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THE COMMODITY PATTERN AND PERFORMANCE OF SOUTHEAST ASIA'S EXPORTS  
TO THE DEVELOPED AREAS

by

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THE COMMODITY PATTERN AND PERFORMANCE OF SOUTHEAST ASIA'S EXPORTS  
TO THE DEVELOPED AREAS

Summary

As an analysis of the export performance of Southeast Asia, this report aims to find those commodities responsible for the region's slow expansion of exports to the developed areas. The exports of 15 Asian countries to 20 developed nations are compared with the latter's imports from the world for two periods, the averages of 1956 and 1957 (Period I) and 1962 and 1963 (Period II). The comparison is made in terms of nine commodity groups, five of primary and four of manufactured goods, which are re-arranged from the three-digit Standard International Trade Classification.

Although the export trade of Southeast Asia to the developed countries (DC's) increased 13.89% (from \$4 billion in Period I to \$4.5 billion in Period II), the total imports of the DC's from the world rose 39.77%, a difference of -25.88%. Of this total difference, -17.99% is explained by the import pattern of the DC's which moved against the region's export commodity composition (compositional effect). The remaining -7.89% is due to the region's inability to maintain its share in the exports of individual commodity groups (competitive effect). These findings thus confirm that the high concentration in primary products has indeed affected the region's exports to the DC's. More significantly, however, is the fact that the export lag has been considerably affected by the region's poor performance even in exporting primary products, as compared to the rest of the world.

In contrast to the stagnant exports of primary products, manufactured exports have grown rapidly, even faster than the import growth of similar products in the DC's. Within manufactured exports, however, only Light Industrial Goods can be singled out for its export contribution. This is the only manufactured group which has a relatively large share in total exports and constitutes a relatively large proportion of the DC's imports (5.8% in Period I and 7.7% in Period II). The increase in the exports of this group alone accounts for more than 90% of the region's over-all increase, the export share of other manufactured groups being too small to affect appreciably the region's total exports.

The four major DC areas, the U.S., the U.K., the E.E.C., and Japan absorbed approximately 90% of the region's exports to the 20 DC's while the remaining 10% is accounted for by exports to Australia, Canada, and Other Europe. The exports to the four major areas grew far less than the import growth rate of these areas, especially with respect to the E.E.C. and Japan. Although an unfavorable compositional effect is shown for all four areas, a weakened competitive effect is found to explain a large part of the region's export lag with the U.K., the E.E.C., and Japan.

Although this paper considers Southeast Asia as a group, much variation is found in the export performance of individual Asian countries. Hong Kong, Formosa, Thailand, and the Philippines increased their exports very rapidly, compared to the relative export stagnation of Indonesia, Vietnam-Cambodia-Laos, Pakistan, India, and Ceylon. It is not clearly evident that those countries with a high export concentration in primary products performed poorly. Thailand and the Philippines, for example, have done well even with a high degree of specialization in primary exports. Examination of specific

commodity items reveals that these countries were able to offset the decline of some primary export with increases of other primary goods such as maize (by Thailand) and copra (by the Philippines).

It is likely that the region's exports will continue to be concentrated in primary goods in the near future, implying that the export lag is also likely to persist. As indicated above, however, the performance of some Asian countries suggests that the gap can be narrowed. Manufactured exports should be encouraged which, if successful, would reduce the export lag by lessening the unfavorable compositional effect. But the process of transforming a less developed economy into one with a more sophisticated and more industrialized structure, in which the efficiency of manufactured exports rise, is slow and gradual. Overly rapid industrialization efforts and large-scale import substitution programs, which many countries tend to favor, may not be the most efficient way to expand exports. Without due attention to relative cost, such programs would increase the internal cost through the input-output mechanism, which is a poor basis for export diversification.

The initial and efficient means of narrowing the export lag is to improve and modernize the economy's tradition-bound agriculture and to encourage small-scale and relatively labor-intensive industries.

## I. Introduction\*

While recent efforts of the less developed countries (LDC's) to grow as quickly as possible have tended to raise their imports, their level of exports has fallen far short of the amount specified by their import requirements. Since a large majority of their exports have traditionally been sold to the developed countries (DC's), this slow growth in exports can be attributed largely to the stagnation of exports to the DC's.<sup>1</sup> The major factor underlying this poor performance is generally regarded to be the mono-cultural export pattern characteristic of the LDC's, that is, their high concentration on primary goods, for which import demand of the DC's has lagged, has hindered expansion of exports.

The export performance of the developing Asian countries conforms to that of the LDC's. In fact, along with Latin American countries, the exports of this region have been especially slow in expanding. As Table 1 shows, the world export share of this region dropped from 7.4% in 1953 to 5.6% in 1963 (although results would be somewhat different if different years were chosen). This fall in the Asian export share constitutes 34% of the total LDC export decline.

The export performance of Southeast Asia, which includes most of the developing Asian countries, will be dealt with here. An attempt is made to

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\*This writer is much indebted to Professors Theodore Morgan, Everett Hawkins, and Hla Myint for their comments and suggestions on this paper. Thanks is also due to Mr. Nyle Spoelstra with whom an initial study on the commodity pattern of Southeast Asia was begun. Any errors that remain are the sole responsibility of this writer.

<sup>1</sup>One notable exception is the exports of the petroleum-producing Middle East that have risen rapidly, especially to the DC's (see Table 1).

TABLE 1  
EXPORT SHARE OF LESS DEVELOPED REGIONS AND DEVELOPED REGIONS,  
1953 and 1963

Region	Exports (f.o.b. value in million dollars)		Share of World Exports (percentage)		Share of Exports to Developed Countries In Total Exports of Each Region (percentage)	
	1953	1963	1953	1963	1953	1963
<u>Less Developed</u>	21,070	31,280	25.6	20.4	72.6	72.6
Latin America	7,630	9,700	9.3	6.3	79.7	76.9
Developing Asian Countries	6,060	8,580	7.4	5.6	57.1	57.1
Africa	4,660	7,460	5.7	4.9	83.5	82.4
Middle East	2,250	4,890	2.7	3.2	52.4	80.4
<u>Developed</u>	53,310	103,100	64.8	67.4	63.3	72.3
TOTAL WORLD TRADE	82,300	153,050	100.00	100.00		

Source: United Nations, Yearbook of International Trade Statistics, 1963, Table B.

systematically analyze the export commodity pattern of this LDC sub-group with the DC's. In the following section, definitions of the countries considered and the commodity groups, time periods, and data used are given. Section III offers a comparison, in terms of commodity groups, of: (1) the growth rate of Southeast Asia's exports to the DC's; and (2) the total imports of the DC's. In this comparison, the difference in these two growth rates is considered as a measure of the region's export performance. The performance is, in turn, analyzed by comparing each of the growth rates with a hypothetical export growth rate of the region (which is defined in the section). The approach is first a general one, considering the region's export performance with respect to all the DC's as a group, followed by more specific reference to individual DC countries or areas, and finally a brief discussion of the relative position of each Southeast Asian country. Section IV considers a few causal factors that may have affected the region's export performance and a few implications of the results on export prospects given in the recent ECAFE trade projection.<sup>2</sup>

## II. Definitions and Source of Data

A major difficulty in conducting an empirical study on the developing Asian countries is the scarcity of systematic data, especially on the basis of country-vs.-commodity. The most complete single source of data is probably Commodity Trade Statistics published by the U.N. This source reports commodity-by-country data for almost all Asian countries, based on the three-digit commodities of the Standard International Trade

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<sup>2</sup>United Nations, Economic Bulletin for Asia and the Far East (December 1963).

Classification (SITC). However, such information is available for only the past few years. Early in the mid-1950's, the only developing Asian countries that reported data were Malaya and Singapore, both considered as a single unit.

To overcome the data scarcity problem for the earlier period, the export structures of Asian countries were taken from the import data of the trading partners of those countries reported on in the U.N.'s Commodity Trade Statistics, i.e., Britain's imports from Burma are substituted for Burma's exports to Britain.<sup>3</sup> Therefore, the value of these exports is expressed by CIF importing country, except in the case of the U.S., where imports are based on the FOB system. To make the Malaya-Singapore data comparable to those of the other Asian countries, data for them were also taken from the importing countries. In view of the procedure used, the statistical figures in this paper should be regarded as indicative but not definitive.

The following countries are grouped as the region of Southeast Asia: Burma, Ceylon, India, Pakistan, Malaya, Singapore, Laos, the Republic of Vietnam, Cambodia, Indonesia, the Philippines, Thailand, Formosa, Hong Kong, and the Republic of South Korea. The developed group consists of 20 countries which, in turn, are divided into the following seven areas: the U.S., Canada, Japan, Australia, the E.E.C., the U.K., and Other Europe (including Austria, Denmark, Finland, Greece, Ireland, Norway, Portugal, Sweden, and Turkey).

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<sup>3</sup>Another alternative is to obtain trade data from each country's sources, but the non-uniformity in classification, the incompleteness of data, and the currency valuation problems make systematic commodity grouping difficult.

Although the ready availability of statistics was the deciding factor in selecting the 20 DC countries, these countries have in fact played the major export role, absorbing about 95% of the whole group's imports from Southeast Asia in recent years.<sup>4</sup>

The SITC three-digit commodities in Commodity Trade Statistics are re-arranged into nine groups: five of primary goods ( $N_1, N_2, N_3, N_4, N_5$ ) and four of manufacturing goods ( $L_1, L_2, K_1, K_2$ ). The major export commodities of this region are given below for each group:<sup>5</sup>

- $N_1$  Staple Foods - rice, maize, cereals.
- $N_2$  Other Foodstuffs - fish, fruits and nuts, vegetables, sugar, coffee, tea, spices, beverages, tobacco, live animals.
- $N_3$  Agricultural Raw Materials - crude rubber; hides and skins; oil seeds, oil nuts, and oil cereals; crude rubber; wool; cotton, vegetable fibers; jute; vegetable oils (copra).

(continued)

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<sup>4</sup>According to the U.N. classification, the following countries generally are also included in the developed group: Switzerland, South Africa, Spain, New Zealand, and Iceland (listed in descending order of recent imports from developing Asian countries). Because of the lack of comparable commodity data for the earlier period under study (1956-57), these countries are not considered in this paper. The exclusion of these countries should not alter the general conclusions of this paper, however, since the combined CIF import value of these countries from the developing Asian countries is only about 5% of the total of the developed countries included in this paper.

<sup>5</sup>The complete SITC codes for these nine groups are given in Appendix B. The commodity classification in this paper does not completely exhaust the total goods traded. SITC Group 9, Commodities and Transactions Not Classified According to Kind, is excluded, with the exception of sub-group 941.

This classification is essentially the same as the one established by Prof. Kiyoshi Kojima ["The Pattern of Triangular Trade Among the U.S.A., Japan, and Southeast Asia," The Developing Economics, No. 1 (March-August 1962), pp. 84-94], with one difference: the  $N_4$  category used by Kojima is divided into  $N_4$  and  $N_5$  in this paper, in order to give proper weight to petroleum goods, for which demand is known to grow faster than that for other primary goods.

- N<sub>4</sub> Fuels - petroleum, gas, coal.
- N<sub>5</sub> Metals and Other Minerals (excluding petroleum and coal) - ores of non-ferrous base metals and concentrates, crude minerals (excluding petroleum).
- L<sub>1</sub> Light Manufactured Goods - clothing of textile fabrics, woven textile and cotton fabrics and materials, plywood, precious and semi-precious stones, footwear, leather, glassware.
- L<sub>2</sub> Light Industrial Final Goods with Relatively High Skill Requirement - medicinal and pharmaceutical products, furniture and fixtures, exposed cinematographic films.
- K<sub>1</sub> Intermediate Goods of Heavy and Chemical Industry Origin - organic chemicals; essential oils, perfume and flavor materials; silver and platinum group metals; copper; dyeing and tanning extracts; explosives.
- K<sub>2</sub> Heavy Machines and Equipment - electrical machinery, ships and boats, road motor vehicles, power generating machinery.

Two periods are selected for this study: Period I (the average of 1956 and 1957) and Period II (the average of 1962 and 1963). Two-year averages are used for each period to lessen the bias arising from yearly fluctuations in trade value. As in the selection of countries, the base year was also determined by the availability of SITC three-digit commodity data for the developed countries. Prior to 1954 and 1956, Japan and Australia respectively were not among the reporting countries in the Commodity Trade Statistics.

### III. Compositional and Competitive Effects

The commodity composition of Southeast Asia's exports to the DC's in terms of the nine commodity groups and for the two periods considered is given in Table 2. It is evident that the commodity make-up of Southeast Asia's exports is characterized by a high concentration in Primary (N) goods, particularly Agricultural Materials (N<sub>3</sub>) and Other Foodstuffs (N<sub>2</sub>). The export sum of five N goods (agricultural as well as natural-resource-oriented) comprises 84.8% in Period I and 73.3% in Period II of total exports. Of the four manufactured groups, Light Industrial Goods (L<sub>1</sub>), of which various types of textile goods comprise a majority, is the only one with a relatively high proportion of the region's total exports.

The commodity composition of the region's exports varies considerably from one developed area to another, although the proportion of N goods is consistently large for all DC areas (see Appendix Table 1). For example, the sum of the five N goods constitutes 93.8% of the region's total exports to Japan, in comparison to 59% to the U.S. in 1962-63, while that of L<sub>1</sub> exports to Japan was 1.7%, compared to 31.6% to the U.S. during the same period.

In contrast to Southeast Asia's exports, the commodity make-up of total DC imports from the world is more evenly distributed between N goods and manufactured goods. The changing commodity pattern of the DCs' total imports points at a decreasingly important role of N goods (the sum of five N goods declined from 58.2% in Period I to 48.8% in Period II).

The relative importance of a given export commodity is better observed by its share in total DC imports (see last two columns of Table 2). Exports of N<sub>2</sub>, N<sub>3</sub>, N<sub>5</sub>, and L<sub>1</sub>, each of which comprises a relatively high proportion

TABLE 2  
 COMMODITY COMPOSITION AND SHARE OF SOUTHEAST ASIA'S EXPORTS  
 TO THE DEVELOPED AREAS,  
 Averages of 1956-57 and 1962-63

Commodity Group	Commodity Composition				Exports as a Percent of the Total Imports of Developed Areas	
	(million dollars)		(percentage)		1956-57	1962-63
	1956-57	1962-63	1956-57	1962-63		
N <sub>1</sub>	86.4	64.1	2.16	1.41	3.56	3.21
N <sub>2</sub>	894.4	1,131.9	22.35	24.83	7.19	7.19
N <sub>3</sub>	1,808.0	1,564.1	45.18	34.31	17.20	14.01
N <sub>4</sub>	174.4	259.4	4.36	5.69	1.94	2.34
N <sub>5</sub>	430.7	320.8	10.76	7.04	9.85	7.03
L <sub>1</sub>	406.9	943.5	10.17	20.70	5.84	7.69
L <sub>2</sub>	8.2	30.5	.20	.67	.37	.78
K <sub>1</sub>	181.7	204.4	4.54	4.48	1.80	1.45
K <sub>2</sub>	11.5	39.3	.29	.86	.13	.23
TOTAL	4,002.2	4,559.0	100.00	100.00	6.01	4.89

of the region's exports, also constitute relatively high shares in total DC imports of the same commodity groups.<sup>6</sup> The remaining five commodity groups play relatively minor roles.

Let us now proceed to an analysis of the interaction of change in the value, as well as commodity composition, of Southeast Asia's exports and that of the imports of the DC's. Our main concern is this interaction which is reflected in the change of the region's exports as a percentage of the total imports of the DC's (hereafter referred to as the export share). As shown in Table 2, the region's total export share fell from 6.0% in 1956-57 to 4.9% in 1962-63. This decline, of course, results from the difference in growth rates: while the DC's as a group increased their imports from the world by 39.8%, their imports from Southeast Asia (or Southeast Asia's exports to the DC's) rose only 13.9% - a difference of 25.9%.

Within this relative lag of the region's total exports, there is considerable variation in the region's export performance with respect to different DC areas and for the various commodity groups. This section begins by consolidating all the particular changes into a total picture.

The export performance of the region is expressed in terms of the difference between the actual or observed rate of the region's exports (A) and that of the developed areas' imports (D). This difference is, in turn, measured by comparing each of the two growth rates with the hypothetical growth rate of the region's total exports (H). The hypothetical growth rate is based on the assumption that the region has been able to maintain the same share in each commodity and for each area in Period II as it did in

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<sup>6</sup>See Appendix Table 2 for the region's export share of each commodity group according to the seven DC areas.

Period I. In notational form, the hypothetical growth rate of Southeast Asia's exports is measured as follows:

$$H = \left[ \frac{\sum_c \sum_i (X_{i1}^c \frac{M_{i2}^c}{M_{i1}^c})}{X_1} - 1 \right] 100$$

where X refers to the total exports of Southeast Asia to the DC's and M to the total imports of the DC's from the world. Subscripts 1 and 2 indicate Period I and Period II, respectively; subscript i, the i'th developed area (i = 1 through 7); c, commodity group c (c = N<sub>1</sub> through K<sub>2</sub>). Thus X<sub>i1</sub><sup>c</sup> would refer to Southeast Asia's exports of commodity c to the i'th developed area in Period I, and M<sub>i2</sub><sup>c</sup> to the total imports of the i'th developed area in commodity c in Period II.

The difference between the hypothetical growth rate of the region's exports and the actual growth rate of the developed areas (H - D), then, measures the impact on the export growth rate of the changing relative importance of the commodities imported by each developed area. In other words, the difference shows the effect of the changing value and import commodity composition of each developed area, assuming that the region were able to maintain the same export growth rate as that of the developed areas' imports of each commodity. On the other hand, the difference between the actual and hypothetical growth rates of the region's exports (A - H) indicates the effect on the growth rate resulting from the changing export share of each individual commodity group, assuming away the difference in the commodity composition of the region's exports and that of the imports of the DC's. This difference therefore indicates whether or not the region was able to maintain growth rates in each commodity group comparable to

that of each developed area's imports. The former difference (H - D) will be called the compositional effect, and the latter (A - H) the competitive effect. It is easily seen that these two effects are interrelated, as the hypothetical growth rate enters in the computation of both effects. In fact, the sum of these two effects corresponds to the difference in the growth rate of the region's exports and that of the total imports of the DC's (A - H).<sup>7</sup>

The results of the computation, considering all developed areas simultaneously, are summarized below:

1. Actual Growth Rate of Southeast Asia's Exports to the Developed Areas (A) . . . . .	13.89
2. Hypothetical Growth Rate of Southeast Asia's Exports to the Developed Areas (H) . . . . .	21.78
3. Actual Growth Rate of the Total Imports of the Developed Areas (D) . . . . .	39.77
4. The Compositional Effect (H - D) . . . . .	-17.99
5. The Competitive Effect (A - H) . . . . .	- 7.89
6. Difference in the Actual Growth Rates [A - D = (H - D) + (A - H)] . . . . .	-25.88

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<sup>7</sup>For a fuller discussion on such a procedure, see Raymond L. Staepelaere and Raymond F. Mikesell, Common Market Competition in Manufactures (Stanford Research Institute, 1963), Appendix A, pp. 79-82. The computation of these two effects can also be based on the changing trade share of given countries, which was originally employed by H. Tyszynski in his "World Trade in Manufactured Commodities, 1899-1950," The Manchester School of Economic and Social Studies, Vol. XIX, No. 3 (Sept. 1951); and by others - for example, R. E. Baldwin, "The Commodity Composition of Trade: Selected Industrial Countries, 1900-1954," The Review of Economics and Statistics, Vol. XL, No. 1, Part 2, Supplement (Feb. 1958); Stephen Spiegelglas, "World Exports of Manufactures, 1956 vs. 1938," The Manchester School of Economic and Social Studies, Vol. XXVII, No. 2 (May 1959).

The compositional effect used in this paper is referred to as the structural effect in the above studies.

The difference in the growth rates, -25.88%, can be divided into -17.99% and -7.89%, the unfavorable effects of commodity composition and competitive position, respectively.

In order to determine the kind of commodities responsible for the negative value of these two effects, computation has been done for each commodity group separately (see Table 3).<sup>8</sup> The decline in primary goods in the commodity composition of the total imports of the DC's is more clearly seen in the growth rates of their imports in various commodity groups (first column of Table 3). Their imports of manufactured goods grew much faster than did those of primary goods.

The negative compositional effect of Southeast Asia's exports (-17.99%) can thus be attributed to the high concentration of that region's exports in primary commodities. This finding, of course, is not surprising. The emphasis on and effort toward industrialization and export diversification in this region, as well as in most of the DC's, is a direct manifestation of the slow-growing nature of primary goods. The negative effect resulting from the relative change in competitive position is somewhat less expected, although its impact on the export lag was less than that of the compositional effect. The coefficient of competitive position is -71.89%, or 30% of the total lag of the region's exports. This result indicates that the exports lagged considerably because the region was not, on the average, able to maintain the base year export share of various commodity groups, even when the unfavorable commodity composition of its exports are allowed

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<sup>8</sup>The hypothetical growth (H) used in this table is computed by substituting  $X_1^C$  for  $X_1$  and eliminating  $\int_c$  in the formula for (H) given earlier.

TABLE 3

THE COMPETITIVE EFFECT OF SOUTHEAST ASIA'S EXPORTS  
TO THE DEVELOPED AREAS BY COMMODITY GROUPS  
1956-57 to 1962-63  
(in percentage)

Commodity Group	Actual Growth Rate of Developed Areas' Imports	Export Growth Rate		
		Actual (A)	Hypothetical (H)	Difference (A-H)
N <sub>1</sub>	14.46	- 21.79	22.50	- 48.29
N <sub>2</sub>	26.68	26.57	24.77	1.80
N <sub>3</sub>	6.17	- 13.49	6.03	- 19.52
N <sub>4</sub>	24.05	48.74	50.67	- 1.93
N <sub>5</sub>	4.92	- 25.52	14.40	- 39.92
L <sub>1</sub>	76.12	131.91	74.35	57.56
L <sub>2</sub>	77.06	272.58	88.40	184.18
K <sub>1</sub>	39.56	12.46	29.17	- 16.71
K <sub>2</sub>	102.22	241.95	113.23	128.72

for.

Commodity groups responsible for the negative competitive effect of the region's total exports can be seen in the last column of Table 3, which gives this difference for each commodity group. There is a sharp contrast shown between, on the one hand, the negative effects in the primary commodity groups and, on the other, a positive effect in the manufacturing groups. Except for group  $N_2$ , the region failed to maintain its competitive position in primary goods. For three of the five N groups, the absolute value of exports declined from Period I to Period II. In fact, the decline for these three N goods is more than enough to offset the absolute increase for the remaining two groups, resulting in an overall absolute decline of primary export commodities (see Appendix Table 1).

Although its negative competitive effect is not the largest, the exports of  $N_3$  (Agricultural Raw Materials) particularly have affected the region's export performance unfavorably, owing to a large share of these goods in the total exports (34.3% in Period II) and a substantial absolute decline in the export value of this group. Exports of specific items in this group such as copra and hides and skins, increased, while that of major items, such as natural rubber and jute, which have been sluggish in the world trade movement, declined sharply.

Exports of manufactured goods, on the other hand, have grown rapidly (with the exception of  $K_1$ ), even faster than import growth of similar products in the DC's, as reflected in the positive competitive effects (see Table 3). Within the manufactured group (or of all commodity groups),  $L_1$  (Light Industrial Goods) can be singled out for its export contribution. Although the positive competitive effect for this group is not the greatest,

this is the only manufactured group which has a large share in total exports and constitutes a relatively high proportion of DC's imports, 5.8% and 7.7% in Period I and Period II, respectively. It is significant that the increase in the exports of this group alone accounted for more than 90% of the region's over-all increase. Textile products, which include various types of clothing and both finished and semi-finished fabrics and materials, are the major item in this group. But other items, such as footwear, plywood, leather, and glassware, have also shared in the export expansion of this group.

In some cases, primary export commodities can easily be associated with particular Asian countries, i.e., rubber from Malaya and Indonesia, jute from Pakistan, rice from Burma and Thailand, and tea from Ceylon. But for items in the  $L_1$  group, associations are much less clear. Although the shares of Hong Kong and India are higher than that of others, the Philippines, Malaya, Pakistan, Thailand, Formosa, and South Korea also shared in the exports of various  $L_1$  items.

Perhaps the significance of the rapid expansion of the  $L_1$  group lies in the relatively labor-intensive nature of the production of such goods, which is suitable to the factor endowment position of this region. Also important to note is that these exports expanded rapidly despite the relatively high import protection set by the DC's on the commodity items of this group.

Exports of other manufactured groups  $L_2$  and  $K_2$  have also risen rapidly, giving a positive value for their competitive effects even larger than that of  $L_1$ . But the export value of these groups is less than one percent of the region's total exports, as well as of the total imports of the DC's and thus too small to affect total exports appreciably. Further, it may be that a substantial portion of manufactured exports, especially of Heavy Machines

and Equipment ( $K_2$ ), is not genuinely a product of the region. Instead, it may represent those goods which originally were imported, for example, for development purposes, but which were later sent back to a DC country for repair; they will, nevertheless, be shown as exports of the region.

In the analysis so far, the region's export performance has been consolidated into an over-all picture. In order to better understand the forces behind the export lag, the region's export performance with each DC area is considered below, along with a brief discussion on the relative position of individual countries of Southeast Asia.

A study of the direction of the region's exports (Table 4) discloses that the U.S., the U.K., Japan, and the E.E.C. absorb the great proportion of the region's exports to the DC's, while the remaining groups' imports from the region are relatively small. However, in the relatively short period considered, the changing direction of the region's exports is considerable. The exports to the E.E.C., the U.K., and Australia show a relative decline (an absolute decline for the first group), whereas the exports to the U.S., Japan, Other Europe, and Canada become relatively more important in the total exports of the region.

The region's export share to each DC area or the exports as a percent of the total imports of each developed area (last two columns of Table 4) show that Japan, the U.S., and the U.K. continue to be relatively important in these terms. On the other hand, the region's exports to Australia are a small proportion of the region's total exports, but at the same time constitute a relatively high share of Australia's total imports. The reverse is true of the E.E.C. As stated earlier, our main concern is not merely the size of, but the change in the export share (or difference in the growth rate between the region's exports and the total imports of the

TABLE 4

DIRECTION OF SOUTHEAST ASIA'S EXPORTS AND THE EXPORTS AS A PERCENTAGE OF  
THE TOTAL IMPORTS OF THE DEVELOPED AREAS,  
AVERAGES OF 1956-57 AND 1962-63

Developed Area	Direction				Share	
	(million dollars)		(percentage)		(percentage)	
	1956-57	1962-63	1956-57	1962-63	1956-57	1962-63
U.S.	1,094.5	1,290.9	27.35	28.32	8.84	7.97
U.K.	933.8	983.8	23.33	21.58	8.39	7.57
E.E.C.	877.6	844.7	21.93	18.53	3.74	2.28
Other Europe	144.7	215.4	3.62	4.73	1.67	1.71
Japan	692.1	919.3	17.29	20.17	18.44	14.86
Australia	169.3	190.1	4.23	4.17	10.31	8.33
Canada	90.2	113.7	2.25	2.49	1.61	1.95
TOTAL	4,002.2	4,558.0	100.00	100.00	6.01	4.89

Source: Appendix Tables 1 and 2.

DC's). Table 4 provides evidence of the fall in the export share to all developed areas except Other Europe and Canada.

Results of the computation explaining differences in the growth rates of the DC groups in terms of the compositional and competitive effects are given in Table 5, along with results on the total exports given before.<sup>9</sup> It is seen that the region's export lag is largest with respect to the E.E.C. The E.E.C. absorbed about one-half of the increase in the imports of all seven DC areas from the world.<sup>10</sup> However, Southeast Asia did not share at all in the expanding market of the E.E.C., as indicated by the absolute decline of the region's exports to this area.

The region's poor export performance to the E.E.C., or the difference in the growth rates (-61.6%) can be divided into the region's high concentration in primary groups, whose share in the E.E.C.'s imports expanded more slowly (-37.9%), and the region's inability to maintain the export share of various commodity groups (-23.7%). In all five primary groups, Southeast Asia was unable to maintain in Period II the export share which she held in Period I, the fall in the export share of  $N_5$  being especially large (see Appendix Table 2).

The region's export lag with respect to Japan, although relatively large (-32%) is somewhat different in nature than that to the E.E.C. In

<sup>9</sup>In the computation for each region separately,  $X_{i1}$  is substituted for  $X_1$  and  $\sum_i$  is eliminated in the formula for H given earlier.

<sup>10</sup>This rapid and large increase of the E.E.C's imports is to some extent overstated, since their intra-regional trade, which expanded faster than their imports from the rest of the world, is included in the statistics used in this paper. The exclusion of intra-regional imports from the E.E.C's total imports would, therefore, reduce the growth rate of the area's imports and consequently the export lag of Southeast Asia. However, such an adjustment will not change the decline of Southeast Asia's exports to the E.E.C.

TABLE 5

THE COMPOSITIONAL AND COMPETITIVE EFFECTS OF SOUTHEAST ASIA'S EXPORTS  
TO THE DEVELOPED AREAS, 1956-57 to 1962-63  
(in percentage)

Developed Area	Growth Rate of Southeast Asia's Exports to the Developed Areas		Actual Growth Rate of Developed Areas' Total Imports (D)	Compositional Effect (H-D)	Competitive Effect (A-H)	Difference in Growth Rates (A-D)
	Actual (A)	Hypothetical (H)				
U.S.	17.94	13.05	30.81	-17.76	4.89	-12.87
U.K.	5.36	13.63	16.75	- 3.12	- 8.27	-11.39
EEC	- 3.75	19.96	57.88	-37.92	-23.71	-61.63
Other Europe	48.86	33.25	45.53	-12.33	15.61	3.27
Japan	32.84	47.56	64.85	-17.29	-14.72	-32.01
Australia	12.29	28.11	38.96	-10.85	-15.82	-26.67
Canada	26.13	8.37	3.91	4.44	17.76	22.22
TOTAL	13.89	21.78	39.77	-17.99	- 7.89	-25.88

contrast to the decline in the region's exports to the latter, their exports to the former rose sharply, and the export increase to Japan accounted for almost 50% of the increase in the total exports to all DC areas. But the rate of export increase (32.84%) fell far short of the average rate of increase of Japan's imports (64.85%).

As shown in Table 5, the unfavorable competitive effect (-14.7%) explains a relatively large proportion of the export lag (-32.0%) with Japan, although this effect is still smaller than the compositional effect. The fall in the region's export share in all five primary commodity groups is primarily reflected in this large negative competitive effect. Furthermore, the export share of  $L_1$  group, the most promising group of the region's exports, not only declined but was, in absolute value, very small only with respect to Japan.

In comparison to the rapid import growth of the E.E.C. and Japan, the total imports of the U.K. grew very slowly. Reflecting particularly the stagnant average import growth of the U.K., the region's exports also rose very little and, more significantly, even expanded at a slower rate than that of the U.K.'s imports. In contrast to the region's performance with other areas the weakened competitive position of the region's exports explains an especially large proportion of the export lag with the U.K.

The region's export performance with the U.S. shows a somewhat different picture from the three major export areas, the E.E.C., Japan, and the U.K. Only with respect to the U.S. the competitive effect is shown to be positive (although the value of this effect is small, 4.9%, and is more than offset by the negative compositional effect -17.76%).

An examination of the sources of this favorable competitive effect,

however, indicates that it has resulted primarily from the sharp increase in the export share of only one commodity group, namely,  $L_1$ . Actually, the exports of the three primary groups,  $N_3$ ,  $N_4$ , and  $N_5$ , fell in export share as well as in absolute value, which would have given a negative value to this effect, had there not been a large increase in  $L_1$  exports.

As shown so far, Southeast Asia's exports to all four major DC areas (and also to Australia), measured in terms of export performance, lagged. On the other hand, in the case of Other Europe and Canada, the region's export position was surprisingly favorable, as is indicated by the high growth rates of the region's exports and the positive value of the export performance measure. Unfortunately, however, this favorable performance does not alter the performance of the region's total exports, since Other Europe and Canada absorb a very small proportion of total exports.

Although this paper considers Southeast Asia as a collective group, it should be pointed out that there is much variation both in the export performance of individual Asian countries with the DC's and in each country's share in the region's exports. Hong Kong, Formosa, South Korea, Thailand, and the Philippines increased their exports very rapidly, compared to the relative export stagnancy of Indonesia, Vietnam-Cambodia-Laos, Malaya-Singapore, Pakistan, India, and Ceylon (see Table 6).

It appears that those countries with high export concentration in primary products perform relatively poorly. This evidence, however, is not conclusive. Thailand and the Philippines, for example, have done well even with a high degree of specialization in primary exports. And India, with relatively large exports of manufactured goods, has hardly increased her exports. Further, it can also be said that Malaya, despite stagnant exports

TABLE 6  
EXPORT GROWTH OF SOUTHEAST ASIAN COUNTRIES,  
AVERAGES OF 1956-57 to 1962-63

Country	A. Exports to Developed Countries			B. Total Exports		
	(million dollars)		Growth Rate (%)	(million dollars)		Growth Rate (%)
	1956-57	1962-63		1956-57	1962-63	
Burma	70.0	83.0	18.58	239.5	268.0	11.9
Ceylon	218.9	234.3	7.05	358.5	372.0	3.77
India	975.4	1,038.5	6.47	1,360.0	1,529.0	12.43
Pakistan	279.9	271.7	- 2.95	349.0	407.0	16.62
Malaya & Singapore	875.0	819.1	- 6.17	1,854.5	1,995.5	6.60
Malaya	-	-	-	726.0	870.0	19.83
Singapore	-	-	-	1,128.5	1,125.5	- .23
Indonesia	608.2	414.6	- 31.82	939.5	689.0	-26.64
Vietnam-Cambodia-Laos	96.6	74.6	- 22.81	108.5	139.5	28.57
Vietnam	-	-	-	63.0	67.0	6.35
Cambodia	-	-	-	44.5	71.5	60.67
Laos	-	-	-	1.0	1.0	.00
Thailand	159.2	217.8	36.82	350.0	363.0	32.29
Philippines	491.8	670.1	36.24	442.0	664.5	45.81
Formosa	73.0	275.0	140.03	133.0	175.1	106.77

(continued)

TABLE 6.-- continued

Country	A. Exports to Developed Countries			B. Total Exports		
	(million dollars)		Growth Rate (%)	(million dollars)		Growth Rate (%)
	1956-57	1962-63		1956-57	1962-63	
Hong Kong	137.1	497.0	262.66	546.0	821.0	50.37
Korea	22.4	51.7	130.55	23.5	71.0	202.13
TOTAL	4,005.6	4,547.6	13.53	6,704.0	7,674.5	14.48

Note: Export figures of A and B are not comparable. A shows the imports of the 20 developed countries (considered in this paper) from each Southeast Asian country (see Appendix Table 3 for each Southeast Asian country's exports to each of the developed countries). B, on the other hand, shows the f.o.b. value of the total exports of each country (taken from U.N., Yearbook of International Trade Statistics, 1963).

of natural rubber, has been successful in expanding her total exports substantially. The combined exports of Malaya and Singapore to the DC's are shown to have fallen absolutely, probably as a result of Singapore's, rather than Malaya's, poor performance, judging from the total exports of each of these two countries to the DC's and other countries. Total exports of Malaya rose by 19.8%, in contrast to the absolute decline of Singapore's exports.

Examination of the three-digit commodity exports reveals that those countries that have increased exports substantially, despite a high export concentration in primary goods, were able to do so by offsetting the decline of some traditional primary exports by increases of other primary commodities such as maize (by Thailand) and copra (by the Philippines).

#### IV. Conclusion

The analysis in this paper points to the stagnant export performance of primary goods as the major source of the poor export position of the Southeast Asian region in recent years. Additional and more detailed studies are needed in this area, but some general remarks can be made here.

In recent years, much discussion has centered around the relative export stagnation of primary commodity-producing countries in general. Causal explanations run in two opposing streams, both of which are familiar: demand deficiency and supply shortage.<sup>11</sup>

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<sup>11</sup>Ragnar Nurkse, "Patterns of Trade and Development," Wicksell Lectures, 1959; and A. K. Cairncross, "International Trade and Economic Development," Kyklos, Vol. XIII, Fasc. 4 (1960).

According to the demand deficiency argument, the relative lag in primary imports is caused by technological factors, such as the declining

Conclusions regarding these two points of view cannot be drawn from this paper, since the ex-post trade data pre-assumes demand and supply conditions. Further, a precise determination, one way or the other, is complicated by the fact that the forces of demand and supply often interact in a cause-effect relationship, i.e., assumed low income elasticity of primary-producing countries affects the development program in favor of the industrial sector, thus reducing the exportable supply of primary products.

In the particular case of Southeast Asia, however, the negative competitive effect suggests that the exports could have been considerably higher, had the region been able to increase their primary exports, although it is true that the world movement of such exports was slower than that of manufactured goods. Or this effect shows that other countries have been able to increasingly replace the region's primary exports to the DC's, or the DC's have imported more of similar commodities from countries other than Southeast Asia.

A similar study on the export performance of other countries or regions would provide information on the relative positions of Southeast Asia vis-a-vis these other countries. Unfortunately, an international comparison is not possible here, but there are indications that various countries have been able to expand production and exports of items traditionally coming from Southeast Asia, such as rice (by the U.S., Italy, Brazil, and Egypt), tea

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use of primary inputs in the manufacturing and development of synthetic products; the changing consumption pattern in favor of the service sector and those products such as engineering, chemical, and other industrial goods which tend to have low import content; the low income-elasticity of primary commodities; and agricultural protectionism. On the other hand, the supply shortage viewpoint places the cause of the lag on the relative shortage of exportable supplies caused by greater domestic use of primary output in the industrialization process, which is further intensified by low supply-elasticity of primary products and the development effort favoring the industrial over the agricultural sector.

(by Africa), rubber (by Liberia, Nigeria, and Belgium Congo), cotton (by the U.S.), and tin (by Africa and Latin America.)<sup>12</sup>

More directly, within the DC's, there exist various factors that influence the exports of this region. A recent study by ECAFE points out, for example, that the E.E.C.'s special preferential trade arrangement with its overseas associated states, as well as a protectionistic agricultural policy, have tended to reduce the region's exports of many products such as rice, vegetable seeds, and oils.<sup>13</sup>

Ironically, it is the former Asian overseas territories, such as the Vietnam-Cambodia-Laos group and especially Indonesia, whose exports to the E.E.C. have declined noticeably. Indonesia's exports to the E.E.C. declined \$155 million (from \$234.5 million in Period I to \$79.5 million in Period II), her exports to the Netherlands alone being responsible for 60% of this decline.

It is likely that Japan's economic policy of giving priority to the improvement of domestic agriculture, along with that country's changing diet pattern, which tends to reduce rice consumption, has affected the region's exports in agricultural goods. Burma's rice exports to Japan fell from \$24 million in Period I to \$3 million in Period II, and rice exports from Thailand and Formosa declined from \$16 million and \$15 million to \$9 million and \$10 million, respectively, during the same time.

Although the total exports of Burma and Vietnam-Cambodia-Laos fell as a result of declines in rice exports, it should be pointed out that not all

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<sup>12</sup>United Nations, Economic Survey of Asia and the Far East, 1959.

<sup>13</sup>Ibid., 1962, p. 3.

rice-producing countries of this region did poorly in their total exports to Japan. The total exports of Thailand and Formosa did rise sharply. These two countries apparently have been able to overcome Japan's lessened demand for certain primary commodities such as rice by expanding substitutable exports. Thailand, for example, was able to increase exports of maize to Japan more than seven-fold during these periods.

One might be able to find other restrictions of the DC's which may have affected Southeast Asian exports. Externalizing their inability to export mostly in terms of the unfavorable conditions existing in the DC's would seem to be "begging the question," as there appear to be a number of internal factors which may have acted as deterrents with regard to the competitive effect.

First, on the supply side, World War II and the resulting disruption and disorganization, which were especially severe for Southeast Asia, exerted their influence in reducing the availability of exportable supplies. The subsequent development of political and institutional changes<sup>14</sup> and continued civil disturbances in some countries tended to stifle economic development

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<sup>14</sup>It is interesting to note, in this connection, Prof. Myint's view that the "inward-looking: countries such as Burma and Indonesia have done poorly in development and export achievement, compared to the "outward-looking" countries such as the Philippines, Malaya, and Thailand:

But even when we have made allowances for the special circumstances, it is difficult to avoid the conclusion that a large part of the explanation for the poor economic performance of Burma and Indonesia must be found in the economic policies they pursued, in particular the inward-looking attitude which failed to appreciate the vital importance of export expansion for economic growth and preferred centralized economic planning and controls based on direct state activity to the use of positive economic incentives to encourage both the foreign and indigenous producers to expand activity.

H. Myint, "The Inward and Outward Looking Countries of Southeast Asia and the Economic Future of the Region," a paper submitted for a symposium on "Japan's Future in Southeast Asia," Kyoto University, May 31-June 2, 1965.

and the recovery of many lines of primary production.<sup>15</sup> In addition, increased concentration on and diversification of available resources in industrialization programs probably affected primary exports and consequently the poor export performance.

As part of economic development and industrialization programs, many countries of the region tend to pursue large-scale import substitution. Replacement of some imports by domestic production should be taken as an integral part of growth in view of a shifting comparative advantage in a growing world economy. But one might question the effectiveness of large-scale import substitution programs which extend to highly capital-intensive and sophisticated goods. Without proper attention to relative cost and factor endowment, a large-scale import substitution policy would increase the internal cost through the input-output mechanism, which is a poor basis for export expansion and diversification.

In evaluating prospects for the region's exports and the balance of payment gap, ECAFE has recently made a trade projection for 1980, with 1960 as the base year.<sup>16</sup> The study, which covers the 15 ECAFE countries and 12 commodities, follows the methodology and uses the parameters estimated in other projection studies (especially by the ECE, GATT, and FAO), with a few adjustments.<sup>17</sup> According to the study, the mean growth rate of the region's exports

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<sup>15</sup>According to United Nations, Commodity Survey 1962, p. 5, this is the only region in the world whose agricultural export volume not only failed to recover, but was considerably below its prewar level as recently as 1959-61.

<sup>16</sup>Op. Cit., Economic Bulletin (Dec. 1963).

<sup>17</sup>ECE, Economic Survey of Europe in 1960, Ch. V (Geneva 1961); GATT, International Trade 1961 (Geneva, September 1962); FAO, Agricultural Commodities--Projections for 1970 (Rome, 1962).

to the world, including intra-regional trade, is 81% for the period 1960-1980, the high estimate being a growth rate of 113% and the low of 50%.<sup>18</sup>

A detailed evaluation of this projection is beyond the scope of this paper, but a few points can be mentioned which have particular relevance for our findings with regard to the compositional and competitive effects. The relatively low import elasticity given to primary goods in the projection indicates that the compositional effect or the changing import commodity composition of the importing countries is partially taken into account. The projection does not, however, take the competitive effect into full consideration, since it is based on certain implicit assumptions - that the region will be able to maintain the base year share in total world exports of each commodity and that an adequate surplus of each commodity will exist in the region. Realization of the projected growth rate therefore depends on the validity of these implicit assumptions, even if the explicit assumptions of the projection are reasonably valid.<sup>19</sup>

The negative competitive effect found here then implies that the validity of the constant share assumption may not hold. That is, if recent export performance is considered indicative of the future, the export growth rate, especially to the developed areas, is likely to be less than that under an assumption of a constant share.

As a final comment, the following should be re-emphasized. First, the

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<sup>18</sup>Op. Cit., Economic Bulletin (December 1963), p. 20.

<sup>19</sup>ECAFE is well aware of the limitation of these assumptions and, at one point, does consider the changing regional export share in the projection; the consideration, however, is only tentative. It is somewhat surprising to note that the projected increase, assuming a changing share, is found to be greater than that under a constant share (Ibid., p. 18).

developed countries will continue to play a dominant role in absorbing the exports of Southeast Asia. As shown in Table 1, there is little indication that the proportion of the exports to the DC's will fall. Second, the commodity composition of the region's exports to the DC's is heavily concentrated in primary commodities, and it will remain so in the near future. Thus, the lag of the region's exports is likely to continue.

But the export performance of some Asian countries suggests that the gap can be narrowed. A shift increasing the share of manufactured exports should be encouraged, especially for relatively labor-intensive  $L_1$  group products, to offset the relative stagnation of primary exports. However, the process of transforming a less developed economy into one with a more sophisticated and more industrialized structure, in which the importance and efficiency of manufactured exports rise, is bound to be slow and gradual. The initial and efficient means of narrowing the export lag is to improve and try to modernize the economy's tradition-bound agriculture and to foster small-scale industries. In this way the lag resulting from the competitive effect could be eliminated.

APPENDIX A

(Tables)

APPENDIX TABLE 1

SOUTHEAST ASIA'S EXPORTS TO THE DEVELOPED AREAS BY COMMODITY GROUPS  
 THE AVERAGES OF 1956 and 1957(Period I) and 1962 and 1963(Period II)  
 (in million dollars)

Developed Area	Period	N <sub>1</sub>	N <sub>2</sub>	N <sub>3</sub>	N <sub>4</sub>	N <sub>5</sub>	L <sub>1</sub>	L <sub>2</sub>	K <sub>1</sub>	K <sub>2</sub>	TOTAL*
U.S.	I	.2	231.0	508.8	53.6	60.7	128.1	3.7	106.4	2.0	1,094.5
	II	.4	343.8	346.8	45.5	24.4	408.2	14.0	98.7	9.1	1,290.9
U.K.	I	5.0	393.2	327.5	5.1	21.5	155.7	2.7	19.5	3.6	933.8
	II	4.1	401.2	237.0	27.3	8.9	261.3	8.2	14.1	21.7	983.8
EEC	I	15.3	118.0	556.0	9.7	110.2	40.0	.4	27.5	.6	877.6
	II	11.5	135.2	482.1	10.3	35.1	123.8	3.5	38.9	4.2	844.7
Other Europe	I	.8	35.2	87.4	.4	4.4	13.6	.2	1.6	1.2	144.7
	II	1.4	64.8	88.0	13.4	3.9	40.1	.5	2.5	.6	215.4
Japan	I	65.0	57.0	256.3	53.7	230.5	6.9	.4	20.9	1.4	692.1
	II	46.7	120.5	348.5	99.5	247.5	15.2	.8	38.1	2.5	919.3
Australia	I	-	32.9	36.6	51.5	1.9	43.5	.4	2.3	.2	169.3
	II	-	31.4	33.6	63.4	.8	52.9	1.8	5.4	.8	190.1
Canada	I	.2	27.0	35.5	.3	1.5	19.1	.4	3.6	2.5	90.2
	II	-	35.0	28.0	-	.2	41.9	1.5	6.7	.4	113.7
TOTAL*	I	86.4	894.4	1,808.0	174.4	430.7	406.9	8.2	181.7	11.5	4,002.2
	II	64.1	1,131.9	1,564.1	259.4	320.8	943.5	30.5	204.4	39.3	4,558.0

\* Figures do not add up to the total due to rounding.

Note: The table is based on reclassification of data given in United Nations, Commodity Trade Statistics, 1956, 1957, 1962 and 1963.

APPENDIX TABLE 2

THE SHARE OF SOUTHEAST ASIA'S EXPORTS IN THE TOTAL IMPORTS OF DEVELOPED AREAS BY COMMODITY GROUPS  
 AVERAGES OF 1956 and 1957(Period I) and 1962 and 1963(Period II)  
 (Percentage)

Developed Area	Period	N <sub>1</sub>	N <sub>2</sub>	N <sub>3</sub>	N <sub>4</sub>	N <sub>5</sub>	L <sub>1</sub>	L <sub>2</sub>	K <sub>1</sub>	K <sub>2</sub>	TOTAL
U.S.	I	.20	7.10	33.01	3.78	5.93	6.61	1.01	5.26	.27	8.84
	II	.86	9.13	23.62	2.45	2.18	12.87	2.19	4.05	.54	7.97
U.K.	I	.80	11.16	14.77	.42	3.26	20.14	2.08	1.33	.72	8.39
	II	.64	10.26	12.84	1.78	1.76	18.30	3.00	.81	1.94	7.57
E.E.C.	I	1.46	3.09	12.50	.27	6.93	1.93	.01	.78	.02	3.74
	II	.90	2.43	10.04	.17	2.14	2.81	.23	.62	.06	2.28
Other Europe	I	.26	3.62	12.39	.003	2.08	1.31	.03	.10	.06	1.67
	II	.44	5.04	9.76	.95	1.50	2.24	.07	.13	.02	1.71
Japan	I	19.09	25.25	21.81	9.83	34.06	14.97	.87	4.43	.64	18.44
	II	11.04	24.51	20.74	8.84	29.16	12.53	.68	6.54	.32	14.86
Australia	I	-	30.58	30.56	24.75	8.81	12.07	.36	1.07	.04	10.31
	II	-	24.73	23.10	24.96	3.15	9.90	1.32	1.76	.11	8.33
Canada	I	.83	5.10	11.67	.06	.81	2.59	.10	.42	.13	1.61
	II	-	5.79	8.93	-	.12	5.17	.30	.93	.02	1.95
TOTAL	I	3.56	7.19	17.20	1.94	9.85	5.84	.37	1.80	.13	6.01
	II	3.21	7.19	14.01	2.34	7.03	7.69	.78	1.45	.23	4.89

Note: See note of Appendix Table 1.

APPENDIX TABLE 3

EXPORTS OF SOUTHEAST ASIAN COUNTRIES TO THE DEVELOPED COUNTRIES,  
AVERAGES OF 1956-57 AND 1962-63  
(million dollars)

Developed Area	Period	India	Pakis- tan	Hong Kong	Malaya- Singapore	Indo- nesia	Philip- pines
U.S.	I	203.9	37.4	22.8	209.4	197.0	208.8
	II	273.8	42.8	179.2	195.3	123.7	332.7
U.K.	I	418.7	67.8	61.2	206.7	28.2	6.5
	II	387.5	80.5	172.2	121.5	27.7	9.4
Japan	I	104.2	48.9	22.5	165.8	75.9	115.1
	II	109.4	38.1	23.9	212.1	96.8	202.1
Canada	I	30.9	.9	6.6	28.8	1.1	3.3
	II	44.9	2.3	18.7	27.5	.2	1.6
Australia	I	52.6	2.9	6.4	30.0	57.5	.3
	II	38.5	12.8	17.4	36.0	62.3	1.7
Other Europe*	I	31.9	12.6	5.6	39.7	13.9	25.4
	II	37.2	14.7	26.0	37.4	24.5	25.0
E.E.C. (total)	I	133.0	109.4	11.8	192.5	234.6	82.4
	II	147.2	80.5	59.7	194.2	79.5	92.7
France	I	31.8	36.8	1.9	62.4	15.7	2.9
	II	26.2	23.4	2.1	50.5	8.1	6.6
Germany	I	52.5	30.1	4.6	57.9	78.7	48.5
	II	63.8	22.9	40.4	68.7	35.0	51.6
Italy	I	21.4	15.9	.8	56.6	13.3	.8
	II	24.9	6.7	6.1	52.9	11.5	8.0
Belgium- Luxembourg	I	14.7	19.9	1.9	4.8	9.2	7.5
	II	15.6	20.7	4.8	7.5	7.6	5.3
Netherlands	I	12.5	5.7	2.6	10.8	117.7	22.6
	II	16.7	6.8	6.4	14.6	17.3	21.1
TOTAL**	I	975.4	279.9	137.1	873.0	608.2	491.8
	II	1,038.5	271.7	497.0	819.1	414.6	670.1

\*Other Europe includes Austria, Denmark, Finland, Greece, Ireland, Norway, Portugal, Sweden, and Turkey.

\*\*Figures do not add up to the totals due to rounding.

(continued)

APPENDIX TABLE 3.-- continued

Developed Area	Period	Thailand	Formosa	South Korea	Burma	Ceylon	Cambodia Vietnam & Laos	TOTAL**
U.S.	I	90.7	8.3	6.2	2.2	31.5	21.6	1,039.8
	II	39.1	57.3	16.5	1.2	33.5	8.5	1,303.7
U.K.	I	8.2	3.2	2.2	21.8	112.0	1.2	937.7
	II	18.9	2.7	1.6	31.6	116.9	9.6	980.1
Japan	I	33.2	56.2	11.9	33.7	4.8	17.7	689.9
	II	81.2	92.0	27.7	18.2	8.4	8.0	917.9
Canada	I	.9	.1	.02	-	16.2	.3	89.3
	II	.8	4.1	.2	-	13.4	-	113.7
Australia	I	.5	.1	.2	.02	20.0	.02	170.5
	II	1.1	1.6	.5	.1	19.2	.3	191.5
Other Europe*	I	5.3	.1	.6	2.2	7.8	.1	145.2
	II	8.5	1.2	1.2	13.8	10.7	1.5	201.7
E.E.C. (Total)	I	20.4	4.9	1.4	9.9	26.7	55.7	882.7
	II	68.3	16.1	3.9	18.1	31.6	46.8	838.6
France	I	1.8	.3	-	1.2	4.1	50.9	309.8
	II	6.5	1.8	.7	1.4	5.5	32.3	165.0
Germany	I	7.9	3.1	1.2	4.1	12.3	2.3	303.4
	II	32.9	11.6	.7	8.0	13.4	9.7	358.9
Italy	I	.8	.1	.2	.4	6.5	1.1	118.9
	II	9.9	.9	2.2	3.6	7.5	2.3	136.5
Belgium- Luxembourg	I	1.9	1.0	-	2.6	.8	.7	65.0
	II	6.1	.8	.3	1.7	1.2	.7	72.3
Netherlands	I	7.9	.5	.01	1.7	2.9	.8	185.7
	II	12.8	1.0	.1	3.4	4.0	1.8	106.0
TOTAL**	I	159.2	72.9	22.4	70.0	218.9	96.6	4,005.6
	II	217.8	175.1	51.7	83.0	234.3	74.5	4,547.6

Note: see note of Appendix Table 1.

APPENDIX B

STANDARD INTERNATIONAL TRADE CLASSIFICATION THREE-DIGIT CODES  
BY COMMODITY GROUPINGS

N<sub>1</sub> (Staple Foods):

041, 042, 043, 044, 045, 046, 047, and 048.

N<sub>2</sub> (Other Foodstuffs):

001, 011, 012, 013, 022, 023, 024, 025, 031, 032, 051, 052, 053,  
054, 055, 061, 062, 071, 072, 073, 074, 075, 081, 091, 099, 111,  
112, 121, 122, and 941.

N<sub>3</sub> (Agricultural Raw Materials):

211, 212, 221, 231, 241, 242, 243, 244, 261, 262, 263, 264, 265,  
291, 292, 411, 421, 422, and 431.

N<sub>4</sub> (Fuels):

321, 331, 332, 341.

N<sub>5</sub> (Metals and Other Minerals - excluding fuels):

271, 272, 273, 274, 275, 276, 281, 282, 283, 284, 285, and 286.

L<sub>1</sub> (Light Manufactured Goods):

267, 611, 612, 613, 621, 629, 631, 632, 633, 641, 642, 651, 652,  
653, 654, 655, 656, 657, 665, 666, 667, 831, 841, 842, 851, 891,  
892, 893, 894, 895, 896, 897, and 899.

L<sub>2</sub> (Light Industrial Final Goods with Relatively High Skill Requirements):

541, 691, 692, 693, 694, 695, 696, 697, 698, 733, 811, 812, 821,  
861, 862, 863, and 864.

K<sub>1</sub> (Intermediate Goods of Heavy and Chemical Industry Origin):

251, 266, 512, 513, 514, 515, 521, 531, 532, 533, 551, 553, 554,  
561, 571, 581, 599, 661, 662, 663, 664, 671, 672, 673, 674, 675,  
676, 677, 678, 679, 681, 682, 683, 684, 685, 686, 687, 688, and  
689.

APPENDIX B.-- continued

K<sub>2</sub> (Heavy Machines and Equipment):

711, 712, 714, 715, 717, 718, 719, 722, 723, 724, 725, 726, 729,  
731, 732, 734, and 735.