Attached is the draft of the section of the GATT annual report on international trade, dealing with trade developments in the non-sterling countries of the Middle and Far East.

Any comments on the attached draft should reach the secretariat not later than 8 September 1961.
The foreign trade deficit of the Egyptian region of the United Arab Republic was reduced from $173 million in 1959 to $82 million in 1960. Exports rose from $443 to $550 million, or by about one fifth, whereas imports increased by only $16 million or 2.5 per cent. Raw cotton accounted for $71 million or 70 per cent of the increase in exports, rice for $25 million, and cotton yarn and fabrics for about $12 million. Raw cotton exports registered an improvement of 17 per cent in volume and about 4 per cent in average prices over 1959. Cotton yarn and cotton piecegoods showed an increase from 33,500 tons in 1959 to 52,500 tons in 1960 and in value from $33 to $45 million, representing 8 per cent of Egypt’s total export income. Other articles which recorded an improvement were sugar, confectionery, and fruits. On the other hand, onions, manganese, phosphates, and art silk fabrics registered a decline in value in 1960 as compared with the previous year. On the import side, wheat and wheat flour supplies decreased in value from $78 million in 1959 to $70 million, whereas iron and steel increased from $40 to $51 million, and machinery from $114 to $120 million. Exports to the USSR, Eastern Europe, and mainland China, which accounted for 51 per cent of the total value in 1959, fell in relative importance to 44 per cent in 1960 and likewise the share of this group of countries in imports also fell - from 30 to 25 per cent. Imports from the United States rose from $85 million in 1959 to $114 million in 1960, whereas exports to that destination increased from $6 to $28 million. Egyptian exports of cotton cloth to the United States, which were $319,000 in 1959, rose to $5.9 million in 1960.

The adverse trade balance of the Syrian region of the United Arab Republic widened from $78 million in 1959 to $121 million in 1960, imports having expanded from $176 million to the unprecedented figure of $214 million, while exports fell from $98 to $93 million, their lowest level since 1952. Syria, which is normally a grain exporter, became a net importer in 1960 because of drought conditions. Imports of cereals, principally from the United States, and machinery accounted for most of the rise in import expenditures. As regards exports, the value of raw cotton shipments changed only slightly since the fall in volume (about 10 per cent) was matched by a proportionate increase in average export prices. The United States replaced the Federal Republic of Germany as the most important supplier in 1960. On the other hand, Syrian exports to the United States, France, and the Lebanon declined somewhat, but those to the USSR, Czechoslovakia, Jordan and Saudi Arabia increased slightly.

While the Sudan’s export earnings fell from $192 million in 1959 to $182 million in 1960, the total value of imports (c.i.f.) rose from $164 to $181 million. Despite a significant recovery in cotton prices, the value of cotton shipments fell by $21 million or 18 per cent since the quantum exported in 1960 was considerably below the record level attained in 1959. Exports of arabic gum at $20 million in 1960 were nearly 25 per cent over 1959 and the United States replaced the United Kingdom as the largest purchaser of this commodity; the Sudan accounts for about 90 per cent of the world’s supply of arabic gum. The increased value of imports in 1960 reflected the relaxation of restrictions. The United Kingdom retained its position as the principal trading partner but commercial exchanges with the Federal Republic of Germany, Italy, Japan, and the United States showed significant growth.
Total imports (c.i.f.) into Israel in 1960 were valued at $496 million (an increase of about 16 per cent over 1959) and total exports at $220 million (an increase of 21 per cent), leaving a deficit of $276 million, which was $28 million more than the 1959 deficit. This adverse balance was more than covered by capital imports and unilateral transfers, and in fact the country's foreign exchange assets rose by $90 million to $210 million during 1960. While citrus fruit exports showed virtually no change at $46 million, exports of industrial diamonds rose from $47 to $62 million. A further expansion took place in textile exports - $18 million in 1960 as against $11 million in 1959 and $6 million in 1956. Only a fraction of the additional outlays expended on imports during 1960 was accounted for by finished consumer goods; the bulk of the increase was due to imports of ships and raw materials both for export (e.g., rough diamonds) and domestic manufacturing production.

At $81 million, Ethiopia's exports in 1960 stood at a record level making an advance of 23 per cent over 1959, whereas imports at $83 million remained unchanged, and the adverse trade balance was $16 million less than in 1959. Coffee exports, which provide about one half of Ethiopia's total export income, rose by about 30 per cent to $79 million from 1959 to 1960 owing to increases in respect of both the volume of shipments (by 17 per cent) and average export prices (by 10 per cent). Exports of hides and skins at $10 million remained constant despite a considerable improvement in prices, whereas earnings from oilseeds, oilcakes, cereals and pulses recorded marked expansion. Among imports, cotton textiles continued to figure prominently. While in exports there continues to be a heavy concentration on the United States (accounting for 35 per cent of the total export values in 1960 as against 30 per cent in 1959 and consisting chiefly of coffee), the sources of imports remain more diversified.

Lebanon's exports and imports in 1960 were at the highest levels, in terms of value, yet recorded. Exports increased by 65 per cent, and imports by 27 per cent, over the figures recorded in 1959. The trade deficit ($266 million) incurred during 1960 was $45 million larger than the one registered in the preceding year, but the balance of payments was apparently favourable on account of substantial improvement in invisible income and royalties paid on the transit oil pipelines. In fact, the gold and foreign exchange reserves rose by $12 million to $137 million during 1960. There was a marked expansion in exports to Saudi Arabia and its share in Lebanese total export values increased from 13 per cent in 1959 to 21 per cent in 1960. Exports to the Syrian region of the United Arab Republic and the United States increased both in value and in relative importance, whereas the opposite was true of such destinations as Iraq, Jordan, and the United Kingdom. The latter country retained its position as the leading supplier, accounting for 18 per cent of total Lebanese imports in 1960. With the exception of Iraq, imports from all the traditional sources increased in value from 1959 to 1960.

Both exports from as well as imports into Iraq during 1960 established a new record. The value of total exports rose from $606 million in 1959 to $654 million in 1960 and imports increased from $326 to $391 million. A further

1According to the Bank of Israel Annual Report, 1960, "the expansion of exports was facilitated by the increase in the rates of premiums granted to exporters, both directly and indirectly".
growth in the output of crude oil (47 million tons in 1960 as against 42 million tons in 1959) reflected itself in the expansion of the export volume and, notwithstanding some fall during the year in the Middle East posted petroleum prices, the export earnings derived from oil shipments increased from $565 million in 1959 to $623 million in 1960. However, oil royalties (which are meaningful indicators of Iraq's overall capacity to import) rose from $240 to about $260 million during this period. Exports of dates were maintained at about $11 million whereas those of barley on account of poor harvests fell substantially below the level of the preceding years.

Iran's trade position suffered a serious setback in 1960. Over the last three years imports into Iran expanded significantly whereas oil revenues (accounting for about two thirds of the total foreign exchange earnings) remained almost unchanged. The mounting trade deficits caused the foreign exchange reserves to decline sharply and the crisis was resolved only by borrowings from the International Monetary Fund and capital assistance from the United States. As far as can be known from the sparse data available, a slight improvement in the parlous foreign exchange situation has begun to result from the economic stabilization programme and import restrictions introduced during 1960.

**NON-Sterling COUNTRIES OF THE FAR EAST**

The Philippines achieved a record level of exports ($550 million) in 1960. Favourable markets for several key exports, including sugar, timber, metals and abaca aided the expansion of exports. The value of sugar shipments alone contributed $124 million (nearly 10 per cent more than in 1959) to the export proceeds in 1960 whereas copra sales, notwithstanding a marked drop in export prices remained unchanged at $138 million. The total value of imports (c.i.f.) at $700 million in 1960 represented an increase of 16 per cent over the 1959 figure. Important gains were recorded by capital goods and raw materials and the declining trend in respect of finished consumer goods was maintained. The share of the United States in total exports fell from 55 per cent in 1959 to 50 per cent in 1960 whereas that of Japan increased from 22 to 24 per cent. The share of the United States in total imports which had declined from 51 to 47 per cent between 1958 and 1959 rose to 49 per cent in 1960 and for the first time in ten years the United States share of the Philippine import market increased relatively to the preceding year.

There was a marked improvement in Thailand's trade position during 1960. The value of exports rose to $409 from $358 million in 1959 and imports increased to $447 from $426 million. The trade deficit, $68 million in 1959, shrank to $38 million in 1960 and was almost completely offset by invisible income. A rise in the value of exports during 1960 was the result of increased earnings not only from the three most important exports (rice, rubber and tin), but also from commodities such as maize, tapioca and jute which had not hitherto been exported in significant quantities. There was an increase in the volume of rice exported in 1960; however, prices were somewhat lower, and earnings, which amounted to about $125 million, were about the same as in 1959. The slight reduction in the volume of rubber exports (3 per cent below 1959) was more than offset by price increase and the value ($123 million) was about
10 per cent higher than in 1959. The value of exports of tin rose by 20 per cent between 1959 and 1960 as a result of a larger volume of deliveries. Exports to the United States fell from $91 million in 1959 to $56 million in 1960 whereas exports to all the sterling countries increased from $172 to $190 million and those to continental Western Europe from $23 to $40 million. The rise in import outlays was spread over all the major categories and machinery imports during 1960 accounted for about 20 per cent of the total. Imports from the United States rose from $70 to $76 million whereas those from Western Europe and Japan expanded appreciably.

A sharp reduction in the trade surplus of Indonesia from $389 million in 1959 to $266 million in 1960 was the combined result of a substantial increase in imports (from $483 to $574 million) and a decline in exports (from $872 to $840 million). Earnings from rubber, which accounts for almost half the value of total exports, fell from $417 to $377 million owing to a significant reduction (by about 20 per cent) in the volume of shipments. Exports of petroleum, which is the second largest source of export income, fell from $231 to $221 million. Tin and coconut products, on the other hand, recorded some gains. The significant expansion of import outlays stemmed from a general liberalisation of imports and purchases of both consumer and capital goods ran at a higher level in 1960 than in 1959. The United States, Singapore, the United Kingdom and the Federal Republic of Germany were the main customers and the United States, Japan, mainland China, Burma and the Federal Republic of Germany the major suppliers.