rice stevedore laborers (docker/coolies).

The Embassy understands, from information received from other sources, that USSR trade section recently was increased by the arrival of eight more officers. These are in addition to the Commercial counselor who arrived in November 1949 when the USSR Minister returned from the last general ECAFE conference in Singapore. In general, current reports, admittedly based on speculation, allege that Mao Tse Tung has demanded early, bulk shipments of rice guaranteed by the USSR as the price for concessions in China demanded by Moscow. The Embassy has obtained confirmation of press reports that Chinese businessmen recently approached the Thai Government with inquiries regarding Thai attitude toward the negotiations of a barter agreement with the USSR and towards the sale of rice to communist China. According to press reports, the Thai Government was cool toward the barter suggestion but indicated its willingness to sell rice for cash, to any purchasers "on humanitarian grounds".

April 18, 1950, Department of State Washington informed (Confidential) Amembassy, Bangkok on the reference is made to Embassy's dispatch No.117, "USSR/Thai Trade", dated February 13, 1950. The Department is particularly interested in any available additional information on the purchase of rice for Communist China.

July 11, 1950, the Foreign Service of the United States of America received (Restricted) airpouch from American Embassy, Bangkok, Subject: "USSR/Thai Trade Developments" that the inability of USSR products to compete with Japanese goods, with particular reference to cheap machinery and textiles; recent price rises, resulting from the Korean fighting, would bring local prices of Japanese textiles to a level at which USSR products would be competitive. USSR has received recent inquiries for "less than 100 tons" of industrial chemicals, fertilizer and light machinery including sewing machines. The USSR is a "young trading country" which is trying hard to establish trade channels in Thailand as friendly countries.

September 7, 1950, Department of State Washington (Confidential) received telegraph from American Embassy, Bangkok that Thai officials report increased number Soviet offers buy Thai rubber as result reported UK-US action restrict Soviet purchases Malaya. In past, while Thai Government has disliked Soviet sales, acceptance such orders by British has made control impossible. Thai firms reportedly involved are Chinese owned; some are subsidiaries Malayan companies which have profitable Soviet deals. USSR primarily interested number 1 smoked sheets. Embassy would appreciate guidance on action desired if approached by Thailand.

September 27, 1950, Department of State Washington informed (Confidential) telegraph to American Embassy, Bangkok that Reports UK-US restrictive action inaccurate (EMBTEL 253, September 7, RPTD to Singapore 8, September 7). Effective control outside difficult or impossible because of ease smuggling and availability rubber elsewhere. Indonesia probably unwilling attempt or unable enforce controls. Soviet imports only small percentage world's natural rubber production, therefore, easily met by smuggling or transshipment.

Despite difficulty organizing or enforcing formal controls US welcome action reducing Soviet access rubber. Embtel 250, Sept 7, and 282 Sept 13, indicate Thais contemplating such action. Embassy should point out that present industrial and stockpiling demand assure US market for Thai rubber withheld Soviet.

October 4, 1950, Department of State Washington (Confidential) received incoming telegram from American Embassy, Bangkok that at request Prime Minister, Thai Minister of Commerce preparing plan place time, rubber under export license control to prevent sales Soviet area. Embassy has assured Thai US market as per DEPTTEL 285. Minister Commerce states that while able for some time to cloak purpose export license anti-Soviet nature will eventually come out, may cause official Soviet representations difficult for Thai to answer. Thai request any suggestions as to techniques accomplish purpose less obviously which US experience shows effective. Embassy inquires whether possible US companies place large forward orders which Thai will be pressed to meet, Minister Commerce can press for fulfillment.

October 10, 1950, Foreign Service of the United States of America, Department of State Washington received (Confidential) incoming airpouch from Commercial Attache, American Embassy, Bangkok, Subject: "Request for Reporting Instruction" that Embassy has endeavored to forward regularly developments in Thailand related to general subject of "Statistics on Foreign Trade of USSE - 470174." In preparing such reports, the drafting officer has drawn upon call Embassy sources in order to present both available factual information and a tentative analysis reflecting consensus of staff opinion. (Reference Embassy Dispatch No.13, January 12, 1950 and Embassy Dispatch No.225, September 29, 1950).

To facilitate preparation of future reports and to guide Embassy in acquisition of desired factual data (e.g. USSR shipping data), it is requested that the Department provide the Embassy with a basic outline or reporting instruction covering Report 470174. Furthermore, the Embassy will appreciate receiving the Department's comments upon the usefulness of USSR economic reports previously submitted.

October 12, 1950, American companies place large forward orders that will absorb Thai production, thus giving a valid reason for not shipping to other markets, especially, USSR.

October 12, 1950, Department of Defense, Washington received (Confidential) letter from Assistant Chief, Economic Resources and Security Staff that the Department of State has been informed that Thailand plans to place rubber and tin under export control to prevent shipments to members of Soviet bloc. The Thai Government, however, is anxious and therefore is seeking a plausible pretext for its action.

The American Embassy in Bangkok has inquired whether American companies can place large forward orders that will absorb the bulk of Thai production, thus giving a valid reason for not shipping to other markets. The Department believes that a better solution would be to purchase the rubber for the United States stockpile. In view of the grades of rubber that the USSR has been ordering in Singapore, any Thai rubber that was of interest to Soviet buyers presumably also should interest supplied by Thailand is small enough that the Board probably could absorb it without embarrassment. A long term bulk purchase contract with Thailand would in part compensate for the delay in concluding other contracts which have been under negotiation for number of months.

Tin from Thailand comes in the form of concentrates, a portion of which the Reconstruction Finance Corporation is now buying. An inquiry concerning tin similar to this on rubber is being sent to Mr. W. F. McKinnon of the Reconstruction Finance Corporation.

Copies of this letter are being sent to Messrs, Steelman, Shannon, Welsh, and McCoy. An early reply would be appreciated in view of the unanswered inquiry received from the Embassy.

October 31, 1950, Department of State Washington informed (Confidential) telegram to American Embassy, Bangkok that DEPT believes best solution tin and rubber (EMTEL 361, Oct 4) is US GOVT commitments for strategic stockpile purchase of rubber by US General Service Admin and stockpile purchase tin through RFC. Private commitments nor practical for tin. Inquiry has been directed to all US agencies concerned and replies RECD indicate DEN willingness to consider long-term commitments and discuss terms for any specified AMTS Thailand may have available. Embassy can inform Ministry of Commerce. In view large NR Thai procedures uncertainty here as to details necessary arrangements.

November 13, 1950, Office in Charge of the American Mission, Department of State Washington received (Confidential) telegram from American Embassy, Bangkok that the Secretary of State refers to the Embassy's despatch No. 248 of October 10, 1950, concerning reporting request 470174, "Statistics in Foreign Trade of USSR".

In compliance with the Embassy's request for basic instructions, copies of circular airmails of December 27, 1946, and December 29, 1947, are enclosed for guidance.

The Embassy's reports on foreign trade of the USSR have been very useful and valuable to the Department. The efforts of the reporting personnel in gathering and compiling this data, particularly Assistant Commercial Attache William O. Anderson, are appreciated.

May 18, 1951, Department of State Washington received (Secret) incoming telegraph from American Embassy, Bangkok that Thai Government informed the Embassy willingness impose controls when Singapore acted and fulfill commitment on Thai rubber export control to Commie areas.

June 17, 1954, the Foreign Service of the United States of America received (Confidential) airmail from American Embassy, Bangkok, Subject: "Transmittal of Memorandum of Conversation between Member of Soviet Trade Organization and Embassy officer" that Ivan Rogatchev, member of Exportheb Soviet Trade Organization invited William W. Thomas, Jr., Third Secretary of Embassy to visit Exportheb on Krung Kasem Road.

Two shelves of catalogues of Soviet products for export, principally, machinery, and bicycles, some motion picture film, and some did not indicate contents. Soviet trade of Thailand has been moving was very slow. The Soviet Union cannot import tin and rubber items needed from Thailand on account of Thai export restrictions. The Soviet Union could export some items through Exportheb. Some heavy machineries and instruments were sold, but most of them were shipped back to the Soviet Union. Cloth and lacquerware still left from the exhibition at the Constitution Fair. This year the Soviet Union would certainly not have an exhibit at the Fair.

The Soviet Union thought that the Thais should start making more heavy equipment and production goods for Thailand's selves in order to reduce their dependence on industrialized countries. Most of the imports seemed to come from Great Britain and the next largest amount from the United States and the Japan. Soviet trade was still very small. Thai importers could buy Soviet goods at Exportheb and must be paid in dollars or pounds. A letter of credit was also acceptance in dollars and pounds but the Exportheb must have assurance of payment before any goods can be shipped from the Soviet Union.

The Soviet Union's showroom contained mostly cloth; cotton, silk, wool, and rayon, the same cloth which was exhibited at the Constitutional Fair last year. Lacquer boxes, carved wooden boxes, a few cosmetics, 4 or 5 pieces of lace embroidery and several cameras were left in the showroom. The prices marked on the labels of most of these products had been reduced, in some cases by half. The cameras were imitations of Leicas and Rolleiflex and very inexpensive (and imitation Leica 35 mm. with and F2 lens was 1,800 baht and an imitation Rolleiflex was 300 baht), but I am unable to



judge the workmanship on these items. 6x20 binoculars were also inexpensive (฿ 500) but the anti-glare lens coating was too heavy.

July 19, 1954, Department of State Washington (Confidential) received airpouch from Amembassy, Bangkok, Subject: "Trade with the Soviet Bloc: Advertisements of Expotlheb, Soviet Trade Agency" that Exportlheb ran the enclosed series of advertisements in the English daily Bangkok Post, beginning June 12, probably translated. Since the newspapers have a circulation of less than 1,000, the advertisements have very little effect on Exportlheb.

### **3.2 Decimal File 1950 -1954, Box 2557, File No. 561.66/4-2952 to 561B.62A/12-552**

March 24, 1950, the Foreign Service of the United States of America received (Confidential) airpouch from American Embassy, Bangkok, Subject: "Improvement in USSR Thai Language Propaganda Bulletin" that USSR bulletins are transmitted into Thai language and seem to be much more effective. These bulletins are sent to all newspaper and to many Government officials, and educational institutions. It must be assumed that they have important potential in molding of Thai opinion and increase emphasis upon subjects which would be of interest to Thai.

For example titles of articles of interest to the Thais, Twentieth Year's Establishment of machine and Tractor Stations, Food Canning Season Begins in Soviet Union, Georgian State Producers 60,000 Tons of Teas, Economic Decline in US., Regulations Dealing with Bestowing of the Lenin Order to Comrade Stalin of the Presidium – The Highest Soviet Council of the USSR, Surplus of Commodities and Manufacturing Goods in USSR, Soviet Farmers are Marching Toward New Successes under the Leadership of Stalin, Stalin and His Leadership, Economic System – Not of the Same World, Big Orders for Motorcycles and Radio sets made by Uzbekistani Collective Farmers, Collective Farmer's Income Increased, Agricultural Socialism that Progressed Through the help of Machinery, Food Canning Season Begins in Soviet Union, Surplus of Commodities and Manufacturing Goods in USSR, Government Long-range Credit Loans to Collective Farms Trebled, Collective Farms Spent 22 Million Rubles for Cultural Promotion, Schemes to Cause Disruption Among the Labor Union,

To increase the Soviet Union's export on heavy machinery, new processed food, food canning season and product with new technologies, including, capital loans process to farmers, even, public spending.

From the above information on during 1950 – 1954, the US kept watching closely on the Soviet Union and Thailand relations with the increasing economic activities on behalf of communism expansion. Heavy machineries were exported in an exchange of rice and rubber. However, the US had led Thai government not to export goods to the

Soviet Union by placing large forward orders of rice, rubber and tin that Thai could only export to the US as a limited amount of resources and export control to Commie areas.

#### 4. Between 1955 and 1959

##### 4.1 Decimal File 1955 - 1959, Box 2653, File No. 661.92/6-658 to 661.941/12-2955

June 9, 1958, Department of State Washington (security classification) received incoming airpouch from American Embassy, Bangkok that Ivan N, Yakushin, Soviet Ambassador, visited rubber merchants, estates, factories for rubber processing, and the U.N. Rubber Experimental Station, at Songkla, Pattalung, Trang, Phuket, Southern Thailand, on May 22- 25, 1958. He tours on those operations, including rubber and tin. He visited Haadyai schools about teaching of Russian history and geography. The cultural attache, spoke for the Ambassador, about the close relationship between Soviet and Thai education. Books in English, about travelling in Moscow, an agricultural exhibition, and Russian palaces were distributed.

##### 4.2 Central Decimal File 1955 - 1959, Eastern European Tr II, Box 1996, File No. 461.91/2-957 to 462A.00/12-1755

May 18, 1956, Department of State Washington received (Confidential) incoming telegram from American Embassy, Bangkok, that Soviet Commercial Counselor proposed Bilateral Trade Agreement to under Secretary Economic Affairs, expressing willingness to buy unspecified quantities of rice, rubber, tin or any other commodities. Thailand's willingness sells on barter basis for Russian automobiles, trucks, tractors, machinery, textiles, fuel oil, coal and newsprint.

April 2, 1958, Department of State Washington received (Confidential) incoming telegram from American Embassy, Bangkok, Subject: "Rubber Trade Controls" between Soviet Deputy Foreign Minister and Minister Economy on March 27 that Thai Government indicated no interest formal Trade Agreement on Rubber to Russia.

August 8, 1958, American Embassy, Bangkok received (Confidential) incoming telegram from Department of State Washington that Thai Government understanding correct that rubber will be removed from International List III (surveillance control) effective August 15 and that deletion will probably be reflected in announcement each COCOM participating country's national control lists on or about that date.

July 24, 1959, Department of State Washington received (Unclassified) incoming telegram from American Embassy, Bangkok, that Russian steamer load 406 Metric Tons grades 2 and 3 smoked rubber sheets from port of Pattani, South Thailand. Destination Odessa, the Soviet Union. Shipment arranged directly by Russian Embassy through Aurora (1958) Ltd., Bangkok Firm. Shipment half grade 2 with value F.O.B.

Bangkok \$141,129. Remainder grade 3 value F.O.B. Bangkok, \$140,630. Price per kilo for both grades averages baht 15 while average ruling market price is Baht 11.

July 30, 1959, Department of State Washington (unclassified) received incoming telegram from American Embassy, Bangkok, that information received from Department of Foreign Trade, Ministry of Economic Affairs, Thailand, revised early submission. 800 long tons shipped grade 3 in 4 items: 1) 203,212.8 kilo, valued 50,225 Pounds FOB Bangkok 2) 203,212 kilo, valued 50,420 Pounds FOB Bangkok 3) 203,212 kilo, valued 48,941 Pounds FOB Bangkok 4) 203,212 kilo, valued 49,408 Pounds FOB Bangkok, in May and June 1958.

September 18, 1959, further shipments of rubber by Aurora Co. (1958) from Songkhla, South Thailand of 900 long tons rubber loaded to Odessa, total 914,457 kilo, valued 250,716 Pounds, in July and August 1959. Aurora plans similar quantities shipments monthly for sometimes to come.

October 15, 1959, Department of State Washington (unclassified) received incoming airpouch from American Embassy, Bangkok, that the Ministry of Foreign Affairs authorized the Aurora (1958) Ltd. to export 8,064 bundles of Thai rubber grade C blanket Crepe No. 2 and 3 to the USSR, totally, 914,457 kilo to the USSR, in September 1959.

October 21, 1959, Aurora Co. (1958) granted a licensed of export rubber grade 2 and 3 to Razing import, Moscow, total of 132,298 kilo.

From the above information on during 1955 – 1959, the trade relations had been developed and increased in international trade. Even though, the US was still keeping as eye on Thailand. More goods with more quantities were exchange in US dollars and British pounds. The Thai side was uninterested in a formal trade agreement on exporting Rubber to Russia. However the commodity would be removed from International List III (surveillance control). The rubber trading was under the Thai Government licensing to export.

## **5. Between 1960 and 1963**

**Central Decimal File 1960 -1963, Box 1013, File No. 461.70K41/3-2162 to 461.0041/8-2262**

April 27, 1960, Department of State Washington received (Unclassified) incoming airgram from American Embassy, Bangkok about authorization granted Aurora (1958) Ltd. for rubber export transaction with USSR, actual shipment not verified. Total of 1,016,364 kilo, valued 297,383 Pounds in April 1960. Total of 203,212 kilo, valued 59,558 Pounds in July 1960. Total of 304,819 kilo, valued 88,666 Pounds in August 1960.

27 May 1960, the actual shipment verified as follows:

914,457 kilo, FOB valued 276,908 Pounds, in April 1960

609,638 kilo, FOB valued 184,836 Pounds, in May 1960

203,212 kilo, FOB valued 62,778 Pounds, in May 1960

586,945 kilo, FOB valued 171,435 Pounds, in September and October 1960.

915,364 kilo, FOB valued 222,845 Pounds, in October 1960. September and October 1960 authorizations of shipment to USSR were granted to Aurora (1958), the East Asiatic Co, Ltd., and Yip In Tsoi Co., Ltd.

November 24, 1960, Department of State Washington received incoming telegram from American Embassy, Bangkok about the comments of Thanat Khoman, Foreign Minister on the meeting between Nikolayev, new Soviet Ambassador and Sarit, Prime Minister on 22 November. Thanat said Thai-Soviet trade would expand in the future “to mutual benefit both parties” with further exchange views aimed at improving trade relations. He sought to improve relations as “we are a small country and we don’t want any enemies”.

May 12, 1961, Department of State Washington received (confidential) incoming airmail from American Embassy, Bangkok about Thailand-USSR Commercial Negotiation. Thailand is now ready to sell rice directly to the Soviet Union for the first time. Previously these deals were carried on either through Hong Kong or Singapore. The first contract will be for about 20,000 tons of rice. At present, there are no negotiations for a trade agreement. In return, the Thais are considering the import of Soviet agricultural machinery to be used for rice cultivation. The Soviets have offered to send technicians to Thailand to assist in the training of personnel to operate such machinery.

March 7, 1962, Department of State Washington received incoming telegram from American Embassy, Bangkok that current trade reports indicate sale 30,000 tons of rice to USSR.

September 22, 1962, Department of State Washington received incoming (Unclassified) telegram from American Embassy, Bangkok that Sarit, PM made following points in Royal Thai Government (RTG) decision to open trade negotiations with USSR 1) Thai-Soviet trade now conducted on private basis. RTG has held up long-standing Soviet request for exchange of notes to formalize trade but matter now “timely”. (RTG has been holding up long-standing to formalize an exchange of trade notes, however, now it is time to do so.) 2) formal trade relations will benefit Thai economy. RTG will demand “certain safety measures” in notes. 3) proposed USSR trade organization, so activities can be better observed. 4) establishment trade organization will protect Thai merchants dealing with USSR since Foreign Trade department, Economic Affairs Ministry will have a list of their names, and enable them to deal with trade organization without being blamed of Association with communists. 5) playing Soviet movies in Thailand will be permitted but any Soviet films imported under program will first be considered and then shown on in Cultural Auditorium. 6) Thailand’s trading policies can be as many countries

as possible, whether in Eastern or Western Bloc, but RTG will not involve trade relationship with certain countries without important data and assurances of sincerity.

September 24, 1962, Department of State Washington received incoming (Unclassified) telegram from American Embassy, Bangkok that RTG begins negotiation for Trade Agreement. Thanom, Deputy PM stated that no foreign policy change since our countries has been trading and trading control will be enabled by the formal notes.

USSR has regularly traded Thai rubber and this year traded 5,000 tons Thai rice, with continuing trading.

For the last part of documentary information on during 1960 – 1963, the Cold War was not last kept-watching by the US. Further trade relations were continuing developed as the first directly rice trading, as previously carrying through Hong Kong or Singapore. The Soviet Union's agricultural machinery was interested to be imported with training technicians offering.

This was the time for Royal Thai Government to start a Trade Agreement negotiation with USSR. Furthermore, the Department of Defense claimed that the US planned to endeavor to conclude a multilateral non-aggression pact among the British Empire, China, Japan, the Netherlands, the Soviet Union, and Thailand and the US.

In conclusion, this documentary evidence showed that the trade relations between the Soviet Union and Thailand were chronologically observed by the US, especially in the aspects of development diplomacy and socialism.

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