INTERNATIONAL TRADE - 1953

The provisional draft of the third section of Part I of the secretariat report which will be entitled "International Trade - 1953" is attached hereto. This section will be sent to the printer on 22 May. Therefore any contracting party wishing to make suggestions should forward them to the Executive Secretary before that date.

A list of corrigenda to the first two sections which were distributed on 15 April 1954, is also attached.
In the first two sections of the provisional draft of Part I, distributed on 15 April 1954, the following corrections should be observed:

Page

I-8, the sentence below the table should be substituted by the following: "Hence the exports of primary products from non-industrial regions declined in value by a much larger amount - $2,000 million - than the reduction in the value of trade in the opposite direction."

I-24, 2nd paragraph: delete last sentence.

I-28, last paragraph, second sentence, should read: "In the United States, the downward movement continued, and exports to Europe, about 20 million tons in 1952, were last year only about one-third of that quantity."

I-32, 1st line: "With the discontinued allocation of nickel and molybdenum..."

I-42, 1st paragraph, for last sentence, substitute: "Some of these destinations have received larger shipments from Canada, the total exports of which, however, declined considerably in the first half of 1953."
The Value and Balance of Trade, 1951 - 1953

Excluding the "special category" exports from the United States, the external trade of the United States and Canada has in recent years accounted for nearly one-fourth (23 per cent) of the value of world exports. This includes a rise of trade within the region from about $4,800 million in 1951 to $5,600 million in the first half of 1953 (at an annual rate) and a decline of exports to the rest of the world of $2,300 million. North America's imports, on the other hand, hardly changed since 1951. The resulting aggregate surplus in trade with the rest of the world on commercial account has, therefore, undergone a reduction from over $3,000 million in 1951 to about $800 million in 1953. Of this decline, nearly $1,500 million affected trade with industrial Europe, and over $700 million trade with the non-industrial world. The remaining surplus in 1953 was $950 million vis-à-vis Europe, whereas the balance of trade with other parts of the world for the first time since the war showed a deficit of about $150 million.

This reduction of the surplus in North America's trade with the rest of the world was mainly due to a reduction in United States exports. On the other hand, exports from the United States to Canada increased to such an extent that Canada's commercial deficit vis-à-vis the United States reached an annual rate of about $660 million in the first half of 1953, i.e. considerably more than twice the 1951 figure. However, during the second half of 1953, Canada's situation improved again through the reduction of imports from the United States.

The Trade Position of the Individual Countries

The United States:— The change in the trade position of the United States has been caused by exports, while the value of imports has shown little change.

The decline in commercial exports from 1951 to 1953 has been concentrated mainly on supplies to Western Europe, the outer sterling area and the non-dollar countries of Latin America. The decline in the value of exports to these destinations has far outweighed the increase of $600 million in exports to Canada. Export levels to the non-sterling overseas territories, the dollar countries of Latin America and the "Rest of the World" were maintained. During the third quarter of 1953, the overall export surplus all but disappeared, following the reduction in supplies to Canada and a further decline in exports to Western Europe. In spite of the decline in economic activities toward the end of the year, the total value of imports showed only a minor decline in the last quarter.
Canada:— The principal changes in Canada's trade position since 1951 have occurred in her commercial relations with the United States. Her exports to the neighbour country have been more or less constant in value up to mid-1953, but her imports from the United States have risen appreciably, thus more than doubling the trade deficit with that country. In trade with the rest of the world, there has been a slight fall in the value of imports while exports were higher in 1953 as compared with 1951 (after a very substantial but temporary increase in 1952). However, the resulting improvement has not been as large as the deterioration of the balance with the United States, which continues to be Canada's major trade partner, and in the first half of 1953 was the origin of nearly three-quarters of her imports and the destination of about 60 per cent of her exports. In the second half of the year, however, there was a general improvement, due to higher exports and a decline in imports particularly from the United States.

Changes in the Composition of Trade, 1951 - 1953

The recent developments in North America's trade with other areas have led to substantial changes in the commodity composition of imports and exports. Among the imports from Europe, manufactures alone increased by $340 million, whereas those of primary products, mainly imported from other sources, fell by an even larger amount - $570 million. This decrease affected mainly the value of imports from the outer sterling area. Dollar Latin America was the only region whose supplies of primary products rose. On the other hand semi-manufactures received from non-industrial areas increased by $300 million.

The decline in North America's exports to outside destinations consisted of a fall by nearly $800 million in the value of manufactures shipped to non-industrial destinations, particularly the non-dollar countries of Latin America and also the overseas sterling area, and a reduction by about $1,500 million of primary products - mainly in deliveries to Western Europe, but also, though to a lesser degree, to the outer sterling area.

In trade between the United States and Canada, manufactures have gained greatly. From somewhat over one-half the total value of intra-trade in 1951, they rose to fully two-thirds in 1953.

The combined outcome of all these changes has been an increase between 1951 and 1953 in the share of manufactures in the total exports of North America from 52 to 59 per cent, while in imports their relative advance was even more outspoken -- from 31 to 38 per cent.

From 1951 to 1953 the total exports of manufactures from the United States and Canada have decreased by about $300 million. But this development includes a fall by almost $800 million in exports to non-industrial areas, little or no change in exports to Western Europe and an increase of well over $1,000 million in intra-trade. The reduction in exports to the non-industrial areas has been least in capital goods, somewhat larger in consumer goods and most pronounced in semi-manufactured commodities.
A different pattern has developed in exports to Western Europe. Whereas in the aggregate their value showed no appreciable change, there was a slight fall in the value of consumer goods, a large increase, by one-quarter, in respect of capital goods which thereby rose to almost one-half of Europe's imports of manufactures from North America. Semi-manufactures on the other hand declined.

Imports of manufactures from Europe have reached $2,000 million and were about $340 million higher in value than in 1951. The proportion of consumer goods imported from the European sterling area is much higher than in imports from the Continent, but the former have changed little, whereas the latter have shown a steady growth in each main category. Imports of capital goods from Europe as a whole, though still much below those of consumer goods, have been increasing rapidly. But the bulk of manufactures imported into North America still belongs to the remaining categories which cover metals and other semi-manufactures. Their value, which increased by 10 per cent since 1951 now stands at over $1,000 million per year.

The great increase in the value of manufactures exchange between the two North American countries affected capital goods almost as much as all other categories combined. But, although intra-trade in capital goods consists chiefly of United States exports, intra-trade in all other manufactures continued to yield a balance in favour of Canada.

The large decline in North American exports to outside destinations by roughly $1,500 million has affected all major categories of primary products, but was most pronounced in respect of fuels and agricultural raw materials. Generally, exports to the non-industrial areas declined less, mainly on account of supplies of foodstuffs and fuels to these destinations which were relatively well maintained. The sharp fall in supplies to Western Europe, which affected every major category, but in particular the agricultural raw materials and fuels, has accounted for nearly three-quarters of the total decline.

The total value of North America's imports of primary products from all sources (including trade between the United States and Canada) has fallen by almost one-tenth. The decline, however, did not affect imports from the industrial areas, while those from the non-industrial parts of the world would have greatly increased, had it not been for the large fall, of about $880 million, in the value of imports of agricultural raw materials. However, little change has occurred in the overall share of about nine-tenths held by the non-industrial world in North America's imports of primary products.

CONTINENTAL WESTERN EUROPE

The Trade Position of the Area

Total exports and imports have been declining slowly since 1951, although trade among the countries of the area has risen in value.
Two-thirds of the decline in the value of exports to other areas up to the first half of 1953 is accounted for by the decreased value of sales of manufactures to non-industrial areas. The fall in imports from outside affected exclusively primary products, and was to a large extent, though not entirely due to decreased supplies from North America. The fluctuations in the quantum of exports within the period have not paralleled the changes in the volume of industrial production which has risen steadily. By mid-1953, exports just exceeded the 1951 volume, while industrial production had risen about 8 per cent. The volume of imports, on the other hand, followed the movement of industrial output, though at a reduced pace.

The general trade position of the area is characterised by a number of changes which concern both its total trade balance, the direction of imports and exports and the structure of trade within the area.

On an f.o.b. basis, the total trade balance showed considerable improvement since 1951, the import surplus falling from nearly $1,400 million to just over $800 million. The most notable change occurred vis-à-vis North America where the European continent's adverse balance fell from $1,670 in 1951 to about $620 million in 1953 - the result of a $820 million decrease in imports and a $230 million increase in exports. Whereas in 1951 this deficit exceeded the total import surplus, in 1953 it fell short of it. In other words, while trade with other parts of the world in 1951 yielded a surplus, in contrast with the deficit vis-à-vis North America, the balance with the remainder of the world was adverse in 1953 and thereby added to what was left of the import surplus from North America.

The second main reason for the changed trade position of Continental Western Europe was the reversal in the balance with the European sterling area, mainly, of course, the United Kingdom. From an export surplus of more than $600 million in 1951 this balance turned into an import surplus of $50 million in the first half of 1953, in consequence mainly of reduced exports, but also of increased imports. This development is thence more significant since the Continent's traditional dependence upon imports from the outer sterling area has continued, while, at the same time, the value of its exports to this area has seriously fallen. Continental Western Europe's import surplus in trade with the sterling area as a whole, therefore, rose from less than $200 million in 1951 to over $1,000 million in the first half of 1953. Before the war, in both 1937 and 1938, the Continent's export surplus with the European sterling countries was roughly sufficient to cover its import surplus with the overseas sterling area.

While trade with dependent overseas territories has continued to yield an export surplus with little change in value of either imports or exports since 1951, there was a substantial improvement in the balance vis-à-vis Latin America and the rest of the world. The increase in the export surplus in trade with the dollar countries of Latin America has contributed to the improvement in the Continent's dollar trade position.
Trade within Continental Western Europe increased, both in absolute value and in relation to the total, rising between 1951 and 1953 from 40 to 44 per cent of total imports and from 43 to 46 per cent of total exports. As regards the imports of manufactured goods, the area relies to the extent of well over two-thirds on its own resources while this trade represents, of course, a smaller but rising proportion (in the neighbourhood of two-fifths) of its total exports of manufactures.

The most notable development in trade among the Continental European countries concerns the rôle of Germany. In recent years the position of that country has undergone appreciable alterations which, in spite of the territorial changes, have led to a situation strikingly similar in some important respects to what it was before the war. The part played by Western Germany in total intra-continental trade has increased substantially during the last four years. While in 1950 her share was 40 per cent, it became 45 per cent in the first half of 1953. In absolute figures, the value of trade among the Continental countries other than Germany rose from about $3,600 million in 1950 to $5,000 million in 1951 and then dropped to $4,800 million in 1952 and the first six months of 1953. In 1950, Germany's imports and exports added $2,500 million, in 1951, $3,300 million and in 1952 and 1953, $3,800 million to these figures. Although Germany's part in trade among Continental European countries is thus quite predominant, her contribution before the war, it is true, with a larger territory, was even greater - actually 56 per cent in 1937.

The recent rise in Germany's European trade has mainly been due to her exports which in the first half of 1953 reached nearly twice their 1950 value while her imports increased only by about one-fifth. By mid-1953, the resulting export surplus was running at the annual rate of $800 million. Again, however, this large trade balance was comparable to what it had been in 1937 in relation to total German trade (imports plus exports) with the rest of the Continent.

In other respects, however, there has been a large shift in Germany's position since before the war. Her exports have risen much more to Continental destinations than to other parts. While in 1937, 46 per cent of her total export value went to other Continental European countries, this share now stands at nearly 60 per cent.\(^1\) On the other hand, Germany's rôle as a market for the exports of these countries has diminished considerably, not only in their intra-Continental but also in their total trade. In 1937, Germany accounted for one-third of their deliveries to the Continent and for 14 per cent of their total exports. In 1953, these ratios had fallen to roughly one-quarter and 10 per cent, respectively.

In the following paragraphs, the principal developments noted above are discussed in further detail with reference to particular countries.

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1 In 1937, Germany's share in Continental Western Europe's exports to other parts of the world was 32 per cent. While it has been rising in recent years, it stood at only 17 per cent in the first six months of 1953.
The Improvement in Trade with North America

In 1952, the deterioration in the deficit of Continental Western Europe vis-à-vis North America came to a standstill and, in the case of many of the smaller countries, already showed some improvement over the preceding year. In the first half of 1953 this improvement was general and most evident for Belgium-Luxemburg, Denmark, Germany, the Netherlands, Sweden and Switzerland. As yet, only Denmark, Switzerland and Turkey, have managed to achieve a surplus.¹

As has been mentioned, this improvement has been the result mostly of lower imports but also of higher exports to North America. The decline in imports took place entirely in primary products. The imports of wheat, but those of other foodstuffs as well, suffered most owing to the generally improved food supply in Western Europe and especially in Austria, Sweden and Italy, while Turkey continued to grow in importance as a wheat exporter. The second most important item has been fuel, mainly coal, the imports of which declined to one-third of their 1951 value. Europe's growing output of refinery products has also contributed, and particular mention should be made of Italian production of natural gas which has reached an annual coal equivalent of 7 million tons.² Imports of other industrial raw materials taken together appear to have been fairly stable since the second half of 1952, although the decline in their aggregate value since 1951 has been even larger than that of foodstuffs. In contrast, the value of imports of North American manufactures has hardly changed but the share of machinery and transport equipment has increased to well over one-half.

Western Europe's exports to North America, consisting to the extent of about one-quarter of primary products, have been developing most in respect of manufactures. This applies to each main branch of consumer goods (of which passenger cars represent only a small portion) and also to machinery and transport equipment. Practically all countries, and in the first place Switzerland, Belgium, Luxemburg, France, Germany and Sweden have participated in the increased exports of manufactures.

The Deterioration vis-à-vis the United Kingdom

The trade surplus of the continental countries with the United Kingdom which in 1951 exceeded $600 million (on an f.o.b. basis) disappeared in 1952 and turned into a deficit of $50 million in the first half of 1953 (at an annual rate). This deficit has been entirely the result of a reduction in exports from

¹ This statement is based on the national trade returns of the European countries where imports are valued c.i.f. and include "special category" trade.
² At the same time the sales price of the gas was reduced by over one third from January 1952 to June 1953.
³ Except for a decline in Western European imports from Ireland in 1953, the major changes in trade with the European sterling area are entirely on account of trade with the United Kingdom.
the Continent, since its imports from the United Kingdom have even increased somewhat.

These imports continue to consist to the extent of 70 per cent of manufactures among which the proportion of capital goods is rising, particularly as regards the imports into Denmark, France, Italy and Turkey. The supplies of engineering products from the United Kingdom are in fact substantially larger than those originating in North America. The Continent's imports of other manufactures such as chemicals and metals also increased, while imports of manufactured consumer goods which had declined sharply from 1951 to 1952, mainly on account of textiles, did not fall further in the first half of 1953. In respect of primary products, there was a substantial increase in the United Kingdom's supplies of coal, mainly to Denmark and Italy, but also to the Netherlands, Norway and Sweden.

Exports to the United Kingdom of both primary products and manufactures have suffered to an equal degree so that their shares in the total value, roughly in the proportion of 3 to 2, remained unaltered. However, there was an increase in the exports of primary products (mainly foodstuffs) during the first half of 1953, while exports of manufactures were still declining. The revival in food exports mainly benefited Denmark and Italy. With sporadic exceptions (e.g. Austria and Switzerland), the decline in manufactures has affected all exporting countries and every commodity group (especially textiles), except machinery and transport equipment. Supplies of the latter increased particularly from Germany, France and Switzerland.

Trade within Continental Western Europe

Apart from developments concerning Germany's position in intra-European trade, which has already been discussed, trade among other continental countries has increased. Only in France and the Netherlands has the proportion of imports accounted for by supplies from other continental countries remained unchanged from 1951 to 1953. In all other countries, including Germany, it rose, reaching more than 50 per cent in Austria, Denmark, Greece, Switzerland and Turkey by the middle of 1953. As regards exports, the share of intra-European trade did not increase in the case of Belgium, Italy, the Netherlands and Portugal while it even declined in Denmark and Greece. On the other hand, this share rose to 55 - 60 per cent of the total exports of Norway, Austria and Turkey.

The increased Role of Engineering Products in the Trade of Continental Western Europe

Between 1951 and the first half of 1953, the exports of most classes of primary products and many important groups of manufactured goods have declined in value. The only exception to this general rule has been an increase in the export of fuels and a strong rise in the exports of machinery and transport equipment. While in this latter group, non-electrical machinery has been rising most rapidly, electrical machinery has made particular headway among the exports of the Netherlands. In spite of the importance of engineering products among
the exports of the Continental European countries, the changes in output and
the volume of exports have not been parallel. Thus, although the output of
the engineering industry in France increased by about one-third from 1950 to
1953, the volume of exports rose by only 13 per cent; on the other hand,
Germany's production increased by one-half during the same period, while her
exports more than doubled.

THE EUROPEAN STERLING AREA

The Trade Position of the Area, 1951-1953

The value of the area's exports to all outside destinations was the same
in 1951 and 1952, but declined somewhat from 1952 to 1953 (first half at annual
rate), whereas imports which had already experienced a fall from 1951 to 1952
showed little further change. The effect of these movements upon the trade
balance of the area was a large improvement: the import surplus declined from
nearly $2,300 million in 1951 to less than $1,100 million in 1953. Trade within
the European sterling area, at somewhat over $500 million, has only slightly
increased in value since 1951.

More than half the improvement in the total trade balance is due to the
elimination since 1951 of the deficit of $600 million with Continental Western
Europe and its transformation into a small surplus during the first half of 1953.
While the area's, mainly the United Kingdom's, exports of manufactures to this
destination, increased by some $60 million in two years, its imports of manu­
factures from the Continent have declined by $240 million so that trade in
manufactured goods with Western Europe alone contributed $300 million to the
change in the balance. In addition, imports of primary products from the Conti­
nent were about $280 million lower while exports to it, mainly coal and
wool from the United Kingdom, rose by $100 million.

The second largest contribution to the general improvement in the
area's position has been the reduction of its deficit in trade with North America
which fell from $740 million in 1951 to $320 million in 1953. For the greatest
part this change was due to the decline of about $300 million in imports of
primary products from that source which was reinforced by an increase in exports
of manufactures to North America by $130 million.

Thus, the combined balance with the two other major manufacturing areas
of the world has, within the last three years, improved by well over $1000 million,
of which almost $200 million on account of an increase in exports of manufactures
to these destinations.

The remainder of the improvement in the area's total balance of trade
(about $120 million) was the result of a reduction by $520 million in the import
surplus of primary products and a smaller reduction, of about $400 million, in

1 United Kingdom, Iceland and Ireland.
the export surplus in respect of manufactures. The most important changes in trade with the non-industrial areas has taken place in relation to the rest of the sterling area where a surplus of $130 million in 1951 has changed into a deficit of $420 million in 1953 - a deterioration in the balance by $550 million of which $350 million on account of smaller exports of manufactures. As regards trade with other non-industrial areas, the balance in respect of manufactures has improved somewhat vis-à-vis the dollar account countries of Latin America and the overseas territories of Continental Europe, but this was more than compensated by a deterioration in trade with non-dollar Latin America and the "Rest of the World".

The Trade Position of the individual Countries

**United Kingdom:** The United Kingdom's exports to the other members of the sterling area have suffered a reduction by 5 per cent in value from 1951 to 1953. Their share in total United Kingdom exports declined from 49 to 47 per cent. The main reductions occurred in the later part of 1952 and throughout 1953 in the exports to Australia, New Zealand, Pakistan and Malaya.

Among the exports to non-sterling markets, a steady improvement is taking place in supplies to the dollar area (now about 15 per cent of the total) and the non-sterling OEEC countries and their possessions (28 per cent) but there was a serious decrease since 1952 in the value of exports to most other destinations, especially Eastern Europe and Finland, the non-dollar Latin American countries (particularly Brazil), Egypt and most other non-sterling countries in the Middle East. Exports increased in a few directions only, including Spain, China and Japan.

Imports into the United Kingdom in 1953 from other countries of the sterling area were at a much higher rate than in 1951 and 1952, accounting for 45 per cent of the total, a gain of 9 per cent since 1951. On the other hand, there was a decline in the value and the share of imports from all other sources which set in towards the end of 1951 and continued, though at a much reduced rate, in 1952. This decline affected both imports from the dollar area and the non-sterling OEEC countries (and their overseas territories), but was even more pronounced in supplies from all other sources. In 1953, the overall level of imports has been much more stable. In the second half of the year the share of non-sterling supplies to the United Kingdom has again increased somewhat.

**Ireland and Iceland:** Ireland's exports are increasingly directed to the United Kingdom market which in 1953 absorbed more than nine-tenths of the total. In respect of imports, the United Kingdom occupies a less dominant position, accounting for just over one-half of the total. Imports from the continent and the outer sterling area retained their shares in 1952 and 1953 while dollar imports declined slightly.
The much smaller exports of Iceland are more scattered, their most important destinations being the continent of Western Europe, the United States and the United Kingdom; but in 1953, exports to these two latter destinations diminished, to be replaced chiefly by increased sales to Eastern Europe. Iceland's imports in 1953 increased from both her main suppliers, the United States and Continental Western Europe, while supplies from the United Kingdom decreased sharply, whereas imports from Eastern Europe rose, particularly in the second half of the year.

The Commodity Composition of Exports and Imports

The decrease from 1951 to 1953 (first half) by about 6 per cent, in the value of exports of manufactures, mainly of course from the United Kingdom, was entirely confined to consumer goods which fell by 25 per cent in value whereas capital goods rose by 9 per cent and semi-manufactures remained unchanged. However, the geographical distribution of the exports shows considerable changes since the supplies of manufactured goods to Western Europe and North America increased by 10 per cent, against a fall by 13 per cent in the value of exports to non-industrial destinations. The only major category to show an improvement in all directions has been capital goods which advanced most to North America and also to Western Europe. Together the value of exports of capital goods to these two destinations rose by $150 million. On the other hand, exports of capital goods to non-industrial regions also increased, if only by $50 million. Thus there has been a shift in the distribution of capital goods exports which increased the share of the industrial regions from 31 to 35 per cent.

More recently, from 1952 to 1953, the following developments may be noted. The advances made in the North American market have not been confined to any particular group of manufactured goods. In exports to Western Europe, the most important gains occurred in respect of chemicals, woollen goods, base metals and ships, whereas some sensitive losses occurred in respect of electrical machinery and motor cars; exports of textiles other than wool products were generally also somewhat lower. The decrease in exports of manufactured goods to the rest of the sterling area has been widespread and in some cases even serious, affecting more particularly motor cars, paper and most varieties of textiles. Exceptionally, there has been some increase in exports of synthetic textiles and non-electrical machinery. The decrease in exports to all remaining destinations has been even more outspoken and general. It was most evident in respect of machinery and motor cars with the only exceptions of railway vehicles and ships which are, however, too unimportant to influence the general picture.

No appreciable change has taken place in the total value of exports of primary products, although there was a decline in foodstuffs and an increase in industrial raw materials, and especially fuels, which resulted in the first place from larger shipments of coal to the European Continent.

There has been little change in Ireland's exports, the bulk of which consists of food and beverages, most of the remainder being accounted for by textiles.
(wool, flax and fabrics). There has also been little or no change in Iceland's exports which consist almost exclusively of fish and fish products.

The relative shares of manufactures and primary products in the imports of the United Kingdom have varied little from 1951 to 1953, manufactures accounting for about one fifth and foodstuffs and other raw materials for about two-fifths each of the total value of imports. The United Kingdom's imports of manufactures originated almost exclusively in Continental Western Europe and North America, but the reduction which took place from 1951 to the first half of 1953 has exclusively affected the imports from the European continent which lost almost one-fourth of their value. Those from North America remained approximately constant in value and now amounts to just over half the value of manufactures imported from Europe. With the exception of imports of machine tools which have been increasing regularly from both sources, the losses suffered by Western European manufactures in the United Kingdom market have chiefly fallen on all the non-engineering products such as textiles, paper, leather goods etc., in which North America is less interested.

Total United Kingdom imports of primary products declined by over $1000 million from 1951 to 1953 (first half at annual rate). The only major source from which imports of these commodities increased (by $550 million) has been the overseas sterling area, so that the decline in imports from all other sources combined was of the order of $1,600 million. A decline of some $500 million was accounted for by smaller supplies from the dollar area, especially affecting wheat and sugar, tobacco, timber, cotton and refined petroleum. The remainder was spread out over many items but affected most heavily timber supplies from Europe, as well as cotton, fats and oils and crude petroleum from non-sterling sources. In view of the great changes in the prices of primary products since 1951, the increase in the value of imports from the overseas sterling area represents a considerable shift in the sources of supply of the United Kingdom.

In the imports of Ireland, machinery and transport equipment have remained stable while imports of all other manufactures declined. In Iceland, the imports of manufactures fell from 1951 to the first half of 1953 but, exceptionally, this included a decrease in the imports of machinery as well.
The Trade Position of the Area

Unlike most other primary producing areas, the dollar account countries of Latin America, taken as a whole, were able to maintain the value both of their exports and imports at a practically constant level from 1951 to the middle of 1953. They even experienced a small increase in export values in 1952 and were able to keep up their imports in the first six months of 1953, in sharp contrast, in particular, with the rest of Latin America.

Moreover, there was within a roughly stable total trade balance a significant shift in its area composition. Vis-à-vis North America, there was an import surplus of 200 million dollars in 1951 which was entirely wiped out in 1952 and turned into an export surplus of 180 million dollars in 1953 (first half at annual rate). This change by nearly 400 million dollars in the last three years has made an important contribution toward alleviating the world dollar problem. It was brought about mainly by an increase in the value of exports to North America, reinforced by a fall in imports. In relation with other parts of the world, exports fell while imports were maintained. Even after these developments, the remaining export surplus in trade with the non-dollar world exceeded $600 million.

Commodity Composition of Exports

Although the area as a whole supplies a variety of tropical and mining products, three commodities accounted in 1952 for three-quarters of its export receipts - crude oil, providing 39 per cent, coffee 19 per cent and sugar 16 per cent of the total. The remainder includes cotton and other fibres, bananas, tin and several other metals. At the same time most of the individual countries in the area are highly specialized in the supply of one or other of these commodities. Oil comes almost entirely from Venezuela whose exports hardly contain anything else. More than one-half the exports of five countries (Colombia, El Salvador, Guatemala, Haiti and Nicaragua) in 1952 consisted of coffee, and these exports represented more than three-quarters of the area's total coffee shipments. Sugar, finally, originates almost exclusively in Cuba and the Dominican Republic, representing 85 and 55 per cent, respectively, of their total export earnings. Heavy concentration of supplies upon particular countries also occurs in respect of tin (Bolivia), bananas (Honduras and Costa Rica) and cotton, lead and silver (Mexico). Both tin and bananas represent nearly two-thirds of the exports from the main supplying countries while Mexico's exports are more diversified. Only Panama and Ecuador show a similar variety of export products.

Central American and Caribbean Republics, Bolivia, Colombia, Ecuador, Mexico and Venezuela.
Origin of Imports

The area taken as a whole relies for its imports more than any other region upon North America which supplied about three-quarters (by value) of the total and nearly four-fifths of the imports of manufactures in recent years. However, there has been a certain tendency for supplies from North America to decline in relative importance in favour of Continental Western Europe. In particular, North America's share in the area's imports of manufactured goods fell from 81 per cent in 1951 to 78 per cent in the first six months of 1953, while that of the European continent rose from 14 to 17 per cent. Much of this increase is due to Germany. The position of the United Kingdom on the other hand did not change. In the absence of discriminatory import controls, the relative importance of the industrial areas as suppliers of manufactured goods depends to a large extent on their ability to compete.

The Trade Position of Individual Countries

The trade position of nearly all countries in the area depends upon market conditions for particular products. Between 1952 and 1953, all three major export commodities showed considerable price fluctuations. The export price of oil from Venezuela in the first six months of 1953 was 10 per cent lower than in 1952 and the value of that country's exports declined in the same proportion; the price again rose and in fact reached record heights in the second half of 1953. Coffee prices, on the other hand, in the first six months of 1953 were higher than in 1952 and have continued to rise. In consequence, and partly also on account of favourable crops, nearly all the countries among whose exports coffee is predominant, and Colombia in particular, showed higher export values during 1953. Guatemala's export receipts were stable, in spite of a reduced volume of coffee supplies, owing to the recovery in the quantum of banana exports. The large fall in Haiti's export earnings was due not only to a sharp reduction in the coffee crop, but also to a lower price for sisal. The price of sugar, finally, fell continuously during 1953 and affected adversely the export receipts of Cuba and the Dominican Republic. Mexico's exports in 1953 were substantially lower by value than in 1952, partly owing to lower prices for her main export commodities - cotton, lead, zinc and various other metals.

Generally speaking, the value of imports followed the changes in exports. However, the main coffee exporters have experienced an improvement in their trade balance, while the trade balances in most other countries have moved adversely, except in Cuba where imports fell more sharply than exports.
THE NON-DOLLAR COUNTRIES OF LATIN AMERICA

The Trade Position of the Area

Owing to a number of special circumstances those countries of Latin America taken as a group suffered in 1952 a more severe decline in export values than any other primary producing region: between the first halves of 1951 and 1952 this decline exceeded one-quarter. In the latter period, which in other non-industrial regions witnessed a level of exports substantially higher than in 1950, the export proceeds of the area stood considerably lower than before Korea. Throughout the rest of 1952 and the first six months of 1953 export receipts have revived vigorously, and the upward trend has since continued.

Import values responded to the variations in the value of exports with a certain time lag and a much greater amplitude. The maximum was reached in the second half of 1951 and the lowest level in the first half of 1953. While exports at their lowest were 27 per cent below their highest point, imports dropped 46 per cent from top to bottom. Thus, the area presents an extraordinary example of the effects which wide fluctuations in export proceeds have upon the imports of a region still in the early stages of economic development.

As a combined result of these movements, the trade balance of the region, taken as a whole, fluctuated widely - the export surplus of nearly $900 million in 1950 turned into an import surplus of $750 million in the first half of 1952. One year later there again was an export surplus which was running at the annual rate of nearly $1,200 million. In order to appreciate the full significance of these variations, it should be noted that the average annual rates of exports and imports since 1950 were $3,400 and $3,000 million, respectively.

Commodity Composition and Direction of Exports

The extraordinary variation in aggregate export values was accounted for partly by price movements, but was mainly the result of difficulties concerning particular commodities which influenced not only the trade position of individual countries but also the commodity composition and destination of exports.

Although the six countries in the area are on the whole less specialized in their export products than other non-industrial regions, their fortunes are nevertheless determined to a large extent by their sales of a few commodities. Three among them - coffee, copper and wool - accounted in 1953 for more than half of the exports of Brazil, Chile and Uruguay, respectively; together they also represented something more than half the area's total exports in that year. Cotton, cereals, meat and hides are the most important remaining products and accounted for about another quarter of total exports.

1 Argentina, Brazil, Chile, Paraguay, Peru and Uruguay.
Among these principal commodities, coffee appears to be the only one where production and exports in recent years have proceeded at a fairly even pace. Reductions in output have affected cereals, meat and hides, while other circumstances have influenced wool, copper and cotton. In the case of wool, difficulties arose between Uruguay and the United States which were partly responsible for the 50 per cent drop in the volume of Uruguay's wool exports during the 1951-52 season. As regards cotton and copper, export price quotations have at varying periods been out of line with world prices and thereby gave rise to wide fluctuations in export volume. While cotton exports have revived in 1953, the copper situation is still unsettled.

The exports of the area are mainly directed to the principal industrial regions which in recent years regularly took four-fifths of the total. The remainder was accounted for by trade within the area and exports to other non-industrial regions. However, intra-area trade has shown some tendency to increase. The value of exports to North America has been remarkably stable, owing to the fact that these exports do not contain cereals and cotton which have fluctuated widely. The value of exports to Continental Western Europe was substantially higher in 1951 than in 1950 but has since maintained itself at a level only slightly higher than before Korea. The main fluctuations in absolute value have occurred in sales to the United Kingdom though they are smaller than to the other two industrial regions.

Commodity Composition and Origin of Imports

While normally a major food exporting region, the area in 1952 imported cereals from North America in large quantities, owing especially to the shortfall in Argentina's production. This development added about $100 million to the already heavy dependence of the area upon supplies from the industrialized parts of the world. Of their total imports, nearly three-quarters came from industrial areas in both 1951 and 1952. In 1953 this share dropped to less than two-thirds (63 per cent), while intra-area trade rose from 12 to 18 per cent. Imports from the industrial areas normally consist almost entirely of manufactured goods among which machinery is of major importance (35 and 39 per cent of the total value of manufactures in 1952 and in the first half of 1953, respectively).

In respect both of machinery and other manufactures, there has recently been a notable shift in the sources of supply. In 1953 (first six months), the shares of North America and of the United Kingdom were lower than in 1952, while those of Continental Western Europe increased, largely, but not exclusively, on account of Germany. While in the first half of 1953 North America still was the largest source of machinery imports (nearly one-half), Continental Western Europe was the largest supplier of other manufactures and became the most important source of manufactures taken as a whole. Actually, this relative advance of the European Continent took the form of a smaller relative loss. The import value of all manufactures fell by about $630 million
below the 1952 annual rate, of which $300 and $125 affected North America and the United Kingdom, and $200 million the European Continent. But for the United Kingdom, this loss represented about one-half and for North America one-third of the 1952 export values, while for Continental Western Europe it amounted to only one-quarter.

It should also be noted that the total decrease in the value of imports in 1953 (first half at annual rate), which was about $780 million as compared with 1952, affected most heavily manufactured goods (other than machinery) which declined by $430. Machinery imports fell by $200, whereas other imports - food and raw materials - decreased by about $150. This latter fall was the result of a $200 million reduction from the industrial areas and an increase by $50 million from other parts of the world - mainly trade within the area itself.

Trade Position of individual Countries

Argentina: Assisted by a remarkable recovery in the country's agricultural production which again made cereals available for export, Argentina's trade, showed a very definite improvement in 1953. In the first half of the year, there was a trade surplus of nearly $700 million (at an annual rate) compared with the record deficit of more than $300 million during the second half of 1951. But whereas that deficit was due both to higher imports and to lower exports, the surplus of the first six months of 1953 was almost entirely the result of higher exports, which almost doubled since the preceding year, while imports continued at a low level.

Liquidation of heavy wool stocks since the last quarter of 1952 was the main factor in this improvement. The value of wool exports in the first three-quarters of 1953 was three and one-half times as high as in the corresponding period of 1952. During the same period, the value of exports of cereals and linseed more than doubled, while meat and hides showed a significant, though smaller, rise.

The fall in imports has mainly affected textiles which declined by two-thirds in volume from 1951 to 1952 while the quantity of food imports more than doubled. During the first half of 1953, textiles rose again, while foodstuffs fell in volume. Apart from textiles, iron, steel and timber showed the heaviest declines from 1951 and 1952, and this trend continued into 1953. Machinery imports, on the other hand, were fairly well maintained, whereas miscellaneous manufactures fell precipitously in 1953.
In spite of the wide variations in the value of exports, their distribution among the principal destinations remained relatively constant, North America accounting for about one-quarter, Continental Western Europe for about one-third and the United Kingdom sharing the remainder almost equally with the other countries of Latin America. The main shifts have occurred in the pattern of imports, where Germany in the first half of 1953 for the first time since the war out-ranked the United States as the principal supplier.

Brazil: A substantial decline in export values from 1951 to 1952 and the maintenance of import values during this period at almost double their pre-Korean level resulted in a record trade deficit of $600 million in 1952. In 1953, imports were severely reduced - their total value in the first six months was nearly one-half the corresponding 1952 figure. Export values which declined somewhat during the first half of 1953 showed some rise in the following quarter. As a result, a trade surplus appeared in the first six months of 1953 which was running at an annual rate of $350 million. There was a considerable increase in the trade surplus with the United States, which rose from $15 million in the first half of 1952 to $200 million a year later.

Coffee, whose share in Brazil's total export values has risen from nearly 60 per cent in 1951 to 75 per cent in 1952, continued to play an important role in 1953. While the volume of coffee exports remained almost constant from 1952 to 1953, their value was approximately 10 per cent higher in the latter year owing to higher prices. The frost of July 1953 had a serious effect on prices and potential coffee production.

The exceptionally low volume of cotton exports in 1952 was largely responsible for the decline in Brazil's export values in that year. The cotton acquired during price-support operations in the last few years by the Brazilian Government was not sold because of non-competitive prices. However, there was a heavy export movement since the middle of 1953 following an adjustment of exchange rates and other governmental measures that brought the price of Sao Paulo No.5 for the first time since 1948 below the United States market quotation for domestic cotton. In the latter half of 1953 the quantum of cotton exports was twenty times the corresponding figure for the preceding year.

During 1952 Brazil bought considerable amounts of wheat from the United States because of the lack of supplies from Argentina. However, during 1953 Argentina resumed her wheat exports on a barter basis. As a result, the share of the United States in the total Brazilian imports declined from 43 per cent in the first three-quarters of 1952 to 29 per cent in the corresponding period of 1953 while that of Argentina rose from 2 to 14 per cent.
Chile: Unlike all the other countries of the area which suffered a decline in their export earnings from 1951 to 1952, Chile's export values increased by one-fifth owing to increases both in the volume and price of copper, her main export commodity. However, this trend was reversed in 1953 and the export values in that year were 12 per cent below the level of the preceding year. The main reason for this deterioration was a considerable decline in the quantum of copper exports because of the fact that Chile maintained her export price even after February 1953, when the decontrol of copper in the United States was followed by a price decline in that country. This has resulted in an accumulation of large unsold stocks.

Chile's 1952 trade surplus was maintained in 1953 since the decline in the total import values was of the same order as the decline in the total export proceeds. Imports of foodstuffs have grown in recent years. Machinery imports have continued to rise in value in each year since 1951 while the opposite trend is evident in textiles and transport equipment.

Peru: In contrast with the other countries of the area which restricted their imports during 1953, Peru's import values continued at the high level of 1952, while export earnings fell by only one-tenth, after having been maintained near the record level of 1951, thanks to a larger volume of shipments - cotton, sugar and metals - which roughly compensated the influence of falling prices.

In recent years, the importance of North America as a trade partner has increased considerably, supplying 58 and 63 per cent of total imports in 1951 and 1953, respectively, while its share as a destination of exports rose from 24 to 40 per cent. Europe has roughly maintained its position as a source of imports. As a market for Peru's exports, Europe has become less important, whereas North America's share has risen.

Uruguay: Export values which had declined from 1951 to 1952, rose again in 1953, while the total value of imports fell sharply. The resulting trade balance in 1953 was favourable to the extent of $120 million dollars (annual rate based on the first three quarters), a sum equal to the trade deficits of the two preceding years. The marked improvement in the exports has been mainly due to the fact that the quantum of wool exports during the 1952/53 season (which ended on 30 September) was three times that of the preceding season, while prices were about 15 per cent higher.

The destination of Uruguay's wool exports shows a changing pattern. While the United Kingdom and continental European countries have taken an increasing proportion, exports to the United States have declined in relative importance from nearly three-fourths in 1950/51 to about one-fourth during the last season. While the total value of imports declined by about one-fifth from 1952 to 1953, imports from the United States were reduced by nearly one-half during this period.
THE DEPENDENT OVERSEAS TERRITORIES

The rôle of the dependent overseas territories in world trade has increased since before the war. Taking those of the continental European countries and the British territories together, but considering only those which were still dependent after the war, they supplied about 7 per cent of world exports in 1937-1938, and about 9 per cent in 1950-1952. Their imports have increased even more, mainly on account of those of the continental countries of Europe. The net result of the changes since prewar has been that the non-British territories taken as a whole now have a substantial import surplus, in contrast with an appreciable export surplus before the war. The British territories on the other hand, still show an export surplus. There are considerable differences between the parts played in international trade by the various territories, It is true that between 1951 and 1953 (first 6 months) most of them, in particular the British and French dependencies whose share in world trade is largest, increased their supplies of primary products to the Metropolitan area. However, the imports of the French territories from the Metropolitan area far exceeded their exports to it, whereas in all other cases the imports of the dependencies fell short of their exports in trade with the Metropolitan countries.

In trade in other directions, only the British territories have substantial commercial relations with North America. The value of their exports to that destination is roughly twice that of all other dependencies combined. On the other hand, the exports from the British colonies to North America fell by nearly $200 million between 1951 and 1953 - mainly on account of lower prices - whereas the value of exports from the other territories rose during that period. Since imports from North America into the British possessions are of the same order as those of the other territories taken together, the British dependencies show a substantial export surplus with North America amounting to about $600 million and over $400 million in 1951 and 1953 (first half), respectively. North American trade of the Belgian and Portuguese colonies is practically in balance while the French dependencies have a deficit and the Dutch a surplus.

Engineering products account for a lower proportion of total imports from the industrial areas in the British territories than in others. However, that proportion has risen more in the former than in the latter between 1951 and 1953, and in the first half of last year exceeded one-fourth and approached one-third in the British and non-British dependencies, respectively.

1 This section covers the British as well as the French, Belgian, Dutch and Portuguese overseas territories.
2 It is not possible to give comparable figures on the share in international trade since the imports of the British territories are generally known only at c.i.f. values and no data are available for the British protected states of the Persian Gulf.
3 In 1952 these was a small import surplus, with imports however valued on a c.i.f. basis.
4 This surplus however is at least partly compensated by dollar outlays for imports of crude oil from Venezuela.
Australia's trade returns for the financial year 1952/53 (ending 30 June) revealed a substantial improvement in the country's trade position from the conditions of the preceding year. In place of a heavy trade deficit of about $850 million in 1951/52, last year's trade resulted in a favourable trade balance of about $750 million. The improved trade balance was brought about by a rise of about one-fourth in the value of exports and a decline by more than one-half in the value of imports - the result of severe import restrictions imposed in March 1952. During the first two quarters of the current financial year (the second half of 1953) the balance of trade continued to be favourable; though the value of exports remained stable the import values rose following some relaxations in the import restrictions.

The revival of exports during 1952/53 was mainly due to increased sales of wool at higher prices, and a substantially larger volume of exports of foodstuffs. Wool, which represented just under half of total exports, accounted for about 40 per cent of the increase. Wheat and flour exports remained unchanged in value while meat and dairy products rose both in value and in relative importance.

The United Kingdom remained the principal destination of Australia's exports and her share rose from 31 per cent in 1951/52 to 41 per cent in 1952/53. Japan, for the first time since the end of the War, rose to second place, accounting for about 9 per cent of total exports. The share of the United States dropped from 12 per cent to 7 per cent, while that of France remained stable at 8 per cent.

The decline in the value of imports affected almost all categories. The greatest reduction occurred in textiles - their value was reduced to one-fifth. Imports of vehicles and other manufactures also declined drastically. Although the value of machinery imports was also severely reduced, this category rose in relative importance from 24 per cent to 34 per cent.

The total value of imports from the United Kingdom fell by more than one-half from 1951/52 to 1952/53; but continued nevertheless, at 42 per cent of total imports, to outrank supplies from all other sources. The value of imports from the United States, on the other hand, declined relatively less and their share rose from 10 per cent to 17 per cent.

In New Zealand also, the year 1953 brought an improvement in the trade position and ended with an export surplus of about $70 million in contrast with the adverse balance of nearly the same amount in the preceding year. This improvement was brought about by a substantial reduction in the value of imports which declined by about one-quarter. The value of exports, on the other hand, was only slightly below the 1952 level.
The wool exports showed some recovery during 1953, while dairy products declined somewhat mainly because of smaller butter exports.

Of all the independent members of the sterling area, New Zealand's trade shows the highest and moreover an increasing degree of concentration on the other members of the area, which now receives about 70 per cent of her exports and supplies nearly 80 of her imports. While both exports to, and imports from, the dollar area were lower in 1953, exports to Continental Western Europe rose somewhat and the opposite trend was evident in imports from that origin.

India's trade, which experienced considerable fluctuations since the outbreak of the Korean war, tended towards stability at a level close to that of 1950. From 1952 to 1953, import values (c.i.f.) declined by about $500 million whereas export proceeds fell by about $180 million and the trade deficit was correspondingly reduced.

The decline in the value of exports was due to lower export prices. The quantum of exports in respect of a number of major commodities, such as tea and cotton manufactures, was considerably larger in 1953. About two-thirds of the total decline in export values was accounted for by manufactures which declined in value from $625 million in 1952 to about $500 million in 1953. The export value of jute products alone fell by about $100 million. The total decline in the value of exports would have been much greater, but for the remarkable recovery in tea exports which in 1953 replaced cotton manufactures as the second most important export commodity.

The sharp decline in import values was due to lower imports of food grains and raw materials. Food imports during 1953 were valued at less than half the record figure of 1952. The volume of imports of raw cotton declined by nearly 50 per cent, and the share of the United States in this total fell from 70 to 14 per cent; the remainder in 1953 was supplied by Egypt and East Africa. Imports of manufactures in 1953 were only slightly below the 1952 value but their proportion in the total rose from 36 to 47 per cent. Within the manufactures, the share of machinery remained constant at close to one-half.

Major shifts in the direction of trade in 1953 have mainly occurred in the sources of imports, whereas the destinations of exports remained nearly unchanged. As in the last few years, about one-half of the total value of exports went to the sterling area, about two-fifths to the dollar area, and about one-tenth to continental western European countries and their dependencies. The sudden emergence of the dollar area in the post war years as a vital source of imports resulted from urgent requirements of food grains and raw cotton. With the decline in imports of both these categories, the share of the dollar area in the total value of imports fell from two-fifths in 1952 to one-fifth in 1953 whereas the sterling area rose in relative importance from two-fifths to one-half during this period and the share of the continental Europe also increased.
The share of rice in Burma's export earnings which was about two-fifths before the war, rose in recent years to nearly four-fifths. The increase in export values between 1950 and 1952 was principally attributable to higher rice prices and to some extent to a larger volume of exports. However, during 1953, the volume of rice exports at about one million tons was one-tenth below the level of 1952 whereas the price of rice stipulated in government contracts (under which about two-thirds of rice exports took place in recent years) was one-fifth higher. Hence, exports in 1953 diminished by about one-fifth, while the value of total imports, which had risen by two-fifths between 1951 and 1952 declined somewhat in the following year. The export surplus was thereby greatly reduced.

The share of the sterling area in the total value of imports remained constant at two-thirds whereas that of Japan rose from 14 per cent to 16 per cent. The value of exports to all major destinations during the first half of 1953 was lower as compared with the corresponding period of 1952. The share of the sterling area in exports declined from two-thirds to three-fifths during this period while that of Japan remained stable at one-tenth and the relative importance of Indonesia, the Middle East and the dollar area rose.

As a result of a slight increase in the value of Ceylon's exports and a slight decline in import values, the trade deficit nearly disappeared in 1953.

The diversity of movements since 1951 in the prices and export volume of the three main commodities - tea, rubber and coconut products - have given rise to considerable changes in the value and composition of exports. While prices of all these commodities began to recede from the peak they reached in early 1951, the recovery which started in mid-1952 and continued through 1953 has been greatest for tea, less for coconut products and least for rubber. The export volume of tea in 1953 was at a record level, that of rubber, though higher than in 1952, fell short of 1951, while the volume of coconut products in 1953 was below the levels of the two preceding years. As a result, the share of tea in the total value of exports rose from 48 per cent in 1952 to 53 per cent in 1953, that of rubber fell from 25 per cent to 22 and that of coconut products remained constant at 16 per cent.

Following the rubber-rice agreement, mainland China became the second most important customer in 1953 after the United Kingdom. Another significant and related development is the reduction in the dollar area's share in imports which fell from 11 percent in 1952 to 4 per cent in 1953 because of smaller rice purchases from the United States.

With the end of the commodity boom, there was a considerable deterioration in Pakistan's trade situation. In place of a trade surplus of $230 million in 1951, a deficit of $80 million appeared in 1952. The extent of the decline in export earnings from 1951 to 1952 was equal to the favourable trade balance of 1951 whereas the rise in import values during this period was almost of the same order as the trade deficit of 1952. In 1953, despite a further decline
of $90 million in the export proceeds, a trade surplus of $100 million was achieved through a sharp curtailment of imports to nearly one-half their 1952 value.

Raw jute and cotton account for more than four-fifths of total export earnings and it was the fall in the prices of these two commodities which caused most of the decline in export values since 1951. The total value of jute exports declined from $300 million in 1951/52 (July-June) to about $170 million in the following season although the volume of jute exports increased from 4.8 million bales to 5.3 million bales. During the same period, the value of cotton exports was lower, in spite of a record quantum which made Pakistan the third largest exporter after the United States and Egypt.

The main changes in the direction of exports in recent years were the relative decline of shipments to India, whose share dropped to 7 per cent in 1953, while Japan became the principal destination, accounting for three times India's share.

The sharp reduction in the value of imports in 1953 mainly affected the imports on private account which fell from $460 in 1952 to $160 in 1953 (first six months at an annual rate). No breakdown is available for the sources and composition of imports on government account, which represented about a quarter of all imports in 1951 and 1952 and as much as 45 per cent in the first three quarters of 1953. Among private imports, all major categories of goods except textile machinery showed declines in 1953. Raw materials fell least and textiles most.

From 1951 to 1953 the value of exports from the Union of South Africa (excluding gold in bars, but including "worked gold") remained remarkably constant at somewhat less than $1000 million whereas import values (f.o.b.) declined from about $1320 million in 1951 to just under $1200 million in 1952 and 1953. The resulting trade deficit corresponds almost exactly to the net export of gold bars.

There has been little movement as regards the commodity composition of exports and imports. The only exceptions on the export side are wool (which declined heavily from 1951 to 1952) and citrus fruit (which rose between 1952 and 1953). Among the imports, the value of textile manufactures fell sharply from 1951 to 1952. While the direction of exports during the first nine months of 1953 followed the pattern of the corresponding period of 1952, the imports originating in the dollar area declined somewhat in relative importance and those from the sterling area, the Continental Western European countries and their dependencies rose.

The value of Southern Rhodesia's imports declined in 1953 from the record of 1952. The value of exports, on the other hand, maintained an upward trend which was largely attributable to tobacco, the most important export product, and the adverse balance of trade was therefore reduced.
Although the decline in imports affected all countries, the bulk of the decline was concentrated on non-sterling countries. As regards exports, the sterling area's share remained stable at about four fifths, while exports to the United States increased somewhat.

THE NON-STERLING COUNTRIES OF THE MIDDLE EAST

The Trade Position of the Area

In 1952 the Middle East, excluding the members of the sterling area, had an unfavourable balance of trade of about $200 million, but in the first half of 1953 the deficit was only about $50 million (at an annual rate) as a result of a small increase in the value of exports and a large decline in the value of imports. Exports to the United Kingdom fell sharply during this period, but the decline was more than offset by an increase in exports to Continental Western Europe and the Far East. The relative share of the United Kingdom in exports declined from 20 percent to 10 percent while that of Continental Europe increased from 30 percent to 35 percent. The share of the United States was maintained. Imports fell generally, except from Japan and Western Germany. As in respect of exports, the share of the United Kingdom fell, while the position of the United States was maintained.

The bulk of the region's exports is accounted for by petroleum and cotton. Despite the cessation of oil exports from Iran, petroleum has continued to account for about one-half of the total value of the region's exports, almost all of which in the last two years came from Saudi Arabia. Cotton, which is predominant in the exports of Egypt and the Sudan and is also exported from Syria, Lebanon and Iran, accounted for about one-third. Other important export commodities are citrus fruits and diamonds from Israel and cereals and wool from Syria and Lebanon.

Position of Individual Countries

The value of Egypt's imports (c.i.f.) in 1953 at $500 million was about $110 million less than 1952, whereas export values showed a mild decline. The remaining adverse balance of trade amounted to about $85 million in 1953. The United States maintained her position as the principal supplier although her share in total imports dropped from one-fourth to one-fifth. Germany displaced the United Kingdom as Egypt's second most important source of imports during 1953. The pattern of commodity imports was not changed. Wheat remained Egypt's major import item, followed by petroleum products, textiles, tea and iron and steel manufactures. As in previous years, raw cotton comprised

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1 Egypt, Ethiopia, Iran, Israel, Lebanon, Saudi-Arabia, Sudan and Syria.
80-90 per cent of the total value of exports. France became Egypt's chief customer during 1953, followed by India and the United Kingdom. Exports to the dollar area, on the other hand, fell sharply and its relative share declined from 12 per cent in 1952 to 6 per cent in 1953.

The value of cotton exports from the Sudan which dropped sharply in 1952, rose somewhat during 1953. While imports of machinery and equipment have shown a tendency to increase, there was an opposite trend in the imports of textiles and rice.

Ethiopia's exports to the dollar area and Italy increased significantly whereas the opposite tendency was evident in imports from these origins during 1953. Coffee which accounted for about 45 per cent of total exports during 1952 rose in relative importance to about 55 per cent in 1953.

Since the oil dispute began two years ago, Iran's large export surplus which in 1951 exceeded her imports by more than half, turned into a small trade deficit in 1952 which again was followed by a balance of exports and imports, at a low level, in 1953.

Israel's trade deficit of more than $250 million in 1952 fell slightly below that level in 1953, as a result of higher exports and lower imports. The exports of citrus fruits rose somewhat and there was a marked improvement in the exports of manufactured goods. The imports of foodstuffs and raw materials increased, while imports of capital goods fell.

Lebanon's imports and exports showed a rising trend during 1953. The share of the dollar area which had declined markedly in exports and to a lesser extent in imports from 1951 to 1952, showed again a tendency to increase during the first half of 1953. During the same period there was a slight decline in the share of Syria. Exports of citrus fruits and cotton showed some recovery while the share of wool was maintained in the first half of 1953 as compared with the level of 1952.

In the first half of 1953, the value of Syria's exports and imports was almost unchanged at the level of a year ago. As in previous years, the exports consisted mainly of cereals, cotton and, to a lesser extent, carpet wool. While cotton has shown some decline in relative importance because of the fall in cotton prices, the share of cereals rose during 1952/53. The share of Continental Europe in both imports and exports, which has increased during recent years, now stands at about one-third.
The direction and balance of trade

During the years immediately following the war there seemed to be a possibility that trade of the eastern countries with the rest of the world was on the way to resuming its prewar importance. But subsequent events have proved otherwise and in 1953 it was lower than ever before. According to some recent calculations, the volume of trade between Eastern Europe and China on the one hand, and Western Europe, excluding Germany, on the other in 1953 was about half that of 1938 as regards exports from the West, and 40 per cent as regards imports. Moreover, these commercial relations have become almost strictly bilateral, except for the United Kingdom which had an import surplus of about $140 million in 1953 - mainly compensated by export surpluses of other members of the sterling area. The decline since prewar in East-West European Trade relations would be even greater if Western Germany could be included.

There is little resemblance between the present direction of the eastern countries' foreign trade and the prewar pattern, except as regards Continental Western Europe which continues to furnish almost half the imports, while receiving a somewhat lower share of exports. On the other hand, there have been notable increases in trade, both ways, with the overseas Sterling Area and the Middle East. Whereas trade with North America and the Far East has virtually disappeared.

The main effort of the eastern countries has been directed towards trade within the region where its volume from 1937 to 1951 may have increased seven times. The share of trade within the region to total exports in 1952 was estimated at 75 per cent. It is also reported that more recently major contributions to intra-trade have begun to be made by Eastern Germany and China. This development therefore further adds to the trend towards regionalisation of trade since the war which has also occurred elsewhere though on a much reduced scale.

The position of China

In contrast with the development of Eastern Europe's imports from and exports to the outside world, the trade of China is growing. Her share in the group's total imports almost doubled from 1952 to 1953 (first half in both years) and now exceeds one-quarter, while her exports almost represent one-

1 Bulgaria, Hungary, Poland, Rumania, Czecho-Russia, U.S.S.R., Eastern Germany.
third of the total. Chinese trade increased much with Continental Western Europe, and even more with the overseas members of the sterling area.

The commodity composition of trade

The decline in the imports of Eastern Europe from the West from 1951 to 1953 (first half) has affected all primary products except foodstuffs. Imports of manufactures from these sources have fallen even more, with the exception of base metals. The continuous decline in imports of machinery and vehicles, has not been halted and in 1953 (first six months) stood at about half the annual rate of 1951.

On the other hand, there are indications that the increase in China's imports consists largely of manufactured goods, and engineering products in particular, originating in Western Europe (including Finland) and also in Japan.

The decrease in exports from Eastern Europe to the western world has, of late, been much influenced by the decline of foodstuffs (which remained nevertheless the largest export category), while the decline in the export value of primary products, such as coal and timber, which had already been in evidence since 1951, has continued. The value of exports of chemicals and other manufactures also diminished. As a result, the share of primary products remained unchanged at about three-quarters.

In China's exports there appears to have been a marked shift towards foodstuffs, especially rice, mainly to Far Eastern markets. Hence, the trade of China appears to develop differently from that of other countries in the eastern bloc, in respect of both exports and imports.

JAPAN AND OTHER FAR EASTERN COUNTRIES

Japan: Among the important trading nations of the world, Japan presents an outstanding exception by her inability to reduce her trade deficit in the course of 1953. Whereas many countries have at least managed to cut down on their imports, the value of Japan's imports rose by one-fifth between 1952 and 1953, while the value of exports remained unchanged. The resulting deficit (f.o.b.) in 1953 has been without precedent and of the order of $1000 million - considerably more than twice the deficit of the preceding year.

It seems most unlikely that import restrictions may offer a solution to Japan's balance of trade problem. Nearly nine-tenths of her imports consist of food and raw materials, and neither of these categories seems to permit curtailment. Before the war, imported food represented about 12 per cent of the total supply. Since domestic food production has risen by about 19 per cent and the
The volume of food imports still is about one-fifth lower than before the war, the volume of food available in 1952 and 1953 was only 15 per cent larger than in 1937-1938. Population, on the other hand, has grown more than 20 per cent and real income per capita is also higher by about one-tenth. Clearly, the food situation in particular does not permit of any reduction in supplies from abroad. The imports of raw materials have been heavily compressed since manufacturing production is now half again as large as before the war (1934-1936) while the volume of imports of raw materials stands at only two-thirds the prewar level. Hence the scope for further reduction seems to be limited for the time being.

Thus Japan's only hope of solving her problem is the expansion of exports which in 1953 (first half) were at the rate of about $1200 million per year. If the trade deficit is to be covered by exports, these would almost have to double. In other words, the ratio of exports to the national income which in 1952 was 8.7 per cent would have to rise to the neighbourhood of its level in 1937, when it stood at 22 per cent.

Although the deficit with the dollar area, at about $500 million in 1951 and 1952 (it was somewhat lower in the first half of 1953), remains numerically the largest, it is in some ways less threatening since it is being compensated by non-commercial transactions. Moreover, a deficit with the dollar area, a major supplier of both primary products and manufactures, already existed before the war while trade with other areas was roughly balanced. Finally, Japan's dollar exports since the war have been increasing relatively more than her dollar imports and have been making very substantial progress in the last few years.

The problem which presents itself far more acutely is the deficit with the sterling area, and especially with its independent overseas members, which has assumed considerable proportions in 1953 (first half) when it amounted to over $300 million at an annual rate as compared with an export surplus of about $200 million in 1951. Since that year, Japan's imports from the sterling area have risen by two-fifths in value, while her exports to the area were halved. An agreement concluded in January 1954 provides for a level of trade of $600 million in both directions during 1954, but it remains, of course, an open question whether Japan's exports can be doubled in value to avail themselves of the opportunities offered under the agreement by overcoming the handicap from which they have generally suffered since the war in respect of both price and commodity composition of exportable supplies.

The share of manufactures in Japan's exports has recently varied between 80 and 90 per cent. Textiles, which before the war represented by far the largest category, now account for only one-fourth. In the first half of 1953, the exports of metals and metal manufactures were 40 per cent lower by value than in 1952. Other manufactures also generally declined with the exception of ships and chemicals. Food, beverages and tobacco were the only remaining category which showed a substantial increase in the first half of 1953 as compared to 1952.
Indonesia: The 1951 export surplus of $450 million was completely wiped out a year later. However, during 1953 there was again an export surplus of $70 million, because the value of imports fell more than the value of exports. The decline in prices has been the chief factor in reducing the value of exports, which fell from $1258 million in 1951 to $820 million in 1953 - by more than one-third. Most of this decline was accounted for by rubber, and its share in total export earnings dropped from about one-half in 1951 to a little over one-third in 1953. The value of petroleum exports, on the other hand, has been rising continuously in recent years and accounted for about one-quarter of total exports in 1953. Other export products include tin, copra and tea. Amongst imports, textiles continued to be the largest item, though their relative importance in 1952 hardly exceeded that of foodstuffs. Among the manufactures, machinery imports were well maintained.

The main shifts in the geographical distribution of Indonesia's trade since 1951 have occurred in respect of the sterling area and Continental Western Europe. The proportion of exports to the sterling area has declined from 45 per cent in 1951 to about one-third in 1953 whereas the share of Continental Western Europe - where the Netherlands is still the most important - has increased from 30 per cent to 35 per cent during this period. In imports, the sterling area and Continental Western Europe in 1953 both accounted for about one-third.

The Philippines: The trade position of the country showed some improvement during 1953 on account of a higher value of exports while the value of imports remained unchanged. Export earnings from sugar increased since 1951 and their relative share rose from 16 per cent to 26 per cent in 1953. The importance of coconut products, on the other hand, declined from one-half in 1951 to one-third. The pattern of trade reveals a particularly heavy and increasing dependence on the dollar area, whose share in 1953 reached about 70 per cent of exports and 82 per cent of imports.

Thailand: Despite a continuous increase in the value of imports, the balance of trade showed sizeable surpluses between 1950 and 1952, mainly because of the persistent rise in both the price and quantum of rice exports. During the first half of 1953 the value of imports continued to increase and the export earnings were almost maintained, the balance of trade for the first time since 1948 showing a small deficit. Rice has accounted for nearly one-half of total export earnings in recent years and the shares of rubber and tin have been about one-quarter and one-tenth, respectively. However, in 1953 (first half) the relative importance of rice exports grew substantially, while rubber and tin declined.