(30) Im Original: "GNP estimates used in this Report are somewhat lower than those used previously by the Secretariat". Bericht 1985, S. 118.
(31) Vgl. Bericht 1985, S. 93, Tab. III-1.
(32) Vgl. Statement by the USSR Representative Ambassador E. N. Makeyev in the General Debate at the Second Regular Session of ECOSOC, July 1982, Unofficial Translation.
(33) Es ist anzumerken, daß nicht nur von diesem, sondern auch von anderen sowjetischen Vertretern, sowie in schriftlichen Erklärungen unerklärbarerweise der Begriff "BSP" verwendet wird. Ob dies an der fachlichen Inkompetenz der sowjetischen Delegierten bezüglich der unterschiedlichen Konzeptionen der volkswirtschaftlichen Gesamtrechnung liegt, oder ob es sich um ein bewußtes Vertauschen mit der Absicht, den Eindruck einer höheren Belastung des Gesamtproduktes durch die Vergabe von Entwicklungshilfe zu vermitteln, handelt oder ob einfach ein schlichter Übersetzungsfehler vorliegt, kann hier nicht eruiert werden.
(34) Vgl. Statement by Mr. A. Manzhulo, Head of the USSR Delegation to Unctad VI, Deputy Minister of Foreign Trade, Belgrade, June 9, 1983.
(35) Vgl. ebenda; ebenso Unctad Document TD/280, Trade relations among countries having different economic and social systems and all trade flows resulting therefrom, 14. February 1983, S. 15; weiters TD/326 (Vol. I), Economic co-operation of the Union of Soviet Socialist Republics with developing countries, Document submitted by the Union of Soviet Socialist Republics, S. 150; Unctad Document TD/B/AC.38/2/add.1/11. April 1984, Developing Countries and the USSR: new forms of trade and economic co-operation, Study prepared by Mr. M. Khaldine, Professor at the All-Union Market Research Institute, Moscow, USSR, S. 5; ferner: Economic and Social Council Document, E/1984/103, S. 4.
(36) Neue Zürcher Zeitung vom 31. 12. 1982.

Walter Kaiser
Harmoniegasse 9/15
A-1090 Wien

Journal für Entwicklungspolitik 2, 1986, S. 51 - 63

László Láng

ECONOMIC RELATIONS BETWEEN THE CMEA 6 AND THE THIRD WORLD: CAN THE POSITIVE RETURNS BE PRESERVED?

The Case of Hungary*)

The East-South Economic interplay is a peculiar field of international transactions: despite its marginal quantitative importance, it continuously arouses heightened interest and discussion. The reasons lie more often than not, with international politics rather than economics.

The approach of this contribution will be economic in nature focusing on the East European pattern of interest in relations with LDCs. Should the small European CMEA countries (CMEA 6) (1) maintain the role the Third World used to have in their econimic development during the 1970s and the early 1980s, and if so, how ought this to be done? Has the doubtlessly spectacular expansion of East-South economic exchanges up to 1982 been an accidental phenomenon which is now followed by mutual disappointment?

These questions will be addressed here taking Hungary as a case study, in the understanding of all the contingencies a case study usually incurs.

I. The Basics of East-South Economics

The history of East-South economic relations can be seperated into three clearly distinguishable eras. The first goes from the mid-1950s, when national and regional autarky in Eastern Europe softens up, to the early 1970s. This had been an era of limited manoeuvrability and strong complementarities on both sides. Eastern Europe was an alternative source of supply for those LDCs who thought it a sensible policy to diversify away from traditional sources of technology. In exchange, Eastern Europe purchased resource-based commodities to fill the eventual gaps in intra-CMEA commodity supplies. This latter, however, worked out smoothly in this period, i.e., not much room was left for spectacular expansion in exchanges.

---

*) The views expressed in this paper are those of the author and do not necessarily represent those of any of the institutions the author may be associated with.

The second phase started from the late 1960s with cutting down on the already growth-impeding clearing arrangements and went until 1982 when Eastern exports to LDCs reached a historical climax. This had been a period of unprecedented expansion fuelled by mutual interest but also one of mounting contradictions and challenges.

The expansion had been driven, in part, by the flaws in the intra-CMEA fuel and mineral supply scheme, i.e., demand-side factors. The share of LDCs in total fuel and mineral imports of CMEA 6 increased from 6.2 per cent in 1970 to 14.5 per cent in 1980. The supply-side impetus was provided by a couple of new phenomena. One was the upsurge in OAPEC imports, the boom that evolved in an attractive geographical proximity to CMEA 6. The OPEC share in Eastern exports to LDCs rose from 22 per cent in 1970 to 49 per cent twelve years later. Other supply-side factors were some institutional adjustments on the part of CMEA 6, such as the emergence of "socialist multinationals", i.e., the first steps with Foreign Direct Investment in LDCs (McMillan 1979), then the much publicized spreading of "tripartite" ventures and the learning-by-doing of the mastery of industrial project and civil construction exports (Láng 1983) etc. As a combined result, East-South trade - besides the South-South flow - turned out to be the most dynamic segment of international non-fuel trade in the second half of the 1970s.

In this phase, the spectacular expansion has partially camouflaged the limits and the already emerging contradictions of the same process. Eastern Europe has been, increasingly as a matter of fact, interested in maintaining the traditional complementarity of its trade patterns with LDCs as well as the complementarity of trade balances between its Western and Southern exchanges. Both strives have faced growing resistance on the part of some LDCs. LDCs saw the share of their manufactures falling from 16 per cent in CMEA 6 imports in 1970 to below 7 per cent in 1982. They also objected to the CMEA's using LDC surpluses for partially refinancing its trade deficits with the West. Thirdly, the CMEA has been criticized for its insufficient aid performance with no hint at the fact that in a world where bilateral ODA is tied, formally or informally to an extent of 60 - 70 per cent, this insufficiency bears upon the donors' Third World competitiveness as well.

This is the other part of the story: despite the impressive growth rates Eastern positions have deteriorated in structural terms. The share of capital goods used to account for 44 per cent in CMEA 6 exports to LDCs in 1970 and for only 33 per cent in 1982. Also, their share in Third World capital

good markets decreased: from almost 3.0 per cent to 2.3 per cent in the course of the twelve years considered. It can be demonstrated that in their declining relative competitiveness as technology exporters, the vigorous upsurge in intra-Third World trade and the advances by the NICs had a crucial part to play (Láng 1984, 1985).

This is how the third phase of East-South relations begins: from 1982 onwards the bulk of the above contradictions prevails while the conspicuous trade expansion gets out of breath. Table 1 demonstrates the showdown.

Table 1: CMEA 6 Trade with LDCs

Values in billions of US dollars, growth rates in percentages

	1975/70(a)	1980/75(a)	1981	1982	1983	1984	1985
CMEA 6 exports to LDCs (per cent)	20.2 (23.3)(b)	13.2 (14.8)	22.9 (9.5)	2.8 (-6.0)	-6.7 (-7.7)	-5.2 (1.1)	-7.7 (-2.3)
CMEA 6 imports from LDCs (per cent)	20.6 (25.1)(c)	11.3 (17.5)	0.8 (-2.8)	6.9 (-10.9)	3.5 (-6.5)	2.6 (7.1)	6.6 (...)
Trade balance (in billions of US-$)	0.6 (d)	2.3 (d)	4.3	4.2	3.0	2.3	1.0

a) Growth rates for 1980/75 and 1975/70 are yearly averages.
b) Figures in brackets are the respective growth rates of total LDC imports.
c) Figures in brackets are the respective growth rates of total LDC exports.
d) Balances are for 1975 and 1980, respectively.

Source: UN Monthly, Bulletin of Statistics, May 1985 and July 1980.
For 1983 - 85: Economic Bulletin for Europe, UN, vol. 37, No. 4, Pergamon Press, December 1985.

The turn of the export trend and that in the surplus accumulation is evident, while the continuation of the import growth is somewhat illusive as it reflects the increased importance of bartering and re-exports respectively (ECE 1985: 3.17). That is, if the downward slope in CMEA exports to LDCs is to continue imports which were to serve in part for the collection of hard currency through re-exports, are also due to fall.

II. The Positive Development Functions of Trading with LDCs: the Case of Hungary

In quantitative terms Hungary is not an outstanding representative within the CMEA 6 for relations with LDCs. The value of her exports to

LDCs is, as a matter of fact, the lowest among the six countries although her total imports (i.e., incl. re-exports) exceeds those of Bulgaria, Czechoslovakia and Poland. Still, her case is symptomatic in many respects. The Hungarian case is taken to show what economic policy functions LDCs have from the viewpoint of a small European centrally planned economy with modest resource endowment; how the significance of these functions has changed over time and because of the deteriorating liquidity position of most LDCs; what can an economy such as the Hungarian do to preserve these positive functions or to prevent their erosion if external conditions work out unfavourably.

LDCs fulfil a couple of positive functions from the viewpoint of the Hungarian economy, and of foreign economic relations in particular. These functions are partly actual, partly potential, still as a result of their combined interaction Hungary's economic ties with the LDCs are endowed with an importance that exceeds the role one is able to identify on the basis of aggregate trade shares. These functions are region-specific since they could not be exploited as it can be shown, in other regions (industrially developed countries of CMEA) but with substantial additional costs and inefficiencies.

1. Due to a coincidence of internal push and external pull factors, relations with LDCs have had a substantial "accelerator Effect" on Hungary's extra-CMEA exports. Between 1973 and 1982, Hungary's exports to LDCs increased at a rate that was double that of the growth of total exports, and there has been a 1.5-times differential in the respective import rates, too. As a consequence the LDC-share in Hungary's exports grew from 4.8 per cent in 1973 to 12.9 per cent in 1982, and in imports from 6.5 per cent to 10.2 per cent, respectively (2).

This dynamic stage set in after decades of virtual standstill. In 1973, the LDCs' share in Hungary's foreign trade had been roughly the same as in 1950 and was smaller than in the years before World War II. (Dobozi 1981: 7). The revival of Hungary's Third World ties from the early 1970s onwards has been fostered primarily by external pulls. The OPEC-share in Hungary's exports to LDCs increased abruptly by 24 percentage points in 1975 and again by 15 percentage points after the second oil price hike. The servile adjustment to the import peaks of OPEC and OAPEC countries in particular is, of course, a typical reaction of marginal suppliers and has been characteristic for the other European CMEA countries as well.

The "accelerator effect" of LDC trade could not have worked out had the

relations continued to rely on intergovernmental clearing and barter schemes as extensively as they did in the 1960s. In the early 1980s less than one third of total Hungarian exchanges with LDCs has been conducted on the basis of bilateral clearing and barter schemes as compared to an estimated 75.3 per cent in 1970 (Grosser, Tuitz 1982: 89). In most cases it were the LDC partners who asked for the introduction of settlements in convertible currencies.

Compared to real export growth, import dynamism has been somewhat illusive as it reflected mostly the upward price movements of the raw materials and tropical products figuring dominantely in the Hungarian import basket from LDCs. Yet, up to 1980, the LDC-share in Hungary's purchases of some minerals increased substantially as a result of the quality and quantity limits of intra-CMEA supplies (3). Hungarian crude oil purchases from LDCs have served re-export purposes, more often than not, due to compulsion rather than to some kind of trade policy preference (Lóke 1984).

Hungarian exchanges with LDCs climaxed in 1982, although Hungary's market share in the Third World was even in this year below the "historical" peak reached in 1960 and not repeated afterwards. Between 1982 and 1985, Hungarian sales to LDCs decreased in nominal terms by 21 per cent while total LDC imports fell by only 9 per cent. The contraction of Hungarian purchases from LDCs has been even more conspicuous: 44 per cent from 1982 to 1985, due largely to decreased bartering needs. The showdown has been a result mainly of the overplayed OPEC card. In 1982, almost half of Hungarian sales to LDCs went to three countries (Iraq, Iran, Nigeria) which, owing to political and economic vis major, have been driven into serious import cuts from that year onwards. Consequently, what seemed to be a rational market specialization in 1980/81, turned out to prove damaging cyclical defencelessness after 1982.

2. LDCs have had a positive balance-of-payments function from the viewpoint of the Hungarian economy, contributing to an increase in her foreign manoeuverability, particularly from the late 1970s onwards. This balance-of-payments function is not likely to be substituted by trade with other regions, not even in the longer run.

Almost 90 per cent of the surplus created by Hungary in trade with LDCs has been accounted for by only four countries in the Middle East and Africa, meanwhile exchanges with Latin America and Southeast Asia produce chronic and growing deficits. That is, the Hungarian economy has virtually failed to join in the conspicuously dynamic trade flows and division of labour that had evolved between the NICs and the industrially developed parts of the world economy (Dobozi 1981). The traditional Hungarian deficit in trade with these countries clearly demonstrates that neither as an exporter nor - as a structural analysis could show (4) - as an importer Hungary succeeded to integrate this dynamism into her own economic development strive.

3. One of the most important functions that LDCs have for the Hungarian economy is the structural "upgrading" of her extra-CMEA exports. The share of Third World countries has been approximately 30 per cent in Hungary's "non-socialist" exports during the 1980s. With regard to machinery and equipment, however, the LDC-share has been over 60 per cent. That is, the bulk of extra-CMEA exports of Hungarian-made capital goods has had to stand the test of hard world market competition in LDC markets.

The LDC-share has been the highest in the case of tele-communication equipments, other transport equipments and of machinery for special industries: in these subsectors, LDCs account for more than three fourth of all non-rouble sales by Hungary. In the R and D intensive product group of professional scientific and controlling instruments, one fifth of total exports and nearly 80 per cent of sales to non-CMEA markets are directed to the Third World. Lower but apparently rising is the LDC-share in the non-rouble exports of metal working machinery and power generating equipment.

There are recurring rears in the Hungarian economic literature that the rising Third World focus of Hungary's capital goods industries and the lower quality and technological requirements these markets are allegedly content with may be a reason for the further postponement of the long-needed structural transformation of Hungarian manufacturing. This might only be a real danger if the manufactures that are squeezed out from, or do not even come up to the requirements of, industrially developed markets could find a lasting alternative outlet in LDCs. However, this is less and less the case and particularly not through simple sales arrangements.

The share of capital goods in Hungarian exports to LDCs peaked first in 1975 with 41 per cent and then again after the second Middle East import boom, with 48 per cent in 1982. Subsequently, this share declined considerably: to 37 per cent in 1985. That is, machinery sales have been harder hit by the unfavourable external demand conditions than

resource-based exports.

It might be suggested that the ostensibly declining competitiveness of Hungarian manufactures in Third World markets can be attributed to the fact that Hungary has not been in a position to offer as attractive financial packages to support her sales as some of her competitors could. The Hungarian performance in LDC projects financed by the World Bank shows, however, that the reasons are more likely to lie with technological competitiveness and particularly with inadequate marketing efforts. In 1982, when Hungary joined the World Bank, experts envisaged (Világgazdaság, 1986) additional exports of an annual value of $ 50 - 100 million to be tapped, considering that World Bank projects rarely demand high-tech and prefer fields (agriculture, social and physical infrastructure) where Hungarian exporters have already accumulated considerable experience. The actual performance, however, lagged far behind expectations. Between 1982 and 1985, Hungarian firms contracted only sales of $ 34 million in LDC projects (and an additional $ 40 million in local World Bank projects) which clearly reflects the technological and marketing problems of Hungary's manufactured exports even if one duly considers the difficulties associated with the initial inexperience.

4. Another function of the LDC-connection from the viewpoint of the Hungarian economy is that Hungarian exporters were forced to get involved extensively in non-traditional contracting and investment arrangements in Third World countries. From the late 1970s on, packaged sales that implied both the hardware and the software of the technology have become a widely applied practice in Hungary's relations with LDCs.

Industrial packages are known to have a couple of advantages from the transferers' viewpoint as well. i) An industrial package contains a number of ingredients not marketable independently, i.e., packages tend to channel out products and services which would never be sold in international markets otherwise. ii) The packaged sales are due to improve the terms of trade of the exporter as the price of the associated performance is non-specified in international terms, i.e., the outcome of mutual opportunity cost considerations and bargaining. iii) Packaged sales may pave the way for longer term relations between buyer and seller as the more complex the package the more likely the original supplier will be assigned to subsequent expansion, reconstruction, or similar tasks. iv) Packaged exports may have positive feedbacks in the sellers' home economy by enhancing common goal-oriented endogenous vertical cooperation which is particularly rewarding in an environment where voluntary micro-cooperation faces a lack of traditions, oligopolistic positions and vested interests.

The full-scale exploitation of these advantages is still a potential in the Hungarian case despite the fact that the share of goods marketed via international investment (such as turnkey ventures, construction contracting, equity investments, licensing, etc.) approached 30 per cent of total Hungarian exports to LDCs between 1978 - 83.

Still, propensities to engage in products rather than in packaged technology exports do prevail. There is a number of reasons for this which lie mostly with internal economic peculiarities. Project exports, for instance, inspite of being the most popular form of more-than-sale activities of Hungarian firms, are a rather painful exercise due to endogenous specificities. The lack of an organic inter-company incentive system complying with the logic of vertical integration hinders the production of the specific product called "project". The monopoly positions in the domestic market of a number of intermediate producers, and the general obsession with direct export activity (instead of participating in "someone else's" exports) make the contractor's domestic linkages difficult, impede the compilation of sophisticated technological packages and imply a lot of socially unnecessary transaction costs.

Still, project exports have flourished until 1982/83 due in part to OPEC pull factors and in part to the fact that the "projects" exported included some essential hardware elements that fitted well to the needs of LDC clients. Less success and more disappointment accompanied those attempts in which the competitive strength is determined mostly by enterpreneurial qualities, "embodiment" (Westphal et al 1984), skills, brand names etc., as in construction contracting, consultancy, licensing or franchising.

Equity investments in LDCs have come up to even more difficulties. Companies have been reluctant due to an overreaction to the risk associated with such moves. Nor have the authorities been quite willing to lease the hard currency for long term investment with uncertain returns. Risk aversion attitudes as far as equity investments were considered have been characteristically more pronounced vis-à-vis LDCs than in regard to developed market economies. As a consequence, the number of Hungarian equity holdings, joint ventures and affiliates in LDCs is less than one fifth of that in OECD countries which is a ridiculous disproportion if either the share of LDCs in Hungary's non-rouble trade or the structural differencial of the two flows are considered.

Despite all the outlined weaknesses, one thing stands out perfectly clear. Hungary's trade expansion in LDCs lacked the traditions, the beaten tracks and the extensive network of middlemen it could rely on in Western Europe. Hence, stepping up trade with LDCs demanded more intensive marketing efforts, both from the companies and the government. A learning-by-doing process has thus begun which sometimes requires substantial tution fees but is due to yield its fruits in the longer run, by improving enterpreneurial qualities which are vital in an international environment in which the importance of intangible skills over the tangible, primary factors of production, continues to increase.

5. The fifth positive function ties with LDCs seem to have from a Hungarian viewpoint is that increasing manufactured imports from LDCs may enhance macro- and particularly microadjustment efforts, enforce a process which - painful as it is - is known to contribute to the stepping up of the general international competitiveness of firms and economies concerned. It is an old perception in the Hungarian economic literature too, that a close cooperation with the dynamic manufactures industries of LDCs is a factor contributing both to the structural modernization of Hungary's overall economic pattern and the export-side penetration in the Third World (Kádár 1979).

The share of consumer manufactures in Hungary's imports from LDCs increased from 3.5 per cent in 1970 to a 15.2 per cent peak in 1982. The shift away from raw materials to intermediates and manufactures has been particularly swift in the case of the textile industry. Between 1975 and 1984, the share of non-manufactured textile fibres fell from 56.8 per cent to 27.0 per cent in Hungary's total textile industry imports from LDCs, while those of the textile fabrics and clothing rose from 32.5 per cent to 52.5 per cent and from 10.7 to 20.5 per cent, respectively.

Still, there is a large untapped potential in increasing LDC import penetration into the Hungarian economy and thus to enhance more micro-adjustment efforts and to open up new export market segments. Statistical comparisons between Hungary and some other small West European economies would show that Hungary is still lagging considerably behind with regard to the LDC-share in total imports of product groups such as machinery, industrial fittings, furnitures, shoes, instruments and optical goods.

External conditions impacting upon Hungary's economic relations with the Third World are not likely to be strong and favourable enough in the near future to counteract the erosion of the outlined positive development functions the LDCs were shown to exert from the viewpoint of the Hungarian economy. The share of high-income and middle income oil exporters who are hardest hit by the recent oil price developments amounts to 78 per cent in Hungary's exports to the Third World. The share of the NICs, in turn, who may have cumulatively benefited from low oil prices, falling interest rates and reviving international purchases, is as low as 4 per cent. A radical reorientation of the geography of trade would take a long time and large additional costs. Consequently, no powerful favourable external impetus can be counted on when the question is considered how Hungary's trade relations with LDCs may evolve in the foreseable future. More likely, the increasing need for bartering and countertrade, strengthening demand for concessional financial packages and for risk-sharing can be envisaged.

With this dim outlook in mind, economic decision-making may respond to the situation in two ways. One is a defensive risk-averting reaction which would combine a retreat from the most shattered markets and a wait-and-see attitude in the others. The other is a risk-conscious but offensive strategy that plans for the longer run and tries to decrease the domestic transaction costs of trading with LDCs, the costs that root in the internal economy and which could be afforded when external conditions were favourable but tend to ruin competitiveness when they are not so any more. Even the first approach could not be blamed if there were reasonable alternatives, i.e. alternative groups of countries or regions, which could substitute the developmental and structural functions LDCs used to have for more than a decade for the Hungarian economy. But apparently, this is not the case.

It would be, however, naïve to think that even through an offensive strategy the positive functions and their combined effect can be preserved in the face of inconducive external conditions in an unchanged form of composition. The structural functions, i.e., the ties that enhance the upgrading of endogenous enterpreneurial qualities, enforce microadjustment and contribute to the structural modernization of exports, should be preferred to others such as the accelerator effect and the balance-of-payments function. To achieve this aim, a set of new means should be deployed and some others should be more intensively applied than

before.

Hungary will by all likeliness continue to offer to LDCs mixed financing facilities, i.e., concessional financial packages. The quantitative limits of concessional financial packages. The quantitative limits of concessional export financing will be determined by the balance of payments position of the country while its geographical radius should be tied up to structural policy criteria, i.e., it should finance "progressive", non-commodity sales.

International experience suggests that trade ties based exclusively on state sector clients in LDCs may be now less conducive to export expansion than in the course of the 1970s or early 1980s. Thus, the sectoral spectrum of partners needs to be expanded, paying particular regard to small and medium-size industries in LDCs and their technological requirements.

Hungarian firms will be expected to appear in LDCs more as investors rather than salesmen only. Domestic economic management has still a lot to do to stimulate and encourage such patterns of behaviour. Risk-averting attitudes and too rigorous fiscal preferences will not be helpful in preserving positions in LDCs amidst the changed circumstances.

When countertrade is spreading, an import policy which is but to fill the gaps of internal supplies or is governed by accidental necessity, spoils both the returns of exports and the temptations of trading with LDCs. Lacking a longer run import policy perception, countertrade tends to increase macro- and microeconomic inefficiencies and losses, while otherwise it may serve structural adjustment objectives, and an expansion in international manoeuvrability.

Industrial cooperation schemes combined with buy-back arrangements or international subcontracting deals between Hungarian and LDC firms should be encouraged. Such deals could step up Hungarian exports to the OECD, as well, both directly - via reexports -and indirectly - via releasing domestic industrial capacities for higher value added manufacturing. Hungary must not fail to realize that in some LDCs substantial technological potential has been created. Tapping these sources might be rewarding particularly if the barriers to access for socialist countries to advanced technology in industrial countries are maintained. The possibilities for a new form of the once much publicized "tripartite" ventures should also be explored in which now firms from Eastern Europe would jointly contract with LDC firms for investments in other developing countries. Reliable, low-priced "hardware" (from Eastern Europe) could thus be associated with similarly low-priced "software", i.e., embodiment skills (from a number of

LDCs, such as India or Mexico).

Trading with LDCs will continue to be a risky business in the second half of the 1980s. Still, amidst the outlined circumstances a run-away strategy would do more harm to the Hungarian economy than a "run-ahead" strategy. The latter, however, requires much flexibility and ingenuity the sources of which root within, i.e. in the accelerated continuation of the attempts that aim at reforming both the macromanagement and the microlevel patterns of economic behaviour.

Notes

(1) For convenience, the six European CMEA countries, Bulgaria, Czechoslovakia, the GDR, Hungary, Poland and Romania will be termed as CMEA 6.
(2) All data throughout the paper in regard to Hungarian trade performance in LDCs are taken from official Hungarian foreign trade statistics, and the source is not referred to individually.
(3) The share of Third World countries in total Hungarian imports of crude fertilizers and ferrous metals increased from 8.3 to 19.1 per cent and from 22.0 to 28.4 per cent, respectively, between 1975 and 1980. It can be shown, however, that most of the "outward-turning" of Hungary in mineral imports meant increased purchases from OECD-countries rather than increased reliance on LDCs.
(4) Hungary's imports from Latin American and Asian NICs consist mostly of raw commodity purchases. For instance, the share of SITC groups 2, 4, 67, 68 account for 77 and 75 per cent in imports from Pakistan and Brazil, and agricultural commodities make up for more than 80 per cent of the purchases from Indonesia, Argentina and Mexico.

References

- Dobozi, I., "Hungary's Approach to the Third World in Historical Perspective", Paper presented at the 6th Hungarian-U.S. Economic Roundtable, Mimeo, Budapest 1981.
- ECE, Economic Bulletin for Europe, vol. 37, no. 4, Pergamon Press, December 1985.
- Grosser, I., Tuitz, G., Structural Change in Manufacturing Industries in European CMEA Area and Patterns of Trade in Manufactures between CMEA Countries and Developing Countries, UNIDO, ID/WG.357/5, 1982.
- Kádár, B., Szerkezeti változások a világgazdaságban (Structural Changes in the World Economy), KJK, Budapest 1979.
- Láng, L., "Contracting and Construction by Socialist Countries in the Third World", UNITAR Expert Meeting on Interregional Cooperation Between ECMEA and Developing Countries, Budapest, Mimeo 1984.
- Láng, L., "Competition between East and South in Third World Markets", Development and Peace, vol. 5, no. 2, 1984.
- Láng, L. "East-South versus South-South Export Performance: an Uncertain Expansion", Forthcoming at RCCDC, Ljubljana 1986.
- Löke, Gy., "Az OPEC-kőolajban rejlő lehetőségek a KGST-országok számára" (The Underlying Potentials of OPEC Crude for the CMEA), Világgazdaság, August 1, 1984.

- McMillan, C. Ch., "Growth of External Investments by the Comecon Countries", World Economy, vol. 2, no. 3, 1979.
- Világgazdaság, February 16, 1986.
- Westphal, L. et al., "Case Studies: Republic of Korea", in: Lall, S. (ed.), "Exports of Technology by the NICs", World Development, vol. 12, Nos. 5./6. 1984.

László Láng
Institute for World Economics of
the Hungarian Academy of Sciences
Kálló esperes utca 15
P.O.Box 36
H-1531 Budapest