Attached is the provisional draft of the section of the GATT annual report on international trade dealing with Australia, New Zealand and South Africa.

The text is still subject to considerable editorial, and possibly presentational, changes apart from any minor factual amendments which may be necessary in the light of information which the secretariat may receive at a later date.

Any comments on the attached draft should reach the secretariat not later than 25 September 1964.
AUSTRALIA

The upward trend in Australia's exports which began in 1961 gained momentum in 1963, when export earnings rose by 20 per cent over the previous year's level to a total of $2,758 million. The gain was partly due to larger volumes, in particular for wheat and manufactures, but above all to the rise in prices of certain products such as wool, sugar and butter. The increase of nearly 20 per cent in the value of wool exports, to a total of $975 million (35 per cent of total exports) was almost entirely due to the rise in prices. After a decline the previous year, exports of crude wool to Japan, the principal customer, rose by nearly one quarter in 1963 to about $300 million; shipments to Western Europe, CMEA countries and mainland China in 1963 were also substantially above the previous year's level. In contrast with the case of wool, the 28 per cent increase in the value of wheat exports, setting a new record of $330 million, was entirely due to larger volumes. After a rapid advance in wheat deliveries from 1958 to 1961, they declined appreciably in 1962, then rallied vigorously in 1963 and rose above the 1961 level to a total of about 6.6 million tons. This increase reflects the resumption of exports to mainland China and the substantial purchases made by the Soviet Union, which more than offset an appreciable drop in shipments to the EEC and Spain. Export earnings from meat amounted to about $240 million in 1963, a 15 per cent increase over the previous year due to a fresh expansion of nearly one fifth in exports to the United States which reached $180 million, while sales to the United Kingdom and the EEC countries declined appreciably. Exports of dairy products rose by one third over the 1962 level to $105 million, partly because of higher butter prices on the principal market, the United Kingdom. Sales of sugar, of which Australia had become the second largest exporter in the world in 1962, fell off slightly in volume. Because of the steep rise in prices, however, earnings from this product increased from less than $100 million in 1962 to $170 million in 1963. This advance largely reflects the upsurge in exports to Japan which in 1963, together with the United Kingdom, was the principal customer for this product. Non-ferrous metals and ores rose 10 per cent in value from 1962 to 1963, mainly as a result of increased exports of lead, zinc and copper. Exports of manufactures rose by about one fifth, due in particular to expanded exports of chemicals and vehicles.

The economic expansion which had begun in 1962 continued in 1963, bringing a 9 per cent increase in external purchases which amounted to $2,775 million. The increase was particularly rapid in motor vehicles (30 per cent), while imports of raw materials, energy, chemicals and capital goods developed at substantially the same rate as total imports. On the other hand, imports of consumer goods other than motor vehicles rose only slowly on the whole.

Some of the changes which had occurred in the geographical pattern of trade in recent years continued from 1962 to 1963. Thus, despite an 11 per cent advance in sales to the United Kingdom which continues to be Australia's principal
customer, that country's share in total exports, which had declined from 30 per cent in 1958 to 19 per cent in 1962, shrank still further in 1963. Similarly, exports to EEC countries rose by about 10 per cent from 1962 to 1963, while their share in total exports is tending to dwindle. On the other hand, exports to Japan, after a rapid upsurge interrupted in the previous year, improved by nearly one quarter in 1963, to represent 17 per cent of the total as compared with 12 per cent in 1958. Similarly, exports to the United States, which had almost trebled from 1958 to 1962, rose by a further 13 per cent in 1963; their share of total exports almost doubled over the same period, reaching 11.5 per cent. After a substantial decline in 1962, exports to mainland China doubled in 1963, representing more than 7 per cent of total exports. Most of the industrial countries increased their exports to Australia in 1963. However, although imports from Japan advanced by 17 per cent and those from the United States and the EEC by about 13 per cent, imports from the United Kingdom rose by only 5 per cent. The latter country's share of Australia's imports, which had fallen from 40 per cent in 1958 to 30 per cent in 1962, declined still further in 1963.

NEW ZEALAND

As a result of higher prices coupled with an increase in quantum, New Zealand's export earnings, which had remained below their 1960 level during the two preceding years, rose by 14 per cent from 1962 to 1963 to a total of $901 million, or 7 per cent above the record 1960 level. After declining during the two preceding years, export earnings from wool developed by 18 per cent in 1963 to about $320 million, the increment being mainly due to a 15 per cent rise in prices, while the volume of exports increased only slightly. The value of total meat exports, which had remained stationary from 1958 to 1962, rose 13 per cent above the previous year's level to $250 million. This increase reflects the divergent tendencies which have emerged for the two main types of meat exported by New Zealand. The 13 per cent increase in the value of lamb and mutton exports has resulted mainly from higher prices, with only a slight increase in the volume of sales, which are almost entirely to the United Kingdom. On the other hand, the increase in the value of beef exports has been caused principally by a 7 per cent expansion in the volume of shipments which are mainly to the United States market. Better prices for New Zealand butter on the United Kingdom market during the first half of the year had a substantial influence on the 9 per cent increase in earnings from dairy produce from 1962 to 1963, which reached a total of $218 million. The volume of sales, mainly concentrated on the United Kingdom market, rose slightly with respect to butter, but declined for cheese.

The upward trend in imports which began in the second half of 1962, reflecting the resumption of economic activity and the relaxation of import restrictions, continued in 1963. Imports amounted to $903 million in 1963,
exceeding by one fifth the previous year's level, but failed to rise above the record level of 1961. Despite increased exports, the trade surplus almost disappeared; exchange reserves declined somewhat, from $171 million at the end of 1962 to $143 million at the end of 1963. All categories of imports showed gains from 1962 to 1963. The most substantial increase, amounting to about 30 per cent, was in imports of textiles, machinery and transport equipment. One may note in particular a sharp rise in imports of motor vehicles and spare parts, which were 50 per cent higher in 1963 than in the two preceding years.

Exports to the United Kingdom, New Zealand's principal customer, rose by 6 per cent in 1963 after a steady decline in the three preceding years; their share of total exports fell, however, from 56 per cent in 1958 to 50 per cent in 1962 and 47 per cent in 1963. Exports to the EEC also developed more slowly than total exports in 1963. On the other hand, sales to the United States rose by nearly one quarter and those to Australia and Japan (which in 1962 together represented only 7 per cent of total exports) expanded by about two thirds. Imports from the United Kingdom, the principal supplying country, rose by 15 per cent but their share is tending to decline: from 53 per cent of total imports in 1958 it fell to 42 per cent in 1962 and 40 per cent in 1963. Imports from the EEC also rose by 15 per cent, while those from Australia and the United States advanced by nearly one quarter and those from Japan by nearly three quarters.

**SOUTH AFRICA**

Export earnings by South Africa continued their upward trend in 1963 with an increase of 4 per cent over the 1962 level to a total of $1,420 million. This increase reflected a 3 per cent expansion in the volume of exports, coupled with a slight improvement in prices. As in the preceding years, the gains in 1963 were due almost entirely to exports of agricultural products which rose in value by 8 per cent and yielded half of total export earnings as compared with 38 per cent in 1960. Shipments of sugar and maize in particular, which were already on the increase since 1960, developed by more than one fifth from 1962 to 1963. Despite an 8 per cent drop in the volume of sales because of a smaller wool clip, a price increase of nearly one fifth enabled the value of wool exports in 1963 to rise 7 per cent above the 1962 level. The other products which had suffered an export decline in the two previous years remained on the whole stationary in 1963, an increase of 15 per cent and 45 per cent respectively in earnings from diamonds and copper being offset by a reduction on other products, in particular uranium.

Because of the favourable trend in the country's economic situation, import expenditure was 20 per cent higher than in the two preceding years. The most substantial gain was in machinery and transport equipment, in particular because of a 50 per cent increase in purchases of vehicles. Imports of foodstuffs also developed vigorously, while textile goods advanced only moderately. The trade deficit doubled in 1963; however, gold and foreign exchange holdings rose by $120 million in the course of the year, reaching $763 million at the end of 1963.
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