The GATT secretariat, Trade Intelligence Unit, has prepared and made public the results of a statistical examination of the rôle, in world trade, of the Dependent Overseas Territories. Copies of the Paper which sets out this information, including statistical tables, are available from the GATT Information Office, Palais des Nations, Geneva. This Paper is not a publication and is not available from United Nations Sales Agents.

Scope of the Enquiry

The investigation covers the British, Belgian, French and Portuguese dependent overseas territories, excluding those which have become independent countries since the war. (British territories include the British-protected States in the Arabian Peninsula.) The Dutch dependencies (essentially in the Antilles) have been omitted since information on their trade is scanty.

Summary and Conclusions

As has been shown in the report of the GATT secretariat - International Trade, 1953 - the development of international trade since 1951, when prices reached their maximum level after the outbreak of the Korean War, has been characterized by two main features: first, the reduction in the adverse trade balance of Western Europe vis-à-vis North America and the dollar area as a whole, and second, the tendency for trade to be particularly well maintained, or even to expand, in regional channels.

The recent improvement in Europe's dollar position was mainly due to the increase in Europe's exports of manufactures to North America. But the improvement was also, especially since 1951, the result of greatly reduced imports of primary products from dollar sources. The simultaneous intensification of international trade in regional channels - including trade between Continental Western Europe and its dependent overseas territories, and between the European and overseas sterling areas - took mainly the form of increased imports by the "industrial" members of each region. Hence there is a clear inference that the two principal features of recent international trade developments, namely increased exports of manufactures from
Europe to North America and intensified trade in regional channels, are linked. The GATT secretariat paper attempts to verify this inference in the case of the overseas territories dependent on both the United Kingdom and the Continental countries of Europe.

The examination of the above factors has yielded the following main conclusions:

1. The dependent overseas territories have been able to expand their exports to the markets of the metropolitan countries between 1951 and 1953, while the imports of the metropolitan countries from other non-industrial sources declined severely.

2. This expansion of imports from the dependencies was largely accounted for by "dollar commodities", while imports of these commodities from the dollar area fell.

3. There was therefore a close connexion between the improvement in Western Europe's dollar balance and the tendency toward regional trading.

4. Production of "dollar commodities" in the dependencies has more than doubled since prewar, while production of other primary products has increased by only 10 per cent.

5. However, there are indications that the prices of "dollar commodities" supplied by the dependencies have recently continued to rise, while the prices of these commodities originating in the dollar area have fallen.

6. While production of "dollar commodities" in the dependencies is likely to expand further, the extent of their contribution to the permanent solution of the dollar problem hinges on the further course of efficiency of "dollar commodity" production and on the resulting price developments.

Connexion between increased Total Imports of the Metropolitan Territories and increased Supplies of Dollar Commodities from the Dependencies to the Metropolitan Territories

The first point examined in the Paper is the extent to which the growth in the value of imports into Belgium, France and Portugal, on the one hand, and into the United Kingdom, on the other, from their dependencies is accounted for by dollar commodities.

Movement of imports from own dependencies. Before the war the metropolitan countries of the European Continent received a much larger share of their total imports from their dependencies than did the United Kingdom. Such imports accounted in 1938 for nearly 20 per cent for the Continental...
countries and about 6 per cent for Britain. In 1950 the share of the dependencies, at 19 per cent, was almost the same as before the war for the three Continental countries while for the United Kingdom it stood at 13 per cent, more than twice the prewar figure. In subsequent years, the relative importance of supplies from the dependencies in the imports of the major countries has fluctuated appreciably as regards Belgium, France and Portugal. After falling to 16 per cent in 1951, it rose again and by 1953 it had almost reverted to the level of 1950. The United Kingdom, on the other hand, received a rapidly increasing proportion of her total imports from her dependencies. From 13 per cent in 1950, that proportion rose to 18 per cent in 1952 and 1953.

As a result of these movements, the dependent overseas territories have enjoyed a preferred position in the markets of their metropolitan countries, particularly between 1951 and 1953, a period during which the imports of these countries from other non-industrial sources suffered heavily. Thus the value of imports into Belgium, France and Portugal from their respective dependencies rose in value by 7\(\frac{1}{2}\) per cent from 1951 to 1953, while imports from other non-industrial regions fell by 15 per cent. In the same period, the United Kingdom's imports from her dependencies rose by 3\(\frac{1}{2}\) per cent, against a reduction by 20\(\frac{1}{2}\) per cent in the value of imports from other non-industrial countries (including the independent members of the overseas sterling area).

In absolute amounts, the increase in the value of imports from the dependencies between 1951 and 1953 represented $89 million (c.i.f.) in Belgium, France and Portugal and $56 million (c.i.f.) in the United Kingdom.

The dependencies as suppliers of dollar commodities. Although the concept of the "dollar commodities", being a by-product of the "dollar shortage", is essentially a postwar phenomenon, it is interesting, the Paper states, to consider the rôle of such commodities both in the total imports of the metropolitan countries and in the trade between them and their dependencies since before the war.

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1 Some of this increase was due to petroleum (mainly from the States in the Arabian Peninsula). If petroleum is omitted, the increase was from 6 per cent in 1938 to 12 per cent in 1950.

2 If oil is disregarded the increase was much slower and the share stood at 13 per cent in 1953.

3 If petroleum is omitted, there was a decline by $124 million.
If the "dollar commodities" are defined as comprising cereals (other than rice), sugar, tobacco, coffee, cotton, copper, lead, zinc, and petroleum (including petroleum products), these commodities, even in 1938, played a significant rôle among the total imports of the three continental countries and the United Kingdom, accounting for over one-fifth in both cases. After the war, their relative importance was even greater (mainly because of petroleum). Together, the dollar commodities above listed represented between 25 and 28 per cent of the total value of imports in postwar years. If petroleum is left out of account, their share, both in the Continental countries' and the United Kingdom's imports, was 17 per cent in 1938 and 20 per cent after the war.

As regards the origin of the dollar commodities, the most notable feature is the growing importance of the dependencies as a source of supply. In the three Continental countries, this increase was accompanied by a decrease in the relative importance of imports from the dollar area proper, while supplies from other non-dollar sources rose even faster. In the United Kingdom, the share of dollar commodity imports from the dependencies rose at the expense of both the dollar area and other sources.

Between 1951 and 1953, the increase in imports of dollar commodities from the dependencies was $70 million for the three Continental countries and $261 million for the United Kingdom. At the same time supplies from the dollar area proper fell by $171 million and $272 million, respectively.

Hence the greater supplies of dollar commodities from the dependencies made a significant contribution toward enabling the Continental metropolitan countries to reduce their imports from the dollar area. In the United Kingdom, the supplies of dollar commodities from the dependencies even increased by as much in value as they fell from the dollar area.

On the other hand, the increased value of dollar commodities imported from the overseas territories accounts for nearly the whole of the increase in the total imports of Belgium, France and Portugal, from their dependencies, i.e. $70 million out of $89 million. In the United Kingdom, the imports of such commodities from dependencies rose nearly five times as much as total imports from them. Even if petroleum is disregarded, the increase in the value of imports from the dependent overseas territories was more than accounted for by dollar commodities. There is thus a close connexion between regionalization and the improvement in the European dollar balance.

Production and Prices of Dollar Commodity Supplies in the Dependent Territories' Production. The postwar contribution of the dependencies to the alleviation of the dollar problem would not have been possible without a vigorous expansion in the production of dollar commodities.

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1 If petroleum is omitted from the latter figure the increase still remains at $81 million.
The Paper examines the level of output, in comparison to prewar, of dollar commodities and major non-dollar commodities in the overseas territories dependent on Belgium, France, and Portugal, on the one hand, and the United Kingdom on the other, and comes to the following conclusions.

The production of dollar commodities is seen to stand well above the prewar level in each postwar year considered and to have risen continuously up to 1952 (no complete data for 1953 are available). At the same time, the increase has been much steeper in British dependencies than in the others, particularly if petroleum is included. For all dependencies taken together, the general production volume in 1952 for all dollar commodities, including petroleum, was more than twice as large as before the war.

This increase stands in sharp contrast with developments in the production of non-dollar commodities since prewar. In the Belgian, French, and Portuguese dependencies, the rate of growth of such commodities between 1948-1950 and 1952 has been nearly the same as for dollar commodities. However, in spite of this growth, the 1952 output of non-dollar commodities was still below the prewar level. In the British dependencies, on the other hand, the level of production of non-dollar commodities, while well above prewar in 1952, has fallen considerably since 1948-50 (mainly on account of rubber and rice). The combined production of the non-dollar commodities considered in all the dependencies combined was, in 1952, only 10 per cent higher than before the war.

The difference in the production trend of dollar and non-dollar commodities is, of course, not accidental. On the contrary, it reflects sustained efforts on the part of the metropolitan countries to reduce their dependence on supplies from dollar sources. There are also some indications that these efforts are likely to continue, the Paper states. To quote only a few examples, the new four-year plan for the French dependencies provides for the particularly intensive development of the production of coffee, cotton, tobacco, and copper. And the insecurity resulting from the termination of the British bulk purchase agreements and state trading practices is likely to be tempered by the continued activities of - e.g. the guaranteed prices offered by - local marketing boards. It may also be mentioned that at the Commonwealth sugar agreement, one of whose purposes is the increase of sugar production, guarantees a large market for cane sugar in Great Britain at a fixed price (which now appreciably exceeds the world price) up to 1961.

It is therefore probable, the Paper concludes, that the divergence in relative production levels in comparison with prewar will be maintained, if not increased further. To the same extent, the importance of regional trading may be expected to continue.

Prices. As regards price movements since before the war (when the import prices of dollar commodities were somewhat - perhaps 8 per cent - higher for supplies from the dependencies than from the dollar area), it would appear that imports from the dependencies have become relatively cheaper.
than from dollar sources, if petroleum is included. If petroleum is excluded, however, the dollar commodities imported from the dependencies seem to have become relatively more expensive, particularly since 1952. By 1953, they were about 24 per cent dearer in relation to prewar than from dollar sources.

The Paper states that although it seems virtually certain that the production of dollar commodities in the dependencies will continue at a high level, and quite probable that it will continue to grow, the ultimate success of the efforts devoted to this end, and the economic cost of whatever contribution this production may make toward balancing the dollar position of the European countries, would seem to hinge on the comparative efficiency of such production and on the price developments resulting from it.

Participation of the Dependent Territories in World Trade

Excluding those territories which have become independent countries since the war, the rôle of the dependencies (British, French, Belgian, Dutch and Portuguese) in world trade has grown since before the war, mainly on account of larger imports.

While exports from the dependencies represented about 8 per cent of the world total in both 1937/38 and in 1953, imports (c.i.f.) rose from 6 per cent to 9 per cent of world imports. From an export surplus of about $100 million before the war the overall trade position of the dependencies changed to an import surplus of more than $1,000 million in 1953. The increase in imports was especially marked in the non-British dependencies where their 1953 value was more than five times the prewar figure. In the British dependencies the increase was more than three-fold. On the other hand, exports from the British territories have risen faster than from the others.

The rise in imports of the dependencies since prewar was accompanied by an increase in supplies from the metropolitan countries, except in the Belgian Congo where Belgium's share fell from 47 to 40 per cent. In the British territories (including the British-protected States in the Arabian Peninsula) the United Kingdom's share rose from 28 to 31 per cent, Portugal's share in the imports of her dependencies from 33 to 39 per cent, and France's share in the imports of her overseas territories rose from 58 to 69 per cent. For all these dependencies taken together, larger supplies from the metropolitan countries accounted for two-thirds of the increase in the total value of imports that exceeded the rate of growth in world imports.

On the export side, the share of the metropolitan countries also increased as compared with prewar.

Production in the dependencies related to metropolitan imports. The ratio of production in the dependencies to the net imports of the metropolitan countries was higher in 1952 than before the war in respect of many important commodities. In some cases production in the overseas territories now well exceeds the
imports which the mother countries received from all sources. Hence, in
de spite of the recent tendency towards regional trading, the overseas terri-
tories have on the whole become more dependent on world markets.

This dependence has, of course, always existed for rice, for which
metropolitan demand is but limited, and for cocoa, the production of which
has long been centred in British dependencies, but it now also applies
increasingly to copper, sugar, manganese and petroleum, the supply of which
in the dependencies was much smaller before the war than the import require-
ments of the metropolitan countries. In respect of these commodities, the
dependencies have changed from marginal suppliers to the metropolitan
countries to major contenders for a share in world markets. In respect of
a second group of commodities, comprising copra, rubber and tin, the
dependencies still have to rely heavily on international demand. Finally,
a third group of commodities comprises coffee, grains, tobacco, lead and
zinc, for all of which output has been increasing steeply with the result
that supply in the dependencies has either already reached the level of
metropolitan net imports or may well do so in the near future.

British dependencies. The excess of production over metropolitan
requirements is generally higher in the British dependencies than in the
others. This is particularly true of cocoa, copra, rubber, tin, copper,
manganese and petroleum. Sugar production in the British territories
slightly exceeded net imports into the United Kingdom in 1952, while tobacco
and lead were well on the way to reaching that level. Grains and zinc are
the only major products the output of which falls considerably short of the
United Kingdom's net imports.

French dependencies. The situation is different in respect of the
French dependencies since France has only negligible import requirements
for, e.g. grains or sugar. The only major commodity production of which
substantially exceeds French net imports is cocoa. For all others output
in the dependencies is not very far ahead of French import requirements
(tobacco, lead and manganese) or else falls more or less significantly short
of them (coffee, copra, rubber and zinc). One important commodity the
supply of which has entirely disappeared in recent years is tin.

Belgian dependencies. Some of the most startling increases in
production, especially in non-ferrous metals (except lead), have occurred
in the Belgian Congo resulting in supplies which can only be disposed of
in international, and especially dollar, markets. In comparison, some
agricultural crops of this territory remain insignificant. For instance,
little effort appears to have been spent on increasing the output of coffee
and cotton. Rubber production, on the other hand, now reaches the level of
Belgium's import requirements. Considering the small size of the territory's
population, the many-sided increase in output which has taken place in the
Congo since before the war is perhaps the most remarkable which has occurred
in any of the overseas territories.
The importance of the "non-dollar" commodities. The output of the five "non-dollar" commodities (cocoa, copra, rubber, tin and manganese) exceeds the requirements of the mother countries particularly in the British dependencies. These commodities are, in fact, among the most important of the "sterling" commodities. It is therefore not surprising that the territories dependent on the United Kingdom have a substantial export surplus with North America which, though roughly halved since 1951, still well exceeds $200 million. In contrast, the other dependencies (except the Portuguese) show moderate import surpluses in their trade with the United States and Canada. It may be noted that the import surpluses of both the French and Belgian dependencies in their trade with North America in 1953 were much smaller than in the two preceding years, on account of both reduced imports and increased exports.

The Commodity Composition of Trade since 1951

Imports of the Dependent Territories

The composition of exports from Western Europe and North America to the combined dependencies was essentially the same in 1951 and 1953. Nearly three-quarters of these exports consisted of manufactures. Their total value, which had increased by about 10 per cent from 1951 to 1952, in 1953 receded almost to the 1951 level - about $4,200 million.

Within the category of manufactures a shift has been taking place since 1951 in favour of machinery and transport equipment. From 30 per cent in that year, the share of this category in the imports of manufactures increased to 35 per cent in 1953. This increased emphasis on capital goods, though shared by all the dependencies, has recently been most pronounced in the British territories. It may be noted that the total import value of transport equipment has remained stable since 1951 whereas that of all other machinery rose by over one-quarter.

As regards sources of these imports, the postwar contribution of the metropolitan countries in the supply of equipment to the overseas territories has increased greatly since 1951. For all the dependencies combined, the metropolitan countries now furnish about four-fifths of machinery and transport equipment while the rest comes mainly from North America. The imports from this source are relatively much more important than supplies from the metropolitan countries in the overseas territories of Belgium and Portugal, but relatively less so in those of France and the United Kingdom.

The increase in imports of engineering products has taken place at the expense of other manufactures imported from the industrial countries although, in spite of this decline, they still accounted for roughly one-half of the total imports from these sources in 1953. Their reduction mainly affected textiles, the imports of which have been declining continuously in value.
In the imports of manufactures other than machinery, the shares of some metropolitan countries, especially France and Belgium, are even higher than for equipment, while the reverse is true in the British dependencies. Generally, the share of North American supplies in this class of manufactured goods is insignificant.

The remaining imports, which consist of primary products supplied by the industrial countries, have been gaining in importance from 1951 to 1953 and their value, which in the latter year came close to $1,000 million, was about 10 per cent higher than in 1951. The two main categories responsible for this increase have been fuels and food.

Exports of the Dependent Territories

Primary products represent nine-tenths of the exports from the dependencies which in 1953 amounted to about $5,400 million (at c.i.f. values for Western Europe, f.o.b. values for North America). The remainder consists mainly of semi-manufactures - base metals in the first place.

Among the primary products exported, raw materials, mainly of agricultural origin, continued between 1951 and 1953 to occupy the most important place. However, whereas in 1951 the exports of these raw materials to industrial destinations were still equal to the combined value of those of foodstuffs and fuels, the exports of food, and also of fuels, increased so fast, and the export of raw materials fell to such an extent, that by 1953 the latter represented only 40 per cent on the total.

The group of agricultural raw materials is dominated by rubber and the severe drop from 1951 to 1953 in the export value of that product accounts almost entirely for the decline in the export value of the whole group. Losses in respect of other products tended to be compensated by gains: e.g. a decline in the exports of textile fibres was offset by a rise in those of oilseeds and nuts.

The increase in the value of food exports was mainly due to sugar, but also to coffee, spices and cereals, while the export value of cocoa declined somewhat from its very high level in 1951. The disappearance after the war of rice from among the exports of the overseas territories is partly compensated by increased exports of other cereals.

The relative constancy of the export value of base metals in the last three years has been the result of a reduction in respect of tin and of an increase in respect of copper and manganese.
Recent Changes in Export Prices

The recent changes in the export prices of the major products mentioned above have had their effect on the earning power of the dependencies. Generally speaking, the dependencies in the Far East, being the principal sellers of rubber and tin, have suffered most. Those in Africa have gained more on account of base metals, coffee, spices, cereals, tobacco, fats and oils than they lost on account of cocoa, while the greatest advance has probably been made by territories in the Western Hemisphere (sugar, spices and tobacco). But since these changes have partly tended to compensate each other within each group of territories, the shares of total exports of primary products and base metals to Western Europe and North America contributed by the territories dependent on the various countries have changed little between 1951 and 1953. In both years, the British dependencies accounted for about 60 per cent, the French for 25 per cent and those of Belgium, the Netherlands and Portugal for between 3 and 9 per cent of the total.