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Variations in export growth among developing Asian...

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N331a (SEADAG).
Variations in export growth among developing Asian countries. Seiji Naya. June 1968.
21 p.
SEADAG papers on problems of development in Southeast Asia, no. 39.

1. Exports - FEA. 2. Foreign trade - FEA. I. Naya, Seiji. II. Title.

SOUTHEAST ASIA DEVELOPMENT ADVISORY GROUP

PN-ABJ-409

Southeast Asia Development Advisory Group
THE ASIA SOCIETY, 112 EAST 64th STREET, NEW YORK, N.Y. 10021

21
72277

Number Thirty-nine

VARIATIONS IN EXPORT GROWTH AMONG DEVELOPING ASIAN COUNTRIES

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June, 1968

This paper was presented at a meeting of the SEADAG Regional Development Seminar at the Research Analysis Corporation, McLean, Virginia, on November 17, 1967. It may not be reproduced or quoted without permission of the author.

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Variations in Export Growth Among Developing Asian Countries

Seiji Naya*

I. INTRODUCTION

The imperative need for sustained export expansion to accelerate the economic development of less-developed countries (LDCs) has been increasingly recognized in recent years, owing to these countries' low export growth in relation to their import requirements and servicing of foreign borrowings. As a means to meeting this need, possible courses of action for developed countries (DCs) and LDCs have been suggested, i.e. granting of preference and regional integration. But not much has been said of the variation of export performance among individual countries. Although the export growth of LDC regions has been low (except for the petroleum-producing Middle East), differences among LDCs are considerable. These differences in export performance would affect the outcome of a preferential scheme that might be adopted and also the "readiness" of the countries to integrate or to move toward economic integration.

The objective of this paper is to empirically examine sources of variation in the export growth of individual developing countries of Asia, the region whose export expansion has been especially sluggish along with Latin America (see Appendix Table 1 for export shares of different LDC regions). The analysis is divided into two parts: exports of Asian countries to DCs and intra-regional exports of these countries. The method, source of data, and definition are given first below.

In evaluating the pattern of individual countries, analysis is made on the extent to which export growth has been affected by two interrelated factors: 1) the "compositional effect" showing the changing proportion of world exports consisting of goods specialized by a given regional country, and 2) the "competitive effect" denoting the changing proportion of world exports of a given commodity that the country provides. To find quantitative values for these effects, the hypothetical export growth (H) of a given Asian country (j) is first computed. This growth is based on the assumption that the country was able to maintain the same share in each commodity for each export market in the second period as in the first. In notational form, j's hypothetical export growth (H_j) is as follows:

$$H_j = \frac{\sum_i \sum_c X_{ji}^{c1} \cdot \frac{M_i^{c2}}{M_i^{c1}}}{\sum_i \sum_c X_{ji}^{c1}}$$

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*The writer is an assistant professor at the University of Wisconsin. He acknowledges Professors E. D. Hawkins and T. Morgan, Mr. N. Spoelstra, and Mr. P. Meyer for their comments. He is indebted to the Agency for International Development for financial support.

The earlier version of this paper was presented for discussion at a seminar of the Southeast Asia Development Advisory Group on Nov. 17, 1967 at Washington, D.C.

where X_{ji} refers to j's exports to country i and M_i to i's total imports ($j \neq i$). Superscript c indicates commodity, and 1 and 2 refer to periods.

The competitive effect is measured as the difference between the actual export growth (A) of the country and its hypothetical growth, or A - H; the compositional effect is defined as the difference between H and D which is the weighted average import growth of its trading partners (H - D). The competitive effect measures whether or not a given country was able to maintain growth rates of its exports in each commodity comparable to that of its trading partner's imports, given the shift of import commodity composition for or against the country's exports. On the other hand, the compositional effect indicates the impact of the changes in the commodity composition of the partner's imports on this country's exports, assuming that the country was able to hold the same export share in each commodity and in each period. The sum of these effects, (A - H) + (H - D), is the difference in the growth rate between the country's exports and its partner's imports (A - D).

In computing these effects with respect to DCs, two periods have been selected: Period I (1956 and 1957) and Period II (1964 and 1965). In each period, the average of the two years is used to minimize the yearly fluctuation of trade values. The selection of 1956-57 was largely determined by the data available in this period on those DCs that absorb a large proportion of Asian exports to DCs: Australia, Japan, the U.S., the United Kingdom, Germany, France, Netherlands, Italy, and Belgium-Luxemburg (Japan is treated as a DC throughout this paper).

The country-by-commodity trade data on Asian countries are not readily available, especially for the earlier period (except Malaya-Singapore). To overcome the scarcity-of-data problem, the export pattern of Asian countries are approximated with the import data of their trading partners.

The same problem is intensified in the case of intra-regional trade. The near lack of data other than for recent years limits the analysis on the competitive and compositional effects to 1962 and 1965: even for these years, the number of countries covered is limited (so that country listings in tables of this paper may not all be the same).

The commodity groups considered are those at the one-digit level of the Standard International Trade Classification (SITC), but three-digit groups are compared in the interpretation of the results. Unless otherwise specified. data are taken from various issues of the United Nations' Commodity Trade Statistics.

II. EXPORTS TO DEVELOPED COUNTRIES

A large proportion of Asian exports has traditionally been directed to DCs. While the region's world export share has been falling (7.3% in 1963, 6.5% in 1956-57, and 5.3% in 1963-64), its export share to DCs has not changed noticeably (57%, 57%, and 59% of its total exports in the same years --- see Appendix Table 1). But the share varies for individual countries, ranging from 95% for the Philippines to 46% for Thailand and 31% for Burma in 1965 (IMF, Direction of Trade).

The growth rate of the region's as well as individual countries' exports to the selected DCs in terms of the compositional and competitive effects is given in Table 1.[1] As shown in the last row, the region's exports grown only 27.74% while total imports of the DCs rose by 75.81% from 1956-57 to 1964-65 --- a lag of 48.07%. (Differences in the region's export growth with respect to individual DCs are shown in Appendix Table 2.)[2] Part of this lag can be explained by the negative compositional effect of -32.00%. The effect is due to the high concentration of the region's exports in primary products that expand slowly in the world market. This result is hardly surprising. The emphasis on and effort toward industrialization and export diversification in Asian countries is partly a reaction to the slow-growing world markets for primary goods.

The remainder of the export lag, the negative competitive effect of -16.07%, or more than one-third the total difference in the growth, -48.07% (A - D), is unexpectedly large. Even when the unfavorable compositional effect is taken into account, the relative position of the region's exports in various commodities, vis-a-vis third countries, has declined.

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[1]In computing these effects, SITC Group 9, Unclassified Goods, is excluded. The group makes up an almost negligible proportion of total exports.

[2]Also see Seiji Naya, "The Commodity Pattern and Export Performance of Developing Asian Countries to the Developed Areas," Economic Development and Cultural Change, Vol. 15, July 1967, in which the region's but not individual countries' exports to various developed countries are analyzed, employing the same method used here but with 1962-63 as the terminal period.

TABLE 1

The Compositional and Competitive Effects of Exports to Developed Countries by Asian Countries, Averages of 1956-57 and 1964-65

Country	Exports (in $1,000) 1956-57	Exports (in $1,000) 1964-65	Growth of Exports (%) Actual (A)	Growth of Exports (%) Hypothetical (H)	Competitive Effect (%) (A - H)	Compositional Effect (%) (H - D)*	Difference in Growth (%) (A - D*)
Burma	67,617	63,284	- 6.41	79.28	-80.90	3.47	-82.22
Ceylon	194,219	215,434	10.92	26.48	-15.56	-49.33	-64.89
India	914,833	1,060,360	15.90	43.63	-27.73	-32.18	-59.91
Indonesia	592,632	590,476	- .28	38.45	-38.73	-37.36	-76.09
Pakistan	266,064	244,609	- 8.07	31.52	-39.59	-44.29	-83.88
Philippines	461,731	750,468	62.64	40.77	21.87	-35.04	-13.17
Taiwan	72,097	274,361	280.54	183.54	97.00	107.73	204.73
Thailand	152,747	277,069	81.39	36.75	44.64	-39.06	5.58
TOTAL	2,721,940	3,477,059	27.74	43.81	-16.07	-32.00	-48.07

* Average growth of developed countries' imports (D) is 75.81%.

Within this over-all picture of the region, considerable variation in the performance of individual countries is shown in the table.[1] Striking differences are revealed: the increase in exports of Taiwan (280.54%), Thailand (81.39%), and the Philippines (62.64%) is outstandingly high compared with that of other countries, some of whose export values fell absolutely (Indonesia, -.28%; Burma, -6.41%; Pakistan, -8.07).

A negative compositional effect is common to most countries considered, reflecting unfavorable commodity shifts in DC markets for these countries' goods.[2] But there is a distinct difference in competitive effects: Those countries with fast-rising exports (Taiwan, Thailand, and the Philippines) show positive competitive effects; countries with relatively stagnant exports (Burma, Ceylon, Pakistan, Indonesia, and India), negative effects. Furthermore, the relative sizes of the negative competitive effects (as well as unfavorable compositional effects) that have hindered export expansion are large, in some cases more than or close to one-half the total lag (A - D). Contrastingly, however, the Philippines was able to offset her unfavorable compositional change considerably, and Thailand, more than sufficiently. What is implied in Table 1, then, is the importance of the competitive effect in influencing the relative export performance, given the unfavorable compositional shift.

In order to determine which commodity groups are responsible for this effect, the same computation is made for each commodity group.

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[1]The country-by-commodity trade data for Malaya and Singapore are most readily available since these countries were the only reporting developing Asian countries in Commodity Trade Statistics until the latter part of the 1950's. But they are excluded in Tables 1 and 2 and Appendix Table 2, since the trade data for these two countries are reported together for early years but separately for recent years; other reporting countries (DCs) do not consistently use the same definition of these countries from year to year; there are large reporting differences especially in Singapore's trade figures, probably because of its entrepot trade (see Seiji Naya and Theodore Morgan, "The Accuracy of International Trade Data: The Case of Southeast Asian Countries," mimeo, Feb. 1968).

The results based on combined figures for these two countries, which should be interpreted cautiously for the above reasons, are as follows: 9.19 (A), 43.81 (H), -36.61 (A - H), -30.01 (H - D), and -48.07 (A - D). But comparable results on the intra-regional trade pattern are given separately for the two countries in Table 6 (Section III of this paper).

[2]The positive compositional effect shown for Burma (though numerically small) is somewhat misleading since it is largely affected by Japan's large import growth of food products (SITC Group 0) and by the high proportion of Burma's total exports directed to Japan in these products.

The results are given in Table 2 along with the commodity composition of exports.[1] The differences again are striking. For Thailand, the Philippines, and Taiwan, positive competitive effects are shown in a relatively large number of commodity groups while the reverse is true for the other countries although numerical values differ from commodity to commodity and country to country. Furthermore, in relating Tables 1 and 2, the negative (or positive) competitive effect of a country's exports (Table 1) is shown to be largely due to the negative (or positive) values in primary products, especially those that comprise a relatively large proportion of total exports (e.g. SITC Groups 0 and 2). That is, given the slow expansion of these products in DCs' markets,[2] the lag in export growth of many Asian countries can be attributed to their inability to maintain even this low growth rate of primary exports.

Changes in the commodity make-up and the export increase (in percentage) by two broad categories, primary and manufactured, are also shown in Table 2 along with total exports (last three rows). The rapid increase in primary and total exports of Thailand, the Philippines, and Taiwan stand in clear contrast to stagnation for the other countries. The commonly held view that countries with high concentrations in primary exports perform relatively poorly is not supported here. Thailand and the Philippines have done remarkably well despite a high degree of specialization in primary exports.[3]

In contrast to the varied performances of primary exports, the rapid rise in exports of manufactures common to almost all countries is very encouraging. (A notable exception is Indonesia with an absolute decline of -29.2% which is, however, understandable considering the country's political difficulties during the period considered.) Some groups of manufactured goods have grown at rates even higher than the relevant import growth of the DCs, indicating positive competitive effects. It is interesting to note that those

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[1]The hypothetical export growth for a given commodity used for this purpose is computed by excluding $\bar{c}$ in the formula given on p. 2.

[2]The sluggish expansion of primary products in DCs' markets (compared to manufactured products) is reflected in low hypothetical increases (H) of these exports. Although numerical values of the increases for individual commodities are not shown in Table 2, they are found by subtracting competitive effect from actual growth: $A - (A - H) = H$.

[3]Examination of the three-digit commodity exports reveals that these two countries have been able to diversify within primary commodities, thereby offsetting the decline of some traditional primary exports by increases of others (e.g. maize and kenaf in the case of Thailand, lumber and minerals in the case of the Philippines).

Table 2

The Commodity Composition and Competitive Effect of Exports of Asian Countries by Commodity Groups Averages of 1956-57(I) and 1964-65(II), In Percentage

C = Commodity Composition of Exports
A = Actual Growth of Exports
A-H = Competitive Effect

SITC[1]	Burma				Ceylon			
	C(I)	C(II)	A	A-H	C(I)	C(II)	A	A-H
0	67.30	50.95	-29.15	-132.42	78.13	79.76	13.24	-15.52
1	.02	.00	.00	-20.58	.00	.00	.00	.00
2	29.45	41.55	32.05	8.52	16.37	15.06	2.02	-16.17
3	.74	1.13	42.61	3.19	.20	.00	.00	-40.22
4	.01	.00	.00	-.10	3.92	3.68	3.92	20.00
5	.04	.00	.00	-200.00	.55	.57	14.23	-95.83
6	2.28	6.00	146.90	53.53	.72	.79	21.61	-75.75
7	.15	.37	130.04	91.14	.05	.14	204.50	-21.50
8	.01	.00	.00	-290.00	.05	.00	.00	-330.05
Primary (0-4)	97.52	93.63	-10.15		98.62	98.50	10.77	
Manufactured (5-8)	2.48	6.37	141.14		1.37	1.50	21.34	
TOTAL[2]	100.00	100.00	-6.41		100.00	100.00	10.92	

(continued)

Table 2
(continued)

C = Commodity Composition of Exports
A = Actual Growth of Exports
A-H = Competitive Effect

SITC[1]	India				Indonesia			
	C(I)	C(II)	A	A-H	C(I)	C(II)	A	A-H
0	32.55	30.84	9.88	-12.99	12.71	14.96	17.43	-58.06
1	2.54	2.51	14.30	-15.00	4.38	2.24	-48.57	-60.22
2	31.96	25.92	-6.02	-46.40	55.27	39.30	-29.11	-55.52
3	.71	.38	-37.43	-85.00	20.68	37.79	82.22	34.72
4	3.85	.52	-84.45	-90.60	4.92	4.27	-13.62	-33.75
5	.83	.87	21.71	-125.24	.56	.85	51.95	-119.43
6	26.35	37.41	64.55	-11.88	1.40	.53	-62.31	-189.13
7	.22	56	198.55	-17.98	.05	.03	-49.44	-262.24
8	.98	.98	16.07	-300.64	03	.04	38.73	-287.69
Primary (0-4)	71.61	60.17	-2.62		97.96	98.56	.32	
Manufactured (5-8)	28.38	39.82	62.64		2.04	1.45	-29.20	
TOTAL[2]	100.00	100.00	15.90		100.00	100.00	-.28	

(continued)

Table 2
(continued)

C = Commodity Composition of Exports
A = Actual Growth of Exports
A-H = Competitive Effect

SITC[1]	Pakistan				Philippines			
	C(I)	C(II)	A	A-H	C(I)	C(II)	A	A-H
0	5.46	5.07	-14.65	-43.02	29.37	27.27	51.01	30.36
1	.01	.00	.00	-61.84	.60	1.59	335.05	250.51
2	89.04	69.85	-27.89	-54.08	60.04	54.06	46.45	8.10
3	.00	.10	+	+	.00	.02	+	+
4	.01	.00	.00	-1.88	4.74	7.64	162.05	144.47
5	.17	.17	-5.32	-152.37	.25	.22	43.51	51.31
6	4.12	22.06	392.75	318.51	1.07	4.89	639.83	576.12
7	.34	.82	124.12	-70.12	.02	.00	.00	-228.46
8	.85	1.92	291.81	-23.35	3.91	4.31	79.34	-160.42
Primary (0-4)	94.52	75.02	-27.04		94.75	90.58	55.49	
Manufactured (5-8)	5.48	24.97	319.92		5.25	9.42	191.49	
TOTAL[2]	100.00	100.00	-8.07		100.00	100.00	62.64	

(continued)

Table 2
(continued)

C = Commodity Composition of Exports
A = Actual Growth of Exports
A-H = Competitive Effect

	Taiwan				Thailand			
	C(I)	C(II)	A	A-H	C(I)	C(II)	A	A-H
0	77.76	67.78	231.70	30.25	23.15	42.41	232.36	131.49
1	.00	.29	+	+	.75	1.27	207.18	173.52
2	10.95	8.05	179.95	72.21	75.11	51.52	24.42	8.75
3	.86	.16	-30.72	-116.89	.00	.04	+	+
4	.08	.06	172.35	133.33	.00	.00	.00	.00
5	7.04	3.06	65.31	-68.48	.28	.48	205.54	89.82
6	1.80	12.36	2505.72	2422.75	.47	3.89	1402.58	1317.73
7	.00	1.12	+	+	.07	.04	4.00	-248.83
8	1.50	7.12	1700.23	1473.83	.17	.35	285.23	5.90
Primary (0-4)	89.65	76.34	224.04		99.01	95.24	74.49	
Manufactured (5-8)	10.34	23.66	770.05		.99	4.76	769.87	
TOTAL[2]	100.00	100.00	280.54		100.00	100.00	81.39	

[1]SITC Commodity Groups: 0 (Food and Live Animals), 1 (Beverages and Tobacco), 2 (Crude Materials, excluding Fuels), 3 (Mineral Fuels, etc.), 4 (Animal and Vegetable Oils and Fats), 5 (Chemicals), 6 (Basic Manufactures), 7 (Machines and Transport Equipment), 8 (Miscellaneous Manufactures).

[2]Total may not add up to 100.00% due to rounding. For dollar values of exports, see Table 1.

+ denotes positive actual growth of exports and competitive effect (no exports in Period I but positive exports in Period II).

countries with expanding primary products tend to perform better in manufactured exports as well.

Examination of commodity detail shows that a large proportion of manufactured exports is what may be called relatively labor-intensive, and so suitable to the factor endowments of this region, e.g. textile products, footwear, plywood, leather. It is significant that these exports have expanded rapidly despite the relatively high import protection (especially high "effective" rates of protection) generally accorded by DCs on commodity items of this type.

III. INTRA-REGIONAL TRADE

Intra-regional trade (which is strikingly larger than that of other LDC regions -- see Appendix Table 1) is analyzed here, although handicapped by unavailability of adequate data.

The share of intra-Asian trade of the individual countries varies considerably, ranging from 79% for Laos; 57%, Singapore; 50%, Burma; to 6% for Ceylon and 4% for the Philippines in 1964-65 (Table 3). Most countries show an apparent decline in this trade, evident in the lowered shares from 1956-57 to 1964-65. The large absolute decline of intra-regional shares for Hong Kong and Indonesia are particularly noticeable. Deviating from this trend are Pakistan, Korea, and the Philippines with rapid increases in their intra-regional trade shares.

Of course, using intra-regional trade shares alone can be misleading. A share may be kept relatively constant, merely as a reflection of low growths of total and regional exports, as in the case of Burma. Or a share may fall at the same time regional trade rises rapidly, i.e. exports to the rest of the world grow faster than intra-regional trade, as in the cases of Taiwan, Cambodia, and Thailand. The latter pattern, despite a falling intra-regional share, is more encouraging than the former.

The observation of a close association of the relative expansion of intra-regional exports with the export growth to the DCs is interesting. The intra-regional export growth for Burma, Indonesia, and India (also Singapore) are extremely low compared with those for the Philippines, Taiwan, and Thailand. That is, the latter countries perform well in export markets of both the DCs and the region, and consequently in total exports; the reverse is true for the former countries. In the case of Pakistan, however, intra-regional and total exports have grown fast compared to its sluggish exports to DCs, suggesting a directional change towards intra-regional trade.

A pronounced directional change away from intra-regional trade (opposite from Pakistan's) is clearly seen for Hong Kong (Table 3). Its

Table 3

Export Growth and Shares of Intra-Regional Exports
Averages of 1956-57 and 1964-65

Country	Total Exports (millions of dollars)		Intra-Regional Exports as % of total		Growth Rate (%)	
	1956-57	1964-65	1956-57	1964-65	Total	Intra-Regional
Burma	239.8	231.5	51.79	50.47	-3.51	-5.96
Cambodia	44.5	96.5	35.77	31.55	117.09	91.50
Ceylon	358.7	401.5	5.53	5.82	11.93	17.88
Hong Kong	546.1	1,077.5	50.97	22.01	97.30	-14.80
India	1,325.2	1,715.5	11.04	9.66	29.45	13.25
Indonesia	925.1	683.0	33.19	10.51	-26.22	-76.64
Korea	23.4	147.0	13.67	23.36	528.20	1,073.43
Laos	1.2	1.2	83.33	79.16	.00	-5.00
Pakistan	349.3	510.5	5.15	19.84	41.14	53.83
Philippines	435.5	754.5	2.59	3.67	73.24	145.13
Taiwan	133.3	441.5	33.23	28.94	231.20	188.48
Thailand	349.5	610.0	54.17	46.58	74.53	50.06
Vietnam	62.8	42.0	13.37	15.11	-33.13	-24.41
Malaya	726.0	961.0	n.a.	27.00	32.36	n.a.
Singapore	1,128.5	943.4	n.a.	57.09	-16.41	n.a.

Sources: Data are taken from Direction of Trade for 1956 and 1957, and Direction of Trade, A Supplement to International Financial Statistics for 1964 and 1965, except data for Malaya and Singapore which are taken from Yearbook of International Statistics for 1956 and 1957 and Commodity Trade Statistics for 1964 and 1965.

Note: n.a. refers to data not available.

total exports increased 97% in contrast to the fall of its intra-regional exports by 15% from 1956-57 to 1964-65.

The export and import commodity composition and shares of intra-regional trade are given alongside the total trade of the region in Tables 4 and 5, for 1962 and 1965. Both tables show a considerable difference between the composition of total trade and that of intra-regional trade. Intra-regional exports lean towards manufactured products more than do total exports (Table 4): a surprisingly large proportion of total manufactured products, about 50%, go to other countries of the region. (Of course, the intra-regional trade share of manufactured products comprises only a small proportion of the total imports of manufactures.)

Primary commodities make up the largest share of both intra-regional exports and imports: 63% and 73% respectively in 1965. But relatively small shares of total exports and imports of these primary products go to and come from regional countries (24% and 38% respectively in 1965).[1]

Although not shown here, there are considerable differences in the trade composition for individual countries. The intra-regional exports of Cambodia, Ceylon, the Philippines, and Thailand (also Burma, indonesia) are more concentrated in primary products than those of the whole region. Malaya, Singapore, Pakistan, and Taiwan (also India and Hong Kong) are less concentrated.[2]

The period from 1962 to 1965 is short. Nonetheless, the intra-regional trade pattern points to a postwar trend of declining intra-regional trade, and relatively fast-rising manufactures and stagnant primary products. In order to better analyze intra-regional trade, the export performance of individual countries is discussed here with respect to two effects, competitive and compositional. The results are summarized in Table 6.[3] (The computational method employed for this table is the same as that for Table 1, with the growth rate of total imports of Asia, S, corresponding to D in Table 1.)

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[1]The pattern varies from commodity to commodity. One example of this pattern is food trade: there are considerable net imports for the region as a whole, yet more than one-third of rice exports go outside the region.

[2]The countries given in parentheses are not included in Tables 4 and 5. For Burma, India, and Pakistan, 1965 trade data are not available. Hong Kong is excluded because of its atypical export structure (primary goods are less than one-tenth its total exports in 1965).

[3]As an example, figures given for India are read as follows: the actual and hypothetical growth of exports to Asia.

Table 4

Commodity Composition of Total and Intra-Regional Exports of Selected Asian Countries, 1962 and 1965

SITC Code	Commodity Groups	Commodity Composition[1] (%) Total 1962	Total 1965[3]	Intraregional[2] 1962	Intraregional[2] 1965[3]	Intraregional Exports (% of Tot.) 1962	1965
0	Food & Live Animals	26.00	28.14	28.01	27.88	32.58	28.74
1	Beverages & Tobacco	.91	.78	.84	.45	27.86	16.57
2	Crude Materials, excl. Fuels	44.91	39.08	23.31	23.53	15.69	17.47
3	Mineral Fuels, etc.	5.00	4.65	9.20	9.10	55.65	56.81
4	Animal & Veg. Oils & Fats	2.42	3.13	2.10	1.95	26.18	18.03
5	Chemicals	1.47	1.69	3.80	4.57	78.04	78.26
6	Basic Manufactures	13.10	15.94	16.50	16.92	38.08	30.80
7	Machines & Transport Equipment	3.34	3.09	10.17	9.47	92.08	88.69
8	Misc. Manufactured Goods	1.69	2.35	3.77	3.92	67.25	48.41
9	Unclassified Goods	1.12	1.10	2.25	2.16	60.61	57.06
0-4		79.25	75.80	63.48	62.93	24.22	24.09
5-8		19.61	23.09	34.25	37.31	52.80	43.85
Total:	In %	100.00	100.00	100.00	100.00	30.51	29.22
	In $1,000,000	4011.7	4824.9	1213.1	1400.1		

Source: United Nations, Commodity Trade Statistics, various issues of 1962 and 1965.

Notes:

1. Countries included are the Philippines, Singapore, Thailand, Taiwan, Cambodia, Ceylon, Malaya, and Pakistan.

2. Intra-regional trade refers to exports of these above countries to countries listed under "Other Asia" in Commodity Trade Statistics.

3. For the Philippines only, 1964 figures are used.

Table 5

Commodity Composition of Total and Intra-Regional Imports of Selected Asian Countries,[1] 1962 and 1965

SITC Code	Commodity Groups	Commodity Composition[1] (%) Total 1962	Total 1965[3]	Intraregional[2] 1962	Intraregional[2] 1965[3]	Intraregional[2] Imports (% of Tot.) 1962	1965
0	Food & Live Animals	16.39	16.53	23.86	28.15	40.28	33.19
1	Beverages & Tobacco	1.33	1.09	.77	.58	15.96	10.29
2	Crude Materials, excl. Fuels	13.64	9.94	37.35	29.70	75.71	58.24
3	Mineral Fuels, etc.	10.27	8.27	16.32	12.05	43.92	28.41
4	Animal & Veg. Oils & Fats	1.41	1.53	1.41	2.25	27.57	28.66
5	Chemicals	7.81	8.71	2.61	3.11	9.27	6.97
6	Basic Manufactures	20.39	20.94	8.83	13.07	11.98	12.17
7	Machines & Transport Equipment	22.72	26.48	2.35	3.64	2.86	2.68
8	Misc. Manufactured Goods	4.63	4.63	4.55	5.14	27.17	21.63
9	Unclassified Goods	1.36	1.82	1.91	2.25	38.85	24.11
0-4		43.06	37.39	79.72	72.75	51.19	37.93
5-8		55.57	60.78	18.35	24.98	9.13	8.01
Total:	In %	100.00	100.00	100.00	100.00	27.65	19.50
	In $1,000,000	4739.0	5796.6	1310.6	1120.4		

Source: United Nations, Commodity Trade Statistics, various issues of 1962 and 1965.

Notes:

1. Countries included are the Philippines, Singapore, Thailand, Taiwan, Cambodia, Ceylon, Malaya, and Pakistan.

2. Intra-regional imports are imports from those countries listed under "Other Asia" in Commodity Trade Statistics.

3. For the Philippines only, 1964 figures are used.

Table 6

Competitive and Compositional Effects of Intra-Asian Trade
by Country, 1962-1965
(in percentage)

Country	Growth Rate of Export to Asia		Growth Rate: Total Imports of Asian Cos. (S)	Competitive Effect (A-H)	Compositional Effect (H-S)	Differences in Growth Rates (A-S)
	Actual (A)	Hypothetical (H)				
Burma	-43.88	5.80	12.49	-49.68	-6.69	-56.37
Hong Kong	.48	17.30	17.74	-16.82	-.07	-16.89
India	-10-06	7.53	17.37	-17.59	9.84	-27.43
Indonesia	-82.54	-5.51	28.07	-77.03	-33.58	-110.61
Korea	220.36	25.65	15.35	194.71	10.30	205.01
Malaya	25.70	-16.32	6.41	42.02	-22.73	19.29
Singapore	15.71	5.16	28.07	10.55	-22.91	-12.36
Pakistan	127.53	2.92	12.20	124.61	-9.28	115.33
Philippines	113.01	76.83	20.52	36.18	56.31	92.49
Taiwan	70.20	18.73	12.49	51.47	6.24	57.71
Thailand	19.69	-4.38	14.16	24.07	-18.54	5.53

Notes:

Data are taken from United Nations, Commodity Trade Statistics, various issues of 1962 and 1965.

All figures listed are based on import data of Asian countries which include (1) Ceylon, (2) Cambodia, (3) Malaya, (4) Singapore, (5) Pakistan, (6) Taiwan, and (7) Thailand. Asian countries, which, in some cases, do not clearly break down imports from particular countries by SITC one-digit codes are excluded for the listed countries concerned. The following gives (in parentheses) those Asian countries considered for each of the listed countries:

Burma (1, 3, 4, 5, 7 above)
Hong Kong (1, 3, 4, 5, 6, 7)
India (1 through 7)
Indonesia (1, 2, 3, 5, 6, 7)
Korea (3, 4, 6, 7)
Malaya (1, 2, 4, 5, 6, 7)
Singapore (1, 2, 3, 5, 6, 7)
Pakistan (1, 2, 3, 4, 6, 7)
Philippines (3, 4, 5, 6, 7)
Taiwan (3, 4, 5, 7)
Thailand (1, 3, 4, 5, 6)

The intra-regional export performances of Burma, Indonesia, India, Hong Kong and Singapore are extremely poor in comparison with those of Pakistan, the Philippines, Korea, Taiwan, and Thailand. A few qualifications are, however, in order. Because of the short period for which we have data, the results shown may be due to random fluctuations rather than trends, but the results conform very closely to those for the longer periods in Table 3. The results are also generally similar to that shown for their trade with DCs in Table 1 although more countries are considered in Table 6 than Table 1.

The different values of competitive effect shown provide important implications for intra-regional trade. The countries performing poorly in intra-regional trade are those with negative competitive effects (e.g. Burma, India, Indonesia, Hong Kong; but not Singapore). Further, the negative competitive effects far exceed the positive compositional effects. In contrast, the countries that have been expanding their regional exports (Taiwan, Korea, the Philippines, Pakistan, Thailand, and Malaya) have positive competitive effects. In the cases of Malaya, Pakistan, and Thailand, negative compositional effects have been more than offset by their positive competitive effects.

The commodity breakdown of individual countries indicates that the positive (or negative) competitive effects are due, to a large extent, to the relative expansion (or decline) of intra-regional primary exports. Furthermore, as shown in Table 5, the intra-regional imports of primary goods declined absolutely while total imports of these goods were rising. These findings indicate that the relative decline of the intra-regional primary trade of some countries has had a large dampening effect on total intra-regional trade.

The negative compositional effects shown for many countries suggest that some intra-regional trade decline is due to the small proportion of manufactured exports, especially in comparison to the large import requirements of such products by the countries in the region. This trade-reducing effect is likely to continue in the future but at a declining rate, since most regional countries have been able to expand their manufactured goods at relatively rapid rates.

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consisting of the seven countries (1) through (7) in the notes of Table 6, are -10.06% and 7.53%. The growth of these seven Asian countries' total imports from the world is 28.07% as shown in the column indicated (S). All results in the table are computed from import data of the seven countries so that the intra-regional exports of those countries whose export data are not available (for example, Burma and India) can also be assessed, i.e. Thailand's imports from India are treated as India's exports to Thailand.

This interpretation of the trend is significant because it is to these very fields that import substitution policies are directed and high protection is accorded. The strength of comparative advantage in manufactured goods for the regional countries certainly seems greater than it is generally diagnosed. And in time a tendency toward more economic cooperation among the countries of the region may facilitate the exchange of manufactured goods.[1]

IV. CONCLUDING REMARKS

Having examined both Asian exports to DCs and intra-regional trade patterns, we find the results very similar. We have not found any significant association between the high concentration of primary products and lagging exports in the rapid export growth of countries such as the Philippines and Thailand, and the stagnant performance of other countries such as Burma, Indonesia, and India. A shift increasing the share of manufactured exports is taking place and should be encouraged to offset the relative stagnation of primary exports. The latter has probably been caused in part by heavy industrialization programs pursued by many countries in the region, tending to divert resources away from production of primary commodities and to push aside the difficult but necessary problem of improving the agricultural sector.

Since the paper has been mainly based on ex post trade data, ascertaining why these Asian countries perform as differently as they do is difficult without searching further for causative factors. But it is plausible that more favorable export performances are largely due to the relatively "outward looking" economic and trade policies of certain countries (e.g. Thailand, the Philippines, Taiwan), and poorer performances to the "inward looking" policies of certain other countries (e.g. Burma, Ceylon, India). In the former countries, economic planning is generally adopted to maintain the framework in which economic activities are pursued by individuals and private firms with a minimum of government intervention; in the latter countries, economic activities are more directly controlled by the government.

Import substitution policies have been common, though in various forms, to all countries. But outward-looking countries have been

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[1]A greater exchange of commodities, especially manufactured goods, is central to the existing and proposed plans for economic cooperation among Asian countries although progress in this direction so far seems more apparent than real -- see Theodore Morgan and Nyle Spoelstra eds., Economic Interdependence in Southeast Asia (Madison: University of Wisconsin Press, forthcoming).

more "selective" in the application of the policy than inward-looking countries. Outward-looking countries have also exhibited greater concern for economic "efficiency" and a tendency toward de-control (i.e., away from exchange and import control as in the case of the PHilippines and Korea in recent years). In the case of Taiwan, it is reported that for a product to be eligible for the import control list, the domestic producer must show that his factory cost would not be more than 15% of the c.i.f. import price of a similar product.[1] In general, therefore, variations in the export performance can very well be explained by the hypothesis of built-in-bias against exports in large scale import substitution programs.[2] This reasoning, however, is largely associative or theoretical, requiring proof of the hypothesis by more careful empirical investigation.

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[1]IMF, Annual Report on Exchange Restrictions, 1964.

[2]It is interesting to note that even some of the strong advocates of protection have recently expressed considerable disenchantment with the distorting effects of excessive protection. Mr. Raul Prebisch, for example, cautions that "customs protection has been indulged in excessively, and, by limiting competition from abroad, has frequently given rise to internal restrictive practices or monopolistic combines that weaken the incentive to obtain satisfactory levels of productivity." Raul Prebisch, "Surmounting Obstacles to a Latin American Common Market," pp. 141-42 in M. S. Wionczek (ed.) Latin American Economic Integration (Frederick A. Praeger, Inc., 1966).

Appendix
Table 1

Export Direction and Share by Regions

	Year	Less Developed	Latin America	Developing Asia	Africa	Middle East	Developed	Total World Trade
Exports ($ mil.)	1938	5,900	1,710	2,660	1,010	535	15,180	23,450
	1948	17,300	6.510	5,390	3,550	2,070	36,520	57,500
	1953	21,070	7,630	6,060	4,660	2,830	53,310	82,300
	1956-1957	50,290	17,300	13,980	11,280	8,140	143,140	214,900
	1963-1964	65,870	20,320	17,200	15,950	14,220	220,460	325,340
Share of World Export (%)	1938	25.12	7.29	11.34	4.30	2.28	64.73	100.00
	1948	30.08	11.32	9.37	6.17	3.60	63.51	100.00
	1953	25.60	9.27	7.36	5.66	3.43	64.77	100.00
	1956-1957	23.40	8.05	6.50	5.24	3.78	66.60	100.00
	1963-1964	20.24	6.24	5.28	4.90	4.37	67.96	100.00
Exports to Developed Countries in Total Exports of Each Region (%)	1938	71.86	80.11	62.40	83.66	68.22	68.57	
	1948	66.64	75.88	48.33	79.15	61.35	64.48	
	1953	72.61	79.68	57.09	83.47	71.37	63.32	
	1956-1957	72.43	80.80	56.79	80.49	66.21	66.71	
	1963-1964	72.47	75.54	58.89	82.31	70.81	72.65	
Share of Inter-Regional Trade (%)	1938	21.69	6.14	24.58	5.94	14.01		
	1948	29.13	9.21	37.82	9.15	17.87		
	1953	24.25	9.50	30.20	9.22	12.54		
	1956-1957	23.74	8.23	30.68	9.84	13.14		
	1963-1964	20.81	8.46	26.04	6.83	9.00		

Source: U.N. Yearbook of International Trade Statistics, 1964

Appendix
Table 2

The Compositional and Competitive Effects
of Developing Asia's Export to the Developed Areas
1956-57 to 1964-65
(in percentage)

Developed Countries	Growth Rate of Southeast Asia's Exports to the Developed Areas		Actual Growth Rate of Developed Areas' Total Imports	Composi-tional Effects	Competi-tive Effects	Difference in Growth Rates
	Actual (A)	Hypothetical (H)	(D)	(H-D)	(A-H)	(A-D)
U.S.	29.13	24.94	56.33	-31.39	4.19	-27.20
U.K.	-6.03	18.52	41.00	-22.48	-24.55	-47.03
EEC	20.38	44.39	95.32	-50.93	-24.01	-74.94
Japan	86.72	93.44	114.27	-20.83	-6.72	-27.55
Australia	32.71	74.94	85.19	-10.25	-42.23	-52.48
TOTAL	27.74	43.81	75.81	-32.00	-16.07	-48.07