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THE RELATION BETWEEN TRADE POLICY AND THE INTERNATIONAL FINANCIAL SYSTEM

1. This paper is divided into two parts. Part I deals with the connexion between international trade and international financial problems, particularly as it affects the developing countries. Part II describes developments in co-operation between the secretariats of the GATT and the IMF.

I. INTERNATIONAL FINANCIAL PROBLEMS AND THEIR CONNEXION WITH INTERNATIONAL TRADE

Introduction

2. The international financial tensions, arising from the overindebtedness of a number of countries, which have been felt in the last year or so, reflect in their origin the preference for financing over adjustment that has been a pronounced feature of economic policy throughout the post-World War II period. But social, economic and political problems can seldom be explained by a single cause; the more complex and difficult they are, the more causes can usually be adduced. The debt problem, which is now itself an important cause of the more general difficulty the world economy is experiencing, is due to a number of factors. A good way of ordering them for a more systematic discussion is to distinguish those which were external to the debtor countries from the internal ones.

External factors

3. Among the external factors the level of interest rates deserves the prime place. Throughout the generally inflationary 1973-80 period, real interest rates were extremely low, much of the time negative. A virtually irresistible incentive to borrow was thus created and almost everybody rushed into debt: households, firms, municipalities, regional and national governments. Except for households, each category of borrowers had the choice of borrowing either domestically or from abroad. As a result, the problem of international indebtedness discussed here must be understood as only an aspect, though an important one, of a more general problem of overindebtedness.

4. Why negative interest rates could persist for so long is in itself a difficult question. The frequent references to a "money illusion" emerging in an inflationary climate do not provide a satisfying answer. There is little doubt, however, that the two massive oil price increases which occurred in this period depressed interest rates, transferring as they did substantial proportions of income from countries with a low to countries with a high propensity to save. World savings increased relative to world demand for investment finance. In addition, there are good reasons to believe that the prolonged decline in the real exchange rate of the dollar, which ended only in 1980, had an important influence on the level of real interest rates. That is, the resulting increase in the prices of dollar-traded goods reduced the real burden of the existing nominal interest charges.

5. Thus debts were accumulated on the strength of very low or negative real interest rates, although it was clear that this condition could not persist for very long.

6. There was another consideration which should have led to more caution in international lending and borrowing. Given the need to recycle the cash surplus of the oil exporters, international credit transactions were expanding, from 1973 on, at very high rates which can be estimated at between 25 and 30 per cent per year. The impression is strong, though it cannot be convincingly documented, that the proportion of total international credit taking accounted for by the more advanced developing countries, was increasing throughout the period. At the same time, however, the conditions of international trade were already deteriorating. Demand was depressed by two major recessions. In addition, conditions of access to the creditor countries' markets for some important products exported by the increasingly indebted more advanced developing countries were being restricted by numerous measures and, more generally, by uncertainty about possible future measures.

7. It was possible to see at the time, and it was noted by economists, that these two developments were incompatible and could not continue in parallel fashion for very long. They could not continue for the simple reason that international capital movements (lending and borrowing) are only deferred trade - foreign borrowing can only be serviced and repaid by exports, or in foreign exchange earned by exporting. When London was the "banker to the world" before 1914, it was well understood, indeed axiomatic, that Britain had to maintain an open market for imports, so that foreign customers of London banks could earn the sterling needed for debt service. This axiom applies with equal force today.

8. The debt problem became obvious when the situation of indebted countries deteriorated dramatically in 1981. This deterioration came in consequence of a prolonged recession in the industrial countries which in its turn resulted from a collision of anti-inflation policies, which were this time pursued with considerable determination, with the additional price pressures generated by the second oil price increase at the end of the 1970s. Inflation started falling

rapidly among most of the large industrial countries, most rapidly in the United States. The progress of disinflation in that country explains both the high interest rates prevailing internationally in 1981-82 and the strong and continuing recovery of the dollar exchange rate. Both developments could not fail to have adverse effects - in particular through a sharp fall in commodity prices and export volumes - on the most indebted countries. As world market prices declined, while interest rates remained high, the real burden of debt service increased dramatically (see below for additional discussion of this point).

Factors Internal to Indebted Countries

9. The deterioration in the export prospects of the indebted countries, as explained above, together with the increased interest charges, necessarily reduced their creditworthiness in the eyes of international lenders. It must be added, however, that this was compounded by certain aspects of the domestic economic policies pursued by some of the debtor countries.[1] The most important of these were the following:

(i) growth stimulation beyond the limits imposed by resource constraints;

(ii) overvalued exchange rates; and

(iii) extensive and increasing controls on external and internal transactions, prices, wages and other aspects of economic activity which sharply reduced the efficiency of resource allocation in the indebted economies.

10. Behind all three of these factors has been inflation, rising rapidly in the last four years, and the major cause of rising inflation have been the large public sector deficits (comprising government budget deficits with the operating deficits of state enterprises). "... one must reflect upon the gigantism of the public sector and its tendency towards self-growth and overinvestment, almost always at the cost of a process of domestic and foreign overindebtedness." (President of the Central Bank of Brazil to the XXIV Annual Meeting of the Board of Governors of Inter-American Development Bank, 22 March 1983.)

11. Given the size of the total debt, and of the debt service falling due in the next few years, international financial institutions cannot substitute themselves for private banks, and for private banks to be able to continue lending, two conditions must be fulfilled. First, the factors and conditions making for inefficient use of economic resources inside the borrowing countries must be corrected, so that the conditions necessary for continued net capital

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[1] Pursuit of economic policies of the kind described here has not been confined to countries currently facing debt-service problems; such policies have, in fact, been very widely followed.

inflows and sustained growth can be created. But this kind of domestic policy correction is clearly contingent on the second condition. The creditor countries must improve the functioning of the trade mechanism; only when the most serious distortions of the international market have been corrected can sound investment opportunities be discerned in the indebted countries and their economic policies be so arranged as to enable enterprises to take advantage of such investment opportunities.

12. The great burden of the debt, and the inevitable stringency which it imposes on domestic demand, will of course reduce the contribution which the indebted countries would otherwise have made to the process of world economic recovery in the next few years. It is important to recognize, however, that the indebted countries cannot improve the state of their balance of payments by imposing additional trade restrictions, which intensify rigidities, reduce the efficiency of the export sector, and - especially in the current situation - risk provoking foreign retaliation. It is in recognition of this fact that the IMF requires, as a condition of its standby arrangements, at least a standstill on trade and exchange restrictions by the borrowing countries.

Consequences of Failure

13. The tentative beginnings of a recovery should greatly facilitate the joint efforts of creditor and debtor countries to satisfy the two necessary and demanding conditions. As shown at some length in GATT/1333 these conditions are, at the same time, necessary to sustain and strengthen the incipient recovery.

14. The failure to satisfy them could have far-reaching consequences. In his recent book, The European Economy 1914-1970, (London, 1978), the economic historian D.H. Aldcroft summarizes his analysis of the causes of the Great Depression of the 1930s as follows:

> By the late 1920s it was quite apparent that debtor countries had borrowed far too much and that their capacity to repay was being severely strained. To have kept up the rate of lending, let alone to have increased it, would have made things worse and at best would only have postponed the date at which adjustment had to be made. The mistake in the 1920s was that creditor nations had been too generous with their funds: debtors had been allowed to over-borrow and as a consequence they had made little attempt to adjust their economies so that they developed within their means. That the crunch came in 1928-9 as a result of the US boom was unfortunate, but it was bound to occur sooner or later since creditors were hardly likely to maintain lending to insolvent borrowers. (pp. 88-89.)

Recent developments in debt and trade

15. It can be noted from Table 4 that when the trend of the dollar exchange rate was reversed in 1980 and real interest rates started their rapid rise,

international borrowing by the more advanced developing countries did not slow down. On the contrary, as the changes in their current accounts show, borrowing accelerated and in the process assumed more dangerous forms, namely, increasingly short-term debt under floating rates. The total volume of international debt incurred by developing countries rose from about $340 billion in 1978 to about $640 billion at the end of 1982. Even after inflation adjustment, this increase of almost 90 per cent over four years far exceeded real economic growth of the debtor nations. In 1971, 41 per cent of the total non-OPEC developing countries' debt consisted of concessional credits. The ratio declined to 32 per cent in 1975 and stood at 22 per cent in 1982. Private bank loans and bonds, which accounted for 22 per cent in 1971, increased very rapidly by more than 20 per cent per annum, and their share in total debt moved from 35 per cent in 1975 to 44 per cent in 1982.

16. But the debt structure worsened also under other aspects. Already before the second oil price rise, a growing proportion of loans no longer had a fixed but a floating interest rate. In 1978, the net-floating-interest debt of non-OPEC LDC's accounted for 23 per cent of total debt. Only four years later this ratio had climbed to 41 per cent. As interest rates started to rise in 1980, the debt service of the old debt increased; from 1978 to 1982 interest payments in current dollars exploded from about $20 billion to some $66 billion. Many countries tried to alleviate their debt service burden by accepting more short-term credits in order to bridge over the recessionary period without curtailing their domestic expansion. As the recession which followed the second oil crisis lasted longer than in 1974-75, the speculation on a fall in interest rates as well as a revival in export earnings proved wrong. In 1982 private banks, becoming aware of the sovereign risk they face in a number of countries, slowed down their lending. This trend was reinforced by the shrinking of the OPEC current account surplus. Total debt service of the non-OPEC developing countries increased from $65 billion in 1980 to $98 billion in 1982, and as the export value nearly stagnated, the ratio of debt service to exports increased from 16 to 24 per cent.

17. Policy measures in the industrial countries aimed to limit the acceleration of inflation in 1979-80 affected first the economies of the industrial countries. Their combined GDP growth decelerated sharply to only 1 per cent in both 1980 and 1981. This, in turn, affected the non-oil developing countries' exports to the industrial countries, which expanded in dollar values by nearly 20 per cent annually between 1973 and 1980 but increased only marginally in 1981 (2 per cent) and fell in 1982 (-3 per cent). In 1981, the major factor in the decline of the dollar export values had to be attributed to price developments as the export unit values of the non-OPEC developing countries declined by 6½ per cent after an increase of nearly 16 per cent in 1980. The weaker dollar export prices in 1981 reflected both the strengthening of the US dollar and declining demand for many primary commodities. Whereas commodity prices had increased at an average annual rate of about 12 per cent in the 1973-80 period, by 1982 they had fallen to extremely low levels. Furthermore, in 1982 the

volume growth of exports of these countries to the industrial countries slowed down sharply to only 2 per cent. A sharp fall in the volume exports of primary products other than fuels (-7 per cent) was offset by increases in fuels and manufactures deliveries.

18. The share of non-OPEC developing countries in total imports into industrial countries increased from 12.0 in 1979 to 13.5 in 1982. While their share in industrial countries' imports of primary products was maintained (16.4 per cent in 1979 versus 16.6 per cent in 1982), the share of non-oil developing countries in imports manufactures into industrial countries increased steadily from 8.3 per cent in 1979 to 10.5 per cent in 1982. In contrast to the 1975 recession, when the ratio of industrial countries' imports of manufactures from developing countries to GDP declined for the first and only time since at least 1960, this ratio increased in both 1981 and 1982.

19. The fact that these ratios were rising says little about the impact of protectionist measures on the developing countries' exports. For that impact to be measurable, we would have to know how much these exports would have increased in the absence of the protective measures.

20. Increased exports to the traditional oil-exporting developing countries could offset only marginally the decline of exports to the industrial countries. Only 6.4 per cent of non-OPEC developing countries' exports were shipped to OPEC countries in 1979 and the ratio increased to 7.2 per cent in 1981.

21. In 1982, exports by this group of countries to each other and to other non-industrial destinations declined even more than exports to the industrial countries, reflecting increased balance-of-payments difficulties, which many of the non-OPEC developing countries have tried to alleviate by imposing additional trade barriers. As was noted above, such measures are ineffective in redressing the balance of payments, and only introduce additional distortions which cannot but reduce economic growth in the country imposing them, as well as in its trading partners.[1]

The Scope of the Trade Problem

22. Ultimately, the problem of overindebtedness must be solved on the current accounts of the participants' balances of payments. The daunting dimension of the task is indicated by the following figures. In 1982, the combined debt service of the six most indebted countries - Argentina, Brazil, Korea, Mexico, Poland and Yugoslavia - amounted to approximately $53 billion while their total exports were of the order of $95 billion (and their combined current account deficit was of the order of $36 billion in 1981 and $22 billion in 1982).[2] Many

[1] See "Digression: a Tax on Imports is a Tax on Exports", GATT, International Trade 1981/82, pp.15-18.

[2] It is interesting to note that these six countries exhibit wide variations in economic performance and in the structure of their economies, and indeed in their economic systems.

of these exports have faced considerable obstacles in the world markets. The question is, simply, what is the growth potential of these exports?

23. The current account improvement recorded by the six indebted countries in 1982 was achieved by curtailment of imports rather than by an expansion of exports. Clearly, this is not a way leading to any durable results. Further and permanent improvements must be achieved mainly by an expansion of export receipts. This expansion will be eventually supported by a recovery in world demand but will also require - if it is to be sufficiently strong and rapid - the elimination of a large number of trade barriers. This would mainly affect countries whose exports consist already largely of manufactures and whose customers are mainly the industrial countries. The typical example of such a country is the Republic of Korea and to some extent also Brazil. It should also be borne in mind that renewed exports growth could not be sustained without a recovery of imports. Lastly, while it would be an appreciable result should the current balance of these countries improve somewhat further, it does not look possible in the short run to turn the current deficit into a surplus which would make possible the financing of debt service without additional borrowing.

24. In the short time available for the preparation of this paper it was not possible to estimate with any degree of precision those exports of the indebted countries which are actually subject to restrictive measures. (It may be added that the information which the Secretariat possesses in this respect would at any rate be inadequate for such an estimate to be reliable.) Instead, Table 7 lists those exports of indebted countries which may be broadly called "sensitive", that is, product categories which are known to be under various forms of restrictions in a substantial number of countries.

25. About one third of exports to industrial countries of the six most indebted countries were in the "sensitive" category in the 1978-80 period, the ratio in Argentina and Korea exceeding largely that of the other countries.

26. The most serious case is that of the Republic of Korea, which directs more than two thirds of exports to the industrial countries. Some 60 per cent of the latter can be considered "sensitive", in particular textiles, clothing and footwear, household appliances and office equipment, and iron and steel. There is no doubt that further liberalization of trade would substantially alleviate the financial problems of the Republic of Korea.

27. For Argentina, export difficulties due to barriers appear mainly in cereals and livestock, and to a lesser extent textiles. It has, however, to be taken into account that during the most recent years Argentina has developed its cereals deliveries to the Eastern trading area.

28. About one half of Brazil's total exports are directed to the industrial countries, and of these nearly one third are in the sensitive category. About one half of the restrained exports consist of deliveries of feedingstuffs to the EC. Other restrictions affect iron and steel, textiles, clothing and footwear.

29. In 1978 about one quarter of Mexico's exports to the industrial countries were restrained, mainly food products. However, in most recent years Mexico's exports have consisted chiefly of oil.

30. In recent years, Eastern Europe as a whole has experienced severe adjustment difficulties in its trade, finance and energy sectors. Availability of oil at preferential terms in intra-area trade declined and the cost of energy increased rapidly. These difficulties resulted in a reduction of borrowing from Western banks, from $3.8 billion in 1979 to $704 million in 1982, with the debt service burden rising largely due to an increase in interest rates. The trade deficit of Eastern Europe (including the USSR) with industrial countries, which amounted to $9.3 billion in 1978, was first reduced due to increased energy exports and higher energy prices (mainly the USSR), but more recently by cutting down imports. Exports to the industrial countries, after stagnation in 1981, picked up in 1982. In 1982, Eastern European countries achieved a trade surplus in the developed market economies, for the first time since 1973. Most of the recent trade adjustment has been due to the smaller East European countries, especially in the highly indebted Poland and Romania, which reduced imports from the industrial countries by more than 50 per cent in the last two years.

31. In the case of Poland and Yugoslavia, around one fifth of their deliveries to the industrial countries are under restrictions, but their exports to these countries represent only one third of Poland's total exports, and slightly more in the case of Yugoslavia. The restrained products consist mainly of livestock, textiles and clothing, and iron and steel for both countries.

Conclusions

32. The way out from the present financial crisis depends crucially on the successful handling of several policy matters.

33. The value of exports of the indebted countries has to be increased significantly over the next few years. This implies, however, both a sustained recovery in world economic activity and, no matter how difficult, the removal of many protectionist measures, especially in industrial countries. The implementation of adequate domestic policies in the indebted countries, especially exchange rate and fiscal policy, would be necessary to enable the indebted countries to make effective use of the trade opportunities so created.

34. As regards the financial markets, a non-inflationary solution implies that nominal interest rates have to decline further by a significant margin. In early 1983 interest rates were down from the peaks of 1981, but not sufficiently far to avoid a further aggravation of the debt. Another problem results from the maturity structure of the debt. This is largely a question of the excessive proportion of short-term debt in the overall indebtedness which provokes a relatively high debt service burden in the short run.

35. A change in domestic policies of the indebted countries will have to take place, since bank credits in the future will probably be reduced and domestic savings should play a more important rôle in the future expansion. Public sector deficits have to be limited to check inflation and to preserve the solvency of the indebted countries. Government interventions which distort the price structure, hamper adjustment and/or limit output should be phased out or reformed. It should hardly be necessary to add that however successful the efforts in these directions may be, there will be a continuing need for increased (or at least maintained) flows of aid and concessional finance into the developing countries.

36. These are all very difficult changes to accomplish. Nonetheless, they can be accomplished without the indebted economies going "through the wringer" if a substantial degree of liberalization in world trading conditions can be brought about. Exports of goods which are presently considered "sensitive" often have a very considerable growth potential, as is implied by the existence of restrictions in these areas. Their growth could provide the positive impulse on the basis of which the necessary policy as well as structural readjustment of the indebted economies could be carried out relatively painlessly.

II. COOPERATION BETWEEN THE GATT AND THE INTERNATIONAL MONETARY FUND

37. The problems analysed above have prompted a number of governments to consider that the existing cooperation between the GATT and the International Monetary Fund should be reinforced in order that the two institutions pursue a more integrated approach to the financial and trade aspects of the present difficulties in the world economy, and in particular those facing the developing countries.

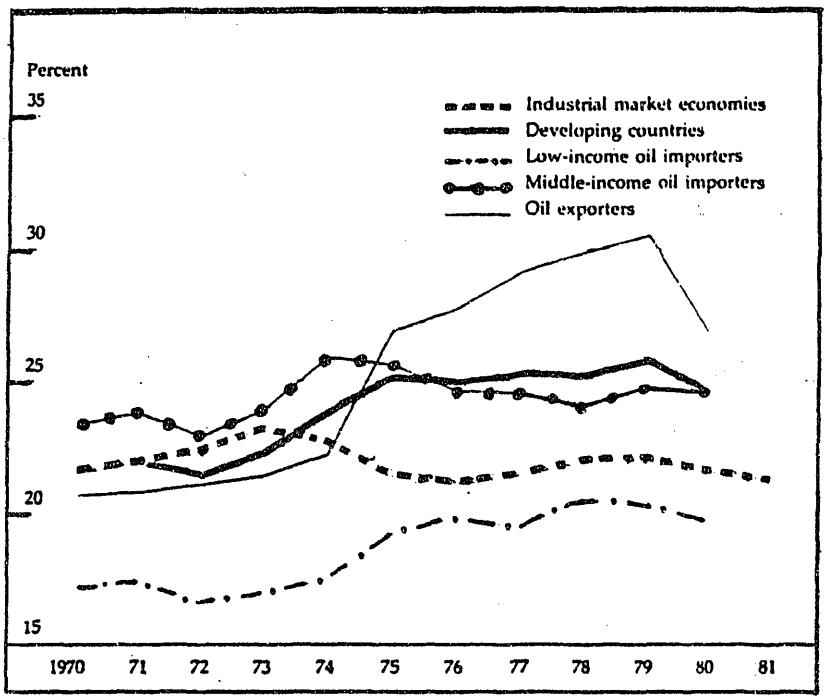
38. The existing cooperative arrangements between the GATT and the Fund are based both on special provisions of the General Agreement and on general provisions of the Articles of Agreement of the Fund. Article XV of the General Agreement provides that "the CONTRACTING PARTIES shall seek cooperation with the International Monetary Fund to the end that the CONTRACTING PARTIES and the Fund may pursue a coordinated policy with regard to exchange questions within the jurisdiction of the Fund and questions of quantitative restrictions and other trade measures within the jurisdiction of the CONTRACTING PARTIES." The CONTRACTING PARTIES are to consult fully with the Fund "in all cases in which [they] are called upon to consider or deal with problems concerning monetary reserves, balance of payments or foreign exchange arrangements ..." and to accept the Fund's findings and determinations in such matters. Article X of the Fund Agreement declares that the Fund "shall cooperate within the terms of this Agreement ... with public international organizations having specialized responsibilities in related fields."

39. These arrangements have worked satisfactorily in the context of the consultations held with GATT contracting parties in the Committee on Balance-of-Payments Restrictions. The Fund regularly makes background information available for such consultations and provides an assessment of the consulting countries' balance-of-payments situation to the Committee. However, over the years there has not been any systematic effort at examining how the Fund's policies vis-à-vis individual Fund members relate to the implementation of the objectives of the General Agreement in the context of the examination of individual contracting parties' balance-of-payments situation.

40. When the Consultative Group of Eighteen was established as a permanent body of the GATT in 1979, it was given, inter alia, the mandate to "facilitate the carrying out, by the CONTRACTING PARTIES, of their responsibilities with respect to the international adjustment process and the coordination, in this context, between the GATT and the IMF." This part of its terms of reference reflected continuing concern by the CONTRACTING PARTIES about the linkages between the financial and trade aspects of the adjustment process. Similar concern was expressed by the Executive Directors of the IMF in September 1982 when they discussed the role of the Fund in promoting trade liberalization. In this context they reiterated that the Fund should complement the leading role of specialized institutions, especially the GATT, within its own sphere of competence. The Executive Directors also expressed their support for using Article IV consultations with member countries to emphasize the importance of maintaining an open trading system, and stressed that staff assessments of member countries' policies should cover trade policies, without overlapping or duplicating the work of the GATT. The Executive Directors further supported the principle of increased Fund-GATT collaboration, noting that such collaboration could take the form of the provision by the Fund of information on a common member's trade liberalization programme so as to encourage its trading partners to offer more liberal access to their own markets.

41. The Managing-Director of the IMF has informed the Director-General of GATT of the Executive Board's discussion in September 1982, and since then closer contacts have been established between the GATT and the IMF secretariats in order to discuss the possible modalities of increased cooperation. The exchange of views that have taken place have touched upon the question of the linkage between the financial and trade situations and policies of individual countries, and on how best the financial situation can be taken into account in assessing the trade policy stance and vice-versa. Although the solution to the trade and financial problems of individual countries does not rest exclusively with international institutions, it is widely felt that the relationship between the GATT and Fund activities in this area is a matter which deserves to be actively pursued. However, before contacts between the two secretariats can usefully proceed further, the Director-General would appreciate guidance from the Consultative Group of Eighteen as to the perspective in which further contacts may be pursued.

CHART I. - SHARE OF INVESTMENT IN GDP, 1970-81



Source: World Bank Development Report 1982.

TABLE 1. - FINANCIAL INDICATORS ON THE NON-OPEC LDC DEBT

(Annual percentage changes)

	1973-1980	1980	1981	1982	1983Q1
Export unit values	12.8	16.4	-7.1	(-4.0)	...
Floating interest rate	5.9	15.3	17.4	17.5	(13.5)
Interest rate on total outstanding debt	5.7	9.0	10.3	11.2	...

Sources: OECD, External Debt of Developing Countries, 1982 Survey.
IMF, International Financial Statistics.

TABLE 2. - DEBT DISBURSED AND DEBT SERVICE OF NON-OPEC DEVELOPING COUNTRIES

	(Billion dollars)					
	Total debt outstanding disbursed[a]			Debt service		
	1980	1981	1982[c]	1980	1981	1982[c]
Non-OPEC developing countries	385	445	520	65	82	98
of which:						
Argentina	28	32	38	2.8	3.7	4.9
Brazil	65	78	87	13.7	17.3	18.5
Mexico	53	71	85	9.3	13.4	15.2
Korea, Rep. of	25	33	39	3.3	4.0	4.8

	(Percentages)											
	Total debt as % of						Debt service as % of					
	GNP			Exports[b]			GNP			Exports[b]		
	1980	1981	1982[c]	1980	1981	1982[c]	1980	1981	1982[c]	1980	1981	1982[c]
Non-OPEC developing countries	22	23	24	94	103	111	3½	4	4½	16	19	21
of which:												
Argentina	42	44	...	250	270	380	4	5	...	25	31	49
Brazil	27	28	31	279	289	370	5½	6	6½	59	64	79
Mexico	29	31	...	215	236	270	5	6	...	38	45	48
Korea, Rep. of	44	52	63	111	120	143	6	6½	7½	15	15	18

[a] Short-, medium- and long-term debt at end of year. Area total excludes short-term debt.

[b] Exports of goods, services and net private transfers.

[c] Estimated.

Sources: OECD, External Debt of Developing Countries, 1982 survey; World Bank, World Debt Tables and Atlas; national statistics.

TABLE 3. - CURRENT ACCOUNT[a] BALANCES BY REGIONS, 1974-1982

(billion $)

	1974	1975	1976	1977	1978	1979	1980	1981	1982[b]
Industrial countries	-12	15	-4	-9	30	-15	-45	-10	0
Traditional oil-exporting developing countries	63	30	40	31	6	65	115	65	10
Other developing countries	-32	-37	-24	-20	-30	-48	-70	-85	-70
Eastern trading area	-7	-14	-10	-7	-13	-10	-11	-5	3

[a]Excluding official transfers.

[b]Partly estimated.

Note: Assymetries in recording, errors and omissions resulted in a residual world "deficit" of $70 billion in 1982 after $46 billion in 1981.

Sources: OECD, Economic Outlook; IMF, International Financial Statistics; national statistics.

TABLE 4. - CURRENT ACCOUNT[a] BALANCES OF SELECTED DEBTOR COUNTRIES, 1974-1982

(billion $)

	1974	1975	1976	1977	1978	1979	1980	1981	1982[b]	1974-1982	Outstanding debt
Argentina	0.1	-1.3	0.7	1.3	1.9	-0.5	-4.8	-4.1	-2.0	-8.7	38
Brazil	-7.6	-7.0	-6.6	-5.1	-7.0	-10.5	-12.8	-11.8	-14.0	-82.4	87
Mexico	-2.9	-4.0	-3.4	-1.9	-3.2	-5.5	-7.5	-12.8	-3.0	-44.2	85
Korea, Rep. of	-2.1	-2.0	-0.5	-	-1.1	-4.2	-5.4	-4.5	-2.5	-22.3	39
Yugoslavia	..	..	..	..	-1.3	-3.4	-2.3	-0.9	-0.1	..	20
Poland[c]	..	..	..	..	..	-3.0	-2.9	-1.6	0.1	..	25

[a]Excluding official transfers.

[b]Preliminary figures.

[c]With market economies.

Sources: IMF, International Financial Statistics; national statistics. ECE, Economic Survey of Europe

TABLE 5. - COMMODITY PATTERN OF TRADE OF SELECTED AREAS AND COUNTRIES IN 1981

(Percentage shares)

	Exports			Imports		
	Manufactures	Fuels	Other primary	Manufactures	Fuels	Other primary
Non-oil developing countries	40.5	23.8	34.1	57.9	21.7	17.6
Centrally planned economies	52.9	26.1	16.4	58.5	12.8	27.0
of which:						
Trade with industrial countries:	29.0	50.0	19.0	68.5	13.3	0.0
Argentina (1980)	23.1	3.5	73.3	77.3	10.3	12.3
Brazil	39.1	5.1	54.3	36.2	50.5	13.3
Mexico[a]	10.1	74.3	15.6	79.2	1.8	18.0
Korea, Rep. of	90.0	0.7	8.7	43.3	29.8	26.8
Poland (1981)	75.2	9.7	15.0	51.9	20.0	27.9
(1980)	61.8	13.2	25.0	50.0	18.0	32.0

[a]January-September 1981.

Note: Shares may not add to 100 because of unspecified commodities.

Sources: GATT, International Trade 1981/82; Bank of Mexico, Indicadores de Comercio Exterior; UN trade data tapes.

TABLE 6. - TRADE BALANCE OF EASTERN EUROPE AND THE USSR WITH DEVELOPED MARKET ECONOMIES

(billion dollars)

	USSR	Eastern Europe	of which: Poland	Total
1973	-1.03	-2.50	-1.32	-3.53
74	0.33	-5.11	-2.35	-4.78
75	-4.79	-6.18	-2.92	-10.97
76	-4.38	-6.26	-3.27	-10.64
77	-2.18	-5.54	-2.45	-7.72
78	-3.58	-5.71	-1.93	-9.29
79	-0.20	-4.65	-1.47	-4.85
80	1.00	-3.24	-0.68	-2.24
81	-1.70	-2.80	-0.58	-4.50
82	-0.41	(1.00)	0.66	(0.59)
Cumulative 1973-82	-17	-41	-16	-58

Sources: National statistics.

TABLE 7. - EXPORTS OF SELECTED DEBTOR COUNTRIES IN SENSITIVE PRODUCT CATEGORIES

(Billion dollars)

Country	Product	Total Exports	Total (1-6)	Meat and Dairy Products (1)	Cereals, Feed, Fats and Oils (2)	Textiles, Clothing, Footwear (3)	Steel (4)	Ships (5)	Telecomm., Household Appl. etc. (6)
Argentina	World	8.0	4.4	1.0	3.2	0.2	-	-	-
(1980)	Ind. Areas	3.6	1.9	0.7	1.1	0.1	-	-	-
Brazil	World	23.3	5.3	0.9	1.1[a]	1.4	1.0	0.2	0.7
(1981)	Ind. Areas	12.6	2.8	0.4	0.5[a]	0.9	0.6	0.1	0.3
Korea	World	21.2	13.1	-	-	7.3	1.8	1.4	2.6
(1981)	Ind. Areas	13.0	8.4	-	-	5.0	1.0	0.6	1.8
Mexico[c]	World	6.3	1.5	0.2	1.1[b]	0.1	0.1	-	-
(1978)	Ind. Areas	5.4	1.4	0.2	1.0[b]	0.1	0.1	-	-
Poland	World	17.0	...	...	...	...	...	...	...
(1980)	Ind. Areas[d]	6.2	1.3	0.5	-	0.4	0.3	0.1	...
Yugoslavia	World	10.9	3.4	0.4	0.2	1.8	0.3	0.3	0.4
(1981)	Ind. Areas	3.5	0.9	0.3	-	-	0.3	0.1	-0.2

[a]Excluding soybeans.

[b]Including fruit and vegetables.

[c]Excluding processing traffic with the United States.

[d]Figures derived from trading partners' returns.