INTERNATIONAL TRADE - 1956

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

Trade of Non-industrial Areas (Other countries)

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 21 May. Wherever possible, more up-to-date figures will be substituted before the draft goes to the printer.
(a) Non-Sterling countries of the Middle East

Despite a low level of both exports and imports during the last four months of 1956, Egypt's trade returns for the full year record an increase in respect of export earnings (from $393 million in 1955 to $404 million in 1956, or by 3 per cent) and an expansion in import outlays from $525 to $534 million. The adverse trade balance of $130 million was only slightly below the level of 1955.

The composition of exports during 1956 was more diversified than in 1955 and there was a further lessening of concentration on cotton shipments in the aggregate export earnings. In 1956, receipts from cotton shipments ($284 million) accounted for only 70 per cent of the total value of exports as compared with 77 per cent in 1955 and 82 per cent in 1954. The value of cotton exports fell by nearly 8 per cent from 1955 to 1956 mainly on account of a fall in their volume. The export quantum of Karnak and Ashmouni varieties was 15 and 28 per cent, respectively, below the level of 1955, whereas it was maintained in respect of Giza variety. The price quotations on the Alexandria cotton market during 1956 were out of line with those prevailing on either the Liverpool or New York market. In 1956, the average price of cotton registered on these two markets was 16 per cent and 1 per cent, respectively, below the level of 1955, whereas the Egyptian prices rose by about one-tenth. The upward trend in the commercial exchanges with the USSR, Eastern Europe and mainland China which began in 1955 continued in 1956. This group of countries accounted for 34 per cent of Egypt's exports in 1956, (even though cotton shipments to these destinations dropped off in the last four months of the year) as compared with 27 per cent in 1955. Czechoslovakia accounted for most of this increase whereas exports to the USSR and Rumania were below the level of the preceding year and those to mainland China were maintained. Exports to both France and the United Kingdom fell in relative importance from 9 to 7 per cent and 6 to 4 per cent, respectively. Shipments to India also registered a decline on account of the closing of the canal in the last quarter of 1956, although some cotton was exported via Port Suez on the Red Sea, and the value of exports to that country which was the single largest customer in 1955 fell from $37 million to $26 million in 1956 (when India occupied the fourth place among the most important destinations). On the other hand, exports to Japan rose in relative importance from 6 to 7 per cent. Exports to Western Germany, the Netherlands and Belgium fell while those to Italy increased. Moreover, Western Germany is reported to have bought some quantities of Egyptian cotton from Czechoslovakia at prices which were about 10 per cent below those prevailing in Alexandria.

In contrast with the decline in earnings from cotton exports, the proceeds from the sales of rice, cotton yarn, onions, raw wool, potatoes, manganese, phosphates and leather goods, recorded substantial gains during 1956 as compared with 1955.
The rise in import expenditures during 1956 was largely a result of an increased outlay on wheat and maize imports although the imports of tobacco, machinery and transport equipment also registered a moderate increase. During 1956 considerable quantities of wheat and maize, amounting to nearly $30 million, were imported, whereas in 1955 imports of food grains were negligible. In the first half of 1956, 93 per cent of total wheat imports came from the United States, while during the second half of 1956 the major sources of wheat imports were the USSR and Syria. Tea and fertilizers remained the two single largest import items, though their value in 1956 was somewhat below the level of 1955. Moreover, Ceylon which for many years had been the main supplier of tea to Egypt (two-thirds of the total in 1955) lost some ground in 1956 when it accounted for only one-third of tea imports. India, on the other hand, accounted for 58 per cent of Egyptian tea imports in 1956 as compared with 31 per cent in 1955. The share of machinery and transport equipment in the total value of imports rose from 16 per cent in 1955 to 20 per cent in 1956 reflecting a rising tempo of industrial development. Imports of textile machinery during 1956 were almost one-sixth of the total imports of capital goods as a result of an expansion in the textile manufacturing activity.

There was a sharp reduction in Egypt's import trade with Western Europe and North America during the last quarter of 1956 though in the preceding nine months Egypt's imports from these sources were well above the level of January-September 1955. Both the United Kingdom and the United States maintained their respective shares in the total value of imports at 13 per cent and 12 per cent in 1956 while there was a fall in the relative importance of Continental Western Europe from 45 to 36 per cent from 1955 to 1956. On the other hand, imports (excluding shipments of military equipment) from the USSR, Eastern Europe and mainland China rose in relative importance from 7 per cent in 1955 to 14 per cent in 1956. Imports from Czechoslovakia did not show any rise in contrast with the increases experienced by all the other countries of the area.

While the upward trend in Sudan's export proceeds which began in the second quarter of 1955 was maintained in 1956, the decline in import outlays which also set in in the second half of 1955 continued in 1956. Export earnings at $192 million in 1956 were 26 per cent higher than in 1955 while the import values ($130 million) were 7 per cent lower; as a result, there was a considerable improvement in the trade position of Sudan - the trade deficit of $21 million in 1954 gave way to an export surplus of $13 million in 1955 which further rose to a record level ($62 million) in 1956.

The increase in export proceeds was mainly due to cotton, the country's principal commodity, which in 1956 accounted for 62 per cent (as against 60 per cent in 1955) of the total. The increase in the value of cotton exports from 1955 to 1956 was due to a larger quantum (which rose by one quarter) as well as to a higher average export price (which increased by 16 per cent in sharp contrast with the movement of world prices). The United Kingdom, the largest customer, took about 50 per cent more of raw cotton than in 1955, and as a result of price trends, the value of these exports in 1956 was 75 per cent
higher than in the preceding year. Exports to India, Germany, Japan and Poland also increased, whereas cotton shipments to Italy, France and Czechoslovakia declined.

In addition to cotton, all the other major export goods brought larger proceeds. Cotton seed (of which Egypt, replacing the United Kingdom, became the largest destination), groundnuts (in 1956 mainly directed to Italy, whereas France had been the most important market in 1955), Arabic gum (which is sold to a wide variety of countries, among which the United Kingdom and the Union of South Africa take the largest quantity), each brought substantially larger earnings, due to larger volume and higher prices. For the first time, manganese (9,000 tons of which went to the Netherlands) appeared as an export commodity.

Among imports, the relative importance of food remained the same at 27 per cent, only sugar (which is entirely imported on government account) showing an increase that was accompanied by a complete change in the sources of supply: Argentina and Egypt which had been most important suppliers in 1955, were replaced by the United Kingdom and Czechoslovakia. Tea imports fell to nearly half the 1955 value, but the decline affected only Ceylon and Indonesia, whereas India's supplies were actually larger. The share of textile imports was also practically unchanged (18 - 19 per cent), but here again the sources of supply changed considerably. Whereas in 1955 Japan delivered about 63 per cent of the total volume of rayon goods, Egypt in 1956 became the most important country of origin (providing more than half of the total). In respect of cotton-piece goods, India continued to be the most important supplier, but in 1956 Egypt (which in 1955 had ranked third) became the second largest source of imports, displacing the United Kingdom whose supplies fell sharply. The relative importance of other manufactures in total imports declined: machinery and vehicles from 17 per cent in 1955 to 15 per cent in 1956, metal manufactures from 8 to 7 per cent and chemicals from 7 to 6 per cent. The share of fuels, on the other hand, rose from 6 to 8 per cent of the total import outlay.

In both 1955 and 1956 the United Kingdom, India and Egypt were the Sudan's major trading partners, in respect of imports as well as exports. But whereas the United Kingdom's share as a market for exports rose, reaching 33 per cent in 1956, its share as a supplier declined, reaching 28 per cent. India lost some of its importance as a customer, but gained somewhat as a supplier while Egypt gained in both exports and imports. France's relative importance as a trading partner fell by nearly one-half, whereas Eastern Europe (especially Czechoslovakia) and mainland China nearly doubled their combined share in imports (from 28 per cent in 1955 to 53 per cent in 1956).
Ethiopia's trade returns for the first half of 1956 indicate exports of $34 million and imports of $33 million so that the export surplus which had been recorded in the corresponding period of 1955 has virtually disappeared.

However, since the raw coffee crop is expected to be large, it is quite probable that the returns for the year as a whole will again show a favourable trade balance. Moreover, the prospects for an increase in the exportable supply of hides and skins are considered favourable following the completion of several slaughter houses in various parts of the country, while various new export lines (fish meal, canned and frozen meat and mother-of-pearl), as well as increased earnings from oilseeds have already contributed to greater diversification of exports.

The structure of imports is changing as a result of increased local production. There has in recent years been an increase in imports of raw cotton, while the imports of textiles have on the whole been stationary. Increased sugar production is likely further to reduce imports, and salt, formerly a fairly large item, has practically ceased to be imported. On the other hand, imports of steel and machinery are on the up-grade.

As regards the direction of exports, the United States continues to be Ethiopia's most important market (taking about 25 per cent of the total), closely followed by Italy (21 per cent - more than half being accounted for by oilseeds) and Aden (18 per cent - mostly for re-export). On the import side, India (accounting for 17 per cent - mainly textiles) has displaced Italy (now the source of 15 per cent of the total - principally steel and machinery) as the most important supplier. The other main sources of imports are the United States (providing mainly machinery and vehicles, raw cotton, and rubber manufactures), the United Kingdom (machinery and textiles) and Japan (textiles, both cotton and rayon).

Since the resumption of oil production in October 1954, there has been a steady expansion in Iran's oil production and exports. The output of crude petroleum in 1956 was nearly two-thirds above the level of the preceding year, although one-fifth below that of 1950 (the last full year before the oil nationalization was effected). Earnings from oil (about $220 million in 1956 and about $130 million in 1955) accounted for 70 per cent of the total export proceeds in 1956 as compared with 55 per cent in 1955 and 16 per cent in 1954. It is noteworthy that the Suez crisis did not adversely affect Iranian oil exports, in sharp contrast to its impact on the petroleum exports from other Middle Eastern sources. Although the total value of exports other than oil remained almost unchanged at about $105 million from 1955 to 1956, there were significant alterations in the respective contribution of the various commodities to these earnings. There was an expansion in respect of raw cotton (chiefly on account of increased purchases by France), raw wool (greater quantities were sold to the USSR), and caviar (increased shipments to the United States and the USSR). While exports of carpets were maintained, there was a substantial decline in respect of dried fruits, gum and rice.
In the absence of detailed information on the destinations of oil exports (which are handled by an international consortium of private oil companies), the following comments on the geographic pattern relate only to other exports. Germany and the USSR continued to be the two leading customers. While exports to Japan and Italy declined, those to the United States and United Kingdom increased. The share of the Eastern European countries in export earnings (other than oil) increased from 16 per cent in 1955 to 20 per cent in 1956.

The value of imports at about $280 million in 1955, was close to the level of the preceding year. Sugar continued to be the most important single item in 1956, although its total imports declined from about 200,000 tons in 1955 to 130,000 tons in 1956, and more was imported from Cuba and less from the USSR. Tea, which occupies the second place, was imported in much greater quantity than in 1955, and there were also substantial imports of wheat during 1956. Nearly 70 per cent of the total value of imports was accounted for by imports from industrial sources in 1956 as in 1955, and 95 per cent of these imports consisted of manufactured goods. In 1956, there was some increase in imports of capital goods as compared with 1955, while consumer goods registered a small decline mainly on account of textiles. Moreover, imports from Japan fell, whereas there was a slight increase in those coming from Continental Western Europe, the United States and the United Kingdom. Imports from the USSR and Eastern Europe declined somewhat and consequently their share in the total fell from 11 per cent to 9 per cent.

While imports into Saudi Arabia continued to expand ($180 million in 1954, $265 million in 1955, and $320 million in 1956), export earnings, which are solely derived from oil shipments, fell from $811 million in 1955 to $750 million in 1956. The output of crude oil at 47.9 million tons for the whole of 1956 was almost identical to the level of 1955 despite the fact that petroleum extracted during the last two months of 1956 was considerably below the average monthly output recorded in the preceding ten months. The closing of the Canal as well as the resulting shortage of tankers impeded the flow of oil exports. Moreover, an embargo was in force during the last two months of 1956 on oil exports to France and the United Kingdom.

The United States is by far the most important supplier and its share in the total value of imports was maintained at 25 per cent during 1956—and nine-tenths of these imports consisted of manufactured goods among which machinery and transport equipment are relatively most prominent. The United Kingdom whose supplies were equally divided between capital and consumer goods continued to account for one-tenth of total Saudi Arabian imports. Imports from Continental Western Europe rose in relative importance from 18 per cent in 1955 to about 22 per cent in 1956 mainly on account of increased imports from France, the Netherlands, Italy and Germany, and only one-fifth of these imports were accounted for by machinery, the rest consisted of consumer goods. In the non-industrial areas, India is the major supplier, although during 1956 there was a considerable increase in imports from Egypt.
Full information on Saudi Arabia's exports during 1956 is not yet available. In 1955, her principal customers in order of importance were Japan, Italy, France, Germany, the United States, Spain, and the Union of South Africa; together the exports to these seven countries accounted for as much as three-quarters of the total exports.

Israel's exports ($104 million) in 1956, as in the two preceding years, covered less than one-third (i.e., 29 per cent) of the value of imports ($364 million). However, from 1955 to 1956 exports rose more than imports, by 18 and 12 per cent, respectively, thus continuing the general trend which has been in evidence since 1950. It should be noted that in spite of the military operations in the Sinai peninsula, the last two months of the year contributed substantially to the higher values, particularly on the export side.

Both citrus fruit and polished diamonds, which in 1956 accounted for 42 and 25 per cent of the total value of exports, brought higher proceeds, though the United Kingdom and the United States, the main destinations for the two commodities, respectively, had only a minor part in the increase. Among other and relatively less important export goods, the rise in earnings from groundnuts, eggs, raw phosphates and rubber tyres may be noted, whereas raw wool, motor cars and several other engineering goods showed a decline.

The value of imports of food and raw materials was nearly unchanged, and the bulk of the increase was accounted for by manufactured goods, especially steel, machinery, and transport equipment as well as fuels. Since Israel hardly produces any industrial raw material and must import the whole of her energy supply, these two categories, together representing nearly 60 per cent of total imports, could only be reduced at the expense of industrial and even agricultural production (which requires fuel for irrigation). Food and other consumer goods take another 16 per cent. The imports of investment goods account for the remainder and have in recent years been substantially assisted by reparations deliveries from Germany. However, such deliveries which accounted for 15 per cent of total imports in 1955, covered only 12 per cent in 1956.

The United States and the United Kingdom continued to be of about equal importance as the principal markets for Israel's exports (each taking 19 per cent of the total). But Turkey which in 1955 had been the third largest customer, dropped to fifth place (mainly on account of smaller deliveries of motor cars and tyres), whereas Finland and Belgium ranked third and fourth in 1956. The United States, with 29 per cent in 1955 and 32 per cent in 1956, continues to be by far the largest source of Israel's imports, followed by Germany (17 per cent) and the United Kingdom (10 per cent).
The value of Syria's exports ($162 million) as well as imports ($188 million) reached a record level during 1956. Although import values (c.i.f.) were only $9 million, or 5 per cent larger than in 1955, the export earnings expanded much more, i.e., by $18 million or 13 per cent. The balance of trade yielded a deficit of $26 million in 1956 which was one-fourth below the 1955 figure.

The expansion in export proceeds from 1955 to 1956 resulted mainly on account of increases in respect of wheat (from $4 to $16 million) and barley (from $3 to $18 million). Some rise in the export volume of foodgrains was accounted for by shipments to Egypt, whereas very little was exported through the Beirut market. Earnings from cotton exports fell from $65 million in 1955 to $42 million in 1956. Although the quantum of cotton exports in August - July 1955/1956 was nearly 10 per cent above the corresponding period of 1954/1955, there was a significant decline in the second half of 1956 mainly on account of a reduction in shipments to Western European destinations which was most severe in respect of France. On the other hand, cotton exports to Eastern European countries and mainland China rose substantially. There has been a rapid expansion of cotton production in recent years and both acreage and output have increased nearly four-fold in the last six years, making Syria one of the big ten in world cotton production and exports. While shipments of livestock and cotton seed expanded, there was a slight decline in respect of wool.

Despite the tightening of import restrictions during the last quarter of 1956, there was an over-all increase in the value of imports during the year as a whole and was accounted for by textiles, machinery, iron and steel, and transport equipment.

Although the United Kingdom (20 per cent of the total imports) continued to be the principal supplier and Lebanon (22 per cent of total exports) the principal buyer, the geographical pattern of trade was slightly altered from 1955 to 1956. Continental Western Europe's share in exports fell from 41 to 35 per cent between 1955 and 1956, and the decline in imports was from 39 to 32 per cent. The share of the USSR, Eastern Europe and mainland China in the total Syrian trade rose from 2 per cent in 1955 to about 6 per cent in 1956.

Both the value of Lebanon's exports and imports in 1956 stood at a peak level, export earnings rose from $37 million in 1955 to $45 million in 1956 while the value of imports increased from $218 million to $233 million. The apparent balance of trade continued to yield a large import surplus, which in 1955 amounted to nearly five times the value of exports, but was only about four times as large in 1956.

1 According to the International Monetary Fund (see International Financial Statistics), trade statistics for Lebanon are in several ways deficient and the net effect is to understate exports and overstate imports.
The commodity composition of Lebanon's exports is greatly diversified. Citrus fruit, wool, hides and skins, vegetables, cement and raw cotton are relatively important and increases in respect of most of these items contributed towards the expansion of export receipts during 1956. While the share of Continental Western Europe in exports increased from 16 to 21 per cent, that of the United Kingdom rose from 5 to 7 per cent and that of Syria was maintained at 11 per cent. There was some expansion in exports to the USSR and Eastern Europe as a result of larger shipments of citrus fruit, although these countries accounted for a very small share of the total Lebanese trade.

The rise in import outlays was largely on account of manufactured goods and transport equipment, although wheat, rice and sugar also recorded some increase. The characteristic feature of Lebanese trade is the fact that a large portion of the commodities imported are subsequently re-exported to various Middle Eastern countries. For instance, during 1956 a considerable quantity of sugar imported from Cuba was re-exported to Iraq. Increased imports of rice (from Egypt) were also re-shipped to Iraq and Jordan, whereas substantial amounts of iron and steel (almost one half of the total imported) were sold to various Arab countries.

Though the United States and the United Kingdom remained the principal suppliers to Lebanon, their respective shares in total imports fell from 14 to 11 per cent and 15 to 12 per cent respectively. The share of Continental Western Europe in imports fell from 31 to 28 per cent while that of Syria rose from 16 to 20 per cent.

(b) Non-Sterling countries of the Far East

The trade position of Thailand deteriorated considerably in 1956. The balance of trade in 1956 yielded a deficit amounting to about $65 million, in contrast with an almost balanced trade in 1955, owing to a substantial expansion in import values (from $334 to $390 million) whereas export earnings ($325 million in 1956) recorded a minor decline.

The share of rice shipments in the total value of exports, which had declined from 52 per cent in 1954 to 44 per cent in 1955, further fell to 42 per cent in 1956, although their quantum in 1956 (1.2 million tons) was at the same level as in the preceding year. While the share of rubber in total export earnings fell from 25 per cent to 23 per cent, that of tin increased from 6 to 8 per cent; these shifts resulted from price movements since the export volume of these two commodities remained almost constant. There was some increase in export proceeds from teak and yang-wood. The prospects for higher export earnings during 1957 appear to be bright in view of the record rice crop harvested in 1956. It is estimated that about 1.5 million tons will be available for export during 1957.
The rise in total import values was accounted for by machinery and transport equipment as well as by consumer goods. Manufactured goods continued to account for as much as 85 - 87 per cent of the total, the rest being accounted for mainly by fuel.

The geographical pattern of exports remained essentially unchanged between 1955 and 1956. As regards rice, Malaya and Singapore continued to be the largest customers, taking together about 34 per cent of the total, and were followed by Hong Kong (17 per cent), Japan (15 per cent), Indonesia (13 per cent) and the Netherlands (5 per cent); of these shares, only that of Japan which had been much higher (33 per cent) in 1955, was significantly different; this decline was offset by increased exports to Indonesia and Pakistan. A major part of rubber exports continues to go to the United States whereas tin exports continue to be shipped mainly to the United Kingdom and other sterling countries.

Japan, which was the leading source of Thai imports in 1955 (accounting for 21 per cent of the total) suffered a slight setback in 1956 (its share having declined to about 18 per cent); however, imports from Japan may well recover somewhat in view of the recent war damage settlement providing for Japanese credits over a period of five years. Imports from the United States and Germany were maintained at about $100 and $20 million, respectively, whereas those from the United Kingdom increased from $34 to $38 million.

The large trade surplus which Indonesia enjoyed from 1953 to 1955 was completely wiped out in 1956 on account of a very steep increase in import values (from $484 million in January - October 1955 to $702 million in the corresponding period of 1956) which was largely in response to the less restrictive import policy introduced in September 1955, whereas export earnings suffered only a minor fall (from $733 to $702 million).

The decline in export earnings was mainly accounted for by a drop in the value of rubber shipments which fell from $326 million in January - October 1955 to $281 million in the corresponding period of 1956. While the volume of rubber exports fell only slightly the major factor responsible for the decline in earnings was the marked fall in the world price of rubber in 1956. The value of both petroleum and tin exports recorded some gains, the former rising from $174 to $180 million and the latter from $49 to $51 million. The combined earnings from exports of coconut products fell slightly from $36 to $34 million. While the volume of copra, palm oil and palm kernel exports in 1956 was above the level of 1955, there was some decline in respect of copra cakes, peanuts, castor beans and kapok seeds.
The large expansion in import expenditures was mainly due to a doubling of the outlay for consumer goods, while capital goods had only a moderate share in it and the imports of raw materials and semi-manufactures remained nearly constant. The value of manufactured consumer goods which had declined considerably since the end of the Korean war, rose mainly on account of textiles. Moreover, there was a substantial increase in rice imports - the total volume of which rose from 127,000 tons in 1955 to 545,000 tons in January - September 1956, giving rise to an outlay of about $70 million. The share of capital goods in imports remained constant at about 20 per cent.

The geographical pattern of Indonesia's trade in 1956 remained substantially the same as in 1955. Continental Western Europe and Malaya and Singapore continued to account for about 25 per cent each of the total export proceeds, and the respective shares of the United Kingdom (10 per cent) and Japan (8 per cent) also were unchanged. There was a slight decline in exports to the United States and her share in the total fell from 13 to 16 per cent. Imports from Continental Western Europe fell in relative importance from 33 to 30 per cent, and those from the United States declined from 16 to 14 per cent, whereas the share of Japan rose from 14 to 17 per cent. Trade with the USSR and Eastern European countries which had gained some importance in 1955 declined significantly in 1956. Between the first ten months of 1955 and the corresponding period of 1956 exports to these destinations fell from $23 to $11 million, whereas imports from these sources also fell from $29 to $13 million. On the other hand, the value of trade with mainland China was about three times as large as in 1955 - exports rising from $4 to $11 million and imports expanding from $9 to $28 million.

There was a marked improvement in the trade position of the Philippines during 1956. Export earnings rose from $389 million in 1955 to $451 million in 1956, or by 16 per cent while the value of imports (f.o.b.) fell from $548 to $507 million, or by 6 per cent. Consequently, the 1955 trade deficit ($159 million) was greatly reduced to $56 million in 1956.

The improvement in export earnings resulted entirely from a rise in the export volume of major commodities - copra and coconut products, logs and lumber, and abaca - since export prices fell further, especially in the case of coconut products where competition from cotton seed and other vegetable oils in North American and Western European markets has remained severe. In contrast with other export commodities, the volume of sugar exports registered some decline during 1956 as compared with 1955. The shares of coconut products and sugar in total export earnings fell from 38 per cent and 27 per cent in 1955 to 37 per cent and 22 per cent in 1956, respectively, while those of wood and abaca rose from 10 to 11 per cent and 7 to 8 per cent, respectively.
The decline in the value of imports mainly affected textiles, chemicals and foodstuffs. The value of consumer goods fell by nearly 22 per cent from 1955 to 1956 whereas there was an absolute rise in the value of capital goods as a result of which their share in the total value of imports rose from 17 to 23 per cent. Foodstuffs fell in relative importance from 16 to 13 per cent and textiles from 20 to 16 per cent.

The direction of the Philippine's trade showed notable changes during 1956. The share of the United States in total imports declined from 65 per cent in 1955 to 60 per cent in 1956, and in export earnings from 61 to 55 per cent (the lowest recorded since the war). On the other hand, the share of both Continental Western Europe and Japan increased; that of the former in exports from 16 to 19 per cent and in imports from 6 to 10 per cent, and that of the latter in exports from 15 to 17 per cent and in imports from 8 to 10 per cent. It is likely that the share of Japan in imports will continue to expand further in view of the terms of the reparations agreement signed in May 1956 which calls for deliveries by Japan worth $550 million over a 20-year period.

(c) Non-OEEC countries of Western Europe

Spain's trade returns for the first three-quarters of 1956 show an adverse balance of $254 million which was $141 million more than the deficit recorded in the corresponding period of 1955. This deterioration was almost entirely due to a marked expansion in the value of imports (c.i.f.), from $427 million in January - September 1955 to $563 million in the corresponding period of 1956, since export proceeds ($309 million) registered only a very slight change.

The maintenance of export proceeds during 1956 was on account of the rising value of mineral exports which roughly compensated the fall in earnings from the export of agricultural products. Among a variety of minerals and ores exported from Spain, iron ore, pyrites, lead, zinc and sulphur are relatively more important. The value of minerals in the first ten months of 1956 was nearly 25 per cent above that of the preceding year and accounted for about 22 per cent as compared with 17 per cent of the total export earnings in 1955. Agricultural products which accounted for about 56 per cent of the total export earnings in 1955 fell in relative importance to about 49 per cent in 1956, mainly on account of a sharp decline in the export quantum of citrus fruit following the severe frosts. It is estimated that it will take about six years before the orange crop will again reach the normal level of 1.6 million tons. There was also a sharp reduction in the export of olive oil during 1956. However, it is anticipated that Spain will again be able to resume its oil exports in 1957. Among other export products there was some decline in timber, cotton textiles and chemicals, whereas there was a marked rise in exports of new lines of manufactured items.
The expansion in import outlays was largely on account of machinery and transport equipment, chemicals and foodstuffs. The failure of agricultural production in 1956 required substantial imports of cereals and vegetable oils. Imports (f.o.b.) from the United States increased from $101 million in January - September 1955 to $175 million in 1956, although the share of manufactured goods in these imports rose only from 28 to 30 per cent. During this period Spain's imports of cotton from the United States fell from $36 million to $25 million, whereas imports of fats and oils, and foodstuffs rose from $13 to $62 million and $6 to $13 million, respectively. Imports from Continental Western Europe rose from $190 to $221 million, and those from the United Kingdom also increased slightly, i.e. from $56 million to $59 million. The share of manufactures in imports from Western Europe remained constant at about 85 per cent and the rise was most marked in respect of machinery and transport equipment which accounted for nearly one half of the total imports from this source in 1956.

There was a marked deterioration in Finland's trade position during 1956. While the value of imports ($885 million) in 1956 stood at a record level which was 15 per cent above that of 1955, the export earnings ($774 million) registered a fall of 2 per cent. The balance of trade in 1956 yielded a deficit of $111 million in sharp contrast with the export surplus, though small, which Finland had been consistently enjoying in the three preceding years.

The decline in the export earnings was mainly on account of a substantial fall (by nearly one-fifth between 1955 and 1956) in the value of exports of wood and wood products (particularly sawn timber and plywood). While the volume of wood products exported during 1956 was 14 per cent below the level of 1955, the prices were also 5 per cent lower. The decline in wood products was to some extent compensated for by the growth in exports of products of the paper industry, the value of which rose by 6 per cent, on account of an increase both in price (by 4 per cent) and volume (3 per cent). The share of wood and wood products in the total value of exports declined from 39 to 32 per cent from 1955 to 1956, whereas that of paper products increased from 43 to 47 per cent. Among other exports, engineering products and ships, the production of which has expanded considerably since the war, were almost maintained in value and their share in the total value of exports remained unchanged at 12 per cent. The exports of dairy products almost doubled between 1955 and 1956 and in the latter year accounted for about 3 per cent of the total export earnings. While the exports of pig iron declined from 16,000 to 2,000 tons, those of iron ore from the Otanmäki mine, which started in 1954, increased from 281,000 to 317,000 tons.
The significant increase in import values from 1955 to 1956 resulted from a substantial rise in imports of raw materials, fuels and semi-manufactured goods (from $334 to $385 million) and machinery and transport equipment (from $204 to $258 million). Imports of food, drink and tobacco remained unchanged at about $130 - $135 million. A much greater quantity of fertilizers and wool were imported during 1956. While the imports of coal and gasoline recorded a slight decline, the imports of coke and fuel oil increased noticeably.

Although the United Kingdom retained its traditional leading position among Finland's trade partners, her share in the total value of exports fell from 24 per cent in 1955 to 21\(\frac{1}{2}\) per cent in 1956, while her share in the total value of imports was maintained at 20\(\frac{1}{2}\) per cent. The second largest trading partner during 1956 was the USSR, with which Finland in each of the postwar years has had a substantial export surplus. A considerable part of this surplus was utilized in recent years under triangular agreements to finance imports from other Eastern European countries. Recently Poland and Rumania discontinued this arrangement and a large part of fuel imports (their value being roughly equal to the export surplus with the USSR in 1956) from these two sources under the latest trade agreements with these countries, have to be paid for in convertible currencies. The combined share of the USSR, Eastern Europe and mainland China in exports increased from 25\(\frac{1}{2}\) per cent in 1955 to 27\(\frac{1}{2}\) per cent in 1956, while it fell in imports from 27 per cent in 1955 to 25\(\frac{1}{2}\) per cent in 1956. The share of Continental Western Europe in total imports rose from 35 to 38 per cent, whereas in respect of exports there was a slight decline in their relative importance from 31 to 30 per cent.

In 1956 Yugoslavia's export earnings, as well as her imports, exceeded all previous figures. Exports which increased from $257 in 1955 to $321 million in 1956 showed a much more striking expansion than imports which rose from $447 to $472 million. Consequently, the trade deficit was reduced from $190 million to $151 million.

The improvement in the export proceeds resulted mainly from a substantial increase in respect of "new" export commodities (iron and steel products, chemicals, textiles, processed foodstuffs), whereas the exports of traditional products (non-ferrous metals, wood, cellulose and paper products) suffered a slight decline in absolute terms as a result of which their relative importance in the total export earnings fell from 40 to 33 per cent. In 1956 Yugoslavia exported about 164,000 tons of rolled and drawn steel products valued at about $20 million (as against $4 million in 1955) among which steel bars, plate, seamless tubes and sidetrack rails were the most important. The exports of textiles rose from $15 to $18 million (in volume, from 18 to 40 million metres). There was a further increase in tobacco exports (from $17 to $21 million) and their volume in 1956 (20,000 tons) stood at a peak level.
The rise in total import values (by $25 million) between 1955 and 1956 resulted from an increase in wheat imports which rose from $84 million in 1955 to $114 million in 1956 (in volume from 780,000 tons to 1.3 million tons) owing to a substantial decline in domestic output. While there was a slight increase in imports of heavy chemicals, machinery and fuels, the imports of metal manufactures and electrical equipment were somewhat below the level of the preceding year.

The geographical pattern of Yugoslavia's trade was slightly modified during 1956. The share of Continental Western Europe in the value of exports declined from 54 per cent in 1955 to 51 per cent in 1956, whereas that of the USSR and Eastern Europe increased from 14 to 20 per cent. In imports the share of the former fell from 31 to 30 per cent while that of the latter increased from 6 to 20 per cent. The intensification of Yugoslavia's trade relations with Eastern European countries resulted from numerous significant inter-governmental agreements relating to commercial exchanges, credit arrangements, investment activities, and technical and industrial cooperation. While the United States continued to account for as much as one-third of total imports, her share in exports fell from 11 to 9 per cent. There was a marked expansion in trade with Asian countries, chiefly India and Burma, during 1956, although these countries accounted for a very small share of the total trade of Yugoslavia. Considerable amounts of iron ore and rice were imported from India and Burma, respectively, while exports to these countries consisted of metallurgical products, cement and chemicals.