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International Trade 19621 has three parts: the first part analyses Recent Trends in International Trade; the second part deals with Commodity Trade; the third part examines Trade of Areas and Countries. There is an Appendix which sets out the Network of International Trade and other statistical material.

PART ONE

RECENT TRENDS IN INTERNATIONAL TRADE

Main Features of International Trade during 1962

Value and volume

International trade expanded for the fourth consecutive year in 1962 when the value of world exports (excluding United States special categories) reached $138,500 million, $7,000 million above the level of 1961. This increase, amounting to a little above 5 per cent, was similar to that of 1961, but lay substantially below the rates registered in 1959 and 1960, of 7 and 11 per cent, respectively. As average prices for all commodities in world trade showed only small year to year variations between 1958 and 1962, the increases in value were a reflection of corresponding increases in volume.

The growth in the volume of world trade during recent years was on the whole faster than that of world commodity output. In 1962, however, world output rose by about 6 per cent and world trade by 5 per cent only. This seems largely due to the fact that in North America industrial output rose particularly rapidly after the 1960-61 recession, whereas in Western Europe and Japan, which depend more heavily on foreign supplies to develop their domestic production, more moderate rates of economic growth were achieved. Although similar developments occurred also after the 1957-58 economic recession, for the whole period 1953-1962 the volume of world trade increased significantly faster than world output.

Prices of manufactures rose between 1961 and 1962 as during the preceding years, while prices of primary products as a whole continued to decline. Thus, while exports of manufactures and of primary products expanded at approximately the same rate in terms of volume, the former showed a faster growth in terms of value, the total value of exports of manufactures advancing by 6 per cent, and that of primary products by 4 per cent, in 1962. (Pages 5-6)

Trade of major areas

As in the preceding years, trade between industrial countries continued to represent an increasing share of world trade. This was mainly due to the expansion in trade among Western European countries, but trade between the United States and Canada and imports into these two countries from other industrial areas, as a result of the economic upsurge, rose substantially. By contrast, Japan's imports from North America dropped by more than 10 per cent. (Page 6)
Though total exports of non-industrial countries continued in 1962 to expand at a slower rate than world trade, a trend which had gone on without interruption during the last ten years, it is worth mentioning that this movement was less pronounced in 1962 than in any other year of this period. Exports from non-industrial to industrial areas, their main markets, increased by 5 per cent in value between 1961 and 1962, i.e. at about the same rate as world trade, especially on account of large rises in shipments to North America and the EEC. (Page 7)

The share of world trade accounted for by exports from industrial to non-industrial countries continued to decline, to 17.2 per cent as compared with nearly 21 per cent in 1957. In value terms, this trade flow increased by less than 4 per cent between 1957 and 1962, while during the same period the value of world trade rose by more than one quarter. Exports from North America to non-industrial countries increased by 5 per cent in 1962 but still remained below the record level reached in 1957, while those from Western Europe declined by 5 per cent and those from Japan increased by about 7 per cent. (Page 8)

Evolution of Exports from Non-Industrial Areas between 1953-55 and 1962

In the period between 1953-55 and 1962 the aggregate export earnings of the non-industrial areas increased by only 31 per cent, equivalent to an annual rate of growth of just over 2.4 per cent, as against an increase of 76 per cent in the value of exports from the industrial areas in the same period, and of 98 per cent in that of exports from the Eastern trading area. Furthermore, that increase amounts to barely 21 per cent, that is to say, 2.4 per cent per year, if the exports of the petroleum-producing countries of the Middle East (which rose in that period by 91 per cent) and of Venezuela are excluded. This difference has been maintained rather consistently throughout the whole period, thus indicating the existence of a well-defined trend.

Of the different non-industrial areas, Latin America showed the smallest increase in exports from 1953-55 to 1962, amounting to somewhat less than 17 per cent; and even that small gain was obtained largely through the expansion in the petroleum exports of Venezuela. (Pages 8-9)

The export earnings of the other non-industrial areas have fared somewhat better, having increased by 20 per cent in the case of South-East Asia and by 31 per cent in the case of Africa (excluding South Africa) and of Australia, New Zealand and South Africa as a group; but, with the already-noted exception of the petroleum-exporting countries of the Middle East, those increases have been substantially lower than the expansion in world exports, and in any event quite insufficient to meet adequately the growing needs of the developing countries. (Page 9)
While this unsatisfactory performance can be attributed mainly to the rather sluggish growth in the volume of shipments from the non-industrial areas (and even, in the case of some countries or commodities, to a decline in volume due mostly to a contraction in exportable surpluses), to some extent it has also been the result of a persistent and in some cases pronounced decline in the unit value of those shipments during the period under consideration. (Page 10)

The slow growth of exports from the non-industrial areas has naturally affected the growth of their imports: these rose in value by 36 per cent between 1953-55 and 1962, as against an increase of 74 per cent in the imports of the industrial areas. Here again, the Middle East countries show the largest gain, of 77 per cent, while imports of South-East Asia rose in value by 46 per cent and those of Africa, Latin America and the aggregate for Australia, New Zealand and South Africa by respectively 28, 26 and 25 per cent. (Page 12)

Since non-industrial countries have increased their import expenditure from 1953-55 to 1962 at a somewhat higher rate than the corresponding increase in their export earnings, the gap in their overall trade has also widened considerably, the negative balance rising from $840 million for the 1953-55 average to $2,670 million in 1962. ... Thus, export earnings covered 97 per cent of the import expenditure of the non-industrial countries in the period 1953-55, but only 90 per cent in 1961 and 92 per cent in 1962. The gap is of course much more pronounced if the trade of the main oil-exporting countries is excluded; for in this case the aggregate exports of the rest of the non-industrial areas were sufficient to pay for 91 per cent of their imports in 1953-55, but barely 81 per cent in 1961 and 83 per cent in 1962. (Page 12)

Long-Term Evaluation of the Trade of Selected Countries in the Process of Industrialization

The GATT Annual Report contains a special study on the above subject. The following paragraphs are extracted from this study.

In International Trade 1961, some indications were given regarding the import needs of the developing countries in coming years. Taking into account the fact that demand in the industrialized countries for foodstuffs and raw materials traditionally exported by the developing countries will probably grow at a relatively slow pace, it emerged that in order to avoid an excessive rise in the indebtedness of the latter countries, their industrialization should be urged forward vigorously. It was also mentioned that a rapid expansion of both agricultural and industrial production would certainly be facilitated if each developing country was able to specialize in the products which it could produce most cheaply. It was pointed out that greater specialization could be obtained, chiefly by means of co-operation between developing countries but also as a result of an intensive flow of exports of certain industrial products towards the developed countries, compensated by additional imports of certain other articles - in particular machinery and transport equipment - which the older industrialized countries could produce particularly cheaply. (Page 17)
A study of the changes which have occurred since the pre-war years in the patterns of production and trade of countries engaged in a process of industrialization might serve to clarify some of the problems which will arise with increasing urgency for the developing countries as a whole. Processes of industrialization are under way in many countries whose situations are very varied both from the point of view of demographic, historical and cultural conditions and from that of geographical conditions and the nature of the natural resources available. A detailed study would therefore necessitate the collection of data relating to numerous countries over a long period. Precise information is not always available (particularly as regards agricultural production and certain industrial activities) and existing data often have to be processed in order that international comparisons can be made. It has been thought preferable at the present stage to confine ourselves to considering the situation of seven countries, Argentina, Australia, Brazil, India, Mexico, Pakistan and South Africa, whose production of manufactured articles represents approximately 70 per cent of the output of these articles in the non-industrial countries as a whole. For these countries it has been endeavoured in the first place to give certain indications as to the evolution of their export earnings since the pre-war years, and in the second place, to describe briefly the evolution of the structure of their trade in manufactured products in relation to the development of their industrial production. (Page 18)

(1) Evolution of export proceeds

Between 1937-38 and 1960-61 total exports of the seven countries trebled in value and rose by less than 40 per cent in volume while total exports by all the other non-industrialized countries increased nearly fourfold in value and by about 80 per cent in volume. It may be noted, however, that during that period exports of various groups of countries showed very different trends. As has been shown in Trends in International Trade, these divergencies seem largely due to the fact that demand in the industrialized countries has developed more rapidly in the case of minerals and tropical foodstuffs than in the case of the agricultural raw materials and food products of the temperate zones. (Page 18)

While exports of countries mainly producing petroleum developed considerably, those of the other countries as a whole increased in volume in a manner parallel with that of the seven countries considered. Moreover, exports of the Asian countries other than India and Pakistan, which largely consist of agricultural raw materials, remained static in volume, while those of the Latin American countries (other than Argentina, Brazil, Mexico and Venezuela) and those of the African countries (other than South Africa) and the West Indies rose very materially. In view of these substantial divergences there would seem to be no grounds for asserting that exports of the seven countries developed in a consistently unfavourable manner: those of India and Pakistan, like those of Brazil and Mexico, evolved in a manner similar to that of other countries in the same areas. However, presumably as a result of the economic policies pursued in that country, Argentina's exports fell in volume while those of Australia,
which like Argentina exports mainly non-tropical agricultural products, rose by three quarters. South Africa is also in a rather particular position in the sense that, with gold as an important item in its foreign trade, the prices obtained for its global exports rose by less than 40 per cent between 1937–38 and 1960–61 while export prices of the non-industrialized countries as a whole rose by 150 per cent.

(ii) Production and imports of manufactured goods

For most of the non-industrial countries, the trade balance, which had shown a surplus in 1937–38, registered a deficit in 1960–61, representing mainly the more rapid growth in imports by non-industrial countries generally as compared with their exports. This was in particular the case of the seven countries under consideration, with the exception of South Africa, whose terms of trade deteriorated appreciably, as already mentioned. Because of their general economic development and more particularly the efforts which they made with a view to industrialization during that period, the seven countries considerably modified the commodity structure of their imports between the pre-war period and recent years. While there was a substantial decline in the share of products of the light industries and (except in the case of India and Pakistan) foodstuffs, the share of products of the heavy industries and, in several countries, mineral products and metals tended to rise. (Page 20)

Light industry products which before the war accounted for about one fifth of total imports of Argentina, India and Pakistan and about one fifteenth of those of Brazil and Mexico are now imported only in very small quantities by these countries. Local industries have developed to a point where they can produce articles to replace those formerly imported, and consumer requirements are now met almost entirely out of domestic production. In South Africa and Australia, however, the process of substitution has been less pronounced and in 1960 products of the light industries still represented more than 12 per cent of total imports. (Page 20)

The development of light industries has not been accompanied by a general expansion of exports of the corresponding products. In 1960 they accounted for less than 2 per cent of the value of total exports of Argentina, Brazil, Australia, and South Africa, and less than 7 per cent of Mexico's exports. Nevertheless in the case of India and Pakistan, exports of textile products which already represented 23 per cent of total exports in 1937, increased in volume by about one third and represented 29 per cent of total exports in 1960–61. (Page 21)

Although the share of products of the heavy industries in total imports tended to rise in each of the seven countries under consideration, in several of them a process of import replacement by domestic production seems to have developed during the period considered for these industries as in the case of light industries.
After examining the evolution of the trade, country by country, between 1937 and recent years, the study indicates that in each of the seven countries, except to a certain extent in Australia and South Africa, industrial expansion has resulted in a substantial reduction of the share of imports in domestic demand for industrial products. This substitution has been of considerable scope not only with respect to products of the light industries, which are now imported only in very small quantities by the five countries considered but also for other industrial products. For example, the chemical, paper and non-metallic minerals industries have in general developed sufficiently to enlarge their share of the domestic market. Similarly, the establishment of a petroleum industry in Brazil and Argentina and the upsurge of the iron and steel industry in Brazil have enabled these countries to achieve a much higher degree of self-sufficiency with respect to these important products. Lastly, there has been particularly rapid development of the engineering industries in India and in Brazil during the 1950's. In Australia and South Africa, on the other hand, import substitution by domestic products has not been very extensive even for products of the light industries, which are still imported in substantial quantities. But these two countries have been able considerably to develop their exports of manufactures, principally products of the heavy industries, whereas the exports of India and Pakistan increased much less rapidly, and those of Argentina, Brazil and Mexico (except in the case of non-ferrous metals) remained at a low level. Although in Brazil industrial production since the war has grown much faster than, and in Argentina, Mexico, India and Pakistan as fast as in Australia and South Africa, the difficulties experienced by some countries, especially Argentina and Brazil, in the fields of monetary and financial policies tend to show that the possibilities offered by policies of import substitution are not unlimited. The development of national industries leads to a progressive increase in import requirements of raw materials, energy and, more particularly, capital goods and semi-finished products, which it is not easy to satisfy if exports of traditional or new products do not develop fast enough. Moreover, import restrictions intended to stimulate domestic products, may tend to encourage an allocation of resources in directions which are not optimal. It is possible in particular that the efforts made to promote new industries may result in discouraging the development of the traditional activities which usually procure the major part of export earnings. (Page 25)

It is also mentioned that, although there seems to be little doubt that the demand of the importing countries often constitutes a decisive factor in the evolution of exports of agricultural products by the developing countries, it would appear that an insufficient development of agricultural production may have created obstacles to industrial expansion in certain countries such as Argentina and to some extent India and Pakistan, whereas in other countries like Mexico a relatively rapid growth of agricultural production and exports has certainly facilitated the general economic expansion. (Page 26)
PART TWO

COMMODITY TRADE

Composition by Main Commodity Categories and Trade Flows

As in most years during the last decade, trade in manufactures constituted the most dynamic force behind the expansion of world trade, due to a continuous vigorous increase in exchanges among industrial countries, which rose between 1961 and 1962 twice as fast as world trade in all commodities, or by $3,570 million, while exports of manufactures from industrial to non-industrial countries failed to expand for the second consecutive year. In the field of primary commodities and metals, exports from non-industrial countries expanded by about 4 per cent, or about $1,000 million, while those from industrial countries rose by less than 1 per cent, or $280 million, reflecting partly the decline in exports from industrial to non-industrial countries, but mainly the changes which occurred in 1962 in the principal market for primary products, that of the industrial countries.

The slowing down in the growth rate of exchanges in primary products and metals among industrial countries in 1962 was due to the fact that trade in agricultural raw materials and metals, the commodity groups which had expanded the most rapidly, by about 40 per cent, between 1958 and 1961 declined in value in 1962 by 5 and 2 per cent respectively. In the case of agricultural raw materials, the decline in trade among industrial countries in 1962 particularly affected exports from North American to other industrial areas, which were sharply reduced whereas exports from non-industrial to industrial areas increased by 4 per cent. (Page 27)

The relatively faster growth in the value of exports of primary products from non-industrial to industrial countries in 1962 resulted mainly from the increase of 7 per cent in exports of foodstuffs, the commodity group which had actually declined in value during the preceding three years. Whereas between 1958 and 1961 food exports from non-industrial to industrial countries had fallen in value by $360 million, being largely responsible for the slow growth of exports of all primary products by non-industrial countries during this period in 1962 they rose by $560 million and accounted for nearly two thirds of the increase in the export value of all primary products in this trade flow. However, only larger exports of temperate zone products contributed to this rise, as export proceeds from these commodities, which had increased in value by 6 per cent between 1958 and 1961, rose further by 13 per cent in 1962. In contrast, exports of tropical beverages, sugar and tropical oilseeds and oils, the value of which had declined by 10 per cent between 1953 and 1961, failed to expand in 1962. (Page 29)
Trade in foodstuffs among industrial countries, which had increased by £1,500 million between 1958 and 1961, continued to expand by $650 million in 1962.

The rise in the value of food imports into industrial areas from non-industrial countries in 1962 only meant a recovery to a level 2 per cent higher than in 1958, while during the same period those originating in industrial countries increased by nearly 30 per cent. (Page 29)

The decline, from 57 per cent in 1958 to one half in 1962, in the share of imports of all foodstuffs originating in non-industrial countries and the even more pronounced decline in the combined share accounted for by tropical beverages, sugar and tropical oilseeds and oils, from nearly one third in 1958 to 24 per cent in 1962, can largely be ascribed, as far as commodity composition is concerned, to the following developments:

(i) As regards temperate zone commodities other than meat, fruit and vegetables, imports from non-industrial countries rose between 1958 and 1962 about as fast as the total imports of industrial areas. These commodities being, however, characterized, as a group, by a relatively smaller proportion - about one third - of supplies originating in non-industrial countries, a similar rate of growth in imports from both non-industrial and industrial countries represented a much larger increment in absolute terms in the case of the latter.

(ii) For the broad commodity groups of fruit and vegetables, on the one hand, and live animals and meat, on the other, imports originating in non-industrial countries represented in 1958 about 45 per cent of the total value of imports into industrial areas. ... Whereas total imports of fruit rose by nearly 30 per cent between 1958 and 1962 and those of live animals and meat by one fifth, imports originating in non-industrial countries rose much more slowly, by less than 10 per cent for fruit and vegetables and by merely 3 per cent for meat.

(iii) Tropical beverages, for which the share of imports originating in non-industrial countries is the highest, declined in value terms by 13 per cent during this period, reflecting the sharp fall of 30 per cent in prices especially between 1958 and 1961. In the case of sugar, the declines of 11 per cent in total imports into industrial areas and of 16 per cent in those from non-industrial areas were also largely due to the fall in prices. As regards oils and fats, another major commodity group where the share of imports from non-industrial countries is above average, total imports into industrial countries rose moderately between 1958 and 1962; however, the value of imports coming from non-industrial countries, consisting mainly of tropical oilseeds and oils, declined slightly and the share of imports originating in these countries fell from 64 per cent in 1958 to 56 per cent in 1962. (Pages 30-31)
The value of world exports of manufactured goods in 1962 can be estimated at about $65,000 million (base metals excluded), indicating a rate of growth during the year of about 7 per cent, or approximately the same rate as in 1961.

International trade in capital goods saw less expansion than in the preceding year, while the contrary seems to have been the case for trade in chemicals and in the two major groups of consumer goods, i.e. textiles (including clothing) and passenger cars.

Exports of capital goods by the main industrial areas rose during the year by 6 per cent to a total of $23,700 million as compared with a growth of 12 per cent in 1961 and 17 per cent in 1960. The decline in the rate of expansion largely resulted from an absolute decrease in transport equipment caused by smaller deliveries of ships, in particular from the United Kingdom, the Federal Republic of Germany and Japan. Trade in machinery continued to expand but at a slower rate than in the preceding years. (Page 32)

Price movements

Although prices of manufactures have remained stable since the second half of 1961, for the whole of 1962 they were still 1 per cent higher than the average of the previous year as already indicated.

Prices of primary products continued their decline, although at a slower rate, until the third quarter of 1962 and over the whole year were 1 per cent lower than in 1961; since the last quarter of 1962, however, they have been moving upwards. (Pages 32-33)

Foodstuffs

Grain and feeding stuffs

The general rise in wheat prices, which began during the second half of 1961, did not continue into 1962, in the face of the increase in output in both importing and exporting countries and the expected decline in world trade from its exceptionally high level of the previous season.

To a larger extent even than in the case of wheat, industrial countries increasingly became the major exporters of coarse grains during the nineteen fifties and now supply about three quarters of world exports, mainly on account of the fast rise in the United States output and exports of maize; this trend continued during the calendar year 1962. (Pages 37-33)

On average, the price level in 1962 was in the case of maize slightly below that of the preceding years, while in the case of barley it also fell below its 1961 level but it was still substantially higher than in earlier years. (Page 38)
Export earnings of non-industrial countries from rice, which averaged about 500 million dollars in recent years, ... were in 1962 at about the same level as in the previous year, the decline in the volume exported, of about 10 per cent, to a level close to that of 1958, being offset by a rise in prices. (Page 39)

Meat

World trade in carcass beef and veal expanded during 1962 for the second consecutive year. Whereas in 1961 the expansion was almost exclusively accounted for by the strong rise in exports from European countries, in 1962 larger quantities were exported both by European and Southern Hemisphere countries.

From the fragmentary information available, it appears that prices of chilled and frozen beef declined in 1962 for the second consecutive year in the main importing countries. (Page 42)

The value of exports of mutton and lamb from non-industrial countries ... rose slightly in 1962, mainly due to the recovery in prices from their low level of the previous year.

Butter and vegetable oilseeds and oils

Export earnings of non-industrial countries from butter which, after declining for two consecutive years were more than one third lower in 1961 than in 1959, as a result of a substantial fall in both volume and prices, rose in 1962 on account of higher prices. (Page 42)

The substantial decline in export earnings from tropical oilseeds and oils in 1962 was due to the combined effect of both a smaller volume of exports - except in the case of groundnuts and groundnut oil - and a further decline in prices which, in some cases, had fallen substantially in 1961. The volume of exports of non-tropical oilseeds and oils, especially of soybeans, but also of sunflower and rape-seed, as well as of fish oil, expanded considerably during 1962. (Page 43)

Sugar, tropical fruit and beverages

As the 1962/63 sugar crop also proved to be much below average both in tropical and in industrial countries and fell substantially short of the rising level of consumption, "free" market prices began to rise sharply in the last quarter of 1962, but their average for the whole year was only 1 per cent higher than that of 1961. As the volume of exports from non-industrial countries declined in 1962, export earnings of these countries from sugar were below their level of the previous year. (Page 46)
Export earnings from bananas increased between 1958 and 1961, the fall in prices being more than offset by the rise in volume, but they probably declined in 1962, when a slight rise in the volume of exports to Western Europe was accompanied by a further drop in prices. (Page 47)

Export earnings of non-industrial countries from citrus fruit which were increasing slightly between 1958 and 1961, expanded further in 1962, when the volume of exports rose substantially, while prices remained at about the same level as in the previous year. (Page 48)

During the calendar year 1962, there was no further deterioration, but no marked improvement either in export earnings from coffee, the situation being still characterized by the pressure on prices resulting from the large excess of supplies over demand. Export proceeds from coffee...hardly exceeded in 1962 their low level of the previous year, as a further price decline nearly entirely offset the increase in the volume of exports. (Page 49)

Export earnings from cocoa beans, ... continued their downward movement in 1962, when the price level was about 6 per cent lower than in 1961. ... World exports of cocoa beans were about 2 per cent higher in 1962 than in the previous year. (Pages 50-51)

Export earnings from tea, which had been stagnating during the second half of the fifties, made only little progress during 1962 when the volume of exports expanded slightly and the average price level was fractionally above that of the previous year. (Page 51)

Agricultural Raw Materials

World exports of cotton declined in 1961/62 for the second consecutive season, mainly on account of the decline of about one quarter in exports from the United States. Exports from non-industrial countries as a group rose by 7 per cent in 1961/62 as compared with the previous season, larger exports from Brazil, Peru, Sudan, Syria and Turkey more than offsetting smaller shipments from Mexico and the United Arab Republic. In 1962/63 exports from the United States continued to decline, while those from non-industrial countries showed a further rise.

Prices of cotton on the world market were relatively stable during the early months of the 1961/62 season, but started a downward movement later due to the prospects of a record crop and of declining consumption in 1962/63. For the whole of 1962 they were in general slightly below their level of the previous year. (Page 53)
In 1961/62 world exports of wool were 3 per cent larger than in the previous season, due to larger shipments from Australia, New Zealand and South Africa, while exports from Argentina and Uruguay were below their high level of the previous year. The level of prices for the whole of 1962 showed only a small change as compared with the previous year. (Page 54)

World exports of raw jute recovered in 1961/62 from their very low level of the preceding season and slightly exceeded 1 million tons. ... The variations in the volume of jute exports were accompanied, as in previous years, by wide fluctuations in prices. In 1960/61, due to the scarcity of supplies, jute prices were about 50 per cent higher than in 1959/60, but subsequent declines in both 1961/62 and 1962/63 brought them down again to a level not very different from that of 1959/60. (Page 55)

World exports of natural rubber, which had increased by about 8 per cent between 1958 and 1961, declined by 3 per cent between 1961 and 1962 to a level close to 2 million tons. ... Prices of natural rubber, which in 1961 were about 20 per cent lower than the average of the two previous years, declined further in the first nine months of 1962; for the whole of the year they were about 6 per cent below their level of 1961. World exports of synthetic rubber, continuing the upward trend recorded during the last decade, rose by 12 per cent in 1962, when for the first time they reach 600,000 tons. (Pages 56-57)

Non-Ferrous Metals and Ores

The somewhat brighter outlook in the supply-demand situation was not enough to pull up the general price level. Export prices of non-ferrous metals in fact receded by 1 per cent between 1961 and 1962, to the lowest level since 1958. Lead and zinc continued their downward movement into 1962. Tin, after an improvement in 1961, began a downward slide in early 1962 which was halted only in the late summer. Prices of all three metals steadied in the later part of the year, and the improvement carried over into the first months of 1963. The price of copper was held level throughout the year, largely with the help of producer intervention, while aluminium prices were cut in the United Kingdom at the beginning of the year, and in the United States in December. (Page 58)

World trade in aluminium rose by about 13 per cent in 1962, almost regaining the ground lost a year earlier. Imports showed a sharp rise in the United States and increased in most European countries. Exports from Canada rose by nearly one fifth, largely due to the United States, but partly also to Western Europe. (Page 59)
The value of copper traded internationally remained practically unchanged between 1961 and 1962. The rise in United States consumption led to a reduction in exports so that the country once again became a net importer. ... The drop in United States exports by one quarter and a 14 per cent decline in those of Canada were largely responsible for a shortfall in exports from the industrial areas as a whole, which was however about offset by a slight overall increase in the volume of exports from the non-industrial areas. The increase was mainly accounted for by Chile which exported 5 per cent more in 1962, and by a strong, but only partial, recovery from the 1961 setback in the, albeit smaller, exports from Mexico. (Page 61)

The lower level of world trade in tin concentrates largely reflected the withdrawal of Nigeria from this market. ... World exports of tin metal were only marginally up in 1962, exports from Nigeria and an increase in those from the Federation of Malaya having offset lower sales by the industrial countries as a whole. (Page 63)

World trade in lead ores remained slightly below the level of 1961. ... The volume of trade in metal, on the other hand, was nearly 7 per cent higher than in 1961, contrasting with lower production. ... The increase in world exports was due largely to the vigorous expansion in Australian shipment, while those from the main exporters in Latin America and Africa showed a decline. Exports from Canada, however, rose once again, reflecting increased purchases by the United States. (Page 64)

In international trade in zinc ores, a reduction of about 13 per cent occurred in imports into Western Europe; exports from the area were marginally smaller than in 1961. ... Exports from Canada increased by over 21 per cent, and those from South Africa rose sharply, but this movement was more than offset by the combined shortfall in Mexico, Peru and Australia. (Page 65)

The three last-named countries, however, all increased their exports of zinc metal, Australia in fact doubling its shipments between 1961 and 1962 from 47,000 to 94,000 tons. In the same period, Rhodesia's exports grew by over one half.

The volume of world trade in iron ore is estimated to have been about 6 per cent higher in 1962 than in 1961. This rate is substantially higher than that of the preceding period, when trade expanded by only some 2 per cent. The higher figure in 1962 is however entirely due to the strong recovery in United States imports which were about one third higher than in 1961, and thus wiped out that year's setback. (Page 66)
Fuels

The volume of world petroleum exports was in 1962 about one tenth larger than a year earlier, with the main increases coming from the Middle East (except for the stagnating Iraqi exports), the USSR and Venezuela, supplemented by rises in shipments from Algeria to Europe, and from Canada to the United States. (Page 69)

World exports of solid fuels rose by 6 per cent in volume in 1962, about twice the rate of a year earlier, reaching an estimated total of 131 million tons. Exports of hard coal from the United States increased from 35 million tons in 1961 to 39.3 million tons in 1962, exports of anthracite from 1.5 million to nearly 2 million tons. Total exports of these commodities from Western European countries combined remained virtually unchanged at approximately 30 million tons. (Page 70)

Textiles and Clothing

After a standstill in 1961, the value of textiles and clothing which entered international trade showed a definite expansion during 1962. Yarns and fabrics rose by about 5 per cent over 1961 and clothing by about 12 per cent. With a total value of about $3,000 million (of which clothing amounted to $1,500 million), this group continued to be by far the most dominant among the consumer goods traded internationally, and as in 1961 accounted for about 12 per cent of trade in all manufactured goods.

The higher level of activity in the textile and clothing sector which prevailed during 1962 compared with 1961 both in trade and production was mainly due to growth in textiles based on man-made fibres and in ready-made garments. Among yarns and fabrics of traditional fibres, only wool showed a gain in trade while the cotton sector presented a rather depressed picture both in production and trade. The major Asian suppliers seem to have kept approximately the same relative position in the world textile and clothing market as in 1961 which, however, was below the share held in 1959-60.

The rise in intra-European trade and particularly in sales within the Common Market accounted for the larger part of the increase in trade in yarns and fabrics. The gains in exports of clothing were mainly due to intra-European trade and a new upsurge in shipments from Hong Kong. The exports of yarns and fabrics from North America and India were maintained more or less at the level of 1961 while Hong Kong's exports of this category declined by 12 per cent. Japan, on the other hand, was able to register a gain of 7 per cent due to a considerable increase in sales to North America. (Pages 71-72)
While a shrinkage in production and trade was the characteristic feature for cotton textiles in most of Western Europe, somewhat more buoyant market conditions prevailed in North America; even there, however, domestic production started to decline during the second part of the year. Imports, on the other hand, although erratic, reached a new record. United States imports of yarns doubled from the previous year (reaching about 13,000 tons) while imports of fabrics (amounting to almost 480 million square yards) more than regained the level of 1960 after having witnessed a sharp temporary decline during 1961. Japan, Hong Kong, Taiwan, India, Portugal and the United Kingdom registered the greatest gains in the United States import market. (Page 73)

In contrast to cotton textiles, production and trade in man-made fibre textiles continued to expand during 1962. World output of man-made fibres grew by about 12 per cent above 1961, and these fibres continued to increase their share of total fibre consumption (25 per cent in 1962 compared with 23 per cent in 1961) mostly at the expense of cotton. International trade in man-made yarn and staple amounted to 635,000 tons, i.e. an increase of 20 per cent over 1961.

The activity in the wool textile industry during 1962 seems to have been slightly above the level of 1961 with increases to be noted particularly in the United States, Italy and Belgium. Trade in wool yarns and fabrics combined improved by about 10 per cent. (Page 75)

Passenger Cars

The strengthening of international demand was a stimulating force behind the advances in output, in particular for the producers of Western Europe, and brought a strong recovery in international trade in passenger cars during 1962. Almost 2.7 million cars, amounting to a value of nearly $3,000 million were exported from the main exporting areas compared with approximately 2.2 million cars in 1961 and 2.4 million in 1960. (Page 79)
PART THREE

TRADE OF AREAS AND COUNTRIES

A. Industrial areas

Total exports from the industrial areas rose by $4,100 million, reaching a value in excess of $88,000 million in 1962. This represented an increase by 5 per cent as against a rise by 5.5 per cent in the preceding year. Exports from Western European countries contributed three quarters of the total increment in the trade of the industrial areas. Exports from Japan, rising by 16 per cent, contributed one sixth, and North American exports about one twelfth of the increase.

In contrast to the industrial areas' exports, their imports rose a little faster than in 1961, to about $37,800 million, so that exports and imports were in extremely close balance. Although total exports of the industrial areas failed to expand faster than world exports, trade among the industrialized countries themselves continued to increase its share in the total. This share in 1962 amounted to 44 per cent, representing a value of nearly $61,000 million, some $4,100 million more than in 1961. As in that year, the growth in trade among the countries of Western Europe accounted for by far the largest portion of the increase also in 1962. (Page 83)

Imports into the industrial from the non-industrial areas rose by about 5 per cent to a total value of $25,600 million. Although shipments from these sources recorded higher figures in all industrial areas, note must be made of the increases in those to the EEC and North America, which together accounted for over three fourths of the increment in this trade flow in 1962. In contrast, the flow in the opposite direction again declined, to a level of $23,800 million in 1962. (Page 84)

North America

The volume of North America's total imports continued to respond closely to the changes in the level of industrial output. Both output and imports dipped in 1960, and began rising together in the second quarter of 1961. In 1962, the rise in imports was reversed only in the last quarter, after output had levelled off. While in 1961 as a whole, the volume of imports had only about reached the previous year's level, in 1962 the continued growth in economic activity brought up the import volume to a level 11 per cent above that of 1961 and 5 per cent above the previous peak of 1959. As the average price of imports underwent a slight decline in 1962, the value of imports rose somewhat less than their volume, reaching $22,100 million in 1962, about 9 per cent more than a year earlier.

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While the level of North America's imports depends on changes in the level of economic activity within the area, changes in economic activity outside it and particularly in the industrial countries, are also a major determining factor for North America's exports. In Western Europe the rate of growth in industrial production remained unchanged at the level to which it had sunk a year earlier, and North America's exports to the area continued to stagnate. In Japan, the industrial growth rate dropped sharply, and North American exports to the country declined. This decline was partially offset by higher exports to the other parts of the world, and it was entirely on account of the higher trade flows between Canada and the United States that total North American exports in 1962 registered an increase, their value reaching about $25,150 million, about 2 per cent more than in 1961. (Pages 84-86)

**Western Europe**

The volume of total exports of the countries of Western Europe (including exports to one another) rose by 5 per cent in 1962. This was a slightly lower rise than that of the preceding year; the growth rate of exports had however dropped by one half between 1960 and 1961. The growth in the volume of imports, the rate of which fell from 17 per cent in 1960 to 7 per cent in 1961, accelerated to a rate of 10 per cent in 1962. But it was only in volume that imports grew faster than in 1961, for, in contrast to the prices of Western Europe's exports, which remained stable between the two years, the price of imports declined, so that their total value rose by about 7 per cent, or about as much as in the preceding year.

In terms of value, Western Europe's total exports rose by $3,100 million to $57,900 million, and total imports by $4,200 million to $61,400 million. Trade with areas outside Western Europe has been losing in importance; exports to those areas have declined for the second year in succession, while imports from the same areas accelerated somewhat in 1962, but were only 4 per cent higher than in the previous year. The result of these movements was a further widening of Western Europe's trade deficit with the rest of the world by over $1,000 million to $3,500 million.

Total exports from the EEC countries taken together rose by 6 per cent, only slightly faster than the average for Western Europe, reaching $33,900 million in 1962. The Community's exports to the outside world, however, advanced by only 1 per cent to $20,400 million. Total imports into the EEC countries rose by 11 per cent to $35,100 million; imports from outside the Community included in this total represented $21,800 million, 9 per cent more than in 1961. After two years during which exports roughly balanced imports, the EEC registered a trade deficit of about $1,400 million in 1962. Total exports from EFTA rose by 5 per cent to $19,600 million in 1962, of which $15,600 million represented exports to destinations outside the EFTA area. Total imports also rose by about 5 per cent, reaching a value of $24,500 million, imports originating outside the area accounting for $20,300 million. Imports thus having moved very much in line with exports, little change occurred in EFTA's deficit with the rest of the world. (Pages 91-92)
Towards the end of 1961, after three years of extremely rapid growth, Japan's economy entered its third post-war recession from which it did not emerge until some fourteen months later, at the end of 1962. During the 1959-61 boom, which was predominantly investment-driven, production had been rising at an average rate of 21 per cent per annum and gross national product at a rate of 20 per cent. Given the high dependence of the economy on imports, this expansion was necessarily accompanied by strongly rising purchases of foreign raw materials and machinery, and seriously worsened the country's external payments position. Even the rate itself at which imports expanded rose during the period, Japan's total imports showing successive annual increases of 19, 25 and 29 per cent. Exports, however, which had surged by 20 per cent in the first year, expanded by 17 per cent in the following year, and by a mere 4.5 per cent in 1961. These developments led the government in mid-1961 to introduce a policy of retrenchment characterized by raised discount rates and tightened credits.

The change in Japan's domestic situation stimulated exports and discouraged imports. Exports, after their relatively modest rise by 4.5 per cent in 1961, showed a resumed vigorous expansion of 16 per cent in 1962, helped however by favourable conditions in other industrial countries. At the same time, imports declined by 3 per cent from the record level of 1961.

B. Non-industrial areas

The aggregate export earnings of non-industrial areas rose from $31,940 million in 1961 to $33,380 million in 1962. The increase of $1,440 million, equivalent to 4.5 per cent, was more than twice as high as that obtained from 1960 to 1961, but continued to be proportionately lower than the increase in the export earnings of either the industrial areas or the Eastern trading area. Consequently, as has been the case in every year since 1953, the share of exports from non-industrial areas in total world exports declined once more, although by a relatively minor amount. Thus, that share was 24.1 per cent in 1962, as against 24.3 per cent in 1961, and 31.3 per cent in 1953.

Furthermore, the improvement in the export earnings of the non-industrial areas during 1962 was once again the result of an increase in the volume of shipments, offset to some extent by lower unit values; while the former rose by about 7 per cent, the latter continued their downward movement, declining from 1961 to 1962 by about 2 per cent. This decline in average prices of exports affected all the non-industrial areas except Australia and New Zealand. The unit value of imports of the non-industrial areas also showed a decrease, but as this amounted on average to only 1 per cent, the terms of trade for those areas as a whole suffered a further deterioration, also of about 1 per cent.
Latin America and the Middle East each accounted for some $430 million, equivalent to 30 per cent, of the above-mentioned increase in the aggregate export earnings of the non-industrial areas, the balance being distributed more or less equally among South-East Asia, Africa, and Australia, New Zealand and South Africa as a group. (Page 109)

As regards the import expenditures of the non-industrial countries, they increased by only $390 million (from an aggregate total of $35,980 million in 1961 to $36,370 in 1962), equivalent to barely 1 per cent, as against an increase of almost 6 per cent in world imports (excluding those of the Eastern trading area). That increase is even less than the 2 per cent rise in the value of imports of non-industrial areas from 1960 to 1961, and mainly reflects the impact of the increasingly restrictive measures adopted by a large number of non-industrial countries in the last two years to curtail their imports (mostly for balance-of-payments reasons, but in many cases also for protectionist purposes) after the upsurge these had experienced from 1959 to 1960, when their aggregate value rose by more than 11 per cent. (Pages 109-110)

To some extent because of those measures, but also under the impact of factors of a political nature (which affected Algeria's imports in particular), between 1961 and 1962 the imports of the African countries suffered an estimated decline of some $330 million, equivalent to 5 per cent of their 1961 level. The imports of Latin America and South-East Asia increased on the other hand by $320 million and $360 million, respectively (equivalent in both cases to about 3.6 per cent) while the aggregate imports of Australia, New Zealand and South Africa, as well as those of the Middle East, experienced only minor changes. (Page 110)

As a result of the appreciable increase in export earnings, but more particularly because of the efforts made to curtail imports or to prevent them from growing too much (with the consequent adverse effect on the economic development and industrial activity of a number of countries), the trade balance of the non-industrial areas showed a substantial improvement on the whole, the overall trade gap being reduced by about $900 million, from a total of $3,500 million in 1961 to $2,600 million in 1962. The main contributions to this overall improvement were the decrease of $500 million in the negative balance of trade of Africa and the increase of $470 million in the positive trade balance of the Middle East. However, if the trade of Venezuela and the oil-exporting countries of the Middle East is excluded, the trade of the non-industrial countries shows in 1962 an adverse balance of somewhat over $6,400 million (as against $6,700 million in 1961), equivalent to around 24 per cent of their aggregate exports in that year. (Pages 110-111)
Latin America's export earnings, after several years of sluggish growth and recovery from the contraction that followed the record level attained in 1956, experienced in 1962 an appreciable increase of some $440 million equivalent to 5 per cent over their 1961 figure, while imports exceeded their 1961 level by 3.8 per cent or $330 million. As a result the region's favourable trade balance increased from $20 to $130 million between the two years. If Venezuela, which is responsible for the region's overall favourable balance, were excluded, the heavily adverse trade balance of $1,220 million of 1961 would be reduced somewhat to $1,160 million in 1962. However, this improvement was more than neutralized by a contraction in the inflow of long-term foreign investment, and the region's official gold and foreign exchange reserves suffered another serious decrease, their estimated total of $2,270 million at the end of 1962 being 18 per cent below their level at the end of 1961 and almost 30 per cent below their 1953-61 average.

The increase in export proceeds in 1962 is to be attributed exclusively to a higher volume of exports, offset to a minor extent by a slight decline of around 1 per cent in the overall export price index. Although not as serious as on previous occasions, this price decline meant that, for a number of major export commodities, prices remained at their rather depressed levels of recent years or experienced at best a very minor improvement, while some other commodities suffered substantial price reductions. As the import price level likewise showed a decline of about 1 per cent, Latin America's term of trade remained practically unchanged as compared with 1960 and 1961; on the other hand, they continued to be very unfavourable as compared with the mid-fifties, having deteriorated by some 23 per cent in relation to their record level of 1954.

The improvement in Latin America's foreign trade position in 1962 was also due to the fact that most Latin American countries were able to prevent any considerable expansion of their imports or even reduced them, although in some cases this meant a fairly severe restriction of imports of producer goods, with a consequent adverse effect on the level of economic activity and development of the countries concerned. (Page 111)

As regards trade by commodities, the most significant changes were the considerable increases in the value (and even more so in the volume) of exports of cereals (particularly wheat), cotton fibre and petroleum, and the decline in the exports of tropical foodstuffs (sugar, coffee, cocoa and bananas). Another salient feature was the decline in the unit value of the majority of the main commodities exported by the Latin American countries, which meant that the gains in export earnings were in most instances due to an even greater expansion in the volume of exports, this being particularly the case in respect
of meat and cereals. Thus cereal exports increased in value by 87 per cent (recovering from the slump of 1961) thanks to a doubling in the volume of shipments. Coffee exports, on the other hand, again decreased in value, in spite of a more than 4 per cent increase in volume. There were, however, some developments in the opposite direction, notable in the case of sugar, where a decline in volume of exports was to some extent compensated by higher prices. (Page 112)

N.B. The Report refers to the trade position of the following individual countries: Argentina, Brazil, Uruguay, Colombia, Chile, Peru, Venezuela, Mexico, Cuba and the Central American countries. (Pages 116-123)

South-East Asia

The trade position of the area

South-East Asia's overall exports and imports experienced relatively minor increases in 1962 over 1961, of about $160 and $260 million respectively, equivalent to 2.1 per cent in the case of exports and to 3.6 per cent in the case of imports. For exports this was merely a partial recovery from the decline suffered from 1960 to 1961; and in fact export earnings showed very minor gains in the last four years, being in 1962 only 5.6 per cent above the level they had attained in 1959. Imports, on the other hand, showed during the same period a stronger and more consistent upward movement, being in 1962 almost 23 per cent over their 1959 figure. As a consequence, the overall trade deficit for the area more than doubled between these two years, reaching in 1962 a total of over $2,700 million, equivalent to more than one third of total export earnings obtained in that year. Export earnings were sufficient to pay 93 per cent of import expenditures in 1955 and 86 per cent in 1959, but only 75 per cent in 1961 and 74 per cent in 1962. The official gold and foreign exchange holdings have, however, remained remarkably steady in the last few years for the area as a whole (largely because the growing trade deficit of the area is to an appreciable extent covered by rapidly increasing foreign aid and IMF drawings), being at the end of 1962 $100 million below the corresponding figure for 1961 and $150 million below their end of 1959 level, the decreases in holdings of Ceylon, India and Indonesia having been offset by increases in those of Malaya and Thailand. The holdings of the other countries of the area did not undergo very substantial changes from 1959 to 1962. (Page 123)

For the area as a whole, and for most of the countries and commodities considered individually, the increase in the value of exports from 1961 to 1962 was due to an increase in the volume of shipments, offset to some extent by lower prices, although the overall decline of these was not as large as the drop suffered in 1961. Thus the quantum index for total exports rose by 5.3 per cent
between those two years, while the unit value or price index declined by 3 per cent, the changes in both cases being concentrated mostly in the exports from the sterling area countries. Consequently, the overall price index for South-East Asia's exports, after rising rapidly in 1959 and 1960, declined in 1961 and 1962 to about the same level as in 1958. As to imports, their volume rose by 6.6 per cent between these two years, while their unit value decreased slightly. As in the case of exports, the quantum index for the non-sterling countries of the area shows a decline, under the influence of the large contraction in Indonesia's foreign trade. (Page 124)

Commodity composition of exports

The decline in the unit value of exports in 1962 affected most of the major export commodities of South-East Asia - particularly the most important ones, rubber (the price of which fell around 5 per cent, with a total drop of almost 30 per cent in relation to the near record level of 1960), jute and manufactures (the average unit value of which fell by 16 per cent, due mostly to a 30 per cent decline in the price of raw jute), tea and, to a lesser extent, cotton textiles (including clothing) and oilseeds and oils. The unit value of sugar exports also seems to have declined by about 3.5 per cent under the influence of a 20 per cent drop in the unit value of Taiwan's exports of that commodity, apparently due to a substantial reduction in shipments to the United States. The only important commodity to show a fairly large price increase from 1961 to 1962 was rice, the unit value of which went up 10 per cent (mainly because of a 12 per cent rise in the unit value of Thailand's rice exports), thus recovering the level of 1958. (Pages 124-127)

For some of the commodities that experienced price declines the effect of this was more than compensated by increases in the volume of exports, notably in the case of oilseeds and oils, jute and manufactures and cotton textiles (including clothing), which, together with timber, accounted for a large part of the rise in the total value of the area's exports from 1961 to 1962. Special mention should be made of the fact that an equal, if not greater contribution was made to this rise by expanded exports of items of lesser traditional significance, mainly from Malaya, Burma, Taiwan and Hong Kong, thus indicating a greater diversification in the area's exports, particularly as in the case of Hong Kong, and to a lesser extent Taiwan, those items are manufactured products. (Page 127)

On the other hand, sugar exports, adversely affected not only by a decline in the price, but also by a relatively larger contraction in the volume of shipments, declined by $25 million, and those of rubber, the main commodity exported by the area, by $40 million, the slight increase in the volume of its shipments having been far from sufficient to offset the drop in unit value. (Page 127)

N.B. The Report refers to the trade position of the following individual countries: India, Pakistan, Hong Kong, Ceylon, Burma, Thailand, Federation of Malaya, Indonesia, Philippines and Taiwan. (Pages 128-134)
Africa

Trade position of the area

On the basis of the limited statistical information and estimates available, the value of exports from the African continent (excluding South Africa) apparently increased between 1961 and 1962 by about $170 million, equivalent to 3.2 per cent, while imports have presumably decreased by some $330 million, equivalent to 5 per cent of their 1961 level. According to these estimates, the trade balance of the region as a whole seems to have experienced a considerable improvement in 1962, its deficit of $1,190 million in 1961 having been reduced by 42 per cent to $690 million.

However, this improvement is largely due to the influence of the estimates for the trade of Algeria and the Congo (Leopoldville), particularly the $300 million decrease that according to these estimates took place in the imports of the former. Excluding these and some other countries for whose trade in recent years no adequate figures are available, the exports of the other African countries increased by about $130 million (from $4,040 million in 1961 to $4,170 million in 1962) and the imports had a slight rise of some $20 million (from $5,080 to $5,100 million), their aggregate negative balance being consequently $110 million lower in 1962 than in 1961.

The index numbers calculated for the quantum and unit value of Africa's foreign trade (which refer to the whole continent except South Africa) indicate that the increase in the export earnings from 1961 to 1962 resulted from a rise of about 5 per cent in the volume of shipments; the unit value of those exports, primarily because of the drop in the price of Africa's main export commodity, cotton, suffered a fresh decline, which however on average barely exceeded 1 per cent, a much smaller decrease than in some other years. Since the unit value of imports rose by 2 per cent, the region's terms of trade deteriorated by about 3 per cent in relation to 1961, making a total deterioration of 11 per cent since 1958. (Pages 134-135)

Commodity composition of exports

Although there are no complete figures on shipments of petroleum, which is fast becoming one of the main exports from Africa, their continued expansion has undoubtedly been by far the most important contribution to the increase in the total value of the region's exports from 1961 to 1962.

Apart from petroleum, the only products to make relatively large contributions to Africa's increased export earnings in 1962 were coffee, wine and hard fibres, the export value of which increased over 1961 by $40 million,
$25 million and $10 million respectively. In the case of coffee the result of a 10 per cent rise in the volume of shipments (particularly from Angola and from East Africa) was combined with a slight average improvement of 3 per cent in the unit value, due to the better prices received for the Robusta varieties. As regards wine, the increase reflects the larger exports from Algeria, according to the provisional figures available.

On the other hand, exports of cotton, Africa's main export commodity, fell by almost $100 million to their lowest level for many years and 27 per cent below their record level of 1960, as a consequence of a drop of 8 per cent in the volume of shipments and of 10 per cent in unit value, which seems to have affected primarily the long-staple varieties. Although the decline resulted mainly from the $84 million fall in the value of exports from Egypt, most of the other cotton-exporting countries of Africa also had a share in it, the only significant exception being Sudan, whose exports increased by almost $35 million. (Pages 136-140)

N.B. The Report refers to the trade position of the following individual countries: United Arab Republic, Nigeria, Ghana, Ivory Coast. (Pages 141-142)

The Report ends with a section on the trade in 1962 of Australia, New Zealand and South Africa.