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International Trade 1963\(^1\) is composed of three parts: the first part examines Recent Trends in International Trade, and includes a section on longer-term developments in production and trade of agricultural products in developing countries. The second part deals with Commodity Trade (foodstuffs, agricultural raw materials, minerals and non-ferrous metals, fuels, textiles and clothing and passenger cars). The third part analyses Trade of Areas and Countries; it includes studies of trade in the industrial and non-industrial areas with special sections on Latin America, South East Asia and Africa. There is an Appendix which sets out the Network of International Trade from 1953 to 1963 and other statistical data.


MORE
PART ONE

RECENT TRENDS IN INTERNATIONAL TRADE

Main Features of International Trade during 1963

1. Value and volume

After a sustained 5 per cent growth during the two preceding years, the value of total world trade (excluding United States special categories) expanded considerably faster in 1963 and reached $150,800 million, $12,100 million above the preceding year's level. The relative increase of 9 per cent ranks among the highest growth rates registered during the past decade and was only surpassed in 1955, 1956 and 1960. The volume of trade, however, advanced at a somewhat slower pace, i.e., by about 8 per cent, due to rising prices of certain primary products (while unit values of exported manufactured goods remained unchanged in 1963 for the third consecutive year). Nevertheless, this increase in trade volume was still far superior to that registered in 1962. It was also considerably larger than the growth in volume of world commodity output.

During the past decade, the volume of world trade had expanded considerably faster than the volume of commodity output, although the growth trend of trade had generally followed that of production. Exceptions were the 1958 recession when output rose only moderately while the trade volume declined in absolute terms, and 1962 when growth in production picked up speed and was higher than that of trade, which continued to slow down. The latter development was largely due to the fact that North American industrial production, much less dependent on foreign supplies than that of most other industrial areas, rose particularly rapidly, whereas economic growth of major import-dependent countries slowed down, as was the case particularly for Japan, but also for the European Economic Community, or was very moderate, as in the United Kingdom. In 1963, by contrast, the growth of industrial production accelerated again in such import-dependent countries as Japan and the United Kingdom, but was smaller than the year before in North America, and slowed down further in the EEC. However, in some parts of Western Europe, and particularly the EEC, continued slackening demand for foreign supplies of capital goods and industrial materials was more than offset by growing demand for consumer goods, as private consumption emerged as a principal expansionary force, or was strongly stimulated in some rapidly expanding Mediterranean countries. On the other hand, after two years of near stagnation, there was again a marked expansion in the import demand of non-industrial countries.

2. Trade of main areas

Certainly the most remarkable feature of trade development in 1963 was the intensification of trade between non-industrial and industrial countries. In fact, the value of total exports from non-industrial to industrial countries rose by over 9 per cent, or by $2,200 million, to $25,600 million, compared to growth...
rates of 5½ and 1 per cent registered during each of the two preceding years. And trade in the opposite direction increased by 6 per cent, after a 1 per cent decline in 1962 and stagnation the year before. The value of total exports from industrial areas on the one hand, and from non-industrial areas on the other (including internal trade) increased by 9 per cent each. With the exception of 1959, such a homogeneous trade development had never occurred during the past decade; generally, exports of non-industrial areas had increased at annual rates which were about one to two-thirds lower than those recorded for exports of industrial areas. Consequently, the share of exports from non-industrial areas in total world trade remained unchanged at the 1962 level of 24 per cent, after it had continuously declined during the past decade from slightly over 31 per cent in 1953. (Page 2-3)

In view of the fact that production in most major industrial countries (except the United Kingdom and Japan) rose less fast in 1963 than during 1962, this acceleration in the growth of exports from non-industrial countries may appear surprising. However, about one-third of the increase in value of these exports was due to the fact that prices of primary products had started to rise at the end of 1962, after they had continuously declined during the past years. In fact, relative shortages of supplies in exporting countries, and slackening growth or even declines in output in industrial countries (in Western Europe partly due to the harsh 1962/63 winter), confronted by continuously rising demand, led to higher import demand and considerable price increases for a number of commodities. In particular, this was the case for sugar and wool, and to a lesser extent for some other commodities such as butter, cocoa, vegetable oilseeds and oils. (Page 4)

Important for the growth of exports from non-industrial countries was the revival of economic activity in the United Kingdom, and especially the new boom in Japan after relaxation of the retrenchment policies adopted there at the end of 1961. (Page 4)

Exports of non-industrial areas to the EEC rose by 11 per cent, or somewhat faster than in 1962, though primarily as a result of price increases and of higher sales of oil, rather than of an expansion in the export volume of other commodities. The EEC, in fact, went through a year of continued though slackening, economic growth. But corresponding repercussions on its imports were about offset by the effect of private consumption emerging as a strong expansionary force, even leading to a marked supply-demand disequilibrium in some member countries. (Page 4-5)

Purchases of other West European countries (not belonging to either EEC or EFTA) from non-industrial areas again rose sharply both in value and volume. In particular, this was the case for Mediterranean low-income countries with high economic growth and rapidly rising earnings, where income elasticity of consumer demand for foodstuffs is still relatively high.
On the other hand, exports of non-industrial areas to North America expanded by 5 per cent, or at the same rate as in 1962. (Page 5)

Increased foreign exchange earnings of non-industrial areas appeared as additional demand for imports from industrial countries in 1963, a demand which was considerably strengthened in the course of the year as exports from non-industrial areas continued to develop favourably. By the end of the year, total exports of industrial to non-industrial countries had grown by 6 per cent, or by $1,400 million, to $25,100 million. (Page 5)

As a result of the favourable trade development in 1963, most non-industrial areas succeeded in improving their trade balances... Taken together, however, the value of exports from non-industrial to industrial countries exceeded the value of imports going the opposite way by about $700 million - the first surplus reached since 1957 by non-industrial countries in their trade with industrial areas. (Page 6)

In contrast to the development during previous years, trade between industrial countries increased only slightly faster than total world trade, i.e., by 10 per cent to almost $67,000 million. (Page 6)

Total exports of industrial countries to the Eastern trading area rose at a slightly slower pace than in 1962. In particular, sales of the EEC fell substantially, though this decline was more than compensated by an increase of nearly one-half in North American exports which was due to exceptional circumstances. (Page 7)

Longer-term developments in production and trade of agricultural products in developing countries

1. Consumption and imports in industrial countries since the early nineteen-fifties

Consumption of agricultural commodities increased respectively by about 30 and 40 per cent between 1953-55 and 1961-63 in the EEC and Japan, where incomes developed at a particularly fast rate. As in these areas domestic production increased at slower rates than consumption, imports grew considerably by about 60 and 70 per cent respectively. Although in North America consumption and production grew at similar rates, and in the United Kingdom production increased faster than consumption, agricultural imports of industrial countries taken together (including trade among themselves) increased by nearly 40 per cent, i.e. faster than their consumption. Trade increased particularly for the commodities for which consumption has shown the fastest expansion, as can be seen in Table 4, where foodstuffs have been grouped according to the growth rate recorded in their consumption for industrial areas combined. The group of commodities with a relatively fast rise in consumption, ranging between 25 and 35 per cent, consists of highly income elastic foodstuffs, such as meat, fruit and beverages, as well as of concentrated feedingstuffs increasingly required by the strong expansion of meat production. These commodity categories are also those for which imports into industrial countries
showed the fastest rise during the period under consideration. For meat and live animals, on one hand, and fruit and vegetables, on the other, imports expanded by three-quarters and about 60 per cent respectively. The fast rise in demand for meat had a great impact also on the derived requirements for imported feed, which in the case of both coarse grain and of other feedingstuffs (mainly protein rich feeds such as oilcakes, fishmeal, etc.) doubled. Imports of beverages, and tobacco also expanded at a higher rate than average. (Page 8-9)

2. The falling share of developing countries in the markets of industrial areas

While imports of agricultural commodities into industrial areas combined from all origins expanded by nearly 40 per cent between 1953-55 and 1961-63, the expansion in imports was, however, very uneven between the various main sources of supply: while those originating from industrial countries themselves increased by about 60 per cent and those coming from Australia, New Zealand and South Africa, taken together, about as fast as average, imports of agricultural commodities originating in the other non-industrial countries expanded in volume by only one-fifth, i.e., three times less rapidly than agricultural trade among industrial countries. (Page 10)

Institutional factors, such as the gradual liberalization of trade within the framework of OEEC, and more recently of EEC and EFTA, certainly played a role in the fast expansion of trade among industrial countries. It seems, however, necessary to examine more closely to what extent the decline in the share of imports originating from non-industrial countries in the markets of industrial areas can be related to changes in the pattern of demand in the latter. As can be seen in Table 4, the evolution of agricultural imports coming from developing countries reflected on the whole the shifts in the commodity pattern of consumption. In particular, their exports of feedingstuffs, fruit and vegetables, tropical beverages and meat, commodities the consumption of which increased relatively fast in industrial areas, grew on average by about one-half in volume. It appears, however, that for most of the commodity groups the expansion of total imports of industrial areas was faster than their imports from developing countries and the share of the latter countries tended to decline. The decline was particularly pronounced for oilseeds, oils and fats, cereals, sugar and fibres.

3. Supply and price levels

In the early postwar years, it was already apparent that exports by the developing countries were tending to lose ground on world markets. Between 1934-38 and 1953-55 production in the developing areas as a whole had risen by about 30 per cent, that is to say less rapidly than population, and their agricultural exports stagnated. Over the same period, production as well as exports had risen by one-half in North America, and by more than one-quarter in Oceania. These regions were thus in a position to expand their shares of world exports, while the share of the developing areas declined.
The existence of a world shortage of primary products immediately after the war can be seen from the fact that between the prewar years and the early nineteen-fifties prices of primary products rose appreciably faster on the whole than did those of manufactures, while world production of primary products developed much less rapidly than world industrial output. The severity of that shortage can be placed in broader perspective if it is noted that in the period 1953-55 the relative prices of primary products in relation to manufactures were about 20 per cent higher than in 1928-29 - the latter period being one of intense world economic activity.

The investments made and the measures taken in many countries to encourage agricultural production made it possible to ease the bottleneck and, as mentioned above, the volume of world trade in agricultural products has risen rapidly in recent years. This trend has certainly been encouraged by the progressive decline in prices from the high level of the early nineteen-fifties. Indeed, although in recent years there has been no steady downward trend in prices for certain groups of products such as meat and fruit, for which world demand is rising rapidly, the level of prices for agricultural products as a whole was in 1953-55 about 12 per cent below the level for the period 1953-55. Despite the existence of substantial stocks of certain products, however, the relative level of agricultural prices in relation to prices of manufactures was still substantially higher than in 1934-38, when the world situation was clearly one of excess of supplies over demand, and stood at a level not far below that recorded during the boom years 1928 and 1929. (Pages 11-12)

4. Evolution of net exports of agricultural products by developing countries

The fact that the share of the less-developed countries in world trade in agricultural products not only declined in recent years but had already declined between 1934-38 and the beginning of the nineteen-fifties tends to suggest that, apart from the particular features of the markets of industrial countries, production conditions in less-developed countries and the growth of their consumption needs have played an important role in the evolution of their agricultural exports.

If one considers the evolution since 1953 of production and trade in agricultural products for the developing countries as a whole, one finds that net exports of these products have in general increased considerably less rapidly than production, while consumption has risen appreciably faster than production. This tendency has been particularly marked in South-East Asia, where net exports fell by nearly one-quarter between 1953-55 and 1960-62. India, Indonesia and Pakistan played an important role in this trend.
In contrast with South-East Asia, net exports from Latin America rose by more than one-quarter between 1953-55 and 1960-62, with most countries in the area sharing in this increase. Exports by Argentina and Mexico increased by about 30 per cent, while imports continued at a rather low level. Brazil's exports rose by 22 per cent, despite the accumulation of substantial coffee stocks. For most other countries in the area, net exports rose by approximately 30 per cent.

The trends mentioned for the period 1953-1962 were actually apparent over a longer period. Net exports by India, Indonesia, Pakistan and Burma are seen to have declined substantially between 1934-38 and 1953-55, as well as during recent years, as did those of the North African and Middle Eastern countries taken together. On the other hand, there was a substantial increase in net exports by the central African countries, the Latin American countries other than Argentina and Brazil, and certain Asian countries between 1934-38 and 1953-55, and again in recent years. In Argentina and Brazil, net exports of agricultural products fell off between the prewar years and 1953-55, and have rallied since, but those of Argentina have not yet regained their prewar level.

An analysis by commodity groups (pages 14-15) confirms that large differences exist among developing countries as regards the evolution of their exports of agricultural commodities. Furthermore, the rate of growth of agricultural output in countries having been in a position to increase their exports of such commodities has also been sufficient to allow for a larger increase in consumption than in countries where net agricultural exports declined.

Having regard to the fact that demand for agricultural products tends to rise almost as fast as national income in countries where per caput income is low, it is clear that to the extent that the countries which have been able to ensure rapid growth in their agricultural production, they have benefited from two factors of considerable importance for the promotion of rapid economic development. In the first place, they have been in a position to increase their foreign exchange availabilities for the purchase of industrial products, in particular capital goods, whereas for the other countries exports proceeds from trade in agricultural products have declined and in certain cases tended to disappear. In the second place, countries whose net exports have risen have on the whole been able to promote more rapid growth in their agricultural consumption; this can serve to speed up general economic development, in particular assisting the fight against inflation and other possible adverse factors in the economic and social structure.

It may be noted that several countries which experienced a decline in their net exports of agricultural commodities have already attained a relatively high level of industrial development. For some of them, India for example, the decline in agricultural exports has been accompanied by rising exports of manufactures.
As already noted in *International Trade - 1962*, however, no similar trend has occurred in other semi-industrialized countries, for example Argentina or Brazil. In addition, for countries such as Indonesia and Burma, where industrial activity is still not very developed, exports of manufactures other than non-ferrous metals have remained very low, although their shipments of agricultural products have fallen off. To the extent that the decline of the share of developing countries in world trade in agricultural products is due to factors affecting the supply situation in those countries, one therefore comes to wonder whether appropriate policies would not bring about a more rapid growth of agricultural production in certain countries, so as to permit an increase in their net exports through either larger gross exports or reduced imports. This would assist the efforts towards economic development for, even if one takes bold assumptions as to the possible rate of industrial growth in less-developed areas, and the possibility for those areas to achieve any substantial increase in their exports of industrial products, the promotion of rapid development requires the less-developed countries to increase their net exports of traditional products to the greatest possible extent and over a number of years.

If their share in the markets of industrial countries had remained the same as in 1953-55, the export earnings of developing countries as a whole would have been about $2,000 million higher in 1961-63. Furthermore, imports by developing countries from other areas for agricultural products as a whole, with the exception of non-commercial deliveries, amounted to nearly $4,000 million in 1963; an expansion in the production and trade of these countries would tend to permit a reduction in deliveries from industrial countries. An expansion of exports to industrial countries might fairly soon come up against the barriers raised by many of those countries towards imports of agricultural products, production of which benefit from support measures. As regards the categories of products for which consumption in Western Europe and Japan tended to develop more rapidly than production during recent years, such as animal feed and fruit, it appears, however, that the less-developed countries might succeed in increasing their exports. Moreover, expansion in trade between developing countries should not run into obstacles deriving from the economic policy of industrial countries. The few figures just mentioned tend to show that the net exports of developing countries might thus increase by several thousand million dollars, if the corresponding production capacity can be established in the near future. (Pages 15-17)
PART TWO

COMMODITY TRADE

Composition by Main Commodity Categories and Trade Flows

The acceleration in the growth rate of the value of world trade from about 5 per cent in 1961 and again in 1962 to 9 per cent in 1963 reflected mainly the quickened pace for primary products which, in 1963, expanded three times as fast as in each of the preceding two years, about as fast as world trade. The roughly parallel rise in the value of world exports of both primary products and manufactures in 1963 stands in sharp contrast to developments between 1953 and 1962, when world exports of manufactures expanded in value terms much faster than did those of primary products, whose share in the value of world trade had declined from 53 per cent in 1953 to 43 per cent in 1962.

The quickening rate of increase in the value of world trade in primary products in 1963 reflected mainly developments in agricultural commodities: world exports of foodstuffs, which had increased by 4 per cent in each of the two preceding years, expanded by about 10 per cent in 1963, and world exports of agricultural raw materials, after having stagnated in 1961 and 1962, rose in 1963 as fast as foodstuffs. For the other major categories of primary products, developments in 1963 were similar to those of the preceding two years: exports of fuels continued their fast expansion and rose further by about 10 per cent, while exports of metalliferrous ores and non-ferrous base metals failed to show any increase.

In the case of foodstuffs, the faster growth in the value of world trade in 1963 resulted from an acceleration in each of the major trade flows distinguished in Table 8, in particular on the markets of industrial countries. The value of food exports from non-industrial to industrial countries, after having declined in 1961, and then risen by 6 per cent in 1962, expanded by as much as 12 per cent to $9,350 million (f.o.b.) in 1963. The bulk of this increment was accounted for by the rise in the value of sugar exports, but meat, fruit, oils and fats also recorded higher proceeds than in the preceding year. The exchanges in foodstuffs among industrial countries, for which the rate of growth had slightly slowed down in 1962, resumed their fast expansion, rising by 10 per cent to $10,520 million in 1963. This resulted mainly from a further substantial growth of trade in meat among European countries, as well as from larger exports of oilseeds and oils, dairy products and wheat from North America to Western Europe and Japan.

Apart from the continued expansion in trade in foodstuffs among themselves, industrial areas experienced in 1963 substantial rises also in their exports to other markets. The value of food exports from industrial to non-industrial
areas, which failed to show any expansion in the two preceding years, rose by 9 per cent between 1962 and 1963 to reach a new record level of $3,220 million, with both Government-financed and commercial deliveries sharing the rise, mostly due to larger shipments of wheat. Exports of foodstuffs from industrial countries to the Eastern trading area, after substantial increases in the preceding years, expanded further by nearly 40 per cent in 1963, when they reached $750 million, mainly on account of large grain shipments from North America. The trend of earlier years for exports from industrial countries to the Eastern trading area to rise faster than imports from that area was strongly accentuated in 1963. While in 1962 industrial areas had a net import surplus of nearly $200 million (f.o.b.) in their exchanges of food with the Eastern trading area, imports being twice as large as exports, the import surplus was reduced to less than $200 million in 1962, and it fell further to $120 million in 1963.

In the case of agricultural raw materials, the value of world exports, as already indicated, expanded by 10 per cent in 1963 as compared with no increase at all in the two preceding years, reflecting a parallel rise of imports into industrial areas coming from within industrial areas as well as from non-industrial countries. The rise in exchanges among industrial countries reflected to a large extent the recovery in exports of cotton from the United States to Japan and Western Europe from their low level of the preceding year. In the case of imports from non-industrial areas, the rise in value terms was, as in the case of foodstuffs, concentrated on a single commodity: wool; but cotton and hard fibres also recorded some increase. (Pages 13-19)

The slight acceleration in the growth rate of world trade in manufactures (including base metals), from less than 8 per cent in 1962 to 9 per cent in 1963, reflected to some extent a somewhat faster growth of exchanges among industrial countries, which at $45,160 million (f.o.b.) rose by 11 per cent in 1963 as compared to 10 per cent in the preceding year, but to a greater extent the development of exchanges between non-industrial and industrial areas. In particular exports from industrial to non-industrial areas, which had declined in each of the two preceding years, recovered by 5 per cent in 1963 to reach $20,000 million. Exports of manufactures from non-industrial to industrial areas, although still at the relatively low level of $3,340 million, expanded in 1963 by 9 per cent, as compared to 4 per cent in 1961 and 7 per cent in 1962. Among the trade flows for which data are available, only exports of manufactures from industrial countries to the Eastern trading area, which had expanded by about 10 per cent in the preceding year, failed to show any increase between 1962 and 1963. (Page 22)

Demand and supply

Consumer demand for primary commodities in the main markets continued during 1963 its steady upward movement of earlier years in line with the further expansion - although at a slightly slower pace than in 1962 - of economic activity in all the major industrial areas. In this context, however, it is worth pointing out some of the developments which in 1963 tended to reinforce import demand for primary
commodities. Among the countries which experienced a pronounced acceleration in their economic activity in 1963, as compared with 1962, were the United Kingdom and Japan, both particularly heavily dependent on imports of primary products. In addition, a particularly fast rise in incomes occurred in Mediterranean countries and Japan, where consumption of foodstuffs is more income elastic than in North-Western Europe and North America, so that their import demand for these commodities was extremely strong. Moreover, the reinforced demand for current consumption in 1963 seems to have been accentuated by the demand related to the movement of stocks in importing countries, an important element of demand not only for raw materials, but also for a wide range of foodstuffs.

Apart from these developments on the side of total demand, import demand received on the whole a strong impetus in 1963 due to the evolution of domestic supplies of temperate zone foodstuffs and rice in importing countries. In this respect, weather conditions played an important role as the severe and prolonged winter of 1962/63 in Western Europe reinforced the already heavy demand for fuels and adversely affected production of some agricultural commodities, in particular milk. Bad weather conditions also affected wheat and olive oil crops in Western and Southern Europe as well as the wheat crop in the Soviet Union, which emerged in the autumn of 1963 as a major market for this commodity. Short crops of wheat and rice harvested in a number of non-industrial countries also led to increased import requirements for these two commodities in these areas. Apart from year-to-year fluctuations in agricultural output due to weather conditions, variations, partly of a cyclical nature, in output of animal products in importing countries are becoming an increasingly important factor in determining import demand in view of the rising share of such products, especially of meat, in world trade of foodstuffs.

The tendency discernible in 1962 towards a slowing down in the rate of growth, or even a reduction, of exportable supplies in the case of a number of important primary commodities, such as tropical foodstuffs and wool, entering world trade could also be observed in 1963. In particular, world production of cane sugar, which had declined in 1961/62, fell again in 1962/63, mainly as a result of the drop in Cuba, the world’s largest exporter. Production of coffee was in 1962/63 by about 8 per cent below that in the previous season and a further decline took place in 1963/64, reflecting especially the sharp reduction in Brazil. Production of cocoa, after having declined in the preceding season, recovered in 1962/63 without exceeding, however, its level of 1960/61. In the case of tropical oilseeds and oils and of tea, the growth rate of production was in 1963 as slight as in the preceding year, of less than 2 and less than 1 per cent, respectively. Production of wool in the main exporting countries, which had tended to stagnate for a number of years, was in 1962/63 slightly below its level of the preceding season and showed only a very slight rise in 1963/64; stocks in producing countries had been falling since 1960 and reached very low levels in 1963. (Pages 23-25)
Price movements

The overall index of prices of primary products (excluding non-ferrous metals), after its upsurge following the Suez crisis, showed a continuous decline from the first quarter of 1957 to the third quarter of 1962, the fall during that period amounting to about 15 per cent. The decline was sharper - of 25 per cent - if compared with the price level of 1951, the peak following the Korean War, but less pronounced - of about 12 per cent - if compared with the average of 1953-55, i.e., excluding the years mostly affected by the sharp rises induced by the above-mentioned two major political crises. The fall in prices was particularly marked in the case of agricultural commodities (see graph), which stood in 1962 at a level nearly 30 per cent below their peak of 1951 and 15 per cent below that of 1953-55, while prices of minerals (including petroleum) were in 1962 only 4 per cent below their level of 1951 and 2 per cent below that of 1953-55. Prices of non-ferrous metals had shown a sharper decline than those of minerals between the early nineteen-fifties and 1962.

During the fourth quarter of 1962, the recovery in the overall index of prices of primary products was only very slight - of 1 per cent - reflecting rises in the case of a few commodities only, among which sugar played a major role. More marked increases took place during the first two quarters of 1963, with the recovery spreading to a wider range of commodities. Whereas the upward movement stopped during the third quarter, it resumed during the fourth quarter of the year and during the first quarter of 1964, when this index exceeded by 13 per cent its level of the third quarter of 1962. For the average of 1963, the overall price level of primary products was by about 6 per cent higher than in 1962, regaining its level of 1958, but remained 5 per cent below 1953-55 and 20 per cent lower than in 1951. The recovery in prices in 1963 affected mainly the group of agricultural commodities, for which the price index was by 10 per cent higher than in 1962; for minerals (including petroleum), prices remained at about the same level as in the previous year and for non-ferrous metals the price rise was only slight in 1963, although it gained considerable strength in 1964. (Page 25)

The most pronounced price increases were recorded in 1963 for two commodities, sugar and wool, for which, as indicated above, there was a shortage of supplies in exporting countries. The sharp upsurge in prices of sugar, which had started in 1962, continued with only a few interruptions during the first ten months of 1963. World market prices were for the whole of 1963 about three times as high as their average level of the preceding year, but it has to be borne in mind that these prices concern only less than half of world trade and that the rise in average unit values of world exports in 1963 as compared with 1962 was less pronounced, having reached an estimated increase of two-thirds. Wool prices exceeded in 1963 by nearly one-fifth their level of 1962. In the case of two
other commodities, cocoa and coffee, for which the price fall had been particularly strong between the mid-fifties and 1962, the recovery in 1963 also largely reflected developments in production in exporting countries. Prices of cocoa, which had declined by more than 40 per cent between 1953-55 and 1962 recovered somewhat in 1963. Prices of coffee, the major agricultural commodity entering world trade, had declined by nearly one-half between 1953/55 and 1962 and contributed strongly to the decline in the price index of agricultural commodities during this period. Although an upward movement of coffee prices did not start before the last quarter of 1963, so that the average price level for the whole of the year exceeded only slightly that of 1962, the recovery in coffee prices during 1963 contributed largely to the reversal of the downward movement in prices of agricultural commodities which took place between 1962 and 1963.

For temperate zone foodstuffs, rice and cotton, prices did not differ markedly in 1963 from those of the preceding year, as supplies in exporting countries were ample enough to meet even substantial rises in import requirements induced mainly by the development of production in Western Europe and the Soviet Union referred to above at generally unchanged prices. However, in the case of animal products such as beef and veal and butter, not only did the volume of exports expand considerably in 1963, but prices also rose. Prices of butter were in 1963 by more than about 10 per cent higher than in 1962, while those of beef and veal in Western Europe, for which the rise gained strength only beginning with the second half of the year, were for the whole of 1963 only slightly higher than in 1962. (Pages 26-27)

Textiles and clothing

In keeping with the general trends of trade in all manufactured goods, international trade in textiles and clothing (SITC 65 and 84) continued to expand in 1963. Total world exports in 1963, estimated at $8,700 million (of which clothing amounted to $1,700 million), were 8 per cent higher than in the previous year. While exports of yarns and fabrics increased by about 5 per cent, exports of clothing went up by almost 13 per cent.

The increase in exports of textile yarns and fabrics was shared by all the major exporting areas, except Japan whose sales suffered a decline in 1963. The EEC and the EFTA countries exported 7 per cent more, as against North America whose exports were only a shade higher than in the previous year. Substantial gains, on the other hand, were shown by India, Hong Kong and Pakistan, which exported considerably more than in 1962.

The expansion in the exports of clothing during 1963 was even more notable. The EEC countries showed an increase of 20 per cent in the value of their sales, as compared with the EFTA group which registered an expansion of 15 per cent. Shipments from the major Asian exporting countries were also higher in 1963;
Hong Kong, in particular, showed a net gain of 20 per cent over the previous year, due to increased sales to Western Europe. On the whole, however, the major part of the expansion in trade in the clothing sector was accounted for by increased intra-European trade.

**Passenger cars**

Like in 1962, world trade in passenger cars grew at the same pace as production, i.e., equally by 15 per cent both in value (to $3,500 million) and units (to 3.1 million). But, except for the United States, this pattern of equal growth in output and trade was not repeated in the development of production and exports of the world's major individual manufacturing countries. Particularly in the United Kingdom and Italy, output of passenger cars increased much faster than exports, an indication that domestic rather than external demand was at the origin of the automobile industries' rapid growth.

Growing demand in Western Europe was largely responsible for the expansion of trade in passenger cars; the area absorbed about 70 per cent of the absolute increment in world exports in 1963. In particular, total exports to the EEC countries increased by 26 per cent to $1,100 million of which, however, $910 million are on account of intra-EEC trade which increased by the same percentage. Primarily German and French sales to other EEC countries were responsible for this growth: German exports rose by nearly one-half to $400 million, and French exports by over one-third to $250 million. On the other hand, Italian exports to other member countries fell sharply by 14 per cent to $130 million; in particular sales to the Federal Republic of Germany declined by over two-fifths. British and Swedish car manufacturers equally benefited from growing demand in the Common Market; total EFTA exports to the EEC rose by 30 per cent to $150 million, or relatively faster than intra-EEC trade in passenger cars. Sales of United States cars in EEC countries increased by 15 per cent to $39 million.

While the growth in total passenger car trade between industrialized countries dropped from 30 per cent in 1962 to 13 per cent the following year, their combined sales to non-industrial areas rose by 20 per cent to almost $820 million, or more than three times as fast as in 1962. (Pages 67-70)
1. Industrial areas

For all industrialized countries combined, economic growth continued in 1963, though at somewhat smaller rates than during the preceding year. Gross national product and industrial output of both Western Europe and North America rose by 4 per cent and 5 per cent respectively, while for Japan the growth rates were about twice as high. However, there were marked differences in the economic development of major individual areas and countries. For the European Economic Community, it was characterized by declining growth rates but strong pressures of private demand and inflationary tendencies in all member countries except the Federal Republic of Germany. On the other hand, economic growth of EFTA as a whole picked up speed, primarily due to the revival of economic activity in the United Kingdom, while the economies of most other West European countries continued to advance at relatively high rates. North America witnessed another year of economic expansion, characterized by declining growth rates but high price stability. Japan, finally, experienced a new boom after the retrenchment policy introduced at the end of 1961 had been relaxed. These diverging developments did not fail to exercise their influence on world trade. A large share of its increase went to the EEC countries to cover rising private demand, insufficiently met by domestic production, and to Japan and the United Kingdom, whose external demand was stimulated by the economic upswing. In turn, imports of North America and of the Federal Republic of Germany rose at only about half the rates registered in 1962, while the growth of their exports accelerated sharply, largely due to high price stability prevailing in these countries.

Compared to growth rates of 7 and 6 per cent during each of the two preceding years, world exports (at f.o.b. prices) to all industrialized countries combined increased by 10 per cent in 1963 to nearly $96,000 million, $8,700 million above the 1962 level.

Trade between industrialized countries rose by 10 per cent to $67,000 million, or by $6,200 million, of which about 70 per cent were absorbed by the EEC, the United Kingdom and Japan. In particular, deliveries to Japan rose by over one-fifth, and to the Common Market by 14 per cent (largely due to a 17 per cent increase in intra-EEC trade), despite the fact that the German import growth declined from 12 per cent in 1962 to half this rate the following year.

Drawing benefit from higher demand for foodstuffs and other primary products, but also from rising prices, the non-industrial areas expanded their total exports to industrial countries by 9 per cent to $25,600 million. Again, over 70 per cent
of the absolute increment of $2,200 million went to the EEC, the United Kingdom and Japan (to which along sales increased by one-quarter). Of the principal non-industrial areas, the oil-exporting Middle East expanded its deliveries by the highest rate (16 per cent), while exports from Central Africa, South-East Asia and Australia, New Zealand and South Africa as a group advanced between 9 and 12 per cent. Latin American exports rose by only 7 per cent, or below average, with a large share of even this growth accounted for by price increases. The Eastern trading area, finally, expanded its deliveries to industrialized countries by 10 per cent to $3,400 million.

After two years of stagnation, exports of industrial into non-industrial countries increased by 6 per cent to $25,070 million. All major industrial areas participated in this growth, though at varying rates: shipments from the EEC and EFTA rose by about 5 per cent each, but from the remaining West European countries combined by only 1 per cent. On the other hand, exports from North America advanced by 6 per cent, those from Japan even by 11 per cent. (Pages 71-72)

(a) North America

In what is now the longest phase of economic expansion since the war, North America experienced in 1963 another year of continued economic growth.

So far, private investment and private consumption, in particular of durable consumer goods, had been the dynamic forces of the present boom in both the United States and Canada. Public consumption, on the other hand, increased strongly in the United States, but remained constant in Canada. In 1963, external demand appeared as an additional strong expansionary force. After a moderate growth of about 2 per cent in each of the two preceding years, total North American exports expanded by 8 per cent to $27,250 million; by countries, United States exports increased at this average rate to $20,700 million, while those from Canada rose by 10 per cent to $6,500 million.

While the prolonged boom led to only a moderate reduction in both countries' level of unemployment, a significant improvement occurred with respect to another problem area: the balance of payments. In contrast to the sharp acceleration in export growth, the rate of increase of North American imports declined from 10 per cent in 1962 to only 4½ per cent the following year when total imports (at f.o.b. prices) reached $23,100 million; this reduction was entirely confined to United States imports, which increased only 5 per cent to $17,000 million (against 11 per cent the year before), while Canadian imports rose by 4 per cent to $6,100 million, or slightly faster than in 1962. (Pages 73-74)
(b) Western Europe

In 1963, economic expansion in Western Europe continued at almost the same pace as in the two preceding years: gross national product of all countries combined rose by about 4 per cent, and industrial production by nearly 5 per cent. Investment activity continued to weaken, private and public consumption to gather strength as the principal dynamic force.

The strong growth of demand in France and Italy on the one hand, and the revival of economic activity in the United Kingdom on the other had stimulating effects on Western Europe's internal and external trade.

In 1963, total West European exports (f.o.b.) rose by 9 per cent (or $5,300 million) to $63,500 million, i.e., at the same rate as total world trade. As in preceding years, internal European trade, and particularly exchanges between the EEC members expanded faster: total intra-European trade rose by 12 per cent to $40,400 million, and intra-EEC trade by 17 per cent to $15,900 million. Deliveries between the EFTA countries which so far had usually grown at somewhat lower rates than total internal European trade increased by 13 per cent to $4,500 million.

The rapid expansion in internal European trade was accompanied by a slow growth of West European exports to the outside world; nevertheless, the 4 per cent increase to $22,900 million constitutes an improvement over 1962 when exports had witnessed a slight decline.

Total West European imports (c.i.f.) from the rest of the world rose by 9 per cent or $2,700 million to $32,000 million in 1963, and most major non-European exporting areas succeeded in expanding their sales to Western Europe at a higher rate than in the preceding year. Imports into the EEC from outside Europe rose by 10 per cent to $17,100 million or slightly faster than average, and imports into EFTA by 7 per cent to $12,100 million. (Pages 81-82)

(i) Economic growth and trade development in the EEC

For the European Economic Community, 1963 brought the first serious economic difficulties since 1958. During previous years the six EEC members' individual economies had progressed along similar lines. In 1963 there were sharp divergencies in their economic development; while in the Federal Republic of Germany stable growth continued, the rapid expansion in France and Italy, and to a lesser extent also in Belgium and the Netherlands, caused strong inflationary strains in these countries.
In most member countries (except in the Federal Republic and Belgium-Luxemburg), the growth of private consumption in 1963 exceeded by far that of gross national product; for the EEC as a whole private consumption rose 5 per cent, and gross national product 4 per cent (compared to 5 per cent in 1962 - a decline not entirely due to a weakening in expansionary forces, but rather to such exceptional factors as the severe winter and social conflicts). On the other hand, investment activity, in 1961 and 1962 still an important dynamic demand factor, lost momentum; its growth in 1963 was equal to that of gross national product whereas in previous years it had been considerably greater. In all member countries, industrial production, though continuing its slackening pace, rose faster than gross national product, but except in the Federal Republic of Germany the increase in total domestic supplies could not match the growth in demand, which therefore, had to be met to an increasing extent through imports. (Page 83)

The excessive growth of demand had its repercussions on the development of the EEC's internal and external trade in 1963. While the growth of gross national product and industrial production was smaller than in the preceding year, internal trade accelerated, showing an increase of 17 per cent against 14 per cent in 1962. Equally, imports from outside the area rose faster in 1963 (10 per cent) than the year before (9 per cent). However, exports to the rest of the world also expanded by 5 per cent, a considerable improvement over the moderate 1 per cent growth in 1962.

The unequal growth of total imports and exports in most member countries had corresponding effects on the trade balances (imports c.i.f., exports f.o.b.).

For the EEC as a whole, the external trade balance continued its rapid process of deterioration by reaching a $3,000 million deficit in 1963. Primarily due to considerable net capital inflow, the EEC's balance of payments was still positive, but for Italy the situation had become alarming. Due to a current account deficit of $640 million and net negative capital movements, the Italian global balance of payments deteriorated within one year from a slight surplus in 1962 to a $1,200 million deficit.

(ii) Trade among the EEC countries

After two consecutive years with declining rates of expansion, intra-EEC trade again accelerated and rose by 17 per cent (compared to 14 per cent in 1962), or by $2,400 million to a total value of $15,900 million. As in previous years, trade among the member States increased nearly twice as fast as all other world exports combined. The growth pattern of exchanges between the EEC partners strongly reflects their unequal economic development.

In general, the development in 1963 has only aggravated a trend already discernible during the last two or three years: a declining and, compared to the evolution of total intra-EEC trade, finally disproportionately low growth in French and Italian exports, as compared with a continuous disproportionately high rise in imports. (Pages 86-87)
(iii) Economic growth and trade development in EFTA

The EFTA economies witnessed accelerated growth in 1963, combined (except for Switzerland) with relatively high price stability. For the area as a whole, gross national product rose 4 per cent, or twice as fast as in the preceding year, and industrial production 3 per cent, compared to only 1 per cent in 1962. The principal expansionary forces were private and public consumption, and export demand. Investments increased by 2 per cent, slightly faster than the year before. (Page 89)

(iv) Trade among the EFTA countries

During the past few years, intra-EFTA trade had registered declining growth with rates dropping from 16 per cent in 1960 to only 6 per cent in 1962. 1963, however, brought a significant reversal of this trend: internal trade rose by 13 per cent, or $510 million, to $4,500 million.

Between 1959 and 1963, total intra-EFTA trade has increased 50 per cent. During this period Danish, Swedish, Swiss and British exports have grown close to this average, while Norway's exports rose only 38 per cent, but those of Austria and Portugal between 80 per cent and 90 per cent. By destination, intra-EFTA trade has developed quite differently: imports (at f.o.b. prices) of Austria and Switzerland rose by about 80 per cent, of Norway and Sweden by two-thirds, of Denmark and Portugal by about 45 per cent and of the United Kingdom by one-third. In relative terms, Austria and Portugal as exporters, and Austria and Switzerland as importers have thus participated most in the expansion of intra-EFTA trade, and Norway the least as exporter, the United Kingdom as importer.

Certainly the most interesting feature of intra-EFTA trade development between 1959 and 1963 is, however, that exchanges between the three Scandinavian members on the one hand, and between the four remaining countries on the other, have increased markedly faster than total intra-EFTA trade. In contrast, exports from one group to the other rose below average, mostly due to a slower expansion of trade between the United Kingdom and the three Scandinavian EFTA members; combined Danish, Norwegian and Swedish exports to the United Kingdom did not rise more than 27 per cent between 1959 and 1963, while British exports to these countries increased 42 per cent. Consequently, the share of exchanges between Denmark, Norway and Sweden in total intra-EFTA trade has increased from 22 per cent in 1959 to 25 per cent in 1963, while that of their exports to other member countries fell from 32 per cent to 28 per cent during the same period. (Page 94)

(v) Trade between EEC and EFTA

Between 1959 and 1962, and with the sole exception of 1960, trade among the EFTA members had grown at a slower pace than EFTA exports to the Economic Community. In 1963, however, intra-EFTA trade increased by 13 per cent, and exports to the EEC, for the third consecutive year, by 11 per cent (to $5,900 million). The absolute increase in EFTA exports to the EEC of $530 million was
similar in magnitude to that in intra-EFTA trade ($510 million) after it had been more than twice as large in the preceding year. On the other hand, EEC exports to EFTA rose by 6 per cent or $440 million to a total of $7,900 million (against a 5 per cent increase in 1962). Consequently, for both EEC and EFTA, exports to each other expanded at virtually unchanged rates in 1962 and 1963, while their exports to other parts of the world increased sharply the second year. Since in the past two years EFTA exports to the EEC have grown faster both in relative and absolute terms than trade in the opposite direction, EFTA's traditional trade deficit (imports c.i.f., exports f.o.b.) vis-à-vis the EEC has declined from $2,200 million in 1961 to $2,000 million in 1963. (Page 97)

Between 1959 and 1963, total EFTA exports to EEC have expanded by 54 per cent, i.e., relatively faster than the flow of trade in the opposite direction for which an increase of 47 per cent was registered. Growth in exports of primary products has, of course, been far below these averages, but was nearly identical for both areas: 32 per cent for EFTA, 35 per cent for EEC. Consequently, EFTA's relatively faster export expansion was entirely confined to manufactures of which EFTA deliveries to EEC rose 75 per cent, against a 52 per cent growth in trade in the opposite direction. In particular, EFTA's sales of machinery and transport equipment to the Common Market nearly doubled, while EEC's deliveries just increased 56 per cent.

(vi) Trade of other Western European countries

In 1963, total trade of all other Western European countries combined, advanced at nearly the same pace as in the preceding year: exports increased by 7 per cent to almost $4,000 million while imports rose by 14 per cent, or slightly faster than in 1962, to $6,700 million. But for individual countries, the trade development showed considerable changes over 1962: for Greece and Ireland, growth in both imports and exports accelerated sharply in 1963; for Yugoslavia and Iceland, imports grew faster but exports slowed down. Turkish and Spanish imports, which had seen the largest relative increases in 1962, rose about half as fast the following year while exports stagnated or even declined. And Finland was the only country with imports falling in absolute terms and exports rising at the same rate as in 1962. (Page 99)

(vii) Trade with North America

Western Europe's trade with North America expanded further in 1963, but while imports from this area continued to rise progressively, the growth in Western Europe's exports slowed down considerably. (Page 103)

(viii) Trade with the non-industrial areas

For the second consecutive year, Western Europe's trade with the non-industrial areas developed favourably; in 1963, not only Western Europe's imports continued to expand progressively, but also its exports showed an appreciable increase after
two years of decline. However, the acceleration in import growth reflects an increase in both volume and prices as the declining trend of prices was reversed in 1963 for some important commodities such as sugar, wool, sisal, cocoa, vegetable oilseeds and oils.

After a 7 per cent increase during the preceding year, Western Europe's total imports (c.i.f.) from all non-industrial countries rose by 9 per cent or $1,450 million to $17,900 million in 1963. Both EFTA's and EEC's imports expanded by 8 per cent - for EFTA twice as fast, for the EEC the same growth as in 1962; in absolute terms, the EEC absorbed nearly two thirds, and EFTA over one-quarter of the increment in non-industrial areas' exports to Western Europe. As in the preceding year, imports of other West European countries combined expanded relatively faster; in 1963 they rose 12 per cent to $1,070 million, with particularly steep increases recorded for Finland and Greece (over 40 per cent each). (Page 105)

(ix) Western Europe and the Eastern trading area

While in 1962 trade in each direction had grown considerably, Western Europe's exports to the Eastern trading area increased not more than 1 per cent during the following year to $2,700 million, while its imports (c.i.f.) continued to expand progressively by rising 14 per cent to $3,300 million. This change in growth trends largely resulted from the development of Western Europe's trade with the Soviet Union whose foreign trade requirements were determined by current economic problems and in particular by the unsatisfactory agricultural output due to adverse weather conditions in both 1962 and 1963. By pushing exports to Western Europe and at the same time contracting imports from this area, the USSR was able to earn some of the foreign exchange required for wheat purchases primarily in the United States and Canada. (Page 106)

(c) Japan

In 1963, Japan's imports expanded so rapidly that the rise in exports could not prevent a deterioration in the trade balance. The deficit of $1,284 million, i.e., $563 million more than at the end of 1962, was nevertheless lower than that recorded in 1961 ($1,574 million). (Page 107)

2. Non-industrial areas

Aggregate exports from the non-industrial areas rose by 9 per cent from 1962 to 1963, i.e., much faster than in recent years. While export volumes of these advanced at substantially the same rate as in 1961 and 1962, the prices obtained by the non-industrial countries rallied in 1963 after a decline in the two preceding years. For all the non-industrial areas except Latin America, there was faster expansion in export volumes in 1963 than in 1962, and a rising price trend, particularly in Africa and Oceania; as a result, export earnings rose faster in 1963 than in any of the ten preceding years in Africa and
Oceania, and also in South-East Asia with the exception of 1955. In Latin America, exports rose in volume by only 3 per cent in 1963, as compared with 9 per cent in 1962, while their value in 1963 rose by 6 per cent as in the preceding year.

Exports from the non-industrial areas as a whole to North America and EFTA countries rose by about 6 per cent from 1962 to 1963, while those to EEC countries and Japan increased by 11 per cent and 25 per cent respectively. Sales to Japan developed rapidly for each of the non-industrial areas; in particular exports to Japan from the South-East Asia countries, which represents nearly one-quarter of their total sales to industrial countries, rose by 30 per cent due in particular to higher sugar prices and increased deliveries of timber and cotton. Exports from South-East Asia and Latin America to EEC countries also rose by more than one-tenth, while their sales to North American and EFTA countries increased by less than 5 per cent. The African countries achieved a 12 per cent increase in their exports to the EEC and EFTA but only a 6 per cent gain in those to North America. Contrary to the trend for the other non-industrial areas, exports by Australia, New Zealand and South Africa taken together developed, especially towards North America due to improved sales of meat and wool, and to the EFTA countries because of larger sales of sugar, wool and butter.

Between 1962 and 1963 imports by the non-industrial areas from industrial areas rose less fast than their exports to these areas. This divergence is mainly due to the fact that Latin America's imports shrank slightly, while exports showed a 6 per cent advance. For the other non-industrial areas, on the other hand, imports increased substantially, though at slower rates than exports. The trade deficit of South-East Asia and Africa diminished in 1963, but the most noticeable improvement was obtained by Latin American countries, whose trade balance rose by about $700 million.

(a) Latin America

In 1963 as in 1962, total exports by the area increased by $580 million, or 6 per cent, to a total of $9,700 million. Unlike other areas, Latin America registered a decline in total import expenditure, which fell by $100 million to a level of $8,700 million. As a result the trade surplus rose appreciably between 1962 and 1963. Although gold reserves and foreign exchange reserves improved somewhat, the surplus was largely used for amortization of external indebtedness and for interest and dividend payments.

Latin America's export growth rate between 1962 and 1963 was lower than that of the non-industrialized areas taken together. Exports by Brazil, Argentina, Uruguay and several Central American countries rose more rapidly than those of the area as a whole, while Venezuela and Peru recorded only a very slight gain and Colombia suffered a 4 per cent reduction. The rise in export
earnings between 1962 and 1963 resulted from an increase of about 3 per cent in export volumes coupled with a similar increase in prices. The volume increase was mainly due to larger shipments of coffee by Brazil, Guatemala, Nicaragua and Venezuela and of meat by Argentina and Uruguay, while shipments of sugar, cotton wool, cereals and linseed oil declined. The rise in prices mainly affected sugar, wool and meat, while prices of most other products remained stable. The most noticeable increase in exports from the area was towards Western Europe, in particular EEC member countries, and the United States. Between 1962 and 1963, exports to Western Europe rose by $270 million (of which $210 million were attributable to EEC countries and only $20 million to EFTA countries) while exports to the United States rose by $150 million. Purchases by Japan, although less important in absolute value, rose by 14 per cent, principally because of increased banana shipments by Ecuador. Sales by Latin American countries to the other non-industrialized areas remained at the level of the previous year; sales to OHEA countries and mainland China declined by $140 million because of the drop in deliveries of Cuban sugar to the USSR and of cereals to mainland China. On the other hand, trade between Latin American countries, which had begun to advance in 1962, rose by $70 million, or more than 10 per cent without however reaching the 1957-58 level.

The drop in Latin America's imports in 1963 resulted from the contraction in imports by Argentina, which were reduced by $375 million, and by the fall in imports by Venezuela, Colombia and Uruguay, which were only partially offset by larger imports by other countries in the area, in particular Chile, Mexico and Ecuador. The falling-off in external purchases mainly affected imports from industrial areas (with the exception of Japan, whose sales were unchanged), the countries most affected by this trend being the EEC countries and the United Kingdom (whose exports declined by $140 million and $50 million respectively).

(b) South-East Asia

After several years of sluggish growth, South-East Asia's exports rose in 1963 by 10 per cent, the same rate as world exports, to a total of $8,520 million. Prices of South-East Asia's exports unlike those of other developing areas, did not show any marked over-all improvement in 1963; higher prices of sugar and oilseeds were virtually offset by a decline in prices of jute, rubber and cotton, while there was no substantial change in rice, tea and tin. The area's advance in exports was thus essentially due to a volume increase, the main groups of products involved being textile fibres, oilseeds, timber and manufactures. Exports by Taiwan and the Philippines rose by 50 per cent and 30 per cent respectively because of higher prices combined with larger shipments. India and Hong Kong increased their sales by more than 10 per cent, although prices remained stable. There was also an appreciable advance in exports by Pakistan, Malaysia and other countries in the area except Burma, where exports remained unchanged, and Ceylon, where they fell by 4 per cent.
One-third of the total rise in the area's exports in 1963 is accounted for by a 31 per cent expansion in sales to Japan which reached a total of $1,000 million. Exports to other industrial areas also developed: after a decline in the two preceding years, shipments to EEC countries rose by 13 per cent in 1963 and those to North American and EFTA countries by 6 per cent and 4 per cent respectively. After three years of stagnation, trade between South-East Asian countries rose by 7 per cent while exports to CMEA countries and mainland China continued to increase at the rate of about 8 per cent per annum.

Imports by South-East Asia from other areas developed at substantially the same rate as world trade. There was an 18 per cent increase in purchases from North America, due particularly to a steep rise in cereal shipments; imports from Japan rose by 10 per cent and those from Western Europe by 5 per cent. All the countries in the area increased their imports with the exception of India, which continued at the same level, Ceylon and Indonesia, where imports declined. The rate of growth was particularly high in the case of Pakistan (20 per cent), Taiwan (19 per cent) and Korea (33 per cent).

The trade deficit of the area remained at a high level in 1963. In particular there was a deterioration for Korea, Pakistan and Malaysia while India and the Philippines saw an improvement. Exchange reserves rose by about $400 million, with substantial increases in several countries including India, the Philippines and Taiwan. (Pages 120-121)

(c) Africa

Exports by the African countries taken together, excepting South Africa, rose more rapidly than world trade from 1962 to 1963, reaching a value of $6,300 million. Imports also developed, though less fast, from $6,650 million in 1962 to $6,900 million in 1963. The area's trade deficit was therefore substantially reduced from the level reached in 1962, which had been in the region of that for the period 1958-1961.

In contrast with the preceding years, the unit value of exports by the African countries as a whole rose by about 4 to 5 per cent from 1962 to 1963, due to higher prices for many agricultural products. Prices of sugar and sisal rose considerably, but there was also a substantial advance in prices of other important products - for example, cotton, coffee, cocoa and tobacco. At the same time, the volume of exports increased by 9 per cent, i.e., appreciably faster than during the two previous years, in particular because of increased deliveries of crude petroleum and cotton. Petroleum exports rose by one-half, due mainly to expanding production in Libya, where it rose from 8 million tons in 1962 to 22 million tons in 1963, and in Algeria, where there was a 20 per cent increase to a total of 24 million tons. Cotton exports by the United Arab Republic, Sudan and the East African countries showed an over-all increase of nearly

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one-quarter over the relatively low level of the previous year. The volume of coffee exports also rose substantially and with prices following an upward trend, export earnings on this commodity were 10 per cent higher in 1963 than in 1962. On the other hand, cocoa sales remained stable, a price increase being accompanied by a drop in shipments. The value of other agricultural exports rose, in particular for sugar, sisal and tobacco, but this advance was solely due to higher prices. Exports of vegetable oil and oilseeds also increased somewhat because of higher prices for olive oil and palm kernel oil, whereas regards groundnuts a slight decline in prices was offset by larger shipments. The statistics available for Algeria are somewhat scanty, but it would seem that exports of wine from that country, which were in excess of $200 million in 1962, declined appreciably in 1963; because of this and despite the increase in petroleum sales which represent more than half of total exports, there seems to have been no great increase in total exports from 1962 to 1963. As regards Africa's copper exports, which were in the region of $500 million in 1962, prices and export volumes remained stable, and a decline in exports from the Congo (Leopoldville) was offset by an increase in those of Northern Rhodesia. For the other non-ferrous metals exported by the Congo, the data available regarding that country seem to indicate that their value remained stable from 1962 to 1963; on the whole, mainly because of the decline in copper sales, total exports by the Congo seem to have dropped by about 5 per cent from 1962 to 1963, reaching a total of $385 million in the latter year.

Exports from Africa to EEC and EFTA countries, which account for 47 per cent and 21 per cent respectively of total exports, grew at the same rate as the latter. Sales to North America rose by 8 per cent and those to Japan and the CMEA countries, which together still account for only 8 per cent of total exports, increased by 50 per cent and 40 per cent respectively. On the other hand, there was no substantial advance in trade between African countries and exports from Africa to the other developing areas.

Africa's purchases from North America, the developing countries and the CMEA countries remained stable, while purchases from Western Europe, which had fallen off in 1962, recovered to the 1961 level and purchases from Japan advanced rapidly though still representing only 7 per cent of total imports. In the case of most of the African countries, exports rose more rapidly than imports. This refers to Libya, whose exports more than doubled while imports increased by 17 per cent, the East African countries and a number of West African countries whose exports increased substantially. For several countries whose exports did not develop, however, for example Ghana, Sudan, Senegal and Madagascar, imports and the trade deficit tended to rise. The deficit of these four countries doubled to a total of $240 million, while the deficit of the other African countries as a whole fell from $1,000 million in 1962 to approximately $400 million in 1963. (Pages 126-128)
(d) Australia, New Zealand and South Africa

The upward trend in Australia's exports which began in 1961 gained momentum in 1963, when export earnings rose by 20 per cent over the previous year's level to a total of $2,785 million. The gain was partly due to larger volumes, in particular for wheat and manufactures, but above all to the rise in prices of certain products such as wool, sugar and butter.

The economic expansion which had begun in 1962 continued in 1963, bringing an 11 per cent increase in external purchases which amounted to $2,439 million. The increase was particularly rapid in motor vehicles (30 per cent), while imports of raw materials, energy, chemicals and capital goods developed at substantially the same rate as total imports. On the other hand, imports of consumer goods other than motor vehicles rose only slowly on the whole.

As a result of higher prices coupled with an increase in quantum, New Zealand's export earnings, which had remained below their 1960 level during the two preceding years, rose by 14 per cent from 1962 to 1963 to a total of 916 million, or 8 per cent above the record 1960 level.

The upward trend in imports which began in the second half of 1962, reflecting the resumption of economic activity and the relaxation of import restrictions, continued in 1963. Imports amounted to $909 million (c.i.f.) in 1963, exceeding by 20 per cent the previous year's total and almost reaching the record value set in 1961. All categories of imports showed gains from 1962 to 1963.

Export earnings by South Africa continued their upward trend in 1963 with an increase of 5 per cent over the 1962 level to a total of $1,430 million. This increase reflected a 3 per cent expansion in the volume of exports, coupled with a slight improvement in prices. As in the preceding years, the gains in 1963 were due almost entirely to exports of agricultural products, which rose in value by 8 per cent and yielded half of total export earnings as compared with 40 per cent in 1960. Because of the favourable trend in the country's economic situation import expenditure was 20 per cent higher than in the two preceding years. (Pages 131-135)