

**TRADE AND EXPORT INSTABILITY IN THE  
ASEAN ECONOMIES (1960 to 1975)**

A THESIS  
SUBMITTED TO THE  
**UNIVERSITY OF POONA**

FOR THE DEGREE OF  
**DOCTOR OF PHILOSOPHY**  
IN ECONOMICS

BY  
**GAUTAM MURTHY**

**GOKHALE INSTITUTE OF POLITICS AND ECONOMICS  
PUNE 411 004 (INDIA)  
MAY - 1984**

APPENDIX : FORM 'A'

Certified that the work incorporated in thesis  
"Trade and Export Instability in the ASEAN Economies  
(1960 to 1975)" submitted by Shri Gautam Murthy was  
carried out by the candidate under my supervision.  
Such material as has been obtained from other sources  
has been duly acknowledged in the thesis.

B. G. Bapat  
Dr. B. G. Bapat  
Thesis Supervisor

## PREFACE AND ACKNOWLEDGEMENTS

The thesis examines the features of the ASEAN economies foreign trade with special reference to the problem of export instability for the 1960 to 1975 period. The problem of export instability in primary commodity exporting LDCs (Less Developed Countries) has attracted the attention of economists and policy makers for a number of years. The ASEAN economies being very much dependent on primary commodity exports, should thus be particularly susceptible to fluctuations in export earnings and quantum. The ASEAN countries were chosen because being Asian developing countries, their trade experience could be useful to India as well. Moreover some of the commodities exported by them are tropical products and minerals of export interest to India.

The study begins with an introduction to the ASEAN economies and the problems of foreign trade and export instability in the general context. Later chapters situate the problem with specific reference to the measurement and determinants of export instability in the five ASEAN countries. Finally stabilisation policies are discussed.

The research work for the thesis was carried out at the Gokhale Institute of Politics and Economics during 1981 to 1984.

At the outset, I would like to express my sincere thanks to Professor B. G. Bapat, for his constant encouragement and sympathetic guidance, and my heartfelt gratitude to Professor K. Sivaswamy Srikantan, who methodically gave his valuable comments at various stages of the work, and painstakingly helped me in devising the mathematical formulations used in the study. Prof. S. V. Bokil guided me in the preliminary stages of this work, and I am thankful to him for this. I am also grateful to the authorities of Gokhale Institute, for extending me all the necessary research facilities, and providing me with a UGC fellowship. Prof. N. Rath, Director of the Institute and Shri D. P. Apte, Registrar helped me in overcoming various hurdles, both official and personal. Prof. B.S.R.Rao, Prof. K.K.DasGupta and Dr. C. S. Gajarajan were persons who always extended a helping hand to me, and I will cherish fond memories of their goodwill and kind heartedness. Prof. V. S. Chitre, Shri M. P. Khare and Dr. K. Balasubramanian also assisted me many a time. The staff of the Servants of India Society Library, especially Shri D. R. Joshi also gave their full cooperation and assistance. I am also thankful to my research colleagues at the Institute for assisting me in numerous ways and my friends and well wishers among the B.A. and M.A. students who enlivened my stay at GIPE. Smt. A. A. Kher deserves praise for providing me full assistance with computer facilities. Shri S. K. Athale has efficiently done my typing

(111)

work throughout, and the thesis is also typed by him. I would like to utilise this opportunity to sincerely express my deep gratitude to my dear parents and brother who encouraged me all along and always had words of cheer and solace.

Gokhale Institute of  
Politics and Economics,  
Pune 411004

Gautam Murthy

May 1984

## C O N T E N T S

	<u>Page</u>
PREFACE AND ACKNOWLEDGEMENTS	(i)
LIST OF TABLES	(v)
 <u>Chapter</u>	
I        FEATURES OF THE ASEAN AND MEMBER COUNTRIES	1
II       FOREIGN TRADE AND ITS ROLE IN THE ASEAN ECONOMIES	27
III      REVIEW OF STUDIES ON EXPORT INSTABILITY	77
IV      MEASUREMENT OF EXPORT INSTABILITY	112
V       DETERMINANTS OF EXPORT INSTABILITY IN THE ASEAN	137
VI      STABILIZATION POLICIES	166
VII     SUMMARY AND CONCLUSIONS	211
BIBLIOGRAPHY	214

LIST OF TABLES

<u>Table No.</u>		<u>Page No.</u>
1.1	Statistical Indicators of the ASEAN (1975)	3
1.2	ASEAN Average Annual Growth Rates of GDP (Constant Prices) - 1960-1975	4
1.3	Growth in GDP (Compound Rates)	5
1.4	ASEAN Economies : Structural Characteristics and Changes - 1960-75	7
1.5	Percentage Distribution of Gross Domestic Product at Constant Prices by Industrial Origin, 1965 and 1975 - ASEAN Countries	9
1.6	Selected Economic Indicators of ASEAN Countries	10
1.7	Utilisation of Domestic Resources (Compound Rates of Growth)	11
1.8	Patterns of Aggregate Saving and Investment in Gross Product in the ASEAN - 1960 and 1970-75	13
2.1	Shares of World Exports and their Rates of Growth (1960-75)	29
2.2	Commodity Composition of Exports : 1960, 1970 and 1975 (Percentage of total exports)	31
2.3	Dependence of Developing Countries on Export of Primary Commodities (1970-72 Average)	33
2.4	Value of Primary Commodities Exported and Imported by Developing Countries in 1975 and Developing Countries Percentage Share in World Exports and Imports	35

<u>Table No.</u>		<u>Page No.</u>
2.5	ASEAN Countries : Share of Imports and Exports in GDP 1965-75	40
2.6	Percentage Growth Rates of Exports - 1960-75	40
2.7	ASEAN Countries : Foreign Savings as Percentage of GDP, 1960, 1970 and 1975	42
2.8	Export Indicators of the ASEAN Economies	43
2.9	Share of Exports in GDP	44
2.10	Direction of Trade (Million U.S. Dollars) - 1960-1975 - Indonesia	45
2.11	Direction of Trade (Million U.S. Dollars) - 1960-1975 - Malaysia	46
2.12	Direction of Trade (Million U.S. Dollars) - 1960-1975 - Philippines	47
2.13	Direction of Trade (Million U.S. Dollars) - 1960-1975 - Singapore	48
2.14	Direction of Trade (Million U.S. Dollars) - 1960-1975 - Thailand	49
2.15	Extra-Regional Trade Patterns (Exports)	50
2.16	Intra-Regional Trade Patterns (Exports)	51
2.17	ASEAN Countries : Structure of Merchandise Trade, 1960 and 1975	55
2.18	Value of Imports by SITC Sections (Million U.S. Dollars) - Indonesia	56
2.19	Value of Exports by SITC Sections - Indonesia	57
2.20	Value of Imports and Exports by SITC Sections - West Malaysia	58



(vii)

<u>Table No.</u>		<u>Page No.</u>
2.21	Value of Imports and Exports by SITC Sections - Philippines	59
2.22	Value of Imports and Exports by SITC Sections - Singapore	60
2.23	Value of Imports and Exports by SITC Sections - Thailand	61
2.24	Export Structure - Indonesia	62
2.25	Export Structure - Malaysia	63
2.26	Export Structure - Philippines	64
2.27	Export Structure - Singapore	65
2.28	Export Structure - Thailand	66
2.29	Structure of Imports of ASEAN by Commodity Section	70
2.30	Trends in Exports of Primary Commodities among ASEAN Countries between 1965-70 and 1970-75	71
2.31	Export Share of Malaysia, Thailand and the Philippines in the International Markets for the Major Commodities they are Exporting (1970-75 Average)	72
2.32	Commodity Composition of Intra-ASEAN Exports	73
4.1	Indices of Export Instability	127
4.2	Indices of Instability for ASEAN Exports to the Rest of the World (1960-1975) (With Exponential Trend)	132
4.3	Indices of Instability for ASEAN Exports to Rest of the World (1960-1975) (With Linear Trend)	133

(viii)

<u>Table No.</u>		<u>Page No.</u>
5.1	Determinants of Export Instability in the ASEAN - 1960-1975	144
5.2	Exports of Selected Commodities of Indonesia (1960-1975) - F.O.B.	151
5.3	Exports of Selected Commodities of Malaysia (1960-1975)	152
5.4	Exports of Selected Commodities of the Philippines (1960-1975)	153
5.5	Exports of Selected Commodities of Singapore	154
5.6	Exports of Selected Commodities of Thailand	155
5.7	Instability Indices for Quantum of Commodity Exports - 1960-1975 - Indonesia	157
5.8	Instability Indices for Quantum of Commodity Exports - 1960-1975 - Malaysia	159
5.9	Instability Indices for Commodity Exports - 1960-1975 - Philippines	160
5.10	Instability Indices for Commodity Exports - 1960-1975 - Singapore	162
5.11	Instability Indices for Quantum of Commodity Exports - 1960-1975 - Thailand	163
6.1	Balance of Payments Assistance Schemes	184
6.2	Stabilising International Commodity Markets, ASEAN Commodities (1960 onwards) (Sugar, Rubber, Tin, Rice, Oilseeds, Hard Fibres)	194
6.3	Producers - Exporters Associations in LDCs (With Special Reference to ASEAN Countries)	201