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ALL CAPTIVE COUNTRIES

SHORTAGE OF RUBBER REPORTED IN SOVIET BLOC

SOURCE STOCKHOLM: Swedish business circles.

DATE OF OBSERVATION: January 1956.

EVALUATION COMMENT: Attention Economic Editors.

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An acute rubber shortage is reigning in the entire Soviet bloc, we are told by very reliable Swedish business circles. The output of synthetic rubber is said to be far from sufficient, and hence the Soviets had to buy a good deal of rubber in the Far East. On January 2 1956, the Soviets bought 8,000 tons of natural rubber in SINGAPORE, paying 116 3/8 cents per unit. Such a large purchase is noted by the business world as sensational, and prices have gone up in consequence.

On January 14, the Russians bought the same quantity once more and if they continue at this rate, they will soon be the greatest customers on the SINGAPORE rubber market, a place hitherto held by Argentina. The goods are to be transported to their destination by Polish ships.

Our informants point out that in view of the present friendly relations it would have been more natural for the Russians to buy their rubber from Indonesia, which has always been known as one of the greatest exporters. However, at the moment the Indonesian rubber output is negligible owing to the neglect their rubber trees have undergone since the removal of the European plantation owners. Rubber trees have to be replanted every few years and this has not been done. It is believed that the Russians will grant the Indonesians a loan to do the replanting and thus have priority with regard to the output.

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