The changing pattern of imports of foreign countries, 1953-1964 : world importsand Canadian participation, United States, Britain, Jaoan, ...

THE CHANGING PATTERN OF IMPORTS

OF

FOREIGN COUNTRIES

1953-1964

WORLD IMPORTS AND CANADIAN PARTICIPATION

UNITED STATES

BRITAIN

JAPAN

EUROPEAN ECONOMIC COMMUNITY

GERMANY

FRANCE

ITALY

NETHERLANDS

BELGIUM-LUXEMBOURG

SCANDINAVIA

Revised
Ottawa
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Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF FOREIGN COUNTRIES, 1953-1964

INTRODUCTION

This series of memoranda and charts outlines the major features of the import structure of foreign countries individually and by groups and describes the principal changes in commodity and source patterns that have emerged in the last decade. A summary of overall world trade trends and the comparative performance of the major trading areas leads off the group which includes the United States, Japan, Britain, the European Economic Community and its members, and Scandinavia.

The ultimate objective of this program is to provide under one cover, and in reasonably comparable terms from one country to another, a panoramic view of the shifting pattern of import requirements throughout the world and of Canada's participation in these markets. The purpose is not so much to give extensive factual detail as to provide a systematic framework for use in interpreting Canada's position in world trade. In this way it is hoped that the material will give useful perspective for both the field and head office staff of the Department.

The significance of international commerce to Canada has led to extensive documentation and analysis of Canada's export and import flows, and their relationship to general trends in the Canadian economy. The purpose of this series on the other hand, is to provide meaningful comparative data on the trading structures of other countries and regions.

The trade patterns of most industrial countries have become highly dynamic. As in North America and possibly faster, the economic features of overseas regions are changing rapidly, and nowhere is this reflected more clearly or with more meaning for Canada, than in the mirror of imports.

Radical changes in consumption patterns and in industrial profiles have led to mushrooming purchases of some articles and commodities, while others stagnate or decline. The impact of technology is evident in the rise of substitutes, in relative price changes, and in reduced ratios of raw material needs.

The shift in commodity composition in itself predicates a shift in origin of imports. But this is further accentuated by the drastic decolonization process, by the shifting finacial situations, by the developing commercial detente between Russia and the West, and above all by the gradual dissolution of the ancient trade barriers within natural trading regions such as Western Europe.

Any field of investigation has its peculiar working strictures. One of the initial requirements in international trade comparisons is to become conversant with the Standard International Trade Classification adopted by the United Nations and reconciled with the Brussels Tariff Nomenclature. It is by design similar to the Canadian Commodity Classifications with several notable exceptions. In the first place lumber, pulp and synthetic rubber are considered crude materials in the SITC, while in our trade data they are classified as fabricated materials. Further the SITC combines crude and processed "energy materials" into a separate group, while in Canadian data they remain with other materials.

The country sections have been deliberately kept brief and oriented to the major features of the import structure and trends. Likewise the charts which complement the written analysis, are primarily intended to illustrate the basic and changing patterns of trade.

CANADIAN PARTICIPATION

IN THE

CHANGING PATTERN OF WORLD TRADE

1953-1966

This is a revised version of the "World" chapter of a larger report issued in September 1966. One year - 1965 - has been added to the period covered, and short sections on Canadian exports and imports have been inserted at the beginning. It has been prepared as a special article for the "Canada Year Book 1967" to be released in mid-summer. In this format it is available for Departmental purposes.

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CANADIAN PARTICIPATION IN THE CHANGING PATTERN OF WORLD TRADE, 1953-1966

In the years since 1953 Canadian exports have grown one and a half times. Recently the pace has been faster, with an expansion of 60 per cent in the last four years -- as much as in the previous decade. Meanwhile world trade has more than doubled since 1953, and its composition and direction has changed remarkably. But before looking into the changing character of the world market, it might be well to review the highlights of Canadian trade trends in this period.

Canadian Exports

Following the post-Korean War decline, Canadian exports climbed sharply during the resource-development boom of 1954-56. But in the following four years sales inched up only slowly, while unused new capacity overhung the resource industries and investment stagnated. Only the exceptional sales of uranium and aircraft avoided absolute declines.

In the six years after 1960, however, exports expanded continually, and by the beginning of the centennial year had doubled their annual rate. Twice in that period, exceptional wheat sales increased the value of foreign sales by two and a half times to over $1 billion. The impact of major sales to Communist China in 1961 was exceeded only by the effect of those to the Soviet Union in 1963-64. After some fall off in the following year, the Russian sales again expanded significantly in 1965-66. Long term contracts in the meantime were renewed with Mainland China.

Forest and mineral products, the other traditional resource commodities which comprised about three quarters of exports in 1960, witnessed a slower, more gradual pick-up in sales. This strengthened in the mid'sixties achieving an advance of more than one-half by 1966 and bringing in its wake a new, larger and steadier development of resource potential. In this period uranium declined temporarily to small proportions, while oil, natural gas, and iron ore gained new impetus. The major metals in turn enjoyed strong expansion while potash and sulphur approached the major status held by asbestos. Newsprint and lumber also exhibited new growth, and the continuing rise in kraft pulp has spearheaded a major development boom centred in the interior of British Columbia.

In the 'sixties however, the chief pace has been set by end products (non-food). In the previous decade such sales, if anything, had fallen back from immediate postwar levels, declining to only 8 per cent of all exports. But in 1960-63 alone end product sales nearly doubled, with aircraft and related electronic apparatus leading a wide range of items. Recently, under the "Automotive Agreement" exchanges with American counterparts have multiplied many times. This along with strong growth in items such as machinery again more than doubled end product exports which early in 1967 comprised one quarter of all exports.

The direction of Canadian exports has not basically changed in the last dozen years or so. The United States continues to receive 55 to 60 per cent of Canadian shipments. Overseas, however, there has been a slight and gradual diminution of the share to Britain while other markets have grown in importance. The share sustained by "other Commonwealth and Preferential" countries indicates the continuing value of these relationships. It suggests that Britain's lesser market role is a reflection of slower growth in contrast to burgeoning demand in continental Europe, Japan and the Communist countries.

Canadian Imports

In the 1953-66 period Canadian purchases of foreign goods more than doubled. During the resource-development boom of 1954-57 imports, particularly of machinery and equipment, moved up faster and higher than exports. The deficits on commodity trade, which topped $713 million in 1956, persisted until 1960 after which imports increased at a slightly slower pace than exports, with the notable exception of 1965.

With an import total of nearly $10 billion in 1966, Canada presents the sixth largest market in the world, ranking close to Japan. The greater part of this market is for machinery, transportation and electrical equipment, and producers materials, such as fuels, metals, chemicals, foodstuffs, textiles and fibres. In addition a widening range of consumer durables, apparel, foods, and other personal goods are received each year.

Throughout the postwar era the United States has supplied about 70 per cent of these goods. Increased availability and competition from overseas sources reduced their proportion slightly in the early 'sixties, but as a result of the exceptional growth in North America in the past three years and the extra spur of the Automotive Agreement, the American share moved up to 72 per cent in 1966. Imports from Britain have levelled out since the "foreign" car boom at the turn of the decade. Elsewhere in the Commonwealth the rise in sugar prices a couple of years ago benefitted suppliers there, and the remaining overseas countries retained their postwar high of 17 per cent of the Canadian market reached in 1958. Among the latter, Western Europe and Japan have played a prominent role, as have Venezuela and Middle East oil-producing countries.

General Trend of World Trade*

World trade experienced almost unbroken and unprecedented growth in both value and volume in the last decade or so. It expanded even faster than physical output, illustrating that countries have been moving towards a higher level of economic interpenetration and specialization of production.

The value of world exports increased from $83 to $186 billion from 1953 to 1965, a rise of 125 per cent or 7 per cent annually. In volume, the increase has been similar since overall prices were little different at the end of the period.

* All values hereafter in international units (= United States dollar)

The expansion of trade, of course, has not taken place at a uniform pace over the years nor in equal measure in all countries and for all commodities. International trade fell sharply during the cyclical slump of 1958 but in response to the subsequent upswing of demand, recovered quickly to new highs. The rapid rate of expansion attained from 1955 to 1957 was reached again in 1960, followed by a moderate decelaration in 1961-62. Then in 1963-64 the growth of world commerce gained new speed to 10 per cent annually, moderated to 7 per cent in 1965 and quickened again in 1966.

Comparative Trends in Market Regions

The expansion of trade in the past dozen years resulted mainly from stronger demand in the industrial countries; in particular Japanese imports climbed by 11 per cent a year, while the European Economic Community (EEC) raised its purchases 10 per cent annually. Trade in Eastern Europe also increased at an average of over 8 per cent, though its effect on general world trade was limited in view of its modest beginning and, until recently, its concentration within the Communist bloc. Imports of the developing countries on the other hand grew at a much slower rate, averaging about 4 per cent a year, and thus tended to weigh against general growth of world imports. At the same time some of the industrial countries, notably Canada, United States and Britain, showed only a slightly faster rate.

About half of the increase in world trade since 1953 has occurred in Western Europe. The growth has been largest and quickest in the EEC which has more than trebled import values, while purchases by North America nearly doubled and those by developing regions grew by three-quarters. Consequently the Community's share of world imports rose from 18 to 25 per cent. Germany and Italy saw the most rapid increase over the whole period, while the growth for France and the Low Countries has been especially strong since 1958-59.

Imports by FinEFTA (European Free Trade Association and Finland) which more than doubled in value from 1953 through 1965, nearly maintained their share of the world total, changing only from 17.9 per cent in 1953 to 17.1 per cent in 1965. For both the EEC and EFTA a very appreciable increment stemmed from freer intra-group trade, which grew more rapidly than imports from outside countries. In the case of EFTA, however, imports from within the group were in 1965 still about one quarter of the total, compared to above 40 per cent in EEC. Within EFTA British imports however, have grown more slowly than the European or EFTA average, gaining barely a sixth from 1955 to 1962, while the upsurge that followed was stopped by the restrictions of October 1964 and later. On the other hand Scandinavian trade has kept up with the European average, showing particularly strong growth in intra-Scandinavian exchanges, Meanwhile Austria, Switzerland and Portugal together have more than tripled purchases, as in the Common Market. The remaining West European countries as a group also maintained average pace.

Eastern Europe's imports rose more quickly than in Western Europe in earlier years, although the initial level in 1953 was relatively small. The prime force at that time was internal trade within the Communist bloc. Although overall trade growth has since slowed there has been renewed commercial contact with outside countries, in contrast to the intensification of internal exchange occurring in the west of the Continent. East Europe's share of world purchases rose over the whole period from less than 10 to over 11 per cent.

√ The United States remained the largest single import market, nearly doubling purchases in the dozen years after 1953. However with faster growth elsewhere, its relative importance diminished appreciably from 13 to 11 per cent of world imports. Similarly while Canada increased purchases about 85 per cent its share of the world market declined from 5.1 to 4.1 per cent.

Japan of course has experienced a spectacular rise in imports since 1953, more than three-fold, and in 1965 accounted for 4.2 per cent of the world market. It overtook Canada's position among world importers in 1962. Australia, New Zealand and South Africa were able to achieve healthier economic conditions and a more satisfactory rate of growth than most other primary producers, particularly since 1962. Their total imports more than doubled in the twelve years to 1965 and restricted the diminution in their share of world imports from 3.8 to 3.5 per cent.

The Middle East oil-producers, with dramatic growth in export earnings, increased their purchases four-fold from their narrow original position and now buy 1.2 per cent of the world's imports. Imports by the other less-developed countries of Africa, Asia and Latin America increased much less than the world average, in spite of their sharply increased need for imported supplies to speed the pace of economic development. Imports of this vast group expanded by about three-quarters from 1953 to 1965, but as a share of world imports fell from 26 to 20 per cent. Following the boom up to 1957, the rate of expansion of developing countries and their purchases abroad slackened. Consequently imports by these countries have formed a steadily shrinking part of world imports.

✓ Over the last decade Asia and Africa fared slightly better than Latin America in the world import picture, even when the oil countries are excluded. Although the share of Asia and Africa in world imports has declined to 15 per cent, their growth by half since 1956 compares favourably with one-fifth additions to imports in Latin America which now forms as a group under 5 per cent of the world market. Decolonization in the Asian-African regions brought with it some political problems; but their general stagnation reflects their lack of growth in export earnings and acute shortage of development funds.

Commodity Trade Trends

Over the past decade or so, manufactured goods, especially end products, formed the most dynamic component of international trade. The reduction of tariffs had a much stronger impact on trade in finished goods which were more highly protected than industrial materials. Meanwhile trade in agricultural products has remained shackled by a maze of tariff and other barriers erected to protect local producers.

Moreover actual world demand for finished good has increased more rapidly than other sectors because of their greater elasticity in relation to incomes. At the same time, final demand for materials has been restrained because of technological savings in the use of such materials and demand at the same time for higher quality in contrast to quantity. Furthermore the trend of export prices was much more favourable for manufactured goods than for primary products.

For the whole period the volume of primary trade almost doubled, while that for manufacturers nearly tripled. The difference was accentuated by net price changes. Generally, while manufacturers accumulated a gain of a tenth, primary prices dropped a tenth between 1957 and 1962 though about half of the loss has since been recovered. Owing to these different rates of growth, the composition of international trade has undergone quite substantial changes. In 1953 primary products constituted just over half, and as late as 1958, about 46 per cent of world imports while by 1965 their share was down below 40 per cent.

The proportional decline of primary products in international trade is essentially the outcome of slow growth in food and agricultural materials, in which tropical products suffered a particularly sharp curtailment. Food and beverages which made up 22 per cent of all trade in 1953, are now under 17 per cent of total. But some "higher income" items such as meat, fish, fruit, and alcoholic beverages have fared much better than "basic" items such as sugar, coffee, butter and tobacco.

Cereals escaped a similar fate through the unforeseen and continuing shortfalls in the grain output of Communist countries.

A similar division existed among inedible crude materials, which also declined from about 18 per cent of international exchanges from 1953 to 1957 to about 13 per cent in 1965. Oilseeds, hides and rubber showed limited increases while textile fibres, once a dominant sector, have been especially sluggish. On the other hand, forest and mineral products have held their own in the world market, primarily reflecting rapid growth in industrial activity in the advanced countries. The energy sector, which nearly maintained a one-tenth share of world trade, saw a notable divergence between the slow demand for coal and the rapidly rising requirements for petroleum and its products.

√ In contrast with primary products, the share of manufactures in world trade has risen continuously in the past dozen years. Already representing nearly half of world trade in 1953, the share had risen to over 60 per cent by 1965. In recent years three-quarters of manufactured imports were absorbed by the industrial countries of North America, Western Europe and the Soviet area.

A closer look at manufactures shows that some have expanded more rapidly than others so that the internal composition has changed significantly in this period.

Exports of Manufactures from Industrial Countries, 1954-1964

(Commodity Shares in Per Cent)

	1954	1964
Fabricated Materials (inedible)	41.5	36.0
Chemicals	11.8	12.3
Textiles	12.2	7.7
Metals	17.5	16.0
End Products (inedible)	58.5	64.0
Machinery & transport equipment	39.4	44.3
Other end products	19.1	19.7
All Manufactures	100.0	100.0

The expansion in shipments of machinery and transport equipment stands out as the most dynamic element. In fact their share of all exports rose from just over a sixth to nearly a quarter. Exports of other (largely consumer) end-products and of chemicals are seen as additional strong components. Since the metals group has almost kept the average pace of manufactures, it is textiles that has dropped sharply relative to the overall. Along with other "basic necessities" such as food, demand elasticities for textiles in relation to rising incomes did not match those of other products.

Trade Growth Comparisons

Trade among the industrial countries of relatively finished manufactured goods has flourished in the past decade. Exports from Continental European countries have advanced by 10 per cent annually, and Japan has now increased by seven-fold the value of goods it shipped in 1953. Sales to industrial countries have grown much faster than to developing areas. Often countries with rapid growth, such as Italy and Japan have expanded their supply to the world faster than their intake. The same was true of France and other "Common Market" countries from 1956 to 1960. Particularly rapid has been the growth in regional trade - within the EEC, within Scandinavia, and Japan with its Far East neighbours.

On the other hand the United States and Britain with a moderate growth in trade in the last decade have seen their imports rising slightly quicker than their shipments to others. For Canada growth has also been moderate, but if recent years are averaged, balanced between imports and exports.

For Scandinavia and other EFTA countries exports have also kept pace with imports but in other West European countries merchandise imports have spurted ahead. This reflects primarily the impact of new tourist expenditures in Spain and Greece.

Although the demand for crude materials has shown a limited increase, Russia and Eastern Europe has grown rapidly as a source as the Iron Curtain has slowly raised. But tight restrictions on capital, service and other financial movements has required a close balancing of their exports with bloc imports, with the exception of occasional gold sales. Notably, shipments to developing regions have risen faster than imports from them, while with the advanced countries the situation is reversed.

REGIONAL TRADE PATTERN TRENDS, 1955-1964

(Average annual % increase in value)

From: To:	Canada	United States	EFTA	EEC	Japan	Soviet Bloc, China	Developing	All Countries
Canada	-	5.3	4.4	9.3	16.8	103.6	7.9	6.5
United States	5.0	-	7.6	10.6	15.7	106.2	6.1	6.5
EFTA	4.6	8.4	(8.6)	9.2	27.0	11.5	2.7	6.5
EEC	11.9	11.2	8.7	(12.5)	19.8	14.8	3.7	9.5
Japan	17.6	17.9	19.5	16.6	-	39.9	11.4	14.5
Soviet Bloc, China	15.5	7.5	7.2	12.9	22.9	(7.5)	18.2	9.0
Developing	7.8	1.4	2.9	5.6	12.4	14.7	(2.4)	4.3
All Countries	5.7	5.5	6.5	9.7	14.7	9.5	5.0	7.1

( ) Includes exports from one country to another within groups

Meanwhile the Middle East Oil countries have quadrupled their exports as well as their imports. Purchases, however, comprised less than one-third of sales in 1953 and still amounted to about 30 per cent by 1965. In terms then, of world trade these countries with sales of $7.8 billion supply 4.2 per cent of world exports, while purchases of $2.3 billion make up only 1.2 per cent of world imports.

In contrast to a quadrupling of trade, exports of Australia, New Zealand and South Africa - mostly wool and other farm products - have grown very slowly excepting a pickup in 1963-64. This tended to limit import growth except in 1960 and in the recent development boom.

The less-developed countries of Asia, Africa and Latin America have had similar experiences of very slow growth in sales - under 60 per cent for the whole period. This sluggishness was concentrated in tropical foods and agricultural materials; reflected in declining prices; accentuated by the unstable political and social milieu. The effect multiplied in that these countries increased sales less to each other, even though neighbours, than to the advanced countries -- the opposite of the West European experience.

In summary the developing countries have increased their supply of commodities to the world even less than their small increase in demand. Most of the trade growth has been among the advanced countries, with some of the fastest growing economies showing even stronger gains as suppliers than as recipients.

Canada's Share in World Commodity Markets

Canadian exports have moved from year to year in accordance with the general trend of world trade, though from 1959 to 1963 the one-fifth rise of Canadian exports was appreciably slower than the one third increase in world exports. In 1964 and again in 1966 Canadian exports increased somewhat faster than the world total, which was in part the effect of exceptional demand in Russia and China for Canadian wheat. The relatively moderate expansion of Canadian exports at the beginning of the decade may be partly attributed to the existing high level of postwar sales, in contrast to the war-damaged economies, as well as to the geographical concentration and to the commodity composition of the sales.

Canadian exports are adjusting rapidly to changes in demand although they still exhibit substantial variations from the unfolding pattern of world imports. In 1965 inedible end products accounted for a sixth of Canadian exports compared with 9 per cent in 1960. In 1966 this share rose sharply to reach a quarter of all exports as 1967 began. This is a remarkable share increase, particularly in view of the rising total of Canadian exports. If one considers, moreover, that the share of products in world trade increased from about 29 to 33 per cent in this period, it becomes evident that the make-up of Canadian exports is shifting heavily to the commodity groups that have shown most growth in the past dozen years. This may be amplified somewhat by a glimpse at the trends in major sectors within the commodity groups.

Agricultural products and crude materials are still important in Canadian exports, forming nearly half of all shipments in 1965. Generally these primary products form only 30 per cent of world imports, having declined continually from earlier preeminence. But if overall trade in food has moved slowly, this cannot be said of meat, fish and alcoholic beverages, nor of cereals. All of these loom large in foreign purchases from Canada in contrast to slow-moving items such as sugar and tropical beverages. Moreover if there is a genuine freeing of trade in food, Canada might fare even better.

Canada's specialization in mineral and forest products as distinct from textile fibres, oilseeds, rubber and similar tropical or pastoral products, again modifies the impact of sluggish markets for crude materials. The former are in fairly strong demand, oriented as they are to the buoyant industrial markets for durables, construction and packaging. Within the latter, less buoyant group, it is apparent that man-made fibres and synthetic rubber have accentuated the stagnation of natural products and this also has favoured Canada to a certain degree. In the energy sector the further discovery of oil and gas in western Canada, and the wider use of these materials throughout North America, has improved Canada's fuel position quite notably.

Conversely in the further manufactured groups, Canada's exports have been conditioned until recently not only by specialization in a few resource-related sectors, but also by the general organization of end products and semi-fabrication industries inside the protected domestic market.

On the one hand Canada is noted for newsprint and non-ferrous metals, and world demand has increased at a moderate pace. But world trade in semi-fabricated metals, paperboard, fine papers and chemicals has grown faster. Even more so have exchanges in machinery and equipment, where Canada's participation until recently was limited largely to farm machinery and certain electrical items. The improved performance in the last few years is in part attributed to special defence and aid programs, but also to a wider realization of the possibilities in rationalizing secondary industries in relation to the international market. This has been particularly evident in the upsurge in exchanges of automobiles and components.

Canada's Participation in Major Foreign Markets

There is a wide appreciation of the particular part played by the United States, and also Britain and other countries, in Canada's inflow and outflow of merchandise. However less attention has been given to the role of Canada in the trade patterns of foreign countries.

It is not surprising that the Canadian impact is highest in the imports of the United States, its immediate neighbour. Canada's share of American purchases has been just under 23 per cent in recent years, about the same as the mid-1950's and nearly triple our 8 per cent portion of the British market, where our impact is usually next highest. In both markets, a decline in Canada's share in the late 1950's was arrested - in 1957 in Britain and since stabilized; and in 1960 in the United States followed by recovery. Canada is by far the largest single supplier to the United States equalling the whole of Latin America and nearly rivalling all of Western Europe. In Britain, Canada is one of several main suppliers - trailing the United States, but larger than any other single country. Among country groups supplying Britain, Scandinavia and the other "Old Dominions" are larger than Canada, and the EEC twice as large. In both the United States and Britain, Continental Europe is increasing its share while developing nations are falling off the pace; Canada in the meantime has maintained its share.

Over much of the period Canada's 4 to 5 per cent share of Japanese imports ranked third in the scale of impact - until Chinese wheat purchases burst on the scene. Canadian sales did not keep up with general Japanese imports in the mid-1950's but by 1960 much of the ground had been regained and the position slowly improved up to 1964. Some of the decline in 1965 has since been recovered.

Australia, New Zealand and South Africa collectively rank next, with Canadian participation in imports reaching 3.6 per cent. These fellow "Dominions" in the "old" Commonwealth of the 1930's were traditional, but never large proportional buyers from Canada because of the parallel histories of industrial development. Sales have fluctuated markedly, reflecting financial and industrial adjustments but Canada's share in the period has not been higher than in 1965.

It is perhaps surprising that Canada's impact in Latin American imports (excluding sterling territories) at about 3 per cent of total, is so close to that in the "Old Dominions" and nearly double the share obtained in developing sterling countries. After a decline in the mid-1950's, Canadian participation in Latin America has gained, particularly in recent years. Meanwhile in the developing sterling area, imports from Canada have not reached 2 per cent of total in this period and would probably be much less without aid through the Colombo Plan and other Commonwealth channels. Nevertheless there are wide variations in Canada's penetration throughout the Commonwealth. In particular, trade with the nearby West Indies has traditionally been important, although in recent years Canada's share has eased down below a tenth of their imports.

Continental Western Europe, however, is even further down the scale of Canadian participation. Canadian exports to these markets are, of course, sizeable and increasing, but in relation to total volume they appear small - a little over 1 per cent of Scandinavian imports, and in the Common Market declining from about 2 to just over 1 per cent. The relaxation of barriers against end products and the tremendous rise of intra-European exchanges has tended to overshadow imports of grain and industrial materials from Canada.

The dramatic rise of Canadian wheat purchases by Communist countries has radically altered the Canadian position in these markets. Current Chinese trade data are hard to come by, but it appears that Canada recently held up to one-tenth of the restricted import market of this large but autarchic economy. The impact on Eastern Europe has been less striking because of considerable exchanges within the region and too with the area's commercial contacts throughout the world. Nevertheless in 1964 Canada supplied 2.4 per cent of all East Europe's imports, a many-fold rise from earlier shares. Considering Russia (USSR) alone, the Canadian share has been even higher - exceeding 4 per cent in 1964. This moved directly with the decline in wheat sales in 1965 and climbed again in 1966.

It will be noted that Canada does not have the preponderant position in the supply of any country (or in their sales either) that the United States and even Britain have as markets for and suppliers to Canada. This structural contrast makes Canada far more sensitive to their developing situations than they are to Canadian activities.

Furthermore, although Canada has held its own share in most markets of the world, the higher penetration of the American and British markets (which take nearly three quarters of Canadian exports) at a time when these economies were expanding less rapidly than Continental Europe and Japan, tended to dampen Canada's overall performance in the world market. By the same token, stronger growth trends in the United States in the past few years have created many of the opportunities for the quicker recent trend in Canadian exports.

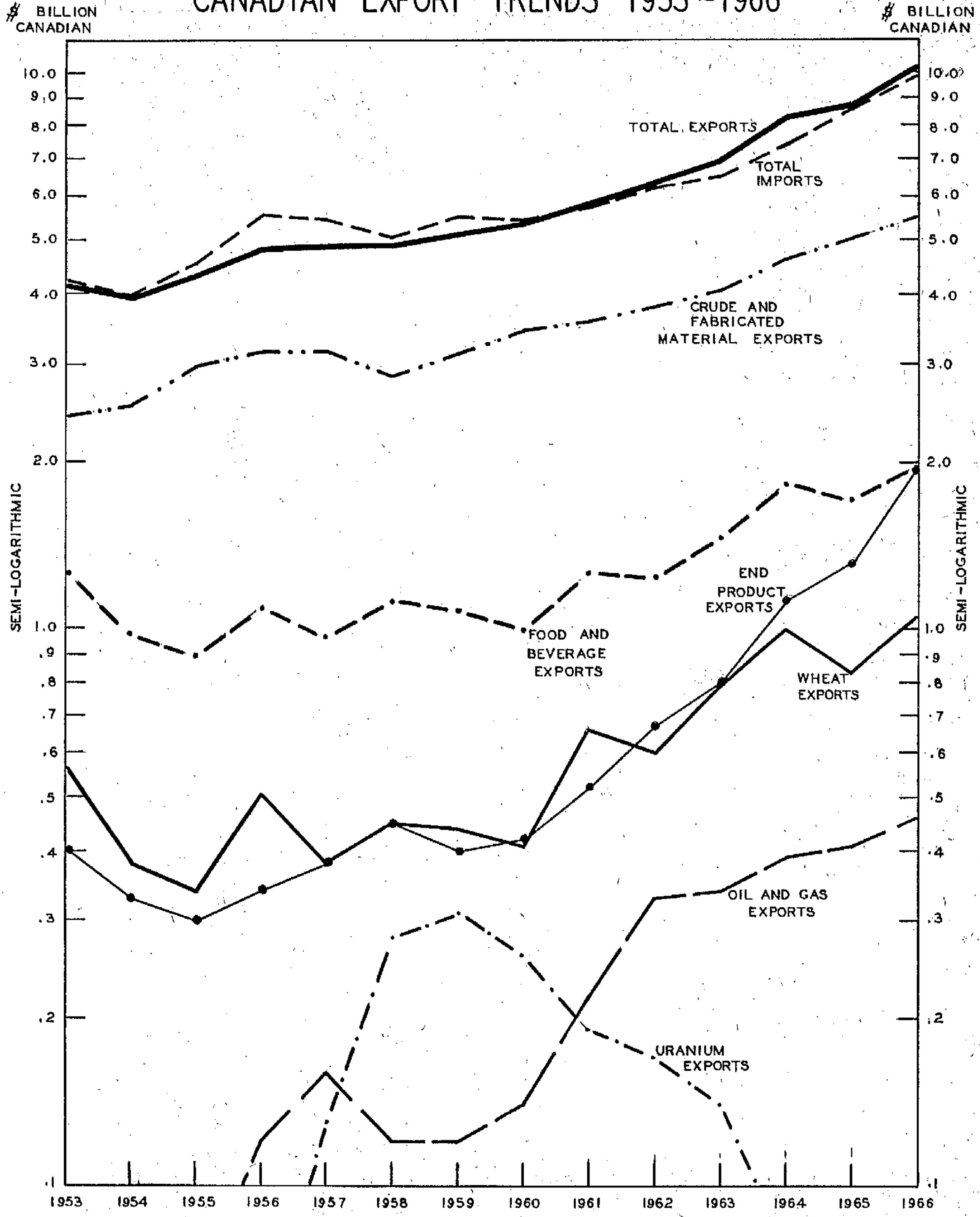
WORLD MARKETS - SUMMARY 1953-65

	Value-Billion US Dollars				Change-Percent			Share of World	
Regional Markets	1953	1956	1960	1965	1953-6	1956-60	1960-5	1953	1965
Canada	4.3	5.6	5.7	8.0	31	-	42	5.1	4.1
United States	10.9	12.8	15.1	21.4	17	18	42	12.9	10.9
EEC	15.5	23.0	29.6	49.0	48	29	65	18.4	25.1
France	4.2	5.9	6.3	10.3	40	7	65	5.0	5.3
Germany	4.1	7.0	10.1	17.5	70	45	73	4.9	8.9
Benelux	4.8	7.0	8.5	13.8	46	21	63	5.7	7.1
Italy	2.4	3.2	4.7	7.4	31	49	56	2.9	3.8
FinEFTA	15.1	19.2	23.8	33.4	27	24	41	17.9	17.1
Britain	9.0	10.4	12.3	15.7	15	18	27	10.7	8.0
Scandinavia	4.0	5.6	7.2	11.1	40	29	53	4.8	5.7
Other West Europe	2.0	2.2	2.6	5.9	12	17	127	2.4	3.0
East Europe	8.2	10.7	16.8	21.6	30	58	28	9.7	11.1
Russia	NA	3.6	5.6	8.1	NA	56	43	NA	4.1
Middle East Oil Area	.6	1.0	1.7	2.3	80	62	38	.7	1.2
Japan	2.4	3.2	4.5	8.2	34	39	82	2.9	4.2
Australia NZ S Africa	3.2	4.1	5.0	6.9	27	24	36	3.8	3.5
Developing £ Area	6.5	8.4	10.4	13.2	29	24	27	7.8	6.8
Other Asia, Africa	9.0	10.4	11.5	15.9	15	11	37	10.7	8.1
Latin America	6.5	7.9	8.4	9.7	22	5	16	7.7	4.9
ALL IMPORTS cif	84.3	108.6	135.0	195.3	29	24	45	100.0	100.0
ALL IMPORTS fob	74.5	102.8	127.4	186.3	38	24	46		
Commodity Group									
Food & Beverages	16.6	19.6	22.3	30.8	18	14	38	22.3	16.5
Crude Materials	13.3	18.5	21.3	24.5	39	15	15	17.9	13.2
Energy Materials	7.6	11.5	12.7	18.0	52	10	42	10.2	9.7
Fabricated Materials	19.5	27.7	34.5	51.5	42	24	49	26.2	27.6
All Materials	40.4	57.8	68.4	94.0	43	19	37	54.2	50.5
End Products	17.5	25.4	36.7	61.5	45	44	68	23.5	33.0

WORLD EXPORTS - SUMMARY 1953-65

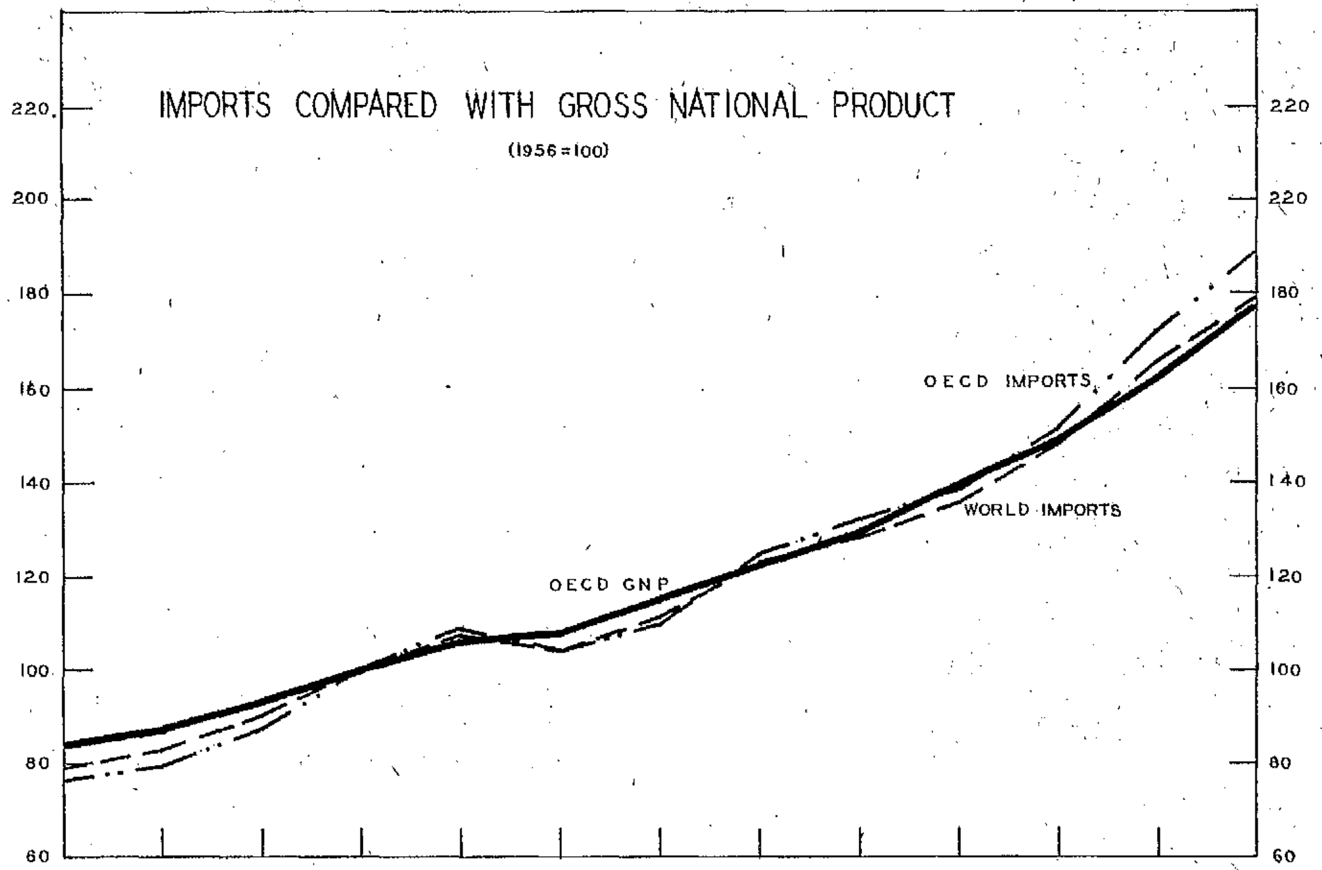
	Value-Billion US Dollars				Change-Percent			Share of World	
Major Sources	1953	1956	1960	1965	1953-6	1956-60	1960-5	1953	1965
Canada	4.2	4.9	5.6	8.1	16	13	45	5.1	4.3
United States	15.7	19.0	20.4	27.1	21	8	33	19.0	14.5
EEC	14.7	20.7	29.7	47.9	41	44	61	17.8	25.7
France	4.0	4.8	6.9	10.1	18	44	47	4.9	5.4
Germany	4.7	7.8	11.4	17.9	64	47	57	5.7	9.6
Benelux	4.4	6.0	7.8	12.8	37	30	64	5.3	6.9
Italy	1.5	2.1	3.6	7.2	42	70	97	1.8	3.9
FinEFTA	12.6	16.0	19.2	27.5	27	20	43	15.2	14.8
Britain	7.2	8.8	10.0	13.2	23	13	13	8.7	7.1
Scandinavia	3.5	4.6	5.9	9.2	33	29	55	4.2	4.9
Other West Europe	1.4	1.3	1.7	2.5	- 5	34	44	1.7	1.3
East Europe	8.1	10.5	15.6	21.1	29	49	35	9.8	11.3
Russia	NA	3.6	5.6	8.2	NA	54	47	NA	4.4
Middle East Oil Area	1.9	3.2	4.6	7.8	66	43	68	2.4	4.2
Japan	1.3	2.5	4.1	8.5	96	62	109	1.5	4.5
Australia NZ S Africa	3.4	3.7	3.9	5.4	10	6	38	4.1	2.9
Developing £ Area	6.2	7.0	7.6	9.6	14	8	26	7.5	5.2
Other Asia, Africa	5.7	6.4	6.7	9.8	13	6	46	6.8	5.5
Latin America	7.6	8.6	8.6	11.2	13	- 1	30	9.2	6.0
WORLD SUPPLY	82.6	103.8	127.7	186.3	26	23	46	100.0	100.0
Canada's Exports to	Value-Million US Dollars				Change-Percent			Share of Market	
United States	2461	2912	3141	4670	18	8	48	22.6	22.6
EEC	265	354	456	588	34	29	28	1.9	1.2
Britain	675	832	953	1096	23	14	15	9.1	8.0
Scandinavia	50	72	105	117	44	46	12	1.1	1.2
East Europe	10	64	40	290	540	-37	616	.3	1.3
Communist China	0	3	9	97	-	268	981	0	6.5
Japan	121	130	184	293	7	42	59	5.3	4.3
Australia NZ S Africa	99	133	182	239	34	37	31	3.0	3.6
Developing £ Area	139	116	160	223	- 17	38	40	1.9	1.7
Latin America	201	180	179	298	- 10	- 1	66	2.6	3.1
WORLD MARKET	4184	4947	5562	8107	18	13	46	5.1	4.3

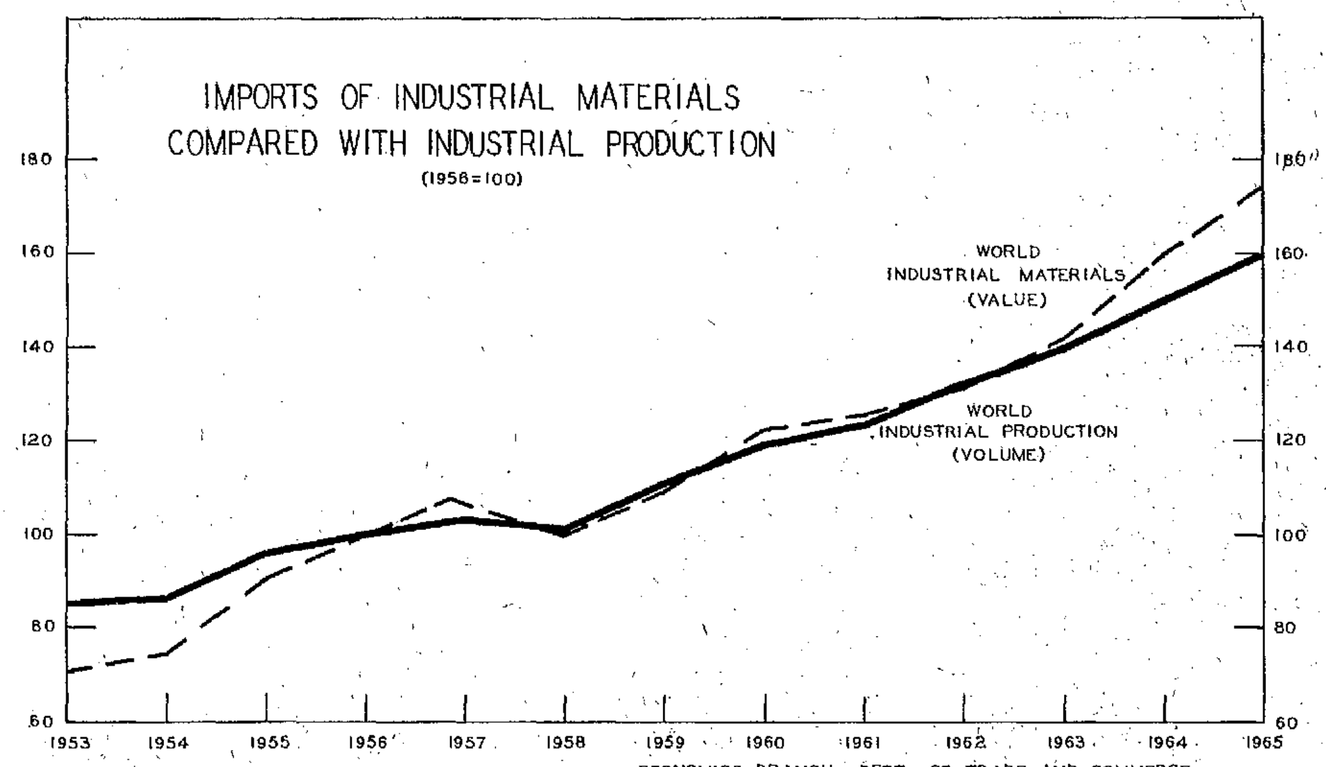
CANADIAN EXPORT TRENDS 1953-1966



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE.

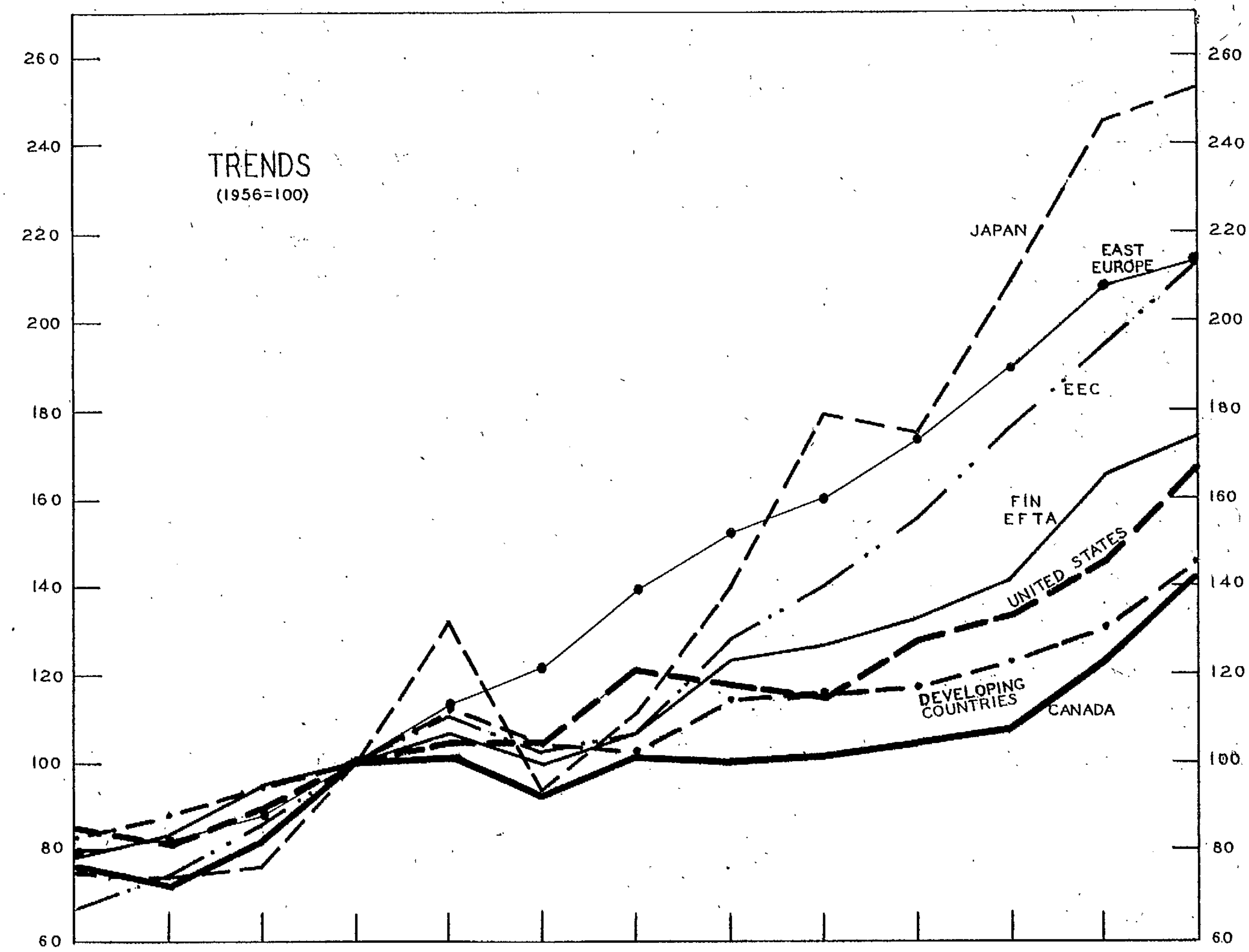
WORLD IMPORTS COMPARED WITH PRODUCTION 1953-1965

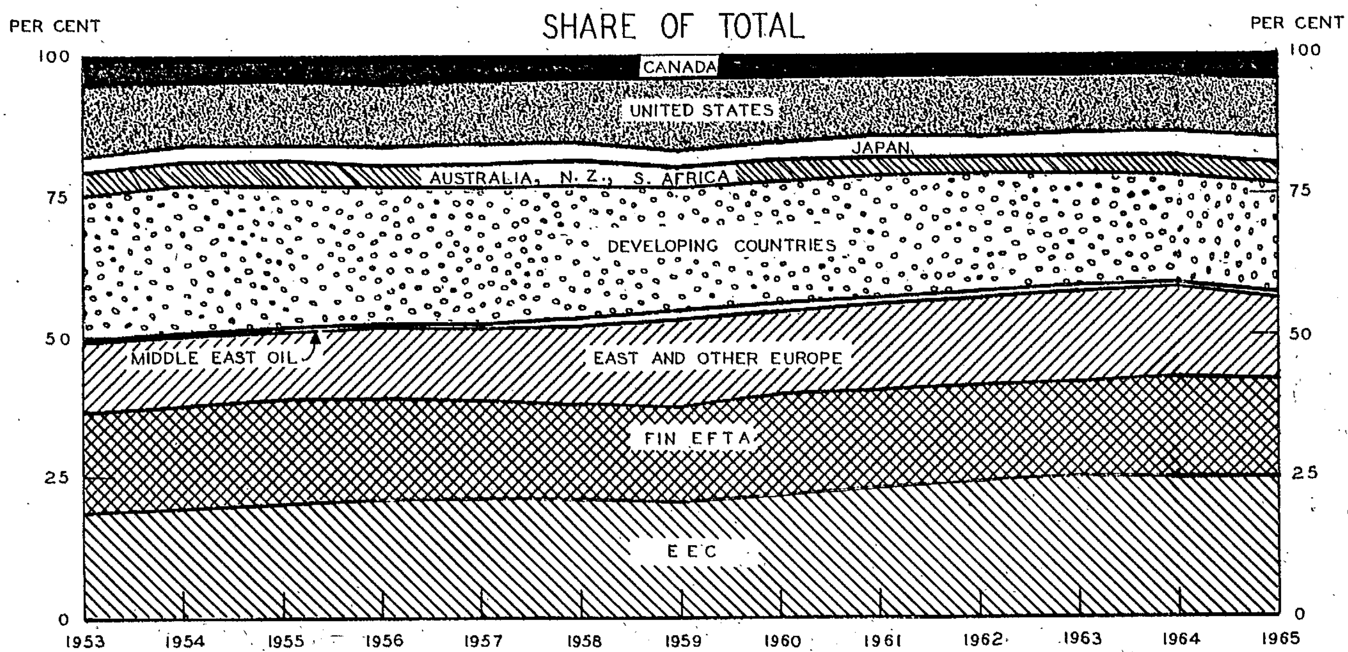




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

WORLD IMPORTS BY MAJOR MARKETS 1953-1965

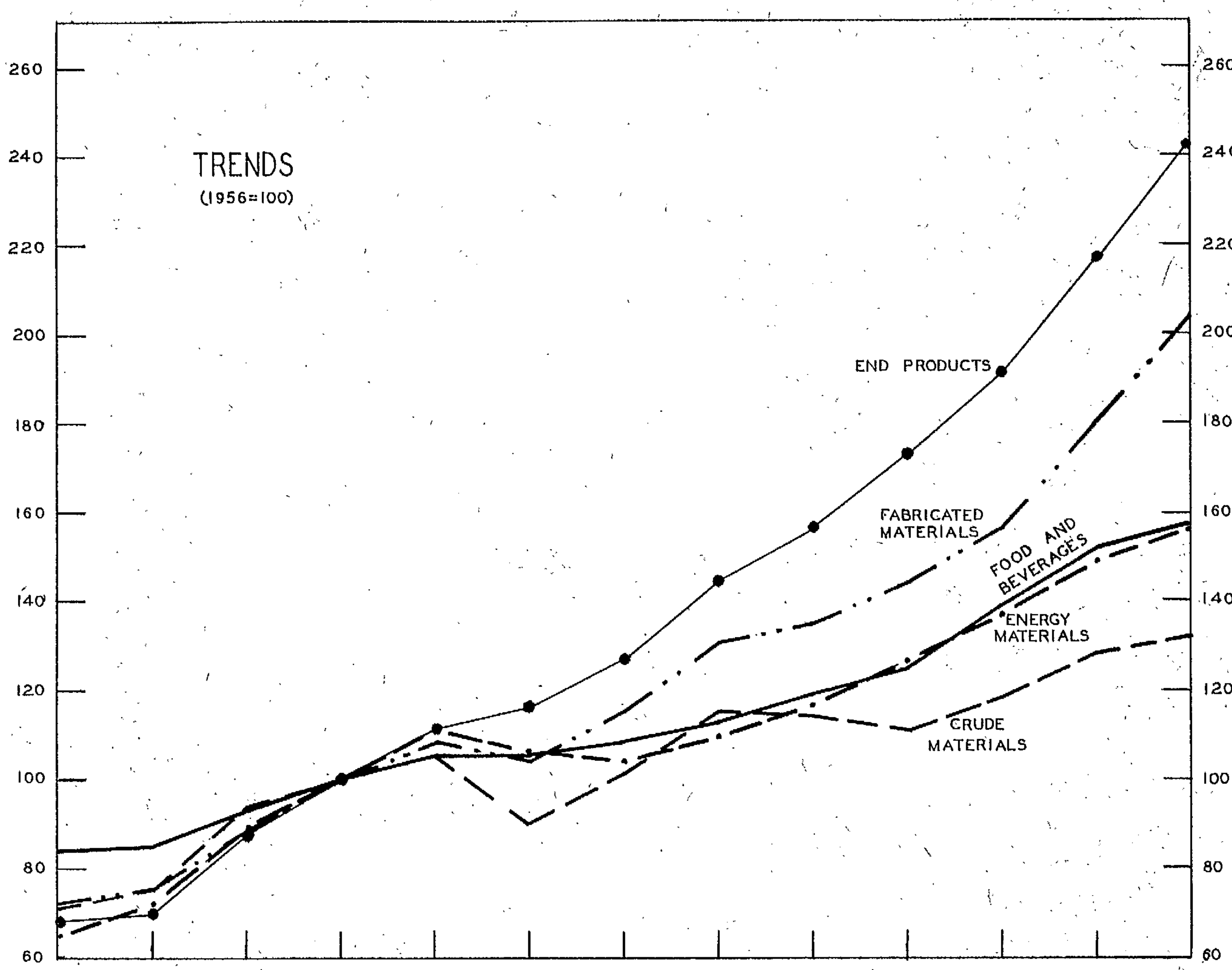




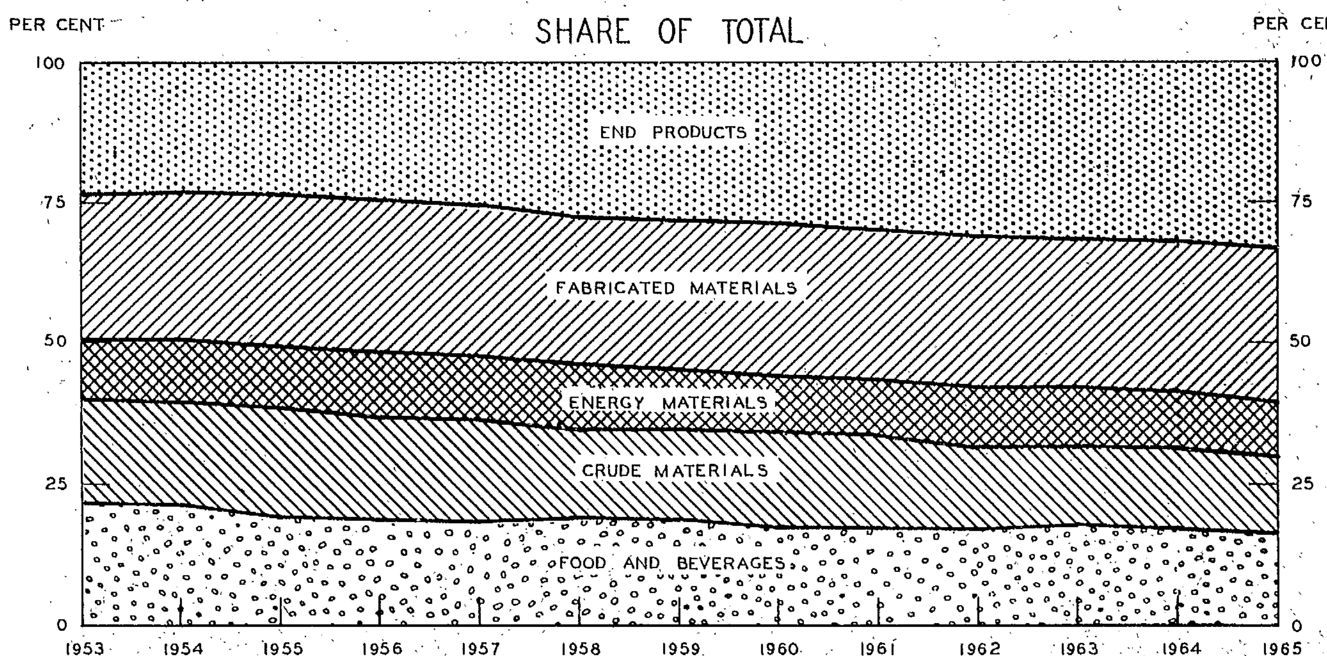
ECONOMICS BRANCH, DEPT OF TRADE AND COMMERCE

WORLD B

IMPORTS OF WORLD BY COMMODITY GROUPS 1953-1965

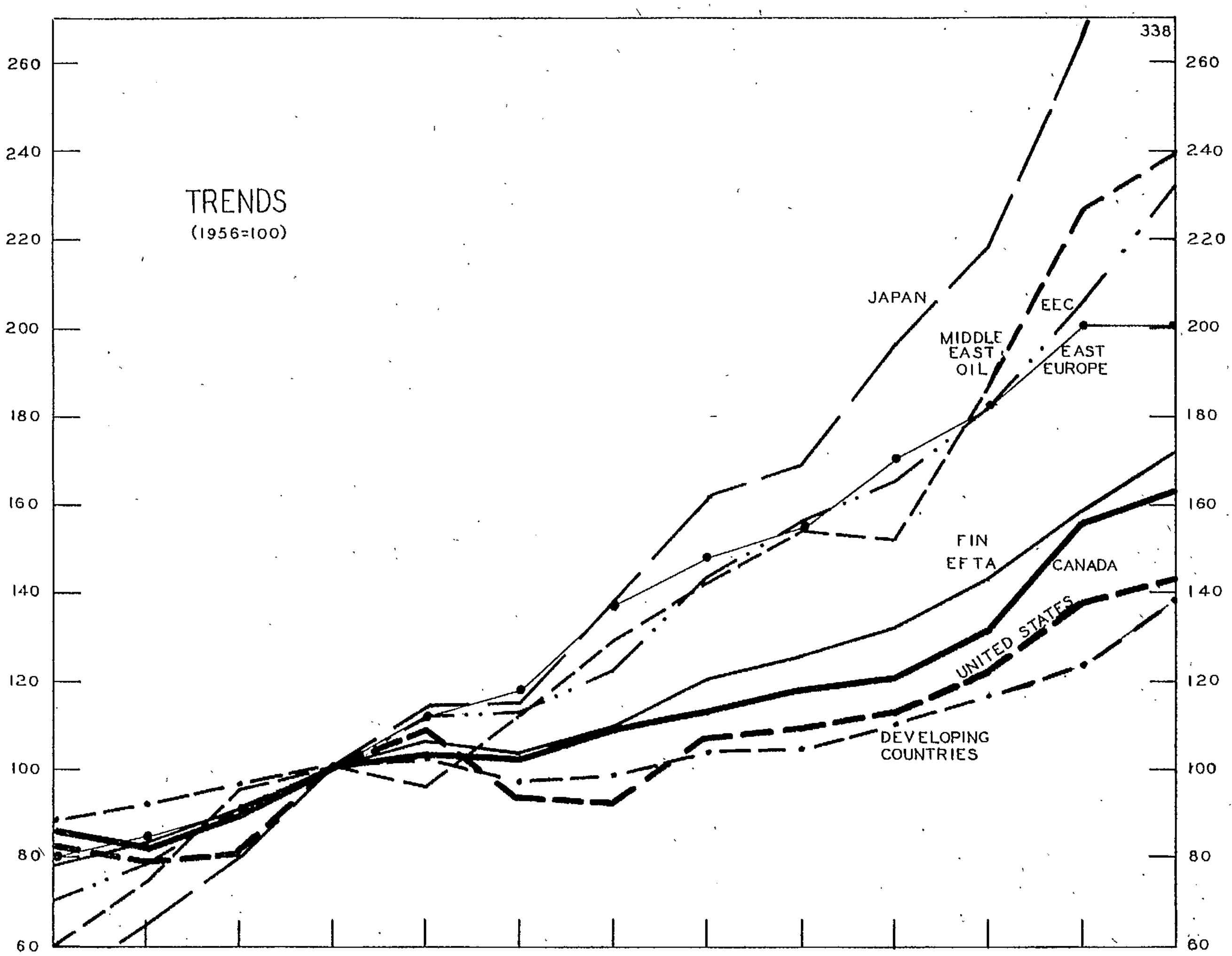


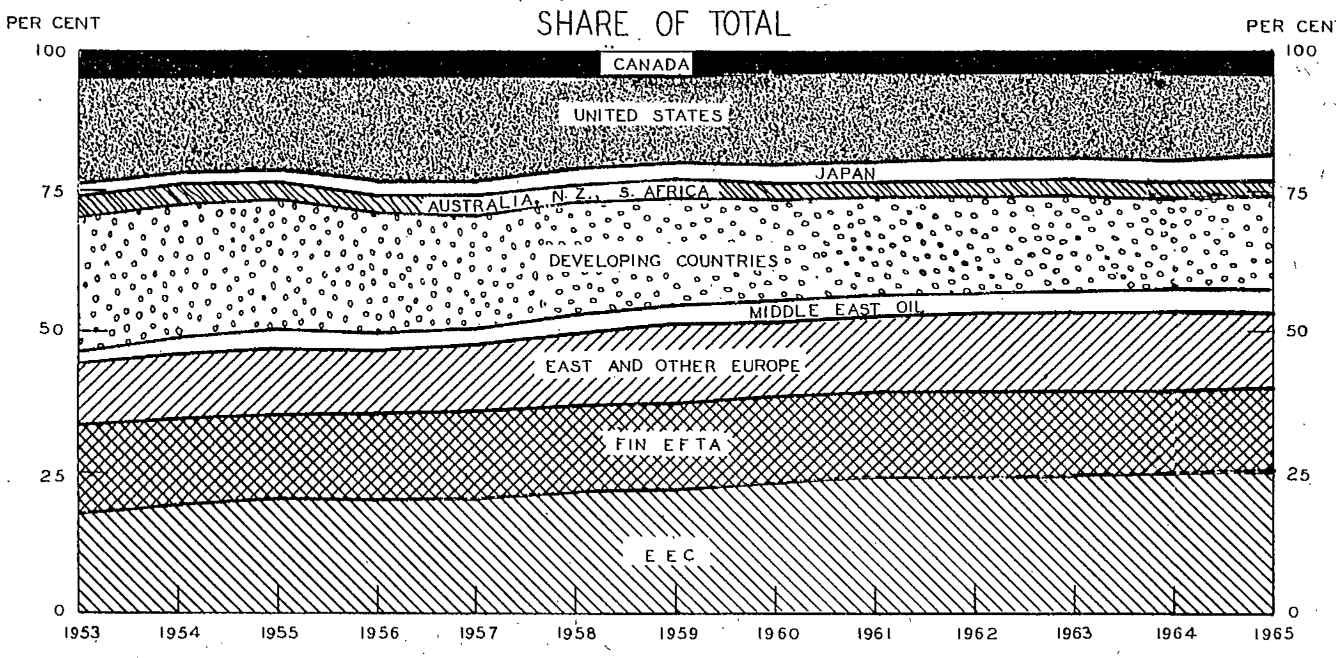
SHARE OF TOTAL



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

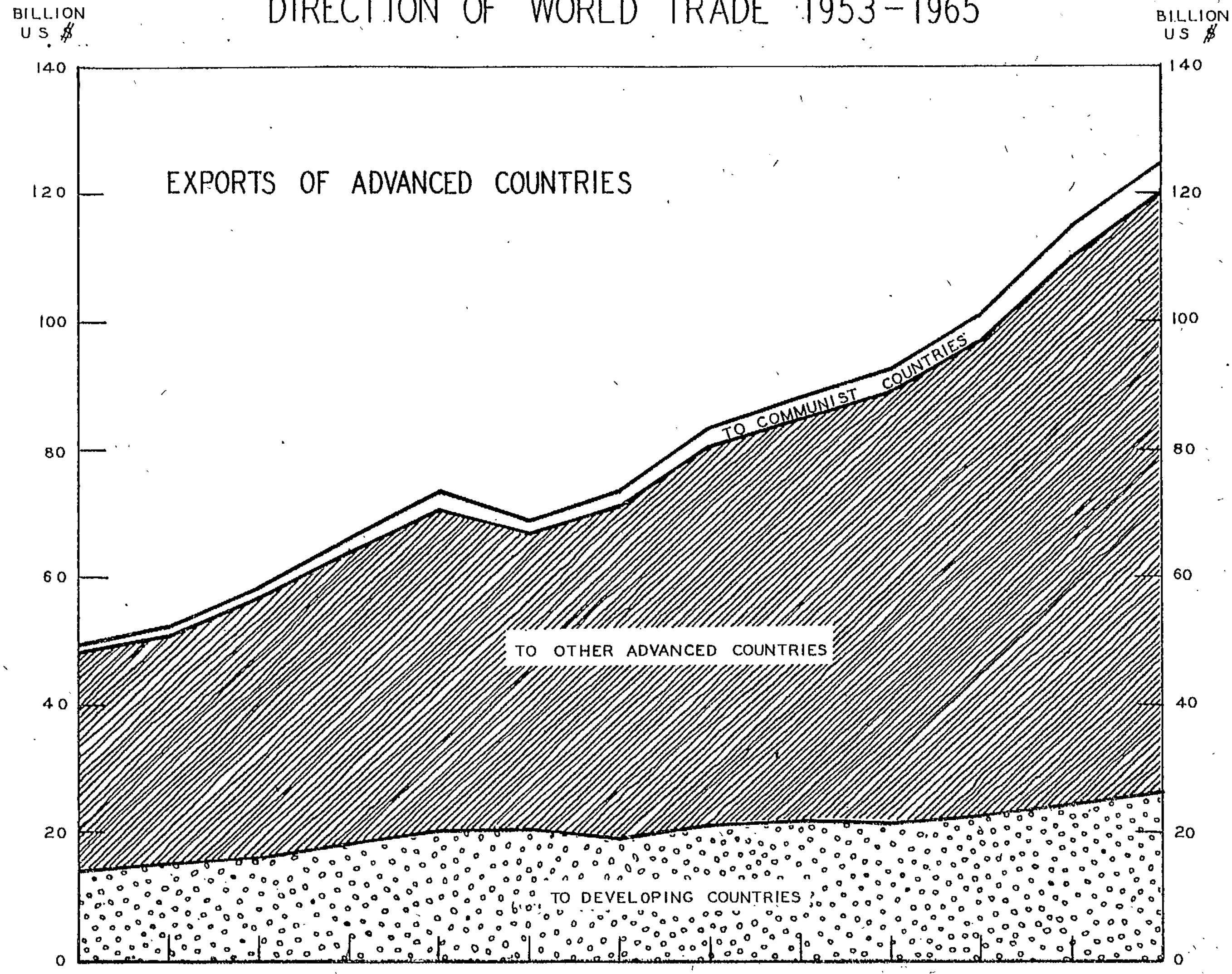
WORLD EXPORTS BY MAJOR SOURCES 1953 - 1965

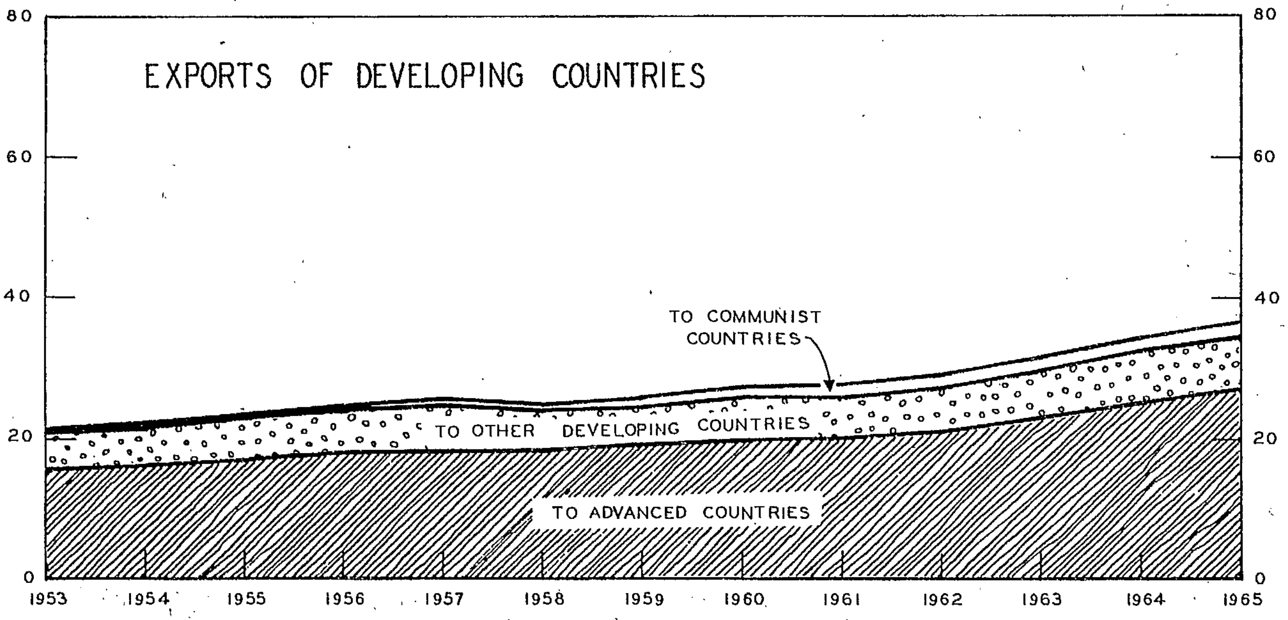




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

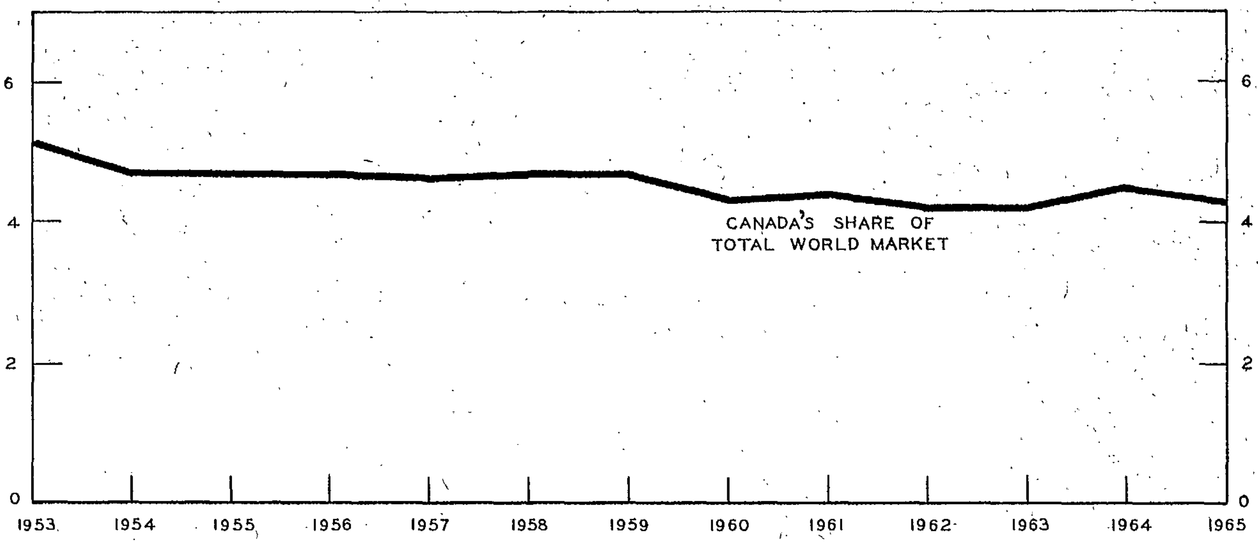
DIRECTION OF WORLD TRADE 1953 - 1965

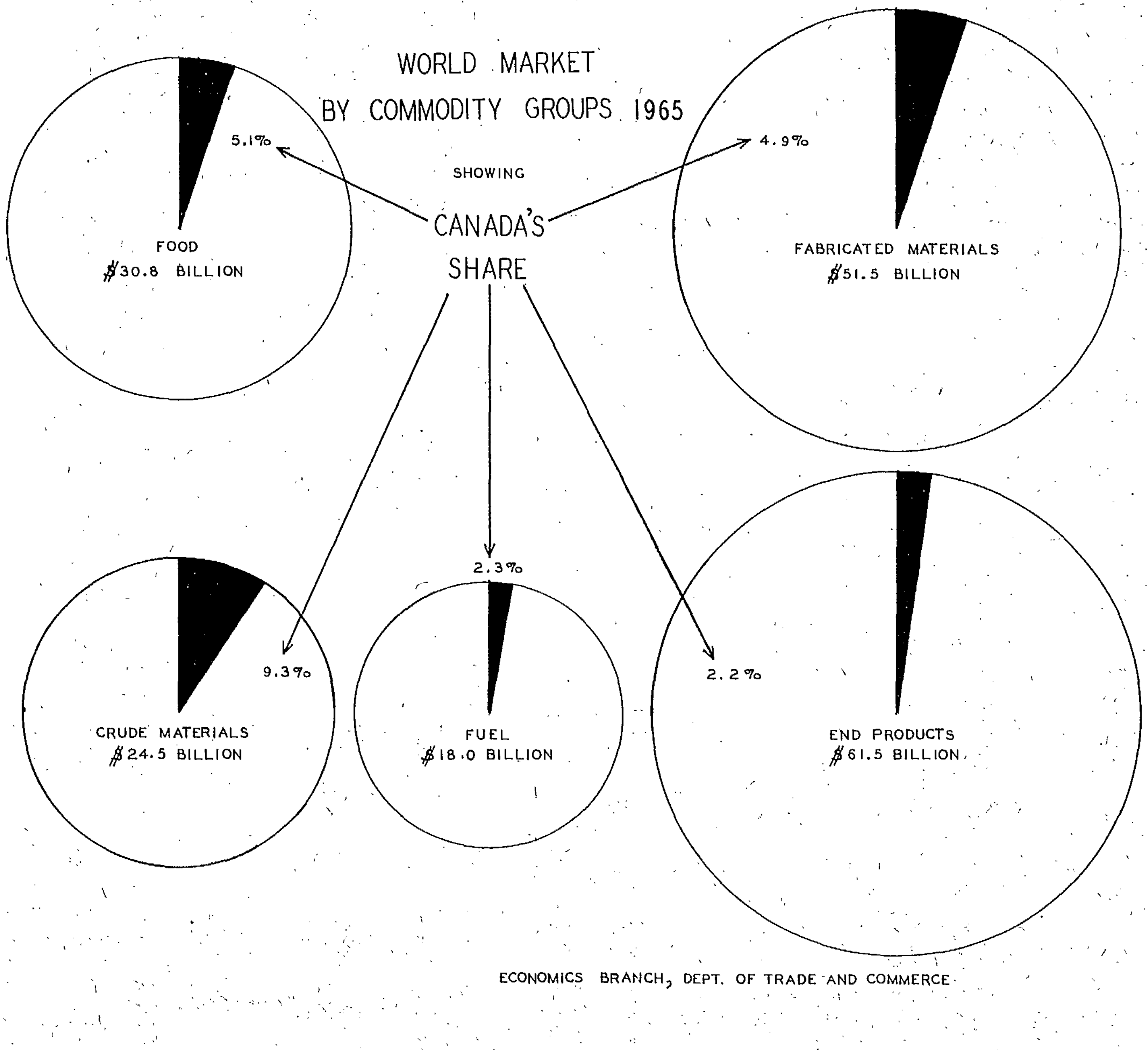




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

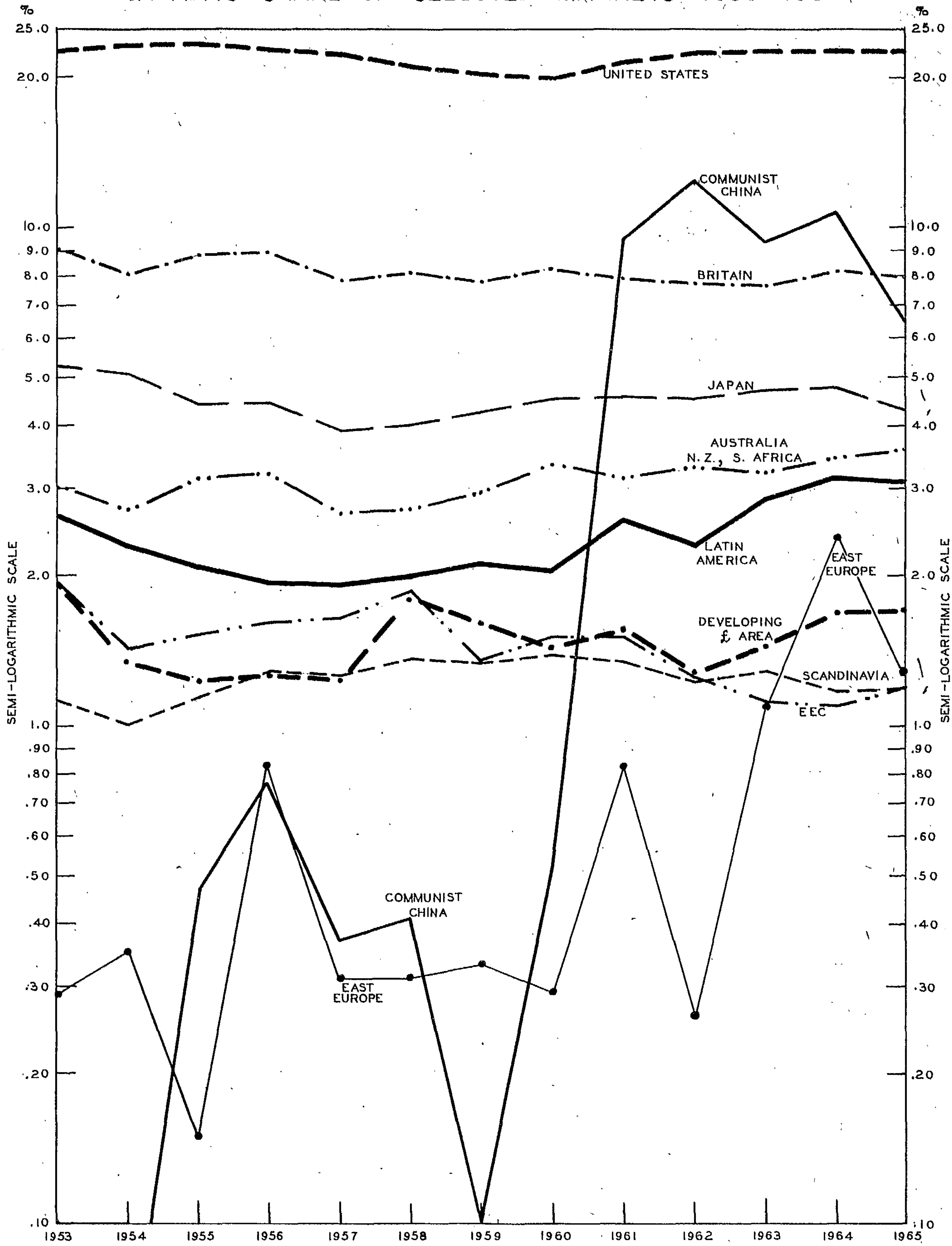
CANADA'S SHARE OF WORLD MARKET 1953 - 1965





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

CANADA'S SHARE OF SELECTED MARKETS 1953-1965



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF

THE UNITED STATES

1953-1964

Contents

Ottawa
September 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF THE UNITED STATES, 1953-1964

General Import Relationships

Since 1950, the United States has been the largest national market for world exports now amounting to about $23.6 billion (mid 1965 to mid 1966). The lead over Britain lengthened quickly, rising to nearly $4 billion* by 1959. However, American imports reached their peak share of international trade in the early 'fifties. In later years their relative importance became less pronounced as the expanding purchases of many other countries reflected the rapid growth of their economies and of their need for external supplies. In 1950-52 American imports represented an average 14.5 per cent of the value of world imports, compared to the 1962-64 average of 11.5 per cent.

The rise of the United States to the position held during the last fifteen years was the outcome of many factors. Four of these stand out for their broader and more lasting effect on the development ofimports: a) Growth and distribution of population, b) Growth of output and income, c) Structural changes in American industry and the availability of material, d) Tariff changes.

The United States has become the most populous country outside Asia. From 76 million in 1900 the number of inhabitants has climbed to nearly 200 million. Equally significant is the change occurring in the rual-urban and occupational distribution of the population. In 1910 the population was half rural (places under 1000 persons) but fifty years later it was just over a quarter rural and only 8 per cent lived on farms. The transformation into urban and industrial society is shown even more clearly in that as late as 1940 agriculture accounted for 20 per cent of the labour force, but in 1964 only 6 per cent was still engaged in agriculture.

High levels of output and income attained in the United States are closely

* All values in United States dollars

related to the increasing overall volume of demand. With a GNP of $681 billion in 1965 and a disposable income of $2746 per person, the United States was on all counts a very much larger market than any other. In relation to the size of the market, commodity imports appear in fact remarkable small, in 1965 corresponding to merely 3.2 per cent GNP. Looking back over several decades the American propensity to purchase abroad has risen less than total expenditure. But in the 'fifties and 'sixties the ratio of imports to GNP, having declined from 5 per cent in the period 1910-1929, stablilized around 3 per cent which is a much lower ratio than in smaller industrial countries. The significance of imports for the United States appears also relatively small when they are compared on a per capita basis. In 1964 American imports amounted to $98 per person while Canadian imports on the same basis were valued at $361, British imports at $286 and German imports at $253.

The development of the American economy was accompanied not only by expansion but also by shifts in demand. As new articles were produced and new tastes took shape, the composition of imports was gradually altered. Similarly, technological innovations in the United States and abroad exerted an important influence on imports. In addition, the change in the United States industrial material position from near self-sufficiency to sizeable dependence on foreign supplies had obvious effects on imports.

Tariffs have had a significant effect on the development of American imports since the very birth of the nation. During the 19th century the infant-industry argument enjoyed large support in the United States. On the whole, American tariffs came down briefly during the 1840's and 1850's, coincident with the repeal of the British Corn Laws, but they moved up again during the Civil War and did not decline until the eve of the First World War. The Wilson administration reduced the tariff in 1913 and included some major items such as lumber, newsprint, coal and iron in a "free list", but the post-war years brought about a new and widespread round of tariff increases, primarily to protect farmers and some industries that had grown during the war. The American tariff hit its all-time high with the Hawley-Smoot Act of 1930.

The first Roosevelt Administration introduced in 1934 the Trade Agreement Act, under which 31 trade agreements with other countries were negotiated. Also rising prices of imports gradually lessened the impact of many tariffs established on a specific basis. By 1945 the average American tariff was as low as in 1919. Since then numerous and lengthy negotiations have taken place under the auspices of GATT and other international bodies and the average level of the American tariff has been reduced a little further.

√ The flow of merchandise into the United States is strongly influenced by cyclical changes in the tempo of economic activity. In relation to their levels in 1953, GNP and imports had by 1965 expanded by 83 and 98 per cent in current value. But imports fluctuate from year to year more widely than the standard measures of economic activity such as GNP and industrial production. A downturn or a flattening out of industrial production often brings in its wake a sharper curtailment of imports of industrial materials because of adjustments in inventories. Because industrial materials form the largest sector of American imports even moderate cyclical swings have been reflected in more pronounced swings of total imports.

These fluctuations have been often accentuated in terms of value by changes in import prices. The United States holds such an important place in international trade that variations in the level of American demand have usually led to changes in the price of internation commodities. The weakening of import prices in 1958 is a good manifestation of this link. There are signs, however, that this situation may be changing as a result of the stronger impact on international export prices of other factors. While it can be demonstrated that prices of such bulk imports as coffee, sugar, rubber and probably metallic ores and non-ferrous metals are strongly influenced by the trend of American imports, there is at least one expanding class of imports which is not equally sensitive to changes in American demand. Since United States imports of finished manufactures, particularly those of Western European origin, and to a lesser extent imports of manufactured foods, form only a small proportion of foreign production of these goods, their prices are little affected by the level of American import demand. It is in this area that price competition with American products is most intense and determinative. Therefore it is probable that changes in the volume of United States imports reflect, to a significant degree, changes in foreign prices relative to domestic levels.

Commodity Import Trends

The commodity composition of American imports has changed dramatically over the last dozen years and, as a corollary, the sensitivity of imports to changes in business conditions is being altered. In the years 1953 to 1955 food and crude industrial materials represented well over half of total imports, but by 1965 their share had shrunk to a third.

From 1953 to 1961 imports of foods scarcely changed at all, although in the next three years they rose a sixth. Since this was appreciably slower than the rate for total imports, consequently the share of food fell from 31 to 19 per cent in 1965. Lower coffee and cocoa prices certainly contributed to curb the expansion of food values. A similar effect arose in 1964 from the limitations on meat imports but this was more than offset by the sudden soaring of coffee prices resulting from drought damage to trees in Brazil.

This brought coffee up to $1.2 billion or one-third of food imports, while declining prices lowered sugar values to about one-seventh. Despite restrictions, meat and cattle along with fish form a quarter of food imports. Bananas, nuts and vegetables are the other sizeable items along with cocoa, tea, spices and cheese. Scotch and Canadian whisky and Turkish tobacco are also significant.

The trend of crude materials imports has been particularly sluggish, resulting in a drop in share of total from 25 to 15 per cent over the decade. In the 'sixties substantial increases in pulp, lumber, iron ore and alumina were more than balanced by declines in natural rubber, uranium* and base metal concentrates. Little change was evident in wool, other fibres, furs and hides or in non-metallic minerals.

Meanwhile the cumulative expansion of fabricated materials was also rather feeble and their share of imports by the end of the 'fifties had fallen to 26 per cent. But the strong 63 per cent increase after 1961 raised this share back to 30 per cent. Chemicals were on a plateau in 1959-61 but then rose under the impetus of larger purchases of organic chemicals, fertilizers and plastic materials. Other fabricated materials had fluctuated around the 1956 level until 1962 when the trend turned upwards. Oriental plywood and textiles, gem diamonds, steel mill products, copper and aluminum have been strong in recent years. Newsprint, the principal paper import, was quiescent from 1956 to 1963 but then moved up sharply. Most of these reflected rising volume to meet industrial expansion but copper and other base metals also increased in price.

Imports of fuel doubled from 1953 to 1957 to a plateau which was held until 1961, when moderate increases were resumed. The share of imports, which nearly doubled to 13 per cent in 1958, has since stabilized around 11 per cent. Both crude petroleum and residual fuel oil have risen steadily in the 'sixties to $1.9 billion. The increment in "residual" is entirely Caribbean, but although this is still the largest source of "crude", the growth has been mostly from Canada and the Middle East. Moreover gas imports from Canada quadrupled in 1960-63 to over $100 million.

The overall position of industrial materials in American imports has been eroded from 61 to 55 per cent but since 1959 the process has been slow with

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* In 1962 the United States first recognized uranium as a commodity - earlier data must be adjusted.

substantial strength in a range of "modern" materials which are keeping pace with general import trends.

✓ In contrast to import trends for industrial materials and foods, imports of inedible end products have staged a remarkable increase. Their value went up more than five times and their share of American imports increased from 8 per cent in 1953 to 26 per cent in 1965. End products, therefore, have displaced foods from second place in imports by main classes and are approaching the level of fabricated materials. Furthermore, imports of end products are less affected by pauses or moderate recessions in general economic activity and increased every year in the last decade except 1961. The levelling and fall of imports in 1960-1961 coincided with a period of relatively slow growth, but was the particular result of two well-defined causes: a) The smaller demand for European cars and to a lesser extent b) a smaller demand for farm machinery which may have been induced by some decline in farm prices. But the recent performance of end products does not reveal any sign of flagging, with the level in 1965 a half higher than in 1963.

✓ By 1964 motor vehicle imports, doubling from 1961, had roughly recovered their 1959 level. Meanwhile aircraft purchases have fallen away from the exceptional peak of 1961. Electrical equipment imports have also climbed steadily with telecommunication apparatus setting the pace, and by 1964 making up well over half of the group total. Furthermore the rise of transistor radios and motorcycles illustrates the change within certain sectors. Generally machinery values doubled from 1960 to 1964. Textile machines quadrupled while office and metal working machines showed moderate increases. While farm equipment had barely regained earlier levels, motor engines multiplied four times from 1961, reflecting the first adjustments of automotive trade with Canada.

Consumer and other end products (non-food) have also moved up steadily and strongly since 1953. Given the continuous growth of American incomes, price and quality were the only concern in expanding sales. Among the items which continued to climb were watches, cameras, clothing, sound and other recreational equipment. Scientific instruments also doubled in value after 1960, while works of art and printed matter increased by half. Footwear was one of the larger sectors showing little change.

Changing Sources of Imports

As the commodity composition of American imports changed so changed the geographic pattern of imports. Exporters of manufactured products reaped in recent years a far greater success than exporters of crude materials. Therefore, as a general rule industrialized countries have gained a larger share of the American import market to the comparative detriment of some primary producers. In particular, purchases from Western Europe and Japan have risen from 22 to 36 per cent over the period while imports from Latin America dropped from 34 to 20 per cent.

Imports from Japan, which are almost 90 per cent manufactured or highly processed, were more than three times as large in 1964 as in 1956. This was by far the most rapid rate of growth of any supplier and in large part is attributable to Japan's postwar economic recovery. Japan now supplies not only a tenth of the overall American market, but a sixth of fabricated materials and capital equipment and nearly 30 per cent of inedible consumer goods. To traditional goods such as fabrics, clothing, footwear, fish and pottery, a large volume of steel products, plywood, plastic goods, sewing machines and motorcycles have been added. But of course Japan's highest specialization has been attained in the field of consumer electronics and optics - radios, TV, hi-fi, cameras and related equipment.

Imports from the European Community, another manufacturing area, nearly doubled from 1956 to 1964 to become 15 per cent of total. The trend of American purchases from the EEC was, however, a composite of country performances which differed markedly. Imports from Germany increased very rapidly, in 1964 forming 6.3 per cent of total imports compared to 2.5 per cent in 1953. Imports from Italy also increased faster than the average; therefore their share rose to 2.8 from 1.5 per cent. Imports from France, rising at the same rate as the EEC, remained in third place with a share of 2.7 per cent in 1964. But imports from the Low Countries increased slowly and irregularly and as components of the total declined from 3.9 to 3.4 per cent.

It is relevant that machinery and transport equipment in 1964 were only 5 per cent of American imports from Belgium while over half of those from Germany. Similarly some 42 per cent of imports from Italy were consumer end products (non-food) contrasted to 8 per cent from the Netherlands. The major items from Germany were the "Volkswagen", industrial machines, steel, instruments and chemicals. From Italy clothing was in the lead, followed by shoes, fabrics, cars and scooters, calculating machines, marble and tomato products. French wines are exceeded in volume by chemicals, steel, cars and "works of art". Meanwhile Belgium concentrates on fabricated materials - principally steel, diamonds, glass and fabrics. On the other hand, about a third of the smaller Dutch shipments are canned meat, cheese and flower bulbs, with some chemicals and equipment.

Imports from the European Free Trade Association increased by 54 per cent from 1956 and 1964, and now account for 11 per cent of American imports. More than half originated in Britain although these fluctuated widely from year to year, according to the irregular flow of automobiles. Imports from other EFTA countries have followed a steadier course and have risen somewhat faster than imports from Britain.

Although Britain is no longer a match for Germany in selling cars to Americans, nevertheless shipments of industrial machinery are much closer. In addition large values of Scotch whisky, diamonds, wool and woollens, metals and ceramics bring

British sales up to the German level. Ranking next are Switzerland's watches, textile and other machinery and chemicals; followed closely by steel, machinery, cars, pulp and paper from Sweden. EFTA shipments are rounded out by canned meat from Denmark, nickel from Norway (the Falconbridge refinery at Kristiansand), forest products from Finland and fabrics from Portugal.

Other West Europeans sell only a quarter billion dollars worth in the United States, including Spanish vegetables and olive oil, Turkish and Greek tobacco, Icelandic fish and Irish beef.

East European sales are even smaller, being restricted principally to Yugoslavia's base metals, Poland's canned meat, furs and steel, with a trickle of furs, platinum and its concentrates from Russia.

Australia, New Zealand and South Africa in 1964 supplied two-thirds of a billion dollars worth or 3.6 per cent of American imports. This flow which had made little net gain in 1956-60, has since moved to a much higher range but is still quite irregular. The rapidly expanding shipments of beef from Australia and New Zealand were cut nearly a third by United States restrictions in 1964. Meanwhile wool purchases from all three countries held steady, and sheepskins from New Zealand increased. From Australia and South Africa also came sugar, fish and base metal ores. But South Africa's big commodities were uranium oxide, which has been declining, and diamonds.

American imports in 1964 from the Middle East oil countries were lower than during the Suez crisis, having fallen away until 1962, and constituted only 1.4 per cent of total imports. This restricted flow, shared among Saudi Arabia and others in the region, reflects the political priorities of producers in the Americas - in Venezuela, Canada and especially those within the United States.

Some other areas of Asia and Africa have fared little better, although the general level was unchanged until 1964 when about an eighth of all United States imports were derived in these less developed regions. Southeast Asian shipments, over a third of this group, were actually slightly lower than in 1956. Since purchases in the Philippines (mostly sugar, coconut and its oil, plywood, clothing and copper ore) have grown by half, the decline was concentrated in Malaysia and Indonesia. While Malayan tin and Indonesian oil, spices and coffee have held up in recent years, natural rubber has declined further. Earlier instability of prices for rubber and tin, and continuing political fluidity are relevant factors.

India's performance has been steadier and rising since 1958. Sharing exports of jute products with Pakistan, and tea with Ceylon, India also supplies manganese, nuts and other crude agricultural products. But the major exception has been Hong Kong, which since 1956 has multiplied sales to the United States 12 times to a quarter billion dollars in 1964. Major items are clothing, cotton fabrics, electronic equipment, toys and other small manufactures. Formosa and South Korea also supply clothing and fabrics as well as plywood and foods. Direct trade with Red China and its allies, of course, is practically non-existent.

Moreover, recalling the restricted level of American oil imports from the Middle East, the remaining purchases in this region are remarkably low, and are confined largely to gem diamonds from Israel with some wool, skins and dates from the Persian Gulf and cotton from Egypt.

American imports from developing Africa stagnated during the 1950's but have grown by half since 1960. The pattern is not complicated - coffee with some cocoa has been over half the value and with the sudden rise in prices in 1964 these beverages rose to two thirds of the region's sales. Purchases in North Africa are small and in the former Rhodesias limited to a little copper and chrome ore. Elsewhere, the beverages predominate - coffee west on the Ivory Coast, east in Ethiopia, south in Angola, and around the lakes of the Great Rift (Uganda, Kenya, Tanganyika, Congo, Burundi, Rwanda) - cocoa in Ghana and Nigeria. In addition rubber and iron ore came from Liberia, spices from Madagascar, tin from Nigeria, diamonds from Sierra Leone and the Congo countries. The former Belgian Congo also sends manganese and cobalt, and it was a major supplier of uranium concentrates until the mine ran out in 1960.

Latin America, of course, is of special significance to the United States in trade as well as in political matters. Therefore the stagnation of imports from this region throughout this period has been of exceptional concern to both parties and was a principal factor in the inception of the "Alliance for Progress" and the regional free trade groupings LAFTA (Latin American Free Trade Association) and CACM (Central American Common Market).

In 1965 United States purchases at $4.4 billion were 20 per cent above the 1961 low but only 7 per cent above the 1956-7 peak, when United States demand was on the upswing and commodity prices were very high. Consequently the Latin American share of the United States market has dropped from over a third down to a fifth. This trend has been pervasive but not uniform - some areas have lost drastically and a few have made some gains, and the impact has varied during the period.

Coffee remains king in many areas and a quarter of all shipments to the United States. Rising prices in 1964 aided Colombia and Central America, but Brazil gained little since frost damage there had initiated the price climb. Brazil and Colombia, almost solely dependent on coffee, have seen absolute export values fall throughout the period and their share of total United States imports shrank from 11.3 to 4.4 per cent. Central American and Ecuador in addition to coffee also have a large banana trade and smaller sugar, fish and meat volumes, which have brought greater stability and in the 1960's a third increase in values. Cuba's large sugar trade was not buoyant even before the complete political break (the United States now records only a trickle of Havana cigar leaf). However the nearby Dominican Republic and other sugar producers have benefitted from the redistribution of American sugar import quotas. Nor has the meat and wool economy of the Rio de la Plata prospered. Argentine values were cut in half in the 1950's and have barely held steady in recent years, reducing their United States market share from 2.2 to 0.7 per cent.

The situation of the Andean metal exporters has been better although not exactly bright. Their losses before 1960 have since been largely made up, but their market share has declined. Chilean copper values, having been halved by 1958, were in 1964 still slightly lower than in 1953. Nor have the small Bolivian tin shipments expanded. But Peru with new metal, sugar and fishmeal capacities, more than doubled exports to the United States by 1961 and has held this level close to Chile's total.

Venezuela at nearly $1 billion is the largest single country source in Latin America, and petroleum and products at $1.3 billion are nearly a third of the regional flow to the United States. Venezuelan values doubled from 1953 to 1957 but have changed little since then. Meanwhile residual fuel oils processed in Aruba (Netherlands) and Trinidad (£ area) have risen substantially and along with a similar volume from Venezuela now make up half of the petroleum group shipped to the United States. The other significant items from this area are also minerals - alumina and bauxite from Jamaica, Surinam and Guyanda, and iron ore from Venezuela.

Mexico is the exception in Latin American, not only in continuing to increase shipments in pace with overall United States imports, but also in the increasing diversity of its sales. Mexico ships not only coffee, sugar, meat and cattle, petroleum products and base metals, but also fish, tomatoes, fruits and nuts, sulphur, rope, steel plate, chemicals, and other manufactured products. This variety of products and a well-developed tourist trade present the international commercial reflection of a strongly progressing economy with a stable political situation and a well-advanced social structure.

Canada's Share in Imports

Imports from Canada rose at much the same speed as total imports, even though there were fluctuations related to cyclical movements. Canada's share of the

American market therefore has changed little - from 22.7 per cent in 1953 to 22.6 per cent in 1965 - although it dropped down to 21.1 per cent in 1960. (see foot note next page)

In comparison with other large exporters of "primary products", Canada was more successful in continuing the expansion of shipments to the United States. The comparative success was due in large measure to the type of primary commodities in Canadian exports and to recent adjustments and additions to the overall composition, particularly the rapid rise of end products. In fact industrial materials (ex fuels) in 1960-5 dropped from 74 to 61 per cent of Canadian shipments to the United States.

√ These industrial materials, which with energy still constitute nearly 70 per cent of the flow from Canada, are generally derived from mineral and forest resources now relatively scarce in the United States. Moreover these are processed in modern plants either controlled by or designed for the customer, the American producer of durable or other "quality" products, which are in turn enjoying rising demand. Indeed if the Canadian classification were used, the share of "crude" materials in Canadian shipments would be less than half of the recent 26 per cent.

√ This situation must be contrasted to the preponderance of food, beverage and other agricultural products in the flow from other "primary producers". These products, even though exotic, have often approached saturation in the American market or, because of instability in price of supply, have invited forms of substitution. Moreover industrial material exports from other nations have been burdened by at least three problems - the greater distance and potential insecurity; the low level of economic development including skills, capital, transportation, industrial structure and social amenities; and sometimes the political situation - instability, antipathy to foreign capital, or lack of constructive governmental resource policies and services.

Mineral fuels, principally crude petroleum with a growing proportion of natural gas, are now over 8 per cent of Canadian shipments, twice the share in 1960. Arising from postwar discoveries in Alberta and adjacent areas, the exports are principally to western and mid-west American markets. In this strictly regulated import market supplies from Canada have done better in recent years than those from other regions, yet it is obvious by the shape and tone of the regulations that Canadian suppliers are being restrained far below their economic market potential.

Crude materials (inedible) in much of the postwar period were the most dynamic sector, encompassing radical developments in iron ore, uranium oxide* and kraft pulp. Growth has not gone unimpeded and the shrinking of uranium contracts from $311 million at their peak in 1959 to $14 million in 1965, has modified the impact of rising pulp, lumber and iron concentrate markets. Indeed the proportion of Canadian shipments has declined from 35 to 26 per cent during 1960-5. Other substantial items in this category are asbestos, gypsum, sulphur, zinc and copper concentrates, pulpwood, peat moss, furs and synthetic rubber.

Fabricated materials is the largest sector amounting to more than a third of the total of Canadian exports to the United States. Being firmly established in American markets, this group has seen steadier and slower growth in the last decade or so. Newsprint and non-ferrous metals have been the major elements throughout the period although primary iron and steel products, birch veneer and plywood, and recently potash and l.p.g.'s (liquified petroleum gases) have been important. Newsprint, the big single item at over $700 million, was sluggish from 1956 until rejuvenated in 1963. The leading metals have been nickel and aluminum followed by copper and platinum types. Over much of the time zinc and lead have been restricted by quotas, while silver has gained with the recent rise in the market.

The foods and beverages in Canadian shipments have been related to growing high income markets in the United States in contrast to slow-moving demand for staples.

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* Uranium oxide in OECD records of American imports has been adjusted to gain consistency for this analysis. Until 1962 this large item was omitted entirely from American imports, and further in September 1963 it was abruptly switched from metal concentrates to chemicals.

Meat, cattle and fish make up half of this flow, and Canadian whisky sales exceed $100 million (ex tax) or more than a quarter. These were supplemented by apples, potatoes and maple products along with bran and fishmeal. However, these sales account for less than a tenth of Canada's total shipments, while in comparison, over a fifth of American imports are in this category.

Meanwhile Canadian shipments of machinery and transportation equipment for which American demand is growing very quickly, more than trebled from 1960 to 1965. Their share of Canadian exports to the United States consequently rose from 6 to 14 per cent, and all inedible end products climbed from 12 to 21 per cent. This climb continues with a strong boost from the automotive industry arrangement. In 1966 Canadian sales of automobiles and components were more than ten times the range of 1960-62, while shipments from the United States to Canada also rose sharply.

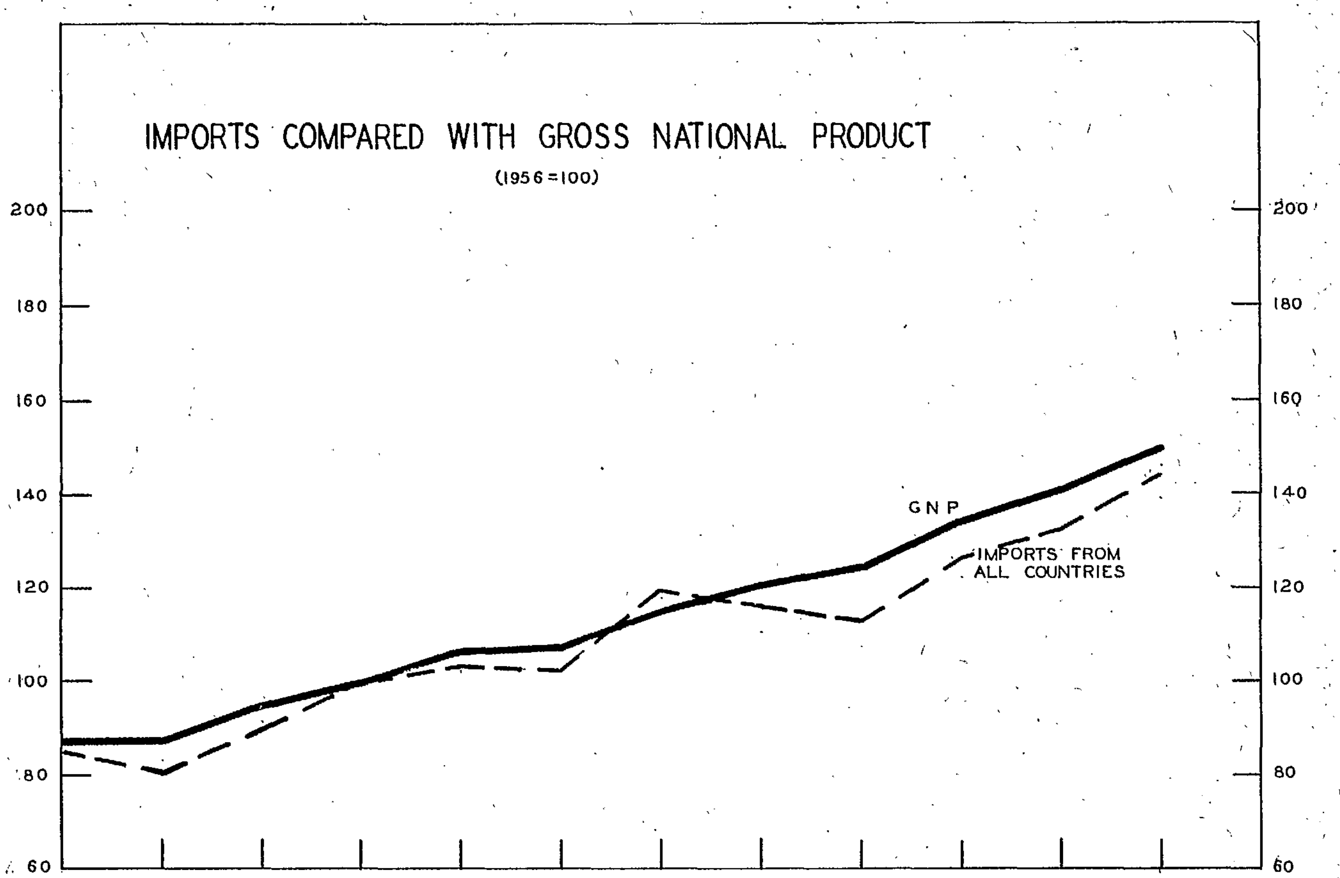
Although auto products were rising to predominance in this sector, exports of farm machinery, particularly combines (reaper-threshers) have been outstanding for decades as a result of an earlier venture in free trade by sectors. Air navigation equipment has been added in recent years to electrical apparatus and insulated cable as substantial exports to the United States. But aircraft sales have dropped off, although parts and component shipments are still sizeable. A variety of other machinery and a thinner but wide array of Canadian consumer goods are also beginning to appear on the American market.

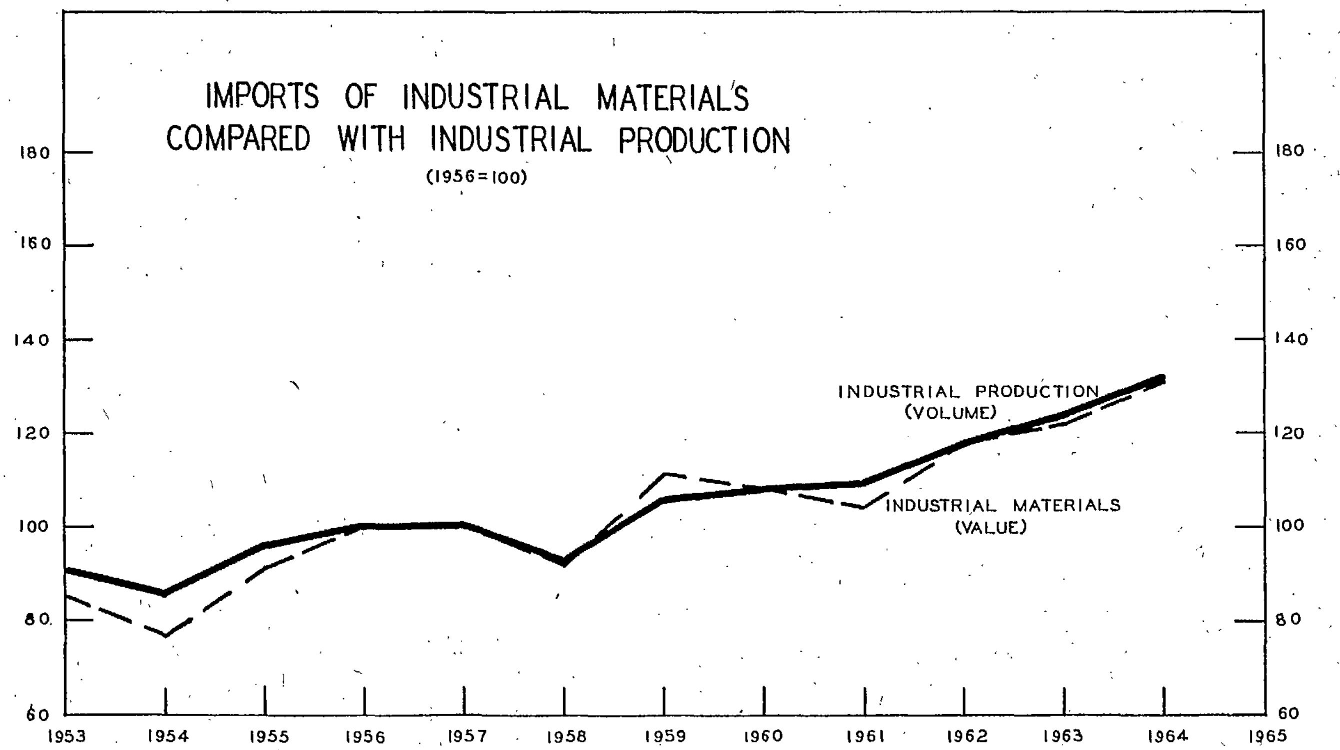
Canada's rate of growth in end products in the last few years has been much faster than most rivals, especially Britain and other Europe. Even Japan has been out paced in general terms, although its sales of machinery and transport equipment up to 1965 had expanded a little quicker. Only Hong Kong, with mushrooming sales of consumer goods, has edged ahead of Canada in end product growth during 1960-65. In 1960 supplying only 13 per cent of these American imports, by 1965 Canada was the source of nearly 18 per cent of all inedible end product imports and over 23 per cent in the machinery and transport sector (compared to 21.2 and 22.6 per cent share of all imports in 1960 and 1965).

IMPORTS OF THE UNITED STATES-SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change Percent 1953-6	1956-60	1960-64	Share-Percent 1953	1964
Food & Beverages	3377	3272	3414	3981	- 3	4	17	31.3	21.4
Crude Materials	2670	3007	3206	2950	13	7	- 8	24.7	15.9
Energy Materials	769	1278	1579	1996	66	24	26	7.1	10.7
Fabricated Materials	3169	3626	3916	5238	14	8	34	29.3	28.2
All Materials	6608	7911	8701	10184	20	10	17	61.1	54.8
End Products	833	1467	2901	4436	76	98	53	7.7	23.8
ALL IMPORTS	10915	12903	15016	18600	18	16	24	100.0	100.0
Country or Region									
Canada	2473	2959	3165	4227	20	7	34	22.7	22.7
EEC	1050	1429	2258	2831	36	58	25	9.6	15.2
France	187	236	395	494	26	67	25	1.7	2.7
Germany	277	494	894	1173	78	81	31	2.5	6.3
Benelux	428	483	575	638	13	19	11	3.9	3.4
Italy	158	216	395	526	37	83	33	1.5	2.8
FinEFTA	1038	1318	1690	2028	27	28	20	9.5	10.9
Britain	546	775	996	1132	42	29	14	5.0	6.1
Scandinavia	257	288	409	526	12	42	29	2.4	2.8
East & Other Europe	246	276	352	421	12	28	20	2.3	2.3
Middle East Oil Area	172	273	271	254	59	- 1	- 6	1.6	1.4
Japan	262	558	1129	1763	113	102	56	2.4	9.5
Australia NZ S Africa	295	404	463	667	37	15	44	2.7	3.6
Other Asia & Africa	1713	1685	1746	2276	- 2	4	30	15.6	12.3
Southeast Asia	793	795	768	762	-	- 3	- 1	7.3	4.1
India, South Asia	292	275	306	386	- 6	11	26	2.7	2.1
Hong Kong, East Asia	50	37	164	364	-26	345	122	.5	2.0
Africa	518	511	445	650	- 1	-13	46	4.7	3.5
Latin America	3666	3999	3932	4105	9	- 2	4	33.5	22.1
Mexico	355	418	445	607	18	6	36	3.3	3.3
C. America Ecuador	280	271	272	362	- 3	1	33	2.6	1.9
Venezuela Neth.& Area	651	1024	1363	1561	57	33	14	6.0	8.5
Cuba Other Indies	501	534	468	162	6	-12	-65	4.6	.9
Brazil Colombia	1234	1154	858	814	- 6	-26	- 5	11.3	4.4
Argentina Uru Para	241	165	127	132	-32	-23	4	2.2	.7
Chile Peru Bolivia	392	429	398	448	9	- 7	13	3.6	2.4

IMPORTS OF UNITED STATES COMPARED WITH PRODUCTION 1953-1965





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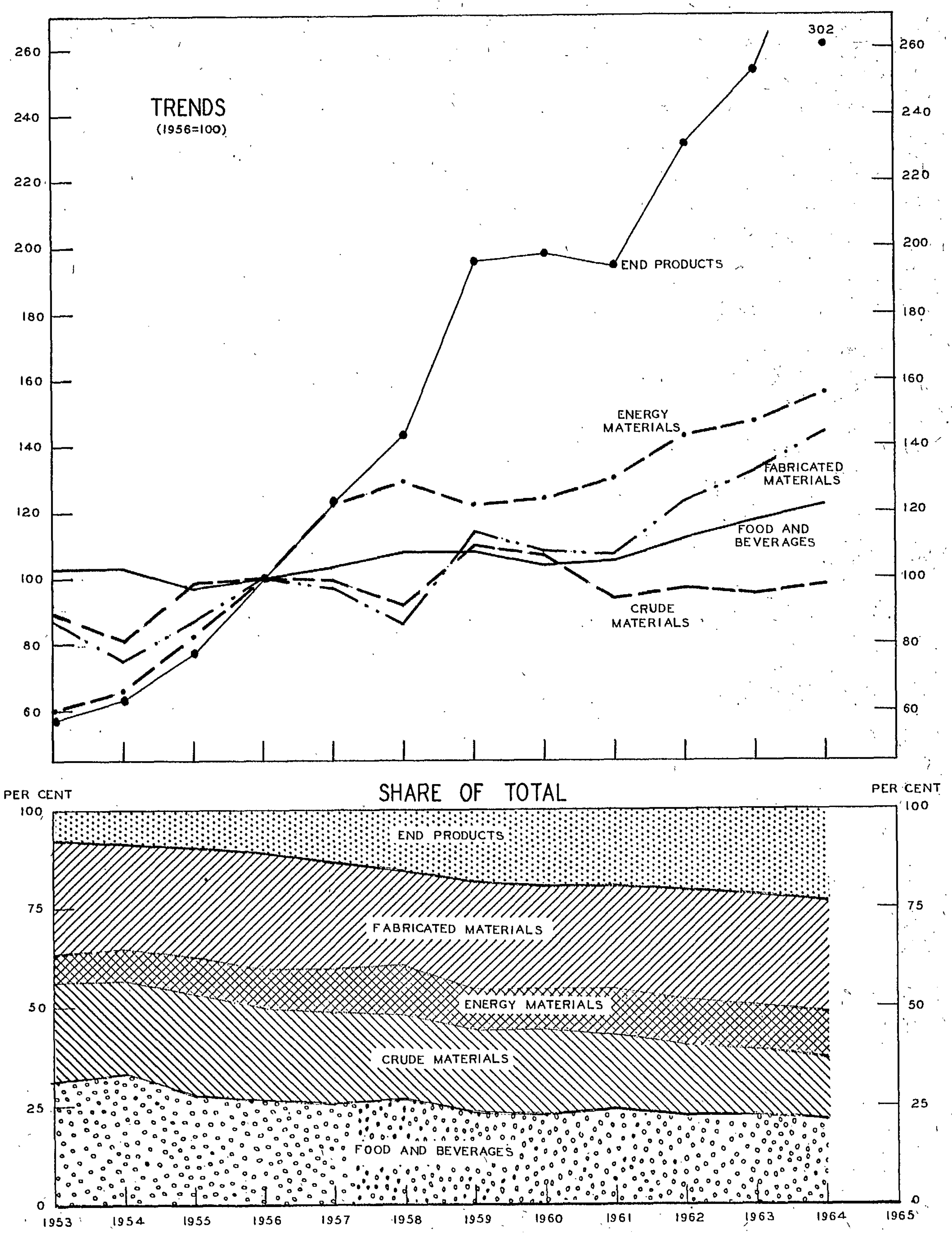
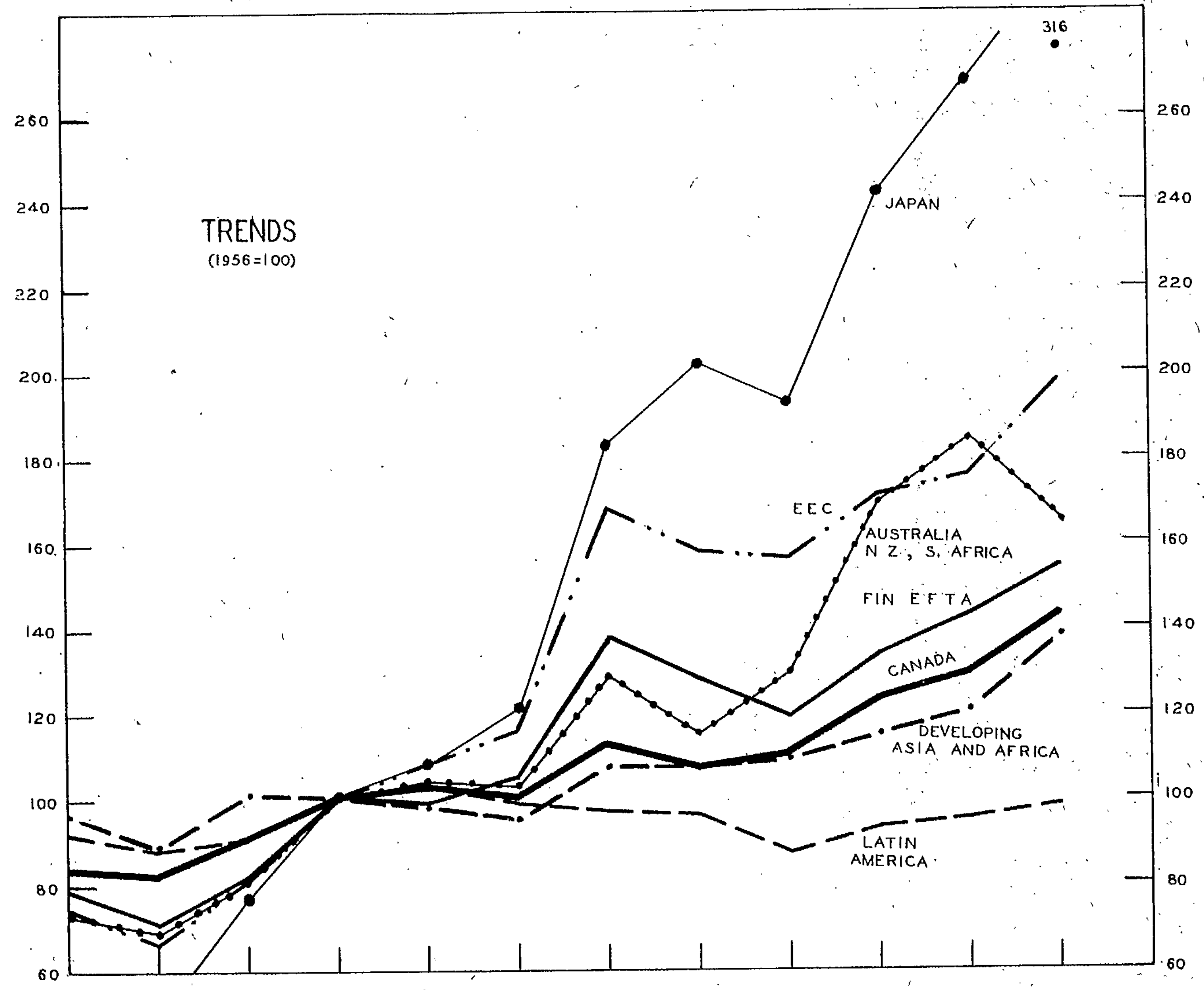
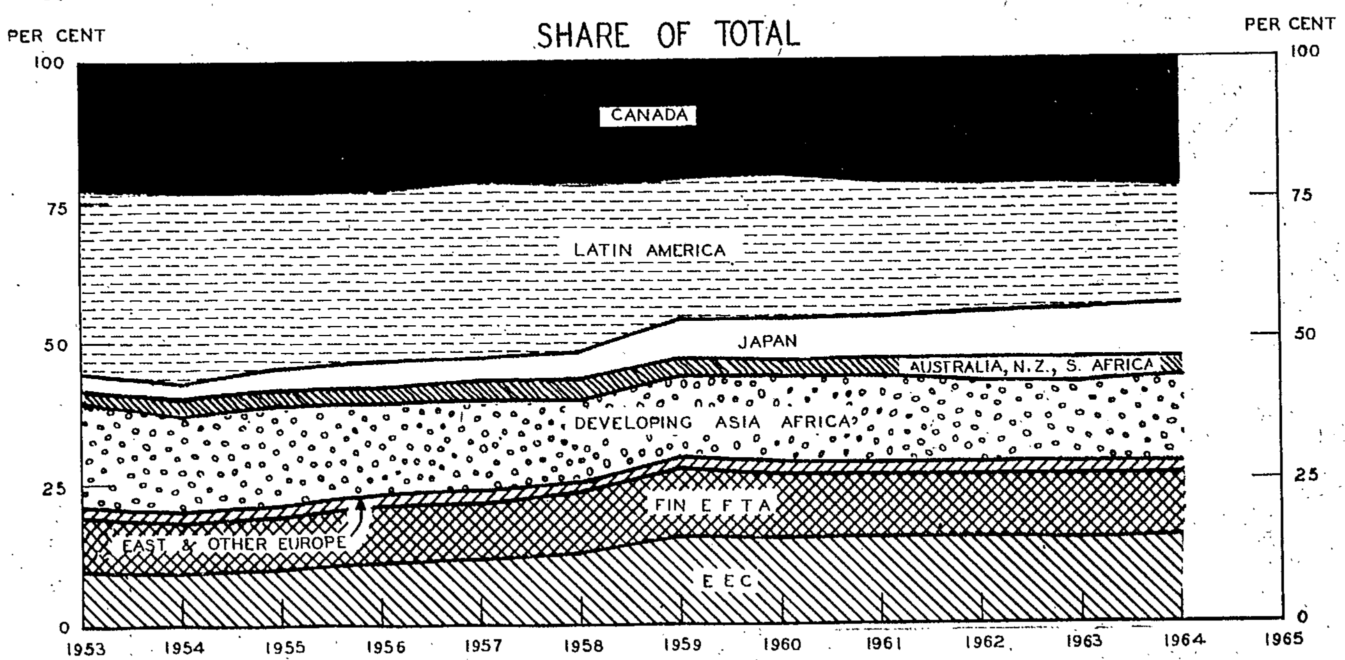
IMPORTS OF UNITED STATES BY COMMODITY GROUPS 1953-1965



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF UNITED STATES BY MAJOR SOURCES 1953-1965





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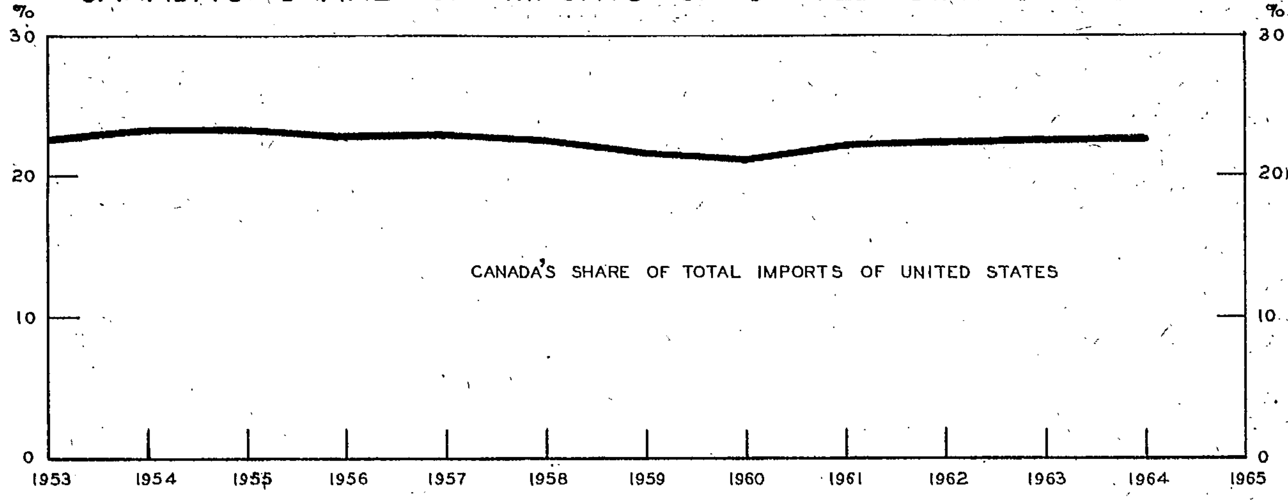
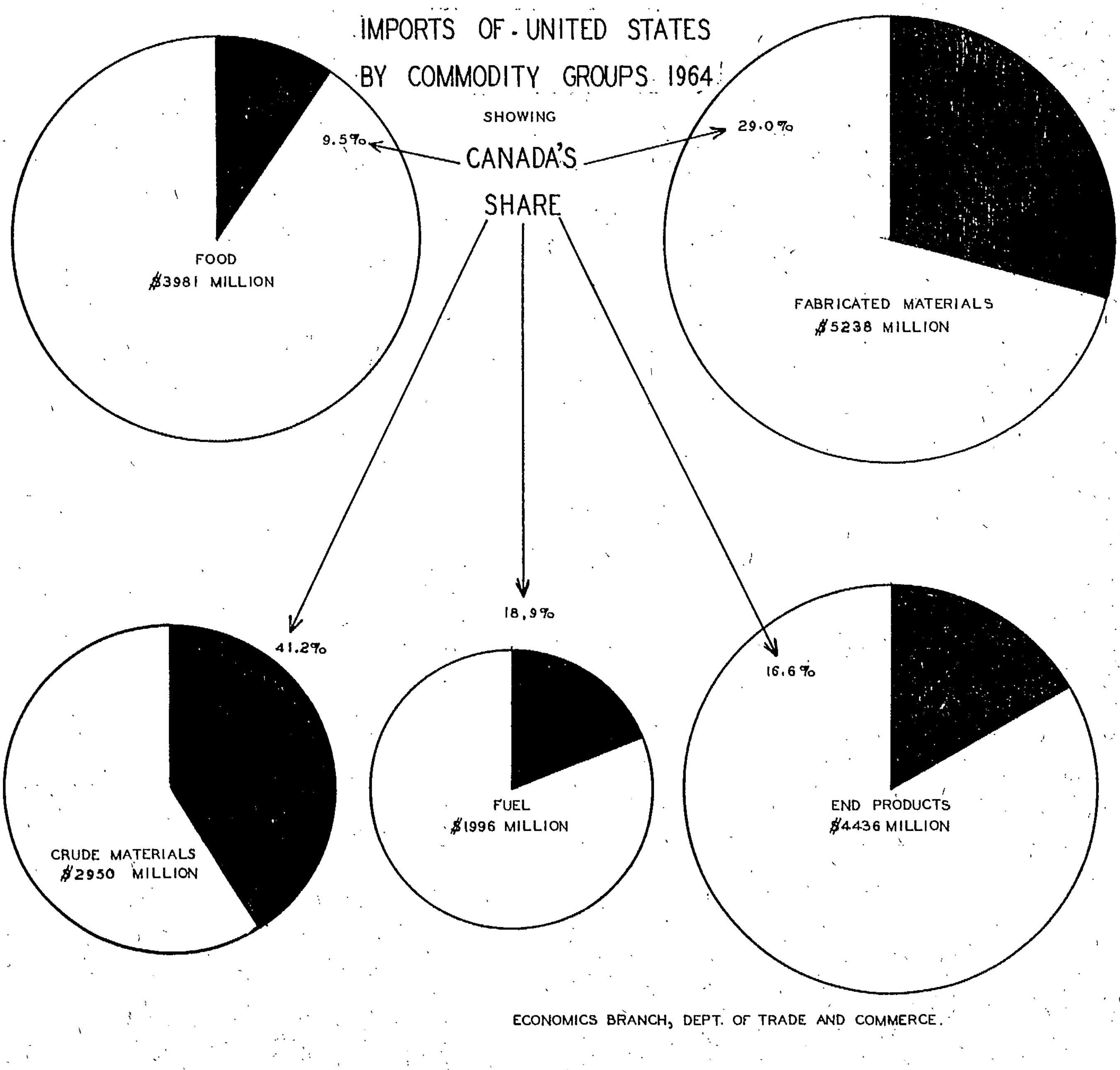
CANADA'S SHARE OF IMPORTS OF UNITED STATES 1953-1965





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE.

THE CHANGING PATTERN OF IMPORTS

OF

JAPAN

1953-1964

Contents

Ottawa
September 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF JAPAN, 1953-1964

Economic Developments

Japan with a population of 100 million has about 700 inhabitants per square mile which is one of the highest densities in the world. Thus natural resources are relatively scarce and most raw materials and fuels have to be imported. Furthermore, the country-side is mountainous and only a sixth is under cultivation. Despite the virtual impossibility of expanding acreage, agricultural production has increased rapidly in recent years but food consumption has also risen due to growing population and a better diet. Japan has a long and indented coastline which has helped the development of a very important fishing industry. The annual catch now approaches seven million tons, the world's largest, and about one-third of it comes from offshore fishing.

Rapid industrialization has led to a massive movement of population from farms to industry and services in the cities. About a quarter of the labour force is now employed in agriculture while a slightly higher share works in industry and the remainder in the service sector. The relative importance of the primary sector has been declining continuously; in 1953 it accounted for 22 per cent of national income, but by 1963 its contribution had fallen to 14 per cent. In contrast, the share originating from manufacturing and construction has been steadily increasing - from 31 per cent in 1953 to 38 per cent in 1963.

Moreover, since the end of the war the structure of the manufacturing industry has undergone vast changes and modernization. Production increases have been particularly fast in machinery, steel, chemicals and petroleum, indicating the growing importance of the heavy industries. Shipbuilding was one of the first industries to expand after the war and now Japan leads the world. The output of consumer durables such as radios, television sets, refrigerators and cameras has also shown a spectacular development.

But Japan is still a country of many small firms working alongside a few giants. In 1960 about 98 per cent of the firms in manufacturing employed less than 100 workers and accounted for 52 per cent of industrial employment but their share in total value added did not exceed one-third.

The service sector has grown appreciably, between 1953 and 1963 rising from 33 to 42 per cent of the total labour force while its contribution to the net domestic product rose only from 46 to 48 per cent.

Japan's Gross National Product has increased very quickly in postwar years, soaring from $19.6 billion* in 1953 to $69.3 billion in 1964 thus increasing three and half times in current values. On a per capita basis, however, the Japanese GNP, estimated at $710 in 1964, is still well below most other industrial countries.

The fast growth of GNP was accompanied and largely induced by a massive expansion of all sectors of demand. In particular, business investment expanded more rapidly than in almost any other country. In 1960-62 business investment in durable equipment soared to almost 21 per cent of GNP. Since 1963 this ratio has diminished somewhat but, on the other hand, investment in housing and government works has risen faster. Personal consumption expenditures increased in absolute value nearly three fold from 1953 to 1963 but as a share of GNP declined from 61 to 53 per cent in 1963.

✓ The expansion of demand was bound to be reflected in a much larger volume of imports, since for many materials and fuels (among them cotton, wool, rubber, bauxite, petroleum and iron ore) imports are the main source of supply. Other commodities such as coal, grains, sugar, oil seeds, wood and base metals, are all in short supply domestically. Between 1953 and 1964 Japanese imports have gone up from $2.4 to $7.9 billion, a better than three-fold increase and almost twice as fast as that for world trade. In 1964 the value of imports

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* All values in United States dollars

corresponded to about 12 per cent of GNP. In contrast with merchandise purchases, other Japanese expenditures abroad have remained small. Merchandise imports normally represent over four-fifths of Japanese indebtedness to foreign countries and about half the remainder goes for transportation and insurance directly associated with imports of goods. This situation leaves little room for manoeuvre in case of international payments difficulty, particularly in view of the fixed rate of exchange for the yen and the relatively low level of total reserves accumulated by Japan (about $2 billion at the end of 1964). Therefore the curtailment of less essential imports has been the corrective measure most frequently used.

Determinants of Change in Imports

Up to now, Japan has not been willing to place full reliance on market forces as the determining factor of imports. The Japanese economy has developed rather well behind a protective wall of tariffs and quantitative restrictions. The latter were most often chosen and the most expedient means for implementing a policy that sought to keep import dependence to a practical minimum. In addition, the deeply-ingrained purchasing habits of businessmen and consumers worked against the expansion of imports. As a result, until quite recently little was purchased abroad that could be made in Japan, even at the cost of accepting lower quality.

Japan's concern over its balance of payments and employment provided up to the late 1950's strong motivation for a restrictive import policy. The growing strength of the economy and the mounting pressure from abroad induced the Japanese government to adopt in June 1960 a "Plan for Trade and Exchange Liberalization". By the steady implementation of this Plan, Japan was able to relinquish reliance on import restrictions for international payments reasons under GATT Article XII, to become an Article 8 nation in the International Monetary Fund and to join the OECD in April 1964. Thus a long step was taken in the transition from a strictly controlled economy to a free and open one. The transition, however, is by no means completed.

At any rate, market forces are now playing a more significant role in determining the size and composition of imports; many quantitative restrictions have been abandoned and the yen has become a convertible currency. Yet even now "free trade does not attract many followers .... Japan is feeling its way towards new modes of behaviour as part of the process of adjusting to the world environment. The steps taken so far cannot, however, be regarded as irreversible".*

Japanese imports have been, and indeed still are, primarily industrial materials and food. These are, of course, most sensitive to changes in the pace of economic activity, and consequently changes in industrial output and even in business mood have repeatedly caused sharp fluctuations in the level of imports. Japan has provided clear evidence of the difficulty encountered by an economy heavily dependent on foreign trade in harmonizing rapid growth with a sustainable balance of payments. In the later stages of a cyclical upswing a growing proportion of imports is needed as demand outstrips domestic capacity in more and more areas. This is accentuated by the common practice of accumulating inventories when demand is rising. At the same time the strong internal demand reduces the supply for export, thus aggravating the trade imbalance. Prominent peaks of imports in 1953, 1957 and 1961 roughly coincided with peaks of industrial production and, in the two earlier instances with the flattening out or the decline of exports.

✓ A new situation developed in the last quarter of 1964 and continued into 1965. Under the impact of tight money industrial production slackened and the rise of imports was checked, but exports maintained a strong upward trend. Therefore, for the first time in modern history Japan attained a surplus in merchandise trade.

The trend of international prices has tended to retard the expansion of Japanese import values, though in an uneven fashion in the period under review.

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* Japan and U.S.A. in World Trade, by Warren Hunsberger, Council on Foreign Relations, 1964.

The widespread weakening of commodity prices was of material benefit to Japan as a larger buyer of crude materials and foods. Japanese import prices declined by nearly 13 per cent from 1953-55 to 1962-64.

Commodity Import Trends

✓ The commodity composition of imports is changing notably as a sequel to the changes in the industrial structure and in the general quality of demand in Japan. Crude materials, nonetheless, still comprise the predominant part of imports.

Imports of food were slowly declining in absolute terms for several years but since 1959 they have been rising again and at an increasing speed. Larger imports of wheat, rice, sugar and coarse grain are the main immediate causes of the upswing. Domestic production has nearly doubled in value from 1953 to 1963, mostly through improved yields. But further improvements in productivity are becoming increasingly difficult to achieve. The main reasons for the larger imports of stable food are first, the better diet now enjoyed by the Japanese populace, and second, the short crops of rice and grain in 1963 and 1964. Moreover, the development of the livestock and dairy industry has increased substantially the need for imported feeds. As a percentage of total imports food and beverages fell from about 30 per cent in 1953 to 11.5 per cent in 1961; thence climbing back to 17.5 per cent by 1964.

✓ Inedible crude materials form the bulk of Japanese imports, because of the dependence of manufacturing on imported supply. It must be added that Japan has tended to import materials in their crudest form and carry out locally as much as possible of the processing. Perhaps because of this traditional high degree of dependence on external supplies, this category of imports has expanded at a relatively slow pace. Furthermore, the trend of crude materials shows fairly wide fluctuations with peaks in 1957 and 1961 which coincided with peaks in industrial production. Several factors, some of them discordant, account for this performance.

Imports of textile fibres, which traditionally constitute a major sector of Japanese imports, have increased rather slowly: their value in 1964 ($874 million) was only a half larger than 1955. On the other hand, imports of metal ores and scrap reached in 1964 a value of $972 million, more than five times as much as in 1955. Imports of logs and lumber increased even faster from $62 million in 1955 to $438 million in 1964. On the whole, since imports of crude materials expanded less quickly than other categories, they diminished as a share of total from about half in the mid-1950's to less than 40 per cent for 1964.

Imports of fabricated materials expanded quite substantially over the period but their performance has been extremely erratic. The expansion was affected primarily by the process of trade liberalization, which became particularly relevant in later years, and secondly the ups and downs of the business cycle. The important underlying factor with long-term effects was, of course, the industrial growth of Japan. The fourfold increase in the imports of chemicals from 1955 ($112 million) to 1964 ($458 million) attests to the much larger demand stemming from Japanese industry. At the same time imports of pig iron and non-ferrous metals, although expanding over the long-run, have been very volatile and strongly affected by business conditions. From a value of $33 million in 1955 they soared to $58 million in the following year. By 1963 the value had reached $216 million doubling in 1964 to a record of $431 million. As a share of total imports, fabricated materials have gained ground, more than doubling from about 6 per cent in 1953 to 14 per cent in 1964.

Japan for a long time has been short of mineral fuels and the postwar development of heavy industry has made this shortage increasingly acute. Consequently, imports of coal and petroleum increased substantially and steadily, with the exception of the fall in 1958 which reflected the downturn in general economic activity. Imports of petroleum have shown a particularly fast growth since, in addition to the larger industrial usage, they reflected the sharp increase in motor traffic. Cars and trucks numbered $3\frac{1}{4}$ million at the end of 1963, more than doubling in four years. Imports of energy materials amounted in 1964 ($1.4 billion) to almost five times as much as in 1953. Since their expansion was appreciably faster than total imports, their share increased from 12 to 17.7 per cent.

The trend of imports of end products by Japan shows probably better than most other economic indicators the profound changes that are taking place. Trade policy traditionally aimed at keeping imports of manufactured goods as small as possible in order to keep foreign exchange for the purchase of indispensable materials and to protect domestic manufacturing. The years now being reviewed have been crucial for the evolution of Japanese trade and for the development of end product imports.

The first strong impulse to larger purchases abroad of end products was given by the pressure of rising demand in 1956 and 1957 which stimulated business investment in new plants and equipment, that could be carried out only by larger purchases of machinery in foreign countries. Owing to the continuous growth of capital investment these purchases have risen year after year, though the pace of the accent mirrored cyclical fluctuations. Since 1960 a new element has emerged as a positive factor in the expansion. The progressive liberalization of trade and the higher purchasing power of Japanese consumers made possible larger imports of consumer goods. As in other advanced countries, these increased in a spectacular fashion and virtually irrespective of business conditions.

By 1964 imports of consumer goods were almost five times larger in value than in 1956. Imports of end products as a whole rose from $186 million in 1953 to $994 million in 1964, almost a six-fold increase, and since 1958 constituted the most dynamic category of imports. In relation to total Japanese imports, end products rose from 8 to 12.5 per cent but are still an appreciably smaller share than in most of the industrialized countries.

The recent "Foreign Trade White Paper of Japan" offers some pertinent comments on imports in 1964 and some probable developments. "Despite the tight money conditions, our imports were at a higher level than in the previous year .... in the preceding two recessions imports considerably shrank under the impact of retrenchment policies .... A slight increase was noted in our machinery purchases checked by the advancement of self-sufficiency in Japan and the slow tempo of equipment investment, but imports of consumption goods were greater than in 1963, generated by an improvement in the nation's living standards and with the help of eased import policies .... In terms of contributions to total increased imports seen by classes of commodities, processed goods showed the highest with 33 per cent, followed by raw materials with 26 per cent, foodstuffs with 25 per cent and mineral fuels with 16 per cent .... It is fairly predictable that in the future, along with the achievement of a higher level of living, foreign-made consumer goods are to flood our market."

Changing Sources of Imports

The postwar years saw important changes in the geographic pattern of Japanese imports. Compared with before the war the shares of North and South America rose sharply while imports from China and other countries of the Far East diminished. Most of this change, however, had already taken place by the mid-fifties, while in the years now under review only moderate changes occurred. These reflected primarily the new pattern of commodity imports but also the strengthening in more recent years of Japan's trade relations in the Western Pacific area. It is noteworthy that throughout this period some 70 per cent of Japan's imports have come from countries on the "Pacific Rim." Even allowing for procurements of oil and specialized machinery in distant places, the pull of geography is quite evident.

The United States is the largest external supplier to Japan. In 1934-36 Japan was already buying in the United States about one quarter of its imports; after the war the American position became even stronger and in 1953 represented 31.5 per cent of total Japanese imports. By 1964 American imports had nearly tripled to $2.34 billion, but in relation to total the share had declined slightly to 29.4 per cent. Stronger competition from Europe for the sale of manufactured goods; from Canada, Australia and Communist countries for the sale of materials and food; and in addition political concern over excessive dependence on Americans; were among the principal reasons for the slower rise in imports from the United States. About two-thirds of American supplies are basic goods - with cereals, tobacco, oilseeds, sawlogs, cotton, metal scrap and concentrates, coal and petroleum products being prominent. In the remainder machinery and chemicals are outstanding with limited representation from other fabricated materials and consumer items.

Since the mid-'fifties Western European purchases, comprising mostly finished goods, have risen more rapidly than imports from most other major regions. Valued at $815 million in 1964, they were 3.8 times as large as in 1956. This fast increase improved the relative position of both EFTA and EEC in the Japanese market, but the overall West European share remained rather small; widening from 8.3 per cent in 1953 to 10.3 per cent in 1964. Nearly a third comes from Germany and almost a quarter from Britain, with Swiss sales equalling those from France. Machinery is the main attraction with chemicals also prominent.

Imports from Russia which of course come largely through eastern ports such as Vladivostok, were practically nil for several years after the war. But by 1960 sales had climbed to $87 million and by 1964 had reached $227 million, about 3 per cent of all Japanese imports. Sawlogs, petroleum and products, coal, pig iron and scrap and base metals are important items.

The "Old Dominions", particularly Australia, have been major suppliers to Japan in the postwar period and the four-fold increase in values has raised their share of the market to one-tenth - twice the size of Canada's. Farm products predominate with wool nearly half of the total, supplemented by wheat, sugar and meat. But coal, metal scrap and ore from Australia are sizeable and heavy iron ore shipments are about to begin.

Southeast Asia also supplies a tenth of the Japanese market. Strong increases after the 1958 recession recovered the 13 per cent market share held in 1953. But the rise since 1960 has been slower than the overall trend. A third of the regional supply comes from Malaysia with iron ore, logs, tin and rubber prominent. The Philippines supply hardwood logs, copper and iron ore, while Indonesia specializes in petroleum and French New Caledonia in nickel concentrates. Thailand is the last remaining source of rice in this region and also ships rubber.

At the same time East Asia with its two Chinas has recovered a nearly 6 per cent share of Japan's market with strong increases in the 1960's. Following a sharp decline after 1956, shipments from Red China multiplied eight times after 1960. Important items in 1964 were pig iron, soya beans and fish. From Formosa and the Ryukyu Islands shipments of sugar, bananas and rice have doubled since 1962. The Koreas supply iron ore, pig iron and fish.

Developing Africa, although outside the "Pacific Rim", has seen a substantial growth in sales to Japan, particularly in recent years. Their market share has nearly doubled to about 3 per cent, and includes copper and pig iron from Rhodesia, cotton from the Nile, cocoa from Ghana, with fibres and minerals from various places.

South Asia (the Indian sub-continent) on the other hand has suffered a drastic loss of position in the Japanese market - with the share cut from 10 to 3.4 per cent in the decade. Sales are primarily iron ore and scrap with some cotton, jute and agricultural products and are little changed in overall value from a decade ago. This stagnation may reflect the increasing need for materials within India and Japan's far-ranging search for new sources.

Conversely the mounting demand in Japan for petroleum led to a sharp increase in imports from Middle-East countries which in 1964 accounted for 11 per cent of Japanese imports over twice the earlier share. In particular the discovery of oil in Japan's offshore concession in Kuwait and the subsequent direct shipments of "crude" in giant Japanese tankers, led to a spectacular rise in Kuwait's share of Japan's imports to 5.5 per cent in 1964. Arabia and Iran are other major suppliers.

Latin America imports have experienced sharp shifts in trend, having lost between 1956 and 1958 a quarter of value and by 1960 more than a third of their market share. Since 1960, however, Latin American shipments have more than doubled and the market share has recovered to nearly 9 per cent. While purchases of cotton from Mexico have just exceeded 1956 values, imports from Central America, principally cotton, have tripled since 1958. Furthermore shipments of iron and other ores and fishmeal from Peru and Chile have multiplied ten-fold, raising them from 8 to 28 per cent of Latin American supply over the decade. At the same time imports of bananas from Ecuador and petroleum products from Venezuela and Aruba have also become prominent recently. On the other hand, purchases of agricultural products in Argentina and Brazil have fluctuated around earlier values, and sugar shipments from Cuba have just regained previous levels.

Canada's Share in Imports

Imports from Canada rose very fast in the early 'fifties to $128 million in 1953, nearly seven times larger than in 1950 and 5.3 per cent of total

Japanese imports. Since then purchases from Canada have expanded substantially, and almost at the same pace as total imports. Despite fluctuations, imports from Canada in 1964 amounted to $379 million, nearly three times as large as in 1953, and their share of the market which had dropped below 4 per cent by 1957, had recovered to 4.8 per cent.

Wheat barley and by-products formed for many years the bulk of shipments from Canada, but their proportion has declined from 5.5 per cent in 1959 to a third in 1964-5. Flaxseed, rapeseed and hides have been significant items in recent years. In view of the changes in food consumption and the limitations confronting agriculture in Japan, it is probable that these imports will continue to expand.

✓ Industrial materials, primarily iron and copper concentrates and scrap, aluminum, fertilizers, asbestos, coal, lumber and wood pulp are emerging as the main group of imports from Canada. The increasing dependence of Japanese industry on external supply augurs well for further development. While this may be the case over the long-term, imports of industrial materials are known to be most sensitive to cyclical changes, and largely because of their high materials content that imports from Canada have shown sizeable fluctuations in recent years. Imports from the United States with a higher content of industrial materials, have had even more pronounced reactions to cyclical movements.

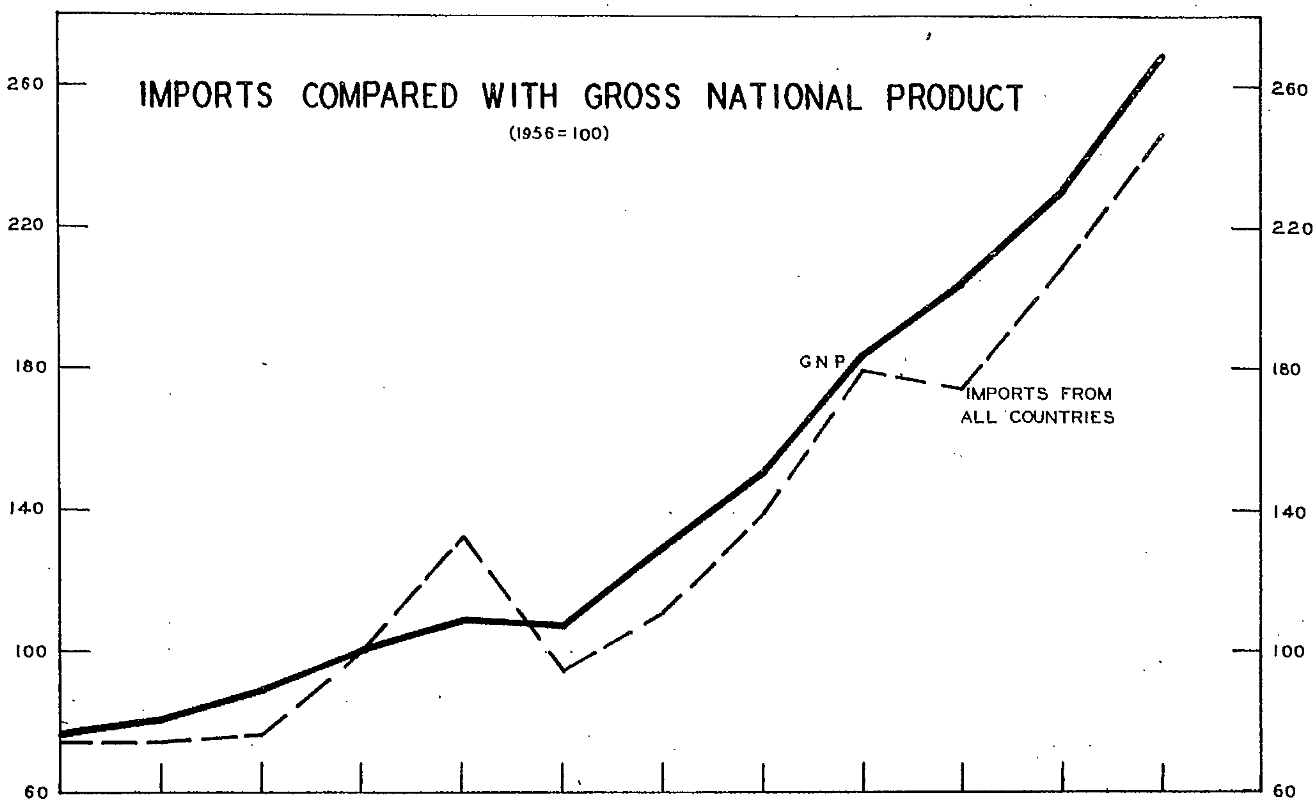
For food and crude materials, imports from Canada hold a solid position in the Japanese market, providing 9 and 6 per cent of all imports in their respective sectors in 1964. In the case of fabricated materials Canada's place, with about 4 per cent of the import market, is less prominent. For fuels, imports from Canada (coal) hover around 1 per cent.

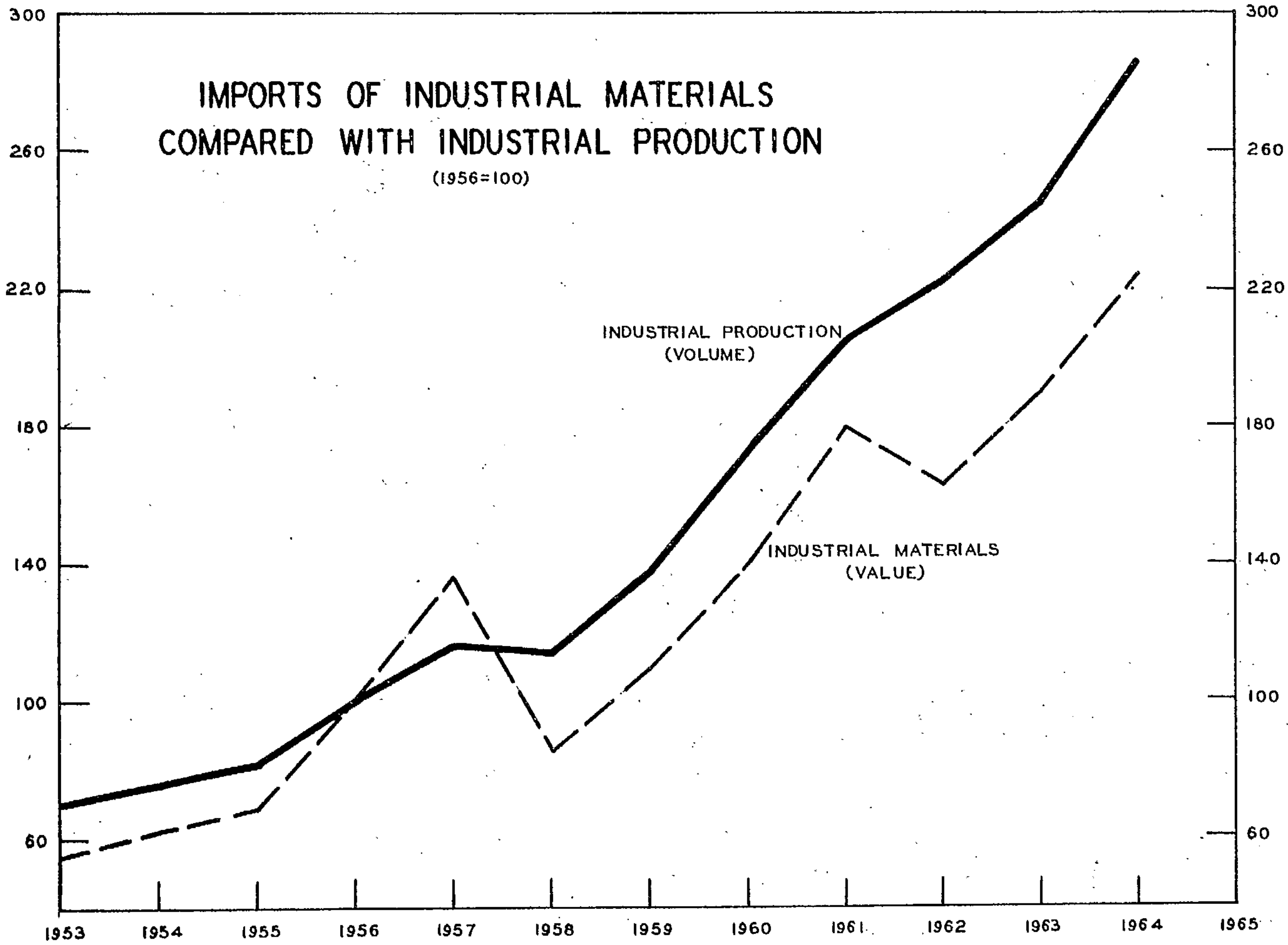
✓ End products imports from Canada have been rather inconspicuous from a Japanese point of view since from 1960 to 1964 their share of all imports has oscillated between 1.2 and 1.9 per cent. Canadian values have increased very quickly (from $7.1 to $18.9 million, mostly office and other machinery) but also has the aggregate from other countries. In fact Japanese imports of end products have risen faster than any other category and now make up a market of at least $1 billion a year. If Canada has had only moderate success it is not because of weak demand in Japan. The possibility of a further adjustment of Canadian supplies to the characteristics of Japanese demand may well be the key to larger sales.

IMPORTS OF JAPAN - SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change-Percent 1953-6	1956-60	1960-64	Share Percent 1953	1964
Food & Beverages	625	558	549	1387	- 12	- 2	153	26.0	17.5
Crude Materials	1154	1708	2169	3051	48	27	41	47.9	38.4
Energy Materials	289	413	742	1408	43	80	90	12.0	17.7
Fabricated Materials	154	353	561	1100	129	59	96	6.4	13.9
All Materials	1597	2473	3472	5558	55	40	60	66.3	70.0
End Products	186	193	471	994	4	143	111	7.7	12.5
ALL IMPORTS	2408	3225	4493	7938	34	39	77	100.0	100.0
Country or Region									
Canada	128	144	204	379	13	41	86	5.3	4.8
United States	758	1067	1555	2337	41	46	50	31.5	29.4
West Europe	201	224	392	815	11	75	108	8.3	10.3
EEC	100	111	209	444	11	88	112	4.1	5.6
FinEFTA	84	96	159	342	14	66	115	3.5	4.3
Russia, East Europe	2	3	94	256	50	-	172	.1	3.2
Australia NZ S Africa	202	284	436	798	41	54	83	8.4	10.1
Middle East Oil Area	128	210	412	894	64	96	117	5.3	11.3
Kuwait	14	42	215	436	200	412	103	.6	5.5
Other Asia Africa	720	944	1091	1766	31	16	62	29.9	22.2
China, East Asia	130	200	162	455	53	- 19	181	5.4	5.7
Southeast Asia Pacific	314	454	625	831	45	37	33	13.0	10.5
India, South Asia	238	209	194	267	- 12	- 7	37	9.9	3.4
Africa	35	75	110	212	114	47	93	1.5	2.7
Latin America	264	351	310	692	33	- 12	123	11.0	8.7
Mexico	84	128	103	144	52	- 20	40	3.5	1.8
Central America, Ecuador	5	33	43	136	560	30	216	.2	1.7
Cuba Argentina Brazil	139	148	101	147	6	- 31	45	5.8	1.8
Peru Chile Venezuela	20	32	51	234	59	58	356	.8	3.0

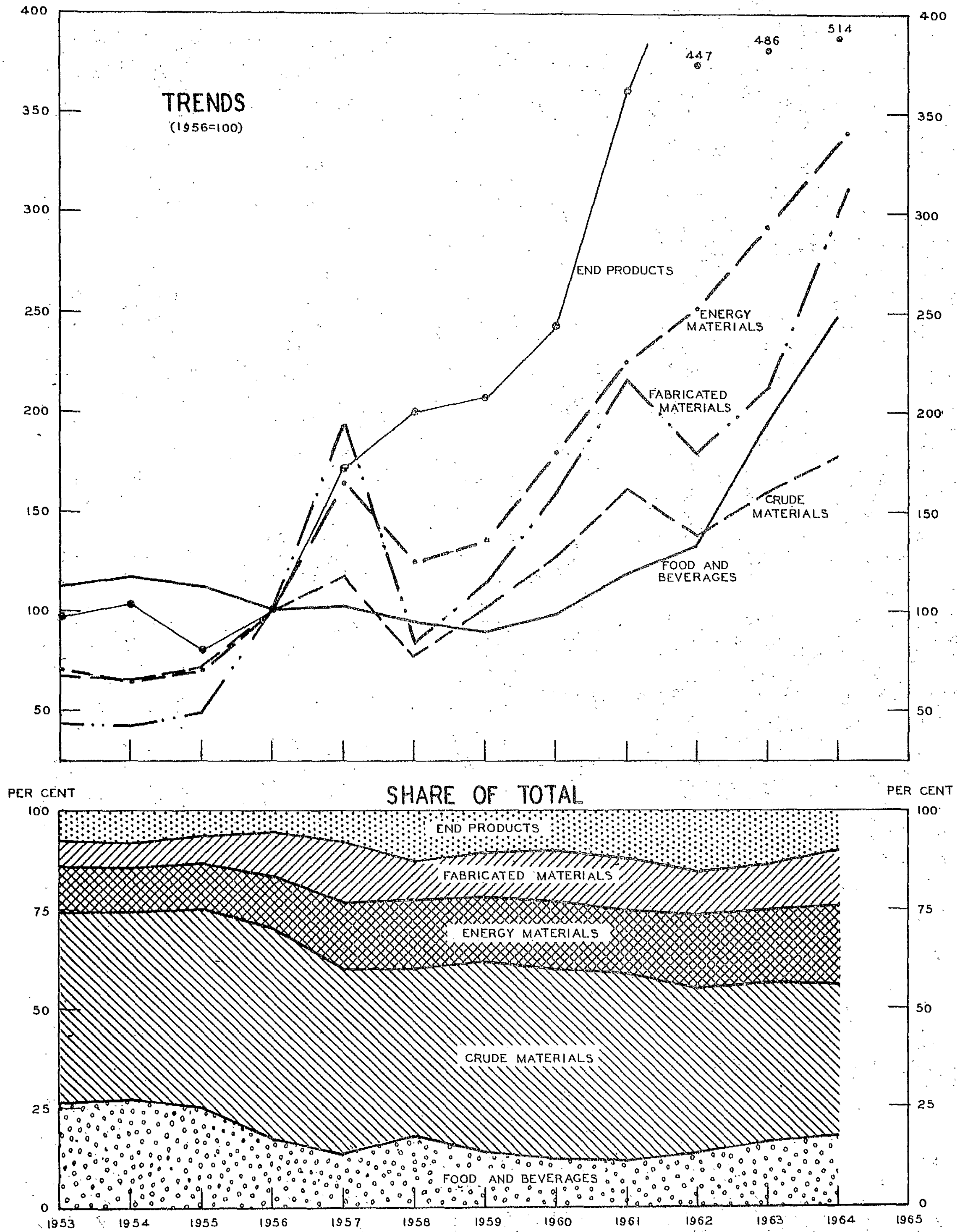
IMPORTS OF JAPAN COMPARED WITH PRODUCTION 1953-1965





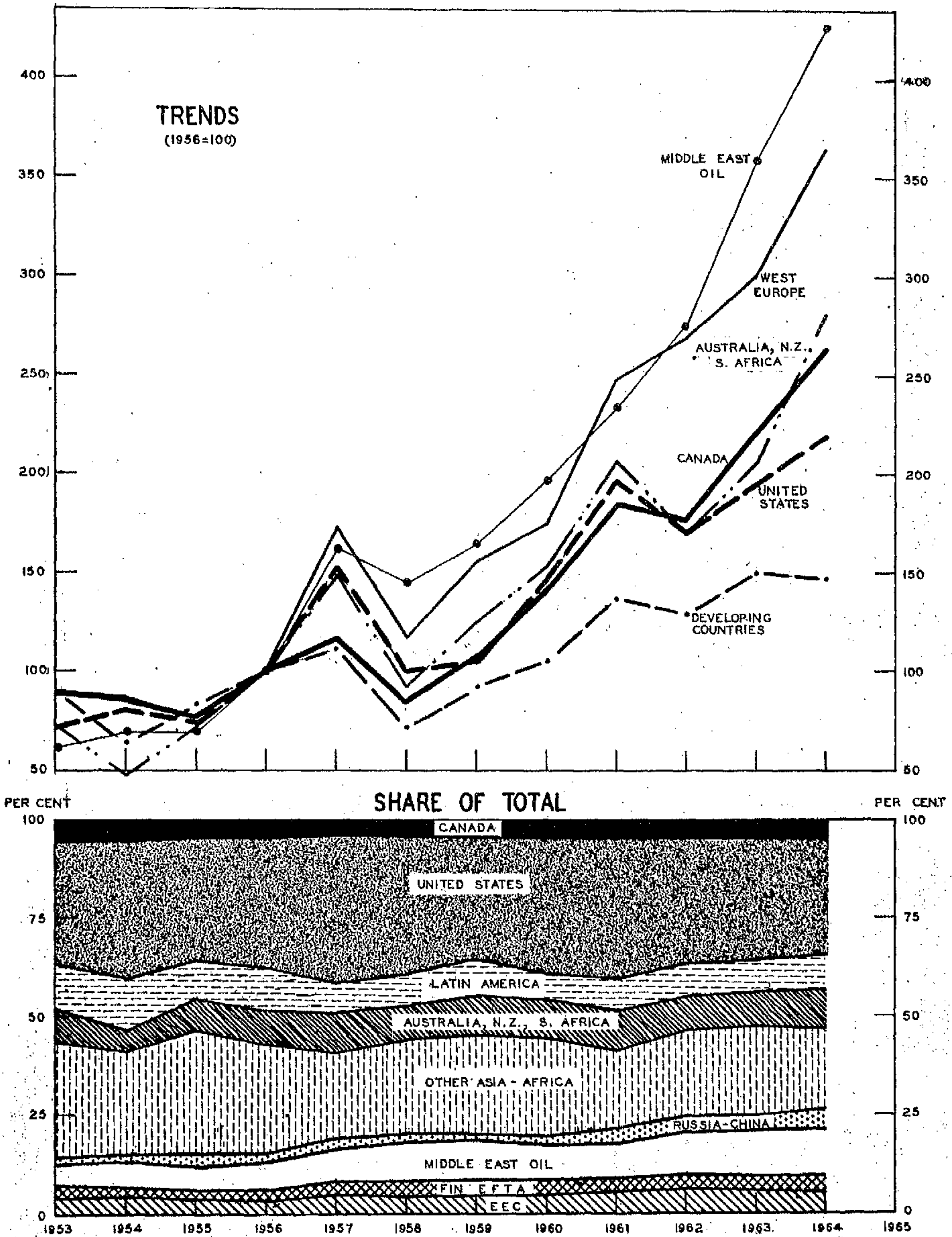
ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF JAPAN BY COMMODITY GROUPS 1953-1965



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF JAPAN BY MAJOR SOURCES 1953-1965



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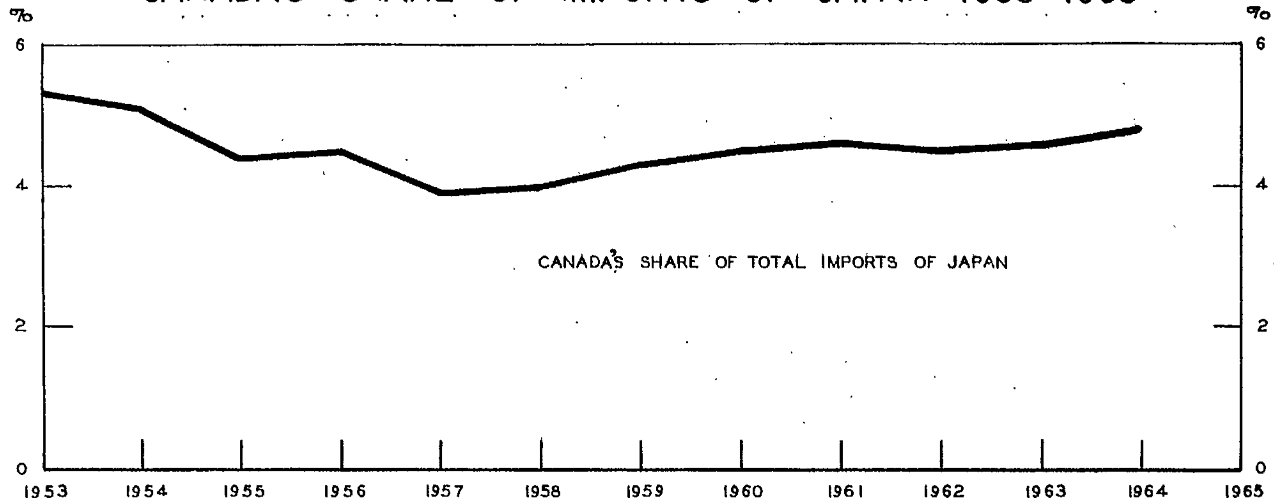
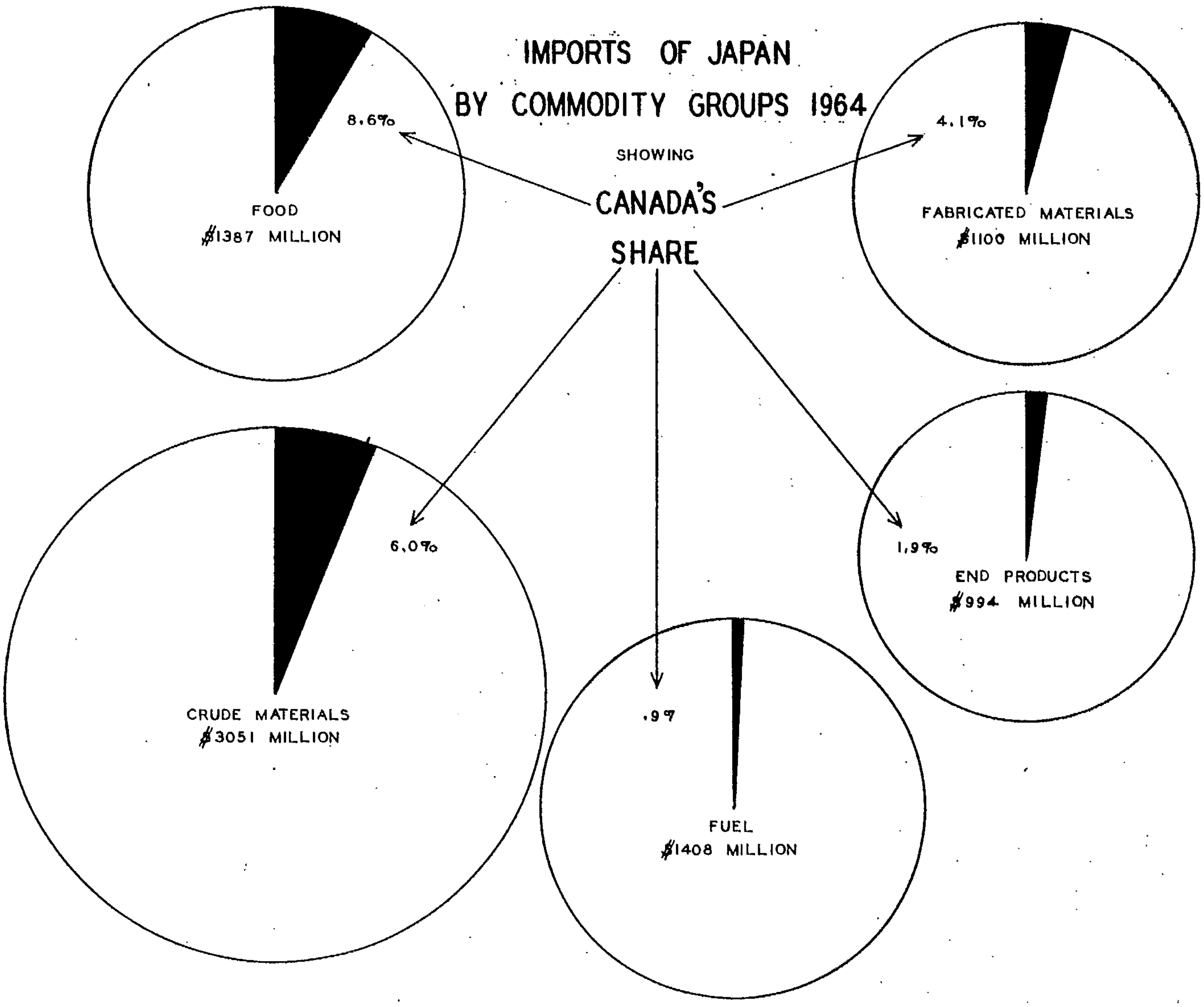
CANADA'S SHARE OF IMPORTS OF JAPAN 1953-1965





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF THE

E U R O P E A N E C O N O M I C C O M M U N I T Y

1953-1964

Contents

Ottawa
June 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF THE EUROPEAN ECONOMIC COMMUNITY

Community Import Relationships

The vigorous economic expansion of the European Economic Community has provided since 1958 by far the largest addition to international trade. From the day the Treaty of Rome came into force to the end of 1964 the six countries of the Community have almost doubled their imports, thus adding approximately $22 billion* to international trade. At present the EEC with annual imports approaching $45 billion is by a wide margin the most important world market. These glowing facts must be tempered and qualified, at least from a Canadian point of view, by the consideration that much of the increase resulted from the sharp rise of intra-Community trade. The strengthening of commercial relations among member countries was one of the main objectives embodied in the Treaty of Rome and the lowering of trade barriers within the Community, together with many other arrangements, has given internal trade a clear advantage over trade with outside countries. But even if intra-EEC trade is excluded, the $27 billion Community market remains the largest, almost half again larger than United States imports.

✓ Imports into the Six countries, originating from both inside and outside the area of the Six, advanced at nearly equal speed from the early 1950's up to 1957, but following the formation of the EEC the intra-Community trade leaped ahead much faster, increasing by 166 per cent in six years to $18 billion in 1964. Imports from outside countries continued to mount steadily and in six years increased by 66 per cent, reaching $26.8 billion in 1964. As a consequence Community suppliers raised their share of gross EEC imports from 30 per cent in 1958 to 40 per cent in 1964.

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* All values in United States dollars.

Moreover imports from non-EEC countries have had a more irregular trend because of their greater sensitivity to changes in the pace of industrial activity in the community. Although intra-EEC trade is widening its share, imports from non-EEC countries nevertheless still constitute the larger part, and the gap in value between imports from within and from without has remained at $8 to 10 billion. Further, although internal trade is still growing strongly, its most rapid expansion has probably ended.

Net Merchandise Trade Position of EEC

	1958	1959	1960	1961	1962	1963	1964	1965
Trade Balance ($ million)	-245	+828	+39	-27	-1717	-3024	-2668	-1200
Exports % of Imports	98.5	105.1	100.2	99.9	92.3	87.7	90.1	95.7

Study of the overall position of the EEC indicates that only in 1959 and in 1960 did the EEC attain a merchandise surplus. Since 1962 the trade of the EEC with other countries has yielded a large deficit, which reached a peak in 1963. The stabilization measures then adopted by some members, notably France and Italy, led to an abatement in various sectors of demand and consequently in the growth of imports. From 1958 through 1965 the cumulative merchandise deficit of the EEC amounted to about $6.8 billion. This adverse merchandise position, however, was more than offset by the large surplus coming from tourism and other invisible transaction and from capital movements.

Country Comparisons

All members are heavy importers with Germany leading, followed by France. The Low Countries each import almost as much as Italy and in relation to population are the most active traders in the world. Germany's preeminence is most evident in external purchases - about 35 per cent of the Community total--further it is not encumbered by ex-colonial ties. The Netherlands and Belgium excel in internal trade - which supplies over half of their intake compared to a third in the larger partners.

✓ On the other hand the expansion since 1956 was even faster in Italy than in Germany, while Dutch and even more so French and Belgian imports developed at appreciably slower rates. As a result Italian and German imports in 1964 formed a larger share of EEC imports; while Belgian and French imports on the other hand, lost ground on a relative basis.

All increased very substantially their purchases from EEC partners. The rise for Italy, Germany and France was much faster than that of Dutch and Belgian imports from EEC partners. As a consequence the former widened their shares of intra-Community trade, while the Netherlands and Belgium lost ground in this respect.

✓ Purchases from outside countries by each member augmented materially, though much less than imports from within the Community. In this case too, Italian imports expanded faster than those of the others, and German procurements advanced more than the average. On the other hand French and Belgian imports increased at a slower rate. Therefore Italy and Germany gained ground, while Belgium and France had a smaller share of net imports from external sources.

Commodity Import Trends

Since 1956 EEC imports of manufactured goods have risen much more rapidly than the other types: end products nearly quadrupled by 1964 while fabricated materials increased by 128 per cent. Two major causes are at the root of this very rapid expansion: first, the increasing inter-dependence of the economies of the Six countries; secondly, the sharp rise in demand for manufactured goods consequent upon the stronger consumer and investment demand at home and abroad. Intra-Community trade in end products and fabricated materials nearly tripled from 1958 through 1964, while purchases of the same commodities from outside countries nearly doubled. Four-fifths of these commodities come from EEC countries, United States, Britain and Switzerland, and they make up 75-90 per cent of shipments from these sources (except for American supplies in which the share is about 60 per cent).

Among end products the largest category by far is machinery. The principal source within the Community is Germany, while the United States and Britain lead outside suppliers. Other EEC partners as well as Switzerland and Sweden are sizeable sources. The Community is more self-sufficient in electrical apparatus and transport equipment with Germany the main source, the Netherlands prominent in the former and the other partners active in automobiles. The United States leads the smaller outside sales, with Britain showing better in motor vehicles. Other manufactures are purchased largely within the EEC, particularly apparel in Italy and Belgium, and instruments and cameras in Germany. Swiss watches and American instruments are notable net imports.

Requirements of the main fabricated materials; chemicals, textiles, paper, steel and other metals, are obtained to a great degree beyond the Community. Yet over half of chemicals and two-thirds of steel and textiles are found within the Common Market. Belgium-Luxembourg is strong in textiles, steel and base metals, while Germany leads in steel and chemicals. Nevertheless large imports are received from America, especially chemicals and base metals, and from the EFTA, specifically Britain (metals, chemicals, minerals), Scandinavia (paper, steel), Switzerland (chemicals, textiles) and Austria (steel).

Germany is the largest and fastest growing importer of both end products and fabricated materials among Community members. The low countries are also heavy importers but the recent trend is slower than in other members. But the Netherland imports of end products still rival France; and Belgium's intake is larger than Italy's.

√ Because their growth was faster end products and fabricated materials have come to represent a much larger share of imports. The proportional gain was small from 1953 to 1957; end products advanced from 13.6 to 15.1 per cent and fabricated materials from 21.5 to 23.4 per cent. After the setting up of EEC the expansion became much more rapid and by 1964 end products represented over 26 per cent of imports, while the share of fabricated materials had climbed to nearly 28 per cent. As a result, imports of manufactured goods constitute more than half of total imports, in contrast with the traditional trade patterns of the Six countries.

Imports of energy materials into EEC countries have increased quickly in recent years and have formed a fairly stable 12 per cent share of total imports. Petroleum and products make up over three quarters of gross purchases and nearly all of imports from outside the Common Market. The trend of this group was therefore radically affected by the Suez crisis and its aftermath. Since 1959 the direction has been steadily upward with oil rising more rapidly than coal. Substantive trade in gas is still on the horizon.

Germany is the major source of coal within the Community and France a principal importer, while the Benelux countries engage in a sizeable volume of exchange. The United States supplies a quarter of the total despite heavy protection, while Britain, Russia and Poland are other sizeable suppliers.

Crude petroleum comes almost entirely from the developing countries, although a well-publicized 2 to 3 per cent flows from Russia to Italy. Shipments from Algeria to France and others account for another seventh, while those from Venezuela are barely 5 per cent of the overall flow. About three quarters is supplied by Middle East countries. The country-to-country links vary according to oil company activities, but the recent rise in Libyan deliveries, particularly to Germany is remarkable.

Imports of crude materials have expanded comparatively slowly. The rate of increase from 1953 through 1957 was not much different from that of the other commodity groups, but since 1958 crude materials were easily outrun by manufactures. Less buoyant price trends, greater sensitivity to cyclical changes, further processing to fabricated stage in primary countries, improved utilization of materials and, in some cases import substitution, have all had a part in slowing down the growth of crude materials imports. As a component of total EEC imports, crude materials lost much ground from 25.3 per cent in 1957, when they were the largest group, to 17 per cent in 1964, ahead of only energy materials.

The principal importer of crude materials in the Community is Germany, while Italy is proportionately a larger purchaser and the Benelux countries the opposite. The principal suppliers within the EEC are, conversely, France and the Benelux countries. Major external sources are Scandinavia, Russia, all the Americas, Africa, and the Far East including Oceania.

Geographic specialization is natural in crude materials such as textiles fibres. Wool comes principally from the "Old Dominions" and the River Plate; and cotton comes from the United States, Brazil, Turkey and the River Nile; while jute comes from Pakistan, silk and manila from the Orient, sisal from East Africa and Brazil. Nevertheless the Community itself supplies most of the flax and synthetic fibres.

Metal ores come largely from abroad--iron ore from Sweden, West Africa and South America, tin from Indonesia, other ores from many sources not large enough to warrant smelters. But metal scrap is largely exchanged within the EEC, with some from the United States and Britain. Similarly phosphates are found in Morocco and asbestos in Canada, while many building and other minerals are traded within the Community.

Woodpulp is purchased principally in Scandinavia and North America, while softwood logs and lumber are found here and in Russia and Eastern Europe. Tropical hardwoods meanwhile come largely from tropical West Africa and Southeast Asia.

Oilseeds are a major requirement; with tropical types coming from Nigeria and other West Africa, temperate types from the United States, and copra from the Philippines. Natural rubber of course originates in Southeast Asia and synthetic in North America and West Europe. On the other hand Australia and New Zealand specialize in sheepskins and South Africa and North Europe in furs.

Imports of foods have increased continuously from 1953: by 1964 their value was 125 per cent higher than in 1953 and half again higher than in 1959. The preponderant part of food imports originates in countries outside the Community, but intra-EEC trade has expanded more swiftly--by 90 per cent to $2.1 billion. Imports from outside, which in 1958 represented nearly four-fifths of EEC purchases of foodstuffs, rose at half that rate to reach $5.67 billion in 1964, less than three quarters of the total. Despite the appreciable expansion foodstuffs have gradually lost ground as a share of total imports; in 1953 they formed 23.4 per cent, in the late 'fifties they were 20 to 21 per cent, and since 1961 they have averaged between 17 and 18 per cent.

Germany is still the largest importer of food in the Community both in amount ($3 billion) and proportion of its imports (over a fifth). However its trend since 1962 has been sluggish contrasted to the spectacular rise in Italy and steady growth in other members. Nevertheless the share of food in the imports of the Low Countries remains small, about one-eighth.

The major source within the EEC is the Netherlands, while Denmark, Spain and North America are important sources. But it is the developing countries of Latin America and Africa which are most dependent on these commodity sales.

Although cereals, fruit and coffee remain among the larger items, purchases of meat are rising by far the fastest. Fruit comes mainly from Italy, Spain and North Africa and vegetables from EEC partners, but cereals and feeds come principally from the temperate Americas. Similarly animals, meat, fish and dairy products are obtained largely within the Community or from nearby Europe, while coffee, cocoa and sugar are derived from tropical Africa and America. Wine is exported from Algeria and France, and tobacco from the United States and the Eastern Mediterranean.

✓ To summarize, most of the expansion of EEC imports has resulted from purchases of manufactured products. This trend was already visible before the establishment of the EEC but it became much more pronounced afterwards. Intra-EEC trade was the main beneficiary of this trend but imports from other industrial countries also drew some advantage from the new shape of demand.

Changing Sources of Imports

Changes in the commodity pattern of imports are mirrored by changes in the geographic pattern. While up to 1957 imports from within the Six and from other countries as a group rose at similar rates, since 1958 imports from member countries have risen much faster. In consequence, the share of intra-Community trade has expanded from 30 per cent in 1958 to 40 per cent in 1964.

✓ Looking at the geographic pattern from a broader angle, a great difference appears between the trend of imports from major industrial countries and from suppliers of primary products. Purchases from the former which include intra-EEC trade, have increased by 62 per cent since 1960 to over $30 billion in 1964. If only imports from the countries of EFTA and the United States are taken into account, the increase since 1960 was 45 per cent. Imports from all the other countries, which can be considered in various degrees exporters of primary products, rose by a moderate 35 per cent, to nearly $15 billion in 1964.

Commodity Structure of EEC Imports by Source Groups,

Per cent of Total, 1960 and 1964

Source / Commodity	EEC Partners 1960	EEC Partners 1964	U.S. & EFTA 1960	U.S. & EFTA 1964	Other Countries 1960	Other Countries 1964
End Products	30.3	36.8	29.9	35.3	2.2	5.8
Fabricated Materials	39.3	38.2	30.9	29.1	15.6	13.6
Manufactures	69.5	75.0	60.7	64.4	17.7	19.4
Energy Materials	8.2	5.6	4.0	4.1	21.4	25.5
Crude Materials	9.3	7.4	23.1	18.4	31.9	27.5
Food & Beverages	12.9	12.0	12.2	13.1	29.0	27.6
Total Value ($billion)	10.1	17.8	8.6	12.5	10.9	14.7
Increase 1960-64 (Percent)	--	75.4	--	45.0	--	34.9
Share of Total (Percent)	34.2	39.6	29.0	27.7	36.7	32.7

Within the Community Germany is the principal overall source, meeting over an eighth of all requirements. France, Belgium and Holland are not far apart in volume of supply, although as indicated for imports, this implies a much higher involvement per person in the Low Countries. While Italy provides the lowest volume and intensity of supply, it has led in the rate of increase over the whole decade. As previously illustrated three quarters of Community supplies are fabricated materials and end products.

Purchases from EFTA expanded by almost half from 1960 to 1964. Britain was outstanding as sales increased by two-thirds. Again four-fifths were manufactured products and although sales were well spread through the Community, the market share was highest in Benelux. Scandinavian sales which have a higher share of the German market, have increase at a moderate rate. Over half are crude materials and food. Purchases in Switzerland and Austria have risen less than a third since 1960, even though heavily weighted to manufactures. Nearby Germany and Italy are their principal EEC markets.

American purchases have increased less than the average since 1956, but since the sharp drop in 1958-9 the growth has been steady. Their share of the EEC market, now about 12 per cent, is remarkably even among member countries, particularly so in relation to imports from outside the Community. Capital goods and chemicals loom large in American shipments but other fabricated materials and consumer goods are less evident. Moreover such farm products as cereals, feeds, tobacco, cotton, and oilseeds, as well as coal, play a big part in United States sales.

Imports from Japan are still relatively small but are rising at an extremely fast rate, more than doubling from 1960. Not unexpectedly, more than three-quarters are manufactures covering a wide range.

Although purchases in primary exporting countries have expanded on average less quickly, several areas have been especially successful. Shipments of food, lumber and fuel from Russia and Eastern Europe rose rapidly in the 'fifties and advanced a further 40 per cent after 1960. Russia is the source of a third, mainly oil (to Italy) and lumber. Germany as well as Italy are large buyers in Eastern Europe.

Imports from the Mediterranean countries of Europe have also shown a moderate 40 per cent increase since 1960. Spanish fruit and olive oil, Turkish cotton and Greek tobacco dominate this flow, in which Germany is the main buyer.

The sharp rise in petroleum consumption occurring in recent years has made necessary larger imports, most of which originated from the Middle East and North Africa. Imports from these areas have increased by 50 per cent since 1961, with Kuwait and Iran showing moderate gains, but overshadowed by the spectacular rise of first Algeria (to France) and then Libya (to Germany).

But many overseas areas have not enjoyed consistent growth in sales to the Common Market although buoyancy prevailed in 1963-64. For example Australia and the other Dominions, the traditional source of wool and sheepskins, particularly to Italy, France and Belgium, by 1964 had barely recovered to the values of 1957.

However, disturbance and slowdown has been most evident in imports from former colonies which in 1964 accounted for only 5.5 per cent of total in contrast to nearly one-tenth in 1953. Purchases from the former Belgian Congo were well below pre-independence levels - copper shipments have just regained 1960 values, while tropical products have not recovered from recent political turbulence, and those from former French territories showed no gain from 1958 to 1961. Since then big gains in petroleum from Algeria and hardwoods from West Africa have outpaced the slow-moving agricultural sector, which includes wine and fruit from North Africa, and coffee, cocoa, oilseeds and cotton from the tropics. These rising sales of petroleum, other minerals and hardwoods, which are purchased more widely in the EEC than agricultural products, have lessened the dependence of the Franc zone on France from 86 per cent of all sales to EEC in 1953 to 76 per cent in 1964.

Imports from Sterling Africa and South and Southeast Asia have been slightly more buoyant and much less disturbed in recent years. Edible products are significant, but even more evident are industrial materials. Major flows are rubber, tin and copra from Southeast Asia, jute from Pakistan, copper from Rhodesia, coffee and hard fibres from East Africa, and iron ore, hardwoods, cocoa and tropical oils from West Africa.

Similarly Common Market purchases in Latin America have improved in recent years, although 1957 to 1961 was a slow period. The agricultural produce of Argentina, Brazil and Central America predominate, with coffee, grains, meat, cotton, wool, bananas and sugar in the forefront. But Venezuelan oil, copper from Chile and Peru, and iron ore from Brazil and others, tend to diversify the flow somewhat.

Canada's Share in Imports

Imports from Canada expanded in absolute terms quite notably from $287 million in 1953 to $500 million in 1964. Although the long-term trend points clearly upwards, imports from Canada have been rather volatile, with 1963 values little higher than those in 1958. This is attributable for the most part to the commodity composition. More than two-thirds are in fact agricultural commodities and crude materials, which are very sensitive to variations in the internal level of crops and industrial activity in the EEC.

Although Canadian sales improved sharply in both 1964 and 1965, they have remained small in comparison with overall and also net imports by the Six. In the overall, imports from Canada attained a peak share of 1.8 per cent of total in 1958, from which they descended despite short-lived recoveries, to 1.1 per cent in 1963 and 1964. In the second case a peak of 2.6 per cent of extra-Community imports was reached in 1958 and from there the Canadian share skidded irregularly down to 1.8 per cent in 1963.

Imports from Canada hold a better share of the market in the two commodity groups, food and crude materials, which have been the least dynamic in the period under review. In this respect moreover, the adoption by the Six of a common agricultural policy and the making of special bilateral trade arrangements with developing suppliers of primary material may weaken Canada's position. A substantial share of the market for fabricated materials, particularly non-ferrous metals, has been held by Canada, although this flow has not kept up with the overall increase in fabricated imports.

Wheat has always been the outstanding item in Canadian sales to the EEC, supported by coarse grains and oilseeds. Germany buys about half the wheat. It should also be noted that Dutch port facilities are often used to tranship French and Swiss purchases of wheat, but the Netherlands retains more of the coarse grain and flaxseed shipments from Canada. Cattle hides, furs, salmon and tobacco are consistent items, while meat, dairy products and even some dairy cattle have been sold by Canada recently.

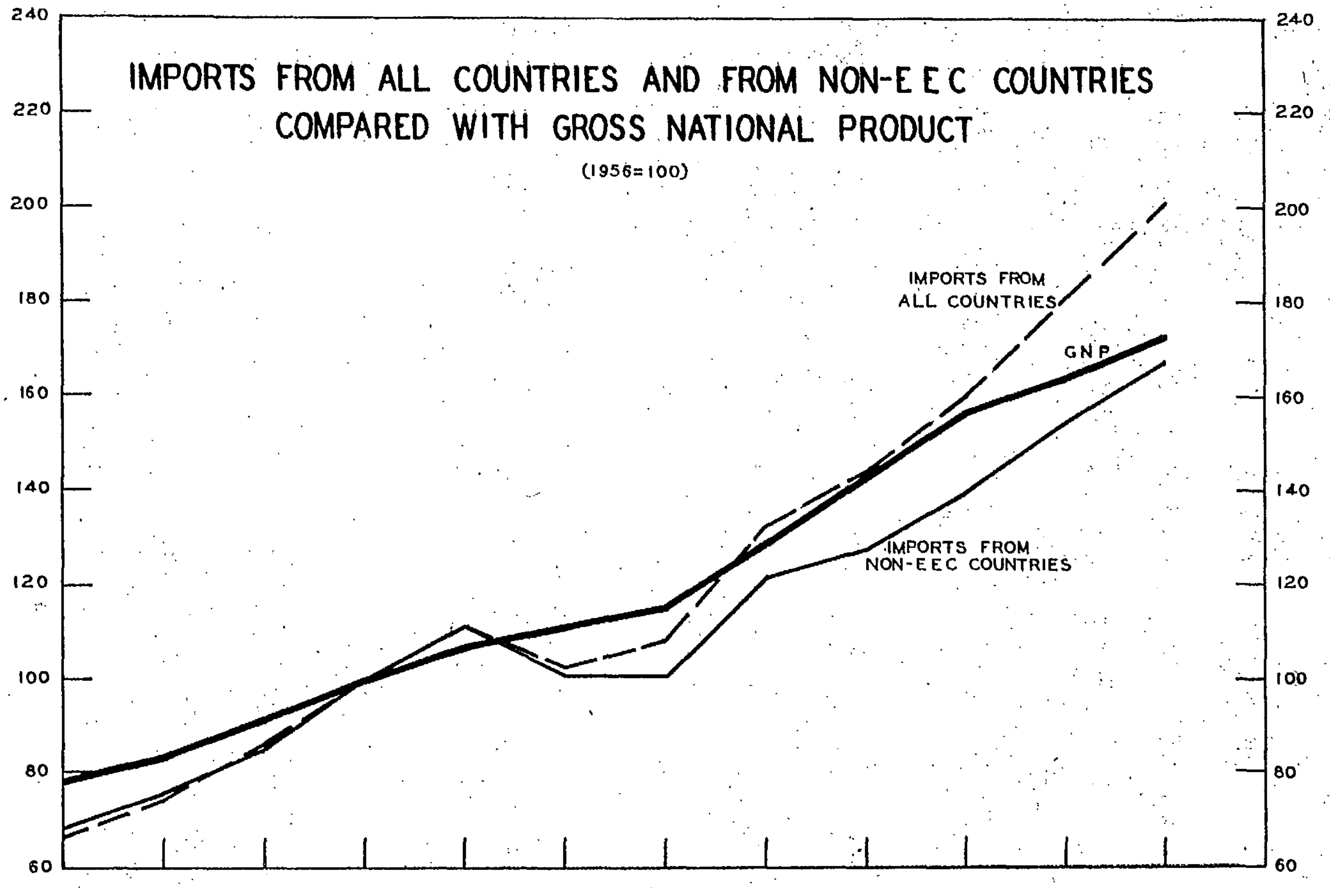
Forest product sales are increasing sharply, with pulp newsprint and plywood going to Germany and lesser values of pulp, pulpwood and lumber to the others. Although lower than in 1960, purchases of synthetic rubber (especially by France) and other chemicals are still important. Textile sales from Canada are marginal and quite irregular. Asbestos imports continue to be significant throughout the Community. While aluminum, copper, nickel, steel and iron ore imports, which went heavily to Germany, have declined from earlier peaks, zinc and lead concentrate shipments to Belgium became prominent in 1964 as the Bathurst (New Brunswick) complex came into large-scale operation. Zinc and lead metal sales are also rising, while steel and non-ferrous metal scrap remains at a substantial level.

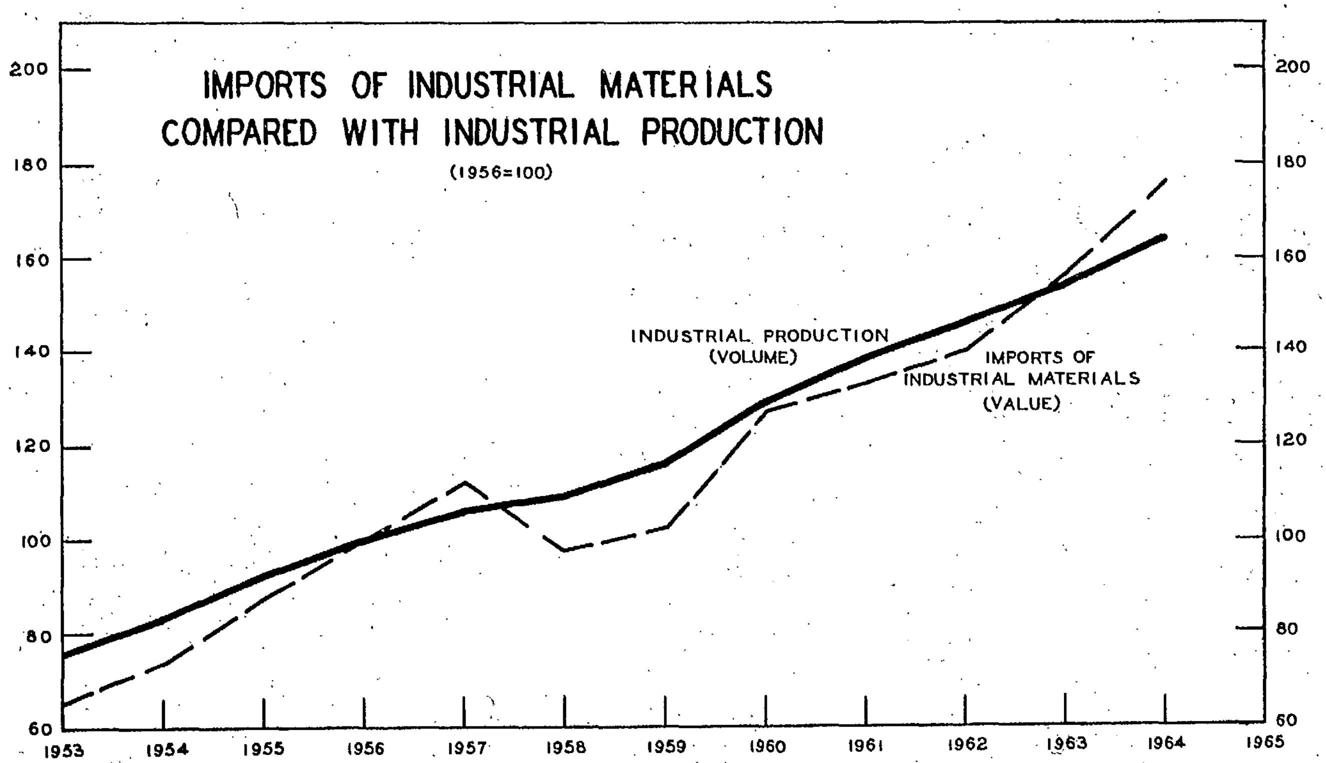
End-products have been the most dynamic area of EEC imports, but purchases from Canada have remained small, amounting to one-tenth of imports from Canada and to 0.4 per cent of EEC imports of end products in 1964. The principal items in recent years have been related to defence programs - namely aircraft and components, and navigation equipment. In addition office machinery, chain saws, and communications and other electrical equipment have been fairly consistent factors. Recently auto assemblies and parts and grain combines have become important. Germany is the destination of well over half of this limited flow. The flow of consumer goods is small but diverse and includes medical preparations, fur and other apparel, whisky and ice skates.

IMPORTS OF EEC - SUMMARY 1953-64

	Value-Million US Dollars				Change-Percent			Share-Percent	
Commodity Group	1953	1956	1960	1964	1953-6	1956-60	1960-64	1953	1964
Food & Beverages	3478	4755	5481	7816	37	15	43	23.4	17.4
Crude Materials	4148	5649	6400	7647	36	13	19	27.9	17.0
Energy Materials	2024	3261	3506	5246	61	8	50	13.6	11.7
Fabricated Materials	3208	5443	8363	12423	70	54	49	21.5	27.7
All Materials	9380	14353	18629	25316	53	30	36	63.0	56.3
End Products	2031	3221	5872	11797	59	82	101	13.6	26.3
ALL IMPORTS	14888	22328	29621	44928	50	33	52	100.0	100.0
Country or Region									
Canada	287	362	447	500	26	23	12	1.9	1.1
United States	1587	3079	3827	5434	94	24	42	10.6	12.1
Non EEC Countries	10964	16016	19479	26848	46	22	38	73.5	59.8
EEC	3954	6336	10134	18062	60	60	78	26.5	40.2
France	767	1164	2056	3537	52	77	72	5.1	7.9
Germany	1278	2119	3295	5917	66	55	80	8.6	13.2
Netherlands	759	1130	1813	2979	49	60	64	5.1	6.6
Belgium-Luxembourg	848	1398	1901	3428	65	36	80	5.7	7.6
Italy	302	525	1070	2202	74	104	106	2.0	4.9
FinEFTA	2597	3708	4809	7024	43	30	46	17.4	15.6
Britain	958	1229	1549	2589	28	26	67	6.4	5.8
Scandinavia	937	1452	1831	2591	55	26	42	6.3	5.8
Switz.Austria Port.	702	1027	1429	1844	46	39	29	4.7	4.1
East & Other Europe	727	1148	1768	2466	58	54	39	4.9	5.5
Middle East Oil Area	1037	1382	1702	2533	33	23	49	7.0	5.6
Japan	66	82	163	358	24	99	120	.4	.8
Australia NZ S.Africa	757	878	808	1041	16	-8	29	5.1	2.3
Other Asia Africa	2743	3566	3990	4901	30	12	23	18.4	10.9
Franc Area & Congo	1455	1863	2002	2436	28	8	22	9.8	5.4
Latin America	1163	1812	1965	2591	56	8	32	7.8	5.8

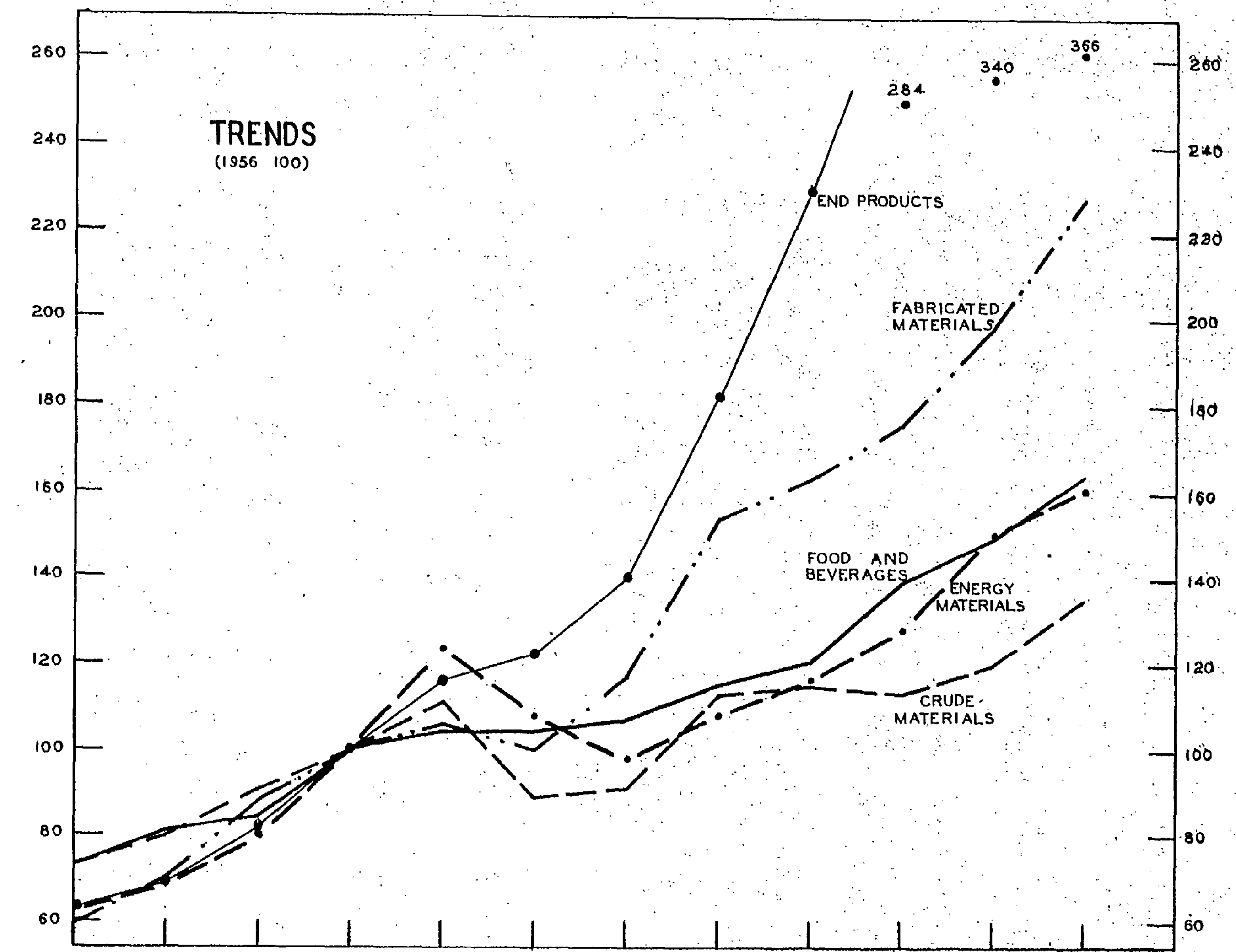
IMPORTS OF E.E.C. COMPARED WITH PRODUCTION 1953-1965

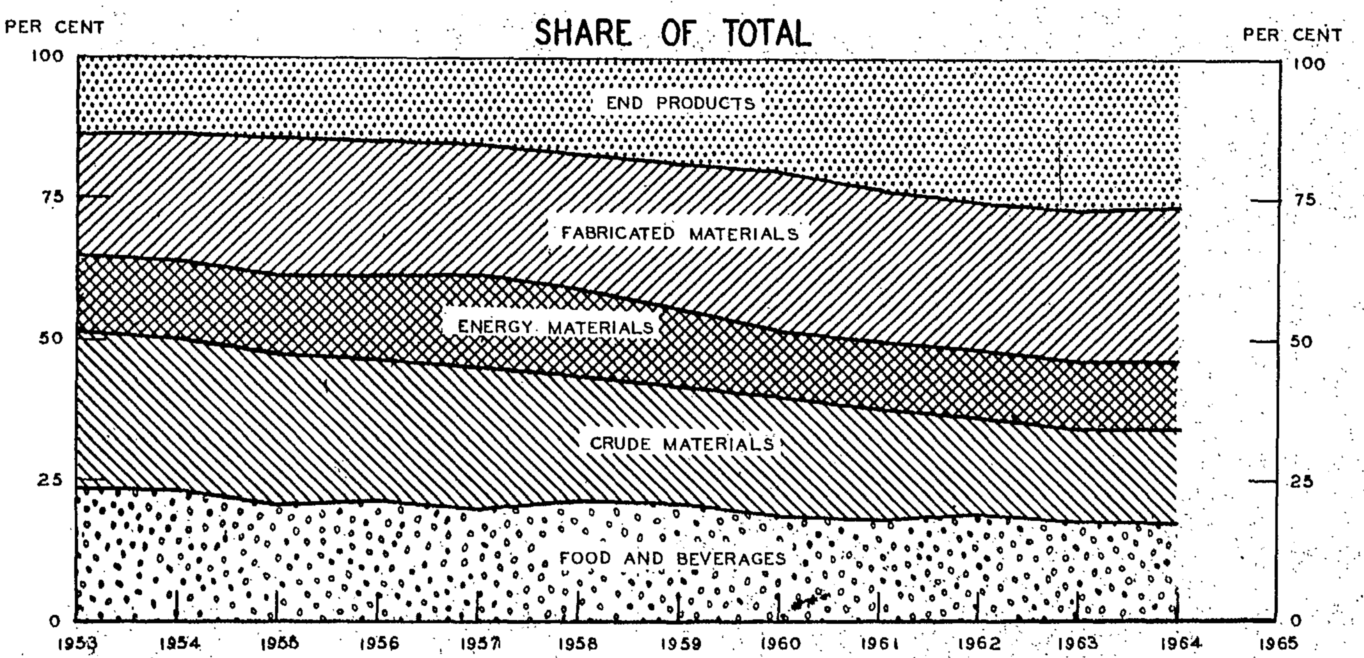




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF EEC BY COMMODITY GROUPS 1953-1965





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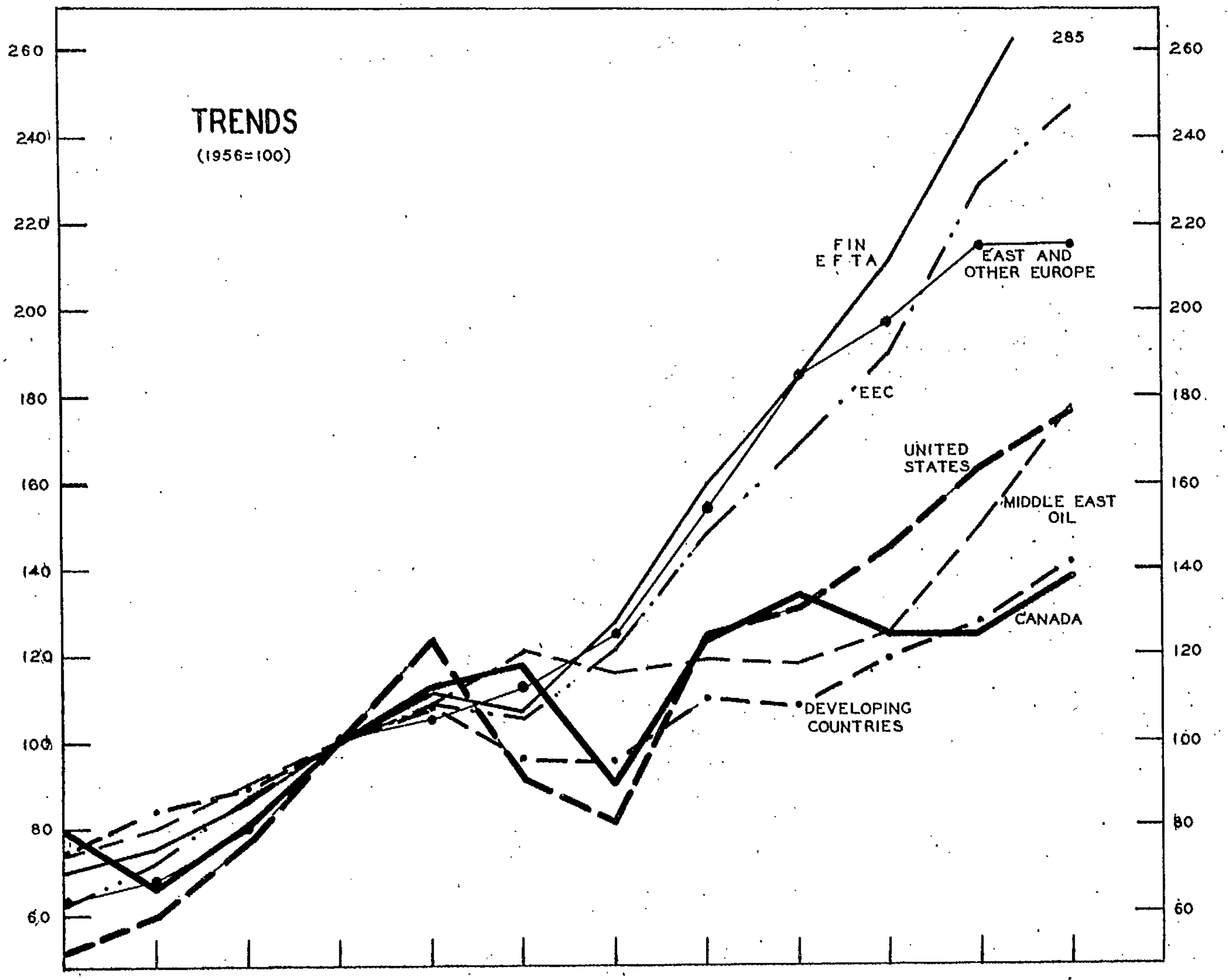
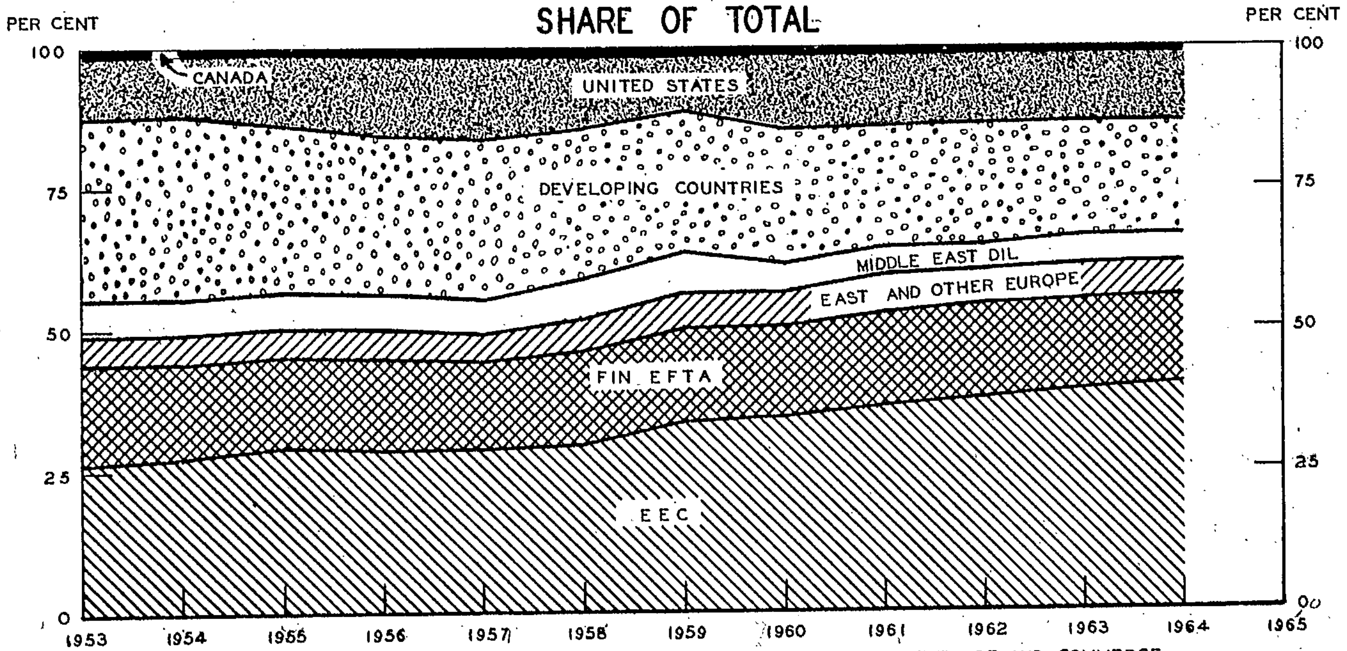
IMPORTS OF EEC BY MAJOR SOURCES 1953-1965



SHARE OF TOTAL



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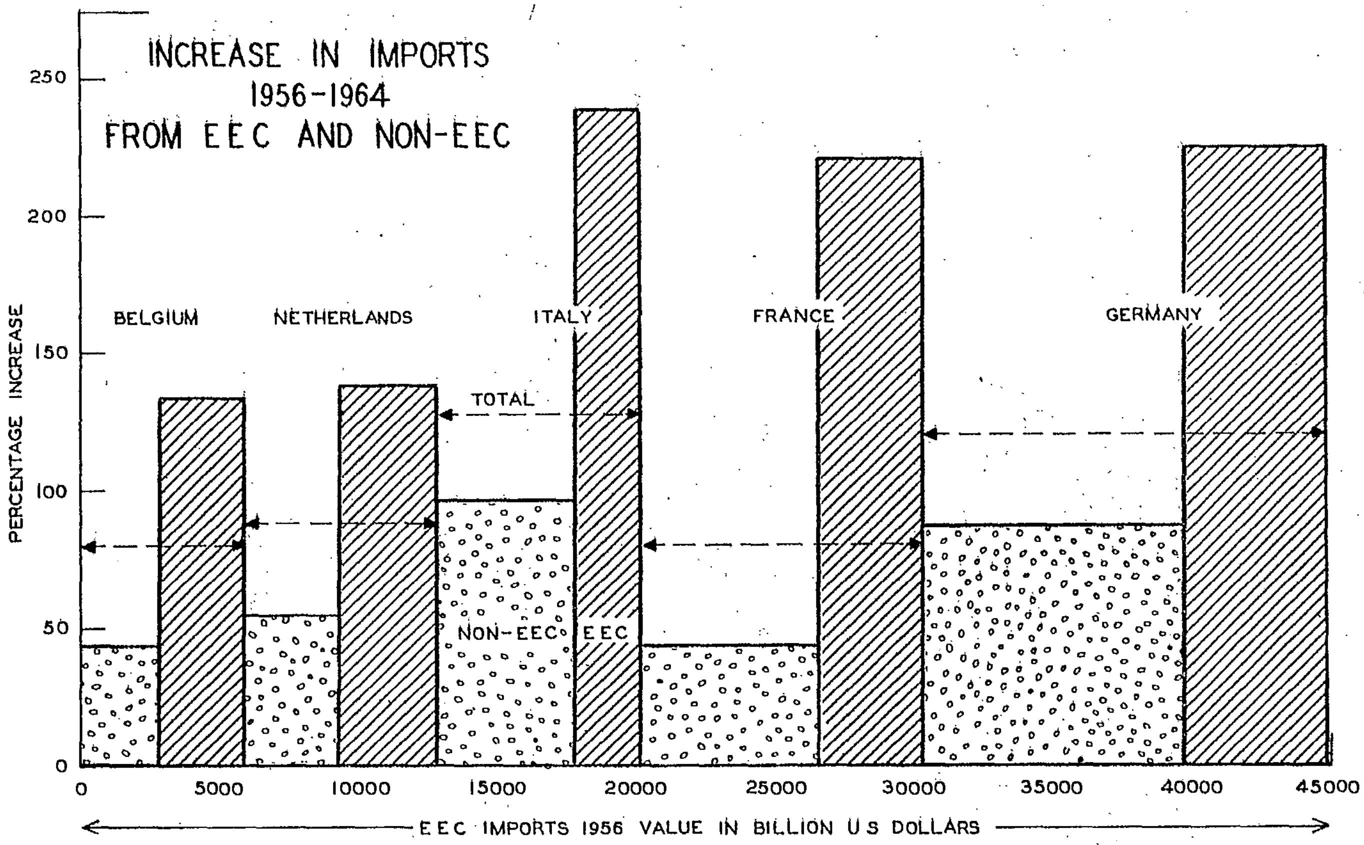
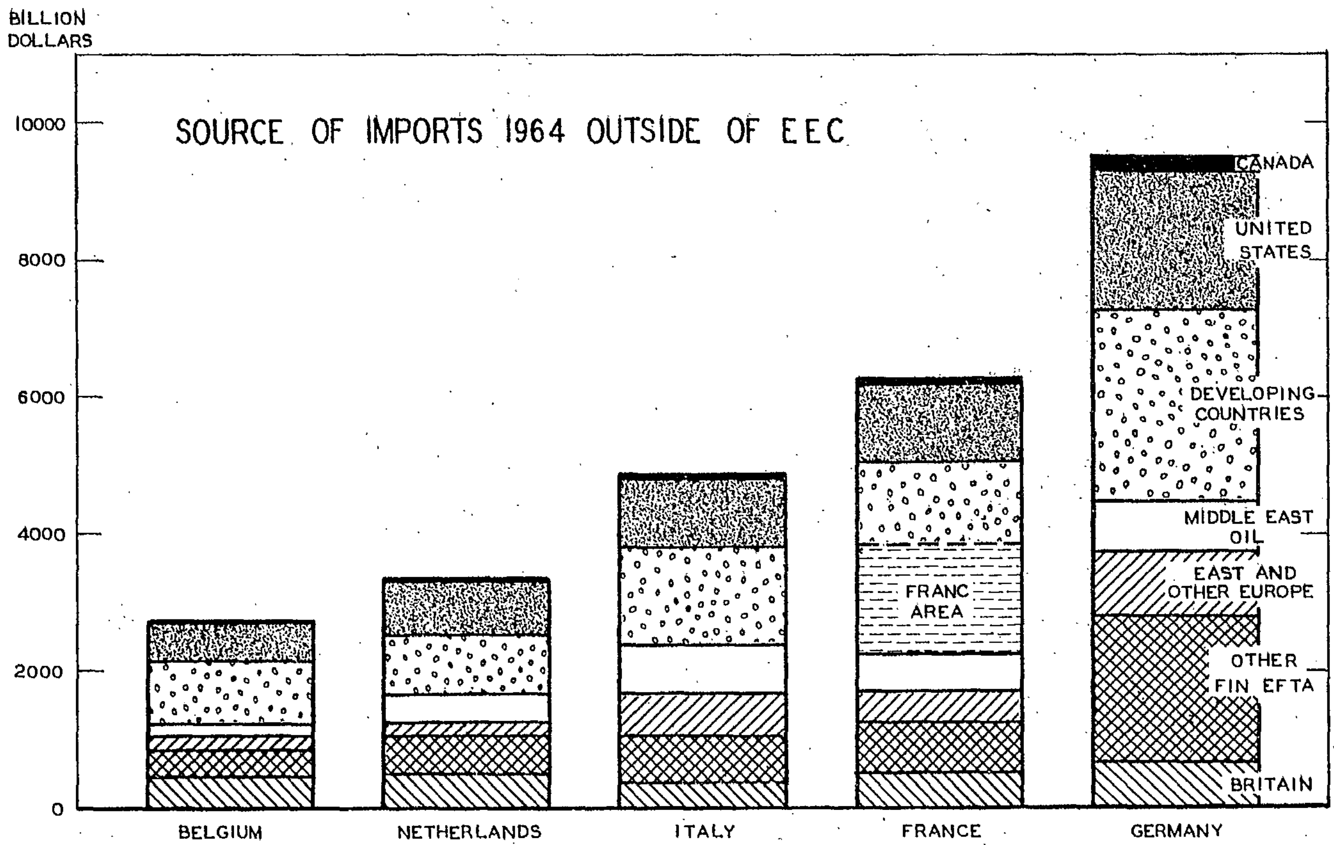
COMPARISON OF EEC COUNTRIES IMPORTS





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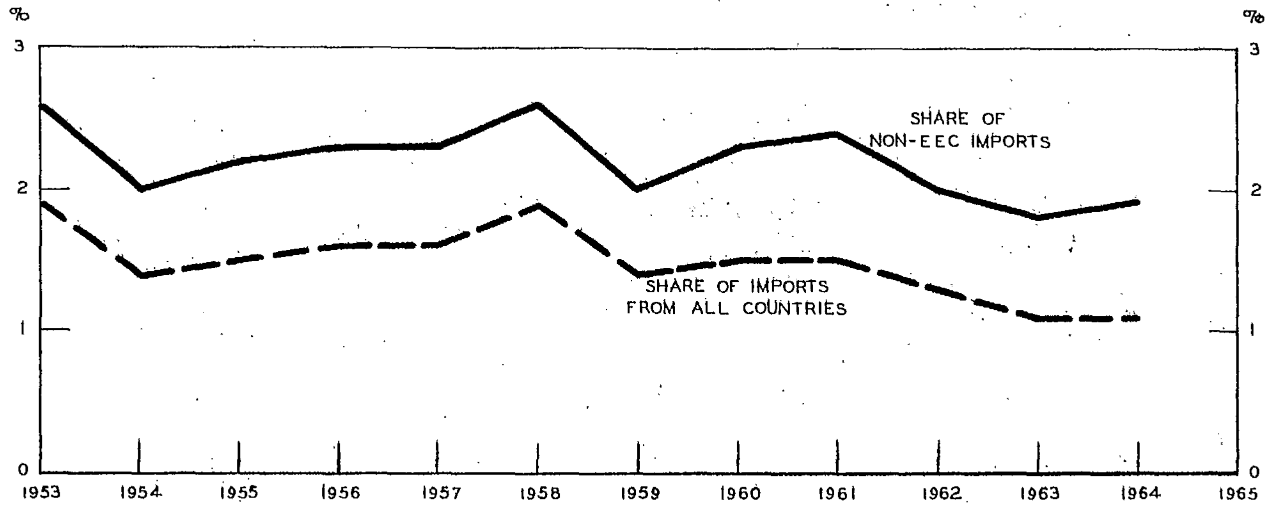
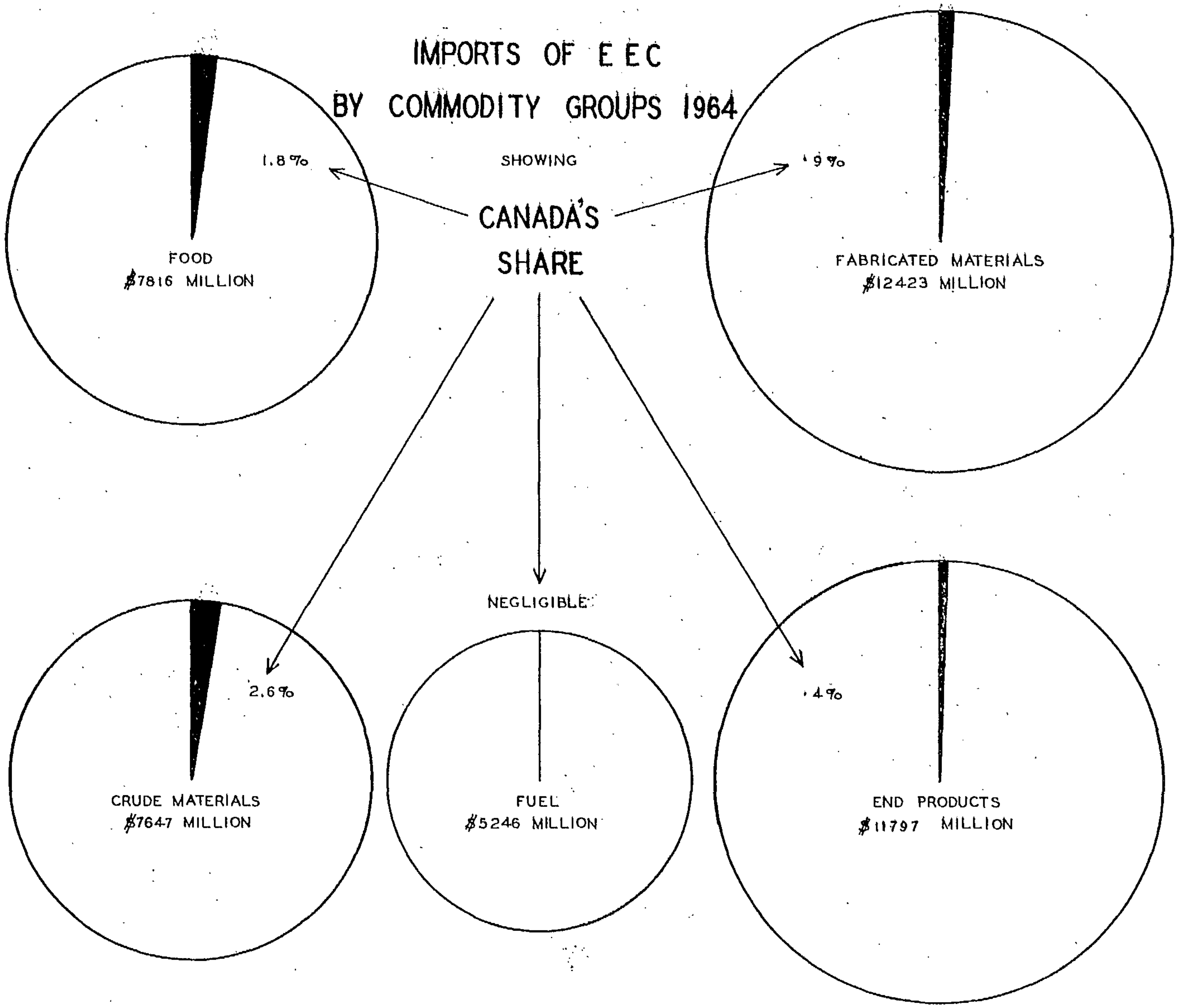
CANADA'S SHARE OF EEC IMPORTS 1953-1965

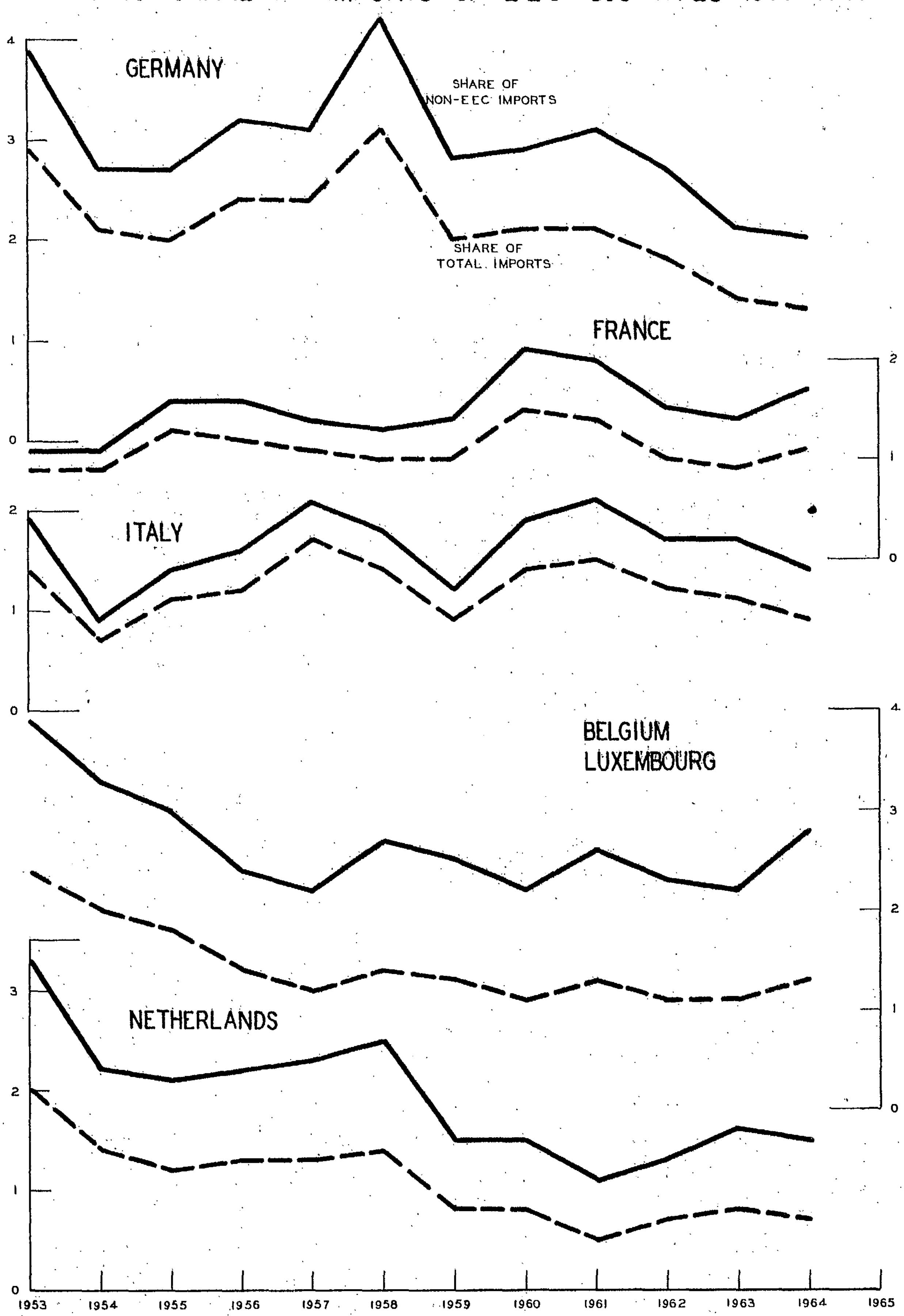




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

EEC DX

CANADA'S SHARE IN IMPORTS OF EEC COUNTRIES 1953–1965



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF

WEST GERMANY

1953-1964

Contents

Ottawa
March 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF GERMANY, 1953 - 1964

Economic Developments

The economic recovery of West Germany, which increased its Gross National Product from about $20 billion* in 1949 to $103 billion in 1964, is one of the best known economic achievements since World War II. The vigorous expansion of foreign trade was a major factor in bringing about the amazing improvement of the German economy in such a relatively short period of time. Contrary to the trade performance of all the other industrialized countries of Western Europe, Germany has been able to achieve and maintain a merchandise trade surplus since 1952. This is evidence of the competitiveness of German industry, made possible by a variety of factors, among which of primary importance were the availability of skilled labour, the restrained wage policy of German labour unions during the 1950's and the widespread modernization of factories.

The growth in exports and in internal demand was reflected in rising imports which, in the dozen years under review, expanded virtually as much as exports, although remaining at a lower level. A striking correlation was obtained between the trend of imports and that of GNP throughout the period. Both increased smoothly and steadily, with the exception of a minor setback for imports in 1958. Import values, however, augmented somewhat faster in the earlier years; therefore, while in 1953 merchandise imports corresponded to about 11 per cent of GNP, by 1957 the ratio had grown to 14.5 per cent and has remained practically the same since then. Indeed imports from outside the European Economic Community since 1957 have grown more slowly than the German economy. A close correlation is also discernible between the trend of industrial production and that of imports of industrial materials, although the latter was more volatile because of changes in price and in inventory policy and in the level of fixed investment. On the whole it appears that the expansion of imports paralleled that of industrial output more closely in Germany than in most other countries.

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* All values in United States dollars.

- Germany -

From 1953 to 1964 the value of German imports increased nearly fourfold, from $3.8 billion to $14.6 billion. In comparison with the collective experience of the other five EEC countries and with the trend of British and American imports, German imports have developed appreciably faster and held a steadier course. As a consequence of the faster than average expansion, Germany in 1964 was the destination of 9.2 per cent of imports by non-communist countries, whereas it received about 7 per cent in 1956. In 1964, as in several of the preceding years, Germany ranked third, after the United States and Britain among importing countries. Furthermore the gap between British and German imports was almost entirely bridged, while in relation to American imports the German figure was only about a quarter smaller. The growth of German imports from 1953 to 1964 although interrupted only by the 1958 setback, did not proceed at a uniform pace. The rate of increase was faster in the early years (about 20 per cent annual average from 1953 to 1956), but in actual value terms the increases became larger in more recent years (an advance by $1.6 billion in 1964 over 1963). The very high growth rates of the early 1950's largely reflected the return of the German economy to normal conditions; in recent years the Deutsche Mark revaluation and the higher level of consumer spending acted as new stimulants on imports.

Commodity Import Trends

✓ In line with the experience of many other countries, German imports of end products increased much more rapidly than all other classes. Second in rate of growth came the vast group of fabricated materials. Several factors were responsible for this trend. In the first place rising incomes have stimulated consumption of manufactured products more than other types of product. Secondly, the raw material has diminished in relation to the value of finished output. Thirdly, greater specialization and consequently a larger volume of trade in manufactured products has taken place since the end of World War II.

✓ The formation of the EEC which up to now has been especially successful in lowering obstacles to intra-community trade in industrial products, is an additional factor. Furthermore import prices of manufactures, particularly end products, have remained higher than those of primary products. As a share of total imports, end products and fabricated materials represented in 1963 for the first time more than one-half, while in 1953 they represented not much more than one quarter.

End products chalked up the largest increase by far, springing from a mere 5 per cent of imports in 1953 to over a quarter in 1963. End products, in fact, were the strongest dynamic in the expansion of German imports, accounting for a full third of the total growth from 1953 to 1963. Industrial machinery is the largest sector, but automobiles, aircraft, electrical apparatus, scientific instruments, and wearing apparel have grown rapidly in recent years. However, it is difficult to ascertain the specific products to which such a spectacular performance can be ascribed, as most of the growth from 1960 to 1963 was labelled as "transactions not classified according to kind". However this item was reduced by a third in 1964 and since it is derived almost equally from the United States and Western Europe it may consist largely of military equipment. This severe contraction in special transactions (armaments?) affected the general trend of end products, which rose very moderately in comparison with previous years.

Fabricated materials staged a five-fold increase between 1953 and 1964, only less rapid than that of end products. The share of total imports gained considerably from 22.3 to 29 per cent. All categories have grown but in recent years chemicals and paper have risen faster than textiles, steel and other metals. Since 1958 fabricated materials have been uninterruptedly the largest category of German imports, having surpassed both foodstuffs and crude materials.

Imports of energy materials, mostly petroleum, increased quite substantially. Over the whole period they expanded as a share of total imports from 7.6 per cent to 9.2 per cent. This increase was entirely a result of larger volume of petroleum, for prices in 1964 were virtually the same as in 1953. The sharp rise of petroleum prices during the Suez crisis in 1956-57 was reflected in an inflated value and caused the share of the total value of German imports in 1957 to climb to 11.6 per cent. Subsequently energy values and share of total took a sharp drop in 1958 and 1959. Coal has not increased and is now less than a tenth of energy imports.

Imports of crude materials have shown the least growth during the period, nevertheless fluctuations have been noticeable. From 1953 to 1957 they expanded at an average rate of more than 10 per cent annually, but fell in 1958 by 18 per cent. By 1960 they had recovered the lost ground, but the trend remained virtually flat for three years, so that the value in 1963 was but slightly higher than in 1957. In 1964 imports of crude materials rose substantially in response to the upturn of industrial production, and higher prices for some materials.

The share of crude materials in total German imports diminished from a third in 1953-55 to about a sixth in 1962-64. Whereas crude materials in earlier years formed the largest group in 1964 they ranked second-last, ahead of only energy materials. This paralleled the experience of many other industrial countries. Some industries heavily dependent on imports, such as textiles, have been growing much more slowly than other less-dependent industries. Economies of transportation encourage the import of fabricated rather than crude materials. Also technological advances have caused a more efficient use of raw material, as well as bringing a growing substitution of domestic products for imported commodities. Furthermore prices of many important commodities, particularly agricultural items, remained depressed from 1958 to 1964. The largest sectors, metallic ores and textile fibres have increased in recent years, while rubber value declined. Forest products grew substantially, as did fertilizers and hides. Oil seeds took a spurt in value in 1964.

Imports of food and beverages have increased moderately and irregularly in the years under study. However, since the rate of increase was slower than for total imports, their share of imports dwindled from 31 per cent in 1953 to little more than a fifth. There are two major reasons. Since the consumption of food has little elasticity in relation to income, hence demand for food has increased less rapidly than other demands. Secondly, imports of foods have been limited by trade barriers designed to protect German farmers. Although the application of the EEC common agricultural policy will certainly bring about an expansion of German imports from EEC partners, this however, may coincide with smaller imports from non-EEC countries.

Fruit and vegetables, meat, cereals and coffee are the four main German imports of foodstuffs. Fruit and vegetables approaching $1 billion are showing a clear upward trend; meat fluctuates primarily in relation to the domestic output of pork; and cereals fluctuate even more widely depending on domestic crops. The latter two increased, particularly in 1964, but receipts of cattle and eggs have dropped sharply. Coffee showed little change until price increases in 1964.

Changing Sources of Imports

The expansion of German imports has been quite widespread geographically; nonetheless imports from the European Economic Community have increased more rapidly than those from other Western sources. Up to 1957 imports from the other Common Market countries were rising at about the same speed as total imports. Following the formation of the EEC purchases from this area began to move upwards very quickly and in 1964 they were rising at 17.4 per cent, nearly 60 per cent faster than imports from other sources. Larger demand for end products and fabricated materials, a rising German tariff against industrial imports from non-EEC countries and a lowering of the rates applicable to EEC imports; all contributed to stimulate the latter group of imports. Purchases from other EEC countries represented about a quarter of German imports from 1953 to 1958; and by 1964 the share had reached 35 per cent.

France is the largest individual supplier, although Benelux combined retains its preeminence supplying one-sixth of all German imports. Nevertheless Italian sales have grown faster - six fold in a decade - not to mention major earnings from German tourists. The Netherlands remains a principal provider of agricultural products and fuel; while Belgium specializes in metals; France in steel, food and wine; and Italy in fruit and wearing apparel. Each sells large values of textiles, chemicals, machinery and equipment to Germany.

Imports from EFTA countries have increased regularly and almost as fast as the total. Their value in 1964 was three and a half times higher than in 1953, and moreover, was well distributed among Britain, the Scandinavian countries, Austria and Switzerland. Britain and Switzerland sell a wide range of equipment, metals, textiles and chemicals; while Scandinavia and Austria supply forest products, iron ore, steel, and nickel; and Denmark is a traditional source of animal products. However, the progressive implementation of the Common Market agricultural policy has already arrested the growth of agricultural imports from EFTA, a matter of great concern for Denmark. Imports from Britain, on the other hand, are expanding rapidly though not as much as imports from EEC partners. In relation to total, German imports from EFTA countries have lost some ground in recent years. Since the peak of 22.3 per cent in 1959, their share declined slowly but steadily and in 1964 was barely above 19 per cent.

Meanwhile imports from other West European countries, largely traditional Mediterranean agricultural products, have grown moderately in recent years. The principal flows are fruit from Spain and Turkey, and tobacco from Greece. Their share of Germany's imports has dropped by nearly half to 2.7 per cent. In spite of the losses by the latter two areas, the share of German imports from all Western Europe has grown from just over half to nearly 57 per cent of the total value of imports.

Imports from Eastern Europe have also increased rapidly but in view of the low starting point the expansion is of lesser significance. Nevertheless, the inflow is only a sixth less than purchases from Britain. Less than a third is from

Russia and consists largely of lumber, furs and fuels. The greater part is with neighbouring eastern countries and includes meat, fruit, lumber, metals and fuel. In relation to the total value of German imports purchases from Eastern Europe have remained at 3 to 4 per cent. This is small in comparison with the flow and share of trade in prewar years.

Imports from America have increased very rapidly, and this is the only country with which Germany has had an appreciable trade deficit every year from 1953 to 1964. Imports from the United States expanded better than five-fold in the eleven years under review. As a share of German imports, shipments from the United States increased dramatically until 1957, when they constituted almost 18 per cent of total. In later years the share of imports from the United States levelled out at approximately 14 per cent. Purchases from the United States cover a wide range - cereals, tobacco, cotton, vegetable oils, forest products, coal, metals and scrap, chemicals, aircraft, electrical equipment and instruments - in which industrial materials and capital equipment predominate.

The performance of imports from Japan has been outstanding. Although in competition against German manufacturing production, sales increased five-fold from 1953 to $159 million in 1964 and thus lifted their small share of the market to 1.1 per cent.

Imports from the Middle East oil producing countries, spurred by the swelling demand for petroleum from industry and consumers alike, soared from $117 million in 1953 to $705 million in 1964. Purchases from Iran and Iraq made a better than six-fold increase to 1962, but fell back as the flow from Libya went from scratch to a quarter billion dollars in three years. Therefore, the share of the German market held by these oil countries rose from 3.1 per cent in 1953 to 4.8 per cent in 1964.

A large share of German imports originate from countries outside Europe, North America, Japan and the Middle East oil region. These imports comprise mostly primary products in which Germany is poorly endowed. On the whole, purchases from the developing areas of Latin America, overseas Sterling and other parts of Asia and Africa are growing in volume but in relation to total imports they are losing ground rapidly. In 1953 their share was 28.4 per cent of German procurements abroad but by 1964 it had declined to 18 per cent.

Typical is the performance of imports from the overseas Sterling Area which, although doubling in value in this period, lost half of their share of the German market. One third is from Australia, New Zealand and South Africa and consists principally of wool, grain, fruit and minerals, which had increased only slowly until 1964.

Imports from developing Sterling countries (excluding Middle East oil) have also moved cautiously, although values of tropical products also improved in 1964. Meanwhile the inflow from the rest of Africa has been boosted in recent years by shipments from new iron ore projects in Liberia, Mauritania and Angola. Total purchases from developing Africa and Asia, valued at \$1¼ billion in 1964, encompass cocoa, tropical wood and vegetable oils, petroleum (and the new iron ore) from West Africa; petroleum, phosphates and oranges from the Mahgreb; cotton from the Nile, coffee and fibres from East Africa, copper from Zambia; rubber, wood, copra and vegetables from Southeast Asia; and various materials from India, jute from Pakistan and clothing from Hong Kong.

Meanwhile imports from Latin America have developed very slowly since 1956, increasing only a fifth in value to 1964. The major staples are coffee and cotton from Brazil, Colombia and Central America, grain and meat from Argentina; bananas from Ecuador; iron ore from Brazil, Venezuela and Peru; copper from Chile and Peru; silver from Mexico, and oil from Venezuela. Recently added has been the large-scale export of fishmeal for feed from Peru's new fisheries.

Canada's Share in Imports

✓ Canada now holds a smaller share of the German import market than in the 1950's. The more hesitant trend of imports from Canada and their diminishing importance in the total of German imports can be traced back to 1958. The setting up of EEC could, chronologically, be adduced as a cause of the decline. Some areas of Canadian business with Germany were adversely affected by the granting of more favourable terms to EEC partners. Nevertheless Canada's share of non-EEC imports diminished just as much, and indeed a bit more, than the share of total German imports. In fact the absolute value has declined since 1961, save for 1964, and dropped again in 1965.

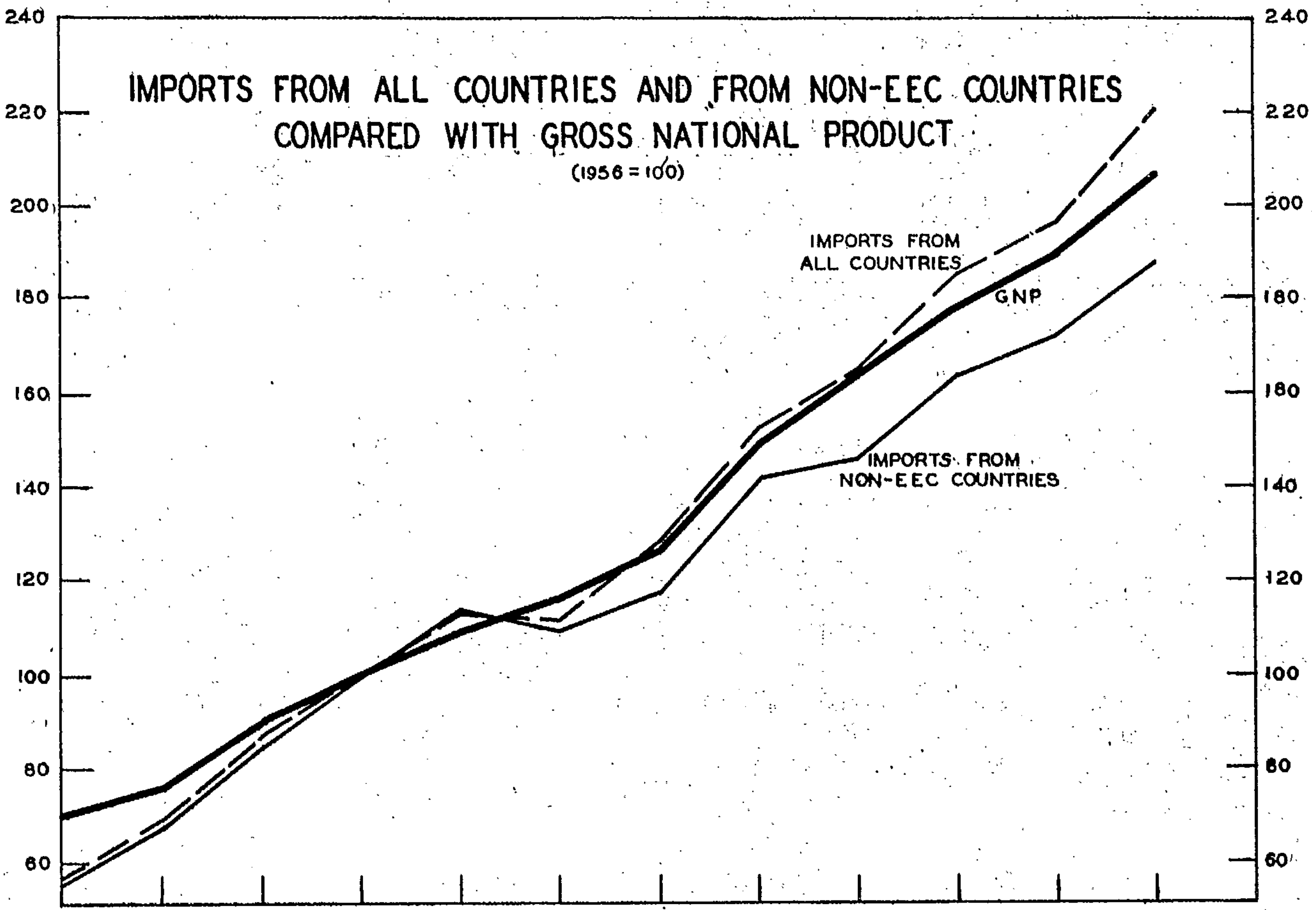
The commodity composition of imports from Canada appears to be a main limiting factor. It has been heavily influenced by wheat and defence equipment purchases - air equipment zoomed in 1958 and wheat in 1961 - now both are declining. Moreover industrial material imports from Canada have not shown much overall strength either. For crude materials such as asbestos, iron ore, nickel oxide, other minerals, furs and oilseeds, Canada's share of the import market was 3 per cent in 1956 and again in 1961, but in 1962-64 was down to 2.3 per cent. Nor are metal purchases from Canada increasing. This decline indicates increased German dependence on other sources. At the same time exports of Canadian forest products - pulp, newsprint, lumber and veneer - are rising. With regard to food imports, the Canadian share has shown a very erratic performance, as it hinges on the level of German grain crops. It remained over the years at about 3 per cent except for 1961 when purchases of Canadian wheat rose to $93 million - by 1965 they were less than 40 per cent of this. It seems probable, moreover, that the implementation of the EEC common agricultural policy will curtail imports of foodstuffs from non-EEC sources.

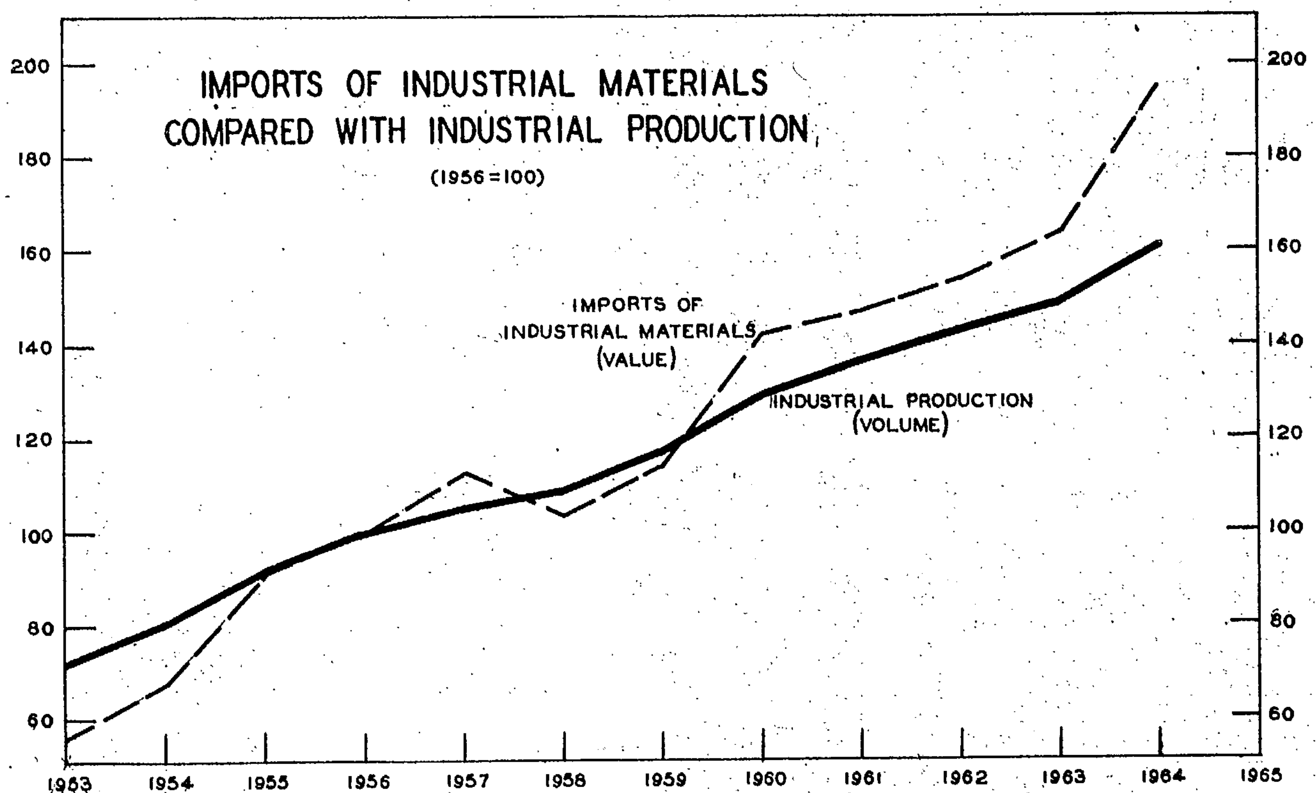
The area of "inedible end products" is in Germany, as in many other countries, the most dynamic in import trade. Canada's participation is still quite small, but in recent years, Germany has been buying a growing number of manufactured products. Aircraft and assemblies, card-punch machines, navigation instruments, communication equipment, chain saws, fur apparel and several other manufactured items are bought from Canada in quantity. Their value in 1964 amounted to $69 million, a third of German imports from Canada. However the sharp decline in 1965 of navigation instrument shipments, reminiscent of the rise and fall of fighter aircraft in 1957-59, further illustrates the importance of defence purchases in Canada's exports to Germany.

IMPORTS OF GERMANY - SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change-Percent 1953-6	1956-60	1960-4	Share-Percent 1953	1964
Food & Beverages	1172	1887	2332	3003	61	24	29	31.1	20.6
Crude Materials	1270	1913	2274	2689	51	19	18	33.7	18.4
Energy Materials	286	714	783	1342	150	10	71	7.6	9.2
Fabricated Materials	841	1615	2992	4246	92	85	42	22.3	29.1
All Materials	2397	4242	6049	8277	77	43	37	63.6	56.6
End Products	202	487	1721	3334	141	253	94	5.4	22.8
ALL IMPORTS	3771	6617	10163	14613	75	54	44	100.0	100.0
Country or Region									
Canada	111	160	209	195	44	31	- 7	2.9	1.3
United States	390	946	1423	2016	143	50	42	10.3	13.8
EEC	952	1569	3026	5098	65	93	68	25.3	34.9
France	281	481	951	1567	71	98	65	7.5	10.7
Benelux	494	796	1448	2413	61	82	67	13.1	16.5
Italy	177	291	627	1117	64	115	78	4.7	7.6
FinEFTA	802	1358	2124	2811	69	56	32	21.3	19.2
Britain	154	257	466	688	67	81	48	4.1	4.7
Scandinavia	402	687	959	1249	71	40	30	10.7	8.5
Switz,Austr. Portug.	246	414	699	874	68	69	25	6.5	6.0
East & Other Europe	296	499	755	975	69	51	29	7.8	6.7
Middle East Oil Cties	117	199	411	705	70	107	72	3.1	4.8
Overseas Sterling	390	599	687	820	54	15	19	10.3	5.6
Japan	29	29	68	159	0	134	134	0.8	1.1
Other Asia Africa	322	399	579	796	24	45	37	8.5	5.4
Latin America	362	858	882	1038	137	3	18	9.6	7.1

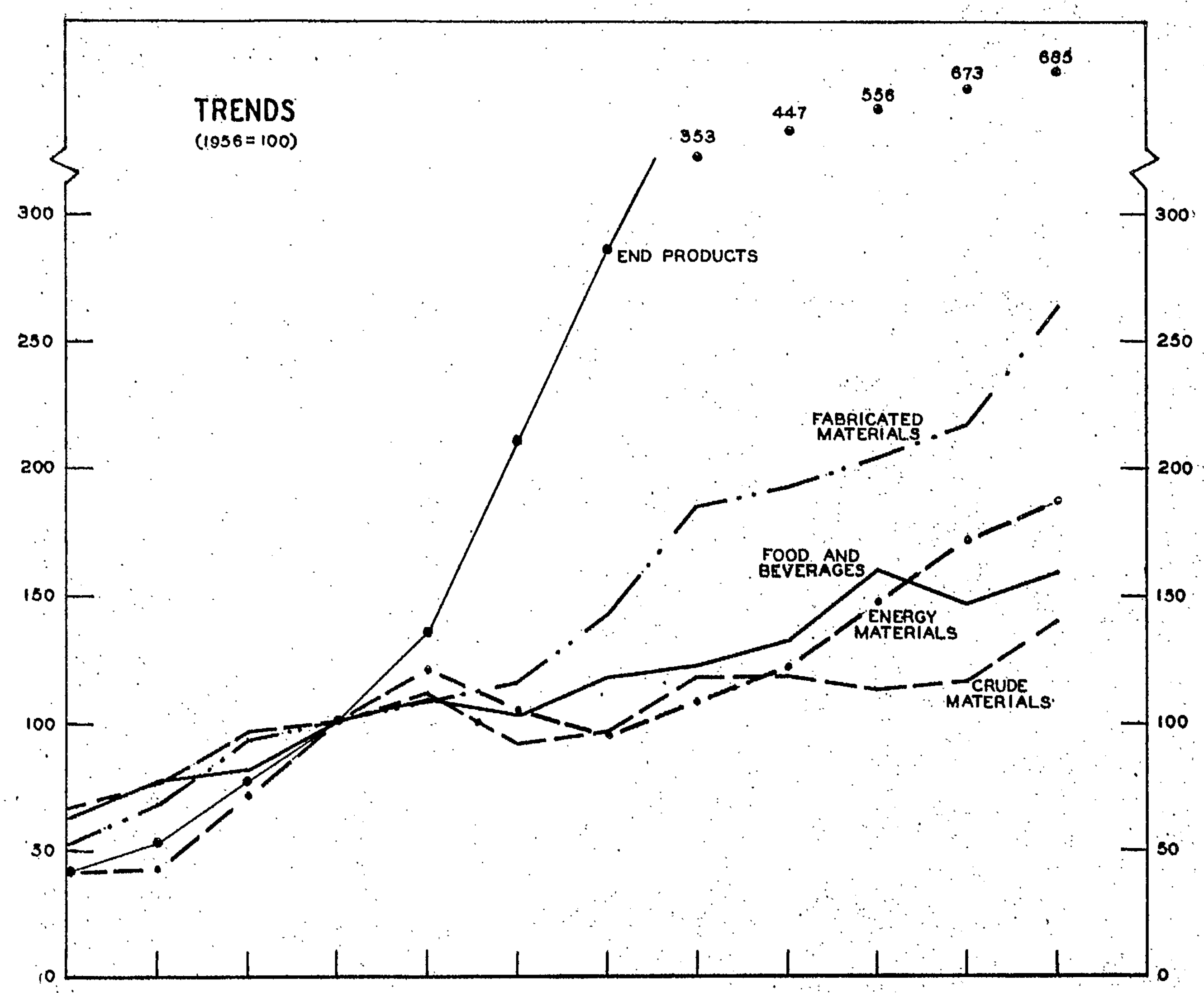
IMPORTS OF GERMANY COMPARED WITH PRODUCTION 1953-1965

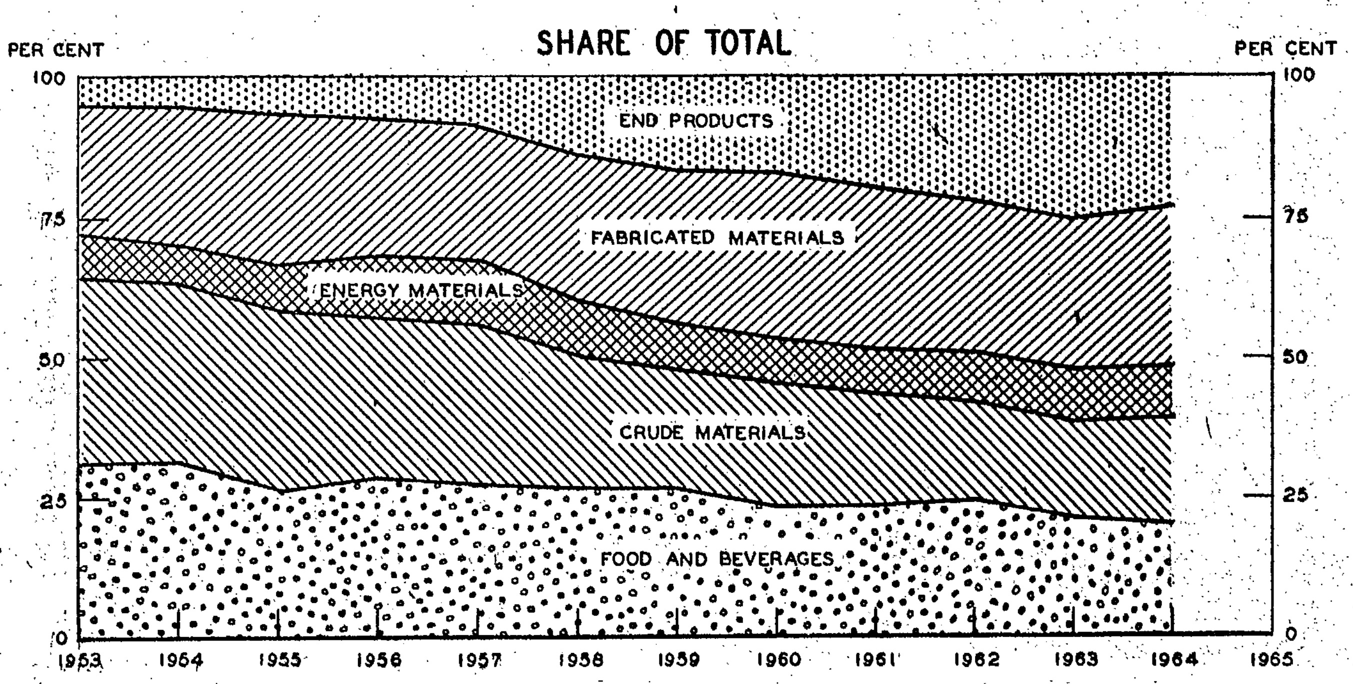




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF GERMANY BY COMMODITY GROUPS 1953-1965





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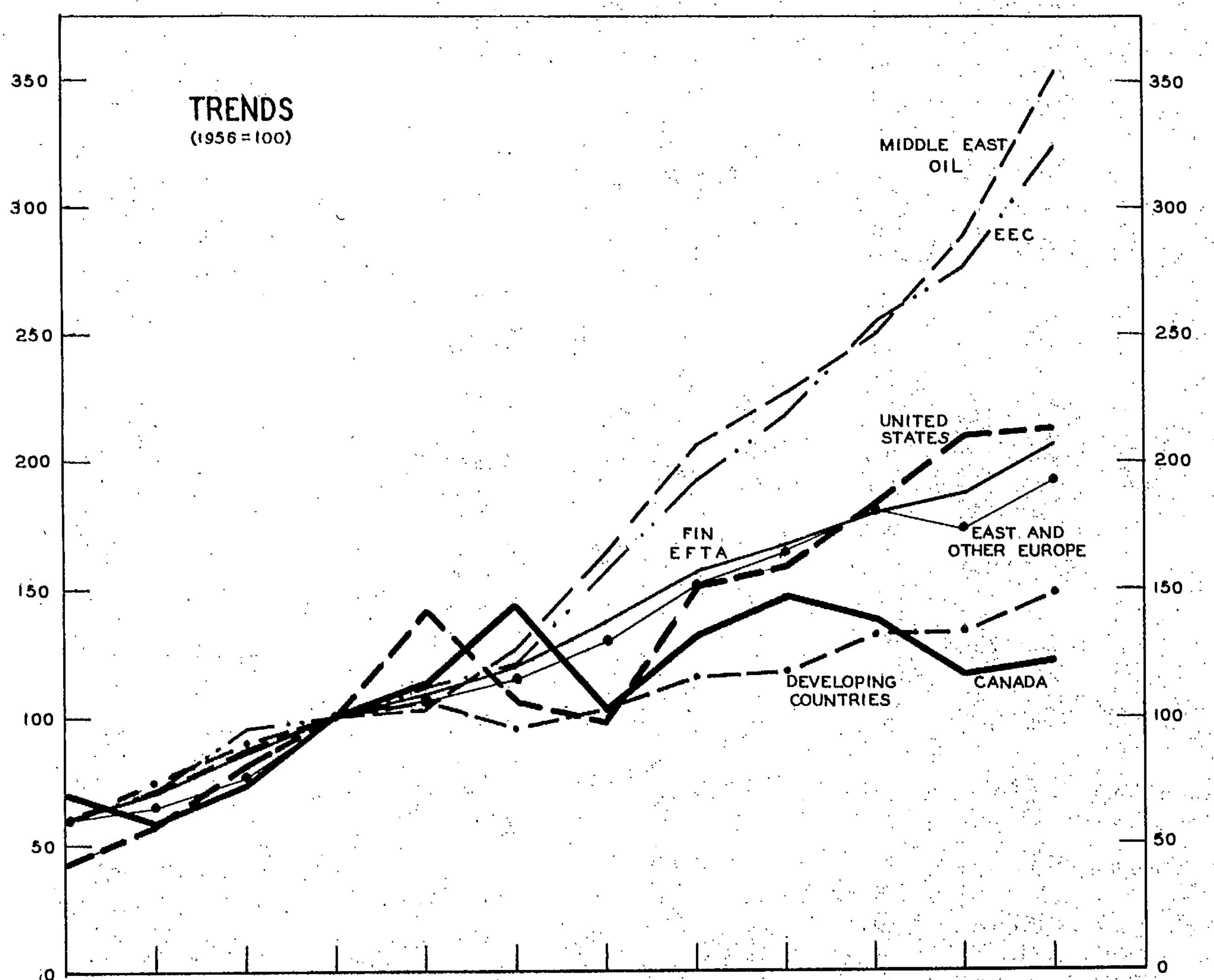
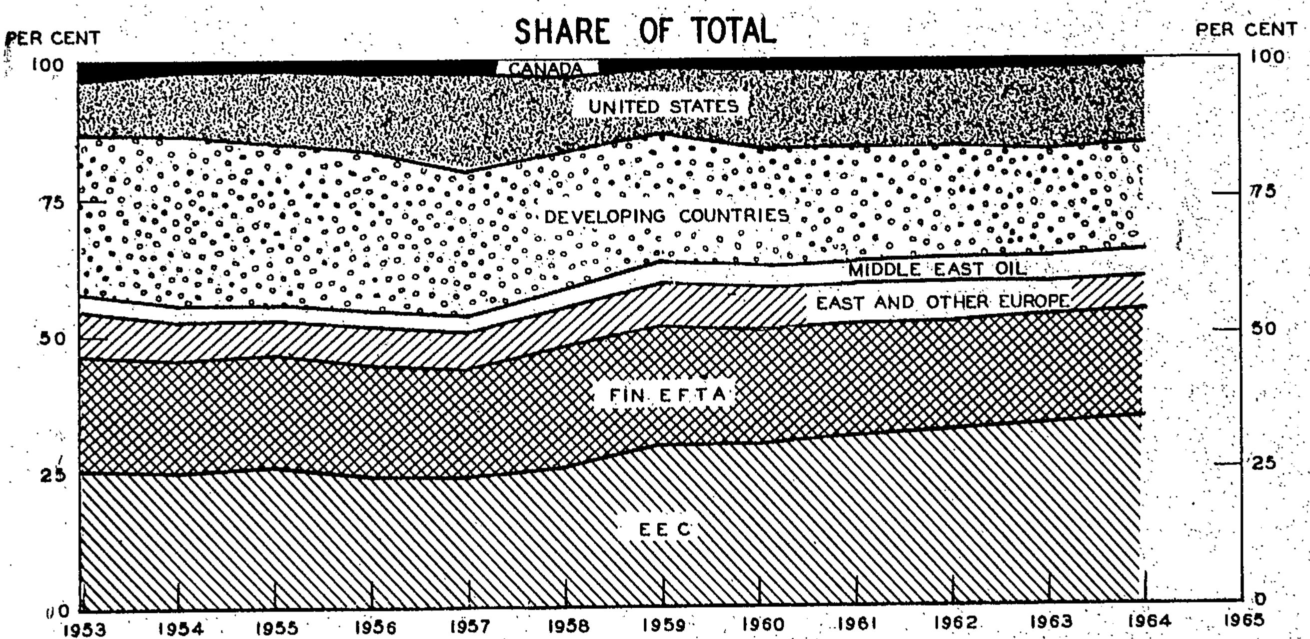
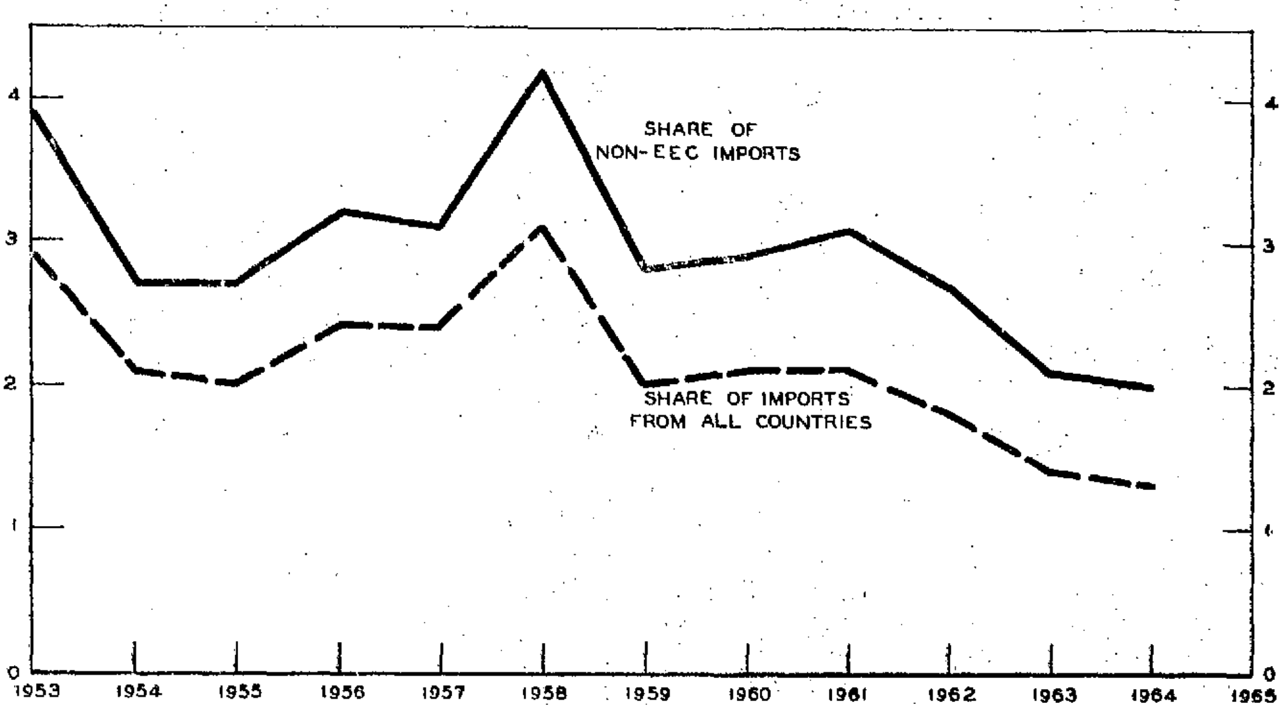
IMPORTS OF GERMANY BY MAJOR SOURCES 1953-1965

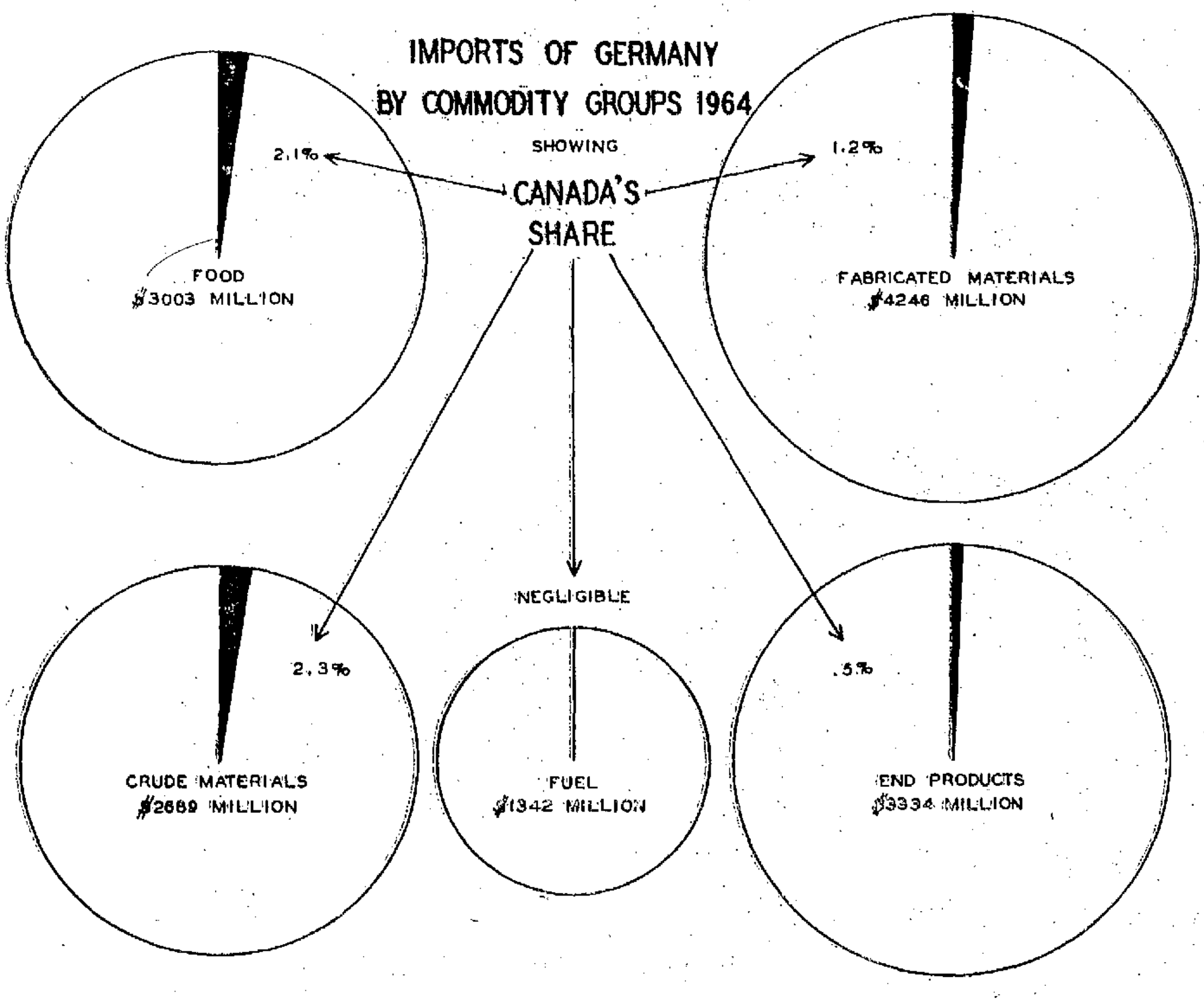




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

CANADA'S SHARE OF IMPORTS OF GERMANY 1953-1965





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF

FRANCE

1953-1964

Contents

Ottawa
January 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF FRANCE, 1953 - 1964

Economic Developments

The growth of the French economy from 1953 to 1964 was well sustained and relatively balanced for most of the time. Industrial production more than doubled, full employment was achieved, incomes rose substantially and internal demand, stimulated by a renewed growth in population and larger spending at all levels, expanded rapidly. External demand derived in part from vigorous expansion in other countries also flourished. These rising demands were reflected in larger merchandise imports. The sharp rise of wages and costs in France during 1962 and 1963 added momentum to the expansion of imports. Since the devaluations of 1957-8 this has taken place without causing strains on the international payments position of France. In fact, official French reserves soared above $6 billion*, about 85 per cent in gold, and the Franc came to be regarded as one of the steadiest and most solid currencies.

The stabilization plan introduced in September 1963 to prevent the rise in wages and prices from getting out of hand, promptly achieved this aim but also curbed the upward movement of production. In early 1964, industrial production flattened out, although at a level nearly 7 per cent higher than the average for 1963. The freezing of prices, the stronger foreign competition and the continued edging up of wages led to the narrowing of profit margins. This situation, in addition to the new credit restraints and the chronic inadequacy of the French capital market, made it impossible for many French companies to find adequate funds for their investment needs. Since the stricter budgetary policy also contributed to the slackening of domestic demand, a general levelling-off of economic activity became evident by early 1964 and at the same time imports ceased to rise until the middle of 1965. From the latter part of 1964 French exports found new vigour and in view of the less buoyant trend of imports, this led to a narrowing of the trade deficit until mid-1965.

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* All values in United States dollars

General Import Relationships

From 1953 to 1964 French imports expanded materially, but the increase was most rapid from 1961 to 1964. Marked changes also took place in the commodity composition and the geographic pattern of imports.

The drastic devaluations of the "franc" in the latter part of 1957 and at the end of 1958, a combined reduction of nearly 30 per cent in relation to the United States dollar, make trend comparisons difficult, particularly in the immediate period. In terms of dollars, French imports in 1964 were two and a half times higher, rising from nearly $4 billion in 1953 to $10 billion. In 1959, immediately after the devaluation of the Franc, imports amounted only to $5.1 billion. Their value virtually doubled in the next five years. However, from early in 1964 up to the middle of 1965, the value of imports remained relatively unchanged. However, in francs, imports multiplied over three and a half times in the eleven years. It is difficult if not impossible to consider one more "correct" than the other. The data in francs is necessary for comparison with French GNP and other internal factors while data in the international unit of account (the U.S. dollar) is required for international comparisons. Moreover, these devaluations along with other measures were part of the deliberate modernization of French industry and the opening up of the French trading system.

The expansion attained by French imports although massive was not exceptional in comparison with the experience of other countries of the European Economic Community. In fact, over the whole period, French imports (in international values) grew appreciably less than those of the other EEC member countries taken together. French imports have advanced faster than the average rate for the EEC only from 1962 to 1964, with a substantial lead only during 1963, which has since been relinquished.

In relation to the value of GNP French imports have also remained at moderate levels and only in recent years there has been a tendency to rise. In 1953, imports corresponded to 9.2 per cent of GNP and by 1957, the ratio was up to 10.7 per cent.

However, by 1959 it had fallen to 9.4 per cent, reflecting perhaps the net effects of devaluation. In 1960, imports nearly recovered their position in relation to GNP and held this through 1962; then the increase was more rapid to 11.5 per cent in 1964. The French economy, therefore, is becoming more dependent on external sources of supply, although this does not appear to be in any way excessive, when compared with the situation in many other countries. This degree of external supply is much reduced if the supply from partners in the European Economic Community is deducted, since this common market now supplies well over a third of all French imports.

Commodity Import Trends

The principal feature of the recent changes in the commodity composition of imports is the rapid rise in finished and semi-finished products. In effect, French import demand has evolved in much the same way as that of many other industrial countries, with the emphasis shifting from the procurement of raw material to the exchange of manufactured goods.

Imports of foodstuffs and crude materials have increased only moderately over the whole period. Imports of foodstuffs, beverages and tobacco, which amounted to $1058 million in 1953, were only one sixth higher by 1961, in part reflecting the effect of devaluation on purchases in the Franc area. Since 1961, their value has been rising at a quicker pace, being one-half larger by 1964 at $1782 million as a result of larger imports of many items and higher prices for some such as coffee. Imports of animals and meat rose from $94 million in 1961 to $296 million in 1964, fruit and vegetables climbed from $353 to $477 million, while the value of coffee went up from $137 to $193 million.

In spite of the two thirds expansion in value, foodstuffs have lost much ground as a component of total French imports. In 1953, they constituted almost 27 per cent of purchases abroad, by 1960, their share had diminished to one-fifth and in 1964 it was only 17.7 per cent.

Meanwhile, imports of inedible crude materials have followed a trend similar to that of foods, but with a slower pickup in recent years. It appears, moreover, that they have fluctuated more sharply, as they responded to changes in the tempo of business activity. In the eleven years they rose by less than half, from $1,127 million in 1953 to $1,655 in 1964. Much of the increase in recent years resulted from larger imports of forest products (logs, lumber, and pulp) which increased from $238 million in 1961 to $334 million in 1964, and from larger imports of metallic ores ($114 to $159 million). Meanwhile, values of crude rubber and raw cotton imports were falling.

Crude materials formed as late as 1957 the largest group of imports, usually followed by foodstuffs. In the years 1953 to 1955 crude materials constituted about 29 per cent of total, but in 1956 they started to lose ground and the devaluation period of 1957-59 saw their relative position trimmed further. Their sharpest comparative decline occurred, however, in the 'sixties, as imports of end products, fabricated materials, and even energy materials and foodstuffs began to rise at an accelerated pace.

Imports of energy materials doubled in international value from 1953 to 1964, rising to $1524 million. Most of the increase took place in two spurts: in 1956-57 imports rose by half over 1955, then another sharp increase occurred in 1963-64, triggered by a coal miner's strike and sustained by a growing need for fuel. Since imports of petroleum and its products have expanded much faster than coal, by 1964 they formed 70 per cent of the total energy category. Despite the doubling of their value, energy materials represented a smaller share of total French imports in 1964 (15 per cent) than in 1953 (19 per cent).

On the other hand, imports of inedible end products and fabricated materials have increased much more than imports of other groups. This is a new feature for France and already it has altered the shape of French trade. These two sectors have risen from a quarter of all imports to over a half. The beginning coincided with the creation of EEC and benefited from the lowering of trade barriers and the upsurge of demand which followed the 1957-59 period of economic reorientation. At a deeper level other causes are found for the more rapid growth of imports of manufactured goods, among which are: the income elasticity of demand for non-food consumer goods has proven much higher than that for food; the larger investment in the modernization and expansion of French industry induced larger purchases of capital equipment; the tendency of foreign primary producers to process further at home has narrowed the share of world trade in materials which takes place in crude form; the smaller need for crude materials in relation to the rising value of output; finally, weak and unstable price trends have eroded the value position of basic agricultural commodities vis-a-vis imports of manufactured goods.

Imports of inedible fabricated materials registered a five-fold increase, from $.5 billion in 1953 to $2.5 billion in 1964. The expansion affected virtually all items, and was also spread evenly over time, increasing every year, if allowance is made for the effects of the devaluations in 1957 and 1958. The sharpest increases took place from 1953 to 1956 and then again in 1960 and in 1964. In the latter year, imports of fabricated materials were two and a half times the value of 1959. Some multiplied very fast -- yarn and fabrics five times, fertilizers and paper four times, and metal semi-fabrications by three and a half times. Most others more than doubled, including such large items as steel ($575 million in 1964) base metals ($407 million) and chemicals ($269 million). In 1964 alone, fabricated materials moved up by $466 million, the largest annual increase for any group of French imports ever attained. In view of the well-above-average rate of growth, fabricated materials have come to comprise a much larger share of French imports; rising from one eighth of total in 1953 to just over a quarter in 1964.

Moreover, imports of inedible end products also increased five-fold to 1964, and along with fabricated materials is now the largest commodity group of French imports. The increase from $.5 billion in 1953 to $2.5 billion in 1964 became particularly steep after 1959, when French demand at all levels swelled well beyond the limits of internal production capacity. The increase extended to most sectors of the heterogeneous group of end products, which includes both capital goods and consumer goods, durable as well as non-durable. In many cases, this was also a manifestation of new techniques, tastes and preferences. Imports of machinery of all types rose from only \$547 million in 1959 to \$1.5 billion by 1964, when they formed 59 per cent of the end products group. Electrical equipment more than quadrupled while other machinery increased two and a half times. Imports of transport equipment also increased very fast, multiplying nearly five times in value from 1959 to 1964, when they amounted to \$441 million. Some lines of consumers goods, in which France had long been regarded as a formidable competitor and exporter, registered an even more impressive rate of expansion. In the case of clothing and footwear, French imports went up from a modest \$15 million in 1959 to \$116 million in 1964.

✓ As a result of these very rapid advances, inedible end products, which in 1953 accounted for only an eighth of total imports and remained the smallest group until 1959, was in 1964 slightly above fabricated materials and much larger than any other group, accounting for more than a quarter of the total.

<u>Changing Sources of Imports</u>

✓ The geographic pattern of French imports has undergone notable changes since 1953 in response to changes in the make-up of French demand. Changes in the international environment, such as the relative competitive position of external suppliers, and the new international orientation of France, were additional powerful forces shaping the pattern of import flows. These broad factors, have acted in such a way that France now buys much more of her increasing imports from European and other industrial countries and proportionally less from the developing regions.

In common with developments in other EEC countries, French imports originating within the community have increased more rapidly than from any other region.

Imports from the EEC partners in 1964 were valued at $3,764 million, almost six times as much as in 1953 ($630 million). Consequently, in 1964, imports from other EEC countries constituted 37.6 per cent of total whereas in 1953, they were 15 per cent. In consideration of the strong French demand for inedible fabricated materials and end products, and the increasing ability of EEC partners to supply many of these goods, the widening of this flow is quite understandable. In 1964, French purchases of these two groups from other EEC countries amounted to $2.9 billion and represented over 77 per cent of imports from that source. Apart from demand-supply relationships it is worth observing that the most rapid surge of imports from EEC partners began in 1959 and gained speed in subsequent years. It followed, therefore, the actual launching of the EEC and coincided with a strong and long-lasting economic upswing. Improved terms of access and moves towards economic integration, although gradual, certainly facilitated and benefited trade within the EEC.

Imports from EFTA countries, including Finland, have had a trend quite similar to that of imports from EEC. In 1964 their value, $1,245 million, was three times as high as in 1953, although most of the increase took place after 1960 with a doubling in value. Moreover their share of the French market rose slightly to one eighth in 1964. This indicates, along with trends of imports from other advanced countries, that the expansion of French imports was not simply the result of larger intra-EEC trade. To some extent it may even detract from doctrines placing much emphasis on the benefits for participants in preferential tariff systems. Machinery and transport equipment are the main components of imports from EFTA being valued at $410 million in 1964, over 34 per cent of the total. If fabricated materials and other end products are added, the value rises to $907 million for 1964, nearly three quarters of purchases from EFTA. Particularly rapid after 1960 was the expansion of imports from Britain which, as a traditional supplier of manufactured goods, drew considerable advantage from the development of the French market. British imports in 1964 amounted to $544 million, 2.4 times as large as in 1960, and formed 44 per cent of total imports from EFTA in 1964, compared to only 38 per cent four years earlier.

Other West European countries have maintained their small share of the French market. The $183 million total in 1964 was made up largely of fruits, textile fibres and minerals, with Spain the major supplier.

Imports from Russia and Eastern Europe, which are regulated on a bilateral basis, have expanded quite substantially in recent years but still occupy a small place - 2.8 per cent - in the French market. They amounted to $165 million in 1960 and $278 million in 1964, comprising mostly coal, petroleum, pulpwood and lumber.

Meanwhile imports from the United States rose very rapidly up to 1957, when they totalled $818 million. With a 13.4 per cent share of the market, the United States was then France's principal single supplier. Although not able to regain the high relative position reached in 1957, the United States still held a solid 11.3 per cent share in the French import market in 1964. Capital goods and chemicals are the strongest categories supplying nearly a quarter of the French import market. Imports from the United States in 1960 recovered materially from the effects of devaluation and rose sharply again in 1963 and 1964, reaching a level nearly 40 per cent higher than that of 1957.

However, one sector of the French market, the fast growing demand for consumer goods, was not reflected significantly in imports from the United States. For example, while the United States supplied four fifths of French imports of aircraft in 1964 and a third of all imports of power generating equipment, for motor vehicles, on the other hand, the American share was only 6.4 per cent. Similarly, imports from the United States of scientific and medical apparatus represented in 1964 almost 29 per cent of total French imports, but the American share of the market for furniture, clothing, footwear and many other consumer goods was minimal. With regard to the limited success of American consumer goods in France, it should be remembered that a great variety of American-type goods is now manufactured in Europe by subsidiaries of United States companies or under licenses.

- France -

Although purchases from Japan tripled over the decade they remain minimal at $48 million. Severe restrictions have limited imports to a small volume of textile materials, machinery and miscellaneous manufacturers. On the other hand, Australia, New Zealand and South Africa have been traditional suppliers of wool and hides to French industry. Their value has changed little in recent years, and in 1964 at $309 million was only 3 per cent of all French imports compared to nearly 7 per cent in 1953.

In contrast to the trend in other industrial countries, French imports from the Middle East oil producing countries have expanded much less than French consumption of petroleum. At a value of $434 million in 1953 they accounted for 11 per cent of French imports while in 1964, their contribution of $548 million was only 5.4 per cent of the larger total. Obviously, the discovery and development of oil in the Sahara and the maintenance of access through the Evian agreements negotiated with Algeria during the French disengagement, have had their effect on purchases of oil elsewhere.

Imports from the Franc Area and from other developing countries have shown distinctly less growth than imports from the industrial countries of Europe and North America. These developing areas which supplied over 40 per cent of French imports in 1953 now provide less than a quarter. Their exports continue to be principally the simply processed foods and crude industrial materials developed in the colonial era. With few exceptions, these have been adversely affected by the drastic reorientation of French trade, the relatively slow rise in demand for primary products and the related sluggishness in commodity prices.

The Franc Area which alone used to supply more than one-quarter of French imports, has lost ground steadily during the formation of the EEC and the realignment of French trade flows. Even with preferential terms of access these countries have barely recovered the level reached in 1958. Consequently they now supply only a sixth of French purchases and, although the breakup of the colonial empire has eased France's reorganization of trade, the former colonies have not yet been able to develop new export products or new markets of any significance. A possible exception is the rapid rise in crude oil shipments from the Sahara, in contrast to the stability of the traditional exports of the Mahgreb (Algeria, Morocco, Tunisia), that is wine, citrus fruits and vegetables, phosphates and other minerals. Meanwhile French imports from Black Africa and the overseas islands - mostly tropical beverages, fruits, sugar, vegetable oils, and hardwood - have stagnated.

Similar trends in French imports from other developing countries can be observed. The flow which is erratic from year to year, has increased basically very little over the decade, and the share of the French market has dropped from about 15 to 8 per cent in 1964. Nearly half comes from Latin America and encompasses foods, beverages, cotton, wool, petroleum and metal materials. In the remainder, rubber, tin and jute from Southeast Asia are prominent.

Canada's Share in Imports

France and Canada rank among the leading trading nations of the world yet trade between them has always been rather small. In 1964 France ranked tenth among the markets for Canadian exports and Canada was eighteenth in the list of buyers from France. In every year since 1953 with the exception of 1959, Canada has had an appreciable trade surplus vis-a-vis France. By comparison Canadian sales to Benelux and Germany are much larger in value and in share of the markets.

Nevertheless French imports from Canada registered a better than three fold increase, rising from $35 million in 1953 to $110 million in 1964. Moreover, Canadian exports to France appear to have risen moderately again in 1965. In relation to the growing French import market, purchases from Canada have fluctuated between one, and one and a half per cent of total imports. On the whole, while Canadian products have just kept pace with the growth in imports from all countries, they have done better than imports from non-EEC countries.

More than nine-tenths of imports from Canada are concentrated in three sectors: foodstuffs ($21 million in 1964), crude materials ($54 million), and fabricated materials ($25 million). Even here the Canadian share of the market has averaged under 3 per cent. With the first two sectors showing little growth in overall French imports, Canada has maintained its relative position. But fabricated materials, which have shown a very healthy growth generally in French imports, have been a diminishing part of imports from Canada. Consequently, Canada's share of the total has dropped drastically from 2.3 per cent in 1959-61 to less than 1 per cent in 1962-64.

Canada's major food items are durum wheat and salmon, while forest products, flaxseed, synthetic rubber and asbestos highlight sales of crude materials. Copper, nickel and aluminum are sizeable among fabricated materials. In the case of chemicals, imports from Canada have at times attained a significant level - in 1960 reaching $11.7 million equal to 3.9 per cent of French imports of chemicals, but dropping sharply in 1962.

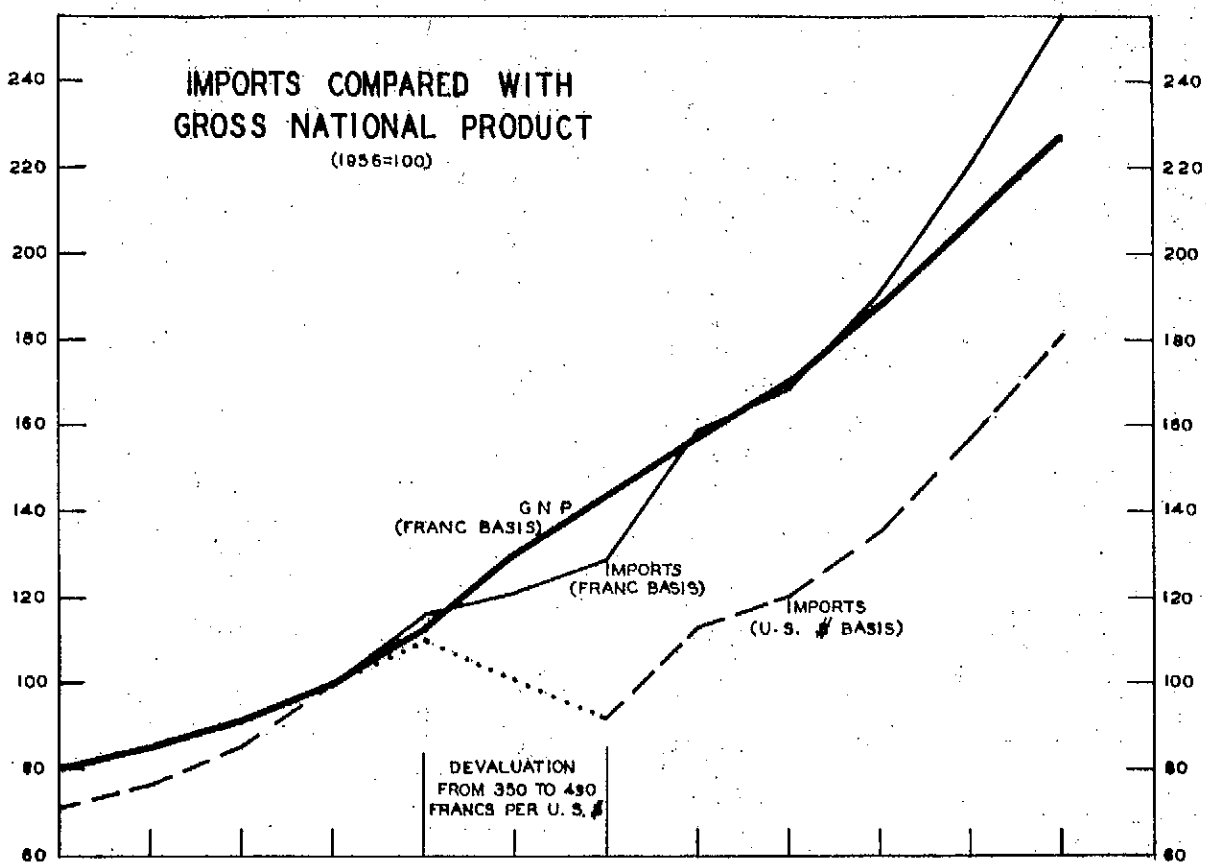
However, imports from Canada of machinery and transport equipment, especially aircraft and related equipment, and office machinery, have been steadily mounting in value for several years ($0.7 million in 1959, $5.4 million in 1961, and $9 million in 1964) and their relative importance has strengthened, though it remains small.

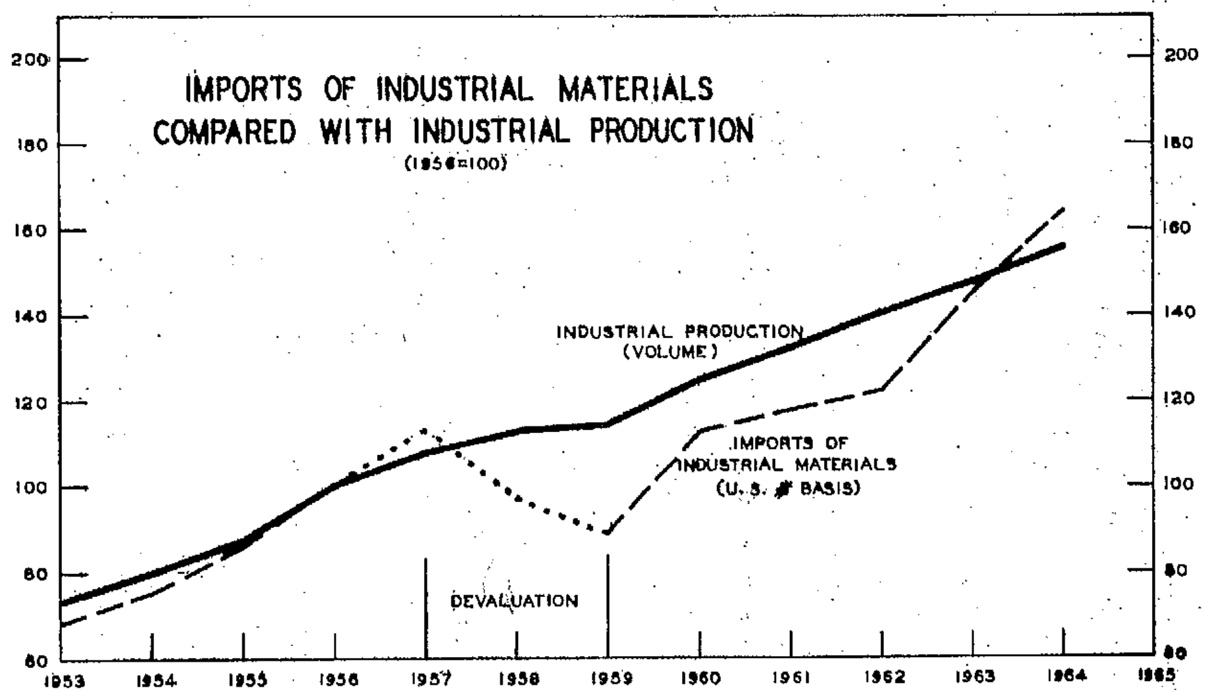
IMPORTS OF FRANCE - SUMMARY 1953-64

	Value-Million US Dollars				Change-Percent			Share-Percent	
Commodity Group	1953	1956	1960	1964	1953-6	1956-60	1960-4	1953	1964
Food & Beverages	1058	1365	1261	1782	29	- 8	41	26.9	17.7
Crude Materials	1127	1473	1427	1655	31	- 3	16	28.6	16.4
Energy Materials	751	997	1069	1524	33	7	43	19.1	15.1
Fabricated Materials	506	1018	1440	2550	101	41	77	12.8	25.3
All Materials	2384	3488	3936	5729	46	13	46	60.5	56.9
End Products	496	700	1082	2556	41	55	136	12.6	25.4
ALL IMPORTS	3938	5555	6280	10068	41	13	60	100.0	100.0
Country or Region									
Canada	35	69	91	110	97	32	21	.9	1.1
United States	385	682	745	1136	77	9	52	9.8	11.3
EEC	630	1172	1848	3764	86	58	104	16.0	37.4
Germany	314	569	990	1846	81	74	86	8.0	18.3
Benelux	251	461	606	1283	84	31	112	6.4	12.7
FinEFTA	428	651	611	1245	52	- 6	104	10.9	12.4
Britain	162	231	230	544	43	-	137	4.1	5.4
East & Other Europe	125	211	261	462	69	24	77	3.2	4.6
Middle East Oil Cties	434	540	436	548	24	- 19	26	11.0	5.4
Franc Area	1018	1271	1340	1637	25	5	22	25.9	16.3
Algeria, Mor. Tun.	534	688	779	910	29	13	17	13.6	9.0
Overseas Sterling	442	476	454	521	8	- 5	15	11.2	5.2
Other Developing Cties	426	474	479	599	11	1	25	10.8	5.9
Japan	15	12	16	48	- 20	33	200	.4	.5

FRANCE A

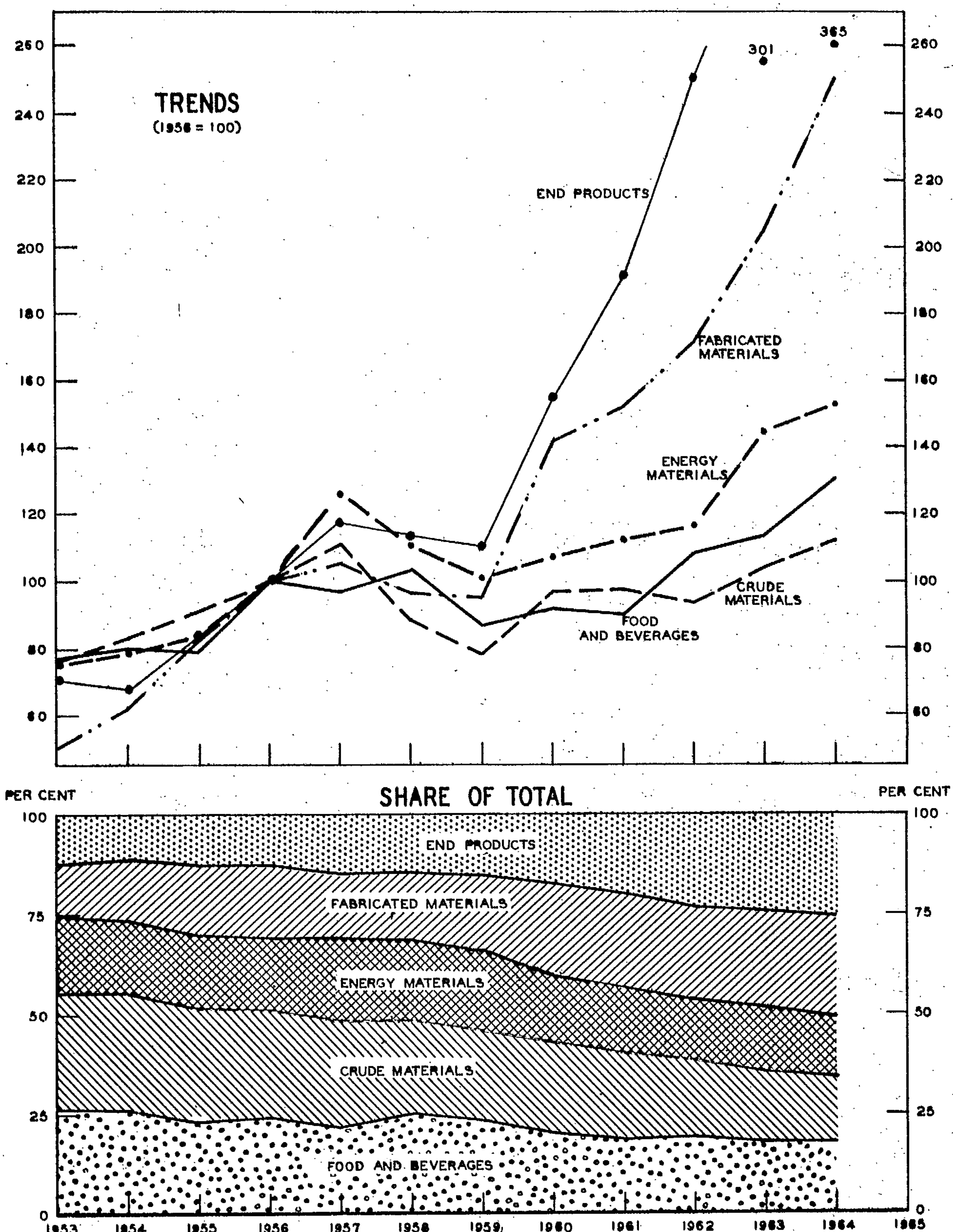
IMPORTS OF FRANCE COMPARED WITH PRODUCTION 1953-1966





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF FRANCE BY COMMODITY GROUPS 1953-1965



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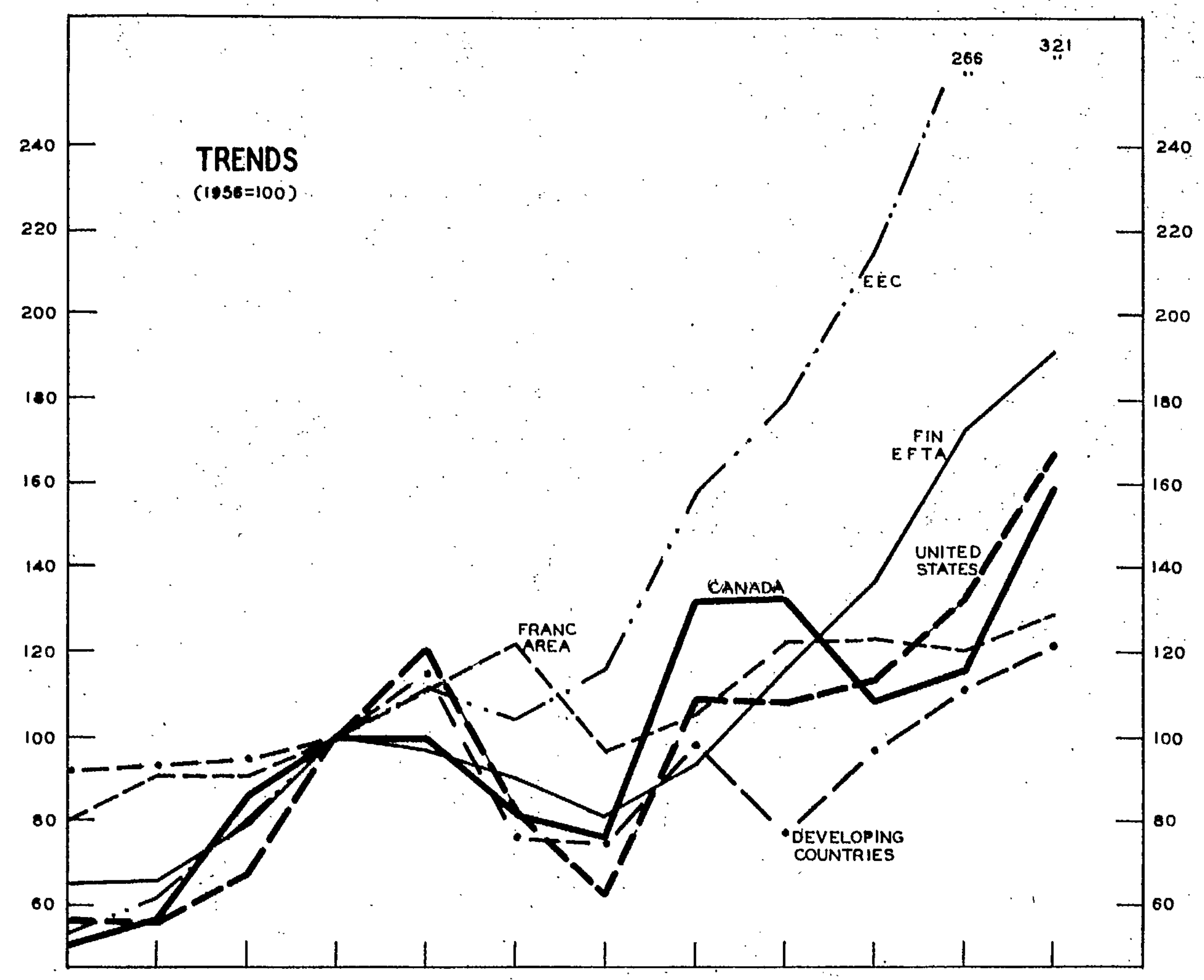
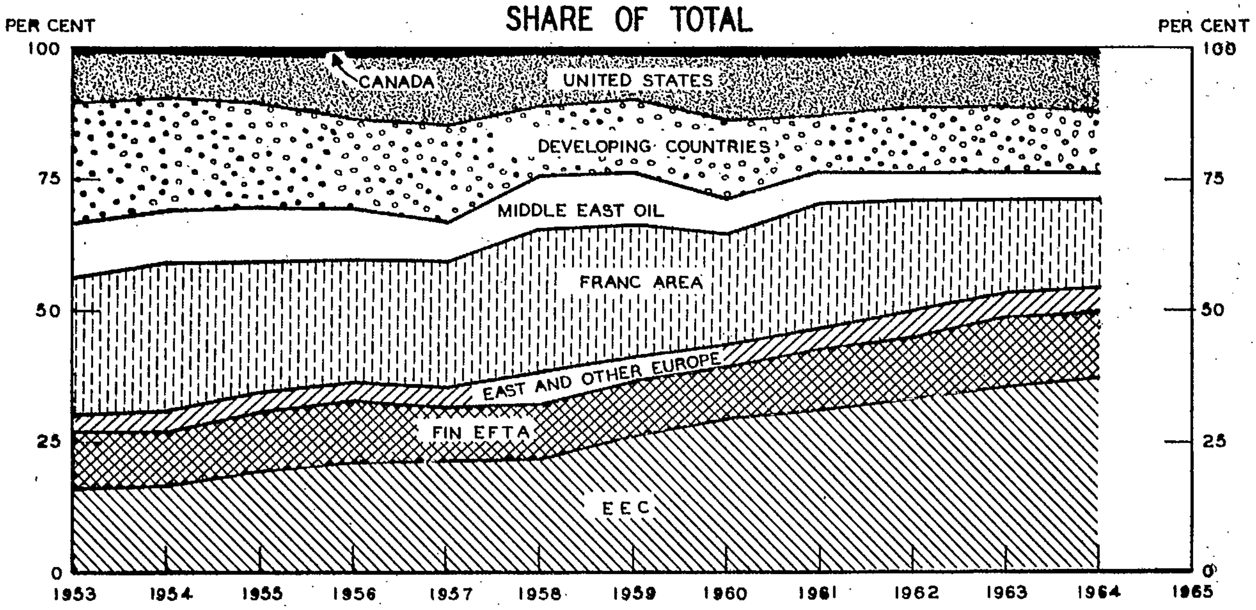
IMPORTS OF FRANCE BY MAJOR SOURCES 1953-1965

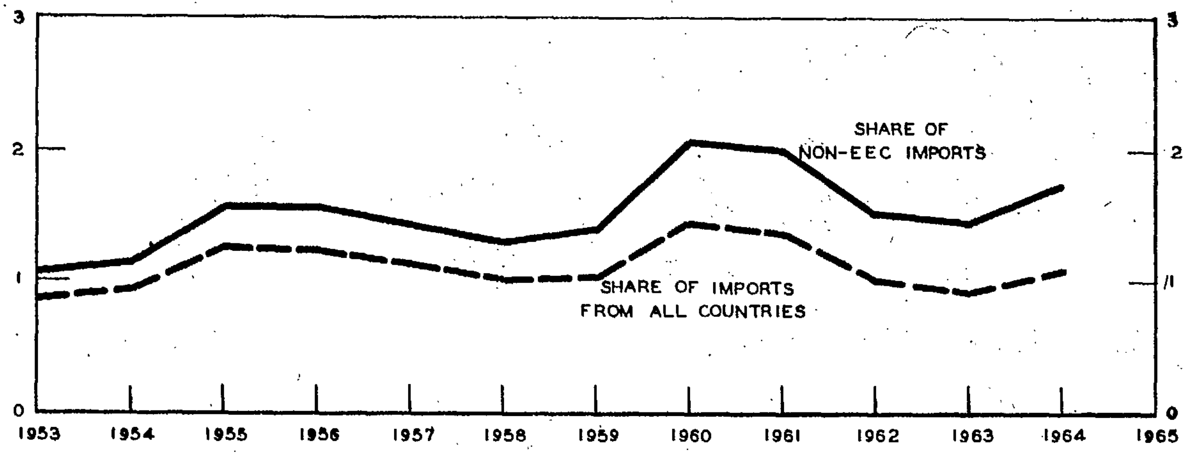


SHARE OF TOTAL

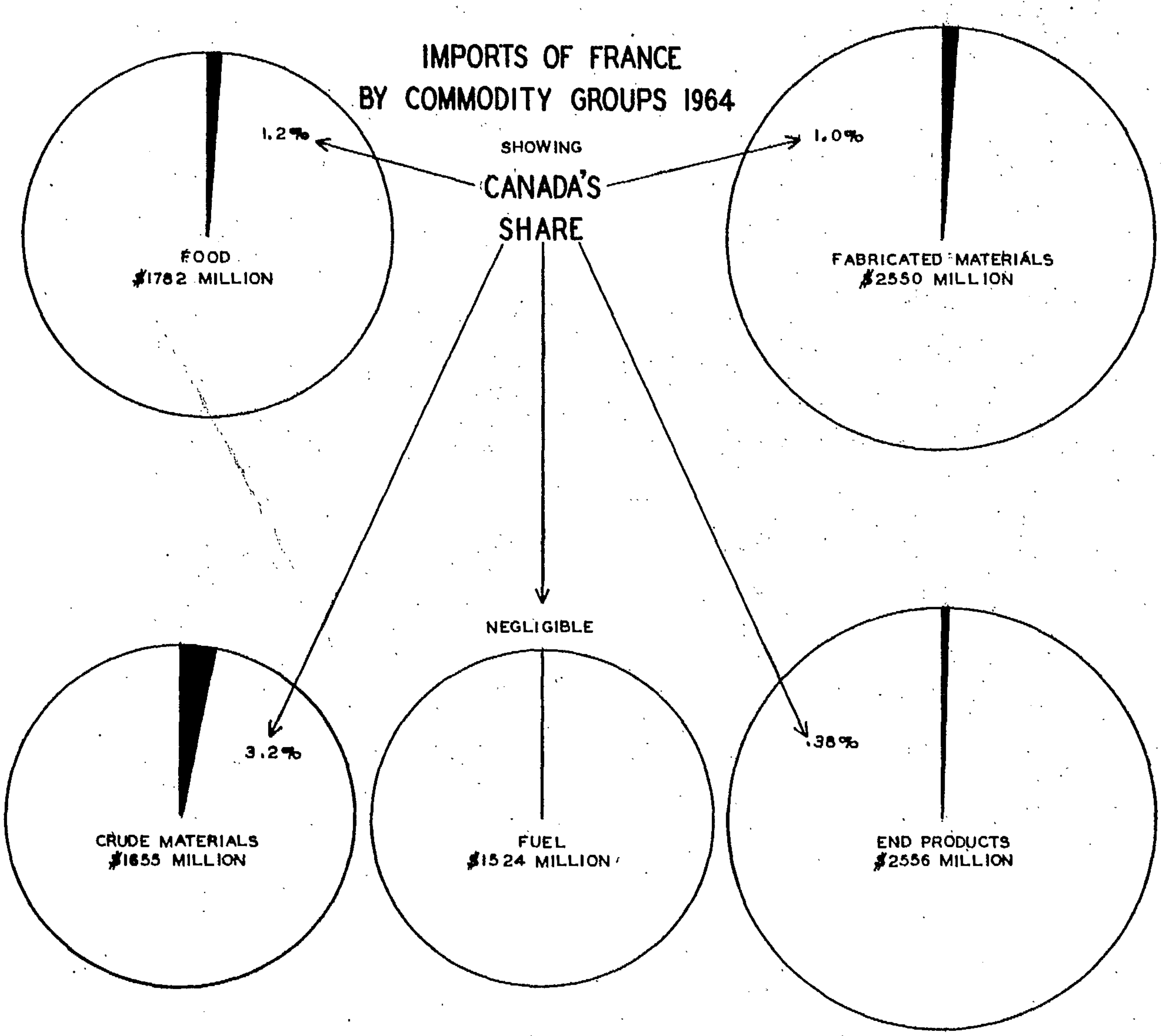


ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

CANADA'S SHARE OF IMPORTS OF FRANCE 1953-1965



IMPORTS OF FRANCE BY COMMODITY GROUPS 1964



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF

<u>I T A L Y</u>

1953-1964

Contents

Ottawa
February 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF ITALY, 1953 - 1964

Economic Developments

"Italy... is in the final stage of transformation from an agricultural and pre-capitalistic economy to an industrial one." These words, spoken by the Italian Minister of Industry in June 1964, not only depict the basic situation of the Italian economy but also draw attention to the fundamental problem Italy has had to contend with for a long time, and which now appears to have been overcome.

✓ Italy is poor in natural resources, with a large population and a scarcity of capital. At the beginning of the century agriculture was predominant in the economy, engaging nearly 60 per cent of the active population (including small numbers in forestry and fishing), and providing about half of the net product of the private sector. The vast majority of holdings were too small to allow a significant accumulation of capital. The lack of alternative employment, only in part alleviated by emigration, entailed a manpower surplus. The widespread unemployment and under-employment, in addition to the low levels of productivity in many sectors of the economy, restrained incomes and purchasing power.

✓ The savings-investment limitations to economic growth were gradually surmounted through the combined action of an economic elite and the Government. Although in a very uneven regional distribution and shielded by a strongly protective wall, manufacturing developed well in Italy and eventually altered the structure of the economy and the face of Italian society. By 1963 agriculture's share of the active population had fallen to nearly a quarter and the share in the net product of the private sector had been reduced to 18.4 per cent. In the same year manufacturing and construction provided employment for 39 per cent of the total and generated nearly half of the private sector's products. The remaining one third of the active population was engaged in services and public administration, with the former contributing about 30 per cent to the private sector's product.

- Italy -

In the post-war period the Italian economic system developed at a particularly high rate. Gross National Products at current value, rose from $18.9 billion * in 1953 to $49.5 billion in 1964. The rapid economic expansion was accompanied, and to some degree spurred, by the progressive lowering of trade barriers, which opened the economy to external influences.

Italy succeeded in combining economic development with a strengthening of its balance of payments position. First, technical advances tended to reduce the importance of basic materials, in which Italy is poorly endowed, and to increase that of manpower, which was in strong supply. Secondly, invisible items, in particular tourism and capital movements, have produced large favourable balances. The level of reserves attained by Italy ($4.1 billion in mid-1965) was adequate to avoid payments crises, to which a country with a rapidly growing economy and heavy dependence on foreign trade seems to be inevitably exposed.

However the rapid economic expansion of recent years, based on unprecedented growth in investment and consumption had by 1963, brought a danger of inflation, as well as soaring imports. Political and speculative motivations added to the difficulty of the situation. The credit restraint measures introduced in 1964 although severely curbing the growth of the economy, checked excess demand and rising prices, staunched the outflow of capital, and swung the current trade account into a surplus. The decline in imports was achieved with the benefit of a good crop, while the appreciable increase in exports was made possible by greater diversification of production and strong demand in many foreign countries.

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* All values in United States dollars

General Import Relationships

The notable economic progress of the last dozen years was accompanied by a massive expansion of merchandise imports. The great weight attained by imports in the Italian economy is plainly shown by their high ratio to national income. In 1961-64 imports corresponded to 20 per cent of national income - appreciably higher than in any other large European country and much larger than in the United States. In Italy merchandise imports more than trebled from 1953 to 1963 (from $2.4 billion to $7.6 billion). This increase, especially since 1960, was much faster than in any other economic aggregate. Of course in 1964 imports declined 4.5 per cent and were smaller in relation to Italian output, but a substantial recovery took place during 1965.

It is customary for Italian merchandise imports to be much larger than exports, and to be balanced by remittances from abroad, the earnings from tourism, and other invisible transactions. The commodity deficit in earlier years was primarily related to variations in crops and in commodity prices, but in more recent times several new factors have had a bearing. In the first place the growth of imports has greatly accelerated. Therefore, despite the continuing increase in exports, the commodity deficit widened impressively, amounting in the five years 1960-1964 to about $7.5 billion, three quarters more than for the preceding five years. In 1963 the deficit climbed to $2.5 billion and posed a serious threat to the value of the lira; thereupon, the Government took corrective measures. The expansion of imports was in large part dictated by the structure of the Italian economic system, which depends heavily on external supplies of materials. In addition, imports were stimulated by the rising and diversifying demand from affluent consumers and an expanding secondary industry.

Commodity Import Trends

As in the case of most other industrialized countries of the Western World imports of end products have been moving ahead in Italy at a much faster pace than other categories of imports. This phenomenon, however, is of more recent origin in Italy where in effect it started with the formation of the Common Market. Restrictions and limited effective demand were the main reasons for delay. Imports of fabricated materials also benefited from the new economic and trade environment, though from 1960 to 1963 the import demand for this group did not rise as rapidly as for food and finished manufactures, which are more directly affected by the swelling of consumer spending.

√ However the vulnerability of end products and fabricated materials to industrial trends was illustrated by the drop of more than one tenth in 1964. Nevertheless, imports of end products and fabricated materials came to represent a larger share of total imports.

Imports of energy products and crude materials increased appreciably over the dozen years, but since 1959-60 their expansion has been much slower than the other groups. On account of Italy's dependence on external suppliers, the restrictions imposed in 1964 had little effect on imports of energy materials, and the moderate decline in the purchase abroad of crude materials was made possible by a depletion of stocks.

Imports of energy materials declined as a component of total imports, from 19 per cent in 1953 to 14 per cent in 1964. Recourse to foreign sources especially for petroleum, continued to rise, but the increase was curbed by the exploitation of new domestic sources of hydro-electric power, natural gas and, to a small degree, crude oil. In terms of value, moreover, purchases made at lower prices tended to deflate the increase.

√ The share of crude materials in total imports has been declining since 1958, although Italy still depends heavily on external supply to feed her manufacturing industry. This sector contributed 29 per cent of imports in 1958, as in 1953; by 1964, however, it had declined to 20 per cent. Several factors account for this trend, among which are lower commodity prices, technological savings in the utilization of materials, adoption of synthetic products increasing demand for fabricated rather than crude materials, and widespread use by Italian steel mills of scrap metal.

Imports of foodstuffs represented from 1953 to 1964, a strongly positive element in the overall growth of Italian imports, contrary to the experience of most other countries of the Western World. This indicates the stage of development reached by the Italian economy. It is related on the one side to changes in the dietary pattern and an actual increase in the per capita consumption of food, and on the other side to a stagnant trend of agricultural output. There are drastic structural changes at the farm level being brought about by industrialization, mechanization and the gradual implementation of the EEC agricultural policy. Since 1954 imports of foodstuffs have risen incessantly and since 1959 the rate of increase has shown a marked acceleration. Even in 1964, despite the general fall of imports, procurements abroad of foodstuffs increased appreciably. Poor grain crops and a short supply of meat combined with the larger and more varied demand for food to produce a further expansion of imports. As a share of total imports, foodstuffs have remained at a fairly steady 18 to 19 per cent over the twelve years, despite year-to-year crop fluctuations.

Changing Sources of Imports

Changes in the commodity pattern of Italy's imports were, of course, reflected in changes in the geographic pattern of trade. As it happened to all EEC countries, imports originating in Common Market partners increased much more than those from outside. This was the anticipated result of the lowering of barriers to intra-Community trade as well as the reflection of the larger industrial output of EEC partners and of the stronger import demand in Italy for capital goods, steel and chemicals. By 1963 imports from other EEC countries had grown to more than three and half times their value in 1958. Germany has been, since 1959, the leading foreign supplier, while France in third place, has trailed the United States by an ever narrowing margin. Purchases from France by 1963 were nearly five times the value of 1958.

Despite this remarkable increase, imports from the EEC form a smaller share of imports into Italy than in the rest of the Common Market (31.6 comparable to 39.6 per cent average for 1961-1964). In this regard two considerations come to mind. The first is that historically Italian imports from the Community were quite small; for instance as recently as 1957 Italy imported 26 per cent more from the Western Hemisphere than from EEC partners. Secondly, the need for large imports of foodstuffs, and crude and energy materials has kept the Italian market oriented towards outside suppliers. In 1964 imports from EEC countries were down 5 per cent from 1963; a drop similar to those suffered by other major industrial suppliers.

Imports from EFTA countries also staged a strong expansion particularly during the period from 1959 to 1963. Britain after several years of erratic performance, strengthened its position as fourth largest supplier to Italy, with increased sales of capital equipment and fabricated materials. Imports from Scandinavia have grown more steadily and have doubled since 1958. Pulp and paper from Sweden and Finland, and Danish meat continue to be the leading sales to Italy.

Neighbouring Switzerland and Austria are well-established major suppliers which have seen only a moderate increase in exports to Italy in recent years. The diverse Swiss flow of machinery, chemicals etc., has grown more than sales of Austrian lumber, cattle and steel.

Despite the steady Scandinavian performance, overall purchases from EFTA did not expand as fast as the total. Their share therefore diminished from a fifth in 1953 to a seventh in 1964.

Imports from other Western European countries are small and erratic, although generally increasing. Principal items are olive oil from Spain and cotton from Turkey.

A noteworthy aspect of the geographic spread of Italian imports since 1953 is the amazingly fast growth of purchases from Russia and Eastern Europe. Most of these countries had old commercial ties with Italy, as purveyors of foodstuffs and crude materials. The war and the political split caused by the communist takeover of Eastern Europe severed the old trade relations for a while. The reduced tension in more recent years has permitted the revival of the old ties, which were based largely on natural complementarity. Consequently, imports of coal, crude oil and steel from Russia, lumber from Rumania, Yugoslavia and Russia, and lately, cattle and meat from Yugoslavia, Hungary and Poland have increased very quickly. While in 1953-1955 imports from Eastern Europe averaged only 2.3 per cent of Italian imports, in 1961-1964 they formed 5.5 per cent.

Imports from the United States have fluctuated more widely than imports from the other major sources. They were at a peak in the early 1950's largely as a result of concessional sales aiming at the economic rehabilitation of Italy. By 1954 imports from the United States touched their post-war low, owing mainly to the dollar shortage, resulting from the heavy trade deficit Italy was running vis-a-vis the United States. By 1957 imports from the United States had almost regained the size of 1950-1952, in part the effect of large military procurements. Again, American shipments fell sharply in 1958 and 1959 when economic conditions deteriorated, although in 1958 they were still larger than those from any other country. But since 1959 Germany has been the principal single source of Italian imports with the exception of 1961. In 1960 imports from the United States started to rise again at the same quick pace as the total of Italian imports, but they did not succeed in improving their position. They represented 13.4 per cent of Italian imports in 1953, 18.6 per cent in 1957 and 13.5 per cent in 1964. Machinery, chemicals coal and other materials are the leading items but the small interest of Italian consumers in American products is an important limiting factor.

In common with most other European countries, Italian imports from Japan have increased sharply but remained in 1964 at less than 1 per cent of the total. This reflected in part the similarity of products but in greater measure, the existence of protective rules and practices.

Imports from the Middle East oil countries are about one tenth of total purchases. However the strong upsurge in petroleum intake has not always been reflected in this region as Italy arranged special barters with Russia. In fact Middle East purchases in 1960 were no higher than pre-Suez, but have more than doubled since then. Russia now supplies only a tenth of oil imports.

Imports from other countries most of them developing, have shown a definite upward trend, but the rise was less pronounced than that of industrial regions, leading to a dwindling percentage of the total. As already noted, trade in raw materials expanded less rapidly than in manufactured goods; moreover, price trends especially of agricultural commodities, have curbed gains in the value of Italian imports. Nevertheless, because of the scarcity of natural resources in Italy, imports from these developing countries, valued at $1.4 billion in 1964, still constitute nearly one fifth of total Italian imports, compared with over a quarter in 1953.

Purchases from overseas Sterling Area (excluding the oil countries) have shown the least buoyancy, changing little from the 1960 level. Values from Australia, New Zealand and South Africa reflect fluctuations in the price of wool which is by far the major item, supplemented by hides. The $240 million is only a third above 1953 but nearly double the 1959 low.

Meanwhile the $575 million in 1964 from all developing countries in Asia and Africa (excluding Middle East oil) was double the 1953 level, but barely higher than in 1960. This included rubber and tin from Malaysia and Thailand;

cocoa, coffee, iron ore, tropical wood and oil seeds from West Africa; cotton from the Nile Valley, copper from Central Africa, other minerals from the Mahgreb, silk and kidskins from China, and jute from Pakistan.

Meanwhile imports from Latin America have developed in recent years faster than imports from any other primary producing area. Stimulated by a strong demand for corn, meat, sugar, coffee, cotton, wool and metals, imports increased two and a half times from 1958 to 1964, and now represent almost 40 per cent of imports from these primary producing countries. Argentina alone supplies half, some $267 million, four times Canada's sales to Italy in 1964.

Canada's share in imports

Italian imports from Canada have expanded quite materially; their $75 million average for 1962-64 was almost three times as large as 1953-1955. From the Canadian point of view Italy has become one of the important markets in Western Europe; ranking third in 1963 and fifth in 1964-5. In relation to the overall Italian imports, purchases from Canada have remained rather small. They reached a peak in 1957, constituting 1.7 per cent of imports from all countries and 2.1 per cent from non-EEC countries. The latter ratio was once again attained in 1961, but by then imports from Canada represented only 1.5 per cent of the total. In dollar terms purchases from Canada reached a level in 1963, when they amounted to $85 million. In 1964 imports from Canada were down by a fifth on account mostly of smaller need for imported wheat and the general effects of the economic pause. However in 1965 purchases from Canada rebounded beyond the previous high in 1963.

Imports from Canada have been traditionally volatile, consisting predominantly of wheat and metals. But since 1960 wheat has formed a rapidly diminishing share and the well-sustained overall trend resulted entirely from larger purchases of other commodities. In 1960 wheat constituted one quarter of purchases from Canada but in 1964 only a tenth. Meanwhile other agricultural products, such as cattle, oil seeds dairy products, and some types of processed food, are being imported from Canada in growing quantities. On the whole therefore the agricultural sector remains important.

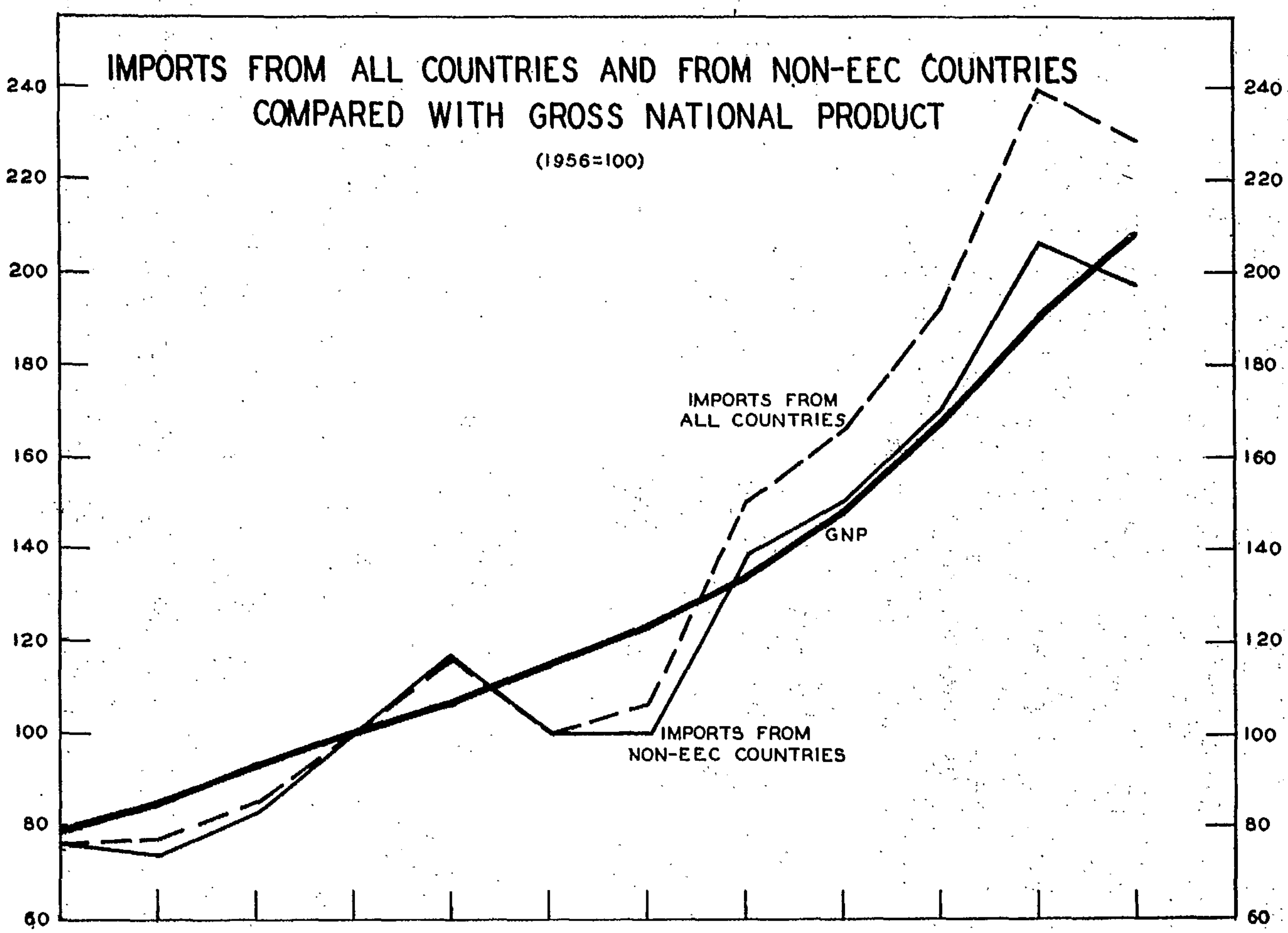
It is already visible, however, that the long-term growth factors are to be found in other sectors. In 1964 for the first time woodpulp headed the list of imports from Canada. Shipments of pulp, pulpwood, lumber and paperboard from Canada will continue to rise and form a major share of Italy's purchases. Iron, aluminum, nickel, copper, lead and zinc in ore, metal or scrap, and also asbestos, sulphur and synthetic rubber are staple components of imports from Canada, although over the years they have not shown as much growth. Imports of inedible end products from Canada are still minimal but some encouraging signs can be detected. The range is widening and forming a larger share of purchases. Several items, among which are office machines, navigation instruments, telecommunication apparatus and aircraft equipment are growing in importance.

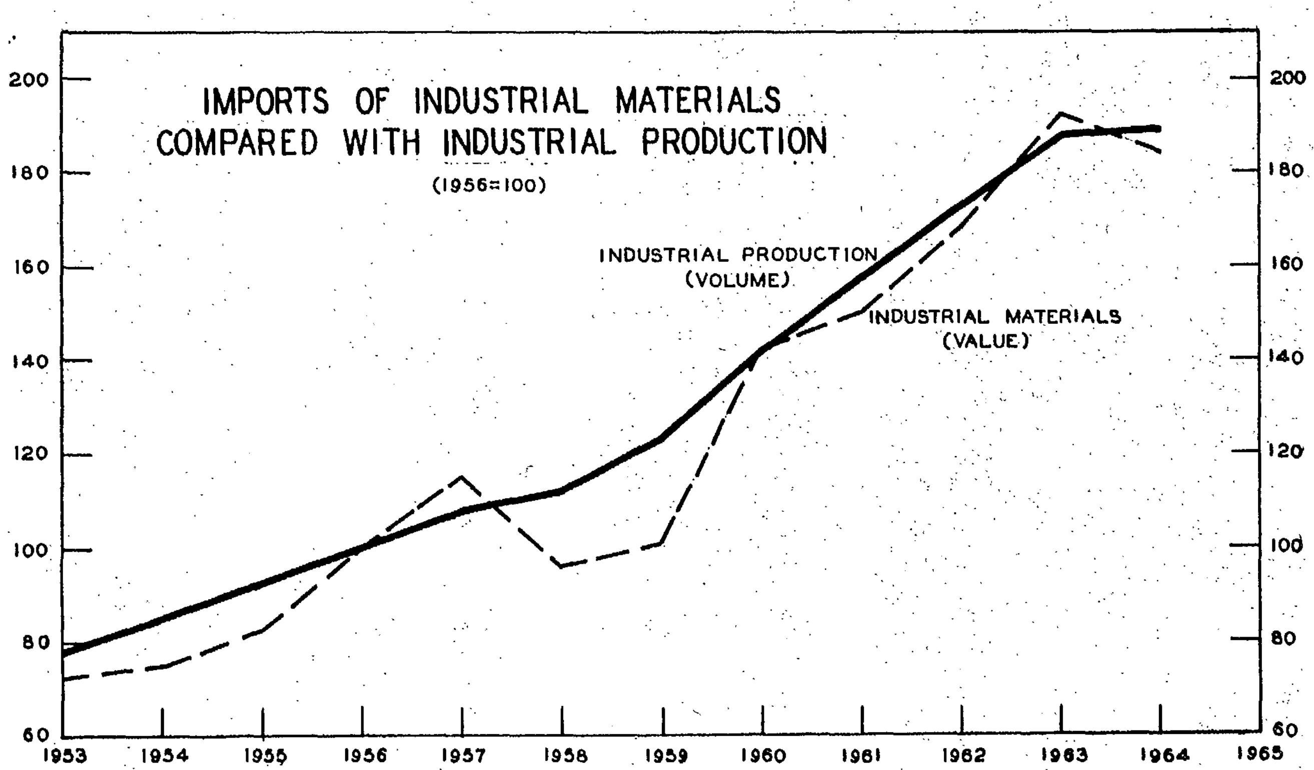
In summary as industrial materials, processed foods and other end products become more significant, and as wheat lessens in importance, the wide fluctuations in Italian imports from Canada will probably be reduced, and Canadian exports will be better attuned to the new pattern of Italian import demand.

IMPORTS OF ITALY - SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change-Percent 1953-6	1956-60	1960-4	Share-Percent 1953	1964
Food & Beverages	424	476	748	1355	12	57	81	17.5	18.7
Crude Materials	705	943	1306	1486	34	14	14	29.1	20.6
Energy Materials	456	625	666	1018	37	7	15	18.8	14.1
Fabricated Materials	474	714	1262	1703	51	77	35	19.6	23.6
All Materials	1635	2282	3234	4207	140	42	30	67.6	58.2
End Products	361	412	759	1669	14	84	120	14.9	23.1
ALL IMPORTS	2420	3169	4741	7231	31	50	53	100.0	100.0
Country or Region									
Canada	35	39	65	68	11	67	5	1.4	.9
United States	325	521	672	981	60	29	46	13.4	13.6
EEC	532	699	1317	2367	31	88	80	22.0	32.7
France	126	165	400	715	31	142	79	5.2	9.9
Benelux	119	137	242	473	15	77	95	4.9	6.5
Germany	287	396	674	1180	38	70	75	11.9	16.3
FinEFTA	480	562	799	1076	17	42	35	19.8	14.9
Britain	187	172	251	396	92	46	58	7.7	5.5
Scandinavia	94	144	216	311	53	50	44	3.9	4.3
Switz.Austr.Portug.	199	247	332	370	24	34	11	8.2	5.1
East & Other Europe	157	206	491	641	31	138	31	6.5	8.9
Middle East Oil Cties	259	379	321	678	46	-15	111	10.7	9.4
Overseas Sterling	298	345	429	465	16	24	8	12.3	6.4
Japan	7	9	34	68	29	278	100	.3	.9
Other Asia Africa	164	203	324	352	24	60	9	6.8	4.9
Latin America	164	209	295	544	27	41	84	6.8	7.5

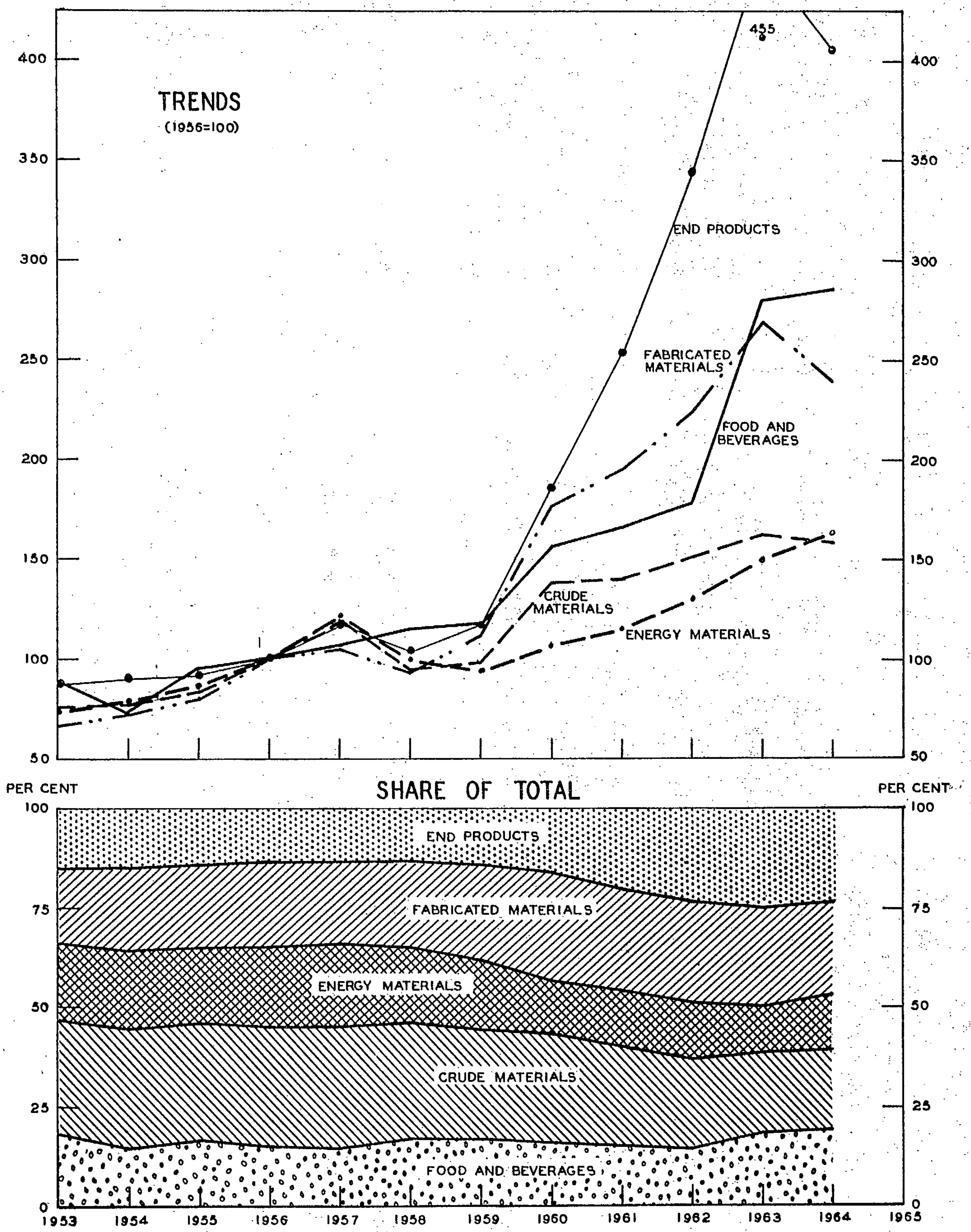
IMPORTS OF ITALY COMPARED WITH PRODUCTION 1953–1965





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE.

IMPORTS OF ITALY BY COMMODITY GROUPS 1953-1965



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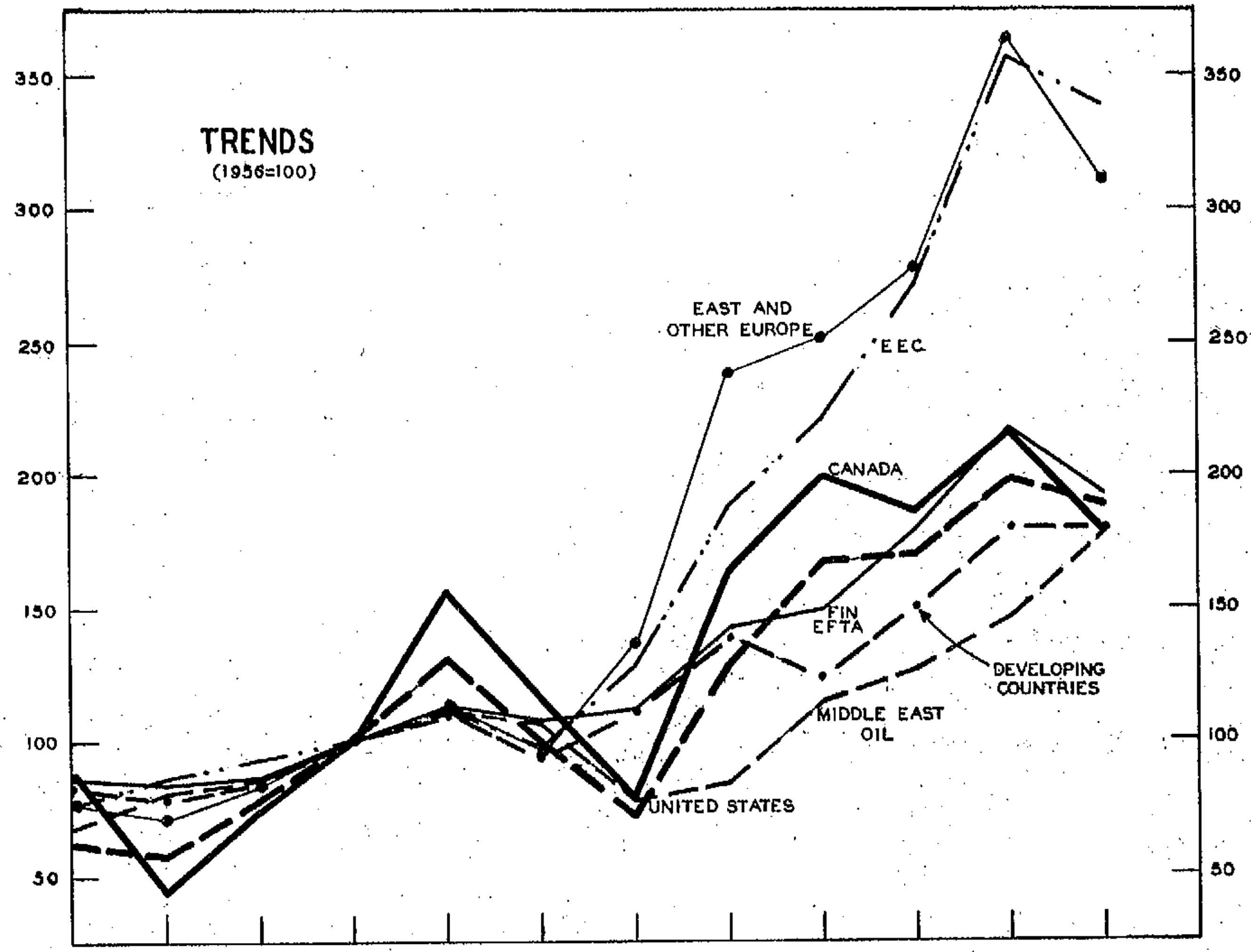
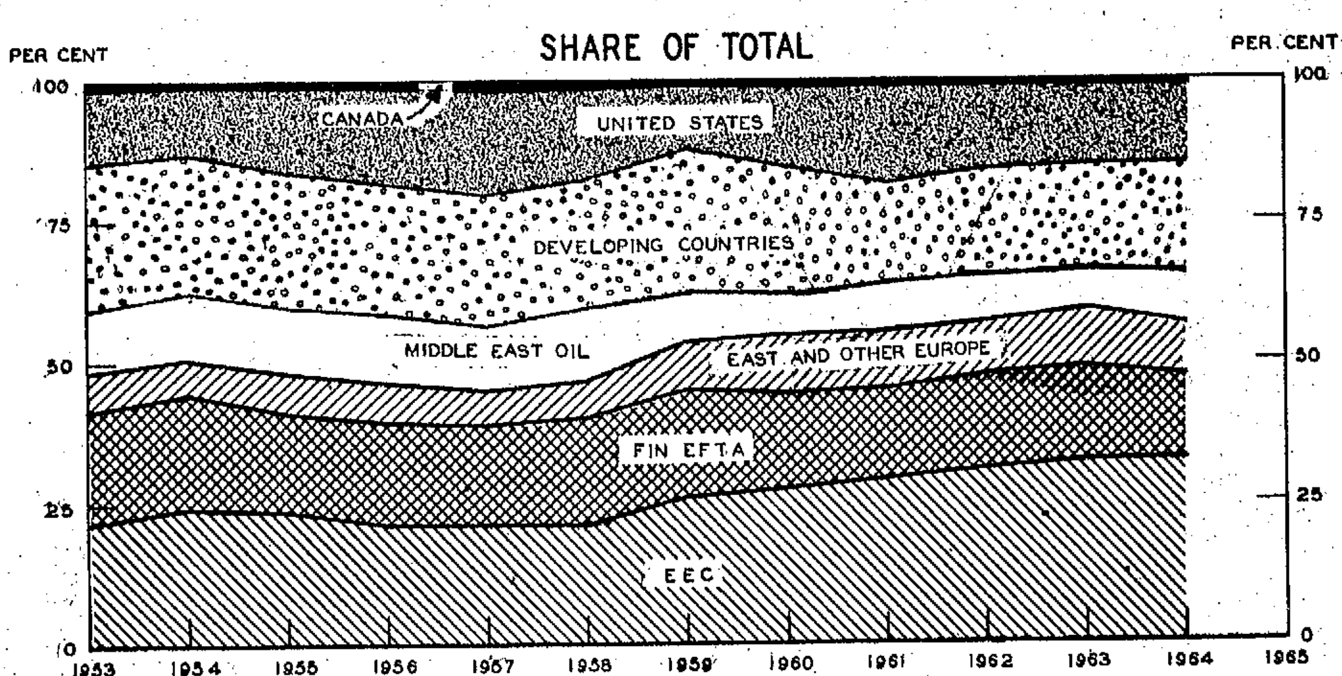
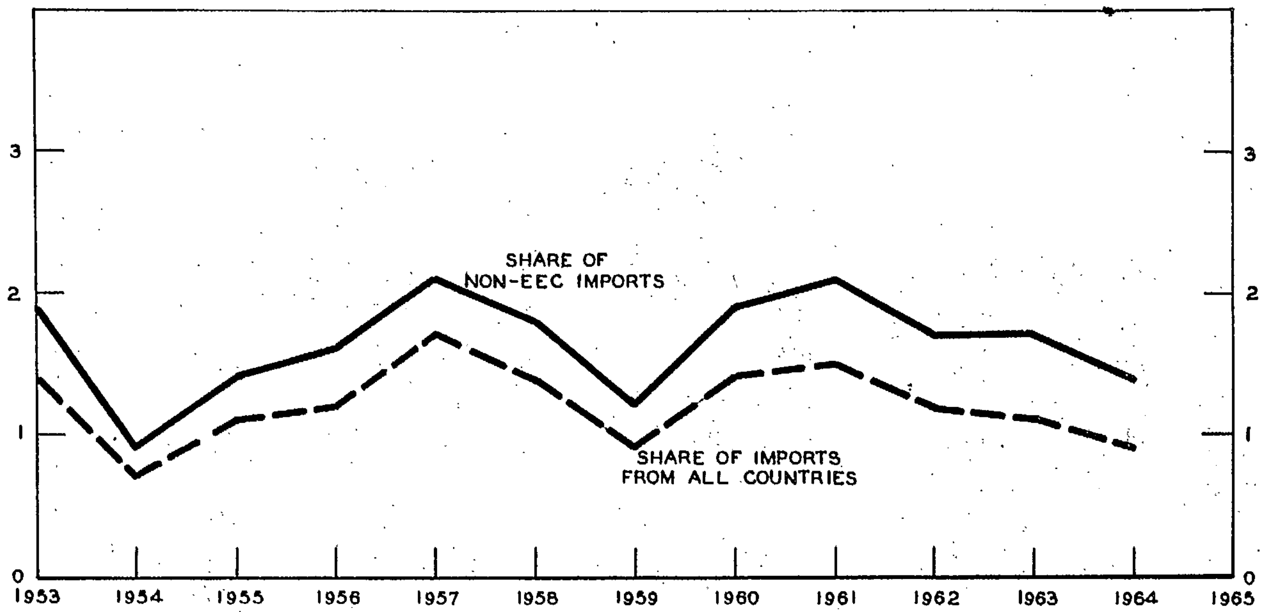
IMPORTS OF ITALY BY MAJOR SOURCES 1953-1965

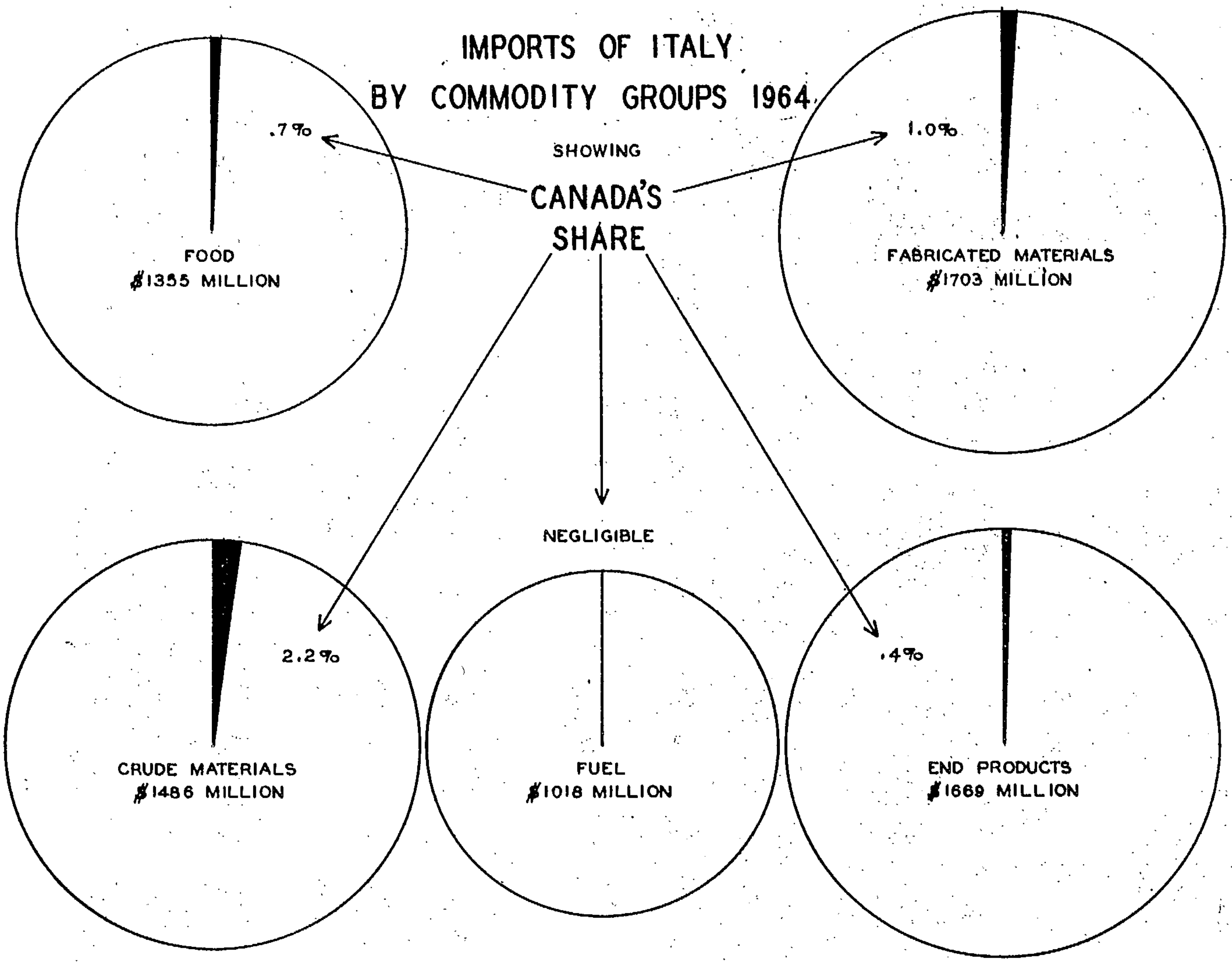




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

CANADA'S SHARE OF IMPORTS OF ITALY 1953-1965





THE CHANGING PATTERN OF IMPORTS

OF THE

NETHERLANDS

1953-1964

Contents

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

Ottawa
April 1966

THE CHANGING PATTERN OF IMPORTS OF THE NETHERLANDS, 1953-1964

Economic Developments

Among trading nations the Netherlands has long held a prominent place on account of the size and spread of its international commerce and the great importance this has for the Dutch economy.

In 1964 the foreign trade of the Netherlands amounted to nearly $13 billion,* placing it in ninth place (**) among countries of the world for actual value of trade, and second after Belgium in trade on a per capita basis.

The Netherlands traditionally runs a heavy deficit in merchandise trade; which, however, is offset by large receipts from non-merchandise transactions. From 1961 to 1964 exports averaged only 84 per cent of the value of imports. With the exception of Italy, Switzerland and Norway, this is one of the lowest ratios to be found in industrialized countries.

Since 1953 the Dutch economy has enjoyed a sustained growth and achieved a degree of utilization of resources close to full capacity. Since the slight recession of 1957-58 the Gross National Product at market prices has risen at an annual rate of about 10 per cent, almost three quarters of the increase being in real terms. To satisfy the larger Dutch demand for both consumer and capital goods, imports trebled in value from 1953 to 1964, with the rise becoming especially steep in the last two years.

The weight of imports in the Dutch economy is plainly shown by a comparison with the level of Gross National Product. From 1953 to 1964 the ratio of imports averaged about 41 per cent. The growth of imports has paralleled closely that of GNP, although showing greater sensitivity to cyclical changes and therefore a more irregular pattern. By 1964 imports amounted to over $7 billion, which corresponded to $575 per capita. In relation to the trend of industrial production, imports have risen appreciably

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(*) All values in United States dollars.
(**) After the United States, Britain, Germany, France, Russia, Canada, Italy and Japan.

faster. It must be noted, however, that industry in the Netherlands generates only about 42 per cent of the GNP; furthermore, in most of this period, the expansion of industrial output lagged behind other sectors of the economy.

Commodity Import Trends

The trade policy of the Netherlands has been and remains more liberal than that of most other European countries. This fact has had a profound influence in shaping the industrial development of the Netherlands, and has also been a strong factor in determining the commodity pattern of Dutch imports. Thus Dutch trade policy has allowed foreign competition to supply extensively a sector of the domestic market which in most other industrialized countries is in various ways safeguarded for inefficient internal producers.

Already in 1953 imports of end products and fabricated materials constituted somewhat more than half of Dutch imports. In line with general trade trends, imports of fabricated materials and in an even more pronounced manner, end products increased faster than other classes, to the point that in 1964 they constituted 64 per cent of total imports.

End products were the most dynamic sector of imports and in particular from 1958 to 1963 they expanded much more rapidly than all other types. As a result while in 1953 they were a fifth of total imports, by 1963 they made up more than one third. A slight relative decline occurred in 1964. Very large gains were recorded from 1960 to 1964 by machinery which nearly doubled to 1,244 million, by transport equipment which increased from $308 to $493 million, and by clothing and footwear which rose two and a half times to $213 million.

Fabricated materials registered during this period the second fastest growth. The expansion was very widespread with imports of textile yarn and fabrics, and of paper and paperboard expanding faster than the average, chemicals, steel and other metals are large elements. In spite of the appreciable growth, however, fabricated materials lost some ground up to 1963 as a percentage of total Dutch imports. But in 1964 this group expanded very rapidly, reflecting larger industrial output and the higher degree of utilization of production capacity. In relation to total imports the share of fabricated materials strengthened to 29.4 per cent, which however, was still slightly lower than the 1953 level.

Imports of energy materials, particularly petroleum, increased quickly from 1953 to 1956 but after the Suez crisis declined appreciably in 1957 and 1958, partly owing to lower world prices. In 1959 with the recovery of the economy, the upward trend was resumed, but the increase has been slow. Because of these trends, energy materials in 1964 formed an appreciably smaller percentage of imports (11%) than in 1953 (12.8%).

Despite the fact that the Netherlands lacks most of the crude materials needed by industry, imports in this category have shown on the whole, little growth over the past dozen years. The preference for materials already fabricated has obviously increased. Moreover crude materials have fluctuated more often than other classes, being more sensitive to cyclical changes in industrial conditions which affect both volume and prices. In relation to the total value of imports, crude materials declined steadily from nearly a fifth in 1953 to little more than a tenth in 1963. In 1964, with the strong expansion of industrial activity, imports of crude materials were 30 per cent larger than in 1963 and their share of total imports rose to 11.7 per cent. Lumber and tin concentrates are major items which rose sharply in 1964. Oilseeds and textile fibres are also important.

Imports of food and beverages have increased year after year, from $392 million in 1953 to $954 million in 1964. The increase became much more pronounced after 1962, as the result of a more effective and varied demand and insufficient domestic production. Cereals, coffee and cocoa, fruit and vegetables, animal feeds, tobacco and sugar are the main groups of agricultural imports. Import values of coffee, sugar, fruit and vegetables and in 1964 meat, cattle and dried milk expanded particularly fast, as the human diet became more diversified. Animal feed requirements nearly doubled in five years as the local supply became more and more inadequate for the large dairy and meat industries of the Netherlands. However in relation to total imports, purchases of food declined from 16.7 per cent in 1953 to 13.5 per cent in 1964.

Changing Sources of Imports

Since the preponderant part of Dutch imports is traditionally made up of finished and semi-finished industrial goods, therefore the geographic pattern has long been oriented towards industrial countries. Already in pre-World War II years almost two thirds of Dutch imports originated from the countries now forming the EEC and EFTA, and from the United States. In 1953 the same three areas were still supplying two-thirds of Dutch imports, roughly in the same proportion as in pre-war times: 38 per cent came from EEC countries, 18 per cent from EFTA countries and 10 per cent from the United States.

In the years since 1953 the soaring import demand for industrial goods and the launching of the Common Market have accentuated the geographic concentration of the Netherlands' import trade. By 1964 the three industrial areas provided more than three quarters of all imports.

Imports from EEC countries quadrupled from 1953 to 1964, and it is interesting that the rate from 1953 to 1957 was almost as rapid as the rate attained after the formation of the Community. Purchases from EEC partners increased much faster than purchases from other Western countries, to the point that by 1964 more than half of Dutch imports originated from within the EEC particularly neighbouring Germany and Belgium. This high degree of dependence on intra-EEC trade, which the Netherlands has in common with Belgium-Luxembourg, is not matched by West Germany, France and Italy, where intra-Community imports still form only a third of total imports. Similarly exports from the Netherlands, are heavily concentrated within the EEC.

About a quarter of all Dutch imports come from Germany and nearly a fifth from Belgium. Germany raced ahead in the late fifties as German rehabilitation and the new Community created opportunities realized earlier by Belgium in the Benelux Customs Union. Both are major suppliers of electrical and transportation equipment, steel and other metals, minerals and fuels. In addition there are chemicals from Germany, and textiles from Belgium.

French and Italian sales are much smaller but expanding even more rapidly. Capital equipment and textiles are the major content.

Imports from EFTA countries rose more moderately, yet at a good pace, in the years before and after the formation of the Common Market. There is certainly no evidence that membership in the EEC has slowed down Dutch imports from EFTA; in fact in recent years they have risen faster than from 1953 to 1958. Despite the continuous increase, imports from EFTA have been forming a diminishing share of total Dutch imports, declining from 19 per cent in 1953 to 15 per cent in 1964.

Britain is the major source in EFTA and has done better than average since 1960. Machinery and other equipment, along with metals, chemicals, fuel and sugar are the major purchases by the Netherlands. Cattle were a large item in 1964. The steady increase in purchases from Scandinavia are primarily lumber, pulp and paper and some machinery. The varied imports of manufactures from Switzerland and other EFTA are smaller but have also kept close to the average pace.

Dutch imports from other West European countries are quite small with fruit from Spain being a sizeable item. Purchases from Eastern Europe cover nearly 2 per cent of Dutch intake, and include lumber from Russia and variety of other materials.

Imports from the United States went up to $775 million in 1964, thus more than tripling in eleven years. This rate of increase, however, was barely enough for the United States to keep its 11 per cent share of the Dutch market. In contrast with imports from European countries, food often represents the largest commodity group in imports from the United States, amounting to one third of the total value. In most years food purchases in the United States have a value twice as high as purchases in the EEC. Other materials are oilseeds and fats, coal, chemicals, and metals. Another large group is machinery and transport equipment and within this aircraft is the largest item. Since foreign purchases of farm products and aircraft are notoriously unstable, to which the rather erratic behaviour of imports from the United States can largely be ascribed.

Purchases in Japan multiplied nearly seven times in eleven years but are still small - less than from Canada in 1964 - and spread across a whole range of products. Furthermore imports from Australia, New Zealand and South Africa - some lead and wool - are also small, in contrast to the large purchases of wool by Belgium's carpet makers.

But imports from the Middle East oil countries are relatively large and since the mid-fifties have grown substantially. This attests to the importance of oil refining in meeting Dutch energy requirements and as a processor for reexport (A large proportion is recorded as coming from Syria and Lebanon, the Mediterranean terminals of the pipelines from the Persian Gulf.)

Just over a ninth of Dutch imports are from developing countries contrasted with a full fifth in 1953. Particularly notable has been the absence of growth in supply from Indonesia and other Southeast Asia-the center of former Dutch colonial and commercial interests. But Indonesia still ships tin concentrates and petroleum, the Philippines send copra, Thailand tin and Malaysia rubber. India sells cottons and tea while Israel and Hong Kong sell a variety.

Dutch purchases in Africa have been doing somewhat better. West Africa is the source of cocoa, palm kernels, iron ore and tropical wood, while North Africa supplies petroleum, fertilizer and oranges, and southern countries sell coffee and sisal.

Meanwhile purchases in Latin America have increased very slowly since 1956. Agricultural products predominate, aside from petroleum and products from Venezuela, Aruba and Trinidad. Chief suppliers are Argentina (cereals, meat, oilcake), Brazil (coffee and cotton), Peru (fishmeal and cotton) and Colombia (coffee and bananas).

Canada's Share in Imports

In actual value imports from Canada have changed little over the whole period ($42 million average for 1953-55 and $44 million for 1962-64) though they fluctuated widely from year to year.*

The composition of shipments from Canada has changed moderately, but not as much as the pattern of all Dutch imports. Agricultural products, basically wheat, coarse grains, hides and oilseeds still form over a third of Canadian sales, whereas their weight in total Dutch imports is about one sixth and, in addition, is continuing to diminish.

Imports from Canada of pulpwood, lumber, pulp, newsprint and plywood represent approximately 15 per cent of total purchases. This market appears to be growing and is attracting a larger share of Canadian exports to the Netherlands. Meanwhile asbestos, aluminum, other metals and ores provide a fifth; and synthetic rubber and other chemicals a tenth of Canada's sales.

The very large and rapidly expanding market in the Netherlands for end products has only been lightly touched by Canadian exporters, and as in fabricated materials, Canada's share of the Dutch market is well below one per cent. Some encouraging progress has been made in the sale of electrical machinery and apparatus, instruments, aircraft and office machines, which form together another 15 per cent of imports from Canada.

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* Canadian exports to the Netherlands appear to be almost double actual Dutch imports from Canada in 1964. This continuing difference reflects the importance of Holland as an entrepot - e.g. of the $26 million of wheat originally consigned to Dutch ports in 1964, only $5 was ultimately destined for Dutch imports. The remainder was probably reshipped by barge up the Rhine to German, French or other consumers. Similarly oilseeds, dairy products and zinc were in large part transhipped to other destinations and not imported into the Netherlands.

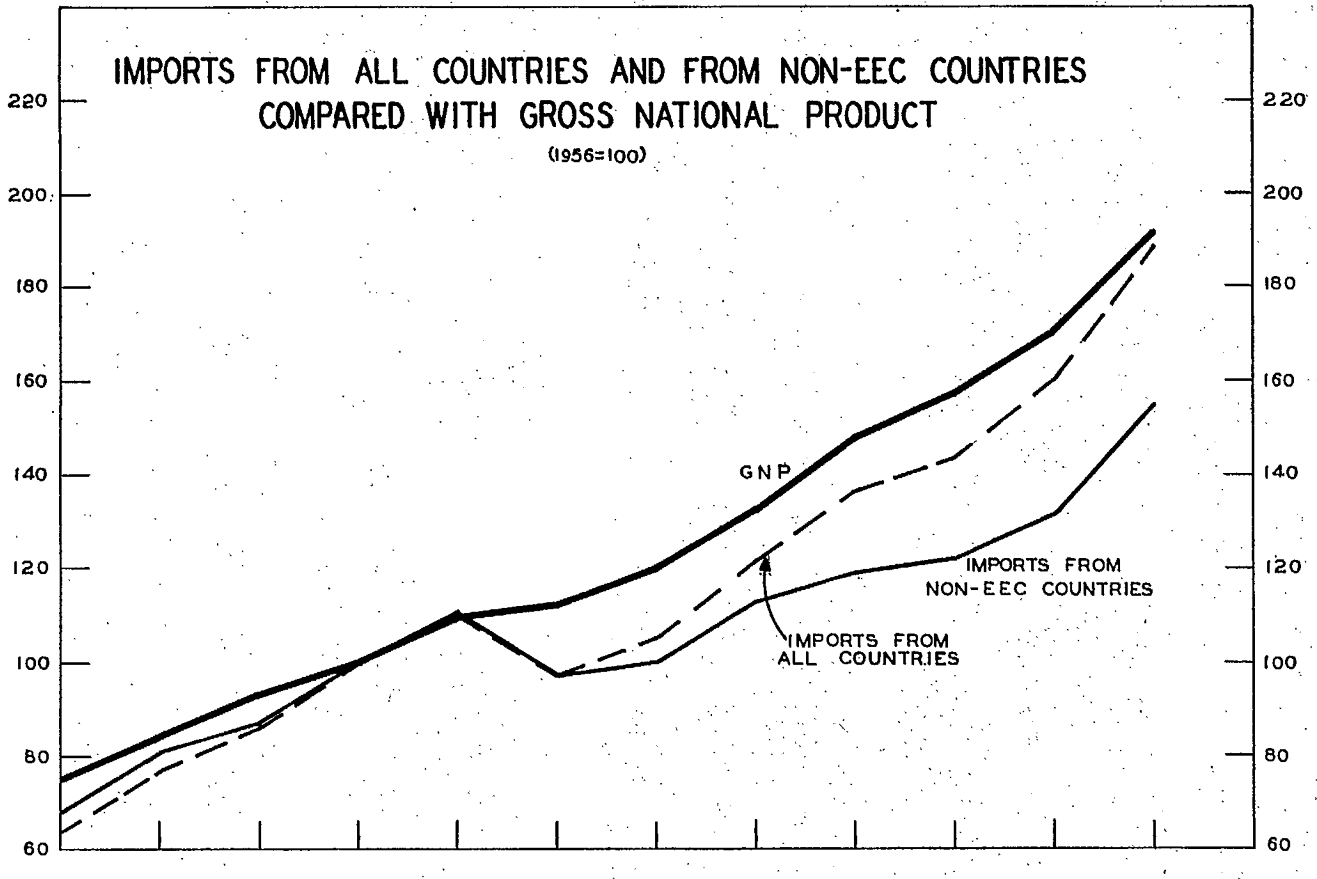
The fact that the make-up of imports from Canada has not changed as much as the total commodity structure of Dutch imports was probably an important reason for the relative loss of ground by Canada. The Canadian share of the Dutch market declined from about 1.5 per cent average for 1953-55 to a .7 per cent average for 1962-64. If the intra-EEC trade is excluded the Canadian share for the same two periods was 2.5 and 1.5 per cent.

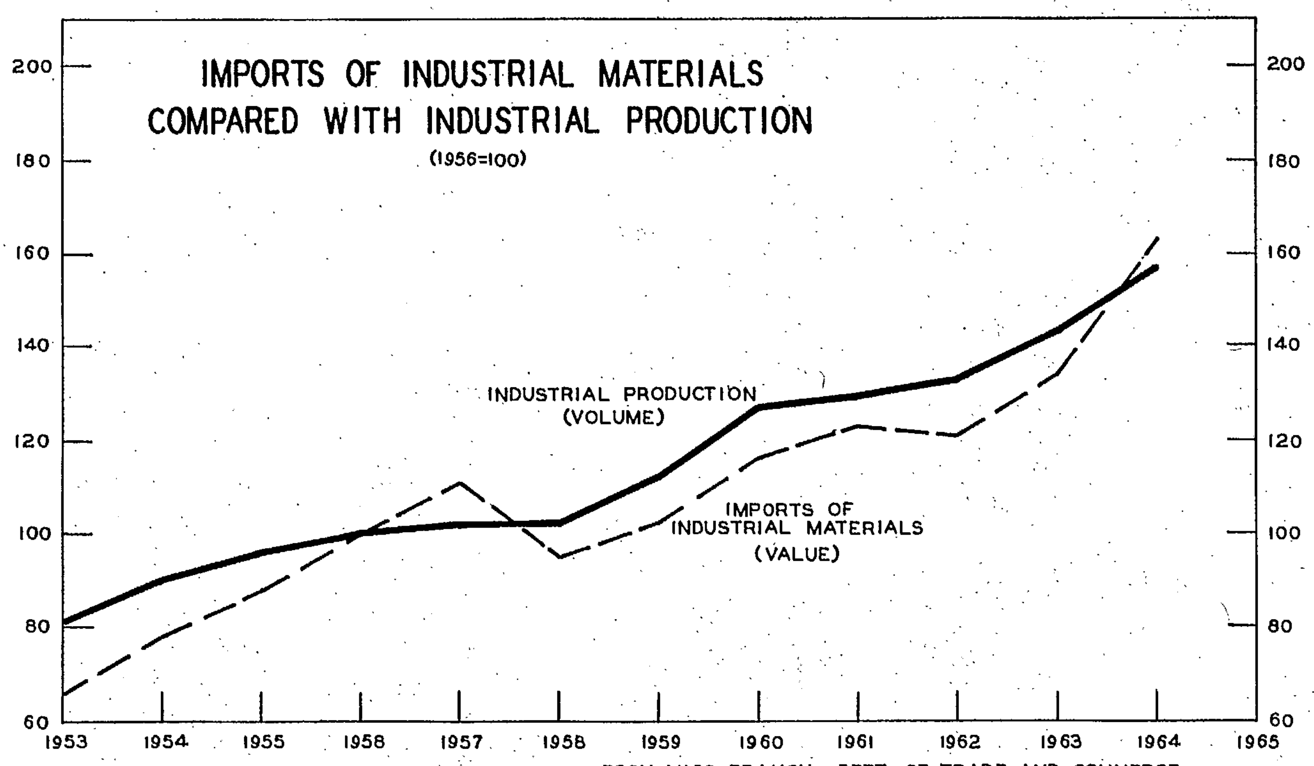
IMPORTS OF NETHERLANDS - SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change-Percent 1953-6	1956-60	1960-4	Share-Percent 1953	1964
Food & Beverages	392	547	631	954	40	15	51	16.7	13.5
Crude Materials	466	588	610	826	26	4	35	19.8	11.7
Energy Materials	302	559	592	776	85	6	31	12.8	11.0
Fabricated Materials	725	1115	1417	2077	54	27	47	30.8	29.4
All Materials	1493	2262	2619	3679	52	16	40	63.4	52.1
End Products	467	902	1281	2424	93	42	89	19.9	34.3
ALL IMPORTS	2352	3712	4531	7057	58	22	56	100.0	100.0
Country or Region									
Canada	49	48	37	51	-2	-23	38	2.1	.7
United States	237	520	600	775	119	15	29	10.0	11.0
EEC	903	1544	2076	3671	71	34	77	38.0	52.0
France	91	128	174	377	41	36	117	3.8	5.3
Germany	378	667	977	1712	76	46	75	15.9	24.3
Belgium-Luxembourg	410	705	830	1357	72	18	63	17.3	19.2
Italy	24	44	95	224	83	116	136	1.0	3.2
FinEFTA	452	605	695	1062	34	15	53	19.0	15.0
Britain	236	305	311	505	29	2	62	9.9	7.2
Scandinavia	149	203	253	383	36	25	51	6.3	5.4
Switz.Austria,Port.	66	97	130	174	47	34	34	2.8	2.5
East & Other Europe	84	132	140	198	57	6	41	3.5	2.8
Middle East Oil Area *	159	159	297	400	-	87	35	6.7	5.7
Japan	7	18	24	47	157	33	96	.3	.7
Other Asia, Africa, Oceania	338	415	400	544	23	-4	36	14.2	7.7
Africa	108	154	197	271	43	28	38	4.5	3.8
Indonesia, SE Asia	159	158	80	152	-1	-49	90	6.7	2.2
Other Asia Oceania	71	103	123	121	45	19	-2	3.0	1.7
Latin America	145	280	257	307	93	-8	19	6.1	4.3

* Includes Syria & Lebanon reported source of oil via pipeline.

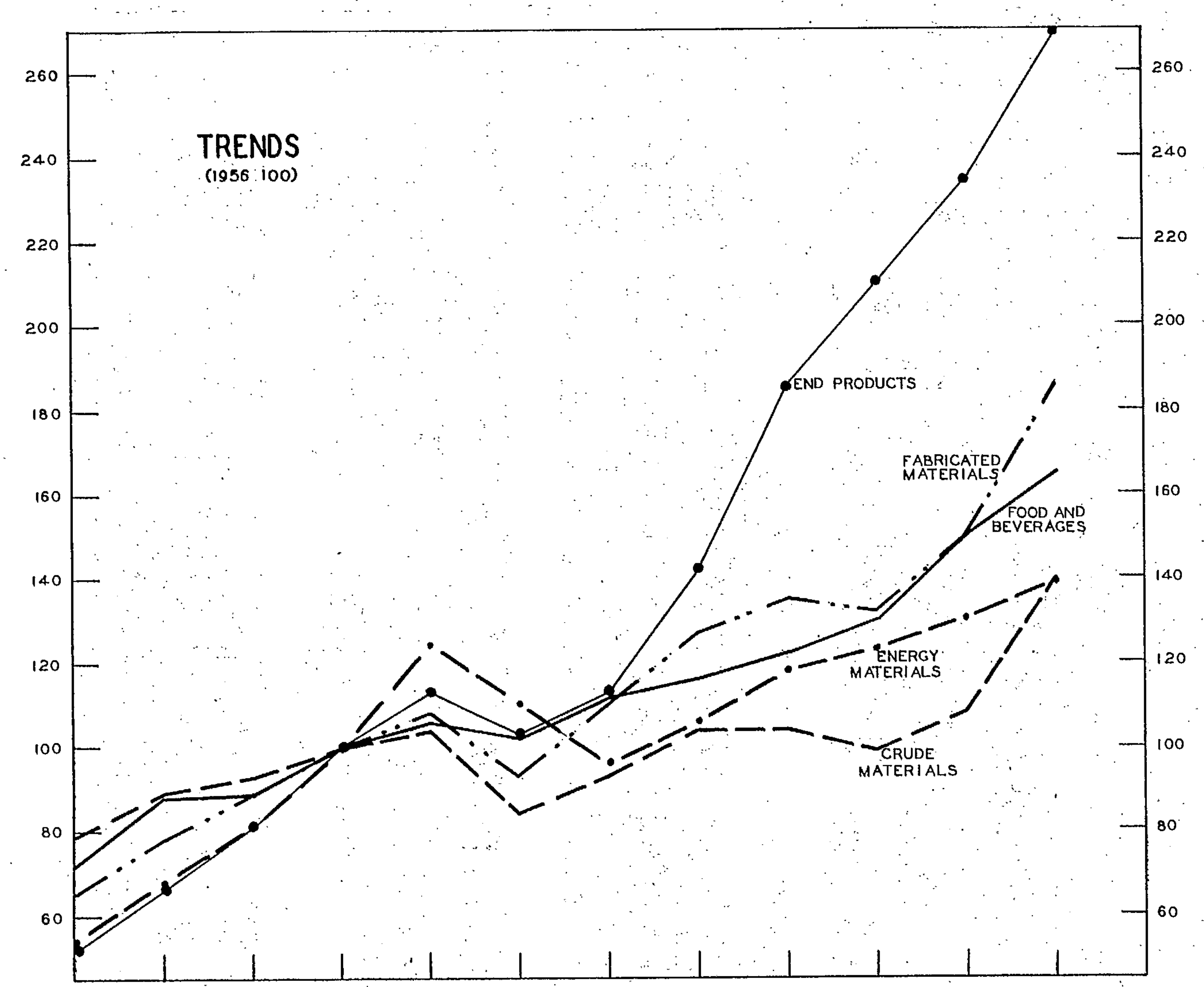
IMPORTS OF NETHERLANDS COMPARED WITH PRODUCTION 1953-1965

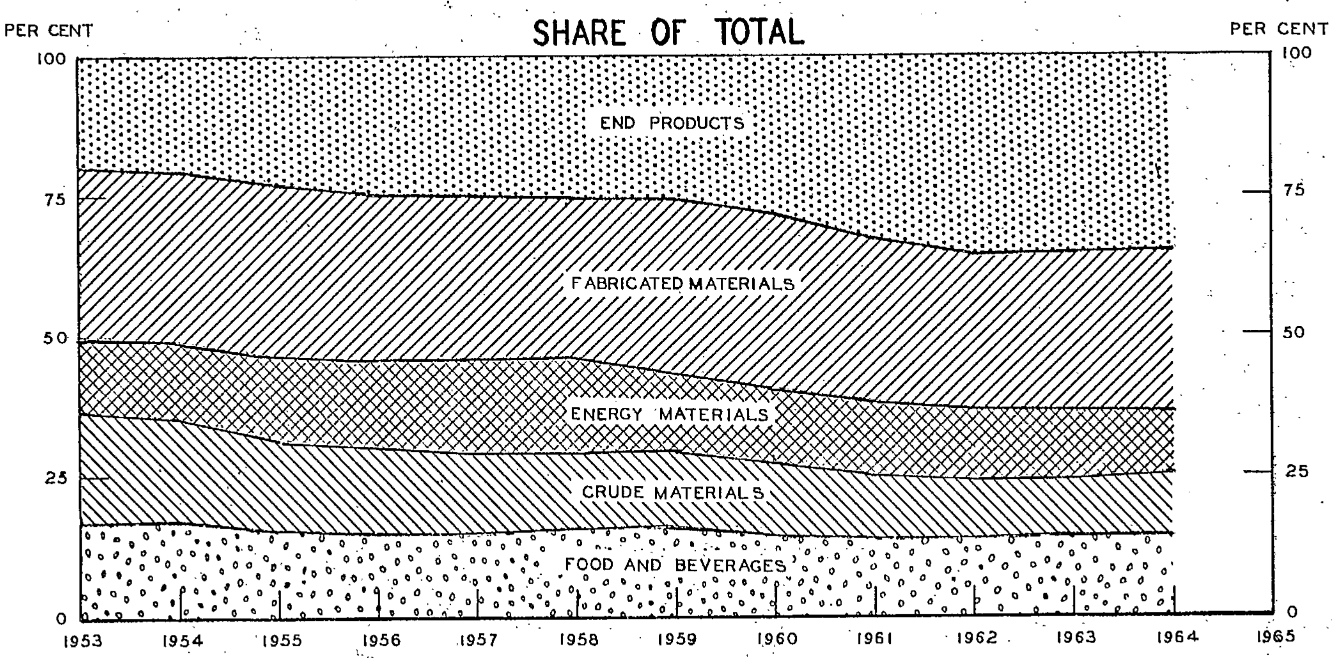




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

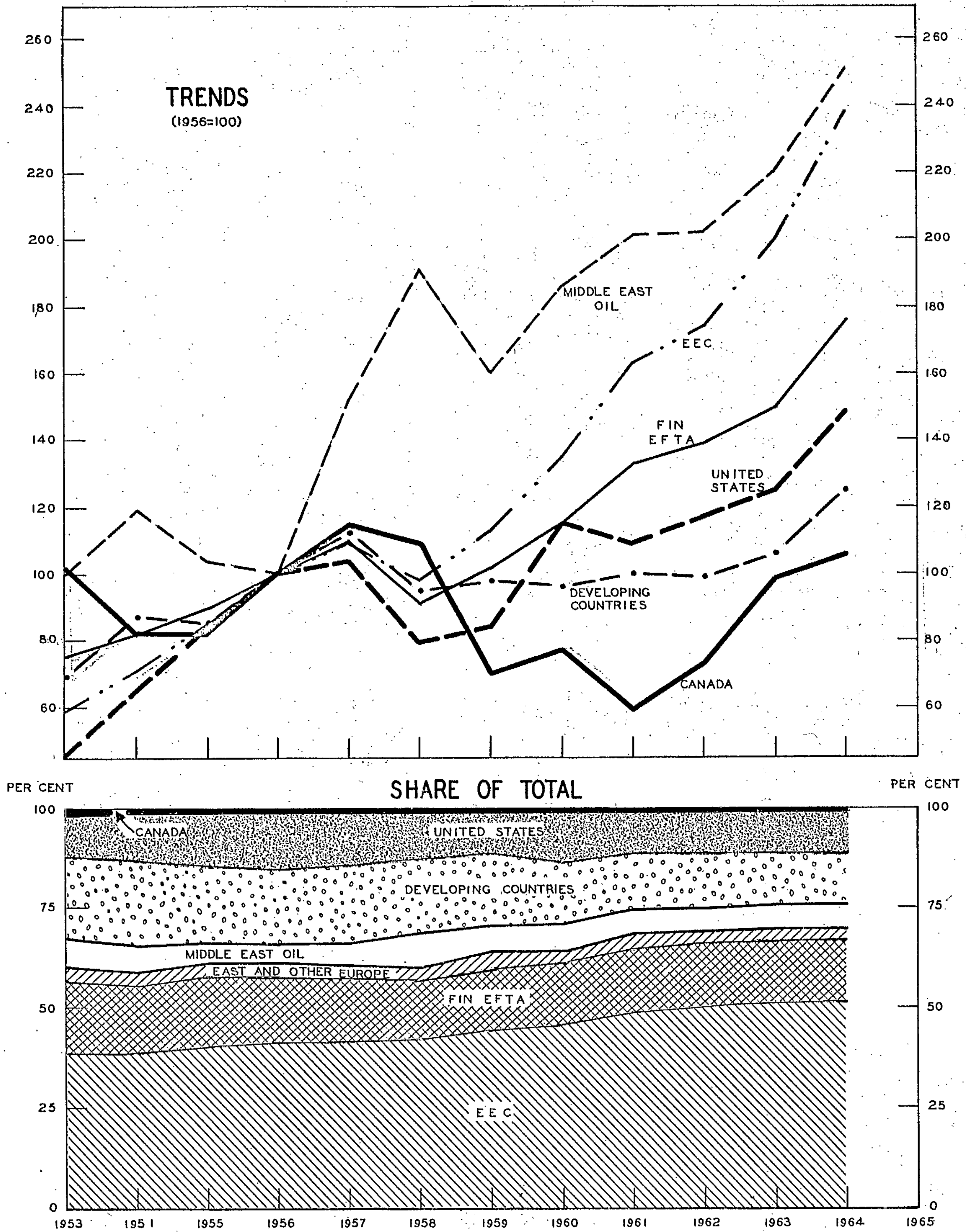
IMPORTS OF NETHERLANDS BY COMMODITY GROUPS 1953-1965





ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

IMPORTS OF NETHERLANDS BY MAJOR SOURCES 1953-1965



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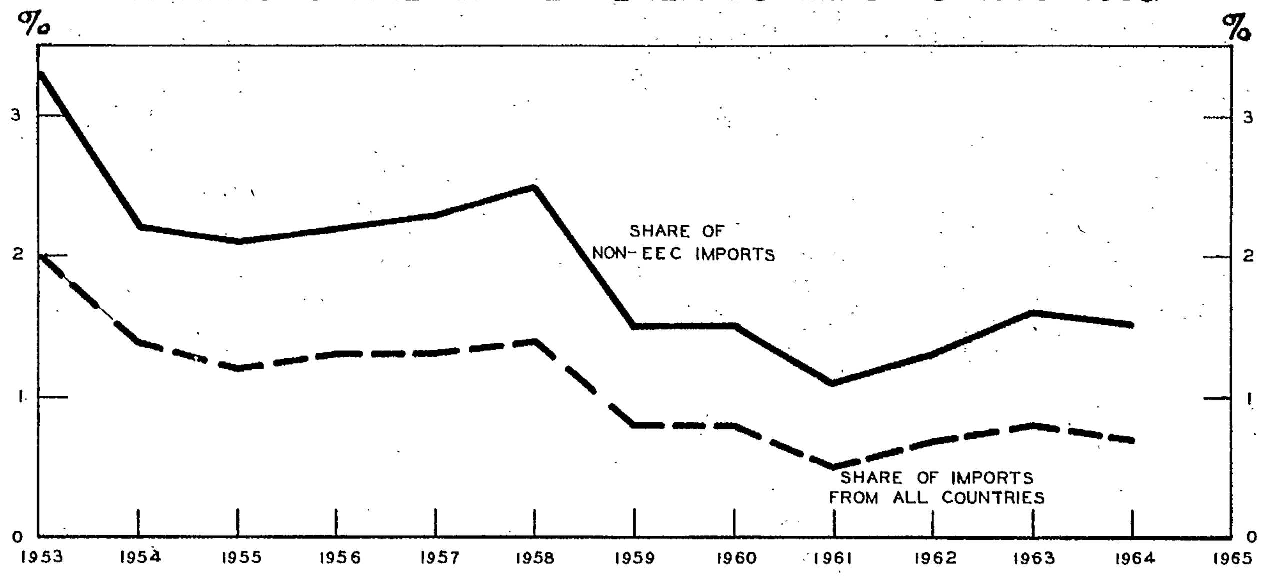
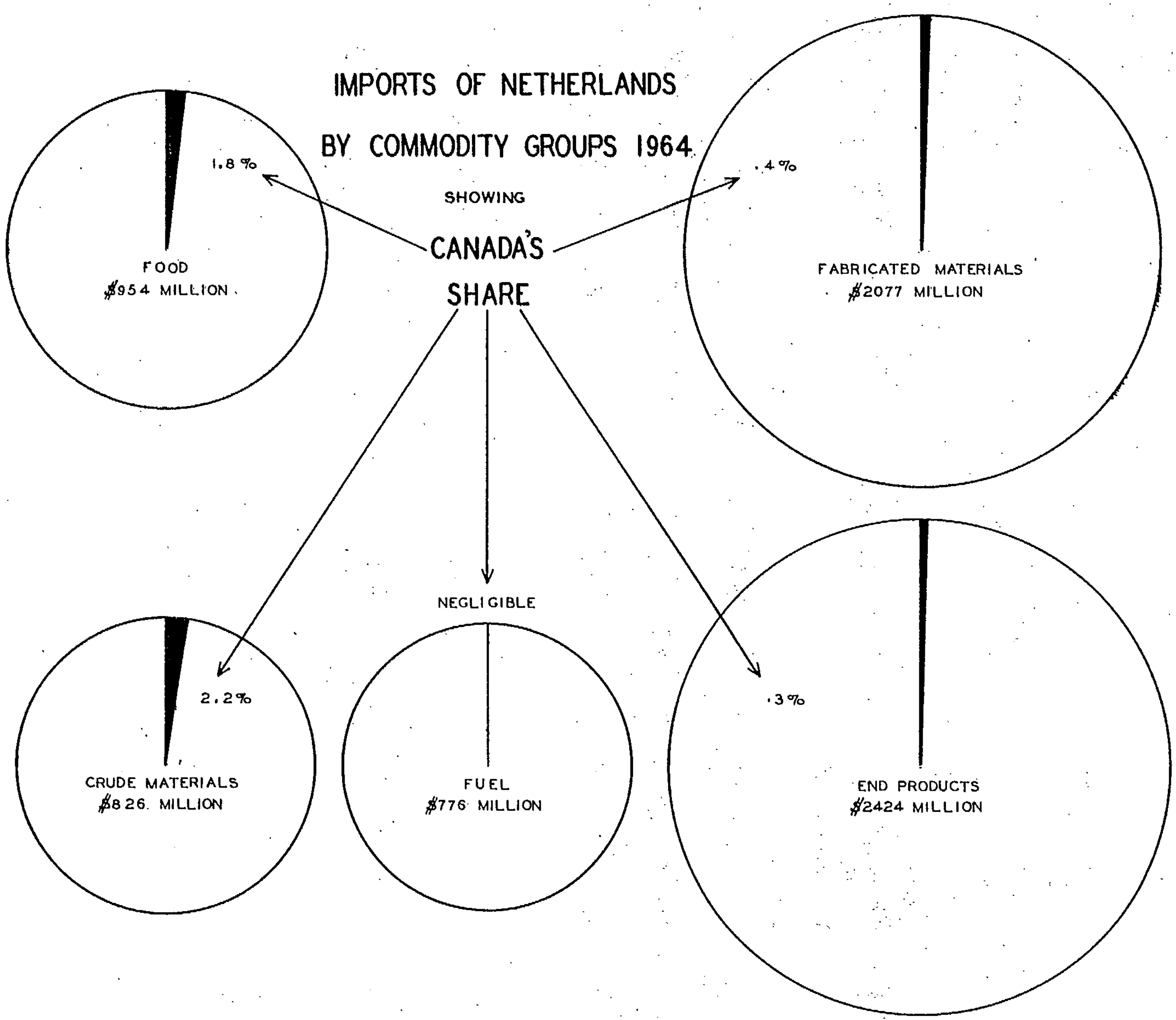
CANADA'S SHARE OF NETHERLANDS IMPORTS 1953-1965



IMPORTS OF NETHERLANDS BY COMMODITY GROUPS 1964



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE.

THE CHANGING PATTERN OF IMPORTS

OF

BELGIUM - LUXEMBOURG

1953-1964

Contents

Ottawa
May 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF BELGIUM-LUXEMBOURG, 1953-1964

Economic Developments

Belgium and Luxembourg, which in 1921 linked their economies in the Belgium-Luxembourg Economic Union (BLEU)* are among the richest countries in Europe, with an average income per capita of more than $1300 ** in 1964. Their rate of economic growth from 1953 to 1964 was, nonetheless, one of the least impressive. Their combined industrial production expanded by 68 per cent and Gross National Product at current values increased by 84 per cent, to $16 billion.

Among the main structural features of the economy which hampered the rate of growth were concentration of production in a few traditional industries, such as coal mining, metals and textiles; slowness in giving up obsolescent plants and inefficient management practices; and the power of a small number of huge holding companies often directed to stifle competition. In addition, the general policy of price stability was more successfully attained in Belgium than anywhere else in Western Europe (a mere 19 per cent increase at the consumer level from 1953 to 1964) and was linked as a counterpart to slow expansion of demand at all levels, including business and government spending. Finally, events in the Congo forced a reorientation of Belgian business which for a while may have retarded economic expansion.

Since the beginning of the sixties' the Belgian economy has advanced faster and on a wider front, under the stimulus of new internal and external forces. The creation of EEC and the loss of the Congo encouraged the switching of trade towards European markets, which in its turn compelled numerous industrial mergers, reorganizations and conversions. The result was not only a strengthening but also a diversification of the Belgian industrial apparatus. The formation of the Common Market caused, inter alia,

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* Designated Belgium in this paper. ** All values in United States dollars.

a strong surge of business investment which formed the basis for a long expansion. Demand at all levels increased briskly and since 1962 prices have risen more noticeably.

The rising level of demand was reflected in larger domestic output as well as in larger imports. Three key manufacturing industries, metals, textiles and chemicals, staged a notable recovery and moved up to new records in the last three or four years. Coal mining remained stagnant but, in spite of this, industrial production has been rising at an annual rate of about 8 per cent since the beginning of 1962.

The total volume of Belgium's foreign trade places it in the first dozen countries of the world. Moreover Belgium is the world leader in trade per person (if minor and usually dependent jurisdictions are excluded). Belgium's size, strategic commercial location and its tradition have brought it to this highly developed trading relationship. In these circumstances, its early association with Luxembourg, and the creation of the Benelux customs union from 1944 to 1948 were part of a conscious policy, which has been carried over into the European Economic Community.

Indeed Belgium's early involvement in regional trade is confirmed by two apparently contradictory situations. Only the Netherlands among its partners approaches Belgium in the share of purchases from the Community - well over half compared to about a third in the bigger countries. Yet Belgium (and the Netherlands) have expanded intra-community trade less rapidly than the others - probably because many opportunities had already been realized in Benelux and with other neighbours.

Imports bounced back quickly from the 1958 fall and outpaced the growth of the Belgian economy. The degree of dependence on foreign sources of supply increased and in 1964 reached 37 per cent, as imports exceeded 1963 by 14% in volume and 15.5% in value.

In comparison with other countries of Western Europe, and the EEC countries in particular, Belgian imports up to 1962 developed at a somewhat slower pace. In later years, however, the Belgian trend fully caught up with the trends of other European countries. Exports from Belgium did not quite keep pace with the sharp surge of imports, therefore the trade deficit widened and in 1964 amounted to almost $330 million. The size of the merchandise deficit in 1963 and in 1964 was such that, unusually for Belgium, it was not fully offset by income from invisible transactions. A partial explanation rests with the shrinking of current account surpluses with the former colony - now the Congo (Leopoldville). Capital movements running strongly in favour of Belgium, partly as a consequence of the Congolese independence and partly because of larger foreign investment in the EEC, allowed an appreciable accumulation of reserves in spite of some temporary weakness on the current account.

Commodity Import Trends

The overall trend of Belgian imports on a commodity basis was essentially similar to other industrialized countries, although showing peculiarities related to specific features of the Belgian economy. For instance, the lively improvement of industrial activity in recent years had a strengthening effect on imports of industrial materials, in both fabricated and crude form.

In the main, imports of end products and, to a lesser degree, of fabricated materials have increased more than other classes. Imports of automobiles and other durable consumer goods have formed a particularly dynamic sector, as these goods were traded more liberally among European countries and consumer demand for them swelled quickly. Imports of machinery and plant equipment also increased substantially, as an effect of the vast process of plant modernization undertaken in recent years.

Imports of fabricated materials were favourably affected principally by the increasing volume of production of the metallurgic and textile industries. Imports of metals and minerals and of textile yarn and fabric increased materially, as also did imports of chemicals, plastics, paper and paperboard.

Energy imports remained level for several years, owing mainly to the large supply of local coal and measures taken to support the ailing coal mining industry. The steadily growing demand for petroleum, the recovery of the steel industry and the lower prices of foreign coal brought about an appreciable expansion of imports of energy materials in more recent years.

Purchases of crude materials have shown little net growth in this period and were curtailed more than other imports by the 1958 business recession. Imports of wool, largely destined to the carpet industry, are an important element along with other fibres, metallic ores, minerals, lumber, pulp and oilseeds. Recovery and growth in fibres and other items from 1960 to 1963 were offset by declines in metal materials. In 1964, triggered off by the growing industrial production, imports of most crude materials increased sharply in 1964. Purchases abroad of metallic ores were running a third beyond their 1963 value.

Imports of food and beverages increased slowly, in line with the modest increase in domestic demand. In the last three or four years, however, the increase has become more pronounced, primarily because larger supplies of meat, dairy products, fruit and feed from abroad have become necessary to satisfy internal demand.

√ The commodity composition of Belgian imports has changed notably since 1953 as a result of these different trends. Imports of crude materials and of food and beverages which formed respectively 24 and 18 per cent of the total value of imports in 1953 have declined to 16.5 and 12 per cent. Energy materials made up over the whole period, a fairly stable one tenth share, despite fluctuations from year to year. Imports of fabricated materials have risen faster than the total value, therefore their share has gone up from about 28 percent in 1953 and 1954 to 31 per cent in 1964. End products formed the most dynamic group of imports and from 1953 to 1964 their share gained ten percentage points. In the last two years they were almost 31 per cent of total, thus coming up to par with fabricated materials, which traditionally have been the largest commodity sector.

Changing Sources of Imports

Trends of Belgian imports on a geographic basis developed in a way quite similar to other EEC countries. Imports from EEC partners in particular expanded much more rapidly than from other areas. Habitually, Belgium has purchased most of its imports from neighbouring countries, and changes in the commodity composition appear to have strengthened this trade pattern. In 1953 imports from countries now forming the EEC represented 39 per cent of total Belgium imports. By 1964 over half of imports originated from the same area. The interpenetration of European economies, the greater demand for manufactured goods, the slacking of tariffs and other trade barriers, and the gradual emergence of a European taste and European standards were important factors in stimulating this expansion.

Because despite the existence of long-standing and very close commercial ties with the Netherlands, imports from that country are very substantial and still rising, but have increased less than imports from the other three EEC partners. Their share increased slightly to more than one seventh of all imports. The importance of agricultural products in the Dutch sales furnish an explanation of the comparatively slow pace of their expansion. In addition, it is probable that many of the trade-creating effects of the customs union with the Netherlands were already well-developed by the mid-fifties. Nevertheless chemicals, textiles and clothing, electrical and other machinery are important in Dutch exports.

Meanwhile Germany has become the largest single source, quadrupling sales since 1953 to supply one fifth of all Belgium needs. Machinery, autos, coal, steel and chemicals dominate German shipments. France on the western border has moved up even with the Netherlands, supplying materials, particularly iron ore, wool, textiles, metals and chemicals, as well as autos, grain and wine. Italy even with rapid expansion remains the smallest partner, supplying capital goods, textiles and fruit.

Imports from EFTA, more than half of which comes from Britain, increased appreciably, but as a part of total, fell from 18 per cent in 1953 to 14 per cent in 1964. British supplies, principally capital goods and diamonds, made stronger increases than forest products and iron ore from Scandinavia.

Imports from other parts of Western Europe are small consisting mostly of fruit from Spain and cotton from Turkey. Purchases in Russia and Eastern Europe, comprising lumber and metals are only a little larger. Altogether these two groups supply 3 per cent of Belgian purchases, bringing the European share over 70 per cent.

Imports from the United States have, over the years, generally held their ground, at about 9-11 per cent of total imports. Their year to year behaviour, however, was rather erratic, reflecting their make-up, which includes a large share of cereals, cotton and other agricultural products, and capital goods, such as transport equipment and industrial machinery.

Purchases from Japan have risen sharply but are still very small - about half of Canada's - and cover a scattered range of items.

Belgium traditionally has been a major buyer of wool for its carpet industry, from Australia, New Zealand and South Africa. In the 'fifties this approached 5 per cent of all imports but the share has been nearly halved, as values were lower than the 1957 peak until the general upsurge in 1964. Other purchases are limited largely to minerals from South Africa.

Belgian imports from the Middle East Oil countries have increased rapidly in contrast to the experience of the "Old Dominions", but are proportionately much smaller than purchases by other European countries. The importance of coal in Belgian industry has modified the general trend to oil imports.

The other developing countries still supply an eighth of Belgium imports, compared to a fifth in 1953. Since 1960 however, most regions have done better than previously, with the notable exception of Belgium's former colony, the Congo, which was a fifth lower in 1964 than in 1960. But even then, nearly $200 million worth of copper and other metals, mostly from Katanga in the Copper-belt, was shipped to Belgium. Thus the Congo remains the largest single supplier outside Europe and the United States. Petroleum from Algeria and tropical products and iron ore from West Africa are increasing in value. Jute from Pakistan and tropical materials from Southeast Asia complement this flow. Latin American purchases, which declined in the 'fifties, have been noticeably stronger since 1962. Agricultural products predominate, particularly coffee and cotton from Brazil, and wool, meat and cereals from Argentina; along with oil from Venezuela, and copper from Peru.

Canada's Share in Imports

Belgian purchases from Canada from 1953 to 1960 showed no clear trend, either upwards or downwards, and Canada's share of the market fell by half to 1.1 per cent. But since then they have moved very much in accordance with changes in general economic activity and in total imports.

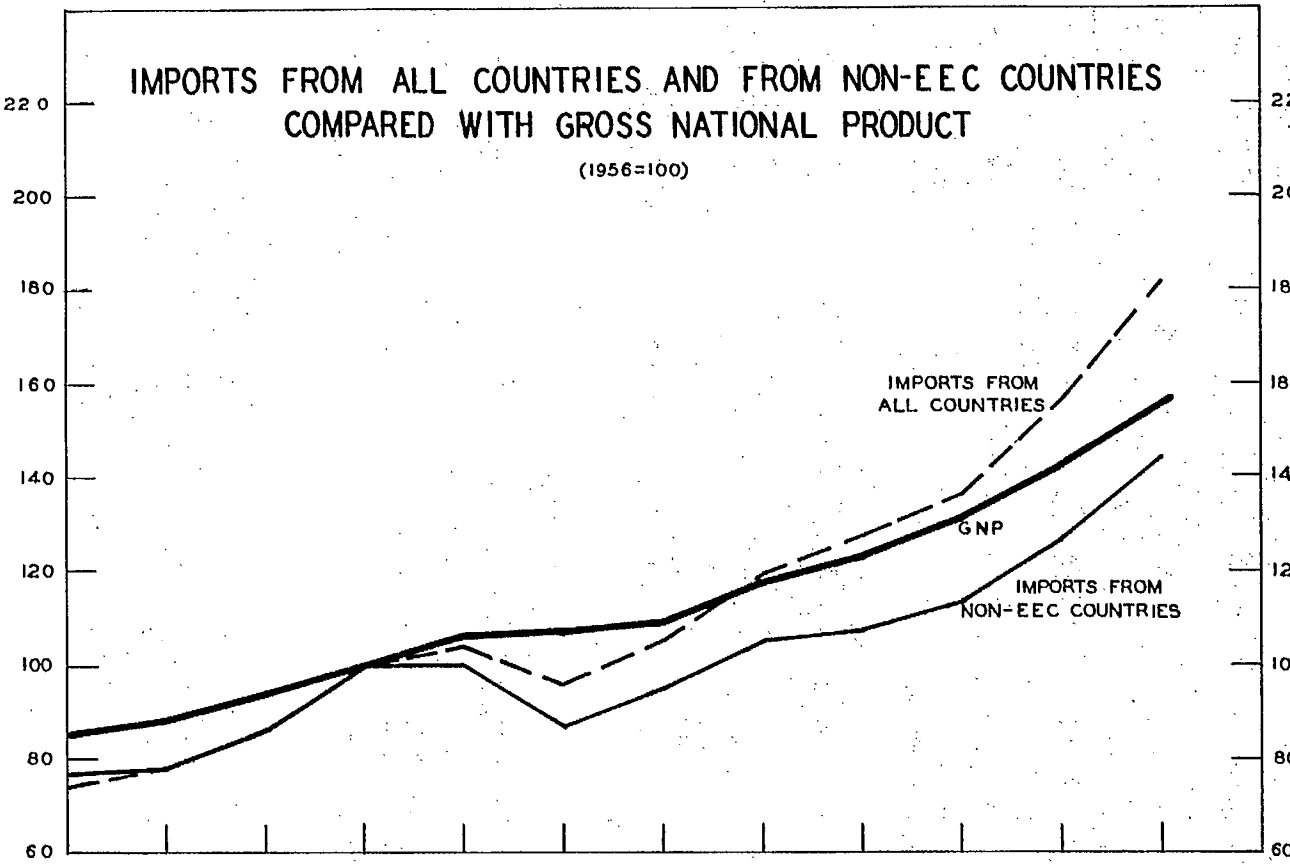
In the make up of Canadian sales, metals and concentrates, asbestos and wheat predominate. Imports of end products from Canada appear to have increased moderately, yet they remain very small in relation to total Belgian imports. Moreover only limited values of Canadian metals, including aluminum, copper and zinc, are imported into this region of smelters and refineries, in contrast to the large and rising flow of concentrates.

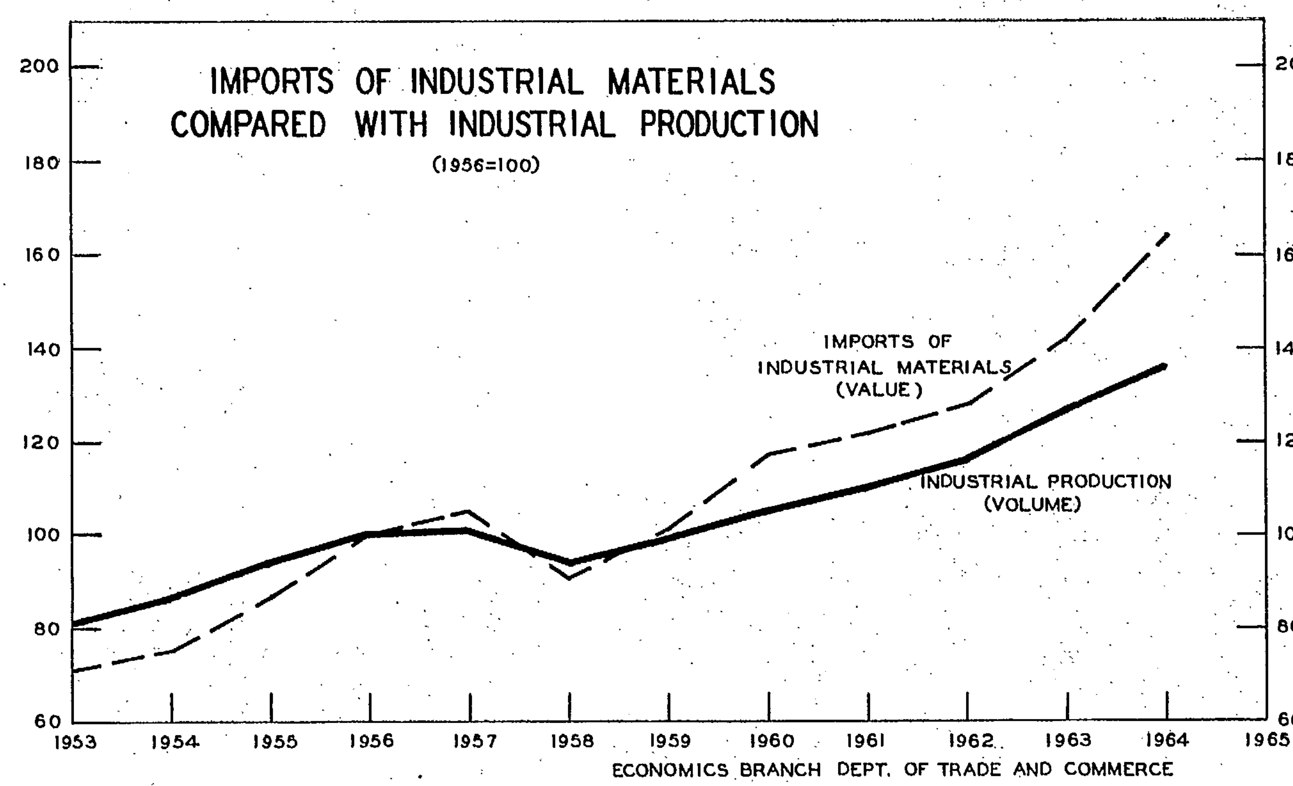
A sudden and sharp rise in imports from Canada took place in the second half of 1964 and continued in 1965. Most of the increase was from larger shipments of wheat and metal concentrates. In particular this began the large scale flow of zinc and lead concentrates from the Bathurst complex in New Brunswick to its part owner Sogemines. In addition the decision to assemble Canadian-made automobiles in Belgium was reflected in much larger imports of components.

IMPORTS OF BELGIUM-LUXEMBOURG - SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change-Percent 1953-6	1956-60	1960-4	Share-Percent 1953	1964
Food & Beverages	431	480	508	717	11	6	41	17.9	12.1
Crude Materials	581	732	783	985	26	7	26	24.1	16.6
Energy Materials	228	365	396	582	60	8	47	9.5	9.8
Fabricated Materials	663	980	1252	1836	48	28	47	27.5	31.0
All Materials	1472	2077	2431	3403	41	17	40	61.2	57.5
End Products	505	720	1029	1803	43	43	75	21.0	30.4
ALL IMPORTS	2407	3278	3968	5923	36	21	49	100.0	100.0
Country or Region									
Canada	58	46	44	77	-21	-4	75	2.4	1.3
United States	250	410	388	526	64	-5	36	10.4	8.9
EEC	937	1353	1867	3162	44	38	69	38.9	53.4
France	269	390	532	878	45	36	65	11.2	14.8
Germany	298	488	654	1178	64	34	80	12.4	19.9
Netherlands	333	428	587	881	29	37	50	13.8	14.9
Italy	37	47	95	225	27	102	137	1.5	3.8
FinEFTA	436	532	581	829	22	9	43	18.1	14.0
Britain	220	265	290	455	20	9	57	9.1	7.7
Scandinavia	137	171	183	247	25	7	35	5.7	4.2
Switz.Austria,Port.	80	95	106	128	19	12	21	3.3	2.2
East & Other Europe	65	98	120	188	51	22	57	2.7	3.2
Middle East Oil Area	67	103	137	202	54	33	47	2.8	3.4
Japan	7	14	22	37	100	57	68	.3	.6
Australia NZ S.Africa	115	141	116	167	23	-18	44	4.8	2.8
Other Asia & Africa	292	415	435	509	42	5	17	12.1	8.6
Congo-Leopoldville	167	243	249	199	46	2	-20	6.9	3.4
Other	125	172	186	310	38	8	67	5.2	5.2
Latin America	187	169	177	231	-10	5	31	7.7	3.9

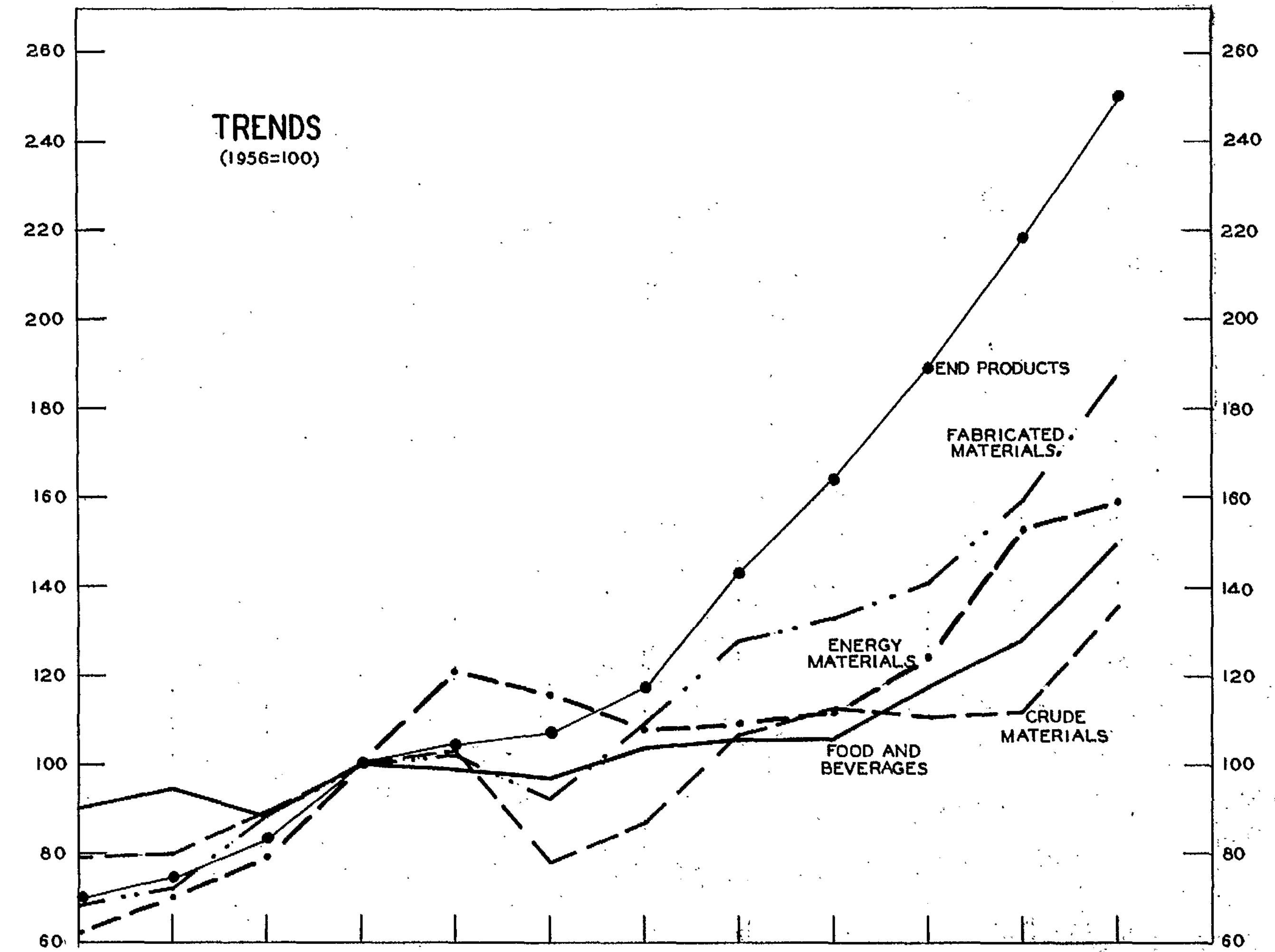
IMPORTS OF BELGIUM COMPARED WITH PRODUCTION 1953-1965

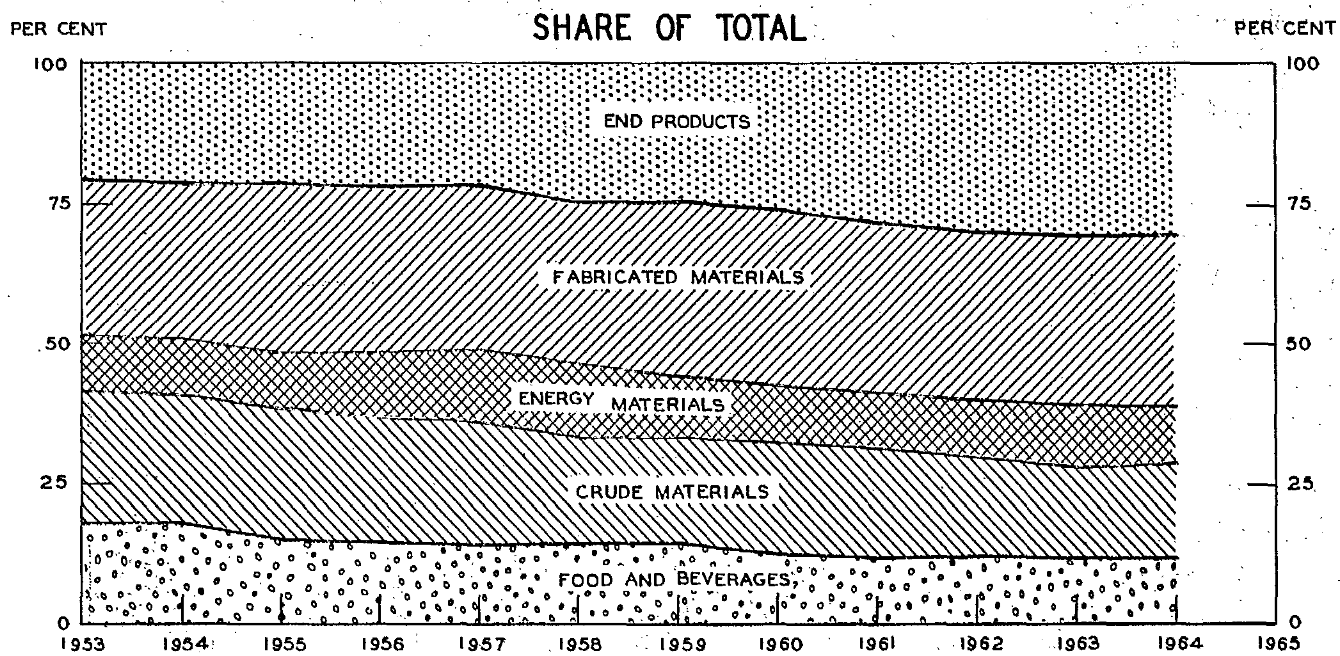




ECONOMICS BRANCH DEPT. OF TRADE AND COMMERCE

IMPORTS OF BELGIUM BY COMMODITY GROUPS 1953-1965





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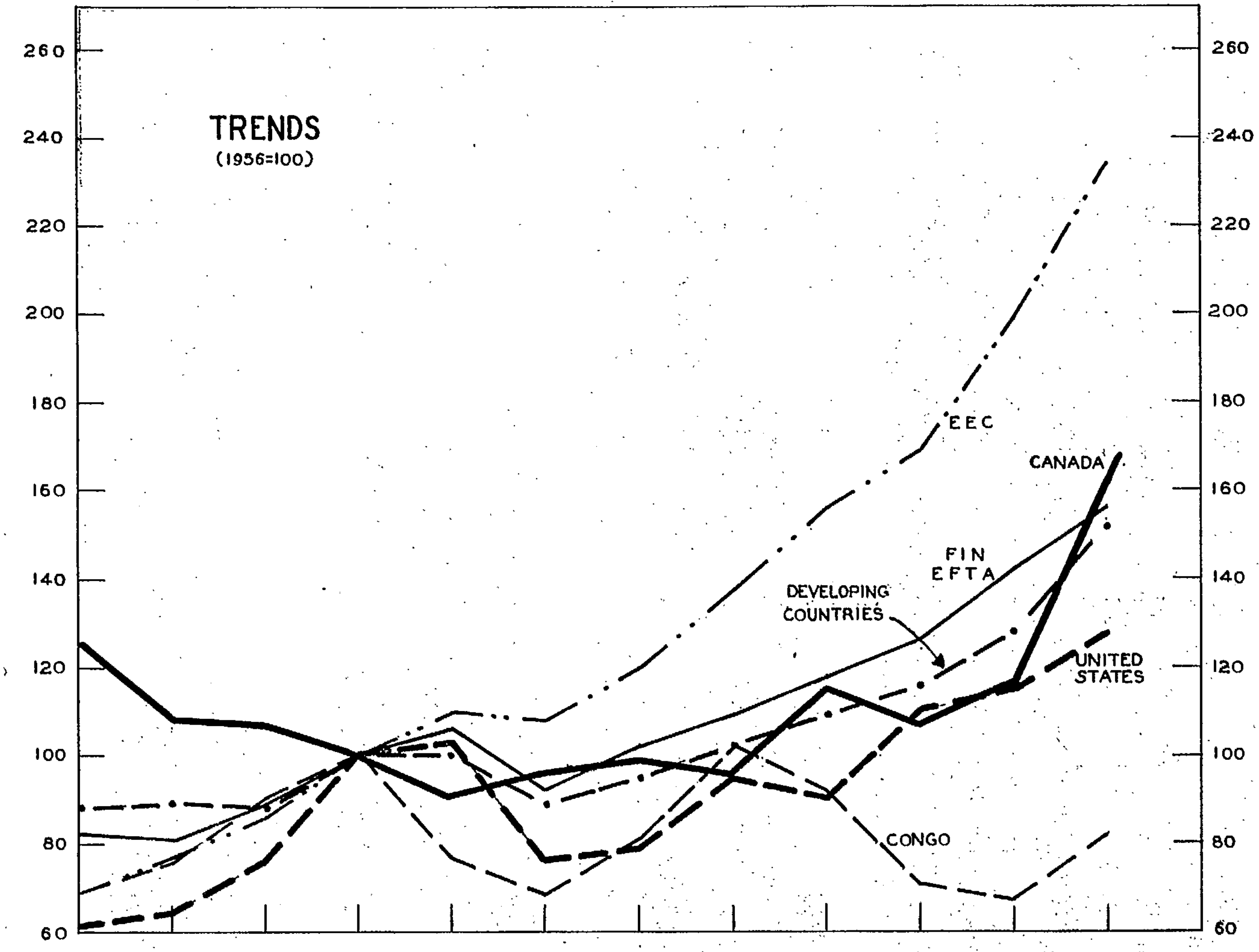
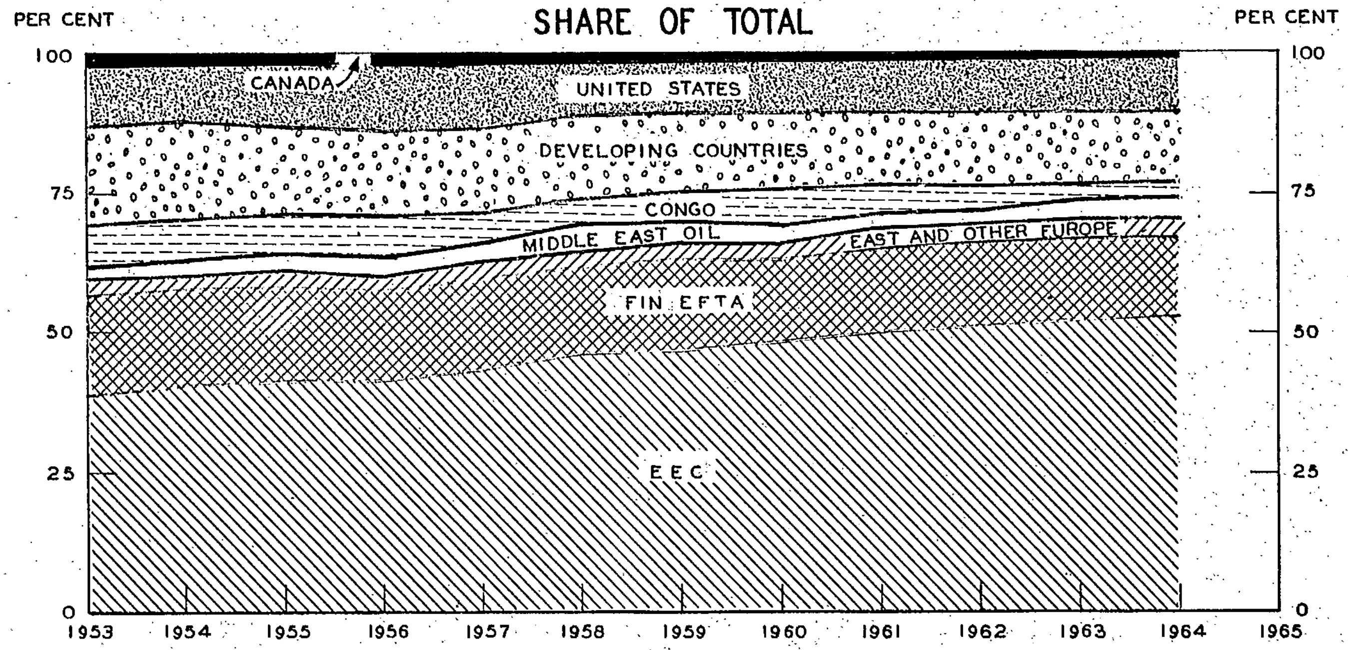
IMPORTS OF BELGIUM BY MAJOR SOURCES 1953-1965



SHARE OF TOTAL



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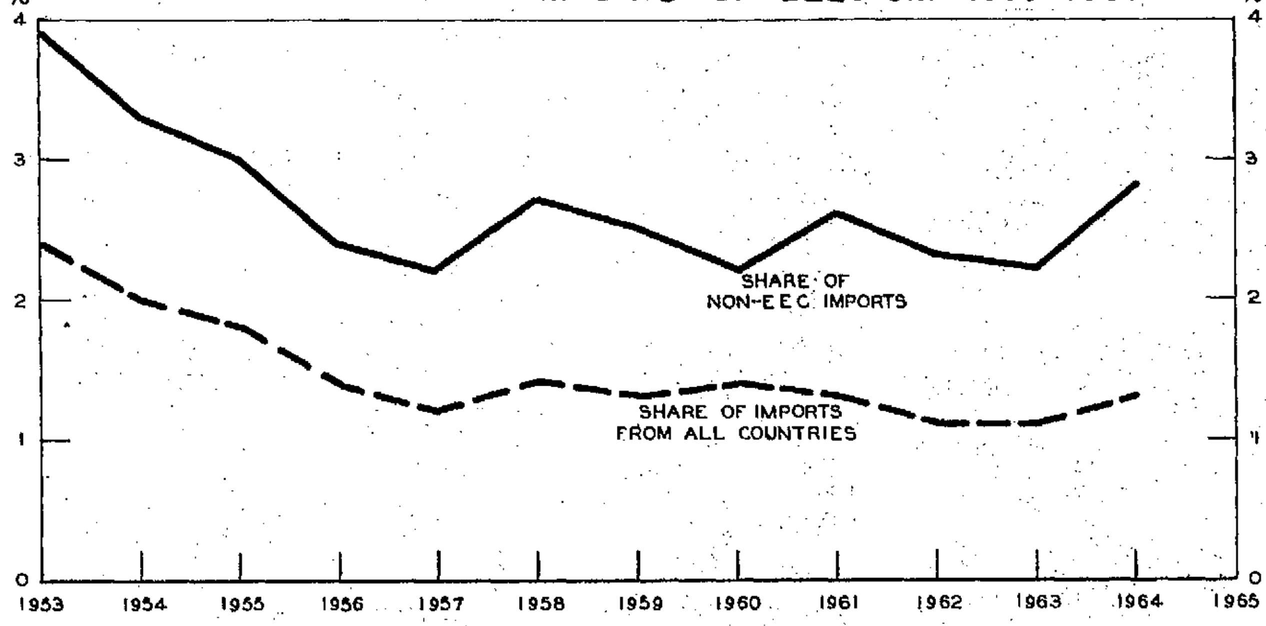
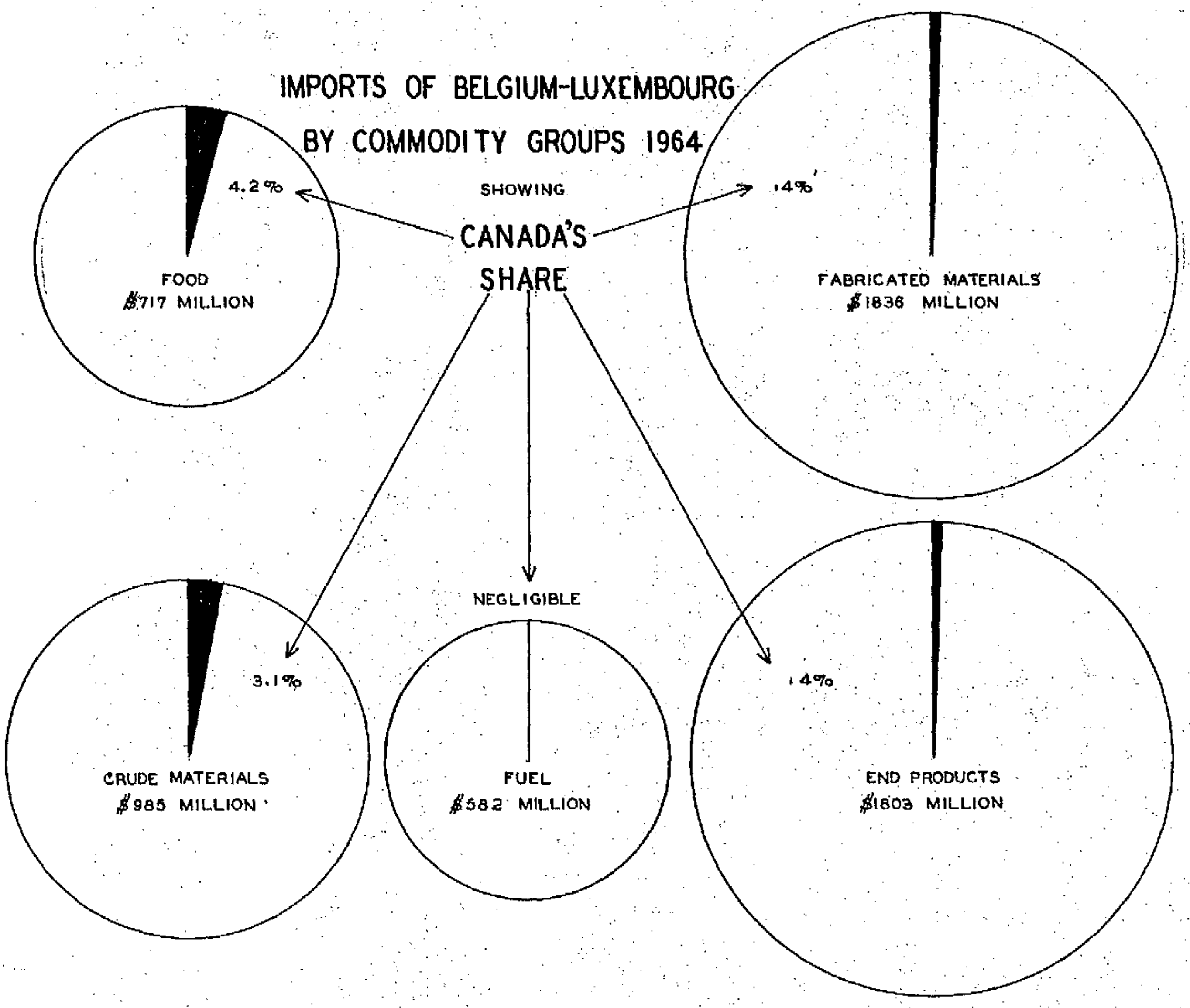
CANADA'S SHARE OF IMPORTS OF BELGIUM 1953-1965



IMPORTS OF BELGIUM-LUXEMBOURG BY COMMODITY GROUPS 1964



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF

BRITAIN

1953-1964

Contents

Ottawa --
June 1966

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

THE CHANGING PATTERN OF IMPORTS OF BRITAIN, 1953-1964

Economic Developments

Britain is second only to the United States in value of imports, which in 1964 were $15.4 billion,* nearly 10 per cent of world total. Moreover Britain has absorbed in recent years about 15 per cent of all Canadian exports and close to one third of overseas shipments. This shows the important place the British market still holds in international trade and for Canadian exports in particular.

From the end of World War II up to 1955 British imports rose faster than national product. The filling of shortages and the needs for reconstruction at first, then the effect on prices of the Korean war, were the main causes of the fast expansion of import value. From 1955 to 1962 imports rose on the whole more moderately than output. Expansion of agricultural output is Britain, changes in the pattern of industrial production, continuing technical advances towards fuller utilization of materials slowed the growth of imports. The levelling off of industrial output between 1955 and 1958 and again in 1961-62 had an additional depressing effect on imports, especially of industrial materials. On the external side, the decline since 1958 of commodity prices and shipping rates contributed to lessen the value of imports.

From 1962 to 1964 imports rose again very sharply reflecting new developments in the British economy and in the external environment. The rapid growth of petroleum consumption and the heightened demand for consumer goods of all kinds, which directly stemmed from the higher purchasing power of Britain, were strong forces underlying the expansion of imports. Higher rates of industrial production and the building up of stocks, as was natural at that phase in the cycle,

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* All values in United States dollars.

were additional forces pressing for larger imports. Furthermore according to Austin Robinson, Professor of Economics at Cambridge, imports were stimulated and facilitated by "a progressive decline in (British) competitiveness in the widest sense, including not only price but also design and even failure to produce goods which have been in strong demand, together with a progressive shift of taste stimulated by the inflows and availability of foreign goods over recent years". On world markets, commodity prices and shipping rates began to climb again in 1963, thus adding to the import bill of the United Kingdom.

A rise in the ratio of imports to national output is not in itself undesirable, provided it is achieved without strain on the balance of payments and without excessive displacement of domestic resources. The existence of virtually full employment and high rates of capacity utilization in most industrial sectors show that the latter condition was met. With regard to the balance of payments, however, the situation was far different. The rapid growth in imports continued to produce a large deficit which rarely was offset by the surplus from other items in the balance of current and long-term transactions. In the six years to 1964, only in 1961 was there a surplus limited to $78 million, while the accumulation of deficit for the same six years amounted to $3.9 billion. The ensuing depletion of reserves, indebtedness abroad and pressures on the pound induced the adoption of various restrictive measures on imports. This type of government action was of course, another influential factor in the course of British imports throughout the period.

This was illustrated in 1965 as the surcharges on imports limited their growth to a fraction, while exports rose by 7 per cent considerably reducing the trade deficit.

Finally, the formation of regional trading groups, the membership of Britain in EFTA and the gradual erosion of the effectiveness of the British Preferential Tariff have all had an impact on the pattern of British imports.

Commodity Import Trends

In Britain, as in most industrialized countries, imports of inedible end products have expanded much faster than any other class. From 1954 to 1964, these finished goods rose steadily almost achieving a five-fold increase, and as a result now form a much larger share of British import trade, rising from 6.3 per cent in 1953 to 15.6 per cent in 1964. Automobiles, clothing and finished consumer goods generally provided the main stimulus for this expansion, though imports of machinery and capital equipment also grew quite rapidly.

Imports of fabricated materials in 1964 were almost two and a half times as large as in 1953 and having increased by two billion dollars to 3.4 billions, accounted for the largest addition to total import values. In relation to total imports, fabricated materials gained ground from 1953 to 1964 constituting 15 per cent at the beginning of the period and 22 per cent at the end. By reason of this increase, fabricated materials have become the second largest group of imports, exceeded only by food. Larger imports of chemicals, plastics, paper and board and steel were mainly responsible for this vigorous growth. Non-ferrous metals and textiles are large if less dynamic sectors.

In spite of their remarkable long-term expansion, imports of fabricated materials have shown great sensitivity to changes in business conditions and since 1958 have fluctuated more widely than any other group of imports.

Imports of energy materials expanded rapidly and almost continuously nearly doubling from 1953 to 1964 and in relation to total British imports they rose from 9.4 to 10.6 per cent. The expansion resulted entirely from larger volume of purchases as the unit value of fuel imports fell steadily and appreciably from 1957 to 1964. Larger imports of petroleum and its products made necessary by the substitution of oil for coal and by the very rapid growth of oil-using transport, account fully for the expansion; purchases abroad of coal, electricity, and natural gas have remained minimal.

Imports of crude materials, despite some ups and downs related to cyclical changes in the strength of demand, remained virtually the same from 1953 to 1964. Relative to the total value of British imports they have shrunk from 30 to less than 20 per cent. Many factors are at the root of this trend and most of them, such as lower commodity prices, better utilization of materials and larger home production of substitutes for imports, are common to many importing countries. Changes in the industrial pattern of output in Britain, which caused the average materials content of production to decline, had an additional limiting effect on the imports of crude materials. Textile fibres is the largest sector followed by the more buoyant lumber, metal ores and pulp. But Britain is also a major market for hides, rubber, oilseeds and other crude materials.

Imports of food assume a very special importance in Britain because of its exceptionally heavy reliance of foreign sources of supply. Historically imports of food constitute the largest group of British imports and still hold top place. Their comparative importance however has diminished as other imports developed at a faster pace. In the last decade import values for food show a slowly rising and much more stable trend than that of other commodity groups. This is explained primarily by the general development of food consumption although the weakening of import prices from 1953 to 1961, the higher level of agricultural production in Britain and a variety of limitations or burdens imposed on the import or purchase of some expensive foods and beverages all contributed to keep the value of imports low. From 1953 to 1961 the value of imports of food went up by only 13 per cent and in relation to total imports declined from 39.3 per cent to 34 per cent. After 1961 the value of food imports began to rise at a quicker pace, so that by 1964 it was nearly a fifth higher. Nonetheless in relation to total imports, food accounted for a smaller share (32.2%) than in 1961. It appears that larger imports of meat and dairy products were the main reason for the recent growth in imports. But fruit and vegetables as well as cereals and feeds are also very large categories of imports, while tropical beverages (especially tea) and sugar when combined are of the same order.

The Changing Source of Imports

The geographic pattern of British imports has undergone appreciable changes since 1953 in response mostly to changes in the quality of import demand. A different composition of imports inevitably brought about a shift towards new sources. Since end products and fabricated materials represented the most dynamic growth, purchases from industrial countries expanded faster than those from primary producers. As a result, imports from Western Europe and the United States which in 1953 made up 34 per cent of the total, in 1964 formed almost half.

Imports from the European Economic Community were in 1964 more than two and a half times as large as in 1953, and constituted a widening share of total British imports, rising from 10.4 to 16.6 per cent. It must be noted that this success was attained despite the fact that about 60 per cent of imports from EEC are made up of end products and fabricated materials which in some cases are competitive with British goods. Over 40 per cent of British imports of chemicals, machinery and transport equipment, and one third of the imports of other manufactured articles originated in EEC countries.

Germany is the largest supplier and of course is prominent in chemicals, machinery and similar articles. Suprisingly close is the Netherlands with major contributions of meat, vegetables, other farm products and petroleum products as well as manufactures. From France come wine, chemicals and machinery, from Italy fruit and vegetables, woollens and various end products and from Belgium flax, cotton goods and steel.

Imports from EFTA, approximately 13 per cent of total, are mostly foods, crude and fabricated materials, which has tended to lessen the growth of this trade, notwithstanding their more favourable terms of access to the British market. In fact, the effect the Free Trade Agreement is having on general trends of British imports is not yet clearly discernible. Only in 1964 did imports from EFTA increase strongly, but so also did imports from EEC and the United States. At any rate, the value of imports from EFTA partners nearly doubled over the whole period and their share of the import market increased from 11.4 per cent in 1953 to 13.4 per cent in 1964.

Sweden is the major source in this group and along with Finland and Norway, ships large volumes of lumber, plywood, pulp and paper to Britain. Sweden also supplies iron ore, steel products and machinery, while Norway provides fish products and aluminum. Denmark ranks second with its great flow of meat and dairy products. On the other hand, Switzerland is a noted supplier of machinery, instruments and chemicals.

Ireland holds a special place in the British market as illustrated by the recent agreement to try for bilateral free trade. Irish exports, which account for over 3 per cent of the United Kingdom's intake, are dominated by cattle, meat and dairy products. But stout, textiles, wearing apparel and machinery to round out the picture somewhat. Other West European countries sell a limited range of agricultural products to Britain, the major flow being fruit, vegetables and wine from Spain (and particularly the Canary Islands).

Russia and other East European countries are the source of over 3 per cent of British purchases. Over half is from Russia and consists principally of lumber and other industrial materials. Polish shipments of meat, butter and lumber are also sizeable.

Imports from the United States are about evenly divided between food, crude and energy materials on one side and fabricated and finished goods on the other. In comparison with imports from Europe the behaviour of imports from the United States was much more erratic. On the whole, the trend from the United States was pointing upwards at a rate practically identical to that of total British imports. Therefore, the American share of the market, which averaged 11 per cent in 1955-57, was almost the same for 1962-64. The commodity composition again offers a partial explanation. Tobacco, corn and wheat have proven to be volatile imports lacking overall growth, while the demand for cotton has also remained stagnant. In contrast the agricultural products from Europe, such as dairy products, meat, fruit and vegetables, have enjoyed a buoyant market. End products and fabricated materials from the United States have risen at about the same speed as total British purchases, but certainly much slower than from European countries. More than a third of British imports of machinery and electrical goods, a quarter of the chemicals and a good share of the non-ferrous metals come from the United States.

Imports from Japan are growing rapidly despite restrictions but are still small. Fish, instruments, and cars are leading items.

Britain imported a billion dollars worth from the Middle East oil countries in 1964. Just under two thirds comes from the Sterling (£) suppliers but the recent advent of Libyan oil has stopped the increase from Kuwait. The latter with Bahrein was still the source of half this flow. Iraq and Iran are still major sources although their relative importance to British refining has been much modified by post-war political events. Saudi Arabia is only a small supplier to Britain.

Imports from the other overseas £ Area showed a very hesitant increase in the period under review and lost much ground in comparison with other sources. In 1953-54 this area provided 35 per cent of the total value of imports, but by 1964 this had fallen 10 percentage points. This performance vividly outlines some of the fundamental changes occurring in international trade. The traditional pattern of British imports, with its strong emphasis on crude materials and food, has changed to the point that those two groups now form little more than half of the total. It follows that imports from the overseas £ Area, predominantly agricultural and other crude materials, were adversely affected and their actual value increased little despite rising overall demand.

The largest £ trade flow is from the other "Old Dominions". Here the lack of growth is particularly evident with the market share falling from 16 to 11 per cent over the period, despite an upturn in 1963-64. Wool is a major factor in each country, but New Zealand is more noted for its butter and meat. Fruit, sugar and cereals come from both Australia and South Africa. Meat, lead and zinc from Australia and hides, pulp, fishmeal and platinum ores from South Africa are other principal items. While New Zealand continues to be heavily dependent on Britain, the others have drastically shifted exports to other industrial countries.

British imports from the old "Empire" in south and east Asia were better maintained until 1960 but have stabilized since then at over $1 billion. About 60 per cent comes from the Indian sub-continent, with tea the principal commodity from India and Ceylon. Pakistan is noted for its jute, while India also ships cotton and leather goods, tobacco and oil cake. From Malaysia comes rubber and vegetable oil while the larger flow from Hong Kong includes clothing, cotton goods, footwear and many small consumer items.

From £ Africa (less Libya) sales to Britain are virtually unchanged at three-quarter billion dollars. Zambia's copper has been the largest item, and Southern Rhodesia has been the source of tobacco and asbestos. Coffee and sisal are the major purchases in East Africa and sugar is the mainstay of Mauritius. Nigeria is noted for palm and peanut products and tin, and with Ghana also ships tropical wood and cocoa.

Imports from the £ West Indies are smaller but have been more buoyant in recent years. Sugar and bananas dominate the shipments from Jamaica and the small islands, but petroleum products make up two-thirds of the total from Trinidad. Sugar is also an important purchase here and in Guyana.

Sugar is again the only significant import from Fiji and the other Pacific Islands, while Cyprus has been a source of vegetables and fruit.

Britain's imports from other parts of Africa and Asia are quite small and have actually declined in value. The products are primary and specialized - minerals from North Africa, cotton from the Nile, oranges from Israel, iron ore from West Africa, rubber and manila from Southeast Asia, and wool, bristles and fabrics from Red China.

Latin America has played a modest role in British trade in recent decades. The slow rise in purchase values to nearly $1 billion (excluding £ area of course) has resulted in a small loss of market share from 8.3 per cent in 1953 to 6.4 per cent in 1964. Although 1964 purchases of meat, wool and wheat from Argentina and Uruguay (the River Plate) were nearly a third below the 1957 peak, this is still the largest regional source. Moreover, Venezuela's oil and iron ore which rose sharply until 1957 have not surpassed that level. Other major shipments are copper from Chile and Peru, tin concentrates from Bolivia, and sugar from Cuba, Dominica and Peru. Brazil sends a small volume of pine, iron ore, cotton and coffee. Dutch Aruba is just like Trinidad, a major refiner and seller of petroleum products derived from Venezuelan crude.

Canada's Share in Imports

✓ Historically Canada has always held a substantial place in the British import market; to a large degree reflecting social and political ties as well as the complementarity of products. This flow of trade has naturally been affected by major wars and by changes in trade policy (e.g. Corn Laws.) The Commonwealth Preferences of the 1930's and World War II are memorable examples.

In the postwar period Canada's exports to Britain were slightly lower than prewar, contrasting with the swift rise in American demand. But Canada's share of Britain's lower postwar import total was higher than prewar, being 8 to 9 per cent in the early 1950's. Since 1956, with improved supply from European and other competitors, Canada's share has averaged closer to 8 per cent of the slowly rising British market.

✓ The serious postwar balance of payments difficulties not only reduced Britain's total imports but altered the commodity composition. Imports of processed foods and other end products were obtained at home or done without. Some metals, lumber and other goods were found in non-dollar areas. But grain and aluminum purchases in Canada were much higher than prewar.

In the intervening years sales of some processed foods and other end products have regained prewar positions and a number of new manufactures have entered the lists. Nonetheless wheat and other farm products, forest products, metals and minerals dominate the flow from Canada to Britain. But here the growth of processed items in relation to crude categories is evident.

Wheat, flour, and barley remain major items from Canada and the major source of British imports. Moreover salmon, cheese and apples have regained lost markets; while tobacco, oilseeds and cake, and vegetables have seen their sales enlarged. Nevertheless the Canadian share of the food market, now 7 per cent, has been declining.

Lumber, pulp and newsprint have made substantial recent gains but success is especially notable in sales of fir plywood and paperboard, both highly fabricated. Iron ore, nickel matte and platinum concentrates have recovered much beyond prewar levels, and uranium oxide has been added. At the same time aluminum, copper, nickel, zinc and asbestos have reached new heights. Synthetic rubber has also established a place in the British market.

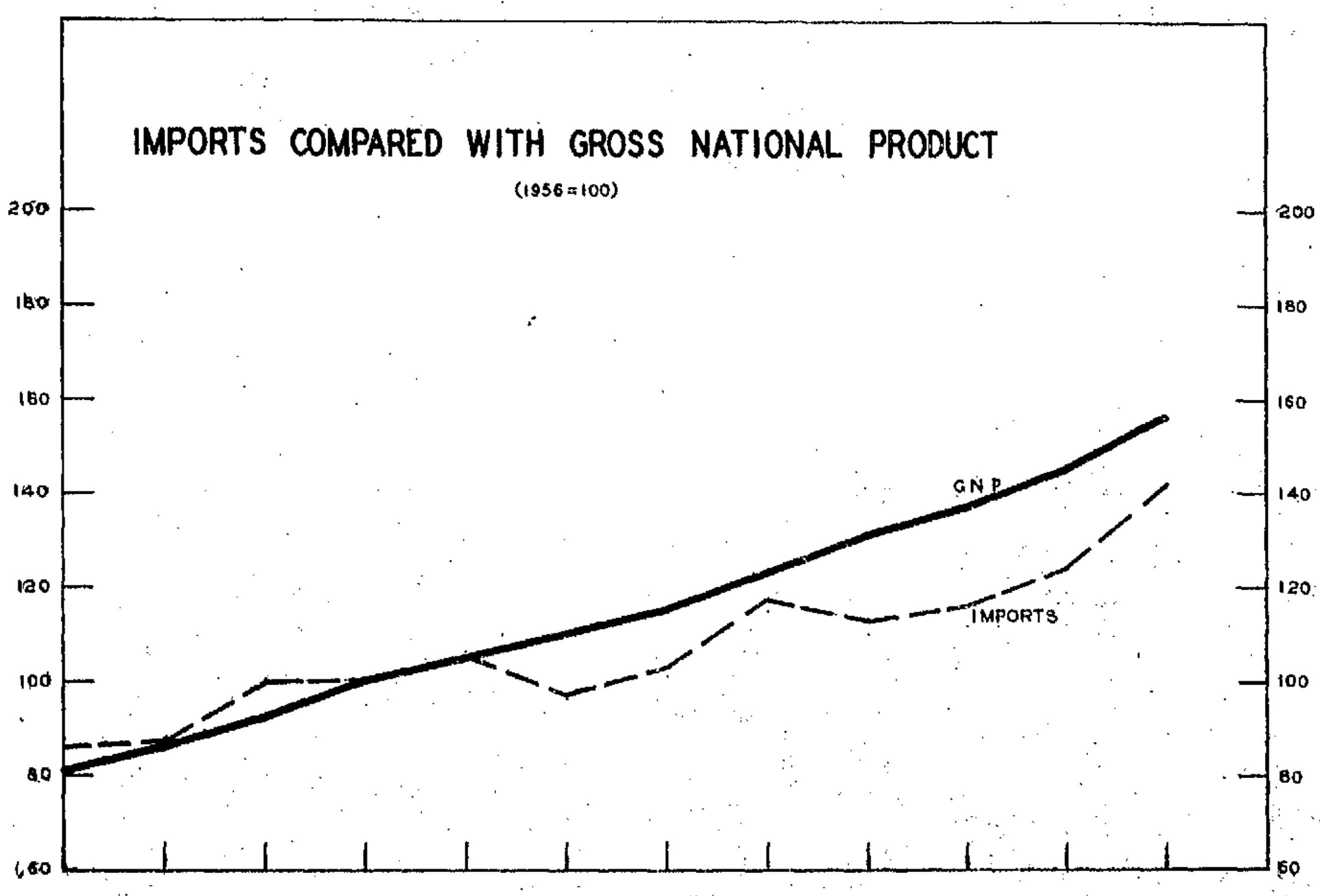
✓ In fact Canada supplies about 13 per cent of all British imports of industrial materials (excluding energy materials which are nil). In particular Canada is among the leading sources of forest and mineral products, which generally have been in growing British demand in contrast to fibres and other materials.

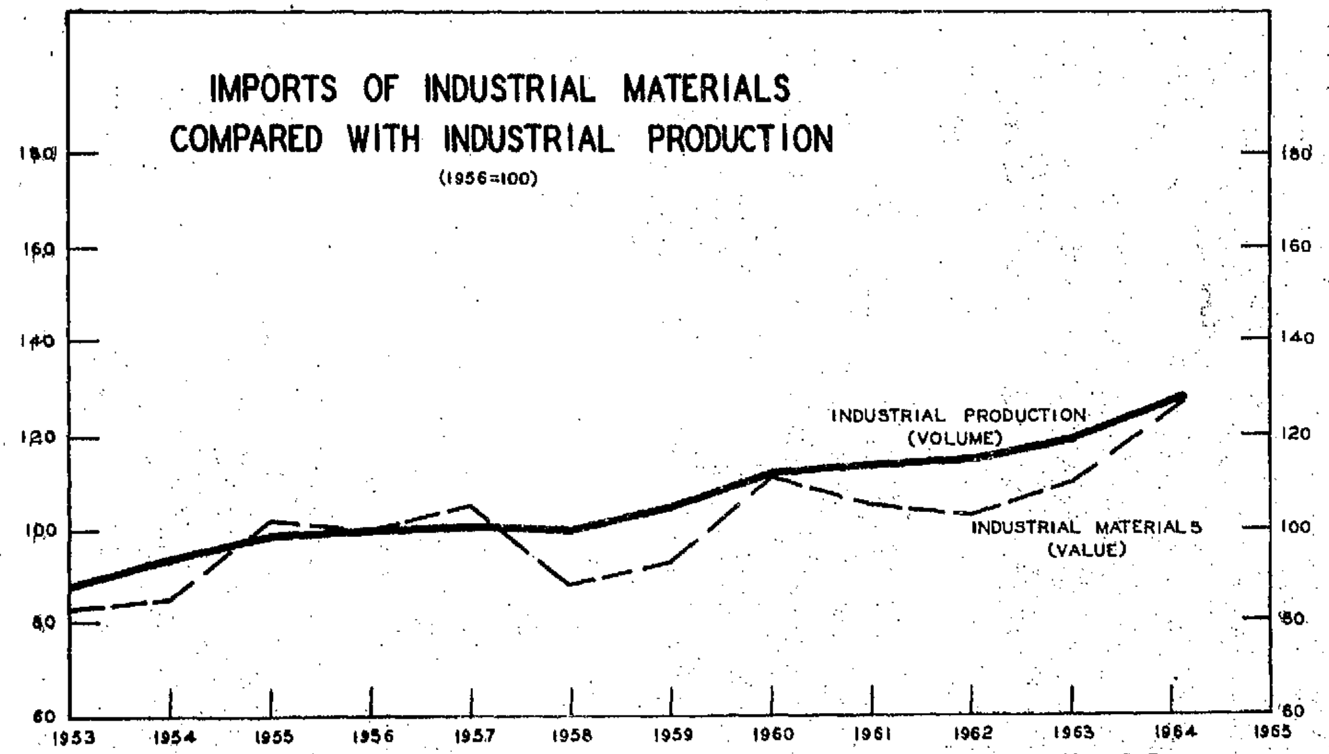
✓ Canada's share of British purchases of end products inedible is small - less than 3 per cent. However with the market more than doubling from 1959 Canada has not only kept pace but has widened the range of capital and consumer goods sold. But the competition is obviously strong and increasing and the imposition of surcharges in late 1964 has been a deterrent to all foreign producers of end products and fabricated commodities such as newsprint.

IMPORTS OF BRITAIN-SUMMARY 1953-64

Commodity Group	Value-Million US Dollars 1953	1956	1960	1964	Change-Percent 1953-6	1956-60	1960-64	Share-Percent 1953	1964
Food & Beverages	3685	4064	4327	4965	10	6	15	39.3	32.2
Crude Materials	2801	2929	2827	2984	5	- 3	6	29.9	19.3
Energy Materials	882	1158	1352	1638	31	17	21	9.4	10.6
Fabricated Materials	1407	2044	2771	3435	45	36	24	15.0	22.3
All Materials	5090	6131	6950	8057	20	13	16	54.3	52.2
End Products	591	694	1482	2416	17	114	63	6.3	15.6
ALL IMPORTS	9366	10890	12758	15438	16	17	21	100.0	100.0
Country or Region									
Canada	852	973	1050	1267	14	8	21	9.1	8.2
United States	712	1145	1589	1793	61	39	13	7.6	11.6
EEC	974	1380	1854	2563	42	34	38	10.4	16.6
France	230	314	367	516	37	17	41	2.5	3.3
Germany	196	308	509	745	57	65	46	2.1	4.8
Benelux	428	597	701	933	39	17	33	4.6	6.0
Italy	121	161	277	370	33	72	34	1.3	2.4
FinEFTA	1069	1264	1571	2067	18	24	32	11.4	13.4
Scandinavia	937	1098	1355	1714	17	23	26	10.0	11.1
Ireland	294	251	342	479	-15	36	40	3.1	3.1
East & Other Europe	378	478	694	892	26	45	29	4.0	5.8
Middle East Oil Area	611	587	820	1003	- 4	40	22	6.5	6.5
Overseas Sterling	3285	3495	3385	3854	6	- 3	14	35.1	25.0
Australia N.Z. S.Africa	1503	1495	1401	1723	- 1	- 6	23	16.0	11.2
South & East Asia	767	967	1042	1080	26	8	4	8.2	7.0
Other Sterling	1016	1033	942	1051	2	- 9	12	10.8	6.8
Japan	26	68	118	205	162	74	74	.3	1.3
Other Asia Africa	389	394	397	328	1	1	-17	4.2	2.1
Latin America	776	847	937	987	9	11	5	8.3	6.4

IMPORTS OF BRITAIN COMPARED WITH PRODUCTION 1953-1965





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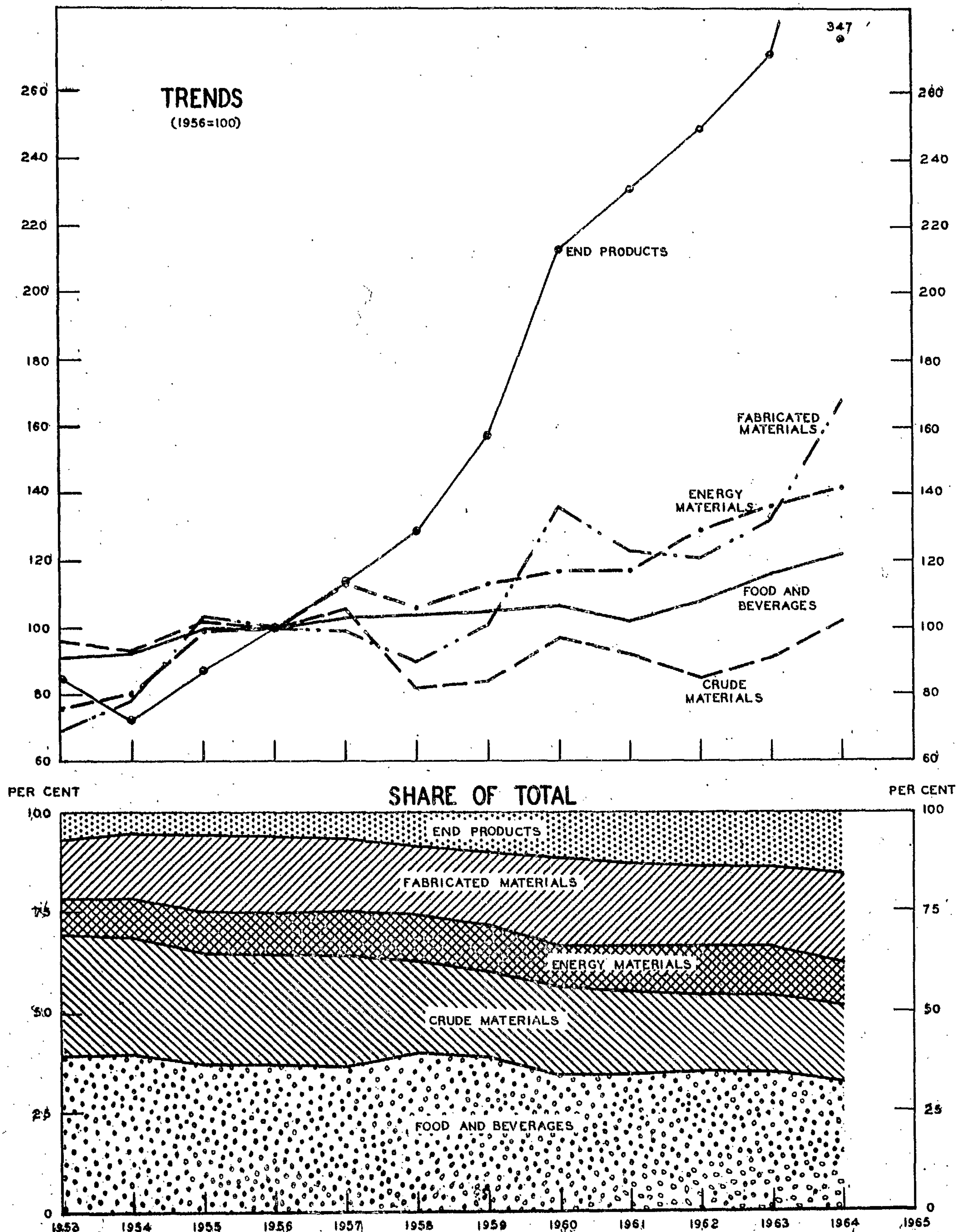
IMPORTS OF BRITAIN BY COMMODITY GROUPS 1953-1965



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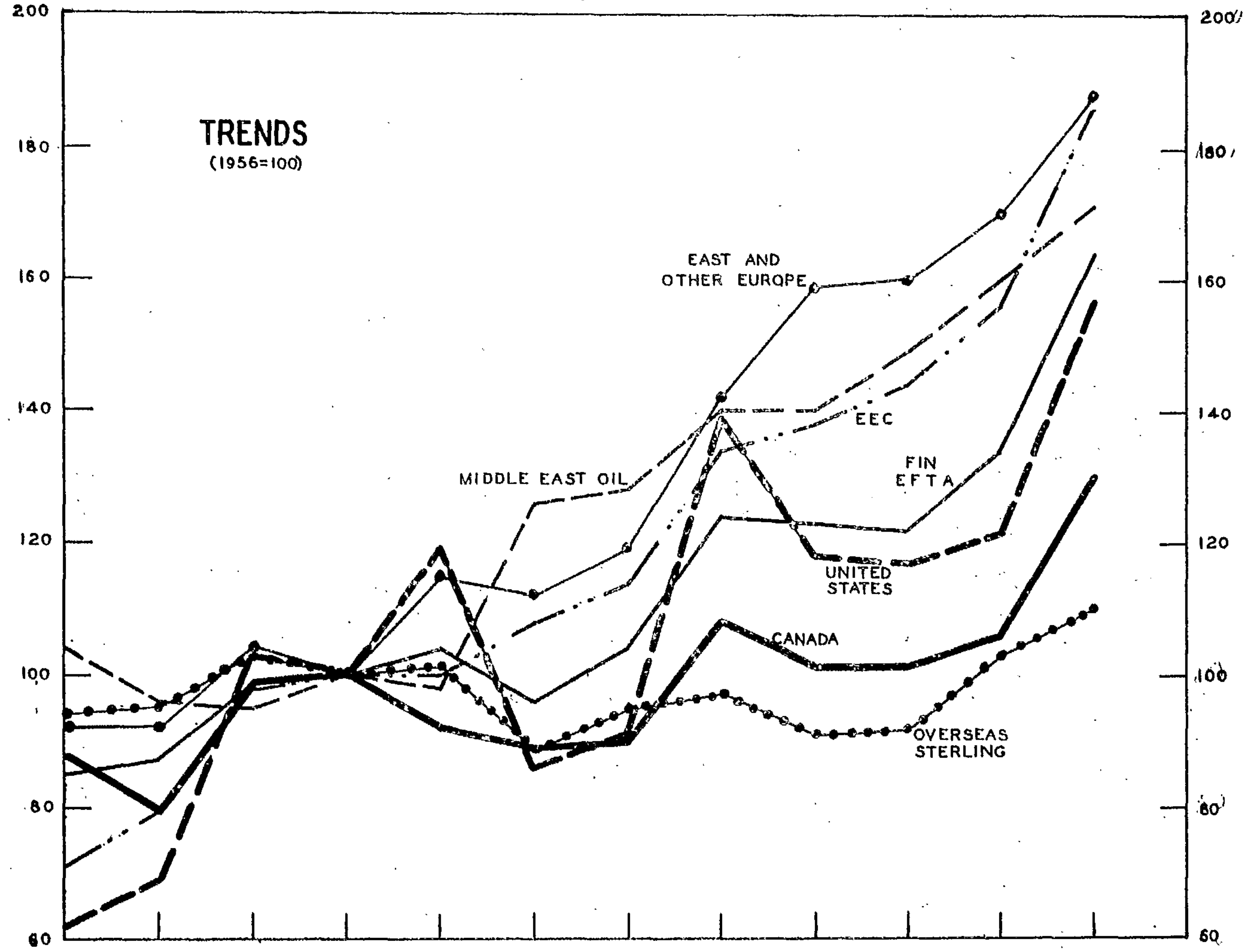
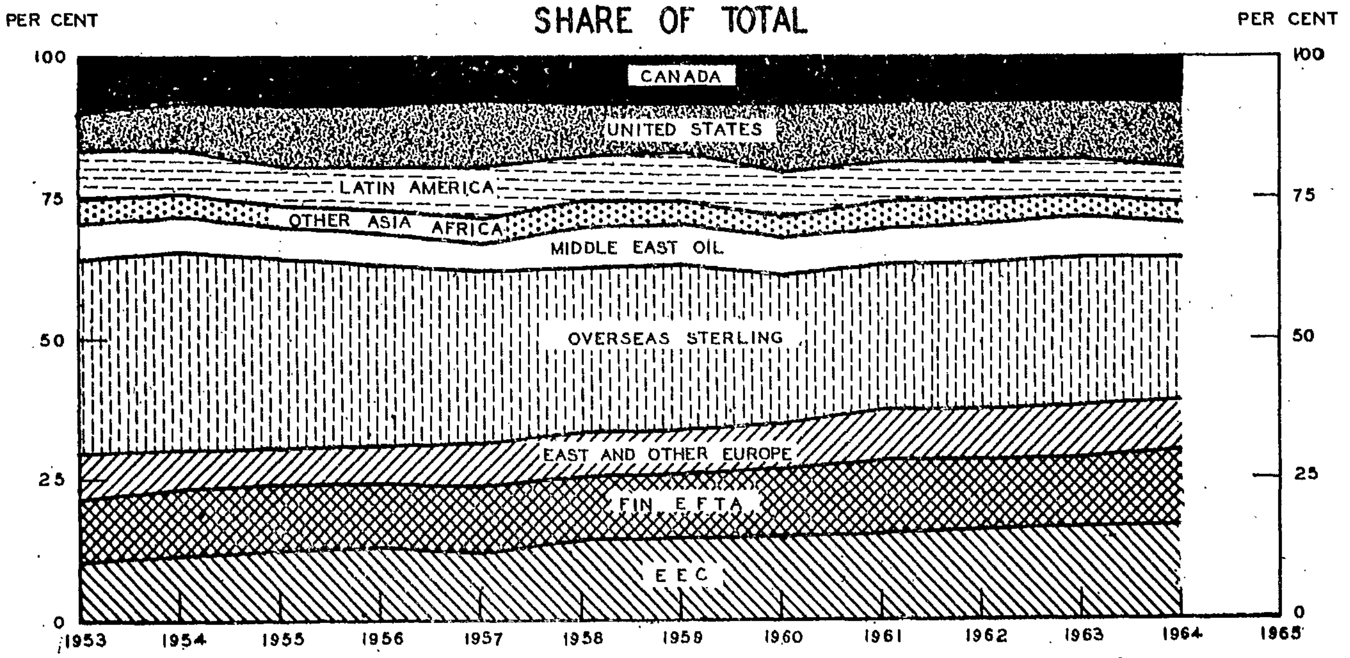
IMPORTS OF BRITAIN BY MAJOR SOURCES 1953-1965



SHARE OF TOTAL



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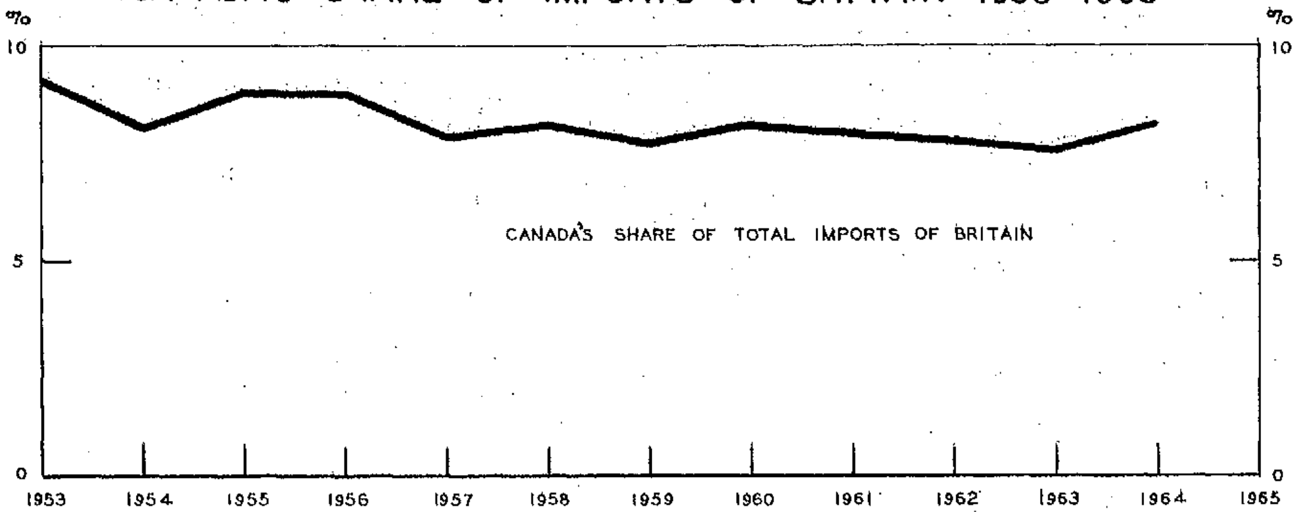
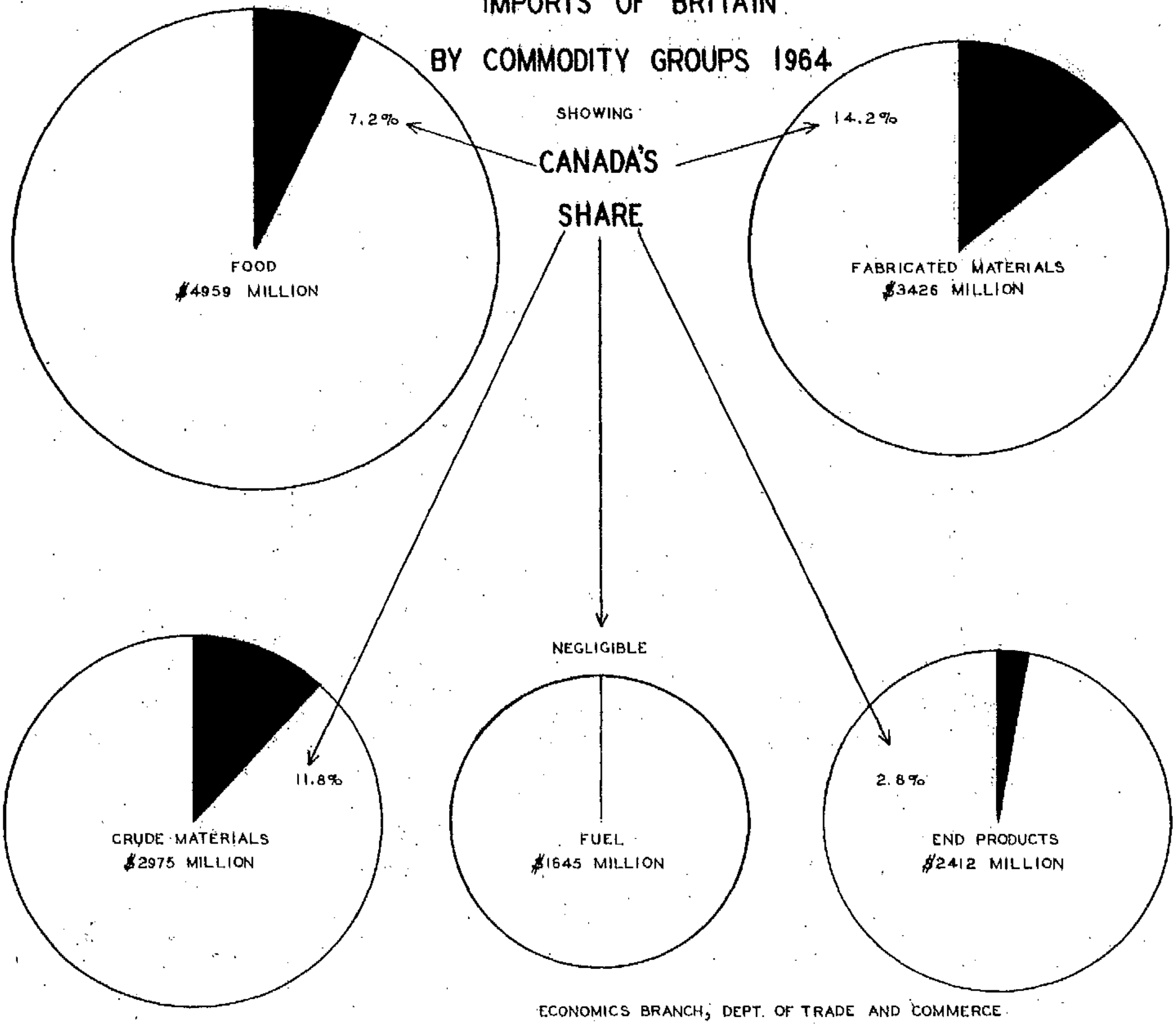
CANADA'S SHARE OF IMPORTS OF BRITAIN 1953-1965



IMPORTS OF BRITAIN BY COMMODITY GROUPS 1964



ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

THE CHANGING PATTERN OF IMPORTS

OF

S C A N D I N A V I A

1953-1965

Contents

Trade Pattern Studies
Economics Branch
Department of Trade and Commerce

Ottawa
November 1966

THE CHANGING PATTERN OF IMPORTS OF SCANDINAVIA, 1953-1965

General Import Relationships

Denmark, Sweden, Norway and Finland, which are generally referred to as "Scandinavia", have much in common in terms of social, cultural and economic features. With a combined population of over twenty million, they offer a fairly homogeneous market of considerable size. Each of the four countries, nevertheless, maintains a strong individual identity and presents distinctive characteristics. In the economic sphere, personal incomes, consumption habits and the structure of production vary appreciably and these differences inevitably are reflected in the pattern and composition of their external trade.

Foreign trade is an economic necessity for the Scandinavian countries, as it is for most small countries wanting to progress at a sustained pace. In 1965 goods imported by Scandinavian countries surpassed $11 billion*, 30 per cent of their aggregate national income. The ratio of imports to income was higher in Norway (41%) and Denmark (36%) but lower around a quarter in Finland and Sweden. The relative weight of imports is clearly shown in that, for each person in Scandinavia, goods worth about $480 were imported in 1964 when for Canada it was $389, for Britain $287 and for the United States $97. This individual value for Scandinavia climbed more than a tenth in 1965, reaching $355 for Finland and nearly $600 for the others. Rapid economic growth and a high standard of living, coupled with a high degree of openness of the Scandinavian economies to external competition, have been the key elements in the development of imports.

A relevant feature of the Scandinavian countries is the high level of income they have attained in comparison with most other countries. In 1965 the national income amounted to $36.8 billion and with a population of 20.8 million, the average level of income per person was $1,765.

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* All values in United States dollars

Income and Imports of Scandinavian Countries in 1965

	National Income (million $)	Imports (million $)	Population (thousands)	Income per Person ($)	Imports per Person ($)
Finland	6457	1635	4612	1400	355
Norway	5399	2203	3723	1450	592
Denmark	7851	2828	4758	1650	594
Sweden	17046	4373	7734	2204	565
Scandinavia	36753	11039	20827	1765	530

Sweden accounted for almost one half of the total income and on a personal basis was away ahead of the other Scandinavians. Norway, on the other hand, generated the smallest national income, while on an individual basis Finland was slightly lower.

Disparities in national income reflected differences in the structure of production and these two factors in turn were related to the variations in the level and quality of demand. Total output in Scandinavia in 1965 was two and a third times the level of 1953. All countries contributed to the expansion, though output grew faster in some countries than in others.

Denmark, through skill and perseverance, succeeded in establishing a more diversified economy, while lifting her Gross National Product by one and a half times in the years under review. Agriculture is still Denmark's key industry but manufacturing and shipping now provide more than half of GNP and are the most dynamic sectors. The expansion of manufacturing, moreover, has contributed strongly to changes in the commodity make-up of Danish imports.

The GNP of Sweden expanded almost as fast as that of Denmark, and Sweden has remained by a good margin the wealthiest country in the group. Certain features special to Sweden have helped to form habits, as well as institutional mechanisms, which have contributed towards its economic development.

The GNP of Norway increased somewhat less rapidly and was subject to more pronounced fluctuations than the other countries. Norway is poor in agricultural land but rich in electric power which forms the basis of an expanding processing industry. Consequently imports of nickel and aluminum ores are on increased share of inflow, in contrast to the other countries. Furthermore, Norway owns one of the world's largest merchant fleets and revenue from shipping, though rather volatile, is a main source of income. For this reason the purchase of ships is sometimes more than a sixth of all imports.

The growth of Finland's GNP at market prices was slightly slower, although it has more than doubled since 1953. The larger real increase was hidden by the currency appreciation of 1955 and by the exchange devaluation of 1957. In relation to the other three countries, Finland was less diversified and developed and more protected from external competition. Forestry industries dominated the economic scene and provided more than 70 per cent of Finnish exports. But Finland has succeeded in widening her commercial relations with foreign countries quite substantially and although still small, Finnish purchases abroad increased faster than in the other countries, particularly in the mid 'fifties. Furthermore the structural shift, especially away from foods toward end products, was the most radical in the region.

✓ To sum up, the Scandinavian market must be considered important not only in view of its high purchasing power, but also because of its rate of expansion. From 1953 to 1965 imports of the Scandinavian countries increased more than two and a half times from $4 to $11 billion.

Commodity Import Trends

The commodity composition of Scandinavian imports has changed over the period in a way that reflects the growing industrialization and the rising prosperity of the region. Food and energy imports, which have been a comparatively large part of the structure, lost ground particularly in the late 'fifties. Crude materials had lagged earlier but have recovered lately, especially in Norway.

Imports of end products registered a three and a half fold increase from 1953 through 1965 and as a share of total imports rose from 27 to 39 per cent. Since 1958 they have been the largest group, surpassing fabricated materials. Imports of consumer goods expanded at a faster rate, but the largest gain in actual value was made by machinery and transport equipment, which in 1964 constituted four fifths of the imports of end products. Their value, at nearly $3 billion, was $2.1 billion higher than in 1953. The expansion was particularly pronounced in Denmark and to a lesser degree in Sweden, but in Norway and Finland end products formed the largest share of total imports (over 44 per cent of Norwegian imports, 1961-64).

Imports of fabricated materials in 1965 were more than two and half times higher in value than in 1953. In contrast with the continuous rise of end products, the import trend of fabricated materials has shown notable fluctuations, mostly caused by changes in business activity. Until 1957 fabricated materials formed the largest group of imports and in 1953-55 amounted to almost one third of the total. But gradually losing ground since 1958, their share was down to 31 per cent in 1964-65. Only in Denmark, on account of the greatly increased industrial demand for chemicals, plastics, textiles and steel products, has the expansion of the fabricated materials kept pace with total imports. In Denmark therefore fabricated materials remain the largest group, with over a third of total imports.

The trend of inedible crude materials imports was on the whole rather similar to that of fabricated materials, showing the same sensitivity to changes in general economic activity. In value these imports have more than doubled since 1953, rising a third from 1963 to 1965, but since this was smaller than the total increase achieved by all imports, crude materials lost ground comparatively. This group, just over a quarter the size of fabricated materials, is traditionally small in Scandinavia, where forests and iron ore abound. For this reason intra-Scandinavia trade represents at least one fifth of these imports. In 1953 crude materials constituted 10.2 per cent of Scandinavian imports, by 1965 declining to 8.6 per cent. The relative decline would have been much greater except for the sharp climb in metal concentrates to Norway for processing by cheap hydro-power; nickel matte from Canada and alumina were of capital importance in this regard. Zinc ores and pulpwood from Sweden also go to Norway. Textile fibres formed the second largest component, followed by oilseeds and fertilizers.

Imports of food and beverages increased, on the whole, at an appreciably slower pace than the overall value of imports. Although their 1965 value of $1.2 billion was 85 per cent larger than in 1953, their share of total was down to 11 from 16 per cent in 1953. Sweden was the principal importer, followed by Denmark. Coffee and sugar, fruit and vegetables, grain and feeds, beverages and tobacco were the main items. Indeed Scandinavians have the highest consumption of coffee per person in the world. Imports of meat, cheese and fish are smaller and largely traded within Scandinavia.

Imports of energy materials which are small in relation to the large consumption of energy in Scandinavia, have increased no more in value than the food group. The 1965 value of $1.1 billion was only a tenth higher than in 1957. A sharp drop in imports of coal since 1958 caused only a temporary downturn in the overall value, since it was counterbalanced by the rapidly growing consumption and imports of petroleum products, much of which comes from Britain and Holland as well as the oil countries. Therefore since 1959 energy imports have been rising again, although the abundant availability of hydro-electric power has allowed Scandinavia to keep them at reasonable levels.

Changing Sources of Imports

The most consistent feature in the geographic pattern of Scandinavian imports is the traditionally high level of purchases from European suppliers. In 1965, about 78 per cent of Scandinavian imports originated from within Europe, virtually the same as in 1953.

Of special importance are the changes that have occurred in the pattern of imports from the European Free Trade Association, of which the Scandinavian countries are members. The overall value of imports from EFTA increased by 175 per cent in the period and in 1965 represented 37 per cent of total imports. Most of the gain both absolutely and relatively, was due to larger intra-Scandinavia trade, while Britain lost its position as the principal foreign supplier.

✓ In particular a steady and rapid increase has taken place in intra-Scandinavia trade which in 1965 was over four times the 1953 amount, and represented 19 per cent of total imports, in comparison with 12 per cent. Imports from other Scandinavian countries hold a particularly prominent place in Norway, constituting 27 per cent of total imports. This is the result primarily of large purchases of ships (a third of all goods from Sweden) and of motor-vehicles, machinery and electrical goods from neighbouring Sweden and to a lesser degree Denmark.

Moreover Denmark receives from other Scandinavian countries nearly a fifth of all imports. In this case too, large procurements from Sweden of fish, steel, cars, machinery and electrical apparatus, along with forest products from each partner account for most of the strength of Scandinavian supply. In contrast, the purchases of Finland and Sweden from Scandinavian partners are usually a smaller share of imports (about a sixth and a seventh respectively). Sweden, nevertheless, is the leading importer of Scandinavian goods in absolute terms exceeding by a small margin those of Denmark. They were varied - food and machinery from Denmark, metals from Norway and basic materials from Finland. At the same time Sweden is the major foreign supplier of Norway and the second or third for both Denmark and Finland. So large is this flow, that about one quarter of Swedish exports are absorbed by the other Scandinavian countries. Moreover these consist largely of capital goods and other secondary manufactures, in contrast to forest and mineral products which are so prominent in Swedish sales outside Scandinavia.

For a long time Britain was the main source and as late as 1953 supplied one fifth of Scandinavian imports, 71 per cent more than intra-Scandianvia trade and one sixth more that from Germany. In the years up to 1959, however, imports from Britain expanded annually at only 3.3 per cent, slower than those from several other sources. Most of the increase from Britain occurred after the launching of EFTA, when the rate of expansion was 9.2 per cent. By 1965 imports from Britain constituted 14 per cent of total imports and were smaller than intra-Scandianvia trade and only two thirds the size of imports from Germany.

Sweden has been the best Scandinavian market for British goods in an absolute sense. Swedish imports from Britain amounted to $643 million in 1965 and were, as in earlier years, appreciably larger than those for Denmark and the others. Machinery and road vehicles predominated with metals, textiles, chemicals, and petroleum products. Nevertheless, the British market share and products are similar in the other three countries.

Imports from the other EFTA countries, Switzerland, Austria and Portugal, more than trebled from 1953 through 1965 and in this case too, most of the increase occurred after the establishment of EFTA. Notwithstanding the increase, however, imports from these countries represented only 3.4 per cent of the total in 1965. Fabricated materials predominate along with machinery and instruments from Switzerland.

Imports from the EEC rose at a good pace throughout the period, with the exception of the slackening in 1963. In 1965 the value of $3.8 billion was nearly three times the amount in 1953 and second only to purchases from EFTA. As a share of total imports purchases from the EEC rose from 33.4 to 37.7 per cent by 1959. But in the 'sixties the fast expansion of intra-Scandianvian trade had cut the EEC share to 34.4 per cent in 1965. Specifically the EEC held a larger share in the market of Sweden (37.5 per cent) than in the other countries.

Over half of all imports from the EEC are machinery and transport equipment, and in addition steel, chemicals, textiles and petroleum products. It is not surprising that Germany has reaped the most notable success in each of the Scandinavian markets. Imports from Germany nearly trebled in value and now form nearly 60 per cent of the EEC total, in comparison with under half in 1953. The Netherlands helds second place among EEC suppliers, but shipments, in which petroleum products stand out, have not risen as fast as those from Germany. In addition to equipment France and Belgium supply some steel and textiles while Italy also sells fruit and apparel.

Imports from other West Europe have doubled since 1956, but remain small and confined to specialties such as fruit from Spain, cotton from Turkey and fish and fish oil from Iceland.

Imports from Eastern Europe increased quickly from 1962 to 1964 after being sluggish for some years. Their share of total imports has declined to 6.1 from 8 per cent in 1953. Over half are imports from Russia, which almost trebled in value from 1953. Mostly absorbed by Finland this equipment and material has just retained a one sixth share of Finland's market while Poland and others have lost ground. For the other Scandinavians, the other East Europeans are collectively bigger suppliers than Russia, but the whole group supply less than 4 per cent of the market. Coal and petroleum products are substantial items.

Imports from the United States, which comprised a wide range of commodities, agricultural and industrial materials as well as manufactures, were $912 million in

1965, over three times as large as in 1953. Nearly three quarters went to Sweden and Denmark, obtaining a tenth of these markets compared to 6 or 7 per cent in the other countries. However, the large volume of machinery, electrical and transport equipment and instruments has proved rather susceptible to changes in business activity. Petroleum products and coal are also important as are tobacco, grain, cotton, textiles, plastics and other chemicals. Purchases from the United States climbed quickly up to 1960 when they represented a tenth of Scandinavian imports, but then registered a slight set-back to 8.3 per cent in the years 1962-65.

A sharp recent growth has taken place in imports from Japan, which amounted to $205 million in 1965 in comparison with $21 million in 1953 and $68 million in 1963, thus more than tripling their market share to 1.9 per cent. Soaring purchases of ships by Norway and Denmark were the main cause of the explosion in 1964, added to steady growth in textile, machinery, and optical instrument sales. However imports from Australia, New Zealand and South Africa are very small - about 0.6 per cent of total and limited to fruit, wool and skins.

√ Since purchases from Europe, North America the "Old Dominions" and Japan jointly represent about 90 per cent of current Scandinavian imports, therefore only a tenth of imports originated from the developing countries of Asia, Africa and Latin America. These imports amounted to almost $1.2 billion, which was twice as much as in 1953 but in relative importance, they declined to 10 from 14 per cent of the total in 1953.

Scandinavian imports from the Middle East oil countries have moved up sharply in recent years, but still amounted to only 1.6 per cent of all imports, comparable to the low United States share from the Middle East. However, the reason is not political but industrial. The international structure of the oil industry encourages Scandinavian imports of products from refinery agglomerations in Holland and Britain and in the Caribbean. Indeed Middle East purchases were virtually unchanging and confined only to Sweden until flows to new refineries in Denmark and Norway began in 1963.

Supplies from developing £ countries are under 2 per cent of total and destined principally to Sweden and Norway. Other developing countries in Africa and Asia sell a similar volume, more evenly distributed in the four markets. Major items are tropical beverages, hardwoods, oilseeds and feeds; and from Africa, fertilizers, sisal, copper (to Sweden), bauxite (to Norway); and from Asia rubber, tobacco (to Denmark), textiles and clothing (from Hong Kong).

Latin America still sells slightly more than all other developing regions, although its share of the Scandinavian market has dropped from 8 to 5 per cent. In particular Sweden used to buy about an eighth of imports in Latin America but now finds less than 7 per cent there. The stability of coffee values from Brazil and Columbia have been the major factor. Yet they still account for over a third of the regional flow and are rivalled only by petroleum products from Venezuela, Aruba and Trinidad. Other items are copper from Chile, alumina from Jamaica and Guyana, and cereals and fruit from Argentina and others.

Canada's Share in Imports

Overall purchases of Scandinavian countries from Canada have risen to $138 million in 1965, from $45 million in 1953, increasing slightly faster than total Scandinavian imports. The trend, though rising every year with the exception of 1962, was irregular. The expansion of imports from Canada was first curbed by the deceleration of business activity in 1957-58, then again in 1961-62 by a slowing down of industrial production. On the whole, however, the Canadian performance was remarkably less disturbed by changes in business conditions than that of the United States and several European countries.

Canada does not rank as a major supplier of Scandinavia. In 1953

Canada's share of the Scandinavian import market was 1.1 per cent and in 1965 the share was up fractionally to 1.2 per cent, never going beyond 1.4 per cent during the period.

Purchases from Canada were far from being evenly distributed among the four countries. In 1965 Norway took 60 per cent of the shipments from Canada, and 27 per cent went to Sweden. In Norway, imports from Canada in 1965 represented 3.8 per cent of total imports, in Sweden the ratio was 0.85 per cent, in Finland and Denmark only 0.5 and 0.3 per cent respectively.

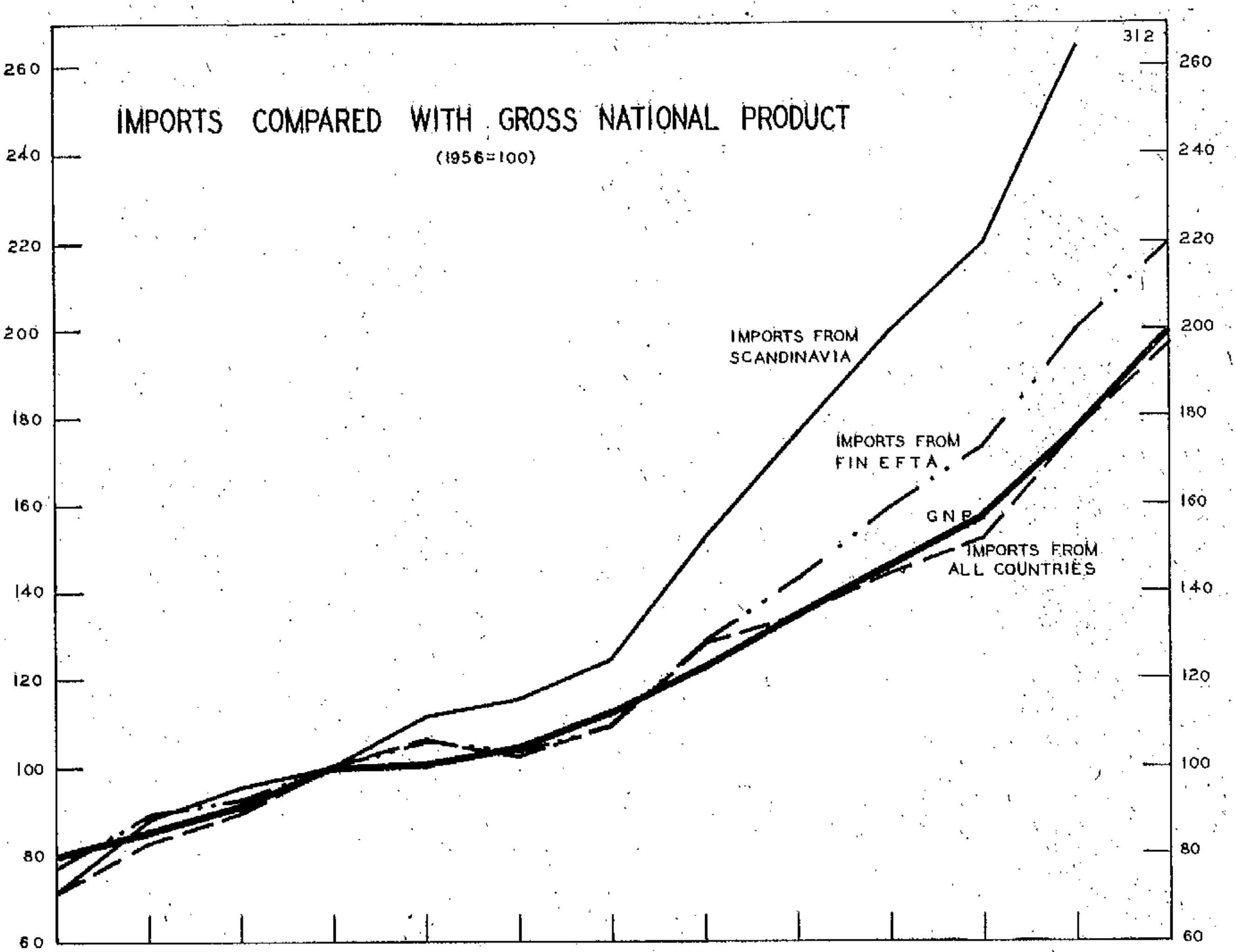
It should be noted that over a third of the total flow are shipments of nickel matte by Falconbridge to its refinery at Kristiansand in south Norway. After refining, which adds perhaps a fifth to its value, almost all the nickel is re-exported and not retained for consumption in Norway. By the same token Sweden is among the top half dozen consumers of nickel for its stainless steel output. Very little is shipped directly from Canada but Sweden imported over $25 million of nickel in 1965, mostly from Britain and Norway, and all containing a high ratio of Canadian "value". With allowance for this Canada may hold about 1½ per cent of the Swedish market and possibly a similar share of Norway's imports for consumption.

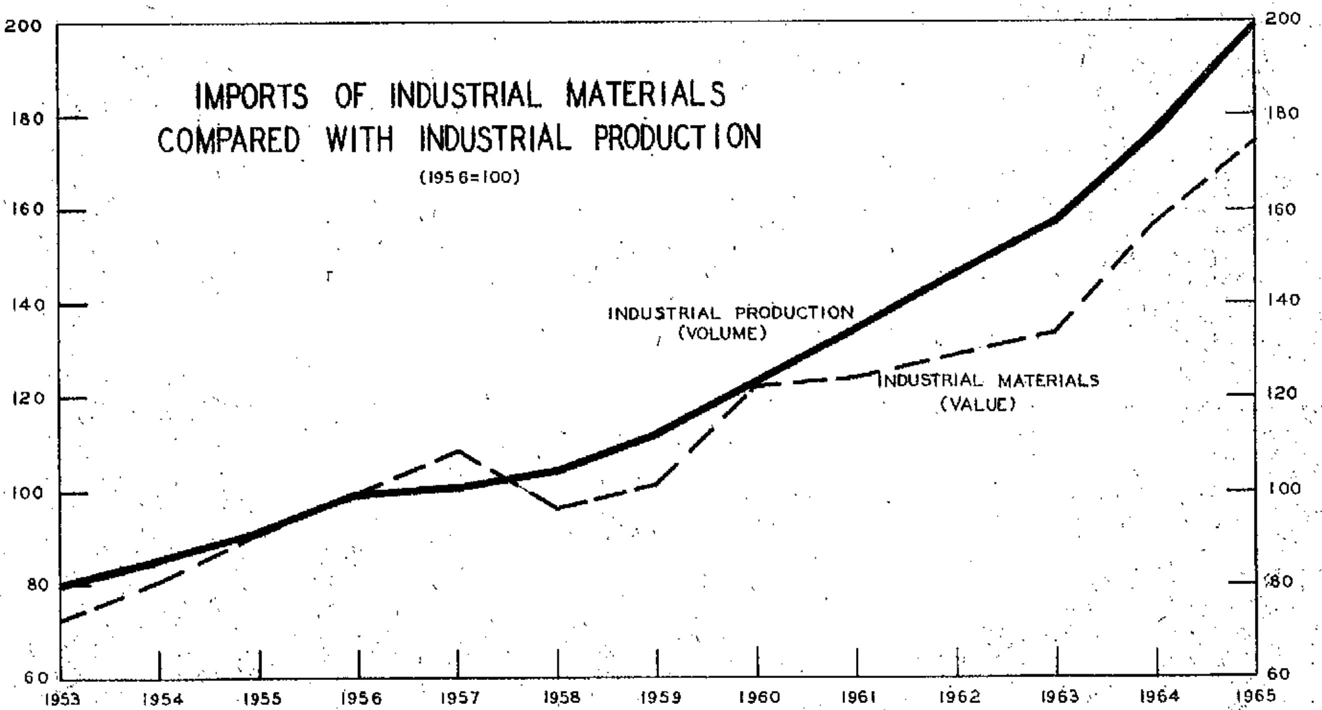
√ The unevenness in the original geographic distribution is paralleled by a similar lack of uniformity in the commodity makeup. Crude materials including nickel matte constitute over half of imports from Canada, and fabricated materials represent about a quarter, with food and end products dividing the remainder. Imports from Canada comprised a twelfth of all crude material imports in Scandinavia (nearly a third in Norway), but only one per cent of food and fabricated materials, and even less of end products. Significant items, other than nickel matte, are wheat, fish, synthetic rubber, asbestos, copper and other ores, as well as copper and aluminum metal. The small volume of end products includes automobiles, mining and other industrial equipment.

IMPORTS OF SCANDINAVIA-SUMMARY 1953-65

	Value-Million US Dollars				Change Percent			Share-Percent	
Commodity Group	1953	1956	1960	1965	1953-56	1956-60	1960-65	1953	1965
Food & Beverages	643	857	876	1206	33	2	38	16.0	10.9
Crude Materials	409	476	631	947	16	33	50	10.2	8.6
Energy Materials	600	941	863	1097	57	- 8	27	14.9	9.9
Fabricated Materials	1288	1754	2398	3482	36	37	45	32.1	31.5
All Materials	2298	3170	3892	5526	38	23	42	57.2	50.0
End Products	1077	1571	2432	4310	46	55	77	26.8	39.0
ALL IMPORTS	4017	5598	7199	11041	39	29	53	100.0	100.0
Country or Region									
Canada	45	72	100	138	60	39	38	1.1	1.2
United States	278	538	721	912	94	34	27	6.9	8.3
EEC	1342	1962	2700	3795	46	38	41	33.4	34.4
France	183	225	297	452	23	32	52	4.6	4.1
Germany	665	1064	1521	2195	60	43	44	16.5	19.9
Benelux	416	561	721	825	35	29	14	10.4	7.5
Italy	79	111	162	324	41	46	100	2.0	2.9
FinEFTA	1377	1793	2305	3933	30	29	71	34.3	35.6
Britain	799	999	1077	1505	25	8	40	19.9	13.6
Scandinavia	466	657	999	2048	41	52	105	11.6	18.6
Sweden	234	332	515	1048	42	55	104	5.8	9.5
Denmark	94	139	208	442	48	50	113	2.3	4.0
Norway	100	144	183	373	44	27	103	2.5	3.4
Finland	39	42	93	185	8	121	99	1.0	1.7
Other West Europe	80	67	107	151	-16	60	41	2.0	1.4
East Europe	322	432	468	679	34	8	45	8.0	6.1
Russia	125	181	262	366	45	45	40	3.1	3.3
Poland	82	92	79	113	12	- 14	43	2.0	1.0
Middle East Oil Area	28	70	87	178	150	24	104	.7	1.6
Japan	21	27	53	205	29	96	287	.5	1.9
Other Asia, Africa	225	266	322	573	24	23	78	5.3	5.2
Latin America	311	390	327	478	25	- 16	46	7.7	4.3
Brazil	132	148	111	153	12	- 25	38	3.3	1.4

IMPORTS OF SCANDINAVIA COMPARED WITH PRODUCTION 1953-1965





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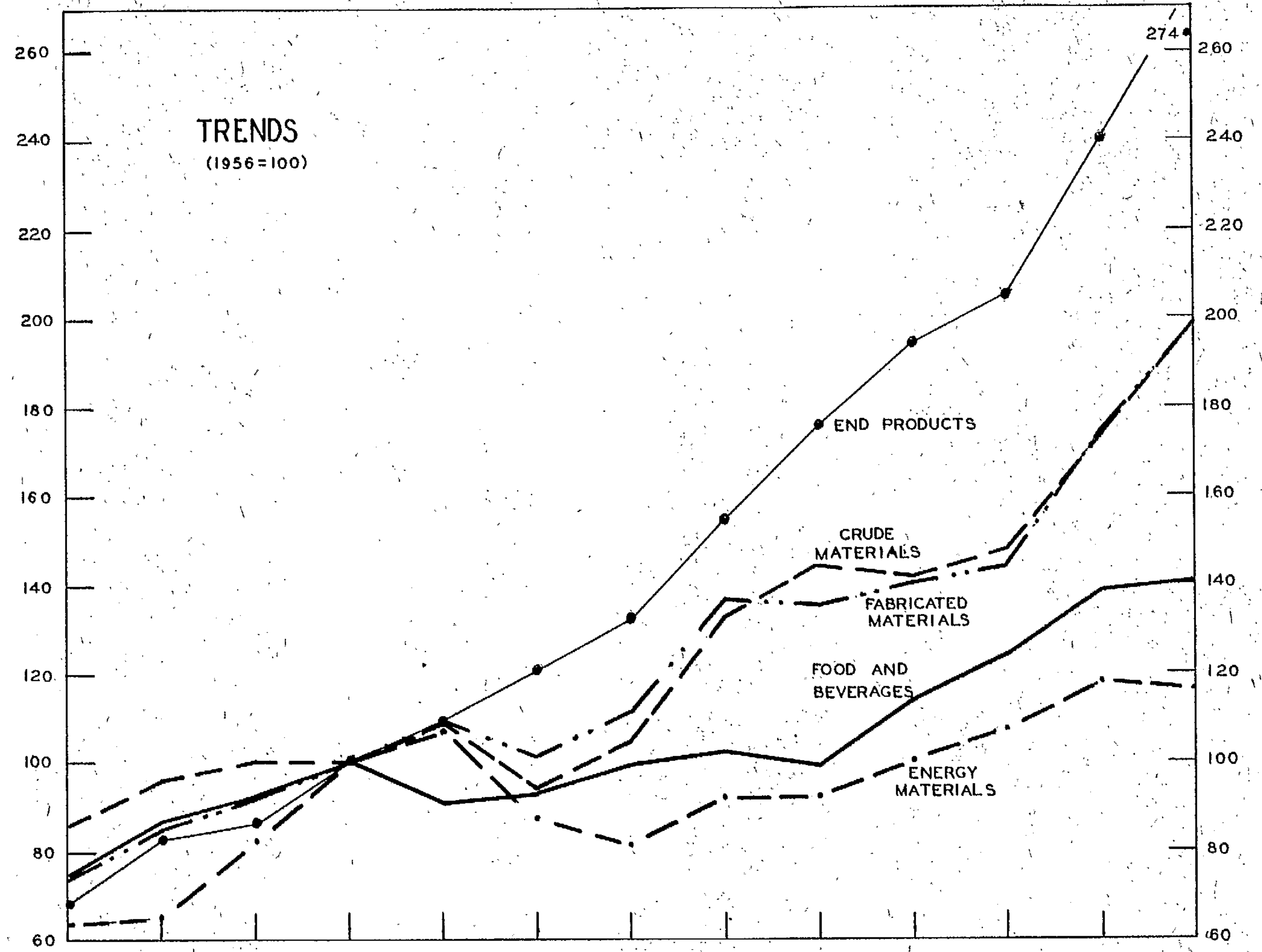
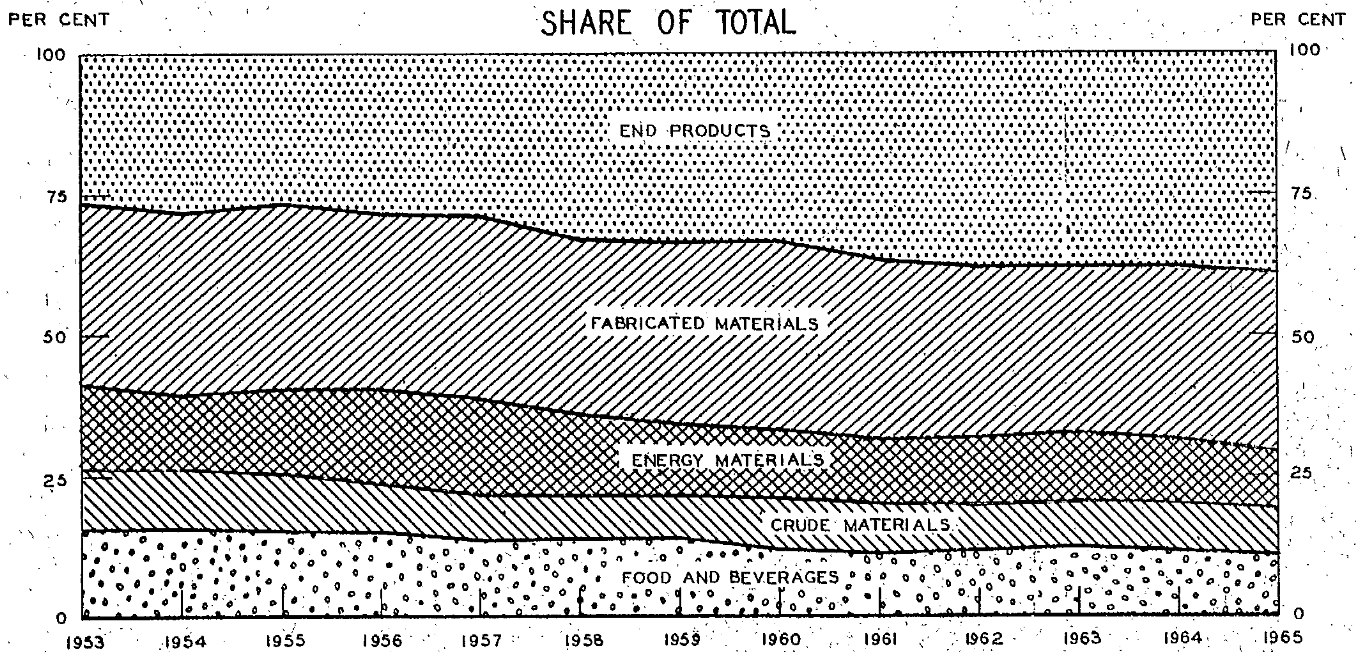
IMPORTS OF SCANDINAVIA BY COMMODITY GROUPS 1953-1965





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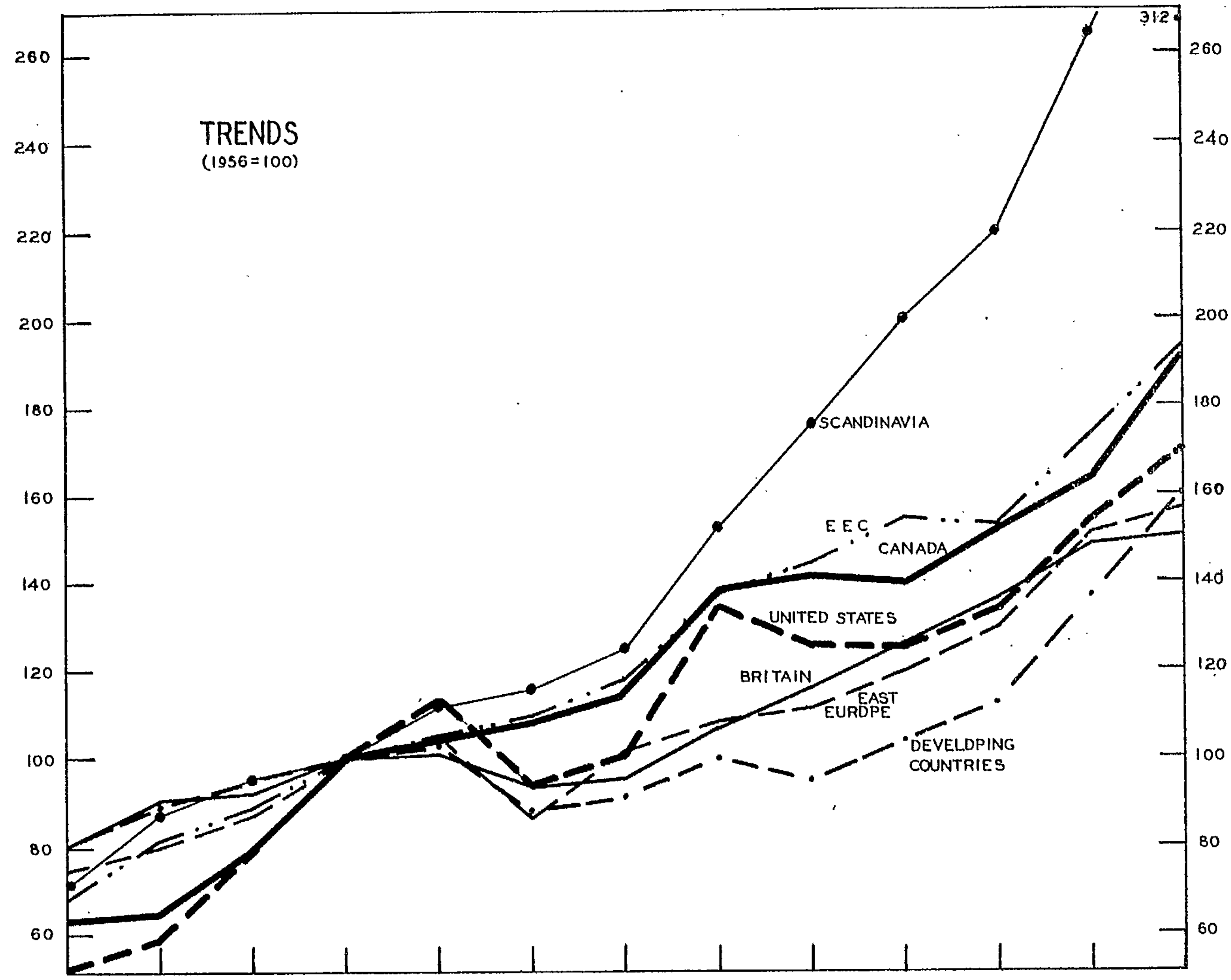
IMPORTS OF SCANDINAVIA BY MAJOR SOURCES 1953-1965



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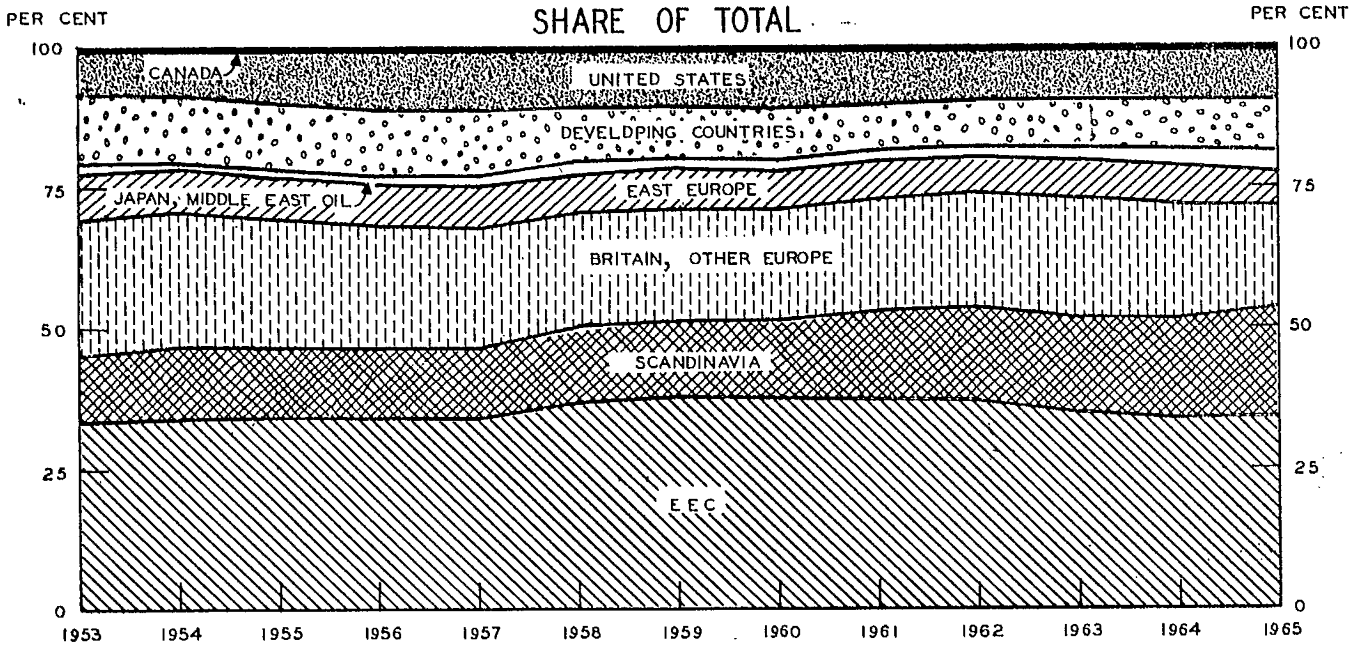
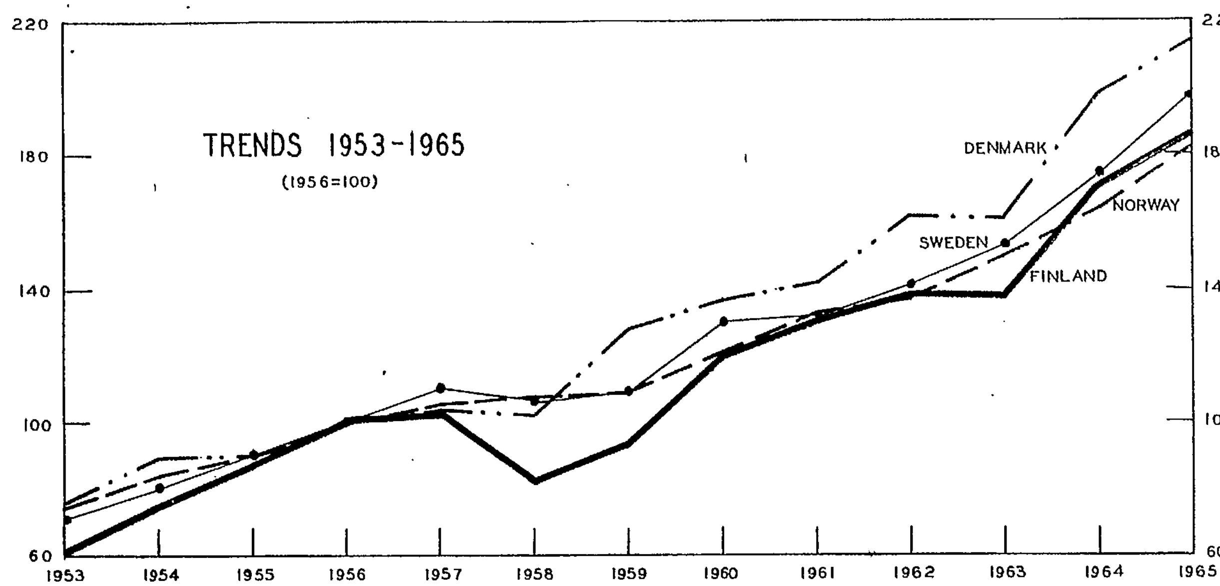
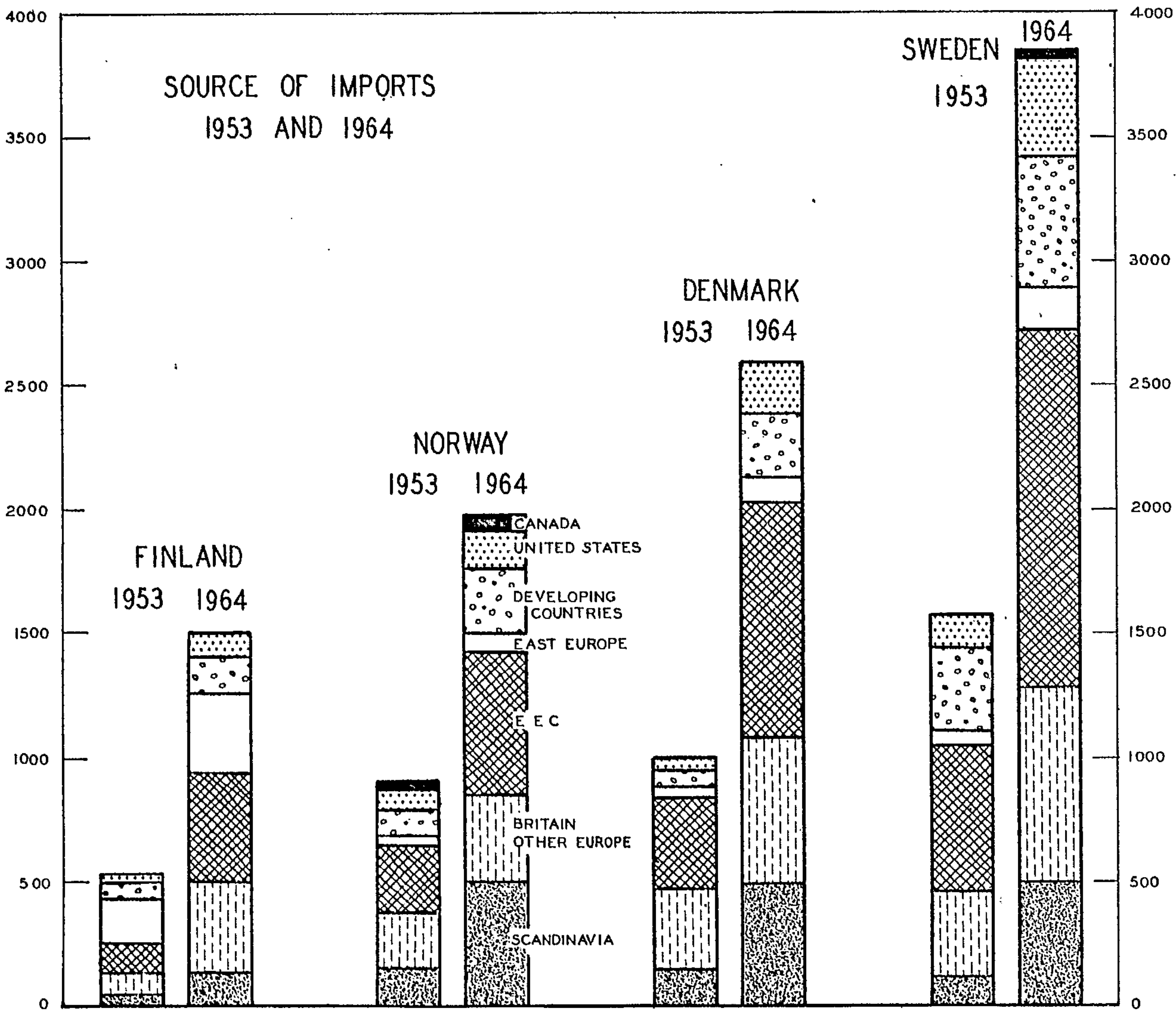


ECONOMICS BRANCH, DEPT OF TRADE AND COMMERCE

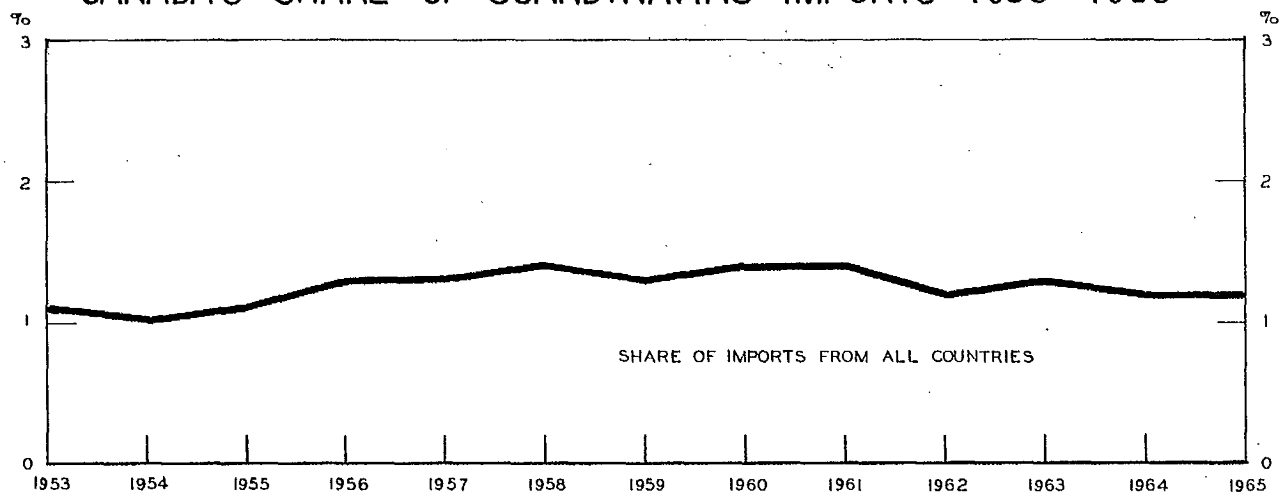
IMPORTS OF SWEDEN, DENMARK, NORWAY, FINLAND

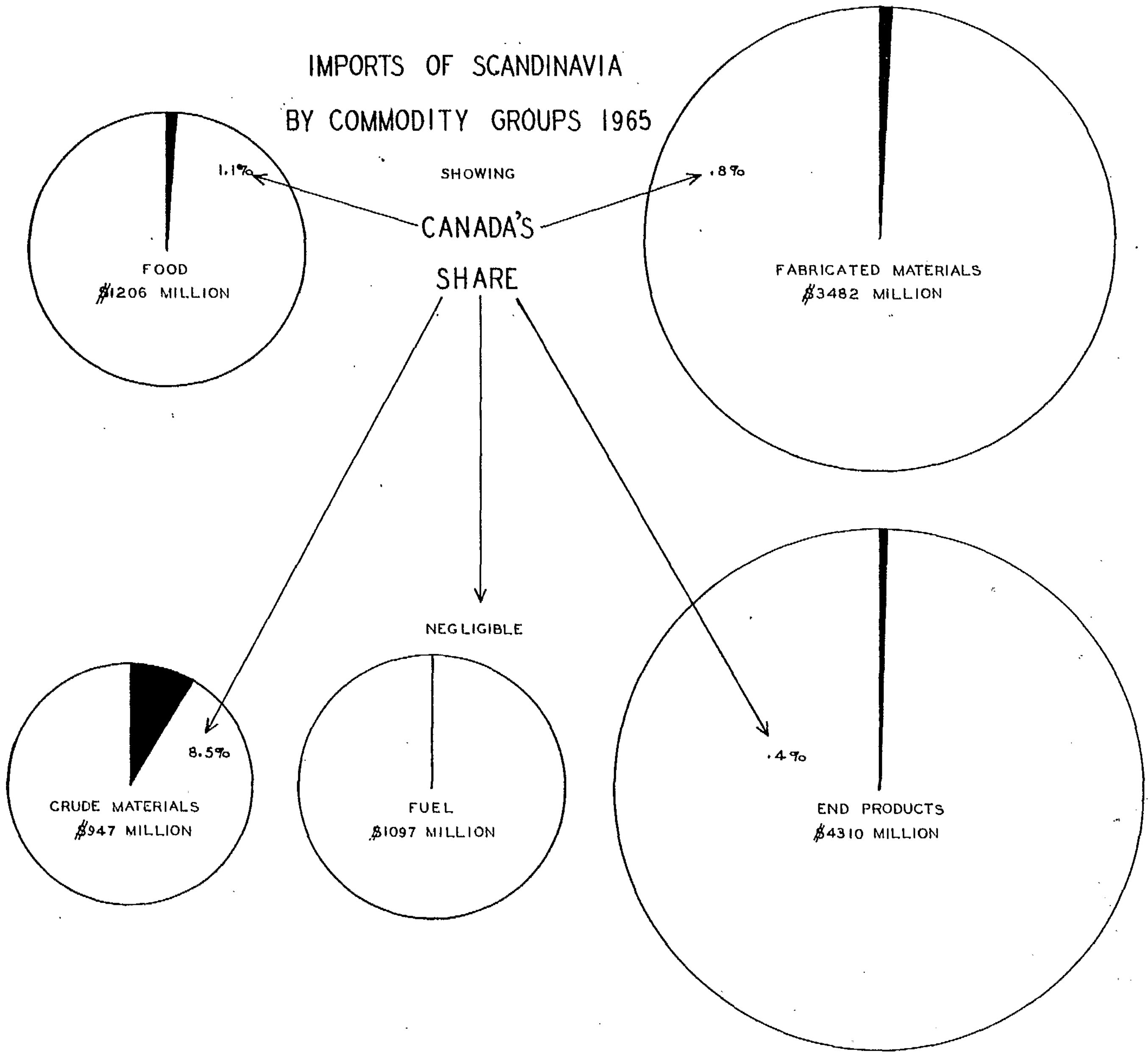




ECONOMICS BRANCH, DEPT. OF TRADE AND COMMERCE

CANADA'S SHARE OF SCANDINAVIAS IMPORTS 1953-1965





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