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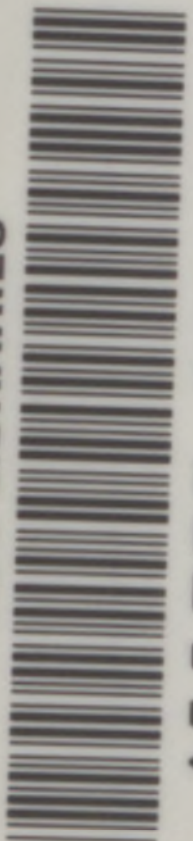
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(II)

LETTER OF SUBMITTAL

THE LIBRARY OF CONGRESS,
CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., May 24, 1979.

Hon. JOHN GLENN,
U.S. Senate, Russell Building,
Washington, D.C.

DEAR SENATOR GLENN: I am pleased to forward the attached concept paper in response to your request that CRS examine the feasibility of an Asian Regional Trade Organization.

Prof. Hugh Patrick, an economist on the faculty of Yale University and Prof. John Drysdale of the Australian National University wrote the paper under contract as consultants for CRS. To assure a balance of perspectives we asked Alfred Reifman, a senior specialist in our own organization, to provide a dissenting view which is attached as an addendum to the basic paper.

Professors Patrick and Drysdale adopted an exploratory, positive approach in developing their concept, but stopped short of policy recommendations, while Senior Specialist Reifman took the role of sober skeptic. We believe the resultant product will serve as an excellent basis for further discussion; we trust it will serve your needs.

Sincerely,

GILBERT GUDE,
Director.

(III)

LETTER OF SUBMITTAL

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[Signature]
Director

FOREWORD

After my request of April 1978, the Congressional Research Service contracted with Professor Hugh Patrick of Yale University and Dr. Peter Drysdale of Australian National University to conduct an evaluation of proposals for a Pacific area regional economic association. Such proposals are currently under active discussion in Japan, Australia and elsewhere in the Western Pacific. Obviously, the vast changes in the position of the United States in the Asian-Pacific economy since the early years following the Second World War dictate a thorough reconsideration of U.S. policies. The challenge facing the United States in this region today is to exercise positive economic leadership in a considerably more complex and economically stronger Asian-Pacific community.

The basic conclusion that Professor Patrick and Dr. Drysdale draw from their study is that the United States has strong national interests in active participation in discussions of and possible eventual formation of an Organization for Pacific Trade and Development (OPTAD). The authors see an OPTAD as a useful vehicle for the revitalization of the overall U.S. economic role in the region. They conclude that none of the existing regional and sub-regional institutions can serve the purposes that a new regional economic association would be designed to promote.

Further, the authors assert that the time for American action is now. They believe that Japan and Australia, together with the ASEAN nations, may in the not too distant future decide to move ahead on their own. Japanese Prime Minister Ohira spoke frequently of such a concept during his election campaign, and this was one of the issues which arose during my meeting with him in Tokyo in January. If the United States is not prepared to become involved in this effort, and to accord sufficient priority to the Asia-Pacific economic region, the authors believe that the costs to the United States in terms of further damage to our trade position could be considerable.

The authors argue that at least initially the target for membership in such a new organization should be the fourteen major Pacific Basin market-oriented economies: the five advanced countries (United States, Japan, Australia, Canada and New Zealand), the five ASEAN nations (Indonesia, Malaysia, the Philippines, Singapore and Thailand), the three Northeast Asia developing economies (South Korea, Taiwan and Hong Kong) and Papua New Guinea and the small Southwest Pacific states as a group. The membership concept would be based on a commitment to market principles in international transactions and to the development of practical mechanisms and codes of conduct to facilitate trade, aid and investment in the region. Of the fourteen potential Charter members, it is suggested that Taiwan and Hong Kong be accorded observer status because of their respective special circumstances.

The OPTAD concept would not, however, be exclusive. Further membership would be held open to the South Asian and Latin American Pacific nations should interest and interaction develop in either case to the point where this appeared mutually advantageous. Nor would the region's non-market economies be precluded from eventual membership. The authors believe that OPTAD could well prove to be a useful forum for the development of a coordinated approach to doing business with the Asian Communist states, but they conclude that the major differences in economic approach of these states and their own present internal and external political complexities indicate that it would not be wise to offer them initial membership in an OPTAD.

As to the possible organizational structure of an OPTAD, the authors recommend that it be established as a governmental organization, that its central administrative apparatus be kept small and non-bureaucratic, and that its main substantive work be conducted through functional Task Forces assigned to work on specific policy issues identified through a political-level consultative mechanism. The consultative mechanism could involve both periodic Heads of Government or Ministerial level meetings and more regular meetings of a sub-Ministerial (e.g. Under Secretary of State for Economic Affairs) Steering Committee. The heart of the process would be the Task Forces, whose membership and staffs would be drawn from professional experts both within and outside member governments. The authors suggest as possible areas for initial consideration by Task Forces: trade practices/codes of conduct, trade restructuring/industrial adjustment, financing for regional development, promotion and management of foreign direct investment, energy and resource security, and trade with the Communist states.

I find the Patrick/Drysdale thesis both thought-provoking and generally persuasive. Of course, as with any innovative concept, a number of questions are raised by this proposal which would have to be carefully addressed, among them being potentially sensitive membership questions (the scope of initial membership, the status of entities such as Taiwan and Hong Kong, etc.) and the problem of avoiding the pitfalls of merely creating yet another cumbersome international bureaucracy which could as easily compound regional problems as stimulate their resolution. Thus, for the last two years, I have been discussing these points with Asian leaders. I believe that the authors have made a very useful initial effort at addressing most of these issues. An addendum to the study prepared by a Congressional Research Service specialist summarizes the skeptic's viewpoint on the need for and potential value of an Asian-Pacific regional organization. I personally do not find the arguments in the addendum convincing, but I intend to hold hearings on this subject at which all sides will be given ample opportunity to present their cases in detail. I am confident that this dialog will make a useful contribution to the determination of future U.S. policy and actions in this important and challenging area.

Finally, I would note that the authors of the study have also compiled a series of appendices providing detailed statistical evidence of the economic vitality and importance to the United States of the Asian-Pacific region as well as a rundown of the various international institutions already operating in this region. These appendices, which in-

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clude information not readily available previously, should be of lasting value to students of the Asian-Pacific region.

The Asian-Pacific region is the least homogeneous of the major regions of the world. Yet, in the last decade, this region has been the most dynamic economic growth center in the world. Just as a century ago, the U.S. future is westward. The sheer weight of U.S. trade with Asia has exceeded our trade with Europe since 1972. The past conflicts in the region, current and potential problems, all illustrate the need for a genuine Pacific community. It is to that end that this study was commissioned to examine the prospects of such an organization.

JOHN GLENN,
*Chairman, Subcommittee on
East Asian and Pacific Affairs.*

the world's population is rapidly increasing, and the demand for food and other necessities is growing. The world's population is now over 3 billion, and it is expected to reach 5 billion by the year 2000. This rapid increase in population has led to a corresponding increase in the demand for food and other necessities. The world's food supply is now under great strain, and it is essential that we find ways to increase our food production. One of the most important ways to increase food production is by improving the efficiency of our agricultural systems. This can be done by using modern farming techniques, such as the use of fertilizers and pesticides, and by improving the health of our livestock. Another important way to increase food production is by expanding the area of land used for agriculture. This can be done by reforestation and by converting other types of land into agricultural land. It is essential that we take action now to increase our food production, or we will face a serious food shortage in the future.

JOHN G. GARR
 Chairman, Subcommittee
 on the Food and Nutrition
 Program

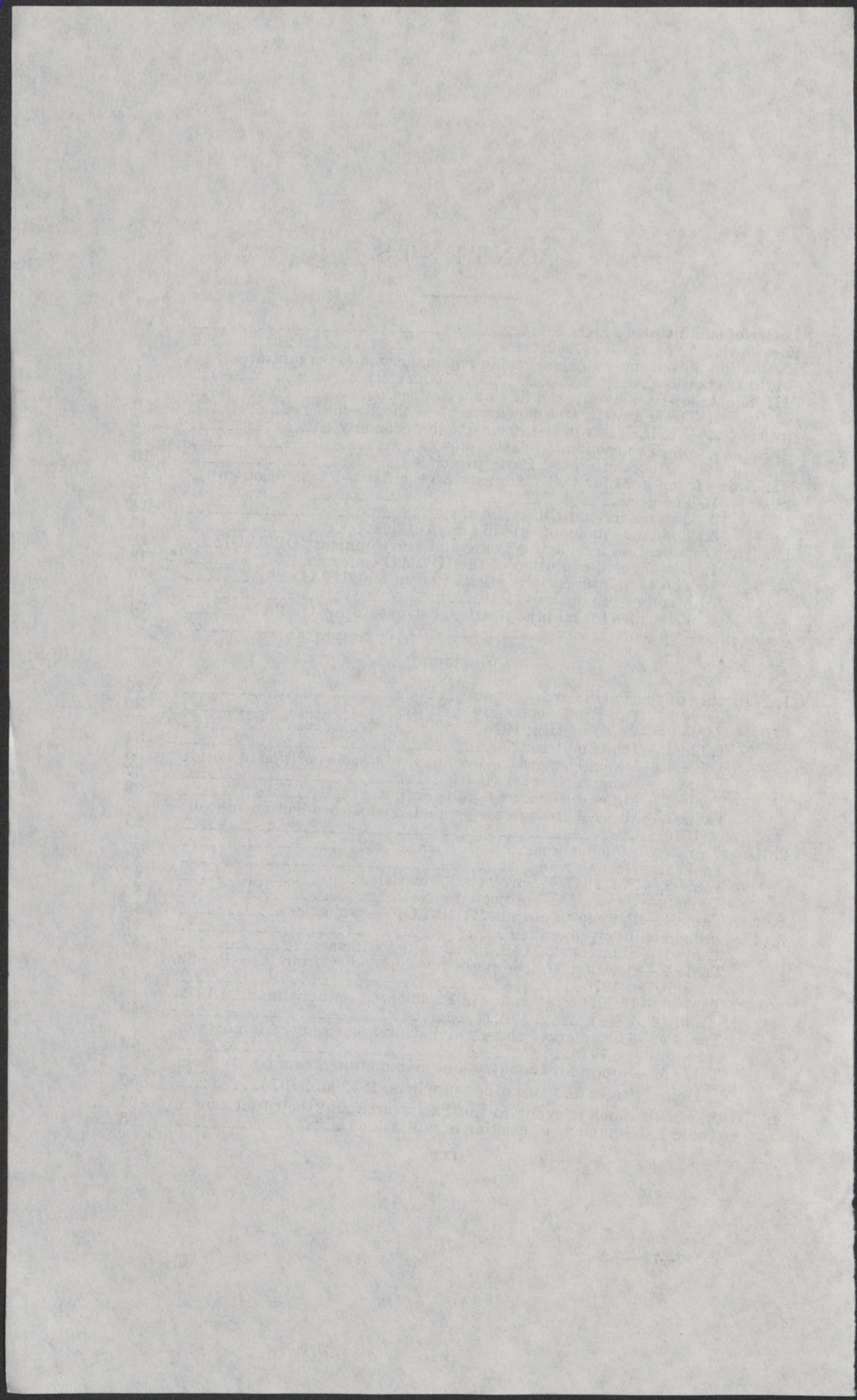
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(IX)



EVALUATION OF A PROPOSED ASIAN-PACIFIC REGIONAL ECONOMIC ORGANIZATION

By Peter A. Drysdale and Hugh Patrick

I. INTRODUCTION

In the first two decades following World War II the United States dominated the Pacific economy. American leadership, regionally and globally, was comprehensive and hegemonic, combining military-strategic, political, and economic interests. American foreign policy concerns and priorities were focussed primarily upon military security issues. In this period, the Pacific alliance against communism in the cold war era was conceived and executed.

The world, and the Pacific region, have gradually become much more complex. It is not the purpose of this study to delineate the evolution of the military and political forces at work in the region. At the same time it is important to keep in mind: the easing of the cold war; the shifting of a bipolar world toward a multipolar set of forces in which Japan and China have become major actors; the Sino-Soviet split and intense rivalry between these two major communist states; the loss in South Vietnam, and subsequent U.S. military withdrawal from mainland Asia; and the very recent fundamental changes in China's foreign and domestic policies.¹ At the same time it is important to recognize that substantial political and military stability has been achieved in the Asia-Pacific region, for the present at least. There are areas of tension, but mostly among the communist states—within Indochina, between Vietnam and China, between China and the U.S.S.R.

Almost unnoticed, at least in some strategic circles, has been a profound transformation in the economic dimensions of the Asia-Pacific region, bringing new opportunities as well as new problems in foreign economic relations. The Pacific region has become economically far stronger and considerably more complex. The economic position of the United States in the region, while growing absolutely and of continuing importance both to itself and its Pacific partners, has declined relatively. Japan has emerged as a major new global and regional power with ever-expanding economic relationships with other nations

¹ In addition to standard newspaper and related sources, the following studies on the interrelationship of political and economic forces are relevant: Donald C. Hellman, ed., *China and Japan: A New Balance of Power, Critical Choices for Americans*, Vol. XII. (Lexington: D. C. Heath, 1976); Donald C. Hellman, ed., *Southern Asia: The Politics of Poverty and Peace, Critical Choices for Americans*, Vol. XIII. (Lexington: D. C. Heath, 1976); Bernard K. Gordon and Kenneth J. Rothwell, eds., *The New Political Economy of the Pacific* (Cambridge: Ballinger, 1975); and Jagdish N. Bhagwati and Anne O. Krueger, eds., *Trade Strategies for Economic Development: The Asian Experience* (Manila: Asian Development Bank, 1975).

of the region.² Australia has shifted its focus from the United Kingdom to Asia, and has become a major source of raw materials for Japan.³ The "second-tier" countries of South Korea, Taiwan, Hong Kong, and Singapore have achieved rapid growth in national product, industrial output, manufactured exports and the whole range of imports. The Association of Southeast Asian Nations (ASEAN) has become an important subregional force.⁴

With the ending of the Vietnam war, American strategic and economic calculations have thus assumed new proportions. Future problems and opportunities of the Asia-Pacific region for the United States will lie as much or more in the economic sphere as in military-security issues; at the same time security concerns will probably interact more closely and directly with economic issues. The U.S. interests in direct bilateral links with Japan remain important and strong. But they are conditioned by Japan's own intensive network of economic relations with other economies in Asia and the Pacific.⁵ And the developing Asian market economies, in their vigorous pursuit of new outward-looking development programs, have themselves emerged as one of the most dynamic elements in the world economy. Assessment of the relative productive strengths and capacities in the years ahead of Japan, the United States, and the other Asian-Pacific economies suggest the desirability of rethinking, within a global context, U.S. long-term interests in the Pacific and the arrangements for the conduct of its foreign economic policy toward the region.

U.S. economic and strategic interests are now more heavily and directly intertwined. In the longer term, the political relationships with China and Indochina may best be managed in the context of an increasingly strong and independent Asian-Pacific community. The security component of developments in intra-regional trade, such as among the ASEAN group, is prominent. And even Japan's new position in Asia, the Pacific and beyond is bound to heighten the historical dilemma in that country between seeking power as a leader in Asia or status as western-oriented industrial power. There has been no obvious resolution of this choice; nor perhaps need there ever be, for the choice is neither clear-cut nor inevitable. Nonetheless it has remained an important and necessary theme in Japan's response to developments in the outside world in the years since the 1960's: to the Nixon "shocks"; to the oil crisis; to the energy politics of the last several years; and to the balance of payments problems of the 1970's. The pursuit of American economic and political interests, alongside Japan, in the Asian-Pacific region must encompass these political and psychological realities.⁶

² This is discussed in Kiyoshi Kojima, *Japan and a New World Economic Order* (Tokyo: Tuttle, 1972); for a comprehensive review of the growth of the Japanese economy and its operation see Hugh T. Patrick and Henry Rosovsky eds., *Asia's New Giant: How the Japanese Economy Works* (Washington: The Brookings Institution, 1976).

³ The development of Australia's relations with Japan and the Western Pacific region is reviewed in Sir John Crawford and Saburo Okita eds., *Raw Materials and Pacific Economic Integration* (London: Croom Helm, 1978) especially parts II and III.

⁴ Ross Garnaut and H. W. Arndt, "ASEAN and the Industrialization of Southeast and East Asia", *Journal of Common Market Studies* (forthcoming).

⁵ Gary Saxonhouse and Hugh T. Patrick, "Japan and the United States: Bilateral Tensions and Multilateral Issues in the Economic Relationship", in Donald C. Hellman ed., *China and Japan: A New Balance of Power* (Lexington: Heath, 1976). See also, Hugh T. Patrick in Crawford and Okita, *Raw Materials*.

⁶ Peter Drysdale, "Australia's Economic Relations with Asia and the Pacific—Past Perspectives and Future Prospects." (Presented in University of Washington, ITT Lecture Series *Perspectives on the Pacific*, November 28, 1978), pp. 15-17.

These variegated developments suggest that now is a fruitful time for the United States to re-examine its position in the Asian-Pacific economy and contemplate arrangements through which it can enunciate an appropriate role for the 1980's. To that end new regional economic institutions such as the one under consideration in this study may well offer a useful approach.

This study begins with a description of the position of Asia and the Pacific in the world economy. More detailed documentation on the Pacific economic relationships and existing institutions is provided in the appendices. It goes on to examine specific U.S. interests in the rapid trade and industrial growth of the Asian-Pacific economy. Among these, new market and investment opportunities, intensification of industrial competition, resource and energy security interests, and important questions of foreign economic policy strategy loom large. It is suggested that the new economic power structure in the Asian-Pacific region may benefit substantially from a new regional reference point to facilitate the pursuit of common, and overcoming of conflicting, trade and development objectives around the Pacific Basin; and that existing regional and international institutions are inadequate to meeting this need fully. Proposals for establishing an Organization for Pacific Trade and Development (OPTAD) are then reviewed. The conclusion is that there may well be considerable merit in these proposals from the viewpoint of advancing United States economic interests in the Asian-Pacific region, consistent with its global economic interests and responsibilities and political-military interests in Asia. The general shape of the new regional economic organization is defined more carefully with those objectives in mind. The United States could well have a critical role to play in molding regional arrangements so as to stress the trade and development objectives, the resource security interests, the global economic access ambitions, and the co-operative attitude towards exchange with the non-market economies, among the countries in Asia and the Pacific region.

II. THE ASIAN-PACIFIC ECONOMY IN GLOBAL CONTEXT

1. TRADE GROWTH AND DEVELOPMENT IN THE PACIFIC

The Pacific economy now ranks alongside the Atlantic economy as a major center of world economic activity. (See table 1, appendix 1). Like the Atlantic economy, the Pacific economy overlaps North America. If North America is included in both economic regions broadly defined, the Pacific economy though smaller in some dimensions is of the same order of magnitude as the Atlantic economy in population size, resource base, GNP, trade share and industrial capacity. More importantly, the Pacific economy is a considerably faster growing and changing element in the world economy.⁷

The terms "Pacific economy" or "Asian-Pacific economic community" or "Pacific Basin" are used variously to refer to several major groups of economies: one, the five Pacific advanced industrial countries comprising the United States, Canada, Japan, Australia, and New Zealand; another, a wider group including these five as well

⁷ Kiichi Saeki, ed., *The Search for Japan's Comprehensive Policy Guideline in the Changing World—National Priorities for the 21st Century* (Kamakura: Nomura Research Institute, 1978), p. 41.

as the developing economies of Northeast Asia, Southeast Asia, and the rest of the Western Pacific. The Western Pacific includes three sub-regional groupings: the ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore, and Thailand), the New Zealand-Australia Free Trade Association (NAFTA), and the South Pacific Bureau for Economic Cooperation (an association of small independent states of the South West Pacific and Papua New Guinea, as well as Australia and New Zealand). At times the Pacific concept is perceived to include the countries of Latin America, South Asia, China, and the Soviet Union. Here the focus is on North American relations with the market economies of the Western Pacific, so the five Pacific advanced industrial countries and the developing market economies of the Western Pacific provide the point of reference. The communist states—China, the Soviet Union, Vietnam, Cambodia, Laos, and North Korea—and South Asia and Latin America are considered separately⁸ (in the section on possible OPTAD membership).

The Pacific Basin economies have no substantial history of regional consciousness. Even the five ASEAN countries, for example, have diverse roots: Indonesia had colonial ties with Holland; Malaysia and Singapore had ties with Great Britain; and the Philippines with the United States; while Thailand always remained independent. But economic and geo-political factors have pulled these and the other countries within the Western Pacific together in a very close, if not fully integrated, network of economic relations with each other and, across the Pacific, with North America.⁹ In turn the United States, whose trading interests are global, sends 40 percent of its exports and draws 44 percent of its imports from the Western Pacific and Canada (see table 1, appendix 1), more than with the North Atlantic. For most Western Pacific countries trade with the region is a very large proportion (commonly 60 to 70 percent) of their total trade. The concentration in trade flows is matched by a concentration in investment and financial flows, with the United States and Japan being far and away the most important sources of capital for the Pacific economy.

Three factors have given major impetus to the increased importance of the Pacific within the world economy and the growth of economic interdependence among the Asian-Pacific economies themselves. The first is the growth of Japan's industrial power. As recently as 1967, Japan's per capita income was only about half that of OECD countries on average, but Japan has now surpassed average OECD levels. Rapid growth leading to high per capita incomes combined with a large population have meant that for more than a decade Japan has been the third largest economy in the world, after the United States and the Soviet Union. The impact of Japanese growth on the Pacific economy has been particularly pronounced. This has been felt through the huge growth of Japanese demand for minerals and foodstuffs and, more recently, labor intensive manufactures as well as through the flows of capital and technology that these demands generated through-

⁸ Charlotte Williams, "The Pacific Community: A Modest Proposal", *Australia-Japan Economic Relations Research Project Paper* (Canberra: Australian National University, 1978) pp. 1-4; Peter Drysdale, "An Organization for Pacific Trade, Aid and Development: Regional Arrangements and the Resource Trade", in Lawrence B. Krause and Hugh T. Patrick, eds., *Minerals Resources in the Pacific* (San Francisco: Federal Reserve Bank of San Francisco, 1978); and Kiyoshi Kojima, "An Organization for Pacific Trade Aid and Development: A Proposal", *Australia-Japan Economic Relations Research Project Research Paper* (Canberra: Australian National University, 1976).

⁹ Lawrence B. Krause, "The Pacific Economy in an Interdependent World" (presented in University of Washington ITT Lecture Series, *Perspectives on the Pacific*, October 1978), pp. 7-10.

out the region.¹⁰ Accordingly, Japan's share in regional imports has expanded from 16 percent in 1965 to 21 percent of a much larger absolute amount in 1976 (see tables 2 and 3, appendix 1).

The second factor which has raised the importance of the Pacific economy is the remarkable trade and industrial growth achievements of the developing economies of Northeast and Southeast Asia. This was stimulated by two external influences. The first was the effect of Japan's trade and economic growth on regional trade growth. Countries such as the resource-rich group in Southeast Asia, alongside Australia, benefited from the opening up of these new trading opportunities.¹¹ The second was the move towards deliberate adoption of outward looking trade-oriented industrialization strategies in replacement of earlier protectionist strategies, first in the major Northeast Asian market economies, and more recently in some Southeast Asian countries. The rapid industrial growth of South Korea and Taiwan dates from policy initiatives between the late fifties and mid sixties. Singapore and Hong Kong had little choice but to follow the same course. Trade-orientation in Southeast Asian industrial development strategies came a decade later. Between 1965 and 1973, Singapore was the fastest-growing non-oil producing economy in the world; South Korea was third, and Taiwan was fifth (after Japan)—all recording more than 10 percent growth each year (see table 1, appendix 2). Indeed, the lowest growing developing country in the Pacific Basin, the Philippines, enjoyed an annual rate of growth of 5.8 percent which was in the top third of the world growth league. What is more remarkable is the extent to which Western Pacific developing country growth has been sustained since the oil crisis. The OPEC countries aside, the developing countries of the Western Pacific are on average the fastest growing, most dynamic countries in the world.

A third factor which gives prominence to the importance of the Pacific economy is the slide towards slower growth in Western Europe. In the fifties and sixties Western Europe enjoyed rapid economic growth and structural change. After the oil crisis the Western European economies have stagnated, and projections of their future forebodes pre-occupation with stabilization of incomes and economic structures, slower GNP growth, and a lesser relative importance in the world economy. As a consequence, there will be less rapidly growing opportunities in the European market for the United States and other countries.

Alongside the established economic weight of Japan in the world economy, the other Western Pacific economies are also beginning to have a noticeable impact on world markets through their success in exporting, first raw materials and now also manufactured products, as well as the growth of their import demand. The trade growth of the recently industrialized Northeast Asian economies has been spectacular. In the earlier period from 1967 to 1973, the growth of exports from and imports to Northeast Asian countries was very high, but it was a very low base. Nonetheless, continued rapid trade growth soon

¹⁰ Crawford and Okita, *Raw Materials*, pp. 41-94; Ross Garnaut, "The Importance of Industrialization in Southeast and East Asia to an Open Australian Economy", in Peter Drysdale and Kiyoshi Kojima, eds., *Australia-Japan Economic Relations in International Context: Recent Experience and the Prospects Ahead* (Canberra: Australia-Japan Economic Relations Research Project, 1978), pp. 95-111.

¹¹ Krause, "The Pacific Economy", pp. 2-3.

raised absolute trade levels and by 1976 these countries had established sizeable shares in world markets (see table 2, appendix 1). In the period 1973 to 1977 Korean exports grew at 33 percent per annum, Singapore's and Thailand's at 22 percent, Taiwan's at 21 percent, and Malaysia's at 19 percent. These growth rates are substantially above those achieved by industrial countries over the same period. As a consequence, the Western Pacific developing economies are winning larger shares of world markets and the strength of their competitive challenge has already become a matter of concern to industrial countries.

At the same time, it is sometimes less noted that these developing Asian countries have also become significant markets for industrial equipment, foodstuffs and raw materials, as well as presenting growing opportunities for profitable investment from abroad.¹² On the whole their imports have increased even more than exports measured in current prices. Imports continue to outstrip exports and as a group they run current account deficits, amounting to some \$3.9 billion in 1976.¹³ Consequently they are net importers of foreign capital in a mixture of short-term loans, trade credits, longer term borrowing from international agencies and private capital markets, and in some instances recipients of concessional aid loans (and grants), mainly from the United States and Japan, and in some instances Australia. Their growth prospects as import markets are very great and frequently overlooked by observers in the United States.

Already South Korea, Taiwan, and Hong Kong alone hold a share in world trade approaching 40 percent of that for Japan. The share of Northeast and Southeast Asian developing countries together is about 70 percent of that for Japan. Most of their trade—exports and imports—in the region is with the United States and Japan (see table 2, appendix 1). Movements toward more foreign trade-oriented development strategies in both mainland China and Vietnam are likely, as they gather momentum to reinforce the dynamism in Western Pacific trade and economic growth.¹⁴

While any projection is fraught with uncertainty, it seems quite reasonable to assume that this economic dynamism in the Pacific will continue into the future. While Japan's growth prospects have been downgraded, the consensus among the Japanese leadership is that the Japanese economy will grow at about 6 percent per year on average for the next decade or so, and that trade will grow at least as rapidly. This is substantially above projected growth rates for the United States, Canada, and Western Europe. Given the sheer size of the Japanese economy, 6 percent growth will have substantially greater impact on its trading partners than did 10 percent growth a decade ago.

The developing Asian-Pacific nations are likely to continue both rapid growth and their foreign trade-oriented development strategy. Growth rates may not proceed at 10 percent rates, but even very conservative estimates suggest the developing Asian-Pacific countries can

¹² Krause, "The Pacific Economy", pp. 6-7.

¹³ World Bank, *World Development Report 1978*, (Washington: World Bank, August 1978), pp. 92-93. This report contains a useful statistical annex titled "World Development Indicators" though it must be cautioned that by computing export and import growth in real terms the terms of trade effects of oil and other price rises are not taken into account.

¹⁴ Drysdale, "Australia's Economic Relations", pp. 13-14.

achieve a 6 percent GNP growth rate on average, with imports and exports perhaps rising somewhat more rapidly.

By the end of the century the Asia-Pacific region will encompass an immense economy, certainly far from fully integrated but with high degrees of interdependence in many spheres. Market opportunities will be great. The advanced industrial countries in the region will face at the same time increasingly severe import competition in labor-intensive manufactures and increasingly great opportunities for exports of industrial machinery, intermediate goods, and other products which require skilled labor, high technology, and substantial capital in the production process. The requirements for domestic adjustment in industrial production, and the attendant handling of the social costs in the transition process, will be substantial. The policy responses of the advanced industrial countries will do much to shape the nature and degree of their participation in the expanding Pacific economy. An important question is whether these social and economic policy problems over the coming two decades are faced by a Pacific community of nations under leaderships that share common objectives and sense of common interest, or whether the tensions they inevitably engender come to dominate.

2. U.S. INTEREST IN THE ASIAN-PACIFIC ECONOMY

The nature and composition of U.S. interests in Asia and the Pacific have shifted substantially over the last decade and a half. Earlier, the security and strategic interests of the Cold War period were predominant. While these strategic interests remain vital, their immediacy has somewhat receded in light of the changed circumstances globally and regionally noted above. Enhanced regional stability, a growing sense of regional consciousness, and especially the spectacular increases in economic power and growth in trade among the Pacific nations themselves means that American interests, opportunities and concerns in the Asia-Pacific region are more saliently economic than before.

The events of the past decade and reasonable forecasts of the course of world events until the end of the century strongly suggest the increasing significance of economic issues in U.S. foreign policy and in that of other nations. Of course, this will not occur in a vacuum. From the viewpoint of American interests in Asia and the Pacific, the following general trends are of importance. First, economic issues are of increasing importance in the panoply of issues in American foreign relations. Second, linkage between economic and strategic domains appears likely to grow considerably. Third, the impetus for changes at the strategic level will probably emanate increasingly from the spilling over of issues which cannot be contained within the economic sphere. The Asian-Pacific region may well become the world's most dynamic region economically in the coming few decades. In consequence, there will be substantial changes in relationships among the countries of Asia and the Pacific and in their relationships with the United States. Making the most of the opportunities that Asian-Pacific growth presents as well as handling the inevitable stresses in changing relationships with and among Asian-Pacific countries is likely to be a major U.S. preoccupation in the years ahead.

The economic relationship

The Pacific economy represents an important U.S. market for industrial goods, foodstuffs and raw materials. At the same time, it is a broadly based competitive supplier of a wide range of agricultural, resource and industrial goods, with the exception of highly sophisticated manufactures. Asian-Pacific countries also provide a significant outlet for direct investment by U.S. firms and for financial capital flows, although Japan now ranks somewhat ahead of the United States in terms of direct investment in the region. Private direct investment and financial flows are complemented and stimulated by the flows of official aid, both bilaterally for economic and strategic purposes, and multilaterally through such institutions as the Asian Development Bank. The U.S. role as a provider of private and official capital resources is valued for its contribution to the development of the region.

The economic importance of the Western Pacific to America has been steadily increasing not only absolutely but relatively, although there was a brief reversal of this trend in the years of oil crisis. At the same time, from the Western Pacific perspective the economic importance of the United States while still great has diminished, as Japan in particular has become more significant. A difficulty for U.S. foreign economic policy then is that while the Pacific economy has become a more significant component of American interests, U.S. influence is declining because of the reduced relative importance of its trade and investment to the Western Pacific countries. The trend is clear and is unlikely to change. In our view serious consideration is warranted of a foreign economic policy objective of developing a framework within which this evolving change of United States relative economic power is both more manageable and more productive of benefits to the United States.¹⁵

More specifically, in the decade ending in 1975, U.S. trade with Asia and the Pacific grew at a faster rate than with the European Community. Between 1970 and 1975, U.S. exports to Asian-Pacific countries grew at a rate of 18.1 percent per annum and imports by 15.3 percent. The comparable figures for the EEC were 15 percent and 12.1 percent respectively. During the same period, the share of Pacific Basin economies in U.S. total trade declined somewhat due to the OPEC oil price increase combined with rising dependence on imported oil. It can be argued that was in effect a one-shot adjustment to higher oil prices and imports which will persist but not move upward significantly in relative shares. Since 1975 the longer run trend of increasing United States trade shares with the Pacific has apparently reasserted itself.

The United States has always had strong investment interests in the Western Pacific developing countries. Until recently the United States was the largest foreign investor. While this position is now occupied by Japan, according to official (though not entirely consistent) data, American investment in the region is substantial, accounting for approximately one quarter of accumulated foreign investment in the region to the end of 1975. In South Korea and Taiwan American

¹⁵ Lawrence B. Krause and Suetō Sekiguchi, *Economic Interaction in the Pacific Basin* (Washington: Brookings Institution, forthcoming).

investment is strong in light manufacturing industries, particularly in the form of "international sourcing" for multinational companies. There is also a substantial investment stake in the heavy industrial sector of the Western Pacific developing economies and in the vast raw materials projects in Australia and Southeast Asia.¹⁶

Growth in trade and investment has led to a corresponding increase in multinational banking activity in the Pacific Basin economy. As of June 1978, 124 major American banks had \$17.3 billion in outstanding loans to Asian market economies, excluding Japan.¹⁷ The amount has surely risen since then. The region is one of the fastest growing areas for multinational banking. In general these figures (supplemented by more detailed data in the Appendices) are striking evidence of the rapid economic growth and regional interaction within the Pacific Basin area and the expansion of interest and involvement of American business and industry there.

Where do U.S. strengths and weaknesses lie in vigorous competition within an expanding Asian-Pacific economy? Given the U.S. global balance of payments deficits in 1977-78, the areas of relative sectoral weakness have been well publicized. They include steel, textiles, television sets and other electronic consumer goods, shoes, and other labor-intensive manufactures, much of which have been exported from the Western Pacific nations, in some instances due to offshore production by American manufacturers.

As shown in table 2, appendix 3, in 1976 the United States purchased 44 percent of its total imports from its Pacific partners, but 69 percent of imported machinery and transport equipment (mostly cars from Canada and Japan), 87 percent of imported radios, television and other telecommunications equipment, 73 percent of clothing, 92 percent of paper and paperboard (almost all from Canada), and 65 percent of imported iron and steel (mainly from Japan).

American competitiveness in exports to Asian-Pacific markets has been less well analyzed. Studies are apparently now underway in the Departments of State and Commerce, but no results are yet publicly available.¹⁸ In general, American exports are quite competitive in agricultural commodities and certain other raw materials, notably to resource-deficient Japan. American producers are also competitive in a wide variety of basic manufactures and machinery, especially those requiring high technological capabilities; for example, in 1976 the United States supplied 18 percent of Japan's total imports, but it supplied 27 percent of Japan's imported foodstuffs, 33 percent of its wood and lumber, 34 percent of coal, and 34 percent of its imports of manufactured goods. Successful U.S. manufactured goods exports to the Pacific economies include aircraft, computers, plastics, pesticides,

¹⁶ Steven W. Kolhagen, "The Characteristics, Motivations, and Effects of Japanese and United States Direct Investments in the Pacific Basin", *Explorations in Economic Research*, vol. 3, No. 2, Spring 1976, pp. 178-185.

¹⁷ Board of Governors, Federal Reserve System, *Country Exposure Lending Survey*, December 7, 1978. Specific country amounts were: Korea, \$3.0 billion, Taiwan \$2.7 billion, Hong Kong \$1.9 billion, Malaysia \$0.4 billion, Thailand \$1.1 billion, Singapore \$2.8 billion, Indonesia \$2.2 billion, Philippines \$2.6 billion, and others \$0.6 billion.

¹⁸ The Department of Commerce does publish materials useful for consideration of American export opportunities, especially: *Market Share Reports: Country Series*, available annually for each Pacific country for manufactured products (SITC 5-9) for the most recent five-year periods; and *Commerce America*, especially vol. 3, No. 16 (July 31, 1978) which is a special issue on the world trade outlook containing a description of each country's import prospects and an identification of broad product areas offering the best sales opportunities to American firms. The former source was used in preparing tables 3, 4, and 5, appendix 3.

pumps, various types of construction equipment and photographic film, among others (for specific country and commodity data see table 5, appendix 3). Within broad product categories in which the United States is a substantial importer it is also an exporter, mainly of higher-technology items; examples include woven fabric of glass fiber in textiles, coated paper in pulp and paper, and seamless tube and tube fittings in the iron and steel category.

An important issue is the nature and degree of evolving U.S. export competitiveness in the markets of both the advanced and developing Pacific markets. The evidence in terms of changes in United States market share in the imports of the other Pacific economies over the period 1972-1976 is mixed (see table 3, appendix 3). The American share of Japan's imports, in total and in manufactures, declined significantly. The U.S. share of total imports also decreased somewhat in Korea, less in Australia, Singapore, and Thailand, maintained its predominant position in Canada, and increased in New Zealand, Taiwan, Hong Kong, Indonesia, and particularly in Malaysia. Part of these changes in market share reflect the rise in oil prices and the changing structure of import demand rather than changes in American export competitiveness in specific products. Further detailed research on U.S. export competitiveness and on the growth of market opportunities in the Pacific economies is well warranted.

Within U.S. trade relations with the Asia-Pacific region, bilateral merchandise flows (excluding services which typically are favorable to the United States) show wide variations (table 2, appendix 1). The United States had substantial trade deficits in 1976 with Japan (\$5.8 billion), Canada (\$1.9 billion), Taiwan (\$1.4 billion), Hong Kong (\$1.4 billion), and Indonesia (\$1.4 billion), and a substantial surplus with Australia (\$1.1 billion). Including Canada, the United States had a trade deficit with the Asian-Pacific countries of about \$11.6 billion, out of a total trade deficit of \$14.5 billion. The change from earlier years (see table 1, appendix 1) suggests the United States has not responded fully to the burgeoning market opportunities of the region, though any definitive statements require further research beyond the scope of this study.

It is not clear whether in a U.S. balance of payments position of overall equilibrium its net trade position with the region would be in surplus or deficit. Nor is it important. Certainly it is likely that the variegated pattern of bilateral deficits with some Pacific partners and bilateral surpluses with others would persist. And it is obviously wrong to focus in foreign economic policy on the correction of bilateral trade imbalances independently of efficiency in the regional and multilateral pattern of U.S. trade specialization. U.S. trade surpluses with Australia, for example, coexist with trade deficits with other Western Pacific countries; export opportunities can most effectively be exploited where competitive advantages, not trade deficits, are largest. Given the ongoing commitment to a multilateral system of settlements in a global context neither bilateral nor regional imbalances are a serious issue.

U.S. interests: Basic principles

The United States has five broad interests in the development of its overall relationship with the Asian-Pacific economic group of nations.

First, the United States has a major interest in preserving a leadership role in commitment to a liberal international economic order which promotes relatively free, multilateral flows of goods, services and capital. In Asia and the Pacific as much as elsewhere, this is a major component of the set of principles upon which the legitimacy and credibility of United States leadership depends. Others include: strong military capabilities; a strong moral position based on the values of a democratic society; and a willingness to provide world leadership. Should the United States adopt protectionism as a deliberate policy, or move into it incrementally by a series of specific, ostensibly short-run, ad hoc actions, it will compromise a key postwar foundation of American foreign policy. The effective demonstration of a constructive interest in the needs and desires of the Western Pacific countries for access to U.S. markets and resources would be a crucial ingredient to maintaining this commitment to a free international economic system. Many Western Pacific economies effectively combine strong trade and development ambitions with pragmatic policy approaches in the realization of these ambitions. The support of these regional trade and growth patterns, especially where they promise to yield significant reciprocal trade and investment opportunities, can be doubly beneficial to U.S. interests.

Second, as a corollary to its own leadership role the United States has an interest in the Asian-Pacific economies preserving and extending open and competitive relations in trade, investment, and finance. The shifts in relative economic power and the new alignment of international economic interests that has been emerging in the Western Pacific mean that U.S. leadership in trade and investment policy and practices can no longer be taken as given. The exercise of leadership alongside Japan and the smaller Asian-Pacific economies, such as South Korea, Taiwan, Australia, and the ASEAN group, now demands more subtle but no less effective pursuit of commitments to an open Pacific and world economic order. Fair trading practices and dealings with foreign companies and investors lie at the very foundation of an efficient and open international economy. That these practices are built more strongly into the diverse political and institutional environments which constitute the Asian-Pacific economic community is a *quid pro quo* for U.S. openness. The United States has to be careful not to forfeit its interests in open trade and investment competition within Asia and the Pacific—interests that are perceived by the smaller economies of the Western Pacific to be mutual.¹⁹

Third, the United States has strong interest in finding constructive, effective, and mutually beneficial solutions to the problems of competition in specific sectors implied by the evolving structure of Pacific economic growth. Unilateral or bilateral pursuit of these national concerns about domestic adjustment to new competitive strengths and new market opportunities can prove counterproductive in dealing with a region that is both more and more integrated economically and composed of nations more conscious of their political independence. The soybean crisis, problems associated with energy security, the Japanese balance of payments problem, trade in steel and textiles, all have regional as well as global dimensions; dealing with them unilaterally or bilaterally risks substantial negative longer term economic and political feedbacks, as well as being increasingly ineffective as

¹⁹Crawford and Okita, *Raw Materials*, pp. 22-26.

alternative sources of supply or other more multilateral methods of adjustment have become increasingly feasible.²⁰

Fourth, the United States has a deep interest in the strategic position of the Western Pacific countries; policy in defense of these interests grows more complex as China and the communist states of Asia open up their relations with the rest of the world. The Asia-Pacific region is far more important to American interests than as a pawn in the ongoing bilateral relationship between the two superpowers, the United States and the U.S.S.R. Furthering the U.S. interest in relations with the communist states of Asia, including the Soviet Union, without jeopardy to established economic and security interests in East Asia and the Pacific implies, at least, a larger measure of consultation and co-operation with Western Pacific countries.

Fifth, alliance with Japan has been the linchpin of U.S. foreign policy in Asia and the Pacific, in strategic and political as well as economic dimensions. This comprehensive bilateral relationship is expected to persist as the basis of American policy toward the region. These two nations, the second and third largest democracies in the world and first and third largest economies, have substantial impact on each other, and on the rest of the Asian-Pacific nations. Yet the Japan-United States alliance has been undergoing a deep, if somewhat subtle transformation—brought about mainly by the surge of Japan to the forefront of the world economies, but also by such external events as outlined in the introduction.

As Japan expands its economic influence in the Western Pacific, it is important for all—the United States, Japan, and all the other Western Pacific nations—that these two leaders not fall out of step. Moreover, as a recent study has well documented, unilateral economic actions by either the United States or Japan, or bilateral actions by both, are rapidly transmitted to the smaller nations of the region with great impact upon their economies.²¹ It is in the U.S. interest, directly and in accommodation of its partner Japan, to broaden the framework of its bilateral relationship with Japan to incorporate mutual interests of both in the Asia-Pacific region.

Until fairly recently the U.S. conception of the Pacific has been through a political-security prism, arguably to the diminution of economic interests. As U.S. bilateral relations with Japan got out of kilter the importance of economic interests surfaced strongly, and then in a rather destructive mode that may have damaged the credibility of American leadership with the Western Pacific countries. The United States appears in the process of changing its perception of the Pacific Basin to see it for what it is: the most dynamic area in the world economy and one which offers the United States opportunity for substantial and mutual economic gains.

III. A NEW FRAMEWORK FOR U.S. DEALINGS WITH THE ASIAN-PACIFIC ECONOMY

1. THE NEED

The vigorous growth of trade and economic interchange among the Asian-Pacific countries has occurred without the framework of special

²⁰ Saxonhouse and Patrick, "Japan and the United States", pp. 99-107 and Drysdale, "Australia's Economic Relations", pp. 15-19.

²¹ Krause and Sekiguchi, *Economic Interactions*.

regional institutional arrangements such as those which encouraged the growth of trade within the European Economic Community.²² The growth of Pacific economic interdependence and the shift of world economic power away from Europe and the Atlantic towards Asia and the Pacific suggest consideration of a new focus in U.S. foreign economic policy and a new framework for U.S. dealings with the Pacific economies.

Postwar trade and economic growth flourished within the framework of the GATT-based international trading system under the leadership of the United States. The interests of the Atlantic industrial countries in closer consultation among themselves and, increasingly, with Japan, grew with closer economic interdependence among the economic powers. Institutionally these interests were served by the OECD and more recently the Group of Seven in the meetings of Heads of States. The growing strength of the European Common Market, again with initial support from the United States, sat uncomfortably within these evolving global international economic arrangements. From the early 1960's UNCTAD has aimed, though with only limited success, to meet the trade and other economic claims of the developing countries. However, this global economic framework, given even the most favorable of outcomes to the current round of multilateral trade negotiations, is unlikely to serve alone and optimally the trade growth and development objectives of the rapidly growing economies in Asia and the Pacific.

A case can be made that global institutions and mechanisms no longer provide an adequate framework for dealing with the Pacific economy for reasons both of commercial diplomacy and of political strategy. The weight and structure of established Atlantic and European interests in international economic diplomacy are heavily directed towards trade share stabilization and reactive protection of the present international order, and against constructive adjustment to dynamic economic growth such as that taking place in Asia and the Pacific. The preoccupations of the major European industrial economies in their individual and collective approaches to external adjustment during the 1970's have led them further away from automatic support for a free and open international trading environment. As discussed above, maintenance of a liberal trading system is critical to the United States for reasons of political leadership as well as economic benefit, as well as to the trade and development ambitions of Western Pacific developing countries.²³ The major international economic institutions are under test; they no longer seem to provide a positive encouragement to the accommodation of trade growth along the lines earlier enjoyed by Japan. The emergence of China and the extension of her economic relations with the market economies in Asia and the Pacific add an additional complication to fostering future Western Pacific trade growth within the framework of GATT or other global institutions.²⁴

A number of related political factors also imply the significance of a new framework for dealings with the Pacific economy.²⁵ The United States and Japan have not managed recent problems with great acu-

²² Kiyoski Kojima, *Japan and a Pacific Free Trade Area* (London: Macmillan, 1971).

²³ Crawford and Okita, *Raw Materials*, pp. 167-177, Garnaut and Arndt, "The Association of Southeast Asian Nations." For early work on the issue see Asian Development Bank, *Southeast Asia's Economy in the 1970's* (New York: Longmans, 1971).

²⁴ Drysdale, "Australia's Economic Relations," p. 14.

²⁵ Crawford and Okita, *Raw Materials*, pp. 29-31.

men; tension has developed in the economic sphere from American perceptions of Japanese unwillingness to rectify its balance of payments surpluses, and in the security sphere from Japanese uncertainty and concern over American policy towards Korea and North Asia more generally. The established interests of both nations, in their bilateral economic relationships and their mutual security arrangements, assuredly prevents any abrupt redirection of the United States-Japan alliance in Asia and the Pacific, but there is more scope now than there has been in the past for refashioning its long-term shape.²⁶

Any major change in the status of the United States-Japan economic and political alliance would seriously disturb confidence in the Asian-Pacific economy among the smaller Western Pacific nations, in which there is an active economic and political interest in maintaining both Japan's and America's cooperative and competitive involvement in regional affairs.²⁷ A starting point in the development of a renewed strong and constructive U.S. involvement in Asia and the Pacific alongside Japan can be an increase in U.S. awareness of the region as a more closely integrated and important element in the world economy.

2. OPTIONS FOR THE UNITED STATES

In U.S. dealings with the Pacific there is an evident need to improve policy making to reflect the high degree of economic interdependence in Asia and the Pacific.²⁸ The nature and increasing size of feedback from the region on U.S. economic interests can be made clearer, and the repetitive rather than episodic nature of economic relations within the region given emphasis. This is feasible through a number of different institutional options which can be viewed as complements rather than substitutes.

First, countries could cultivate stronger bilateral ties. Obviously this is an important component in economic relations around the Pacific, especially in relations between the United States and Japan as discussed above. However, bilateral solutions to the problems of economic interdependence in Asia and the Pacific are less and less adequate because of the complex network of economic relations that has developed within the region. The resolution of trade problems between the United States and Japan also potentially affects vital interests for Australia, East Asia, and Southeast Asia. The overlap of interests within the region is too great for an increasing number of important issues to be treated bilaterally. Inter-governmental communications channels become overloaded and, under these circumstances, the policy process is bound to be short-circuited. Also, bilateral relationships between large and small countries always face the problems of unequal power, and more complex and indirect ties are useful to restore symmetry and ease in such relationships.²⁹

An alternative approach is to rely on existing global international organizations, such as the United Nations General Assembly or UNCTAD, but the very universality of these organizations limits their functional value. The multilateral arrangements, such as GATT, also seem to offer less support for certain specific trade and develop-

²⁶ Drysdale, "Australia's Economic Relations," pp. 16-17.

²⁷ Bernard Gordon, "Japan, the United States, and Southeast Asia", *Foreign Affairs*, April 1978.

²⁸ Krause and Sekiguchi, *Economic Interaction*, chapters 11 and 12.

²⁹ Krause, "The Pacific Economy", p. 14.

ment interests of the fast growing economies of the Western Pacific than perhaps they might have once. Nonetheless, they embody important principles, the application of which might be effectively extended at this point through regional endeavors. Indeed, United States global economic interests imply continuing commitment to the application of GATT principles in the bilateral and regional, as well as the multilateral areas.

The new economic power structure and strong interdependence in the Pacific region suggests the need for a new regional reference point within the framework of the multilateral trading system to facilitate the pursuit of common and conflicting trade and development objectives on both sides of the Pacific. An appropriate response by the United States to the management of growing economic interdependence in the Pacific region might be to support the creation of a new institution for Asia and the Pacific modelled after the OECD in Europe, but with an explicit focus on trade and development interests and without the large bureaucratic infrastructure that characterizes the OECD. In brief, such an institution would raise regional consciousness and thereby make clearer the feedback links and interactions between national and regional economic events and policies, both of which are important consequences of closer Pacific interdependence. Both effects would improve the approach to foreign economic policy within the Pacific and lead to better economic results and higher levels of welfare at home and abroad.³⁰ Such a regional approach—broader than the traditional bilateral approach of the United States to the other Asian-Pacific States, and narrower than the global mechanisms which in practice have been so oriented toward industrial countries in general and Western Europe in particular—offers one practical and feasible way to proceed if done well. As should be clear from the above discussion, the purpose of a regional approach is to achieve multilateral objectives that may not yet be easy to implement globally, while enhancing understanding of specific problems and opportunities that have not been fully recognized.

3. THE INADEQUACY OF EXISTING INSTITUTIONS

Alongside bilateral economic, political and security arrangements (such as the United States-Japan Mutual Security Treaty, the Australia-Japan Treaty of Friendship and Cooperation, the Japan-China Treaty of Friendship, among many others) there are a number of existing regional institutions with which any new regional organization might seem to be competing. In fact none of the established regional institutions serve the purposes that a new regional economic association would be designed to promote.³¹

³⁰ For an early discussion of these issues in the United States, see the Williams Commission, *Report, United States International Economic Policy in an Interdependent World* (Washington: Government Printing Office, 1971) vol. 2. See also Richard Kosabud and Houton Stokes, "Trade Peace in the Pacific Through a Free Trade Area", *Journal of International Affairs*, vol. 28, No. 1, 1974; Jerome B. Cohen, *Pacific Partnership: United States-Japan Trade*, (Japan Society Inc., New York, 1972); William Diebold, Jr., *The United States and the Industrial World: American Foreign Economic Policy in the 1970's*, (New York: Praeger, 1972; Allen Taylor, ed., *Perspectives on U.S.-Japan Economic Relations*, (Ballinger Publishing Co., Cambridge; 1973; Harald B. Malmgren, *Pacific Basin Development: The American Interest*, (Washington: Livingstone Books, 1972); Harald B. Malmgren, "Japan, the United States, and the Pacific Economy", *Pacific Community*, vol. 4, No. 3, April 1973; and Herman Kahn in Ernest E. Schneider, ed., *Report on Corporate Environment Program, Shimoda Conference*, Hudson Institute, New York, May 1977. Krause and Sekiguchi, *Interactions* provide the most recent review of the issue.

³¹ See appendix 4 for an overview of the membership and functions of existing organizations. For more detailed description of some of these organizations see Michael Haas, *Basic Documents of Asian Organizations*, (Dobbs Ferry: Oceana Publications, 1974).

The Economic and Social Commission for Asia and the Pacific (ESCAP), a United Nations regional organization, is the most comprehensive of the existing regional organizations in its membership and interests, but its weakness lies in its very comprehensiveness and its remoteness from policy influence in the diverse membership. Its relatively limited accomplishments in the past quarter-century in the economic sphere attest to its ineffectiveness in responding to the major economic transformations discussed above. While it (in its predecessor form as ECAFE) served as a contact point in the establishment of the Asian Development Bank, ESCAP was not designed to serve the functions which a regional association of the kind suggested in this study would fulfill. Equally important, it is unlikely to be re-modelled for that end.

The Asian Development Bank is, of course, a functionally very specific organization devoted to development financing within the region. Like the World Bank and the Inter-American Bank for Latin America, it mobilizes soft and commercial funds for financing specific development projects. To date it has only on occasion served extensively as the focus of substantial discussion or exchange of ideas on regional trade and other economic issues of the region.³²

The most important regional organization with a trade and development focus is ASEAN, which also has an important political role. There is also the limited free trade arrangement between Australia and New Zealand (NAFTA), and the South Pacific Bureau for Economic Cooperation potentially facilitates economic co-operation among the smaller economies of the South West Pacific and Papua New Guinea. The Ministerial Conference on Southeast Asia, which involves Australia, Japan, Northeast and Southeast Asian non-communist economies and no longer convenes, was a very low key foreign ministry level consultative meeting without specific functions.

ASEAN represents the boldest attempt to date by a group of Asian-Pacific countries to develop common approaches to foreign economic policy.³³ However, it includes only the five non-communist Southeast Asian nations and therefore does not represent the broader economic interests of the Asian-Pacific area as a whole. The ASEAN countries are also attempting to do much more than just manage their own economic interdependence, which for the majority of them is as yet quite modest. Thus, while ASEAN, because of its common front interests vis-a-vis the Pacific and the rest of the world, cannot readily be extended to take in other Pacific partners, it would be an important group working for its own as well as regional interests within the framework of a wider Pacific economic association.

Indeed, the need for a wider, flexible, and non-bureaucratized institutional association for Asian-Pacific economies committed to outward-looking trade and development objectives is typified in the experience of the ASEAN group, as well as in the experience of independent Northeast Asian developing economies, such as South Korea, in their attempts at dealing with the bigger Pacific partners—the United States, Japan, and Australia—on a bilateral level. Common regional and global interests have been lost in bilateral contexts as, when the overlap of regional economic interests is strong, movement

³² Donald Sherk, "Asian Development Bank: A study in Veiled Bilateralism," presented to University of Columbia East Asia Seminar, 1978.

³³ Garnaut and Arndt, "ASEAN".

on a bilateral front can be presented as (and sometimes genuinely is) damaging to third country interests. Japanese policymakers, for example, are keenly aware of United States sensitivities in taking initiatives with the ASEAN group of countries. Indeed, the United States has real economic interests to watch both there and in the evolution of regional economic relations with China.

The most concrete step towards a broadly based regional economic organization to date has been taken by private business interests. In 1967, businessmen, bankers and industrialists from the five advanced Pacific nations formed the Pacific Basin Economic Council (PBEC), a body designed to promote consideration of issues raised in regional trade and investment, and greater cooperation between public and private interests. It now has a membership of more than 400 major companies from the Pacific Five nations and from many developing countries of the Pacific Basin area. The American membership of this organization was initially drawn heavily from the Western States but now includes Eastern and Mid-Western businesses and banks. A central secretariat operates from the Stanford Research Institute. As a private organization PBEC has been useful if low-keyed in promoting Pacific business interests, but it has neither the representation nor the prerogative to influence the broad framework of Asian-Pacific foreign economic policy.³⁴

Apart from established regional organizations, there are various competing proposals for new ones. One suggestion, made from time to time, is that economic interdependence in Asia and the Pacific in so far as it closely parallels economic interdependence in Europe warrants the establishment of a Pacific Free Trade Area to match the European Common Market.³⁵ Such a free trade area would include the five Pacific advanced countries as full members and the developing countries as associate members and would involve discrimination in tariff and trade policies against non-member countries, such as Latin America and Europe. However, membership in a Pacific Free Trade Area is not consistent with the commitment of the United States to a relatively free and open global economic system.³⁶ Accordingly, it has never attracted significant support in the United States for either economic or political reasons.

The shape of a new regional economic association has to date been imprecisely specified. The focus on regional economic interdependence came earlier in Japan and Australia, and more recently in South Korea among the Western Pacific developing countries. In those countries there has been considerable discussion of the desirability of some form of regional economic association among Asian-Pacific countries. If such an organization develops, the United States has a strong interest in playing a leading role in specifying the purpose and shape of any new regional economic association in order that it encompasses U.S. economic and political interests in the future of the region and is consistent with American global economic commitments and responsibilities. The most serious proposal to date for a regional economic association is considered in the next part.

³⁴ Peter Drysdale, "An Organization", pp. 10-11.

³⁵ Kiyoshi Kojima, *Japan and a Free Trade Area*, Chapter 1-3.

³⁶ Harry G. Johnson, "World Trade Policy in the Post-Kennedy Round Era: A survey of Alternatives with Special Reference to the positions of the Pacific and Asian Regions", *Economic Record*, June 1968.

IV. THE ORGANIZATION FOR PACIFIC TRADE AND DEVELOPMENT (OPTAD)

1. HISTORY AND EVOLUTION OF THE OPTAD CONCEPT

The advocacy of an Organization for Pacific Trade and Development grew out of the debate over the desirability of a Pacific Free Trade Area.³⁷ The idea of a formal Pacific association was first espoused by the Japanese at an official level when in 1967 the then Foreign Minister, Takeo Miki, outlined his ideas for an "Asian Pacific policy" based on an "awareness of common principles," regional cooperation in Asia, cooperation among the advanced nations in the Pacific area and more extensive aid programs. Although there were no major policy initiatives while Miki was Foreign Minister, the Pacific Trade and Development Conference (PAFTAD Conference) series was launched, with Japanese Foreign Ministry support, to consider the Pacific Free Trade Area proposal. This conference series has involved policy-oriented academic economists, many of whom have served as advisers to their governments, plus some government officials in their private capacity, who are interested in analysis and policy-relevant discussion of trade, investment and development issues in the Asia-Pacific region.³⁸ While it was generally agreed at the first and subsequent conferences that a free trade area was not consistent with U.S. or regional foreign economic policy interests (for the reasons mentioned above), there seemed considerable need and ample scope for institutional innovation and policy initiatives directed towards the broad objectives of extending and securing Asian-Pacific economic cooperation.

In its early form the OPTAD proposal was put forward by Australian and accepted by Japanese economists. Significantly this and other concepts of regional economic association have been most widely discussed among the political, business and intellectual leadership in

³⁷ Drysdale, "An Organization," pp. 8-15.

³⁸ A series of ten Pacific Trade and Development Conferences have been held to date. The First Pacific Trade and Development Conference in Tokyo in January 1968 examined the Pacific Free Trade Area proposal and alternative trading arrangements. The Second Conference, in Honolulu a year later, considered explicitly the interests and needs of the developing nations of the Pacific; the Third conference was held in Sydney in August 1970 on issues of private direct investment in the Pacific region. A pattern had emerged which has resulted in the continuing series and in the organization arrangements thereof. The Fourth Pacific Trade and Development Conference, on obstacles to trade in the Pacific area, was held in Ottawa in October 1971; the Fifth, on structural adjustments in Asian-Pacific trade, was held in Tokyo in January 1973; the Sixth, on technology transfer in Pacific economic development, was held in Mexico City in July 1974; the Seventh, on relations among the larger and smaller nations of the Pacific, was held in Auckland in August 1975; and the Eighth, on trade and employment, was held in Thailand in July 1976. The Ninth Pacific Trade and Development Conference, on the theme of the production, processing, financing, and trade of natural resources in the Pacific Basin, was held in San Francisco in August 1977. The Tenth, on ASEAN in the changing Pacific and world economy, was held in Canberra in March 1979. Conference papers and proceedings have been published, in sequence: Kiyoshi Kojima, ed., *Pacific Trade and Development*, Japan Economic Research Center, Tokyo, February 1968; Kiyoshi Kojima, ed., *Pacific Trade and Development II*, Japan Economic Research Center, Tokyo, April 1979; Peter Drysdale, ed., *Direct Foreign Investment in Asia and the Pacific*, Australian National University Press, Canberra, 1972; H. E. English and Keith Hay, eds., *Obstacles to Trade in the Pacific Area*, Carleton University, Ottawa, 1972; Kiyoshi Kojima, ed., *Structural Adjustments in Asian-Pacific Trade*, Japan Economic Research Center, Tokyo, August 1973; Kiyoshi Kojima and Miguel S. Wionczek, eds., *Technology Transfer in Pacific Economic Development*, Japan Economic Research Center, Tokyo, January 1975; L. V. Castle and Frank W. Holmes, eds., *Co-Operation and Development in the Asia-Pacific Region—Relations between Large and Small Countries*, Japan Economic Research Center, Tokyo, 1976; Narongchai Akrasanee et al., eds., *Trade and Employment in Asia and the Pacific*, University of Hawaii Press, Honolulu, 1977; and Krause and Patrick, *Mineral Resources*. A major joint research project undertaken by a group of Australian economists centered on the Australian National University and a group of Japanese economists working from the Japanese Economic Research Center under the direction of Sir John Crawford and Dr. Saburo Okita has published, and continues to publish, a considerable volume of work on Australia, Japan, and Western Pacific economic relations. See J. G. Crawford, Saburo Okita, et al., *Australia, Japan and Western Pacific Economic Relations: A Report to the Governments of Australia and Japan*, (Canberra: Australian Government Publisher, 1976) revised and published as Crawford and Okita, *Raw Materials*.

Japan and Australia.³⁹ Thus far, no prominent elements in the bureaucracies of these two countries (nor in the United States) have been associated with the public advocacy of the OPTAD concept. The OPTAD proposal was recently endorsed in the Crawford-Okita Report to the Governments of Australia and Japan titled *Australia, Japan and Western Pacific Economic Relations*.⁴⁰

The discussion of the OPTAD proposal in the context of the PAFTAD Conference series and more widely within Australia and Japan over the years reveals four broad goals. First, it was conceived to provide a more effective safety-valve, given the high existing levels of interdependence, for the discussion of trade and economic grievances among Pacific countries in a rational and cooperative atmosphere calculated not to damage profitable national trading interests. Second, it aimed to provide a stimulus to investment and aid flows for the developing countries of the Asian-Pacific region and a framework for improvement in the structure and quality of their aid, investment and trade relations with the developed countries in the Pacific. Third, it was to provide a forum for consultation and discussion about the longer term developments in and economic transformation of the region. A final but absolutely fundamental consideration was the role envisaged for OPTAD in providing a more secure framework of economic alliance among the countries of Asia and the Pacific, an alliance within which participants could feel free to develop closer economic integration in smaller groupings and through which participants could play a more constructive role in the expansion of relations with China, the Soviet Union, and the Indochina states following the Vietnam War.⁴¹

The establishment of an Organization for Pacific Trade and Development which served these aims could effectively weld together the three major strands, it was felt, in relationships among Asian-Pacific countries: the crucial economic links with Japan and the United States; the political, diplomatic, and economic involvements with the developing countries, both non-communist and communist, within the Western Pacific region; and the strategic interest in stable and constructive relationships among the major powers in East Asia and the Pacific.

In Japan, there have been various supporters of the concept of an Asian-Pacific regional economic association, at times from quite different perspectives. The dominant strand in support for the idea seeks, through a regional association, to consolidate Japan's relationship with the United States, while another element seeks to promote more strongly Japan's Asian leadership role. Some senior Cabinet Ministers in successive Japanese Governments have broadly endorsed the concept, most prominently former Prime Minister Miki. The prestigious Nomura Research Institute recently advocated a Pacific economic association in a forward and thought-provoking look at Japan's position in world affairs.⁴² Former Nomura President Saeki argues that a Pacific association and the increased Japanese regional economic obligations that would go with it, comprise a key element in a comprehensive security strategy for Japan. Japan's contribution to

³⁹ Drysdale, "An Organization", p. 13.

⁴⁰ Crawford and Okita, *Australia, Japan*.

⁴¹ Drysdale, "An Organization", p. 14.

⁴² Saeki, *The Search for Japan's Comprehensive Policy*.

comprehensive security should involve a much larger economic assistance and international development component compared with the military component, which will decline in relative importance for all countries.⁴³ In December 1978 the new Prime Minister Ohira offered general support for the idea of a "Pan Pacific association" on his accession to leadership, though what he envisages in detail is not yet clear. He has established a special task force to examine Japan's relations with the Pacific nations and the concept of a Pacific community under the chairmanship of Dr. Saburo Okita, one of the initial proponents of OPTAD.

In Australia, the OPTAD proposal has also enjoyed a measure of bipartisan support and was strongly endorsed by the Australian Senate's Joint Party Standing Committee on Foreign Affairs and Defense.⁴⁴ The present Prime Minister (before his accession to leadership) has been attracted by the idea and the present Leader of the Opposition has put it forward as a major interest in Australian foreign policy.⁴⁵

An important factor in Western Pacific support for the idea of a Pacific economic association, which commonly (though not always or inevitably) is envisaged as requiring U.S. participation, is a strong current of pro-American feeling. This derives both from Japanese and Australian conceptions of their own national interests in firm ties with the United States, and also follows from a sense of the importance of encouraging a revitalized U.S. presence and leadership in the Western Pacific economy.

There has been less American awareness of the U.S. interest in Asian-Pacific regional economic association but, as developments in the relationship with Japan have given prominence to the management of foreign economic policy towards the Pacific, awareness has been growing. In August 1977 the OPTAD idea was reviewed at the Ninth PAFTAD Conference at the Federal Reserve Bank of San Francisco.⁴⁶ It has also been endorsed in a forthcoming Brookings Institution study of economic interdependence in Asia and the Pacific,⁴⁷ and in a major lecture series underway at the School of Business, University of Washington.⁴⁸

2. THE U.S. INTEREST IN PARTICIPATION IN AN OPTAD

It is clear that proposals for some sort of regional economic association are a live issue in Japan, Australia, and elsewhere in the Western Pacific community. As the discussion above indicates, the United States has strong national interests in active participation in the discussions and any eventual formation of an OPTAD. A case can be made that the timing for American consideration of this issue now seems right. OPTAD could be a useful vehicle for the effective revitalization of U.S. economic leadership in the Asian-Pacific region. In

⁴³ Saeki, *The Search For Japan's Comprehensive Policy*, pp. 1-2.

⁴⁴ Parliament of Australia, *Japan: Report from the Senate Standing Committee on Foreign Affairs and Defense*, (Canberra: Australian Government Publishing Service, 1971).

⁴⁵ Address by the leader of the opposition, Mr. Bill Hayden, to the Australia-Japan Society, Sydney, August 1978.

⁴⁶ Krause and Patrick, *Mineral Resources*.

⁴⁷ Krause and Sekiguchi, *Interactions*.

⁴⁸ Lectures have included Krause, "The Pacific Economy" and Drysdale, "Australia's Economic Relations".

asserting its commitment to the trade and development objectives of Asian-Pacific countries, the United States could insert its own conception of Pacific needs and interests alongside those of the Western Pacific countries. There is some evidence that Japan, and other Western Pacific countries, would welcome American active participation, and that the bilateral relationship with Japan would be strengthened rather than weakened. It seems possible that Japan and Australia, together with the ASEAN nations at the least, may decide in the future to move ahead on their own if the United States is not prepared to become involved. Such an action would further undermine U.S. influence and leadership in the region. The potential costs of not giving sufficient priority to the Asia-Pacific economic region may be rising sharply; at the least American national interests would appear to warrant a new evaluation and definition.

While participation in OPTAD may well be in the national interest of the United States, much depends on the basic purposes and principles of the organization. It would have to be compatible with and supportive of the U.S. global approach; it appears that the proponents of OPTAD, in contrast to those favoring a Pacific free trade area, do envisage it as supplementary to and supportive of a global framework. If perceived by the developing Asian-Pacific (or other) nations as a ganging up of Japan and the United States against their interests, OPTAD would be considered pernicious. It is unlikely that any such perception, much less actuality, of United States-Japan collusion would be in the long-run best interests of the United States regionally or globally.

The precise contours of an OPTAD are yet to be defined. Indeed, they may be expected to emerge firmly only from discussions among potential initial members. From an American perspective certain principles on membership and on OPTAD organizational structure seem worthy of preliminary consideration. In the next two sections these matters are considered.

3. MEMBERSHIP OPTIONS

Alternative geographic, political and economic definitions of the Asia-Pacific region are possible, depending upon the purposes of definition and criteria of selection. One way to classify the various components of the Asian-Pacific economy most broadly defined is in the following categories:

1. The fourteen major Pacific Basin market-oriented economies:
 - (a) The five advanced countries: the United States, Japan, Australia, Canada, and New Zealand.
 - (b) The five ASEAN nations: Indonesia, Malaysia, the Philippines, Singapore, and Thailand.
 - (c) The three Northeast Asian developing economies: South Korea, Taiwan, and Hong Kong.
 - (d) Papua New Guinea and the small South West Pacific states as a group (the countries of the South Pacific Bureau for Economic Cooperation excluding Australia and New Zealand).
2. The South Asian nations: Bangladesh, Burma, India, Pakistan, Sri Lanka.

3. The Latin American Pacific nations: Mexico, the Central American states, Colombia, Ecuador, Peru, Chile, and in terms of economic interaction Brazil.

4. The Communist nations: China, Vietnam, Cambodia, Laos, North Korea, and the Soviet Union.

The preceding discussion suggests certain criteria for inclusion in the initial membership in OPTAD. One option for consideration is that the fundamental criterion be that members commit themselves to acceptance of an adherence to a system of fair, open, and multi-lateral competition within a free market framework for all international economic transactions, based upon accepted rules (to be worked out within OPTAD) for trade and commercial practices, aid terms and arrangements and investment and capital flows including codes of conduct. In other words, the basic principle might be a commitment to an expansion of trade and investment opportunities, at least on a regional basis; this would be founded on the underlying perception that an institution such as OPTAD would be a useful vehicle for obtaining concrete, sensible mechanisms for encouraging economic interchange through OPTAD among countries with substantial overlapping economic relations.

Initial membership could be limited to nations the economies of which are arranged basically on market principles. Indeed, an initial joint effort could be directed at developing mechanisms to expand trade with the communist states in the region, including China. The organization would presumably include both economically advanced and developing market economies. At the same time, countries should have demonstrated a substantial community of regional interests through ongoing trade and other interactions. To make the negotiating process feasible, initial membership might well be limited to a relatively small number of countries.

These criteria suggest that initial membership could comprise as many of the fourteen Asia-Pacific market economies (category 1 above) as wish to join. However, the status of Taiwan as an independent national state is not recognized by most potential OPTAD members and Taiwan would require special treatment. The normalization of relations between the United States and China seems to imply an understanding from the side of the People's Republic of China of Taiwan's desire to preserve a different socio-economic structure and, from the side of the United States, acknowledgement of some form of political integration between the two countries. From the perspective of U.S. policy toward the Taiwan question a willingness to include Taiwan as a kind of observer would appear to provide some useful guarantees without necessarily compromising the priority of the relationship with China. Hong Kong, which is a British dependency, could also be admitted under observer status. The representation of the ministates within the South Pacific Bureau of Economic Cooperation, most likely by Papua New Guinea, is a question that also would have to be resolved.

Little benefit appears to derive from exclusive membership; others could be allowed, indeed encouraged, to participate in due course if they were willing to accept the basic principles, assumptions, and goals

of OPTAD. Nor should the purpose of OPTAD necessarily be limited to the promotion of economic interchange only among Asian-Pacific economies. Accordingly, brief consideration of the relations of OPTAD to the other categories of nations is warranted.

The South Asian nations are not here included as candidates for initial membership. Their overwhelming population size, their special developmental problems as very low-income developing nations, and different external orientations, mean they have interests and concerns rather different from the other Asian-Pacific nations. These might prove difficult to accommodate in the initial establishment of OPTAD; to our knowledge there never has been any special interest in OPTAD manifested in South Asia nations. However, should membership in an OPTAD be mutually advantageous, they should not be excluded from joining eventually.

Latin American nations have not yet demonstrated a strong interest in the Asian-Pacific region, or in a regional organization such as OPTAD. Consciousness within the region is more Latin than specifically Atlantic or Pacific in nature. By the criterion of economic interaction rather than geography, Brazil, for example, is more a "Pacific" nation than some bordering on the Pacific. In due course various Latin American nations, both those bordering on the Pacific and others, may desire to join. Once established, OPTAD might well consider such membership requests favorably.

Clearly one of the major concerns of the United States, and indeed of all the market economies of the Asian-Pacific region, is how to establish an appropriate framework and suitable mechanisms for engaging in growing trade and other economic relations with the Communist nations of Asia. As socialist economies, they rely upon planning in domestic resource allocation and on state institutions for foreign trade. The recent changes in the development strategy and foreign economic orientation of China suggest the likelihood both of substantial new export opportunities and of new competition in import and third country markets for the United States and all other potential OPTAD members. In the longer run economic opportunities may develop in the Indochina subregion as well. Siberian natural resources constitute another potential for trade, though much depends on the future evolution of the U.S.S.R. political-economic strategy for the development of that part of the nation. Yet the Asian Communist states are currently involved in a complex set of competitive relationships, emanating in large part from the Sino-Soviet conflict. Obviously there is no monolithic communist bloc in Asia.

The major differences in economic system and approaches to international economic relations of the Communist nations, their internal and external political complexities, and indeed the entire realm of strategic concerns of the United States and others suggest it may not be wise to include the Communist nations in OPTAD membership. At the same time, OPTAD could be a particularly useful forum for consultations and even development of a concerted, co-ordinated approach to doing business with the Asian Communist states. Certainly no one should ignore the possibilities and opportunities that may arise, particularly in light of China's new policy stance.

4. PRINCIPLES FOR AN ORGANIZATIONAL STRUCTURE FOR OPTAD

It may be premature to detail the precise organizational structure for OPTAD. However, these general principles of organization are suggested for consideration.

1. That OPTAD be a governmental organization, with its members the constituent governments.

2. That leadership of the United States and Japan, and the full involvement of Australia, South Korea, the non-communist Southeast Asian countries, and other Pacific Basin countries can best build the organizational structure.

3. That the administrative apparatus be small and not heavily bureaucratic.

4. That issues be handled by specific functional Task Forces with specified policy-oriented assignments, initiated through a high political-level consultative mechanism.

5. That the style of operations be consultative, informal, and communicative. An important function would be the exchange of information and ideas, as well as the initiation of negotiations on policy issues.

For purposes of discussion one might envisage:

1. A process of high level political consultations initiated by a meeting of the Heads of Government. Heads of Government or Ministerial level meetings should occur every one to two years and would provide one, but not the sole, vehicle for initiating Task Force assignments. Given the increasingly intensive consultation at Heads of Government level within the region, it is probable that these meetings could incorporate the participation of more and more Heads of Government.

2. A Steering Committee, meeting annually or more regularly, consisting of high-level representatives of member governments. In the case of the United States, the representative might be the Under Secretary of State for Economic Affairs, perhaps heading a delegation including an appropriate member of the Senate or House from the U.S. Congress.

3. A small permanent secretariat, staffed by senior professionals, perhaps on leave from the administrations of member governments or elsewhere. Apart from government representation staffing would not be constrained at other levels by the interests at the various members. We suggest caution in imitating the broad functions and large staffing of the OECD.

4. The main staff work at OPTAD would be undertaken by functional Task Forces. Most would be established on an ad hoc basis to treat specific policy issues but some might become ongoing. The Task Force members and support staffs would be mobilized from the pools of professional expertise both within and outside member governments.

One extremely important problem is that of governance, in particular how to integrate the domestic political process and the legislative system into the formulation of policy for OPTAD. The problems and opportunities of economic interdependence at the regional as well as global level both influence and are influenced by domestic political and economic considerations in each member country, most certainly in the United States. The involvement of Congress is of particular importance in the U.S. context; its role in foreign economic policy is

significant. The OPTAD structure should take account of and accommodate these national political processes. It thus seems to us important that Task Force members include from time to time professional expertise from the legislative staffs; and that similar methods be found to facilitate the flows of ideas and the debate on relevant policy issues. It would be useful for the secretariat at the least to maintain communications channels with legislative as well as executive branches. It might well be desirable that the annual meetings include representation from the Congress as well as the Executive Branch.

The creation of Task Forces would depend on the specific needs to be met through OPTAD. Possible among the policy areas upon which the Pacific Basin countries might focus their attention through OPTAD are:

1. *Task force on free and fair trade.*—Its purpose would be to develop codes of business conduct, and mechanisms for their enforcement, which restrain corruption and other unfair practices, and which protect the capacity of sovereign governments to guarantee fair and free trade.

2. *Task force on trade restructuring.*—Its purposes would be, in light of evolving industrial comparative advantage, competitiveness and specialization among the nations of the region, to develop mechanisms which safeguard and promote market access, and facilitate the adjustment process while reducing the social costs of change in those sectors losing competitive power. These could well involve concern with the issues of relocation of resource and energy-using industries, and would apply to market access and adjustment concerns in developing as well as advanced economy members.

3. *Task force on the financing of regional development.*—Its main purpose would be to seek more effective access to and utilization of external resources for the developing countries of the region. This could include improved access to the Asian-dollar market, the Tokyo capital market, and other regional sources of capital as well as the established sources in the United States and Euro-dollar markets; and exploration of regional untieing of aid as a forerunner to global untieing.

4. *Task force on foreign direct investment.*—Its purpose would be to enhance the opportunities for American and other advanced country investment in the region on a non-restrictive and non-bilateral basis, while protecting the interests both of investors and host countries. One goal would be to develop an acceptable code for foreign investment.

5. *Task force on resource and energy security.*—Its purpose would be to develop commitments to enhance energy security, to enhance energy R. & D. and to provide a forum for regional consultation on relevant resource and energy policy issues. In addition it, or one of the other task forces, could have a consultative role regarding possible stabilization programs for Pacific developing country commodity prices and output analogous to the European Common Market Stabex scheme.

6. *Task force on trade with the Communist States.*—Its purpose would be to provide a forum for consultation and coordination in developing policies, rules, and mechanisms for trade with the various Asian Communist states.

ADDENDUM

A SKEPTICAL VIEW OF "AN ASIAN-PACIFIC REGIONAL ECONOMIC ORGANIZATION"¹

Why does the United States, or the rest of the world, need an Asian-Pacific Regional Organization?

This question is dealt with in the foregoing paper, but upon examination, the benefits seem elusive and there are some possible negative results. Let me explain:

1. The United States, Japan, Canada, Australia and New Zealand, which would be part of the new organization, are already members of the Organization for Economic Cooperation and Development (OECD), the justification for which is clear—bringing together the industrial nations whose economic activity and policy significantly affect other countries.

These five countries do not need another forum to talk to one another. Moreover, the OECD is only one of many forums available to these countries. Why do we need to bring these five countries together with a number of Asian middle-income developing countries, an essential part of the proposal for a Pacific Basin OECD?

2. There is, moreover, a competitive organization already in existence called ESCAP (the Economic and Social Council for Asia and the Pacific), née ECAFE. True, this organization is large, some 25 members, and includes China and the U.S.S.R., India and Pakistan as well as the candidates for the Asian-Pacific OECD. ESCAP-ECAFE has been around—and relatively ineffective—for 30 years. Why should a new organization be more effective?

3. We are making substantial progress for a world free trade area under the GATT; the current round of trade negotiations (the Tokyo Round) will reduce world tariffs and non-tariff barriers significantly. Thus, we are well on the road to a world-wide free trade area. It is not clear how and if the proposed Pacific organization would function in this context.

4. The proposed Pacific organization might discuss commodity problems. After all, the European Common Market has STABEX to take care of developing countries associated with it. However, here, as in the trade field, the U.S. interest would seem to be to have universal proposals for handling commodity problems. We are not the only importer. Europe is also a major importer of basic materials. We are developing commodity proposals within the UNCTAD. There are stabilization schemes in the IMF—compensatory finance. Presumably, therefore, the organization would not have any operational function in the field of stabilization of commodity prices and output, merely a consultative role.

¹ By Alfred Reifman, Senior Specialist in International Economics, Congressional Research Service;

5. In short, the proposed Pacific OECD would presumably be purely a consultative forum. It would discuss structural economic adjustment. It would be a place for officials from middle income countries to meet with their developed neighbors and trading partners.

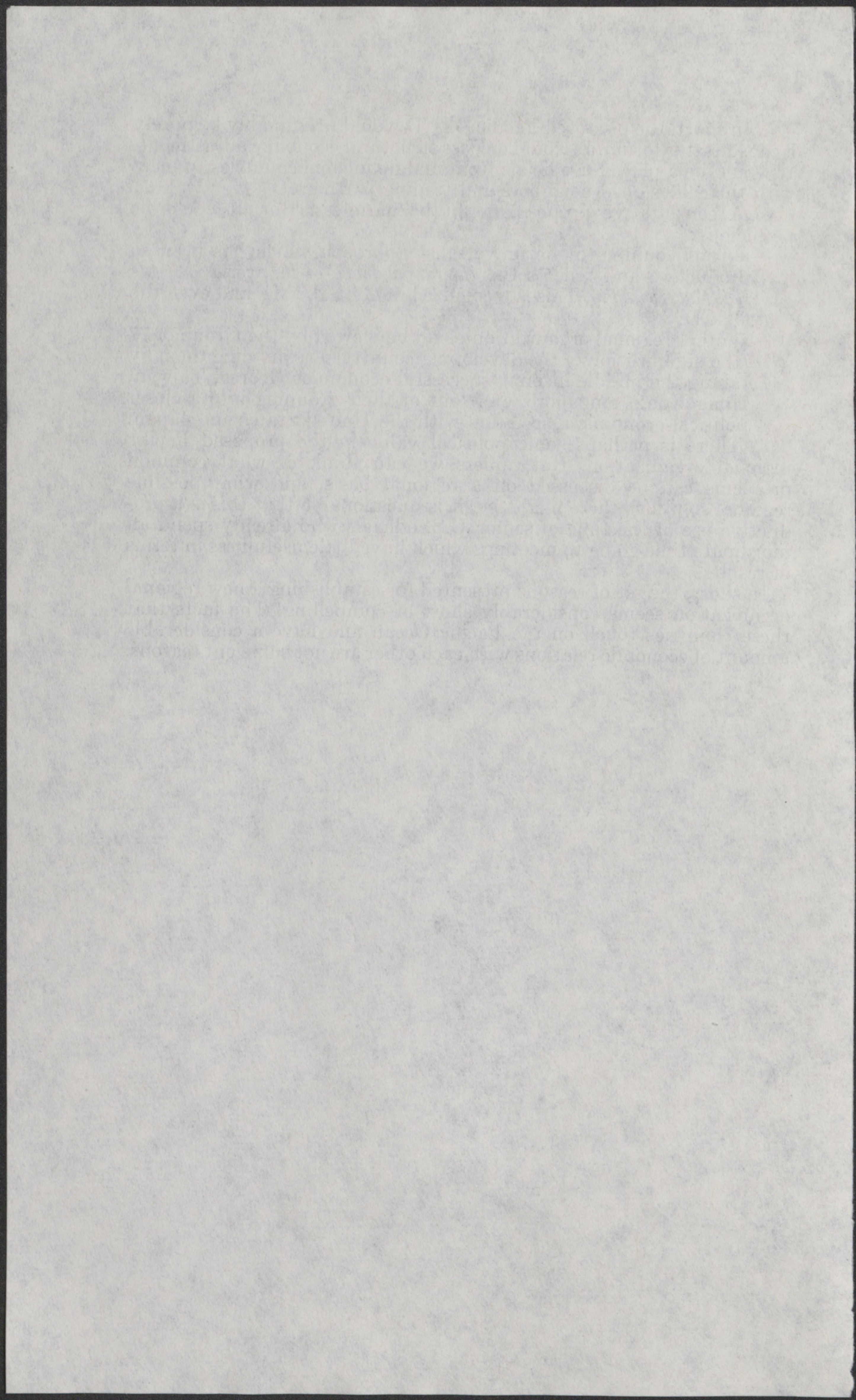
6. A consultative proposal might be harmless. But, it could be pernicious:

—it runs counter to the universalist approach which has been so productive and reflects the *interdependence of the world, not the regional, economy*. This is recognized in GATT, IMF and even the OECD.

—another regional organization could be viewed by the Group of 77 (the organization of the developing countries) as dividing them by taking the middle-income, successful economies (Korea, Taiwan, Hong Kong, Singapore, etc.) out of their grouping into a closer political-economic association with the United States and Japan.

7. There is perhaps some political value in the proposed Pacific regional organization. But, unless we can think of what common problems can be discussed on a regional basis, and what possible regional solutions there might be, it is questionable that this is a productive use of the time of senior U.S. officials who already spend an inordinate time going to meetings which have little usefulness in terms of results.

In short, the set of reasons presented for establishing a new regional organization seems considerably short of compelling. The facts that these countries touch on the Pacific Ocean and have a considerable amount of economic relations with each other are not sufficient reasons.



APPENDIX 1

STRUCTURE OF THE PACIFIC AREA ECONOMY

SUMMARY

These tables summarize certain key features of the Pacific Area countries. The area has 24 percent of world market economy population and 17 percent of total world population. A great gulf remains in per capita income levels between the five advanced industrial countries and the developing ones, with the average per capita income in the developed countries 15 times the average in developing countries.

On average, Pacific Area countries in 1976 directed 53.5 percent of their exports to other Pacific Area countries, and received 51.6 percent of imports from other Area countries. Their exports were 32 percent of total world trade, and their imports were 34 percent of total world trade in 1976. Dependency on the other Pacific Area countries for exports and imports is generally highest among the developing countries, ranging from 56 percent to 90 percent.

Mineral reserves, mine output, and refined metal output tend to be concentrated in the developed nations of the Pacific Area. The table on reserves¹ downplays the developing nations even more because data from Bureau of Mines Commodity Data Summaries list only the major reserve countries—all smaller sources are lumped together into "other market countries." Their role is probably also affected by lack of geologic exploration. However, what data are available do show the Pacific Area as a major factor in all three areas of reserves, mine output and refined metal output (summarized in table 4)—ranging from 20–80 percent of the total for market economies.

¹ These are proven deposits which can be mined profitably at current prices and with existing technologies.

TABLE 1.—THE PACIFIC ECONOMY IN 1976

[Noncommunist]

Economy	Population (million)	GNP U.S. dollars in billions	GNP/POP U.S. dollars	Percent of trade within Pacific area	
				Exports	Imports
Industrial:					
United States.....	215.1	1,706.5	7,933	139.5	144.0
Canada.....	23.1	192.7	8,342	172.8	169.4
Japan.....	112.8	554.6	4,917	49.8	43.3
Australia.....	13.6	85.5	6,287	63.9	58.8
New Zealand.....	3.1	12.8	4,129	50.5	54.4
Developing:					
Korea.....	35.9	25.1	680	71.2	66.0
Taiwan.....	16.3	² 17.1	1,049	74.3	63.8
Hong Kong.....	4.4	9.7	2,205	58.4	56.3
Philippines.....	43.8	17.6	402	71.1	65.6
Thailand.....	43.0	15.9	370	64.6	56.5
Malaysia.....	12.3	10.6	862	66.2	73.3
Singapore.....	2.3	5.8	2,522	72.2	59.2
Indonesia.....	139.6	36.3	260	83.5	76.0
Papua, New Guinea.....	2.8	² 1.2	429	63.3	90.4
Pacific total.....	668.1	2,691.4	4,028	53.5	51.6
Market total.....	2,827.0				
World total.....	4,044.0			32.5	33.7

¹ See table below:

	Excluding United States-Canada trade from Pacific area totals yields the following percentages		A third way to handle United States- Canada is to exclude their trade from both the region and the total, where- upon the results become (percent)	
	Exports	Imports	Exports	Imports
United States.....	18.5	24.0	23.4	30.0
Canada.....	8.2	7.8	23.2	20.4
Pacific Area total.....	36.2	34.9	43.8	41.9

² Gross domestic product rather than gross national product.

Sources: International Financial Statistics (IMF, August 1978) and Asia Yearbook 1978 (Far Eastern Economists).

TRADE: 1965, 1976

EXPLANATION

These matrices use International Monetary Fund *Direction of Trade* export figures measured on an FOB basis. Figures for ROW (Rest of the World) are calculated as the difference between total trade and trade within Pacific Area. ROW ① includes Nonmarket Pacific Countries as part of ROW while ROW ② excludes them (i.e. treats them as part of the Pacific Area). South Vietnam is not included as part of Pacific in 1965, but is shown individually along the edge. In subsequent tables Papua New Guinea is referred to as PNG.

Tables are in the following form:

Originating from	Going to				Total
	Pacific area countries	Subtotal	Pacific nonmarket	ROW	
Pacific area countries.....	Pacific area interregional trade.	-----	-----	-----	-----
Subtotal.....	-----	Trade exclusively within the Pacific area.	-----	-----	Total, Pacific area exports to world.
Pacific nonmarket.....	-----	Total, Pacific area imports from ROW.	-----	Trade exclusively among ROW countries.	Total, ROW exports to world.
ROW.....	-----	-----	-----	-----	-----
Total.....	-----	Total, Pacific area imports from ROW.	-----	Total, ROW imports from world.	Total, world trade.

TABLE 2.—TRADE MATRIX, 1976

[F.o.b., U.S. dollars in millions]

Exported by	Imported by										
	United States ¹	Canada ¹	Japan	Australia	New Zealand	Korea	Taiwan	Hong Kong	Philippines	Thailand	Malaysia
Developed:											
United States ¹	26,037	24,109	10,144	2,185	415	2,015	1,635	1,115	819	347	536
Canada ¹	15,923	1,554	2,432	332	58	128	42	63	51	39	32
Japan	1,202	331	4,423	2,313	417	2,828	2,283	1,843	1,115	1,072	705
Australia	311	67	387	340	647	188	142	212	118	66	233
New Zealand						17	24	32	39	11	24
Developing market economies:											
Korea	2,493	314	1,802	99	11		84	325	29	24	18
Taiwan	3,060	313	1,102	224	10	74		610	78	80	54
Hong Kong	2,480	304	595	332	56	98	233		92	112	102
Philippines	926	29	625	45	7	23	44	39		7	5
Thailand	284	10	758	29	2	30	92	149	30		132
Malaysia	826	42	1,119	119	21	95	71	66	80	68	
Singapore	965	83	676	336	67	74	68	513	52	197	1,005
Indonesia	2,452	18	3,565	31	3	152	131	24	90	2	23
Papua New Guinea	72	0	170	73	3	0	2	1	1	0	0
Other and unspecified	64	1	327	123	53	71	6	12	0	29	35
Subtotal	57,095	27,175	28,125	6,581	1,770	5,793	4,857	5,004	2,594	2,054	2,094
Nonmarket:											
China	200	90	1,248	100	14			1,448	51	51	122
Indochina ⁴	2	0	45		1			22	0	1	1
North Korea		2	65		0			14	4	0	6
ROW (1) ²	72,472	11,992	36,766	4,601	1,485	2,980	2,752	3,878	1,358	1,582	1,060
ROW (2) ³	72,270	11,900	35,408	4,501	1,470	2,980	2,752	2,394	1,303	1,530	931
Total	129,567	39,167	64,891	11,182	3,255	8,773	7,609	8,882	3,952	3,636	3,964

Exported by	Imported by					
	Singapore	Indonesia	Papua New Guinea	Other and unspecified	Subtotal	
						ROW (1) ²
						ROW (2) ³
						Total
Developed:						
United States ¹	965	1,036	14	86	45,421	69,585
Canada ¹	33	78		9	29,334	10,918
Japan	1,533	1,641	69	198	33,494	33,826
Australia	229	231	216	147	8,385	4,728
New Zealand	53	17	8	82	1,412	1,384
Developing market economies:						
Korea	78	48		172	5,497	2,219
Taiwan	213	219	1	22	6,060	2,096
Hong Kong	353	176	15	33	4,981	3,545
Philippines	56	12	0	13	1,831	3,743
Thailand	201	185		3	1,905	1,045
Malaysia	967	23	0	12	3,509	1,788
Singapore		550	54	121	4,761	1,833
Indonesia	644			1	7,136	1,410
Papua New Guinea	4	1		2	329	191
Other and unspecified	40	98	1		860	690
Subtotal	5,369	4,315	378	901	154,915	136,001
Nonmarket:						
China	226	120	5	55	3,730	2,315
Indochina	18	4			94	16
North Korea	10	3	0	1	105	121
ROW (1) ²	3,701	1,359	40	878	146,904	458,045
ROW (2) ³	3,447	1,232	35	822	142,975	455,022
Total	9,070	5,674	418	1,779	301,819	895,865

¹ Excluding United States-Canada trade the subtotals become:

	Exports	Imports
United States	21,312	31,058
Canada	3,297	3,066

Note: Trade exclusively within the Pacific area becomes \$104,769 million.

² Includes nonmarket nations in Pacific area as part of ROW.

³ Excludes nonmarket nations in Pacific area as part of ROW.

⁴ Indochina includes Vietnam, Cambodia, and Laos.

Source: Based on IMF, Direction of Trade, Annual 1970-76

TABLE 3.—TRADE MATRIX 1965

[FOB U.S. dollars in millions]

Exported by	Imported by									
	United States ¹	Canada ¹	Japan ²	Australia	New Zealand	Korea	Taiwan	Hong Kong	Philippines	Thailand
Developed:										
United States ¹	4,672	5,658	2,083	797	133	274	234	191	348	108
Canada ¹	2,526	215	293	133	34	1	6	16	25	5
Japan ²	3,327	42	495	319	61	180	218	288	240	219
Australia	124	14	52	47	188	5	19	64	21	15
New Zealand						0	0	2	0	0
Developing market economies:										
Korea	62	2	45	1	0		2	11	1	4
Taiwan	99	9	144	4	1	6		29	6	16
Hong Kong	316	27	68	30	13	6	15		11	24
Philippines	349	2	220	3	1	9	12	3		0
Thailand	40	0	116	1	0	1	4	41	15	
Malaysia	212	37	266	55	12	8	10	48	13	14
Singapore	165	2	134	71	1	0	0	14	18	15
Indonesia	8	0	2	21	0	0	0	0	0	0
Papua New Guinea	0	11	35	38	7	31	1	14	37	1
Other and unspecified										
Subtotal	8,900	6,019	3,953	1,520	451	521	521	721	735	421
Nonmarket:										
China	0	13	202	27	0	0	0	366	0	0
North Korea	0	0	13	0	0	0	2	0	0	0
ROW (1) ³	12,532	1,968	4,133	1,854	517	48	91	848	159	312
ROW (2) ⁴	12,532	1,955	3,918	1,827	517	48	89	482	159	312
Total	21,432	7,987	8,086	3,374	968	569	612	1,569	894	733

Exported by	Imported by						
	Malaysia/ Singapore	Indonesia	Papua New Guinea	Other and unspecified	Subtotal	China	North Korea
Developed:							
United States ¹	91	42	2	308	10,319	0	0
Canada ¹	9	2	0	2	5,198	97	0
Japan ²	196	204	10	97	4,773	245	16
Australia	93	8	76	66	1,419	165	4
New Zealand	7	0	0	8	254	7	0
Developing market economies:							
Korea	3	0	0	2	133	0	0
Taiwan	16	0	0	1	331	0	0
Hong Kong	104	33	4	33	684	12	0
Philippines	2	1	0	0	602	0	0
Thailand	130	13	0	13	374	0	0
Malaysia		0	0	10	685	0	0
Singapore			0	5	425	0	0
Indonesia	0		0	0	31	0	0
Papua New Guinea	0	0		0	217	46	0
Other and unspecified	33	9					
Subtotal	684	312	92	545	25,395	572	20
Nonmarket:							
China	0	0	0	54	662		NA
North Korea	0	0	0	0	15		
ROW (1) ³	733	288	15	303	23,801	772	16
ROW (2) ⁴	733	288	15	249	23,124	772	16
Total	1,417	600	107	848	49,196	1,344	36
						114,300	112,920
							163,496

¹ Excluding United States-Canada trade as part of Asia region, the subtotals become:

	Exports	Imports
United States	4,661	4,228
Canada	526	361

Note: Trade exclusively within the Pacific Area becomes \$15,065 million.

² Ryukyus added to Japan for comparison to 1976.

³ China and North Korea as part of ROW.

⁴ China and North Korea not included as part of ROW.

Source: Based on IMF, Direction of Trade, Annual, 1962-68. ROW includes South Vietnam.

TABLE 4.—MINERAL RESOURCES—SUMMARY OF PACIFIC POSITION IN WORLD

[Generally as of 1976, in percent]

	Pacific area in total world			Pacific area in market economy total			Pacific area in total world			Pacific area in market economy total		
	Mine output	Refined metal output	Reserves	Mine output	Refined metal output	Reserves	Mine output	Refined metal output	Reserves	Mine output	Refined metal output	Reserves
Copper	38	38	32	49	50	37	69	75	47	69	75	59
Lead	37	35	56	54	51	71	27	---	27	60	---	41
Zinc	38	34	46	54	48	53	---	---	---	---	---	---
Bauxite	32	---	19	37	---	20	13	33	---	46	51	---
Aluminum	---	46	---	---	58	---	20	---	34	40	---	85
Silver	38	---	37	47	---	56	19	---	37	21	---	48
Nickel	60	---	41	80	---	47	---	---	---	---	---	---
Tin	---	---	---	---	---	---	---	---	---	---	---	---
Iron ore	---	---	---	---	---	---	---	---	---	---	---	---
Raw steel	---	---	---	---	---	---	---	---	---	---	---	---
Coal-A	---	---	---	---	---	---	---	---	---	---	---	---
Coal-B	---	---	---	---	---	---	---	---	---	---	---	---
Cobalt	---	---	---	---	---	---	---	---	---	---	---	---

Source: See following tables.

TABLE 5.—MINERAL RESERVES (1976) ¹

Country	Copper (million tons)	Lead (million tons)	Zinc (million tons)	Bauxite (million tons)	Silver (million troy ounces)	Nickel (thousand tons)	Tin (1,000 metric tons)	Iron ore (million short tons)	Bituminous coal (billion short tons)	Cobalt (thousands tons)
Developed:										
United States.....	93.0	59	30	40	1,510	200	40	4,000	3,968	33
Canada.....	34.4	13	37	---	710	9,600	---	12,000	120	---
Japan.....	---	---	---	---	---	---	---	---	---	---
Australia.....	8.4	18	13	4,500	---	---	330	11,800	219	54
New Zealand.....	---	---	---	---	---	---	---	---	---	---
Developing:										
South Korea.....	---	---	---	---	---	---	---	---	---	---
Taiwan.....	---	---	---	---	---	---	---	---	---	---
Hong Kong.....	---	---	---	---	---	---	---	---	---	---
Philippines.....	18.5	---	---	---	---	---	---	---	---	210
Thailand.....	---	---	---	---	---	---	1,200	---	---	---
Malaysia.....	---	---	---	---	---	---	830	---	---	---
Singapore.....	---	---	---	---	---	---	---	---	---	---
Indonesia.....	---	---	---	---	---	---	2,400	---	---	---
Papua New Guinea.....	9.8	---	---	---	---	---	---	---	---	---
New Caledonia.....	---	---	---	---	---	15,000	---	---	---	300
Total Pacific area.....	164.1	90	80	4,540	2,280	24,800	4,800	27,800	4,307	597
Total market.....	441	127	152	23,050	4,100	52,800	8,100	68,400	5,064	1,250
Nonmarket:										
China.....	---	---	---	---	---	---	1,500	3,000	---	---
North Korea.....	---	---	---	---	---	---	---	---	---	---
Indochina.....	---	---	---	---	---	---	---	---	---	---
Total nonmarket.....	65	33	23	950	2,000	8,200	2,100	34,200	7,534	350
World Total.....	506.0	160	175	24,000	6,100	61,000	10,200	102,600	12,598	1,600

¹ Major reserve sources only—smaller ones are placed together into ROW. These reserves are as of 1976, but many of the geological surveys upon which the estimates are based were conducted several years earlier.

Source: Commodity Data Summaries 1977, U.S. Department of Interior, Bureau of Mines.

TABLE 6.—MINERAL RESOURCES—MINE OUTPUT

Country	Copper, 1976 (1,000 short tons)	Lead, 1976 (1,000 short tons)	Zinc, 1976 (1,000 short tons)	Bauxite, 1976 (1,000 short tons)	Silver, 1975 (1,000,000 troy ounces)	Nickel, 1975 (1,000 short tons)	Tin, 1976 (1,000 metric tons)	Coal (1,000 short tons)		Iron ore (million long tons)	Cobalt (1,000 short tons)
								Anthri- cite	Bituminous and lignite		
United States	1,611	610	477	2,238	34.9	17	0.1	6.2	665	78	---
Canada	824	286	1,146	---	39.7	270	.3	---	30	56	2.0
Japan	90	57	287	---	8.7	---	.7	---	---	---	---
Australia	228	441	514	23,345	23.5	60	10.4	---	110	100	3.0
New Zealand	---	---	---	---	---	---	---	---	---	---	---
South Korea	3	10	61	---	1.5	---	.1	21.0	---	---	---
Taiwan	---	---	---	---	---	---	---	---	---	---	---
Hong Kong	---	---	---	---	---	---	---	---	---	---	---
Philippines	248	4	12	---	1.6	13	---	---	---	---	.3
Thailand	---	3	---	---	---	---	19.3	---	---	---	---
Malaysia	---	---	---	728	---	---	63.4	---	---	---	---
Singapore	---	---	---	---	---	---	---	---	---	---	---
Indonesia	75	---	---	1,036	1.0	23	23.5	---	---	---	---
Papua New Guinea	195	---	---	---	---	---	---	---	---	---	---
Burma	---	8	4	---	.8	---	.8	---	---	---	---
Fiji	---	---	---	---	.1	---	---	---	---	---	---
New Guinea	---	---	---	---	1.4	---	---	---	---	---	---
New Caledonia	---	---	---	---	---	147	---	---	---	---	2.2
Pacific total	3,274	1,419	2,501	27,347	113.2	530	118.6	27.2	805	334	7.5
Market total	6,723	2,642	4,641	74,583	239.5	659	172.3	59.0	1,985	556	35.2
Pacific nonmarket:	---	---	---	---	---	---	---	---	---	---	---
China	1179	1159	1146	900	1.8	---	22.0	2150.0	22,000	165	24.7
North Korea	---	1132	1185	---	1.7	---	.5	---	---	---	---
Indochina	---	---	---	---	---	---	---	---	---	---	---
World total ³	8,714	3,844	6,522	86,252	294.7	878	211.8	209	3,985	873	39.9

¹ Estimate.² Total world nonmarket estimate.³ World totals include nonmarket countries.

Sources: American Bureau of Metal Statistics, Non-Ferrous Metal Data, 1976 and U.S. Department of Interior, Bureau of Mines, Commodity Data Summaries, 1977.

TABLE 7.—MINERAL RESOURCES—REFINED METAL PRODUCTION OUTPUT (1976)

[1,000 short tons]

Country	Copper	Lead	Zinc (slab)	Aluminum	Tin (1,000 metric tons) (smel- ter output)	Raw steel ¹ (million short tons)
United States.....	1,898	671	536	4,251	5.8	128
Canada.....	563	194	521	692		
Japan.....	953	241	818	1,013	1.2	113
Australia.....	207	359	272	256	5.6	
New Zealand.....				154		
Korea.....	32		30	22		
Taiwan.....	12			29		
Hong Kong.....						
Philippines.....						
Thailand.....					19.6	
Malaysia.....					78.0	
Singapore.....						
Indonesia.....					23.3	
Papua New Guinea.....						
Burma.....		4				
Fiji.....						
New Guinea.....						
New Caledonia.....						
Pacific total.....	3,665	1,469	2,177	6,417	133.5	241
Market total.....	7,348	2,880	4,533	10,980	178.4	470
China.....	291	152	146	176		² 251
North Korea.....		86	152			
Indochina.....						
World total.....	9,739	4,161	6,431	14,033	178.4	720

¹ Major producers only.² All nonmarket.

Source: American Bureau of Metal Statistics, Non-Ferrous Metal Statistics, 1976.

APPENDIX 2

GROWTH RATES IN PACIFIC AREA

SUMMARY

Overall economic growth rates for the developing countries in the region have been generally far above the world average since 1960, while the developed countries of United States, Canada, Australia, and New Zealand are closer to the average.

The share of trade among Pacific Area countries shows interesting changes over the period 1965-76. Former British Colonies (Australia, New Zealand, Malaysia-Singapore) increased their ties to the Pacific Area as older trade patterns with Britain diminished. However, some of the smaller (or at least initially smaller) countries with rapidly expanding export sectors showed declining dependence on the Pacific Area as their export (and import) horizons expanded over time. Countries in this category include Japan, Korea, Taiwan, Hong Kong, Philippines, and Thailand.

Export and import growth for the Pacific Area countries as a whole exceeded the growth rate of total world trade over the 1965-76 period. Area exports grew at an annual rate of 9.3 percent compared to 8 percent for the world. Imports grew at 8.7 percent compared to 8 percent for the world.

Because of the presence of several important developed countries in the Pacific Area, per capita GDP is above the world average—and is projected to remain so under the scenario in which LDC's reduce the per capita income gap between themselves and the developed countries. The annual growth in virtually all of the individual countries comprising the Pacific Area, excluding the United States and Canada, equals or exceeds world per capita income growth projections for 1970-2000. However, because of the rapidly growing population in the LDC's and virtually stable population in the United States, Canada and Japan (growth less than 1 percent annually) combined with the large share and slow growth of United States-Canadian GDP, the projected average per capita GDP growth for the area is below the world average (and below the growth rates of each of the Pacific region components—an anomaly of the weighting procedure). Scenario A, in which present institutional conditions are assumed constant, provides less detail. Developed countries will grow relatively faster and LDC's slower. Statements about the Pacific Area separately are not possible.

In scenario X, GDP growth for the region as a whole is slower than for the market economy world total or the whole world total. The Pacific share of market economy GDP drops from 54 percent in 1970 to 42 percent by 2000. This is because of the high weight of the United States, with its slow projected growth. Other nations of the area are projected to grow quite rapidly, on average more so than the rest of the world (excluding the United States). The Pacific Area developing market economies are assumed to have a GDP growth for 1970-2000 of 6.3 percent, compared to 4.8 percent for the world (or 5.4 percent for the world minus the United States and Canada).

TABLE 1.—GROWTH RATES

[Average annual rates, in percent]

Country	Population				GNP, GDP ¹				GNP/POP				Percentage point change in share of exports/imports within Pacific area, 1965-76		Total exports and total imports 1965-76 real growth ²	
	60-70	65-73	70-76	70-76	60-70	65-73	70-76	70-76	60-70	65-73	70-76	70-76	Exports	Imports	Exports	Imports
United States	1.3	1.0	0.8	2.9	4.2	4.0	2.9	2.9	2.9	3.0	2.1	+1.8	+4.3	6.1	8.0	
Canada	1.8	1.4	1.4	5.0	5.1	5.2	3.3	3.3	3.3	3.7	3.6	+1.7	+3.3	7.3	8.8	
Japan	1.0	1.1	1.3	5.5	11.0	10.8	4.5	4.5	9.9	9.8	4.2	-7.7	-5.6	14.3	11.7	
Australia	2.0	1.9	1.5	4.5	5.1	4.7	3.3	3.3	3.1	2.8	3.0	+16.8	+13.8	7.1	2.6	
New Zealand	1.7	1.4	1.9	11.0	4.0	3.3	11.0	11.0	2.3	1.9	9.2	+25.2	+7.8	5.2	3.6	
Korea	2.3	1.9	1.8	8.3	8.6	10.4	8.3	8.3	6.3	9.1	6.5	-4.8	-25.6	32.8	19.0	
Taiwan	3.2	2.7	1.8	7.8	9.6	10.4	7.8	7.8	6.4	7.7	6.5	+9	-21.3	22.5	17.0	
Hong Kong	2.6	1.8	1.8	6.5	9.5	6.8	6.5	6.5	6.9	5.0	6.0	-3.5	+10.3	21.7	8.8	
Philippines	3.0	3.0	2.9	6.5	5.4	5.9	6.5	6.5	2.4	2.9	3.6	-12.9	-16.6	6.6	4.9	
Thailand	3.0	3.0	2.8	6.5	8.0	7.7	6.5	6.5	5.0	4.7	3.7	-3.5	-9	7.9	6.8	
Malaysia	3.0	2.8	2.9	9.0	6.3	6.1	9.0	9.0	3.3	3.3	7.4	+9.3	+15.2	16.0	12.8	
Singapore	2.4	1.9	1.6	7.7	9.6	12.3	7.7	7.7	7.2	10.4	5.1	+14.1	+24.0	18.8	13.9	
Indonesia	1.9	2.2	2.6	2.6	3.9	6.7	2.6	2.6	2.0	4.5	0	+20.4	+4.4	18.2	5.2	
Papua New Guinea	2.6	2.6	2.6	2.6	*7.1	8.0	2.6	2.6	4.5	5.4						
Total	1.9	1.9	1.9	(3.8)	5.4	5.6	(3.8)	(3.8)	3.3	3.5	(2.2)	(2.2)	+8.1	+4.3	9.3	8.7
World	2.1	2.1	2.1	(3.4)	5.1	5.1	(3.4)	(3.4)	2.9	2.9	(1.4)	(1.4)			8.0	8.0
Market economies																

¹ Figures for Taiwan and Papua New Guinea are GDP rather than GNP.² Using IFS data on export and import prices to deflate nominal exports and imports.³ 1961-70 (1960 data not available).

Sources: All world and market economies figures based on UN, Statistical Yearbook, 1976. 1960-70 and 1965-73 figures based on World Tables 1976 (World Bank). 1970-76 figures based on International Financial Statistics (IMF, August 1978), Asia Yearbook 1978 (Far Eastern Economist).

PROJECTED GROWTH RATES

NOTES

1. Projected growth rates are based on Leontief, *The Future of the World Economy* (UN, 1976—preliminary). This study examines a number of different growth scenarios and their implications based on a variety of economic variables. The main purpose of the study is to evaluate the feasibility and implications of the UN commitment to reducing the per capita income gap between developed and developing nations (the International Development Strategy adopted by the United States in 1970) as well as UN concern for a New International Economic Order.

The projections of two of these scenarios are reproduced here. In the first scenario, future GDP growth rates are assumed and are used to determine the impact on such variables as employment, pollution, resource depletion, exports, imports, and capital flows. The other scenario assumes present institutional factors governing investment rates, productivity, employment, and trade to be constant, and growth of GDP becomes the dependent variable.

Because the report is preliminary, full statistical information is not included. They considered other scenarios as well, but complete print-outs of results are available for only the two given here, and the second of the two is only divided into the large categories of Developed, Developing I, and Developing II. Moreover, the results must be reviewed with considerable skepticism because of the assumptions which must be and have been made. Nonetheless, these projections do represent one sensible group's best judgments, and as such are a useful insight into the future.

2. Scenario X: This Scenario assumes medium population growth and high GDP growth in both developed and developing regions.

3. Scenario A: Current savings and foreign exchange constraints are assumed to be constant for LDC's, and developed countries are assumed to have full employment.

4. In Scenario X, Pacific Area LDC's are included in the category "Asia, low income." The Pacific Area LDC's were extracted from this by subtracting 1970 population and GDP figures for India, Pakistan, Bangladesh, and Afghanistan. Projections assumed the growth rates for this sub-group to be the same as for "Asia, low income" as a whole.

5. In Scenario A, the group "Developing Nations II," includes Asia (low income), Asia (non-market), Africa (arid), and Latin America (medium income).

TABLE 2.—TOTAL GDP—PROJECTED GROWTH

[U.S. dollars in billions, 1970 prices]

	Levels				Growth percent			
	1970	1980	1990	2000	1970-80	1980-90	1990-2000	1970-2000
SCENARIO X								
Country:								
United States and Canada.....	1,059	1,538	2,073	2,720	3.8	3.0	2.8	3.2
Japan.....	200	374	594	841	6.5	4.7	3.5	4.9
Australia and New Zealand.....	43	64	111	162	4.1	5.7	3.9	4.6
Developing Pacific market.....	53	87	171	328	5.1	7.0	6.7	6.3
Nonmarket.....	135	231	424	835	5.5	6.3	7.0	6.3
Pacific area market total.....	1,355	2,063	2,949	4,051	4.3	3.6	3.2	3.7
World market total.....	2,489	3,857	6,190	9,751	4.5	4.8	4.6	4.7
Total World.....	3,225	5,128	8,468	13,263	4.7	5.1	4.6	4.8
SCENARIO A								
Region:								
Developed.....	2,630	3,939	6,122	8,173	4.1	4.5	2.9	3.9
Developing II.....	490	673	938	1,576	3.2	3.4	5.3	4.0
World total.....	3,220	4,581	7,697	11,072	6.3	5.3	3.7	4.2

TABLE 3.—POPULATION—PROJECTED GROWTH

[Levels in millions]

	Levels				Growth percent			
	1970	1980	1990	2000	1970-80	1980-90	1990-2000	1970-2000
SCENARIO X								
Country:								
United States and Canada.....	229	252	278	300	1.0	1.0	0.8	0.9
Japan.....	104	118	126	133	1.3	.7	.5	.8
Australia and New Zealand.....	15	18	22	24	1.8	2.0	.9	1.6
Developing Pacific market.....	337	437	565	711	2.6	2.6	2.3	2.5
Nonmarket.....	808	954	1,093	1,226	1.7	1.4	1.2	1.4
Pacific area market total.....	685	825	992	1,168	1.9	1.9	1.6	1.8
World market total.....	2,462	3,067	3,835	4,733	2.2	2.3	2.1	2.2
Total world.....	3,618	4,402	5,344	6,406	2.0	2.0	1.8	1.9
SCENARIO A								
Region:								
Developed.....	978	1,066	1,154	1,228	.9	.8	.6	.8
Developing II.....	2,283	2,857	3,547	4,319	2.3	2.2	2.0	2.1
World total.....	3,620	4,410	5,344	6,406	2.0	1.9	1.8	1.9

TABLE 4.—PER CAPITA OUTPUT (GDP/POP)—PROJECTIONS
[U.S. dollars, 1970 prices]

	Levels				Growth percent			
	1970	1980	1990	2000	1970-80	1980-90	1990-2000	1970-2000
SCENARIO X								
Country:								
United States and Canada.....	4,624	6,103	7,457	9,067	2.8	2.0	2.0	2.3
Japan.....	1,923	3,169	4,714	6,323	5.2	5.2	4.0	4.1
Australia and New Zealand.....	2,867	3,556	2,293	6,750	2.3	3.7	3.0	3.0
Developing Pacific market.....	157	199	303	461	2.5	4.4	4.4	3.8
Nonmarket.....	167	242	388	681	3.8	4.9	5.8	4.9
Pacific area market total.....	1,978	2,501	2,973	3,468	2.4	1.7	1.6	1.9
World market total.....	1,011	1,258	1,614	2,060	2.2	2.5	2.4	2.5
Total world.....	891	1,165	1,585	2,070	2.7	3.1	2.7	2.8
SCENARIO A								
Region:								
Developed.....	2,689	3,695	5,305	6,656	3.2	3.7	2.3	3.1
Developing II.....	215	236	264	365	.9	1.1	3.3	1.8
World total.....	890	1,039	1,440	1,728	1.6	3.3	1.9	2.2

APPENDIX 3

UNITED STATES ECONOMIC INVOLVEMENT

SUMMARY

These tables present the ties between the United States and the rest of the Pacific Area countries. In 1976 the Pacific Area (including Canada) absorbed 39 percent of U.S. exports and supplied 47 percent of its imports. It also received 10 percent of net U.S. foreign aid and 31 percent of American direct foreign investment. The Pacific Area countries, in turn, supplied 23 percent of direct foreign investment in the United States.

Table 2 provides data on selected U.S. imports from Pacific Area economies by category. For some products, such as paper and plywood, U.S. imports are largely from Canada. The presence of both Canada and Japan also implies that the Area has substantial shares in U.S. imports of high technology goods such as machinery and transport equipment. Rapidly industrializing LDC's in the Area imply a high share in total U.S. imports of more labor-intensive goods such as general merchandise, and clothing in particular.

Tables 3, 4 and 5 provide data on U.S. exports to the Pacific Area economies. Table 3 contains summary information on U.S. market shares; table 4 provides market share data for computers. Table 5, with separate sheets for each Pacific Area economy of any significance, contains more detailed data on U.S. exports by importing country and major commodity category for manufactured goods for 1972 and 1976, together with data on two other major sources of those imports. These data provide some insight into evolving U.S. export competitiveness in manufactures.

The data presented in tables 3, 4 and 5 are derived from the U.S. Department of Commerce, *Market Share Report: Country Series*. While a three or four digit level SITC product classification would be desirable in terms of the standard definition of a commodity, this level of detail is generally missing from the *Market Share Report*. Nonetheless, the figures presented here do give a detailed picture of product areas in which the United States either has a higher than average market share, where the market share is expanding, and/or where the value of exports is expanding rapidly.

In general, in certain agricultural products and high technology manufactured products the United States has a large share in Pacific area country imports. The data in table 5 indicate both certain product categories in which the United States does well in virtually all Pacific economies, and others which vary widely among importing economies. Successful U.S. exports include cleaning products, anti-knock pre-

parations for gasoline, plastics, pesticides, aircraft engines, aircraft, nonaircraft piston engines, computers, various kinds of construction equipment, pumps, valves, ball bearings, integrated circuits, and various types of instruments (including photographic film). Even within basic manufactures (SITC 6), where Japan and the LDC's often have a comparative advantage (steel, textiles), the United States is a major exporter of certain higher-technology components of the broader commodity groups. For example, within textiles the United States generally has an overall market share which is low, but does have a high share of woven fabric of glass fiber (generally not shown in the table because the amounts are small). Within the category of paper, the United States has a major share in coated papers even though the overall share is small. Similarly the United States has low market shares in iron and steel except for specialized categories such as seamless tube, tube fittings, and steel storage tanks.

The main strength of U.S. exports, however, lies in the category of machinery and transport equipment (SITC 7). As shown in table 3, the U.S. share in this category was higher than the U.S. share in total manufactures (SITC 5-8), for all the Pacific Area economies. The U.S. share was also higher for this category than the share for total imports from the United States for all countries except South Korea and Taiwan. Specific products within this category vary by country, depending on level of development and industrial structure. Although the United States is largely an importer and not an exporter of consumer electronics, it is the major supplier of the transistor and integrated circuits necessary to assemble such products. The United States is the major supplier of large computers to the Pacific area; exports to the large developed countries of Canada, Japan, and Australia are much higher both absolutely and relative to their total imports from the United States than is the case for the LDC's, as shown in table 4.

In the rapidly growing import markets of LDC's, the United States has had the value of some of its exports climb significantly even if the U.S. market share remained constant or fell. For example, exports to Korea of pumps for liquids (SITC 719.21) increased 5.7 times in the four years from 1972 to 1976, but the U.S. market share slipped by 5.6 percentage points. The market for aircraft in the LDC's as well as the developed countries is highly variable; the United States has generally consistent high market share, but sales fluctuate sharply from year to year. Because the United States is the major aircraft supplier to these countries it has a rapidly growing volume (and high market share) for aircraft parts.

In general, despite modest declines in the overall market share of imports from the United States for some of the Pacific Area countries, the United States has many products in which it competes successfully. Not only do some U.S. products have a high market share in total imports of the product, but in many cases the U.S. market share is growing. Even in Japan, where the U.S. market share has shown the largest overall decline (6.6 percentage points for total imports from the United States, and 5.6 percentage points for U.S. manufactured products), market shares for specific products show increases. In the case of Japan, the United States has expanded its market share *significantly* (greater than 10 percentage points over 1972-76) in such

products as cleaning products, manufactured fertilizers, pesticides, coated paper, bonded fiber textiles, structures and parts of iron and steel, nuclear reactors, harvesting machinery, computers, excavating and levelling machinery, lifting and loading machinery, domestic refrigerators, electromedical equipment, and particle accelerators.

TABLE 1.—SUMMARY OF U.S. POSITION IN PACIFIC AREA

[U.S. dollars in millions]

	Exports to (1976)	Percent	Imports from (1976)	Percent	Net official foreign aid (1974)	Capital expendi- tures by U.S. firms abroad, ¹ 1976	Foreign direct investment in United States, 1976
Canada.....	24,109	21.0	27,565	21.3	-----	5.6	5,859
Japan.....	10,144	8.8	16,922	13.1	-----	.6	890
Australia.....	2,185	1.8	1,369	1.1	-----	2 1.1	2 74
New Zealand.....	415	.4	379	.3	-----		
Korea.....	2,015	1.7	2,646	2.0	33	.8	3 134
Taiwan.....	1,635	1.4	3,298	2.5	—7		
Hong Kong.....	1,115	1.0	2,636	2.0	0		
Philippines.....	819	.7	994	.8	46		
Thailand.....	347	.3	307	.2	18		
Malaysia.....	536	.5	994	.8	4		
Singapore.....	965	.8	728	.6	0		
Burma.....	8	.0	2	0	0		
Indonesia.....	1,036	.9	3,277	2.5	82		
Papua New Guinea.....	14	0	81	0	0		
French Polynesia.....	40	0	41	0	0		
Unspecified.....	44	0	21	0	18		
Pacific total.....	45,427	39.5	61,260	47.3	194	8.1	6,957
ROW.....	93,688	-----	95,872	-----	2,350	17.9	23,225
Total.....	115,006	-----	129,567	-----	4 1,957	26.0	30,182

¹ Capital expenditures by majority-owned foreign affiliates of U.S. companies.

² Plus South Africa.

³ Plus other Asia and Africa.

⁴ Excludes South Vietnam, which received \$587,000,000 in aid.

Sources: For exports and imports: IMF Direction of Trade, Annual 1970-76; for net official foreign aid: OECD, Data on Disbursements and Commitments in 1974, Paris, 1976; and for capital expenditures by U.S. firms abroad: Survey of Current Business, September 1977.

TABLE 2.—SELECTED U.S. IMPORTS BY COMMODITY FROM ASIA-PACIFIC COUNTRIES, 1976

[Millions of dollars, f.o.b. basis]

SITC code	Commodity	Canada	Japan	Australia	New Zealand	South Korea	Taiwan	Hong Kong	Philippines	Thailand	Singapore	Malaysia	Indonesia	Other ¹	Pacific subtotal	Total	Pacific percent of total
0	Food and live animals	834.0	258.0	560.0	224.0	67.0	-----	33.0	309.0	57.0	12.0	17.0	159.0	143.0	2,673	10,263	26
01	Meat	81.0	1.0	393.0	179.0	0	-----	0	0	0	0	0	1.0	.3	654	1,445	45
1	Beverages and tobacco	250.0	6.0	3.0	0.0	22.0	-----	.2	8.0	0	0	0	1.0	7.0	297	1,622	18
2	Crude metals excluding fuels	3,814.0	53.0	156.0	49.0	7.0	-----	6.0	46.0	59.0	23.0	181.0	240.0	33.0	4,665	6,824	68
24	Wood lumber and cork	1,289.0	.5	.2	0	.3	-----	1.0	9.0	9.0	2.0	12.0	.7	3.0	1,325	1,375	96
26	Textile fibers	8.0	16.0	44.0	20.0	.3	-----	1.0	7.0	2.0	0	0	0	2.0	100	248	48
3	Mineral fuels, etc.	4,435.0	1.0	7.0	0	0	-----	0	0	1.0	78.0	88.0	2,538.0	0	7,148	33,928	21
5	Chemicals	1,184.0	425.0	316.0	28.0	12.0	-----	3.0	1.0	1.0	2.0	1.0	8.0	27.0	2,008	4,828	42
581	Plastic materials	42.0	73.0	-----	-----	.3	-----	1	0	1	1.0	0	-----	15.0	132	321	41
6	Basic manufactures	4,646.0	3,990.0	76.0	11.0	543.0	-----	280.0	103.0	93.0	18.0	223.0	41.0	385.0	10,409	17,936	58
631	Veneers, plywood, etc.	92.0	59.0	.3	0	190.0	-----	0	42.0	1.0	3.0	12.0	.5	81.0	480	537	89
64	Paper, paperboard, and MFR	1,892.0	22.0	-----	-----	21.0	-----	3.0	3	0	0	0	0	2.0	1,940	2,103	92
65	Textile yarn, fabric, etc.	32.0	354.0	.5	1.0	47.0	-----	127.0	17.0	18.0	8.0	5.0	1.0	61.0	671	1,653	40
67	Iron and steel	471.0	2,283.0	12.0	7.0	152.0	-----	1	4	0	-----	0	3.0	19.0	2,947	4,515	65
68	Nonferrous metals	1,205.0	136.0	53.0	.3	2.0	-----	2.0	31.0	50.0	.5	198.0	35.0	1	1,713	3,494	49
7	Machines and transport equipment	10,148.0	8,701.0	37.0	3.0	383.0	-----	461.0	62.0	6.0	387.0	250.0	5.0	788.0	21,231	30,778	69
71	Machinery, nonelectric	2,297.0	1,483.0	24.0	3.0	32.0	-----	69.0	1.0	1.0	24.0	16.0	0	81.0	4,031	7,954	51
714.2	Accounting machines, computer	.6	233.0	-----	-----	10.0	-----	28.0	0	1.0	3.0	7.0	0	12.0	294	339	87
714.3	Statistical machines, and computers	113.0	42.0	0	0	0	-----	0	0	0	0	0	0	0	155	236	66
715.1	Machine tools for metal	15.0	68.0	.2	0	0	-----	1	0	0	3.0	0	0	13.0	99	319	31
72	Electrical machinery	414.0	2,993.0	7.0	.2	344.0	-----	385.0	61.0	5.0	360.0	234.0	5.0	665.0	5,473	7,484	73
724	Telecommunications (including TV, radio)	131.0	2,204.0	-----	-----	135.0	-----	172.0	1.0	0	59.0	10.0	0	486.0	3,198	3,672	87
734	Aircraft	131.0	17.0	4.0	.1	0	-----	0	0	0	1.0	0	0	.2	153	435	35
8	Miscellaneous manufactured	606.0	2,104.0	14.0	2.0	1,386.0	-----	1,584.0	158.0	50.0	136.0	35.0	2.0	1,620.0	7,697	12,614	61
84	Clothing	42.0	212.0	.6	1.0	663.0	-----	901.0	98.0	33.0	58.0	9.0	1.0	618.0	2,636	3,613	73

¹ Other Asia, NES.

Source: U.N. World Trade Annual (New York: Walker & Co., 1976).

TABLE 3.—U.S. MARKET SHARES IN PACIFIC AREA COUNTRY IMPORTS, 1972 AND 1976

[Percent of total imports]

Country	SITC 0-9, total		SITC 5-8, total manufacturers		SITC 7, machinery and transport equipment	
	1972	1976	1972	1976	1972	1976
Canada.....	69.0	68.8	74.2	77.5	82.5	85.6
Japan.....	25.0	18.4	39.2	33.6	58.8	50.4
Australia.....	21.3	20.6	23.8	23.1	28.2	27.7
New Zealand.....	10.9	14.0	11.1	16.2	11.9	18.0
Korea.....	25.7	22.4	13.8	15.4	19.8	21.9
Taiwan.....	32.3	35.9	21.2	28.1	29.3	35.1
Hong Kong.....	11.9	12.3	12.7	12.8	22.7	20.5
Malaysia.....	19.9	28.7	15.0	25.3	18.9	32.2
Singapore.....	14.0	13.2	21.7	23.2	34.7	35.2
Thailand.....	15.7	13.4	10.7	13.8	11.5	15.2
Indonesia.....	15.6	17.4	14.3	18.0	22.5	22.8
Philippines.....	35.1	33.0	29.3	28.1	33.4	29.5

Source: Based on individual country table 5.

TABLE 4.—U.S. MARKET SHARES IN PACIFIC AREA COUNTRY IMPORTS OF COMPUTERS, 1976

Country	Amount (dollars in million)	U.S. share of computer imports (percent)	Share of total imports from United States (percent)
Canada.....	512.0	94.2	1.963
Japan.....	216.0	66.7	1.823
Australia.....	97.0	59.0	2.258
New Zealand.....	14.0	48.5	3.063
Korea.....	6.8	34.3	.347
Taiwan.....	12.0	73.5	.734
Hong Kong.....	2.9	41.7	.266
Malaysia.....	1.3	33.4	.243
Singapore.....	5.7	68.3	.476
Thailand.....	1.6	68.4	.333
Indonesia.....	1.0	12.6	.101
Philippines.....	4.8	36.3	.586

Source: Based on individual country table 5.

TABLE 5.—IMPORTS BY COUNTRY AND MANUFACTURED COMMODITY FROM UNITED STATES AND TWO OTHER SUPPLIERS, 1972 AND 1976

[Dollar amounts in millions]

SITC No.	Name	Total imports from world				From United States			United Kingdom			Japan					
		1972	1976	1972	1976	Value	Share	Percent share 1976	Percent point change 1972-76	Value	Share	Percent share 1976	Percent point change 1972-76	Value	Share	Percent share 1976	Percent point change 1972-76
CANADA																	
0-9	All commodities	18,922	37,934	13,056	26,080	68.8	-0.2			958	1,169	3.1	-2.0	1,116	1,548	4.1	-1.8
5-8	Manufactures total	15,325	28,729	11,369	22,272	77.5	3.3			849	989	3.4	-2.1	1,041	1,464	5.1	-1.7
5	Chemicals	1,001	2,067	762	1,632	78.9	2.8			64	110	5.3	-1.1	15	31	1.5	
51	Chemical elements and compounds	277	630	192	459	72.8	3.2			25	40	6.3	-2.7	6	17	2.7	5
52	Coal, petroleum, etc	11	13	9.7	10	77.1	-8.0							NA	NA	NA	NA
53	Dyes, tanning, color products	88	154	53	104	67.3	6.6			7.6	10	6.5	-2.1	1.3	1.6	1.0	-1.5
55	Perfume, cleaning products	55	110	43	91	82.5	3.9			2.6	3.0	2.7	-2.0	.1	.1	.1	-1.1
56	Fertilizers, manufactures	17	58	16	56	95.6	.1				.1	.2	.2		1.0	1.7	1.7
57	Explosives, etc	7.0	17	4.8	14	84.2	15.1			.6	.8	4.7	-3.9				
58	Plastic materials	264	504	228	453	89.9	3.3			7.7	13	2.6	-3	5.8	9.3	1.8	-4
6	Basic manufactures	2,829	4,796	1,605	3,090	64.4	7.7			245	271	5.7	-3.0	290	359	7.5	-2.8
61	Leather, dressed fur, etc	63	133	32	83	62.6	11.0			16	17	12.8		3.0	3.4	2.6	-2.2
62	Rubber manufactures	171	311	112	206	66.3	1.0			12	16	5.1	-1.9	13	31	10.0	-2.4
63	Wood, cork	115	221	64	147	66.6	10.9			1.0	1.7	.8		8.6	4.5	20	-5.5
64	Paper, paperboard	163	465	150	439	94.3	2.1			4.4	9.9	2.1	-6	2.4	2.0	4	-1.1
65	Textile yarn, fabric, etc	684	1,031	279	561	54.4	13.6			74	57	5.5	-5.3	92	89	8.6	-4.9
66	Nonmetal manufactures n.e.s.	288	543	160	338	62.2	6.6			38	51	9.4	-2.8	21	27	5.0	-2.3
67	Iron and steel	545	724	266	358	49.9	.6			44	56	7.7	-4	110	136	18.8	-1.4
68	Nonferrous metals	290	467	166	287	61.6	4.6			20	18	3.9	-3.0	2.6	4.3	.9	
7	Machines, transport equipment	9,743	18,287	8,042	15,645	85.6	3.1			410	437	2.4	-1.8	588	846	4.6	-1.4
71	Machinery, nonelectric	3,481	6,750	2,821	5,656	83.8	2.8			245	261	3.9	-3.1	78	148	2.2	
714.3	Statistical machines	318	543	295	512	94.2	1.4			5.1	4.4	.8	-8	6.8	9.8	1.8	-3
72	Electrical machines	1,319	2,372	947	1,657	69.9	-1.9			68	94	4.0	-1.2	170	295	12.4	-5
73	Transport equipment	4,943	9,165	4,275	8,332	90.9	4.4			96	82	.9	-1.0	340	403	4.4	-2.5
732.1	Pass motor vehicles except buses	1,594	2,894	1,163	2,393	82.7	9.8			53	43	1.5	-1.8	244	281	9.7	-5.6
8	Miscellaneous manufactures	1,752	3,579	959	1,905	53.2	-1.5			130	171	4.8	-2.6	148	228	6.4	-2.0
86	Watches, instruments, clocks, etc	490	870	335	590	67.8	-.7			47	46	5.3	-5.4	36	95	10.9	-2.7

	From United States				Korea				Germany			
	JAPAN											
0-9	23, 471	64, 505	5, 857	11, 846	18, 4	-6, 6	426	1, 917	3, 0	+1, 2	682	1, 226
5-8	6, 788	13, 389	2, 663	4, 501	33, 6	-5, 6	202	1, 242	9, 3	+6, 3	648	1, 120
5	1, 115	2, 660	2, 415	1, 118	42, 0	+5, 8	11	55	2, 1	+1, 1	195	365
51	356	1, 041	143	1, 469	45, 0	+4, 8	2, 4	20	1, 9	+1, 2	38	93
54	261	1, 550	69	170	31, 0	+4, 4	2, 1	7, 0	1, 3	+1, 5	76	124
55	76	176	21	77	44, 0	+15, 4	---	7	4	+4	5, 7	12
56	59	120	10	37	30, 7	+13, 6	1, 9	1, 3	1, 1	-2, 1	5, 3	8, 7
58	88	226	58	152	67, 2	+1, 5	3, 2	6, 3	2, 8	-8	12	30
599.2	24	30	9, 1	16	54, 3	+15, 8	---	NA	10, 5	+5, 3	2, 3	4, 1
6	2, 135	4, 261	367	745	17, 5	+8, 4	111	447	10, 2	+7, 7	57	109
62	16	62	7, 3	23	37, 4	-8, 4	4	6, 3	3, 4	-1, 4	2, 5	7, 8
621.05	2, 1	5, 8	1, 2	3, 8	65, 5	+7, 9	1	2	4, 9	-2, 6	1	6
63	190	548	101	284	51, 8	-1, 2	14	27	2, 1	+1, 3	NA	NA
631.83	144	447	98	275	61, 5	-7, 0	2	---	2, 7	+1, 9	3, 8	9, 5
64	51	149	15	63	42, 4	+12, 4	4	3, 1	2, 1	+1, 3	5, 7	14
641.95	12	52	6, 2	39	74, 0	+21, 6	1	1, 4	2, 7	+1, 3	9, 5	2, 2
655.41	3, 4	6, 8	2, 2	6, 1	89, 4	+24, 4	NA	---	---	NA	---	---
662.32	7	2, 6	5	2, 1	82, 6	+4, 3	3, 4	---	---	NA	---	---
684.1	157	356	6, 6	29	8, 1	+47, 2	1	5	2, 0	-2, 2	3	1, 0
691.1	1, 8	25	7	21	87, 4	-8, 4	22	230	5, 6	-3, 6	1	4
7	2, 376	4, 083	1, 397	2, 059	50, 4	+3, 1	1, 8	13	NA	+4, 7	331	505
71	1, 312	1, 961	662	1, 052	53, 6	-2, 7	NA	NA	NA	NA	251	251
711.42	92	156	81	133	85, 4	+1, 7	NA	NA	NA	NA	NA	NA
711.6	21	32	19	30	92, 7	+15, 0	NA	NA	NA	NA	NA	NA
711.7	12	22	9, 2	20	88, 7	+1, 6	NA	NA	NA	NA	NA	NA
712.2	11	18	1, 4	5, 2	28, 8	+15, 4	NA	NA	NA	NA	NA	NA
714.3	38	323	32	216	66, 7	-18, 4	NA	NA	NA	NA	NA	NA
718.39	7, 5	19	1, 7	4, 8	24, 8	+17, 3	NA	NA	NA	NA	NA	NA
718.42	26	43	19	38	88, 1	-8, 0	NA	NA	NA	NA	NA	NA
719.15	11	27	8, 6	19	71, 8	+1, 3	NA	NA	NA	NA	NA	NA
719.21	31	50	21	34	66, 9	-1, 2	---	---	---	---	---	---
719.23	16	37	8, 2	22	59, 3	+6, 7	---	---	---	---	---	---
719.31	25	105	9, 2	51	48, 8	+12, 6	---	---	---	---	---	---
719.62	27	41	8, 5	16	39, 3	+7, 9	---	---	---	---	---	---
719.92	44	91	33	68	74, 1	-1, 6	---	---	---	---	---	---
72	479	1, 320	305	649	49, 2	-14, 5	---	---	---	---	---	---
724.92	6, 9	45	3, 7	23	52, 0	-1, 3	---	---	---	---	---	---
725.01	5, 1	20	3, 8	18	90, 6	+16, 8	---	---	---	---	---	---
726.1	4, 3	14	2, 4	9, 4	66, 8	+10, 5	---	---	---	---	---	---
729.3	103	366	66	174	47, 5	-16, 5	---	---	---	---	---	---
729.52	103	185	78	135	73, 0	-3, 1	---	---	---	---	---	---
729.7	1, 0	4, 4	7	4, 3	97, 8	+28, 4	---	---	---	---	---	---
73	585	802	430	358	44, 7	-28, 7	---	---	---	---	---	---
734.1	310	170	307	167	98, 7	-3	---	---	---	---	---	---
8	1, 130	2, 385	484	578	24, 2	-18, 6	---	---	---	---	---	---
86	253	601	137	279	46, 5	-7, 7	---	---	---	---	---	---
862.42	21	52	19	50	95, 0	+65, 5	---	---	---	---	---	---
891.2	22	48	15	29	60, 0	-9, 5	---	---	---	---	---	---
891.85	6	4, 4	6	4, 3	98, 0	+5	---	---	---	---	---	---

See notes at end of table.

TABLE 5.—IMPORTS BY COUNTRY AND MANUFACTURED COMMODITY FROM UNITED STATES AND TWO OTHER SUPPLIERS, 1972 AND 1976—Continued

[Dollar amounts in millions]

SITC No.	Name	Total imports from world				From United States				United Kingdom				Japan				
		1972		1976		Value		Share		1972		1976		Value		Share		
AUSTRALIA																		
0-9	All commodities	4,556	11,095	972	2,285	20.6	-0.7	902	1,302	11.7	-8.1	749	2,340	21.1	+4.7			
5-8	Manufacturers, total	3,648	8,767	816	2,026	23.1	+1.7	821	1,189	13.6	-8.9	697	2,237	25.5	+6.4			
5	Chemicals	476	1,014	128	300	29.5	+2.4	118	1,214	22.1	-2.7	51	130	12.8	+10.1			
51	Chemical elements and compounds	160	401	42	112	27.8	+1.3	26	45	11.2	-5.1	24	70	17.5	+2.5			
53	Dyes, tanning, color products	33	56	5.0	13	22.3	+7.2	10	15	26.8	-3.5	1.3	3.2	5.7	+1.8			
54	Medicinal, etc. products	74	120	15	28	23.4	+2.8	21	33	27.5	-0.9	1.7	3.6	3.0	+1.7			
55	Perfume, cleaning, etc. products	21	43	4.9	15	34.2	+10.4	6.4	8.6	20.0	-10.5	.5	.7	1.6	+1.6			
56	Fertilizer manufacturing	8.0	14	3.1	5.2	35.7	-2.2	---	1	7	+7.7	.3	2.1	15.0	+1.5			
58	Plastic materials, etc.	113	224	28	71	28.9	+4.3	36	68	27.9	-4	21	45	18.4	+11.2			
599.2	Pesticides, disinfectants	5.2	11	2.4	5.1	45.5	+4	.4	.8	7.3	-4	.1	.7	6.4	+3.5			
599.75	Antiknock preps., etc.	21	47	12	25	52.4	-3.2	8.5	20	42.6	+2.1	---	.3	.6	+1.6			
6	Basic manufacturing	983	2,064	109	269	13.0	+1.9	164	257	12.5	-4.2	271	536	26.0	+1.2			
621.05	Unhard vulcanized rubber tubes	3.8	13	1.1	4.2	32.4	+2.8	1.8	4.3	33.1	-14.3	.3	1.6	12.3	+4.4			
64	Paper, paperboard and manufacturing	135	307	21	63	20.7	+5.0	12	19	6.2	-2.7	14	29	9.4	-1.0			
641.95	Coated, etc. paper, bulk n.e.s.	26	67	11	37	55.9	+12.2	3.4	2.7	4.0	-9.1	5.6	14	20.9	-6			
65	Textile yarn fabric, etc.	393	742	22	73	9.9	+4.2	46	90	12.1	+4	132	183	24.7	+8.9			
66	Nonmetal mineral manufacturing n.e.s.	110	237	13	29	12.3	+2.2	25	32	13.5	-9.2	26	56	23.6	+1.2			
678.5	Iron and steel tube fittings	4.0	9.3	.9	2.4	25.4	+4.8	.9	2.2	23.7	+10.6	1.5	3.5	37.6	+1.2			
68	Nonferrous metals	27	51	4.6	11	21.8	+3.9	8.7	11	21.6	-11.5	4.6	9.3	18.2	+9.2			
694.21	Iron, steel nuts, bolts, etc.	8.0	21	2.9	6.7	31.7	+9	2.1	3.1	14.8	-16.0	1.4	5.6	26.7	+7.0			
698.61	Iron, steel springs, etc.	2.0	5.0	.8	2.1	40.8	+7.6	.6	.7	14.0	-12.9	.1	.6	12.0	+14.1			
7	Machines, transport equipment	1,664	4,218	471	1,167	27.7	-5	416	512	12.1	-11.6	302	1,358	32.2	+1.3			
71	Machinery, nonelectric	810	1,773	269	723	40.8	+5.2	209	252	14.2	-6.7	92	226	12.7	+1.3			
711.41	Piston air engines	3.0	3.4	2.5	3.1	89.7	+3	.2	---	---	---	NA	NA	NA	NA			
711.5	Piston engines nonair	82	194	41	97	49.9	+9.5	22	40	20.6	-6.2	8.7	17	8.8	+1.8			
712.1	Cultivating machinery	1.1	11	.3	3.9	35.5	+11.8	.5	1.3	11.8	-33.7	---	.2	1.8	+1.8			
712.2	Harvesting, etc. machines	6.4	45	2.9	15	33.2	-11.8	1.7	2.5	5.6	-21.0	---	.1	.8	+1.2			
712.5	Tractors, nonroad	34	159	7.0	90	56.3	+35.6	19	30	18.9	-37.0	.1	.8	.5	+2.2			
714.3	Statistical machines	42	164	13	97	59.0	-28.6	12	17	10.4	-18.2	4.7	14	8.5	-2.7			
718.12	Paper, etc. product manufacturing machinery	6.7	10	1.4	2.9	28.2	+7.0	2.3	1.0	10.0	-24.3	.2	1.1	11.0	+8.0			
718.41	Mechanical road rollers	.2	3.9	.1	2.4	61.2	+17.3	.1	.6	15.4	-34.6	---	.2	5.1	+5.1			
718.42	Excavating leveling, etc. machinery	70	173	40	96	55.4	-1.8	6.3	10	5.8	-3.2	15	42	24.3	+2.9			
719.12	Air-conditioning machinery	3.0	25	.9	6.2	24.5	-6.8	.1	.1	.4	-2.9	---	1.5	11	44.0	-6.0		

719.15	1.6	11	5.8	52.2	-7.6	1	4	3.6	-2.7	2	3.9	35.5	+23.0
719.22	23	55	23	42.5	+1.1	4.8	7.6	13.8	-7.1	1.9	6.3	11.5	+3.2
719.31	20	42	11	27.1	+3.1	5.9	8.5	20.2	-9.3	2.9	4.8	11.4	-3.1
719.62	13	43	13	29.1	+2.2	2.0	2.7	6.3	-9.1	8	7	1.6	-4.6
719.7	28	38	12	30.8	+7.6	5.0	4.4	11.6	-6.3	8.8	14	36.8	+5.4
719.92	23	42	18	43.4	+4.9	8.0	9.5	22.6	-12.2	1.1	4.9	11.7	+6.9
72	335	1,063	176	16.5	-4.5	82	107	10.1	-14.4	75	463	43.6	+21.2
722.1	53	1,105	26	25.0	+6.9	22	24	22.9	-18.6	13	25	23.8	+7
724.94	6.5	28	5.7	20.8	+3.8	5	2.1	7.5	-6.2	3.9	17	60.7	-2.1
729.52	31	56	28	50.0	+6.6	6.4	8.2	14.6	-6.0	3.6	5.3	9.5	+22.5
73	519	1,382	268	19.4	-6.1	125	153	11.1	+13.0	135	670	48.5	NA
734.1	17	70	49	70.8	-12.3	6	2.7	3.9	+4	NA	NA	NA	NA
734.92	41	60	45	74.9	+10.8	5.9	6.6	11.0	-3.4	73	213	14.5	+0.6
8	527	1,472	291	19.8	-7	122	215	14.6	-8.5	23	81	21.2	+1.4
86	116	1,382	112	29.4	+2.4	34	51	13.4	-15.9	4	2.8	7.8	+4.5
862.42	12	36	22	60.6	-2.2	1.7	2.2	6.1	-8.1	1.7	5.6	17.5	+3.3
891.2	12	32	15	46.2	+10.2	2.0	3.3	10.3	-6.4	1.7	4.1	37.3	+1.9
895.21	4.8	11	2.9	25.7	+2.9	.8	1.1	10.0	-6.7	1.7	4.1	37.3	+1.9

NEW ZEALAND

0-9	1,524	3,273	166	457	14.0	+3.1	396	569	17.4	-8.6	183	510	15.6	+3.6
5-8	1,211	2,422	134	392	16.2	+5.1	372	538	22.2	-8.5	177	496	20.5	+5.9
5	185	409	32	90	22.1	+4.9	43	70	17.1	-6.1	21	53	13.0	+1.6
51	58	152	9.4	22	14.8	-1.4	8.6	20	13.2	-1.6	6.6	19	12.5	+1.1
53	10	21	.9	2.4	11.7	+2.8	2.8	4.2	20.0	-3.0	.5	1.1	5.2	+2.2
55	6.1	12	.9	2.3	19.5	+4.2	1.8	3.1	25.8	-3.7	.3	2.7	8.7	+2.9
56	17	31	7.3	21	69.5	+26.6	.1	.2	17.6	+3.3	2.7	2.7	8.7	-7.2
57	3.4	3.4	.3	7	22.1	+7.6	.3	.6	16.8	-8.3	9.1	23	22.8	-1.8
58	37	101	5.7	26	26.2	+10.9	9.3	17	4.7	-38.7	.1	1.6	1.6	+1.6
599.2	5.3	6.4	1.4	3.3	52.0	+26.3	2.3	3	50.5	-26.4	NA	NA	NA	NA
599.75	5.2	9.1	.8	3.6	40.2	+25.4	4.0	4.6	15.0	-5.6	81	186	26.2	+3.7
6	360	703	20	62	8.7	+3.0	74	106	20.5	-8.6	2.1	3.9	17.7	+1.4
62	11	22	2.2	5.4	24.7	+4.5	3.2	4.5	17.6	-10.6	2.9	8.6	25.3	+8.2
64	17	34	2.4	4.9	14.5	+5	4.8	6.0	12.6	-4.1	29	40	18.0	-4.0
65	132	222	7.3	19	8.3	+2.7	22	28	17.3	-2.7	1.1	1.0	6.7	-4.3
653.7	10	15	.2	1.9	12.6	+10.5	2.0	2.6	3.59	-11.6	2.2	4.7	12.1	+1.1
66	20	39	1.9	4.8	12.3	+3.0	9.5	14	12.8	-2.6	38	114	54.0	+12.2
67	91	211	.6	14	6.4	+5.7	14	27	39.0	-31.0	.2	1.4	23.7	+13.7
678.5	2.0	5.9	.1	1.1	18.0	+12.7	1.4	2.3	27.1	-11.6	.4	8	13.6	+7
694.21	3.1	5.9	.4	1.1	18.0	+6.7	1.2	1.6	24.2	-11.3	.1	4	6.5	+3.3
695.24	3.1	6.2	.5	1.6	26.2	+10.4	1.1	1.5	28.3	-11.3	.1	233	21.0	+9.6
7	555	1,112	66	201	18.0	+6.1	220	315	21.9	-14.5	63	55	12.9	+7.0
71	220	425	45	120	28.4	+8.0	80	93	6.9	-3	NA	NA	NA	NA
711.42	6.9	13	6.3	12	93.0	+1.5	.5	.9	22.9	-16.5	.9	1.6	5.5	-7.7
712.2	5.1	14	.7	3.2	22.4	+8.3	2.0	3.2	27.2	-5.1	.9	1.6	5.5	-7.7
714.3	6.8	29	3.6	14	48.5	-4.2	1.5	7.9	13.3	-6.7	.9	1.6	5.5	-7.7
718.39	1.5	3.0	.3	1.1	35.3	+12.4	.3	.4	13.3	-6.7	.9	1.6	5.5	-7.7

See footnotes at end of table.

TABLE 5.—IMPORTS BY COUNTRY AND MANUFACTURED COMMODITY FROM UNITED STATES AND TWO OTHER SUPPLIERS, 1972 AND 1976—Continued

[Dollar amounts in millions]

SITC No.	Name	Total imports from world			From United States			United Kingdom			Japan		
		1972	1976	1972	1976	Value	Share	Value	1972	1976	Value	1972	1976
							Percent share 1976		Percent share 1976	Percent point change 1972-76		Percent share 1976	Percent point change 1972-76
TAIWAN													
0-9	All commodities	1,943	4,549	629	1,635		35.9	85	268	5.9	1,091	50.1	-6.1
5-8	Manufactures	1,504	3,696	319	1,038		28.1	83	261	7.1	1,985	55.9	-9.6
5	Chemicals	245	673	33	151		22.4	24	51	7.6	154	57.5	-5.4
51	Chemical elements and compounds	115	359	12	92		25.7	10	26	7.2	72	54.3	-8.3
53	Dyes, tanning, color products	24	48	1.5	5.0		10.4	5.6	8.7	18.1	15	64.6	+2.1
55	Perfume, cleaning products	8.6	16	.8	2.5		15.3	.8	1.2	7.5	6.1	62.5	-8.4
58	Plastic materials	49	132	8.5	25		19.0	2.0	6.2	4.7	37	74.2	-1.3
599.2	Pesticides, disinfectants	4.0	12	1.0	4.6		37.9	.6	2.0	16.7	1.4	30.8	-4.2
588.75	Antiknock preps	2.5	3.7	2.4	3.3		87.0						+13.5
6	Basic manufactures	374	867	32	145		16.7	4.3	24	2.8	318	73.5	-11.5
61	Leather, fur	16	30	1.0	6.9		22.9	.3	2.0	6.7	15	66.7	-27.1
64	Paper, paperboard	15	45	4.0	12		25.8	.1	1.1	2.4	7.8	21	46.7
66	Nonmetal mineral manufactures	13	39	1.7	5.9		15.1	.4	7.7	19.7	10	48.7	-28.2
67	Iron and steel	154	399	6.9	47		11.9	.6	3.5	.9	143	85.2	-7.7
678	Iron, steel tubes, pipes	10	42	2.8	22		52.1		2.5	6.0	1.2	7.6	-4.4
68	Nonferrous metals	55	125	9.6	27		21.9	.6	3.8	3.0	36	65.6	+1.1
7	Machines, transport equipment	801	1,902	234	667		35.1	50	172	9.0	456	47.1	-9.8
71	Machinery, nonelect. ic.	304	846	86	289		34.2	3.9	141	16.7	147	39.2	-9.2
711.42	Jet aircraft	2.1	6.6	2.0	6.0		90.6	NA	NA	NA	NA	NA	NA
714.2-3	Computers, statistics	6.9	16.3	4.7	12		73.5		5	3.1	1.7	10.4	14.2
715.1	Machine tools for metal	12	41	2.5	9.1		22.3		7.2	17.6	5.9	53.7	+4.5
718.42	Excavating leveling	6.6	30	2.8	12		40.0	1.8	.4	1.3	3.4	53.5	+1.8
719.15	Refrigeration nondomestic equipment	4.1	8.5	2.2	6.9		81.8				1.9	14.1	+32.2
719.2	Pumps, centrifuges	19	74	9	36		48.4	.7	7.3	9.9	8.1	32.4	+10.2
719.31	Lifting, loading machines	11	77	1.4	28		36.5	.3	5.9	7.7	8.4	50.6	-25.8
719.92	Cocks, valves, n.e.s.	8.8	32	2.3	18		55.6	.1	1.1	3.4	6.1	37.5	-31.8
72	Electrical equipment	38	90	5.1	40		44.7	2.7	3.6	4.0	28	47.8	-25.9
729.3	Transistors valves, etc.	69	191	20	74		38.6	.2	4.5	2.4	48	58.1	-11.5
729.5	Electrical measuring control	13	31	5.9	17		54.0	.4	1.5	4.8	4.7	35.5	-7.7
73	Transport equipment	125	333	44	142		42.5	2.9	5.9	1.8	68	45.0	-9.4
73.4	Aircraft	28	118	28	118		99.7	NA					
8	Miscellaneous manufacturing	85	253	21	75		29.7	4.9	13	5.1	55	57.7	-7.0
86	Instruments, watches, clocks	46	167	14	60		36.2	4.1	9.8	5.9	26	47.9	-8.6

HONG KONG

HONG KONG										From United States			Japan			Taiwan		
0-9	3,895	8,909	464	1,092	12.3	+1.4	902	1,924	21.6	-1.6	234	629	7.1	+1.1				
5-8	2,750	6,083	350	1,782	12.8	+1.1	833	1,808	29.7	-1.6	207	576	9.5	+2.0				
5	295	707	43	131	18.5	+3.8	81	171	24.2	-3.3	14	32	4.5	-1.2				
51	50	128	6.3	24	19.0	+6.3	14	28	21.9	-6.1	1.2	4.4	3.4	+1.0				
55	31	72	5.7	14	20.0	+1.4	3.4	7.0	9.7	-1.3	1.0	2.8	3.9	+1.7				
58	86	208	10	52	24.9	+13.0	49	100	48.1	-8.9	10	19	9.1	-2.5				
599.75	1.0	3.9	.6	2.2	57.2	+3.4	---	---	5.1	+5.1	---	---	---	---				
6	1,295	2,750	112	206	7.5	-1.2	414	777	28.3	-3.7	131	375	13.5	+3.5				
61	31	88	8.9	21	23.4	-5.2	11	24	27.3	-8.2	.4	5.0	5.7	+4.4				
66	291	550	56	106	19.2	0	18	39	7.1	+9	5.7	9.7	1.8	-1.2				
684.23	1.2	1.8	.3	.7	39.5	+18.6	7	6	33.3	-25.0	---	---	---	---				
7	690	1,584	156	325	20.5	-2.2	200	527	33.3	+4.3	46	129	8.1	+1.4				
71	222	536	37	104	19.4	+2.8	74	188	35.1	+1.8	3.1	14	2.6	+1.2				
711-41	1	31	.1	24	77.4	-8.5	NA	---	---	NA	NA	.1	1.4	NA				
711.5	7.5	22	.9	8.0	36.4	+24.6	1.1	32	14.5	-2	---	.3	0	+1.4				
714.3	3.0	6.9	.5	2.9	41.7	+25.2	.3	.5	7.2	-2.8	NA	---	.8	NA				
	12	37	2.1	5.0	13.6	-3.7	6.6	2.4	64.9	+9.9	.2	.3	2.3	-1.7				
719.12	16	39	9.8	23	58.0	-5.3	4.0	10	25.6	+1.6	.1	.9	1.1	+1.3				
719.7	7.1	28	.1	7.3	26.0	+24.7	2.3	14	50.0	+17.6	---	3	12.8	-5.5				
72	374	893	105	214	23.9	-4.1	100	270	30.2	+3.5	43	114	12.8	+10.1				
722.1	18	50	.9	3.7	7.5	+2.5	4.7	17	34.0	+7.9	3.3	6.4	13.0	-2.1				
729.3	31	100	4.2	17	17.2	+3.8	3.8	11	11.0	-1.3	.9	13	1.0	---				
729.52	3.2	9.7	.6	3.0	30.8	+12.7	1.6	3.4	35.1	-14.9	.1	.1	1.0	---				
729.92	1.1	4.1	.4	1.5	37.2	+1.4	.2	.3	7.3	+10.9	---	---	---	---				
73	95	16	15	7.3	4.7	-11.1	27	6.9	43.1	+14.7	.2	1.4	8.8	+8.6				
8	194	484	14	63	13.0	+6.0	75	192	39.7	+1.0	1.9	12	2.5	+1.5				
862.42	9.8	23	6.6	16	72.4	+5.2	1.3	2.9	12.6	-.7	NA	NA	NA	NA				
89	142	316	16	43	13.7	+2.1	52	118	37.3	+7	5.6	14	4.4	+5.5				
891.2	5.6	17	.8	8.5	49.7	+35.3	2.6	2.9	17.1	29.3	.1	.1	.6	-1.2				
894.24	2.0	4.9	.9	2.6	53.0	+7.4	.3	.9	18.4	+3.4	---	.1	2.0	+2.0				

See footnotes at end of table.

TABLE 5.—IMPORTS BY COUNTRY AND MANUFACTURED COMMODITY FROM UNITED STATES AND TWO OTHER SUPPLIERS, 1972 AND 1976—Continued

[Dollar amounts in millions]

SITC No.	Name	Total imports from world			From United States			United Kingdom			Japan		
		1972	1976	1972	1976	1972	1976	1972	1976	1972	1976	1972	1976
					Value	Share	Percent point change 1972-76	Value	Share	Percent point change 1972-76	Value	Share	Percent point change 1972-76
SINGAPORE													
0-9	All commodities	3,382	9,070	475	1,198	13.2	-0.8	665	1,454	16.0	419	1,297	14.3
5-8	Total manufactures	2,054	4,745	425	1,096	23.1	+1.4	637	1,398	29.5	106	286	6.0
5	Chemicals	179	451	37	92	20.3	-1.2	36	93	20.6	11	23	5.1
51	Chemical element and compounds	32	124	3	29	23.8	+13.7	10	34	27.4	1.3	3.0	2.4
55	Perfume, cleaning etc. products	22	45	3.6	9.7	21.4	+5.4	1.5	5.2	11.6	2.5	4.6	10.2
58	Plastic materials	30	100	3.9	20	19.5	+6.7	15	37	37.0	1.3	6.1	6.1
599.2	Pesticides, disinfectants	2.6	6.3	.3	2.1	33.5	+21.9	.2	.4	6.3	.5	.9	14.3
599.75	Antiknock preparation, etc.	10	22	4.2	12	56.3	+15.5	---	1	5	---	---	---
6	Basic manufactures	679	1,327	32	97	7.3	+2.6	299	488	36.8	44	103	7.8
62	Rubber manufactures	13	33	1.5	6.6	20.0	+8.3	3.1	8.8	26.7	2.0	4.6	13.9
621.05	Unhard vulcanized rubber tubes	2.6	7.9	.5	2.7	34.3	+15.6	.3	1.8	22.8	---	---	---
64	Paper + paperboard	44	90	4.6	11	12.2	+1.7	13	29	32.2	2.8	3.4	3.8
641.3	Kraft paper, paperboard	6.3	14	2.1	5.4	38.2	+4.3	1.8	2.8	20.0	.1	.5	3.6
641.95	Coated etc. paper n.e.s., bulk	4.6	11	.4	1.8	16.0	+7.4	2.6	6.7	60.9	---	---	---
65	Textile yarn, fabric	290	430	.5	12	2.7	+1.0	132	108	25.1	12	25	5.8
655.8L	Wadding for machines	0.6	3.0	.2	2.2	73.4	+37.3	---	.3	6.7	.1	.1	3.3
656.91	Linen, etc.	7.8	25	.6	2.6	10.3	+2.6	1	49	1.2	---	---	---
66	Nonmetal manufactures n.e.s.	55	144	2.7	7.1	4.9	+4.7	12	4	34.0	---	---	---
664.94	Glass fiber and products	1.3	2.1	.3	.7	32.6	+7.8	.1	.4	19.0	---	---	---
665.2	Household, hotel etc. glass	2.9	10	.2	1.6	15.4	+1.9	.7	1.8	18.0	4.4	9.5	6.6
67	Iron and steel	136	311	5.1	17	5.7	+1.9	9.5	220	70.7	---	---	---
678.2	Iron, steel tube seamless n.e.s.	15	37	2.3	8.5	22.9	+3.2	2.8	7.1	59.5	4.3	3.7	1.2
678.5	Iron, steel tube fittings	5.7	18	1.1	4.2	22.9	+3.5	9.0	26.8	33.4	---	---	---
65	Nonferrous metal	32	79	3.2	11	13.6	+12.2	2.1	3.4	33.9	1	.3	1.7
684.22	Aluminum plates, sheet, strip	3.6	8.3	---	1.1	13.8	+6.3	33	46	41.0	3.0	6.5	8.2
69	Metal manufactures n.e.s.	88	185	9.3	32	17.0	+5.5	230	657	24.9	3.7	.2	2.4
7	Machines and transport equipment	939	2,346	326	826	35.2	+3.0	109	314	28.0	38	119	5.9
71	Machinery, nonelectric	418	893	152	351	39.3	+35.7	NA	NA	35.2	8.3	24	5.1
711.41	Piston, aircraft engines	.9	4.2	.4	3.6	86.4	-8.3	NA	NA	NA	.2	---	---
711.42	Jet aircraft engines	10	30	9.4	25	82.6	-2.7	4.3	15	16.0	---	---	---
711.5	Piston, nonaircraft engine	32	94	8.9	23	24.9	+27.1	.3	.4	4.8	.7	1.2	1.3
714.3	Statistical machines	5.1	8.4	2.1	5.7	68.3	+3.9	2.2	6.6	20.0	---	---	---
715.1	Machine tools for metal	20	33	4.1	8.1	24.3	-10.0	20	60	28.6	1.4	.3	.9
718.42	Excavating, leveling, etc. machines	101	210	69	122	58.5	+15.4	5.9	5.2	15.3	.3	4.1	2.0
719.21	Pumps for liquids	17	34	5.1	15.5	45.9	---	---	---	---	---	---	---

719.31	32	65	7.8	21	32.5	+8.1	11	21	32.3	+2.1	.3	2.8	4.3	+3.4
Lifting, loading machines.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Cocks, valves, etc. n.e.s.....	15	48	3.7	27	55.7	+30.5	4.1	7.8	16.3	+11.0	---	.1	0.2	+2.2
719.92	311	966	122	379	39.2	-1	75	208	21.5	-2.6	7.1	.89	9.2	+6.9
72	30	85	5.6	29	34.3	+15.6	11	15	17.6	-19.1	.6	6.0	7.1	+5.1
Electric power machinery.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
722.1	7.1	428	1.1	257	60.0	+43.3	1.1	39	9.1	-6.4	---	.63	14.7	+14.7
729.3	11	28	4.1	15	53.2	+15.4	2.2	4.5	16.1	+14.1	---	.2	.7	+2.7
729.52	4.9	19	.4	4.2	22.0	+13.8	2.4	6.0	31.6	-17.4	---	3.8	20.0	+20.0
729.95	210	487	52	96	19.8	-5.0	46	235	48.3	+26.4	23	6.6	1.4	-9.6
73	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Transport machinery.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
734.1	41	51	24	50	97.7	+40.5	NA	NA	NA	NA	17	41	6.6	-41.5
Aircraft, heavier than air.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
8	257	621	30	81	13.0	+1.2	72	160	25.8	-2.2	13	11	4.7	+1.1
Miscellaneous manufacturers.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---
108	108	235	15	37	15.7	+1.7	38	78	33.2	-2.0	.6	---	---	+4.1
Instruments, watches, clocks.....	---	---	---	---	---	---	---	---	---	---	---	---	---	---

	From United States				Japan				Taiwan				
THAILAND													
0-9	1,484	3,572	233	480	13.4	-2.3	548	1,159	32.4	+4.5	51	124	+0.1
1-4	1,057	2,227	114	308	13.8	+3.1	518	1,109	49.6	+1.6	44	72	-1.0
5-8	1,227	502	27	90	18.0	+6.3	89	181	36.1	-3.1	6.5	11.	-7
55	12	23	1.9	4.1	18.1	+2.6	3.1	6.5	28.3	+2.5	.4	.1	-2.9
56	31	69	.6	25	36.5	+34.7	17	14	20.3	-34.5	1.6	NA	NA
57	1.4	4.0	.3	2.1	51.2	+33.0	.3	.4	10.0	-11.4	2.0	5.3	+2.5
58	39	84	2.9	15	18.3	+10.9	25	41	48.8	-15.3	NA	.4	+1.2
599.2	11	25	4.0	9.1	36.1	-1.7	1.2	1.6	6.4	-4.5	NA	NA	+1.6
599.75	3.8	12	1.4	6.6	56.2	+19.0	1.2	.2	1.7	+1.7	19	24	NA
6	304	567	23	34	6.1	-1.3	169	320	56.4	-1.5	.7	1.6	-1.9
621-05	.8	1.7	.2	.6	35.5	+6.6	.2	.4	23.5	-2.5	NA	5.0	+6
66	16	32	1.3	3.7	11.6	+3.4	4.7	8.6	26.9	-8.7	NA	NA	NA
674.7	6.9	14	1.4	3.4	24.3	+4.6	4.0	6.9	49.3	-6.2	.1	34	-3.3
694.21	3.0	5.6	.4	1.0	17.1	+5.5	1.9	3.2	57.1	-6.2	16	3.2	-2
7	470	1,056	54	160	15.2	+3.7	244	578	54.7	+2.8	9.1	18	3.8
71	241	473	31	65	13.8	+8	107	211	44.6	+2.2	NA	09	NA
714.3	.6	2.4	.1	1.6	68.4	+47.8	.1	1	4.2	+12.5	NA	28.6	+11.0
715.1	7.4	14	.2	.9	6.5	+17.7	2.6	3.0	21.4	-13.7	1.3	4.0	NA
718.42	6.4	22	1.5	8.8	41.1	+4.1	3.0	8.4	38.2	-8.7	NA	NA	NA
719.15	3.5	6.6	1.4	4.1	62.2	+23.3	1.5	1.6	24.2	-18.7	.2	.7	+1.0
719.22	5.9	16	1.4	4.4	27.1	+2.7	1.9	6.4	40.0	+7.8	NA	4.4	+8.3
719.64	1.8	3.6	.3	.8	22.7	+6.1	.7	1.4	38.9	-4.4	.1	.3	+2.5
719.92	4.2	8.1	.6	1.5	18.7	+4.6	2.0	3.5	43.2	+2.3	.2	.4	-1.4
719.93	6.2	16	.8	2.8	17.3	+3.9	2.3	6.3	39.4	-8.5	5.3	13	-3
72	95	221	11	48	21.8	+10.6	52	102	46.2	-20.0	.2	.5	-7
722.2	10	40	1.5	22	54.2	+39.3	4.1	8.4	21.0	+30.4	NA	2.5	+2.5
725.01	1.9	3.3	.4	.7	21.9	+2.8	.4	1.7	51.5	+2.2	NA	.2	-1.7
729.52	4.5	7.9	1.6	2.8	35.2	+36.3	1.1	2.1	26.6	+21.8	.1	.3	-1
729.95	1.3	5.0	.1	1.8	36.8	+3.8	.7	1.6	32.0	+9.2	1.2	3.0	NA
73	133	361	12	47	12.9	+95.4	85	264	73.1	NA	NA	NA	NA
734.1	2.1	33	.1	33	100.0	+4.1	.8	NA	NA	-3.8	3.0	3.9	-1.5
8	57	103	10	23	22.3	+2.6	16	25	24.3	-1.1	.2	.4	+1
86	22	41	5.4	11	26.9	+16.0	5.6	10	24.4	-2.8	NA	NA	NA
862.42	1.0	2.9	.4	1.6	57.5		.2	.5	17.2		NA	NA	

See footnotes at end of table.

7	Machines, transport equipment-----	606	2,310	136	527	22.8	+3	33	63	2.7	-2.7	203	674	29.2	-4.3
71	Machinery, nonelectric-----	313	1,068	73	310	29.1	+5.7	14	32	3.0	-1.5	106	266	24.9	-9.0
711.5	Piston engines, nonair-----	27	92	6.1	22	23.8	+1.1	1.2	2.7	2.9	-1.3	9.1	41	44.6	+10.9
714.3	Statistical machines-----	NA	8.2	NA	1.0	12.6	NA	NA	3	3.7	NA	NA	1.8	220	NA
718.42	Excavating leveling machines-----	36	137	26	63	46	-25.0	2.6	5.5	4.0	-3.2	1.4	17	12.4	+8.5
719.12	Air conditioning machine-----	5.9	14	2.3	6.4	45.4	+6.1	.9	.6	4.3	-11.0	2.1	3.8	27.1	-8.5
719.21	Pumps, liquid-----	20	45	8.5	24	53.4	+11.1	.8	2.0	4.4	+4	4.3	11	24.4	+2.9
719.31	Lifting, loading machinery, etc-----	NA	69	NA	26	37.8	NA	NA	5.2	7.5	NA	NA	8.8	1,128	NA
719.7	Ball, roller bearing-----	1.9	6.4	.4	2.4	36.7	+14.4	.1	.3	4.7	-.6	.4	2.0	31.3	+102
719.92	Cocks, valves etc. n.e.s.-----	4.5	27	.9	12	43.2	+24.2	.2	3.1	11.5	+7.1	1.3	6.8	25.2	-3.7
719.93	Shafts, crank, pulley, etc-----	.5	12	.2	3.5	30.3	-.6	---	.5	4.2	+4.2	---	.2	1.7	+1.7
72	Machinery, electric-----	96	716	12	134	18.7	+6.3	3.7	23	3.2	-.7	32	136	19.0	-14.3
722.1	Electric power machinery-----	17	149	3.4	45	30.2	+10.3	.4	4.4	3.0	-.6	7.3	27	18.1	-24.8
729.41	Ignition starting equipment-----	1.9	6.3	.6	2.2	35.6	+3.5	---	.2	3.2	+3.2	.5	2.8	44.4	+18.1
729.5	Electric measure supply equipment-----	NA	30	NA	6.0	20.4	NA	NA	.4	1.3	NA	NA	6.0	20.0	NA
73	Transport equipment-----	197	526	52	83	15.7	-10.4	15	8.3	1.6	-6.0	65	272	51.7	+18.7
8	Miscellaneous manufactures-----	92	154	8.5	28	18.4	+9.1	6.0	9.3	6.0	-.5	56	49	31.8	-29.1
86	Instruments, watches, clocks-----	65	61	5.2	12.0	19.8	+11.8	2.2	2.9	4.8	+1.4	47	25	41.0	-31.3
862.42	Photo film role exposed-----	1.3	3.7	.1	.5	13.4	+6.5	---	---	---	---	.8	2.9	78.4	+16.9

NOTES TO TABLE 5

1. For Canada, Japan, Australia, New Zealand, Korea, Hong Kong, Singapore, Indonesia, and Thailand, data are based on import data published by the respective countries. For Taiwan, Malaysia, and the Philippines data are constructed from export data of 14 major supplier countries.

2. "NA": means either not available or none; "leader dashes" means less than \$50,000; "n.e.s." means not elsewhere specified.

3. Product definitions are from the U.N. Standard International Trade Classification, revised (SITC). Aggregation levels given here vary from the 1 to 5 digit level (the finest SITC classification level is 7 digits).

4. Among the countries for which published import data are available, different countries value imports on different bases: Canada—f.o.b. by country of consignment; Japan—c.i.f. by country of production; Australia—f.o.b. by country of production; New Zealand—c.i.f. by country of production; Korea—c.i.f. by country of production; Hong Kong—c.i.f. by country of 1st consignment; Singapore—c.i.f. by country of production (except f.o.b. from West Malaysia); Indonesia—c.i.f. by country of origin; and Thailand—c.i.f. by country of production.

5. Specific commodities listed in these tables vary by country. All 1 digit commodity grouping are given plus selected more detailed products for which the U.S. share is either large or growing significantly.

6. SITC 714.3, statistical machines, refers to mainframe computers, and some types of related equipment. It is used here as a proxy for large computer hardware in general.

7. SITC 729.3, transistors and valves, consists largely of integrated circuits and semiconductors.

Source: Department of Commerce, Domestic and International Business Administration, "Market Share Reports: Country Series." Reports for each country covering the 4-yr span 1972-76.

APPENDIX 4

EXISTING INSTITUTIONS RELEVANT TO THE PACIFIC AREA AND THEIR FUNCTIONS

SUMMARY

A large number of international groups deal (or have dealt) with the Pacific Area. Some of these, especially those which had their principal motivating force in anti-communist security (SEATO and ASPAC), are either defunct or largely inactive.

Most of the groups (see summary table) have either a narrow range of issues, limited number of members, or both. ESCAP is virtually the only wide-based organization in existence, but it includes a number of Asian nations outside the Pacific Area. ADB and the Colombo Plan have a wide membership, but deal exclusively with loans and other forms of foreign aid. Neither GATT nor the IMF include three important Pacific Area economies: Taiwan, Hong Kong, and Singapore. Many of the regional groups are also defined in terms of "Asia" and not as the "Pacific", including such countries as India, Pakistan, Sri Lanka, and Afghanistan, whose interests and problems differ somewhat from the concerns of the Pacific Area.

An extremely brief description of each institution follows:

TABLE 1.—SUMMARY OF EXISTING ORGANIZATIONS

Country	GATT	IMF	UNCTAD	OECD	Colombo plan	Tri-lateral Commission	ADB	ESCAP	PBEC	PAFTAD	ASEAN	ANZUS	SPEC	NAFTA
United States		X	X	X	X	X	X	X	X	X		X		
Canada	X	X	X	X	X	X	X		X	X				
Japan	X	X	X	X	X	X	X		X	X				
Australia	X	X		X	X		X	X	X	X		X	X	X
New Zealand	X	X		X	X		X	X	X	X		X	X	X
Korea	X	X	X				X	X						
Taiwan							X	X						
Hong Kong							X	X						
Philippines	X ¹	X	X		X		X	X		X	X			
Thailand		X	X		X		X	X		X	X			
Malaysia		X	X		X		X	X		X	X			
Singapore	X	X	X		X		X	X		X	X			
Indonesia	X	X	X		X		X	X		X	X			
Papua New Guinea	X	X	X		X		X	X		X	X			
Other Pacific (Oceania, etc.)	X	X	X		X		X	X		X	X			
Other outside Pacific area	X	X	X	X	X	X	X	X		X	X			
Nature	(1)	(1)	(5)	(1)	(1)	(6)	(7)	(8)	(9)	(10)	(11)	(7)	(11)	(12)
Concerned with:														
1. Military security												X	X	
2. Trade—general				X		X	X		X	X	X			
a. Tariffs			X											
b. Other trade barriers	X		X							X				
c. Preferential trading	X		X							X				X
d. Foreign exchange problem		X												
3. Economic investment (or economic foreign aid)			X	X	X		X		X		X		X	
4. Harmonization (or discussion) of economic policies				X		X					X			
5. Common front to outside			X	X		X					X			
6. Research and discussion		X		X		X	X	X	X	X	X			

¹ Provisionally.² Associate member.³ De facto pending final decision.⁴ Multilateral government.⁵ UN conference.⁶ Private.⁷ Limited multilateral government (membership less than global, but including countries outside the Pacific area).⁸ UN Commission.⁹ Regional private (business).¹⁰ Regional private (academic).¹¹ Regional multilateral government.¹² Bilateral government.

GATT

(GENERAL AGREEMENT ON TARIFFS AND TRADE)

*Membership.—**Contracting Members (83).—*

Argentina	Greece	Nigeria
Australia	Guyana	Norway
Austria	Haiti	Pakistan
Bangladesh	Hungary	Peru
Barbados	Iceland	Poland
Belgium	India	Portugal
Benin	Indonesia	Rhodesia
Brazil	Ireland	Romania
Burma	Israel	Rwanda
Burundi	Italy	Senegal
Cameroon	Ivory Coast	Sierra Leone
Canada	Jamaica	Singapore
Cent. African Empire	Japan	South Africa
Chad	Kenya	Spain
Chile	Korea (Republic)	Sri Lanka
Congo	Kuwait	Sweden
Cuba	Luxembourg	Switzerland
Cyprus	Madagascar	Tanzania
Czechoslovakia	Malawi	Togo
Denmark	Malaysia	Trinidad and Tobago
Dominican Republic	Malta	Turkey
Egypt	Mauritania	Uganda
Finland	Mauritius	United Kingdom
France	Netherlands	United States
Gabon	New Zealand	Upper Volta
Gambia	Nicaragua	Uruguay
Republic of Germany	Niger	Yugoslavia
Ghana		Zaire

Acceded Provisionally (3).—

Colombia	Philippines	Tunisia
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De facto use of GATT pending final decision (24).—

Algeria	Grenada	Qatar
Angola	Guinea-Bissau	Sao Tome and Principe
Bahamas	Kampuchea	Surinam
Bakunin	Lesotho	Swaziland
Botswana	Maldives	Tonga
Cape Verde	Mali	United Arab Emirates
Equatorial Guinea	Mozambique	Yemen (Dem. Rep.)
Fiji	Papua New Guinea	Zambia

Purpose.—GATT is intended to open up new opportunities for trade and to overcome problems or disputes which threaten international trade relations.

Background.—GATT evolved out of an agreement in 1947 initially among 23 Atlantic Community and Latin American nations—a multilateral treaty embodying reciprocal rights and obligations. Based on general trade principles, the treaty included a variety of principles aimed towards reducing trade barriers (such as most favored nation, consultation in disputes, reduction of protective tariffs, etc.). Emphasis gradually changed over time to reflect better the needs of developing nations—especially during the “Kennedy Round” and “Tokyo Round” of GATT multilateral negotiations.

Effectiveness.—In addition to sponsoring multilateral negotiations, GATT maintains a permanent secretariat. Its focus is on global rather than regional problems; as such, it has no particular Pacific interest.

IMF

(THE INTERNATIONAL MONETARY FUND)

Membership.—Out of the total of 126 members only Pacific area members are listed here.

Australia	Japan	Singapore
Burma	Korea	Thailand
Canada	Laos	United States
China	Malaysia	Western Samoa
Fiji	New Zealand	
Indonesia	Philippines	

Purpose.—The IMF deals with global monetary arrangements and problems and also conducts and promotes discussion of these problems.

Background.—The IMF was set up following the Second World War as part of the Bretton Woods Agreement. It maintains a permanent secretariat. Recently, the IMF has become a forum for discussing means of using the international monetary system to aid developing countries.

Effectiveness.—The IMF remains an important organization for dealing with international monetary problems even with floating currencies. However, as a global organization it does not have any specific orientation towards or interest in the Pacific area.

UNCTAD

(UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT)

Membership.—In 1977 UNCTAD had 155 members including the following Pacific area countries:

South Korea	Philippines	Japan
Fiji	Singapore	United States
Indonesia	Thailand	
Papua New Guinea	Canada	

Purpose.—UNCTAD is to promote trade, especially between nations at different stages of economic development, with a view to accelerate the economic growth of developing nations. It also considers and reviews related development problems.

Background.—It was started in 1964 within the UN framework for the LDC's which felt that other arrangements such as the IMF, OECD or GATT did not properly represent their interests. They wanted a body to intervene with developed countries on their behalf. Since 1967 UNCTAD has jointly sponsored the International Trade Center with GATT (a GATT creation in 1964).

Evaluation.—UNCTAD has had a positive role in voicing general LDC concerns on some matters, but its effectiveness varies by issue. It was successful, for example, in fighting for the system of general preferences in trade. Its impact on OECD, IMF and GATT has not been particularly large. Some problems of rigidity have arisen due to necessity of developing a common position for negotiations. It does not have, however, any particular regional focus toward the Pacific.

OECD

(ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT)

Membership.—

Belgium	Finland	Spain
France	Portugal	Turkey
Germany	Norway	Canada
Italy	Sweden	United States
Luxembourg	Switzerland	Japan
Netherlands	United Kingdom	Australia
Austria	Iceland	New Zealand
Denmark	Ireland	

Purpose.—OECD is intended to promote and co-ordinate economic policies among countries, reduce obstacles to foreign trade, and monitor economic aid from member countries to developing countries.

Background.—OECD evolved out of the OEEC (Organization for European Economic Cooperation), a group to administer the Marshall Plan Aid and provide cooperative efforts in the European recovery from World War II. Members admitted after the initial agreement was signed in 1960: Japan (1964), Finland (1969), Australia (1971), and New Zealand (1973). OECD, with its expanded membership does not share the close common interests of the OEEC, but it does remain a forum of industrial economies. OECD operates through a Council consisting of representatives from all member nations, under which are a number of specialized committees (with permanent staffs).

Effectiveness.—OECD does not have any direct or binding influence over specific policies in member nations, and some members often prefer bilateral negotiations to negotiations through OECD. However, the OECD is effective as a research center and a forum for the exchange of information and experience. Given its history and industrial country membership and orientation, the OECD has a global focus, and any regional focus tends to be toward Europe rather than the Pacific.

COLOMBO PLAN

Membership.—

Afghanistan
Australia
Bangladesh
Bhutan
Burma
Canada
Cook Islands
India
Indonesia

Iran
Japan
Cambodia
Korea
Laos
Malaysia
Maldives
Nepal
New Zealand

Pakistan
Papua New Guinea
Philippines
Singapore
Sri Lanka
Thailand
United Kingdom
United States
Vietnam

Purpose.—The Colombo Plan was organized to channel development aid into Asia—from developed donor members to LDC members.

Background.—The Plan began in 1950, partly in response to the concern following the victory of the communists in China. Its structure remains informal, with only a small permanent administrative group. Periodic meetings of members review past aid projects and suggests future areas for aid. Mainly the plan is a means of designation: donor nations pick a number of their development aid projects to which they desire to attach the Colombo Plan label, and so inform the central administration. However, it also operates a school (since 1975) called the Colombo Plan Staff College for Technical Education (in Singapore).

Effectiveness.—Undoubtedly the Colombo Plan initially increased aid directed towards Asia. It has had a significant impact on student, personnel and technical exchange within the Southeast Asian region, particularly between Australia and the developing countries of South and Southeast Asia as well as Japan and these countries. Its role in formulating a unified plan for channeling aid is limited.

TRILATERAL COMMISSION

(EUROPE, NORTH AMERICA, JAPAN)

Membership.—As of 1975, the Commission included members from the following countries:

Japan
United States
Canada
Great Britain

France
Germany
Ireland
Holland

Italy
Norway
Denmark

Purpose.—The Commission sponsors studies, such as the Triangle Papers, and acts to foster closer cooperation among these three industrial regions on common problems.

Background.—The Trilateral Commission is a private organization. Governments per se do not belong, though some influential members of those governments may belong in their private capacities, and certain members have subsequently entered government service in their respective countries, particularly in the United States. It serves as a private forum for business, labor and other leaders to learn more about each others' countries, particularly to bring Japanese into

contact with Europeans and Americans. Specialist studies have received fairly wide circulation.

Evaluation.—Any impact it has is through influencing the thinking of public and private policy makers and other elites; it has no official power. Its focus on the industrial nations of the Northern Hemisphere precludes much interest in the Pacific as a region.

ADB

(ASIAN DEVELOPMENT BANK)

Membership (as of 1971).—

Afghanistan	India	Pakistan
Australia	Indonesia	Philippines
Belgium	Italy	Singapore
Canada	Japan	Sweden
Ceylon	Kampuchea	Switzerland
Taiwan	Korea	Papua New Guinea
Denmark	Laos	Thailand
Fiji	Malaysia	United Kingdom
Finland	Nepal	United States
France	Netherlands	South Vietnam
Germany	New Zealand	Western Samoa
Hong Kong	Norway	

Purpose.—The bank's purpose is to promote and finance investment in the ESCAP region for development purposes.

Background.—ADB is a regional development bank to loan funds provided by the developed industrial nations members to Asian LDC members. Organized in 1965 partly out of the interest and needs voiced by ESCAP members, membership is open to all ESCAP members (and non-ESCAP developed nations). Interest rates are flexible and set separately for each loan. It coordinates its lending program to some degree with World Bank lending activities in the region. Within its permanent staff, there is only a small research unit which has not been very effective in recent years. Operation is overseen by a board of governors with voting strength proportional to the capital contribution to the bank. Japan and the United States are the major capital contributors. The president customarily is a Japanese.

Effectiveness.—The ADB has been effective in channeling development loans into Asia, which extends beyond the Pacific Area considered here. Its focus does not extend beyond this function of development loans, although it did coordinate a major study of Southeast Asia's Economy in the 1970's which had an important effect on the region's approach to foreign economic policies.

ESCAP

(ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC OF
THE UNITED NATIONS)

Membership.—(1976):

Afghanistan	Hong Kong	The Pacific Islands
Australia	India	Pakistan
Bangladesh	Indonesia	Papua New Guinea
Bhutan	Iran	Philippines
Brunei	Japan	Samoa
Burma	Korea	Singapore
Taiwan	Laos	Soc. Rep. of Vietnam
Cook Islands	Malaysia	Solomon Islands
Democratic	Mongolia	Sri Lanka
Kampuchea	Nauru	Thailand
Fiji	Nepal	Tonga
Gilbert Islands	New Zealand	

Purpose.—The commission was established to initiate and participate in measures for facilitating economic and social development in Asia and the Pacific and for strengthening relations among those nations, and between them and the rest of the world.

Background.—Formerly this commission was titled ECAFE (Economic Commission for Asia and the Far East), which was established in 1947. It was an original contact point in the move to establish ADB. In its deliberations, the commission covers a wide range of issues and projects. ECAFE was virtually the only semi-regional organization (along with the Colombo Plan) until the 1960's. ESCAP has established a number of subsidiary bodies, including the Asian Center for Development Administration, Asian Highway Coordinating Committee, Asian Institute for Economic Development and Planning, Asian Statistical Institute, the Committee for Coordination of Joint Prospecting for Mineral Resources in the Asian Offshore Areas, and the Typhoon Committee.

Effectiveness.—ESCAP has been criticized somewhat for failure to coordinate with other regional organizations, although it is currently revising its approach. It has also been criticized for accomplishing relatively little. Basically ESCAP has not been a major force in the region. The research department has not been regarded as strong as other United Nations research departments, for example that at the U.N. Economic Commission for Latin America.

PBEC

(PACIFIC BASIN ECONOMIC COUNCIL)

Membership.—Members consist of major business firms in the following countries:

United States
Canada

Japan
Australia

New Zealand

Purpose.—PBEC exists to strengthen economic and business relations among its members, and to promote economic and social progress in the Pacific Area.

Background.—PBEC was organized in 1967, holding its first meeting in 1968. It now has 400 member companies within the 5 member countries. A private group, PBEC consists of annual meetings with no permanent central organization other than small secretariats.

Effectiveness.—PBEC probably has increased business interest and understanding of Pacific Basin needs and problems. It has supported training programs for management and technicians for LDC's, educational programs, and scientific exchanges. Mainly, however, it serves as a mechanism for senior business leaders in the advanced Pacific countries to come to know each other personally.

PAFTAD

(PACIFIC TRADE AND DEVELOPMENT CONFERENCES)

Membership.—PAFTAD is guided by a steering committee of members from Australia, Japan, Canada, Southeast Asia, and the United States. Participants from other Pacific countries have been involved in its meetings.

Purpose.—PAFTAD promotes policy-oriented academic study and discussion of Pacific Area economic issues. It serves as the major intellectual resource for those in the Pacific area interested in the analysis of regional economic prospects.

Background.—This is an informal private academic conference series originally begun in 1968 with Japanese Foreign Ministry support to consider a proposal for a Pacific Free Trade Area. Ten conferences have been held since that time in different Pacific countries, involving a wide group of policy-interested economists, to discuss regional foreign economic policy issues mainly among the Pacific Five and Western Pacific developing economies. Some conferences have, however, included Latin American and Soviet participation. An eleventh PAFTAD Conference is planned for Seoul in September 1980, and a twelfth conference is scheduled for Vancouver in spring 1982.

Effectiveness.—The conference series has brought together area economists and stimulated academic research on the Pacific Area. It does not have direct policy impact, but provides indirect input into policymaking through its published work, the policy activities of participants, and the information and perspectives gained by officials of the various governments in attendance at the Conferences as observers.

ASEAN

(ASSOCIATION OF SOUTH-EAST ASIAN NATIONS)

Membership.—Indonesia
MalaysiaPhilippines
Thailand

Singapore

Purpose.—ASEAN's goals are the acceleration of economic growth and cultural progress among its members, cooperation on agriculture and industry, expansion of trade, and development of a common negotiating front towards major trading nations.

Background.—ASEAN was established in 1967 at Bangkok, from ASA (Association of Southeast Asia) which consisted of Malaya, the Philippines and Thailand. Its original purpose was to reduce regional tensions, but it has become active in economic development. Unity was intended to give the region a stronger voice in direction of outside development and aid towards regional priorities; it also grew out of some dissatisfaction with ESCAP. ASEAN operates with annual meetings including ministerial level representatives from member nations, plus permanent (standing) groups on specific topics under the standing committees.

Effectiveness.—In 1974, ASEAN was considered (by Dusan Sidjanstri, *Current Problems of Economic Integration* (United Nations, 1974)) to be in a transformation period and not yet a fully effective organization. It has made substantial progress subsequently. It now has a permanent secretariat based in Indonesia and it has made advances in developing a common frame in bargaining with Australia and Japan. The rapid emergence of ASEAN as an important regional grouping was stimulated greatly by the American withdrawal from the war in Indo-China. The United States has recently recognized the need to deal with ASEAN as a group.

SPEC

(THE SOUTH PACIFIC BUREAU FOR ECONOMIC COOPERATION)

Membership.—

Australia

Nain

Western Samoa

Cook Islands

New Zealand

Tonga

Fiji

Nive

Gilbert Islands

Papua New Guinea

Purpose.—The Bureau facilitates cooperation and consultation between its members on trade, economic development, transportation, tourism, and other related matters.

Background.—Recommended by the South Pacific Forum meeting in September 1972, the Bureau was formally founded in 1973 and absorbed the Pacific Islands Producers' Association (PIPA). It has a secretariat and a committee formed of one member from each participating country. Australia and New Zealand each contribute one-third the budget and the island countries the rest.

Effectiveness.—It provides the major inter-governmental consultative mechanism within the South West Pacific and has been partially successful in more effective representation of the interests of the small states and dependencies towards Australia and New Zealand.

ANZUS PACT

(AUSTRALIA, NEW ZEALAND, UNITED STATES PACT)

Membership.—

Australia

New Zealand

United States

Purpose.—Basically ANZUS is a mutual security pact, providing for joint action in case of military attack and for peacetime military consultation and cooperation.

Background.—ANZUS began in 1952, arising out of concern over the termination of the occupation of Japan with the peace treaty with Japan, and unease over China and other Asian developments. No permanent structures exist. The foreign ministers meet once a year with additional meetings of military representatives as needed; more recent discussions have focused attention on the non-military aspects of security.

Effectiveness.—This is a low-key relationship, meeting the specific security needs of Oceania.

NAFTA

(NEW ZEALAND-AUSTRALIA FREE TRADE AREA)

Membership.—New Zealand, Australia. Membership is potentially open to new entrants.

Purpose.—Its main purposes are to provide for limited free trade between the two countries within the framework of GATT and for regular bilateral consultation on trade and economic policy matters.

Background.—NAFTA was founded in 1966. The regular provisions of the free trade agreement do not cover all bilateral trade, but the possibility of trade sharing arrangements has been explicitly allowed.

Effectiveness.—The growth of trade between the two countries attributable to NAFTA as such and the balance in trade growth has been the subject of discussion between the two governments, especially during the oil crisis and recent recession during which New Zealand experienced extreme external difficulties. A measure of economic consultation and trade growth has been encouraged by the arrangement.