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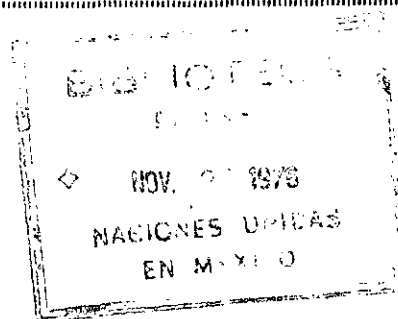
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EXPORT GROWTH IN THE WORLD ENVIRONMENT:  
THE CASE OF LATIN AMERICA

by

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EXPORT GROWTH IN THE NEW WORLD ENVIRONMENT:  
THE CASE OF LATIN AMERICA \*

Summary

In 1973 Latin America had reached a relatively strong position for adjusting to the problems caused by the increase in oil prices and the subsequent recession in the industrial countries. The growth of exports, especially of manufactures, had accelerated; the resource gap had been reduced to only 0.5% of GDP; creditworthiness was strong and external capital was available in large amounts and on relatively favorable terms. In the 1974/75 recession external credits helped make the adjustment process proceed more smoothly, financing imports and investments at higher levels than would otherwise have been possible. At the same time, however, exports decelerated in 1974 and fell in 1975, and external debt -- which had increased in line with exports in previous years -- rose sharply while terms hardened. In the adjustment process those countries fared best which had been successful in diversifying exports, and continued to encourage exports, particularly by flexibility in their exchange rates as an offset to domestic inflation. Lags in adjustment measures turned out to be costly, especially in terms of debt accumulated and investment opportunities foregone.

While in the 1974-1975 recession manufactured exports generally declined less than those of the more traditional staple products, the exports of many industrial products also decelerated and some even declined, while certain non-traditional agricultural exports performed better than manufactures

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Exports suffered least, and in previous years had often increased most, where multinational firms provided marketing channels; this was especially true in Brazil. Furthermore, general export incentive measures, those affecting a broad range of export products, including in particular flexible exchange rates in an inflationary environment, were essential in achieving a dynamic export performance.

In the years ahead, Latin America will need to adapt itself to major shifts in its external position -- e.g., those caused by the higher cost of oil, the increased external indebtedness of some countries and the pressure on available capital resources, the possibility that the international environment will be less favorable to export growth, changes in comparative advantage and the development of new export products, including major new resource-based exports. For the maintenance of a viable balance of payments in an environment of growth and continued structural transformation, a resumption of the export momentum is crucial. The projections underlying the analysis in this paper assume that total exports will resume their growth, amounting to some 9-10% by 1980 and subsequent years, with manufactured exports growing by 10-15% in real terms. These are good growth rates, but lower than those achieved in the early 'seventies. Manufactured export growth will not be sufficient to cover the increase in Latin America's foreign exchange needs. It must be supplemented by development of resource-based exports (e.g., in Peru and Colombia) as well as agricultural exports, especially from Argentina, Brazil, Colombia, Paraguay and Uruguay. Without export growth of these magnitudes the growth of GDP would fall below 6-7%,

the rate regarded as a tolerable minimum if Latin America is to achieve a reasonable improvement in the standard of living of its lowest income groups.

The realization of these growth rates will, to a very considerable extent, depend on external market conditions and the ability of countries to continue diversifying their manufactured exports. The demand of industrial countries (which take some 60% of Latin American manufactured exports) is expected to remain reasonably strong, but not as strong as in the early 'seventies. Their growth performance may be dampened by concern with persistent inflation. Liberalization of tariffs and other restrictions may be tempered by the prevalence of unemployment at rates higher than those in 1960-73.

A new Brookings Institute study estimates that the new Tokyo Round of trade negotiations could induce, by the early 'eighties, an increase in LDC exports equivalent to 3-6% of total 1974 exports. If, as is likely, textile imports would not be significantly liberalized, the impact of new liberalization measures would be only about 3% of total 1974 exports -- this would be equivalent to 12% of manufactured exports, i.e., about one year of projected growth, a not inconsiderable impact. While LDC's have increased their shares of import markets in developed countries, particularly for items which grew most rapidly in the past decade, their shares of total markets are as yet small: there is much scope for substitution of imports from LDC's for products from developed countries.

If high growth rates of manufactured exports are to be realized, countries will have to develop new specialties and products. For some of

these, such as non-electrical machinery and other capital goods, market potentials are large. In these new lines adjustment problems and labor displacement in the importing markets may be less or could be overcome more easily than in such items as automobiles, textiles and leather goods. Exporters will need to be free and encouraged to search new markets and develop new products -- hence, incentive measures should cover a broad spectrum. The experience of the past eight years, in which the leading exporting nations developed very rapidly a wide range of new items, augurs well for their ability to continue doing so, provided of course, that policies will encourage the necessary investment and marketing efforts as well as the absorption of new technologies available from abroad.

Progress made in the establishment of outward-looking policies has been very substantial since the late 'sixties. In the last two years, as part of the adjustment to the recession there have been some setbacks in a few countries, but it can be assumed that these are temporary phenomena. At the same time, however, it is possible that the control of domestic price increases -- in several countries well above the rate of international inflation -- could run contrary to the flexible exchange rate policies which are an essential part of any export policy in an inflationary environment. Furthermore, resource-based export projects are less dependent on domestic input and labor costs, and exchange rate flexibility may seem less important for them. In Brazil, and elsewhere, the development of import substitution industries (capital goods, fertilizers) initially producing primarily for the domestic market may also, in the present stage of development, be less dependent on favorable export policies and hence, involve a trade-off with these policies.



The growth profile, envisaged in the projections for the next 5 years or so, suggests that compared with their relatively strong position in the early 'seventies, Latin American countries may be more vulnerable to a recession in external demand: their debt burdens have increased and capital may be available on less favorable terms; their exports would be growing less rapidly; and their imports are smaller in relation to GDP, and hence, may be harder to "compress". They are now also exporting a larger share of their manufactured goods to industrial markets than in the late 'sixties, and the same forces drawing Latin America into the world economic system will continue to be strong. As a counterpart, exports to the Region have lagged behind exports to industrial countries, and the proportion of exports going to LAFTA has declined significantly.

The greater vulnerability to external fluctuations emphasizes the importance of compensatory financing, both private and public, putting countries in a stronger position to develop export industries along the most economic lines. Furthermore, in the interest of vigorous and more stable growth, exports might best be directed to the most rapidly growing markets. This would include the regional market, since the Latin American economies are projected to grow at rates 40-50% or so above the OECD countries.

Given differences in location and transport costs, regional trade will necessarily continue to be distributed quite unevenly over various countries. And so will the measures taken to encourage it. Stimulation of exports within the region should cover both agricultural and industrial products. Exports of the former would exploit the considerable differences in natural endowments existing even among neighboring countries. The emphasis

on regional exports of industrial products would involve development of greater complementarity of export production. This is envisaged in the programming of key industries in the Andean market, which over the longer-term could be as important as the liberalization of trade.

EXPORT GROWTH IN THE NEW WORLD ENVIRONMENT:  
THE CASE OF LATIN AMERICA

Over the past 10 years most Latin American countries have, to an increasing extent, pursued measures to expand and diversify exports. These policies, together with a generally favorable external environment, made possible export growth rates in 1968-73, the magnitude of which had not been foreseen by most analysts. The export growth greatly enhanced the economic strength of the Latin American countries -- it increased their creditworthiness for substantially higher external borrowing, which in turn helped finance larger investments in industry, mining and infrastructure; and it greatly improved their capacity for adjusting to the adverse effects on their external financial position of the 1974-75 recession in the industrial countries.

Continuation of export growth and diversification will vitally affect the growth prospects of the Latin American countries over the next 5-10 years, their ability to adjust to the changes in external price, demand and supply relationships which have occurred since 1973 and to obtain adequate amounts of external financing. At the same time, however, the very changes in the external environment are putting pressures on the outward-oriented policies adopted in the late 'sixties, and international conditions for the supply of capital and for export growth may be less favorable than what they were in the early 'seventies.

This paper seeks to assess the role continued export growth must play in Latin America's development and how export policies can best be adopted to the changes in external as well as domestic conditions which have occurred since 1973.

First, the paper focusses on developments in 1971-75, with special emphasis on those features which are likely to have a bearing on the pattern and level of future growth. What were the factors behind the export acceleration? What role did exports play in enabling countries to adjust to the 1974-75 recession and how did manufactured exports fare during the recession?

Secondly, it considers the role of exports and export policies in Latin America's growth during the next 5-10 years. What minimal export growth rates must be achieved in order to maintain a viable external position? Can these rates be realized? What are the factors causing a slow-down of manufactured export growth and a change in export composition? What do these factors imply for export policies and what are the pressures on these policies and what will be the case for special incentive measures? What will be Latin America's ability to maintain some measure of stability in its external payments position and cope with the effects of fluctuations in external demand?

Thirdly, it considers the role of intra-regional trade in recent and prospective export development. How was it affected by the acceleration in exports and what contribution can regional markets make to export growth and countries' ability to cope with external fluctuations.

I. Developments in 1971-75

Table 1 summarizes the major elements in the GDP, Balance of Payments and External Debt of ten Latin American countries<sup>1/</sup>, which account for some 84% of total GDP of countries in Latin America and the Caribbean, 73% of exports (excluding the oil exporters Venezuela, Ecuador and Trinidad and Tobago) and 89% of external debt (again excluding these oil exporters). Major characteristics of growth trends in the first three years, 1971-73 (i.e., those preceding the increase in oil prices and the OECD recession) are:

(a) Growth in GDP, exports and especially manufactured exports were accelerating to high levels not achieved in previous years. In 1973 GDP growth averaged over 8% for the ten countries, and manufactured exports grew by 31.3% in real terms. These growth parameters reflect the progressive integration of major Latin American countries into the world economy (trade, investment and finance).

(b) As GDP growth accelerated, the ratio between imports and GDP remained stable and the resource gap dwindled to less than 0.5% of GDP or barely more than \$1 billion in 1973.

(c) Terms of trade improved by more than 8% in these three years, despite the sharp increase in import prices associated with the higher oil prices and world inflation.

The acceleration of export growth was most marked and significant for manufactured exports. Manufactured exports by LAFTA increased by an

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<sup>1/</sup> Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Guatemala, Jamaica, Mexico and Peru.

average annual rate of 39.8% (in current dollars), with rates for the four countries shown in Table 2 ranging from 34.5% for Argentina to 52.2% for Brazil. The growth reached a peak in 1973, when it amounted to 31% in real terms for the ten countries shown in Table 1. This growth covered a broad range of items, e.g., light and heavy consumer goods, machinery and electrical equipment. Many of these items started from a zero or very small base in 1968 and reached substantial amounts in 1973. Annex Table 7 shows twenty-six such export items for Brazil, some of which grew to almost \$100 million by 1973. Similar observations can be made for Argentina, Colombia and Mexico (Cf Annex Tables 8-10).

The major factors underlying the acceleration of manufactured exports were:

(a) Major Latin American countries had significantly changed their foreign exchange rate policies (especially Brazil and Colombia who introduced flexible exchange rates in 1968) and/or adopted effective export incentive measures.<sup>1/</sup>

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<sup>1/</sup> "Exchange rate flexibility" in this paper means a policy of adjusting exchange rates, frequently if necessary, to the pace of domestic inflation, maintaining as a minimum the real purchasing power parity and permitting the exchange rate to play a central role in resource allocation. (Generally characterized by Phase IV of the NBER project; Cf Jagdish N. Bhagwati and Anne O. Krueger, Exchange Control, Liberalization and Economic Development, Am. Econ. Rev. May 1973.) Brazil is one of several countries which relied on a mixture of exchange rate, fiscal and credit measures to stimulate exports. "When we incorporate our measure of the incentives into the discussion of the evolution of the real exchange rate for manufactured exports over time, we see that the various incentive instruments have more than offset any decline in the real exchange rate since late 1964.... While exchange rate policy since 1968 has been used to stabilize real exporter remuneration, fiscal policy has been the instrument by which such remuneration has been increased." (William G. Tyler, Manufactured Export Expansion and Industrialization in Brazil, Tuebingen, 1976, page 222.)

(b) Their industrial production and marketing ability had reached a stage where they were able to achieve significant export growth. A substantial part of their export production and marketing was organized with the assistance of multinational companies.<sup>1/</sup> In fact, exports increased most to countries where these companies provided access to extensive marketing and retailing facilities (see Section III).

(c) Market conditions were favorable, partly because of good business conditions in the customer countries and partly because of the effects of import liberalization and preferential tariff arrangements. All of the U.S. and other OECD countries were enjoying good business conditions simultaneously.

(d) Country shares in import markets were still relatively low at the start of the period.

Latin American countries were severely hit by the increase in oil prices and the subsequent 1974-75 recession, especially those not self-sufficient in oil and which had, through diversification into manufactured exports to industrial countries, become even more integrated with the world economy. Notable examples are Brazil, Chile and Uruguay. Although prices for major commodities, especially agricultural, did not move strictly parallel in the most recent cyclical downturn -- with weather conditions even causing increases for some (e.g., sugar and coffee) -- demand for manufactured exports did generally decline or decelerate.

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<sup>1/</sup> See G. K. Helleiner *Manufactured Exports from Less Developed Countries and Multinational Firms*. The Economic Journal, March 1973. Tyler, *opt. cit.*, page 148, states that multinational firms accounted for 43% of all manufactured exports of Brazil in 1969. Foreign firms were most important for the machinery and transport equipment category, for which 76% of all 1969 exports were undertaken by foreign firms.

At the end of 1973 most of the countries were in a relatively strong position to cope with the adverse impact of the OECD recession:

(a) Exports had been rising dynamically and, in fact, the year-to-year increases in export earnings covered a substantial portion of total service payments on external debt. (For example, in 1974 the increase in Brazil's exports of goods and services was equivalent to 73% of its total debt service; for the ten-country group the figure was even larger: 113%.)

(b) The debt-service was relatively low -- e.g., the debt-service ratio was 22% for the ten-country group in 1974 compared with 28% in 1971. Although total debt increased sharply in 1974 (and terms generally hardened in 1975), the increase in service payments lagged behind and in fact these payments declined in relation to export earnings. Hence, countries were in a strong position to utilize the large amounts of private credits available for financing imports and investments while taking the necessary short- and long-term adjustment measures.

(c) Imports were at a sufficiently high level in relation to GDP that some compression could eventually be achieved without severely endangering longer-term growth.

In the first phases of the 1974-75 adjustment process most countries' imports did, however, increase faster than GDP -- notable exceptions being Chile and Colombia. External capital helped countries to continue increasing their imports and hence make the adjustment process smoother than it would have been otherwise. Between 1973 and 1975 import payments increased by \$16 billion for the 10-country group (or by 70%), the resource gap increased from \$1 billion to



\$10 billion (or 2.8% of GDP) and external debt increased from \$29 billion to \$48 billion.

A notable feature of the capital inflow was the increased importance of private credits. The net inflow of capital from private sources doubled between 1973 and 1975 to \$8.4 billion. The share of private credits in total external debt increased from less than 49% in 1970 to 71% in 1975.

Up to 1974 the growth of external debt, while rapid, was roughly in line with the growth of exports. In 1967-70 external debt increased by 12.6% per annum while exports earnings grew by 12.2%. As exports accelerated in 1971-74, so did the growth of external debt -- 29% per annum growth for exports as against 23.5% for external debt.<sup>1/</sup> In 1974-75 as external capital was used in part to help offset the adverse balance of payments effects of the recession, external debt increased more rapidly than exports: debt increased on average by 29.1% per annum as against growth of exports of 15.7%. In addition, in 1975 terms of private credits hardened markedly.

#### Manufactured Exports in the 1974-75 Recession

Some observations on the behavior of manufactured exports in the two recession years are useful, even if incomplete and tentative, for understanding the issues confronting countries in their export strategy.

First, in real terms exports decelerated markedly. Table 1 shows real growth rates of manufactured exports of 31.3% in 1973, 8.2% in 1974, and

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<sup>1/</sup> The figures in this sentence and in the previous one are for a group of 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay. The 1971-74 data for the 10-country group of Table 1 would be 29.5% per annum increase in exports and 29.0% in external debt.

4.2% in 1975. In current dollars exports increased by 53.9% in 1974 and 7.2% in 1975.<sup>1/</sup> While the 1974 and 1975 growth rates are clearly more favorable than those achieved for traditional staple products, they are sharply less than the 1971-73 rates, and the experience of some countries and commodity groups suggests that certain manufactured exports also suffered considerably, both in terms of volume and prices. In Colombia, for example, the increase in volume in 1975 was more than offset by the decline in unit values; non-traditional agricultural exports did better than manufactured goods. In Brazil, while unit prices of total exports increased by 0.7% prices of manufactured exports declined by 6% in 1975 (as against a 44% increase in 1974) and prices of semi-processed goods<sup>2/</sup> declined by 18%. Export prices of capital goods -- a rapidly growing category -- declined by 5% (as against an increase of 21% in capital goods import prices). In general, exports of the more "traditional" items (shoes, textiles, wood products) did not do well -- these also tend to have the larger market shares in the U.S. Those produced and marketed by the multinationals (automotive products and machinery) generally did better than other exports.

Policies affecting general price competitiveness clearly had an effect on the behavior of manufactured exports in these recession years. This is apparent from a comparison between Chile and Uruguay, on the one hand, with Mexico and Peru on the other. In Chile -- which had real devaluation of 37%

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<sup>1/</sup> These percentages are for a group of 5 countries: Brazil, Chile, Colombia, Mexico and Peru.

<sup>2/</sup> Including, among others, cocoa butter (20%), soybean oil (31%), castor oil (31%), pig iron (24%), and wood pulp (27%).

in 1974-75 -- manufactured exports increased from \$226 million in 1973 to \$675 million in 1975. Continuation of this growth trend, even at a slower pace, would significantly change and enhance Chile's development pattern and prospects. Likewise, changes in Uruguay's policies (exchange rate flexibility, export subsidies and import liberalization) made possible an increase in non-traditional exports by 50% in 1975, thereby offsetting the decline in exports of meat and wool tops caused by EEC restrictions and other adverse market conditions. (Non-traditional exports as a percentage of total increased from 18% in 1973 to 45% in 1975.) On the other hand, Peru and Mexico, countries which continued a fixed rate policy in an inflationary environment suffered relatively large volume declines (14.7% for Mexico in 1975 and 27.9% for Peru). And Mexico's share of U.S. imports tended to decline in both years.

The conclusions emerging from these preliminary observations are:

(a) General policy measures, especially concerning exchange rates (but also investment policies in the private sector) were important in achieving export growth in the adverse conditions of 1974 and 1975.

(b) Manufactured exports, while faring better than most staples, were adversely affected by the recession. Some sub-categories did better than others, but generally industrial exports slowed down markedly and prices of many products declined. And in some countries non-traditional agricultural exports out-performed manufactured goods. It would seem that in these circumstances general incentive measures -- those affecting a broad range of exports -- are better than those narrowly focussed on selected items.

Main Characteristics of Growth

The projections in Table 1 for the group of 10 Latin American countries sum up those prepared for the individual countries on the basis of uniform assumptions about the external environment (e.g., demand in industrial countries, prices of raw material exports, international inflation). Country growth rates reflect growth potentials and strategy, investment and export plans and policies as well as the necessary adjustments in the balance of payments during the projection period. The projections bring out certain key issues to be considered in an export development policy:

(a) A resumption of export growth seems essential for development in the next several years. Exports have become a leading sector in Latin America's growth. And they are fundamental for maintaining countries' abilities to obtain and service adequate levels of external capital. The scenario presented in Table 1 assumes that real growth of total exports can reach 8-10% per annum -- reflecting growth of all major categories (agricultural, mineral and manufacturing); manufactured exports would grow by 10-15% per annum, a good growth rate, but below the super-growth levels (23%) achieved in the early seventies. Terms of trade are projected to improve only marginally for the remainder of the decade. Export growth lower than the projections would depress GDP growth because of the direct impact on the export sector, and the reduced foreign exchange availability; capital inflows would also be adversely affected, thus intensifying the cut in external resources.

(b) The projection assumes that imports can be reduced from 11% of GDP in 1974 and 1975 to rather less than 9% by the late seventies. Decline in the import ratio would seem to be possible, given the possibilities of adjusting to the new external environment (which in some countries has already entailed some real devaluation of the exchange rate) and the plans for import substitution projects, especially in Brazil (e.g., capital goods, fertilizer and steel).

(c) Overall growth would accelerate to 6-7%. Significantly lower growth rates would not be compatible with the objective of improving the living standards of the lowest income groups.

(d) On this basis the external resource gap would decline progressively (from 2.8% in 1975) and turn into a small surplus after 1979. This turn-around, if achieved and sustained, would, of course, be the single most important factor in containing the build-up of external debt. Interest on debt outstanding has risen substantially in the last few years -- because of both the hardening of terms and the higher level of debt -- and is expected to remain a substantial charge on available resources (\$3.5 billion in 1975 and \$7 billion in 1980). In all the build-up of external debt would decelerate in relation to export earnings -- 12% per annum growth in 1975-80 in debt as against 18% in export earnings.

Balance of payments and growth prospects are, of course, highly sensitive to increases in petroleum and mineral production. Without substantial new oil production, countries that are now self-sufficient in oil, or nearly so, would have to increase their imports substantially. Moreover, in most countries other than the petroleum exporters, increased exports of

mineral products will be fundamental for the maintenance of the growth momentum achieved in the past decade. This is, for example, true for Peru and Colombia (phosphate, coal, nickel, copper, and petrochemical developments). These projects will require substantial external capital investment, many of which will not bear fruit until well into the 'eighties. In Brazil both major agricultural export increases (e.g., soya beans) and mineral exports (e.g., iron ore) are key elements in the export growth scenario. Besides Brazil, agricultural exports will play a key role in Argentina, Uruguay, Paraguay, and Colombia. Mineral and agricultural products are essential in supplementing the potential growth of manufactured exports.

#### External Factors Determining Export Growth

Given the uncertainties surrounding any forecast dependent on as many variables as LDC exports, and the poor record of most past projections and forecasts, it is, of course, futile to claim precision for the projections underlying Table 1. Yet, certain identifiable changes in the major factors pinpoint several of the policy features of interest to LDC export growth.

Growth rates in customer countries, further liberalization and shares of LDCs' products in importing markets are crucial external factors.

Official projections suggest that the growth of industrial markets in the late 'seventies would be about the same as the favorable 1971-73

record.<sup>1/</sup> Yet, one can have doubts as to the realism of these projections for planning industrial export policies. The industrial countries are still suffering from higher unemployment and inflation rates than they experienced in the early 'seventies. While inflation at present is lower than in the previous 12 months, concern with further reducing inflation -- continues to be a central element in the policies of major industrial countries. This concern can hardly be considered a passing phenomenon as the persistence of inflation may, in fact, be influenced by deep-seated structural, institutional and social factors: some of the industrial countries appear increasingly to suffer from difficulties in resolving conflicting claims on available resources. In such an environment, attempts to hold back inflation are bound to dampen growth performance. Paradoxically, such restraint on growth is taking place in an environment of higher unemployment than what was experienced in 1960-73.

Even at a somewhat reduced growth rate the combined OECD market would remain a major growth factor for Latin American exports. This is true in particular when account is taken of its large absolute size, the relatively high income elasticity of imports, and the possibility that countries will start exporting new products, e.g., non-electrical machinery, to this market.<sup>2/</sup>

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<sup>1/</sup> The growth rates of the recovery years, 1976 and 1977, are most likely to turn out higher than those of the recession years, 1974 and 1975. For the intermediate term outlook a comparison between 1978-80 and 1971-73 is more meaningful. For these years the actual figures and those projected by OECD are:

	<u>1971-73</u>	<u>1978-80</u>	<u>1981-85</u>
U.S.	4.3	4.8	4.6
Japan	8.7	6.8	6.4
Western Europe	4.2	4.8	4.6
OECD Total	5.1	5.1	4.9

<sup>2/</sup> Based on an analysis of data of manufactured exports of Hong Kong and on studies of the U.S. and West German markets (by M. E. Kreinin and Hans H. Glismann), Donges and Riedel (opt. cit., pp. 38-39) point to an income elasticity of about 3.

Concern with unemployment is bound to make industrial countries more sensitive to increases in imports of labor-intensive products as well as other products where imports offer severe competition to existing domestic industries. Sensitivities of this kind may be important even if the demonstrable employment effects of further import liberalization are small. This may be particularly relevant for the products whose exports grew most rapidly in 1967-73, and in which market shares have increased substantially (viz, clothing, textiles, wood and leather products, electrical machinery<sup>1/</sup>). Only a relatively small group of products (clothing, textiles and electrical machinery) make up close to half of total LDC manufactured exports — and for these import market shares in the major customer countries (U.S. and Japan) can no longer be regarded small. On the other hand, a more basic consideration is the share of imports from LDCs in the total market of the developed countries. These total market shares are still small for most products, although for some of the most rapidly growing LDC export products they have increased significantly in the last decade. LDC exports have progressively displaced imports from developed countries in a dynamic process of adaptation to shifting comparative advantage. In particular, total market shares of LDC's are as yet negligible

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1/ In the U.S. import market LDC shares have increased significantly for several commodities:

	<u>1967</u>	<u>1974</u>
Clothing	40	74
Travel Goods and Handbags	33	68
Wood and Cork Manufactures	38	55
Electrical Machinery	10	45
Textiles	40	45
Leather and Products	24	43

Cf Donald B. Keesing and Phi Anh Plesch, Industrial Countries' Manufactured Imports from Developing Countries, mimeo. IBRD, May 5, 1976, Table 6.



for non-electrical machinery and other capital goods -- products which could be the spearhead of new export growth phase of key LDC's.<sup>1/</sup>

In the 'sixties and early 'seventies, LDC exports benefitted considerably from the Kennedy Round of liberalization of import tariffs and restrictions.<sup>2/</sup> The effects of further trade liberalization may well be slower, in particular, in those categories in which LDC exports in the past 10 years enjoyed the most spectacular growth. Cline and Associates, in a Brookings Institution study, conclude that the present Tokyo Round may result in 60% cuts in tariffs and agricultural non-trade tariff barriers which "would probably increase exports of the developing countries by \$2.5 billion and \$0.5 billion respectively (in 1974 values), raising their annual non-oil export earnings by somewhat more than 3%. Although politically unlikely, a similar liberalization of textiles would add another \$2.3 billion in export gains, raising the total gains from import liberalization to approximately

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<sup>1/</sup> The relatively small total market shares of LDC's and the role of country substitution (imports from LDC's displacing those from developed countries) are emphasized in Juergen B. Donges and James Riedel, The Expansion of Manufactured Exports in Developing Countries: An Empirical Assessment of Supply and Demand Issues, Kiel Institute of World Economics Working Paper No. 49, June 1976.

<sup>2/</sup> Cf J. M. Finger, Effects of the Kennedy Round Tariff Concessions, The Economic Journal, March 1976. This article also points out that the success of manufactured exports from LDC's resulting from the tariff cuts suggests that LDC's benefit from general (m.f.n.) tariff reductions, and that a system of general preferences may not be in their long-run advantage. This conclusion is also stated in the Brookings Institute study quoted below.

6% of non-oil exports.<sup>1/</sup>

A 3-6% effect -- and 3% would seem more certain than 6% -- is only a fraction of the year-to-year total export increase projected for the major Latin American countries in Table 1. On the other hand, the liberalization effect, excluding textiles, computed by Cline and Associates, is equivalent to one entire year growth (12%) projected for total LDC manufactured exports.

Absence of retaliation against vigorous LDC export policies may, for some products, be a more important factor in prospective export growth than new liberalization measures. Given the sizable market shares achieved in some of the most rapidly growing categories, importing countries may be sensitive to further increases. As already noted, this will be particularly true if countries continue to suffer from unusually high unemployment rates.

The major conclusion which emerges is that dynamic growth of manufactured exports will need to be accompanied by continued diversification into new items -- especially those where even the major LDC's (Brazil, Korea, Taiwan) are yet in the very early stages of development.<sup>2/</sup> These new exports -- capital goods, non-electrical machinery and other technologically more complicated products -- will require opening up new lines of production, both for import substitution and export. Once the LDC's manage to

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<sup>1/</sup> William R. Cline, Noboru Kawanabe, T.O.M. Kransjo and Thomas Williams, Trade, Welfare and Employment: Effects of Multilateral Trade Negotiations in the Tokyo Round, Brookings Institution draft, Chapter 7, "Trade Negotiations and the Less-Developed Countries".

<sup>2/</sup> The importance of flexibility in exports is stressed by Hollis B. Chenery in "The Structuralist Approach to Development Policy," The American Economic Review 65, (May 1975), page 314.

enter the markets for these new products, the potential for further growth is very substantial. At present only a small share of the total internal market for industrial equipment is supplied by LDC's. Given their present industrial structure, several LDC's should be able to enter these new production lines -- Brazil and Korea are good examples of countries already preparing themselves for this new phase.

#### Domestic Factors

The favorable turn in trade and exchange policies of Brazil and Colombia initiated in 1968 have since been followed by Argentina, Chile and Uruguay. Mexico also took several measures to encourage exports. Will these policies continue in the face of changed external conditions? On the one hand, since these conditions may remain less favorable to export growth than what they were in the early 'seventies, and competition among LDC's can be expected to intensify in several product lines, export industries in LDC's will press for continuation of outward-looking policies. They will be supported by those concerned with overall growth and creditworthiness. Without clear continuity in policies, export industries will hesitate to make the substantial investments needed to maintain the forward momentum of the past decade. Furthermore, continued absorption of foreign technology seems essential for growth and diversification, especially where it is an important factor in export production and marketing.<sup>1/</sup>

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<sup>1/</sup> Outward-looking policies are "good" for export growth but not necessarily for other objectives, e.g., increasing the lowest incomes and improving income distribution. The consequences of outward-looking policies for employment and real wages are not discussed here. Some of the different views on these policies are mentioned in P. P. Streeten, Trade Strategies for Development: Some Themes for the Seventies, World Development, June 1973.

On the other hand, the changes in external environment may exert pressures on the continuation of outward-looking policies, especially flexible exchange rates, in various ways. The control of inflation has become a much more difficult task than before. In the wake of the 1974-75 recession most Latin American countries will reduce their balance of payments deficits, in part because the net inflow of external capital is bound to recede. Hence, the balance of payments will not exert the same contractionary effect it has in the last two years. At the same time prospects are that external inflation -- the rate at which import prices, especially capital goods, are rising -- will proceed at 5-10% per year.

In this environment -- and most Latin American countries have themselves inflation rates of 20% or more -- continued exchange rate flexibility is the cornerstone of a successful export policy. But this flexibility cannot be taken for granted. When the Government encounters increasing difficulties in containing inflation, and external factors exert an inflationary pressure, the exchange rate adjustments themselves may come to be regarded as part of the forces feeding into the process of continued price inflation. In this respect exchange rate adjustment of various kinds -- mini-devaluations, crawling peg, managed free rates -- have the same disadvantages as universal indexing. They are necessary as a defense against the ill effects of (accelerating) inflation on the balance of payments. But fitting them in a program of containing or reducing inflation will cause steady strain. Only a commitment to enhancing the competitiveness of industry -- and its integration into world markets -- will

make for continued adherence to a policy of preventing overvaluation of the exchange rate.

The adjustments to the changes in the external environment are putting flexible exchange rate policies under pressure in several other ways.

Reductions in imports have, in some countries, been achieved through increases in direct restrictions, increased deposit requirements or higher tariffs. The import cost increases effected outside the exchange rate system indirectly put exports at a disadvantage (e.g., Brazil).

Recovery of major export commodity prices (e.g., coffee and copper) will make the overall balance of payments case for rate adjustments less apparent. Yet given high domestic inflation rates, adjustments continue to be necessary if manufactured exports are to be competitive.

Greater emphasis on resource-based export developments may divert attention from the need for exchange rate flexibility. The economic case for the mineral and other resource-based export projects has been strengthened by external price changes and, in the case of oil importers, by the greater foreign exchange requirements associated with the higher cost of oil. These projects are less dependent on domestic labor and input costs -- in effect they have more of an "enclave" nature -- and hence, the case in favor of exchange rate flexibility seems less evident than it is for manufactured exports.

The next phase of industrialization -- and in fact also export diversification -- in certain countries, e.g., Brazil, Argentina and Mexico,

may involve substantial investment in capital goods industries and other technologically more complicated products. Initially these industries may be primarily oriented toward the domestic market and they may therefore be less interested in the continuation of present export oriented policies.

Defense Against Recession: How Stable is the Growth Path?

The growth profile given in Table 1 does not envisage fluctuations in export demand, prices and volumes. The 1973 oil crisis and the ensuing 1974-75 recession brought major changes in export prospects, price structures, creditworthiness and indicated investment strategies. While Latin America was in a strong position to make the necessary adjustments, and is now resuming once again a stronger growth trend, it may be in a weaker position to face another recession should one strike in the next 3-5 years. Even after the recovery envisaged in the next few years, the countries represented in Table 1 would, in combination, be in a weaker position than they were in 1973:

(a) External debt service would be higher in relation to exports (and the year-to-year increases in exports); and hence countries would be less able to obtain private compensatory finance;

(b) Imports would be lower in relation to GDP and hence less "compressible", i.e., import reductions might more quickly affect growth;

(c) Reserves might be lower in relation to imports;

(d) Industrial countries may be pursuing less liberal import policies, particularly for those categories which increased most rapidly in 1971-75.

Without speculating whether or not in the years ahead the external environment will be more or less stable than it has been in the past ten years, it would seem wise for the Latin American countries to include, in their planning, external recessions as one of the problems against which to protect themselves.<sup>1/</sup> One way, perhaps the most effective way, to do this will be to direct exports to the most stable and rapidly growing markets. Normally, one would expect that more rapid growth will make it easier to cope with external fluctuations. In turn, trade among more rapidly growing countries may be subject to less severe reductions or decelerations than trade with slower growing groupings subject to recessions. On the present world scene it would seem that OPEC and the Latin American Region itself are among the more rapidly growing groups and hence should be important export markets. This paper leaves aside the question of expanding trade with the non-Latin OPEC countries. It has already been observed that the OECD market will continue to be a major factor in Latin America's export growth, particularly if countries start exporting non-electrical machinery and other capital goods to this market. The next section explores to what extent regional trade can contribute to the growth and stability of Latin American exports.

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<sup>1/</sup> The arguments, especially those under (a) and (b) above would of course be weakened should growth first exceed the rates projected in Table 1.

### III Intra-regional Exports

The regional arrangements -- LAFTA, the Central American Common Market, the Caribbean Free Trade Association and the Andean Group -- have attracted very considerable attention over the years. The first two of these, at least, exerted a considerable initial impact in the 'sixties. The liberalization measures of the Andean Group did, however, have their initial impact in the early 'seventies: but further encouragement of trade -- and investment -- must await the resolution of crucial issues in the treatment of foreign investment, and agreements on the level of the common external tariff and regional industrial programming. The Andean Group will have to find common ground, in the interest of all, among the divergent economic philosophies of its members. Prospects are that progress will be slow at best -- and that it will need to be encouraged by a common political concern. Yet, even if slow, it could make, eventually, a significant contribution to the development of all members. Only in combination can they begin to form a market of sufficient size for the technologically more complicated industries which constitute the cornerstone of the next major phase of LDC export development.<sup>1/</sup>

With growth rates for Latin America projected some 40-50% above those for the OECD, exports to the Region should necessarily assume a special place in any country's strategy. What has happened to regional exports, especially of manufactured goods, and what can realistically be done to encourage them?

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1/ The difficult problems and issues confronting the smaller economies of Central America and the Caribbean are not considered in this paper.



Regional Export Trends 1968-73

While exports of manufactured goods to all destinations, as well as exports to the Region, increased rapidly, the latter generally tended to lag behind those to industrial countries. Hence, while in 1962-68 Latin American exports within the Region grew more rapidly than exports to all destinations, the situation was reversed in 1968-73:

Latin American Manufactured Exports<sup>1/</sup>  
(Annual Growth Rates)

	<u>All Destina- tions</u>	<u>To Latin America</u>
1962-67	31.9	34.1
1967-68	21.2	22.7
1968-73	39.8	32.0

Hence, for Latin American exports of manufactures, the share going to LAFTA tended to shrink in 1968-73. For all LAFTA exports, this share declined from 35.7% in 1968 to 26.8% in 1973.<sup>2/</sup> From the data presented, it appears that the decline in LAFTA shares during this period was quite general, i.e., it occurred in the exports of the major commodity categories, --

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<sup>1/</sup> Data for 1962-67 and 1967-68 from Hollis B. Chenery and Helen Hughes, Industrialization and Trade Trends: Some Issues for the 1970's, Table 1-5; in Prospects for Partnership, Industrialization and Trade Policies in the 1970's, Edited by Helen Hughes, World Bank and the Johns Hopkins University Press, 1973. Data for 1968-73 for LAFTA countries only, Table 2 and Annex Table 1.

<sup>2/</sup> Table 2 and Annex Tables 1 through 6 give data for all manufactured exports and major SITC sub-categories for all LAFTA, Argentina, Brazil, Colombia and Mexico. Annex Table 5 presents data on Colombian exports to the Andean sub-region. The direction of manufactured exports for LAFTA and Argentina, Brazil, Colombia and Mexico is shown in Table 3.

the main exception being exports of chemicals<sup>1/</sup>.

(a) Brazil's manufactured exports grew most rapidly (52.2% average annual growth in current dollars compared with 39.8% for all LAFTA) and its LAFTA shares fell most (by 43.2% compared with 24.9% for all LAFTA)<sup>2/</sup>

(b) For the three largest countries, which also have relatively more developed industrial structures (Argentina, Brazil and Mexico), exports of machinery and automotive equipment grew relatively more rapidly than other sub-categories, with the exception of "miscellaneous" exports from Brazil and Colombia.

(c) For the category Machinery and Automotive Equipment, and for Miscellaneous Products, the more rapid was the growth of exports to all destinations, the sharper tended to be the decline in the shares going to LAFTA.

There are two noteworthy exceptions where shares going to the region increased: Brazilian exports of motor vehicles (the LAFTA share increased from 61.8% in 1968 to 87.1% in 1973) and Colombian exports of machinery and transport equipment going to LAFTA and to the Andean group (the LAFTA share increasing from 55.7% to 62.7%). The share of Colombia's non-coffee exports (agricultural

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<sup>1/</sup> Chemicals make up the smallest of the 4 sub-categories studied -- accounting for 1.6% of total exports in 1968 and 2.0% in 1973. LDC exports of chemicals to industrial countries tended to lag behind other LDC manufactured exports: import of chemicals of fifteen industrial countries from LDC's increased by 15.4% per annum in 1967-73 as against 30.0% for all manufactures. Similarly, the share of U.S. imports of chemicals and compounds from LDC's declined from 31% in 1967 to 19% in 1973, and 21% in 1974 as against an increase for miscellaneous manufactures from 19.5% in 1967 to 26.6% in 1973, and 32.3% in 1974. (Cf Keesing and Plesch opt. cit., Tables 3 and 6)

<sup>2/</sup> Tyler (opt. cit., page 270) also observes that LAFTA's importance as a determining force and stimulant of Brazilian manufactured exports has been curtailed since 1967.

and manufactured) to the Andean Group also increased from 11.6% to 15.2%.<sup>1/</sup>

As can be expected, intra-regional trade is most important where location and geography favor trade with neighboring countries. Around half of Argentine manufactured exports goes to LAFTA -- and this share even increased in the period for all manufactures and for three of the four sub-categories.<sup>2/</sup> On the other hand, the share of Mexican exports going to LAFTA is small and it declined from 18% to 11%.

#### What Prospects for the Future?

Even after noting the exceptions, and they are important, the conclusion remains that the pull of trade with an increasingly integrated world market was stronger than the pull exerted by demand within the Region. Perhaps one should say that given the dynamic increase in manufactured exports to the industrial countries, it is amazing that exports within the Region performed as well as they did. It is possible that in the two recession years, 1974 and 1975, the shares of exports going to LAFTA increased somewhat -- as demand in the Region suffered declines less steep than those in the industrial countries. However, over the next several years these same forces pulling Latin America into a broader world market are likely to remain strong. This will be especially marked if the relatively more developed Latin countries succeed in entering industrial country markets for machinery and other techno-

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<sup>1/</sup> Of Colombia's exports to the Andean Group in 1974 only 10% was covered by the liberalization program (Information from F. Thoumi, based on unpublished Incomex data).

<sup>2/</sup> A closer inspection of Argentina's exports indicates that for several of the most rapidly growing items, the LAFTA share actually did decline -- as in the case of similar categories in the other countries -- e.g., paper and paper-board, textiles yarn and thread, agricultural machinery and machines n.e.s. non-electrical. It is also worthwhile noting that even in Argentina the share of miscellaneous exports to LAFTA decreased sharply. Cf Annex Table 2.

logically more complicated products. Moreover, interdependence with the industrial countries will also be enhanced by the development of resource-based exports which, it has been noted, are expected to be important for certain countries (e.g., Peru and Colombia).<sup>1/</sup>

Given the strong interdependence with the rest of the world, there is a clear need for adequate compensatory financing mechanisms to help as an offset against the effects of external fluctuations and recessions. These mechanisms will make possible the development of export production along the most economic lines -- and without undue subsidization burdens or intra-regional protection. Yet, given the imperfections which are likely to remain in any system of compensatory arrangements, it would seem desirable that regional export measures counteract the extra-regional forces which have exerted themselves strongly since the late 'sixties. These measures must necessarily be different in nature, in various countries, allowing for considerable variations in the importance of exports to the region. In 1973, Argentina exported 56% of its manufactured goods to LAFTA and Central America, compared with 15% for Mexico.

The development of exports to the Region will necessarily have to exploit the considerable differences in natural endowments existing among some countries. Agricultural and food exports may, therefore, be at least as important as manufactured exports in increasing regional trade -- as is evident from the experience of Colombia which significantly increased its share of non-

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<sup>1/</sup> The integration of Latin America into the World Economy is the special focus of Latin America, A Broader World Role by Adalbert Krieger Vasena and Javier Pazos, London, 1973.

coffee agricultural exports to the Andean sub-region. Once again, this point stresses the importance of having incentive measures addressed to a broad range of items, both agricultural and manufactures.

A further measure needed to increase regional exports is a strengthening of the complementarity of export production. This gives special importance to the efforts at coordination of investment in certain key industries within the Andean sub-region. Assuming it is carried out without excessive intra-regional protection, industrial programming may, at least over the longer term, make an equally important contribution to export development as liberalization of existing barriers. To be successful, industrial coordination of this type will require direct assistance from national governments and international finance, both public and private, in addition to receiving the necessary price incentives.



TABLE I

GROWTH, BALANCE OF PAYMENTS AND DEBT: ARGENTINA, BOLIVIA, BRAZIL, CHILE, COLOMBIA, CUBA, GUATEMALA, JAMAICA, MEXICO, PERU

	Estimated Actual				Projected			
	1971	1972	1973	1974	1977	1978	1979	1980
<b>MACRO-ECONOMIC PARAMETERS</b>								
C.D.F. Growth	7.9	7.6	0.3	7.3	2.9	3.2	6.0	6.9
Export Growth	3.1	7.9	5.7	1.1	-1.9	9.2	10.0	9.0
(Manufactured Export Growth)	16.3	29.7	31.3	0.3	6.1	11.5	12.5	13.0
<b>RATIOS</b>								
Resource Gap/C.D.F. (%)	1.4	1.1	0.5	2.6	2.0	0.7	0.3	-0.3
Investment/C.D.F. (%)	20.0	21.7	21.1	23.0	21.0	21.0	22.1	22.0
Domestic Savings/Investment (%)	93.9	95.1	97.0	93.1	93.3	96.6	93.0	93.2
Incremental Capital Output	2.6	2.7	2.6	1.4	3.3	3.9	3.4	3.2
Imports/C.D.F. (%)	10.3	10.1	9.3	10.3	9.3	9.7	9.7	9.7
Marginal Savings (%)	23.6	60.2	18.8	26.9	-40.0	61.6	37.2	39.0
<b>TERMS OF TRADE (1967-69 = 100)</b>								
Export Price Index	109.4	119.9	130.0	204.9	200.0	234.0	237.0	236.3
Import Price Index	110.0	121.0	107.6	197.2	215.2	231.1	270.4	292.9
Terms of Trade Index	98.0	99.1	107.0	109.7	95.7	93.5	93.0	96.1
<b>BALANCE OF PAYMENTS (\$ million)</b>								
Export (Goods + S.F.S.)	12,919.5	13,261.0	21,267.2	20,364.3	27,079.2	27,306.5	64,934.0	61,590.3
Import (Goods + S.F.S.)	14,921.2	17,062.3	22,207.4	36,040.6	37,249.1	37,699.3	64,240.2	59,659.9
Resource Balance	-2,001.7	-1,600.7	-1,040.2	-8,486.3	-10,048.9	-9,393.2	-1,319.2	1,830.4
Other Services (net)	-1,528.0	-1,970.6	-3,371.6	-3,022.0	-4,380.0	-5,395.0	-7,323.3	-6,620.3
(Interest net)	-1,103.5	-1,372.3	-1,256.7	-2,196.6	-3,543.9	-5,371.7	-6,141.0	-7,006.0
Current Account Balance	-3,601.7	-2,679.2	-2,611.6	-11,519.1	-14,316.9	-9,670.6	-6,437.1	-6,749.1
Amortization	-2,438.0	-2,848.5	-3,786.2	-3,980.0	-6,399.1	-5,164.0	-6,842.3	-11,420.7
Capital Required	6,049.7	6,623.0	7,198.0	13,599.7	10,326.0	16,570.1	17,280.2	10,216.0
<b>FINANCING (\$ million)</b>								
Official Sources (Gross)	1,136.0	1,371.0	1,708.3	2,126.9	2,033.6	2,040.0	3,200.7	3,054.0
(Net)	690.1	937.0	1,165.9	1,466.0	1,704.0	1,761.9	2,076.0	2,326.1
Bilateral	429.0	509.9	576.7	769.9	641.0	1,195.3	1,620.7	1,536.2
Multilateral	269.1	431.1	589.2	676.7	544.8	566.6	648.1	589.9
Private Sources (Gross)	3,609.0	6,118.3	7,622.9	11,221.9	11,597.2	10,971.3	11,698.4	12,351.7
(Net)	1,418.9	2,609.6	4,107.7	7,931.6	0,213.7	6,016.4	4,089.0	2,621.7
Supplinary	162.0	269.9	438.0	831.6	919.0	1,166.5	1,351.9	1,365.9
Financial	1,320.0	3,316.0	3,623.1	6,500.9	7,322.6	5,208.4	2,658.5	2,111.3
Bondo	85.1	164.6	19.9	36.4	204.7	243.5	120.3	67.4
Other	-30.0	-161.7	-113.5	-60.9	-79.0	-66.0	-69.1	-71.0
Direct Investment	576.0	677.3	1,662.1	1,546.0	2,122.9	2,130.6	3,001.4	3,453.7
Other Capital n.o.l.	893.3	1,179.0	-501.5	-223.7	-299.7	-800.1	131.3	164.7
Reserve Change (- = increase)	29.2	-2,722.0	-3,033.4	830.6	2,331.9	1,420.3	-859.9	-1,790.7
<b>EXTERNAL DEBT (\$ million)</b>								
Debt Outstanding + Disbursement Total	17,659.0	22,746.0	29,019.9	37,070.3	47,309.0	56,409.0	70,226.0	82,220.1
Debt Service	3,603.5	6,316.0	5,642.9	6,277.2	7,053.0	10,001.2	16,593.9	18,438.7
Amortization	-2,438.0	-2,848.5	-3,786.2	-3,980.0	-6,399.1	-5,164.0	-6,842.3	-11,420.7
(Official)	640.5	434.0	542.6	609.3	847.4	1,086.1	1,218.9	1,341.0
(Private)	1,991.5	2,500.7	3,264.6	3,250.7	3,601.7	4,920.9	7,621.0	9,897.8
Interest	-1,169.5	-1,372.3	-1,256.7	-2,196.6	-3,543.9	-5,371.7	-6,141.0	-7,006.0
(Official)	295.4	325.3	410.1	511.1	673.4	761.6	924.2	1,079.0
(Private)	870.1	1,647.0	1,466.6	1,705.6	2,070.5	4,095.6	5,245.2	5,738.6
Debt Service Ratio (%)	27.9	28.3	26.6	22.1	20.2	31.4	33.3	30.0

Table 2

**EXPORTS TO LAFTA AS PERCENTAGE OF EXPORTS TO ALL DESTINATIONS  
FOR TOTAL LAFTA, ARGENTINA, BRAZIL, COLOMBIA AND MEXICO  
(1968 and 1973)**

	Exports to LAFTA (%)			Average Annual Growth of Exports
	1968	1973	% Change in Share	(1968-1973)
<b>LAFTA</b>				
Manufactured Products	35.7	26.8	-24.9	39.8
Basic & Miscellaneous Manufactures	32.2	20.4	-36.6	40.5
Chemicals	27.1	39.3	45.0	21.2
Machinery & Transport Equipment	58.6	34.1	-41.6	54.0
<b>ARGENTINA</b>				
Manufactured Products	47.3	53.9	12.7	34.5
Basic Manufactures	34.7	38.0	9.5	38.0
Chemicals	35.5	50.7	42.8	13.6
Machinery & Transport Equipment	71.0	77.4	9.0	48.0
Miscellaneous Manufactures	60.3	37.9	-45.5	32.8
<b>BRAZIL</b>				
Manufactured Products	45.6	25.9	-43.2	52.2
Basic Manufactures	44.1	18.5	-58.0	47.8
Chemicals	14.1	24.1	70.9	32.3
Machinery & Transport Equipment	70.4	49.2	-30.1	49.2
Miscellaneous Manufactures	37.0	14.8	-60.0	111.2
<b>COLOMBIA</b>				
Manufactured Products	28.0	22.2	-20.7	41.9
Basic Manufactures	19.3	12.2	-36.8	41.7
Chemicals	51.3	60.7	18.3	42.5
Machinery & Transport Equipment	55.7	62.7	16.8	34.5
Miscellaneous Manufactures	20.5	21.6	-24.2	78.5
<b>MEXICO</b>				
Manufactured Products	18.3	11.4	-37.7	37.3
Basic Manufactures	9.5	4.7	-50.5	26.8
Chemicals	21.1	25.0	18.5	19.8
Machinery & Transport Equipment	24.3	9.7	-60.1	66.3
Miscellaneous Manufactures	27.0	12.8	-52.6	20.1

Note: SITC Nomenclature

(5 through 8 minus 68) Manufactured Products

(5) Chemicals: Chemical Elements, Compounds, Dyes, Perfumes, Fertilizer, Plastics, Pesticides.

(6 minus 68) Basic Manufactures: Leather, Rubber Art., Wood & Cork Manufactures, Veneers, Plywood, Paper, Textile Yarn Natural and Synthetic, Cement, Glass, Iron & Steel, Metal Tools & Structures.

(68) Non-Ferrous Metals: Silver, Platinum, Aluminum, Copper, Nickel, Lead, Zinc Manufactures.

(7) Machinery & Transport Equipment: Boilers, Steam Engines, Aircraft Engines, Turbines, Harvest & Threshing Machinery, Tractors, Office Machines, Metal Work Machines, Industrial Machinery, Pumps, Appliances, Telecommunications, Electric Machines & Tools, Railway Vehicles, Road Motor Vehicles, Aircrafts, Ships.

(8) Miscellaneous Manufactures: Lighting Fixtures, Furniture, Travel Goods, Clothing, Footwear, Professional Scientific and Controlling Instruments, Musical Instruments, Printed Matter, Articles of Artificial Plastic, Toys, Jewelry, Works of Art, Artisanry.

Source: Based on U.N. Commodity Trade Statistics (1968-1973)



TABLE 3

LATIN AMERICA, SPAIN, COLOMBIA AND KENYA: DIVISION OF INVESTMENTS RECEIVED, 1950 AND 1974

	1950		1974		1950		1974		1950		1974	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>WORLD TOTAL</b>	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
I <b>Developed Economies</b>	56.0	45.2	40.5	40.7	72.3	59.0	37.5	37.5	37.5	37.5	37.5	37.5
1) U.S.A.	30.2	25.7	27.3	26.6	62.7	54.6	12.5	12.5	12.5	12.5	12.5	12.5
2) Western Europe <sup>1/</sup>	16.3	10.3	11.0	10.1	6.0	10.0	19.0	19.0	19.0	19.0	19.0	19.0
3) Other Developed Economies <sup>2/</sup>	9.5	1.0	3.3	4.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
II <b>Developing Economies</b>	44.2	50.9	59.5	69.0	27.5	35.7	37.9	37.9	37.9	37.9	37.9	37.9
1) Latin <sup>3/</sup>	39.7	47.9	49.6	49.0	10.3	26.0	33.3	33.3	33.3	33.3	33.3	33.3
- Argentina	-	23.9	0.8	23.0	16.3	26.0	26.0	26.0	26.0	26.0	26.0	26.0
2) Caribbean <sup>4/</sup>	-	0.3	-	6.6	3.0	-	1.0	1.0	1.0	1.0	1.0	1.0
3) Caribbean <sup>5/</sup>	-	9.1	-	17.4 <sup>6/</sup>	6.2	-	0.2	0.2	0.2	0.2	0.2	0.2
4) Other Developing Economies <sup>7/</sup>	6.3 <sup>8/</sup>	3.2	6.0 <sup>9/</sup>	17.4 <sup>6/</sup>	6.3 <sup>8/</sup>	0.0 <sup>10/</sup>	3.0	3.0	3.0	3.0	3.0	3.0
III <b>Central Planned Economies<sup>11/</sup></b>	1.3	3.6	3.3	0.3	0.2	2.0	0.5	0.5	0.5	0.5	0.5	0.5

1/ Excludes Canada, Japan, Korea, Australia, New Zealand and other developed economies of Asia & Africa  
 2/ All developed economies of Asia, Africa, Europe & Oceania  
 3/ Includes Socialist countries of Eastern Europe and Asia  
 4/ Latin America Free Trade Association: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru, Venezuela  
 5/ Andean Group: Bolivia, Chile, Colombia, Ecuador, Peru, Venezuela  
 6/ Central American Common Market: Costa Rica, El Salvador, Guatemala, Nicaragua  
 7/ Caribbean: Antigua, Bahamas, Barbados, Belize, Guyana, Suriname, Trinidad & Tobago, etc.  
 8/ Includes CACM and the Caribbean  
 9/ Excludes the Caribbean  
 10/ Excludes the Caribbean  
 11/ Excludes the Caribbean

SOURCE: - U.S. Commodity Trade Statistics (1950-1973)  
 - UNITED INTERNATIONAL TRADE & DEVELOPMENT STATISTICS: 1976



ANNEX TABLE 1

EXPORTS FROM LAFTA COUNTRIES TO THE LAFTA REGION<sup>1/</sup>

SITC Classification	SITC Code	Composition of Exports to all Participants		Composition of Exports to LAFTA		Exports to LAFTA as Percentage of Total Exports <sup>2/</sup>		Average For Annual Growth of Exports to LAFTA		Average For Annual Growth of Exports to LAFTA	
		1958	1973	1958	1973	1958	1973	1958-1973	1970-1973	1958-1973	1970-1973
<b>TOTAL EXPORTS</b>		10,390	22,150	100.00	100.00	100.00	100.00	10.0	23.1	16.4	20.5
I. Manufactured goods	0,1,2,3,4,5,6,7,8	675	3,595	6.5	16.2	24.0	36.0	35.7	31.6	39.0	43.3
1) Basic and Miscellaneous Manufactures	5,6,7,8, -60	360	2,080	3.7	9.6	12.0	17.0	32.2	20.2	60.5	66.0
2) Chemicals	3	170	645	1.6	2.0	6.6	7.3	27.1	33.0	21.2	25.5
3) Machinery and Transport Equipment	7	125	1,070	1.2	4.0	7.2	13.2	58.4	34.1	54.0	51.5
II. Non-Manufactured Goods	0,1,2,3,4,58	9,710	18,120	93.5	82.1	75.7	58.6	7.9	17.9	13.4	17.0
1) Food Items	0-1+2+4	3,080	8,600	31.6	38.8	37.1	29.5	9.4	19.6	17.2	20.1
2) Agricultural Raw Materials	2-(2+27+28)	910	1,120	8.8	5.3	13.4	6.0	14.8	1.5	5.7	9.5
3) Crude Fertilizers & Minerals, Metalliferous Ores & Metals Scrap	37+28	750	1,510	7.2	6.0	1.2	2.0	1.4	31.3	15.0	11.0
4) Mineral Fuels, Lubricants and Related Materials	3	3,010	5,650	29.0	25.6	16.3	16.8	5.5	10.7	13.5	22.7
5) Non-Ferrous Metals	68	1,150	1,240	11.1	5.6	7.7	4.4	6.0	0.1	1.5	-1.1

<sup>1/</sup> LAFTA: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Paraguay, Peru, Uruguay, Venezuela.

SOURCE: Based on U.P. Commodity Trade Statistics (1958-1973)  
UNCTAD International Trade & Development Statistics (1976)

ANNEX TABLE 2  
I/  
EXPORTS FROM ARGENTINA TO LAFTA

SITC Classification	SITC Code	Composition of Exports to all destinations (US\$ thousand)		Composition of Exports to all destinations		Composition of Exports to LAFTA		Exports to LAFTA as Percentage of Total By Category		Average Per Annum Growth of Exports to LAFTA		Average Per Annum Growth of Total Exports	
		1968	1973	1968	1973	1968	1973	1968-1973	1970-1973	1950-1973	1970-1973	1950-1973	1970-1973
<b>TOTAL EXPORTS</b>	0,1,2,3,5,6,7,8,9	1,367,865	3,266,003	100.00	100.00	100.00	100.00	26.7	26.6	18.7	29.5	19.0	22.5
I. Manufactured Goods	546740-68	155,923	730,103	12.1	22.6	23.2	40.0	67.3	53.3	37.7	26.0	36.5	63.7
1) Chemicals	5	49,929	94,696	3.7	2.9	3.1	6.0	35.5	50.7	22.0	20.5	13.6	19.6
2) Basic Manufactures including Non-Ferrous Metals	6-68	57,711	285,060	4.2	8.8	5.9	13.7	36.7	38.0	60.5	63.1	28.0	40.5
a) Leather	611	17,155	91,551	1.3	3.0	0.04	0.5	0.7	4.6	103.0	231.0	61.5	60.5
b) Paper and Paperboard	641	660	11,700	0.1	0.3	0.1	0.8	62.6	57.6	70.0	58.0	76.0	101.0
c) Textiles Yarn and Thread	651	513	14,538	0.04	0.5	0.05	0.5	31.8	25.6	66.7	61.3	55.0	130.8
d) Iron and Steel Shapes	673	14,283	71,382	1.0	2.2	1.2	3.7	28.2	41.6	69.6	60.2	38.3	65.3
3) Machines and Transport Equipment	7	35,842	254,944	2.6	7.8	7.5	24.8	71.0	77.4	50.5	59.0	42.0	63.5
a) Agricultural Machinery	712	2,337	21,632	0.2	0.7	0.7	2.6	95.1	65.0	53.0	33.5	35.0	60.6
b) Office Machines	714	11,680	32,274	0.9	1.0	1.4	2.2	40.3	53.6	29.6	17.7	22.5	36.6
c) Machine n.s.o. Non-Electrical	719	4,191	41,643	0.3	1.3	1.1	4.1	88.1	70.6	56.0	55.0	18.3	50.2
d) Electrical Machinery n.s.o.	729	1,846	10,895	0.1	0.3	0.4	0.8	36.5	59.2	38.9	37.0	49.2	58.0
e) Food Motor Vehicle	732	4,284	86,719	0.3	2.7	1.1	9.9	68.3	90.6	83.5	107.6	82.5	109.0
4) Miscellaneous Manufactured Goods	8	22,441	92,603	1.6	2.8	6.5	4.3	68.3	37.2	17.0	26.0	32.0	35.1
a) Clothing not of Fur	841	2,516	13,061	0.2	0.6	-	0.1	-	3.4	-	26.3	39.0	69.0
b) Fur, etc. Cloth Prod.	842	1,266	14,911	0.1	0.5	-	-	-	-	-	-	63.0	8.3
c) Footwear	851	176	20,284	0.01	0.6	-	-	-	0.6	-	-	-	-
d) Printed Matter	892	15,251	26,373	1.1	0.8	3.7	2.5	81.5	81.3	9.0	17.4	9.9	17.6
II. Recycled	0-14231-4-6849	1,201,942	2,513,900	87.9	77.6	76.8	51.2	21.6	16.1	9.7	16.5	16.3	16.5
a) Meat Fresh, Chilled	011	206,948	639,592	15.0	19.6	3.9	4.3	6.5	5.4	21.0	29.6	25.6	28.0
b) Wheat, etc., unmilld	041	139,085	273,775	10.2	8.4	28.0	16.9	60.1	69.2	7.3	23.6	14.5	29.6
c) Cereals n.s.o. unmilld	045	45,687	200,488	3.3	6.1	0.7	3.6	5.0	14.2	65.3	70.0	24.3	26.5
d) Sugar and Honey	061	17,356	197,959	1.3	3.2	0.6	2.0	10.4	13.5	54.2	103.1	62.0	63.0
e) Wool and Animal Hair	262	111,296	186,202	8.1	5.8	3.5	1.2	10.7	5.2	(2.0)	(11.0)	11.1	28.5

I/ LAFTA: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela

SOURCE: Based on U.N. Commodity Trade Statistics

ANNEX TABLE 3  
I/  
EXPORTS FROM BRAZIL TO LATIA

SITC Classification	SITC Code	Composition of Exports to all Destinations (US\$ thousand)		Composition of Exports to LATIA		Exports to LATIA as Percentage of Total Exports by Commodity		Average Per Annum Growth of Exports to LATIA		Average Per Annum Growth of Total Exports			
		1969	1972	1969	1972	1969	1972	1969-1972	1970-1972	1969-1972	1970-1972		
<b>TOTAL EXPORTS</b>	0,1,2,3,4,5,6,7,8,9	1,001,316	6,199,192	100.00	100.00	100.00	100.00	10.3	9.0	23.5	22.9	27.0	31.5
<b>I. Manufactured Exports</b>	(5-9)-80	122,680	1,216,210	0.1	19.6	36.1	35.6	65.6	25.9	39.2	30.2	52.2	49.0
1) Chemicals	5	27,052	109,785	1.0	1.0	2.0	6.7	24.1	24.1	57.9	45.0	32.3	41.5
2) Basic Manufactures excluding Non-ferrous Metals	6-60	79,912	357,065	6.3	9.0	18.2	10.5	44.1	18.5	23.9	15.9	47.8	39.6
3) Machines and Transport Equipment	7	41,095	303,042	2.2	6.9	15.0	25.0	70.5	49.2	30.9	33.2	49.2	46.1
a) Electrical and Non-Electrical Machines	71+72	37,321	219,472	2.0	3.5	14.6	19.1	75.7	66.1	29.0	30.2	42.5	30.7
b) Road Motor Vehicles	732	972	61,607	0.1	1.0	0.3	0.8	61.0	87.1	139.0	112.4	325.2	65.6
4) Miscellaneous Manufactured Goods	8	4,622	243,609	0.9	4.0	0.9	5.3	37.0	14.0	05.0	05.0	111.2	130.8
a) Clothing	84	462	80,602	0.02	1.4	-	3.2	-	20.2	-	193.3	186.2	208.8
b) Footwear	851	650	53,678	0.02	1.3	-	0.1	-	0.5	-	-	150.7	184.4
<b>II. Other Exports</b>	(0-4)+9+60	1,728,676	4,982,974	91.9	80.4	63.9	63.4	7.1	6.9	14.6	14.0	23.7	38.0
1) Food and Live Animals	0	1,212,595	3,053,065	66.5	69.2	31.0	16.6	5.0	3.0	0.8	0.2	20.2	24.4
2) Beverages and Tobacco	1	20,676	65,949	1.1	1.1	0.5	1.3	6.9	10.7	67.5	60.1	26.3	24.2
3) Crude Materials excluding Fuels	2	431,010	1,431,085	22.9	23.5	20.0	17.6	13.4	6.7	13.0	12.6	27.5	31.0
4) Mineral Fuels, etc.	3	638	63,564	0.03	1.4	0.2	1.3	61.9	21.9	113.1	109.2	363.1	73.5
5) Mineral, Vegetable Oil, Fat	4	51,801	134,270	2.8	2.1	0.3	1.8	30.2	3.0	39.2	39.5	30.2	42.1
6) Goods not classed by line	9	11,612	119,029	0.6	1.9	1.6	2.3	23.7	10.9	36.5	8.7	50.0	67.5
7) Non-ferrous Metals	60	621	11,504	0.02	0.2	0.1	0.0	50.6	34.6	29.0	9.6	95.0	27.5

I/ LATIA: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela.

Source: Based on U. R. Commodity Trade Statistics.

ANNEX TABLE 4  
1/  
EXPORTS FROM COLOMBIA TO LAFTA

SITC Classification	SITC Code	Composition of Exports to all Destinations (US\$ thousand)		Composition of Exports to all Destinations (%)		Composition of Exports to LAFTA (%)		Exports to LAFTA as Percentage of Total by Categories		Average Per Annum Growth of Exports to LAFTA		Average Per Annum Growth of Total Exports	
		1968	1973	1968	1973	1968	1973	1968	1973	1968-1973	1970-1973	1968-1973	1970-1973
<b>TOTAL EXPORTS</b>	0,1,2,3,4,5,6,7,8,9	558,278	1,175,512	100.00	100.00	100.00	100.00	6.1	9.5	27.0	6.7	16.1	17.6
<b>NON-COFFEE EXPORTS</b>	(0-9)-07	206,804	577,584	37.0	49.1	88.6	92.2	14.6	17.8	27.8	15.9	22.8	29.0
<b>I. Manufactured Goods</b>	(5-8)-68	53,334	307,311	9.6	26.1	63.7	61.1	28.0	22.2	35.5	58.5	41.9	73.8
1) Chemicals	5	8,621	35,647	1.5	3.0	12.9	19.4	51.3	60.7	38.0	51.5	42.5	60.0
2) Basic Manufactures excluding Non-Ferrous Metals	6-68	35,921	205,464	6.4	17.5	20.3	22.4	19.3	12.2	29.2	62.7	41.7	76.0
a) Leather, Dressed Fur . . .	61	3,510	18,502	0.6	1.6	0.3	-	3.3	2	-	-	39.7	48.2
b) Textile Yarn, Fabric	65	9,304	54,250	1.7	4.6	3.4	3.6	12.4	7.5	28.8	70.0	42.3	62.0
3) Machines and Transport Equipment	7	4,166	17,719	0.8	1.5	6.6	9.9	53.7	62.7	37.8	55.5	34.5	47.0
a) Machinery; Electric and Non-Electric	71+72	3,907	14,903	0.7	1.3	6.6	7.9	57.2	59.2	31.7	50.0	30.7	45.0
4) Miscellaneous Manufactured Goods	B	4,639	48,482	0.8	4.1	3.8	9.4	28.5	21.6	31.2	68.0	78.5	97.5
a) Clothing	84	515	19,221	0.1	1.6	0.3	2.3	21.6	13.2	87.0	-	105.5	160.0
<b>II. Other Exports</b>	(0-4)+9+68-07	153,470	270,273	27.4	23.0	44.9	31.1	10.0	12.7	17.8	(11.0)	12.0	9.4
a) Meat and Preparations	01	1,471	40,945	0.3	3.3	3.4	3.7	79.5	15.4	40.0	103.6	94.0	105.5
b) Fish and Preparations	03	3,195	10,685	0.6	0.9	-	-	-	-	-	-	27.2	30.3
c) Cut Flowers, Foliage	292.7	277	8,415	0.1	0.7	-	-	-	-	-	-	97.5	105.0

1/ LAFTA: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela

Source: Based on U.N. Commodity Trade Statistics

ANNEX TABLE 5

EXPORTS FROM COLOMBIA TO THE ANDEAN GROUP

SITC Classification	SITC Code	Composition of Exports to all Destinations (US\$ Thousand)		Composition of Exports to the Andean Group (%)		Exports to the Andean Group as Percentage of Total by Category	Average Per Annum Growth of Exports to the Andean Group		Average Per Annum Growth of Total Exports	
		1968	1973	1968	1973		1968-1973	1970-1973		
TOTAL EXPORTS	0,1,2,3,4,5,6,7,8,8	558,278	1,175,512	100.00	100.00	4.3	7.5	29.6	16.1	17.6
NON-COFFEE EXPORTS	(0-9)-07	206,804	577,584	37.0	49.1	11.6	15.2	28.6	22.8	29.8
I. Manufactured Goods	(5-8)-68	53,334	307,311	9.6	26.1	19.9	18.3	39.5	41.9	73.8
1) Chemicals	5	8,621	35,667	1.5	3.0	37.2	63.4	36.9	42.5	60.0
2) Basic Manufactures excluding Non-Ferrous Metals	6-68	35,921	205,464	6.4	17.3	11.8	10.9	30.3	41.7	76.0
a) Leather, Dressed Fur	61	3,510	10,502	0.6	1.6	-	-	-	39.7	48.2
b) Textile Yarn, Fabric	65	9,304	56,250	1.7	4.6	8.6	5.8	31.3	42.3	62.0
3) Machines and Transport Equipment	7	4,166	17,719	0.8	1.5	50.1	57.0	37.1	34.5	47.0
a) Machinery: Electric and Non-Electric	71-72	3,907	14,803	0.7	1.3	53.4	52.5	30.3	30.7	45.0
4) Miscellaneous Manufactured Goods	8	4,639	46,402	0.8	4.1	22.7	16.8	50.7	70.5	97.5
a) Clothing	84	515	19,221	0.1	1.6	-	9.4	-	106.5	160.0
II. Other Exports	(0-4)+9-88-07	153,470	270,273	27.4	23.0	8.7	11.7	19.0	12.0	9.4
a) Meat and Preparations	01	1,471	40,945	0.3	3.5	79.5	35.4	40.2	84.0	105.5
b) Fish and Preparations	03	3,195	10,685	0.6	0.9	-	-	-	27.2	30.3
c) Cut Flowers, Foliage	292.7	277	8,415	0.1	0.7	-	-	-	97.5	105.0

I/ Andean Group: Bolivia, Chile, Colombia, Ecuador, Peru, Venezuela

SOURCE: Based on U.N. Commodity Trade Statistics (1968-1973).

ANNEX TABLE 6

EXPORTS FROM MEXICO TO LAFTA

SITC Classification	SITC Code	Composition of Exports to all Destinations (US\$ thousand)		Composition of Exports to LAFTA (%)		Exports to LAFTA as Percentage of Total by Category		Average Per Annum Growth of Exports		Average Per Annum Growth of Total Exports			
		1968	1973	1968	1973	1968	1973	1968-1973	1970-1973	1965-1973	1970-1973		
<b>TOTAL EXPORTS</b>	0,1,2,3,4,5,6,7,8,9	1,110,152	2,631,496	100.00	100.00	100.00	100.00	5.6	6.6	22.6	23.2	18.0	29.8
<b>1) Manufactured Goods</b>	(5-8)-86	225,597	1,102,071	70.3	41.9	65.0	72.6	10.3	11.4	26.9	21.5	37.3	61.2
1) Chemicals	5	68,516	168,973	6.2	6.4	23.1	26.4	21.1	25.0	26.0	24.6	19.6	19.9
2) Basic Manufactures excluding Non-Ferrous Metals	6-68	33,362	276,190	7.5	10.4	12.6	7.5	0.5	4.7	10.5	5.4	26.8	37.1
a) Textile Yarn and Thread	651	15,375	67,369	1.4	2.6	0.2	0.1	0.8	0.2	-	(30.0)	34.3	60.6
b) Cotton Fabrics, Hoven	652	2,027	43,678	0.2	1.7	-	-	-	-	-	-	24.2	116.6
c) Glassware	665	5,646	17,376	0.5	0.7	0.9	0.3	9.0	3.4	-	(21.5)	25.3	30.2
3) Machines and Transport Equipment	7	36,427	663,650	3.3	17.6	14.1	26.0	24.3	9.7	38.5	25.8	66.3	53.3
a) Machinery: Non-Electric	71	19,798	199,477	1.8	7.6	7.6	16.2	23.9	14.0	42.0	15.9	58.5	59.6
b) Electrical Machinery	72	8,573	136,013	0.8	5.2	4.9	3.6	36.0	6.8	24.8	45.2	73.3	35.7
c) Road Motor Vehicles	732	3,223	91,668	0.3	3.7	0.3	2.9	8.2	5.2	92.0	69.2	97.6	60.0
4) Miscellaneous Manufactured Goods	8	37,301	196,050	3.6	7.3	16.1	14.5	27.0	12.6	20.1	21.1	21.1	21.1
a) Clothing	841	4,648	67,164	0.4	2.6	-	0.1	-	-	-	-	70.5	95.0
11. Other Exports	(0-4)+9+68	1,081,936	1,528,625	79.7	38.1	32.7	27.4	2.3	3.1	18.6	28.2	11.3	23.5
a) Live Animals	001	26,214	91,317	2.6	3.5	0.2	-	0.4	-	-	-	28.5	43.5
b) Vegetables, etc. Fresh, Preserved	054	44,669	178,985	4.0	6.9	0.8	2.4	1.1	2.3	39.2	150.5	32.0	50.7
c) Coffee	071	69,260	186,731	6.2	6.4	-	0.3	-	0.3	-	-	19.5	31.6
d) Cotton	263	122,398	165,854	11.0	6.3	7.9	7.9	6.0	8.2	22.9	36.0	6.3	26.0
e) Silver, Platinum	681	73,125	186,336	6.6	7.1	0.3	0.5	0.3	0.4	30.0	-	20.5	86.5
f) Copper	682	11,452	41,662	1.0	1.6	1.4	1.6	7.6	7.7	29.7	33.6	29.4	59.4

1/ LAFTA: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela.

Sources: Based on U.N. Commodity Trade Statistics.



Annex Table 7

DYNAMIC EXPORTS OF BRAZILIAN MANUFACTURES  
(in thousand U.S. dollars)

<u>SYTC</u>	<u>PRODUCT</u>	<u>1968</u>	<u>1973</u>
897	Gold, Silverware, Jewellery	594	10,631
892	Printed Matter	-	11,356
851	Footwear	450	93,478
842	Fur, etc., Clothes Products	-	5,610
841	Clothing Not of Fur	462	83,072
831	Travel Goods, Handbags	-	8,280
821	Furniture	502	10,297
732	Road Motor Vehicles	972	61,687
724	Telecommunications Equipment	734	46,191
722	Elac. Power Machinery, Switchgear	913	11,337
717	Textile Leather Machinery	2,542	14,616
714.2	Accounting Machines & Computers	833	4,960
712	Agricultural Machinery	566	9,229
711.5	Piston Engines Non-Air	111	8,645
673	Iron & Steel Shapes	2,682	19,185
671	Pig Iron	5,656	47,235
665	Glassware	-	2,076
661	Cement	267	3,536
656	Textile Etc. Products NES	1,116	21,589
654	Lace, Ribbons, Tulle, etc.	-	1,813
653	Woven Textiles Non-Cotton	7,301	42,586
652	Cotton Fabrics Woven	1,831	53,946
651	Textile Yarn & Thread	2,727	97,522
641	Paper & Paperboard	-	23,883
629	Rubber Articles NES	553	6,362
581	Plastic Materials	318	5,991
561	Fertilizers Manufactured	-	2,279

Annex Table 8

DYNAMIC MANUFACTURED EXPORTS OF ARGENTINA  
(in thousand U.S. Dollars)

<u>SITC</u>	<u>PRODUCT</u>	<u>1968</u>	<u>1973</u>
851	Footwear	176	20,284
842	Fur etc., Clothes, Prod.	1,264	14,911
841	Clothing not of Fur	2,514	13,061
732	Road Motor Vehicles	4,294	86,719
719.9	Machine Parts, Accessories NES	842	7,385
719.6	Non-Electric Machines NES	1,076	9,812
719.2	Pumps, Centrifuges	593	11,540
718	Machines for SPCL Industries	662	16,342
714.2	Accounting Machines, Computers	5,302	19,483
712	Agricultural Machinery	2,357	21,832
674	Iron, Steel Univ. Plate, Sheet	371	24,977
673	Iron, and Steel Shapes	14,285	71,582
651	Textiles, Yarn & Thread	513	14,538
611	Leather	17,155	97,551

Annex Table 9

DYNAMIC MANUFACTURED EXPORTS OF COLOMBIA  
(in thousand U.S. dollars)

<u>SITC</u>	<u>PRODUCT</u>	<u>1968</u>	<u>1973</u>
841	Clothing not of Fur	515	19,213
673	Iron & Steel Shapes	--	5,708
667	Pearl, Precious, Semi-prec. Stones	1,467	86,622
652	Cotton Fabrics Woven	5,076	24,175
651	Textile Yarn & Thread	3,693	19,988
611	Leather	3,410	17,117
292	Cut Flowers	277	8,415

Annex Table 10

DYNAMIC MANUFACTURED EXPORTS OF MEXICO

<u>SITC</u>	<u>PRODUCT</u>	<u>1968</u>	<u>1973</u>
897.1	Real Jewellery, Gold-Silver	1,783	12,408
894	Toys, Sporting Goods etc.	2,889	24,464
891	Sound Recorders, Producers	2,115	13,505
862	Photo, Cinema Supplies	—	7,790
841	Clothing not of fur	4,648	67,144
734	Aircraft	1,492	23,218
732	Road Motor Vehicles	3,223	97,068
724	Telecommunications Equipment	3,771	83,912
722.2	Switchgear, etc.	2,178	33,479
719.9	Machine Parts, Accessories N.E.S.	12,124	109,302
714.2	Accounting Machines, Computers	396	29,330
711.5	Piston Engines Non-Air	1,996	31,291
673	Iron & Steel Shapes	—	9,189
652.1	Grey Woven Cotton Fabric	1,617	28,822
652.2	Woven Cotton Bleached, etc.	410	14,806
651.3	Grey Cotton Yarn in Bulk	5,526	26,315
642	Articles of Paper	1,127	10,260
631	Veneers, Plywood etc.	2,053	10,356
513.3	Inorganic Acids	609	24,935

