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TRADE AND ECONOMIC LIBERALIZATION - INTERNATIONAL EXPERIENCE

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INTRODUCTION

The purpose of this paper is to outline some of the experiences of working in India, Pakistan, Egypt, Poland and Kazakstan.

Major Features of Economic Group

India and Pakistan are examples of countries that have participated in USAID activities in University Building Programmes. India and Egypt have been involved in research in International Soybean Development involving varieties, utilization and development of quality human consumption products. The Polish American Extension Project was a cooperative effort between the Polish Ministry of Agriculture and the United States Extension Service. The Polish and Kazakhstan experiences deal with the improvement of infrastructure and the improvement of the process of privatization. These activities involve both group education in business management principles and work with the business community. These countries will be discussed in terms of economic characteristics and trade liberalization.

India is a large Federal Republic with an area of 1,269,346 square miles (3,287,590 km²). The population has increased from 889.4 million in 1992 to

984 million estimated in 1997. This represents 16 percent of the world's population. Sixty-three percent of the labour is employed in agriculture producing 30 percent of the Gross National Product (GNP). India's rank in world agriculture production was first in millet, second in rice and sorghum, third in wheat, seventh in maize and 24th in barley. (See Table 2 for data on India and other listed countries).

Pakistan has a land area of 307,293 square miles (796,095 km²). The population has increased from 129.8 million in 1992 to an estimated 149.5 million in 1997. Pakistan's world agricultural production was ninth in wheat, 12th in rice, and 20th in millet.

Egypt is a country of 53.1 million people (in 1980), with an annual growth of 2.4 percent. The GNP per capita per year was \$600 in 1990 and increased to \$630 in 1992. Life expectancy at birth was 60 years old and infant mortality was 145 deaths per 1000 in 1965, however, this had decreased to 66 deaths per 1000 in 1990. Adult literacy was 52 percent. Egypt ranks fifth in maize, tenth in sorghum, 14th in rice, and 20th wheat world production.

Poland has an estimated population of 38.5 million people in 1993. The annual population growth is 3.5 percent. Life expectancy at birth is 72.2 years, with males at 68 years and females at 76.5

years. Literacy rate for the population is 98 percent. The labour force consisted of 15.6 million in 1993 with 34.4 percent in industry, 27.3 percent in agriculture, and 16.1 percent in trade, transport and communications, and other makes up 22 percent. Poland's rank in world production is second in rye, sixth in oats, 16th in barley and 17th in wheat.

Kazakhstan was under Russian control during the 1920 to 1990's period. The famous "Silk Road" route was from Istanbul through Iran, Turkmenistan and Kazakhstan to China. Kazakhstan's distant history paints a picture of an ancient land inhabited by Nomads. These Turkic people lived in traditional Yurts and herded their cattle over the vast steppe land. These first Kazahks inhabited this region beginning in the eighth century. Subject to periodic invasions by other nomadic groups, the Kazahks' most legendary conqueror was Genghis Khan who led the Mongol-Tartar hordes in 1218. By the 13th century, Mongols moved into the area and inter-married with Kazahks. Marco Polo established the famous trade route known as the "Silk Road". The Russian dominance began in 1920 and continued

until the 1990's where a nation of 17 million people has evolved.

Economic and Social Indicators

India, Pakistan, Egypt, Poland and Kazakhstan show wide ranges of per capita income. India has the greatest pressure from population growth with per capita income of US\$ 310 and a Human Development Index (HDI) of 382 and a world rank of 135. Poland has a per capita income of US\$ 1920 an HDI of 815 and a world rank of 49. Kazakhstan has a per capita income of US\$ 1580 and a world rank of 61. Table 1 also reports the per capita income for Barbados as US\$ 1930 and US\$ 23,120 for the United States. The HDI is 894 for Barbados and 925 for the United States. The World Rank is 20 for Barbados and 8 for the United States.

The UN Development Programme devised the Human Development Index (HDI) as a socio-economic measure of national progress. It combines the factors of longevity (based on expectation of life), knowledge (based on adult literacy and means years of schooling) and standard

Table 2: World Agriculture Production Rank

Crop	India	Pakistan	Egypt	Poland	Kazakhstan
Sorghum	2		10		13
Wheat	3	9	20	17	
Rye				2	8
Barley	24			16	9
Oats				6	14
Maize	7		5		
Rice	2	12	14		
Millet	1	20			

Source: IBID

Table 3: Caribbean and Other World Countries' Characteristics

Country	Capital	Population (1991)	GNP/Capita (1992)	HDI/World Rank (1992)
St. Kitts & Nevis	Basseterre	40,618	US\$ 3990	0-730/70
Antigua & Barbuda	St. John's	65,962	US\$ 4870	0-796/55
Dominica	Roseau	74,200	US\$ 2520	0-749/64
St. Lucia	Castries	136,000	US\$ 2900	0-730/70
St. Vincent & the Grenadines	Kingstown	109,000	US\$ 1990	0-732/69
Montserrat	Plymouth	11,957	US\$ 3127	0-929/3
Japan	Tokyo	124 million	US\$ 28,690	0-925/8
USA	Washington DC	260 million	US\$ 23,130	0-932/1
Canada	Ottawa	(1994)	US\$ 20,320	0-918/11
Germany	Berlin	27 million	US\$ 23,030	0-919/10
Great Britain	London	80 million	US\$ 17,760	0-931/2
Switzerland	Berne	58 million	US\$ 36,410	0-928/5
Norway	Oslo	6.97 million	US\$ 25,800	0-927/7
France	Paris	4.3 million	US\$ 22,360	
		57.8 million		

Source: IBID

of living (based on real GDP per capita adjusted for local cost of living, and is expressed as a 3-figure decimal on a scale descending from 1-0. The index provides the possibility both of a synchronic comparison between countries (the world rank order is also given) and eventually of a diachronic record of development of individual countries. Table 3 provides some demographic data and HDI for several countries.

Some General Comments on the Impact of Trade Liberalization on Agriculture

Egypt had the early 1990 challenge of 5-7 percent storage losses between the farmer and the final consumption of wheat and corn. The improvement of these storage facilities is in process since 1993. Also, the oil processing facilities need improvement in order to produce

higher quality soybean oil for cooking purposes. Imported oils are of higher quality when used repeatedly in the cooking process. Also, the soybean meal is being imported for poultry operations. The trade liberalization has occurred to allow soybean oil meal to be imported and shows benefits to importer and exporter.

Poland's liberalization policy allows international firms to operate joint ventures. Central Soya has some feed mills and plants in Northern Poland and supply pig farms, dairy farms and poultry farms with feed. Nestles from Switzerland operates a dairy cooperative in the Slupsk, Poland area. Near Emblag in Northeastern Poland, Land O'Lakes, a large U.S. dairy cooperative operates a joint venture in providing technical and management assistance to a large Polish dairy cooperative is making excellent progress.

Kazakhstan has strong reserves of chrome, propane and oil. The chrome has been exported for a long time. Natural gas is traded for electricity with Russia. Oil is being explored in the Caspian sea area with Chevron, Mobil and Exxon to name a few known companies in the process during 1997. Overall, the improvement of the infrastructure of roads and other storage and transportation means is needed. There appears to be a need for the additional improvement of the agricultural supply industry on the input side.

India, Pakistan, Egypt and Poland are strong competitors for the production of wheat with ranks of 3, 9, 20 and 17. India, Pakistan and Egypt rank 2nd, 12th and 14th in the production of rice. The observations that I have made visiting these countries reveal that the production technology is available and is being used effectively in India, Pakistan, Egypt and Poland. Shortages of fertilizer, seeds and fuel are observed while visiting the countries beginning the privatization process. In Kazakhstan in the spring of 1997, the storage of electrical power is causing problems for pumping fuel, delivery of quality seeds with high germination, and local business operations. Restriction on the exportation of wheat is currently a price-depressing factor. Entrepreneurs are milling wheat for bartering purposes to obtain better prices of these grains.

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