INTERNATIONAL TRADE 1967: GATT ANNUAL REPORT PUBLISHED

International Trade 19671 has six parts:

I. Recent Trends in International Trade. This first part contains an analysis of the main features of international trade during 1967, and a survey of its evolution in the first half of 1968.

II. Special Studies. This part contains two studies; one on the "Relative performances of selected European Economic Community countries' imports from the Common Market and external sources during cyclical fluctuations in economic activity"; the other on the "Development of world trade and export specialization in engineering products since 1953-54".

III. Trade in Commodities.

IV. Trade of Industrial Areas.

V. Trade of Non-Industrial Areas. This part contains a study of the general trends in 1967 and an analysis of the prospects for 1968.

VI. Trade of the Council for Mutual Economic Aid Countries

I. RECENT TRENDS IN INTERNATIONAL TRADE

1. Main Features of International Trade During 1967

The calendar year 1967 represents one of the few occasions in the post-war period when several large economies were simultaneously undergoing a recession. The last occasion of this kind was in 1958, when the gross national product of the United States declined by a little over 1 per cent and that of the major West European countries showed markedly smaller increases than in preceding years, or stagnated. As a result of the coincidence of recessions in 1967, world trade, which had been showing annual increases of not less than 8 per cent since 1961, registered an increase of only 5 per cent, to a total of $214.14 billion. In 1958, in comparison, the value of world trade declined absolutely, by nearly 4 per cent.

Compared to 1958, the most recent recession was thus relatively mild. For the year as a whole, the recession in the Federal Republic of Germany, the country that was most severely affected, caused only a halt in the growth of national product; it was, however, the first interruption of growth since 1951. In the United States, a recession in the first half of 1967 halved the annual growth rate of gross national product from 5 to 2.5 per cent. It is also worth noting that the relatively widespread of recessive tendencies in 1967 were, essentially, the result of a coincidence of independent causes rather than a manifestation of a single world-wide impulse.

The speed with which the recessions were overcome was due to two circumstances. First, in the strict sense of absolute production declines, they remained geographically limited while two others among the more important economies, the Japanese and the Italian, maintained in 1967 a vigorous expansion; the former having even accelerated its growth from the preceding year. The second important factor that prevented the recessions in the Federal Republic of Germany and in the United States from becoming cumulative and spreading to other countries was the remarkably prompt response of these two economies to internal policies designed to promote resumption of economic activity without affecting the stability of the domestic price level. This factor reflects not only the greater precision with which national administrations have learned to formulate and apply appropriate stabilization policies but also, and perhaps primarily, the fact that the private sector has developed a confidence in these policies and makes them a part of its own calculations.

An important condition for the success of these policies has been the existence of a liberal trading system. National economic policies, having reduced both the amplitude and the duration of downward swings in economic activity, have thereby also greatly reduced the possibility of national recessions becoming generalized.
In volume as well as in value, world exports of primary products again expanded markedly less than those of manufactures. Within the group of manufactures, exports of automotive products, machinery and equipment, and other engineering products continued to grow more rapidly than the rest, particularly textiles and other consumer non-durable manufactures. In the overall average, prices of primary products help up considerably better in 1967 than in 1958, the decline being less than 3 per cent from the preceding year.

While total world trade increased by 5 per cent, and the mutual trade of industrial countries by 6 per cent, the increase in total exports from developing areas hardly exceeded 2.5 per cent. This sharp deceleration from the more than 7 per cent increase realized in 1966, of the growth of exports from developing countries, which has already reflected itself in a similar reduction in the growth of imports into developing countries, represents a setback to their development effort mainly through the delays which it will cause in the completion of numerous import-intensive development projects presently in hand. In total exports by developing countries, those of manufactured products expanded more rapidly than the rest, and the share of current export earnings derived from primary products declined further to about 81 per cent. The deceleration of exports of manufactures from developing countries seems to have been general, perceptible setbacks having been experienced even by the most successful and dynamic exporting countries such as Hong Kong, Taiwan and the Republic of Korea. The product composition of manufactured exports by developing countries is the main explanation of their relative setback.

2. Trends in International Trade During the First Half of 1968

The first six months of 1968 were characterized by the continuing recovery of economic activity in general that had commenced in the second half of 1967. The situation varied widely, however, from country to country.

In the United States, industrial output was, at mid-year, 4 per cent above the level attained a year ago, but had shown little progress during the six-month period itself, most of the increase having been achieved in the last quarter of 1967. The situation was not dissimilar in Italy and the United Kingdom. In Japan, on the other hand, where industrial output had grown by nearly 20 per cent in 1967, the vigorous upward trend continued, and output was more than 18 per cent above the level recorded in mid-1967. Among the European countries, the Federal Republic of Germany experienced the most vigorous industrial growth in the first six months of 1968, having been most severely affected by recession in 1967. In France, the faster industrial growth that had commenced in September 1967 gained momentum during the first four months of 1968, when industrial output was 6.5 per cent above the level for the corresponding period of the preceding year. However, the events of May 1968 had severe repercussions on the economy. The production decline that occurred in May and June, was steep so that, for the first six months of 1968 as a whole, industrial production will almost certainly be below the level reached in the corresponding period of 1967. As for the smaller European countries, the recovery was, in general, more pronounced in the EEC than in the European Free Trade Association.
The resumption of economic growth in the industrialized countries was reflected in world trade. Global exports in the first six months of 1968 can be estimated to have grown by approximately 7 per cent from the level recorded in the corresponding period of the preceding year. This can be considered a significant acceleration as an increase of only 4 per cent was recorded in the second half of 1967 (as against 7 per cent in the first six months of 1967). The expansion of foreign trade was felt in all areas, and particularly in the developing countries.

Exports from industrial countries increased by nearly 8 per cent, compared with only 2.5 per cent in the second half of 1967. The vigour of this expansion derived mainly from the import demand of the United States and Japan. Total imports by the United States soared by 21 per cent, and those of Western European origin by almost 30 per cent. This large increase in United States’ imports accounts for more than 40 per cent of the total increment in exports by the other industrial countries which increased by more than 8 per cent. Exports by the United States increased by only 6 per cent, so that the surplus that for many years had characterized the merchandise trade of that country was eliminated. On the basis of the c.i.f. value of imports, the surplus had been of the order of $1,700 million in the first six months of 1967; for the first six months of 1968, the trade balance showed a deficit of the order of $420 million. Japan’s imports increased by 12 per cent but exports grew by 20 per cent at the same time.

In Europe, exports by the EEC grew by nearly 9 per cent while EFTA exports increased by only 1 per cent. In the first half of 1968, the absolute amount of EEC exports exceeded those of EFTA by more than 100 per cent; in 1958, the difference between the two was only 47 per cent, and up until 1951, combined exports of the EFTA countries had been larger than those of the EEC countries.

On the basis of preliminary data, a vigorous new expansion appears to have occurred in exports by developing countries, especially from the second quarter of 1968 onwards. According to estimates by the secretariat, these countries’ exports increased by 7 to 8 per cent in the first six months of 1968, as against less than 2 per cent for the first six months of 1967 and 4 per cent for the second half of that year. Imports, on the other hand, tended to develop at a fairly moderate rate, probably less than 5 per cent, so that the trade deficit, which had increased in 1967, tended to decline appreciably in 1968.

Endeavouring to assess the prospects for 1968 as a whole on the basis of data available for the first six months, together with recent forecasts for the second half of 1968, it seems already safe to conclude that 1968 will show a significant improvement in world trade over 1967. The expansion of world exports is estimated at roughly 8 per cent, as against 5 per cent in 1967, in other words at a rate close to but below that recorded between 1962 and 1966.
Exports by industrial areas should develop by about 9 per cent, and imports at probably much the same rate. This balanced situation in 1968 in the industrial areas as a whole will, however, be less uniform at the level of smaller areas: a trade surplus can be expected for the EEC which will offset the trade deficit of the EFTA and possibly even of North America. The economic situation is too uncertain for any reliable forecasts to be made with respect to probable growth of exports by individual countries. One can expect, however, that the export growth will be above the regional average in Japan, the Benelux, the Federal Republic of Germany and Italy, and that it will be below that average in the United States, France and the United Kingdom.

Prediction of trade developments in other areas, particularly the developing ones, is somewhat more uncertain at this stage. It would be reasonable to expect, however, that the acceleration of trade in general will also benefit the developing countries. It seems at the moment that the annual growth rate of their exports will most likely be somewhere between 6 and 8 per cent as compared with 2.5 per cent in 1967. The import growth will be more moderate, probably 4-6 per cent; thus the trade deficit, which had increased substantially in 1967, should decline again.

II. SPECIAL STUDIES

1. Relative Performances of Selected EEC Countries' Imports from the Common Market and External Sources During Cyclical Fluctuations in Economic Activity

This GATT secretariat study notes, inter alia, that relative performances of total Italian and German imports from third countries tended to be relatively more unfavourable during upswings than during downswings in economic activity. In the course of the Italian recession of 1964-, imports from external sources even showed an absolutely better performance than those from the Community, the latter falling by a higher percentage, on the average, than the former. The average quarterly rise in the intra-trade ratio of total German imports was larger during the 1963-1965 boom than during the following recession, indicating that total imports from third countries - although their development was less favourable than that of imports from the Community in both phases of the cycle - performed relatively better during the downswing than during the upswing. In the case of France, on the other hand, average quarterly changes in the intra-trade ratio of total imports tended to increase gradually throughout the period under review, showing no distinct differences from one phase to another; in other words, while the share of imports from third countries in total French imports gradually declined over the period as a whole, this development cannot be systematically linked to cyclical fluctuations in economic activity and import demand.
The study reaches certain broad conclusions. The main one is of a negative nature but none the less significant. No evidence was found in support of the view that the process of elimination of internal tariffs, and of harmonization of national external tariffs into a common external one, would, in general, give a greater stimulus to total imports from internal sources at one phase of the cyclical movement than at another. In particular, the statistical analysis did not bear out the expectation that trade diversion, or substitution of total imports from internal for those from external sources, would be more likely to occur in periods of stagnating or declining trade than in periods of rapid trade expansion. Observed in their totality, the relative shifts between sources of imports occurring during the cyclical fluctuations in economic activity appear to be the result of so many different influences affecting each product group that the effects of tariff arrangements as such, if they played a significant rôle at all, are not distinguishable.

2. Development of World Trade and Export Specialization in Engineering Products Since 1953-54

During the past fifteen years, engineering products have been the most rapidly growing sector of world production and trade and this dynamism can be considered both a cause and result of the long-term acceleration of economic development in general and of further economic growth in the industrialized areas in particular.

In its concluding remarks, the study shows that practically all categories of engineering products have participated in the rapid expansion characteristic of this sector of world trade in the last decade, although significant shifts have occurred in the product composition of engineering exports and imports of individual countries and in the flows of this trade between individual groups of countries. A consideration of these results on the background of general economic trends, in conjunction with the gradual implementation of the Kennedy Round agreements, leads to the conclusion that world trade in engineering products can be safely expected to maintain the momentum it has exhibited so far. This means that also the changes in export specialization will continue to proceed at least at the rate observed in the recent past.

The world market share of the United States and, more recently but increasingly, also of several West European countries, especially the United Kingdom and the Federal Republic of Germany, has shown a particularly steep decline in the more labour-intensive classes of engineering products, i.e. consumer equipment, heavy transport equipment including ships, and miscellaneous metal manufactures. At the same time, it was in these classes that imports into the countries mentioned above have grown most rapidly. Some of these increases have been substantial enough to turn the United States from a net exporter of some categories of consumer equipment to a net importer.
The most spectacular gains in the world market for these more labour-intensive product classes were made by Japan, which in this period could increase both its industrial employment and industrial labour productivity at a rapid pace. This country's competitive strength can be expected to shift gradually away from the more labour-intensive products towards industrial machinery, research-intensive equipment and, particularly, passenger cars. The weight of these classes of engineering products in total Japanese engineering output and exports is already growing rapidly.

As for developing countries' possibilities in this sector of world trade, it is useful to distinguish between the export-oriented Asian countries and other developing countries. In the former group, particularly in Hong Kong, China (Taiwan) and the Republic of Korea, there has already begun a rapid expansion of production and exports of the more labour-intensive engineering products, especially of consumer equipment. Certain other developing countries, such as India, Brazil, Mexico and Argentina, which have already established a domestic engineering industry of a certain size, have not yet exported any sizeable share of their engineering output. This seems to be due not only to the fact that domestic market prices were usually higher than those obtainable for export but also to the very considerable difficulties encountered by these countries in marketing their engineering products abroad.

With the shifts in the competitiveness in industrial countries away from labour-intensive types, exports of engineering products from industrializing countries can become competitive also in the markets of the industrial countries. For this group of countries, therefore, the most important conclusion from this study would seem to be that the export opportunities for their engineering industries are real and growing, and that a systematic exploitation of them must be based on a detailed and persistent search for product categories for which the trends of demand are the most promising.

III. TRADE IN COMMODITIES

The growth of world trade in primary products has been uninterrupted since 1958, but the relative increase in 1967, when world exports reached an estimated $80 billion, was the lowest recorded in the last nine years. This smaller increase is due more to a decline in prices than to any significant reduction in the rate of growth in the volume of world exchanges. The rate of increase in the value of world exports of base metals also slowed down, reflecting the lower prices of non-ferrous metals.

Several factors played an important role in determining the value and volume of trade in primary products and non-ferrous metals. The slow rate of economic growth in the industrial area and subsequent slack demand for raw materials and non-ferrous metals was a major cause for the serious decline in the level of these prices. Moreover, agricultural output in Western Europe and the USSR attained a high level in 1967 and led to lower requirements of food from other parts of the world. The growth in world exports of fuels presents, in the
aggregate, no significant difference from the preceding year; the Middle East crisis slowed down the pace of production and exports from the developing countries considered together, but increases in other trade flows made up for this shortfall. The closure of the Suez Canal had a marked effect on import prices paid by Western Europe for petroleum and other commodities normally directed through this route. The devaluation of the pound in November 1967 had only limited consequences on the level of import prices in the United Kingdom for the year as a whole.

On the other hand, a number of developments in 1967 exerted a stimulating influence on trade in primary products and non-ferrous metals. Of these, the economic growth of Japan - the strongest in the last six years - and its expansion as a market for industrial inputs stands out as the most important. Certain events in the United States also led to increased exchanges: the strike in the copper industry and smaller stockpile releases of major non-ferrous metals had the indirect effect of contributing to an increase in the volume of trade in non-ferrous metals. For rubber as well, the reduction in stockpile deliveries created additional import demand.

The value of world exports of food increased by only about 1-2 per cent in 1967, or considerably less than in the previous years. The value of world exports of raw materials is estimated to have declined in 1967 reflecting primarily the fall in prices. No significant reduction in the growth of the volume of raw materials seems to have occurred. The value of world exports of fuels is estimated to have risen at a pace similar to that of the preceding years despite a reduction in the rate of deliveries of crude petroleum from the developing countries as a consequence of the Middle East crisis. After three years of strong expansion in the value of world trade in base metals, the rate of growth slowed down markedly in 1967 mainly as the result of a decline in the prices of most non-ferrous metals from the comparatively high level of the previous year.

IV. TRADE OF INDUSTRIAL AREAS

The exceptionally rapid expansion of the foreign trade of industrial countries was interrupted in 1967 with the growth in their aggregate imports and exports slowing down to 5-5 per cent each, or roughly half the average annual rates registered between 1962 and 1966.

The gradual weakening in the expansion of this trade particularly during the fourth quarter of 1966 became more pronounced in the second and third quarters of 1967, with aggregate imports levelling off and exports declining. Only the fourth quarter of the year brought a recovery in both trade flows which was particularly strong in the case of imports. Trends in the foreign trade of major individual industrial areas were roughly similar. Imports into North America, which had grown extremely rapidly in 1965 and the first half of 1966, decelerated from the fourth quarter of 1966 onwards and declined in the
second and third quarters of 1967, while exports stagnated in the second quarter, and dropped in the third quarter. Similarly, EEC imports fell during the first half of 1967, and exports in the second and third quarters. In both areas, however, foreign trade, and notably imports, recovered strongly in the fourth quarter of the year. Imports and exports of EFTA, on the other hand, continued growing into the first quarter of 1967 but deteriorated considerably during the three subsequent quarters, particularly exports. Japan was one of the few major industrial countries recording uninterrupted high import growth throughout 1967. Japanese exports, however, also grew much less than in previous years, reflecting the general weakness in import demand coinciding with a strong domestic boom.

Trade development thus paralleled the temporary weakening of economic growth of the industrial countries during the second half of 1966 and the first half of 1967. The aggregate gross national product of these areas expanded by only 3.5 per cent in volume in 1967, as compared with annual increases of 5 per cent in each of the two preceding years and during the 1960-66 period as a whole. In the second half of 1966, economic growth in the industrial areas had already slackened considerably, to an annual rate of only 3.5 per cent; in the first half of 1967, it weakened further to about 2.5 per cent but recovered to 4.5 per cent in the second half.

The temporary slowdown in economic expansion of the industrial areas as a whole was mainly attributable to developments in North America, the Federal Republic of Germany and the United Kingdom, which together account for over 70 per cent of the industrial countries' total product.

The slowdown in the growth of the industrial areas' foreign trade affected imports and exports of nearly all groups of commodities, and trade among industrial countries as well as with other parts of the world. Among primary commodities, it was particularly pronounced for total imports and exports of foodstuffs and raw materials. Imports of fuels, on the other hand, showed a sustained expansion, and export growth accelerated sharply, mainly reflecting a considerable rise in the industrial countries' mutual trade after the Middle East crisis.

Among manufactures, base metals and textiles were particularly hit by the weakening in demand. In 1967, the industrial countries' total imports and exports of textiles and clothing fell slightly below the preceding year's level, and imports of base metals - which had shown an exceptionally strong rise in the three preceding years - advanced by only 3 per cent. Total exports of base metals, on the other hand, expanded nearly as much as the year before, with most of the increase in sales to the Eastern trading area.

Although showing slower growth than in 1966, trade in machinery and transport equipment continued to progress considerably faster than in other manufactures, total imports rising by nearly 12 per cent, and exports by 9 per cent in 1967.
Machinery and transport equipment, in fact, accounted for 55 per cent of the increase in the industrial countries' total exports, and for 45 per cent of the increase in their imports. Total imports and exports of chemicals and of all other manufactures combined advanced by nearly 8 per cent, against 13 per cent in 1966.

As in preceding years, the expansion of the mutual trade of industrial countries, though also slowing down from 11 per cent in 1966 to almost half this rate in 1967, was more rapid than the growth in their trade with the rest of the world. Exports to and imports from all non-industrial areas advanced by 3.5 per cent each, compared with 8.5 and 10 per cent, respectively, the year before. If fuels are excluded, the industrial countries' imports from all non-industrial areas rose by only 2 per cent in 1967, against 10.5 per cent in 1966.

The industrial areas' aggregate imports from the developing countries advanced by some 3 per cent (8.5 per cent in 1966), the increase being, moreover, mainly due to a further strong expansion in crude oil imports. Combined purchases of all other commodities from the developing countries, in fact, advanced by only 1 per cent, compared with an increase of 8 per cent in 1966. Imports of foodstuffs and beverages stagnated, mainly reflecting reduced demand in the EEC, and those of raw materials declined by 5.5 per cent. To some extent, these trends reflect the deterioration in prices of certain foodstuffs and raw materials - notably of fats, oils and oilseeds, and textile fibres - since the fourth quarter of 1966.

Following an expansion by one fifth in 1966, imports of base metals from developing countries advanced by 8 per cent in 1967, partly reflecting changes in copper prices which had reached their peak in the middle of 1966 and fell from then on until the fourth quarter of 1967. The industrial countries' total purchases of all other manufactures, by contrast, expanded further by 12 per cent, again much faster than intra-industrial trade in these commodities.

As far as the industrial countries' trade with other parts of the world - i.e. the Eastern trading area and Australia, New Zealand and South Africa - is concerned, their imports from these areas followed the general trend of weakening growth, while total exports to these areas expanded somewhat faster than in 1966. Purchases from the Eastern trading area advanced by only 6 per cent, against 20 per cent in 1966. Imports of primary products by EFTA, of base metals by both EEC and EFTA, and of all manufactures by other West European countries fell sharply. Total imports from the Eastern trading area into EFTA and into other West European countries stagnated, while those into the EEC increased half as fast as in 1966, the major part of the increment consisting of primary products. Only Japan's imports continued to expand sharply at the same pace as in 1966.
V. TRADE OF NON-INDUSTRIAL AREAS

1. General Trends

The three main economic changes in the developing countries in 1967 were a substantial increase in agricultural production, an appreciable slowing down in expansion of industrial output, and a sharp decline in the growth rate of export earnings.

There was a substantial rise of about 7 per cent in 1967 in the agricultural production of developing countries. This followed three years in which growth of production had lagged behind that of population, resulting in a widening in the food deficit and increased food imports. Mining and manufacturing output of developing countries increased by 4 per cent in 1967, as against 7 per cent in 1966. The growth rate was the lowest yet recorded since annual statistics became available in 1948. Finally, there was a weakening of foreign demand for products manufactured in developing countries as a result of recessions in several major industrial countries. In 1966, exports of manufactures from developing to industrial countries had advanced by 20 per cent but in the following year the increase was only 6 per cent.

The general slowing down in the growth of international trade in 1967 affected the exports of developing countries much more strongly than those of industrial countries. The value of exports from developing countries increased by only 2.5 per cent, to attain $39.9 billion. This change stands in sharp contrast with those recorded in the four preceding years, during which the average annual growth rate had been in excess of 7 per cent. The effect of the slowdown in economic expansion of industrial countries on the foreign trade of developing countries was further accentuated in 1967 by a 4 per cent decline in purchases by the Eastern trading area. Between 1956 and 1965 increased sales to these countries had accounted for 16 per cent of the total increment in exports by developing countries. The 1967 decline was, in fact, the largest reduction since 1953 in exports to the Eastern trading area.

In 1967 the value of exports by developing countries again increased more slowly than the value of exports by both the developed countries and the Eastern trading area, so that there was a further decline in the relative share of developing countries in world trade. This share, which had been of the order of 30 per cent in 1948, 27 per cent in 1953 and 19.2 per cent in 1966, declined to 18.7 per cent in 1967.
2. Prospects for 1968

From the trade returns of the major importing countries it does appear reasonably certain that there will be a more substantial increase in the exports of developing countries in 1968 than in the preceding year. The extent of this increase may provisionally be estimated at 6 to 8 per cent.

It is much more difficult to estimate, at this stage, the 1968 change in developing countries' imports. It has been observed, however, on past occasions when the growth of developing countries' exports suffered a significant setback, that the growth rate of their imports remained depressed also in the following year. It would not be unreasonable to expect that imports into developing areas in 1968 will increase significantly less rapidly than exports from these areas. At the present time, this increase in imports might be roughly estimated at 5 per cent which would mean that the trade, and perhaps also the balance-of-payments deficit, of the developing countries might be expected to narrow significantly in 1968.

VI. TRADE OF THE COUNCIL FOR MUTUAL ECONOMIC AID COUNTRIES

The growth of national income in the CMEA countries slowed down in 1967 mainly owing to the fact that agricultural production, relatively more important for these countries than for the industrial countries, increased less than in the preceding year. Despite an accelerated growth of industrial production, gross material product increased in 1967 by only 6.5 per cent in value, as against 7.5 to 8 per cent in 1966. With the exception of Bulgaria (9 per cent) and Eastern Germany (5 per cent), the rates of growth achieved by individual countries were close to the regional average and, in almost all cases, were slightly higher than originally planned.

Industrial production in the CMEA countries combined increased by 9.5 per cent in 1967, as against 8.5 per cent in the two preceding years and 7.4 per cent in 1964. The 1967 rate of increment is the highest registered since 1961. There were wider differences between the percentage increases achieved by individual countries and the regional average than was the case with the increases in national income, but in most CMEA countries industrial production targets were surpassed. Except for Bulgaria and Czechoslovakia, the growth in fixed investment was also everywhere distinctly higher than in the previous year. The higher level of investment activity explains the appreciable increase in imports of capital goods.

Despite the slowdown in economic growth, the CMEA is the only extensive area recording an accelerated expansion of exports in 1967. In terms of value, its combined exports increased by more than 9 per cent, as against 6 per cent in
1966 and 7 per cent in 1965. The 1967 rate of increase is the highest recorded since 1962. All the CMEA countries, except Hungary, achieved an acceleration of exports in 1967. Rumania is at the head of the list, with an export increase of almost 18 per cent, followed by Bulgaria and Poland, both of which registered an 11-12 per cent increase.

For the third consecutive year, the growth of imports lagged behind that of exports. For the area as a whole, imports increased by more than 7 per cent in 1967 as against 5 per cent in 1966. The performance of individual countries, however, differed very considerably from the area average, varying between more than 27 per cent for Rumania and about 2 per cent for Eastern Germany; Czechoslovakia's imports actually declined by 2 per cent. The more moderate progression of imports led to an increase in the trade surplus which, for the CMEA countries as a group, reached $880 million as against $230 million in 1965.