

Italy's Foreign Trade in 1950: January-September

by

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1. — This survey illustrates the most recent trends in Italy's foreign trade, with particular reference to its developments by monetary areas or political zones, pointing to certain current problems of Italian international exchanges and more especially to the changes occurred in its geographical structure in the first 9 months of 1950 as compared to the corresponding period of 1949. In a few cases only is reference made to 1938.

The period dealt with (January 1-September 30, 1950) is of special importance as it throws light on the consequences of the September 1949 monetary

2. — The Italian balance of trade for the first 9 months of 1950 closed with a deficit of 144,397 million lire as compared to one of 213,000 million for the corresponding period of 1949. The deficit was thus reduced by 32.87% (see Table I, col. 11, 13 and 15).

Imports in the first 9 months of 1950 were valued at 666,334 million lire as against 684,578 million in 1949 (1st 9 months), thus marking a reduction of 2.64% (see Table I, col. 1, 3 and 5). The value of exports rose to 521,937 million (1949: 471,588 million) showing an increase of 10.82%. (See Table I, col. 6, 8 and 10).

ITALY'S FOREIGN TRADE: IMPORTS, EXPORTS, DEFICIT IN 1949 AND 1950 BY QUARTERS TABLE I
(millions of lire)

Quarters	Imports					Exports					Deficit				
	1950		1949		% increase or decrease 1950 to 1949	1950		1949		% increase or decrease 1950 to 1949	1950		1949		% increase or decrease 1950 to 1949
	Index	Value	Index	Value		Index	Value	Index	Value		Index	Value	Index	Value	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1st Quart.	232,955	100	220,560	100	+ 5.45	162,886	100	160,355	100	+ 1.87	- 70,069	100	- 60,205	100	- 15.05
2nd Quart.	219,468	94	247,465	111	- 11.34	170,396	105	156,581	97	+ 9.61	- 48,072	71	- 90,884	152	- 46.16
3rd Quart.	213,911	93	216,553	96	- 1.30	188,655	115	154,632	95	+ 22.07	- 25,256	38	- 1,901	103	- 58.07
Total	666,334		684,578		- 2.64	521,937		471,588		+ 10.82	- 144,397		- 213,010		- 32.87

Source: *Statistica del commercio con l'estero*, Central Institute of Statistics, Series II, No. 9, 1950.

devaluations and on the growing effects of the « liberalisation » policy for the European trade. The period also covers the transition from a seller's to a buyer's market, in the first half of the year, and to its reversal by the Korean war.

The basic figures are those published by the Central Institute of Statistics (1) in Italian lire. The dollar figures have been excluded, as the variations in the « value » of Italy's imports and exports so calculated must be considered as definitely misleading (2).

(1) See more especially the « *Statistica del Commercio con l'Estero* », by Central Institute of Statistics, Sept. 1950, No. 6.

(2) The figures expressed in dollars, and more especially the percentages of variation, lead to very different results from those expressed in lire. For instance, Italian exports would

have risen in the first 9 months of 1950, as compared to the corresponding months of 1949, from 471.5 to 521.9 billion lire (+ 10.7%), and would have fallen from 847.8 to 839.4 million dollars (- 1%).

These different results are due to the depreciation of the several currencies in September 1949 and to the system followed in converting imports or exports into lire or into dollars.

Since January 1, 1948, the values of imports and exports, usually returned by the Customs' in foreign currency, are converted by the Central Institute of Statistics in the following manner:

(a) in lire, on the basis of export exchange rates or the exchange rates for clearing and reciprocity transactions (as communicated in the latter case each month by the Italian Exchange Office). In the case of currencies for which no official exchange rate is quoted, a cross-rate is used calculated on the basis of lira-dollar export exchange rate and the dollar parities of the several currencies;

(b) in dollars, by using the average monthly dollar quoti-

The analysis of Table I, which indicates the quarterly trend of trade exchanges and of the deficit in the first 9 months of 1950 and 1949 leads to the following considerations:

(a) the marked reduction of the deficit in the first 9 months of 1950 is due above all to increased exports. In this period, while the decline in imports contributed to the reduction of the deficit to the extent of 19,044 million lire, the contribution made by exports was more marked, for they increased by 25,769 million lire (see Table I, col. 1 and 6);

(b) in 1949 (9 months) imports were shrinking. After an 11% rise in the second quarter as compared to the first, the 3rd quarter showed a decline as compared to the 1st of 4% (see Table I, col. 3 and 4). There was also a 3% decline in exports in the second quarter, and of 5% in the third. (See Table I, col. 8 and 9).

In 1950 (9 months) imports fell off steadily and in a growing ratio: 6% in the second quarter and 7% in the third, as compared to the first (see Table I, col. 1 and 2). On the other hand, exports rose at a rather high rate: 5% in the second and 15% in the third quarter.

The essential features of the current trend of Italian foreign trade can therefore be summed up as follows: *there was a more marked and steadier decline in imports in 1950 than in 1949, and a net rise in exports instead of the decline noted in the previous year.* This trend is confirmed by the export-import ratio during the two periods (see Table II).

tions of the several currencies published in the *International Financial Statistics* of the International Monetary Fund.

In September 1949, our dollar export exchange rate has depreciated to a lesser extent than was the case of many other currencies. Therefore, the Italian lira has now a lower purchasing power in terms of dollars, but a higher purchasing power in terms of currencies of many other trading countries. This has led to a shrinkage of our import and export values, expressed in dollars, which has amplified the downward trend of imports, while converting the growth of exports into a decline.

Under present conditions, dollar values of exports can only roughly express our reduced purchasing power in terms of revalued dollars while the value of our imports shows our smaller foreign exchange disbursements. Thus, if we compare the first 9 months of 1950 to the corresponding period of 1949, we find that exports, as already stated, have increased by 10.7% in lire and shrunk 1% in dollars, that is to say the Italian purchasing power in dollars has fallen to that extent. On the other hand, the lire value of imports has fallen 2.9% and the dollar value 12.5%, as a result of the higher purchasing power of the dollar as compared to other currencies.

To sum up, the dollar values are only the results of the changes in the exchange rates of all the currencies of the countries with which Italy trades, as compared to the dollar. In any case, in reading our foreign trade data, their relative character should be remembered and the different significance they acquire according to the currency in which they are expressed.

TABLE II

PERCENT RATIO OF ITALIAN EXPORTS TO IMPORTS

1938	72.0
1947	36.44
1948	69.3
1949	74.8
1949 (9 months)	69.12
1950	78.9
1949 (1st quarter)	72.70
2nd "	63.27
3rd "	71.41
1950 (1st quarter)	74.21
2nd "	77.64
3rd "	88.19

In the first 9 months of 1950 exports covered 78.9% of imports as against 69.12% in the corresponding months of 1949 and still smaller percentages in the previous years. But what is most noteworthy is the steady growth in the ratio from the second quarter of 1949 to the third of 1950 (from 63.27% to 88.19%).

3. — A brief analysis of Italian foreign trade at the end of September 1950, classified by monetary areas or political zones — as set forth in Tables III and IV — may help to give a picture of the general structure of Italian commercial currents on the eve of the new economic phase started with the Korean war.

Table III specifies Italian imports from January 1, to September 30, 1950, compared to the same period of the previous year and of 1938 for the:

- 1) Sterling area;
- 2) Dollar area;
- 3) O.E.E.C. countries (as a whole or only «continental»);
- 4) East Europe (Finland excluded);
- 5) Other countries.

The countries are listed under their respective groups, according to the value of imports. Table IV, dealing with exports is compiled on the same lines.

In the following paragraphs some remarks will be made on the several monetary and political areas for the period under consideration.

4. — Imports from the sterling area have risen 4.97% (from 110,827.7 to 116,378.9 million lire), while exports have declined 4.69% (from 157,102.2 to 149,735.8 million lire).

The increase of total imports from the sterling area is the result of contrasting trends in the trade with the several member countries.

There has been a marked increase in Italian purchases in the United Kingdom (+54.89%, from 24,956.5 to 38,655 million lire). A relatively large increase has occurred also in the case of Pakistan (+223.36%, from 2,032.4 to 6,571.9 million lire), offset by a regress in the case of India (-37.76%, from 10,024.6 to 6,239.8 million lire). British Malaya

has also contributed to the import rise (+34.35%, from 6,299.9 to 8,464 million lire).

On the other hand, Italian purchases in Australia have fallen off by 26.56% (from 40,781.8 to 29,859.1 million lire); those from Egypt by 23.03% (from 15,469.7 to 11,288.7 million lire), and those from India and the Union of South Africa by 37.76% and 26.49% respectively (India from 10,024.6 to 6,239.8 million lire; Union of South Africa from 10,523.7 to 7,735.9 million lire). As for the groups of merchandise, the decline has occurred more especially for imports of Australian and South African wool and Egyptian cotton, which have fallen off respectively in volume by 9.22%, 47.50% and 11%.

The decline in Italian exports to the sterling area has affected almost all the component countries, with the exception of the United Kingdom (+27.83%, from 49,668.2 to 63,490.8 million lire), Australia (3) (+122.6%, from 6,156.5 to 13,704.5 million lire) and the Union of South Africa (+189.28%, from 2,800.8 to 8,102.1 million lire). The shrinkage has been more especially marked in the case of Egypt (-18.87%, from 24,231.5 to 19,660.2 million lire); Pakistan (-45.26%, from 17,681.9 to 9,678.4 million lire); India (-56.99%, from 18,117.9 to 7,792.7 million lire), and Irak (-46.48%, from 6,040.3 to 3,232.9 million lire).

To sum up, the depreciation of the pound sterling has only slightly increased Italy's total imports from that area (about 5%), but has greatly affected direct trade relations with the United Kingdom, imports from which have increased by nearly 55%. This is certainly due in part to two other factors, i.e. the fuller use of Italian frozen sterling credits and the gradual liberalisation of European trade.

In the case of exports, the expected reduction after the devaluations of September 1949, has amounted for the whole area to 4.69% during the period under consideration, but Italy's exports to the United Kingdom itself have increased by no less than 27.83%.

This expansion of Italian trade with Great Britain has contributed to the increasing concentration of her trade within the group of the O.E.E.C. countries.

The trade balance with the sterling area closed at the end of September 1950 with a surplus of 33,356.9 million lire in Italy's favor (1949: 46,229.5 million) showing a reduction of 27.85% over that for the first 9 months of the previous year. In the case of the United Kingdom the balance showed a surplus of 24,835.8 million lire, being an increase of 0.50% over the 24,711.7 million for the first 9 months of 1949.

The sterling area accounted for 17.61% of Italy's total imports and for 28.83% of her total exports, as against 16.32% and 33.50% respectively in the previous

(3) The expansion of Italian exports to Australia is due to the marked increase in her exports of cotton fabrics and other manufactured goods (+79 in volume), woollen fabrics and manufactured goods (+151%), synthetic fibre fabrics and manufactured goods (+49%), synthetic fibres and waste (+355%), sulphur and sulphur ore (+1213%).

year. The percentage participation has thus increased in the case of imports and decreased in that of exports. In the case of the United Kingdom, however, the percentage for imports rose to 5.85% of the total as against 3.67%, while the percentage for exports rose to 12.23% of the total as against 10.59% in 1949.

5. — Imports from the dollar area in the 9 months under consideration have fallen off by 25.06% (from 295,235.1 million to 221,249.6 million lire); on the other hand, exports have increased 33.60%, rising from 46,157.8 to 61,667.5 million lire.

The total reduction of Italian imports from the dollar area (-25.06% is mainly accounted for by smaller purchases from the United States (-29.35%, from 254,433 to 179,756.1 million lire), and in a lesser degree from some countries of less importance for Italian foreign trade, such as Uruguay (-17.70%, from 4,389.6 to 3,612.5 million lire) and Canada (-63.27%, from 5,643.4 to 2,072.6 million lire).

On the other hand Italian imports have increased in the case of Brazil (+25.22%, from 10,614.1 to 13,291 million lire), Chile (+14.95%, from 4,185.2 to 5,535.2 million lire) and from Mexico (+4.08%, from 4,624.2 to 4,812.9 million lire), while Japan has now returned occupying the 8th place on the list of Italian purveyors in the dollar area. However, the percentage increase in imports from Japan (+1560.34%) must be attributed to the insignificant figure for our imports from the country in the first 9 months of 1949 when they stood at only 59 million lire (as against 979.6 million in 1950).

In the case of Italian exports, the average increase amounting to 33.60% is due to the United States (+59.58%, from 18,604.9 to 29,690.6 million lire), and to Mexico (+116.30%, from 1781.4 to 3853.1 million lire). These increases neutralised the reduction in Italian exports to other main dollar countries such as Brazil (-31.63%, from 8,987.1 to 6,144 million lire), Chile (-41%, from 1,198.7 to 707.3 million lire), and Japan (-74.75%, from 1182.6 to 295.6 million lire).

The notable percentage increase in exports to the United States, though significant in itself and above all promising, has not yet brought up our sales on American markets from their level of secondary importance to our world trade. They account for only 5.72% of total Italian exports (see Table IV). But anyhow the heavier volume of some of the Italian products sold in the U.S. is noteworthy (see Table V).

As can be seen in Table V the volume of some typical Italian exports has risen considerably. Among these are hats and caps, tomato paste, canned and prepared fruits and vegetables, edible olive-oil, fresh fruit. On the other hand exports of citrus fruit have declined.

The trade deficit with the dollar area has been reduced, but it is still much heavier than those with other monetary or political areas. For the period January 1-September 30 1950 it stood at 159,582.1 million lire as against 249,077.3 million for the cor-

TABLE V
MAIN EXPORTS TO THE U.S.A.: CHANGES FROM
1949 TO 1950
(quintals)

Commodities	Jan. 1 - Sept. 30 1949	Jan. 1 - Sept. 30 1950	% of increase or decrease, 1950 to 1949
Cheese	30,137	46,108	+ 53
Fresh vegetables	21,107	35,054	+ 66
Citrus fruits	52,645	45,071	- 14
Fresh fruits	2,811	6,671	+ 130
Dried fruit	4,124	4,856	+ 2
Fruit, processed legu- mes and vegetables	59,998	194,037	+ 226
Canned tomatoes	2,771	10,375	+ 273
Olive oil	21,380	81,890	+ 289
Fabrics and processed hemp, linen and jute	11,081	20,359	+ 83
Fabrics and processed silk (kg.)	58,869	61,844	+ 1
Raw hides	6,161	11,206	+ 80
Musical instruments	2,807	4,674	+ 65
Hats and caps	329,037	5,301,599	+ 295

responding months of 1949, thus showing a reduction of 35.94%. Rearmament policies are likely to lead to a further growth in Italian exports to the dollar area. The new world situation which has arisen since the outbreak of the Korean war is likely to consolidate the revival of Italian exports, more especially in the case of the United States and Canada whose industrial potential is being largely devoted to rearmament purposes.

6. — Trade with the O.E.E.C. countries has expanded especially in the case of imports, which for the whole of that group, inclusive of the United Kingdom, Ireland and Iceland, show a 43.58% increase rising from 155,668.4 to 223,896.5 million lire; as against a 37.24% increase for exports which rose from 195,920.7 to 269,185.1 million. For the continental countries alone the increase stood at 41.53% rising from 130,314.8 to 184,417.8 million lire, while in the case of exports the percentage increase stood at 40.68% (from 145,003.1 to 204,535.5 million lire).

Italy has increased her purchases from many of the more important O.E.E.C. countries, such as Germany (+102.46%, from 26,349.1 to 53,347.7 million lire); France (+89.50%, from 15,461 to 29,298.6 million lire); Belgium-Luxemburg (+29.09%, from 18,412.7 to 23,935 million lire); Austria (+28.54%, from 14,279.6 to 18,355 million lire); and Switzerland (+27.67%, from 18,995 to 24,251.7 million lire). There has been a decline in the case of Holland, Greece, Denmark and Sweden.

Thus, among the O.E.E.C. countries, Germany shows the highest percentage participation to Italy's

total imports (8.07%), followed by France (4.43%), Switzerland (3.67%) and Belgium-Luxemburg (3.62%).

Exports to the O.E.E.C. countries have also expanded in almost all directions, notably to France (+170.25%, from 17,298.3 to 46,749.3 million lire). The only exceptions are in the case of Norway (-31.87%, from 7,577.6 to 5,162.9 million lire) and of Holland (-14.74%, from 9,065.7 to 7,729.8 million lire).

The Italian trade balance with the continental O.E.E.C. countries closed at the end of September 1950 with a surplus of 20,117.7 million lire against one of 14,688.3 million in 1949, the increase thus standing at 36.96%.

In the first half of 1950 trade with this group of countries accounted for 27.91% of total imports and for 39.38% of total Italian exports. The corresponding percentages in 1949 were 19.8% and 30.92% respectively.

The notable increase of our trade with the O.E.E.C. countries and its concentration in the European continent undoubtedly reflect the progressive development of the « trade liberalisation » policy (see Tab. VI).

TABLE VI
PERCENTAGE PARTICIPATION OF CONTINENTAL
EUROPE AND O.E.E.C. COUNTRIES TO THE WHOLE
ITALIAN FOREIGN TRADE (a)

	Jan. 1 - Sept. 30 1949 %	Jan. 1 - Sept. 30 1950 %	% of increase 1950 to 1949
Europe	58.4	48.43	+ 27.3
O.E.E.C. Countries	30.44	41.49	+ 36.3
Continental O.E.E.C. Countries	23.81	37.37	+ 37.3

(a) Imports plus exports.

As Table VI shows, the share of the European continent in Italian trade increased by 27.30% in the first 9 months of 1950 as compared to the corresponding period of 1949, while the share of the O.E.E.C. whole group rose by 36.3%. The growth in the share of the Continental O.E.E.C. countries was somewhat higher (+37.5%).

7. — Italian trade with East European countries (Finland excluded) fell in the case of imports by 21.61% (from 41,480.6 to 31,259.5 million lire). The Soviet Union and Hungary were an exception; imports from the former rose from 4,988.4 to 5,522.9 million lire (+10.71%); and those from the latter from 2,477.7 to 4,821.8 million lire (+94.61%). With all the other countries of that group—the figures fell

Exports increased in all by 15.64%, their value rising from 32,857.3 to 37,997.1 million lire. As in the case of imports, Italian sales to the Soviet Union increased rising from a value of 5,436.5 to 9,242.7

million lire (+70.01%). Exports to Czechoslovakia declined (-19.02%, from 5,772.6 to 4,674.6 million lire), so also to Yugoslavia (-7.39%, from 10,938.7 to 10,130.2 million lire).

At the end of September 1950 Italy's trade balance with East Europe closed with a surplus of 6,737.6 million lire as against a deficit of 8,623.3 million in 1949.

As compared to the corresponding months of 1949 East Europe's share in total Italian imports fell from 6.10% to 4.73%. In the case of exports it rose from 7.01 to 7.32%.

8. — The commercial areas generally referred to as « other countries » include many countries varying so widely one from the other that do not lend themselves to further grouping. With the exception of Finland and Spain, they belong to overseas areas.

Imports from these countries have declined by 3.42% falling from 116,674.8 to 113,038.2 million lire; still more marked has been the decline in exports which amounts to 24.25% (from 90,467.6 million lire in 1949 to 68,001.1 million in 1950). This trend corresponds to that noted in 1949 when the value of imports declined by 21.06% as compared to 1948 and exports by 10.68%.

The features of our trade with « other countries » reflect mainly the trend of the trading relations with Argentina which ranks first in this group, accounting for 5.53% of Italian total imports and 6.82% of her exports. It is to the sharp fall in exports to Argentina (-41.40%, from 60,860.6 to 35,421.5 million lire) that the marked decline in Italian trade with « other countries » (24.25%) must be ascribed. In the case of imports the reduction stands at only 7.69% (from 35,548 to 36,521.2 million lire). Consequently, a surplus in Italy's favor of 21,295.8 million lire on 30th September 1949 has been changed into a deficit of 1,099.7 million.

There has been a notable increase in Italian imports from Saudi Arabia (+90.65%, from 8,474.6 to 16,156.7 million lire) which now accounts for 2.44% of Italy's total imports, contrasted by a decline in Italian exports to that country (-9%, from 621.8 to 564 million lire). Mention should be made of the growing trade with Tunisia, Finland, and Syria.

Trade with Spain has fallen off by 52.23% in the case of imports (1,599.7 million lire in the first 9 months of 1950 instead of 3,420.5 million in 1949) and by 34.84% in the case of exports (from 2,547.9 to 1,660.2 million lire).

The trade balance with « other countries » closed on September 30, 1950 with a deficit of 53,037.1 million lire against one of 26,207.2 million in 1949, being an increase of 50.59%.

9. — Table VII shows the percentage participation (and its variations) to our total foreign trade for the more important countries, arranged in the order in which they stood in the first 9 months of 1950.

The largest shares in Italian imports fell — in order of importance — to the United States, Germany, United Kingdom, Argentina, France, Australia, Switzerland, Belgium-Luxemburg, Austria, and Saudi Arabia.

The most notable increases are those for Germany (+108%), United Kingdom (+59.40%), France (+95.10%), and Saudi Arabia (+95.20%). There was a reduction in the shares of the U.S. (-27.37%), Argentina (-6.59%), and Australia (-35%).

Italian exports were purchased — in order of importance — by the United Kingdom, France, Germany, Switzerland, Argentina, United States, Egypt, Austria, Belgium-Luxemburg, and Australia.

The shares taken by the following countries show a marked increase: France (+143.9%), where our sales made surprising progress, United Kingdom (+15.47%), Germany (+15.31%), and Switzerland (+21.77%). We have already referred to the progress made in Australia (+101.52%). The reduction was marked in the case of Argentina (-47.42%) and

TABLE VII
PERCENTAGE PARTICIPATION OF EACH COUNTRY
TO THE WHOLE ITALIAN IMPORTS OR EXPORTS

Countries	Jan. 1 - Sept. 30 1949 %	Jan. 1 - Sept. 30 1950 %	% increase or decrease 1950 to 1949	1950 (mil- lions of lire)
IMPORTS				
United States	37.45	27.10	- 27.37	179.7
Germany	3.88	8.07	+ 108	53.3
United Kingdom	3.67	5.85	+ 59.40	36.6
Argentina	5.82	5.53	- 6.59	36.5
France	2.27	4.43	+ 95.10	29.2
Australia	6	3.90	- 35	25.8
Switzerland	2.80	3.67	+ 31.07	24.2
Belgium-Luxemburg	2.71	3.62	+ 33.57	23.9
Austria	2.10	2.78	+ 32.30	18.3
Arabia	1.25	2.44	+ 95.20	16.1
EXPORTS				
United Kingdom	10.59	12.23	+ 15.47	63.4
France	3.69	9	+ 143.90	46.7
Germany	7.44	8.58	+ 15.31	44.5
Argentina	12.97	6.82	- 47.42	35.4
Switzerland	5.51	6.71	+ 21.77	34.8
United States	3.97	5.72	+ 44.08	29.6
Egypt	5.17	3.78	- 26.89	19.6
Austria	2.62	2.93	+ 11.83	15.2
Belgium-Luxemburg	2.47	2.71	+ 9.70	14.0
Australia	1.31	2.64	+ 101.52	13.7

Egypt (-26.89%). The insignificant participation of Spain in Italian foreign trade is noteworthy (imports 1.24% of the total and exports 0.37%) especially so when compared to prewar trade figures (1938: imports 1.67% of total, exports 1.35% (see Tables III and IV).

10. — Table VIII shows the percentages in which exports cover imports in the several monetary areas or political zones and leading countries, arranged in

their order of importance as markets for Italian exports.

Italian exports to the *sterling area*, which in the first 9 months of 1949 stood at 141.43% of imports,

TABLE VIII

PERCENT RATIOS OF EXPORTS TO IMPORTS

Monetary areas, political zones and countries	Jan. 1 - Sept. 30 1949 %	Jan. 1 - Sept. 30 1950 %	% of increase or decrease, 1950 to 1949
Sterling area	141.43	129.31	- 8.52
Dollar area	15.59	28.05	+ 86.66
O.E.E.C. countries	125.64	120.08	- 4.50
Continental O.E.E.C. countries	111.53	110.86	- 0.62
East Europe	80.48	122.58	+ 52.50
"Other countries"	76.92	60.17	- 21.06
U.S.A.	7.48	13.66	+ 82.62
Germany	134.61	83.01	- 38.34
United Kingdom	199.02	161.53	- 19.10
Argentina	150.41	97.22	- 35.33
France	113.33	162.06	+ 43.36
Australia	14.63	53.84	+ 285.71
Switzerland	136.84	145.83	+ 6.61
Belgium-Luxemburg	61.11	58.33	- 4.92
Austria	85.71	83.33	- 2.36
Saudi-Arabia	7.33	3.52	- 51.15

declined at the level of 129.31% (-8.52%) in the corresponding period of 1950. This was a result of the decline in exports (-4.69%) accompanied by heavier imports ($+4.97\%$).

Italy's surplus in the trade with the United Kingdom also declined by 19.10%, the cover percentage falling from 199.02% to 161.53%.

In the case of the *dollar area* the ratio of exports to imports in the first 9 months of 1950 stood at 28.05%, being an increase of 86.66% over 1949 level, when it stood at 15.59%. The increase is relatively notable and reduces our traditional deficit with that area. The reduction is largely accounted for by the United States with whom our percentage of cover rose from 7.48 to 13.66%. The gains are still small but they clearly point to the recovery of Italian exports to the American market.

In the case of the *O.E.E.C. countries* of the European Continent, there was a slight reduction (-0.62%) in the export-import ratio which is still however slightly favourable to Italy (1949: 111.53%; 1950: 110.86%). The figures for France are somewhat surprising. In the first 9 months of 1949 our exports exceeded by 13.35% our imports from that country; in the corresponding months of 1950 the export-import ratio reached 162.06%, being an increase of 43.36%.

The leading Continental O.E.E.C. countries have affected the total result sometimes by reducing and sometimes by raising their ratios. In the case of the countries listed in Table III the following variations

have occurred: Germany — 38.34%, falling from 134.61 to 83.01%; France + 43.36%, rising from 113.33 to 162.06%; Switzerland + 6.61%, rising from 136.84 to 145.83%; Austria — 2.36%, falling from 85.71 to 83.33%.

Italy's trade deficit with *East-European countries* has been converted into a surplus in the first nine months of 1950. From January 1 to September 30 1949 the ratio of Italian exports to imports stood at 80.48%; in the corresponding period of 1950 at 122.58% showing a rise of 52.50%. This is due to the revival of exports ($+15.64\%$) accompanied by a decline in imports (-26.41%) (see Tables III-IV).

The ratio of exports to imports with "other countries" has declined by 21.06% (falling from 76.92 to 60.17%). But such a general index means little in the case of such a heterogeneous group of countries. The specific figures for the two more important countries of the group are as follows:

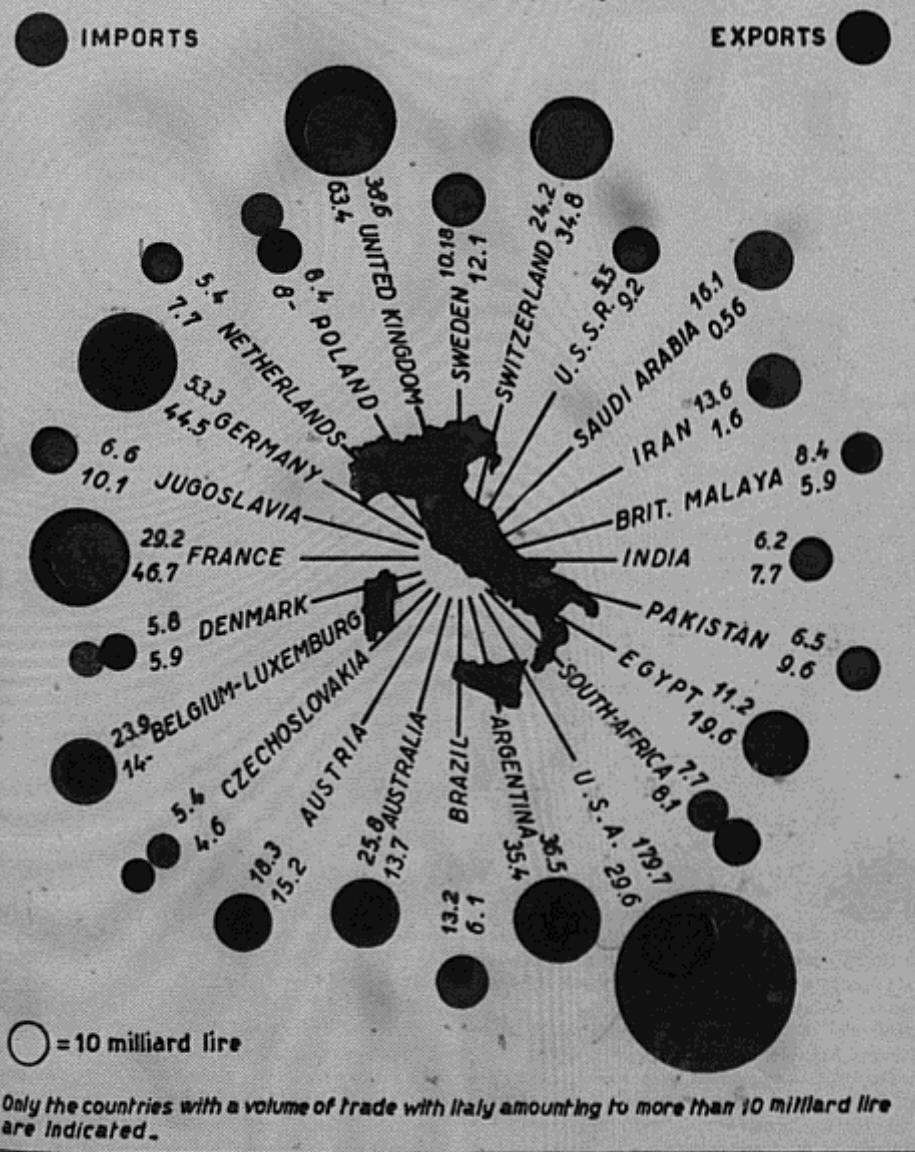
(a) The value of Italian exports to *Argentina* was slightly below that of the imports in the first 9 months of 1950, leaving a trade deficit of 1,109.7 million lire (see Tables III-IV). Consequently, Italian exports, which in the first 9 months of 1949 exceeded imports by 56.41%, only covered them to the extent of 83.01% in 1950. This is chiefly due to the marked decline in the value of our exports to Argentina (-41.40%) as compared to that of our imports (-7.69%) (see Tables III-IV).

(b) At the end of the third quarter of 1950 *Saudi Arabia* was holding the 10th place among the countries exporting to Italy. In the first 9 months of 1949 Italian exports covered 7.33% of our imports. In 1950 the ratio fell to 3.52% being a reduction of 57.15%. This is due on the one hand to heavier Italian imports ($+90.65\%$, rising from 8,474.6 to 16,156.7 million lire), more especially of mineral oils, and on the other to reduced exports.

11. — The reduction of the trade deficit which declined by 32.87%, as noted in par. 2 of this survey, cannot of course be interpreted as being in itself a symptom of an improvement in Italian foreign trade and as favorable to the domestic economic situation. To form an opinion on this point, the several groups of imports for which a reduction is noted and the groups of exports that have increased or declined are to be considered. Table IX shows the volumes for the more important groups of commodities compared with the corresponding figures for the previous year.

In the case of imports, we are immediately struck by the marked decline in foodstuffs and raw materials for their preparation (wheat, corn, flour, etc.) for wool and coal. The largest increases are those for raw materials for the metal trades (copper scrap, iron, pig iron, scrap iron, metallic ores, aluminium and its alloys, etc.); machinery, auto-vehicles, ships and tug. Imports of mineral oils, gums and resins, and chemical products have also increased.

ITALY'S IMPORTS AND EXPORTS IN THE FIRST NINE MONTHS 1950 BY COUNTRIES (Milliards of lire)



This would indicate that the reversal of the economic trend has intensified purchases of raw materials for industry as against those of foodstuffs. This change has of course affected the terms of trade (see Table XI), in view of the accelerated rate in the rise of imported raw materials prices (42% from June to November 1950).

ITALY'S MAIN IMPORTS AND EXPORTS: CHANGES FROM 1949 TO 1950
(m. tons)

Economic Groups Decreasing:	Jan. 1, Oct. 31 1949	Jan. 1, Oct. 31 1950	% of 1950 to 1949	Economic Groups Increasing:	Jan. 1, Oct. 31 1949	Jan. 1, Oct. 31 1950	% of 1950 to 1949
A) EXPORTS							
Cotton yarn	28,252	24,505	- 26	Cheese	10,834	10,140	+ 49
Machinery and apparatus	37,782	52,950	- 9	Sweetmeats	1,346	4,093	+ 204
Motor-cycles and velocipedes	35,427	21,952	- 40	Rice	103,964	183,029	+ 70
Railway and road cars	42,402	4,573	- 89	Potatoes	61,826	92,273	+ 48
Paper and paperboard	13,813	12,266	- 12	Fresh vegetables	177,160	221,363	+ 24
Inorganic chemical products	12,374	11,579	- 7	Canned tomatoes	16,075	25,159	+ 55
Citrus fruit	269,365	267,396	- 1	Wine & vermouth (hl.)	486,450	735,811	+ 59
				Olive oil	3,784	53,453	+ 231
				Fresh fruit	246,770	257,422	+ 4
				Dried fruit	42,300	62,865	+ 47
				Hemp, linen & jute fabrics	3,732	14,748	+ 280
				Cotton fabrics & finished products	22,441	35,608	+ 59
				Motor Vehicles	16,966	19,846	+ 18
B) IMPORTS							
Wheat	1,599,991	847,107	- 47	Metallic ores	251,244	301,515	+ 21
Maize	8,586	38,797	- 54	Iron scrap	329,245	414,362	+ 5
Wheat flour	276,195	47,756	- 83	Iron, pig iron and steel	430,696	616,695	+ 43
Greasy wool	55,079	49,169	- 11	Copper scrap	3,814	9,190	+ 139
Soured wool	16,981	12,692	- 25	Copper and related alloys	39,440	57,219	+ 46
Coal	7,815,473	6,945,471	- 11	Machinery and Apparatus	27,027	60,273	+ 121
Coke	26,749	15,075	- 43	Motor Vehicles (n.)	991	2,647	+ 167
				Ships and tow-boats (d.w. tons)	90,003	238,754	+ 165
				Aluminum and related alloys	3,383	13,942	+ 313
				Mineral oil	2,540,334	4,399,236	+ 71
				Rubber and resin	19,514	23,776	+ 21
				Chemical products	66,780	117,065	+ 77

A decline in exports occurred for industrial products other than foodstuffs, and for the raw materials required for their manufacture (cotton yarns, inorganic chemicals, road and railway rolling stock, etc.). There has been a considerable improvement in the case of the other groups, more especially in the case of foods (especially confectionary, rice, fresh fruit and vegetables, wines and cheeses, olive-oil and fruit; however, exports of citrus fruit fell off slightly). Noteworthy also the increase in exports of fabrics made of hemp, flax, jute and cotton, and of auto-vehicles.

The impression received from these variations is that Italian export trade is getting growing support from its traditional items, with the consequent shrinkage of the more recent ones of special interest

for the country's economic development. This trend shows a weakening of Italy's position as an export market.

We would however call attention to the fact that the comparisons are drawn between the first 9 months of 1950 and the first 9 months of 1949, and that they are therefore affected by the trend of the previous

year. New data may modify the situation which was apparent at the end of September 1950.

12. — Italy's foreign purchasing power seemed — to say the least — stationary at the end of June 1950. At that time the increased value of Italian exports was accompanied by their increased volume. On the other hand, the lower value of imports was matched by a slight increase in their volume. In both cases this meant a fall in both import prices (advantageous to Italy) and in export prices (to her disadvantage). In this connection the averages given in Table X should be referred to.

The average index number for the volume of imports rose from 118.1 in 1949 to 119 in 1950, while

the index number for prices paid fell from 95.4 to 87.4. This favorable trend was the expression of the coming back to a « buyer's market » of which Italy

from 99.8 in 1945 to 118.5 in 1950, while the prices of exported commodities fell from 104.4 to 96.1. This would show that the expansion that occurred in

IMPORTED AND EXPORTED GOODS: QUANTITIES AND PRICES
(Index numbers, monthly average 1948=100)

TABLE X

Month	Imports				Exports			
	Quantities		Prices		Quantities		Prices	
	1949	1950	1949	1950	1949	1950	1949	1950
January	91.6	119.6	96.2	89.2	102.8	108.6	104.0	97.1
February	104.1	117.1	96.3	88.2	95.0	100.4	107.2	102.8
March	134.7	117.5	94.7	86.5	103.6	130.2	108.4	94.3
April	126.0	108.4	93.2	85.6	94.2	112.1	103.1	97.4
May	134.3	119.7	96.2	87.1	97.6	131.7	103.0	95
June	118.1	131.9	95.7	88	104.7	128-	101.2	91.1
Average	118.1	119	95.4	87.4	99.8	118.5	104.4	96.1

Source: Central Institute of Statistics - *Statistiche del Commercio con l'Estero*, 1950, Not. 5-6-7.

was able to avail herself all the more readily thanks to the spread of « liberalisation » in European trade.

The index number for the volume of exports rose

TERMS OF TRADE
(monthly average 1948=100)

TABLE XI

Month	1949	1950
(General Index) (a)		
January	1.08	1.09
February	1.11	1.15
March	1.14	1.09
April	1.10	1.13
May	1.07	1.07
June	1.05	1.03
Average	1.091	1.095
Raw material index (b)		
July		1.073
August		1.018
September		0.876
October		0.810
November		0.777

(a) These ratios have been calculated taking as basis import and export price indexes of Table X.

(b) These ratios have been calculated taking as basis import and export price indexes published in « *Previsioni a breve termine* » by the Business Statistical Centre of Florence (Number 22, December 1, 1950).

Italian foreign trade (+18.73% in volume) in the first half of 1950 was only obtained at the cost of a reduction (-8%, as shown by the price index numbers) in the prices received.

While the terms of trade (see Table XI) fluctuated without following any definite trend until April, they deteriorated considerably in May and June (April 1.13; May 1.07; June 1.03). Although data are missing for the following months it seems probable that this deterioration has been and is being accentuated. The terms of trade for raw materials only have indeed marked from July to November 1950 a fall of some 28% (from 1.073 to 0.777; see Table XI). The special structure of Italian foreign trade does not allow of generalizing these last index-numbers; they are affected more especially by the rise in the prices of essential raw material imports while Italian exports of raw materials are relatively few and of little importance on world markets. In any case, the marked difference between July and November prices cannot but be taken into consideration.

The fact is that Italian exports have been progressively concentrating on the more traditional commodities of limited marketability (see Par. 11 and Table IX). On the other hand, the problem of rearmament, and the change from a buyer's into a seller's market for a whole series of raw materials for industry can but intensify the trend of imports prices, making more costly the purchase of essential raw materials and limiting the Italian purchasing power as compared to that of foreign countries.