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International Trade 1961 has three parts: the first part analyses recent Trends in International Trade; the second part deals with Trade in Primary Products and Manufactures; the third part examines Developments in Trade by Areas and Countries. There is an Appendix, which sets out statistical tables showing the Network of International Trade, from 1953 to 1961 inclusive.

PART ONE

RECENT TRENDS IN INTERNATIONAL TRADE

Main Features of International Trade during 1961

Value and Volume of International Trade

The expansion of international trade in evidence since 1959 continued in 1961 when the value of world exports (excluding United States special categories) reached $131,000 million, the highest ever to be recorded and $5,400 million above the value of 1960. However, the rate of growth in 1961 was considerably less than in the preceding years (4 per cent, compared with 11 per cent in 1960 and 8 per cent in 1959). International trade expanded more rapidly during the second half of 1961 than during the first half, to a great extent because North American imports, which had fallen at the beginning of the year, picked up rapidly in the second half as a result of an upsurge in industrial production.

Average prices in world trade fell slightly over the year (by about 1 per cent), so that the volume of trade rose by about 5 per cent as compared with the 4 per cent increase in value. The prices of manufactures continued to rise while the prices of primary products as a whole declined further in 1961. The ample supplies and the correspondingly high stocks which have marked recent years exerted a steady pressure on the prices of many primary products and outweighed the effects of increasing demand. The increase in the value of world trade in manufactures was greater than that for primary products (about $3,600 million as compared with $2,400 million).

The reduced rate of growth in trade must be seen against the background of the slower growth in world output. The rise in total commodity production, amounted to 2 per cent as compared to 6 per cent in 1960. This was due mainly to a slackening in the expansion of industrial production in Western Europe and to the fact that industrial output in North America in 1961, in spite of the recovery in the latter part of the year, barely exceeded the level of 1960.

Trade of Major Areas

Within the general picture of reduced growth which affected all major trading areas several noteworthy features stand out:

(1) two thirds of the rise in world exports were accounted for by trade among Western European countries; in particular, exports of the countries of the EEC to one another and to other Western European countries represented about one half of the world rise;
exports from North America levelled off in 1961 after having shown a great increase in 1960, especially to other industrial countries; exports to Japan, which rose by $400 million, formed the only exception in 1961;

trade between industrial and non-industrial areas remained stagnant in both directions, except that the rapid expansion of the Japanese economy led to an increase by $400 million in imports from the non-industrial areas; this stagnation contrasted with the substantial expansion experienced between 1959 and 1960.

A strong expansion in the exchange of manufactured goods among industrial countries continued to manifest itself in 1961 partly due to further progress towards integration but also to factors such as the large demand for American machinery created by the high level of investments in Western Europe and to the fact that trade between EEC and EFTA countries expanded as fast as trade among EFTA countries. It may also be mentioned that exports of foodstuffs from the non-industrial to the industrial areas declined whereas a relatively high increase in this trade occurred among industrial countries, partly due to poor harvests in the Mediterranean countries and subsequent increased imports of wheat from North America.

The relative importance of trade between the industrial and the non-industrial areas\(^1\) declined further in 1961. While up to 1958 this decline was due entirely to the falling share in world trade of exports from the non-industrial to the industrial areas - as frequently pointed out in earlier reports - trade in the opposite direction also showed a tendency to decrease in relative importance in 1959 and again in 1961. (Page 8)

Foreign Trade and Long-Term Economic Growth of the Developing Countries\(^2\)

General Assumptions

In "International Trade 1956" and "The Possible Impact of the European Economic Community, in Particular the Common Market, upon World Trade", an attempt was made to establish projections relating to the possible development of exports of primary products from non-industrialized countries to industrial regions. This undertaking is the subject of a further study in International Trade 1961.

\(^1\) The "industrial countries" or "areas" include North America (United States and Canada), Western Europe (the European member countries of the Organisation for Economic Co-operation and Development together with Finland and Yugoslavia) and Japan; the "non-industrial areas" include the rest of the world with the exception of the Eastern trading area (Eastern Europe, the USSR and mainland China).

\(^2\) Australia, New Zealand and South Africa are not included.
The projections given in this new study refer to the year 1975 as the end-year, while the years 1956-60 have been chosen as the base period. The fundamental hypothesis underlying the study relates to the establishment of a given rate of economic growth for each of the four developing regions. A 3 per cent growth in per capita income each year in all four regions has been assumed. If account is taken of the population growth in each region, this assumption yields growth rates of national income very similar to the "minimum desirable rate" of 5 per cent considered in the Resolution 1710(XVI) adopted by the General Assembly of the United Nations in 1961.

The principal elements of the trade of these regions, namely, (i) the "possible and admissible" deficit in commercial exchanges with the developed regions; (ii) the level of food deliveries from developed countries under special terms; (iii) the growth in the volume of traditional exports of primary products; and (iv) the relative price levels of primary products and manufactures, are also to be considered as given. These magnitudes are largely dependent on the economic situation in the developed countries and developing countries cannot easily exert an effective influence on their movement. The following assumptions relate to these elements:

(a) "Possible and admissible" trade deficit in commercial exchanges

The assumption used was that the trade deficit of each region would in 1975 be at the same level as in 1956-60. In the case of the petroleum-producing countries of the Middle East, however, it has been assumed that, given the specific conditions of trade in petroleum products, their apparent trade surplus will increase substantially between 1956-60 and 1975.

(b) Agricultural surpluses

It has been assumed as a working hypothesis that non-commercial imports of each developing region in 1975 would be three times larger than in 1956-60.

(c) Volume of net exports of primary commodities

In order to estimate the development of the volume of net exports of primary commodities from the developing regions between 1956-60 and 1975, the results of the projections given in "International Trade 1956" have been used as a basis.

1 Latin America, South-East Asia, the Middle East petroleum countries, and the "other countries" including the remaining countries of the Middle East.
(d) Price movements

The level of relative prices during 1956-60 was very near the level of 1928 and it has been assumed, as a working hypothesis, that it would also be the average level prevailing around the year 1975.

Growth of Production as Implied by the General Assumptions

In 1956-60 the total commodity output was about the same in Latin America as in South-East Asia. However, industrial production was higher in Latin America, while agricultural production of the Asian countries was by about one quarter greater than that of Latin America. Total output in the "other" developing countries (excluding the petroleum-producing countries of the Middle East) represented about 40 per cent of that of either of the two regions mentioned, but industrial production was relatively less developed, and amounted to about one quarter of that of the Asian countries and one fifth of that of Latin America. If the size of the population is taken into account the study indicates that per caput expenditures for agricultural and industrial products were three to four times as high in Latin America as in the other regions; this divergence was particularly marked for industrial products but less pronounced in the case of foodstuffs. It also suggests that the levels of per caput consumption were perceptibly higher in the "other countries" than in the countries of South-East Asia. (Page 14)

(a) Agricultural production

If internal requirements and export possibilities are to be fully met as regards agricultural products, this would lead to a growth in output between 1956-60 and 1975 of the order of 95 per cent in Latin America, 75 per cent in the "other countries" and of over 120 per cent in South-East Asia. During the 1950's agricultural production grew at a rate of about 3.5 per cent per annum in Latin America and by less than 3 per cent in the other regions. If these rates of growth continued to be registered in the long run, agricultural production would have grown by 60 per cent between 1956-60 and 1975 in South-East Asia and by 50 per cent in the "other countries"; that is to say at a rate which especially in South-East Asia would be far too low to cover the growth in demand that would arise if income were to grow as assumed in the present study. As regards Latin America on the other hand, a certain balance between output and demand might be maintained if production were to expand at about the same rate as in the 1950's. It seems that a rate of growth of agricultural output in the region of nearly 5 per cent, necessary to meet the demand in South-East Asia, could be achieved only at the price of highly sustained efforts to encourage the adoption of efficient production techniques and to build up the required infrastructure. (Pages 15-16)
(b) Industrial production

According to the general assumptions made, industrial production (value added by mining and manufacturing) would have to increase three-fold between 1956-60 and 1975 in Latin America and South-East Asia, and nearly five-fold in the "other countries". For the first two regions these objectives imply an annual growth rate of the order of 7 per cent, roughly the rate observed during the 1950's. The establishment of markets wider and more diversified than the national markets would thus appear as a necessary condition if a high rate of industrial development is to be maintained. Unless such markets are suitably organized so as to allow each country to specialize according to its resources, optimum efficiency of the investments made in each country will not be reached, and it is hardly likely that the manufactures produced by industries such as engineering or chemicals in the majority of developing countries could compete either in price or in quality with similar products of countries that have long been industrialized.

The need for wider markets seems equally strong in the "other" developing countries on account of their relatively small populations and the resulting narrow domestic markets and, moreover, because their industrial activities must be expanded particularly strongly in the course of the next fifteen years, if the general assumptions are to be met. Such increases in production may be very difficult to achieve.

Import Needs for Manufactured Goods in the Developing Countries

The study examines separately for each broad group of industrial products and for each developing region the irreducible import needs in 1975, that is to say the requirements for those goods that are necessary for a rapid and balanced development, but for which production cannot expand as fast as demand in the regions considered.

For Latin America, the figure of $10,500 million should be set against the figure for "net" imports of manufactured goods compatible with the general assumptions applied in this study, i.e. $9,800 million. The difference will have to be met by exports of manufactured goods from Latin America to the developed countries if the general assumptions are not to be modified.

The national income of the group of countries in South-East Asia is of the same order of magnitude as that of Latin America and should develop at a similar rhythm. It would seem, therefore, that the need for capital goods and products of the heavy industries should in 1975 be roughly the same for South-East Asia and the countries of Latin America as a whole. If, moreover, one may assume as hardly likely that the countries of Asia would be able to achieve a higher degree of import substitution than Latin America, it would seem that a lower limit of import needs in 1975 for manufactured goods in Asia is represented by the figure taken for Latin America, i.e. $10,500 million. As on the basis of our general
assumptions the "possible and admissible" net imports of manufactures of the Asian countries in 1975 amount only to $4,700 million, the exports of manufactured goods from the Asian countries to the developed countries would have, if these assumptions are to be maintained, to reach about $6,000 million in 1975, as against about $600 million in 1956-60.

In the "other" developing countries industrial production is at present relatively small. It therefore seems reasonable to assume that, as regards these countries, the possibilities of import substitution by local production will in the near future be smaller than in Asia or in Latin America. On the assumption that import substitution of consumer goods such as textiles or clothing will be complete by 1975 but that for the remaining groups of industrial products the share of imports in domestic consumption will be higher than in the other regions, one may conclude that the level of minimal imports will itself be relatively high, perhaps of the order of $8,000 to $12,000 million. As the net exports of primary products from these countries together will hardly exceed $4,000 million in 1975, their exports of manufactured goods - if our general assumptions are to hold unaltered - would have to attain a value of several thousand million dollars.

On the basis of the assumptions so developed, this study has investigated the extent to which production in various developing regions would have to increase in order to enable them to maintain a high level of general economic growth during the coming fifteen years. From an examination successively of agricultural output, industrial production and the needs for imports of manufactured goods, it would appear that serious difficulties may arise from different directions.

(i) If the availabilities of foodstuffs are not to hamper economic growth the rate of increase in agricultural output in Asia and the "other countries" will have to be substantially higher than during the 1950's. Part of the problem could no doubt be solved by imports of foodstuffs under special terms but it would seem that for certain products - notably meat and to some extent fats and oils - there is hardly an alternative to a systematic modernization of agriculture in the developing countries, which in turn will require long-term investments in infrastructure, a sustained improvement in educational levels and modifications in the social structure.

(ii) Industrial production will have to increase rapidly in all the developing countries; the attainment of this objective would be greatly helped by the pursuit of a systematic policy of specialization, inter alia through intra-regional co-operation, as was recommended by recent studies of ECLA and ECAFE. Production in the countries of Africa and the Middle East ought to develop at a particularly high rate, but it is far from certain that such a development would be possible in the next fifteen years even within the framework of an intensive policy of regional integration.
(iii) It seems that in all the developing regions, except perhaps in Latin America, the minimal import requirements for manufactured goods will greatly exceed the value of net exports of the traditional primary products. It is estimated that the difference between the value of net exports of the traditional primary products and the minimal import requirements for manufactured goods could reach or exceed $7,000 to $8,000 million in 1975 for South-East Asia as well as for "other countries".

Apart from an increase in the possible trade deficit of developing countries through a larger inflow of foreign capital, several ways of reducing the gap between the required imports of manufactures and the probable net exports of primary products may be envisaged: to promote the traditional exports of the developing countries; to pave the way for a substantial flow of exports of manufactured goods from these countries; and, to explore the possibilities of improving the terms of trade between primary products and manufactured goods.

Industrial output in the developing countries will have to grow at a high rate in the course of the coming years, and this would be brought about more easily by a certain specialization of production among countries that have reached different stages of development. From this point of view co-operation among developing countries, particularly on a regional basis, may be an important factor which would allow the range of goods which the developing countries could produce under favourable cost conditions to be increased substantially. These countries would moreover certainly find it less difficult to increase their industrial output rapidly if they were enabled to expand the sectors in which they can on the whole attain competitive production costs, well beyond the limits set by domestic or regional needs. It would therefore seem that an intensive flow of exports of manufactured goods - not only textiles and leather goods, but also "newer" categories of exports especially in the field of the engineering industries - towards the developed countries, compensated by additional imports of highly-processed products - in particular machinery and transport equipment - would substantially help developing countries in their arduous industrialization process.

It has been assumed that the relative price levels of primary products and manufactured goods would be the same in 1975 as in 1956-60. Prices of primary products did, however, decline during that period and again in 1961, while prices of manufactured goods rose, so that the relative price of primary products in 1961 was about 13 per cent below the average for the years 1956-60. On the assumption that the relative prices would in 1975 find themselves at the level of 1961, the value of net exports of primary products from the developing regions would be reduced by about $2,000 million in 1975, and the shortfall between the value of irreducible imports and that of possible exports would thus be increased by the same amount. If, on the contrary, international arrangements providing for substantial increases in the world market prices of primary products are concluded, prices in 1975 could be higher than in 1956-60, especially for foodstuffs (including tropical beverages) which, however, are likely to represent no more than one quarter of total net exports of primary products from developing countries by 1975.
The acceleration of the pace of economic development raises particularly challenging problems for the countries of Asia and for the "other countries". As regards the former, not only would agricultural output have to increase at a very high rate compared to that of recent years, but particularly acute problems would also have to be solved in the field of foreign trade. It would appear that such a situation calls particularly for a liberal opening of the markets of the developed countries to manufactured goods produced in developing countries. As regards the "other countries" it has been noted that their industrial production would have to grow at an extremely rapid pace in spite of the frequent absence of the necessary infrastructure. It would seem, however, that increased financial assistance might to a certain extent permit them to establish the necessary infrastructure and industries concurrently insofar as qualified "cadres" can also be made available in sufficient numbers.

Even in Latin America, where a sustained policy of regional co-operation might well lead to a furthering of industrial development and allow of a diversification of production, a high rate of economic development could hardly be attained except at the price of persistent efforts on the part of the individual countries. If these efforts are to be crowned with success in Latin America as well as in the other developing regions it is essential that the developed countries gradually take the appropriate steps to enable the developing countries to close the gap between their minimal import needs and their likely exports of traditional products, to the greatest possible extent through the export of manufactured goods. Otherwise, they would have to envisage covering the major part of the inevitable deficit in the external payments of the developing countries by financial aid. (Pages 21-22)
PART TWO

COMMODOITY TRADE

In 1961 the volume of world exports in primary products increased by 4 per cent. Prices, however, continued to decline for the fifth year in succession and were 2 per cent lower than in 1960. As a result, the percentage increase in export proceeds from primary products only reflected one half of the percentage increase in the volume exported, rising by 2 per cent in 1961 as against 10 per cent in 1960. Although the 5 per cent increase in the volume of world exports of manufactures was very similar to that shown by primary products, a rise of 2 per cent in their prices brought about a 7 per cent increase in value; this was, however, well below the increase of 14 per cent experienced in 1960.

The value of exports of primary products from non-industrial countries, which had increased by about 5 per cent in 1960, made only a slight further advance in 1961, while exports of these products from industrial countries rose by about 3 per cent. This was further evidence of a tendency of long standing. In 1958, the industrial countries imported about the same value of primary products from the non-industrial areas as they imported from one another, i.e., about $19,000 million from each source. By 1961 the value of this trade among the industrial countries had increased by $5,600 million over the figure for 1958, while their imports from the non-industrial areas had risen by only $2,000 million. The divergence was particularly striking in the case of agricultural products and foodstuffs, imports of which from the non-industrial areas increased only very slightly between the two years (from $12,200 to $12,600 million), while trade among the industrial countries grew by over $3,000 million (from $11,300 to $14,400 million). In addition, exports of fuels as well as agricultural products from the Eastern trading area have lately gained some ground in the industrial areas. The share of the non-industrial countries in the industrial areas' total imports of primary products thus declined from 51 per cent to 48 per cent between 1958 and 1960, and went down to 47 per cent in 1961.

The modest growth in export earnings of the non-industrial countries in 1961 was reflected in the level of their imports. Imports from the Eastern trading area and trade among the non-industrial countries themselves both increased slightly, but their imports (f.o.b.) from the industrial areas remained at the preceding year's value (which had been 13 per cent higher than in 1959), with respect to both primary commodities and manufactures. In the latter group a fairly large drop in textiles and passenger cars was outweighed by increased purchases of capital goods and other manufactured articles, while imports of agricultural commodities as well as of metals and fuels remained at the 1960 level. (Page 23)
Movement of Prices of Primary Commodities

The decline in the average price level of primary products has been going on continuously since 1957 though the prices of certain commodities, such as jute, rubber and copra, have fluctuated within wide limits. The stability experienced during the first three quarters of 1961 gave way to a further weakening in the last three months when a new low was reached, and the first quarter of 1962 brought no improvement. By contrast, the average export prices of manufactures increased in 1961 as in the preceding year, and remained firm in the beginning of 1962. Among the main groups of primary products the largest decline in 1961 was registered by agricultural materials, in particular on account of rubber. The prices of tropical beverages continued to decline during 1961 while the prices of other foodstuffs remained generally stable or even improved, as in the case of cereals. A sharp rise in tin prices contrasted with a further weakening in other non-ferrous metals. (Page 25)

A. Primary Products

1. Trade in Foodstuffs

Production of most principal foodstuffs traded internationally, with the exception of cereals, continued to expand in 1961, with particularly marked increases in the case of sugar, butter and tropical beverages. The persistent imbalance between supply and demand was manifested in further additions to stocks especially of butter, sugar, coffee in exporting countries and of cocoa, mainly in importing countries. There was by contrast only a slight rise in wheat stocks in 1961. As regards the volumes traded, there were increases in most major items (wheat, maize, sugar, cocoa beans) with the exception of mutton and lamb, beef and tea, which changed only very little, and of rice where there was a decline.

International prices of both temperate and tropical zone foodstuffs, with the exception of cereals, continued to weaken in 1961, reflecting an ample supply in exporting countries and, in several cases, also a growth of domestic production in importing countries.

International trade in wheat in 1960/61 (July-June) rose to a level over 6 million tons above that of the preceding season, reaching a record volume of nearly 43 million tons, largely due to a sharp rise in import requirements in Western Europe and Asia. Exports from the United States were over 4 million tons larger than in the preceding season, and those from Canada and Australia rose by 2 million tons each. The appearance of mainland China as a substantial importer in the first half of 1961 also contributed to the larger trade in wheat. (Pages 27-28)

In contrast with the steep rise in wheat trade, the volume of world exports of coarse grains showed only a slight rise in 1960/61, principally because imports by Western Europe - which account for over four fifths of total imports
of coarse grains, fell short of the preceding season's volume by about 1½ million tons. World exports reached 22.8 million tons, only about 400,000 tons larger than in 1959/60. Among the main coarse grains, exports of maize continued to grow, accounting for 53 per cent of the total as against 48 per cent in 1959/60. Trade in barley continued its long-term declining tendency. Prices of coarse grains became markedly stronger. World stocks continued to accumulate, with the total stocks of the four major exporters amounting to about 81 million tons in mid-1961 (of which 77 million in the United States), an increase of 9 million in one year. However, the 1961/62 season may be expected to bring a reversal.

In 1961, world exports of rice fell by 6 per cent from the gross level of 6.9 million tons reached in 1960. Exports from mainland China declined from over 1 million tons in 1959 to an estimated 350,000 tons in 1961.

United Kingdom butter imports increased between 1960 and 1961 from 412,000 to 430,000 tons and home production rose from 38,000 to 49,000 tons. Total consumption in the United Kingdom, stimulated by the 1961 decline in prices, rose by about 9 per cent. But stocks continued to accumulate. Imports into the Federal Republic of Germany and Switzerland also increased while those of Italy declined sharply.

Total exports of butter from the major traditional suppliers, New Zealand, Denmark, Australia and the Netherlands increased by only 5 per cent in 1961. By contrast exports from Ireland increased much more and, as for France, this country which had been a net importer in 1959 became a net exporter with 8,000 tons in 1960 and 51,000 tons in 1961. French imports from the traditional suppliers, which amounted to 15,000 tons in 1960, practically disappeared in 1961.

Following the sharp drop in butter prices in the London market due to persistent over-supply, GATT consultations were held at the request of New Zealand, three times during 1961 and in early 1962. (Pages 32-33)

World output of meat increased by 4 per cent - or 2 million tons - in 1961. World exports of all meats were slightly above 1960, mainly because of increases in poultry and canned meat. Trade among Western European countries continued to rise and, in 1961, represented half of world trade; sales of live cattle, mainly from Ireland and Denmark, played an important and growing role in world trade in beef and cattle. By contrast, Western European imports from the overseas suppliers declined sharply, and imports into the United States reached a new peak in 1961 with all overseas suppliers sharing in the increase (Mexico, Canada, Australia, New Zealand, Argentina and Ireland). (Pages 34-35)

The volume of world trade in sugar rose from 16.8 million tons in 1960 to 19.5 million tons in 1961. While imports by Western Europe, where there was an abundant beet crop, and by the United States declined somewhat, shipments
to the USSR and mainland China, mainly from Cuba, more than doubled, rising from 2.1 million tons in 1960 to 5 million tons in 1961, following the signing of agreements between Cuba, the USSR, mainland China, and Eastern European countries.

After imports of Cuban sugar into the United States were barred in 1961, the import quota was redistributed among domestic and off-shore producers and other suppliers, resulting in sharp increases in supplies both from the Western Hemisphere (especially Brazil, Peru and Mexico) and from certain other sources e.g., Australia, India and Taiwan. (Page 35)

As regards tropical beverages (coffee, cocoa and tea), which are among the most important sources of export earnings of the non-industrial areas i.e., about 12 per cent of the total value of their exports, the 1961 situation was once more characterized by record levels of production for cocoa and tea, while the 1961 coffee crop fell only slightly short of the previous peak level. Although there was also a rise in world consumption of these products, large supplies continued to exert pressure on prices of coffee and cocoa. While there are prospects of a further rise in world coffee stocks by mid-1962, no significant changes in cocoa stocks are likely to occur. In the short term no change in the fairly well balanced situation in the tea market appears likely. However, if consumption in producing countries does not fully absorb the expected future increase in output, the present balance of the international tea market may well be upset. (Pages 36-37)

As world coffee imports rose only moderately, by 2 per cent in 1960 and by 5 per cent in 1961, stocks in exporting countries (Brazil, Colombia and the Ivory Coast) continued to accumulate, even in the year of lower production. While imports into the United States in 1961 exceeded those of 1960 by only 2 per cent, there was an increase of 7 per cent in Western Europe's imports (over 20 per cent in the Netherlands and over 10 per cent in the Federal Republic of Germany and the United Kingdom). On the other hand, increases are in sight for 1962 for imports by the USSR and Eastern Europe which represent now about 3 per cent of world coffee imports.

Stimulated by low prices, consumption of cocoa in Western Europe and North America rose in 1961 by nearly 10 per cent and an increase of the same order is anticipated for 1962. Some increases in consumption have recently occurred in Japan, the USSR and Eastern Europe. Consumption in these countries is still low but may become large enough to influence the world cocoa situation. In fact, the USSR and Eastern Europe already account for about one tenth of world cocoa imports.

World production of cocoa beans in 1960/61 was about 13 per cent larger than in the preceding year, mainly on account of a sharp rise in West Africa and especially in Ghana. In 1961, world cocoa bean exports amounted to an estimated 1,000,000 tons, about 100,000 tons more than in 1960. However, both...
production and exports developed differently in Latin America as compared with Africa. Production in Brazil declined by more than 35 per cent and exports by about 16 per cent. Production in other Latin American countries remained stable and exports declined by about 20 per cent. By contrast, production in the African countries, taken together, rose by nearly one-third and their exports by one-quarter. (Page 39)

There was a large increase in the United States imports which rose by 100,000 tons - 40 per cent. These imports came from Western African countries, mainly Ghana and Nigeria. These two countries were also able to expand their trade with the EEC countries in spite of larger imports by the Community from its associated countries in Africa.

Exports of tea rose from 525,000 tons in 1960 to an estimated 540,000 tons in 1961. Though they thus reached a record volume the increase in production was even larger. Indian exports increased from 193,000 to 207,000 tons while Ceylon exceeded its 1960 level of 186,000 tons by about 7,000 tons. African tea exports continued their steadily rising trend and those from Latin America (Argentina and Brazil), though still very small, are a new and interesting feature.

Among consuming countries in industrial areas, only the United Kingdom's imports were appreciably larger in 1961 and accounted for about half of the rise in world imports. Expanding import markets are mainly those in North Africa and the Middle East. Tea prices fell in 1961 slightly behind the 1960 quotations. Aggregate consumption in importing countries has over the past five years to six years risen at a lower rate than world production, and it is only because of a substantial rise in the producing countries' own consumption that a satisfactory balance has been achieved. (Page 40)

2. Trade in Agricultural Raw Materials

Supply in agricultural materials expanded further in 1961, several main items (jute, vegetable oils, cattle hides, and natural rubber) reaching record levels. However, demand for agricultural materials in importing countries was not sufficient to bring about a higher level of trade for all items. Prices were generally weaker, except for jute, which registered an increase of over 20 per cent. In 1960/61, international trade in raw cotton reached 3,658,000 tons, a 3 per cent decrease on the record volume exported in the preceding season.

Mainly accounting for such a decline were lower imports, principally by Western Europe, and on the export side, smaller shipments from the United States and lower sales from Egypt and the Sudan. There will probably be a further decline in world cotton trade in 1961/62 because of de-stocking in main net importing areas, especially in Japan. On the whole, cotton prices remained stable; their further development will depend in part on the policy MORE
to be adopted in the United States with respect to prices paid to growers and 
to the export subsidy. World wool trade continued to rise, with imports 
increasing by about 8 per cent due to a large extent to a sharp rise in Japan, 
the second largest importer after the United Kingdom.

During a large part of 1961, the raw jute market was characterized by a 
shortage of supplies, and the extremely high prices quoted made importers 
reluctant to cover more than their immediate requirements. The level of trade 
thus fell by about 37 per cent.

As for natural rubber, though prices fell sharply, there was only a 
marginal rise in world consumption, owing to bigger requirements in the USSR 
and Eastern Europe. Consumption in the United States and the United Kingdom 
was greatly affected by the contraction in the automobile industry. Synthetic 
rubber consumption rose steadily in 1961 and it is expected that it will 
exceed that of natural rubber for the first time in 1962.

There was a rise in world trade in natural rubber, with imports passing 
from 1,903,000 tons in 1960 to 1,993,000 tons in 1961, mainly due to higher 
takings in the USSR, Eastern Europe, Japan and India. (Page 48)

3. Trade in Ores and Non-ferrous Metals

World consumption in non-ferrous metals continued to expand in 1961 
largely on account of an increase of about 9 per cent in the United States 
consumption. In Western Europe the quantity consumed was no larger than in 
1960, when a 9 per cent increase in industrial production was accompanied by 
a rise twice as large in metal consumption. Releases from governments' 
stockpiles exerted some pressure on prices in the course of 1961. Although the 
average price level of non-ferrous metals moving in international trade was 
about 2 per cent lower in 1961 than in the preceding year, the prices of 
individual metals moved within a wide range. Although prices of nickel and 
aluminium showed great firmness, and the price of tin rose by 12 per cent, 
copper, zinc and lead prices were respectively 6 per cent, 12 per cent and 
10 per cent lower than in 1960. (Page 53)

4. Trade in Fuels

World production of crude oil reached 932 million tons in 1961, the 
Eastern trading area excluded, showing a rise of 5½ per cent against a rise 
of 9 per cent in 1960. This slowing down was reflected in net imports into 
Western Europe which rose by about 11½ per cent in 1961 against an increase 
of 18 per cent in 1960. This slackening resulted from factors such as a 
slowing down in industrial activity, mild weather and stagnation in fuel oil 
consumption. However, imports increased by 4 per cent in the United States 
(mainly to replenish stocks), and by 2½ per cent in Japan (especially imports 
from Saudi Arabia, Indonesia and the USSR). It should be noted that exports

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of oil from the USSR and Eastern Europe, mainly Rumania, are an important and expanding feature in world trade. The quantity rose from about 8 million tons in 1957 to 23½ million tons in 1960, and further to an estimated 30½ million tons in 1961. (Page 58)

As for hard coal, total production remained at about 1,820 million tons, with a slight fall in production in the United States and Western Europe. Lower shipments to Europe and reduced sales to Canada caused a 5 per cent decrease in total United States exports. Smaller imports were registered in Western Europe, combined with lower production, it reduced new supplies of coal in the area.

B. Manufactures

The value of world exports of manufactured goods rose by an estimated 7 per cent in 1961. Trade among the industrial countries increased by 12 per cent, from $28,300 million in 1960 to $31,600 in 1961, while their exports to the non-industrial areas remained unchanged at $17,100 million and their imports from these areas, at $1,500 million, were only slightly higher than in 1960. The industrial countries' trade with the Eastern trading area in both directions rose by some 11 per cent.

Trade in capital goods accounted for most of the increase in both the exports and imports of the industrial areas. But all the main producing countries registered substantially smaller gains in exports of manufactures in 1961 than in 1960. (Page 60)

1. Textiles

International trade in textiles in 1961 expanded at a markedly lower rate than in the two previous years. World exports of yarns and fabrics rose by less than 2 per cent to a value of $5,280 million and exports of clothing amounted to $1,269 million or 3½ per cent more than in 1960.

The increase in total exports of yarns and fabrics was almost entirely accounted for by intra-European trade and by greater shipments from North America to Western Europe. The three main Asian exporters (Hong Kong, India and Japan) taken together maintained the previous year's level, as a slight decrease in deliveries to the industrial areas was offset by an increase in those to the other parts of the world.

Higher imports into Western Europe were the dominating feature in world trade in clothing, the bulk of the increase in requirements being, however, satisfied by trade within Europe, while imports from North America and Asia remained virtually unchanged. North America's imports from Japan and Hong Kong were sharply reduced, but there was a slight increase in takings from Europe. In exports to the non-industrial areas, the industrial countries as a whole suffered a setback, while the Asian producers maintained or somewhat
improved their position. The combined exports of textiles and clothing from Hong Kong, India and Japan declined from a value of $1,870 million in 1960 to $1,820 million in 1961. This was due chiefly to reduced North American imports of clothing, which fell off by almost 30 per cent, Western European purchases remained at the 1960 level and those of the non-industrial areas slightly increased. In yarn and fabric exports, the situation showed little change from 1960.

Within these totals, cotton textiles suffered a greater than average decline, so that in 1961 the level of cotton textile exports from the Asian countries as a whole stood again somewhat below the 1959 level. Hong Kong was the only major Asian exporter to show an expansion in cotton cloth shipments in 1961; this expansion was of the order of about one quarter on the previous year. The increase to industrial destinations as a whole was only small and was due to a 15 per cent rise in shipments to North America. However, the relatively poor prospects for a further expansion of exports to the industrial countries have led Hong Kong to redirect its attention to other parts of the world, in particular in South-East Asia (Malaya, Thailand and Indonesia), where it seems to have scored some successes. (Page 61) Exports of clothing showed a 15 per cent decline, mostly concentrated in the industrial areas.

As regards India, there was a serious shortfall of cotton textiles shipments. Exports of cotton cloth decreased from $123 million in 1960 to $106 million in 1961, and suffered particularly in the United Kingdom and Australian markets. In North America they dropped by about one third from their 1959-60 boom level.

Japanese exports in cotton textiles just failed to reach the 1960 level: the level of cotton cloth exports being maintained and compensating for a sharp drop in exports of cotton yarns. In contrast, exports of Japanese rayon piece goods declined by 4 per cent in 1961, the fourth decline in successive years, as well as exports of clothing which dropped from $220 million in 1960 to $190 million in 1961.

In Pakistan, exports of cotton yarn arrived at only about one fifth of the tonnage sold a year earlier; exports of cotton piece goods also suffered a decline of about 29 per cent. However, export earnings from jute manufactures, amounting to about $73 million, were more than $20 million greater on account of higher prices, so that Pakistan's position for textile exports as a whole remained virtually unchanged between 1960 and 1961.

The trade of Western Europe and North America in cotton textiles developed divergently: while in Western Europe both production and exports tended to be low, North America, having weathered the recession, saw its exports take an upward turn.
Portugal and Spain’s exports lost heavily in the United States; these two countries, however, were not the only suppliers to suffer, for exports to North America from Western Europe as a whole were below the 1960 level. In contrast to the United States, the much smaller Canadian market absorbed more from Western Europe than in 1960, but took one third less from the United Kingdom. A remarkable expansion occurred in United States exports of cotton piece goods to the United Kingdom, which grew from 400 thousand square yards in 1959 to no less than 17 million in 1960 and to over 28 million square yards in 1961. A noteworthy expansion in sales to Indonesia also took place, which became one of the major markets for United States cotton piece goods. (Page 66)

The 1961 world output of woollen and worsted yarns and of woven wool fabrics was very much the same as in 1960. Exports of wool tops rose by about 3 per cent but failed to reach the record level of 1959. The United Kingdom, the leading exporter, shipped only 1 per cent more than in 1960: its exports trebled to Japan which became the United Kingdom chief market while they fell off by 30 per cent to the EEC. (Pages 67-68)

Trade in wool yarn improved by over 5 per cent with exports from the EEC, and mainly from France and Italy, rising by 11½ per cent. On the other hand, developments in the EFTA trade largely reflected the United Kingdom’s reduced exports, and its increased imports.

World trade in wool fabrics stood almost at the same level as in 1960. There was an increase in the exports of Belgium and Italy while the United Kingdom, after two successive declines, stood below the 1958 level. Imports fell by one third into the United States; in contrast they rose both into the United Kingdom and the EEC. (Page 68)

Exports of man-made yarn and staple from all countries outside the Eastern trading area totalled 537,000 tons in 1961, 4 per cent more than in 1960. Rayon and acetate yarn and staple (about four fifths of this total) rose by 3 per cent, while exports of synthetic yarn and staple grew at three times this rate, reaching about 105,000 tons in 1961. On the rayon side, there were increases of 32 per cent and 28 per cent respectively in shipments from Japan and the United States (whose imports at the same time dropped by almost one half), but exports from Western European countries taken together were slightly smaller than in 1960.

Exports of synthetic yarn and staple from the United States fell 11 per cent short of the 1960 figure, whereas West European exports recorded a 15 per cent increase, due mainly to an expansion in trade within the area.

The level of international trade in man-made fibre piece goods began to move upwards in 1961 after stagnating for several years.
In world trade in synthetic fabrics, an overall increase of nearly 40 per cent in the exports of the Western European countries in 1961, and a rise by one half in exports from Japan (which had previously almost doubled between 1959 and 1960) contrasted with a decline in shipments from the United States. (Page 69)

2. Passenger Cars

A decline in the output of passenger motor-cars occurred in a number of producing countries in 1961. However, output in Japan soared to 250,000 cars, following rapid progress since 1958 when about 50,000 units were manufactured. World exports of passenger cars were about 11 per cent lower than in 1960: the EFTA countries bore over two thirds of this loss, North American exports declined by about 14 per cent and the EEC exports by 4 per cent of the 1960 total. (Page 70)

The market situation was characterized by the continued vigorous growth in demand in the European Economic Community and by stagnation or decline in demand elsewhere. The EEC intra-trade rose by nearly one quarter and represented 82 per cent of total EEC imports. Trade among the EFTA countries themselves was also one quarter higher than in 1960. North American exports to Western Europe remained unchanged at the level of 1960, and the domestically produced cars continued to elbow out their foreign competitors for the second year in succession. These had reached their peak in 1959, when 614,000 imported cars were registered in the United States alone, capturing over 10 per cent of the market. (Page 72)

3. Other Manufactures

Exports of capital goods from the main producing areas (North America, the EEC, EFTA and Japan) were in 1961 almost $2,500 million higher than in 1960. The overwhelming part of the additional exports was directed to the industrial countries, largely Western Europe and Japan. Imports into the EEC were more than $1,000 million (or 30 per cent) higher than in 1960. Although the larger part of the increased import needs was met by trade among the six themselves, the EFTA countries as well as North America benefited from the favourable demand situation. Imports of capital goods into Japan in 1961 were more than half as large again as in 1960, the increases registered by supplies from North America, EEC and EFTA being of the order of 50, 60 and 80 per cent, respectively. At the same time, the Eastern trading area significantly increased its imports from Western Europe. (Pages 73-74)
World exports of chemicals reached a value of about $7,700 million in 1961. The increase of 4½ per cent was, however, small compared to the 12 per cent growth in each of the two preceding years. The value of total exports from the EEC showed the most rapid advance - over 9 per cent - and reached almost $3,000 million. As for the EFTA countries, the value was about 2½ per cent higher than in 1960. However, because of the tendency for prices of most chemicals relative to other manufactures to decline, these trade values do not fully reflect the changes in the volumes traded. (Page 76)
A. Industrial areas

Western Europe, due to a great extent to the European Economic Community, made by far the greatest contribution to the development of international trade during 1961 although, even for this area, the rise in trade was considerably lower than in 1960. Moreover, the greater part of the increase can be ascribed to trade among Western European countries. The high level of expansion in output in Japan brought about an increase in the value of imports of one third over 1960 and thereby seriously endangered the country's external balance since at the same time the rate of growth in exports declined. In spite of gains during the second half of the year, the recession in the early months kept North America's demand for foreign goods for the year as a whole at the same level as in 1960. The great rise achieved by North American exports in 1960 as a result of shipments to Western Europe and Japan was not repeated in 1961. However, total exports of North America were maintained at the level of the preceding year thanks to a 30 per cent increase in shipments to Japan while deliveries to Western Europe fell slightly.

The upward turn in output in North America and the slowing down in Europe reduced the divergence between the business cycle situation on both sides of the Atlantic which had been a factor of importance for the development of trade between the two major industrial areas in 1960. However, North America was still left with a certain surplus capacity and could therefore easily satisfy the great demand for machinery created by the high level of European investment activity. Total exports of the industrial countries went up from $79,600 million in 1960 to $83,800 million in 1961, the whole gain being accounted for by more trade of the industrial countries with each other. (Page 77)

Trade of North America

In 1961 North America increased its trade surplus vis-à-vis the rest of the world by almost $1,000 million, reaching a total of $5,500 million. The United States alone exported $6,000 million more than it imported, thus improving upon the favourable trade balance of 1960, when the export surplus showed an increase of more than $3,000 million. (Page 78)

The important trade flows between the United States and Canada have shown great stability since 1959. After a small temporary shrinkage in 1960, trade between the two neighbours expanded moderately during 1961.

The value of North America's imports from outside sources amounted in 1961 to $12,900 million, which was $400 million less than in 1960 and the lowest since 1958. This sluggishness in imports resulted from the recession at the beginning of the year and from the fact that the initial rise in domestic requirements for imported materials was absorbed to a certain extent by
inventory reductions. The high imports during the second half of the year, although also reflecting the need to replenish stocks, were not enough to balance the low level of imports in the first half.

The demand for primary products being on the average rather weak, it was impossible for the non-industrial areas to enlarge their exports to North America. Imports both of textiles and other light manufactures from Japan fell by about $70 million, bringing total imports from Japan to about $1,200 million. Total imports from Western Europe into North America fell for the second year in succession. The decrease was some $130 million compared with a fall of $260 million in 1960. As in the previous year, falling imports of passenger cars was the major factor behind the decline. Despite the decline in its exports of passenger cars, deliveries of jet passenger planes ($40 million) made France almost the only Western European country whose exports to the United States in 1961 were significantly higher than in 1960. Several European countries (the Federal Republic of Germany and the United Kingdom in particular) were, however, able to increase their exports of industrial machinery.

The high value which North American exports to outside areas reached in 1960, rose somewhat further in 1961, attaining a total of $17,850 million or almost $600 million more than in 1960. There was in 1961 a sharp drop in exports of metals (almost $300 million) and in cotton ($150 million). The large deliveries of jet planes in 1960 based on orders from several years earlier were not repeated in 1961, causing a fall of $250 million in these exports. On the other hand, the European investment situation accelerated the demand for American machinery, which had already been strong in 1960, so that increased sales of machinery of about $300 million (office-and computing machinery accounting for one third of the rise) helped counterbalance the decline in North America’s exports of other commodities to Western Europe.

The most dynamic development in North American exports in 1961 concerned shipments to Japan, which rose by 30 per cent over 1960, attaining a total of nearly $2,000 million. However, exports to the non-industrial areas, after having increased by $900 million in 1960, levelled off during 1961. As for trade with Eastern Europe and the USSR, it continued to be small, with only exports to mainland China rising by $110 million as a result of Canadian sales of cereals. (Page 82)

Trade of Western Europe

The rate of economic expansion in Western Europe lost momentum during 1961, although the area continued to provide by far the greatest addition to international trade.

The continuous high rate of increase in trade among the countries inside the two European trading areas, EEC and EFTA, bears witness to the fact that a vigorous integration development went on within the two areas despite a slowing down of general economic expansion. However, the rise that also
occurred in trade between the two trading groups again provided evidence of the fact that, thus far, no generally significant diversion of trade has taken place within Western Europe.

In trade as well as in production, the EEC countries showed a much larger average growth than the rest of Western Europe, increasing the value of their intra-trade by 16 per cent and their trade with the rest of the world by 5 per cent (both for exports and imports). (Pages 82-83)

Although the rate of expansion in trade among the EEC countries was slower than in 1960 (16 versus 25 per cent), it continued the trend toward rapid integration of the market of the six member countries, stimulated to some extent by the tariff reductions granted by these countries to each other, but probably even more by industry's deliberate cultivation of the area as if it were already a single market. The increase in trade, however, did not bring out any clear evidence thus far about significant shifts in the localization of industry inside the Community. (Page 85)

Trade among the seven EFTA countries rose by $300 million (9 per cent) during 1961, trade in manufactured goods accounting for the whole increase. Thus, the rate of growth of intra-EFTA trade was more modest than the rise in trade inside the Common Market. However, all seven countries increased their exports to each other. Exports from the United Kingdom accounted for almost half of the increase in total intra-EFTA trade and as a consequence, the United Kingdom's trade deficit vis-à-vis EFTA was reduced from almost $200 million in 1960 to less than $40 million in 1961. (Page 86)

EFTA's exports to EEC rose in 1961 by $500 million, i.e., by 11 per cent over 1960, and thus reversed the tendency apparent in 1959 and 1960 of intra-EFTA trade to rise more rapidly than EFTA's exports to EEC.

The United Kingdom accounted for more than half of the increase in EFTA's exports to EEC, thereby experiencing a much higher relative rise in exports to the Community (18 per cent) than any of its EFTA partners. Sweden and Switzerland followed the United Kingdom with increases of 11 and 10 per cent respectively.

The weak demand for raw materials caused by the slower growth in industrial production and the reluctance of industry to increase its stocks prevented a rise in Western Europe's imports from the non-industrial areas, so that total value of imports from these countries remained at about $13,300 million (at f.o.b. values).

Despite the EEC countries' ability to increase their exports, especially to Latin America and to many of their overseas associated countries, total exports of Western Europe to the non-industrial countries fell by $100 million, to a total of $13,780 million; exports of the United Kingdom alone declined by $120 million.
Western Europe's trade with Eastern Europe and the Soviet Union continued to grow in 1961 both in the case of EEC and EFTA, and fared better on the whole than their trade with overseas areas.

As regards the United Kingdom's trade position, the change is especially noticeable in world exports.

Both North America and Western Europe have in recent years taken a greater share of the United Kingdom's exports than they did before the war. The overseas sterling area, which was very important for British exports during the early post-war period, has shown a sharp relative drop in recent years and accounted in 1961 for an even smaller share than in 1928.

The changes in the direction of exports, and the resulting increased share of Western Europe during recent years, to a great extent explain at least the economic reasons underlying the United Kingdom's decision, in August 1961, to apply for membership in the European Economic Community, subject to a satisfactory settlement of certain specific questions. The fact that during 1961, despite the tariff discrimination, the United Kingdom expanded its exports to EEC at a considerably higher rate than to any other area including EFTA shows clearly the importance British industry attaches to this fast growing market which already absorbs 17 per cent of its exports of manufactured goods.

On the other hand the United Kingdom is still a major market for other Commonwealth countries and takes more than 30 per cent of their exports. The bulk of New Zealand's exports of meat and dairy products go to the United Kingdom, as do one half of the Nigerian oilseeds exports and of the copper from the Federation of Rhodesia and Nyasaland. The United Kingdom market is also important for sugar from the West Indies and for tea from India and Ceylon, as well as for textiles and miscellaneous manufactures from such developing countries as India, Hong Kong and Pakistan. (Pages 91-92)

Trade of Japan

The extremely high rate of economic growth in Japan which started in late 1958 continued in 1961, although signs of overexpansion of the economy became evident during the year. Industrial output rose by 21 per cent, which was almost as great as in 1959, a high level of investment being the major factor underlying this expansion. Rapid growth for the third successive year led, however, to a tendency to import on a scale which seriously threatened the balance of payments. The volume of imports rose by 31 per cent whereas in 1959 and 1960 the rate of growth in imports did not very much exceed that of industrial production. At the same time the rise in export volume slowed down, resulting in a total increase over the year of only 7 per cent compared with 14 per cent in 1960.
Japan's trade deficit (taking imports at c.i.f. prices) reached an all-time high in 1961 - $1,575 million compared with a deficit of $440 million in 1960 and $140 million in 1959. Only 1957 showed a similar imbalance when imports exceeded exports by about $1,400 million. However, the 1961 situation differed from that of 1957 in two distinct ways: first, the currency reserves were much higher in 1961, which made the balance-of-payments crisis less acute; second, the domestic metal industry, now the world's fourth largest, has capacity enough to meet the great increase in demand caused by the investment boom.

B. Non-industrial areas

The aggregate volume of goods shipped by the non-industrial areas rose by about 5 per cent between 1960 and 1961. Since the average unit value of these exports declined by 3 per cent during this period (reflecting the slackening in the rate of growth of world industrial production), the total export earnings increased only slightly from $31,280 million in 1960 to $31,900 million in 1961. Of the total rise of $620 million in export earnings Australia, New Zealand and South Africa - where the quantum increase and the price decline were more pronounced than in the rest of the area - accounted for $400 million.

As regards the developing countries¹ the volume of exports expanded by 3.5 per cent and the average price of these exports fell by about 3 per cent, with the result that their total export receipts rose only slightly from $27,360 million in 1960 to $27,570 million in 1961. The increase of $210 million in the combined exports of the developing countries was due mainly to a rise of $150 million in intra-trade and to an expansion in exports to the Eastern trading area. The combined offtake of all the industrial destinations, which again absorbed the bulk - 70 per cent - of the total exports, remained virtually unchanged at about $19,000 million between 1960 and 1961. While exports to the United States fell from $5,910 to $5,710 million there was a significant expansion in the value of shipments to the EEC countries (from $6,280 to $6,430 million) and the fall in respect of the United Kingdom (from $3,630 to $3,490 million) was more than offset by an increase in exports to Japan (from $1,400 to $1,630 million).

After having expanded by 9 per cent between 1959 and 1960, the total import expenditure (f.o.b.) in 1961 of all the "developing" countries was only 3 per cent above the 1960 figure. The volume of imports rose by about 2 per cent, as against a rise of 6 per cent in the preceding period.

¹Regions other than the United States, Canada; Western Europe; Australia, New Zealand and South Africa; Japan; Eastern Europe, the USSR and mainland China.
Of the total increase of $850 million in the import outlays from 1960 to 1961, the industrial sources (supplying about 75 per cent of the total imports) accounted for $480 million and the Eastern trading area for $150 million, whereas the remainder of this increase was due to a higher level of intra-trade. Imports (f.o.b.) from the United States rose from $6,510 to $6,630 million but those from the EEC countries remained unchanged (at $6,750 million). Imports from Japan expanded significantly from $1,970 to $2,110 million and those from the United Kingdom increased from $3,340 to $3,400 million.

In 1961 the trade deficit of the "developing" countries combined, calculated on the basis of f.o.b. imports, was about $1,750 million as compared with $1,150 million in 1960 and only $200 million in 1959. Moreover, excluding the large apparent trade surplus of the main oil exporters, the overall trade gap of the low-income countries in 1961 was about $5,800 million, as compared with $5,550 million in 1960 and $3,900 million in 1959.

Between 1960 and 1961, exports from Latin America suffered only a fractional decline and the non-European members of the sterling area (excluding Australia, New Zealand and South Africa) seem to have just about maintained their export proceeds. On the other hand, there was a considerable fall in the value of shipments from Egypt, the Philippines, Indonesia and all the North African countries (Algeria, Morocco and Tunisia) whereas Saudi Arabia, the Netherlands Antilles, Israel and Thailand were among the few non-industrial countries which registered export gains.

While imports into Latin America in 1961 increased slightly compared with the previous year, imports of the overseas sterling area declined, to a great extent due to Australia and South Africa. Most of the non-sterling countries of the Far and Middle East and of North Africa, experienced a substantial rise in their imports; Algeria being the major exception. The majority of the countries of Central Africa associated with the EEC witnessed small changes in the value of their imports in 1961, according to data available so far, the exceptions being the Ivory Coast which increased its imports by one quarter, and Senegal and Madagascar both of which suffered a decline in imports of about 10 per cent on 1960. Gabon, the Ivory Coast, Senegal, Chad and Togo showed significant gains in their exports while the rest of the countries belonging to this group exported for approximately the same value as in 1960.

Trade of Latin America

The total export earnings of the twenty Latin American republics at $8,600 million in 1961 was approximately the same as in 1960. Recovery in the area's export proceeds (although it came to a halt in 1961) was entirely the result of the rise in the volume of sales (about 12 per cent between 1957 and 1960-61), whereas the level of average prices reduced by about 13 per cent over the same period.
The aggregate import expenditures (c.i.f.) of the twenty republics expanded to $8,520 million in 1961, or by 2.7 per cent, with the increase confined to Argentina, Chile, Peru and Panama. A further deterioration of the overall trade balance took place with an export surplus of $30 million in 1961 which was $280 million less than in 1960.

Excluding the apparent trade surplus of Venezuela, the trade position of the rest of the area showed a deficit of $1,220 million in 1961 - an increase of $300 million over 1960. The adverse balance recorded in Argentina's trade (about $500 million) alone represented nearly one half of the area's total deficit in 1961. (Page 99)

The extent of Latin America's dependence on a limited range of commodities can be seen from the fact that sixteen staple products together account for about four fifths of the region's total export proceeds. Moreover, exports of petroleum, which is the area's leading export, and had almost doubled from 1950 to 1957, have now levelled out. In 1961, exports of coffee - the second leading export - attained the lowest level during the past decade. The bulk of this decline was suffered by Brazil and Colombia. As for sugar, the third major export item, the area's total sales stood at a record level valued at about $725 million. Cuban exports to all destinations in 1961 reached a record figure of 6.4 million tons, compared with 5.6 million tons in 1960. Copper earnings, at about $450 million were close to the 1960 level despite the weakening of prices. Total cotton exports stood at about $400 million, as against $332 million in 1960. Wool receipts, the highest on record since 1953, reached $253 million. Finally, there was only a slight upward change in the total value of meat exports from 1960 to 1961.

The geographical pattern of Latin America's exports was modified in 1961 under the impact of the sharp re-orientation in the direction of Cuba's trade. The region's total exports to the United States, the chief outlet, showed a fall from $3,600 million in 1960 to $3,290 million in 1961 and in relative importance from 42 to 38 per cent. This reflects a drastic reduction in United States imports (f.o.b.) from Cuba ($35 million as against $357 million). The combined exports of the other nineteen republics to the United States, however, did not register any change during this period. The value of the region's total exports to Western Europe in 1961 was the same as in 1960 and this was also true of the exports going to the six member countries of the EEC. Between 1960 and 1961 there was a large proportionate increase in exports to the Eastern trading area, from $506 to $475 million, and to Japan from $240 to $375 million. (Pages 104-105)

Aggregate imports into Latin America from the United States fell from $3,440 million in 1960 to $3,330 million in 1961. This resulted solely from the substantial reduction in imports into Cuba. In contrast, imports from Western Europe moved upwards as well as those from Japan and the Eastern trading area. (Page 105)

MORE
The Report discusses also the trade position of six of the Latin American republics, i.e., Argentina, Brazil, Chile, Peru, Uruguay and Mexico. (Pages 105-110)

Trade of overseas sterling area

The aggregate value of exports of the overseas sterling countries increased from $13,300 million in 1960 to $13,730 million in 1961, or by 3.2 per cent.

This rate of expansion was far less than experienced between 1959 and 1960, when an advance of almost 5 per cent was registered. As the combined exports of the three "developed" sterling countries - Australia, New Zealand and South Africa - remained unchanged from 1959 to 1960, the gain during this period in the area's exports was the outcome of the marked improvement in the exports of the "low-income" sterling countries. In 1961, however, it was essentially the sharp increase in the exports of Australia and South Africa which was responsible for the overall growth in the area's total export proceeds. Australia's exports were 18 per cent, or $363 million, higher in value than in 1960, whereas those from South Africa advanced by 8 per cent, or $96 million. Higher levels of exports from India, Trinidad, Nigeria, Jamaica and Aden were more than offset by the reduction in the value of exports from the Federation of Malaya, New Zealand, Ceylon, Singapore and Tanganyika.

The general improvement in the overall export earnings of the overseas sterling area during 1961 reflected the gains accruing from the massive increase in wheat sales and the rise in export receipts from shipments of wool, sugar, meat, jute manufactures, tin, diamonds, raw jute, tobacco and manufactures, tea and iron ore. On the other hand, natural rubber was the only sterling area commodity to suffer a marked setback whereas the overall decline in respect of copper, dairy products, fruit, cotton textiles, coffee and hides and skins was only slight.

Imports (f.o.b.) into the overseas sterling area which at $14,410 million in 1960 established an all-time record (16 per cent over 1959), receded to $14,050 million in the subsequent year. As in the case of the area's aggregate export proceeds, overall imports during the year were also strongly influenced by the trends underlying the trade flows of Australia and South Africa. The net reduction which took place in the area's imports (of $360 million, or 2.5 per cent) between 1960 and 1961, was principally due to the substantial cutbacks registered in the import expenditures (f.o.b.) of Australia (from $2,366 to $2,094 million) and of South Africa (from $1,555 to $1,408 million). Important reductions also took place in the import expenditure of other countries, for example, India, Burma, Ceylon and Pakistan, but these were more or less matched by increases registered in New Zealand, Ghana, Trinidad, Nigeria, Malaya, Hong Kong, Aden and Sierra Leone.

Sterling countries other than the United Kingdom, Ireland and Iceland.
During 1960 it was the widespread and rapid expansion of imports in the face of only a modest increase in exports which had contributed to the sharp deterioration in the trade position of the area. As a result of the restraining measures adopted to curb the spurt in import demand and a further, though small, advance in total export earnings, the over-all trade deficit was reduced significantly in 1961. Calculated on the basis of f.o.b., value of imports, the passive balance of trade, which amounted to about $1,100 million in 1960 was reduced to $320 million in 1961. These aggregate figures were the result of widely differing movements in individual countries. (Pages 110-117)

By far the most conspicuous trend in the trade pattern of the overseas sterling area in recent years has been the gradual decline in the proportion of the area's total exports going to the United Kingdom, and this tendency persisted in 1961. While there was an increase in the area's total world exports of about $422 million, or by 3.2 per cent, from 1960 to 1961, those to the United Kingdom fell by $77 million, or by 2.2 per cent. As a result, the share of the United Kingdom in total exports declined from 26 per cent in 1960 to 24 per cent in 1961, while the proportion going to North America increased from 12 to 14 per cent and that going to Japan from 7 to 9 per cent. The share of the EEC countries remained constant at 16 per cent and the relative importance of exports from overseas sterling countries to other countries in the area declined from 21 to 20 per cent.

In 1960, 67 per cent of the total value of the overseas sterling area's imports originated in the industrial world, whereas in 1961 this proportionate share was reduced to 65 per cent. The area's total imports from industrial countries in 1961 were about 4 per cent less than in 1960 and imports from all the major supplying countries declined. Imports from the United Kingdom were reduced from $3,700 to $3,575 million but its share which had fallen steeply in recent years, was almost maintained in 1961 at 25 per cent. Supplies from the EEC countries were about 3 per cent less in value than in 1960, whereas those from Japan fell by about 2 per cent. By contrast there was a rise of 4 per cent in imports from Eastern Europe, the USSR and mainland China.