INTERNATIONAL TRADE - 1956

A Report by the Secretariat on Trade, Trade Barriers and the Activities of the CONTRACTING PARTIES

Trade of Non-industrial Areas

The draft here attached belongs to the section of Part I which deals with "Trade of Non-Industrial Areas". Any contracting party wishing to make suggestions is requested to do so not later than 2 May. Wherever possible, more up-to-date figures will be substituted before the draft goes to the printer.

The draft dealing with the trade of the overseas sterling area, the Middle East, the USSR, Eastern Europe, mainland China, and some other countries, will be distributed shortly.
TRADE OF NON-INDUSTRIAL AREAS

An introductory section will be drafted later

The Impact of Economic Development on Trade

The decline in the relative importance of the non-industrial areas in world trade has in earlier pages\(^1\) been traced, as far as the supply side is concerned, to the reduction in the exportable volume of primary products which has occurred in eight "semi industrial" countries, i.e. Argentina, Brazil, Mexico, India, the Union of South Africa, Australia, Finland and Yugoslavia. The reduction in the volume of exports from these countries is due not only to the failure of primary production to rise significantly but also to the growing requirements of the domestic demand resulting from a development of manufacturing industries as well as a higher consumption of foodstuffs and other necessaries of life.

In the following pages, an attempt has been made to analyse briefly the extent and nature of industrial growth in these countries, distinguishing the old established export branches from those mainly producing for the domestic market, and to investigate to what extent exports of manufactured goods have been able to compensate the relative loss in export earnings arising from reduced shipments of primary products.

(a) Manufacturing Production in Semi-Industrial Countries

Although before the war (1937-38), the eight semi-industrial countries referred to above accounted for only six per cent of the world's manufacturing production (measured by value added and excluding the processing of food), they represented more than 80 per cent of such production in the non-industrial areas as a whole. In recent years (1954-55) these shares were essentially unaltered, while world production had more than doubled, both in the industrial and in the non-industrial areas. But whereas the growth of manufacturing in the non-industrial areas outside the eight selected countries is largely due to petroleum and metal refining, i.e. mainly for export, manufacturing activity in the eight countries is more diversified. Though it also includes important branches of manufacturing traditionally oriented toward foreign markets, the bulk of the increase in output is intended for domestic consumption.

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\(^1\) See above, p. ...
The structure and development of manufacturing industry in seven of the "semi-industrial" countries before the war, in 1948 and in 1954-55 is shown in Table A. Although together the volume of production in these countries has kept pace with the growth in world manufacturing output, there are considerable differences as between them.

While Brazil's output in 1954-55 stood at three times the prewar level, that of Argentina, Mexico, Australia and Yugoslavia was about twice as large as before the war, while in Finland and India production had risen 81 and 40 per cent, respectively. In Argentina and Yugoslavia, the bulk of the increase since prewar occurred before 1948, whereas the growth experienced in India and Finland has predominantly occurred since 1948. In the three remaining countries, the growth has been of the same magnitude before and after 1948.

While before the war, the textile industry was the largest sector of manufacturing activity in the seven countries taken as a whole (representing 23.3 per cent), its relative importance had declined sharply (to 16.5 per cent) by 1954-55. This fall in the share of textile manufacturing, combined with some decline in paper and woodworking, corresponded to an increase mainly in engineering, but also in chemicals, non-metallic minerals (mainly construction materials), metal refining and rubber manufacturing.

As seen from Table A, food processing was before the war and still is the most important single manufacturing industry in Argentina and Brazil. While also important in Mexico and Australia, the largest industries in these two countries are petroleum refining (not shown separately in the table) and engineering, respectively. In India, textiles are dominant, while in Finland, paper and woodworking are the most important branches of manufacturing. Yugoslavia's industrial output is more diversified.

Aggregate manufacturing in the seven countries includes some industries which traditionally produce for export, e.g. textiles in India, woodworking in Finland and Yugoslavia, paper manufacturing in Finland, and metal refining in most of the mineral producing countries. Together, the exports of these industries represented 76 per cent before the war and 68 per cent in 1954-55 of the aggregate value of manufactures exported by the semi-industrial countries. The output of the export industries listed has, since prewar, risen by 53 per cent, i.e. much less than other manufacturing production which is mainly consumed in the domestic market and has risen by 128 per cent above the 1937-38 level.

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1 It has not been possible to include the Union of South Africa for lack of detailed information.
<table>
<thead>
<tr>
<th></th>
<th>Total manufacturing</th>
<th>Food manufacturing</th>
<th>Textiles</th>
<th>Chemicals</th>
<th>Non-metallic mineral manufacturing</th>
<th>Metals</th>
<th>Engineering</th>
<th>Rubber manufacturing</th>
<th>Paper manufacturing</th>
<th>Woodworking</th>
<th>Other branches</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Ensemble</td>
<td>Industries</td>
<td></td>
<td></td>
<td>Mines et carrières</td>
<td></td>
<td>Mécanique</td>
<td>Gomme et caoutchouc</td>
<td>Papiers</td>
<td>Bois</td>
<td>Autres</td>
</tr>
<tr>
<td>1937-1938</td>
<td>0.93</td>
<td>0.26</td>
<td>0.08</td>
<td>0.03</td>
<td>0.04</td>
<td>0.08</td>
<td>0.11</td>
<td>0.01</td>
<td>0.01</td>
<td>0.02</td>
<td>0.15</td>
</tr>
<tr>
<td>1939-1944</td>
<td>1.06</td>
<td>0.35</td>
<td>0.20</td>
<td>0.07</td>
<td>0.07</td>
<td>0.14</td>
<td>0.06</td>
<td>0.02</td>
<td>0.02</td>
<td>0.17</td>
<td>0.35</td>
</tr>
<tr>
<td>1945-1954</td>
<td>1.30</td>
<td>0.40</td>
<td>0.17</td>
<td>0.05</td>
<td>0.02</td>
<td>0.10</td>
<td>0.09</td>
<td>0.01</td>
<td>0.02</td>
<td>0.19</td>
<td>0.63</td>
</tr>
<tr>
<td>1955-1956</td>
<td>1.91</td>
<td>0.59</td>
<td>0.04</td>
<td>0.05</td>
<td>0.02</td>
<td>0.06</td>
<td>0.05</td>
<td>0.02</td>
<td>0.02</td>
<td>0.29</td>
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</tr>
<tr>
<td></td>
<td>Sum of countries</td>
<td>Ensembles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5.51</td>
<td>1.00</td>
<td>0.98</td>
<td>0.51</td>
<td>0.50</td>
<td>0.41</td>
<td>0.44</td>
<td>0.39</td>
<td>0.42</td>
<td>0.64</td>
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</table>

Note: Minor discrepancies are due to rounding. For sources and methods, see Appendix.

Note: De légères inexactitudes proviennent de l'arrondissement des chiffres. Pour les sources et méthodes, voir Appendice.
### Table 8

**Exports of Manufactures from Eight Semi-Industrial Countries, Prewar, 1948 and 1954-1955**

(million dollars f.o.b.)

<table>
<thead>
<tr>
<th>Argentina</th>
<th>Brazil</th>
<th>Mexico</th>
<th>India</th>
<th>Australia</th>
<th>South Africa</th>
<th>Finland</th>
<th>Yugoslavia</th>
<th>Total for the eight countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>All manufactures</td>
<td>Ensemble des articles manufacturés</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>50</td>
<td>52</td>
<td>3</td>
<td>54</td>
<td>11</td>
<td>20</td>
<td>187</td>
</tr>
<tr>
<td>to industrial areas</td>
<td>11</td>
<td>31</td>
<td>34</td>
<td>2</td>
<td>23</td>
<td>8</td>
<td>17</td>
<td>143</td>
</tr>
<tr>
<td>to non-industrial areas</td>
<td>7</td>
<td>19</td>
<td>19</td>
<td>1</td>
<td>31</td>
<td>3</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Semi-manufactures</td>
<td>Demi-produits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>41</td>
<td>51</td>
<td>2</td>
<td>22</td>
<td>9</td>
<td>21</td>
<td>147</td>
</tr>
<tr>
<td>to industrial areas</td>
<td>10</td>
<td>28</td>
<td>34</td>
<td>2</td>
<td>16</td>
<td>7</td>
<td>10</td>
<td>135</td>
</tr>
<tr>
<td>to non-industrial areas</td>
<td>5</td>
<td>13</td>
<td>17</td>
<td>-</td>
<td>6</td>
<td>2</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Finished manufactures</td>
<td>Produits finis</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>9</td>
<td>10</td>
<td>1</td>
<td>32</td>
<td>2</td>
<td>8</td>
<td>40</td>
</tr>
<tr>
<td>to industrial areas</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>1</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>to non-industrial areas</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>25</td>
<td>1</td>
<td>1</td>
<td>26</td>
</tr>
</tbody>
</table>

For sources and methods, see Appendix

Pour les sources et méthodes, voir Appendix
This discrepancy in the growth of manufacturing industries producing primarily for export and supplying mainly the home market has certainly had significant effects upon the imports of manufactured goods. While it has not yet been possible to trace these effects in the necessary detail, an attempt has been made to analyse the structure and the geographical pattern, and to assess the relative importance in world trade, of exports of manufactured goods from the eight semi-industrial countries.

(b) Exports of Manufactured Goods from the Eight Semi-Industrial Countries

Although the exports originating from the semi-industrial countries still consist mostly of foodstuffs and raw materials, there has been a considerable increase in their exports of manufactured goods since prewar (see Table B). While the share of these exports in the total world trade in manufactures is relatively small (representing about 5 per cent in 1954), the following analysis of the commodity structure and the geographical pattern of the manufactured articles exported by the eight semi-Industrial countries under consideration sheds further light on the impact of the growth of manufacturing upon their export trade.

The growth of manufacturing production since prewar has included an increase in the processing for export of locally produced primary materials, e.g. there has been a substantial growth in the local smelting and refining of metal ores and concentrates and in such activities as the tanning of raw hides and skins and more elaborate wood manufacturing (plywood, chemical pulp and paperboard). This development reflects itself in the maintenance of a high proportion of semi-manufactures in the total value of manufactures exported from the eight countries.

As seen from Table B, the total value of manufactured goods exported by the eight semi-industrial countries rose from $451 million prewar to $1609 million in 1954-55. The share of semi-manufactures in these exports declined only slightly from 57 to 55 per cent during this period. While before the war 84 per cent of the total exports of semi-manufactures went to the industrial areas, by 1954-55 the share of these areas had declined to 69 per cent. The increase in the exports of semi-manufactures, and especially base metals, to the non-industrial areas is yet another important manifestation of the growth of the secondary industries in the under-developed areas of the world. For finished manufactures exported from the eight semi-industrial countries, the non-industrial areas accounted for about 60 per cent before the war and 74 per cent in 1954-55, showing an increase in value from $116 million to $531 million.

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1 Exports of Sections 5-8 of the Standard International Trade Classification (S.I.T.C.) which excludes manufactured foodstuffs but includes semi-manufactured goods. The latter category is comprised of Sections 5 and 6 (excluding textiles - Division 65) of the S.I.T.C.

2 Division 65, and Sections 7 and 8 of the S.I.T.C.
Although all the eight countries are emerging as new industrial centres in the less-developed regions, the growth in their exports has not been the same for each of them. Thus, the share of manufactured goods in the total value of exports rose in the Union of South Africa (from about 4 per cent in prewar to 23 per cent in recent years), Yugoslavia (from 12 to 38 per cent), Finland (from 26 to 46 per cent), India (from 30 to 42 per cent) and Australia (from 8 to 10 per cent). By contrast, the share of manufactures in the total export value of Latin American countries has diminished since prewar. In Mexico the fall has been from 46 to 30 per cent, in Brazil from 1.0 to 0.7 per cent, while in Argentina there has been only a very slight increase, i.e. from 4 to 5 per cent. Moreover, the three Latin American countries also differed significantly from the other five countries in the group in respect of the composition and the geographical pattern of their exports. The preponderance of semi-manufactures and the overwhelming importance of industrial destinations are the major distinguishing characteristics of the Latin American exports of manufactured goods.

During the Second World War expanding manufacturing capacity in all these eight semi-industrial countries combined with the inability of Western Europe and North America to supply manufactured goods, opened the way for new exports. In this wartime development, textile manufactures played a major part. As supplies from Europe and North America again became available, the exports of textiles from the semi-industrial countries declined rapidly between 1948 and 1954, in sharp contrast to increases experienced by all the other major categories of manufactures. Though Australia and India too suffered some reductions, the fall in textile exports was most conspicuous in the Latin American countries (between 1948 and 1954-55 the value of textile manufactures exported from Brazil dwindled from $26.8 million to a mere $30 thousand; in Argentina the fall was from $2.2 million to $510 thousand, and in Mexico from $31.5 to $17.9 million).

After the setback received in respect of textile exports the proportion of manufactured goods in the total value of exports from the Latin American countries did not recover, in contrast with the more permanent upward trend in the value of manufactures exported from the sterling countries, Yugoslavia and Finland. This development partly reflects the marketing advantages enjoyed by the latter group of countries in adjacent areas remote from the older industrial regions. For instance, the large demand which has been forthcoming from Africa, the Middle East and Asia has contributed significantly to the rise of manufacture exports from India and the Union of South Africa. Australian exports have also been sustained by markets in New Zealand, the Pacific Islands and such neighbouring territories as Nauru, Papua and New Guinea. The growing demand for manufactured goods in the USSR and Eastern European countries has also assisted the growth of manufactures exported from Finland and Yugoslavia.
The increasing degree of industrialization has not yet caused any major shifts in the structure of Australia's exports, since manufactured goods (excluding processed foodstuffs) which constituted about 8 per cent of all exports in 1937-38, had only grown to 10 per cent in 1954-55. Base metals and metal manufactures during the same period rose from $30.9 to $93.9 million; other significant increases occurred in respect of machinery (from $2.5 to $19.7 million) and to a lesser extent in chemicals, textiles and transport equipment. Exports of finished manufactured goods increased from $7.5 million to $41.2 million between 1937-38 and 1954-55. While 80 per cent of base metals and metal manufactures continued to go to the industrial countries, the growth in respect of finished manufactures has been wholly on account of increased exports to non-industrial destinations (see Table C).

In the Union of South Africa the share of manufactures in the total value of exports has increased from a bare 4 per cent in 1937 to 22 per cent in 1954. Moreover, there has been a considerable diversification of the country's exports as a result of its industrial growth. All the major categories of industrial exports have experienced a substantial increase; in addition to an exceptionally rapid growth in the value of exports of precious metals, base metals, metal manufactures and chemicals, there has also been a substantial rise in the exports of textiles, machinery and transport equipment. It is noteworthy that exports of finished manufactures have increased tenfold, from $7.1 million in 1937 to $73.6 million in 1954. While the industrial destinations have maintained their relative importance in respect of semi-manufactures, the increase in finished manufactures has wholly been on account of increased exports to the non-industrial areas.

The share of manufactured goods in the total value of India's exports has increased from 30 per cent before the war to about 42 per cent in 1955-56. India is the only country among the eight where finished manufactures are more prominent than semi-manufactures. This is almost exclusively on account of textiles. Even before the war, textile exports from India, valued at $152.9 million, accounted for about three-fourths of the total value of manufactures and by 1955-56 their relative proportion further increased to 80 per cent. Under the impetus of the recent expansion in other branches of manufacturing activity there has been some increase in the export of engineering goods, e.g. bicycles, electrical fans, steel furniture, bolts and nuts, which India has marketed with some success in African and neighbouring Asian countries. A greater portion of the manufactured goods goes to the non-industrial destinations than before the war; the share of the industrial countries in the exports of manufactured goods has declined from 50 per cent in 1937-38 to 38 per cent in 1955-56.

In Brazil, the exports of manufactured goods accounted for barely 1 per cent of the total value of exports in both 1937 and 1954, though during the war and for a few years after, industrial exports had assumed a greater importance mainly on account of textiles. In 1948 exports of manufactures
were valued at $53.9 million - about 5 per cent of the total value of exports - as compared with $11.2 million in 1954. Chemical and pharmaceutical products now represent about two-thirds of the total value of Brazil's industrial exports and most of them go to the industrial countries.

In Argentina, exports of manufactures also consist almost exclusively of such semi-manufactures as tanning materials, and more than two-thirds of these exports continue to go to the industrial destinations.

As in Brazil and Argentina, the share of manufactures in Mexico's exports has also failed to increase since the war. In 1939, exports of manufactures accounted for 46 per cent of the total value of exports, while in 1955 this share was reduced to 30 per cent. In 1948, exports of Mexican manufactures reached $187 million, more than double the 1939 figure and by 1955 they stood at $194 million in spite of the marked decline in the value of textile exports and the stagnation in the value of silver exports since 1948. Mexican exports of manufactured goods, among which base metals account for 60 per cent, almost exclusively go to the industrial countries, mainly the United States. Exports to the non-industrial areas are insignificant, except for Guatemala which is the most important single market for Mexican industrial products outside the industrial world.

The share of manufactured goods increased sharply (from 12 per cent in 1937 to 38 per cent in 1955) in Yugoslavia's exports. This growth has been accompanied by substantial changes in the composition and destination of the industrial exports. While in 1937 all of the manufactures exported were semi-manufactures, in 1955 there were $20 million worth of finished manufactures (textiles and machinery) out of a total of $96 million. The share of non-industrial countries in the exports of base metals, still the single largest category, has grown from almost nothing in 1937 to 45 per cent in 1955.

Exports of manufactures from Finland increased from $53 million in 1937 to $312 million in 1954 and their share in total exports rose from 26 to 46 per cent. Although industrial exports are concentrated on comparatively few items such as timber products, paper manufactures, ships and pre-fabricated houses, it is worth noting that machinery and metal manufactures have increased substantially as compared to prewar under the impetus of reparations deliveries to the Soviet Union in the early postwar years. While in 1937 non-industrial areas took about 13 per cent of the total manufactures exported, their share in 1954 was much higher and stood at 57 per cent.

Although the value of exports of manufactures from the semi-industrial countries has risen faster than world exports as a whole - in 1954-55 it was about 3.6 times as large as in 1937-38, while world exports had increased to 3.25 times their prewar value - the share of these exports, at 14 per cent before the war and 20 per cent in recent years, was not large enough to compensate the relative loss in export earnings from primary products.
<table>
<thead>
<tr>
<th>Commodity classes according to the S.I.T.C.</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Mexico</th>
<th>India</th>
<th>Australia</th>
<th>Union of South Africa</th>
<th>Yugoslavia</th>
<th>Finland</th>
</tr>
</thead>
<tbody>
<tr>
<td>Art. miner. Ind.</td>
<td>12,946</td>
<td>37,894</td>
<td>56,000</td>
<td>1970</td>
<td>12,946</td>
<td>9,042</td>
<td>7,292</td>
<td>60,590</td>
</tr>
<tr>
<td>TOTAL DES</td>
<td>31,281</td>
<td>112,539</td>
<td>75,390</td>
<td>12,946</td>
<td>31,281</td>
<td>25,305</td>
<td>9,042</td>
<td>60,590</td>
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<td>TOTAL SEMI-MFRS</td>
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<td>88,640</td>
<td>70,000</td>
<td>12,946</td>
<td>21,337</td>
<td>21,045</td>
<td>9,042</td>
<td>60,590</td>
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<td>Metal Mfrs.</td>
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<td>1,032</td>
<td>270</td>
<td>1,032</td>
<td>750</td>
<td>750</td>
<td>1,032</td>
<td>750</td>
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<td>35</td>
<td>10</td>
<td>353</td>
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<tr>
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<td>3,884</td>
<td>18,168</td>
<td>16,273</td>
<td>3,884</td>
<td>3,884</td>
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</tr>
</tbody>
</table>

**Table G**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total for 8 countries</td>
<td>1,072,422</td>
<td>1,060,000</td>
<td>1,244,566</td>
<td>1,780,686</td>
<td>2,440,566</td>
<td>3,100,000</td>
<td>3,760,000</td>
<td>4,420,000</td>
<td>5,080,000</td>
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<tr>
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<td>3,760,000</td>
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**Voir page suivante**

See next page
<table>
<thead>
<tr>
<th>Commodity classes according to the S.I.T.C.</th>
<th>Argentina</th>
<th>Brazil</th>
<th>Mexico</th>
<th>India</th>
<th>Inde-</th>
<th>Australia</th>
<th>Union of South Africa</th>
<th>Yugoslavia</th>
<th>Finland</th>
<th>Total for the year</th>
<th>Total for the year</th>
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<tbody>
<tr>
<td>Textiles (Total)</td>
<td>1,071</td>
<td>2,243</td>
<td>510</td>
<td>904</td>
<td>26,096</td>
<td>33</td>
<td>14,599</td>
<td>6,508</td>
<td>31,056</td>
<td>17,024</td>
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<td>(Division 65) Ind. N.L.</td>
<td>312</td>
<td>432</td>
<td>26</td>
<td>-</td>
<td>5,080</td>
<td>9</td>
<td>8,675</td>
<td>2,610</td>
<td>4,340</td>
<td>2,852</td>
<td>607,773</td>
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<tr>
<td>Mach. non-élec. Ind.</td>
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<td>1,811</td>
<td>464</td>
<td>756</td>
<td>21,806</td>
<td>21</td>
<td>1,285</td>
<td>5,055</td>
<td>13,224</td>
<td>10,426</td>
<td>92,054</td>
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<tr>
<td>(Division 71) N.L.</td>
<td>710</td>
<td>1,889</td>
<td>76</td>
<td>4</td>
<td>4,111</td>
<td>1,150</td>
<td>1,273</td>
<td>10,029</td>
<td>2,255</td>
<td>2,329</td>
<td>17,659</td>
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<td>Eléc. Mach. Ind.</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>46,953</td>
<td>4,019</td>
<td>4,775</td>
<td>348</td>
<td>49,844</td>
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<tr>
<td>(Division 72) N.L.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>1,815</td>
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<td>50,163</td>
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**Note:** Int. = Total, of which Ind. = to industrial areas N.L. = to non-industrial areas

For sources and methods, see Appendix
THE DOLLAR AREA OF LATIN AMERICA

The trade position of the area

During 1956, the export earnings of the dollar countries of Latin America as a group ($4,700 million) were higher than in 1955 by $120 million, or about 3 per cent. The value of imports (f.o.b.), on the other hand, registered a much sharper increase, rising from $3,820 million in 1955 to $4,242 million in 1956. Thus, the area's favourable balance of trade decreased from $760 to about $460 million during this period. It is noteworthy that, in 1956, trade balances of almost all the countries deteriorated as compared with 1955.

The decline in the trade surplus of the area was mainly due to a marked rise in the import values of Venezuela (from $975 to $1,087 million), Mexico (from $885 to $1,064 million), and Cuba (from $575 to $660 million); together the total imports of these countries were $376 million higher in 1956 than in 1955. The imports of Colombia ($669 million), Guatemala ($115 million) and Ecuador ($100 million) in 1956 were close to the level of the preceding year. The rest of the area experienced some increase (by about $40 million) in the value of imports.

In contrast with the expansion in import values the changes in export earnings were more diversified during this period. The only substantial increases occurred in Venezuela (from $1,913 to $2,010 million), Mexico ($668 million to $700 million), Cuba ($594 to $615 million), Dominican Republic ($115 to $126 million), Honduras ($50 to $68 million) and Colombia ($582 to $600 million). There were only minor changes in exports of Bolivia, Ecuador and El Salvador, whereas the exports of Costa Rica, Haiti, Nicaragua and Panama suffered substantial declines.

Commodity composition of exports

The increase in the aggregate export earnings of the area (by about $130 million) between 1955 and 1956 was nearly matched by the total rise in the proceeds from the sales of petroleum, from $1,905 to $2,035 million. The rise in the value of petroleum exports affected not only the largest producer (Venezuela) but also the smaller ones (Colombia and Mexico). Moreover, earnings from petroleum shipments rose somewhat in relative importance in the region's total export earnings (from 42 to 43 per cent) during this period.

As regards the remainder of the export commodities there were divergent trends but on the whole the decreases experienced by some of them were outweighed by the increases registered in respect of others. Thus, the reductions in earnings derived from coffee exports (by $25 million), cocoa (by $20 million) and bananas (by $15 million) and some of the minor commodities like tobacco, rice, sesame and abaca were offset by increases in respect of cotton (by $60 million), sugar (by $40 million) and metals and ores (by $20 million).
The decline in the total value of coffee exports during 1956 occurred mainly on account of the reduced value of shipments from Colombia, Costa Rica, Haiti and Nicaragua; the value of coffee exports from the Dominican Republic, Ecuador, El Salvador and Guatemala, on the other hand, was somewhat higher than in 1955. The share of coffee in the total value of the region's export earnings declined from 20 to 19 per cent during this period. The continued fall in the price of cocoa further depressed the total earnings derived from the sales of that commodity during 1956, and adversely affected the export earnings of Costa Rica, the Dominican Republic and Panama. Ecuador was an exception to this trend since there was a substantial expansion in the quantum of her cocoa exports which more than offset the influence of the fall in price. While exports of bananas in 1956 from Colombia, Panama and Guatemala were below the level of 1955, there was some increase in respect of Ecuador and Honduras. Both bananas and cocoa accounted for about 4 and 1 per cent, respectively, of the area's total export earnings in 1956 as in 1955.

The rise in the area's total sugar exports (from $520 to $562 million) was on account of a significant increase in the volume as well as a slight increase in the average price of exports from both Cuba and the Dominican Republic. The spectacular rise in the value of cotton exports from the region (from $292 to $394 million) was mainly the result of increases in the volume of shipments from Mexico and El Salvador, whereas cotton exports from Nicaragua in 1956 were substantially below the level of the preceding year. The continued growth of mineral output in Mexico, Cuba and Venezuela under the impetus of a large inflow of investments into the mining operations in these countries yielded an increased volume of exportable surpluses of metals and ores which were mostly shipped to the United States. In contrast, owing to the continued production difficulties, there was almost a stagnation in the metal exports of Bolivia, which is more dependent on metals for foreign exchange earnings than any other country in the region. There were, however, minor changes between 1955 and 1956 in the relative role of these three commodities in the area's total export earnings: the share of sugar rose from 11 to 12 per cent while that of cotton from 6 to 8 per cent and that of metals and ores from 6 to 7 per cent.

**Commodity composition and origin of imports**

Both in the first three-quarters of 1955 and in the first three-quarters of 1956, the industrial areas accounted for 94 per cent of the total value of imports, four-fifths of which consist of manufactured goods. Capital goods were again the largest single category - accounting for 34 - 35 per cent of total imports - followed by consumer goods (18 per cent), semi-manufactures (13 per cent) and food (11 per cent). The following discussion limits itself to developments in the first three-quarters of 1956 in comparison with the pattern of imports which existed in the corresponding period of 1955 and relates only to imports from the industrial areas.
Of the total increase in the value of imports (f.o.b.) from such areas, from $2,370 to $2,910 million, or by about $540 million during this period, the United States accounts for $410 million (from $1,660 to $2,070), followed by Continental Western Europe by $100 million (from $534 to $634 million) and the United Kingdom by $38 million (from $128 to $166 million). Imports from Canada and Japan at $100 million and $40 million, respectively, remained close to the level of the preceding year. The changes in the relative shares of the major industrial suppliers were, however, only small: the United States by far the most important source of imports maintained her share at 70 - 71 per cent, while the share of Continental Western Europe declined from 18 per cent to 16 per cent and that of the United Kingdom rose from 5 to 6 per cent.

To the overall increase of $410 million in the total imports from the United States, machinery and transport equipment made the largest contribution ($150 million), followed by other manufactures, especially consumer goods ($144 million), chemicals ($40 million), and foodstuffs ($38 million); the remainder of the increase was equally spread between raw materials and fuels. However, the share of the United States in the total imports of machinery and transport equipment declined from 74 to 72 per cent during this period, whereas in respect of other manufactures (consumer goods as well as the semi-manufactures), her share registered an increase from 62 to 65 per cent. The major part of the increase in respect of imports from the United Kingdom was concentrated on capital goods, while the increase in imports from Continental Western Europe was equally distributed as between capital goods and consumer goods.

The trade position of individual countries

The value of Colombia's exports registered only a minor increase in 1956, at $600 million they were almost $18 million, or 3 per cent higher than in 1955; the import values (c.i.f.), on the other hand, at $669 million remained virtually constant during this period. Though the trade gap showed a small diminution from $87 million to $9 million, the outstanding backlog of commercial debts incurred during the last few years did not show any significant reduction.

Coffee exports, which are the mainstay of Colombian foreign trade, declined from $486 to $475 million between 1955 and 1956 owing to a substantial decline in their volume, while the prices of Colombian varieties of coffee showed a considerable rise in 1956 in sharp contrast with the prices of Brazilian coffee which remained close to the level of 1955. Export earnings from petroleum increased from $62 to $70 million during this period.

Exports to the United States showed a decline from $431 million in 1955 (or 74 per cent of the total export earnings) to $406 million in 1956 (or 68 per cent of the total) while there was some increase in exports to Western Europe.

1 See below, p. ...
Colombia was an exception to the almost universal trend towards rising import values witnessed by all other dollar Latin American countries during 1956. Besides, in contrast with the several non-dollar Latin American countries where the adoption of important reforms in the field of commercial and foreign exchange policy resulted in a favourable climate for foreign investments, thereby facilitating the growth of capital goods imports and development of domestic manufacturing industry, Colombia in the absence of any such reforms, had to continue and even to tighten the application of restrictive import policies. This is reflected not only in the failure of imports to rise during the last two years, but also in a fall in the share of capital goods, from 48 per cent in 1955 to 45 per cent in the total value of imports from industrial sources in 1956. The geographical distribution of imports was not altered in any significant way during 1956, with North America accounting for two-thirds of all imports followed by Continental Western Europe (23 per cent), the United Kingdom (3 per cent) and Latin America (3 per cent).

The total export earnings of Cuba in 1956 amounted to $615 million, or 3 per cent more than in 1955. Her import values (f.o.b.), on the other hand, at $660 million in 1956 were about 15 per cent above the level of the preceding year and, consequently, the trade surplus of $19 million in 1955 gave way to a deficit of $45 million in 1956.

The improvement in export earnings was largely attributable to a higher value of sugar and metal exports. The previously accumulated stock as well as the current output of sugar was disposed of in 1956 as a result of the brisk world demand; total sugar exports to the United States rose from about 2.5 to 2.8 million tons while to the other destinations the increase was far more marked, i.e. from 2.1 to 2.6 million tons. The geographical pattern of sugar exports to these latter destinations underwent a slight modification during 1956 in so far as the USSR which in 1955 was the largest single customer accounting for about 460,000 tons reduced her imports of Cuban sugar to only 213,000 tons in 1956 and in that year was replaced as the principal customer by Japan - the exports to which grew from 306,000 to 604,000 tons during this period. Though the increase in sugar prices set in only towards the end of the year, the average price of sugar exports to the United States was nevertheless 2.4 per cent higher in 1956 than in 1955 while the prices in respect of exports to other countries rose much more, i.e. by 7.7 per cent. The value of sugar exports to the United States rose from $309 to $318 million, those to the rest of the world increased from $164 to $184 million.

While the export earnings from tobacco were in 1956 almost the same as in 1955 ($43 million), there was a marked improvement in mineral exports which in 1956 amounted to $48 million, as compared with $35 million in the preceding year. The increase was largest in respect of copper and manganese (by nearly one-third), whereas nickel, chrome and iron ore also participated in this increase.
Most of Cuba's foreign trade (about two-thirds of exports and imports) continued to be carried on with the United States as a result of the reciprocal trade treaty under which both enjoy substantial tariff preferences on practically all commodities. In the first three quarters of 1956, Cuba imported $354 million worth of goods from the United States or nearly 20 per cent more than in the corresponding period of 1955. Nearly one-third of these imports consisted of consumer goods, one-quarter of capital goods, one-fifth of foodstuffs and one-tenth of chemicals. However, the largest increase was recorded in respect of consumer goods. While imports from Canada and Japan were maintained at $10 and $14 million respectively, there was some increase in imports from Continental Western Europe (from $36 to $43 million) and the United Kingdom (from $10 to $17 million).

Despite a slight improvement in the export earnings in 1956 ($701 million) as compared with the preceding year ($668 million), Mexico's persistent adverse balance of trade, which is traditionally offset by receipts accruing from the tourist traffic, widened from $217 million in 1955 to a record level of $313 million in 1956. This deterioration resulted from a dynamic expansion in the value of imports (c.i.f.) which rose from $885 to $1,064 million, or by 20 per cent.

According to the trade data published by the Bank of Mexico, cotton sales at $310 million in 1956 were 23 per cent above the level of the preceding year. The adoption of measures to stimulate cotton sales, e.g. the reduction in export tax by 30 per cent in July 1956 and the liberal licensing of specific imports to those firms which were successful in arranging cotton exports, resulted in a substantial increase in the export quantum of cotton, though the average prices fetched during 1956 were slightly below the level of 1955. Earnings from metals also expanded from $136 to $145 million, mainly on account of copper and zinc; lead exports, on the other hand, fell by nearly 10 per cent. Exports of coffee and petroleum in 1956 at $106 million and $144 million, respectively, were very close to the level of 1955. On the other hand, the value of livestock, meat and sugar exports declined sharply.

The geographic pattern of exports did not undergo any perceptible change during 1956, the increase in total exports being shared by all the major customers. The United States continued to account for about 74 per cent of the total value of exports, followed by Continental Western Europe (11 per cent), Japan (5 per cent) and the United Kingdom (4 per cent).

The increase in the value of imports (f.o.b.) from $565 million in the first three quarters of 1955 to $747 million in the corresponding period of 1956, or by $182 million, was mainly on account of a steep increase in the imports from the United States (from $452 million to $601 million). While imports from Canada ($28 million), United Kingdom ($19 million) and Japan ($5 million) were almost unchanged in the two periods, there was an increase in those from Continental Western Europe (from $43 to $64 million). Most of the increase was felt by capital goods whose share in the total value of imports from the industrial areas rose from 43 to 45 per cent while the
share of consumer goods fell from 36 to 33 per cent. The modification in
the composition of imports is closely linked to a policy of selective import
controls whereby imports of consumer goods continue to be discouraged in
favour of capital goods in order to accelerate economic development.

In Venezuela both the export earnings and the import values during 1956
stood at a peak level. In that year, the value of exports (f.o.b.) at
$2,010 million was 5 per cent above the level of the preceding year, while
imports (f.o.b.) at $1,087 million were 11 per cent higher. The favourable
trade balance suffered a slight reduction from $937 million in 1955 to
$923 million in 1956.

There was a marked expansion in the petroleum shipments from 117 million
tons in 1955 to 130 million tons in 1956, though the share of petroleum in
the total export proceeds remained constant at 93-94 per cent. In 1956,
Venezuela's production was 15 per cent above the level of the preceding year
and accounted for nearly one-seventh of the total world output of petroleum.
However, the geographical pattern of petroleum shipments during 1956 was
somewhat different from that of the previous year in so far as there was a
reduction in the share of the United States (from 38 per cent in 1955 to
33 per cent in 1956) as a result of a considerable re-routing of supplies to
Western Europe during the last quarter of 1956 under the impact of the Suez
crisis. Besides the spurt in oil output and exports, the most striking
development in Venezuela's foreign trade during 1956 was the growing role
of the exports of iron ore which have been stimulated mainly by the soaring
demand of the United States. Nearly 11 million tons of iron ore were
exported during 1956 (of which about 9 million tons went to the United States
and the rest to Western Europe) as compared with about 8 million tons in
1955. Earnings from these exports consequently expanded from about $56 to
$78 million between 1955 and 1956. There was some decline in proceeds from
coffee exports (from $30 to $26 million) while there was a slight increase
in cocoa exports (from $10 to $12 million) during this period.

The spectacular growth in the import values during 1956 resulted from
the rapid expansion in foreign (mainly North American) private investment
especially in the petroleum and the iron ore mining industries. The new
petroleum concessions (first to be granted since 1945) also contributed to
the increase in imports, chiefly of mining machinery and equipment for
petroleum installations. These developments are reflected in the expansion
of total imports (f.o.b.,) from industrial sources from $576 to $735 million
between the first three quarters of 1955 and the corresponding period of
1956. Of the total increase of $159 million, the United States accounted
for $100 million, the Continental Western Europe for $34 million and the
United Kingdom for $24 million. As regards the major import categories,
machinery and transport equipment showed the largest increase (by $76 million
or 32 per cent) followed by other manufactures (by $71 million or 30 per cent)
while there was also a slight increase in food imports from the industrial
areas. Both capital and consumer goods continued to account for 43 per cent
each of the total imports from industrial areas, the remainder being accounted
for by foodstuffs. The imports of raw materials continue to be almost
negligible.
The trade position of the area

As a result of the significant steps taken by all the non-dollar countries of Latin America in 1956 towards eliminating the difficulties and obstacles which had hampered the growth of their commercial exchanges with the rest of the world since the end of the Korean boom there was some improvement in the trade position of the area. Export earnings, after suffering a continuous decline in the last two years, showed some recovery in 1956; the total value of exports in that year amounted to $3,400 million which was 3 per cent above the level of 1955. This improvement was mainly on account of a substantial growth in the quantum of exports since export prices during 1956 registered only minor fluctuations. The aggregate value of the area's total imports (c.i.f.), on the other hand, contracted by nearly 4 per cent, or from $3,400 to $3,280 million. Thus, there occurred a trade surplus amounting to $120 million in 1956 in contrast with the adverse balance of $90 million recorded in the preceding year.

Except for a deterioration in Peru, the other countries of the area registered some improvement in their trade balances, mainly on account of a reduction in import values since changes in the export earnings were only slight. The value of exports of Brazil, Chile, Peru and Paraguay rose somewhat from 1955 to 1956, while that of Argentina declined slightly and that of Uruguay was maintained.

Major export commodities

While the sustained efforts on the part of the non-dollar countries of Latin America to expand both agricultural and mineral output contributed significantly to the increase in the export availabilities, the overall reorientation of their commercial policies in the direction of increased multilateralism as well as the adoption in some countries of adjustments in the exchange rates helped those countries substantially in overcoming the serious marketing difficulties which the exchange regulations in force during recent years had created for Latin American exports. As a result of these reforms the disparities in the world prices and the export prices of the major commodities, which had been a characteristic feature of the Latin American trade during the last few years, were to a large extent eliminated during 1956 and this development led to a considerable revival in external demand.

Except for some declines in the world prices of cocoa, meat and copper, the prices of the other major export commodities, namely, coffee, wheat, wool, cotton and sugar recorded only slight changes which in most cases did not exceed 5 per cent. Thus, it was largely the movements in the export quantum which determined not only the trade position of the individual countries but also the composition and direction of their exports.

Coffee exports, which originate almost entirely in Brazil, after having suffered serious declines in the last two years, recovered significantly during 1956. Both the value and the volume of coffee exports in that year
were nearly one-fifth above the level of 1955. The share of coffee in the area's total export proceeds rose from 25 to 30 per cent during this period. The revival in coffee exports was to a large extent due to a substantial growth in shipments to the United States which accounted for 61 per cent of the total volume of exports in 1956 in contrast with about 57 per cent in 1955, thus contributing significantly to the region's capacity to import from the dollar area.

Despite some improvement in the export volume, total earnings from copper shipments from Chile and Peru fell from $365 to $351 million, or by 4 per cent between 1955 and 1956, and the share of copper and the area's total value of exports fell from 11 to 10 per cent. This decline is attributable to the weakening of the copper prices which resulted from the sharp increase in world output (in which the area had a leading share) and even failed to respond to the Suez crisis.

Similarly, the share of cereals in the area's total export proceeds fell from 11 to 9 per cent between 1955 and 1956. There was a substantial improvement in the export quantum of coarse grains, mainly from Argentina, which to a large extent offset the fall in exports of wheat which declined from 4.1 to 3.0 million tons during this period. Brazil, which has been the traditional market for Argentinian wheat, imported considerably more from the United States. In the first three quarters of 1956 the value of wheat imported into Brazil from that country stood at $33 million as compared with $6 million in the corresponding period of 1955.

There was a remarkable increase in meat exports from the region (mainly Argentina) - from 408,000 to 605,000 tons between 1955 and 1956. Since there was a sharp decline in the prices of meat the total earnings from these exports rose much less, i.e. from $215 to $260 million and in 1956 represented about 8 per cent of the area's total value of exports as compared with only 6 per cent in 1955.

There were only minor changes in the export values of both cotton and wool, the former declining from $202 to $187 million and the latter from $206 to $193 million between 1955 and 1956; while a slight decline both in the volume and the prices accounted for a reduction in cotton earnings, the small diminution in the value of wool exports was caused by a minor contraction in the export quantum.

There was a considerable increase in the exports of metals, chiefly from Peru, during 1956. The value of total metals and ores (other than copper) exported during 1956 rose from $65 to $84 million and went chiefly to the United States.

Earnings from sugar exports fell from $87 million in 1955 to $44 million in 1956 owing to the virtual disappearance of the Brazilian sugar exports which in 1955 amounted to about $50 million.
Direction of exports

The most significant development affecting the direction of exports during 1956 was the increase in the relative importance of industrial destinations and a corresponding decline in the share of non-industrial destinations. The aggregate value of exports to the industrial destinations rose from $1,933 million in the three quarters of 1955 to $2,302 million in the corresponding period of 1956, or by 19 per cent. Of the total increase of $369 million, the largest was in respect of North America ($229 million), followed by Continental Western Europe ($94 million), the United Kingdom ($39 million) and Japan ($7 million). While most of the rise in respect of North America was attributable to the increased coffee shipments from Brazil, the expansion in exports to Continental Western Europe was largely due to increased exports from Argentina, Chile and Peru. The increase in exports from Argentina and Chile accounted for most of the rise in respect of the United Kingdom, whereas the higher exports to Japan were largely attributable to Argentina.

The sharp reduction in the value of exports to the non-industrial countries occurred mainly on account of a significant contraction in the trade among the countries of non-dollar Latin America and also owing to a decline in exports to the Soviet Union and the Eastern European countries. The total value of trade within the region (f.o.b. export values) which had risen from $430 million in 1954 to $485 million in 1955, fell in 1956 to a little over $300 million, i.e. by 37 per cent. Most of this decline was accounted for by a reduction in the value of commercial exchanges between Argentina and Brazil, although there was also a considerable decline in respect of all the other countries in the region. A characteristic feature of this regional trade is the concentration on a small number of commodities and since the trade accounts have, in the absence of any multilateral payments arrangements to a large extent to be balanced on a bilateral basis, a reduction in any one commodity tends to depress the total volume of regional trade. By far the most prominent commodity exchanged within the region is wheat, although cotton, edible fats, timber, fruit and meat are also relatively important. Thus, the decline in the value of Argentinian wheat exports to Brazil in 1956 which also affected Argentina's ability to import from the latter, gave rise to a considerable shrinkage in the region's internal trade. A variety of factors such as the exchange reforms of 1955/56 in Argentina, Paraguay, Chile and Uruguay and the reduced effectiveness of bilateral agreements, as well as the fact that these countries have relied more on imports of wheat, cotton and edible fats from the United States naturally had the effect of reducing regional trade.

Exports to the Eastern European countries (including the USSR) declined from $133 to $78 million between 1955 and 1956 and most of this reduction was accounted for by diminution in exports from Argentina.

Commodity Composition and Origin of imports

Although the value of imports (c.i.f.) declined from $3,400 to $3,280 million between 1955 and 1956, the share of industrial areas in these imports rose significantly from 62 per cent to 69 per cent. While the share of
manufactures in the imports from the United States declined from 80 to 74 per cent (due to the rise in foodstuffs and fuels imported from that source), the imports from other industrial regions continued to be almost wholly in the form of manufactured goods. Although capital goods continued in 1956 as in 1955, to account for about 60 per cent of the total imports from the industrial areas, there was a significant shift in favour of the United States and a decline, both relative and absolute, in capital goods imported from Continental Western Europe - a reversal of the tendency in 1955. The United States exports of capital goods rose by $50 million, or by 24 per cent, and of semi-manufactures by $40 million, or 25 per cent, between the first three quarters of 1955 and the corresponding period of 1956. The increase was largest to Argentina and Peru and in the case of former was facilitated by the $100 million loan granted in September 1956 by the Export-Import Bank and in the case of the latter by an appreciable rise in United States investments, especially in the mining and metallurgical industries. During the same period, the decline in imports of capital goods from Continental Western Europe amounted to $59 million, or 20 per cent, and the imports of semi-manufactures declined by $35 million, or 14 per cent. However, the decline in respect of Continental Western European countries mainly affected France, the Netherlands and Italy since the Federal Republic of Germany was able to maintain its exports close to the level of the preceding year. On the other hand, most of the decline in imports from Continental Western Europe was accounted for by a sharp fall in the imports of Brazil. Imports from the United Kingdom rose from $144 to $160 million between 1955 and 1956, the increases in imports into Brazil and Peru more than offsetting the decline recorded by Argentina and Uruguay. The rise in imports from the United Kingdom was mainly accounted for by transport equipment (from $13 million in 1955 to $31 million in 1956), whereas there were only slight changes in respect of the other import categories.

The trade position of individual countries

The year 1956 witnessed a slight improvement in Argentina's trade position. Although her trade again yielded an adverse balance, the deficit incurred in 1956 ($202 million) was $43 million below the corresponding figure for 1955. The aggregate value of exports fell only slightly, from $928 million in 1955 to $911 million in 1956, and the import values (c.i.f.) registered a sharper decline i.e. from $1,173 to $1,113 million.

While the adoption of such production incentives as higher price guarantees for farm products has to some extent contributed to the expansion of agricultural production, the reforms undertaken in the realm of foreign trade and exchange policy, such as the currency devaluation, the simplification of the exchange rate structure and the return of trade to private hands with the liquidation of state trading enterprises have succeeded in strengthening the competitive position of Argentina's export products. Despite these efforts at rehabilitating agricultural production and trade, the volume of agricultural exports in 1956 failed to expand - the export quantum of cereals, the major agricultural export commodity in 1950 stood at practically the same
level as in 1955 (at about 5 million tons, although wheat exports fell from 3.6 to 2.5 million tons), whereas in value the decline was from $323 to $279 million and their share in the total export values dropped from 35 to 31 per cent. Exports of vegetable oils and oil seeds, on the other hand, rose by 60 per cent in volume and in value from $45 to $55 million. The maintenance of world prices for wool in 1956 at a level identical to that of 1955 contributed to the stability in wool receipts; their value at $119 million was only 4 per cent below the 1955 figure on account of a slight reduction in volume exported. One of the brighter features of Argentina's export trade during the year has been the remarkable increase in meat exports (from 392,000 tons in 1955 to 557,000 tons in 1956), the rise in values, however, being less striking - from $205 to $232 million - on account of a fall in prices. In 1956, meat shipments accounted for 26 per cent of the total export earnings of Argentina as compared with 22 per cent in 1955. Among other export items, the value of hides and fresh fruits exported in 1956 was somewhat higher than in 1955, whereas the value of forest products (mainly quebracho extract) was maintained at about $27 million.

The most significant development during the year affecting the commodity composition of Argentine imports was the rise in the relative importance of fuels in the total import values - from 17 per cent in 1955 to 23 per cent in 1956 - due to failure of domestic output to keep pace with the growth in energy consumption. While the increase in the volume of coal and coke imports was only slight - from about 1.2 to 1.4 million tons, were coal coming from the United States and loss from Poland - that in respect of liquid fuels was substantial (from 7.1 million tons in 1955 to 8.6 million tons in 1956), and this rise was mainly accounted for by Venezuela (from $55 million in 1955 to $74 million in 1956), the Netherlands Antilles (from $48 to $71 million) and Kuwait (from $27 to $33 million). There was also an expansion in the import outlays on machinery and vehicles - from $215 to $259 million. Imports of metals and their manufactures, on the other hand, receded from the record level of the preceding year ($264 million) to $223 million in 1956, mainly on account of reduced purchases of iron and steel. All the major categories of imports suffered some decline, the sharpest among them being in respect of wood and its manufactures (from $137 million in 1955 to $81 million in 1956). While the share of food in the total import values remained constant at 7 per cent in both years, there was a further fall in manufactured consumer goods from 11 per cent in 1955 to 9 per cent in 1956.

The geographic pattern of Argentina's trade during 1956 was characterized by a reduction in the value of exchanges, both relative and absolute, with the non-industrial areas, particularly with the non-dollar zone of Latin America, the Soviet Union and the Eastern European countries. There was a reversal of the trend exhibited during the past few years when Argentina was seeking through heavy reliance upon bilateral trading to expand the scope and volume of commercial exchanges with her neighbours in Latin America as well as with the Soviet Union and the Eastern European countries. The reduction in the value of cereals exported to Brazil, Chile, Peru and Paraguay, coupled with a smaller volume of timber imported from Brazil and of metals from Chile, resulted in a sharp contraction of Argentina's trade with the non-dollar...
Latin American countries, i.e. in exports from $180 million in 1955 to $100 million in 1956 and in imports from $190 to $140 million, the major part of the decline being borne by trade with Brazil. The emergence of the United States as a major exporter of agricultural products to the Latin American countries and as a competitor for Argentina during 1956 contributed to this development. Exports to the USSR and the Eastern European countries declined from about $80 to $30 million, whereas imports fell from about $100 to $55 million as a result of a smaller value of fuels and machinery imported from those sources.

As regards trade with the industrial countries, exports to the United States in 1956 ($115 million) were maintained at a level close to that of the preceding year, whereas imports from that source rose steeply, from $150 to $225 million. Exports to the United Kingdom in 1956 were only maintained at the 1955 level (about $200 million) in spite of an exceptional increase in the exports of meat to that destination (from 270 thousand tons in 1955 to 365 thousand tons in 1956). The fall in meat prices on the British market was accentuated by the tendency for shipments from Argentina to arrive at the period of the year during which the domestic supply of fresh meat is most abundant. The volume of meat exports to the United Kingdom from Argentina in 1956 was for the first time since the war as large as the shipments coming from New Zealand which had been the single largest supplier up to last year. Imports from the United Kingdom, on the other hand, declined from $76 million in 1955 to $53 million in 1956 and the fall was mainly concentrated on coal, chemicals, electrical machinery, asbestos manufactures and rubber manufactures. The further growth in the already substantial sterling surplus accruing from Anglo-Argentine trade in favour of the latter was utilized as in earlier years to finance heavier sterling oil imports. With the operation since mid-1956 of the multilateral payment system ("the Paris Club") which links Argentine with the United Kingdom, Finland and nine Continental OECD countries (the Federal Republic of Germany being the only major European trading country not participating in this scheme), Argentina's trade with the member countries is to be conducted on a non-discriminatory basis and the transferability of payments among them opens the possibility for a significant expansion of Argentina's trade with the countries of Western Europe.

It is too early to assess the impact of this new arrangement as is well brought out by the fact that the imports from the Paris Club members during 1956 were nearly 20 per cent below the level of 1955. On the other hand, trade with the Federal Republic of Germany expanded significantly in both directions during 1956 - the increase in exports being from $70 to $106 million and in imports the rise was from $53 to $112 million. Exports to Japan almost doubled between 1955 and 1956 (from $19 to $36 million) while imports remained constant at about $75 million during the same period.

In 1956, Brazil's favourable balance of trade reached a new peak of $247 million which was $130 million higher than in 1955. There was a slight improvement in the total export earnings, which in 1956 were $59 million, or 4 per cent, higher than in the preceding year. On the other hand, the value of imports after having declined from $1,630 to $1,306 million between 1954 and 1955 further fell to $1,235 million in 1956 as a consequence of the continued rationing of exchange for imports.
The improvement in the export proceeds resulted mainly from a substantial increase in the quantum of coffee exports which at about one million tons in 1956 stood 23 per cent above the level of the preceding year and established a record for the last seven years. The value of coffee exports also registered a similar increase since prices of Brazilian coffee remained almost unchanged between 1955 and 1956. While the share of coffee in the total export proceeds increased from about 60 per cent in both the years 1954 and 1955 to nearly 70 per cent in 1956, the traditional importance of the United States as a market for these exports was also restored, her share in the total volume of coffee shipments which had declined from 58 per cent in 1953 to about 55 per cent in the 1954 - 1955 rose to 61 per cent during 1956. One of the key factors accounting for the re-emergence of the United States as a major customer was the growth in the spread between the prices of Brazilian coffee and the prices of the milder varieties from Colombia during 1956. The average quotation for Brazilian (santos 4) coffee on the New York market in 1954 was only 2 cents per pound below the average price for Colombian (Medellin) coffee, but this spread widened to 7 cents per pound in 1955 and further to 16 cents per pound in 1956.

As regards cotton, the second major export item, there was a reduction in the quantum as well as the value of exports owing chiefly to a shortfall in output since prices in 1956 remained close to the level of the previous year. Consequently, the share of cotton shipments in the total export proceeds declined from 9 to 7 per cent between 1955 and 1956. There was also a fall in the relative importance of cocoa exports from 6 to 4 per cent during this period owing to a fall both in price and volume. As regards other exports, there were larger sales of iron ore, tobacco and carnauba wax whereas there was a marked fall in the value of sugar exports, which, after having risen from $12 million in 1954 to $50 million in 1955, declined to about $6 million in 1956.

The decline in the total import values affected all the major categories except fuels which in 1956 were the largest single import item and accounted for about 23 per cent of the total import values as compared with 19 per cent in 1955 and 15 per cent in 1954. Among the fuels there was, however, a marked decline in the imports of petroleum products and a substantial increase in those of crude petroleum which reflected the expansion in the local refining capacity. Moreover, coal imports declined as a consequence of the increase in domestic output and an improvement in the internal transportation situation. The upward trend of the recent years in the imports of foodstuffs was arrested in 1956 owing to increased agricultural production and consequently, the share of foodstuffs was arrested in 1956 owing to increased agricultural production and consequently, the share of foodstuffs in the total import outlays declined from 16 per cent in 1955 to 14 per cent in 1956. Although wheat continued to be the principal item among food imports, there was a decline by about 250 thousand metric tons or 15 per cent in the imports of that commodity in 1956. The increase in wheat output was brought about by a policy of heavy price-support and it is worth noting that the price of home grown wheat during 1956 was about twice as high as the landed price of imported wheat. The value of non-ferrous metals imported during 1956 was 60 per cent above the 1955 level while the imports of iron and steel and metal manufactures declined
significantly. There was a slight fall in the value of imports of machinery and transport equipment (other than passenger cars); their share, however, remained constant at about 23 per cent of the total import values between 1955 and 1956. As a result of the specific orientation of its economic development programme, Brazil is in many branches of manufactures becoming increasingly self-sufficient and consequently the share of imports in the total consumption of textiles, metallurgical products, building materials, rubber and leather products declined significantly during 1956. A development contributing to this phenomenon has been the spectacular increase in the inflow of foreign capital which has not only facilitated the expansion of the iron and steel industry and the rehabilitation of the transport sector but has also resulted in a considerable increase in the number of factories and subsidiaries of important foreign enterprises in Brazil which produce mainly for the domestic market.

The geographic distribution of Brazil's trade underwent significant modifications during 1956. Exports to the United States witnessed considerable improvement after two slack years and increased from about $600 million in 1955 to $730 million in 1956 and in the latter year accounted for 52 per cent of the total export earnings as compared with 42 per cent in 1955. The rise in imports from the United States ($309 million to $320 million) was considerably smaller, though in view of the pronounced fall in the total import values, imports from the United States rose in relative importance from 25 per cent in 1955 to about 30 per cent in 1956. There was a considerable fall in the value of exchanges with the rest of the non-dollar Latin American countries in both directions and this development mainly resulted from a fall in the value of coffee, fruits and sawn pine exported to Argentina as well as from a reduction in wheat imported from that country. While exports to the United Kingdom were maintained in relative importance at 4 per cent of the total export earnings, imports from that source recovered significantly (from $18 million in 1955 to $42 million in 1956) chiefly as a result of the operation of the multilateral payments scheme (the "Hague Club"). This arrangement resolved to a considerable extent the difficulties arising out of the old bilateral pattern of trade which had hampered Anglo-Brazilian trade in former years. However, imports from the other countries participating in the Hague Club diminished sharply during 1956. For instance, imports from France fell by nearly 60 per cent between 1955 and 1956, followed by Italy (30%), Germany (25%) and Belgium-Luxemburg (10%). There was a small decline in both exports to and imports from Japan during 1956. While exports to the USSR and the Eastern European countries were almost maintained at the level of the previous year (about $40 million), there was a 30 per cent increase in imports from that region (from $38 to $49 million), mainly on account of increased imports of machinery and transport equipment from Czechoslovakia.

In the first three quarters of 1956, Chile's exports ($391 million) were $66 million higher than in the corresponding period of 1955 while her imports ($264 million), were $15 million lower. The trade surplus during January-September 1956 amounted to $127 million, which exceed by $81 million the favourable trade balance recorded in the corresponding period of 1955. However, the trade surplus for the year as a whole is likely to be below that for the first three quarters as a combined result of the continued decline
in copper prices since mid-1956, on the one hand, and the expected increase in import values after the substantial reforms of April 1956 in the exchange and import regulations, on the other hand.

While copper prices began to recede from the record peak they had attained in late 1955 and early 1956, Chile's copper output continued to expand and for the whole year stood at the highest level since 1945. However, the quantum of copper exports was about the same as in 1955 (about 370,000 tons). In spite of the narrowing down of the difference between the New York and the London price quotations - in 1955 the latter was about 11 per cent higher than the former, while in 1956 this difference was reduced to 7 per cent - the direction of copper shipments remained substantially unchanged as compared with 1955; during the first seven months of 1956, one-half of the shipments again went to the United States and the other half to Western Europe.

Earnings from copper shipments accounted for about 70 per cent of the value of all exports in 1956 as compared with 66 per cent in 1955. In contrast to the increasing concentration on copper, export proceeds from nitrate continued to decline in relative importance, though in absolute value they were almost maintained at the level of the preceding year.

The data on the commodity composition and the geographical pattern of Chile's imports is only available in respect of the first half of 1956. The full impact of the reforms introduced in April 1956 (whereby Chile simplified the exchange rate structure and modified substantially her system of import control) will only be apparent when the trade returns for the whole year are available. During the first half of 1956, imports from all the major trading partners were slightly below the level of the corresponding period of 1955. Imports from the United States declined from $84 to $78 million, followed by the Continental Western Europe from $42 to $40 million, Latin America from $40 to $39 million and the United Kingdom from $10 to $8 million. As regards the commodity composition of imports, the value of machinery and transport equipment (excluding passenger cars) declined from $70 to $59 million during this period. While the value of fuels imported remained constant at $23 million, there were declines in respect of sugar (from $13 to $4 million), wheat (from $9 to $4 million), coffee (from $5 to $3 million) and automobiles (from $4 to $1 million). The only important category to record an increase was cotton, whose imports increased $14 to $18 million during this period.

In 1956, Peru's export earnings as well as her imports exceeded all previous figures. Imports, which increased from $300 to $361 million between 1955 and 1956 showed a much more striking expansion than exports, the value of which rose from $268 to $309 million. As a result the trade gap widened from $32 to $52 million during this period. Despite the growing imbalance in trade, Peru's external payments position did not suffer since a substantial portion of the rise in imports was financed by an increased inflow of foreign investments.

A new record level of production, both agricultural and mineral, was responsible for the increase in the export proceeds since greater export volume, rather than higher prices, accounted for the gains. The exports
of cotton increased from 87,000 to 108,000 tons between 1955 and 1956 and the corresponding increase in their value was from $68 to $76 million; the share of these shipments in the total export proceeds was maintained at about 25 per cent during this period. The share of sugar in the total export values, on the other hand, declined from about 14 to 12 per cent, though the value of sugar exports was almost maintained at about $38 million. However, the brightest feature of the Peruvian export trade during 1956 was the remarkable increase in metal exports. The share of metals in the total export earnings increased significantly in recent years, the rise being from 32 per cent in 1954 to 35 per cent in 1955 and in 1956 this proportion rose further to 40 per cent. The highest percentage increase in the export quantum was registered by iron ore which increased by 57 per cent between 1955 and 1956 and mostly went to the United States. Moreover, in that market Peru became the third most important supplier of iron ore preceded only by Canada and Venezuela. The export quantum of lead was 25 per cent higher during this period, followed by copper (20 per cent) and zinc (9 per cent). Although petroleum output also expanded substantially, exports failed to increase above the 1955 level on account of an increase in domestic consumption. The share of petroleum in total export earnings fell from 8 per cent in 1955 to 6 per cent in 1956.

During the last three years manufacturing activities have grown considerably in Peru and this development has reflected itself in the commodity composition of her imports. While there has been a remarkable development in the basic sectors of the economy - power, transport, utilities - the growth of manufacturing has included a substantial expansion in the output of products which were till recently imported, for instance, rubber tyres and tubes, matches, explosives for mining, dyes and paints, detergent fats, chemical fertilizers and cement. As a result the share of manufactured consumer goods in total imports declined further from 17 to 14 per cent between 1955 and 1956. On the other hand, imports of machines and transport equipment increased in relative importance from 34 to 38 per cent, while metals and their manufactures also rose from 13 to 16 per cent, mainly on account of larger imports of iron and steel. The share of food in total imports, on the other hand, fell from 14 to 11 per cent during the same period.

The changes in the direction of trade during 1956 were only slight. While the share of North America between 1955 and 1956 in exports and imports increased from 36 to 39 per cent, and from 52 to 54 per cent, respectively, that of Continental Western Europe fell in exports from 21 to 17 per cent and was almost maintained in imports at about 25 per cent. The share of Latin America in both exports and imports fell, in the former from 21 to 17 per cent and in the latter from 9 to 8 per cent. Exports to the United Kingdom rose in relative importance from 10 to 12 per cent, while imports from that origin were almost maintained at 9 per cent.

Uruguay's trade returns for 1956 show an adverse balance of $22 million which, however, was 50 per cent below the deficit recorded in 1955. This reduction was achieved as a result of a fall in the value of imports (from $225 to $206 million between 1955 and 1956) since export earnings (at about $184 million) remained unchanged during this period.
The year 1956 records divergent trends for the three principal export items, namely, wool, wheat and meat. As regards the first of these, some increase was registered in the export proceeds, though by not as much as the rise in quantum since prices for Montevideo Super 0's (the main variety produced in Uruguay), in 1956 were nearly 15 per cent lower in sharp contrast with the price increases experienced by the kinds of wool which originate in other countries. The share of raw wool in the total value of exports increased from 40 per cent in 1955 to 44 per cent in 1956. As a result of a change in the earlier government policy favouring wheat production (the support price for wheat announced in May 1956 for the 1956/57 season was set at 7 per cent below that for the previous season), there was a fall in total output as well as exports, the latter declining from 496,800 tons in 1955 to 475,000 tons in 1956. Earnings from wheat and wheat flour declined (from $38 to $36 million) almost in proportion to the fall in the quantum since prices, on the whole, remained unchanged and their share in export earnings at about one-fifth of the total export proceeds, was nearly maintained.

Meat exports, which had dwindled from 82 to 12 thousand tons between 1954 and 1955 recovered to about 40 thousand tons in 1956 (still about 50 per cent below 1954). Uruguayan meat output during 1956 was considerably below capacity since activity in private and governmental packing houses declined sharply owing to strikes and financial difficulties. Moreover, there were substantial unrecorded shipments of live cattle to Brazil since the prices offered by the Uruguayan meat industry were not considered attractive by a number of cattle breeders. Only 15 per cent of beef exports went to the United Kingdom during 1956 since prices were not competitive with those of Argentina. The Federal Republic of Germany was the main market taking 46 per cent of the total beef and veal exports. The value of wool tops exported during 1956 ($33 million, or 18 per cent of the total export earnings) was almost identical to the level of the two preceding years and the Netherlands continued to be the most important market.

The fall in the value of imports affected mainly machinery and building materials. Total machinery imports declined from $37 million in 1955 to $21 million in 1956 (first half at an annual rate) while the decline in building materials was from $31 to $14 million. Fuel imports, on the other hand, increased from $26 million in 1955 to $38 million in 1956 (first half at an annual rate). The import outlays on transport equipment ($18 million), cotton ($6 million), iron and steel ($5 million) and tobacco ($4 million) were practically the same during this period.

The geographical pattern of Uruguay's trade was more significantly altered in respect of imports during 1956, while there were no substantial changes recorded in the direction of its exports. Imports fell, especially from the United Kingdom, the United States, Brazil, Germany and the Netherlands, while there were increases in imports from Venezuela, Italy, Japan and Czechoslovakia. Exports to the United States and the Netherlands rose substantially while those to the United Kingdom, Japan, Peru and Poland declined somewhat.

1 In December 1956, as a result of this decline in output the support price was again restored to the preceding year's level.
The value of Paraguay's commercial exchanges with the rest of the world represents a very small proportion of the total trade of the non-dollar countries of Latin America and, moreover, with the exception of Surinam, Barbados and Laos it accounts for the smallest share of total world trade. The value of Paraguay's exports in 1956 at $37 million was 6 per cent above the level of the preceding year, while there was a fall in the value of imports from $29 to $25 million. As a result, she achieved a trade surplus which at $12 million in 1956 was twice as high as in 1955.

Nearly one-third of the total exports consist of timber (mainly cedarwood) and there was a slight decline in their value in 1956 as compared with 1955, mainly on account of a fall in their price. On the other hand, as a result of the devaluation of March 1956 and the simplification of the exchange system which made Paraguay's prices more competitive, exports of cotton, quebracho, meat and hides expanded significantly during 1956.

Argentina continued to be the major trading partner of Paraguay - in 1956 she accounted for 34 per cent of the total exports and 28 per cent of the total imports. Trade with the United States expanded too - imports rising from $4 to $6 million and exports from $4 to $5 million between 1955 and 1956.