Ireland's Trade with Developing Countries: Some Policy Issues

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This article, by John Blackwell of University College, Dublin, reviews the background to some key policy issues with regard to trade in manufactured goods between Ireland and developing countries. At the outset, the main features of Ireland's trade in manufactured products with these countries are outlined. Arising from this, the implications for current policy issues on trade with developing countries are discussed. This article draws on the early stages of a major research project, commissioned by Trócaire, on Ireland's trade with developing countries, due to be completed in 1987.

Some features of developing economies

Here, the developing countries (or less developed countries – LDCs) are categorised as all those countries outside the OECD, excluding South Africa and members of COMECON. The ambiguity of the position of Ireland on the spectrum between LDCs and developed market economies should be pointed out. In most international comparisons, Ireland is included with developed or industrial market economies, having the lowest GNP per head, with the exception of Spain, of 14 industrial market economies in 1984 (The World Bank, 1986). Its GNP per head is slightly lower than that of Israel, a country which is included with the developing economies in many publications. The GNP per head in Ireland is markedly lower than that of Hong Kong or of Singapore, two countries which are classed by the World Bank as "upper middle-income" and as newly industrialising countries (NICs) by OECD (1979).

It is also instructive to compare some structural features of the Irish economy with those of developing countries and especially with the newly industrialising countries. The latter are characterised by a fast growth in industrial employment and in the proportion of total employment in industry, together with an increase in living standards and a reduction in the gap which divides these countries from the advanced industrial countries (OECD, 1979). OECD (1979) singles out ten middle-income developing countries as newly-industrialising: Brazil, Greece, Hong Kong, South Korea, Mexico, Portugal, Singapore, Spain, Taiwan and Yugoslavia. These countries are used here as the group of NICs, although in some comparisons the three EEC members (Greece, Portugal, Spain) are excluded. The World Bank calls them "upper middle-income" countries. Ireland's income per head compares to that of the upper quarter of that group. The volume of industrial output of the NICs has tended to be in the 5-10 per cent a year range since 1973, a period which saw a marked slow-down in world industrial production. These growth rates have outstripped those of the industrial market economies and that of Ireland. The proportion of domestic output which comes from industry in the NICs tends to be in the 30-40 per cent range. The equivalent proportion in Ireland is lower than this, at about 25 per cent.

In industrial structure, the main feature which marks out Ireland from the NICs is a high proportion of output from services – higher even than in a number of industrial market economies.

Ireland does have a number of features in common with the NICs, apart from income per head:

- A fast growth in the volume of industrial exports;
- A reliance on "outward-looking" policies as a means of achieving economic growth, with an emphasis on export promotion;
- A certain duality within the manufacturing sector, which can be observed at least in the higher income developing countries. In Irish industry a high proportion of industrial exports are contributed by a relatively small number of firms and a high productivity export-orientated subsector coexists with an older group of indigenous firms which have concentrated more on the domestic market;
- A high degree of openness in the economy. As measured by the ratio of merchandise exports plus imports to gross domestic product (GDP), Ireland has an exceptionally open economy, the degree of which is closer to that of a typical NIC than it is to the industrial market economy. The trade dependence in Ireland has been increasing over time;
- A significant degree of reliance on the textiles and clothing industries, despite the decline in employment in these sectors over the past decade. Admittedly, the share of textiles and clothing in manufacturing output at 11 per cent of value added in 1983 (World Bank, 1986) is less than the average for the NICs (whose share ranges between 15-25 per cent) not to speak of the low income LDCs (a range of 35-50 per cent). Yet the share in Ireland is far higher than in other industrial market economies, where it runs to about 5-10 per cent. In 1984, textiles and clothing accounted for 14 per cent of manufacturing industry employment in Ireland by contrast with some 5-10 per cent in selected other EEC countries, with the exception of Italy (International Labour Office, 1985).

One feature which Ireland does not share with many developing economies is a highly specialised structure of industry, with a dependence on a relatively small number of products. Admittedly, in recent years many of the developing countries have diversified the composition of their exports.

Given that Ireland has already gone through at least some of the structural changes characteristic of industrial development, there is an interest in examining the parallels with the nature of change in industrial activity in developing countries. Moreover, the position of Ireland on the periphery of the OECD and EEC groups of countries (both in the geographic sense and in terms of standards of living) is equivalent to the position of developing countries on the periphery of the world economy and world trade relations.

Trends in world output and world trade

It is evident from the above that the developing countries themselves are far from being a homogeneous group. They can be divided into oil producers, NICs, other developing countries and the least developed. There are marked differences between these sub-groups as far as income per head and growth of output are concerned.

In the post-war period up to 1973, when world trade grew rapidly, trade in manufactures was especially buoyant. Starting from a low base, the developing economies achieved a fast rate of growth in exports of manufactured goods. Since 1973, the volume of world trade grew at a slower rate. In this period, the developing countries continued to increase their share of world trade in manufactures – indeed, their manufactured exports held up better than did other exports of these countries. Table 1 summarises the growth rate of manufactured goods exports between developed market economies and the developing countries. In the period 1965-73 manufactured exports from LDCs to developed market economies grew at a faster pace than manufactured exports to other LDCs. However, between 1973 and 1980 this pattern was reversed, with an increasing share of developing countries' exports going to other LDCs (Table 1). This turnabout was in part associated with a rapid growth in imports of manufactured goods by the oil producers. Hence, it will have been tempered in the past few years by the decline in purchasing power among the oil producers. Nevertheless, the increase in importance of inter-LDC trade flows by comparison with flows between developing countries and developed market economies over the past decade is notable.

TABLE 1 Growth rates of exports of manufactures between groups of countries, 1965-1980 (% per annum at 1970 prices)

	Destination of exports			
	Developed Market Economies		Less Developed Countries	
Origins of Exports	1965-1973	1973-1980	1965-1973	1973-1980
Developed Market Economies (DMEs)	11.4	4.3	8.1	9.0
Developing Market Economies (LDCs)	20.9	8.5	13.2	13.0

Source: Hughes and Newbery (1986)

The increase in the share of developing countries in world trade and output of manufactures was associated with structural change in their economies towards industry, away from agriculture. As a result, the growth in aggregate output (GDP) in the developing countries as a whole was greater than in the industrial countries in each of the periods 1965-73, 1973-80 and 1980-85. However this conceals marked differences in performance within the developing countries. For instance, the low-income African countries have had close to nil growth rate since 1980. Combining this with their high growth of population, this means a decline in living standards. By contrast, Taiwan and South Korea were ranked 11th and 12th, respectively among the leading exporters of manufactures in 1984, compared with 17th and 24th, respectively, in 1973.

The contrast between the growth in output in manufacturing in developing countries and in the EEC is of some moment as it explains in part a push towards some forms of protection for at least some sectors of industry in the Community, a feature of recent years (this is taken up further below).

Between 1970 and 1982, manufactured industrial production in the EEC increased by 17 per cent in volume. By contrast, in the same period the output of manufactures doubled in developing countries as a whole (UNCTAD, 1984). In the period 1970-81, manufacturing employment fell in the EEC by 19 per cent by contrast with an increase of 69 per cent in developing countries. In the sensitive areas of textiles and clothing, EEC output fell between 1970 and 1982, at the time when the output of textiles in developing countries increased by 43 per cent in volume and the output of clothing increased by 75 per cent.

Overview of Irish trade with developing countries

In 1985, Ireland imported goods to the value of £512.5 m. from developing countries. This trade amounted to 5.4 per cent of all Irish imports for that year. Over time, the share of Irish imports from developing countries has been falling. In 1980 it was 8.9 per cent although in that year the bill was swollen by oil imports from OPEC countries. In 1970 the proportion was 9 per cent and in the early 1960s it was 11 per cent. In 1985, Irish exports to developing countries amounted to £848.9 m, which consisted of 8.7 per cent of all Irish exports in that year. Between the early 1960s and 1980s the share of Irish exports to developing countries increased from 3 per eent to 10 per cent and since then has fallen back slightly.

In 1985, only 7 per cent of Irish imports from developing countries came from the OPEC countries; by contrast, in 1980, 51 per cent of the imports came from OPEC countries. In 1985, 46 per cent of Irish exports to developing countries went to OPEC countries.

In the case of manufactured goods imports, 4 per cent came from developing countries in 1985.[1] In the same year, 5.2 per cent of manufactured goods went to the developing countries. These proportions of trade with developing countries are lower than in the case of other EEC countries. In 1982, 6 per cent of all imports of manufactures of the EEC, and 16 per cent excluding intra-EEC trade, came from developing countries (UN, 1985). In the same year, 21 per cent of the manufactured goods exports of the EEC went to developing countries.

Table 2 shows the change over time in the share of Irish exports in the imports of developing countries. The increase in the share has been especially marked in the case of the oil exporting countries.

TABLE 2 Irish exports as share of imports of developing countries, 1970, 1981, 1982

	1970	1981	1982
	%	%	%
Share of imports of oil exporting countries	0.007	0.28	0.28
Share of imports of non-oil developing countries	0.005	0.14	0.13

Sources: International Monetary Fund, *International Financial Statistics: Supplement on Trade Statistics No. 4,* New York 1982; United Nations (1985); *Trade Statistics of Ireland*

Trade by country

The bulk of the import trade is with a relatively small number of countries. In 1985, 60 per cent of all imports from LDCs came from ten countries, five of which are NICs and seven of which are in the World Bank's group of upper middle-income countries. These ten countries, in rank order in terms of imports were: Guinea, Hong Kong, Brazil, Taiwan, Singapore, South Korea, Malaysia, Israel, India and China. This can be put in perspective by noting that there are some 160 developing countries: with many of these countries, Ireland has a small amount of trade or none at all.

We now take the NICs as a group – that is, the seven non-EEC countries from the set of countries identified by OECD (1979). They accounted for 63.1 per cent of Irish imports of manufactures from developing countries in 1985 (Table 3). With the exception of chemicals and related products, they had a consistently high share of imports across import divisions.

TABLE 3 Share of NICs in Irish imports from developing countries, 1985

Division and product group	Proportion of all imports from developing countries: %	Proportion of all imports from newly industrialising countries: %
Chemicals, etc.	8.9	1.7
Manufactured goods classified chiefly by material	56.6	17.7
of which: textiles (a)	52.6	9.7
Machinery and transport equipment	81.8	49.2
Miscellaneous manufactures	61.7	31.4
of which: clothing	43.1	10.4
All manufactures (b)	63.1	100.0

Notes: (a) including textile fibres; (b) less iron and steel and non-ferrous metals
Source: OECD microtables, Series B, 1985.

Irish trade by product

Table 4 shows the changing product composition of Irish trade with developing countries. This gives some insight into the reasons why imports from developing countries have not kept pace with the growth of overall imports. In 1980 imports from LDCs were dominated by raw materials and have increased at a slower rate than those of industrial raw materials and industrial goods. Raw materials and fuel now account for 22.4 per cent of Irish imports from developing countries, down from a proportion of 59.1 per cent in 1980, while food, drink and tobacco account for 29.0 per cent. Over the past five years the share of manufactured goods in imports from LDCs has more than doubled to 48.4 per cent.

TABLE 4 Broad Structure of trade between Ireland and developing countries, 1980, 1985

	Imports		Exports	
	1980	1985	1980	1985
	%		%	
Live animals	0.0	0.0	18.9	4.0
Food, drink & tobacco	19.5	29.0	48.3	55.8
Raw materials & fuels	59.1	22.4	0.9	1.1
Manufactures	21.4	48.4	31.9	38.1
Other commodities	0.0	0.1	0.0	0.9
All products	100.0	100.0	100.0	100.0

Sources: OECD, Statistics of Foreign Trade, Series B, January-December 1980; OECD microtables, Series B, 1985

Further details on the structure of import and export trade with developing countries are given in Tables 5 and 6. Tables 7 and 8 show those products where imports from and exports to developing countries form a significant portion of Irish trade. While there is a diverse range of exports to these countries, involving consumer goods, plant and machinery and materials for further production, imports tend to be concentrated on certain products. As expected, many of them are labour-intensive in their production and have a relatively low content of technology: clothing, footwear, light engineering goods (such as radios, watches and clocks) and textiles (including textile fibres) are prominent among the imports. Of all imports of manufactured goods from LDCs, 13 per cent are textiles (incl. textile fibres) and 15 per cent are clothing. This sectoral concentration means that much of the policy discussion about effects of trade with LDCs has been on particular "problem" sectors – this has been paralleled in other EEC countries. In Ireland, whatever effects the imports from LDCs have had on domestic industry have been amplified by the decline in real incomes which has occurred since 1979. Many of the firms in clothing, textiles and footwear have depended to a notable extent on the domestic market – indeed, this is an aspect of the duality which is pointed out above. Thus, while there has been a rise over time in market penetration by developing countries in segments of textiles and clothing in Ireland (Fitzpatrick, 1981), this could only ever be at best *part* of an explanation for the adjustment problems which have faced these sectors.

TABLE 5 Structure of import trade with developing countries, 1985

Division	Proportion of imports within division: %	Proportion of all imports from developing countries: %
Food & live animals	13.5	26.2
Beverages & tobacco	14.2	2.9
Crude materials (excl. fuels)	31.1	18.0
Mineral fuels, etc.	1.7	3.7
Animal & vegetable oils	6.8	0.8
Chemicals, etc.	2.3	4.9
Manufactured goods classified chiefly by material	3.5	9.6
Machinery & transport equipment	3.2	18.3
Miscellaneous manufactures	7.3	15.5
Other commodities	0.2	0.1
All products	5.4	100.0

Source: As for Table 3

TABLE 6 Structure of export trade with developing countries, 1985

Division	Proportion of imports within division: %	Proportion of all imports from developing countries: %
Food & live animals	22.3	57.4
Beverages & tobacco	8.8	2.4
Crude materials (excl. fuels)	1.9	1.0
Mineral fuels, etc.	0.8	0.1
Animal and vegetable oils, etc.	0.1	0.0
Chemicals, etc.	8.6	13.8
Manufactured goods classified chiefly by material	3.1	3.2
Machinery & transport equipment	5.0	16.8
Miscellaneous manufactures	3.5	4.4
Other commodities	1.5	0.9
All products	8.8	100.0

Source: As for Table 3

TABLE 7 Manufactured goods where developing countries have significant proportion of imports, 1985

Product Group	Imports from developing countries as proportion of all imports of the product: %
Carboxylic acids, etc.	16.8
Cork/wood manufactures (excl. furniture) (a)	18.4
Veneers, plywood, etc.	25.4
Cotton fabrics	27.3
Radio receivers	21.0
Travel goods, handbags (a)	39.6
Travel goods	39.6
Clothing (a)	10.9
Outer garments of textile fabrics (men's & boys')	11.1
Under garments of textile fabrics	25.5
Under garments, knitted	12.1
Clothing accessories, of textile fabrics	10.8
Clothing articles of other than textile fabrics	22.4
Footwear	13.8
Watches, clocks	21.1
Baby carriages, toys, sporting goods	15.6
Other miscellaneous	10.9

Notes: (a) Covers divisions (each of which embraces a number of product groups).

Those cases where imports account for 10 per cent or more of all imports at the level of division or group are taken.

Source: As for Table 3.

TABLE 8 Manufactured goods where developing countries have significant proportion of exports, 1985

Product Group	Exports to developing countries as proportion of all exports of the product: %
Other organic chemicals	11.9
Pharmaceuticals	12.9
Perfumes, toiletry (a)	15.4
Oils, etc.	19.6
Perfumes	13.9
Miscellaneous chemical products	14.8
Metal structures	25.6
Power plant	11.8
Boilers	44.6
Non-electric engines, etc.	17.0
Textile etc. machinery	15.4
Industrial machinery, n.e.s.(a)	18.1
Heating and cooling equipment	28.1
Pumps, etc.	20.3
Non-electric parts	24.7
Office machines	12.0
Telecommunications & sound equipment (a)	12.0
Gramophones, etc.	11.2
Telecommunications equipment, n.e.s.	13.0
Electric power machinery, n.e.s.	25.6
Electricity equipment	13.5
Transport equipment (excl. motor vehicles)(a)	14.7
Railway vehicles	15.2
Aircraft equipment and parts	31.5
Optical goods, n.e.s.	10.0
Office and stationery supplies, n.e.s.	25.8

Notes: As for Table 7. Criterion for selection: as for Table 7; n.e.s.: not elsewhere specified
Source: As for Table 3

Textiles and clothing

In view of the sensitivity of textiles and clothing, we focus briefly on Irish imports of these products. We have already seen the significant share of imports from LDCs of these products which the NICs hold. Of all Irish imports of textiles (including textile fibres) and clothing, LDCs account for 8.2 per cent of textile and 10.9 per cent of clothing imports. These shares have increased from

6.5 per cent and 8.3 per cent, respectively, in 1980. However, as Table 7 showed, at a finer level of disaggregation the shares are higher in the cases of cotton fabrics and certain garments.

This does not give the whole picture of Ireland's trade relations with developing countries in these products. One has to consider Ireland's export performance in these products. Traditionally, the UK has been an important market for Irish exports of clothing. Table 9 shows that Ireland has lost market share (in terms of import demand of the UK) against other EEC countries and the developing countries. So also have the developing countries at the expense of other EEC countries. The Multi-Fibre Arrangement must be an explanatory element in these changes in share. Ireland has also lost market share in EEC import markets for textiles and clothing. So also have the developing countries in the case of textiles while they have made a slight gain in market share in clothing.

TABLE 9 Shares of textiles and clothing imports in European markets, 1980, 1985

Shares of UK clothing imports	Year	%
Irish exports	1980	5.7
	1985	4.5
Exports of EEC countries other than Ireland	1980	20.6
	1985	31.7
Exports of developing countries	1980	52.4
	1985	45.8
Shares of EEC textile imports		
Irish exports	1980	1.7
	1984	1.4
Exports of developing countries	1980	15.8
	1984	14.9
Shares of EEC clothing imports		
Irish exports	1980	0.9
	1984	0.8
Exports of developing countries	1980	33.6
	1984	35.9

Sources: As for Table 3; OECD, *Trade by Commodities: Market Summaries: Imports: Series C:* January-December 1980; OECD, *Foreign Trade by Commodities, Series C: Exports Vol. 1 1984,* Paris 1986.

Policies of EEC countries

One of the central policy issues concerns the commercial policies (in terms of tariffs, quotas and various forms of non-tariff protection) adopted by the developed countries towards the developing countries. Following the less buoyant growth in world trade since 1973, various forms of trade protection have been put in place by developed countries.

As a member of the EEC, Ireland does not have an independent commercial policy, but has been a party to EEC commercial policy arrangements with developing countries. This does not mean that Ireland has no influence; rather, that this influence is limited to its effects both on the negotiating stance taken by the Community and on its decisions. EEC policy has in some sense faced in two directions – on the one hand, reducing its trade barriers for the developing world, but at the same time engaging in restraint of imports in certain sensitive product areas. The main component parts of EEC commercial policy with developing countries are as follows.

ACP agreements

These agreements of 1975, 1979 and 1984 concern the ACP group of countries in sub-Saharan Africa, the Caribbean and the Pacific. There were 46 states involved when the Lomé I agreement was signed, and these have now expanded to 64 in number. Almost all ACP products can enter the EEC free of tariffs and quotas with the exception of certain products covered by the Common Agricultural Policy. The ACP group of countries has a small share of world trade and there are only three commodities (cocoa, copper and inorganic chemicals) in which they have a significant share in exports of LDCs. Table 10 shows that there has been no change in the share of ACP countries in extra-EEC imports in recent years although these countries have marginally increased their share of developing country exports to the EEC. While the ACP countries have only a 1 per cent share of Irish imports, their share of developing country exports to Ireland has also increased since 1979.

TABLE 10 Share of ACP countries in imports of EEC and of Ireland, 1979, 1985

	Year	%
Share of ACP countries in extra-EEC imports of EEC	1979 1985	6.8. 6.6
Share of ACP countries in imports of EEC from LDCs	1979 1985	16.8 18.9
Share of ACP countries in imports of Ireland	1979 1985	1.2 1.1
Share of ACP countries in imports of Ireland from LDCs	1979 1985	20.6 29.2

Source: Eurostat, microfiche data, SCE-2911

The effect of the ACP agreements on world trade in manufactures is unlikely to have been significant. Many of the ACP countries have been diversifying their trade away from the EEC; in any event, for most manufactures the tariffs are low and the products are covered by the Generalised System of Preferences, mentioned below. To some extent, the ACP agreements are likely to have led to some increased market share in EEC markets for the countries in question at the expense of other developing countries.

Generalised System of Preferences

Under the Generalised System of Preferences (GSP), the Community waives customs duties with the other developing countries subject to ceilings or quotas. Some 124 developing countries and 23 dependent territories in Asia, the Far East and Latin America are covered by the GSP of the Community, which has lowered trade barriers unilaterally. This scheme ran initially for ten years up to December 1980; it was then renewed and in principle will run to the year 2000. It has a limited effect on LDC exports, because of the limited coverage of products. Many agricultural goods are excluded and, in any event, tariffs are zero on many other products. Only about 2 per cent of imports of the OECD area qualify for preferences, equal to about 7 per cent of total exports of developing countries.

Bilateral agreements

The EEC has had a number of bilateral trade agreements with developing countries. The preferential agreements give duty-free access with tariff quotas for some sensitive items. One set of such agreements is with the Mediterranean countries. This includes duty-free and quota-free imports of manufactured goods except certain products such as textiles and agricultural products.

The Multi-Fibre Arrangement

While there have been a number of quantitative restrictions on imports in which the EEC has taken part, they have not had the effect of impinging exclusively on developing countries. One case where developing countries are the sole restricted group is that of the Multi-Fibre Arrangement (MFA).

The MFA is an international agreement which regulates the import by western industrialised countries of most textile and clothing products which come from "low cost" sources. Most of these sources are developing countries. The agreement covers a significant part of world trade in textiles and clothing and the European Community is one of the signatories. In practice, the core of the MFA consists of a number of bilateral arrangements between developed and developing countries: each importing country meets each exporting country to agree on quotas and growth rates. The MFA means that most imports of textiles and clothing to Ireland are subject to annual ceilings on quantities. The first MFA dated from 1974, and the 1986 arrangement which lasts until 1991 is the fourth. The EEC has already concluded a large number of bilateral agreements under the fourth MFA.

The MFA is of significance because, while it operates under the auspices of the General Agreement on Tariffs and Trade (GATT), it is a derogation from the free trade principles of that Agreement. It is also of importance because of the scope and detail of the Arrangement, and because of the sensitivity of the products which are covered. Traditionally, developing countries are seen to "progress" from an initial dependence on textiles and clothing as a mainstay of their manufacturing sector to a point where they shift towards other products, or at least they shift within textiles and clothing to products which are less labour-intensive in production and have a higher technology content in their manufacture. The debate about the merits of the MFA has centred on its role in promoting "orderly" structural change. Does it provide the developed world with a breathing space in which to shift resources out of lower cost textiles and clothing, or is it simply a protectionist device? There have been differences in attitudes within the EEC towards the Arrangement, with Ireland being among the countries which at each renewal have supported a more protectionist attitude on the part of the Community. The longer-term fate of the MFA will be discussed in the new round of GATT trade negotiations which has just begun.

Other measures

In the period since 1973, as a result of the slower growth in world trade and the rise in market share obtained by developing countries for certain products, voluntary agreements to restrict exports were put in place. These were one of a series of non-tariff barriers to trade which have increased in number over the past decade and are likely to be one of the central areas of discussion in the current GATT round of talks. "Voluntary export restraints", many of which are not formal, have limited the exports of clothing by developing economies to Western Europe and North America and of Asian exports of consumer electronics to a number of developed countries. These measures have been adopted in particular in the case of NICs. One itemisation in the case of South Korea (Hamilton, 1985) lists a large number of restrictive trade measures affecting exports which in the case of EEC member countries have taken the forms of voluntary export restraint, quotas and "administrative guidance".

CONCLUSIONS

There has been a distinct difference in both output and trade performance within the group of developing countries. Part of this difference may be due to the effects of protection. It has been suggested that protection forced the largest four (Far Eastern) NICs to switch some of their exports from industrial countries to other markets, with the result that a group of medium sized middle-income countries benefited (Hughes and Newbery, 1986). In recent years, trade between developing countries has grown more rapidly than trade between LDCs and the developed world. The outlook is for a further rise in the relative importance of trade within the LDC group and for the possibility of some "decoupling" between Western Europe and the LDCs (Karmiloff, 1986).

With regard to the group of industrial market economies, Ireland's position within that group is an ambiguous one since it has about the lowest income per head. Ireland occupies a position midway between the upper middle-income group of developing countries and the industrial market economies with regard to a number of features of their economies.

Ireland's exports to developing countries exceed imports from these countries by £336 m. The proportion of Irish imports which come from developing countries has been declining over time. By contrast, the proportion of Irish exports which go to the developing countries has increased over time and Ireland's share of the oil producers' imports has increased notably. Ireland's import trade with developing countries is concentrated in certain countries and also in certain product groups.

With the exception of a limited number of products, developing countries do not account for a large share of domestic consumption in Ireland. The difficulties experienced by textiles, clothing and footwear in Ireland, in terms of loss of market share and declines in employment, have been due to a number of elements apart from competition from developing countries and especially from the NICs. These elements would include:

- the decline in domestic demand due to the fall in real disposable personal incomes in Ireland in recent years;
- changes in competitiveness in the domestic industry;
- competition from developed market economies, both from other EEC countries and from other European countries within the OECD group.

Moreover, other developed economies have been more successful than Ireland in the case of textiles, in shifting resources to product lines where a higher technological content has enabled them to compete successfully.

In the case of sectors such as electronics where the NICs have been gaining ground, it is unlikely that a large proportion of their exports is competing with Irish output. The developing countries tend to specialise in consumer electronics where Ireland no longer has much of a presence.

It is unlikely that EEC commercial policy through the ACP agreements and the Generalised System of Preferences has had much impact if any on developing countries' trade – especially if the developing countries are taken as a group. Some shifts in market share within the group (e.g. between ACP countries and others) may have occurred. This limited impact is in part a reflection of the limited margin of advantage which the Generalised System of Preferences offers in favour of developing countries.

The degree of protection put in place by developed countries is difficult to measure as it often takes the form of non-tariff barriers such as the MFA or voluntary export restraints. One perverse result, from the point of view of the world distribution of income, may be to shift the distribution of income within the LDC group away from the lower income countries. For example, these countries may be unable to benefit much from quotas or may be unable to shift to alternative markets in the way that the NICs have done.

Ireland's policy stance at negotiations has tended to be a protectionist one. Furthermore, Ireland has used the facility to seek additional import controls under the EEC textile and clothing commercial policy. The chances for a more liberal trade policy towards LDCs is only likely to be achieved by concerted action by the developed world, as all developed countries taken together could benefit from the resulting increase in their exports. Nevertheless, a protectionist policy on the part of Ireland is, in principle, at odds with its position not only as a trade-dependent country with some features close to a group of the LDCs but a country that has achieved some degree of structural change in its economy which is commonly associated with the process of development.

FOOTNOTE

[1]This takes manufacturing as the product divisions from chemicals, etc. down to miscellaneous manufactures in Table 5, excluding iron and steel and non-ferrous metals. The same definition is used for the UN data cited later in this paragraph.

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