PATTERN OF SOUTH ASIAN TRADE
1980 – 85

Dissertation submitted to the Jawaharlal Nehru University
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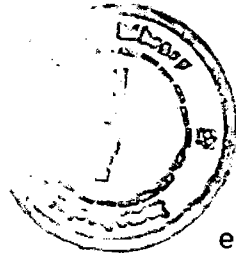**MASTER OF PHILOSOPHY**

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CERTIFICATE

This is to certify that the dissertation
entitled "Pattern of South Asian Trade : 1980-85"
submitted by Indumati Srinivasan in fulfilment of
six credits for the award of Degree of Master of
Philosophy (M.Phil) of the University, is her ori-
ginal work according to the best of our knowledge
and may be placed before the examiners for evalua-
tion.

Professor Indra Nath Mukherji
(Supervisor)

Professor Urmila Phadnis
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*                          PREFACE                           *
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This dissertation proposes to examine the pattern of trade obtained in the region of South Asia from 1980 to 1985, both years inclusive. The countries chosen for the study are the seven member nations of South Asian Association for Regional Cooperation (SAARC) - Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Srilanka. The selection of the topic has been governed by the recognition that trade is an important vehicle of development for any country. The present study is a humble attempt at laying the basis for future research on trade expansion and economic development in South Asia.

The choice of the period calls for some justification. First, the period 1980 to 1985 has been chosen to coincide with the formative years of South Asian Regional Cooperation - a sub-regional grouping which until recently considered trade a contentious issue to deal with. However, the Bangalore summit of November 1986 and more recently, the Kathmandu summit of December 1987 the Heads of State or Government have been expressing the necessity of SAARC to move into core areas covering money, trade, finance and energy. For any attempt at achieving trade cooperation within the region, it is imperative to examine the existing pattern of trade. Secondly, the time span specified for a research topic should be manageable. Since

various aspects - structure, composition and direction - of foreign trade are proposed to be observed over a continuous period of time, six years is considered ideal to reflect the most recent trends.

This dissertation consists of five chapters including a conclusion.

The first chapter proposes to survey the role and importance of foreign trade to South Asia by analysing for each country of the region, the ratios of exports, imports and trade to the Gross Domestic Product. Herein, the role of foreign trade in enabling a country to procure essential supplies to augment its production and its role in providing outlets for the country's output, are examined. The general proposition that the importance of foreign trade varies inversely with the economic size of a country is examined with reference to South Asian countries.

The second chapter attempts to examine trends in the balance of trade and terms of trade of each South Asian country. The nature and extent of self reliance has been examined by analysing export-import ratios.

The third chapter proposes to analyse the structure and composition of foreign trade with particular emphasis on the share of primary and manufactured commodities in South Asian countries' exports and imports and to examine

whether there has been any alteration in their share over the time period under study. This chapter also proposes to examine commodity concentration by identifying the top ten commodities and analysing their share in the total exports and imports of the South Asian countries. The effect of commodity concentration of exports (computed for SITC sections 0-9 at three digit level of classification) on export earnings instability is examined and the hypothesis that greater the commodity concentration, greater is the export earnings instability, is tested. It is also proposed to test the general proposition that export instability destablises imports as well.

The fourth chapter attempts to analyse the direction of foreign trade in South Asia. It examines the geographical distribution of trade and the trends in the geographic concentration of exports and imports of South Asia. The chapter also attempts to find out if a relation exists between geographic concentration and export instability. Finally, the chapter deals with trends in intraregional trade wherein the general proposition that intra South Asian trade is small and declining is examined.

The fifth and concluding chapter of the dissertation attempts to summarise the analysis of the preceeding chapters and arrive at definite conclusion on the pattern of South Asian trade during the period 1980 to 1985.

The methodology proposed to be followed is mainly analytical involving analysis of South Asian trade statistics. The dissertation relies on secondary sources obtained mainly from the United Nations Publications.

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*                      CHAPTER - I                         *
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*          ROLE AND IMPORTANCE OF FOREIGN TRADE            *
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"The causes which determine the economic progress of nations belong to the study of international trade."[1] This pronouncement brings out the importance of foreign trade in economic development. Historically speaking, foreign trade has played a crucial role in inducing economic growth more importantly since the nineteenth century. The development in the nineteenth century of certain geographic areas (including the United States of America) in the temperate regions outside Europe was prompted by the considerable expansion of Western Europe's demand for Commodities (foodstuffs and raw materials) which these regions could produce at a comparative advantage.

Trade in the nineteenth Century acted as an engine of growth and not merely as a device for the optimum allocation of a given stock of resources.[2] Even today the role of foreign trade in economic development is considerable. It facilitates specialisation in the production of a few commodities. A country can export goods which it can produce cheaper in exchange for goods which other

1.   Alfred Marshall, Principles of Economics (London, 1920), p. 270.

2.   D.H. Robertson, Essays in Monetary Theory, (London, 1940), p. 214.

countries can produce more cheaply than itself. It gains from trade in terms of increase in national income and growth. Higher output and growth breaks the vicious circle of poverty and promotes economic development.

Foreign trade therefore, is an important instrument of economic progress for the developing countries. The region of South Asia consists of seven such countries[3] progressing on the path of development in an attempt to catch up with their more developed counterparts. The principal obstacles to their rapid economic development are the smallness of their domestic market and the limited availability of resources within their geographical boundaries. Foreign trade provides a means to overcome these obstacles.

The growth of the South Asian economies is hampered by the small size of the domestic market. A small market with low per capita income and purchasing power cannot absorb enough output. This hinders further investment. Foreign trade widens the market and facilitates larger volume of investment.

The countries of South Asia lack the material means (capital goods, raw and semifinished products) for economic

3. The seven countries are Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Srilanka.

development. Foreign trade facilities import of these
and the nenefits derived from such importation are con-
siderable. Even more important than this is the need for
the South Asian countries to import technical know-how,
skills, managerial talent and entrepreneurship.

Trade is the most important vehicle for the trans-
mission of technical know-how. Perhaps this function of
trade is somewhat less important now than it was a hundred
years ago because ideas, know-how, skills travel easier,
quicker and cheaper today than in the nineteenth century.
The market where engineering and management experts can
be hired is much better organised today. There is much
more competition in this field as well as in the area of
material capital equipment. In the nineteenth century,
Great Britain was the only centre from which industrial
know-how and equipment could be obtained and there were
all sorts of restrictions on the exportations of both.
Today, there are a dozen industrial centres in Europe,
the United States, Canada and Japan and even Russia and
Czecoslovakia, all ready to sell machinery and technical
knowhow. However, trade is still the most important
transmission belt.[4]

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4.   Gottfried Haberter, International Trade and Economic
      Development, National Ban of Eoypt Fiftieth Anni-
      versary Commemoration lectures (Cairo, 1969), pp.
      5-7, 9-14. Reprinted in Gerald M. Meier (ed.)
      Leading Issues in Economic Development (Oxford
      University Press, 1971), p. 4 .

Foreign trade also provides a means for the South Asian countries to import capital. The larger the volume of trade, the greater the volume of foreign capital that can be expected to become available, the reason being that with larger volume of trade, interest and repayments is easier and this facilitates larger capital movements. Also, it is easier to obtain foreign capital for export industries because they go to directly improve the balance of payments. Even though the non export industries also help improve balance of payments and economic development, foreign capital in export industries is better than no foreign capital at all.

It is true that by engaging in trade, a country puts itself at the mercy of external events, but a country that seeks development must invite foreign influence if it is to succeed. Trade is no mere exchange of goods, least of all when it takes place between economies at different stages of development. As often as not, it is trade that gives birth to the urge to develop, the knowledge and experience that make development possible and the means to accomplish it.[5]

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5. A.K. Cairncross, *Factors in Economic Development*, (London, 1962), pp. 214-20, 223-8.

Foreign trade therefore has an important role to play in the economic development of South Asian countries, all of which are developing economies. As Haberler opines, "My overall conclusion is that international trade has made a tremendous contribution to the development of less developed countries in the nineteenth and twentieth centuries and can be expected to make an equally big contribution in the future... that substantial free trade with marginal, insubstantial corrections and denations is the best policy from the point of view of economic development."[6]

While accepting trade as an important vehicle of a country's economic development, it should be possible to make the hypothesis that its importance varies inversely with its size. A country larger in size - in terms of territory and population - may be expected to be less dependent on foreign trade than a country with smaller territory and population. This is because the smaller countries have limited resource base and have to depend on imports of essentials. Their domestic market also being limited, they have to rely on exports to keep their production going. The bigger countries however, have larger economic base and domestic market and hence depend less on foreign trade.

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6.   Gottfried Haberter, n. 4.

Table 1.1 shows the wide variation in the economic size of South Asian countries in terms of population and geographical area. India accounts for more than three quarters of the total population in the region, the other countries together accounting for the rest. Similar is the case with territory. While India covers 73% of the area in the region, the other countries together account for the rest. In sharp contrast to India, Maldives accounts for only 0.02% of the population and 0.007% of the area in the region.With such large divergence in the

Table 1.1:

SIZE OF SOUTH ASIAN COUNTRIES IN TERMS OF POPULATION AND TERRITORY

Countries	Population (in millions) Mid-1985)	Percentage share of population in South Asia	Area (Thou-sand square kilometres)	Percentage share of area in South Asia
Bangladesh	100.6	10.10	144	3.21
Bhutan	1.2	0.12	47	1.05
India	765.1	76.85	3288	73.22
Maldives	0.182	0.02	0.3*	0.007
Nepal	16.5	1.66	141	3.14
Pakistan	96.2	9.66	804	17.90
Srilanka	15.8	1.59	66	1.47
South Asia	995.58	100.00	4490.3	100.00

Source: I.B.R.D., World Development Report 1987

* This figure has been taken from A.R. Bhuyan, "Regional Cooperation and Trade Expansion in South Asia".

economic size of the countries, it would be interesting to test the hypothesis putforth earlier that the importance of foreign trade varies inversely with the economic size of South Asian countries.

A reference to Table 1.2 reveals that on an average external trade accounted for 26.18% of the Gross Domestic Product (GDP) of Bangladesh during the period under study. Foreign trade therefore, is of moderate importance in the economy of Bangladesh, which is in keeping with the modest

Table 1.2

RATIOS OF EXPORT, IMPORT AND TRADE TO THE GROSS DOMESTIC PRODUCT (AT CURRENT MARKET PRICES) OF BANGLADESH

Year*	Exports as a percentage of Gross Domestic Product	Imports as a percentage of Gross Domestic Products	Trade as a percentage of Gross Domestic Product
1980	5.92	20.26	26.18
1981	6.07	20.89	26.96
1982	6.43	20.46	26.89
1983	6.18	18.48	24.66
1984	6.76	20.48	27.24
1985	6.69	18.45	26.14
Average	6.34	19.84	26.18

Source: I.M.F., International Financial Statistics, March 1987.

* Fiscal Year ending June 30.

economic size of the country (Table 1.1) Trade - GDP ratio decreased only marginally as compared to 1980. Taking this ratio to represent the degree of outward orientation of the economy, we may conclude that the degree of openness of the economy during the period 1980-85 did not change very much.

Exports as a proportion of GDP increased in 1985 as compared to 1980 which may have been the result of a conscious effort on the part of the country's economic planners to boost exports in the face of foreign exchange scarcity. Likewise, a fall in import - GDP ratio may also be attributed to government's efforts at crutailing non-essential imports to save scarce foreign exchange reserves.

In keeping with our hypothesis, the insignificant economic size of Bhutan as revealed by Table 1.1 should prompt us to expect foreign trade to assume greater significance in the country's economy. Our expectation is proved right by a cursory glance at Table 1.3. On an average, foreign trade formed nearly 50% of the Gross Domestic Product over the years for which data is available.

One notices a steady decline in the trade - GDP ratios on account of a fall in both exports and imports as a proportion of GDP. The degree of openness of the economy during the three years could be said to have reduced. The fall in export-GDP ratio could have been

Table 1.3

RATIOS OF EXPORTS, IMPORTS AND TRADE TO THE GROSS DOMESTIC

PRODUCT (AT CURRENT MARKET PRICES) OF BHUTAN

Year*	Exports as a Percentage of Gross Domestic product	Imports as a percentage of Gross Domestic Product	Trade as a percentage of Gross Domestic Product
1980	-	-	-
1981	15.21	41.66	56.87
1982	12.87	39.88	52.75
1983	10.42	29.26	39.68
1984	-	-	-
1985	-	-	-
Average	12.83	36.93	49.77

Source: A.D.B., Key Indicators of Developing Member
Countries of ADB, Vol. XVII, July 1986.

* Fiscal Year beginning April 1.

- Data not available

due to the loss of export competitiveness and the decline
in imports may have been prompted by a scarcity in foreign
exchange.

Table 1.4 indicates our hypothesis on the importance
of foreign trade to the countries of South Asia. As
revealed by the table, trade plays a relatively minor role
in the case of India, the largest country in the region
in terms of geographic size and population (Table 1.1).

Foreign trade on an average, accounted for only 13.47% of the Gross Domestic Product during 1980-84, the years for which data are available. Despite attempts at trade liberalisation, one notices a decline in the trade-GDP ratios

Table 1.4

RATIOS OF EXPORTS, IMPORTS AND TRADE TO THE GROSS DOMESTIC PRODUCTS (AT CURRENT MARKET PRICES) OF INDIA

Year[*]	Exports as a percentage of Gross Domestic Product	Imports as a percentage of Gross Domestic Product	Trade as a percentage of Gross Domestic Product
1980	5.29	9.16	14.45
1981	4.87	9.05	13.92
1982	5.37	8.48	13.85
1983	4.77	7.33	12.10
1984	5.04	8.00	13.04
1985	-	-	-
Average	5.07	8.40	13.47

Source: As in table 1.2

[*] Fiscal year beginning April 1

- Data not available for GDP in the source used for this table.

in 1984 when compared to 1980. Exports as a proportion of GDP fell despite government's measure to boost exports.

The fall in the import-GDP ratio can be attributed to greater self sufficiency in foodgrains and petroleum products.

Maldives, a tiny country (Table 1.1) with a limited resource base and domestic market relies heavily on foreign trade once again confirming our hypothesis. On an average extranal trade accounted for an extremely large proportion of Gross Domestic Product - 82.24% over the period under study. The trade-GDP ratios show a marginal increase as may be seen in Table 1.5.

Table 1.5:

RATIOS OF EXPORTS, IMPORTS AND TRADE TO THE GROSS DOMESTIC PRODUCTS (AT CURRENT MARKET PRICES) OF MALDIVES

Year*	Export as a percentage of Gross Domestic Product	Imports as a percentage of Gross Domestic Product	Trade as a percentage of Gross Domestic Product
1980	18.01	66.31	84.32
1981	16.12	57.12	73.24
1982	15.65	69.04	84.09
1983	19.45	61.52	80.96
1984	20.82	67.19	88.01
1985	-	-	-
Average	18.01	64.23	82.24

Source: As in table 1.2

* Calender Year

- The GDP data not available in the source used.

Table 1.6 shows the ratios of exports, imports and trade to the GDP of Nepal from 1980 to 1985. As revealed by the table, external trade formed a modest proportion of the GDP of Nepal - 23.26% on an average. This is to be expected since Nepal is a moderately sized country as seen in Table 1.1. Nepal is similar to Bangladesh in this respect. Both cover nearly the same amount of geographical area although the population size varies greatly. An increase in the degree of openness of the economy is noticed. Trade-GDP ratios increased in 1985 as compared to 1980 mainly on account of an increase in import - GDP ratio.

Table 1.6

RATIOS OF EXPORTS, IMPORTS AND TRADE TO THE GROSS DOMESTIC PRODUCT (AT CURRENT MARKET PRICES) OF NEPAL

Year*	Exports as a percentage of Gross Domestic Product	Imports as a percentage of Gross Domestic Product	Trade as a percentage of Gross Domestic Product
1980	4.13	17.59	21.72
1981	6.34	16.66	23.00
1982	3.74	16.90	20.64
1983	4.03	19.98	24.01
1984	5.52	17.93	23.45
1985	6.98	19.81	26.79
Average	5.12	18.14	23.26

Source : As in Table 1.2

* Fiscal year ending July 15.

As in the case of Bangladesh and Nepal, external trade plays a modest role in the economy of Pakistan as may be observed in Table 1.7. On an average, foreign trade accounted for 29.75% of the Gross Domestic Product during 1980-85. This is in keeping with the modest economic size of Pakistan (Table 1.1). One notices a decline in trade - GDP ratios between 1980 and 1985 indicating a movement towards lesser outward orientation of the economy.

Table 1.7

RATIOS OF EXPORTS, IMPORTS AND TRADE TO THE GROSS DOMESTIC PRODUCT (AT CURRENT MARKET PRICES) OF PAKISTAN

Year*	Exports as a percentage of Gross Domestic Product	Imports as a percentage of Gross Domestic Product	Trade as a percentage of Gross Domestic Product
1980	10.91	22.29	33.20
1981	10.07	19.67	29.74
1982	8.76	20.05	28.81
1983	11.02	19.10	30.12
1984	8.59	19.59	28.18
1985	9.12	19.61	28.73
Average	9.74	20.01	29.75

Source : As in Table 1.2

* Fiscal year ending June 30.

Srilanka conforms to our hypothesis on the impor-
tance of foreign trade in relation to the size of a coun-
try. The small economic size of the country in terms of
population and geographical area is brought out in Table
1.1. Table 1.8 in its turn, shows the great significance
of foreign trade in the country's economy. On an average,
foreign trade accounted for 60% of the Gross Domestic
Product during 1980-85. A drastic fall in trade-GDP ratio
is noticeable between 1980 and 1985. This decline was
more due to the fall of imports than that of export. The
fall in import may perhaps be attributed to the scarcity
of foreign exchange during the period under study.

Table 1.8

RATIOS OF EXPORTS, IMPORTS AND TRADE TO THE GROSS DOMESTIC
PRODUCTS (AT CURRENT MARKET PRICES) OF SRI LANKA

Year*	Exports as a percentage of Gross Domestic Product	Imports as a percentage of Gross Domestic product	Trade as a percentage of Gross Domestic product
1980	26.45	51.02	77.47
1981	24.75	42.04	66.79
1982	21.62	42.27	63.89
1983	20.64	37.46	58.10
1984	24.29	30.92	55.21
1985	22.66	33.12	55.78
Average	23.40	39.47	62.87

Source: As in Table 1.2

* Calendar year

CONCLUSION

The role played by foreign trade in South Asia is more that of enabling the countries to procure essential supplies from outside the region than that of providing external markets for domestic products. This is evident from the fact that imports as a proportion of Gross Domestic Product has been higher than the export - GDP ratio in all years under study for all the countries of South Asia. As for the importance of foreign trade, we set out to test the hypothesis that it varies, inversely with the size of the countries. A countrywise study, of South Asian economies proves our hypothesis to be correct. Larger the size of the countries, lesser the importance of external trade and vice versa. This is corroborated by the coefficient of correlation between geographical size and the average trade-GDP ratios. This ratio works out to -0.29 for the South Asian countries. The negative sign is an indication of the inverse relation between the two variables. The magnitude of such a relation, however, is not very large. Smaller countries of the region such as Bhutan, Maldives and Srilanka rely more heavily on external trade. Such heavy reliance makes them more vulnerable to policies pursued by other countries. Yet, they are compelled to participate in international trade

because of their limited market and resources. They cannot afford to pursue an inward looking policy.

The disadvantages of small countries can be overcome through regional cooperation. A regional trading arrangement increases manifold the market size for the smaller countries as also enables them to supplement their limited resource base through imports. It is noteworthy that even though countries such as India, Pakistan and Srilanka have since mid seventies been pursuing more liberal or "open" trade policies, this has not been reflected in GDP ratios which are on the decline. Protectionist policies pursued particularly in developed market economies has prevented these countries from improving their export-GDP ratios. Again, paucity of international financial resource flows has been the major constraint on imports.

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*                      CHAPTER  II                             *
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*                 TRENDS IN FOREIGN TRADE                      *
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This Chapter attempts, to examine trends in the balance of trade, terms of trade and self reliance among South Asian countries during the period 1980-85.

AN ANALYSIS OF BALANCE OF TRADE

Balance of trade, also known as merchandise balance, is the difference between the value of goods exported by a country and the value of goods imported by it. It excludes capital transactions, payment for services and gold movements. When a country has surplus of exports over imports, it is said to have a favourable balance of trade, but when it has a surplus of imports over exports, it is said to have an unfavourable balance of trade.

The following table shows the export, import and balance of trade figures for all the seven South Asian countries during 1980-85 in millions of U.S. dollars. The source of data for all countries except Bhutan is the Direction of Trade Statistics Yearbook 1986, published by International Monetary Fund. Since the data for Bhutan is not available in the Yearbook, the same has been taken from the Asian Development Bank Publication, "Key Indications of Developing Member Countries of ADB" July 1986.

Table 2.1

EXPORTS, IMPORTS AND BALANCE OF TRADE

				(Million US dollars)
Country	Year	Exports	Imports	Balance of Trade
(1)	(2)	(3)	(4)	(5)
Bangla-desh	1980	790.2	2610.6	-1820.4
	1981	791.3	2651.4	-1860.1
	1982	768.0	2418.5	-1650.5
	1983	724.4	2291.1	-1566.7
	1984	931.3	2692.8	-1761.5
	1985	998.8	2697.1	-1698.3
Bhutan*	1980	-	-	-
	1981	19.84	54.34	- 34.5
	1982	16.85	52.22	- 35.37
	1983	13.90	39.02	- 25.12
	1984	-	-	-
	1985	-	-	-
India	1980	8441	14822	-6381
	1981	6827	14400	-7573
	1982	9655	17450	-7795
	1983	9907	16400	-6493
	1984	10616	17697	-7081
	1985	9822	17640	-7818

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(1)	(2)	(3)	(4)	(5)
Maldives	1980	7.90	20.10	- 12.2
	1981	10.40	38.00	- 27.6
	1982	13.00	66.40	- 53.4
	1983	13.10	66.30	- 53.2
	1984	13.10	71.80	- 58.1
	1985	23.80	70.50	- 46.7
Nepal	1980	63.20	218.70	- 155.5
	1981	94.00	213.30	- 119.3
	1982	69.80	247.00	- 177.2
	1983	83.30	257.90	- 174.6
	1984	91.00	252.80	- 161.8
	1985	135.80	285.80	- 150.0
Pakistan	1980	2617.9	5349.5	-2731.6
	1981	2880.8	5630.5	-2749.7
	1982	2401.7	5459.6	-3057.9
	1983	3074.9	5326.0	-2251.1
	1984	2558.7	5852.2	-3293.5
	1985	2738.4	5888.6	-3150.2
Srilanka	1980	1039.1	2028.7	- 989.6
	1981	1023.8	1905.7	- 881.9
	1982	996.2	1773.2	- 777.0
	1983	1053.8	1794.8	- 741.0

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(1)	(2)	(3)	(4)	(5)
Srilanka	1984	1435.6	1845.6	-410.0
	1985	1264.9	1831.8	-566.9

Source: I.M.F., <u>Direction of Trade Statistics Yearbook</u>, 1986.

* The data for Bhutan has been taken from A.D.B. Publication, <u>*Key Indicators of Developing Member Countries of ADB</u>, Vol. XVII, July 1986.

- Data not available.

All countries of the region experienced a persistent deficit in their trade balance from 1980 to 1985. Fluctuations of course characterise the trade balance of all countries through the years under study. Nevertheless, we notice that while the trade balance deteriorated for India, Maldives and Pakistan, it improved for all the other countries in 1985 when compared to 1980. The continuous deficit, in the trade balance of all countries of South Asia is a trend to be taken serious note of because it causes a strain on the external accounts of the countries concerned.

AN ANALYSIS OF THE TERMS OF TRADE

Terms of trade may be defined as the purchasing power of a unit of exports in terms of imports. Popularly defined, terms of trade are the ratio of the price of
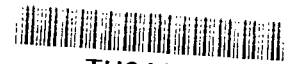
exports to the price of imports or px/pm, where px is the
unit price of exports and pm the unit price of imports.
An increase in the ratio indicates that a country can
enjoy larger volume of imports, on the basis of price
relationship only, in exchange for a given volume of exports
or the country could now export less to receive the same
amount of imports. The country's real income rises faster
than output because the purchasing power of its export
rises. The converse situation prevails when the unit
price of exports declines in relation to unit price of
imports.

This section attempts to examine the behaviour of
the terms of trade for South Asian Countries, from 1980
to 1985. The Commodity terms of trade figures portrayed
in this study have been taken from the World Development
Reports published by the World Bank. Among the South
Asian countries, complete data on terms of trade is avai-
lable only for Bangladesh, India, Pakistan and Srilanka.
Bhutan, Nepal and Maldives therefore, have not been
considered.

Table 2.2 reveals improvement in the commodity terms
of trade in the case of Bangladesh and India in 1985 when
compared to 1980. In the case of Pakistan and Srilanka
however, there was a deterioration. With the exception

Table 2.2

COMMODITY TERMS OF TRADE   (1980 = 100)

Year	Bangladesh	India	Pakistan	Srilanka
1980	100	100	100	100
1981	94	93	101	86
1982	98	96	93	85
1983	102	96	101	104
1984	106	107	88	111
1985	113	115	95	97

Source: I.B.R.D., World Development Reports, various issues.

of 1981 and 1982, Bangladesh experienced a steady improvement in its term of trade. In the case of India, one notices an improvement in the terms of trade in the last two years of the period under study. Pakistan witnessed marginal improvement and marked deterioration alternately in its terms of trade, during the period under study. Sri Lanka experienced improvement in its terms of trade only in the years 1983 and 1984. In 1985 a sharp deterioration took place.

It is necessary to evaluate the reasons behind the changes in the commodity terms of trade. This is important

for any welfare measurement because unfavourable terms of trade need not necessarily imply adverse welfare repercursions.

A fall in export prices and hence a deterioration in the Commodity terms of trade may be brought about by an increase in productivity in the export sector. In such a case, the deterioration in the Commodity terms of trade reflects only the increased productivity in the commodity's export sector and does not necessarily carry with it adverse welfare effects. As long as productivity in the export sector is rising faster than the prices of its exports are falling, the Country's real income rises despite the deterioration in the commodity terms of trade. If the prices of exports in terms of imports fall by a smaller percentage than the percentage increase in productivity, the country clearly benefits from its ability to obtain a greater quantity of imports per unit of factors embodied in its exports.

A deterioration in the commodity terms of trade due to increase in the prices of imports may not necessarily have adverse welfare effects on account of consumers preferences having altered in favour of imports. It is also possible that technological progress has led to an improvement in the quality of goods imported. This change in preferences and/or quality makes it impossible to

conclude that the trading pattern has turned inferior merely because the commodity terms of trade have worsened.

It is also possible that a country's income terms of trade improves despite deterioration in commodity terms of trade. The income terms of trade adjusts the movements in the commodity terms of trade for change in export volume.

$$I = \frac{Px}{Pm} \quad , \quad Qx$$

Where,

I is the index of income terms of trade

Px is the index of unit value of exports

Pm is the index of unit value of imports

Qx is the export volume index.

A rise in I indicates that a country can obtain a larger volume of imports from the sale of its exports. In other words, its capacity to import based on exports, has increased.

The changes in commodity terms and income terms can be in opposite directions. If for example, with unchanged import prices, export prices have fallen, but export quantities have increased by a greater percentage than decrease in export prices, the income terms of trade will have improved despite a deterioration in the commodity terms of trade. Indeed, the income terms of trade might improve because of a deterioration in commodity terms.

As export prices decline, the country's exports may increase sufficiently to improve the income terms of trade. The country's capacity to import is then greater.

The income terms of trade for Pakistan and Srilanka have been given in Table 2.3. The data on export volume index has been taken from International Financial Statistics, March 1987, an I.M.F. Publication. This data is available only for Pakistan and Srilanka from the source. Hence the income terms of trade for only Pakistan and Srilanka have been computed. The commodity terms of trade of Table 2.2 adjusted to two decimal places have been multiplied by the index of export volume to obtain the income terms of trade.

Table 2.3

INCOME TERMS OF TRADE OF PAKISTAN AND SRILANKA (1980 = 100)

Years	Pakistan	Srilanka
1980	100	100
1981	121	95
1982	89	99
1983	135	121
1984	97	148
1985	131	136

Source: Table 2.2 and I.M.F., International Financial Statistics, March 1987.

Between 1980 and 1985 the income terms of trade improved for both Pakistan and Srilanka at the same time as the commodity terms of trade deteriorated confirming our earlier explanation that the two terms of trade can move differently;. In the years between 1980 and 1985, although the direction of movement in the income terms of trade and commodity terms of trade, correspond for Pakistan, the magnitude of change was much greater in case of income terms of trade than commodity terms of trade. Similarly, in the case of Srilanka, even in years when the direction of change in the two terms of trade corresponded, the magnitude did not.

We must therefore, avoid the fallacy of equating a change in the commodity terms of trade with the gains from trade before we have determined the underlying forces causing the changes in the terms of trade.

AN ANALYSIS OF SELF RELIANCE

The concept of self reliance basically implies freedom from dependence on foreign aid. This section attempts to analyse the ratios of exports to imports from 1980 to 1985 to determine the self reliance of the countries of South Asia. To the extent that the ratios are high, or are increasing, a larger proportion of imports are being

financed by the country's exports, and therefore lesser
is the dependence on foreign assistance and greater is the
self-reliance of the countries concerned.

Table 2.4

EXPORT-IMPORT RATIO

Year	Bangla-desh	Bhutan	India	Maldives	Nepal	Pakis-tan	Srilanka
1980	0.30	-	0.57	0.39	0.29	0.49	0.51
1981	0.30	0.36	0.47	0.27	0.44	0.51	0.54
1982	0.32	0.32	0.55	0.20	0.28	0.44	0.56
1983	0.32	0.36	0.60	0.20	0.32	0.58	0.59
1984	0.35	-	0.60	0.20	0.36	0.44	0.78
1985	0.37	-	0.56	0.34	0.47	0.46	0.69
Average	0.33	0.35	0.56	0.27	0.36	0.49	0.61

Source: Compted from Table 2.1

- data not available.

Table 2.4 indicates that on an average, exports
financed less than 50% of the imports of Bangladesh, Bhutan,
Maldives and Nepal, 50% of Pakistan's and more than 50%
of the imports of India and Srilanka, during the period
1980 to 1985. Srilanka reflects the highest degree of
self reliance in the region during the period. Its self
reliance over the period also rose as indicated by a rise

in the ratio of exports to imports. India too possessed a high degree of self reliance and there was not much of a change in 1985 as compared to 1980. So is the case with Pakistan. The other countries of the region depend heavily on foreign aid to finance their imports. Exports financed less than 50% of their imports. Maldives seems the least self reliant in South Asia.

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*                    CHAPTER - III                      *
*                                                       *
*       STRUCTURE AND COMPOSITION OF FOREIGN TRADE       *
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This chapter attempts to analyse the structure and composition of foreign trade in South Asia during the period 1980-85. First, it examines the structure and composition in terms of major product groups. It also examines the commodity concentration of exports and imports of South Asia over the period under study. This has been done by identifying the top ten commodity exports and imports of each South Asian country and analysing the percentage exports and imports of each of the ten commodities. The chapter also attempts to find a relation between commodity concentration and export instability and between export instability and import instability.

COMMODITY STRUCTURE OF FOREIGN TRADE BY MAJOR PRODUCT GROUPS

This section analyses data from two sources - World Bank and UNCTAD. The rationale for using both sources lies in an attempt to find out whether a trend exhibited by data from one source is reinforced by that of another. The World Bank classification, although not as scientific as the UNCTAD classification, nevertheless gives a fairly good idea of the structure of exports and imports. This section takes up a country by country analysis of export-import structure. The countries under

study here are Bangladesh, India, Nepal, Pakistan and Srilanka. The data for Maldives and Bhutan being non-available, the two countries have been excluded from the scope of this section. Two broad categories of products - primary and manufactures - have been formed for analytical convenience by clubbing the relevant commodity items.

BANGLADESH

A reference to Table 3.1(a) shows that on an average, the share of primary commodities in Bangladesh's total exports between 1981-85 was 36% while the average share of manufactured products in Bangladesh's total exports during the same period was 64%. The table does not indicate much change in the percentage share of primary and manufactured commodities in the exports of Bangladesh. While the share of primary commodities increased by 3% between 1981 and 1985, the share of manufactured commodities reduced by the same percentage between the same years. In the intervening years of 1982 and 1983, while the primary commodities increased their share, the manufactured commodities reduced theirs in 1982.

This trend is corroborated by the UNCTAD source as well (Table 3.1(b). The average shares of primary and manufactured commodities in Bangladesh's exports according

TABLE 3.1(a)

STRUCTURE OF MERCHANDISE EXPORTS OF BANGLADESH
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	Fuels, minerals and metals	−	(.)	2	4	−	3	3.00
2.	Other primary commodities	−	32	36	35	−	32	33.75
3.	Total:primary products (SL. No. 1+2)	−	32	38	39	−	35	36.00
4.	Textiles and clothing	−	56	47	48	−	55	51.50
5.	Machinery equipment	−	1	4	2	−	(.)	2.33
6.	Other manufactures	−	11	11	12	−	10	11.00
	Total: manufactured products (SL.No. 3+4+5)	−	68	62	62	−	65	64.25

(.) Negligible.
− Data not available.

Notes: Merchandise exports, with some exceptions, cover
international movements of goods across customs borders.
Exports are valued free on board. The categorization of
exports follows the Standard International Trade
Classification (SITC), Revision I.

(a) Fuels, minerals and metals − are the commodities in SITC
Section 3 (mineral fuels and lubricants and related
(materials), Divisions 27 and 28 (minerals and crude
fertilizers, and metalliferous ores) and Division 68 (
nonferrous metals).

(b) Other primary commodities − comprise SITC Sections 0,1,2,and
4 (food and live animals, beverages and tobacco,inedible
crude materials, oils, fats and waxes.) less Divisions 27 a
28.

(c) Textiles and clothing − represent SITC Divisions 65 and 84
(textiles, yarns, fabrics and clothing).

(d) Machinery and transport equipment − are the commodities in
SITC Section 7.

(e) Other manufactures − calculated as the residuals from the
total value of manufactured exports − represent SITC Sectio
5 through 9 less Sections 7 and Divisions 65, 68 and 84.

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS (ANNUAL).

TABLE 3.1(b)

STRUCTURE OF MERCHANDISE EXPORTS OF BANGLADESH
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENTAGE DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	12.45	15.70	19.97	19.28	—	17.92	17.06
2.	Agricultural raw materials 2 less 22+27+28	18.70	16.44	15.60	15.45	—	13.29	15.90
3.	Fuels and combustibles (3)	0.00	0.00	2.24	3.72	—	2.55	2.84
4.	Ores and metals (22+28+67+68)	0.00	0.00	0.05	0.08	—	0.00	0.06
	Total:Primary products	31.15	32.14	37.86	38.53	—	33.76	34.69
5.	Manufactures (5 to 8)minus (67+68)	67.65	67.15	61.54	61.00	—	65.80	64.63

— Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1986.

to this source relate closely to the earlier source. One can see more clearly that the increase in the share of primary commodities was accounted for by an increase in food and fuel items. The decline in the share of manufactured commodities was caused by a decline in all the three items constituting total manufactured products in Table 3.1(a).

Tables 3.1(c) and 3.1(d) display the import structure of Bangladesh as shown by World Bank and UNCTAD sources respectively. The average share of primary products in Bangladesh's imports were 44% according to the World Bank source. The UNCTAD source indicates this average share to be somewhat higher. The average share of manufactured commodities in the country's imports was 56.25% as indicated in Table 3.1(c) and somewhat lower in Table 3.1(d). But both sources indicate a trend towards an increase in the percentage share of primary commodities in imports and a decline in the share of manufactured imports. The increase in the import of primary commodities is mainly attributable to the large increase in fuel imports. The decline in manufactured imports was due to a decline of machinery, transport equipment and other manufactures.

TABLE 3.1(c)

STRUCTURE OF MERCHANDISE IMPORTS OF BANGLADESH
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	Food	–	20	26	20	–	24	22.50
2.	Fuels	–	8	12	11	–	17	12.00
3.	Other primary commodities	–	11	8	11	–	8	9.50
	Total : primary products (SL. No. 1+2+3)	–	39	46	42	–	49	44.00
4	Machinery and transport equipment	–	21	22	23	–	18	21.00
5.	Other manufactures	–	40	32	36	–	33	35.25
	Total : Manufactures	–	61	54	59	–	51	56.25

– Data not available.

Notes: (a) Food commodities are those in SITC Sections 0, 1 and 4 and
Division 22 (food and live animals, beverages, oils and
fats, and oilseeds and nuts), less Division 12
(tobacco).

(b) Fuels – are the commodities in SITC Section 3 (mineral
fuels, lubricants and related materials).

(c) Other primary commodities comprise SITC Section 2 (crude
materials, excluding fuels), less Division 22 (oilseeds and
nuts), plus Division 12 (tobacco) and Division 68 (non
ferrous metals).

(d) Machinery and transport equipment – are the commodities in
SITC Section 7.

(e) Other manufactures – calculated as the residual from the
total value of manufactured imports – represent SITC
Sections 5 through 9 less Section 7 and Division 68.

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS (ANNUAL).

TABLE 3.1(d)

STRUCTURE OF MERCHANDISE IMPORTS OF BANGLADESH
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENTAGE DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	23.63	20.19	25.97	19.96	–	24.25	22.80
2.	Agricultural raw materials 2 less 22+27+28	5.93	6.92	5.35	7.32	–	5.15	6.13
3.	Fuels and combustibles (3)	9.50	7.48	12.18	10.66	–	16.54	11.27
4.	Ores and metals (27+28+67+68)	9.42	13.92	8.34	8.33	–	9.58	9.92
	Total:Primary products	48.48	48.51	51.84	46.27	–	55.52	50.12
5.	Manufactures (5 to 8) less (67+68)	51.35	51.06	47.88	53.48	–	44.31	49.62

– Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1986.

In the case of both imports and exports there-
fore, the trend between 1980-85 was the same - an increase
in the share of primary commodities and a decline in the
share of manufactured commodities. The trend in exports
is a cause for concern because it indicates a reliance
on primary products exports and the resultant adverse
consequences of such dependence. A decline in the share
of manufactured commodities in the exports could mean
an inability on the part of the country to compete in
the international market against more developed ones.

INDIA

Tables 3.2(a) and 3.2(b) indicate the export
structure of India as obtained from the World Bank and
UNICTAD sources respectively. Both sources indicate more
or less the same average share of primary commodities
and manufactures in India's exports during the period
under study. The share of primary commodities in India's
export on an average was about 45% and that of manu-
factures around 55%. Again, both sources indicate the
same trend as far as the changes in the share of primary
and manufactured commodities in India's exports are con-
cerned. There was a noticeable increase in the percentage
share of primary products exports and an equally noticeable

TABLE 3.2(a)

STRUCTURE OF MERCHANDISE EXPORTS OF BANGLADESH
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984*	1985	AVERAGE
1.	Fuels, minerals and metals	8	7	—	18	25	—	14.50
2.	Other primary commodities	33	33	—	29	26	—	30.25
	Total: primary commodities (SL. No. 1+2)	41	40	—	47	51	—	44.75
3	Textiles and clothing	23	24	—	14	18	—	19.75
4.	Machinery and transport equipment	8	7	—	7	4	—	6.50
5.	Other manufactures	28	29	—	31	27	—	28.75
	Total: manufactures (SL.NO.3+4+5)	59	60	—	52	49	—	55.00

— Data not vailable

* The figures in this coloumn are obtained from World Development Report, 1987 which gives them under the year 1985. However, these figures according to the Report refer to a year other than 1985. It is assumed that they refer to the year 1984 since the data for 1983 already exists.

Notes: As in Table 3.1(a)

Source: I.B.R.D., ANNUAL WORLD DEVELOPMENT REPORTS.

TABLE 3.2(b)

STRUCTURE OF MERCHANDISE EXPORTS OF INDIA
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENT DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982*	1983*	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	28.17	30.18	25.23	23.92	—	—	26.87
2.	Agricultural raw materials 2 less 22+27+28	5.00	4.12	3.16	3.52	—	—	3.95
3.	Fuels and combustibles (3)	0.43	0.43	14.10	16.30	—	—	7.81
4.	Ores and metals (27+28+67+68)	8.63	6.49	6.48	5.93	—	—	6.88
	Total:Primary products	42.23	41.22	48.97	49.67	—	—	45.52
5.	Manufactured (5 to 8)minus (67+68)	57.51	58.59	50.81	50.12	—	—	54.18

—   Data not available.

*   Figures in these columns have been obtained from the monthly statistics on foreign trade.

Notes:-   As in Table 3.1(a)

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1986.

decline in the export of manufactured commodities. The main reason behind the increase in the share of primary products in India's exports was the sudden rise of India as an exporter of fuels to the world. The decline in the export of manufactured commodities may be attributed to the decline in the export share of all these components constituting manufactured commodities.

Tables 3.2(c) and 3.2(d) indicate the import structure from the two different sources - World Bank and UNCTAD. The World Bank source has to be relied upon for reasons of incompleteness of UNCTAD source data. Table 3.2(c) therefore indicates an average share of 51.5% of primary commodities in India's imports and 48% as average share of manufactured commodities. The same table indicates a large fall in the share of primary commodities in India's imports and an equally large increase in the percentage share of manufactured commodities. The decline in primary product share was mainly due to the decline in fuel imports - a sign of India's growing self sufficiency in fuel. The increase in manufacture share is, testimony to India's industrialisation efforts which requires greater imports of essential manufactured commodities.

NEPAL

Table 3.3(a) indicates the export structure of Nepal

TABLE 3.2(c)

STRUCTURE OF MERCHANDISE IMPORTS OF INDIA
MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984*	1985	AVERAGE
1.	Food	9	—	9	7	13	—	9.50
2.	Fuels	45	—	35	37	21	—	34.50
3.	Other primary commodities	8	—	10	6	6	—	7.50
	Total:primary products (SL. No. 1+2+3)	62	—	54	50	40	—	51.50
4.	Machinery and transport equipment	13	—	18	17	25	—	18.25
5.	Other manufactures	25	—	28	32	34	—	29.75
	Total: manufactured (4+5)	38	—	46	49	59	—	48.00

—   Data not available.

*   The figures in this coloumn are shown in the World Development Report under 1985 but refer to a year earlier than the one shown under. Since the figures for 1983 are available, the 1985 figures are assumed to be for 1984.

Notes:—   As in Table 3.1(c)

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS(ANNUAL).

TABLE 3.2(d)

STRUCTURE OF MERCHANDISE IMPORTS OF INDIA
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENT DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	8.99	8.54	–	–	–	–	8.76
2.	Agricultural raw materials 2 less 22+27+28	1.74	2.52	–	–	–	–	2.13
3.	Fuels and combustibles (3)	44.63	43.63	–	–	–	–	44.13
4.	Ores and metals (27+28+67+68)	12.02	13.85	–	–	–	–	12.93
	Total:Primary products (1+2+3+4)	67.38	68.54	–	–	–	–	67.96
5.	Manufactures (5 to 8) less (67+68)	32.61	31.43	–	–	–	–	32.02

–   Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND
DEVELOPMENT STATISTICS, 1986.

as from the World Bank source. The corresponding data f
from the UNCTAD classification is obtained in table 3.3(b).
The average share of primary commodities in Nepal's exports
was 61.25% and 50.23% according to tables 3.3(a) and 3.3(b)
respectively. The average share of manufactured commodi-
ties in Nepal's exports was 38.5% and 45.86% respectively.
Both the tables indicate a drastic decline in the percen-
tage shares of primary commodities mainly attributable to
the sharp decline in the share of agricultural raw materials
in exports. While the UNCTAD data shows a steady decline
in the share of primary commodities, the World Bank data
indicates a fluctuating decline over the years. The
share of manufactured commodities in exports increased
between 1980 and 1985 as indicated by both data sources.
The increase was primarily due to the increase in the
textiles and clothing component of manufactured commodities.

Tables 3.3(c) and 3.3(d) show the import structure
of Nepal. On an average, the share of primary commodi-
ties in Nepal's imports was 28.75% as shown in Table 3.3(c).
Table 3.3(d) shows a slightly higher figure. The average
share of manufactured goods in Nepal's imports was 71.5%
as indicated in Table 3.3(c) and slightly lower as shown
in 3.3(d). Table 3.3(c) indicates an increase in the
percentage share of primary commodities in the imports of
Nepal and a decline in the share of manufactured commodities

TABLE 3.3(a)

STRUCTURE OF MERCHANDISE EXPORTS OF NEPAL
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	Fuels, minerals and metals	(.)	(.)	—	5	—	(.)	5.00
2.	Other primary commodities	69	72	—	43	—	56	60.00
	Total: primary commodities (SL. No. 1+2)	69	72	—	48	—	56	61.25
3	Textiles and clothing	24	10	—	28	—	34	24.00
4.	Machinery and transport equipment	0	(.)	—	1	—	1	1.00
5.	Other manufactures	7	17	—	23	—	9	14.00
	Total: manufactured (SL.NO.3+4+5)	31	27	—	52	—	44	38.50

—   Data not vailable

(.)   Negligible.

Notes: As in Table 3.1(a)

Source: I.B.R.D., ANNUAL WORLD DEVELOPMENT REPORTS.

TABLE 3.3(b)

STRUCTURE OF MERCHANDISE EXPORTS OF NEPAL
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENT DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	21.40	12.21	—	—	36.99	35.08	26.42
2.	Agricultural raw materials 2 less 22+27+28	48.02	35.76	—	—	5.01	5.60	23.60
3.	Fuels and combustibles (3)	0.00	0.00	—	—	0.00	0.00	0.00
4.	Ores and metals (27+28+67+68)	0.09	0.07	—	—	0.39	0.30	0.21
	Total:Primary products	69.51	48.04	—	—	42.39	40.98	50.23
5.	Manufactures (5 to 9)minus (67+68)	30.50	51.95	—	—	42.02	58.98	45.86

—   Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1986.

TABLE 3.3(c)

STRUCTURE OF MERCHANDISE IMPORTS OF NEPAL
MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	Food	4	16	—	15	—	13	12.00
2.	Fuels	18	13	—	11	—	11	13.25
3.	Other primary commodities	2	3	—	4	—	5	3.50
	Total:primary commodities (SL.No.1+2+3)	24	32	—	30	—	29	28.75
4.	Machinery and transport equipment	32	18	—	15	—	20	21.25
5.	Other manufactures	44	50	—	56	—	51	50.25
	Total: manufactured commoditiies (4+5)	76	68	—	71	—	71	71.50

—   Data not available.

Notes:-   As in Table 3.1(c)

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS(ANNUAL).

TABLE 3.3(d)

STRUCTURE OF MERCHANDISE IMPORTS OF NEPAL
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENT DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	4.33	9.55	—	—	—	—	6.94
2.	Agricultural raw materials 2 less 22+27+28	0.59	0.62	—	—	—	—	0.60
3.	Fuels and combustibles (3)	17.71	19.13	—	—	—	—	18.42
4.	Ores and metals (27+28+67+68)	4.17	7.24	—	—	—	—	5.70
	Total:Primary products	26.80	36.54	—	—	—	—	31.67
5.	Manufactures (5 to 8)less (67+68)	70.12	62.94	—	—	—	—	66.53

—　　　Data not available.

Source:　　UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS.

between 1980 and 1985. An increase in the import of food and other primary commodities caused the increase in the share of primary commodities. The decline in manufactured commodities was mainly due to the decline in the import of machinery and equipment. The limited UNCTAD data conforms to the World Bank trend.

The export structure for Nepal for the years under study indicates a welcome trend towards diversification of exports in favour of manufactured commodities.

PAKISTAN

Tables 3.4(a) and 3.4(b) show the export structure of Pakistan. Both the sources indicate nearly the same average share of primary and manufactured commodities in Pakistan's exports. The average share of primary commodities in Pakistan's exports over the period 1980-85 was about 42% and that of manufactured commodities about 58% The trend indicated by both the sources is also the same. While the share of primary commodities in Pakistan's exports decreased during the period under consideration, the share of manufactured commodities increased. The decline in the share of primary commodities in exports may be primarily attributed to the large decline in food and agricultural raw materials. The increase in manufactured commodity exports was due to increase in the textiles, clothing and other manufactures components.

TABLE 3.4(a)

STRUCTURE OF MERCHANDISE EXPORTS OF PAKISTAN
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	Fuels, minerals and metals	7	7	6	2	—	2	4.80
2.	Other primary commodities	43	40	34	34	—	35	37.20
	Total: primary commodities (SL.No. 1+2)	50	47	40	36	—	37	42.00
3	Textiles and clothing	37	41	46	50	—	45	43.80
4.	Machinery and transport equipment	2	1	2	1	—	2	1.60
5.	Other manufactured products	11	11	12	13	—	16	12.60
	Total: manufactures (SL.NO.3+4+5)	50	53	60	64	—	63	58.00

—   Data not vailable.

Notes: As in Table 3.1(a).

Source: I.B.R.D., ANNUAL WORLD DEVELOPMENT REPORTS.

TABLE 3.4(b)

STRUCTURE OF MERCHANDISE EXPORTS OF PAKISTAN
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENT DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	23.53	26.75	20.27	21.38	22.39	17.31	21.94
2.	Agricultural raw materials 2 less 22+27+28	20.47	13.58	13.94	12.49	7.13	18.01	14.27
3.	Fuels and combustibles (3)	7.13	6.55	5.95	1.86	0.99	1.43	3.98
4.	Ores and metals (27+28+67+68)	0.39	0.54	0.97	1.56	1.77	1.17	1.07
	Total:Primary products	51.52	47.42	41.13	37.29	32.28	3..92	41.26
5.	Manufactures (5 to 8)minus (67+68)	48.17	51.10	57.45	61.42	66.38	61.18	57.62

Tables 3.4(c) and 3.4(d) refer to the import structure of Pakistan. The average share of primary products in Pakistan's imports was about 49% while that of manufactured goods 51%. This as shown in Table 3.4(c). Table 3.4(d) indicates these figures to be 53% and 46% respectively. Between 1980 and 1985, there was an increase in the percentage share of primary commodities in the imports of Pakistan and a decline in the percentage share of manufactures. This was due to increasing import share of food products and a decline in the share of other manufactures. These changes were however, not very large and the values fluctuated over the years.

SRI LANKA

A reference to Tables 3.5(a) and 3.5(b) indicate that nearly three quarters of Srilankan exports was composed of primary products while the share of manufactured commodities was only a quarter. A declining share of primary products in exports was visible, this trend primarily attributable to the decline in agricultural faw materials and fuel. An increasing trend was visible in the share of manufactured commodities in the recent past.

A study of the tables showing the import structure of Srilanka from both World Bank and UNCTAD data sources indicates an average percentage share of primary commodi-

TABLE 3.4(c)

STRUCTURE OF MERCHANDISE IMPORTS OF PAKISTAN
MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	Food	13	14	14	14	—	19	14.80
2.	Fuels	27	28	31	28	—	24	27.60
3.	Other primary commodities	6	8	7	6	—	6	6.60
	Total:primary commodities	46	50	52	48	—	49	49.00
4.	Machinery and transport equipment	25	23	23	26	—	27	24.80
5.	Other manufactures	29	27	26	25	—	24	26.20
	Total: manufactured commodities	54	50	49	51	—	51	51.00

—   Data not available.

Notes:-   As in Table 3.1(c)

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS(ANNUAL).

TABLE 3.4(d)

STRUCTURE OF MERCHANDISE IMPORTS OF PAKISTAN
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENT DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	13.03	14.05	13.57	14.03	—	—	13.67
2.	Agricultural raw materials 2 less 22+27+28	3.36	4.36	3.92	3.88	—	—	3.88
3.	Fuels and combustibles (3)	26.95	27.83	30.90	28.35	—	—	28.51
4.	Ores and metals (27+28+67+68)	7.60	8.75	7.07	6.39	—	—	7.45
	Total:Primary products	50.94	54.99	55.46	52.65	—	—	53.51
5.	Manufactures	49.04	44.96	44.50	47.30	—	—	46.45

—   Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS(1986).

TABLE 3.5(a)

STRUCTURE OF MERCHANDISE EXPORTS OF SRI LANKA
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENT DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984*	1985	AVERAGE
1.	Fuels, minerals and metals	16	14	14	10	10	—	12.80
2.	Other primary commodities	65	65	59	60	63	—	62.40
	Total: primary commodities (SL.No. 1+2)	81	79	73	70	73	—	75.20
3	Textiles and clothing	11	16	17	19	21	—	16.80
4.	Machinery and transport equipment	1	(.)	2	1	1	—	1.25
5.	Other manufactures	7	5	8	9	5	—	6.80
	Total: manufactured products	19	21	27	29	27	—	24.60

—   Data not vailable.

*   The figures in this coloumn have been obtained from
the World Development Report which shows it under the
year 1985 but actually refer to an ealier year other
than the one shown under. It is assumed here that the
figures are for 1984 because figures for 1983
specifically exist.

Notes: As in Table 3.1(a)

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS(ANNUAL).

TABLE 3.5(b)

STRUCTURE OF MERCHANDISE EXPORTS OF SRI LANKA
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENTAGE DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	46.98	47.51	46.00	47.10	52.84	–	48.09
2.	Agricultural raw materials 2 less 22+27+28	18.13	17.14	13.90	13.80	10.78	–	14.75
3.	Fuels and combustibles (3)	15.40	12.88	13.14	9.31	8.79	–	11.90
4.	Ores and metals (27+28+67+68)	0.85	0.82	0.86	0.81	0.91	–	0.85
	Total:Primary products	81.36	78.35	73.90	71.02	73.32	–	75.59
5.	Manufactures (5 to 8)less (67+68)	18.55	21.54	26.03	28.90	26.60	–	24.32

–   Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS, 1986.

TABLE 3.5(c)

STRUCTURE OF MERCHANDISE IMPORTS OF SRI LANKA
BY MAJOR PRODUCT GROUPS: 1980-85
(PERCENTAGE DISTRIBUTION BY WORLD BANK CLASSIFICATION)

SERIAL NUMBER	PRODUCT GROUPS	1980	1981	1982	1983	1984*	1985	AVERAGE
1.	Food	20	19	13	17	15	–	16.80
2.	Fuels	24	25	31	24	26	–	26.00
3.	Other primary commodities	3	3	3	3	3	–	3.00
	Total:primary commodities	47	47	47	44	44	–	45.80
4.	Machinery and transport equipment	25	23	24	26	24	–	24.40
5.	Other manufactures	28	30	30	31	32	–	30.20
	Total: manufactured commodities	53	53	54	57	56	–	54.60

–   Data not available.

*   The figures for 1984 are obtained under 1985 in the World Development Report. It is explicitly mentioned in the Report that this refers to an earlier year which is taken here to be 1984 since the data for 1983 already exists.

Notes:-   As in Table 3.1(c).

Source: I.B.R.D., WORLD DEVELOPMENT REPORTS(ANNUAL).

TABLE 3.5(d)

STRUCTURE OF MERCHANDISE IMPORTS OF SRI LANKA
BY MAJOR PRODUCT GROUPS:1980-85
(PERCENTAGE DISTRIBUTION BY UNCTAD CLASSIFICATION)

SERIAL NUMBER	SITC SECTIONS AND MAJOR ITEMS	1980	1981	1982	1983	1984	1985	AVERAGE
1.	All food items (0+1+22+4)	20.40	19.36	12.82	17.17	—	—	17.44
2.	Agricultural raw materials 2 less 22+27+28	1.06	1.55	1.50	1.50	—	—	1.40
3.	Fuels and combustibles (3)	24.29	24.98	31.36	23.87	—	—	26.12
4.	Ores and metals (27+28+67+68)	5.04	4.77	3.94	3.85	—	—	4.40
	Total:Primary products	50.79	50.66	49.62	46.39	—	—	49.36
5.	Manufactures (5 to 8)less (67+68)	48.87	48.93	50.12	53.29	—	—	50.30

—   Data not available.

Source: UNCTAD, HANDBOOK OF INTERNATIONAL TRADE AND DEVELOPMENT STATISTICS(1986).

ties as somewhere between 45% and 50% and that of manu-
factured commodities as 50% to 54% depending on the data
source. Both sources show a fall in the percentage share
of primary commodities in the country's imports over the
period.. This decline is attributable to the decline in
the components of food, fuels, metals and ores.

One finds an increase in manufactures share in Sri
Lanks's imports - an increase caused by manufactured commo-
dities other than machinery and transport equipment.

COMMODITY STRUCTURE OF FOREIGN TRADE BY TOP TEN COMMODITIES

BANGLADESH

A reference to Table 3.6(a) shows the top ten comm-
odity exports of Bangladesh between 1980 and 1985 in
percentage terms. A high commodity concentration of the
country's exports is evident from the fact that more than
85% of total exports of Bangladesh was constituted by
these ten commodities. This proportion declined over the
years. Three commodities namely other woven textile
fabrics, textile articles not elsewhere specified and
raw jute constituted the top three commodities in all the
years.

When table 3.6(a) is compared with table 3.1(a)
one notices that although the share of jute in exports

TABLE 3.6(a)
TOP TEN COMMODITY EXPORTS OF BANGLA DESH : 1980-85(PERCENTAGES)

1980				1981	
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
654	OTHER WOVEN TEX FAB	28.72	654	OTHER WOVEN TEX FAB	27.13
658	TEXTILE ARTICLES NES	25.44	658	TEXTILE ARTICLES NES	25.29
264	JUTE,OTHER TEX BAST FIB.	18.86	264	JUTE,OTHER TEXT BAST FIBRES	15.56
611	LEATHER	7.55	611	LEATHER	9.09
074	TEA AND MATE	5.90	074	TEA AND MATE	5.86
036	SHELL FISH FRSH,FRZN	4.79	036	SHELL FISH FRSH,FRZN	5.43
651	TEXTILE YARN	1.29	651	TEXTILE YARN	1.62
931	SPECIAL TRANSACTIONS	1.20	011	MEAT, FRESH,CHILLED, FRZN	1.42
641	PAPER AND PAPERBOARD	0.95	042	RICE	1.16
512	ALCOHOLS, PHENOLS PHENOL ALCOHOLS	0.82	657	SPCL TEXTILES FABRIC PRODUCTS	1.03
	TOP TEN COMMODITIES	94.92		TOP TEN COMMODITIES	93.59

1982				1983	
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
658	TEXTILE ARTICLES NES	24.33	654	OTHER WOVEN TXTL FAB	25.80
654	OTHER WOVEN TEX FAB	18.64	658	TEXTILE ARTICLES NES	15.66
264	JUTE,OTHER TEX BAST FIB.	14.92	264	JUTE, OTHER TEX BAST FIBRES	14.36
036	SHELL FISH FRSH,FRZN	9.02	611	LEATHER	9.32
611	LEATHER	8.41	036	SHELL FISH FRSH,FRZN	8.37
074	TEA AND MATE	7.51	074	TEA AND MATE	7.45
723	CIVIL ENGINEERING EQUIP ETC	2.87	334	PETROLEUM PRODS REFIN	3.68
651	TEXTILE YARN	2.00	651	TEXTILE YARN	2.88
334	PETROLEUM PRODS REFINED	1.73	562	FERTILIZERS, MANUFAC	1.18
081	FEEDING STUFF FOR ANIMAL	0.95	844	UNDERGARMENTS-NONKNIT	1.17
	TOP TEN COMMODITIES	90.38		TOP TEN COMMODITIES	89.87

1984				1985	
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
654	OTH WOVEN TEXFAB	22.19	658	TEXTILE ARTICLES NES	17.45
658	TEXTILE ARTICLES NES	19.93	654	OTH WOVEN TXTL FAB	17.01
264	JUTE, OTH TEX BAST FIBRES	14.76	264	JUTE, OTH TEX BAST FIBRES	12.61
611	LEATHER	9.34	844	UNDERGARMENTS-NONKNIT	10.81
036	SHELL FISH FRSH,FRZN	8.11	036	SHELL FISH FRSH, FRZN	9.20
074	TEA AND MATE	6.83	611	LEATHER	7.53
844	UNDERGARMENTS-NONKNIT	4.63	074	TEA AND MATE	4.41
651	TEXTILE YARN	3.69	843	WOMEN'S OUTWEAR-NONKNIT	3.31
334	PETROLEUM PRODS REFIN	1.88	651	TEXTILE YARN	2.78
842	MEN'S OUTWEAR-NONKNIT	1.63	842	MEN'S OUTWEAR-NONKNIT	2.65
	TOP TEN COMMODITIES	92.99		TOP TEN COMMODITIES	87.76

Source: Estimated from data presented in UN., Yearbook of International
Trade Statistics, various issues.

of Bangladesh reduced between 1980 and 1985 (Table 3.6a)
the share of total primary commodities in total exports
showed an increase. This increase as pointed out earlier,
was due to the food and fuel items as brought out by the
UNCTAD source. Among food products shell fish fresh,
frozen improved its share (Table 3.6 a). On the other
hand, a decline in the share of manufactures in the
country's exports (Table 3.1 a& b) was due to the drastic
decrease in the share of textiles primarily. This is
clearly brought out in Table 3.6(a). This decline in
textiles can be safely assumed to relate to jute textiles
since one finds a decline in the exports of jute fibres
over the period under study.

Table 3.6(b) identifies the top ten commodity imports
of Bangladesh during the period 1980 and 1985. The commo-
dity concentration of Bangladesh imports is not very
high with the top ten commodities never accounting for
more than 51% of total imports during the period. This
proportion has fluctuated over the years with a trend, towards
an increase. Wheat, fertilizers, and petroleum constituted
the major imports of Bangladesh. Tables 3.1(c) and 3.1(d)
had indicated an increase in the import of primary commo-
dities mainly attributable to fuel imports. This is
confirmed by Table 3.6(b) which shows an increase in the

TABLE 3.6(b)
TOP TEN COMMODITY IMPORTS OF BANGLA DESH : 1980-85(PERCENTAGES)

1980			1981		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
041	WHEAT ETC UNMILLED	9.92	334	PETROLEUM PRODS, REFIN	5.95
562	FERTILIZERS, MANUFACTURE	5.65	562	FERTILIZERS, MANUFACTURE	5.85
334	PETROLEUM PRODS, REFIN	5.59	041	WHEAT ETC UNMILLED	5.58
263	COTTON	3.90	263	COTTON	4.86
424	FIXED VEG OIL NONSOFT	3.63	674	IRN, STL UNIV PLATE SHEET	4.54
661	LIME, CEMENT, BLDG PRODS	3.47	424	FIXED VEG OIL NONSOFT	3.83
333	PETROLEUM OILS, CRUDE		651	TEXTILE YARN	2.70
	CRUDE OILS	3.09	728	OTHER MACHY FOR SPCL INDS	2.28
791	RAILWAY VEHICLES	2.62	022	MILK AND CREAM	2.06
713	INTRNL COMBUS.PSTN ENGIN	2.41	713	INTRNL COMBUS PSTN	
651	TEXTILE YARN	2.32		ENGINE	2.01
	TOP TEN COMMODITIES	42.60		TOP TEN COMMODITIES	39.66

1982			1983		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
334	PETROLEUM PRODS, REFIN	11.19	334	PETROLEUM PRODS, REFIN	10.22
041	WHEAT ETC UNMILLED	10.71	041	WHEAT ETC UNMILLED	7.95
562	FERTILIZERS, MANUFACTURE	5.46	562	FERTILIZERS, MANUFACTURE	7.51
042	RICE	4.82	263	COTTON	5.30
263	COTTON	3.93	728	OTHER MACHY FOR SPCL INDS	3.92
661	LIME, CEMENT BLDG PRODS	3.17	424	FIXED VEG OIL NONSOFT	3.90
728	OTHER MACHY FOR SPCL INDS	3.13	661	LIME CEMENT BLDG PRODS	3.70
424	FIXED VEG OIL NONSOFT	2.93	651	TEXTILE YARN	2.86
713	INTRNL COMBUS PSTN ENGIN	2.47	674	IRN STL UNIV PLATE	2.58
651	TEXTILE YARN	2.27	713	INRNL COMBUS PSTN	
				SHEET ENGIN	2.33
	TOP TEN COMMODITIES	50.08		TOP TEN COMMODITIES	50.27

1984			1985		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
334	PETROLEUM PRODS, REFIN	8.96	333	PETROLEUM CRUDE, CRUDE OILS	8.74
041	WHEAT ETC UNMILLED	8.95	334	PETROLEUM PRODS REFIN	7.43
424	FIXED VEG OIL NONSOFT	5.63	041	WHEAT ETC UNMILLED	6.49
263	COTTON	4.76	562	FERTILIZERS, MANUFACTURE	5.73
042	RICE	4.12	424	FIXED VEG OIL NONSOFT	5.57
562	FERTILIZERS, MANUFACTURE	4.04	674	IRN STL UNIV PLATE SHEET	4.00
674	IRN STL UNIV PLATE SHEET	3.61	042	RICE	3.73
651	TEXTILE YARN	2.84	651	TEXTILE YARN	3.20
728	OTHER MACHY FOR SPCL INDS	2.76	263	COTTON	3.14
022	MILK AND CREAM	2.70	022	MILK AND CREAM	2.51
	TOP TEN COMMODITIES	48.37		TOP TEN COMMODITIES	50.54

Source: As in Table 3.6(a).

share of petroleum products in Bangladesh's imports in 1985 when compared to 1980. The decline in manufactured imports witnessed in earlier tables is corroborated now by Table 3.6(b) which shows a decline in the share of transport equipment such as railway vehicles and internal combustion engines.

INDIA

Data available for India is incomplete. It is therefore difficult to draw any conclusion. Nevertheless, comparing the figures for 1980 and 1981 in Table 3.7(a) one finds that commodity concentration in India's case was not very high. The top ten commodities accounted for less than half of the total exports of India. There was a marginal increase in their share in 1981. This was due to the increase in exports of gems and readymade garments. Table 3.2(a) and (b) had earlier indicated an increase in prim'ry product exports brought about mainly by fuel exports. This is not evident in Table 3.7(a) due to the lack of data. There was a decline in textile exports marginally which may have caused the decline in manufactured exports.

Table 3.7(b) indicating the top ten commodity imports of India does exhibit high commodity concentration of imports mainly attributable to petroleum products. While the share of crude petroleum imports increased between 1980 and 1981 that of refined petroleum products reduced

TABLE 3.7(a)

TOP TEN COMMODITY EXPORTS OF INDIA (PERCENTAGES)

1980			1981		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
667	PEARL,PREC-,SEMI-P-STONE	7.65	667	PEARL,PREC-,SEMI-P-STONE	8.39
074	TEA AND MATE	5.97	074	TEA AND MATE	5.57
281	IRON ORE, CONCENTRATES	5.43	843	WOMEN'S OUTWEAR NONKNIT	5.10
652	COTTON FABRICS, WOVEN	4.64	042	RICE	4.78
611	LEATHER	4.51	652	COTTON FABRICS, WOVEN	4.29
658	TEXTILE ARTICLES NES	3.60	281	IRON ORE, CONCENTRATES	4.03
071	COFFEE AND SUBSTITUTES	3.58	611	LEATHER	3.74
843	WOMEN'S OUTWEAR NONKNIT	3.58	036	SHELL FISH FRSH, FRZN	3.41
654	OTHER WOVEN TEX FABRIC	2.69	658	TEXTILE ARTICLES NES	3.06
057	FRUIT,NUTS,FRESH,DRIED	2.62	121	TOBACCO UNMANUFACTURED REFUSE	2.92
	TOP TEN COMMODITIES	44.27		TOP TEN COMMODITIES	45.29

Source: As in Table 3.6(a).

1... ....

TABLE 3.7(b)

TOP TEN COMMODITY IMPORTS OF INDIA (PERCENTAGES)

	1980				1981	
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
333	CRUDE PETROLEUM	28.00	333	CRUDE PETROLEUM	30.25
334	PETROLEUM PRODS, REFIN	16.12	334	PETROLEUM PRODS, REFIN	13.12
562	FERTILIZERS,MANUFACTURE	4.74	674	IRN, STL UNIV PLATE SHEET	4.56
667	PEARL,PREC,SEMI-P,STONE	3.82	562	FERTILIZERS,MANUFACTURE	4.10
423	FIXED VEG OILS,SOFT	3.47	667	PEARL,PREC,SEMI-P,STONE	4.78
674	IRN,STL UNIV,PLATE,SHEET	3.26	423	FIXED VEG OILS, SOFT	2.65
792	AIRCRAFT ETC	3.10	641	PAPER AND PAPERBOARD	1.79
424	FIXED VEG OIL NONSOFT	2.33	749	NON ELEC MACH PTS,ACC NES	1.73
749	NON ELEC MACH PTS,ACC NES	1.81	673	IRN,STL,SHAPES ETC	1.62
684	ALUMINIUM	1.63	424	FIXED VEG OIL NONSOFT	1.61
	TOP TEN COMMODITIES	62.28		TOP TEN COMMODITIES	65.21

Source: As in Table 3.6(a).

Although the data is incomplete, there is reason to believe that India's petroleum imports declined over the period 1980-85 causing decline in the commodity concentration of India's imports among the top ten commodities. This decline in petroleum imports may have also caused the decrease in primary commodities share in total imports as indicated by tables analysed earlier.

NEPAL

A cursory glance at table 3.8(a) reveals a high degree of commodity concentration of Nepal's exports. The top ten commodities have accounted for more than 75% of total exports of Nepal. This proportion had declined over the years but continues to be quite high. The decline in the share of primary commodities in Nepal's exports as observed earlier in tables 3.3(a) and 3.3(b) is mainly due to decline in its export share of hides and skins, jute, spices and wood rough. The increase in the share of Nepal's manufactured exports has been mainly on account of the increasing shares of floor coverings and garment exports.

It will be observed in table 3.8(b) that the top ten commodities of Nepal accounted for more than 40% of Nepal's total imports over the period under study. Also to be noticed is a considerable decline in Nepal's import concentration on top ten products. As in case of exports,

TABLE 3.8(a)
TOP TEN COMMODITY EXPORTS OF NEPAL (PERCENTAGES)

1980			1981		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
211	HIDES,SKINS,UNDRESSED	27.11	896	WORKS OF ART,ETC	16.76
653	WOVEN TEXTILES NON-COTTON	15.59	211	HIDES,SKINS,UNDRESSED	16.08
264	JUTE	15.32	264	JUTE	15.66
054	VEG ETC FRESH SMPLY PRSVD	10.49	657	FLOOR COVER, TAPESTRY ETC	10.85
657	FLOOR COVER,TAPESTRY ETC	7.09	641	PAPER AND PAPERBOARD	7.66
896	WORKS OF ART ETC	5.66	611	LEATHER	6.65
242	WOOD ROUGH	5.32	054	VEG ETC FRESH,SMPLY PRSVD	6.63
042	RICE	5.05	653	WOVEN TEXTLS NONCOTTON	3.93
061	SUGAR AND HONEY	2.47	242	WOOD ROUGH	3.80
075	SPICES	2.31	075	SPICES	2.99
	TOP TEN COMMODITIES	94.41		TOP TEN COMMODITIES	91.01

1983			1984		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
657	FLOOR COVER,TAPESTRY ETC	14.07	657	FLOOR COVER,TAPESTRY ETC	18.57
611	LEATHER	8.76	931	SPECIAL TRANSACTIONS	15.58
264	JUTE	8.68	656	TXTL ETC PRODS NES	6.77
656	TXTL ETC PRODS NES	8.66	001	LIVE ANIMALS	6.71
931	SPECIAL TRANSACTIONS	8.10	653	WOVEN TXTLS NONCOTTON	5.59
653	WOVEN TXTLS NONCOTTON	7.39	054	VEG ETC FRESH,SMPLY PRSVD	5.50
001	LIVE ANIMALS	6.02	042	RICE	4.62
221	OILSEEDS,NUTS,KERNELS	5.23	221	OILSEEDS,NUTS,KERNELS	4.54
532	DYES NES,TANNING PRODS	5.15	532	DYES NES,TANNING PRODS	4.37
081	ANIMAL FEEDING STUFF	5.14	081	ANIMAL FEEDING STUFF	3.88
	TOP TEN COMMODITIES	77.20		TOP TEN COMMODITIES	76.13

1985		
CODE	COMMODITY	PERCENT
843	WOMEN'S OUTWE, NONKNIT	19.57
657	FLOOR COVERINGS, ETC	10.99
611	LEATHER	10.22
042	RICE	9.85
054	VEG ETC FRESH SMPLY PRSVD	7.40
658	TEXTILE ARTICLES NES	4.50
001	LIVE ANIMALS	4.37
654	OTH WOVEN TEXFAB	4.15
532	DYES NES TANNING PRODS	3.46
081	ANIMAL FEEDING STUFF	3.16
	TOP TEN COMMODITIES	77.67

Note: Data for 1982 not available.
Source: As in Table 3.6(a).

TABLE 3.8(b)
TOP TEN COMMODITY IMPORTS OF NEPAL (PERCENTAGES)

1980			1981		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
332	PETROLEUM PRODS	17.71	332	PETROLEUM PRODUCTS	18.87
719	MACHINES NES NONELECTRIC	8.77	561	FERTILIZERS, MANUFACTURE	6.99
661	CEMENT ETC BLDG PRODS	8.00	719	MACHINES NES NONELECTRIC	6.42
734	AIRCRAFT	7.32	732	ROAD MOTOR VEHICLES	5.73
725	DOMESTIC ELECTRIC EQUIP	6.46	276	OTHER CRUDE MINERALS	4.54
561	FERTILIZERS,MANUFACTURE	5.09	691	STRUCTURES AND PARTS NES	4.27
732	ROAD MOTOR VEHICLES	4.46	042	RICE	2.86
724	TELECOM EQUIP	3.10	725	DOMESTIC ELEC EQUIP	2.69
931	SPECIAL TRANSACTIONS	3.07	651	TEXTL YARN AND THREAD	2.45
671	PIG IRON,SPG IRON,FERRO ALLOYS	3.01	554	SOAPS,CLEANING ETC PREPS	2.35
	TOP TEN COMMODITIES	66.99		TOP TEN COMMODITIES	57.17

1983			1984		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
332	PETROLEUM PRODUCTS	10.56	332	PETROLEUM PRODUCTS	12.06
652	COTTON FABRICS,WOVEN	6.19	652	COTTON FABRICS,WOVEN	6.14
661	CEMENT ETC BLDG PRODS	5.48	931	SPECIAL TRANSACTIONS	5.70
931	SPECIAL TRANSACTIONS	4.92	661	CEMENT ETC BLDG PRODS	4.79
561	FERTILIZERS,MANUFACTURE	3.69	719	MACHINES NES NONELECTRIC	4.75
541	MEDICINAL ETC PRODS	3.07	541	MEDICINAL ETC PRODS	4.08
653	WOVEN TEXTILES NONCOTTON	2.86	732	ROAD MOTOR VEHICLES	4.03
732	ROAD MOTOR VEHICLES	2.82	001	LIVE ANIMALS	3.58
678	IRN,STL,TUBES,PIPES ETC	2.57	561	FERTILIZERS,MANUFACTURE	2.99
001	LIVE ANIMALS	2.39	722	ELEC PWR MACH,SWITCHGEAR	2.79
	TOP TEN COMMODITIES	44.55		TOP TEN COMMODITIES	50.91

1985		
CODE	COMMODITY	PERCENT
334	PETROLEUM PRODS, REFIN	10.49
652	COTTON FABRICS,WOVEN	7.10
562	FERTILIZERS,MANUFACTURE	4.66
661	CEMENT ETC BLDG PRODS	4.33
541	MEDICINAL ETC PRODS	4.24
011	MEAT FRSH,CHILLED,FRZN	3.48
651	TEXTILE YARN AND THREAD	2.75
653	WOVEN TXTLS NONCOTTON	2.54
784	PARTS AND ACC NES OF MOTOR VEH	1.95
678	IRN STL TUBES PIPES ETC	1.77
	TOP TEN COMMODITIES	43.31

Note: Data for 1982 not available

the share of primary products in Nepal's imports had increased as compared to manufactured products. Comparison of figures in 1985 over 1980 clearly indicates that the items of import pertaining to capital goods and transport machinery had clearly declined in importance.

PAKISTAN

Table 3.9)a) illustrates the heavy dependence of Pakistan on the export of top ten products in total exports. These accounted between 65-80% of Pakistan's exports between 1980-85. Compared to 1981 the export share of top ten products has shown only a marginal decline. The main primary product whose share has gone down over the period is rice while among manufactures the share of textile yarn has gone up marginally.

The commodity concentration with respect to top ten products in case of imports is less as compared to exports as may be seen in Table 3.9(b). These accounted for between 47-59% of Pakistan's total imports during 1980-85. This concentration has however been declining over this period. An increase in the share of primary products in Pakistan in 1985 could have been caused by the inclusion of wheat imports. A decline in the share of manufactures is likely to have been due to a decline in the importance of manufactures other than machinary and transport equipment in Pakistan's imports.

TABLE 3.9(a)
TOP TEN COMMODITY EXPORTS OF PAKISTAN (PERCENTAGES)

1980				1981		
CODE	COMMODITY	PERCENT		CODE	COMMODITY	PERCENT
263	COTTON	17.80		042	RICE	18.98
652	COTTON FAB, WOVEN	9.07		263	COTTON	11.34
657	SPCL TXTL FAB,PRODS	8.92		652	COTTON FAB WOVEN	9.94
651	TEXTILE YARN	8.12		657	SPCL TXTL FAB,PRODS	7.26
332	PETROLEUM PRODUCTS	4.95		651	TXTL YARN	7.15
656	TXTL ETC PRODS NES	4.76		656	TXTL ETC PRODS NES	7.11
841	CLOTHING NOT OF FUR	3.93		332	PETROLEUM PRODUCTS	5.83
611	LEATHER	3.57		841	CLOTHING NOT OF FUR	4.87
653	WOVEN MANMADE FIB FABRIC	2.47		611	LEATHER	3.71
331	CRUDE PETROLEUM,ETC.	2.08		653	WOVEN MANMADE FIB FAB	3.41
	TOP TEN COMMODITIES	65.87			TOP TEN COMMODITIES	79.60

1982				1983		
CODE	COMMODITY	PERCENT		CODE	COMMODITY	PERCENT
042	RICE	11.55		042	RICE	13.54
652	COTTON FAB WOVEN	11.31		652	COTTON FAB WOVEN	11.78
263	COTTON	11.31		263	COTTON	10.87
651	TXTL YARN	9.63		651	TXTL YARN	9.88
658	TEXTILE ARTICLES NES	9.08		658	TEXTILE ARTICLES NES	7.47
659	FLOR COVERINGS ETC	5.75		659	FLOOR COVERINGS ETC	5.42
334	PETROLEUM PRODS,REFIN	5.75		654	OTHER WOVEN TXTL FAB	4.36
611	LEATHER	4.10		611	LEATHER	3.76
036	SHELL FISH FRSH,FRZN	2.95		653	WOVEN MANMADE FIB FAB	3.75
654	OTH WOVEN TXTL FAB	2.88		034	FISH FRSH CHILLED FRZN	1.93
	TOP TEN COMMODITIES	74.31			TOP TEN COMMODITIES	72.76

1984				1985		
CODE	COMMODITY	PERCENT		CODE	COMMODITY	PERCENT
042	RICE	13.05		263	COTTON	15.63
652	COTTON FAB WOVEN	12.30		652	COTTON FAB WOVEN	10.98
651	TEXTL YARN	8.95		651	TEXTL YARN	10.01
658	TEXTL ARTICLES NES	7.03		042	RICE	9.93
659	FLOOR COVERINGS ETC	6.32		658	TEXTILE ARTICLES NES	8.01
611	LEATHER	6.25		611	LEATHER	5.79
263	COTTON	4.97		659	FLOOR COVERINGS ETC	4.81
653	WOVEN MANMADE FIB FAB	3.87		562	FERTILIZERS,MANUFACTURE	3.02
036	SHELL FISH FRSH FRZN	2.52		843	WOMEN'S OUTWEAR NONKNIT	2.44
843	WOMEN'S OUTWEAR NONKNIT	2.26		036	SHELL FISH FRSH FRZN	2.26
	TOP TEN COMMODITIES	67.52			TOP TEN COMMODITIES	72.88

Source: As in Table 3.6(a).

TABLE 3.9(b)
TOP TEN COMMODITY IMPORTS OF PAKISTAN (PERCENTAGES)

1980				1981		
CODE	COMMODITY	PERCENT		CODE	COMMODITY	PERCENT
331	CRUDE PETROLEUM, ETC	16.33		331	CRUDEE PETROLEUM, ETC	20.92
332	PETROLEUM PRODUCTS	10.26		332	PETROLEUM PRODUCTS	6.59
561	FERTILIZERS MANUFACTURE	7.36		732	ROAD MOTOR VEHICLES	4.59
734	AIRCRAFT	4.88		719	MACHINES NES NONELECTRIC	3.97
719	MACHINES NES NONELECTRIC	4.70		421	FIXED VEG OIL SOFT	3.24
732	ROAD MOTOR VEHICLES	4.66		561	FERTILIZERS MANUFFACTURE	3.00
422	FIXED VEG OIL NONSOFT	2.76		651	TEXTILE YARN	2.78
674	UNIVERSALS, PLATES & SHEETS OF IRN, STEEL	2.75		674	UNIVERSALS, PLATES & SHEETS OF IRN, STEEL	2.73
651	TEXTILE YARN AND THREAD	2.74		422	FIXED VEG OIL NONSOFT	2.56
421	FIXED VEG OIL SOFT	2.39		074	TEA AND MATE	2.24
	TOP TEN COMMODITIES	58.83			TOP TEN COMMODITIES	52.60

1982				1983		
CODE	COMMODITY	PERCENT		CODE	COMMODITY	PERCENT
333	CRUDE PETROLEUM	19.93		333	CRUDE PETROLEUM	18.39
334	PETROLEUM PRODS,REFIN	10.23		334	PETROLEUM PRODS, REFIN	9.11
722	TRACTORS NONROAD	3.05		424	FIXED VEG OIL NONSOFT	3.29
423	FIXED VEG OILS, SOFT	2.85		074	TEA AND MATE	2.84
651	TEXTILE YARN	2.81		423	FIXED VEG OILS, SOFT	2.78
562	FERTILIZERS, MANUFACTURE	2.69		651	TEXTILE YARN	2.65
674	IRN STL UNIV PLATE SHEET	2.68		674	IRN STL UNIV PLATE SHEET	2.60
424	FIXED VEG OIL NONSOFT	2.44		722	TRACTORS NONROAD	2.34
074	TEA AND MATE	2.14		541	MEDICINAL PHARM PRODUCT	2.26
541	MEDICINAL PHARM PRODUCT	2.01		562	FETILIZERS, MANUFACTURE	2.26
	TOP TEN COMMODITIES	50.83			TOP TEN COMMODITIES	48.51

1984				1985		
CODE	COMMODITY	PERCENT		CODE	COMMODITY	PERCENT
333	CRUDE PETROLEUM	15.34		333	CRUDE PETROLEUM	15.01
334	PETROLEUM PRODS, REFIN	8.59		334	PETTROLEUM PRODS, REFIN	8.23
424	FIXED VEG OIL NONSOFT	4.85		041	WHEAT UNMILLED	4.75
423	FIXED VEG OIL, SOFT	4.21		424	FIXED VEG OIL NONSOFT	4.66
074	TEA AND MATE	3.66		074	TEA AND MATE	3.19
674	IRN STL UNIV PLATE SHEET	2.58		423	FIXED VEG OIL, SOFT	2.93
722	TRACTORS NONROAD	2.56		792	AIRCRAFTS AND PARTS NES	2.77
541	MEDICINAL PHARM PRODS	2.32		541	MEDICINAL PHARM PRODS	2.27
562	FERTILIZERS, MANUFACTURE	2.16		674	IRN STL UNIV PLATE SHEET	2.16
728	OTH MACH & EQUIP SPCL PARTS NES	2.00		562	FERTILIZERS, MANUFAC	1.85
	TOP TEN COMMODITIES	48.27			TOP TEN COMMODITIES	47.82

SRI LANKA

Table 3.10(a) displays Srilanka's top ten commodity exports. This table indicates a high degree of export concentration of commodities in all the years for which data is available. The top ten commodities accounted for more than 80% of Srilankan exports. There was a marginal increase in the share of top ten commodities between 1981-84 which may be caused by increase in tea exports. An interesting feature is that despite increase in tea exports (Table 3.10a), the share of primary commodities in total exports declined (Refer to Tables 3.5a and b). The decline in primary commodities could be attributed to a decline in the share of exports of spices and fruits, nuts, fresh dried.

Srilanka's imports do not exhibit high commodity concentration (Table 3.10b). The share of top ten commodities in the country imports fluctuated around 50% between 1981 and 1984. Between 1981 and 1984 one finds a decline in this concentration brought about by commodities such as sugar, honey, wheat, fertilizers, and rice.

COMMODITY CONCENTRATION AND EXPORT EARNINGS INSTABILITY

A general proposition that has influenced thinking on international trade and economic development is that greater the concentration of a country's exports on a

TABLE 3.10(a)

TOP TEN COMMODITY EXPORTS OF SRI LANKA (PERCENTAGES)

1981			1982		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
074	TEA AND MATE	32.16	074	TEA AND MATE	30.06
232	NATURAL RUBBER AND GUMS	14.42	334	PETROLEUM PRODS, REFIN	12.93
334	PETROLEUM PRODS, REFIN	12.92	232	NATURAL RUBBER AND GUMS	11.06
843	WOMEN'S OUTWEAR NONKNIT	6.23	843	WOMEN'S OUTWERA NONKNIT	7.38
842	MEN'S OUTWEAR NONKNIT	5.18	842	MEN'S OUTWEAR NONKNIT	5.07
057	FRUITS, NUTS, FRSH, DRIED	4.50	057	FRUITS, NUTS, FRSH, DRIED	4.41
075	SPICES	4.02	667	PEARL,PREC,SEMI-P-STONE	3.24
844	UNDERGARMENTS NONKNIT	2.10	075	SPICES	2.90
265	VEG FIBRE,EXCL COTN,JUTE	1.69	844	UNDERGARMENTS NONKNIT	2.22
036	SHELL FISH FRSH FRZN	1.52	036	SHELL FISH FRSH FRZN	1.86
	TOP TEN COMMODITIES	84.74		TOP TEN COMMODITIES	81.13

1983			1984		
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
074	TEA AND MATE	32.91	074	TEA AND MATE	42.52
232	NATURAL RUBBER,GUMS	11.32	843	WOMEN'S OUTWEAR NONKNIT	9.82
843	WOMEN'S OUWEAR NONKNIT	9.58	232	NATURAL RUBBER, GUMS	8.91
334	PETROLEUM PRODS, REFIN	9.56	334	PETROLEUM PRODS, REFIN	8.68
842	MEN'S OUTWEAR NONKNIT	4.52	842	MEN'S OUTWEAR NONKNIT	5.59
057	FRUITS,NUTS,FRESH,DRIED	4.18	057	FRUITS,NUTS,FRESH,DRIED	3.42
667	PEARL,PREC,SEM-P-STONE	3.73	844	UNDERGARMENTS NONKNIT	2.17
075	SPICES	2.80	075	SPICES	1.95
844	UNDERGARMENTS NONKNIT	2.23	667	PEARL,PREC,SEMI-P-STONE	1.66
424	FIXED VEG OIL NONSOFT	1.83	036	SHELL FISH FRSH, FRZN	1.51
	TOP TEN COMMODITIES	82.66		TOP TEN COMMODITIES	86.28

Note: Data for 1980 and 1985 not available.

Source: As in Table 3.6(a).

TABLE 3.10(b)

TOP TEN COMMODITY IMPORTS OF SRI LANKA (PERCENTAGES)

	1981			1982	
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
333	CRUDE PETROLEUM	22.23	333	CRUDE PETROLEUM	27.59
061	SUGAR AND HONEY	7.74	041	WHEAT ETC UNMILLED	3.57
041	WHEAT ETC UNMILLED	5.41	334	PETROLEUM PRODSS, REFIN	3.51
562	FERTILIZERS, MANUFAC	3.44	653	WOVEN MANMADE FIB FABRICS	2.98
653	WOVEN MANMADE FIB FABRIC	3.35	061	SUGAR AND HONEY	2.57
652	COTTON FABRICS, WOVEN	2.63	652	COTTON FABRICS, WOVEN	2.16
042	RICE	2.58	782	LORRIES SPCL MTR VEH NES	2.04
334	PETROLEUM PRODS, REFIN	2.52	042	RICE	1.60
782	LORRIES, SPCL MTR VEH NES	2.42	562	FERTILIZERS, MANUFACTURE	1.52
641	PAPER AND PAPERBOARD	1.56	651	TEXTILE YARN	1.41
	TOP TEN COMMODITIES	53.88		TOP TEN COMMODITIES	48.95

	1983			1984	
CODE	COMMODITY	PERCENT	CODE	COMMODITY	PERCENT
333	CRUDE PETROLEUM	16.80	333	CRUDE PETROLEUM	22.44
334	PEETROLEUM PRODS, REFIN	6.79	041	WHEAT ETC UNMILLED	3.48
061	SUGAR AND HONEY	4.03	334	PETROLEUM PRODS, REFIN	3.14
041	WHEAT ETC UNMILLED	3.86	653	WOVEN MANMADE FIB FABRICS	2.86
653	WOVEN MANMADE FIB FABRICS	3.07	061	SUGAR AND HONEY	2.61
782	LORRIES SPCL MTR VEH NES	2.45	792	AIRCRAFT ETC	2.59
652	COTTON FABRICS, WOVEN	2.36	782	LORRIES SPCL MTR VEH NES	2.43
042	RICE	2.18	652	COTTON FABRICS, WWOVEN	2.26
022	MILK AND CREAM	1.90	562	FERTILIZERS, MANUFACTURE	2.18
691	STRUCTURES AND PARTS NES	1.47	054	VEG ETC FRSH SMPLY PRSVD	2.05
	TOP TEN COMMODITIES	44.91		TOP TEN COMMODITIES	46.01

Note: Data for 1980 and 1985 not available.

Source: As in Table 3.6(a).

narrow range of products, greater the fluctuations in export earnings. Such export earnings instability in its turn is believed to destabilise imports as well and affect adversely the economic growth and development of countries. Export instability for instance causes fluctuations in export earnings, a sudden rise of which may lead to excessive incomes within the country culminating in a demand for commodities in short supply and consequent inflation. The adverse socio-economic and political fall outs of inflation are too well known to demand reiteration here. A drastic fall in exports on the otherhand, may curtail investment and adversely affect employment prospects in the country. A decline in exports may cause balance of payments problems and foreign exchange constraints and restrict the ability of the country to import essential commodities, thus thwarting development. Import instability too has its adverse repersussions on the economy. A sudden fall in essential imports hampers development and an equally sudden rise may cause foreign exchange constrants and balance of payments difficulties.

The repercussions of export earnings instability being so adverse on a country's economic development, it would be interesting to test for the South Asian Countries, the validity of the earlier proposition relating commodity

concentration to export earnings instability as also to examine the effect of export earnings instability on imports. This part of the dissertation proceeds to do so.

To begin with, it is essential to calculate the commodity concentration indices for exports of each South Asian country for the years 1980 to 1985. This is done by using an index. The index used here is the Gini-Hischman measure of concentration.

$$C = \sqrt{\sum \left(\frac{Xi}{X}\right)^2} \qquad \text{where,}$$

C stands for Commodity concentration; X_i for the value of a country's exports of commodity i; X for total value of exports of that country. The limits of this index are unity in the case where the country exports just one good and $1/\sqrt{n}$ where n equals the total nunber of export items. This lower limit represents the situation where a country divides its total exports equally among the different commodities. The larger the possible number of goods traded, lower will be the lower limit of the index.

This concentration index was developed by Gini and first used by Hirschman. Hence the name Gini-Hirschman measure of concentration. This index has been used here primarily on account of its simplicity. Unlike our previous estimate of commodity concentration based on top ten products, here the index is based on all products at three digit, SITC classification.

Having spelt out the method used here for calcula-
ting the commodity concentration indices, it is necessary
to explain now the manner in which exports/import insta-
bility has been computed. The index of instability is
defined as

$$U_t^2 = \left(\frac{X_t - \bar{X}_t}{\bar{X}_t}\right)^2 \times 100$$

where,

x_t is the total value of exports/imports of a
country in year t. $\bar{x}_t$ is the trend value obtained by
regressing X_t on time. The trend values of exports/
imports were obtained by fitting an exponential growth
function on the assumption that the country's planners
would like exports/imports of all goods to follow an
exponential growth path. Countries plan in terms of real
growth (as given by exponential function) and not in
terms of absolute increments (as given by linear function).

The exponential growth function is given by:

$X_t = ae^{bt}$. This equation form
is converted into a linear equation by taking logarithm
on both sides:

$$\log X_t = \log a + bt$$

or $\log X_t = a + bt$

$$X_t = est\ (\log a) + est\ (bt)$$

$$t = 1979, 1980, \ldots\ldots, 1985.$$

The analytical framework described above has been used to compute the commodity concentration indices, export instability indices and import instability indices for all South Asian countries with the exception of Maldives and Bhutan for which data was not available. The following table 3.11 gives the relevant indices for Bangladesh, India, Nepal, Pakistan and Srilanka. A comparison of table 3.11 with tables 3.6(a) - 3.10(a) reveals that the level as well as the trend in the Hershman indices of commodity concentration of exports is, by and large, similar to the commodity concentration as reflected by the top ten export commodities of South Asian countries.

Table 3.11

INDICES OF COMMODITY CONCENTRATION OF EXPORTS, EXPORT INSTABILITY AND IMPORT INSTABILITY

Country	Years	Commodity concentration indices for exports	Export instability Indices	Import instability Indices
(1)	(2)	(3)	(4)	(5)
Bangla-desh	1980	0.45	0.02	0.25
	1981	0.43	0.01	1.02
	1982	0.38	0.09	0.33
	1983	0.38	0.77	1.05
	1984	0.37	0.06	0.17
	1985	0.33	0.07	0.09

(1)	(2)	(3)	(4)	(5)
India	1980	0.19	0.04	1.10
	1981	0.19	0.27	1.48
	1982	-	0.39	0.19
	1983	-	0.80	0.32
	1984	-	0.49	0.004
	1985	-	0.49	0.15
Nepal	1980	0.38	3.31	0.46
	1981	0.33	8.11	0.008
	1982	-	6.09	0.009
	1983	0.27	5.17	0.78
	1984	0.30	0.22	0.33
	1985	0.31	7.44	0.33
Pakistan	1980	0.31	0.35	0.684
	1981	0.30	0.14	0.004
	1982	0.28	0.73	0.0396
	1983	0.28	2.57	0.111
	1984	0.26	0.62	0.009
	1985	0.28	0.004	0.00007
Sri Lanka	1980	0.44	0.009	1.34
	1981	0.41	0.005	0.40
	1982	0.383	0.843	0.61
	1983	0.296	0.765	0.12
	1984	0.485	2.77	0.20
	1985	N.A.	0.082	0.36

Source: Estimated from data presented in UN, Yearbook of
International Trade Statistics, various issues.

Table 3.12

COEFFICIENT OF CORRELATION BETWEEN COMMODITY CONCENTRATION INDEX OF EXPORTS AND EXPORT INSTABILITY (R_1) AND BETWEEN EXPORT INSTABILITY AND IMPORT INSTABILITY (R_2)

Country	R_1	R_2
1. Bangladesh	0.81	- 0.14
2. India		0.22
3. Nepal	- 0.11	- 0.50
4. Pakistan	0.20	0.14
5. Srilanka	0.62	- 0.11

Table 3.12 reveals that Bangladesh, Pakistan and Srilanka, exhibited positive correlation between commodity concentration of exports and export instability. While thispositive correlation was very high for Bangladesh, it was fairly high for Srilanka and low for Pakistah. Nepal showed a negative correlation. This implies the proposition to be true for Bangladesh, Pakistan and Sri Lanka. However, this cannot enable us to form definite conclusions for South Asia due to small sample size and incomplete data.

The other correlation coefficients (R_2) between export and import instabilities was negative for Bangladesh, Nepal and Srilanka and positive in case of Pakistan. Again the correlation seems inconclusive.

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*                     CHAPTER - IV.                            *
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*              DIRECTION OF FOREIGN TRADE.                     *
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This chapter attempts to analyse the direction of foreign trade in South Asia during the period 1980-85. First, :   the geographical distribution of trade of each South Asian country (except Bhutan, for which data is not available) by broad country groupings is dealt with. It also examines the trends in the geographic concentration of exports and imports of South Asia over the period under study. This has been done by identifying the top ten trading partners of each country of South Asia (except Bhutan) and analysing the percentage exports to and imports from them. The chapter also attempts to find out if a relation exists between geographic concentration and export instability. Finally, the chapter deals with trends in intraregional trade wherein the general proposition that intraSouth Asian trade is small and declining is examined.

GEOGRAPHICAL DISTRIBUTION OF TRADE BY COUNTRY GROUPS

A cursory glance at Table 4.1 giving the direction of trade of South Asian countries by country grouping, shows that the major trading partners, of the South Asian countries belong to the industrial market economies and the developing world. In contrast, the East European and centrally planned economies are only minor trading

TABLE 4.1

DIRECTION OF TRADE OF SOUTH ASIAN COUNTRIES BY BROAD COUNTRY GROUPS

(PERCENTAGES)

INDUSTRIAL MARKET ECONOMIES

	EXPORTS						IMPORTS					
COUNTRIES	1980	1981	1982	1983	1984	1985	1980	1981	1982	1983	1984	1985
BANGLADESH	36.0	33.9	37.7	46.4	50.4	47.9	48.1	38.5	44.2	44.2	43.8	43.1
INDIA	48.7	42.4	54.1	54.1	57.1	59.1	46.2	43.2	51.2	50.3	46.0	54.1
MALDIVES	64.6	44.2	30.8	9.9	21.2	22.7	58.7	28.4	10.2	16.0	24.0	27.7
NEPAL	48.4	25.4	36.4	46.7	46.0	62.7	38.9	35.6	41.6	37.6	40.5	44.9
PAKISTAN	36.4	35.0	39.2	34.5	46.6	49.5	50.1	47.5	49.0	47.0	47.0	44.0
SRI LANKA	39.6	40.9	45.3	45.9	43.9	50.8	45.5	42.6	44.6	48.3	46.2	46.0

EAST EUROPEAN CENTRALLY PLANNED ECONOMIES

	EXPORTS						IMPORTS					
COUNTRIES	1980	1981	1982	1983	1984	1985	1980	1981	1982	1983	1984	1985
BANGLADESH	7.3	8.5	9.4	9.7	5.7	6.5	3.6	3.0	3.0	4.7	4.1	3.9
INDIA	19.6	25.8	16.4	17.6	17.3	17.7	9.9	10.9	8.1	9.5	9.2	8.8
MALDIVES	–	–	–	–	–	–	–	–	–	–	–	–
NEPAL	–	–	–	–	–	–	–	–	–	–	–	–
PAKISTAN	2.7	2.9	3.3	3.6	3.9	5.6	2.2	2.0	2.4	1.4	1.6	1.1
SRI LANKA	4.1	3.7	4.3	4.8	5.9	4.0	0.8	0.4	0.3	0.6	0.6	0.8

DEVELOPING COUNTRIES

	EXPORTS						IMPORTS					
COUNTRIES	1980	1981	1982	1983	1984	1985	1980	1981	1982	1983	1984	1985
BANGLADESH	56.7	57.6	52.3	43.9	43.6	45.4	35.4	44.0	34.9	35.8	36.6	40.2
INDIA	31.0	31.0	29.3	27.8	25.4	23.0	43.5	45.5	40.0	39.6	44.4	36.6
MALDIVES	35.4	55.8	69.2	90.1	78.8	77.3	41.3	71.6	84	84.0	76.0	72.3
NEPAL	57.6	66.2	63.6	53.3	54.0	37.3	61.1	64.4	58.3	61.9	59.1	55.1
PAKISTAN	60.9	62.1	57.4	61.9	49.5	44.9	47.6	50.6	49.0	47.0	47.0	44.0
SRI LANKA	42.9	45.5	40.9	41.9	42.7	38.2	52.5	57.5	52.1	48.8	50.4	50.0

– Data not available.

Data for Bhutan not available.

Source: I.M.F., DIRECTION OF TRADE STATISTICS YEARBOOK, 1986.

partners. Among all South Asian countries, only India has relatively larger trade links with East European and Centrally Planned Economies.

A detailed country wise analysis could help us understand better the geographical distribution of trade.

BANGLADESH

A reference to Table 4.1 indicates that despite fluctuations in percentage exports of Bangladesh over the years, there was a noticeable increase in its share of exports to industrial countries and a decline in its exports to developing countries and Centrally Planned Economies between 1980 and 1985. This implies a geographic concentration of Bangladesh's exports in favour of industrial market economies. On the other hand, there was a geographic concentration of the country's imports in favour of developing countries, as indicated by an increase in the proportion of Bangladesh's imports from the developing countries.

INDIA

Table 4.1 reveals an increase in the share of India's exports to the industrial market economies and a decline in its share to the developing countries and Centrally Planned Economies. A similar trend is evident in respect of India's imports. There was, therefore, a geographic

concentration of both exports and imports in favour of industrial market economies.

MALDIVES

Table 4.1 reveals a trend for Maldives which is different from India. There was a drastic decline in the proportion of Maldivian exports to industrial market economies and a tremendous increase in its exports share to the developing countries. One notices such a trend. in the case of Maldivian imports as well. The findings confirms the geographic concentration of exports and imports in favour of developing countries unlike in the case of India or Bangladesh.

NEPAL

Nepal's share of exports as well as imports to the industrialised world increased between 1980 and 1985 as revealed by Table 4.1 signifying increased geographic concentration of trade in favour of industrialised coun-tries. This is in keeping with Nepal's policy of trade diversification away from regional countries, particularly India.

PAKISTAN

A reading of Table 4.1 indicates to us the increase in Pakistan's proportion of exports to and imports from industrial countries and a decline in its exports to and

imports from developing countries showing geographic con-
centration of exports and imports in favour of industrial
countries over the period under study.

SRI LANKA

Table 4.1 shows a large increase in Sri Lanka's
exports to industrial market economies and a large decrease
in its exports to developing countries over the period
1980 to 1985. There was a marginal increase in Srilanka's
import share from industrial market economies and a
slight decline in its import share from developing coun-
tries.

GEOGRAPHICAL DISTRIBUTION OF TRADE BY TOP TEN TRADING
PARTNERS

BANGLADESH

An analysis of table 4.2(a) reveals that between
55-65% of Bangladesh's exports went to the top ten coun-
tries between 1980 and 1985. This proportion increased
over the years except for a slight fall in 1985. One
can say that there was an increase in the geographic con-
centration of Bangladesh's exports among the top ten
countries. Among the top ten, the U.S.A. was the most
important importer of Bangla exports in all the years
under study with the exception of 1982 when it lost its

TABLE 4.2(a):

EXPORTS OF BANGLA DESH TO TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	U.S.A.	9.26	U.S.A.	10.12	Singapore	11.47
2.	Singapore	7.54	Singapore	8.52	U.S.A.	10.19
3.	Pakistan	7.00	Mozambique	6.19	Japan	5.94
4.	Iran	6.05	Iran	5.52	Pakistan	5.48
5.	U. Kingdom	5.04	Pakistan	5.35	U.S.S.R.	5.05
6.	U.S.S.R.	4.72	Sudan	4.42	U.K.	4.95
7.	Sudan	4.37	U.K.	4.31	Mozambique	4.61
8.	China	3.94	U.S.S.R.	4.22	Iraq	3.68
9.	Japan	3.90	Syrian Arab Rep-	4.08	China	3.35
10.	Italy	3.76	Japan	3.42	Italy	3.15
	Top ten	55.58	Top ten	56.15	Top ten	57.87

	1983		1984		1985	
1.	U.S.A.	14.38	U.S.A.	13.89	U.S.A.	18.07
2.	Iran	9.19	Iran	7.64	Iran	7.80
3.	Japan	7.38	U.K.	7.26	Japan	7.19
4.	Pakistan	7.09	Italy	6.86	U.K.	5.07
5.	U.K.	5.87	Pakistan	6.80	Sudan	4.46
6.	U.S.S.R.	5.81	Japan	6.65	Bel-Lux	4.45
7.	Bel-Lux	4.55	Bel-Lux	5.83	Pakistan	4.15
8.	Italy	4.46	Singapore	3.78	Italy	3.51
9.	China	2.57	India	3.04	U.S.S.R.	3.17
10.	Australia	2.50	Egypt	2.82	India	2.96
	Top ten	63.80	Top ten	64.57	Top ten	60.83

Source: Estimated from: I.M.F., DIRECTION OF TRADE STATISTICS
YEARBOOK,1986.

place to Singapore. Singapore which was the second largest importer ceased to occupy any place among the top ten in 1985. A notable feature was the emergence of India among the top ten importers in 1984. Pakistan was one South Asian country which continued to steadily occupy a position among the top ten importers of Bangladeshi exports.

As in the case of exports, Bangladesh imported from the top ten countries between 57-62% of its total imports as may be seen in Table 4.2(b). However, a dee cline is observed in the proportion over 1980-85. The top ten positions among the exporters to Bangladesh fluctuated between U.S.A., Japan and Saudi Arabia, With Japan occupying this coveted position in three out of six years, more so, successively in 1984 and 1985. India figured in the ninth position in 1981 and since then gave up even that place. An interesting feature was that Pakistan which figured among the top ten markets for Bangladesh exports in all years under study, did not occupy any place among the top ten suppliers. No South Asian country with the exception of India in 1981 occupied any place among the top ten. Bangladesh therefore imported more than half of its total imports from countries outside the region of South Asia.

TABLE 4.2(b):

IMPORTS OF BANGLA DESH FROM TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	U.S.A.	13.77	Saudi Arabia	14.56	Japan	12.64
2.	Japan	11.30	Japan	10.88	Saudi Arabia	9.92
3.	Saudi Arabia	8.65	U.A.E.	7.34	U.S.A	8.64
4.	U.K.	5.64	U.S.A.	5.88	U.A.E.	5.30
5.	U.A.E.	5.25	Germany	4.46	China	4.47
6.	Germany	3.96	U.K.	4.30	Canada	3.99
7.	China	3.82	China	4.28	Germany	3.56
8.	Singapore	3.50	Australia	3.50	U.K.	3.32
9.	Canada	3.21	Netherlandds	2.78	Netherlands	3.29
10.	Netherlands	2.59	India	2.41	Indonesia	3.17
	Top ten	61.69	Top ten	60.39	Top ten	58.38

	1983		1984		1985	
1.	U.S.A.	11.85	Japan	9.68	Japan	13.25
2.	Saudi Arabia	10.09	Singapore	9.65	Singapore	9.51
3.	U.A.E.	7.69	U.S.A.	9.51	U.S.A.	9.38
4.	Japan	7.31	U.A.E.	4.79	U.A.E.	6.05
5.	Singapore	7.08	Canada	4.57	Canada	3.69
6.	U.K.	4.60	Australia	4.32	China	3.66
7.	Germany	4.31	U.K.	4.20	Thailand	3.61
8.	Canada	4.27	China	4.04	Germany	3.57
9.	China	2.55	Netherlands	3.62	U.K.	3.40
10	U.S.S.R.	2.50	Thailand	3.54	Netherlands	2.79
	Top ten	62.25	Top ten	57.92	Top ten	58.91

Source: Estimated from:I.M.F., DIRECTION OF TRADE STATISTICS
YEARBOOK,1986.

INDIA

Table 4.3(a) reveals that India's exports to the top ten countries varied between 62-72% of the total exports. The share increased over the time period signifying geographic concentration of India's exports to the top ten countries. The top two positions as importers of India's exports was occupied by U.S.A. and U.S.S.R. emerged as the major makket pushing U.S.S.R. to the second place. Japan occupied a steady third position. No South Asian country occupied a place among the top ten importers of India's export.

As in the case of exports, India imported 65-70% of its total imports from the top ten countries (Table 4.3(b)). This remained more or less the same over the period signifying not much, of a change in geographic concentration. India imported mainly from U.S.A., U.S.S.R Japan, Saudi Arabia and Iran with U.S.A. at the top although its share declined from 1980 to 1985. Again, no South Asian country occupied a place among the top ten exporters to India.

MALDIVES

Maldives' exports to the top ten countries constituted its total exports (Table 4.4(a)) implying that the top ten countries were the only markets for Maldivian

TABLE 4.3(a):

INDIA'S EXPORTS TO TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	U.S.S.R.	16.70	U.S.S.R.	22.98	U.S.S.R.	14.62
2.	U.S.A.	11.46	U.S.A.	11.26	U.S.A.	14.33
3.	Japan	9.19	Japan	8.16	Japan	10.54
4.	U.K.	6.27	U.K.	5.64	U.K.	6.33
5.	Germany	5.85	Germany	4.80	France	6.23
6.	Saudi Arabia	2.56	U.A.E.	2.80	Germany	4.94
7.	Italy	2.52	Saudi Arabia	2.64	Saudi Arabia	2.98
8.	France	2.42	Italy	2.24	U.A.E.	2.40
9.	Bel-Lux	2.39	Iran	2.06	Indonesia	2.12
10.	Netherlands	2.39	France	1.95	Italy	2.08
	Top ten	61.75	Top ten	64.53	Top ten	66.57

	1983		1984		1985	
1.	U.S.A.	21.42	U.S.A.	23.44	U.S.A.	22.94
2.	U.S.S.R.	15.68	U.S.S.R.	15.36	U.S.S.R.	15.77
3.	Japan	10.38	Japan	9.70	Japan	11.09
4.	U.K.	5.10	U.K.	6.57	U.K.	5.12
5.	Germany	4.52	Germany	4.30	Germany	4.60
6.	Singapore	3.20	Korea	3.26	France	3.34
7.	Korea	2.77	Saudi Arabia	2.42	Italy	2.10
8.	Saudi Arabia	2.54	Netherlands	2.33	Saudi Arabia	2.10
9.	Bel-Lux	2.40	Italy	2.15	Singapore	2.05
10.	France	2.10	France	1.96	Spain	2.04
	Top ten	70.11	Top ten	71.49	Top ten	71.15

Source: As in Table 4.2(a) .

TABLE 4.3(b):

INDIA'S IMPORTS FROM TOP TEN COUNTRIES (PERCENTAGES)

	1980			1981			1982	
1.	U.S.A.	12.58	Iran		12.65	U.S.A.		10.07
2.	Iran	9.11	U.S.A.		10.10	Saudi Arabia		9.52
3.	Iraq	9.04	U.S.S.R.		9.19	Iran		9.39
4.	U.S.S.R.	8.32	Germany		6.14	U.K.		8.92
5.	U.K.	6.44	Japan		6.07	Japan		8.85
6.	Germany	5.64	U.K.		5.15	U.S.S.R.		6.82
7.	Japan	5.50	Saudi Arabia		5.01	Germany		5.45
8.	Saudi Arabia	3.51	U.A.E.		4.15	Bel-Lux		3.71
9.	Singapore	3.20	Bel-Lux		3.75	France		3.49
10.	U.A.E.	2.55	Singapore		3.12	Singapore		3.41
	Top ten	65.89	Top ten		65.33	Top ten		69.63

	1983			1984			1985	
1.	U.S.A.	12.26	U.S.A.		9.76	U.S.A.		10.24
2.	Japan	9.62	U.S.S.R.		7.77	Japan		10.03
3.	U.K.	8.16	Japan		7.25	U.S.S.R.		7.40
4.	Saudi Arabia	8.10	Saudi Arabia		6.76	U.K.		7.23
5.	Iran	7.99	Iran		6.67	Geramany		7.19
6.	U.S.S.R.	7.99	Korea		6.52	Saudi Arabia		6.10
7.	Germany	5.58	U.K.		6.48	Iran		6.02
8.	Bel-Lux	3.86	Germany		5.73	Bel-Lux		4.43
9.	Korea	3.74	Singapore		4.12	France		3.70
10.	Singapore	2.93	Bel-Lux		4.11	Singapore		3.03
	Top ten	70.23	Top ten		65.17	Top ten		65.37

Source: As in Table 4.2(a).

exports in the world. This is an indication of Maldives'
restricted export market. This situation remained the
same over the years under consideration. Sri Lanka was
the only steady South Asian importer of Maldivian exports.
Pakistan was the only other South Asian country finding
a place in Maldivian export market. Thailand seems to
have emerged as the largest market importing more than
50% of Maldives' exports since 1984.

Again, as may be seen in Table 4.4(b), Maldives
imported from few countries, the top ten exporters to
Maldives accounting for more than 90% of total imports
of this tiny South Asian country between 1980 and 1985.
Singapore was the major exporter to Maldives. Among the
South Asian countries, Sri Lanka was a steady exporter to
Maldives. Pakistan and India were the other two countries
who at some stage occupied a place among the top ten
exporters to Maldives.

NEPAL

Table 4.5(a) reveals that Nepal exported between
85-99% to ten countries in the world. The proportion
increased between 1980 and 1985 signifying a geographic
concentration over the period. India was the major
importer of Nepal's exports in four of the six years. In
1985, U.S.A. relegated India to the second place. Pakis-
tan and Srilanka were the other two South Asian countries
which figured in the list.

TABLE 4.4(a):

MALDIVES' EXPORTS TO TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	Japan	30.38	Japan	25.96	Singapore	26.15
2.	Switzerland	22.78	Sri Lanka	17.31	Thailand	25.38
3.	Sri Lanka	21.52	Malaysia	15.38	Japan	20.00
4.	Algeria	8.86	Thailand	10.58	Sri Lanka	12.31
5.	U.K.	7.59	Singapore	10.58	Sitzerland	8.46
6.	Pakistan	5.06	Spain	6.73	Mauritius	3.85
7.	Italy	3.80	Germany	4.81	Hong Kong	1.54
8.			U.K.	3.85	U.K.	0.77
9.			Switzerland	2.88	Spain	0.77
10.			Pakistan	1.92	Netherlands	0.77
	Top ten	99.99	Top ten	100.00	Top ten	100.00

	1983		1984		1985	
1.	Thailand	36.64	Thailand	51.82	Thailand	53.36
2.	Singapore	29.77	Sri Lanka	11.68	Sri Lanka	17.23
3.	Sri Lanka	12.98	Pakistan	8.76	Japan	13.44
4.	Mauritius	7.63	Germany	8.76	Switzerland	5.46
5.	Japan	6.11	Singapore	4.38	Singapore	4.62
6.	Pakistan	3.05	Switzerland	4.38	Germany	3.78
7.	German	2.29	U.K.	3.65	Mauritius	1.68
8.	Netherlands	1.53	Japan	3.65	Greece	0.42
9.			Malaysia	2.19		
10.			Netherlanda	0.73		
	Top ten	100.00	Top ten1	100.00	Top ten	99.99

Source: As in Table 4.2(a) .

TABLE 4.4(b):

MALDIVES' IMPORTS FROM TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	Japan	21.39	Singapore	46.05	Singapore	46.38
2.	India	15.92	Burma	12.10	Sri Lanka	29.82
3.	Burma	14.92	Japan	9.74	Burma	6.17
4.	U.K.	14.43	Germany	7.63	Hong Kong	4.37
5.	Germany	14.43	U.K.	7.10	Japan	3.61
6.	Sri Lanka	6.47	Sri Lanka	5.53	Bel-Lux	2.11
7.	Bel-Lux	4.97	China	2.10	Germany	1.81
8.	Australia	2.98	Australia	2.10	U.K.	1.81
9	South Africa	2.49	Bel-Lux	1.58	Malaysia	1.35
10.	Pakistan	0.99	Hong Kong	1.32	India	0.60
			South Africa	1.32		
	Top ten	98.99	Top ten	96.57	Top ten	98.03

	1983		1984		1985	
1.	Singapore	60.63	Singapore	48.47	Singapore	43.97
2.	Japan	11.16	Japan	15.88	Japan	19.00
3.	Sri Lanka	7.69	Korea	7.38	Sri Lanka	8.09
4.	Burma	6.79	Burma	6.55	Burma	6.38
5.	Hong Kong	3.17	Sri Lanka	6.27	Germany	3.40
6.	U.K.	1.96	Italy	2.78	Korea	3.40
7.	Malaysia	1.66	Pakistan	2.37	U.K.	2.69
8.	Thailand	1.36	Hong Kong	1.95	Thailand	2.27
9.	Germany	1.06	U.K.	1.67	Malaysia	1.27
10.	China	0.75	Germany	1.53	Italy	0.85
	Top ten	96.23	Top ten	94.85	Top ten	87.92

Source: As in Table 4.2(a).

TABLE 4.5(a):

NEPAL'S EXPORTS TO TOP TEN COUNTRIES (PERCENTAGES)

	1980			1981			1982	
1.	India	30.06	India		42.34	Germany		15.47
2.	Germany	13.45	Bangladesh		11.38	India		15.29
3.	Japan	11.87	Germany		10.11	U.K.		8.45
4.	U.S.A.	9.18	U.K.		4.89	Italy		4.58
5.	U.K.	7.59	China		4.15	China		4.44
6.	Pakistan	5.70	France		2.66	U.S.A.		2.86
7.	Singapore	4.90	U.S.A.		2.55	Iran		2.72
8.	Italy	3.01	Singapore		2.55	Singapore		2.72
9.	Mauritius	2.85	Pakistan		2.02	Japan		2.01
10.	Iran	2.69	Japan		2.02	France		1.43
	Top ten	91.30	Top ten		84.67	Top ten		95.97

	1983			1984			1985	
1.	India	47.30	India		45.49	U.S.A.		35.12
2.	Germany	20.77	Germany		19.67	India		28.94
3.	U.K.	10.08	U.S.A.		8.57	Germany		10.46
4.	U.S.A.	7.08	U.K.		7.36	U.K.		8.10
5.	Italy	4.56	Italy		6.26	Italy		4.49
6.	China	2.88	China		4.07	Sri Lank		2.94
7.	Iran	2.04	Singapore		1.98	Singapore		1.62
8.	France	1.44	Iran		1.65	China		1.47
9.	Switzerland	1.20	France		1.43	Pakistan		1.32
10.	Japan	1.08	Switzerland		1.32	Switzerland		1.18
						France		1.18
	Top ten	98.43	Top ten		97.80	Top ten		96.82

Source: As in Table 4.2(a) .

TABLE 4.5(b):

NEPAL'S IMPORTS FROM TOP TEN COUNTRIES (PERCENTAGES)

1980			1981			1982	
1.	India	47.55	India	40.93		India	31.82
2.	Japan	19.48	Japan	22.69		Japan	24.13
3.	Korea	5.71	Korea	9.38		Korea	9.55
4.	U.S.A.	5.71	China	5.20		China	9.35
5.	U.K.	3.47	Singapore	4.27		Germany	4.57
6.	Germany	2.97	U.S.A.	3.84		Sigapore	3.85
7.	Singapore	2.83	Germany	3.61		U.K.	3.56
8.	Hong Kong	2.24	Hong Kong	2.06		U.S.A.	2.75
9.	France	1.51	U.K.	1.64		Hong Kong	2.10
10.	Netherlands	1.42	Malaysia	1.03		France	1.70
	Top ten	92.89	Top ten	94.65		Top ten	93.38

1983			1984			1985	
1.	India	33.54	India	35.92		India	30.19
2.	Japan	18.03	Japan	17.13		Japan	23.60
3.	China	10.86	Bangladesh	6.37		Korea	7.83
4.	Korea	7.79	Korea	5.46		China	6.68
5.	Singapore	3.99	China	4.71		Germany	4.93
6.	U.K.	3.22	U.K.	3.84		Singapore	4.48
7.	U.S.A.	3.22	Germany	3.68		U.K.	4.09
8.	France	3.22	Netherlands	3.56		U.S.A.	2.83
9.	Germany	3.06	Singapore	2.57		France	2.03
10.	Hong Kong	2.64	Bel-Lux	2.33		Switzerland	1.99
	Top ten	89.57	Top ten	85.57		Top ten	88.73

ource: As in Table 4.2(a).

Nepal imported mostly from the top ten countries although this proportion declined between 1980 and 1985 indicating a slight import diversification (see table 4.5 (b)). India was the major exporter to Nepal accounting for more than 30% of Nepal's total imports. Japan was the next most important country exporting to Nepal.

India's position as a major trading partner of Nepal can be explained by the geographical position of Nepal. It is a landlocked country bordering on its three sides by India and depends heavily on its larger brethern for its exports, imports and entreport trade. India's share however as an exporter to Nepal has declined. This is probably because of Nepal's deliberate attempts to reduce its economic dependence on India.

PAKISTAN

Table 4.6(a) shows that Pakistan exported between 55% and 65% of its total exports to ten countries. This proportion declined between 1980 and 1985. China, Japan, Iran and U.S.A. were major importers. No South Asian country with the exception of Bangladesh in 1985 occupied a place among the top ten importers.

It will be seen in Table 4.6(b) that Pakistan's imports from the top ten countries was much more concentrated than its exports, the share of top ten suppliers

TABLE 4.6(a):

PAKISTAN'S EXPORTS TO TOP TEN COUNTRIES (PERCENTAGES)

	1980			1981			1982	
1.	China	8.45		China	9.44		Japan	8.87
2.	Japa	7.78		Japan	6.99		Saudi Arabia	8.23
3.	Iran	7.60		U.S.A.	6.85		U.S.A.	7.04
4.	Hong Kong	6.49		Saudi Arabia	6.60		U.A.E.	6.47
5.	Germany	5.45		U.A.E.	5.89		China	6.02
6.	Saudi Arabia	5.42		Iran	5.33		U.K.	5.53
7.	U.S.A.	5.32		U.K.	4.59		Hong Kong	4.91
8.	U.A.E.	5.14		Germany	3.99		Germany	4.19
9.	U.K.	4.24		Hong Kong	3.24		Iran	4.06
10.	Italy	3.19		Italy	2.81		Italy	3.38
	Top ten	59.08		Top ten	55.73		Top ten	58.70

	1983			1984			1985	
1.	Iran	15.93		Iran	10.59		Japan	11.28
2.	U.A.E.	9.25		U.S.A.	10.26		U.S.A.	10.02
3.	Saudi Arabia	8.60		Japan	9.23		Saudi Arabia	6.58
4.	Japan	7.97		Saudi Arabia	7.39		Germany	5.43
5.	U.S.A.	6.25		U.K.	6.12		U.K.	5.40
6.	China	4.74		Germany	5.39		U.A.E.	4.63
7.	Germany	4.44		U.A.E.	5.34		Italy	3.83
8.	U.K.	4.39		Italy	4.22		Hong Kong	3.04
9.	Hong Kong	3.11		France	2.61		France	2.39
10.	Italy	2.93		U.S.S.R.	2.29		Bangladesh	2.36
	Top ten	67.61		Top ten	63.44		Top ten	54.96

Source: As in Table 4.2(a) .

TABLE 4.6(b):

PAKISTAN'S IMPORTS FROM TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	U.S.A.	14.05	Saudi Arabia	14.47	Saudi Arabia	13.07
2.	Japan	10.26	Japan	11.63	Japan	12.69
3.	Saudi Arabia	9.59	U.S.A.	8.36	Kuwait	11.04
4.	Kuwait	9.49	Kuwait	8.11	U.S.A.	9.85
5.	U.A.E.	6.28	U.A.E.	6.58	U.K.	6.98
6.	U.K.	5.66	U.K.	5.83	U.A.E.	5.85
7.	Germany	4.52	Germany	5.42	Germany	5.73
8.	France	4.04	France	3.84	China	2.73
9.	Italy	3.37	China	3.20	Italy	2.66
10	China	3.14	Malaysia	2.95	Malaysia	2.61
	Top ten	70.40	Top ten	70.39	Top ten	73.21

	1983		1984		1985	
1.	Japan	14.45	Japan	14.78	U.S.A.	13.95
2.	Saudi Arabia	13.03	U.S.A.	10.88	Japan	12.59
3.	U.S.A.	9.49	Saudi Arabia	9.65	Saudi Arabia	9.82
4.	Kuwait	6.85	Kuwait	8.39	Kuwait	8.19
5.	Germany	6.72	U.K.	6.54	Germany	6.36
6.	U.K.	6.03	U.A.E.	5.68	U.K.	6.12
7.	U.A.E.	5.91	Germany	5.63	Malaysia	4.36
8.	Italy	3.46	Malaysia	5.51	U.A.E.	4.04
9.	Malaysia	3.29	Italy	2.61	Australia	3.89
10.	China	2.76	China	2.45	Italy	2.46
			France	1.78		
	Top ten	71.66	Top ten	73.90	Top ten	71.78

Source: As in Table 4.2(a).

exceeding 70%. Again, no South Asian country occupied a place among the top ten. U.S.A., Japan, Saudi Arabia and Kuwait were the major exporters to Pakistan.

SRI LANKA

Table 4.7(a) shows that Srilanka exported between 42-62% of its total exports to top ten countries in the world. The proportion increased between 1980 and 1985 indicating geographic concentration of its exports. U.S.A. has been consistently the largest importer. The South Asian countries whichfigure in this list are India and Pakistan only. In the last three years of the period 1980-85, both these countries ceased to be in the list of top ten.

Srilanka imported between 65-75% of its total imports from the top ten countries as may be noticed in Table 4.7(b). Japan and Saudi Arabia were major exporters. India is the only South Asian country among the top ten suppliers to Srilanka.

So far, we have analysed separately the geographical distribution of trade of South Asian countries by country groups and the geographical distribution of trade by top ten trading partners. The two analyses can infact be put together to corroborate one another.

TABLE 4.7(a):

SRILANKA'S EXPORTS TO TOP TEN COUNTRIES (PERCENTAGES)

	1980			1981			1982	
1.	U.S.A.	11.13		U.S.A.	14.23		U.S.A.	14.34
2.	U.K.	7.42		U.K.	6.61		U.K.	6.63
3.	Germany	5.28		Germany	5.64		Germany	5.58
4.	China	4.84		Pakistan	5.42		Japan	5.01
5.	Iraq	3.56		China	4.43		Iraq	4.69
6.	Saudi Arabia	3.47		Saudi Arabia	3.82		Egypt	4.05
7.	India	3.30		Japan	3.34		Pakistan	3.83
8.	Pakistan	3.29		Egypt	3.15		Singapore	3.74
9.	Egypt	3.28		Iraq	2.94		Netherlands	3.17
10.	Japan	3.18		India	2.93		Saudi Arabia	2.71
	Top ten	48.75		Top ten	52.51		Top ten	53.75

	1983			1984			1985	
1.	U.S.A.	17.48		U.S.A.	19.48		U.S.A.	22.29
2.	Egypt	6.92		Iraq	7.19		Egypt	5.68
3.	Germany	6.20		Egypt	6.48		Germany	5.44
4.	U.K.	4.92		U.K.	5.02		U.K.	5.43
5.	Japan	4.83		Germany	4.88		Japan	5.07
6.	Iraq	4.54		U.S.S.R.	4.47		Iraq	4.28
7.	U.S.S.R.	3.77		Japan	4.26		Saudi Arabia	3.77
8.	Singapore	3.37		Saudi Arabia	3.25		Singapore	3.63
9.	Netherlands	2.95		Syrian Arab Rep	2.49		Netherlands	3.49
10.	Saudi Arabia	2.85		Iran	2.44		Syrian Arab Rep	2.50
	Top ten	57.83		Top ten	59.96		Top ten	61.58

rce: As in Table 4.2(a) .

TABLE 4.7(b):

SRILANKA'S IMPORTS FROM TOP TEN COUNTRIES (PERCENTAGES)

	1980		1981		1982	
1.	Japan	12.76	Saudi Arabia	16.89	Japan	15.22
2.	Saudi Arabia	10.37	Japan	13.69	Saudi Arabia	12.37
3.	U.K.	9.47	U.S.A.	6.78	Iran	11.61
4.	Iraq	6.21	Iran	6.41	U.K.	6.56
5.	Iran	5.52	U.K.	5.91	U.S.A.	6.49
6.	India	4.77	Singapore	5.19	Singapore	5.98
7.	Singapore	4.50	Germany	4.75	Malaysia	4.31
8.	U.S.A.	4.38	Korea	4.29	Germany	4.30
9.	France	3.93	India	4.02	India	4.11
10.	Germany	3.50	Australia	2.91	China	2.37
	Top ten	65.41	Top ten	70.84	Top ten	73.32

	1983		1984		1985	
1.	Japan	17.72	Japan	16.68	Japan	15.45
2.	Iran	10.47	Saudi Arabia	16.58	Saudi Arabia	10.85
3.	Singapore	8.25	U.S.A.	8.89	Iran	9.07
4.	U.K.	6.76	India	6.04	U.S.A.	7.06
5.	U.S.A.	6.76	Singapore	5.53	Germany	5.37
6.	India	6.43	Germany	4.77	U.K.	5.26
7.	Saudi Arabia	4.35	U.K.	4.71	India	4.08
8.	Germany	4.20	Hong Kong	3.20	Singapore	4.02
9.	Malaysia	3.21	Iran	2.91	China	3.86
10.	Hong Kong	3.00	Malaysia	2.43	Australia	3.14
	Top ten	70.85	Top ten	71.74	Top ten	68.16

Source: As in Table 4.2(a).

The tables ranking the top ten trading partners of the South Asian countries (Tables, 4.2 to 4.7) can be used to explain in detail and substantiate the findings of Table 4.1. An attempt is not made in this direction.

BANGLADESH

In terms of table 4.1, Bangladesh while increasing its share of exports to industrial countries, decreased its share to developing countries. This, as is evident from table 4.2(a) is primarily attributable to increase in Bangaladesh's exports to U.S.A.(increased from 9.26% to 18.07%) and Japan(which increased from 3.9 to 7.19%) both highly industrialised countries and to the decline in its exports to Singapore and Pakistan (both developing countries). Referring back to Table 4.1 we find Bangladesh imports from developing countries showing an increase over the period 1980-85. A glance at table 4.2(b) leads us to attribute this increase to increased imports from U.A.E. and decreased imports from major industrial countries such as U.S.A., U.K., and Germany.

INDIA

Our findings from Table 4.1 of an increase in India's exports to industrial market economies can now be explained in terms of Table 4.3(a) as an increase in India's exports primarily to U.S.A., Japan and France.

Table 4.3(a) shows a decline in India's exports to U.S.S.R.
the largest centrally Planned trading partner of India,
corroborating Table 4.1. Again, an increase in India's
imports from industrial countries (refer to Table 4.1) was
due to imports from U.K., Germany and more so Japan.
Imports from developing countries such as Iran, Iraq,
USSR, UAE, Singapore shows a decline, the only exception
being Saudi Arabia.

MALDIVES

Table 4.1 indicated an drastic decline in the
exports of Maldives to industrial market economies. This
as shown in Table 4.4(a) is because of a decline in the
country's exports to Japan and Switzerland. A tremendous
increase in exports to developing countries is attribu-
table to the emergence of Thailand (Table 4.4(a)) in a
big way as importer of Maldives products. Again, a
drastic decline in Maldives' imports from industrial mar-
ket economies was noticed (Table 4.1). Table 4.4(b)
attributed this to decline in the importance of Japan,
U.K. and Germany as exporters to Maldives. Singapore,
a developing country, replaced Japan (an industrialised
market economy) as top exporter to Maldives. Pakistan too
improved its share.

NEPAL

Table 4.1 indicated an increased in Nepal's exports to and imports from industrial market economies over the period 1980-85. This can be explained by Tables 4.5(a) and 4.5(b) as largely due to increase in the country's exports to industrial market economies such as U.S.A., U.K., and Italy and imports from Germany and U.K.

PAKISTAN

The trend noticed from Table 4.1 in the case of Nepal is also visible in the case of Pakistan. Both exports to and imports from industrial market economies increased over the period. This, as brought out by Table 4.6(a) and 4.6(b) is primarily due to increase in exports to Japan, U.S.A., U.K., and Italy and imports from Japan, U.K., and Germany. The decline in exports to developing countries is due to the disappearance of China and Iran from among the top ten countries to which Pakistan exported in 1985 when compared to 1980 as also due to decline in shares of Hongkong and U.A.E. The decline in imports from developing countries over the period is mainly due to decline in the shares of Saudi Arabia, Kuwait, U.A.E. and China as exporters to Pakistan.

GEOGRAPHIC CONCENTRATION AND EXPORT INSTABILITY

In the previous chapter we sought to discover whether a relation existed between commodity concentration and export instability and between export and import instabilities. In this Chapter we shall attempt a similar analysis with respect to geographic concentration and export instability. Our objective is to ascertain whether a higher level of export concentration enhances export instability. This analysis is limited to export instability as exports have a vital bearing on a country's import capacity and balance of payments instability.

The first step is to construct an index of geographic concentration. A methodology similar to the construction of Gini-Hershman index which had been used in the previous chapter with respect to commodity concentration, is now applied with respect to geographic concentration. The index is constructed as follows:

$$C = \sqrt{\left(\frac{X_i}{X}\right)^2} \text{ where,}$$

C now stands for geographic concentration; X_i for value of a country's exports to country i and X for total value of the country's exports.

Unlike geographic concentration of trade with respect to top ten countries, the Hershman index is based on exports to all countries. The index so constructed, has been presented in Table 4.8.

Table 4.8

INDEX OF GEOGRAPHICAL CONCENTRATION OF EXPORTS

Year	Bangla-desh	India	Nepal	Pakistan	Srilanka
1980	0.20	0.25	0.38	0.21	0.22
1981	0.21	0.29	0.46	0.20	0.23
1982	0.22	0.26	0.55	0.21	0.23
1983	0.24	0.30	0.53	0.25	0.24
1984	0.23	0.32	0.51	0.23	0.26
1985	0.24	0.32	0.48	0.21	0.28

Source: Estimated from data presented in IMF, Direction of Trade Yearbook, 1986.

A comparison of Table 4.8 with the tables 4.2(a)-4.7(a) reveals that the trends in export concentration as reflected by top ten markets closely corresponds the trends reflected by the Hershman index. These indices were less than 0.5 for all the South Asian countries with the exception of Nepal in the years 1982, 1983 and 1984. These indices show an increase in geographic concentration of exports over the years under consideration for all the countries except Pakistan. Even for Pakistan there was an increase until 1984 followed by a small decline in 1985.

Correlation coefficients between geographic concentration and export instability has been set out in Table 4.9. The indices of export instability are the same as those presented in Table 3.11 of the previous chapter.

Table 4.9

CORRELATION COEFFICIENT BETWEEN GEOGRAPHIC CONCENTRATION AND INDEX OF EXPORT INSTABILITY

Country	Correlation Coefficient
Bangladesh	-0.38
India	0.57
Nepal	-0.03
Pakistan	0.25
Sri Lanka	-0.61

The proposition that an increase in export concentration could increase export instability appears to hold good for the two larger countries in the region, viz., India and Pakistan. However for the other three countries viz. Bangladesh, Nepal and Sri Lanka the relationship is found tobe negative. Owing to the small size of the sample, these findings it is difficult to draw any firm inference from the results.

INTRAREGIONAL TRADE IN SOUTH ASIA

This section of the chapter attempts to analyse the intraregional trade of South Asia. It begins with a country-wise study of the pattern of intra-South Asian trade before proceeding to put forth the problems and prospects for promoting greater trade within the region. Bhutan has been excluded from the scope of this study for want of data.

BANGLADESH

A cursory glance at Tables 4.10 and 4.11 shows that Bangladeshi export to and imports from South Asia constituted 7 to 8% of global exports and 2.5-4% of global imports respectively. The tables also indicate that the major trading partners of Bangladesh during the period under study in the region were India and Pakistan. While Pakistan was the most important market for Bangladesh's exports, India was the most important country, exportingto Bangla: desh. The other countries were minor partners accounting for a small proportion of Bangladesh's trade within the region. By and large, Bangladesh's absolute exports to the region were smaller than its importsfrom the reoion - an indication of the country's limited export capability. But as a proportion of its total exports and imports, its

exports to the region was larger than imports from the
region. This was because Bangladesh's imports from the
World were very much larger than exports to the world.
Fluctuations over the years make it difficult to read a
trend. Nevertheless, it is seen that between 1980 and
1985, India gained in importance as a trading partner
(in both exports and imports) of Bangladesh while Pakistan
reduced in importance. Bangladesh's trade with the region
increased in absolute terms.

Table 4.12 shows that Bangladesh had a negative
trade balance with India in all the years although this
tended to decline over the years. In most years, it had
a positive balance with Pakistan. Its trade balance with
South Asia as a whole was negative till 1985.

INDIA

Table 4.10 shows India's exports to South Asia to
be of the order of 2-3% of global exports and India's
imports from the region to be less than 1% of global
imports during 1980-85. The major importers from India
were Bangladesh, Nepal and Srilanka. India, being the
most developed in the region, had a lot to offer to other
countries in the region in the form of exports. A noti-
ceable feature was the low exports to Pakistan despite
steady improvement in such exports over the years. This
may be attributed to strained relations between India and

TABLE 4.10

GLOBAL AND INTRA REGIONAL EXPORTS OF SOUTH ASIAN COUNTRIES

(US $ Mn.)

To-> From:	Year	Bangla desh	India	Maldi- ves	Nepal	Pakis- tan	Sri Lanka	Total SA	Total WD	Exports as % WD
Bangla	1980		8.0	—	0.5	55.3	4.8	68.6	790.2	8.68
desh	1981		20.2	—	0.2	42.3	2.7	65.4	791.3	8.26
	1982		20.3	—	0.1	42.1	0.5	63.0	768.0	8.20
	1983		6.9	—	2.8	51.4	0.5	61.6	724.4	8.50
	1984		28.3	—	14.6	63.3	0.3	106.5	931.3	11.44
	1985		29.6	0.1	5.1	41.5	0.2	76.5	998.8	7.66
India	1980	106.0		3.0	95.0	2.0	101.0	307.0	8441.0	3.64
	1981	49.0		1.0	79.0	3.0	65.0	197.0	6827.0	2.89
	1982	39.0		1.0	72.0	4.0	66.0	182.0	9655.0	1.88
	1983	34.0		1.0	79.0	6.0	105.0	225.0	9907.0	2.27
	1984	55.0		1.0	83.0	12.0	101.0	252.0	10616.0	2.37
	1985	56.0		1.0	78.0	14.0	68.0	217.0	9822.0	2.21
Maldives	1980	—	—		—	0.4	1.7	2.1	7.9	26.58
	1981	—	—		—	0.2	1.8	2.0	10.4	19.23
	1982	—	—		—	—	1.6	1.6	13.0	12.31
	1983	—	—		—	0.4	1.7	2.1	13.1	16.03
	1984	—	—		—	1.2	1.6	2.8	13.7	20.44
	1985	—	—		—	—	4.1	4.1	23.8	17.23
Nepal	1980	0.9	19.0	—	—	3.6	0.4	23.9	63.2	37.82
	1981	10.7	39.8	—	—	1.9	—	52.4	94.0	55.74
	1982	0.5	35.8	—	—	0.7	—	37.0	69.8	53.01
	1983	—	39.4	—	—	0.4	—	39.8	83.3	47.78
	1984	—	41.4	—	—	0.4	—	41.8	91.0	45.93
	1985	—	39.3	—	—	1.8	4.0	45.1	135.8	33.21

contd./-

TABLE 4.10: GLOBAL AND INTRA REGIONAL EXPORTS OF SOUTH ASIAN COUNTRIES
(US $ Mn.)

To-> From:	Year	Bangla desh	India	Maldi- ves	Nepal	Pakis- tan	Sri Lanka	Total SA	Total WD	Exports as % WD
Pakistan	1980	54.7	70.7	0.3	0.4		38.8	164.9	2617.9	6.30
	1981	59.6	67.4	0.2	0.1		30.7	158.0	2880.8	5.48
	1982	75.2	50.5	0.1	0.1		16.2	142.1	2401.7	5.92
	1983	41.2	28.5	0.3	0.2		11.7	81.9	3074.9	2.66
	1984	38.2	25.3	1.6	0.1		20.1	85.3	2558.7	3.33
	1985	64.6	37.5	0.3	0.1		42.3	144.8	2738.4	5.29
Sri Lanka	1980	4.0	34.3	1.2	–	34.2		73.7	1039.1	7.09
	1981	2.7	30.0	2.0	–	55.5		90.2	1023.8	8.81
	1982	3.5	21.2	17.8	0.1	38.2		80.8	996.2	8.11
	1983	4.7	27.7	4.5	0.2	29.7		66.8	1053.8	6.34
	1984	14.1	12.5	3.9	–	34.2		64.7	1435.6	4.51
	1985	14.5	6.2	5.2	0.1	27.3		53.3	1264.9	4.21
South Asia	1980							640.2	12959.3	4.94
	1981							565.0	11627.3	4.86
	1982							506.5	13903.7	3.64
	1983							477.2	14856.5	3.21
	1984							553.1	15646.3	3.53
	1985							540.8	14983.7	3.61

–   Data not available.

Source: I.M.F., Direction of Trade Statistics Yearbook, 1986.

Pakistan and the latter's closed door approach to trade with India. India's exports to the region as a proportion to total world exports was even smaller than in the case of Bangladesh. Moreover, this proportion tended to decline over the years. This trend has to do with fears harboured by the other countries about India's exports flooding their domestic market and thus thwarting their own development efforts.

Table 4.11 shows India's imports from Pakistan to be much larger than exports to that country. India on its side seems to have no inhibitions in importing and this explains the relatively greater freedom provided by India to its importers to import from Pakistan if economic necessity demands. This proportion however tended to decline over the years. India's imports from the region as a proportion of total imports was insignificant. This is primarily because India has very little to import from the region considering that it is the most developed and needs to import largely from industrial countries. Nevertheless, in absolute terms, India's imports from the region was large.

India had a negative balance of trade with Pakistan in all years (Table 4.12) confirming our findings about India importing more from the country than exporting to it. With other countries, India has a positive balance of trade.

TABLE 4.11

GLOBAL AND INTRA REGIONAL IMPORTS OF SOUTH ASIA

(US $ Mn.)

From-> Of:	Year	Bangla desh	India	Maldi- ves	Nepal	Pakis- tan	Sri Lanka	Total SA	Total WD	Imports from SA as % WD
Bangla desh	1980		55.6	−	1.0	34.9	4.7	96.2	2610.6	3.68
	1981		64.0	−	11.8	46.5	2.0	124.3	2651.4	4.69
	1982		43.3	−	0.5	25.5	3.0	72.3	2418.5	2.99
	1983		37.9	−	−	17.2	4.9	60.0	2291.1	2.62
	1984		60.1	−	−	18.6	4.1	82.8	2692.8	3.07
	1985		61.9	−	−	35.2	8.3	105.4	2697.1	3.91
India	1980	12.0		−	21.0	76.0	32.0	141.0	14822.0	0.95
	1981	14.0		−	44.0	76.0	56.0	190.0	14400.0	1.32
	1982	22.0		−	39.0	56.0	23.0	140.0	17450.0	0.80
	1983	8.0		−	43.0	31.0	31.0	113.0	16400.0	0.69
	1984	31.0		−	45.0	28.0	14.0	118.0	17697.0	0.67
	1985	33.0		−	43.0	41.0	7.0	124.0	17640.0	0.70
Maldives	1980	−	3.2		−	0.2	1.3	4.7	20.1	23.38
	1981	−	0.4		−	0.1	2.1	2.6	38.0	6.84
	1982	−	0.4		−	−	19.8	20.2	66.4	30.42
	1983	−	0.4		−	0.3	5.1	5.8	66.3	8.75
	1984	−	0.4		−	1.7	4.5	6.6	71.8	9.19
	1985	0.1	0.4		−	0.3	5.7	6.5	70.5	9.22
Nepal	1980	0.5	104.0	−	−	0.4	−	104.9	218.7	47.96
	1981	0.3	87.3	−	−	0.1	−	87.7	213.3	41.11
	1982	0.1	78.6	−	−	−	−	78.7	247.0	31.86
	1983	3.0	86.5	−	−	0.2ᵇ	−	89.7	257.9	34.78
	1984	16.1	90.8	−	−	0.1	−	107.0	252.8	42.32
	1985	5.6	86.3	−	−	0.1	−	92.0	285.8	32.19

contd./-

TABLE 4.11: GLOBAL AND INTRA REGIONAL IMPORTS OF SOUTH ASIAN COUNTRIES

(US $ Mn.)

From-> Of:	Year	Bangla .desh	India	Maldi- ves	Nepal	Pakis- tan	Sri Lanka	Total SA	Total WD	Exports as % WD
Pakistan	1980	75.9	3.9	0.5	4.0		40.0	124.3	5349.5	2.32
	1981	51.3	2.8	0.4	2.2		49.6	106.3	5630.5	1.89
	1982	62.2	4.0	-	1.0		39.3	106.5	5459.6	1.95
	1983	64.3	7.0	0.5	0.6		33.4	105.8	5326.0	1.99
	1984	72.5	12.7	1.3	0.6		36.0	123.1	5852.2	2.10
	1985	45.5	15.5	0.1	2.0		30.5	93.6	5888.6	1.59
Sri Lanka	1980	3.0	96.7	1.9	0.4	29.9		131.9	2028.7	6.50
	1981	2.4	76.7	2.0	-	17.8		98.9	1905.7	5.19
	1982	0.2	72.9	1.7	-	17.6		92.4	1773.2	5.21
	1983	0.6	115.4	1.8	-	13.5		131.3	1794.8	7.31
	1984	0.2	111.5	1.8	-	17.1		130.6	1845.6	7.08
	1985	0.2	74.7	4.3	4.4	33.8		117.4	1831.8	6.41
South Asia	1980							613.2	25049.6	2.45
	1981							646.0	24838.9	2.60
	1982							522.1	27414.7	1.90
	1983							514.0	26136.1	1.97
	1984							659.4	28412.2	2.32
	1985							435.9	28413.8	1.53

-    Data not available.

Source: I.M.F., Direction of Trade Statistics Yearbook, 1986.

TABLE 4.12

GLOBAL AND INTRA REGIONAL TRADE BALANCE IN SOUTH ASIA

(US $ Mn.)

With-> Of:	Year	Bangla desh	India	Maldi- ves	Nepal	Pakis- tan	Sri Lanka	Total SA	Total WD.
Bangla	1980		-47.6		- 0.5	+20.4	+ 0.1	-27.6	-1820.4
desh	1981		-43.3		-11.6	- 4.2	+ 0.7	-58.9	-1860.1
	1982		-23.0		- 0.4	+16.6	- 2.5	- 9.3	-1650.5
	1983		-31.0			+34.2	- 4.4	- 1.6	-1566.7
	1984		-31.8			+44.7	- 3.8	-23.7	-1761.5
	1985		-32.3			+ 6.3	- 8.1	-28.9	-1698.3
India	1980				+74	-74	+69	+166	-6381
	1981				+35	-73	+ 9	+ 7	-7573
	1982				+33	-52	+43	+ 42	-7795
	1983				+36	-25	+74 ·	+112	-6493
	1984				+38	-16	+87	+134	-7081
	1985				+35	-27	+61	+ 93	-7818
Maldives	1980					+ 0.2	+ 0.4	- 2.6	-12.2
	1981					+ 0.1	- 0.3	- 0.6	-27.6
	1982					-	-18.2	-18.6	-53.4
	1983					+ 0.1	- 3.4	- 3.7	-53.2
	1984					- 1.5	- 2.9	- 3.8	-58.1
	1985						- 1.6	- 2.4	-46.7

Contd./-

TABLE 4.12: GLOBAL AND INTRA REGIONAL TRADE BALANCE IN SOUTH ASIA °

(US $ Mn.)

With-> Of:	Year	Bangla desh	India	Maldi- ves	Nepal	Pakis- tan	Sri Lanka	Total SA	Total WD
Nepal	1980					+ 3.2		-81.0	- 155.5
	1981					+ 1.8		-35.3	- 119.3
	1982							-41.7	- 177.2
	1983					+ 0.2		-49.9	- 174.6
	1984					+ 0.3		-65.2	- 161.8
	1985					+ 1.7		-46.9	- 150.0
Pakistan	1980						-.1.2	+40.6	-2731.6
	1981						-18.9	+51.7	-2749.7
	1982						-23.1	+35.6	-3057.9
	1983						-21.7	-23.9	-2251.1
	1984						-15.9	-37.8	-3293.5
	1985						-11.8	+51.2	-3150.2
Srilanka	1980							-58.2	- 989.6
	1981							- 8.7	- 881.9
	1982							-11.6	- 777.0
	1983							-64.5	- 741.0
	1984							-65.9	- 410.0
	1985							-64.1	- 566.9

Source: Obtained from Tables 4.10 and 4.11

MALDIVES

Table 4.10 shows Srilanka to be a major market for Maldivean exports. There was a sudden rise in Maldives exports to Srilanka in 1985. Maldives exports to the region was a large proportion of its global exports (about 20%). This was primarily because of the low exports of Maldives to the world as a whole signifying its limited export capability.

A reference to Table 4.11 indicates Srilanka again to be a major exporrter to Maldives. Maldives imports from the region as a proportion of global imports was not as large (15% average) when compared to that of exports.

Table 4.12 shows the trade balance of the country during 1980-85. The country had a negative balance in all the years under study with Srilanka. It had a marginal positive trade balance with Pakistan upto 1984.

NEPAL

Tables 4.10 and 4.11 indicate India to be the most important trading partner of Nepal. This was primarily because of Nepal being a landlocked country with India bordering on its three sides. Most of its trade therefore was with India. However, while Nepal's exports to India increased over the years, its imports from India reduced.

Nepal's exports to the region was large both in absolute terms as well as a proportion of its world exports.

(46% on an average). Similar is the case with Nepal's imports from the region. Its imports from the region as a proportion of global imports was on an average 38%. This also follows from the landlocked geographical location of Nepal.

In keeping with Nepal's trade diversification policy, the share of South Asian countries in Nepal's exports and imports declined.over the period under study.

A reference to Table 4.12 shows Nepal with a negative trade balance in all years under study both with South Asia and the world.

PAKISTAN

Table 4.10 indicates Bangladesh, India and Srilanka to be the major importers from Pakistan during 1980-85. A noticeable feature was the smallness of Pakistan's exports to the region as a proportion of its global exports (2-7%). Table 4.11 shows Srilanka and Bangladesh again to have been major trading partners in Pakistan's imports from the region. The significant aspect here is the smallness of Pakistan's imports from India attributable to its closed door approach to India's exports. Pakistan's imports from South Asia as a proportion of global imports was also very small (1-3%).

Table 4.12 shows Pakistan to have had a deficit in all years with the rest of the world. With South Asia,

however, it did enjoy a positive balance in 1980, 1981 and 1982 and 1985. With Srilanka, however, it experienced a negative trade balance in all years.

SRILANKA

Table 4.10 indicates India and Pakistan as the major importers of Srilanka's exports during 1980-85. While there was a noticeable decline in India's imports from Sri Lanka, the decline in Pakistan's imports from that country was not large. Sri Lanka's exports to the region as a proportion of global exports was small (4-8%) and declining.

Table 4.11 confirms India and Pakistan as major trading partners of Srilanka. Srilankan imports from the region are a small proportion of global imports (5-8%).

Srilanka suffers from a deficit in its trade balance with South Asia, primarily with India (Table 4.12).

A cursory glance at Table 4.13 reveals the overall picture of intra South Asian trade over the years 1980 to 1985. Intraregional trade formed a miniscule proportion of world trade - 2.75% on an average. Despite fluctuations over the years, the trend has been one of decline in intraSouth Asian trade over the years under study. It would be interesting to note in brief the reasons for such a phenomenon and discover avenues for trade expansion within the region.

TABLE 4.13

SOUTH ASIA IN WORLD TRADE

(US $ Mn.)

	South Asia Trade (Exports+Imports)	World Trade (Exports+Imports)	South Asia Trade as a percentage of World Trade
1980	1253.4	38008.9	3.30
1981	1211.0	36466.2	3.32
1982	1028.6	41318.2	2.49
1983	991.2	40992.6	2.42
1984	1212.5	44058.5	2.75
1985	976.7	43397.5	2.25

Source: Obtained from Tables 4.10 and 4.11.

A.R. Bhuyan in his paper entitléd "Regional Cooperation and Trade Expansion in South Asia"[1] lists the causes behind the smallness of intra South Asian trade:

1. Demand constraint: The region's exports mainly consist of agricultural commodities and industrial raw materials, the demand for which is small within the region primarily because of underdeveloped manufacturing industries. The region's exports therefore satisfy demand from outside the region.

2. Supply constraint: Commodities for which demand does exist within the region (like capital goods, transport equipment and intermediate goods) are in short supply because the region is unable to supply them in sufficient quantities.

3. Import controls: Strict import controls are imposed by the countries of the region against each others exports because of the continuous deficits they face as also in pursuance of their development policy of import substitution and as a means of raising revénue.

4. Technology: The countries of the region have based their production on technology developed in industralized countries which make it imperative for

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1. A.R. Bhuyan: "Regional Cooperation in South Asia", Paper presented at ADB/EWC Symposium on Regional Cooperation in South Asia, 9-11 March 1987, Manila.

them to import capital goods and spareparts from
outside the region.Consumers too prefer goods
produced in developed countries. Better quality
and lower prices too prompt the countries of the
region to import from outside the region than from
within.

5.   **Lack of competitiveness:** Even if the products of
the developing countries of South Asia are price
competitive, they are unable to compete with deve-
loped countries who can offer them products at
more favourable term.

6.   **Absence of Trade Information System:** Lack of know-
ledge about the export potentialities of the South
Asian countries among traders within the region
itself.has been an important cause for small intra-
regional trade. A trade information system is
therefore necessary.

7.   Finally, as indicated by Professor Bhyuan "the
traditional and historical relations with the developed
countries, the pattern of transport link, availability
and flow of market information, the role of transnational
corporations, the endemic balance of payments problem of
the countries of the region and their reliance for capital
finance on developed country donors and international
financial institutions controlled by them provide additio-
nal underpinning in favour of trade with the developed

countries and against trade within the region."[2]

It is imperative to expand intra-regional trade to achieve economic growth and structural change within South Asia especially in the face of growing protectionist tendencies in industrial countries against developing countries exports. The structure of South Asian economies is no doubt similar causing competitiveness in production and trade of some agricultural and manufacturing commodities. Nevertheless, a wide range of activities can be identified in which there is complementarity. Some studies on the subject have drawn up such lists detailing complementary products for trade within the region. The mere identification of products is of little consequence unless steps are taken to liberalize trade within the region. Trade liberalization would benefit all countries of the region. Doubts have been expressed regarding the distribution of such benefits among the participating countries. It is commonly believed that the countries of the region being at different levels of development, the benefits of trade liberalization would also be unevenly distributed in favour of more developed ones. This, however, should not hinder trade cooperation within the region if due allowance is made to recognise the diversity

2. Ibid., p. 27.

in development and steps are taken to design a framework
of intraregional trade expansion in which smaller/weaker
nations of South Asia "enter into a pattern of economic
relationship which is mutually beneficial and forms a
firm basis for collective self-reliance".

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*                     CONCLUSION                           *
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The preceding Chapters examined various aspects - role and importance; trends; structure, composition and direction of foreign trade of the South Asian economies. This concluding chapter attempts to summarise the analysis of the earlier chapters and arrive at some generalisations on the pattern of South Asian trade during the period 1980-85.

The first chapter surveyed the role and importance of foreign trade to South Asian countries by analysing the ratios of exports, imports and trade to their Gross Domestic Products. Such an analysis showed that the role played by foreign trade in South Asia was more that of enabling the countries to procure essential supplies to augment their production than that of providing external markets for domestic products. This conclusion was arrived at by observing that imports as a proportion of Gross Domestic Product was higher than the export-GDP ratio in all the years under study for all the South Asian countries.

As regards the importance of foreign trade, the Chapter set out to test the hypothesis that it varies inversely with the size of the countries. A countrywise study of South Asian economies proved this hypothesis correct. The computed coefficient of correlation between the two variables also turned out to be negative although

the magnitute of such a relation was not high. The larger dependence of smaller countries such as Bhutan, Maldives and Srilanka on external trade makes them more vulnerable to policies pursued by other countries. Yet they are compelled to participate in international trade for reasons of their own limited market and paucity of resources. The disadvantages can however be overcome through regional cooperation.

The second chapter examined trends in the balance of trade and terms of trade of each South Asian country. The nature and extent of self reliance was also examined by analysing export-import ratios. All countries of the region experienced a persistent deficit in their trade balance from 1980 to 1985 which is a trend to be taken serious note of considering the strain caused on the external accounts of the countries. The chapter analysed the commodity terms of trade for only four countries - Bangladesh, India, Pakistan, and Srilanka - for which data was available. The analysis revealed an improvement in the commodity terms of trade for Bangladesh and India and a detereoration for Pakistan and Srilanka in the year 1985 as compared to 1980, with fluctuations in the years between. However, the income terms of trade for Pakistan and Srilanka improved at the same time as a deterioration of commodity terms of trade. This chapter

also analysed the export-import ratios to conclude on the self reliance of the South Asian countries. Sri Lanka and India reflected relatively higher degree of self reliance while the other countries exhibited low degree of self reliance. On the average less than 50 per cent of the imports of Pakistan, Bangladesh, Maldives and Nepal could be financed out of the export proceeds of these countries.

The third chapter analysed the structure and composition of foreign trade. An analysis of the commodity structure of foreign trade by major product groups showed an increase in the share of primary commodities and a decline in the share of manufactured commodities in the exports of only Bangladesh and India over the period under study. In the case of Nepal, Pakistan and Srilanka the reverse was true. In the case of imports, Bangladesh Nepal and Pakistan exhibited an increase in the share of primary commodities and decline in the share of manufactured commodities while India and Srilanka exhibited the reverse.

An analysis of shares of top ten products traded by South Asian countries was subsequently attempted so as to have a clearer picture of how different commodities could have contributed to the changing shares of primary and manufactured products in the total trade of these countries.

The increasing share of primary products in Bangla-
desh's exports has been due to increasing share of marine
products and fuel exports. While the share of jute tex-
tiles has receeded in importance. In case of India incre-
asing crude oil exports contributed to the increasing
share of primary exports. In case of Nepal and Sri Lanka
an increase in the share of textiles and clothing exports
contributed mainly to the country's increasing share of
manufactured exports. In case of Pakistan the increasing
shares of textile yarn and clothing again contributed to
increase in the country's share of manufactured exports.

More than 50% of all South Asian countries imports
were manufactured commodities. While the share of
manufactured commodities in total imports increased in
case of India and Sri Lanka, the same declined in case
of Bangladesh, Nepal and Pakistan. It is somewhat dis-
gui ting to note that in case of all South Asian countries
excluding India and Pakistan the share of capital and
transport equipment (SITC 7) - an imput vitally needed
for the industrialisation of these countries declined.
Increasing requirements of basic consumer and intermediate
goods is likely to have reduced the foreign exchange
available for the import of capital goods.

The trends in commodity concentration in terms of
top ten products traded was corroborated by an overall

measure of commodity concentration as produced by the
Hirschman index.

A relationship between the Hirhman index of
commodity concentration in respect of exports and export
instability and between export and import instabilities
was sought to be analysed. A positive correlation between
commodity concentration and export instability was observed
in case of Bangladesh, Pakistan and Sri Lanka. No
analysis with respect to India was possible owing to
lack of data. The correlation coefficients between
export and import instabilities was found to be positive
in case of Pakista only. The small size of the sample
analysed prevents us from drawing conclusive generalisa-
tions in respect of the aforementioned relationships.

The fourth chapter aimed at analysing, the direc-
tion of South Asian countries' foreign trade both at the
interregional and regional levels as also in terms of
top trading partners. By and large, South Asian coun-
tries' trade appeared to be shifting in favour of indus-
trial market economies. The only exceptions to this
trend was with respect to Maldives' trade which was moving
in favour of developing countries, as also Bangladesh's
imports which had shifted in favour of developing coun-
tries.

An analysis of geographical distribution of trade by top ten trading partners helped to identify the major industrial or developing countries in whose favour trade had shifted. It was observed that an increasing share of South Asian countries' exports were finding markets in industrialised countries such as USA, Japan, Federal Republic of Germany, UK, Italy, and France. These countries were also important sources of imports for South Asian countries. In view of these countries' continued dependence on oil imports, oil producing countries such as UAE, Iran, Iraq, Saudi Arabia etc. continued to be important suppliers to this region.

A comparison of geographic concentration of exports by ten leading markets and the Hirschman index of geographic concentration reflected similar trends. By and large, the geographical concentration of exports was increasing for all South Asian countries. The relationship between the Hirschman index of geographic concentration and export instability indicated positive correlation only in respect of the two larger countries, viz. India and Pakistan. Here again, given the small sample size, the results cannot be considered to be conclusive.

An analysis of intra-South Asian trade showed such trade to be a miniscule of world trade (2.75% on an average) Besides the trend over time was one of decline in

this share. The reasons for this decline were traced
to demand and supply constraints, import controls, lack
of competitiveness of South Asian exports, absence of
credit and trade information,traditional links of South
Asian countries with the developed world, inadequate
transport linkages etc. An answer to resolving the
problem of low intraregional trade in South Asia would
lie in resolving the constraints indicated. Among the
core areas presently being discussed for inclusion in
the SAARC programme of activities, trade should be given
topmost consideration.

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