

South Asia and European Integration – Lessons from the Past and Future Prospects

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During its more than 30 years of existence, the European Economic Community has developed from a relatively loose association of a handful of countries which had just overcome the worst after-effects of the second world war to become the most powerful economic block consisting of 12 countries which represent less than 10 percent of the world's population, but about 28 percent of production and 38 percent of world trade (including trade among member countries). With the further dismantling of internal barriers to trade flows and factor migration by 1992, the Community is expected to further increase its economic might and thereby to become more and more attractive for other countries to apply for membership. This raises the question how countries which are outside and are likely to remain outside the Community will be affected by such a development. The question has an economic as well as a political dimension. I will focus here on the first, but also make a few remarks on the latter.

1. POLITICAL VERSUS ECONOMIC INTEGRATION

Third countries clearly look with some concern on the formation and rapid expansion of an economic block of which they are no part. Such concerns are summarized under the slogan "Fortress Europe" which, invented in Nazi-Germany in a rather different context, is now going around the globe as warning that the Community's strength might be exploited to the detriment of non-member-countries.

Before I go into the economic argument concerning the effects of the Community on third countries, I would like to make a few remarks on its coming into existence. The Economic Community is the result of both political and economic

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considerations. The first half of this century saw a Europe in great economic and political disorder. The two major wars which emanated from Europe were largely, but not entirely, responsible for a highly unstable economic development with temporarily high rates of inflation and high rates of unemployment. The immediate and most urgent question, therefore, after the second world war was how it would be possible to create an environment that would guarantee more political and economic stability. It was the far-sighted vision of influential politicians of the 1940s and 1950s that stability was only to be achieved step by step and that one had to start with what appeared to be the easier steps. As a consequence, there was at first the creation of a rather limited community for a specific sector, the European Community for Coal and Steel which was founded in July 1952. The smooth functioning of that community gave encouragement to venture into two further agreements, the famous Treaty of Rome and Euratom, the nuclear community. While the Treaty of Rome was basically a generalization of the former coal and steel agreement, Euratom was more of a political nature to allow for mutual control of the peaceful exploitation of nuclear energy.

How far the original intention was of a political nature and how right it was to start with economic matters is indicated by the aborted attempts to create a European Defence Community in 1952, which France refused to ratify, and by the European Political Community in 1953 which was rejected by the Conference of Foreign Ministers in 1954. Although a political union was never formally established, the administrative machinery created as a consequence of the Treaty of Rome has in practice established a complex political network among member countries which in many respects acts as if there were a political union. A major political or military conflict among European countries who have been fighting wars for centuries appears unthinkable today. The establishment of a zone of peace in this area clearly also benefited all other nations politically as well as economically. Without this stabilizing element in European policy, the present revolutionary developments in Eastern Europe would have been much more of a risk for political stability in Europe and in the world at large.

The European Community, starting in 1958 with six member countries, consists today of 12 countries, and more countries have shown an interest to join. At present, there is some reluctance within the Community to let more countries in because with every new country which joins, the problem to agree on common policies becomes more complex and difficult.

2. MEASURING TRADE DIVERSION: A PEDESTRIAN APPROACH

Economically speaking the European Community is a customs union, i.e. an association of countries, which reduce and finally abolish tariffs and non-tariff

barriers to internal trade and which, at the same time, adopt a common policy for trade with third countries. The effects of such a union have first been examined by Viner (1950) who focused on static effects which he called trade creation and trade diversion. Trade creation is the result of lower trade barriers among member countries as well as *vis-a-vis* third countries. Trade diversion, on the other hand, means the substitution of trade among member countries for trade with third countries. Since, in general, both effects are at work, the relevant question for third countries is whether, on balance, their trade with the Community increases because trade creation overcompensates trade diversion or whether it decreases because trade diversion dominates.

This concept is static because it relates changes in trade to changes in trade barriers only. There is considerable evidence that the formation of a customs union has also positive effects on economic growth due to the creation of more competition, the exploitation of scale economies and gains from cooperation. Higher growth usually also means faster expansion of trade. If such dynamic effects are strong, as has been suggested by several studies – for the Community most prominently by the Cecchini-Report – trade expansion is likely to result also for third countries.

Several empirical studies have been undertaken to measure empirically the effects of trade creation and trade diversion due to the establishment of the European Community. However, I am not aware of an investigation into the effects resulting for trade with South Asian countries. What I will present in the following, among other things, is not a thorough analysis of such effects, but a first look at some basic trends as they emerge from trade statistics. Maybe some scholars of this country may want to take up the thread and challenge my first conclusions on the basis of more in-depth studies.

The literature has produced a number of concepts of measuring trade creation and trade diversion. Several of these concepts need more data than are readily available. I, therefore, have adopted a rather simple approach here, which does not allow to clearly distinguish between these two effects, but gives an indication of whether the trade of third countries with member countries has been able to keep up with trade among member countries or whether third countries have been losing out either *vis-a-vis* member countries or to the advantage of other non-member countries. Special consideration will be given to the three South Asian countries: Pakistan, India and Bangladesh.

3. INTEGRATION IN THE COMMUNITY: AN OVERVIEW

Before I discuss the impact of the Community on third countries, let me make a few remarks on how European integration developed since the creation of the Community in 1958 [cf. Eurostat (Various Issues)]. Intra-trade of the Community

accounted for about one third of total trade of its member countries in 1958. By 1972, the share had risen to over 50 percent. However, the extent of the integration effect differed from country to country. The small countries, the Netherlands, Belgium and Luxembourg, already started with a high share of intra-trade in 1958. Consequently, the increase was smaller, but in absolute terms they reached by far the highest share among the six original member countries in 1972. Among the larger countries, West Germany and France had reached roughly the same level of integration in 1972, even though France started from a much lower level than West Germany in 1958. From the early 1970s onwards, trade with third countries became relatively more important and the share of intra-trade fell. The sharpest decline took place in Italy where both imports and exports reduced their share considerably. In terms of exports, the decline was also quite significant in the Netherlands, Belgium and Luxembourg. West Germany maintained its export share, but slightly decreased its import share.

Among the countries which joined the Community in 1973 (United Kingdom, Ireland and Denmark) the United Kingdom witnessed the strongest integration effect. In fact, the percentage of its trade with the European Community had already strongly increased before its accession to the Community. But unlike the original six members, its share continued to increase rapidly after its accession to the Community in 1973. In 1983, it had reached the integration level of Italy, but still fell short of the level attained by West Germany and France.

Both Ireland and Denmark had high trade shares with the six original member countries already in 1958. These shares fell in the case of Denmark until the early 1970s and remained more or less stable in the case of Ireland. The share then increased somewhat for Denmark, but fell significantly for Irish exports while rising slightly for Irish imports. In the case of Greece, no integration effect is visible yet. For the Community as a whole, the declining shares of the original six overcompensated the rising shares of the United Kingdom and Denmark. Hence the share of intra-trade was reduced in spite of the expansion of the Community from six to ten countries. As far as the two countries are concerned who only recently join the Community, Spain and Portugal, no results are as yet visible from the statistics.

In looking at the trade performance of different regional groupings, including the South Asian countries, I will use two sets of data. First, the regional structure of trade by industry and, second, the industry structure of trade by region. As country of reference I will use the Federal Republic of Germany. That means I compare Germany's trade with countries of the European Community to its trade with third countries, in particular the South Asian countries. The logic of the analysis requires to focus on import data. The period covered by those data generally runs from 1965 up to 1987.

4. THE PERIOD OF INTEGRATION OF THE SIX: 1958–1972

The West German economy is known as being highly trade-oriented. That has not always been the case. Around 1950, the share of both exports and imports was around 10 percent of GNP. It then rapidly doubled until 1958 when the European Community was created. During the period when most of the integration within the Community of the six took place, i.e. until 1972, the trade share of the German economy hardly changed. However, thereafter it rose from about 20 percent to roughly 30 percent in the mid-1980s.

The structure of imports changed rapidly during this period [cf. Statistisches Bundesamt (Various Issues)]. Around 1950, nearly half of all imports consisted of food and food products and about 30 percent of non-food raw materials. In the mid-1980s, the percentages of these two groups were down to about 12 percent each. These developments were mirrored by rapid increases in the share of finished products and, to a lesser extent, semi-finished products. Hence, the change of the import structure was detrimental for food and raw material exporting countries. Whereas in the case of food subsidization of domestic production has played its part, the fall in the share of non-food raw materials reflects both increasing efficiency in the use of raw materials and the shift by raw material producing countries to higher export shares of semi-finished products.

Although the ratio of imports to GNP remained relatively stable between 1958 and 1972, the regional structure of imports changed dramatically, indicating strong trade diversion effects due to the Common Market. The share of the other five of the six member countries in West Germany's imports grew from about 30 percent to almost 50 percent. The increases were stronger in some industries, such as food products, furniture and fixture and transport equipment, than in others, but there were few industries where no increase at all was observed. As a consequence, for almost all other trading regions the shares in German imports declined during this period. This holds for those countries who only later joined the Community as well as for the United States and South Asia.

As a matter of fact, the shares of imports from Pakistan and India fell by about one third. Pakistan lost in agricultural and food products, which in the mid-60s still accounted for almost 80 percent of Germany's imports from Pakistan, but it gained in textiles and clothing which reached almost 40 percent in 1972 after being only 10 percent in the mid-60s. Textiles and clothing thereby became the largest export items of Pakistan to the West German market and have remained so since then. Also in the case of India agricultural and food products lost in significance, but much less dramatically than for Pakistan. A much stronger reduction was observed for mining products. Textiles and clothing also increased their significance but not as much as in the case of Pakistan.

The United States lost market shares also in the food sector, but even so in textiles and clothing. The same holds for leather and fur products where particularly India gained market shares. Other areas of considerable significance where United States' exporters reduced their import share in West Germany were metal products, machinery, electrical appliances and transport equipment, that means all the basic investment goods.

Trade with East Asian countries, on the other hand, does not seem to have suffered from the formation of the Community of the six. Countries like Japan, South Korea and Taiwan all multiplied their shares in German imports during this period. However, there were very significant changes in trade structure. In the case of Japan, market losses were observed in agricultural and food products as well as in textiles, clothing and leather products, with market increases in most investment goods and several durable consumer goods.

Korea and Taiwan equally pulled out of agricultural and food products and, in the case of Korea, mining, but raised their market shares considerably for textiles and clothing. Both countries also became much more significant exporters of investment goods to the German market during this period already. It is this enormous export supply flexibility which allowed them to gain market shares in the Community despite the competitive disadvantages for third countries.

The lesson to be drawn from these data is that during the period of integration among the six, trade diversion was particularly strong for most third countries. The South Asian countries were no exception. Nevertheless, a couple of countries managed through very rapid structural change in their trading patterns to even increase their share in the German import market. Whereas in agriculture and food production the European agricultural policy tended to push almost any competitor out of the market, in the case of textiles and clothing and other traditional manufactures more competitive and aggressive exporters were able to gain market shares at the expense of others. And even in such sophisticated areas as investment goods and durable consumer goods, countries like Korea and Taiwan managed to capture new markets in spite of the fact that they were just emerging as important exporting nations. However, on the whole, non-Community exporters were certainly at a disadvantage. Whether this also means that in absolute terms they could export less to the Community countries than they would have done if the Community had not been established, cannot be answered with any degree of certainty. This depends very much on what economic growth would have been in the countries involved without the creation of the Community.

5. ENLARGEMENT OF THE COMMUNITY: 1972–1987

The period of the 1970s and 1980s was different from the 1960s for the

original six member countries in practically all respects. The single most important development was the enlargement of the Community by six additional countries, of which the United Kingdom had the largest impact. By 1985, the share of the other five original member countries in Germany's imports was down to almost the level of the early 1960s. This change occurred most dramatically during the period of entry of the three new members (UK, Ireland and Denmark) and immediately afterwards, roughly until 1980, and then levelled off until 1985. Only the last years saw a slight reversal (cf. Annex Tables).

The trade diversion to the disadvantage of the other five was quite dramatic indeed. Whereas in 1972 they accounted for almost 50 percent of West Germany's imports, that share had come down to below 38 percent by 1980. Market losses occurred across the board in almost all industries. However, they were particularly strong in "traditional" industries such as textiles, clothing and leather products, but surprisingly also for a wide range of investment goods. The increase in market share by the four new members (leaving aside the newcomers Portugal and Spain) has only partly offset the fall for the original five. What may be even more surprising is that the market share increases occurred mostly in different industries than those where it fell for the five. Most important was the rapid increase of oil imports by West Germany from the United Kingdom. By 1980, oil and oil products accounted for about a quarter of Germany's imports from the four, while in 1972 these imports were still negligible. In the group of investment goods, the other four were not able to capture higher market shares, with the exception of the industry producing cutlery and tools. However, in the traditional industries, tobacco, textiles, clothing, leather products and wood and cork products market shares were raised, although from a rather low level. One may conclude that these countries captured new markets in product lines where raw material producers and low income countries usually are competitive.

Which countries then took over the remaining part of the losses by the five? There are first the other European countries, including the two countries (Spain and Portugal) who joined the Community in the 80s. However, the data could not yet reflect this second enlargement of the Community. The data indicate that in spite of the fact that these countries were outside the Community they were able to increase their market shares. This was particularly pronounced in traditional industries, such as clothing and leather footwear, but also significant in some investment and consumer durable goods categories, such as non-ferrous metals, non-electrical machinery and transport equipment. For Portugal, Spain and Greece, clothing, textiles and transport equipment accounted for 30 percent of their exports to West Germany in 1985. Agricultural products without food manufactures were 12 percent alone, machinery and iron steel another 20 percent. In all these areas, with the exception of agriculture and iron and steel, these countries had realized

considerable market share increases since 1972.

What the data for these as well as for the other European countries, such as Austria, Switzerland and the Nordic countries, suggest is that the various bilateral arrangements by the Community with either individual countries or the EFTA has given them a competitive advantage *vis-a-vis* third countries. What also may have played a role is their proximity to the European Community which allowed them to adjust more easily to market changes than more distant suppliers such as the United States and Canada.

The United States were clearly not a winner in terms of market shares during the period since 1972. However, if one looks at different industries the picture looks rather mixed. This may be due to the fact that the impact of the large swings in the exchange rate of the Dollar affected the various industries in different ways. In agricultural and food products, for instance, the United States made considerable gains on the German market until 1980, a period when the Dollar depreciated strongly, which were all lost again in the following years when the Dollar appreciated steeply. In most investment goods, transport equipment, chemicals, as well as oil and coal products the market share of the United States went down continuously. Nevertheless, in terms of structure of all exports of the United States to West Germany, chemicals, machinery and transport equipment still accounted for about 50 percent in the mid-80s.

Significant gains in market shares, mostly with heavy concentration on particular industries, were made by Japan and the East and South-East Asian countries. Japan and Taiwan trebled their market shares since 1972, Korea's market share grew by a factor of 6 to 7 and that of ASEAN doubled. Although these were very significant gains, in spite of the fact that most of these countries had no special trade policy advantage, it is often overlooked that, at least, individually their market shares were still relatively small. Japan had reached about 6 percent of German imports by 1987, South Korea 1 percent and Taiwan even less, and ASEAN less than 2 percent. Hence, as a group they account for slightly more than 10 percent. The concerns which their exports create among German industry as well as in other European countries result not so much from the level of imports but the rapid progress they made in particular industries. By 1987, Japan had reached 12 percent in non-electrical machinery, 22 percent in electrical machinery, 17 percent in transport equipment and 21 percent in medical and in optical products. The shares of some of the other countries follow a similar pattern, although on a still much lower level. Korea's exports to West Germany, for instance, consisted about 24 percent of electrical machinery in 1987. An even more important item was clothing (36 percent), while textiles have become much less significant than they used to be.

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With the accession of new member countries to the Community trade diversion now took place at the expense of the original six. Those who gained were not only the new members, but also other European countries, developing countries, and again East Asia. As far as South Asia is concerned, exports to the Community were heavily concentrated on clothing, textiles and agricultural products. It is in these commodities where protective barriers have been particularly strong. Agricultural products are affected by the Community's common agricultural policy, textiles and clothing by the Multi-Fiber-Agreement. Whereas the first is a Community specific trade barrier, the latter goes beyond the Community and has to be tackled within the General Agreement on Tariffs and Trade. While we see some gradual easing of the common agricultural policy, the MFA is still very much alive and likely to be extended for another term. Developing countries will have to push hard to get the MFA abolished which is one of the most embarrassing protective barriers against developing countries of the entire post-war period.

But agriculture, textiles and clothing are not the only commodity groups where developing countries can export to developed countries. In many developing countries there are other product categories which are successfully exported. The East Asian countries in particular have demonstrated right from the beginning how a developing country can diversify and thereby circumvent trade barriers. It is this broadening of the export base which should be a basic element of developing countries trade policy. The question then is what developing countries can expect from the European Community in terms of market access in the 1990s. There are three aspects here: first, the Community's future trade policy, second, the development of the Community's market and third, the most recent political events in Central Europe and their economic impact.

6. THE COMMUNITY'S TRADE POLICY IN THE 1990s

At present the Community's trade policy *vis-a-vis* developing countries is probably more protective than that of the United States. Otherwise it would be hard to explain why the Community accounts for less than 20 percent of manufactured exports from developing countries and the United States for more than 40 percent. The exact reasons for the large difference are difficult to pin down. UNCTAD data suggest that, in general, both tariff rates as well as non-tariff-measures were less favourable in the Community for developing countries' exports than in the United States. That is certainly true for tropical products, but also for other post-Tokyo-MFN-tariff-rates [UNCTAD (1988), Tables 1.7 and 1.10)]. Also for non-tariff-barriers the weighted frequency ratios are two to three times higher for the Community than for with the United States [UNCTAD (1988a), Table 1.8)]. If one compares the development of the import coverage index for the Community

and the United States, one finds an increase for the first and a decline for the latter. It therefore appears plausible that protection has contributed to the observed differences between exports to the United States and to the Common Market.

The future of the Community's trade policy will largely depend on what kind of pressures the completion of the common internal market by 1992 will exert on European industry. Concerns about possibly increasing protection stem from the following considerations.

The envisaged abolishment of internal border controls on first January 1993 would in practice imply that no country within the Community can uphold special protective measures which are not common to all Community member countries. When the treaty of Rome was signed, it was feared that countries would be reluctant to accept a common trade policy if no escape clause existed which allowed countries to intervene under certain conditions against indirect imports from third countries via a member country. For that purpose article 115, which permits such intervention, was inserted into the treaty of Rome. If border controls disappear, article 115 cannot be enforced anymore. That could put pressure on the Commission to raise common tariffs or non-trade-barriers for the entire community in order to accommodate individual countries' concerns about destructive competitive pressure from third countries. From the invokement of article 115 by member countries in the past one may also draw conclusions on the product lines for which trade barriers may rise.

Until the mid-1970s article 115 was little used. However, the number of applications multiplied after the first MFA came into in force in 1974. Indeed, the majority of applications under article 115 fell on MFA-products [Spinanger (1989)]. In the 1980s, roughly 70 percent of more than 150 applications annually concerned MFA-products and, more specifically, 53 percent clothing. Applications against India accounted for about 5 to 6 percent of all cases and those against Pakistan for about 3 to 4 percent. In the case of MFA-products, the respective percentage for India was 6 to 8 percent and for Pakistan 4 to 5 percent. However, more recently the application spread to other manufactures which in 1988 already accounted for one third of all article 115 cases. The countries which primarily have initiated article 115 cases have been France and Ireland which accounted for 85 percent of all cases over the last three years. More recently Spain is becoming increasingly important [Spinanger (1989)].

The conclusion one can draw from these figures is that for textiles and clothing, which presently are of major export interest to Pakistan and India, the pressure to increase the Community's external barriers are likely to become stronger when article 115 is not applicable anymore. The envisaged integration of textiles and clothing into the GATT during the Uruguay-Round, which has been requested by many exporting nations including Pakistan, is not likely to find much support

from the Community under these circumstances. If the Community should agree to an integration into the GATT it will be for the purpose of making its protectionist stance on MFA-products internationally acceptable rather than for liberalizing trade in this area. Pakistan has stressed in the Negotiating Group on Textiles and Clothing that "the purpose is not to replace the present derogatory restrictive regime by another one which may be consistent with the GATT. The aim is not to seek integration of the textiles and clothing sector into the GATT for the sake of integration; the objective is to integrate for liberalization of trade" [GATT (1988)]. That is the only sensible line to follow. But it is doubtful at present whether the Community will go along.

Other factors which might work towards a more protective trade regime are stronger competitive pressures, once remaining border restrictions are eliminated, the rather heterogeneous economic structure of the Community which could exert strong pressures for structural adjustment, in particular in the Southern European countries, and the generally more protective stance of the latecomers in the Community, excluding the United Kingdom.

However, the picture is not entirely clear. There are also factors which work towards a more liberal trade policy. Recent experience has shown that other major trading partners of the Community, the United States, in particular are not willing to tolerate protective actions and are ready to retaliate. Within the Community there is also growing evidence that protective measures of the past have impeded rather than promoted structural adjustment and efficiency. With the world economy becoming increasingly competitive, it is hard to imagine how the Community can afford to maintain inefficient industries. There is also increasing awareness about the budgetary implications of subsidies for outdated industries. Within the Community, the "free traders", such as West Germany, the United Kingdom, the Benelux countries and Denmark have demonstrated that economic progress benefits from a more liberal trade regime. Together, they can block adverse decisions on trade policy wherever a qualified majority is required.

7. ACCELERATED GROWTH AND TRADE

Leaving trade policy apart, an important factor for future trade with third countries will be the economic growth of the Community. If it is true, what the Cecchini-Report suggests, that the full integration of the Community will significantly accelerate growth, then third countries are also likely to benefit. Fast growth eases structural adjustment and therefore limits the pressure for protective measures. Very much, therefore, depends on whether the hopes for faster growth are realized or not. The most recent highly positive development in the Community gives reason to believe that this will be indeed the case.

8. LIBERALIZATION IN THE EAST

When I first considered the theme of this paper I was not aware of the possibility that European integration may have quite a different meaning in the 1990s than in the 1980s. The peaceful political revolution in Eastern Europe is likely to affect the European integration forces and their impact on trade with third countries. Little can be said up to now about the direction and magnitude of changes emanating from the political developments in Eastern Europe, because these developments themselves are still clouded with uncertainty and the time since the changes occurred is still too short for a qualified judgement. The scenario I try to sketch in the following is, therefore, of a rather speculative nature.

The economies of Eastern Europe and the Soviet Union have in the past aimed at a self-contained system which is largely independent from trading relationships with other countries. The idea of an international division of labour was basically alien to this system. Trade with the West took place in order to obtain Western technology and trade with the South was largely dominated by political considerations. Within the Comecon, the Soviet Union played the role of a raw material supplier, Poland, Rumania and Bulgaria delivered agricultural products and the GDR and Czechoslovakia manufactured goods. Raw materials and basic food products dominated in the agricultural sector and investment goods in the industrial sector. Service industries remained largely underdeveloped.

With the opening up of these economies to the world market, most industries turn out to be highly uncompetitive. That is not only a matter of overvalued currencies, but also of sheer technical and economic obsolescence. Some industries produce commodities which are not demanded anymore on the world market and others produce at levels of efficiency which make them uncompetitive on almost any market in the world.

The most urgently needed reforms in these countries are those of the pricing mechanism, the exchange rate system and regulations for trans-border capital flows. All these are likely to happen in one way or another in most Eastern European countries. The result will be heavy depreciation of currencies, rising prices for most basic goods and services and falling relative prices for durable consumer goods. In any way, most internationally traded goods will be lower-priced, and this may compensate to some degree the lower product quality leading to higher exports in terms of volume if not in terms of value.

To which extent this will result into an accelerated export growth will depend on how fast it will be possible to reconstruct a competitive export base by bringing the domestic capital stock up to date. The necessary investment outlays are enormous. They amount to hundreds of billions of dollars over the next five to ten years. A substantial part of this, maybe in the range of 30 percent, will have to be

imported, requiring large-scale capital transfers from the Western industrialized countries. On top of this come investments for environmental purposes which the Western border countries have to pursue in their own interest because they suffer from the air and water pollution created by their Eastern neighbours. What all this amounts to is that the East will have to import capital goods over the next decade beyond its export earnings potential, but also consumer goods, because the domestic population is not likely to tolerate anymore to be deprived of consumption possibilities which today's technology makes feasible.

This scenario suggests that there will be a rapidly growing demand for a wide range of imported goods. This demand will partly be financed by capital import and partly by rising exports due to lower supply prices made possible by depreciations of currencies and major efforts to improve efficiency and quality of domestic production. Developing countries, including South Asia, will have to be on guard to capture their share in this growing market. If they offer the right products at competitive prices they could be able to benefit considerably from this development.

On the other hand, the developing countries will face increasing competition from the export drive of socialist countries on the world market. Whereas in the past we could observe that socialist countries lost market shares in competition with developing countries, it might well be that in the future this trend is reversed. Already the European Community has negotiated or is still doing so a series of bilateral trade agreements with socialist countries in order to give them easier access to the European Market. The Community also has included Poland and Hungary in the GSP. This will add to the competitive pressure on this market which already will become tougher due to the removal of internal barriers by 1992.

The conclusion one may draw for developing countries is that they should be on guard to get their share in the growing export markets of the socialist world. At the same time, they should reconsider their policies towards foreign investment from Western developed countries. In the future they will compete for foreign capital not only among each other but also with socialist countries. Capital is no substitute for trade but trade usually goes along with capital flows. If the capital moves to Eastern Europe trade expansion with the West will also be there. If developing countries can get their share in Western capital they will also benefit from rising trade volumes with Western countries.

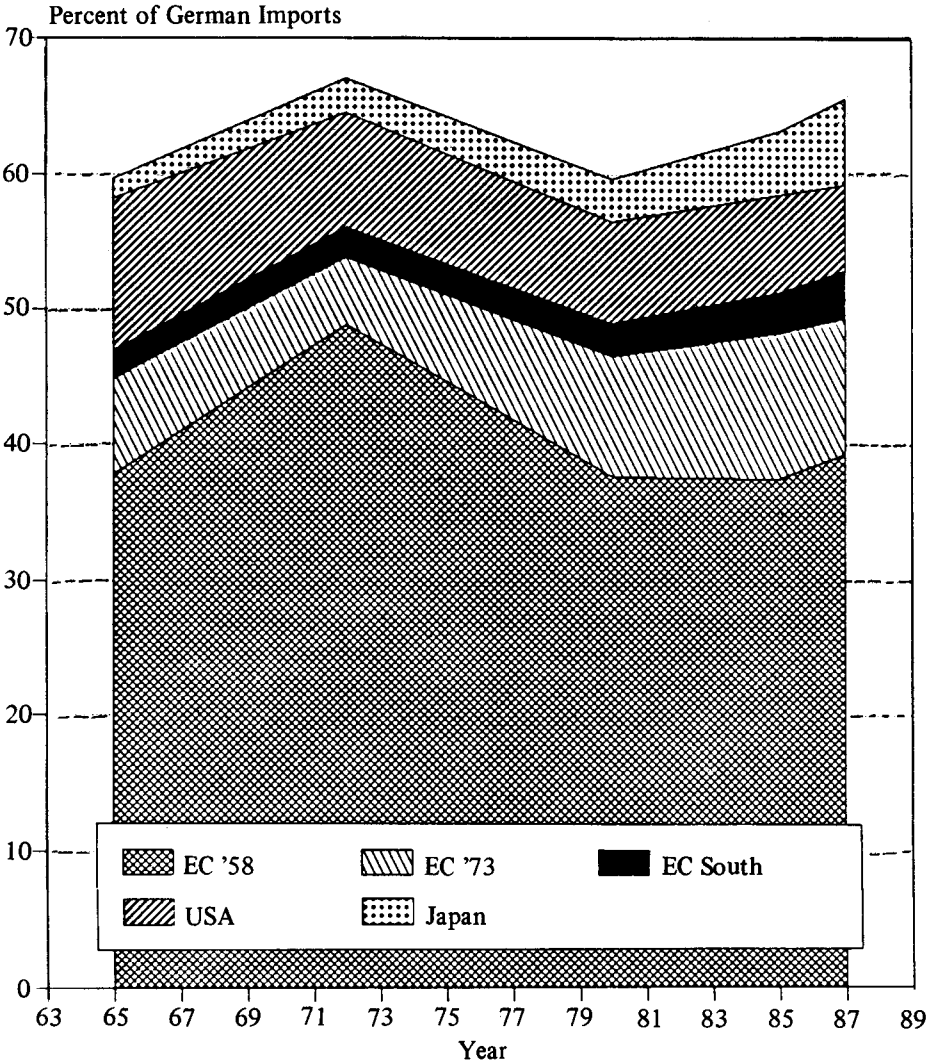
Also in terms of trade regimes developing countries will have to watch out not to fall much behind what is now being put in place in Eastern Europe. In the past, East Asia out-competed almost all of the rest of the developing world. In the future an additional, player, Eastern Europe, is on the market. It is quite possible that internal political and economic pressures will force the Eastern European countries to establish export-oriented trade regimes which go considerably beyond what we presently are prepared to believe.

Annexure

ANNOTATIONS TO TABLES

The source for the tables is the data bank of DIW. The following has to be noted:

1. The data on Pakistan for 1965 and 1972 comprise also trade of Bangladesh.
2. Regional groupings are defined as follows: EC '58 consists of Belgium, Luxembourg, Netherlands, Italy, France. EC '73 are Denmark, United Kingdom and Ireland, and EC South are Greece, Portugal and Spain.
3. The tables "Development of shares in German imports" show the regional structure of imports by industry, whereas the tables "Development of commodity structure of German imports" show the industry structure of imports by region, all expressed in percentages.



DIW Trade Data

Fig. 1. Import Shares of Different Regions

Annexure Table I

Regional Structure of German Imports, 1985

	Value of Imports	EC '58	EC '73	EC South	USA	Pakistan	Bangladesh	India	Japan	South Korea
100 Agr., Forestry, F	10276031	35.65	8.83	5.46	10.59	0.22	0.07	0.46	0.11	0.40
210 Mining ex. Min.	3381894	9.62	2.86	1.57	4.65	0.00	0.00	0.56	0.93	0.03
220 Mineral Oil	14444045	2.40	25.88	0.02	0.06	0.00	0.00	0.00	0.00	0.00
311 Food Manufactur	9743408	44.03	8.16	1.74	2.41	0.09	0.00	0.13	0.36	0.02
312 Food – Other	751094	54.32	9.72	0.65	12.30	0.02	0.00	0.13	0.33	0.08
313 Beverage	1018561	67.85	9.57	8.71	2.22	0.00	0.00	0.00	0.13	0.01
314 Tobacco	147850	58.56	25.31	1.55	12.31	0.00	0.00	0.01	0.00	0.00
321 Textile Manufac	5426180	48.88	5.19	4.68	2.38	1.22	0.22	2.63	1.88	1.11
322 Clothing	6882430	29.00	2.51	10.09	0.35	0.69	0.08	1.82	0.44	5.11
323 Leather and Fur	984726	51.23	3.91	5.79	1.36	0.59	0.21	5.50	1.10	2.81
324 Leather Footwea	1647956	53.40	1.67	12.93	0.17	0.25	0.00	1.21	0.10	1.12
331 Wood and Cork P	1437703	20.83	3.92	3.49	6.34	0.00	0.01	0.09	0.25	0.23
332 Furniture and Fix	1045455	44.91	10.16	1.80	1.30	0.01	0.00	0.02	0.20	0.02
341 Paper and Product	4072710	28.35	3.23	2.63	7.43	0.00	0.00	0.00	0.45	0.01
342 Printing and Publ	543962	36.20	12.26	1.52	9.17	0.01	0.00	0.04	3.93	0.97
351 Industr. Chemic	12013881	55.47	10.81	1.43	9.97	0.00	0.00	0.08	2.23	0.14
352 Other Chemicals	3284252	46.91	13.55	1.49	10.87	0.03	0.00	0.10	5.18	0.11
353 Petrol. Refiner	10563500	56.68	7.14	1.90	1.38	0.00	0.00	0.00	0.03	0.00

Annexure Table 1 – (Continued)

	Value of Imports	EC '58	EC '73	EC South	USA	Pakistan	Bangladesh	India	Japan	South Korea
354 Oil, Coal Produ	270485	53.59	11.08	0.29	2.95	0.00	0.00	0.00	0.85	0.01
355 Rubber Products	1396879	60.39	11.08	3.09	3.43	0.00	0.00	0.02	5.49	1.11
356 Plastic Product	1107374	46.90	12.22	1.10	5.62	0.00	0.00	0.01	2.34	1.10
361 Pottery, China	366372	55.70	10.42	6.37	4.45	0.00	0.00	0.01	3.95	1.26
362 Glass and Product	672736	56.11	5.65	1.21	6.82	0.00	0.00	0.02	1.62	0.25
369 Other Non-metal	940679	63.07	10.54	4.54	4.44	0.01	0.00	0.10	2.01	0.27
371 Iron and Steel Ba	5609731	50.71	7.68	5.18	0.64	0.00	0.00	0.15	1.06	0.29
372 Non-ferrous Met	4728505	31.01	7.91	2.56	4.52	0.00	0.00	0.02	0.68	0.02
380 Cutlery, Tools	689311	45.51	22.91	0.37	9.45	0.05	0.00	0.04	0.01	0.00
381 Metal Products	2976570	46.04	9.61	2.22	4.77	0.02	0.00	0.31	3.58	0.83
382 Machinery ex. E	13548943	31.94	14.65	2.24	17.35	0.00	0.00	0.06	10.18	0.34
383 Electr. Machine	9682889	26.11	10.20	3.85	13.08	0.00	0.00	0.02	22.64	1.40
384 Transp. Equipme	11848522	55.54	6.82	4.17	6.82	0.00	0.00	0.03	12.73	0.12
385 Medical and Optic	3767755	20.70	10.92	0.78	22.06	0.13	0.00	0.03	20.33	0.48
390 Other Manufactu	1409793	26.54	9.81	1.87	8.38	0.60	0.01	1.41	11.47	2.79
999 Other Products	5208448	28.89	21.23	2.46	18.55	0.08	0.01	0.11	0.95	0.06
Total Imports	151890630	37.48	10.73	3.08	7.22	0.12	0.02	0.33	4.69	0.57

Annexure Table 2a

Development of Shares in German Imports: EC '58

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	30.21	39.26	34.72	35.65	40.50
210	Mining ex. Min.	18.54	12.09	9.88	9.62	12.48
220	Mineral Oil	2.41	8.31	8.22	2.40	2.10
311	Food Manufactur	31.74	48.91	42.97	44.03	48.70
312	Food – Other	44.77	62.14	49.28	54.32	54.50
313	Beverage	57.74	77.71	68.31	67.85	70.17
314	Tobacco	61.45	80.54	66.92	58.56	58.44
321	Textile Manufac	66.08	66.37	49.93	48.88	47.54
322	Clothing	49.60	56.98	31.30	29.00	26.78
323	Leather and Fur	59.07	56.57	42.72	51.23	44.04
324	Leather Footwea	54.75	76.12	60.82	53.40	48.38
331	Wood and Cork P	20.68	28.37	20.11	20.83	20.33
332	Furniture and Fix	24.52	66.40	51.79	44.91	46.60
341	Paper and Product	16.75	30.21	28.85	28.35	28.55
342	Printing and Publ	28.23	44.78	37.28	36.20	34.59
351	Industr. Chemic	44.25	60.70	59.03	55.47	56.16
352	Other Chemicals	43.05	56.32	49.56	46.91	45.07
353	Petrol. Refiner	58.99	72.74	63.01	56.68	59.04
354	Oil, Coal Produ	81.81	51.63	51.19	53.59	50.84
355	Rubber Products	56.18	70.34	61.72	60.39	58.09
356	Plastic Product	67.36	64.43	55.22	46.90	45.45
361	Pottery, China	51.73	62.28	59.05	55.70	57.02
362	Glass and Product	73.71	74.20	58.60	56.11	59.32
369	Other Non-metal	57.02	68.84	67.89	63.07	65.79
371	Iron and Steel Ba	72.70	68.16	55.71	50.71	53.02
372	Non-ferrous Met	29.00	31.30	29.64	31.01	32.49
380	Cutlery, Tools	62.14	55.58	44.63	45.51	50.38
381	Metal Products	50.21	57.31	47.47	46.04	46.38
382	Machinery ex. E	41.52	47.08	37.71	31.94	32.19
383	Electr. Machine	47.86	49.20	31.54	26.11	25.88
384	Transp. Equipme	59.12	72.47	63.66	55.54	50.62
385	Medical and Optic	20.93	32.46	24.04	20.70	22.04
390	Other Manufactu	46.15	44.59	23.75	26.54	26.02
999	Other Products	46.81	40.31	33.46	28.89	32.86
	Total Imports	37.82	48.82	37.65	37.48	39.31

Annexure Table 2b

Development of Commodity Structure of German Imports from EC '58

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	17.66	9.38	6.49	6.44	6.80
210	Mining ex. Min.	3.45	0.82	0.67	0.57	0.51
220	Mineral Oil	0.36	1.07	3.57	0.61	0.23
311	Food Manufactur	8.09	9.17	6.97	7.54	7.39
312	Food – Other	0.23	0.51	0.55	0.72	0.81
313	Beverage	0.43	1.56	1.27	1.21	1.39
314	Tobacco	0.03	0.10	0.11	0.15	0.15
321	Textile Manufac	10.78	7.77	5.20	4.66	4.64
322	Clothing	0.37	5.53	3.66	3.51	4.23
323	Leather and Fur	1.17	1.05	0.80	0.89	0.82
324	Leather Footwea	0.07	1.58	1.76	1.55	1.64
331	Wood and Cork P	1.11	0.95	0.79	0.53	0.59
332	Furniture and Fix	0.00	0.83	1.04	0.82	1.08
341	Paper and Product	1.37	1.72	1.88	.03	2.27
342	Printing and Publ	0.15	0.32	0.34	0.35	0.39
351	Industr. Chemic	3.92	6.29	9.51	11.71	11.38
352	Other Chemicals	0.74	1.85	2.26	2.71	2.75
353	Petrol. Refiner	2.65	3.80	9.70	10.52	5.31
354	Oil, Coal Produ	0.15	0.17	0.21	0.25	0.23
355	Rubber Products	0.95	1.27	1.47	1.48	1.64
356	Plastic Product	0.34	0.81	1.03	0.91	1.09
361	Pottery, China	0.13	0.32	0.50	0.36	0.42
362	Glass and Product	0.87	0.95	0.71	0.66	0.82
369	Other Non-metal	0.80	1.42	1.35	1.04	1.19
371	Iron and Steel Ba	9.65	7.66	5.51	5.00	4.66
372	Non-ferrous Met	4.57	2.54	2.81	2.58	2.15
380	Cutlery, Tools	0.44	0.44	0.50	0.55	0.39
381	Metal Products	1.22	2.50	2.67	2.41	2.86
382	Machinery ex. E	4.80	7.54	6.95	7.60	8.56
383	Electr. Machine	2.19	4.22	4.13	4.44	5.01
384	Transp. Equipme	6.83	10.77	10.42	11.56	13.61
385	Medical and Optic	0.48	1.19	1.37	1.37	1.62
390	Other Manufactu	0.73	1.05	1.02	0.66	0.79
999	Other Products	13.30	2.87	2.77	2.64	2.57

Annexure Table 3a
Development of Shares in German Imports: EC '73

	1965	1972	1980	1985	1987
100 Agr., Forestry, F	6.93	3.49	5.68	8.83	7.36
210 Mining ex. Min.	4.93	4.46	5.59	2.86	3.37
220 Mineral Oil	0.49	0.02	12.54	25.88	30.51
311 Food Manufactur	4.98	2.91	9.43	8.16	9.04
312 Food – Other	2.75	4.74	8.87	9.72	20.47
313 Beverage	26.50	5.48	7.83	9.57	9.83
314 Tobacco	9.42	9.79	22.61	25.31	29.69
321 Textile Manufac	6.65	3.11	5.77	5.19	5.59
322 Clothing	3.17	1.42	3.14	2.51	2.70
323 Leather and Fur	9.53	5.66	5.57	3.91	3.55
324 Leather Footwea	0.70	0.79	1.78	1.67	1.46
331 Wood and Cork P	2.33	1.44	3.88	3.92	3.56
332 Furniture and Fix	14.42	11.09	10.41	10.16	11.36
341 Paper and Product	1.26	2.07	3.66	3.23	4.05
342 Printing and Publ	9.32	8.78	12.82	12.26	13.19
351 Industr. Chemic	7.06	4.76	8.64	10.81	11.68
352 Other Chemicals	11.98	8.13	13.12	13.55	15.07
353 Petrol. Refiner	7.16	5.48	3.44	7.14	7.78
354 Oil, Coal Produ	8.42	8.70	12.64	11.08	6.68
355 Rubber Products	7.68	5.52	9.40	11.08	11.34
356 Plastic Product	7.84	8.25	11.68	12.22	10.80
361 Pottery, China	16.71	10.16	11.09	10.42	8.88
362 Glass and Product	5.77	3.65	7.66	5.65	5.55
369 Other Non-metal	8.90	6.82	8.69	10.54	8.88
371 Iron and Steel Ba	2.33	2.01	4.84	7.68	8.49
372 Non-ferrous Met	9.86	8.22	9.73	7.91	10.07
380 Cutlery, Tools	19.77	7.87	24.53	22.91	21.14
381 Metal Products	13.54	9.02	9.50	9.61	9.60
382 Machinery ex. E	13.09	11.30	13.78	14.65	13.82
383 Electr. Machine	9.40	6.83	8.55	10.50	9.80
384 Transp. Equipme	10.21	7.13	7.83	6.82	9.15
385 Medical and Optic	17.10	10.90	12.04	10.92	11.38
390 Other Manufactu	6.40	7.21	6.85	9.81	8.92
999 Other Products	10.31	9.72	18.34	21.23	10.49
Total Imports	7.01	5.08	8.87	10.73	10.09

Annexure Table 3b

Development of Commodity Structure of German Imports from EC '73

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	21.85	8.00	4.51	5.56	4.82
210	Mining ex. Min.	4.94	2.90	1.60	0.59	0.54
220	Mineral Oil	0.40	0.03	23.10	22.92	13.26
311	Food Manufactur	6.85	5.24	6.49	4.88	5.34
312	Food – Other	0.08	0.37	0.42	0.45	1.18
313	Beverage	1.06	1.06	0.62	0.60	0.76
314	Tobacco	0.02	0.12	0.15	0.23	0.30
321	Textile Manufac	5.85	3.49	2.55	1.73	2.13
322	Clothing	0.13	1.32	1.56	1.06	1.66
323	Leather and Fur	1.02	1.00	0.44	0.24	0.26
324	Leather Footwea	0.00	0.16	0.22	0.17	0.19
331	Wood and Cork P	0.67	0.46	0.65	0.35	0.40
332	Furniture and Fix	0.00	1.33	0.89	0.65	1.03
341	Paper and Product	0.56	1.13	1.01	0.81	1.25
342	Printing and Publ	0.27	0.61	0.50	0.41	0.58
351	Industr. Chemic	3.37	4.74	5.91	7.96	9.22
352	Other Chemicals	1.11	2.56	2.54	2.73	3.58
353	Petrol. Refiner	1.74	2.75	2.25	4.63	2.73
354	Oil, Coal Produ	0.08	0.28	0.22	0.18	0.12
355	Rubber Products	0.70	0.95	0.95	0.95	1.24
356	Plastic Product	0.21	0.99	0.92	0.83	1.01
361	Pottery, China	0.23	0.50	0.40	0.23	0.25
362	Glass and Product	0.37	0.45	0.39	0.23	0.30
369	Other Non-metal	0.67	1.35	0.73	0.61	0.63
371	Iron and Steel Ba	1.67	2.17	2.03	2.64	2.91
372	Non-ferrous Met	8.39	6.39	3.91	2.29	2.59
380	Cutlery, Tools	0.76	0.60	1.16	0.97	0.64
381	Metal Products	1.78	3.79	2.26	1.75	2.31
382	Machinery ex. E	8.17	17.37	10.78	12.17	14.31
383	Electr. Machine	2.24	5.62	4.75	6.06	7.39
384	Transp. Equipme	6.37	10.18	5.44	4.95	9.58
385	Medical and Optic	2.11	3.82	2.92	2.52	3.26
390	Other Manufactu	0.54	1.63	1.25	0.85	1.06
999	Other Products	15.80	6.63	6.45	6.78	3.19

Annexure Table 4a

Development of Shares in German Imports: EC Southern Country

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	5.66	5.20	4.55	5.46	8.25
210	Mining ex. Min.	2.59	2.82	2.35	1.57	1.67
220	Mineral Oil	0.03	0.00	0.02	0.02	0.01
311	Food Manufactur	1.70	1.85	1.64	1.74	1.96
312	Food – Other	0.32	0.88	0.56	0.65	0.58
313	Beverage	0.13	4.25	7.92	8.71	8.88
314	Tobacco	0.84	0.15	0.39	1.55	0.88
321	Textile Manufac	0.78	3.07	3.66	4.68	4.23
322	Clothing	3.44	4.12	11.23	10.09	10.26
323	Leather and Fur	5.36	8.48	11.44	5.79	5.65
324	Leather Footwea	19.50	6.82	10.57	12.93	16.59
331	Wood and Cork P	2.19	2.63	3.16	3.49	3.27
332	Furniture and Fix	0.00	3.22	1.45	1.80	1.92
341	Paper and Product	0.06	0.82	1.67	2.63	2.77
342	Printing and Publ	0.54	1.78	1.67	1.52	3.13
351	Industr. Chemic	1.27	1.66	1.17	1.43	1.40
352	Other Chemicals	1.60	1.41	1.05	1.49	1.79
353	Petrol. Refiner	0.08	2.08	0.36	1.90	1.30
354	Oil, Coal Produ	0.00	0.23	0.21	0.29	0.58
355	Rubber Products	0.08	4.46	3.87	3.09	3.36
356	Plastic Product	0.09	1.49	0.93	1.10	1.28
361	Pottery, China	0.98	3.53	3.77	6.37	7.49
362	Glass and Product	0.17	0.69	1.54	1.21	1.33
369	Other Non-metal	4.04	2.94	4.07	4.54	5.28
371	Iron and Steel Ba	0.25	2.36	5.15	5.18	3.08
372	Non-ferrous Met	0.80	0.36	1.56	2.56	1.63
380	Cutlery, Tools	0.05	0.23	0.39	0.37	0.40
381	Metal Products	0.16	1.60	2.32	2.22	2.17
382	Machinery ex. E	0.40	1.03	1.44	2.24	2.26
383	Electr. Machine	0.33	2.02	3.18	3.85	3.95
384	Transp. Equipme	0.17	1.01	2.75	4.17	3.98
385	Medical and Optic	0.22	0.40	1.16	0.78	1.01
390	Other Manufactu	0.20	1.21	1.21	1.87	1.16
999	Other Products	1.73	1.10	1.29	2.46	2.72
	Total Imports	2.11	2.25	2.49	3.08	3.58

Annexure Table 4b

Development of Commodity Structure of German Imports from EC South

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	59.18	26.96	12.88	12.01	15.20
210	Mining ex. Min.	8.62	4.14	2.41	1.14	0.75
220	Mineral Oil	0.08	0.00	0.11	0.06	0.01
311	Food Manufactur	7.76	7.51	4.02	3.63	3.27
312	Food – Other	0.03	0.16	0.09	0.10	0.09
313	Beverage	0.02	1.85	2.22	1.90	1.92
314	Tobacco	0.01	0.00	0.01	0.05	0.02
321	Textile Manufac	2.27	7.79	5.77	5.43	4.53
322	Clothing	0.46	8.68	19.86	14.86	17.79
323	Leather and Fur	1.90	3.40	3.22	1.22	1.16
324	Leather Footwea	0.44	3.07	4.63	4.56	6.18
331	Wood and Cork P	2.10	1.92	1.89	1.07	1.04
332	Furniture and Fix	0.00	0.87	0.44	0.40	0.49
341	Paper and Product	0.09	1.01	1.65	2.29	2.41
342	Printing and Publ	0.05	0.28	0.23	0.18	0.39
351	Industr. Chemic	2.02	3.72	2.85	3.67	3.11
352	Other Chemicals	0.49	1.00	0.72	1.05	1.20
353	Petrol. Refiner	0.07	2.36	0.83	4.30	1.29
354	Oil, Coal Produ	0.00	0.02	0.01	0.02	0.03
355	Rubber Products	0.02	1.74	1.40	0.92	1.04
356	Plastic Product	0.01	0.41	0.26	0.26	0.34
361	Pottery, China	0.04	0.39	0.49	0.50	0.60
362	Glass and Product	0.04	0.19	0.28	0.17	0.20
369	Other Non-metal	1.01	1.31	1.22	0.91	1.05
371	Iron and Steel Ba	0.59	5.76	7.70	6.22	2.98
372	Non-ferrous Met	2.26	0.64	2.24	2.59	1.18
380	Cutlery, Tools	0.01	0.04	0.07	0.05	0.03
381	Metal Products	0.07	1.52	1.97	1.42	1.47
382	Machinery ex. E	0.82	3.60	4.02	6.51	6.60
383	Electr. Machine	0.27	3.76	6.29	7.99	8.38
384	Transp. Equipme	0.35	3.25	6.82	10.57	11.75
385	Medical and Optic	0.09	0.32	1.00	0.63	0.82
390	Other Manufactu	0.06	0.62	0.79	0.56	0.39
999	Other Products	8.79	1.70	1.61	2.75	2.33

Annexure Table 5a

Development of Shares in German Imports: USA

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	13.21	13.55	17.15	10.59	9.27
210	Mining ex. Min.	12.83	7.97	9.24	4.65	3.81
220	Mineral Oil	1.71	0.00	0.06	0.06	0.00
311	Food Manufactur	10.00	5.40	5.18	2.41	2.69
312	Food – Other	1.09	7.47	19.96	12.30	8.17
313	Beverage	1.42	2.80	2.74	2.22	1.67
314	Tobacco	21.80	8.02	3.96	12.31	9.65
321	Textile Manufac	2.76	2.43	2.36	2.38	2.41
322	Clothing	4.04	0.48	1.13	0.35	0.22
323	Leather and Fur	6.33	2.97	2.42	1.36	2.13
324	Leather Footwea	0.08	0.03	0.27	0.17	0.27
331	Wood and Cork P	6.35	6.17	7.23	6.34	5.92
332	Furniture and Fix	16.35	0.49	0.97	1.30	0.74
341	Paper and Product	9.84	10.43	9.58	7.43	6.69
342	Printing and Publ	7.00	6.44	7.08	9.17	7.31
351	Industr. Chemic	27.24	14.34	10.46	9.97	8.49
352	Other Chemicals	13.46	16.44	12.22	10.87	7.72
353	Petrol. Refiner	1.03	4.04	1.37	1.38	1.84
354	Oil, Coal Produ	0.01	15.80	10.05	2.95	3.25
355	Rubber Products	11.11	3.58	3.47	3.43	2.90
356	Plastic Product	8.07	4.24	3.99	5.62	4.40
361	Pottery, China	3.97	1.67	1.66	4.45	2.90
362	Glass and Product	6.65	4.84	6.40	6.82	4.48
369	Other Non-metal	6.01	4.10	3.48	4.44	3.81
371	Iron and Steel Ba	1.58	1.29	0.63	0.64	0.54
372	Non-ferrous Met	10.59	5.07	7.27	4.52	3.52
380	Cutlery, Tools	6.60	8.40	14.80	9.45	4.06
381	Metal Products	10.85	5.62	4.92	4.77	3.22
382	Machinery ex. E	21.17	15.79	17.37	17.35	13.05
383	Electr. Machine	18.29	14.00	13.86	13.08	8.68
384	Transp. Equipme	21.16	10.16	5.74	6.82	6.81
385	Medical and Optic	24.36	18.53	17.86	22.06	17.05
390	Other Manufactu	5.80	5.79	28.18	8.38	7.70
999	Other Products	12.03	21.78	17.72	18.55	13.10
	Total Imports	11.27	8.39	7.56	7.22	6.34

Annexure Table 5b

Development of Commodity Structure of German Imports from USA

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	25.91	18.83	15.98	9.92	9.65
210	Mining ex. Min.	8.00	3.14	3.12	1.43	0.97
220	Mineral Oil	0.86	0.00	0.13	0.07	0.00
311	Food Manufactur	8.56	5.89	4.19	2.14	2.53
312	Food – Other	0.02	0.35	1.11	0.84	0.75
313	Beverage	0.04	0.33	0.25	0.21	0.20
314	Tobacco	0.03	0.06	0.03	0.17	0.15
321	Textile Manufac	1.51	1.66	1.22	1.18	1.46
322	Clothing	0.10	0.27	0.66	0.22	0.22
323	Leather and Fur	0.42	0.32	0.23	0.12	0.25
324	Leather Footwea	0.00	0.00	0.04	0.02	0.06
331	Wood and Cork P	1.14	1.21	1.42	0.83	1.07
332	Furniture and Fix	0.00	0.04	0.10	0.12	0.11
341	Paper and Product	2.70	3.45	3.12	2.76	3.29
342	Printing and Publ	0.12	0.27	0.32	0.45	0.51
351	Industr. Chemic	8.09	8.64	8.39	10.92	10.67
352	Other Chemicals	0.77	3.14	2.78	3.25	2.92
353	Petrol. Refiner	0.16	1.23	1.05	1.32	1.03
354	Oil, Coal Produ	0.00	0.31	0.21	0.07	0.09
355	Rubber Products	0.63	0.37	0.41	0.44	0.51
356	Plastic Product	0.14	0.31	0.37	0.57	0.66
361	Pottery, China	0.03	0.05	0.07	0.15	0.13
362	Glass and Product	0.26	0.36	0.39	0.42	0.38
369	Other Non-metal	0.28	0.49	0.34	0.38	0.43
371	Iron and Steel Ba	0.70	0.84	0.31	0.32	0.29
372	Non-ferrous Met	5.60	2.39	3.43	1.95	1.45
380	Cutlery, Tools	0.16	0.39	0.82	0.59	0.20
381	Metal Products	0.88	1.43	1.38	1.30	1.23
382	Machinery ex. E	8.21	14.71	15.95	21.43	21.51
383	Electr. Machine	2.81	6.99	9.05	11.55	10.41
384	Transp. Equipme	8.20	8.79	4.69	7.37	11.34
385	Medical and Optic	1.87	3.94	5.08	7.58	7.76
390	Other Manufactu	0.31	0.79	6.04	1.08	1.45
999	Other Products	11.46	9.01	7.31	8.81	6.34

Annexure Table 6a

Development of Shares in German Imports: Pakistan

	1965	1972	1980	1985	1987
100 Agr., Forestry, F	0.47	0.30	0.09	0.22	0.22
210 Mining ex. Min.	0.02	0.01	0.00	0.00	0.01
220 Mineral Oil	0.00	0.00	0.00	0.00	0.00
311 Food Manufactur	0.11	0.06	0.06	0.09	0.11
312 Food – Other	0.07	0.06	0.05	0.02	0.03
313 Beverage	0.00	0.00	0.00	0.00	0.00
314 Tobacco	0.00	0.00	0.00	0.00	0.00
321 Textile Manufac	0.25	0.66	1.62	1.22	1.14
322 Clothing	0.07	0.08	0.27	0.69	0.77
323 Leather and Fur	1.21	0.56	0.14	0.59	0.79
324 Leather Footwea	0.00	0.25	0.10	0.25	0.11
331 Wood and Cork P	0.00	0.02	0.00	0.00	0.00
332 Furniture and Fix	0.00	0.01	0.01	0.01	0.00
341 Paper and Product	0.00	0.00	0.00	0.00	0.00
342 Printing and Publ	0.00	0.00	0.00	0.01	0.00
351 Industr. Chemic	0.00	0.00	0.00	0.00	0.00
352 Other Chemicals	0.00	0.03	0.04	0.03	0.03
353 Petrol. Refiner	0.00	0.00	0.06	0.00	0.00
354 Oil, Coal Produc	0.00	0.00	0.00	0.00	0.00
355 Rubber Products	0.00	0.00	0.00	0.00	0.00
356 Plastic Product	0.00	0.00	0.00	0.00	0.00
361 Pottery, China	0.00	0.00	0.00	0.00	0.01
362 Glass and Product	0.00	0.00	0.00	0.00	0.00
369 Other Non-metal	0.00	0.00	0.02	0.01	0.01
371 Iron and Steel Ba	0.00	0.00	0.00	0.00	0.03
372 Non-ferrous Met	0.03	0.00	0.00	0.00	0.00
380 Cutlery, Tools	0.06	0.00	0.00	0.05	0.00
381 Metal Products	0.00	0.02	0.02	0.02	0.02
382 Machinery ex. E	0.00	0.00	0.00	0.00	0.00
383 Electr. Machine	0.00	0.00	0.01	0.00	0.00
384 Transp. Equipme	0.01	0.00	0.00	0.00	0.00
385 Medical and Optic	0.04	0.07	0.08	0.13	0.09
390 Other Manufactu	0.55	0.45	0.17	0.60	0.37
999 Other Products	0.01	0.05	0.05	0.08	0.04
Total Imports	0.15	0.10	0.10	0.12	0.13

Annexure Table 6b

Development of Commodity Structure of German Imports from Pakistan

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	70.05	35.11	6.23	13.04	11.05
210	Mining ex. Min.	0.92	0.20	0.06	0.04	0.07
220	Mineral Oil	0.00	0.00	0.00	0.00	0.00
311	Food Manufactur	7.04	5.37	3.77	4.89	4.96
312	Food – Other	0.09	0.24	0.22	0.10	0.12
313	Beverage	0.00	0.00	0.00	0.00	0.00
314	Tobacco	0.00	0.00	0.00	0.00	0.00
321	Textile Manufac	10.66	37.93	63.82	37.69	33.41
322	Clothing	0.31	3.84	12.10	27.17	36.48
323	Leather and Fur	6.15	5.10	0.98	3.30	4.40
324	Leather Footwea	0.00	2.55	1.08	2.36	1.15
331	Wood and Cork P	0.01	0.26	0.01	0.02	0.01
332	Furniture and Fix	0.00	0.03	0.04	0.05	0.02
341	Paper and Product	0.00	0.00	0.00	0.00	0.00
342	Printing and Publ	0.00	0.00	0.00	0.02	0.02
351	Industr. Chemic	0.00	0.00	0.00	0.18	0.01
352	Other Chemicals	0.00	0.44	0.64	0.48	0.49
353	Petrol. Refiner	0.00	0.00	3.75	0.00	0.00
354	Oil, Coal Produ	0.00	0.00	0.00	0.00	0.00
355	Rubber Products.	0.00	0.02	0.00	0.00	0.01
356	Plastic Product	0.00	0.03	0.00	0.01	0.01
361	Pottery, China	0.00	0.00	0.00	0.00	0.01
362	Glass and Product	0.00	0.00	0.00	0.00	0.00
369	Other Non-metal	0.00	0.02	0.12	0.06	0.03
371	Iron and Steel Ba	0.00	0.00	0.00	0.00	0.71
372	Non-ferrous Met	1.03	0.01	0.00	0.00	0.00
380	Cutlery, Tools	0.11	0.00	0.00	0.21	0.00
381	Metal Products	0.00	0.46	0.48	0.36	0.34
382	Machinery ex. E	0.02	0.03	0.01	0.07	0.08
383	Electr. Machine	0.01	0.03	0.73	0.01	0.03
384	Transp. Equipme	0.32	0.05	0.16	0.11	0.18
385	Medical and Optic	0.23	1.24	1.63	2.74	2.07
390	Other Manufactu	2.24	5.26	2.73	4.81	3.36
999	Other Products	0.98	1.80	1.43	2.29	0.98

Annexure Table 7a

Development of Shares in German Imports: Bangladesh

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	0.00	0.00	0.08	0.07	0.07
210	Mining ex. Min.	0.00	0.00	0.00	0.00	0.00
220	Mineral Oil	0.00	0.00	0.00	0.00	0.00
311	Food Manufactur	0.00	0.00	0.01	0.00	0.00
312	Food – Other	0.00	0.00	0.00	0.00	0.00
313	Beverage	0.00	0.00	0.00	0.00	0.00
314	Tobacco	0.00	0.00	0.00	0.00	0.00
321	Textile Manufac	0.00	0.00	0.14	0.22	0.14
322	Clothing	0.00	0.00	0.00	0.08	0.22
323	Leather and Fur	0.00	0.00	0.10	0.21	0.04
324	Leather Footwea	0.00	0.00	0.00	0.00	0.00
331	Wood and Cork P	0.00	0.00	0.00	0.01	0.01
332	Furniture and Fix	0.00	0.00	0.00	0.00	0.00
341	Paper and Product	0.00	0.00	0.00	0.00	0.00
342	Printing and Publ	0.00	0.00	0.00	0.00	0.00
351	Industr. Chemic	0.00	0.00	0.00	0.00	0.00
352	Other Chemicals	0.00	0.00	0.00	0.00	0.00
353	Petrol. Refiner	0.00	0.00	0.00	0.00	0.00
354	Oil, Coal Produ	0.00	0.00	0.00	0.00	0.00
355	Rubber Products	0.00	0.00	0.00	0.00	0.00
356	Plastic Product	0.00	0.00	0.00	0.00	0.00
361	Pottery, China	0.00	0.00	0.00	0.00	0.00
362	Glass and Product	0.00	0.00	0.00	0.00	0.00
369	Other Non-metal	0.00	0.00	0.00	0.00	0.00
371	Iron and Steel Ba	0.00	0.00	0.00	0.00	0.00
372	Non-ferrous Met	0.00	0.00	0.00	0.00	0.00
380	Cutlery, Tools	0.00	0.00	0.00	0.00	0.00
381	Metal Products	0.00	0.00	0.00	0.00	0.00
382	Machinery ex. E	0.00	0.00	0.00	0.00	0.00
383	Electr. Machine	0.00	0.00	0.00	0.00	0.00
384	Transp. Equipme	0.00	0.00	0.00	0.00	0.00
385	Medical and Optic	0.00	0.00	0.00	0.00	0.00
390	Other Manufactu	0.00	0.00	0.00	0.01	0.01
999	Other Products	0.00	0.00	0.00	0.01	0.00
	Total Imports	0.00	0.00	0.01	0.02	0.02

Annexure Table 7b

Development of Commodity Structure of German Imports from Bangladesh

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	ERR	ERR	45.37	26.34	18.92
210	Mining ex. Min.	ERR	ERR	0.00	0.00	0.01
220	Mineral Oil	ERR	ERR	0.00	0.00	0.00
311	Food Manufactur	ERR	ERR	4.11	1.19	0.26
312	Food – Other	ERR	ERR	0.00	0.00	0.00
313	Beverage	ERR	ERR	0.00	0.00	0.00
314	Tobacco	ERR	ERR	0.00	0.00	0.00
321	Textile Manufac	ERR	ERR	42.78	42.55	21.78
322	Clothing	ERR	ERR	0.44	18.86	56.48
323	Leather and Fur	ERR	ERR	5.30	7.34	1.33
324	Leather Footwea	ERR	ERR	0.03	0.00	0.01
331	Wood and Cork P	ERR	ERR	0.54	0.47	0.36
332	Furniture and Fix	ERR	ERR	0.00	0.00	0.01
341	Paper and Product	ERR	ERR	0.00	0.00	0.02
342	Printing and Publ	ERR	ERR	0.02	0.04	0.01
351	Industr. Chemic	ERR	ERR	0.00	0.45	0.00
352	Other Chemicals	ERR	ERR	0.00	0.25	0.00
353	Petrol. Refiner	ERR	ERR	0.00	0.00	0.00
354	Oil, Coal Produ	ERR	ERR	0.00	0.00	0.00
355	Rubber Products	ERR	ERR	0.00	0.00	0.00
356	Plastic Product	ERR	ERR	0.05	0.05	0.02
361	Pottery, China	ERR	ERR	0.02	0.04	0.01
362	Glass and Product	ERR	ERR	0.00	0.00	0.00
369	Other Non-metal	ERR	ERR	0.00	0.00	0.00
371	Iron and Steel Ba	ERR	ERR	0.00	0.00	0.00
372	Non-ferrous Met	ERR	ERR	0.00	0.00	0.00
380	Cutlery, Tools	ERR	ERR	0.00	0.00	0.00
381	Metal Products	ERR	ERR	0.00	0.08	0.02
382	Machinery ex. E	ERR	ERR	0.00	0.09	0.00
383	Electr. Machine	ERR	ERR	0.01	0.12	0.04
384	Transp. Equipme	ERR	ERR	0.02	0.00	0.00
385	Medical and Optic	ERR	ERR	0.00	0.03	0.03
390	Other Manufactu	ERR	ERR	0.57	0.46	0.29
999	Other Products	ERR	ERR	0.74	1.61	0.39

Annexure Table 8a

Development of Shares in German Imports: India

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	0.48	0.44	0.42	0.46	0.45
210	Mining ex. Min.	1.19	0.19	0.31	0.56	0.93
220	Mineral Oil	0.00	0.00	0.00	0.00	0.00
311	Food Manufactur	0.21	0.16	0.30	0.13	0.14
312	Food – Other	0.14	0.20	0.17	0.13	0.15
313	Beverage	0.00	0.00	0.00	0.00	0.00
314	Tobacco	0.00	0.00	0.02	0.01	0.01
321	Textile Manufac	1.12	0.96	2.78	2.63	2.63
322	Clothing	0.09	0.25	1.86	1.82	1.87
323	Leather and Fur	6.58	5.15	4.10	5.50	4.78
324	Leather Footwea	0.03	0.04	0.32	1.21	2.19
331	Wood and Cork P	0.07	0.11	0.12	0.09	0.11
332	Furniture and Fix	0.48	0.03	0.05	0.02	0.03
341	Paper and Product	0.00	0.00	0.01	0.00	0.00
342	Printing and Publ	0.01	0.02	0.03	0.04	0.03
351	Industr. Chemic	0.03	0.05	0.08	0.08	0.13
352	Other Chemicals	1.10	0.17	0.13	0.10	0.13
353	Petrol. Refiner	0.00	0.00	0.00	0.00	0.04
354	Oil, Coal Produ	0.00	0.00	0.00	0.00	0.00
355	Rubber Products	0.00	0.01	0.02	0.02	0.05
356	Plastic Product	0.01	0.03	0.02	0.01	0.02
361	Pottery, China	0.00	0.03	0.02	0.01	0.01
362	Glass and Product	0.00	0.03	0.02	0.02	0.01
369	Other Non-metal	0.18	0.08	0.27	0.10	0.15
371	Iron and Steel Ba	0.13	0.02	0.01	0.15	0.10
372	Non-ferrous Met	0.00	0.00	0.00	0.02	0.00
380	Cutlery, Tools	0.00	0.00	0.02	0.04	0.00
381	Metal Products	0.04	0.27	0.79	0.31	0.31
382	Machinery ex. E	0.04	0.05	0.06	0.06	0.07
383	Electr. Machine	0.00	0.04	0.03	0.02	0.01
384	Transp. Equipme	0.00	0.02	0.05	0.03	0.04
385	Medical and Optic	0.00	0.02	0.10	0.03	0.04
390	Other Manufactu	2.72	0.94	0.90	1.41	1.26
999	Other Products	0.06	0.07	0.10	0.11	0.19
	Total Imports	0.37	0.22	0.34	0.33	0.40

Annexure Table 8b

Development of Commodity Structure of German Imports from India

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	28.53	22.86	8.85	9.47	7.42
210	Mining ex. Min.	22.56	2.78	2.36	3.81	3.75
220	Mineral Oil	0.01	0.00	0.00	0.00	0.00
311	Food Manufactur	5.42	6.62	5.38	2.58	2.11
312	Food – Other	0.07	0.36	0.21	0.20	0.22
313	Beverage	0.00	0.00	0.00	0.00	0.00
314	Tobacco	0.00	0.00	0.00	0.00	0.00
321	Textile Manufac	18.62	24.72	32.25	28.71	25.29
322	Clothing	0.07	5.43	24.29	25.22	29.12
323	Leather and Fur	13.34	20.90	8.54	10.90	8.79
324	Leather Footwea	0.00	0.18	1.04	4.00	7.33
331	Wood and Cork P	0.41	0.82	0.52	0.26	0.32
332	Furniture and Fix	0.00	0.09	0.10	0.04	0.06
341	Paper and Product	0.03	0.00	0.04	0.02	0.03
342	Printing and Publ	0.00	0.04	0.03	0.04	0.03
351	Industr. Chemic	0.26	1.07	1.35	1.95	2.66
352	Other Chemicals	1.92	1.22	0.69	0.68	0.76
353	Petrol. Refiner	0.00	0.00	0.01	0.03	0.39
354	Oil, Coal Produ	0.00	0.00	0.00	0.00	0.00
355	Rubber Products	0.00	0.02	0.06	0.06	0.14
356	Plastic Product	0.00	0.08	0.04	0.02	0.04
361	Pottery, China	0.00	0.04	0.02	0.01	0.01
362	Glass and Product	0.00	0.09	0.02	0.02	0.01
369	Other Non-metal	0.26	0.37	0.60	0.19	0.27
371	Iron and Steel Ba	1.72	0.44	0.12	1.69	0.88
372	Non-ferrous Met	0.02	0.01	0.02	0.19	0.01
380	Cutlery, Tools	0.00	0.00	0.02	0.06	0.00
381	Metal Products	0.10	2.58	4.97	1.86	1.89
382	Machinery ex. E	0.50	1.79	1.27	1.56	1.75
383	Electr. Machine	0.00	0.77	0.38	0.37	0.25
384	Transp. Equipme	0.01	0.56	1.00	0.71	0.93
385	Medical and Optic	0.00	0.19	0.61	0.21	0.30
390	Other Manufactu	4.39	4.84	4.30	4.00	3.77
999	Other Products	1.73	1.15	0.91	1.11	1.48

Annexure Table 9a

Development of Shares in German Imports: Japan

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	0.67	0.18	0.07	0.11	0.13
210	Mining ex. Min.	2.19	1.19	1.21	0.93	0.91
220	Mineral Oil	0.00	0.00	0.00	0.00	0.00
311	Food Manufactur	0.98	0.90	0.29	0.36	0.14
312	Food – Other	0.03	0.15	0.30	0.33	0.60
313	Beverage	0.09	0.05	0.05	0.13	0.16
314	Tobacco	0.00	0.01	0.00	0.00	0.00
321	Textile Manufac	2.05	1.67	2.06	1.88	2.06
322	Clothing	9.29	1.09	0.74	0.44	0.41
323	Leather and Fur	1.00	1.83	1.37	1.10	1.01
324	Leather Footwea	0.66	0.97	0.15	0.10	0.07
331	Wood and Cork P	0.53	0.82	0.26	0.25	0.19
332	Furniture and Fix	22.12	0.32	0.35	0.20	0.20
341	Paper and Product	0.23	0.69	1.54	0.45	0.62
342	Printing and Publ	0.84	2.99	2.48	3.93	3.44
351	Industr. Chemic	3.22	2.71	1.77	2.23	2.80
352	Other Chemicals	1.61	1.71	3.30	5.18	6.39
353	Petrol. Refiner	0.00	0.02	0.03	0.03	0.10
354	Oil, Coal Produ	0.00	3.21	0.84	0.85	2.15
355	Rubber Products	2.50	1.93	4.40	5.49	6.16
356	Plastic Product	1.98	4.88	2.90	2.34	2.50
361	Pottery, China	14.53	13.99	9.33	3.95	3.54
362	Glass and Product	1.18	1.23	1.07	1.62	1.56
369	Other Non-metal	0.10	3.39	1.16	2.01	1.78
371	Iron and Steel Ba	1.35	6.34	2.35	1.06	1.49
372	Non-ferrous Met	0.84	0.26	1.06	0.68	0.52
380	Cutlery, Tools	0.30	0.14	0.04	0.01	0.03
381	Metal Products	0.54	3.92	3.98	3.58	3.16
382	Machinery ex. E	2.02	4.53	5.33	10.18	11.65
383	Electr. Machine	5.88	11.93	16.43	22.64	22.25
384	Transp. Equipme	0.47	1.53	11.18	12.73	16.53
385	Medical and Optic	10.95	14.99	16.83	20.33	21.47
390	Other Manufactu	7.78	10.51	7.18	11.47	10.79
999	Other Products,	2.26	0.80	0.69	0.95	1.81
	Total Imports	1.45	2.48	3.08	4.69	6.30

Annexure Table 9b

Development of Commodity Structure of German Imports from Japan

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	10.20	0.85	0.16	0.16	0.14
210	Mining ex. Min.	10.58	1.58	1.00	0.44	0.23
220	Mineral Oil	0.00	0.00	0.00	0.00	0.00
311	Food Manufactur	6.48	3.34	0.57	0.49	0.13
312	Food – Other	0.00	0.02	0.04	0.04	0.06
313	Beverage	0.02	0.02	0.01	0.02	0.02
314	Tobacco	0.00	0.00	0.00	0.00	0.00
321	Textile Manufac	8.69	3.86	2.62	1.43	1.25
322	Clothing	1.81	2.09	1.06	0.42	0.40
323	Leather and Fur	0.52	0.66	0.31	0.15	0.12
324	Leather Footwea	0.02	0.40	0.05	0.02	0.02
331	Wood and Cork P	0.73	0.54	0.13	0.05	0.03
332	Furniture and Fix	0.02	0.08	0.09	0.03	0.03
341	Paper and Product	0.48	0.78	1.23	0.26	0.31
342	Printing and Publ	0.12	0.42	0.28	0.30	0.24
351	Industr. Chemic	7.42	5.53	3.49	3.77	3.54
352	Other Chemicals	0.72	1.10	1.84	2.39	2.43
353	Petrol. Refiner	0.00	0.02	0.05	0.04	0.05
354	Oil, Coal Produ	0.00	0.21	0.04	0.03	0.06
355	Rubber Products	1.10	0.69	1.28	1.08	1.08
356	Plastic Product	0.26	1.21	0.66	0.36	0.37
361	Pottery, China	0.95	1.42	0.97	0.20	0.16
362	Glass and Product	0.36	0.31	0.16	0.15	0.13
369	Other Non-metal	0.04	1.38	0.28	0.27	0.20
371	Iron and Steel Ba	4.68	14.02	2.84	0.84	0.82
372	Non-ferrous Met	3.44	0.41	1.23	0.45	0.21
380	Cutlery, Tools	0.06	0.02	0.01	0.00	0.00
381	Metal Products	0.34	3.37	2.73	1.50	1.22
382	Machinery ex. E	6.06	14.28	12.00	19.38	19.33
383	Electr. Machine	7.01	20.15	26.29	30.80	26.89
384	Transp. Equipme	1.42	4.47	22.36	21.20	27.75
385	Medical and Optic	6.53	10.79	11.74	10.76	9.84
390	Other Manufactu	3.20	4.87	3.78	2.27	2.05
999	Other Products	16.75	1.12	0.70	0.70	0.88

Annexure Table 10a

Development of Shares in German Imports: South Korea

	1965	1972	1980	1985	1987
100 Agr., Forestry, F	0.02	0.05	0.30	0.40	0.40
210 Mining ex. Min.	0.11	0.04	0.03	0.03	0.03
220 Mineral Oil	0.00	0.00	0.00	0.00	0.00
311 Food Manufactur	0.00	0.04	0.10	0.02	0.02
312 Food – Other	0.00	0.01	0.09	0.08	0.14
313 Beverage	0.00	0.00	0.01	0.01	0.01
314 Tobacco	0.00	0.00	0.01	0.00	0.00
321 Textile Manufac	0.05	0.42	1.01	1.11	1.26
322 Clothing	0.01	0.80	5.22	5.11	5.79
323 Leather and Fur	0.01	0.04	3.04	2.81	5.19
324 Leather Footwea	0.00	0.04	1.75	1.12	1.98
331 Wood and Cork P	0.01	0.04	0.70	0.23	0.33
332 Furniture and Fix	1.44	0.00	0.05	0.02	0.06
341 Paper and Product	0.00	0.00	0.02	0.01	0.01
342 Printing and Publ	0.00	0.02	1.10	0.97	1.43
351 Industr. Chemic	0.02	0.11	0.09	0.14	0.15
352 Other Chemicals	0.00	0.01	0.08	0.11	0.14
353 Petrol. Refiner	0.00	0.00	0.00	0.00	0.00
354 Oil, Coal Produ	0.00	0.00	0.01	0.01	0.01
355 Rubber Products	0.00	0.02	1.83	1.11	1.35
356 Plastic Product	0.04	0.30	1.68	1.10	1.75
361 Pottery, China	0.00	0.27	3.42	1.26	0.97
362 Glass and Product	0.00	0.00	0.03	0.25	0.38
369 Other Non-metal	0.00	0.08	0.48	0.27	0.20
371 Iron and Steel Ba	0.00	0.12	0.33	0.29	0.57
372 Non-ferrous Met	0.13	0.01	0.02	0.02	0.06
380 Cutlery, Tools	0.00	0.00	0.01	0.00	0.00
381 Metal Products	0.00	0.04	0.81	0.83	1.33
382 Machinery ex. E	0.04	0.01	0.04	0.34	0.49
383 Electr. Machine	0.01	0.24	1.29	1.40	3.07
384 Transp. Equipme	0.00	0.00	0.02	0.12	0.19
385 Medical and Optic	0.00	0.11	0.50	0.48	0.65
390 Other Manufactu	0.04	1.05	1.66	2.79	3.82
999 Other Products	0.01	0.02	0.07	0.06	0.20
Total Imports	0.03	0.12	0.54	0.57	1.00

Annexure Table 10b

Development of Commodity Structure of German Imports from S. Korea

		1965	1972	1980	1985	1987
100	Agr., Forestry, F	13.83	5.15	3.88	4.77	2.64
210	Mining ex. Min.	29.86	1.00	0.14	0.12	0.05
220	Mineral Oil	0.00	0.00	0.00	0.00	0.00
311	Food Manufactur	0.28	2.88	1.10	0.18	0.12
312	Food – Other	0.00	0.04	0.07	0.07	0.08
313	Beverage	0.00	0.00	0.02	0.01	0.01
314	Tobacco	0.00	0.00	0.00	0.00	0.00
321	Textile Manufac	11.05	20.78	7.34	6.97	4.86
322	Clothing	0.12	32.78	42.47	40.55	36.15
323	Leather and Fur	0.23	0.27	3.94	3.19	3.83
324	Leather Footwea	0.00	0.34	3.53	2.13	2.65
331	Wood and Cork P	0.61	0.53	1.93	0.38	0.38
332	Furniture and Fix	0.07	0.01	0.07	0.03	0.06
341	Paper and Product	0.00	0.02	0.08	0.04	0.04
342	Printing and Publ	0.00	0.07	0.70	0.61	0.63
351	Industr. Chemic	2.88	4.86	1.00	1.99	1.23
352	Other Chemicals	0.00	0.08	0.27	0.41	0.34
353	Petrol. Refiner	0.00	0.00	0.00	0.00	0.01
354	Oil, Coal Produ	0.00	0.01	0.00	0.00	0.00
355	Rubber Products	0.00	0.16	3.04	1.78	1.50
356	Plastic Product	0.33	1.56	2.18	1.40	1.66
361	Pottery, China	0.00	0.59	2.03	0.53	0.28
362	Glass and Product	0.00	0.02	0.03	0.20	0.21
369	Other Non-metal	0.00	0.68	0.66	0.29	0.14
371	Iron and Steel Ba	0.00	5.58	2.27	1.85	2.00
372	Non-ferrous Met	28.97	0.28	0.12	0.10	0.15
380	Cutlery, Tools	0.00	0.00	0.00	0.00	0.00
381	Metal Products	0.00	0.66	3.15	2.85	3.25
382	Machinery ex. E	6.81	0.60	0.55	5.36	5.19
383	Electr. Machine	0.59	8.53	11.76	15.64	23.49
384	Transp. Equipme	0.00	0.00	0.28	1.60	1.99
385	Medical and Optic	0.00	1.67	1.99	2.06	1.88
390	Other Manufactu	0.84	10.35	4.96	4.53	4.59
999	Other Products	3.53	0.48	0.42	0.37	0.61

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Comments on “South Asia and Economic Integration – Lessons from the Past and Future Prospects”

There has been an explosion of interest in economic integration in the post-world war II era. By economic integration we mean combining separate economies into larger economic regions. Economic integration can be of various forms, such as preferential trading areas, free trade areas, customs unions, common markets and economic unions or community.¹ These different forms of economic integration guarantee a certain degree of discrimination favouring trade within the region and against trade with the rest of the world. It is also stated, for example, by Viner (1950) and Meade (1956) that the larger the size of the integration, i.e., involving more nation-states, the greater the beneficial effects of economic integration.

Viewed in this background, the paper by Professor Hoffmann is an interesting endeavour. He has provided a good background of the formation of the European Economic Community (EEC) and its success in achieving the desired objectives. Besides he has analysed trade relations with South Asia, East Asia and Far East countries with Germany, used as a proxy for Europe. Mention has also been made about the impact of a unified EEC market from 1992 onward on the economies of the Asian/South Asian regions. Recent developments in Eastern Europe are likely to affect the forces for European integration and its impact on trade with the Asian/South Asian countries are also discussed. There is nothing to disagree with him except the trade relation with Asian and European countries.

The growing protectionism in the traditional export markets – such as the US and Europe has prompted many Asian economies to diversify their trade in recent years. Although, it has been mainly Japan and the Asian NIEs that have faced the major brunt of protectionism and trade pressure, there is growing unease among other Asian, including South Asian countries, about the prospects of a unified EEC market from 1992 onwards. As a result, the intra-Asian trade, i.e., Asia's exports to Asia itself have been particularly rapid over the last 2-3 years, and given anticipated slower import growth in other parts of the world over the next 2-3 years, this trend could in fact become even stronger in 1990-91. Provisional estimates show

¹For details on each of these types of economic integration see Naqvi (1988) and Mendes (1987).

trade between the eleven major Asian economies (including Japan) grew 31.9 percent in 1988 compared with 29 percent recorded in 1987. The growing intra-Asian trade can also be viewed from the fact that 37 percent of Asia's exports went to the region itself in 1988 while 43 percent of its imports came from within the region compared with 33.6 percent and 40.8 percent in 1986 respectively.² Economic growth in Asia is thus becoming more dependent on the region itself rather than on its ability to expand exports to markets outside the region.

Growing protectionism and trade pressure in traditional markets and the fear of an unified EEC market have already changed the direction of exports of Asian economies. These facts are well documented in Table 1.

Table 1
Direction of Exports (Percent)

	1986				1988			
	U.S.	Japan	Europe	Asia*	U.S.	Japan	Europe	Asia*
Japan	38.7		17.2	21.3	34.1		20.7	23.8
Hong Kong	31.4	4.7	17.0	33.1	24.5	5.8	17.7	38.9
Singapore	23.4	8.6	11.7	38.4	23.8	8.6	14.2	38.6
South Korea	40.1	15.6	14.4	11.6	35.1	19.7	15.5	13.6
Philippines	35.8	17.9	19.1	16.9	35.7	20.1	18.3	16.9
Thailand	18.1	14.2	23.1	27.3	19.5	15.5	22.0	36.9
Taiwan	47.7	11.4	12.0	17.7	38.7	14.4	16.3	20.8
Malaysia	16.4	23.3	14.9	35.1	17.3	15.4	14.6	40.4

Source: IMF Direction of Trade Statistics (1988).

*Excludes Taiwan.

The change in the direction of exports is particularly noticeable in case of Hong Kong, South Korea and Taiwan. The large share of exports from these three countries to the US has dropped significantly over the last 2-3 years, while the share of exports to Japan and other Asian countries has tended to rise. The share of exports of the Philippines, Thailand and Malaysia going to Europe has also witnessed to downward trend.

The recent events in Eastern Europe may also affect the trade relations

²These calculations are based from the data reported in *Direction of Trade Statistics Yearbook 1988*, International Monetary Fund. Washington, D. C.

between Asian countries and Europe in the years to come. With the opening of new markets in Eastern Europe as well as the desire of the European community to help boost the sagging economy of Eastern Europe is likely to witness a more open (EEC) market for Eastern Europe and in the process the axe may fall on the imports from the Asian/South Asian countries. Professor Hoffmann has himself pointed out that at present the community's trade policy *vis-a-vis* developing countries is probably more protective than that of the U.S. With the unfolding events in Eastern Europe the protective policy may become even more stronger. To summarize briefly what we see is a decline in the market shares of the Asian/South Asian countries in the European market and an increase in intra-Asian trade.

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Comments on “South Asia and Economic Integration – Lessons from the Past and Future Prospects”

Professor Hoffmann has presented an interesting analysis of trends in the Intra-regional Trade of the EEC countries and the impact of the trade on developing countries in general and on South Asia in particular. It has been suggested that whereas the formation of the EEC led to trade diversion in the initial years, expansion of trade in later years compensated for the trade diverted. The lecture also explores the possibilities of trade expansion in the future especially in the context of prospective trade policies of the EEC towards developing countries and the improved relations between the West and East European countries. The lecture is indeed very illuminating and opens up various avenues of discussion and for that author needs to be complimented.

In order to compute trade diversion and trade creation effects, Professor Hoffmann examines changes in the shares of intra-regional trade in total trade of the EEC. Professor Hoffmann calls it a ‘pedestrian’ approach to estimate trade creation and trade diversion effects. Such an approach suffers from various problems which cast serious doubts on the estimates. For example, implicit assumption in this approach is that in the absence of the customs union the shares of various countries in trade would have had remained constant. It is quite well-known that changes in the shares, among other things, depend upon the production structures, demand patterns and differences in the elasticities of demand.

Nevertheless Professor Hoffmann, on the basis of this methodology comes to the conclusion that intra-regional trade increased sharply from one-third in 1958 to one half in 1972 suggesting a sharp trade diversion. However, there has been a reversal of trend in the period from 1972 to 1980. Professor Hoffmann attributes the reversal of trend to dynamic effects of customs union. While the dynamic effects may well have been quite significant, it needs to be underscored that they cannot lead to a level of trade which would have had been attained under free trade regime. It may well be argued that the circumstances prevailing in early fifties were not conducive to free trade and as such customs union – a second best alternative – was formed. However, if this line of argument is pursued then the success of EEC should

have had led to trade liberalization policies on the part of EEC. Unfortunately, the EEC has pursued restrictive trade policies and seems to be obstructing movement towards free trade.

That the dynamic effects of customs union have compensated for the static trade diversion effects observed in the period 1958–72 also needs to be examined more carefully. As a matter of fact, the choice of the year 1972 has been unfortunate and creates a number of problems. This is the time which coincides with increase in oil prices and as such a large portion of increase in trade with the third world countries may reflect trade with oil exporting countries. It would be interesting to analyze trends in EEC trade with non-oil exporting third world countries. Moreover, the limited accessibility of developing countries to EEC may have forced the developing countries to evolve their production structure which correspond to comparative advantage modified by the distortion created by protectionist policies by EEC, rather than to their true comparative advantage.

Professor Hoffmann has pointed out that South Asian countries have been able to regain their share in trade during the period from 1972 to 1980 which they has lost in the 1958–72 period. However, in this regard two important points need to be kept in mind. First, South Asian countries to start with had very low shares in trade and were looking towards international trade for their further development. Therefore, a reversion of trade proportions enjoyed in the fifties is hardly encouraging. Second, after 1980, the South Asian countries lost share in EEC trade again due to rather restrictive policies of EEC relating to agriculture, food and textiles. Even though the paper does not highlight, it does show that the formation of EEC has been detrimental to the growth of trade for South Asian countries.

That the trade policy of EEC countries may become even more restrictive especially because clause 115 will no more be applicable is a cause for concern to the developing countries. As a matter of fact Professor Hoffmann has pointed out that the number of cases filed under this clause has increased in the recent years. Similarly, it is also distressing to note that whereas the developing countries including Pakistan have been fighting hard to dismantle the multi-fibre trade agreements and bring trade in textiles under the purview of GATT with a view to liberalizing trade, the developed world wants to bring the textiles trade under GATT with a view to institutionalizing restrictive trade regime. It calls for an urgent need to create awareness in the EEC countries that such practice would undermines the growth of trade in the world.

Liberalization attempts being made in the Eastern Europe do not hold much promise for the developing countries. Professor Hoffmann has rightly pointed out that until and unless developing countries make an all out effort, it would be rather difficult for them even to maintain the present level of total investment from western

world and trade with EEC. One only hopes that the paper had pointed out the directions in which developing countries should mount their efforts.

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