

UNITED NATIONS

ECONOMIC
AND
SOCIAL COUNCIL



LIMITED
E/CEPAL/L.191
25 May 1979
ORIGINAL: ENGLISH

CEPAL

Economic Commission for Latin America

THE ECONOMIC RELATIONS OF LATIN AMERICA WITH EUROPE

II. LATIN AMERICAN TRADE WITH EUROPE

CONTENTS

	<u>Page</u>
II. LATIN AMERICAN TRADE WITH EUROPE	1
A. Global trends	1
1. Evolution of Latin America's share in world trade	1
2. Structure of Latin America's trade with major areas ...	3
3. Decrease in Latin America's share of world trade in some basic commodities	4
4. Evolution of the share of different areas in European imports	6
5. Evolution of Europe's imports from developing countries	8
6. Latin America's exports to Europe	10
7. Trade trends in the major countries	10
8. Latin America as a market for European exports	12
9. Composition of Europe's exports to Latin America	15
10. Structure of Latin American trade with Europe	16
11. Latin America's commodity exports to Europe	18
12. A more detailed view of basic commodities	19
13. Exports of manufactures from Latin America to Europe ..	23
14. Composition of exports of manufactures to the EEC	27
15. Latin America's trade balance with the major European areas	28
B. Trade policies of developed countries and problems of access to their markets	29
C. Individual analysis of main basic commodities	38
1. Temperate-zone agricultural commodities	40
2. Tropical agricultural commodities	44
3. Raw materials of agricultural origin	47
4. Non-ferrous metals	48
5. Iron ore	49
Annex	51

II. LATIN AMERICAN TRADE WITH EUROPE

A. Global trends

1. Evolution of Latin America's share in world trade

Since the Second World War the developed market-economy countries and the European countries with centrally planned economies have grown vigorously, while not only the production but also the trade, financial and investment relations between them have increased. The developed countries increased their share in world exports from 60.2 per cent to 66.3 per cent between 1950 and 1975 (table 3). This increment, which is part of a process of changes in the share of different areas in world trade, has been achieved through an intensification of trade between the various groups and also within each individual group (EEC, EFTA, United States, Canada, Japan and the European socialist countries). Factors that have contributed strongly to this have been the integration processes, the reduction or elimination of tariff and non-tariff barriers for manufactured products, and the operations of transnational corporations. The developing countries, for their part, have greatly diminished their share of world trade, in both exports and imports. The proportion of imports in the world total dropped from 31.7 to 23.9 per cent in those 25 years and that of exports from 27.1 to 22.6 per cent (table 3).

Within this group, however, there are marked differences between the various developing regions. The oil-exporting countries improved their position, their share in world exports doubling between those years (from 7.3 to 13.4 per cent), while that of non-oil-exporting countries fell from 24.4 to 10.5 per cent. A similar trend is noted in the case of imports, although to a slightly lesser degree, as can be seen from the table. Within this group, Latin America is the region that has lost most ground; its share dropped from 10.4 to 3.9 per cent in the case of exports and from 9.0 to 5.7 per cent in the case of imports between 1950 and 1975,

Table 3

EVOLUTION OF WORLD TRADE BY MAJOR REGIONS

	Exports FOB			Imports CIF		
	Share of total (percentages)		Average annual growth rate for the period	Share of total (percentages)		Average annual growth rate for the period
	1950	1975		1950	1970	
A. Developed market-economy countries	60.2	66.3	11.7	65.0	66.3	11.4
United States	16.6	12.2	9.9	14.6	10.7	10.0
Canada	4.7	3.7	10.1	4.6	3.5	10.2
EEC (9 countries)	26.5	33.9	12.3	31.7	33.1	11.5
EFTA (8 countries)	5.6	6.1	11.7	6.1	7.0	11.9
Japan	1.3	6.4	18.4	1.6	5.9	17.2
Other countries	5.6	3.8	9.5	5.9	6.1	11.0
B. Countries with centrally planned economies	8.1	9.8	12.1	7.9	10.4	12.5
Eastern Europe	6.8	9.0	12.5	6.3	9.4	13.1
Asia	1.3	0.8	9.3	1.6	1.0	9.0
C. Developing countries	31.7	23.9	10.0	27.1	22.6	10.5
Oil-exporting countries	7.3	13.4	13.9	4.2	6.5	13.3
Non-oil-exporting countries	24.4	10.5	7.6	22.9	16.1	9.7
Africa	4.0	1.8	7.7	4.4	2.7	9.1
Latin America	10.4	3.9	6.8	9.0	5.7	8.2
Asia	9.1	4.3	7.9	8.3	5.7	9.6
Middle East	0.8	0.4	7.8	1.0	1.7	13.8

Source: United Nations, Yearbook of International Trade Statistics, Monthly Bulletin of Statistics; International Monetary Fund, International Financial Statistics.

although the evolution of trade with different areas is not homogeneous. The rest of the non-oil-exporting developing countries all show higher rates of increase in trade than Latin America, yet lower than those recorded by the developed regions (table 3). Within Latin America itself there are also marked differences in the growth of exports at current prices. Particularly noteworthy are the countries of the Caribbean (with an annual growth rate of 12.0 per cent), Brazil (9.4 per cent) and the Central American Common Market (9.3 per cent), while Argentina's exports grew slowly (6.0 per cent) between those years.^{1/}

2. Structure of Latin America's trade with major areas

Latin America's trade with developed market-economy countries is characterized by a notable disequilibrium in its structure, as can be seen from a comparison between the exports and imports of each group of goods. This has already been referred to in the section on Latin America's total external trade, where it was shown what happens in the case of some strategic goods such as those produced by the metal manufactures and machinery industries and the chemical industry. This chapter deals more specifically with trade with the developed market-economy countries and those with centrally planned economies, distinguishing the main types of basic commodities and manufactures as a whole. As regards the first of these two groups of countries, in 1975 fuels reflected a favourable balance for the region of 12,000 million dollars, representing the most important group. The importance of this group is, however, severely limited by the fact that almost all the exports come from one country: Venezuela. The group ranking second in importance is composed of agricultural commodities which also show a positive balance for Latin America, i.e., 7,300 million dollars. Minerals also reflect a positive balance. As regards manufactures, there was a considerable deficit (27,100 million dollars) in 1975, which was almost eight times the value of the region's exports of manufactures to the above-mentioned countries.

^{1/} On the basis of official data for the period 1955-1975.

The composition of trade with the European countries with centrally planned economies was similar, in that there was a trade surplus of 3,000 million dollars in agricultural commodities and of 200 million in mining products, while in the case of manufactures there was a trade deficit of 1,100 million dollars. Fuel also showed a negative balance, but only a small one so that total trade reflected a surplus (annex table III).

3. Decrease in Latin America's share of world trade in some basic commodities

A further breakdown of raw materials exports provides a clearer picture of the commodities in which Latin America has lost ground in the world markets.

Table 4

LATIN AMERICA'S SHARE IN WORLD EXPORTS, BY SITC SECTIONS

(Percentages)

	1955	1960	1965	1970	1975
<u>Food</u>	20.5	17.5	16.1	15.6	14.5
<u>Agricultural raw materials</u>	8.8	7.0	7.9	6.1	5.4
<u>Minerals</u>	14.5	14.6	16.7	15.7	13.2
<u>Non-ferrous metals</u>	14.4	11.8	11.1	17.8	7.0

Food includes: SITC 0, 1, 22, 4.

Agricultural raw materials includes: SITC 2 (excluding 22, 27, 28).

Minerals includes: SITC 27, 28.

Non-ferrous metals includes: SITC 68.

Source: UNCTAD, Yearbook of International Trade and Development Statistics, 1976; United Nations Monthly Bulletin of Statistics, various issues.

The developed countries drastically increased their mutual trade in foodstuffs, owing to the sharp rise in their production linked among other factors with the improvement of technology and internally implemented support policies. In the case of these items, the loss of ground of the whole of Latin America paralleled that of the developing world as a whole. In fact, Latin America lost slightly less ground than the developing world, as is shown in the following table:

Table 5

EVOLUTION OF THE PERCENTAGE SHARE OF LATIN AMERICA IN WORLD
COMMODITY TRADE COMPARED WITH OTHER COUNTRIES
BETWEEN 1955 AND 1973

(Index: 1955 = 100)

	Latin America	Developing countries as a whole	Developed countries as a whole
Food	65	63	133
Agricultural raw materials	47	105	120
Minerals	96	91	109
Non-ferrous metals	52	71	112

As regards minerals, in which the developing world roughly maintained its share in the world market, Latin America gained some slight ground with respect to this group of countries.

In non-ferrous metals, on the other hand, Latin America's loss of ground was substantial, even within the group of developing countries, which in their turn saw their share in world trade drastically reduced in favour of the developed countries.

/Equally severe

Equally severe was Latin America's fall in agricultural raw materials, the only one of the four sectors in which the developing world as a whole improved its proportion of world trade between the years indicated.^{2/}

The developed countries, as shown in the previous table, increased their share of world trade in all four sectors.

4. Evolution of the share of different areas in European imports

Three big economic groups were formed in Europe during the period under review, namely, the EEC, EFTA and CMEA, which, although different in their scope and approach to integration, promoted trade among the countries forming part of each group. This trade grew rapidly; the proportion of imports by these three groups with respect to Europe's total imports rose from 33.2 per cent in 1955 to 43.7 per cent in 1975. The fastest growth was reflected by the mutual trade of the countries that subsequently formed the Community, which in 1955 represented one-third of its total imports and in 1973 a little over half (52.6 per cent). With the entry of the three new members - the United Kingdom, Denmark and Ireland - intra-area trade covered 54 per cent of total imports that year. In 1975 its share dropped slightly, representing 51.1 per cent of the total (annex table IV).

The European countries with centrally planned economies are still the group with the largest proportion of mutual trade, although the proportion has gradually declined in the last few years. These countries' intra-area imports dropped from 64.5 per cent of their total imports in 1955 to 53.8 per cent in 1975. This declining trend, particularly in the 1970s, is connected both with a greater opening up to other countries and with the lifting of many barriers imposed by other countries on trade with this group. EFTA's intra-area trade also reflects a vigorous growth, although its proportion in relation to the other two areas is much lower; intra-area imports in 1975 represented 16.4 per cent of the total imports of its present members.

^{2/} For a more specific discussion of basic commodities, see the relevant section of this chapter.

The elimination of internal barriers together with continued protection with respect to countries outside the area, while it increased intra-area trade, affected the rate of growth of purchases from the rest of the world. Within extra-area trade the various world regions were differently affected, however. On the whole, the developed market-economy countries improved or maintained their relative position in these countries' extra-area imports. This fact is related to the faster growth of world trade in manufactures mainly among developed countries, a trend that was encouraged by the tariff reductions agreed on within the context of GATT. This trend is most striking in the case of EFTA (as originally established), in whose total extra-area imports the developed countries' share rose from 66.3 to 75.2 per cent between 1955 and 1973, while the developing countries' share fell from 28.7 to 17.9 per cent between those years.

In the Community, some loss of ground is also noted on the part of the developing countries, whose share in extra-Community imports dropped from 39.8 per cent in 1955 to 34.7 per cent in 1973. From 1973 onwards, the developing countries' position changed owing to the sharp rise in oil prices; this is reflected in a bigger share for oil-exporting countries, which explains the developing countries' increased share since that time; in 1975 they accounted for 44.3 per cent of the nine members' imports from outside the area.

The case of the European countries with centrally planned economies is a little different, partly because it is an oil-exporting area. Between 1955 and 1965 the share of the developed market-economy countries and that of the developing countries both increased, mainly at the expense of other countries with centrally planned economies, whose share fell from 37.6 per cent in 1955 to 9.3 per cent in 1965. Thenceforward the developing countries' share began to decline and in 1975 it represented 23.6 per cent of extra-area imports (compared with 16.1 per cent in 1955 and 28.6 per cent in 1965), while the developed countries continued to increase their share (from 46.3 per cent in 1955 to 73.2 per cent in 1975) (see annex table IV). The share of other countries with centrally planned economies pursued its downward trend, representing barely 3.2 per cent in 1975.

The evolution of the share of the developing countries as a whole did not affect all the developing areas in the same way. The oil-exporting countries improved their share in Europe's extra-regional trade; if petroleum imports are excluded, a clearer view is obtained of the significance of this trend and the effects on each area of developing countries; this will be done in the next section.

5. Evolution of Europe's imports from developing countries

As noted earlier, even if intra-area trade in the European integration processes, as well as fuels, are excluded, the developing countries have lost ground in Europe's total imports from the rest of the world. Besides the decline in the proportion of the whole group of developing countries in this extra-area trade, the share of each of the principal areas composing it - Latin America, South and South-East Asia, Africa and the Middle East ^{3/} - has diminished. The decline has been different in each case, however, as is clear if the share of each of the four regions in Europe's total imports from developing countries is shown. In so doing, it will be seen that South and South-East Asia and the Middle East have gained ground in the Third World as a whole and that the same is true of Latin America, without prejudice to the fact that all these areas have in any case decreased their share in Europe's extra-area supplies in favour of developed countries, as noted previously. Africa has lost importance even within the developing world. Of Europe's total imports from developing countries, Latin America's proportion rose from 31.5 per cent in 1955 to 38.5 per cent in 1975, thus becoming the main supplier region in the Third World; the share of South and South-East Asia increased from 24.7 to 27.1 per cent over the same period, with this region ranking second in importance as a supplier. Africa's share, in contrast, fell from 40.1 per cent of these imports in 1955 to 25.6 per cent in 1975; while the Middle East, despite the fact that the exclusion of petroleum brings down its percentage, increased its share from 3.9 to 5.1 per cent (see annex table V).

^{3/} It should be remembered that fuels are excluded throughout this analysis. Should they be included, the developing world and particularly the Middle East would increase their proportion of Europe's extra-area imports.

These trends are also observable at the level of each of the major European groups, although with some important differences between them. From Latin America's point of view, the European Economic Community is the most unfavourable for the region. In this case, Latin America's share diminished as from 1970, while that of Shouth and South-East Asia increased, and this process was accentuated with the entry of the new members to the Community in 1973 (see annex table V). Africa showed a declining trend throughout the period. Further, as distinct from other areas of Europe, Latin America's share in Community imports (31.7 per cent) in 1975 was not much higher than that of Africa (30.0 per cent) or South and South-East Asia (29.5 per cent).

In the case of the European countries with centrally planned economies, Latin America's predominance as a supplier in comparison with other developing regions is quite clear and has increased; the purchases made by these countries from Latin America rose as a proportion of total purchases from all the developing countries from 42.4 per cent in 1955 to 52.7 per cent in 1975, although with a decline followed by a recovery in the last few years. It should be noted, however, that purchases from Latin America by the socialist countries of Eastern Europe have traditionally been concentrated in a very few countries. In recent years, Argentina, Brazil and Peru have supplied a little over 80 per cent of Latin America's exports to that group of countries, followed by Colombia and Mexico with considerably smaller figures. A large part of the trade between these two areas has been carried out under bilateral compensation agreements, but there has been a recent tendency to replace this type of agreement by others which stipulate payment in convertible currency, and, moreover, the strictly commercial agreements are gradually being replaced by more comprehensive agreements that include various systems of economic co-operation.

In the case of EFTA, too, the developing world lost some of its importance, although in unequal proportions; Latin America is the most important supplier among all the developing regions and its share in their total rose from 28.9 per cent in 1955 to 32.7 per cent in 1973. With the withdrawal from EFTA of Denmark, and particularly the United Kingdom,

/Latin America

Latin America acquired even more relative importance, i.e., 42.6 per cent in 1975, thus becoming the primary supplier, followed by South and South-East Asia, and then by Africa which has lost some of its share.

6. Latin America's exports to Europe

Let us now consider the question from a different angle: the evolution of Latin America's exports to Europe within Latin America's total sales abroad. Europe has lost some slight importance as a market for Latin America, taking the region's exports as a whole, since Europe's purchases have grown at a lower rate than those of other regions.

The situation of the various European regions differs greatly, however. As will be seen from table 6, the European countries with centrally planned economies increased their proportion of total Latin American exports from 1.9 per cent in 1955 to 7.1 per cent in 1976. Exports to the EEC practically maintained their share of the total (18.6 per cent in 1976), and with it EEC's position as second most important market for the region after the United States. EFTA's share shows a declining trend and its relative importance is now less than that of the countries of Western Europe not included in either of these groups, which have increased their importance although as yet it is relatively small (3.5 per cent in 1976).

EFTA's decreased importance as a market for Latin America 4/ was, to a great extent, determined by the United Kingdom which was the main Latin American market of that sub-region and which considerably reduced its proportion of Latin American exports from 9.1 per cent in 1955 to 4.3 per cent in 1975, with an annual growth rate of only 4.0 per cent.

7. Trade trends in the major countries

In addition to the United Kingdom, significant differences are also discernible when the countries of the European Economic Community and of Latin America 5/ are considered separately. The rates of growth of Latin American exports to various countries show Italy with the most vigorous growth

4/ The data for Latin America cover 23 countries, excluding Cuba.

5/ CEPAL, on the basis of official data.

Table 6

LATIN AMERICA'S TRADE WITH THE MAJOR DEVELOPED AREAS

		Exports		Imports		Balance	
		Billions of US dollars	Percentage	Billions of US dollars	Percentage	Billions of US dollars	Percentage
			of total Latin American exports		of total Latin American imports		of Latin American export balance ^{a/e/}
EEC	1955 ^{b/}	1.4	15.1	1.4	16.0	0.0	+2.1
	1965 ^{b/}	2.5	19.2	2.0	16.7	+0.5	+19.3
	1970 ^{b/}	3.4	19.7	3.3	17.8	+0.2	+3.2
	1973 ^{b/}	5.3	17.9	5.4	17.2	-0.1	-2.5
	1973 ^{c/}	6.6	22.5	6.8	21.6	-0.2	-2.7
	1975 ^{c/}	8.2	16.9	11.2	19.7	-3.0	-36.5
	1976 ^{c/}	10.0	18.6	10.4	17.6	-0.4	-3.9
EFTA	1955 ^{d/}	1.2	13.0	1.0	11.0	+0.2	+21.3
	1965 ^{d/}	1.5	11.4	1.3	10.9	+0.2	+10.9
	1970 ^{d/}	1.6	9.2	1.8	9.9	-0.2	-15.0
	1973 ^{d/}	2.4	8.1	2.7	8.4	-0.3	-10.9
	1973 ^{e/}	0.9	3.1	1.3	4.1	-0.4	-40.2
	1975 ^{e/}	1.2	2.5	2.0	3.6	-0.8	-69.7
	1976 ^{e/}	1.5	2.8	2.0	3.4	-0.5	-33.1
Rest of Western Europe	1955	0.2	2.4	0.1	1.4	+0.1	+47.8
	1965	0.4	2.9	0.2	1.7	+0.2	+47.4
	1970	0.6	3.2	0.4	1.9	+0.2	+36.4
	1975	1.6	3.1	0.9	1.5	+0.7	+45.2
	1976	1.9	3.5	0.9	1.6	+0.9	+50.3
European countries with centrally planned economies	1975	0.2	1.9	0.1	1.6	+0.1	+20.0
	1965	0.7	5.6	0.6	5.0	+0.1	+17.8
	1970	1.0	5.7	0.9	5.0	+0.1	+6.1
	1975	3.9	7.9	2.5	4.5	+1.3	+34.0
	1976	3.8	7.1	2.8	4.8	+1.0	+26.7
United States	1955	3.8	40.3	3.5	40.2	+0.3	+7.6
	1965	4.2	32.1	4.2	35.1	-0.0	-2.2
	1970	5.6	32.2	6.5	34.7	-0.9	-15.3
	1975	17.1	35.2	16.9	29.8	+0.2	+1.0
	1976	19.2	35.8	17.0	28.8	+2.2	+11.4

Source: UNCTAD, Yearbook of International Trade and Development Statistics, 1976.

^{a/} The percentages are calculated on the basis of a larger number of digits.

^{b/} Includes the six original members.

^{c/} Includes the nine members.

^{d/} Includes the original members of EFTA.

^{e/} EFTA, excluding the United Kingdom and Denmark.

(an annual average rate of 9.4 per cent in 1955-1975), followed by Germany (8.2 per cent), France, and the three remaining countries of the original Community (7.8 per cent) (see annex table VI).

In Latin America itself there are also marked differences in the development of exports to Europe from the various countries. The Latin American countries noted for the accelerated growth of their exports to Europe (both the market economy countries and those with centrally planned economies) in the period 1955-1975 are Brazil (10.2 per cent annually), the Andean Group (7.9 per cent), the English-speaking Caribbean countries (7.8 per cent) and Mexico (6.1 per cent).^{6/}

8. Latin America as a market for European exports

With regard to European extra-area exports, a sharp increase is noted in sales to developed market-economy countries between 1955 and 1973; their share in the total rose from 59.3 to 65.6 per cent, while that of the developing countries as a whole declined from 32.0 to 24.2 per cent between those years. For Latin America the proportions were 8.8 and 6.0 per cent, respectively. This situation changed as a result of the rise in oil prices and the world recession in the next few years, so that exports to developed market-economy countries in 1975 represented 56.6 per cent of Europe's total extra-area exports, which is a little less than the share obtained in 1955 (see annex table VII). The proportion of sales to Latin America remained practically unchanged in the 1970s, representing 6.9 per cent of the total in 1975. It should be noted that these are percentages of Europe's total sales to all external destinations, not only to developing countries. In earlier sections it was seen that although Latin America's proportion of the sub-total of European purchases from developing countries increased if petroleum products were excluded, its share of Europe's purchases from all parts of the world declined substantially.

Moreover, as from 1973, exports to other developing countries increased, and in 1975 represented 24.4 per cent of total extra-area sales,

^{6/} CEPAL, on the basis of official data.

/which is

which is higher than the percentage recorded in 1955 (see annex table VII).

Exports to countries with centrally planned economies also increased (from 8.7 to 12.1 per cent) in 1975. As stated previously, this reflects the changes occurring in connexion with the barriers imposed on this trade in earlier periods; it should be noted that a large part of this increase represents the growth of trade within Europe between market-economy countries and those with centrally planned economies.

Among the three European groups considered there are significant differences in the evolution of their extra-area exports, although in every case the share of exports to developed market-economy countries is seen to increase. The biggest difference is shown by the countries with centrally planned economies, whose proportion of total intra-area exports fell from 60.0 per cent in 1955 to 57.4 per cent in 1975. Exports to developed market-economy countries grew more rapidly than in the other two groups, as did the developing countries' share; Latin America's share of these countries' extra-area exports rose from 4.4 per cent in 1955 to 7.7 per cent in 1975; that of the other developing areas increased from 10.8 to 23.3 per cent over the same period.

As regards EEC's extra-area exports, the biggest increase was in sales to developed market-economy countries and those with centrally planned economies. The former increased their share of the extra-area sales of the six original members of the Community from 55.3 per cent in 1955 to 66.3 per cent in 1973. In the case of the present members of the Community, the share of the developed market-economy countries is slightly smaller and in 1975 had dropped to 50.8 per cent of total extra-area exports. The developing countries, whose relative importance as markets for the Community had declined substantially between 1955 and 1973, recovered some of their importance in the last few years but without regaining their 1955 levels. As regards exports from the Community of six, Latin America's share dropped from 10.9 per cent in 1955 to 6.2 per cent in 1973, while that of the rest of the developing countries fell from 28.8 to 17.8 per cent between those years. As regards exports from the

Community of nine, Latin America's share grew from 6.8 per cent in 1973 to 7.5 per cent in 1975, while that of the rest of the developing countries rose from 20.6 to 29.2 per cent. The developing countries therefore represent an important part of the Community's external market (36.7 per cent in 1975) and, in particular, increased their relative importance precisely during the recession, thereby constituting an important factor of impetus and economic recovery.

For EFTA, the export trend is similar to that of the EEC, although with certain differences. The share of intra-area trade is smaller than in the previous case (18.7 per cent of total exports in 1975); the relative importance of the developed countries in extra-area sales is greater (71.9 per cent in 1975). In this case, too, the share of the developed countries increased and that of the developing countries declined during the period considered. Likewise during the period of recession from 1973 onwards, the developing countries increased their relative importance in these sales and thus made significant contribution towards a recovery: between 1973 and 1975 Latin America's share of extra-area exports rose from 4.2 to 4.7 per cent and that of the rest of the developing countries from 9.5 to 11.3 per cent.

Lastly, some differences are observable among the Latin American countries. The fastest growth was recorded by the purchases made by Brazil, whose share in Europe's total exports to Latin America increased significantly between 1955 and 1975 as regards both the EEC and EFTA and the European countries with centrally planned economies; their share declined only in exports from the rest of Europe. Thus Brazil is now a more important market for Europe than the Andean Group, as distinct from the situation in 1955 when this group of countries was the most important Latin American customer for the EEC and EFTA.^{7/} Mexico also increased its share of Europe's exports to the region during this period, in the case of both the EEC and EFTA, the countries with centrally planned economies, and the rest of Europe. Argentina's relative importance in Europe's exports to the region for these four groups of European countries dropped substantially.

^{7/} See annex table VIII.

9. Composition of Europe's exports to Latin America

Manufactures represented 88.1 per cent of total exports to the region by the EEC (9), and an even greater proportion (91.9 per cent) of exports by EFTA.

Table 7

EXPORTS OF MANUFACTURES, AVERAGE 1973-1975

(Millions of dollars)

	Total to world	EEC(9)	EFTA	United States	Japan	Developing countries	Latin America
EEC(9)	199 586	92 900	24 472	25 421	2 404	35 251	8 251
EFTA	36 126	15 634	7 156	2 147	598	5 006	1 540

As may be seen from these data, Latin America imported during that period three times more manufactures than Japan and about one-third of the volume imported by the United States and EFTA from the Community.

As regards exports by EFTA, Latin America's imports amounted to 70 per cent of the value of sales to the United States and 2.6 times the value of imports by Japan.

If manufactures are broken down by SITC sections it will be noted that Latin America's relative importance in the exports of certain products by both the Community and EFTA is even greater. This is so in the case of chemical products (SITC 5) where Latin America's imports represented just over half of EFTA's purchases from the Community, while the United States' imports of these products represented only three-quarters of the value of Latin America's imports from the EEC. Nearly a quarter of the total volume of chemical products exported to developing countries by the EEC (9) is destined for Latin America. The situation is very similar in the case of EFTA's exports of these products, even though the absolute figures are lower, the relative importance of Latin America is still

/substantial; in

substantial; in relative terms, Latin America imported more (30.8 per cent) 8/ than the rest of the developing areas.

The Community's exports of manufactures to the Middle East and Africa have increased in volume in the last few years owing to the greater availability of foreign exchange in some countries after the rise in oil prices; the volume of their respective imports is bigger than that of Latin America's imports.

EEC's sales of capital goods to the region exceed its exports to Japan and the United States.

In the case of the European countries with centrally planned economies, the composition of their exports is somewhat different, with a comparatively lower proportion of manufactures in exports to both developed and developing countries. This is explained by the bigger proportion, in particular, of fuels which in 1975 represented 35.2 per cent of their total exports to the developed countries compared with 33.9 per cent of manufactures. In exports to Latin America, manufactures predominated with 51.9 per cent of total exports, while fuels represented 21.6 per cent. Exports of agricultural commodities were also fairly important that year, representing 18.2 per cent of exports to the region. As regards other developing areas, the importance of manufactures in total exports to Latin America is relatively less, even though in absolute value they clearly exceed those sent to other developing areas.

10. Structure of Latin American trade with Europe

In Latin America's exports to Europe raw materials predominate (SITC sections 0 + 1 + 2 + 4 and division 68). Although exports of manufactures have grown rapidly, they still represent a small proportion of total exports, which partly explains Latin America's loss of ground compared with the developed countries. It must also be borne in mind that most exports of manufactures come from the three major countries; quite apart from the size of these countries, the dependence on commodity exports in the other countries of the region is even greater. Moreover,

8/ On the bases of data from the United Nations Monthly Bulletin of Statistics.

in the case of the latter, a few basic commodities represent a very high proportion of total exports to Europe. This is true of the exports to Europe (the OECD countries) of several Latin American countries in which only two products represented a high proportion of total sales in 1974: Chile, 76.3 per cent (copper and iron), Paraguay, 78.7 per cent (meat and cotton); Costa Rica, 96.0 per cent (coffee, bananas); El Salvador, 89.2 per cent (coffee, cotton); Nicaragua, 73.0 per cent (coffee, cotton); and Honduras, 69.6 per cent (coffee, bananas).^{9/}

In the case of EEC(9), raw materials represented 72.2 per cent ^{10/} of the region's total sales to that destination in 1975, while the share of these products in Latin America's total exports was only 47.0 per cent.^{11/} In contrast, manufactures (SITC sections 5, 6, 7 and 8, excluding division 68) attained an importance close to that of manufactured products in Latin America's total exports: 12.6 per cent of the total exported to the Community as against 13.6 per cent of exports to the world. Petroleum exports (SITC 3) to the EEC represented only 14.7 per cent of total sales to that destination, while their share in Latin America's total exports was nearly three times higher (39.4 per cent).^{12/} This partly accounts for the weak development of trade between the Community and Latin America, particularly in comparison with other developing areas, as noted earlier. Only minor changes took place in trade during the period under review, but they show a high rate of growth for manufactures; in 1955 these products represented only 3.5 per cent of total exports to the six members of the Community compared with 12.6 per cent in 1975, as mentioned above.

The composition of exports to EFTA is similar to that of exports to EEC; raw materials absorbed 75.0 per cent of Latin America's total exports to that destination in 1975. Here too the growth of manufactures

^{9/} On the basis of data from OECD, Statistics of Foreign Trade, Series C.

^{10/} On the basis of data from the United Nations Monthly Bulletin of Statistics.

^{11/} Excluding fuels.

^{12/} It should be recalled that the figures include exports by the Netherlands Antilles.

was significant and in 1975 represented 16.6 per cent of the total for the present members. In the case of the original members they represented only 1.6 per cent in 1955.

The structure of exports to European countries with centrally planned economies is even more asymmetrical; in 1975, raw materials represented 95.1 per cent of the region's total exports to that destination while the share of manufactures was 4.1 per cent. There have been practically no changes in the composition of these exports over the past 20 years; in 1955, 3.4 per cent of the total were manufactures and 96 per cent basic commodities. Consequently, these exports are not considered in the analysis of the trend followed by sales of manufactures.

Apart from these structural differences between the region's exports of basic commodities and manufactures to the world and to Europe, within the manufactures group there are also some differences in composition according to destination. Latin America's intra-regional trade is more diversified in composition, as shown in annex table IX, the three destinations of the annex covering 87.5 per cent of total exports of manufactures in 1975.

11. Latin America's commodity exports to Europe

In 1975, Europe absorbed 52.1 per cent ^{13/} of Latin America's total commodity exports (excluding petroleum). The EEC(9) is the most important market; it absorbed 26.2 per cent of these total exports, surpassing the United States whose relative importance has diminished in the past 20 years, reaching 20.6 per cent in 1975. EFTA's importance has also diminished: 4 per cent of the total of these commodities; while the relative importance of the European countries with centrally planned economies and the rest of Western Europe has increased, representing, respectively, 16.3 per cent and 5.7 per cent of total commodity exports in 1975. Since the Community is the most important market for this type of product, the development of its trade with Latin America will be analysed more fully here.

13/ According to data from the United Nations Monthly Bulletin of Statistics, and UNCTAD.

The EEC's commodity imports from all sources averaged 27.5 per cent of total Community imports in the three-year period 1973-1975.^{14/} Intra-area trade in these products, particularly those subject to the Common Agricultural Policy, as will be seen later, has grown rapidly and in 1975 represented 41.3 per cent of Community raw material imports.

Latin America is an important supplier of basic commodities to the EEC(9), even though its share in extra-Community imports is slightly lower than the Community's purchases from the United States or Africa; these areas provided an average of 16.9 per cent and 15.8 per cent, respectively, of extra-Community purchases of these products in 1973-1975, while Latin America's share was 14.9 per cent.^{15/} There are many commodities of which Latin America is the main supplier, for example coffee and bananas, in which it covers half of the Community's total imports. The region also covers a considerable percentage of iron, copper, sugar and cotton imports. Annex table X summarizes the situation of 18 basic commodities which between 1972 and 1974, represented 66.8 per cent ^{16/} of Latin America's exports to all destinations and 64.7 per cent of the EEC's imports from the region. As can be seen from this table, the proportion of the EEC's total imports from Latin America represented by this group of products did not change substantially throughout the period; even so there are marked differences among the various products in relation to access conditions and other problems encountered in the Community market.^{17/}

12. A more detailed view of primary commodities

Despite the considerable drop over the last few years in the share of primary commodities ^{18/} in Latin America's total exports, they still represented a little over 85 per cent of total exports in 1975, if petroleum is included, and 47 per cent if it is excluded.

^{14/} United Nations Monthly Bulletin of Statistics.

¹⁵ Ibid.

^{16/} World Bank, Commodity Trade and Price Trends (1976).

¹⁷ For a more detailed analysis by commodities, see the relevant section below.

^{18/} Defined by SITC sections and divisions 0+1+2+4+67+68 (plus 3 for fuels). Division 67 (iron and steel) is included because these products are usually exported from developing countries after only simple processing.

Table 8

LATIN AMERICA: SHARE OF PRIMARY COMMODITIES IN TOTAL EXPORTS
(Millions of dollars)

Year	A	B	C	<u>B+C</u>	<u>C</u>
	Total exports	Petroleum	Basic commodities	A	A
1955	9 400	2 820	6 306	97.1	67.1
1960	10 170	3 240	6 610	96.9	65.0
1965	12 940	3 670	8 635	95.1	66.7
1970	17 430	4 150	11 475	89.6	65.8
1975	48 530	18 950	22 905	86.2	47.2

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1976, Supplement 1977.

For every individual country of Latin America, the share of primary commodities (excluding petroleum) in its total exports continues to be high, as will be noted in table 9.

As can be seen, the structural dependence on basic commodities still affects the Latin American countries and will continue to do so for a long time yet. Such dependence brings with it a number of problems which have been discussed in the most widely varying international forums: price instability and, in many cases, a long-term trend towards a deterioration of the terms of trade; an insignificant stimulating effect on the economies and societies, etc.

Commodity exports to Europe constitute an important part of Latin America's total sales, as will be seen in table 10.

Clearly, Europe has considerably strengthened its position as an outlet for total commodity exports from Latin America, and since the beginning of the 1970s has established its share at around 50 per cent, if petroleum and petroleum products are excluded from the analysis.

Table 9
COUNTRIES OF LATIN AMERICA: SHARE OF BASIC COMMODITIES
(EXCLUDING PETROLEUM) IN TOTAL EXPORTS, 1974

Country	Year	Percentage
1. Cuba	1974	98.6
2. Peru	1974	95.2
3. Dominican Republic	1974	97.9
4. Guyana	1975	97.6
5. Honduras	1975	85.3
6. Chile	1974	94.8
7. Jamaica	1974	93.7
8. Surinam	1972	93.3
9. Paraguay	1972	89.0
10. Uruguay	1972	88.2
11. Nicaragua	1975	83.5
12. Bolivia	1972	81.4
13. Panama	1972	79.9
14. Costa Rica	1975	74.5
15. Argentina	1975	75.8
16. Guatemala	1972	74.6
17. Brazil	1975	72.3
18. El Salvador	1972	70.3
19. Colombia	1975	72.2
20. Haiti	1974	62.7
21. Mexico	1974	59.7
22. Barbados	1972	51.2
23. Ecuador	1973	44.4
24. Venezuela	1975	4.3
25. Trinidad and Tobago	1975	6.6

Source: United Nations, Yearbook of International Trade Statistics; UNCTAD, Handbook of International Trade and Development Statistics, Supplement, 1977

Table 10

LATIN AMERICA: EXPORTS OF BASIC COMMODITIES (EXCLUDING PETROLEUM) TO EUROPE AND THE WORLD

(Millions of dollars)

Year	Food, including beverages, tobacco, oilseeds SITC 0+1+22+4		Raw materials of agricultural origin SITC 2 (excluding 22, 27, 28)		Crude minerals SITC 27 and 28		Iron and steel and non-ferrous metals SITC 67 and 68		Total basic commodities		Europe as a percentage of the world
	Europe	World	Europe	World	Europe	World	Europe	World	Europe	World	
	1955	1 550	4 190	544	1 070	129	495	260	551	2 483	
1960	1 855	4 330	478	970	219	730	336	580	2 888	6 610	43.7
1965	2 910	5 540	555	1 190	342	1 060	378	845	4 185	8 635	48.5
1970	3 720	7 160	515	1 100	680	1 650	837	1 565	5 752	11 475	50.1
1975	9 140	16 710	696	1 680	1 255	2 930	747	1 585	11 838	22 905	51.7

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1976 Supplement, 1977.

Very different results are arrived at from a study of table 11, i.e., if consideration is given to Latin America's relative position in Europe's total commodity imports.

In fact, the region has lost rather than gained ground as a supplier of basic commodities to the European countries in the past two decades, although the situation in this respect of other developing areas, for example Africa, and of the developing countries as a whole is, relatively speaking, even worse. This table reflects a basic fact which will be analysed in greater detail later in this study; the more than proportional increase in Europe's commodity imports from other developed countries (either through intra-area trade or from North America and Oceania), particularly in the field of foodstuffs and agricultural raw materials. This took place at the expense of the developing countries, which saw their share in Europe's imports of basic commodities shrink from just under one-third to less than one-quarter of the total.

As regards the composition of Latin America's exports to Europe by groups of products, the changes occurring over the past 20 years can be seen in table 12.

Food (including beverages, tobacco and oilseeds) obviously predominates throughout the period under review, with 62.4, 64.2, 69.5, 64.7 and 77.2 per cent of total commodity exports to Europe in the years 1955, 1960, 1965, 1970 and 1975, respectively, and its importance seems to have been enhanced in recent years. Furthermore, the relative drop in raw materials of agricultural origin is very clear, both from the comparison of Latin American exports by commodities and from Latin America's relative position as a supplier of the European market, while minerals and crude fertilizers are shown as the most dynamic sector in both senses.

13. Exports of manufactures from Latin America to Europe

Latin America's exports of manufactures to the world, though still representing not more than 13.6 per cent of total exports, grew rapidly over the past 20 years. This significant growth of exports of manufactures has been due in part to the increase in goods produced with more advanced technology (capital goods, consumer durables and basic

Table 12
 EUROPE COMMODITY IMPORTS FROM LATIN AMERICA, AFRICA AND THE WORLD
 (Millions of dollars)

Year	Total imports	Imports from Latin America	Percentage of total imports	Imports from Africa	Percentage of total imports	Imports from developing countries	Percentage of total imports
1955	23 270	2 458	10.6	3 070	13.2	7 631	32.8
1960	28 620	2 867	10.0	3 489	12.2	8 606	30.1
1965	37 595	4 157	11.1	3 972	10.6	10 499	27.9
1970	51 240	5 729	11.2	5 238	10.2	13 783	26.9
1975	134 660	11 838	8.8	8 523	6.3	26 226	19.5

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1976, Supplement, 1977.

Note: SITC division 67 (iron and steel) has been excluded from this calculation.

Table 12

Year	Europe's total imports A	Imports from Latin America B	Latin America's total exports C	B as a percent age of A	B as a percent age of C
A. Food (including beverages, tobacco and oilseeds)					
1955	11 690	1 550	4 190	13.3	37.0
1960	14 290	1 855	4 330	13.0	42.8
1965	20 390	2 910	5 540	14.3	52.5
1970	26 410	3 720	7 160	14.1	51.2
1975	65 630	9 140	16 710	13.9	54.7
B. Raw materials of agricultural origin					
1955	7 360	544	1 070	7.4	50.8
1960	8 480	478	970	5.6	49.3
1965	9 250	555	1 190	6.0	46.6
1970	10 750	515	1 100	4.8	46.8
1975	19 830	696	1 680	3.5	41.4
C. Crude minerals, etc.					
1955	2 050	129	495	6.3	26.1
1960	2 820	219	730	7.8	30.0
1965	3 770	342	1 060	9.1	32.3
1970	5 900	680	1 650	11.5	41.2
1975	12 440	1 255	2 930	10.1	42.8
D. Iron and non-ferrous metals					
1955	4 575	270	551	5.9	49.0
1960	7 300	336	580	4.6	57.9
1965	9 615	378	845	3.9	44.7
1970	18 500	837	1 565	4.5	53.5
1975	36 760	747	1 585	2.0	47.1

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1976,
Supplement, 1977.

(intermediate products).

intermediate products). The 1974 figures for Latin America's exports of goods produced by electrical and non-electrical machinery and transport equipment industries totalled 1,840 million dollars.

That same year, exports of intermediate iron and steel goods by six Latin American countries (Argentina, Brazil, Chile, Colombia, Mexico and Venezuela) amounted to 251.8 million dollars, of which 43 per cent went to the industrialized countries.^{19/} Exports of motor cars, lorries and buses from these same countries represented 415.9 million dollars; sales to the industrialized countries were 32.3 per cent of this total. Another important group includes radios, television sets, other light electrical and electronic items, with exports totalling 211.5 million dollars and a very high proportion destined for the industrialized countries (65 per cent). Available information for 1975 indicates that exports of the majority of these types of products declined that year, particularly those destined for the developed countries.

Inter-Latin American trade showed the most dynamic performance, with an average annual growth rate of 19.2 per cent between 1955 and 1975; in this last year of the period it accounted for 36.0 per cent of total exports of manufactures (SITC 5+6+7+8, except division 68).

The United States was the most important market outside the region and in that same year represented 31.2 per cent of total exports of these products. Sales to Europe grew at a fairly high rate (15.8 per cent) between those years, exceeding the rate of growth of exports to the United States (14.8 per cent); nevertheless, the total value of exports to Europe represented just over two-thirds of the total value of these exports to the United States. Of the total exports of manufactures to Europe (1,439 million dollars' worth) in 1975, 72 per cent went to the EEC(9), 14 per cent to EFTA and 11 per cent to the socialist countries of Europe; hence a major part of the analysis will be devoted to the study of trade with the Community.

^{19/} Including the United States, Canada, the rest of the continent except Latin America and CARIFTA, the EEC, EFTA, Eastern Europe and the rest of Western Europe.

A notable fact is the marked predominance of "traditional" manufactures in sales to the developed countries (with about three-fifths of total sales of manufactures, compared with two-fifths, for example, in Latin America's intra-regional trade in manufactured products). On the other hand, there are some noteworthy differences between Western Europe and the United States. In the latter market the relative importance of chemical products and machinery and transport equipment is practically equal, with each group absorbing one-fifth of the total; while in the case of Western Europe the share of exports of chemical products is just over twice the value of exports of machinery and transport equipment. This is partly explained by the existence of transnational corporations, since these companies generate the major part of the exports of these types of products and European companies predominate in the chemicals sector, as will be seen in chapter III.

14. Composition of exports of manufactures to the EEC

Nearly two-thirds of the imports of manufactures from Latin America by the Community(9) cover SITC sections 6 and 8, excluding division 68 which consists in general of manufactured products other than metal manufactures, machinery or chemical products (annex table IX). Latin America's share in total imports of these products compared with other areas is insignificant; most trade in manufactures is between developed countries. Furthermore, trade in these manufactures is important because of the high degree of competitiveness that has developed in many products belonging to this group both in Latin America and in other developing countries. In 1974, most of the imports of these types of manufactures effected by the EEC(9) from the region were textiles and included clothing, footwear and other products of leather and iron and steel, which totalled a value of 397 million dollars. Of this value, 249 million dollars' worth were textile products and clothing. These imports have also grown vigorously, since in 1965 they represented virtually insignificant values (see annex table XI). Moreover, these products are important not only for their volume but also because they are exported by the relatively less developed countries as well as the three major countries, Argentina, Brazil and Mexico. In addition,

/these products

these products have stiffer barriers to face in their access to the developed countries' markets. Most of these goods belong to the "sensitive" category of the Community's Generalized System of Preferences.

The region's exports consist not only of traditional manufactures but also of those produced by modern industry. Brazil, Argentina and Mexico, in particular, export by no means insignificant amounts of manufactures produced by these industries. In 1975, Brazil's sales to the EEC of six types of metal manufactures and machinery amounted to 51 million dollars; of these, power-generating machinery alone (SITC 711) accounted for 26 million dollars. The value of these same products exported to EFTA was 18.5 million dollars, motor vehicles (SITC 732) being the most important item representing 13 million dollars. Although no systematic data are available for subsequent years at this level of aggregation, the information at hand would seem to indicate that exports of these items are increasing rapidly.

15. Latin America's trade balance with the major European areas

Latin America's exports to the Community have not increased at the same rate as imports from that origin, particularly in the last few years, which has meant that its trade balance with the Community, which was positive up to 1970, has since been converted into a growing deficit; in 1975 the deficit amounted to 3 billion dollars, or 36.5 per cent of total exports to that market. A very similar situation has arisen with regard to trade with EFTA; at the end of the 1960s the trade balance was converted into a deficit for Latin America. This amounted in 1975 to 800 million dollars, or 69.3 per cent of total exports to EFTA. Trade with the rest of Western Europe and the European countries with centrally planned economies shows a favourable trend for Latin America with increasing trade surpluses throughout the period.

In 1976 Latin America's position improved and available data seem to indicate that this trend continued in 1977. With respect to Europe as a whole, Latin America obtained a surplus of 1 billion dollars, mainly owing to a trade surplus with the countries with centrally planned economies. Trade with the EEC and EFTA reflected a negative balance, though considerably smaller than in previous years. With respect to the rest of the European countries, Latin America obtained a positive balance (see table 6).

B. Trade policies of developed countries and problems of access to their markets

This section deals with the European Economic Community, because it is the most important European area for Latin America and has certain common policies, which justify a joint treatment of the Group.

A study of the European Economic Community's trade policy reveals two features which, especially in recent years, have given rise to serious concern about the effects they might have on the growth of Latin America's exports to that group of countries.

The first question is the emergence and strengthening of distinctly protectionist tendencies which affect a number of products of great interest to Latin America and which, although not expressly directed against the region, can be said to affect Latin American exports more seriously than those of other developing areas. Moreover, these tendencies are not peculiar to the EEC but are shared by other developed areas.

Secondly, the various agreements concluded by the EEC with several countries of the Mediterranean area, particularly the Lomé Convention of which 53 countries of Africa, the Caribbean and the Pacific (the so-called ACP countries) are members, have led to the formation of a trade grouping of the Community with a great many developing countries, which undoubtedly has connotations of discrimination against countries not forming part of that grouping, especially the Latin American countries.

The first group of problems (protectionism) is amply illustrated in a recent statement by the Director-General of GATT to the effect that the measures designed to restrict imports adopted in recent years, or about to be adopted, affect from 3 to 5 per cent of world trade to a value of 30 to 50 billion dollars. Among the categories of goods affected are beef, textiles, leather manufactures, footwear, steel, transport equipment, household electrical products, including electronic articles, etc. To this list should be added those agricultural commodities which, in the case of the EEC, are included in the common Agricultural Policy and for many years have been the subject of import restrictions.^{20/}

^{20/} CEPAL, The economic and social development and external relations of Latin America, op. cit.

/The above-mentioned

The above-mentioned manufactured products are all of great present or potential interest to Latin America; they represent a significant part of the growth of exports from the Latin American countries in the last few years. Their potential interest is all the greater because, for the production of most of these goods, Latin America has advantages in the way of cheaper manpower than in the developed countries (including skilled as well as unskilled manpower), its natural resources endowment and the degree of maturity attained by its industry. If the protectionist trends of the industrialized countries continue, not only would the region's export capacity be seriously affected but also its import capacity which, besides obstructing the industrialization process, could not but have some negative effects on the industrialized countries themselves, as the origin of most of the region's imports of equipment and intermediate goods.

Generally speaking, the protectionist policies adopted by the industrialized countries are in response to concerns related to unemployment or balance-of-payments disequilibrium, or they are designed to defend industries considered of strategic importance. It should be noted, however, that the harm these restrictions do to the developing countries is undoubtedly greater than the alleviation they bring to the countries adopting them, since the values involved have a much greater relative significance for the former's exports than for the latter's imports. It would seem, moreover, that in the face of an objectively difficult situation for all, the developed countries have a greater capacity for defence in view of their superior position in financial, economic and technological terms, and, therefore, that they should strive to find solutions to their conjunctural problems that will not involve sacrifices of this kind for the developing areas.

Specifically, the most significant immediate negative effects are being felt by the textile, clothing and footwear, and leather manufactures sectors, at least in the case of the restrictions imposed by the EEC; exports of steel products, metal manufactures and machinery, electronic items and transport equipment to this group have not yet acquired much importance, although they should, do so in the future.

/In analysing

In analysing the second category of problems, i.e., the EEC's treatment discriminating against Latin America and favouring other countries, specific reference must be made to the concession of more favourable, not generalized, trade treatment for those countries with which the EEC has concluded trade agreements.^{21/} These countries already number over 70, if account is taken of:

(a) The non-reciprocal preferences accorded to the 53 ACP countries signatories of the Lomé Convention, the three Maghreb countries and the four Mashrek countries which enjoy preferential trade treaties.

(b) The reciprocal preferences implicit in the agreements existing with the four Mediterranean countries which are forming a customs union with the EEC (Greece, Turkey, Malta and Cyprus), the eight member countries of EFTA and Israel, which have signed agreements with the EEC with a view to the establishment of a Free Trade Association.

Apart from these agreements there are examples of special deals with individual countries on a single product or group of products. Included in this category are the agreements with Yugoslavia on beef, and the special agreements with Commonwealth member countries to compensate for the loss of customs benefits resulting from the entry of the three new members into the Community. It has been estimated,^{22/} that the agreements with Canada involve concessions that cover agriculture, fishery and forestry exports to a value of over 250 million dollars. Other countries enjoying these special benefits are Australia and New Zealand.

The Lomé Convention grants, in principle (with the sole exception of those products which are subject to the Common Agricultural Policy), completely free access for all products of the 53 ACP countries, with no reciprocity obligations. There are also three supplementary agreements on industrial co-operation, technical and financial assistance and the stabilization of export earnings (STABEX).

²¹ See later in this study for a discussion of the nature and scope of generalized preferences.

^{22/} United States Department of Agriculture, Foreign Agriculture, 21 February 1977. "The EEC and its special third country partnerships", by Omero Sabatini.

Table 13 summarizes the different treatment given under EEC's trade policy to Latin America compared with the ACP countries in the field of basic commodities. It will be noted in the table that as regards the 23 commodities analysed, which represent about two-thirds of Latin America's total exports to Europe, in 1974 Latin America still had a bigger share than the ACP countries (4,901.5 million dollars against 4,511.7 million). The situation has probably changed in recent years as a result of the Lomé Convention, the difficulties of access for beef and sugar to the EEC and the problems of fish meal production in the region. In any case, it will be seen from the table that Latin America's treatment is significantly more unfavourable. This will probably have a greater impact in the future, with less favourable commodity prices and markets, than in the past when these conditions were particularly satisfactory in some years.

The preferential treatment reserved for the ACP countries is obvious both in comparing their position as regards tariffs and in the use of the STABEX mechanism. Note should also be taken of the special case of sugar which, though not benefiting from the STABEX system, is subject to a special supply agreement, through which the EEC guarantees the ACP countries the purchase of sugar quotas at prices that must not be below the support prices paid to producers in the Community itself.

As regards manufactures, it should be noted that many of the ACP countries represent a distinctly lower net export potential than Latin America. Yet it is worth while pointing out that their position compares very favourably with that of the Latin American countries, since their completely liberalized access is not subject to the quota system in force for "sensitive and semi-sensitive" products in the EEC's Generalized System of Preferences. Moreover, some ACP countries are already in a position to take advantage of this improved treatment. The Lomé Convention only contains a safeguard clause authorizing restrictive measures to be implemented in such a way as to cause a minimum of difficulties to the ACP countries, in the event that imports should give rise to serious disruptions in the economy of the export country.

Table 13
EUROPEAN ECONOMIC COMMUNITY: CONDITIONS OF ACCESS FOR MAIN BASIC COMMODITIES^{a/}

Commodity	Value of imports CIF 1974 (millions of dollars)	Latin America's share (percent-ages)	ACP share (percent-ages)	Treatment of Latin American countries		Treatment of Lomé countries	
				Most-favoured-nation tariff	Use of generalized system of preferences and preferential tariff	Tariff preferences under Lomé Convention (tariff applicable)	Use of STABEX compensatory system
Beef	1 713.9	13.4	0.5	CAP	No	Favourable treatment <u>b/</u> (rule 706/76)	
Wheat	1 927.5	4.4	-	CAP	No	Irrelevant, not produced <u>b/</u>	
Maize	2 500.1	14.5	-	CAP	No	Favourable treatment (rule 706/76)	
Linseed, coconut and palma oil	990.8	13.7	18.0	Palm: 4-14% 5-20% <u>c/</u> Sugar: CAP Honey: 27%	Palm: 2.5-12% No	Exempt	Yes
Sugar and honey	1 532.2	24.2	14.2				Supply agreement
Bananas	481.9	52.6	17.0	20%	No	Exempt	Yes
Groundnuts	286.7	4.8	41.7	0%	No	Exempt	Yes
Copra	174.8	-	1.9	0%	No	Exempt	Yes
Wood				0%	No	Exempt	Yes
Groundnut oil	309.4	23.2	56.4	5-15% <u>c/</u>	No	Exempt	Yes
Coffee	1 808.5	52.3	33.0	Beans: 5.4%, Roasted: 15% Soluble: 18%	Roasted: 12% Soluble: 15%	Exempt	Yes
Cocoa	1 056.3	11.6	43.4	Butter: 12% Powder: 16%, Paste 15%	Butter: 8% <u>c/</u> Powder and paste: 11%	Exempt	Yes
Tobacco	962.5	8.4	6.0	Manufactured: 26% or 52-117% Unmanufactured: 14-23% Plus specific duty	Small margins only 7% <u>c/</u>	Exempt	
Undressed hides and skins	689.3	2.5	7.0	0%	No	Exempt	Yes
Wool	1 458.5	7.3	0.2	Combed or carded: 3% The rest: 0	No	Exempt	
Cotton	1 288.1	20.3	14.3	Combed or carded: 1.5% The rest: 0	No	Exempt	Yes
Sisal and abaca	320.9	30.0	19.1	0%	No	Exempt	Yes
Iron ore	2 316.1	26.0	20.5	0%	No	Exempt	Yes
Refined copper	4 695.5	14.6	34.9	0%	No	Exempt	
Refined lead and zinc	1 033.0	5.9	2.6	3.5%	No	Exempt	
Refined tin	469.7	0.7	7.4	0%	No	Exempt	
Non-ferrous metal ores	2 139.7	15.0	6.7	0%	No	Exempt	
Fish meal	318.0	23.1	0.5	2%	Exempt	Exempt	

Source: Statistical data: OECD, Trade by Commodities, Imports 1974; Generalized System of Preferences and most-favoured-nation tariff: EEC, Practical Guide to the Use of the European Communities' Scheme of Generalized Tariff Preferences (May 1977).

Note: CAP-Subject to the Common Agricultural Policy.

a/ Comprise two-thirds of Latin America's exports to the EEC.

b/ See foregoing pages.

c/ This concession is subject to a pre-established quota.

In addition to the Lomé Convention, whose main features have just been outlined, there are the above-mentioned preferential agreements with other countries, especially of the Mediterranean basin. These countries, some semi-industrialized and others approaching the stage of full industrialization, are strong present and potential competitors of Latin America.

All the foregoing information presents a situation of distinct discrimination against Latin America, which is difficult to justify in the light of the existing legal instruments (UNCTAD and Part IV of GATT). It is worth recalling that although Part IV of GATT provides for the concession of special preferences to developing countries, in the principles and objectives included in the same chapter it is stated that the basic objectives of the Agreement include improving the level of living and the progressive development of the economies of all the contracting parties, and that the achievement of these objectives is particularly urgent if the contracting parties are developing countries.

In other words, the preferences should not become advantageous for one group of countries at the expense of the rest. Nor is it a valid argument that the countries with which the EEC has signed preferential agreements are relatively less developed than the Latin American countries, since hitherto the EEC has granted special preferences to countries with widely varying income levels, many of which are higher than that of some Latin American countries.

It may therefore be affirmed that the granting of special preferences to only one group of countries violates the spirit of the world movement towards generalized preferences and also the spirit and basic motivations of Part IV of GATT.

Furthermore, Latin America's importance as a buyer from the EEC (7.2 per cent of total sales in the period 1973-1975 compared with 5.6 per cent for the ACP countries), particularly in some specific items such as chemical products and machinery in which its share is close to that of the United States, compares very unfavourably with its position as a supplier (2.9 per cent of total imports in 1974, as against 4.3 per cent for the ACP countries).

/It would

It would seem that the lack of a united view on the part of the Latin American countries has been one of the factors that have so far prevented the region from having more bargaining power with respect to the EEC,^{23/} although possibly the historical ties between the EEC and many of the ACP countries have played an even more important role.

The conclusion is that the problem of trade discrimination against the region is destined to be one of the focal points of discussion between the EEC and Latin America, unless clear measures are adopted to improve the conditions of access for Latin American products to the Community market.

The Community's scheme of the Generalized System of Preferences and its utilization

A detailed description of the nature of the Community scheme under the Generalized System of Preferences was included in an earlier document of the Economic Commission for Latin America ^{24/} issued in 1975. Since then there have been changes in the lists of products covered but basically the structure of the scheme and its significance for the Latin American countries remains the same.

The principal Latin American beneficiaries of the scheme in 1975 were Argentina, Brazil, Mexico, Peru and Venezuela. Trade of these countries which actually entered the Community with preferences amounted to:

Argentina	47	million	units	of	account
Brazil	162	"	"	"	"
Mexico	59	"	"	"	"
Peru	32	"	"	"	"
Venezuela	1	"	"	"	"
	<u>301</u>				

The corresponding total for all beneficiaries was 1,792 million units of account.

^{23/} On this subject, see CEPAL, The economic and social development and external relations of Latin America, op. cit., pp. 236-243; and Leopoldo Tettamanti, Relaciones económicas de América Latina con la CEE, E/CEPAL/L.159, June 1977.

^{24/} CEPAL, Latin American Development and the International Economic Situation, Part II. E/CEPAL/981/Add.2, 21 February 1975.

About two-thirds of Latin America's exports to the EEC is made up of 25 basic commodities.^{25/} Sixteen of these are subject to tariff duties, but only three receive preferences. These preferences are in the form of only partial tariff reductions and the margins of advantage over countries not receiving preferences are quite small. The scheme of the EEC has been intended and designed from the start to encourage exports of manufactures and semi-manufactures from the developing countries more than exports of primary goods. Indeed exports of many agricultural primary goods are actually discouraged by the Community through implementation of its common agricultural policy.

On the other hand the expressed intention to stimulate exports of industrial goods from the developing countries has been partially frustrated by limitations which the Community itself has placed on such exports. These limitations are in the form of tariff quotas and ceilings which prevent duty-free entry once the specified limits have been reached. Unfortunately some of the products affected are precisely those non-traditional exports which the Latin American area has been striving to develop in order to reduce its debilitating dependency on a few export products subject to sharp international price and demand fluctuations.

Forty-six sensitive industrial products are subject to tariff quotas, with advance allocation of each quota among the member states of the Community. Certain tariff quotas include a reserve share to enable allocation to be adjusted according to use of the quota. Semi-sensitive products number 131; these are subject to ceilings at the Community level. For almost all other non-agricultural products (the so-called non-sensitive ones) ceilings at the Community level are applied when the category of sensitivity of the products is changed. Individual exporting countries are in principle limited to a specific percentage of the Community quota (the butoir) which means that no one country may export more than 50, 30, or 20 per cent of the ceiling, depending on the product. These butoirs are set out product-by-product in the list of goods receiving preferences.

^{25/} See list in CEPAL, The Economic and Social Development and External Relations of Latin America, p. 230 (E/CEPAL/AC.70/2, 16 February 1977).

Industrial raw materials are excluded from the preferences scheme but in general these have low or zero duties.

According to information provided to UNCTAD by the European Economic Community, there is a great disparity between the value of imports, from all sources, of products included in the preferences scheme and the value of imports of the same products which actually entered the Community with preferential treatment,^{26/} the ratio being 3 to 1. Some Latin American countries (Brazil, Mexico and Peru) showed much less disparity according to figures provided for 1975 in the source cited. Argentina's percentage corresponded to the world average and Venezuela's percentage was quite low.

Probably the two main factors which severely limit utilization of the preferences are (a) the quotas and ceilings which the Community imposes for certain sensitive and semi-sensitive products and (b) insufficient knowledge and understanding of the scheme on the part of exporters, contributed to by the complexity of its regulations. With respect to the first of these two elements, in 1976 five Latin American countries exceeded the maximum amounts established by the Community (Brazil with seven products, Mexico and Venezuela with two each, and Argentina and Colombia with one each). All beneficiary countries under the scheme, including Latin American countries, were limited in their duty-free exports of 23 other products to the Community owing to the latter's quantitative restrictions. This makes a total of 36 product-cases where Latin American countries were affected by the application of such restrictions under the preferences scheme. For the developing countries as a whole 105 products were affected. The categories of exports to which the 36 products correspond are hides and skins, wood, cement, yarn fabrics and apparel, shoes, citric and glutamic acid, petroleum derivatives, certain manufactured metal articles and building materials.

For 13 of the products where a quantitative restriction under the scheme affected a Latin American country or countries the maximum quantity permitted to enter duty free is less than half a million dollars.

^{26/} See UNCTAD, TD/B/C.5/30/Add.4 "Generalized System of Preferences: Replies received from preference-giving countries", 20 June 1977.

For other products the amount is even less than 800,000. Moreover, for yet other products the limits are very low in relation to total exports of the "beneficiary" country to the Community (e.g. hides and skins exported by Argentina, shoes and planed lumber exported by Brazil).

C. Individual analysis of main basic commodities

Sixteen commodities are considered here: wheat, maize, rice, meat, cotton, sugar, cocoa, coffee, bananas, bauxite and aluminium, copper, lead, zinc, tin, iron and, of course, petroleum. They represent 64.8 per cent of Latin America's average exports in the period 1973-1975.

Table 14 provides information on Latin America's share in Europe's imports in terms of quantity and value. Because of the source used,^{27/} these tables cover only the European countries belonging to the OECD, that is, not the socialist countries of Europe.

These countries are, however, included in the data on commodity exports by SITC sections,^{28/} and the evolution of their imports from Latin America will be dealt with in greater detail later on in this study. The share of the European countries members of CMEA can already be said to be considerably lower than that of the member countries of the OECD, in spite of having risen from 9 per cent in 1960 to 15.2 per cent in 1973, essentially owing to Cuba's exports to those countries.

There has been a steady increase in the volume of commodity exports throughout the period under review. In some cases (such as that of agricultural products of tropical origin), this indicator presents characteristics of slower growth than world demand for these products and than exports to those countries by other parts of the world (particularly Africa). In others, as noted in section B, barriers were established for Latin American exports to Europe, particularly to the EEC. This happened in the case of temperate-zone agricultural products and, to a certain extent, sugar. Demand for non-ferrous metals depends on the level of industrial activity of the consumer countries and has therefore grown considerably in the last few decades.

^{27/} OECD, Trade by Commodities, various years.

^{28/} See tables 10, 11 and 12 above.

Table 14

AMERICAN DEVELOPING COUNTRIES : SHARE IN COMMODITY IMPORTS OF
EUROPEAN COUNTRIES MEMBERS OF THE OECD

(Percentages)

SITC	Commodity	On the basis of value				On the basis of volume			
		1960	1965	1970	1974	1960	1965	1970	1974
011	Meat	44.9	28.5	18.7	9.4	26.4	21.1	21.6	8.3
041	Wheat	8.8	17.0	4.1	3.4	8.8	18.3	4.2	2.5
042	Rice	0.3	11.1	14.0	12.4	2.2	14.1	19.3	12.9
044	Maize	33.4	20.6	28.2	17.5	33.4	20.4	29.6	17.5
051.3	Bananas	...	74.6	83.0	83.4	...	76.2	84.0	84.4
061	Sugar	53.7	55.0	26.4	36.6	48.4	37.1	33.8	34.4
071	Coffee	63.6	64.2	64.2	57.6 _{a/}	56.3	58.2	61.6	55.2 _{a/}
072	Cocoa	13.0	7.0	7.4	11.9 _{a/}	11.8	5.0	7.1	9.5 _{a/}
263	Cotton	15.5	30.0	24.6	20.3 _{a/}	14.3	28.4	...	19.9 _{a/}
281	Iron	17.1	19.4	20.8	26.8 _{a/}	11.3	14.6	18.1	24.3 _{a/}
682	Copper	18.9	14.6	17.0	10.8 _{a/}	19.1	16.6	17.4	11.5 _{a/}
283.3	Bauxite	...	20.0	25.1	23.3	...	7.6	7.9	8.4
685, 283.4	Lead	19.2	12.2	13.0	10.7	17.4	11.2	12.2	10.7
686, 283.5	Zinc	8.2	4.8	5.4	10.8	10.0	1.2	6.7	15.4
283.6	Tin	...	33.3	60.5	54.9	...	55.8	76.3	70.2
331, 332	Petroleum	13.8	9.4	3.9	1.9	10.0	7.9	...	2.1

Source: OECD, Statistics of Foreign Trade, Series C, several volumes.

a/ The data are for Latin American 20 republics.

/Although it

Although it is true that in terms of volume commodity exports have grown steadily, the same cannot be said for the series of unit value indexes for the period concerned. This depends on the price fluctuations which affected nearly all commodities.

Figure 1 presents a series of international price indexes for the commodities studied, including petroleum, and compares it with an index of world inflation prepared by the World Bank on the basis of the prices of exports of manufactures from the developed countries. It may be noted from this figure how far the prices have suffered fluctuations, sometimes extreme, in the course of time, in sharp contrast with the progressive rise in the prices of manufactures (and of petroleum) which represent the bulk of the imports from the Latin American countries. Although admittedly there has been a notable recovery in price levels since 1973, in the first place it should be noted that the actual increase in terms of purchasing power has been seriously affected by the rises in world price levels and, secondly, it is a well-known fact that for many of these products (sugar and copper being two particularly serious cases for the region), in 1976 and 1977 there were occasionally sharp drops from the 1974 levels, sometimes even below the 1972 levels.

1. Temperate-zone agricultural commodities

These commodities have been seriously affected by the restrictions imposed by importing European countries members of the OECD, and in particular by the EEC. The countries most affected have been Argentina, followed by Uruguay, Brazil, and others, although on a much lesser scale.

Between 1970 and 1974, meat imports from Latin America by the European OECD countries ^{29/} dropped to less than half their previous volume. Because of the mechanism used (complete suspension of imports) beef was the sector most seriously affected by the restrictive policy for imports of agricultural origin by the EEC. Wheat has also been

^{29/} As regards this information, and all that following in relation to "the OECD European countries", there is a small overestimation in the figures for 1974 owing to the inclusion of Finland, which was not a member of the OECD in 1965.

Figure 1 a

INDEXES OF PRICES OF BASIC COMMODITIES OF INTEREST TO LATIN AMERICA
COMPARED WITH THE INDEX OF WORLD INFLATION

(Index base: 1970 = 100)
Semilogarithmic scale

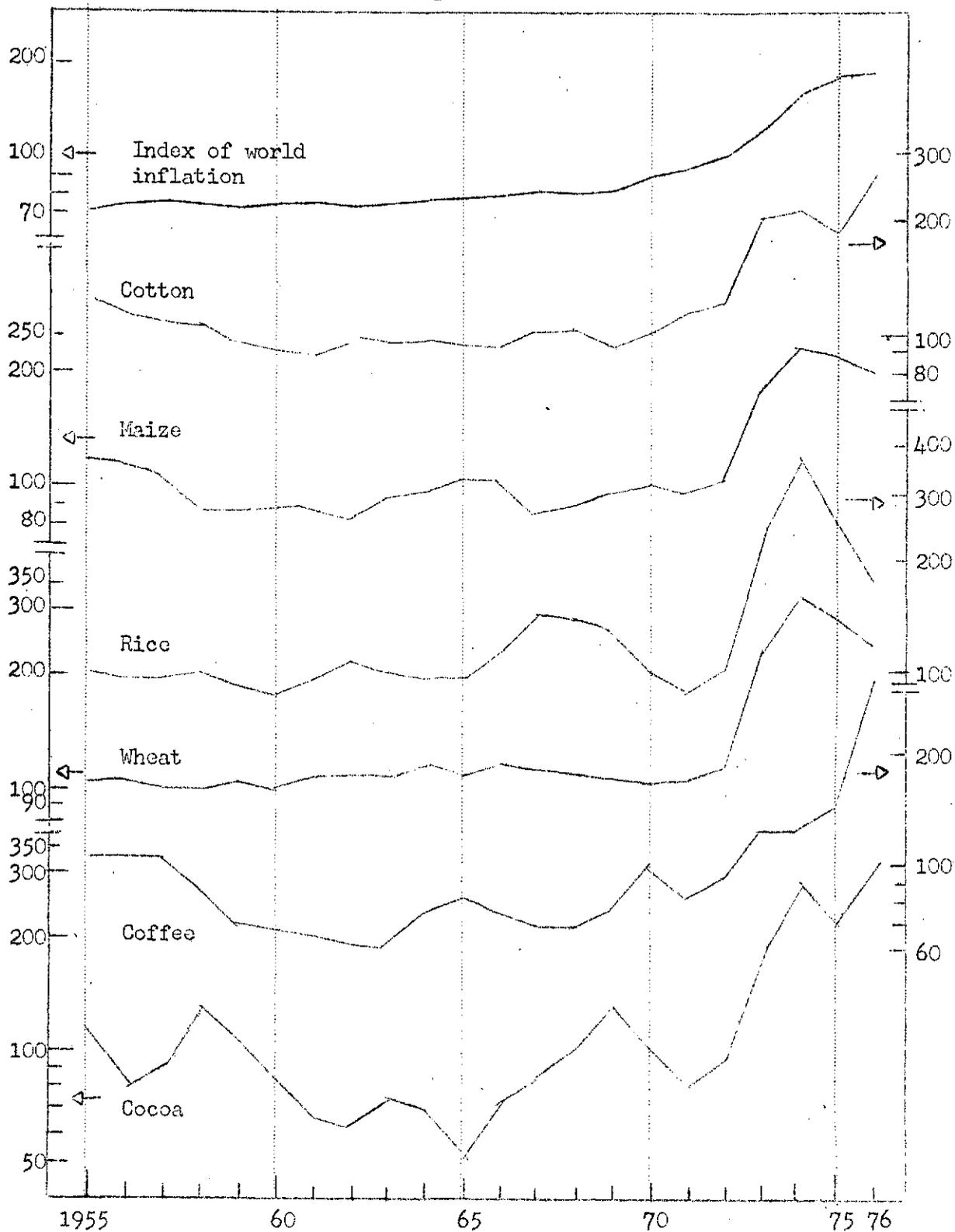
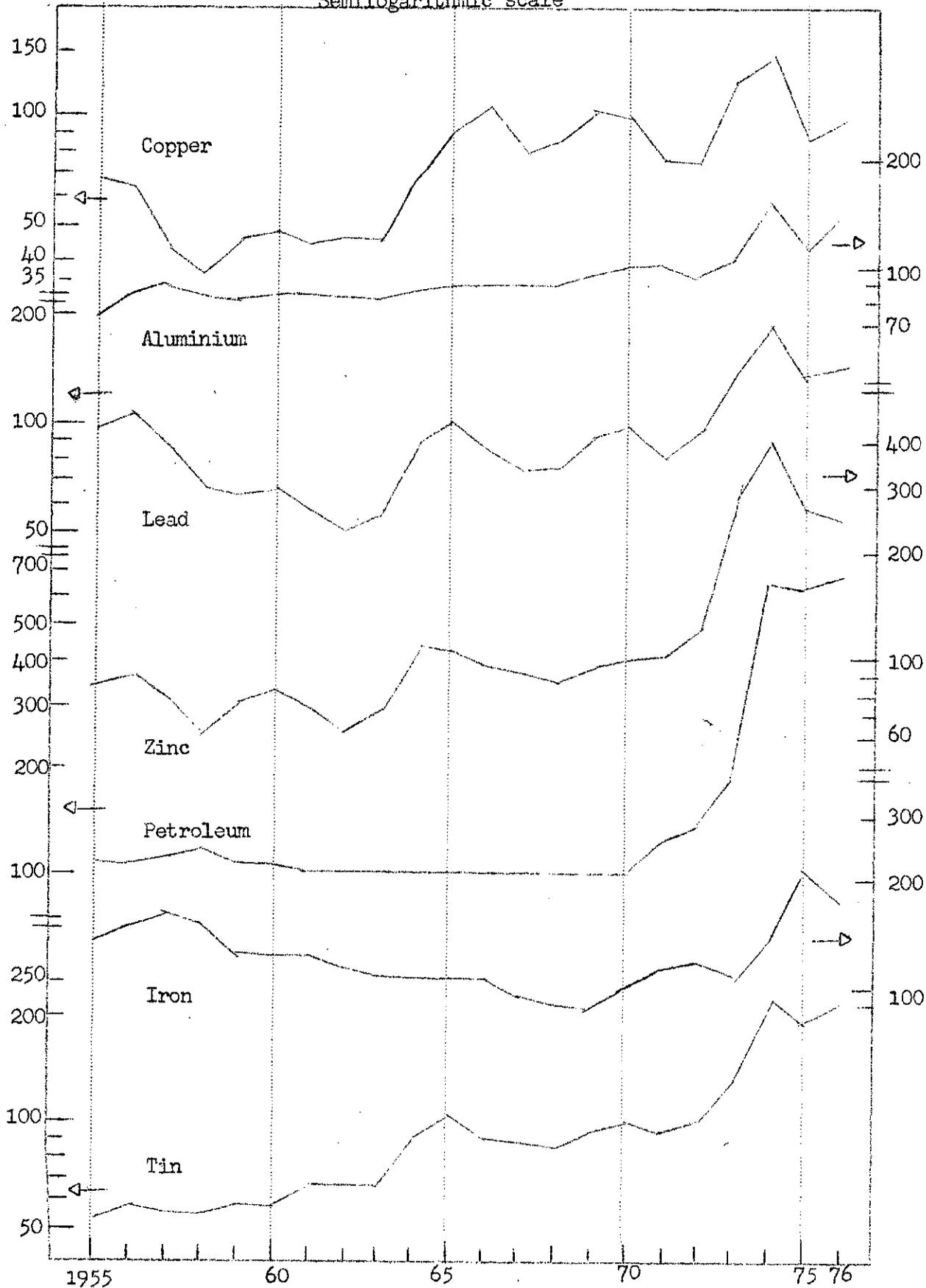


Figure 1 b

INDEXES OF PRICES OF BASIC COMMODITIES OF INTEREST TO LATIN AMERICA COMPARED WITH THE INDEX OF WORLD INFLATION

(Index base: 1970 = 100)

Semilogarithmic scale

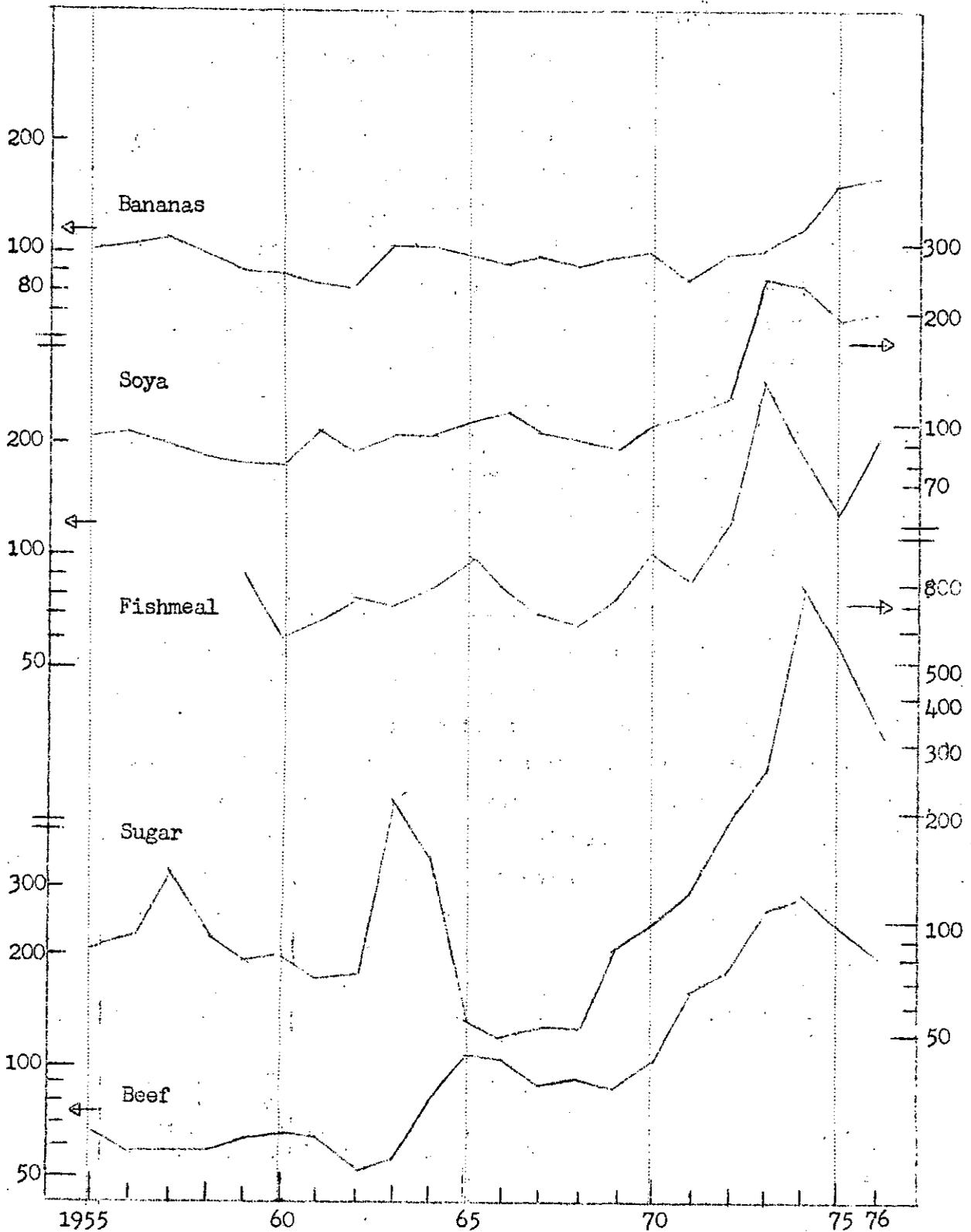


/Figure 1 c

Figure 1 c

INDEXES OF PRICES OF BASIC COMMODITIES OF INTEREST TO LATIN AMERICA
COMPARED WITH THE INDEX OF WORLD INFLATION

(Index base: 1970 = 100)
Semilogarithmic scale



/severely affected

severely affected (in this case, too, imports by the European OECD countries declined to half), although the drop in exports to Western Europe may have been partially compensated for by the considerable increase in exports to the Soviet Union. The decrease in maize imports, on the other hand, has not been very great and it has been accompanied by a marked increment in sales to the CMEA countries. In more general terms, Latin America's share in imports of wheat, maize, rice and meat by the European countries members of OECD fell from 23.2 per cent in 1965 to 10.8 per cent in 1974 as a result essentially of the EEC's Common Agricultural Policy, which led to growing self-sufficiency through the mechanism of imposing variable levies on imports.^{30/} Exports of vegetable oils are in a similar position, although the effects on import values have not been so marked, since there was no previous significant flow of these products. The increase between 1965 and 1974 (from 69 to 254 million dollars) in the imports of European countries (OECD) from Latin America hides the barriers that have prevented this item from representing a much higher figure. Moreover, 1974 was a year of unusually high prices for vegetable oils.

2. Tropical agricultural commodities

Particularly notable among these commodities is the case of sugar, which like the temperate-zone commodities is subject to the EEC's Common Agricultural Policy. For sugar, as for other tropical commodities, the signature of the Lomé Convention distinctly improved the relative position of the Caribbean countries in this respect,^{31/} although in normal years there is still a situation of surplus production in the Community which makes it difficult to import from the rest of Latin America. Imports from "developing America" (that is, including non-self-governing territories,

^{30/} Designed to compensate for the difference between the price of imported products (CIF plus fixed customs duties) and the domestic support price established for each year.

^{31/} As a result of this Convention, the Caribbean countries may retain their position as traditional suppliers of sugar to the United Kingdom, market; at the same time they enjoy tariff exemptions and the use of the stabilization of export receipts mechanism (STABEX) envisaged for the member countries.

for purposes of comparison) by the European countries members of the OECD dropped from 48 to 34 per cent between 1960 and 1974, while the increase in volume over the same period was practically negligible, i.e., from 2,450,000 tons to 2,600,000. Moreover, if Finland and Yugoslavia which were not members of OECD in 1960 are excluded, the figure is a little over 2,500,000 tons. Latin America's prospects of supplying Western Europe's demand for sugar, except in years when there may be a sugar shortage in the Community, show no signs of improving. The preferential treatment given to the Caribbean countries signatories of the Lomé Convention and the export quota for European countries not members of the EEC may be expected to be maintained. Cuba's case is quite different; there is an agreement in force with the countries of CMEA - of which this country is actually a member - signed in 1965 and renewed up to 1980, guaranteeing the market of the socialist countries of Eastern Europe at price levels which, except in very special periods such as the second half of 1974, are higher than world prices.

As regards coffee, the United States, which is the traditional market for Latin America, has shown a negative growth of its volume of imports (17 per cent less in 1974 than in 1959). The European market, on the other hand, has expanded notably in the last two decades, exceeding that of the United States and becoming stabilized at over half of the total world imports of this commodity (52.7 per cent in terms of value in 1974). This explains why Latin America's coffee exports, in spite of having lost ground to Africa in both the world market and in Europe, where they dropped from 63.6 per cent of the total imported in 1960 to 57.6 per cent in 1974, have found their most dynamic market in Europe. What has shown itself to be even more dynamic, although at still relatively low levels, is the market of the CMEA countries which doubled its volume of coffee imports from Latin America between 1960 and 1974.

Access to the EEC market presents some difficulties ranging from the customs tariffs (5.4 per cent), from which the member countries of the Lomé Convention are exempt, to the excessively high level of internal taxes in certain countries such as Germany and Italy, where the internal tax (without considering the tariff) amounted to 130 per cent and 110 per cent, respectively, of the CIF import price in 1973.

/Cocoa presents

Cocoa presents many characteristics in common with coffee: slow growth of world demand, high level of internal taxes in the EEC countries, strong competition from other developing areas. Inasmuch as the customs tariff is as high as for roasted and soluble coffee (12 per cent for cocoa butter and 16 per cent for cocoa powder), the customs exemption granted to the ACP countries under the Lomé Convention is relatively more detrimental to the Latin American countries, particularly if it is taken into account that their share of total imports by the European OECD countries had already dropped from 11.8 to 9.5 per cent in terms of volume between 1960 and 1974. In the case of both coffee and cocoa, attention is drawn to the lack of growth of Latin America's production.

In the case of bananas, which has been thoroughly studied by the Intergovernmental Group set up by FAO, in co-operation with UNCTAD,^{32/} is very typical of a certain situation in the production and marketing of basic commodities concerning which a recent CEPAL document ^{33/} suggests the need for "a complete restructuring of all phases of the process of production and marketing of this commodity so as to enable the producing countries to have a larger share in them as the only means of increasing their net foreign exchange earnings". These marketing mechanisms, in which transnational corporations play a predominating role, are responsible for the fact that the export price of bananas is only 11.5 per cent of the final retail price. To this situation is added a decline in export earnings in real terms, due to the deterioration in the terms of trade, which is more evident in the case of bananas than in that of any other commodity. In spite of a relatively high tariff barrier in the EEC's common external tariff (20 per cent) and of the competition from the non-self-governing territories of America and the African countries, Latin America increased its share in the volume of imports by Europe (OECD)

^{32/} See the documents Pricing policy in relation to marketing and distribution of bananas (TD/B/C.1/CONS.10/L.5) and The marketing and distribution system for bananas (TD/B/C.1/162), both issued in 1974.

^{33/} Information note on recent trends in some primary commodity markets (E/CEPAL/L.122), 20 August 1975.

from 46.0 per cent of the total in 1965 to 62.5 per cent in 1974. Satisfactory results, with good prospects of a subsequent improvement, have also been recorded in the CMEA countries, particularly the German Democratic Republic, where per capita consumption of bananas has exceeded that of certain Western European countries such as Italy.

3. Raw materials of agricultural origin

For lack of space, this analysis will exclude items of medium importance to several Latin American countries; it will deal only with cotton, which, as can be seen from the following table, represented 47 per cent of the region's total exports of these products in 1974.

Table 15

LATIN AMERICA'S EXPORTS OF RAW MATERIALS OF AGRICULTURAL ORIGIN
TO EUROPE (OECD), 1974

(Millions of dollars)

Hides and skins		51.4
Natural rubber		5.0
Wood, cork, cellulose		43.5
Agricultural and animal raw materials not elsewhere specified		80.6
Textile fibre:		561.7
Wool	130.4	
Cotton	345.1	
Other vegetable fibre	81.4	
<u>Total</u>		<u>742.2</u>

No major tariff or non-tariff barriers exist for exports of raw cotton to Europe and to the Community in particular, although there are fairly stiff barriers for the more highly processed forms of cotton exports.^{34/}

^{34/} See part B.

/The common

The common external tariff is zero, except in the case of combed or carded cotton which in any case represents a minimal percentage of Latin America's total exports. Nevertheless, the region's share in the total volume of imports dropped both in absolute terms (from 438,600 to 268,000 tons) and in relative terms (from 28.4 to 19.9 per cent) between 1965 and 1974.^{35/} This decline was essentially due to the lower imports from those countries (Brazil, Mexico and Peru) which had been the biggest exporters in 1965, while the countries of the Central American Common Market and Colombia significantly increased their share in the total volume of trade. The reason for this drop in exports to Europe from Brazil, Mexico and Peru seems to stem from an essential factor: the development of the national textile industry and, therefore, the use of a relatively larger part of production for domestic activities.

4. Non-ferrous metals

This section will deal with exports of metals (SITC 68) but not of crude ores (SITC 283), since in global terms the former are more important than the latter. Reference will be made to exports of crude ores when, as in the case of tin, lead and zinc, they represent a value close to or higher than exports of refined metals.

Copper, 80 per cent of which is exported by Chile (and which represented an average of nearly three-quarters of this country's exports in the period 1973-1975) is by far the region's chief export commodity in this category.^{36/} Latin America's share in Europe's total imports decreased sharply between 1960 and 1974 (from 19.1 to 11.5 per cent in terms of volume).

Moreover, the depressed situation with respect to world copper prices is only too well known (see figure 1), and is essentially attributable to a greatly excessive supply due partly to the slow economic recovery of the industrialized countries and partly to the lack of agreement

^{35/} This drop would be even greater if the figure for Finland, which was not a member of OECD in 1965, were deducted from the 1974 figures.

^{36/} It represented about 85 per cent of Latin America's total exports of non-ferrous metals to Europe in 1970-1972.

among the member countries of the Intergovernmental Council of Copper Exporting Countries (CIPEC) ^{37/} to implement policies for the self-limitation of supply. The working groups convened by UNCTAD in 1976 and 1977 with a view to preparing the ground for an agreement to regulate the world copper market have so far shown no significant results.

The problems of copper's entry into the European countries are connected not with customs duties (the EEC's tariff is zero), but, for the reasons explained above, with demand. The present tension will probably continue, considering also that in several countries of Latin America (Chile, Peru, Panama, Colombia, Mexico) the possibility is insistently being raised of opening up new mines for development, some with a very great production potential. A certain trend towards a decline in the production of copper in the developed countries will apparently not be sufficient to counteract, within a reasonable period, the present situation of excessive supply on the world market.

As regards the processing of copper, it should be noted that, as in the case of tin referred to below, Latin America exports a relatively higher proportion of crude ore (20 per cent) (in terms of the export value of crude ore in relation to the total export value of the ore and the metal) than other developing areas such as Africa (3.8 per cent).

5. Iron ore

Nor has this commodity any difficulties in terms of access to the European markets, since the tariff is zero. Latin America's share in the total value of Europe's imports has risen steadily in the past 15 years, from 17.1 per cent to 26.8 per cent. Latin America's exports of iron ore to Europe are almost exclusively from three countries (Brazil, Venezuela and Peru), since Chile, the fourth exporting country of the region, sends Europe only a minimal proportion of its exports.

With the development of new and large-scale projects in Brazil, in some of which there are European interests, it may be assumed that

^{37/} This body, of which two Latin American countries - Chile and Peru - are members, controls 30 per cent of world production and 70 per cent of world exports.

Latin America's share in iron ore exports to Europe will increase in the future. The possible development of the Mutún mines in Bolivia, which have an enormous potential (no less than 40 per cent of the total potential reserves of all the developing countries) will add an element of great importance to Latin America's position in the world iron market. Nevertheless, the evolution of exports of this commodity, even more than in other cases, is closely linked with the reactivation of the economy in the industrialized centres.

ANNEX

Table I
LATIN AMERICA: TERMS OF TRADE INDEX

Year	Oil-exporting countries a/	Non-oil-export- ing countries	Latin America b/
1950-1954	179.9	124.0	134.7
1955-1959	182.6	104.6	121.5
1960-1969	122.6	95.9	101.5
1970	100.0	100.0	100.0
1971	112.9	92.8	96.9
1972	111.5	97.5	100.3
1973	131.6	108.6	113.1
1974	273.0	100.2	127.8
1975	235.5	89.0	110.1
1976	225.2	94.6	113.3

Source: CEPAL, official data.

a/ Include Bolivia, Ecuador and Venezuela.

b/ Excludes Cuba, Barbados, Guyana, Jamaica, and Trinidad and Tobago.

Table II
STRUCTURE OF WORLD TRADE^{a/}

	Constant values (billions of dollars at 1974 prices)					Current values					Percentage breakdown ^{b/}					Growth during each period 1950-1975		
	1950	1960	1973	1974	1975	1950	1960	1973	1974	1975	1950	1960	1973	1974	1975	Number of times ^{b/}	Annual rate (per-centage) ^{b/}	Annual rate (per-centage) ^{b/}
Food and raw materials	55.0	82.2	158.4	154.0	155.3	25.7	38.8	123.2	154.0	151.0	46.4	34.8	23.8	20.1	19.1	5.9	7.3	4.2
Fuels	27.2	50.2	160.9	160.0	140.8	5.5	11.0	59.4	160.0	147.0	9.9	9.9	11.5	20.9	18.6	26.7	14.0	6.8
Manufacturers	8.0	118.0	401.6	442.0	421.1	24.2	61.7	329.4	442.0	447.0	43.7	55.3	63.5	57.8	60.4	19.7	12.7	8.3
<u>Total (including items not elsewhere classified)</u>	<u>140.2</u>	<u>252.4</u>	<u>723.1</u>	<u>764.4</u>	<u>737.0</u>	<u>55.4</u>	<u>113.1</u>	<u>518.5</u>	<u>764.4</u>	<u>790.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>14.3</u>	<u>11.2</u>	<u>6.9</u>

Source: United Nations, Yearbook of International Trade Statistics, 1959, 1967 and 1974, vol. I; United Nations, Monthly Bulletin of Statistics, June 1976.

a/ Excluding trade of countries with centrally planned economies.

b/ In terms of current values.

c/ In terms of constant values.

Table III

LATIN AMERICA: TRADE BALANCE WITH SOME AREAS

(Millions of dollars)

	Agricultural commodities		Mining products		Fuels		Manufacturers		Total ^{a/}	
	1955	1975	1955	1975	1955	1975	1955	1975	1955	1975
Developed countries										
Exports	4 470	11 638	976	3 215	1 530	13 073	211	3 675	9 400	31 817
Imports	580	4 293	139	821	220	711	4 880	30 783	8 710	37 544
Balance	+3 890	+7 345	+837	+2 394	+1 310	+12 362	-4 669	-27 108	+690	-5 727
European countries with centrally planned economies										
Exports	164	3 432	4	231	0	8	6	158	175	3 852
Imports	15	463	0	32	23	548	90	1 288	140	2 540
Balance	+149	+2 969	+4	+199	-23	-540	-84	-1 130	+35	+1 312
Other developing countries										
Exports	80	1 265	2	33	90	885	0	252	180	2 449
Imports	145	145	9	129	50	6 350	80	388	290	7 027
Balance	-65	+1 120	-7	-96	+40	-5 465	-80	-136	-110	-4 578

Sources: UNCTAD, Yearbook of International Trade and Development Statistics, 1976; United Nations, Monthly Bulletin of Statistics, May 1977.^{a/} Excluding SITC section 9.

Table IV

SHARE OF VARIOUS SUPPLIER COUNTRIES IN IMPORTS BY EUROPEAN COUNTRIES

	Year	Imports from other member countries of the same economic group		Extra-area imports						Total imports from countries outside the various economic groups	
		Millions of dollars	Percentage	From other developed market-economy countries		From developing countries		From other sources <u>a/</u>		Millions of dollars	Percentage
				Millions of dollars	Percentage	Millions of dollars	Percentage	Millions of dollars	Percentage		
Whole of Europe	1955	13.5	33.2	20.5	62.2	10.0	30.2	2.5	7.6	33.0	100.0
	1965	39.1	44.4	43.1	66.7	16.9	26.1	4.5	7.2	64.5	100.0
	1970	73.7	49.9	66.6	67.4	24.5	24.8	7.6	7.8	98.7	100.0
	1975	200.2	43.7	139.7	54.2	83.8	32.5	34.0	13.2	257.5	100.0
EEC	1955 <u>b/</u>	6.2	32.3	7.4	56.3	5.2	39.8	0.4	3.9	13.0	100.0
	1965 <u>b/</u>	20.8	44.6	15.3	59.2	8.9	34.4	4.7	6.4	28.9	100.0
	1970 <u>b/</u>	43.3	50.8	25.0	59.5	14.0	33.2	3.0	7.3	42.0	100.0
	1973 <u>b/</u>	84.1	52.6	43.2	56.9	26.3	34.7	6.3	8.4	75.8	100.0
	1973 <u>c/</u>	110.6	54.0	51.4	54.5	34.6	36.7	8.2	8.7	94.2	100.0
	1975 <u>c/</u>	145.9	51.1	66.7	47.7	61.9	44.3	11.2	8.0	139.8	100.0
EFTA	1955 <u>d/</u>	2.6	15.9	9.0	66.3	3.9	28.7	0.7	5.0	13.6	100.0
	1965 <u>d/</u>	5.8	19.7	17.1	72.5	5.1	21.5	1.3	6.0	23.5	100.0
	1970 <u>d/</u>	12.0	25.3	26.1	73.7	6.8	19.2	2.5	7.1	35.4	100.0
	1973 <u>d/</u>	22.2	25.9	47.9	75.2	11.4	17.9	4.3	6.9	63.6	100.0
	1973 <u>e/</u>	6.9	16.1	30.7	84.8	2.9	7.9	2.6	7.3	36.2	100.0
	1975 <u>e/</u>	9.9	16.4	39.9	79.5	5.5	11.1	4.8	9.4	50.2	100.0
European countries with centrally planned economies	1955	4.8	64.9	1.2	46.3	0.4	16.1	1.0	37.6	2.6	100.0
	1965	12.5	65.5	4.1	62.1	1.9	28.6	0.6	9.3	6.6	100.0
	1970	18.4	64.4	6.9	68.2	2.7	26.8	0.6	5.0	10.2	100.0
	1975	44.4	53.8	27.9	73.2	9.0	23.6	1.2	3.2	38.1	100.0

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1976, United Nations, Monthly Bulletin of Statistics, May 1977.

a/ Difference between total extra-area imports and those from developed market-economy and developing countries, i.e., imports from countries with centrally planned economies. b/ Including EEC (6). c/ Including EEC (9). d/ Original EFTA. e/ EFTA, excluding the United Kingdom and Denmark.

Table V

EUROPE'S EXTRA-AREA IMPORTS (EXCLUDING PETROLEUM) FROM DEVELOPING COUNTRIES ^{a/}

(Millions of dollars and percentage)

	Latin America		Africa		South and south-east Asia		Middle East		Total imports from developing countries	
	Value	Per-cent age	Value	Per-cent age	Value	Per-cent age	Value	Per-cent age	Value	Per-cent age
Europe										
1955	2 511	31.5	3 198	40.1	1 972	24.7	317	3.9	7 978	100.0
1965	4 300	36.0	4 322	36.2	2 740	23.0	570	4.8	11 937	100.0
1970	5 960	36.5	5 829	35.7	3 462	21.2	797	4.9	16 335	100.0
1975	13 275	38.5	8 835	25.6	9 329	27.1	1 765	5.1	34 456	100.0
EEC										
1955 _{b/}	1 240	29.9	1 894	45.6	847	20.4	180	4.3	4 150	100.0
1965 _{b/}	2 245	38.1	2 440	41.4	1 005	17.0	220	3.7	5 900	100.0
1970 _{b/}	3 250	38.5	3 300	39.1	1 383	16.4	390	4.6	8 440	100.0
1973 _{b/}	4 955	34.4	4 880	33.9	3 390	23.5	790	5.5	14 400	100.0
1973 _{c/}	6 290	33.4	5 829	31.0	5 263	28.0	1 128	6.0	18 808	100.0
1975 _{c/}	6 990	31.7	6 613	30.0	6 926	31.4	1 054	4.8	22 070	100.0
EFTA										
1955 _{d/}	915	28.9	1 119	35.3	1 033	32.6	100	3.2	3 180	100.0
1965 _{d/}	1 020	29.6	1 225	35.5	1 025	29.7	180	5.2	3 450	100.0
1970 _{d/}	1 310	31.3	1 460	34.8	1 164	27.8	190	4.5	4 190	100.0
1973 _{d/}	2 120	32.7	1 610	24.8	2 335	36.0	420	6.5	6 420	100.0
1973 _{e/}	813	41.2	515	26.0	450	22.8	195	9.9	1 974	100.0
1975 _{e/}	1 086	42.6	495	19.4	752	29.5	196	7.7	2 552	100.0
European countries with centrally planned economies										
1955	175	42.4	115	27.8	92	22.3	27	6.5	413	100.0
1965	730	38.9	452	24.1	570	30.4	120	6.4	1 877	100.0
1970	990	36.8	739	27.4	744	27.7	217	8.1	2 690	100.0
1975	3 844	52.7	1 727	23.7	1 275	17.5	452	6.2	7 299	100.0

Source: UNCTAD, Yearbook of International Trade and Development Statistics, 1976; United Nations, Monthly Bulletin of Statistics, May 1977.

a/ Developing market-economy countries.

b/ EEC (6).

c/ EEC (9).

d/ EFTA, including the United Kingdom and Denmark.

e/ EFTA, excluding the United Kingdom and Denmark.

Table VI

SHARE OF SOME EUROPEAN COUNTRIES IN EXPORTS FROM LATIN AMERICA (23 COUNTRIES) ^{a/}

(Percentage)

	1955	1975	Annual growth rates
France	1.7	1.7	7.8
Italy	2.4	3.2	9.4
Federal Republic of Germany	5.1	5.3	8.2
Rest of ECC (6)	5.4	5.7	7.8
United Kingdom	9.1	4.3	4.0
Rest of EFTA	3.6	2.6	6.4
Rest of Western Europe	3.5	7.5	12.1

Source: CEPAL, official data.

^{a/} Excluding Cuba.

Table VII

SHARE OF VARIOUS COUNTRIES OF DESTINATION FOR EXPORTS FROM EUROPEAN COUNTRIES

Year	Exports to other member countries of the same economic group <u>a/</u>		Extra-area exports										
			To other developed market-economy countries <u>b/</u>		To developing countries				To other countries		Total		
					American developing countries		Other developing countries						
Billions of dollars	Percentage	Billions of dollars	Percentage	Billions of dollars	Percentage	Billions of dollars	Percentage	Billions of dollars	Percentage	Billions of dollars	Percentage		
<u>Whole of Europe</u>	1955	13.5	31.3	17.6	59.3	2.6	8.8	6.9	23.2	2.6	8.7	29.7	100.0
	1965	39.1	39.6	39.7	66.6	4.1	6.9	11.2	18.8	4.6	7.7	59.7	100.0
	1970	73.7	43.8	62.8	66.5	6.4	6.8	16.4	17.4	8.8	9.3	94.4	100.0
	1973	144.9	46.8	108.1	65.6	10.8	6.0	30.0	18.2	16.7	10.1	164.7	100.0
	1975	200.2	55.2	135.6	56.6	16.6	6.9	58.7	24.4	29.1	12.1	240.0	100.0
<u>EEC</u>	1955 ^{c/}	6.2	32.8	7.0	55.3	1.4	10.9	3.7	28.8	0.6	5.0	12.7	100.0
	1965 ^{c/}	20.8	43.5	17.7	65.2	2.0	7.4	5.4	20.1	2.0	7.3	27.1	100.0
	1970 ^{c/}	43.3	48.9	29.9	66.0	3.3	7.3	8.2	18.2	3.8	8.5	45.2	100.0
	1973 ^{c/}	84.1	49.0	58.2	66.3	5.4	6.2	15.6	17.8	8.4	9.7	87.6	100.0
	1973 ^{d/}	110.6	52.6	61.6	61.7	6.8	6.8	20.5	20.6	11.1	10.9	99.7	100.0
	1975 ^{d/}	145.9	49.3	76.1	50.8	11.2	7.5	43.7	29.2	18.8	12.5	149.8	100.0
<u>EFTA</u>	1955 ^{e/}	2.6	18.3	7.3	64.0	1.0	8.4	2.8	24.1	0.4	3.5	11.5	100.0
	1965 ^{e/}	5.8	22.1	14.2	69.9	1.3	6.4	3.7	18.2	1.1	5.5	20.3	100.0
	1970 ^{e/}	12.0	27.7	21.6	69.2	1.8	5.9	4.7	14.9	3.1	10.0	31.2	100.0
	1973 ^{e/}	22.2	30.1	36.4	70.5	2.7	5.1	7.8	15.1	4.8	9.3	51.7	100.0
	1973 ^{f/}	9.4	18.4	24.0	78.2	1.3	4.2	2.9	9.5	2.4	8.1	30.6	100.0
	1975 ^{f/}	9.9	18.7	30.9	71.9	2.0	4.7	4.9	11.3	5.3	12.1	43.1	100.0
<u>European countries with centrally planned economies</u>	1955	4.8	60.0	1.5	47.5	0.1	4.4	0.3	10.8	1.2	37.3	3.2	100.0
	1965	12.5	63.2	4.1	56.7	0.6	8.3	1.8	24.1	0.8	10.9	7.3	100.0
	1970	18.4	60.3	7.0	58.0	0.9	7.7	3.1	25.6	1.1	8.7	12.1	100.0
	1973	29.9	57.3	13.4	60.0	1.3	5.9	5.5	24.7	2.0	9.3	22.3	100.0
	1975	44.4	57.4	20.2	61.2	2.5	7.7	7.7	23.3	2.6	7.8	33.0	100.0

Sources: UNCTAD, *Handbook of International Trade and Development Statistics*, 1976; United Nations, *Monthly Bulletin of Statistics*, May 1977.

a/ Including reciprocal trade among the member countries of EEC, EFTA and the European countries with centrally planned economies.

b/ Including exports to other developed market-economy countries.

c/ Including EEC (6).

d/ Including EEC (9).

e/ EFTA, including the United Kingdom and Denmark.

f/ EFTA, excluding the United Kingdom and Denmark.

Table VIII
 IMPORTANCE OF SOME LATIN AMERICAN COUNTRIES AS MARKETS FOR EUROPEAN EXPORTS ^{a/}
 SHARE OF EACH COUNTRY OR GROUP OF COUNTRIES IN TOTAL SALES TO LATIN AMERICA

(Percentage)

	Argentina	Brazil	Mexico	Andean Group	CACM	Caribbean	Rest of Latin America	Total Latin America ^{b/}
CEE (6)								
1955	21.6	21.8	6.0	32.0	4.7	1.8	12.1	100.0
1975	11.6	36.5	11.0	28.2	4.4	2.0	6.3	100.0
EFTA ^{b/}								
1955	16.0	18.9	5.5	29.4	2.6	16.8	10.7	100.0
1975	9.3	33.8	11.3	20.9	4.6	12.9	7.2	100.0
CMEA (European)								
1955	69.6	24.1	0.6	1.9	0.6	1.3	1.9	100.0
1975	20.5	48.7	4.7	14.6	3.3	1.0	7.2	100.0
Rest of Europe								
1955	21.0	60.9	3.0	6.0	0.8	-	8.3	100.0
1975	12.8	23.0	10.7	38.7	4.9	1.9	8.0	100.0
<u>CIF value of Latin American imports at current prices from: (Billions of dollars)</u>								
EEC (6)								
1955	265	267	74	392	57	22	148	1 225
1975	938	2 955	891	2 283	360	162	510	8 099
EFTA								
1955 ^{b/}	140	166	48	258	23	148	94	877
1975 ^{b/}	324	1 176	392	726	159	451	251	3 479
European socialist countries								
1955	110	38	1	3	1	2	3	158
1975	100	237	23	71	16	5	35	487
Rest of Europe								
1955	28	81	4	8	1	-	11	133
1975	94	169	79	285	36	14	59	736

Source: CEPAL, official data.

^{a/} Excluding Cuba.

^{b/} Original EFTA countries.

Table I:

LATIN AMERICA: COMPOSITION OF EXPORTS OF MANUFACTURES BY DESTINATIONS, 1975

(Millions of dollars and percentages)

	Intra-area		United States		Western Europe		EEC(9)	
	Value	Percent age	Value	Percent age	Value	Percent age	Value	Percent age
Chemical products	524	21.9	423	20.7	358	27.9	266	25.9
Machinery and transport equipment	930	38.9	417	20.4	153	11.9	126	12.2
Other manufactures	938	39.2	1 203	58.9	770	60.1	637	61.9
<u>Total manufactures</u>	<u>2 392</u>	<u>100.0</u>	<u>2 043</u>	<u>100.0</u>	<u>1 281</u>	<u>100.0</u>	<u>1 029</u>	<u>100.0</u>

Source: United Nations, Monthly Bulletin of Statistics, May 1977.

Table 2
 VALUE OF IMPORTS BY EEC(9) FROM LATIN AMERICA ^{a/}
 (Millions of dollars)

		1960	1965	1970	1974
011	Meat	196.6	245.2	296.5	315.2
041	Wheat	50.0	121.0	41.4	84.5
044	Maize	163.0	221.0	252.4	363.5
051.3	Bananas	...	166.7	171.3	271.9
061	Sugar	109.3	102.2	135.7	494.4
071	Coffee	345.4	466.7	674.0	946.7
072	Cocoa	44.1	18.6	31.2	126.7
081.4	Fish meal	...	102.7	138.6	73.5
263	Cotton	156.1	234.6	169.6	262.1
262	Wool	131.6	168.8	92.4	106.7
281	Iron	138.5	160.6	260.3	602.5
283.1, 682	Copper	...	273.4	515.7	736.0
283.4	Lead	11.2	12.4	36.3	29.8
283.5	Zinc	7.9	6.0	14.6	94.6
42	Vegetable oils	50.4	62.6	89.3	230.1
12	Tobacco	21.2	42.5	46.2	91.0
21	Leather	46.6	45.4	61.2	35.2
24	Wood	21.2	45.1	42.0	71.2
	- Total products	1 493.1	2 495.5	3 068.7	4 935.6
	- Total imports from Latin America	2 768.8	5 187.6	4 613.3	8 735.7
	- Selected products as a percentage of total imports	53.9	48.1	66.5	56.5
	- Total imports of basic commodities	2 330.7	3 177.6	4 020.2	6 961.5
	- Selected products as a percentage of total imports of basic commodities	64.1	78.5	76.3	70.9

Source: OECD, Foreign Trade Statistics, Series C, several years.

^{a/} Includes the 20 republics.

Table XI

EEC IMPORTS OF SELECTED MANUFACTURES FROM LATIN AMERICA

(Millions of dollars)

	1960	1965	1970	1974	Growth rates 1960- 1974
Textiles	3.4	2.1	7.1	194.4	33.5
Clothing	-	0.09	1.0	54.2	103.6
Leather products	0.8	6.7	40.4	94.7	40.6
Footwear	-	0.0	0.4	14.5	-
Iron and steel	0.6	1.6	12.9	38.7	34.7

Source: OECD, Foreign Trade Statistics, Serie C, several years.

Table XII

OECD-DAC COUNTRIES^{a/}: DIRECT INVESTMENT IN DEVELOPING COUNTRIES

Investing country	Cumulative values (millions of dollars)			Average annual growth rates			Percentage breakdown		
	1967	1970	1975	1968- 1975	1968- 1970	1971- 1975	1967	1970	1975
United States	17 448	22 071	39 973	10.9	8.2	12.6	50.0	50.0	52.0
Canada	1 477	1 658	2 528	6.9	3.9	8.8	4.0	4.0	3.0
Western Europe	15 400	19 139	29 683	8.5	7.5	9.2	44.0	43.0	39.0
United Kingdom	6 804	7 714	10 553	5.6	4.3	6.5	19.0	17.0	14.0
Netherlands	1 789	2 227	3 236	7.7	7.6	7.8	5.0	5.0	4.0
Federal Republic of Germany	1 198	1 941	5 204	20.2	17.5	21.8	3.0	4.0	7.0
France	2 980	3 832	5 033	6.8	8.7	5.6	8.0	9.0	7.0
Switzerland	695	877	1 432	9.5	8.1	10.3	2.0	2.0	2.0
Italy	879	1 245	2 235	12.4	12.3	12.4	3.0	3.0	3.0
Belgium	692	765	1 018	4.9	3.4	5.9	2.0	2.0	1.0
Other European countries ^{b/}	363	538	972	13.1	14.0	12.5	1.0	1.0	1.0
Japan	702	1 198	3 853	23.7	19.5	26.3	2.0	3.0	5.0
Australia and New Zealand	101	305	727	28.0	44.5	19.0	-	1.0	1.0
<u>Total</u>	<u>35 128</u>	<u>44 371</u>	<u>76 764</u>	<u>10.3</u>	<u>8.1</u>	<u>11.5</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: OECD-DAC, Stock of private direct investments by DAC countries in developing countries (end 1967), Paris 1972; OECD, Coopération pour le développement, Examen 1977.

^{a/} Organisation for Economic Co-operation and Development - Development Assistance Committee.

^{b/} Include Austria, Denmark, Norway, Finland and Sweden.

Table XIII

BRAZIL: FOREIGN INVESTMENT BY COUNTRY OF ORIGIN, 1969-1976

(Millions of dollars)

	1969	Per- cent- age	1970	Per- cent- age	1971	Per- cent- age	1972	Per- cent- age	1973	Per- cent- age	1974	Per- cent- age	1975	Per- cent- age	1976	Per- cent- age	Annual growth rate 1969-1976
Federal Republic of Germany	177	10.3	253	10.8	331	11.4	372	10.9	521	11.4	710	11.8	871	28.4	1 118	12.4	30.1
Switzerland	105	6.1	132	5.6	192	6.6	254	7.5	357	7.8	560	9.3	736	24.0	981	10.9	37.6
United Kingdom	109	6.4	208	8.9	273	9.4	281	8.3	324	7.1	401	6.7	430	14.0	421	4.7	21.3
France	35	2.0	34	1.4	130	4.5	165	4.8	205	4.5	242	4.0	300	9.8	326	3.6	37.5
Luxemburg	17	1.0	30	1.3	36	1.2	47	1.4	108	2.4	131	2.2	174	5.7	253	2.8	47.0
Netherlands	8	0.5	23	1.0	36	1.2	70	2.1	96	2.1	154	2.6	185	6.0	234	2.6	62.0
Sweden	17	1.0	39	1.7	58	2.0	69	2.0	73	1.6	119	2.0	145	4.7	220	2.4	28.5
Belgium	38	2.2	46	1.9	54	1.8	58	1.7	61	1.3	68	1.1	71	2.3	104	1.2	15.5
Italy	16	0.9	32	1.4	32	1.1	35	1.0	34	0.7	38	0.6	57	1.9	77	0.9	25.2
Other European countries	8	0.5	13	0.6	31	1.1	33	1.0	51	1.1	84	1.4	96	3.1	109	1.2	45.2
<u>Total Europe</u>	<u>530</u>	<u>31.0</u>	<u>810</u>	<u>34.5</u>	<u>1 173</u>	<u>40.3</u>	<u>1 384</u>	<u>40.7</u>	<u>1 832</u>	<u>40.0</u>	<u>2 505</u>	<u>41.6</u>	<u>3 065</u>	<u>42.0</u>	<u>3 842</u>	<u>42.7</u>	<u>32.7</u>
United States	816	47.7	986	42.0	1 096	37.6	1 272	37.3	1 717	37.5	2 022	33.6	2 295	31.4	2 901	32.2	19.9
Canada	168	9.8	260	11.1	294	10.1	305	9.0	360	7.9	401	6.7	411	5.6	482	5.4	16.2
Japan	55	0.3	105	4.5	125	4.3	193	5.7	318	6.9	598	9.9	841	11.5	1 006	11.2	51.5
<u>World total</u>	<u>1 710</u>	<u>100.0</u>	<u>2 347</u>	<u>100.0</u>	<u>2 912</u>	<u>100.0</u>	<u>3 404</u>	<u>100.0</u>	<u>4 579</u>	<u>100.0</u>	<u>6 027</u>	<u>100.0</u>	<u>7 304</u>	<u>100.0</u>	<u>9 005</u>	<u>100.0</u>	<u>26.8</u>

Source: Boletim do Banco Central do Brasil, April 1977.

Table XIV

MEXICO: ORIGIN OF DIRECT FOREIGN INVESTMENT

(Percentage)

Country	1970	1975
United States	79.4	72.2
Federal Republic of Germany	3.4	5.8
United Kingdom	3.3	4.7
Switzerland	2.7	4.2
Canada	1.6	2.0
Japan	0.9	1.9
Netherlands	1.8	1.9
France	1.6	1.5
Italy	2.0	1.5
Others	3.3	4.3

Source: 1970: Bernardo Sepúlveda and Antonio Chumacero, La inversión extranjera en México, Fondo de Cultura Económica, México, 1973;
1975: Secretaría de Industria y Comercio, Dirección de inversiones extranjeras.

Table XV

ARGENTINA: INDUSTRIAL PRODUCTION OF FOREIGN COMPANIES,
BY COUNTRY OF ORIGIN OF THEIR CAPITAL, 1969

(As a percentage of foreign industrial production)

	United States	United Kingdom	France	Federal Republic of Germany	Italy	Total
	64.3	20.8	-	1.6	-	100.0
Food	14.4	15.2	-	2.1	-	11.5
Beverages	24.1	15.3	-	27.8	27.7	100.0
Tobacco	1.6	3.4	-	10.8	11.0	3.5
Textiles	24.1	58.1	-	17.8	-	100.0
	3.1	24.8	-	13.3	-	6.7
	79.0	14.6	-	-	3.7	100.0
	2.6	1.6	-	-	0.7	1.7
	47.8	30.1	-	10.0	4.4	100.0
<u>Subtotal</u>	<u>21.7</u>	<u>45.0</u>	-	<u>26.2</u>	<u>11.7</u>	<u>23.3</u>
Rubber	80.8	-	-	-	19.2	100.0
Chemicals	8.3	-	-	-	11.4	5.2
Petroleum products	63.1	11.4	3.9	9.0	2.5	100.0
Non-metallic minerals	19.8	11.7	5.7	16.2	4.6	16.0
	39.3	60.7	-	-	-	100.0
	6.3	32.0	-	-	-	8.2
	62.6	20.1	9.5	-	-	100.0
	3.2	3.4	2.3	-	-	2.6
	59.9	22.9	2.7	4.5	4.4	100.0
<u>Subtotal</u>	<u>37.6</u>	<u>47.1</u>	<u>8.0</u>	<u>16.2</u>	<u>16.0</u>	<u>32.1</u>
Basic metals	22.4	-	51.9	-	25.8	100.0
Metal products	2.4	-	26.6	-	16.2	5.5
Machinery	65.5	11.6	7.9	7.6	-	100.0
Electrical appliances	2.4	1.4	1.4	1.6	-	1.9
Transport equipment	42.6	18.3	-	25.4	4.9	100.0
	3.0	4.2	-	10.2	2.0	3.6
	42.9	1.7	1.0	10.1	30.5	100.0
	3.6	0.5	0.4	4.9	14.9	4.3
	50.7	1.1	24.2	11.9	12.2	100.0
	28.0	1.9	63.6	37.4	39.2	28.3
	46.3	2.9	22.7	11.1	14.6	100.0
<u>Subtotal</u>	<u>39.4</u>	<u>8.0</u>	<u>92.0</u>	<u>54.0</u>	<u>72.3</u>	<u>43.6</u>
	51.2	15.7	10.8	9.0	8.8	100.0
<u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Juan V. Sourrouille, El impacto de las empresas transnacionales sobre el empleo y los ingresos: el caso de Argentina, ILO, World Programme of Research on Employment (document WP 7), Geneva, 1976; based on a national survey on demand for manpower.