Our Delhi Letter

Dismal Export Outlook for ECAFE

FOR about a fortnight New Delhi witnessed a collective fight of the developing Asian countries to expand exports to industrialized Western countries. The trade deficit of the ECAFE countries -whose representatives met in New Delhi- amounted to about 1,600 million dollars in the first nine months of 1960 as against less than 1,000 million km dollars during the same period in 1959. The industrialised countries are increasing their imports annually by 16 per cent, but they are doing it by importing from other industrial countries rather than from primary-producing countries.

The seriousness of the situation was pinpointed by Mr Phillipe de Seynes. United Nations Under-Secretary for Economic Affairs, who said : "The contraction of demand in the United States of America, insufficiently offset the economic expansion in Europe, where the rate of acceleration is now tending to decline. is being fell in the underdeveloped countries, where the index of average prices of primary commodities has again started to fall ant) the terms of trade are again deteriorating,"

Assurance Sought

It was under this threat that the ECAFE session met in New Delhi and assurance was sought that the formation of the European Economic Community and the European Free Trade Association would not jeopcrdise their interests. Serious misgivings were expressed at the session by those adversely a fleeted by the discriminatory trade practices of these economic groupings. Among the aggrieved countries were Afghanistan, Burma, Ceylon, Indonesia. Thailand, the Philippines. Malaya. Australia, New Zealand. Pakistan and **India.**

Suspicions of the developing countries remained undispelled at the end of the session despite assurances given by a British delegate on behalf of EFTA and a French delegate on behalf of EEC.

A natural reaction of the delegates was, as Mr U Nyun. Executive Secretary of ECAFE, put it, to take "some action for self-defence and self-protection," Taking advantage of this feeling Malaya, the Philippines and Thailand co-sponsored a move to form Association of South-East Asian States. Broadly it is on the lines of economic grouping in Europe and ostensibly "it has no political implications whatsoever." In informal meetings of the delegates, this was the most talked about subject. However, this move did not evoke much support from other delegates for a variety of reasons.

On economic ground it was opposed because trade with the rest of the world is of vital importance for this region. Only one-third of the trade is intra-regional. Thus integration among the underdeveloped countries. as Di Katz-Suchy of Poland pointed out. "will lead only to further stagnation." The move is doomed to failure for another reason. The co-sponsors are not interested to include India and Japan for they fear that these two big countries will "grab" them. Also deep mutual mistrust between some of the members of the ECAFE makes the formation of an Asia'n common market difficult.

Two of the sponsors of the move— Thailand and Philippines — are members of the SEATO. Some countries wedded to the policy on non-alignment, particularly Indonesia and Ceylon, suspected that there was politics behind the move. This suspicion has been further strengthened by a reported statement by President Garcia of the Philippines that "the new pool will supplement the SEATO alliance;"

As the formation of the proposed Association did not come up formally before the session, there was no occasion for the Indian delegation to express its view point. But it is learnt that the Indian delegation was officially briefed not to favour the move in off-the-session talks and to oppose it if the proposal came up before the session. Official Indian thinking favours bilateral long-term agreements for pushing up exports. India has a happy experience in this respect with Communist-bloc countries. Japan and Australia.

The Indian delegation, however, could not succeed in enlisting support from other Asian delegations to bring pressure on West Germany to increase imports from India and rectify the glaring imbalance in trade between the two countries.

Prospects for Steel

WITH the inauguration of the Strip Mill of the Rourkela Steel Works by the Prime Minister next week, the two new steel plants in the public sector will be practically completed just before the end of the Second Five-Year Plan. The third Slate-owned Steel Works at Durgapur is also well on its way to completion.

All the three steel works have some distinctive features of their own. Rourkela. which is the most complex of the three. is designed to produce one million tons of steel ingots to be rolled into 720,000 tons of finished products like plate, strips and sheets. Bhilai will produce, one million tons of ingots to be rolled into 770,000 tons of finish ed products like rails, railway sleepers, beams and other heavy structural sections, round and flat billets. Durgapur has a capacity of one million tons of ingots to be rolled into 880,000 tons of blooms and merchant sections. The indigenous production of steel has already meant foreign exchange saving to the tune of Rs 100 crores.

The Third Plan providing Rs, 569 crores. envisages the expansion of steel production to 10 million tons by the end of the Plan period. The programme includes selling up of a new o'ne-million-lon steel works at Pokaro Rs. 235 crores : expansion of Bilai to 2.5 million ton (Rs. 138 crores) ; of Rourkela to 1.9 million tons Rs. 90 crores: of Durgapur to 1.6 million tons (Rs. 56 crores): and expansion of the Mysore Iron and Steel Works Rs. 4 crores).

A study of the progress of expansion programme and pace of construction and production at the three State-owned steel works suggests that the country would be faced with a serious shortage of steal during the Third Plan for the production in the last vear of the Plan would be only 7 million to 8 million tons of ingot.