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SECRET

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

1948 FEB 11 PM 3 16

American Embassy
Bangkok, Siam
January 15, 1948

SECRET

No. 13

SUBJECT: Soviet Plans for Economic Infiltration into Siam and Capture from British and American Firms of Siamese Market for Manufactured Goods.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON, D.C.

Sir:

I have the honor to transmit herewith a memorandum containing information received by me from a thoroughly reliable source regarding plans of the Soviet Government for economic infiltration into Siam.

The informant has been approached by Mr. D. J. Scherbina, USSR trade representative in China who, accompanied by his secretary, Mr. L. Semenas, visited Bangkok in October 1947. As indicated by informant these gentlemen made an exhaustive survey of trade possibilities with Siam, particularly the possibility of marketing manufactured goods and commodities produced by Czechoslovakia, Poland and other countries in the "eastern bloc" dominated by Soviet Russia. Informant learned from the trade representative mentioned and from Mr. William Buchan, British subject residing in Bangkok who is an avowed Communist and actively engaged in promoting Soviet plans and policies, that it is the intention of the Soviet Government to capture the Siamese market for manufactured goods and other imported commodities and thus drive British and American firms out of this market. As revealed to informant, this plan is designed to counter the "Marshall Plan" and by domination of the Siamese market for imported goods to lay the groundwork for extensive political activity in this part of the world.

To carry out these plans an importing concern known as the Czechoslovakia-Siam Trading Company, Ltd. has been set up in Bangkok and is to be managed by Mr. William Buchan. This importing agency will handle all goods and products to be imported into Siam from "eastern bloc" countries. Local distribution and sale will be through selected retail firms who will receive a fixed and profitable commission. As indicated by informant, this is a proposition that makes a tremendous appeal to the average businessman, since he is assured of a steady flow of goods which will be imported without risk to him and from the sale of which he will

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he will derive a profitable commission. There is the further attractive bait that prices for such goods will always be below prices of similar goods being offered by British and American concerns.

The Department will also no doubt be interested in the means employed to transport these goods from "eastern bloc" countries to Siam, such merchandise being transported through Germany by truck with armed Russian guards to prevent interference by British or American authorities. Shipment is effected from Holland by East Asiatic vessels direct to this part of the world.

The Embassy has had no inkling of these plans for some time and the Offices of the Military and Naval Attaches have given some attention to Mr. William Buchan and his activities. Reports concerning Mr. Buchan submitted by the Military and Naval Attaches have no doubt been made available to the Department by the War and Navy Departments. There are no doubt other Soviet agents in Bangkok and it is to be expected that their number will increase and their activities multiply when the Soviet diplomatic representative establishes himself in Bangkok. It is understood that the latter is at the moment in Hongkong and that his plans were upset by the recent coup d'etat.

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I have given Mr. Thompson, the British Ambassador here, a copy of this memorandum and discussed this development with him. He informed me that the British have been watching the activities of Mr. Buchan but that the Embassy was not aware of these Soviet plans to infiltrate and eventually dominate this area. We agreed that these plans should be brought to the immediate attention of our respective governments and that the activities of Soviet agents and representatives should be watched as closely as possible.

Respectfully yours,

Edwin F. Stanton

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Original and ozalid to the Department
Copy to American Embassy, London
Copy to American Embassy, Moscow
Copy to American Embassy, The Hague

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SECRET

Bangkok, Siam
January 14, 1948

SUBJECT: Soviet Plans for Economic Infiltration into Siam and Capture from British and American Firms of Siamese Market for Manufactured Goods.

It has been learned from a thoroughly reliable source that the Soviet Government is making rather elaborate plans for economic infiltration into Siam for political purposes. Embassy's informant states that he learned from Soviet trade representatives who visited Bangkok in October, 1947 and from Mr. William Muir Augustus Buchan that it is the intention of the Soviet Government to capture from British and American firms the market in Siam for manufactured goods and other commodities. The objective is twofold; firstly, to strike a blow at British and American trade in Southeast Asia generally and Siam in particular with a view to countering the "Marshall Plan"; and secondly, by domination of the Siamese market for imported goods to lay the groundwork for extensive political activity in this part of the world.

Informant, who has been approached by Soviet trade representatives, namely, Mr. D. J. Scherbina, USSR trade representative in China, and Mr. L. Semenas, his secretary, states that these gentlemen made a very exhaustive survey of Siamese requirements for manufactured articles of all descriptions, including machinery, motors, tools, hardware, chemicals, dyes, etc., and worked out a detailed plan to supply these requirements from goods and commodities produced or available from the countries constituting the "eastern bloc" under the domination of Soviet Russia. Informant stated that the Soviet trade representatives had compiled a list of over 300 manufactured articles or commodities which the "eastern bloc" was in a position to supply to Siam. He added that the requirements for each commodity or article had been worked out in detail and mentioned as an example that the Soviets had ascertained that approximately 4,500 tons of nails per annum of all sizes and descriptions were required to meet present Siamese needs. The principal supplier of manufactured articles of all descriptions will be Czechoslovakia, and therefore an importing organization called the Czechoslovakia-Siam Trading Company, Ltd., has been established in Bangkok. This concern will be the medium through which all products for Siam from the "eastern bloc" will be imported. Informant said that actual retailing of goods imported by the Czechoslovakia-Siam Trading Company, Ltd. would be effected through a number of local firms, largely Chinese, who would retail on a very profitable fixed commission basis. He said that the proposition offered him and others who had been contacted was exceedingly attractive and very difficult to resist from the business point of view, since the retailer was assured of a steady flow of goods imported at no risk to the retailer in Bangkok and was further assured of a profitable fixed income. A further inducement was the statement of the Soviet trade representatives and Mr. William Buchan, who is actively working for them in Bangkok, that prices of commodities imported by the Czechoslovakia-Siam Trading Company, Ltd. would at all times be under those of British and American goods, in pursuance of the objective of forcing British and American importers out of the Siamese market.

As regards methods of transporting goods and commodities from the "eastern bloc" to Siam, informant said he was told by Mr. William Buchan, who is a British subject residing in Bangkok, that goods from

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the "eastern bloc" destined for sale abroad, particularly in Siam and the Far East, were transported in armed motor convoys from eastern European countries through Germany to Holland and that from there, at least in the case of Siam, they were shipped by East Asiatic vessels direct to Bangkok. Mr. Buchan added that while transportation by this method was costly, it could be effected without interference from British or American authorities in Germany and had been very effective thus far. Mr. Buchan told informant that the Soviets hope in 1948 to capture 30% of the Siamese market for manufactured goods and to dominate the market completely in three years. Informant also gathered that Soviet trade representatives who had visited Singapore and Hongkong had laid some plans for infiltration in those areas but doubted whether they would have much success. He said, however, he was sure they would be very successful in supplying the needs of Vietnam from Bangkok and understood that similar plans had been mapped out for India and Burma. He said Mr. Buchan insists that the plans of the Soviet Government to counter the "Marshall Plan" are world-wide in scope.

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