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LETTER OF TRANSMITTAL

Bangkok, Thailand
1 February 1957

Sir,

In November 1947 during its second session the Economic Commission for Asia and the Far East adopted a resolution E/CN.11/63 which recommended that the Secretariat publish a comprehensive annual survey of economic conditions and problems of the countries within the scope of ECAFE.

In accordance with the above resolution, I have the honour to transmit to you the tenth *Survey* prepared by the Secretariat on its own responsibility. The Commission is aware that the views expressed in the *Survey* should not be attributed to the Commission or to its member governments.

This *Survey*, following the pattern set in the 1953 *Survey*, gives in Part II an analysis of recent economic developments in individual countries of the region. Part I on the regional situation includes, in addition to the usual review of the current economic situation, a chapter on salient features of economic development plans of countries of the region.

I have the honour to be, Sir,
Your obedient servant,
(*Signed*) C. V. NARASIMHAN
Executive Secretary
Economic Commission for Asia and the Far East

The Honourable Dag Hammarskjold
Secretary-General
United Nations, New York

EXPLANATORY NOTE

SYMBOLS

The following symbols have been used in the tables throughout the report:

Two dots (..) indicate that data are not available or are not separately reported.
A dash (—) indicates that the amount is nil or negligible.
A blank in a table indicates that the item is not applicable.
A minus sign (-) indicates a deficit or decrease.
A full stop (.) is used to indicate decimals.
A comma (,) is used to distinguish thousands, millions and billions.
A slash (/) indicates a crop year or financial year, e.g., 1955/56.

The following abbreviations have been used:

kg	for kilogramme	kW	for kilowatt
km	for kilometre	kWh	for kilowatt-hour

Use of a hyphen (-) between dates representing years, e.g., 1950-1956, signifies the full period involved, including the beginning and end years.

References to "tons" indicate metric tons, and to "dollars," United States dollars, unless otherwise stated.

The term "billion" signifies a thousand million.

STATISTICAL TABLES

In order to avoid duplication, statistical tables on population, national income, production, transport, trade, international payments, prices, finance and labour are generally not reproduced in the text of the present *Survey*, since they appear, with explanatory notes, in the appendix on "Asian Economic Statistics".

Details and percentages in tables do not necessarily add to totals, because of rounding.

SOURCES

Unless otherwise stated, figures used in the tables are from the Statistical Office of the United Nations, other international sources or official national sources.

FISCAL YEARS AND CURRENCY

Country[a]	Fiscal year	Currency and abbreviation	United States cents per unit of currency at end of November 1956
Afghanistan	21 March to 20 March	Afghani (Afg)	5.882
Burma	April to March 1935-1941; October to September, from 1945	Kyat (K)	21.00
Cambodia	January to December	Riel (Ri)	2.857
Ceylon	October to September	Rupee (Rs)	21.00
China:			
Taiwan[b]	January to December, to 1953; January to June, 1954; July to June, from July 1954	New Taiwan dollar (NT$)	4.035[c]
Mainland[d]	January to December	Yuan	42.46
Hong Kong	April to March	Hong Kong dollar (HK$)	17.50
India	April to March	Rupee (Rs)	21.00
Indonesia	January to December	Rupiah (Rp)	8.772
Japan	April to March	Yen (¥)	0.278
Korea, southern[e]	April to March, to 1953/54; April to June, 1954/55; July to June (extended to December), 1955/56; January to December 1957	Hwan	0.20[c]
Laos	January to December	Kip	2.857
Malaya and British Borneo[f]	January to December	Malayan dollar (M$)	32.67
Nepal	July to June	Mohur	16.41[c]
Pakistan	April to March	Rupee (Rs)	21.00
Philippines	July to June	Peso (₱)	50.00
Thailand	April to March, to 1939; April to December, 1940; January to December, from 1941	Baht	4.841
Viet-Nam, southern[g]	January to December	Piastre (Pr)	2.857

a. Where reference is made to the "ECAFE region", the countries listed have generally been included subject to limitation of data.
b. The area now under the jurisdiction of the Government of the Republic of China.
c. For further details on the exchange rates applicable to different types of transaction in China (Taiwan), southern Korea and Nepal, see chapters on these countries; also International Monetary Fund, *International Financial Statistics* (Washington D.C.).
d. The area now under the jurisdiction of the Central People's Government of the People's Republic of China.
e. The area now under the jurisdiction of the Government of the Republic of Korea.
f. The term Malaya includes the Federation of Malay and Singapore; the term British Borneo includes the territories of Brunei, North Borneo and Sarawak.
g. The area now under the jurisdiction of the Government of the Republic of Viet-Nam.

INTRODUCTION

INTRODUCTION

Favourable economic conditions continued to prevail in most countries of the ECAFE region in 1956. Production gains were widespread, especially in newly developing industry. Real economic progress was made, judging from increased developmental expenditures. Somewhat disturbing, however, was the appearance in many countries of inflationary tendencies with which governments, becoming more actively engaged in promoting economic development, would have to cope.

Behind the diversity of conditions and trends in the different countries, and disregarding seasonal and other short-term fluctuations, it was perhaps possible to recognize a dominant theme: Production and trade were both up, but imports—with a slightly higher accent on capital goods—rose faster than exports, which actually declined in value for most countries although rising in the aggregate for the region. Foreign trade was thus not expansionary on balance, at least in its effect on demand. What mainly generated pressure was the continued growth in the expenditures of governments, frequently associated with implementation of development plans. Failing large increases in tax revenues or borrowing from the public, these expenditures involved deficit financing on a significant scale, even though sometimes reduced from the year before, and swelled the total effective demand. Partly in response to current as well as previous deficit spending and partly independently, private expenditure based on bank credit also expanded fairly rapidly. The internally generated expansionary effect in the public and private sectors was cushioned, to the extent that the condition of foreign exchange balances would permit, by rising imports and adverse trade balances. Beyond that, however, the rising demand began to outpace the increases in output and to have a moderately inflationary effect on prices, particularly in countries where crops had not been good.

The difficulty would have been greater, had not foreign aid been made available to a number of countries in considerable (and, frequently, increasing) volume, easing the balance of payments strain and helping where necessary to overcome actual shortages of food and other commodities, as well as to advance economic development projects. In other words, the defence against the adverse by-product effects of economic expansion and economic development largely rested in 1956 on various temporary expedients—notably the drawing down of foreign balances, which had in some cases been helped by boom export earnings in 1955—and on foreign assistance. Only here and there and in rather bare outline was there visible the structure of a plan for meeting the necessities of the financial aspect of the case on a permanent basis, without retrenchment, by increasing the effectiveness of the government's revenue apparatus or lifting the level of savings in other ways.

* * *

In the crop year 1955/56[1] the output of cereals and most other food crops surpassed previous records for the region as a whole. However, the increases in food production occurred mainly in a few countries, especially Ceylon, China (Taiwan and mainland)[2] and Japan; in some others (India, Indonesia and Pakistan), weather conditions brought smaller crops, and there was in consequence an appreciable rise in food prices. Though Burma and Thailand raised more rice than in 1954/55, imports of deficit countries for distribution and stockbuilding, combined with Burma's barter sales outside the region, were sufficient to make full use of the exporting capacity of both. Several countries also entered into agreements with the United States under United States Public Law 480 for securing substantial quantities of food and other surplus agricultural commodities, partly in the form of emergency assistance but mainly against payments in local currency, a major part of which in turn was scheduled for reinvestment in the receiving country. Preliminary indications as to the crop prospects for 1956/57 were mixed, but more frequently than otherwise some improvement seemed likely. In general, the year brought a growing awareness that the food problem has not yet been solved in Asia—so that, all else aside, the inflationary risks of economic development programmes are higher than would otherwise be the case—and this awareness resulted in larger emphasis on agriculture in the formulation or subsequent revision of economic development plans of a number of countries including Afghanistan, Burma, Cambodia, Ceylon, Nepal and Pakistan. Thailand also, by attention to irrigation projects, looks toward increased production and export of rice.

Important agricultural commodities other than food grains generally maintained high levels of

[1] July to June for food crops.

[2] Attention is called to thte general reservation about statistics on mainland China in chapter 7.

production and export in 1956. Rubber and tea output remained very near the record levels of 1955, while copra and jute showed some increase over 1955, and only cotton and sugar production declined.[1] In the case of the region's leading export, rubber, though prices fell as the boom of 1955 subsided, the decline in total foreign exchange earnings was not expected to reach major proportions. Encouragement of replanting with better yielding strains continued in many producing countries, which face the long-term threat from the synthetic product. The combined tea exports of the main producers rallied from the rather low level of 1955. The 1955/56 cotton crop was hit by heavy flood and insect damage in India, though stocks on hand allowed exports to rise and 1956/57 production prospects are better. Sugar production in 1956 was expected to be down but, again, exports promised to be somewhat higher.

* * *

The stress now being placed by Burma on increasing current production, including agricultural production; the new emphasis on agriculture in Pakistan's planning, in order to assure an adequate food supply and get full benefit from raw materials as earners of foreign exchange; India's recent conclusion that it was possible and necessary to raise agricultural targets without withdrawing resources from planned uses in other sectors—these developments, as well as the major attention agricultural expansion receives in a number of other plans newly framed by countries of the region (for example, those of Afghanistan, Cambodia, Ceylon and Nepal), indicate a realistic acceptance of the continuing importance of the agricultural sector in Asia today.[2] At the same time, efforts are being made, especially by mainland China and India, to industrialize, as Japan has done. Both countries report impressive gains during their first five-year plans (completed during 1956 in India's case and scheduled for completion in 1957 in mainland China), and in their second plans, not only are both countries intending to set a faster pace but the share of industry, and in particular that of heavy industry, already stressed in mainland China's first plan but not in India's, is to increase markedly. Industries are being given special attention in several other countries as well, and there is little doubt that, whatever the present position may be, most of the economic development plans currently in effect or about to be undertaken are viewed as preliminaries to more emphatic moves in the direction of industrialization later on.

In many plans—those of Burma, Cambodia, mainland China, India, Indonesia and Nepal are good examples—a major accent is on the development of basic facilities (transport, communications, irrigation and power, as well as social capital in the form of schools and hospitals and so on) as a prerequisite for more diversified development. Transport facilities, for example, although they are being steadily expanded today, are almost everywhere visibly inadequate for the quickened tempo of activity foreseen in the near future. Inland waterway transport is perhaps least adequately provided for at the present time, in countries where it can, with further development, play a more important role in future.

The need to reduce unemployment and underemployment is another leading consideration in some plans, particularly those of Ceylon, India, Japan and the Philippines.

A feature of the several plans is the role assigned the government—a role which tends to be large whether public enterprise is favoured in principle or not. With the exception of Japan, the countries that stress private enterprise nevertheless feel obliged to give the government not only responsibility for laying the needed foundation of basic facilities but also an important part in establishing industries. In other countries, the social philosophy may be an added factor. In India, government ownership and control received new impetus from the announced dedication to a "socialist pattern of society". On the mainland of China, the trend towards socialism was accelerated in 1956, but the market mechanism was reported to have been allowed to play a more important part in the economy than before.

Under these conditions—notably, the still relatively low existing industrial base—and with these attitudes—notably, the almost universal desire for a greater degree of diversification and industrialization—it is not surprising that industrial production continued to rise more rapidly than agricultural production in the ECAFE region during 1956, nor that it apparently rose considerably more rapidly in this region than in the world as a whole. Perhaps more noteworthy is the fact that, according to a newly developed index which is presented for the first time in the present *Survey*,[3] the growth of industrial production in the region[4] accelerated markedly in 1956—an 8 per cent gain in 1955 over 1954 being followed by a substantially greater increase in the first half of 1956.

[1] On the mainland of China, however, after two rather poor crops, raw cotton output was reported to have risen sharply.

[2] So far as is known, the presentation in chapter 2 constitutes the first effort to summarize the main features of all the economic development plans in effect or under consideration in the region today.

[3] Other new regional indexes presented for the first time in this *Survey* show quantum, unit value and terms of trade, and quantum and unit value of exports of eighteen primary products. See appendix on "Asian Economic Statistics", table A; also text of chapter 1.

[4] Excluding mainland China, which has reported an increase in the value of gross industrial (other than handicraft) production for the full year 1956 of 11 billion yuan, or 24.7 per cent, over that of 1955.

Manufacturing, of course, is still in most countries largely concerned with processing agricultural and mineral raw materials, and is commonly carried on by hand, cottage and small-scale industries. Various considerations necessarily enter into the choice of new industries for development: among them, the availability of raw materials, need for self-sufficiency, need to save or earn foreign exchange, need to provide employment, extent of the market—for example, in cotton textiles, where tendencies toward saturation of local or world demand have appeared here and there. Development plans differ in their emphasis but frequently call for basic industries (fuel and power; building materials, particularly cement; also, especially in mainland China, India and Japan, heavy industries such as iron and steel, engineering and chemicals), quick-yielding industries, usually of the consumer goods type (such as cotton textiles and paper), or both. Rough estimates for the region including mainland China, based on preliminary data, indicate 1956 rates of production 19 per cent above 1955 for steel, 18 per cent for cement, 15 per cent for pig iron, chemical fertilizers and paper, 14 per cent for cotton cloth, 12 per cent for electric power, 11 per cent for cotton yarn, 8 per cent for coal and 6 per cent for crude petroleum.

* * *

Final returns for the region's trade for the year are expected to show—in addition to the trends previously established—an element of adverse effect in the form of higher import prices and reduced growth of import and export volume, from the closing of the Suez canal in the fourth quarter. The extent of the impact during 1956—greater, of course, for countries like Ceylon or India than for countries like Indonesia or the Philippines, facing more across the Pacific—is still difficult to assess. In the first nine months of the year, however, exports of the countries for the region, excluding mainland China, were 6 per cent higher by value than in the first nine months of 1955, the volume rising more than this but prices on the whole declining, whereas import value was up by 20 per cent, because of somewhat higher prices and a substantially larger inflow of capital goods for developmental purposes. The terms of trade worsened for most countries as the trade gap widened.

An analysis recently made shows that the combined share of consumer goods, and materials chiefly intended for the production of consumer goods, in the imports of the countries of the region has been steadily declining. This share was about 71 per cent of the total in 1954, 69 per cent in 1955 and 64 per cent in the first half of 1956, the combined share of capital goods and materials chiefly intended for the production of capital goods thus rising from about 29 per cent to about 36 per cent.[1] On the whole, the import policies of countries of the region are gradually becoming less rather than more restrictive, so far as quantitative restrictions and discrimination against hard currencies are concerned. Much stress is also being put on promoting larger exports, through such measures as reduction of export duties, payment of export premiums, enlargement of retention quotas, liberalization of export licenses and quotas and establishment of export promotion councils. At the same time, there is unquestionably an almost universal tendency to adopt measures to restrict non-essential imports in order to conserve foreign exchange for priority items. As the figures just quoted illustrate once again, capital goods are increasingly regarded throughout the region as having high priority. Not all countries, however, were able to maintain a rising percentage for capital goods imports in 1956; in Indonesia and Pakistan, for example, the necessity to import larger amounts of food than in 1955 caused a reversal of the general trend.

In the relative size of the several major streams of the region's trade not much change was observed in the first half of 1956. The share of trade within the region in total trade remained at about one-third for both exports and imports. The share of north-western Europe, including the United Kingdom, remained at about one-fourth; that of the United States, though it declined slightly, still amounted to nearly one-fifth. There was a marked rise in the region's relatively small imports from the centrally planned economies in eastern Europe and mainland China, with which numerous trade and barter agreements have been concluded. However, while the share of the region's total imports drawn from the centrally planned economies rose from 2.8 per cent in 1955 to 4.8 per cent in the first half of 1956, the share of its exports to them declined from 5.1 per cent of the total to 3.1 per cent. Negotiations for renewal of some of these agreements, upon their expiration in 1956, appeared to be proceeding on the basis of avoiding the former specific commodity quotas and replacing the former clearing arrangements with cash payments in pounds sterling.

Adverse trade balances brought foreign exchange balances down to a dangerously low level in Indonesia, as has also occurred recently in Burma and the Philippines. No marked increase in the inflow of private capital was observable, although a few countries modified their regulations to give greater encouragement to private investment. Establishment of the International Finance Corporation made a new mechanism available to private capital, with possibilities for the future. That the region's growing deficit on trade account did not cause more widespread trouble was, however, due in the main to foreign aid.

[1] See appendix on "Asian Economic Statistics", special table I.

Actually, in spite of the region's trade deficit in 1955, the combined international reserve position of eight countries for which such data are available (Burma, Ceylon, India, Indonesia, Japan, Pakistan, Philippines and Thailand) was concurrently strengthened, largely as a result of the gain made by Japan; and in spite of a larger trade deficit in the first nine months of 1956, the combined reserves of these countries declined only slightly, with all of the loss in fact taking place in India and Indonesia. For some individual countries (Burma and the Philippines), a flow of capital from within the region in the form of reparations from Japan began to be an important factor. A number of countries benefited from loans extended by the International Bank for Reconstruction and Development or the United States Export-Import Bank. Some received aid from various sources under the Colombo Plan. A considerable number of countries in the region received substantial assistance in various forms from the United States. A new factor, whose effect on balances of payments should be more evident in the future, is aid from the centrally planned economies, especially the Union of Soviet Socialist Republics, which in late 1955 and during 1956 made various offers of assistance to countries in the region and which has entered into large long-term credit agreements for specific projects with Afghanistan, India and Indonesia.

* * *

Prices moved upward in practically all countries of the region during 1956, with the food component of cost of living indexes showing in many cases—in spite of larger food output in the region as a whole—the greatest tendency to rise. On the supply side a significant contributory factor was the rise in import prices, which was in part due to inflationary tendencies in some of the industrialized countries of western Europe and North America. The impetus to demand, however, was not given externally, since trade balances were mainly negative. Rather it was given internally, as a result of continued government deficits attributable largely to government expenditures for capital investment and economic and social services, and of growth in private business and investment activity. In monetary terms, the impetus appears to have been expressed not so much in an increased supply of money (which tended to rise more slowly than before in a number of countries, and actually to decline in a few others) as in higher velocity of circulation of bank deposits. In any event the increase in demand as a rule exceeded the gain in supply, and prices rose.

Looking ahead, two aspects of the data on economic development plans reported in the present *Survey* seem to deserve particular remark, both having to do with the question of financing. First, many countries of the region have not indicated to what extent they propose to increase their domestic rates of saving, and it is also not clear that those that have so indicated have in all cases provided practical means of reaching their savings targets. Second, many countries have not indicated the extent to which they expect to resort to deficit financing, while some have said that they do not expect to use deficit financing even though it is clear that now they are doing so.

As for foreign exchange, 1956 was a year in which the region was comparatively free of one of its greatest chronic evils, the instability of world prices of its primary export commodities.[1] It was also a year in which foreign aid on an increased scale to several countries helped avert foreign exchange difficulties, bridge budget deficits and ease food shortages.

In conclusion, it would appear that acceleration of economic development in Asia and the Far East—which the present low outputs, low per capita incomes and rather high rates of population increase clearly make essential—will require increased attention to several questions at an early date. Without prejudice to the natural desire and necessity of certain countries to achieve viability or self-support where they have not yet been able to do so, it is nevertheless to be hoped that means can be found for continuing and where possible increasing the flow of external assistance, as well as of private capital, to the region as a whole. Concerted international action to obtain a greater and more assured degree of stability in the prices of the primary commodities which so largely affect the fortunes of the region is also clearly necessary. Finally, looking within the region and at each country of it, practical ways have to be found of raising the rate of saving, through taxation or otherwise, so that in time the countries may become, themselves, able to maintain and raise the rate of investment.

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[1] The extent to which, aside from its generally unstabilizing effects, this factor has quickened or slowed the growth of the national income of various countries of the region in the post-war period is the subject of a study which is expected to appear in an early issue of the United Nations, *Economic Bulletin for Asia and the Far East*.

Part I

THE REGIONAL SITUATION

Chapter 1

THE CURRENT ECONOMIC SITUATION

AGRICULTURAL PRODUCTION

Agricultural production in the ECAFE region (excluding the mainland of China) was at a record level in crop year 1955/56,[1] exceeding the pre-war average by nearly one-fifth, though still below the pre-war average on a per capita basis. Most of the crops —cereals, root crops, pulses, sugar, tea—were large; the production of cereals, in particular, at 121 million tons, was 16 per cent above the pre-war average and even higher than the previous post-war record achieved in 1953/54 (see table 1). The upward trend in root crops and pulses noticeable in recent years was maintained in 1955/56, the increases over 1954/55 being more than 4 per cent in both cases. On the mainland of China, also, the output of food grains[2] in 1955/56, officially reported at 184 million tons, was stated to have exceeded 1954/55 production by 8.5 per cent.[3]

Table 1. ECAFE Region: Food Production[a]
(millions of tons)

Item	*1948-1952 Average*	*1953/54*	*1954/55*	*1955/56*	*1956/57*
Cereals:					
Rice, milled basis ..	66.0	75.6	70.8	75.9	..
Wheat	13.1	13.4	15.6	15.9	15.6
Other cereals	24.4	31.6	33.0	29.2	
TOTAL, cereals ...	103.5	120.6	119.4	121.0	..
Root crops[b]	26.8	30.0	31.9	33.3	
Pulses	10.0	10.4	12.2	12.7	..
Vegetable oil seeds and oils[c]	4.2	4.7	5.2	5.0	..
Sugar[d]	5.8	6.7	7.5	7.6	..

[a] Exclusive of the mainland of China.

[b] Potatoes, sweet potatoes and cassava, partly estimated.

[c] Including soyabeans, ground-nuts, sesame, rape-seed, cotton-seed, coconuts, palm-oil; in edible oil equivalents.

[d] Centrifugal and non-centrifugal sugar, converted to raw value.

FOOD GRAINS

Although the region's total production of cereals in 1955/56 was at an all-time high, the increases were mainly confined to a few countries and did not reflect widespread improvement in the food situation. In Japan, the improvement in supplies was reflected in easing of the pressure on prices of cereals, and distribution of rice was liberalized. On the other hand, in India, Indonesia and Pakistan, where the cereal crops harvested towards the close of 1955 or early in 1956 were smaller than in the previous season, prices rose appreciably and public attention was keenly focused on the food situation. This deterioration in the food situation vividly revealed the possibility of sharp increases in the prices of cereals, in response to a relatively small decline in production coupled with factors like hoarding and speculation and indicated the need for remedial action.

The consequent measures, adopted or planned, were designed not only to meet the current situation but also to prevent its recurrence. First, action was taken by the countries concerned to arrange for imports of cereals and to ensure their equitable distribution in areas where prices had risen appreciably. Second, imports were planned to build up reserve stocks to cushion the effect of possible future production declines.[4] In the third place, some countries drew up plans to secure large increases in domestic production of cereals through acceleration of the development effort. All these measures called for substantial outlays by the governments concerned, but the financial strain involved was expected to be reduced somewhat by assistance received from the Government of the United States. In addition to contracts concluded earlier with Cambodia, the Philippines and the Republic of Viet-Nam, the United States during the first eight months of 1956 entered into agreements with—among others—Burma, the Republic of China, India, Indonesia, Japan, the Republic of Korea and Pakistan for providing surplus agricultural commodities against payments in local currencies.[5] These arrangements enabled the countries not only to save valuable foreign exchange but also to plan acceleration of developmental activities

[1] The crop year is July to June for cereals and other food crops; periods for other agricultural commodities vary, as indicated below.

[2] Includes cereals, pulses, soyabeans.

[3] For qualifications regarding sttatistics (agricultural and other) from mainland China see *infra*, opening note of section II in chapter 7.

[4] In India and Pakistan.

[5] The market value, including ocean transportation, of the commodities covered in agreements between governments of the region and the United States Government from January to August 1956, under title I of Public Law 480, was as follows (in millions of United States dollars): BURMA: Cotton, tobacco, dairy produce $21.7, partly for procurement of goods from other countries. CHINA: TAIWAN: Cotton, tobacco, fats and oils, $9.8, of which $4.9 was for military procurement and $4.9 for payment of United States obligations. INDIA: Wheat, rice, cotton, tobacco and some dairy products, $360, of which $234 was for economic development. INDONESIA: Rice, wheat flour, cotton, tobacco, $96.7 of which $77.4 was for economic development. JAPAN: Wheat, food grains, cotton, tobacco, $65.8, of which $49.4 was for economic development. SOUTHERN KOREA: Wheat, food grains, edible fats and oils, dairy products, etc., $43.8, of which $39.4 was for military procurement. PAKISTAN: Rice, cotton, tobacco, dairy products, fats and oils, $48.8, of which $31.8 was for military procurement, $9.6 for payment of United States obligations, and $7.4 as loan for multilateral trade and economic development.

through use of some of the counterpart funds (built up from sales proceeds in local currencies) on agreed development projects.

While the food importing countries of the ECAFE region purchased large quantities of cereals from outside the region in 1956, their purchases of rice from within the region also increased sharply.[1] In fact, the rice supplies available for export in the food surplus countries of the region were probably not sufficient to meet the increased import demand of the region's food deficit countries during the year, and the problem of increasing these exportable rice surpluses assumed importance. Burma prepared plans for increasing production in the coming years, while in Thailand output was expected to rise with the increased use of water available from the newly completed Chainat dam.

Food importing countries

In Ceylon, the rice crop harvested in the autumn of 1955 was at a post-war high, and the crop harvested in the spring of 1956, though 8 per cent lower than the bumper spring crop of 1955, was the second highest since 1944. Sales of paddy to the Government at the guaranteed price and the offtake of rationed rice again tended to increase, partly because the producer could purchase rationed rice to meet household needs at a price about 50 per cent lower than the price he received from the Government for his own produce.[2] Thus, in the first nine months of 1956 the paddy sold to the Government at the guaranteed price of about £66 per ton (rice equivalent) rose above the amount in the corresponding period of 1955 by 6 per cent, to 135,400 tons (rice equivalent), while the quantity of rationed rice issued to retail dealers rose by 8 per cent, to 466,300 tons. Rice imports between January and September 1956, at 308,700 tons, were 8 per cent higher than the corresponding figure a year earlier, and imports of wheat flour, at 119,300 tons, decreased by 27 per cent. Towards the close of 1956, the rice stocks held by the Government were lower than at the beginning of the year and, with prospects of a poor autumn harvest, a further increase in imports in the coming months was expected.

In India, the rice crop harvested in the autumn of 1955 exceeded the previous crop by about a million tons, or 4 per cent, but was lower than the record 1953 crop by more than 2 million tons. The other cereal crops—millets, sorghums and maize—harvested at that time showed a decline of 2,792,000 tons, or 14 per cent, compared with 1954, and of 2,885,000 tons, or about 11 per cent, compared with 1953. This decline, coupled with factors like hoarding and speculation, brought about a significant reduction in visible marketable supplies[3] and reversed the downtrend in prices noticed early in 1955. While initially the price increases in the latter part of 1955 were looked upon as a corrective to the low prices prevailing earlier, the continuance of the upward trend in 1956, particularly after the coming into the markets of the spring crops, began to cause concern. By September the Economic Adviser's index of wholesale prices of cereals averaged 509 as against 380 in September 1955 and 402 at the end of September 1954 (year ended August 1939=100). To deal with the immediate price increase, the Government tried to curb speculative hoarding of food grains through restriction of bank credit, arranged imports of cereals from abroad and opened over 5,000 "fair price" shops to sell cereals to consumers at reasonable rates.[4]

The long-term aspects of the food problem also received considerable attention. Arrangements were completed for the import of about 6 million tons of food grain during the period covered by the second Five-Year Plan, to meet the additional demand consequent upon an increase in disposable incomes and also to build up a reserve stock. A long-term agreement entered into with Burma during 1956 provided for the import from that country of 2 million tons of rice during a five-year period, while one with the United States under its Public Law 480 provided for the import of approximately 3.5 million tons of wheat and 200,000 tons of rice, as well as some cotton, tobacco and dairy products, against payment in rupees.[5] Within India, the Planning Commission decided, after full consultations with the state governments and the central Ministry of Agriculture, to quicken the tempo of agricultural development, particularly with a view to securing an appreciable increase in the production of food grains in the next two or three years. The revised 1960/61 target for agricultural production, as a whole, was fixed at 28

[1] Total imports of cereals in January-September 1956 by Ceylon, Hong Kong, India, Indonesia, Japan, Malaya and Philippines, at about 6 million tons, were well above the corresponding previous imports. In addition, Pakistan imported sizable quantities in 1956.

[2] In May 1956, the price of rationed rice was reduced to 20 cents (Ceylon currency) per pound, 20 per cent below the previous price.

[3] In a country like India, where cereals are grown largely on small holdings primarily for domestic consumption, the marketable surplus is small—estimated at about 27.5 per cent of the total in the case of rice, considerably less for the other autumn cereals (maize, millets and sorghum). When the harvest of the latter cereals is unsatisfactory, the producer retains sufficient rice to meet his own needs, and sometimes even more, particularly when prices start rising. If it is assumed (as seems not unreasonable) that the decline in the production of other autumn cereals was reflected fully in a reduction of the marketable surplus of rice, then the surplus in 1956 proably fell short of the surplus in 1955 by more than one-third.

[4] Imports of cereals between 1 January and 26 September 1956 amounted to 693,300 tons as against the corresponding 1955 figure of 703,900 tons. Total available supplies of cereals with the Central Government during the greater part of 1956 were rather small in relation to the needs of the situation.

[5] These are approximate quantities worked out on the basis of assumed prices.

per cent above 1955/56 production, the increase in food production being about 25 per cent as against the original tentative target of a rise of 15 per cent. This stepping up of production was to be secured, generally within the resources allotted for agriculture under the second Five-Year Plan, by laying increased emphasis on certain phases of the programme, for example, the use of improved seed and locally available organic manure and improved agricultural practices.

Owing to a prolonged rainy season and floods, 1955 rice production in Indonesia showed a decline of 5 per cent below that of the previous season, while the maize crop was about one-third lower than the previous crop. Domestic procurement of paddy by the Food Foundation in 1955, at 593,000 tons, fell more than 28 per cent from that of 1954. The upturn in rice prices, which started in June 1955, continued until at the end of March 1956; the retail price of rice in Djakarta was 84 per cent higher. Arrangements were made towards the close of 1955 and early 1956 for large imports of rice; a major part of this became available in the first half of 1956. With this and with the coming into the markets of the new rice crop[1] in the second quarter of 1956, rice prices tended to decline. In August 1956, the price of rice in Djakarta was still 35 per cent higher than a year previously but 25 per cent lower than in March 1956. In the first nine months of 1956 total rice imports amounted to 544,000 tons as against the corresponding figure of 28,000 tons for 1955, while imports of wheat flour amounted to 134,400 tons as against 83,000 tons.[2]

In Japan, the record rice crop of 1955/56, which exceeded that of the previous year by 30 per cent, resulted in a remarkable improvement in the supply situation, and a significant decline in the market prices of domestic rice. This price decline resulted in increased unwillingness of consumers to accept imported rice, and rice stocks with dealers tended to pil up. Consequently, distribution of imported rice was decontrolled from the beginning of April. The wheat and barley crops harvested in the spring of 1956 showed a decline of 6.3 per cent and 2.7 per cent, respectively, compared to the previous season. However, the supply situation remained easy, and on 27 August the market price of rice was ¥108 per *sho*[3] in producing districts and ¥118 in consuming districts, as against the official price for basic rations of ¥108 and the optional ration price of ¥120.[4] This naturally resulted in increased reluctance on the part of consumers to accept imported rice or the optional ration, and stocks tended to accumulate. With advance sales of the 1956 crop of rice to the Government close to those of the previous crop (despite some reduction in purchase price), and with the time for new crop deliveries approaching, the Government was reported to be considering measures to reduce its stocks. It is noteworthy that, while former plans for agricultural development in Japan have been designed to eliminate or reduce the need to import rice, the emphasis has changed to raising agricultural productivity and securing the best use of agricultural resources in response to the changing pattern of consumption, particularly the demand for livestock products. The means used include increased expenditure on agricultural research and extension services, development of pastures and processing of livestock products.

In East Pakistan, owing to damage caused by floods and insect pests, 1955/56 rice crop was not satisfactory. Prices of rice started to increase towards the close of 1955 and on 31 March 1956 the price in Dacca, Rs 26 per maund (82 3/7 pounds), was more than twice as high as a year before. In the following few months, prices continued to remain very high. In West Pakistan, the supply situation deteriorated since the wheat crop harvested in the spring of 1956 was poor. To deal with the situation, imports from abroad were arranged by the Government to make about 880,000 tons of food grains available to East Pakistan, where controlled distribution was originally attempted but eventually replaced by statutory rationing. The supplies included some rice from West Pakistan, 165,000 tons of surplus rice from the United States and 60,000 tons of rice from the mainland of China. Over 600,000 tons of food grains were purchased abroad for West Pakistan. A decision was taken to build up a reserve stock of a million tons of cereal, half of it rice. In the third quarter of 1956, schemes were sanctioned for stepping up food production; these were to cost between 130 million and 140 million rupees and were

[1] The 1956 rice crop was expected to be better than that of 1955 but paddy purchases by the Food Foundation in January-September 1956 at 495,500 tons were lower than the corresponding 1955 figures by about 90,000 tons.

[2] In March 1956 Indonesia entered into an agreement with the United States for the purchase of surplus agricultural commodities, including 249,500 tons of rice and 1.27 million bags of wheat flour, against payment in local currency deposited into a counterpart fund to be loaned to Indonesia for use on approved economic development projects. The new Five-Year Plan formulated by the Government included an increase in the production of food and export crops, as well as the transfer of population from densely to sparsely populated areas.

[3] One sho or 15 kg=0.015 ton.

[4] In addition to the basic rice ration available in consuming areas for fifteen days in the month, consumers were given, from November 1955, a domestic rice ration for an additional three days (increased to eight days in August 1956) at a price higher than that for the basic ration. In October 1956 the standard ration was fixed at 22.8 ounces per day, irrespective of age, and the special ration available to heavy manual workers was abolished.

expected to yield results in the coming two years. Their emphasis was on greater output of cereals and export crops like cotton and jute through increased use of fertilizers, plant protection measures and agricultural extension services.

In the Philippines, both the rice and maize crops of 1955/56 showed improvement—the former, however, of only one per cent. Following the arrival in the market of the new rice crop, prices declined only slightly, owing partly to the expectation that the crop would fall short of domestic needs, and partly to some increase in the price at which the National Rice and Corn Corporation decided to purchase paddy. Total imports of cereals in the first nine months of 1956 were estimated at 105,300 as against the corresponding figure of 186,000 tons in 1955. Efforts continued to be made to increase domestic production through the supply of improved seed and fertilizers to farmers, popularization of improved agricultural practices, improvement of irrigation facilities and assurance of reasonable prices to producers. Early in 1956, a minimum price for maize was also announced.

In the Federation of Malaya, rice was increasingly available in 1956 and prices were easy. Imports of cereals were larger, and domestic rice production in 1955/56 was also somewhat better than in the preceding two seasons. Efforts to step up domestic production were expected to gain momentum under the Land Development Authority and with the implementation of recommendations contained in the final report of the Rice Committee submitted to the Government in 1956. These recommendations included, among other things, provisions for security of tenure, improved seed, fertilizers, credit and irrigation facilities.

Hong Kong, which depends mainly on imported cereals, increased its cereal imports (particularly rice) to 340,000 tons in January to September 1956 or 32 per cent over the corresponding figure for 1955.

Rice exporting countries

The 1955/56 rice crop in Burma was slightly better than the previous crop and, owing to the existence of large carry-over stocks, supplies available for export in 1956 were estimated at about 2 million tons. The export price of the basic variety of Burmese rice was reduced, early in the year, by 14 per cent below the previous level to £36.11s 6d per ton. Owing to long-term contracts for rice exports negotiated earlier, and the increase in demand for rice by India, Indonesia and Pakistan, only very small stocks of older crops were expected to be carried over into 1957. Total exports in January to September 1956, at over 1.3 million tons, were about 10 per cent higher than the corresponding 1955 exports. Because of improved export demand, the Government of Burma was reported to have planned a stepping up of paddy production to the average pre-war out-turn of 7.5 million tons by 1960. A paddy expansion scheme was initiated in 1956 and a vigorous irrigation programme was also expected to be initiated. Other contemplated measures included distribution to cultivators of lands taken over from landlords and setting up of mutual aid groups and co-operative organizations in such areas. However, an important factor bearing on the success of these measures, particularly those relating to expansion in area, would, as hitherto, be the security conditions in the interior.

In Thailand, the 1955/56 crop of paddy, though over one-third higher than the previous poor crop, was lower than the bumper 1953/54 harvest. Owing partly to the export of some of the 1955/56 crop in 1955 and partly to hoarding and to transport bottlenecks, the supplies available in Bangkok in the first half of 1956 were limited. However, the rice supplies in Bangkok increased in the second half of the year. Total rice exports in 1956 were not materially different from the 1955 exports. The rice export premiums payable to the Government, which were fixed early in 1956 at a flat rate of 935 baht per ton, were scaled down, beginning on 9 February, to 600 baht per ton for white rice (25 ot 50 per cent broken) and glutinous rice (25 per cent or more broken).[1] In December some further reduction in premium rates was announced—to 570 baht and 550 baht, respectively, for these grades.[2] The plans to increase paddy production through improved irrigation facilities, initiated a few years ago, reached an important phase with the completion of the Chainat dam. Its full effect on production was expected to become apparent in the coming years with the completion of distribution canals and with increased utilization of water from the dam.

Both Cambodia and southern Viet-Nam harvested larger crops of rice in 1955/56 than in the previous year. Some rice exports were permitted from Cambodia, but the total for the first half of 1956 was only about 48,000 tons, one-half of the corresponding exports in 1955. In southern Viet-Nam, prices were generally high in the first seven months of 1956, the price for Saigon No. 1 rice (25 per cent broken) in July 1956 being about 22 per cent higher than in June 1955. In August, prices showed some decline and were expected to ease further in the following months owing to expectations of a bumper 1956/57 crop. Exports for January to September 1956 were under a thousand tons.

In China, the 1955/56 production of food grains on the mainland was reported at 184 million tons, an increase of 8.5 per cent over 1954/55. Paddy produc-

[1] Reductions were made for most of the other grades also.

[2] In the case of broken rice, for which demand was expected to be keen in relation to supplies, premium rates were increased from 380 baht to 420 baht per ton, except in the case of A1 Super Special for which there was no change.

tion, shown at 78 million tons, was well above levels reported for the preceding years. As a consequence of the increased availability of food grains, the pressure on prices was stated to have eased somewhat. Increases in production were attributed partly to favourable weather conditions and partly to measures to step up production, including popularization of improved cultural practices, provision of irrigation facilities and extension of co-operatives and collective farms. Thus, by the end of June 1956, 62.6 per cent of all peasant households were reported covered by collective farms and 29.1 per cent by co-operatives. On the other hand, while the target for grain production under the first Five-Year Plan (1953–1957) was reported to have been attained in 1956, production of a number of other agricultural commodities was expected to fall below the planned level. The target for greater agricultural output under the draft second Five-Year Plan (1958–1962) was reported to have been set at 35 per cent, as against 23.3 per cent in the first Plan. Considerable emphasis was placed on securing increases in production of food grains and also of other agricultural commodities, particularly those that could contribute to increased foreign exchange earnings. Total imports of rice by the principal food importing countries of the ECAFE region amounted to 253,000 tons from the mainland of China from January to September 1956 as against 190,000 tons in the corresponding period of 1955.

In Taiwan, the rice crops harvested in 1955/56 remained unchanged from the 1954/55 level. The wheat crop harvested in the spring of 1956 was appreciably larger than the previous crop. Owing partly to a sharp increase in rice exports during 1955, prices started rising in the second half of that year and by April 1956 the price of Ponlai rice in Taipei was over 30 per cent higher than in June 1955. In May 1956 prices showed some decline consequent on the marketing of the spring crop. Total rice exports from January to September 1956 amounted to 54,400 tons as against the corresponding 1955 figure of 112,000 tons.

Prospects

Precise estimates of the crops harvested towards the close of 1956 or early in 1957, on which the food situation in the region in 1957 will largely depend, were not available until the end of 1956. In the traditional rice exporting countries, the indications were that rice crops would generally be better than the 1955/56 harvest. In Burma, the 1956/57 crop was fairly good and the available supplies could permit maintenance of exports at a fairly high level. In Thailand, Cambodia and southern Viet-Nam, the supplies available for export in 1957 were expected to be appreciably larger. Thus the total supplies available for export from the traditional rice exporting countries might exceed the 1956 level. In China, food grains production on the mainland in 1956 was reported to have exceeded the previous year's crop of 184 million tons by 10 million tons, or 5.4 per cent, while in Taiwan, the rice crop harvested towards the close of 1956 was good but export prospects were not definitely known.

Of the principal importing countries, it appeared that Japan, having harvested a large rice crop,[1] would perhaps limit imports, particularly of rice, but the need to keep up exports of Japanese goods to rice exporting countries might militate against such reduction. In India, the 1956/57 rice crop was reported about the same size as that of the previous season; if other autumn cereal crops also were of the same order as the 1955/56 crops, sizable imports of food grains might be necessary in 1957 to bring about a significant lowering of prices. However, the contracts entered into in 1956 already provided for imports of an appreciable quantity of cereals. Pakistan, which imported large quantities in 1956, was reported at the end of the year to have harvested a better rice crop, but some imports appeared likely in 1957 partly against earlier contracts. In Indonesia, the crops harvested early in 1956 were somewhat larger and prices showed some decline, but purchases of domestic paddy by the Government were well udner the low level of 1955, making some imports likely in 1957. In Ceylon, because of the poor harvest of paddy in the autumn of 1956 and low government stocks, imports appeared likely to be maintained, if not increased, in 1957. Thus, it seemed probable that the total imports of cereals by the main importing countries would not be lower than in 1956.

Other commodities[2]

During 1956, major agricultural commodities other than food grains, particularly those produced mainly in the ECAFE region excluding the mainland of China, showed a generally high level of production and export. Tea and rubber output remained very near the record levels attained in 1955, while jute and copra showed some increase over 1955; only in the case of cotton and sugar did production decrease. Exports of most commodities were higher than in 1955. During the first three quarters of 1956, exports of tea, jute, copra and coconut oil, and sugar increased sharply over the corresponding previous figures, though rubber exports showed a small decline, of about 3 per cent.[3]

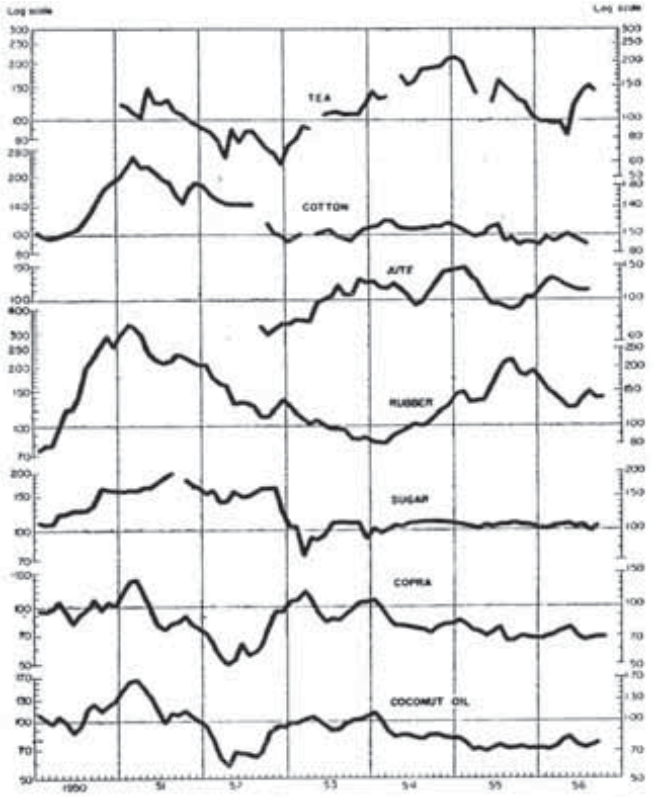
[1] The 1956 rice crop, though 12 per cent below the 1955 harvest, was Japan's third best crop in post-war years.

[2] Data on rubber, tea, sugar, and copra refer to calendar years, except where otherwise indicated. These on jute refer to crop years from July to June; the cotton crop year is from August to July.

[3] The decline was confined to Indonesia and Malaya; exports from the relatively smaler exporters (southern Viet-Nam, Cambodia, etc.) improved.

The prices of a number of export commodities (chart 1) declined somewhat towards the close of 1955 and in the early part of 1956, but rose subsequently, particularly in the last quarter of 1956, owing to developments in the Middle East.

Chart 1. ECAFE Countries: Price Indexes of Export Commodities
(1953=100)



NOTE: The following specifications apply to the above commodities:

Tea — leaf, for export, Calcutta, auction price exclusive of export duty and excise.
Cotton — 289 F. Punjab SGF, Karachi, local spot prices in terms of US dollar, including export duty.
Jute — raw, white, bottom, Narayanganj, prices in terms of US dollar.
Rubber — R.S.S. No. 1, f.o.b. Singapore.
Sugar — cane sugar, all kinds, f.o.b. Taiwan ports.
Copra — resecada, Manila.
Coconut oil — white, naked, wharf delivery Colombo.

Rubber

In 1956, world consumption of natural rubber continued to expand, but at a greatly reduced rate. At 1,745,000 tons, the January–November consumption was less than one per cent above the corresponding figure for 1955.[1] Reductions, mainly by the automobile manufacturing industry in the United States and the United Kingdom, were offset by a large increase in continental Europe. During the same period the world production of natural rubber was 1,702,000 tons, or 1.5 per cent less than in January–November 1955. The price of natural rubber (RSS No. 1 in Singapore) continued, during the first half of 1956, the downward movement noticeable since September 1955. The average price for June was 0.8329 Malayan dollars per pound. During the second half of the year the price rose, on account of the improved outlook for consumption, to a high point of nearly M$1 in August; it fell to about M$0.92 in September–October; and rose again subsequently, following developments in the Middle East.

Natural rubber production in the ECAFE region, accounting for nearly 95 per cent of total world output, amounted during January–November 1956 to approximately 1,570,000 tons, or about 2.5 per cent less than the production a year earlier. Production remained nearly unchanged in Malaya and fell in Cambodia, Indonesia and southern Viet-Nam, though it rose in Ceylon, India and Sarawak. The region's exports of this commodity for January–November 1956 were at 1,536,000 tons or about 3 per cent less than in the corresponding period of 1955. Exports from Ceylon, Indonesia and Malaya fell, while those from Cambodia, Sarawak and southern Viet-Nam rose.

Encouragement of replanting, to replace low-yielding with high-yielding rubber trees, continued in many producing countries. In Malaya, nearly 60 per cent of the estate rubber area has been replanted to high-yielding varieties, and replanting of smallholder rubber under government-sponsored schemes has been proceeding satisfactorily. In Ceylon, the replanting scheme initiated in 1953 has been ahead of schedule, with approximately 25,000 hectares replanted by the end of 1956. A ten-year scheme of replanting was approved in India. In Sarawak, a revised five-year replanting scheme was announced in June 1956.

Tea

During the first eleven months of 1956, while the combined production of Ceylon, India, Indonesia and Pakistan, about 510,000 tons, was at the same level as a year earlier, their combined exports rose markedly from the rather low level of 1955. Production in northern India from January to November 1956 rose by about 2.5 per cent above the corresponding period of 1955, to 242,000 tons. In Pakistan there was also a small increase. These gains were, however, offset by decreases in southern India, Indonesia and Ceylon.[2]

Tea exports (except those of Ceylon) had been considerably reduced in 1955, largely because of smaller shipments to the United Kingdom. India in particular was affected. Faced with large unsold

[1] See *infra*, p.29, table 6.

[2] In Ceylon 154,000 tons of tea were produced as against 158,000 tons in the same period of 1955.

stocks, both Ceylon and India in the second quarter of 1956 relaxed their restrictions on direct shipments of tea to London auctions. Subsequently the situation eased, partly because of larger purchases by the United Kingdom, and partly, in the case of India, because of higher domestic consumption stimulated by lower prices, as well. During the first ten months of 1956, exports from India, Indonesia and Pakistan were considerably higher than a year earlier and, despite a slight decrease in the case of Ceylon, the combined exports of the four countries, at 353,200 tons, were about 20 per cent above the corresponding total for 1955. As in the previous season, the Indian Government restricted the direct shipment of tea for London auctions in the 1956/57 season, this time to 72,600 tons, as against 63,500 tons in 1955/56.[1]

During 1956 favourable prices generally prevailed for high-quality tea, but the demand for low qualities was often weak. With little prospect of further increase in import demand for poorer qualities from the United Kingdom, and with north Indian production expected to exceed consumption, the Calcutta Tea Regulation Committee recommended curtailment of the 1956 north Indian tea crop by discontinuation of picking in November and destruction of the lowest quality. Export prices at Calcutta were generally easy in the first half of 1956. Improved export demand and developments in the Middle East raised the price level somewhat in the following months; at the end of the year the average auction price for leaf tea for export, at 3 shillings and 10.8 pence per pound, exclusive of export duty of 7½ pence per pound, was about 60 per cent above the corresponding figure in 1955. The price of Ceylon tea in London auctions rose from about 5 shillings and 2 pence per pound at the beginning of January to about 6 shillings and 3 pence by the end of April, declined to below 5 shillings at the end of July, but later rose again, partly as a result of developments in the Middle East.

Jute

The production of raw jute in the 1956/57 season continued its recent upward trend both in India and Pakistan. The combined crops of the two countries were estimated at around 2 million tons compared with about 1.8 million tons in the previous season.

Owing to a further increase in the production of jute goods, especially sacking, raw jute consumption by Indian mills increased 8 per cent to 1.17 million tons in 1955/56, and by 4.6 per cent, to 361,000 tons, in July–October 1956 over July–October 1955. However, since production rose more than exports and domestic consumption in 1955/56, the gunny stocks of Indian mills rose, reaching 129,000 tons at the end of June 1956, the highest end-of-the-season figure since 1952/53. This development necessitated a reversal of the policy, started early in 1956, of unsealing some of the previously sealed West Bengal jute looms. Because of a considerable increase in absorption by domestic markets, the total dispatch of gunny sacking for export and domestic consumption in the first four months of the 1956/57 season was a fraction above the corresponding previous figure. Stocks showed a tendency to decline.

India imported 246,000 tons of raw jute from Pakistan during the 1955/56 season, or 10 per cent more than during the previous season. This constituted about 21 per cent of the estimated raw jute consumption by Indian jute mills. Current production plans foresee a further decline in this ratio, already reduced from nearly 50 per cent in 1950/51.

Exports of raw jute (including cuttings and mesta) from Pakistan in the 1955/56 season, at 1,031,000 tons, were 11 per cent higher than those of the previous season, and the second highest since partition. Exports were larger, both to India, which took about 24 per cent of the total exports, and to other countries as well. A further increase was expected in 1956/57. Domestic consumption of raw jute was also expected to rise with the installation and operation of additional looms.

In the beginning of the 1955/56 season, the expectation of a large crop brought raw jute prices to a very low level. The White Jat Bottom grade was quoted in Narayanganj as low as Rs 16/4 per maund. Devaluation of the Pakistan rupee and reports of flood damage to the jute crop brought a quick rise in August 1955, which continued more or less uninterruptedly until a seasonal peak of Rs 36 per maund was reached in January 1956. From April 1956 onwards, a slow decline took place, and by the end of June the price of this grade was Rs 30 per maund, fluctuating in the following quarter between Rs 28 and Rs 30 per maund.

Cotton

In the ECAFE countries, exclusive of mainland China,[2] the 1955/56 season brought an apparently temporary break in the upward trend in the production of raw cotton, a further increase in consumption, and a reversal of the downward trend of exports. The decrease in production was due to heavy flood and insect damage to the Indian crop which, in spite of an 8 per cent increase in planted area, declined by 14 per cent, to 3.8 million bales.[3] Contrary to

[1] The marketing season in India is from April to March.

[2] On the mainland of China, raw cotton production, estimated at 1,518,000 tons in 1955/56, or 42.5 per cent above 1954/55 crop, was reported to have risen further to 1,579,000 tons in 1956/57, that is, by 4 per cent (see chapter 7, section on the mainland of China).

[3] One bale = 478 pounds = 216.8 kg.

early reports, output in Pakistan continued its upward trend with a further gain of 9 per cent over the 1954/55 crop, to 1,425,000 bales. The combined crop of the two countries decreased by 9 per cent, from 5,735,000 bales in the 1954/55 season to 5,225,000 bales in 1955/56. The plans of both countries, however, envisaged a further expansion in cotton production.

In 1955/56, consumption of raw cotton increased in India, Japan and Pakistan. In Japan, contrary to earlier expectations, total consumption in 1955/56, at 2,322,000 bales, was only slightly below the post-war peak of 1953/54. A new peak, at 4,260,000 bales, was reached in India. In Pakistan, raw cotton consumption conitnued the uninterrupted increase noticeable since partition; at 800,000 bales, it was nearly tenfold the 1948/49 figure and equal to 56 per cent of the total cotton production of the country.

The downtrend in exports of raw cotton from India and Pakistan, which had persisted since 1952/53, was reversed in 1955/56. The increase was especially notable in India, which exported its surplus of short-staple varieties. Total 1955/56 exports from India, at 540,000 bales, were two and half times the 1954/55 exports and constituted a new post-war high. India's imports, chiefly from African countries producing long-staple cotton, increased slightly, from 492,000 bales in 1954/55 to 500,000 bales in 1955/56. Sizable imports of raw cotton from the United States into India were expected as a result of the agreement concluded in August 1956 with the United States under its Public Law 480, according to which 500,000 bales (480 pounds net) of United States surplus cotton were to be imported against rupee payments during the ensuing three years, with a minimum annual import of 100,000 bales.

In Pakistan, the increase in raw cotton exports was about 12 per cent over the previous year, the total being 726,000 bales. Japan, the main customer, took 36.8 per cent; mainland China, which ranked second, took 17.5 per cent. The combined share of ECAFE countries was 61.5 per cent, about the same as in the two preceding seasons.

The heavy exports from India were made possible by rather large stocks in the beginning of the season—about 2.42 million bales—following a favourable crop and a small volume of exports in 1954/55. With high exports and high domestic consumption in the 1955/56 season, the initial stocks of the 1956/57 season were about half a million bales smaller. In Pakistan the initial stocks of the 1956/57 season, at 165,000 bales, were at their lowest initial level since 1951/52.

Cotton prices were depressed early in the 1955/56 season by the announcement of the United States plan to release for export, from January 1956, one million bales of short-staple cotton owned by the Commodity Credit Corporation, and later by the announcement that all types of cotton owned by the agency would be sold competitively in world markets, beginning 1 August 1956. In Karachi, the price (including the export tax) of 289 F Punjab SGF reached a seasonal low of 29.99 United States cents a pound in October 1955 and, after rallying by May 1956 to about 34 cents, slipped back after announcement of the new United States export policy to about 32 cents. The decline continued during the 1956/57 season until mid-October, when prices below 27 cents were registered. The year ended, however, on a rising note, and in mid-December the price stood at 32.72 cents.

Precise estimates of the 1956/57 crop were not available. However, the new crop in India was expected to be about 15 per cent, and that of Pakistan about 8 per cent, above the 1955/56 season. Since the initial stocks were rather low in both countries and some increase in domestic raw cotton consumption was possible in both, supplies for export appeared likely to be smaller than in the 1955/56 season.

Sugar

Two important developments in the year were the changes in the quotas allotted to some countries and the adoption of a new price system under the International Sugar Agreement. Under the protocol of amendments agreed on at the second session of the United Nations Sugar Conference held in Geneva from 2 October to 4 November 1956, Indonesia and India, previously not signatories to the five-year (1954–1958) Agreement, were allotted basic export quotas of 350,000 tons and 25,000 tons, respectively, and the basic quota of China (Taiwan) was increased from 600,000 to 655,000 tons. Whether Indonesia would join the agreement was still uncertain. The new price system specified that the basic quotas apply so long as the world price stays within the range of 3.25 to 3.45 cents per pound, and provided for automatic adjustments in the event of deviations from this range.

During 1956, the production of centrifugal sugar in Indonesia dropped nearly 10 per cent as compared with 1955, the post-war peak year. Output in China (Taiwan) was also below the corresponding figure for 1955.[1] In the Philippines, 1955/56 production of centrifugal sugar, at 1.10 million tons, was 11 per cent below the rather high 1954/55 production. Record production of centrifugal sugar was achieved in India in the sugar year November 1955 to October 1956—nearly 2 million tons, against the previous season's output of 1.8 million tons—and a further increase was expected in the 1956/57 season.[2]

[1] In China (Taiwan), sugar cane is harvested from November to May; no sugar is produced during the rest of the year.

[2] As a result, imports of sugar during the first six months of 1956 amounted to only 17,800 tons, as compared with 371,400 tons during the first half of 1955.

Exports of sugar from China (Taiwan) for the first eleven months of 1956 were running about one per cent below those for the corresponding period of 1955. On the other hand, Indonesia's exports, which dropped from the post-war high of 213,000 tons in 1954 to 176,000 tons in 1955, were considerably higher during the first ten months of 1956 than during the corresponding period a year earlier. In the Philippines, the quota for exports to the United States (878,000 tons) as well as the free market export quota under the International Sugar Agreement, was again expected to be filled; since the sugar agreement quota, after the latest adjustments, was 30,600 tons, total exports promised to be somewhat above those of 1955.

During the first nine months of 1956, sugar imports into Japan, the main importer of the region, reached 902,000 tons, 19 per cent above the very high level of the corresponding period a year earlier. Owing to prolonged price negotiations between Japan and China (Taiwan), Cuba replaced the latter as Japan's main supplier of sugar (42 per cent of the total). Japan's sugar imports from the Philippines also increased notably.

A rather steady rise in the world price of sugar occurred during the first seven months of the year. By July, the International Sugar Agreement basic price (for raw contrifugal 96° f.o.b. Cuba) had risen to about 3.40 cents per pound, compared with an average of 3.16 cents for December 1955. In the face of increase in export quotas permitted by the International Sugar Council, the price declined to 3.25 cents in early October but, owing partly to developments in the Middle East, rose again to 5.00 cents per pound by the second half of November, the highest on record since 1951, and finished the year at 4.9 cents.[1]

Copra and coconut oil

The 1956 production of copra in the ECAFE region was not precisely known until the end of the year. An increase of some 10 per cent over 1955—a new record figure—was expected in the Philippines, the main producer of the region, and it appeared likely that there would be an increase in Malaya as well. Production in Indonesia and Ceylon, on the other hand, appeared likely to be lower.

During the first ten months of 1956, the exports of copra from the Philippines were 22 per cent, and those of coconut oil 41 per cent above the corresponding figures a year ago. The combined exports of the two, in terms of oil, reached 573,000 tons, or 25 per cent above the exports in January–October 1955, and the annual total was expected to exceed the previous post-war peak reached in 1947. On the other hand, the officially recorded exports from Indonesia were during January–October 1956 about 7.5 per cent down from a year earlier. In Ceylon the exports of both copra and coconut oil during the first ten months were lower than the year before, the oil equivalent of the combined exports of the two commodities being about 6 per cent below the corresponding figure a year earlier. In Malaya, the trends of decreasing exports of copra and increasing exports of coconut oil continued. In 1955, exports of coconut oil, at 93,300 tons, were more than twice the pre-war (1934–1938) average, and during the first eleven months of 1956 they rose a further 16 per cent above the corresponding figure for 1955, whereas copra exports during the same months were about 7 per cent below those of the same period in 1955. In recent years, the main importers of Malayan coconut oil have been Burma, the mainland of China and India and, in 1955, the Netherlands and the United Kingdom.

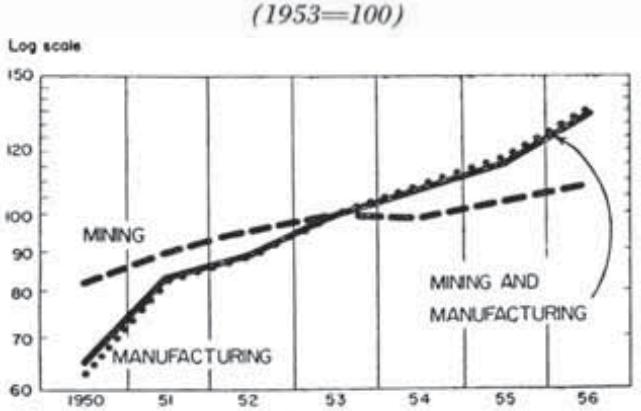
The price of Philippine copra, after having declined rather steadily since early 1954, rose during the first half of 1956. An average of ₱289 per ton of copra (sundried, Manila) was registered for May 1956, compared with ₱258 a year earlier. Subsequently the price fluctuated in a somewhat lower range. The November average was ₱258 per ton, as against ₱254 in November 1955.

INDUSTRIAL PRODUCTION AND TRANSPORT

Industrial production

Available indexes for China (Taiwan and mainland), India, Japan and the Philippines show that industrial production in the ECAFE region rose at a substantially higher rate in 1956 than in 1955 (table 2). It alo rose more rapidly in the ECAFE region than in the world as a whole.

Chart 2. ECAFE Region: Indexes of Industrial Production
(1953=100)



[1] A strong factor contributing to the price increase has also been the small beet crop in Europe.

Table 2. Selected Countries and Areas: Indexes of Industrial Production[a]

Area	1954	1955 (1953=100)	1956 First half	1955 (1954=100)	1956 First half (1955=100)
China:					
Taiwan[b]	105	115	130	110	113
Mainland	117	126	157[c]	108	125[c]
India	107	115	138[d]	108	120
Japan	108	116	130	107	112
Philippines[e]	112	124	139	111	111
ECAFE region[f]	107	116	133[d]	108	115
World[g]	100	110	155	110	104

[a] Including mining, manufacturing and public utilities.

[b] Excluding sugar refining.

[c] Estimate for the year (See chapter 7), and hence not comparable with other figures shown, which are for first half of year only.

[d] The extent of rise in the first half of 1956 appears to be somewhat overstated as a result of the method used in the index for India for climinating seasonal variation in sugar production.

[e] Manufacturing only.

[f] Manufacturing in China (Taiwan), India, Japan and the Philippines, and mining in these four countries as well as in Burma, Indonesia, southern Korea, Malaya and British Borneo, Pakistan, and Thailand. For details of this new index, see appendix on "Asian Economic Statistic", special table A.

[g] Excluding eastern Europe and mainland China.

The generally low industrial base from which the increases take place must, however, be borne in mind. In no counrty of the region except Japan does manufacturing, the main component of industrial production, contribute 20 per cent of domestic product.[1] In most countries of the region, furthermore, a large part of manufacturing is concerned with processing agricultural and mineral raw materials and is carried on by hand, cottage and small-scale industries.[2] In spite of the rapid progress achieved in recent years, industrial production in the region as a whole may thus be said to be still in a very early stage of development. Evidence is provided by the data on per capita production of major industrial items like electricity, coal, steel, cement and cotton yarn (table 3).

[1] The ratio was 30 per cent for the United States and 38 per cent for the United Kingdom in 1954.

[2] The hand, cottage and small-scale industries are for the most part excluded from industrial production indexes in the region.

Factors affecting the choice of industries for development

Among the basic minerals required for industrial development, high-grade coals are limited to a few countries (mainland China, India, Korea and northern Viet-Nam) and coking coal is generally scarce in all countries except mainland China and India. On the other hand, coals ranging from lignite to sub-bituminous in quality are prevalent in most countries of the region. Known petroleum resources are unevenly distributed; they have been found in Afghanistan, British Borneo, Burma, India, Indonesia and Pakistan (the leading producers), and in mainland China and Japan.[3] Of the region's iron ore resources, four-fifths are estimated to be in India, 12.5

[3] United Nations, *Development of Mineral Resources in Asia and the Far East* (Sales number: 1953.II.F.5).

Table 3. ECAFE Region: Selected Countries: Per Capita Production of Major Industrial Items, 1955

Item and unit	China		India	Japan	United Kingdom
	Taiwan	Mainland			
Electricity (kWh)	221	21	22	731	1,573
Coal (kg)	265	161	102	476	4,418
Steel ingot (kg)	6	5	5	106	395
Cement (kg)	66	8	12	119	249
Cotton yarn (kg)	2.82	1.24	1.95	4.70	6.66

Source: United Nations, *Monthly Bulletin of Statistics* and *Economic Bulletin for Asia and the Far East;* mainland China: *State Statistical Bureau's Communique on the Results of Implementing the State Plan for the Development of National Economy, in 1955* (Statistical Publications Press, Peking (in Chinese); June 1956.

per cent in mainland China, 5 per cent in Korea and the remainder in Burma, Ceylon, Hong Kong, Indonesia, Japan, Malaya and Viet-Nam.[1]

Of the ferro-alloys, the region is well provided with tungsten (Burma, mainland China, southern Korea and Thailand), manganese (India being the important producer) and titanium; moderately endowed with molybdenum, chromium and vanadium; but poor in others, like nickel and cobalt. The region also appears relatively poor in non-ferrous base metals, other than tin and antimony, that is, in copper, lead and zinc; but has rich reserves of both bauxite and magnesite for the production of aluminium and magnesium metals. Among the non-metallic minerals other than fuels, it is the world's dominant producer and exporter of high-grade mica (India) and graphite (Ceylon and southern Korea). The region is apparently short of phosphate and, especially, of sulphur deposits. The coal deposits in the region are supplemented by its potential water power resources, estimated at 183 million kW for the region as a whole.[2]

Another determining factor in the industrialization process is the desire to achieve self-sufficiency in a large number of manufactured products through diversificaiton. In countries highly oriented to exports, such as Ceylon and Malayan, fluctuations in world demand and prices make steady progress difficult to achieve. Such countries are not alone, however, in attempting to base their trading policy on more than even long-term comparative advantages in the strict sense of the term. The governments of many countries adopt the policy of diversification in view of the greater stability that diversification can bring the economy as a whole, and, where unemployment is a basic problem, in view also of the job opportunities that diversification can create. Again, such factors as defence, or the local availability of raw materials, may also decisively affect the general pattern.

The need to provide employment for additions to the labour force, as well as for the currently unemployed and under-employed population of working age, tends to have a major influence on the choice of industries for development. Small industries, though their marginal productivity is often lower than that of large ones, help to provide more employment with relatively small investment of capital and are therefore being encouraged by governments, such as those of China (Taiwan and mainland), India and Pakistan; this is also the case in relatively industrialized Japan, where the greater rate of rise in the labour force than in total population has been a cause of serious concern. In many other countries of the region as well, small industries are being encouraged with government financial and technical assistance.

Industries may also be established for processing locally produced or imported materials in order to meet domestic consumption and even export demand; this is illustrated by the rise of cotton mills using imported raw materials in China (Taiwan), Hong Kong and Singapore, and of jute mills in Pakistan and the manufacture of rubber products in Singapore with local raw materials.

A further determining factor is the extent of the domestic market. Obviously a country faces difficulties if it is too small to provide a domestic market for new products, of a volume compatible with efficient operations, before they are able to compete favourably on the world market. In China (Taiwan), newly established cotton mills are confronted with the problem of excess capacity because of saturation of domestic demand; efforts are of course being made to develop the export market. The problem of excess capacity also arises in Hong Kong and Japan, partially, as a result of the fact that several newly independent Asian countries have completed or expanded their own mills and no longer import cotton textiles from abroad.

The pattern of industrial development envisaged in various development plans differs from country to country, depending largely upon the interrelation of the factors enumerated above. Emphasis tends, however, to be laid on the development of basic industries or quick-yielding industries, or both.

Among the basic industries, fuel (particularly coal) and power (both hydroelectric and thermal) are commonly accorded first priority since they provide the foundation for modern industrial development. Building materials, particularly cement, are basic as investment goods. Iron and steel, an industry requiring a heavy input of capital and skill, is considered basic to countries stressing the development of heavy industries, such as mainland China, India and Japan. It provides a foundation for the growth of engineering industries, currently preferred in Japan to light consumer goods industries such as cotton textiles since they afford an outlet for industrial exports, and it has received high priority in the comprehensive industrialization plans of mainland China and India. In other countries as well (for example Burma, southern Korea, Pakistan, Singapore and Thailand), plans are being implemented or are under consideration for the early establishment of iron and steel plants. Chemicals, particularly the manufacture of soda, acid and fertilizers, constitute another group of basic industries which are highly developed in Japan and are being developed in China (Taiwan and mainland), India and some other countries.

[1] Measured and indicated resources. United Nations, *Survey of World Iron Ore Resources* (Sales number: 1954.II.D.5).

[2] United Nations, *Economic Survey of Asia and the Far East*, 1949 (sales number: 1950.II.F.1) p.373.

Basic industries usually require large capital outlays and impose heavy strain on the limited capital resources of the countries developing them. Because they require a relatively long period to construct and meanwhile pay out income without adding to goods and services to be bought and consumed, they also tend to give rise to inflationary pressure unless imports are available on an adequate scale to meet the requirements of current consumption, or unless, as in the case of mainland China, direct controls are applied to prevent consumption and prices from rising. For these reasons, while development plans stress the importance of basic industries, they also encourage the growth of quick-yielding industries, usually of the consumer goods type. The latter as a general rule (except the mainland of China) tend to be left largely to private initiative and enterprise—with government encouragement—while direct efforts of governments have been mainly centred on the development of basic industries.

With a view to reducing the external strain on the country's economy, the Government of India has been examining the possibility of making adjustments in the second Five-Year Plan, to emphasize projects which will raise production quickly and help to earn or save foreign exchange. In Burma, in the new Four-Year Plan beginning with the fiscal year 1956/57, there has been a significant though moderate shift in investment from basic social facilities to directly productive projects, again, to help increase exports and promote self-sufficiency in imports.

Production of major industrial items

Production of major industrial items in the ECAFE region, on the basis of returns reported for the whole year from mainland China but for the first half only from other countries, is estimated to have risen in 1956 over 1955 by 6 per cent for crude petroleum, 8.3 per cent for coal, 12.4 per cent for electricity, 15 per cent for pig iron, 19 per cent for crude steel, 18.1 per cent for cement, 15.1 per cent for chemical fertilizer, 11.2 per cent for cotton yarn, 13.7 per cent for cotton cloth, and 15.4 per cent for paper (table 4).

Table 4. ECAFE Region: Production of Major Industrial Items

Item and unit	*1954*	*1955*	*1956*[a]	*Increase in 1956 over 1955 (%)*
Coal (millions of tons)[b]	148.69	180.22	195.59	8.3
Petroleum, crude (millions of tons)[c]	14.70	18.87	20.00	6.0
Electricity (billions of kWh)[d]	69.68	91.13	102.42	12.4
Iron and steel				
Pig iron (thousands of tons)[e]	7,372	10,974	12,618	15.0
Crude steel (thousands of tons)[f]	9,965	14,058	16,723	19.0
Cement (millions of tons)[g]	15.33	22.12	26.12	18.1
Fertilizers, chemical (thousands of tons)[h]	4,534	5,998	6,891	15.1
Cotton textiles				
Cotton yarn (thousands of tons)[i]	1,732	2,099	2,353	11.2
Cotton cloth (millions of metres)[j]	9,820	11,904	13,674	13.7
Paper (thousands of tons[k]	1,897	2,966	3,426	15.4

[a] Annual rates for 1956 based on statistics for January to June for the countries covered, except mainland China for which the government estimate is available for the whole year.

[b] Including Afghanistan, China (Taiwan and mainland), India, Indonesia, Japan, southern Korea, Federation of Malaya, Pakistan and Philippines.

[c] Including Brunei, Burma, China (Taiwan and mainland), Indonesia, Japan, Pakistan and Sarawak.

[d] Including Afghanistan, Burma, Cambodia, Ceylon, China (Taiwan and mainland), Hong Kong, India, Japan, southern Korea, Federation of Malaya, Pakistan, Philippines, Singapore, Thailand and southern Viet-Nam.

[e] Including China (mainland), India and Japan.

[f] Including China (Taiwan and mainland), India, Japan and Pakistan.

[g] Including Burma, Ceylon, China (Taiwan and mainland), Hong Kong, India, Japan, southern Korea, Federation of Malaya, Pakistan, Philippines and Thailand.

[h] Including China (Taiwan and mainland), India and Japan.

[i] Including Afghanistan, Burma, Ceylon, China (Taiwan and mainland), Hong Kong, India, Japan, southern Korea, Pakistan and Philippines.

[j] Including Afghanistan, Ceylon, China (Taiwan and mainland), India, Indonesia, Japan, southern Korea, Pakistan and Philippines.

[k] Including China (Taiwan and mainland), India, Japan, southern Korea, Pakistan and Thailand.

Coal production in 1956 in nine countries of the region was estimated to have reached 196 million tons, compared with 180 million tons in 1955 and 149 million tons in 1952. Mainland China, Japan and India are the major producers, accounting for about 98 per cent of the total.

Crude petroleum production rose from 14.7 million tons in 1952 to 18.9 million tons in 1955 and about 20 million tons (estimated) in 1956.[1] Indonesia and Brunei are the major producers. In Indonesia, output rose from 11.8 million tons in 1955 to an estimated 12.4 million tons in 1956; in Brunei, it went up from 5.3 million tons to an estimated total of 5.6 million tons. The trend among the smaller producers was likewise upwards.

Indonesia, Japan, China (Taiwan) and Pakistan produced respectively 10.4 million, 7.3 million, 0.5 million and 80,000 tons of petroleum products in 1955 —mostly from imported crude petroleum in Japan and China (Taiwan). As refining capacity expanded, output continued to rise in 1956, particularly in Japan.

Owing to progress in implementing development projects, total generation of electricity in the region, excluding a few countries for which data are not available,[2] increased by 31 per cent between 1952 and 1955 and by an estimated 12.4 per cent more in 1956, to 102 billion kWh. Total installed generating capacity in the region can be estimated only very roughly; it may be in the neighbourhood of 22 million kW, including power generated by industries for their own use. Per capita generation of power varies very widely among the countries, as is shown by the following estimates, in kWh for 1955: Japan 732, Singapore 305, Hong Kong 243, China (Taiwan) 221, Federation of Malaya 156, southern Korea 41, Philippines 36, India 22, mainland China 21, Ceylon 21, Indonesia 10, Pakistan 7, Cambodia 5, Afghanistan 2.

Production of iron and steel, concentrated in China (Taiwan and mainland), India and Japan, also continued to increase in 1956. Pig-iron production in these countries, estimated roughly at 12.6 million tons, was 15 per cent above 1955 and 71 per cent above 1952; and crude steel production, estimated roughly at 16.7 million tons in 1956, was 19 per cent above 1955 and 68 per cent above 1952. Further increase in production has been planned and implemented under various developmental projects in these countries, while a beginning has been made in establishing the industry in Burma, southern Korea, Pakistan, Philippines, Singapore and Thailand.

Cement production in eleven countries of the region rose from 15.3 million tons in 1952 to 22.1 million tons in 1955 and to an estimated 26.1 million tons in 1956, owing to rapidly rising demand for development purposes and a consequent expansion in capacity. The rising trend was scheduled to continue under various development plans, in order to reduce imports which have recently been increasing.

Chemical fertilizers, about three-fifths nitrogenous, have been porduced in increasing quantities in Japan, China (Taiwan and mainland) and India, the total for the three countries rising from 4.6 million tons in 1952 to 6 million tons in 1955 and an estimated 6.9 million tons in 1956. Of the 1956 estimated total, Japan contributed 83.6 per cent, China 9.9 per cent (7.1 per cent on the mainland, and 2.8 per cent in Taiwan) and India 6.5 per cent. To meet increasing demand, measures have been taken to expand capacity in these countries, while new fertilizer factories have been under construction in southern Korea and Pakistan and have been planned in Afghanistan and Ceylon.

The cotton textile industry is extensively developed in the region, particularly in China (Taiwan and mainland), Hong Kong, India, Japan and Pakistan, whose production is exported in varying proportions. All other countries of the region, except southern Korea, depend on imports, however, to supply more than half of their requirements.

The region's output of cotton yarn and cloth increased 21 per cent between 1952 and 1955—yarn from 1,732,000 tons in 1952 to 2,099,000 tons in 1955, and cloth from 9,820 million to 11,904 million metres.[3] Cotton yarn output in 1956 was estimated to have risen to about 2,353,000 tons and cotton cloth output to about 13,674 million metres.

Countries of the region—except China (Taiwan and mainland), India and Japan—have to depend largely on imports for their supply of paper. In order to meet expanding cultural and educational needs, this industry has been expanded in some countries and is being established in others. Production of paper for industrial use, such as cement bags, has also received attention in several countries. The use of bamboo, rice straw, sugar-cane waste, coconut fibres and other locally produced raw materials is a common feature of various developmental projects in many countries. Total production of paper and paper board in six countries of the region rose from 1.9 million tons in 1952 to 3.0 million tons in 1955, and was expected to rise to 3.4 million tons in 1956.

[1] The Suez Canal situation has affected the supply of petroleum and petroleum products in the region, which is a net importer of these commodities. In Japan, for example, the price of petrol, after falling sharply in the first half of 1956, went up considerably in the autumn, reflecting higher freight charges and the reduced supply of crude oil.

[2] British Borneo, Indonesia, Laos and Nepal.

[3] The original figures for mainland China, shown in bolts or pieces, have been converted into metres by assuming that one bolt has a length of 36 metres.

Transport

Progress in the region in the extension of transport facilities to promote development continued in 1956. Various development plans that have been adopted or are under consideration by countries of the region allocate, on the average, about one-fourth of the planned public expenditures to the development of transport and communications.[1] Major shares of the totals are assigned to railways and roads. Transport needs arising both from expansion of current production and trade and from implementation of development plans, have not, however, been fully met by newly constructed transport facilities.

Railways

There are railways in all countries of the region except Afghanistan and Laos; of the various modern means of transport, they continued to move the largest volume of traffic. Rehabilitation or extension of railways has proceeded actively in many countries. On the mainland of China, 4,104 km of new railway trunk and branch lines was reported as completed under the first Five-Year Plan by early December 1956. These new railways, however, were mostly located in sparsely populated parts of the country with a relatively small volume of traffic; they apparently served the dual purpose of opening up new areas for development and facilitating access to neighbouring countries, including northern Korea, Outer Mongolia, and the Union of Soviet Socialist Republics. New lines built in India during the first Five-Year Plan period amounted to 610 km and an additional 730 km was under construction. Under the second Five-Year Plan, no new lines were proposed to connect areas still unserved by railways, owing to limitations in available funds, but new lines were to be undertaken if required for operational purposes or to serve new industrial projects.[2] In other countries, also, railways were rehabilitated or built, though on a smaller scale. Work proceeded in Burma on re-laying 157 km of track in 1956, compared with 75 km during 1954–55. Construction work on five new industrial lines was completed in southern Korea between September 1955 and May 1956. The government railways of Indonesia, within the framework of their own draft Five-Year Plan, proposed to spend Rp 53.8 billion for rehabilitation purposes, including the improvement of 2,000 km of railway track and the purchase of diesel locomotives. The railway programme of Pakistan under the Five-Year Plan was mainly one of rehabilitation, which was expected to increase transport capacity substantially. In the Philippines, extension of the Manila railway line to the Cagayan valley, with bond funds amounting to P3.8 million in 1956/57, was effected to make this fertile region more attractive to settlers and investors and to speed up its economic growth. In addition to about 700 million baht spent by the government railway of Thailand on rehabilitation in the first Five-Year Programme (1950–1954), the second Five-Year Programme (1955–1959) called for a total outlay of 1.3 billion baht for purchase of rails and accessories, telecommunication equipment, cars and coaches, and bridges and buildings. A loan from the International Bank for Reconstruction and Development will help to finance a part of the cost of railway construction in Thailand.

While traffic rose in most countries—with the apparent exception of southern Viet-Nam—it was not possible for existing facilities to cope fully with the rapidly increasing need for railway transportation arising from developmental activities. However, there were improvements—though perhaps inadequate—in the utilization of existing capacity, and additions of locomotives or rolling stock occurred in Ceylon, mainland China, Hong Kong, India, Japan, southern Korea, Malaya and southern Viet-Nam. The proportion of freight carried by railways on the mainland of China reportedly declined from 89.6 per cent of the total using modern means of transport in 1952, to 84.9 per cent in 1955, while the share of inland waterways rose from 5.4 to 9 per cent and that of highways from 1.0 to 2.2 per cent.[3]

A new development in the region was the awareness on the part of governments of the possibilities of using differential railway freight rates to promote development. In 1956 a freight pool was established in India for steel and pig-iron, to reduce regional inequalities in development. The Government has set up a special committee to examine the freight rate structure of the railways. Recommendations arising from a study of railway rates in Pakistan were implemented with a view to facilitating the movement of basic commodities and at the same time ensuring adequate returns to the railways.

Highways

In 1956 highway development made progress in a number of countries, frequently with external aid.[4] Among the smaller countries, such progress was notable, for example, in Thailand. In the first Four-Year Programme (1952–1955) 1.4 billion baht was set aside for construction and rehabilitation of 2,000 km of highway; of this sum about 800 million baht was utilized. In 1956 the highway programme was revised, involving an additional expenditure of about

[1] See chapter 2. Hongkong, Laos, Malaya and British Borneo, and Thailand are not included in this computation.

[2] Planning Commission, *Second Five-Year Plan*, New Delhi, 1956, pp.462-465.

[3] Coastal shipping accounted for 4 per cent of the total volume of traffic carried in 1952, 3.9 per cent in 1955.

[4] Technical assistance, which in certain cases included management of highway programmes by United States Bureau of Public Roads' engineering service, was received by Cambodia, southern Korea, Laos, Nepal, Pakistan, the Philippines, Thailand and southern Viet-Nam.

3 billion baht for improvement and construction of highways totalling 3,700 km, to bring the country's total of all-weather roads to about 11,000 km. United States aid is playing a major part in the successive phases of this programme. Transport and communications are to receive the largest allocation of funds in Nepal under the Five-Year Plan—112 million mohur or 34 per cent of the total. Construction of 1,448 km of roads and 45 km of railways is scheduled for the Five-Year Plan period, in addition to extension of present ropeways and establishment of Air Nepal. The Highway Department of Burma has been engaged in such major projects as the Prome-Taungup trunk road across the Arakan Yoma and the Mindat-Matupi road in the Chin division. During the first half of 1956, a portion of the second link of the former road was completed and partially opened to traffic, while on the Mindat-Matupi road earthwork was completed on the first six kilometres. A total of P93 million was set aside in the 1956/57 budget of the Philippines for the building of 4,540 km of feeder roads.

In China, 9,053 km of highways were reported to have been built on the mainland during the first three years of the Five-Year Plan period (1953–1955), with another 4,611 km planned for 1956. In Taiwan, a beginning was made in 1956 to build an east-west highway across the island, with United States aid. During the period of the first Five-Year Plan of India, it was prepared to build 720 km of national highways and about 4,800 km of "part A" and "part B" state or provincial roads, with as many new "part C" state roads as possible in order to open inaccessible areas to traffic.[1] The Five-Year Plan of Pakistan proposed the construction of 2,800 km of new roads, mainly in the less developed areas of the country, and the improvement of 3,200 km of existing roads. In Indonesia the draft first Five-Year Plan provides a sum of Rp 1,200 million mainly as reconstruction outlays for 70,000 km of existing roads.

Connextions between the highways of the different countries of the region are relatively few. In 1956, mainland China negotiated with Burma for the reopening of the Burma road used during the period of the Second World War. The possibility of a road conexion between East Pakistan and Burma was mentioned in the Five-Year (1955/56–1959/60) Plan for the economic development of Pakistan.

Inland water-ways

In recent years governments in the region have become aware of the importance of inland water-way transport and the vital role it can play in areas suitably endowed; an encouraging increase in the volume of inland water-way traffic has taken place in some countries. However, governmental services dealing with inland water-way transport and river and canal conservancy have, on the whole, remained comparatively inadequate, with insufficient budgets and limited trained staff. Certain governmental policies, such as high fuel prices, delays in procuring import licences for essential spare parts, and complicated frontier formalities, have also not been favourable from the standpoint of inland water-way transportation. Consequently, in many cases full advantage does not appear to have been derived from technical improvements often effected at considerable expense.

In 1956, progress was recorded in some countries in the development of inland water-way transportation. New equipment for push-towing was delivered in Burma. The second Five-Year Plan of India earmarked a sum of Rs 34 million for capital expenditures on pilot projects for the use of shallow-draught craft and ferries, inland ports, and river and canal conservancy. In Pakistan, the Five-Year Plan set aside a sum of Rs 83 million for navigation development. Plans were approved in southern Viet-Nam for the construction of a large number of modern steel barges. There has been substantial progress in dredging the country's navigable water-ways, badly neglected during the period of unrest.

A convention on the measurement and registration of vessels employed in inland naivgation was signed at Bangkok in June 1956 by Cambodia, China (Taiwan), Indonesia, Laos, Thailand and southern Viet-Nam. The convention was expected to facilitate international water-way traffic and to shorten the turnround time for vessels; it should also form a basis for compiling comparable inland water-way transport statistics needed for development planning.

Ocean and coastal shipping

In only a few countries of the region—Japan, India and China (Taiwan and mainland)—is the ocean-going freight partly carried by the country's vessels. However, plans for further development of ocean and coastal shipping are being implemented in these countries and in several others, for example, Pakistan and the Philippines.

Tonnage carried by liners and tramp ships of Japan in fiscal year 1955 each rose 24 per cent, and that carried by tankers gained 15 per cent. The improved position of Japanese shipping companies led to resumption of dividend payments and provision of regular depreciation and reserve funds. It coincided with a world shipping boom which enabled the Japanese shipbuilding industry, for the first time in many years, to undertake construction of ships without government aid.

[1] Planning Commission, *First Five-Year Plan* (New Delhi, 1952), pp.480, 481.

The second Five-Year Plan of India provided for the addition of 300,000 gross registered tons after allowance for obsolescence of 90,000 tons, thereby attempting to raise the total under Indian ownership to 900,000 gross registered tons by 1960/61, when Indian-owned vessels were expected to carry from 12 to 15 per cent of the country's oversea trade, and 50 per cent of the trade with adjacent countries, as against the current 5 per cent and 40 per cent, respectively.

In China, coastal and ocean shipping along the mainland has been concentrated at the six major ports of Dairen, Chingwangtao, Tientsin, Tsingtao, Shanghai and Canton. In late 1956, a new port with a deep water berth capable of accommodating two 10,000 ton vessels was completed at Tsamkong, Kwangtung province, and a 2.2 km extension was built to connect the island port of Amoy with the newly built Yingtang-Amoy railway on the mainland. Under the draft second Five-Year Plan (1958–1962) coastal and inland shipping was expected to rise by another 98 per cent by 1962. Coastal freight rates were reported to have declined by one-third during 1950–1955, but were expected to remain unchanged in 1956.[1] In Taiwan, the newly developed outer harbour of Keelung has been open to public service since July 1956, and a newly built oil tanker of 28,000 deadweight tons has been in operation.

The Five-Year Plan of Pakistan provided a sum of Rs 60 million for the purchase of new ships totalling 45,000 tons, to develop efficient, cheap and regular coastal traffic between the eastern and western parts of the country. It was proposed to rebuild thirteen old berths at the east wharf of Karachi port along modern lines. A major part of the development of Chittagong port has been completed.

To cope with the increasing volume of inter-island and international shipping, the Philippines expected to improve or reconstruct 250 ports and harbours in 1957, with an outlay of ₱10 million.

Civil aviation

In both domestic and international civil aviation, progress was recorded in 1956. Monthly average passenger-kilometres operated by domestic airlines in 1956 increased in China (Taiwan and mainland), Japan, Pakistan, the Philippines and Thailand, but declines were recorded in Burma and India. Air cargo transportation increased in Burma, China (Taiwan and mainland), Indonesia, Pakistan and Thailand, but decreased in Burma, India, Japan and the Philippines. Turbo prop aircraft commenced operations in the Philippines as well as Australia and have been ordered by India, Burma and Hong Kong for use in early 1957. In international civil aviation, there was a stepping up of activities, including augmentation of services, opening of new lines and introduction of more non-stop long-distance schedules.

Domestic civil aviation, though occupying a secondary position in the transportation system of many countries of the region, has been of particular importance in Afghanistan, Nepal and Pakistan, where, owing to topographical conditions, it has provided the only means of speedy transportation in certain areas. With foreign technical and financial aid, notably from the United States, the Union of Soviet Socialist Republics, India and technical assistance missions from the International Civil Aviation Organization (ICAO), Afghanistan has begun to modernize existing airports and develop new ones, including an international airport at Kandahar and a network of telecommunications between the various airports. The increase in frequency of service by the Indian Airlines Corporation to Kathmandu has facilitated access to the Nepalese capital and has assisted in opening up the Kathmandu valley. Civil aviation has also played an important part in providing a direct link between the two wings of Pakistan. In Pakistan's Five-Year Plan, a sum of Rs 78 million has been allocated for the development of civil aviation, including improvement and construction of airports and training of personnel.

Development of civil aviation was under way in 1956 in other countries as well. The policy of the Government of Ceylon was mainly directed towards developing the airport at Colombo (Ratmalana) to meet the international standards of the ICAO, providing facilities for night operation and improving navigational and telecommunications equipment. In China, the combined volume of passenger and freight traffic on the mainland in 1956 was expected to be nine times that of 1950.[2] In the first half of 1956, as compared with the corresponding period of 1955, the volume of transport handled was reported to have risen by 72.5 per cent to 7.8 million ton-km.[3] The volume of traffic carried included 38,400 passengers, 3,300 tons of freight, and 320 tons of mail.[4] In Taiwan, the total number of passengers rose from 16,530 in 1951 to 67,927 in 1955. Work estimated to cost about Rs 180 million was scheduled to be undertaken in India, during the period of the second Five-Year Plan, for the development of airports, telecommunications and aerodrome equipment, training

1 Wang Ping-Nam, "Growth of Shipping in New China", *Ta Kung Pao* (Hong Kong), 1 October 1956.

2 New China News Agency. Press Release (Peking), 2 April 1956.

3 *People's Daily*, 27 July 1956.

4 In 1956 various new lines were put into operation, including the Peking Sian-Chungking-Kunming line and the Canton-Tsamkong-Hoihow line in February, the Urumchi-Khotan line (1,718 km) in July, the Urumchi-Altai and Kweiyang-Chungking lines in October. The Peking-Paotow-Lanchow-Sining-Tardin line (2,287 km) was inaugurated on 5 January 1957.

and research. Eight new aerodromes were expected to be brought into commission, and the nationalized domestic and international airline corporations were to augment and modernize their fleets, purchasing turbo jet aircraft for international services. In Indonesia a sum of Rp 110 million has been provided in the draft first Five-Year Plan mainly for the construction of runways and hangars, installation of navigational and communication equipment and training facilities. In fiscal 1955 Japan Airlines carried 14 per cent of all tourists arriving at the Tokyo international airport. The increased earnings from stepped-up operations helped it to overcome its financial difficulties, while government assistance enabled it to acquire modern planes and keep its competitive position in the world market. Technical and financial aid from the United States Government has played an important part in developing domestic aviation in Thailand. The technical assistance mission from ICAO continues its training programme. In 1956, a $78 million contract was signed between the International Cooperation Administration and a local contractor for major expansion of the airports at Nakorn Sawan and Nakorn Rajasima, and the government-owned Thai Airways Company entered into a three-year contract with a United States airlines company for the training of personnel in all aspects of airline work and organization of airline operations and traffic handling. The fleet of the Thai Airways Company was expected to be augmented by the addition of three of the latest type Constellation planes to be delivered in 1957 for oversea service. A number of air fields in the interior of Thailand are also planned to be constructed to promote expansion of local air services.

In international civil aviation, also, progress was recorded in 1956, and during the year extensive plans were developed by the international airlines for a network of routes in the region to be operated by turbo jet and turbo prop aircraft from 1959 onwards. Arayana, formed in Afghanistan in 1955, was expected to operate between Kabul and Tashkent in the Soviet Union. In Cambodia, a new airline, Royal Air Cambodge, commenced operations between Phnom-Penh and Siemriep and Bangkok, with the financial and technical co-operation of Air France. In Ceylon, the partnership between Air Ceylon and KLM reintroduced Air Ceylon services on long-range international routes, enabled Air Ceylon to take over the KLM direct flight between Bangkok and Colombo, and also extended its services to Europe. The Chinese People's Republic Airline inaugurated services on the routes of Rangoon-Mandalay-Kunming (1,000 km) and Canton-Nanning-Hanoi (852 km) in April and of Peking-Moscow-Prague (12,500 km) in December. The Burmese National Airline will operate the Rangoon-Mandalay-Kunming route early in 1957. Air India International extended operation from Singapore to Australia. New long-distance, non-stop schedules were introduced between Bangkok and New Delhi by both KLM and Air France. By an agreement between Australia and Japan, Japan also obtained rights to parallel the Qantas Empire Airway routes, while the latter obtained the right to operate between Guam and Tokyo. Japan Airlines extended its route from Hong Kong to Bangkok. Pakistan International Airline planned to extend its service from Karachi to Sydney, Australia. The Philippines Airlines was understood to be seeking financial assistance from the Government with a view to the resumption of trans-Pacific air routes, and arrangements were being made to obtain traffic rights from Manila and Tokyo to the United States. A second globe girdling airline service is shortly to be inaugurated by Trans-World Airway via Bangkok to Manila, to link up with the North West Airlines trans-Pacific services at Manila, thus paralleling the services of Pan American World Airways, Inc. The Swiss national airline Swissair is expected to commence operations in the region during 1957. The trans-Polar route from Tokyo to Copenhagen completed proving flights in 1956 and commences operations early in 1957.

TRADE AND PAYMENTS

Incomplete data indicate that the foreign trade of the countries of the ECAFE region grew in volume and value in 1956, but that the export-import relationship was substantially less satisfactory than during the year before.

The year 1955 was favourable for trade. With a greater rise in exports than in imports, the total $291 million trade deficit of fourteen countries in the region was much smaller than the $969 million deficit recorded in 1954.[1] Total exports in 1955, at $8,330 million, were 11 per cent higher than in the year before—a rate of increase well ahead of the 8.8 per cent growth in world exports during the same period. The quantum index of exports of 18 primary products, including food, reached 108, a gain of 8 points over 1954 and 6 points above 1951 (1953=100). Exports from Japan increased sharply, particularly capital goods and materials chiefly used for capital goods, which at $744 million showed an increase of 38.8 per cent over those of 1954. There was a marked increase in the export price of rubber and slight gains in those of raw jute and tin, though the export prices of other major primary commodities—tea, cotton, rice, copra and coconut oil—moved downwards, and the terms of trade (1953=100) for all but the rubber exporting countries, particularly Ceylon, Indonesia and Malaya, depreciated slightly.

[1] Unless otherwise noted, the trade data for the region include Burma, Cambodia, Ceylon, China (Taiwan), Hong Kong, India, Indonesia, Japan, Laos, Malaya and British Borneo, Pakistan, Philippines, Thailand and southern Viet-Nam, but excludes Afghanistan, mainland China, southern Korea and Nepal, for which comparable data are not available.

Total imports in 1955, at $8,621 million, were 5 per cent above those in 1954, with continued emphasis on imports of capital goods and raw materials, to keep pace with the expanding development activities undertaken by many countries of the region. The combined international reserve position of eight countries[1] of the region was strengthened, reaching $4,744 million by the end of 1955, an increase of 11.1 per cent over the corresponding period in 1954.

Newly available indexes of external trade (1953 =100) for countries in the ECAFE region[2] are given in chart 3 and table A in the appendix on Asian Economic Statistics. These show that from 1950 onwards, while the unit value indexes of imports and, particularly, exports have fluctuated sharply, those for the quantum of imports and exports have shown a continuing rise.

During the first nine months of 1956, export earnings of the fourteen countries, at $6,393 million, were 6 per cent above the level reached in the corresponding period of 1955. However, except for Hong Kong, Japan, Malaya and British Borneo, and the Pihlippines which increased their export earnings (Japan receiving 73 per cent of the increase of $511

Chart 3. ECAFE Region: Indexes of Value, Quantum and Unit Value of Trade
(1953=100)

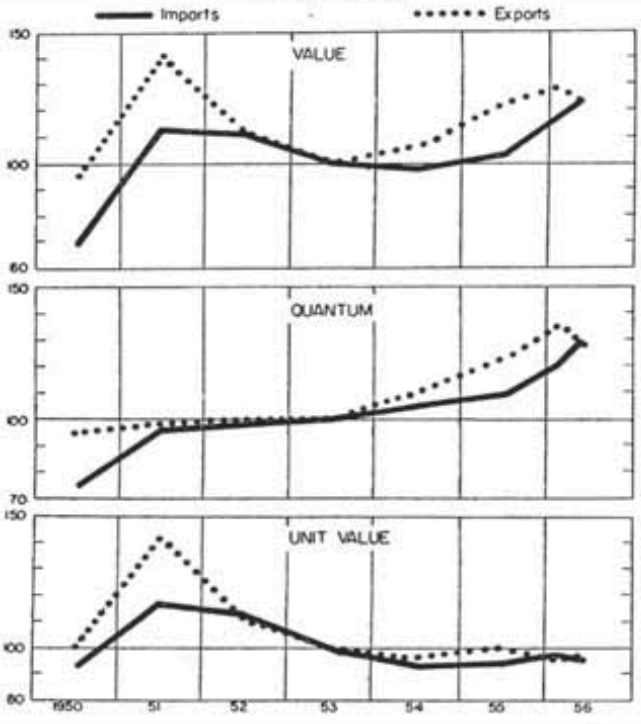
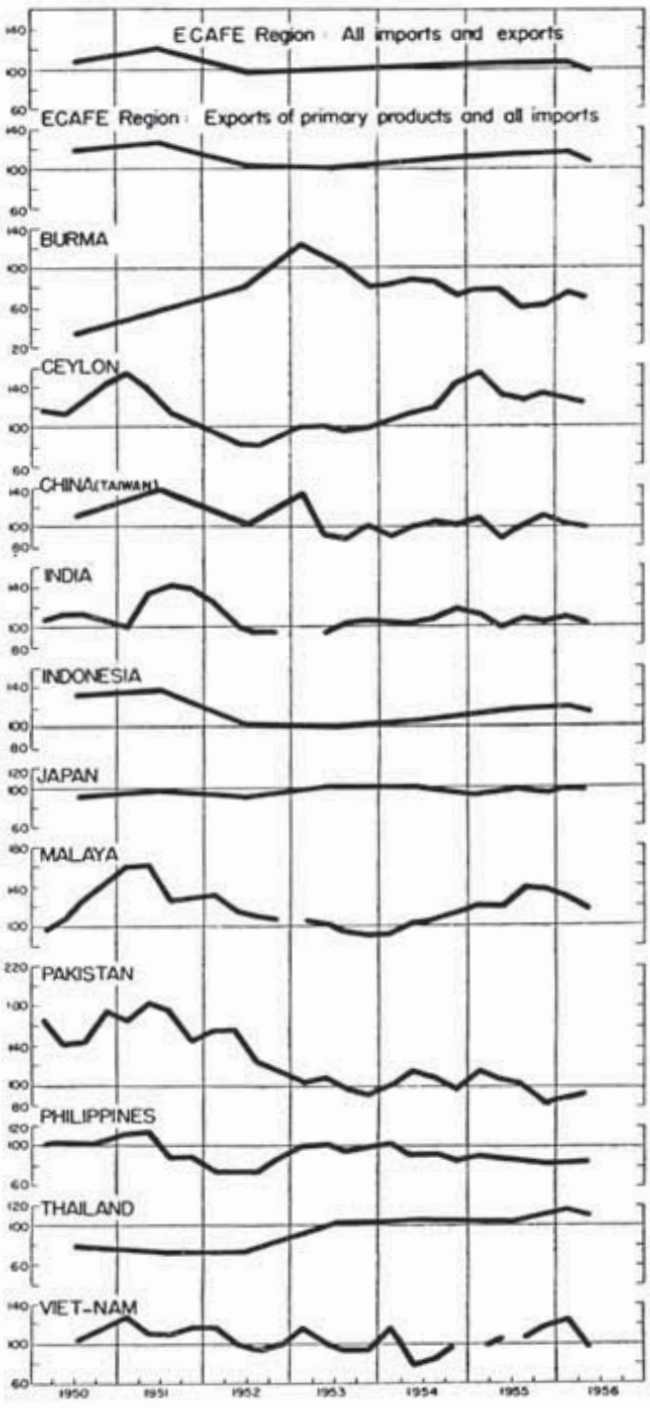


Chart 4. ECAFE Countries: Indexes of Terms of Trade
(1953=100)

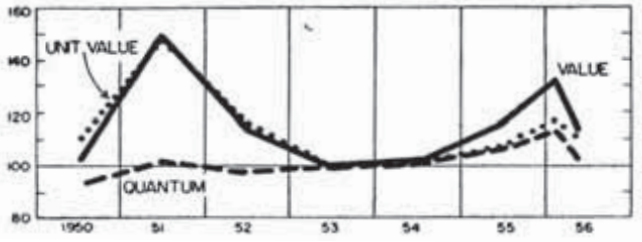


[1] Burma, Ceylon, India, Indonesia, Japan, Pakistan, Philippines and Thailand.

[2] Including Burma, Ceylon, China (Taiwan), India, Indonesia, Japan, Pakistan, Philippines and Thailand.

Chart 5. ECAFE: Region: Indexes of Value, Quantum and Unit Value of Exports of Primary Products

(1953=100)



million), the remaining countries all received lower export earnings. The export price of rubber fell; that of jute rose sharply, and that of tin, slowly but steadily. The value of imports meanwhile rose much more rapidly and, at $7,570 million, was 20 per cent above the level reached in the first nine months of 1955. The imports of all countries except China (Taiwan), Pakistan and southern Viet-Nam showed marked increases. The total trade deficit of $1,177 million for the first three quarters of 1956 was about four and one-half times that of $262 million for the corresponding period of 1955. The terms of trade, owing to falling export and rising import prices, depreciated for most countries of the region (chart 4). However, dsepite the large trade deficit, the international reserve position of the eight countries referred to declined only slightly.

Towards the close of the year, the closing of the Suez Canal affected the trade of the ECAFE region, particularly that of the sterling area countries. In the economies which are largely dependent on exports —notably Burma, Ceylon, Malaya and Thailand— any decline in exports is liable to become the starting point for a chain of unfavourable reactions, including a decline in money supply, pressure on the payments position, reduced tax receipts and unemployment, and may cause reduction in the flow of income and expenditure of both the private and the public sectors. In other countries as well, though the export sector contributes a smaller share of the gross national product, delays in imports of capital goods and raw materials may easily—in view of the typically high import content of investment—disrupt development plans.

Exports of primary products

Of the three categories of the region's primary exports—food, agricultural materials and mineral products (table 5), which together yield about three-fifths of all export earnings of the primary exporting countries—the export earnings of agriculutral materials have in the past been subject to the sharpest fluctuations.[1] In 1955, export earnings for food fell by 8.9

[1] Based on the statistics of the export of 18 primary products, the percentage changes in export earnings of primary products compared with the previous year were as follows:

	1952	1953	1955	1954
Food	–0.4	6.1	12.0	–8.9
Agricultural materials	–35.7	–23.7	–5.0	36.5
Mineral products	21.5	–3.3	–11.7	6.8

Table 5. ECAFE Region:[a] Export of Eight Major Primary Products

(Millions of United States dollars)

Item	1951	1953	1954	1955	First half 1955	First half 1956
Rubber	1,904	757	745	1,245	521	519
Tea	428	429	650	526	252	246
Rice	416	407	383	361	213	172
Vegetable oil and oil-seeds	494	311	344	331	162	148
Sugar	115	192	182	186	110	104
Tin, ore and concentrates	106	103	81	82	38	39
Jute, raw	352	173	165	183	101	98
Cotton, raw	333	227	136	172	84	89
TOTAL	4,147	2,599	2,685	3,084	1,480	1,414
Total as percentage of exports of 18 primary products[b]	91.1	86.3	88.6	88.4	..	82.5
Total as percentage of all exports	54.6	50.5	51.7	52.5	52.7	49.8
18 primary products[b] as percentage of all exports	60.0	58.5	58.3	59.4	..	60.4

[a] Burma, Cambodia, Ceylon, China (Taiwan), India, Indonesia, Laos, Malaya and British Borneo, Pakistan, Philippines, Thailand and southern Viet-Nam.

[b] These 18 primary products are those covered in *infra*, appendix on "Asian Economic Statistics", special table A.

per cent, for mineral products rose by 6.8 per cent, and for agricultural materials rose by as much as 36.5 per cent. Eight major primary products (rubber, tea, rice, vegetable oil and oil-seeds, sugar, tin ore and concentrates, raw jute and cotton) have contributed about 87 per cent of the export earnings of primary products. In 1955, owing to the higher price of rubber, jute and tin (out-weighing price declines in other items), and a substantial increase in the quantity of exports, except for tea and tin, the combined export earnings of these eight major primary products reached $3,084 million, an increase of 15 per cent over 1954. During the first half of 1956, however, export earnings of major primary products declined by 4.4 per cent as compared with the corresponding period in 1955, owing mostly to a fall in both price and quantity of exports of rubber, tea, vegetable oil and oil-seeds.

The 1955 rubber boom

Natural rubber has been the most prominent and at the same time the most unstable of the region's primary exports. Its share in the total exports of primary products from the region, 41.4 per cent in 1951, fell to 24.1 per cent in 1954 and then rose to 35 per cent in 1955.[1] Seven countries of the region (Burma, Cambodia, Ceylon, Indonesia, Malaya and British Borneo, Thailand and southern Viet-Nam), which produce 95 per cent of the world's natural rubber and export approximately 97 per cent of their rubber output, raised their rubber export earnings by $500 million, or 67 per cent above the 1954 level.[2] Though the region's quantity of rubber exports, at 1,782,000 tons, was 5.6 per cent above 1954, the high earnings in 1955 were mainly attributable to a 71 per cent rise in rubber prices on the world market, resulting primarily from the sharp increase in the demand for rubber on the part of manufacturing industries in the United States and western Europe.[3]

Despite lower prices, the decline in total rubber earnings in 1956 was not expected to reach major proportions. Earnings of $519 million during the first half of the year, though 28 per cent lower than those of the previous six months, almost reached the level for the first half of 1955. In July, owing partly to the need to sustain rubber consumption in industrial countries, the price began to rise again, after declining steadily since September 1955.

The share of natural rubber in total rubber consumption—99.4 per cent in 1938—declined almost constantly, to 63.7 per cent in 1955 (table 6). From 1951 to 1955, while world rubber consumption increased by 26.8 per cent, the production of natural rubber, particularly in the ECAFE region, remained unchanged partly owing to the falling trend in rubber price. In each of these years a major part of the additional world demand for rubber has been satisfied by synthetic products.[4] It is estimated that the ratio of natural rubber to total world rubber consumption will decline further to 53.9 per cent by 1960.[5] The laboratory production of *polyiseprene*, virtually identical with natural rubber, has been a matter of concern to natural rubber growers. Most countries in the region, particularly Ceylon, Indonesia, Malaya, and Thailand, have undertaken replanting programmes to increasing the productivity of their rubber trees.

EXPORT PROMOTION

Reductions in export duties, payment of premiums to exporters, enlargement of retention quotas, liberalization of export licences and quotas, resort to barter or bilateral agreements and establishment of export promotion councils for specific commodities have been the major instruments used for export promotion in the region. During the year under review, various countries adopted one or more of these techniques.

Changes in export duties, particularly on primary commodities, have generally paralleled price fluctuations of these commodities in the world market or changes in their competitive position.[6] The sharp increase in the world price of rubber during the second half of 1955 induced Indonesia to raise its export duty on rubber. Ceylon also raised the duty on rubber sheets and crepe, to obtain an estimated additional revenue of Rs 9 million for its Rubber Rehabilitation Board. In April 1956, owing to the increase in the world price of linseed oil and a serious shortage in the domestic supply, India levied an export duty of Rs 250 per ton; it also raised the duty on nigerseed, kardiseed and castor oil. On the other hand, in order to stimulate exports of "weak" commodities, India between October 1955 and May 1956 reduced or abolished export duties on raw cotton, cotton cloth, jute manufactures, essame oil, black pepper and coffee.

[1] Its share in the total export earnings of ECAFE countries for which comparable trade data are available rose from 10.3 per cent in 1954 to 14.9 per cent in 1955; its share in export earnings from the eight major primary commodities increased from 27.8 per cent to 40.4 per cent.

[2] The total value of rubber exports was $745 million in 1954 and $1,245 million in 1955.

[3] The index of rubber prices jumped from 104 in 1954 to 178 in 1955 (January to June 1950=100). From May 1955, the Soviet Union resumed large-scale purchases; this was also a factor in raising rubber prices.

[4] In the past half century, rubber consumption has doubled-or more-in nearly every decade, as follows (in thousands of tons): 1906-1915, 1,045; 1916-1925, 3,397; 1926-1935, 7,392; 1936-1945, 10,734; 1946-1955, 21,877 (National Rubber Bureau, *Natural Rubber News* (Washington D.C.), January 1956).

[5] *Natural Rubber News*, May 1956.

[6] Sometimes other tax incentives have been used for the promotion of exports. For example, Japan has allowed some exemption from corporate profit taxes in respect of export transactions. In China (Taiwan), a rebate on import duty and surtax has been granted when the imported products are exported after manufacturing or processing.

Table 6. Production and Consumption of Natural and Synthetic Rubber
(Thousands of tons)

Item	1938	1948	1951	1952	1953	1954	1955	1956 Jan-Nov.[a]
World production:								
Total	931	2,090	2,838	2,711	2,706	2,559	3,046	2,826
Natural	925	1,549	1,915	1,819	1,755	1,831	1,943	1,702
Synthetic	6	541	923	892	951	728	1,103	1,124
Natural as percentage of total	99	74	67	67	65	72	64	60
World Consumption:								
Total	975	1,933	2,347	2,378	2,543	2,545	2,977	2,790
Natural:								
Amount	970	1,445	1,522	1,478	1,656	1,793	1,897	1,745
Percentage of total	99	75	65	62	65	70	64	62
ECAFE region:[b]								
Production of natural rubber	889	1,475	1,807	1,706	1,637	1,714	1,812	1,570
Exports of natural rubber:								
Amount	844	1,434	1,771	1,661	1,584	1,664	1,782	1,536
Percentage of world rubber consumption	91	69	62	61	58	65	58	54
Percentage of world natural rubber production	91	93	92	91	90	91	91	90

Source: International Rubber Study Group.

[a] Preliminary, partly estimated.

[b] Exports used in absence of production data for Brunei, Burma, North Borneo and Thailand.

To encourage rice exports, Thailand on 1 December 1956 reduced the rates of the premiums paid to the Government by exporters of whole rice. In October 1955, Indonesia abolished all additional taxes on exports and introduced export premiums on an *ad valorem* basis on many of its export commodities. In August 1956, the export premiums were replaced by export promotion certificates (BPE), which have been issued in foreign currency for all commodities except petroleum and petroleum products, tin and sugar. These certificates, based on f.o.b. values, ranged from 3 to 20 per cent of the export value and were made freely negotiable within four months from the date of issue; they could be used for remittances or imports of luxury items for which ordinary foreign exchange allotments were not available.

The retention quota device has been used by a number of countries. Beginning 1 September 1956 China (Taiwan) allowed exporters to retain 80 per cent of the foreign exchange earned, to finance imports of required raw materials. In 1956, Pakistan launched a new scheme whereby exporters of 67 primary commodities were entitled to import licences up to the value of 15 per cent of their earnings; to promote exports of industrial products manufacturers of exports of 53 products were permitted to spend 25 per cent of their earnings on imported raw materials and capital goods intended for their own manufacturing processes.

Pakistan on 20 June 1956 abolished the quota system for jute exports to non-dollar areas.[1] During the year, India placed on the free licensing list a number of commodities, such as cotton textiles, cotton sewing thread, ground-nut oilcakes, cotton-seed oil and non-ferrous metal manufactures and semi-manufactures; it also granted an additional export quota for raw wool, certain varieties of short-staple cotton, ground-nuts and tea. However, owing to the upward trend of food prices in the first half of 1956, the Government banned the export of husked rice, jowar (millet or sorghum), pulses, including gram, and all varieties of wheat products, and also limited the export quota for sesame oil and seeds.

Burma in 1956 continued its policy of barter agreements with east European countries to exchange its surplus rice for capital goods and other imports. Similarly, the Philippines, under the "no-dollar import" law, adopted measures whereby "weak" exports, such as low-grade chrome and manganese, cold be bartered by individuals for imports of essential commodities. However, most ECAFE countries have become increasingly aware of the limitations of barter trade. Indonesia has recently adopted a policy of discouraging barter trade, and a similar trend has been noticeable in Burma and Ceylon.

[1] No restriction was previously imposed on jute exports to dollar areas.

Export promotion councils have been increasing in importance among countries of the region. In 1956 Burma instituted an Export Co-ordination and Development Committee to obtain market intelligence and recommend policies for promoting exports. Afghanistan, in addition to its cotton export committee, established new export promotion committees for wool and carpets. India instituted new export promotion councils for plastic manufactures, engineering goods, tobacco, pepper, tanned hides and skins, mica and shellac.[1]

Imports and import policy

In 1955 imports into the region rose 5 per cent, as noted, to $8,621 million. All countries except Burma and Indonesia shared in this increase, which was especially marked in Japan and Malaya. Import prices in most countries either increased or remained stable. In the nine months of 1956, partly owing to a sustained rise in import prices, the value of imports continued its upward trend, reaching $7,750 million—a rise of 20 per cent compared with the corresponding period of 1955.

In most countries of the region there has recently been a shift in imports from consumption goods and materials used for consumption goods towards capital goods and materials required for such goods. This shift was further accelerated during 1955 and the first half of 1956, particularly because of the expanding investment envisaged in the development plans of various countries. In India, for example, during 1955/56 as compared with the previous fiscal year, the value of imports of consumption goods and materials used for consumption goods declined by 15.8 per cent, while that of capital goods and materials increased by 35.9 per cent. A similar trend was noted during the first half of 1956/57.

In 1956 some countries of the region—particularly Burma, Ceylon, India, Japan and Pakistan—relaxed controls on imports from the dollar area. In September 1956, Burma issued dollar import licences for medicines, lubricating oils, brake fluid, grease and petroleum, printed books, periodicals and photographic goods. The import licensing policy of India in the second half of 1956 provided a generally larger dollar quota for a number of commodities and also permitted importation of some dollar items under soft currency licences.[2] Ceylon expanded its dollar import permits to include cereals, skimmed preserved milk, animal fats, raw sugar, cotton, cutlery, razor, blades and certain iron manufactures. Japan has also relaxed its dollar saving policy since the second half of 1955, especially in regard to imports of mineral fuels and metallic ores. The Philippines, however, because of severe pressure on its foreign exchange resources, reduced its dollar allocations for imports of non-essential goods and raw materials, and issued dollar import licence only to industries using at least 60 per cent of local raw materials.

During the year under review, the aims underlying most changes in import duties and import restrictions undertaken by the countries of the region were to encourage the inflow of capital goods and raw materials necessary for development projects, and to ensure an adequate supply of essential consumer imports to alleviate inflationary pressure on the economy.

In December 1955 India abolished the *ad valorem* duty on pig-iron and provided partial exemption for Portland cement and methyl alcohol as well as for batteries and accessories for motor vehicles from the United Kingdom.[3] Similarly, southern Viet-Nam reduced the duty on tractors and from mid-January 1956, the Philippines waived the 17 per cent special import tax on all machinery, accessories and spare parts for new and necessary industries. Indonesia, after making a series of changes in its import regulations, in September 1956 reclassified its imports into nine categories subject to surcharges, ranging from nothing to 400 per cent. Certain goods among categories III to IX might be imported only with export promotion certificates for which the surcharges were lower than the normal surcharges. In addition to protecting some manufactured goods against foreign competition, the new regulations offered such importers a double advantage—in obtaining the foreign exchange certificate and in paying lower surcharges—and encouraged the import of raw materials and capital goods. Goods under category I exempted from surcharges included rice, powdered milk, raw cotton, aviation fuel, newsprint, and scientific and cultural books and printing materials.

Although it did not represent a general trend, some countries of the region raised their import duties to increase revenue or afford protection to domestic industries. In August 1956, Afghanistan raised the duty on luxury and semi-luxury imports 25 to 300 per cent over previous *ad valorem* rates, which had ranged from 25 to 50 per cent. In April, Japan increased the import duty on sugar to absorb profits

[1] Another step designed to promote exports from India was a newly recommended export credit guarantee system. In June 1956, an expert committee recommended to the Government that the following risks be covered under an export credit guarantee system: (1) insolvency or protracted default of the buyer, (2) non-payment or delay in payment due to exchange controls or restrictions in the buyer's country, and (3) war risks and risks from natural catastrophes.

[2] However, restrictions were placed on some commodities from the dollar area, such as hack-saw blades, certain drugs and medical equipment.

[3] On 30 November 1956, the Government of India announced increased import duties on luxury goods—wines and spirits, motor cycles, clocks and watches, coal tar and artificial silk yarn—in order to conserve foreign exchange reserves which, at Rs 5,430 million, has declined by more than Rs 2 billion since March 1956.

of sugar importers. In order to promote domestic products, the Philippines, from 1 January 1956, levied increases in duties on 77 items, ranging from 50 per cent to ten times the former rates; on other dutiable items the increase was 30 per cent. India gave tariff protection to its calcium carbide industry, and Afghanistan raised the duty on cotton textiles to encourage domestic output.

Among most countries of the region there was an increasing awareness of the disadvantages of quantitative import restrictions, especially in view of increasing development activities and the need for imports to counteract inflationary pressure generated by the additional income. In the second half of 1955, the gradual and cautious movement towards import liberalization and multilateral trade continued, with some exceptions—especially Burma and the Philippines. The most notable progress was made by Japan; because of a continued gain in foreign currency holdings, it abolished its open account agreements with Canada, western Germany, Sweden, Switzerland and Thailand and has instituted negotiations to end such agreements with other countries. The replacement of open account agreements by cash settlements indicated that Japan has been rapidly shifting to a trade policy based on the increasing ability of its exports to compete in the world market, rather than on reciprocal concessions in bilateral agreements.[1] The tendency in Japan has been to give automatic approval, within the limit of the over-all foreign exchange allocation, for imports of essential industrial raw materials, including those from the sterling area.[2] India's import policy continued to be one of partial liberalization geared to the needs of the second Five-Year Plan. Though quotas for some imports—art silk, woollen fabrics, sheet and plate glass, and certain chemicals—were tightened, those for imports considered essential for industrial development, including machinery, steel sheets, faggot steel bars, electric motors, small tools, grinding wheels, steel wrought pressure pipes and tubes, aluminium scrap and acetic acid, were increased. In Pakistan a limited movement was started to increase imports of essential commodities, such as medicines, woollen fabrics and woollen yarn.

Some countries of the region, however, owing to continued deterioration in their exchange reserves, had to impose further import restrictions. In Burma, the 1955 selective import restrictive policy was continued in 1956. The ban on non-essential goods remained in force, and imports of less essential goods continued to be regulated. To arrest the rise in prices of essential imports, the Government in June 1956 announced the issue of further import licences for textiles to the value of 50 million kyat, and placed coconut oil, tires and tubes machinery and spare parts under open general licensing. Owing to rapidly falling reserves, Indonesia on 6 August 1956 stopped accepting applications for imports, except for those needed for specific industrial development projects, resuming licensing in September with the new classified import system referred to earlier. The Philippines also moved towards import restriction, reducing the exchange quota for imports of non-essential consumer goods and prohibiting imports of knitted cotton, rayon and coffee. This action was followed by the Central Bank's announcement on 2 July 1956 that importers would be allowed to use only 50 per cent of their original quotas during the second half of the year. In May, Cambodia took steps to reduce or prohibit luxury items and products that competed with locally processed or manufactured goods, such as preserved fish and metallic articles. Southern Viet-Nam restricted imports of luxury goods, such as passenger cars, wine and liquor; in order to limit the number of importers, from 1 July 1956, importers were required to post a bond of 350,000 piastres (US$10,000) for each licence, in addition to payment of a licence fee. The rules also stipulated that a request for foreign exchange must be submitted each quarter and that not more than three licences might be issued annually to each importer.[3]

Direction of trade

About one-third of the region's trade is within the region. The ratio of such exports to total exports rose from 32.6 per cent in 1955 to 34.3 per cent in the first half of 1956, while the ratio of imports within the region to total imports declined from 35.1 per cent to 34.8 per cent. The other two-thirds of the region's trade is largely (a) with north-western Europe, including the United Kingdom, which received 26.2 per cent of the total exports of the ECAFE region and sent 24.5 per cent of the total imports in the first half of 1956, compared with 25.9 per cent and 24.6 per cent, respectively, in 1955; and (b) with the United States which received 17.8 per cent of the total exports of the region and sent 18.8 per cent of the total imports in the first half of 1956, compared wiht 19.8 per cent and 20.2 per cent, respectively, in 1955.

In the region's relatively small trade with the centrally planned economies of eastern Europe and mainland China, there was a rise in total imports, from 2.7 per cent in 1955 to 4.8 per cent in the first half of 1956, but total exports fell from 5.1 per cent to 3.1 per cent during the same period. This change

[1] In 1955 Japan's exports to open account countries and imports from them amounted to 27.1 per cent of the total exports and 21.8 per cent of the total imports, compared with 35.3 and 23.1 per cent, respectively, in 1954.

[2] The foreign exchange allotment for the automatic account system in 1956/57 was raised to $470 million, compared with $423 million for 1955/56.

[3] Importers considered to be end users (producers in agriculture, mining, handicraft, etc.) were exempted from certain licence requirements.

has especially affected countries like Burma, Ceylon, Indonesia, Hong Kong and Malaya. Burma's exports to the centrally planned economies and imports from them, 0.4 per cent of its total exports and 1.3 per cent of its total imports, respectively, in 1954, were raised to 10.9 per cent and 10.8 per cent in 1955, and to 21.5 per cent and 16.5 per cent in the first half of 1956. In 1955 Indonesia also increased its trade with the Soviet Union and eastern European countries, from 0.8 per cent of total exports and 2.1 per cent of total imports in 1954 to 3.0 per cent and 5.5 per cent, respectively, in 1955; however, in the first half of 1956 the trend was considerably reversed. Similarly, owing to a substantial purchase of rubber by the Soviet Union and the shipment of rice by mainland China during the first half of 1956, Malaya's exports and imports with the centrally planned economies showed a notable gain. On the other hand, Ceylon's exports to the mainland of China and imports from that area were each reduced by 50 per cent in 1955 as compared with 1954. Hong Kong's exports to the mainland of China also dwindled sharply in the first half of 1956, while its imports from that area rose.

The number of trade agreements signed during 1956 reached 117—33 agreements between the countries of the region and 84 with the countries outside the region. Of these 11 and 38 respectively were with the planned economies in Asia and eastern Europe. Three of these agreements may be selected for special mention.

The Indo-Polish trade agreement is novel for India in that a government-owned enterprise is authorized to trade directly with government enterprises in another country. Under the agreement, the Polish government enterprises "CENTROZAP" and "MIMEX" undertook to sell to the State Trading Corporation of India 100,000 tons of iron and steel products and 100,000 tons of cement between 1 April and 31 December 1956, and the same amount of both items in 1957 and 1958, in exchange for Indian iron ore. The Japanese-Swedish trade agreement, effective since 1 April 1956, was the first agreement in which a country in the Organization for European Economic Co-operation (OEEC) has granted liberal treatment to a non-member country. The settlement between the two countries will be in Swedish kroner or transferable sterling. Japan has agreed to accord imports from Sweden the same treatment as imports from the sterling area. The trade agreement between Japan and Thailand, signed in April 1956, abolished the post-war open account settlement between the two countries. The agreement provided for settlement in pounds sterling or United States dollars, and did not require that imports from Japan should balance Thai exports. However, until the end of November 1956, payments for rice purchases by Japan from Thailand were settled in open account.

Payments position

In most countries of the ECAFE region the payments position has been dominated by trade. In the first three quarters of 1956, as compared with the corresponding period of 1955, the trade deficit rose in Cambodia, India, Japan and Laos; a trade surplus was changed into a deficit in Indonesia and Thailand; and the trade surplus was reduced in Burma, Ceylon, China (Taiwan), Malaya and British Borneo and Pakistan. The trade deficit fell in the Philippines and southern Viet-Nam. The net result was a rise in the trade deficit in the region, from $262 million in the first three quarters of 1955 to $1,177 million in the first three quarters of 1956, as previously noted.

The trade deficit was financed in Japan by invisible items, notably special procurement by the United Nations and the United States forces in Japan. It was financed largely by United States aid in Cambodia, China (Taiwan), southern Korea, Laos and southern Viet-Nam, and by United States government expenditures in the Philippines. Loans by the International Bank for Reconstruction and Development to Ceylon, India, Japan, Pakistan and Thailand, and by the Export-Import Bank of Washington to Japan, the Philippines and Thailand, were another substantial factor.[1]

External aid

The year under review was characterized by larger capital inflow in the form of grants, loans and United States agricultural surplus assistance. With increased emphasis on aid to the countries of Africa and Asia, the share of ECAFE countries in total United States grants and aid rose from 28.4 per cent in fiscal year 1954 to 44.8 per cent in fiscal 1955.[2] United States economic assistance was in the form of both development asistance and technical assistance under the International Cooperation Administration (ICA), and imports of surplus agricultural commodities. Expenditures on development assistance and technical co-operation udner ICA to ECAFE countries, at $168 million during the fiscal year 1956 (table 7), were more than double those in the previous fiscal year.

[1] In the first half of 1956, loans granted by the Export-Import Bank reached $103 million, compared with $66.4 million for the entire year 1955 (Export-Import Bank of Washington, *Report to the Congress, January-June 1956*, Washington D.C., 1956). Disbursements of loans from the International Bank for Reconstruction and Development were also stepped up during 1955 and 1956. In 1955, disbursements to countries of the region (Ceylon, India, Japan, Pakistan and Thailand) reached $44 million, almost double the total in 1954, while the amount disbursed during the first nine months of 1956 exceeded the 1955 total. During the first five months of 1956, additional loans aggregating $102.5 million were granted to Burma, India, and Japan—at $19.4 million, $75 million, and $8.1 million, respectively.

[2] United States Department of Commerce, *Survey of Current Business* (Washington D.C.) April 1956. The United States fiscal year ends on 30 June of the year given.

Table 7. ECAFE Countries: United States Economic Aid, 1 July 1955 to 30 June 1956[a]
(millions of dollars)

	Development assistance and technical co-operation under ICA[a]		Agricultural surplus disposal				Total	
			Sale for local currency		Emergency assistance[b]			
	Obligations	Expenditures	Obligations	Expenditures	Obligations	Expenditures	Obligations	Expenditures
Afghanistan	18.3	1.4	—	—	—	—	18.3	1.4
Burma	—	.2	—	—	—	—	—	.2
Cambodia	1.9	.4	2.7	1.0	2.5	2.3	7.1	3.8
Ceylon	5.0	—	—	—	—	—	5.0	—
China (Taiwan)	3.3	6.5	33.8	25.1	—	—	37.1	31.7
India	60.4	80.9	20.0	7.0	3.5	3.5	83.9	91.5
Indonesia	11.1	26.3	—	—	—	—	11.1	26.3
Japan	1.0	.5	—	—	—	—	1.0	.5
Korea, southern	6.4	16.9[c]	51.7	18.3	—	—	58.1	35.1
Laos	1.0	.4	.4	—	1.2		2.5	.4
Nepal	2.0	.9	—	—	—	—	2.0	.9
Pakistan	8.7	13.5	13.7	.6	35.9	25.1	58.4	39.2
Philippines	5.9	12.1	18.5	1.1	—	—	24.4	13.2
Thailand	5.0	7.1	—	—	—	—	5.0	7.1
Viet-Nam, southern	3.5	.7	15.3	1.3	—	.7	18.8	2.7
TOTAL	133.3	167.9	156.1	54.4	43.0	31.7	332.6	254.0

Source: United States International Cooperation Administration, *Operations Report* (Washington D.C., 30 June 1956). Figures represent aid under the International Cooperation Administration and agricultural surplus agreements. In some cases, the excess of expenditures over obligations is due to expenditures incurred on obligations from previous years.

[a] For Cambodia, China (Taiwan), Japan, southern Korea, Laos, the Philippines, Thailand and southern Viet-Nam, obligations and expenditures refer only to technical co-operation.

[b] Excluding ocean freight.

[c] Including $13.9 million for which the category was not specified.

Agricultural surplus disposal, under United States Public Law 480, has become increasingly important in providing added supplies of food and raw materials to help promote economic development in various countries of the region. This aid has largely taken the form of sale of surplus commodities for local currency, and emergency assistance. A major part of the local currency proceeds from such sales is to be reinvested in the country receiving the assistance. In fiscal 1956, agreements with ECAFE countries for the sale of agricultural surplus commodities reached $229 million (excluding ocean transport),[1] as compared with $123 million in fiscal 1955, and obligations reached $156 million, compared with $112 million in 1955. The distribution of surplus agricultural commodities under emergency assistance rose from $0.6 million in fiscal 1955 to $31.7 million in fiscal 1956.[2] Additional agreements were signed in the first quarter of fiscal 1957, the most important of which was one signed with India in August 1956, under which India was to purchase, with rupees, agricultural produce valued at $360 million from the United States during a three-year period.[3] The major part of the proceeds was to be utilized as loan and grant aid from the United States for economic development as envisaged under the second Five-Year Plan.

A new development in the last quarter of 1955 and the first part of 1956 was the announcement of aid by mainland China to Cambodia and Nepal, and long-term credits at low interest (2.5 per cent per annum) by the Soviet Union to Afghanistan, India and Indonesia for specific projects envisaged in the development plans of these countries. Mainland China has agreed to give economic assistance to the value of £8 million to Cambodia and 60 million Indian rupees to Nepal, while the Soviet Union has provided long-term credits of $100 million each to Afghanistan and Indonesia, and $241.5 million to India, all for specific projects.[4]

Another factor which may be expected to play an important part in the development plans of Burma, Indonesia and the hilippines is the Japanese reparations paments to those countries. Though no announcement had been made regarding Indonesia and southern Viet-Nam, Japan has agreed to pay reparations of $550 million to the Philippines (associated with $250 million in private economic co-operation) and $200 million to Burma (plus $50 million in private economic co-operation) within the coming twenty years.

[1] Including $91.8 million in the agreement with Indonesia.

[2] The major shsare, $25.1 million, went to Pakistan to meet the severe food shortage and other needs.

[3] Including (in million of dollars) wheat 200, cotton 70, rice 26.4, tobacco 6 and dairy products 3.5; the reminder was to be absorbed by ocean freight.

[4] For details see country chapters in part II.

Transfer of capital and profits

With a view to encouraging foreign investment, Cambodia, China (Taiwan), Laos and the Philippines adopted regulations concerning the repatriation of capital and transfer of profits. In Cambodia, maximum limits were fixed for the transfer of profits and repatriation of capital. China (Taiwan) provided for a preferential rate of NT$35 to US$1.00 for remittances of profits by foreigners and oversea Chinese. In September 1956 Laos allowed transfer of up to 70 per cent of net profits derived from foreign capital and of 10 per cent of the capital invested, or 5 million kip, whichever was smaller. The regulations passed in May 1956 by the Philippines regarding profit remittances were notable for making the "social productivity rating" assigned to different types of foreign investments the criterion for profit remittances.[1] The new Philippine regulations were intended to provide incentives to economic development by assigning priorities to industries which save foreign exchange by emphasizing the maximum use of local raw materials.

Gold and foreign assets

In 1955, the international reserve position of six countries in the region improved; that of Burma and the Philippines deteriorated (table 8). Gold and foreign assets of $4,744 million at the end of 1955 were 11.1 per cent higher than in the corresponding period of 1954, and their ratio to total import value in the twelve preceding months also increased. Of the total increase of $562 million in international reserves in the six countries, 60.3 per cent was gained by Japan. The increased reserves were attributed to improvements on current account (Ceylon and Indonesia) or to increases in public and private donations (India) or both (Japan, Pakistan and Thailand). In the first nine months of 1956, though the combined trade deficit of the eight countries listed in table 8 reached $906 million, as compared with the combined trade surplus of $8 million in the

[1] The social productivity rating of a firm is the sum of ratings (points) for (1) national income effect, (2) balance of payments affect, and (3) product essentiality, giving rise to the following formula: $SPR = R_y + R_b + R_e$, where R_y (national income effect) is the ratio of net domestic value added by the firm to the amount of scarce resources utilized in production, R_b (balance of payments effect) is the ratio of net foreign exchange earned or saved to the amount of scarce resources utilized during the period, and R_e (product essentiality) is based on the supply of basic needs of the economy. Each of the above three effects has been assigned a point rating schedule, and the three schedules are combined into one schedule designating the ratio of social productivity rating to the allowable remittance of foreign participation in current net profit (per cent) as follows: 13-15 points, 100 per cent; 10-12 points, 80 per cent; 7-9 points, 60 per cent; 4-6 points, 40 per cent; and 1-3 points, 25 per cent.

Table 8. ECAFE Countries: Gold and Foreign Exchange Assets[a]

Country	1952	1953	1954	1955	September 1955	September 1956
Amount (millions of dollars) (end of period):						
Burma	209	225	142	116	108	156
Ceylon	183	134	197	251	240	259
India (Reserve Bank of India)	1,729	1,765	1,782	1,791	1,758	1,539
Indonesia	314	180	147	241	327	111
Japan	1,165	1,017	1,130	1,469	1,357	1,577
Pakistan (State Bank of Pakistan)[b]	296	296	328	370	322	374
Philippines	306	296	272	209	261	234
Thailand (Bank of Thailand)	352	302	273	297	298	307
TOTAL	4,554	4,215	4,271	4,744	4,671	4,557
As percentage of total import value:						
Burma	108.9	126.6	69.8	64.4	78.8	107.3
Ceylon	51.1	39.7	67.1	81.7	106.7	104.4
India (Reserve Bank of India)	101.9	146.1	137.4	131.6	176.6	122.5
Indonesia	31.4	23.5	23.4	39.9	76.9	17.2
Japan	57.4	42.2	47.1	59.4	74.9	67.8
Pakistan (State Bank of Pakistan)[b]	47.0	80.5	94.2	127.8	143.1	166.3
Philippines	71.8	67.3	60.2	39.2	68.0	62.7
Thailand (Bank of Thailand)	115.6	89.8	87.6	89.0	129.6	112.6
TOTAL	68.6	69.8	72.0	78.0	105.3	83.1

Source: International Monetary Fund, *International Financial Statistics* and United Nations, *Monthly Bulletin of Statistics*.

[a] Unless otherwise indicated figures comprise those of official authorities and commercial banks.

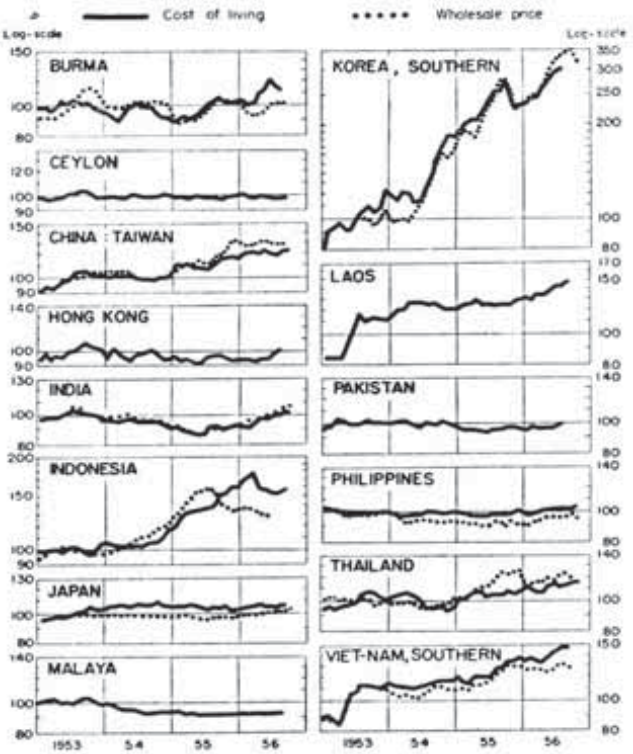
[b] Issue department only.

corresponding period of 1955, their combined foreign reserve position, owing to substantial inflow of grant aid and loans, registered only a slight decline.[1]

FINANCE AND PRICES

Prices moved upwards in practically all countries of the region during 1956, with the food component of the cost of living indexes showing the greatest tendency to rise, except in Ceylon and Japan. This was in contrast to the diverse trends of 1955, when prices rose in Burma, Cambodia, China (Taiwan), Indonesia, souhern Korea, Thailand and southern Viet-Nam, but declined or remained practically stable in Ceylon, mainland China, India, Japan, Malaya, Pakistan and the Philippines.

Chart 6. ECAFE Countries: Price Indexes
(1953=100)



There was a fall in per capita food production in 1955/56, compared with that of 1954/55, in Burma, India, Indonesia, southern Korea, Malaya and Pakistan, and rather limited per capita gains in Cambodia , China (Taiwan), the Philippines and Thailand; only Ceylon, mainland China and Japan showed large increases. This factor of course played its part in the price movements. The effects of the slowing down in per capita food production in most countries were reinforced by a general rise in import prices[2] in practically all countries of the region except Japan, mainly caused by tendencies toward inflation elsewhere[3] and, in the latter part of the year, by the closing of the Suez canal.

While prices were generally moving upward, the money supply, after rising substantially in 1955 in all countries of the region, either contracted in 1956 (as in Cambodia and southern Viet-Nam) or rose at a slower rate (in Afghanistan, Burma, Ceylon, China (Taiwan), India, Indonesia, Japan, southern Korea, Malaya, Pakistan, the Philippines and Thailand). The principal dampening factor was the predominance of import surpluses over export surpluses.[4] There were indications, however, that the reductions in the rate of increase in China (Taiwan), India, Japan, southern Korea, the Philippines and Thailand were offset by higher velocity of circulation of bank deposits.

Effective demand and domestic supplies

The extent of price increases, as measured by cost of living indexes, varied among countries. In Cambodia, China (Taiwan), southern Korea and southern Viet-Nam—largely oriented to defence or reconstruction and supported by substantial amounts of foreign aid—prices advanced at a less rapid pace than in 1955. There was in all these countries a faster flow of aid-financed imports in 1956.[5] Also in China (Taiwan) and southern Korea, significant increases in non-agricultural production helped to restrain somewhat the tide of inflationary forces. In southern Viet-Nam, the restoration of internal security eased the urban food supply situation.

In the economies emphasizing development—Afghanistan, Burma, mainland China and India—increased internal and external strains became apparent in 1956. The pressure appears to have been rather moderate on the mainland of China where sub-

[1] By the end of September 1956, owing to large imports of capital goods, India's reserves declined to $1,539 million, a fall of 9 per cent below reserves at the end of June 1956. In order to arrest the continuing decline in reserves, such as had occurred in 1956, the Government announced drastic cuts for January to June 1957 in import quotas of over 500 items, particularly those which could be produced at home, and denied licences for a number of non-essential items.

[2] Furthermore, import prices in local currencies rose higher than those in terms of foreign currencies in Pakistan on account of devaluation, in Burma and the Philippines owing to stricter import restrictions, and in Indonesia because of higher import surcharges.

[3] The world-wide boom in 1955 was followed in several industrialized countries of western Europe and North America by the emergence of inflationary symptoms, which contributed towards raising the cost of consumer and producer goods imported into the ECAFE region.

[4] As indicated above, in the first three quarters of 1956, the import surplus of the countries in the ECAFE region (excluding Afghanistan, mainland China, southern Korea and Nepal) was 4.5 times that for the corresponding period of 1955.

[5] In Laos, however, the sharp acceleration of defence and other government expenditures resulted in severe inflationary pressures.

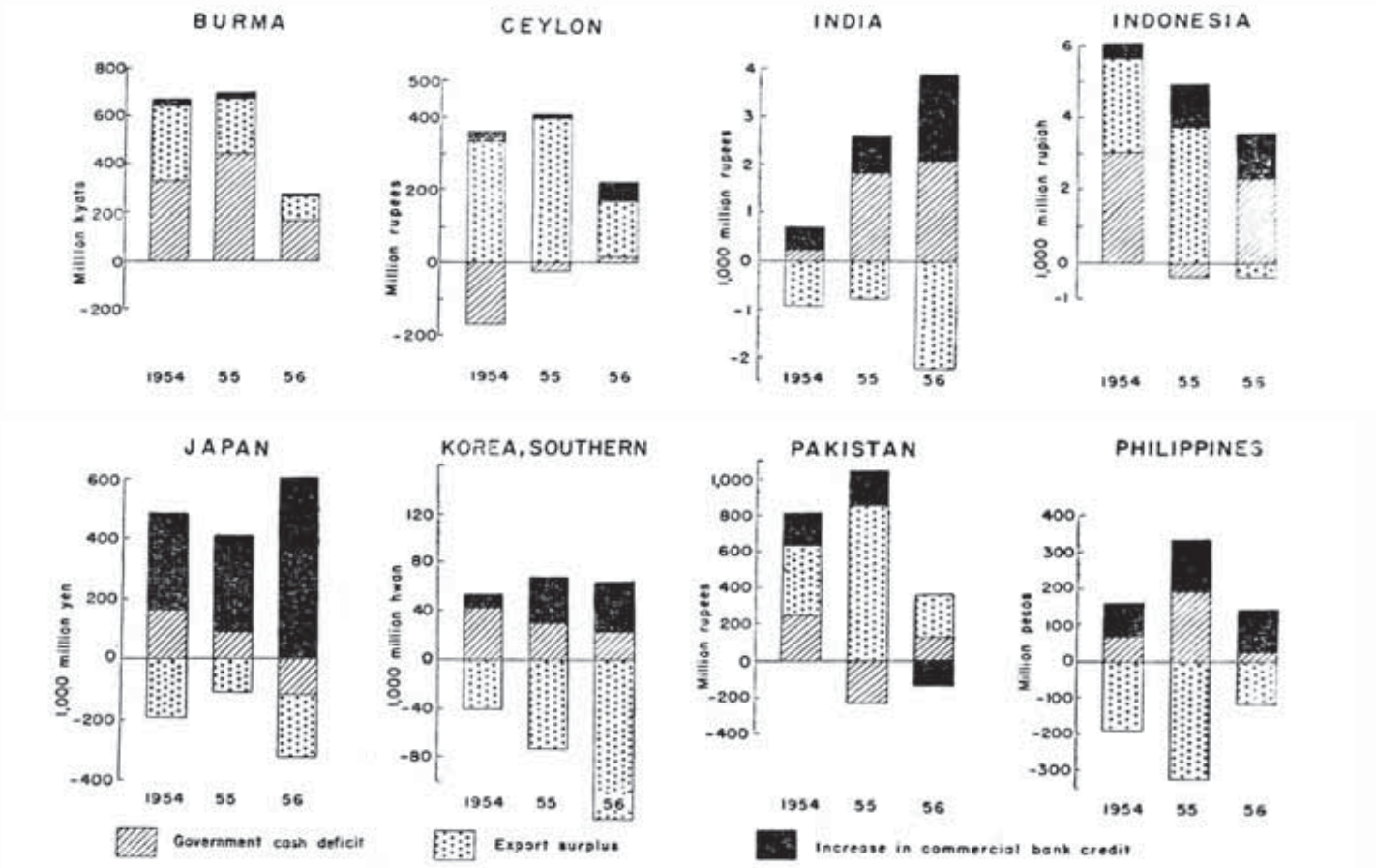
stantial increases in agricultural production in general are reported to have taken place. In Afghanistan, accelerated development expenditures, financed partly by borrowing from the central bank, resulted in a rise in food prices, necessitating food controls in cities. The upward trend in prices became more rapid in 1956 in Burma, where imports continued to be restricted until the middle of the year, while consumer disposable incomes continued rising under the impact of increased government expenditures. In India, the lower level of agricultural production, as compared with the year before, and the substantial rise in government and private investment activity, largely financed through creation of credit by the banking system, led to a significant rise in wholesale prices and the cost of living, although this rise was in part an offset to the earlier downward movement in prices.

Prices also had an upward trend in Pakistan, where the food situation, especially in East Pakistan,[1] deteriorated, necessitating the introduction of rationing in towns, and where devaluation raised import prices as well. In the Philippines, the deflationary tendencies of earlier years (due mainly to continued deterioration in the terms of trade) were reversed by deficit-financed government development expenditures, and acceleration of private industrial activity (following rationalization of import and tariff controls to suit the needs of domestic inidustry) and were reinforced on the supply side by a sharp curtailment of consumer imports.

In Ceylon, Japan and Malaya, cost of living indexes fluctuated within a narrow range. In Ceylon, the substantial rise in domestic rice production and the large import surplus on the supply side were partly offset on the demand side by accelerated government expenditures on social services and a higher level of consumer subsidies. In Japan, although the 1955 export boom was reinforced in 1956 by a domestic private investment boom, the price situation as a whole remained generally stable (except for the rise in prices of basic producer goods in 1956 due to bottle-necks in steel, power and transport); successive bumper rice harvests and a

[1] In East Pakistan, the food component of the cost of living index (in Narayanganj) in 1956 rose about one-half over tthe 1955 level.

Chart 7. ECAFE Countries: Sources of Inflationary or Deflationary Pressures
1953=100



remarkable increase in industrial production[1] took place in a situation where wage income lagged behind productivity gains[2] and consumer expenditures behind consumer incomes.[3] In Malaya and British Borneo, reduced activity in the export sector, following the 1955 rubber boom, was offset by a rise in government investment and social service expenditures and in private construction activity.

The external sector

The external factor, which was expansionary in 1955 in almost all countries of the region except India, Japan, southern Korea and the Philippines, in 1956 exerted a contractionary influence or a comparatively reduced expansionary influence in many countries, reflecting a lower level of export earnings in all countries except Japan, southern Korea and the Philippines (as well as British Borneo) or a higher level of import payments in all countries except the southern Korea, Philippines and southern Viet-Nam. The trade deficits that arose were financed by drawing down foreign assets (India and Indonesia) or by external assistance (Cambodia, China (Taiwan), southern Korea, Laos, Pakistan, Thailand and southern Viet-Nam). In Burma, measures for promoting exports through barter agreements and strict control over imports resulted in an increased export surplus till the middle of 1956. In Japan the export boom of 1955 continued in 1956; imports, however, rose much faster than exports, and the import surplus was larger, owing to accelerated raw material requirements consequent on the investment boom. In the Philippines, where there was a considerably reduced import surplus, the substantial deterioration in terms of trade was more than offset (1) by quantitative restriction of imports and a sharp increase in import duties and (2) by an increase in export volume to maintain export incomes at a time of falling export prices, especially of copra and coconut oil.

The public sector

Government revenues

In view of the insufficiency of voluntary savings and, to some extent, the lack of adequate channels for their mobilization, the countries in the region depend on government revenue as a principal source of financing for their development programmes. Although there have been recent improvements in tax collection machinery, the general structure of taxation appears to be inadequate to cope with the accelerated demands of development; in fact, government revenues have generally lagged behind the growth of money incomes. Apart from the adjustment of tax rates on foreign trade, in only a few countries has the increase in revenue been even partly the result of an increase in tax rates. The comparative inelasticity of tax revenues in countries like India, Indonesia and Pakistan has recently been compensated in part by a significant rise in non-tax revenues, chiefly receipts from commercial undertakings, government monopolies and government trading schemes. Except in Brunei, Burma, Ceylon, Hong Kong, Japan and Singapore, direct taxes on income and wealth account for much less than one-third of total government revenues, while in several countries the share of direct taxes in total government revenue has been falling in the last few years. In economies dependent on exports, taxes on foreign trade have predominated, especially during the Korean hostilities, when taxes on exports were at their highest level. As the export boom disappeared and import restrictions became severe, increased reliance was placed on sales and excise duties, and the share of transaction and consumption taxes increased continually in almost all countries of the region after 1951.

In the fiscal year 1955, government revenues rose substantially over those of the preceding year in all countries except Burma, Hong Kong, Laos and Singapore, largely as a result of activity in the foreign trade sector and a consequent increase in customs revenues.[4] In 1956, however, government revenue estimates showed diverse trends. They rose substantially in Afghanistan and Burma, in the latter country as a result of an increase in customs duties due to higher rates and a planned rise in imports, and larger non-tax revenue. On the mainland of China they rose with rising profits from government enterprises and increased taxes on industry and commerce. In India, customs duties declined, but the loss was expected to be more than offset by increases in (1) direct taxes, chiefly due to higher rates in the supertax on personal incomes and company dividends and the reintroduction of a capital gains tax, (2) excise duties (an upward revision in rates on finer varieties of cotton fabrics), and (3) non-tax revenue. Other tax gains were registered in Indonesia, where import surcharges were imposed; Laos, where there was a rise in customs and excise duties; the Philippines, where a rise in customs and excise duties more than compensated for a decline in non-tax revenue; and Thailand, where a rise in transaction and consumption taxes, including profits from government monopolies, more than offset a fall in customs duties and

[1] Both the indexes of agricultural and industrial (mining, manufacturing and public utilities) production are estimated to have risen by 17 per cent in 1956 over 1955.

[2] In 1956 the percentage rise in real wages in manufacturing was less thtan one-third of the percentage increase in productivity.

[3] According to a calculation made by the Economic Planning Board, the marginal propensity to consume declined from 0.51 in the first half of 1955 to 0.45 in the first half of 1956. (Economic Planning Board: *Monthly Economic Report*, September 1956, p.5).

[4] In Burma, apart from thte reduced yield in income taxes owing to the fall in export incomes consequent on a reduced level of rice export prices, the contribution of government-managed boards was allowed to decline.

non-tax revenue. On the other hand, government revenues declined in British Borneo, where the yield from customs duties declined; Cambodia, where a heavy decline in non-tax revenue was only partly offset by an increase in tax revenue; and Ceylon, where there was a slight decline in income tax receipts, although personal and corporate income tax rates were raised. The level of government revenues in the remaining countries rose, but only moderately. If account is taken of the upward trend in prices, the rise in real government revenue appeared to have been limited in most countries.

However, there was evidence that the search for greater tax revenues was being more seriously pursued than before. The mounting level of government expenditures made this necessary. Apart from increased recourse in most countries to excise duties, sales and purchase taxes and other forms of transaction and consumption taxes, some attempts were made to increase the coverage and rates of direct taxes. In Burma the 1956/57 budget broadened the income tax to cover government enterprises and agricultural incomes of plantations. The rates of corporate and personal income tax and estate duty were raised in Ceylon. In India, apart from an increase in the supertax on incomes exceeding Rs 70,000 and a new tax on bonus shares and on registered firms with incomes above Rs 40,000, the supplementary taxation proposals in November 1956 reintroduced the capital gains tax, with more limited exemptions.

Government expenditures

In spite of the generally slow rise in revenues, the level of public expenditures in almost all countries of the region rose substantially in the fiscal years 1955 and 1956, the exceptions being Burma, Cambodia, Japan, Laos and Thailand in 1955. In Burma, after a substantial dip in public investment expenditures in 1955/56 in the face of rising inflationary pressure and a serious loss of foreign exchange resources, the authorities in 1956/57 proposed to accelerate the investment programme once again, shifting the emphasis to quick-yielding capital projects. The tempo of public expenditures in Japan varied, partly with the anti-cyclical objectives of fiscal policy; thus, the export and private investment boom in 1955 and 1956 reduced government investment. Public expenditures on investment projects and on economic and social services fell sharply in Thailand in 1955, but the Government in 1956 expected, in view of a considerable inflow of foreign economic aid and more favourable prospects for rice exports, to accelerate its investment programme and meet growing administrative expenditures.

In most countries the impetus to the generally increasing rate of public expenditure was given in the fiscal years 1954 through 1956 by investment expenditures to a greater extent than by defence. For thirteen countries, the average ratio of investment (and loans and advances) to defence expenditures, which was estimated at 0.9 during the fiscal years 1951 through 1953, doubled to 1.8 from fiscal 1954 through 1956.[1] Between the two periods the ratio of investment expenditures to total government expenditures rose significantly in Afghanistan, Burma, India, Pakistan and the Philippines, while the proportion of defence expenditures fell in almost all countries, except Ceylon, for which the usual proportion was already very low. This shift in emphasis from defence to investment reflected the growth of government investment for economic development throughout the region.[2] However, in some countries the decline in the proportion of defence expenditures may have been more apparent than real in view of items including foreign military aid not always listed in budget defence accounts.

Deficit financing

Mounting expenditures to meet investment needs and demands for new or expanded economic and social services have resulted in large-scale budget deficits in a number of countries.[3] In Afghanistan, the proportion of deficit to budgeted expenditures doubled between 1954/55 and 1956/57. In Burma, budget deficits were considerable in the years between 1952/53 and 1956/57. The proportion of central government expenditures financed on a deficit basis in India continued to rise considerably between 1952/53 and 1956/57. In Indonesia, continuing budget deficits, financed by extra-budgetary issue of currency notes and importers' prepayments, have played a significant part. In southern Korea, Pakistan, the Philippines and Thailand also, as well as in Cambodia, Laos and southern Viet-Nam, the

[1] Percentages of investment and defence expenditures in total expenditures were weighted by the populations of the countries included in the calculation, these countries being Afghanistan, Burma, Ceylon, China (Taiwan), Hong Kong, India, Indonesia, Japan, southern Korea, Malaya, Pakistan, Philippines and Thailand.

[2] This statement also applies to mainland China (see chapter 7).

[3] In this section two concepts of deficits are used: (1) the "budget deficit" which equates the deficit or surplus with net borrowing adjusted for cash holdings—here used when speaking of the balance between revenue and expenditures as given below in special table J in the appendix on Asian Economic Statistics, which refers to fiscal years; (2) the "cash dificit" which is equated with net borrowing from the banking system, adjusted for changes in cash holdings. This is used when reference is made to the inflationary (expansionary) or deflationary (contractionary) implications of the government deficit or surplus; data in this case are presented on a calendar year basis, as in general table 14, on currency and banking, in the appendix. According to the report of the second meeting of the Working Party of Exports on Financial Aspects of Economic Development Programmes in Asia and the Far East, the latter concept is "the most appropriate and useful for its discussion of deficit finance, since the inflationary or deflationary tendencies in most countries of the ECAFE region are closely associated with changes in the supply of money" (I&T/FED.2/1,30 October 1954, para.33). For a detailed discusssion of various concepts of budget deficits, see "Economic Concepts of Budget Deficits" in United Nations, *Economic Bulletin for Asia and the Far East*, vol.VII, No.1, May 1956.

volume of budget deficits grew substantially throughout the period following Korean hostilities.

Burma's heavy cash deficits in 1955 and 1956 were financed by borrowing through the banking system, but the inflationary implications were partly offset by greater liquidity in the private sector, as indicated by increased savings and time deposits and decreased velocity of circulation of private demand deposits. This increasing liquidity, especially marked in 1955, was largely involuntary, resulting from tight control over private imports imposed in the latter part of 1954. (The heavy decline in foreign exchange assets that ensued reflected a high level of government development and defence imports and substantial repayment of foreign loans). In 1956, although exports became slightly more buoyant, private imports remained restricted until the middle of the year, thus maintaining or even reinforcing the inflationary pressure. It was reported that the Government had decided to liberalize private imports and cut down imports on government account for development purposes, modifying the phasing of the investment programme so as to stem the tide of price inflation.[1]

The Government of India's budget deficit was originally estimated at one-half of the its total expenditures in 1956/57, and more than half the resultant internal borrowing was expected to be met by increasing the floating debt. Data through the third quarter of 1956, however, indicated that the floating debt rose less sharply than expected, because of significant successes in mobilizing small savings, as well as in long-term loan operations outside the banking system. On the other hand, the disinflationary effect of this increased government borrowing from the non-banking sector was offset by increased extension of credit to the private sector by the banking system, sustained by Reserve Bank credit operations. The inflationary effect of heavy government cash deficits was partly neutralized by a rising import surplus financed principally by drawing upon foreign assets and by foreign aid.

The customary heavy cash deficits of Indonesia were reduced after mid–1955 as a result of increased revenues, through additional levies on imports and, more importantly, through the system of importers' prepayments,[2] whose contractionary implications were however, largely offset by increases in bank loans and advances to the private sector.[3] In 1956 there was again a substantial cash deficit (though expected to be lower than in 1955), a large part of which was financed through borrowing from the banking sector and depletion of cash balances while importers' prepayments in the first three quarters of the year actually resulted in net repayments by the Government.[4]

The Japanese Government's cash operations exerted an expansionary influence in 1955 but, because of the peak levels reached in domestic food and industrial production, this did not result in overt inflationary pressure even though import surpluses were reduced. In 1956, the sharp acceleration in bank credit to the private sector occasioned by the investment boom was partly offset by the Government's cahs surpluses; in addition, considerable further gains were made in production; thus, once again, export and domestic investment activity failed to produce inflationary results, although in the latter half of the year severe bottle-necks appear to have developed in the supply of producer goods and transportation services.

Deficits in southern Korea, continued to exert an expansionary influence in 1956. These deficits were largely met by counterpart funds derived from the sale of aid goods and by borrowing from the central banking system. There was also a significant rise in private bank credit. However, owing to a heavy inflow of aid imports and significant increases in non-agricultural production, the rise in the cost of living and wholesale prices, although substantial, was much less than in 1956.

In Malaya, the continued burden of emergency expenditures,[5] and the mounting outlay on administration and social services were the principal factors responsible for the budget deficit which followed the surplus of 1955. The Government planned to cover its deficit by increased internal borrowing.

Budget deficits of the Pakistan Government have risen continually since the end of Korean hostilities. In 1955, the Government reduced its indebtedness to the banking sector and met its heavy budget deficit through the proceeds of sales of foreign aid goods and through non-bank borrowing, but in 1956 it resorted to borrowing from the banking system. The inflationary implications of these measures were, however, offset by a sizable decrease in bank credit to the private sector.

The government sector of the Philippines became expansionary in 1955/56, and continued so in 1956/57, owing mainly to acceleration of public investment expenditures. Cash deficits in these two years were financed by borrowing from the banking system.

[1] See chapter 4, below.

[2] Net prepayments by importers amounted to Rp 145 million in 1954 and rose sharply to Rp 2,027 million in 1955.

[3] Loans and advances granted to importers and exporters by Bank Negara Indonesia, Bank Indonesia and seven commercial banks rose 6 per cent in 1954 and 15 per cent in 1955.

[4] Amounting to Rp 697 million.

[5] Part of the emergency expenditure was borne by the United Kingdom.

The larger role recently assumed by deficit financing, and the extent to which central bank advances have facilitated this policy, are indicated by the rapid growth of monetary claims on the government sector, in relation to claims on the private and foreign sectors, in practically all countries of the region except Ceylon, Japan and Malaya.[1] It is only recently that the close link between domestic currency and central bank holdings of foreign assets which often existed, directly or indirectly, was broken; central bank holdings of government securities began to exceed their holdings of foreign assets in India in March 1956, in Burma in 1955, in the Philippines in 1954, and in Pakistan and Thailand in 1952. The support of the government bond market has become a major element in central bank monetary management in several countries of the region. In times of inflationary pressure, often engendered by bank-financed government deficits, the technique of monetary management has begun to be directed to a system of direct credit controls rather than to open market operations and interest rate policy.

Recent central banking legislation in India has emphasized the adaptation of the currency and financial framework, owing to the sharp acceleration of deficit financing and, on the other hand, the need to prevent excessive expansion of bank credit. The Reserve Bank's previously rigid ratio of note issue to gold and foreign exchange holdings[2] has been replaced by a statutory minimum reserve of such holdings in absolute terms.[3] To bring commercial bank credit operations under close control, the Reserve Bank of India Act was amended to enable the Reserve Bank to vary the required reserves of scheduled banks between 5 per cent and 20 per cent in respect of demand liabilities and between 2 per cent and 8 per cent in respect of time liabilities, in place of the previous statutory minimum cash reserves of 5 per cent for demand liabilities.

The private sector

Investment activity in the private sector[4]—or that part of it having access to banking and credit institutions—appeared to have accelerated in several countries in the past two years, partly in response to the growth in deficit-financed government expenditures and partly to deliberate encouragement given to "desirable" private investment activity by fiscal and tax incentives and the establishment of specialized industrial and agricultural credit institutions. Another factor was the activation of export trade in several countries in 1955, and to some extent in 1956, and the high volume of imports in 1956, which kept the volume of foreign trade at a high level in almost all countries, expanding the credit needs of the foreign trade sector.[5]

Part at least of the process of activation of private credit and investment activity in 1956 reflected the growth of over-all inflationary pressures. In some countries, however—for example, China (Taiwan) and southern Viet-Nam—although the inflationary pressures from the other sectors slowed down, bank credit to the private sector continued to exert expansionary influence. Earlier deflationary trends observable until 1955 in Japan and the Philippines were partly reversed in Japan by the export and private investment boom, and in the Philippines, apart from the restriction of imports and some government deficit, by the continued growth of bank advances to the private sector. In a considerable number of countries, the continued rise in bank credit was combated by quantitative credit restraints.

In Burma the significant increase in bank credit to the private sector in 1956 was partially offset by a rise in time and savings deposits, reflecting the continued severe restriction of imports, as noted above, at a time when private disposable incomes were generally rising owing to government deficits. This rise in time and savings deposits, also reflected in decreased turnover of demand deposits, eased credit conditions and reduced short-term interest rates at a time when these rates were rising in several other countries of the region.

The private sector in Ceylon became somewhat more active in 1956, with an increase in bank credit and a decrease in time and savings deposits. The rate of turnover for demand deposits continued to fall, however, and excess reserves of commercial banks with the central bank continued to rise, with a stabilization in interest rates. The degree of liquidity would have been higher but for the floatation of long-term loans by the Government and the issues of securities by the central bank.

The increase in bank credit to the private sector in India, reinforced by a decrease in time deposits, was significant in 1955 and 1956, resulting largely from substantial growth in private investment in

[1] In Japan, the private sector and, in the predominantly raw material exporting economies of Ceylon and Malaya, the export sector, have dominated the monetary scene.

[2] Not less than two-fifths of the assets of the Issue Department of the Reserve Bank was to be held in gold coin, gold bullion or foreign securities; the value of the first two categories was not to be below Rs 400 million in value.

[3] *Infra*, chapter 9 on India.

[4] In view of the lack of data on changes in private investment expenditures in the ECAFE region and the manner of their financing, changes in bank credit to the private sector have been taken as indicating inflationary or deflationary forces in the private sector. So far as data permitted, however, attempts were also made to examine other partial indicators of changes in private investment and business activity. For a discussion of these indicators, see "Economic Indicators of Inflation" in United Nations, *Economic Bulletin for Asia and the Far East*, vol.VI, No.1, May 1955.

[5] In the first three quarters of 1956 the value of imports and exports of the ECAFE countries (excluding Afghanistan, mainland China, southern Korea and Nepal) rose 13 per cent over the corresponding period in 1955.

manufacturing and urban construction. There was also a marked rise in inventory stockpiling in the first half of 1956. The Government took several measures to reduce the liquidity of the private sector, as a result of which interest rates rose and a tight money situation prevailed in the latter part of the year. The emergence of internal and external pressures reflected a growing conflict between private investment activity and public investment. Governmental measures designed to channel and regulate private investment activity, which was partly of a speculative kind, and to absorb increased windfall profits and the gains made by the private business sector all though the period of the first Five-Year Plan, as well as subsequently, when the Government itself was sharply accelerating its own deficit-financed development programme, proved insufficient—or came too late —to keep these pressures from resulting in a sharp general increase in prices.[1]

With the exception of Burma, where government development expenditures have been trimmed without curbing bank credit to the private sector, the usual approach to curbing inflationary tendencies in 1956 was to concentrate on measures for regulating bank credit.

In China (Taiwan) the Government issued a directive in the first quarter of 1956 prohibiting all commercial banks from making new loans until legal reserve requirements were fully met.

In India, the Reserve Bank raised its lending rate under the bill market scheme from 3 per cent to 3¼ and then 3½ per cent. In May and September the Reserve Bank resorted to a series of selective credit controls, first issuing a directive to restrict commercial bank advances against stocks of paddy and rice and subsequently extending it to cover advances against other food grains, gram and pulses, and manufactures.[2] With the onset of the busy season in the fourth quarter of the rear, however, when new crops started to come in, the Reserve Bank relaxed these restrictions.

The significant improvement in the external payments position of Japan in 1955, due to the export boom and the rise in consumer savings, facilitated the easing of the money market, and in the first half of 1956 resulted in several measures for financial normalization, the most important of which was the marketing of government short-term bills (food bills and foreign exchange bills) to financial institutions. This measure marked a significant step in developing a short-term bill market, permitting dealings among banks in short-term bills and extending the range of marketable securities to include, besides banks and insurance companies, major investment trusts. Earlier, the Government had reopened the debentures market, after eleven years, to give liquidity to designated types of gilt-edged debentures, issued mainly by local governments, long-term credit banks, public corporations, public utilities, and iron and steel manufacturing companies. In the second half of 1956, the easy money market disappeared, as the accelerating domestic investment boom started to bring about an expansion of bank loans and discounts to finance growing needs for working capital. The pressure was also reflected in the rise of the velocity of circulation of bank deposit, by a third over the 1955 level.

Quantitative credit controls had been in operation in southern Korea, for some time, and a direct permit system was instituted in 1956 to curtail excess credit above established loan ceilings. Measures were also taken to speed the collection of overdue loans. On the other hand, special measures were taken to encourage a smoother flow of credit to essential and newly planned enterprises.[3]

Although bank credit to the private sector of Pakistan showed contractionary influences in 1956, there were contrary indications about the behaviour of private business activity, such as an increased velocity of bank deposits, and dishoarding of time and savings deposits. There was also indirect evidence pointing to a rise in private investment activity financed to a significant extent by government-supported credit institutions for industry and agriculture. The year brought a substantial rise in industrial production and in the production of non-food "commercial" crops.

Bank credit to the private sector in the Philippines was moderately restrained in 1956, owing to a lower volume of import trade (because of restriction of imports) and to measures taken to tighten bank credit for the purpose of counteracting the inflationary effect exerted by high government deficits in 1955 and 1956, financed largely by borrowing from the banking system.

DEVELOPMENT PLANNING AND IMPLEMENTATION

Many countries of the ECAFE region have by now accumulated considerable experience in economic development planning, and some experience has also been gained in the implementation of such plans.[4] In 1956, India completed its first Five-Year Plan

[1] Tax proposals contained in the supplementary budget of November 1956 (details of which are given in chapter 9) indicated, among other things, the Government's determination to fight these inflattionary pressures.

[2] In addition to these measures, the Banking Companies Act was amended to strengthen the powers of the Reserve Bank to supervise closely the credit operations of the commercial banks.

[3] Bank of Korea, *Monthly Statistical Review* (Seoul), May-June 1956.

[4] For main elements of current development plans of countries of the region see chapter 2.

and started on its second, and China (Taiwan) completed its first Four-Year Economic Development Plan; mainland China was implementing its first Five-Year Plan and Ceylon its Six-Year Investment Programme; Afghanistan, Cambodia, Japan and Nepal started to give effect to their new plans; and Burma, Indonesia, southern Korea, Pakistan and the Philippines executed parts of plans which were under consideration for formal adoption. In countries where comprehensive plans had either not been formulated or were not contemplated, individual development projects were increasingly provided for in government budgets or were carried out by the private sector with government encouragement. In several countries the formulation and implementation of plans was made possible, or was greatly facilitated, by the availability of substantial amounts of external aid.

The general approach

Although the final objective—to raise levels of living—remain unchanged, experience or changed circumstances or both have led several countries of the region to shift the general approach and emphasis in their plans to some extent. In one group of countries, the role of the public sector has been receiving new emphasis. India's second Five-Year Plan, following enunciation by Parliament of a "socialist pattern of society" as the country's economic objective, stresses social gain rather than private profit as the criterion for determining the lines of advance; in order to create conditions appropriate for development, the Government should take responsibility for expanding the public sector rapidly. The share of public investment in the total has been raised from about 50 per cent in the first Plan period to roughly 60 per cent in the second. All industries of basic and strategic importance, or rendering public service, are to be in the public sector. A second category of industries is to be progressively government-owned; in these the Government is generally to take the initiative, supplemented by private effort. The remainder is left to the private sector. The "socialist pattern" also involves reduction of income inequalities and expension of public control.

While the former tendency in Ceylon—reflected in the Six-Year Programme of Investment and not officially superseded in 1956—was to expand private enterprise and transfer some government industrial projects to the private sector, the Government which took office in April 1956 indicated its intention of progressively nationalizing all essential industries, including foreign-owned plantations and transport, banking and insurance.[1]

The march towards socialism in mainland China was accelerated in 1956. In addition to setting up of a large number of government enterprises, it is reported that private industry and commerce have been almost completely transformed into enterprises under joint ownership and operation of the Government and private owners; agriculture has been collectivized to a large extent; and most handicraft production has been brought under the co-operative form of organization. Government expenditure on national economic construction is reported to have increased from 7,307 million yuan in 1952, the year before the first Five-Year Plan, to a budget 16,055 million yuan in 1956.[2] In the draft second Five-Year Plan (1958–1962), government investment in capital construction was expected to be doubled. In spite of the advance toward socialist ownership and control, however, the market mechanism, according to recent reports, was expected to play a more important role in the economy than before. It was found that, with consumer goods industries generally controlled by government trading organizations which supplied the industries with raw materials for processing at a fixed percentage of profit, a number of these consumer goods had deteriorated in quality and decreased in variety, and that occasionally severe shortages or large surpluses of particular commodities arose. At the eighth national congress of the Chinese Communist Party, held in September 1956, it was decided that government trading organizations would be allowed to make bulk purchases selectively, within certain ranges of controlled prices, from industries producing staple consumer goods, such as coal, sugar, cotton, textiles, paper, cigarettes and matches, while other consumer goods could be traded freely in government-supervised markets in order to adjust supplies to consumer demand.

The basic character of the Five-Year Plan of Japan is quite different from those of mainland China and India. In Japan, with its free enterprise economy, it was estimated that private capital formation would account for 18 per cent of gross national expenditure in fiscal year 1960. Moreover, private investment was expected under the Five-Year Plan to increase by 57 per cent. In view of the predominant role of the private sector in the Japanese economy, the Plan may perhaps be regarded as largely in the nature of a forecast of economic performance and a guide to the formulation of private and public policies.

In several countries where private enterprise is favoured in principle, the lack of private capital and entrepreneurs has caused governments to assume responsibility for establihing new industries, which they are prepared to transfer to the private sector

[1] Nationalization has, however, taken place only in the case of private bus services.

[2] Li Hsien-Nien, Minister of Finance, "Report on 1955 Accounts and 1956 Budget", *People's Daily*, 16 June 1956.

whenever it is considered ready to take them over. This policy has been followed by China (Taiwan) and southern Korea, was recently reaffirmed in the draft Five-Year Plan of Pakistan and the draft Five-Year Economic Development Programme of the Philippines, and was also stated in the draft Five-Year Development Plan of Indonesia. In any case, however, owing to widespread need to create basic social and economic capital, public investment was certain to be emphasized in many of the plans.

Despite the absence of a comprehensive plan or programme for economic development in Thailand, the Government has undertaken to provide basic facilities in transport, communications, power and irrigation with public funds, and has participated in the establishment of several industries, meanwhile encouraging the growth of private enterprises.

Priority and emphasis

Although the desirability of balanced development has been increasingly recognized, several countries of the region—because of policy, the need to correct bias in previous plans, changing circumstances or a combination of several of these factors—lay particular emphasis on the development of certain sectors of the economy during given periods. On the mainland of China, the "socialist industrialization" aimed at under the first Five-Year Plan, calling for the early establishment of heavy industries and reinforcement of defence, continued to be emphasized in the draft second Five-Year Plan. The second Plan outline proposed increases of 100 per cent in industrial production and 35 per cent in agricultural production, compared with rates of increase of 90 per cent and 23 per cent, respectively, under the first Plan.

While in India, the accent in the first Five-Year Plan was on agriculture, the second Plan stressed industrialization, especially the development of basic and heavy industries. The share of public investment in industry and mining was to increase from 8 per cent of total public investment in the first Plan to 19 per cent in the second, while that of agriculture and community development was to decline from 15 per cent to 12 per cent. This shift in emphasis was partly because agriculture had already made substantial progress during the first Plan period and partly because a rapid increase in the output of the means of production and of fuel and energy was considered vital to development in the future.

In contrast to India, Pakistan shifted priority from industry in the Six-Year Development Plan (1951/52–1956/57) to agriculture in the draft Five-Year Plan (1955/56–1959/60). It was considered that the development of industry had reached a stage where consolidation was necessary to achieve better co-ordination and to avoid under-utilization of capacity. On the other hand, it was thought that the development of agriculture, which had lagged, needed to be emphasized to ensure an adequate food supply and to earn foreign exchange by means of exports of raw materials. About one-third of public development expenditures in the draft Five-Year Plan was allocated to agriculture.

The Indonesian draft Five-Year Plan emphasized the creation of basic facilities. Planned government investment in power, transportation and communications accounted for about 40 per cent of the total investment budgeted, with 25 per cent for industry and mining and 22 per cent for agriculture and irrigation. In contrast, Burma's new Four-Year Plan was expected to reflect a shift in emphasis from basic facilities to directly productive projects, to increase output and exports and to reduce imports. New investments were to be curtailed and efforts concentrated on completion and consolidation of projects already committed or undertaken.[1]

In Afghanistan, Cambodia and Nepal, stress has been laid on the development of agriculture, the mainstay of the economies, and on basic economic and social facilities, to pave the way for more diversified development in the future.

The plans of China (Taiwan) and Japan were designed to achieve self-support. The Japanese Plan emphasized production and export of products of heavy industry in relation to textiles and processed food, and substitution of imported by domestic raw materials. This shift from light to heavy industries was considered necessary, not only to meet the changing pattern of export demand, but also to achieve industrial rationalization in order to improve the competitive power of exports. In China (Taiwan) further development in power and irrigation was emphasized, being regarded as a prerequisite to further advances in agricultural and industrial production, and in exports and the substitution of domestic for imported items.

Southern Korea also aimed to achieve self-support but was still in the stage of rehabilitation. About 60 per cent of the planned expenditure was to be devoted to obtaining consumer goods and raw materials; the rest was for capital investment, of which more than one-half was allocated to the rehabilitation of economic and social facilities.

Magnitude and financing

The results achieved under the first Five-Year Plan of India, and those reported under the first Five-Year Plan of mainland China, are impressive.

[1] The large foreign exchange surplus accumulated before 1952 and an optimistic forecast for the future at that time led to the Knappen Tippetts Abbett eight-year plan, with emphasis on the creation of basic facilities. When rice export prices fell, the adverse effect on the payments position indicated need for a change in policy.

In India, during the period 1951/52–1955/56, national income increased by 18 per cent and per capita income by 11 per cent, while investment expenditure increased from 4.9 per cent of national income to 7.3 per cent. On the mainland of China, gains were reported which implied that national income increased by 27 per cent and per capita income by 21 per cent between 1953 and 1956.[1] The rate of capital formation was officially given as 23 per cent of the national income in 1956, compared with 16 per cent in 1952.

In both countries, the second plans were bolder than the first; total investment was to double that in the first plans. In India, investment expenditure in the second plan was scheduled at Rs 62 billion; national income was expected to increase by 25 per cent and per capita income by 18 per cent. On the mainland of China, national income was to increase by 50 per cent during 1958–1962. These targets, if realized, would raise rates of growth of per capita income, on an annually compounded basis, to 3.3 per cent for India and about 6 per cent for mainland China.

Available information indicates that the planned annual (compounded) rate of growth of per capita income has been set, at least tentatively, at more than 5 per cent for Burma and the Philippines, is about 4 per cent for Japan, and is below 2.5 per cent for Ceylon, Indonesia and Pakistan. In some cases these targets of growth are merely approximate, being based on scanty statistical information and perhaps assuming a more definite relationship between new investment and consequent increase in output and income than experience warrants.

In general, the investment programme is the core of every plan; in countries where investment is expected to be largely in the private sector, however, the degree of precision possible in planning is naturally less, since implementation of the programme has to rely chiefly on the profit motive, guided by government encouragement and, where necessary, government controls. As the capacity for internal financing varies, in some plans reliance has been placed to a large degree on external capital, especially on loans and grants from governments and international agencies.[2] Reliance on private foreign capital in the plans has been much less important.[3] A sum of Rs 1 billion, or 1.6 per cent of total planned investment, was expected from private foreign investment under India's second Plan, and in the Five-Year Plan of Pakistan, the sum was Rs 500 million, or 4.3 per cent of total planned investment.

As to domestic financing, ploughing back of profits and expansion of bank credits are major sources for financing private investment, while taxation, profits from government enterprises, borrowing from the public and borrowing from the central bank are major sources for financing public investment. Since all of this finance has finally to come from corporate or personal savings, the relative emphasis on different sources of financing is actually emphasis on different ways of promoting and tapping savings. On the mainland of China, taxation and surplus from government enterprises were reported as the main sources for financing government investment. In the second Plan, per capita income was expected to rise faster than average wages in government enterprises, indicating an increased ploughing back of the surplus of government enterprises into capital formation. In the second Plan of India, government investment amounted to Rs 48 billion, of which 25 per cent was to be financed by budgetary sources, including increased tax revenue, the surplus of government enterprises, provident funds, etc., 25 per cent by public borrowing, 25 per cent by deficit financing, 16.6 per cent by external loans and grants, and 8.4 per cent by additional measures to raise domestic resources. Of the total planned investment of Rs 62 billion, Rs 51 billion was to be financed from domestic sources, which implies a rise in domestic savings from 7 per cent of the national income in 1956/57 to nearly 10 per cent in 1960/61, to be achieved by an incremental savings ratio of about 21 per cent. It remains to be seen whether deficit financing of this order will create serious inflationary and international payments difficulties.

A sum of Rs 7.4 billion, or about two-thirds of the total investment in Pakistan's Five-Year Plan, was to be financed domestically, with Rs 1.5 billion expected from public savings and Rs 5.9 billion from private savings. This involves achievement of a savings ratio of 7 per cent of the expected gross national product for the plan period as a whole. To help realize this volume of public savings, the Plan recommended measures to strengthen the tax administration, improve the tax structure and raise some tax rates. Moderate deficit financing was also expected.

Plans of several other countries, for example, Afghanistan, Burma, Nepal and the Philippines, also involved tax reform, including higher tax rates, in order to augment public savings. In Japan, however, it was expected that voluntary private savings would be the major source of finance.

[1] These derived figures are subject to the qualifications mentioned in chapter 7, in the section on mainland China.

[2] See section on trade and payments in this chapter for partial data on recent foreign aid. A statistical study of this subject is planned.

[3] This statement does not take account of private foreign capital outside the scope of the plans, which appears to have been fairly substantial in, for example, Japan and the Philippines.

Chapter 2

SALIENT FEATURES OF ECONOMIC DEVELOPMENT PLANS

The present chapter describes and compares the economic development plans (in some cases called programmes) of the countries of the ECAFE region in terms of their main elements or salient features. In view of the comparative newness of development planning in this region, attention has been concentrated on obtaining a point of departure for analysis by assembling the basic data on the subject, so far as that has been possible.[1] It is, of course, understood that "plans" and "planning" are very flexible terms. The plans of some countries involve the difficult business of breaking rather sharply with the past, especially as concerns the amount and composition of investment, while in some other countries the plans bear closer resemblance to projections of economic trends already established. The material is presented in six sections, as follows: (1) the plans, (2) their scope and general character, (3) their magnitude, (4) the composition of planned public expenditures, (5) finance, (6) techniques.

THE PLANS

For the purposes of this chapter, an economic development plan is one which (*a*) has been officially adopted and put into operation by a government and thus has a formal or legal as well as a practical status (Afghanistan, Cambodia, Ceylon, China—Taiwan and mainland, India, Japan, Nepal, Southern Viet-Nam), or (*b*) is under active consideration by a government at the present time (Burma, Indonesia, southern Korea, Pakistan, Philippines) (see table 9).[2] The plans

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[1] The frequent use of the symbol of two dots (..) in the tables indicates the great extent to which, so far as the ECAFE secretariat has been able to determine, the information in question is not available. Sources from which the data were obtained include the following:

AFGHANISTAN: Ministry of Finance, *Economic Report of Afghanistan* (Istanbul, September 1955); paper circulated by delegation of Afghanistan at seventh session of ECAFE Committee on Industry and Trade, Tokyo (I&T/18, 10 March 1955); statement presented by delegation of Afghanistan at second session of ECAFE Sub-Committee on Trade, Tokyo, October-November 1956. BURMA: Consultation and correspondence with Ministry of National Planning. (Unofficial earlier plan: Knappen Tippetts Abbett Engineering Co., in association with Pierce Management, Inc. and Robert R. Nathan Associates, Inc., "Comprehensive Report on Economic and Engineering Survey of Burma" for Ministry of National Economy (Rangoon, August 1953), in three volumes; mimeographed. For revolving plan formulated in late 1955: "A Plan Frame for Burma, 1956/57 to 1958/59", submitted to first meeting of ECAFE Working Party on Economic Development and Planning (DPWP.1/29, 7 November 1955). CAMBODIA: Royaume du Cambodge, *Plan d'equipment biennal, 1956-1957* (Phnom-Penh, February 1956), 277 pages; correspondence with National Planning Board. CEYLON: Planning Secretariat, *Six-Year Programme of Investment 1954/55—1959/60* (Colombo, July 1955), pp. x, 510. Prior plan: *Report of the Taxation Commission*, Sessional Paper XVII, 1955; Ministry of Finance, *The Budget Speech (1948-49)*, Colombo. CHINA (TAIWAN): Industrial Development Commission, Economic Stabilization Board, Executive Yuan, *The Industrial Programme under the Four-Year Economic Development Plan* (Taipei, 30 June 1954; mimeographed), 28 pages and appendices; Economic Stabilization Board, Executive Yuan, *Economic Significance of Agricultural Development in Taiwan* (Taipei, October 1955), 41 pages; correspondence with Economic Stabilization Board. CHINA (MAINLAND): *First Five-Year Plan for the Development of National Economy in the People's Republic of China* (Peking, August 1955; in Chinese); English version: Li Fu-Chun, *Report of the First Five-Year Plan for Development of the National Economy*, supplement to *People's China*, Peking, 16 August 1955, 55 pages. INDIA: Planning Commission, *Second Five-Year Plan*, (New Delhi, 1956), pp. xiv, 653. Prior plan: Planning Commission, *First Five-Year Plan* (New Delhi, 1952). INDONESIA: State Planning Bureau, *General Outline of Five-Year Development Plan, 1956-1960: An Appendix to the Draft Law* (Djakarta, 1956, in Indonesian), 277 pages; consultation with State Planning Bureau. JAPAN: Economic Planning Board, *Economic Self-Support Five-Year Plan* (Tokyo, December 1955; in Japanese), 79 pages, and tentative translation, 36 pages and tables; correspondence with Economic Planning Board. KOREA, SOUTHERN: Consultation and correspondence with Ministry of Reconstruction. NEPAL: Government of Nepal, *Draft Five-Year Plan, a Synopsis* (Kathmandu, 1956), 82 pages. PAKISTAN: Planning Board, *First Five-Year Plan, 1955-60 (Draft)* (Karachi, May 1956; in two volumes). Prior plan: Ministry of Economic Affairs, *Report of the Economic Appraisal Committee* (Karachi, 1952). PHILIPPINES: National Economic Council, "Five-Year Economic Development Program for FY 1955-1959" (Manila, April 1954, first draft, mimeographed); consultation and correspondence with Office of National Planning. Prior plans: National Economic Council, ""The 1953 Philippine Economic Development Programme: Part I, The 1948 and 1950 Economic Development Programmes and Their Implementation" (Manila, December 1953, 259 pages and appendices; mimeographed). THAILAND: Consultation with Economic Affairs Division of National Economic Council. VIET-NAM, SOUTHERN: Consultation with Planning Bureau.

[2] This definition leads automatically to exclusion of (i) a number of plans which have been formulated but have not been carried out, including the Five-Year Plan of Laos, originally drawn up in 1951 and 1952 and reportedly being redrafted, and (ii) those which, like the Knappen Tippetts Abbett Engineering Co. eight-year (1952-60) economic development programme for Burma, may have been partly carried out but have lacked official status as national plans.

In the case of Thailand, there is no over-all development plan running for a stated number of years, but the Government has a series of individual projects which various ministries plan to complete within varying periods of time; for example, a highway project (1956-1960), a railway project (1955-1959), the Yan-Hee hydroelectric project (five years to complete initial stage), an irrigation project. The Government's main objective is to provide better basic facilities, such as are required for the expansion of the economy, including educational, health, housing and resettlement facilities. Co-operatives, financed to a large extent by the Government are regarded as having a noteworthy role in agricultural credit and marketing. The National Economic Planning Committee functions as the general planning agency, under the policy guidance of the National Economic Council.

Mention may also be made of the fact that a Five-Year Draft Plan for government capital expenditure (January 1956 to December 1960) is in process of being prepared by the Federation of Malaya.

Table 9. ECAFE Countries: Economic Development Plans

Country	Name of Plan	Date of adoption[a]	Period covered	Prior post-war plans[b]	Policy board[c]	Planning agency
Plans in operation:						
Afghanistan	Second Five-Year Plan	August 1956	1956/57-1960/61	First Five-Year Plan, 1949/50-1953/54	..	Ministry of National Planning
Cambodia	Two-Year Equipment Plan	23 December 1955	1956-1957	—	Supreme Council for Planning and National Development	National Planning Board
Ceylon	Six-Year Programme of Investment	July 1955	1954/55-1959/60	Six-Year Plan, 1947/48-1952/53	National Planning Council	Planning Secretariat
China:						
Taiwan	Four-Year Economic Development Plan[d]	November 1952; renamed July 1953	1953-1956	—	Executive Yuan	Economic Stabilization Board
Mainland	First Five-Year Plan[d]	30 July 1955	1953-1957	—	State Council	State Planing Commission
India	Second Five-Year Plan	2 May 1956	1956/57-1960/61	First Five-Year Plan, 1951/52-1955/56	National Development Council	National Planning Commission
Japan	Economic Self-Support Five-Year Plan	23 December 1955	April 1956-March 1961[e]	—	Cabinet	Economic Planning Board
Nepal	Five-Year Plan	October 1956	October 1956-October 1961	—	Cabinet Development Committee	Planning Commission
Viet-Nam, southern	Two-Year development plan for industry; three-year plan for agriculture	Industry: 1954; Agriculture: 1953	Industry: 1955-1956; Agriculture: 1955-1957	—	..	Planning Bureau
Proposed plans:						
Burma	Four-Year Plan	Under consideration	1956/57-1959/60	[f]	Economic and Social Board	Ministry of National Planning
Indonesia	Five-Year Plan	Under consideration	January 1956-December 1960	—	Economic and Planning Council	State Planning Bureau
Korea, southern ..	Five-Year Plan[g]	Under consideration	1956-1960	[h]	State Council (Reconstruction Board)	Ministry of Reconstruction
Pakistan	First Five-Year Plan	..	1955/56-1959/60	Six-Year Development Programme, 1951/52-1956/57	National Economic Council	Planning Board
Philippines	Five-Year Economic Development Programme	Under consideration	1956/57-1960/61[i]	1948 Rehabilitation and Development Programme; 1950 Agricultural and Industrial Development Programme	National Economic Council	Office of National Planning

[a] Date of final action required for giving effect to plan under laws and procedures of the government concerned.

[b] Excluding plans formulated but not officially adopted or carried out.

[c] Subject to ultimate Cabinet authority.

[d] A draft second Four-Year Plan (1957-1960) is under consideration in Taiwan and a draft second Five-Year Plan (1958-1962) on the mainland.

[e] Originally the plan was for six years, beginning in fiscal 1955, and various estimated rates of increase still refer to the longer period.

[f] Parts of unofficial Knappen Tippetts Abbett eight-year economic development programme for October 1952 to September 1960, were endorsed and carried out by the Government. Some parts of revolving Three-Plan (current year plus two years ahead) formulated in late 1955 have also been carried out.

[g] Studies for revision of the Plan are now under way.

[h] Because of Korean hostilities, the prior plan could not be carried out.

[i] Details given in this report are from the identically named draft programme for 1954/55-1958/59, submitted to the National Economic Council in 1954; adoption is pending.

included under (b) are, of course, only tentative and hence in a different position from those under (*a*), and no judgembent is intended as to whether they will be adopted, with or without amendment;[1] the purpose in including them here is to present a larger and more representative sample of current ideas about economic development planning in the region.

Date of adoption

As thus defined, economic development planning in Asia and the Far East is essentially a post-war phenomenon.[2] The first post-war development plan in the ECAFE region was launched in 1947, by Ceylon. The Philippines followed in 1948, Afghanistan in 1949, India and Pakistan in 1951. These were predecessors of plans currently in operation or under active consideration. Of the plans in effect, those of China (both Taiwan and mainland) go back to 1953;[3] most others date from 1955 or 1956.[4]

Period covered

The duration of the present plans ranges from two years (Cambodia and southern Viet-Nam) to six years (Ceylon).[5] A five-year period predominates (nine countries). None of the present plans extends beyond 1961. However, in most countries of the region the current plan is visualized as part of a long-term planning and programming effort.[6]

Policy board

In most cases the broad policy aspect of planning is entrusted—subject to over-all responsibilities of the Cabinet—to a specially constituted board, more commonly called a council (for example, National Economic Council). Membership consists of Cabinet ministers and other top government officials, the Prime Minister usually acting as chairman.[7] In countries with a federal form of government, such as India and Pakistan, the policy board includes chief ministers from the various states or provinces.[8]

Planning agency

All countries of the region with development plans have planning agencies or units—variously referred to as planning commissions, planning boards, planning bureaus, planning secretariats[9]—responsible for drafting the plan and making subsequent progress reports. The more technical aspects of planning are centred in these agencies or carried on under their auspices; they do their own research and have access to all information available in government departments. In most cases the technical experts in the planning agency are its permanent employees. However, the agency may also utilize the services of short-term consultants from various ministries; this has been done, for example, in Burma, Ceylon, Indonesia and Japan.

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1 To avoid misunderstanding, they are referred to as proposed plans (see tables). Indonesia's Five-Year Plan has been approved by the Cabinet but not yet adopted by Parliament. The same is true of Pakistan's first Five-Year Plan. The Five-Year Plan of southern Korea, although partly implemented in 1956, is still regarded as tentative. In the case of the Philippines, the description is based on the Five-Year Economic Development Programme for the fiscal years 1955-1959, in the form in which it was submitted to the National Economic Council in April 1954, although it is presumed that if the plan for 1957-1961, currently under consideration, is adopted, material differences may appear. Modifications are also particularly likely in the case of Burma, certain data for which have been drawn, for purposes of the tables presented here, from the Kappen Tippetts Abbett report.

2 A partial exception is provided by Afghanistan, which had an investment programme (1932/33-1938/39) for both public and private sectors. The major emphasis was on the development of transport, communications, hydroelectric power and textile factories. Reference may also be made, in the same sense, to the various early development programmes of the Republic of China, and to the initiatives of the Government of Japan during 1868-1938, especially during the Meiji era (1868-1912), for the rapid economic growth of that country. In China, partial economic planning was begun in 1935 under the guidance of the National Resources Commission; during the war a Central Planning Board was set up, which in January 1945 prepared a tentative over-all Five-Year Plan for the post-war economic development of China. In Japan, though no fixed-term plans, as they exist today, were undertaken, every industry after 1868 was initiated either under direct government ownership or as a result of grants, privileges and subsidies given to private enterprises. These pioneering activities of the Japanese Government very substantially raised the country's rate of capital formation and established the basic development which led to its rapid industrialization.

3 The plan for the mainland of China, however, was not officially promulgated until July 1955. Regarding data on mainland China presented in this report, see page 50, footnote 1 of this chapter and note at beginning of section 2 in chapter 7.

4 From the beginning, original plan targets have quite frequently been revised—sometimes upwards (for example, Pakistan's Six-Year Development Programme), more often downwards, in the face of shortfalls. Data given here on present plans are based on latest known official revisions of targets.

5 Ceylon's Six-Year Programme of Investment, to which in general the data presented relate, is currently undergoing extensive review and will presumably be changed considerably.

6 In certain cases, quantitative targets have been set for a longer period, of which the current plan is officially regarded as but one phase. Thus, India has outlined five five-year plan periods, extending to 1976, and proposes to double the national income by 1967/68, the per capita income by 1973/74. Indonesia has outlined four five-year plan periods, to 1975, after which a stage of "self-generating expansion" would be reached which is expected to double the national income by 1990, the per capita income by 2000. In Ceylon, no definite longer-term plan exists, but illustrative projections have been made showing how it may be possible to double the per capita income by 1980.

7 In the Philippines, the chairman is the only member of Cabinet rank in the National Economic Council. The council's other members are two from each house of Congress, the Governor of the Central Bank, the Chairman of the Board of Governors of the Rehabilitation Finance Corporation and three private persons representing industry, commerce and labour.

8 Thus in Pakistan the National Economic Council, provided for in the Constitution (article 199), consists of four ministers in the Central Government and three ministers each from East Pakistan and West Pakistan, with the Prime Minister as ex-officio chairman. In India, the chief minister of every state in the republic is represented on the National Development Council.

9 In Afghanistan, Burma and southern Korea, the function is assigned to a ministry.

SCOPE AND GENERAL CHARACTER

Major objectives

Aside from such broad aims as economic and social advancement and higher standards of living, the development plans of countries in the ECAFE region for the most part emphasize one or several of the following objectives: greater agricultural output, development of basic facilities, rapid industrialization, more employment (see table 10).

Greater agricultural output receives special emphasis in the development plans of Afghanistan, Cambodia, Ceylon, Nepal and Pakistan. Development of basic facilities (transport, communications, irrigation, power and social capital) is an objective of all the plans but its emphasis is especially noticeable in those of Burma, Cambodia, mainland China, Indonesia and Nepal.

The development plans of the two largest economies in the region—those of mainland China and India—have rapid industrialization as their main objective. In India during the period of the second Five-Year Plan, mining and factory output are expected to rise by 58 and 64 per cent, respectively, as

Table 10. ECAFE Countries: Scope and General Character of Economic Development Plans

Country	*Major stated objectives*	*Inclusion (×) or non-inclusion (—) of over-all targets for economy*[a]	*Role (relative trend) proposed for private sector*	*Role of community development and co-operatives*
Plans in operation:				
Afghanistan	..	..	..	Significant
Cambodia	To provide basic social and economic facilities; increase output of rice; conduct a general survey	—	..	..
Ceylon	To increase employment; raise productivity in agriculture	[b]	..	Significant
China:				
Taiwan	To achieve self-support and internal economic stability	..	Increase	Limited
Mainland	To industrialize; achieve socialist transformation	[c]	Drastic reduction	[d]
India	To increase national income substantially; industrialize rapidly, expand employment; reduce inequalities in income and wealth	×	Reduction	Large
Japan	To achieve economic self-support and total employment	×	Increase	Limited
Nepal	To achieve full and better utilization of agricultural resources; develop basic facilities; effect a fair distribution of national income	—	..	Significant
Viet-Nam, southern ...	..	..	..	..
Proposed plans:				
Burma	To restore pre-war level of production; develop basic facilities	×	..	Significant
Indonesia	To raise levels of living by increasing production; change structure of economy to one consistent with independence	×	No change	Significant
Korea, southern	To achieve economic self-support by rehabilitation and reconstruction	..	Increase	—
Pakistan	To raise national income and employment; improve the balance of payments; provide social services; rapidly increase the development of East Pakistan and other relatively less developed areas	×	..	..
Philippines	To raise levels of production, employment and real income, with emphasis on balanced growth	×	Increase	Significant

[a] For example, national product or income, capital formation, consumption, savings.

[b] Projections based on assumptions, rather than targets.

[c] Over-all targets for gross agricultural and industrial production; other targets for government sector only.

[d] Large, but refers to producers' co-operatives, aiming at agricultural collectivization; see text.

compared with 18 per cent for agriculture.[1] Similarly, in mainland China, with socialist transformation of society being pressed forward rapidly, the plan visualizes an increase of 90.3 per cent in industrial output during 1953-1957 as compared with a 23.3 per cent increase in the output of agricultural products. It is also noteworthy that Japan, already far more industrialized, has projected a 53.7 per cent increase in industrial production for 1960/61 as compared with 1954/55.

Employment as an objective has been stressed in the development plans of Ceylon, India, Japan and the Philippines. The Six-Year Programme of Investment in Ceylon makes provision for finding employment for 136,000 persons (42,000 in construction programmes). The second Five-Year Plan of India assumes additional employment of 10 million. The Five-Year Plan of Japan for economic self-support calls for raising the level of gainfully employed persons by 12.7 per cent.[2]

Other objectives prominently mentioned in certain plans are the attainment of internal economic stability (China: Taiwan); viability, that is, self-support without foreign aid (China: Taiwan, Japan, southern Korea); greater equality in the distribution of income and wealth (mainland China, India, Nepal); change in the structure of the economy to accord with independence (Indonesia).

Over-all targets; other targets

The core of nearly all the economic development plans in the region (with Japan as the outstanding exception) is public investment. However, of the plans for which detailed information is available, all except those of Cambodia, southern Korea and Nepal also contain targets, or at least projections, for the economy as a whole for one or more such aggregates as national income, production, capital formation, consumption, savings. Projections for Ceylon are extended to 1984, and India and Indonesia have national income targets for 1976 and 1975, respectively; the remaining countries have confined their estimates to the current plan period.

National income targets for specified sectors of the economy—such as agriculture and industry—have been set in India, gross national product targets for various sectors in Japan. Targets for selected individual production items are to be found in practically all plans.

Role of the private sector

Aside from the clear case of mainland China, it would appear that, in relative terms, the role of private enterprise is proposed to be reduced in India but increased in China: Taiwan, Japan, southern Korea and the Philippines. This does not, of course, preclude absolute expansion of the private sector in the former case, or of the public sector in the latter.

Role of community development and co-operatives

Co-operative movements and community development programmes have achieved importance in the planning under way in the region. Their proposed role may be described as large in India; significant in Afghanistan, Burma, Ceylon, Indonesia, Nepal, Pakistan and the Philippines; limited in China (Taiwan) and Japan; and negligible or non-existent in most other countries. The mainland of China is a special case in that agricultural producers' co-operatives, which are heavily stressed in the plan, are viewed as a transitional form of organization leading to collectivization of agriculture.

The features emphasized vary. Co-operative societies have been especially stressed in Burma, where the Government is turning over large-scale economic activities to them—for example, rice marketing and cotton export; also in Ceylon. Community development and national extension services are emphasized under various names (village aid, rural reconstruction and others) in the development plans of India, Nepal and Pakistan. In its second Five-Year Plan, India intends to cover the entire rural population (about 325 million persons) under national extension blocks and community development blocks, as compared with 80 million people covered by the end of 1955. Similarly, Pakistan proposes by 1960 to have about 26,000 villages (25 per cent of the villages in the country) under village aid programmes.

MAGNITUDE

Annual rate of growth

The development plans of many ECAFE countries contain a projection of the national and per capita income over the plan period, and this also can be expressed as an average annual (compounded) rate of growth. Most ambitious in terms of rate of growth of national income are the proposed plans (subject to change) of the Philippines and Burma, which show average annual rates of increase of 8.0 and 6.4 per

[1] Upward revision of India's food grain and commercial crop targets in November 1956 appears to have raised the agricultural increase figure to nearly 28 per cent. However, details on the various consequential changes in India's second Five-Year Plan from this revision were not available at the time of writing.

[2] The labour force is expected to increase by 12 per cent; population by 5.5 per cent; industrial employment by 18.1 per cent; employment in secondary and tertiary industries by 20.7 and 16.7 per cent, respectively; that in primary industries by 8.2 per cent.

cent, respectively;[1] for Japan and India, the rate is 5 and 4.6 per cent, respectively; for other countries, somewhat less (table 11). In per capita terms also, the planned growth of income is highest in the Philippines (tentatively, 6.3 per cent a year), and Burma (tentatively 5.4 per cent). These figures may be compared with the increase in per capita income in India during the first Five-Year Plan, which was about 2 per cent annually, and with the increase of 3.3 per cent in per capita income visualized under India's second Five-Year Plan.

Rate of capital formation

The proportion of capital formation to total output, which clearly has an important bearing on the subsequent rate of growth of output and income, is also frequently stated in the plans. Japan, with a rate of gross capital formation averaging about 25 per cent of gross national product for the period of its current plan, undoubtedly is outstanding among the countries for which this information is available. Most other countries have planned for rates less than half that high—generally about 10 per cent on a gross basis—although Burma proposes a rate of 17 per cent, in line with high rates already achieved in Burma's recovery and development drive in most post-war years.

Relative magnitude of planned public outlays

A significant indicator of the quantitative importance which a country's economic development plan assumes is the magnitude of its planned public outlay in relation to gross domestic product. This information is difficult to obtain in many cases. In Ceylon, India and Pakistan, however, planned public outlay is at or a little above 7 per cent of gross domestic product, whereas for Japan and the Philippines the corresponding proportion is markedly lower—about 3 per cent.

[1] The rate of growth visualized in the first Five-Year Plan on the mainland of China is 8.6 per cent a year, compounded, but this relates to gross agricultural and industrial production rather than national income and is not strictly comparable with other estimates since these estitmates of mainland China include raw materials and intermediate products consumed in the process of industrial and handicraft production and thus contain substantial—and also increasing—amounts of double-counting (see below, chapter 7).

Table 11. ECAFE Countries: General Magnitude of Economic Development Plans

Country	Planned average annual percentage rate of growth in national income (compounded)[a]		Planned average annual rate of gross capital formation, as percentage of gross domestic product	Planned public outlay as percentage of gross domestic product
	Aggregate	Per capita		
Plans in operation:				
Afghanistan	3.7	..	..	..
Cambodia	..	..	..	..
Ceylon	3.1	1.1	10	7.7[b]
China:				
Taiwan	..	..	..	..
Mainland	[c]	..	..	..
India	4.6	3.3	7; 11 (net)[d]	7.7[e]
Japan	5.0	4.1	25 (20 net)	2.9[f]
Nepal	..	..	..	..
Viet-Nam, southern	..	..	..	..
Proposed plans:				
Burma	6.4	5.4	17	..
Indonesia	2.8	1.3	6 (net)	..
Korea, southern	..	..	..	..
Pakistan	3.7	2.3	7	7.2
Philippines[g]	8.0	6.3	12	3.3

[a] Reported as real income (deflated figures) in the case of India and Japan, and presumed to be calculated in units of constant value for other countries also. For all countries, compounded rates shown were computed by the ECAFE secretariat.

[b] Average of annual percentages.

[c] For gross agricultural and industrial production, 8.6 per cent; not strictly comparable because of double-counting (see text).

[d] Ratio of net investment to national income in the two years 1955/56 and 1960/61, respectively.

[e] Percentage of national income.

[f] Public works outlay as percentage of gross national product.

[g] Figures based on 1954 draft; may be substantially changed.

Special output targets

Virtually every economic development plan in the region includes projections of a rise in output for certain specific items. Frequently many items are thus projected, so that a large set of statistical tables would be required to bring together all the information that is available under this head. In table 12 a selection is made in order to show the increases contemplated in the production of a few items of generally recognized importance—food grains, fertilizers, electricity, steel, cement and cotton textiles.

Certain annual rates of increase are implied when output targets for the final year of the current plan are compared with output achieved in the year before the plan started. For food grains these rates are, naturally, rather modest, although exceptions to this generalization appear in the case of Ceylon and southern Korea, with planned average annual (compounded) rates of increase of 10.9 per cent and 7 per cent, respectively.[1] In the case of fertilizers, a

[1] Output targets of southern Korea, as here given, may be subject to downward revision in view of the recent reduction in planned public development expenditures.

Table 12. ECAFE Countries: Selected Output Targets of Economic Development Plans

Country	Output, year before Plan	Last year of Plan	Average annual percentage increase[a]	Output, year before Plan	Last year of Plan	Average annual percentage increase[a]	Output, year before Plan	Last year of Plan	Average annual percentage increase[a]
Plans in operation:	*Food grains (thousands of tons)*			*Fertilizers (thousands of tons)*			*Electricity (millions of kWh)*		
Afghanistan	..	..	..	..	..	..	24	850	104
Cambodia	..	..	..	..	..	..	..	..	..
Ceylon	457	851	10.9	..	127	..	45[b]	191[b]	28
China:									
Taiwan	1,570	1,850	4.2	149	404	28	1,420	2,474	15
Mainland	163,900	192,800	3.3	189	548	24	7,260	15,900	17
India	66,000	81,700	4.4	500	2,170	34	11,000	22,000	15
Japan	12,800	14,402	2.0	4,920	6,410	4.5	58,700	82,900	5.9
Nepal	..	..	..	..	..	..	..	20[b]	..
Viet-Nam, southern	..	..	..	..	..	..	..		
Proposed plans:									
Burma	..	..	..	..	..	..	..	226[b]	..
Indonesia	9,000	10,500	3.1	..	100	..	880	1,300	8.1
Korea, southern[c]	3,726	5,216	7.0	1	600	..	100	600	43
Pakistan	13,082[d]	14,783	2.5	..	165	..	280[b]	880[b]	26
Philippines[e]	3,962	4,292	1.6	33	195	43	805[f]	3,085	31
Plans in operation:	*Steel (thousands of tons)*			*Cement (thousands of tons)*			*Cotton textiles (millions of metres)*		
Afghanistan	..	..	..	..	..	..	..	..	..
Cambodia	..	..	..	..	..	..	..	..	..
Ceylon	..	..	..	86	102	2.9	..	..	[g]
China:									
Taiwan	16	69	43	446	630	9.0	13.6[h]	23.2[h]	14
Mainland	1,350	4,120	25	2,860	6,000	16.0	4,019	5,894	8.0
India	1,321	4,369	27	4,369	13,208	25.0	6,264	7,772	4.4
Japan	7,866	11,730	6.9	10,522	14,600	5.6	443[h]	427[h]	[i]
Nepal	..	..	..	..	..	..	..	..	..
Viet-Nam, southern	..	..	..	..	..	..	..	..	..
Proposed plans:									
Burma	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	150	900	43	80	120	8.4
Korea, southern[c]	1	30	..	80	500	44	..	..	..
Pakistan	127	157.5	4.4	680	1,300	14	[j]	[k]	4.6
Philippines[e]	..	100	..	..	..	..	..	..	..

[a] Compounded annually; rates calculated by the ECAFE secretariat.

[b] Capacity, in thousands of kW.

[c] Output targets may be subject to downward revision in view of recent reduction in planned public development expenditures.

[d] Average of several recent years.

[e] Figures based on 1954 draft, which may be substantially changed.

[f] Output in 1953.

[g] 30,000 spindles to be added during plan period.

[h] Cotton yarn, in thousands of tons.

[i] Decrease of 0.6 per cent.

[j] 1.6 million spindles.

[k] 2.0 million spindles.

particularly rapid increase in production is planned by the Philippines and India (43 and 34 per cent per annum on the average, respectively), as well as in China, both Taiwan and the mainland; also a spectacular increase, from a low base, in southern Korea. The planned increase in electricity output tends to be moderately high for most countries of the region—extremely high in some cases where the base is quite low (as in Afghanistan, Ceylon and southern Korea), more frequently about 15 to 20 per cent. Steel, produced in only a few ECAFE countries thus far, shows planned output increases averaging 27 and 25 per cent annually in India and mainland China, respectively, both from about the same base (as against 6.9 per cent, from a much higher base, in Japan). The planned output rise for cement appears to be highest in Indonesia and southern Korea. In India, the plan shows an annual increase of about 25 per cent, more than half again as high as the very considerable rates of growth projected for mainland China and Pakistan. Rates of increase planned for cotton textiles do not approach the highest rates indicated for the other items (food grains excepted); in Japan, because of increased emphasis on heavy industries, a slight reduction is planned.

COMPOSITION OF PLANNED PUBLIC EXPENDITURES

Aside from the information to be gained from output targets, much can be learned about the development plans of ECAFE countries by examining the composition of their planned public expenditures, that is, the distribution of the latter among the various broad categories or sectors (table 13). At the same time, however, comparisons may be somewhat treacherous because of differences in the definitions employed by different countries.

Table 13. ECAFE Countries: Composition of Planned Public Expenditures in Economic Development Plans

(Millions of indicated currency units)

Country and currency unit	*Total*	*Agriculture and irrigation*	*Transport and communications*	*Fuel and power*	*Manufacturing and mining*	*Social capital and services*[a]	Others
Plans in operation:							
Afghanistan (US dollar)[b]	215[c]	71	86	21	37	—	—
Cambodia (riel)	3,500	1,051	1,198	132	84	860	175[d]
Ceylon (rupee)	2,529	905	546	291.6[e]	111.8[f]	402.8	271.8
China:							
Taiwan (new Taiwan dollar)	4,811	2,276	420	791	1,324	—	—
Mainland (yuan)	76,640	6,100	8,990	..	31,320[g]	14,270	15,960[h]
India (rupee)	48,000	10,540	13,850	4,270	8,900[i]	9,450	990
Japan (billions of yen)	1,293[j]	..	..	..	..	..	..
Nepal (mohur)	330	103.5	111.5	30[e]	24	44	17
Viet-Nam, southern	..	..	..	..	..	..	..
Proposed plans:							
Burma (kyat)	4,185	451	1,776	963	345	650	—
Indonesia (rupiah)	12,500	2,725[k]	3,125	2,025[l]	3,125	1,500	—
Korea, southern (US dollar)[m]	1,700	95.7	123.5	77[e]	221.3	105.5	1,077[n]
Pakistan (rupee)	9,236[o]	3,189[p]	1,642	541[e]	1,076	1,688	1,100
Philippines (peso)[q]	1,737	428.4	412.2	286	268.7[r]	123.8[r]	217.9[s]
Simple average of country percentages	100	25	25	10	16	13	11

[a] Including education, health, housing and other welfare expenditure; in Pakistan, including also settlement, with housing.

[b] Currency of Afghanistan is the afghani.

[c] Foreign exchange cost only.

[d] Including research, surveys, tourism, etc.

[e] Power only.

[f] Manufacturing only.

[g] Including fuel and power.

[h] Commerce; urban public utilities; and circulating capital and major repairs, etc., for various enterprises.

[i] Including village and small-scale industry.

[j] Public works expenditures (details not given).

[k] Including community development programme and internal migration.

[l] Including Rp 275 million reserve for both power and irrigation.

[m] Currency of southern Korea is the hwan (official exchange rate, 500 hwan = US$1).

[n] Including raw materials and consumption goods (largely imported), $1,020 million; public works, $57 million.

[o] Rs 8,000 million, deducting "likely shortfall" of Rs 1,236 million.

[p] Also including village aid and rural development outside village aid areas, multiple-purpose schemes, flood control and drainage, and general surveys.

[q] Figures based on 1954 draft, which may be substantially changed.

[r] Fixed assets only.

[s] Including waterworks, some bridges and other public works programmes.

Expenditures on agriculture and irrigation rank first in the development plans of China: Taiwan, Ceylon, Pakistan and the Philippines, where they amount to 47, 36, 34 and 25 per cent, respectively, of total planned public expenditures. The outlay on these two items ranks lowest in Burma, mainland China and southern Korea (11, 8 and 6 per cent of the total, respectively).

Public expenditures on transport and communications are emphasized in the development plans of most ECAFE countries. Burma, Afghanistan,[1] Cambodia, Nepal, India and Indonesia expect to spend 42, 40, 34, 34, 29 and 25 per cent, respectively, of the total on the development of these basic facilities. Only China: Taiwan and southern Korea have put notably small stress on public outlay to develop transport and communications.

No country in the region has given first emphasis to fuel and power development as such,[2] but public expenditures in this field rank second in the development plan of Burma. The percentages for fuel and power are relatively low in Cambodia, India, southern Korea and Pakistan.

Public expenditure on manufacturing and mining has chief emphasis in the development plan of mainland China.[3] In China: Taiwan and Indonesia, it is allotted 28 and 25 per cent of the funds, respectively. In India it accounts for about 19 per cent of the total under the present plan.[4] It is comparatively modest in extent, however, in the majority of the development plans of the region.

Public outlay on social capital and services (including welfare expenditure) occupies third position in the development plans of most ECAFE countries.

If the differences in scope and definition, already referred to, are ignored in order that a broad general picture may be obtained, and a simple arithmetical average is taken of the percentages of planned public expenditure allocated to these different fields by all the governments, the ranking is as follows: (1) agriculture and irrigation, and (2) transport and communications—about 25 per cent each, or half of the planned public expenditure when taken together; (3) manufacturing and mining, 16 per cent; (4) social capital and services, 13 per cent; (5) fuel and power, 10 per cent. The category "others" accounts for the remaining 11 per cent.

[1] In the case of Afhanistan, only foreign exchange cost estimates are available.

[2] A special difficulty in estimating must be recognized here, since in some cases power may be produced by multiple-purpose projects classified under irrigation, and since "manufacturing and mining" may sometimes include elements of "fuel and power" (for example, coal mining, petroleum mining and refining).

[3] About 41 per cent of mainland China's planned public expenditures are in "industry", with a ratio of about eight to one between capital goods industries and consumer goods industries.

[4] Small-scale industries receive increased attention in India's second Five-Year Plan (4 per cent of total public expenditures, as compared with one per cent in the first Five-Year Plan, equivalent to 30 per cent of planned industrial expenditures, as compared with 20 per cent in the first Plan). These small-sscale industries are expected to provide new employment to 450,000 people and supplementary income and employment to 4 million others.

FINANCING

Plans for fanancing

In most countries the development plan incorporates provisions for financing the planned public expenditures (table 14), but in some cases no specific computations have been made for financing.

Rates of saving

The rate of saving (ultimately, the domestic rate) is, of course, fundamental for economic development. Moreover, since rates of saving are generally low in countries of the ECAFE region at the present time, it is realized as of central importance that a rise in these rates be achieved by one means or another. However, for only five countries—Ceylon, India, Indonesia, Japan and Pakistan—can the planned rates of saving in the development programmes be readily derived from the available information. The rate of saving for India, Pakistan and Indonesia is expected to increase from 7, 5 and 5 per cent, respectively, in the year prior to the plan to 9.7, 8.0 and 7.3 per cent in the last year of the plan period. This is to be brought about by saving more than 20 per cent, in each case, of the additional income gained during the plan period, that is, by fairly sharp increases in the crucial marginal rate of saving.[5] In the case of Ceylon and Japan, the difference between average and marginal rates, or the rise in the former, is much smaller. This is naturally to be expected where, as in Japan in particular, the rates of saving are already substantially higher than in other ECAFE countries in the base period.

Deficit financing

Of those plans in which the matter has been specifically dealt with, it would appear from what is stated that the majority intend to proceed on a balanced budget. India, with 25 per cent of its total planned public expenditures of Rs 48 billion during the second Five-Year Plan covered by deficit financing (as compared with 14 per cent in the first Five-Year Plan), is an outstanding exception. The draft Plan for Pakistan contemplates "mild" deficit financing.

Foreign aid

The role of foreign capital is important in the development plans of a number of countries of the region. Aside from private foreign investment, foreign grants and loans are counted on to finance substantial portions of the planned public expenditures —up to 70 per cent or more in several of the cases for which estimates are available.

[5] For Pakistan, the official government estimate is about 19 per cent, but this is equivalent to about 23 per cent according to the method of computation used by the ECAFE Secretariat; see table 14.

Table 14. ECAFE Countries: Financing of Economic Development Plans

Country	Inclusion (x) or non-inclusion (—) of specific plans for financing	Rates of saving (percentages)			Deficit financing as percentage of planned public expenditures	Foreign grants and loans as percentage of planned public expenditures	Foreign exchange requirement as percentage of total planned expenditures[b]	Inclusion of specific plans for:	
		Rate in year before Plan	Rate in last year of Plan	Marginal rate from base year to final year[a]				Export promotion	Import substitution
Plans in operation:									
Afghanistan	..	..	..	..	..	..	..	..	..
Cambodia	x	..	..	..	..	[c]	..	..	..
Ceylon	—	10.0[d]	10.3[d]	11.5	..	..	30	Tea, rubber, coconut	
China:									
Taiwan	..	..	..	..	..	..	..	—	—
Mainland	..	15.7[e]	..	..	..	..	..	..	..
India	x	7.0	9.7	21	25	..	..	Cotton textiles, jute manufactures, etc.	Manufactured goods
Japan	..	24.1	25.8	28.7;29.3[f]	..	..	..	Chemicals, machinery, metal products and textiles	Chiefly food and raw materials
Nepal	x	..	..	..	—	71.0	..	..	..
Viet-Nam, southern	..	..	..	..	..	..	..	..	..
Proposed plans:									
Burma	x	..	..	..	—	—	33	—	—
Indonesia	—	5.0	7.3	22.6[d]	—	8.0	..	..	..
Korea, southern	x	..	..	..	..	78.3	..	Minerals marine products, rice	Fertilizer, cement, etc.
Pakistan	x	5.0	8.0	19.2[a]	"mild"	47.5	46	Raw and manufactured jute and cotton	Manufactured goods
Philippines	x	..	..	..	..	8.6[g]	51[g]	Abaca, copra, ramie	Raw materials, Manufactured goods

[a] Absolute difference in saving between year before the plan and final year of plan divided by absolute difference in income in the same two years, except for Pakistan, for which the official government estimate has been used. If recomputed on basis used by ECAFE secretariat for other countries, figure for Pakisstan would be 23 per cent. It should be noted that, by this method of computation, the results are affected not only by the rate of saving in the base year and final year but also by the rate of increase of income.

[b] Including expenditures planned or projected for the private (production) sector.

[c] At least 90 per cent.

[d] Calculated by the ECAFE secretariat.

[e] Ratio of net capital accumulation to national income (see chapter 7, section on the mainland of China).

[f] Marginal rates for the two years 1956/57 and 1960/61.

[g] From 1954 draft; new draft will probably propose different figures.

Foreign exchange requirement

The import content of investment in ECAFE countries other than Japan is generally high, and inadequate foreign exchange has been a main bottleneck for a number of development plans. Where (as in Burma, Ceylon, Pakistan and the Philippines) the total foreign exchange requirement during the plan period has been estimated, including expenditures planned or projected for the private production sector, this requirement, as a fraction of total planned expenditures, comes to about one-third in Burma and Ceylon and roughly one-half in Pakistan and the Philippines.

Export promotion and import subsition

In an effort to alleviate foreign exchange difficulties, many ECAFE countries in their development plans contemplate measures both to promote exports and to substitute for imports. For example, in the Five-Year Plan of Pakistan, by substituting for imported manufactures and by promoting jute and cotton exports (both raw and manufactured), it is intended to raise the surplus on international current account from nothing in 1955 to Rs 500 million in 1960. Again, the Plan of Japan for economic self-support provides for increasing exports by 66 per cent above their level in fiscal 1954 by fiscal 1960, while imports are to increase less sharply (by 53 per cent).

TECHNIOUES

Capital-output ratio

A few of the ECAFE countries (Burma, Ceylon, India, Indonesia and Japan) have used an over-all incremental capital-output ratio as an aid in their planning, that is, as a means of projecting the magnitude of net investment necessary to obtain given rates of growth in national income. The ratios have ranged from five to one in the current plan of Japan to two for one in the earlier (KTA) plan for Burma, the second Five-Year Plan of India (three to one in the first Five-Year Plan) and the first Five-Year Plan of Indonesia. Ceylon's Six-Year Investment Programme assumes a ratio of 2.5 to one. Pakistan's current draft plan takes as a rough assumption a ratio of three to one, but it is not used as a criterion for investment requirements.

Quantitative models

While none of the ECAFE countries has attempted to work out an elaborate quantitative "model" of its economy for planning purposes, Ceylon, India, Indonesia and Japan have implicitly used certain simplified aggregate models in projecting the increase in national income. Ceylon's current programme, India's two plans and Indonesia's draft plan employ a simplified growth equation using three variables—the rate of saving (s), the capital-output ratio (k) and the rate of population growth (p)—to give the rate of growth in per capita income (g).[1] Japan's formula emphasizes labour productivity, the main factors in the Japanese aggregate model for determining the increase in gross national product being employed population and per capita annual production.[2] The projected gross national product is tested for consistency in the light of the anticipated balance of payments and internal inflationary pressures, and the Japanese model also uses the formula, GC=S, to check the balance between the rate of growth in gross national product (G), the marginal capital coefficient (C) and savings (S).[3]

Relationships among the sectors

India and Japan have done some preliminary work on input-output tables, but neither has extensively applied input-output analysis to the formulation of development plans. Japan has nevertheless given considerable attention to the problem of relationships among the various sectors, and government agencies are assembling a mass of data for this work, the eventual aim being, among other things, to forecast the trend of the economy more accurately by interconnecting the inter-industry tables with national income statistics. In India's second Five-Year Plan, such relationships are considered to a more limited extent, by way of a commodity balance approach to certain strategic factors such as coal, steel and power. In other countries, less specific account appears to have been taken thus far of the wider or indirect impact of the development expenditure directed to the selected projects featured in the plan. However, resource budgeting applied to scarce factors is being undertaken in various countries, including Indonesia.

Income elasticity of demand for consumption goods

Only Ceylon and, to a more limited extent, Japan have utilized the demand elasticity concept for forecasting consumption during the plan period. On the basis of a 1954 survey of income and consumption in Ceylon, and certain assumptions about tastes and income distribution, a projection has been made of the consumption pattern of households in 1956. Similarly, in the Japanese plan the concept of income elasticity is used to estimate the demand for food (rice, wheat, barley, bread, meat, eggs, dairy products) and domestic textiles; in forecasting the demand figures, provision is made for changes in the pattern of demand during the plan period.

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[1] $g = \frac{s}{k} - p$

[2] Total population is estimated to be rising at 0.9 per cent annually. An assumed labour force rate of 67.8 per cent of the productive population (14 years of age and over), miuus the unemployed (to be reduced to one per cent of the total labour force by 1960/61), yields an estimate of the gainfully employed population; this, multiplied by per capita annual production (whose increase is assumed equivalent to the increase in labour productivity), gives an estimate of gross national product.

[3] Data for G, C and S are available for Japan from 1930.

Part II

COUNTRY SURVEYS

Chapter 3

AFGHANISTAN

Owing to reduced volume of consumer imports accompanied by an unfavourable cereal harvest, some increase occurred in Afghanistan's general price level between May and October 1955. Transit trade through Pakistan remained sluggish to the end of 1955/56,[1] except for temporary recovery during the period November 1955 to February 1956.[2] By utilizing the northern transit route and air transport to Bahrein, Beirut and India, the country made every effort to retain its traditional export markets and to import essential consumer and capital goods. The value of exports and imports during 1955/56 expressed in Afghanis was higher than that reached in 1954/55.[3] With a rapid inflow toward the end of 1955, the shortage of consumer imports experienced earlier was somewhat eased in the first quarter of 1956, and substantially so in the second and third quarters. During 1956/57, and particularly with the adoption of the Five-Year Plan for 1956/57 to 1960/61, developmental activities in the country took an upward trend. The Government negotiated external loans and grants on a substantial scale to provide for foreign exchange and technical assistance needed for implementing the Plan.

FIVE-YEAR PLAN

In August 1956 the Parliament adopted the draft Five-Year Plan. A Ministry of Planning was to be established to supervise and co-ordinate the various development activities involved. The estimated public and private expenditures envisaged in the Plan were a little over 11,000 million afghanis, plus foreign exchange to a value of US$464 million. Major emphasis in the Plan was placed on agriculture, irrigation and transport.

The Plan assumes an increase of 18-20 per cent in national income over the five years (1956/57–1960/61).[4] Physical output targets, with the exception of electric power, are not stated in the Plan; instead additional agricultural and industrial outputs are given in 1955/56 prices.[5]

In the field of agriculture and irrigation, a vigorous drive is to be inaugurated against plant and animal diseases, and new agricultural research laboratories and model farms are to be established. Several dams (Paltu, Sardeh, Kharwar in the south and Barikot-Basawal in the east) are to be constructed; together they are expected to bring an additional 98,000 hectares of land under irrigation. A team of experts from the United States under the technical assistance programme of the International Cooperation Administration (ICA) has made a thorough survey of the potentialities of the Helmand valley for the further development of irrigation.

With the exception of a new highway from Kabul to the northern part of the country across the Hindu Kush range, and one from Kabul to Torkham in the east, the major sums to be spent on transport are earmarked for the improvement of existing highways and for motor workshops, petroleum storage and development of civil aviation. Within the plan period, nearly 1,590 kilometres of highway are to be macadamized or otherwise surfaced. Under an agreement with the United States, ICA is making available to Arayana Airlines $14.56 million ($9.56 in grants and the remainder in loans) to build new airports, including the international airport at Kandahar; to rehabilitate the existing ones; to establish a network of telecommunications between various airports; and to extend training facilities for Afghan aviation personnel. In order to gain from advanced techniques, the Government arranged for the sale of 49 per cent of the shares of Arayana Airlines previously held by Indamer to Pan American World Airways, Inc. Furthermore, the Union of Soviet Socialist Republics has agreed to undertake the construction of a new airport at Bagram and to enlarge the facilities of Kabul airport to accommodate bigger planes.

The Plan contains an extensive programme for hydroelectric power development. It is anticipated that with the completion of various hydroelectric projects—the second stage of Sarobi, Pul-i-Khumri, Kajakai, Arghandab and various minor projects—the present annual electricity generation of about 24

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[1] The Afghan fiscal year starts 21 March. The year under the Five-Year Plan commences, however, from 1 August of each year.

[2] Afghan exports and imports through transit, after reaching Rs 4.4 million and Rs 13.4 million, respectively, in December 1955 and remaining close to those amounts for two months thereafter, dropped to Rs 0.5 million and Rs 6 million in March 1956, the last month for which data are available.

[3] Part of the increase is assumed to have been caused by the depreciation of the Afghani against foreign currencies.

[4] A national income series for Afghanistan is not available. In 1953/54 gross national product by industrial origin was estimated at 12,500 million afghanis of which 72 per cent came from agriculture and 6.4 per cent from manufacturing (see: *Economic Survey of Asia and the Far East 1954*, Vol.V, No.4, p.57.

[5] Value of additional output during 1956/57—1960/61 is given, in millions of afghanis, as follows: agriculture 1,536.8, including cotton 545.3, karakul 421.0, wheat 377.7, and other commercial products 192.8; industry 588.5, including textiles 408.0, electricity 119.1, cement 9.8, and glass, oil, soap, etc. 51.6.

million kWh will be multiplied many times over and reach 850 million kWh by the end of 1960/61.[1]

With respect to manufacturing, in addition to the completion of existing projects, new factories for textiles, fruit preserving, cement, fertilizers, leather, glass, stone cutting and hessian are to be built during the period of the Plan. In order to help finance the development of manufacturing industries, an industrial bank is to be established in 1956/57 with an initial capital of Afg 600 million.

In the field of social services, further educational and health facilities are provided in the Plan. The target for primary education is to add 100 schools annually, a total increase of 160 per cent by the end of the fifth year. In addition to making available the larger number of technicians needed to implement the Plan, Kabul University is to add three new colleges (agriculture, engineering and pharmacy) during the first year of the Plan, and several vocational schools are to be opened in various parts of the country.

Another phase of social and economic development in the Plan is the five-year community development programme, to be supervised by the Rural Development Commission. It is anticipated that by 1960/61 about 2,200 villages, or 9 per cent of all villages in the country, are to come under the proposed 45 development blocks.[2] In order to overcome the shortage of supervisory staff, an extensive programme for training 9,600 technicians is to be undertaken in the first two years of the programme.[3] The total government contribution to this programme is estimated at Afg 166 million over the five years; in addition it is assumed that $2.85 million in foreign exchange will be covered by the United Nations Technical Assistance Administration, specialized agencies, the International Cooperation Administration and various private foreign assistance agencies.

The sources for financing the Five-Year Plan include government funds and private savings, credit expansion, and foreign loans and grants. To increase government investment, provisions for additional taxation are included in the Plan. Deficit financing is expected to be on a limited scale. However, a vigorous drive is to be launched for the sale of government development bonds, and to that end a banking act is under consideration whereby the banks would be required to invest up to 15 per cent of their deposits in government bonds. Facilities for postal savings are to be established to encourage small savings.

Foreign loans and grants are expected to provide for one-fourth of the total planned expenditures. Of this amount, a sum of $100 million has been guaranteed under a loan agreement concluded with the Soviet Union on 28 January 1956. In addition, under a protocol agreement signed on 5 July 1956, Afghanistan is to receive technical assistance from the Soviet Union for various projects included in the Plan. Technical assistance from the United States, in addition to the $14.56 million in grants and loans mentioned earlier, was stepped up 50 per cent to $3 million in the year ending June 1956.

PRODUCTION

Owing to drought in some parts of the country, the 1955/56 output of cereals, especially wheat, was below the previous year's normal production of 3.3 million tons.[4] Consequently, food stocks were reduced. Furthermore, early drought in the north and late damaging floods in the south have caused a serious food problem for 1956/57. In order to meet expected contingencies, particularly in the cities, the Government in early October 1956 bought from the United States 40,000 tons of wheat in exchange for local currency.

In 1955/56 the output of coal rose sharply over the previous year but that of salt declined noticeably. Oil drilling in the Sar-i-Pul region initiated in 1955 under a contract with a Swedish firm brought promising results; oil was found in one well and drilling started on a second.

In the manufacturing field, the output of cotton fabrics and electricity showed moderate increases in 1955/56. The production of sugar, owing to a poor sugar beet harvest, and that of woollen fabrics, registered slight declines. Because of delays in the import of cement and machinery in the first three quarters of 1955/56, the Gulbahar textile factory and the first stage of the Sarobi hydroelectric project, both scheduled to be completed in 1956/57, have been held back by another year. The cement plant at Jabel-us-seraj, with a daily capacity of 100 tons, for which the machinery was dispatched from Czechoslovakia in March 1956, was expected to begin operations in November. Under a contract with a Japanese firm, an additional cement factory, also with a daily capacity of 100 tons, will be built at Pul-i-Khumri in the near future.

[1] Under an agreement signed with the Ministry of Mines and Industries, the Soviet Union has undertaken to construct electricity stations in important Afghan towns.

[2] Of the 45 development blocks, 13 will cover 60 villages each and the others from 30 to 60 villages. The rural population covered by each block has a range of 40,000 to 100,000 persons.

[3] Including 300 project executive officers; 600 agricultural technicians; 1,500 health technicians; 1,200 education and co-operative technicians; and 6,000 village workers, rural school teachers, etc.

[4] FAO has estimated the 1955/56 output of cereals at 2,805,000 tons (wheat 2,100,000 tons, paddy 250,000 tons, barley 280,000 tons and maize 175,000 tons), compared with 2,832,000 tons (wheat 2,124,000 tons, paddy 250,000 tons, barley 283,000 tons and maize 175,000 tons) in 1954/55.

Table 15. Afghanistan: Output of Major Mineral and Manufacturing Items

Item and unit	*1950/51*	*1951/52*	*1952/53*	*1953/54*	*1954/55*	*1955/56*
Coal (thousands of tons)	10.1	14.1	14.5	16.8	15.4	22.1
Salt (thousands of tons)	..	18.5	16.6	16.8	24.1	22.6
Sugar (thousands of tons)	4.6	4.0	3.3	4.9	5.3	4.9
Cotton fabrics[a] (millions of metres)	9.1	10.1	10.9	14.3	17.3	17.5
Woollen fabrics[a] (thousands of metres)	..	..	..	205.	220.	205.
Electricity (millions of kWh) ..	8.3	8.8	7.9	20.8	22.7	24.3

Source: Ministry of Mines and Industry.

[a] Including only factory output.

TRADE AND PAYMENTS

Though 1955/56 exports, at Afg 1,452 million, were slightly over the level reached the year before, imports rose much more sharply (by 39 per cent) to Afg 1,392 million, and the trade surplus of Afg 436 million achieved during 1954/55 was reduced to Afg 60 million.

Except for karakul and wool, the quantum of exports of other major items (fresh and dried fruits, cotton and carpets) declined drastically. Owing to transit difficulties the exports of fresh and dried fruits, mainly to India, amounted to 22,700 and 13,500 tons respectively, registering declines of 35 and 47 per cent from their 1954/55 levels. Exports of cotton were 6,146 tons, only about half the amount in 1954/55, mainly because of a drop in sales to Japan and western Germany; the share of cotton in the total value of exports declined from 17 per cent in 1954/55 to 10 per cent in 1955/56. Among the export items that increased sharply in quantity as well as in value was wool, which reached 7,766 tons, valued at Afg 243 million, compared with 5,257 tons, valued at Afg 133 million in 1954/55.

The quantity and value of almost all imports expressed in Afghani registered large increases over the 1954/55 level. The increase in the inflow of imports presumably took place between November 1955 and February 1956, when the transit route through the Soviet Union was fully utilized and when the imports delayed in Pakistan during April–October 1955 resumed their flow into the country. The outstanding gain was in cotton and rayon piece-goods, with a combined value of Afg 751 million, compared with Afg 462 million in 1954/55; their share in total imports rose from 46 to 54 per cent. Imports of tea, sugar, petroleum, kerosene and iron and its products all rose from one-third to two-thirds in quantity above the imports of the previous year.

As to the direction of trade, exports to India and the United States reached 38 and 25.1 per cent, respectively, of total exports in 1955/56, compared with 36.3 and 23.1 per cent in 1954/55. Exports to the Soviet Union (up from 18.8 per cent of total exports in 1954/55 to 19.1 per cent in 1955/56) included 84, 58 and 100 per cent of wool, cotton and oil-seeds exports respectively. Owing to lower exports of cotton to Japan and of karakul and carpets to the United Kingdom, the share of exports to these two countries declined from 3.1 per cent and 8.7 per cent of total exports to 0.3 and 4.3 per cent, respectively. However, in September 1956 negotiations between the Afghan and Japanese chambers of commerce were under way, looking towards the trading of Afghan cotton and wool for Japanese textiles, consumer manufactures and capital goods.

Under a trade agreement signed with Poland in August 1956, Afghanistan will export cotton, wool, hides, flax and sesame oil to Poland in exchange for complete industrial installations, various kinds of machinery, automobiles, tractors, cement, porcelain, glass, chemical and pharmaceutical products and textile fabrics.

The foreign reserves of Da Afghanistan Bank reached Afg 1,142 million by 20 March 1956, a 12 per cent increase over the reserves of a year earlier.

FINANCE AND PRICES

In 1955/56, revised budget estimates of tax and other revenue (excluding borrowing) amounted to Afg 1,012 million, a slight increase over actual revenue in 1954/55, while expenditures were, according to budget estimates, budgeted at Afg 1,301 million. The estimated profits of government enterprises more than doubled, rising to Afg 144 million.

Budget estimates for 1956/57 gave total expenditure at Afg 1,779 million and total revenue at Afg 1,276 million. The estimated deficit of Afg 503 million, resulting largely from a rise of Afg 329

million in development expenditures[1] (from Afg 422 million in 1955/56 to Afg 749 million in 1956/57) was to be covered by foreign loans and grants. To obtain more revenue, the import duties on textiles (silk, rayon and wool), cosmetics, canned food, cigarettes and other luxury and semi-luxury goods were raised considerably on 23 August 1956.

Money supply, though rising at a much lower rate in 1955/56 than in the year before, nevertheless increased by 21.8 per cent. This increase in money supply, coupled with the unfavourable cereal harvest and the shortage of imported consumer goods in the three quarters of 1955/56, brought about as noted, some increase in the general price level. Money wages did not rise proportionally, and consequently the level of living in the urban areas fell somewhat. However, beginning with March 1956, the rise in prices was arrested, mainly as a result of a lower rate of increase in currency, a faster flow of imports and price control on food items in the cities.[2] Though the 1956/57 food crop was poor, it was hoped that the substantial purchase of United States wheat in October 1956 would help stabilize food prices.

[1] Developmental expenditures include expenditures on public works, irrigation, agriculture, facilities for food storage, education, health and the promotion of new government enterprises.

[2] In the first quarter of 1956/57, outstanding currency increased by Afg 68 million, compared with an increase of Afg 125 million in the preceding quarter and Afg 111 million in the corresponding period a year before.

Table 16. Afghanistan: Increases in Money Supply

Year	*Changes in currency outstanding*	*Changes in demand deposits*	*Changes in total money supply*	*Total money supply at end of year*	*Percentage increase in total money supply over the previous year*
			Million of Afghanis		
1953/54	+ 41	— 6	+ 36	1,130	3.3
1954/55	+206	+319	+524	1,654	46.4
1955/56	+282	+ 79	+361	2,015	21.8

Chapter 4

BURMA

The Burmese economy has made some recovery from its unfavourable situation in 1954 and 1955, caused by the slump in the price of rice, the country's chief means of earning foreign exchange. The basic difficulties seem to have, however, remained,[1] despite active efforts to overcome them or mitigate their effects.

During 1954–55 while foreign exchange earnings fell, foreign exchange expenditures remained high. The Government continued its large-scale development expenditures by means of deficit financing. The development programme itself had a high import content, and rising deficits added further to the demand for imports by inflating private incomes. During this time, Burma also made large outpayments in settling debts to India and the United Kingdom, purchasing shares in a joint oil venture with the Burma Oil Company and repurchasing its own currency from the International Monetary Fund. The combined effect of all these factors was a heavy drain on foreign exchange reserves, which fell from 1,071 million kyat at the end of 1953 to K 678 million at the end of 1954 and K 516 million at the end of September 1955, the lowest level since 1949. The fall threatened the stability of the external value of the kyat.

To arrest the drain, the Government drastically tightened import and exchange controls, pushed rice sales by reducing the price and by entering into trade agreements (mostly barter) with a number of countries, revised its budget allocations on current and capital expenditures downward, and negotiated a loan from India. These measures were not all equally effective or advantageous. The tightening of exchange and import controls, with the Government simultaneously pumping more money into the economy through its budget deficit, bottled demand and raised the prices of the limited supply of imported and domestic goods available in the country. The price of imported goods, particularly, rose as a result of speculation and hoarding. The increase was reflected in the cost of living index, which went up considerably in the first three quarters of 1955. The contribution that the controls made to external stability was thus largely at the cost of internal stability. Although the barter agreements appeared to have relieved Burma's burden of heavy accumulation of stocks, they did not help open up the flow of badly needed imports. Unless Burma's earnings under these agreements could be freely converted into goods desired by the country, it would be difficult for Burma to place complete reliance on these agreements. For these reasons the Government decided to encourage cash sales, whenever possible. These measures, taken mostly in the fiscal year 1954/55,[2] succeeded in halting the drain but not in restoring reserves to a safe level. In December 1955, reserves were only 51 per cent of those of December 1953. The price situation also remained disturbing. The cost of living index in September 1955 was 17 per cent higher than in December 1954 and, although it fell in October, started rising again afterwards. On the whole, the economy at the end of 1955 still remained greatly strained.

The policies adopted in 1955 were continued during 1956. Import and exchange controls remained firm. The export drive was intensified and yielded favourable results. The quantity of rice exported in the first half of 1956 was larger than in the first half of 1955, and the total quantity in 1956 was considered likely to exceed the 1955 aggregate of 1.7 million tons.[3]

With respect to foreign loans and other assistance, an agreement was reached with the United States in February 1956 to buy K 100 million (or about US $21 million) of United States surplus agricultural products against payment in kyats. The chief item in the transaction was raw cotton, which the Government arranged to process in India, Japan, western Germany and the United Kingdom. The agreement thus not only augments needed foreign exchange, but also provides additional textile imports, which will help to fight price inflation. In May, two loans totalling $19.4 million were obtained from the International Bank for Reconstruction and Development.[4] During the year a start was also made on the payment of reparations from Japan. Though the agreement, providing for a total reparation payment by Japan of $250 million at the rate of $25 million per year over a period of ten years, had been in effect from 1 April 1955, the actual flow of foreign exchange

[1] The unit value index of rice exports, which was 112 in 1953 (1952=100), fell to 83 in 1954 and 62 in 1955.

[2] The fiscal year is from 1 October to 30 September.

[3] The exportable surplus for 1956 was estimated at 1.37 million tons, and the carry-over from 1955 to 610,000 tons, amply permitting higher exports.

[4] One of these, for $14 million, was expected to play a major part in financing the construction of cargo berths, storage facilities and floating harbour equipment for the port of Rangoon, where traffic has been seriously hampered by the inadequacy of existing facilities. The other loan, for $5.4 million, was to be used in connexion with railway development.

from this important source had previously been obstructed by administrative and technical difficulties of various kinds.

In public finance, budget expenditures were pruned. The Government's budgeted expenditure for 1955/56 was K 1,035 million, K 147 million below the revised estimate for 1954/55. The estimated budget deficit rose, however, because of a greater decline in budgeted revenue,[1] although the budgeted cash deficit of the whole of the government complex (the central Government together with government-managed boards and corporations) declined from the revised estimate of K 841 million for 1954/55 to K 726 million for 1955/56.[2]

Responding to these favourable measures and developments, foreign exchange reserves rose by K 149 million in the first seven months of calendar 1956, reaching a total of K 704 million. Although the external position improved, the domestic price situation did not improve until after mid–1956.

Burma's experience illustrates the difficulty of trying to sustain a high rate of development by money creation in an economy whose savings are largely derived from periodic export booms. If a country cannot save sufficient resources in a boom, it must in a recession either slow down its development or raise resources abroad. Deficit spending will not, in the short run at least, materially increase real resources; it will only transfer existing resources to the Government. Burma's development programme was predicated on the maintenance of the high export prices reached during the Korean conflict. Experience proving unfavourable, Burma has now adopted the less risky strategy of raising loans abroad, stepping up output at home and readjusting its development programme to correspond more closely with available resources.

Currently, Burma's two chief difficulties are the continued depression in rice prices and continued insurgent activity. The latter is still seriously hampering production and the movement of goods. Its direct cost in destruction of property alone during the past few years has been estimated at K 4,730 million, a sum almost equal to Burma's gross domestic product in 1954/55,[3] while its indirect toll is probably much heavier.

DEVELOPMENT AND PRODUCTION

New development plan

A policy statement in July 1956 by the new Government announced that it would reappraise and readjust its development programme in the light of resources, severely curtail new investments by concentrating on completion and consolidation of projects already committed or undertaken, and shift emphasis to quick-yielding projects which would help to increase exports and promote import substitution by domestic production.[4]

Following this policy, a new Four-Year Plan beginning with the fiscal year 1956/57, was drawn up "within the technical framework of the former Eight-Year Plan, but against the relatively limited financial resources available."[5] The Plan as a whole had not been finalized or released, but its first year's allocations were revealed by the budget for 1956/57, which showed a significant though moderate shift in investment from social overheads to directly productive projects designed to increase output and exports and to reduce imports.[6] Allocations for agriculture, forestry, mining and industry were greater, while that for building construction was drastically cut; transport and power, though not classed as directly productive, were given greater amounts because of heavy commitments on existing projects and the need for rehabilitating facilities destroyed by insurgents. For the plan period as a whole, indications are that the share of agriculture and irrigation may rise to nearly 18 per cent of total investment, while that of transport and communications may be reduced to about 20 per cent. It is also understood that the rice paddy production targets will reach the pre-war figure of 7.5 million tons by 1960—which will again allow an export of over 3 million tons of rice and rice products.

[1] Figures given here differ from those in the budget estimates and the *Economic Survey of Burma, 1956*, (Rangoon, 1956) since revenue and expenditure items have been reclassified to equate the surplus, or the deficit, with net borrowing adjusted for changes in cash holdings. Revenue excludes borrowing and transfers from reserves; expenditure excludes debt repayments, contributions to sinking funds and transfers to reserve funds.

[2] The actual budget figures have proved more favourable than the original estimates. Instead of a deficit, the Government had a small surplus of K 34 million in 1954/55. The revised estimate for 1955/56 shows a deficit for the year of K 214 million as against K 313 million in the draft estimates. The cash deficit of the government complex was K 799 million (actual) in 1954/55 and an identical K 799 million (revised estimate) in 1955/56.

[3] *Budget 1956-57, Hon'ble Finance Minister's Speech* (Rangoon, 1956).

[4] Premier's statement at press conference, 3 July 1956, *Burma Weekly Bulletin* (Rangoon), 12 July 1956.

[5] *Economic Survey of Burma*, 1956, p.77.

[6] The percentage distribution of total government investment expenditures by major sectors is as follows:

	1952/53 to 1955/56	*1956/57*		*1952/53 to 1955/56*	*1956/57*
Agriculture including irrigation	10.3	13.3	Building construction	16.1	5.6
Forestry	1.7	2.3	Social services, including Pyidawtha development project	[a]	3.7
Mining	1.2	3.8	Miscellaneous	5.0	1.6
Industry	9.4	11.4	Defence	21.9	17.3
Transport and communications	24.5	27.2			
Power	9.9	13.8			

[a] Included in building construction and miscellaneous items.

Gross domestic product

Gross domestic product in 1955/56 increased both in real terms and in current prices. At constant 1947/48 prices, it was estimated at K 4,425 million, 3 per cent higher than in 1954/55. Even at this level, however, it was still only 89 per cent of the real output in 1938/39.

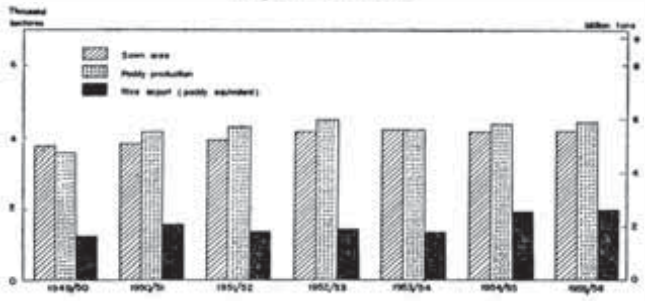
The rise in real output between 1954/55 and 1955/56 was mainly due to a rise in production in agriculture, forestry and mining; industrial output fell. It is estimated that per capita real output increased 2 per cent.

Consumption (public and private) remained in both 1954/55 and 1955/56 at 78 per cent of the gross domestic product, and savings at 22 per cent. Capital formation in 1955/56 was, however, slightly (K 49 million) lower.

Agricultural production

The index of agricultural production in 1955/56 was about the same as in 1954/55. It was, however, only 89 per cent of pre-war (1934–38). Paddy production in 1955/56 was estimated at 5.9 million tons, slightly higher than in 1954/55, but still only 84 per cent of pre-war levels. The area was slightly larger than in 1954/55. Both the area and the output of ground-nuts increased conspicuously. Gains were also registered in the production of sesame and sugar-cane. In spite of a 15 per cent increase in the area sown, production of cotton lint dwindled by about 20 pere cent from the previous year on account of heavy rains during the ripening season. Total production of tobacco remained more or less at the previous year's level although production of Virginia tobacco rose substantially.

Chart 8. Burma: Sown Area, Production and Export of Rice



The estimated production of teak in 1955/56 was 34 per cent more than in the previous year but still far below the pre-war level. Production of other timber is estimated to have fallen 3 per cent below 1954/55, though it was 8 per cent above pre-war (1936/37 to 1939/40).

During 1955/56, the Agricultural and Rural Development Corporation increased its activities considerably, spending more in the first six months than in the whole of the previous year. The Land and Agricultural Planning Commission submitted a draft report in May 1956 which provides a comprehensive survey of Burma's agricultural resources and makes recommendations for bringing various existing programmes together into one integrated agricultural plan. The Government has continued its programme of nationalization and distribution of land to cultivators. By the end of May 1956, a total of 404,000 hectares had been distributed. During the year the Government's capital expenditure on irrigation declined further, being confined mainly to routine repairs and maintenance. This lack of progress in irrigation was largely due to shortage of engineers.

Mining and industry

The production of petroleum and the development of the oilfields have continued to make steady progress. It is estimated that crude oil production in 1955/56 was about 235,500 tons; while only a fraction of the pre-war amount, this represents an increase of 16 per cent over the previous year.

The production of tin and tungsten concentrates in the first half of 1955/56 remained at the same level as in the first half of 1954/55. The production of mixed tin and tungsten, lead and zinc, however, increased. Production in all cases was, however, far below pre-war levels.

In rehabilitating and developing mineral resources, the so-called joint venture system, which provides for the association of the government with domestic or foreign investors, has played an important part. The joint venture with the Burma Oil Company, established in 1954, has made considerable progress in expanding refinery capacity. A joint venture proposal with Anglo-Burma Tin has been approved, and another with Mawchi Mines, Limited, has been under negotiation.

On the industrial front, there were both gains and losses. Following its new policy of consolidation rather than expansion of investment, the Government concentrated on the completion of projects begun in earlier years. Despite this, expenditure on industrial development was higher than in 1954/55. A new feature was the introduction of a hire-purchase scheme to enable private industry to import machinery and equipment. Such arrangements are eavailable for imports from countries with which Burma has barter agreements as well as from Japan under the reparations agreement.

Cement production from the Thayetmyo plant was 59,000 tons in 1954/55. In the first half of 1955/56, owing to accumulation of stocks, the rate of produc-

tion fell. With cement imports increasing under the trade agreements, a further decline in production was expected. Sugar production in the first half of 1955/56 was 14,590 tons as against 13,680 tons in the corresponding period in 1954/55. Because of the increase in the area under sugar-cane and the imminent completion of two new sugar mills, annual output was expected to rise to over 38,000 tons, making Burma self-sufficient in sugar at present levels of consumption. Also nearing completion was a jute bag and twine mill which would eliminate Burma's need to import these items. Of the projects under execution, the steel rolling mill was almost completed and already producing certain articles; it was expected to be in full operation in 1957. Both the brick and tile factory and the pharmaceutical plant have begun operations on a small scale.

Producton of cotton yarn and of cigarettes declined, the former because of a decline in the cotton crop and a shift to higher count yarn, the latter because of a fall in consumption caused by a 500 per cent increase in excise duty in 1955/56.

Transport and power

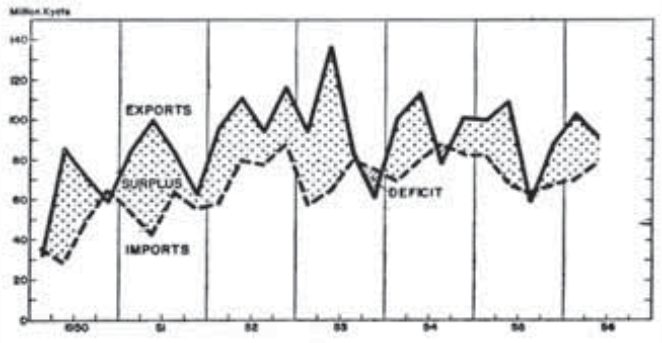
The extension of transport facilities is vital to Burma's development. Partly because of this and partly because of commitments already made, budget provisions for this sector increased in 1955/56 in spite of the general policy of curtailment of development expenditure. Ton-kilometres of freight traffic transported by the railways were expected to increase in 1955/56 by about 8 per cent and that carried by the Inland Water Transport Board by about 3 percent; in passenger traffic the increases were 12 per cent and 10 per cent, respectively.[1]

The Government's electric power programme includes an 84,000 kW hydroelectric project at Baluchaung financed by reparations from Japan, 87 diesel power stations to generate an additional 23,500 kW and an increase in Rangoon's power supply by 30,000 kW. Work was under way on the hydroelectric project, and thirteen of the diesel power stations were expected to be in operation by the end of 1956. Power consumption in Burma excluding Rangoon stood at 26.0 million kWH in 1955/56 as against only 10.3 million in 1954/55. The Rangoon project was also making headway.

TRADE AND PAYMENTS

The terms of trade, which had fallen from 123 in 1953 (1952=100) to 102 in 1954 and 86 in 1955, rose slightly, reaching 89 in the first half of 1956. The average unit price of rice exports declined from K 481 per ton in 1955 to K 457 in the first half of 1956, while that of timber exports rose about 40 per cent.

Chart 9. Burma: Value of Imports and Exports
(Monthly averages)



Exports and imports

Exports in the first half of 1955/56 were about the same in value as in the first half of the previous year, when the year's total was about 14 per cent below the post-war peak of K 1,293 million, achieved in 1952/53.

Rice exports in the first half of 1955/56 were 966,300 tons, valued at K 439 million, as against 853,000 tons valued at K 454 million in the first half of 1954/55. With the conclusion of the Indo-Burma rice agreement for the shipment of 2 million tons in five years, it was expected that total rice shipments in the second half of 1955/56 might be higher. Of 966,300 tons shipped in the first half of 1955/56, 27 per cent was on barter account.

Export proceeds on account of other agricultural produce declined 20 per cent in the first half of 1955/56 as compared with the first half of 1954/55, owing principally to a fall in average prices. Timber shipments in the same period rose considerably in volume (from 18,000 tons to 46,000 tons) but less in value.

Imports were reduced substantially between calendar 1954 and 1955 (K 973 million to K 856 million), and import policy in the fiscal year 1955/56 continued to be highly restrictive in view of the difficult foreign exchange situation. During the first half of 1955/56, total imports were about K 415 million, 17 per cent lower than in the corresponding (pre-restriction) period of 1954/55. Import of non-essential goods was completely banned, and that of less essential goods strictly regulated. At the same time, to relieve the domestic price situation, larger imports of essential consumer goods were planned, the total programme for consumer goods imports being K 768 million for the fiscal year 1955/56, compared with K 638 million in 1954/55.[2] This import programme may not be fully realized. In the first half of 1956, consumer goods imports were K 288 million.

[1] Both sets of estimates are based on six months' actual figures *(Economic Survey of Burma, 1956)*.

[2] *Economic Survey of Burma, 1956.*

Trade agreements

To expand its export market, particularly in rice, Burma in 1955 entered into a number of trade agreements, some of them on a barter basis.[1] The agreements produced marked changes in the foreign trade pattern in 1955/56. As compared with the previous year, the sterling area share of Burma's exports fell from 59 per cent to 48 per cent and of its imports, from 55 per cent to 52 per cent. India's share in exports fell from 35 per cent to 18 per cent, but its share in imports remained unchanged, also at 18 per cent.[2] However, the most notable change seems to have taken place in the share of eastern European countries and mainland China. It is estimated that whereas a year before only 3 per cent of Burma's imports came from these countries, in 1955 they accounted for almost 25 per cent.[3]

Trade agreements made in 1956 included one with the United States for the purchase of certain surplus agricultural products, a three-year agreement with Sweden, a three-year barter agreement with Romania (rice, beans, rubber, cotton, metals and ores against manufactured consumer and capital goods), a barter agreement with Yugoslavia (rice against consumer and capital goods and technical services) and a barter agreement with Bulgaria (rice against machinery, equipment and capital goods).

Balance of payments

An alarming fall in the current account surplus to zero, synchronizing with large-scale repayments of debts, resulted in a heavy drain on Burma's foreign exchange reserves in 1954. In 1955 the situation improved markedly. There was a moderate current account surplus of K 33.7 million, indicating the success of the measures taken for promoting exports and curtailing imports. There was also a reduction in extraordinary payments for debt settlement and creation of joint ventures with foreign enterprises. As a result, the fall in foreign assets was strikingly less. Indeed, in the last quarter of the year, reserves rose.

In the first half of 1956, there were a surplus on goods and services (K 63.1 million, as against K 100.8 million in the first half of 1955), and also a reduced deficit on account of private remittances and migrants' transfers and a net increase in official donations. The current account surplus was reinforced by a net inflow of private capital and there was an increase in foreign exchange reserves.[4]

[1] An agreement was also concluded with Israel for promoting joint ventures in industry and agriculture, Israel to provide technical personnel and both countries to share the risks and profits.

[2] International Monetary Fund, *International Financial Statistics* (Washington, D.C.), October 1956.

[3] J. Welsh, "Burma's Development Problems", *Far Eastern Survey* (New York), August 1956.

[4] *Union Bank of Burma, Bulletin* (Rangoon), Second quarter, 1956.

FINANCE AND PRICES

Public finance

Growing capital expenditures and deficits characterized Burma's public finance in the years 1952/53 to 1954/55, but the continued foreign exchange drain forced retrenchment in 1955/56. Government capital outlay, though budgeted at K 520 million, was expected to fall actually to under K 450 million.[5] As mentioned earlier, however, the consolidated cash deficit, according to revised estimates, was expected to remain high—at the 1954/55 level of K 799 million.[6]

Budgeted capital expenditure of the government complex for 1956/57 is estimated at K 563 million.[7] The increase over the revised estimate for 1955/56 is due to the need for completing carry-over work and accelerating direct production, particularly in agriculture, forestry and mining.[8]

Although capital expenditure will be higher, the cash deficit of the Government with the private sector will, it is estimated, be lower (K 733 million) because the Government's domestic receipts are expected to be larger. Even so, a deficit of K 733 million must be regarded as large in absolute terms, and it may well have an adverse effect on prices unless a substantial part of the pressure is allowed to be relieved by net imports—which would again strain the foreign reserve. In that case, the amount of the development expenditure and of the cash deficit contemplated for 1956/57 may have to be scaled down.

Revenue of the Union Government[9] in 1956/57 was estimated at K 161 million more than in 1955/56; K 32 million of this was expected from customs (expansion of imports and increases in duties), K 25 million from income taxes (stricter enforcement, taxation of government commercial enterprises), K 18 million from the profits of the Union Bank of Burma, K 18 million from greater import licence fees, and K 50 million from profits of government-managed boards. The excise duty on cigarettes was reduced by 60 per cent; the betting tax was raised from 17.5 per cent to 20 per cent.

A noteworthy feature of the budget was a 14 per cent increase in current expenditure (from K 769

[5] *Economic Survey of Burma, 1956*, p.47. Figures from the Government quoted in the text are reclassified in *infra*, special tables J, L and K in the appendix on "Asian Economic Statistics".

[6] *Ibid.*

[7] Excluding K 27 million in loans to private industry (*Economic Survey of Burma, 1956*, p.77).

[8] "Projects that have already been started and that will directly contribute to increase in production for export and for internal sufficiency, will be completed as scheduled. Among such projects, those in the fields of agriculture, forests and mining will be given priority but new projects will be deferred execution by 2 or 3 years as the changing situation may require." *Budget, 1956/57, op.cit.*

[9] Excluding contributions to capital outlays for rehabilitation.

million to K 877 million). The increase was to provide for a substantially higher expenditure in the field of agricultural extension services, expansion of social welfare schemes and growth in defence expenditures.

Money supply and prices

The money supply in 1955 increased by K 274 million or a little over 32 per cent.[1] The increase was almost entirely caused by the Government's net cash disbursements to the private sector, estimated at K 461 million.[2] The foreign sector was contractionary with an estimated net outflow of foreign exchange of K 118 million. The private sector also was contractionary, the slight increase in bank credit being more than offset by a shift from demand to time deposits.

In the first six months of 1956, the money supply increased by K 252 million, but an analysis supplied by the Union Bank of Burma suggests that the forces behind the increase were not the same as in 1955. The chief factor appears to have been an increase in the foreign assets of the banking system by K 114 million. The Government's cash deficit, as measured by the change in the government debt held by banks and in cash balances, added only K 53 million to the money supply. Bank credit to the private sector added K 40 million and the shift from time deposits, K 5 million.

While high deficits, financed chiefly by bank credits, increased disposable incomes and liquidity, the supply of imported goods remained strictly limited. Domestic production also was slow in rising, if not altogether static. The result necessarily was an upward trend in prices, which was aggravated by speculation and hoarding. The Rangoon consumer price index (1941=100), having already risen from 279 in December 1954 to 292 in June 1955 and 317 in December 1955, jumped to 373 in June 1956. It fell however to 348 in August and stayed slightly below that level in October. As imports, particularly of strategic consumer goods, were liberalized with the growth of reserve, speculation was more effectively controlled and domestic production responded more to the measures taken to increase it.

1 Revised figures from *Union Bank of Burma, Bulletin* (Rangoon), First quarter, 1956.

2 *Annual Report of the Union Bank of Burma for 1955* (Rangoon, 1956). This figure for the calendar year should not be confused with fiscal year figures given earlier.

Chapter 5

CAMBODIA

Agricultural production in the crop year 1955/56 showed a recovery after the setback of 1954/55. Industrial production, construction and the volume of transport also rose somewhat in 1956. However, because of an extremely small rice crop in 1954/55, total exports in the first half of 1956 were low, and a growing proportion of imports was financed by foreign aid.

In 1956, the two-year economic development Plan was getting under way with the help of very substantial foreign aid. It was expected that the port facilities at the new harbour of Kompong-Som would be partially available in 1957. In a move to attract private foreign capital, regulations on foreign investment were promulgated on 31 May 1956. Efforts to alleviate the lack of trained personnel, a major obstacle to further economic development, were under way.

DEVELOPMENT AND PRODUCTION

A two-year economic development Plan, for 1956 and 1957, was formulated and adopted in 1955. Officially referred to as an "equipment plan," it provided for a total outlay of 3,500 million riels distributed as follows: increase and improvement in production, 38 per cent; construction, rehabilitation and improvement of ports, railways, roads and bridges, 38 per cent; social development (education, health, housing and water supplies), 19 per cent; and research, surveys and development of tourism, 5 per cent.[1] About 90 per cent of the planned expenditure was to be financed by foreign aid, including Ri 1,621 million already received by 31 October 1956 (United States aid Ri 1,050 million, French aid Ri 510 million,[2] aid from donor countries participating in the Colombo Plan Ri 61 million), Chinese aid of Ri 800 million for 1956–57 and a part of the US aid of Ri 500–1,000 million for 1957–58. For the administration of the Plan, a Supreme Council for Planning and National Development was established in December 1955, and a National Equipment Fund was created to manage the financial operations. Most of the work was expected to be accomplished by the end of June 1958. A second Plan, to cover four or five years, is to be started about mid–1958.

Estimated paddy production[3] in 1955/56, at 1.1 million tons, was 29 per cent higher than in 1954/55, although still considerably below the 1951/52–1953/54 average of 1.4 million tons. To regain the 1952/53 yield,[4] selected seeds were again distributed to farmers in late 1956. However, because of the shortage of good quality seed, red rice had to be planted in some of the provinces. Irrigation work to irrigate 13,000 hectares in Siemréap was expected to be completed by the middle of 1957.

Rubber production in the first eight months of 1956, at 17,110 tons, was up 16 per cent over the corresponding period in 1955; the rise during the same period reached 25 per cent for maize and soya beans, 10 per cent for beans and peanuts, and 5 per cent for pepper.

Livestock population rose somewhat but rinderpest continued to be a serious menace, as in 1954 and 1955. Following the International Veterinary Conference held in Bangkok in May 1955, Cambodia began a campaign to eradicate the disease, whose extent had, however, not been much reduced by the autumn of 1956. At the beginning of 1956, a number of outbreaks of foot and mouth disease occurred in the southern part of the country.

Production of timber, firewood and charcoal, which declined by one-fourth in 1955, fell again by more than one-half in the first four months of 1956; this fall in production was accounted for by the large accumulation of stocks arising from the suspension of exports to southern Viet-Nam, the main consumer, after the departure of the French army.

Production of electricity rose to 27.3 million kWh in the first ten months of 1956, compared with 19.3 million kWh in the entire year 1955.[5] Ice production also increased. For many other items,

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[1] A different break-down showed 62 per cent for construction work, 15 per cent for equipment, 14 per cent for maintenance and 9 per cent for study and training of personnel.

[2] French aid for 1955-57 was to amount to 9,360 million francs, of which 5,100 million francs were spent by 31 October 1956. One-third was allocated for the construction of the new port at Kompong-Som and the rest for such projects as the Phnom-Penh airport, the port of Phnom-Penh, urban water supplies, the construction of a medical school and a hospital, and for scholarships and studies.

[3] The Statistics Section of the Department of Agriculture was not functioning in 1956, and the reliability of agricultural statistics, with the possible exception of those for rubber, was regarded as rather limited. In certain other respects as well, the data required for full evaluation of Cambodia's current economic situation were not available.

[4] Yield per hectare for paddy, after dropping from 1.3 tons in 1952/53 to an estimated 0.65 ton in 1954/55, recovered to 1.1 tons in 1955/56.

[5] The sum of Ri 30 million was allocated in the period July 1955-June 1956 and Ri 16 million in 1956/57, for the purchase of electrical and water supply equipment.

production statistics were not available.[1] Salt production in 1955 was about 50,000 tons.

Construction activities increased. In Phnom-Penh, 1,100 building permits were issued during the first eight months of 1956, compared with 1,200 permits during the whole of 1955. A sum of Ri 54 million was used to finance the construction of schools, hospitals and administrative buildings.

The volume of railway freight traffic, which had shrunk by one-third in 1955, returned again to the 1954 level in the first seven months of 1956; and there was a possibility of wiping out the deficit of Ri 12 million incurred by the Royal Cambodian Railways in 1955. New equipment was purchased and a station constructed at Poipet. Aid from Australia and New Zealand helped to finance a school for training railway employees.

In the first eight months of 1956, 28 highway bridges were built, with 15 more expected to be built in the remaining months of the year. The road from Kampot to Ream was to be rehabilitated.

The most important single development project is the construction of a port at Kompong-Som on the gulf of Thailand, which will give Cambodia proper access to the sea. Clearing operations were finished by the end of 1956, and a sum of Ri 100 million was allocated for continuation of the work in 1957. It was expected that the port facilities would be available for shallow draft vessels by March or April 1957, when access to the port will also be given through reconstruction of existing roads which connect it with Phnom-Penh. Whether Kompong-Som will be a free port has not yet been decided.

Progress was also made in air transport facilities, particularly through the improvement of the Phnom-Penh airport at Pochentong and reinforcement of the air strips at Siémreap, Kampot and Battambang; those at Kratié, Strung Treng and Svay-Rieng are to be similarly improved in 1957. Towards the end of 1956 a Franco-Cambodian air transport company was created for services from Phnom-Penh to Bangkok and Saigon.

TRADE AND PAYMENTS

Because of a reduction in the production of rice, total exports dropped 36 per cent from 1954 to 1955 and declined in 1956 (annual rate based on first nine month returns) by about 12 per cent below the 1955 level. Since imports increased, the trade deficit rose during the first nine months of 1956 to Ri 578 million, compared to Ri 251 million during the corresponding period of 1955; the deficit was financed by external aid.

Rice exports amounted to 48,000 tons in the first six months in 1956, compared with 96,000 tons in 1955 as a whole and 296,000 tons in 1954; maize exports reached 34,000 tons in the first six months of 1956, compared with 66,000 tons in 1955 and 97,000 tons in 1954. Rubber, the largest single item of export after 1954, maintained its previous high level in the first half of 1956 at 12,600 tons. The share of southern Viet-Nam in Cambodia's total exports was reduced from 33 per cent in the first half of 1955 to 7 per cent in the first half of 1956, with a decline in value to one-fourth. By contrast, exports to the French Union increased from 18 per cent to 41 per cent of total exports in the same period.

Imports rose to Ri 1,499 million during the first nine months of 1956, compared to Ri 1,204 million during the corresponding period of 1955. The largest increase was registered in textiles, followed by machinery. Comparing the first half of 1956 with the same period in 1955, imports from southern Viet-Nam were reduced by nearly 70 per cent and from the French Union by 38 per cent, while imports from Japan increased by 260 per cent. Accordingly, the share of southern Viet-Nam in Cambodia's total imports was reduced from 35 to 8 per cent and that of the French Union from 32 to 14 per cent, while Hong Kong's share increased from 11 to 23 per cent, Japan's from 5 to 13 per cent and that of the United States from 3 to 6 per cent.

Beginning in 1955, quarterly import quotas were established by the Trade Commission; from the second quarter of 1956 the importing of luxury food items and cigarettes with export retention proceeds has been prohibited. Because of the special advantage derived from registration in obtaining import licences, the number of registered importers increased from 50 in December 1954 to more than 700 in August 1956. The Government was at that time considering measures to check each importer's actual facilities in order to restrict the number of importers and to prevent possible abuses.[2]

In 1956, trade agreements were signed with the People's Republic of China and Czechoslovakia,[3] and one with Japan was being negotiated towards the end of the year. Barter trade in certain commodities was authorized. At the end of 1955 and the beginning of 1956, payments agreements providing for semi-annual settlement were signed with Laos and southern Viet-Nam.

[1] There were 460 rice mills with an individual capacity of 2 to 300 tons per day, one match factory with a production capacity of 60,000 boxes per month, three cigarette factories producing 740,000 packs per month, 21 palm sugar refineries producing about 40,000 tons per annum, five mechanical silk weaving workshops, four carbonated beverage factories, 15 fish sauce factories, 14 soya sauce factories and a few sawmills.

[2] Some importers were believed to have used their import licences to facilitate the export of capital.

[3] The agreement with Czechoslovakia was, however, not yet in effect in 1956.

Since May 1956, all foreign investment[1] has required prior authorization by the Ministry of Finance. A minimum participation of domestic capital has been prescribed, and at least 50 per cent of the staff of an enterprise are required to be Cambodian. Only enterprises which are non-monopolistic in nature may be authorized; they will ordinarily receive the same tax treatment as domestic enterprises. Foreign enterprises are guaranteed against nationalization within 10 to 20 years, with fair compensation in the event of nationalization thereafter. Maximum limits are fixed for the transfer of profits and the repatriation of capital.

The balance of payments statistics for 1955 do not include transactions with Laos and southern Viet-Nam. Subject to this qualification, net receipts from international transfers and loans and repayments reached Ri 1,128 million, more than offsetting the deficit of Ri 592 million in goods and services[2]; the balance reinforced the exchange reserves of the National Bank, which increased by Ri 473 million.

FINANCE AND PRICES

The budget estimates for 1956,[3] with a total revenue and expenditure of Ri 1,726 million, excluding foreign contribution to defence[4] and development, showed a slight reduction from the revised estimate for 1955, with expenditure on investment and economic and social services expected to be somewhat less. The total would, however, be higher if the foreign contribution to defence, expected to be in the order of Ri 900 million, or 50 per cent more than in 1955, were included.

The 1956 budget anticipated an increase in tax revenue by 14 per cent, to Ri 1,520 million. Receipts from taxes on income and wealth were to be increased by about 50 per cent, constituting 8 per cent of the total tax revenue. This was to be achieved by means of a rise in the tax on corporate profits (from 18 to 22 per cent of net taxable profits), to be prepaid monthly, and by the deduction at source of the income tax on salaries. Other tax revenue, such as customs duties, transaction and consumption taxes, licences and stamp duties, were also to be increased.

Total loans and advances of eight commercial banks in Phnom-Penh to the private sector increased from Ri 200 million in January 1955 to Ri 330 million in December 1955 and Ri 510 million in October 1956: this increase represented to a large extent the increase in required cover for imports to be deposited by importers. In October 1956, a Royal Office of Co-operatives was established to replace the Office of Popular Credit for granting credit to farmers, small cottage industries and the newly created consumer co-operatives. Total loans to agriculture and small industry increased from Ri 42 million in January 1955 to Ri 77 million in December 1955 and Ri 90 million in July 1956. More than 700,000 farmers, however, were estimated to be in need of funds, of whom only a small number received credit through official channels while the majority had to continue to borrow from money-lenders at extremely high rates of interest.

While currency outstanding fell from Ri 2,003 million in November 1955 to Ri 1,519 million in November 1956,[5] deposit money increased. During the same period, the cost of living index for the working class in Phnom-Penh, while fluctuating, registered a decrease of 2 per cent; at the same time, the price of food declined by 3 per cent. This rate of decrease in the cost of living index compared favourably with a 17 per cent rise in the previous twelve months (from November 1954 to November 1955).

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[1] A distinction is made between capital investment by foreigners in riel and in foreign exchange; only the latter may benefit from the regulation.

[2] The trade deficit, according to balance of payments statistics, was Ri 437 million and the deficit in services, Ri 155 million.

[3] The fiscal year corresponds with the calendar year.

[4] United States aid for July 1955-June 1956 amounted to $50 million (equivalent to Ri 1,750 million), of which $22.5 million was for economic aid, and $27.5 million for military aid.

[5] The fall resulted partly from a revision of the amount of notes in circulation in Cambodia, originally fixed by the temporary distribution of assets and liabilities of the Institut d'emission on 31 December 1954. Revision took place after the exchange of currency which began in September 1955. (*Economic Survey of Asia and the Far East, 1955*, p. 63).

Chapter 6

CEYLON

The year under review was marked by two unfavourable developments of external origin. One was the fall—amounting to 13 per cent in the first nine months of the year—in the terms of trade;[1] however, since the terms of trade had risen to their post-war peak in 1955, the fall, though substantial, left them far above the recession levels reached in 1952 and 1953. The second was the closure of the Suez Canal in November 1956. For a trading economy, the bulk of whose trade passed through the canal, this was a disturbing blow. It not only interrupted and delayed the flow of exports and imports, but also increased freight and insurance costs.

Except for these two unfavourable developments, the economy remained more or less unchanged. Price stability was not appreciably disturbed, nor did any marked strain develop in the balance of payments. Foreign reserves remained at practically the same safe level as at the beginning of the year.

The terms of trade play a vital role in Ceylon's economy, since exports normally contribute over one-third of the national income. Consequently, when the terms of trade rise, private money and real incomes also rise and, since the marginal propensity to save is low, the income increment is in large part spent, inflating consumption standards. Conversely, when the terms of trade fall, private incomes in money and real terms fall, and consumption levels likewise fall, because dissaving is largely limited by previously accumulated external reserves.

So long as the terms of trade continue to fluctuate violently, fiscal policy (saving or dissaving by the Government) is the chief instrument for maintaining a degree of stability in private incomes and expenditures. Credit control has very limited scope, primarily because the fluctuations in income stem chiefly from foreign trade and not from credit changes; exchange rate variations might be more effective, softening the changes, as it were, at the frontier, but such a policy has serious disadvantages in an economy which needs foreign capital and lives largely on foreign trade. By using the savings for development rather than consumption, the Government may permanently raise the level of the national income, in addition to reducing its fluctuations in the course of time. By diversifying the economy, development also automatically diminishes instability. Ceylon's most urgent need, therefore, is to step up development. The country has already built up a sizable foreign exchange reserve which may be profitably harnessed for the purpose.[2] Since March 1955 these foreign assets have been consistently above a billion Ceylonese rupees (about Rs 1.2 billion in late 1956).

The desire to develop and diversify has already prompted two development plans in the public sector. The second, the Six-Year Investment Programme for 1954/55–1959/60, was more clearly defined than the Six-Year Plan for 1947/48–1952/53,[3] but its scope was still limited and the period of its operation has been very short.[4] Planning has as yet made little impact on the structure of production, and the economy remains highly dependent on exports. The new Government, which took office in April 1956, expressed dissatisfaction with the scope and content of the Six-Year Investment Programme adopted the year before. It advocated a more comprehensive national development plan, embracing both the public and the private sectors, and to that end set up a new planning body, the National Planning Council, which started functioning at the end of October; it was charged with helping and advising the Government in all matters of planning.[5] Pending the formulation of new proposals, the existing programme has remained in force.

In regard to general economic policy also, the new Government's views appeared to be sharply different in certain respects from those of its predecessor. While the latter was inclined to expand private enterprise and transferred some governmental industrial projects to it, the new Government aimed to "progressively nationalize all essential industries including foreign-owned plantations, transport, banking and insurance."[6] Steps have been initiated to nationalize private bus services. Nationalization of other industries, particularly of foreign-owned plantations, did not, however, seem to be immediately contemplated, and the Prime Minister has given assurances that it would be undertaken only after the

[1] Average of monthly indexes compared with the yearly average for 1955; figures from the Central Bank of Ceylon.

[2] However, a part of the foreign reserves often reflects cyclical savings, *i.e.* private accumulations of rupee balances of a cyclical nature. They are normally followed by dissavings or the running down of such balances in periods or recession .

[3] The fiscal year is from 1 October to 30 September.

[4] For an outline of the programme, see United Nations, *Economic Survey of Asia and the Far East, 1955* (sales number: 1956.II.F.1), pp.67, 68.

[5] The Government is also strengthening the Planning Secretariat, the technical organ that serves the National Planning Council.

[6] Election Manifesto of the People's United Front, the Mahajana Eksath Perumuna, as quoted in *Tribune* (Colombo), 19 April 1956.

fullest consideration. According to a brief industrial policy statement made by the Minister of Industries in April 1956, the government proposes to pursue a policy of state ownership and control of only basic industries while giving private enterprise due place and necessary help.

PRODUCTION

The gross national product for 1955, provisionally estimated at Rs 5,281 million, was 11 per cent more than in 1954.[1] The chief factors that contributed to this rather substantial rise were increases of 5 per cent each in the volume and price of exports, and a gain of 15 per cent in rice production for domestic use. Gross domestic capital formation was estimated at Rs 353 million for the public sector and Rs 271 million for the private sector, together representing 12 per cent of the gross national product.[2]

Agricultural production

The index of agricultural production compiled by the Food and Agriculture Organization of the United Nations (1934–1938=100) has shown a steady rise, from 142 in 1952/53 to 160 in 1955/56, owing mainly to an increase in rice production. Ceylon aims at self-sufficiency in rice and is actively stimulating production by guaranteed prices, irrigation, colonization and agricultural extension services. Currently, about half of the country's requirement is produced locally. Between 1952/53 and 1954/55, the area sown to rice grew by 24 per cent, to 496,000 hectares, and the output by 34 per cent, to 657,000 tons.[3] This upward trend appears to have continued in 1955/56, despite a fairly severe drought in early 1956.

Under the Guaranteed Purchase Scheme, the Government has been buying all locally grown paddy at Rs 12 per bushel (or about Rs 870 per ton of milled rice).[4] The average c.i.f. price per ton of imported rice in Ceylon was Rs 801 in 1953, Rs 690 in 1954 and Rs 585 in 1955,[5] so that the guaranteed price has meant a large and growing subsidy to the domestic producer; some question has been raised as to its size. This is not the only subsidy which the rice cultivator receives: as a producer he gets direct assistance in purchasing fertilizers and bringing new lands under cultivation, and as a consumer he enjoys the subsidy given on rationed rice. Together, these subsidies have played a large part in expanding rice production.

Ceylon's other major crops, tea, rubber and coconut, are mainly for export. The area in tea, the product which accounts for more than three-fifths of total export earnings, has remained virtually stationary since 1952,[6] but production has tended to increase steadily owing to a rise in yield. In 1955, output increased by 4 per cent, reaching 172,400 tons. In the first eleven months of 1956, however, production showed a slackened monthly rate of 14,000 tons, as compared with 14,380 tons in the corresponding period of 1955, partly owing to unfavourable weather conditions. No comprehensive replanting scheme has been adopted by the Government for tea, as has been done in the case of rubber, although one has been under consideration. A scheme introduced in 1953 has been in operation for small holdings (units below four hectares) with grants for soil conservation and purchase of fertilizers, but replanting assistance is given only to the estates, which cultivate 87 per cent of the total area under tea.[7]

The area under rubber, about 267,000 hectares, has changed little since 1950. Production, however, has varied considerably in response to movements in world price, the peak being reached in 1950 with 115,300 tons. Thereafter, lower world prices and insufficient planting reduced output. In 1954 and 1955, output was 95,440 tons and 95,340 tons, respectively. The five-year trade agreement for the exchange of rubber and rice, which Ceylon concluded with mainland China in 1953, has given half of the country's output an assured market at a reasonable price. In the first ten months of 1956, production at 75,420 tons was about 2.3 per cent higher than in the corresponding period of 1955. The chief need of the rubber industry is replanting of aged and uneconomic trees with high-yielding strains, although it takes several years for newly planted trees to come into production. In 1947, 70,820 hectares, 27 per cent of the total, was estimated to be uneconomic; aging of the trees was reflected in the decline in yield per hectare from 187 kg. in 1950 to 158 kg. in 1954.[8] The rubber replanting subsidy scheme introduced in 1953 provided for replanting 26,300 hectares in five years. In 1955 the scope of the scheme was enlarged to cover 60,700 hectares in the eight years from 1953 to 1960. 8,500 hectares were replanted in 1955. The scheme is financed by a tax on all rubber exports and the profits of exports to mainland China.

1 Estimate furnished by the Department of Census and Statistics.

2 Private capital formation may be underestimated in the national income accounts. A special survey of private investment conducted in 1955 estimated gross private investment in 1954 at approximately Rs 467 million, as against Rs 202 million shown in the national income accounts of that year. Census and Statistics Department, *Survey of Private Investment in 1954* (Colombo, 1956).

3 Figures furnished by the Food and Agriculture Organization of the United Nations.

4 *Economic Survey of Asia and the Far East, 1955*, p.14.

5 Central Bank of Ceylon, *Annual Report, 1955* (Colombo, 1956).

6 However, between March 1955 and March 1956, the area under tea fell slightly.

7 Planting interests estimate that 12 to 15 per cent of the estate area is uneconomic and should be replanted. (Memorandum by the Planters' Association and the Low Country Producers' Association, 1955).

8 Ceylon Government's Report to Food and Agricultural Organization for 1953 and 1954.

The area under coconut is roughly estimated at 400,000 hectares. No accurate estimate of production is available but output was thought to have declined in recent years owing to inadequate replanting. A rehabilitation scheme adopted in 1955, however, provided for new planting of crown-land and replanting of uneconomic marginal lands. Assistance has been given for seedlings, fertilizers and fences. Under the Coconut Fertilizer Subsidy Scheme, fertilizer is distributed to estates at two-thirds of cost and to small holdings at one-half the cost to the Government. In 1956 2,196 estates covering 85,320 hectares and 21,456 small holdings covering 40,780 hectares in extent participated in the fertilizer cheme, receiving respectively 23,340 and 16,520 tons of fertilizers.

Industrial production

Industry is only slightly developed in Ceylon; excluding the processing of tea, rubber and coconut, it contributed only about 5 per cent to the gross national product in 1955. From 1954 to 1955 industrial production, except in power and textiles, showed little or no advance. In 1955 power production rose by 11 per cent, while output of manufactures fell by one per cent and of mining by nearly 9 per cent. Among manufactures, the production of cotton yarn and cotton fabrics rose substantially, the former from 620 tons to 794 tons and the latter from 4.52 million square metres to 5.16 million square metres. Production of cement by the government cement factory rose from 83,600 tons to 85,700 tons. Production of tiles fell. The government plywood factory increased its output from 557,000 to 613,000 square metres. Work was started on the construction of the second stage of the hydroelectric project, which would double its existing capacity of 25,000 kWh. Available data do not disclose any striking changes in 1956. In the first quarter of the year, production of cement, soap, gas, electricity and graphite was at approximately the same rates as during the year 1955, but the production of salt was materially less.

In planning for new industries, it has been stated that the Government has been negotiating with foreign oil interests for the establishment of an oil refinery to meet Ceylon's needs for refined petroleum products; it has already obtained approval from the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) for protecting the proposed concern against imports. The Government also included token provision in the 1956/57 budget for an ilmenite refining plant, a cotton spinning mill and a plant for the production of salt for export.

Post-war industrial projects in Ceylon were started largely on the initiative of the Government. However, in 1955 it was decided gradually to transfer existing undertakings to private enterprise by first establishing government-sponsored corporations, the Government holding 100 per cent of the stock initially and appointing the directors, but gradually selling its interest until its share in the capital fell below 20 per cent, when the corporation was to be converted into a regular incorporated company with public participation. The present Government, however, has decided not to hand over to the private sector the State enterprises that have been transferred to government-sponsored corporations. Of the seven government factories, three (vegetable oils, ceramics and paper) were turned over to corporations in 1955; four more (leather, plywood, DDT–caustic soda and cement) in 1956. The Government proposes to start shortly ilmenite, sugar and textile factories. Among the industries established in 1956 under private auspices, the manufacture of wire nails and aluminium ware has already begun.

Two special institutions designed to stimulate industries, the Institute of Scientific and Industrial Research and the Development Finance Corporation, were created in 1955. The Institute, which receives an annual grant of Rs 1 million from the Government, commenced work in April 1955. It conducts tests and performs research in technical processes and trains industrial research workers. It gives advice, which may be free in certain cases, but it normally charges a fee. In its first year, fees paid by the Government and the public amounted to Rs 439,000, indicating that its services were being substantially utilized.

The Development Finance Corporation started operations in 1956. It is a private organization with share capital of Rs 8 million. The Government has granted an interest-free loan of Rs 16 million to be repaid in 15 equal instalments after 15 years. There is also provision for borrowing up to Rs 24 million from the International Bank for Reconstruction and Development with the Government's guarantee. It is expected to provide industry and agriculture with medium-term and long-term finance in various forms, including underwriting and subscription of new issues. Its functions will thus be partly promotional.

TRADE AND PAYMENTS

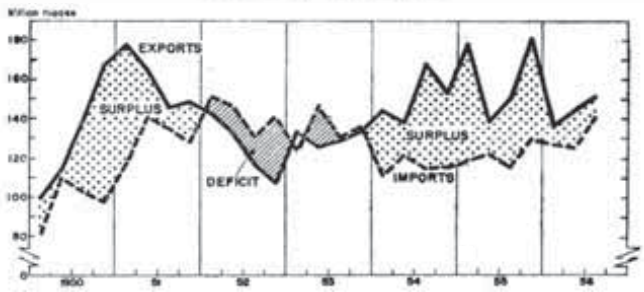
Ceylon had a record trade surplus in 1955 of Rs 480 million, owing to a 3.2 per cent improvement in the terms of trade, which rose from 155 in 1954 (1948=100) to 160,[1] and a rise in the ratio of export volume to import volume. However, although for 1955 as a whole the foreign trade position was highly favourable, it deteriorated distinctly in the second half of the year, mainly because of a fall in the price of tea. The worsening in the foreign trade situation

[1] Central Bank of Ceylon indexes. See issues of *Central Bank of Ceylon Bulletin* (Colombo).

continued throughout 1956.[1] The balance of trade and payments became progressively less favourable. The trade surplus in the first three quarters of 1956 was Rs 121 million as against Rs 480 million for 1955 as a whole.

The situation deteriorated to this extent chiefly because of falling export prices and rising import prices. While the export price index (1948=100) fell from 165 in the first nine months of 1955 to 150 during the corresponding period of 1956, the import price index which was 104 in the first three quarters of 1955 increased to 108 in the same period of 1956. However, the total volume of exports remained about the same between the two periods.

Chart 10. Ceylon: Value of Imports and Exports
(Monthly averages)



Total exports in the first nine months of 1956 were Rs 1,299 million, as against Rs 1,399 million in the corresponding period of 1955. Tea accounted for 60.1 per cent of the total, rubber 17.9 per cent and coconut products 12.2 per cent, very nearly the same percentages as in 1955.

Tea prices fluctuated considerably in the first half of 1955 but steadied at a lower level in the second half and remained at about the same level during the first half of 1956. However, they tended to weaken since June; the export price index for tea (1948=100) was 171 in the first three quarters of 1955, while it declined to 148 in the corresponding period of 1956.

Rubber suffered a two per cent decline in export prices over this same interval. Under the five-year trade pact signed in 1953, the People's Republic of China has undertaken to buy annually 50,000 tons of sheet rubber (roughly half of Ceylon's rubber output) in exchange for 270,000 tons of rice. Prices are fixed annually by negotiation. The price fixed for rubber for 1955 was initially 27 d. (Rs 1.50) per pound f.o.b. Colombo, but in October it was put on a sliding scale basis with a floor of 27 d. when the Singapore price was below 22 d., to be raised by 5 d. when the Singapore price was between 22 and 28 d., by 5 d. more when it was between 28 d. and 35 d., by 4 d. more when it was between 35 d. and 40 d., and by another 3 d. when it was over 40 d. The same arrangement, with minor alterations, was adopted for 1956. The sliding scale is likely to give Ceylon a price consistently higher than the world price for the rest of the contract period.

In the first nine months of 1956, rubber exports, at Rs 232 million in value, were slightly higher than in the corresponding period of 1955. The quantity exported was 69,000 tons, against 66,000 tons in the same period in 1955. The average export price fell 2 per cent from the 1955 average for the corresponding period.

Exports of major coconut products (copra, coconut oil and desiccated nuts) were Rs 158 million during the first nine months of 1956 as against Rs 160 million during the corresponding period in 1955, volume rising slightly while prices declined somewhat.

Total imports in the first nine months of 1956 were Rs 1,181 million, compared with Rs 1,069 million in the first nine months of 1955, the increase being due to a rise both in volume and in price. The value of food imports, however, declined because of a fall in price.

Five-Year trade pacts, for 1953 to 1957, with mainland China and Burma have assured Ceylon practically the whole of its import requirements in rice (270,000 tons from the former and 203,000 from the latter). The prices were lowered by agreement in 1955. A further downward revision of the price of Burmeses rice took place in 1956. Since the pact with mainland China[2] has also given Ceylon an assured price for its rubber exports, the two pacts have helped to cushion the economy to some extent against violent fluctuations in the terms of trade.

As before, the bulk of Ceylon's trade in calendar 1955 was with the sterling area, which supplied 58.7 per cent of its imports and took 49.2 per cent of its exports. The trade with the dollar area, however, increased considerably. The value of trade with mainland China, consisting mainly of imports of rice and exports of rubber, fell more than 50 per cent, owing partly to a fall in the prices of both rice and rubber. In the first nine months of 1956, this pattern of trade remained more or less unchanged. Exports to the sterling area were Rs 622 million, or 50 per cent of the total.

Towards the end of 1955 and in the first quarter of 1956, Ceylon concluded trade agreements with

1 Between December 1955 and August 1956, the export price index dropped from 155 to 140, the import price index rose from 104 to 108, and the terms of trade fell from 149 to 130. In the same period, the export volume index declined from 132 to 121, while the import volume index fell from 146 to 143.

2 The prices for rice and rubber (negotiated annually) agreed on recently for 1957 are as follows: rice: £30.7.6 f.o.b. China ports, per ton, the price for 1956 being £31; rubber: to be based on the Singapore price plus an agreed premium, the floor price being maintained at 27 d. per lb. f.o.b. Colombo as in 1956.

Czechoslovakia, Poland and Romania. The agreements provided for "most-favoured nation" treatment and, in the case of Poland and Czechoslovakia, reciprocal credits (£400,000 for Poland and £500,000 for Czechoslovakia). If the limit is exceeded, the excess is to be paid in goods within three months or in sterling after six months.

As finally estimated, Ceylon's balance of payments for 1955 showed a current account surplus of Rs 323 million,[1] the largest on record. Net outpayments on investment income increased from Rs 46.6 million to Rs 61.3 million, reflecting the rise in the price of tea, which is produced chiefly by foreign companies. Migrants' transfers also rose on account of increased repatriation of Indian nationals. However, the increase in net payments for invisibles was more than offset by the spectacular increase in receipts from visible items.

There was a deficit of Rs 56.8 million on private capital account. Repatriation of foreign capital increased, while the entry of foreign capital for investment in Ceylon decreased. Foreign companies increased their foreign balances. The external assets held by the Government bodies and the banking system rose by Rs 259.5 million, to a level equal to about four-fifths of the country's imports in 1955.

The balance of payments for the first half of 1956 showed a deficit of Rs 54.7 million, compared with an average half yearly surplus of Rs 162 million in 1955.

FINANCE AND PRICES

Public finance

In 1955/56,[2] the Government budgeted for an over-all deficit of Rs 94 million, contrasting with the surplus in the previous year. The deficit was not needed to maintain domestic incomes against an undue fall in exports, since export earnings were anticipated to be just sufficient to pay for normal import requirements, but rather was designed to step up moderately the Government's development expenditures. It was thought that the inflationary pressure thus generated would be partly eased by an increase in production for the domestic market and partly diffused through increased imports, with neither the domestic price level nor the payments position appreciably strained.[3] Changes in governmental net borrowing and cash holdings over the year indicated, however, that the actual deficit for the year 1955/56 was Rs 48.9 million.[4]

The budget for 1956/57 was drawn up in the context of less favourable prospects for foreiegn trade than in the previous year. This and the desire to increase expenditure on social services, particularly on consumer subsidies for rice and sugar, led the Government to anticipate a deficit of approximateley Rs 153 million. Budgeted revenue was Rs 1,208 million, Rs 46 million more than the original estimates for 1955/56, but budgeted expenditure was Rs 1,361 million, Rs 105 million greater than the original budget estimates for 1955/56. Budgeted capital expenditure[5] was Rs 425 million, nearly the same amount as in 1955/56, but it was in effect higher, since the Government stressed its determination to stop the traditional under-expenditure on this account.[6] Food (rice and sugar) subsidies were estimated at Rs 100 million and free mid-day meals at Rs 10.5 million. Actually the subsidy on rice may have cost more than the estimated amount because of an increase in the distribution of rationed rice.

The material increase in food subsidies and the sizable deficit were the two chief features of the 1956/57 budget. Food subsidies had risen to a high level in the years 1950/51 to 1952/53, but were cut down drastically in the next two years. The decision to increase their scale again was a new answer to the old question as to how far in an underdeveloped economy welfare expenditures (or "investment in men" as the Finance Minister described them in his budget speech) should compete with economic development for the country's available resources. The decision to incur a deficit may not have been inopportune, assuming export income was expected to fall; any import surplus that it may have created could be easily borne since the external assets position was strong.

The chief tax changes in the 1956/57 budget were increases in company tax rates (from 34 to 39 per cent for resident companies and from 40 to 45 per cent for non-resident companies), in personal income tax rates, in estate duties for estates over Rs 500,000 and in the export duty on graphite; and decreases in the export duty on cocoa and import duties on certain production goods.

At the end of October 1956, the total gross public debt amounted to Rs 1,158 million, of which the foreign debt was Rs 212 million (International Bank

[1] *Central Bank of Ceylon Bulletin*, (Colombo) July 1956.

[2] The fiscal year is from 1 October to 30 September. The budget figures given by the Government were reclassified in tables J, K, L in the appendix on "Asian Economic Statistics".

[3] A revised estimate of the deficit given by the Finance Minister in July 1956 (excluding possible under-expenditure on loan fund account, which had ranged between 28 per cent and 44 per cent in the previous three years) was a much larger figure. Revenue was expected to be slightly higher, but expenditure considerably higher even without taking into account book debits of Rs 55 million made for the purpose of writing off of losses incurred by the government on its trading and industrial ventures in previous years), owing chiefly to increases in consumer subsidies on rice and sugar introduced in May 1956. *1956/57 Budget Speech of the Finance Minister* (Colombo), July 1956.

[4] *Central Bank of Ceylon Bulletin*, (Colombo), November 1956, table 19.

[5] Loan and loan fund expenditure plus capital expenditure included in the revenue budget.

[6] *1956/57 Budget Speech of the Finance Minister* (Colombo), July 1956.

for Reconstruction and Development, Rs 20 million; sterling loans, Rs 192 million) and the domestic debt Rs 946 million (loans, Rs 882 million; treasury bills, Rs 64 million). Sinking funds amounted to Rs 220 million; consequently the net debt was Rs 938 million.

Money and prices

The money supply rose by Rs 116 million, or approxinmately 12 per cent, in 1955. The rise was due entirely to the export surplus (the foreign sector), both the government and the private esector being contractionary. The Government exercised a deflationary influence in two ways: by having a budget surplus and by transferring part of its indebtedness from the banking system to the non-banking sector.

In the first three quarters of 1956, this pattern was altered. The money supply showed a small drop of Rs 9 million. Since foreign trade conditions were becoming less favourable and the export surplus was dwindling, the foreign sector became progressively less expansionary. In this period it increased the money supply by only Rs 31 million, compared with Rs 170 million in the corresponding period in 1955. The government sector was expected to be moderately expansionary, but revenues proved buoyant and government spending appeared to be behind schedule. Consequently, the government sector in this period was contractionary to the extent of Rs 72 million. Commercial bank lending to the private sector, which showed little change during the year 1955, increased substantially (by Rs 60 million) in this period. However, since the private sector's time deposits rose simultaneously its net expansionary contribution was Rs 30 million.

Since net exports increased the cash and near-cash reserves of commercial banks in foreign exchange and balances with the Central Bank, without a corresponding increase in investment outlets, the liquidity of the commercial banks also rose. Excess reserves (over legal requirements) maintained by the commercial banks with the Central Bank of Ceylon, which rose Rs 22.5 million in 1955, increased by another Rs 27.5 million by the end of September 1956. A consequence of the high liquidity of banks and the private sector was a weakening of interest rates. The rate on treasury bills remained low—0.84 per cent at the end of September 1956. The Central Bank's lending rate against government securities remained unchanged at 2.5 per cent.

The high level of the money supply in 1955 and the first nine months of 1956 did not produce any inflationary consequeneces, since the increase came mainly from monetization of higher export earnings, and the exporters who held the money were largely tea producers who had a greater propensity to save than other classes of producers of export goods. However, open market sales were carried out on a limited scale by the Central Bank in 1955 to prevent the money supply from rising further. In February 1956 two loans totalling Rs 50 million were floated by the Government and two other loans totalling Rs 10 million were floated by the Central Bank, largely with the object of reducing the liquidity of the commercial banks and the private non-banking sector. The issue of securities by the Central Bank was an interesting new move. Its special advantages were that (*a*) the money collected could be completely sterilized, with no danger of being spent, and (*b*) the small capital market of the country could be diversified by the introduction of a new type of paper.

Prices and wages remained stable. The consumer price index (1952=100), which was 100.5 in 1955, was 101.3 at the end of October 1956. The wage index of tea and rubber estate workers (1952=100), who constitute the most important section of wage earners in the country, was 107.6 in 1955 and 107.8 in October 1956.

Chapter 7

CHINA

Section I. TAIWAN

Heavy defence costs and a rapidly growing population[1] complicate the economic problems of Taiwan. The year 1956 saw completion of the first Four-Year Plan for Economic Development, whose primary objective was to achieve self-support and internal economic stability. With a continuous reduction in the government deficit during the period of this Plan and a rise in per capita real national income, internal stability was on the whole maintained. Externally, the improvement was less clear. Although the dollar value of exports rose (except in 1954 and 1956), the dollar value of imports, including aid imports, also rose (except in 1955), and the average annual trade deficit was estimated at over $70 million, or over one-third of total annual imports, during that period. The current deficit on external account, caused mainly by the trade deficit, was met by means of Union States aid (see chart 11).

A rise in real per capita income, scheduled under the second Four-Year Plan to begin in 1957, was tentatively estimated by the Government at 2 per cent per annum, assuming a rise in population at an average annual rate of 3 per cent.

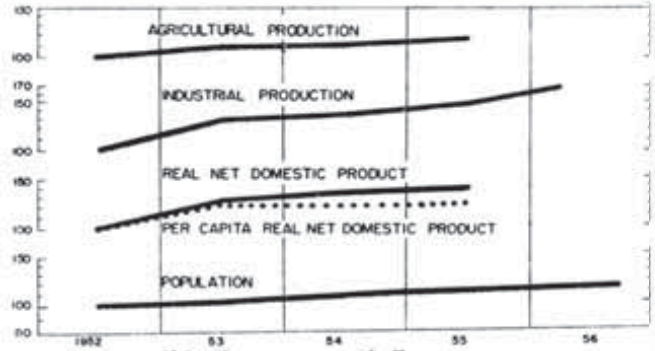
PRODUCTION

Agricultural output

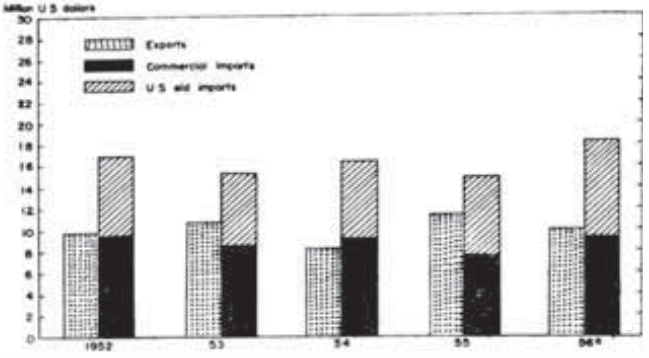
In calendar 1956, the first and second paddy crops[2] amounted to an estimated total of 1.8 million tons of brown rice,[3] surpassing the corresponding crops for 1955 by 6 per cent.[4] Output of wheat, a spring crop, rose by 40 per cent, to 27,090 tons in 1956. In normal conditions, two crops of sweet potatoes, ground-nuts and soya beans are grown annually—the spring crop and the fall crop. In the first half of 1956, production reached 2,174,100 tons for sweet potatoes, 51,300 tons for ground-nuts and 18,900 tons for soya beans, 84, 58 and 67 per cent of the respective goals for the year as a whole.

Chart 11. China: Key Economic Indicators in Taiwan

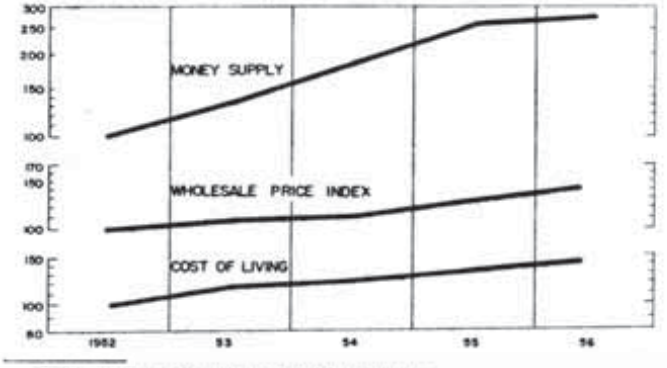
(a) National income production and population (1952=100)



(b) Imports and Exports (Monthly averages)



(c) Money supply and prices (1952=100)



[a] Annual rate based on Jan-Nov returns.

Sugar-cane production, measured by output of white sugar, rose by 4.6 per cent, to 767,300 tons in 1955/56; the yield per hectare, however, declined from 10.49 tons in 1954/55 to 9.54 tons.

[1] According to the population census taken on 16 September 1956, Taiwan's *de jure* population, excluding the armed forces reached 9,310,158 (4,746,811 males and 4,563,347 females) for a total of 1,662,211 households. (*Central Daily* (in Chinese), Taipei, 1 November 1956).

[2] Production is customarily estimated on a calendar year basis for all crops except sugar-cane. There are two paddy crops during the year.

[3] The converison ratio of paddy to brown rice is about 0.70.

[4] This increase is attributed to a rise in both yield per hectare and area sown.

Of the other main export crops, it was expected that tea production would remain unchanged, pineapple and citrus output would rise, and banana production would fall. As to industrial raw materials, jute production fell owing to spring drought, while tobacco production rose rapidly as a result of an increase in the area planted.

The cattle population rose by less than one per cent in the course of the first half of 1956, because of clandestine slaughtering and the difficulty of expanding grazing grounds and increasing the production of cattle feed. The hog population increased 1.4 per cent, the chief problem being the high cost of imported soya bean cakes.[1] Fishery production rose by about 5 per cent, increased yields from deep-sea and inshore fisheries, made possible by expansion in the fishing fleet and improvement in fishing techniques, more than offsetting a decline in culture fishery output.

In the first half of 1956 timber production declined, though fuel output rose slightly.

Industrial output

Industrial production continued to rise, though at a slower rate, in 1956. Sugar production was cut when the International Sugar Agreement came into operation in 1954, and this was mainly responsible for the lag in industrial growth, except in 1955 when sugar production again rose but cotton textiles output declined.[2]

Power production rose by 16 per cent in the first nine months of 1956, as compared with output in the first nine months of 1955. Installed power capacity rose to 520,000 kW in mid–1956, of which 134,000 kW had been installed during the year beginning July 1955. An upward revision of industrial power rates, reputed to have been among the lowest in ECAFE countries, took place on 1 July 1956 to help the Taiwan Power Company, a government enterprise, finance its capital expansion projects.

In the first nine months of 1956, chemical fertilizer output rose to 144,720 tons, compared with 116,740 tons during the corresponding period a year before. The first expansion project of the Kaohsiung Ammonium Sulphate Corporation was completed, with full production of 100 tons of ammonium sulphate per day, or its equivalent, expected in October. Despite the rise in chemical fertilizer output, two-thirds of total consumption requirements were imported, largely from Japan in exchange for sugar and rice.

Output of cotton fabrics amounting to 104 million metres in the first nine months of 1956 represented a decline of 14 per cent from the corresponding period of 1955.[3] The Government has restricted a further increase in the number of spindles, since raw cotton has to be imported almost entirely with United States aid, but has granted permission for the purchase of 2,000 automatic looms before June 1958. In contrast to cotton textiles, synthetic fibre plants prospered as a result of a boom in their export market, and output was expected to be expanded. The industry had 17,264 spindles in June 1956 and was able to export its products for foreign exchange with which to purchase required raw materials from Japan.

Oil refining, carried on by the Chinese Petroleum Corporation, a government monopoly, largely with imported crude oil, is another industry which has prospered. Imports of crude petroleum have increased in quantity, rising to an estimated peak rate of 720,000 tons in 1956. They are expected to fall in the first half of 1957, owing to shortage of tankers in the prevailing international situation.

Of the food processing industries, the most important are sugar refining and pineapple canning for export, and flour milling and brewing for local consumption. As a result of annual quotas of 600,000 tons established under the International Sugar Agreement in 1954, and subsequent percentage reductions, the Taiwan Sugar Corporation, the largest single enterprise in Taiwan, discontinued sugar refining in a few plants whose cost of production was high because the supply of raw material was insufficient.[4] A reduction in the area under sugar-cane has also taken place. In the first nine months of 1956, sugar production fell 6 per cent below the level reached in the corresponding period of 1955. The rising demand in the world market, however, enabled Taiwan, at the second session of the United Nations Sugar Conference held in Geneva in late 1956, to get an increase in the basic export quota in 1957 and 1958 to 655,000 tons, in addition to a special quota of 95,000 tons.

Transport

As of 30 June 1956 Taiwan had a main track length of 4,044 km, although the revenue length was only 1,768 km, as a substantial part of the main

[1] The use of yeast (a by-product of the sugar industry) as hog feed in place of imported bean cake has proved to be quite successful, and yeast feed will be mass-produced.

[2] During the plan period, the percentages of increase in the industrial production index, over the corresponding period a year earlier, were as follows: Excluding sugar: 1953, 23.9; 1954, 21.0; 1955, 5.3; 1956 (first half), 6.3. Including sugar: 1953, 30.6; 1954, 4.7; 1955, 9.5; 1956 (first half), 2.3.

[3] In the rapid post-war expansion, the number of cotton spindles rose from 14,625 in 1945 to 210,000 by the end of June 1956, when there was also a total of 11,200 looms, compared with 1,693 looms in 1945. Output of cotton fabrics reached a peak of 165 million metres in 1954, but fell to 161 million metres in 1955 because of saturation of domestic demand.

[4] Some factories are in part being converted to such purposes as the production of animal feed made with yeast, bagasse boards as building material and cassava starch for export.

track length of the Taiwan Railway Administration (263 km out of 1,212 km), Taiwan Sugar Corporation (1,795 km out of 2,432 km), Taiwan Forestry Administration (136 km out of 306 km) and other railways (82 km out of 94 km) was used for non-revenue (self-use) purposes.[1] There were 25,798 freight cars, 943 passenger cars and 714 locomotives on the same date.[2] During the first half of 1956, as compared with the corresponding period a year before, passenger traffic rose by 9 per cent to 1,408 million passenger-kilometres, and cargo traffic declined by 1 per cent to 853 million ton-kilometres, for railways operated by the Taiwan Railway Administration and Taiwan Sugar Corporation.

With no change in the length of highways at 15,680 km,[3] the most important development in 1956 was the starting in July of construction work, for completion in three years, of the Cross Island Highway, to run across the central mountainous region and connect the western plain to the northeast plain of I-lan and the east coast city of Hualien. Regular bus services were maintained on 1,935 km of trunk lines by the Taiwan Highway Bureau and on 5,280 km of other lines by 19 private bus companies. During the first half of 1956, as compared with the corresponding period a year before, passenger traffic rose by 10 per cent. Public truck services were maintained by 460 private operators scattered all over the island. The number of buses and trucks rose from 7,130 at end–1955 to 7,190 at end–September 1956,[4] and the number of passenger cars rose from 4,770 to 5,410 during the same period.

At end–June 1956 the Chinese merchant marine had an operational fleet of 79 vessels[5] (25 of which were ocean-going) with a total gross tonnage of 245,000, as compared with 82 vessels with a total gross tonnage of 250,000 a year before. Since July 1956 the China Merchants Steam Navigation Company has put into operation a newly built 28,000 DWT oil tanker, with another cargo ship of 11,000 DWT scheduled for completion in 1957. The cargo carried by Chinese ships was estimated to rise from 2.17 million tons in 1955[6] to 2.4 million tons in 1956.

In both Keelung and Kaoshiung, the two main trade ports capable of accommodating vessels of the 20,000-ton class, improvements were made in cargo handling facilities. The newly developed outer harbour at Keelung was open to public service in July 1956.

Civil aviation expanded rapidly, the total number of passengers carried having risen from 16,530 in 1951 to 67,927 in 1955.

TRADE AND PAYMENTS

In the first eleven months of 1956, as compared with the corresponding period a year before, a 6 per cent rise in the value of imports,[7] accompanied by a 6 per cent fall in the value of exports, reduced a commercial trade surplus of $19 million to $6 million.

In the first eleven months of 1956, imports under grant aid from the United States Government reached $90 million, as compared with $76 million in the corresponding period of 1955.

Trade and exchange control measures

Several modifications in the foreign exchange certificates, designed to stimulate exports, have helped to enhance their value to holders. In the first place, any certificate holder, not only the exporter himself, has been permitted since November 1955 to present the certificate and apply for exchange for general imports.[8] Second, the validity period of the certificates, originally 60 days, was extended to 90 days in November 1955 and to 120 days in August 1956, thus making it possible for holders to apply for import exchange under the bi-monthly allocation system more than once, or to use the certificates as collateral for bank loans. Third, the exchange certificate rate, which varied with the kind of export and the degree to which imported raw materials were used, and which did not apply to the principal exports from government-operated enterprises, such as sugar, rice, salt and refined products from crude petroleum, was extended to all kinds of exports. Exchange certificates (or their official value, in the case of exports of public enterprises) were given for 80 per cent of the exchange earnings from all exports, except bananas exported to Japan, for which the limit was 50 per cent. The exchange certificate rate, officially fixed at 6 new Taiwan dollars to the United States

[1] All these lines, except the West System of the Taiwan Railway Administration which has a gauge of 1.067 metres, have a gauge of 0.762 metre.

[2] These included 136 passenger cars and 127 locomotives equipped with internal combustion engines.

[3] Including 1,460 km provincial, 880 km city, 2,820 km county, and 10,520 km rural roads.

[4] At end-June 1956 there were 163 buses and 185 trucks equipped with diesel engines.

[5] Of the 79 vessels, 38 with a total gross tonnage of 140,000 constructed during the war and post-war period were considered capable of economic operation.

[6] The total tonnage of international sea-borne cargo loaded and unloaded in 1955 reached 1,436,000 and 1,860,000 tons respectively.

[7] Excluding imports under United States aid.

[8] Excluding imports reserved for government agencies and certain public enterprises, and imports of supplies for specific industrial development projects and daily necessities under the United States aid programme. The certificates were first issued in March 1955. (See *Economic Survey of Asia and the Far East, 1955*, pp.78, 79).

dollar, has a market value which since November 1955 has been stabilized around NT$13.50 to the United States dollar. With these dual certificate rates, the official rate for private exporters' exchange settlement, originally fixed at NT$15.55 to the dollar plus a varying amount to represent the certificate value of different exports, was raised uniformly to NT$26.35 to the dollar for all exports (80 per cent of the certificate rate of NT$13.50 plus the official export rate of NT$15.55 to the dollar), while for government exports of sugar, rice, etc. the exchange earnings were settled at the rate of NT$20.35 to the dollar (80 per cent of the certificate value of NT$6.00 plus the official export rate of NT$15.55). The official rate for approved import exchange settlements and outward remittances remained unchanged at NT$24.78 to the dollar. The preferential exchange rate of NT$35.00 to the dollar, accorded first to inward remittances of oversea Chinese students studying in Taiwan and to foreign diplomatic personnel, has recently been applied also to inward remittances by foreign and oversea Chinese investors.

Aside from changes in the foreign exchange certificate system, other measures recently adopted to promote exports include the granting of government loans for the export of tea and canned pineapple; encouragement of exports which utilize services or labour, that is, those which represent processing of locally produced or imported raw materials.

Certain imports are classified by the Foreign Exchange and Trade Control Commission as "controlled imports," for which, since locally made products are considered adequate to meet domestic demand, exchange allocation will be either decreased or suspended and granted only after special screening and approval.

Trade agreements and trading partners

Since 1951, Japan has been Taiwan's major trading partner, accounting generally for over 50 per cent of Taiwan's exports and imports, exclusive of imports under United States aid. An open account system has been maintained for this trade. Recently, following improvement in its foreign exchange position, Japan requested replacement of the open account system by cash transactions, but after mutual consultation the current arrangement was extended for another year, beginning 1 April 1956. Under the new agreement the total value of trade contemplated between the two countries was lowered by $35 million to $152 million, because of the reduction in Taiwan's sugar exports to Japan from 300,000 tons to 250,000 tons.

In order to reduce its dependence on trade with Japan, the Government signed trade agreements also with southern Korea, the Philippines and Ryukyu Islands in the region, France, Lebanon and the United States, and investigated possibilities of expansion in other areas. These efforts produced significant results in some cases. In the first half of 1956, exports to Iran, Malaya and British Borneo, Hong Kong, southern Korea, Pakistan, Egypt, Arabia, Ceylon, Burma and British East Africa were NT$697 million larger than in the first half of 1955, while exports to Japan, the United States and all other countries rose by NT$140 million, NT$53 million and NT$68 million, respectively. Exports to Thailand declined by NT$23 million. On the whole, Taiwan had an export surplus with Iran, Malaya and British Borneo, southern Korea, Hong Kong, Pakistan and Egypt, and a commercial import surplus with the United States and Japan.

FINANCE AND PRICES

Public finance

The Central Government's accounts for 1955/56[1] showed total expenditure of NT$3,961 million and total revenue of NT$3,543 million, resulting in a deficit of NT$418 million, or 10.5 per cent of the total estimated expenditure, financed largely by the United States aid counterpart fund. Total expenditure was distributed as follows: defence 80.1 per cent, government administration 10.8 per cent, economic and social services 5.7 per cent, other current expenditure 3.4 per cent. Of the total revenue, 90 per cent came from taxes and 10 per cent from non-tax sources.

The consolidated national, provincial and local budget of the Government in 1956/57 showed an estimated expenditure of NT$6,653 million, an increase of 9.4 per cent over 1955/56. The increase would have been greater had United States aid for direct forces support been included.[2] The share for defence and the police forces dropped from 57.9 per cent to 54.2 per cent; investment rose from 19.5 to 20.8 per cent; government administration from 14.2 to 15.4 per cent; other current expenditure from 8.4 to 9.6 per cent. Of the consolidated budget central government expenditure reached NT$3,791 million and central government revenue NT$3,635 million, resulting in an estimated deficit of NT$155 million. or 4.1 per cent of total estimated expenditure for the central government.

In 1956 improvements were instituted in the tax system and in tax collection methods. Under the revised income tax law approved by the Legislative

[1] The fiscal year is from 1 July to 30 June. Fiscal data were supplied by the Government of the Republic of China, in a communication dated 26 December 1956 from the Ministry of Foreign Affairs.

[2] Starting with 1956/57, the Government dropped this item from its budget.

Yuan on 13 December 1955, the former "accumulative income tax" became in essence a personal income tax for which the individual was to report all types of taxable income, while the business income tax was made applicable to all business organizations. The rates on personal income tax, as finalized in June 1956, were progressive, from one per cent for total cumulative income under NT$10,000 to 50 per cent for amounts over NT$1 million.[1] For business income, the taxable starting point was an annual income of NT$5,000, above which the rates ranged from 5 per cent to 25 per cent (for business income above NT$100,000). A defence surtax of 30 per cent was imposed on all income tax payments. To encourage economic development, a three-year tax exemption was granted to all newly established enterprises in the field of utilities, industry and mining, and to "important" transportation business, as well as to income obtained from the expansion of an industrial enterprise in cases when its former output was increased by more than 30 per cent.

In order to avoid the double taxation which arose from regulations governing the collection of the household tax, formerly imposed both on the properties involved and on annual personal income, these regulations were revised in June 1956 to the effect that the household tax became a tax on property only.

A land value tax has been levied and collected since September 1956, at rates progressing from 1.5 to 6.5 per cent.

With a view to achieving improvement in tax collection, a purchase certificate was introduced in November 1955, whereby all transactions in the sale and purchase of goods are recorded, and opportunities for tax evasion by business firms are considerably reduced. To help meet the requirement for greater revenue, the Tobacco and Wine Monopoly in April 1956 raised the sales prices of its products, originally fixed in August 1953. This revision was expected to increase the monopoly's profits by about 45 per cent.[2]

Money and prices

A 25 per cent expansion in the net money supply from April to October 1955, from NT$2,304 million to NT$2,885 million, accounted for largely by increased bank loans and an unusual increase in export exchange proceeds requiring new note issues, brought about a 10 per cent rise in wholesale prices in Taipei. In November, in the interest of price stability, the Government took a series of measures, which included: (1) transfer to the Bank of Taiwan of a portion of the proceeds from the sale of United States aid commodities originally deposited with commercial banks; (2) strict enforcement of the required cash reserve minimum (in addition to security reserves) of 15 per cent for demand deposits and 7 per cent for time deposits, with instructions to commercial banks to refrain from extending any new loans prior to fulfilling their reserve requirements; and (3) establishment of a working group on the supervision of commercial banks, under the Economic Stabilization Board's Committee A (on money, credit, foreign trade and exchange), to watch closely the lending operations of commercial banks and recommend appropriate action. The net money supply declined 2.2 per cent in November and 9.6 per cent more by April 1956, and the wholesale price index in Taipei responded more slowly and in moderate degree—rising by 6.6 per cent in November but falling slightly (by one per cent) between then and April. From April to August 1956, the situation was reversed, wholesale prices continuing to fall by one per cent, even though the net money supply rose by 8 per cent. A factor contributing materially to the improvement in the price situation was the rise in ordinary imports plus United States aid imports, to $114 million in the first six months of 1956, compared with $87 million and $94 million, respectively, in the first and second halves of 1955.

Second four-year plan

In the second Four-Year Plan for Economic Development, which was under consideration during 1956, total national income was expected to rise, on the average, by 5 per cent per annum and per capita national income, by 2 per cent a year. Since foreign exchange earnings from exports are planned to rise from the estimated total of $130 million in 1956 to $185 million in 1960 and foreign exchange outlays for imports are planned to remain at a steady annual level of around $220 million during 1957–60, it appears to be the hope that United States aid would continue to meet the expected deficit in the external account, though on a decreasing scale.

Some of the priority projects in the field of production and transport under the second Four-Year Plan have begun to take shape. In agriculture, the multiple-purpose Shihmen reservoir and dam, begun early in 1956, was expected to irrigate 54,340 hectares of land for an additional production of 69,000 tons of brown rice per year. Another multiple-purpose project at Ta Chia Chi was to irrigate 51,540 hectares of land for a further production of 63,000 tons of

[1] An exemption limit of NT$2,500 is provided for the taxpayer, and one of NT$5,000 if he supports a spouse; dependants' credits are NT$600 per person if related to the taxpayer by blood, otherwise NT$300.

[2] Profit from monopoly sales has been the largest single source of national revenue, accounting for over 20 per cent of the Central Government revenue in recent years.

brown rice per year. About 55,000 hectares of tidewater land may be reclaimed and developed along the west coast of Taiwan, with government assistance in building dikes and providing water supply and other facilities.

In industry, emphasis has been laid on the further generation of power. When completed, the Shihmen project is expected to generate 120,000 kW of power, and Ta Chia Chi ultimately, 543,450 kW. It was estimated that 108,600 kW of power installation initiated in the period of the first Plan would be completed in the early part of the second Plan, with additional projects started for the installation of 300,000 kW capacity about half hydroelectric and half thermal. Three of the four chemical fertilizer plants proposed under the first Plan are scheduled for completion under the second Plan, raising annual production to 420,000 tons, while the second expansion project of the Kaohsiung Ammonium Sulphate Corporation was expected to further increase annual production by 108,000 tons. Other important items proposed are the development of coal mines, an integrated steel mill of 200,000 tons annual capacity, export industries and building material industries, including cement and lumber. In transportation, the east-west highway across the island begun in 1956, is to be built with United States aid by retired servicemen, for many of whom resettlement opportunities are being provided.

Section 2. MAINLAND

Note: The present review of the economic situation in mainland China is necessarily based on official news releases and other publications in which official statistics and estimates are given. The data cannot be verified by the ECAFE secretariat through methods that can be utilized for obtaining information elsewhere—direct contact with government agencies and officials, and access to other sources of news and criticism available from within the country concerned. There is thus a distinction between this review of the economic situation in mainland China and the other reviews presented in this report. Furthermore, as noted in earlier issues of the *Economic Survey of Asia and the Far East,* and elsewhere in the present section, many of the statistics for mainland China are not strictly comparable, either in concept or in method of compilation, with those used in many other countries. Frequent revisions of actual and target figures add to the difficulties of interpretation. On the other hand, absolute figures have in recent years become increasingly available on production, transportation and government finance, though not on labour conditions, money supply (on which there is virtually no information), prices (information unavailable or only relative figures given, except for essential consumer goods in principal cities), and foreign trade and payments (for which as a rule only relative figures or percentage changes have been issued). Of the sources quoted below, the more important include the annual budget statement, government reports and statements by representatives at the annual session of the National People's Congress, the annual official communique from the State Statistical Bureau, and reports and statements by members attending the eighth national congress of the Chinese Communist Party.

In 1956 mainland China accelerated its socialization. Although some objections were encountered, agriculture, still the mainstay of the country's economy, has been largely collectivized, industry and commerce almost completely transformed into enterprises jointly owned and operated with the Government, and handicraft production mostly brought under the co-operative form of organization. This move towards socialism enabled the Government to bring the private sector under virtually complete control, especially in implementing the Five-Year Plan for the country's "socialist industrialization" which stresses the early establishment of heavy industries and the reinforcement of defence.

The rapid socialization in early 1956 caused the Government to anticipate completion of the first Five-Year Plan ahead of schedule, and prompted the formulation of a draft Twelve-Year Plan (1956–1967) for agricultural development. However, the view had altered by September, when the eighth national congress of the Chinese Communist Party took stock of the situation and found that the high production targets for some agricultural and industrial products announced earlier for 1956 had to be lowered on account of floods, drought and typhoons, and also on account of difficulties encountered in the process of socialization in agriculture, industry, handicrafts and trade. At the end of the year, production in 1956 was reported to have exceeded that of 1955, but there were indications that, owing to higher imports resulting from an accelerated rate of capital formation in the public sector, coupled with a decline in some

branches of rural subsidiary production and export, a trade deficit might emerge, with probably a lower rate of rise in the total value of trade in 1956 than in 1955.

THE ACCELERATED SOCIALIZATION

The movement to extend agricultural co-operatives and collectives, which started in December 1951 with the issuance by the Central Committee of the Chinese Communist Party of a draft Decision on Agricultural Mutual Aid and Co-operation, received setbacks in early 1953 and early 1955 but was vigorously carried forward after July 1955, when the Chairman announced a target date of 1960 for completion of the process. Agricultural producers' co-operatives were reported to cover 63 per cent of all peasant households in the country at the end of 1955,[1] and 91.7 per cent of the total, or 110 million peasant households, at the end of June 1956. At that point, of the 992,000 agricultural producers' co-operatives of two types, the "advanced" type was reported to include 62.6 per cent and the "elementary" type 29.1 per cent of all peasant households.[2] The distinction between the two is that the "elementary" or co-operative type allows private ownership of land and other means of production, but pools the land on a share basis for operating purposes, centralizing management, whereas the "advanced" or collective type operates on the basis of full collective ownership of land and other means of production; the former pays returns to members for both landownership and labour contribution, the latter for labour contribution only.[3]

This rapid extension of agricultural co-operatives and collectives encountered some difficulties with peasants who were averse to collective ownership of land and other means of production, somewhat low prices for members' livestock, farm tools, woods, fruit trees and irrigation facilities placed under collective ownership, confusion in operation and management of some co-operatives, and lack of "reasonable" distribution of income and profits of the co-operatives and collectives.[4]

The agricultural producers' co-operatives of both types were, among other things, intended to facilitate the collection of the agricultural tax on food grains and the sale of peasants' surplus food grains and other farm crops to the Government, and to pave the way for agricultural mechanization and electrification.[5] The Government's task of ensuring an adequate supply of farm products—food grains for deficit areas, raw materials for industries and agricultural exports to pay for capital goods imports—was thus expected to be considerably simplified when over 100 million individual peasant households had been organized into nearly a million agricultural producers' co-operatives.[6]

It was planned to transform capitalist industry and commerce in two stages: State capitalism (joint Government-private ownership) and socialism (complete Government ownership). Since the launching of the Five-Year Plan in 1953, the extension of State capitalism has been accelerated, especially after the announcement in November 1955, by the All-China Federation of Industry and Commerce, of a programme to hasten its rate of establishment. After intensive publicity campaigns by local party organizations and people's congresses in December, the movement to expedite the transformation of capitalist industry and commerce into joint Government-private ownership started in early January 1956 in Peking and spread rapidly to other cities.[7] By the end of that month, the share of total industrial output still accounted for by private industry was stated to have declined to 2 per cent, compared with 63 per cent in 1949. On 21 March it was officially reported that almost all the private industrial enterprises in 118 large and medium-size cities had come under joint government-private ownership.[8]

However, this process gave rise to temporary dislocation of supply, production and marketing, and the State Council on 8 February decided that "private enterprises should in general continue their operations as formerly for about six months beginning from the approval of joint ownership."[9] While the work of transformation was reported to have been more or less according to plan in certain places, "in other places, owing to the lack of adequate investigation and study and over-all planning, the merger of factories was blindly carried out to excess, with the result that

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1 New China News Agency, Press Release (Peking), 16 June 1956.

2 Chou En-lai, "Report on the Proposals for the Second Five-Year Plan", presented on 16 September 1956 to the eighth national congress of the Chinese Communist Party, quoted in *People's Daily* (Peking; in Chinese), 19 September 1956.

3 The latter also tend to be larger. By mid-April 1956, the collectives had an average membership of 254 households each, and the co-operatives one of 49. (Kwan Meng-chueh, "The question of relationship between the productive forces and production relations of the higher agricultural producers' cooperatives", in *New Construction* (Peking; in Chinese), No.7 1956.

4 Teng Tze-hui, "Report to the Third Session of the First National People's Congress," reprinted in *People's Daily*, 20 June 1956.

5 The two objectives are specifically provided for in article 5 and article 3 of the model regulations for advanced agricultural producers' co-operatives adopted by the first National People's Congress on 30 June 1956. (*People's Daily*, 1 July 1956).

6 Teng Tze-hui, *op.cit.*

7 New China News Agency, Press Release, 1 January 1956. Private industrial and commercial establishments were generally small in size. According to statistics for 1954, of the 130,000 private factories in the country, more than 90,000 employed fewer than ten persons each; private commerce was commonly on an even smaller-scale basis. (*People's Daily*, 3 January 1956).

8 *People's Daily*, 21 March 1956.

9 New China News Agency, Press Release, 10 February 1956.

the original supply and marketing arrangements or co-operative relationships were dislocated, leading to less variety in products and poorer quality, overcrowding of workshops with equipment, and difficulty in making arrangements for suitable living conditions for workers."[1]

On 8 February, the State Council adopted regulations providing for the quarterly payment of interest on private shares in joint government-private enterprises, irrespective of losses or gains by the enterprises.[2] The annual rate of interest to be paid to private shares was subsequently fixed at 5 per cent;[3] Vice-Premier Po I-Po announced that payment would be made until at least 1962.[4]

Since handicraft production meets domestic consumption requirements to a considerable extent and helps to increase exports to pay for imports needed for development, its expansion was deemed essential to the country's programme for economic development. Individual handicraft production during 1953–1955 was officially reported to have risen by 38.4 per cent in value, as compared with 54.4 per cent for handicraft factory production during the same period.[5] In early 1956, a movement was launched to hasten the growth of co-operatives in the handicraft field. The number of handicraftsmen in producers' co-operatives, given as 2 million or 25.5 per cent of the total number in mainland China at the end of 1955,[6] was reported to have risen in early August 1956 to 4.7 million.[7]

NATIONAL INCOME AND CAPITAL ACCUMULATION

The term "national income" was first employed by the Chairman of the State Planning Commission in June 1956, when he stated that, according to preliminary estimate 22 per cent of the national income during the Five-Year Plan period (1953–1957) would be set aside for capital accumulation and 78 per cent for consumption.[8]

In a statement on 18 September by the Chairman of the State Economic Commission, in which the concepts of national income, accumulation and consumption in mainland China[9] were defined for the first time, the ratio of "accumulation" to national income for the period 1952–1956, as given in table 17, is close to the earlier estimate, but somewhat lower. Capital accumulation is defined to include: (*a*) government investment in both productive and non-productive capital construction,[10] (*b*) capital formation of government enterprises based on their own savings, (*c*) increases in surpluses in various types of co-operatives,[11] and (*d*) investments by private industry and commerce, individual peasants and individual handicraftsmen. Of these four items, the largest and most important is the first, namely, capital construction as provided for in the government budget.

Table 17. China: National Income at Market Prices and Net Capital Accumulation on the Mainland

(*Ratios in percentages*)

Year	*Ratio of accumulation[a] to national income*	*Ratio of government revenue to national income*	*Ratio of government capital construction[b] to government expenditure*
1952	15.7	27.6	29.9
1953	18.3	29.2	37.9
1954	21.6	32.4	38.9
1955	20.5	31.9	35.6
1956[c]	22.8	31.5	46.7
Minimum for future years	20.0	30.0	40.0

Source: Po I-po, *op.cit.*

[a] Net. [b] Probably gross. [c] Estimate.

From the reported ratio of government revenue to national income for the period 1952–1956, the size of the national income may be calculated by reference to the annually published figures for government revenue.[12] The national income, calculated in this manner, would appear to have risen from 74.300 million yuan in 1953 to 81,700 million yuan in 1954, 85,700 million yuan in 1955 and 94,500 million yuan (estimated) in 1956.[13] Based on these figures and the 1953 census total of 582 million population on the mainland, rising at the officially

1 Editorial in *People's Daily*, 30 June 1956.

2 New China News Agency, Press Release, 10 February 1956.

3 Chen Yun, "Report to the Eighth National Congress of Chinese Communist Party", reprinted in *Ta Kung Pao* (Tientsin), 18 June 1956.

4 New China News Agency, Press Release, 10 December 1956.

5 State Statistical Bureau, *Communique on the Results of Implementing the Plan for the Development of National Economy in 1955* (Statistical Publication Press, Peking, June 1956; in Chinese), p.20.

6 *People's Daily*, 31 December 1955.

7 *Ta Kung Pao*, Tientsin, 20 August and 12 September 1956.

8 Li Fu-chun, Report presented on 16 June 1956 to the third session of the National People's Congress, *People's Daily*, 19 June 1956. The term "national income" is not defined, but apparently refers to national income at market prices.

9 Po I-po, "Relationship between Accumulation and Consumption in Socialist Construction", *People's Daily*, 20 September 1956. National income, obviously at market prices, is there defined as "the remaining part (commonly referred to as net product) of the value of total social output (commonly referred to as gross product) turned out by industry, agriculture, construction, transport that serves production, and commercial workers, after deducting such part as makes up for the capital goods consumed". This definition appears to exclude transport of passengers as distinct from goods, as well as what is customarily known as "services".

10 Less depreciation on fixed assets, plus increased working capital and stock. Non-productive capital construction refers to items not directly contributing to production, for example, construction of workers' living quarters, cultural and educational institutions and public health buildings.

11 Whether increases in surpluses are reflected in increases in stocks (including or excluding fixed assets) or in cash and deposits is not specified.

12 The fiscal year corresponds with the calendar year.

13 The official rate for the dollar was 2.367 yuan for sales and 2.343 yuan for purchases.

estimated rate of natural increase of 2 per cent per annum, per capita income during these years would have risen from 127 in 1953 to 137, 141 and 154 (estimated) yuan.[1]

The accounts for 1953–1955 and budget estimates for 1956 show a 44 per cent rise in the government's development expenditure, during 1953–1956, from 13,834 million yuan to 19,971 million yuan (estimated). The rate of increase for economic construction (capital construction plus certain economic services) was 53 per cent; that for culture, education, health and social welfare, 12 per cent. In the four years, four-fifths of the total development outlay was for economic construction, one-fifth for culture, education, health and social welfare. Over the four years, almost one-half of the total development outlay for economic construction was for industry, particularly heavy industry; one-sixth was for transport and communications; agriculture and trade (both domestic and foreign) accounted for about one-eighth each.

PRODUCTION[2]

In 1955, as compared with 1952, the year before the start of the Plan, the value of gross agricultural and industrial (including handicraft) production at constant prices was officially stated to have risen by 33.2 per cent,[3] to 110,415 million yuan. The latter figure, however, is almost 30 per cent higher than the above estimated 1955 national income of 85,700 million yuan, because of considerable double-counting of raw materials and intermediate products consumed in the process of industrial and handicraft production. Partly because of this double-counting, the share of agricultural production was reported to have declined from 58.5 per cent of the total value of gross agricultural and industrial (including handicraft) production in 1952 to 50.3 per cent in 1955; the share of industrial production during this period was reported to have risen from 32.7 per cent to 40.5 per cent and of handicraft production from 8.8 per cent to 9.2 per cent.

Agricultural output

Agricultural production has been rapidly brought under government control in recent years through the establishment of a network of co-operatives, as noted above. Because of the great emphasis on raising production of staple food grains (rice and wheat) and raw cotton, other products have been relatively neglected. In 1955, as compared with 1952, published official statistics show that soyabeans, jute, and hogs fell, resulting in some cases in short supply and increased prices.[4] This imbalance had been mainly due to the threefold policy of "fixed production, fixed purchase and fixed sale of food grains"[5] initiated in the spring plowing season of 1955, coupled with government marketing of other farm products at comparatively low procurement prices set by the Government and with inadequate provision by the Government of measures to improve the situation.[6] Attempts have been made to rectify conditions by counter-measures, such as the readjustment of procurement prices,[7] the promotion of subsidiary rural employment[8] and extension of improvements through agricultural co-operatives and collectives.

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1 According to Po, *op.cit.*, industrial production during 1952-56 rose by 104 per cent, giving an average annual rate of increase of 19.5 per cent. The average annual rate of increase was stated to be 23.9 per cent for heavy industry, 14.8 per cent for light industry, and 12.6 per cent for handicraft industry. In the government estimate released by the New China News Agency from Peking on 31 December 1956, industrial output, excluding handicraft output, was reported to have risen to 55,800 million yuan, that is, by 106 per cent over the total of 27,014 million yuan reported for 1952. In view of the considerably slower average annual rate of increase for handicraft production during 1952-56, the 104 per cent increase during the same period for industrial (including handicraft) production, as estimated by Po and used by him in constructing the ratios quoted in table 17, appears rather high. This would affect the estimated increase in total and per capita income.

According to an analysis of farm family income (both cash and in kind) for members of 26,935 cooperatives in 1955, the average was estimated at 424 yuan, giving a per capita farm income of 94 yuan for an average family of 4.5 persons. (*Hsin-hua Semi-monthly*, Peking, in Chinese, no.24, December 1956, p.64, quoting *Statistical Activities News*, Peking, in Chinese, no.17, 1956). The average farm family income was 776 yuan for the members of 202 collective forms.

2 The terms "industrial production", "agricultural production", "handicraft production" and "subsidiary rural production" require explanation for readers unfamiliar with the terminology used in mainland China. Industrial production refers to production from "modern industry", employing power-driven machinery in factories, as well as from handicraft factories; "factory" is, however, not clearly defined. "Handicraft production" refers to production by handicraft producers' co-operatives, as well as individual handicraftsmen; it excludes not only production from handicraft factories but also production from rural handicrafts carried on as supplementary employment by peasants in the country-side, known as "subsidiary rural production." "Agricultural production" includes subsidiary rural production as well as agricultural production itself. *First Five-Year Plan for the Development of National Economy in the People's Republic of China* (People's Press, Peking, August 1955; in Chinese), pp.14, 26, 27.

3 Because of double-counting of raw materials and intermediate products in the industrial and handicraft sectors, which have registered larger increases in production than the agricultural sector, the combined rate of increase in gross agricultural and industrial production also tends to be overstated.

4 State Statistical Bureau, *op.cit.* Thus, in 1955, a year of bumper crops, as compared with 1952, before the Plan, while paddy and cotton output rose by 14.0 and 16.5 per cent, respectively, soyabean and jute production fell by 4.2 and 15.9 per cent. Production of pigs also dropped 2.1 per cent during this period, giving rise to a shortage of pork and to higher prices. Other crops also appear to have failed to meet the planned rate of increase (see text, below).

5 That is, fixed by the Government in the light of existing circumstances. United Nations, *Economic Survey of Asia and the Far East, 1955* (sales number: 1956. II.F.1) p.87.

6 Chou En-lai, *op.cit.*

7 See section on prices and wages below.

8 *People's Daily*, editorial, "The Development of Rural Subsidiary Employment", 24 May 1956.

The target for food grain production in 1956 was originally fixed at 199.5 million tons,[1] but owing to damage sustained in many areas from floods, waterlogging, typhoons and drought, it was lowered to 192.8 million tons.[2] The actual food grain production was estimated at mid-December 1956 to be 10 million tons higher[3] than the 1955 bumper crop, reported as 184 million tons—paddy 78 million tons; wheat 23 million tons; coarse grains, including barley, oats, maize, millet, proso-millet, kaoliang, 55 million tons; potatoes 18.9 million tons; and soyabeans 9.1 million tons.

Raw cotton production, estimated at 1,518,000 tons for 1955, was estimated to have risen to 1,579,000 tons in 1956,[4] (as compared with the 1957 target of 1,640,000 tons) despite typhoon damage in Shantung, Honan and other provinces. It was reported that, owing to the good work done by agricultural producers' co-operatives, high yields had been achieved, for example, 825 kg of ginned cotton per hectare over 35,000 hectares in the north-west province of Shensi. It was stated by the Vice-Minister of Agriculture that cotton harvests in Kansu, Shensi and Hupeh provinces were from 20 to 49 per cent larger than the 1955 bumper crop.[5]

1956 output was reported to have surpassed the 1957 targets for tobacco and tea and exceeded the 1955 output for oil bearing crops, sugar cane and sugar beet.[6]

Other crops appear to have failed to meet the planned rate of increase. According to the Premier, "soyabeans, ground-nuts, rape-seed, jute, ambary hemp and certain kinds of livestock will probably not be able to reach the original targets set down in the first Five-Year Plan."[7] He also criticized the failure in some localities to pay adequate attention to increasing production of "all industrial crops, except cotton; livestock breeding; forestry; fisheries; sericulture; and subsidiary cottage occupations," and stressed the need for those localities which had attached importance only to the increase of grain and cotton output to "avoid the tendency towards uniformity and one-sidedness."[8]

1 New China News Agency, Press Release, 16 June 1956.
2 Chou En-lai, *op.cit.*
3 New China News Agency, Press Release, 13 December 1956.
4 *Ibid*, 1 January 1957.
5 Yang Hsien-tung, in *ibid*, 25 October 1956.
6 *Ibid*, 13 December 1956.

Industrial output

Industrial output, excluding handicraft output, registered a decline in its annual rate of increase from 31.7 per cent in 1953 to 16.7 per cent in 1954 and 7.8 per cent in 1955, owing partly to the short supply of raw materials for consumer goods industries and partly to the time required for new capital goods industries to begin production. In 1956, with a reported 19.7 per cent increase in labour productivity in State industries, a reported 64 per cent rise in industrial capital formation[9] and the bumper 1955 harvest which provided a plentiful supply of raw materials to consumer goods industries, industrial production was reported to have risen by 25 per cent over 1955.[10] A number of major industrial products, especially capital goods, were reported to have reached or surpassed the targets originally set for 1957—the final year of the Five-Year Plan, in many cases, the exceptions being electricity, coal, crude petroleum, ammonium sulphate, cotton cloth and sugar.

7 Chou En-lai, *op.cit.*
8 *Ibid.*
9 New China News Agency, Press Release, 1 January 1957.
10 New China News Agency, Press Release, 31 December 1956. Other products not given in table 18 were also reported to have reached the 1957 target levels; these, with the 1957 targets given in brackets, included generators (227,000 kW), steam turbines (84,500 kW), hydraulic turbines (79,500 kW), steam boilers (2,734,000 ton-hours), caustic soda (154,000 tons), ammonium nitrate (44,000 tons), etc.

Table 18. China: Production of Selected Industrial Items on the Mainland

Item and unit	1955 Amount	1955 Index (1954=100)	1956 Amount[a]	1956 Index (1955=100)	1957 Target under Plan
Electricity (millions of kWh)	12,278	112	15,278	124	15,900
Coal, crude (millions of tons)	94	117	195	112	113
Petroleum, crude (thousands of tons)	966	122	1,176	122	2,012
Pig-rion (thousands of tons)	3,630	123	4,630	128	4,674
Steel ingots (thousands of tons)	2,853	128	4,353	153	4,120
Steel, rolled (thousands of tons)	2,505	128	3,605	144	3,045
Ammonium sulphate (thousands of tons)	324	109	444	137	504
Cement (thousands of tons)	4,500	98	6,400	142	6,000
Metal cutting lathes (number)	13,708	86	21,708	158	..
Cotton yarn (thousands of bales)[b]	3,968	86	5,100	129	5,000
Cotton cloth (millions of bolts)[c]	103	84	138	134	164
Paper, machine made (thousands of tons)	570[a]	106	710	121	655
Sugar (thousands of tons)	410	118	520	127	686
Cigarettes (thousands of cases)	3,567	96	..	..	4,700

[a] New China News Agency, Press Release, 31 December 1956.
[b] bale = 400 pounds = 181.4 kg.
[c] 1 bale = 36 metres.

The increase in industrial production appears to have been accompanied by deterioration in the quality of new construction as well as of certain industrial products. The Vice-Premier stated that because of the "one-sided emphasis on quantity of products and speed of construction, the quality of quite a number of products and engineering projects is not as good as it should be. Certain products failed to measure up to the required specifications and had to be classified as low quality goods."[1] In a statement by the Premier, this lowering in the quality of industrial products was attributed to the policy of reaching and even surpassing targets which in some cases were set at too high a level.[2]

The pressure for reaching and surpassing production targets has been severe, especially under successive campaigns for the promotion of "socialist emulation."[3] According to the Chairman of the State Economic Commission, the number of deaths in the coal industry during the first five months of 1956 was 15 per cent higher than in the corresponding period a year before. During the first quarter of 1956, the Electric Power Equipment Bureau of the First Ministry of Machine Building had 105 equipment mishaps, causing a total stoppage of 2,794 generator-hours.[4] The Government, however, has stressed the adoption "of practical measures wherever possible, now and in the second five-year period, to improve workers' housing, safety, medical and health services step by step and duly provide additional welfare amenities."[5] Nevertheless it has also indicated that the rise in living standards must be restrained to assure expansion of capital formation.[6]

Transport

In 1955, the proportion of freight carried by railways and coastal shipping declined to 84.9 per cent and 3.9 per cent, respectively, of the total volume of freight, as against 89.6 per cent and 4.0 per cent, respectively, in 1952, while inland water-ways and highways increased their resepective shares to 9 per cent and 2.2 per cent, from 5.4 per cent and 1.0 per cent. The decline in the proportion of freight traffic carried by railways was in marked contrast to the rapid progress in new railway construction, since the length of railways open to traffic in 1955, 26,931 kilometres, was 11.1 per cent greater than in 1952. The new railways, however, were located mostly in sparsely populated parts of the country with a relatively small volume of traffic; they served the dual purpose of opening up new areas for development and facilitating access to neighbouring areas, including northern Korea, Outer Mongolia and the Union of Soviet Socialist Republics.

The slowing down in the annual rate of increase in the total volume of freight traffic carried by all types of modern transport, from 23 per cent in 1954 to 8 per cent in 1955, continued into early 1956.[7] It was attributed mainly to the diversion of local transport facilities (for exeample, wheelbarrows and carts) in rural districts by agricultural producers' co-operatives.[8]

Targets for the construction of new railways and highways in 1956 were raised above those previously set under the Five-Year Plan, and efforts were also made to raise the rate of increase in the volume of traffic moved. The Five-Year Plan contemplated the construction of 4,084 km of new railway trunk and branch lines; by early December 1956 4,104 km was reported to have been completed.[9] Of the 10,000 km of highways to be built during the five-year period, 9,053 km was reported completed by the end of 1955. It was planned to add 4,611 km in 1956, which would bring the total for four years to 37 per cent above the original 1957 target.

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[1] Liu Shao-chi, in *People's Daily*, 17 September 1956.

[2] Chou En-lai, *op.cit.* According to his report, some of the industrial departments in the Government "are very often concerned about whether the target of output is reached, but not whether the target for quality and the production of new types of product are completed. Prizes are awarded to those who have overfulfilled the output plan in quantity but not to those who have raised the quality and increased the types of product".

[3] *Workers' Daily* (Peking; in Chinese), 5 July 1956; also 1 April, 23 June, 6,8 and 15 July 1956.

[4] Po I-po, "The Implementation of State Plans in 1956", New China News Agency, Press Release, 21 June 1956.

[5] Chou En-lai, *op.cit.*

[6] Po I-po, in his article on "Relationship between Accumulation and Consumption in Socialist Construction", *op.cit.*, stated that "for the sake of industrialization of our country, that is, for the sake of the collective and long-term interests of the people, the speed of the elevation of our people's level of consumption should not only be lower than the speed of developing social production, particularly the need of raising the labour productivity, but also lower than the speed of accumulation". See also editorial in *People's Daily*, 27 November 1956.

[7] Wang Shou-tao, Director of the Sixth Department of the State Council, in charge of transport, in a report to the third session of the first National People's Congress on 23 June 1956, stated that "our work of organizing transport service is also lagging behind the increasing volume of freight transport. This has become all the more obvious since the beginning of 1956" (New China News Agency, Press Release, 23 June 1956).

[8] According to an article in *Planned Economy* (Peking; in Chinese), the principal problem in transport, despite its rapid progress in construction, is the "failure to organize well, or to make suitable arrangements for, available transport facilities in the rural districts, seen for instance in the fact that carts and carriages in the rural districts which were originally intended for transport purposes are now used, following the formation of the agricultural producers' co-operatives, for production purpose; and in the practice among cadres in the *chu* (district) and *hsiang* (market town) of certain localities, stressing one-sidedly the importance of doing a good job of agricultural production, to revoke the licences of these vehicles and to stop them from leaving village limits, at the same time forcing vehicles originally intended specifically for the transport trade to be diverted to and incorporated into agricultural producers' co-operatives. These factors have contributed to the shortage of transport facilities to and from railway lines with the result that frequently large quantities of capital goods for agriculture and of building materials for construction depots were kept from being conveyed in time to the rural districts and construction depots for the needed purposess".

[9] New China News Agency, Press Release, 8 December 1956.

The total volume of goods carried by modern means of transport was to be raised by 15 per cent in 1956, to 324 million tons, compared with an 8 per cent rise in 1955. The total volume of passenger traffic was also expected to rise, to 406 million persons. If these aims were achieved, the 1957 target as originally established in the Five-Year Plan would have been achieved to the extent of 89.6 per cent for goods traffic, and 97 per cent for passenger traffic.[1]

TRADE AND PAYMENTS

Under the Central People's Government, the traditional pattern of trade and payments of mainland China underwent a radical change. The stoppage in the flow of foreign investments and the decline in remittances of oversea Chinese contributed to the almost complete dominance of the country's payments position by trade, with some inflow of Soviet aid which was, however, offset by the outflow of aid from mainland China to northern Korea, northern Viet-Nam and, to a more limited extent, Cambodia, Nepal and Outer Mongolia in Asia, Egypt and Hungary. A radical change also took place in the pattern of trade: capital goods imports began to predominate, while agricultural exports tended to decline in relative importance; furthermore, trade gravitated increasingly, if not exclusively, to the Soviet Union and countries of eastern Europe, with a corresponding reduction in importance, or elimination, of trade with former trading partners, particularly the United States, the United Kingdom and Japan. There has been no trade with the United States since 1951. On the other hand, in the past two years there has been some revival of trade with the United Kingdom and Japan, and some increase in trade with a number of other countries.

According to the foreign exchange records of the People's Bank, the ratio of external payments to external receipts was 90 per cent in the three-year period, 1950–1952, and averaged 98.6 per cent in the two years, 1953–1954.[2] Although data are not available for 1955–1956, it appears probable that the Government has found it increasingly difficult to achieve equilibrium in its international payments position, since growing requirements for development imports have been paid for primarily from the country's agricultural production, whose rate of increase has lagged considerably behind that of industrial production in recent years.

Trade was reported to have expanded greatly in value, by 25 per cent in 1953, 4.6 per cent in 1954 and 30 per cent in 1955 (compared with the previous year in each case); the gain in 1955 over 1952, the year before the Plan, was 61 per cent.[3] The 1956 rate of rise was, however, expected to be much lower—2.4 per cent.[4]

Imports have tended to shift increasingly from consumer goods to capital goods, which constituted 88.5 per cent of total imports in 1954.[5] It was reported that in 1955 complete sets of factory equipment, machine tools, agricultural machines and other means of production constituted over 90 per cent of total imports. Much of the equipment for the 156 major capital construction projects which the Soviet Union was to supply by 1960 was reported to have been already imported by 1955. It was proposed to reduce the dependence on imports for machinery and equipment, from 40 per cent under the first Five-Year Plan to 30 per cent under the second.[6]

Exports, consisting mainly of agricultural, mineral and handicraft products in earlier years, were reported to have begun to include more and more industrial products. In view of the lack of information on the subject, it is difficult to assess the extent to which agricultural exports, which were reported to have constituted almost 70 per cent of total exports in 1950,[7] have risen to correspond with the official statement of an increase in total imports and exports of 61 per cent during 1952–1955. The rapid decline in the rate of increase of total imports and exports in 1956, referred to above, suggests that the rate of expansion of agricultural exports was lowered as a result of the recent decline in subsidiary rural production, whose export formerly occupied an important place in total agricultural exports.

In an effort to increase exports, the policy has been that "domestic sales come after foreign sales." This was illustrated at a meeting of exporters in

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1 Li Fu-chun, *op.cit.*

2 *Ta Kung Pao* (Tientsin), 21 February 1955.

3 *Ta Kung Pao* (Tientsin), 4 October 1956. According to the official communique of the State Statistical Bureau, the 1953 rate of rise in trade was much higher—36 per cent.

4 Derived from Liu Shao-chi, *op.cit.* where the increase in 1956 over 1952 was estimated at 65 per cent. In contrast to previous practice, neither the 1955 Communique from the State Statistical Bureau nor the 1955 budget report from the Finance Minister specified the annual target of increase in foreign trade for 1956.

5 In a recent estimate of imports during the period 1949-1955, the following quantities, imported mostly during 1953-1955, were noteworthy: 245 complete sets of industrial equipment, 20,639 metal cutting machines, 4.25 million tons of iron and steel, 4.35 million tons of petroleum and its products, 438,000 tons of raw cotton. (Chao Chi-chung, "Seven Years of Foreign Trade, 1949-55", *Ta Kung Pao* (Hong Kong), 1 October 1956).

6 Chou En-lai, *op.cit.* Despite its recent rapid increase, the level of industrial production in mainland China is admittedly low. According to the Chairman of the State Planning Commission, in spite of the fairly rapid rate of growth of heavy industry, in 1956 mainland China would have to import, for instance, 750,000 tons of steel products, over 10,000 metal cutting lathes and a great deal of other equipment, machinery and materials, to meet demands in various fields (Li Fu-chun, *op.cit.*).

7 *New China Monthly* (Peking; in Chinese), April 1951. Of total exports in 1950, 31.7 per cent consisted of food and fibre crops, 14.3 per cent forest products and 23.0 per cent livestock and poultry. Mineral products contributed 5.3 per cent and handicraft products 2.7 per cent. The remaining 23 per cent was unclassified.

Shanghai in August 1956 by the statement that "since liberation, although each of us has eaten a few packages less of ground-nuts, we have obtained in exchange a considerable amount of machinery and equipment."[1] The implementation of the policy, however, has been confronted with difficulties. Planned targets for export often have been lowered because of increased domestic demand. Some exporters, on account of heavy taxation, including "planned profits," could not recover their cost of production, especially since export prices were apparently fixed at lower levels than domestic market prices.[2]

The geographic pattern of trade has also undergone a significant change since 1950, as noted, through the rapidly increasing orientation of trade towards the Soviet Union and countries in eastern Europe, whose combined share in mainland China's trade rose from 23.4 per cent in 1950 to about 80 per cent in 1954. In 1955 and 1956, trade with the Soviet Union and countries of eastern Europe continued, and trade with many Asian-African and western countries was developed. In 1956 mainland China traded with 68 countries, and had concluded or renewed trade and payments agreements with one-third of these. Under these agreements, trade has taken place mostly in the form of barter with the centrally planned economies of eastern Europe and Asia, but generally for settlement in terms of pounds sterling with the rest of the world. Among these agreements, the most significant is that signed with the Soviet Union on 7 April 1956, whereby the latter agreed to supply mainland China with 2,500 million roubles' worth of capital equipment and supplies for 55 new industrial enterprises, in addition to the 156 industrial enterprises for which Soviet imports had been contracted under earlier agreements. The account was to be settled by the export of Chinese agricultural, mineral and handicraft products.[3]

[1] "On the Problem of Sources of Supply for our Exports", *News Daily* (Hsin Wen Jih Pao; Shanghai; in Chinese), 10 August 1956.

[2] *Ibid.* It was reported that in one paper factory in Shanghai, "the factory price of 3,960 yuan per ton of 'glass paper', after deduction of industrial taxes, leaves a cost of production of 1,679 yuan and a profit of 1,526 yuan (or 38.5 per cent of the factory price but 90 per cent of the cost of production), inflicting an export loss of 78.7 per cent." Again, "of a factory price of 3,432 yuan per ton of red gloss paper, profits and industrial taxes alone reach 1,396 yuan or 40.4 per cent, inflicting an export loss of 77.8 per cent". In the 1956 budget, the net sum from profits and taxes to be turned into the treasury by joint government-private enterprises, after deduction of government investment, was estimated at 200 million yuan.

[3] Trade or payments agreements were renewed with the Soviet Union and countries in eastern Europe (Albania, Bulgaria, Czechoslovakia, eastern Germany, Hungary, Poland, Romania) and with Finland, and were concluded for the first time with Yugoslavia; agreements were also concluded or renewed with Cambodia, northern Korea, Pakistan, northern Viet-Nam, and Outer Mongolia in Asia, and with Egypt, Lebanon and Syria in the Middle East. Trade continued under treaties signed earlier with Burma, Ceylon, India, and Indonesia. Trade with Hong Kong, Japan, and Malaya in Asia, and with France, western Germany and the United Kingdom in western Europe, also continued.

FINANCE AND PRICES

Public finance

The 1956 budget estimated a greater rise in receipts (from 27,203 million to 29,732 million yuan) than in expenditures (from 29,347 million to 30,743 million yuan), thus anticipating a decline in the deficit to 1,011 million yuan, or 3.3 per cent of the total expenditure, as compared with 7.3 per cent in 1955.[5] It was planned to meet this deficit, as in 1955, by utilizing the previously accumulated surplus.

The increased receipts were expected to come mainly from the profits of government enterprises and from taxes on industry and commerce, while the increased expenditure was for financing a higher rate of outlay on development projects. Expenditure on defence was to be reduced from the 1955 total of 6,500 million yuan (22.1 per cent of the total) to an estimated 6,141 million yuan (or 20 per cent). The 1956 budget provided for total government expenditure of 19,971 million yuan for economic and social development, equal to 64.9 per cent of total government expenditure, compared with 57.7 per cent in 1955.[6] A further breakdown for 1955 and 1956 shows that, in the former year, 87 per cent of the economic development expenditure was allocated to the Central Government and 71 per cent of the social development expenditure to local governments, and that the corresponding percentages for 1956 were 86 and 66.

Prices and wages

The bumper harvest in the winter of 1955, reported to have resulted in a 9 per cent rise in food grain output and a 43 per cent gain in raw cotton production, exerted a stabilizing influence on the price situation in 1956, although the rise in wages agreed upon by the State Council in June, retroactive to 1 April 1956, the restoration of market mechanism for certain food and other items, and the increase in prices of subsidiary food items (particularly pork) and procurement prices paid to peasants for certain agricultural and handicraft export products tended to have an opposite effect. As noted above, it was planned that the government deficit in 1956 would be lower. Industrial production reportedly rose at a substantially higher rate in 1956 than in 1955.[7] On the whole, price levels in 1956 appear to have risen.

[4] New China News Agency, Press Release, 7 April 1956.

[5] Li Hsien-nien. Report on 1955 accounts and 1956 budget, *People's Daily*, 16 June 1956.

[6] Investment in capital construction, which rose sharply in 1956 compared to 1955, is expected to be slowed down in the rate of growth in 1957. Except for industries (iron and steel, coal, power, crude petroleum, timber and other building materials, textiles and paper), the magnitude is expected to remain unchanged in 1957 as in 1956, with reduction however for some branches of national economy. (*Planned economy*, Peking, in Chinese, no.12, December 1956, p.1).

[7] New China News Agency, Press Release, 1 January 1957.

The earlier impact of prices on production—a fall in the supply of non-staple food and industrial raw materials other than raw cotton—received considerable attention during the year. As a result of the Government's procurement prices for these commodities, which are in many cases products of rural subsidiary occupations, peasants had either reduced their output or shifted to the production of more profitable items, thus giving rise in some cases to shortages in supply and increase in price. The Finance Minister declared in September that the procurement prices as established by the Government were too low, and should be raised still further for hogs, rape-seeds, tung-oil and tea oil; that they should be increased appropriately for sesame and tea and, in some areas, for ground-nuts and silkworm cocoons; and that they should also be suitably raised for coarse grains.[1]

The Finance Minister further stated, in regard to manufactured goods, that failure to bring about timely and proper adjustment of procurement prices for raw materials had resulted not only in short supply, but also in "disguised price increase," through deterioration in quality and decrease in variety. As a way out, he proposed that "the policy of fixing prices according to quality and giving higher prices for better quality should be strictly maintained."[2]

In 1955, as compared to 1952, average money wages for wage earners and salaried employees in the various Government departments and enterprises were reported to have risen 20 per cent and average real wages 12 per cent,[3] the discrepancy in rates of rise between money and real wages resulting partly from price rise and partly from the abolition of the supply system (housing, education etc.) in July 1955.[4] In the meantime, while labour productivity in industrial enterprises rose by 15 per cent in 1954 and 10 per cent in 1955, increases in money wages averaged only 2.3 per cent and 0.6 per cent in these years.[5] The National Wage Conference, meeting from 29 February to 7 April 1956, emphasized that, although wage gains should be less than growth in labour productivity in order to ensure accumulation of funds for the Government, unification of the wage system should mean unification of wage policies and wage control but not enforcement of identical wage standards for the whole country, regardless of industries and areas. On the basis of recommendations emerging from this conference, the State Council on 16 June 1956 decided to reform the wage structure and established new wage scales restroactive to 1 April 1956.[6] The rise in pay of wage earners and salaried employees in government departments and government enterprises was expected to average 13 per cent in 1956, with different rates of increase for workers in different departments, industries and grades.[7] The average rate of wage increase was to be 15.6 per cent for enterprises under the Ministry for Heavy Industry, 12 per cent for enterprises under the Ministry for Light Industry, 10.9 per cent for other ministries (exclusive of the Ministry of Education, and supply and marketing co-operatives) and 10 per cent for government agencies.[8] Increases in wage rates in 1956 for different grades of labour were also to vary according to skill; for example, 8 per cent for grade one, the lowest grade, and 18 per cent for grade 8.

The State Council decision to reform the wage structure included extension in the scope of piece-rate wages; all enterprises in which wages could be calculated by piece-rates were to install such a system either completely or to a great extent by 1957. Highly skilled technical personnel and those making important contributions were to receive special allowances. Bonuses were to be paid for the trial manufacture of new products, for economy in the use of raw materials or in the consumption of fuel or electricity, for improvement in the quality of products, and for over-fulfilment of tasks. In addition, the decision provided for a cost of living subsidy in areas where commodity prices were higher.

DEVELOPMENT PLANS

On 1 January 1956, an editorial in *People's Daily* urged the completion of the first Five-Year Plan (1953–1957) in four years, that is, by the end of 1956. The Chairman of the State Planning Commission, in his report on the implementation of the Five-Year Plan (1953–1957) on 16 June 1956,[9] forecast the achievement of 1957 industrial production targets and over-fulfilment of plans for major items of agricultural production (food grains and raw cotton, which together occupy about 95 per cent of the total sown area) by the end of 1956. However, in mid-September at the eighth national congress of the Chinese Communist Party, the Premier predicted that individual plan targets for several agricultural products, like soyabeans, oil-bearing seeds, jute and ambary hemp, for certain types of livestock, and for

1 Li Hsien-nien, "Price Policy that Promotes Production", a speech delivered to the eighth national congress of the Chinese Communist Party on 22 September 1956. (New China News Agency, Press Release, 22 September 1956).

2 *Ibid.*

3 Ma Wen-jui (Minister of Labour), "On wage reform and employment", *Ta Kung Pao* (Tientsin), 1 July 1956.

4 *Economic Survey of Asia and the Far East, 1955*, p.99.

5 Ma Wan-jui, *op.cit.*

6 New China News Agency, Press Release, 4 July 1956.

7 Chou En-lai, *op.cit.*

8 The 1956 average rate of wage increase was estimated at 32.88 per cent for primary school teachers, 25.87 per cent for staff members of supply and marketing co-operatives and 68.76 per cent for certain administrtative cadres working in villages. Professors, scientific and technical personnel and other intellectuals in Peking were to receive a wage increase of 36 per cent (New China News Agency, Press Release, 4 July 1956).

9 Li Fu-chun, *op.cit.*

industrial products like crude oil, sulphur black, vegetable oils, cigarettes and matches, would not be attained by the end of 1957.[1]

An outline for a second Five-Year Plan (1958–1962), presented by the Premier, was accepted by the Congress on 27 September. As compared with the first Five-Year Plan, the proposed second Five-Year Plan showed higher rates of expansion for the period of the Plan in production (both agricultural and industrial), employment and investment, but lower rates of increase in productivity, wages of workers, salaries of employees and income of peasants (table 19).

Table 19. Planned Rates of Increase in National Income, Production, Employment, Productivity, Wages and Investment under Two Five-Year Plans

(percentages, unless otherwise stated)

Item	*1953-1957*	*1958-1962*
National income	..	50
Production:	51.1[a]	75
Agricultural output	23.3[b]	35
Industrial (including handicraft) output.	90.3[c]	100
Employment (millions of additional jobs in government enterprises)	4.2	6-7
Productivity of labour in government enterprises	64[c]	50
Wages and income		
Wage earners and salaried employees: wages and salaries	33[c]	25-30
Peasants' income	30	25-30
Investment in capital construction (millions of yuan)	42,740	85,480

Source: Chou En-lai, *op.cit.;* Resolution of the Chinese Communist Party adopted at Eighth National Congress on 27 September 1956, *Ta Kung Pao* (Hong Kong), 30 September 1956.

[a] Subsequently raised to 60 percent.

[b] Target for grain production was reported to be reached in 1956, one year ahead of schedule.

[c] The targets were reported to have been reached in 1956, one year ahead of schedule, for industrial (excluding handicraft) production (New China News Service, Press Release, 31 December 1956), for wages of wage earners and salaried employees (*Ibid*, 30 December 1956), and for labour productivity in government industries (*Ibid*, 1 January 1957).

The outline for the second Five-Year Plan proposed a 50 per cent increase in national income, through a rise of 100 per cent in industrial (including handicraft) output and 35 per cent in agricultural production, as compared with the lower rates of increase of 90.3 per cent and 23.3 per cent, respectively, under the first Five-Year Plan.

In agricultural production, one-half of the cash income of peasants is expected to be derived from grain production and the other half from other products, including industrial raw materials, livestock (especially pigs and poultry), forest products, fishery output and products of rural industries, which are officially stated to have been neglected under the first Plan and are to be stressed under the second. However, the rate of increase scheduled for grain production, 47 per cent under the second Plan, is considerably higher than the 17.5 per cent projected under the first Plan, and is clearly higher than the rate of increase for other products if total agricultural production is to rise by 35 per cent, as proposed. The chief emphasis is on improving the yield per hectare of grain and other crops—apparently, however, without the extensive use of chemical fertilizers, since the provision of locally produced chemical fertilizers, according to the 1962 target, will be only about 30 kg per hectare.

The rate of expansion in industrial (including handicraft) production under the second Plan is set at 100 per cent, compared with 90.3 per cent under the first Plan, through a rise in the estimated contribution of newly built or reconstructed plants, from 15 per cent of total industrial production in 1957 to 50 per cent in 1962. The disparity in rates of increase between industrial and agricultural production under the first Plan is somewhat reduced under the second, though it is still proposed to lay much greater stress on industry. The rate of increase in the value of industrial output is still to be faster in capital goods industry than in consumer goods industry. The rate of increase in labour productivity in government-owned industrial enterprises is, however, scheduled to rise more slowly—50 per cent under the second Plan, compared with 64 per cent under the first.

The volume of government investment in capital construction is to be doubled, the proportion going to industry rising from 58.2 per cent under the first Plan to 60 per cent under the second, while the proportion going to agriculture, water conservancy and forestry is to rise from 7.6 per cent to 10 per cent. Doubling government investment while national income rises 50 per cent does not preclude increases in consumption but, of course, calls for increased rates of saving to be achieved by raising productivity faster than average real earnings of the nation's wage earners, salaried employees as well as peasants.[2]

[1] The unusually high increase proposed by the Political Bureau of the Central Committee of the Chinese Communist Party on 23 January 1956 in a draft twelve-year (1956-1967) programme for agricultural development—150 per cent for food grains and 200 per cent for raw cotton—were cited by the Premier as "mistakes" or examples of "the tendency of certain departments and localities towards doing everything at once, taking no account of actual conditions, and recklessly running ahead".

[2] The resolution on the political report, adopted 27 September 1956 by the eighth national congress of the Chinese Communist Party, stated that "the people of the whole country must subordinate immediate individual interests to long term collective interest" and appeared to support this premise (*Ta Kung Pao* (Hong Kong), 30 September 1956).

Neither the first Plan nor the second explicitly provides a solution to the pressing problem of unemployment. With the officially estimated rate of a 2 per cent natural increase in population each year, and a population estimated at over 600 million, the total population can be expected to rise by another 60 million during the period of the second Five-Year Plan, and the population of working age by perhaps 24 million.[1] The number of new jobs to be created is estimated at 6 million to 7 million under the second Plan, compared with 4.2 million under the first. Although this number refers only to jobs to become available in enterprises covered by proposed government investment, it is not clear how it is proposed to provide new employment opportunities of a productive kind elsewhere on a scale sufficient to absorb the remainder of the addition to the population of working age, estimated at about 17 million.

[1] The population of working age in Japan with its low birth and death rates, is about 68 per cent of the total population; it is 40 per cent in India, largely because of the larger number of children. While similar consus data are not available for mainland China, the ratio of working age population to the total may be similar to that of India—about 40 per cent.

Chapter 8

HONG KONG

A substantial increase in the total value of trade, a continuing high level of private and public construction activity and further progress in manufacturing combined to make 1956 a comparatively prosperous year in Hong Kong. Trade with most major trading partners increased; the estimated total value of trade for the year exceeded even that of 1950, a boom year because of the Korean conflict. Increased competition from manufactured products of Japan and other more recently developing countries of Asia, however, suggested the need for continued improvement in productivity.

Underlying Hong Kong's problems of industrial expansion and over-population—including difficulties in resettling squatters, housing people now living in sub-standard dwellings and providing adequate medical and school facilities—is the limiting factor of land.[1] While governmental policy has always been one of free movement of goods and persons, the scarcity of land has resulted in the reintroduction of a quota ysstem for immigration.

PRODUCTION

Hong Kong produces only a limited quantity of rice; nine-tenths of the amount locally consumed comes from imports.[2] In 1956, the first paddy crop was adversely affected by drought, which left an estimated 35 per cent of the normal paddy area unplanted, but the second paddy crop, harvested towards the end of the year, was very good. Vegetable production increased markedly in the first eight months of 1956, sales from January to August at the government wholesale vegetable market reaching 54,300 tons, compared with 42,900 tons during the same period in 1955.

The Government allocated HK$2.87 million in 1956 for development schemes in the New Territories, where agricultural production is concentrated, especially for improvement of irrigation. Among the local public works completed in that area in the first nine months, apart from a major irrigation and drinking water scheme at Chek Keng, were 12 dams, 2 reservoirs, 20 wells, 2 tanks, 18 irrigation channels, 2 flood prevention banks, 16 bridges and 2 piers.

Fish marketed in the first eight months totalled 26,440 tons, slightly below the figure for the same period a year before. The Government's policy was to encourage mechanization of fishing vessels and building of modern motor trawlers to increase operational efficiency in distant waters.

In the first half of 1956, the production of iron ore, graphite and kaolin clay increased, but that of wolfram and lead ore declined significantly. Iron ore was mainly exported to Japan, lead ore to Europe, wolfram to Europe and the United States, and kaolin to Japan.

Industrial production rose during 1956. At the end of the year, 146,877 workers were employed by 3,319 registered and recorded factories, as against 129,465 workers and 2,925 factories at the end of 1955.

Electricity generated from January to October 1956 rose to 542 million kWh as against 470 million kWh for the same period in 1955. The Hong Kong power company, which in 1955 awarded a United Kingdom firm the contract for a new power station with an initial capacity of 30,000 kW (in addition to its present capacity of 92,500 kW), eventually to be raised by stages to 180,000 kW, was considering installation of an atomic power station as an economic possibility within the next ten to fifteen years. In the coming six years the company planned to spend about HK$70 million for its programme of extension. The Kowloon power company, in addition to a previous contract for a steam turbine generating set to be delivered in 1957, ordered two more similar sets from England for delivery in 1958. For the first half of 1956, total production of natural gas was 8.9 million cubic metres, compared with 8.6 million cubic metres for the same period in 1955. The gas company completed a new plant in Kowloon, with an initial production capacity of about 42,500 million cubic metres per day. The productive capacity of the plant at Jordan Road, Kowloon, has been increased to 31,100 cubic metres a day.

The Colony's shipbuilding and repair yards worked to capacity during 1956. A contract of 30 oil barges of 800 tons each for Burma was completed; three cargo vessels, two of 1,280 tons and one of 800 tons, for Korean interests were launched and building and engineering work on two cargo vessels

[1] Hong Kong's population, swollen by 1949-1950 immigration from mainland China, continued to increase at a rate of approximately 3 per cent per annum and was estimated at more than 2.5 million in mid-1956. The estimated inflow of immigrants from January to mid-July 1956 was 82,000 persons by the land route (of whom at least 54,000 had already elected to stay on after the expiry of their permits) and several thousands by the Macao route. This population is crowded into a small area of scarcely more than a thousand square kilometres, a substantial part of it mountainous.

[2] From January to September 1956, rice imports totalled 218,300 tons, of which 63 per cent came from Thailand, 18 per cent from mainland China, and 15 per cent from Burma.

of 5,790 gross tons was in progress. Numerous tugs, barges, ferries, launches, yachts and other smaller craft were built. Repair work on over 1,500 vessels of many flags aggregating more than 8.25 million gross tons was carried out.

Hong Kong's most important industry, cotton textiles, remained active in 1956. The 19 cotton spinning mills, with an annual producing capacity of 60,000 tons of yarn (based on 20-count yarn), had over 300,000 spindles and employed more than 14,000 workers.[1] The weaving industry had 7,666 looms in late 1956 with an annual capacity of over 167 million square metres, employing almost 10,000 workers. Facing intense competition, however, from India and Japan in south-eastern Asian markets, and from Pakistan in Hong Kong itself, the local cotton spinning industry has had to make up for the disadvantage of using imported raw materials by installing the most up-to-date carding and combing equipment in order to improve quality and produce yarn of fine counts. Modern aids to scientific management have been introduced and specific requirements of world-wide markets studied.

The manufacture of other items also showed progress in 1956. Rubber, plastic, garment and knitting factories operaed at capacity. Foreign investments were attracted into Hong Kong, not only from oversea Chinese but also from United States sources.[2] New products were turned out, from wooden toys and plastic buttons to pressure cookers and electric hair-driers.

Tailoring to fill mail orders from abroad has recently grown into a major business, with an estimated turnover of HK$96 million in 1955, the principal customers being the United States and United States personnel stationed in the Far East. The tourist industry, with earnings amounting to over HK$160 million annually, was reported to be second only to the textile and clothing industry.

One of the most pressing problems of Hong Kong was the shortage of land on which to build factories. Part of the Kun Tong reclamation area has been completed. Of the 1.6 million square metres of reclamation tentatively envisaged at Tsuen Wan, more than 100,000 square metres already reclaimed had been made available by August 1956 for industrial and residential construction. Work on a new reclamation scheme covering 12.5 hectares of foreshore and sea bed in Hunghom Bay, begun towards the end of 1956, was expected to be completed in a year.

Construction

The building boom which started in 1955 continued in 1956. Aside from substantial construction by the Government and by United Kingdom forces, the annual cost of new private construction, about HK$7 million in 1953 and 1954, increased sharply, to HK$143 million in 1955 and to an estimated annual rate of HK$158 million during the first nine months of 1956.

This increase in private building activity primarily reflected the need for dwellings, since 75 per cent of the cost of new buildings in 1955 and 64 per cent during the first nine month of 1956 were for residential construction. In addition to individual house building, the Hong Kong Housing Society, an unofficial agency, has also been building flats, financed by low-interest long-term loans from the Government. It expected to complete 796 flats during the fiscal year 1956/57[3] at a cost of HK$15 million. The cost of industrial and commercial buildings accounted for less than 30 per cent of the total cost of private new building during the first nine months of 1956.

Much of the new private construction, both residential and non-residential, has been for redevelopment, involving the removal of old structures. This can be partly explained by a change in the Government's building regulations, passed in 1955, allowing buildings to be as high as twice the width of the street, instead of one to 1¼ times, as permitted previously. The new buildings, with lower ceilings and more storeys for a given height, yield higher returns. Furthermore, while rent on pre-war houses and buildings was controlled, that on new buildings was not. A bill was being proposed to decontrol rent on all buildings charging over HK$200 per month.

Investment in building has brought quick returns in Hong Kong. In a number of cases, owners of large buildings have been able to sell or let their flats in the blue print stage or before completion of construction, and the money thus obtained could be reinvested in other construction. The building boom has attracted both local capital, a substantial part of which had been idle, and investment from oversea Chinese.

While private residential buildings have been for middle-income and high-income groups, the Government has undertaken building projects for low-income

[1] Of the 146,877 workers in registered and recorded industrial undertakings in December 1956, the largest number—42,254, or about 29 per cent—were employed in textile manufacturing and 14,271 of these were engaged in cotton spinning, as against 13,274 at the end of 1955. Wool spinning, also increasing in importance, provided employment for 847 workers in early 1956, compared with 620 in December 1955.

[2] A torch battery plant was bought by a United States firm; two well-known brands of torches were manufactured under licence in the Colony on a substantial scale and an arrangement was made with a German firm for several factories to produce its patented tricolour torch lights. United States interests and Hong Kong businessmen were reported to be negotiating the setting up of a motorcar assembly plant, with a view to making United States cars more competitive in price with United Kingdom and other European cars in the Hong Kong market.

[3] The fiscal year is from April to March.

What, then, are the final prospects for exports of primary materials from the region? The demand outlook for such imports into the industrial countries appears unfavourable, with the exceptions and qualifications as to commodities and countries noted above. On the supply side, as we have seen, there are various positive and negative factors making for a change in the share of the demand accruing to the primary exporting countries of the region, but their importance would seem to defy quantification. On balance, it appears likely that the region will have to make every effort to retain its present share, and to prevent a continuation of the downward trend of the past twenty years.[1] Some countries may do somewhat better if the especially serious shortfall due to war and political unrest is to be made good; some may be favoured by their still unexploited natural resources, but more important would appear to be the effort and investments concentrated on making the most of existing opportunities. Increasing efficiency in the production of present export products, and introduction of new export products with better demand prospects hold the key to maintaining, and possibly increasing, the region's present share in the imports of primary materials into the industrial countries.

It seems clear, then, that the region cannot place too much reliance on increasing exports of primary products to the industrial countries. It was brought out in table 38 that, if the primary exporting countries of the region manage to maintain their share in the exports of each commodity, the prospective increases in the twenty-year period up to 1975 ranged, except in the case of Sarawak, from 33 to 87 per cent, depending on the structure of exports of the country concerned. As noted above, even these expectations may prove to be quite optimistic. On any reasonable assumption as to the desirable rate of growth of their national product, it appears, therefore, that hardly any country of the region can look forward to an economic development in which the growth of exports of primary products to the industrial countries plays the leading role.

ALTERNATIVES FOR INCREASING EXPORT EARNINGS

If the prospects for the growth of traditional exports of primary commodities to the industrial countries are limited relative to the rapid expansion of imports from them, what alternatives are open to the region to maintain its capacity to import? These would seem to fall into two broad categories. In the first place, it may be possible to develop alternative markets for its traditional exports of primary goods, or to develop an export trade in manufactures or, finally, to improve the service balance. Secondly, the capacity to import might be increased by larger private capital imports or foreign aid. The first set of possibilities will be explored in this section, and it will appear that not much relief can be expected from these various sources, in which case the conclusion of a necessary trend towards greater import substitution for the region as a whole would appear unavoidable.

Prospects for exports of manufactured goods and for service earnings

A good case can be made, and has frequently been made, for manufactured exports from some countries of the region, which have high population pressure and limited agricultural and mineral resources. Low wages should make them competitive in at least the simpler type of labour-intensive manufacturing processes, such as prevail in the cheaper lines of consumer goods. In fact, exports of textiles and other consumer goods have been so successful as to provoke a reaction from the other manufacturing countries, and demands for protection are frequent, both in the United States and in western Europe. The old arguments in the United States against imports from "cheap-labour" countries in Europe, are now used by the latter against textile imports from Hong Kong, India, Japan and Pakistan. Similar arguments may be expected in regard to other successful exports from the countries of the region. Quotas have been imposed "voluntarily" by Japan on its exports to the United States, for cotton textiles, silk goods, and flat-ware. In western Europe, Japanese imports are still hampered by the absence of most-favoured-nation treatment under GATT rules in several countries, such as Austria, the Netherlands and the United Kingdom.[2] Exports of cotton cloth from Hong Kong, India and Pakistan to the United Kingdom are similarly subject to a "voluntary" quota restriction, which may be expanded to other export lines. France and Switzerland also have imposed import restrictions on goods from Hong Kong, and there are indications that a similar step is being considered in the United States.[3]

[1] See chapter 4, table 20, p.59.

[2] *White Paper on International Trade, 1958*, Ministry of International Trade and Industry, Japan.

[3] *Far Eastern Economic Review*, 26 March 1959, p.xi, The Chartered Bank, Chairman's Statement.

with an estimated surplus of HK$17 million in the revised estimate for 1955/56. The 1956/57 deficit was due almost entirely to an 18 per cent rise in expenditure over the previous year. Since no change in taxation was proposed, and only a small increase was expected from grant and loans from the United Kingdom, the budget deficit was to be financed from accumulated surpluses, which were expected to decrease to HK$267 million at the end of 1956/57.

About one-half of the increase in the estimated government expenditure in 1956/57 was accounted for by increased investment and spending on economic and social services, the other half by an increase in other current expenditures. Investment expenditure, mainly on public works, rose from HK$65 million in 1954/55 to HK$124 million in 1955/56 and to HK$155 million in 1956/57. Of this last amount, water supplies, Kai Tak airport developmenet, squatter resettlement and housing occupied a major share. The amount allotted to economic and social services together rose from HK$89 million in 1955/56 to HK$103 million in 1956/57.

Inflow of capital continued in 1956 and tended to keep the market over-supplied with loanable funds. The greater part of this capital was channelled into building activities, accompanied by rising land prices and speculation in real estate, especially in late 1955 and early 1956. Bank clearings reached their highest point in May (second only to the peak of 1951) but tapered off thereafter. While the future of the building boom was uncertain,[1] the leading banks exercised a moderating influence on the general buoyancy of the market by restricting credit and keeping interest rates at a relatively high level. They have been reluctant to grant mortgages, and in accepting real estate as collateral—preferably buildings in busy localities—have cut loans from 50–70 per cent to 30–50 per cent of the market value. The four banks of issue held the volume of currency in circulation practically constant at HK$727 million throughout the first seven months of 1956, with only a slight increase in August.

The cost of living index went up steadily from May and reached 103 in October, compared with 94 at the beginning of 1956 (1953=100). Apart from seasonal variations and rising food prices, the chief contributory factors appeared to be the continued inflow of capital, the high level of public and private spending, especially in construction, and the rise of 15 per cent in freight rates in August. Another 15 per cent increase in freight charges between Europe and the Far East followed in November as a result of the Suez Canal crisis.

[1] In late 1956, a number of new flats appeared vacant, and real estate dealers predicted a fall in rents for new buildings. Whether or not this would affect the current building boom was not apparent.

Chapter 9

INDIA

The central developments in India in the year under review related to the transition from the first to the second Five-Year Plan. The first Plan gathered momentum rapidly in the last two years, and this has of late been reflected in signficant internal and external strains. The second Plan envisages heavier tasks.

SECOND FIVE-YEAR PLAN

Achievements under the first Plan were impressive. Over the five years, national income (in constant prices) is estimated to have increased by 18 per cent and per capita income by 11 per cent. Agricultural production increased 15 per cent and industrial production 32 per cent. Over 2.4 million hectares of land were brought under irrigation through major works, another 4 million benefited through smaller works. Electricity generation went up from 6,575 million kWh to 11,000 million kWh. The output of cement, an important indicator of the volume of investment in the economy, rose from 2.7 million to 4.6 million tons. Several important industrial projects in the public sector were completed, and investment in the private sector has risen. In the last year of the Plan, public development expenditure was about two-and-a-half times that in the first year; correspondingly, investment recorded a rise from 4.9 per cent of national income to 7.3 per cent.[1]

During the Plan period as a whole, this large measure of development was achieved without appreciable inflationary pressure on prices or the balance of payment. Although wholesale prices rose somewhat in the closing months, they were actually 13.3 per cent lower at the end of the Plan period than at the beginning. External accounts also showed a positive balance every year except 1951/52.[2] Aggregate demand and supply thus balanced at a higher level. However, towards the end of the Plan period, the mounting development outlay showed signs of producing some strains. Wholesale prices rose by 11.6 per cent during 1955/56, partly as a corrective to the previous decline. The balance of payments position also deteriorated a little, the trade balance showing a much larger deficit. Although the current account balance for the year had a larger surplus,[3] it was achieved by an increase in official donations, as well as slightly larger invisible receipts.

The second Plan, which was inaugurated in April 1956, is, as might be expected, much more ambitious than the first. It aims at increasing national income by 25 per cent (compared with 18 per cent in the first Plan) and per capita income by 18 per cent (as against 11 per cent). The development outlay of the public sector is to be Rs 48 billion, while Rs 24 billion is the estimated investment of the private sector. Of the public sector's total of Rs 48 billion, Rs 38 billion is to be investment in a strict sense, while Rs 10 billion is to be what may be broadly called current expenditure on development. In the first Plan, total investment in the economy appears to have been about Rs 31 billion, the public sector's share being approximately half. In the second Plan total investment is scheduled to be Rs 62 billion or double that of the first Plan, and the public sector's share is to be 61 per cent.[4]

Socialist pattern of society

The second Plan has been formulated in the perspective of developments envisaged over a much longer period. The goal is to double national income by 1967/68, and the step-up in investment proposed for the five-year period is to be judged in this light. Further, the Plan has certain social objectives in view, and these have been summed up in the phrase "socialist pattern of society." The Plan itself indicates the broad content of this concept: essentially, "the basic criterion for determining the lines of advance must not be private profit but social gain" and development should be so planned that it results "not only in increases in national income and employment but also in greater equality of incomes and wealth." Again, "major decisions regarding production, distribution, consumption and investmenet must be made by agencies informed by social purpose . . . For creating the appropriate conditions the State has to take heavy responsibilities and the public sector has to expand rapidly."[5] The socialist pattern, it has been stated, is not a rigid one. The emphasis is on certain basic values rather than on any particular type or model of socio-economic relationships, and the means for realizing the ends in view are to be determined pragmatically in the light of experience. If the Plan places the respoonsibilities for initiating and promoting development in crucial sectors squarely on the State, it stresses at the same time the role of

[1] Planning Commission, *Second Five-Year Plan*, (New Delhi, 1956), pp.2, 61.

[2] The fiscal year is from 1 April to 31 March.

[3] Embracing goods, services, private and official donations (*Reserve Bank of India Bulletin* (Bombay), June 1956).

[4] Investment figures are for net investment. National income (at 1952/53 prices) was estimated at Rs 108 billion for 1955/56 (*Second Five-Year Plan*, 1956, pp.11, 74).

[5] *Second Five-Year Plan*, 1956, p.22.

an expanding cooperative sector and the need for enlarging opportunities for small entrepreneurs throughout the system. Above all, the 'socialist pattern' is to be achieved by democratic means, and, in fact, the entire approach is in terms of evolving an institutional framework appropriate to a democratic way of life.

Reduction of economic inequalities—as between classes as well as regions—is an essential ingredient in this approach. For promoting greater equality, reliance is placed not only on fiscal measures but also on progressive institutional changes, among which perhaps the most important is public ownership and management over a fairly wide range of economic activities.

The implications of this approach in the industrial field have been set forth in a new Industrial Policy Resolution issued in April 1956. The resolution stated:

> "The adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide, have also to be in the public sector. The State has, therefore, to assume direct responsibility for the future development of industries over a wider area."

The resolution classified industries into three categories, according to the part which the Government would play in each of them. The first category consisted of industries whose future development would be the exclusive responsibility of the Government. It included atomic energy; iron and steel; heavy equipment for specified basic industries; generation and distribution of electricity; mining of coal, iron and certain other specified minerals; mineral oils; aircraft and shipbuilding; air and railway transport; and telecommunications. In the second category were industries which would be progressively Government-owned; in these, the Government would generally take the initiative in establishing new undertakings, but private enterprises would be expected to supplement the Government's effort. The third category comprised all the remaining industries; their further development would in general be left to the initiative and enterprise of the private sector. The categories were not, however, intended to be rigid or watertight. The new policy limiting private investment was to apply equally of course to private foreign investment.

Priorities and production targets

While the accent in the first Plan had been on agriculture, the second Plan particularly sressed industrialization,[1] since it was considered that the chronic evils of poverty, unemployment, under-employment and inequality could not be corrected without rapid industrialization. Since industrialization required basic heavy industries—industries "to make machines to make machines"—the public sector's large allocation for industry was almost entirely for this purpose (see table 20). In the private sector, where total investment on the basis of past trends was expected to be Rs 24 billion, investment in industry and mining was estimated at Rs 5,750 million or 24 per cent of the total.

The physical targets of the second Five-Year Plan, to be achieved by 1960/61, were as follows: food grain output, 76.2 million tons (15 per cent increase[2] over 1955/56); irrigated area, 35.6 million

[1] However, both planned expenditure on agriculture and the planned increase of agricultural output (as revised) were greater in the second Plan than in the first.

[2] Subsequently revised by the Planning Commission to 81.7 million tons (25 per cent increase over 1955/56). *The Times of India* (New Delhi), 5 November 1956.

Table 20. India: Distribution of Outlays under Two Five-Year Plans by Major Items of Development

Item	First Five-Year Plan		Second Five-Year-Plan		
	Total provision (millions of rupees)	Percentage of total	Total provision (millions of rupees)	Percentage of total	Percentage increase over first Plan
Agriculture and community development	3,570	15.1	5,680	11.8	59.1
Irrigation and power	6,610	28.1	9,130	19.0	38.1
Industry and mining	1,790	7.6	8,900	18.5	397.2
Large and medium-sized industries	1,480	6.3	6,170	12.9	—
Mineral development	10	—	730	1.5	—
Transport and communications	5,570	23.6	13,850	28.9	148.7
Social service	5,330	22.6	9,450	19.7	77.3
Miscellaneous	690	3.0	990	2.1	43.5
TOTAL	23,560	100.0	48,000[a]	100.0	103.3

[a] On 30 November, the Finance Minister stated that the figure was likely to be higher, by Rs 4 billion to 5 billion, because some of the original provisions were inadequate and subsequent increases had taken place in domestic and external prices.

hectares (31 per cent increase); installed capacity of electricity, 6.9 million kW (103 per cent increase); iron ore, 12.7 million tons (191 per cent increase); coal, 61 million tons (58 per cent increase); finished steel, 4.6 million tons (400 per cent increase); cement, 16.3 million tons (320 per cent increase); nitrogenous fertilizers, 0.7 million tons (500 per cent increase); cotton textiles, 7.8 billion metres (24 per cent increase); railway passenger-kilometres, 200 million (15 per cent increase); railway freight, 165 million tons (40 per cent increase); national highways, 22,200 kilometres (7 per cent increase); surfaced roads, 232,000 kilometres (18 per cent increase); elementary basic schools, 350,000 (19 per cent increase); medical institutions, 12,600 (26 per cent increase).

Regarding employment, it was envisaged that during the Plan period the increase in the labour force (estimated at 10 million) would be fully absorbed by new opportunities for employment, with some improvement in under-employment also, but that the backlog of unemployment (estimated at 5.3 million) and of under-employment would in large part remain.

Finance

Regarding finance, the Plan expects a substantial stepping up of domestic resources from 7 per cent of national income in the first year to about 10 per cent in the last year. This will necessitate a steep increase in taxation. Domestic non-inflationary borrowing is also to be raised significantly. Nevertheless, as much as 25 per cent of the development expenditure in the public sector is to be deficit financed. The increase in domestic savings envisaged implies an incremental ratio of 20 per cent, which is not excessive in itself, but given the limitation of initially low income, the task is by no means easy. The Plan proposes to make up the shortfall in domestic savings by securing an inflow of Rs 11 billion of external resources: Rs 8 billion by way of new external assistance, Rs 1 billion through private investment and Rs 2 billion against existing foreign exchange reserves.

The precise domestic sources from which the private sector is to raise its investment capital is not stated. As usual, the bulk is expected to come from direct savings (savings of investors ploughed back into their own enterprises), although a growing part may come from non-investors through financial institutions. For the public sector, the Plan makes the provisions shown in table 21.

The impact of the Plan on the balance of payments is difficult to forecast accurately, but on certain assumptions, particularly of stability of the terms of trade and of domestic prices and costs, it is estimated that, over the Plan period, India would have a current account deficit of Rs 11 billion. The Plan, as noted, contemplates covering Rs 2 billion of this by drawing down sterling balances and the remaining Rs 9 billion (of which Rs 8 billion is earmarked for use by the public sector) primarily by foreign loans and grants.

Table 21. India: Financing of Development Expenditure under Second Five-Year Plan
(Millions of rupees)

Item		*Amount*
Surplus from current revenues		8,000
Taxation at 1955/56 rates	3,500	
Additional taxation	3,500	
Borrowing from the public		12,000
Market loans	7,000	
Small savings	5,000	
Other budgetary sources		4,000
Railway contribution to the development programme	1,500	
Provident funds and other deposits	2,500	
External assistance		8,000
Deficit financing		12,000
Remainder, to be covered by additional measures to raise domestic resources		4,000
TOTAL		48,000

The balances in the Plan

A plan of these dimensions represents a big undertaking. It involves a financial and organizational effort much greater than was necessary for the first Plan. The successful implementation of the Plan presupposes favourable conditions, both domestic and external, which may or not always exist. It is possible to ask—and return a sceptical answer to—questions, such as, (1) whether the Plan is not too ambitious in terms of resources, (2) whether it assigns too great a share of responsibility to the public sector and too little to the private sector, and (3) whether it does not emphasize industries (and among them heavy industries) too much at the cost of agriculture. In a word, the question is whether the Plan is well-balanced—in terms of objectives and approaches, in terms of resources and yields, and in terms of the output of various sectors and the strains on them. In the nature of things, a categorical answer cannot be given to these questions. On the one hand, India is among the best-placed countries in the region to undertake developmental planning on an ambitious scale. India has already some experience in the field of industry. The supply of technical and managerial personnel, though by no means adequate, is not inconsiderable. There is country-wide appreciation of the Plan and what it stands for, and there appears no reason why, with continued internal stability and the resources of experienced leadership, the required effort should not be forthcoming.

There are, on the other hand, uncertainties. The tax targets might not, in practice, materialize; it is not easy to tax away a significant proportion of new incomes, when these are still near or even below

SOME IMPLICATIONS AND PROBLEMS

The need for import substitution

The upshot of the discussion of the export prospects of the primary exporting countries of the region is that their capacity to import may be expected to grow perhaps by no more than 60-70 per cent up to 1975. This assumes, among other things, that the terms of trade will neither improve nor deteriorate relatire to 1954-1956. A major implication of this outlook is that the development of the region can hardly rely exclusively on exports even in the countries with favourable export prospects. The momentum provided by the expansion in the export industries will be too small to bring about an adequate increase in total output. Rising exports are unlikely to play a leading role in the development process of most countries of the region. In view of the much greater expansion of imports expected by 1975, their function, and that of any foreign aid and capital inflow, is rather to provide the necessary foreign exchange for development, the prime movers of which will have to come from within.

A shortage of foreign exchange to finance imports of producer goods and some raw materials (indispensable for development programmes and procurable at home only with great difficulty) is likely to constitute a crucial problem for many countries of the region. In the present circumstances, it appears that, to a varying extent, the primary exporting countries of the region will experience an increasing gap between their capacity to import producer goods and their requirements in order to achieve reasonable rates of growth in their national incomes; and it therefore seems that major efforts will have to be made to expand or establish domestic producer goods industries in the region.

Some countries of the region are more favourably placed than others in this respect. The Federation of Malaya, for instance, whose capacity to import may be expected to increase by three-quarters in the next twenty years, and whose relatively low share of capital goods in total imports could be raised considerably, especially if less food imports were needed, is unlikely to have much of a problem in meeting the demand for capital goods imports required for a rapid increase in its national income. To varying degrees, however, primary exporting countries of the region will be confronted with the need both to curtail the demand for producer goods, and to make efforts to increase their supply, or both, Curtailment of producer goods requirements, by a shift towards less "capital intensive" investments in agriculture, may facilitate an increase in their supply at a later stage, by reducing the need for food imports. More generally, greater supplies of producer goods can be made available either by directly expanding their production, or by an expansion of production of import-substituting food and consumer goods, providing a foreign exchange margin for larger imports of producer goods. However, for some countries the latter course alone will probably not suffice to make these goods available in sufficient quantities. Building up a producer goods industry is by no means easy and may, in the short run, even aggravate foreign exchange difficulties. But it would appear that they have no other choice if a reasonable rate of growth of the national product is to be attained. For most other countries, it will be an easier and less costly adjustment to expand their food production and consumer goods industries to the required extent. Import substitution of services such as shipping, banking and insurance will also help to alleviate their foreign exchange problem.

Regional co-operation

This import substitution of consumer goods may, to some extent at least, be facilitated for the region as a whole, and obviated for individual countries, by developing intraregional trade in food, raw materials and consumer goods.

If, however, the past is any guide, the trend is in the opposite direction.[1] This is largely due to the fact that export development in several primary exporting countries of the region has been directed towards supplying the markets of the industrial countries, which remain the predominant suppliers of their needs for manufactured goods. Confronted with a foreign exchange shortage, countries, in their economic development plans, have aimed at self-sufficiency in cereals, in sugar and in textiles, to the detriment of the primary exporting countries of the region. Even so, the region is importing from outside fairly large quantities of manufactured consumer goods (such as textiles), foodstuffs (such as wheat and sugar), and raw materials (such as oil and cotton), while at the same time it is difficult for some countries in the region to dispose of their exportable surpluses of some of these goods. This is presumably due to the higher prices of regional products, taste preferences, and other factors. It would seem reasonably clear, however, that it would be of benefit to the region as a whole to mobilize available under-utilized resources in manufacturing and agricultural production and substitute them for supplies now obtained from outside the region. The expansion of production within the region would, moreover, tend to lower the apparently higher costs of import substitutes. The textile industry in India, for example, and rice production in Burma and Thailand, etc. are obvious examples of these possibilities.

[1] See chapter 4, chart 6, p.80.

Quite apart from the co-existence of under-utilized capacity within the region and imports from outside of products identical or similar to those produced in the region, there is likely to be considerable scope for co-operation in import substitution between the countries of the region. It would be interesting to make a systematic investigation of the type of commodities which at present are being imported, and the extent to which these could be replaced by production in the region within the cost differentials (between regionally produced and imported goods) which may be permitted if account is taken of the real cost of foreign exchange. It is certain that these differences in cost would be kept within narrower bounds, especially for the smaller countries, if some specialization could be agreed upon within the region,[1] enabling it to benefit as much as possible from the economies of scale in manufacturing, and from the differences in natural endowment for primary production.

Although it is hard to deny the advantages of such a policy for the primary exporting countries of the region, some difficulties require to be tackled, since their interests, though convergent in some respects, diverge in others. They converge in the common discrimination against outsiders, but they diverge in the country distribution of the increases in production resulting from it. Countries need to arrive at an agreement as to which country shall produce which goods and to what extent. As regards the possible conflict of interest between the countries with well-developed consumer goods industries and the other countries of the region which desire to start or expand such industries, what is wanted is a compromise satisfying both the need for protection of the "late-comers" and for preferential treatment of regional sources of supply within a scheme such as a common market in the primary exporting countries of the ECAFE area.

[1] Some of the fields suitable for such specialization and worthy of further investigation are those relating to the industries manufacturing iron and steel and engineering goods. An iron and steel industry located in a convenient place with good harbour and transport facilities and near deposits of raw materials may prove to be an economic proposition. It may provide an assured market for the region's iron ores and coals and an assured source of semi-finished steel say, for example, for the re-rolling industries or other engineering industries in other ECAFE countries. This may also perhaps stimulate the idea of specialization by countries with the most suitable facilities for particular products. Plates for ships may, for example, be produced in a large plate mill in one country and these may be made available for the manufacture of coastal ships and barges in others specializing in their production. Tool and alloy steels and ferro-alloys may be produced in a country at a location with abundant power but the ores themselves may be brought from nearby countries. Ferro-manganese, ferro-tungsten and high carbon tool steels in electric furnace are some of the projects which may prove worthy of investigation where the required quantities of power and necessary raw materials such as manganese ores and wolfram are available. Two other products which may perhaps be manufactured with advantage within the region are cement and paper.

It should, perhaps, be stressed that the exports referred to here should be additional, not only to those within the region, but to total exports. Switch-overs of extraregional into intraregional exports do nothing to alleviate the exchange difficulties of the region. There is also the possibility that import substitution may have adverse repercussions on existing intraregional exports. Thus, for instance, Ceylon's *Ten-Year Plan* aims at further reduction in the volume of imports of rice, meat, poultry, fruits, spices and vegetable,[2] at present obtained from Burma and India. This illustrates the need to co-ordinate not only trade policies (in the narrow sense), but also the policies, programmes and plans of resource development in general—a much more difficult matter.

If these obstacles are successfully surmounted the region will not only enjoy the benefits of co-operation in solving its common foreign exchange problem, but also lay a groundwork for mutually beneficial co-ordinated economic development.

The role of industrial countries

The foreign exchange problem of the primary producing countries of the region would, of course, be alleviated if the industrial countries imported more from them. A major factor in this respect is, as we have seen, the rate of growth of income in the industrial countries. A rate of growth faster than that underlying the projections presented in earlier sections would almost certainly result in larger export proceeds for the region. Apart from this, the industrial countries could help by taking specific measures to increase imports. At present, primary production is, in one form or another, and to a varying extent, protected and subsidized in most industrial countries. Moreover, a good many of them levy heavy taxes on tropical beverages and tobacco, even though they do not produce such commodities themselves. A decline in this protection and taxation would no doubt increase the imports of primary commodities into the industrial countries.[3]

It should be realized, however, that the bulk of the benefits would accrue to countries outside the region. A decline in agricultural protection would primarily affect cereals and dairy products and would hardly increase the exports of countries within the region. More relevant to them are sugar, cotton and oilseeds which would presumably benefit from less protection in industrial countries. But it is easy to over-estimate the effects of such a change in policy on the exports of the primary exporting countries

[2] A reduction of 46 per cent for all agricultural and fishery products.

[3] See General Agreement on Tariffs and Trade, *Trends in International Trade*, Geneva, October 1958, pp.80-115.

to bring an additional revenue of Rs 160 million in a full year. It was also announced that the depreciation allowances and development rebates given to companies would be added to income for income tax purposes unless a certain part of the undistributed profit was deposited with the Government or the Reserve Bank. The deposits were to carry interest and be refundable on the request of the company, if the Government was satisfied that they would be used for purposes approved by the Government or in furtherance of the objectives of the Plan.

While in these ways it was hoped to keep the internal price situation under control, the foreign exchange position was worsened by the closing of the Suez Canal in November. Since it increased the foreign exchange freight and insurance costs of India's trade, the bulk of which normally moved through the canal.[1] Basically, however, the foreign exchange problem arose from the fact that the development programme itself had a high import content. Domestic savings, in whatever way they were raised, whether by taxation or by deficit financing, could not cover this foreign exchange gap. For this, the economy had either to increase its net foreign exchange earnings or to raise resources abroad. Neither was easy. The Government took various measures to promote exports. Adjustments were made in export quotas and duties. Export promotion councils and commodity boards were set up and greater emphasis was laid on the value of standardization and quality control and on India's participation in international fairs and exhibitions. An expert committee which was appointed to examine the question of export credit insurance proposed a scheme.[2] However, export promotion would take time to produce results and was limited by growing domestic demand for both consumer goods and raw materials. More recently, the Government has taken steps to curtail non-essential imports. But the scope for curtailing consumer goods imports is limited and capital goods imports, which are the main source of strain on the payments position, cannot be cut without curbing the tempo of development.

Because the possibilities of increasing net foreign exchange earnings were thus limited, the need for a generous flow of foreign loans and other assistance was clear if India was to carry out its development plan without financial instability. Foreign assistance would not only help to ensure obtaining the Plan's direct import requirements, but would also help to absorb the indirect import pressure generated by the growth of consumer demand.

[1] It was estimated that the shipping shortage and the increase in freight, as well as the need to divert traffic, might cost India an extra £30 million for the carriage of goods before the end of 1956.

[2] The committee was appointed in January 1956 and reported in June. Its report has been under consideration by the Government.

The flow of foreign assistance so far has been encouraging, even though not on a scale to provide a full answer to the present phase of high requirements. Roughly, the amount made available during the first Plan period was Rs 3 billion and the amount utilized, Rs 2 billion.[3] In 1956 there were four notable developments in external assistance: (1) There was the agreement, already mentioned, with the United States for the importation of agricultural products on a dollar credit of $360 million. (2) The Union of Soviet Socialist Republics agreed to grant export credits totalling Rs 630 million for equipping a new steel plant. (3) The United Kingdom agreed to grant a loan of £15 million under the Export Guarantee Act for the Durgapur steel plant. In addition, a £11.5 million credit from United Kingdom banks was arranged for the project. (4) In June 1956 negotiations were completed for a $75 million loan from the International Bank for Reconstruction and Development to Tata Iron and Steel Company for the expansion of its steel plant. This was the largest loan made by the Bank to any country in Asia, and the largest to any industrial undertaking. In December 1956 a $20 million loan was made to the Indian Iron and Steel company. A loan for one more project was also under consideration: a $30 million loan for the Koyna hydroelectric project. Towards the end of the year the Government was negotiating for assistance from the Bank for its transport projects under the Plan, and was also negotiating with the International Monetary Fund for stand-by credit.

Apart from the measures to earn and conserve foreign exchange and to promote a larger flow of external assistance, the Government is examining the question of rephasing the expenditure on the Plan so as to give priority to projects which yield results quickly and which help to earn or save foreign exchange. The large variety of measures already taken and under contemplation are an expression of the determination of the Government to realise the investment targets in the second Plan. But the contiuning drain on the economy in recent months would indicate the need for additional effort to raise resources at home and for much greater external assistance if the Plan is to be carried through without the risk of financial instability.

PRODUCTION

Agricultural output

On account of unfavourable seasonal conditions, agricultural production in 1955/56 was lower than the record level reached during the preceding two years. The index of production (1949/50=100), which was

[3] Budget Speech of the Finance Minister, 1956/57 (New Delhi, 1956). There is thus a carryover of about Rs 1 billion of foreign aid into the period of the second Plan.

114.3 in 1953/54 and 116.4 in 1954/55, declined to 113.7.[1] The rise in 1953/54 was due to a large increase in food grain production. In the following year, although there was a decrease in food grain output, there was an increase in other items, particularly oil-seeds, cotton, tea and sugar-cane. The overall decline in 1955/56 was due to a reduction both in food grains and in other crops. The total area under food grains declined by 0.5 per cent, though that under rice and wheat rose. Rice output increased by 3.8 per cent (by a million tons, to 25.9 million tons) but there was a considerable fall in the production of other food crops, particularly coarse grains. The production of wheat fell by 5 per cent. As a result, the total output of food grains fell nearly 5 per cent. The total output of other crops fell by 1.4 per cent, the output of jute increasingly considerably, while that of oil-seeds and cotton declined.[2] Similarly, in the case of cotton, the area under the crop was estimated to have increased from 6.2 million to 6.5 million hectares.

Estimates of production in the 1956/57 season were not available at time of writing; there had been extensive floods, but their impact on output was not clear. All state governments were adopting schemes to implement the decision to raise agricultural output above the original target of the second Five-Year Plan. The main efforts were to be concentrated on food crops which vitally affect the price situation; in addition, the need for increased cotton production, particularly of the long staple varieties, induced the Planning Commission to raise its production target under the Plan from 5.5 million to 6.5 million bales. Prospects for the 1956/57 sugar crop were improved, since the area under sugar-cane was estimated to have risen from 1.8 million to 1.9 million hectares and the crop had not been adversely affected by bad weather.

Industrial output

On the industrial front, India has made conspicuous progress in recent years. In the four-year period, 1952–1955, for which revised index numbers of industrial production are available, production rose 22 per cent. This was achieved partly by further utilization of existing capacity and partly by expansion. The pace quickened in 1954 and 1955 when production rose 7 per cent and 8 per cent, respectively. The upward trend continued in 1956. The average monthly index of industrial production in the first nine months of the year was 145, as compared with 126 in 1955 (1951=100). Production was at a higher level in both basic and consumer goods industries. Thus, average monthly coal mined in the first nine months of 1956 amounted to 3.31 million tons, compared with a monthly average of 3.23 million tons in 1955. The generation of electricity and the production of steel, cement, sulphuric acid, paper and paper board also rose. Among consumer goods industries, the average monthly output of cotton piece-goods in the first nine months of 1956 was 398 million metres as against the monthly average of 387 million metres in 1955.

In the fiscal year 1955/56, a large number of items, such as penicillin, DDT, newsprint, plastics, emulsion paint and sheet glass, were manufactured for the first time, and several of the newer industries, including aluminium, soda ash, motor-cars, electric motors and diesel engines, recorded substantial increases in production. Among basic producer goods industries, cement, steel and coal showed relatively small increases in output during 1955/56. Production of cement increased from 4.5 million to 4.7 million tons, finished steel from 1.73 million to 1.74 million tons and coal from 38 million to 39 million tons. The output targets for these products in the final year of the second Plan were: cement 16.3 million tons, finished steel 4.6 million tons and coal 61 million tons. Further increases in the output of finished steel were expected to come mainly from three new plants, established in the public sector at Rourkela, Bhilai and Durgapur, with the assistance of western Germany, the Soviet Union and United Kingdom steel interests, and from the expected expansion of productive capacity of the Indian Iron and Steel Company and the Tata Iron and Steel Company. The Hindustan Cable Factory, which began production in September 1954, stepped up its output considerably. The Machine Tool Factory at Bangalore and the Integral Coach Factory at Perambur commenced production.

In the field of consumer goods industries, substantial advances were made in 1955/56 in the output of sugar, *vanaspati* (cooking oil), paper and paper board, sewing machines, radio receivers and bicycles. Sugar production, with 1.85 million tons of white sugar as against 1.62 million tons in crop year 1954/55, set a record;[3] increased production made it possible to stop sugar imports. In the case of cotton textiles, the increase in output was moderate, the combined production of mill and hand loom cloth increasing from 5,856 million mertes to 6,014 million metres.

Considerable progress has been made in the major industrial and power projects undertaken by the public sector. In the Bhakra-Nangal project, the Nangal dam and two power houses to irrigate 0.5 million hectares of land, and with a generating capacity of 96.000 kW of power, have been completed. In the

[1] The indexes for 1954/55 and 1955/56 were subject to further revision. These indexes, compiled by the Government differ from those prepared by the PAO (See *infra*, special tables D and E in the appendix on Asian Economic Statistics).

[2] Ministry of Food and Agriculture, *Agricultural Situation in India* (New Delhi), October 1956.

[3] *Ibid*, June, August 1956.

Hirakud project, the dam was practically completed and water was released on 7 September 1956. About 40,000 hectares benefited immediately. The first generating unit in this project, with an installed capacity of 24,000 kW, was commissioned in January 1957. In the Damodar valley project, the Tilaiya dam and power station, the Konar dam, the Bokharo thermal station and the Durgapur barrage have been completed, with a total generating capacity of 154,000 kW of electric power. In the Tungabadhra project, the dam has been completed and an area of 23,500 hectares brought under irrigation. Powerhouses with an installed capacity of 18,000 kW were expected to be ready by the end of 1956. In the Kosi project, a substantial length of embankment has been completed. The Sindri fertilizer plant has been in process of expansion. The programme for stepping up the capacity of the Hindustan shipyard was expected to be completed by the middle of 1957. In early 1956, the chemical pulp section of the Nepa Mills was brought into production. In August, India became the first Asian country to set an experimental atomic reactor in operation.

In the private sector, as noted, the Tata Iron and Steel Company and the Indian Iron and Steel Company have programmes for increasing their capacities considerably. Work was in progress on the Caltex refinery at Visakhapatnam.

National income

National income at constant (1948/49) prices increased by about 13 per cent in the first three years of the first Five-Year Plan, the increase being particularly marked (6.1 per cent) in 1953/54. Preliminary estimates for 1954/55 showed that net output at constant prices was Rs 101.7 billion, or 1.3 per cent more than in 1953/54. Per capita output remained constant at Rs 269. No detailed estimate for 1955/56 was available at time of writing but it appeared from tentative estimates that national income at constant prices increased by a little over 2 per cent that year.[1] The figures suggest that the rate of increase in national product has slackened somewhat in the last two years. The decline in the rate was due essentially to the drop in agricultural output, since production in the other sectors (industry, mining, commerce, transport and other services) continued to rise.

TRADE AND PAYMENTS

Trade

The trade and payments position in fiscal 1955/56 was less satisfactory than in 1954/55. The deterioration, as already noted, was mainly due to the faster tempo of development. Both exports and imports gained, but imports rose more, with the result that the trade deficit increased substantially (from Rs 872 million to Rs 1,095 million). The largest increase in imports took place in producer and capital goods, like iron and steel and machinery. The value of imports of iron and steel manufactures rose 115 per cent and that of machinery 38 per cent.[2]

Among exports, the items whose value increased significantly were vegetable oils (72 per cent), raw cotton (95 per cent, based largely on stocks), and metallic ores (7 per cent). Items that declined significantly were tea (26 per cent), cotton and jute manufactures (5 per cent each) and hides and skins (8 per cent).

Higher export earnings were due entirely to a rise in volume. Between fiscal years 1954/55 and 1955/56 the volume index (1952/53=100) rose by 9 per cent while the unit value index actually fell by 8 per cent. In imports, the volume index rose 5 per cent while the price index fell 2 per cent. As a result of these changes in export and import prices, the terms of trade declined by 6 per cent.

While the deterioration in the terms of trade contributed to some extent to the adverse balance of trade, the main cause of the deficit, as already noted, was the greatly increased quantum of development imports. Increased domestic demand for domestically produced goods (also induced by development) was another factor. In its absence the country's exportable surplus of consumer goods and raw materials would have been higher.

These general trends in foreign trade apparently continued into 1956/57. In the first two quarters of the year (April to September 1956), the trade deficit was Rs 1,722 million, compared with deficits of Rs 207 million and Rs 365 million, respectively, in the third and fourth quarters of 1955/56. Imports were higher and exports lower than in either of the two preceding quarters.[3] Capital goods imports were at a markedly higher rate than in 1955/56. The price index of exports was slightly lower and that of imports was slightly higher than in 1955/56.

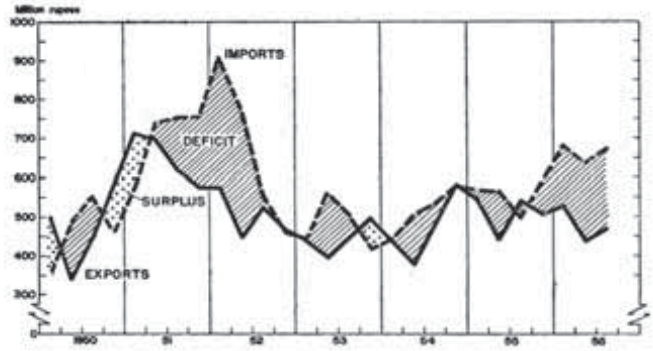
Regarding the direction of trade, the sterling area's share in India's exports fell from 57 per cent in calendar year 1954 to 52 per cent in 1955 and the first half of 1956. Its share in Indian imports fell from 52 per cent in 1954 to 47 per cent in 1955. In the first half of 1956, it fell further, to 41 per cent. The combined share of Canada and the United States in Indian exports was maintained at 18 per cent from 1954 through the first half of 1956. Their

[1] *Second Five-Year Plan*, 1956; *Agricultural Situation in India*, June 1956.

[2] *Reserve Bank of India Bulletin* (Bombay), November 1956.

[3] *Ibid*, October 1956.

Chart 12. India: Value of Imports and Exports
(Monthly averages)



share in Indian imports was 13 per cent in 1954, 15 per cent in 1955 and 12 per cent in the first half of 1956.[1]

Balance of payments

In spite of a large merchandise deficit, India's current account surplus rose to Rs 207 million in 1955/56, against Rs 60 million in 1954/55. The improvement, as already mentioned, was substantially due to larger receipts of official donations (Rs 450 million against Rs 158 million in the preceding year). The donations came almost wholly from the dollar area. If this assistance had remained at the 1954/55 level, other things being equal, India would have had a current account deficit of Rs 93 million in 1955/56.

As against the current surplus of Rs 199 million, there were unidentified payment of Rs 53 million, merged in "errors and omissions." The net outflow of capital on private and official accounts, on the other hand, was Rs 146 million. The second and third quarters of 1956 witnessed a sharp reversal of this trend. The current account showed a deficit of Rs 445 million and Rs 475 million respectively, compared with a surplus of Rs 45 million in the first quarter of 1956 and a surplus of Rs 162 million in the last quarter of 1955. The deficit was mainly the result of a substantial increase in the volume of imports, coupled with a seasonal decline in the volume of exports. A reduction in net invisible receipts and in the terms of trade also contributed. Foreign reserves fell during April–June 1956 by Rs 602 million. By the end of October, the latest date for which information was available, reserves were down by another Rs 380 million, to Rs 7,445 million.

FINANCE AND PRICES

Government finance

The character of the budgets was largely determined by the requirements of the accelerated development effort. Development outlay rose considerably in 1955/56, the last year of the first Five-Year Plan, and again in 1956/57, the first year of the second Plan. Although taxation was increased to cover a part of the increase in outlay, increasing reliance had to be placed on domestic deficit financing.

The combined Plan outlays of the Central Government and the state governments under the Plan were Rs 4,875 million (actual) in 1954/55 and Rs 6,703 million (revised estimates) in 1955/56. The budget provision for them in 1956/57 was Rs 8,300 million. As distinguished from Plan Scheme expenditures, total developmental expenditures were even larger, and at the same time non-developmental expenditures also rose in varying degrees. Total expenditures, developmental and non-developmental, were of the magnitude of Rs 12,320 million in 1954/55 (actual) and Rs 15,468 million in 1955/56 (revised estimates). The budget provision for 1956/57 was Rs 18,931 million.[2] In India actual expenditure falls short of the budgeted outlay (and the revised estimate) by a sizable margin. Even so, it would appear that total government outlay has increased significantly over the last two years.

Against these figures of expenditure, total revenue receipts of the Central government and state governments were Rs 9,129 million (actual) in 1954/55 and Rs 9,783 million (revised estimates) in 1955/56. The budget provision for 1956/57 was Rs 10,328 million. A part of the deficit was financed by external receipts from loans and grants and internal receipts from domestic loans, but the rest had to be covered by bank credit (mainly treasury bills subscribed by the Reserve Bank) and depletion of cash balances.

If the deficit is identified with the amount financed by increasing the Government's floating debt with the Reserve Bank and drawing down its cash balances,[3] the combined deficit of the Central Government and the states in 1955/56 was of the order of Rs 1,570 million. The corresponding combined deficit in 1954/55 was Rs 950 million.[4] The deficit thus increased by 65 per cent.

The budget estimates for 1956/57 provided for a much larger combined deficit—over Rs 4,100 million for the Central Government and the states. However, taxation has been increased since then, and substantial net receipts have been obtained from loan operations. By the end of the fiscal year, increased revenue and loan receipts, coupled with the usual under-expenditure on Plan schemes, will make the

[1] International Monetary Fund, *International Financial Statistics* (Washington, D.C.), October 1956.

[2] Figures given in the appendix on Asian Economic Statistics to this report are based on a reclassification of revenue and expenditure items and are not quite comparable with those given here.

[3] This concept of the "over-all budgetary deficit" has been adopted in India from the point of view of tis expansionary impact on the money supply.

[4] Reserve Bank of India, *Report on Currency and Finance, 1955/56* (Bombay, 1956).

actual deficit[1] much smaller than the original estimate, but it is not unlikely that it will still be significantly above the level reached in 1955/56.

New taxation measures introduced in the central budget of 1956/57 included changes in excise duties (chiefly increases on cotton fabrics, non-essential vegetable oils, diesel and furnace oils, and soap and art silk fabrics), reimposition of the capital gains tax and changes in income taxes (chiefly an increase in the supertax on incomes exceeding Rs 70,000, a new graduated tax on registered firms with incomes above Rs 40,000, discontinuance of rebates to companies on their undistributed profits, an additional graduated supertax on dividends exceeding 6 per cent of paid-up capital and a new tax on bonus shares). The estimated effect of these changes was an increase in revenue by Rs 341 million. Taxation proposals in the state budgets were expected to bring an additional Rs 110 million.[2] In September 1956, the Central Government raised the excise duties on cloth and this increase was expected to yield Rs 175 million.

The net proceeds of borrowing by the Central Government and the states in 1955/56 were somewhat lower than in 1954/55. Receipts from small savings increased, but the gain was more than offset by the decline in net receipts from long-term loans. Market borrowing in the 1956/57 fiscal year, however, was highly successful, the net proceeds of central and state market loans amounting to Rs 1,430 million by August, as against Rs 825 million in 1955/56. This net collection was higher than the yearly average of Rs 1,400 million postulated for the period of the second Five-Year Plan.

Money supply

There has been a growth of money supply in the Indian economy since 1954/55, chiefly on account of higher deficit financing by the public and the private sectors. In the initial three years of the first Plan, the money supply showed a net decline of Rs 1,850 million. In 1954/55, it rose by Rs 1,270 million. In 1955/56 the rise more than doubled, amounting to Rs 2,640 million.[3] The main cause of the rise in 1955/56 were larger budgetary deficits and increased bank lending to the private sector. As noted, the net indebtedness of the Government to the Reserve Bank (adjusted for changes in government balances with the bank) increased by Rs 1,570 million, compared with an increase of Rs 950 million in 1954/55.[4] Concurrently, the net indebtedness of the private sector to the banks increased by Rs 1,480 million, and its time deposits in banks by Rs 430 million. The net expansionary effect exercised by the private sector on the money supply in these two ways was thus Rs 1,050 million. The corresponding figure in 1954/55 was Rs 130 million.[5] The external sector also was expansionary, but its contribution was very moderate, the foreign assets of the Reserve Bank showing an increase of Rs 160 million.

To some extent the increase in money supply was prompted and matched by the rising level of production and economic activity. It also partly reflected the extension of the monetized sector, which was taking place under the impact of development. But it would appear from the emergence of inflationary symptoms that money incomes and money holdings were on the whole growing faster than output and economic activity.

In the first eight months of 1956/57 (April to November), however, the money supply, instead of rising, fell by Rs 352 million. The fall was mainly due to net imports. The government sector continued to be expansionary.[6]

To gear the monetary machine more effectively to the needs of monetary expansion and control created by the country's bolder development plans, the Reserve Bank of India Act was amended, with effect from 6 October 1956. Hitherto the bank was required to keep a minimum reserve of two-fifths of its note issue in gold and foreign securities. The amendment substituted a minimum reserve in absolute terms (Rs 4 billion in foreign securities and Rs 1,150 million in gold) for the older proportional reserve.[7] This new reserve requirement may be suspended for specified periods with the consent of the Government, reducing the security portion of the reserve to Rs 3 billion. The gold portion of the reserve, however, may not be reduced below Rs 1,150 million. The act also established a flexible reserve ratio system for scheduled banks in place of the existing fixed reserve system of a minimum of 5 per cent for demand and 2 per cent for time liabilities, empowering the bank to vary the minimum reserves to be held with it between 5 per cent and 20 per cent in respect of demand liabilities, and between

1 In the sense defined above.

2 *Report on Currency and Finance, 1955/56*, p.52.

3 *Ibid.*, p.139.

4 *Ibid.*, p.51.

5 *Ibid.*, p.26.

6 The money supply was (*a*) reduced by Rs 2,096 million by changes in the Reserve Bank'ss foreign assets, (*b*) reduced by Rs 333 million by changes in bank credit and time liabilities of banks to the private sector, and (*c*) increased by Rs 1,717 million by changes in Reserve Bank credit to the Government, holding of government securities by the banking system, and balances of the Central Government and state governments with the Reserve Bank.

7 On 28 September 1956, the Reserve Bank's total note issue was Rs 14,505 million and its gold and foreign assets Rs 6,287 million (or 43 per cent of the note issue). The change in the minimum gold requirements from Rs 400 million to Rs 1,150 million is only formal since the amendment also makes provision for revaluation of gold reserves from 8.47512 grains of fine gold per rupee to the official parity of 2.88 grains per rupee agreed to by the International Monetary Fund.

2 per cent and 8 per cent in respect of time liabilities.[1] The Reserve Bank may at its discretion pay interest on the portion of these reserves exceeding 5 per cent of demand and 2 per cent of time liabilities.

The institutional machinery for providing industrial finance has become increasingly effective. The Industrial Finance Corporation of India sanctioned Rs 134 million in loans in 1955/56, as against Rs 71 million in 1954/55. Three more Government financial corporations were established, increasing the number to thirteen. The Industrial Credit and Investment Corporation, the National Industrial Development Corporation and the National Small Industries Corporation also increased their activities.

In the sphere of agricultural finance, the integrated scheme of development, embracing credit, marketing, processing and warehousing, has been rapidly implemented. The formation of the State Bank of India in 1955 was an important step. In February 1956 the Reserve Bank established the National Agricultural Credit (Long-term Operation) Fund and in June 1956, the National Agricultural Credit (Stabilization) Fund. The process of expansion of co-operative credit with the help of the Reserve Bank has been progressing. Provision has also been made for Reserve Bank loans and advances to the warehousing corporations established under the Agricultural Produce (Development and Warehousing) Corporations Act of 1956.

[1] Further, to facilitate the flexible operation of the system of variable reserves, the Reserve Bank has also been vested with the power to require scheduled banks to maintain with it additional cash reserves, computed with reference to the excess of demand and time liabilities over the level of such liabilities on any date to be specified by the Reserve Bank of India subject, however, to the overall limits prescribed for each class of liabilities under the Amendment Act.

Chapter 10.

INDONESIA

Indonesia's economy achieved a degree of internal financial stability in 1956 but the balance of payments deteriorated. Inflation, one of the country's most pressing problems since a spiral trend developed in late 1954 and the first half of 1955, became less acute between mid-1955 and the end of the third quarter of 1956. However, the danger of a resumption of the upward trend in prices and the cost of living was inherent in the situation at that point and was confirmed by the statistical evidence available for the final quarter.

In the latter part of 1955 the cash operations of the Government—the budget deficit proper minus the Government's withdrawal of funds from the market through a system of prepayments for imports—ceased to exert a strong inflationary influence; the price rise was halted, and then reversed. On the other hand, lower export proceeds in 1956, coupled with increased payments for imports, adversely affected gold and foreign exchange holdings to an extent necessitating a drawing from the International Monetary Fund and renewed resort to authority to suspend the Bank of Indonesia's 20 per cent cover rule. Meanwhile production trends were divergent: food crops increased only moderately; important estate crops, notably rubber and tea, continued to decline; petroleum scored further gains; industrial production in general did not make any notable progress during the year.

An event of potential significance was the final approval by the Cabinet on October 1956 of the long-discussed Five-Year Plan. The draft Plan, still to be adopted by Parliament, foreshadowed only moderate immediate departures from the amount and composition of investment already prevailing. However, its widespread discussion by the public was expected to strengthen general consciousness of the co-operative efforts needed to advance the country's economic development.

PRODUCTION

Agricultural output

Food crops

Aided by improved security conditions in 1953 and by excellent weather in 1954, food production regained and slightly surpassed pre-war per capita levels. Bad weather brought a setback in 1955. In 1956, though the rice harvest was again threatened by heavy rains, total rice output increased over 1955, the harvested area being somewhat larger and the yield in some places (West and East Java) somewhat higher. Cassava and sweet potato crops also increased, but ground-nut and soyabeans declined. On the whole, food production in 1956 was greater, though not as high as in 1954.

Per capita consumption of rice has increased, partly as a result of a growing preference for rice over other foods, such as maize. The target for self-sufficiency in rice has generally been given as 7.2 million tons. In 1956 it was planned to import 750,000 tons for consumption and storage. Since the standard of rice culture is remarkably high in many areas, it is clear that, with fertilizer and appropriate seed, yield could be very greatly raised. The Government has provided 37.5 million rupiah to carry out a plan to raise food production in 1957—rice by 250,000 tons, maize by 44,000 tons, sweet potatoes by 816,000 tons and cassava by 524,000 tons.

Fish supply presents a more serious problem, since an adequate protein diet would require a tripling of present per capita consumption. Motorization of the operations of Indonesia's 400,000 fishermen involves revolutionizing old customs, which is difficult to accomplish with desired speed. Recently the Service of Sea Fisheries has set up, with the aid of the United States International Cooperation Administration (ICA), a project for sea fisheries in the Kalimantan[1] area, which it was hoped would be completed in two or three years.[2] Another project which will be executed with aid from ICA involves the dredging of existing artificial brackish water ponds which yield 30,000 tons of fish each year; the counterpart funds in this case will be used to finance the establihsment of an Inland Fisheries High School at Bogor.

Agricultural export commodities

Production of rubber, Indonesia's principal means of earning foreign exchange, continued to decline in 1956, as was also the case with tea and coffee. Output of copra, and of palm-oil and palm kernels, continued to fall during the first half of the year but then rose, leaving the results for 1956 as a whole in doubt. Less important from the export standpoint but nevertheless encouraging was the gain in sugar production.

While the data on world production and consumption of natural rubber suggested a relatively

[1] Borneo.

[2] The project comprises a plant for the manufacture of fish meal, a fish cannery, establishments for the mechanical drying and salting of fish, plants for manufacturing nets and a training centre for fishermen. A start has been made on the various sections.

2. AREA AND POPULATION

	Area (km²)	Latest census		Estimates of midyear population (thousand)							
		Date	Population	1937	1953	1954	1955	1956	1957	1958	1959
Afghanistan	650,000[a]			10,972	...	...	...	*(13,000)*	*13,000*	*13,000*	...
Brunei	5,765	27/11/1947	40,657	35	*52*	58	63	68	73	77	...
Burma	677,950	1/ 2/1953	2,940,704[b]	15,635	19,272	19,464	19,658	19,856	20,054	20,255	20,457
Cambodia	172,511	–/ 4/1959	*4,845,000*[c]	3,046[c1]	...	4,100	...	4,359	4,600	4,740[c2]	4,845[c3]
Ceylon[d]	65,610	20/ 3/1953	8,097,895	5,725	8,290	8,520	8,723	8,929	9,165	9,388	...
China: Mainland	9,761,012	30/ 6/1953	582,603,417[e]	446,930	582,603	594,840	608,185	621,225	...	...	...
China: Taiwan[f]	35,961	16/ 9/1956	*9,863,264*	5,530	8,261	8,617	8,907	9,240	9,506	9,851	10,232
Federation of Malaya[g]	131,313	17/ 6/1957	6,278,758	4,083	5,706	5,889[g1]	5,883	6,070	6,279	6,515	...
Hong Kong[h]	1,013	7/ 3/1931	849,751	1,135	2,250	2,277	2,340	2,440	2,583	2,748	2,857
India[i]	*3,263,373*	1/ 3/1951	356,741,669	303,626	372,300	377,130	382,390	387,350	392,440	397,540	402,750
Indonesia	1,491,562	7/10/1930	60,412,962	67,398	79,500	80,500	81,500	83,200	85,100	87,300	89,600
Iran[j]	1,648,000	1-15/11/1956	18,954,704	16,200[j1]	17,476	17,896[g1]	18,325	18,765	19,216	19,677	20,149
Japan[k]	369,661	1/10/1955	89,275,529	70,040	86,700	88,000	89,000	90,020	90,880	91,760	92,740
Korea[m]	220,891	1/10/1944	25,120,174[m1]	21,528	30,000	...	*28,000*[n]	31,400	*32,500*[n]	*30,505*	...
Republic of Korea[n]	96,929	1/ 9/1955	21,526,374	...	21,440	21,796[g1]	21,526[n1]	21,982	22,329	22,505	22,866
Laos[p]	236,800			1,012[p1]	*(1,445)*	*(1,505)*	*(1,550)*	*(1,600)*	*(1,655)*	*(1,690)*	...
Nepal	140,798	28/ 5/1952-28/ 5/1954	8,256,625	6,000	...	8,445	8,555	8,666	8,787	8,910	9,044
North Borneo	76,112	4/ 6/1951	334,141[q]	295[q1]	355	364	373	383	397	409	(419)
Pakistan[s]	944,824	28/ 2/1951	75,842,165	...	80,039	81,186	82,240	*83,280*	*84,450*	*85,635*	*86,823*
Philippines	299,681	–/ 5/1958	23,749,125[t]	15,445	21,211	21,720	22,241	22,775	23,322	24,010	24,718
Sarawak	123,025	26/11/1947	546,385	440	592	602	614	626	640	655	...
Singapore[u]	581	17/ 6/1957	1,445,929	651	1,192	1,248	1,306	1,372	1,446[u1]	1,515	1,582
Thailand	514,000	23/ 2/1956	20,095,130[v]	14,492	19,556	19,925	20,302	20,690	21,076	21,474	21,881
Viet-Nam[w]	326,034			18,972[w1]	25,880	26,000	26,300	26,600	*26,800*[n]	*27,800*[n]	...
Republic of Viet-Nam	170,806				(9,766)	(9,934)	(11,534)	12,300	12,300	12,800	(13,200)

Source: United Nations Statistical Office and FAO, except those in brackets which are from national sources.

General Note: For details and explanatory notes, see United Nations Demographic Yearbook 1959.

a. UN estimate.

b. De jure population in 252 towns approximating the urban area of the Union, these are the results of the first stage of a multistage sample census. In the second stage enumeration carried out 1 February 1954, an additional 2,908,091 persons were enumerated in 3,159 village tracts, 2,143 of which were in Burma proper and 1,016 in Kachin State. The regular census of Burma was in 1941.

c. Estimated from results of a demographic sample survey covering 345 villages, and supplementary administrative reports.

c1. Mid-year 1936 estimate.

c2. Estimated from provisional results of an April 1958 demographic sample survey in 3,460 villages, supplemented by administrative reports.

c3. Estimated from results of an April 1959 demographic sample survey in 345 villages, supplemented by administrative reports.

d. Population excluding non-resident military and shipping personnel. Census figure relates to population actually enumerated; total, both sexes, including 0.7% adjustment of under-enumeration is 8,154,580.

e. Population registered, plus estimate of 8,397,477 for persons living in outlying area where local registration offices were not established. No adjustment has been made for 0.1% estimated net under-enumeration. Source: Hsin Hua Monthly.

f. Estimates exclude armed forces and, beginning 1946, foreigners. Census figure including Quemoy and Matsu Islands.

g. Population excludes transients afloat and service personnel in service establishments.

g1. Estimates for this and previous years not yet revised to accord with latest census.

h. Estimates excluding armed forces.

i. Area including Kashmir-Jammu. Census population relates to *De jure* population actually enumerated (excluding a 1.1 per cent adjustment for net under-enumeration) in area excluding Kashmir-Jammu, the part "B" tribal areas of Assam where census could not be taken, and settlements of Karikal, Mahé, Pondichéry and and Yanaon which did not become part of India until 1 November 1954 (population estimated at 323,000 in 1952). Estimates including Sikkim, and Kashmir-Jammu, the final status of which has not been determined.

j. Population excludes nomadic tribes, numbering 440,175 for both sexes at 1956 census.

j1. 21 March estimate.

k. Population excludes Allied military and civilian personnel and their dependents stationed in the area. Census population relates to population actually enumerated, not including 0.39 per cent adjustment for under-enumeration.

m. Data are for resident Korean nationals only.

m1. *De jure* population.

n. Population excludes armed forces, civilian aliens employed by armed forces, and foreign diplomatic personnel.

n1. Census 1/9/1955.

p. 1953-1957 figures are from national source, all revised upward from previous estimates because of the following reasons: (1) Reintegration of the two provinces of Phongsaly and Samneua; (2) Immigration of 200,000 people from Thailand; (3) Includes persons less than 20 years old not recorded in previous estimates, this group is estimated to comprise more than 50% of the total population of Laos.

p1. 31 December estimate.

q. Excluding 1,442 transients and 66 men of British armed forces.

q1. Excluding population of Labuan acquired from Straits Settlement in 1946 (population 7,507 at 1 April 1931 census).

s. Data are for territory excluding Kashmir-Jammu (population estimated at 4,410,000 in 1951, area 222,380 km²), the final status of which has not yet been determined, Junagadh, Manavadar, Gilgit, Baltistan and the port and peninsula of Gwadar acquired from Muscat and Oman on 8 September 1958.

t. Estimated from results of May 1958 Philippine Statistical (sample) Survey of Private Households.

u. Present territory, i.e., Singapore Island only, excluding Christmas Island which ceases to be part of the Colony on 1 January 1958 and was transferred to Australia on 1 October 1958. Population excludes transients afloat and non-locally domiciled military and civilian services personnel and their dependants, numbering 3,466 and 27,299, respectively, at 1957 census.

u1. Census 17/6/1957.

v. Based on results of a demographic and economic sample survey which covered 2,241 villages and 64 large municipalities. Total is subject to error of ± 1.58 per cent. The last population census was taken in 1947.

w. Comprising former Annam, Cochin-China and Tonkin.

w1. for 1936-37.

area of Central Sumatra. The last of the so-called let-alone agreements expired on 1 January, 1956, so that all three foreign oil companies have become subject to Indonesian foreign exchange procedures, receiving special treatment, but under year-to-year agreements. During the first half of 1956, exports of oil products fell (as contrasted with output) while imports showed an increase, owing partly to rising domestic consumption because of the growing number of motor vehicles and the increased home use of kerosene for cooking purposes, and partly to substantial imports of crude oil for local refining and subsequent re-export. Even without the opening up of new lease areas, however, domestic production has been estimated as adequate for domestic consumption until about 1960.

The production of tin in concentrates dropped 7 per cent in 1955 and continued to decline in 1956, although world demand increased.[1] After spot quotations had reached their peak in London at the end of 1955, prices fell gradually during the first half of 1956, rising slightly in July. Production of bauxite, which experienced a prolonged setback because of competition from Surinam, has improved somewhat during the past two years, as a result of increased demand from Japan and the Netherlands. Output in 1955 was, however, less than one-half the peak monthly production of 53,500 tons achieved in 1951. Coal production, after a continuing decrease from 1952 through 1955, rose slightly in 1956 as a result of modernization of the Bukit Asam mines in Central Sumatra, for which machinery has been imported under the credits from western Germany. An amount of Rp 18 million was allocated for investment in these mines in 1956 in the expectation that production would ultmiately increase from 200 tons to 500 tons daily.

There was extensive exploration for mineral resources during 1956, especially iron ore (Sumatra, Kalimantan) and coal (south Kalimantan). A new mining bill was placed before Parliament. Among plans under consideration were a gold and silver mining enterprise in Bantan and resumption of operations at an abandoned manganese mine in the Kaliprogo district—both in Java.

Manufacturing

Under the import control measures adopted in September 1955, imports of industrial basic materials increased during the last quarter of 1955 to 50 per cent of the total value of imports. The increased inflow continued in the first half of 1956; the contrast with January–June 1955 was particularly striking in the case of paper, cotton yarn, unbleached shirting and sheet iron, for which the quantities imported during the six months were 68 per cent, 67 per cent, 46 per cent and 62 per cent larger, respectively, than for the entire year 1955.

Difficulties experienced by enterprises, however, with regard to liquidity, during the last quarter of 1955, as a result of the requirement of prepayments for imports, were greatly increased by rising competition from imported finished goods, which also arrived in greater volume than before. The resulting price declines threatened to close a number of enterprises.[2] The Government consequently allowed postponement of prepayments on imports of certain raw materials and auxiliary goods and denied import licences for certain competitive finished goods. In addition, a fund of Rp 100 million based on foreign credit was established to extend medium-term credit to national private enterprises for importing industrial equipment.

Data for 1954 show that Indonesia's total textile consumption amounted to 440 million metres, of which less than 20 per cent was domestically woven. In addition, 80 per cent of the yarn used by the domestic industry was imported, even though the domestic spinning industry had greatly expanded since before the war. In 1956 the production of sarongs, *selendangs* and towels was less than in 1955, but that of other piece-goods increased. Production by knitting mills, except for polo sports shirts, also was higher than in 1955. Knitting mills consumed more yarn in 1956, weaving mills somewhat less.

Cultivation of ramie has been encouraged more vigorously than that of cotton. Experimentation to develop the most suitable varieties of ramie has begun on a small scale on a plantation in Pagar Marbau and the construction of a factory for ramie is under way at Pematangsiantar.

Two gunny bag factories, one of which is operated by the Bank Industri Negara (BIN) at Surabaya, produce about 3.7 million bags a year, less than 20 per cent of domestic demand. Cultivation of *rosella*, which furnishes the raw fibres for gunny sacking, was undertaken in Central Java in 1954; during the year 1955/56 an area of nearly 1,400 hectares, with an estimated production of 2,600 tons of dried fibre, was under cultivation.

While current industrial production has generally been somewhat disappointing, a number of industrial projects were under way, completed or in the planning

[1] World production of tin in the first half of 1956 was 2 per cent lower and world consumption was 5 per cent higher than in the first half of 1955 (data do not include the Union of Soviet Socialist Republics).

[2] Difficulties of other types also confronted some industries. In the *kretek* industry (Indonesian cigarettes seasoned with clove) in Kebumen, employing 75,000 workers, the cost of production increased sharply; as a result 70 per cent of the factories were forced to close. Great difficulty has been experienced in salt production in the past two seasons, because of unusually frequent rains. Production in 1955 was only about 15 per cent of normal, making imports necessary. A proposal was under consideration to end the government salt monopoly.

stage. A soda and chlorine factory at Waru near Surabaya came into operation in July 1956. The government turpentine factory at Lampahan, which was largely burnt out by terrorist action, resumed production in June. The multiple-purpose (power and irrigation) project at Djatiluhur got under way when work on the dam was started during 1956; on completion in 1961, it was expected to generate 100,000 kW, nearly equal to the present capacity of West Java, and to irrigate an additional 80,000 hectare of arable land.

The establishment of a paper factory utilizing sugar-cane waste for pulp has been under consideration by the Central Industrial Department. The Forestry Department has worked on the construction of a modern board factory with a prospective daily production of 100 tons. The hardboard factory of BIN at Banjuwangi, using coconut fibres as raw material, was expected to be completed about the end of 1956, its estimated production being 1,500 tons of hardboard annually. In June 1956 negotiations were undertaken to establish an asbestos factory at Gresik with Colombo Plan aid; it was to start operations about mid-1957. Other plans of BIN include a paper factory at Blabat Kedu, to use rice straw as raw material, a food processing and canning factory at Jogjakarta, a bottle factory at Surabaya, a printing ink factory at Djakarta and a fish canning factory at Ambon. A Rp 40 million sulphur factory in Minahassa, North Sulawesi,[1] was expected to be completed in 1956, with an initial production capacity of about 30 tons per day. The Gresik cement plant was completed in 1956 with loan financing from the Export-Import Bank of Washington, and was to commence producing in 1957, adding 375,000 tons a year to the present total of 150,000 tons. The possibilities of the rayon industry, fertilizer and other chemicals, and iron and steel were, however, only in an early stage of investigation.

In August 1956 the Cabinet placed before Parliament a bill on foreign investment. Based on the Investment Law draft prepared in 1953/54 and the foreign investment statement of the Government on 8 December 1955, the bill provided that foreign capital might be invested in fields of production other than railways, telecommunications, domestic shipping and aviation, electric power, irrigation and water supply, arms and ammunition, atomic plants and certain industries which have been traditionally operated by Indonesian nationals. It stipulated that foreign industrial enterprises might be guaranteed against nationalization for 20 years.

Transport

In addition to Rp 75 million allotted in the 1956 budget for road repair, the Government planned to make Rp 50 million available for promoting increased production of road construction materials to substitute for imports. Mining of asphalt in Sulawesi, resumed in 1955, has yielded satisfactory results; production could be increased to 40 tons per day. Particularly in Sumatra and North Sulawesi, roads are generally in a very bad state; offers received from various countries for assistance in repairing the road system have been under consideration.

The government railways, within the framework of their own draft Five-Year Plan (1956–1960), expected to spend Rp 53.8 billion for rehabilitation purposes, including improvement of 2,000 km of railway track and purchase of diesel locomotives. Orders have been placed in western Germany and the United States for 95 locomotives, including 35 diesels expected to arrive in 1957. The most serious impediments to railway traffic were the shortage of equipment and of fuel, which on some less important routes in Java have caused train schedules to be cut by 30 per cent.

Despite expansion in 1955 of the tonnage owned by national shipping companies, many ships are still needed to maintain normal communications among the islands. Efficiency has not been high and operations have been unprofitable.[2] Inadequacy of harbour and repair facilities, and insufficient trained personnel, were the principal difficulties. According to estimates, about 30 per cent of the ships were idle. The Government in 1956 entered into a contract with a French company to improve and enlarge harbour facilities; total costs under this contract for the harbours of Tandjong Priok, Bandjarmasin, Balikpapan and Belawan were expected to amount to about Rp 325 million.

A decided increase was noticeable in both the passenger and the freight traffic of Garuda Indonesian Airways in the first half of 1956, the gains amounting to 18 and 19 per cent, respectively, over the corresponding period of 1955. The milage increased by about 7 per cent. These favourable results were largely due to the extension of the system, and also to the increasing use of larger aircraft.

TRADE AND PAYMENTS

Balance of trade

The unusually large trade surplus resulting from rising exports and falling imports in 1955 changed to a deficit in the first nine months of 1956. According to customs figures, export proceeds fell from Rp 7,330 million during the first nine months of 1955 to Rp 7,222 million in the corresponding period of 1956, while imports in the same period

[1] Celebes.

[2] The government-owned shipping company showed a loss of Rp 25.5 million in 1952, Rp 19.6 million in 1953, Rp 11.2 million in 1954 and Rp 32.6 million in 1955.

6. INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT

Millions

Country, currency and year	Total	Agriculture, forestry, fishing	Mining	Manufacturing	Construction	Transportation, communication, utilities	Wholesale and retail trade	Ownership of dwellings	Public administration and defence	Other services
BURMA[a] *(kyats)*		[b]				[c]				[c]
1955	4,813	2,026	73	523	172	132	1,170	185	453	79
1956	5,144	2,101	77	535	160	141	1,368	194	479	89
1957	5,340	2,270	82	566	165	136	1,320	203	504	94
1958	5,182	2,184	82	551	173	138	1,189	213	555	*97*
1959	*5,345*	*2,327*	*87*	*595*	*171*	*151*	*1,143*	*220*	*550*	*101*
CAMBODIA[d] *(riels)*						[e]		[f]		[f]
1955	12,578	5,180	270	984	337	...	2,673	...	1,750	1,384
1956	13,974	6,169	71	1,224	419	...	2,767	...	1,787	1,537
1957	15,975	6,978	90	1,345	479	...	3,493	...	1,833	1,757
CEYLON[g] *(rupees)*										
1955	5,260	2,750	7	312	443	429	310	97	509	403
1956	4,991	2,431	7	234	459	422	327	108	580	422
1957	5,230	2,480	9	275	479	457	354	125	606	445
CHINA (mainland, *yuan*)	[h]									
1952	61,130	36,189	—— 11,003 ——		1,834	2,445	9,659	...	...	...
1956	88,750	42,689	23,430		4,970	3,905	13,756	...	...	...
CHINA (Taiwan, *new Taiwan dollars*)										
1955	22,565	7,543	353	3,782	1,195	1,193	3,552	...	2,964	1,983
1956	26,046	8,557	598	4,468	1,338	1,352	4,296	...	3,202	2,235
1957	30,045	9,725	716	5,456	1,459	1,707	4,921	...	3,555	2,606
1958	*31,964*	*10,209*	*866*	*5,750*	*1,535*	*1,804*	*5,473*	...	*3,732*	*2,595*
HONG KONG[i] *(Hong Kong dollars)*										
1954	3,960	115	15	1,300	130	300	700	260	340	800
INDIA *(thousand million rupees)*		[j]								
1955	99.8	45.2	1.0	—— 17.5 ——		—— 17.9 ——		4.6	5.7	7.9
1956	113.0	55.2	1.2	18.8		18.5		4.8	6.1	8.4
1957	*113.6*	*53.3*	*1.4*	*19.5*		*19.1*		*4.9*	*6.6*	*8.8*
JAPAN *(thousand million yen)*								[f]		
1955	6,707	1,520	130	1,593	340	614	1,040	...	—— 1,471 ——	
1956	7,563	1,456	167	1,969	383	717	1,205	...	1,667	
1957	8,208	1,533	200	2,149	419	833	1,263	...	1,811	
1958	8,484	1,561	184	2,153	463	892	1,314	...	1,917	
KOREA, REPUBLIC OF[g] *(thousand million hwan)*										
1953	381.5	170.5	6.3	36.9	8.7	6.1	68.7	31.4	24.0	28.9
1954	529.7	196.6	5.2	51.0	19.7	11.2	93.7	56.2	44.3	51.8
1955	883.0	394.1	7.8	77.0	32.8	21.3	141.2	64.4	58.9	85.5
1956	1,113.8	527.7	11.9	98.5	37.2	27.0	158.7	77.3	68.4	107.1
1957	1,507.5	682.4	17.3	123.4	57.0	56.7	187.7	108.8	120.1	154.1
PAKISTAN[k] *(rupees)*				[m]	[n]	[m]			[p]	[n]
1955	19,892	11,225	43	2,189	...	565	1,851	1,109	1,130	1,780
1956	21,189	12,122	46	2,347	...	583	1,997	1,124	1,164	1,806
1957	21,345	11,954	51	2,438	...	609	1,987	1,139	1,318	1,849
1958	*21,368*	*11,600*	*52*	*2,602*	...	*643*	*1,961*	*1,159*	*1,463*	*1,888*
PHILIPPINES[l] *(pesos)*							[q]	[f]	[p]	[f q]
1955	7,624	3,161	121	1,001	230	250	861	...	648	1,352
1956	8,414	3,175	122	1,195	296	286	999	...	679	1,662
1957	8,818	3,230	142	1,292	328	322	1,057	...	685	1,762
1958	*9,232*	*3,364*	*138*	*1,474*	*281*	*327*	*1,096*	...	*705*	*1,847*
THAILAND[a] *(baht)*										
1954	32,458	13,952	547	4,108	972	1,824	5,639	...	1,598	3,817
1955	40,983	17,604	615	4,988	1,247	2,098	7,780	...	2,438	4,213
1956	42,500	17,982	698	5,320	1,378	2,310	8,040	...	2,355	4,417
1957	42,999	16,589	698	5,851	1,765	2,612	8,374	...	—— 7,110 ——	
1958	*45,970*	*18,398*	*520*	*6,437*	*1,975*	*2,715*	*8,459*	...	*7,466*	
VIET-NAM, REPUBLIC OF[g] *(piastres)*										
1955	55,081	15,551	88	5,254	1,301	2,201	14,217	2,010	9,498	4,961
1956	60,257	18,182	143	5,839	1,044	2,181	15,864	2,049	9,870	5,085

Sources and time reference: See table 5.

a. Gross domestic product at market prices.
b. Including milling and marketing of forest produce.
c. Private transportation included in "Other services."
d. Gross domestic product at 1956 market prices.
e. Transportation and communications are included under all other sectors.
f. Ownership of dwellings included under "Other services".
g. Gross domestic product at factor cost.
h. Total net value added at 1952 prices originated from agriculture, industry, construction, goods transport and communication, and trade only.
i. National income.
j. Including processing, marketing and ancillary activities performed
k. At factor cost prices of 1949/50-1952/53.
m. Utilities included under "Manufacturing".
n. Construction included under "Other services".
p. Including all services of general government.
q. Banking, insurance and real estate services included under "Wholesale and retail trade".

How effective this modified system of price deterrents would be in reducing the foreign exchange drain was not clear, from the data available.

Direction of trade and related agreements

A preliminary analysis of the geographical distribution of Indonesian trade shows few marked changes in 1956. The United States remained the largest supplier of imports (including agricultural surplus commodities payable in rupiah under a new agreement) and continued to buy substantial amounts of rubber, petroleum and its products, and tin. Hong Kong and Japan gained somewhat in importance as sources for imports. Singapore, in view of its major entrepôt function, continued to rank first as the destination of Indonesian exports.

Most of the tin went to the Netherlands. In June 1956, Pakistan bought tin from Indonesia for the first time, and further purchases were anticipated. The tin agreement with the United States was extended into the third quarter of the year. On 1 February 1956, Parliament agreed to Indonesia's participation in the International Tin Agreement. Purchases of copra by the Netherlands and other western European countries continued to fall off; because of the uncertainties of supplies from Indonesia, orders tended to be placed in the Philippines instead. However, in the case of palm-oil, the Netherlands, which was the main buyer, increased its purchases substantially over those of the previous year.

Trade with the Soviet Union and the eastern European countries, which gained some importance in 1955, declined considerably in 1956. The value of trade with the mainland of China during the first nine months of 1956 was three times as large as in the corresponding period of the previous year; the mainland of China bought mostly sugar and copra, and sold mostly manufactured goods.[1]

Since most of the trade agreements that had been in effect with the eastern European countries (Czechoslovakia, eastern Germany, Hungary, Poland, Romania and Yugoslavia) expired during 1956, negotiations were initiated for renewal on a basis more satisfactory to Indonesia, that is, without specific commodity quotas, and with payments to be made in pounds sterling instead of on a clearing basis as formerly. An industrial development agreement was concluded between Indonesia and Czechoslovakia on 16 May 1956, reaffirming the stipulation in the 1955 trade and payment agreement between the two countries that exporters in Czechoslovakia would deliver capital goods on credit for development of Indonesia's industries. A trade and payment agreement was concluded with eastern Germany in December.

In August 1956 a trade agreement was signed with the Soviet Union providing that the latter would purchase twenty-five kinds of commodities, including rubber, copra, coffee, tea and sugar, and would supply machines, transport equipment, textiles and other industrial products, with payments to be made in pounds sterling and not through clearing accounts. This was followed in September by the signing of an economic and technical agreement under which the Soviet Union agreed to grant Indonesia $100 million of credits for capital goods, machinery and industrial equipment, repayable in twelve yearly instalments at 2.5 per cent interest beginning with the third year after the extension of credit for a given project, payment to be in dollars or sterling or raw materials, at Indonesia's option. The two countries at the same time agreed to co-operate in the development of atomic energy for peaceful uses, the Soviet Union agreeing to provide training to Indonesians in medical, technical and research fields. Subject to review after Parliament ratified the economic and technical agreement, it was intended that the Soviet credit should be applied to financing eleven industrial projects, including electric power stations, coal mines, chemical industries and pulp and cement plants.

In March 1956, Indonesia concluded an agreement for the purchase, over a period of two years, of United States surplus agricultural commodities (cotton, rice, leaf tobacco and wheat flour) valued at $97 million. Since payment was to be in Indonesian currency, this agreement may be expected to make a substantial contribution towards alleviating the foreign exchange shortage despite the fact that trade contemplated under the United States Public Law 480 programme is above the normal amount. A major part of the funds were to be loaned to the Indonesian Government on a long-term basis for economic development. Under this aid programme, an agreement has been reached with Japan, which will undertake the processing of raw cotton from the United States. If Japan processes all the raw cotton, totalling 135,000 bales, it will ship about 120 million square metres of cotton cloth in addition to its normal cotton goods exports to Indonesia.[2]

Balance of payments

The precarious foreign reserve position in June 1954 led to restriction of imports, a policy pursued until September 1955; at the end of 1955 Indonesia's foreign transactions showed a surplus for the first time since 1951. Total foreign exchange reserves rose to Rp 2.74 billion from their low of Rp 0.79 billion

[1] In June 1956 the Indonesian Government announced that, because of instability in the world rubber market, it would no longer be bound by the United Nations embargo on shipments of strategic goods to the mainland of China, so far as rubber was concerned. The amounts shipped during the year were, however, believed to have been small.

[2] Japan's total exports of cotton fabrics to all destinations were 1,069 million square metres in 1954 and 952 million in 1955.

in June 1954. However, they rapidly declined again during the first half of 1956, to Rp 0.99 billion at the end of June.[1] Basically this resulted from the unfavourable trade situation—falling prices of major exports, cost-prcie difficulties accentuated by the high official valuation of the rupiah, labour unrest, shortage of rice, speculative increase in imports following removal of quantitative restrictions—described above. On the average, export proceeds in the balance of payments amounted to Rp 696 million per month in the period January–June 1956 against a monthly average of Rp 836 million in 1955, while imports averaged Rp 800 million against Rp 500 million in 1955.

Faced with depletion of its foreign exchange reserves, the Government on 11 July for the second time invoked the escape clause in the statutes of the Bank of Indonesia,[2] which allows its 20 per cent legal reserve requirement (of gold, convertible currencies and the right to draw on the International Monetary Fund) to be suspended for as long as three months. Since heavy payments for imports in the third quarter continued,[3] a loan of $55 million (Rp 627 million) from the International Monetary Fund, which was taken up in August, came at an opportune time.[4] Early in October reserves were sufficiently high to allow the 20 per cent minimum to be restored. It was hoped that the dangerous strain on the balance of payments could be eased by realization of foreign credits granted by various countries. By March 1956, Rp 78 million had been drawn from the Netherlands credit, Rp 187 million from the credit from western Germany, Rp 132 million from the French credit of 12 billion francs, Rp 19 million from Czechoslovakia and Rp 12 million from the revolving credit of 10 million kroner from Sweden. The United States agricultural surplus credit was also expected to bring some relief. However, short of a fundamental improvement in the balance of trade, it was clear that a precarious situation would remain.

[1] By the end of July the reserves had dropped further, to a new low of Rp 0.73 billion, but they rose to Rp 1.26 billion by the end of September (International Monetary Fund, *International Financial Statistics*, January 1957, Washington D.C.).

[2] The first instance was in July 1954; United Nations, *Economic Survey of Asia and the Far East, 1955* (Sales number: 1956.II.F.1), p.114.

[3] The effect of temporary suspension in the issuance of new import licences in August was not reflected in import volume and exchange payments until October or November.

[4] This is the first instance where the Fund has given a loan to a country without a par value for its currency. (The advance improved the reserve position by only $27.5 million, since the other half of the transaction consisted of replacing with rupiah the dollars that were on deposit as part of Indonesia's quota with the Fund, and that were always counted by the Indonesians as part of their legal reserves.)

FINANCE AND PRICES

Public finance

Exact figures on the distribution of governmental expenditures in recent years are not available. Since, however, capital expenditures have constituted only a rather small part of the total and, in the words of a recent Financial Note issued by the Ministry of Finance, "have not always a productive character,"[5] it may be judged that a balanced distribution conducive to rapid progress in economic development has not yet been achieved. Moreover, ever since the boom year 1951 the Government has operated with large deficits—Rp 2.6 billion a year on the average during 1952–1955,[6] or 17 per cent of average annual expenditures during that period. This has been due in part to heavy current outlays for security services (army, police and others) which accounted for more than 40 per cent of annual total expenditures. Salaries of government personnel are estimated to have absorbed 41, 38 and 34 per cent of total revenues collected in 1954, 1955 and 1956, respectively. Retrenchment in expenditures has been contemplated and proposals have been made to rationalize the administration by reducing the number of government personnel through transfer to semi-governmental or private enterprises.

Since the budget deficits have generally been financed by the creation of additional credit, they have tended to bring about large increases in the total money supply, thereby adversely affecting the foreign trade balance and generating pressure for cumulative price inflation year by year. To continue the effort to halt this process (the actual deficit having already been brought down from its Rp 3.6 billion peak in 1954 to Rp 2.1 billion in 1955), the 1956 budget proposed to limit the deficit to Rp 1.8 billion. Expenditures were to increase by nearly 23 per cent over the 1955 actual figures, but this rise was to be more than offset by an increase of nearly 28 per cent in revenues. The major factor involved was a steep rise in additional import duties (TPI), from Rp 1.9 billion in 1955 to an estimated Rp 7.2 billion in 1956; from the latter amount, Rp 2.2 billion was to be used for export premiums. However, on the basis of results from January to June, when total revenues amounted to Rp 8.1 billion, and of the expected reduction in total imports during the second half, it was likely, in spite of seasonal variation in some revenue items, that revenues would fall short of their target. This is traditionally the case with

[5] Financial Note, Djakarta, September 1956, p.13.

[6] Not including expenditures of about a billion rupiah which were carried over from 1952 to 1953 but which, owing to a change in the budgeting system, failed to be included in the statistics for either year.

government expenditures as well,[1] so that whether the actual deficit would exceed the Rp 1.8 billion target set in the budget remained in doubt.

The 1956 budget put somewhat greater emphasis than its predecessors on productive expenditures, and carried specific entries for financing the first stage of the Five-Year Plan. Of the main disbursements on capital account, Rp 841.5 million was included for the establishment and modernization of government enterprises, Rp 651.8 million for participation in private enterprises, Rp 102.5 million for preparation and establishment of the Djatiluhur and Asahan hydro-electric power projects, Rp 61.4 million for fisheries and agricultural projects, and Rp 5.3 million for mechanization of small-scale industries, while more than Rp 360 million was allotted to the Ministry of Public Utilities and Power for development purposes. Retrenchment was indicated in the budget in the outlays for "ordinary" expenditures.

Money and prices

Governmental financial action initiated in September 1955 marked a turning point in Indonesian monetary conditions. The gap between budget receipts and expenditures was narrowed. The deficit was only Rp 314 million in the second half of 1955 and Rp 844 million in the first half of 1956, or less than half the deficit in the first half of 1955. A concurrent deflationary factor was the system of prepayments for imports, instituted on a limited basis in 1952 and greatly strengthened in September 1955 by being shifted forward to the time of application for import licences. During the period when the volume of prepayments was rising, the money supply was to that extent curtailed and the Government was provided with finance (actually, obligatory short-term loans from importers, deposited with the Bank of Indonesia and transferred by the bank to the Treasury) which enabled it to achieve at least a temporary independence from central bank financing.[2] During the second half of 1955 prepayments by importers rose by Rp 2,074 million; in the first quarter of 1956, by an additional Rp 188 million.

On the other hand, the sharp increase in bank credit to private borrowers—about Rp 730 million in the latter half of 1955, continuing though at a somewhat more moderate rate in the first half of 1956—appears to have been largely for financing the prepayments of importers whose position was particularly strained as a result of the new regulations of September 1955. The movements of the reserve of gold and foreign exchange were temporarily inflationary in 1955, with the payments surplus of that year, but again became a major deflationary factor in 1956 as the trade deficit drained away reserves and drew rupiah from circulation, more than counter-balancing the inflationary effect of the budget deficit and the increase in domestic credit.

The inflationary or deflationary influence of the factors affecting the money supply may be indicated by plus and minus signs as follows:

	1954		1955		1956
Item	*First half*	*Second half*	*First half*	*Second half*	*First half*
Government deficit	++	++	++	+	+
Net prepayment by importers[a]	+	−−	.[b]	−−	.
Increase in gold and foreign exchange assets ...	−	+	.	+	−−
Increase in bank credit to private sector	+	+	+	+	+

[a] Increase has deflationary (−) effect.

[b] Under 100 million rupiah.

As a result of these developments, the annual rate of increase in the money supply declined from 46.4 per cent in 1954 to 16.6 per cent in 1955, and the money supply actually decreased by about 8 per cent in the first half of 1956. More optimistic conclusions concerning the probable course of prices in future could be drawn from this trend were it not for the fact that reserves of foreign exchange were already down to minimum levels. The check on inflation that large imports provide ends when the imports have to be restricted. Prepayments also stop accumulating, or even decline, as in the second and third quarters of 1956.[3] Towards the end of 1956 it in fact appeared that one of the few anti-inflationary factors in the economy was the accumulation of prepayments, not on ordinary imports, but on imports of surplus agricultural commodities under the United States aid programme.

Prices of imported commodities, notably textiles, levelled out after mid-1955 and then declined as, aside from a downturn in money supply, available supplies of commodities became more abundant. The Djakarta index of nineteen retail food items, however, continued to advance through March 1956, largely as a result of the rice shortage and its consequent increasing price, which was not relieved by large-scale imports until the second quarter of 1956. Early in

[1] The inflation of budgeted expenditures is in part a necessary result of the budgetary rules, which require the entire commitment for a project to be covered in advance; the unspent portion then lapses and is authorized a second time in the next year's budget; and so on. Some modifications in budgetary practice are, however, in process of being introduced.

[2] The Government's debt with the Bank of Indonesia rose by Rp 1,362 million in the first half of 1955, fell by Rp 1,501 million in the second half, and rose slightly, by Rp 60 million, in the first half of 1956.

[3] In the third quarter, the Government's debt with the Bank of Indonesia rose by Rp 1,444 million, while importers' prepayments, having declined by Rp 255 million in the second quarter, declined further by Rp 630 million.

the final quarter of the year, prices in general, responding to the monetary and production situations, were tending to rise again.

FIRST FIVE-YEAR PLAN

The long-awaited Five-Year Plan for development was adopted by the Cabinet in October 1956 and released to the public, pending final action by Parliament. The Plan seemed moderate and realistic. The Government's expenditures for development were put at Rp 12.5 billion (or Rp 2.5 billion a year, not far from their previous level in recent years) within a total of Rp 30 billion in which the local self-help contribution, including community development, was visualized as Rp 7.5 billion and the private contribution was set at Rp 10 billion.[1] Government expenditures were expected to be financed to the extent of Rp 9.5 billion from government revenues, Rp 1.4 billion from bank loans originating from increases in time deposits, Rp 0.6 billion from the sale of government bonds and Rp 1 billion from foreign loans and grants. Only 8 per cent of the cost was to be met with capital from abroad; if large-scale foreign aid was forthcoming, however, the Plan was expected to be expanded.

National income under the Plan was estimated to rise by about 3 per cent per year. With a net rate of capital formation of 6 per cent (as against a prior rate officially given as 5 per cent), the incremental capital-output ratio was 2:1 for this five-year period.[2] Population was viewed as increasing at a rate of 1.7 per cent annually, leaving a modest increase in per capita income of 1.3 per cent per year.

Implicit in the Plan is some structural change. Only 13 per cent of the investment budget was to be allocated to agriculture, including transmigration and community development. Power and irrigation, industry and mining, and transportation and communication each accounted for 25 per cent of the total, social welfare for the remaining 12 per cent.

[1] These computations did not take into account TPI, which it has been estimated might raise costs by about 12 per cent at current TPI rates.

[2] In view of the composition of the Plan the ratio may prove in practice to be somewhat higher. Estimates contained in the Plan itself showed this ratio as rising by stages through successive five-year periods to 4:1 in the fourth period.

Chapter 11

JAPAN

The pressure of population on land in Japan, accentuated by the loss of territory and a net inflow of 5 million repatriates during 1945–1950, is being alleviated by birth control measures and by a rapid increase in industrial production. For the present, however, largely because of increased labour force participation, the country is confronted with a substantial problem of unemployment and underemployment. The new Five-Year Plan for economic self-support undertakes not only to sustain the rate of economic growth in general, but also to promote employment through the extension of public works and small and medium-sized industries.

Sustained economic growth through industrialization is essential under the circumstances. However, industrialization in a country with limited domestic production of food and raw materials naturally depends upon trade. In the greatly altered post-war pattern of Japan's trade, textile and processed food exports have tended to decline, while exports of metals, machinery and chemicals have tended to increase. The post-war shift away from former areas as sources of supply for imports (China—both mainland and Taiwan—Korea and some other Asian countries) to the United States and other countries was, however, being modified, with the dual objective of bridging the dollar gap and of increasing the competitive power of Japan's exports by savings in freight costs. The trend towards a return to the earlier pattern of trade, through a rise in exports to fill gaps created by the cessation of United States aid and, subsequently, by a fall in special procurements of United Nations and United States forces in Japan, was maintained in early 1956. However, its continuation on long-term basis was recognized as possible only through an improvement in industrial productivity, which would require rationalization and renovation of equipment as well as access to cheaper sources of supply for imported foods and raw materials.

The year 1956 was thus marked by a continuation of the process of normalization in Japan's economy begun in 1955, and by the inauguration of a Five-Year Plan for economic self-support designed to achieve an average increase of 5 per cent per annum in Japan's national income, without foreign aid, and to provide sufficient employment for its growing labour force.

POPULATION, MANPOWER AND EMPLOYMENT

Between 1945 and 1955, Japan's population rose from 72.2 million to over 89.3 million owing to a net natural increase of about 12 million and a net inflow of repatriates of 5 million.[1] This rapid growth in population in a country which is estimated to have lost, as a result of war damage, one-quarter of its national wealth, over one-third of its industrial machinery and tools, and four-fifths of its shipping, brought problems of over-population and underemployment to the fore.

The high rate of natural increase in early postwar years was the result of rapidly rising birth rate (till 1947), largely due to the generally high marriage rate, and a rapidly falling death rate, largely caused by improved medical knowledge and public health measures. The high birth rates have, however, been checked by measures to popularize family planning[2] and to legalize abortion for specific reasons, primarily for the "protection of the life and health of the expectant mother," under the Eugenics Protection Law enacted in July 1948 and revised in 1952.[3] The rate of natural increase after reaching its post-war peak of 2.16 per cent in 1948, fell rapidly, to 1.56 per cent in 1951 and 1.16 per cent in 1955. According to the projection by the Institute of Population Problems of the Ministry of Welfare, Japan's population will rise to 107.1 million by 1990, and decline thereafter until it again reaches 100 million by 2010. The pressing problem, however, has been the greater rate of participation in the labour force, owing mainly to the entry of females or other persons hitherto unemployed who, under changed postwar social conditions, went to work to eke out the family income.[4]

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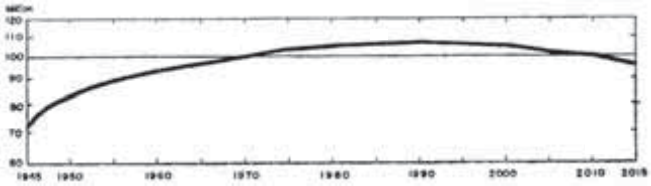
[1] From October 1945 to 1950, about 6.2 million former servicemen and oversea Japanese residents were repatriated, while only about 1.2 million foreign residents in Japan (mostly Koreans and Chinese) left the country during the same period.

[2] According to the survey conducted by the Ministry of Welfare, the proportion of families surveyed that practiced contraception reached 35.2 percent for the whole country 37.2 percent for urban areas, and 30.4 percent for rural districts; such proportion was found to have been increasing. (Institute of Population Problems, Ministry of Welfare, *Population Problems of Postwar Japan*, Tokyo, March 1956).

[3] Legal induced abortions rose from 246,000, or 9.1 percent of the number of livebirths, in 1949 to 1,170,000, or 67.7 percent of the livebirthts, in 1955.

[4] Economic Planning Board, *Economic Survey of Japan, 1955/56* (Tokyo, September 1956), p.11.

Chart 14. Japan: Projected Population



A significant development in the post-war increase in Japan's working population is its absorption by subsidiary industries. The employed population,[1] which constituted about 98 or 99 per cent of the total labour force, rose by 14.5 per cent during 1951–1955, the increase being greater in subsidiary industries (24.8 per cent) and least in primary industries (6.6 per cent).

The definition of "employment" used in these estimates, however, fails to indicate the problem of under-employment, which appears to be growing. According to the data provided by a special labour force survey undertaken by the Bureau of Statistics, the number of under-employed from March 1951 to March 1955 increased by 75 per cent with respect to persons wanting to change work, and by 45 per cent with respect to persons working for comparatively short time per day but wanting additional work.[2]

SUPPLY OF FOOD AND RAW MATERIALS

During the post-war decade 1946–1955, the population increased by 18 per cent while, despite the harvest of a record bumper crop in 1955, rice production, limited by the fact that the arable land was already almost fully utilized, rose by 29 per cent.[3] Rice imports increased from 0.8 million tons in 1951 to 1.24 million tons in 1955 (1.43 million tons in 1954). The 1956 production of rice was expected to fall 12 per cent below the 1955 level;[4] wheat output fell 6.3 per cent, and barley production 2.7 per cent.

The fluctuations in rice production, in the face of a continuously growing population, necessitated food import and control, particularly of rice, and led the Government to encourage the cultivation of rice on marginal or sub-marginal land through various incentive measures, including subsidies. The rice yield per hectare has fluctuated widely in post-war years, often because of unfavourable weather conditions and typhoons. Prices of imported rice were high until 1953; this, together with its relative scarcity, caused considerable substitution of other staple food grains, particularly wheat and barley, for rice.[5] The fall in average calorie intake, from 2,126 per capita per day in the pre-war period (1934–1938) to 2,061 in 1955 has been offset to some extent by a rise from the pre-war portein intake of 52.8 grammes per capita per day to 61.1 grammes in 1955—a rise made possible by an improvement in per capita national income. It was proposed under the Five-Year Plan to raise the daily per capita intake to 2,143 calories and the protein intake to 65.7 grammes by the fiscal year 1960.[6]

Japan is largely dependent on imports to make up for deficiencies in domestic production of both agricultural and mineral raw materials—entirely so for raw cotton, wool, crude rubber, phosphate rock, potassium compounds, bauxite and abaca; almost entirely for crude petroleum, iron ore and salt; and partly dependent for coal and coke, rayon pulp and other items. In the first ten months of 1956, raw material imports, accounting for 65 per cent of the total value of imports, rose by 40 per cent as compared with the corresponding period of 1955. Except for raw cotton, coal and rayon pulp, the major industrial raw material imports have risen in post-war years, particularly in 1955 and 1956, as compared to pre-war levels (1934–1936). Decline in world demand for cotton textiles, coupled with efforts to use synthetics in place of cotton textiles for domestic consumption, accounted for the decline in raw cotton imports. Coal imports fell on account of the reduced supply from mainland China, and the competition from petroleum and hydroelectric power as substitutes. Increased domestic production of rayon pulp helped to reduce import requirements. In the case of all other items, notably iron ore, iron and steel scrap, crude petroleum and non-metallic ores, there has been

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[1] Japan's labour force statistics usually classify as "employed" all persons having work for pay or profit (including unpaid family workers), for at least one hour during the survey week, and as "totally unemployed" persons having ability and will to work and seeking jobs but not working even for one hour during the survey work. (*Labour Force Survey of Japan*, by Bureau of Statistics, Office of the Prime Minister, March 1956, pages 3 to 4.)

[2] The actual figures are as follows:

	March 1951	*March 1955*
1. Persons wanting to change work[a]	1,010,000	1,770,000 (1,690,000)[b]
2. Persons working less than 35 hours a week but wanting additional work	620,000	900,000

Note: Categories 1 and 2 are presumed to increase along with the increase in opportunities for employment and therefore cannot be fully relied upon as indices of under-employment.

[a] Due either to low income or temporary work.

[b] Figures in parentheses show persons who are not satisfied with their present principal work and wanting new principal work.

[3] During 1946-1955, the population increased from 75.8 million to 89.3 million; brown rice production rose from 9.2 million to 11.9 million tons. The conversion factor is 0.804 from paddy to brown rice, and 0.93 from brown to white rice.

[4] Mid-October estimate by the Ministry of Agriculture and Forestry.

[5] While the annual per capita supply of brown rice fell from the pre-war (1934-1936) average of 131.5 kg to 109.6 kg in 1955, the yearly per capita supply of other staple food grains rose—barley from 12.5 kg to 20.8 kg, and wheat and its products from 9.6 kg to 27.9 kg—during the same period (*Economic Survey of Japan, 1955/56*, Annex, p.77).

[6] The fiscal year begins 1 April.

a substantial rise in the quantity imported, with a commensurate expansion in industrial production and exports.

One of the significant post-war changes in the geographical distribution of sources of raw material supply has been the decline in the importance of mainland China, which has recently accounted for only 1.7 to 3.2 per cent of the total value of Japanese imports, as against 10 per cent (consisting mostly of bulky commodities, such as iron ore, coking coal, salt, soyabeans and tung oil) in 1934–1936. Because of the suspension of trade with mainland China since the Korean conflict, Japan has shifted to other countries, especially the United States, for its supplies. In general, changes in the economic structure of Chinese People's Republic as a result of its programme for rapid industrialization suggested that the pre-war pattern of trade between Japan and mainland China was likely to undergo some changes.

INDUSTRIAL OUTPUT AND PRODUCTIVITY

Industrial production (manufacturing and mining), which was 8 per cent greater in 1955 than in 1954, increased at a faster rate during the first half of 1956—17 per cent over the first half of 1955—owing to a further rise in both foreign and domestic demand. Durable manufactures rose by 24 per cent, non-durables by 15 per cent. Among the durables, the most rapid gains were registered for machinery (particularly shipbuilding), metals and ceramics, while among the non-durables, chemicals and textiles topped the list. The rate of growth in mining production during the first half of 1956, as against the first half of 1955, was 9 per cent.

The general index of industrial production in the first half of 1956 was more than double the pre-war (1934–1936) level, with higher rates of increase for chemicals (3.6 times pre-war), machinery (3 times) and metals (2.5 times). Textile production, however, despite an 11 per cent rise during the first half of 1956, was still 7 per cent below pre-war levels. This change in the pattern of industrial production was accounted for largely by a change in the pattern of exports. Post-war exports of industrial products from Japan have been marked by a rapid decline from pre-war levels in textiles, particularly silk and cotton, and an equally rapid rise in metals, machinery and chemical products. Thus, while the ratio of exports to production fell from 76.8 to 30.3 per cent between 1934–1936 and 1955 for silk fabrics, from 75.7 to 37.7 per cent for cotton fabrics and from 70.3 to 44.3 per cent for rayon fabrics, it rose from practically nothing to steadily increasing percentages for metal, machinery and chemical products; for example, during the same period, the ratio rose to 9.7 per cent for ordinary steel, 36.5 per cent for cotton spindles, 48.9 per cent for cotton looms, 68.6 per cent for ships and boats, 19.4 per cent for ammonium sulphate and 58.3 per cent for staple fibre fabrics.[1]

Increased production and exports have been accompanied by an expansion in industrial capacity and sometimes by a reduction in the rate of operation. Thus the over-all index of industrial capacity for nine principal industries rose 18 per cent between the end of March 1955 and the end of March 1956, but the index of the rate of operation declined by 5 per cent. Similarly, while the industrial capacity index had reached 216 by March 1956, the index of the rate of operation rose more slowly, to 141 (March 1950=100). The situation varied, however, with the industry. For rubber, iron and steel, and non-ferrous metals, the index of the rate of operation rose more from 1950 to 1956 than the index of industrial capacity, while for other industries, including petroleum, textiles, machinery, paper and pulp, chemicals and ceramics, the reverse was true. In general, in cases where industrial capacity increased at a faster rate in 1956 than in 1955, the rate of operation went down, as in textiles, chemicals and petroleum; where it increased at a slower rate, the rate of operation went up, as in paper and pulp, and ceramics.

This failure of the rate of operation to keep pace with the expansion in industrial capacity may be explained by a number of factors, in particular, the existence of surplus industrial capacity as a result of investment in 1952 and 1953 for the rationalization of industries, for example, chemical fibres, oil refining and cement manufacture. On the other hand, there was a shortage of productive capacity for the manufacture of such basic materials as pig-iron, steel ingots, aluminium ingots, caustic soda, sulphuric acid, tar products; such shortages have become a problem since fiscal 1955.[2]

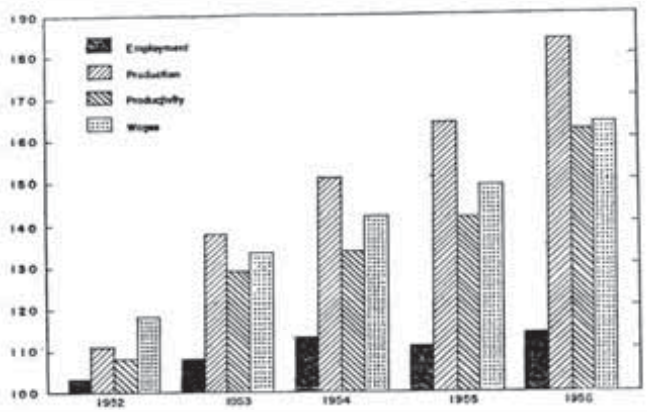
The post-war change in the industrial and trade pattern, from light industries, particularly textiles, to heavy industries, particularly chemicals, metals and machinery, as noted above, has raised the important question of industrial productivity as a factor affecting the competitive power of Japanese exports on the world market. An outstanding post-war development in Japan has been the disparate rate of rise in productivity and employment, particularly in manufacturing industries. During the period 1953 to the first half of 1956, the annual rate of increase in employment in manufacturing industries was only one-fifth of the annual rate of increase in production.

[1] Other items with a rising ratio of exports to production in post-war as compared with pre-war years included steam locomotives and sewing machines. On the other hand, because of a rise in real national income and living levels and the consequent demand for consumer durables, the ratio of exports to production fell between 1950 and 1955 for motorcars, cameras, watches and clocks.

[2] *Economic Survey of Japan, 1955/56*, chapter II, "Industrial Production and Enterprise".

The substantial increase in productivity in manufacturing (10.7 per cent per year) has been attributed to extensive investments for rationalization in the case of large establishments. Small and medium-sized establishments have also been operating under improved conditions, although to a lesser degree.[1]

Chart 15. Japan: Index Numbers of Employment, Production, Productivity and Wages in Manufacturing Industries



TRADE AND PAYMENTS

In 1955, while industrial production was 81 per cent above pre-war (1934–1936) levels, and real per capita income was more than 13 per cent higher, the quantum of exports and imports was lower—by 29 per cent and 10 per cent, respectively.[2] This was, however, considered the most favourable post-war year for Japan's foreign trade, since, according to the foreign exchange statistics, exports rose by 27 per cent while imports fell by 6 per cent, thus giving rise for the first time since the war to a trade surplus of $106 million.[3] Liberalization and normalization of Japan's trade were pushed forward substantially in response to this favourable situation. During the first half of 1956, export receipts rose 34 per cent above those of the first half of 1955, and import payments were 22 per cent higher, bringing the trade surplus to $77 million.[4]

Aside from merchandise trade, special procurements[5] constituted the most important item in Japan's balance of payments. This item has been declining since 1952, when it reached a peak of $788 million. In 1955, it still amounted to $505 million, thus helping to raise the payments surplus to $205 million, a post-war peak.[6] During the first six months of 1956, special procurements were actually 5 per cent higher than in the corresponding period of 1955. However, they were expected to disappear by fiscal year 1960, the final year of the Five-Year Plan.

With the post-war changes in the pattern of consumption and trade, the extent of Japan's dependence on foreign trade has tended to decline. The ratio of exports and imports to national income having fallen to 10.1 per cent and 13.2 per cent, respectively, in fiscal 1954 as against 20.4 per cent and 21.2 per cent in 1936, Japan has emphasized exports requiring local labour and other resources rather than imported raw materials (raw cotton, for example), and expansion of the domestic market for some of its staple industrial products (for example, textiles and consumer durables). Under a programme to rationalize enterprises, Japan has been attempting to raise its industrial productivity and consequently the competitive strength of its exports, with a view to overcoming its status as "a marginal exporter" in the world market—prospering in trade as world demand increases, but experiencing a decline in exports as world economic recessions begin.

POST-WAR RECOVERY OF TRADE

The geographical pattern of Japan's trade has undergone a radical change in the post-war period through the rapid decline of trade with China (mainland and Taiwan) and Korea, and the equally rapid rise of trade with other Asian countries, Africa and the Americas. In 1950, when Japan reopened its trade with mainland China, exports amounted to

1 According to studies of the Ministry of Labour of productivity in 1955 as compared with 1954 in nine large industries, productivity rose through a reduction in manpower per unit of production in most industries; the reduction in manpower was generally in the range of 5 to 15 per cent.

2 As a result of the slower recovery of exports than imports, in 1955 exports paid for only 81 per cent of imports according to customs clearance statistics, although according to the foreign exchange statistics exports exceeded imports by $106 million. Trade statistics in Japan, as in many other countries, are compiled according to either customs clearance or foreign exchange transactions, and discrepancies arise between the results obtained for import or export totals from these two different sources because of difference in valuation (customs figures give imports in c.i.f. and exports in f.o.b. terms whereas foreign exchange figures give both in f.o.b.), timing and coverage. In regard to timing a significant factor is the increase (or decrease) in deferred payments covering usance bills. Import usance credit for dollar accounts runs as long as three months for limited items, and for sterling accounts up to four months for urgent and essential commodities. Delays that ensue in settlements of accounts give rise to underestimation to that extent in foreign exchange statistics compiled by the Bank of Japan, as compared with customs clearance statistics. Goods imported on usance credit for the first eleven months of 1956 covered 37 per cent of total imports for the dollar account and 82 per cent for the sterling account.

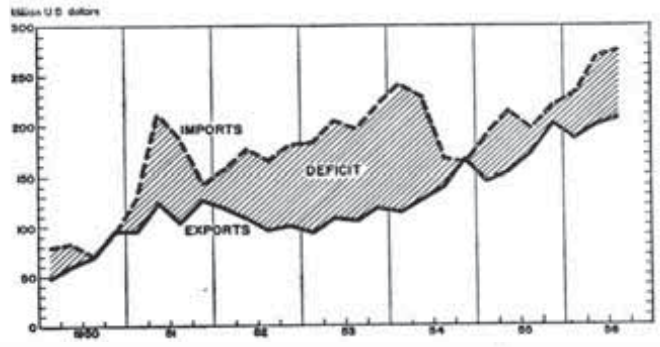
3 According to customs clearance statistics, in 1955 imports reached $2,471 million and exports $2,010 million, resulting in a trade deficit of $461 million—compared with $770 million in 1954.

4 During the first eleven months of 1956 export receipts for 25 per cent above those of the corresponding period of 1955 and import payments rose 34 per cent, resulting in a trade deficit of $42 million.

5 Special procurements, according to the International Monetary Fund, cover total foreign military expenditures (the United States United Kingdom and United Nations forces) in Japan.

6 International Monetary Fund, *International Financial Statistics*, January 1957, p.246.

Chart 16. Japan: Value of Imports and Exports
(Monthly averages)



$19.6 million and imports to $39.3 million. Since October 1951, trade with mainland China has been restricted by the ban on exports of strategic materials imposed by the Co-ordinating Committee on Export Control to Communist Areas (COCOM), of which Japan is a member. The non-strategic part of the trade has been conducted under the third unofficial agreement between mainland China and an association of Jauan's trade interests.[1] In the first ten months of 1956, exports to mainland China were equivalent to an annual rate of $54.2 million as against $28.5 million in the year 1955, while imports from mainland China, $82.5 million on an annual basis, were slightly higher than the $80.8 million of 1955. Exports of cement, chemical fertilizers and machinery showed a substantial increase, while textile exports (largely rayon yarn) declined. Imports of rice, soya beans, and coal rose considerably during the same period.

During the first ten months of 1956, Japan's exports to Taiwan rose to $64 million, 34 per cent higher than in the corresponding period a year before, while imports fell to $36.2 million, or 47 per cent. Major imports included sugar and rice; major exports, chemical fertilizers, iron and steel, machinery and cement.

The share of Korea in Japan's trade was substantial before the war, but since the war, and especially since the outbreak of the Korean conflict, Japan's trade with southern Korea has been much smaller, particularly so far as imports are concerned. Since April 1950, trade between the two countries has been conducted under a bilateral trade and payments agreement. This trade decreased substantially as a result of political difficulties in 1955, and was suspended in August 1955. The suspension was lifted in January 1956, and in the first ten months of 1956, both imports and exports, though substantially less than before the war, were higher than in the corresponding period of 1955.

[1] In July 1956, a private mission from Japan went to mainland China, and the third unofficial trade agreement was extended in mid-October to cover another year commencing 5 May 1956.

In contrast to China and Korea, other ECAFE countries have generally increased their share in Japan's trade since before the war. Arranged according to the magnitude of their trade (imports and exports) with Japan during the first ten months of 1956, these countries include Malaya and British Borneo; India; Indonesia; the Philippines; Hong Kong; Thailand; Burma, Cambodia, Laos and southern Viet-Nam as a group; Pakistan; Ceylon; Afghanistan and Nepal. During the first ten months of 1956 as compared with the corresponding period a year before, Japan's exports to ECAFE countries other than China and Korea increased by $89 million, or 20 per cent to $539 million and Japan's imports from these countries rose by $88 million, or 19 per cent to $541 million.

The rapid rise, as trading partners of Japan, in the relative importance of the United States and other countries in the Americas (particularly Canada, Mexico, Argentina and Brazil) and in Africa (particularly for imports from Egypt and the Union of South Africa, and exports to Nigeria, Gold Coast, Liberia and the Union of South Africa), has been another notable post-war development.

Japan's post-war imports from the United States have consisted mainly of foods (including wheat, rice, barley, corn) and industrial raw materials (including soya beans, raw cotton, iron and steel scrap, coal, crude petroleum and its products), a major part of which were obtainable in pre-war days from China, Korea and countries in south-eastern Asia. Exports to the United States have included mainly textiles and their products (particularly raw silk and fabrics, cotton fabrics, clothing), fish and fish preparations, lumber and its products (particularly plywood), toys and pottery. In post-war years, imports have exceeded exports, although the monthly trade deficit was reduced from $42 million in 1951 to $27 million in 1955. During the first ten months of 1956, Japan's monthly imports from the United States reached $84 million and monthly exports to the United States were $45 million, giving rise to a monthly trade deficit of $39 million—considerably higher than in the year before.

Changes in invisible items

Major invisible items other than special procurement, already mentioned, included travel, transportation, reparations, foreign investments and loans. Expenditure by foreign visitors was estimated to have risen spectacularly, from $1 million in 1947 to $45 million in 1955,[2] placing tourism as the seventh largest earner of foreign exchange for Japan, following exports of cotton textiles, iron and steel products, staple fibre textiles, aquatic products, vessels and

[2] Tourist Industry Bureau, Ministry of Transportation, *Annual Report on Tourism in Japan* (Tokyo, 1956), p.28.

rayon textiles. During the first nine months of 1956, receipts from foreign travel rose to $38 million, compared with $34 million in the corresponding period of 1955, and further gains were expected in the future.

Receipts from transportation in 1955 exceeded the previous (1952) peak, and during the first eleven months of 1956 they rose to $94 million as against $50 million in the corresponding period of 1955. This rapid expansion reflected the shipping boom arising from general economic prosperity.[1] However, payments for transportation also rose to $109 million during the first eleven months of 1956, as against $107 million in the corresponding period of 1955.

Japan concluded agreements with Burma and the Philippines to settle its reparations obligations to these countries, and others were expected to be concluded shortly with Indonesia and the Republic of Viet-Nam. The agreement with Burma provided for the payment in goods and services from Japan of $200 million over a period of ten years beginning in fiscal 1955; according to the reparations schedule for the fiscal year 1956/57 (extending to 31 March 1957) contracts were signed for a total sum of 19.1 billion yen, or about $50 million.[2] An economic co-operation agreement was also signed, whereby Japanese private capital was to enter into joint ventures with Burmese capital to the extent of $50 million, for the ten-year period.[3]

The reparations agreement with the Philippines, effective from 23 July 1956, called for a total payment in goods and services from Japan of $550 million over a period of twenty years—$25 million annually during the first ten years and $30 million annually thereafter. The reparations schedule for the first reparations year 1956/57 includes $6 million representing the cost of salvaging sunken ships, $4 million for the processing of materials[4] and payments for other services. Japan also agreed to extend loans of $250 million on a commercial basis from private Japanese firms to private Philippine firms.

Post-war foreign investment, chiefly in Japanese subsidiary enterprises abroad, has been limited in amount. The largest part of the $20.9 million outstanding at the end of September 1956 was in the United States, Canada and Latin America, the balance of $3.34 million being mostly in subsidiary enterprises in Asian countries and the Ryukyu Islands. On the other hand, the inflow of foreign capital, in the form of long-term loans exceeding one year, has been much greater. During fiscal 1955 and up to October 1956, loans from the International Bank for Reconstruction and Development had reached $13.4 million, to five firms in metal and heavy industries. Loans from foreign banks, particularly the Bank of America, were $20.8 million, mostly for the financing of petroleum refining companies (the Idemitsu Kosan Company received a loan of $10 million from that bank). Loans from private foreign enterprises reached $44.5 million, mostly from German, United States and Swiss firms to their affiliated branches in Japan, mainly in electrical, chemical and pharmaceutical industries. In addition, the Export-Import Bank of Washington extended a loan of $60 million to finance cotton importers through the Bank of Japan, and two other United States loans aggregating $108.9 million were obtained for the disposal of surplus United States agricultural commodities in Japan; proceeds in local currency derived from the sale of these commodities were to be used to build up a counterpart fund with which to finance various development projects. All these loans, amounting to about $248 million, have been granted, but only partly drawn upon.

FINANCE AND PRICES

Public finance

Great importance was attached to the fiscal year 1956 budget for the "general account,"[5] since it was the first budget to be considered after the merger of the Democrats and Liberals into a single Conservative party. On the expenditure side, there was a slight increase, of 3.4 per cent to ¥1,068 billion, over the total of ¥1,033 billion ($2,870 million) for the previous fiscal year. Items of expenditure that increased notably included defence, social services and grants to local finance. On the revenue side, some rise in tax revenue was anticipated on the basis of a normal rise in national income. The deficit of ¥20,000

[1] The tramp freight index as compiled by the British Chamber of Shipping for March 1956 registered a 90 per cent increase over August 1954, and continued to climb since then. (*Economic Survey of Japan, 1955/56*, p. 109). The Japanese shipbuilding industry received foreign orders for 2.2 million tons in 1955 and ranked second to the United Kingdom in the volume of contracts on hand (*ibid.*, p.116).

[2] Construction of the 84,000 kW Balu Chaung hydroelectric power plant has been undertaken with Japanese equipment and personnel. The distribution of tthe total sum of ¥19,108 million, by categories, was as follows (in millions of yen): Category A (projects or plants) 8.961, including Balu Chaung hydroelectric project 7,004, others 1,957; Category B (heavy machinery and equipment) 7,004, including railways 3,167, State Agricultural and Marketing Board 803, Industrial Loan Board 826, Others 2,208; Category C (other materials and products) 2,996; Category D (services) 147.

[3] Consideration has been given to the erection of a joint cotton spinning plant, although the Burmese Government's socialization policy appeared to have been a deterrent to Japanese business men.

[4] Part of a total of $20 million over five year.

[5] In Japan the budget account of the national government is known as the "general account", in addition to which there are special accounts and accounts of government agencies. In the text, the "general account" is taken as including five special accounts of an administrative nature. There is, besides, the local government account, which in recent years has been of about the same order or magnitude as the general account of the central government, though in the local government account a sizable portion of revenue is derived from the general account under "distribution of allocation tax", that is, sharing of certain taxes by both national and local governments, e.g. liquor, income and corporation taxes.

million ($55 million) was to be covered by government cash assets.[1]

As compared with the pre-war budget (for fiscal 1934),[2] there have been significant post-war changes in the structure of central government revenues and expenditures. Grants to local finance have risen from 4.1 per cent to 24.6 per cent of total expenditure, principally owing to post-war changes in the tax allocation system between central and local governments; expenditures for social services, from 16.8 to 27.4 per cent, owing to the rise in social security, pensions, education and public health outlays; and for public works, from 9.1 to 16.1 per cent. On the other hand, the share of defence outlays fell radically, from 43.7 per cent in fiscal 1934 to 15.7 per cent in fiscal 1956; interest on public debt accounted for only 4.7 per cent of total expenditure, compared with 16.7 per cent in fiscal 1934,[3] as a result of the wiping out of a large portion of this debt in the course of early post-war inflation. Of the total revenue of ¥1,048 billion or $2,911 million for fiscal 1956, tax revenue accounted for ¥849 billion, or 81.6 per cent, against 64.5 per cent in fiscal 1934, when public borrowing was much larger.

The ratio of national and local taxes[4] to national income in Japan rose from the pre-war (1934–1936) average of 12.9 per cent to a peak of 28.5 per cent in fiscal 1949, but thereafter the tax burden was reduced—to 19.1 per cent in fiscal 1955 and 19.4 per cent in fiscal 1956.

In post-war years, government loans and other fianncial investment[5] have occupied an important position in Japan's rehabilitation and development, supplementing private capital, which was found to be insufficient.[6] In the fiscal 1956 budget, this item is estimated at ¥259 billion, with 64.5 per cent for the private enterprise sector,[7] 3.1 per cent for public enterprises and 32.4 per cent for local government.

1 The term is used to refer to the surplus carried over from the previous fiscal year.

2 The percentages for fiscal 1934 relate to the general account only.

3 For fiscal 1934, both debt redemption and interest payments are included, but for fiscal 1956, only interest payments.

4 National taxes include government monopoly profits.

5 "Government loans and other financial investment" exclude real investment as well as loans to non-profit-making private organizations, but include loans to local governments.

6 Among the financial institutions that played leading roles in this respect are the Reconversion Finance Corporation, particularly from 1946 to 1947, the US Aid Counterpart Fund from 1949 to 1952, and the Development Bank after 1952. The loans made by the Development Bank financed investments by private enterprises for the rationalization of industry on a large scale; in the subsequent period of "tight money policy" from 1954 onward came a trend toward normalization in finance as in other fields.

7 The private enterprise sector includes government financial institutions supplying funds to private enterprises, among the most important of which are the Development Bank and the Export-Import Bank, in addition to the Electric Power Development Corporation, Smaller Enterprise Loan Corporation, Agriculture, Forestry and Fishery Finance Corporation, Housing Loan Corporation, and Housing Corporation.

The higher level of economic activity in 1955/56 affected the Government's cash transactions with the private sector. As a result of increases in business profits, personal income and consumption, there were substantial additions to tax revenues in such forms as corporate and personal income taxes, liquor taxes and commodity taxes, as well as in the income of public corporations. In the second quarter of 1956, net receipts of the Treasury reached ¥18.8 billion as against its net payments of ¥16.6 billion in the corresponding quarter a year earlier. In the third quarter of 1956 there was a notable increase in net receipts of the Treasury to ¥36.4 billion as against net payments of ¥12.4 billion in the corresponding quarter of 1955; in the fourth quarter when the Treasury has usually a large amount of net payments, net payments are expected to be far less than the ¥229.9 billion of the corresponding quarter a year earlier.

In the foreign sector also, the cash transaction figures of the Foreign Exchange Fund, which has shown continued net payments by the Treasury from July 1954 to April 1956, registered net receipts from May to August and in November 1956, although, on the whole, the general tendency towards net payments has not been reversed.

Money and prices

The year 1955 marked a turning point in the post-war period; the money market eased considerably from the tight situation that prevailed after the adoption of a "tight money" policy in late 1953, and interest rates for the first time showed a decline. This easy money situation continued generally through the first half of 1956, but showed slight changes recently. In the first half of 1956, loans from financial institutions expanded much more rapidly than deposits, reflecting the increase in business activity following the 1955 export boom, and the need of industry and trade to finance the purchase of equipment and replenishment of declining stock-piles. In the government sector, on the other hand, with increased taxes and other revenues arising from expansion in the country's business activity, net receipts of the Treasury during the first half of 1956 rose 50 per cent over the corresponding period a year before, while its net payments from July to November 1956 was only 30 per cent of the corresponding period a year before.

Prices remained more or less stable during 1955 but went up gradually during the first half of 1956, owing to higher investment demand and the continued high level of exports. In October 1956, the wholesale price index was 104.5 (1952=100) or 7 per cent higher than a year before. The trends of component commodities and commodity groups were quite divergent. In general, indexes for capital goods rose sharply while those for consumer goods remained

stable or even declined. Owing to 1955 bumper rice and wheat crops, prices of foods continued to decline; the rate was 2 per cent in the year ending October 1956. Among capital goods, the rise in prices of metals and machinery was sharp. The group index for iron and steel, at 130.5 in October 1956, was nearly 47 per cent higher than a year before.

During the first ten months of 1956, export prices rose rapidly, while import prices rose only slightly, thus improving the terms of trade for Japan.

ECONOMIC SELF-SUPPORT FIVE-YEAR PLAN

During the first ten months of 1056, export prices 1956–1960, adopted by the Cabinet in December 1955, had two major objectives: attainment of economic self-support without foreign aid, and provision of sufficient employment for the increasing labour force. In fiscal 1960, as compared with fiscal 1954,[1] the Plan provided for a 33.6 per cent rise in gross national product, or an estimated 18.6 per cent increase in the per capita annual production of the gainfully employed. Industrial production was to rise by 53.7 per cent; agricultural production (including forestry and fisheries) at the much slower rate of 20.5 per cent.

To balance international receipts and payments by the final year of the programme, fiscal 1960, exports were to rise 66 per cent, to $2,660 million, and imports by 53 per cent, to $2,590 million.[2] Current oversea surplus, on the other hand, was to fall by 83.2 per cent, owing mainly to the disappearance of receipts from special procurements by the terminal year. In order to provide sufficient employment, it was proposed to increase the number of gainfully employed by 12.7 per cent, so as to match a 12 per cent rise in the labour force (as contrasted with a 5.5 per cent rise in the population as a whole). The labour force participation rate (that is, the proportion of the labour force to the working age population) was assumed to remain constant at 67.8 per cent. It was estimated that the number of totally unemployed would fall by about 30 per cent, so that the proportion of totally unemployed in the labour force would be reduced from 1.58 per cent to 0.99 per cent.

In a free enterprise economy like that of Japan, such a Five-Year Plan may perhaps be regarded primarily as an effort to set goals which may be used as a guide in the formulation of private and public policies. It appeared, for example, that some of the specific targets were expected to be revised in the second year of the Plan, in the light of experience gained from the first fiscal year 1956. The Five-Year Plan has raised a number of problems concerning both the rate of growth, particularly in respect of employment and productivity, and also the changes contemplated in the pattern of production, trade and consumption.

The proposed rise in gross national product of 33.6 per cent by the fiscal year 1960, compared with fiscal 1954, was to consist of increases of 56.8 per cent in private capital formation, 36.9 per cent in government purchase of goods and services and 30.3 per cent in personal consumption expenditure; virtual elimination of the current oversea surplus was contemplated (Table 22).

Table 22. Japan: Changes in the Composition of Gross National Product under the Five-Year Plan

(*Amount in billions of Yen*)

Item	*Fiscal 1954*		*Fiscal 1960*		*Percentage of increases, fiscal 1960 compared with fiscal 1954*
	Amount	*Percentage of total*	*Amount*	*Percentage of total*	
Private capital formation	1,110	15.3	1,741	18.0	56.8
Investment in equipment	758	10.5	1,238	12.8	63.3
Inventory changes	254	3.5	329	3.4	29.5
Residential housing	98	1.3	174	1.8	77.6
Government purchase of goods and services	1,385	19.1	1,896	19.6	36.9
Current oversea surplus	131	1.8	22	0.2	–83.2
Personal consumption expenditure	4,615	63.8	6,014	62.2	30.3
Total gross national expenditure	7,241	100.0	9,673	100.0	33.6

[1] The Plan was originally compiled for a six-year period, but was changed to cover only five years, to fiscal 1960, since it was approved by the Cabinet only towards the end of fiscal 1955. The various rates of increase were, however, not recomputed as they appeared in the Plan; they covered six instead of five years.

[2] In terms of foreign exchange statistics.

The projected over-all rate of growth in real national income, at about 5 per cent per annum during the Plan period, was considerably below the exceptional rates of the post-war recovery years (generally about 10 per cent) but appeared to be in accord with pre-war experience. Although it was to be achieved on the premise of a lower rate of increase in consumption than in capital formation (both private and public), the projection may be regarded as conservative. It may be noted that public investment, which has played a more important part than before the war, was expected to show a relative decline, serving largely to supplement private investment (financed by increased voluntary savings of the people), where necessary, according to established priorities.

Some uncertainty may attach to the achievement of the proposed rates of increase in productivity, especially in view of the need to absorb surplus labour. For that purpose it may be essential to resort to labour-intensive rather than capital-intensive projects, at the probable expense of gains in labour productivity. Employment itself, however, in view of the posited increase in labour force participation and the presence of a considerable amount of underemployment, appeared to pose one of the most serious problems for solution during the period of the Plan. It is significant to note from the Plan that "the expansion of the economy as programmed in the Plan will not be enough to cope with the employment problem, and it is therefore necessary to expand public works, unemployment relief and the social security system at the same time. While the aim of creating more employment will be partly accomplished as a result of the increase in production in export and other key industries, no great increase in employment proportionate to the expansion in production can be expected in these fields because of the assumed rise in their productivity. Other industries—and especially small enterprises—are expected to make a greater contribution to the absorption of labour. It is therefore necessary to strengthen and foster small enterprises."[1]

Economic self-support is to be achieved under the Plan through a change in the pattern of production and trade, with emphasis on the production and export of heavy industrial products in relation to textiles and processed food, and the substitution of domestic for imported raw materials. Such a change was deemed essential, in view of the suspension of special procurement, in order to bridge the previous gap in payments, particularly dollars. To shift from light industries to heavy ones, it was considered "necessary to take measures for developing new techniques and fostering new industries, reducing costs by rationalization and improved productivity, strengthening enterprises and normalizing their capital structure, improving basic facilities in industrial centres and the like." For the shift in the pattern of trade, the Plan proposed to strengthen the competitive position of export products by means of industrial rationalization and greater productivity. It is also proposed to develop new oversea markets, especially in south-eastern Asia. Moreover, "foreign payments should be used as economically as possible by handling foreign exchange reserves efficiently, and the domestic industries which are conducive to the economical use of imports should be developed in the light of economic efficiency. In view of the possible dollar gap in Japan's balance of payments in the future, it is necessary, for instance, to increase its exports to the dollar area and to shift its import sources from dollar areas to non-dollar areas."[2]

While the extent to which Japan may succeed in changing its pattern of production, trade and payments remained to be seen, a successful beginning was made in 1955 and 1956. Japan, as noted earlier, has witnessed a process of normalization in its production, trade and finance since 1955, the most favourable post-war year, and it was mainly on basis of this process that the current Five-Year Plan was drawn up and approved by the Government. However, for a "marginal exporter" to expand its exports by 66 per cent by fiscal year 1960 over fiscal 1954,[3] it would have to count upon a favourable world economic situation, accessibility to export market which still have to be developed (as in south-eastern Asia) or restored (as in mainland China and Korea), and the availability of equipment and raw materials which must be partly imported from abroad. One item, the supply of energy, was reported to be short of requirements; if Japan is forced to develop internal energy resources more intensively because of foreign exchange limitations, a further rise in energy costs would seem inevitable. Moreover, while the long-run downward trend in Japan's terms of trade has been definitely reversed since the war, it may be difficult to bring about the proposed expansion of Japan's exports at a rate of about 8.8 per cent per annum without any decline in the terms of trade. With respect to imports, a major problem was defined by the proposed 11 per cent ratio of imports to the gross national product; somewhat lower than the 12 to 13 per cent ratio for 1952–1954, this ratio was much lower than the pre-war (1934–1936) ratio of 20 to 21 per cent, and evidently called for a substantial amount of substitution in imports needed for Japan's domestic production of staple foods and essential raw materials.

[1] Economic Planning Board, *Economic Self-Support Five-Year Plan* (Tokyo, 1956; in Japanese).

[2] *Ibid.*

[3] The rate of increase is considered too low by the government, and is being revised upward.

Chapter 12

KOREA[1]

During 1956 the major economic difficulties of southern Korea, confronted with the two severe tasks of defence and reconstruction, were slightly alleviated. A larger inflow of foreign aid helped to increase production and meet essential consumption needs, thus narrowing the gap between production and demand in certain sectors and slowing down the rate of rise in prices. Despite certain improvements, government revenues for the fiscal year 1955/56[2] did not meet government expenditures. Defence and reconstruction requirements were met largely by external aid and partly by deficit financing. Exports, which rose, paid for 7 per cent of imports (including aid imports) in the first six months of 1956. It appeared that substantial external aid would continue to be needed for some time, until the country's economy could achieve both internal and external equilibrium.

DEVELOPMENT AND PRODUCTION

Development

The new Five-Year Plan for achieving viability for the country's economy, though already partly implemented, continued to be regarded as tentative. Total expenditures under this Plan during the five-year period (1956–1960) were estimated at $1.7 billion. Of this total, a sum of $680 million, or 40 per cent, was programmed for capital investment projects; the remainder for consumer goods and raw materials. Of the total for capital investment projects, more than a half was allocated to the rehabilitation of economic and social facilities, such as power, transport and communications, education and health; about one-third to industry and mining; and the remainder to agriculture, forestry and fisheries. Among industrial projects, emphasis appeared to be laid on the development of those which could contribute to reducing import requirements—notably fertilizers, cement and oil refining.

Production

The gross national product at constant prices (1952/53=100) was estimated to have increased by nearly 5 per cent in the year ending June 1956.[3] Owing to progress in implementing rehabilitation projects, there was a general increase in production, particularly of coal, power, textiles and other consumer goods. Gross domestic investment, in both the private and the public sectors, showed a moderate increase, and was estimated at about 10.5 per cent of the gross national expenditure in 1955/56.[4]

Agricultural output

Agricultural production, which has constituted about 40 per cent of the gross national product in recent years, has continued to increase moderately since the end of the Korean conflict. However, in 1956 compared to 1955, production of paddy[5] is estimated to have fallen by 14 per cent to 2,615,630 tons because of damage to crops by typhoons in the plains areas and low temperature near the harvest season in the mountainous districts. In 1956 production of summer grains (barley, naked barley, wheat and rye) was higher by 6.4 per cent than in 1955, though 11.4 per cent lower than the record 1954 crop. Over-all production of food crops showed a moderate increase over the level prevailing before the Korean hostilities; on a per capita basis, however, it was lower than in 1949 on account of the inflow of refugees and the high rate of natural increase in population. In order to help meet growing domestic requirements, a large volume of food grain was imported under various aid programmes. The transformation of southern Korea from a food surplus area before the Second World War to a food deficit area in the period after the Korean conflict was of special significance to an economy whose agriculture provided the means of livelihod for over 70 per cent of the population.[6]

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[1] The present chapter covers recent economic developments in southern Korea, or the area under the jurisdiction of the Government of the Repulic of Korea.

[2] The twelve-month period ending 30 June 1956; as noted below, this fiscal year was later extended to cover a period of eighteen months, to the end of 1956.

[3] United Nations Commission for the Unification and Rehabilitation of Korea, *Report to the Eleventh Regular Session of the General Assembly* (A/3172), paragraph 47. Other figures, prepared jointly by the Ministry of Reconstruction, the Ministry of Finance and the Bank of Korea, indicate a tentatively estimated increase of 6.4 per cent during 1955/56 (at 1954/55 prices).

[4] Estimated by the Ministry of Reconstruction, the Ministry of Finance and the Bank of Korea. Gross national expenditure excludes direct military aid, but includes foreign economic aid.

[5] The conversion ratio from paddy to brown rice is 0.74.

[6] Robert R. Nathan Associates, *An Economic Programme for Korea Reconstruction*, a report prepared for the United Nations Korean Reconstruction Agency (Washington D.C., March 1954), p.261.

The Agricultural Bank, whose primary purpose is to encourage farm production, land reclamation and irrigation, was established in May 1956,[1] taking over the business of the former Federation of Financial Associations and local financial associations. In addition to its authorized capital of 3 billion hwan (of which 750 million is paid up), it is authorized to borrow from the Government and the Bank of Korea and to issue debentures. Its head office is in Seoul and it has 162 branches and 388 sub-branches in different provinces.

There was some improvement during the year in forestry, livestock and fishery production. Fishery output, though contributing only about one per cent to the gross national product in recent years, has been important as a source of export earnings. Its recovery in the period immediately following the Korean conflict was rather slow, owing largely to the shortage of fishing vessels. However, upon the completion of the joint programme with the United Nations Korean Reconstruction Agency (UNKRA) for fishing boat construction and repair, total output of marine products in 1956 (about 287,000 tons, assuming continuation of the rate established in the first five months) was expected to show a considerable increase over the 257,300 tons of 1955 and nearly to reach the 1949 level of 300,000 tons.

Mining, industry and transport

Mining, though accounting for only about 1.4 per cent of the gross national product in recent years, constituted the most important source of export earnings. As a result of rapid rehabilitation, production of minerals in 1956 rose far above the 1949 level and showed increases over 1955 in many cases.[2]

Coal production has risen steadily since the end of the Korean conflict, reaching an annual rate of 1,768,000 tons in the first ten months of 1956. In order to meet growing requirements, the Ministry of Commerce and Industry has drafted a Five-Year Plan to raise coal output, mostly anthracite, to 4,333,000 tons by 1960, with a view to replacing imports of bituminous coal and other fuels used for railways, power plants and factories, and thereby economizing exchange outlays.

The output of tungsten, which had fallen sharply in 1954 as a result of the expiration in March of the agreement with the United States, recovered to some extent in 1956.[3] Tungsten has been sold in the world market since January 1955 under a system of international auctions.[4]

Production of gold, silver and copper showed large gains in 1956, owing partly to the fact that a new 100-ton smelter at Chang Hang began operating in June 1955. Since October 1954, the Bank of Korea has been purchasing gold at the price of 854 hwan per gramme, which is considerably lower than the market price; as a result most of the gold output has gone into the market instead of the Bank of Korea. Production of amorphous graphite, exported mostly to Japan, declined in 1956.

Total power generated in the first ten months was at an annual rate of more than a billion kWh, as against 880 million kWh in 1955, chiefly because of a rise in thermal power. Of the two United Nations power barges which had supplied over one-fourth of the total power in 1953–1955, one left the country and the other was under repair in 1956. The consequent loss in generating capacity was more than offset by the expansion in thermal power generation, mainly through completion (with ICA aid) of three thermal power plants with a total capacity of 100,000 kW. It was estimated that total dependable generating capacity would reach 200,000 kW in the first quarter of 1957, when three 25,000 kW thermal units were scheduled to begin operations.[5]

Manufacturing has contributed about 11 to 13 per cent of the gross national product in recent years; it is concentrated in textiles, food and beverages, whose combined output in the year ending October 1955 accounted for about 56 per cent of the total value of manufacturing output. In 1956, production in many lines was substantially above the level prevailing before the Korean conflict.[6] As compared with 1955, gains were reported in 1956 in the production of cotton textiles, sugar, soap, tobacco products, and copper wire, with however declines in several others. The expansion in manufacturing output has resulted largely from increased imports of

1 The Bank was provisionally set up as a commercial bank under the General Banking Act and envisages early reorganization into a specialized bank under a Special Banking Act.

2 In the year ending October 1955, mineral production was valued at 11,343 million hwan, of which coal constituted 48.1 per cent, metallic minerals 36.7 per cent, and stone, clay and other non-metallic minerals 15.2 per cent (Bank of Korea, *Monthly Research Bulletin*, July 1956 (Seoul; in Korean), p.27).

3 Tungsten (concentrates 64-80 percent) output in recent years was as follows (in tons): 7,441 in 1953, 3,831 in 1954, 3146 in 1955 and 3,989 (annual rate based on returns for first seven months) in 1956.

4 By May 1956, twenty-one international auctions had been held. Prices ranged from $18 to $35 per ton for each percentage point of tungsten content in the concentrates, compared with $65 under the agreement with the United States.

5 United Nations Korean Reconstruction Agency, *Report of the Agent General for the period 1 July 1955 to 30 June 1956* (A/3195), paragraph 159.

6 A recent government study of industrial facilities reveals that, as a result of reconstruction and new construction, investment in manufacturing facilities (dollar investment, plus hwan investment converted into dollars) on June 1956 reached $301 million, or 9 per cent above the June 1950 figure (Ministry of Commerce and Industry, "Status Tables of Industrial Facilities, in Chronological Order, as of August 1956", mimeographed; August 1956.)

raw materials and machinery and from more power, though the irregular supply of raw materials and high interest rates have continued to hamper many lines of production.

Progress in the rehabilitation and construction of large-scale factories, with financial aid from UNKRA and the United States, has been slow because of administrative and ohter difficulties. These factories included the Chungju urea fertilizer plant, to be completed in March 1958; the Mungyung cement plant, with a planned annual capacity of 200,000 tons, to be completed in July 1957; the Inchon glass plant, with annual output of 120,000 cases on completion in December 1956; the restoration of the Inchon explosives plant, to be completed by the end of 1956; the restoration of the Ulsan oil refinery; the rehabiiltation of the Dai Han heavy industry installation, for the production of 36,000 tons of steel; and a second fertilizer plant.

In transport, construction work on five new industrial lines of the National Railway was completed between September 1955 and May 1956. These included the Munkyong line, to aid in developing the Unsong coal mine (completed in September 1955); the Yongam line (December 1955); the Yongwol-Chodong line; the Chungpuk-Mokhyang line (April 1956) to connect the central line with the western industrial area where the Chungju fertilizer plant has been under construction; and a short extension of the Samchok-Hujin line (May 1956).

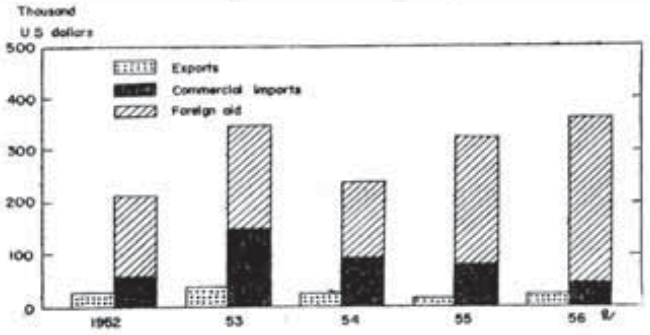
Railway freight and passenger traffic carried by the National Railway in the first six months of 1956 rose 20 and 15 per cent, respectively, over the corresponding period of 1955. A large part—30 per cent or more—of both freight and passenger traffic was for military requirements.

TRADE AND PAYMENTS

Trade

Compared with 1955, when a substantial drop in visible exports occurred, the value of exports in the first six months of 1956 showed a substantial increase though still much lower than in the corresponding period of 1955. Commercial imports in the first half of 1956 were lower than in the corresponding period of 1955, but aid imports increased appreciably. Thus, there was a 5 per cent rise in the over-all trade deficit, but a 65 per cent fall in the commercial deficit, in the first half of 1956, compared with the corresponding period of 1955. In the first six months of 1956, the value of exports was only 7 per cent of the import value, and the value of aid imports constituted 87 per cent of the total value of imports.

Chart 17. Southern Korea: Value of Imports and Exports



Among commercial imports in the first six months of 1956, manufactured goods, consisting of materials (37.6 per cent of total imports), chemicals (16.0 per cent), food (14.2 per cent) and machinery and transport equipment (10.3 per cent) constituted 78 per cent of commercial imports, compared with 80 per cent in 1955. The share of Japan in total imports fell from 43.1 per cent in 1954 to 16.1 per cent in 1955 and 13.6 per cent in the first half of 1956. Imports from the United States and Hong Kong in the first half of 1956 (31.8 per cent and 8.5 per cent of the total, respectively) were also lower than in 1955 (36.6 per cent and 13.2 per cent), while imports from other countries rose from 34 per cent to 46.1 per cent of the total.

Table 23. Southern Korea: Exports, Imports and Trade Balance

(*millions of dollars*)

Period	*Exports*	*Imports*			*Balance*	
		Commercial	*Foreign aid*[a]	*Total*	*Commercial*	*Total*
1953	39.6	153.6	193.5	347.1	–114.0	–307.5
1954	24.2	93.9	147.3	241.2	– 69.6	–216.9
1955	17.6	82.5	245.3	327.8	– 64.9	–310.2
1955, First half	7.7	38.5	129.1	167.6	– 30.8	–159.9
1956, First half	12.6	23.3	156.8	180.1	– 10.7	–167.5

Source: Bank of Korea.

[a] Including relief imports.

Exports from southern Korea were chiefly crude minerals (mainly tungsten) whose share in total exports rose from 75 per cent in 1955 to 81 per cent in the first half of 1956. Exports of tungsten have risen to some extent since the opening of international tenders in early 1955. Exports of rice, the largest source of foreign exchange receipts before the Second World War, have continued to decline in post-war years. The fall in exports to Japan, from $4.5 million in the first half of 1955 to $3.2 million in the first half of 1956, was more than offset by a rise in exports to the United States, Hong Kong and the rest of the world, from $4.5 million to $10 million during the same period. A treaty of friendship, commerce and navigation was signed with the United States in November 1956.

External aid

The volume of external economic aid has been a major factor in the economic situation. Exclusive of direct military aid, external assistance to the Government totalled slightly over $1.5 billion between June 1950 and June 1956. By the end of June 1956, the amount available from the United Nations Korean Reconstruction Agency reached $139 million. United States aid for the support and rehabilitation of the economy amounted to $806 million through the International Cooperation Administration (ICA) and its predecessors, and $58.8 million in the form of surplus agricultural commodities. Under the programme for Civilian Relief in Korea, handled by the Korean Civil Assistance Command,[1] economic aid amounting to $427 million was received by June 1956. Another sum of $39 million came under the programme of the Armed Forces Assistance to Korea. International voluntary agencies supplied about $39 million in direct relief.

There appeared to be need for closer co-ordination of programmes and their implementation; and there has been considerable delay in the actual arrival of goods from the United Nations and the United States. However, the volume of aid arrivals has increased considerably, from $147 million in 1954 to $244 million in 1955, and at an annual rate of $287 million in the first six months of 1956.

Balance of payments

Aside from the foreign economic aid mentioned above, receipts from United Nations and United States forces in southern Korea, mainly through sale of local hwan currency for dollar exchange, were of major importance in the country's balance of payments. From 1953 to mid-1956, such receipts totalled $122 million, compared with export earnings of $94 million. However, there has been a sharp decline in such receipts since August 1955, owing largely to devaluation in the official exchange rate of hwan currency, from 180 to 500 to the dollar. Receipts from United Nations and United States forces declined from $34.0 million in the first half of 1955 to $9.2 million in the second half, and remained at the latter level in the first half of 1956.

The net deficit on current transactions in goods and services, caused primarily by the trade deficit, continued to increase in 1956. In the first six months of the year, it amounted to $160 million, compared with $135 million in the first half of 1955. Increasing arrivals of aid goods, however, served to offset the increase in the net current deficit, and at the end of September 1956, gold and foreign exchange holdings of the Bank of Korea, at $98.5 million, were virtually unchanged from their level at the end of 1955.

FINANCE AND PRICES

Public finance

The 1954/55 budget covered the fifteen-month period, from April 1954 to June 1955, on account of a change in the fiscal year. In June 1956, the fiscal year was again changed, to conform with the calender year.[2] As a result, the 1955/56 budget ultimately covered an eighteen-month period, from July 1955 to December 1956.

The budget consists of a general account and special accounts. The general account records tax and other revenues, and expenditures for the ordinary functions of government; while the special accounts cover reconstruction, defence, and the operations of revenue-producing government enterprises, such as the railway, communications, the tobacco and salt monopolies, and similar items.

The basic features of public finance in the period since Korean hostilities have been the predominance of the defence outlay and the increasing outgo for economic reconstruction, on the expenditure side; the high degree of dependence on counterpart funds from foreign aid to finance defence and reconstruction, on the revenue side; and continued budget deficits.

With the devaluation in the exchange rate of hwan currency in August 1955 and its effects on the valuation of aid goods, the budget for the fiscal year 1955/56, which had originally been submitted to the National Assembly in June 1955, was revised in mid-December, calling for cancellation of scheduled increases in fees and prices charged by government

[1] In November 1955, this agency was terminated and the Office of the Economic Coordinator took over its duties.

[2] The change was approved by the National Assembly on 27 June 1956. The Government hoped that by this change the necessity for supplementary budgets, which have been frequent in recent years, could be reduced, since aid expected in any year could be more accurately estimated at the end of a calendar year than in mid-year.

enterprises and in salaries of government employees. Further changes of a minor character were made in the first supplementary budget, approved on 18 February 1956 by the National Assembly. When, in the process of aligning the fiscal year with the calendar year, fiscal 1955/56 was extended through December 1956, a second supplementary budget was approved by the National Assembly in August 1956. Owing to changes in accounting methods, the figures for expenditures and receipts for 1955/56 are not comparable with those of earlier years. Furthermore, the second supplementary budget, covering the half-year period from July to December 1956, was probably tentative, because the magnitude of United States aid for the United States fiscal year beginning 1 July 1956 was not known when the estimate was made.

I nthe fiscal year ending 30 June 1956, government expenditure rose by 1.1 times to 260.5 billion hwan, but government revenue increased by only 31 per cent to 90.7 billion hwan, thus giving rise to a deficit of 169.8 billion hwan financed largely by counterpart fund receipts.[1] Expenditures on defence account continued to be the most significant item on the expenditure side, although their expansion was checked, largely by the cancellation of salary increases, mentioned above. In 1955/56 (to June 1956), defence outlays amounting to 69.9 billion hwan constituted 26.8 per cent of total government expenditure.[2] Increased counterpart fund receipts enabled the Government to allocate a substantially higher amount for economic reconstruction (27 per cent of total expenditure) and for loans to industry and agriculture (20 per cent). The supplementary budget to cover the period June to December 1956, adopted in August, showed a higher proportion going to defence and lower proportions to reconstruction and loans to industry and agriculture, owing to the fact that much smaller receipts were expected to be derived from the counterpart fund. Thus, the over-all budget for the eighteen-month period July 1955 to December 1956 showed a higher percentage of budget deficit in total government expenditure than that for the preceding fiscal year, though with greatly increased allocations for economic reconstruction. Indeed, "normal revenues are clearly inadequate to meet the costs of either maintaining the present defence forces, or of financing the local costs of the economic rehabilitation programme."[3]

Table 24. Republic of Korea: Consolidated Budget of the Central Government

(Billions of hwan)

Item	*July 1955-June 1956*	*July-December 1956*	*Total*
Expenditures:			
Administration[a]	61.6	33.4	95.0
Defence[b]	69.9	39.5	109.4
Net deficit in special accounts[c]			
Grain control	6.4	14.4	20.8
Transport service	—	2.2	2.2
Communication services	0.9	1.2	2.1
Office of supply	0.8	3.5	4.3
Economic rehabilitation[d]	70.5	14.8	85.3
Loans to industry and agriculture[e]	50.4	14.4	64.8
TOTAL, expenditures	260.5	123.4	383.9
Revenue:			
Taxes[f]			
Internal taxes	48.9	25.1	74.0
Land tax	7.9	3.9	11.8
Customs	15.0	8.6	23.6
Monopoly profits	7.7	2.3	10.0
Lotteries	1.4	—	1.4
Other revenue[g]	9.8	13.3	23.1
TOTAL, revenue	90.7	53.2	143.9
Deficits financed by			
Vested property[g]	10.6	1.9	12.5
Counterpart fund	148.5	34.2	182.7
National bonds	9.0	4.5	13.5
Industrial Recovery Bonds	7.9	10.9	18.6
Borrowing from Bank of Korea	−6.2	18.9	12.7
TOTAL	260.5	123.4	383.9

Source: Information supplied by the Government.

[a] From the general account, covering economic services, social services, other current expenditures, subsidies and contributions to provincial and local governments.

[b] Financed from the general account surplus and counterpart fund.

[c] A part of the deficit in Communication Services and Grain Control are met by transfer from General Account, while the rest of the deficit in Grain Control and all the deficits in Transport Service and Office of Supply are met by borrowing from the Bank of Korea.

[d] Financed by proceeds from the counterpart fund.

[e] Financed by proceeds from the counterpart fund and Industrial Recovery Bond.

[f] From the general account.

[g] 9.8 billion hwan for July 1955-June 1956 and 1.9 billion hwan for July-December 1956 were frozon for release in the following fiscal year.

[1] These represent the local currency value of total foreign aid arrivals, including receipts from the disposal of United States surplus agricultural products.

[2] United States military aid, which has been substantial, must be added to this amount in gauging the magnitude of defence outlay.

[3] United Nations Korean Reconstruction Agency, *op.cit.* It was reported that substantial expansion was envisaged in both revenues and expenditures in the budget for the fiscal year 1957 (January to December). Tentative estimates were reported as follows (in billions of hwan): total expenditure (exclusive of economic rehabilitation) 220; defence expenditure 20; total receipts 200: taxes 100; monopoly profits 15; United States farm surplus 52.5; national bonds 15; miscellaneous 17.5. Increases in rates of public utility services and prices of government monopoly products were also under consideration (*The Korean Republic* (Seoul; daily), 11 October 1956).

Money and prices

During the first half of 1956, the money supply rose by 5.5 billion hwan,[1] or 6 per cent, compared with an increase of 7 billion hwan, or 12 per cent, during the corresponding period of 1955. Because of the increased arrival of aid goods and the consequent increased availability of counterpart fund recepits, the Government considerably reduced its net overdraft (overdrafts minus deposits) at the Bank of Korea, while government securities held by the Bank of Korea and other banks showed a slight increase during the first half of 1956. Increases in savings and time deposits also served to slow down the expansion in money supply. During 1955 and the first half of 1956, the most significant factor contributing to the expansion of money supply was the increase in loans by banking institutions to the private sector. Despite various counter-inflationary measures, such as direct credit control under a "loan ceiling" system and a rise in the minimum reserve requirement for current deposits (from 15 to 25 per cent in 1955), outstanding loans of all commercial banks to the private sector increased by 18.3 billion hwan, or 60 per cent in the first six months of 1956, compared with an increase of 8.4 billion hwan, or 43 per cent, in the corresponding period of 1955. Borrowing of all commercial banks from the Bank of Korea showed a sharp rise, amounting to 9.4 billion hwan, or 72 per cent, in the first six months of 1956. Thus about one-half of the total increase in commercial bank loans was financed by the creation of inflationary credit through borrowing from the central bank. Outstanding loans of the Korean Reconsrtuction Bank (for long-term investment) and the Agricultural Bank also continued to expand.

Trends in price movements in southern Korea continued to be inflationary during 1956, though at a slower rate than in 1955. The wholesale price index in Seoul rose by 48 per cent in the first eight months of 1956, compared with a rise of 65 per cent during the corresponding period of 1955.[2] A rise of 109 per cent in the group index for food grains, which accounted for 39 per cent of the whole in computing the index, was largely responsible for the rise in the general index, though in the corresponding period of 1955, the rate of rise was higher—142 per cent. The trend in the group index for meat, eggs and fish was similar to that in food grains; it rose 39 per cent, compared with 25 per cent for the corresponding period of 1955. Under the agreement between the Bank of Korea and the United States, fertilizer imports under the aid programme have been priced to reflect the new exchange rate of 500 hwan to the dollar. Between August 1955, when the new exchange rate was adopted, and August 1956, the price index for fertilizers went up by 538 per cent. The rate of increase in other commodities slackened considerably in the first eight months of 1956, as compared with the same period a year before, owing to the arrival of more aid goods and the rise in domestic production. There was a decline in the group indexes for fuel and miscellaneous items. Retail prices showed a similar trend in the first eight months of 1956, with a somewhat lower rate of increase than wholesale prices.

The index numbers for wages of labourers in Seoul continued to rise in the first six months of 1956, although the rate of increase was somewhat slower than in the corresponding period of 1955. Wage movements varied considerably according to industry and occupation. Between June 1955 and June 1956, the rate of increase was highest in the chemical, building, and machine and tool industries, followed by textiles, ceramics, and clothing and accessories, while there was a decline in the printing and book binding, and lumber and furniture industries.

[1] There was an increase 9.9 billion hwan in deposits and a decline in notes in circulation of 4.4 billion hwan.

[2] In the fourth quarter of 1955, there was a decline in wholesale prices, owing largely to a seasonal fall in prices of food grains, particularly rice. For the entire year 1955, the wholesale price index was 43 per cent higher than in 1954.

Chapter 13

LAOS

Laos, which achieved independence in 1954 after years of warfare, returned to conditions of peace only after settlement of differences with the northern provinces in late 1956. Furthermore, after abrogation of the former quadripartite agreements at the end of 1954, Laos had to start almost from the beginning to build up the necessary institutions to carry out its new responsibilities.

With the exception of tin ore and of paddy, whose output was expected to increase in 1956/57, few if any marked production gains occurred in Laos in 1956. Value of imports, mostly financed by United States aid and coming in increasing degree through Thailand, more than doubled during the first six months of the year compared with the corresponding period of 1955.[1] Prices in Vientiane, after having remained fairly stable in 1955, increased considerably during 1956.

Since there was a wide discrepancy between the official rate of exchange of 35 kips per dollar and the rate prevailing outside of the country (for example, in Bangkok and Hong Kong), there was a tendency for commercial and financial activities to be stimulated to the detriment of production. Development has proceeded slowly. Late in the year, the first Five-Year Plan[2] was being redrafted in the various ministries concerned. Lack of basic data and of trained personnel has contributed to delays in implementing proposed projects. Although external aid has been received on a substantial scale, particularly from France and the United States, its full and effective utilization for the country's development is likely to take time.

PRODUCTION

In 1955/56, paddy production, estimated at 510,000 tons, was greater than the exceptionally poor crop of the preceding year, but was lower than the average for the years 1951–1953. Production of other crops showed little change from 1954/55: according to very rough estimates, 12,000 tons of maize, 240 tons of cotton, 600 tons each of tobacco and potatoes. Coffee, which was formerly a major means of earning foreign exchange, had not recovered from the 1955 frost which almost completely destroyed the plantations. A variety of coffee (the robusta) considered more resistant to frosts was reintroduced.

Production of hides and skins, which increased in 1955, rose further in 1956, but the export volume continued its falling trend, a figure quoted being 35 tons in the first six months of 1956 as compared with 156 tons for the year 1955.

During the first ten months of 1956, the production of timber is considered to have decreased by 15 per cent as compared to the first ten months of 1955; during the same period the production of firewood more than doubled while production of charcoal remained stationary. Production of benzoin and cardamom increased in response to rising export demand.

Production of electricity, though extremely limited and mostly for household use, increased by 50 per cent in 1956, reaching an esitmated annual rate of 1.9 million kWh. The output of the tin mine at Phontiou, which produced 100 tons of ore (50 per cent metal content) per month before 1945, was between 50 and 60 tons a month in 1956; it was expected that production of 100 tons a month would again be reached by June 1957. Two additional sawmills were established in 1955, bringing the total to 24.

In 1955 the special budget of 553 million kip for the development of transport and construction, to be financed by foreign aid, was not implemented. In 1956, in addition to 39 million kip for maintenance work, a sum of 200 million kip was allocated in the national budget for new construction, including 41 million kip for roads and bridges, and 114 million kip for administrative buildings; the remainder was for irrigation, water supply, airstrips, river ports, electricity and industrial equipment. The total number of passenger cars and trucks showed some increase.

The government-owned portion of the river fleet, built in 1955, was leased to a private firm when traffic with Cambodia and southern Viet-Nam declined, owing to a continued increase in the movement of goods on the cheaper route between Laos and Thailand. On the latter route, goods arriving by train at Nongkhai from Bangkok are loaded on Thai trucks to cross the river at Thadeua, and then trans-shipped by Laotian trucks for a distance of twenty-two km to Vientiane. It was expected that assistance—possibly in the form of 150 additional waggons—would be provided through

[1] Imports may be somewhat overstated in the statistics because of inflated invoices and the failure of some goods recorded in the statistics to reach their ultimate destination.

[2] Described in United Nations, *Economic Survey of Asia and the Far East, 1955* (sales number: 1956.II.F.1.)

the United States International Cooperation Administration (ICA) to the Royal State Railways of Thailand for dealing with the expected additional traffic for Laos.

TRADE AND PAYMENTS

There has been a deficit in the external trade of Laos ever since a relatively complete record of trade began to be kept in 1951. In 1955, exports financed only 11 per cent of imports. During the first six months of 1956, imports increased to 623 million kip, more than twice the recorded value of 295 million kip in the same period of 1955, while exports, including re-exports, rose to 49 million kip, or by 75 per cent. Thus exports financed less than 8 per cent of imports, the deficit being financed by foreign aid. Moreover, of the total exports, only 18 million kip, or 37 per cent, consisted of Laotian products, which showed a 15 per cent increase over the corresponding period of 1955. With the exception of tin ore, whose xeport of 495 tons in the first half year of 1956 was twice the 247 tons in the whole of 1955, practically all other exports of domestic produce declined. In particular, the share of coffee in total exports of domestic produce fell from 19 per cent during the first six months of 1955 to barely 2 per cent during the corresponding period of 1956. Imports of petroleum products, textiles and machinery in six months of 1956 exceeded the total amounts for the year 1955.

Throughout 1954, more than 80 per cent of the trade of Laos passed through Cambodia and southern Viet-Nam, but, as a result of the transit agreement of 1955 with Thailand, trade through the latter country amounted to almost 50 per cent of the total during the first half of 1956. Sources of imports have likewise shifted. Before 1954, the French Union was the main supplier of imports; this was still true in the first half of 1955, when 39 per cent of total imports came from the French Union. During the first half of 1956, however, Thailand was the first source of imports, with 25 per cent of the total; Hong Kong, whose position as supplier was formerly negligible, accounted for 18 per cent; and the share of the French Union was only 17 per cent.

Balance of payments statistics are not available for Laos; with the persistent trade deficit, the lack of a tourist industry and practically no other invisible exports, there has been a continuing heavy payments deficit, financed by foreign aid. In 1955 the deficit was much more than offset by foreign aid, so that the foreign reserves of the National Bank rose by 883 million kip.

Prior to September 1956, capital transfer out of the country was not permitted, but 40 per cent of profits on foreign capital and of salaries of foreign personnel could be transferred. In that month provisional regulations issued by the Ministry of Finance allowed transfers of up to 70 per cent of net profits derived from foreign capital[1] and further stipulated that capital might be repatriated in the currency in which it was originally imported, provided the annual amount repatriated did not exceed 10 per cent of the capital invested, or 5 million kip, whichever was smaller.

A payments agreement was signed with Cambodia and southern Viet-Nam in January 1956.

There were only a few importers doing business in Laos until the end of 1954; since then the number has grown to 400. Few import restrictions have been imposed. At the end of December 1956 new foreign trade regulations were enacted with a view to stimulating exports; they provided for three types of exports: licensed exports with total or partial retention of foreign exchange proceeds; barter trade with licence; and barter trade without licence.

FINANCE AND PRICES

Total government expenditure in 1956[2] was estimated at 1,169 million kip, exclusive of the military budget which was entirely financed by United States aid at nearly twice the 1955 expenditure of 601 million kip. The budgeted revenue was 490 million kip, leaving a deficit of 679 million kip to be financed partly by a loan from the National Bank (479 million kip) and partly by foreign loans (200 million kip). Tax revenue in 1956 was expected to reach 441 million kip, an increase of more than 90 per cent over that of 1955. Of this total, customs duties were estimated at 248 million kip, or 75 per cent more than in 1955. Increases were also expected in revenue from taxes on income and wealth and from transaction and consumption taxes, as a result of higher tax rates.

Aid from the United States amounts to $48 million in the United States fiscal year 1955/56 and is believed to be approximately the same in 1956/57, including the financing of national defence and the police force. Of 1955/56 United States economic aid, 20 million kip was allocated to agriculture, 88 million kip to transport and 39 million kip to health and education, among other projects. French aid during 1955–1957 amounted to 2,573 million francs of which 1,055 million francs was expected to be spent by the end of 1956. Among the major items were 435 million francs for transport (including 85

[1] Foreign capital was defined as investment either in the form of foreign exchange or in the form of capital equipment bought without official allocation of foreign exchange.

[2] The fiscal year corresponds with the calendar year.

million francs for the Luang Prabang bridge over the Nam Khan River), 105 million francs for hospitals and 175 million francs for education.

Currency outstanding[1] rose rapidly, from an estimated 667 million kip in January 1955 to 1,538 million kip in October 1955; it dropped to 1,164 million kip in March 1956 but increased again, to 1,338 million kip by August 1956. The foreign reserves of the National Bank showed a similar though somewhat wider movement—from 200 million kip in January 1955 to 1,431 million kip in October 1955, a downward tendency to the end of the year and then a steadily upward trend, to 1,559 million kip in July 1956. At that point, the ratio of foreign assets to currency outstanding was 120 per cent.

Government loans to agriculture and livestock breeding were discontinued in 1956, but the forestry fund, financed by United States aid, granted loans amounting to 3 million kip in 1956. A new commercial bank was established in Vientiane in the course of the year.

The cost of living index in Vientiane was fairly stable in 1954 and most of 1955, but turned upward in October 1955, rising by 19 per cent to August 1956; the index for the food group increased only 8 per cent, clothing materials (mostly imported) fell in price, house rent and wages of servants rose by 70 per cent.

[1] Currency issued, less cash in the National Bank.

Chapter 14

MALAYA AND BRITISH BORNEO

In the economies of the Malayan area (Federation of Malaya and Singapore, Brunei, North Borneo and Sarawak), the contribution of exports to the gross domestic product usually ranges from one-third to over one-half. In 1956, the export and domestic activities of these economies were at comparatively stabilized levels, in comparison with boom conditions prevailing in 1955. The effects on their incomes of the decline in their terms of trade in 1956—the result of the fall in export prices, especially of rubber,[1] and a small rise in import prices over the 1955 level —were largely offset by an increased volume of exports and a rise in domestic activities. These economies, with high marginal as well as average propensities to import, reacted to the high level of export earnings in 1955 and 1956 by increased imports, especially of consumer goods.

While in 1955 and 1956 these areas enjoyed prosperity, with comparative price stability, various bottle-necks limited the extent to which they could accelerate development activities, especially such long-term projects as rubber replanting or new planting in Malaya, North Borneo and Sarawak or mineral prospecting to replace worked-out mnies in Malaya, and development of secondary industry in Singapore.[2] In North Borneo and Sarawak, there is, in addition, the problem of integration of indigenous peoples in a modern commercial economy. Except perhaps for Singapore, the supply of labour has generally been a limiting factor; in Singapore the main difficulty, apart from continued labour unrest both in 1955 and in 1956, has been in acquiring and clearing sites for public developmental purposes in view of the serious squatter problem and the large areas reserved for United Kingdom establishments.[3] In the Federation of Malaya, the continued burden of military expenditures for meeting insurgency has considerably affected the pace of development programmes.[4] In Sarawak and North Borneo, the investment programmes have been held back by serious limitations in staff, skilled labour and construction capacity; in North Borneo lack of finance and delays in delivery of equipment from abroad have acted as additional limiting factors. In Brunei, where development has proceeded rapidly, further acceleration of development expenditures has been limited by the lack of skilled workers and supervisory staff.

Although there has been substantial growth in gross domestic product in these areas, government revenues have not always risen proportionately, partly owing to the comparatively narrow coverage of income and profit taxation. On the other hand, expenditures, especially for education and other social objectives, have been mounting rapidly because of the accumulated need for social services and the rapid increase in population, especially in Malaya. In view of these and other growing needs of development, these areas have been faced with the problem of increasing their tax revenues and otherwise mobilizing their domestic capital. In the Federation of Malaya and Singapore, efforts at domestic mobilization of capital, which have been growing in importance, have been somewhat impeded by the institutional structure of the banking and currency system, which has responded to the demands of foreign trade more readily than it has encouraged domestic industrial and investment activity. Recently, the Governments of the Federation of Malaya and Singapore have agreed in principle on the establishment of either a separate or a joint central banking system for the two areas with a view to remedying some of the defects arising from the automatic sterling exchange standard under currency board management and from banking practices oriented to foreign trade.[5] A final decision on the form and organization of such a system was, however, still pending, awaiting the outcome of the constitutional changes under way in both areas. However, the Borneo areas—Brunei, North Borneo and Sarawak—have decided to continue the currency board mechanism.

FEDERATION OF MALAYA

Production and export trends in the first three quarters of 1956 indicated that the condition of the Malayan economy in 1956 was nearly as favourable as in 1955, the peak year since the boom during the Korean conflict. Estimated total export proceeds rose; the decline in export prices, chiefly of rubber and

[1] The Singapore price of rubber (first grade) fell from 1.47 Malayan dollars per pound in September 1955 to M$0.83 in June 1956 and subsequently rose, to over one Malayan dollar, at the time of the Suez Canal crisis.

[2] The recent establishment of elected governments in the Federation of Malaya and Singapore has heightened the consciousness of the people in these areas with respect to development activities.

[3] "The land utilization problems of the Colony of Singapore are unique because of the greatly restricted area of the island which inhibits normal expansion; and because of the large areas which must of necessity be given over to Imperial establishments." *A Report on Control of Land Prices, Valuation and Compulsory Acquisition of Land*, Singapore, 1956, p.9.

[4] The fiscal year in the five territories of Malaya and British Borneo corresponds with the calendar year.

[5] For details on the central bank proposal, see G.M. Watson and Sir Sydney Caine, *Report on the Establishment of a Central Bank in Malaya* (Kuala Lumpur, 1956).

copra, from their high levels in 1955 was more than offset by an increase in the volume of other exports. However, the capacity to import appeared to have declined in 1956, owing to a small rise in import prices. In addition to the anti-inflationary cess imposed on rubber exports, the inflationary effect of increased export activity and earnings in 1955 was cushioned by the high volume and lower prices of imports of consumer goods and also by increased domestic production; in 1956 both the volume of output of domestic consumer goods and the volume of imports continued high. In 1955 the rate of government expenditures, for development purposes as well as others, was hardly greater than in 1954 but it rose in 1956, especially on development account. The high level of export earnings in 1955 raised the share of profits in exporting and ancillary sectors; in view of heavy foreign interests in the export sector, there was a substantial outflow of funds abroad in the form of profits, dividends and other remittances. The effect of the decline in export prices on profit levels in 1956 was somewhat offset by a downward revision in wage rates. Private capital expenditures were probably rather low in 1955; there was a considerable rise in the volume of private savings in 1955, which may have been used to some extent in 1956. The increase in money wage rates in 1955 was reinforced in real terms by a significant decline in the cost of living; in contrast, in 1956 there was a slight downward adjustment of earnings and wage rates and an upward pressure on the cost of living, owing mainly to a small rise in the price of imported consumer goods other than rice.

Production and development

One of the most significant developments of 1956 in land utilization and agricultural progress in the Federation of Malaya was the establishment of a Land Development Authority[1] to undertake development schemes. It had been obvious for some time that the pace of agricultural development in Malaya needed quickening. Estate acreage was no longer expanding, as in the first part of the century. Development of smallholdings lost impetus owing to the fact that many Chinese smallholders were living under "controlled circumstances" both during the war period and during the post-war emergency period. In general, the principal areas of Malay concentration have been over-populated, and there is actually a lack of land for further development in such areas. In addition, large areas of valuable alluvial agricultural land have been damaged through loss of topsoil and silting of irrigation channels, as a result of the operations of tin dredges, leading to conflicts between the interests of mining and the interests of agriculture and forestry. In view of the rapid growth in population and the limited growth in secondary industry, the need for expeditious planned agricultural expansion has been increasingly recognized. This would include, among other things, co-ordinated and controlled use of land, to ensure that the size of holdings is adequate, that steps are taken to prevent fragmentation, that a settler has, in addition to cash crops, one or more subsistence crops, and that reasonable standards of agricultural and animal husbandry are maintained.[2]

Owing to favourable weather, rice production in 1955/56 was about 2 per cent higher than in the previous season, though still below the peak reached in 1952/53. The lifting of controls on rice trade after 1954, the rubber boom in 1955 and the marked reduction in the price of imported rice were the principal factors responsible for the increased volume of rice imports in 1955 (which however did not attain the peak reached in 1953) and in the first half of 1956. Rice imports in 1955 accounted for 45 per cent of total domestic requirements. The Government has imported a substantial amount of rice on its own account, with a view to safe-guarding domestic stocks and supplies in the event of any interruption in the flow of imports, and has continued the policy of guaranteeing minumum prices for locally grown paddy.

Rubber, apart from being the most important estate crop, is also the principal smallholders' commercial crop. Under the stimulus of improved prices in 1955, when the average price of rubber rose more than two-thirds over its 1954 price, total rubber production rose by about one-eleventh and smallholders' production by almost one-fifth. Average rubber prices in the first ten months of 1956 were 15 per cent below the corresponding period in 1955. However, both production and exports were maintained at their former levels.

At the end of 1955, some 32,400 hectares of smallholdings had been replanted under the smallholders' rubber replating programmes initiated in 1952, as compared with the original target of 60,700 hectares for that period. It is estimated that an additional 19,000 hectares of smallholders' rubber has been replanted in 1956. Since April, 1956, smallholders owning less than 12 hectares who have replanted under the smallholders' scheme are also given assistance at the rate of about M$1,483 a hectare up to a maximum of 2.02 hectares. Replanting on estates has been progressing satisfactorily with the superior resources of the estates, supplemented since 1955 by

[1] In the supplementary budget estimates of the Federation of Malaya for 1956, an initial provision of M$1 million in a total scheduled provision of M$10 million was made for the operations of the Land Development Authority.

[2] *Report of the Working Party Set Up to Consider the Development of New Areas for Land Settlement in the Federation of Malaya* (Kuala Lumpur, 1956).

government assistance, at the rate of M$988 a hectare towards the cost of replanting, to a maximum of about a fifth of the planted area of an estate.[1]

As mentioned above, the anti-inflationary cess on rubber exports introduced in 1955 became inoperative in February 1956 when the price of rubber fell below M$1 per pound, but came into operation again when the price rose above M$1 per pound towards the end of the year. The cess was to be repaid to the rubber industry—in quarterly instalments in the case of estates, and by a reduction in the replanting cess in the case of smallholders.

Coconuts have been next in importance to rice and rubber as a smallholders' crop. The fall in prices of copra and coconut oil, evident since 1953, continued in the first half of 1956, when production decreased by about a seventh from its level in the second half of 1955.[2] Output of coconut oil, however, which reached record levels in 1954 and 1955, continued to advance further in the first half of 1956 when prices slightly improved. The production and export of palm-oil and pineapples continued to rise in the period under review.

The fishing industry, whose importance to domestic food consumption is probably second only to rice, has recently been the subject of investigation by the Government, because the output of fisheries has remained stationary and exports have declined.[3] Meat and livestock output has increased, on the whole. Poultry production remained short of consumption requirements, and a significant volume was imported, especially from Singapore.

Forests are among the area's major natural resources. In spite of the steady fall in timber prices since 1952, the production of sawn logs reached a peak in 1955, and possibly also in 1956, reflecting the rapid growth of the sawmilling industry.[4]

Production of tin in concentrates in the first nine months of 1956 rose by about 2 per cent, and prices were 6 per cent higher than in the same period the year before.[5] Under the buffer stock arrangements of the International Tin Agreement, Malaya's share was expected to be approximately 37 per cent. For Malaya, the cash equivalent of the initial contribution was M$30 million, of a total of M$50 million. The necessary funds to finance Malaya's contribution to the buffer stock were borrowed from the banks and would be recovered by instalments through a levy on the local tin industry, which would eventually own Malaya's share in the buffer stock.[6]

Except for coal, whose production has been steadily falling since 1950, the output of almost all minerals increased in 1955 and in 1956. Iron ore production in 1955 was three times the output in 1950, and was higher by over one-half in the first nine months of 1956 than in the same period of 1955.

The favourable foreign trade position in 1955, which was only slightly less advantageous in 1956, has provided a stimulus to processing and ancillary industrial activities associated with rubber, tin, pineapples, copra and timber, and to engineering enterprises for the repair and maintenance of processing machinery. Production in light consumer industries (soap, rubber foot-wear, biscuits, soft drinks, etc.) showed continued advances in the first half of 1956. In the building industry, a cement factory started in mid-1953 had almost reached its estimated maximum production in 1955; domestic production has supplied only about one-third of requirements, indicating the scope for expansion of the cement industry.

In the case of public utilities, there was, as in other sectors, an increase in output. Power consumed by industrial and commercial undertakings and for lighting and domestic purposes showed a marked increase.[7] Railway transport activity, as measured by the net ton-kilometres of paying goods traffic, was, in the first eight months of 1956, one-seventh above that of the same period a year before.

Trade

In the first half of 1956, the total value and volume of both imports and exports exceeded the corresponding levels for the same period in 1955,

[1] In the case of estates, output from high yielding seed in 1955 for the first time exceeded production from unselected seedlings and the output of concentrated latex accounted for almost one-third of estate production. In the first ten months of 1956 production of concentrated latex declined to 73,000 tons as against 93,500 tons in the same period of 1955.

[2] In the first seven months of 1956, imports on account of the entrepot trade in copra almost equalled the total for 1955, and exceeded the volume of domestic estate production.

[3] *The Report of the Committee to Investigate the Fishing Industry* (Kuala Lumpur, 1956) recommended the establishment of associations or co-operatives of fishermen, especially for marketing, to be assisted by a statutory fisheries board, financed initially from federal revenue.

[4] Research into the uses of timber has been concentrated on the production of hardboard and fibre boards; for these, the wood from old rubber trees, heretofore burnt, provides a very cheap raw material.

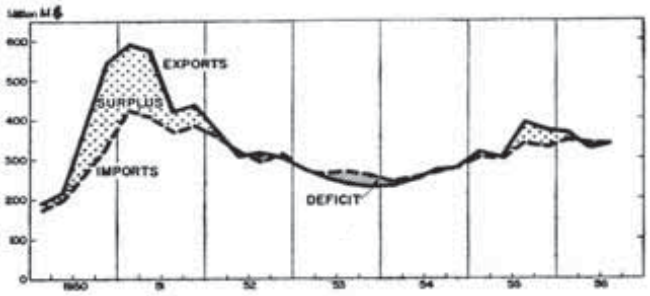
[5] Unofficial indications are that for the year as a whole tin exports rose nearly 3 per cent above 1955, reaching their highest level since 1950.

[6] To implement the buffer stock scheme in Malaya, a compulsory levy was proposed on tin concentrates, at an average rate of 10 per cent of the net price received by the mine; in case of hardship, the Government proposed to lend a maximum of 60 per cent of the mine's contribution. Though the future prospects of the tin mining industry appeared improved with the coming into force of the International Tin Agreement, the principal problem confronting the industry was the difficulty of finding and acquiring suitable tin-bearing lands to replace worked-out mines.

[7] Decline in coal output was offset by rise in coal imports, to meet increased coal requirements in the power industry.

with the slightly smaller trade balance indicating a greater rise in imports. Export prices, which rose in 1955 by more than two-fifths over 1954, reached their peak in the fourth quarter of 1955 and after that declined, largely reflecting the fluctuations in the price of rubber. Import prices, after falling since 1953, started rising in the second quarter of 1956. The terms of trade, which improved in 1955 by more than one-half over 1954, have fallen since the beginning of 1956; but, with an increase in the volume of exports, the index of capacity to import fell only slightly in the first half of 1956, and the actual value of imports was higher than in the same period of 1955. Food items and textiles accounted for a large part of the increase. Imports of machinery and transport equipment, relatively constant in 1954 and 1955, increased; together with larger imports of cement and other building materials, they indicated a higher level of domestic capital formation.

Chart 18. Malaya: Value of Imports and Exports
(Monthly averages)



Public finance

Government revenues in 1956 were expected to show substantial decline below their 1955 level mainly because of the fall in rubber prices. However, the fall in the export duties on rubber, tin and other products was partly compensated by a rise in income tax collections, largely based on income accrued in the boom year 1955.[1]

In order to provide incentives for investment in mining and agriculture, the income tax law was amended in early 1956 to permit deduction of allowances for capital expenditures on agricultural estates as well as certain expenditures on abortive mining ventures.

Defence and emergency expenditure continued at previous high levels, constituting more than one-quarter of all governmental expenditures. Government investment expenditure, which in 1955 was slightly lower than in 1954, was in process of further acceleration; emphasis was expected to be placed on social investments, especially education,[2] housing and water supply. Provisions for agriculture and irrigation, railways and roads, and fuel and power were also to be considerably increased.[3] The chief problem was to finance a progressive development programme oriented towards the creation of basic social and economic facilities at a time when the economy was already burdened with a high level of "emergency expenditures." There appeared to be need for a faster tempo in mobilizing domestic resources, both by increased taxation, especially personal income and company taxation and additional state and local revenues,[4] and by a domestic borrowing programme, which appeared especially feasible in view of the increase in the volume of private money savings in 1955. The government's budgetary deficit in 1956 was met by grants from the United Kingdom, domestic and foreign borrowing, and drawing down of "general revenue balances." It was expected that the budgetary deficit in 1957 would be greater than in 1956. Proposals for additional taxation have been under discussion.

Employment, wages and prices

High export earnings in 1955, coupled with a high level of imports at a time when import prices were actually declining, gave the Malayan economy prosperity with a stable, or even slightly declining, domestic price level. Employment remained high. This situation continued, though it was perhaps less favourable, in 1956.

Wage rates on rubber estates in 1955 were adjusted quarterly according to a sliding scale, agreed to by both parties; the scale was related to the average price of rubber during the preceding three months. On this basis, standard wage rates on rubber estates rose by approximately one-half during 1955 (the price of rubber rose by almost three-quarters during the year). The downturn in the price of rubber in the first half of 1956 led to a gradual downward revision in wages. In view of the continued general high level of employment in the country, it

[1] Export duty collections on rubber in the first half of 1956 were below budget estimates, but export duties on tin, as well as receipts from import duties and excise, were well ahead of the estimates; it was foreseen that there would be a net shortfall in customs and excise revenue unless the price of rubber continued to increase in the second half of the year.

[2] According to the education policy inaugurated in 1956, the Government intended to provide primary education for all children by 1960. The implementation of this policy would involve an estimated capital expenditure of M$215 million over the 1956-60 period and an increase in recurrent expenditure of M$60 million a year over the 1956 rate of around M$102 million.

[3] A supplementary budget for additional capital expenditure of M$27 million in 1956 was approved by the legislature in July. A large part was to be lent to the Malayan Railway Administration and otther financially autonomous bodies for capital works.

[4] Beginning in 1956, a new system of annual federal grants and allocations to states and settlements has been introduced with a view to defining more precisely the revenue sources and fields of expenditure of state and settlement governments. Under the new arrangements, each constituent unit was entitled to retain any surpluses remaining to it at the end of the year, instead of turning them over to the Federal Government.

was not possible to reduce wages substantially without affecting the industry's labour supply, and a new agreement between estate employers and employees was therefore entered into in mid-1956; this stemmd the pressure for wage reductions somewhat. In tin and other industries, there had been a general increase in wages and earnings in 1955, partly because of competition from the rubber industry, and partly because of trade union activities and rising wage rates in Singapore. The trend of wage earnings in 1956 was not so well marked, owing to considerable pressure for wage reductions—and resistance to them. In several sectors, wage scales were raised by negotiation between employers and employees.

In the first seven months of 1956 more than 300,000 man-days were lost on estates because of industrial disputes, as against 12,000 in the year 1955 as a whole. During these seven months, almost half a million man-days were lost through industrial disputes in the Federation of Malaya.

SINGAPORE

Production and trade

Primary production in Singapore is confined largely to truck farming, animal husbandry and fishing. The Government has encouraged food production for local consumption to safeguard against interruptions in supplies. An island-wide agricultural show was opened in September 1956 to emphasize the importance of farming in the day-to-day economy of the island. Meat and poultry production reached their highest points in 1955 and there was a significant growth in exports of poultry and eggs to the Federation of Malaya, British Borneo and Ceylon. While fish landings have generally remained stable in the past few years, attention has been increasingly devoted to deep-sea fishing to enlarge the catch.

Secondary production continued to show diverse trends because of labour unrest, further restrictions on exports of raw materials by neighbouring countries and increased competition from imports. The processing and manufacture of rubber products—except rubber foot-wear and several light consumer items, such as biscuits and soap—have been declining. Manufacture of metals, machinery and transport equipment has provided about one-fifth of the total employment opportunities and almost one-half of manufacturing employment; trends in 1956 indicated no appreciable increase in employment. The construction industry—residential building was particularly active in 1955—appeared to have slowed down considerably in 1956, owing mostly to difficulties in clearing land and acquiring sites. The production of natural gas has been rising steadily. An iron and steel factory, utilizing local scrap, was opened in 1956; its production target was 10,000 tons of steel bars at the end of three years.[1]

The entrepôt trade of Singapore, which probably has accounted for one-tenth or more of its income, is dependent on the extent of external trade among neighbouring south-eastern Asian countries. During the year the trend of prices for commodity exports of these countries was generally downward, compared with high levels in 1955. However, a substantial rise in export earnings in 1955 and a fairly stable level of exports in 1956 led in general to an equally marked rise in imports in the latter half of 1956 as well as in the earlier months, thus enhancing the importance of Singapore as an entrepôt centre for the region.

Public finance

Singapore's revenues have fluctuated in recent years, usually around M$210 million a year; the estimate for 1956 is M$216 million as a result of increase in taxation introduced in November 1955. In view of the fact that general trade conditions in 1956 continued satisfactory (apart from the fall in the price of rubber) and that the effects of a boom in the Federation of Malaya tend to reach Singapore after some delay, government revenues may be more favourable than anticipated.

Recurrent government expenditures have been rising steadily, and were expected to mount considerably as implementation of the social service development plans gathered momentum. The share of education, health and social welfare in the total estimated recurrent expenditures rose from about a quarter in 1953 to 32 per cent in 1956. Developmental expenditures, which have been met by contributions from general revenues and the Development Reserve Fund, include outlays on education and health, in addition to capital commitments in respect of housing, telephones, roads and flood alleviation. In practice, however, there has been considerable under-expenditure below budget allocations on capital items, owing in the main to difficulties in obtaining and clearing sites.

Though Singapore has accumulated substantial funds in the past, the rapid rise in recurrent expenditures and increasing needs for development have brought to the fore the problem of finding additional financial resources. In addition to the

[1] Industrial development, one of the most promising solutions to the problem of employment for Singapore's rapidly growing labour force, has not yet received much impetus. The Government, following the recommendation of the International Bank for Reconstruction and Development, has been preparing legislation to set up an industrial promotion board to assist small-scale manufacture and has been examing the possibility of establishing an industrial research institute.

possibility of loans, there is also considerable taxation potential which remains to be tapped.[1] The 1956 budget increased customs duties on liquors and petrol and raised the rate of estate duty. Several other tax proposals remained in abeyance, partly because of the desire to maintain a common fiscal policy with the Federation of Malaya, especially with regard to rates of taxation.

Employment, wages and prices

The lack of expanding opportunities in secondary employment for the growing labour force, the impediments to construction and building activities mentioned earlier and contiuned industrial unrest in 1955 and 1956 were the principal factors affecting employment. There has been increasing evidence of the growth of fringe or marginal employment, especially in retail trade and service industries. In 1955 nearly a million man-days were lost in strikes; another 449,000 were lost up to the end of November, 1956.

Average weekly earnings of all manual workers increased by about one-tenth in 1955 and levelled off in 1956. The rise in wages was due mainly to favourable trade conditions and the spectacular rise in trade union organization; trade union membership rose by more than three-quarters during 1955.

The Singapore retail price index (for lower income groups), which moved downward, in general, after the end of the Korean hostilities, continued falling until September 1955. It has risen steadliy, however, since then, owing to an increase in import prices of manufactured consumer goods and perhaps also to a reduced volume of retained imports of consumer goods.

SARAWAK

Production and trade

In Sarawak, activities connected with four export products—rubber, pepper, timber and petroleum—contributed almost one-half of the gross domestic product in 1955. Though exports of these commodities were higher in the first half of 1956 than in the same period of 1955, the weakening in prices of the first three must have somewhat reduced their contribution to the economy in 1956.

Rubber accounted for more than one-half of the value of all domestic exports in 1955. Though rubber prices declined in the first half of 1956, they were still above those in the corresponding period of 1955, and the volume of exports also was slightly higher.

In spite of crop disease, and of falling prices in late 1955, the volume of exports of pepper (both black and white) in the first half of 1956 was at an annual rate which exceeded the record level of 1955. Pepper prices declined further in the first half of 1956, but started to rise in the third quarter.

In 1955 both the volume and the value of timber exports reached record levels. Since the second half of 1955, the market for timber has become rather weak, owing largely to the credit squeeze in the United Kingdom coinciding with a rapid expansion of production in Sarawak. By July 1956, the price of ramin had fallen by almost one-half from the peak in 1955; beginning in August 1956, exports of ramin have been restricted by export licences and quotas. Spurred by the high price of timber in 1955, there was considerable expansion in the production capacity of timber processing industries, as a result of which the volume of sawn timber increased considerably.

An overwhelming share of Sarawak's petroleum exports consists of re-exports from Brunei, by way of Lutong where there is a refinery. Both the export value and the volume of refined oil have expanded steadily in the past five years. The "value added" to petroleum re-exports contributed about 10 per cent of the gross domestic product in 1955.

Though rice is Sarawak's staple food, a significant portion of it is imported. Under the shifting system of cultivation widely practised in Sarawak, the rest period in the cycle has apparently been getting shorter and shorter, to the detriment of soil fertility, and yields are consequently low. The prospects for paddy production in 1955/56 were adversely affected by the decrease in area sown, owing largely to the relative attractiveness of rubber in 1955.

Under the impact of a minor boom in 1955 in petroleum, timber and rubber, practically all categories of imports rose; they continued at a high level in the first half of 1956.

Public finance

Owing largely to the increase in the price of rubber, activity in the foreign trade sector in 1955 resulted in increased government revenue from customs and excise duties, which were expected to decline in 1956. Actual expenditures, development and non-developmental, were generally smaller than the estimates. The lag was considerable in the case of development expenditure; apparently only one-half of the estimated amount was actually spent in 1955, owing to lack of staff and skilled labour, as well as to limitations in domestic construction capacity, especially because of the demand for rubber and timber, which heightened competition for labour and

[1] The scope for additional taxation was examined in late 1955; it was indicated that revision of the existing tax system should take account of Singapore's status as a free port, its almost complete dependence on trade, and its close economic ties with the Federation of Malaya and hence the desirability of co-ordination of fiscal policy whenever possible.

materials. Actual expenditures on development schemes in the first quarter of 1956 were barely 5 per cent of the total estimated expenditures for 1956.[1]

Among the main developmental problems in Sarawak, the achievement of stabilized intensive methods of farming, in place of the wasteful method of shifting cultivation, has the highest priority. The problem is linked with several others; when the economic and social isolation of the indigenous population has been broken by measures for extending communications, expanding educational and medical facilities, resettlement in the lowlands, community development and effective land utilization, additional economic and human resources will enter into the circle of production and exchange. The problem of labour shortage will no doubt be alleviated in the process.[2]

BRUNEI

Production and trade

Production and export of petroleum, on which the economy of Brunei has been dependent, reached high levels in 1955 and the first half of 1956. During 1955 a new source of oil was found at Jerudong near the town of Brunei, the first new find since the discovery of the Seria field in 1929.

Domestic production of timber has met about one-half of domestic requirements, the rest being imported, mostly from neighbouring Sarawak. In 1955 imports of timber and other building materials rose considerably over their levels in 1954, indicating acceleration of building in the main towns. In foreign trade, the value of Brunei's exports rose by 11 per cent in 1955, the chief increases taking place in crude petroleum and rubber. The total value of imports declined slightly, the decline in that of machinery and transport equipment being substantial; this item has of course been dependent, among other factors, on the phasing of the import programme of the petroleum company. In the first half of 1956, the quantity of petroleum exports exceeded the levels in the first and second halves of 1955; rubber exports although higher than in the first half of 1955 fell below the level in the second half. On the import side, rice imports rose very sharply in the first half of 1956 while imports of cereals as a whole declined. Imports of cement and cotton fabrics were generally maintained at their 1955 levels.

Public finance and the development programme

Total public revenue rose somewhat in 1955, exceeding $100 million; the 1956 estimates showed a similar increase. Petroleum royalties, which rose largely because of an increase in the royalty rate, and income taxes, which declined because of tax concessions for investment and exploration in mineral industries, accounted for more than four-fifths of governmental revenue. Government "ordinary" and developmental expenditure has been mounting rapidly; in 1956 it was about seven times the 1951 amount. Investment expenditures have been greatly accelerated since 1953, generally accounting for more than one-half of all expenditures. More than three-fourths of the M$100 million development fund has been committed; the rate of utilization, though hampered by certain bottle-necks, especially lack of skilled and supervisory labour and staff, has been steadily increasing. It appeared unlikely that with prevailing levels of domestic labour and building capacity, development could be further accelerated.

NORTH BORNEO

Production and trade

High prices for rubber in 1955 led to a considerable increase in the value of exports; the volume of exports in the first half of 1956, in spite of a weakened price situation, was higher than in the same period of 1955.

The 1955/56 paddy crop was expected to be smaller than the record output of the previous season, owing to less favourable weather conditions and also probably to a slight shift from the area under rice to commercial crops, such as rubber. Domestic rice supplies in 1955 rose markedly over the 1954 level, reflecting the fact that production increased and imports doubled; the gains were facilitated by the removal of quantitative restrictions on import and consumption of rice. Imports of rice in the first half of 1956 exceeded those of the first and second halves of 1955.

North Borneo has immense forest resouercs, and its timber industry was stimulated by the cancellation in 1952 of the exclusive exploitation licence held by the British Borneo Timber Company. A spectacular rise in production followed in 1954 and there was a smaller gain in 1955, when the area under the control of small-scale local operators working on an annual licence basis increased considerably.[3] Timber exports

[1] In such circumstances it was unlikely that development expenditures in 1956 reached two and a half times their level in 1955, as previously estimated by the Government.

[2] The revised development plan of Sarawak (1955-1960) lays emphasis on the development of communications (approximately 54 per cent of the total development outlay) to open up new country and to provide better access to already developed areas.

[3] Government timber policy was, however, modified in the latter part of 1955 by a weakening in the export market for timber. In an attempt to safeguard the interests of large-scale operators working under long-term licences, the Government suspended the issue of new short-term licences to small-scale local operators. It also attempted, through a system of export quotas, to control the direct access of annual concessionnaires to oversea markets. The Government was reported to have revised this decision in 1956.

in the first half of 1956 were at a higher rate than in 1955; the average unit value remained fairly stable.

In 1955 North Borneo had an exceptionally favourable balance of trade—the most favourable since the boom during Korean hostilities. In the first half of 1956 both the value and the volume of exports were at rates that were higher than in 1955. Imports, however, rose much more, with a consequent reduction in the export surplus.

An important development in 1956 was the designation of Labuan as a free port; it was expected that this would reduce trans-shipment cost of imports through Singapore and would lead to the development of an entrepôt centre for Borneo, Indonesia and the Philippines.

Public finance and the development programme

There has been a slight improvement in the budgetary position of North Borneo, partly because of higher price of rubber and the general increase in the volume of foreign trade. In 1955, customs revenue rose by a third over 1954, but rising trends in foreign trade were arrested in 1956. The yield from income taxes was expected to rise significantly in 1956. The marked improvement in the financial position obviated the necessity for outright grants by the United Kingdom, which were accordingly suspended in 1955. Beginning in 1956, North Borneo's finances were freed from the control of the United Kingdom Treasury. However, North Borneo remained dependent, aside from proceeds derived from realization on the former Japanese assets, on large amounts of external assitsance—especially the United Kingdom Colonial Development and Welfare grants, contributions from the United States International Cooperation Administration and the Colombo Plan. The pattern of government expenditures has been shifting slowly from purely economic reconstruction to provision and expansion of social services.

North Borneo has not completed its recovery from the effects of war-time damage and destruction. Delays in delivery of equipment, bottle-necks in staffing and organization, and shortage of labour, especially skilled labour, have held up the reconstruction programme. It was expected that in 1956 this programme would be practically completed, except for railway reconstruction.[1] A new reconstruction and development plan, involving the expenditure of approximately M$47 million, was prepared in 1955 for the years 1956–1960.

[1] Railways have been running at a deficit; reconstruction and development have been held up by staffing and organizational difficulties.

Chapter 15

NEPAL

Efforts to achieve currency and exchange stability, and the adoption of a five-year plan, appear as the main events of the year in the Nepalese economy. Restrictions on currency issue, introduction of selective import control and active participation by the newly formed Central Bank (Nepal Rashtra Bank) in the monetary affairs of the country somewhat strengthened the exchange position of the mohur (Nepali rupee) against the Indian rupee.[1] Steps taken by the Government to revive the entrepôt trade and reform its tariff policy were also expected to contribute to exchange stability. Nepal's draft Five-Year Plan (1956/57–1960/61)[2] appeared likely to have the support of substantial foreign aid to help assure its implementation.

CURRENCY AND EXCHANGE STABILITY

Nepal has for years had two currencies in circulation, the Indian rupee[3] in the relatively prosperous Tarai districts which are both geographically and economically a part of the Gangetic plain, and the Nepali mohur, mostly in the Kathmandu valley and other hilly districts. Since 1950/51, the mohur has continued to depreciate in terms of the Indian rupee. Though lack of exchange control and suitable trade measures have accelerated this process, the main factor has been the rapid increase in currency issue resulting from deficits in the government budget. The supply of mohur in circulation at the end of June 1956 was 90 million (43 million in notes and 47 million in coins), and estimates show that between 1 July 1950 and 30 June 1955 about 45 million mohur notes and 30 million mohur coins were issued to meet the budget deficit. The exchange ratio of the mohur to the Indian rupee, which was 110:100 in 1950/51, declined to 185:100 in 1954/55.

Currency and exchange stability cannot be achieved without the implementation of a series of measures—hertofore lacking or ineffective—including import control, improvement in trade policy and customs procedure, controls on money transfers and the activities of private exchange dealers, and fiscal reform. Without these, any drastic action seeking to replace Indian currency by the mohur might, instead of improving the situation, disturb the economy and cause further currency depreciation. Three steps were in fact taken by the Government during the period under review.

The first step was to reduce, as much as possible, the issue of new currency. This objective was on its way to achievement when the increase in currency issue was reduced from 11 million mohur in 1954/55 to 0.4 million in the first half of 1955/56.

The second step was the Government's effort to stabilize the fluctuating rate of exchange directly. On 16 April 1956 the Ministry of Finance announced that thereafter the Nepal mohur would be accepted at all government treasuries in the Tarai districts for the payment of land revenues, customs duties, railway fares, fees and fines, etc., at the exchange rate of 128 mohur to 100 Indian rupees. As controller of foreign exchange, the Central Bank, established ten days later, was made responsible for supplying Indian rupees at this rate to Nepalese merchants in payment for essential imports (cloth, petrol, stationery and so on) from India. The bank was authorized to establish twenty-one branches, mostly in the Tarai districts, to facilitate the conversion of Indian rupees to mohur.[4] In August the bank raised the rate from 128:100 to 145½:100 in Kathmandu valley and other areas where mohur are widely used. However, owing to the discrepancy between the bank's rate and the free market rate (148 mohur to 100 Indian rupees in October 1956), the bank's rupee reserves dwindled.

The third step was concerned with trade arrangements and had two main objectives—revival of the entrepôt trade and revision of the Indo-Nepalese Trade Treaty of 1950. Entrepôt trade, though very important before the Second World War, has declined rapidly during the post-war period. Owing to the imposition of heavy import duties by Nepal, the high transport cost in Tibet of Nepalese imports and the ban by Nepal on some exports to Tibet, trade between Nepal and Tibet has consisted almost entirely of indigenous products from the border districts. In an effort to revive the traditional trade, Nepal in September 1956 at Kathmandu entered into an eighty-year Treaty of Trade and Friendship with mainland China, whereby an equal number of trade agencies may be established by Nepal in Shigatse, Kyerong and Nyalam in the Tibet region, and by mainland China in various localities of Nepal, to be determined later.

[1] The bank was formed, with capital of 10 million mohur, to regulate the note issue, secure country-wide circulation of mohur, achieve exchange stability, mobilize capital for economic development, stimulate trade and industries and develop the country's banking system.

[2] The fiscal year is from July to June.

[3] The amount of Indian rupees circulating in Nepal has been roughly estimated at 250 million to 350 million.

[4] By October, nine branches were open.

In August 1956 India accepted a proposal from Nepal for revision of the Indo-Nepalese Treaty of Trade and Commerce signed in 1950, especially of article 5 relating to export and import duties.[1] With the revision of this treaty, Nepal was expected to be able to encourage exports to India and to reduce the cost of its essential imports.

These several measures have, at least temporarily, helped to strengthen the mohur against the Indian rupee on the free market, bringing the ratio down from 185:100 in 1954/55 to the October 1956 level of 148:100, as noted. However, it was recognized that the restoration of currency and exchange stability required further efforts, such as the promotion of domestic industry, tax reform and the establishment of direct trade links with various other countries, to all of which the Government has given due consideration in its Five-Year Plan.

Public finance

The budget deficit still remained the major fiscal problem in Nepal. According to the revised estimates for 1955/56 it rose to 19 million mohur, compared with an actual deficit of 7 million mohur in 1945/55. Draft estimates for 1956/57 contemplate, however, a lower deficit of 9 million mohur, and, in the light of recent experience, the actual deficit might be still lower. Another development regarding public finance in 1955/56 was the increase in the ratio of development expenditures to total expenditures, which reached 28 per cent as compared with 8 per cent in 1954/55. The draft estimates for 1956/57 recorded a ratio of 30.7 per cent. The major part of development expenditures–47 per cent in 1955/56 and 57 per cent in 1956/57–is allotted to social capital. So far the Government has been unable to reduce non-development expenditures; on the contrary, owing to implementation of the development plan, administrative expenditures have been steadily rising. Revenue and expenditure totals for the period 1954/55 to 1956/57 are given below, in terms of millions of mohur:

	Revenue	*Expenditure*	
		Total	*Development*
1954/55 (actual)	34	41	3.3
1955/56 (revised) ...	41	60	16.9
1956/57 (estimates) ..	45	54	16.6

DRAFT FIVE-YEAR PLAN[2]

On 3 July, a draft Five-Year Plan (1956/57–1960/61) was put before the Cabinet for approval. The Plan, which covers only the public sector, has two main objectives: (1) to provide fair returns to agricultural workers and tenants through land reform, agricultural co-operatives and improvement in land taxation, and (2) to pave the way for future development by undertaking extensive resource surveys, training technical and administrative personnel and establishing, though on a modest scale, basic economic and social facilities, such as roads, irrigation works, power plants, schools and hospitals (table 25). The Plan proposed expenditure of 330 million mohur during the five years.

Under the Plan, a Cabinet Development Committee was called for as the policy making authority, to be aided by a Planning Commission charged with preparing programmes, devising means of implementation and reviewing reports of progress. The actual operating units for the proposed projects were to be the various ministries, with a new Ministry of Planning and Development acting as co-ordinator.[3] District governors, assisted by district development officers and other technical advisors, were to be made responsible for local developmental activities. Special committees were to advise the Cabinet Development Committee on administrative problems and on co-ordination of foreign aid. Provision was made for a separate annual development fund, and a financial controller to supervise disbursement and to audit and prepare periodic accounts.

Table 25. Nepal: Allocation of Government Development Expenditures under the Five-Year Plan

Item	*Millions of mohur*	*Percentage of total*
Agriculture, forestry and village development (including land survey and land reform)	49.5	15.0
Forestry	20.0	6.1
Irrigation and valley development	34.0	10.3
Power	30.0	9.1
Transport and communication	111.5	33.8
Industry and mining	24.0	7.3
Social development	44.0	13.3
Land settlement and government housing	12.5	3.8
Survey and research	4.5	1.3
TOTAL	330.0	100.0

Transport, which has been the main bottle-neck in the country's economic development, was to receive the largest allocation of funds under the Plan—one-third of the total. Construction of 1,448 kilometres of road and 45 kilometres of railway was scheduled for the five-year period,[4] in addition to extension of

[1] Under article 5 of the original treaty, Nepal agreed to levy on goods produced and manufactured in Nepal and exported to India export duty at rates sufficient to prevent their sale in India at prices more favourable than those of goods produced or manufactured in India which are subject to central excise duty. Nepal also agreed to levy, at rates not lower than those leviable in India, custom duties on imports from and exports to countries other than India.

[2] Government of Nepal, *Draft Five-Year Plan, a synopsis*, Kathmandu, 1956.

[3] An official of the Ministry of Planning and Development was to serve as secretary both to the Cabinet Development Committee and to the Planning Commission.

[4] A twenty-year road development programme has been drawn up, to add 6,437 kilometres of road to the existing system of 499 kilometres.

the present ropeway and establishment of Air Nepal for promotion of civil aviation.

In agriculture, emphasis was placed on improved methods of cultivation, to be promoted by eighteen demonstration farms to be set up in various parts of the country, and on diversified production of vegetables, fruits, livestock, dairy products, textile fibres and other agricultural raw materials. A State Forest Service was to be set up to supervise forest protection, increase utilization of wood to meet local fuel demand, and develop the timber industry.[1] It was estimated that annual lumber exports to India would average about 85,000 cubic metres, worth Indian Rs 30 million, and would offer employment of 2 million man-days annually. A National Forest Law for the management of public and private forest land has been under active consideration. Village aid,[2] besides its social objectives, placed emphasis on agricultural development. In addition to a nation-wide network of local improvement works, 48 development blocks were to be organized during the Plan period and 2,350 persons trained for village work.

Irrigation works were to be reconditioned and completed on 21,853 hectares of land, and 80,937 hectares of additional land was to be brought under irrigation. The annual benefit from the newly irrigated land was estimated at 25 million mohur, not far short of the cost of the projects. The Government also expected to collect additional annual revenue of a million mohur from water rates.

Development of public industry was limited to cement, forest products, textiles and sugar, in addition to which a government-sponsored finance corporation was proposed, to make grants and loans to various private companies. Facilities for managerial training, technological improvement and research were provided in the Plan. The development of new cottage industries and the marketing of handicrafts were also emphasized.

In relation to the country's potentialities and need for electric power development, the addition of 20,000 kW of generating capacity during the Plan period appeared a modest objective.[3]

In education, 856 additional schools[4] were to be established and 2,494 teachers trained. In the field of health, provision was made for increased hospital facilities, dispensaries and the training of nurses and health assistants.

Of the total developmental expenditures of 330 million mohur called for under the Plan, 95 million mohur was to come from government savings and internal borrowing, with virtually the entire remainder expected to be covered by grants from the Governments of India, the United States, People's Republic of China and Australia.

An additional increase of 170 million mohur was expected in government revenue during the Plan period, 75.8 million in taxes (mostly import duties and land taxes), 26 million in development bonds and payroll savings and 68.2 million in net proceeds from sales and services of the government.[5] In its negotiations for foreign aid, Nepal has received an offer of Rs 100 million from India and Rs 17.9 million from Australia for partly financing the Plan. The International Cooperation Administration of the United States announced in February 1956 a grant to Nepal of $2 million in economic assistance, about half of which was to be used for village development, teacher training and programmes to combat insect-born diseases, and the balance for the development of the Rapti valley multiple-purpose scheme, mainly through malaria control measures, construction of an access road, land survey and soil studies. The People's Republic of China has agreed to give Nepal economic assistance amounting to 60 million Indian rupees, one-third in the form of foreign exchange grants and the rest in machinery and supplies needed for various development projects.

[1] The forest area of Nepal has been estimated at 4.45 million hectares, covering one-third of the total land area. About two-thirds of the forest area is considered potentially productive.

[2] Three stages were planned in the village aid programme: (1) local improvement works, (2) rural development and (3) village development. Local improvement works embody small works, such as village roads, wells, school buildings, a village hall. Rural development consists of seed distribution, use of fertilizers, scientific protection of plants and animals and a wider social development scheme. Under village development, all these projects and schemes are intensified. The country was divided into 150 blocks averaging 200 villages each; each block was to cover 10,000 families in hilly districts and 13,000 families in the Tarai.

[3] On 27 October 1956 it was announced that India would invest Rs 30 million in the Trisuli power project near Kathmandu, not included in the draft Plan. A thermal power plant of 1,688 kW has been in operation since May 1956.

[4] Including 630 primary, 126 middle and 100 high schools. The various existing colleges and a new engineering school were to be integrated under the University of Nepal. A scientific research and development institute was also to be established.

[5] Of the 170 million mohur increase in government revenue over the five-years 75 million mohur is seen as needed to meet the annual curent budget deficits.

Chapter 16

PAKISTAN

Food production, exports, the development effort and the financing of defence have been outstanding problems in Pakistan's economic life. In 1955/56[1], the food situation again caused anxiety,[2] owing to widespread flood damage to crops, which necessitated imports of large quantities of rice and wheat and raised the cost of living considerably in East Pakistan, a food deficit area. However, export earnings rose beginning in late 1955 and, because of strict import control on non-essential items, could be used in part for financing food imports. Devaluation and the consequent larger payments surplus, together with the sizable government deficit, expanded the money supply, but external aid and, to some extent, an increase in industrial production helped to ease the upward pressure on prices.

In implementing its development programme, Pakistan has heretofore placed great emphasis on industry, which was practically non-existent at the time of partition. The development of manufacturing industries during the last few years has been very rapid and striking, despite occasional shortages of power, spare parts and raw materials, and some under-utilization of capacity. The Planning Board recommended in its draft Five-Year Plan that from 1955/56 to 1959/60 emphasis should shift from the establishment of new industries to the consolidation of those already established, and that first priority should be accorded to agriculture, which had been lagging in recent years, with a view to ensuring adequate food production and earning sufficient foreign exchange from the export of raw materials. The Plan set a target increase of about 20 per cent in national income and 12 per cent in per capita income in five years, to be achieved with the help of an investment programme of 11.6 billion Pakistani rupees—about 70 per cent to be for public investment and more than one-third from external sources.

[1] The crop year is from July to June.

[2] Production of food grains in Pakistan is precarious. Since West Pakistan is largely desert, with little rainfall, and East Pakistan is largely delta, with too much rain and water in the wet season, the country is apt to suffer from natural disasters which can easily upset the balance between food production and consumption. When nature favours Pakistan with good crops, and export markets are favourable, the country enjoys both a high consumption level and an ample supply of foreign exchange and public savings, which can be mobilized for economic development. This was the case during the boom attendant upon Korean hostilities. When floods, droughts, locusts and other insects cause crop failures, and coincide with bearish export markets, the country sustains heavy strain both in maintaining consumption and in financing economic development; prices are high and the payments position becomes unfavourable; the need of external aid is greater. This was the situation during 1951/52 and 1952/53.

PRODUCTION AND DEVELOPMENT

Agriculture

The food situation, considered satisfactory during 1954/55, gave rise to serious concern in 1955/56, owing to the occurrence of severe floods in late 1955 followed by hailstorms and unfavourable rains in the succeeding months. In certain areas, insect pests and drought also damaged the crops. Cereal production was 8 per cent below that of 1954/55. Rice output, estimated at 12.8 million tons, was about the same as in 1954/55, while wheat output at 3.2 million tons was 14 per cent lower than in 1954/55.[3] Rice and wheat prices, which had been fairly low during 1954/55, started rising about September 1955. In June 1956 the average wholesale prices of these grains in Chittagong were more than 80 per cent higher than a year before.

In order to ensure a regular supply of staple food grains at reasonable prices, government stocks (already drawn on during the previous crop year) were released in large quantities, at subsidized prices in the case of rice. In West Pakistan the food grain procurement drive was intensified and wheat procurement prices raised in order to encourage production. The rice surplus was moved to East Pakistan, where statutory rationing was introduced in nineteen towns, with arrangements for modified rationing in rural areas. Exports of rice abroad were banned, and imports of rice and wheat were arranged.[4] As a result, the food situation improved after mid–1956.[5]

Except for the years of Korean hostilities, 1955/56 was in general considered the best post-war

[3] FAO figures quoted here differ, however with those supplied by the Government.

[4] The United States agreed to supply 168,000 tons of rice and 127,000 tons of wheat. Another 15,000 tons of rice was procured from India. By the end of July 1956, about 252,000 tons of rice (including 78,000 tons from West Pakistan) has been imported into East Pakistan and, by the end of June, about 94,500 tons of wheat has been imported into West Pakistan.

[5] Attempts to control recurrent floods have been undertaken in several ways. Extension of the Kalapani embankment in the Rangpur district in East Pakistan, which is expected to protect a crop-growing area of about 135 square kilometres from the ravages of the river Jamuna, has been taken in hand by the National Flood Commission. The provincial governments have, on the advice of the Central Government, established separate flood commissions assisted by full-time flood control organizations. The commissions have been entrusted with the tasks of (1) assessing the flood problems in their provinces and submitting their recommendations in connexion with flood relief and flood control, (2) formulating comprehensive programmes for surveys, (3) collecting necessary data for devising flood control measures and (4) examining the question of evolving a flood warning system.

year for major non-food crops, notably jute and cotton. The total area under cotton, 1.43 million hectares, was 11 per cent higher than a year before, though the rise in output was only about 9 per cent, owing chiefly to flood damage. The crop of 1.74 million bales,[1] together with unsold carry-over stocks, provided a total supply of 1.80 million bales as against 1.69 million in the preceding season. Jute production, despite some damage from floods, was estimated at 5.6 million bales,[2] or 20 per cent higher than in the previous year, on an acreage estimated at 661,000 hectares, or 31 per cent higher.

Conscious of the inherent danger of the substitution of other fibres and paper for jute, the Government has endeavoured to maintain a competitive price for jute on the world market but at the same time to ensure a fair return to growers. There was an ample supply of jute at reasonable prices during the 1955/56 season, and this situation was expected to continue in the following season. The production target for 1956/57 has been set at 5.5 million bales (the original target for 1955/56), taking into consideration the carry-over from the previous crop and prospective world demand.

Among other agricultural items, sugar-cane and tobacco output declined in 1955/56, while tea and tobacco and wool production just about maintained the levels of the previous year.

Agricultural output has grown only slightly during the post-war period as a whole. Food production has increased by one per cent per year on the average, total agricultural production slightly less. In 1955/56, production of all agricultural commodities was 9 per cent above pre-war (1936–1938) and food production 14 per cent above. On a per capita basis, however, even food production was 9 per cent below pre-war levels. Yields per hectare of most food crops have not risen, the increase in food production being generally achieved through cultivation of new acreage.

The high priority given to agricultural development in the draft Five-Year Plan in part reflected the consideration that exchange earnings can be increased in the short run primarily through a rise in exports of raw materials. About one-third of planned public expenditure was to be devoted to agriculture, including village aid, irrigation, reclamation and drainage programmes, forestry and animal husbandry. The Plan called for a 13 per cent increase in food grain production and larger increases in the output of jute, cotton, oil-seeds, sugar-cane, fruits and vegetables, to be achieved largely through a rise in yield per hectare and partly through an extension of the area under cultivation. Provision was made for research in improved varieties of crop and for rapid adoption of the best varieties known. The yearly consumption of chemical fertilizers, about 51,000 tons, was expected to expand, with government subsidy, to over 254,000 tons. Effective control of insect pests and plant diseases, which have caused losses averaging from 5 to 15 per cent of the total annual value of crops, was to be achieved by strengthening the extension services. Mechanization of agriculture was to be on a limited scale, in view of considerable rural unemplpyment and under-employment and a shortage of foreign exchange. About 1.2 million hectares, or 6 per cent of the existing area under major crops, was to be brought under cultivation during the period of the Plan.

Because of the particular importance to Pakistan of the development of water resources for irrigation, flood regulation and drainage (and also for hydro-electric power generation and transport) as a way, among other things, of increasing the agricultural yield and expanding the cultivable area, the Plan endorsed various water resources development projects already under way and provided for additional projects.[3] Other agricultural development items in the Plan included soil conservation, crop rotation, storage, range management, land reform, village aid, rural credit and co-operation, animal husbandry, forestry.

Industry

Industrial production continued to gain significantly in 1955/56, rising by 22 per cent over 1954/55.[4] The most notable increase was in leather industry, by 164 per cent for upper leather and 78 per cent for sole leather. There was 6 to 10 per cent increase for rubber tires and tubes, cotton cloth, cotton yarn and sugar; 10 to 15 per cent for vegetable oil, tea and electric power; 30 to 40 per cent for safety matches, silk and artificial silk and jute manufactures.

Since partition, industries have developed rapidly in Pakistan. Between 1949/50 and 1954/55 the share of national income (at constant prices) contributed by manufacturing rose from 6.4 to 8.3 per cent. The country has achieved self-sufficiency in a number of manufactured consumer articles and has been able

1 One bale of cotton weighs 392 pounds or 178 kg.

2 One bale of jute weights 400 pounds or 182 kg.

3 Planned water development projects to be carried out during 1956-1960 were expected to (a) irrigate an additional 1.1 million hectares and improve existing irrigation facilities for 1.3 million hectares, which together, represent 27 per cent of the total area irrigated in 1955, and (b) benefit 570,000 hectares by flood regulation and drainage measures, or 1.8 times the area so improved in 1955. When finally completed, these projects were expected to result in 2.6 million additional irrigated hectares, 5.2 million hectares with improved irrigation facilities and 870,000 hectares benefited by flood regulation and drainage.

4 According to the unweighted index of industrial production covering 17 major industries, with 1950 as base.

to develop an export potential in some manufactured goods. Expansion of capacity, however, appears to have slowed down since late 1955, judging by the reduction in machinery imports.[1] While the Government particularly encouraged the establishment of new industries during the first stage of industrialization, a second stage has begun in which main emphasis is to be placed on the consolidation of industries already established.

The availability of many kinds of raw material, and the desire to diversify its economy so as to be less vulnerable to the instability of foreign demand for its primary exports and less dependent on foreign supplies of manufactured products, led Pakistan to launch its vigorous programme of industrialization. Several factors contributed to the success of this drive. The very large foreign exchange earnings made possible during Korean hostilities, coupled with the fact that the Pakistani rupee had not participated in the general devaluation movement in September 1949, furnished an incentive for importing substantial amounts of materials and equipment required for establishing local industries. Tax relief was granted to local investors and a repatriation guarantee extended to foreign investors. When the boom subsided, the imposition of strict import control and the introduction of a protective tariff gave the movement further impetus. In order to overcome the serious deficiency in private initiative, investment and entrepreneurship, the Government in 1952 set up the Pakistan Industrial Development Corporation (PIDC) to promote important industries. In the past four and a half years, this corporation completed 26 industrial projects (including jute, paper, sugar, fertilizer and cement factories) involving a capital expenditure of Rs 494 million. Nineteen other projects, including newsprint, dyestuffs, chemicals, and other products, were under way.[2]

The textile industry has made particularly spectacular progress. Installed cotton spindles on 31 March 1956 numbered approximately 1.7 million or ten times those in 1947, and the number of looms was approximately 26,000 or over five times that in 1947. This rapid expansion in installed capacity has not only made the country self-sufficient in coarse and medium varieties of cotton cloth but has also made sizable quantities of cotton yarn and cloth available for export,[3] largely to Hong Kong. A stage was reached where greater emphasis could be laid on the production of fine and superfine yarn and cloth, for which 250,000 existing spindles have been set aside for spinning long-staple cotton imported under the United States surplus commodity aid programme.

In 1956, Pakistan had fifteen woollen mills, with 19,600 worsted and 13,700 woollen spindles, and had thus become not only independent of imports of woollen and worsted manufactures, except for some very special types, but also able to undertake some exports.

In jute manufacturing, the PIDC ahs so far set up 11 jute mills comprising 6,500 looms with a total investment of Rs 186 million, of which Rs 60 million was contributed by the PIDC and the balance by private capital. Installation of another 1,000 looms was under way.

Paper production reached 25,000 tons in 1956 and board paper production 3,800 tons. Preliminary surveys have been completed for the establishment of a newsprint factory with an annual capacity of 23,000 tons of newsprint and 12,000 tons of mechanical paper.

A new cement factory, with an annual production capacity of 122,000 tons, started functioning in January 1956; this capacity was expected to be doubled by the addition of another plant scheduled to commence operaitons by the end of the year. Another factory, with a total capacity of 102,000 tons a year, began to produce in March 1956. The country's cement production reached self-sufficiency with respect to current requirements.

A sugar mill in West Pakistan with a total daily capacity of 1,500 tons started operation in May 1956.

The first phase of the schemes for establishing a ship-repair and shipbuilding yard in Karachi has been completed. This yard can undertake construction of ships up to a deadweight tonnage of 3,000, besides repairs to ocean-going vessels.

[1] The value of machinery imports, having reached a peak annual amount of Rs 360 million in 1954 and the first nine months of 1955, fell to an annual rate of Rs 170 million from October 1955 to July 1956. If the devaluation of the Pakistani rupee at the end of July 1955 is taken into account, it is evident that the quantity of machinery imports fell even more.

[2] The total government investment through the PIDC in all those projects up to 30 September 1956 amounted to Rs 404 million, while private reached investment Rs 243 million.

[3] The development of cotton textile industry can be indicated by the rapid increase in domestic mill consumption of cotton and the decrease in the export of cotton as shown in the table below (in thousands of tons):

Year	*Production*[a]	*Consumption by local mills*	*Exports*
1950	221	18	216
1951	264	27	220
1952	251	33	246
1953	319	59	282
1954	256	111	142
1955	284	154	168
1956	309	..	154[b]

Source: Production figures are from FAO, consumption and export figures are from Central Statistical Office of Pakistan, *Statistical Bulletin*.

[a] Referring to crop year ending July of the year stated.

[b] Annual figure based on monthly rate from January to September.

In 1955 and 1956 several other industries also recorded significant gains and helped the country to achieve self-sufficiency—or nearly so—in art silk fabrics, matches, soap, edible oils, foot-wear, leather goods, paints and varnishes, plastic manufactures, cycle parts, rubber tires and tubes, tin containers, electric fans and lamps, sanitary fittings, certain categories of machine tools and other items. Among the projects scheduled to start operations during 1956/57, mention may be made of a fertilizer factory, a sugar mill, a penicilin plant and a dry dock at Karachi.

Shortage of fuel and power has presented great difficulties in Pakistan. The installed electric power capacity is small,[1] and coal production is also limited. To meet the pressing demand, a priority programme of power development has been drawn up and put into execution.[2] At the end of 1955 the total installed capacity including that owned by industry was 343,000 kW; it was expected to rise to 400,000 kW by the end of 1956.

Coal production during the past three or four years has remained more or less static at 500,000 to 600,000 tons per annum. The type of coal produced is of inferior quality and is in limited demand, having so far been utilized only in brick burning, lime burning, glass furnaces, steam raising and generation of mechanical power in textile mills, ginning factories, ice plants and similar plants. Some successful experiments have, however, been conducted for its use in locomotives.

Prospecting for petroleum and natural gas continued. Although no new reserves of oil have been found, extensive pools of natural gas have been discovered. The one discovered at Sui is a major resource. The amount of gas available is estimated sufficient to supply 2.8 million cubic metres a day, or equivalent in heating value to approximately one million tons of coal a year for a period of 60 years. Upon completion of a pipeline of 563 kilometre long, natural gas from Sui was made available for industrial consumption in Karachi in September 1955, and to consumers in Hyderabad and Sukkur later. A pipeline from Sui to Multan has been sanctioned to supply natural gas fuel to electric generating plants and iron and steel works.[3] Recently, a pool of natural gas has also been discovered in Sylhet in East Pakistan. The gas is superior in quantity to Sui gas and is available in sufficient quantity to meet the requirements of East Pakistan for 30 years. Plans to utilize this reserve are under consideration of the Government.

The only refinery in the country has a capacity of 734 tons a day, which is sufficient to process oil produced in West Pakistan.

The rapid expansion of industries processing local materials has been accompanied by slower development not only of power but of auxiliary industries. In a number of cases, plants have operated at less than capacity for want of power, raw materials, spare parts, packing materials and other necessary items, mainly the result of the shortage of foreign exchange.[4] One of the main objectives in developing these industries is, of course, to save foreign exchange by substituting imports, and also, to some extent, to earn foreign exchange by expanding the manufacture of exports. However, the establishment and operation of industries to save and earn foreign exchange requires foreign exchange expenditure on capital equipment and spare parts, and to some extent also on raw and semi-finished materials. The development of exchange-earning industries, for example jute and cotton textiles, tends to reduce the export availability of the raw materials—cotton and jute. The shortage of foreign exchange has been sufficiently acute so that a substantial further expansion of the investment programme, especially in the industrial sector, has tended to curtail the availability of foreign exchange for operating existing installations.

Productive efficiency has not apparently kept pace with the rapid growth of industries, and it has been realized that ability to compete will require further attention to the cost factor, both for exports and in industries producing substitutes for imports. While devaluation helped to adjust the cost structure in the sense that it made imported items more expensive in relation to local labour and furnished an incentive for the more economical use of capital goods, the need for higher productivity has remained. "Serious attention should be paid to the problem of rationalizing the cost structure of domestic industry, as only thus can the real benefits of industrial progress be passed on to the consumers."[5]

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[1] The total generating capacity in Pakistan at the time of partition was only 77,700 kW, or 5.5 per cent of the total generating capacity of the entire sub-continent. The first industrial conference in December 1947 recommended an increase in total generating capacity to 500,000 kW within five years.

[2] Among the hydroelectric projects sanctioned, three minor projects at Malakand, Dargai and Rasul in West Pakistan, with a total combined capacity of 52,000 kW, have been completed. Major projects at Warsak (160,000 kW) and Mangla (300,000 kW) in West Pakistan and Karuafuli (80,000 kW, first stage) in East Pakistan have been under construction. The thermal power projects at Chittagong, Khulna and Siddergani in East Pakistan and at Lyalpur, Hyderabad and Karachi in West Pakistan, with a total combined capacity of 140,000 kW, were nearing completion. A thermal power station based on Sui natural gas, with a capacity of 105,000 kW, has been under construction at Multan in West Pakistan; the first set, of 35,000 kW, was expected to go into operation in 1958.

[3] The next find of gas is located at Udh, 51 kilometres away from Sui. This too admits of economic exploitation as a fuel.

[4] Planning Board, *First Five-Year Plan, 1955-60 (Draft)*, vol.I (Karachi, May 1956), pp.84, 485.

[5] Speech delivered by Mr. Abdul Qadir, Governor, State Bank of Pakistan, at the eight annual general meeting, on 7 September 1956, published by the State Bank of Pakistsan, p.6.

Taking these various factors into account, the Planning Board proposed in the draft Five-Year Plan that industrial development be further advanced, but in a more balanced manner, through fuller use of existing industrial capacity and development of new projects of high priority. Substantial increases in industrial research and arrangements for improving productivity were provided for in the Plan. A large expansion of the programme to assist small and cottage industries was also included.

TRADE AND PAYMENTS

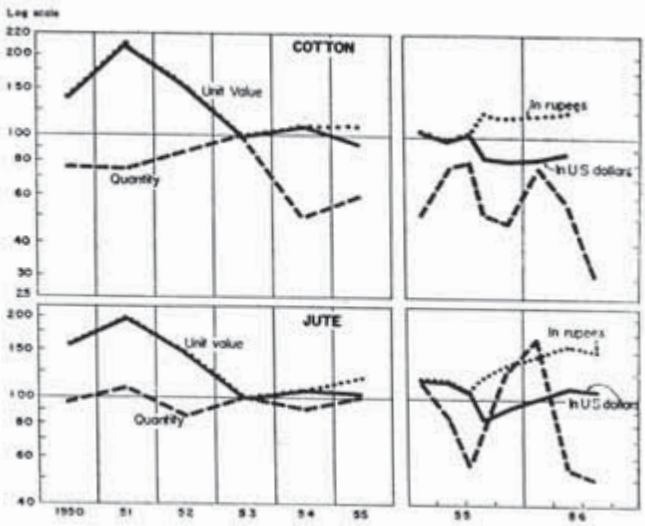
Exports

In spite of rapid industrial development, in 1955 the export value of raw materials and articles largely unmanufactured still accounted for about 85 per cent of the total export value, and the import value of articles wholly or mainly manufactured accounted for more than 75 per cent of the total import value. About 75 per cent of the total export value was contributed by raw jute (about 47 per cent) and raw cotton (about 28 per cent) during the two and a half years ending June 1956. The changes in export prices and quantities of these two major commodities were largely responsible for the fluctuations in total export proceeds.

In mid-1955 the unit value indices of jute and cotton exports again fell almost to the low level of 1953, only one-half of the 1951 peak. After devaluation at the end of July 1955, the rupee prices of many export commodities rose considerably, though the dollar prices fell. In July 1956 the unit value of jute exports in terms of rupees was about 45 per cent higher than a year before, and that of raw cotton about 30 per cent higher.

The dollar unit value of jute and cotton exports gradually rose soon after the devaluation: that for cotton had not recovered to their former level by August 1956 but that for jute already exceeded the July 1955 level in June 1956. The reduction in dollar prices during this interval tended to push up sales of jute and cotton abroad. Increased bidding, together with the availability of large stocks from the carry-over of previous crops and the greater output of the 1955/56 crop (stimulated somewhat by the increase in rupee prices), resulted in a substantial rise in the quantity of exports, of about one-third for raw jute and over one-half for raw cotton, during October 1955 to March 1956, compared with the corresponding period a year earlier. After April 1956, however, export quantities declined substantially, owing mainly to the exhaustion of current output and partly to the gradual rise in dollar prices. It was not clear whether the stimulus from devaluation would prove short-lived or would last for another crop season, or even longer.

Chart 19. Pakistan: Quantity and Unit Value of Exports of Raw Cotton and Jute



Among major export commodities, in the period from July 1955 to June 1956, only raw cotton, with an increase of 57 per cent as against the preceding twelve-month period, expanded its export value in terms of rupees by more than the 44 per cent[1] required to maintain a constant amount of export proceeds in dollars. The rupee export value of raw jute, raw wool, and hides and skins rose between 36 and 39 per cent in each case; increased use of raw materials in domestic industries appeared, among other factors, to have prevented it from rising higher. The rupee export value of tea fell by about two-fifths owing to a marked increase in domestic consumption, a sizable decrease in domestic production, and a sharp fall in the world price consequent on a rise in world production.

Several other measures were taken during 1955/56 to stimulate exports, largely in connexion with industrial development. The Export Incentive Scheme expired at the end of September 1955, but was widened and renamed the Export Promotion Scheme; originally effective until the end of September 1956, it was extended for another year. Under the new plan, exporters of 67 primary commodities were entitled to obtain import licences up to 15 per cent of their foreign exchange earnings, for use against imports of 46 specified items; while exporters of manufactured goods were allowed to utilize 25 per cent of their export proceeds to pay for imports of transport equipment, machinery, raw materials and packing products needed in the industry. Under the scheme, a rebate on import duty was allowed

[1] That is, the difference between 3.31 and 4.76 Pakistatni rupees to the dollar.

in the case of all raw materials used in the manufacture of goods for export, in order to provide further encouragement to production for export.[1]

The total rupee value of exports for July 1955 to June 1956 showed an increase of 46 per cent, to Rs 1,783 million, over July 1954 to June 1955, as a result of a 17 per cent increase in quantity and a 21 per cent rise in export prices in terms of rupees. The total dollar value of exports increased slightly.

Imports

The unit value of imports rose sharply after devaluation. In the fourth quarter of 1955, it was more than 50 per cent higher than in the second quarter, and it continued at that high level. For the year July 1955–June 1956 as a whole, import prices rose by 49 per cent as compared with the preceding year, but the total value of imports, at Rs 1,244 million, increased by only 13 per cent; the quantity (as well as the dollar value) appeared to have decreased by more than 25 per cent.

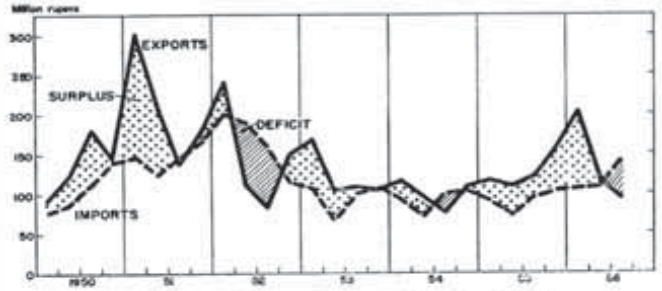
In spite of some increase in dollar earnings from exports, there has been no significant relaxation in import control. In the face of uncertainty about the future of export markets and the possible need for food imports, and of continued demand from industries for foreign exchange outlays, controls on imports of consumer goods remained unchanged in general, although rupee import ceilings for essential consumer goods, like drugs and medicines, were raised in order to ensure that their dollar ceilings would not be lowered. Meanwhile, the supply under United States aid programmes of some consumer goods, including cotton piece-goods, lessened the pressure exercised by import control. Discrimination in import licensing against imports from the dollar area was practically eliminated. In order to give effect to the new industrial policy of ensuring full use of installed capacity, high priority was assigned to imports of spare parts and raw materials. Steps were also taken to simplify the issue of licences by basing import quotas of industrial raw materials on installed capacity and performance.

For July 1955 to June 1956, while the rupee value of commercial imports of machinery and transport equipment fell from their 1954/55 level by 17 per cent, that of crude materials and fuels and allied materials increased about 40 and 50 per cent, respectively, reflecting the priority accorded to full utilization of existing industrial equipment. Commercial imports of chemicals and manufactured consumer goods rose in rupee value but declined in quantity, increased domestic manufacture evidently helping to bring about this decline in a number of cases.

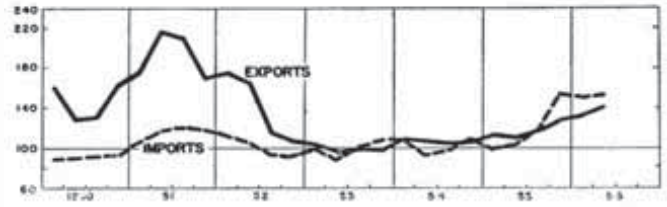
[1] This concession was to be available, however, only in cases where the importer was both manufacturer and exporter of the product exported.

Chart 20. Pakistan: Value and Unit Value of Trade

(*a*) Value of Imports and Exports
(Monthly averages)



(*b*) Unite Value Index (1953=100)



Balance of payments

Because of the increase in rupee export value, which outweighed the slight increase in rupee import value, the positive balance in the current account (excluding aid imports) rose from Rs 3.5 million in the period from July 1954 to June 1955, to Rs 350 million in the corresponding period of 1955/56. In terms of dollars, the surplus rose from a little over $1 million to about $70 million. The terms of trade for the period July 1955 to June 1956 deteriorated by 15 per cent compared to the corresponding period of 1954/55; they showed, however, a tendency to recover during January–June 1956. The improvement in the current account was due partly to the rise in foreign exchange earnings, and partly to lower payments in terms of dollars for imports out of the country's own foreign exchange resources. The latter were made possible to some extent by the flow of goods under the United States Commodity Aid Programme.[2] There was also recorded a net inflow of Rs 97 million in foreign investment. The gold and foreign exchange holdings of the State Bank increased, from $327 million at the end of June 1955 to $390 million at the end of June 1956 (higher than that at the end of 1950, during the Korea war conflict), indicating a substantial improvement in the balance of payments. The balance of payments position, however, deteriorated during the third quarter of 1956, on account of seasonal decline in the volume

[2] The value of imports under the United States Commodity Aid Programme can be indicated by the rupee deposits accruing to the State Bank of Pakistan against these imports. These deposits deposits amounted to Rs 186 million (roughly $40 million) in 1955/56 compared with only a negligible amount during the previous year.

of exports and substantial increase in imports of foodgrains. The gold and foreign exchange holdings of the State Bank decreased to $374 at the end of September and further to $360 million at the end of November.

FINANCE AND PRICES

Public finance

There has been a moderate increase in revenue receipts of the Central Government. According to the reclassified figures[1] the revised estimate for 1955/56,[2] Rs 1,311 million, represented an increase of Rs 82 million over 1954/55; revenue budgeted for 1956/57 was Rs 1,345 million. The increase in revenue in 1955/56 was largely in tax receipts, especially customs duties and transaction and consumption taxes, resulting from a substantial rise in the total rupee value of imports and exports. Customs duties accounted for almost one-half of the total tax revenue in 1955/56, transaction and consumption taxes for over one-fourth, and taxes on income and wealth for over one-fifth.

The 1956/57 budget did not propose additional taxation, and it continued earlier provisions for relief and concessions in connexion with both direct and indirect taxation, with a view to lightening the tax burden and encouraging industrial development.[3] The value of such concessions was estimated at Rs 5.6 million. The rise in tax revenue in the 1956/57 budget was expected to come from increases (a) in customs receipts, as a result of larger receipts from import duties and the fact that the higher rates of export duty on jute and cotton would be applicable for the whole year instead of only part of the year as in 1955/56; (b) in excise duties, on account mainly of increased production; and (c) in income tax yield, through a rise in corporate and individual incomes.

On the expenditure side, the revised estimates for 1955/56, at Rs 2,290 million, exceeded expenditures in 1954/55 by 38 per cent, partly as a result of the rise in the rupee cost of imported supplies and the rupee equivalent of expenditures incurred abroad, attributable to devaluation. Defence expenditure, which accounted for more than one-third of the total, increased by about Rs 200 million, and other current expenditure by Rs 114 million. Another important item consisted of loans and advances to the provincial governments for flood relief measures. Investment expenditure, accounting for 18 per cent of the total, increased by Rs 146 million.

Expenditure in 1956/57 was expected to increase further, by 20 per cent, without appreciable change in distribution among various items. Important provisions in capital expenditures for 1956/57 were for the development of railways, the Chittagong port, posts and telegraph, and for the construction of several water and power projects. Investment in PIDC projects was estimated at Rs 130 million. In addition, provision has been made for loans of Rs 150 million and Rs. 130 million for the governments of East Pakistan and West Pakistan, respectively, for development, and of Rs 20 million to each of them for organizing relief work and undertaking repairs of roads, bridges and canals damaged by floods.

On the basis of the above reclassified figures, the 1955/56 budget of the Central Government showed a revised estimated over-all deficit of Rs 979 million, compared with a deficit of Rs 453 million in 1954/55 and one of Rs 1,413 million for 1956/57. However, in the way the data are presented in Pakistan's budget,[4] revenue receipts showed a small surplus over revenue expenditure, of Rs 600,000 in 1955/56 (revised estimate) and Rs 5.8 million in 1956/57, (budget estimate) to be applied to the capital budget. The latter is shown at Rs 1,122 million in the 1955/56 budget and Rs 1,274 million in 1956/57. Major sources of finance for these capital expenditures include internal borrowing, Rs 179 million in 1955/56, Rs 428 million in 1956/57; net foreign aid, Rs 190 million in 1955/56, Rs 451 million in 1956/57; drawing down of cash balance, Rs 51 million in 1955/56, Rs 47 million in 1956/57; receipts and recoveries on capital account, Rs 379 million in 1955/56, Rs 29 million in 1956/57.

Money and prices

While money supply increased only moderately during 1954/55, the increase between July 1955 and May 1956, a peak month in recent years, was about 22 per cent. This rise was partly due to economic growth, but the expansionary influence of devaluation, the payments surplus and the government deficit appeared to have been the predominant causes. The increase was particularly rapid during the last quarter of 1955 and the first quarter of 1956, apparently in part a seasonal phenomenon connected with high levels of export and bank credit.

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[1] See *infra*, special tables J, K and L in the appendix on "Asian Economic Statistics".

[2] The fiscal year is from April to March.

[3] Among indirect taxes, reductions in rates were made in import duties on drugs and medicines, excise duty on coarse cloth and sales tax on cotton yarn. In the field of direct taxation, tax exemption for profits up to 5 per cent of capital value was allowed also for small-scale industries, tax relief was given to cover educational expenses of children in lower income families, tax exemption on residential houses was partly extended for an additional three-year period, income of foreign technicians and income from production of petroleum and natural gas were exempted from the tax.

[4] *Speech of the Hon'ble Finance Minister and White Paper on the Budget of the Government of Pakistan for 1956/57*, Karachi, 15 March 1956, p.78.

While raising the prices of export crops, devaluation also increased the money income of export crop growers and traders (particularly since the output of major export crops also increased), although a part of the increase was siphoned off by the Government through higher export duties on several major commodities. Meanwhile, more money was required to support transactions at higher prices for both imports and exports. During 1955/56 the increase in money supply was Rs 694 million, as compared with the trade surplus of Rs 539 million. The increase in loans, advances and bills discounted by the scheduled banks was about Rs 32 million, reflecting in part the rising need for working capital by the growing industrial sector. Money supply declined slightly after July and at the end of September 1956 it amounted to Rs 4,563 million, about 11 per cent higher than a year ago.

Prices showed a generally rising trend in this period. The unit value of exports in terms of rupees in June 1956 was 35 per cent higher than a year ago; that of imports in the second quarter of 1956 53 per cent higher than the corresponding period in 1955.[1] Aside from the general influence of the expansion in the money supply and the reduction in the availability of imports, crop failures caused a sharp rise in food prices and cost of living in some areas. In September 1956, the cost of living index in Karachi was 5 per cent higher than a year ago and 9 per cent higher than in June 1955, and that in Narayanganj 42 and 78 per cent higher, respectively. Direct measures taken to ease the food stringency, together with selective relaxation of import controls, reduction of import duties on some essential items, and inflow of consumer goods under the United States aid programme, helped to restrain the rise in prices.

Industrial production has acounted for less than 10 per cent of total national product; therefore, the additional money incomes generated have tended, in the absence of gains in productivity, to increase spending even as output has risen, so that the effect of the expansion of industrial production in holding down prices has been somewhat limited. Nevertheless, completion of a number of development projects in the public and private sectors has definitely increased the production of goods and services, and in consequence the supply of a variety of domestically produced essential consumer goods has shown improvement.

[1] International Monetary Fund, *International Financial Statistics*, January 1957.

Chapter 17

PHILIPPINES

The accelerated tempo of economic development, financed by government borrowing in the public sector and credit expansion in the private sector, in late 1955 reversed the deflationary trend that had prevailed in the Philippines in the preceding three or four years. Greater expenditure resulted at first in substantial import expansion and considerable depletion of foreign exchange reserves, and later, after the tightening of import control, in rising prices. During 1955 and the first half of 1956, the balance of payments position would have been better had the terms of trade not deteriorated by an additional 10 per cent, partly offsetting further increases in production. The unfavourable internal-external price relationship underlying the disequilibrium in the balance of payments has been a major factor limiting the rate of progress of economic development. Unemployment remained high—at an estimated 13 per cent of the labour force.[1]

PRODUCTION AND DEVELOPMENT

In 1956, production, especially in construction and manufacturing, continued to rise substantially. With the over-all economic development programme awaiting Presidential and Congressional approval, work proceeded on various government development projects previously scheduled.

Agriculture

Continuing the post-war upward trend, the agricultural production index rose in 1955/56 by 2 per cent above 1954/55 and the cereal production index was 3 per cent higher. The total harvested area under food crops increased from 4.9 million hectares in 1954/55 to 5.0 million hectares in 1955/56. Production of rice, the leading food crop, reached 3.24 million tons in 1955/56 as compared with 3.20 million tons in the previous crop year. Root crops ranked second, with an output of 1.26 million tons against 1.20 million tons in 1954/55, and maize third with 831,000 tons as against 770,000 tons.

In addition to some expansion in the harvested area, several other factors—greater use of fertilizers, new and improved irrigation works, improved cultivation practices[2] and better control of plant pests and diseases[3]—contributed to the increase in food crop production. The Government has announced that, upon the completion in June 1959 of a large irrigation programme involving the construction of 44 irrigation systems in 26 provinces and expected to cost 124 million pesos, 250,000 hectares of agricultural land would be opened up for cultivation and that this would make the country self-sufficient in rice.[4]

Through the expansion of fish ponds, increased motorization of vessels, development of deep-sea fisheries and—more recently—stricter enforcement of prohibitions on the use of dynamite in fishing, fish output rose from 195,000 tons in 1947/48 to 352,000 tons in 1954/55 and 387,000 tons in 1955/56.

The livestock population also rose, from 3.6 million in 1946 to 10.0 million in 1955, and the poultry population from 7.5 million to 46.4 million during the same period. For water buffalo, hogs and chickens, the pre-war level has been exceeded. The Government was expected to continue its policy of importing about 7,000 live cattle and buffaloes every year, through 1959–Australia, India and Thailand being the main sources of supply to date. It was planned to ban imports of meat completely, beginning in 1960, in order to encourage domestic meat processing.

On a per capita basis, food production, although now 4 to 5 per cent higher than during the pre-war period, has remained unchanged during the past four or five years.

Among major export crops, production of raw sugar (by the centrifugal process) decreased, owing to restrictions on planting, from 1.24 million tons in 1954/55 to 1.10 million tons in 1955/56. The current output was, however, expected to be sufficient to fulfill the United States and International Sugar Agreement quotas. Copra output increased to a new post-war record of 963,000 tons in 1955/56, compared with 942,000 tons in the previous crop year. Production of abaca partially recovered on account of progress in the control of mosaic disease. The National Abaca Corporation was established for the purpose of developing both production and marketing of this fibre; the National Economic Council recommended

[1] *The Colombo Plan for Co-operative Economic Development in South and Southeast Asia* (Fifth Annual Report of the Consultative Committee), Wellington, 1957, p.101.

[2] The Government has encouraged the adoption of the "Margate system" embodying the use of selected seeds of high-yielding varieties, better seed beds and similar practices. Agricultural credit and agricultural extension services have also been emphasized.

[3] The Secretary of Agriculture and Natural Resources has announced that the yield of rice-fields could be increased on the average by 43 per cent, as already demonstrated in the provinces, through control of rice stem borers and other rice pests by timely spraying of infested fields with effective insecticides.

[4] During the first half of 1956 the Philippines imported 13,905 tons of rice, compared with 15,873 tons in the first half of 1955.

the release of ₱18 million from government bond issues to finance the purchase of decorticating machinery by provincial marketing organizations, co-operatives and manufacturers of finished abaca products. Tobacco leaf output reached 42,000 tons in 1955/56, more than 40 per cent higher than in the previous crop year; government encouragement through gradual cuts in imports, a price support scheme, extension of ample credit by the Agricultural Credit and Co-operative Financing Administration and provision of warehouse facilities helped substantially in achieving this result. Production of logs reached 1,824 million board feet in 1955/56 as against 1,540 million board feet in 1954/55.

Mining and industry

Coal production, estimated at 146,300 tons in 1956, was expected to rise further on completion of a proposed iron and steel plant. During the first half of 1956, copper and chromite ore registered marked increases in output, owing to increased demand from abroad, notably from Japan, and lead a slight increase. A slight decrease occurred in the output of iron ore. The gold subsidy which was due to expire in June 1956 was extended for two years, thus preventing many high-cost mines from closing.

A rich seam of copper, with an average content of 10 per cent, has been discovered in Mindanao. It was planned to establish a combined smelter and refining plant to produce metallic copper from concentrates near Toledo, Cebu. This plant was designed to handle 20,000 tons of concentrates a month and to work initially at half capacity until additional supplies of concentrates become available. United States Government experts have been studying a design for a commercial nickel mill which would be capable of exploting for the first time the large deposits of low-grade ore in Surigao.

During the first nine months of 1956, building construction—measured by building permit valuation in Manila—showed a 21.5 per cent rise over the corresponding total a year before. Industrial construction was five times as great. Construction of public works, including irrigation and drainage projects, schools and administrative buildings, hospitals, markets, ports and roads, has been accelerated. A total of 1,960 km of feeder and rural roads was constructed in 1956.

To meet growing industrial and household demand, power generation of the Manila Electric Company system increased to 668 million kWh in the first nine months of 1956, 16 per cent higher than for the corresponding period a year before.

Manufacturing production also continued to increase, the index for the first half of 1956 being 17 per cent higher than for the first half of 1955. The gain was shared by almost all lines of manufacturing except foot-wear and wearing apparel. Sharp increases were registered in textiles and metal products. Steadily rising demand accounted for chiefly by import restriction, a smooth flow of raw materials and machinery into industry, improvement in local production methods, increased availability of skilled labour and better marketing facilities combined to accelerate industrial production. Utilization of local raw materials appeared to have increased, while imports of raw materials decreased.

Several new ventures have been started with a view to furthering self-sufficiency in particular products. The Goodrich Rubber Company started production in mid-1956 in its new tire and tube factory, which was expected to supply 50 to 60 per cent of the country's tire requirements. This, together with two other factories to be built, was expected to meet local requirements and to save some $9 million annually in foreign exchange. New plants were set up to manufacture paints and varnish, and aluminium finished products, on a scale expected to be sufficient to satisfy local requirements.

Development

In formulating the 1956/57 fiscal plan and the budget, primary emphasis has been given to economic development programmes and services which directly advance agricultural and industrial productivity. Priority has been accorded to: (1) undertakings which significantly facilitate the operation of dollar-earning or dollar-saving industries, (2) rural development programmes which stimulate self-help in achieving higher living levels and greater farm production, (3) programmes directed towards gaining self-sufficiency in the production of basic foodstuffs, (4) activities which expedite the process of land distribution to the landless, and (5) facilities and services which further the productive process in general, for example, power, irrigation and flood control, feeder roads and water transport. The allocation of funds in the budget is shown in table 26.

Table 26. Philippines: Government Expenditure on Income and Social Development

(Millions of pesos)

Item	Year[a] 1954/55 (actual)	1955/56 (programmed)	1956/57 (estimated)
Total government expenditure	908	1,112	1,348
Economic development:			
Agriculture and natural resources	105	154	215
Commerce and industry	7	40	50
Transportation and communications	135	204	229
Other economic development	84	70	46
Unallocated reserve	—	10	100
Total, economic development	331	478	640
Social development:			
Education	217	229	244
Health	50	72	79
Labour and welfare	15	16	19
Total, social development	282	317	342

[a] The fiscal year is from July to June.

"Transportation and communications" and "agriculture and natural resources" were the two major fields of development in the fiscal plan, each accounting for fully one-third of the total economic development expenditure budgeted for 1956/57. In the field of agriculture, the important projects were irrigation, other means for raising the yield of basic food crops, and rural development. In transportation, P93 million was provided for the building of 4,540 km of feeder roads; extension of the Manila railway line to Cagayan valley was expected to make this fertile region more attractive to settlers and investors and to speed up its economic growth; the merchant marine and ports and harbours were also to be developed.

In industry, a large share was allocated to power, for completion of the Maria Cristina unit No. 2 hydroelectric project (finished at the end of 1956) and that at Ambuklao and for initiating several new projects, including Maria Cristina unit No. 3, Binga, Marikina and Ilog. These power facilities were expected to extend the benefits of electrification to a larger number of rural areas and increase production of cheap fertilizer. Funds were also provided for the National Shipyard and Steel Corporation to establish a pig-iron smelting plant and improve its existing steel mills.

The expenditures budgeted for social development, although showing a slacked rate of increase, accounted for more than one-half as much as economic development expenditure and more than one-fourth of total government expenditure in the 1956/57 fiscal plan.

TRADE AND PAYMENTS

Exports and imports

With the general increase in the production of export commodities, the volume of exports gained substantially after 1953; the quantum index of exports, at 121 in 1955, rose to 133 in the first nine months of 1956 (1953=100), or 8 per cent above the corresponding period in 1955. Owing to the lower level of export prices, total export earnings remained stable during 1954 and 1955; however, they rose appreciably, to P667 million, in the first nine months of 1956, or 9 per cent above the corresponding period of 1955. The increase in the total value of exports resulted almost entirely from a rise in export volume. The unit value of exports—still 17 per cent below the level reached in 1953–remained comparatively constant.

Among major export commodities, the increase in the quantity of exports during the first half of 1956 was considerable for copra (27 per cent above that of the first half of 1955), appreciable for abaca (13 per cent) and slight for logs and lumber (each 3 per cent). The quantity of sugar exported was 17 per cent less. The average prices of copra and sugar fell, while those of abaca, and logs and lumber, rose.

Prices of copra and coconut oil continued their downward trend and by September 1956 were about 30 per cent below their 1953 level. Competition from cotton-seed, soya beans, other vegetable oils and tallow in United States and European markets remained severe. However, it was expected that the export position for copra and coconut oil would not be greatly impaired by revision of the trade agreement with the United States, at least in the near future. The preferential processing tax of $0.03 per pound levied by the United States on Philippine copra (as against $0.05 per pound on copra from other countries) was maintained. In the case of coconut oil, absolute quotas were replaced by duty-free quotas which were to be reduced every three years until their disappearance in 1974.

Sugar exports amounted to 534,540 tons in the first half of 1956, of which 439,350 tons was exported to the United States, against the annual quota of 863,640 tons granted to the Philippines.[1] Since 1 January 1956, as in the case of other Philippine products, sugar entering the United States has been subject to a tariff duty of 5 per cent of the ordinary import duty on sugar from other sources. The percentage is to rise every three years until Philippine sugar becomes subject to the full duty in 1974. However, it will have a margin of preference over Cuban sugar until 1971, when the duty levied is to be 80 per cent of the full duty. A small gain in sugar exports became possible as the International Sugar Agreement permitted member countries to provide 100 per cent of their basic quotas in 1956, instead of the 90 per cent prveiously agreed upon. Several members were unable to produce the extra 10 per cent and in the subsequent reallocation the Philippines gained 3,890 tons in addition to its basic quota of 26,000 tons. Moreover, the Philippines is to be allowed to barter a further 20,000 tons under a special clause of the agreement which allows members encountering difficulties in obtaining needed commodities to exchange surplus sugar for other goods.[2]

Abaca prices have improved substantially since late 1955, on account of increased world demand for rope for shipping and shipbuilding. In the first half

[1] Though in principle subject to change by the United States Congress, the United States quota for Philippine sugar has been frozen at this level until 1960.

[2] No difficulty was anticipated in finding makets for this extra allowance. Japan has announced its willingness to take larger supplies of Philippine sugar and there may be prospects of concluding rice-sugar deals with some other Asian countries. However, the freezing of the United States quota at 863,640 tons may necessitate a continuation of planting restrictions and may prevent an appreciable increase in sugar exports over the next four years.

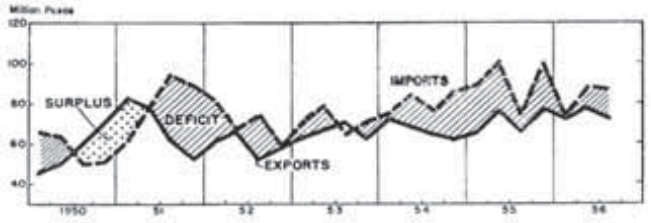
of 1956 the export quantity of abaca was 13 per cent higher than in the first half of 1955 while the export value increased by 30 per cent.

The export of logs and lumber has grown steadily since the end of the war; though it accounted for little more than one per cent of the total export value and was far below abaca export in 1949, it exceeded the abaca export figure in 1954 and 1955 and rose to more than 10 per cent of the total export value in the latter year. In spite of a steep rise in freight rates, strong demand was maintained during the first half of 1956. Heightened building and construction activity in Japan and the United States and a decision of the United States Government to permit the use of Philippine mahogany in house building and furniture making played a major part in sustaining Philippine exports of logs and lumber.

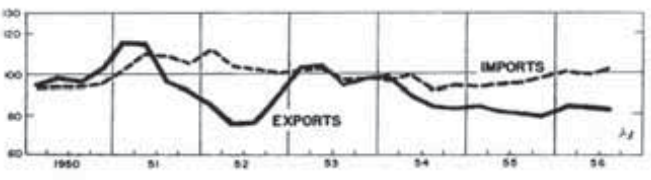
In order to promote exports, the Government in September 1955 freed exporters of certain products, under certain conditions, from the obligation to surrender their foreign exchange earnings to the Central Bank at the official rate, permitting them to use immediately all the proceeds for approved imports instead.[1] The licensed value of such exports, totalling P24 million during October 1955–June 1956, was, however, only 4 per cent of the total value of exports.

Chart 21. Philippines: Value and Unit Value of Trade

(*a*) Value of Imports and Exports (Monthly averages)



(*b*) Unit Value Index (1953=100)



[1] Products affected by this so-called no-dollar import law include: (a) "undeveloped" or "under-developed" minor products (all products in their natural state and products whose stage of manufacture is not up to the standard generally required for such and similar manufactured commodities, whose export value prior to 1955 never exceeded P1 million per year); (b) any major export product the value of whose surplus production is in excess of the average annual dollar receipts during 1950-1954 in any market of the world or over and above the quota limitation under international agreements; and (c) other local products that cannot be sold for dollars owing to inferior grade and quality or high marginal cost.

Timber was the most popular item, followed by sugar and minerals. Japan took the largest share, followed by Hong Kong and the United States. This kind of barter trade was, however, restricted in July 1956.[2]

In 1955, the total value of imports was about 20 per cent higher than in 1953, and the quantum 25 per cent higher. The rise was due partly to the quickened tempo of economic development, partly to relaxation of import controls in the first half of 1955 to prevent price increases in essential consumer items like sardines, canned beef, flour and milk, and in some measure to anticipation of the partial imposition in 1956 of import duties on United States goods and of the rise in a number of ordinary tariff rates.

In the first nine months of 1956, as foreign exchange allocations were reduced because of the substantial depletion of international reserves, the total value of imports (P746 million) dropped 6 per cent below that in the corresponding period of 1955 and the import quantum fell 12 per cent. The percentage reduction in the first eight months of 1956, compared with the corresponding period of 1955, was especially large in the value of consumption goods (about 22 per cent) and raw materials (about 9 per cent); the value of capital goods actually increased, accounting for 23 per cent of total imports during the later period, compared with 17 per cent in the earlier one.

The direction of trade showed notable changes after the imposition of partial import tariffs by the Philippines on United States goods and *vice versa*. The share of United States goods in total Philippine imports declined from 65 per cent in the first nine months of 1955 to 59 per cent in the same period of 1956, and that of Philippine exports to the United States, from 62 per cent of total Philippine exports to 55 per cent. This marked the first time since the war that trade with the United States had fallen below 60 per cent of the total Philippine trade. On the other hand, the share of both Japan and western Europe increased; the ratio of imports from Japan to total imports rose from 8 per cent in the first nine months of 1955 to 10 per cent in the first nine months of 1956, and the share of western Europe rose from 9 per cent to 13 per cent; the ratio in total exports of Philippine exports to Japan increased from 15 per cent to 17 per cent, and the western European share rose from 16 per cent to 21 per cent. With the increase in freight charges following the closing of the Suez Canal (for example, by over 10 per cent in the case of abaca), exports to Europe appeared to be adversely affected in the last quarter of 1956.

[2] Barter of major exports on this basis was allowed up to 15 per cent of their total export value; barter was no longer allowed for any item with countries having no exchange control or having free ports, except for exports in excess of United States quotas. The possibilities of barter trade with Hong Kong and the United States thus tended to be considerably reduced.

Balance of payments

Owing chiefly to a considerable expansion in imports and a further deterioration in the terms of trade, the goods and services account showed a large deficit—₱321 million—in 1955, following one of ₱163 million in 1954. The 10 per cent increase in export quantity was nullified by a 10 per cent deterioration in the terms of trade. Net payments on transportation and insurance, and on investment income, increased by ₱18 million and ₱21 million, respectively. The usually large United States government expenditure in the Philippines increased slightly—from ₱244 million to ₱252 million. The net inflow of private capital rose by ₱31 million in 1955, largely as a result of increased reinvestment (as contrasted with remittance) of profits of foreign private investments. The net outflow of long-term official and banking capital of ₱34 million in 1954 turned into a net inflow of ₱82 million in 1955; the latter sum consisted wholly of drawings on loans from United States banks, including the loan of the Export-Import Bank of Washington to the National Power Corporation. On balance, the resources of the International Monetary Fund were drawn upon to the extent of ₱20 million, while the gold and foreign assets of the Central Bank dropped from $207 million at the end of 1954 to $155 million at the end of 1955.

Because of a marked reduction in imports, the balance of payments showed a slight improvement in the first half of 1956. The goods and services account had a small surplus of ₱9 million, compared with a deficit of ₱72 million in the first half of 1955.[1] Official donations (largely grants from the United States International Cooperation Administration in the form of commodities and technical aid) amounted to ₱31 million in the first half of 1956, compared with ₱48 million in the whole of 1955 and ₱46 million in the whole of 1954. In March 1956, the Philippines obtained economic development loans of $65 million from the Export-Import Bank and $20 million in credits from private banking sources in the United States. The gold and foreign exchange reserves of the Central Bank were slightly higher—$166 million at the end of June and again at the end of October 1956, although still $26 million below their level of a year before. On the other hand, reserves with the International Monetary Fund were drawn down by $5 million.

The reparations agreement between the Philippines and Japan, signed and ratified about mid–1956, provided for the payment by Japan, over twenty years, of $500 million in capital goods and $50 million in services. The payment was to be made at an annual rate of $25 million for the first ten years and $30 million for the succeeding ten years. Payments in the latter period might be accelerated by agreement between the two countries. In a separate exchange of notes, Japan further agreed to provide, also over a period of twenty years, $250 million in long-term loans to be extended on a commercial basis by private Japanese firms and individuals to private Philippine interests. The reparations payments for the first year started in late July 1956; after reduction by $6 million for the services rendered by Japan in salvaging sunken Philippine ships, $19 million remained for imports of capital goods and payments for other services during the remainder of the fiscal year. Japanese reparations were expected to help the country materially in advancing its economic development without impairing its balance of payments position.

FINANCE AND PRICES

Public finance[2]

In 1956 the Budget Commission, in consultation with the Monetary Board, the National Economic Council and the Cabinet, inaugurated a comprehensive fiscal plan for 1956/57. This fiscal plan covered not only the general budget, but also appropriations for public works, subscriptions to the capital stock of corporations, and other investments, loans, and obligations of the Government, to be financed from taxation or public borrowing. Taking account of the present and prospective economic situation, the Plan attempted to speed up development, through public borrowing and provision of liberal credit to private enterprise, and to maintain monetary stability.

Total national government expenditures for 1956/57, budgeted at ₱1,348 million, were about one-fifth higher than the revised estimate for 1955/56. Added to the total estimated cost of ₱210 million for provincial and local governments, the combined figure represented approximately 17 per cent of the anticipated gross national product in 1956/57. Expenditure for economic development, both capital and current, was estimated at ₱640 million, or 48 per cent of the total national government expenditure; the capital expenditure component, at ₱526 million, would enable the government to make an estimated contribution of ₱347 million to net capital formation. Expenditure for social development accounted for 25 per cent of the total, followed by defence (10 per cent), general government (8 per cent) and debt service (8 per cent). Planned development expenditure rose 34 per cent over the previous fiscal year, while social development expenditure, financed by tax revenues, increased by only 8 per cent. It was considered that only by concentrating on raising

[1] The first nine months of 1956, however, showed a trade deficit of ₱79 million.

[2] Budget figures by the Government quoted herein are reclassified in tables J, K and L in *infra*, appendix on "Asian Economic Statistics".

production could national income be increased sufficiently to permit a higher standard of education, health and social welfare.

To avoid financing current operations and normal capital expenditures by borrowing, the fiscal plan for 1956/57 proposed to bring general government expenditures and anticipated revenues into balance by an increase in revenue. Estimated revenue in 1956/57 for the national Government under the current tax structure was estimated at P731 million, or P25 million over the previous fiscal year. Customs duties and other taxes on imports were expected to continue to contribute a large share (46 per cent). While the substitution of a special import levy for the former foreign exchange tax was expected to have very little net effect on revenue, the imposition of import duties on United States goods (at 25 per cent of ordinary import duties on goods from other sources) and the increase in tariff rates effective 1 January 1956 were counted on to yield additional returns. The tax revision proposals in the budget, including revision of the tax amnesty law and higher rates for the sales tax, estate, inheritance and gift tax, residence tax and others, were to yield P80 million. While the prospect of implementing all these proposals was not entirely promising, there also remained the possibility of improving the tax collection machinery.

A sum of P375 million, to be used for capital projects (up from P257 million in 1955/56), was to be financed by public borrowing. This was considered necessary for achieving the maximum feasible rate of development within the limits of monetary stability. To be financed by loan funds, development projects are required to yield quick returns and create income, that is, they must have a high benefit-cost ratio.

The budget deficit to be financed by borrowing from the banking system was not to be wholly inflationary in its first impact, since, among other considerations, part of the government expenditure was to be spent abroad, leaving the estimated net addition to money supply as a result of budgetary operations at P231 million for 1956/57, compared with P185 million in 1955/56. It was expected that the economy could absorb this additional amount (roughly 16 per cent of the money supply at the end of June 1956) into the income stream with a comparatively small rise in prices; an increase of 4 or 5 per cent per annum in the price level of locally produced items was considered more likely, on certain favourable assumptions, to act as a stimulant to economic progress than to cause economic dislocation.

Bank credit

To speed up economic development, the Central Bank has followed a liberal credit policy in subscribing to government securities and making advances to commercial banks. In response to the Central Bank's policy, commercial banks have expanded their credit to the private sector and have purchased government securities. The volume of government securities held by the Central Bank rose shaply, from P261 million at the end of 1954 to P396 million at the end of 1955, declining slightly during the first nine months of 1956, while the amount held by other banks increased from P77 million at the end of 1954 to P193 million at the end of 1955 and P374 million at the end of September 1956. At that point, the total amount of outstanding government internal securities was P739 million, or 25 per cent higher than at the end of 1955. The net purchase of about P400 million of government securities by the banking system between January 1955 and September 1956 made it possible to implement a number of government development projects.

The rediscount rate, reduced to 1.5 per cent in early 1954, and among the lowest in the world, was kept down in order to facilitate bank borrowings and thereby bolster domestic financing. The outstanding amount of Central Bank advances to other banks rose from P25 million at the end of June 1955 to P248 million at the end of September 1956. During the same period, credit and investment by commercial and savings banks for the private sector rose by P219 million, to P1,187 million. About 43 per cent of loans, advances and discounts granted or renewed by these banks during the first half of 1956 was for commerce, about 22 per cent for agriculture and 13 per cent for industry.

To implement the Government's development policy, several special financial institutions, including the Rehabilitation Finance Corporation (RFC), the Agricultural Credit and Co-operative Financing Administration (ACCFA) and rural banks, granted loans for financing agriculture and industry, to the extent of P94 million during the first nine months of 1956. The total loans of these institutions outstanding at the end of September 1956 reached P619 million, of which 28 per cent was for agriculture and 23 per cent for industry; consumption and commercial loans accounted for only one per cent. The ACCFA, with its Farmers' Co-operative Marketing Associations (FACOMAS), and the rural banks, assumed an increasingly important role in agricultural financing. The number of rural banks rose from 40 at the end of 1955 to 72 on 21 November 1956, and the number of FACOMAS from 319 at the end of 1955 to 365 at the end of June 1956. The RFC is the leading institution in financing sugar-mills, sawmills, rice mills, cement and aluminium factories, textile mills, utilities and other industries.

Money and prices

After remaining fairly stable for about two and half years, despite a continued increase in production, the money supply began to rise after mid-1955. It rose 9 per cent in 1955 and another 9 per cent during the first nine months of 1956; the total was P1,488 million at the end of September 1956—17 per cent higher than a year earlier. The increase in 1955 was chiefly due to larger government spending for development and concurrent credit expansion in the private sector; while the depletion of international reserves acted as partial offset by reducing appreciably the money supply. During the first nine months of 1956 the improvement in the balance of payments position contributed largely to the monetary expansion. Money supply also rose on account of credit expansion to the private sector, and increased net borrowing and spending in the public sector, which more than offset the improvement in the cash balance and in savings and time deposits of the Government.

In response to the higher rate of government spending on economic development, bank credit expansion to the private sector, tightening of import controls and the increase of duties on imports, the slightly falling trend in prices during the preceding three to four years was reversed in late 1955. The indexes of the cost of living and of wholesale prices of imported goods reached 104.4 and 103.8, respectively, in October 1956 (1953=100), or 7 per cent and 12 per cent higher than a year earlier. Wholesale prices of domestic and export products, however, remained more or less stable and in October 1956 were 7 and 20 per cent, respectively, below 1953 levels.

Greater government spending and credit expansion, together with rising prices, appeared to have contributed to an increase in employment and wages, at least in the non-agricultural sector. The general index of employment in non-agricultural establishments in the first nine months of 1956 was about 5 per cent higher than in the corresponding period of 1955; more than average gains were registered in construction, government services and in mining and quarrying. Meanwhile, wage rates for unskilled labourers in industrial establishments located in Manila and its suburbs continued to rise—by 1.6 per cent in industry and 1.2 per cent in real terms, in the first nine months of 1956, compared with the corresponding period of 1955. Wage rates of skilled labourers, however, remained stable.

Chapter 18

THAILAND

The extent to which Thailand's economy depends on the rice crop is attested by the fact that the share of rice in the total annual value of exports averaged 57 per cent in the decade 1946–55. To offset the adverse effect on its revenue produced by the falling trend in the export price of rice since 1953, the Government has succeeded in steadily increasing revenues from other sources. Government expenditures, however, have continued to exceed revenues, with heavy outlays on defence and development contributing substantially to this result. From 1950 to 1956, the Government has had constant recourse to deficit financing. This has had a tendency to lift private spending and imports, thus adding to the pressure on the country's balance of payments caused by reduced export proceeds from rice and (in 1952/53) by the measures taken to raise the external value of the baht. Except for a very small surplus in 1955, Thailand's balance on trade account has been adverse since 1953.

Before the end of 1953, a comprehensive system of import controls was introduced in an effort to halt the drain on foreign exchange reserves, but the effect was more than offset by a marked decline in exports, especially rice, in 1954. Export liberalization in 1955—notably through the return of the rice trade to private hands and the introduction of sliding-scale export duties on rubber—produced favourable results in terms of larger foreign exchange earnings. In July of that year, the Exchange Equalization Fund was set up with profits from the revaluation of foreign exchange reserves, to help stabilize the widely fluctuating free-market exchange rates. Towards the end of the year, the Government relaxed import controls, greatly reducing its reliance upon quantitative import restrictions, which were depriving it of needed customs revenue. These measures brought about a sharp increase in imports and inventories in the first half of 1956. The Government accordingly began to grant re-export permits and to require more strict scrutiny of import financing by banks.

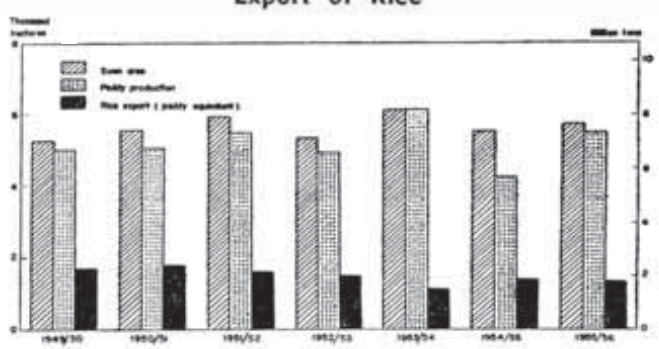
Though its economy has been relatively stable and prosperous, with prospects that have warranted a generally optimistic view, it has been apparent that Thailand, like many other countries of the region, has an unresolved problem of how to quicken the pace of economic development without endangering external and internal equilibrium.

PRODUCTION

Agriculture, forestry and fisheries

The 1956/57 paddy crop was expected to exceed the substantial output of 1955/56, which was estimated at 7.4 million tons;[1] with the anticipated carry-over from the 1955/56 supply, the exportable rice surplus for 1957 was expected to be higher than that of the year before. The gain was attributed largely to favourable weather conditions and to the opening of the Chainat dam and other smaller irrigation systems. Satisfactory progress in the seed improvement programme held promise of reversing in future the fifty-year decline in the average yield per hectare.[2]

Chart 22. Thailand: Sown Area, Production and Export of Rice



Rubber production in 1957 was estimated at slightly below the record output of 133,300 tons the year before, which compares with a pre-war level (1938–1939 average) of only 42,000 tons. The Government has been drafting a bill to set up a rubber rehabilitation fund to be collected from special rubber export fees, for financing the replanting of 80,000 hectares, or one-fourth of the total area under rubber, with high-yielding rubber trees. The draft bill was expected to be introduced and adopted in 1957.

Production of teak was expected to decline somewhat in 1956 from the 1955 level of 306,000 cubic metres, substantially below the 1954 figure of 408,000

[1] Final revised estimate of the Ministry of Agriculture.

[2] In 1950 a rice seed improvement programme was started with the co-operation of experts from the United States. In 1956 high-yielding varieties were obtained and multiplied in 3,500 stock seed farms. These improved seeds yield about 15 per cent more than the best seeds formerly used. It was planned ultimately to set up one seed multiplication station—of which there were only five in all—for each of the 54 rice-growing provinces in Thailand.

cubic metres, which may in turn be compared with the pre-war, 1931, record output of 388,000 cubic metres. The fact that concessions granted to foreign teak lessees came to an end in 1955 may be counted as a contributory factor. It was planned to divide the industry equally among (1) the government-owned Forest Industry Organization, (2) provincial companies and (3) a new company, capitalized at 100 million baht, in which the Government was to hold 20 per cent of the shares while the five former foreign teak lessees were to hold 80 per cent. Details of the agreement on this joint venture, which was to run for fifteen years, have been under negotiation.

The annual output of fishery products has been estimated at about 200,000 tons, of which roughly 140,000 tons has been marine and 60,000 tons fresh water products. Estimates based on the quantity of fresh water and sea-water fish landed at the Bangkok wholesale fish market in the first eight months of the year—over 33,000 tons compared with under 26,000 tons in the same period of 1955—indicated an increased yield in 1956. While rich in aquatic resources, however, Thailand has lacked trained personnel and capital to exploit them adequately, and the Government has reportedly considered opening coastal deep-sea fishing in Thai territorial waters to foreign investment, subject to certain conditions. There are a few canning plants, with a total daily capacity of one ton of fish,[1] and three large cold storage plants with a capacity of 800 to 1,000 tons each. With aid from the United States International Cooperation Administration (ICA), one fish-meal pilot plant and one fish-liver-oil pilot plant have been placed in operation, and a technological laboratory has been attached to the government-owned cold storage plant.

From a dietary point of view, considerable interest attaches to a milk plant in Bangkok, with a capacity of 3,000 gallons in each eight-hour shift, which was expected to be completed at the end of 1956. Until a local dairy industry is built up, the milk powder and butter fat used by this plant will have to be imported.

Industry and mining

Though the manufacturing sector has been small, accounting for less than 12 per cent of national income in 1953, the output of major industrial products has shown a generally rising trend in the post-war period. The output of cement by the Siam Cement Company Limited increased from 386,000 tons in 1955 to about 400,000 tons in 1956, and was expected to reach about 600,000 tons a year—in excess of current domestic utilization—upon installation of new equipment in 1957. In addition, the Irrigation Department's Cement Company, a joint government and private concern captialized at 60 million baht, had a plant under construction which was expected to begin producing in 1957 and turn out 90,000 tons a year.

White sugar production by the two government-owned factories has tended to decline in recent years but private factories, which produce nearly four times as much (roughly 40,000 tons of white sugar in 1955/56), have steadily raised their output. A new factory for white sugar at Cholburi, owned by the National Economic Development Corporation Limited (NEDCOL, a private company with government guarantee and support), started test-running in December 1956; it had a maximum cane-crushing capacity of 1,000 tons per 22-hour day. The corporation was also setting up another factory at Supanburi with a daily cane-crushing capacity of 1,500 to 2,000 tons. With this in production—in 1957—Thailand was expected to be able to meet its estimated annual domestic requirement of about 70,000 tons.

The production of paper by two government-operated paper factories rose by about 10 per cent in 1956 from the previous year's output of 2,200 tons. NEDCOL'S new paper mill at Bangpa-in, with a daily capacity of 40 tons of writing and printing paper, was expected to be completed in 1958, rice straw providing 75 per cent of the raw materials used and imported wood-pulp the raminder. There has been no mill in Thailand to produce newsprint, which, together with printing and writing paper, has been imported on a substantial scale.

The current output of about 6 million gunny bags a year has filled only about 25 to 30 per cent of the local demand. NEDCOL has acquired a gunny bag plant which it has been expanding; when this is in full production—in the first half of 1957—present output may be nearly doubled.[2] Another gunny bag factory under construction, of about the same capacity, was expected to be completed by the middle of 1957.

The cotton mill in Bangkok, which has been placed under government control, has 21,000 spindles installed, employs more than 1,200 workers and can produce 35 to 40 bales of cotton yarn per day. With the installation of an additional 10,000 spindles, due for completion in 1957, it would be possible to increase production to about 20,000 bales a year.

Although production of tin-in-concentrates has not quite regained the pre-war level, it has been gradually increasing in post-war years. For the first ten months of 1956, the outpute was 10,310 tons,

[1] In the four-year period, 1951-1953, Thailand imported an average of over 800 tons a year of canned fish products, valued at aout 18 million baht a year, in addition to an average of over 3,200 tons of other fishery products, valued at 58 million baht annually (United States International Cooperation Administration, *A General Account of the Fisheries of Thailand*, Bangkok, 1956).

[2] Output was estimated at 5,800 bags per eight-hour day; thus, if the factory operated 300 days a year, and three shifts a day, it could produce over 5 million bags a year.

against 8,900 tons for the same period in 1955.[1] As a result of the falling trend in tungsten prices in the world market in the post-war period, tungsten ore production had declined since the peak year, 1952, when 1,627 tons were produced. However, for the first ten months of 1956 output was 930 tons, compared with 893 tons for the same period in 1955.[2] A Japanese firm was reported to be operating a new joint venture with a Thai firm for the exploitation of mineral resources in southern Thailand; the registered capital was reported as 18 million baht.

Lignite production at Mae Moh was estimated at 80,000 to 100,000 tons in 1956, a sharp rise from the 40,000 tons mined in 1955. It was planned to reach a maximum output of 200,000 tons a year by about 1958. Construction of a mine-based power station with an initial capacity of about 10,000 kW has been under consideration.

TRADE AND PAYMENTS

Advance estimates indicated a slight decline in the value of exports in 1956, and a continuation, in spite of higher import tariffs, of the generally rising trend in the value of imports, to a level higher than that of exports. In the first nine months of 1956, the value of exports amounted to $238 million compared with $251 million for the same period in 1955, while the value of imports (inclusive of non-monetary gold) increased to $273 million from $240 million; a trade surplus of about $11 million in the first nine months of 1955 was thus turned into a trade deficit of about $34 million in the first nine months of 1956.

Rice exports, whose share in the total value of exports though always dominant has been steadily declining,[3] dropped about 21 per cent, from 2,592 million baht in the first nine months of 1955 to 2,056 million baht in the corresponding period of 1956. In terms of volume, the decline was from about 1,016,830 tons to 900,240 tons, or 11 per cent.[4] However, in the latter part of the year the situation improved and the total rice export for 1956 was estimated to be only very slightly below the previous year's figure of 1.25 million tons. Rubber, tin and teak exports appeared to have remained constant or to have risen slightly. In the first nine months of 1956, rubber exports amounted to 93,370 tons as against 132,500 tons for the whole of 1955; exports of tin-in-concentrates, 9,030 tons as against 11,220 tons; teak exports, 70,830 cubic metres, compared with 87,970 cubic metres.[5] Exports of *yang* wood increased slightly to 44,000 cubic metres in the first half of 1956, from 38,400 cubic metres in the same period in 1955.

Thailand's trade in 1956 with the United Kingdom and the sterling area countries in the ECAFE region continued the marked improvement begun in 1955, though its share in Thailand's total foreign trade remained considerably below that of the pre-war and immediate post-war periods, when it constituted approximately 60 per cent of the total. Transactions with the dollar area, which in absolute as well as relative terms had increased sharply during the post-war period, with rubber exports and United States aid imports playing a prominent part, appeared in the first half of 1956 to have levelled off. In the case of trade with Japan, the rising trend was interrupted in early 1956 while a new agreement was benig negotiated;[6] this was signed in April 1956 and restored trade from an open account to a normal basis. Though trade with other ECAFE countries has declined in the post-war period, there were indications that the Government was trying to increase trade relations with its immediate neighbours; appointments were planned for trade commissioners, and transit trade arrangements were completed with Laos and were under negotiation with Cambodia. A draft agreement on economic and technical co-operation with western Germany was approved during 1956. On 21 June 1956 the Council of Ministers issued a statement lifting the export embargo on non-strategic goods to mainland China and northern Korea.

The main objectives of import control in recent years have been to improve the balance of payments position and to protect and stimulate local industries. In September 1956 commodities under import control numbered 52 items; about one-third of these were prohibited entry,[7] the remainder being subject to

[1] Department of Mines, *Mining Gazette* (Bangkok), July 1956, p.54.

[2] *Ibid.*, p.55.

[3] The proportions of the value of rice exports to the total value of exports were 65.9 per cent in 1953, 51.5 per cent in 1954, 44 per cent in 1955 and 42 per cent in the first half of 1956.

[4] Rice samples and donations (about 15,000 tons per year) are not included in these figures. Although the 1955/56 rice crop was large, the fact that there was virtually no carry-over from 1955 created difficulties in the procurement of rice for export in the first months of 1956. In addition, small rice mills in the provinces had increased in number, and the paddy was not sent to Bangkok for milling, with the consequence that many large mills in Bangkok were left idle and rice orders from abroad could not be filled. It was owing partly to these factors, but perhaps more to the bumper rice crop in Japan, that only 87,512 tons of rice was shipped to Japan in the first half of 1956, as against 236,958 tons for the same period in 1955; in value this represented a decline of 713 million baht. In February 1956, as a stimulus to exports, some reductions were made in the rates of rice export premiums (duties); again in December 1956 further reductions were made in the export premiums for whole rice, but premiums on broken rice (except Al Super Special), owing to stronger demand, were increased by 10.5 per cent, with export of rice flour and rice noodles also made subject to premium rates.

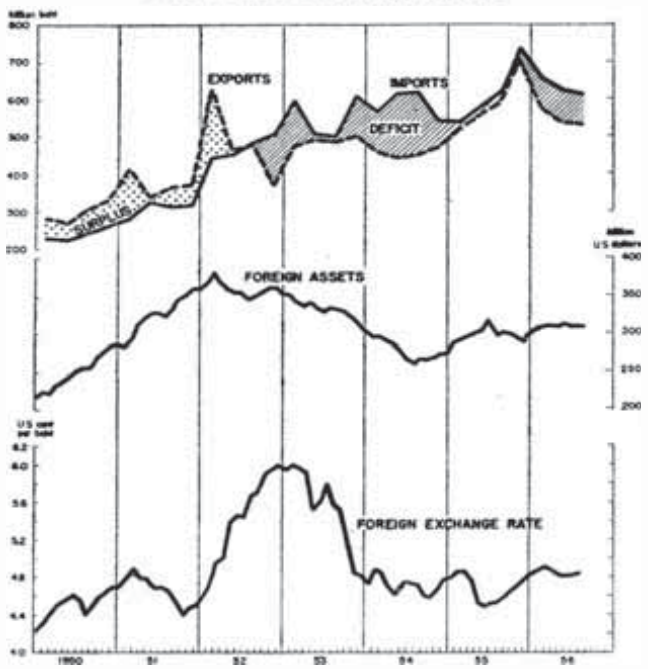
[5] The 1951-55 annual average teak export was 78,480 cubic metres, compared with a pre-war (1938-1939) average of 58,300 cubic metres.

[6] Especially during February, March and April 1956, large quantities of goods of Japanese origin were imported into Thailand through Hong Kong instead of directly from Japan. Direct trade with Japan increased considerably in the second half of the year.

[7] These were items like toothpicks, chopsticks, wicker-work, bamboo woven hats and rattan, all of which could easily be produced in Thailand.

import licensing. The licensing procedure included a special arrangement—the so-called link system—whereby importers agreed to buy a certain percentage of their requirements from local factories; this was the case with tea, gunny sacks and grey cotton shirting.[1] Export licences were required for 40 items, including most of the country's principal exports. The basis on which they were granted varied from product to product but there were no quantitaive export quotas, except in the case of cattle. The export of salt to Indonesia and Japan was subsidized by the Government to help producers, since salt exports to these two countries were priced below production cost.

Chart 23: Thailand: Imports, Exports, Foreign Assets and Exchange Rates



The balance of payments deteriorated during 1956, owing largely to the trade deficit which, from about $23 million for the first half of 1956, was expected to reach $37 million for the year as a whole, in contrast to a surplus of $3 million for the year 1955.[2] The service deficit declined fractionally, to about $18 million. This estimated total adverse balance of $55 million on goods and services account in 1956, plus an estimated $10 million net of outward private remittances, was financed partly by official donations amounting to about $26 million (of which ICA aid accounted for about $21 million and Japanese reparations for $3 million); partly ($14 million) by a combination of long-term loans from the International Bank for Reconstruction and Development for railways and irrigation, foreign suppliers' credit and ICA loans; the remainder for the most part by drawing down short-term foreign balances. Actually, gold and foreign exchange assets of the Bank of Thailand increased to $307 million at the end of July as compared with $295 million on the same date in 1955.

Exchange rates in 1956 were steadier than in any other post-war year, owing mainly to the liberalization of exports and the stabilizing effects of Exchange Equalization Fund set up in 1955.

FINANCE AND PRICES

Public finance[3]

Except for 1948 and 1949, government finances of the post-war period have been characterized by deficits brought about mainly by large defence expenditures and capital outlays for development. With the liberalization of export and exchange regulations in 1955, the Bank of Thailand's profits from foreign exchange transactions, formerly a major source for government borrowing, declined, and budget deficits, which were associated in 1955 with substantial increases in commercial bank credit, thus came to have an increasingly inflationary effect.

Precise evaluation of the economic effects of government finance in Thailand is difficult, in view of the complicated bookkeeping system in use. The deficit of 1,175 million baht appearing in the 1956 budget (revenue, 4,737 million baht, expenditures 5,912 million baht; a deficit equal to nearly 20 per cent of expenditures) compares with a slightly larger 1955 budget deficit of 1,224 million baht. The draft budget for 1957 as presented to the National Assembly in November 1956 showed moderate increases in revenues, expenditures and deficit, the figures being 5,085 millioin baht, 6,344 million baht and 1,259 million baht respectively.

Expenditures in the 1956 budget included 1,265 million baht for investment outlay (21 per cent of total expenditure), of which all but about 100 million baht, according to the estimated deficit, was to be covered by borrowing. Economic and social services amounted to somewhat less than 10 per cent of the total outlay budgeted;[4] defence, not including police,

[1] In 1954 the private weaving factories of the Thai Textile Company, Limited—a syndicate of 632 producing units, most of them small—together had about 900 power looms. Towards the end of 1955, when the Government imposed protective measures, the number of power looms rose to 1,800. By the end of 1956, the syndicate had about 3,500 power looms and 3,000 hand looms.

[2] These figures are inclusive of non-monetary gold. The deficit on account of non-monetary gold declined from about $17 million in 1954 to $11 million in 1955 and an estimated $6 in 1956; hence the trade position, exclusive of non-monetary gold, was estimated to have deteriorated by $46 million between 1955 and 1956. (The customs statistics from which the foregoing data were taken may, however, present an unduly unfavourable picture of the trade balance by omitting considerable amounts of "unrecorded" exports.)

[3] The fiscal year corresponds with the calendar year.

[4] Not including cost of living allowances to civil servants and military personnel. If these allowances are included, the corresponding proportions were about 22 per cent for economic and social services and over 25 per cent for defence.

was allotted nearly 14 per cent. Other "ordinary expenditures"—in which are included large amounts for cost of living allowances to civilian and military personnel, as well as some minor capital items—accounted for nearly 54 per cent.

The part played by deficits in recent budget estimates may be summed up as follows:

	1955	*1956*	*1957 (proposed)*
Deficit (millions of baht)	1,236	1,175	1,259
Deficit as percentage of expenditures	23	20	19
Percentage of extraordinary (investment) expenditures financed by current revenue	—	9	4

Estimated income from import and export duties in 1956 (including rice premiums) constituted 52 per cent of total revenue; direct taxes on income and wealth, about 6 per cent. This heavy dependence on variable customs revenues, as well as on other forms of indirect taxation, indicates the problem which fiscal policy in Thailand faces in seeking to finance a steady programme of economic development.

During the first half of 1956, the internal debt increased by 112 million baht, including 25 million baht realized from the 500 million baht loan floated by the Government in April 1956, but excluding debts contracted by government agencies, while the external debt (inclusive of government guarantees) showed a net rise of $11.3 million.

With the co-operation of ICA, experts in public administration have been engaged to modernize budget accounting and control.

Money and prices

From 1952 to 1956, following the export surpluses achieved during the early part of the Korean conflict, a series of import surpluses (interrupted by a small export surplus in 1955) tended to counteract, from a monetary point of view, the inflationary effects of budget deficits. The net result was that money supply rose only moderately during this period, in contrast to its sharp rise previously. During the first four months of 1956, money supply increased by about one per cent, an increase in loans and advances of commercial banks to private enterprises barely outweighing the deflationary effect of the adverse balance of payments and of a budget which temporarily showed a small surplus in those months.

In this situation and with an increased supply of goods on hand, owing in part to the relaxation of import controls towards the end of 1955 and to the abundant rice harvest, the wholesale price registered a sharp fall of 10 per cent in January 1956, followed shortly by a somewhat smaller drop in the cost of living index. After a short break, however, both indexes resumed their upward trend; by July the year-end levels of 1955 had been approximately regained, and by November the cost of living index was 115 (1953=100), the highest point as yet reached in the post-war period. The domestic price of rice (15 per cent grade) fell more than 26 per cent during January but by July had risen to within 8 per cent of its position at the end of 1955.

DEVELOPMENT

Although no comprehensive plan or programme for economic development has been formulated in Thailand, the Government has undertaken the provision of basic facilities in transport, communications, power and irrigation with public funds, and has participated in the establishment of several important industries. The Government has also requested the International Bank for Reconstruction and Development to make a general survey of Thailand's economy and development possibilities. The study is expected to provide a much better measure of the country's potential wealth than any heretofore available.

The participation of private enterprise (with government support) in economic development took an important forward step when the National Economic Development Corporation, Limited, was set up in 1954, with a registered capital of 50 million baht. The corporation has been able to contract both domestic and foreign loans, under government guarantee, amounting to several times its capital, and, as noted above, has been active in various large-scale industrial undertakings.

In 1956 four notifications were issued under the Industrial Promotion Act of 1954, designating additional industries[1] entitled to government assistance in the form of tax rebates, reduction or exemption respecting import or export duties, and other incentives and facilities. A number of applications from both Thai and foreign nationals have been received and considered by the Government. In September 1956, under the 1954 investment guarantee arrangement with the United States, ICA issued its first guarantee in Thailand to a tapioca milling company.[2] The guarantee, totalling $225,000, covered convertibility of returns from the investment into dollars and protection from financial loss in case of expropriation.

Transport and communications

In the first four-year programme (1952–1955) for highway development, construction and rehabilitation of 2,000 km of highway was planned at a cost of

[1] The notifications covered spinning, weaving, enamelled ware, pottery, cement, fire-bricks, pharmaceuticals, plywood, tanning, paper, lac products, canned food, alum, glassware, batteries (accumulator and dry cell), milk and rubber products. The first notification included metal, sugar and gunny bags.

[2] A United States firm, associated with the Bombay Burmah Trading Corporation Limited.

1.4 billion baht. However, only about 800 million baht was completed or financed. In 1956 the highway programme was revised, involving additional expenditures of about 3 billion baht for improvement and construction of highways totalling 3,700 km. United States aid, a considerable part of which has been directed towards improvement of roads, and transport and communications generally, amounted to 50 per cent of the total outlay in the first programme and was expected to be substantially greater in the second. Upon completion of this second programme, Thailand was expected to have about 11,000 km of all-weather roads.

With highways only beginning to be built, the railways, with a total length of nearly 3,500 km, have provided the sole important link between the different regions of the country. In the first five-year programme (1950–1954), the State Railways of Thailand spent about 700 million baht on rehabilitation. The second five-year programme (1955–1959) called for a total outlay of 1.3 billion baht for purchases of rails and accessories, telecommunication equipment, cars and coaches, as well as for bridges and buildings. The programme was to be financed mostly from retained earnings of the railway itself, the remainder coming from government grants and from loans by the International Bank for Reconstruction and Development.

In October 1956, the Port Authority obtained a second loan of $3.4 million from the International Bank for the purchase of three more dredges and auxiliary dredging equipment to keep the port of Bangkok and the channel leading to it open for deep-sea vessels. The Port Authority has had four dredges in operation. Also under consideration by the Port Authority was an investment of about 30 million baht in a project to study the formation of silt in the channels of the Chao Phya River.

A 78 million baht contract, with ICA financing, was signed in October 1956 with a local contractor for major expansion of the airports at Nakorn Sawan and Nakorn Rajsima. The Thai Airways Company, a government-owned body, in 1956 signed a three-year contract with a United States airline company for improvement and extension of the route of the Thai airline; most of the finance was supplied by ICA. The company has ordered three Constellations from the United States to be delivered in 1957 for use in oversea service. In addition, 10 million baht was allotted in the budget for the expansion of Don Muang airport in Bangkok.

In the field of communications, a three-year programme for linking the provinces through a network of repeating stations has been under consideration by the Ministry of Communication. This project, estimated to cost 400 million baht, was also expected to have the co-operation of ICA. Preliminary survey work was expected to start towards the latter part of 1956.

Power and irrigation

Towards the end of 1956 a mission from the International Bank for Reconstruction and Development was in Thailand to study the proposed Yanhee hydroelectric multiple-purpose project at the request of the Government. This project, if undertaken, would meet the greater part of Thailand's power needs for a considerable period.[1] Construction of the first phase would take an estimated five years. This phase, estimated to cost about 1.5 billion baht, would add about 140,000 kW to installed power capacity. Later phases would bring the total installed capacity of the project to 560,000 kW, at an estimated cost of another 1.5 billion baht. The project would provide substantial irrigation and flood control benefits.

Late in 1956, the Council of Ministers approved in principle an offer made by a United States company to build a pilot atomic power plant, with an estimated capacity of 12,500 kW, the company to be granted a fifteen-year concession. The National Energy Council was instructed to study the conditions and other matters relating to it.

The Chao Phya (Chainat) dam, completed, with the greater part of the main canals, in the latter part of 1956, was expected to put about 500,000 hectares under irrigation. With all the laterals finished—in 1958 or 1959—a total of 940,000 hectares of farm land was expected to be under irrigation as a result of this project, leading to an estimated increase in paddy production of about 800,000 tons per annum. The Greater Chao Phya project as a whole was estimated to cost about a billion baht. Together with the Chao Phya dam, construction of the Yanhee dam would mean that the reach of the Ping River from Tak to Nakron Sawan, a distance of about 200 km, would be benefited by having a navigable channel the year round instead of only during the flood season.

From the long-term point of view, one of the most signficant steps in 1956 was the Mekong River reconnaissance, undertaken with a view to exploring the possibilities of multiple-purpose development of the Mekong that would benefit the four riparian countries—Thaliand, Cambodia, Laos and southern Viet-Nam.

Government industrial projects

The industrial enterprises financed wholly or partly with government funds have been many and

[1] It has been estimated that, with the completion of the Yanhee project, the retail power rate in Bangkok, allowing for distribution costs, could be reduced to 40 per cent of the present rate.

varied.[1] Among the latest developments were a new canned food factory and a glass factory, to be completed in 1956 or 1957, and a tannery which has been under construction, all to be operated by military authorities. The Council of Ministers has also approved a draft contract for the Thai Cement Company to set up an iron and steel plant with a daily capacity of 100 tons. 9 German manufacturer has been engaged to do the survey work and, subject to certain conditions, to participate in the venture.

To reduce the increasingly large amount of foreign exchange spent for petroleum and petroleum products every year,[2] the Government has given considerable attention to the exploitation of possible oil resources in the country. The Menam Chao Phya River basin survey has revealed structures with possible oil resources in several places, and preparation for test drilling has been made by the Department of Mines in the province of Ayudhya. A three-year programme for the construction of an oil refinery at an estimated cost of 84 million baht was scheduled to start in 1957 at Faang, where proven oil resources have been estimated at 22 million barrels; this refinery was expected to produce 60 million litres of petrol a year. It was also decided, by agreement with the two leading oil companies, that the Government's oil fuel organization late in 1956 would resume the practice, given up in 1947, of selling oil to the general public.

Notable among commercial developments was the opening, in November 1956, of a 75 million baht hotel, financed in large part by the Government. The growing importance of tourism in Thailand, with its implications as an earner of foreign exchange, was further reflected in plans under consideration for another large hotel in Bangkok, to be privately financed as a joint venture of Thai and United States nationals.

[1] The list includes textiles, glassware, tanning, canned food, tobacco, food refrigeration, woodwork, pharmaceuticals, sugar, distilling, paper, gunny bags, ceramics, lacquer ware, pins and clips, cement and possibly others.

[2] Imports of petrol in 1953 amounted to 241 million litres, compared with 29 million litres in 1938.

Chapter 19

VIET-NAM[1]

In 1956 southern Viet-Nam began to emerge from the difficulties of the post-war period; for the first time it was in a position to take in hand the problem of economic development. In 1955, conditions of insecurity had prevented some areas from contributing to the economic advantage of the country as a whole. The arrival in southern Viet-Nam of about 900,000 refugees had brought crucial problems to a country with a total population of 11 million. By 1956, however, a substantial number of refugees had been resettled and, while many problems were still to be solved in this respect, they were no longer of such a magnitude as to threaten the stability of the country's economy. The Government was able to counteract potential inflationary pressure arising from money brought and spent by refugees, expenditures of the French expeditionary forces, new investments and the relative scarcity of rice. Prices rose, but only moderately. Thus, substantial progress had been achieved by 1956, and at the same time a number of major problems remained to be solved before the country could attain economic equilibrium, stabilize the cost of living and rely on its own resources.

Urgent problems have resulted from the movement of population from rural areas to cities, which took place during the war owing to uncertain conditions. The population of Saigon increased from 500,000 before the war to 1,900,000 in 1956.[2] In spite of this inflow of population, however, unemployment was not a serious problem in urban areas until 1955, because of the very large expenditures of the French troops, who customarily converted almost their entire salary payments from francs into piastres for local consumption purposes. To meet the requirements of the French forces, numbering about 200,000 in 1953–1955, there had been considerable expansion of the distribution sector.[3] Certain industrial activities, such as the production of electricity and chemicals, had also expanded. These developments helped to provide employment for migrants. They also improved the levels of living in the cities; real wages of unskilled and skilled workers in Saigon in 1955 were 30 per cent and 76 per cent higher, respectively, than at the end of 1949. The factors which had created this situation, however, disappeared at the beginning of 1956. The French expeditionary forces had left southern Viet-Nam by April 1956, and about 75,000 persons working directly for the French army were left without work. Certain industrial and trading activities which had mainly supplied the needs of the French army also faced a recession. The Viet-Namese army demobilized 57,000 men, and foreign firms released members of their staffs. A large number of people in the cities have faced unemployment or under-employment or have been engaged in activities which are not productive. It has therefore become increasingly necessary to find ways to limit the number of people engaged in subsidiary activities and to transfer them to a more productive sector, largely to agriculture.

Another major problem has been the scarcity of trained staff in public organizations and private enterprises, owing to the departure since 1950 of many French nationals who occupied important posts in ministries and in private firms, and to new needs arising from the implementation of development programmes. Moreover, few Viet-Namese were able to receive training in local universities or abroad during the fifteen war and post-war years. This scarcity of personnel, however, is being alleviated by the Government's training programme, with external assistance.

Both the budget and foreign trade show heavy deficits. These deficits are linked, since the budgetary deficit is financed by the counterpart fund established with proceeds from the sales of United States aid imports of consumer and producer goods. This deficit has amounted to between 6 billion and 8 billion piastres, more than one-half of the total budgetary expenditure and more than three-quarters of total imports. To economize on foreign exchange, the Government has restricted imports, revised customs duties, and encouraged production. Fiscal reform has also been contemplated. A considerable increase in production, however, is indispensable to permit further reductions in imports and a substantial increase in exports, as well as to provide a wider base for taxation. This in turn implies increased investment, and efforts have been in process to develop the newly created National Investment Fund.

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[1] This chapter deals with the economic situation in southern Viet-Nam, the area under the jurisdiction of the Government of the Republic of Viet-Nam. Many statistical series prior to 1954 cover northern Viet-Nam as well and are therefore not comparable with those for 1955 and 1956.

[2] The urban population in southern Viet-Nam rose to 30 per cent of the total population in 1956, compared with 6 per cent for the whole of Indochina before the war.

[3] Although Viet-Nam is primarily an agricultural economy, an estimate for the whole of Viet-Nam, including northern Viet-Nam, indicated that income from the trade sector in 1954 was 23 per cent of the total national income, while income from the agricultural sector was only 37 per cent, total income being 102 billion piastres (*Estimation du revenu national du Viet-Nam en 1954*, Saigon, 1956).

Preliminary discussions with respect to a five-year plan have been under way.[1] While the plan has not yet been finalized, it appeared that priority would be given to agricultural activities, specifically to restoring to cultivation land which has been uncultivated in recent years and cultivating additional land in the high plateaux of central Viet-Nam and in the Joncs plain; attention would also be given to developing light industries, such as textiles and the processing of agricultural products. No great increase in per capita consumption was expected to result from implementation of the plan or from any programme of activity, in the years immediately ahead, since the level of consumption for the population as a whole has been relatively high, owing to the large amount of imports. What might be attempted is a readjustment of consumption levels as between rural and urban areas, to improve the former; transfer of those engaged in subsidiary activities into more productive pursuits; channelling of available resources into investment; and the gradual replacement of foreign aid by increased production with a resultant gain in financial resources and exports, and a reduction in imports.

Southern Viet-Nam has been able in a short period of time to solve, if not all, at least the main problems relating to the settlement of the 900,000 refugees who came from northern Viet-Nam at the end of 1954 and the beginning of 1955. This was facilitated by favourable factors, such as French and United States aid, the existence of uncultivated land and the industrious nature of northern Viet-Namese who were able to adjust to new circumstances. Good use was made of these favourable factors. The refugees were distributed in 325 villages, of which 300 were under the charge of the Commissariat for Refugees. Three categories were established. In the villages of category A, which number approximately 100 and include more than one-third of the refugees, a programme of activities has been implemented and the financial help to the village has gradually been withdrawn. In this category, it is estimated that 60 villages are already totally self-sufficient. The villages in category B have a programme of activities but it is still in a transitory stage. Category C includes about 50 villages in areas in which security has been recently restored.

PRODUCTION AND DEVELOPMENT

Agriculture, fisheries and forestry

Four land resettlement and reclamation projects, covering 200,000 hectares, were started in 1956. In Cai San, in the southern part of the country, 12,000 hectares was reclaimed and more than 40,000 refugees resettled between 1 January and the end of June. During this period, seventeen canals in the area, covering a distance of 199 km, were opened to traffic. Other current reclamation and resettlement projects are in Baclieu-Camau, in the Joncs plain and in the Pleiku and Kontum regions. Foreign aid from France and the United States has been employed to help finance resettlement. French aid has also been offered to finance a programme of agrarian reform, whose final purpose is to enable peasants to acquire land previously belonging to French citizens or French companies, but this programme has not been developed beyond the preliminary stage. A sum of Pr 273 million has been allocated for irrigation.

With the return of rice fields to cultivation, following the improvement in security conditions, the area planted to rice increased from 1.7 million hectares in 1954/55 and 2.1 million hectares in 1955/56, with production of paddy rising from 2.1 million tons to 2.7 million tons in the same period.[2] A further increase of 5 per cent in the planted area was expected in 1956/57. These aggregates are nevertheless far below their pre-war level.[3]

In spite of the increase in production, there was a shortage of rice in the cities in late 1955 and early 1956 because of the political situation, which prevented rice shipments from rural areas. Exports were therefore discontinued and had not been authorized again by October 1956, though it was estimated that an exportable surplus of about 200,000 tons of rice was available.

Production of rubber during the first nine months of 1956, amounting to 39,260 tons, was 11.4 per cent higher than in the corresponding period of 1955. The ratio of tapped to planted area increased from 80 per cent in January 1955 to 90 per cent in May 1956. Expansion of rubber plantations was expected to be included in the five-year development programme.

The area planted to sugar-cane increased from 22,000 hectares in 1954/55 to 28,000 hectares in 1955/56. The Government has encouraged tobacco production; the planted area rose by 4,000 hectares between 1954/55 and 1955/56. Production of several other agricultural products was expected to increase in 1956/57. The planted area for white maize was to be increased, and the production of red maize was expected to double.

[1] The United Nations Economic Survey Mission, which arrived in southern Viet-Nam in November 1955, helped in assessing the economic situation and advised on various aspects of development (*Les perspectives du developement economique au Viet-Nam* (TAA/Viet/1; OIT/TAP/Viet-Nam/R4; FAO/Rapport No.539), 1956.

[2] The production figures, furnished by the Government, are quoted in *The Colombo Plan for Cooperative Economic Development in South and South-East Asia* (Fifth Annual Report of the Consultative Committee; Wellington, 1957), p.121.

[3] In 1942/43 the planted area and production of paddy for the southren part of southern Viet-Nam alone were 2.3 million hectares and 3.2 million tons respectively.

The livestock population, although still about half its pre-war size, increased between the end of 1955 and mid-1956, except for hogs. The reduction in the hog population was attributed to increased slaughter, owing to the lack of rice feed when rice shipments to the cities were resumed in 1956. To increase the production of cattle, three large cattle farms have been established with United States aid, amounting to Pr 4.2 million in 1956.

Sea fish landings are of the order of 100,000 tons per annum. Half of this amount has been used to produce Nuoc Nam sauce, a condiment whose output has been estimated at 45 million litres annually.

Production of timber as well as of charcoal registered substantial increases between the first five months of 1955 and the corresponding period of 1956.

Mining and industry

Since May 1956 a small government-owned coal mine has been operating at Nong Son; its monthly production has been estimated at 600 tons. The coal is transported by water-way to Faifoo, at high cost, before distribution to consuming centres. A sum of Pr 8 million was to be provided to improve the road leading to the mine, and French aid in equipment and technical knowledge was expected to bring monthly production to 2,000 tons. Salt production amounted to 63,000 tons during the first nine months of 1956—an increase of 4 per cent compared with the same period in 1955.

Developments in industry during 1956 have been divergent. The year 1956 was one of recession for most of the chemicals (oxygen, acetylene, carbonic gas) and also for beer, carbonic beverages and ice, because of the departure of a major consumer, the French expeditionary forces, and because of scarcity of raw materials for the chemical industries and the need to import them. On the other hand, there has been progress in the alcohol, sugar and match industries. Production of selected products from January to November of 1955 and 1956 was as follows (in thousands of indicated units):

	1955	*1956*
Oxygen (cubic metres)	525	404
Acetylene (cubic metres)	150	112
Carbonic gas (kilogrammes)	175	108
Matches (boxes)	35	46
Alcohol (hectolitres)	77	101
Beer (hectolitres)	566	470
Carbonated beverages (hectolitres)	221	215
Ice (tons)	131	113
Sugar (tons)	6	13
Tobacco (tons)	5	5

Since June 1956, a factory has been assembling motor-scooters. The production of rubber soles and other articles made of rubber, as well as plastic products and ceramics, has been expanded.

The sugar factory at Hiep-Hoa was modernized during the year, reaching an annual production capacity of 20,000 tons, while another sugar factory with an annual capacity of 10,000 tons was to be constructed in Tuy-Hoa. Other projects in 1956 included the construction at Dran of a paper factory with an annual capacity of 7,000 tons. A cotton spinning factory with an annual capacity of 5,000 tons was to be built in Saigon.

Following a recommendation of the International Labour Organisation and the United Nations Economic Commission for Asia and the Far East, the Government has promoted co-operatives for small and handicraft industries; in the twelve months ending October 1956, 60 co-operatives were established.

With the recession in the Saigon area, construction activity there was almost at a standstill showing a further reduction of 38 per cent between the first seven months of 1955 and the same period of 1956. A sum of Pr 88 million was allotted from the budget and from United States aid in 1956 for construction, and an additional amount of Pr 31 million was allotted for water supplies.

Transport

In general, the volume of transport in 1956 fell despite an increase in production, owing to the departure of the French forces, which was followed by a sharp reduction in demand. By December 1955, the National Railway Company, a financially autonomous government enterprise, had repaired the section of track between Van-Gia and Dailanh (22 km); by April 1956 the section between Dailanh and Haoson (12 km) had been repaired, and early resumption of operations was expected on a further section, between Haoson and Tuy-Hoa. For the maintenance of roads and bridges, Pr 461 million was allocated from the 1956 budget and United States aid.

The loss of external trade in 1956 reduced the volume of traffic. In the first eight months of the year, although passenger traffic was maintained at about the same level as in the same period of 1955, railway freight traffic fell by 31 per cent. The tonnage of goods loaded and unloaded at the port of Saigon during the first eight months of the year also fell by 20 per cent from 1955 to 1956.

Since September 1956, coastal shipping has been solely by means of the southern Viet-Namese fleet of seventeen ships—with barely one-tenth of the pre-war tonnage.

A great effort has been made to improve transport. To develop roads in 1957, it was expected that $20 million would be allotted from United States aid and Pr 300 million from the national budget, roughly doubling the funds available in 1956.

Similarly for railways, it was expected that funds amounting to $4.5 million and Pr 100 million would be available in 1957, as against Pr 40 million in 1956. For water-way communications, the amount of funds was to be $3 million and Pr 50 million in 1957.

TRADE AND PAYMENTS

TRADE

For the first ten months of 1956, imports amounted to Pr 6,052 million, a decrease of 20 per cent compared with the same period in 1955; exports, equal to only about 20 per cent of imports, amounted to Pr 1,209 million, a decrease of 39 per cent.[1] The trade deficit of Pr 4,843 million for the first ten months of 1956, financed entirely by foreign aid, was smaller than that of Pr 5,538 million for the corresponding period of 1955.

The loss in exports was mainly due to the fact that rice exports, which amounted to over Pr 315 million, or 16 per cent of total exports, in the first ten months in 1955, amounted to only Pr 7.5 million during the same period of 1956. During the first ten months of 1956, the quantity and value of rubber exported increased slightly to 48,645 tons, valued at Pr 1,059 million. During the first ten months of 1956, exports of feathers for bedding, dried shrimps, leather and unprocessed skins were reduced. Among imports, the contraction during the first ten months of 1956 as compared to the corresponding period of 1955 was most marked in transport equipment, which fell 27 per cent, textiles, with a drop of 21 per cent, and food, 15 per cent lower.

In a further marked shift in the direction of trade, the French Union became once again the most important customer of southern Viet-Nam during the first ten months of 1956, taking 69 per cent of total exports, against 35 per cent for the corresponding period of 1955; this was due to the French purchase of rubber, amounting to Pr 806 million or 67 per cent of the country's total exports for the period. The second most important customer of southern Viet-Nam was the United States, purchasing 18 per cent of total exports; next came Cambodia with 5 per cent and Hong Kong and Laos with 2 per cent each. In the first ten months of 1956, exports to Japan, which had reached Pr 51 million in the first ten months of 1955, were reduced to Pr 0.3 million; exports to Malaya declined from Pr 153 million to Pr 26 million between these periods.

The shift in the origin of southern Viet-Nam's imports which had started in 1955 continued in 1956: imports from the French Union dropped from 58 per cent of total imports during the first ten months of 1955 to 27 per cent during the corresponding period of 1956. Imports from the United States rose from 7 per cent of total imports (second place) to 27 per cent (sharing first place). Japan followed closely with 24 per cent of the total as compared to only 5 per cent in 1955.

BALANCE OF PAYMENTS

The balance of payments statistics of southern Viet-Nam began to register non-merchandise, in addition to merchandise, transactions with Cambodia and Laos only after the introduction of exchange control among the three countries at the end of September 1955. Subject to this qualification, net receipts from international transfers and loans and repayments (consisting mainly of United States aid of over Pr 9.1 billion) amounted in 1955 to Pr 8,822 million, more than offsetting the deficit on goods and services of Pr 7,431 million, and enhancing substantially the reserves of the National Bank.

Transfer facilities for profits of foreign enterprises were much reduced in 1955 and during the first half of 1956. After the opening of the free exchange market in July 1956, all transfers were transacted through its facilities, and the authorized amount transferred may have reached a billion piastres during the second half of 1956. It had been agreed that 20 per cent of the French army purchases of piastres with French francs should be used to finance capital transfers. This amounted to 4 billion francs by October 1956. No provision for transfer of French capital was made after the departure of the French army in April 1956.

Foreign investment was affected by a presidential decree in early September 1956, which prohibited foreign concerns from continuing to deal in grain, groceries, coal, oil, fish, meat, scrap metals and surface transport.

TRADE CONTROLS, REGULATIONS AND AGREEMENTS

Most of the imports in 1955 and 1956 were financed by United States commercial aid. Purchase of French goods was, as before, facilitated by the "triangular francs" arrangement, under which the United States has sold agricultural products to France and has then donated the proceeds in francs to southern Viet-Nam to finance imports to the amount of 12 billion francs from January to October 1956.

Since the middle of 1955, a quarterly import quota has been established by the Import Commission for each commodity. Importation of luxury goods, such as wines, liquors and passenger cars, has been more and more restricted. On 1 April 1956, there was a readjustment of import tariffs: on many luxury items, the tariffs were doubled; on other items

[1] Trade statistics until May 1955 included northern Viet-Nam. Although the trade of northern Viet-Nam is believed to have been small from January to May 1955, the 1956 statistics are to this extent not comparable with those of 1955.

considered vital to the economy, they were lowered (on tractors, for example, from 15 per cent to 5 per cent). By 3 December 1956, imports from twenty countries including France were subject to the minimum tariffs. Since 1 March 1956, France has no longer had the benefit of preferential tariffs.

From December 1954 to the middle of 1956, the number of importers rose from fewer than 100 to about 20,000. From June 1956, however, in order to combat the rise of small inefficient importers, each importer was required to have a store or warehouse, and was authorized to import only three kinds of goods, for each of which he was obliged to deposit a bond of Pr 350,000. As a result of this order, the number of importers was reduced to 1,400 by October 1956.

Because of difficulties in exporting caused by overvaluation of the piastre, the system for retention of a portion (15 per cent) of the export proceeds has been continued, to permit rubber to be profitably exported.

No new trade agreement was signed in 1956; those that expiered were not renewed. Payments agreements were signed with Cambodia at the end of 1955 and with Laos at the beginning of 1956, providing for semi-annual clearing of accounts.

FINANCE AND PRICES

Public finance[1]

The 1956 provisional budgetary expenditure[2] of the national and regional governments was estimated at Pr 13.6 billion, a reduction of 14 per cent compared to the 1955 budget. This reduction was mainly due to a decrease in military expenditure, from Pr 11.4 billion in 1955 to Pr 7.6 billion (still 56 per cent of total expenditure) in 1956. Administrative expenses for the National Assembly, information services, justice, public finances, foreign representation and similar items were estimated at Pr 2,820 million, or 21 per cent of the budget; Pr 2,060 million (15 per cent of the budget) was allotted to administrative and equipment expenses for social and economic development (agriculture, industry, trade, health, education, public works). Of the foregoing expenditures, Pr 6,190 million was to be financed by taxes and Pr 6,250 million by United States aid.

Foreign aid has been the most important source of finance in southern Viet-Nam, since it has provided basic support to the budget and has financed most of the imports (about 80 per cent) needed for urban consumption, economic development and military purposes. In 1955/56, United States aid amounted to $197 million: $23 millin in direct aid and $174 million in commercial imports. The piastres generated by the sale of dollar exchange have been deposited in a counterpart fund, most of which has been spent for financing the defence and development budget and for settlement of refugees. In 1956/57, United States aid was expected to amount to about $250 million, of which one-third was to be in direct aid and two-thirds in the form of commercial aid imports.[3]

French assistance has been given under a bilateral aid programme, and has included the services of experts, the granting of scholarships, and the financing of recovery plans. In 1955 and 1956 it was utilized in the fields of agriculture, public works and refugee settlement.

Money and prices

After the withdrawal of bank-notes common to Cambodia, Laos and Viet-Nam from September to November 1955, new notes were issued by southern Viet-Nam. The total amount of new notes in circulation was Pr 4,415 million on 20 December 1956. A presidential decree signed in November 1955 fixed the official exchange rate at 35 piastres to the dollar. On 17 December 1955, the Government repealed its monetary agreement with France, and beginning from 1 January 1956, the piastre ceased to belong to the franc zone. Since then, an official foreign exchange market regulated by the National Bank of Viet-Nam has operated in Saigon. The existing official rate of exchange has been maintained.

In addition to the official market, on which most transactions have been effected since 1 July 1956, there has been a free market in foreign exchange. The free market rate of the piastre, which is fixed daily, has fluctuated around Pr 74 to the dollar. The foreign exchange required for approved transfer of profits of foreign enterprises, savings of foreign residents and sums for foreign travel has to be obtained from the free market.

In September 1956, the Government of the Republic of Viet-Nam became a member of the International Monetary Fund and of the International Bank for Reconstruction and Development; in order to cover its contribution, the Government obtained a loan of $25 million from the Export-Import Bank of Washington. Several new financial institutions have recently been established to finance economic development. The National Investment Fund for the development of industry was launched in September 1955, receiving Pr 50 million from the Government in that year and another Pr 100 million by March

[1] The fiscal year corresponds with the calendar year.

[2] In October the 1956 budget had not yet received presidential endorsement.

[3] Since aid for economic development in 1955/56 was considered to have been spread over too many projects (more than 100), it was to be concentrated on a smaller number—about 40 in 1956/57.

1956. Loans for individual projects have varied between Pr 100,000 and Pr 6 million, to be repaid within seven years, at 6 to 8 per cent interest per annum. By October 1956, Pr 135 million had been lent to small industries (sawmills, brick factories, textile mills), irrigation works and so on.

Farmers and small landowners have been able to borrow from the Agricultural Credit Institute, financed by United States aid (Pr 225 million). In addition, they may borrow from newly created agricultural co-operatives; twenty of these were in existence in October 1956 and twenty more were to have been organized shortly thereafter. The amount of Pr 140 million has been earmarked for financing these co-operatives. Small businesses may borrow from the Commercial Credit Bank, estbalished at the end of 1955 with a capital of Pr 200 million loaned by the National Bank; they may also borrow from the National Investment Fund. Since these financial institutions are for short-term and medium-term borrowing only, there is a plan to establish a long-term credit institution for industrial development.

Loans, advances and bills discounted by commercial banks increased by over 33 per cent between August 1955 and August 1956, from Pr 956 million to Pr 1,273 million. Total deposits remained stationary during the period, and large excess reserves were held in the National Bank. Though the legal reserve requirement has been 10 per cent, the actual reserve since April 1955 has regularly been about 50 per cent, owing partly to the accumulation of French deposits awaiting repatriation and a slowing down in business activity on the part of French traders.

Prices increased in southern Viet-Nam in 1955 and in 1956. The refugees who came during 1954–1955 brought with them substantial means which they utilized during the first months of their entry into southern Viet-Nam without creating equivalent production. Investments were made to resettle these refugees and to set up the administraitve organization needed by the new State. The French troops, who numbered about 200,000 from 1953 to the end of 1955, made large expenditures and when they left the country they spent large sums, especially in the towns, in view of the difficulties of transfer. The unavoidable gap between the spending of counterpart funds from foreign aid for financing the defence and development budget and for settlement of refugees, and the imports of goods financed by this aid, tended to exert an inflationary pressure. The price of rice, the leading product of the economy, rose in the latter part of 1955.

The increase in the cost of living was moderate, however, owing to a number of factors. From January 1956, rice shipments from the provinces to the towns rose, and the rice crop for 1956 was expected to be distinctly larger than in 1955, even leaving some quantity for export. A large number of refugees were resettled and began to contribute towards production. About mid-1956, prices of imported goods started to rise, because of import restrictions, and the index of the cost of living for the working class in Saigon rose by 11 per cent from April to August 1956. However, the index declined by 7 per cent from August to October. Price control was instituted in October 1956 for all imported goods and essential local products, retail shops being required to mark selling prices on items offered for sale.

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UNITS AND SYMBOLS EMPLOYED

Unless otherwise stated "tons" relate to metric tons, and "dollars" relate to United States dollars.

The following symbols have been used throughout:

* = average of six to eleven months.
‡ = 12 months beginning April of the year stated.
† = 12 months ending September of the year stated.
ø = 12 months ending June of the year stated.
I, II, III, and IV for quarters of years.
Mn = million.
.. = not available.
— = nil or negligible.
r = revised figures from this issue.
Figures in italics are provisional.

Substantial breaks in the homogeneity of a series are indicated either by a horizontal line across the column or by vertical double lines in a row of figures.

SOURCES

To ensure comparability, data compiled or published by the United Nations Statistical Office have been incorporated wherever feasible; material supplied by governments, publications of governments, of the United Nations specialized agencies and of international commodity study groups have been used as additional sources.

A. REGIONAL STATISTICAL SERIES

	Unit or base	1950	1951	1952	1953	1954	1955	1956 I	1956 II	1956 Jul	1956 Aug	1956 Sep
AGRICULTURAL PRODUCTION[a]												
Index of agricultural production (excluding mainland China)	1934-38=100	..	..	..	..	..	..	..	..	..	..	..
All commodities	1934-38=100	..	..	..	113	115	119	..	..	..	..	..
Food	1934-38=100	..	..	..	115	116	119	..	..	..	..	..
Cereals	1934-38=100	..	..	..	113	111	116	..	..	..	..	..
Cereals	Mn. tons	..	101.7	107.6	120.6	119.4	121.0	..	..	..	..	..
Rice (milled)	Mn. tons	..	64.4	68.0	75.6	70.8	75.9	..	..	..	..	..
Wheat	Mn. tons	..	13.8	12.6	13.5	15.6	15.9	..	..	..	..	..
Maize	Mn. tons	..	5.0	6.0	6.7	7.5	6.4	..	..	..	..	..
Millet and Sorghums	Mn. tons	..	12.9	15.1	18.5	18.2	15.9	..	..	..	..	..
Starchy root crops	Mn. tons	..	25.9	28.6	30.4	31.9	33.3	..	..	..	..	..
Potatoes	Mn. tons	..	5.3	5.5	5.7	5.5	..	..	..	..	..	..
Sweet potatoes and Yams	Mn. tons	..	11.2	13.4	13.2	..	..	..	..	..	..	..
Cassava	Mn. tons	..	9.4	9.7	11.1	..	..	..	..	..	..	..
Oilseeds												
Groundnuts (in shell)	Mn. tons	..	..	..	4.0	4.8	4.5	..	..	..	..	..
Copra	Mn. tons	..	..	..	2.2	2.3	..	..	..	..	..	..
Tea	Mn. tons	..	..	..	0.6	0.6	0.6	..	..	..	..	..
Tobacco	Mn. tons	..	..	..	0.6	0.7	0.7	..	..	..	..	..
Fibres												
Cotton (lint)	Mn. tons	..	..	..	1.0	1.1	1.1	..	..	..	..	..
Jute	Mn. tons	..	..	..	1.2	1.4	1.8	..	..	..	..	..
Natural Rubber[a]	Mn. tons	1.8	1.8	1.7	1.6	1.7	1.8	0.4	0.4	0.2	0.2	0.1
INDUSTRIAL PRODUCTION												
Provisional index of industrial production[b]	1953=100	65	83	89	100	107	116	124	143	..	..	..
Mining	1953=100	82	90	95	100	100	104	105	110	..	..	..
Manufacturing	1953=100	63	82	88	100	108	118	113	132	..	..	..
Coal	Mn. tons	75.19	82.06	85.16	88.29	84.91	86.62	22.17	22.99	..	..	..
Iron Ore	1000 tons	5,218	6,811	7,774	7,695	8,413	8,910	2,302	2,409	942	..	..
Tin in concentrates	1000 tons	103.5	101.4	104.9	104.5	109.8	109.5	25.5	26.7	9.1	9.6	..
Petroleum, Crude	Mn. tons	11.14	13.10	14.26	15.83	16.37	17.90	4.59	4.82	..	..	..
Salt	1000 tons	4,310	4,641	4,860	4,955	4,562	5,038	924	2,448	..	..	..
Sugar	1000 tons	2,515	2,812	3,647	3,972	3,766	4,625	1,678	712	233	..	..
Cotton yarn	1000 tons	816	981	1,076	1,219	1,346	1,380	347	365	..	..	..
Cotton fabrics	Mn. metres	4,980	5,980	6,606	7,545	8,153	8,188	2,065	2,225	..	..	..
Jute manufactures	1000 tons	854	896	992	942	1,013	1,145	323	338	..	..	..
Paper and paper board	1000 tons	706	1,333	1,525	1,946	2,136	2,478	658	700	..	..	..
Vegetable Oils	1000 tons	740	785	839	879	969	1,084	281	278	..	..	..
Cement	Mn. tons	8.42	11.39	12.47	14.59	17.46	17.62	4.60	5.26	..	..	..
Steel (Ingots & metal for castings)	1000 tons	6,313	8,040	8,615	9,234	9,520	11,207	3,041	3,143	1,110	..	..
Tin metal	1000 tons	70.66	67.78	64.73	64.88	74.50	74.50	18.68	20.13	5.56	..	..
Electricity	1000 Mn. kWh	53.43	57.52	62.42	67.72	73.29	78.85	20.93	22.64	..	..	..
TRANSPORT												
Railway Traffic												
Passenger kilometre	1000 Mn.	148.2	147.7	152.8	157.5	163.5	170.9	43.7	47.6	..	..	..
Freight ton-kilometre	1000 Mn.	82.01	92.89	96.49	99.96	98.26	107.52	29.02	28.13	..	..	..
International sea-borne shipping												
Freight loaded	Mn. tons	22.24	25.77	29.63	34.91	36.72	40.25	10.33	10.72	..	..	..
Freight unloaded	Mn. tons	32.44	46.51	50.49	62.01	64.49	70.19	18.69	19.80	..	..	..
EXTERNAL TRADE												
Total value												
Exports	Mn. US dollars	6,746	9,737	7,654	6,898	7,247	8,330	2,179	2,109	667	732	706
Imports	Mn. US dollars	5,963	9,440	9,294	8,467	8,216	8,621	2,425	2,563	849	894	838
Quantum index[c]												
Exports	1953=100	93	100	100	100	109	123	124	122	..	..	..
Imports	1953=100	75	96	98	100	105	109	118	124	..	..	..
Unit value index[c]	(in US dollars)											
Exports	1953=100	103	140	111	100	98	100	103	100	..	..	..
Imports	1953=100	92	117	114	100	94	94	99	99	..	..	..
Terms of Trade[c]	1953=100	112	119	98	100	104	106	105	101	..	..	..
Export of Primary Products[d]	(in US dollars)											
Quantum indexes												
General	1953=100	93	102	98	100	101	108	114	102	..	..	..
Food	1953=100	86	99	96	100	107	108	118	107	..	..	..
Agricultural materials	1953=100	103	107	100	100	99	109	113	97	..	..	..
Mineral products	1953=100	67	81	95	100	92	100	100	108	..	..	..
Unit value index												
General	1953=100	109	148	117	100	100	108	116	110	..	..	..
Food	1953=100	85	94	98	100	105	94	93	89	..	..	..
Agricultural materials	1953=100	126	189	131	100	97	120	137	130	..	..	..
Mineral products	1953=100	83	105	109	100	96	94	98	99	..	..	..

A. REGIONAL STATISTICAL SERIES *(Cont'd)*

	Unit or base	1950	1951	1952	1953	1954	1955	1956				
								I	II	Jul	Aug	Sep
Quantity of exports												
Food												
Fish: fresh or simply preserved	1000 tons	97	121	145	153	164	180	52	33	..	..	..
Rice and rice products	1000 tons	2,748	3,410	2,945	2,654	2,987	3,294	805	867	..	..	..
Sugar	1000 tons	1,031	857	1,255	1,755	1,604	1,689	565	405	..	..	..
Tea	1000 tons	368	432	394	436	459	408	114	97	..	..	..
Spices	1000 tons	53	49	62	59	74	80	21	19	..	..	..
Agricultural materials												
Hides and skins, raw	1000 tons	49	44	22	24	24	22	5	5	..	..	..
Oilseeds, oil nuts & oil kernels	1000 tons	1,262	1,518	1,205	1,086	1,285	1,275	287	331	..	..	..
Rubber, natural	1000 tons	1,751	1,756	1,692	1,611	1,688	1,782	390	398	..	..	..
Wood and lumber	1000 tons	2,043	1,685	1,636	2,283	2,671	3,164	812	837	..	..	..
Cotton, raw	1000 tons	254	260	313	354	186	276	106	59	..	..	..
Jute, raw	1000 tons	942	1,064	840	982	892	981	408	133	..	..	..
Hemp, raw	1000 tons	111	149	127	131	122	135	36	43	..	..	..
Vegetable oils, not essential	1000 tons	457	425	495	404	499	602	133	123	..	..	..
Mineral products												
Iron ore	1000 tons	1,211	1,970	3,152	3,728	3,540	4,399	1,093	1,439	..	..	..
Tin ore and concentrates	1000 tons	44	42	46	45	45	44	10	10	..	..	..
Manganese ore	1000 tons	823	1,162	1,463	1,593	1,006	936	223	155	..	..	..
Coal	1000 tons	1,048	2,451	2,729	2,201	993	1,562	437	466	..	..	..
Crude petroleum	1000 tons	3,768	4,974	5,670	6,963	7,083	8,219	2,186	2,638	..	..	..
Direction of trade												
Exports to:—												
ECAFE countries	Mn. US dollars	2,432	3,522	2,964	2,562	2,539	2,657	716	*718*	..	..	..
Western Europe (incl. U.K.)	Mn. US dollars	1,690	2,713	1,863	1,759	1,789	2,110	583	*482*	..	..	..
U.K.	Mn. US dollars	696	1,249	840	744	845	1,002	276	*222*	..	..	..
U.S.A.	Mn. US dollars	1,392	1,641	1,390	1,238	1,172	1,518	368	*370*	..	..	..
Sterling Area	Mn. US dollars	2,574	4,006	2,851	2,339	2,691	2,934	750	*679*	..	..	..
Imports from:—												
ECAFE countries	Mn. US dollars	2,217	3,364	3,072	2,742	2,639	3,008	863	*853*	..	..	..
Western Europe (incl. U.K.)	Mn. US dollars	1,384	2,349	2,428	2,205	2,180	2,198	624	*650*	..	..	..
U.K.	Mn. US dollars	720	1,029	1,073	930	902	951	281	*282*	..	..	..
U.S.A.	Mn. US dollars	1,243	1,992	2,121	1,782	1,745	1,786	455	*510*	..	..	..
Sterling Area	Mn. US dollars	2,140	2,954	2,914	2,674	2,380	2,615	751	*770*	..	..	..
GOLD AND FOREIGN EXCHANGE ASSETS (end of period)	Mn. US dollars	..	..	4,637	4,324	4,379	4,840	4,974	4,807	4,693	4,688	*4,655*

GENERAL NOTES: In general, the regional statistical series cover the countries of the ECAFE region except mainland China, Nepal and, in most of the cases, Afghanistan; in some cases, other countries have also been omitted because of lack of data. Except in the case of mainland China, countries omitted from the regional series are, from the point of view of the series, usually less important. To ensure comparability, the countries included in different periods for each series are the same. For some of the country breakdowns, see general tables below.

a. Crop year beignning from the year stated. FAO source except rubber for which the International Rubber Study Group figures are used.

b. The index includes manufacturing and mining production only. The manufacturing index is computed as the arithmetic average of national indexes for China (Taiwan), India, Japan and the Philippines, weighted according to the net domestic product originated from manufacturing in the base year in terms of United States dollars. Income originating from manufacture in these four countries accounts for about 80 per cent of income from manufacture in the region as a whole, excluding mainland China. The mining index is an arithmetic average of national indexes for 12 countries, weighted by the net domestic product originated from mining in the base year. National indexes compiled by governments are used for China (Taiwan), India, Japan and the Philippines; special indexes compiled by the Secretariat based on the quantity of mineral production, weighted by base year prices, have been constructed for Brunei, Burma, Indonesia, southern Korea, Malaya, Pakistan and Thailand, the value added for each product not being available. The value of mineral products included in the regionl index accounts for about two-thirds of income originating from mining in the region, excluding mainland China. The regional manufacturing and mining indexes have been combined to form the regional index of industrial production, weighted according to the net domestic product originating in the base year in these two sectors for countries for which such statistics are available.

c. The quantum indexes of exports and imports compiled by governments for Burma, Ceylon, China (Taiwan), India, Japan, Malaya and the Philippines are used as the basic material. The quantum indexes of Indonesia, Pakistan and Thailand are derived from the unit value indexes. These ten national indexes are combined to form the regional index with the dollar values of exports and imports in the base year 1953 as weights. Exports of the countries included in the index account for 88 per cent of total exports of the region, excluding mainland China, in the base year, and imports of the countries included in the index account for 85 per cent of total imports of the region, again excluding mainland China. Intra-regional trade is not deducted, and the index shows changes in the total quantum of trade of ECAFE countries, not of the region vis-à-vis other regions. The regional unit value indexes of exports and imports are derived from the regional quantum indexes and the total values of exports and imports of these ten countries in United States dollars.

d. Exports of 18 primary products and food from 16 countries (excluding Afghanistan, mainland China and Nepal) are included in the index. To minimize the effect of transt trade, only export of domestic produce is included for Hong Kong and net export of rubber is used for Malaya and Singapore. The quantity of exports of each item is totalled for 16 countries, and relatives with 1953 as the base have been computed. These quantity relatives have been then weighted by the total value of exports of each commodity in 16 countries in terms of United States dollars in 1953 to form the quantum index. The unit value index is derived by dividing the quantum index into the index of total value of exports in United States dollars. The commodities included in the index account for 44 per cent of the total value of exports from the 16 countries. If Hong Kong and Japan are excluded, the percentage is increased to 58.

B. AREA AND POPULATION

	Area (sq km)	Latest census		Estimates of midyear population (thousands)						
		Date	Population	1937	1951	1952	1953	1954	1955	1956
Afghanistan	*650,000*	..	..	10,972	12,000	..	..	..	..	..
British Borneo										
Brunei	5,765	27/11/1947	40,657	35	48	50	54[a]	*55*	..	..
North Borneo	76,112	4/ 6/1951	334,141[b]	295[c]	334	347	355	364	372	..
Sarawak	121,914	26/11/1947	546,385	440	570	581	592	602	614	626
Burma	677,950	1/ 2/1953	2,940,704[d]	15,635	18,674	18,859	19,045	19,242	19,434	19,856
Cambodia	175,000	..	..	3,046	4,000	..	3,860	*4,100*	4,358	..
Ceylon[e]	65,610	20/ 3/1953	8,098,637[f]	5,712	7,742	7,940	8,155	8,385	8,589	..
China[g]	9,700,327	30/ 6/1953	582,603,417	446,930	..	..	582,603	..	..	..
Taiwan	36,134	16/ 9/1956	9,298,310[h]	5,530	7,713[i]	8,000[i]	8,261[j]	8,617[j]	8,907[j]	9,240[j]
Hong Kong[k]	1,013	7/ 3/1931	840,473	1,282	2,013	2,250	2,250	2,277	2,340	2,440
India	3,048,075	1/ 3/1951	356,879,394	304,333	362,790	367,370	372,020	376,750	381,690	..
Indonesia[m]	1,491,562	7/10/1930	60,412,962	67,398	77,100	78,200	79,500	80,700	81,900	..
Japan	369,813	1/10/1955	89,275,529	70,040	84,300	85,500	86,700	88,000	89,100	90,000
Korea	220,792	1/10/1944	25,120,174[n]	21,528	..	..	30,000	..	..	..
Southern Korea	93,634	1/ 9/1955	21,526,374[p]	..	..	21,206	21,376	21,687	21,526	..
Laos	237,000	..	..	1,012	1,309	1,356	1,260	*1,360*	1,425	..
Malaya										
Fed. of Malaya	131,287	23/ 9/1947	4,908,086	4,083	5,337	5,506	5,706	5,889	6,058	6,252
Singapore	747	23/ 9/1947	940,824	651	1,045	1,080	1,123	1,168	1,213	1,264
Nepal	140,753	..	..	*6,000*	..	*7,000*	..	..	..	..
East Nepal	..	15 Jeth 1952[q]	3,764,757	..	..	3,765	..	..	..	..
West Nepal	..	15 Jeth 1954[q]	4,666,780	..	..	..	..	4,667	..	..
Pakistan[s]	944,824	28/ 2/1951	75,842,165	*66,009*	76,916	78,912	80,062	81,228	82,439	83,603
Philippines	299,404	1/10/1948	19,234,182	15,445	20,260	20,646	21,039	21,440	21,849	22,265
Thailand	514,000	23/ 5/1947	17,442,689	14,492	18,837	19,193	19,556	19,925	20,302	20,686
Viet-Nam[t]	329,600	..	..	18,972	25,000	..	25,880	26,000	26,300	..

Sources: United Nations Statistical Office and governments.
General Notes: For explanatory notes on the coverage of population for India, Japan, Federation of Malaya and Singapore, see United Nations, *Demographic Yearbook 1955*.

a. For 31 December.
b. Excludes transients and members of the British armed forces, numbering 1,442 and 66 respectively for both sexes.
c. Excluding Labuan acquired from Straits Settlement in 1946 (population 7,507 at 1 April 1931 Census).
d. *De jure* population in 252 towns approximately the urban area of the Union; these are the results of the first stage of a multi-stage sample census.
e. Population excludes non-resident military and shipping personnel, numbering 36,606 in 1946.
f. Population actually enumerated; total, both sexes, including 1.7 per cent adjustment for under-renumeration is 8,153,196.
g. Excluding Taiwan.
h. *De facto* population excluding armed forces and foreign diplomatic personnel. *De jure* population, excluding armed forces, was 9,310,158.
i. Excluding aliens and armed forces. Armed forces was 650,000 at the end of 1954.
j. Excluding foreigners.
k. Civilian population.
m. Excluding West New Guinea except 1937.
n. *De jure* population.
p. Excludes foreign armed forces and foreign diplomatic personnel.
q. Nepal calendar.
s. Excluding Kashmir-Jammu, Gilgit, Baltistan, Junagadh and Manavadar.
t. Comprising former Annam, Cochinchina and Tonkin.

C. CRUDE RATES OF LIVE BIRTHS AND DEATHS PER ANNUM

Number of live births or deaths per 1,000 persons

	BRITISH BORNEO			Burma	Ceylon	China[b] (Taiwan)	Hong Kong[c]	India[d]	Japan[e]	MALAYA		Philippines	Thailand
	Brunei	North Borneo	Sarawak							Federation	Singapore[f]		
(1) Live births													
1935-39	..	..	..	32.1	35.6	44.7	26.8	33.8	29.2	40.2	46.0	33.6	34.9
1940-44	..	..	..	..	37.2	45.8[a]	25.2[a]	29.1	30.1	40.7[a]	44.8[a]	32.5[a]	35.2
1945-49	45.2[a]	19.0[a]	14.0[a]	..	38.9	41.1[a]	25.3[a]	26.0[a]	30.1	40.5[a]	46.4[a]	30.5[a]	25.1
1950	50.7	26.6	22.2	(39.6)	40.4	42.5	26.8	24.9	28.2	42.0	45.7	21.9	28.4
1954	55.2	33.3	25.1	33.5	36.2	44.5	36.6	28.4	20.1	43.8	48.9	..	34.2
1955	55.1	30.9	22.9	36.4	37.9	45.3	38.7	30.5	19.4	43.0	(47.6)	..	..
1956													
Jun	..	..	..	(35.6)	..	38.2	32.2	28.0	16.7	(47.9)	(53.6)	..	..
(2) Deaths													
1935-39	..	..	..	22.0	24.5	20.2	29.1[a]	22.6	17.4	20.8	22.1	16.7	16.4
1940-44	..	..	..	..	20.1	18.3[a]	35.7[a]	22.6	16.3	20.1[a]	20.8[a]	16.6[a]	17.3
1945-49	19.7[a]	13.3[a]	6.0[a]	..	16.3	13.7[a]	8.6[a]	17.4[a]	16.7	17.5[a]	12.5[a]	13.1[a]	13.2
1950	18.1	11.9	11.2	..	12.6	11.3	8.2	16.1	10.9	15.8	12.1	8.2	10.0
1954	12.7	10.3	7.7	19.9	10.4	8.1	8.5	13.2	8.2	12.2	9.3	10.2	9.7
1955	13.4	(12.4)	7.1	20.7	11.0	8.6	8.2	12.7	7.8	11.5	(8.7)	(9.9)	..
1956													
Jun	..	..	..	(20.8)	..	8.2	9.3	11.9	6.9	(11.8)	(8.6)	..	..

Source: United Nations Statistical Office, except figures in brackets which are from national sources and may not be comparable with previous figures.

a. Average of less than 5 years.
b. Excluding tribal aborigines. Beginning 1950, also excluding foreigners. Births exclude live-born infants dyng before registration of birth.
c. Rates computed on civilian population.
d. Beginning 1947 data for Part "A" States (registration area) and for Coorg and Delhi of Part "C" States.
e. Japanese nationals in Japan only. Beginning 1952, including data for Tokara Archipelago and beginning 1954, Amami Islands acquired from Ryukyu Islands on December 1951 and 25 December 1953 respectively.
f. Prior to 1947, Singapore Island only.

D. INDEX NUMBERS OF AGRICULTURAL PRODUCTION

1934–38 = 100

	All Commodities	Food	Cereals	Per capita food production	Per capita cereal production
TOTAL WORLD (Excluding China mainland, U.S.S.R., and eastern Europe)					
1953/54	130	132	126	105	101
1954/55	131	132	121	104	95
1955/56	134	135	126	105	98
ECAFE REGION					
Including mainland China					
1953/54	106	106	107	91	91
1954/55	106	107	104	90	88
1955/56	109	109	108	91	90
Excluding mainland China					
1953/54	113	115	113	91	90
1954/55	115	116	111	91	86
1955/56	119	119	116	92	89
BURMA					
1952/53	90	89	84	73	69
1953/54	88	87	81	71	66
1954/55	89	87	83	70	67
1955/56	89	87	82	69	66
CEYLON					
1952/53	142	138	177	98	125
1953/54	146	143	137	98	94
1954/55	153	154	193	103	129
1955/56	160	162	217	106	142
CHINA (Taiwan)					
1952/53	119	117	121	78	81
1953/54	121	120	126	77	81
1954/55	127	126	130	78	81
1955/56	134	131	142	79	85
INDIA (1936-38 = 100)					
1952/53	106	109	102	89	84
1953/54	117	120	125	97	101
1954/55	118	120	117	95	94
1955/56	118	120	118	94	93
INDONESIA					
1952/53	111	99	95	83	80
1953/54	115	107	105	89	87
1954/55	123	114	117	94	96
1955/56	118	109	107	88	86
JAPAN					
1952/53	112	120	110	97	89
1953/54	100	107	94	85	75
1954/55	109	117	105	92	83
1955/56	128	137	127	107	99
KOREA (Southern) (1930, 1934 & 1936 = 100)					
1952/53	93	94	99	65	68
1953/54	107	109	118	74	80
1954/55	110	109	110	73	74
1955/56	109	109	107	72	71
MALAYAN, Fed. of					
1952/53	129	104	137	74	97
1953/54	127	103	126	71	87
1954/55	130	108	127	72	85
1955/56	140	108	130	70	84
PAKISTAN (1936-38 = 100)					
1952/53	109	112	106	93	88
1953/54	107	116	113	95	93
1954/55	111	118	115	96	94
1955/56	109	114	106	91	84
PHILIPPINES					
1952/53	133	142	147	104	108
1953/54	137	146	151	105	108
1954/55	138	148	151	104	107
1955/56	141	150	156	104	108
THAILAND					
1952/53	154	142	152	104	112
1953/54	175	163	190	118	137
1954/55	150	133	132	94	94
1955/56	176	158	178	110	124

Source: FAO. Indexes compiled by FAO may not agree with national indexes.
GENERAL NOTE: Food crops comprise the following: Cereals, sugar, root crops, pulses, oilseeds, fruits, vegetables, beverage crops, livestock and dairy products. Cereals include: rice, wheat, maize, millet, sorghum, barley, oats, and rye. Commodities other than food include: tobacco, fibres, linseed and rubber.

E. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES

	Area (1,000 hectares)						Production (1,000 tons)					
	1934/35 to 1938/39	1948/49 to 1952/53	1953/54	1954/55	1955/56	1956/57	1934/35 to 1938/39	1948/49 to 1952/53	1953/54	1954/55	1955/56	1956/57
RICE (Paddy)												
Afghanistan	..	..	..	180	..	..	..	330	(273)	..	..	..
British Borneo												
Brunei	2	3	3	2	2	..	2	5	5	4	2	..
North Borneo	33	33	29	(28)	(28)	(28)	20	42	50	(42)	(53)	(50)
Sarawak	241	198	..	..	..	..	148	116	..	..	..	..
Burma[a]	4,931	3,758	4,004	3,931	3,968	..	6,971	5,309	5,616	5,804	5,868	..
Cambodia	731	1,127	1,205	1,221	*930*	..	767	1,372	1,523	850	*1,100*	..
Ceylon	344	442	385	496	442	..	340	572	457	657	741	..
China (Taiwan)	666	762	778	777	751	(825)	1,642	1,682	2,042	2,108	2,009	(2,301)
India	23,741	30,092	31,289	30,735	30,858	..	32,308	33,382	42,322	37,387	38,320	..
Indonesia	6,321	5,876	6,465	6,613	6,551	..	9,987	9,441	10,970	11,747	11,117	..
Japan	3,169	2,982	2,982	3,038	3,079	..	11,501	11,939	10,298	11,392	14,818	..
Korea, southern	1,216	1,050	1,069	1,069	1,089	..	2,726	2,924	3,516	2,942	3,042	(2,616)
Laos	424	825	359	500	600	..	297	540	530	400	510	..
Malaya, Fed. of	297△	343	333	351	348	..	513	635	658	662	678	..
Pakistan	7,562	9,003	9,928	9,591	9,555	..	11,169	12,400	13,940	12,810	12,813	..
Philippines	1,990	2,318	2,645	2,655	2,709	..	2,179	2,767	3,182	3,203	3,237	..
Thailand	3,370	5,211	5,931	4,524	5,398	5,472	4,357	6,845	8,239	5,709	7,712	8,000
Viet-Nam	4,382[b]	..	1,870	2,162	2,222	2,500	5,434[b]	2,469	2,463	2,707	2,733	3,000

E. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES *(Cont'd)*

	Area (1,000 hectares)						Production (1,000 tons)					
	1934/35 to 1938/39	1948/49 to 1952/53	1953/54	1954/55	1955/56	1956/57	1934/35 to 1938/39	1948/49 to 1952/53	1953/54	1954/55	1955/56	1956/57
WHEAT												
Afghanistan	..	..	..	2,025	..	..	..	1,700	2,124	..	..	..
China (Taiwan)	1	14	14	11	13	*(16)*	1	13	14	15	19	*(21)*
India	10,802	9,290	9,828	10,681	11,136	11,827	7,411	6,087	7,500	8,017	8,919	8,482
Japan	684	743	685	671	661	657	1,288	1,375	1,374	1,516	1,468	1,376
Korea, Southern	135	101	107	116	121	..	100	86	90	131	108	..
Pakistan	3,766	4,217	3,856	4,310	4,314	4,685	3,183	3,682	2,428	3,742	3,223	*3,455*
BARLEY												
India	2,669	3,128	3,246	3,528	3,362	3,296	2,258	2,384	2,928	2,952	2,916	2,765
Japan	764	982	915	1,012	992	978	1,758	2,020	2,091	2,583	2,408	2,343
Korea, Southern	867	624	736	731	753	..	862	594	761	977	795	..
Pakistan	197	223	230	248	230	233	153	150	111	158	143	157
MAIZE												
India	2,970	3,349	3,869	3,768	3,605	..	2,210	2,165	3,039	2,986	2,559	..
Indonesia	2,048[c]	2,020	1,969	2,518	2,036	..	1,978[c]	1,536	1,815	2,721	1,882	..
Japan[d]	51[e]	40	47	46	50	..	75[e]	57	66	56	100	..
Pakistan	329	393	432	432	429	..	364	384	444	447	456	..
Philippines	695	969	1,120	1,394	1,467	*1,481*	427	696	781	770	881	*914*
MILLET AND SORGHUM												
Ceylon (millet)	..	39	42	42	46	..	..	17	22	23	21	..
India	27,705	32,500	37,968	36,801	35,800	..	13,484	12,047	16,922	16,882	14,517	..
Japan (millet)	129	112	99	91	82	..	159	127	119	95	74	..
Korea, Southern	210	176	138	162	167	..	133	92	94	91	102	..
Pakistan	1,215	1,421	1,655	1,343	1,415	..	504	581	746	572	610	..
SUGAR (Cane and Beet)												
Afghanistan (Beet) Centrifugal (raw value)	..	..	..	..	..	..	..	*4*	*5*	*6*	*6*	..
Burma: Centrifugal	21	21	36	36	36	..	23	*12*	*24*	*23*	*17*	..
Non-centrifugal							78	*72*	*82*	*82*	..	..
China (Taiwan): Centrifugal (raw value)	116	85	85	78	..	(92)	1,030	*626*	*722*	*755*	*794*	..
Non-centrifugal							29	*12*	*12*	*15*	*20*	..
India: Centrifugal[f] (raw value)	1,326	1,672	1,416	1,616	1,799	.	*1,090*	1,413	1,197	1,814	*1,960*	..
Non-centrifugal: gur[g]							*2,680*	*2,920*	*2,630*	*2,530*	*2,415*	..
Indonesia: Djawa and Madura[h] Centrifugal (Telquel)	(55△)	(30△)	(45△)	(49△)	(51△)	..	913	288	620	718	840	..
Non-centrifugal	(10)	(27)	(29)	..	..	..	*73*	*82*	*250*	*250*	*250*	..
Japan: (Beet) Centrifugal (raw value)	17	13	14	14	17△	..	39	21	43	44	53	..
Non-centrifugal							*4*	*22*	*23*	*26*	*25*	..
Malaya, Fed. of Centrifugal (raw value)	..	1	1	1	1	..	..	..	..	..	..	..
Pakistan: Centrifugal (raw value)[i]	..	304△	389△	412△	391	..	*30*	*57*	86	95	*112*	..
Non-centrifugal: gur							*650*	*705*	*960*	*1,220*	*1,180*	..
Philippines: Centrifugal (raw value)	235	171	265	268	268	..	960	827	1,302	1,244	1,105	..
Muscavado and Panocha							57	46	51	89	91	..
Thailand: Centrifugal (raw value)	10	58	82	96	103	..	*19*	*34*	*40*	*40*	*43*	..
Crude brown							*15*	*19*	*19*	*30*	*30*	..
POTATOES												
India	182	237	257	269	(266)	..	1,833	1,647	1,956	1,790	(1,669)	..
Japan	151	209	203	212	211	..	1,622	2,451	2,415	2,743	2,908	..
Korea, southern	..	42	45	44	(48)	..	..	227	386	234	(355)	..
SWEET POTATOES AND YAMS												
Cambodia	2	1	..	..	..	..	18	25	35	39	..	..
China (Taiwan)	126	232	241	248	246	*(215)*	1,279	2,100	2,276	2,557	2,437	*(2,580)*
Ceylon	..	15	15	16	16	..	..	36	42	43	55	..
Hong Kong	..	4	4	4	..	..	..	17	18	10	..	..
India	..	150	165	170	194	..	..	901	926	1,330	1,599	..
Indonesia	206	265	325	285	278	..	1,459	1,750	2,176	2,112	1,866	..
Japan	248	402	360	354	376	..	3,060	6,074	5,391	5,226	7,180	..
Korea, southern	15	42	46	46	48	..	114	271	413	394	355	..
Malaya, Fed. of	..	19	..	..	..	..	..	198	..	..	..	..
Philippines	84	113	174	180	159	..	202	465	757	740	782	..
Viet-Nam	105[b]	..	..	(33[j])	(54[j])	..	228[b]	..	..	(165[j])	(242[j])	..

E. AREA AND PRODUCTION OF SELECTED AGRICULTURAL COMMODITIES *(Cont'd)*

	Area (1,000 hectares)						Production (1,000 tons)					
	1934/35 to 1938/39	1948/49 to 1952/53	1953/54	1954/55	1955/56	1956/57	1934/35 to 1938/39	1948/49 to 1952/53	1953/54	1954/55	1955/56	1956/57
SOYBEANS												
Indonesia	331[c]	381	457	525	520	..	236[c]	270	306	400	344	..
Japan	326	348	421	430	385	..	321	376	429	376	507	..
Korea, southern	393	244	250	258	269	..	280	138	142	160	149	..
Thailand	3	17	22	22	21	..	4	14	20	22	20	..
GROUNDNUTS (in shell)												
China (Taiwan)	30	80	83	94	96	*(105)*	50	57	60	66	67	*(89)*
India	3,246	4,379	4,247	5,483	5,093	..	3,196	3,196	3,445	4,194	3,865	..
Indonesia	237[k]	285	292	324	301	..	263[k]	283	334	406	355	..
Japan	8	16	25	27	26	28	12	21	27	39	47	45
Philippines	7	27	28	28	29	..	4	19	18	18	18	..
Thailand	..	63	72	79	78	79	..	60	78	92	94	95
Viet-Nam	12	..	..	22	20	23	14	..	..	14	20	20
COTTON SEED												
Afghanistan	*75*	*63*	*91*	*111*	..	..	*20*	*16*	*26*	*39*	*39*	..
Burma	198	*108*	*143*	*150*	*162*	..	39	*28*	*43*	*42*	*35*	..
India	8,486	5,658	6,987	7,561	8,187	..	1,474	968	1,403	1,503	1,421	..
Korea, southern	..	*132*	128	120	112	..	..	43	31	31	38	..
Pakistan	1,495	1,248	1,185	1,289	1,431	..	578	480	512	568	618	..
Thailand	6	34	40	34	32	..	3	14	17	15	17	..
COPRA												
British Borneo												
North Borneo	..	..	..	..	..	..	13	20	23	27	*(23)*	*(35)*
Sarawak	..	..	..	..	..	..	3	3	3	3	..	..
Ceylon	..	..	..	..	..	..	215	234	237	220	293	..
India	..	..	..	..	..	..	*160*	*177*	*176*	*180*	..	..
Indonesia	..	..	..	..	..	..	715[m]	*700*	*740*	*770*	..	..
Malaya, Fed. of	..	..	..	..	..	..	188	141	154	167	146	*(148)*
Philippines	..	..	..	..	..	..	583	870	856	942	963	..
Viet-Nam, southern	..	..	..	..	..	..	28	16	17	19	20	..
TEA												
Ceylon△	226	228	232	233	229	..	104	140	156	166	172	..
China (Taiwan)[n]	42	35	39	41	43	*(45)*	12	10	12	13	15	*(15)*
India△	309	314	319	320	..	..	178	280	279	293	300	..
Indonesia[n]	198	61[p]	67[p]	68[p]	67[p]	..	75	32[p]	37[p]	47[p]	44[p]	..
Japan△	39	28	33	35	39	..	49	40	56	68	73	..
Pakistan△	44	30	30	30	31	..	26	22	25	24	23	..
Viet-Nam, southern	..	..	7	7	7	8	11[b]	..	6	4	4	4
TOBACCO												
Burma	40	*52*	42	43	*54*	*55*	45	*45*	*48*	*48*	*49*	*50*
China (Taiwan)	1	7	*6*	*6*	6	*(8)*	2	9	10	10	12	*(15)*
India[q]	365	331	363	369	342	373	343	247	245	272	248	263
Indonesia:[q] Estates	27	13	13	12	(11)	..	44	8	11	8	(7)	..
Farms	149	106	*113*[s]	*141*[s]	*145*[s]	*151*	67	..	..	*65*	31	..
Japan	35	52	66	69	75	..	64	90	102	113	150	*137*
Korea, southern	12	16	14	24	20	..	13	21	15	29	26	..
Pakistan[q]	142	69	70	78	96	83	151	70	75	92	119	96
Philippines	67	37	48	53	(75)	..	35	22	28	30	42	..
Thailand	10	33	53	54	56	55	9	27	50	53	56	56
Viet-Nam	10[b]	..	..	10	14	15	8[b]	..	..	7	7	11
COTTON (Lint)												
Afghanistan	*75*	*63*	*91*	*111*	..	..	*10*	*8*	*13*	*20*	*20*	..
Burma	198	*108*	*143*	*150*	*162*	..	21	*15*	*23*	*22*	*18*	..
India[t]	8,486	5,658	6,987	7,561	8,187	*5,909*	737	485	701	752	711	..
Korea, Southern	..	132	128	120	112	..	..	25	16	17	*20*	..
Pakistan[t]	1,495	1,248	1,185	1,289	1,431	*1,350*	289	245	256	284	309	..
Thailand	6	34	40	34	32	32	2	7	9	8	8	8
JUTE												
India	349	581	497	503	640	*661*	345	643	561	531	751	..
Pakistan	856	715	391	503	661	..	1,154	1,015	655	846	1,015	..
HEMP FIBRE												
India[u]	..	283	255	249	..	..	*100*	135	123	123	..	..
Philippines[v] (Abaca)	292	285	272	217	222	..	183	105	120	110	118	..

Sources: FAO, except figures in brackets which are from national sources.

GENERAL NOTES: (1) Area relates generally to area harvested except those with the symbol △ which relate to planted areas. (2) Averages for 1934/35 to 1938/39 and for 1948/49 to 1952/53 do not in all cases cover the precise periods indicated. (3) For further details see the notes in the *Yearbook of Food and Agricultural Statistics 1955.*

a. Excludes Putao, Chin Hills, Shan States and Karenni.
b. For Tonkin, Annam and Cochin China.
c. Djawa and Madura only.
d. Excluding maize harvested green.
e. Including dry equivalent of maize harvested green.
f. White sugar, raw basis, direct from cane refined from gur and khandasiri.
g. For direct consumption as gur of which about 90% is for human consumption.
h. Calendar year, Telquel and estates only excluding small holdings.
i. White sugar, raw basis, direct from cane refined from gur and khandasiri, excluding palm sugar production estimated at 115,000 tons annually.
j. Sweet potatoes and manioc.
k. Djawa and Madura, Bali and Lombok.
m. Copra Fund purchases and unrecorded exports to Malaya; excluded unrecorded exports to Philippines.
n. Crop areas relate to mature area or area of plucking.
p. On estate.
q. Calendar year.
s. Harvested area on small holdings in Djawa and Madura.
t. Cotton production are official from which may differ from data based on trade estimate as published by the International Cotton Advisory Committee.
u. Sunn hemp, area is for fiber, green manure and fodder.
v. Area refers to crop year beginning in the year stated, production refers to calendar year and represents balings as reported by the Fiber Inspection Service, plus an allowance of 10 per cent for unbaled fiber.

F. RAILWAYS: LENGTH AND ROLLING STOCK

	1938	1948	1951	1952	1953	1954	1955	1956	1938	1948	1951	1952	1953	1954	1955	1956
	Length of railways (km.)								Number of locomotives							
Burma[a]	1,280	1,104	1,110	1,110	1,110	1,110	1,112	..	369	278	316	312	312	312	312	..
Cambodia	..	..	..	385	385	385	385	..	..	17	20	21	24	24	24	..
Ceylon[b]	1,530	1,438	1,442	1,442	1,444	1,445	1,446	..	248	239	264	245	251	256	270	..
China (Taiwan)	882	917	940	939	950	951	951	951[n]	205	253	249	249	257	252	252	252[a]
Hong Kong	..	36	36	36	36	36	36	36[n]	17	16	16	16	16	16	18	18[n]
India[c]	59,126[i]	49,035	49,156	49,221	49,500	49,746	50,205	..	8,488[i]	8,194	8,615	8,572	8,587	8,627	8,603	..
Indonesia[d]	7,332,	3,617	6,616	6,640	6,640	6,640	6,640	..	1,279	584[p]	940	1,004	1,045	1,063	1,065	..
Japan[ef]	17,934	19,752	19,752	19,850	19,903	20,008	20,046	20,093	4,245	6,283	5,458	5,444	5,468	5,486	5,474	5,425
Korea[e] (southern)	..	..	2,785	2,800	2,805	2,768	2,791[n]	2,910[n]	..	..	561	629	578	527	528	..
Malaya	..	1,730	1,833	1,839	1,962	2,090	2,092	2,092[a]	..	201	188	188	189	191	193	196[a]
North Borneo	..	..	..	187	187	187	..	..	13[k]	11	16	16	14	14	16	..
Pakistan	..	..	..	..	27,446	..	..	..	..	1,286	1,296	1,303	1,313	1,286	1,317	1,256
Philippines	..	866	942	942	942	942	962	..	178[j]	92	101	101	111	111	105	..
Thailand	..	3,213	3,272	3,333	3,333	3,333	3,377	3,377[e]	200	339	438	456	454	372	387	377[n]
Viet-Nam	2,569[j]	968	1,058	1,044	1,048	935[m]	..	..	..	..	..	..	114	..	..	..
	Number of passenger cars								Number of freight cars							
Burma[a]	1,167	479	527	705	743	753	741	..	9,690	6,912	6,067	5,957	5,830	7,101	7,541	..
Cambodia	..	29	30	31	41	43	43	..	..	281	401	396	396	395	392	..
Ceylon[g]	1,324	1,276	1,423	1,695	1,731	1,731	1,769	..	2,286	2,764	2,604	2,958	3,092	3,315	3,370	..
China (Taiwan)	498	456	613	595	568	569	571	578[a]	4,654	5,703	5,411	5,470	5,453	5,483	5,530	5,416[a]
Hong Kong	44	34	34	34	34	39	53	53[n]	134	60	262	240	233	233	227	227[n]
India[h]	26,338[i]	20,979	20,969	21,340	22,177	22,793	23,335	..	221,509[i]	214,320	212,861	215,798	224,938	229,734	234,187	..
Indonesia[d]	3,600	2,021	2,627	2,741	2,813	3,024	3,038	..	27,236	16,690	22,083	23,560	23,282	23,925	23,311	..
Japan[ef]	11,533	14,070	14,051	14,108	14,335	13,900	14,119	14,261	75,292	107,716	105,862	109,500	106,626	106,732	106,703	106,223
Korea[e] (southern)	..	..	752	674	766	975	1,140	..	..	..	9,785	11,117	10,777	11,967	11,618	..
Malaya	..	289	299	293	298	320	327	377[a]	..	4,967	4,969	5,029	5,122	5,231	5,194	5,474[a]
North Borneo	44[k]	22	32	33	32	23	36	..	156[k]	80	173	158	169	166	141	..
Pakistan	..	2,987	2,926	2,690	2,883	2,651	2,681	2,687	..	34,702	37,944	38,349	38,469	39,530	41,329	40,638
Philippines	397[j]	258	313	313	158	154	144	..	2,427[j]	2,089	2,191	2,191	2,160	2,226	2,280	..
Thailand	322	453	600	593	616	622	660	660[n]	3,833	5,346	6,075	6,129	6,401	6,201	6,212	6,254[n]
Viet-Nam	..	..	..	..	..	..	..	..	..	..	..	..	..	..	114[q]	..

General Note: The time of year to which figures relate is the end of the working year. Pre-war data for Japan relate to 1936. Locomotives: All vehicles with engines or motor and motive power or with motors only. Passenger cars: All passenger carrying cars including railcars, baggage cars and railway-owned postal vans. Freight cars: All goods-carrying cars excluding baggage vans and cars used exclusively for service traffice.

a. End of September.
b. Railways: broad gauge and narrow gauge.
c. Railway: broad gauge and metre gauge.
d. Djawatan Kereta Api (State Railways) and Deli Spoorweg Maatschappij.
e. End of March.
f. State Railways only.
g. In units of four wheels.
h. Including service vehicles.
i. Including territory now under Pakistan.
j. 1939.
k. 1941.
m. Excluding Northern Viet-Nam.
n. End of June.
p. Excluding locomotives under repair.
q. Southern Viet-Nam.

G. ROADS: MOTOR VEIHICLES IN USE

	1938	1948	1951	1952	1953	1954	1955	1956	1938	1948	1951	1952	1953	1954	1955	1956
	Number of passenger cars (1,000)								Number of commercial veihicles							
British Borneo																
Brunei	..	0.05	0.30	0.35	0.58	1.08	..	..	..	0.18	0.56	0.72	0.91	0.80	..	..
North Borneo	..	0.16	0.92	1.18	0.93	1.24	1.06	..	..	0.37	0.64	0.75	0.66	0.72	1.08	..
Sarawak	0.19	0.16	0.80	0.62	0.71	0.85	1.13	..	0.11	0.18	0.91	0.74	0.67	0.63	0.68	..
Burma	6.9	10.9	7.7	9.7	12.4	13.0	..	..	14.0	22.0	12.0	11.0	9.8	11.4	..	..
Cambodia	..	0.9	..	2.0	2.8	3.1	3.9	5.0	..	1.22	..	3.0	3.6	3.9	4.1	4.3
Ceylon	21.04	27.60	40.03	45.55	49.76	51.80	55.16	57.20[g]	7.2	12.46	15.68	17.61	19.04	19.57	20.7	22.39[g]
China (Taiwan)	..	1.64	2.25	2.58	3.26	3.88	4.77	5.41[h]	..	3.37	5.05	5.65	6.26	6.65	7.13	7.19[h]
Hong Kong[a]	..	6.39	10.39	11.64	13.00	15.13	17.43	18.81[g]	..	2.90	2.86	3.03	3.16	3.34	3.66	3.91[g]
India	88.1[e]	119.9	159.3	161.6	168.4	173.9	183.7	..	36.4[e]	86.1	120.2	118.7	130.2	139.2	146.7	..
Indonesia[b]	53.1	17.6	39.4	41.0	59.6	61.1	63.6	..	16.9	18.7	35.6	36.4	51.2	52.7	55.2	..
Japan	59.3	29.1	44.8	59.3	76.6	106.3	119.0	253.9	91.9	120.2	174.8	195.1	218.6	243.3	264.6	289.1
Korea[c] (southern)	..	..	..	0.7	1.0	2.0	2.4	..	..	..	..	3.0	4.2	5.5	7.0	..
Laos	..	0.20	0.03	0.10	0.16	0.23	..	1.55	..	0.30	0.04	0.11	0.20	0.42	..	0.93
Malaya, Federa.[d]	..	19.76	35.90	44.85	50.37	52.52	57.01	63.94[h]	..	15.14	17.55	19.88	20.56	21.01	21.29	22.74[h]
Singapore	10.2	12.71	24.27	29.57	33.16	36.21	41.96	45.29[i]	3.0	7.03	8.36	9.56	10.1	10.3	11.0	11.21[i]
Pakistan	..	14.6	24.7	35.8	31.6	33.4	..	..	..	8.2	13.9	16.1	17.9	18.2	..	..
Philippines[d]	30.4[f]	34.6	50.1	50.1	50.9	54.1	58.7	..	18.3[f]	49.5	54.4	55.3	56.1	59.5	62.1	..
Thailand	5.1	6.3	11.0	16.0	19.1	18.1	..	..	5.1	5.7	7.0	18.78	23.02	24.58	..	..
Viet-Nam	10.80	12.01	..	13.48	17.00	22.12	31.13	..	3.10	6.09	..	9.64	10.95	11.50	11.37	..

General Note: Passenger motor cars relate to motor cars seating less than eight persons, including taxis but excluding motor-cycles. Commercial motor vehicles relate to lorries, buses, tractors, and semi-trailer combinations excluding trailers, farm and road tractors.

a. Commercial vehicles: including government vehicles which in 1952 number 780.
b. Commercial vehicles: including government vehicles.
c. End of March.
d. Including government vehicles.
e. 1939; British India excluding Indian States and Burma.
f. 1937. g. End of June. h. End of September.
i. End of July.

	1953	1954	1955	First Half 1955	First Half 1956
BURMA[a] (million kyats)					
Goods and services	154	25	62	101	63
Exports,[b] f.o.b.	1,133	1,196	1,082	638	551
Imports,[b] c.i.f.	—846	—973	—856	—459	—408
Transportation and insurance	— 12	— 2	— 5	— 1	—
Government, n.i.e.	—112	—173	—137	— 59	— 58
Other	— 9	— 23	— 22	— 18	— 22
Private donations	— 40	— 33	— 25	— 14	— 10
Private capital	— 8	— 5	21	— 2	7
Official donations	21	8	—	—	6
Official and bank capital	— 77	216	23	68	— 48
Long-term capital:					
Debt repayments	—	—135	— 75	— 69	—
Other	—	— 33	— 1	— 1	— 3
Short-term capital:					
Liabilities	— 2	— 9	— 14	— 5	74
Sterling balances	— 46	426	77	172	—179
U.S. dollar balances	— 28	— 30	42	— 21	63
Other foreign assets	— 1	— 2	— 7	— 8	— 4
Monetary gold	—	—	—	—	—
Net errors and omissions	— 50	—211	— 80	—153	— 18
CEYLON (million rupees)					
Goods and services	—103	349	384	225	101
Exports, f.o.b.	1,495	1,724	1,875	968[c]	905[c]
Imports, c.i.f.	—1,622	—1,384	—1,478	—691[c]	—744[c]
Transportation and insurance	94	78	74	— 13[c]	— 16[c]
Investment income	— 38	— 47	— 61	— 23	— 15
Other	— 32	— 22	— 26	— 16	— 29
Private donations	— 58	— 67	— 78	— 43	— 48
Private capital	— 37	— 49	— 57	— 19	— 5
Official donations	3	24	17	—	1
Official and bank capital	198	—228	—274	—168	— 44
Long-term capital:					
Portfolio security holdings	264	— 32	— 12	— 3	— 24
U.K. loan repayment	1	29	2	2	—
IBRD Subscriptions and loans	—	5	9	2	3
Government borrowing in U.K.	—	67	—	—	—
Short-term capital:					
Liabilities	— 26	— 5	— 1	— 31	— 5
Foreign assets of Government and Central Bank	— 31	—269	—184	—138	— 18
Foreign assets of commercial banks	— 10	— 23	— 88		
Monetary gold	—	—	—	—	—
Net errors and omissions	— 3	— 29	8	5	— 5
CHINA (Taiwan, million U.S. dollars)					
Goods and services	— 80.9	—131.6	— 71.9	—35.6	*—54.6*
Exports, f.o.b.	128.6	95.9	127.5	58.3	*66.1*
Imports, c.i.f.	—192.9	—205.0	—185.1	—87.6	*—116.2*
Non-monetary gold movement	1.6	1.3	0.5	— 0.1	*0.7*
Transportation and insurance	— 6.4	— 5.9	— 2.0	— 0.6	*— 0.5*
Investment income	— 0.2	— 0.2	— 0.2	— 0.1	*— 0.2*
Government, n.i.e.	— 8.3	—13.9	— 7.2	— 2.5	*— 1.8*
Other	— 3.3	— 3.8	— 5.4	— 3.0	*— 2.8*
Private donations	2.4	—	1.3	0.2	*— 0.1*
Private capital	9.9	10.7	1.7	1.2	*— 1.2*
Official donations	84.7	88.4	90.7	44.8	*53.3*
Official and bank capital	—14.3	32.8	—24.8	—13.3	*— 0.2*
Long-term capital:					
Loans: drawings	5.5	2.0	0.7	0.7	—
Loans: repayments	— 3.2	— 3.5	— 1.1	— 0.4	*— 0.9*
Portfolio securities	—	—	—	—	—
Other	—	1.0	3.9	2.7	—
Short-term capital:					
Liabilities	0.5	9.7	— 3.4	— 3.4	—
Foreign assets	—15.5	24.9	—23.7	—12.4	*1.5*
Monetary gold	— 1.6	— 1.3	— 1.2	— 0.5	*— 0.8*
Net errors and omissions	— 1.8	— 0.3	3.0	2.7	*2.8*

	1953	1954	1955	First Half 1955	First Half 1956
INDIA[a] (million rupees)					
Goods and services	100	—248	—295	118	*—840*
Exports, f.o.b.	5,360	5,476	6,525	3,381	*3,267*
Imports, c.i.f.	—5,909	—6,394	—7,288	—3,618	*—4,397*
Transportation and insurance	184	236	284	139	*145*
Investment income	— 52	— 47	— 40	— 49	*67*
Government, n.i.e.	90	76	119	52	*56*
Other	427	405	105	213	*22*
Private donations	145	57	350	16	*204*
Private capital	— 77	74	—111	— 83	*— 45*
Official donations	184	151	348	122	*236*
Official and bank capital	—324	11	—344	—143	*668*
Long-term capital:					
U.S. food loan	—	—	—	—	—
IBRD loans	17	9	20	10	*9*
Other	— 19	41	115	91	*79*
Short-term capital:					
Use of IMF resources	—	—222	—193	—122	*— 60*
Other liabilities	— 70	194	—111	— 65	*166*
Foreign assets[d]	—252	— 11	—175	— 57	*474*
Monetary gold	—	—	—	—	—
Net errors and omissions	— 28	— 45	52	— 30	*—223*
INDONESIA[a] (million U.S. dollars)					
Goods and services	—121	— 41	*89*	*12*	*—149*
Exports, f.o.b.	669	696	*793*	*389*	*367*
Imports, c.i.f.	—635	—564	*—527*	*—264*	*—434*
Investment income	— 55	— 70	*— 69*	*— 50*	*— 27*
Transportation and insurance	— 26	— 17	*— 18*	*— 14*	*— 9*
Non-trade transaction of oil companies	— 74	— 86	*— 90*	*— 49*	*— 46*
Other					
Private donations	—	1	—	—	—
Private capital	1	— 5	*— 13*	*7*	*16*
Official donations	3	2	*1*	—	*6*
Official and bank capital					
Long-term capital:	123	42	*— 82*	*— 19*	*126*
Gold and U.S. dollar subscriptions to IMF and IBRD	—	— 18	—	—	*— 12*
Loans received	— 7	— 4	*— 15*	*— 1*	*3*
Other	1	—	—	—	—
Short-term capital:					
Use of IMF resources	—	15	—	—	*— 15*
U.S. dollar assets, net	33	— 9	*— 76*	*— 27*	*138*
Other foreign assets, net					
Monetary gold	96	58	*9*	*9*	*12*
Net errors and omissions	— 6	1	*5*	—	*1*
JAPAN[a] (million U.S. dollars)					
Goods and services	—226	— 80	205	2	*4*
Exports, f.o.b.[f]	1,258	1,611	2,006	890	*1,156*
Imports, c.i.f.	—2,050	—2,041	—2,061	—1,013	*—1,188*
Transportation and insurance	—183	—178	—157	— 79	*—148*
Government, n.i.e.[e]	802	603	510	237	*240*
Other (net)	— 53	— 77	— 94	— 33	*— 56*
Private donations	21	29	31	15	*15*
Private capital	— 18	13	85	20	*— 5*
Official donations	—	—	— 9	— 15	*— 7*
Official and bank capital	221	25	—292	— 41	*— 33*
Long-term capital:					
Gold and U.S. dollar subscriptions to IMF and IBRD	—	—	—	—	—
Other	— 12	— 4	8	8	*— 8*
Short-term capital:					
Use of IMF resources	62	—	— 62	—	—
Other liabilities	101	107	93	87	*97*
Sterling balances	125	—107	— 61	— 94	*65*
U.S. dollar balances	— 30	130	—221	— 44	*—178*
Other foreign assets	— 23	— 99	— 47	2	*— 9*
Monetary gold	— 2	— 3	— 2	— 1	—
Net errors and omissions	2	13	— 19	19	*26*

H. INTERNATIONAL PAYMENTS *(Cont'd)*

Millions

	1953	1954	1955	First Half 1955	First Half 1956
KOREA, southern[a] (million U.S. dollars)					
Goods and services	—279.2	—180.1	—278.9	—135.3	—159.7
Exports[f]	39.6	24.2	17.6	7.7	12.6
Imports[f]	—347.1	—241.2	—327.8	—167.8	—180.1
Government, n.i.e.	30.6	34.9	30.8	24.7	8.0
Other	— 2.3	2.0	0.5	0.1	— 0.2
Private donations	0.1	12.1	16.8	10.8	9.0
Private capital	..	..	..	..	..
Official donations	193.5	139.2	251.6	137.4	148.7
Official and bank capital	85.7	29.1	9.6	—13.1	2.7
Long-term capital:	—	—	— 5.6	—	—
Short-term capital:					
Liabilities to IBRD	—	—	2.2	—	—
Payments, agreement liabilities to Japan	20.2	22.6	— 0.2	0.3	0.3
Other	65.6	7.4	12.1	—13.3	2.5
Monetary gold	— 0.1	— 0.9	1.1	— 0.1	— 0.1
Net errors and omissions	— 0.1	— 0.3	0.9	0.2	— 0.7
PAKISTAN (million rupees)					
Goods and services	—165	—199	53	59	*186*
Exports, f.o.b.	1,358	1,120	1,514	673	*1,011*
Imports, private, f.o.b.	—718	—742	—658	—302	*—462*
Transportation and insurance	— 78	— 80	— 58	— 28	*— 51*
Government, n.i.e.[g]	—725	—461	—684	—258	*—275*
Other	— 2	— 37	— 61	— 26	*— 37*
Private donations	— 33	— 32	— 26	— 13	*— 15*
Private capital	— 9	33	— 3	— 10	*2*
Official donations	276	39	266	79	—
Official and bank capital	— 67	159	—291	—115	*—173*
Long-term capital:					
Loans received	44	50	45	13	*83*
Official repayments	—	—	— 8	—	*— 6*
U.K. securities	— 2	42	— 19	38	—
Short-term capital:					
Liabilities	— 5	30	— 94	— 60	*3*
Sterling balances	— 86	14	—178	—104	*—238*
U.S. dollar balances	5	2	2	1	
Other foreign assets	— 22	21	— 5	— 2	*— 15*
Monetary gold	—	—	33	— 1	—
Net errors and omissions	— 2	—	—	—	—
PHILIPPINES (million pesos)					
Goods and services	—103	—163	—321	— 72	9
Exports, f.o.b.	772	783	779	427	437
Imports, f.o.b.	—968	—975	—1,102	—580	—488
Transportation and insurance	— 95	—115	—133	— 68	— 61
Investment income	—110	—113	—134	— 15[h]	— 5[h]
Government, n.i.e.	270	239	246	130	117
Other	28	18	23	34	9
Private donations	6	7	16	5	5
Private capital	102	88	119	11[h]	7[h]
Official donations	38	46	48	20	31
Official and bank capital	14	15	136	62	— 50
Long-term capital	— 4	— 34	82	—	10
Short-term capital:					
Use of IMF resources	—	—	20	20	10
Other liabilities	1	— 3	10	9	—
Foreign assets	18	52	36	36	— 65
Monetary gold	— 1	—	— 12	— 3	— 5
Net errors and omissions	— 57	7	2	— 26	— 2
THAILAND (million United States dollars)					
Goods and services	—60.0	—61.8	—15.6	3.6	—31.2
Exports, f.o.b.	322.6	283.4	334.9	170.5	161.4
Imports, c.i.f.	—336.3	—311.7	—321.1[i]	—147.2	—181.1
Non-monetary gold movement	—25.7	—16.9	—10.7	— 9.0	— 3.5
Government, n.i.e.	— 2.3	— 2.8	— 2.8	— 3.0	—
Other	—18.3	—13.8	—15.9	— 7.7	— 8.0
Private donations	— 4.4	— 7.1	— 8.1	— 3.1	— 5.0
Private capital	..	..	..	..	0.2
Official donations	4.5	6.4	14.1	4.6	14.2
Official and bank capital	52.7	24.0	—11.1	—17.2	3.1
Long-term capital:					
Assets, Bank of Thailand	5.2	3.1	0.2	0.2	0.8
Loans received	8.2	1.8	17.6	8.7	5.8
Official repayments	— 1.5	— 1.0	— 2.4	— 0.7	— 3.4
Short-term capital:					
Liabilities	— 2.6	1.9	2.4	7.9	— 0.3
Sterling balances	34.3	—23.9	—22.4	— 5.8	— 0.8
U.S. dollar balances	15.1	40.5	—15.0	—10.1	1.2
Other foreign assets	— 6.0	0.8	7.9	—17.4	— 0.2
Monetary gold	—	0.8	0.6	—	—
Net errors and omissions	7.2	38.5	20.7	12.1	18.7

GENERAL NOTES: (1) No sign indicates credit, minus sign indicates debit. For foreign balances or foreign assets under short-term official and bank capital: no sign indicates decrease, minus sign indicates increase. (2) Statistics on goods and services except merchandise imports and exports are on a net basis.

a. Data for the First Half 1955 are not fully comparable with those for the full year 1955.

b. 1953-1955 figures based on trade returns; First Half 1956, on exchange control record.

c. Mixed f.o.b. and c.i.f.

d. Includes Reserve Bank's holdings of long-term securities.

e. Goods purchased by UN forces under the special procurement programme are included in "Government, n.i.e."

f. Data based mainly on the exchange record; exports mostly f.o.b.; imports, mostly c.i.f., include relief supplies from private agencies in 1955 and goods received under various foreign aid programmes.

g. Includes government imports.

h. Excludes undistributed profits.

i. Adjusted figure excluding military equipment under foreign aid.

I. COMPOSITION OF IMPORTS

	Value (in millions)				Percentage distribution			
	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods	Consumption goods	Materials chiefly for consumption goods	Materials chiefly for capital goods	Capital goods
ECAFE REGION[a] (U.S. dollar)								
1954	3,144	2,478	869	1,427	39.6	31.2	11.2	18.0
1955	2,983	2,770	975	1,648	35.6	33.1	11.6	19.7
1956 1st half	*1,560*	*1,529*	*673*	*1,035*	*32.5*	*31.9*	*14.0*	*21.6*
BURMA (kyat)								
1954	476	174	59	264	48.9	17.9	6.1	27.1
1955	362	170	67	261	42.1	19.7	7.8	30.4
1956 1st half	*181*	*69*	*42*	*158*	*40.2*	*15.4*	*9.2*	*35.2*
CEYLON (rupee)								
1954	952	128	130	186	68.2	9.2	9.3	13.3
1955	890	142	164	233	62.3	9.9	11.5	16.3
1956 1st half	448	82	75	148	59.5	10.8	9.9	19.7
CHINA, Taiwan (N.T. dollar)								
1954	836	1,414	238	806	25.4	42.9	7.2	24.5
1955	536	1,500	206	898	17.0	47.8	6.6	28.6
1956 1st half	*397*	*1,142*	*226*	*632*	*16.6*	*47.6*	*9.4*	*26.4*
HONG KONG (H.K. dollar)								
1954	1,687	1,236	215	295	49.1	36.0	6.3	8.6
1955	1,920	1,169	244	397	51.6	31.4	6.5	10.4
1956 1st half	1,158	698	155	322	49.6	29.9	6.6	13.8
INDIA (rupee)								
1954[b]	2,366	1,759	633	1,797	36.1	26.8	9.7	27.4
1955[b]	1,441	2,031	556	2,746	21.3	30.0	8.2	40.5
1956[c] 1st half	632	1,034	357	1,902	16.1	26.4	9.1	48.4
INDONESIA (rupiah)								
1954	3,051	1,418	459	1,977	44.2	20.5	6.6	28.6
1955	2,641	1,535	670	1,902	39.1	22.8	9.9	28.2
1956 1st half	*2,302*	*777*	*530*	*1,299*	*46.9*	*15.8*	*10.8*	*26.5*
JAPAN (yen)								
1954	252,419	412,705	125,824	72,677	29.2	47.8	14.6	8.4
1955	240,071	457,778	134,706	56,477	27.0	51.5	15.2	6.3
1956 1st half	108,434	276,212	117,570	34,878	20.2	51.4	21.9	6.5
KOREA, southern (hwan)								
1954	9,265	10,661	2,665	5,177	33.4	38.4	9.6	18.6
1955	17,032	22,814	2,392	5,971	35.3	47.3	5.0	12.4
1956 1st half	7,276	7,427	875	2,984	39.2	40.0	4.7	16.1
MALAYA (Malayan dollar)								
1954	1,669	624	454	389	53.2	19.9	14.5	12.4
1955	1,905	904	539	474	49.8	23.7	14.1	12.4
1956 1st half	1,062	441	287	291	51.0	21.2	13.8	14.0
NORTH BORNEO (Malayan dollar)								
1954	44	9	4	15	60.4	12.8	6.1	20.7
1955	51	14	6	17	58.7	15.5	6.7	19.1
1956 1st half	29	9	3	10	55.9	17.5	6.4	20.2
PAKISTAN (rupee)[d]								
1954	192	187	129	398	21.2	20.7	14.2	43.9
1955	206	164	155	412	22.0	17.5	16.5	44.0
1956 1st half	133	81	87	166	28.5	17.4	18.5	35.6
PHILIPPINES (peso)[e]								
1954	460	168	112	225	47.6	17.4	11.6	23.3
1955	519	181	125	272	47.3	16.5	11.4	24.8
1956 1st half	188	79	63	155	38.8	16.3	12.9	32.0
SARAWAK (Malayan dollar)								
1954	89	273	7	28	22.4	68.9	1.7	6.9
1955	97	305	9	29	22.0	69.4	2.0	6.6
1956 1st half	46	161	3	15	20.6	71.4	1.3	6.7
THAILAND (baht)								
1954	3,248	665	565	2,186	48.7	10.0	8.5	32.8
1955	3,476	794	763	2,166	48.3	11.0	10.6	30.0
1956 1st half	1,674	409	383	1,295	44.5	10.9	10.2	34.4

GENERAL NOTE: Totals of the four groups of imports do not add up to total imports published in national trade returns, because (1) in a few countries, a small part of the imports (in no case more than 4%) are not included in the commodity trade statistics published by governments, and (2) of rounding. Percentage distribution refers to per cents of the totals of the four groups of commodities.

a. Regional totals in U.S. dollars include all countries listed in the table except Southern Korea. Imports of India in fiscal years are added to imports of other countries in calendar years.
b. Years beginning 1st April.
c. April-September.
d. Private account only.
e. F.O.B. value.

J. GOVERNMENT REVENUE AND EXPENDITURE

	Type of account	Total revenue	Total expenditure	Balance (+) or (—)
AFGHANISTAN (million Afghanis)				
1950/51	A	466	670	— 204
1951/52	A	547	714	— 167
1952/53	A	614	830	— 216
1953/54	A	685	852	— 167
1954/55	A	983	1,141	— 158
1955/56		1,012RE	1,301DE	..
1956/57	DE	1,276	1,779	— 503
BRITISH BORNEO (million Malayan dollars)				
Brunei				
1951	A	69.4	7.5	+ 61.9
1952	A	75.7	13.8	+ 61.9
1953	A	99.0	23.7	+ 76.4
1954	A	96.0	30.6	+ 65.4
1955	A	104.1	43.0	+ 61.1
1956	RE	116.8	48.1	+ 68.7
1957	DE	120.1	68.6	+ 51.5
North Borneo				
1951	A	25.0	24.4	+ 0.6
1952	A	23.4	34.3	— 10.9
1953	A	23.0	28.1	— 5.1
1954	A	23.8	31.0	— 7.2
1955	RE	26.8	38.2	— 11.4
1956	DE	26.7	43.4	— 16.7
Sarawak				
1951	A	44.6	27.1	+ 17.5
1952	A	53.7	34.6	+ 19.1
1953	A	43.4	41.9	+ 1.5
1954	A	41.7	48.6	— 6.9
1955	A	49.8	44.4	+ 5.4
1956	RE	46.4	63.8	— 17.4
1957	DE	50.3	81.4	— 31.1
BURMA (million kyats)				
1950/51	A	553	518	+ 35
1951/52	A	664	570	+ 94
1952/53	A	796	846	— 50
1953/54	A	979	1,133	— 154
1954/55	A	1,093	1,148	— 55
1955/56	RE	718	1,028	— 310
1956/57	DE	977	1,236	— 259
CAMBODIA (million riels)				
1952	RE	1,042	1,055	— 13
1953	RE	1,290	1,290	—
1954	RE	1,635	2,612	— 977
1955	RE	1,757	2,475	— 718
1956	DE	1,726	1,726	—
CEYLON (million rupees)				
1950/51	A	813	846	— 33
1951/52	A	848	1,109	— 261
1952/53	A	857	1,029	— 172
1953/54	A	921	829	+ 92
1954/55	A	1,035	921	+ 114
1955/56	RE	1,097	1,048	+ 49
1956/57	DE	1,074	1,196	— 122
CHINA (Taiwan, million NT dollars)				
1950	A	849	1,296	— 447
1951	A	915	1,432	— 517
1952	A	1,453	1,918	— 465
1953	A	2,125	2,309	— 184
1954 (Jan-Jun)	A	1,405	1,603	— 198
1954/55	A	3,400	3,749	— 349
1955/56	DE	3,479	3,650	— 171
HONG KONG (million HK dollars)				
1950/51	A	281	253	+ 28
1951/52	A	296	269	+ 27
1952/53	A	371	303	+ 62
1953/54	A	381	353	+ 28
1954/55	A	415	358	+ 57
1955/56	RE	409	418	— 9
1956/57	DE	411	506	— 95
INDIA (million rupees)				
Central Government				
1950/51	A	5,041	5,546	— 505
1951/52	A	6,208	6,178	+ 30
1952/53	A	5,100	6,208	—1,108
1953/54	A	4,840	6,949	—2,109
1954/55	A	5,449	8,628	—3,179
1955/56	RE	6,147	10,912	—4,765
1956/57	DE	6,689	13,593	—6,904
INDIA (million rupees) (Cont'd)				
States				
1950/51	A	3,708	4,224	— 516
1951/52	A	3,800	4,324	— 524
1952/53	A	3,887	4,244	— 357
1953/54	A	4,211	4,266	— 55
1954/55	A	4,460	4,363	+ 97
1955/56	RE	4,795	5,910	—1,115
1956/57	DE	4,983	6,685	—1,702
INDONESIA (million rupiah)				
1951	A	11,811	10,625	+1,186
1952	A	12,247	15,025	—2,778
1953	A	13,591	15,659	—2,068
1954	A	11,539	15,141	—3,602
1955	A	14,227	16,316	—2,090
1956	DE	18,195	20,001	—1,806
JAPAN (1000 million yen)				
1952/53	A	939	868	+ 71
1953/54	A	1,018	999	+ 19
1954/55	A	1,007	1,052	— 45
1955/56	RE	1,024	1,033	— 9
1956/57	DE	1,048	1,068	— 20
KOREA, Southern (million hwan)				
1950/51	A	849	2,450	—1,601
1951/52	A	6,015	5,964	+ 51
1952/53	A	15,262	18,781	—3,519
1953/54	A	30,202	59,924	—29,722
Apr 1954/Jun 1955	A	69,058	132,880	—63,822
Jul 1955/Jun 1956	RE	90,700	260,500	—169,800
July 1956/Dec 1956	DE	53,203	123,400	—70,197
LAOS (million kips)				
1952	RE	257	310	— 53
1953	RE	282	504	— 222
1954	RE	297	678	— 381
1955	RE	295	601	— 306
1956	DE	490	1,169	— 679
MALAYA (million Malaya dollars)				
Federation				
1951	A	796	606	+ 190
1952	A	792	777	+ 15
1953	A	660	916	— 256
1954	A	646	868	— 222
1955	RE	798	922	— 124
1956	DE	819	1,008	— 189
Singapore				
1951	A	175	124	+ 51
1952	A	210	164	+ 46
1953	A	221	166	+ 55
1954	A	217	246	— 29
1955	A	208	221	— 13
1956	RE	217	244	— 27
1957	DE	236	314	— 78
PAKISTAN (million rupees)				
1950/51	A	1,289	1,146	+ 143
1951/52	A	1,485	1,645	— 160
1952/53	A	1,307	1,808	— 501
1953/54	A	1,142	1,816	— 674
1954/55	A	1,209	1,662	— 453
1955/56	RE	1,311	2,290	— 979
1956/57	DE	1,345	2,758	—1,413
PHILIPPINES (milion pesos)				
1950/51	A	510	523	— 13
1951/52	A	752	635	+ 117
1952/53	A	700	660	+ 40
1953/54	A	711	787	— 76
1954/55	A	784	854	— 70
1955/56	RE	884	1,039	— 155
1956/57	DE	1,003	1,210	— 207
THAILAND (million baht)				
1950	A	2,140	2,270	— 130
1951	A	2,517	3,232	— 715
1952	A	3,326	4,269	— 943
1953	A	3,923	4,866	— 943
1954	A	4,234	5,278	—1,044
1955	A	4,356	4,983	— 627
1956	DE	4,737	5,912	—1,175
1957	DE	5,085	6,344	—1,259
VIET-NAM (million piastres)				
1952	DE	2,941	3,547	— 606
1953	DE	4,065	5,732	— 1,667
1954	DE	5,470	16,954	—11,484
1955	DE	5,122	15,697	—10,575

For explanatory notes see page 191.

	Type of account	Total revenue	Tax revenue	Tax on income and wealth	Land tax	Customs duties			Transaction and consumption taxes	Licences, stamp duties, registration fees, etc.	Other tax revenue
						Total	Import duties	Export duties			
AFGHANISTAN (million Afghanis)											
1950/51	A	466	354	52	67	171	..	..	——	30 ——	34
1951/52	A	547	412	67	68	214	..	..		32	31
1952/53	A	614	490	91	77	244	..	..		44	34
1953/54	A	685	546	98	77	302	..	..		37	32
1954/55	A	983	727	95	27	405	..	..	100	30	70
1955/56	RE	1,012	868	105	76	401	..	..	——	103 ——	183
1956/57	DE	1,276	..	..	..	..	..	..		..	..
BRITISH BORNEO (milion Malayan dollars)											
Brunei											
1951	A	69.4	43.4	40.1	—	2.8	2.3	0.5	0.1	0.1	0.3
1952	A	75.7	44.9	41.7	—	3.1	2.9	0.2	—	0.1	—
1953	A	99.0	65.4	61.1	—	4.1	4.0	0.1	—	0.1	0.1
1954	A	96.0	59.0	54.3	—	4.5	4.4	0.1	—	0.1	0.1
1955	A	104.1	54.4	50.1	—	0.4	3.8	0.2	—	0.2	0.1
1956	RE	116.8	59.3	54.7	—	4.1	4.0	0.1	—	0.4	0.1
1957	DE	120.1	60.7	56.2	—	4.1	4.0	0.1	—	0.3	0.1
North Borneo											
1951	A	25.0	20.6	1.5	0.2	16.4	10.1	6.3	—	0.1	2.4
1952	A	23.4	17.3	2.0	0.2	11.9	8.0	3.9	—	0.1	3.1
1953	A	23.0	17.5	3.9	0.2	11.5	9.0	2.5	—	0.5	1.4
1954	A	23.8	15.9	2.3	0.2	11.3	9.0	2.3	—	0.5	1.6
1955	RE	26.8	19.3	1.9	0.1	14.9	9.5	5.4	—	0.4	2.0
1956	DE	26.7	18.4	3.0	0.1	13.7	9.5	4.2	—	0.4	1.2
Sarawak											
1951	A	44.6	38.8	0.5	—	35.5	12.4	23.1	1.5	..	1.3
1952	A	53.7	45.4	19.9	—	23.2	10.3	12.9	1.0	0.3	1.0
1953	A	43.4	35.0	9.9	—	22.7	11.9	10.8	0.9	0.4	1.1
1954	A	41.7	31.7	6.8	—	22.3	12.0	10.3	1.0	0.4	1.2
1955	A	49.8	38.2	6.5	—	27.8	13.5	14.3	1.3	0.5	2.1
1956	RE	46.4	35.0	7.2	—	24.2	13.0	11.2	1.3	0.4	1.9
1957	DE	50.3	38.0	7.0	—	26.9	16.2	10.7	1.4	0.6	2.1
BURMA (million kyats)											
1950/51	A	553	493	45	14	172	158	13	64	10	188
1951/52	A	664	600	52	19	202	193	9	62	11	254
1952/53	A	796	729	54	19	200	..	..	99	4	353
1953/54	A	979	909	332	18	255	239	16	110	13	192
1954/55	A	1,093	847	243	24	255	238	17	104	13	208
1955/56	RE	718	622	240	29	223	204	19	107	15	9
1956/57	DE	977	750	265	29	255	234	21	128	14	59
CAMBODIA (million riels)											
1952	RE	1,042	928	98	29	423	..	..	325	37	16
1953	RE	1,290	1,067	94	31	536	..	..	331	47	28
1954	RE	1,635	1,291	127	39	624	..	..	398	63	40
1955	RE	1,757	1,326	79	31	596	..	..	439	121	60
1956	DE	1,726	1,520	120	15	623	..	..	481	201	80
CEYLON (million rupees)											
1950/51	A	813	737	139	—	527	245	282	49	15	7
1951/52	A	848	770	211	—	487	260	227	50	16	6
1952/53	A	857	768	238	—	444	251	193	61	18	7
1953/54	A	921	822	225	—	503	244	259	67	19	8
1954/55	A	1,035	928	213	—	627	258	369	57	19	12
1955/56	RE	1,097	992	319	—	571	255	316	70	22	10
1956/57	DE	1,074	978	285	—	590	265	325	70	22	11
CHINA (Taiwan, million NT dollars)											
1950	A	849	716	—	—	218	..	..	6	—	492
1951	A	915	524	15	8	334	..	..	152	14	1
1952	A	1,453	1,293	178	—	676	..	..	296	51	92
1953	A	2,125	1,927	175	—	815	513	302	817	61	59
1954 (Jan-Jun)	A	1,405	1,318	79	—	421	304	117	784	34	—
1954/55	RE	3,400	3,170	250	—	1,014	638	376	1,828	78	—
1955/56	DE	3,479	3,073	205	—	951	661	290	1,817	100	—
HONG KONG (million HK dollars)											
1950/51	A	281	186	78	—	31	31	—	17	19	41
1951/52	A	296	209	92	—	46	46	—	21	17	33
1952/53	A	371	271	152	—	58	58	—	24	18	19
1953/54	A	381	275	142	—	58	58	—	23	22	30
1954/55	A	415	289	159	—	63	63	—	25	23	19
1955/56	RE	409	289	154	—	67	67	—	27	32	9
1956/57	DE	411	290	156	—	68	68	—	26	30	10
INDIA (million rupees)											
Central Government											
1950/51	A	5,041	3,590	1,257	20	1,572	1,077	474	716	26	—
1951/52	A	6,208	4,607	1,347	29	2,317	1,416	907	884	30	—
1952/53	A	5,100	3,708	1,283	5	1,738	1,181	560	670	14	—
1953/54	A	4,840	3,477	1,071	8	1,587	1,196	385	796	16	—
1954/55	A	5,449	3,847	1,036	5	1,849	1,411	414	938	20	—
1955/56	RE	6,147	4,102	1,185	5	1,650	1,275	370	1,242	20	—
1956/57	DE	6,689	4,413	1,348	5	1,500	1,170	317	1,539	21	—

	Type of account	Total revenue	Tax revenue	Tax on income and wealth	Land tax	Customs duties			Transaction and consumption taxes	Licences, stamp duties, registration fees, etc.	Other tax revenue
						Total	Import duties	Export duties			
INDIA (million rupees) (cont'd.)											
States											
1950/51	A	3,709	2,696	518	496	—	—	—	1,124	558	—
1951/52	A	3,800	2,799	570	480	—	—	—	1,142	607	—
1952/53	A	3,887	2,973	609	559	—	—	—	1,192	614	—
1953/54	A	4,211	3,236	606	691	—	—	—	1,285	403	251
1954/55	A	4,460	3,300	612	708	—	—	—	1,355	396	229
1955/56	RE	4,795	3,418	628	784	—	—	—	1,389	413	204
1956/57	DE	4,983	3,584	615	905	—	—	—	1,412	436	215
INDONESIA (million rupiah)											
1951	A	11,811	9,968	1,571	..	2,713	1,404	1,309	5,526	..	158
1952	A	12,247	9,037	1,823	..	3,215	1,396	1,819	3,890	..	109
1953	A	13,590	8,415	2,027	..	2,296	1,283	1,013	3,903	..	189
1954	A	11,539	7,871	2,439	..	1,539	995	552	3,679	..	214
1955	RE	14,227	9,747	3,131	..	1,857	1,105	752	4,566	..	193
1956	DE	18,195	13,490	3,500	..	2,594	2,200	394	6,032	..	1,364
JAPAN (1000 million yen)											
1952/53	A	939	835	469	—	21	..	..	345	—	—
1953/54	A	1,018	933	498	—	30	..	..	405	—	—
1954/55	A	1,007	934	496	—	24	..	..	414	—	—
1955/56	RE	1,024	930	483	—	25	..	..	422	—	—
1956/57	DE	1,048	962	491	—	32	..	..	439	—	—
KOREA, Southern (million hwan)											
1950/51	A	849	434	130	163	34	..	..	100	7	—
1951/52	A	6,015	3,953	1,255	984	451	..	..	1,225	37	—
1952/53	A	15,262	9,778	2,767	2,944	1,468	..	..	2,391	134	74
1953/54	A	30,202	20,963	6,861	4,690	3,509	..	..	5,306	456	141
Apr 1954/Jun 1955	A	69,058	51,989	14,921	7,577	9,983	..	..	18,014	1,150	345
Jul 1955/Jun 1956	RE	90,700	73,473	27,614	7,899	14,951	..	..	20,783	2,226	—
July 1956/Dec 1956	DE	53,203	38,526	13,807	3,950	8,615	..	..	10,983	1,172	—
LAOS (million kips)											
1952	RE	257	205	2	—	155	147	8	43	3	3
1953	RE	282	252	2	1	186	181	5	53	5	5
1954	RE	297	266	2	1	193	186	7	59	5	7
1955	RE	295	237	9	—	140	140	—	71	11	7
1956	DE	490	441	34	—	248	..	..	123	33	3
MALAYA (million Malayan dollars)											
Federation											
1951	A	796	707	133	—	517	218	299	21	26	10
1952	A	792	685	228	—	397	207	191	21	29	10
1953	A	660	543	164	—	311	199	112	20	31	17
1954	A	646	523	136	—	318	206	112	20	35	14
1955	RE	798	666	130	—	467	245	222	21	35	14
1956	DE	819	678	150	—	459	236	223	20	35	14
Singapore											
1950	A	114	89	29	—	—	—	—	52	4	4
1951	A	175	135	55	—	—	—	—	69	7	4
1952	A	210	164	77	—	—	—	—	75	8	4
1953	A	221	180	91	—	—	—	—	76	8	5
1954	A	217	164	77	—	—	—	—	75	8	4
1955	A	208	157	64	—	—	—	—	81	9	3
1956	RE	217	168	66	—	—	—	—	87	10	5
1957	DE	236	193	74	—	—	—	—	101	13	5
PAKISTAN (million rupees)											
1950/51	A	1,289	1,102	134	2	787	..	..	163	4	12
1951/52	A	1,485	1,267	172	2	822	..	..	244	4	23
1952/53	A	1,307	1,047	176	2	612	..	..	225	5	27
1953/54	A	1,142	832	176	3	401	..	..	223	5	24
1954/55	A	1,209	908	227	3	416	..	..	227	5	30
1955/56	RE	1,311	952	196	1	469	..	..	252	5	28
1956/57	DE	1,345	977	207	1	474	..	..	260	6	29
PHILIPPINES (million pesos)											
1950/51	A	510	443	98	—	26	26	—	169	150	—
1951/52	A	752	655	123	—	32	32	—	313	187	—
1952/53	A	700	601	129	—	28	28	—	281	163	—
1953/54	A	711	644	121	—	35	35	—	309	179	—
1954/55	A	784	691	143	—	45	45	—	399	103	—
1955/56	RE	884	793	158	—	167	167	—	353	115	—
1956/57	DE	1,003	904	191	—	232	232	—	350	131	—
THAILAND (million baht)											
1950	A	2,140	1,765	114	—	749	578	171	573	76	253
1951	A	2,517	2,184	132	—	977	726	251	702	102	271
1952	A	3,326	3,013	261	—	1,188	976	212	829	116	619
1953	A	3,923	3,518	266	—	1,262	1,047	215	855	67	1,068
1954	A	4,234	3,804	273	—	1,365	1,144	221	1,169	56	941
1955	A	4,356	3,864	311	—	1,648	1,296	352	1,189	61	655
1956	DE	4,737	4,257	281	—	1,645	1,228	417	1,262	52	1,017
VIET-NAM (million piastres)											
1952	DE	2,941	2,423	—	2	1,690	1,618	72	634	97	—
1953	DE	4,065	3,637	389	3	1,851	1,781	70	1,266	128	—
1954	DE	5,470	4,969	612	—	2,340	2,263	77	1,802	215	—
1955	DE	5,122	4,768	752	12	1,692	1,622	70	2,066	246	—

For explanatory notes see page 191.

	Type of account	Total expenditure	Defence	Subsidies	Economic services	Social services	Contributions to provincial and local gov'ts	Other current expenditure	Investment	Loans and advances (net)
AFGHANISTAN (million Afghanis)										
1950/51	A	670	121	..	..	50	..	221	278	..
1951/52	A	714	132	..	..	67	..	213	302	..
1952/53	A	830	166	..	..	77	..	221	366	..
1953/54	A	852	172	..	..	83	..	271	326	..
1954/55	A	1,141	202	..	..	87	..	278	574	..
1955/56	DE	1,301	263	..	..	161	..	265	612	..
1956/57	DE	1,779	..	..	..	..	..	..	..	..
BRITISH BORNEO (million Malayan dollars)										
Brunei										
1951	A	7.5	—	—	.6	.7	—	3.3	12.9	
1952	A	13.8	—	—	.7	1.0	—	5.0	7.1	
1953	A	23.7	—	—	2.0	1.7	—	7.3	12.7	
1954	A	30.6	—	—	2.0	2.2	—	6.3	20.1	
1955	A	43.0	—	—	3.2	2.9	—	13.1	23.8	
1956	RE	48.1	—	—	4.1	3.9	—	10.4	29.7	
1957	DE	68.6	—	—	5.0	6.4	—	14.7	42.5	
North Borneo										
1951	A	24.4	—	—	1.2	1.4	—	7.6	14.2	—
1952	A	34.3	—	—	2.4	2.2	—	7.5	22.2	—
1953	A	28.1	—	—	2.9	2.6	—	8.4	14.2	—
1954	A	31.0	—	—	2.8	3.2	—	8.3	16.7	—
1955	RE	38.2	—	—	3.1	3.5	—	9.7	21.9	—
1956	DE	43.4	—	—	3.9	3.7	—	14.7	21.1	—
Sarawak										
1951	A	27.1	0.1	—	3.2	2.8	—	11.0	9.8	0.2
1952	A	34.6	0.1	—	4.4	3.4	—	14.6	11.9	0.2
1953	A	41.9	0.1	—	5.2	3.9	—	13.1	19.4	0.2
1954	A	48.6	—	—	5.1	4.5	—	13.8	24.8	0.4
1955	A	44.4	0.1	—	5.4	5.2	—	15.5	17.7	0.5
1956	RE	63.8	0.1	—	6.5	10.3	—	20.6	24.6	1.7
1957	DE	81.4	0.1	—	7.8	13.2	—	20.4	37.4	2.5
BURMA (million kyats)										
1950/51	A	518	137	—	28	37	18	204	85	9
1951/52	A	570	202	—	40	47	19	178	107	23
1952/53	A	846	285	—	41	74	23	238	105	80
1953/54	A	1,133	382	—	44	101	32	259	247	68
1954/55	A	1,148	333	—	50	119	32	249	141	225
1955/56	RE	1,028	377	—	45	126	27	257	93	103
1956/57	DE	1,236	390	—	64	160	33	293	114	180
CAMBODIA (million riels)										
1952	RE	1,055	313	..	53	228	54	299	108	..
1953	RE	1,290	457	..	53	286	14	333	147	..
1954	RE	2,612	1,633	..	72	347	12	435	113	..
1955	RE	2,475	1,107	..	89	399	16	728	136	..
1956	E	1,726	495	..	83	456	30	538	124	..
CEYLON (million rupees)										
1950/51	A	846	7	132	90	207	34	195	181	
1951/52	A	1,109	13	247	111	239	39	215	245	
1952/53	A	1,029	15	127	126	252	35	218	256	
1953/54	A	829	17	12	110	249	31	219	191	
1954/55	A	921	20	—	132	259	33	233	244	
1955/56	RE	1,048	26	—	135	301	33	257	296	
1956/57	DE	1,196	29	—	136	324	35	363	309	
CHINA (Taiwan, million NT dollars)										
1950	A	1,296	1,148	1	18	7	—	119	3	—
1951	A	1,432	1,152	—	10	8	—	231	31	—
1952	A	1,918	1,417	—	18	8	—	447	28	—
1953	A	2,309	1,456	480	13	13	—	318	29	—
1954 (Jan-Jun)	A	1,603	1,049	260	12	16	—	255	11	—
1954/55	A	3,749	2,513	752	17	39	—	414	14	—
1955/56	DE	3,650	3,001	328	25	68	—	227	1	—
HONG KONG (million HK dollars)										
1950/51	A	253	2	—	12	19	—	174	46	—
1951/52	A	269	2	—	21	25	—	179	42	—
1952/53	A	309	34	—	30	35	—	143	67	—
1953/54	A	353	32	—	35	38	—	184	64	—
1954/55	A	358	30	—	35	41	—	187	65	—
1955/56	RE	418	25	—	40	49	—	166	124	14
1956/57	DE	506	27	—	47	56	—	191	155	30
INDIA (million rupees)										
Central Government										
1950/51	A	5,546	1,782	351	201	157	156	1,303	1,020	576
1951/52	A	6,178	1,851	300	..	..	333	1,865	1,078	751
1952/53	A	6,208	1,887	48	..	..	495	1,822	904	1,052
1953/54	A	6,949	1,939	28	..	..	378	1,994	1,050	1,560
1954/55	A	8,628	1,979	—	..	..	644	2,163	1,609	2,233
1955/56	RE	10,912	2,078	—	..	..	926	2,828	2,182	2,898
1956/57	DE	13,593	2,330	—	..	..	984	3,291	3,560	3,438

	Type of account	Total expenditure	Defence	Subsidies	Economic services	Social services	Contributions to provincial and local gov'ts	Other current expenditure	Investment	Loans and advances (net)
INDIA (million rupees) (cont'd.)										
States										
1950/51	A	4,224	—	..	629	856	—156	1,937	1,289	— 334
1951/52	A	4,324	—	..	676	896	—254	1,980	1,417	— 391
1952/53	A	4,244	—	..	713	967	—254	2,006	1,608	— 796
1953/54	A	4,266	—	..	801	1,034	—303	2,206	1,682	—1,154
1954/55	A	4,363	—	..	894	1,178	—381	2,373	2,019	—1,720
1955/56	RE	5,910	—	..	1,282	1,458	—585	2,634	3,038	—1,918
1956/57	DE	6,685	—	..	1,486	1,654	—555	2,603	3,646	—2,149
INDONESIA (million rupiah)										
1951	A	10,625	3,269	..	313	1,034	..	5,343	666	..
1952	A	15,025	3,032	..	1,758	1,435	..	7,726	1,074	..
1953	A	15,659	3,892	..	1,579	1,245	..	8,005	938	..
1954	A	15,141	3,327	..	1,844	1,436	..	7,401	1,133	..
1955	A	16,316	3,937	..	1,483	1,564	..	8,302	1,030	..
1956	DE	20,001	4,075	..	984	2,120	..	11,642	1,180	..
JAPAN (1000 million yen)										
1952/53	A	868	135	52	..	151	145	199	186	
1953/54	A	999	165	28	..	208	201	159	240	
1954/55	A	1,052	161	7	..	300	220	167	197	
1955/56	RE	1,033	142	7	..	281	255	176	172	
1956/57	DE	1,068	168	—	..	293	263	172	172	
KOREA, Southern (million hwan)										
1950/51	A	2,450	1,324	1	56	288	65	501	185	30
1951/52	A	5,964	3,299	2	152	330	401	1,495	286	—
1952/53	A	18,781	9,463	53	463	1,011	1,381	5,002	1,408	—
1953/54	A	59,924	32,605	252	2,530	3,299	2,635	8,878	4,726	5,000
Apr 1954/Jun 1955	A	132,880	59,918	691	4,417	11,045	8,052	20,858	15,366	12,534
Jul 1955/Jun 1956	RE	260,500	69,954	12,745	9,862	23,165	11,216	12,658	70,500	50,400
Jul 1956/Dec 1956	DE	123,400	39,462	6,881	6,174	11,260	5,806	24,617	14,800	14,400
LAOS (million kips)										
1952	RE	310	..	..	12	66	1	129	89	13
1953	RE	504	..	..	20	86	1	229	146	22
1954	RE	678	..	..	26	130	1	323	175	23
1955	RE	601	..	..	37	137	1	360	53	13
1956	DE	1,169	..	..	50	237	1	553	317	11
MALAYA (million Malaya dollars)										
Federation										
1951	A	606	146	—	53	83	—	222	102	
1952	A	777	193	—	59	122	—	258	145	
1953	A	916	214	—	65	135	—	322	180	
1954	A	868	184	—	62	137	—	317	168	
1955	RE	922	169	—	67	150	—	352	184	
1956	DE	1,008	176	—	75	184	—	297	276	
Singapore										
1950	A	92	3	—	5	15	—	58	11	..
1951	A	124	3	—	7	27	—	74	13	..
1952	A	164	7	—	16	35	—	90	16	..
1953	A	166	8	—	15	41	—	80	22	..
1954	A	246	9	—	19	53	—	137	28	..
1955	A	211	10	—	12	63	—	80	56	..
1956	RE	244	10	—	19	74	—	80	61	..
1957	DE	314	11	—	18	104	—	88	73	20
PAKISTAN (million rupees)										
1950/51	A	1,146	674	—	22	11	10	232	84	113
1951/52	A	1,645	858	—	..	..	33	337	315	102
1952/53	A	1,808	961	50	..	..	41	386	274	96
1953/54	A	1,816	769	..	..	..	44	421	223	359
1954/55	A	1,662	683	..	..	..	57	506	253	163
1955/56	RE	2,290	884	..	..	..	32	620	399	355
1956/57	DE	2,758	1,057	..	..	..	23	721	520	437
PHILIPPINES (million pesos)										
1950/51	A	523	125	..	..	174	29	102	92	..
1951/52	A	635	182	..	..	176	37	115	125	..
1952/53	A	660	167	..	..	184	49	125	135	..
1953/54	A	787	160	..	36	207	48	175	161	..
1954/55	A	854	148	..	103	264	56	111	172	..
1955/56	RE	1,039	153	..	123	273	51	124	315	..
1956/57	DE	1,210	137	..	144	306	56	144	423	..
THAILAND (million baht)										
1950	A	2,270	313	—	127	179	56	1,337	258	
1951	A	3,232	456	—	91	240	59	1,483	903	
1952	A	4,269	844	—	89	292	64	2,146	834	
1953	A	4,866	940	—	143	468	70	2,358	887	
1954	A	5,278	944	—	155	450	96	2,358	1,275	
1955	A	4,983	855	—	97	342	78	2,627	984	
1956	DE	5,912	820	—	114	452	89	3,190	1,247	
VIET-NAM (million piastres)										
1952	DE	3,547	2,459	—	61	69	61	700	197	—
1953	DE	5,732	4,091	—	79	48	60	1,116	338	—
1954	DE	16,954	13,409	—	71	92	1,546	1,490	346	—
1955	DE	15,697	11,405	—	210	180	1,685	1,832	385	—

GENERAL NOTES

A=Accounts, DE=Draft estimates, RE=Revised estimates

Figures generally relate to central government transactions only, except for India where transactions of the state governments are also given.

In general, only the net results of public enterprises and fiscal monopolies are included; positive balances are shown under revenue and negative balances under expenditure. Currency and mint transactions are excluded. Expenditure includes interest payments to public enterprises and entities; revenue correspondingly includes receipts from them.

REVENUE

Total revenue: excludes proceeds from loans, other forms of borrowing, grants and aid, transfers from reserve funds, and counter part funds.

Customs duties: divergence between the total under this heading and the sum of the sub-items, import duties and export duties, is due mainly to the inclusion or exclusion arising from land customs, customs on postal parcels, special taxes and refunds.

Transaction and consumption taxes: excise duties, turnover taxes, sales taxes and entertainment duties.

EXPENDITURE

Total expenditure: includes current expenditure, capital outlays, and loans and advances (net) granted by the government but excludes debt redemption, contributions to sinking funds and transfers to reserve funds.

Defence: Expenditure of the military departments plus capital outlay for defence purposes. Expenditure on military pensions is included in "other current expenditure".

Economic services: include only the current expenditure on agriculture, industrial development, scientific and technical research, irrigation, public works, forests, ports, light houses, commerce, planning etc.

Social services: education, health, social welfare, relief, etc.

Contributions to provincial and local governments: cover only contributions towards meeting current expenditures.

Investment: in general, capital outlays of public works department, including maintenance, and of government enterprises and other departments and grants to provinces and local authorities for the same purpose.

Loans and advances (net): mainly granted to provinces, local authorities, public and private undertakings for capital outlay.

COUNTRY NOTES

AFGHANISTAN

Revenue: Tax on income and wealth: includes personal and corporate income taxes only.

Expenditure: social services: 1950/51 to 1954/55, expenditure on education only; 1955/56, education, food storage and public health, etc.

BURMA

Revenue: includes contributions from the State Marketing Boards for capital outlay. 1951/52: includes proceeds from the sale of civil supplies stocks. Japanese reparation receipts are excluded.

Expenditure: excludes subscription to International Bank and Fund; and payments under Economic Cooperation Aid Agreement for 1952/53 through 1954/55. Loans and advances: 1951/52 onwards: include loans and advances to the Railway and Electricity Boards. Losses on the operation of these enterprises were in previous years included under current expenditure and their capital outlays under investment.

CAMBODIA

Expenditure: includes expenditure met from foreign military aid. Defence: for 1956, excludes external participation not yet known.

CEYLON

Expenditure: Defence: excludes capital outlay met from loan fund expenditure. Investment: public works outlay and loan fund expenditure; the latter including capital outlay on defence.

CHINA (TAIWAN)

Revenue: Tax on income and wealth: includes income tax and inheritance tax. Customs duties: includes defence surtax on imports. Transactions and consumption taxes: include "other aids". Licences, stamp duties, registration fees, etc.: include stamp duty only.

Expenditure: includes repayment of debt which cannot be separated.

HONG KONG

Expenditure: includes debt redemption.

INDIA

Revenue: includes provision for depreciation, etc. of public enterprises.

Central Government: Tax on income and wealth: excludes share of income tax payable to the states. Transaction and consumption taxes: include net revenue from opium monopoly; exclude excise duties transferred to states.

States: Total revenue excludes loans and grants received from the central government. Transaction and consumption taxes include excise taxes transferred from the central excise revenue.

Expenditure: **Central Government:** Transactions of state trading schemes are excluded. Investment: includes expenditure met from railway, postal and spcial development funds. Loans and advances: includes withdrawals from Special Development Fund. Subsidies: losses on imported and locally procured foodgrains; approximate figure for 1951/52.

States: Contribution to provincial and local governments: data from Central Government budgets. Loans and advances: to municipalities and local boards less loans from the Central Government. The latter figures in 1953/54 to 1956/57 from the Central budgets do not reconcile with figures from states budgets. To avoid duplication, transfers to the Central Government are excluded.

INDONESIA

Revenue: includes loans and counter part funds.

Expenditure: Economic services: include certain capital expenditures of Ministry of Economic Affairs and Ministry of Agriculture. Investment: includes some current expenditure of Ministry of Communication and Public Works and Energy. Other current expenditure: includes financing services.

JAPAN

Figures represent transactions of General Account, Special Accounts for debt management, local grants and share tax, and three other special accounts of administrative nature.

Revenue: includes repayment of loans and advances granted.

Expenditure: Subsidies: include only price subsidies. Social services: include pensions to government employees. Other current expenditure: includes certain capital expenditure. Investment, loans and advances: includes certain capital transfers.

KOREA, SOUTHERN

Deficit is larger than government figures because revenue excludes transfer from Counterpart Fund and expenditure includes economic rehabilitation and loans to industry and agriculture.

LAOS

Expenditure: excludes defence expenditure. Investment: expenditure on public works only.

MALAYA

Federation: combined expenditure and revenue of the governments of the Federation, States and Settlements. Transactions of postal and telecommunications are included on a gross basis.

Expenditure: 1953-1955: includes advances and payments to the War Damage Fund. Defence: 1951-1956: includes "Emergency expenditure" which includes resettlement of displaced civilians.

PAKISTAN

Revenue: Total revenue includes provisions for depreciation, etc. of public enterprises but excludes receipts from the sales of foreign aid fund supplies. Total tax revenue: excludes taxes transferred to State governments: 170, 189, 176, 191, 221 and 229 million rupees for the years 1952 to 1957 respectively. Other taxes: taxes and duties levied under the Supplementary Finance Act of 1950.

Expenditure: includes expenditures met from railway, postal development and other funds; excludes currency capital outlays. Subsidies: 1953: loss on cotton price support scheme. Social services: expenditure on refugees. Contributions to provincial and local governments: mainly grants for development but also general grants for meeting current expenditure; from 1954/55 only grants-in-aid included in the budget.

PHILIPPINES

Revenue: Transactions cover general, special and fiduciary funds and apportionment to local governments.

Expenditure: covers general, special, fiduciary and bond funds and apportionment to local governments.

THAILAND

Revenue: Tax on income and wealth: income tax and automobile taxes only. Other tax revenue: includes profits from rice export monopoly, aliens and gambling fees.

Expenditure: Contributions to provincial and local governments: include purchase of cars and boats for fire control, repair and maintenance of roads, bridges, etc. Other current expenditure: includes cost of living allowance to all government employees, both civil and military personnel, which amounted to 1719, 1619, 1800 and 2050 million baht in 1953 to 1956 respectively.

VIET-NAM

The 1955 budget relates to southern Viet-Nam.

Revenue: excludes foreign contributions for meeting defence expenditures.

Expenditure: Defence: includes expenditures met from foreign military aid. Economic services: includes capital expenditure on aviation for 1955. Social services: for 1955, includes aid to refugee teachers. Contributions to provincial and local governments: includes sales tax transferred to local governments in 1955.

M. NATIONAL INCOME

	Burma	Ceylon[a]	China (Taiwan)	Hong Kong	India	Indonesia	Japan	Korea[b] (Southern)	Malaya[a]	Pakistan	Philippines	Thailand[c]
	million kyats	million rupees	million N.T. dollars	million H.K. dollars	1,000 million rupees	million rupiah	1,000 million yen	1,000 million hwan	million Malayan dollars	million rupees	million pesos	million baht
1938	1,213	595	724[d]	..	..	2,700	20	..	..	..	..	855
1946	..	..	..	..	..	..	361	..	..	..	4,360	9,284
1947	2,631	2,288	..	1,544	..	..	968	..	..	..	5,563	14,407
1948	3,132	2,627	..	1,740	86.5	..	1,962	..	..	..	5,713	16,668
1949	2,901	2,873	..	2,275	90.1	..	2,737	..	3,185	16,815	5,662	20,064
1950	2,744	3,840	6,106	*2,729*	95.3	..	3,361	..	4,500	17,151	6,146	23,377
1951	3,199	4,508	8,885	*2,820*	99.7	70,015	4,535	..	6,465	18,469	6,770	24,746
1952	3,520	4,420	12,957	*2,591*	98.2	81,204	5,195	..	5,780	18,275	6,865	25,844
1953	4,033	4,418	17,690	3,003[c]	104.9	..	5,822	482.0	5,305	18,156	7,234	29,353
1954	3,921	4,668	18,521	..	*99.1*	..	6,123	707.6	..	..	7,358	28,100
1955	4,087	*5,172*	22,486	..	..	..	6,795	1,154.0	..	..	*7,804*	..

Sources: United Nations Statistical Office and official national sources except for the following: Hong Kong: Communication for Edward F. Szczepanik, University of Hong Kong; Malaya: International Bank for Reconstruction and Development, *The Economic Development of Malaya*, Part V.

Time reference: Ceylon, China, Indonesia, Malaya and Philippines: calendar years; Thailand: fiscal year beginning 1 April for 1938, and calendar years for 1946-1954; Hong Kong, India, and Pakistan: fiscal years beginning 1 April; Japan: calendar year for 1938, fiscal years beginning 1 April for 1946-1955; Burma: fiscal year beginning 1 April for 1938, and fiscal years ending 30 September for 1947-1956; Southern Korea: fiscal years beginning 1 July.

a. Gross national product at factor cost.
b. Gross national product at market prices.
c. Net domestic product at factor cost.
d. 1937, in pre-war Taiwan yen.

N. INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT

	Total	Agriculture forestry, fishing	Mining	Manufacturing	Construction	Transportation, communication, utilities	Wholesale and retail trade	Ownership of dwellings	Public administration and defence	Other services
BURMA[a] (million kyats)		[b]				[c]				[c]
1951	3,690	1,713	58	380	95	72	876	157	274	65
1952	4,084	1,853	74	416	126	80	994	162	312	67
1953	4,620	1,990	63	470	132	89	1,255	170	380	71
1954	4,593	1,994	49	492	165	113	1,110	177	416	77
1955	4,789	2,048	70	527	173	129	1,117	185	460	80
1956	*5,010*	*2,122*	*80*	*531*	*168*	*133*	*1,228*	*194*	*473*	*81*
CHINA (Taiwan; million NT dollars)										
1950	6,117	2,223	69	855	330	425	797	..	878	540
1951	8,891	2,980	81	1,591	435	550	1,162	..	1,162	930
1952	12,960	4,494	273	2,070	623	657	2,190	..	1,446	1,207
1953	17,693	6,943	261	2,459	906	844	3,108	..	1,771	1,401
1954	18,525	6,133	311	3,139	1,077	905	3,123	..	2,302	1,535
1955	22,490	7,392	376	3,801	1,195	1,147	3,716	..	2,964	1,899
HONG KONG[d] (million HK dollars)										
1954	3,003	115	6	1,000	125	290	400	257	300	510
INDIA (1,000 million rupees)		[e]								
1948	86.7	42.5	0.6	14.2		15.5		3.9	4.0	6.0
1949	90.3	44.9	0.6	14.4		16.0		4.0	4.1	6.3
1950	95.5	48.9	0.7	14.6		16.2		4.1	4.3	6.7
1951	99.9	50.2	0.9	15.9		17.1		4.1	4.5	7.2
1952	98.3	48.1	0.9	16.1		17.1		4.3	4.6	7.2
1953	104.9	53.2	1.0	16.7		17.2		4.4	4.9	7.5
1954	*99.1*	*45.8*	*0.9*	*17.5*		*17.5*		*4.5*	*5.2*	*7.7*
INDONESIA (million rupiah)		[f]		[g]		[g]	[h]	[i]		[h j]
1951	70,499	39,228	1,548	6,120	865	1,999	10,754	4,600	3,939	1,446
1952	81,639	46,085	1,846	6,700	945	2,492	10,943	5,300	5,304	2,024

N. INDUSTRIAL ORIGIN OF NET DOMESTIC PRODUCT *(Cont'd)*

	Total	Agriculture forestry, fishing	Mining	Manufacturing	Construction	Transportation, communication, utilities	Wholesale and retail trade	Ownership of dwellings	Public administration and defence	Other services
JAPAN (1,000 million yen)								k		k
1938	20	4	1	6	1	2	3	..	1	4
1946	361	140	11	59	25	16	38	..	6	65
1947	968	343	30	199	48	36	134	..	22	157
1948	1,962	625	67	454	83	104	240	..	65	324
1949	2,738	751	69	708	102	202	367	..	106	432
1950	3,363	879	99	855	130	251	541	..	132	476
1951	4,538	1,128	162	1,164	161	331	773	..	182	637
1952	5,206	1,218	203	1,233	210	427	844	..	264	808
1953	5,834	1,267	162	1,370	268	506	972	..	1,289	
1954	6,152	1,304	132	1,454	286	558	1,050	..	1,367	
1955	6,820	1,490	134	1,589	319	613	1,183	..	1,492	
KOREA, Southern[a] (1,000 million hwan)					m	m		k	n	k
1953	478.4	205.0	9.5	57.9	5.8	4.0	79.2	..	39.5	77.4
1954	700.9	247.9	7.4	93.2	18.2	7.9	138.3	..	66.0	122.1
1955	1,140.4	463.8	14.8	125.5	26.6	7.3	227.1	..	109.2	165.0
MALAYA[p] (million Malayan dollars)										
1949	3,335	1,260	250				1,825			
1950	5,080	2,430	295				2,355			
1951	7,145	3,405	480				3,260			
1952	5,975	2,435	440				3,100			
1953	5,395	2,145	325				2,925			
PAKISTAN (million rupees)					q		q		s	
1949	16,826	10,288	21	1,091	..	442	1,658	1,005	808	1,516
1950	17,160	10,323	26	1,150	..	504	1,669	1,036	858	1,594
1951	18,478	11,178	30	1,218	..	513	1,804	1,053	1,048	1,634
1952	18,289	10,847	37	1,325	..	529	1,772	1,072	1,032	1,675
1953	18,156	10,471	33	1,517	..	536	1,745	1,089	1,052	1,708
PHILIPPINES[d] (million pesos)							t	k	s	k t
1946	4,360	2,006	3	492	132	150	551	..	185	841
1947	5,563	2,440	11	636	243	191	702	..	252	1,088
1948	5,713	2,376	21	656	307	195	716	..	321	1,121
1949	5,662	2,298	32	656	276	193	709	..	377	1,121
1950	6,146	2,492	46	748	239	205	752	..	386	1,278
1951	6,770	2,759	82	938	237	228	838	..	431	1,257
1952	6,865	2,800	102	952	221	242	809	..	487	1,252
1953	7,234	3,088	100	995	237	242	780	..	529	1,263
1954	7,358	3,162	98	1,012	207	235	781	..	586	1,277
1955	*7,804*	*3,276*	*110*	*1,140*	*232*	*250*	*861*	..	*623*	*1,312*
THAILAND[a] (million baht)									u	
1938	958	436	31	95	..	34	258	..	47	57
1946	10,333	6,272	9	1,146	..	139	1,414	..	237	1,116
1947	15,839	9,549	27	1,641	..	203	2,437	..	513	1,469
1948	18,457	11,211	95	1,706	..	224	3,047	..	615	1,559
1949	22,199	13,332	293	2,545	50	278	3,287	..	846	1,567
1950	25,595	14,650	395	3,239	163	316	3,865	..	1,058	1,910
1951	27,595	15,264	537	3,163	456	915	3,756	..	784	2,720
1952	29,040	14,212	563	3,347	889	1,200	4,506	..	1,320	3,003
1953	32,914	15,221	528	4,019	904	1,747	4,913	..	1,927	3,656
1954	31,865	14,061	547	3,966	831	1,931	4,608	..	2,102	3,819

Sources and Time reference: see Table M.

a. Gross domestic product at market price.
b. Including milling and marketing of forest produce.
c. Private transportation included in "Other services".
d. National income.
e. Includes processing, marketing and ancillary activities performed by the farmer in respect of his own produce.
f. Includes profits from government estates.
g. "Utilities" included in "Manufacturing".
h. "Banking and insurance" included in "Wholesale and retail trade."
i. Comprises rent on residential houses, government buildings, private non-residential buildings, and mining concessions.
j. Includes profits of public enterprises.
k. Ownership of dwellings included in "Other services".
m. Private sector only.
n. Including government enterprises.
p. Gross domestic product at factor cost.
q. Construction included in "Wholesale and retail trade".
s. Including all services of general government.
t. Banking, insurance and real estate services included in "wholesale and retail trade."
u. Including salaries of government school teachers for 1938 and 1946-1950.

O. EXPENDITURE ON GROSS DOMESTIC PRODUCT

	Total	Consumption expenditure		Gross fixed capital formation			Increase in stocks	Exports less imports of goods and services
		Private	General government	General government	Public enterprises	Private enterprises		
BURMA (million kyats)								
1938	1,458	915	114	17	8	122	31	251
1947	2,966	2,524	259	77	47	304	53	—298
1948	3,557	2,893	280	54	37	434	77	—218
1949	3,234	2,399	307	54	32	196	— 20	268
1950	3,132	2,328	321	60	31	239	— 11	164
1951	3,690	2,668	318	89	44	298	45	228
1952	4,084	2,724	395	176	50	384	133	222
1953	4,620	2,931	525	190	69	393	224	288
1954	4,593	2,986	698	253	182	398	178	—102
1955	4,789	3,057	686	292	199	415	108	32
1956	*5,010*	*3,195*	*725*	*490*		*464*	*11*	*125*
CEYLON (million rupees)								
1938	703	[a] 549	95	[b] 5		34	..	20
1947	2,509	2,193	320	32		98	..	—134
1948	2,817	2,272	352	70		105	..	18
1949	3,077	2,459	394	123		153	..	— 52
1950	4,096	3,118	387	213		222	..	156
1951	4,735	3,614	411	224		332	..	154
1952	4,530	3,773	472	307		302	..	—324
1953	4,641	3,751	535	314		245	..	—204
1954	5,014	3,651	540	298		202	..	323
1955	*5,514*	*4,021*	*564*	*353*		*271*	..	*305*
INDIA (1,000 million rupees)								
1948	94.3	82.5	6.4	2.1		5.8	..	— 2.5
1949	98.6	84.7	5.4	2.7		6.4	..	— 0.6
1950	104.3	88.5	5.6	2.7		7.0	..	+ 0.5
1951	109.8	95.0	5.8	3.0		7.9	..	— 1.9
1952	107.8	90.5	6.0	3.0		7.8	..	+ 0.5
1953	114.8	96.8	6.4	3.4		7.9	..	+ 0.3
INDONESIA (million rupiah)								
1951	82,819	[c] 69,041	8,830	1,800		2,100	..	[d] 1,048
1952	93,422	78,026	15,000	2,000		2,900	..	—4,504
JAPAN (1,000 million yen)								
1938	27	14	7	1		5	1	—
1946	474	333	55	30		48	28	— 19
1947	1,309	915	102	146		117	82	— 53
1948	2,667	1,741	282	258		258	236	—109
1949	3,376	2,261	394	299		324	208	—110
1950	3,973	2,443	435	189		438	360	107
1951	5,543	3,128	521	424		673	584	212
1952	6,193	3,763	682	471		602	385	90
1953	7,148	4,415	768	623		930	413	— 1
1954	7,453	4,716	846	561		897	274	159
1955	8,214	5,040	915	679		963	451	167
KOREA, Southern (1,000 million hwan)								
1953	478	491	49	3		30	..	— 94
1954	710	667	91	8		70	..	—135
1955	1,140	1,028	149	27		108	..	—171
MALAYA (million Malayan dollars)								
1949	3,550	2,790	348	92		215	70	35
1950	5,345	3,400	369	91		240	— 90	1,335
1951	7,520	4,910	562	168		325	— 35	1,590
1952	6,350	4,600	699	251		405	100	295
1953	5,780	4,370	770	235		340	25	40
PHILIPPINES (million pesos)								
1946	4,801	4,212	359	13		245	126	—154
1947	6,164	5,421	405	53		478	167	—360
1948	6,423	5,396	402	137		508	123	—143
1949	6,393	5,793	448	198		401	67	—514
1950	6,882	5,763	473	188		297	84	77
1951	7,705	6,664	536	162		330	68	— 55
1952	7,887	6,759	597	161		325	100	— 55
1953	8,338	7,035	621	165		395	117	5
1954	8,490	7,177	640	171		396	156	— 50
1955	*8,989*	*7,745*	*642*	*177*		*451*	*172*	*—198*

Sources and Time reference: see Table M.

a. Includes statistical discrepancy and value of exports financed by personal remittances abroad.

b. Includes the cost of acquiring land and existing assets, minor repairs and maintenance.

c. Excludes expenditure on passenger motor cars and motor cycles.

d. Cash transfers from abroad have been deducted.

P. RELATIONSHIPS BETWEEN NATIONAL INCOME AND OTHER AGGREGATES

	Gross domestic product at market prices	Less indirect taxes	Plus subsidies	Gross domestic product at factor cost	Less depreciation	Net domestic product at factor cost	Plus net factor income payments from abroad	Net national product at factor cost or national income
BURMA (million kyats)								
1938	1,458	— 80	1	1,379	— 81	1,298	— 85	1,213
1949	3,234	—150	35	3,119	—205	2,914	— 13	2,901
1950	3,132	—204	37	2,965	—213	2,752	— 8	2,744
1951	3,690	—284	29	3,435	—228	3,207	— 8	3,199
1952	4,084	—324	10	3,770	—245	3,525	— 5	3,520
1953	4,620	—350	16	4,286	—255	4,031	+ 2	4,033
1954	4,593	—423	12	4,182	—269	3,913	+ 8	3,921
1955	4,789	—428	7	4,368	—280	4,088	— 1	4,087
1956	*5,010*	..	..	..	*—285*	..	..	..
CEYLON (million rupees)								
1938	703	— 61		642	..	..	— 47	595[a]
1949	3,077	—175		2,902	..	..	— 29	2,873
1950	4,096	—202		3,894	..	..	— 54	3,840
1951	4,735	—163		4,572	..	..	— 64	4,508
1952	4,530	— 65		4,465	..	..	— 45	4,420
1953	4,641	—185		4,456	..	..	— 38	4,418
1954	5,014	—299		4,715	..	..	— 47	4,668
1955	*5,514*	*—282*		*5,232*	..	..	*— 60*	*5,172*
CHINA (Taiwan: million NT dollars)								
1950	7,349	812	—	6,537	420	6,117	— 11	6,106
1951	10,785	1,270	13	9,528	637	8,891	— 6	8,885
1952	15,827	2,140	130	13,817	857	12,960	— 3	12,957
1953	21,296	2,661	4	18,639	946	17,693	— 3	17,690
1954	23,070	3,465	95	19,700	1,175	18,525	— 4	18,521
1955	27,885	3,978	4	23,911	1,421	22,490	— 4	22,486
HONG KONG (million HK dollars)								
1949	2,506	—152		2,354	— 25	2,330	— 55	2,275
1950	*2,995*	*—176*		*2,819*	*— 30*	*2,789*	*— 60*	*2,729*
1951	*3,111*	*—195*		*2,916*	*— 36*	*2,880*	*— 60*	*2,820*
1952	*2,902*	*—205*		*2,697*	*— 46*	*2,651*	*— 60*	*2,591*
INDIA (1,000 million rupees)								
1949	98.6	— 4.9	0.4	94.0	— 3.7	90.3	— 0.2	90.1
1950	104.3	— 5.4	0.4	99.3	— 3.8	95.5	— 0.2	95.3
1951	109.8	— 6.3	0.4	103.9	— 4.0	99.9	— 0.2	99.7
1952	107.8	— 5.6	0.4	102.5	— 4.2	98.3	— 0.1	98.2
1953	114.8	— 5.8	0.1	109.1	— 4.2	104.9	—	104.9
1954	*106.5*	— 7.4	..	..	..	*99.1*	..	*99.1*
INDONESIA (million rupiah)								
1951	82,819	—8,610		74,209	—3,710	70,499	—483	70,015
1952	93,422	—7,486		85,936	—4,297	81,639	—435	81,204
JAPAN[b] (1,000 million yen)								
1938	27	— 2	—	25	— 2	20	—	20
1948	2,667	—353	110	2,424	—108	1,962	— 1	1,962
1949	3,376	—490	211	3,097	—158	2,738	— 1	2,737
1950	3,973	—408	68	3,633	—220	3,363	— 2	3,361
1951	5,543	—519	37	5,060	—298	4,538	— 3	4,535
1952	6,193	—627	51	5,617	—375	5,206	— 11	5,195
1953	7,148	—715	46	6,479	—469	5,834	— 11	5,822
1954	7,453	—749	15	6,719	—553	6,152	— 29	6,123
1955	8,214	—739	8	7,483	—637	6,820	— 25	6,795
MALAYA (million Malayan dollars)								
1949	3,550	—215	..	3,335	..	..	—150	3,186[a]
1950	5,345	—265	..	5,080	..	..	—580	4,500
1951	7,520	—375	..	7,145	..	..	—680	6,465
1952	6,350	—375	..	5,975	..	..	—195	5,780
1953	5,780	—385	..	5,395	..	..	— 90	5,305
PHILIPPINES (million pesos)								
1949	6,393	—350	4	6,047	—325	5,722	— 60	5,662
1950	6,882	—381	10	6,511	—335	6,176	— 30	6,146
1951	7,705	—524	8	7,189	—370	6,818	— 48	6,770
1952	7,887	—586	11	7,312	—390	6,922	— 57	6,865
1953	8,338	—579	16	7,775	—432	7,343	—109	7,234
1954	8,490	—618	6	7,878	—407	7,471	—113	7,358
1955	*8,989*	—624	2	*8,367*	*—430*	*7,937*	*—133*	*7,804*
THAILAND (million baht)								
1938	958	— 55		903	— 48	855	..	..
1949	22,199	—1,025		21,174	—1,110	20,064	..	..
1950	25,595	— 938		24,657	—1,280	23,377	..	..
1951	27,595	—1,469		26,126	—1,380	24,746	..	..
1952	29,040	—1,744		27,296	—1,452	25,844	..	..
1953	32,914	—1,916		30,998	—1,646	29,353	..	..
1954	31,865	—2,171		29,694	—1,593	28,100	..	..

Sources and Time reference: See Table M.

a. Gross national product at factor cost.

b. Items do not reconcile on account of statistical discrepancy.

PRODUCTION

1. INDEX NUMBERS OF PRODUCTION

1953=100[a]

	Weight	1948[f]	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
CHINA (Taiwan)													
Industrial production[b]	100.0	32	77	100	105	115	131	135	129	130	132	138	..
Mining and Quarrying	3.7	83	114	100	115	130	98	141	126	166	129	113	..
Coal	1.8	69	96	100	88	99	94	111	100	102	101	119	..
Manufacturing[b]	87.7	30	75	100	104	114	133	135	129	129	132	139	..
Food[b]	29.1	32	66	100	81	95	156	114	116	123	153	168	..
Textiles	14.6	10	67	100	121	120	125	125	107	115	112	114	..
Chemicals	8.1	39	92	100	114	122	124	132	115	138	139	137	..
Public utilities	8.6	47	94	100	112	119	122	128	130	128	131	136	..
Electricity	3.8	54	91	100	115	126	131	138	141	139	143	152	..
INDIA													
Industrial production	100.0	..	98	100	107	115	122	120	122	153	136	..	..
Mining	7.2	..	101	100	103	107	104	107	112	109	106	106	..
Manufacturing[c]	90.7	..	98	100	107	116	123	121	122	157	138	..	..
Food	11.8	..	106	100	96	115	166	134	119	357	203	..	..
Textiles	48.0	..	97	100	103	106	106	107	109	115	114	107	..
Rubber products	3.4	..	92	100	117	129	129	122	137	137	144	..	..
Chemicals	4.2	..	91	100	108	122	124	130	128	128	131	..	..
Non-metallic mineral products[d]	3.3	..	98	100	115	124	119	133	138	138	134	..	..
Basic metal industries	8.0	..	106	100	121	119	117	119	124	117	124	..	..
Non-electrical machinery	0.6	..	105	100	153	205	204	222	233	256	252	..	..
Electrical machinery	1.5	..	91	100	112	138	138	143	168	176	186	..	..
Transport equipment	2.9	..	101	100	113	171	171	188	209	225	254	248	..
Electricity	2.1	..	92	100	112	116	128	133	140	146	144	..	..
INDONESIA													
Export products													
General[e]	..	63	97	100	108	108	..	..	..	..	..	..	..
Estate	..	60	93	100	100	97	..	..	..	..	..	..	..
Peasantry	..	66	118	100	123	117	..	..	..	..	..	..	..
Mining	..	64	88	100	105	111	..	..	..	..	..	..	..
Estate products of 7 items	..	61	97	100	99	94	93	92	92	..	..	..	..
JAPAN													
Industrial production	100.0	38	82	100	108	116	118	124	123	137	142	145	146
Manufacturing and mining	95.7	35	82	100	107	116	119	124	123	137	143	145	147
Mining	12.9	65	93	100	95	95	95	104	97	105	106	115	114
Manufactures	82.8	33	80	100	109	119	120	126	126	140	146	148	150
Non-durable	47.8	27	79	100	114	128	132	133	132	147	149	149	147
Textiles	17.1	29	87	100	107	112	115	117	116	128	136	143	142
Chemicals	16.7	24	78	100	123	147	154	153	156	179	170	164	161
Durable	35.0	36	82	100	102	106	106	115	117	131	143	148	153
Metals	12.9	22	84	100	105	119	119	128	130	145	148	145	160
Machinery and transport equipment	14.6	40	77	100	97	94	93	103	106	122	143	151	152
Public utilities	4.3	62	91	100	107	115	103	125	129	133	129	137	140
PHILIPPINES													
Manufacturing	100.0	..	88	100	112	124	125	132	135	142	..	..	..
Non-durable manufactures	69.7	..	90	100	106	118	121	130	125	129	..	..	..
Tobacco products	16.2	..	87	100	123	148	152	171	134	172	..	..	..
Textiles	8.5	..	104	100	97	78	70	80	123	105	..	..	..
Footwear and wearing apparel	7.5	..	86	100	105	111	106	110	86	76	..	..	..
Chemicals	19.4	..	90	100	106	123	125	132	128	127	..	..	..
Durable manufactures	30.3	..	85	100	125	134	134	136	157	171	..	..	..
Stone, clay and glass products (including cement)	36.1	..	92	100	98	95	111	105	120	98	..	..	..
Metal products	6.0	..	66	100	112	146	157	157	170	202	..	..	..
Electrical appliances	4.6	..	105	100	113	153	164	159	153	187	..	..	..

a. Original base: China, 1948; India, 1951; Indonesia, 1938; Japan, 1934-36 for 1948, 1950 since 1952; Philippines, 1952.
b. Sugar production is excluded from the monthly and quarterly index but included in the annual index. Weights relate to annual index.
c. Group index of manufacturing derived by ECAFE Secretariat.
d. Manufactures of non-metallic mineral products except products of petroleum and coal.
e. 18 products, including forest products (jungle wood and rattan).
f. For Indonesia, figures relate to 1949.

2. PRODUCTION OF SELECTED COMMODITIES

Monthly averages or calendar months

Thousand tons

	1938[q]	1948	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
NATURAL RUBBER[a]													
Cambodia	1.4	1.4	1.5	1.9	2.0	2.3	2.5	3.5	1.7	2.0	2.8	..	..
Ceylon	4.3	8.0	8.2	8.3	8.0	7.9	8.8	10.4	6.4	6.9	9.2	8.0	..
India	1.3	1.3	1.7	1.8	1.8	1.9	1.9	2.7	1.5	1.8	2.0	2.4	..
Indonesia	27.0	36.6	63.5	58.6	62.5	62.1	61.8	75.2	42.1	57.7	66.8	57.0	..
Malaya	30.4	59.1	49.5	48.6	49.5	54.1	56.4	57.3	54.7	48.9	54.2	53.8	..
Sarawak	1.5	3.4	2.7	2.0	2.0	3.3	3.5	3.4	3.7	3.7	3.1	3.6	..
Viet-Nam	3.6	2.3	3.4	4.2	4.3	4.5	5.0	6.4	3.3	4.6	5.2	..	..
COAL													
China (Taiwan)	183	138	190	199	177	197	187	221	199	203	201	238	..
India	2,400[s]	2,551	3,074	3,046	3,123	3,236	3,201	3,242	3,358	3,297	3,272	3,215	..
Indonesia	121	45	81	75	75	68	68	69	72	70	..	..	..
Japan	3,484	2,810	3,613	3,878	3,560	3,535	3,429	3,835	3,534	3,877	3,826	4,262	4,289
Korea (southern)	19	67	43	72	74	109	104	130	148	151	143	152	161
Malaya[b] (Federation)	40	32	27	24	19	17	17	15	17	15	14	15	..
Pakistan[c]	..	20	51	49	47	46	30	36	61	52	..	..	..
IRON ORE[d]													
Hong Kong	—	—	11	10	8	10	10	10	13	9	9	..	..
India	232	193	332	309	333	361	306	385	388	332	320	386	..
Japan[e]	51[s]	47	116	128	136	130	148	139	117	153	186	195	..
Korea (southern)	..	—	2	2	3	2	2	3	4	5	7	6	5
Malaya (Federation)	137	—	89	90	103	124	190	105	119	205	293	310	..
Philippines	77	18	97	101	119	119	123	110	125	99	139	..	..
TIN CONCENTRATES (*tons*)													
Burma	419	97	93	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*	*80*	..
China (Taiwan)	906	406	*450*	*525*	*625*	*700*	*700*	*700*	*700*	*700*	*700*	*700*	..
Indonesia	2,517	2,592	2,964	2,864	3,036	2,825	3,458	2,679	2,091	2,384	3,010	3,023	2,763
Japan	..	10	54	62	61	76	76	80	75	79	80	83	80
Laos & Viet-Nam	135	3	12	22	*9*	*21*	*21*	*21*	*20*	*20*	*20*	*20*	..
Malaya (Federation)	3,673	3,794	4,812	4,763	5,139	5,186	5,311	5,201	5,227	5,398	5,209	5,369	5,088
Thailand	1,255	359	802	885	828	933	1,006	1,046	1,005	933	1,158	1,191	1,063
PETROLEUM, CRUDE[f]													
Brunei	59	224	423	406	402	438	459	469	464	472	..	..	..
Burma	84	4	10	12	15	18	19	19	18	19	22	..	..
Indonesia	616	361	710	852	898	983	1,008	991	996	1,067	..	..	..
Japan	29	13	26	25	25	27	27	27	26	26	26	26	26
Pakistan	..	5	18	20	22	23	24	24	24	23	..	..	..
Sarawak	17	4	4	4	6	5	5	5	2	..	..	..	..
SALT													
China (Taiwan)	..	30.5	26.0	13.5	30.7	35.1	2.4	35.6	22.8	57.3	10.6	3.3	..
India	..	197.6	239.1	268.5	229.9	252.2	158.1	59.2	234.3	670.9	145.5	67.2	..
Indonesia	6.2	29.7	26.9	22.3	10.9	3.8	—	15.4	..	..	..	..	..
Japan[g]	43.2	24.3	36.1	38.4	35.4	46.1	62.0	57.4	39.7	41.1	70.4	57.1	55.5
Korea (southern)	..	..	17.0	16.1	15.0	29.5	45.5	23.6	0.1	24.6	33.5	10.7	4.9
SUGAR[h]													
China (Taiwan)	..	24.6	52.0	76.7	53.5	66.9	—	62.7	184.9	8.1	—	—	..
India	..	91.0	126.5	109.3	85.3	135.0	5.8	117.6	353.4	149.5	6.6	12.3	..
Indonesia	..	..	38.4	51.6	59.8	71.4	181.0	30.4	—	74.2	158.5	45.2	..
Pakistan	..	0.8*	5.4	7.3	6.4	8.0	—	8.9	20.3	5.4	..	..	..
Philippines	..	30.1	81.4	85.7	108.4	103.7	..	..	..	..	..	..	..
TEA													
Ceylon	9.3	11.3	12.0	13.0	13.9	14.4	11.7	14.4	12.8	18.0	10.6	12.6	17.5
China (Taiwan)	..	0.9	1.0	1.4	1.6	1.1	1.6	0.6	0.2	1.9	1.3	1.1	..
India	..	21.5	23.2	23.0	24.1	25.0	43.0	29.3	3.5	25.3	45.4	45.2	..
Indonesia	..	..	3.1	3.1	3.9	3.6	3.0	3.7	3.5	3.5	3.2	4.2	..
Pakistan	..	2.2*	2.0	2.1	2.1	*2.0*	3.4	2.9	0.2	2.0	3.7	3.7	2.9
COTTON YARN													
China (Taiwan)	—	—	1.1	1.6	1.9	2.1	2.2	2.2	2.0	2.1	2.0	2.1	..
Hong Kong	..	..	2.5	2.7	3.3	3.5	3.5	3.8	3.8	4.0	3.6	3.1	..
India	49.3‡[s]	55.0	54.7	56.8	58.9	62.1	64.0	64.9	60.3	61.0	65.3	64.6	..
Japan	54.5	10.4	29.4	34.5	38.7	34.9	33.1	33.9	36.5	41.1	42.0	44.2	44.5
Korea (southern)	..	0.5	0.8	1.1	1.8	2.2	2.5	2.0	2.4	2.3	2.3	2.9	3.3
Pakistan	..	0.2	0.8	4.5	7.3	10.4	10.6	12.0	11.4	..	..	..	..
COTTON FABRICS (*Mn metres*)													
Ceylon (*Mn sq. metres*)	0.6	0.5	0.7	0.6	0.4	0.4	0.5	0.3	0.7	..	..	..	..
China (Taiwan)	..	1.0	7.1	10.9	13.8	13.6	15.0	14.0	10.9	11.9	11.8	11.3	..
India	325‡[s]	337	350	374	382	390	395	398	384	404	418	405	..
Indonesia	..	..	2.4	3.6	3.8	4.2	4.2	4.3	4.5	..	..	..	..
Japan (*Mn sq. metres*)	244	64	156	196	222	210	207	211	219	250	244	254	259
Korea (southern, *Mn sq. metres*)	..	2.4	4.2	6.0	8.0	9.4	8.6	8.3	9.8	9.4	9.3	..	..
Pakistan	..	6.7	13.3	19.2	26.5	34.5	34.5	40.4	37.6	..	..	..	..
Philippines	..	0.6	0.5	0.9	1.5	0.9	0.6	0.9	1.0	1.4	1.7	..	..
JUTE MANUFACTURES													
China (Taiwan)	..	228	549	701	754	898	511	1,121	1,032	1,107	992	1,109	..
(Gunny Bag, *1,000 pcs*)	..	92.2	80.6	73.6	78.6	87.0	85.6	90.3	95.2	99.7	90.8	81.7	..
India	..	..	1.5‡	4.2‡	4.5	7.5	7.2	8.1	11.6	12.3	..	..	..
Pakistan	..	..	..	..	..	..	1.1	0.8	1.0	1.5	*1.2*	..	..	..
PAPER													
China (Taiwan)	..	0.8	2.0	2.0	2.5	2.8	2.8	3.3	3.5	3.6	3.5	3.6	..
India	..	4.3	7.7	8.1	8.7	10.1	10.3	10.4	9.9	10.2	10.7	10.1	..
Japan[i]	88.1	35.3	111.9	146.8	160.1	183.6	185.5	196.4	195.7	209.8	218.0	234.1	230.8
Korea (southern)	..	..	0.9	0.8	1.5	1.7	1.7	1.6	1.9	1.9	2.1	2.0	1.8
Pakistan	..	..	..	..	..	..							

2. PRODUCTION OF SELECTED COMMODITIES (*Cont'd*)

Monthly averages or calendar months — *Thousand tons*

	1938[q]	1948	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
VEGETABLE OILS													
China (Taiwan): Edible Oil	..	0.1	0.5	0.8	0.7	0.8	1.0	0.7	0.7	0.6	1.1	1.5	..
India: Edible Oil (Vanaspati)	..	11.0	16.2	16.2	19.5	22.1	23.4	22.3	24.8	22.8	19.4	16.6	..
Indonesia: Palm Oil	..	..	12.2	13.4	14.1	13.8	13.9	15.2	12.1	13.1	15.0	15.1	..
Japan: Coconut Oil	1.4‡	1.1	1.3	1.2	1.6	2.3	2.4	2.3	1.6	2.0	2.1	2.5	..
Others	9.2‡	2.0	5.0	8.8	9.0	13.0	14.5	13.8	14.4	13.6	15.6	16.6	..
Malaya: Coconut Oil	..	7.7	8.9	8.0	11.4	10.9	12.0	11.6	11.1	11.7	13.9	13.0	..
Palm Oil	..	3.8	3.8	4.2	4.6	4.8	5.1	5.0	4.0	4.7	5.2	5.5	..
Pakistan: Vegetable Oil	..	—	0.7	0.9	0.9	1.2	1.1	1.3	1.6	*1.4*	..	..	..
Philippines: Coconut Oil	17.8[t]	7.7	12.1	11.8	12.2	13.3	..	..	..	..	..	..	..
PETROLEUM PRODUCTS[j]													
Burma	..	1.8	6.7	8.3	10.2	11.1	10.3	12.3	10.5	11.4	..	..	..
China (Taiwan, *1,000 Kl.*)	..	19.5	23.6	27.0	37.0	51.0	57.0	58.8	62.7	45.9	54.8	41.2	..
Indonesia	510.1	..	760.1	808.2	825.8	863.9	872.4	860.3	809.5	858.2	..	..	..
Japan (*1,000 Kl.*)	144.2	14.8	392.2	505.6	616.7	717.8	684.8	871.7	899.7	930.2	994.5	1,090.2	1,102.8
Pakistan	..	0.7	4.9	5.4	6.2	6.3	5.6	6.8	7.2	..	..	..	..
CEMENT													
Burma	4.9	..	3.4	3.5	4.9	5.0	4.6	5.3	3.9	3.7	3.9	1.1	..
Ceylon	..	..	5.1	5.5	7.0	7.1	7.9	8.2	7.7	5.7	8.1	..	..
China (Taiwan)	0.2	19.6	37.1	43.3	44.7	49.2	49.6	48.3	46.3	47.9	52.4	49.1	..
Hong Kong	..	4.4	5.8	5.3	8.4	9.7	9.1	10.1	11.3	10.6	10.1	9.0	..
India	119.0[s]	131.0	299.5	320.0	372.0	372.6	360.0	409.2	415.2	418.5	403.9	417.4	..
Japan	473.6	154.9	593.1	730.7	889.6	879.7	943.2	922.0	899.5	1,121.4	1,152.8	1,156.5	1,171.0
Korea (southern)	..	1.9	2.2	3.7	5.1	4.7	5.3	4.1	2.5	6.7	3.2	2.2	4.0
Malaya (Federation)	..	..	..	2.7	7.2	9.1	8.9	9.6	8.9	7.9	8.8	9.8	..
Pakistan	..	27.4	44.9	50.5	57.0	57.8	57.6	55.6	59.9	57.6	..	..	..
Philippines	13.9	10.0	26.4	26.5	26.7	34.1	36.8	36.3	43.4	36.5	..	..	..
Thailand	7.7‡	6.9	20.7	24.0	31.9	32.2	31.3	29.4	32.5	36.8	..	..	..
STEEL (Ingots & metal for castings)													
China (Taiwan)	..	0.6	1.4	2.5	4.1	4.8	5.1	6.1	5.5	5.8	5.9	5.4	..
India	..	106.4	133.6	127.6	143.4	144.3	141.0	143.1	153.6	139.7	145.8	..	..
Japan	..	142.8	582.4	638.5	645.0	784.0	784.9	831.9	853.6	901.7	948.0	938.6	..
Pakistan	..	0.2	0.6	0.9	0.8	0.9	0.9	0.7	1.0	0.5	..	..	..
TIN METAL (*tons*): Malaya	5,456	4,209	5,320	5,264	6,025	5,980	6,275	5,643	6,016	6,508	6,070	6,454	..
CONSTRUCTION—NEW BUILDING													
Ceylon: Completed[k]													
(Floor area—*1,000 m²*)													
Residential	..	..	3.70	6.27	7.22	6.72	9.21	7.14	5.90	6.32	..	..	..
Non-residential	..	..	1.65	2.29	2.70	2.02	1.13	2.79	1.80	2.26	..	..	..
Hong Kong: Completed													
(Cost—*1,000 HK dollars*)													
Residential	..	..	..	427	396	8,902	10,249	12,739	8,983	8,624	7,658	10,270	..
Industrial	..	..	..	148	24	862	872	963	1,139	744	436	299	..
Commercial	..	..	..	1	89	336	95	42	218	3,184	1,851	27	..
Others	..	..	..	30	62	1,845	1,374	1,519	3,454	2,290	1,018	3,518	..
Japan: Started													
(Floor area—*1,000 m²*)													
Residential	..	1,921	1,434	1,421	1,400	1,454	1,437	1,622	1,637	1,841	1,851	1,765	1,577
Non-residential	..	1,239	1,381	1,443	1,357	1,328	1,285	1,278	1,456	1,669	1,756	1,836	1,722
Korea, southern: Permits issued													
(Floor area—*1,000 m²*)													
Residential	..	..	..	..	..	13[v]	..	13[v]	7	33	41	51	24
Non-residential	..	..	..	..	..	53[v]	..	53[v]	36	88	77	73	72
Philippines: Permits issued (Manila)													
(Value—*1,000 Pesos*)													
Residential	..	3,539	1,662	1,573	850	1,295	1,135	1,527	1,822	1,775	1,091	1,895	1,938
Non-residential	..	2,370	1,559	2,339	1,620	1,857	1,821	2,258	2,356	1,756	2,231	4,255	1,594
Thailand: Permits issued (Bangkok)													
(Number of permits)													
Residential	..	126	..	251	214	244	243	244	242	237	171	209	56
Non-residential	..	41	..	57	72	72	63	81	46	75	65	66	82
ELECTRICITY (*Mn kWh*)													
Cambodia	1	1	2	2	2	2	2	2	2	3	3	3	..
Ceylon	3	5	11	12	14	*15*	15	*16*	*15*	*15*	*16*	..	..
China (Taiwan)	..	70	118	130	150	164	171	180	183	181	186	198	..
Hong Kong	..	13	33	36	41	47	51	49	51	54	58	55	..
India	211[su]	381	510	558	627	707	715	739	769	801	802	..	..
Japan	2,276	2,965	4,304	4,642	4,967	5,433	5,186	5,681	5,408	6,197	6,074	6,313	..
Korea (southern)	..	41	53	61	75	73	74	66	73	88	99	106	111
Malaya[m] (Federation)	..	..	61	64	73	79	81	82	81	82	..	..	..
Pakistan	..	11	25	34	41	51	55	57	..	..	..	..	..
Philippines (Manila)	12	30	46	52	58	65	67	69	72	74	78	83	81
Singapore	4	11	18	23	27	*31*	31	*33*	34	36	..	..	..
Thailand (Bangkok)[n]	3‡	4	7	8	13	16	17	16	17	*19*	..	..	..
Viet-Nam[p]	8	8	19	25	24	17	17	17	17	18	17	18	..

a. Including latex. b. Lignite. c. Including lignite.
d. Approximate metal content of ores as follows: Hong Kong, 45%; India, 65%; Japan and the Philippines, 55%; Malaya, 60%.
e. Including iron sand.
f. Specific gravity: Brunei, Burma, Pakistan and Sarawak, 0.84; Indonesia, 0.85; Japan, 0.90.
g. Production in government licensed plants only.
h. Annual figures relate to calendar year for Pakistan, crop year for other countries.
i. Including paper board.
j. Comprising motor spirit, kerosene and diesel oil for Burma; gasoline, diesel oil, kerosene and fuel oil for China (Taiwan), motor spirit, aviation spirit, kerosene, heavy oil, wax and paraffin, asphalt and cutback for Indonesia; gasoline, diesel oil, kerosene, fuel oil, gas oil, lubricating oil and others for Japan; motor spirit and kerosene for Pakistan.
k. Excluding buildings under building schemes.
m. Including electricity purchased from Singapore.
n. Consumption of electricity; Bangkok Electric Works and Sam Sen Power Station.
p. From July 1954, Southern Viet-Nam only.
q. 1936 for Japan, unless otherwise indicated.
s. Former British Provinces and Indian States.
t. 1937. u. 1939. v. December.

3. VOLUME OF TRAFFIC: RAILWAYS, SEA-BORNE SHIPPING AND CIVIL AVIATION

Monthly averages or calendar months

	1938[m]	1948	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
RAILWAYS[a]													
Passenger-kilometres (*Mn*)													
Burma†	59	40	34	47	57	..	59	66	71	80	65	80	81
Cambodia	3	..	3	4	4	5	4	5	7	6	5	..	..
China (Taiwan)	69	166	146	157	171	212	202	218	236	233	220	259	..
India‡	2,385	4,925	4,601	4,723	4,892	5,040	4,617	4,758	5,198	..	..	..	..
Japan‡	2,185	6,595	6,707	6,963	7,253	7,603	7,595	7,478	7,648	8,239	8,204	8,530	..
Korea (southern)‡	..	236	219	262	332	316	299	341	305	328	356	367	..
Pakistan‡	..	656	795	730	698	790	785	728	844	828	*861*	..	..
Philippinesø	36	26	35	32	35	37	32	40	42	59	45	52	..
Thailand	25	109	188	191	196	167	138	136	179	168	134	138	132
Viet-Nam[b]	71	..	6	8	|| 11	|| 31	31	29	34	34	*34*	..	..
Freight ton-kilometres (*Mn*)													
Burma†	95	52	24	35	44	53	46	51	52	48	47	49	47
Cambodia	4	..	4	4	5	2	2	2	6	*5*	*2*	..	..
China[c] (Taiwan)	71	52	96	108	113	137	131	140	134	141	126	150	..
India‡	2,968	3,040	3,879	4,002	4,159	4,595	4,397	4,658	5,156	..	..	..	..
Japan‡	1,305	2,109	3,227	3,377	3,277	3,500	3,343	3,844	3,432	3,741	3,768	4,227	..
Korea (southern)‡	..	87	256	229	160	179	183	187	174	197	195	217	..
Malaya	22	26	31	31	32	33	33	33	38	37	..	..	..
Pakistan‡	..	319	451	472	450	419	382	463	583	484	*450*	..	..
Philippinesø	14	10	12	12	12	13	12	11	15	13	13	12	..
Thailand	38	25	46	54	57	65	67	65	74	75	71	82	81
Viet-Nam[b]	24	..	13	15	|| 12	|| 7	7	5	6	6	6	..	..
INTERNATIONAL SEA-BORNE SHIPPING													
Freight Loaded (L) and Unloaded (U) in External Trade (1,000 tons)													
Ceylon[d] L	54	63	67	73	|| 92	88	91	95	85	65	86	92	..
U	109	141	174	182	||203	191	184	170	183	174	229	276	..
China (Taiwan) L	..	13	64	121	85	106	111	115	132	111	71	78	..
U	..	22	91	109	142	155	171	147	183	166	188	172	..
Hong Kong L	..	104	128	126	126	141	147	159	156	160	166	149	..
U	..	236	284	279	303	347	332	353	391	368	378	425	..
Indonesia[e] L	916	432	880	1,034	1,062	1,016	982	1,129	872	1,148	1,051	..	..
U	167	160	396	350	326	272	263	318	306	335	331	..	..
Japan[f] L	1,092	165	421	413	476	643	624	671	651	675	732	733	664
U	2,771	583	1,978	2,607	2,794	3,059	3,170	3,450	3,349	3,811	3,970	4,570	4,196
Korea (southern) L	..	3	13	12	9	8	7	7	8	11	14	11	..
U	..	3	39	95	82	171	91	141	61	53	74	132	..
Pakistan‡ L	..	..	96	109	101	124	109	164	176	86	89	..	160
U	..	..	348	293	218	236	220	252	303	270	355	..	410
Philippines L	257	..	368	375	442	483	488	503	510	..	..	..	..
U	194	..	215	293	251	280	317	280	276	..	..	..	..
Singapore[g] L	..	..	224	438	450	510	571	590	605	520	..	..	..
U	..	..	441	732	769	883	963	955	911	916	..	..	..
Thailand (Bangkok) L	..	..	149	143	138	161	158	151	143	153	156	161	210
U	..	..	94	107	108	116	115	117	127	120	123	123	124
Viet-Nam (Saigon) L	..	..	62	64	79	64	64	60	58	50	42	41	35
U	..	..	122	132	170	136	120	118	124	91	118	126	103
Entrances (E) and Clearances (C) of Vessels with Cargo in External Trade (1,000 net registered tons)													
Burma[h] E	311	118	98	104	124	113	109	121	125	118	94	112	143
C	361	157	132	146	150	159	136	162	160	147	162	169	142
India E	760	646*	775	750	753	806	806	810	875	781	821	825	..
C	793	567*	743	885	800	702	717	642	854	722	676	696	..
CIVIL AVIATION[i]													
Passenger-kilometres (*Mn*)													
Burma[j]	..	..	3.53	4.58	4.55	5.11	4.72	4.89	3.97	4.04	2.56	..	..
Ceylon	—	0.36	2.42	1.67	0.77	0.79	0.83	0.78	0.81	..	..	..	..
China (Taiwan)	..	..	1.90	3.12	3.64	3.85	3.83	4.63	3.60	..	..	..	..
India	0.11[j]	23.65	32.46	32.15	36.70	42.92	41.16	49.42	52.78	53.29	54.27	..	..
Indonesia	..	8.49	13.28	14.03	15.01	19.95	21.52	20.50	22.47	..	..	..	..
Japan[k]	..	..	5.75	11.20	19.47	27.43	29.50	29.21	28.57	38.80	..	..	..
Pakistan	..	..	5.81	3.46	4.88	9.21	10.39	9.06	9.69	11.14	..	..	..
Philippines	0.21	14.57	17.78	18.97	10.84	10.08	9.23	10.42	10.58	12.87	10.60	11.98	12.07
Thailand	—	0.93	2.26	2.60	3.35	4.14	4.09	4.81	4.62	5.26	4.54	5.11	5.94
Freight ton-kilometres (*1,000*)													
Burma[j]	..	..	106	127	181	112	105	114	131	109	96	..	..
Ceylon	—	2	147	69	12	14	13	17	11	..	..	..	..
China (Taiwan)	..	..	136	179	199	203	168	202	164	..	..	..	..
India	34[j]	475	2,180	2,203	2,357	2,879	3,117	3,431	3,192	2,999	3,321	..	..
Indonesia	..	389	595	620	621	662	682	713	752	751	709	..	..
Japan[k]	..	..	24	55	258	508	469	486	412	438	..	..	..
Pakistan	..	..	167	153	147	214	290	254	177	240	..	..	..
Philippines	..	540	817	778	398	347	334	362	276	280	271	352	320
Thailand	1[j]	17	85	140	151	107	103	103	104	112	107	113	129

a. Railway traffic coverage: *India* and *Pakistan*, class I railways; *Indonesia*, postwar data relate to Federal area only; *Japan*, State Railways only; *Philippines*, Manila Railroad Company.
b. From August 1954, Southern Viet-Nam only.
c. Including service traffic.
d. 1938-53 port of Colombo only.
e. Beginning 1949 Federal area only.
f. Cargo carried by steel vessels only; excluding military goods.
g. Prior to 1953, excluding oil handled at Pulo Bukom and Pulo Sebarok.
h. Total number of entrances and clearances made during each voyage but excluding sailing vessels. Annual figures relate to 12 months ending September of postwar year stated.
i. Scheduled domestic and international routes.
j. Including non-revenue traffic.
k. Monthly figures relate to Japan Air Line only.
m. Pre-war data relate to 1936 for Japan, 1939 for Malaya, and April 1938 to March 1939 for Burma and Thailand; pre-war figures for India include former British Provinces and Indian States for both railway traffic and sea-borne shipping.

4. VALUE OF EXPORTS AND IMPORTS AND BALANCE OF TRADE

Monthly averages or calendar months — *Millions*

		Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	
		BRUNEI (*Malayan dollar*)			BURMA (*Kyat*)			CAMBODIA[a] (*Riel*)			CEYLON (*Rupee*)			CHINA (Taiwan) (*NT dollar*)			
1948		4.2	3.0	+ 1.2	63†	49†	+14	3	5	— 2	84	83	+ 1	..	..	..	ICA imports
1951		23.3	4.2	+19.1	83	55	+28	20	8	+12	159	130	+29	90	141	— 51	42
1952		23.0	6.4	+16.6	105	76	+29	33	14	+19	125	142	—17	122	211	— 89	64
1953		23.5	9.5	+14.0	94	70	+24	161	124	+37	131	134	— 3	165	230	— 65	92
1954		22.8	8.3	+14.5	100	81	+19	183	165	+18	151	116	+35	121	275	—154	125
1955		25.3	8.7	+16.6	90	71	+19	117	139	—22	162	122	+40	160	262	—102	127
1955	III	26.6	9.2	+17.4	59	65	— 6	114	171	—57	150	116	+34	184	255	— 71	130
	IV	27.6	8.7	+18.9	89	68	+21	150	154	— 4	181	130	+51	160	245	— 85	105
1956	I	27.2	9.5	+17.7	103	71	+32	80	172	—92	136	127	+ 9	284	371	— 87	148
	II	..	..	..	93	79	+14	123	146[r]	—23[r]	144	125	+19	260	428	—168	184
	III	..	..	..	*50*	*72*	*—22*	104	182	—78	153	142	+11	177	370	—193	169
	Oct.	..	..	..	..	*88*	..	..	..	..	132	151	—19	215	456	—241	237
	Nov.	..	..	..	..	..	..	..	..	..	..	..	..	241	399	—158	147
		INDIA[b] (*Rupee*)			INDONESIA[c] (*Rupiah*)			KOREA,[d] southern (*Hwan*)			LAOS (*Kip*)			HONG KONG (*HK dollar*)			
1948		381	485	—104	87	102	— 15	6	7	— 1	..	..	..	134	173	— 39	Exports, domestic
1951		653	712	— 59	409	276	+133	38	102	— 64	4.7	11.1	— 6.4	372	408	— 36	..
1952		516	674	—158	888	900	— 12	162	587	— 425	6.5	27.7	—21.2	243	316	— 73	..
1953		443	481	— 38	798	726	+ 72	332	1,864	—1,532	6.2	31.6	—25.4	228	323	— 95	53
1954		469	515	— 46	813	598	+215	556	2,315	—1,759	2.8	47.0	—44.2	202	286	— 84	57
1955		504	540	— 36	885	574	+311	754	4,174	—3,420	6.3	55.3	—49.0	212	310	— 98	61
1955	III	539	498	+ 41	888	588	+300	663	4,032	—3,369	6.3	46.0	—39.7	212	291	— 79	64
	IV	506	580	— 74	1,108	686	+422	856	4,097	—3,241	9.4	76.7	—67.3	239	335	— 96	65
1956	I	529	680	—151	730	803	— 73	925	3,357	—2,432	8.5	108.9	—100.4	260	369	—109	66
	II	441	638	—197	821	867	— 46	1,296	3,028	—1,732	7.9	98.8	— 90.9	291	410	—119	69
	III	472	676	—204	856	789	+ 67	963	2,681	—1,718	..	..	..	261	362	—101	62
	Oct.	532	709	—177	795	665	+130	1,089	2,811	—1,722	..	..	..	233	382	—149	..
	Nov.	559	699	—140	..	..	..	..	..	..	..	..	..	266	387	—121	..
		MALAYA (*Malayan dollar*)			NORTH BORNEO (*Malayan dollar*)			PAKISTAN (*Rupee*)			PHILIPPINES[e] (*Peso*)			JAPAN (*1,000 Mn Yen*)			
1948		147	149	— 2	2.5	2.1	+0.4	136	86	+50	53.0	97.6	—44.6	4.3	5.0	— 0.7	Special procurement[f]
1951		506	396	+110	9.6	5.9	+3.7	210	151	+59	68.3	81.7	—13.4	40.7	61.4	—20.7	10.6
1952		326	323	+ 3	5.4	5.9	—0.5	147	174	—27	58.7	70.5	—11.8	38.2	60.9	—22.7	9.2
1953		252	270	— 18	4.7	5.5	—0.8	121	101	+20	67.3	76.2	— 8.9	38.2	72.3	—34.1	13.3
1954		259	262	— 3	6.4	6.2	+0.2	99	96	+ 3	67.5	80.4	—12.9	48.9	72.0	—23.1	7.2
1955		346	318	+ 28	8.7	7.3	+1.4	125	90	+35	66.8	91.3	—24.5	60.3	74.1	—13.8	5.2
1955	III	389	339	+ 50	9.8	7.6	+2.2	118	96	+22	62.3	74.5	—12.2	61.5	70.9	— 9.4	6.0
	IV	373	329	+ 44	9.9	8.1	+1.8	158	102	+56	59.1	99.8	—40.7	72.8	79.1	— 6.3	4.7
1956	I	367	349	+ 18	9.5	7.6	+1.9	205	106	+99	72.1	73.6	— 1.5	67.1	83.1	—16.0	3.0
	II	328	345	— 17	8.9	9.7	—0.8	114	108	+ 6	78.0	88.1	—10.1	72.1	96.9	—24.8	5.9
	III	339	342	— 3	..	..	..	96	141	—45	72.2	87.0	—14.8	74.3	99.0	—24.7	7.1
	Oct.	354	339	+ 15	..	..	..	..	..	..	74.6	93.1	—18.5	84.2	109.7	—25.5	5.3
	Nov.	361	348	+ 13	..	..	..	140	152	—12	..	..	..	77.8	101.5	—23.7	3.0
		SARAWAK (*Malayan dollar*)			THAILAND (*Baht*)			VIET-NAM[g] (*Piastre*)									
1948		14.3	8.2	+ 6.1	173	146	+ 27	94	189	— 95							
1951		42.4	32.0	+10.4	373	270	+103	211	510	—299							
1952		36.5	31.9	+ 4.6	487	427	+ 60	164	752	—588							
1953		35.4	32.9	+ 2.5	492	514	— 22	157	883	—726							
1954		35.5	33.2	+ 2.3	515	556	— 41	164	946	—782							
1955		39.8	36.8	+ 3.0	597	600	— 3	201	768	—567							
1955	III	44.3	39.0	+ 5.3	599	609	— 10	191	638	—447							
	IV	42.3	39.8	+ 2.5	595	736	—141	213	886	—673							
1956	I	40.9	37.4	+ 3.5	572	637	— 65	149	654	—505							
	II	41.4	38.4	+ 3.0	537	618	— 81	62	564	—502							
	III	..	..	..	530	612	— 82	156	613	—457							
	Oct.	..	..	..	640	576	+ 64	107	557	—450							
	Nov.	..	..	..	..	..	..	..	..	..							

GENERAL NOTES: Special trade system for Cambodia, China, Indonesia, Korea, Laos, North Borneo, Sarawak and Viet-Nam; general trade system for other countries. Figures on imports include aid unless otherwise specified.

a. Prior to 1953, excluding trade with Laos and Viet-Nam.

b. For 1948, sea-borne and air-borne trade relate to Apr-Dec only; overland trade, twelve months commencing Apr. 1948. Up to 1951, imports exclude special imports of grain, pulse and flour.

c. For 1948, Federal areas only. From 13 Mar. 1950 to 2 Feb. 1952 inclusive, excluding value of exchange certificates. For 1 Jan.-3 Feb. 1952, import and export value are based on 3 times of official exchange rate and from 4 Feb. 1952 onwards they are based on official exchange rate of the Bank Indonesia.

d. For exports: Up to Mar. 1951, valued f.o.b.; from Apr. 1951 valuation based on domestic market prices. For imports: excluding Government imports, military supplies and various aid goods: up to Mar. 1951, valued c.i.f.; from Apr. 1951 valuation based on local market prices excluding distributive margins and net of import duties and excise.

e. Imports valued f.o.b. f. Not included in trade statistics.

g. Prior to January 1955, excluding trade with Cambodia and Laos but including transit trade of these countries with other countries through Viet-Nam. Beginning June 1955, trade of Republic of Viet-Nam only.

5. DIRECTION OF INTERNATIONAL TRADE

Quarterly averages or quarters

Million U.S. dollars

TRADE WITH	Year and Quarter	BURMA[b]		CAMBODIA		CEYLON		CHINA (Taiwan)		HONG KONG	
		Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports[c]	Exports	Imports
1. All countries	1948	57.2	45.0	..	..	76.4	75.1	..	..	101.1	130.8
	1950	39.4	28.6	..	..	82.0	61.4	18.1	22.9	164.4	166.4
	1951	51.6	34.4	..	..	100.0	82.0	24.6	36.3	195.2	214.0
	1952	66.0	48.0	..	..	78.8	89.6	32.4	46.8	127.4	165.7
	1953	59.4	44.2	..	..	82.3	84.5	31.9	45.5	120.8	170.6
	1954	62.1	51.1	..	..	95.0	73.4	23.3	52.8	120.3	164.9
	1955	56.7	45.0	10.0	11.9	98.3	76.6	30.8	50.2	127.5	180.0
	1955 III	35.4	40.8	9.8	14.6	91.1	72.6	35.6	48.9	127.6	169.5
	IV	57.3	42.6	12.8	13.2	109.9	81.9	30.8	47.0	143.0	196.2
	1956 I	64.8	44.7	7.1	14.7	82.4	79.9	34.4	44.9	161.9	215.4
	II	*57.8*	*49.9*	10.5	10.5	86.5	79.1	31.5	51.9	174.6	238.9
	III	..	*45.2*	..	..	92.5	88.9	*21.4*	*44.7*	155.5	209.0
2. ECAFE Countries[a] (including Japan)	1948	50.0	14.4	..	..	4.6	26.3	..	..	60.9	53.8
	1950	33.2	17.5	..	..	4.5	28.8	11.6	12.9	117.2	88.4
	1951	42.4	20.0	..	..	7.6	31.2	19.3	16.1	149.4	103.6
	1952	51.6	28.7	..	..	12.0	32.6	26.8	17.4	100.2	90.2
	1953	45.0	22.9	..	..	16.3	34.8	20.7	17.5	90.0	93.4
	1954	52.1	26.3	..	..	18.6	32.0	18.2	20.7	72.5	76.1
	1955	40.4	21.5	4.3	7.5	11.8	32.2	24.4	18.0	69.0	91.7
	1955 III	16.0	19.8	3.8	9.1	9.3	32.2	26.6	17.4	67.6	89.3
	IV	37.1	20.1	4.3	9.0	20.5	35.6	23.4	20.2	80.6	104.5
	1956 I	43.9	16.6	2.4	9.8	9.3	32.1	25.9	20.1	92.8	119.2
	II	*39.9*	*22.8*	2.6	*4.8*	15.2	27.7	19.8	18.9	105.3	133.5
	III	..	*19.4*	..	..	20.6	36.8	*10.9*	*16.6*	85.0	97.0
3. Japan	1948	0.1	0.3	..	..	0.1	1.0	..	..	3.1	5.0
	1950	5.1	3.0	..	..	—	1.6	6.6	7.2	5.3	10.0
	1951	7.2	5.9	..	..	0.4	4.2	11.9	12.5	8.4	17.2
	1952	8.2	7.2	..	..	0.5	5.4	17.0	12.6	5.4	21.1
	1953	11.2	7.3	..	..	0.5	3.6	14.5	13.5	9.7	16.8
	1954	14.6	11.2	..	..	0.8	4.0	11.9	17.6	5.0	20.3
	1955	11.4	9.6	0.1	1.2	0.6	5.2	18.3	15.3	6.4	23.0
	1955 III	0.7	8.2	—	1.6	0.6	5.1	20.3	14.7	6.1	21.7
	IV	5.8	7.7	0.2	2.1	0.8	6.0	16.9	17.3	9.0	25.6
	1956 I	18.4	5.5	—	2.5	0.9	5.2	18.2	18.0	8.6	39.3
	II	*14.6*	*8.8*	0.1	*0.8*	0.5	5.4	10.1	16.6	10.5	49.5
	III	..	*5.5*	..	..	0.6	6.0	*2.7*	*14.4*	17.2	23.4
4. Western Europe	1948	5.8	23.9	..	..	30.7	16.4	..	..	8.9	32.6
	1950	2.5	8.0	..	..	32.1	15.6	1.6	1.5	15.8	32.4
	1951	5.4	11.6	..	..	50.4	25.5	0.8	1.6	17.6	70.0
	1952	8.4	14.6	..	..	32.4	27.2	1.7	2.6	9.8	50.6
	1953	6.4	16.9	..	..	30.4	27.3	3.9	6.3	10.5	50.9
	1954	5.4	20.2	..	..	34.8	24.2	1.4	4.5	10.6	42.4
	1955	8.7	18.7	2.9	3.7	36.8	24.7	1.7	3.5	15.9	41.6
	1955 III	9.0	16.1	3.2	4.2	33.9	23.1	2.7	3.2	16.6	37.5
	IV	8.3	18.4	5.4	3.3	35.9	26.7	2.7	3.9	17.5	44.9
	1956 I	10.2	21.5	1.7	2.7	31.4	27.2	0.9	4.5	17.9	43.7
	II	*6.2*	*15.5*	1.0	*2.2*	38.8	31.6	1.3	5.9	18.2	45.2
	III	..	*17.4*	..	..	31.6	27.3	*3.3*	*3.7*	20.1	50.1
5. United Kingdom	1948	5.1	21.1	..	..	22.9	13.2	..	..	4.9	19.0
	1950	1.4	6.7	..	..	19.3	12.2	0.2	0.8	8.2	17.7
	1951	3.3	8.4	..	..	30.8	18.1	0.6	0.8	10.4	27.1
	1952	6.2	10.8	..	..	21.9	20.2	1.4	0.9	3.6	20.6
	1953	4.4	11.8	..	..	20.4	19.0	2.1	2.0	5.2	20.8
	1954	3.9	12.5	..	..	26.4	15.4	0.7	1.3	7.1	16.2
	1955	4.8	11.5	0.2	0.1	26.4	16.1	0.9	0.6	11.0	19.3
	1955 III	3.9	*9.6*	0.7	0.1	23.2	16.3	1.6	0.4	11.6	16.7
	IV	4.3	11.8	—	0.1	24.3	17.2	1.7	0.7	11.9	20.6
	1956 I	5.6	12.2	—	0.3	22.3	17.2	0.7	0.9	12.2	20.7
	II	*2.9*	*9.2*	—	*0.1*	31.7	20.2	0.6	0.9	12.9	21.0
	III	..	*10.6*	..	..	24.0	17.6	*1.0*	*0.7*	14.3	24.3
6. Eastern Europe	1948	—	0.1	..	..	0.5	0.2	..	..	1.0	0.8
	1950	—	0.1	..	..	0.1	0.4	—	—	—	0.9
	1951	—	0.1	..	..	0.4	0.9	—	—	—	1.5
	1952	0.1	0.1	..	..	0.8	0.6	—	—	—	0.1
	1953	—	0.2	..	..	0.2	0.6	—	—	—	1.0
	1954	0.2	0.6	..	..	0.1	0.6	—	—	—	1.0
	1955	5.6	0.5	—	—	—	—	—	—	—	0.8
	1955 III	6.7	0.5	—	—	—	—	—	—	—	1.0
	IV	13.7	0.7	—	—	—	—	—	—	—	0.9
	1956 I	6.8	4.0	—	—	—	—	—	—	—	1.1
	II	*9.1*	*2.6*	—	—	—	—	—	—	0.1	0.7
	III	..	*4.7*	—	—	—	—	—	—	—	0.7

5. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million U.S. dollars

TRADE WITH	Year and Quarter	INDIA[d,e]		INDONESIA[f]		JAPAN		KOREA, Southern[g]		LAOS	
		Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
1. All countries	1948	342.8	507.4	98.7	116.2	64.6	170.6	..	..	..	..
	1950	293.0	284.2	199.9	110.0	205.0	242.5	6.2	12.3	..	..
	1951	411.4	448.2	322.9	218.3	338.6	498.8	2.8	17.4	..	..
	1952	324.9	423.8	233.6	237.0	318.2	507.0	6.9	13.4	..	..
	1953	279.0	300.2	210.0	191.2	318.7	602.4	9.9	38.4	..	..
	1954	295.6	323.8	214.0	157.3	407.3	599.8	6.1	23.5	..	..
	1955	318.0	340.2	232.8	151.0	502.7	617.9	4.5	25.9	0.5	4.7
	1955 III	337.8	314.0	233.0	154.1	512.2	591.7	3.8	25.0	0.5	3.9
	IV	338.8	372.1	290.7	180.2	606.5	657.9	5.1	29.1	0.8	6.1
	1956 I	327.5	423.2	192.2	211.2	554.2	692.3	5.5	18.5	0.7	9.3
	II	276.4	404.1	216.0	228.1	599.6	807.4	7.7	15.4	0.7	8.2
	III	299.1	423.8	*224.0*	*203.9*	*618.8*	*824.8*	..	..	..	..
2. ECAFE Countries[h] (including Japan)	1948	95.2	121.5	25.0	33.7	26.4	23.0	..	..	..	..
	1950	68.3	47.7	79.4	44.2	88.9	73.2	5.4	6.9	..	..
	1951	78.7	110.8	131.3	91.4	156.2	122.2	1.9	5.3	..	..
	1952	82.6	67.9	77.6	93.6	143.1	129.2	1.9	8.2	..	..
	1953	53.3	40.4	71.8	78.2	139.1	160.3	2.2	17.9	..	..
	1954	46.6	60.7	85.2	64.6	167.7	139.5	2.5	16.5	..	..
	1955	58.6	59.0	79.7	47.9	174.3	177.2	2.3	9.1	0.5	2.9
	1955 III	64.8	49.3	71.7	49.2	167.2	176.8	1.5	9.5	0.5	3.1
	IV	68.0	65.5	112.8	68.0	215.1	182.9	2.2	13.8	0.8	4.4
	1956 I	63.2	60.1	68.9	93.0	201.5	190.4	2.2	5.7	0.7	6.3
	II	46.6	53.2	83.3	90.0	203.8	200.2	2.9	5.6	0.6	4.8
	III	47.8	63.6	*87.5*	*75.3*	*212.7*	*188.6*	..	..	..	..
3. Japan	1948	3.4	4.8	2.4	18.0	—	—	..	..	..	..
	1950	3.9	3.9	2.7	11.0	—	—	4.0	4.5	..	..
	1951	9.6	11.8	10.2	38.2	—	—	1.7	3.7	..	..
	1952	13.4	10.2	6.2	31.9	—	—	1.4	6.3	..	..
	1953	14.2	6.5	9.4	31.8	—	—	1.5	13.6	..	..
	1954	8.6	8.8	12.5	34.2	—	—	1.8	10.1	..	..
	1955	13.6	16.3	17.3	21.6	—	—	1.8	4.2	—	0.4
	1955 III	15.1	13.8	10.1	22.2	—	—	1.0	4.4	—	0.4
	IV	19.2	27.6	28.1	22.1	—	—	1.7	5.8	—	0.7
	1956 I	19.8	19.7	17.9	34.9	—	—	1.6	1.7	—	1.7
	II	14.7	22.5	19.1	42.1	—	—	1.7	2.9	—	1.0
	III	13.5	21.8	*14.5*	*32.9*	—	—	..	..	..	..
4. Western Europe	1948	106.8	159.5	43.6	41.7	6.8	4.9	..	..	..	..
	1950	95.4	90.2	69.4	39.3	23.6	9.2	0.3	0.1	..	..
	1951	147.8	133.8	112.2	70.6	35.4	40.1	—	0.4	..	..
	1952	98.9	128.7	74.2	83.5	44.1	34.4	—	0.6	..	..
	1953	102.7	127.8	74.2	65.2	28.9	50.8	0.1	—	..	..
	1954	122.2	144.2	71.6	52.0	36.9	49.2	0.1	1.3	..	..
	1955	125.8	156.2	77.7	58.8	48.0	49.6	0.3	5.9	—	1.5
	1955 III	128.4	147.0	75.9	59.1	36.5	43.8	0.4	6.0	—	1.2
	IV	140.1	185.0	88.9	68.6	61.0	49.6	0.8	5.6	—	1.2
	1956 I	143.4	201.2	70.0	76.2	60.0	49.7	0.7	5.4	—	2.2
	II	103.9	221.6	77.0	81.5	58.5	62.0	1.0	3.9	—	2.4
	III	123.6	229.3	*85.1*	*79.7*	*60.0*	*60.8*	..	..	..	..
5. United Kingdom	1948	74.2	115.6	2.0	10.8	4.2	1.3	..	..	..	..
	1950	64.4	61.7	7.9	8.2	6.5	1.6	0.2	0.1	..	..
	1951	103.9	78.6	20.1	14.0	13.5	8.0	—	0.1	..	..
	1952	66.4	79.8	6.4	17.0	18.3	9.2	—	—	..	..
	1953	78.5	74.2	4.4	13.5	8.3	12.2	0.1	—	..	..
	1954	93.1	79.2	9.8	8.5	12.8	9.3	0.1	0.4	..	..
	1955	87.9	83.9	23.1	8.7	15.2	9.5	—	1.1	—	0.1
	1955 III	90.7	76.3	22.7	8.2	11.2	11.2	—	0.7	—	0.1
	IV	101.8	96.4	24.1	9.6	17.0	10.9	0.1	1.5	—	0.2
	1956 I	100.4	111.0	16.4	12.0	21.5	12.4	0.1	1.2	—	0.3
	II	77.6	109.6	20.3	16.0	19.4	16.2	0.3	0.4	—	0.3
	III	97.6	115.0	*29.5*	*14.6*	*9.6*	*20.6*	..	..	..	..
6. Eastern Europe	1948	6.4	5.3	0.4	1.1	1.1	0.6	..	..	..	..
	1950	1.5	3.0	0.2	0.8	0.4	0.9	—	—	..	..
	1951	5.0	3.9	0.6	1.6	0.5	0.5	—	—	..	..
	1952	1.9	2.7	2.4	1.6	0.6	0.7	—	—	..	..
	1953	1.8	2.0	1.1	1.4	1.0	1.4	—	—	..	..
	1954	2.8	4.0	1.8	3.3	1.3	1.1	—	—	..	..
	1955	2.4	5.5	7.0	8.3	4.8	1.1	—	—	—	—
	1955 III	1.5	3.8	9.3	6.7	4.5	1.3	—	—	—	—
	IV	3.0	8.9	8.5	3.8	1.8	1.7	—	—	—	—
	1956 I	5.0	13.5	7.3	4.0	1.3	0.9	—	—	—	—
	II	7.4	14.2	2.5	2.9	1.0	0.6	—	—	—	—
	III	8.1	14.3	*1.2*	*3.9*	*1.3*	*1.2*	..	..	..	..

5. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million U.S. dollars

TRADE WITH	Year and Quarter	MALAYA		PAKISTAN[d,h]		PHILIPPINES		THAILAND[g]		VIET-NAM[j]	
		Exports	Imports	Exports	Imports	Exports	Imports[i]	Exports	Imports	Exports	Imports
1. All countries	1948	203.2	210.4	154.6	101.4	79.4	146.5	51.4	30.0	..	..
	1950	328.0	238.1	124.0	97.6	84.3	85.6	83.1	43.0	..	..
	1951	496.3	388.4	190.9	133.7	102.4	122.5	117.2	62.5	..	..
	1952	320.0	316.3	133.1	152.4	88.0	105.8	101.2	77.3	..	..
	1953	246.6	263.6	109.7	87.5	101.0	114.2	87.1	75.8	..	..
	1954	254.0	256.4	89.7	81.2	101.3	120.7	72.6	67.2	..	..
	1955	339.5	312.2	100.2	72.3	98.8	139.0	90.2	74.4	17.2	65.8
	1955 III	381.4	332.3	95.7	70.5	89.6	111.7	87.0	74.1	16.4	54.7
	IV	366.1	322.9	99.8	64.9	92.5	158.0	100.4	91.1	18.3	75.9
	1956 I	359.2	341.7	128.9	66.5	95.1	110.4	83.3	95.6	12.8	56.1
	II	321.4	338.3	72.3	66.7	116.0	132.1	77.5	89.7	5.3	48.3
	III	332.2	335.6	*60.9*	*88.9*	*108.3*	*130.5*	..	..	13.4	52.6
2. ECAFE Countries[a] (including Japan)	1948	49.8	96.9	99.6	56.7	7.2	14.9	33.4	19.1	..	..
	1950	83.9	153.7	48.7	42.5	7.3	9.6	55.1	24.6	..	..
	1951	118.0	242.0	85.0	49.5	9.0	19.3	71.7	22.6	..	..
	1952	91.3	181.6	61.0	57.7	10.8	14.7	70.9	37.5	..	..
	1953	77.2	153.0	36.9	11.9	13.4	11.7	63.5	35.0	..	..
	1954	73.4	147.5	26.4	15.4	14.4	17.6	50.2	32.3	..	..
	1955	86.6	190.1	36.7	15.7	16.3	25.5	53.8	36.2	5.6	17.4
	1955 III	97.9	212.4	50.6	20.9	18.8	25.2	58.4	36.5	4.9	16.4
	IV	92.6	201.1	26.8	9.5	14.6	27.4	52.1	47.6	3.6	32.5
	1956 I	106.4	206.5	37.8	15.3	14.2	22.6	47.3	46.9	1.1	18.3
	II	96.3	193.5	32.8	9.1	21.7	26.9	50.8	43.6	0.8	17.9
	III	99.9	191.9	*30.2*	*9.2*	*25.4*	*26.7*	..	..	1.3	15.6
3. Japan	1948	2.3	1.6	0.9	0.7	3.9	0.5	—	1.3	..	..
	1950	9.4	7.6	11.0	13.1	5.5	3.6	10.9	10.6	..	..
	1951	12.8	19.9	19.2	19.5	7.5	8.2	13.2	11.3	..	..
	1952	12.6	20.4	22.0	27.9	9.6	4.6	15.6	9.1	..	..
	1953	12.8	10.5	21.4	4.5	12.0	5.1	21.2	13.1	..	..
	1954	13.5	12.0	7.8	8.7	12.6	7.3	17.3	16.3	..	..
	1955	23.6	19.4	11.6	10.2	14.8	10.8	15.8	15.8	0.4	8.8
	1955 III	27.4	18.2	6.0	15.2	16.5	9.1	15.8	16.5	0.1	7.7
	IV	27.2	19.2	9.8	4.0	12.8	11.3	4.9	23.4	0.2	20.7
	1956 I	26.4	22.1	13.6	11.3	13.2	11.5	3.3	12.4	—	12.9
	II	25.6	23.6	11.1	3.6	18.4	13.0	11.6	8.8	—	13.1
	III	28.6	17.9	*12.6*	*3.2*	*22.0*	*13.1*	..	..	—	11.1
4. Western Europe	1948	58.6	49.6	33.4	26.6	13.2	4.8	3.6	5.5	..	..
	1950	103.2	56.7	50.3	34.8	11.0	4.9	8.0	10.8	..	..
	1951	185.6	100.1	77.3	47.4	22.1	7.0	8.3	18.2	..	..
	1952	120.7	90.7	49.2	52.5	13.1	5.9	3.7	23.2	..	..
	1953	81.7	72.9	53.6	25.4	13.8	5.8	3.3	24.7	..	..
	1954	89.4	72.4	43.4	39.2	20.2	10.7	6.4	22.6	..	..
	1955	136.6	82.2	42.1	31.2	17.6	12.4	7.4	24.2	5.9	35.2
	1955 III	160.3	78.6	25.2	31.8	21.7	12.4	5.6	23.8	7.1	26.2
	IV	152.0	85.8	47.8	25.7	20.8	13.1	7.3	29.0	9.9	24.4
	1956 I	143.6	90.8	66.8	31.5	19.0	13.7	8.6	31.1	8.7	22.9
	II	115.0	92.2	25.0	25.3	24.0	17.9	8.3	28.8	4.3	13.7
	III	122.4	97.9	*21.0*	*28.1*	*23.9*	*17.3*	..	..	9.6	20.9
5. United Kingdom	1948	28.2	40.5	13.4	20.4	0.8	1.3	1.2	2.8	..	..
	1950	44.6	41.3	17.2	23.1	1.3	1.3	2.6	4.8	..	..
	1951	99.3	64.4	23.9	27.6	3.2	1.6	2.1	8.0	..	..
	1952	66.6	66.9	17.0	30.9	1.4	1.2	0.7	10.1	..	..
	1953	39.6	53.5	21.1	14.4	1.3	1.1	0.6	10.0	..	..
	1954	36.9	49.1	17.4	23.2	1.2	2.3	1.8	8.1	..	..
	1955	62.2	56.4	15.2	17.6	1.4	3.2	1.8	8.6	0.4	1.1
	1955 III	75.5	51.9	9.3	16.0	1.4	2.8	1.8	9.1	0.8	1.1
	IV	76.0	59.6	16.0	16.1	1.2	3.4	1.7	9.5	0.4	1.8
	1956 I	71.9	62.9	21.2	13.6	1.3	3.3	2.9	11.6	—	1.3
	II	43.2	60.8	8.6	12.7	2.3	4.3	2.5	10.1	—	0.5
	III	57.8	63.4	*8.2*	*16.2*	*1.8*	*3.9*	..	..	0.3	1.0
6. Eastern Europe	1948	14.5	1.6	6.2	1.1	2.0	0.1	—	0.3	—	..
	1950	14.0	1.0	7.3	2.0	0.1	0.1	—	0.1	..	..
	1951	17.2	1.5	8.1	2.2	—	—	—	0.1	..	..
	1952	8.3	0.9	9.0	1.8	—	0.1	—	0.1	..	..
	1953	4.2	1.6	3.2	0.4	—	—	—	0.1	..	..
	1954	4.0	1.1	2.0	0.7	—	0.1	—	—	..	..
	1955	4.8	1.0	1.8	0.4	—	—	—	—	—	—
	1955 III	3.5	1.0	1.8	0.7	—	—	0.1	—	—	—
	IV	7.2	0.8	0.8	0.2	—	—	—	—	—	—
	1956 I	10.0	1.4	1.6	0.5	—	—	—	0.6	—	0.1
	II	13.5	1.8	1.6	0.3	—	—	—	0.5	—	—
	III	11.5	1.2	*1.2*	*0.4*	—	—	..	..	—	0.1

5. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters — *Million U.S. dollars*

TRADE WITH	Year and Quarter	BURMA[b]		CAMBODIA		CEYLON		CHINA (Taiwan)		HONG KONG	
		Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports[c]	Exports	Imports
7. North America	1948	0.6	1.7	..	..	16.0	6.4	..	..	11.1	26.7
	1950	0.9	0.8	..	..	23.2	2.9	0.9	4.9	14.6	30.8
	1951	0.2	0.9	..	..	14.8	5.3	1.5	12.4	7.8	20.2
	1952	0.6	2.6	..	..	12.2	9.9	1.1	6.8	5.8	13.1
	1953	1.1	1.8	..	..	10.8	3.6	1.4	19.4	4.3	12.5
	1954	0.3	2.1	..	..	10.2	2.6	1.3	25.3	5.0	14.8
	1955	0.3	1.4	2.6	0.6	14.4	3.2	1.4	24.6	6.4	16.3
	1955 III	0.2	1.0	2.5	1.0	13.4	3.1	1.5	23.4	6.2	14.0
	IV	0.5	1.6	3.0	0.9	14.5	2.8	2.1	19.0	7.3	14.4
	1956 I	0.8	1.4	2.5	1.0	13.2	3.1	1.6	17.5	7.4	15.2
	II	*0.5*	*1.4*	1.8	*1.5*	11.3	3.3	1.7	21.7	7.2	22.9
	III	..	*1.3*	..	..	14.3	2.9	*2.2*	*23.2*	7.3	20.8
8. United States of America	1948	0.6	1.6	..	..	12.6	5.7	..	..	10.6	24.4
	1950	0.1	0.8	..	..	17.6	1.8	0.9	4.3	14.2	28.6
	1951	0.2	0.8	..	..	10.5	4.3	1.5	12.4	7.1	16.3
	1952	0.6	2.5	..	..	8.3	7.8	1.1	6.8	5.0	9.6
	1953	1.1	1.8	..	..	6.4	2.7	1.4	19.4	3.3	9.9
	1954	0.3	2.1	..	..	6.2	1.9	1.3	25.3	4.1	12.4
	1955	0.3	1.3	2.6	0.6	9.3	2.4	1.4	24.6	5.2	14.3
	1955 III	0.2	1.0	2.5	1.0	8.5	2.2	1.5	23.4	5.0	12.1
	IV	0.5	1.4	3.0	0.9	9.1	2.1	2.1	19.0	6.1	12.5
	1956 I	0.8	1.4	2.5	1.0	8.7	2.4	1.6	17.5	5.6	13.1
	II	*0.5*	*1.4*	1.8	*1.5*	6.4	1.7	1.7	21.7	6.3	21.1
	III	..	*1.2*	..	..	7.7	2.3	*2.2*	*22.9*	6.1	18.6
9. Latin American Republics	1948	0.2	—	..	..	1.2	1.2	..	..	0.1	—
	1950	—	—	..	..	1.1	0.6	0.4	—	—	—
	1951	—	—	..	..	1.1	—	0.5	—	—	—
	1952	—	—	..	..	0.7	0.1	—	—	—	—
	1953	—	—	..	..	0.4	—	0.4	0.1	—	0.4
	1954	—	—	..	..	0.2	—	0.3	0.2	—	5.0
	1955	—	0.2	—	0.1	0.2	—	0.1	0.1	—	1.0
	1955 III	—	—	—	0.1	0.3	—	0.1	—	—	—
	IV	—	—	—	—	0.3	—	0.3	0.3	—	0.8
	1956 I	—	—	—	—	0.3	—	—	—	—	1.7
	II	—	—	—	*0.1*	0.3	—	0.4	0.1	—	0.9
	III	..	—	..	..	0.7	—	—	—	0.2	6.3
10. Oceania	1948	—	1.4	..	..	8.3	10.8	..	..	1.7	4.2
	1950	0.1	0.6	..	..	8.0	4.2	—	1.2	1.9	3.5
	1951	—	0.8	..	..	9.0	6.5	1.1	0.5	3.5	4.0
	1952	—	0.9	..	..	5.8	6.5	0.8	0.3	0.9	2.4
	1953	—	1.1	..	..	8.7	9.2	0.2	06	2.1	2.5
	1954	—	1.0	..	..	11.2	5.6	0.1	0.6	3.0	2.8
	1955	—	1.3	—	—	10.1	4.6	—	0.2	3.6	3.7
	1955 III	—	1.6	—	—	5.8	3.1	—	0.1	4.4	2.7
	IV	—	1.3	—	—	7.9	5.1	—	0.3	3.7	4.3
	1956 I	—	0.7	—	—	7.5	2.6	—	0.3	3.5	4.5
	II	—	*1.4*	—	—	6.5	5.0	—	0.4	3.9	4.5
	III	..	*1.2*	..	..	8.2	4.0	—	*0.1*	4.5	4.3
11. Sterling Area	1948	49.5	36.5	..	..	41.1	53.8	..	..	27.0	36.3
	1950	24.0	21.0	..	..	36.9	43.6	4.7	7.2	45.2	49.7
	1951	32.9	22.4	..	..	51.2	57.3	7.9	4.8	62.1	68.0
	1952	43.0	32.2	..	..	38.1	57.0	8.7	5.9	32.0	44.8
	1953	34.0	28.2	..	..	39.1	53.5	8.3	6.4	32.2	45.4
	1954	38.8[r]	28.1	..	..	52.6	42.6	5.7	4.3	36.2	36.6
	1955	27.4	23.4	1.6	2.8	48.4	45.0	5.0	2.5	42.5	42.4
	1955 III	13.6	20.6	2.1	3.8	43.5	47.0	5.9	1.9	46.2	39.5
	IV	21.5	22.8	1.3	4.0	48.6	50.2	5.7	3.3	42.8	45.9
	1956 I	19.3	20.4	1.3	5.1	38.7	46.5	7.8	3.1	42.6	48.5
	II	*13.9*	*16.4*	2.1	*3.2*	46.9	45.8	8.5	3.4	46.7	49.7
	III	..	*19.5*	..	..	44.9	43.5	*6.1*	*2.6*	47.6	46.0
12. ECAFE Sterling Countries[a]	1948	43.9	13.8	..	..	4.4	24.2	..	..	17.2	10.5
	1950	22.3	13.6	..	..	4.3	23.5	4.4	5.3	32.5	25.9
	1951	28.5	13.0	..	..	5.0	25.2	7.0	3.5	44.6	32.3
	1952	33.8	20.2	..	..	4.8	23.2	7.1	4.5	24.8	18.0
	1953	26.1	14.9	..	..	3.1	19.6	5.5	3.7	20.1	18.5
	1954	31.9	14.4	..	..	6.0	18.5	4.8	2.4	19.4	14.3
	1955	21.4	10.6	1.4	2.7	4.8	21.6	3.7	1.6	20.6	16.2
	1955 III	9.4	10.5	1.4	3.7	5.9	25.0	3.7	1.4	23.0	16.7
	IV	16.0	9.7	1.3	3.9	6.6	25.9	3.9	2.3	20.2	17.1
	1956 I	12.6	7.5	1.3	4.8	4.1	22.4	5.9	1.8	20.0	20.2
	II	*10.4*	*5.7*	2.1	*3.1*	2.7	18.2	7.4	2.1	22.2	20.6
	III	..	*10.6*	..	..	5.2	19.9	*5.1*	*1.8*	21.2	13.8

GENERAL NOTE: As complete breakdowns are not given, the sum of total trade of any individual country with different regions does not add up to the total given under trade with "all countries".

a. ECAFE countries comprise:
i) Sterling countries—Burma, Ceylon, Hong Kong, India, Malaya, British Borneo and Pakistan.
ii) Non-sterling countries-Afghanistan Cambodia, China, Indonesia, Japan, Korea, Laos, Philippines, Thailand and Viet-Nam.

5. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million U.S. dollars

TRADE WITH	Year and Quarter	INDIA[d,e]		INDONESIA[f]		JAPAN		KOREA, southern[g]		LAOS	
		Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
7. North America	1948	60.9	89.4	17.8	28.4	16.9	112.4	..	..	—	..
	1950	61.8	58.6	33.4	22.2	50.3	114.8	0.6	7.6	..	..
	1951	85.9	120.0	53.6	45.3	52.0	217.7	0.9	11.4	..	..
	1952	70.8	161.2	59.6	42.2	63.8	237.4	5.0	4.6	..	..
	1953	58.6	57.0	48.4	35.1	65.2	242.4	7.6	18.3	..	..
	1954	54.2	44.2	36.6	23.0	83.2	266.0	3.5	4.9	..	..
	1955	56.2	50.2	42.2	24.2	127.4	241.7	1.8	9.9	—	0.3
	1955 III	53.3	48.3	50.3	27.1	145.3	222.1	1.9	9.3	—	0.2
	IV	54.4	55.8	62.4	26.9	156.5	253.5	2.2	8.2	—	0.4
	1956 I	54.5	52.7	33.1	25.4	130.7	269.6	2.7	6.9	—	0.7
	II	55.1	49.8	36.1	31.8	155.0	318.1	3.9	5.1	0.1	0.8
	III	53.9	52.4	*35.7*	*33.9*	*164.8*	*329.2*	..	..	..	..
8. United States of America	1948	54.3	82.2	17.2	26.9	16.4	110.4	..	..	..	..
	1950	54.8	52.9	33.2	21.5	45.8	106.8	0.6	5.6	..	..
	1951	75.1	107.7	53.3	44.0	47.4	171.8	0.9	11.4	..	..
	1952	63.2	145.2	59.2	40.6	58.6	192.1	5.0	4.6	..	..
	1953	51.2	47.2	43.0	34.8	58.5	189.4	7.6	18.3	..	..
	1954	46.2	38.8	35.9	22.7	70.7	212.3	3.5	4.8	..	..
	1955	47.9	46.6	40.9	23.9	114.3	193.5	1.8	9.5	—	0.3
	1955 III	43.9	45.2	48.9	26.8	130.7	177.0	1.9	8.7	—	0.2
	IV	48.6	50.1	61.6	26.6	138.8	205.9	2.2	7.4	—	0.4
	1956 I	45.9	49.7	32.6	24.9	115.1	222.7	2.6	5.9	—	0.7
	II	48.0	45.8	35.2	31.3	135.3	251.1	3.9	4.9	0.1	0.8
	III	43.9	48.8	*35.2*	*33.7*	*147.0*	*263.4*	..	..	..	..
9. Latin American Republics	1948	24.0	12.6	0.1	0.7	0.4	20.9	..	..	..	..
	1950	12.4	1.8	0.5	—	10.4	16.8	—	—	..	..
	1951	24.5	2.8	1.3	1.3	22.3	64.8	—	0.1	..	..
	1952	14.2	0.7	1.1	7.1	12.5	42.0	—	—	..	..
	1953	16.1	1.5	0.4	0.2	26.1	66.2	—	—	..	..
	1954	12.2	4.8	1.4	—	50.3	77.2	—	—	..	..
	1955	12.2	3.6	6.6	0.1	44.8	60.7	—	0.7	—	—
	1955 III	27.1	2.8	5.6	0.2	48.2	48.0	—	0.1	—	—
	IV	13.0	1.7	0.7	0.1	55.2	69.1	—	1.2	—	—
	1956 I	3.0	0.9	0.8	1.6	46.0	65.4	—	0.5	—	—
	II	4.4	1.9	0.7	6.8	41.1	80.7	—	0.6	—	—
	III	12.4	1.4	*0.6*	*0.1*	*39.0*	*93.6*	..	..	..	..
10. Oceania	1948	18.0	20.9	1.2	8.5	1.1	2.1	..	..	..	..
	1950	16.9	23.7	4.3	1.0	6.4	20.3	—	—	..	..
	1951	28.8	10.6	9.8	2.7	25.4	36.7	—	0.1	..	..
	1952	14.4	8.7	7.3	3.3	9.7	37.9	—	—	..	..
	1953	10.2	14.5	6.0	4.4	3.6	50.2	—	2.2	..	..
	1954	14.6	8.7	8.6	3.2	8.8	34.0	—	0.2	..	..
	1955	16.7	11.2	6.2	3.1	17.2	50.8	—	0.2	—	—
	1955 III	17.1	7.6	4.6	2.7	20.2	54.0	—	0.1	—	—
	IV	13.7	4.6	8.7	4.0	17.3	49.8	—	0.2	—	—
	1956 I	14.6	6.8	7.6	4.8	10.9	55.1	—	0.1	—	—
	II	14.1	7.9	11.0	6.2	11.2	71.4	—	0.1	—	0.1
	III	14.5	6.5	*9.4*	*3.2*	*9.7*	*71.8*	..	..	..	..
11. Sterling Area	1948	191.6	264.4	24.4	29.7	17.4	15.3	..	..	..	..
	1950	164.6	141.6	86.5	39.8	74.2	55.4	1.5	1.2	..	..
	1951	218.0	182.2	147.6	61.9	153.1	111.6	0.2	1.7	..	..
	1952	168.2	155.6	79.9	69.2	134.8	125.1	0.4	1.0	..	..
	1953	146.9	145.1	67.8	63.0	79.0	150.6	0.8	5.2	..	..
	1954	167.7	162.5	84.3	45.2	122.8	108.4	0.7	6.1	..	..
	1955	164.6	158.0	84.4	41.1	160.2	147.2	0.5	5.1	—	0.4
	1955 III	169.2	139.5	80.3	41.3	155.7	154.1	0.5	4.7	—	0.3
	IV	180.3	152.6	109.5	60.4	183.7	159.1	0.6	8.2	—	0.8
	1956 I	173.7	172.9	67.8	59.3	174.9	181.3	0.7	3.9	—	2.1
	II	138.1	168.3	83.6	63.3	170.9	212.3	1.4	1.6	0.3	1.8
	III	159.4	178.9	*98.2*	*52.6*	*151.8*	*214.7*	..	..	..	..
12. ECAFE Sterling Countries[a]	1948	81.6	110.2	20.9	9.5	8.8	10.9	..	..	..	..
	1950	58.6	38.3	73.2	29.1	42.7	29.6	1.3	1.2	..	..
	1951	57.4	83.0	116.1	41.8	83.6	63.4	0.2	1.5	..	..
	1952	61.0	43.4	65.2	44.8	84.3	68.1	0.4	1.0	..	..
	1953	32.4	32.5	56.0	39.6	47.8	82.1	0.7	3.0	..	..
	1954	31.2	49.1	65.3	23.6	72.0	60.2	0.6	5.6	..	..
	1955	31.8	40.0	54.5	21.4	87.3	74.6	0.5	3.8	—	0.2
	1955 III	31.6	33.7	52.4	22.2	80.3	78.3	0.5	3.8	—	0.2
	IV	36.9	33.4	76.2	39.5	103.2	82.7	0.5	6.4	—	0.6
	1956 I	34.0	35.1	44.1	37.0	105.8	90.9	0.5	2.7	—	1.8
	II	22.4	25.4	*51.6*	34.0	97.2	101.6	1.1	1.0	0.3	1.4
	III	26.2	31.9	*60.0*	*28.5*	*84.4*	*95.2*	..	..	..	..

b. For 1948, year ending 30 September.

c. Figures for 1950 exclude ECA imports.

d. For 1948, year beginning 1 April.

e. Includes transit trade but excludes overland trade with Burma, Iran and Afghanistan through 1950.

f. Figures for trade with the Netherlands are as follows:—

	Exp.	Imp.		Exp.	Imp.
1951	66.6	26.0	1955 III	35.6	17.8
1952	50.0	31.1	IV	39.5	21.0
1953	48.4	22.4	1956 I	41.5	22.0
1954	41.3	16.4	II	41.2	24.2
1955	36.7	17.7	III	*36.7*	*25.3*

5. DIRECTION OF INTERNATIONAL TRADE *(Cont'd)*

Quarterly averages or quarters

Million U.S. dollars

TRADE WITH	Year and Quarter	MALAYA		PAKISTAN[d,h]		PHILIPPINES		THAILAND[g]		VIET-NAM[j]	
		Exports	Imports	Exports	Imports	Exports	Imports[i]	Exports	Imports	Exports	Imports
7. North America	1948	60.0	27.4	12.4	6.6	53.8	120.2	13.1	4.2	..	..
	1950	94.9	8.8	11.4	8.8	62.7	66.1	19.0	6.5	..	..
	1951	113.0	20.9	8.3	8.0	72.1	91.1	35.3	13.0	..	..
	1952	60.1	18.0	5.6	10.1	60.2	80.8	24.8	15.0	..	..
	1953	45.1	12.7	7.4	4.2	69.6	90.6	17.7	14.6	..	..
	1954	44.0	13.4	6.1	6.2	62.4	85.4	13.8	11.1	..	..
	1955	67.5	13.5	7.9	8.6	59.3	93.6	26.4	13.1	4.0	8.0
	1955 III	71.2	14.6	6.9	9.9	45.1	69.1	21.3	12.7	2.5	7.7
	IV	68.0	10.7	8.6	10.1	50.1	105.2	32.5	13.5	4.4	11.2
	1956 I	64.1	17.5	11.5	6.2	57.9	69.1	25.3	14.9	2.6	13.4
	II	49.9	20.4	7.4	3.4	64.4	83.2	16.8	14.6	0.3	13.7
	III	60.2	15.9	*6.5*	*8.3*	*53.0*	*81.0*	..	..	2.5	15.4
8. United States of America	1948	53.8	24.6	12.0	6.0	52.4	117.7	13.1	4.1	..	..
	1950	85.6	7.2	11.0	8.2	61.6	63.9	18.8	6.2	..	..
	1951	97.5	17.8	7.9	7.6	70.9	87.6	34.4	12.4	..	..
	1952	53.6	14.9	5.6	9.1	59.5	77.1	24.6	14.4	..	..
	1953	39.2	11.4	7.2	4.1	69.0	87.8	17.5	14.2	..	..
	1954	37.6	12.2	6.0	5.2	61.6	81.6	13.6	10.6	..	..
	1955	59.1	12.2	7.7	8.0	59.0	89.0	26.0	12.5	4.0	7.9
	1955 III	61.5	13.2	6.8	8.9	44.8	66.5	21.2	12.2	2.5	7.7
	IV	59.7	9.4	8.4	9.9	49.6	99.0	31.9	13.0	4.4	11.2
	1956 I	58.0	15.7	11.1	6.1	57.6	65.9	25.1	14.4	2.6	13.3
	II	43.2	18.4	*6.9*	3.3	64.0	78.7	16.7	14.3	0.3	13.7
	III	51.3	13.8	*6.2*	*8.0*	*52.7*	*76.2*	..	..	2.5	15.3
9. Latin American Republics	1948	1.6	1.2	1.8	0.2	1.3	3.6	0.2	—	..	..
	1950	5.4	0.4	1.8	0.6	1.9	0.2	—	0.2	..	..
	1951	16.2	0.3	—	—	2.0	1.1	0.5	—	..	..
	1952	4.7	0.3	—	—	1.6	0.4	—	—	..	..
	1953	4.7	0.2	0.5	—	2.8	0.2	—	—	..	..
	1954	6.7	0.2	0.9	—	3.0	0.7	—	—	..	..
	1955	10.7	0.2	1.6	—	3.5	0.6	0.2	—	—	—
	1955 III	12.2	0.1	1.4	—	4.4	0.8	0.1	—	—	—
	IV	12.3	0.2	1.4	—	3.3	0.5	0.4	—	—	—
	1956 I	3.2	0.3	0.8	—	2.5	1.3	0.4	—	—	0.4
	II	8.4	0.3	0.9	—	4.1	1.4	—	0.1	—	—
	III	7.4	0.6	*0.9*	—	*4.5*	*0.5*	..	..	—	0.8
10. Oceania	1948	14.1	22.4	0.5	0.3	0.2	1.8	—	—	..	..
	1950	14.2	9.4	1.8	0.2	0.1	0.5	0.1	0.4	..	..
	1951	28.2	12.0	2.2	0.3	1.4	0.2	0.1	0.6	..	..
	1952	15.8	13.6	1.0	0.6	0.2	0.4	0.1	0.6	..	..
	1953	16.4	13.2	1.4	0.5	0.2	0.3	—	1.0	..	..
	1954	16.8	11.4	1.6	0.5	0.2	0.8	—	0.6	..	..
	1955	19.2	12.3	1.4	0.6	0.2	1.3	0.1	0.8	—	0.2
	1955 III	20.8	10.6	0.8	0.4	0.4	1.0	—	0.9	—	0.2
	IV	20.4	10.9	2.1	0.3	0.3	1.5	0.1	0.9	—	0.3
	1956 I	21.6	12.4	0.8	0.5	0.3	0.7	0.1	0.8	—	—
	II	18.7	16.1	0.8	0.7	0.2	1.2	0.2	1.1	—	0.2
	III	19.0	12.4	*0.7*	*0.6*	*0.1*	*1.5*	..	..	—	0.2
11. Sterling Area	1948	61.1	89.4	110.4	72.6	2.4	5.4	28.4	20.0	..	..
	1950	100.4	98.4	55.4	50.0	2.6	7.6	43.4	18.2	..	..
	1951	182.6	139.1	81.8	54.9	5.2	7.6	50.2	25.7	..	..
	1952	116.0	131.2	36.8	61.7	2.8	7.5	43.5	35.7	..	..
	1953	91.9	110.6	37.0	23.4	2.3	6.0	39.9	30.3	..	..
	1954	92.7	94.1	33.6	32.6	2.4	10.2	32.1	22.5	..	..
	1955	120.1	117.7	38.5	25.9	2.6	12.1	35.4	26.6	2.4	3.5
	1955 III	137.1	118.8	34.7	23.8	2.2	13.7	38.0	24.7	2.5	3.0
	IV	136.1	126.2	39.5	23.6	3.2	11.5	42.3	30.8	2.8	6.8
	1956 I	134.8	130.4	50.8	18.6	2.4	10.8	34.3	44.6	0.5	3.1
	II	105.5	129.0	23.2	19.3	5.0	11.9	36.3	42.7	0.3	1.7
	III	117.4	128.6	*15.5*	*20.8*	*4.6*	*12.3*	..	..	0.7	2.1
12. ECAFE Sterling Countries[a]	1948	15.5	20.8	96.2	50.8	1.4	2.2	26.3	16.4	..	..
	1950	35.1	45.6	35.7	24.8	0.8	4.7	40.3	12.6	..	..
	1951	45.6	58.4	54.4	25.8	0.8	4.8	46.2	9.1	..	..
	1952	28.6	46.0	18.0	29.2	0.6	5.8	41.2	24.7	..	..
	1953	30.8	38.1	13.2	6.6	0.6	4.5	37.8	19.1	..	..
	1954	32.6	27.9	11.6	6.3	0.7	6.7	28.0	13.6	..	..
	1955	30.4	40.3	16.9	5.5	0.7	7.3	31.6	17.0	1.9	2.3
	1955 III	31.9	47.6	19.8	5.6	0.8	8.4	35.5	14.4	1.6	1.7
	IV	31.2	44.6	15.6	5.5	1.1	7.2	33.3	20.3	2.3	4.7
	1956 I	37.6	45.3	20.5	3.9	0.6	6.9	30.2	31.0	0.5	1.8
	II	30.1	39.9	*10.6*	4.2	2.3	6.5	32.7	30.4	0.3	1.0
	III	34.5	42.0	*10.6*	*4.6*	*2.2*	*6.6*	..	..	0.4	0.9

g. Figures prior to 1956 for Thailand and of 1950 and 1951 for Korea are derived from trade returns of partner countries. Totals for geographical and currency areas may not be complete.

h. Beginning 1951, includes overland trade.

i. Imports valued f.o.b.

j. See footnote h. Table 4.

6. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS

Monthly averages or calendar months — *Millions*

	1948	1951	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
BRUNEI (*Malayan dollar*)													
Food	..	..	..	..	1.25	1.40	..	..	..	..	..	..	..
Mineral fuels, lubricants and related materials	..	..	..	..	0.51	0.24	..	..	..	..	..	..	..
Chemicals	..	..	..	..	0.32	0.32	..	..	..	..	..	..	..
Textiles	..	..	..	..	0.18	0.15	..	..	..	..	..	..	..
Base metals and manufactures	..	..	..	..	1.56	1.06	..	..	..	..	..	..	..
Machinery	..	..	..	..	1.53	1.30	..	..	..	..	..	..	..
Transport equipment	..	..	..	..	0.79	0.51	..	..	..	..	..	..	..
Other manufactured goods	..	..	..	..	1.89	2.23	..	..	..	..	..	..	..
BURMA (*Kyat*)													
Food	..	5.5	9.1	9.4	10.3	8.0	7.4	5.1	4.4	7.2	6.7	11.8	..
Chemicals	..	3.4	3.9	4.1	4.6	5.4	5.1	6.9	6.8	5.2	7.4	8.1	..
Textiles	..	21.3	30.6	24.0	24.1	16.6	16.2	13.9	16.2	26.6	16.8	27.6	..
Base metals and manufactures	..	3.1	3.1	7.3	9.4	8.4	6.9	7.1	5.0	6.2	8.5	6.8	..
Machinery	..	2.7	4.7	5.8	7.8	7.3	4.3	8.9	13.2	9.8	9.3	6.9	..
Transport equipment	..	1.2	2.2	2.0	4.6	5.7	9.1	4.8	6.0	5.4	5.2	9.2	..
Other manufactured goods	..	9.1	11.6	9.2	11.2	9.3	6.6	7.8	9.6	10.4	9.0	10.2	..
CAMBODIA (*Riel*)													
Food	..	..	..	11.2	10.0	14.0	14.9	10.9	14.7	*17.1*	..	..	..
Beverages and tobacco	..	..	..	22.4	22.8	9.0	8.8	8.7	7.0	5.9	..	..	..
Mineral fuels	..	..	..	9.8	13.6	11.8	15.7	14.0	8.0	12.3	..	..	..
Textiles	..	..	..	24.5	26.9	*27.8*	30.8	37.3	44.9	*21.8*	..	..	..
Machinery	..	..	..	4.3	5.6	11.3	10.7	18.3	15.3	17.4	..	..	..
Transport equipment	..	..	..	11.8	10.2	10.8	11.5	7.2	17.6	13.5	..	..	..
Base metals and manufactures	..	..	..	7.8	10.1	13.1	15.7	7.4	13.1	15.4	..	..	..
CEYLON (*Rupee*)[a]													
Food	42.4	56.6	63.9	64.6	53.8	50.3	45.6	51.8	48.5	46.4	60.1	74.7	..
Cereals and cereal preparations	29.7	32.3	40.5	43.4	33.0	26.1	23.2	26.3	22.3	23.9	27.7	41.7	..
Mineral fuels, lubricants and related materials	7.1	10.6	12.7	12.1	9.9	12.0	10.9	11.7	12.7	9.6	12.3	9.5	..
Chemicals	3.0	6.2	5.1	5.4	6.1	7.6	7.2	8.7	8.9	8.6	8.0	6.8	..
Textiles	11.2	17.5	17.2	13.5	12.2	11.3	10.8	13.5	12.2	12.6	13.4	16.1	..
Machinery	2.9	6.7	7.8	7.7	5.7	7.1	6.2	7.2	7.3	8.9	9.1	9.0	..
Transport equipment	3.3	6.6	8.2	7.0	4.8	5.9	6.5	6.3	7.5	7.6	7.1	6.9	..
Other manufactured goods	9.4	21.3	21.7	19.3	20.0	21.8	20.6	24.3	23.8	26.3	24.0	24.3	..
CHINA (Taiwan, *NT dollar*)													
Food	..	16.2	30.6	35.3	43.7	26.6	..	..	35.8	42.4	37.9	101.1	30.3
Crude materials, inedible, except fuels	..	15.2	24.7	52.2	66.9	63.5	..	..	80.5	104.2	107.2	98.7	72.8
Oil-seeds, oil nuts and oil kernels	..	11.9	11.6	15.6	17.5	19.0	..	..	25.5	21.2	27.8	27.8	28.1
Textile fibres, raw	..	1.1	2.3	25.7	31.8	31.8	..	..	27.4	55.2	37.7	40.1	13.2
Mineral fuels, lubricants and related materials	..	9.2	9.4	10.9	9.3	21.3	..	..	19.5	36.3	13.1	21.7	79.9
Chemicals	..	24.2	43.8	33.3	47.6	44.8	..	..	92.2	75.1	51.7	46.7	39.8
Textiles	..	21.0	25.5	15.4	6.4	4.4	..	..	5.9	3.5	2.5	2.7	4.2
Base metals and manufactures	..	12.7	20.5	23.1	29.0	25.9	..	..	42.7	52.9	44.2	44.4	37.8
Machinery	..	12.9	19.5	25.3	33.5	43.8	..	..	46.0	52.9	65.3	74.1	93.4
Transport equipment	..	5.4	6.4	11.1	8.6	8.0	..	..	7.6	15.6	10.7	24.6	18.1
Other manufactured goods	..	3.0	18.0	34.8	20.0	16.9	..	..	24.4	33.0	37.2	24.2	16.0
INDIA (*Rupee*)													
Food and drink	73.7	175.8	188.1	90.7	64.7	61.4	30.8	30.3	51.3	27.1	28.5	29.5	30.7
Raw materials and articles mainly unmanufactured	88.3	186.9	186.1	132.4	157.3	131.3	137.2	117.7	162.8	132.0	149.2	138.4	102.0
Cotton, raw and waste	38.8	94.3	95.8	41.5	47.9	44.6	46.2	31.7	61.2	53.2	27.9	41.4	36.8
Mineral oils	26.7	53.2	65.0	65.7	72.2	46.1	41.8	42.1	59.1	34.7	64.7	27.5	..
Articles wholly or mainly manufactured	224.5	270.7	247.1	227.5	244.0	318.4	305.1	400.6	422.9	464.7	474.1	512.8	543.4
Machinery	64.0	79.7	78.8	72.5	67.9	90.2	86.3	113.6	115.8	125.7	132.5	134.6	148.9
Transport equipment	25.4	24.4	25.8	19.3	26.4	42.5	38.2	60.6	56.9	52.4	54.6	63.7	80.9
Implements and instruments	7.7	10.5	8.5	8.3	8.9	13.1	13.3	14.0	15.0	14.9	16.2	14.8	..
Electrical goods and apparatus	8.0	7.6	10.8	11.9	9.0	11.7	11.8	12.9	16.1	17.5	15.8	23.0	15.9
Base metals and manufactures	26.4	33.2	37.4	32.3	41.6	62.7	59.1	84.8	107.5	136.4	141.5	150.1	158.0
INDONESIA (*Rupiah*)													
Live animals, food products, beverages and tobacco	..	52.5	215.1	131.9	96.0	63.3	57.4	116.6	188.7	165.1	*128.1*	..	..
Chemicals and allied products	..	17.5	46.0	40.9	37.0	53.6	59.0	51.7	66.4	66.9	*55.6*	..	..
Textiles, apparel and footware	..	91.0	219.1	212.9	173.8	175.0	194.3	193.9	217.5	251.5	*249.4*	..	..
Base metals and manufactures	..	29.3	94.6	67.9	63.1	70.4	70.7	78.0	82.4	81.0	*89.0*	..	..
Machinery and transport equipment	..	37.2	162.7	136.3	115.7	102.4	95.9	124.0	134.3	163.2	*168.4*	..	..

EXTERNAL TRADE

6. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS *(Cont'd)*

Monthly averages or calendar months — *Millions*

	1948	1951	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
JAPAN (*1,000 Mn. Yen*)													
Food	..	14.86	17.86	18.12	19.30	18.34	19.75	18.06	16.18	16.90	15.74	20.61	14.27
Cereals and cereal preparations	..	10.90	12.98	12.98	14.66	13.20	14.99	12.16	10.11	12.06	10.98	14.40	8.80
Sugar and sugar preparations	..	2.91	3.53	3.79	3.39	3.64	3.33	4.17	4.90	3.55	3.69	4.73	3.48
Crude materials, inedible, except fuels	..	36.40	3.17	34.63	33.78	36.77	33.39	39.11	41.54	52.21	54.37	54.38	55.45
Oil-seeds, oil nuts & oil kernels	..	2.58	1.16	2.41	2.91	4.41	3.62	3.93	4.89	3.63	4.73	1.72	1.52
Crude rubber	..	2.52	1.48	1.51	1.30	2.24	2.12	3.03	2.47	2.60	2.53	2.94	2.86
Textile fibres, raw	..	22.51	17.91	19.98	18.54	17.57	13.64	17.11	19.38	25.48	24.69	22.02	22.60
Metalliferous ores and metal scrap	..	2.83	4.36	5.20	5.13	5.57	7.21	7.50	8.20	13.34	13.79	18.45	20.10
Mineral fuels, lubricants and related materials	..	4.80	7.02	8.66	8.02	8.67	7.88	10.39	11.57	11.67	12.25	14.63	13.51
Chemicals	..	1.10	1.33	2.08	1.92	2.41	2.39	2.74	3.93	5.18	5.13	6.04	4.64
Machinery	..	1.72	2.72	2.79	3.77	3.29	3.01	3.43	4.25	4.88	4.67	3.55	3.70
Transport equipment	..	1.24	1.28	2.03	1.55	0.68	0.79	0.52	0.73	1.02	0.95	1.05	0.91
Other manufactured goods	..	1.75	1.74	2.68	2.54	2.41	2.41	2.71	3.50	4.58	5.44	7.95	8.14
KOREA, southern (*Hwan*)													
Food	—	3	258	821	276	555	368	660	432	447	505	498	..
Cereals and cereal preparations	—	—	230	697	122	78	82	160	139	29	72	53	..
Beverages and tobacco	—	1	24	67	126	183	176	233	165	287	261	186	..
Crude materials, inedible, except fuels	2	22	22	103	106	115	131	165	166	169	92	45	..
Chemicals	1	20	114	306	351	693	727	670	599	453	207	197	..
Textiles	1	27	67	229	604	1,273	1,281	1,621	836	547	428	813	..
Machinery & transport equipment	—	3	15	63	316	328	306	544	297	373	419	206	..
Other manufactured goods	3	22	71	223	461	862	883	830	723	697	706	801	..
LAOS (*Kip*)													
Food	..	..	..	..	..	15.2	11.8	23.9	14.4	15.8	..	..	..
Cereals and cereal preparations	..	..	..	..	..	7.4	5.6	12.8	7.4	7.6	..	..	..
Petroleum products	..	..	..	..	..	2.3	0.9	3.0	1.6	3.2	..	..	..
Chemicals	..	..	..	..	..	2.9	2.9	3.5	4.5	7.4	..	..	..
Textiles	..	..	..	..	..	9.1	4.6	12.3	36.5	19.5	..	..	..
Machinery	..	..	..	..	..	3.9	3.4	3.8	7.5	8.2	..	..	..
Transport equipment	..	..	..	..	..	3.5	3.1	4.8	8.4	9.3	..	..	..
Other manufactured goods	..	..	..	..	..	11.5	12.3	13.2	27.5	28.6	..	..	..
MALAYA (*Malayan dollar*)[a]													
Food	..	81.1	83.5	79.4	66.6	70.0	73.4	70.1	74.6	77.5	78.8	73.9	..
Cereals and cereal preparations	..	30.0	31.4	32.1	18.9	21.9	22.7	23.0	23.9	24.8	22.0	21.6	..
Crude materials, inedible, except fuels	..	121.9	54.1	39.0	47.6	70.1	79.0	78.6	68.2	59.9	70.4	62.9	..
Crude rubber	..	104.6	41.7	25.9	30.4	53.9	61.0	61.7	53.3	42.3	54.3	43.5	..
Mineral fuels, lubricants and related materials	..	32.9	48.1	50.9	50.6	57.7	67.5	56.9	70.0	68.5	57.8	78.3	..
Textiles	..	43.4	29.3	26.2	15.7	21.5	21.9	20.2	23.4	24.1	17.0	19.4	..
Machinery	..	12.8	16.4	14.3	14.0	15.9	17.0	15.6	18.6	20.1	19.6	16.5	..
Transport equipment	..	14.2	15.6	9.4	7.2	9.2	8.3	11.8	15.0	12.4	10.5	8.7	..
Other manufactured goods	..	68.9	44.4	36.6	37.4	44.7	43.6	43.2	46.3	51.3	53.5	41.5	..
NORTH BORNEO (*Malayan dollar*)													
Food	..	*1.81*	*1.71*	*1.51*	1.46	1.89	1.97	1.97	2.03	2.37	..	..	..
Mineral fuels, lubricants and related materials	..	..	..	..	0.48	0.44	0.48	0.50	0.35	0.68	..	..	..
Chemicals	..	..	..	..	0.24	0.32	0.32	0.37	0.39	0.41	..	..	..
Textiles	..	*0.78*	*0.39*	*0.38*	0.46	0.53	0.51	0.61	0.45	0.67	..	..	..
Machinery	..	0.22	0.48	0.70	0.70	0.57	0.58	0.59	0.70	0.65	..	..	..
Transport equipment	..	0.28	0.26	0.16	0.25	0.24	0.23	0.34	0.40	0.65	..	..	..
Other manufactured goods	..	..	..	..	1.17	1.59	1.63	1.86	1.50	1.88	..	..	..
PAKISTAN (*Rupee*)													
Mineral oils	2.3‡	6.1	8.5	8.3	8.3	9.5	7.5	16.6	5.6	7.8	8.3	..	10.9
Cotton piecegoods	22.4‡	27.5	23.0	1.2	2.5	2.2	2.4	3.1	12.8	3.1	0.8	..	0.5
Cotton twist and yarn	9.4‡	18.0	16.3	4.0	4.0	0.9	1.0	0.8	2.2	1.1	0.6	..	0.6
Machinery	4.7‡	11.6	14.6	10.0	22.9	20.8	19.6	14.2	14.3	12.2	15.2	..	14.6
Transport equipment	3.9‡	5.6	7.0	2.1	3.7	4.1	4.5	5.8	3.0	6.1	5.2	..	7.7
Iron and steel manufactures	..	7.2	14.0	4.9	5.6	8.1	9.5	9.1	11.7	7.9	*8.4*	..	..
PHILIPPINES (*Peso*)[b]													
Food	24.6	16.6	12.9	12.8	13.2	17.1	15.5	19.6	12.0	14.5	16.3	16.8	..
Cereals and cereal preparations	9.5	6.5	5.8	3.6	4.3	6.2	5.5	7.7	2.7	5.3	5.7	3.4	..
Mineral fuels, lubricants and related materials	6.1	6.9	7.0	8.1	9.0	9.0	8.6	9.3	8.4	8.3	8.9	11.2	..
Chemicals	5.0	6.2	5.4	6.4	6.4	7.3	5.5	9.9	4.9	6.9	6.6	7.1	..
Textiles	19.8	15.7	13.1	13.2	14.3	14.2	9.3	14.9	7.4	10.0	10.0	12.1	..
Machinery	6.7	6.1	7.1	9.0	10.3	12.4	9.5	12.9	14.4	17.0	17.5	15.8	..
Transport equipment	4.9	3.0	3.6	3.6	4.2	5.0	4.1	6.1	3.9	6.2	4.6	4.7	..
Other manufactured goods	22.4	20.4	17.2	19.1	19.8	21.7	18.4	22.8	17.9	21.7	20.7	21.3	..

6. VALUE OF IMPORTS BY PRINCIPAL COMMODITY GROUPS *(Cont'd)*

Monthly averages or calendar months

Millions

	1948	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
SARAWAK (*Malayan dollar*)													
Food	1.76	4.29	4.02	3.64	3.85	4.32	4.71		4.08		..	..	..
Mineral fuels, lubricants and related materials	4.06	22.23	22.95	22.44	22.40	24.93	26.40		26.50		..	..	..
Chemicals	..	0.24	0.23	0.53	0.70	0.82	0.93		0.67		..	..	..
Textiles	..	..	..	..	0.57	0.61	0.61		0.51		..	..	..
Machinery	..	0.52	0.48	1.03	1.19	1.21	1.35		1.17		..	..	..
Transport equipment	..	0.12	0.16	0.36	0.36	0.37	0.44		0.52		..	..	..
Other manufactured goods	..	..	..	..	2.10	2.37	2.53		2.37		..	..	..
THAILAND (*Baht*)													
Food	..	..	..	..	53.3	51.5	50.6	59.5	42.9	45.3	..	..	..
Mineral fuels, lubricants and related materials	..	..	..	..	47.5	57.0	67.0	56.5	60.3	64.0	..	..	..
Chemicals	..	..	..	..	43.9	48.1	43.5	55.1	54.9	54.2	..	..	..
Textiles	..	..	..	..	105.0	113.4	123.6	144.3	*139.0*	*98.2*	..	..	..
Machinery	..	..	..	..	71.1	65.3	61.0	82.6	*68.8*	*75.0*	..	..	..
Transport equipment	..	..	..	..	44.6	48.7	45.8	50.9	*46.8*	*47.1*	..	..	..
Other manufactured goods	..	..	..	..	168.7	191.1	197.2	254.1	*168.6*	*186.4*	..	..	..
VIET-NAM (*Piastre*)[c]													
Food	..	55.8	84.8	111.1	122.0	89.6	81.5	75.8	81.8	72.2	*75.3*	..	..
Petroleum and products	..	13.8	21.3	32.0	41.0	33.7	34.4	40.2	23.0	42.5	*27.6*	..	..
Textiles	..	164.9	209.6	231.4	190.1	111.2	105.5	67.0	125.8	114.9	*72.6*	*62.2*	..
Machinery	..	1.7[d]	51.0	71.7	76.2	65.4	48.3	100.8	56.8	50.2	52.7	*32.5*	..
Transport equipment	..	1.8	46.6	47.2	49.3	52.3	50.5	67.0	39.8	30.1	*41.2*	*33.7*	..

a. 1948 to 1954 figures for Ceylon and 1951 to 1952 figures for Malaya, reclassified by ECAFE Secretariat, may not conform exactly to the new classification beginning from 1955 and 1953 respectively.

b. Imports valued f.o.b.

c. See footnote h, Table 4.

d. Excluding electric machinery.

7. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS

Monthly averages or calendar months

Millions

	1948	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
BRUNEI (*Malayan dollar*)													
Crude oil	..	..	..	..	21.85	23.91	..	..	..	..	..	..	..
Natural rubber	..	..	..	..	0.12	0.33	..	..	..	..	..	..	..
BURMA (*Kyat*)													
Rice and products	48.7†	60.3	82.6	70.7	79.4	68.1	39.1	71.4	74.8	70.6	..	..	..
Natural rubber	0.5†	2.4	2.2	2.0	2.4	2.7	2.3	1.1	5.6	4.0	*3.7*	*0.3*	..
Teak	4.6†	4.0	3.0	2.4	2.0	1.8	2.7	1.5	0.4	2.6	*0.2*	*0.7*	..
Base metals and ores	1.8†	3.5	5.0	4.6	3.8	4.9	5.3	5.9	5.9	5.6	*2.8*	*2.5*	..
CAMBODIA (*Riel*)													
Rice	..	..	..	38.5	69.5	9.3	8.2	0.5	2.1	59.2	..	..	..
Maize	..	..	..	8.0	16.9	12.5	10.5	28.4	12.1	12.6	..	..	..
Natural rubber	..	..	..	25.8	34.3	51.1	53.6	76.4	49.5	29.7	..	..	..
CEYLON (*Rupee*)													
Tea	49.2	66.7	60.3	68.8	93.6	99.5	92.9	100.1	85.6	89.5	85.3	84.6	..
Coconut and products	12.8	26.9	19.5	20.5	18.2	19.0	22.9	22.7	14.9	16.2	21.6	22.4	..
Natural rubber	12.0	48.5	31.1	28.1	23.8	29.2	20.4	43.0	21.6	24.6	31.0	10.4	..
CHINA (Taiwan, *NT dollar*)													
Rice	..	19.5	18.6	17.4	9.4	37.3	38.8	51.6	24.7	46.3	—	35.2	95.3
Fruits, fresh, dried and preserved	..	7.5	9.9	8.1	10.7	12.3	19.6	14.0	13.1	21.1	29.3	12.2	5.0
Tea	..	8.6	7.1	8.8	12.1	7.0	12.7	8.7	5.2	10.6	9.7	17.5	12.7
Sugar	..	64.6	72.0	111.2	70.2	79.6	90.6	51.1	195.4	124.9	83.5	77.7	79.0
INDIA (*Rupee*)													
Food and drink	58.9	119.6	109.1	117.2	143.4	128.1	121.3	135.1	157.3	111.6	160.1	207.2	200.0
Tea	46.5	78.7	66.7	85.5	108.9	97.2	129.1	99.2	115.0	69.6	124.5	173.6	159.7
Spices	4.0	24.9	19.0	13.8	11.2	8.5	4.9	10.6	11.4	6.2	5.9	6.9	6.1
Raw materials and articles mainly unmanufactured	90.3	127.7	116.4	97.4	83.2	134.2	135.7	139.9	150.6	106.8	86.1	94.2	95.8
Cotton, raw and waste	18.6	21.4	20.3	16.7	15.3	28.8	33.2	30.9	40.2	18.3	11.7	8.9	10.2
Hides and skins, raw or undressed	5.0	8.3	4.9	4.9	5.6	5.6	4.2	6.1	6.4	5.2	2.5	5.8	3.9
Vegetable oil other than aromatic	10.9	25.4	20.0	7.8	7.4	30.3	24.7	24.7	28.0	24.6	6.7	6.2	..
Articles manufactured and mainly manufactured	192.3	347.6	244.6	201.5	213.2	210.5	236.1	198.6	185.8	191.9	192.4	207.5	245.4
Cotton yarns and manufactures	30.8	78.4	60.4	52.8	59.7	52.5	55.2	51.8	53.4	50.1	47.0	48.7	61.2
Jute yarns and manufactures	126.3	200.3	135.6	92.1	101.1	105.2	126.9	91.5	73.0	91.1	96.6	104.5	127.6
Hides, skins and leather	9.9	27.8	14.6	21.1	18.2	17.2	20.4	18.8	21.8	16.3	15.8	18.4	17.5

EXTERNAL TRADE

7. VALUE OF EXPORTS BY PRINCIPAL COMMODITIES AND/OR COMMODITY GROUPS *(Cont'd)*

Monthly averages or calendar months — *Millions*

	1948	1951	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
INDONESIA (*Rupiah*)													
Tea	1.8	11.6	20.9	22.3	37.8	29.7	24.0	35.5	24.0	31.0	24.4	25.9	..
Copra	13.1	40.7	43.2	54.1	54.8	40.6	50.3	35.4	21.2	41.4	52.2	41.5	..
Natural rubber	21.3	206.9	344.7	256.6	251.1	407.8	416.3	575.0	282.7	334.3	345.6	317.5	..
Tin ore	12.3	25.7	81.8	76.8	56.5	56.5	58.3	59.3	52.2	50.0	63.3	74.7	..
Petroleum and products	21.7	52.8	162.1	191.0	214.9	201.9	192.5	218.8	174.5	226.4	206.1	210.6	..
JAPAN (*1,000 Mn. Yen*)													
Food	..	2.02	2.87	3.72	3.92	3.98	4.06	5.24	5.38	5.09	4.88	6.66	6.68
Fish and fish preparations	..	1.06	1.37	1.82	2.23	2.27	2.48	3.01	3.47	3.50	3.27	5.03	4.74
Crude materials (inedible) other than fuels	..	2.34	2.52	2.09	2.50	2.94	3.03	4.14	2.53	2.67	2.98	3.00	3.11
Textile fibres, raw	..	1.84	1.47	1.42	1.54	1.74	2.08	2.36	1.40	1.37	1.72	1.89	2.02
Chemicals	..	1.10	1.20	1.87	2.37	2.82	2.39	3.17	3.22	3.37	3.35	2.70	2.35
Textiles	..	16.07	10.99	11.27	16.50	17.55	17.73	21.29	19.90	18.66	19.34	24.47	22.68
Base metals and manufactures	..	8.94	10.22	5.62	7.51	11.61	12.18	13.02	10.05	10.85	10.48	9.79	8.99
Machinery	..	3.28	3.48	2.14	3.86	3.83	3.93	4.09	3.90	10.73	13.80	6.39	5.88
Transport equipment	..	0.93	1.08	3.52	2.20	3.57	2.76	5.93	7.06	9.07	8.72	11.19	11.08
Other manufactured goods	..	6.31	6.14	6.82	9.22	12.97	14.21	15.45	13.08	16.39	18.63	18.62	16.49
KOREA (southern, *Hwan*)													
Food	3.8	3.3	19.8	52.0	67.4	42.7	6.3	62.2	23.1	50.4	65.9	23.4	..
Crude materials (inedible) other than fuels	1.0	33.2	131.7	235.0	426.6	566.5	510.5	671.2	740.9	1,066.8	755.2	930.5	..
Chemicals	0.4	0.5	3.5	16.2	31.5	47.0	50.6	32.4	50.6	53.8	26.4	14.7	..
Manufactured goods	0.8	0.8	6.9	17.8	26.5	64.7	55.9	57.8	83.8	121.8	109.2	58.1	..
LAOS (*Kip*)													
Wood and lumber	..	..	..	..	..	1.00	2.30	0.99	0.43	0.14	..	..	..
Tin ore	..	..	..	..	..	0.75	—	0.59	3.03	0.90	..	..	..
Gums and resins	..	..	..	..	..	0.59	0.95	0.81	0.21	0.38	..	..	..
Plants for use in medicine and perfumery	..	..	..	..	..	0.09	0.11	0.12	0.05	0.09	..	..	..
MALAYA (*Malayan dollar*)[a]													
Food	11.2	28.4	27.9	21.0	25.5	21.4	23.8	21.0	21.5	26.2	29.4	27.1	..
Vegetable oils	6.8	11.0	8.4	7.7	9.1	8.8	9.3	9.2	8.0	9.6	10.2	6.3	..
Natural rubber	73.2	330.1	157.6	103.2	110.7	194.1	221.4	218.2	195.2	149.0	164.5	160.6	..
Tin (block, ingots, bars or slabs)	17.9	48.2	43.0	32.6	34.6	36.1	40.7	34.2	40.3	39.3	39.4	43.0	..
NORTH BORNEO (*Malayan dollar*)													
Copra	0.14	1.31	0.62	0.73	1.15	1.18	1.46	1.15	1.34	1.74	..	..	..
Rubber	1.54	7.18	3.26	1.95	2.03	3.84	4.66	4.73	3.65	2.84	..	..	..
Timber	0.25	0.85	0.69	1.03	1.46	1.81	2.04	2.00	2.15	1.92	..	..	..
PAKISTAN (*Rupee*)													
Tea	3.1‡	5.0	2.7	2.9	3.9	2.9	3.1	3.6	2.2	2.6	3.9	..	10.7
Raw jute	59.3‡	96.9	58.0	47.6	45.4	58.0	39.6	81.2	114.4	41.0	35.6	..	67.0
Raw cotton	31.6‡	80.2	72.0	52.7	29.1	33.6	37.0	30.9	48.4	37.6	21.2	..	19.1
Raw wool	2.8‡	4.9	4.1	4.3	3.5	5.6	5.3	7.8	4.6	5.0	5.4	..	10.0
Hides and skins	3.1‡	4.9	2.8	3.3	2.8	2.6	3.2	2.7	3.9	3.1	2.9	..	3.6
PHILIPPINES (*Peso*)													
Coconut and coconut preparations	34.7	34.8	20.3	26.3	27.4	25.0	28.7	25.2	25.6	28.2	30.9	37.8	..
Sugar and related products	3.7	12.6	16.8	17.0	18.4	18.6	9.0	14.1	21.4	22.3	11.1	6.3	..
Fibres and manufactures	5.6	12.8	7.4	7.2	4.9	5.1	5.3	5.1	5.8	7.0	6.6	6.1	..
Minerals and metals	2.1	4.4	5.8	5.9	5.9	6.7	7.7	7.4	7.9	7.6	8.9	8.9	..
Logs, lumber and timber	0.5	2.9	3.2	4.8	5.9	6.9	8.2	5.9	7.1	7.5	9.4	11.6	..
SARAWAK (*Malayan dollar*)													
Pepper	0.10	1.49	2.75	4.12	3.64	2.64	3.40[c]		1.80[d]		..	..	..
Rubber	2.88	13.24	5.43	2.64	2.87	6.64	7.93	7.22	6.35[d]		..	..	..
Timber, sawn and logs	..	0.39	0.74	1.16	1.16	1.83	1.84[c]		1.84[d]		..	..	..
Mineral fuels, lubricants and related materials	9.31	24.90	25.08	24.42	24.46	26.74	29.27	27.76	28.95[d]		..	..	..
THAILAND (*Baht*)[a]													
Rice	104.6	206.7	323.4	318.9	235.9	263.7	244.5	190.7	217.3	246.4	221.8	215.5	..
Natural rubber	27.7	101.8	79.3	56.1	77.5	150.0	181.8	159.5	152.1	105.9	92.9	192.7	..
Teak	7.2	12.8	8.2	11.1	17.3	22.1	22.5	28.1	23.3	28.8	27.6	22.8	..
Tin ore and concentrates	12.2	25.2	32.7	29.3	31.4	36.7	38.6	43.7	38.1	37.4	45.1	44.6	..
VIET-NAM (*Piastre*)[b]													
Rice and products	..	62.4	44.9	52.5	64.2	26.2	17.2	0.3	—	—	0.7	5.3	..
Natural rubber	..	102.7	71.8	70.5	68.7	122.7	124.6	180.5	134.5	52.0	139.0	83.2	..

a. From 1952 onwards baht value is obtained by converting foreign currencies at free market buying rate.
b. See footnote h. Table 4.
c. Monthly average of Jul-Dec.
d. Monthly average of Jan-Jun.

8. QUANTITY OF EXPORTS OF SELECTED COMMODITIES

Monthly averages or calendar months — *Thousand tons*

	1948	1951	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
RICE													
Burma	105.9†	110.2	109.4	86.9	129.6	141.5	93.2	160.7	164.6	153.5	*130.3*	..	..
Cambodia	..	20.7	17.5	11.5	24.7	8.0	4.0	0.3	1.0	14.8	*3.4*	..	..
China (Taiwan)	0.8	7.1	8.8	4.9	3.0	14.2	14.2	19.3	5.8	12.4	—	9.6	26.2
Thailand	67.7	131.4	118.8	111.7	83.5	104.0	96.5	77.1	97.0	108.3	94.8	95.2	..
Viet-Nam	..	23.0	12.8	8.6	14.6	6.8	4.0	0.1	—	—	0.3	1.9	..
SUGAR													
China (Taiwan)	21.3	23.6	38.3	72.9	43.5	48.8	55.9	31.2	76.0	49.4	33.0	30.4	31.1
Indonesia	5.3	0.5	0.1	7.8	17.7	14.7	7.6	45.6	18.3	1.4	16.2	15.0	..
Philippines	18.1	47.2	66.1	64.3	72.4	77.2	34.1	61.2	93.9	84.3	44.8	25.4	..
TEA													
Ceylon	11.2	11.5	11.9	12.8	13.6	13.6	14.4	14.4	12.9	14.0	13.4	12.5	11.4
India	13.2	17.0	15.5	18.8	16.8	13.6	17.9	15.9	20.9	13.1	19.2	27.1	..
Indonesia	0.7	3.3	2.7	2.4	3.4	2.4	2.3	3.2	2.4	3.2	2.6	2.7	..
Japan	0.3	0.7	0.8	1.1	1.4	1.2	2.2	1.5	0.9	0.6	0.9	1.1	..
Pakistan	1.2	1.8	0.9	1.0	0.8	0.4	0.5	0.5	0.4	0.5	0.8	*2.0*	..
HIDES AND SKINS													
India[a] (net export, *tons*)	1,066	1,325	615	478	424	366	—	682	363	357	—	219	..
Pakistan (*1,000 pieces*)	869[c]	944	719	898	811	749	958	718	933	824	760	..	..
COPRA[b] AND COCONUT OIL													
Ceylon	9.2	10.3	11.1	9.0	8.2	11.6	14.1	14.7	8.8	10.5	12.2	10.2	..
Indonesia (copra)	12.1[d]	27.2	17.4	15.6	14.8	11.8	15.8	9.8	5.4	11.9	16.4	14.7	..
Malaya	7.1	10.4	8.7	8.7	10.0	9.9	9.6	11.3	8.3	9.6	12.2	13.7	*15.1*
N. Borneo	0.3	0.9	0.6	0.7	1.4	1.8	2.3	1.8	2.1	2.6	..	..	..
Philippines	35.3	45.0	40.3	35.1	43.8	46.4	53.4	52.0	49.8	54.7	60.4	78.0	..
PALM KERNELS[b] AND OIL													
Indonesia (palm oil)	3.3	8.1	10.1	11.0	11.7	9.7	13.3	3.4	8.8	9.9	12.7	5.8	..
Malaya	4.4	4.5	4.3	4.6	4.7	5.1	5.6	5.3	5.1	5.2	4.8	10.0	..
GROUND NUTS[b] AND OIL													
India	5.5	5.8	5.6	1.7	2.5	14.8	7.0	9.1	11.0	0.2	—	0.2	..
NATURAL RUBBER													
Brunei	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	..
Burma	0.8	0.8	1.2	0.9	1.0	*0.9*	*0.4*	*0.1*	*0.7*	*0.7*	..	..	..
Cambodia	..	..	1.4	1.5	2.0	2.2	2.3	3.0	2.3	1.7	2.6	1.7	..
Ceylon	7.8	8.8	7.6	8.2	7.6	8.2	5.6	10.7	9.2	4.5	7.1	10.2	..
Indonesia	36.6	67.2	61.8	57.1	61.7	61.1	60.8	74.2	40.6	56.2	65.3	49.3	..
Malaya (net export)	57.5	51.5	48.4	48.2	48.3	53.5	53.5	52.1	54.0	50.6	48.3	53.4	62.2
N. Borneo	1.7	1.8	1.6	1.4	1.4	1.7	1.8	1.9	1.7	1.6	1.8	1.7	..
Sarawak	3.4	3.6	2.7	2.0	1.9	3.3	3.6	3.2	3.9	3.7	3.2	3.4	..
Thailand	8.1	9.2	8.3	8.1	9.9	11.0	12.3	10.5	11.8	10.6	9.0	18.1	..
Viet-Nam	..	4.5	5.3	5.0	4.6	5.2	5.7	6.6	5.9	3.8	6.1	7.0	..
COTTON, RAW													
India	8.0	2.3	4.4	3.8	2.3	7.9	13.1	10.0	13.7	4.8	2.4	1.5	..
Pakistan	13.6	18.3	20.4	23.6	11.8	14.0	14.3	11.2	18.1	13.2	7.1	..	7.1
COTTON YARN (*tons*)													
Hong Kong	..	1,732	1,300	1,190	1,172	1,228	1,430	1,088	417	1,331	949	682	851
Japan	458	1,025	1,117	801	1,117	991	900	1,239	443	882	824	1,279	583
Malaya	22	167	119	113	54	9	—	14	10	21	139	9.0	..
COTTON PIECE GOODS (*Mn sq. metres*)													
Hong Kong	..	12.2[e]	‖10.1	9.3	11.3	11.5	12.1	7.5	8.5	9.0	13.7	8.7	11.3
India (*Mn metres*)	23.5	59.1	45.7	50.0	65.6	56.9	53.3	51.8	56.9	56.0	50.2	53.8	..
Japan	28.2	75.3	52.0	63.7	89.0	79.3	77.9	100.7	101.2	72.3	71.9	102.6	21.8
Malaya	7.5[e]	‖14.5	9.6	8.0	2.7	5.0	8.2	3.2	6.1	5.4	3.9	2.3	..
JUTE													
Pakistan (raw)	28.1‡	88.7	70.0	81.7	74.3	81.8	58.6	104.6	136.0	44.0	40.8	..	73.0
India (bag and cloth)	78.4	67.1	60.0	60.3	67.8	79.6	85.4	68.0	54.9	67.8	71.2	78.2	..
HEMP, RAW													
Philippines	6.2	10.3	9.1	9.3	8.2	9.3	9.8	8.9	9.2	11.8	10.3	8.2	..
TIN CONCENTRATES (*tons*)													
Burma	155	125	118	83	*67*	*81*	*81*	*81*	*81*	*81*	*81*	..	..
Indonesia	2,753	2,604	2,929	2,771	2,874	2,689	2,737	2,804	2,382	2,227	2,732	..	..
Thailand	479	746	825	863	806	935	926	1,102	944	960	*1,105*	*1,070*	..
TIN METAL (*tons*)													
Malaya	3,998	5,500	5,429	5,228	5,950	6,025	6,696	5,504	6,213	6,269	6,306	6,611	5,924
PETROLEUM AND PRODUCTS													
Brunei (crude oil)	224	415	423	406	398	433	..	..	—*468*[f]—		..	..	..
Indonesia	321	506	618	800	824	789	761	871	707	940	819	961	..
Malaya	82	163	204	225	235	268	315	328	377	229	174	229	..

a. Prior to 1955, years beginning 1 April.

b. In terms of oil equivalent.

c. Year beginning 1 April.

d. Excluding exports to Singapore from Indonesia.

e. Million metres.

f. Data derived from imports of Sarawak.

EXTERNAL TRADE

9. INDEX NUMBERS OF UNIT VALUE, QUANTUM AND TERMS OF TRADE

1953=100[a]

	1948	1950	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
A. Unit Value														
BURMA														
Imports	141†	189†	129†	115	100	93	89	77	77	84	86	..	..	..
Exports	58†	62†	74†	94	100	77	62	55	59	64	60	57	..	..
CEYLON														
Imports:[b] General	88	86	102	110	100	88	83	84	86	88	89	90	..	..
Exports:[b] General	72	104	126	98	100	112	117	107	115	110	108	105	..	..
Tea	81	102	108	94	100	126	134	116	127	123	122	115	..	..
Rubber	45	100	165	114	100	88	101	104	110	104	93	94	..	..
All coconut products	79	114	134	83	100	94	79	76	76	73	79	79	..	..
Imports (Central Bank index)	85	84	101	108	100	92	86	88	88	93	92	91	..	..
Consumer goods	85	84	99	107	100	91	84	84	83	85	86	85	..	..
Capital goods	82	83	107	113	100	95	97	104	106	118	113	108	..	..
CHINA (Taiwan)														
Imports	..	..	..	111	100	108	111	109	110	103	109	104	99	117
Exports	..	..	..	113	100	105	110	109	120	104	107	100	106	110
INDIA‡														
Imports: General	..	..	..	109	100	97	95	96	95	94	97	96	97	..
Food, drink and tobacco	..	..	..	99	100	85	88	89	93	83	88	92	92	..
Raw materials and semi-manufactures	..	..	..	104	100	99	97	101	99	98	103	99	97	..
Manufactures	..	..	..	115	100	99	98	97	98	97	99	99	101	..
Exports: General	..	..	..	109	100	107	98	101	99	101	97	101	111	..
Food, drink and tobacco	..	..	..	94	100	122	105	114	105	103	105	112	127	..
Raw materials and semi-manufactures	..	..	..	100	100	99	90	93	94	97	98	106	113	..
Manufactures	..	..	..	120	100	99	96	97	94	95	91	90	95	..
INDONESIA[r]														
Imports	..	84	116	110	100	90	91	91	96	100	91	..	..	..
Exports	..	111	160	112	100	96	109	112	119	117	101	..	..	..
JAPAN[c]														
Imports	..	90	124	114	100	96	94	93	95	94	95	99	99	100
Exports	..	82	122	108	100	96	91	90	92	93	93	95	95	96
MALAYA[d]														
Imports	83	96	120	108	100	90	92	90	95	95	91	..	..	..
Exports	67	116	172	125	100	94	120	125	130	121	107	..	..	..
PAKISTAN														
Imports: General	..	91	116	102	100	98	119	118	156	155	157	..	..	..
Food, drink and tobacco	..	91	118	106	100	124	160	173	199	214	177	..	..	..
Raw materials	..	104	135	112	100	96	104	103	126	130	127	..	..	..
Manufactures	..	89	113	99	100	92	111	105	148	143	156	..	..	..
Exports: General[e]	..	144	194	142	100	107	118	118	129	136	145	..	..	..
Jute	..	158	200	146	100	105	121	117	134	145	159	..	..	..
Cotton	..	137	209	156	100	110	110	116	121	120	125	..	..	..
Wool	..	78	129	82	100	97	102	111	101	129	129	..	..	..
Tea	..	128	121	100	100	134	201	214	212	168	155	..	..	..
PHILIPPINES														
Imports[f]	105	94	106	105	100	96	96	96	98	101	100	102	103	..
Exports	118	97	104	82	100	89	81	80	80	83	83	82	82	..
THAILAND														
Exports:														
Effective price in Baht	83	98	117	104	100	97	122	133	143	128	122	..	..	..
Price in US dollars (IFS index)	98	88	104	102	100	93	88	88	91	84	79	..	..	..
VIET-NAM[g]														
Imports	..	71	75	81	100	101	94	85	85	85	86	98	89	..
Exports	..	72	90	88	100	94	99	92	101	108	81	88	96	..

9. INDEX NUMBERS OF UNIT VALUE, QUANTUM AND TERMS OF TRADE *(Cont'd.)*

1953=100[a]

	1948	1950	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
B. *Quantum*														
BURMA														
Imports	68†	64†	69†	104	100	123	104	93	84	75	106	74	..	..
Exports	116†	79†	113†	115	100	130	145	104	157	167	104	*33*	..	..
CEYLON														
Imports:[b] General	69	84	94	96	100	99	97	89	103	102	96	108	..	..
Exports:[b] General	83	92	93	97	100	103	109	115	124	98	102	115	..	..
Tea	88	89	91	94	100	109	108	117	115	102	109	109	..	..
Rubber	97	123	107	97	100	100	106	71	145	76	94	119	..	..
All coconut products	63	83	94	109	100	96	118	142	141	101	98	133	..	..
Imports (Central Bank index)	74	88	99	99	100	93	96	90	102	100	93	109	..	..
Consumer goods	75	89	95	98	100	89	95	89	101	99	90	111	..	..
Capital goods	71	85	109	104	100	103	104	94	107	103	104	103	..	..
CHINA (Taiwan)														
Imports (ordinary and ICA)	..	..	..	81	100	105	98	93	93	96	102	81	114	82
Exports	..	..	..	67	100	69	86	101	77	76	87	60	70	80
Food	..	..	..	65	100	68	85	101	73	101	85	56	62	76
INDIA‡														
Imports: General	..	..	..	108	100	118	125	109	128	149	139	147	154	..
Food, drink and tobacco	..	..	..	185	100	144	70	52	50	86	42	47	48	..
Raw materials and semi-manufactures	..	..	..	100	100	105	99	95	85	118	86	100	97	..
Manufactures	..	..	..	88	100	115	159	137	180	190	206	209	222	..
Exports: General	..	..	..	100	100	105	115	122	114	116	101	105	108	..
Food, drink and tobacco	..	..	..	102	100	109	103	104	113	124	92	125	133	..
Raw materials and semi-manufactures	..	..	..	139	100	114	171	171	159	171	121	91	93	..
Manufactures	..	..	..	86	100	101	101	111	100	95	99	101	103	..
JAPAN[c]														
Imports: General	..	45	67	74	100	104	109	106	115	122	141	140	155	..
Foods	..	56	77	93	100	117	117	123	116	107	112	100	135	..
Raw materials	..	48	68	71	100	97	106	97	114	124	149	153	150	..
Mineral fuels	..	25	51	65	100	100	106	93	127	127	129	131	155	..
Chemicals	..	12	49	57	100	93	146	143	151	164	215	207	243	..
Machinery	..	5	42	54	100	113	93	108	93	213	127	116	139	..
Exports: General	..	78	87	92	100	133	174	178	207	189	203	204	232	..
Foods	..	40	51	78	100	93	105	108	136	134	128	133	169	..
Chemicals	..	34	45	55	100	126	162	117	154	202	211	206	175	..
Manufactured goods	..	81	89	94	100	140	186	191	220	199	216	187	152	..
Textiles	..	100	100	86	100	149	179	191	225	193	184	191	225	..
Metals	..	113	120	169	100	148	226	225	223	173	181	184	192	..
Machinery	..	51	54	64	100	112	157	154	213	228	298	265	364	..
MALAYA[d]														
Imports	72	99	131	116	100	107	128	136	130	133	137	..	..	..
Exports	95	121	128	109	100	110	118	128	117	120	121	..	..	..
PHILIPPINES														
Imports[f]	123	80	100	90	100	110	125	102	133	96	116	109	120	..
Exports	62	85	96	107	100	111	121	115	116	129	139	130	134	..
THAILAND														
Exports	69	114	112	100	100	87	108	112	97	110	108	..	..	..
VIET-NAM[g]														
Imports	..	72	75	103	100	113	91	81	115	89	73	70	70	..
Exports	..	111	153	123	100	113	132	134	137	85	112	116	73	..

C. *Terms of Trade*

Percentage of unit value index of exports to unit value index of imports.

BURMA	41†	33†	57†	81	100	83	70	71	71	77	70	*71*	..	..
CEYLON	82	120	124	89	100	127	132	127	134	126	121	116	..	..
CHINA (Taiwan)	..	..	..	102	100	97	99	100	109	101	97	97	108	94
INDIA‡	..	..	..	100	100	110	103	105	104	107	100	106	115	..
INDONESIA	..	132	138	102	100	106	120	123	124	117	111	..	..	..
JAPAN	..	92	98	94	100	100	96	98	96	98	98	97	97	96
MALAYA	80	120	143	116	100	104	130	139	137	127	117	..	..	..
PAKISTAN	..	158	167	140	100	109	99	100	83	88	92	86	..	..
PHILIPPINES	112	103	98	78	100	93	85	84	81	83	83	80	80	..
VIET-NAM[g]	..	102	120	109	100	94	106	108	120	128	94	90	108	..

a. Original base: Burma, Apr 1936-Mar 1941 for the period prior to 1953, 1952 since 1953; China, 1952; Ceylon, 1934-38 for 1948, 1948 since 1950; India, Apr 1952/Mar 1953; Indonesia, 1938; Japan, 1934-36 for 1948, 1950 since 1950; Malaya, 1938 for period prior to 1953, 1952 since 1953; Pakistan, Apr 1948/Mar 1949; Philippines, 1948-1949; Viet-Nam, 1949.

b. All trade indexes since 1950 except the annual import price index have been computed on a fixed base (1948) weights method. The annual import price index has been computed by using moving current weights on 1948 base.

c. Indexes compiled by Ministry of Finance. The commodity groups are abridged titles of selected SITC sections and divisions.

d. Figures from 1953, though linked to previous figures, have different treatment in imports and exports of petroleum products.

e. Index of f.o.b. export prices.

f. Based on f.o.b. import prices.

g. See footnote g to table 4.

10. INDEX NUMBERS OF WHOLESALE PRICES

1953=100[a]

	1950	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
BURMA													
All agricultural produce	104	121	103	100	100	96	101	104	95	96	101	103	104
Cereals	105	112	107	100	101	107	112	111	98	104	109	107	102
Non-food agricultural produce	142	148	112	100	114	107	117	105	105	99	99	110	111
CHINA (Taipei)													
General index	45	75	92	100	102	117	117	129	129	130	130	136	139
Food	47	63	78	100	105	114	110	122	122	120	120	129	131
Apparel	32	89	107	100	94	110	111	122	112	108	101	105	104
Fuel and light	55	73	89	100	106	116	119	127	133	139	144	149	150
Metals and electrical materials	44	84	104	100	102	158	163	201	188	188	185	194	199
Building materials	43	62	94	100	105	115	114	131	140	150	153	168	175
Manufactured products	..	85	91	100	104	120	120	132	134	142	143	150	..
Industrial materials	..	80	95	100	100	116	115	130	132	131	136	151	..
INDIA													
General index	102	112	98	100	98	90	90	92	97	100	106	106	109
Food articles	108	108	94	100	94	80	82	85	89	94	102	103	108
Industrial raw materials	109	132	99	100	97	89	88	91	101	104	109	109	112
Semi-manufactured articles	96	106	97	100	100	94	92	95	101	108	113	114	117
Manufactured goods	95	108	103	100	102	102	101	101	102	103	106	106	106
INDONESIA (Djakarta) (imported goods)													
All articles	72	99	94	100	109	145	154	138	135	130	..	..	..
Provisions	41	68	84	100	110	144	154	149	147	139	..	..	..
Textile goods	120	109	89	100	110	169	179	134	125	116	..	..	..
Chemicals	58	99	90	100	109	151	164	144	140	137	..	..	..
Metals	60	103	105	100	98	115	118	119	122	123	..	..	..
JAPAN													
General index	70	97	100	100	99	98	97	98	99	101	103	104	105
Edible farm products	68	84	93	100	112	112	111	109	108	110	109	108	108
Other foodstuffs	90	99	103	100	106	103	102	101	100	100	101	101	103
Textiles	91	126	101	100	92	87	88	86	87	91	87	87	89
Chemicals	73	102	109	100	93	90	90	91	93	94	94	94	94
Metal and machinery	59	109	105	100	94	97	96	101	107	112	120	126	125
Building materials	52	77	85	100	104	96	95	95	96	99	108	112	111
Fuel	66	79	100	100	96	101	99	103	105	102	104	105	109
Producer goods	63	97	100	100	96	95	95	96	99	102	105	107	108
Consumer goods	79	96	100	100	103	101	100	100	98	98	99	100	101
KOREA[b] (Seoul, Aug-Dec 1953=100)													
General index	7	..	..	100	124	225	265	242	246	297	343	319	318
Food grains	7	..	..	100	97	234	314	241	246	364	459	384	383
Textile raw materials	9	..	..	100	140	235	243	268	249	250	280	305	308
Textiles	9	..	..	100	132	165	177	169	152	161	175	184	181
Building materials	5	..	..	100	154	236	245	257	251	259	255	247	252
Fertilizers	10	..	..	100	100	176	193	309	517	639	639	639	639
PHILIPPINES (Manila)													
General index	98	110	101	100	95	92	92	93	92	96	97	95	97
Food	99	110	107	100	97	95	95	96	93	97	100	96	98
Crude materials	97	101	81	100	88	84	84	85	86	90	87	87	88
Mineral fuels	92	99	105	100	97	95	95	95	94	94	96	97	97
Chemicals	94	120	103	100	95	88	88	87	88	89	90	90	91
Manufactured goods	104	137	109	100	96	92	91	92	96	100	101	101	102
Domestic products	99	108	100	100	94	92	92	93	91	95	96	93	95
Exported products	99	103	82	100	88	81	80	79	80	83	80	80	82
Imported products	94	119	105	100	97	92	92	93	97	101	103	104	104
THAILAND (Bangkok)													
General index	94	101	107	100	98	114	119	123	114	117	121	117	116
Agricultural produce[c]	115	135	120	100	98	136	149	155	127	128	134	131	128
Foodstuff[c]	82	82	98	100	96	108	112	116	110	116	121	114	113
Clothes	122	143	131	100	99	102	103	103	102	101	101	101	101
Fuel	92	98	101	100	103	108	109	108	109	109	109	109	109
Metal	120	140	135	100	97	126	122	129	132	135	140	145	150
Construction materials	79	90	97	100	103	104	105	104	102	102	103	104	105
VIET-NAM (Saigon-Cholon)													
General index	65	77	87	100	106	117	120	129	126	124	129	115	..
Rice and paddy	53	57	90	100	83	99	102	127	124	121	120	89	..
Other food products	62	68	77	100	117	117	117	116	120	127	136	130	..
Fuel and mineral products	80	82	83	100	120	121	120	121	125	134	133	135	..
Raw materials	85	121	92	100	117	145	155	155	141	122	131	134	..
Semi-finished products	66	82	87	100	120	123	123	124	126	128	134	138	..
Manufactured products	74	99	93	100	122	126	127	128	122	123	129	115	..
Local products	64	75	89	100	100	116	120	132	129	125	129	109	..
Imported products	69	84	83	100	121	121	118	118	120	124	127	125	..

a. Original base: Burma, 1938-40; China, Jan-Jun 1937 except indexes of manufactured products and industrial materials for which the base is 1951: India, Sep 1938/Aug 1939; Indonesia, 1938; Japan, 1948 for 1950-51, 1952 since 1952; Korea, 1947; Philippines, 1949; Thailand, Apr 1939/Mar 1939; Viet-Nam, 1949.

b. Figures for 1950 relate to average of Jan-Jun and Dec.

c. Agricultural produce includes paddy, rice meal, copra, rubber, etc.; foodstuff includes milled rice, pork, banana, etc.

11. INDEX NUMBERS OF PRICES RECEIVED AND PAID BY FARMERS

1953 = 100[a]

	1950	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
CHINA (Taiwan)													
Prices received by farmers (R)	43	51	74	100	92	102	97	109	114	107	102	116	..
Prices paid by farmers (P)	44	54	73	100	93	101	97	109	113	111	103	113	..
Cultivation cost	45	56	73	100	93	106	102	114	118	113	107	115	..
Domestic expenditure	44	53	73	100	92	100	94	106	111	110	102	112	..
Ratio (R) ÷ (P)	96	95	102	100	99	100	100	101	101	96	99	103	..
INDIA (Punjab)													
Prices received by farmers (R)	91	96	94	100	94	78	75	86	98	81	..	..	..
Prices paid by farmers (P)	101	107	102	100	98	86	85	83	95	93	..	..	..
Cultivation cost	110	117	105	100	92	79	79	84	92	87	..	..	..
Domestic expenditure	97	101	101	100	102	91	89	92	97	97	..	..	..
Ratio (R) ÷ (P)	90	90	92	100	96	90	89	96	103	87	..	..	..
JAPAN[b] (*Apr 1953-Mar 1954 = 100*)													
Prices received by farmers (R)	..	..	85‡	100‡	97‡	100‡	99	99	99	100	100	..	100
Prices paid by farmers (P)	..	..	80‡	100‡	103‡	101‡	101	100	101	101	101	..	102
Cultivation cost	..	..	99‡	100‡	102‡	98‡	98	97	97	97	98	..	99
Domestic expenditure	..	..	97‡	100‡	103‡	103‡	103	102	103	103	103	..	104
Ratio (R) ÷ (P)	..	..	87‡	100‡	92‡	98‡	98	98	98	98	99	..	98

a. Original base: China, 1952; India, Sep 1938/Aug 1939; Japan, Apr 1951/Mar 1952.

b. Index numbers of commodity prices in 473 towns or villages. Annual figures relate to fiscal year April to March.

12. INDEX NUMBERS OF COST OF LIVING

1953 = 100[a]

	1950	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
A. All items													
BURMA: Rangoon	110	107	103	100	96	98	104	103	102	115	114	113	112
CAMBODIA: Phnom-Penh (*1952 = 100*)	90	89	100	..	139	155	162	163	161	166	167	167	160
CEYLON: Colombo	95	99	‖ 98	100	100	99	98	99	99	99	98	100	..
CHINA: Taipei	50	66	85	100	102	112	111	117	120	121	121	132	131
HONG KONG	90	98	99	100	98	95	97	95	94	95	101	103	..
INDIA (interim index)	95	98	97	100	95	90	91	92	93	98	101	102	..
JAPAN (urban)	77	‖ 89	94	100	106	105	105	104	105	106	106	107	..
KOREA (southern)	7	28	69	100	135	229	264	238	242	276	307	303	300
LAOS: Vientiane	50[b]	53	74	100	123	125	124	126	131	137	..	..	..
MALAYA: Federation (Malay)	81	101	103	100	94	91	90	91	92	92	92	92	..
PAKISTAN: Karachi	85	88	90	100	98	94	95	95	96	96	99	99	..
Narayanganj	90	94	101	100	84	85	90	97	99	118	141	148	..
PHILIPPINES: Manila	102	111	103	100	99	98	97	99	98	100	102	104	102
THAILAND: Bangkok	73	82	91	100	100	105	104	107	109	110	112	114	115
VIET-NAM: Saigon	56	64	78	100	112	124	125	135	135	138	147	138	135
B. Food													
BURMA: Rangoon	107	108	104	100	97	96	103	101	96	111	110	107	105
CAMBODIA: Phnom-Penh (*1952 = 100*)	87	85	100	..	137	159	169	173	167	176	179	179	168
CEYLON: Colombo	95	96	‖ 94	100	100	99	98	100	99	98	95	98	..
CHINA: Taipei	57	62	79	100	102	108	107	116	121	121	121	140	138
HONG KONG	88	94	95	100	95	90	94	91	89	91	102	105	..
INDIA (interim index)	93	96	94	100	93	85	86	87	88	96	100	..	..
INDONESIA: Djakarta	53	89	94	100	106	141	143	158	173	156	155	..	..
JAPAN (urban)	79	‖ 91	94	100	108	105	104	103	103	104	103	104	..
KOREA (southern)	7	27	78	100	117	207	256	207	214	265	314	293	286
LAOS: Vientiane	45[b]	47	70	100	122	118	119	116	117	122	..	..	..
MALAYA: Federation (Malay)	78	101	103	100	90	87	86	86	87	87	87	87	..
PAKISTAN: Karachi	84	89	93	100	98	95	95	97	97	98	104	103	..
Narayanganj	89	93	103	100	79	80	87	96	97	124	153	163	..
PHILIPPINES: Manila	103	111	106	100	99	98	98	101	98	101	103	108	102
THAILAND: Bangkok	74	81	91	100	98	103	102	106	105	106	110	112	113
VIET-NAM: Saigon	54	59	80	100	107	122	124	137	136	140	151	140	135

GENERAL NOTES: All figures are applicable to working class except the following countries: China, public servants; Hong Kong, clerical and technical workers; Indonesia, government employee; Japan, urban population; Laos, middle class; Thailand, low salaried workers and civil servants.

a. Original base: Burma, 1941; Cambodia, 1949; Ceylon, Nov. 1942 for 1950-51, 1952 since 1952; China, Jan-Jun 1937; Hong Kong, Mar 1947; India, 1949; Indonesia, Jul 1938; Japan, 1948 for 1950, 1951 since 1951; Korea, 1947; Laos, Dec 1948; Malaya, Jan 1949; Pakistan, Apr 1948/Mar 1949; Philippines, 1949; Thailand, Apr 1938/Mar 1939; Viet-Nam, 1949.

b. Jul-Dec.

13. EMPLOYMENT AND WAGES

Base for index Numbers, 1953[a]

	1948	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
CEYLON													
Index of wages													
Tea and rubber estate workers[b]	66	97	99	100	102	106	105	106	107	107	106	..	..
Government workers (Colombo)[c]	86	99	99	100	100	104	106	106	106	106	106	..	..
Index of real wages													
Tea and rubber estate workers[b]	75	99	101	100	103	107	107	107	109	108	108	..	..
Government workers (Colombo)[c]	102	107	108	100	100	105	107	106	107	107	107	..	..
CHINA (Taiwan)													
Employment[d] (*1,000*)													
Mining	79	50	56	57	53	55	52	55	58	59	63	..	..
Manufacturing	114	163	208	238	258	253	258	258	258	259	259	..	..
Transport	..	..	..	55	64	66	65	66	..	..	68	..	..
Index of earnings													
Mining	..	60	98	100	105	131	132	165	158	163	176	..	..
Manufacturing	..	55	80	100	111	125	121	131	142	137	137	..	..
Index of real earnings[e]													
Mining	..	88	111	100	110	124	128	131	139	142	157	..	..
Manufacturing	..	81	90	100	117	119	118	118	124	119	123	..	..
INDIA													
Employment[f] (*1,000*)													
Factories under Factory Act	2,360	2,537	2,443	2,403	2,590	2,634[v]	..	..	..	..	..	..	..
Cotton mills	644	714	741	744	741	758	765	787	786	790	826	828	..
Coal mines[g]	308	339	342	338	332	341	335	335	340	332	329	..	..
Central government[h]													
Office workers	..	198	209	213	221	251	238	251	254	266	272	..	..
Manual workers	..	393	406	403	412	396	405	396	399	394	394	..	..
Wages or earnings (*Rupees*)													
Cotton mills[i] (Monthly, Bombay)	..	87.3	89.3	96.0	96.3	94.8	94.0	91.4	92.5	100.2	..	..	..
Coal mines[j] (Weekly, Jahria)	2.4[t]	12.7	13.0	13.2	14.2	14.2	14.5	14.3	14.2	14.5	20.1	..	..
JAPAN													
Employment[k] (*Mn.*)													
All industries	34.6	36.2	37.3	39.2	39.6	41.1	42.0	42.3	42.8	43.6	43.0	43.9	43.2
Agriculture, forestry & hunting	16.4	16.2	16.4	17.1	16.7	17.2	18.0	17.3	14.2	18.6	17.9	18.6	17.0
Mining	0.6	0.5	0.6	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.5	0.5	0.5
Manufacturing	6.3	6.3	6.5	6.7	7.0	7.1	7.1	7.5	7.9	7.4	7.7	7.4	7.6
Construction	..	1.4	1.5	1.6	1.6	1.8	1.7	2.0	1.9	1.7	1.8	1.7	2.0
Commerce	..	5.2	5.4	5.8	6.3	6.7	6.7	6.8	6.8	7.0	7.0	7.1	7.2
Transportation and Communication and other public utilities	..	1.8	1.9	1.9	1.8	1.9	1.9	2.0	2.1	2.1	2.0	2.1	2.2
Services	..	3.2	3.4	3.7	3.8	4.3	4.2	4.7	4.7	4.6	4.3	..	..
Index of earnings[m]													
Mining	33	71	88	100	102	110	115	124	101	116	125	..	..
Manufacturing	28	75	88	100	106	112	114	131	106	117	124	..	..
Index of real earning[m]													
Mining	53	79	94	100	96	99	110	119	95	110	119	..	..
Manufacturing	45	84	94	100	111	106	108	126	101	110	117	..	..
Daily money wages of agricultural labour, made (*Yen*)	185	209	230	257	285	301	305	310	283	317	313	322	..
KOREA, southern													
Index of earnings[e] (Seoul)													
Manufacturing and construction industries[n]	1	23	61	100	176	297	308	336	341	349	363	363	376
PHILIPPINES													
Index of employment[p]													
Mining	..	104	108	100	77	81	83	84	86	89	88	..	..
Manufacturing	..	91	91	100	106	106	103	105	111	108	102	..	..
Index of wages[q] (Manila)													
Skilled	101	96	98	100	101	101	101	100	100	101	102	101	..
Unskilled	92	91	97	100	99	102	103	103	103	102	104	105	..
Index of real wage (Manila)													
Skilled	90	87	92	100	101	102	103	101	103	104	103	101	..
Unskilled	82	83	92	100	100	103	105	103	106	105	105	106	..
THAILAND													
Employment—Mining[f] (*1,000*)	10.4	14.8	15.1	14.9	15.5	*16.1*	*15.8*	*15.9*	*15.8*	*16.2*	..	*17.0*	*17.4*
VIET-NAM													
Daily wages[s]													
(Saigon-Cholon, *Piastre*)													
Skilled	22.0[u]	36.3	41.2	55.6	73.2	86.7	..	86.7	..	..	..	..	..
Unskilled (male)	15.4[u]	20.5	22.8	31.8	37.4	47.8	..	47.8	..	..	..	..	..

a. Original bases for wages or earnings index: *Ceylon*, 1939; *China* 1948; *Japan*, 1947; *Korea*, 1936; *Philippines*, 1941.
b. Daily rates of minimum wages (basic wages plus special allowance).
c. Monthly wage rates for unskilled manual workers in government employment.
d. Staffs and permanent workers at end of period.
e. Daily average of wages and allowances including payment in kind.
f. Daily averages.
g. Average daily employment in all coal mines governed by the Indian Mines Act. Monthly figures are slightly short of total coverage.
h. Central Government establishments excluding railways. Office workers comprise administrative, executive and clerical staffs; manual workers comprise skilled, semi-skilled and unskilled workers. Figures relate to end of period.
i. Monthly minimum basic wages plus dearness allowance.
j. Average weekly earnings (basic wages plus dearness allowance and other payments) of underground miners and loaders in coal mines.
k. For 1948, average for calendar week beginning first Sunday of each month. From 1951, average for the week ending on the last day of the month, except for December when the week prior to holiday seasons was chosen.
m. Average monthly cash earnings per permanent worker.
n. Excluding looms.
p. Comprises all full and part-time employees of 734 cooperating establishments in the Philippines who were on the payroll, i.e., who worked during, or received pay for, the pay period ending nearest the 15th of the month. Excluding proprietors, self-employed persons, domestic servants and unpaid workers.
q. Daily average wage rates of all classes of workers.
s. Last day of the period.
t. Average daily earnings in December.
u. 1949.
v. January to June.

14. CURRENCY AND BANKING

End of period

	1948	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
BURMA (*Mn. Kyats*)													
Money supply	499	606	635	780	859	1,124	1,116	1,124	1,392	1,372	1,342	1,339	..
Currency: net active	335	398	414	500	575	725	703	725	939	895	857	833	..
Deposit money	164	208	221	280	284	398	413	398	454	477	486	506	..
Loans, advances and bills discounted (commercial banks)	73	159	151	142	163	184	166	184	269	229	192	..	..
Bank clearings △	151	151	181	234	241	283	312[r]	299	310	340	370	..	..
Foreign assets													
Union Bank of Burma[a]	358	748	940	991	555	415	381	415	517	510	588	573	..
Government	20	10	5	14	35	23	27	23	30	26	21	..	..
Commercial banks	48	33	49	67	88	116	109	116	155	138	132	..	..
Rates of interest (% *per annum*)													
Call money rate △	..	1.04	1.64	1.10	0.98	1.27	1.00	1.00	1.33	1.00	..	..	..
Yield of long term gov't bonds △	..	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	..	..	..
Internal gov't debt[b] held by													
Union Bank of Burma	16	22	16	6	245[r]	553[r]	477[r]	553[r]	668[r]	657[r]	..	..	..
Commercial banks	8	31	25	68	161	293	249	293	246	275	..	..	..
Gov't deposits and cash in hand													
Central gov't deposits with the Union Bank of Burma	2	77	50	4	8	2	—	2	4	—	..	..	..
Cash in Government Treasury	15	5	3	11	17	17	7	17	8	18	..	..	..
CAMBODIA (*Mn. Riels*)													
Money supply						1,999	768	999	1,048	1,024	1,026	1,020	1,001
Currency: in circulation[r]	..	..	..	..	..								
Demand deposits in commercial banks	..	..	..	..	..	1,035	801	1,035	1,071	1,097	1,034	1,062	..
Loans and advances (other banks)	..	..	..	..	..	329	178	329	460	500	470	510	..
Bank clearings △	..	..	..	125	273	446	538	454	406	443	405	383	349
Foreign assets of Banque Nationale Du Cambodge	..	..	..	..	..	1,751	1,510	1,751	1,862	2,037	2,196	2,245	2,344
CEYLON (*Mn Rupees*)													
Money supply	607	1,006	896[r]	827	957	1,073	1,012	1,073	1,050[r]	1,057[r]	1,064	1,078	*1,096*
Currency: net active	241	377	357	335	342	384	376	384	385	410	409	404	*400*
Deposit money	366	629	539[r]	492	615	688	636	688	664	647	654	674	697
Loans, advances and bills discounted (commercial banks)	82	213	195	207	247	256	275	256	264	314	316	306	314
Bank clearings △	391	691	688	671	684	758	786	786	720	718	772	774	733
Bank debits[c] △	..	1,264	1,109	1,148	1,107	1,060	1,084	1,053	1,046	1,048	1,076	1,082	1,097
Foreign assets													
Central Bank of Ceylon	462	668	401	245	524	655	641	655	674	730	729	726	737
Commercial banks	174	181	96	97	132	225	186	225	191	166	177	182	166
Rates of interest (% *per annum*)													
Call money rate △	..	0.50*	0.50	0.96	1.27	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
Treasury bill rate △	0.22	0.48*	0.72	1.91	1.59	0.79	0.81	0.83	0.57	0.66	0.76	0.85	0.74
Yield of long term gov't bonds △	2.94	2.81	2.93	3.85	3.79	3.13	3.09	3.08	3.05	3.05	3.03	3.02	3.00
Internal government debt held by													
Central Bank of Ceylon	..	17	161	223	27	18	19	18	37	17	14	12	11
Commercial banks	184	235	302	284	310	284	285	284	331	334	327	329	341
Gov't deposits and cash in hand													
Government deposits with the Central Bank of Ceylon	..	31	6	—	9	33	28	33	104	120	43	59	71
Currency held by government	4	6	5	6	8	9	8	9	9	9	8	9	8
CHINA (Taiwan, *Mn NT dollars*)													
Money supply	..	992	1,275	1,634	2,085	2,719	2,920	2,719	2,616	2,688	3,054	3,002	3,138
Currency net active	..	558	712	919	1,140	1,372	1,334	1,372	1,261	1,318	1,366	1,392	1,413
Deposit money	..	434	563	715	945	1,347	1,586	1,347	1,355	1,370	1,688	1,610	1,725
Loans, advances and bills discounted (banks other than the Bank of Taiwan)[d]	..	138	342	625	954	1,381	1,462	1,381	1,381	1,345	1,456	1,560	1,553
Bank clearings △	..	418	862	1,740	1,720	2,887	2,986	3,909	3,320	3,814	3,718	4,252	4,598
Rates of interest (% *per annum*)													
Call money rate △	..	10.80	10.80	9.0	7.20	7.20	7.20	7.20	6.60	5.40	5.40	5.40	5.40
Government deposits held by the Bank of Taiwan	..	626	776	1,173	1,374	2,231	1,968	2,231	2,474	2,496	2,573	2,741	2,593
HONG KONG (*Mn HK dollars*)													
Money supply													
Currency outstanding (notes)	783	800	802	802	728	727	726	727	727	727	730	730	..
Bank clearings △	689	1,506	1,195	1,035	1,140	1,160	1,160	1,270	1,284	1,277	1,225	1,234	..
INDIA (*1,000 Mn Rupees*)													
Money supply	18.65[u]	17.73	16.83	17.15	18.30	20.55	19.65	20.55	21.84	21.89[r]	21.08	21.22	21.50
Currency: net active	12.16[u]	11.70	11.22	11.53	12.10	13.90	13.09	13.90	15.05	15.05	14.36	14.42	14.64
Deposit money	6.50[u]	6.03	5.61	5.62	6.20	6.64	6.55	6.64	6.79	6.87	6.72	6.79	6.86
Advances and bills discounted[e] (scheduled banks)	4.42	5.54	4.85	4.61	5.10	5.83	5.48	5.83	7.14	7.09	7.08	7.09	7.13
Bank clearings △	5.55	6.56	5.71	5.49	5.58	6.52	6.49	6.71	7.08	7.04	6.72	7.00	7.25
Gold and foreign assets of the Reserve Bank of India	10.67	8.21	7.46	7.63	7.71	7.75	7.60	7.75	7.86	7.22	6.55	7.00	6.54
Rates of interest (% *per annum*)													
Call money rate △	0.50	1.01	2.02	2.12	2.35	2.59	2.38	2.42	3.10	3.13	3.15	3.25	3.50
Yield of long term gov't bonds △	..	3.39	3.69	3.64	3.65	3.72	3.73	3.73	3.79	3.89	3.96	4.02	4.06

14. CURRENCY AND BANKING (*Cont'd*)

End of period

	1948	1951	1952	1953	1954	1955	1955 III	1955 IV	1956 I	1956 II	1956 III	1956 Oct	1956 Nov
INDIA (*1,000 Mn Rupees*) (Cont'd)													
Internal government debt held by													
Reserve Bank of India[f]	4.38	5.77	5.53	4.98	4.95	5.93	5.41	5.93	7.26	7.54	7.39	7.80	8.28
Scheduled banks	4.26	3.06	3.23	3.36	3.00	3.84	3.84	3.84	3.60	3.48	3.76	3.72	3.65
Non-scheduled banks	0.11	0.09	0.21	0.14	0.21	0.25	0.24	0.25	0.25	0.23	0.24	..	..
Government deposits held by the Reserve Bank of India	2.14	2.10	1.75	1.10	0.55	0.54	0.58	0.54	0.67	0.57	0.71	0.54	0.50
INDONESIA (*1,000 Mn Rupiah*)													
Money supply[r]	2.81	5.03	6.60	7.49	10.96	12.78	12.57	12.78	11.80	11.76	12.40	12.50	..
Currency: net active	1.53	3.33	4.36	5.22	7.54	8.83	8.57	8.83	7.92	8.21	8.49	8.61	..
Deposit money[r]	1.28	1.70	2.24	2.27	3.42	3.95	4.00	3.95	3.88	3.56	3.91	3.89	..
Loans, advances and bills discounted (all banks)[g]	0.27	2.19[r]	2.42[r]	2.39	2.83	4.02	3.57	4.02	4.39	4.48	4.75	5.06	..
Gold and foreign assets													
Bank Indonesia[hr] (net)	0.55	1.69	0.91	1.30	1.15	1.95	1.39	1.95	1.52	0.50	0.73	..	..
Other banks	0.24	0.31	0.88	0.72	0.58	0.79	0.67	0.79	0.57	0.48	0.54	..	..
Advances to government by the Bank Indonesia	..	1.32	4.56	5.27	8.32	7.91	9.62	7.91	7.97	841	9.57	10.00	9.85
Government deposits with the Bank Indonesia	..	..	0.50	0.50	0.50	0.50	0.50	0.50	0.45	0.36	0.33	0.32	0.32
JAPAN (*1,000 Mn Yen*)													
Money supply	618	1,048	1,265	1,439	1,463	1,698	1,327	1,698	1,547	1,642	1,711	1,717	..
Currency: in circulation	338	492	554	609	604	648	496	648	536	567	566	573	..
Deposit money	280	556	710	829	859	1,049	830	1,049	1,011	1,074	1,145	1,143	..
Loans, advances and bills discounted (all banks other than the Bank of Japan)	385	1,526	2,022	2,563	2,882	3,201	3,008	3,201	3,251	3,398	3,705	3,706	3,848
Bank clearings △	236	1,232	1,624	2,080	2,430	2,750	2,712	3,107	2,873	3,107	3,355	3,780	3,600
Gold and foreign assets													
Bank of Japan	..	..	18	18	18	185	114	185	178	177	178	178	..
Government	..	333	378	304	350	297	333	297	338	348	351	353	..
Other banks	..	1	23	44	39	48	41	48	45	48	38	38	..
Rates of interest (% *per annum*)													
Call money rate (Tokyo) △	..	7.12	8.05	7.82	7.84	7.36	7.30	6.32	5.66	5.54	7.30	7.67	6.57
Yield of long term gov't bonds△	..	5.50	5.50	6.68	7.01	6.33	—	6.34	6.34	6.33	6.34	6.33	—
Internal government debt held by													
Bank of Japan[i]	331	166	324	326	485	555	394	555	562	455	435	471	484
All other banks	80	38	39	46	47	65	46	65	52	52	51	53	53
Government deposits with the Bank of Japan	14	32	92	60	56	51	65	51	138	42	52	48	42
KOREA (southern, *1,000 Mn Hwan*)													
Money supply	0.70	7.30	14.32	30.32	58.08	93.52	75.59	93.52	90.14	99.01	103.97	109.44	122.31
Currency: in circulation	0.41	5.39	9.74	22.33	39.98	58.78	49.21	58.78	49.80	54.36	60.91	59.84	69.82
Deposit money	0.29	1.91	4.58	7.98	18.10	34.75	26.38	34.75	40.35	44.65	43.06	49.60	52.48
Loans, advances and bills discounted (commercial banks)[r]	0.43	2.40	7.07	20.06	31.70	68.61	61.24	68.61	76.53	95.36	117.15	121.01	126.98
Bank clearings △	0.21	2.40	13.69	21.37	51.78	107.37	125.60	123.96	211.91	181.13	221.87	212.66	198.22
Gold and foreign assets (net)[r]	..	2.2	4.6	11.2	8.0	10.5	22.4	10.5	8.1	10.9	13.1	..	..
Internal government debt held by													
Bank of Korea	..	8.42	11.96	24.11	66.87	109.50	94.26	109.50	132.26	160.18	156.74	172.14	182.84
All other banks	..	0.06	0.14	0.54	0.91	1.69	0.99	1.69	1.94	2.34	2.57	2.56	3.22
Treasury deposits with the Bank of Korea	0.11	1.86	6.01	12.32	12.51	24.92	23.44	24.92	40.19	57.72	65.43	69.56	64.26
MALAYA (*Mn Malayan dollars*)													
Money supply													
Currency notes: net active[j]	302	654	630	651	683	826	794	826	835	819	..	..	..
Deposit money	598	1,054	989	835	852	935	940	935	979	896	924	932	..
Loans and advances (commercial banks)	259	451	484	437	490	625	619	625	663	693	729	754	..
Bank Debits[k] △	..	4,167	3,396	2,946	2,828	3,412	3,620	3,727	3,729	3,616	3,782	3,741	..
Federation Treasury bills held by banks	30	26	14	10	10	—	—	—	—	—	—	—	—
PAKISTAN (*Mn Rupees*)													
Money supply	2,708	3,761	3,228	3,578	3,859	4,542	4,124	4,542	4,730	4,673	4,563	..	..
Currency: in circulation	1,708	2,467	2,151	2,372	2,575	2,990[r]	2,604	2,990	3,120	3,053	3,064	3,141	3,311
Deposit money[m]	1,000	1,294	1,077	1,206	1,284	1,552	1,538	1,552	1,610	1,620	1,499	..	..
Loans, advances and bills discounted (scheduled banks)	410	919	792	781	963	1,162	881	1,162	1,149	916	969	1,045	1,158
Bank clearings[n] △	306	551	534	536	555	593	554	701	786	821	613	700	783
Gold and foreign assets of the State Bank of Pakistan[p]	1,629	1,627	933	935	1,038	1,648	1,418	1,648	1,717	1,733	1,665	1,646	1,595
Rates of interest (% *per annum*)													
Call money rate △	..	1.02	2.10	1.01	1.30	1.45	0.80	1.77	2.92	1.49	1.08	2.53	2.55
Yield of long-term gov't bonds△	..	2.98	2.98	3.06	3.14	3.15	3.18	3.15	3.15	3.14	3.13	3.13	3.15
Internal government debt held by the State Bank of Pakistan	176	864	1,214	1,250	1,457	1,207	1,033	1,207	1,225	1,154	1,223	1,317	1,557
Government deposits with the State Bank of Pakistan	923	582	377	216	173	152	237	152	178	250	359	401	381

14. CURRENCY AND BANKING (*Cont'd*)

End of period

	1948	1951	1952	1953	1954	1955	1955		1956				
							III	IV	I	II	III	Oct	Nov
PHILIPPINES (*Mn Pesos*)													
Money supply[r]	..	1,160	1,198	1,224	1,227	1,335	1,234	1,335	1,382	1,417	1,451	..	..
Currency: net active[r]	..	644	630	666	677	670	643	670	690	675	692	691	..
Deposit money[r]	..	516	568	558	550	665	591	665	692	742	759	..	..
Loans, advances and bills discounted (all banks other than the Central Bank)	514	664	664	734	826	968	869	968	945	949	999	1,029	1,055
Bank clearings △	381	457	480	520	550	614	626	642	717	744	719	815	728
Bank Debits[d] △	772	682[r]	659	743	815[r]	921	928	983[r]	1,134	1,189	1,125	1,215	..
Gold and foreign assets													
Central Bank of the Philippines	800	492[r]	472	481	415	310[r]	383	310[r]	303[r]	332	338	331	..
Other banks[r] (net)	83	119	140	112	130	108	111	108	140	136	..	..	..
Internal government debt held by													
Central Bank of the Philippines	..	242	235	230	261	396	353	396	375	385	365	371	436
Other banks	13	35	56	58	77	193	182	193	253	350	374	368	301
Gov't deposits and cash in hand													
Deposits with Central Bank	..	153	98	45	22	45	65	45	52	167	142	137	128
Deposits with Philippine National Bank	..	46	59	95	100	133	161	133	118	144	172	163	166
Cash in Treasury vaults	..	6	7	5	5	7	5	7	3	11	8	12	11
THAILAND (*Mn Baht*)													
Money supply	2,881	4,907	4,932	5,438	6,058	6,915	7,183	6,915	7,011	7,010	..	..	..
Currency: net active	2,205	3,756	3,678	4,016	4,548	5,176	5,117	5,176	5,359	5,174	..	..	..
Deposit money	676	1,151	1,254	1,422	1,510	1,740	2,066	1,740	1,652	1,836	..	..	..
Loans, advances and bills discounted (commercial banks)	449	931	1,437	1,978	2,281	3,000	2,896	3,000	3,124	3,271	..	..	..
Bank clearings △	774	2,057	2,270	2,366	2,230	2,598	2,629	2,816	3,092	2,640	2,626	2,824	2,967
Bank Debits[s] △	..	2,786	2,989	3,196	3,127	3,600	3,755	3,862	4,191	..	..	..	..
Gold and foreign assets of the Bank of Thailand (*Mn US dollar*)	217	359	352	302	273	297	298	297	308	307	307	307	..
Rates of interest (% *per annum*)													
Treasury bill rate △	1.32	2.10	2.17	2.25	2.27	2.26	2.25	2.27	2.27	2.25	2.25	2.26	..
Internal government debt held by													
Bank of Thailand	18	166	261	247	191	411	127	411	438	449	443	444	444
Commercial banks	150	118	102	174	131	233	243	233	155	156	..	..	..
Government deposits with Bank of Thailand	392	423	396	698	439	417	390	417	600	604	703	761	767
Exchange rate (buying): Baht to US dollar △	19.69	21.40	18.64	18.11	21.20	21.39	22.01	21.11	20.53	20.70	20.67	20.62	20.56
VIET-NAM (southern, *1,000 Mn. Piastre*)													
Money supply[r]	..	..	..	..	..	15.78	16.55	15.78	15.12	15.56	..	..	..
Currency: net active	..	..	..	..	..	7.37	9.24	7.37	8.28	8.15	..	..	..
Deposit money[rt]	..	..	..	..	..	8.42	7.30	8.42	6.84	7.41	..	..	..
Loans and advances (other banks)[r]	..	..	..	..	..	1.31	0.97	1.31	1.32	1.57	..	..	..
Gold and foreign assets													
Banque Nationale du Viet-Nam	..	..	..	..	..	4.31	4.59	4.31	4.46	4.58	4.72	4.73	..
Other banks	..	..	..	..	..	0.41	0.48	0.41	0.26	0.30	..	..	..

GENERAL NOTES: Net active currency: Total currency outstanding less holdings in all banks including the central bank and in government treasuries. *Currency in circulation:* Total currency outstanding less holdings in all banks including the central bank. *Deposit money:* Deposits in all banks (including central bank) subject to cheque or withdrawable on demand but excluding inter-bank liabilities and central government deposits. *Bills discounted:* Excluding treasury bills. *Bank clearings:* Total value of cheques and other collection items cleared through clearing houses. *Rates of interest:* All rates are those prevailing in the capital city of each country except in India where rates in Bombay have been taken. *Call money rate* relates to inter-bank rate on money at call. *Yield of long-term government bonds:* 5 year treasury bonds for *Burma*, 3% national development loan 1965-70 to earliest redemption date for *Ceylon*, yield of 3% paper (running yield) to earliest redemption date for India, weighted yield (simple rate of interest) to latest redemption date of medium dated government bonds issued during the period stated for *Japan*, yield to maturity of 3% bonds 1968 for *Pakistan*.

△ Monthly averages or calendar months.

a. Beginning July 1952 includes foreign assets of the Burma Currency Board.

b. Treasury bills and 3 year and 5 year government bonds.

c. Debits to demand deposits of private sector.

d. Includes the Land Bank, Cooperative Treasury and three commercial banks.

e. Includes bills purchased.

f. Includes loans & advances to government.

g. The Java Bank, Bank Negara Indonesia, Bank Industri Negara and seven commercial banks.

h. Devaluation took effect in 1952 but gold holdings were not revalued until 1953.

i. Includes advances to government.

j. Issued by the Board of Commissioners of Currency, Malaya and British Borneo.

k. Cheques sent out for clearing and debits to current deposit accounts.

m. Prior to April 1952 includes inter-bank liabilities.

n. The number of clearing houses, however, has been increased in 1948, 1952 and 1953.

p. Including outstanding assets receivable from the Reserve Bank of India, under the partition agreements, but excluding foreign assets of Banking Department.

q. Total debits to checking account of private sector, except for 1948 which include debits to government deposits.

s. Debits to sight deposit accounts except inter-bank.

t. Including an unknown amount of government deposits.

u. March 1949. v. May.

TRADE AGREEMENTS CONCLUDED DURING 1956

NOTE: For purposes of the present summary trade agreements are broadly defined to include: (1) trade and/or payments agreements for the exchange of commodities between two contracting parties, usually with provisions for (a) settlement on open account with a swing limit, or (b) cash settlement in national or other currencies mutually agreed upon. Such an agreement may be concluded for a period of years, and in addition a protocol may be signed, generally on a yearly basis, to specify the kind and amount of commodities to be exchanged; on the other hand, a protocol may also be concluded without prior conclusion of an agreement. (2) Barter agreements or protocols for the exchange of commodities between two contracting parties without the use of a medium of payment, to be settled through keeping of accounts in the currencies of the respective contracting parties at an agreed, usually official, exchange rate, or in that of a third country. (3) Commodity agreements for the purchase of one commodity by one contracting party from the other for cash payment. (4) Surplus agricultural commodity agreements for the sale of United States surplus agricultural commodities to another government which will pay in national currency, a substantial part of which is commonly used on a loan basis for financing development within the country. Such an agreement is sometimes followed by the conclusion of a processing agreement, whereby one of the commodities involved, e.g. raw cotton, may be processed by a third country at cost into finished products for use by the government receiving the United States surplus agricultural commodity.

The present summary, which it is proposed to continue on a yearly basis in the fourth (*Survey*) number of each volume of the *Bulletin*, replaces the quarterly summary last published in February 1955 in the fourth number of volume six. A brief statement is included on 15 trade agreements signed at the end of 1955 which were not listed in the February 1955 issue.

Additional agreements signed in late 1955

Intra or Extra-regional	Contracting parties	Date of signing	Period valid	Value and quantity of commodities exchanged
Inter-regional	Burma—China (Mainland)	29 December	through 1956	150,000 tons of Burmese rice for Chinese agricultural, mineral and industrial products. Payment in sterling.
Extra-regional	—Israel	December	1956—1958	Burma's rice, timber, rubber, minerals and other produce for Israel's manufactures. Payment in sterling.
Extra-regional	—Poland	1 November	1956—1958	Burma's rice, timber, rubber, minerals and other produce for Poland's manufactures. Payment in sterling or other agreed currency.
Extra-regional	Ceylon —Czechoslovakia	16 December	through 1956	Ceylon's tea, rubber, coconut and products, etc. for Czechoslovakia's manufactures, £2 million each way. Settlement in sterling or other agreed currency, with a swing credit of £500,000.
Extra-regional	—Poland	2 December	through 1956	Ceylon's tea, rubber, coconut and products, etc. for Poland's manufactures. Amount in excess of a swing credit of £400,000 to be paid in goods or sterling.
Extra-regional	China (Taiwan) —Egypt	10 December	not specified	16,000 tons of Taiwan sugar for 4.3 million pounds of Egyptian cotton, £600,000 each way.
Extra-regional	China (Mainland) —Lebanon	31 December	August 1956—August 1957	China's manufactures for Lebanon's produce. Payment in sterling or other agreed currency.
Extra-regional	—Poland	21 December	through 1956	China's agricultural and mineral produce for Poland's manufactures.
Extra-regional	—Syria	30 November	through 1956	China's manufactures for Syria's raw produce. Payment in sterling.
Extra-regional	—USSR	27 December	through 1956	China's agricultural, mineral and industrial (including handicraft) products for USSR's manufactures.
Extra-regional	India—Italy	14 December	through 1956	India's agricultural, mineral and industrial products for Italy's manufactures. Payments in sterling.
Extra-regional	—Poland	31 December	Jan.—Mar. 1956	India's agricultural, mineral and industrial products for Poland's manufactures. Payment in sterling.
Extra-regional	—USSR	16 December	through 1956	India's agricultural produce for USSR's manufactures. Payment in Indian rupees with deficit convertible into sterling.
Extra-regional	Japan—Spain	24 December	not specified	Japan's manufactures for 40,000 tons of Spanish rice, etc. Payment through an 'escrow' account in US dollars.
Extra-regional	Pakistan—Syria	20 December	December 1955—December 1956	Exchange of both raw produce and manufactures.

1. ECAFE INTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Burma—Ceylon	1957	Burma: 200,000 tons of rice.		Signed in Rangoon in September 1956.
Burma—India		Total value: K.18.5 million ($3,855,000). India: cotton textiles of the above value.	Payment in US raw cotton made available to Burma under US Public Law 480. Accounts to be settled in kyat fixed at K 4.8 to £1.	Signed in Rangoon on, and effective as from, 14 July 1956.
Burma—India	5 Sep. 1956—4 Sep. 1961	Burma: rice (2 million tons over 5 years), pulses, maize, raw cotton, tung oil, teak, rubber, tin and wolfram ore, lead and ore, zinc, precious and synthetic stones, etc. India: cotton and jute manufactures, tea, fish, oils and oilseeds, tobacco, diesel engines, pumps, machinery for rice and flour milling and oil crushing, agricultural implements, automobiles, leather manufactures, electrical goods, etc.		Signed in New Delhi on 5 September 1956. Subject to agreed modifications at beginning of each calendar year. Contracting parties will take steps to achieve as near a balance in their trade as may be practically possible.
Burma—Japan	Jan.—Jun. 1956	Total value about £9.24 million. Burma: 250,000 tons of rice.	Payment to be made in pounds sterling.	Signed in Tokyo on 6 January 1956 in accordance with the long-term agreement signed in December 1953 which provides for a minimum annual purchase by Japan of 200,000 tons of Burmese rice.
Burma—Japan		Total value: up to K 43 million ($9 million). Japan cotton textiles to the above value.	Payment in US raw cotton made available to Burma under US Public Law 480.	Signed in Rangoon on 18 June 1956.
Burma—Malaya		Total value: K 5.1 million. Burma: 10,000 tons of rice valued as above.		Signed in Rangoon on 26 July 1956.
Burma—Pakistan		Burma: 10,000 tons of rice.		Signed in Rangoon on 17 September 1956.
Burma—Pakistan		Total value: £2.5 million. Burma: 60,000 tons of rice.		Signed in Rangoon on 3 October 1956.
Cambodia—China (Mainland)	1 Jun. 1956—31 May 1957	Total value: £5 million each way. Cambodia: rubber, rice and products, maize, tobacco, timber, dried fish, hides, soya beans, etc. China: cotton-spinning machinery, lathes, electric generators and motors, other machinery, steel, building materials, cotton textiles, raw silk, caustic soda, sodium carbonate, foodstuffs, sport goods, etc.	Payment to be made in sterling or other currency acceptable to the creditor at end of each half year. Debit balance outstanding at end of each half year in excess of £1 million is to be settled immediately; otherwise, either party may suspend imports or exports.	Signed in Peking on 24 April and ratified on 1 June 1956.
Ceylon—China (Mainland)	Through 1957	Ceylon: 50,000 tons of sheet rubber. China: 270,000 tons of rice.	Settlement of payments in pound sterling.	Joint communique issued by the two governments on 29 December 1956. Signed to implement the Five-Year (1953-1957) agreement. The prices for rice and rubber for 1957 are agreed as follows: rice: £30 7s. 6d. f.o.b. China ports per ton, as compared with £31 for 1956; rubber: to be based on the Singapore price plus an agreed premium, the floor price being maintained at 27 d. per lb. f.o.b. Colombo as in 1956.
China (Taiwan)—Japan	1 Apr. 1956—31 Mar. 1957	Total value: $76.1 million each way. China: sugar, rice, bananas, tea, salt, canned pineapples, coal, lumber, camphor, spices, other foodstuffs, etc. Japan: chemical fertilizers, steel products, machinery, rolling stock and communication equipment and vessels, textiles, vehicles and parts, pharmaceutical and medical supplies, etc.	Open account basis.	Signed in Taipei on 29 May 1956 for one year, retroactive as from 1 April 1956.

1. ECAFE INTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
China (Taiwan)—Korea (southern)		Total value: $400,000 each way. China: bananas, oranges, silk brocades, sewing machines, artificial yarn, and bagasse boards. Korea apples: salted fish, iron ore, wax, copper, and marine products.		Announced in March 1956.
China (Taiwan)—Philippines	18 Oct. 1956—18 Oct. 1957	Total value: $2 million each way. China: rice, tea, camphor, copper plates, aluminium ingots, citronella oil, garlic and onion, hydrochloric acid, machinery, textiles, etc. Philippines: mineral ores, scrap iron, logs, copra and coconut oil, textile fibres, manila ropes, leaf tobacco, etc.		Signed in Manila on, and effective as from, 18 October 1956.
China (Taiwan)—Ryukyu		Total value: $6 million. China: tobacco, wine, rice, tea, coal, textiles, sundry goods, etc. Ryukyu: railroad ties, scrap iron, fish, etc.	Payment to be made in US dollars.	Signed in Taipei on 27 October 1956 between the Chinese Government and a Ryukyu Trade Mission.
China (Mainland)—India		China: 60,000 tons of rice.	Payment in Indian rupees with which Mainland China may purchase Indian goods.	Signed in Peking on 28 August 1956. China to sell rice at a fair and reasonable price and make delivery before end of November.
China (Mainland)—Indonesia	3 Nov. 1956—2 Nov. 1957	Total value: £12 million each way. China: machine tools, chemical materials, minerals, electrical goods, building materials, cotton piece goods, silk, rice and other foodstuffs. Indonesia: rubber, copra, coconut oil, sugar, coffee, spices, rattan and lumber.		Signed in Peking on 3 November 1956.
China (Mainland)—Korea (northern)	Through 1956	China: cotton, yarn and cloth, coal, steel products, machinery, telecommunication equipment, chemical materials, and articles for cultural purposes. Korea: mineral products, marine products, fruits and medicines.		Signed in Peking on 12 January 1956.
China (Mainland)—Pakistan		China: 125,000 tons of coal.		Signed in April 1956.
China (Mainland)—Pakistan	Jul. 1956—Jun. 1957	Total value: Rs.30 million. China: 300,000 tons of coal.		Signed in Karachi on 10 may 1956.
China (Mainland)—Pakistan		China: 60,000 tons of rice.	Payment in Pakistan rupees.	Signed in Karachi on 13 July 1956. At the same time China also presented Pakistan with a gift of 4,000 tons of rice to help relieve a food shortage in East Pakistan.
China (Mainland)—Viet-Nam (northern)	Through 1956	China: raw cotton, cotton yarn and cloth, rolled steel, medicines, etc. Viet-Nam: coal, cement, maize, timber, apatite, etc.		
Hong Kong—Indonesia		Total value: $3.5 million. Hong Kong: cotton yarn to the above value.	Payment in US raw cotton made available to Indonesia under US Public Law 480.	Signed in Djakarta on 2 July, 1956.
India—Indonesia	Through 1956	India: jute goods, tobacco, wool, cotton and cotton yarn, vegetable oils, coal, cement, hardware, soaps, paints and varnishes, pharmaceutical products, chemical and preparations, lac and shellac, sport goods, rubber tires and tubes, porcelain, paper, paste-board, stationery, machinery, householdwares, electric fans, electric motors, industrial machinery, motor vehicle batteries and dry cells, machine tools, and handicraft and cottage industry products. Indonesia: copra, coconut oil, palm oil, essential oils, spices and betel nuts, timber, gums and resins, sisal fiber, tobacco wrappers, palm kernels, and fresh and dried fruits.	Payment to be made in rupees or pounds sterling.	The trade agreement, signed on 30 January 1953, was extended from time to time. For 1956 the first extension was announced on 27 February and the second on 25 August extending the validity to 30 June and 31 December respectively. (See *Bulletin* Vol. VI, No. 4)

1. ECAFE INTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
India—Indonesia	Dec. 1956—Jun. 1957	India: 50,000 tons of salt.		Signed in New Delhi on 21 November 1956.
India—Pakistan	1 Sep. 1956—31 Jan. 1957	India: coal, stone boulder, hard and soft wood, mica, antimony, bauxite, white barytes, pig iron, iron and steel products, betel leaves, herb and medicine, tobacco, spices, etc. Pakistan: jute and cotton, hides and skins, fish, poultry and eggs, betel nuts, saltpetre, rocksalt, firewood, etc.	Payment to be made in rupees.	The agreement, signed on 19 July 1955, became operative after ratification as from 1 September 1955 until 31 August 1956. First extension for two months and second extension for three months up to 31 January 1957 were announced on 31 August and 31 October 1956 respectively. (See *Bulletin*, Vol. VI, No. 4).
India—Viet-Nam (northern)	22 Sep. 1956—21 Sep. 1959	India: machinery of various types, agricultural implements, electrical goods, jute manufactures, cotton piecegoods, handloom cloth, woollen and goods, oils and oil seeds, tea, coffee, fish, tobacco and manufactures, rubber and leather goods, etc. Viet-Nam: live stock, timber, seed-oils and resins, tanning pigments, tea products, flour and grains, fruits, handicraft articles, cement, graphite, limestone, porcelain clay, etc.	Payment to be made in rupees or pounds sterling as may be mutually convenient.	Letters were exchanged in New Delhi on 22 September 1956. The agreement will be in force for three years as from the date of signature. Negotiation for renewal is to be started three months before expiry.
Indonesia—Japan		Total value: $11.5 million. Japan: 6 million pounds of cotton yarn ($8 million) and 40 million yards of cotton) cloth ($3.5 million).	Payment in US raw cotton made available to Indonesia under US Public Law 480.	Signed in Djakarta on 15 August 1956.
Indonesia—Japan	Sep.—Dec. 1956	Total value: $5.35 million. Indonesia: 50,000 tons of raw sugar.	Open account.	Notes exchanged in Tokyo on 21 September 1956.
Indonesia—Thailand		Total value: 110,000 tons of Thai salt valued at about $495,000.	Payment to be made in 1957 in instalments.	Signed in Bangkok on 14 December 1956.
Japan—Pakistan	1 Apr. 1956—31 Mar. 1957	Japan: cotton, rayon and other textiles, iron and atseel and other metals, capital goods and machinery, chemicals and dyes, etc. Pakistan: raw cotton, jute, hides and skins, furs, salt, chrome ore, crude rosin, gypsum, tc.	Payments to be settled in pounds sterling.	Previous agreement of 10 September 1954 expired on 31 January 1956. This new agreement was signed in Tokyo on 14 April 1956 for one year as from 1 April, 1956, for review after first six months and thereafter at end of each quarter. (See *Bulletin*, Vol. VI, No. 4).
Japan—Philippines	1 Feb. 1956—31 Jan. 1957	Total value: $50 million each way. Japan: textiles (cotton, flax, and rayon), steel products, machinery, porcelain, etc. Philippines: lumber, iron ore, copper ore, abaca and jute, etc.	On dollar open account basis, with a swing limit of $2.5 million.	The agreement, due to expire on 31 January 1956, was further extended three times, the latest extension being made by exchange of Notes in Manila on 1 September 1956.
Japan—Thailand	16 Apr. 1956—31 Dec. 1957	Thailand: rice, rubber, castor seeds, sticklac, etc. Japan: cotton textiles, etc.	Settlement in dollars, pounds sterling, or any other currency as may be agreed upon.	Signed in Bangkok on 9 April 1956. Reciprocal most-favoured-nation treatment reaffirmed. The previous Open Account Agreement was terminated on 16 April 1956, but shipments of Thai rice to Japan will continue to be credited to the open account until the deficit on the Thai side is liquidated.
Japan—Viet-Nam (northern)		Total value: £1.5 million each way. Japan: iron and steel products, nonferrous metals, machine tools, railway equipment, ships, coal tar, sewing machines, typewriters, electric appliances, radios, chemical and fertilizers, textiles, etc. Viet-Nam: iron, manganese, chrome and antimony ores, coal, oils and fats, lumber, graphite, asbestos, mica, salt, beans, coffee, dried tapioca, handicrafts, etc.		Concluded in Hanoi on 29 May 1956 by the Japan International Trade Promotion Association and the Japan-Viet-Nam Trade Association with the North Viet-Nam General Export and Import Public Corporation. The trade is to be conducted through Hong Kong for the time being.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Afghanistan—Poland	Three years	Afghanistan: cotton, wool, hides, flax, sesame oil, etc. Poland: complete industrial installations, various kinds of machinery, automobiles, tractors, cement, porcelain, glass, chemical and pharmaceutical products, textile fabrics, etc.		Signed in Kabul on 4 August 1956.
Burma—Bulgaria	One year	Burma: 20,000 tons of rice. Bulgaria: machinery, equipment, etc.	Payments to be made through the Union Bank of Burma and the Bulgarian National Bank.	Signed on 16 May 1956.
Burma—Czechoslovakia	Through 1956	Burma: rice (100,000 tons), other foodstuffs, rubber, lead, wolfram, etc. Czechoslovakia: textiles, equipment, machines, industrial goods, cranes, tugboats, dredgers, motor-cycles, etc.		Signed on 14 February 1956, under the 3-year trade agreement of 14 February 1955.
Burma—Germany (western)		Total value: K 12.5 million ($2,625,000). Germany: cotton textiles of the above value.	Payment in US raw cotton made available to Burma under US Public Law 480.	Signed in Rangoon on 13 May 1956.
Burma—Germany (western)		Burma: rice and other foodstuffs, rubber, cotton, zinc, lead, timber, tin, etc. Germany: machinery and equipment, chemical products, textiles, etc.		Signed in Bonn on 11 July 1956. A Protocol on Economic Co-operation was signed on the same day, under which the Government of the Federal Republic of Germany will afford long-term credit facilities for purchases of German industrial and other machinery and equipment and provide technical assistance by way of sending German experts and receiving Burmese trainess and effectively assisting Burma in the export of its products, especially rice.
Burma—Hungary	Through 1956	Burma: 50,000-70,000 tons of rice and products. Hungary: machinery, equipment, etc.	Payments to be settled through the clearing account which the Union Bank of Burma and the National Bank of Hungary will continue to maintain and operate.	Signed in Rangoon on 6 May 1956.
Burma—Mauritius	Jun. 1956—Mar. 1957	Burma: 30,000 tons of rice.	Payments in cash.	Signed in April 1956. The rice to be delivered bettween June 1956 and March 1957.
Burma—Romania	Three years	Burma: rice and rice products, beans and pulses, rubber, cotton, metals and ores, timber, handicrafts, etc. Romania: oil-drilling and mining equipment, electrical goods and other equipment, machine tools, building machinery and impiements, other machinery, oil products, glassware and aluminium goods, pharmaceutical and chemical products, paper and products, cotton fabrics, handicrafts, etc.		Signed in Rangoon on 7 February 1956. A one-year barter protocol was signed on the same day, providing for supply by Burma of 20,000 tons of rice and/or rice products in exchange for Romania's machinery, equipment, consumer goods, etc. of equivalent value.
Burma—Sweden	Three years	Burma: rice and products, beans and pulses, maize, oil cakes, cotton seeds cakes, rubber, raw cotton, cutch, teak and other kinds of hard wood, zinc concentrates, refined pig lead, copper, tin wolfram, silver and handicrafts, etc. Sweden: foodstuff, building materials, chemicals, hides and skins, leather and manufactures, forestry products, textile, iron, steel, metal manufactures, industrial machinery and equipment, ery and equipment, means of transport, hospital equipment etc.		Signed in Rangoon on 6 March 1956.
Burma—USSR	1 Jul. 1956—30 Jun. 1960	Burma: rice, oil cake, pulses, rubber, hard wood, non-ferrous metals, etc. USSR: machinery and equipment, iron and steel, cables, pumps, compressors, transformers, etc.		Signed in Rangoon on 1 April 1956. The agreement was concluded for extending the period of validity of the 1 July 1955 barter trade agreement from three to five years. A protocol was signed on the same day, under which Burma will supply 400,000 tons of rice annually over tthe next four years against USSR's supply of machinery and equipment and other goods and technical and other services.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Burma—United Kingdom		Total value: K 12.5 million ($2,625,000). United Kingdom: cotton textiles of the above value.	Payment in US raw cotton made available to Burma under US Public Law 480.	Signed in Rangoon on 18 June 1956.
Burma—United States	Up to end—Jun. 1956	Total value: $21.7 million, including $0.9 million of transportation costs. United States: 100,000 bales of cotton ($17.5 million), 1.5 million pounds of tobacco ($1.1 million), dairy products ($2 million), and fruits ($0.2 million).	Payment to be made in Burmese kyat.	Signed in Rangoon on 8 February 1956 for purchase by Burma of US surplus agricultural commodities. About $1 million worth of raw cotton will be shipped direct to Burma, the remaining part to other countries for processing into textiles and shipment to Burma.
Burma—United States		Total value: $1 million. Burma: rice of the above value.	US will furnish $1.1 million for paying the services of American technicians in Burma and for sending government scholars and trainers to US, in exchange for an equivalent amount of kyat funds to be used for the purchase of Burmese rice by the US.	The agreement was formalized in an exchange of notes in Rangoon on 30 June 1956.
Burma—Yugoslavia	Five years	Burma: rice (50,000 long tons annually). Yugoslavia: machinery and equipment and consumer goods of equipment value.		Signed in Rangoon on 7 March 1956. An agreement on technical cooperation and an agreement on long-term economic cooperation were signed at the same time.
Cambodia—Czechoslovakia		Cambodia: rubber, maize, pepper, soya beans, rice, handicrafts, etc. Czechoslovakia: machines, industrial equipment, textiles, rolling stock, etc.		Signed on 6 October 1956. The agreement also provides for Czechoslovakia's technical assistance to Cambodia.
Ceylon—Bulgaria	One year	Ceylon: tea, rubber, coconuts and coconut oil, graphite, spices, etc. Bulgaria: machinery, plate-glass, sugar, flour, chemicals, etc.	Bulgaria through sale of its goods in Ceylon is to build up credit to pay for its purchase of Ceylonese goods.	Signed in Colombo on 19 June 1956, subject to ratification.
Ceylon—Czechoslovakia	1956/57—1958/59	Ceylon: rubber, coconuts, coconut oil, plumbago, spices, etc. Czechoslovakia: machinery for sugar and cement factories, buses, etc.	Proceeds from sale of Czechoslovak goods will pay for Ceylonese products.	Signed in Colombo on 16 August 1956 for three years. Most-favoured-nation treatment provided, also a swing credit of £500,000.
Ceylon—Hungary	Valid up to end-1961	Ceylon: tea, rubber, coconuts and coconut oil, graphite, spices, coir fibres, etc. Hungary: wheat flour, sugar and sugar factory equipment, industrial and agricultural machinery, electrical goods, diesel locomotives, motor vehicles, textiles.		Signed on 4 June 1956. Most-favoured-nation treatment was mutually granted.
Ceylon—Romania	One year	Total value: £1 million each way. Ceylon: tea, rubber, coconut oil, copra, coir fibre, graphite, cocoa beans, spices, etc. Romania: machinery, cement mills, cement, electrical equipment, window glass, plywood chests, wheat flour, newsprint, paper, textiles, etc.	With a swing credit of £100,000, final settlements are to be effected in pounds sterling or any other currency as may be agreed upon.	Signed in Colombo on 16 March 1956, initially for a validly of one year, subject to ratification. Most-favoured-nation treatment was mutually accorded.
China (Taiwan)—France	5 May 1956—5 May 1957	Total value: $10 million each way. China: tea ($7 million), etc. France: chemical fertilizers, machinery, etc.	Payment to be made in either US dollars or pounds sterling as from 5 1956, following closing of the former open account with a swing balance of $1.5 million under the old trade and payments agreement of May 1954.	Signed on 4 May 1956.
China (Taiwan)—Lebanon		Total value: $4 million. Chin: sugar, rice, lead, paper, citronella oil, camphor, etc. Lebanon: cement, vegetable oil, animal gum, metals, etc.		Initialed in Beirut in August 1956, subject to approval by the Lebanese Parliament.
China (Taiwan)—United States		Total value: $9.8 million, including transportation costs. United States: cotton ($5 million), tobacco ($1.7 million), dairy products ($1.5 million), inedible tallow ($1 million).	Payment to be made in Taiwan currency.	Signed in Taipei on 14 August 1956. Proceeds from the sale of US surplus agricultural commodities will be used to finance market development projects, international educational exchange activities and other US obligations and outlays for common defense purpose.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
China (Mainland)—Albania	Through 1956	China: wheat, oil and fats, cotton, tea and flax products. Albania: copper, tobacco, etc.		Signed in Peking on 13 March 1956.
China (Mainland)—Bulgaria	Through 1956	China: mineral products, tea, animal products, industrial raw materials and other goods. Bulgaria: chemical fertilizer, agricultural machinery, cured tobacco, cotton textiles and other goods.		Signed in Sofia on 21 January 1956. (See *Bulletin*, Vol. V, No. 4).
China (Mainland)—Czechoslovakia	1958—1962			Signed on 4 July 1956.
China (Mainland)—Egypt	One year	Total value: £12 million each way. China: rolled steel, machinery, edible oil, tea, silk, etc. Egypt: cotton and yarn.	Payment to be made in currency acceptable to the creditor party.	Signed in Cairo on 22 October 1956.
China (Mainland)—Finland	1 May 1956—30 Apr. 1957	Total value: about 61 million rubles each way. China: soya beans, oil-seeds and oils, tea, silk and products, egg products and glue. Finland: cellulose,, paper and products, paper machines and parts, copper semi-manufactures, steam boilers, etc.		Signed in Helsinki on 31 July 1956. Previously notes were exchanged in Peking on 31 March 1956, mutually according most-favoured-nation treatment in regard to customs duties and navigation as from 1 April 1956.
China (Mainland)—Germany (eastern)	1956	Germany to supply China with ten complete sets of equipment for manufacturing chemicals, building materials and machines, to a total value of 410 million rubles.		Signed between the state trade organizations of the two countries at the Leipzig International Fair of 1956 (which closed on 8 March), in addition to the trade agreement for 1956, whereby, in addition to the trade agreement for 1956, Germany will supply China with 15 railway refrigerator cars, 1,000 machine tools, and several hundred trucks, to a total value of 100 million rubles.
China (Mainland)—Hungary	Through 1956	China: mineral ores, metals, raw materials for chemical and textile industries, tea, oil and fats, hides, etc. Hungary: agricultural machinery, telecommunication equipment, precision instruments, power station equipment, motor vehicles, pharmaceuticals, petroleum products, textiles, etc.		Signed in Budapest on 27 January 1956.
China (Mainland)—Poland	1956	Poland will supply China with 373 diesel generators for drilling rigs, 500 caterpillar tractors, 80 wheel-type tractors, 170 sets of drilling rigs, 65 lathes and 89 bulldozers, totalling 41 million rubles in value.		Signed between the state trading organizations of the two countries at the Poznan International Fair on 21 June 1956.
China (Mainland)—Romania	Through 1956	China: iron ore, asbestos, wool, skins and hides, foodstuffs, tea, jute, and cotton yarn. Romania: electric generating equipment, deep-well drilling equipment, tractors, oil tank cars, petroleum and products.		Signed in Bucharest on 3 January 1956. (See *Bulletin*, Vol. V, No. 4).
China (Mainland)—USSR		USSR to provide 2,500 million rubles' worth of materials, machinery, and services of engineers and technicians needed to build 55 new industrial enterprises comprising metallurgical works, chemical works, electrical & radio industries, power stations, etc. in exchange for Chinese agricultural, mineral and handicraft exports.		Signed in Peking on 7 April 1956.
China (Mainland)—USSR	Through 1956	China: sulphur, mercury, caustic soda, soda ash, rice, tea, woolen fabrics, needlework products, skins and hides, other raw materials, etc. USSR: machine tools, drilling equipment, building machinery, cranes and hoists, air compressors, pumps, diesel engines, generators, motor cars, agricultural machinery, instruments, ferrous metals, etc.		Signed in Peking on 25 July 1956 for supplementing the trade protocol of 27 December 1955.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
China (Mainland)—Yugoslavia	Through 1956	Total value: £2.5 million each way. China: oil seeds, tung oil, tea, raw silk, hides and skins, other animal products, tin, asbestos, graphite, chemical products, etc. Yugoslavia: leaf tobacco, agricultural machinery, chemical products, cotton cloth, antibiotics, medical apparatus, etc.		First trade and payments agreement, signed in Belgrade on 17 February 1956, extending the most-favoured-nation treatment to each other. A five-year Agreement on Scientific and Technical Co-operation was signed on the same day, providing for exchange of scientific and technical experience in various economic fields.
India—Austria	1 Jul. 1956—30 Jun. 1957	India: tea, carpets, hydrogenated oils, castor oil, coir and manufactures, spices, cotton, cotton piecegoods, sport goods, iron and manganese ores, mica, shellac, cashewnuts, leather, etc. Austria: building and engineering materials, wool and woollen goods, newsprint, high-grade steel and alloy steel, hardware tools, instruments and apparatus, machinery, etc. (See *Bulletin*, Vol. V, No. 1).		Letters exchanged in Viet-Nam on 6 September 1956, extending the validity of the trade agreement of 9 December 1952 for a further period of one year up to 30 June 1957, last extension being on 29 December 1955 for a period of six months up to 30 June 1956.
India—Bulgaria	18 Apr. 1956—31 Dec. 1959	India: iron and manganese ores, lac, tea, coffee, tobacco, spices, hides and skins, oil and oilseeds, raw cotton, cotton waste, jute manufactures, sport goods, handicrafts and cottage industry products, etc. Bulgaria: various kinds of machines, such as woodworking, metal working, forging, pressing, agricultural, etc.; chemicals; paints; drugs and medicines; electrical instruments; machinery equipment; diesel engines; etc.	Account to be settled in rupees.	Signed in New Delhi on 18 April 1956. Attached schedules of commodities for exchange to be revised for each calendar year.
India—Chile	16 Oct. 1956—31 Dec. 1959	India: Walnuts and cashew kernels, jams, spices, tea, coffee, pepper, tobacco, mica, shellac, vegetable oils, coir manufactures, chemicals and medicines, hides and skins, leather and manufactures, cotton piece-goods, jute yarn and fabrics, silk, art silk and woollen fabrics, handicrafts and cottage industry products, light engineering goods, ores, etc. Chile: pulses, barley, fruits, canned foodstuffs, sulphur, nitrate, iodine, copper and manufactures, lead, pig iron, steel, timber, etc.		First trade agreement signed in New Delhi on 16 October 1956, which may by continued for a further period of three years by mutual agreement.
India—Czechoslovakia	Through 1956	India: tea, spices, tobacco, cotton, cashew nuts, vegetable oil, shellac, rayon and cotton textiles, carpets, skins, mica, iron and manganese ores, etc. Czechoslovakia: machinery and plants, engineering and metallurgical equipment, glass, paper, tractors, machine tools, diesel engine, chemicals, etc.	Payment to be made in pounds sterling.	Letters exchanged in New Delhi on 20 January 1956, extending the validity of the 17 November 1953 trade agreement upto 31 December 1956. The agreement was last extended on 3 June 1955, valid upto 31 December 1955. (See *Bulletin*, Vol. VI, No. 2).
India—Finland	Through 1956	India: tobacco, hides and skins, cashew nuts, spices, jute goods, tea, coffee, shellac, coir yarn and manufactures, fibres, cotton textiles, coal, iron ore, etc. Finland: tea chests; mechanical and chemical wood pulp; paper and products; machinery for farming, woodworking, plywood, road making, etc.; electrical and telecommunication cables, etc.	Balance to be settled in pounds sterling.	Letters exchanged in New Delhi on 16 March 1956, extending the validity of the trade agreement of 12 January 1951 for a further period of one year up to 31 December 1956 (See *Bulletin*, Vol. V, No. 2).
India—Germany (eastern)	Three years	India: animals, dried fruits, tea, spices, coffee, mica, shellac, chrome ore, iron ore, manganese ore, vegetable oils, cashewnuts, textiles (cotton, silk and art silk, woollen and jute), coir and manufactures, handicraft, chemical and engineering products, etc. Germany: various kinds of machinery, locomotives (electric, diesel and steam), plant and equipment for cement and sugar production, tractors, transformers, medical and dental apparatus and instruments, wireless communications equipment, newsprint, films, etc.	Payment to be made in Indian rupees. Balance in rupees in Germany's favor will be convertible into sterling.	Letters exchanged in New Delhi on 8 October 1956. The arrangement, effective immediately, will be valid for three years, subject to such modifications as may be made in the attached schedules by mutual agreement at the beginning of each calendar year.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Ind'a—Germany (western)	1 Apr. 1956—31 Mar. 1957	While items of exports to India remain unchanged, Germany will increase quotas for Indian textiles etc. and grant quotas for new items such as twine, ropes, cordage and cable of jute and false jute, canned fruits and hand-made lace.	Payment to be made in pounds sterling.	Letters exchanged in Bonn on 22 September 1956, revising the annexure to the 31 March 1955 trade agreement for the year 1956/57. The original agreement will remain in force till termination by a 3-months' notice, subject to its annexure concerning Indian exports being revised every year. (See *Bulletin*, Vol. VI, No. 1).
India—Hungary	Through 1956	India: tobacco, tea, shellac, wool, hides and skins, vegetable and essential oils, etc. Hungary: dyes, electrical equipment, textiles machinery, tractors and agricultural machinery, laboratory equipment, etc.	Payment to be made in rupees or pounds sterling as may be mutually convenient.	Letters exchanged in New Delhi on 6 January 1956, extending the validity of the schedules attached to the 17 June 1954 agreement for a further period of one year up to 31 December 1956. The agreement will remain in force until 31 December 1957. (See *Bulletin*, Vol. V, No. 2, and Vol. VI, No. 1).
India—Iraq	Through 1956	India: food and agricultural products, timber and products, textiles, fibres and bristles, rubber products, hides and skins and products, ceramics, glassware, chemicals, minerals and ores, machinery and metal products, etc. Iraq: animals, cotton, dates, foodgrains, gallnuts, hides and skins (lightweight), etc.		Letters exchanged in Baghdad on 4 January 1956, extending the trade agreement for a further period of one year up to 31 December 1956. The agreement, concluded on 6 May 1953, was last extended on 22 December for one year beginning 1 January 1955. Reciprocal most-favoured-nation treatment was also provided.
India—Norway	Through 1956	India: tea, coffee, cashew kernels, fruits and jams, tobacco, vegetable oils, hydrogenated oil, cotton textiles, silk and rayon fabrics, jute goods, wool and manufactures, coir and products, flax, linen, raw hemp, rubber goods, leather manufactures, tanned hides and skins, sport goods, drugs and medicines, spices, shellac, mica, iron and manganese ores, light engineering goods, plastic manufactures, hardware including cutlery, cottage industry produtes, etc. Norway: fish, cod liver oil, fatty alcohols, mechanical and chemical pulp, newsprint, aluminium manufactures including aluminium boats, galvanized and black steel pipes, testing machines, welding equipment, marine-type diesel engines, machine tools, fishing vessels made from timber, calcium carbide, miscellaneous machinery, etc.	Payment to be made in pounds sterling.	Letters exchanged in New Delhi on 4 June 1956, extending the validity of the 24 June 1955 trade arrangement for a period of one year up to 31 December 1956 and revising the attached schedules. (See *Bulletin*, Vol. VI, No. 2).
India—Poland	1 Apr. 1956—31 Dec. 1959	India: iron and manganese ores, mica, shellac, myrobalan and extracts, tea, coffee, tobacco, spices, hides and skins, raw cotton, cotton textiles, raw wool, wool waste, jute goods, handicrafts and cottage industry products, etc. Poland: machinery for building and road building, textile, drilling, milling welding, etc. complete plant and equipment, such as sugar refineries, alcohol distilleries, machine tool plants, railway rolling stock plants, electrical apparatus plants; iron and steel structures, diesel engines, electric motors, agricultural implements and tractors, zinc electrolytic sheets and dust, optical and medical instruments, industrial chemicals and cement, etc.	Payment to be made in rupees. Balance convertible into sterling.	Signed in New Delhi on 3 April 1956, with attached schedules to be revised every calendar year. In pursuance of this agreement, another agreement was signed in New Delhi on 11 April 1956, whereby Poland will sell to India 50,000 tons of iron and steel products between 1 April and 31 December 1956, 100,000 tons of iron and steel products in each of the calendar years 1957 and 1958, and 100,000 tons of cement between 1 August 1956 and 31 March 1957, while India will sell to Poland 100,000 tons of iron ore between 1 September 1956 and 31 March 1957 and another 100,000 tons in each of the years 1957 and 1958.
Ind'a—Romania	Through 1956	India: jute goods, iron ore, timber, tea, coffee, spices, skins hides, textiles, etc. Romania: oil drilling equipment, oil products, chemicals, railway materials, agricultural machinery, corn, etc.	Payment to be made in rupees or pounds sterling as may be mutually agreed. (See *Bulletin*, Vol. V, No. 1).	Letters exchanged in New Delhi on 28 March 1956, extending the validity of the 23 March 1954 trade agreement for a period of one year beginning 1 January 1956.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
India—Sweden	Through 1956	India: cotton textiles, silk and rayon fabrics, jute goods, wool and woollen manufactures, coir and coir products, cotton waste, leather goods, myrobalan and extracts, sport goods, castor oil, linseed oil, mustard oil, hydrogented oil, spices, tea, coffee, tobacco, shellac, manganese ore and magnesite, kynite, chrome and iron ores, coal, paraffin wax, linoleum, bristles, cottage industry products, cashew kernels, etc. Sweden: foodstuffs, building materials, chemicals and pharmaceuticals, hides & skins, leather and manufactures, chemical and mechanical pulp, newsprint, cardboard, wallboard, textiles (rayon, wool and silk), iron and steel, metal manufactures, various kinds of machinery and equipment, electrical equipment, sewing machines, domestic wireless receiving sets, gramophones, refrigerators, railway rolling stock and locomotives, hospital equipment, office machinery and equipment, etc.		Signed on 31 May 1955 for a period of two years up to 31 December 1956. The trade agreement will continue to operate in the absence of a 3-months' notice by either party for modification or termination. The attached schedules of imports and exports are subject to revision for each calendar year. Letters were exchanged in New Delhi on 9 May 1956, revising the schedules for 1956.
India—United States	Three years	Total value: about $360 million (Rs. 1,720 million) including half of shipping costs. United States: 3.6 million tons of wheat ($200 million), 0.2 million tons of rice (26.4 million), 0.5 million bales (480 lb. each) of cotton ($70 million), 6 million pounds of tobacco ($6 million), and $3.5 millions worth of dairy products (mostly in the form of skim milk powder).	Payments to be made in rupees credited to a US account in India.	Signed in New Delhi on 29 August 1956, for import by India of US surplus agricultural commodities over a period of three years. Rice will be shipped before 3 June 1957. The rupees so credited will be utilized in 3 ways: (a) A total sum of Rs.1,118 million (65%) will be lent to the Indian Government on long-term basis for economic development, of which some Rs.260 million will be loaned to private enterprise; detailed terms of repayment will be settled in due course. (b) A sum of Rs.258 million (15%) will be granted to the Indian Government for expenditure on economic development projects. (c) The United States will be free to use the balance of Rs.344 million (20%) for various purposes in India such as: (1) for developing new market for US agricultural commodities on a mutually beneficial basis, (2) for financing international educational exchange activities, and (3) for paying US obligations in India such as US Embassy expenditure.
India—Yugoslavia	1 Apr. 1956—31 Dec. 1956	Total value: To be raised to a much higher level. India: iron ore, manganese ore, mica, shellac, myrobalan and extracts, tea, coffee, tobacco, spices, hides and skins, cotton textiles, raw cotton, raw wool, wool waste, jute goods, handicrafts and cottage industry products etc. Yugoslavia: foodstuffs, timber, wooden furniture, cotton sewing thread, woollen and artificial silk fabrics, chemicals, pharmaceutical products, glass and glassware, dyeing and tanning substances, insulators, iron and steel products, rolling stock, wagons, rails, copper and zinc products, non-ferrous alloys and manufactures, steam boilers, diesel and steam locomotives and tractors, turbines, motors, electrical goods, medical apparatus and instruments, various kinds of machinery, cranes, ships, cement, etc.	Payments to be settled in rupees or pounds sterling as may be mutually convenient.	Signed in New Delhi on 31 March 1956. The agreement will be in force as from 1 April up to 31 December 1959, subject to the attached schedules being revised for each calendar year; it also provides for reciprocal most-favoured-nation treatment and close scientific and technical co-operation.
Indonesia—Belgium		Total value: $3 million. Belgium: Cotton textiles ($1 million) and yarn ($2 million).	Payment in US raw cotton made available to Indonesia under US Public Law 480.	Signed in Djakarta on 9 July 1956.
Indonesia—Czechoslovakia	Through 1957	Indonesia: rubber, copra, tin, palm kernels, spices, etc. Czechoslovakia: machines, motor cycles, cars, paper, textiles, etc.		Signed in Prague in November 1956.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Indonesia—Germany (eastern)	One year	Indonesia: rubber, tea, copra, tin, pepper, coconuts, oil-seeds, coffee, rattan, tobacco, wood, tapioca, handicrafts, etc. Germany: all kinds of industrial plants and equipment, vehicles, pumps, compressors, tools, metal ware, printing machinery, electric motors, office machines, precision and optical instruments fertilizers, cement, glass, ceramics, paper and products, etc.	Payment to be made in transferable pounds sterling.	Signed in Djakarta on 12 December 1956. The agreement, valid for one year, will be extended another year if no notice of termination be given three months before its expiry.
Indonesia—Germany (western)		Total value: $4 million. Germany: Cotton textiles to the above value.	Payment in US raw cotton made available to Indonesia under US Public Law 480.	Signed in Djakarta on 2 July 1956.
Indonesia—Romania		Indonesia: rubber, coffee, spices, etc. Romania: complete machinery for production of flint and cement, riverboats and seaships, and equipment for oil industry, mining, and railways.		Signed in Bucharest on 25 November 1956.
Indonesia—Sweden	1 Jun.—30 Nov. 1956	Indonesia: rubber, tin, sugar, copra, etc. Sweden: matches, cement, pulp and paper, telecommunication equipment, etc.		The trade agreement of 1955, due to expire on 30 May 1956, was extended for another period of 6 months by exchange of Notes in Stockholm on 6 July 1956. (See *Bulletin*, Vol. VI, No. 4).
Indonesia—USSR	12 Aug. 1956—11 Aug.	Indonesia: rubber, copra, coffee, tea, tobacco, pepper, spices quinine, cocoa-beans, tapioca, oil seeds, palm oil and kernels, sugar, essential oils, etc. USSR: machinery and equipment, electrical equipment, motor vehicles, diesel engines, tractors, agricultural implements, optical instruments, iron and steel, metal goods, cotton fabrics, yarn, newsprint, cement, chemicals and medicine, etc.	Paymen to be made in pounds sterling.	The first one-year trade agreement signed in Djakarta on 12 August 1956, to become effective after approval by the two governments, and automatically renewable for another year if no prior notice of termination be given.
Indonesia—United Kingdom		Total value: $3 million. United Kingdom: cotton yarn and piece-goods.	Payment in US raw cotton made available to Indonesia under US Public Law 480.	Signed in Djakarta on 3 July 1956.
Indonesia—United States	1957 1956—1958	Total value: $96.7 million, including transportation costs. United States: cotton ($36 million), rice ($35.8 million), tobacco ($15 million), and wheat flour ($5 million).	Payment to be made in Indonesian rupiahs.	The agreement was concluded under US Public Law 480, signed in Djakarta on 2 March 1956. About $11 million worth of raw cotton will be shipped to Indonesia, while the remaining $25 million worth of cotton will be shipped to other countries for processing into textiles and shipment to Indonesia. A major part of the proceeds in rupiahs from the sales of US surplus commodities will be loaned on a long-term basis to the Indonesian Government for economic development purposes, the remainder to be used by the US Government for agricultural marketing development in Indonesia, for promoting trade, and for an educational exchange program between the two countries.
Japan—Argentina		Total value: $20 million each way.	(1) Closing the original open account on 31 March 1956, and consolidating Argentina's debt of $60 64 million on that date to be paid during next ten years, at an average annual interest of 3.5 per cent. (2) Establishment of a second open account for one year under which (a) the trade balance as of end of March 1956 amounting to $16 million in favour of Japan will be settled by importing from Argentina $12 million worth of raw wool and $4 million worth of maize, linseed oil and quebracho bark, and (b) Japan's new exports and invisible trade receipts will be paid in cash sterling. (3) After closure of the second open account Japan will pay in cash sterling or dollars for imports from Argentina.	Signed in Buenos Aires on 9 September 1956, providing for opening of negotiations for a formal trade agreement not later than December 1956.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Japan—Finland	Apr. 1957—Mar. 1958	Total value: $5 million each way. Japan: metals, textiles, ships, etc. Finland: pulp, etc.	The current open account agreement of 14 December 1952 will be terminated at the end of March 1957 and thereafter settlement will be effected in sterling.	Concluded in Tokyo on 10 December 1956.
Japan—Germany (western)	1 Apr. 1956—31 Mar. 1957	Total value: $80 million. Japan to treat imports from Germany on the same basis as those from the sterling area, and Germany to liberalize imports of certain Japanese goods such as unbleached cotton and spun rayon fabrics, canned tuna and bonito and crab meat, tea, fish meal, oil cake, non-ferrous metals.		Signed in Bonn on 15 June 1956. The former open account was closed at the end of September 1955 with a balance of about $13 million in favour of western Germany, which Japan shall pay in sterling or dollars, in 6 instalments, before end-June 1957.
Japan—Greece	1 Apr. 1956—31 Mar. 1957	Total value: $2.5 million each way. Japan: machinery, metal goods, pottery and porcelain, textile goods, canned fish, etc. Greece: dried fruits, leaf tobacco, raw cotton, olive oil, mineral products, etc.	Payment to be made in dollars. The swing limit of $250,000 to be raised to $500,000.	Notes were exchanged in Athens on 20 September 1956, extending and revising the one year trade agreement signed on 12 March 1955 for the period from 1 April 1955 to 31 March 1956. (See *Bulletin*, Vol. VI, No. 1).
Japan—Romania	Through 1956	Total value: £1 million. Japan: artificial silk, cotton textiles, canned fish, ball bearing, copper wire, rolled steel, etc. Romania: oil, timber, farm product, etc.		Signed in February 1956 bebetween the Tokyo Trading Co. and Romino-Export.
Japan—Sweden	1 Apr. 1956—31 Mar. 1957	Total value: Kr.100 million. The Japanese Government will admit imports from Sweden on a non-discriminatory basis as from the sterling area, while the Swedish Government will treat imports from Japan substantially the same as those from members of the OEEC.	The current open account system to be abolished as of 14 April 1956, and payment to be made in dollars, sterling or Swedish kroner as from 15 April 1956.	Signed in Stockholm on 23 March 1956.
Japan—Turkey	1 Feb.—31 Jul. 1956	Total value: $6.65 million each way. Japan: textiles, machinery, chemicals, manufactured goods, optical instruments, etc. Turkey: handicrafts, dried and preserved fruits, cotton, leaf tobacco and opium, hides and leather, etc.	Payment to be made on the basis of open account dollars with a swing limit of $1.5 million.	Letters exchanged in Ankara on 7 March 1956, for further extension of the trade agreement signed on 8 February 1955.
Japan—United Kingdom	1 Apr.—30 Sep. 1956	Total value: £150,000 each way (in addition to the original overall target for the sterling-area trade of £255 million each way for the year 1 October 1955—30 September 1956). Japan: Canned peaches and loquats, plasic goods, slide rules, cultured pearls, etc. United Kingdom: acetone, oil heaters, life-saving equipment, etc.		This mid-term revision of the 17 October 1955 trade arrangements was signed in London on 17 April 1956.
Japan—United States		Total value: $65.8 million, including $5.9 million ocean freight. United States: 17 million bushels of wheat, 4.5 million bushels of barley, 5 million bushels of corn and other grains, 133,000 bales of cotton, and 3.3 million lbs. of tobacco.	Payment to be made in Japanese yen.	Signed on 10 February 1956. A major portion of the sales proceeds will be used by the Japanese Government on a loan basis for economic development purposes, and the balance by US for various purposes such as purchase of goods in Japan for other countries, etc.
Japan—Uruguay	27 Apr.—27 Oct. 1956	Japan: textiles, iron and steel, etc. Uruguay: wool, rice, etc.	Payment in dollars.	The provisisonal trade and payments agreement was extended in May for a period of six months.
Japan—Yemen		Japan: textiles, etc. Yemen: salt (100,000 tons), coffee, etc.		Signed in Tokyo on 2 March 1956 between the Japanese Government and a Yemen Trade Mission. Hereafter trade will be transacted directly instead of through Aden.
Korea (southern)—United States		Total value: $43.8 million, including transportation costs. United States: barley ($11.5 million); canned pork ($8 million); cotton ($7.8 million); wheat ($5.4 million); cottonseed oil, soyabean oil, and/or lard ($3 million); tobacco ($2 million); and dairy products ($1 million).	Payment to be made in Korean hwan.	Announced by the US Department of Agriculture on 13 March 1956. A major portion of the hwan proceeds from the sales will be used for common defense purposes, and the remainder for payment of US Government expenses in southern Korea.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Pakistan—Czechoslovakia	15 Aug. 1956—14 Aug. 1957	Pakistan: jute, jute goods, cotton, wool, tea, herbs, crude drugs, hides and skins and leather goods, sport goods, surgical and hospital equipment, etc. Czechoslovakia: machinery, electrical equipment, X-ray apparatus, film plates, iron and steel, diesel generators, laboratory equipment, newsprint, etc.	Payment to be made in pounds sterling, unless otherwise agreed upon.	Signed in Karachi on 15 August 1956. The agreement will be automatically renewable each year if no notice of termination is given by either party three months before its expiry.
Pakistan—France	1 Jul. 1956—30 Jun. 1957	Pakistan: jute, cotton, cotton waste and linters, animal hair, kapok, hides and skins, crushed bones, tea, sport goods carpets, mica, chrome ore, tobacco, etc. France: chemicals, pharmaceutical specialities, dyestuffs, electrical equipment, wines and spirits, machinery and millwork, rubber tyres and tubes other than for bicycles, textile yarns, motor cars, etc.	Payment to be made in pounds sterling.	Signed in Karachi on 31 July 1956 after approval by the two governments.
Pakistan—Germany (western)	1 Jul. 1956—30 Jun. 1957	Pakistan: cotton, jute, hides and skins, sheep and goat leather, tea, tobacco, chrome ore, essential oils, sport goods, carpets, rice, oil cake, honey etc. Germany: machinery and manufactured goods.	Payment to be effected through accounts kept in accordance with the existing Anglo-German Monetary Agreement consistent with the obligations of Pakistan as a member of the Sterling area.	The one year agreement, signed in Bonn on 8 June 1956, is subject to ratification; it shall continue to remain in force if no notice of termination is given by either party by 30 April 1957, but may be terminated after the initial period with a 3-months' notice. Pakistan will grant the most-favoured-nation treatment to imports from Germany.
Pakistan—Hungary	30 Jul. 1956—29 Jul. 1957	Pakistan: jute, jute goods, cotton, wool, tea, tobacco, hides and skins, sport goods, herbs and crude drugs, leather goods, etc. Hungary: machinery, electrical equipment, motor boats hydro-electric and thermal power plants, chemical plants, diesel engines and diesel generators, laboratory equipment, etc.	Payment to be made in transferable sterling unless otherwise agreed to.	Signed in Karachi on 30 July 1956. The agreement providing for reciprocal most-favoured-nation treatment, will be automatically renewable every year if no notice of termination is given three months before its expiry.
Pakistan—Italy	Through 1956	Pakistan: raw jute (60,000 tons), raw cotton (20,000 tons), wool, hides and skins, bones, saltpetre, handicrafts articles, sport goods, guts, frozen fish and prawns, etc. Italy: artificial silk yarn and threed, woollen yarn and fabrics, scientific and electrical instruments, iron and steel products, machinery and millwork, motor cycles and parts, aluminium, chemicals, dyestuffs, pharmaceutics, rubber tyres and tubes, paper and newsprint, etc.	Payment to be settled in pounds sterling.	Signed in Karachi on 8 February 1956, but approved by both governments on 20 April 1956. Most-favoured-nation treatment was mutually accorded.
Pakistan—Poland	One year	Total value: Pakistan: jute goods, cotton, wool, tea, hides and skins, sport goods, herbs and drugs, saltpetre, surgical instruments, chrome, handicrafts, etc. Poland: sugar factories, refrigerator plants, cement and concrete factories, cars, machinery, electrical equipment, tractors, installation-equipment chemicals and pharmaceuticals, coal-tar, dyes, photographic paper, X-ray films, glassware, etc.	Payment to be made in pounds sterling unless otherwise agreed to.	Signed in Karachi on 4 February 1956, for automatical renewal each year if no notice of termination is given by either party three months before its expiry. Most-favoured-nation treatment was mutually accorded.
Pakistan—USSR	3 Sep. 1956—2 Sep. 1957	Pakistan: jute and jute manufactures, cotton, wool, hides and skins, tanned leather, furs, tea, oilseed cakes, herbs and drugs, saltpetre, kapok, guts, sport goods, etc. USSR: various kinds of industrial equipment, machine tools and instruments, tractors and agricultural machinery, ball and roller bearings, metals, chemicals, petroleum and products, timber, newsprint, chemical fertilizers, dyestuffs, rubber tyres and tubes, films, medicines, etc.	Payment to be made in Pakistan rupees. Balances will be convertible into sterling.	First trade agreement, signed in Karachi on 27 June 1956, will be in force for an initial period of one year, commencing 3 September 1956 when notes conveying approval of the agreement by the two governments were exchanged; it will continue to be valid if no notice of termination is given three months before its expiry, but after the initial period, it may be terminated at any time on a three months' notice. Most-favoured-nation treatment was mutually accorded.

2. ECAFE EXTRA-REGIONAL TRADE AGREEMENTS

Contracting parties	Period valid	Value of trade and principal exports	Method of payment	Remarks
Pakistan—United Kingdom		Total value: $1.32 million. United Kingdom: cotton yarn ($1.18 million), cotton piece goods ($0.14 million).	Payment in US raw cotton made available to Pakistan under US Public Law 480.	Signed in July 1956 and announced by British Board of Trade on 10 July 1956. This agreement is supplementary to the 20 April 1955 agreement under which $5 million worth of cotton textiles were supplied by the United Kingdom to Pakistan in the same way.
Pakistan—United States		Total value: $16.9 million worth of US rice, including transportation costs.	Payment to be made in Pakistani rupees.	Announced by the US Secretary of Agriculture on 2 March 1956. This is the second agreement for Pakistan to purchase US farm surplus products under US Public Law 480.
Pakistan—United States	In 1956	Total value: $46.4 million, including transportation costs. United States: 125,000 tons of rice ($18.1 million), 190,000 tons of wheat ($11.8 million), 50,000 bales of cotton ($7.5 million), 2 million lbs of tobacco ($1.9 million), 850,000 lbs of milk and cheese ($0.1 million).	Payment to be made in Pakistani rupees.	Signed in Karachi in August 1956. A substantial portion of the sale proceeds will be used for common defence purposes, the remaining portion for payment of US obligations in Pakistan and for a loan to the Pakistan Government for economic development.
Pakistan—United States		Total value: Pakistan to purchase US cotton-seed oil and/or soybean oil to the value of $2.4 million, including transportation costs.	Payment to be made in Pakistani rupees.	The agreement, concluded under US Public Law 480, was announced by the US Department of Agriculture on 17 September 1956.
Pakistan—United States		Total value: $25.6 million, including transportation costs. United States: wheat ($13.7 million) and rice ($6.9 million).	Payment to be made in Pakistani rupees.	Announced by the US Department of Agriculture on 4 December 1956. The sales proceeds are to be used mainly for mutual defense purposes, for various US expenditures, and for an economic development loan.
Philippines—Portugal		Total value: ₱ 3 million. Philippines: 140,000 tons of sugar. Portugal: same quantity of rice.		First bartetr agreement, signed on 19 March 1956.
Thailand—United States		Total value: $500,000 worth of US powered milk.	Payment to be made in Thai currency.	Signed in Bangkok on 14 December 1956. 60 per cent of the proceeds from the sale will be used by the United States for paying the expenditure of its agencies in Thailand and for promoting educational relationship, while the remaining 40 per cent will be loaned to private interests for economic development.

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