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Progress of Regional Economic Cooperation in Asia^{1/}

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Introduction

The object of this paper is to review the progress of governmental regional economic cooperation in Asia since World War II. Section I of this paper studies the need for regional economic cooperation in Asia. Early attempts at regional economic cooperation and the reasons for their limited success are discussed in Section II. Section III reviews the progress made and the role played in regional cooperation by the Ministerial Conferences organized by the ECAFE since 1963. Progress in this field since the Third Ministerial Conference to date is reviewed in Section IV. The last section draws conclusions.

Post-war trend towards regional economic cooperation

An outstanding feature of the evolution of international economic relations in the post World War II period is the emergence of regional economic cooperation involving preferential treatment. In Europe, regional economic cooperation began with a network of bilateral agreements and later progressed with the formation of the Organization for European Economic Cooperation (OEEC) to liberalization of quota restrictions among member countries. Then followed the more advanced forms of integration embodied in the European Economic Community and the European Free Trade Association. In Latin America, a Latin American Free Trade Association embracing most of the countries of the region and the Central American Common Market were established in 1960 and the Andean Sub-regional Integration Agreement was signed in May 1969. Considerable progress has been made in this respect in the African region, as is

^{1/} In this paper Asia covers all the countries which are members or associated members of the United Nations Economic Commission for Asia and the Far East.

evident by the establishment of the West African Customs Union in 1959 (renewed by a new treaty in 1966), the Kampala Agreement of 1965, the Central African Customs and Economic Union formed in 1966, and the East African Community formed in 1967. Compared with progress in other regions of the world in economic cooperation, progress in the Asian region has been rather slow and limited.

I. The Need for Regional Cooperation in Asia

The Asian region covers a vast geographical area and is composed of a large number of countries at different stages of economic development. In addition, the region is not a compact economic unit well suited to far-reaching measures of regional economic cooperation. There are also political differences within the member countries of the region which come in the way of devising practical measures of economic cooperation. In spite of these special features of the Asian region, the need and scope for regional cooperation are immense and are directly related to the basic problem of achieving rapid economic growth. There is a wide and an increasing gap between receipts from exports and the imports required for rapid economic growth. In general, the demand for the commodities traditionally exported from the region is inelastic with regard to incomes in industrialized countries. Besides exports of some commodities of the region have been affected by technological advances in industrialized countries which have tended to reduce the quantity of raw materials required per unit of output of final product. Availability of good substitutes (particularly synthetic raw materials) at stable prices have also tended to reduce the exports of the region. In addition, some of the regions' exports face trade and non-trade barriers in industrialized countries. On the supply side, rapid increase in population, along with economic development, has tended to reduce exportable surplus of some traditional export commodities. Import substitution on a national level prompted by balance of payments difficulties have reduced intra-regional trade to some extent.

The present pattern of trade of the region is the result not only of economic factors, but also of historical factors including political ties, monetary connections, the extent of foreign investment, and the amount of tied foreign aid from industrialized countries. The future pattern of trade of the region could be modified by regional cooperation. Increase in intra-regional trade could be promoted by preferential regional treatment. The most important contribution which such an increase in intra-regional trade could make to rapid economic growth of the member countries of the region is through regional instead of national approach to import substitution policies. Intra-regional trade liberalization would provide a wider basis for import substitution. However, the adoption of a regional or subregional approach to import substitution would require harmonization of national development plans of member countries with a view to ensure the development of complementarity in production pattern in the different countries of the region and to ensure a reasonably

equitable distribution of new industries to avoid concentration of new industries in only a few countries of the region. This is a difficult area of coordination requiring an immense degree of cooperation and political will on the part of the member countries of the region.

The fact that countries in Europe, Latin America, and Africa have successfully adopted a particular pattern of regional economic cooperation does not mean that in Asia also the same pattern should be followed. The kind of regional cooperation which is desirable and practicable in the special circumstances of the region in the short or in the long run, has to be decided after careful assessment of its likely advantages to the region as a whole as well as to the individual countries. Regional cooperation can take the form of consultative activities which do not directly require coordination of commercial or development policies of the member countries, e.g., the sharing of experience in planning economic development and in the execution of particular policies, the improvement of statistics, customs administration, coordination of views on commodity problems of wide concern to countries of the region, etc. Regional cooperation in this form has been promoted by the United Nations Economic Commission for Asia and the Far East (ECAFE) from its inception. Regional cooperation can also be promoted in such activities which do not directly involve coordination of commercial policies of member countries although they do involve some measure of harmonization of investment decisions, e.g., integrated development of regional transport facilities, the establishment of regional training or research institutes, joint surveys of natural resources of the region, the joint development of resources common to two or more countries, etc. The more advanced types of regional cooperation require harmonization of development plans, coordination of investment, commercial policy, etc., leading to formation of a common market and close economic integration.

The ECAFE has played an important part in promoting regional economic cooperation in the region. As regional cooperation was an untried idea it needed initially sufficient statistical and other under-pinning. The Commission, therefore, devoted considerable attention to collecting and building up necessary basic data, exploring various areas of cooperation and discovering and formulating practical solutions for problems associated with forming regional or sub-regional groupings. This has progressed to the point where there is a firm factual basis for considering schemes of regional cooperation.

II. Early Attempts at Regional Cooperation

Immediately after World War II a number of Asian countries became independent. In some cases their territories were fragmented. The idea of nationalism was predominant and that of regionalism in the background. In spite of the preoccupations with domestic problems, leaders from different parts of Asia having a common outlook assembled in Delhi (India) in 1946 to attend the Asian Relations Conference.^{1/}

^{1/} See Report of the Consultative Group of Experts on Regional Economic Cooperation in Asia, Dec. 1961, ECAFE (E/CN.11/615), page 4.

A conference of Afro-Asian nations was held at Bandung (Indonesia) in 1955 to discuss problems of common concern. It was attended by representatives from sixteen Asian countries and thirteen African countries. The Bandung Conference recommended closer economic cooperation within the participating countries and called for measures for stabilizing prices of primary products, developing intra-regional shipping, promoting intra-regional trade, encouraging joint industrial ventures and mutual aid and assistance in economic development. In 1959, the late Prime Minister of Ceylon, Mr. Bandaranaike convened a meeting^{1/} of the representatives of five Asian Governments at official level to prepare for an economic conference to further the decisions taken at Bandung. Due to political differences and pre-occupation with domestic problems following independence in most of the Asian developing countries, adequate follow-up action was not taken in devising practical measures to foster regional cooperation.

1. Association of South East Asia (ASA)

One of the early attempts at subregional cooperation was the formation of an Association of South East Asia in 1961 comprising Malaysia, the Philippines, and Thailand. The Association was merely a forum for discussion of common problems. It envisaged joint trade and tourist promotion, liberalization of trade between member countries, establishment of joint shipping and airlines, cooperation in efforts to stabilize primary commodity markets and to set up joint industrial ventures.

2. Association of South East Asian Nations (ASEAN)

In 1967 the ASA was superseded by Association of South East Asian Nations when Indonesia and Singapore joined the former members of ASA. The approach so far followed by the ASEAN has been one of partial integration proceeding by individual projects but the broader aspects are also kept in view. The ASEAN is studying the feasibility of a definite program of partial or complete integration and possible fields of joint action and the forms of such cooperation.

The Second Ministerial Conference of ASEAN held in 1968 set up committees for (i) food production and supply, including fisheries, (ii) civil air transportation, (iii) meteorology, communications, etc., and (iv) shipping, to work out possibilities of collaboration in these fields. Proposals are under consideration for joint ventures in the production of steel, petro-chemicals, synthetic fibers, plastics, newsprint and an Asian shipping line. Certain broad criteria for selection of projects have also been agreed to. Proposals to standardize customs procedures are also under consideration.

^{1/} Ibid., page 4.

III. Ministerial Conferences on Asian Economic Cooperation

1. The First Ministerial Conference

The United Nations Economic Commission for Asia and the Far East (ECAFE) at its nineteenth session held at Manila in March 1963 adopted a resolution on "Accelerated Measures for Regional Economic Cooperation for Development of Trade and Industry" (Resolution 45 (XIX)). It expressed deep concern that the efforts of the developing countries of the ECAFE region to diversify their export trade and expand their earnings from exports of primary, semi-processed and manufactured products had so far yielded only modest results in increasing foreign exchange receipts needed for economic development. It therefore emphasized the need for greater regional cooperation and requested "The Executive Secretary while continuing to implement feasible work projects in the development of regional trade and industry in cooperation with countries of the region and to have such consultations with governments of the region as are necessary, to convene a meeting of high level representatives of member and associate member countries of the ECAFE region to review the progress achieved so far and to formulate and adopt more positive measures for concerted regional action."^{1/} In pursuance of this resolution, a meeting of cabinet ministers and high-ranking officials of the governments of member and associate member countries of the ECAFE region was held in Manila from December 3-6, 1963, which was attended by representatives of twenty-one countries,^{2/} nineteen member countries, and two associated members.

The Ministerial Conference had before it the Report of the Preparatory Meeting for the Special Conference on Asian Economic Cooperation^{3/} which had considered the Report of the Working Group of Experts on Measures for Economic Cooperation in the ECAFE region.^{4/} The recommendations of the Preparatory Meeting related to trade liberalization or removal of quantitative restrictions on a region-wide basis; trade liberalization and tariff reductions on a sub-regional basis including in this connection joint ventures and the establishment of an Asian Development Bank; cooperation in the field of shipping; cooperation in the field of primary commodities; preference to products of the region in government purchases; steps to increase business participation in intra-regional trade; and establishing a council of Ministers.

^{1/} See Report of the Ministerial Conference on Asian Economic Cooperation, UN publication No. 64.II. F.14, page 51.

^{2/} They were Afghanistan, Australia, Burma, Ceylon, China, India, Indonesia, Iran, Japan, the Republic of Korea, Laos, the Mongolian People's Republic, Nepal, New Zealand, Pakistan, the Philippines, the Republic of Viet-Nam, Thailand, Western Samoa, Brunei, and Hong Kong.

^{3/} Ibid., pages 45-50.

^{4/} Ibid., pages 52-77.

The Conference marked a distinct milestone toward regional economic cooperation in Asia. U Nyun, Executive Secretary of the ECAFE, in his opening statement, called it a historic conference of Asian Ministers and high-level representatives convened for the first time in Asia for considering positive measures for concerted action to accelerate regional trade and economic development in Asia and the Far East. He emphasized that the recommendations of the Preparatory Meeting did not aim at economic integration on a regional or subregional basis or visualize the creation of an institution with super-national powers on the lines of the European Economic Community. On the other hand, they represented the beginning of a modest program of intra-regional cooperation in the fields of trade, industry, transport and communications, keeping in mind the fact that the ECAFE region includes a large number of countries at different levels of economic and industrial development with different resources endowments, and political differences within the regional members.

The Ministerial Conference recognized that close economic cooperation among the member countries of the ECAFE would assist the most efficient utilization of the resources of the region, particularly that of the small developing countries, promote accelerated economic growth, and expand intra-regional trade and economic cooperation with the rest of the world. It expressed its determination to take practical measures for promoting regional economic cooperation in various fields including trade, industry, mining, agriculture, transport, and communications based on mutual respect for national sovereignty, mutuality in advantage and assistance, with due recognition of the different stages of development of the countries of the ECAFE region and of the importance of cooperation with countries outside the region.

It was agreed that, consistent with the respective national interests of the countries of the region, the objectives of regional economic cooperation should be to promote rapid economic and social development; to promote the growth in intra-regional trade on the basis of nondiscrimination and mutual advantage; to promote exports to countries outside the ECAFE region; to coordinate the planning and execution of agreed industrial, mineral, agricultural and fisheries projects on a regional or subregional basis; and to institute joint action toward the rationalization of ocean freight rates and routes.

It was also agreed that for the purpose of carrying out the above objectives appropriate arrangements should be devised and the necessary technical investigations and inquiries should be carried out to suggest practicable programs aimed at increasing intra-regional cooperation and the necessary institutional arrangements to implement the program.

The Conference recommended that meetings on the lines of the First Ministerial Conference be convened from time to time in order to review the progress in the implementation of the program and to take further steps necessary for accelerating regional economic cooperation.

The Ministerial Conference unanimously passed a "Resolution on Asian Economic Cooperation"^{1/} incorporating the objectives of regional economic cooperation and the steps to be taken to implement the objectives.

2. The Second Ministerial Conference

The Second Ministerial Conference on Asian Economic Cooperation was held at Manila (Philippines) from November 29 to December 2, 1965 to consider and adopt the Agreement Establishing the Asian Development Bank as submitted by the Preparatory Committee, and to review the progress made in the implementation of the regional cooperation program outlined in the resolution of the First Ministerial Conference and to adopt a further action program for regional economic cooperation.^{2/} The Conference was attended by representatives of twenty countries,^{3/} nineteen member countries, and one associated member country.

a. The Asian Development Bank

In pursuance of the resolution of the First Ministerial Conference on Asian Economic Cooperation, a Working Group of Experts was appointed in 1964 to evolve a scheme for the establishment of an Asian Development Bank and to prepare its draft Charter. The Working Group which submitted its report^{4/} in October 1964 justified the establishment of the Bank on the grounds that (i) it would attract additional funds to the region; (ii) it would finance especially those projects and facilities for social and economic development of the region which were not financed or not adequately financed through existing sources or agencies; and (iii) it would act as a focal point for and a stimulus to other measures for regional economic cooperation. A Consultative Committee on Asian Development Bank was convened in June and August 1965 to discuss various outstanding issues, to consult with Governments within and outside the region, to prepare a draft Charter, and to assist in the formulation of a program of preparatory arrangements for the establishment of the Bank. The Preparatory Committee on the Asian Development Bank^{5/} which met from October 21 to November 1, 1965 in

^{1/} See Appendix I.

^{2/} See Report of the Second Ministerial Conference on Asian Economic Cooperation, UN publication No. 67.II.F.6.

^{3/} Afghanistan, Australia, Cambodia, Ceylon, China, India, Iran, Japan, the Republic of Korea, Laos, Malaysia, Nepal, New Zealand, Pakistan, the Philippines, the Republic of Viet-Nam, Singapore, Thailand, Western Samoa, and Hong Kong.

^{4/} The Asian Development Bank and Trade Liberalization, UN publication No. 65.II.F.15, pages 1-36.

^{5/} See the Second Ministerial Conference on Asian Economic Cooperation, op.cit. pp.54-114.

Bangkok, Thailand, made a detailed examination of the various legal and technical aspects of the recommendations of the Consultative Committee and the draft agreement prepared by it and submitted a revised draft Agreement for approval of the Second Ministerial Conference.

The Conference recognized that the establishment of the Bank would mobilize new and additional funds for financing economic development of the region and that it would serve as a focal point for, and as a stimulus to, other concrete measures for regional economic cooperation. It, therefore, decided to adopt the Agreement establishing the Asian Development Bank as recommended by the Preparatory Committee with principal office at Manila, Philippines. The Agreement establishing the Asian Development Bank was signed at a conference of Plenipotentiaries in Manila in December 1965 and entered into force in August 1966. The Bank commenced its operations on December 19, 1966.

b. Review of progress and further action program

(1) Trade liberalization

In pursuance of the resolution of the First Ministerial Conference calling for necessary technical investigations and inquiries by an expert group with a view to suggesting practical and acceptable programs of trade liberalization and to recommend the institutional arrangements that may have to be made to implement such programs, a Working Group of Experts on Trade Liberalization was convened which submitted its report^{1/} on November 16, 1964. The Report noted the sluggish rate of growth in intra-regional trade and emphasized that the implementation of trade liberalization measures would not only have a favorable effect on regional trade, but also create more favorable conditions for wider and more ambitious measures of regional economic cooperation. The Group felt that schemes for the automatic and complete removal of quantitative restrictions and/or tariffs within the ECAFE region were not feasible in view of wide disparities in economic development of various parts of the region. They, therefore, recommended that the working and targets of the existing bilateral trade agreements could be reviewed during ECAFE Intra-Regional Trade Promotion talks with a view to increasing import targets over a specified period which could be implemented through bilateral quotas, barter deals or other available means but should aim at a multilateral balance. This was considered to be a useful first step toward more intensive schemes of trade liberalization. They also recommended that each member country should establish a list of commodities which would be completely free from all quantitative restrictions in respect of intra-regional trade. It would form the basis of a multilateral negotiation in which each country could try to find out a reasonable balance between export possibilities and the additional imports it.

^{1/} See The Asian Development Bank and Trade Liberalization, UN publication No. 65.II.F.15, pp. 83-95.

would allow for the goods of its own list. Another recommendation was that each country should establish regional quotas for selected products in addition to a global quota. The balancing of import and export possibilities would be through multilateral negotiations. The Group felt that trade liberalization measures could also be taken on a sub-regional basis within the ECAFE region. The Working Group felt that the proposed trade liberalization measures would result in a more rapid growth of intra-regional trade if they were accompanied by some form of payments arrangement with credit facilities and suggested that the proposal should be studied in greater detail at both the expert and governmental levels.

The Second Ministerial Conference expressed the hope that the member governments will give urgent and serious considerations to the recommendations of the Working Group and recommended that a study group be constituted to examine the financial aspects of expansion of trade and the need for a payments arrangement to prevent imbalances arising from expanded intra-regional trade.

(2) Regional harmonization of development plans

The Second Session of the Conference of Asian Economic Planners^{1/} held in 1964 emphasized the urgency of taking bold steps toward harmonization of national development plans. The Second Ministerial Conference stressed that regional harmonization of development plans and production programs were necessary complements to trade cooperation and that greater regional cooperation in this field was a matter of urgent concern to all countries of the region. It, however, pointed out that the main task of long-term policy should be not to expand the trade flow along the traditional lines, but to create deliberately a new pattern of complementary production over time by harmonization of development plans.

The Second Ministerial Conference urged the Governments of Asian countries to cooperate fully in the implementation of the Commission resolutions 56 (XXI) on regional harmonization of development plans. It recommended holding of bilateral or multilateral intra-regional consultations at regular intervals to promote the objective of plan harmonization in the context of a long-term development perspective to be suggested by the Regional Center for Economic Projection and Programing.

^{1/} See Economic Development and Planning in Asia and the Far East, Conference of Asian Economic Planners (Second Session), Economic Bulletin for Asia and the Far East, Vol. XV, No. 3, December 1964.

(3) Shipping and ocean freight rates

In pursuance of the First Ministerial Conference a Working Group of Experts on Shipping and Ocean Freight Rates was convened which submitted its report^{1/} in February 1965. The Working Group concluded that, although shipping plays an important role in the economics of the region, the developing countries of the region do not possess shipping tonnage commensurate with the share of their overseas trade, which deprives them of an important source of foreign exchange earnings and prevents them from participating in business which would be particularly attractive if inherent cost advantages of developing countries were fully utilized. Rectification of this imbalance would require a considerably long time in view of the requirements of capital and skill which are scarce in the region. Although shipping conferences provide the developing countries with regular services at comparatively stable rates, their method of rate making, their rigid freight rate structure, the disparity between inbound and outbound freight rates, and the nature and administration of royalty contracts with individual shippers and other practices leave much to be desired. As a short-term measure the Working Group suggested broadened channels of communication between shippers and carriers by the organization of national and regional shippers' councils for consultation and negotiations between shippers and shipping conferences guided by Government in the initial stages. As a long-term measure the Working Group recommended action for the establishment of national shipping in developing ECAFE countries along with the development of maritime training facilities, government financial aid in ship acquisition, preference for government-owned and controlled cargoes, and assistance in gaining conference membership for national shipping companies. They also recommended high priority to the improvement and development of ports.

The Second Ministerial Conference requested the member countries that studies on the rationalization of shipping and ocean freight rates be intensified and that the necessary steps be taken to establish a National Shippers Council which may ultimately lead to the establishment of a Regional Shippers' Council as recommended by the Working Group.

(4) Industrial joint ventures and natural resource development

No progress was reported in the field of establishment of joint ventures. The Conference, therefore, requested the member governments to pay particular attention to the establishment of joint and multilateral industrial schemes and from that point of view examine broad policy aspects of trade and payments, investments, tariffs, fiscal and planning policies.

^{1/} See the Report of the Working Group of Experts on Shipping and Ocean Freight Rates and Related Papers, UN publication No. 66.II.F.7, pp. 1-29.

With respect to development of natural resources the Conference requested the governments to study, consider, and take necessary steps to implement the recommendations of the Expert Group on Joint Offshore Prospecting of Minerals in the Asian Continental Shelves.

(5) Asian Highway

In March 1965, the ECAFE approved the establishment and the terms of reference of the Asian Highway Coordinating Committee at the ministerial level. The Committee met for the first time in April 1965 and recommended the preparation of a five-year development plan for the Asian Highway priority routes. The Ministerial Conference urged urgent steps to procure financial assistance for the program from the United Nations Special Fund and other donor countries.

(6) Telecommunications

The Conference noted that the ECAFE Secretariat, through the joint ECAFE/ITU unit, has prepared a series of regional and sub-regional telecommunications projects which would be made available to countries of the region and expressed the hope that the concerned countries will implement these projects with both national and international assistance and cooperation.

(7) Typhoon damage control

The Ministerial Conference noted that there is vast annual damage suffered by the ECAFE countries in the Pacific region through typhoons and welcomed the initiative taken by ECAFE/WMO to establish a Working Group of experts to consider possible means of minimizing or controlling the detrimental effects of typhoons in the ECAFE region.

(8) Demographic problems

The Ministerial Conference noted the vast scope of regional demographic cooperation and its importance in view of the population problems faced by all countries of the region. It requested the governments to cooperate and assist one another in providing information in the experience they have gained in implementing population policies, particularly with regard to census, sample surveys, training and research studies or experiments, etc.

c. Resolution on Dynamic Asian Economic Cooperation

The various programs discussed above were incorporated in a Resolution on Dynamic Asian Economic Cooperation^{1/} which was passed unanimously at the Conference. It also requested the Executive Secretary

^{1/} See Appendix II.

to develop a dynamic program of work and priorities in the above fields and to present at the next Ministerial Conference a comprehensive report on the progress achieved on the above action program.

3. The Third Ministerial Conference

The Third Ministerial Conference on Asian Economic Cooperation was convened from December 11-13, 1968 to review progress in the implementation of the recommendations of the Ministerial Conferences and to consider and formulate an appropriate strategy for the integrated development of regional cooperation in Asia and the Far East. The Conference was attended by representatives of twenty-two countries,^{1/} of which twenty were members and two associated members.

a. Progress on the recommendations of the Ministerial Conferences

(1) Harmonization of Development Plans

The first Working Group of Planning Experts on Regional Harmonization of Development Plans,^{2/} which considered the problems of and possible approaches to regional plan harmonization and economic cooperation along with the form of the organizational machinery required, submitted its report in December 1966. It recommended a two-level organizational structure, viz., at subregional and regional levels for effective operation of plan harmonization and regional cooperation. It suggested that the ECAFE should prepare studies on commodity and sectoral projections and comparative analyses of development plans and policies for subregional and regional organizations. It also recommended that the Ministerial Conference should take operational responsibility for plan harmonization; a committee on plan harmonization should be organized as an executive agency of the Ministerial Conference for this purpose which should meet at least twice a year to review progress and plan future work programs. Two meetings of government experts on harmonization of development plans were held in November 1967. At the first meeting, the role and the scope of the basic strategy of plan harmonization as an instrument of economic development were examined. It was concluded that, in Asian conditions, a commodity-by-commodity, project-by-project and subregional approach to plan harmonization was more feasible than a comprehensive approach. At the second meeting, the

^{1/} Afghanistan, Australia, Cambodia, Ceylon, China, India, Indonesia, Iran, Japan, Laos, the Republic of Korea, Malaysia, Mongolia, Nepal, New Zealand, Pakistan, the Philippines, Singapore, Thailand, the Republic of Viet-Nam, Fiji, and Hong Kong.

^{2/} See Economic Bulletin for Asia and the Far East, Vol. XVII, No. 1, June 1967, pp.1-11.

operational implication of this recommendation was further examined and a list of commodities and projects was drawn up. The participants selected a number of commodities in the agricultural field (rubber, tin, rice, copra, and oilseeds, including palm oil) and in the industrial field (fertilizers, petro-chemicals and allied chemicals, agricultural machinery, aluminum, and cement) for detailed study. They emphasized that, while these efforts should continue, an over-all elaborate examination of the entire commodity trade and production structure of the countries of the region as a whole was needed.

(2) Trade liberalization

A meeting of government experts on Trade Expansion was held in Bangkok in August 1968. They agreed to an exchange of lists of exportable commodities and of information relating to tariff and non-tariff barriers concerning these commodities in their respective countries. The lists would be circulated by the ECAFE Secretariat and participating countries would then arrange to meet to discuss the scope and content of trade expansion measures. These discussions could take place on a bilateral or multilateral basis. It was hoped that the availability of such lists and information would pave the way for an investigation into the possibilities of establishing regional preference for trade in some of the commodities.

(3) ECAFE Trade Promotion Centre

The ECAFE Trade Promotion Centre is working in close cooperation with other United Nations agencies. It will devote its attention to catering to the needs of governments of developing member countries by organizing training and refresher courses in trade promotion; rendering advisory services in trade promotion matters, including the organization of trade missions; providing marketing services; and giving assistance on organization of and participation in international fairs and exhibitions.

(4) Regional payments arrangements

In pursuance of the recommendation of the Second Ministerial Conference, the seminar on Financial Aspects of Trade Expansion^{1/} was organized at Bangkok from August 21-28, 1967. The seminar discussed alternative schemes of payments arrangements, including a simple clearing system and a payments union with credit extension and reserve arrangements, taking into account relevant experience and developments of payments arrangements in other regions. The seminar concluded that a simple Clearing Union, with monthly settlements, would be of benefit to member countries, provided that participating countries allowed traders and banks the option of using the traditional modes of settlement or

^{1/} See Report and Recommendations of the Seminar on Financial Aspects of Trade Expansion, UN publication No. E.69.II.F.9.

additional ones to be established. As regards longer-term credit commitments and facilities, it felt that while these should aim primarily at supporting intra-regional trade liberalization, these should also be geared to the over-all balance of payments and reserve position of members rather than to intra-regional surpluses and deficits as such. In order to make the scheme acceptable to lenders, it recommended that the scheme should provide for interest earnings and various safeguards, including guarantees against exchange risks, default, illiquidity, and inconvertibility of currencies. As regards granting of credits to participants, the seminar suggested that any large credits should be discretionary rather than automatic so as to avoid any abuse of the system in financing persistent balance of payments deficits. However, modest automatic credits might be provided to initiate the system.

The seminar recommended that a study of the existing international banking and credit facilities available to the region be undertaken, in cooperation with the IMF, with a view to evaluating whether they adequately served the current and potential trade needs of the region. A request for the study was made to the IMF in 1968. Informal consultations on regional clearing and payments arrangements were held in Washington on October 3, 1968 between an ECAFE expert mission and representatives of interested ECAFE member countries to stimulate the interest of member countries in carrying out their own investigations into all aspects of clearing and payments arrangements and to clarify various technical issues and possible economic implications relating to such arrangements on the basis of experience in other regions. The Secretariat also initiated work on a detailed study of the trade and commodity structure of developing member countries with a view to identify the products in which trade could be expanded if a program of trade liberalization linked with some clearing or payments arrangement were introduced.

(5) Joint ventures

Under the sponsorship of Asian Industrial Development Council (AIDC), which was set up in September 1966, survey missions, fact-finding teams and action programs were organized for some specific industrial projects, such as iron and steel, paper, pulp and rayon, petro-chemicals, forest-based industries and agricultural machinery. By following a project-by-project approach the AIDC has endeavored to identify projects of interest to some member countries.

(6) Joint prospecting of mineral resources

Six member countries (China, Japan, the Republic of Korea, the Philippines, Thailand, and the Republic of Viet-Nam) established a Committee for Coordination of Joint Prospecting of Mineral Resources in Asian offshore areas, with Indonesia and Malaysia participating as observers. It had ten projects under implementation, including a coordinated survey program among member countries of the Committee.

(7) Joint action in the field of primary products: The Asian Coconut Community

The second meeting of government experts on Plan Harmonization recommended that joint action could be taken with respect to rubber, tea, rice, and copra, and other oilseeds. The Secretariat conducted an exhaustive study on coconut and copra which was examined by a Working Group comprising of coconut producing countries in October 1968. The Working Group recommended the setting up of an Asian Coconut Community. An agreement establishing the Asian Coconut Community^{1/} was signed by the Governments of Ceylon, India, Indonesia, Malaysia, Philippines, Singapore, and Thailand in November 1968. The functions of the Community are to promote, coordinate, and harmonize all activities of the coconut industry with a view to achieve the maximum economic development of the industry.

(8) Shipping and Ocean Freight Rates

A Working Party on Shipping and Ocean Freight Rates (First Session) submitted its report^{2/} in September 1967. The Working Party noted that the development of merchant shipping in the ECAFE developing countries had not been commensurate with their share of the world trade. It identified several promising areas for regional and sub-regional cooperation. It recommended organization of maritime training, the creation of regional shippers' councils, pooling of shipping services and the establishment of a common chartering exchange. It also recommended the establishment of a shipping information and advisory services center and the intensification of advisory services. These recommendations were endorsed by the Committee on Trade (Eleventh Session) and the ECAFE Commission (Twenty-Fourth Session).

(9) Port development

A port survey team surveyed eight countries of the region and identified a number of problems both of a general and specific nature. The ECAFE Secretariat organized a regional seminar in October 1968 to follow up the team's recommendations to find a common solution to common problems. Prospects for regional cooperation appeared to be good for regional training facilities and the wider interchange of port operators. Regional cooperation was also considered to be desirable with regard to shipping operations and training, hydraulic and related technical studies, and dredging on ports through the establishment of regional equipment pools.

^{1/} For details see the Asian Coconut Community, Economic Bulletin for Asia and the Far East, Vol. XIX, No. 3, December 1968, pp. 17-23.

^{2/} See Report of the ECAFE Working Party on Shipping and Ocean Freight Rates and Related Papers, UN publication No. E.69.II.F.3.

(10) Asian Railway Network

Studies for the formation of the Asian Railway Network were undertaken in Thailand, Malaysia, and Singapore. Similar studies are to be undertaken in the remaining countries of the region through which the network would pass. It is hoped that a continuous railway link would greatly contribute in accelerating the economic, social and cultural development of the countries of the region.

(11) Asian Highway

The Asian Highway Coordinating Committee in its session held in October 1968 recommended that full benefits of the Asian Highway could be derived if en route auxillary services were also provided and the frontier formalities were eased. It also recommended a survey of the international traffic on the Asian Highway so that timely steps could be taken to facilitate its growth.

(12) Regional Telecommunications Network

Preparations for a pre-investment survey for a regional telecommunications network were being completed.

(13) Development of certain international river basins

The ECAFE Secretariat in 1965 published "A Compilation of Major International Rivers in the ECAFE Region" which presented basic data and an assessment of their potential for future development. Efforts are being made to promote cooperation among riparian countries in exchange of basic data; establishment of a joint flood warning system; joint surveys and investigations; and establishing of a joint committee to deal with the development of a few selected international rivers along the lines of the Mekong Committee.

(14) Typhoon damage control

Two expert group meetings, an expert mission and an ad hoc meeting of government representatives were organized by the Secretariat to study the technical, organizational and financial requirements for mitigating the enormous typhoon damage in the ECAFE region. As a result of these deliberations, a broad plan consisting of inter-related meteorological, telecommunications, and hydrological projects was formulated whose implementation would be coordinated by an inter-governmental typhoon committee with a regional typhoon committee as its executive arm.

(15) Asian Statistical Institute

Steps were taken to establish an Asian Institute for Training and Research in Statistics. The Commission accepted the offer of the Government of Japan to meet one third of the total cost of the project over a period of five years and to provide host facilities for the Institute in Tokyo. The Institute started functioning in May 1970.

b. Strategy for integrated development of regional cooperation in Asia

The Third Ministerial Conference discussed the strategy for integrated development of regional cooperation in Asia as elaborated in an ECAFE Secretariat paper^{1/} on the subject. The Executive Secretary drew the attention of the Conference to the fact that so far regional cooperation in trade and development was confined to a study of a few commodities for purposes of harmonization of development plans; the trade liberalization program operated through trade promotion talks, studies of various possibilities of trade liberalization and various types of payments arrangements; and the joint industrial development program through studies of some selected industries. He said though a commodity-by-commodity and project-by-project approach was useful as a first step, the areas of cooperation and plan harmonization should not be limited at micro level. It was essential to formulate a general strategy of cooperation by harmonizing national development plans and investment programs at a regional or subregional level. He said that "The time has come for us to cease harping upon the complications resulting from the many differences in size, level of development, political affiliations and policies among the countries of the region,"^{2/} and to move forward toward closer forms of economic cooperation. It was recognized that in the present circumstances a complete harmonization of development plans was neither technically nor politically feasible but an integrated strategy could be formulated through a multi-commodity, multi-national approach by a detailed study of commodity flows as a framework for the development of production pattern and intra-regional trade as outlined in the ECAFE Secretariat paper. The proposed study would indentify for the whole region current and potential export surpluses and import requirements in all feasible sectors and aim at offering a wide enough base for indentifying the possibilities of mutually beneficial exchange between countries. Once the commodity flows were available, feasible cooperation possibilities could be worked out and appropriate follow-up action at the technical, economic, and financial levels could be taken. At that stage it would be possible to arrange for the production and exchange of commodities among groups

^{1/} Report of the Third Ministerial Conference on Asian Economic Cooperation Annex (ECAFE-C/CN.11/848, January 1969).

^{2/} Ibid., p. 2.

of countries, balanced in such a way as to ensure approximately equal benefits for all partners. The proposed exercise in effect will produce: (a) an investment plan for economic cooperation involving a large range of commodities for production on a larger than national scale in the cooperating countries; and (b) based on this, a trade plan for intra-regional trade expansion. These two plans will form two facets of a larger strategy to be formulated in future for closer regional cooperation.

It was recognized that unless the highest possible policy direction and organization were provided at the national level, the commodity flow exercise could scarcely be useful or successful. In order to give more tangible form to the Ministerial Conference, it was proposed to redesignate it as "Council of Ministers for Asian Economic Cooperation." At the Secretariat level, a special unit or task force was to be formed to undertake activities directly geared to the decision-making task of the Council of Ministers.

The Ministerial Conference passed a resolution on Strategy for Integrated Regional Cooperation^{1/} approving the commodity flow exercise and the redesignation of its title to Council of Ministers for Asian Economic Cooperation besides making a number of recommendations on sectoral programs.

IV. Progress Since the Third Ministerial Conference

1. Trade liberalization

In January 1969, in pursuance of the resolution of the third Ministerial Conference on strategy for integrated regional cooperation, the Executive Secretary constituted a Task Force in the ECAFE secretariat which is being assisted by short-term consultants. The head of the Research and Planning Division of ECAFE has been entrusted with the responsibility of acting as a coordinator for the regional cooperation work. Also the ECAFE member countries of the region have identified a national unit within their respective administrations to work as a focal point for economic cooperation and to assist in the implementation of the strategy.

In March 1969, the Executive Secretary formulated the first phase of the program of work to be undertaken by the Task Force which includes commodity flow exercises--preparation of commodity and country profiles; study of techniques of trade liberalization; studies on possible payment mechanism to support trade liberalization; and development of commercial infrastructure for trade exchange. A start was made by undertaking a comprehensive review of the existing reports of experts and consultative groups convened by ECAFE from time to time on different aspects of the

^{1/} See Appendix III.

program, with a view to identifying the broad consensus on which further work could be done to evolve expeditiously action-oriented schemes suitable for adoption within the region. Simultaneously, the secretariat also started building up by country and commodity the statistical and other information it needed to evaluate the suggested schemes.

The work of the first phase was reviewed at an informal meeting of the representatives of the National Units from fourteen countries^{1/} in August 1969. The consultations revealed that a feasible program for trade development and liberalization could be drawn up based on the following broad considerations:

- a. Its coverage should be partial; that is, it should cover only named products, which could be added to from time to time;
- b. It should be optional; that is, the participating countries should not be subject to any automatic obligations;
- c. The concessions given by importing countries should be revocable; that is, there should be appropriate provisions for a participating country to contract out of any particular concession or obligation by giving notice in due time, should that country in actual experience find it to be burdensome;
- d. The importing obligations should be matched by assured exports; in other words, incremental exports included in the program should, in terms of value, be equivalent to incremental imports.

The consultations also revealed that the program may be implemented through the application of any one or more of the techniques enumerated below depending upon particular situations in participating countries:

- a. Preferential cuts in most favored nation tariffs on imports of specified commodities limited in value to agreed tariff-quotas;
- b. Preferential relaxation of quantitative restrictions or restrictions on allocation of foreign exchange in respect of quantity/value of the trade covered by the trade development and liberalization program;
- c. Bulk purchase by importing countries of primary commodities from intra-regional sources;
- d. Preferential purchase from intra-regional sources by public authorities in charge of procurement;

^{1/} Australia, Ceylon, China, Hong Kong, India, Indonesia, Japan, the Republic of Korea, Laos, Malaysia, the Philippines, Singapore, Thailand, and the Republic of Viet-Nam.

- e. Preferential dismantling of other nontariff barriers;
- f. Discount on freight on commodities moving under the envisaged trade development and liberalization program;
- g. Customs facilitation for import of commodities included in the program;
- h. International support, by way of external inputs, financial and technical, in promotion and stimulation measures, to enable exporting countries to augment their export surpluses for incremental trade under the proposed trade development and liberalization program.

During the ninth series of Intra-Regional Trade Promotion Talks held at Tehran from October 1-10, 1969, the participating countries exchanged views on export potentials and import capacities in relation to five broad groups of commodities (food and beverages; industrial raw materials; light consumer manufactures; industrial intermediate goods; heavy machinery, transport and electrical equipment) in order eventually to:

- (i) identify exporting countries and estimate their export potential;
- (ii) indicate production stimulation and other measures to enable exporting countries to realize their export potential in the immediate future;
- (iii) identify importing countries and estimate their import capacity;
- (iv) identify and indicate the specific technique or techniques of liberalization that could be employed to facilitate importation and develop intra-regional trade;
- (v) estimate to the extent practicable, commodity by commodity, the level at which it may be possible to balance export expansion with import increases;
- (vi) identify obstacles and difficulties in developing intra-regional trade and suggest possible solutions to overcome them.

The second meeting of the representatives of the National Units was held in February 1970 which further elaborated the program for technical consultations between the secretariat and the National Units. The importance of quantifying possibilities under the envisaged trade development and liberalization program was highlighted and priorities were fixed for early completion of country/commodity plans.

On the basis of ideas emerging from the Intra-Regional Trade Promotion Talks of October 1969 and the estimated need for increasing exports during the 1970's, a draft of a preliminary agreement on Asian trade development and liberalization has been prepared by the ECAFE secretariat. It visualizes an initial preparatory phase of five years during which the participating countries would endeavor to increase the amount of intra-regional trade per annum by an agreed target. Each participating country would establish its own target for incremental exports which may be matched by an equivalent amount of imports. This draft agreement provides both the commodity approach and the target approach. The target approach in particular will be supported by the studies on regional models for intra-regional trade to be constructed by the ECAFE secretariat. This proposal would be informally discussed with the representatives of member countries and an ECAFE expert mission and after taking into consideration their comments, the revised draft would be transmitted to member governments by the end of 1970.

The program of work in trade cooperation was discussed at the experts' level in Brussels in March 1970 where it was agreed that the most fruitful approach was to establish a target for the increase of intra-regional trade for each country on the basis of which the regional target would be based. These targets should be achieved through mutual consultations and appropriate action at the national level. It was felt that at the present stage attempts to establish precise policy commitments or to achieve trade liberalization through bilateral negotiations would not prove productive. Priority should be given to the establishment of a common list of products for which a zero tariff could be introduced to promote import substitution at the regional level.

2. Payments arrangements

The IMF staff submitted its requested study on Existing International Banking and Credit Facilities in the ECAFE Region^{1/} which concluded that "the existing international banking and credit arrangements within the ECAFE region appear adequate."^{2/} The Task Force commissioned two studies^{3/} to be made on the outlines of a feasible clearing and payments mechanism for adoption in the ECAFE region. These papers were discussed at the meetings of National Units which considered that while formulating the

^{1/} See SM/69/19 dated February 7, 1969.

^{2/} Ibid., page 41.

^{3/} Asian Payments Union: Suggested Broad Outline of Its Basic Features-- prepared by a consultant engaged by the ECAFE; (ECAFE/RC/TF/7) and A Scheme for Setting up Clearing and Credit Mechanism in the ECAFE Region to Facilitate Regional Cooperation in Trade-- prepared by one of the staff members of the UN Asian Institute for Economic Development and Planning (ECAFE/RC/TF/8).

regional payments arrangement the following points should be taken into consideration:

a. The agreement should be negotiated between the interested countries of the region for the setting-up of an Asian Payments Union. The membership of the Union will be open to all ECAFE member countries of the region:

b. The main function of the Union will be the following:

(i) it will serve as a clearing house, and

(ii) it will arrange for credit facilities to provide payments support for commercial transactions, including those covered by the Asian trade development and liberalization program.

In regard to the clearing function, the constitution of the Union may provide inter alia for the following:

a. It will be a simple clearing mechanism providing for settlement of balances at the end of a defined period.

b. Clearing through the Union will be optional. It will be left to the discretion of each participating member country to decide what part of its trade should be channeled through the clearing facility of the Union on a mandatory basis and what part on an optional basis.

c. A regional accounting unit--perhaps an Asian dollar-- will be created and all transactions with the Union or cleared through the Union will have to be converted into this unit.

d. Appropriate clauses will be introduced in the constitution of the Union indicating:

(i) the procedure for determining the parity of the various national currencies vis-à-vis the Asian dollar;

(ii) provisions for safeguarding the interest of the members of the Union in the event of a change in the exchange rate of any one particular member.

e. Suitable clauses will be included in the charter of the Union on such matters as interest charges, sharing of operational costs, default, etc.

f. In several respects the Union's clearing mechanism could be on the same lines as that of the Central American Clearing Union.

In regard to providing credit facilities by way of payment support for the Asian trade development and liberalization program, the constitution of the Union would provide inter alia for the following:

a. The credit facility will be related to trade expansion resulting from the implementation of the Asian trade development and liberalization program and its consequences on the payments position of each member country.

b. The credit facility to be offered by the Union to any given member country and the obligation on the part of the member country concerned to extend credit to the Union will be limited to a ceiling expressed in monetary terms.

c. Suitable clauses will be included in the constitution of the Union on matters such as repayment period and procedure, interest charges, guarantee against default, illiquidity and inconvertibility of currencies, etc.

d. The Union may be empowered to give discretionary credit to countries in case the ceiling provided for that country is unable to take care of the imbalance resulting from the expansion of trade.

The secretariat proposes to invite consultants and high-level experts to elaborate the scheme further and to consult interested governments informally before finalizing it for further consideration by the Council of Ministers.

The expert group, which met in Brussels in March 1970, agreed that a simple clearing union, on the lines of the Central American Clearing House (weekly clearing, modest interim credits and quarterly or semi-annual settlement) would be a desirable step toward regional monetary cooperation. As a first step, the scheme could be started at the sub-regional level. The ASEAN group (Thailand, the Philippines, Malaysia, Singapore, and Indonesia), which has developed some degree of mutual cooperation, may provide a good beginning.

It was also agreed that, if a regional credit arrangement were to be established, it should take the form of a reserve fund scheme. Members would hold a proportion (5 to 10 per cent) of their foreign exchange reserves in a regional reserve center, which in turn would provide credit (1 year or longer) to members in balance of payments difficulties. Such credits should be, either entirely or in most part, discretionary and the criterion should be the over-all balance of payments position and not the regional trade position. It would be expected that countries participating in the reserve fund scheme would also participate in the trade program; in providing credits, the reserve fund would take into consideration the performance of the member in relation to the agreed targets of regional trade expansion. The ECAFE Secretariat would

formulate concrete proposals on the basis of these conclusions, and would explain them to national experts. The ECAFE experts would visit various member countries and discuss the proposals with the policy-makers. They would be discussed further with delegates to the Fund Annual Meeting in Copenhagen in September 1970 and presented to central bank and government officials in October, and finally to the Council of ECAFE Ministers in December.

3. Cooperation in primary commodities

In cooperation with FAO, an expert group^{1/} was convened to examine the stabilization and expansion of intra-regional trade in rice and certain other agricultural and nonagricultural activities and the harmonization of national plans. ^{2/}The Intergovernmental Consultations on Regional Cooperation in Rice were held in Bangkok during February-March 1970 to explore the possibilities of regional cooperation in rice. The meeting recognized the need for developing a suitable arrangement with the objective of stabilization and expansion of trade in rice in the region. It could not, however, reach unanimity with regard to the exact form of such an arrangement or the timing thereof.

4. Industry

At the Twenty-Second Session of the Committee on Industry and Natural Resources held in January 1970, the role of planned industrialization and regional cooperation was underlined. The Asian Industrial Development Council's (AIDC) work in conducting a long-term industrial survey for regional cooperation was approved. The Regional Centre for Economic Projections is also planning to undertake a study on the optimal location of selected industries.

5. Transport and communications

Studies are continuing in these fields.

1/ See Report of the ECAFE/FAO Expert Group on Stabilization and Expansion of Intra-regional Trade in Rice and Some Other Agricultural and Non-agricultural Commodities and the Harmonization of National Plan (ECAFE/AGR/1, November 27, 1969).

2/ See Report of the Inter-governmental Consultations on Regional Cooperation in Rice in Asia, ECAFE, E/CN.11/L.271, March 20, 1970.

V. Conclusion

Compared with Europe and Latin America, progress in regional economic cooperation in Asia has been limited. The major causes of the slow progress have been preoccupation with domestic problems, political differences, different levels of industrial development and the related problems of reconciling varying interests. The ECAFE has played an important role in promoting regional economic cooperation in Asia. As regional cooperation was a new and untried idea in the Asian region, the ECAFE has followed a cautious approach in this respect. Its role has been confined to collection of data on various aspects related to regional cooperation, convening meetings of experts, working groups, etc. and arranging discussions on various aspects of regional cooperation. The convening of Ministerial Conferences on regional cooperation has been an important landmark in regional cooperation. The need is now felt for closer regional cooperation and from that point of view an integrated strategy on Asian cooperation has been worked out at the Third Ministerial Conference, and follow-up action is being taken.

Resolution on Asian Economic Cooperation

Passed by the First Ministerial Conference on Asian
Economic Cooperation, December 1963

The Ministerial Conference on Asian Economic Cooperation,

Noting with satisfaction the useful results achieved by this Conference in promoting regional economic cooperation in the ECAFE region,

Recording its appreciation of the useful work done by the Working Group of Experts and by the Preparatory Meeting of officials,

Considering that the rapid development of the economies of the member countries of the ECAFE region and the improvement of the general well-being of their peoples are essential for the attainment of the purposes of the United Nations,

Expressing its deep concern that most countries of the ECAFE region are encountering serious difficulties in achieving the minimum desirable rates of economic growth and that developments in international trade have not only failed to stimulate but have impeded the economic development of most countries of the region,

Recognizing that closer economic cooperation among the member countries of the ECAFE region would greatly assist the most efficient utilization of their resources and their rapid economic development, particularly that of the small developing nations,

Recognizing the right of free transit for land-locked countries and the special considerations which apply to their transport and transit problems and the importance of the relationship of these problems to questions of regional cooperation and the expansion of intraregional trade,

Noting the results of regional economic cooperation in other areas of the world,

Convinced that accelerated economic growth of the member countries of the ECAFE region will promote intraregional trade expansion and healthier and more expanding trade and economic cooperation with the rest of the world;

Determined to take practical measures for promoting regional economic cooperation in various fields including trade, industry, mining, agriculture, transport and communications;

Hereby agrees:

First, that Governments of member countries in the ECAFE region shall endeavour jointly and individually to achieve an increasing measure of economic cooperation;

Second, that regional economic cooperation shall be based on mutual respect for national sovereignty; mutuality in advantage and assistance, with due recognition of the different stages of development of the countries of the ECAFE region and of the importance of cooperation with countries outside the region;

Third, that consistently with the respective national interests of the countries of the region, the objectives of regional economic cooperation shall be:

1. To foster the rapid economic and social development of the member countries of the ECAFE region by the development of trade, industry, agriculture, transport and other sectors,
2. To promote the growth of intraregional trade on the basis of non-discrimination and mutual advantage by examining appropriate measures of trade liberalization such as the removal of quantitative restrictions and reduction of tariffs and through the promotion of free trade areas or customs unions on a subregional basis among interested countries,
3. To take vigorous concerted measures, where appropriate, for the promotion of exports of primary commodities and manufactures and semi-manufactures to countries outside the ECAFE region and for the improvement of productivity and for reduction in costs,
4. To make coordinated efforts in the planning and execution of agreed industrial, mineral, agricultural and fisheries projects on a regional or subregional basis, paying special attention to the requirements of the less-advanced countries of the region and with participating countries supporting the projects by appropriate measures of commercial policy,
5. To institute joint action towards the rationalization of ocean freight rates and routes,
6. To use where possible government purchases as one of the means of promoting intraregional trade and, to the extent possible, to give preference in their purchases to goods produced in the region,
7. To undertake such other measures within the framework of regional economic cooperation as are calculated to facilitate the promotion of economic progress and stability within the region;

Further agrees:

First, that for the purpose of carrying out the above objectives appropriate arrangements shall be devised and that member countries of the ECAFE region shall undertake the necessary technical investigations and inquiries through ad hoc meetings of representatives and expert groups, utilizing fully the assistance of the secretariat of the United Nations Economic Commission for Asia and the Far East in these activities;

Second, that such ad hoc committees shall be convened as soon as feasible to undertake the necessary studies, to suggest practical programs aimed at increasing intraregional cooperation and to recommend the institutional arrangements that would have to be made in order to implement, specifically:

- (a) an acceptable program of trade liberalization, removal of quota restrictions and tariff reduction within countries of the ECAFE region,
- (b) concerted measures for the promotion of and stabilization at remunerative and reasonable prices of exports of primary commodities,
- (c) the coordinated establishment of industrial and other projects including joint ventures on a regional and subregional basis,
- (d) the establishment of an Asian Development Bank,
- (e) the rationalization of ocean freight rates which have an adverse effect on the foreign trade of the region, particularly on the exports of the region, and the coordination of maritime transport facilities,
- (f) the coordination, where necessary or desirable, of air transport facilities among member countries of the ECAFE region;

Third, that the ECAFE secretariat be requested to prepare a draft convention on unrestricted right of transit facilities for land-locked countries on the lines of, but amplifying and modernizing, the Barcelona Convention; and

Fourth, that meetings of ministers of Governments of member countries in the ECAFE region, on the lines of the present Ministerial Conference, be convened by the Executive Secretary of ECAFE from time to time in order to review the progress in the implementation of the program of regional economic cooperation outlined above and to take further steps necessary for accelerating regional economic cooperation.

Resolution on Dynamic Asian Economic Cooperation

Passed by The Second Ministerial Conference, December 1965

The Ministerial Conference on Asian Economic Cooperation,

Noting with satisfaction and appreciation the Executive Secretary's report on the progress made in implementing the resolution and programs adopted by the First Ministerial Conference on Asian Economic Cooperation held in December 1963;

Noting with particular satisfaction the steps completed for establishing the Asian Development Bank;

Deeply concerned, nevertheless, that most Asian countries are still encountering serious difficulties in achieving the minimum desirable rates of growth and targets set for the United Nations Development Decade;

Re-emphasizes the need to fill rapidly the economic gap between the developing countries and the developed countries of the world;

Reaffirms the agreement recorded in the resolution on Asian economic cooperation of the First Ministerial Conference on Asian Economic Cooperation;

Agrees to seek the definition of a common regional economic cooperation policy and to take prompt and practical measures for promoting dynamic regional economic cooperation, particularly in economic and social development planning, trade, industry, mining, agriculture, natural resources, including water resources, transport and communications;

Also agrees to continue carrying out the programs adopted at the First Ministerial Conference and, in order to accelerate regional cooperation further, to adopt the following programs with regard to which it:

A. Regional harmonization of development plans

Invites the Governments of Asian countries to cooperate fully in the implementation of Commission resolution 56 (XXI) on regional harmonization of development plans and in the work of the ECAFE secretariat and the Regional Center for Economic Projections and Programming;

Urges the Governments of Asian countries to participate in working groups of planning experts to be convened by the Executive Secretary and to hold at regular intervals bilateral or multilateral intraregional consultations, within the framework of ECAFE and assisted by the ECAFE secretariat, so as to promote achievement of the objectives of plan harmonization in the context of a long-term development perspective to be suggested by the Regional Center for Economic Projections and Programming;

B. Regional trade liberalization and shipping and ocean freight rates

Expresses the hope that the governments will give urgent and serious consideration to the relevant recommendations of the Group of Experts on Regional Economic Cooperation held in 1963 and the recommendations of the Groups of Experts on Trade Liberalization and on Shipping and Ocean Freight Rates held in 1964;

Urges governments to conduct further investigations and studies on various measures for promoting regional trade cooperation, taking into account the recommendations of those groups of experts and the relevant recommendations of the United Nations Conference on Trade and Development in preparation for a subsequent meeting to be held, under the auspices of ECAFE, in order to establish guidelines to assist governments in intraregional multilateral and bilateral negotiations;

Appreciating that most of the developing countries in the region suffer from acute and continuing balance of payments difficulties;

Recommends that a study group be constituted from among the regional countries to examine the financial aspects of expansion of trade and the need for a payments arrangement to prevent imbalances arising from expanded intraregional trade;

Requests that studies on the rationalization of shipping and ocean freight rates be intensified and that the necessary steps be taken to bring about the establishment of national shippers' councils which may ultimately lead to the establishment of a regional shippers' council;

C. Industrialization and natural resources development

Expresses the hope that the First Asian Conference on Industrialization will formulate specific proposals and appropriate action programs for accelerating industrialization in the region generally and for developing joint industrial ventures, multilateral industrial projects, including complementarity agreements, and other joint efforts for the survey and development resources;

Requests the governments concerned to pay particular attention, in developing such joint and multilateral industrial schemes, to the broad policy aspects of trade and payments, investments, tariffs, fiscal and planning policies, so as to ensure the success of those projects;

Also requests governments to study, consider, and take necessary steps to implement the recommendations of the Expert Groups on Joint Off-Shore Prospecting for Minerals in the Asian Continental Shelves as endorsed by the meeting of representatives of the governments concerned;

D. Asian Highway

Noting that the Asian Highway Coordinating Committee is taking every step for the implementation and coordination of activities at the national and regional levels, and for seeking technical, financial and other assistance for accelerating the development of expanded transport facilities;

Urges the early implementation by governments of programs which will lead to the carrying out as soon as possible of the recommendations of the Asian Highway Coordinating Committee;

Urges the Executive Secretary to convene as early as possible a meeting of the Asian Highway Coordinating Committee to consider and finalize the draft application to the United Nations Special Fund for its assistance;

Urges the Asian Highway Coordinating Committee to request the United Nations Special Fund and donor countries to continue extending the maximum possible assistance for the implementation of the project;

F. Telecommunication

Noting that the ECAFE secretariat, through the joint ECAT/ITU unit, has prepared a series of regional and subregional telecommunication projects which would make telecommunication links, facilities and circuits, etc., available to the countries of the region;

Hopes that the countries covered by these regional telecommunication links will implement these projects with both national and international assistance and cooperation;

G. Typhoon damage control

Noting that the Fifth ECAFE Regional Conference on Water Resources Development had rightly drawn attention to the vast annual damage suffered by the ECAFE countries in the Pacific region through typhoons;

Welcomes the initiative taken by ECAFE/WMO to establish a working group of experts to consider possible means of minimizing or controlling the detrimental effects of typhoons in the ECAFE region;

Earnestly hopes that the research programs, studies, experiments and other activities will be commenced as soon as possible and that, in these endeavours, the countries of the region will receive the substantial financial and technical assistance required;

H. Demographic problems

Noting with satisfaction the results of the Asian Population Conference convened by ECAFE in 1963, the subsequent action taken by the Economic and Social Council and the General Assembly, the results of the World Population Conference, and the expansion of the ECAFE secretariat's studies, research, training programs and advisory services with help from United Nations technical assistance and other sources;

Also noting the vast scope for regional demographic cooperation and its importance in view of the population problems faced by all countries of the region;

Requests the governments to cooperate and assist one another in providing information on the experience they have gained in implementing population policies--particularly with regard to censuses, sample surveys, training and research, studies or experiments and motivation--and in their research on, and development of, population policies and action programs;

I. Tasks ahead

Requests the Executive Secretary to develop a dynamic program of work and priorities in the above fields, to take measures to strengthen the resources of the secretariat for providing assistance to governments engaged in carrying out that program, to seek additional financial assistance as required from multilateral and bilateral sources, and to take such other measures as may, from time to time, be necessary;

Also requests the Executive Secretary to present to the next Ministerial Conference on Economic Cooperation a comprehensive report on the progress achieved with the above action program, and to take further steps to accelerate such cooperation, bearing in mind the short-term and long-term targets set for regional and subregional cooperation in Asia.

Resolution on Strategy for Integrated Regional Cooperation

Passed by the Third Ministerial Conference, December 1968.

The Third Ministerial Conference on Asian Economic Cooperation

Noting with satisfaction and appreciation the Executive Secretary's report on progress in implementing the resolutions and programs adopted by the First and Second Ministerial Conferences and the document prepared by the ECAFE secretariat on a strategy for the integrated development of regional cooperation in Asia,

Noting further the agreement in the resolution on Dynamic Asian Economic Cooperation adopted at the Second Ministerial Conference to seek a definition of a common regional economic cooperation policy and to take prompt and practical measures for promoting dynamic regional economic cooperation,

Recalling UNCTAD II Resolution 23 (II) which underlines the importance of economic cooperation in economic development and reaffirms that trade expansion, economic cooperation and integration among developing countries constitute an important element of international development strategy and would make an essential contribution towards their economic development,

Convinced of the urgent need for intersectoral coordination with a view to evolving a practical program of action directed to concrete ends,

Reiterating the continuing validity of a commodity-by-commodity and project-by-project approach in the studies for regional cooperation,

Recognizing the need for the Ministerial Conference to assume an active role in formulating and implementing programs for regional cooperation,

A. Sectoral Programs

Invites the member and associate member States of the region:

(a) To cooperate fully with the ECAFE secretariat in the completion of studies and projects;

(b) In formulating their plans to increase exports to and imports from regional countries, to take into account, inter alia, (i) studies of trade and production possibilities of countries of the region, (ii) the work of the governmental experts on trade expansion, and (iii) the AIDC proposals for setting up industrial projects;

(c) To give serious consideration to the proposals and studies for the establishment of payments or clearing unions with a view to being able to provide such payment support as may be considered necessary for schemes of trade expansion;

(d) To encourage complementarity in and augmentation of industrial and agricultural production in selected sectors in the region, keeping in view the natural factor endowment in different member States of the region and the recommendations of AIDC;

(e) To develop intraregional shipping services by, inter alia, encouragement of regional shipping pools, chartering exchanges, shippers councils and freight study units, to improve port facilities and take steps to secure reductions in ocean freights payable on regional products;

(f) To complete the Asian Highway to the extent they are concerned, assist other Asian Highway countries in the early implementation of the projects included in the five-year plan, to adopt uniform practices and regulations through multilateral agreements, and render necessary assistance to promote international highway traffic by easing frontier formalities;

(g) To support the regional application for assistance from the United Nations Development Program for the proposed telecommunication pre-investment surveys so as to ensure speedy realization of the over-all integrated network;

(h) To give their sustained support to the Second Asian International Trade Fair to be held at Tehran from October 5 to 24, 1969 and to the Third Asian International Trade Fair to be held in 1971 at Manila;

(i) To provide support for techno-economic studies with a view to early implementation of the trans-Asian railway network;

(j) To provide assistance to the Typhoon Committee and to the joint ECAFE/WMO Unit in the ECAFE secretariat for the further development of the project;

(k) To give assistance to the recently established Population Division in the ECAFE secretariat in carrying out its program;

(l) To contribute towards the establishment of the Asian Statistical Institute so as to enable it to implement its program of statistical training and research.

Requests the Executive Secretary:

(a) To implement the studies of selected commodities with a view to promoting regional harmonization of national development plan;

(b) To strengthen the ECAFE Trade Promotion Center so as to enable it to build up contacts with similar organizations in other parts of the world and as a means of promoting intraregional trade;

(c) To expedite completion of the studies recommended by the Seminar on Financial Aspects of Trade Expansion;

(d) Following the Agreement reached in regard to coconut, to promote similar cooperation efforts on important regional products such as rubber, rice, tea, jute, pepper and shellac;

(e) To intensify the work and activities in the field of expansion of trade and industrial development in the region;

(f) To provide for the interest of the smaller and less developed, including the land-locked countries of the region, in developing their trade and industry;

(g) To set up a committee of interested countries for coordination of offshore prospecting for mineral resources in the Indian Ocean area;

(h) To strengthen the ECAFE Center for Shipping Information and Advisory Services and to explore the possibilities of organizing joint shipping services to facilitate inter-regional transportation of export products.

Further requests the Executive Secretary to present a comprehensive report on the progress achieved with the recommended action programs, and to take steps to accelerate measures of cooperation, bearing in mind an over-all strategy for regional economic cooperation.

B. Strategy for Integrated Cooperation

Approves generally the strategy for integrated development outlined in section 2 of document MCEC.111/6;

Decides that henceforth the Ministerial Conference on Asian Economic Cooperation shall be known as the Council of Ministers for Asian Economic Cooperation;

Recommends to the cooperating countries of the region that they identify within their administrations a national unit as a focal point for Asian Economic Cooperation;

Requests the Executive Secretary:

(i) to prepare with the assistance, as necessary, of an expert group or groups an integrated program of action, keeping in view the views and wishes expressed by the delegations at this Conference;

	1969										1966-1968 (average)									
	1960		1961		1962		1963		1964											
	Value	%	Value	%	Value	%	Value	%	Value	%										
World ^{1/}	113,100	(100.0)	152,100	(100.0)	164,700	(100.0)	8.3	180,600	(100.0)	5.1	212,200	(100.0)	9.9	115,800	(100.0)	14.2	194,200	(100.0)	137.9	1966-1968 average
Developed areas ^{2/}	85,700	(75.8)	117,600	(77.3)	128,300	(77.9)	9.1	141,700	(78.5)	5.5	168,100	(79.2)	9.9	92,200	(79.6)	15.3	153,100	(78.8)	119.3	
Developing areas	27,400	(24.2)	34,500	(22.7)	36,400	(22.1)	5.5	38,900	(21.5)	3.6	44,100	(20.8)	9.4	23,600	(20.4)	10.3	41,100	(21.2)	112.9	
Developed areas	26,220	(23.2)	34,340	(22.6)	35,660	(21.7)	3.8	39,980	(22.1)	5.7	47,330	(22.3)	12.0	10,950	(20.1)	0.1	24,930	(21.4)	7.7	
North America ^{4/}	51,510	(45.5)	71,200	(46.8)	79,040	(48.0)	11.0	86,310	(47.8)	5.3	101,590	(47.9)	11.8	27,140	(49.7)	12.4	56,840	(49.1)	18.3	
Western Europe	29,740	(26.3)	42,980	(28.0)	47,990	(29.1)	12.5	52,650	(29.2)	6.6	64,200	(30.3)	14.4	17,390	(31.8)	13.1	36,400	(31.4)	20.5	
Common Market	18,480	(16.3)	24,040	(15.8)	26,110	(15.9)	8.6	27,990	(15.5)	7.2	31,070	(14.6)	8.4	8,150	(14.9)	10.9	17,080	(14.7)	14.5	
Free Trade Area	3,290	(2.9)	4,580	(3.0)	5,010	(3.0)	9.4	5,680	(3.2)	6.3	6,310	(3.0)	4.5	1,600	(2.9)	11.9	3,360	(2.9)	15.5	
Other Western Europe ^{5/}	1,233	(1.1)	1,458	(1.0)	1,485	(0.9)	1.9	1,688	(0.9)	12.4	2,105	(1.0)	10.9	510	(0.9)	4.9	1,039	(0.9)	2.8	
South Africa	6,815	(6.0)	10,704	(7.0)	12,272	(7.5)	14.6	13,826	(7.7)	6.3	17,272	(8.1)	17.5	4,555	(8.3)	26.2	9,663	(8.3)	22.3	
EECFS region	4,055	(3.6)	6,674	(4.4)	8,452	(5.1)	26.6	9,776	(5.4)	15.7	10,448	(5.5)	6.8	12,972	(6.1)	24.2	9,355	(6.2)	25.1	
Japan	2,760	(2.4)	4,090	(2.6)	5,820	(3.5)	-5.2	4,050	(2.4)	5.2	4,300	(2.0)	0.9	1,200	(2.2)	20.0	2,430	(2.1)	14.6	
Australia and New Zealand	1,585	(1.4)	1,860	(1.2)	1,890	(1.1)	1.6	2,000	(1.1)	4.0	2,210	(1.0)	6.3	590	(1.0)	-	1,120	(1.0)	1.8	
Rest of world ^{6/}	8,560	(7.6)	10,550	(6.9)	11,060	(6.7)	4.8	11,620	(6.4)	0.9	12,190	(5.7)	4.0	3,120	(5.7)	3.0	6,450	(5.6)	7.0	
Developing areas	5,300	(4.7)	7,240	(4.6)	7,650	(4.6)	5.7	8,220	(4.6)	2.2	9,770	(4.6)	16.3	2,700	(4.9)	12.0	5,500	(4.7)	13.2	
Latin America	11,900	(10.5)	14,880	(9.8)	15,930	(9.6)	6.3	17,000	(9.4)	6.2	19,890	(9.4)	10.2	5,470	(9.5)	14.1	10,510	(9.1)	12.0	
Developing Africa ^{7/}	4,270	(3.8)	6,060	(4.0)	6,510	(4.0)	7.4	7,230	(4.0)	11.1	8,720	(4.1)	9.7	2,280	(4.2)	10.1	4,560	(3.9)	9.6	
Developing Asia	7,630	(6.8)	8,820	(5.8)	9,330	(5.7)	5.6	9,770	(5.4)	4.8	10,090	(5.3)	10.7	2,890	(5.3)	17.				

Footnotes 1/-8/ see Table 2.

Table 2. World Imports o.i.f. (in million US dollars)
(Percentage share of world trade in brackets)

	1963			1964			1965			1966			1967			1968			1969			1966-1968 (average)				
	Value	3/	Value	Value	3/	Value	Value	3/	Value	Value	3/	Value	Value	3/	Value	Value	3/	Value	Value	3/	Value	Value	3/			
																								Percent- tage change over 1964	Percent- tage change over 1965	Percent- tage change over 1966
World ^{1/}	119,400	(100.0)	160,900	(100.0)	8.6	192,100	(100.0)	9.9	204,700	(100.0)	11.2	224,300	(100.0)	5.0	224,300	(100.0)	11.2	258,100	(100.0)	9.0	122,400	(100.0)	12.8	206,033	(100.0)	117.9
Developed areas ^{2/}	89,200	(74.7)	124,800	(77.6)	9.7	151,200	(78.7)	10.4	159,400	(79.0)	5.4	178,600	(79.6)	5.4	178,600	(79.6)	12.0	146,600	(80.2)	9.6	98,900	(80.8)	14.5	163,067	(79.1)	119.1
Developing areas	30,200	(25.3)	36,100	(22.4)	5.0	40,900	(21.3)	7.9	44,300	(21.0)	3.4	45,700	(20.4)	3.4	45,700	(20.4)	8.0	11,500	(19.8)	6.5	23,500	(19.2)	6.3	42,967	(20.9)	113.4
Developed areas																										
North America ^{4/}	22,520	(18.9)	27,760	(17.3)	14.6	37,720	(19.6)	18.5	40,010	(19.8)	6.1	47,890	(21.3)	19.5	11,280	(21.3)	19.5	11,280	(19.4)	1.3	25,450	(20.8)	8.9	41,853	(20.3)	131.5
Western Europe	57,110	(47.8)	82,640	(51.4)	8.6	97,040	(50.5)	8.2	100,300	(49.7)	3.3	109,970	(49.0)	9.6	30,090	(49.0)	9.6	30,090	(51.8)	14.2	62,590	(51.1)	18.4	102,437	(49.7)	114.2
Common Market	29,610	(24.8)	44,920	(27.9)	9.4	53,650	(27.9)	9.2	55,070	(27.3)	2.6	61,960	(27.6)	12.5	17,510	(30.1)	18.7	36,610	(29.9)	24.5	96,893	(27.6)	24.5	96,893	(27.6)	115.8
Free Trade Area	23,012	(19.3)	30,120	(18.7)	5.4	33,390	(17.4)	5.2	35,280	(17.5)	5.7	37,660	(16.8)	6.7	9,740	(16.8)	5.2	20,090	(16.4)	8.7	35,443	(16.4)	8.7	35,443	(16.4)	111.6
Other Western Europe ^{5/}	4,490	(3.8)	7,590	(4.7)	15.9	10,010	(5.2)	13.6	9,960	(4.9)	-0.5	10,940	(4.6)	3.8	2,840	(4.9)	21.9	5,900	(4.8)	18.7	10,109	(4.8)	18.7	10,109	(4.9)	114.7
South Africa	1,556	(1.3)	2,156	(1.3)	14.1	2,304	(1.2)	-6.3	2,690	(1.3)	16.8	2,629	(1.2)	-2.3	651	(1.2)	-2.3	651	(1.1)	0.9	1,383	(1.1)	6.4	2,541	(1.2)	109.9
NAFTA region	7,942	(6.7)	12,148	(7.6)	5.5	14,094	(7.3)	9.9	16,384	(8.1)	16.2	18,089	(8.1)	10.4	4,612	(7.9)	6.3	9,482	(7.7)	7.6	16,189	(7.7)	7.6	16,189	(7.9)	126.3
Japan	4,491	(3.8)	7,938	(4.9)	2.9	9,523	(5.0)	16.6	11,663	(5.8)	22.5	12,987	(5.8)	11.4	3,422	(5.9)	9.7	7,022	(5.7)	10.2	11,391	(5.5)	10.2	11,391	(5.5)	139.4
Australia and New Zealand	3,450	(2.9)	4,210	(2.6)	10.5	4,650	(2.7)	-1.7	4,720	(2.3)	3.3	5,100	(2.3)	8.1	1,190	(2.0)	-2.5	2,460	(2.0)	0.8	4,797	(2.3)	0.8	4,797	(2.3)	109.2
Rest of world ^{6/}	2,200	(1.8)	2,770	(1.7)	6.1	3,130	(1.6)	6.5	3,300	(1.6)	5.4	3,460	(1.5)	4.8	860	(1.5)	-	1,790	(1.5)	3.5	3,297	(1.6)	3.5	3,297	(1.6)	112.1
Developing areas																										
Latin America	8,350	(7.0)	9,590	(6.0)	0.9	10,640	(5.5)	9.9	11,030	(5.5)	3.7	12,090	(5.4)	9.6	2,980	(5.1)	8.4	6,150	(5.0)	7.5	11,253	(5.0)	7.5	11,253	(5.5)	116.3
Developing Africa ^{7/}	6,550	(5.5)	7,470	(4.6)	6.3	8,230	(4.3)	3.7	8,160	(4.0)	-0.9	8,730	(3.9)	7.0	2,250	(3.9)	7.1	4,470	(3.7)	5.7	8,373	(3.7)	5.7	8,373	(4.1)	105.5
Developing Asia	13,100	(11.0)	16,300	(10.1)	6.6	18,850	(9.8)	8.5	19,790	(9.8)	5.0	21,440	(9.6)	8.3	5,400	(9.3)	6.7	11,080	(9.1)	6.2	20,027	(9.1)	6.2	20,027	(9.7)	115.2
Western Asia ^{8/}	3,280	(2.8)	4,160	(2.6)	9.9	5,080	(2.6)	11.2	5,110	(2.5)	0.6	5,850	(2.6)	14.5	1,520	(2.6)	7.8	3,090	(2.5)	6.9	5,947	(2.5)	6.9	5,947	(2.6)	117.0
Southern and eastern Asia	9,820	(8.2)	12,150	(7.6)	5.4	13,770	(7.2)	7.5	14,680	(7.3)	6.6	15,590	(7.0)	6.2	3,880	(6.7)	6.3	8,000	(6.5)	6.1	14,680	(6.5)	6.1	14,680	(7.1)	114.6

Sources: United Nations, Monthly Bulletin of Statistics.

1/ Excluding the trade of centrally planned economies.

2/ Including the United States, Canada, Western Europe, Japan, Australia, New Zealand and South Africa.

3/ Percentage of world trade in brackets.

4/ United States and Canada.

5/ Including Iceland, Ireland, Finland, Greece, Spain, Turkey and Yugoslavia.

6/ Including Caribbean and rest of America, other Europe and other Oceania.

7/ Including Equatorial Customs Union countries, northern African countries and other developing African countries.

8/ Excluding petroleum. Countries include Cyprus, Iran, Kuwait, Jordan, Israel, Lebanon, S. Yemen and Syria.

Table 3. Exports (r.o.b.) of EMAP Countries since 1959
(In millions of US dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Increase in 1968 Jan-Jun over 1967 %	Compound rate of growth since 1962 %	Exports as % of GDP (1968)	Average 1963-1965		Average 1966-1968	
															Value	Index 1963 = 100	Value	Index 1963 = 100
Australia	2,002	1,962	2,323	2,344	2,786	3,032	2,816	3,071	3,362	3,402	1,635	+1.2	+6.4	12.7	2,311	104.5	3,278	117.7
Japan	3,456	4,055	4,236	4,316	5,452	6,674	8,452	9,776	10,442	12,372	7,233	+24.2	+17.5	9.2	6,859	135.8	11,063	160.9
New Zealand	821	846	793	798	923	1,076	1,006	1,064	987	1,010	544	+2.3	+4.0	21.7	1,002	108.6	1,027	111.3
Sub-Total	6,279	6,863	7,352	8,058	9,161	10,782	12,374	13,931	14,791	17,384	7,959	+17.5	+13.7	...	10,772	117.6	15,968	167.8
Afghanistan	60	50	53	59	69	71	70	70	76	...	...	...	+5.2	...	70	101.4	73	105.8
Brunei	101	83	77	65	60	61	65	74	81	...	...	...	+4.7	...	62	103.3	70	130.0
Burma	224	226	222	265	270	236	225	195	123	111	70	-9.8	-13.5	6.8	244	90.4	143	53.0
Cambodia	60	71	63	54	89	96	105	67	83	89	41	+7.2	+8.7	7.3	97	109.0	80	89.9
Ceylon	368	385	364	380	363	393	409	367	348	342	145	-1.7	-1.7	19.1	368	106.9	349	96.1
China (Taiwan)	157	164	196	218	332	433	449	535	639	802	387	+25.5	+24.4	19.1	405	122.0	659	165.5
Fiji	35	39	33	40	56	66	54	49	53	56	15	+5.7	+5.8	44.5	59	105.4	53	94.6
Hong Kong	574	609	608	768	874	1,012	1,143	1,234	1,524	1,744	769	+14.4	+14.6	...	1,010	115.6	1,531	175.2
India	1,304	1,331	1,386	1,403	1,626	1,705	1,688	1,603	1,613	1,754	805	+8.7	+3.8	3.6	1,673	102.9	1,697	101.9
Indonesia	931	841	788	664	696	724	708	679	658	689	394	+4.7	+0.6	0.7	709	101.9	675	97.0
Iran	754	815	861	980	917	1,254	1,303	1,309	1,930	1,879	800	-2.6	+11.5	23.6	1,158	126.3	1,706	186.0
Korea, Rep. of	20	33	41	55	87	119	175	250	320	455	202	+42.2	+42.2	8.1	127	146.0	342	393.1
Laos	1.0	0.9	0.6	0.8	0.7	0.9	1.0	1.5	4.4	6.0	3.0	+36.4	+39.9	...	0.9	128.6	4.0	571.4
Malaysia ^{1/}	58	73	72	77	90	85	100	117	134	142	67	+6.0	+10.7	...	92	102.2	131	145.6
Sabah	174	160	130	133	122	125	142	151	164	197	94	+20.1	+6.8	...	130	106.6	171	140.2
Sarawak	808	956	858	858	884	908	1,014	1,019	954	1,051	479	+10.2	+3.4	31.4	995	105.8	1,008	114.0
West	321	393	403	397	417	494	528	601	645	720	373	+11.6	+10.4	4.7	480	115.1	655	157.1
Pakistan	530	560	531	563	727	771	794	861	875	946	440	+8.1	+9.0	13.1	764	105.1	894	123.0
Philippines	1,124	1,136	1,081	1,116	1,135	906	981	1,102	1,140	1,271	596	+11.5	+2.2	32.5	1,007	88.7	1,171	103.2
Singapore	359	408	477	462	466	593	622	688	680	660	317	-2.9	+6.1	13.1	560	120.2	676	145.1
Thailand	75	86	71	57	77	49	36	24	16	12	5	-25.0	-22.9	0.5	54	70.1	17	22.1
Viet-Nam, Rep. of	9.3	6.8	5.5	7.8	7.2	7.0	5.8	4.6	4.4	5.3	2.4	+20.5	-6.2	...	6.7	93.1	4.8	66.7
Western Samoa	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Total (Developing EMAP)	8,047	8,506	8,398	8,623	9,365	10,109	10,618	11,081	12,065	13,088	6,022	+8.5	+7.2	...	10,031	107.1	12,078	129.0
Total (EMAP Region)	14,306	15,369	15,790	16,681	18,526	20,891	22,992	25,012	26,856	30,472	13,981	+13.5	+10.6	...	20,803	112.3	27,447	149.2

Sources: United Nations, Monthly Bulletin of Statistics, and national publications.

Note: Underlined figures are provisional.

^{1/} 1967.

^{2/} Compound rate of growth from 1962-1967.

^{3/} Average of 1966 and 1967.

^{4/} 1966.

^{5/} 1964.

^{6/} Trade between Sabah, Sarawak and West Malaysia included.

Table 4. Imports (c.i.f.c.) of **NEAPE** Countries since 1959

(In millions of US dollars)

	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	Increase in 1968 Jan-Jun over 1967	Compound rate of growth since 1962 %	Imports as % of GDP (1968)	Average 1963-1965		Average 1966-1968	
															Value	Index 1963 = 100	Value	Index 1963 = 100
Australia	1,851	2,365	2,093	2,262	2,478	2,973	3,315	3,453	3,858	1,873	1,845	+11.7	+9.3	13.0	2,922	117.9	3,509	141.3
Japan	3,600	4,431	5,810	5,637	6,736	7,938	8,169	9,523	11,663	12,987	7,022	+11.4	+14.9	9.2	7,614	113.0	11,391	169.1
New Zealand	648	790	901	753	904	975	1,052	1,095	955	895	401	-6.3	+2.9	21.0	977	108.1	982	108.6
Sub-Total	6,099	7,846	8,804	8,652	10,118	11,886	12,536	13,814	16,071	17,740	9,325	+10.4	+12.7	...	11,513	113.8	15,875	156.9
Afghanistan	81	87	99	116	126	141	131	151	159	...	...	...	+6.5	...	133	105.6	155	123.0
Brunei	19	17	16	16	21	31	36	49	43	...	...	...	+21.9	...	29	138.1	46	219.0
Burma	284	260	216	219	234	272	247	158	131	139	68	+6.1	-7.3	7.5	251	107.3	143	61.1
Cambodia	70	95	97	102	107	82	103	111	96	64	...	+20.8	+2.2	12.1	97	90.7	108	100.9
Ceylon	421	412	358	349	313	415	310	406	360	365	194	+1.4	+0.7	19.7	346	110.5	384	122.7
China (Taiwan)	232	297	322	304	362	428	556	622	806	903	550	+12.0	+19.9	21.6	449	124.0	777	214.6
Mal.	43	41	43	44	51	70	73	64	70	79	30	+12.9	+10.2	47.5	65	127.5	71	139.2
Hong Kong	866	1,026	1,045	1,165	1,297	1,496	1,569	1,767	1,814	2,058	1,104	+13.5	+9.9	...	1,454	112.1	1,880	144.9
India	1,986	2,327	2,277	2,361	2,477	2,876	2,925	2,827	2,807	1,368	1,018	-10.6	+1.0	6.6	2,759	111.4	2,725	109.6
Indonesia	482	578	796	647	522	691	718	573	649	...	331	...	+0.2	0.7	644	123.4	612	117.0
Iran	648	650	680	530	518	669	860	928	1,125	1,386	695	+23.2	+17.4	17.4	682	131.7	1,146	221.2
Korea, Rep. of	304	344	316	422	560	404	463	716	996	1,468	651	+47.4	+23.1	26.2	476	85.0	1,060	189.3
Laos	13	12	17	24	27	26	33	42	49	54	24	+10.2	+14.5	...	29	107.4	48	177.8
Malaysia	51	64	70	78	100	99	109	112	107	112	53	+4.7	+6.2	...	103	105.0	110	110.0
Sabah	148	138	125	130	122	140	158	172	175	188	92	+7.4	+6.3	...	142	110.1	178	138.0
Sarawak	563	703	729	800	828	830	852	860	845	905	435	+7.1	+2.1	27.0	837	101.1	870	105.1
West	353	654	612	738	889	997	1,043	900	1,101	996	486	-9.5	+5.1	6.5	976	109.8	999	112.4
Pakistan	577	663	678	655	657	869	894	957	1,172	1,280	611	+9.2	+11.8	17.7	817	118.9	1,196	165.4
Philippines	1,277	1,332	1,295	1,318	1,398	1,137	1,244	1,208	1,440	1,661	814	+15.3	+3.9	116.9	1,260	90.1	1,476	105.6
Singapore	426	453	485	541	610	680	771	1,213	1,060	1,188	561	+12.1	+14.0	20.9	687	112.6	1,154	189.2
Thailand	225	240	255	265	286	298	357	404	538	466	167	-13.4	+9.9	17.5	514	109.8	483	168.9
Viet-Nam, Rep. of	7.2	7.4	7.1	8.0	8.4	9.8	9.1	8.0	7.8	7.6	3.3	-2.6	-0.9	...	9.1	108.3	7.8	92.9
Western Samoa	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Total (Developing NEAPE)	9,021	10,400	10,568	10,832	11,550	12,661	13,461	14,428	15,551	16,729	8,086	+7.6	+7.5	...	12,557	108.7	15,562	144.8
Total (NEAPE Region)	15,120	18,046	19,372	19,484	21,668	24,547	25,997	28,342	31,622	34,469	16,733	+2.0	+10.0	...	24,971	111.1	31,444	145.1

Sources: United Nations, *Monthly Bulletin of Statistics*, and national publications.

Note: Underlined figures are provisional.

1/ 1967.

4/ 1966.

5/ 1964.

2/ Compound rate of growth from 1962-1967.

3/ Average of 1966 and 1967.

6/ Trade between Sabah, Sarawak and West Malaysia limited.

Table 5. ECAFE Region: Unit Value Indices of Imports, Exports and Terms of Trade
(1963 = 100)

	Unit Value Index of Exports				Unit Value Index of Imports				Terms of Trade			
	Southern and Eastern Asia 1/	Japan	Australia and New Zealand	ECAFE Region	Southern and Eastern Asia 1/	Japan	Australia and New Zealand	ECAFE Region	Southern and Eastern Asia 1/	Japan	Australia and New Zealand	ECAFE Region
1955	111	103	102	107	99	113	93	102	112	91	109	105
1956	106	106	102	105	99	117	95	104	107	90	107	101
1957	105	110	105	107	105	127	98	111	100	87	107	96
1958	100	104	84	98	100	106	99	102	100	98	85	96
1959	106	104	91	102	97	100	98	98	110	104	93	104
1960	110	107	90	105	100	102	99	100	110	105	91	105
1961	103	104	89	100	100	101	100	100	104	103	88	100
1962	100	101	90	98	98	99	100	99	102	102	89	99
1963	100	100	100	100	100	100	100	100	100	100	100	100
1964	100	99	105	101	101	102	101	101	99	96	103	100
1965	101	97	97	99	102	105	102	103	99	93	95	96
1966	101	97	101	100	101	105	104	103	100	93	97	97
1967	99	100	93	98	100	105	104	102	99	96	89	96
1968	98	101	91	97	98	104	102	101	100	97	89	96

Source: United Nations: Monthly Bulletin of Statistics, Oct 1969.

1/ Comprising Afghanistan, Brunei, Burma, Cambodia, Ceylon, China (Taiwan), Hong Kong, India, Indonesia, Republic of Korea, Laos, Macau, Malaysia (inter-trade included), Pakistan, Philippines, Ryukyu Islands, Singapore, Thailand and Republic of Viet-Nam.

Table 6. ECAFE Region: Prices of Major Primary Export Commodities

(In US dollars per 100 lb.)

	Rice		Tea	Rubber	Tin	Cotton	Jute	Sugar		Abaca (hemp)	Copra
	Burma	Thailand	Ceylon	Singapore	Singapore	Pakistan	Pakistan	Philipp- pines	China (Taiwan)	Philippines	Philip- pines
1960	3.78	4.59	51.3	35.3	96.5	31.7	203	5.31	81.9	19.41	8.17
1961	4.12	4.94	49.3	27.3	110.0	32.3	283	5.57	85.5	15.77	6.39
1962	4.39	5.66	48.5	25.6	109.7	32.3	199	5.64	72.6	12.05	6.24
1963	4.54	5.28	46.1	23.7	111.6	28.7	189	7.32	155.2	12.15	6.99
1964	4.67	5.05	46.4	22.3	151.8	27.9	195	5.85	157.1	13.23	7.24
1965	4.65	4.98	47.8	22.9	172.2	29.2	228	5.42	74.0	11.92	8.15
1966	4.84	5.79	43.4	21.4	158.1	27.4	238	5.94	62.3	9.52	6.46
1967	5.58	6.84	41.9	17.7	147.0	25.5	251	6.42	66.3	8.51	7.34
1968	6.55	7.71	39.0	17.3	138.6	26.6	218	6.58	62.7	8.63	8.82
1969	6.22	6.94	36.4	21.3	143.9	26.5	256	6.73	88.7	9.23	7.82
Apr.	6.12	7.17	35.5	23.6	148.0	--	245	6.78	77.9	10.26	7.25
May	6.32	6.37	31.8	22.6	150.2	--	222	6.70	91.0	10.42	6.99
Jun.	6.18	....	29.6	23.2	151.2	25.8	256	6.89	67.6	10.45	7.15
Jul.	....	....	30.5	24.7	153.3	25.4	....	6.90	76.7	10.46	7.39
Aug.	....	....	39.7	26.2	158.7	24.9	....	6.92	101.2	11.43	7.38
Sep.	....	....	39.2	24.4	157.2	....	....	....	81.8	....	....
(1963-1965)	4.62	5.10	46.8	23.0	145.2	28.6	204	6.20	128.8	12.43	7.46
Average	5.66	6.78	41.4	18.8	147.9	26.5	236	6.31	63.8	8.89	7.54
(1966-1968)											

Sources: International Financial Statistics, IMF; except sugar for China (Taiwan) from national source and cotton for Pakistan from United Nations, Monthly Bulletin of Statistics.

Note: Tea - Ceylon, black, Colombo market price including export duty and taxes (100 lb.).

Sugar - Philippines 96° centrifugal, Manila (100 lb.), China (Taiwan), cane sugar, all kinds, f.o.b., Taiwan ports (m.t.).

Cotton - Pakistan, domestic/import price c.i.f., Liverpool, spot, Pakistani 289F, Punjab SG. (100 lb.).

Jute - Pakistan, unit value of exports (short ton).

Abaca - Philippines, Manila (100 lb.).

Tin - Singapore, ex-works (100 lb.).

Rubber - No. 1 R.S.S. in bales, f.o.b., Singapore (100 lb.).

Rice - Thailand, unit value of exports (100 lb.), Burma, unit value of exports (100 lb.).

Copra - Philippines, Manila (100 lb.).

Table 7. ECAFE Region: Balance of Trade by Country, 1961-68

(In millions of US dollars)

	1961	1962	1963	1964	1965	1966	1967	1968
Australia	230	82	308	59	-399	-125	-91	-456
Japan	-1,574	-721	-1,284	-1,264	283	253	-1,221	-15
New Zealand	-108	45	19	101	-46	-11	32	+115
Total (Developed ECAFE)	-1,452	-594	-957	-1,104	-162	117	-1,280	-356
Afghanistan	-46	-57	-57	-70	-61	-81	-83	....
Brunei	61	49	39	30	29	25	38	....
Burma	6	46	36	-36	-22	37	-8	-28
Cambodia	-34	-48	-18	14	2	-44	-13	-27
Ceylon	6	31	50	-22	99	-69	-12	-23
China (Taiwan)	-126	-86	-30	5	-107	-87	-167	-101
Fiji	-10	-4	+5	-4	-19	-15	-17	-23
Hong Kong	-357	-397	-423	-484	-426	-443	-290	-314
India	-891	-958	-851	-1,171	-1,237	-1,224	-1,194	-756
Indonesia	-8	17	174	33	-10	106	9	....
Iran	181	450	399	585	443	381	805	493
Korea, Rep. of	-275	-367	-473	-285	-288	-466	-676	-1,013
Laos	-16	-23	-26	-25	-32	-41	-45	-48
Malaysia: East								
Sabah	2	-1	-10	-14	-9	5	27	30
Sarawak	5	3	-7	-15	-16	-21	-11	9
West	129	58	56	78	162	159	109	146
Pakistan	-242	-341	-472	-503	-515	-299	-456	-276
Philippines	-147	-92	40	-98	-100	-96	-297	-334
Singapore	-214	-202	-263	-231	-263	-226	-300	-390
Thailand	-8	-79	-144	-87	-149	-525	-380	-528
Viet-Nam, Rep. of	-184	-208	-209	-249	-321	-420	-522	-454
Western Samoa	-1.6	-0.2	-1.2	-2.8	-3.3	-3.4	-3.4	-2.3
Total (Developing ECAFE)	-2,170	-2,209	-2,185	-2,552	-2,843	-3,347	-3,486	-3,641 ^{1/}
Total (ECAFE)	-3,622	-2,803	-3,142	-3,656	-3,005	-3,230	-4,766	-3,997 ^{1/}

Sources: United Nations, Monthly Bulletin of Statistics, and national sources.

1/ Provisional.

Table 8. ECAFE Region: Direction of Trade, Averages 1956-57 and 1966/67
(Percentage of total exports or imports of each country)

Exports to or imports from Reporting countries	All countries of the ECAFE region (including China mainland, Japan, Australia and New Zealand)										Latin American				Australia and New Zealand	
	China mainland		Japan		Western Europe		Eastern Europe		USA and Canada		1956-57		1966-67		1956-57	
	1956-57	1966-67	1956-57	1966-67	1956-57	1966-67	1956-57	1966-67	1956-57	1966-67	1956-57	1966-67	1956-57	1966-67	1956-57	1966-67
Puma	export 72.8	62.2	12.9	6.3	11.0	24.3	6.7	9.4	0.9	0.8	-	0.1	-	-	-	-
	import 50.4	47.5	21.0	19.0	37.3	29.8	7.4	9.4	3.6	15.2	-	-	-	2.7	4.8	-
Cambodia	export 39.1	51.7	3.4	4.9	28.8	22.4	-	6.7	22.2	2.1	0.2	-	-	-	-	-
	import 64.1	43.8	17.0	13.6	26.3	44.0	-	8.7	7.8	3.2	0.2	0.1	0.1	0.1	0.8	0.8
Ogion	export 27.2	23.7	10.0	2.6	37.6	37.1	0.2	7.0	19.5	11.3	1.0	0.8	1.0	7.9	7.1	7.1
	import 54.1	45.5	7.2	5.9	34.1	50.7	0.3	9.4	4.1	6.0	1.2	-	-	6.0	5.8	5.8
China (Taiwan)	export 78.4	56.9	36.1	20.9	4.6	10.3	-	-	4.6	28.0	0.3	0.1	0.1	0.1	1.2	1.2
	import 40.7	52.4	34.7	41.0	9.3	9.0	-	-	41.6	30.5	0.1	1.3	0.8	0.8	3.3	3.3
Hong Kong	export 66.4	31.1	0.7	8.8	14.4	23.1	-	-	7.2	21.7	0.4	1.5	2.5	2.5	3.4	3.4
	import 58.1	59.2	16.2	18.6	25.5	20.8	0.3	0.2	10.9	13.0	0.8	1.5	2.4	2.4	2.9	2.9
India	export 22.0	21.6	-	9.8	38.4	29.2	3.3	18.0	20.1	20.7	3.1	0.6	4.7	4.7	2.9	2.9
	import 19.8	15.7	-	5.4	50.2	25.4	3.5	9.8	15.5	42.4	0.3	0.6	1.8	1.8	2.7	2.7
Indonesia	export 45.9	42.1	-	6.1	34.3	35.3	1.1	0.4	15.7	25.5	0.3	0.6	4.5	4.5	9.3	9.3
	import 38.3	53.5	-	15.4	36.2	31.8	1.1	2.3	16.8	11.7	0.5	-	2.2	2.2	1.6	1.6
Iran	export 29.1	38.5	-	0.1	37.6	37.6	2.9	3.2	-	6.7	-	0.8	-	-	2.2	2.2
	import 20.5	13.8	-	7.4	44.1	56.8	10.7	6.9	-	18.7	-	0.2	-	-	1.2	1.2
Japan	export 38.2	32.8	-	-	10.7	13.3	0.3	2.8	24.1	32.6	5.8	4.7	1.6	1.6	3.9	3.9
	import 32.0	30.6	-	-	8.3	9.8	0.2	4.3	40.0	32.8	2.8	7.2	7.3	7.3	8.0	8.0
Korea, Rep. of	export 54.3	40.8	-	40.6	13.5	11.7	-	0.1	32.1	43.4	-	0.2	-	-	0.7	0.7
	import 5.3	54.2	-	2.5	2.8	7.4	-	0.7	87.2	52.9	-	0.4	-	-	1.1	1.1
Laos	export 83.3	83.3	-	-	4.2	3.3	-	-	4.2	-	37.5	-	-	-	-	-
	import 60.5	58.7	-	18.8	26.6	17.6	-	0.3	12.5	19.8	-	0.1	0.3	0.3	0.7	0.7
Malaysia ^{1/}	export 38.3	38.8	-	9.1	35.3	25.8	3.3	9.4	16.2	16.7	2.5	3.2	5.0	5.0	4.5	4.5
	import 63.8	54.1	-	6.1	27.1	29.6	0.4	6.1	6.3	6.7	0.2	0.9	4.2	4.2	6.9	6.9
Sabah	export 59.1	94.0	-	55.1	35.1	3.6	-	-	-	1.4	-	-	-	-	2.0	2.0
	import 56.5	60.4	-	7.7	30.5	26.6	-	0.1	-	11.8	-	-	-	-	3.1	3.1
Sarawak	export 82.5	86.9	-	14.1	17.9	10.8	-	-	0.7	2.0	-	-	-	-	17.0	17.0
	import 87.1	78.1	-	1.7	10.2	16.3	-	0.1	1.6	4.3	-	-	-	-	2.6	2.6
Pakistan	export 34.9	29.0	-	12.8	45.4	31.2	2.4	8.9	10.5	13.2	1.2	1.6	0.7	0.7	3.2	3.2
	import 19.5	22.5	-	4.3	33.8	35.8	0.6	6.1	18.6	34.2	1.3	-	2.4	2.4	3.7	3.7
Philippines	export 20.9	40.1	-	37.9	22.0	16.4	-	-	53.6	43.0	3.4	0.8	0.1	0.1	0.5	0.5
	import 21.8	41.4	-	10.3	13.0	16.8	-	-	55.4	36.0	0.7	1.4	1.3	1.3	4.4	4.4
Thailand	export 62.9	64.7	-	-	16.6	16.6	-	-	22.4	10.7	0.2	-	-	-	0.2	0.2
	import 49.9	43.8	-	8.2	31.9	23.2	0.4	1.0	16.5	15.0	-	0.4	-	-	2.2	2.2
Viet-Nam, Rep. of	export 17.0	20.0	-	3.3	58.6	73.3	-	1.2	15.6	3.5	0.2	-	-	-	-	-
	import 34.8	45.6	-	23.2	38.3	15.7	-	0.9	25.1	36.2	0.5	0.5	0.2	0.2	0.2	0.2

Sources: United Nations, Direction of Trade and national trade statistics.

^{1/} Malaysia data under columns 1966-67 relate to 1964-65.