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Fluctuations and Development in the World Economy

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NOTE

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FOREWORD

The International Development Strategy for the Second United Nations Development Decade - adopted by the General Assembly in resolution 2626 (XXV) on 24 October 1970 - calls for a biennial review and appraisal of performance and progress. Two such cycles have been completed. In 1973 the Secretary-General presented an empirical analysis of Implementation of the International Development Strategy 1/ and a report on The International Development Strategy: First Over-all Review and Appraisal of Issues and Policies. 2/ In December 1973 the General Assembly completed its first review and appraisal with the adoption of resolution 3176 (XXVIII). In 1975 a second empirical analysis was presented as Part One of the World Economic Survey; it was entitled Mid-term Review and Appraisal of Progress in the Implementation of the International Development Strategy. 3/ The General Assembly undertook its own review and appraisal and in December 1975 adopted resolution 3517 (XXX) which, *inter alia*, decided to include on its provisional agenda for the thirty-first session an item entitled "Revision of the International Development Strategy for the Second United Nations Development Decade" in the light of the Programme of Action on the Establishment of a New International Economic Order and other recent declarations, requesting the Secretary-General to submit appropriate documentation for this purpose.

The present report has been prepared in response to that request. It takes a closer look at the course of events in the first half of the Decade, bearing in mind the General Assembly's concern - expressed in resolution 3343 (XXIX) - in regard to the constraints that have inhibited the implementation of the International Development Strategy and the Programme of Action. The 1971-1975 period was one of great instability in which short-term problems and emergencies tended to pre-empt the attention of policy makers. The implications of this for the longer-term policies embodied in the International Development Strategy are examined.

The report consists of two chapters. The first discusses the sources of instability in the first half of the Decade - the wide swings of the business cycle in the major industrial countries and the exogenous shocks to the system originating in the breakdown of the international gold-exchange monetary system and the extraordinary changes that occurred in the world food and energy situations. The second chapter looks ahead to the second half of the Decade, to the adjustments called for by the new price relationships, to the efforts needed to restore more stable growth and to improve the national and international division of labour and distribution along the lines implied in the International Development Strategy and

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1/ Produced in two volumes as United Nations publications, Sales Nos. E.73.II.A.2 and E.73.II.A.3.

2/ United Nations publication, Sales No. E.73.II.A.6.

3/ United Nations publication, Sales No. E.75.II.C.1.

the Programme of Action. A supplement, to be issued subsequently, will examine th impact of these fluctuations and the efforts that were made to deal with them in the developed market economies, in the centrally planned economies and in the developing countries.

The report, which was prepared in the Centre for Development Planning, Projections and Policies of the Department of Economic and Social Affairs of the United Nations Secretariat has drawn on the information provided by Governments in their replies to the Secretary-General's questionnaire of December 1975 on economi trends and policies. The statistical contents reflect the data available to the Secretariat in February 1976.

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Explanatory notes

The following symbols have been used in the tables throughout the report:

Three dots (...) indicate that data are not available or are not separately reported.

A dash (-) indicates that the amount is nil or negligible.

A blank in a table indicates that the item is not applicable.

A minus sign (-) indicates a deficit or decrease, except as indicated.

A full stop (.) is used to indicate decimals.

A comma (,) is used to distinguish thousands and millions.

A slash (/) indicates a crop year or financial year, e.g., 1970/71.

Use of a hyphen (-) between dates representing years, e.g., 1971-1973, signifies the full period involved, including the beginning and end years.

Reference to "tons" indicates metric tons, and to "dollars" ($) United States dollars, unless otherwise stated.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals, because of rounding.

The following abbreviations have been used:

ACP	Commonwealth countries of Africa, the Caribbean and the Pacific
AIEC	Association of Iron Ore Exporting Countries
ASEAN	Association of South-East Asian Nations
BTN	Brussels Tariff Nomenclature
CACM	Central American Common Market
CARICOM	Caribbean Community
CIPEC	Intergovernmental Council of Copper Exporting Countries
CMEA	Council for Mutual Economic Assistance
CSA	Commonwealth Sugar Agreement
DAC	Development Assistance Committee /OECD/

ECE	Economic Commission for Europe
ECOWAS	Economic Community of West African States
EEC	European Economic Community
ESCAP	Economic and Social Commission for Asia and the Pacific
GATT	General Agreement on Tariffs and Trade
GSP	Generalized System of Preferences
IBA	International Bauxite Association
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IBD	Inter-American Development Bank
IMF	International Monetary Fund
LAFTA	Latin American Free Trade Association
MTN	multinational trade negotiations
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
SDR	special drawing rights
SITC	Standard International Trade Classification
WFP	World Food Programme

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

The term "country" as used in the text of this report also refers, as appropriate, to territories or areas.

Chapter I

FLUCTUATIONS IN THE WORLD ECONOMY 1/

The targets embodied in the International Development Strategy in 1970 and the policies prescribed for their achievement were greatly influenced by the events of the 1960s. Though the Strategy itself is silent on the subject, the production and trade targets designated for the developing countries were based on the assumption that the developed countries would - at least in the aggregate - maintain the rates of growth they had recorded in the 1960s and that the terms of trade of the developing countries would not deviate markedly from the norms of the 1960s. The fragility of these assumptions was not fully appreciated at the time and it is only in retrospect that some of the extraordinary features of the 1960s can be discerned.

Economic growth and balance in the 1960s

When the International Development Strategy was being drafted, a decade of relatively stable growth was coming to an end. In the developed market economies, total production - in many ways the flywheel of the world economy - had increased at an average rate of just under 5 per cent a year. The rate was lowest (between 3 and 3.5 per cent) at the beginning and end of the decade, highest (about 6.7 per cent) in the middle. The rate of increase in industrial production was also at its peak (8 per cent) in mid-decade, though it fell below 3 per cent in 1967 and again in 1970. Even higher rates of growth were registered by developed market economy imports: 10 per cent a year in volume - rather more than 11 per cent a year in current values - the range being from around 5 per cent in 1961 and 1967 to over 13 per cent in the last three years of the decade.

The fluctuations in industrial production in the developed market economies as a group were held within a relatively narrow band by a tendency for the three main component regions to follow a somewhat different cyclical pattern. Thus in 1961 the effect of deceleration in North America (to 2 per cent) was moderated by acceleration in the European Economic Community (EEC) (to 7 per cent) and Japan (to 20 per cent). In 1965 the changes were reversed. In 1967 there was a sharp deceleration in EEC (to 2 per cent) while production in Japan (13 per cent) and North America (4 per cent) held up much better. Two years later the effect of a notable upswing in EEC (11 per cent) was contained by the maintenance of a more normal growth rate (5 per cent) in North America. In 1970, when production actually declined in the United States of America, there was fairly vigorous growth in EEC (6 per cent) reinforced by very high growth in Japan (16 per cent).

1/ Internal developments are examined in the Supplement to this report. For a discussion of economic and social changes in the developing countries, see also Part One of the World Economic Survey, 1974, Part One: Mid-term Review and Appraisal of Progress in the Implementation of the International Development Strategy (United Nations publication, Sales No. E.75.II.C.1).

One of the consequences of this, most significant in the present context, was its tendency to stabilize the growth of imports from the developing countries. Developing country export volume increased at an average rate of about 8 per cent a year. Shipments from the petroleum exporters rose somewhat faster (9 per cent) but were subject to a slight downward trend in price, while shipments from the other developing countries rose rather more slowly (6 per cent on average), enhanced by a slight upward trend in price. Over the decade as a whole the unit value of manufactures entering international trade rose at just over 1 per cent a year, but since in 1970 the prices of wheat and petroleum were slightly lower than 10 years earlier, the terms of trade of the developing countries as a group were little changed.

Though the 1960s were thus notable for the relative steadiness as well as the vigour of the growth in production and trade, signs of underlying disequilibria multiplied as the decade drew to a close. Most disturbing was the acceleration in price increase in the United States: measured by the gross national product deflator this was from an average of 1.4 per cent a year in the first half of the decade to 4.1 per cent a year in the second, ending with increases of 4.8 per cent in 1969 and 5.5 per cent in 1970. By that time the inflation had spread to other countries: between 1969 and 1970 the weighted average increase in the general developed market economy price was 6 per cent.

Accompanying the rise in the unit value of United States exports of manufactures - from 1 per cent in the first half of the decade to 4 per cent in the second - was an erosion of the trade surplus financing its large outflow of capital. One result of this was the swelling of international liquidity: between 1960 and 1967 foreign exchange reserves had expanded by just about $1 billion a year; in the next two years they rose by almost $4 billion, in 1970 by over $12 billion and in 1971 by nearly $34 billion. Despite arrangements made in 1968 to defend the distribution of gold holdings, discourage foreign borrowing on the United States capital market and set up currency swap lines to protect exchange rates, the United States deficit approached $11 billion in 1970 measured on an "official settlements" basis, not much short of the country's gold stock as then valued. Clearly, the 1960s were ending in a state of serious imbalance, both internal and external, and the assumptions underlying the International Development Strategy were facing a severe test.

Instability in the first half of the 1970s

The first half of the Second Development Decade was a period of marked economic instability. It was ushered in by a recession in North America, an acceleration in the pace of inflation in most of the developed market economies and an accentuation in the external deficit of the United States. As outlined above, this imbalance in the external accounts of the United States had been building up in the 1960s with the shrinkage of the current account surplus in the face of a continued outflow of capital and the accumulation of dollar reserves in some of the country's trading partners, notably the Federal Republic of Germany and Japan, and in an expanding pool of dollars held outside the United States. In August 1971, the United States terminated the convertibility of the dollar into gold, thereby breaking up the system of fixed exchange rates that had governed international monetary relations since the Second World War.

The changes in international price relationships that resulted from the ensuing adjustment in exchange rates set in motion a vigorous expansion in world trade. Added to the stimulation of domestic demand by actions designed to reverse the 1970 recession, this induced an upsurge in demand in 1972 notable for the degree to which it embraced all the major developed market economies. This upswing in demand had a powerful influence on prices: not only did it outpace the response of supply but it was accentuated by the widespread lack of confidence in some of the important currencies, thus adding to the attractiveness of commodity inventories. The upward pressure on prices was further enhanced by two major exogenous developments. In 1972 there were poor harvests in a number of countries - including Burma, Canada and Thailand among the cereal exporters, India and the Soviet Union among the importers, and Peru among the fish producers - and a consequent drawing down of world grain reserves to a dangerously low level. In 1973 the Organization of Petroleum Exporting Countries (OPEC) began to exercise its control of the supply of crude petroleum entering the world market, raising the basic price fourfold in the space of a year.

As these higher commodity prices began to enter industrial costs, concern mounted in regard to the inflationary situation that was developing in every developed market economy. Not only was the distribution of real income being adversely affected but expectations about future price increases were reinforcing the cumulative nature of the inflationary spiral and in some countries wages and prices began an upward chase that became increasingly difficult to control. As a result, 1974 saw the introduction or tightening of various disinflationary measures. As costs and prices continued to rise, these policies were maintained in many countries long after demand had begun to recede and industrial production to slacken. The consequence was a general reduction in the rate of utilization of industrial capacity and a corresponding rise in the level of unemployment. Accompanying the continuing increase in prices, this posed an extremely awkward problem to most Governments and it was only after an appreciable delay that the policy mix in the developed market economies began to be predominantly expansionary. Thus in 1974 there was an absolute reduction in demand in Japan and the United States which more or less offset the decelerating growth in Western Europe, while in 1975, with the contraction spreading to Western Europe, over-all developed market economy demand was nearly 2 per cent lower.

Following a massive liquidation of inventories, the downswing in demand came to an end in the United States in mid-1975. The turnaround was far from dramatic, however: with capacity grossly under-utilized, fixed investment showed few signs of recovery and with prices still rising at a rate that was high by historical standards, there was a marked reluctance to expand demand by strong stimulatory measures. In the other developed market economies, signs of recovery were even fewer: here, too, the persistence of inflation tended to make Governments more tolerant of high levels of unemployment than at any time in the post-war period, and the failure of United States import demand to increase denied these generally more export-oriented countries the external stimulus they had been hoping for. Indeed, even those trade flows that had exercised an expansionary influence on demand during the 1974-1975 recession were beginning to weaken: the petroleum-exporting countries were running into bottle-necks, many of the other developing countries and some of the centrally planned economies were running into liquidity problems. Thus 1976 opened with the recovery phase of what had been the most violent cycle in post war economic growth still very tentative and uncertain.

Fluctuations in total production in the first half of the 1970s were notably less in the centrally planned economies of Eastern Europe and in the developing countries than in the developed market economies, and growth rates measured on a year-to-year basis were notably higher. In contrast to the developed market economies, indeed, these other country groups recorded over-all growth rates that were more or less in line with those of the 1960s both in level and in stability (see table 1).

In the case of industrial production, the average annual rate of increase and the year-to-year variation in the centrally planned economies were both below corresponding figures in the two preceding quinquennia. In the developing countries a higher average rate of increase was achieved with no greater instability.

In the case of agricultural production, the rate of increase was below the figures of the 1960s in both groups of countries and in the centrally planned economies the range between the lowest and highest rates was significantly wider.

In the case of trade, the instability characteristic of the developed market economies in the first half of the 1970s was transmitted to partner countries outside. The year-to-year expansion in both imports and exports was appreciably greater than in the 1960s. There was a marked increase in import variability in the developing countries and in export variability in both the developing countries and the centrally planned economies. The rapid and general rise in prices made these differences much wider when measured in current values. And the decline in developed market economy imports in 1975 brought the quinquennium to an end on a note of uncertainty in partner countries, depressing production in many cases and reducing the rate of growth in all the developing regions except South and East Asia - where agricultural gains exerted a countervailing influence to the lowest annual figure of the period.

Swings in demand in the developed market economies

The 1970s opened with demand in the developed market economies increasing at far below previous rates: in the seven major industrial countries the growth in gross domestic product between 1969 and 1970 (2.2 per cent) was less than half the average for the 1960s. A recovery in the rate of growth in North America in 1971 was partially offset by deceleration in a number of other countries, notably the Federal Republic of Germany and Italy. The average developed market economy growth rate for the two years was below 3.5 per cent. The recession was largely a reflection of disinflationary policies in the United States where public consumption was reduced sharply (4.5 per cent) in 1970 and marginally in 1971. Fixed investment in the United States declined in 1970 but recovered in 1971. Elsewhere investment was well maintained in 1970 and slackened only in 1971, so that for the developed market economies as a whole the investment shares in gross domestic product, which had averaged 20.7 per cent in the second half of the 1960s rose to 21.4 per cent in 1970 and 21.8 per cent in 1971.

In contrast to the divergences of 1970 and 1971, in 1972 the continuing acceleration in the United States was accompanied by a more vigorous expansion in other industrial countries. By the fourth quarter of the year a most unusual synchronization had developed: demand was increasing at an annual rate of 8 per cent or more in all the large developed market economies. This persisted in the first quarter of 1973, when the average rate of growth in the major countries reached an annual rate of almost 10 per cent (see table 2). Fixed capital formation continued to run ahead of total production, particularly in Japan and the United States, and the investment ratio rose to 22.2 per cent in 1972 and 23.0 per cent in 1973.

The upswing came to an end in the second quarter of 1973 and for the year as a whole, demand levelled off at about 6 per cent above the 1972 average. The deceleration continued, however, and in the first quarter of 1974 there was an absolute reduction in the combined output of the major countries. For the developed market economies as a group there was only a modest increase (less than 2 per cent) in private consumption in 1974 and fixed capital formation declined sharply (by 4 per cent) reducing the investment ratio to 22.4 per cent.

In the United States, the recession was extraordinarily steep: for five successive quarters demand declined, and in the first quarter of 1975 it was about 8 per cent - $90 billion (at 1970 prices) - below the peak attained in the fourth quarter of 1973. This contraction contributed to the deceleration in growth that was occurring elsewhere. By the last quarter of 1974, there was another synchronization: virtually all the major industrial countries recorded an absolute decline in demand. This general decline was repeated in the first quarter of 1975. This brought the United States to the bottom of the recession: demand recovered slightly in the second quarter and vigorously in the third quarter. Elsewhere the turnaround was less certain and for the year as a whole very few of the developed market economies showed any growth over the 1974 level: for the group as a whole, indeed, 1975 output was almost 2 per cent below that of the previous year (see table 3).

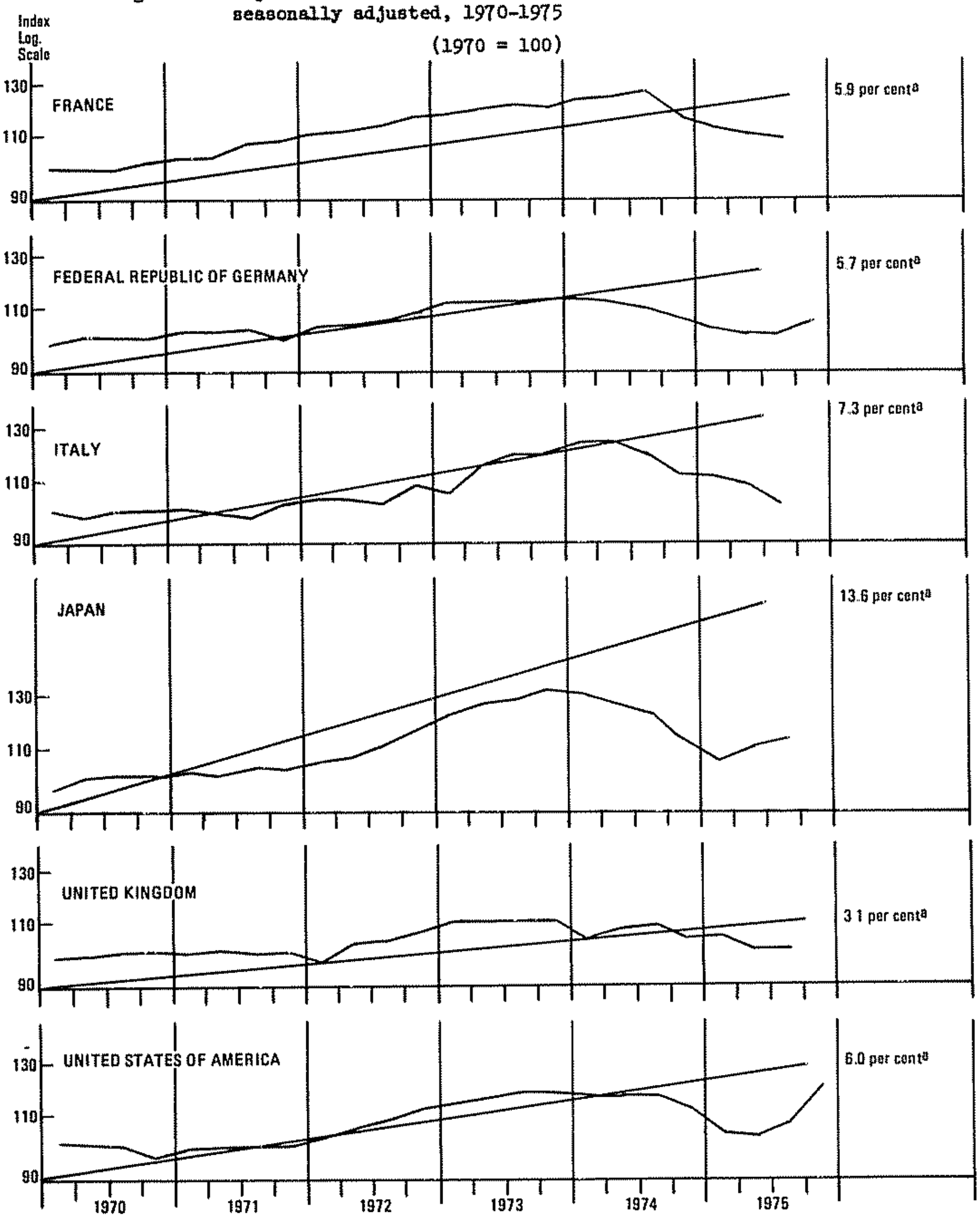
Industrial production

These marked swings in demand are reflected in movements in manufacturing production. When the decade opened, manufacturing activity was declining in North America and when the trend was reversed at the beginning of 1971, output was no greater than in 1968. After an accelerating rise, it levelled off in 1973 and declined steeply in 1974, back to the 1968 rate. Similar changes characterized manufacturing activity in Western Europe and Japan: deceleration in 1971, acceleration in 1972-1973 and decline in 1974. A tentative recovery began at the end of the first quarter of 1975 in North America and Japan, but not until the third quarter or later in Western Europe. These changes thus tended to be mutually reinforcing, and for the developed market economies as a whole, the period was divided into three distinct phases: 1970-1971 with virtually no growth, 1972-1973 with an abnormally rapid growth - about 27 per cent in nine quarters - and 1974-1975 with an absolute decline (see figure I).

The swings were most marked in the heavy manufacturing branch in which the rapid increase in output was brought to a virtual halt at the beginning of 1974

Figure I. Major industrial countries: index of industrial production, seasonally adjusted, 1970-1975

(1970 = 100)



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Statistical Yearbook; and International Monetary Fund, International Financial Statistics (Washington, D.C.).

a/ Average annual rate of growth 1960-1969.

by the petroleum crisis. In the developed market economies as a group, production in the chemical and non-metallic minerals industries levelled off at about 5 per cent below the peak, production of metal products declined rather more, while by the second half of 1975, the output of basic metals had fallen back to the 1970 rate.

In light industries, production rose less rapidly in 1972-1974 - though the 6 per cent growth rate actually recorded was high by historical standards - and the subsequent decline was also less steep. The moderating influence was that of the food branch whose output dipped only slightly at the beginning of 1974 and recovered to peak rate by the end of 1975. The main weakness was in the textile and apparel industries, the output of which levelled off early in 1974 and then declined sharply (to the 1970 average) by the second half of 1975.

On a year-to-year basis, the growth of developed market economy manufacturing production accelerated from less than 2 per cent in 1971 to nearly 10 per cent in 1973 before levelling off in 1974 and declining by about 5 per cent in 1975. Changes in mining production were in the same direction but much smaller: peak output at the end of 1973 was only 7 per cent above the 1970 rate and by 1975 activity was back to more or less the 1970 rate. The production of public utilities - water, gas and electricity - accelerated to an 8 per cent average increase in 1972 and 1973, well above the longer-term trend, before receding to less than half that rate in 1974 and 1975. Industrial production as a whole thus registered virtually the same swings as manufacturing (see table 4).

Fluctuations in manufacturing activity in the major industrial countries tend to affect the demand for capital goods, components, raw materials and energy. The capital goods and industrial components come largely from domestic sources in interindustry transactions or from other suppliers among the developed market economies. Changes in the demand for raw materials and energy have a much greater impact on the developing countries. By contrast, manufacturing in the developing countries - and even more in the centrally planned economies - normally has its own rhythm and this was certainly so in the first half of the 1970s.

In the centrally planned economies of Eastern Europe year-to-year growth in industrial production deviated only marginally from the quinquennial average of just under 8 per cent. It was lowest (7.0 per cent) in 1972 and highest (8.4 per cent) in 1974, the difference reflecting more the domestic agricultural situation than any changes in external demand.

In the developing countries there was a greater tendency for manufacturing activity to follow the developed market economy cycle: export-oriented textile and electronic component production helped to accelerate industrial growth in the first three years of the decade and to slow it down in 1974 and 1975. But internal forces remained dominant - improvements in agricultural output raised industrial activity in 1973 and 1975, for example, and in 1974 and 1975 the upsurge in investment in the petroleum-exporting countries provided a major stimulus to manufacturing and although there was a marked weakening of production in Latin America after mid-1974, the over-all swings in industrial growth were relatively mild. Nevertheless, for the developing countries as a group, the growth of manufacturing production accelerated from less than 7 per cent in 1971 to 10 per cent in 1973 and then dropped to about half that rate in 1975. Over the quinquennium the average increase fell somewhat short of the 8 per cent annual rate set as a target in the International Development Strategy.

Import demand

The swings in demand in the major industrial countries were reflected much more directly in international trade. The volume of imports into the developed market economies increased very slowly in 1970 and 1971 and then began to accelerate, first in North America, then in the European Economic Community and, by mid-1972, in Japan. In the course of the next two years, the volume of imports rose by over a fourth in North America, over a half in EEC and about two thirds in Japan. Corresponding to the deceleration in growth in the major industrial countries in 1973, there was a levelling off in import demand, and after the first quarter of 1974 the volume of imports declined sharply and by the end of 1975 the rate of intake was back to the 1972 figure (see figure II).

Measured in Special Drawing Rights (SDR), developed market economy imports rose by around 10 per cent a year in the first two years of the decade and then soared upwards by 27 per cent in 1973 and 40 per cent in 1974 before levelling off at just below SDR 500 billion in 1975. The pattern of change was essentially the same for imports from each of the three main country groupings, but the swings in purchases from the developing countries were amplified by larger price movements (examined in the following sect.) and by the greater sensitivity of the flow of raw materials to the tenor of manufacturing activity: the expansion in 1971 and 1972 was less and the upswing in 1973 (almost 40 per cent) and 1974 (over 90 per cent) much sharper, while in 1975 imports from the developing countries dropped back 5 per cent to about SDR 131 billion.

Largely because of marked differences in price movements, the value of developed market economy imports from members of OPEC increased much more steeply than imports from other developing countries. The latter remained more or less constant at about SDR 30 billion a year in 1970-1972 before climbing at over 40 per cent a year in the 1973-1974 upswing. The value of imports from OPEC, by contrast, rose sharply (28 per cent) in 1971 as well as in 1973 (35 per cent) and 1974 (167 per cent). In both cases there was a reduction of SDR 3 billion in 1975 (see figure III).

By 1974 developed market economy fuel imports were approaching $100 billion in value, more than six times the 1970 figure. Most of this expansion represented the rise in prices but the longer-term growth in volume persisted through most of this period - including the 1970-1971 recession - at least until the combination of weak demand and high price brought about a reversal in trend in the second half of 1974.

Purchases of manufactured goods 2/ from the developing countries also resisted the cyclical changes in demand: large increases were recorded not only in 1973 (53 per cent) and 1974 (34 per cent) but also in 1971 (23 per cent) and 1972 (36 per cent). As a result, the share of manufactures in imports other than petroleum rose from not much more than a fifth in 1970 to almost a third in 1974. Three categories of goods accounted for more than half of these imports of manufactures: machinery ($4.7 billion in 1974), textiles ($3.2 billion) and clothing ($4.5 billion). At the beginning of the decade developed market economy

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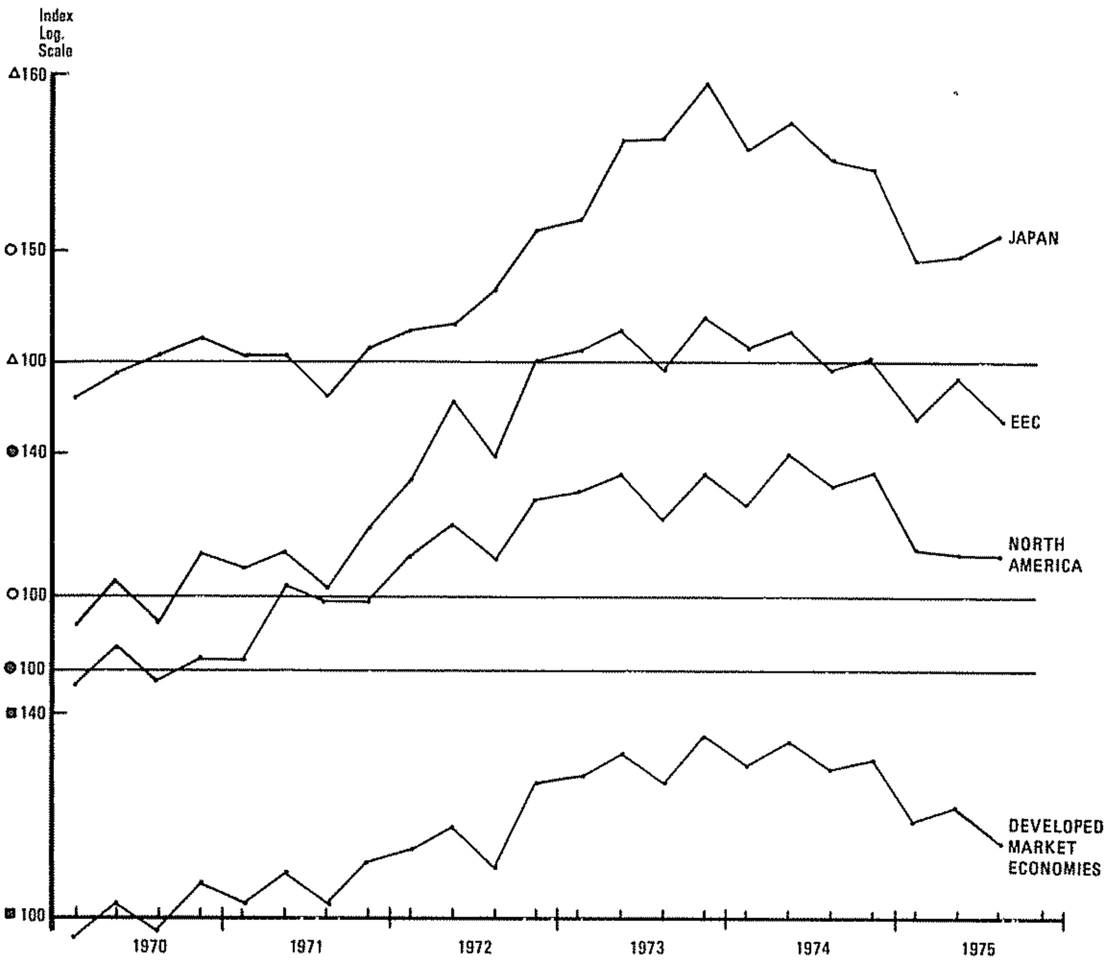
2/ Excluding manufactured food-stuffs and unfabricated non-ferrous metals.

Figure II. Developed market economies: quantum of imports, by quarter, 1970-1975

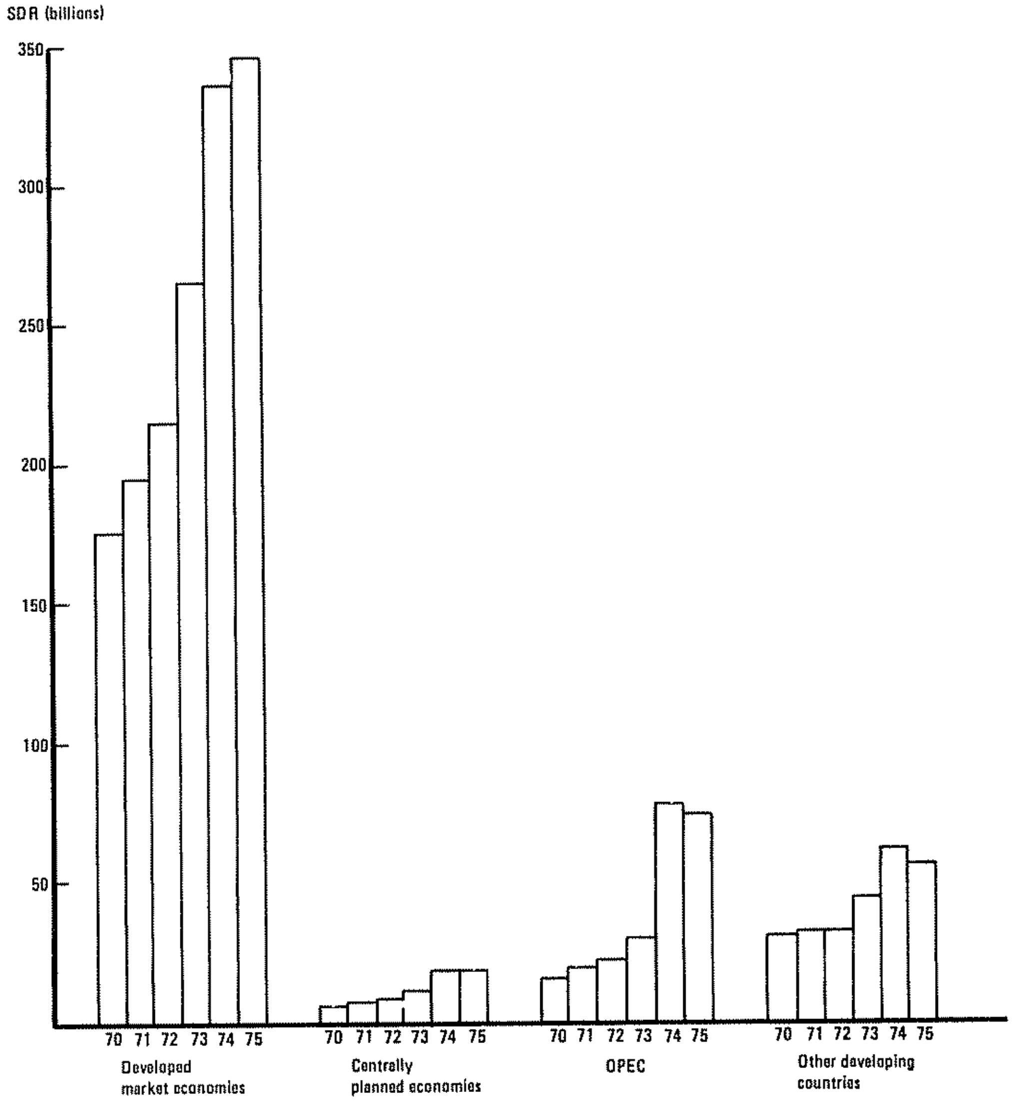
(1970 = 100)



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics: and International Monetary Fund, International Financial Statistics (Washington, D.C.).

Figure III. Developed market economies: origin of imports, 1970-1975[a]

(Billions of SDR)



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics; International Monetary Fund/International Bank for Reconstruction and Development, Direction of Trade; and data supplied by the Statistical Office of the United Nations.

a/ The 1975 data are preliminary, estimated from incomplete information.

imports of manufactured goods from the developing countries (around $7 billion) were appreciably below imports of food-stuffs ($11 billion) or raw materials ($9 billion). In 1972 they surpassed raw material imports and in 1974 - notwithstanding the upsurge in primary commodity prices and trade - they surpassed imports of food-stuffs as well (see table 5).

As suggested above, the great upsurge in developed market economy imports from the developing countries - which more than trebled dollar expenditure between 1971 and 1974 - was largely a reflection of the rapid and widespread rise in prices that occurred during that period. The volume of goods imported from the developing countries, which had risen fairly steadily at about 6 per cent a year for most of the 1960s had increased sharply - at about 10 per cent a year - in 1968 and 1969 before falling back in 1970 and 1971. Responding to the upswing in demand in 1972 and 1973, it expanded at almost twice the longer-term rate. Thereafter it levelled off and in 1975 it was sharply reduced.

Movements in commodity prices

The extraordinary rise in prices implicit in the upsurge in trade values was not solely or even mainly the result of the cyclical expansion in demand in the major industrial countries, but there can be little doubt that the swings in demand did exercise a strong influence on price movements. During the recession at the beginning of the decade, the prices of food-stuffs and agricultural raw materials exported by the developing countries showed little change and those of the non-ferrous metals declined steeply from 1969 peaks. In 1972 the output of the textile and apparel industries, which had remained virtually static for three years, increased by almost 5 per cent and early in the year there was an upsurge in wool prices, followed in the third quarter by those of coffee and cocoa and in the fourth quarter by those of the cereals. By this time the forces shaping the market were not confined to the expansion in industrial intake and in final consumption: in a number of cases there were severe constraints on supply (the most important of which affected basic food-stuffs), 3/ in other cases expectations of shortages gave rise to additional demand for precautionary and speculative purchases 4/ and in some instances prices were raised unilaterally by producers who were able to exercise control over supply.

Measured in United States dollars, and therefore reflecting the devaluations of December 1971 and February 1973 and the subsequent fluctuations in the value of the dollar in terms of other courencies, 5/ the average quarter-to-quarter

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3/ See the section below on cereals.

4/ There was also some movement from currencies to commodities for purposes of asset holding. This is exemplified in purchases of gold on the free market. The price of gold, after rising from near $35 an ounce to over $60 in the course of 1971 and 1972, doubled in the first half of 1973 and went soaring, to over $170 in the first quarter of 1974.

5/ In terms of SDR, the value of the dollar was at its lowest in February 1975 when it was about 20 per cent below the corresponding rate in 1971. During 1975 it recovered about 5 percentage points.

rise in primary commodity prices (weighted in accordance with the 1963 pattern of trade) increased from less than 2 per cent in 1971 to 4 per cent in 1972 and 13 per cent in 1973. The average price of non-ferrous metals which, as indicated above, had declined in 1971 and 1972, jumped by almost 45 per cent between 1972 and 1973. The average price of petroleum, which had changed relatively little during the previous two decades, began increasing substantially in the 1970s, first as a result of negotiations between the multinational producer companies and their host Governments and then through the concerted action of the exporting countries: the price was doubled between the fourth quarter of 1972 and the fourth quarter of 1973 and doubled again at the beginning of 1974.

The upsurge in commodity prices between late 1972 and early 1974 was soon reflected in manufacturing costs, accentuating the general inflation. This had been accelerating in the second half of the 1960s but under the influence of the 1970-1971 recession had moderated slightly in 1972. 6/ In 1973 the rate of increase in the major industrial countries jumped to 7.2 per cent and in 1974 to 11.7 per cent. The quarterly increase reached its peak (3.7 per cent) in the first quarter of 1974, however; it had receded to 2 per cent by the end of 1975. Between the last quarter of 1972 and the first quarter of 1975 the average quarterly rise in the unit value of manufactures exported by the major industrial countries was almost 6 per cent. 7/

Largely as a result of the reduction in industrial demand the average price of the primary commodities exported by the developing countries levelled off in the second half of 1974 and began to recede in the first half of 1975. By mid-year the price relationship between the manufactures exported by the developed market economies, on the one hand, and the food-stuffs and non-ferrous metals exported by the developing countries, on the other hand, returned to the 1963 position. The relative price of agricultural raw materials, which had begun to dip early in 1974, was well below the 1970 level. Only the price of petroleum remained at the new peak - over six times as high as in 1970 (see figure IV). If petroleum is excluded, the terms of exchange between manufactures exported by the developed market economies and primary products (including non-ferrous metals) exported by developing countries, which had dipped in the 1971 recession, rose steadily and rapidly to a peak in the first quarter of 1974, 45 per cent above the 1970 level. Then followed an equally rapid decline which took the index below the 1970 level by mid-1975 before it began to recover.

The unusual amplitude of the swings in demand in the first half of the decade and the extraordinary factors affecting the supply had combined not only

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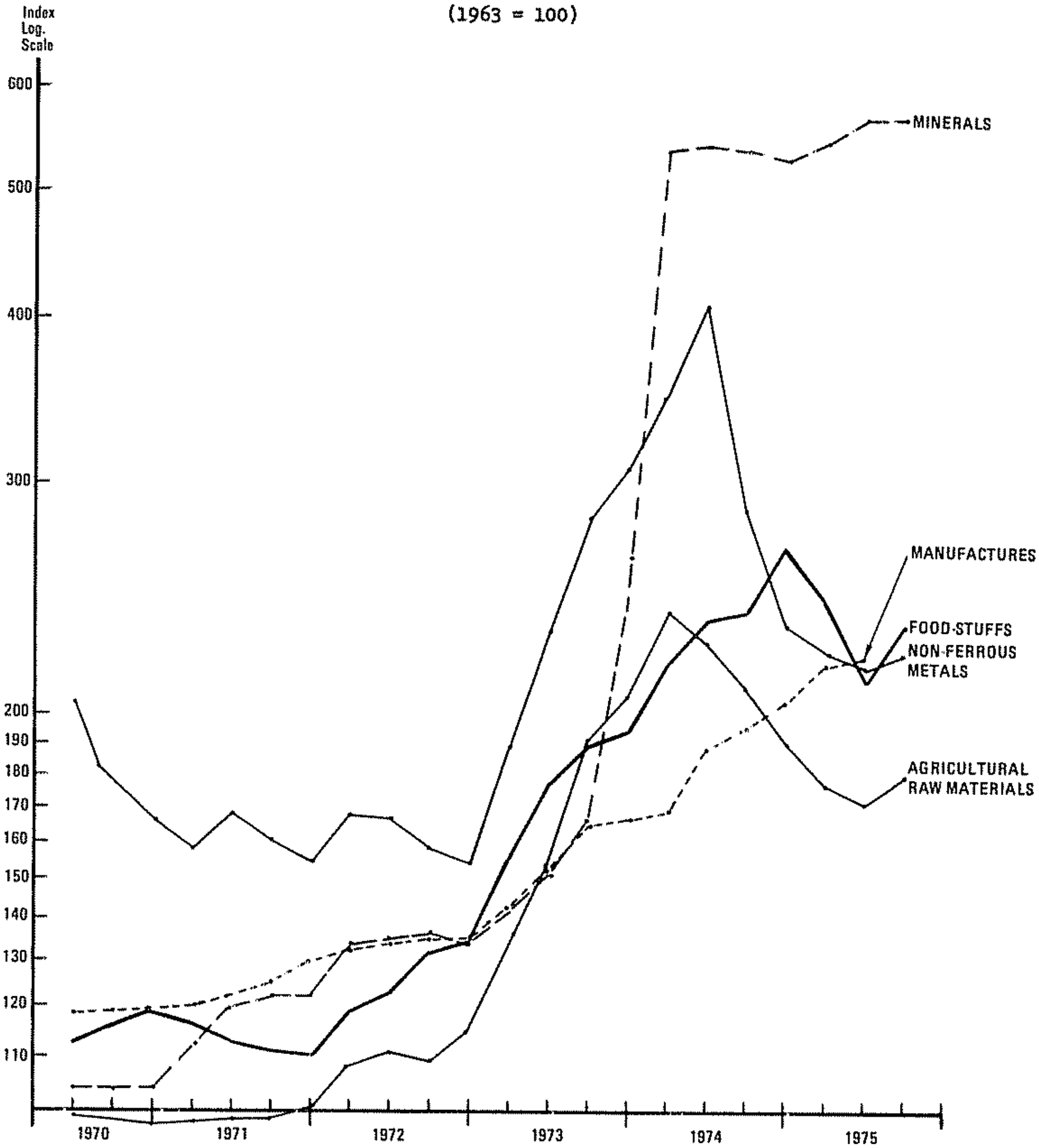
6/ Measured by the gross national product deflator, the year-to-year increase in prices in the major industrial countries had risen from an average of 2.6 per cent in the first half of the 1960s to 3.2 per cent in 1967, 3.4 per cent in 1968, 4.7 per cent in 1969 and 5.9 per cent in 1970 before easing off to 5.4 per cent in 1971 and 4.8 per cent in 1972.

7/ Compared with an average annual increase of about 1 per cent a year in the first half of the 1960s and rather less than 2 per cent in the second half, the unit value of manufactured exports rose by 5 per cent in 1971, 8 per cent in 1972, 16 per cent in 1973 and 19 per cent in 1975.

Figure IV. Price indices of manufactured goods in world trade and primary commodities exported by developing countries, 1970-1975

(1963 = 100)



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics.

to change radically a number of important price relationships but also to leave these relationships in a very unstable condition. In the global context, three prices stand out as critical determinants of the state of economic balance: those of basic food-stuffs, energy and manufactured goods. To the extent to which each of these prices enters into the costs of production affecting the others, they are interconnected, but the main factors in their formation are independent.

Until late in the 1960s the relationship between the price of food-stuffs (as represented by the export price of wheat), the price of energy (as represented by the export price of crude petroleum) and the price of manufactured goods (as represented by the average export unit value of manufactures) had remained remarkably stable. After rising about an eighth in the early 1950s, and then receding, the price of wheat changed very little until the end of the 1960s: in 1968 it was virtually the same as 20 years before. In this period the unit value of manufactures entering international trade had inched upward about 10 per cent. The price of petroleum, after rising slowly in the 1950s, receded towards the end of the decade and in 1970 was only about 5 per cent above the level of 20 years earlier.

This stable relationship was underpinned, on the one hand, by increasing competition among the industrial exporters, as the Federal Republic of Germany and Japan re-entered the world market, and, on the other hand, by the high degree of market control exercised by the international producers of wheat and petroleum, supported in the case of wheat by a large stockpile held firmly by the major exporters (particularly the United States of America) and in the case of petroleum by the opening up of new deposits under the concessional control of the major transnational corporations (particularly in the Libyan Arab Republic and the Persian Gulf).

The first disturbance of these price ratios stemmed from the inflationary forces that were building up in the industrial countries towards the end of the 1960s. Beginning with a 3 per cent increase in 1969 and a 5 per cent increase in 1970, the export unit value of manufactures followed an accelerating upward trend which raised it 70 per cent in the first half of the decade. At the same time the price of wheat and petroleum leap-frogged upwards: on a year-to-year basis they both rose by about a fifth in 1971 and an eighth in 1972; in 1973 petroleum prices increased by a third while wheat prices doubled; in 1974 wheat prices rose by a fifth while petroleum prices averaged three and a half times those of the previous year.

The end result was a fundamental change in the price ratios of these basic commodities. For most of the 1950s and 1960s a ton of wheat could have bought between 4 and 5 tons of petroleum (both measured f.o.b. point of export). This ratio dropped below 4 in 1970, rose again to the level of the early 1950s in 1973 and then fell below 2 in 1974. The ratio in 1975 was not much more than a third of the average of the 1960s (see table 6).

The change in the relationship of wheat and petroleum prices was not the only one to emerge from the upheavals of the first half of the decade, though - because of the importance of these two commodities in world production and trade and in cost formation - it is doubtless the most significant. One measure of these changes in price relationship, bearing particularly on their implications for the developing countries' trading position, lies in a comparison of the movements in the price of specific commodities with that in the unit value of manufactures entering international trade.

Relative to the average relationship obtaining in the 1960s, a number of commodities entered the 1970s with low prices, notably the natural fibres but also rubber, tea, bananas, wheat and iron ore. Some of these (cotton, wool, sisal and wheat, for example) greatly improved their relative position in the 1972-1974 upswing in commodity prices. Cotton and wool lost ground again, but wheat and sisal and, to a less extent, iron ore ended the quinquennium with substantially greater command over manufactured goods. The relative price of maize also went through this cycle, though in 1975 it ended more or less back at the 1970 position. In the case of sugar there was an accelerating improvement in relative purchasing power until the end of 1974, then a decline to a 1975 average about twice that of the 1960s. The relative petroleum price followed the same pattern, though the 1975 figure was about three times the 1960s average. The purchasing power of phosphates declined between 1970 and 1973 and then rose abruptly with the declaration of higher prices by the major exporters (see table 7).

Some commodities - notably the non-ferrous metals, but also coffee and cocoa, beef and palm and soya bean oil - entered the 1970s with prices that were high, relative to their average ratio to the unit value of manufactures in the 1960s. Some of these - tin and zinc, cocoa, beef and soya bean oil - further improved their price position in the first half of the 1970s, after having reached a peak purchasing power of around twice the 1960s' average in 1974. Lead, copper and palm oil also participated in the upswing to peak purchasing power in 1974; on the other hand, aluminium and coffee prices failed to keep pace with the rise in the cost of manufactures; all these commodities ended the first half of the decade with weaker relative price positions.

Use of the average price relationships in the 1960s as a base for illustrating the nature of recent changes is not intended to impute special status to that period. The base figures can be considered "normal" only in the sense that the decade was characterized by price relationships that were more stable than those of the preceding period of post-war dislocation. Against such a base the swings of the first half of the 1970s can be seen to have been extremely large, and the resultant relationships emerging at mid-decade widely divergent. This implies major adjustments, either in prices or in trading and financing arrangements affecting the countries exporting the commodities that have experienced a serious loss in purchasing power and the countries importing those that have risen disproportionately in price. What this may mean for the second half of the decade is discussed in the next chapter.

Changes in the food situation

Developments in the world food situation in the first half of the 1970s were important not only for nutritional reasons and the problem of feeding the rapidly expanding population but also because of their impact on the course of prices, costs and inflation and on the balance of trade and payments of the exporters and importers of the various food-stuffs. A sharp decline in world food production in 1972, by drawing down exporters' stocks, created a fragile situation on the international market. 8/ Though the principal strains eased in 1975, differences in performance among both crops and regions and the uncertainty arising from the relative smallness of some of the key inventories have left the market much more sensitive than it was during the 1960s.

The beverage crops

The decade opened with a very small coffee crop - more than an eighth below the average for the second half of the 1960s - reflecting the halving of Brazilian production not compensated by expansion elsewhere. The 1973 crop was also below the earlier average, with lower production in Ethiopia, Ivory Coast and Mexico as well as Brazil. Imports continued to increase, however, into all regions except Eastern Europe and the result was an almost continuous rise in coffee prices: between mid-1971 and mid-1974 the index rose by about two thirds before weakening in the face of forecasts of a record 1974/75 crop. Thereafter the market varied erratically, torn between conflicting trends and prospects. The main weakening factors were the recession in demand in the developed market economies and the continuation of the longer-term downward trend in roastings and in *per capita* consumption in the United States. Offsetting these were a recovery in imports into the centrally planned economies and impending supply difficulties in the wake of severe frost damage to trees in Brazil in July 1975 and the threat to production and exports from Angola (which accounts for about a fifth of African coffee production) implicit in the civil war that broke out later in the year.

Cocoa production followed a cycle similar to that of coffee, rising in 1971, declining in 1972 and 1973 and recovering, at least partially, in 1974. The swings were smaller in amplitude, however, and the cocoa scene in general was characterized by lack of growth: the 1973/74 crop was of the same order as that of 1964/65. As in the case of coffee, price rose throughout 1972 and 1973, reaching a peak in mid-1974, three and a half times the end-1971 level, before the recession and forecasts of a higher 1975/76 crop weakened the market and reduced prices. Imports of cocoa beans into North America declined considerably after 1971. 9/ They were better sustained in the case of the other developed market economies and

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8/ In 1972 there was also a decline in food production in the developing countries. Though there was a recovery in 1973, and 1975 also brought good crops, over the whole 1971-1975 period the rate of increase in food production lagged behind the growth in population.

9/ Cocoa grindings in the United States in 1971-1973 were below the average for the second half of the 1960s and they declined even further in 1974 and 1975 to well below the level of the early 1960s. The decline in bean imports was offset to some extent by an increase in imports of cocoa products: by 1974 purchases of chocolate and cocoa cake and butter from developing countries exceeded $87 million, about 28 per cent of the expenditure on beans.

showed a rising trend in the case of the centrally planned economies whose off-take from the cocoa crop rose from 13 per cent in 1970 to 18 per cent in 1974 (see table 8).

In contrast to coffee and cocoa, production of tea continued its slow, steady increase during the first half of the decade. Supply thus kept slightly ahead of demand and prices oscillated around a more or less horizontal trend. It was not until 1974 that, perhaps in response to the high prices reached by the other beverage crops, imports into the more advanced countries exceeded the 1971 level. By this time, the increase in incomes in the petroleum-exporting countries of North Africa and West Asia was also raising demand for tea. Prices started to climb and by the end of 1975 were averaging 50 per cent above the figure of two years earlier.

In the aggregate, the average price of the beverage crops which, at the beginning of the decade, accounted for about 14 per cent of developing country earnings from primary commodity exports - nearly a fourth of non-petroleum earnings - rose almost continuously from early 1972 to mid-1974 to reach a peak 60 per cent above the 1970 level. Thereafter the trend became uncertain, dipping in the first half of 1975 before rising again on fears of future supply difficulties.

Sugar

Sugar, which is an important element in world food supplies and a major source of developing country export earnings, also experienced an upsurge in price during the first half of the decade. This began tentatively towards the end of 1971, developed in 1973 and accelerated rapidly in 1974. The origins lie in the tendency for production to lag behind consumption. A disappointing output in 1971 - particularly in the Soviet Union - sharply reduced the ratio of carry-over stocks to annual disappearance. Even though crops improved, this ratio drifted lower in 1972 and 1973, further accentuating the sensitivity of the market. In 1974 the European beet harvest was again poor - in the west as well as in the east and the Soviet Union - and this induced a good deal of speculative and panic buying and led to a fourfold increase in price in the course of the year. With the prospect of a substantially larger 1975/76 crop, the international price of sugar declined steeply in 1975, though at the end of the year it was still 50 per cent above the 1973 average and almost double that obtaining at the beginning of the decade (see table 9).

Oils and oil-seeds

Changes in the supply of oil-seeds, meal and oil, which provided the developing countries with about 7 per cent of their 1970 export earnings from primary commodities other than petroleum, also affected the world food situation in the first half of the decade. Largely as a result of a series of adverse events - a sharp reduction in the anchovy catch off the coast of Peru in 1972 with only a partial recovery in subsequent years, poor harvests of sunflower seeds in the Soviet Union in 1972 and 1973, lower rapeseed production in Canada in 1973 and 1974 and copra production in Indonesia and the Philippines, and generally smaller ground-nut crops in the drought-stricken West African hinterland 10/ - the output

10/ In Nigeria, for example, the average annual production of ground-nuts in the first half of the decade was less than half of that of the preceding quinquennium when it accounted for about a third of the developing country total.

of the seed and meal that enters the world food supply tended to lag below the trend in consumption (see table 10).

In 1972 this began to be reflected in exports: there was a reduction in shipments of sunflower seeds and fishmeal. In 1973 fishmeal exports were down to about half the 1970 level and there was a sharp decline in shipments of fish oils and copra and coconut oil which continued into 1974 when ground-nut and rapeseed exports were also lower. There were compensatory increases in shipments of soya beans from Brazil and the United States and palm oil from Malaysia, but supplies became tight. Prices which had been relatively stable in the early years of the decade - the annual average virtually constant in 1970-1972 - began to increase rapidly. Between the end of 1972 and the beginning of 1974 the oil-seed price index trebled before levelling out and then falling back to its mid-1973 level by mid-1975.

Cereals

At the heart of the food situation lie the changes in cereal output. Disappointing crops in 1972 and again in 1974 and 1975 aggravated the longer-run tendency for consumption to run ahead of production in some of the major importing countries and resulted in the drawing down of visible stocks to levels widely regarded as below the safety limit for global food needs.

The main difficulty in 1972 arose from harvest failures affecting wheat in the Soviet Union and rice in southern and south-eastern Asia, complicated by lower production of wheat in Australia and Central America, and coarse grains in southern Africa, central America and much of Asia. There was also a serious deterioration in the sub-Saharan region of Africa where continuing drought began to take a heavy toll of human as well as livestock population. The Soviet Union was again the locus of the main shortfall in grain production in 1974/75 (wheat) and 1975/76 (coarse grains) though the global situation was aggravated by reduced 1974 crops in South Asia (particularly wheat) and the United States (particularly maize), as well as Argentina and East Africa (coarse grains). In the aggregate, world cereal production dipped slightly in 1972 and somewhat more in 1974 so that 1975 output was probably still below the 1973 peak of 1.3 billion tons (see table 11).

With the major crop reductions occurring in net importing countries, there was a great upsurge in international trade in grains. World exports of grains which had reached about 100 million tons a year by the beginning of the decade - a third more than 10 years earlier - rose to about 137 million tons in 1972/73, 146 million tons in 1973/74 and, after receding to 137 million tons in 1974/75, to a projected 154 million tons in 1975/76.

Despite the declines in 1972 and 1974, world cereal production increased somewhat faster than population during the first half of the decade. However, since per capita demand for cereals was rising more rapidly than that in the low-income countries and demand for feed-grains was rising more rapidly in the higher-income countries, world consumption outpaced production, and stocks were drawn down. Total visible stocks (outside the centrally planned economies, for which no data are available) were reduced from 161 million tons in 1972 to 101 million tons in 1975, that is, from almost a fifth of a year's consumption to less than an eighth. 11/

Most of the reduction took place in the stocks held by exporters. In the case of wheat these stocks stood at about 50 million tons at the beginning of the decade, about the same as 10 years earlier; 12/ by 1975 they had fallen to 27 million tons. In the case of coarse grains, exporters' stocks stood at about 49 million tons at the beginning of the decade - about two thirds of the amount on hand 10 years before - and these had been halved by 1975. In the case of rice, the stocks of both exporters and importers were drawn down in the first half of the decade - from 24 million tons in 1971 to about half that figure in 1975.

The reduction in exporters' stocks made the market far more sensitive to swings in international demand. These were not without precedent 13/ and, seen in longer-term perspective, were not all that extraordinary (see table 12). In 1972, however, the stabilizing inventories that had absorbed the increases in demand in the 1960s were no longer there and the market response to the beginning of large-scale purchases was an accelerating rise in price. Between mid-1972, when the average cereal price in world trade was no higher than 10 years earlier, and early 1974, when they peaked, cereal prices trebled. Thereafter they fluctuated erratically, downward in the face of forecasts of bumper 1975 crops in southern and eastern Asia and a large wheat harvest in North America, upward when the extent of another shortfall in the Soviet grain crop began to be reflected in purchases on the United States market.

In order to prevent the destabilization of the market by sudden orders for large volumes of grain, the Soviet Union and the United States negotiated an agreement in October 1975 to regularize purchases by spreading them more evenly over the year and a maximum figure (8 million tons of wheat and maize) guaranteed by the seller and a minimum figure (6 million tons) guaranteed by the purchaser for the annual volume of transactions on the United States market. 14/ It was agreed that purchases above 8 million tons a year could be made only after consultation with the United States Government.

The importance of the cereal price lies not only in its role in determining the cost of basic food-stuffs - an important component of the cost of living in all countries (see figure V) - but also in the fact that, in contrast to the position

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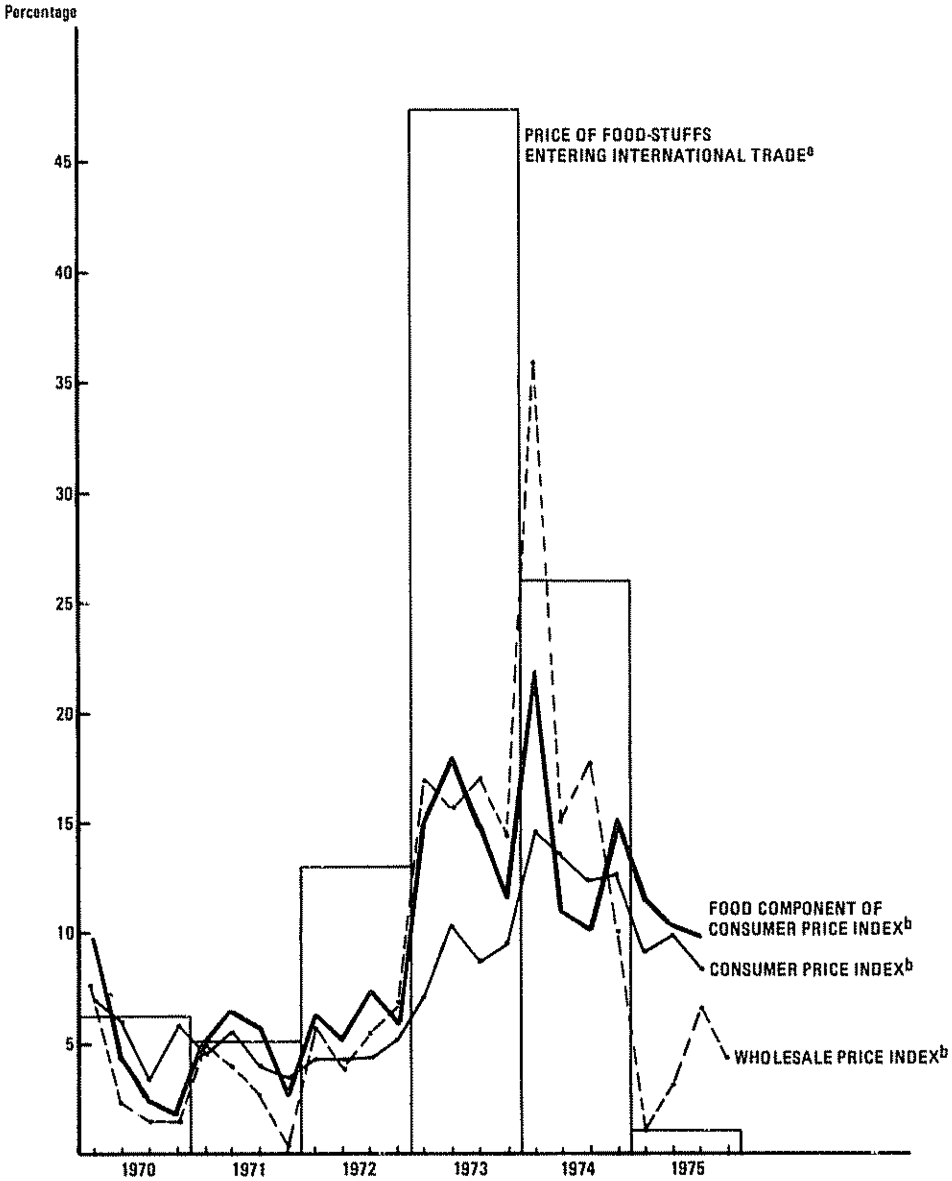
11/ These figures represent an aggregation of end-of-season "carry-over" in the principal cereal trading countries. Since crop years differ from country to country the figures do not reflect actual stocks at any one moment.

12/ This clearly implies a reduction in the relative size of exporters' stocks stocks - from 22 per cent of world consumption to 16 per cent.

13/ The Soviet crop failures of the mid-1960s had caused a similar upsurge in imports: from an average of around 6 million tons a year in the previous quinquennium, the wheat imports of Eastern Europe and the Soviet Union jumped to 16 million tons in 1963/64, 10 million tons in 1964/65 and 16 million tons in 1965/66 before returning to the 6 million-ton level over the rest of the decade.

14/ The optional 2 million tons may be purchased only if the United States grain supply exceeds 225 million tons (which was roughly the average level of production in the three preceding years). The arrangement is to begin in October 1976 and with its signing, the United States lifted the moratorium on grain sales to the Soviet Union imposed in mid-August 1975.

Figure V. Changes in food prices and the wholesale and retail price indices of major industrial countries, 1970-1975



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations *Monthly Bulletin of Statistics* and data supplied by the Statistical Office of the United Nations.

a/ Percentage change from preceding year.

b/ Combined indices of Canada, France, Federal Republic of Germany, Italy, Japan, United Kingdom and United States of America weighted by private consumption in 1970; percentage quarter-to-quarter increases expressed as annual rates.

of other food groups, cereals constitute a major net import of the developing countries. The only developing region with a cereal surplus at the beginning of the 1970s was Latin America - thanks largely to the maize exports of Argentina and the rice exports of Brazil and Guyana. Even this was eroded during the first half of the decade, and by 1974/75 net imports of wheat exceeded the net exports of rice and coarse grains. In Africa and the Middle East there was a steady increase in net imports of all three cereal groups: by the beginning of the 1970s the combined figure (11 million tons) was almost double that of 10 years earlier and in 1975/75 it stood at 19 million tons. This was greater than the net imports of the developing countries of South, South-East and East Asia where purchases of coarse grains from outside the region, after rising in the 1960s, began to decline from a 1972/73 peak in the wake of increasing maize crops in Thailand. The region has remained a large net importer of rice, however, having reversed its traditional role as a net exporter during the 1960s (see table 13).

For the developing countries as a whole, net imports of cereals reached about 39 million tons in 1974/75. This amounted to about 13 per cent of domestic production - twice the proportion recorded at the beginning of the decade. The greatly improved harvests of 1975 have significantly reduced this figure for the current (1975/76) year but developing country dependence on cereal imports remains greater and more general than earlier in the decade.

Meat

In the developed countries recent growth in grain usage reflects very largely the expansion of the livestock industry and the rise in per capita meat consumption. The pace was set by the United States where meat consumption rose from about 72 kilograms per capita at the beginning of the 1960s to a peak of 87 kilograms in 1972 before higher prices and lower incomes caused a dip. In EEC where per capita meat consumption rose from 49 to 57 kilograms, there was also a levelling off - at about 59 kilograms - in the first half of the 1970s. In the Soviet Union meat consumption also levelled off - at around 40 kilograms per capita, up from less than 30 at the beginning of the 1960s - though it rose again in 1974 and 1975 as the rate of slaughtering increased in the wake of poor grain harvests.

From the point of view of international trade, it was the slackening in the rate of increase in the consumption of beef and veal that had the most serious repercussions. In combination with the rapid increase in the cost of feed-grains, it created great difficulties for the cattle industry in North America and Western Europe. In the United States, grain feeding was reduced and the average weight of cattle slaughtered declined. Imports which exceeded 0.9 million tons in 1973 fell to three fourths of that figure in 1974 and 1975 - from 9 per cent of production to 7 per cent. In EEC the high feed prices, combined with over-production of dairy products, stimulated slaughter, and beef intervention stocks rose steeply. In mid-1974 rigid controls were imposed on imports of both live animals and meat. Beef and veal imports which were approaching a million tons in 1972 and 1973 - rather more than a sixth of domestic production - were cut back by means of a quota system to 0.3 million tons in 1974 and to negligible proportions in 1975 when import quotas were tied to export performance. A large proportion of EEC beef exports went to the Soviet Union which imported over 100,000 tons in 1974 and probably double that amount in 1975.

The reduction in imports of beef and veal into EEC and the United States brought to an end the upswing in exports from a number of Latin American countries. Peak exports were registered in 1972 by Argentina (nearly 700,000 tons), Mexico and other Central American countries (nearly 300,000 tons), Brazil (228,000 tons) and Uruguay (146,000 tons). By 1974 this flow had, in the aggregate, been more than halved and there was a further decline in 1975. There was a similar sharp reduction in net exports from Australia and New Zealand: after rising by 50 per cent in the first four years of the decade, these dropped below the 1970 level in 1974 (see table 14).

Between the end of 1970 and the end of 1973, the price of meat entering international trade doubled. There was a levelling off in 1974 but with the cost of feed still rising and support programmes in operation in some of the main trading countries, the upward movement was resumed in 1975. Given the difficulties with feed, developed market economy production seems unlikely to increase in the immediate future. By contrast a build-up of range-fed herds is likely to raise meat production in some of the main exporting countries. With imports controlled by quotas in the major markets, however, trade expansion will be small and the increments in production in importing countries' output likely to be consumed domestically.

Food aid

The cost of developing country food imports rose rapidly in the first half of the 1970s, trebling in dollar value between 1970 and 1974. The cereal component of this flow, after remaining fairly steady in the early years, doubled in 1973 and exceeded $10 billion in 1974, about 7 per cent of the total import bill (see table 15).

Part of this flow was financed by food aid. In current value, this fluctuated around $1.3 billion which was of the same order as the amount transferred to developing countries in bilateral and multilateral food programmes in the mid-1960s (see table 16). In the early 1970s this had much the same purchasing power, but with the upsurge in prices in 1973 and 1974, the real value of the transfer declined to about a third of its 1970 level. With the depletion of the surplus stocks that had been the original inspiration of food aid schemes, the question of supplies became a serious one, giving rise to changes in the composition of the transfers. The volume of cereals transferred in 1973 was only half the figure at the beginning of the decade. The proportion of cereals thus declined and milk products increased in importance, especially with an expansion in the EEC contribution from less than 10 per cent in 1970 to about a fourth of the total in 1973 and still higher in 1974. The United States programme of sale for local currency was wound up after 1972.

Commitments to provide food aid were written into the International Wheat Agreement in 1971 (and renewed for two years in 1976) and into resolution XVIII of the World Food Conference in November 1974, calling for at least 10 million tons of grain a year from 1975. Commitments, which had dropped below 6 million tons in 1973/74 - less than half the 1969-1971 average - recovered to over 8 million tons in 1974/75 and to over 9 million tons in 1975/76. The proportion of the flow channelled through multilateral agencies, particularly the World Food Programme (WFP), rose substantially - from less than 10 per cent of the total in 1970 to a fourth in 1973 and still rising. More of this food has been used to meet shortages caused by drought and other natural disasters, as in Bangladesh, Central America and the African Sahelian region, rather than the needs of the countries with long-term food deficits such as Brazil, India and the Republic of Korea which had been large-scale recipients in the 1960s. General Assembly resolution 3362 (S-VII) of the seventh special session called for an emergency reserve of 500,000 tons of cereals to be committed for multilateral use but this is not yet in sight.

Changes in the energy situation

In the early 1950s a ton of coal at the mine head in Western Europe 15/ cost about two thirds as much as a ton of crude petroleum on board a tanker in the Persian Gulf. Allowing for freight charges and the difference in calorific value, the prices were roughly equal. During the next 20 years, while petroleum prices remained more or less constant, coal prices gradually doubled. At the beginning of the 1970s a ton of coal cost about 50 per cent more than a ton of petroleum (see table 6).

In the face of this changing price relationship, oil steadily replaced coal in uses in which they were substitutable. While the growth in world coal production decelerated from over 3 per cent a year in the 1950s to less than 1 per cent in the 1960s, petroleum production accelerated from 7 per cent to 8 per cent. Outside the centrally planned economies coal output was only marginally higher in 1970 than in 1950, whereas petroleum output had increased about fourfold. Despite an even more rapid rise in the use of natural gas, the contribution of petroleum to total energy production outside the centrally planned economies increased from 34 per cent to 55 per cent.

In Western Europe coal production was systematically reduced under programmes organized by the European Coal and Steel Community in EEC and the National Coal Board in the United Kingdom. Production in the three principal countries - France, the Federal Republic of Germany and the United Kingdom - in the first half of the 1970s was less than two thirds of the level of 20 years earlier. And there was an even greater reduction in Japan (see table 17).

With the decline or slowing down in coal production, the importance of natural gas and petroleum increased steadily. By 1973, petroleum provided 52 per cent of all the commercial energy consumed in the developed market economies. Its share in Western Europe was 59 per cent (up from less than a third at the beginning of the 1960s) and in Japan, 77 per cent (almost double the early 1960s figure). At the same time, with energy consumption rising at over 4 per cent a year, petroleum production in the developed market economies had receded to less than a third of that rate. This implied a rapidly increasing dependence on imports. Petroleum production in the major exporting countries was rising at nearly 10 per cent a year. The ratio of energy production to consumption in the developed market economies, which had exceeded 80 per cent at the beginning of the 1960s, had fallen below 70 per cent by 1973; and in the case of petroleum the

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15/ Compared with a Ruhr price equivalent to about $8 per ton, the coal price in the United States was only $5 f.o.b. mine, but the f.o.b. unit value was about $10 per ton.

production/consumption ratio had declined from 54 per cent to 39 per cent (see table 18).

One of the factors behind the divergent trends in coal and petroleum prices was the steady rise in mining costs in the major industrial countries, contrasting with a fall in the average cost of petroleum production as the contribution of the prolific Middle East fields increased. Aggressive marketing by the smaller, so-called independent, oil companies also played a part, as did the contraction of the open market caused by the imposition of import quotas by the United States in 1958. The high rate of growth in consumption in the 1960s had overtaken the expansion in capacity as the decade ended. The peaking of United States production at about 475 million tons in 1970 and the consequent rise in import dependence also helped to change the balance of market forces. As the supply position tightened and the bargaining position of producing countries increased, the pressure exerted by host Governments on the international petroleum companies began to mount and OPEC - which, founded in 1960, tended to be quiescent during the 1960s - began to concert host country policy. Not only were posted prices, royalties and taxes raised, but the terms of petroleum exploration and mining concessions began to be renegotiated to give host Governments greater participation in the equity shares of the operating companies. As a result, the effective price of crude petroleum started to rise, moderately in 1971, 1972 and 1973 and then with a large jump at the beginning of 1974, bringing the average for that year up to about 6.4 times the 1970 figure. This brought the petroleum/coal price ratio back to the figure obtaining in the early 1950s.

In 1973, petroleum provided half of the world's energy supply; about 30 per cent of crude petroleum output entered international trade and it constituted about 10 per cent of the total value of trade. The members of OPEC accounted for rather more than half of world production of crude petroleum and all but 15 per cent of world trade in crude petroleum (see table 19). In the face of these dimensions it is clear that the extraordinary price increases of 1973/74 could not but have a major impact on the world economy, transferring purchasing power from importers to exporters, creating or exacerbating payments problems for many countries and contributing to the rise in costs and prices.

As far as individual countries are concerned, the direct effect of the rise in petroleum price - related as it is to the characteristics of energy usage - differed considerably from case to case, depending on the energy intensity of the economy, the petroleum intensity of energy consumption and the import intensity of petroleum consumption.

In general, the higher the energy intensity of the economy - as measured by the relationship between the consumption of energy and population or total production, for example - the more serious are likely to be the economic consequences of any shortfall in energy supply or rise in its cost. From this point of view, the more developed countries tend to be more vulnerable than the less developed, though among the developing countries there are a number in which mining or other high energy-consuming industry raises energy dependence up to, or even above, the levels associated with more developed economies (see table 20).

On the whole, petroleum provides a larger portion of total commercial energy consumption in the developing countries (63 per cent in 1973) than in the developed market economies (52 per cent). Natural gas and coal each provided about 17 per cent of total consumption in the developing countries, compared with 23 per cent in the developed market economies. The remainder - around 3 per cent - came from hydroelectricity and nuclear energy. For some developing countries, however - even among the petroleum importers - natural gas is a major source of energy, as in the case of Argentina (where it provided almost a fourth of commercial consumption in 1973), Chile (about a third), Mexico (also about a fourth) and Pakistan (almost half). For a few countries, coal provides much of the energy consumed - three fourths in India, for example, two thirds in Southern Rhodesia, nearly half in the Republic of Korea, only slightly less in Mozambique and Zambia and around a fifth in Bangladesh, Malawi and Zaire. And in Ghana, Rwanda, the United Republic of Cameroon, Zaire and Zambia, around a fourth of all commercial energy comes from hydroelectricity. On the other hand, many developing countries rely on petroleum for over 90 per cent of their energy needs - in the western hemisphere, the Dominican Republic, Guatemala, Jamaica, Panama and Uruguay, In Africa, Angola, Ivory Coast, Kenya, the Sudan and the United Republic of Tanzania, and in Asia, Hong Kong, Israel, Lebanon, Malaysia, the Philippines, Singapore, Sri Lanka, the Syrian Arab Republic and Thailand.

Among the centrally planned economies, the range of petroleum dependence in 1973 was from under 20 per cent (in Czechoslovakia, the German Democratic Republic and Poland) to over 40 per cent (Albania and Bulgaria). In the developed market economies, dependence on petroleum was much greater: only in the Netherlands, Yugoslavia and South Africa was it less than 40 per cent while in Cyprus, Denmark and Portugal, it was over 80 per cent.

Few of the developed countries were net exporters of energy in 1973 - Australia, Canada and the Netherlands among the market economies and Albania, Poland and the Soviet Union among the centrally planned economies. Among the developing countries, the energy exporters included not only the 13 members of OPEC but also Afghanistan, Angola, Bolivia, Colombia, Egypt, the Syrian Arab Republic, Trinidad and Tobago and Tunisia. For the rest, the developing countries were net importers of energy. Of the 36 that consumed more than a million tons of coal-equivalent in 1973, over half were dependent on imports for 80 per cent or more of their energy needs, one sixth for 50-80 per cent and another sixth for 20-50 per cent. Among the 24 developed market economies that are net importers, a fourth - Belgium, Cyprus, Denmark, Finland, Japan and Luxembourg - imported over 90 per cent of the energy they consumed in 1973. A slightly smaller proportion - including France, Greece, Italy, Sweden and Switzerland - imported between 80 and 90 per cent. The Federal Republic of Germany and the United Kingdom imported about half their energy. Only South Africa and the United States imported less than a fourth.

In 1973 rather more than 2.6 billion tons (coal-equivalent) of primary fuels entered international trade. All but an eighth of this was crude petroleum. In the case of the energy importers among the developed market economies, net imports of petroleum accounted for about 9 per cent of total import expenditure in 1973: the ratio was lowest (less than 3 per cent) in Australia and the Netherlands, highest (over 10 per cent) in Japan and the United States. In the case of the developing country energy importers the burden of petroleum purchases was rather less in 1973, but the range was wider: net petroleum imports were valued at less than 2 per cent of total imports in Malaysia and Mozambique but over 12 per cent in Brazil, Panama, the Philippines and Uruguay.

Though the objective of the members of OPEC in raising the price of crude petroleum in 1973/74 was the common one of maximizing their receipts from the sale of a non-renewable resource, these countries, too, were quite diverse in the characteristics most germane to its achievement, in particular the rate at which the resource was being depleted, the extent to which foreign exchange earnings depended on petroleum exports, and the degree of diversification of the domestic economy.

The average ratio of petroleum production to proven reserves in OPEC members in 1973 was just under 3 per cent (that is, the estimated life of their known petroleum deposits averaged 34 years) but the ratio ranged from 2 per cent or less in Iraq and Kuwait to 8 per cent or more in Gabon and Venezuela 16/ (see table 21).

The contribution of petroleum to total export earnings also differed widely: it was over 90 per cent in the case of Kuwait, the Libyan Arab Republic, Qatar, Saudi Arabia and the United Arab Emirates in 1973 but less than 50 per cent in Algeria, Ecuador and Indonesia.

Though more difficult to measure by means of any single indicator, it is clear that the capacity of petroleum exporters to utilize export revenues, absorb imports and accelerate domestic growth outside the petroleum industry itself also differed considerably from one country to another. 17/

Because technological inertia is high in the energy field and because the period following the great change in fuel price relationships was one of recession and retrenchment, the response to the change in terms of energy production and usage was far from dramatic. In the Soviet Union and Eastern Europe the production of all three of the main commercial fuels continued to increase in 1974 and 1975 - coal by about 2 per cent a year, petroleum by just under 7 per cent and natural gas by about 8 per cent. In the United States production of petroleum and natural gas continued to contract and this brought the developed market economy totals down by 4 per cent and 2 per cent a year, respectively. In the case of coal, however despite further reduction in the output of continental Western Europe and Japan, there was some recovery in the United Kingdom in 1975 from the strike-affected ure of the previous year 18/ and continued expansion in Australia, South Africa

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16/ Estimates of mineral reserves change not only as a result of the working of old deposits and the proving of new deposits but also as a result of changes in the technology of mining and in the cost/price relationship. Between 1973 and 1975 estimates of OPEC reserves increased by about a fifth, raising their "life" to 50 years at the 1975 rate of petroleum production. The main increase was in Saudi Arabia but the only OPEC members to register a reduction were Algeria, Iran, Iraq and Kuwait.

17/ This is examined in chapter III of the Supplement to this Survey.

18/ Partly as a result of the miners' strike in the United Kingdom the share of coal in electricity generation in thermal stations dropped below 40 per cent in 1974 from 50 per cent in 1973 (and almost 80 per cent 10 years earlier). This meant a further boost in petroleum usage - from 35 per cent of power station fuel in 1973 to 45 per cent in 1974. In Eastern Europe and the Soviet Union, by contrast, solid fuels, though declining in relative importance, continued to provide well over 80 per cent of power station intake.

and, most notably, in the United States, and hence an over-all increase of about 8 per cent (see table 22).

World production of petroleum, after 25 years of vigorous growth, levelled off at about 2.8 billion tons in 1974 and declined by 3 per cent in 1975. The contraction was borne chiefly by the members of OPEC whose share in world production, after climbing from 36 per cent to over 55 per cent in the previous 20 years levelled off in 1974 and dropped below 50 per cent in 1975. It was the oil economies - that is, those with the lowest relative absorptive capacity - that curtailed production most sharply: their 1975 share of the world total, at 24 per cent, was 3 percentage points below the 1973 peak and back to the figure of the late 1960s. The share of the more diversified members of OPEC was also reduced - almost to the 26 per cent they provided at the beginning of the 1960s (see table 23).

In the developed market economies commercial energy consumption, which had beer rising at nearly 6 per cent a year in the second half of the 1960s, increased by less than 3 per cent in 1971, recovered strongly in the upswing of 1972 (4.6 per cent) and 1973 (5.4 per cent) and then, under the impact of the jump in petroleum prices and the recession in industrial activity, declined in 1974 and 1975. The decline in 1974 was shared between domestic production and imports but in 1975, with higher domestic coal production, the cut was entirely in imports. Exports from OPEC members, which had dipped slightly from the high 1973 level in 1974, were cut back by about an eighth in 1975. The only countries to export more in 1975 than in 1974 were Gabon and Iraq. And only in these countries and in Ecuador, Indonesia, Iran, Saudi Arabia and the United Arab Emirates did 1975 exports exceed those of 1972 (see table 24).

Changes in external balance

Some of the economic changes that marked the early 1970s were precipitated by the external imbalances that had developed during the previous decade, most notabl the mounting deficits of the United States as its trade surplus diminished and capital outflows continued. The ending of dollar convertibility in August 1971 an the gradual abandonment of the fixed parity régime of exchange rates in the course of 1972 and 1973 introduced a new flexibility into the international monetary system. This undoubtedly facilitated the adjustments that subsequent events made necessary, but at the same time it tended to weaken internal economic discipline and thereby contributed to the upsurge in prices that characterized the period.

These price changes were instrumental in altering the nature and magnitude of some of the principal international imbalances. The rise in food prices helped to restore the United States trade surplus: between 1972 and 1973 there was a swing in the goods and services account amounting to 0.83 per cent of the gross domestic product and by 1975, with imports down and exports reaching new records, the surplus was approaching $11 billion. This was the order of magnitude of the surplus of the Federal Republic of Germany, reduced from $16 billion in 1974 when a $14 billion increase in import expenditure - half of which was the result of the rise in the price of petroleum - was surpassed by a $21 billion increase in export earnings, a third of which was from shipments of capital goods. The increase in the cost of petroleum along with the rise in other primary commodity prices placed a heavy strain on some of the more vulnerable industrial countries, particularly

Italy and the United Kingdom which in 1974 ran a trade deficit of between 4 and 5 per cent of the gross domestic product. Largely by dint of deflationary policies, these two countries reduced their imports and their deficits substantially in 1975 as did Japan whose trading balance had also been swung to the extent of over 3 per cent of the gross domestic product by the rise in primary commodity prices between 1972 and 1974 (see table 25).

World trade which lagged below the growth rate of the 1960s in 1971, increased by about 9 per cent in volume in 1972 and 12 per cent in 1973. The onset of the recession and the levelling off of petroleum imports reduced the growth rate to about 6 per cent in 1974, and in 1975 there was a contraction in world trade - of about 4 per cent - for the first time since 1958.

Over the period as a whole, the exports of the developing countries expanded at an average rate of just under 4 per cent a year. This was far below the target rate of somewhat more than 7 per cent set for the Second Development Decade in the International Development Strategy. While in terms of quantum the rate of increase was much the same for the petroleum-exporting countries as for the petroleum importers, in terms of purchasing power the gain of the former averaged about 26 per cent a year and that of the latter about 3 per cent a year. The growth in developing countries' imports averaged about 9 per cent a year, well above the International Development Strategy target of a little under 7 per cent a year. The figure was boosted by the 1974-1975 upsurge in purchases by the petroleum-exporting countries which raised the average increase of this group's imports over the quinquennium to about 18 per cent a year. The increase in imports into the other developing countries was fractionally below the target rate.

In dollar terms, the rate of increase in world exports accelerated from about 12 per cent in 1971 to 46 per cent in 1974 before slumping to about 3 per cent in 1975. The swings were greatest - both upward and downward - in the case of the petroleum-exporting countries where price changes played the largest role. The rate of increase in the value of exports from the developed countries - both market-oriented and centrally planned - and in the developing countries that import petroleum reached a peak in 1973 and began its deceleration in 1974. In the case of the developed countries, the value of exports continued to rise in 1975 - by 19 per cent for the centrally planned economies and 6 per cent for the developed market economies - but the export earnings of the petroleum-importing developing countries, under the influence of lower raw material prices, declined in 1975.

Developed market economies' exports were sustained in 1975 not by the intra-trade that had underpinned their rapid growth in earlier years but by continued strength in the imports of the centrally planned economies and the petroleum-exporting countries. The former expanded most vigorously in 1973 (32 per cent) and decelerated less than most other trade flows - to 27 per cent in 1974 and 30 per cent in 1975. Imports into the petroleum-exporting countries accelerated sharply after 1972 - by 42 per cent in 1973 and 71 per cent in 1974 - and although bottle-necks began to appear and the capacity to absorb imports came under strain, there was a further 50 per cent expansion in 1975 (see table 26).

The trade deficit of the developed market economies as a group hovered around $13 billion (exports f.o.b. minus imports c.i.f.) in the first three years of the decade. The rise in primary commodity prices lifted it to $21 billion in 1973 - with Japan swinging into deficit and the Western European deficit almost doubling -

and the rise in the petroleum price sent it soaring to $68 billion in 1974. The cutback in imports in 1975 almost halved the deficit, buoyant food exports from North America swinging that region into surplus, for the first time since 1970 (see table 27).

The developed market economies ran an annual surplus with Eastern Europe and the Soviet Union of around SDR 1 billion in the early years of the decade. Exports and imports both doubled between 1972 and 1974, expanding the surplus to nearly SDR 5 billion. While developed market economy imports from the centrally planned economies remained at the 1974 level in 1975, exports to these countries continued to increase strongly, raising the developed market economy surplus to SDR 10 billion. The developed market economy deficit with the petroleum-exporting countries expanded sharply in 1973 to double the 1970 figure. It was boosted to SDR 53 billion in 1974 by the rise in the petroleum price, but in 1975, with imports down by 5 per cent and exports up by 75 per cent, the deficit was cut back to SDR 32 billion. At the same time the developed market economy surplus with the other developing countries, which had been reduced by the high commodity prices in 1973, doubled in 1974 and doubled again (to SDR 19 billion) in 1975 (see table 28).

Among the developing countries there was thus a sharp contrast between the oil exporters and the oil importers. The over-all trade surplus of the former increased rapidly from $7 billion in 1970 to $23 billion in 1973, surging to $98 billion in 1974 and then dropping back to $64 billion in 1975. The other developing countries ran a trade deficit of around $12 billion a year in the early part of the decade. Then, as the prices of many of their exports levelled off or dipped while import costs took a sharp turn upwards, their deficit trebled, reaching $34 billion in 1974 and $44 billion in 1975. All the developing regions followed the same pattern (see table 27).

Though offset to a large extent by the flow of capital, these movements in the balance of trade are reflected in changes in international reserves. In 1971 and 1972, one in four of the developing countries drew down their reserves; in 1973 the proportion dropped to about 1 in 6; in 1974 it jumped to 1 in 3 and in 1975 every second developing country drew on its reserves, and the sum of the reductions reached $7 billion.

The main increases in reserves were in the petroleum-exporting countries - around $3 billion a year in 1971-1973; $33 billion in 1974 and about $9 billion in 1975 - raising their combined total from $5 billion at the end of 1970 to $57 billion at the end of 1975, more than a fourth of the world total and equivalent to more than a year's imports even at the high 1975 level (see table 29).

Among the petroleum importers, reserve changes were on a more modest scale. The annual increments rose during the upswing - from less than $2 billion in 1971 to $5 billion in 1972 and $8 billion in 1973 - and then levelled off, gaining about $2 billion in 1974 and losing a similar amount in 1975. Just under $13 billion at the end of 1970, the combined reserves of the petroleum importers thus rose to near $30 billion by 1974 before dropping back 6 per cent to $28 billion - a third of the developing country total - at the end of 1975. Though they more than doubled in the first half of the decade, the reserves of this group lagged behind its trade. In 1970, reserves amounted to about 37 per cent of the year's imports; by the end of 1975 the ratio had fallen to 24 per cent.

The reserve ratio was lower in 1975 than in 1970 in about 60 per cent of the developing countries. The reduction was greatest among the developing countries of Latin America and Africa, particularly in the energy-intensive mining economies and the food importers. The ratio declined from over 30 per cent to under 10 per cent in such countries as Argentina Chile, the United Republic of Cameroon and Zaire, for example. It also dropped below 10 per cent in Egypt, Ivory Coast, Senegal and the United Republic of Tanzania, and it was more than halved in a number of other countries, including Jamaica, Peru and Uruguay, in Benin, Kenya, Sierra Leone, the Sudan and Zambia as well as in Democratic Yemen, India and Western Samoa. There were even reductions in the reserve ratio among the petroleum exporters, sizable in the case of Algeria, the Libyan Arab Republic, Oman and Qatar, marginal in Bahrain, Ecuador and Indonesia: in 1975 all these countries had ratios below the developing country average, and in the case of Algeria and Indonesia below the average of the petroleum-importing countries.

In the early years of the decade the trade deficit of the petroleum-importing developing countries was more than covered by the flow of loans and donations from the developed market economies, bilateral and through the international agencies. In the aggregate this flow rose from about $14 billion in 1970 to over $22 billion in 1973 (see table 30). Though it increased further - to $25 billion - in 1974, the flow to the petroleum-importing countries was insufficient to meet their greatly enlarged deficit. With the deficit expanding further in 1975, the gap continued to widen and new sources of finance became increasingly important.

Measured as a proportion of their combined national product, the net flow of resources from the developed market economies to the developing countries oscillated around an average of 0.70 per cent during the first half of the decade. There was no upward trend towards the fulfilment of the International Development Strategy target of 1 per cent for that ratio. Just under half the flow was in the form of official development assistance - grants and loans on concessional terms. As a proportion of the gross developed market economy product this public flow oscillated around 0.32 per cent and, as in the case of the total flow, showed no movement towards the International Development Strategy target of 0.70 per cent.

One of the new sources of international development finance was the rapidly growing international liquidity of OPEC whose members began in 1973 to organize new instruments for furnishing assistance to developing countries. By mid-1975 about $13 billion of concessional loans had been bilaterally committed and about $5.5 billion disbursed, mostly to the Islamic countries of North Africa and West Asia (see table 31).

Another new source was the so-called Euro-currency market which, born of the capital controls imposed by the United States in 1968, had also been growing rapidly, chiefly as a reflection of United States payments deficits in the early years but since 1973 fed increasingly by OPEC funds. Developing country borrowing on the Euro-currency market, which amounted to barely $1 billion in 1971, reached almost $8 billion in 1973. It dipped in 1974, when some bank failures induced a generally more cautious attitude to international lending, but surged upwards to $10 billion in 1975 (see table 32). The principal borrowers were the higher-income countries among the petroleum importers, most notably in Latin America. But some of the petroleum-exporting countries were among the main users of Euro-currency credits in this period: Indonesia borrowed $2.4 billion, for example, Algeria, $1.9 billion and Iran, $1.7 billion. And even some of the middle- and lower-income countries - Egypt, the Philippines, the Republic of Korea and the Sudan, for example - had recourse to such credits (see table 33).

At the end of 1973 the total outstanding external debt of the developing countries amounted to $78 billion, net of sums committed but not yet disbursed ($108 billion if the undisbursed portion is included). About half of the disbursed debt was owed to other Governments - $31 billion to the developed market economies, $6 billion to the centrally planned economies and $1.6 billion to developing countries. Almost $12 billion (about 15 per cent of the total) was owed to international organizations and the remainder to private lenders, chiefly banks ($12.4 billion) and commercial creditors ($8.7 billion).

With the upsurge in Euro-currency borrowing, the total debt of the developing countries increased more rapidly in 1973 (about 20 per cent) than in the earlier years of the decade (between 16 and 17 per cent). Though definitive data are not yet available, what is known of borrowing actions in 1974 and 1975 suggests that there was a further acceleration in the rate of increase in total indebtedness: it may have risen by $25 billion in 1974 and $31 billion in 1975 (that is, by about 23 per cent a year) to bring the total outstanding (including undisbursed) to about $164 billion.

Apart from its size - and the implied size of the related amortization and interest payments - the most disquieting feature of this debt situation lies in the extent to which recent borrowing has been from private sources. This has meant shorter repayment periods and interest rates that fully reflect the effects of the recent inflation. Coming at a time when the rate of increase in export earnings cannot be expected to maintain the high average recorded in the first half of the decade, this hardening of terms of borrowing bodes serious difficulties for many developing countries.

Even in 1973 - a year of particularly buoyant export earnings - there were a number of countries in which debt service payments pre-empted a sizable proportion of foreign exchange receipts. As a fraction of earnings from goods and non-factor services, amortization and interest payments claimed over a fourth in Egypt, Mexico Peru, Uruguay and Zambia, around a fifth in Afghanistan, Burma, India and Israel and around a sixth in Argentina, Nicaragua and Pakistan. Altogether, a third of the 79 developing countries for which the relevant data are available used more than 10 per cent of their foreign exchange receipts to service their external debt in 1973. In the light of the subsequent course of borrowing, that ratio cannot but rise in the immediate future.

That the petroleum-importing developing countries were experiencing increasing foreign exchange stringency towards the end of the quinquennium is evidenced by their transactions with the International Monetary Fund (IMF). Between 1970 and 1973 these countries reduced their indebtedness to the Fund, repayments averaging SDR 444 million a year and drawings, SDR 417 million. In 1974 and 1975 repayments continued at the earlier rate but the number of countries making drawings doubled and the amount drawn jumped to SDR 1.7 billion and SDR 1.9 billion. All the developing regions made greatly increased use of Fund resources in these two years (see table 34).

The impact of world economic fluctuations on the growth of developing countries

In some ways current output in the developing countries is no more sensitive to the impact of external changes than that in the more developed countries. Though their average ratio of exports to total production (24 per cent in 1973) is almost twice as high as that in the developed market economies and over three times as high as that in the centrally planned economies of Eastern Europe, the proportion of countries with high export ratios (over 40 per cent of gross domestic product) is no higher in the developing group (about 25 per cent in 1973) than in the developed market economies (about 28 per cent), while the proportion with low export ratios (less than 20 per cent of gross domestic product) is rather higher among the developing countries (36 per cent in 1973) than among the more advanced countries (28 per cent). And the flow of goods and capital is far greater among the developed market economies than between the developing countries and the developed market economies. In many of the developing countries, moreover, there is a sizable subsistence sector, insulated more or less completely from the world economy.

Nevertheless, the capacity for growth in the developing countries is particularly sensitive to the external environment. This is because imports play a critical role in the development process in general and, because of the attenuated structure of industry in most developing countries, the process of investment in particular. And a developing country's ability to obtain its import requirements depends very largely on its export earnings. Thus the 1970-1971 deceleration in developed market economy imports, the 1972-1973 upswing in volume and price and the 1974-1975 turnaround and dip were major influences on the course of events in the developing countries.

Even more important in many developing countries is another exogenous factor, namely the weather, which is a major determinant of agricultural output. As agriculture accounts for over one third of total production in over 40 per cent of the developing countries (see figure VI) the course of development was influenced strongly by the wide swings in natural conditions that characterized the first half of the 1970s.

In 1971 South Asia and the western hemisphere were affected and there was virtually no increase in agricultural production. This stagnation was prelude to an even worse year in 1972 when output was reduced not only in South Asia but also in East Asia, as well as in China, most of Europe and North America. As a result, world agricultural production declined for the first time in the post-war period, setting in motion the upsurge in food prices described earlier in the Survey. In 1973, most of Asia enjoyed better weather and production recovered; but in Africa the toll of a succession of dry years began to tell, particulrly in the Sahelian lateral: in many countries - Chad, Equatorial Guinea, Mali, Mauritania, the Niger, Nigeria, Senegal, Togo, Upper Volta - agricultural production dropped sharply, to below the level of 10 years earlier. In 1974 South Asia had another poor year: agricultural production was down more than 5 per cent in India and Bangladesh, there was a further decline in Cambodia and even Burma and Thailand had smaller crops. In contrast to this, conditions in the following year were the best in the quinquennium in South Asia and there was an impressive recovery in production: for the first time, none of the developing regions recorded a decline in output and the International Development Strategy target of a 4 per cent annual growth in agricultural production was surpassed (see table 35).

Over the five years, however, only the East Asian region approached the 4 per cent average increase; West Asian agricultural growth averaged only a little above 3 per cent a year, the developing countries of the western hemisphere, about 1.9 per cent and Africa, only 1.3 per cent. For the developing countries as a whole, the average annual increase in agricultural production was about 2.2 per cent; it thus fell far short of the target of 4 per cent and production did not keep pace with the growth in population. Except in the case of South Asia, where the agricultural performance of the first half of the decade was particularly disappointing, these growth rates were in line with longer-term trends.

The poor harvests of 1972 coincided with the upswing in industrial demand in the developed market economies and tended to move prices in ways that favoured the developing countries. There was a rapid rise in export unit values and, as indicated in the previous section, a notable expansion in export earnings. The impact of this upsurge on the development process differed from one situation to another but in most cases the sheer speed of the increase affected the way in which the resources that were thus made available could be used. The most frequent direct effect - given the fact that most developing countries exercise control over all foreign exchange transactions - was the accumulation of international reserves. In the aggregate these increased by about a third in 1972 and a fourth in 1973.

With some delay, this increase in foreign earnings and liquidity was translated - often through relaxation of exchange controls and licensing arrangements - into increased imports: these had decelerated in 1972 before rising by almost 40 per cent in value in 1973 and about 60 per cent in 1974. 19/ The composition of these imports was influenced by the way in which the increment in earnings was distributed. This varied considerably from country to country, depending on the structure of the export industry concerned as well as tax arrangements and fiscal policy.

In some cases the increased revenue in 1972 and 1973 accrued mainly to the producer of the commodity earning it 20/ - peasant farmer, plantation owner or mining company. Usually, however, the gains were shared with trading concerns engaged in the marketing of export crops. In a number of developing countries these trading concerns were official bodies - marketing boards that absorbed the difference between the price on the international market and the price guaranteed to the producer - and, though producer prices were adjusted upwards during the period, the speed and extent of the rise in international prices brought windfall profits, usually placed at the disposal of the Government. Most Governments gained more directly from the price increases, through tax systems closely linked to export prices and earnings. The result was the relief of fiscal strain in many developing countries and the diversion of additional resources to development budgets.

The upswing was short-lived, however, and in few cases was it possible to make the adjustments that might have been necessary for the most effective use of the gains. Moreover, even in 1972 and 1973, a number of countries experienced a

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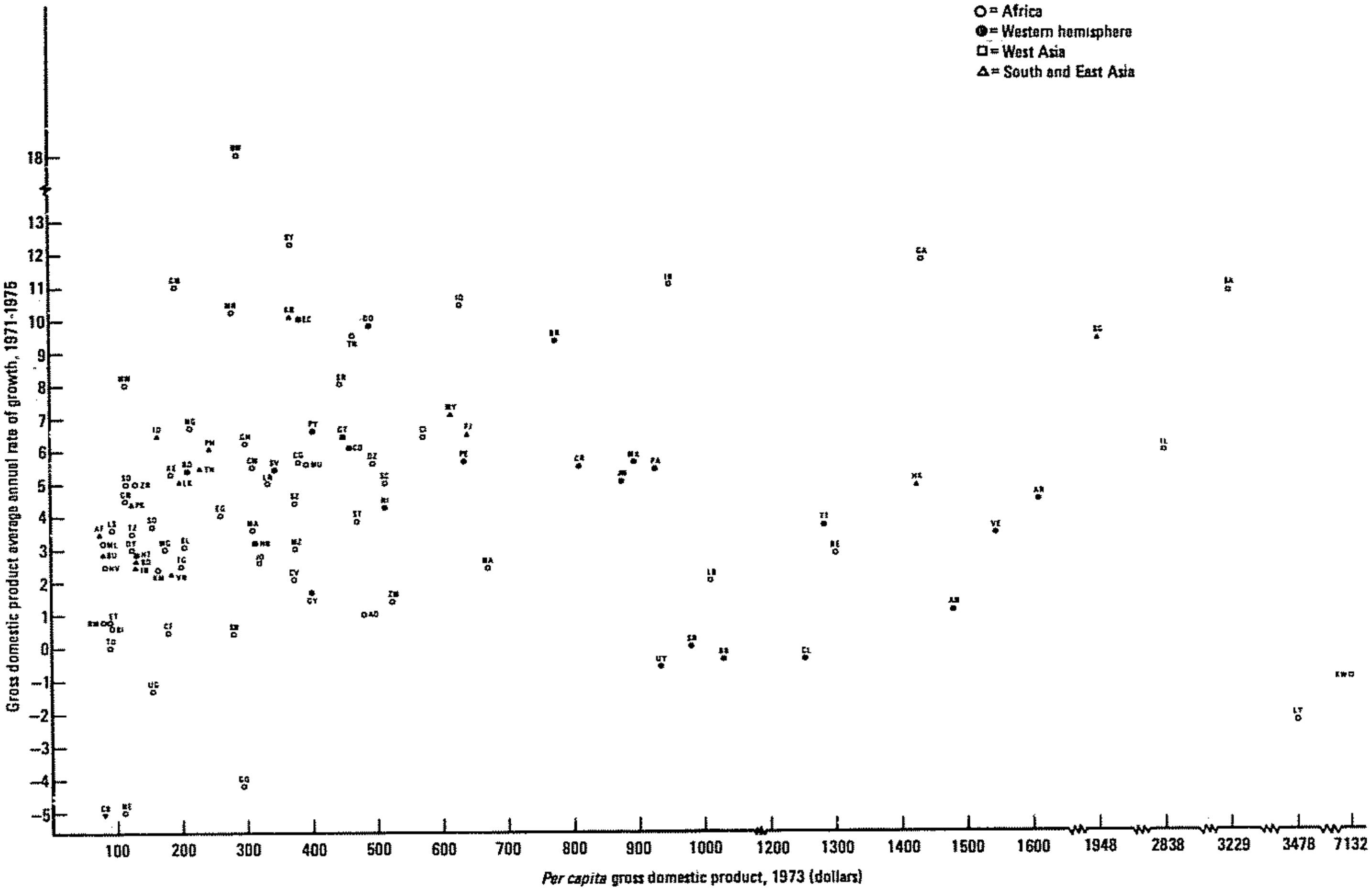
19/ In terms of quantum the imports of the oil-deficit developing countries showed no increase in 1972 and then rose by about 8 per cent in 1973 and 12 per cent in 1974.

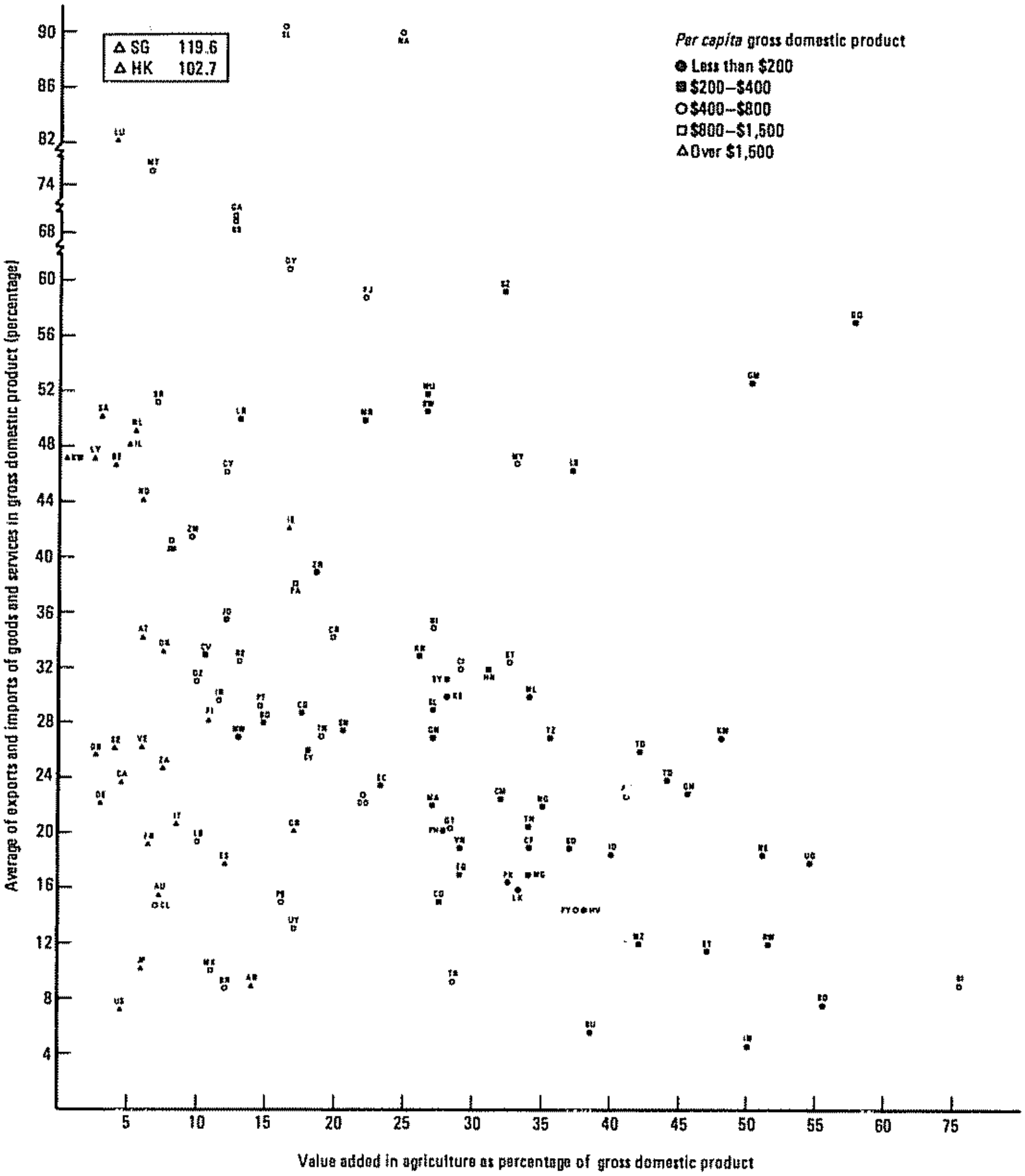
20/ This subject is examined in chapter III of the Supplement to this *Survey*.

Figure VI. Developing countries: relation between per capita production and rate of growth, 1971-1975



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Yearbook of National Accounts Statistics, and national sources.

Figure VII. Structure of gross domestic product, 1973



Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Yearbook of National Accounts Statistics.

Legend to figures VI and VII

Abbreviation	Country	Abbreviation	Country
AF	Afghanistan	EC	Ecuador
AO	Angola	EG	Egypt
AN	Netherlands Antilles	ES	Spain
AR	Argentina	ET	Ethiopia
AT	Austria	FI	Finland
AU	Australia	FJ	Fiji
BB	Barbados	FR	France
BD	Bangladesh	GA	Gabon
BE	Belgium	GB	United Kingdom
BI	Burundi	GH	Ghana
BO	Bolivia	GM	Gambia
BR	Brazil	GN	Guinea
BU	Burma	GQ	Equatorial Guinea
BW	Botswana	GR	Greece
CA	Canada	GT	Guatemala
CB	Cambodia	GY	Guyana
CF	Central African Republic	HK	Hong Kong
CG	Congo	HN	Honduras
CI	Ivory Coast	HT	Haiti
CL	Chile	HU	Hungary
CM	United Republic of Cameroon	HV	Upper Volta
CO	Colombia	ID	Indonesia
CR	Costa Rica	IE	Ireland
CV	Cape Verde Islands	IL	Israel
CY	Cyprus	IN	India
DE	Germany, Federal Republic of	IQ	Iraq
DK	Denmark	IR	Iran
DO	Dominican Republic	IT	Italy
DY	Benin	JM	Jamaica
DZ	Algeria	JO	Jordan
		JP	Japan

Abbreviation	Country
KE	Kenya
KM	Comoros
KR	Republic of Korea
KW	Kuwait
LB	Lebanon
LK	Sri Lanka
LR	Liberia
LS	Lesotho
LU	Luxembourg
LY	Libyan Arab Republic
MA	Morocco
MG	Madagascar
ML	Mali
MR	Mauritania
MT	Malta
MU	Mauritius
MW	Malawi
MX	Mexico
MY	Malaysia
MZ	Mozambique
NA	Namibia
NE	Niger
NG	Nigeria
NI	Nicaragua
NL	Netherlands
NO	Norway
PA	Panama
PE	Peru
PH	Philippines
PK	Pakistan
PT	Portugal
PY	Paraguay

Abbreviation	Country
RE	Réunion
RH	Southern Rhodesia
RW	Rwanda
SA	Saudi Arabia
SC	Seychelles
SD	Sudan
SE	Sweden
SG	Singapore
SL	Sierra Leone
SN	Senegal
SO	Somalia
SR	Surinam
ST	Sao Tome and Principe
SV	El Salvador
SY	Syrian Arab Republic
SZ	Swaziland
TD	Chad
TG	Togo
TH	Thailand
TN	Tunisia
TR	Turkey
TT	Trinidad and Tobago
TZ	United Republic of Tanzania
UG	Uganda
US	United States of America
UY	Uruguay
VE	Venezuela
VN	Republic of South Viet-Nam
ZA	South Africa
ZM	Zambia
ZR	Zaire

deterioration in their terms of trade, either because there was little or no advance in the price of three major exports - bananas, jute and tea, for example - or because the poor 1972 harvest necessitated larger imports of cereals, whose price trebled between the final quarter of 1971 and the first quarter of 1974. By that time the price of petroleum had been given its fourfold increase and the prices of most other commodities had begun to weaken. With orders placed in 1972 and 1973 still arriving, the volume of imports rose substantially in 1974 - by about 17 per cent for the developing countries as a whole and 15 per cent for the oil importers - and as indicated in the previous section, the trade deficit of the oil-importing countries was almost trebled, to $34 billion. Outside the petroleum-exporting countries, exchange controls and import policy were tightened again and the inflow of imports began to slow down: in 1975 it was no greater in volume than in the previous year, though, largely because of the continuing rise in the price of manufactured goods, the cost was about 6 per cent greater.

The great changes in international price relationships that occurred during the first half of the 1970s induced some reformulation of domestic price policies. In the case of cereal prices, for example, the steep rise on the world market left domestic prices far behind in many developing countries. Upward adjustments in support levels were common, partly to bring them into closer alignment with the prices reflecting the world food situation, partly to compensate farmers for the increase in the cost of purchased inputs, particularly fertilizer, and partly in recognition of the need for demonstrating the newly felt urgency to improve the domestic food situation. In a number of countries the raising of farm prices involved awkward decisions in regard to retail prices: in some cases subsidies were continued or increased, in others, where the budgetary cost seemed too high, they were reduced or made more selective. 21/ In the event, the improved harvests of 1975 helped to protect some of the economies concerned against the potentially inflationary consequences of the rise in farm prices.

Similar dilemmas were posed by the rise in international petroleum prices. Like food prices, energy prices enter the production cycle very directly as costs and hence there was a natural tendency to shield the economy from the full impact of the extraordinary increase. Since, in contrast to the case of food prices, there was no presumption that there would be an early decline in international petroleum prices, the net importing countries tended not only to let the higher prices enter the local market but even to raise them further by means of taxes in order to encourage conservation of petroleum and the substitution of other fuels.

The rise in developing countries' costs came not only from the large increases in the prices of cereals and petroleum but also from the continuing rise in the unit value of the manufactured goods they were importing. Except in the economies in which a strong inflationary spiral was already in operation - as in Argentina and Chile, for example - these increases in the cost of imports, accentuated in some cases in 1974 and 1975 by devaluation of the local currency, were the main factors raising the price level in many developing countries after 1972.

In some cases this rise in local costs exacerbated the difficulties stemming from the recession in developed market economy demand for raw materials in 1974/75. Some of the capital- or energy-intensive export industries - copper mining,

21/ This problem is also discussed in chapter III of the Supplement to this *Survey*.

for example - were severely squeezed between declining prices on the world market and rising costs of production at home. With much of the mining activity in government ownership since the nationalizations of the early 1970s, the resultant reduction in profitability, as well as in output, had a direct budgetary impact.

The recession in the developed market economies also began to influence trade policies in 1975. As unemployment increased, pressure to curtail imports tended to mount in some of the industrial countries, especially in the case of the weaker, labour-intensive industries, such as textiles and foot-wear, and of industries that were seriously affected by the changes in the petroleum situation, such as shipbuilding and automobiles. The drive to expand the access of the developing countries to the markets of the developed market economies was clearly slowed down and the so-called Tokyo Round of multilateral trade negotiations made very little headway.

In terms of over-all growth, the developing countries followed the developed market economy pattern, accelerating in 1972 and 1973 and decelerating in 1974 and 1975. Because of the vigorous and autonomous expansion in manufacturing and the contrary movement in agriculture, the swings were gentler than those of the developed market economies. Over the first three years of the decade, in the wake of the 1973 upswing, the developing countries achieved the 6 per cent average growth rate set as a target in the International Development Strategy. The effects of the subsequent recession in the developed market economies reduced this figure and for the first half of the decade, the average growth rate was only 5.5 per cent (see table 36).

The main drag on the developing country growth rate was in Africa and South and East Asia: these two regions achieved an average rate of increase in total production of not much more than 4 per cent a year. The African growth rate did not reach 5 per cent at any time during the first half of the decade, even in the commodity boom year of 1973 when the developing countries as a group raised their output by almost 7 per cent. South and East Asia exceeded the 6 per cent rate in this year but was held back by poor agricultural performance in three of the other four years, although in 1975 the improvement in agriculture enabled this region to raise its growth rate in the face of the recessionary forces abroad. The western hemisphere and West Asia saw their production reduced by the lack of demand in 1975; nevertheless both these regions exceeded the 6 per cent target for the quinquennium as a whole. Altogether, about a fourth of the developing countries exceeded the 6 per cent growth rate in the 1971-1975 quinquennium. At the other end of the scale, rather more than a third failed to keep the increase in their production up to the rate at which their population was expanding. In the middle was a larger group of countries that achieved a growth rate of 3-5 per cent a year and thus an average annual increment of between 1.5 and 2.5 per cent in per capita output.

The high-growth countries - over 8 per cent a year - included some of the petroleum exporters (Ecuador, Gabon, Iran, Iraq and Saudi Arabia), some of the countries in which mineral development has been particularly active (Botswana and Mauritania) and some of the more industrialized countries (Brazil, the Republic of Korea, Singapore and Southern Rhodesia). A number of countries with a strong resource base also achieved a growth rate in excess of 6 per cent in the first half of the decade, among them Colombia, Indonesia, Ivory Coast, Malaysia, Nigeria, Paraguay and the Philippines, all of which were able to turn the 1972-1973 commodity boom to good advantage.

Among the countries achieving no increase in per capita output in the first half of the 1970s were some high-income economies - Kuwait, the Libyan Arab Republic, Oman and Qatar, for example - where the lack of growth was a matter of public policy: the main natural resource being non-renewable petroleum deposits, these countries have sought to adjust the rate of exploitation with a view to maximizing the net revenues obtainable from these deposits over their lifetime. Libyan petroleum production was progressively reduced during the quinquennium and in 1975 it was less than half the 1970 level. Production in Kuwait was cut back after 1972 and by 1975 it was running at less than three fourths of the 1970 level. In Qatar production was cut back after 1973 and by 1975 it was back to the 1971 level. In Oman there was no expansion during the period. All these countries benefited from the price increases, however, and in contrast to their production, their income rose rapidly and in 1975 it ranged between two and four times the 1970 figure.

Also among the countries in which production failed to keep pace with population were many that had difficulties in the agricultural sector, either as a result of one or more particularly bad crop years (as in the case of Guyana, India, Nepal and the countries in the Sahelian belt - Chad, the Central African Republic, the Niger, Senegal, Togo and Upper Volta) or because of longer-term structural problems (as in the case of Barbados, Burma and Uruguay where there was virtually no agricultural growth). In some countries these difficulties were aggravated by the effects of political changes that were economically disruptive, at least temporarily, as in the case of Cape Verde, Comoro Islands, Equatorial Guinea, Ethiopia, Réunion and Uganda. Political changes, accompanied by civil disturbances and in some cases military operations were also responsible for poor econcmic performance in Angola, Bangladesh, Cambodia, Chile, Guinea-Bissau, Jordan, Laos, Lebanon and the Republic of South Viet-Nam.

Although there were thus a number of high-income countries that, because of non-economic events or deliberate economic policy, had a low or even negative growth rate in the first half of the decade and a few low-income countries that by virtue of certain resource development achieved a high growth rate, there tended to be a positive relationship between per capita income and the rate of increase in production (see table 37 and figure VII).

Thus, in general, the events of the 1971-1975 quinquennium seem to have further accentuated the disparity between the resource-rich and more diversified developing countries, on the one hand, and those that are poorly endowed with natural resources and economically less developed, on the other. The countries with available resources were able to take advantage of the upswing in demand and the resulting boom in trade and prices that served as the principal stimulus of economic growth in the 1971-1974 period. The more diversified countries were able to mitigate the consequences for the economy as a whole of the crop failures and other agricultural vicissitudes that constituted the other major determinant of economic performance. Though the trade stimulus disappeared in 1975 - and indeed was replaced by a serious liquidity squeeze - and favourable weather yielded record harvests in many areas, over the quinquennium as a whole the higher-income and more developed countries grew more rapidly and widened their lead over the lower-income and less developed countries.

Because of the nature of the main stimuli, a similar phenomenon characterized internal changes in the developing countries. The beneficiaries of the trade boom - apart from the Governments themselves - were those most directly involved in the export industries who tend to be the entrepreneurs or those in regular employment in the industrial and commercial sectors, mostly belonging in the upper end of the income spectrum. The main victims of the crop failures were the peasants and farm workers who tend to be found at the lower end of the income spectrum. While, in many countries, Governments used their increased revenues for rural development, for the subsidization of various consumer goods and services, for relief programmes and in other ways calculated to effect transfers to lower-income groups, in general the major forces operating during the first half of the decade seem to have militated against income equalization within as well as among the developing countries.

Thus, the most serious challenge at mid-decade lies in the developing countries that are characterized by both low per capita income and low economic growth. Their gain in per capita production in the first half of the decade was a derisory $9 of 1970 purchasing power, and in 1975 their per capita income was just about half the developing country average. The gravity of the challenge lies in the fact that a third of all the developing countries are in this low-income-low-growth category, and they account for almost a half of developing country population.

Table 1. Fluctuations in growth rates, by group of countries, 1961-1975

Item and country group	1961-1965 Average annual rate of increase (percentage)	1961-1965 Difference between lowest and highest annual growth rates (percentage points)	1966-1970 Average annual rate of increase (percentage)	1966-1970 Difference between lowest and highest annual growth rates (percentage points)	1971-1975[a/] Average annual rate of increase (percentage)	1971-1975[a/] Difference between lowest and highest annual growth rates (percentage points)
Gross domestic product[b/]						
Developed market economies c/	5.2	3.5	4.6	2.7	2.8	7.7
Centrally planned economies d/e/	6.1	4.1	7.4	3.0	6.2	3.9
Developing countries f/ .	5.0	2.5	5.8	2.4	5.5	2.5
Industrial production[g/]						
Developed market economies c/	6.0	4.6	5.2	5.6	2.7	14.1
Centrally planned economies d/	8.3	2.3	8.4	2.4	7.8	1.4
Developing countries f/ .	6.0	8.4	6.8	4.5	8.6	5.0
Agricultural production[h/]						
Developed market economies c/	2.1	4.3	1.7	5.6	2.3	6.8
Centrally planned economies d/	2.3	13.9	3.7	11.2	1.6	16.1
Developing countries f/ .	2.5	4.1	3.4	3.8	2.2	3.9
Export volume						
Developed market economies c/	7.2	6.5	9.7	9.6	6.2	16.3
Centrally planned economies d/	9.1	5.8	9.6	1.7	9.5	8.1
Developing countries f/ .	5.9	2.0	7.4	7.2	3.8	15.3
Export value in SDR						
Developed market economies c/	8.5	8.2	12.0	9.9	16.8	27.2
Centrally planned economies d/	8.6	4.3	9.1	5.2	15.4	14.7
Developing countries f/ .	6.0	8.4	8.6	9.2	11.2	45.1
Import volume						
Developed market economies c/	8.6	5.3	9.7	5.1	4.1	18.1

Table 1 (continued)

Item and country group	1961-1965 Average annual rate of increase (percentage)	1961-1965 Difference between lowest and highest annual growth rates (percentage points)	1966-1970 Average annual rate of increase (percentage)	1966-1970 Difference between lowest and highest annual growth rates (percentage points)	1971-1975 a/ Average annual rate of increase (percentage)	1971-1975 a/ Difference between lowest and highest annual growth rates (percentage points)
Import volume (continued)						
Centrally planned economies d/	7.4	7.9	8.4	5.2	10.8	5.7
Developing countries f/ .	3.6	6.2	7.1	6.3	8.9	13.9
Import value in SDR						
Developed market economies c/	9.0	7.8	11.8	10.3	17.2	42.0
Centrally planned economies d/	8.0	5.1	9.0	9.5	17.8	17.6
Developing countries f/ .	4.8	8.3	8.7	9.2	24.1	57.4

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics and Yearbook of National Accounts Statistics; Food and Agriculture Organization of the United Nations, Production Yearbook and Monthly Bulletin of Agricultural Economics and Statistics (Rome), and national sources.

a/ Preliminary.

b/ Measured at constant market prices.

c/ North America, northern, southern and Western Europe, Australia, Japan, New Zealand and South Africa.

d/ Eastern Europe and USSR.

e/ Data refer to net material product and are not strictly comparable to those of the other country groups.

f/ Latin America and Caribbean area, Africa (other than South Africa), Asia (other than China, Democratic People's Republic of Korea, Democratic Republic of Viet-Nam, Japan and Mongolia).

g/ Based on index of value added, except in the centrally planned economies for which the index is based on gross output at constant prices; in the case of the German Democratic Republic, the index refers to the value of commodity production, and in the case of Hungary, to output in physical units and other indicators. In most developing countries, the data are for the organized industrial sector and exclude small-scale and handicraft production.

h/ Based on index of gross output and hence not comparable with the national accounts measure of production. Methods of estimation differ among the country groups.

Table 2. Major developed market economies: gross national product growth rates, a/ by quarter, 1970-1975

(Percentage change from preceding quarter)

Period	United States of America	Canada	France b/	Germany, Federal Republic of	Italy	United Kingdom	Japan	Average, 8 countries c/
1970								
I	-	0.1	1.9	-0.5	4.4	-1.0	2.5	0.5
II	0.1	0.3	2.3	3.7	-0.1	1.8	3.4	1.1
III	0.7	1.0	1.1	0.2	0.5	0.3	2.5	0.6
IV	-1.0	-0.3	2.2	1.7	1.1	0.6	0.6	0.2
1971								
I	2.2	2.1	0.1	0.1	0.1	-1.2	2.0	1.4
II	0.7	2.2	1.0	0.3	-0.7	1.8	1.7	0.9
III	0.7	2.3	2.4	1.0	-0.4	2.3	2.3	0.9
IV	0.9	0.9	1.5	-0.5	4.1	0.3	1.4	1.2
1972								
I	1.9	1.1	2.1	2.1	0.6	-1.4	2.5	1.6
II	1.9	2.4	-0.6	0.2	-0.5	2.7	1.1	1.4
III	1.3	-0.2	1.5	0.7	-0.7	-0.8	3.6	1.0
IV	2.1	2.6	2.3	2.1	3.2	2.4	2.4	2.4
1973								
I	2.1	3.0	2.4	2.7	-0.8	4.9	4.8	2.5
II	0.1	0.4	0.7	-	4.4	-1.8	1.4	0.4
III	0.7	0.7	0.7	0.5	2.4	0.3	0.1	0.5
IV	0.4	2.6	1.8	0.5	1.2	0.7	0.1	0.8
1974								
I	-1.0	1.0	1.0	0.6	1.3	-0.8	-3.0	-0.8
II	-0.9	-0.3	0.8	-0.3	0.6	2.0	1.1	-0.1
III	-0.6	-	0.9	-0.3	-1.9	2.4	1.1	-0.3
IV	-1.9	-0.3	-3.2	-1.6	-2.1	-1.3	0.2	-1.3
1975								
I	-2.4	-1.4	-2.2	-3.0	-0.4	-1.1	-0.3	-2.0
II	0.8	0.3	-2.5	-	-1.1	-2.1	1.1	-0.2
III	2.9	2.3	...	-	-0.6	-0.5	0.9	...
IV	1.2	0.4	...	3.2	...	0.7	0.4	...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Economic Surveys, France and Italy (Paris); International Monetary Fund, International Financial Statistics; United States of America, Department of Commerce, Survey of Current Business (Washington, D.C.); Bank of Canada, Bank of Canada Review, July 1975 (Ottawa); Deutsches Institut für Wirtschaftsforschung, Wochenberight 4/72 (Berlin); United Kingdom, Central Statistical Office, Economic Trends (London); Government of Japan, Economic Planning Agency, Annual Report on National Income Statistics and Japanese Economic Indicators (Tokyo).

a/ Gross national product at 1970 prices, seasonally adjusted.

b/ Gross domestic product (excluding stocks of agricultural products by producers) at 1970 prices, seasonally adjusted.

c/ Total of seven countries shown, plus Finland (gross domestic product, seasonally adjusted). These are the only countries publishing regular quarterly estimates of gross domestic product. In 1970 these eight countries accounted for 86 per cent of the combined gross domestic product of the developed market economies.

Table 3. Developed market economies: growth of gross domestic product, in constant market prices, 1970-1975

Region and country	Gross domestic product, 1970 (millions of dollars)	Change from preceding year (percentage)				
		1971	1972	1973	1974	1975 a/
Developed market economies, total	2 103 009	3.8	5.6	5.9	0.3	-1.7
North America	1 066 050	3.4	6.1	5.8	-1.4	-1.8
United States of America	983 236	3.2	6.1	5.6	-1.8	-2.0 b/
Canada	82 814	5.6	5.8	6.9	2.8	0.1 b/
Western Europe	783 422	3.5	4.4	5.4	2.5	-2.4
Austria	14 293	5.3	6.3	5.8	4.4	-2.0 b/
Belgium	25 618	4.1	5.6	6.3	3.9	-2.5 b/
Cyprus	544	12.6	6.9	2.2	-19.3 b/	...
Denmark	15 570	3.4	4.6	3.3	0.5	-3.0
Finland	10 379	2.3	7.2	6.5	4.5	-0.5
France	140 943	5.4	5.5	5.8	3.9	-2.5
Germany, Federal Republic of . .	187 677	2.9	3.4	5.1	0.6	-3.6 b/
Greece	9 927	7.0	9.7	6.3	-3.0	-3.0
Iceland	494	10.1	6.5	6.1	3.5 b/	-3.5
Ireland	3 939	3.5	4.7	5.3	0.4	-3.8 b/
Italy	92 704	1.6	3.1	6.3	3.4	-3.7
Luxembourg	1 060	0.9	4.1	7.4	4.4 b/	-3.5
Malta	228	2.5	5.8	9.8	10.8	...
Netherlands	31 645	4.4	3.9	4.3	3.3	-2.0
Norway	11 177	4.5	5.0	4.0	5.3	3.0
Portugal	6 222	5.8	8.7	11.3	2.0	-12.5 c/
Spain	32 377	4.3	9.6	7.4	5.0 b/	-
Sweden	32 970	0.6	2.5	3.2	4.2	0.5
Switzerland	19 776	3.8	5.7	3.7	-0.9	-4.3 b/
Turkey	12 725	9.5	6.7	4.6	8.5	7.9
United Kingdom	120 578	2.3	3.1	5.4	0.8	-1.8
Yugoslavia	12 576	8.9	4.4	5.0	8.8	...
Japan b/	197 074	7.3	9.1	9.9	-1.2	2.0
Southern hemisphere	56 463	4.2	3.7	2.3	6.1	-0.6
Australia d/	33 481	4.5	3.9	4.8	5.9	-1.6
New Zealand d/	5 457	2.5	4.0	5.4	5.0	-1.0
South Africa	17 525	4.1	3.2	4.3	7.2	2.0

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Yearbook of National Accounts Statistics and Monthly Bulletin of Statistics; Organisation for Economic Co-operation and Development, Main Economic Indicators and Economic Outlook (Paris), and national sources.

a/ Preliminary.

b/ Gross national product.

c/ Estimated.

d/ Fiscal year ending 30 June of the indicated year for Australia, and fiscal year beginning 1 April for New Zealand.

Table 4. World industrial production: changes by branch and country group, 1971-1975

(Percentage change from corresponding period of preceding year)

Country group and period	Industry[a]	Mining	Manufacturing Total	Manufacturing Light[b]	Manufacturing Heavy[c]
Sum of country groups					
1971	4.1	3.3	4.0	4.4	3.8
1972	7.3	3.5	7.5	5.8	8.4
1973	9.2	6.6	9.6	6.3	11.3
1974	3.6	2.3	3.7	2.2	4.4
1975, First quarter	-2.3	-0.8	-2.9	-2.8	-1.3
Second quarter	-2.3	-2.2	-2.7	-1.8	-3.1
Third quarter	-0.9	0.7	-1.1	1.1	-2.1
Developed market economies					
1971	1.9	0.3	1.6	3.2	0.9
1972	6.6	0.6	6.8	5.7	7.3
1973	9.2	3.4	9.6	5.6	11.5
1974	0.5	-1.1	0.3	-0.6	0.8
1975, First quarter	-8.5	-0.8	-9.9	-9.0	-10.8
Second quarter	-8.8	-3.3	-9.8	-7.1	-11.0
Third quarter	-7.1	-4.7	-7.8	-3.0	-10.0
Fourth quarter	-0.8	-2.5	-1.5	2.3	-3.3
Centrally planned economies[d]					
1971	8.5	6.1	8.7	6.5	9.8
1972	8.2	5.1	8.6	5.5	9.9
1973	8.9	5.8	9.2	6.9	10.4
1974	9.5	5.1	9.9	7.6	10.9
1975, First quarter	8.8	5.0	9.2	6.6	10.4
Second quarter	9.0	5.5	9.4	6.7	10.5
Third quarter	9.6	6.9	9.8	6.5	11.3
Developing countries					
1971	6.4	4.9	6.6	5.7	7.7
1972	8.6	5.5	9.2	7.3	11.2
1973	10.3	11.4	10.0	7.7	12.4
1974	6.0	3.6	6.4	3.8	9.1
1975, First quarter	1.9	-6.6	3.6	4.9	2.6
Second quarter	1.0	-8.7	3.2	3.3	3.8
Third quarter	3.6	0.5	5.0	7.7	2.3

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics.

a/ International Standard Industrial Classification (ISIC) 2-4.

b/ ISIC 31-33, 342, 355-356.

c/ ISIC 341, 351-354 and 36-38.

d/ Because of differences in definition these figures differ somewhat from those presented elsewhere in this *Survey*.

Table 5. Developed market economies: imports from developing countries, 1970-1975

(Billions of dollars)

Category	1970	1971	1972	1973	1974	1975
Total	45.33	50.34	56.39	86.19	165.78	158.98
Food and beverages	11.12	11.32	12.69	17.19	20.68	...
Cereals	0.68	0.79	0.47	0.81	1.41	
Raw materials	9.01	8.72	9.21	14.44	19.55	...
Oil-seeds	0.55	0.55	0.52	1.09	1.46	
Fibres	1.52	1.39	1.66	2.07	2.54	
Crude fertilizers	0.49	0.50	0.51	0.68	1.66	
Ores and scrap	3.05	2.90	2.90	4.13	5.91	
Fuels	15.32	19.88	21.20	33.87	97.74	...
Manufactures	9.89	10.42	13.29	20.70	27.81	...
Chemicals	0.61	0.69	0.75	0.97	1.60	
Machinery	0.85	1.25	1.83	3.24	4.66	
Vehicles and parts . . .	0.01	0.01	0.04	0.09	0.11	
Other manufactures	8.04	7.96	10.15	15.89	20.83	
Textiles	1.02	1.21	1.61	2.63	3.16	
Clothing	1.20	1.66	2.28	3.47	4.50	
Iron and steel	0.27	0.26	0.40	0.59	0.95	
Non-ferrous metals . . .	3.42	2.44	2.48	3.80	5.70	
Other metal products . .	0.07	0.08	0.13	0.20	0.34	
Manufactures other than non-ferrous metals	6.47	7.98	10.81	16.50	22.11	...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund/International Bank for Reconstruction and Development, Direction of Trade, and data furnished by the Statistical Office of the United Nations.

Table 6. Changing price relationships: energy, food and manufactures, 1950-1975

Year	Average annual price of						Percentage ratio to petroleum of		Index of export unit value of manufactures
	Petroleum (f.o.b. Ras Tanura)		Coal (ex-mine Ruhr)		Wheat No. 2 hard winter (f.o.b. US Gulf ports)				
	Dollars per barrel	Dollars per ton	Marks per ton	Dollars per ton	Dollars per bushel	Dollars per ton	Coal	Wheat	
1950	1.71	12.57	32.9	7.83	1.84	67.52	0.623	5.372	80
1951	1.71	12.57	37.5	8.93	1.97	72.53	0.710	5.770	94
1952	1.71	12.57	44.2	10.52	2.02	74.35	0.837	5.915	96
1953	1.81	13.31	32.1	7.64	2.09	76.64	0.574	5.758	92
1954	1.93	14.19	51.0	12.14	1.89	69.57	0.856	4.903	91
1955	1.93	14.19	51.8	12.30	1.75	64.30	0.866	4.531	91
1956	1.93	14.19	55.0	13.10	1.70	62.28	0.923	4.389	95
1957	2.05	15.07	58.4	13.91	1.69	62.10	0.923	4.121	98
1958	2.08	15.29	61.3	14.67	1.69	62.13	0.960	4.063	97
1959	1.92	14.12	61.3	14.69	1.67	61.42	1.040	4.350	96
1960	1.86	13.68	63.3	15.11	1.67	61.42	1.105	4.490	98
1961	1.80	13.24	63.3	15.46	1.69	62.19	1.168	4.697	99
1962	1.80	13.24	64.1	15.95	1.72	63.32	1.205	4.783	99
1963	1.80	13.24	65.3	16.32	1.76	64.64	1.233	4.882	100
1964	1.80	13.24	66.5	16.61	1.83	67.42	1.255	5.092	101
1965	1.80	13.24	69.5	17.37	1.62	59.47	1.312	4.492	103
1966	1.80	13.24	69.5	17.38	1.71	62.99	1.313	4.758	106
1967	1.80	13.24	69.5	17.38	1.79	65.83	1.313	4.972	107
1968	1.80	13.24	66.0	16.50	1.71	62.77	1.246	4.741	107
1969	1.80	13.24	68.0	17.24	1.59	58.45	1.302	4.415	110
1970	1.80	13.24	77.4	21.15	1.40	51.61	1.597	3.898	117
1971	2.19	16.10	84.1	24.09	1.67	61.53	1.496	3.822	124
1972	2.47	18.16	89.2	27.97	1.90	69.78	1.540	3.843	134
1973	3.27	24.04	92.8	34.72	3.76	138.02	1.444	5.741	156
1974	11.58	85.15	118.0	45.53	4.49	164.97	0.535	1.937	186
1975	11.53	84.78	150.0 a/	61.26 a/	3.89 b/	143.07 b/	0.723	1.688	213

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics and International Wheat Council, World Wheat Statistics (London).

a/ Average of January to October.

b/ Average of January to August.

Table 7. Primary commodities: changes in relative prices, 1970-1975

	Index of commodity price relative to the unit value of manufactures (1960-1969 = 100)							
							Peak	
Commodity[a]	1970	1971	1972	1973	1974	1975[b]	Ratio	Year and quarter
Petroleum	87.9	97.4	103.5	118.4	328.8	296.6	366.3	1974 I
Sugar	94.9	98.4	116.5	132.1	291.1	211.4	426.6	1974 IV
Zinc	101.7	102.1	113.4	181.4	227.8	147.6	280.4	1974 II
Sisal	55.1	58.7	75.9	117.1	175.3	146.3	189.3	1974 I
Phosphates	95.7	84.1	83.7	70.0	103.8	141.9	145.1	1975 II
Beef	122.1	133.0	149.5	180.9	156.8	125.5	201.4	1973 II
Wheat	80.4	80.9	85.1	140.9	163.1	124.1	197.5	1974 I
Soya bean oil	109.7	108.7	83.8	133.6	207.8	121.3	231.4	1974 IV
Cocoa	107.5	79.9	86.5	138.3	172.5	120.5	195.2	1974 II
Tin	106.6	95.6	95.2	101.6	146.5	113.8	166.4	1974 II
Maize	99.9	92.7	87.8	122.4	135.5	103.3	145.0	1974 I
Lead	116.7	89.6	98.4	118.5	143.0	94.0	168.9	1974 I
Iron ore	80.5	80.0	79.7	71.5	73.4	93.9	97.7	1975 III
Coffee	120.3	99.1	102.3	99.9	97.7	90.8	122.0	1970 III
Cotton	91.0	94.1	101.4	131.2	133.9	89.8	169.8	1974 I
Palm oil	102.3	95.8	79.1	100.3	137.5	82.1	148.9	1974 I
Aluminium	101.3	96.2	79.9	68.1	77.3	78.4	102.0	1970 II
Jute	83.5	77.1	76.3	64.3	61.1	67.4	86.4	1970 II
Copper	134.8	98.8	89.2	125.3	124.2	66.7	163.6	1974 II
Wool	64.9	54.7	78.0	141.0	86.2	65.0	162.4	1973 I
Bananas	80.5	78.7	72.3	67.9	66.3	64.7	110.7	1971 II
Tea	76.6	72.2	64.6	57.1	59.5	59.6	82.7	1970 II
Rubber	67.7	50.9	47.6	78.5	74.6	52.1	109.8	1974 I

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics, and data supplied by the Statistical Office of the United Nations.

a/ Listed in descending order of the 1975 index.

b/ Preliminary, in most cases based on less than a full year's information.

Table 8. Beverage crops: world production, imports and prices, 1970-1975

Item	1970				1971				1972				1973				1974				1975 a/			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Coffee																								
Price change b/ (percentage)	8	4	2	-2	-7	-9	-1	2	3	3	15	-1	11	5	4	2	6	4	-13	-	5	-5	34	...
Production (thousands of tons)		3 869				4 961				4 691				4 022				4 824				4 462		
Imports (thousands of tons):																								
North America		1 267				1 398				1 342				1 405				1 246				...		
Western Europe		1 496				1 507				1 606				1 673				1 640				...		
Japan		81				69				100				131				86				...		
Eastern Europe and USSR		168				164				185				171				186				...		
Cocoa																								
Price change b/ (percentage)	-25	-12	14	-4	-17	-6	3	-13	12	11	11	10	6	49	32	-12	5	43	-5	-4	-15	-19	14	...
Production (thousands of tons)		1 505				1 618				1 447				1 350				1 469				1 570		
Imports (thousands of tons):																								
North America		301				338				308				268				238				...		
Western Europe		519				542				588				573				557				...		
Japan		35				39				36				39				25				29		
Eastern Europe and USSR		195				235				252				224				262				...		
Tea																								
Price change b/ (percentage)	-	18	-	-14	3	14	-7	-7	3	8	-10	-4	4	12	-	-10	9	27	4	-1	4	1	4	...
Production (thousands of tons) c/		1 097				1 141				1 231				1 263				1 284				1 291		
Imports (thousands of tons):																								
North America		83				103				93				102				105				...		
Western Europe		316				306				290				298				314				...		
Eastern Europe and USSR		42				57				64				54				69				...		

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data supplied by the Statistical Office of the United Nations and Food and Agriculture Organization of the United Nations, Production Yearbook and Trade Yearbook (Rome).

a/ Preliminary estimate or forecast.

b/ Percentage change between quarterly average of prices in international trade.

c/ Excluding China.

Table 9. Sugar: world production, trade and prices, 1970-1975

Item	1970				1971				1972				1973				1974				1975			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Price change (percentage)	-	5	2	1	8	-3	-1	7	33	-11	-2	10	19	7	1	7	58	27	30	51	-27	-42	-3	...
Production (millions of short tons)		77.74				77.82				83.25				88.70				86.64				91.92		
North America		6.29				6.30				6.83				6.06				6.07				7.01		
Western Europe		11.38				13.22				12.58				12.96				11.71				13.60		
Eastern Europe and USSR		14.34				13.60				14.40				16.18				13.82				16.00		
Rest of world		44.73				44.70				49.44				53.50				55.04				55.31		
Net imports (millions of tons):																								
North America		5.66				5.67				5.63				5.68				5.99				...		
Western Europe		2.13				2.24				1.53				1.43				1.88				...		
Eastern Europe and USSR		1.76				0.74				2.15				3.14				2.22				...		
Japan		2.60				2.50				2.78				2.37				2.77				...		
Ratio (percentage):																								
Exports to production .		30				29				28				27				29				...		
Carry-over to consumption		29				22				20				20				19				19		

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data supplied by the Statistical Office of the United Nations and on foreign agriculture circulars published by the Foreign Agricultural Service of the United States Department of Agriculture (Washington, D.C.).

Table 10. Edible seeds and oils: world production, exports and prices, 1970-1975

Item	1970 I	1970 II	1970 III	1970 IV	1971 I	1971 II	1971 III	1971 IV	1972 I	1972 II	1972 III	1972 IV	1973 I	1973 II	1973 III	1973 IV	1974 I	1974 II	1974 III	1974 IV	1975 a/ I	1975 a/ II	1975 a/ III	1975 a/ IV
Price change b/ (percentage)	7	5	-1	6	-	-7	3	-5	-1	2	-1	4	22	27	27	1	33	-5	4	-3	-23	-9	7	...

Item	1970	1971	1972	1973	1974	1975 a/
Production (millions of tons, gross):						
Soya beans	41.80	43.56	47.46	57.38	51.46	62.00
Sunflower seed	9.90	9.72	9.50	12.08	10.52	10.68
Groundnuts (in shell) .	17.40	18.20	15.69	16.30	16.88	18.80
Rapeseed	6.46	7.82	6.62	7.00	7.02	7.99
Cotton-seed	21.32	23.44	24.00	25.33	25.77	23.60
Coconut oil	2.14	2.43	2.79	2.42	2.10	2.48
Palm oil	1.72	1.91	2.14	2.25	2.59	2.84
Fish meal	5.40	5.19	4.06	3.68	4.30	4.49
Fish oil	1.04	1.17	0.93	0.81	0.99	1.12
Total (oil-equivalent):						
Vegetable	24.3	25.9	27.6	27.1	30.2	29.5
Marine	1.2	1.4	1.1	1.0	1.2	1.2
Exports c/ (millions of tons):						
Soya beans	2.94	2.98	3.05	3.24	3.78	3.57
Groundnuts	0.83	0.71	0.89	0.86	0.70	0.75
Sunflower seed	0.85	0.77	0.73	0.78	0.86	0.77
Rapeseed	0.50	0.71	0.77	0.91	0.70	0.75
All edible seeds d/ . .	5.68	5.76	6.08	6.46	6.71	6.51
Coconut oil	1.14	1.32	1.58	1.22	0.95	1.43
Palm oil	0.77	0.96	1.10	1.22	1.43	1.80
Fish oil e/	0.56	0.63	0.67	0.54	0.49	0.60
Fish meal	2.96	2.90	2.73	1.51	1.89	2.28

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data supplied by the Statistical Office of the United Nations and foreign agricultural circulars published by Foreign Agricultural Service, United States Department of Agriculture (Washington, D.C.).

a/ Percentage change in quarterly average of composite index of oils and oil-seeds prices weighted by 1963 pattern of world trade.

b/ Preliminary estimate or forecast.

c/ Exports of seeds and oil, measured in oil-equivalent.

d/ Including cotton-seed, sesame seed, safflower seed, olive oil and maize oil.

e/ Measured net (i.e., gross exports minus gross imports).

Item	1970 I	1970 II	1970 III	1970 IV	1971 I	1971 II	1971 III	1971 IV	1972 I	1972 II	1972 III	1972 IV	1973 I	1973 II	1973 III	1973 IV	1974 I	1974 II	1974 III	1974 IV	1975 a/ I	1975 a/ II	1975 a/ III	1975 a/ IV
Price index for cereals (percentage change from previous quarter)	-	-	3	4	2	-2	-2	-2	4	1	8	22	12	9	42	16	9	-11	4	5	-8	-9	8	
Production (millions of tons)																								
Wheat:																								
World		314				346				340				368				350				339		
North America		46				58				57				63				62				75		
Western Europe		44				51				51				51				57				49		
Eastern Europe and USSR		106				129				117				141				118				94		
South Asia b/		28				31				37				36				33				37		
Coarse grains:																								
World		519				574				559				609				571				582		
North America		163				212				201				205				166				203		
Western Europe		70				80				80				83				84				81		
Eastern Europe and USSR		103				121				126				151				152				119		
South Asia b/		22				19				19				21				24				24		
Rice:																								
World		294				295				286				325				327				347		
China		98				98				98				113				118				120		
Japan		16				14				15				15				15				16		
South and East Asia:																								
Exporters c/		24				25				23				27				27				28		
Importers d/		105				105				99				111				106				118		
Net imports (millions of tons)																								
Wheat: e/f/																								
Western Europe			7.2				3.4				1.3				0.5				-2.2				-0.5	
Eastern Europe and USSR			-0.9				1.9				17.3				3.3				1.9				17.2	
China			3.7				3.0				5.3				5.6				5.7				3.0	
Japan			4.8				5.0				5.5				5.4				5.4				5.7	
South Asia b/			4.4				4.8				5.8				7.5				10.8				9.9	

Table 11 (continued)

Item	1970				1971				1972				1973				1974				1975[a]			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Coarse grains:[e]																								
Western Europe			20.3				15.5				16.8				21.3				22.1				21.7	
Eastern Europe and USSR			1.0				7.6				9.3				6.7				6.5				17.0	
China			-				0.4				0.8				2.1				0.6				0.6	
Japan			10.4				10.1				11.9				14.0				13.1				13.2	
Developing countries . .			7.9				8.1				12.6				17.1				14.1				11.9	
Rice:[g]																								
Western Europe			0.1				0.1				0.2				0.4				0.2				...	
South and East Asia d/ .			2.1				1.5				1.8				1.9				1.0				...	

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data supplied by the Statistical Office of the United Nations; Food and Agriculture Organization of the United Nations, Trade Yearbook (Rome); and foreign agricultural circulars published by the Foreign Agricultural Service of the United States Department of Agriculture (Washington, D.C.).

a/ Preliminary estimate or forecast.

b/ Bangladesh, India, Indonesia, Pakistan and Sri Lanka.

c/ Burma, Pakistan and Thailand.

d/ Bangladesh, India, Indonesia and Republic of Korea.

e/ Figures refer to year beginning in July of year indicated.

f/ Including wheat flour in terms of grain-equivalent.

g/ Figures refer to calendar year.

Table 12. Trade in grains: Europe and USSR, 1950-1975

(Millions of tons)

Grain and period	Western Europe			Eastern Europe and USSR		
	Exports	Imports	Net imports	Exports	Imports	Net imports
Wheat and flour (average annual)						
1950/51-1954/55 . . .	1.4	12.8	-11.4	2.2	2.2	-
1955/56-1959/60 . . .	3.3	12.5	-9.3	4.6	5.3	-1.0
1960/61-1964/65 . . .	4.6	12.2	-7.6	4.6	8.9	-4.3
1965/66-1969/70 . . .	8.2	11.7	-3.5	5.3	8.2	-2.9
1970/71-1974/75 . . .	10.5	12.6	-2.1	5.7	10.4	-4.7
Coarse grains (average annual)						
1950/51-1954/55 . . .	0.5	8.7	-8.3	1.8	1.3	0.5
1955/56-1959/60 . . .	1.4	14.0	-12.7	2.0	1.6	0.4
1960/61-1964/65 . . .	3.5	20.2	-16.6	2.8	2.2	0.6
1965/66-1969/70 . . .	7.0	26.4	-19.4	2.4	2.8	-0.4
1970/71-1974/75 . . .	11.0	30.3	-19.3	2.0	8.3	-6.3

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United States of America, Department of Agriculture, World Grain Trade Statistics, September 1974; and Foreign Agricultural Circular, 22 December 1975 (Washington, D.C.).

Table 13. Developing countries: net imports a/ of cereals, 1960/61-1975/76

(Thousands of tons)

Region and item	Average annual 1960/61-1962/63	1969/70-1971/72	1972/73	1973/74	1974/75 b/	1975/76 c/
Developing countries						
Wheat	14 713	25 235	21 127	29 066	32 708	30 493
Coarse grains d/	-2 821	-5 410	-998	-2 959	2 056	-2 902
Rice e/	142	2 356	2 496	4 078	4 400	3 165
Western hemisphere						
Wheat	2 267	6 895	5 130	6 134	5 091	3 114
Coarse grains d/	-3 061	-6 865	-5 177	-6 634	-1 759	-6 524
Rice e/	6	-145	-177	-36	-210	-325
Africa f/						
Wheat	5 378	9 071	7 246	11 333	13 874	13 097
Coarse grains d/	382	1 288	847	2 179	2 853	3 117
Rice e/	491	736	1 047	1 909	2 215	2 310
South, South-East and East Asia						
Wheat	7 068	9 269	8 751	11 599	13 743	14 282
Coarse grains d/	-142	167	3 332	1 496	962	505
Rice e/	-355	1 765	1 626	2 205	2 395	1 180

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United States of America, Department of Agriculture, World Agricultural Situation (Washington, D.C.).

a/ Minus sign indicates net exports.

b/ Preliminary.

c/ Forecast.

d/ Barley, maize, oats, rye and sorghum.

e/ Milled basis.

f/ Including West Asia.

Table 14. International trade in beef and veal,[a] 1970-1974

(Thousands of tons)

Region and category		Imports[b] in 1970	1971	1972	1973	1974[c]
Developed market economies						
North America	Gross	926	876	1 004	1 021	830
	Net	853	800	934	939	775
Western Europe	Gross	1 411	1 317	1 714	1 860	1 306
	Net	750	604	1 044	1 095	253
Japan	Gross	36	63	87	194	84
	Net	36	63	87	194	84
Southern hemisphere[d]	Gross	26	30	20	37	34
	Net	-833	-846	-1 069	-1 208	-732
Centrally planned economies						
Eastern Europe and USSR	Gross	280	143	140	183	427
	Net	85	-32	-36	-42	177
Developing countries						
Western hemisphere	Gross	29	33	55	35	13
	Net	-1 144	-878	-1 258	-995	-663
Africa	Gross	30	34	40	28	28
	Net	-40	-41	-44	-63	-57
Asia and Pacific	Gross	82	87	58	60	68
	Net	77	84	55	56	64

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United States of America, Department of Agriculture, *Foreign Agriculture Circular*, various issues (Washington, D.C.).

a/ Carcass basis; excluding fat, offal and live animals.

b/ A minus sign indicates net exports.

c/ Preliminary; in some cases estimated on the basis of partner country trade data.

d/ Australia, New Zealand and South Africa.

Table 15. Developing countries: total imports and imports of food-stuffs, 1970-1974

(Billions of dollars)

Item	1970	1971	1972	1973	1974
Total imports, c.i.f.	56.2	63.3	71.4	97.9	155.8
Food-stuffs[a/]	7.36	8.10	9.20	13.95	21.90
Cereals[b/]	2.92	3.15	3.05	6.06	10.16

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics July 1975 and Food and Agriculture Organization of the United Nations, Trade Yearbook, 1974 (Rome).

a/ SITC 0-1, based on exports (f.o.b.) of trading partners.

b/ SITC 041-046, valued c.i.f.

Table 16. Food aid, 1965 and 1970-1974

(Millions of dollars)

Source	1965	1970	1971	1972	1973	1974
Bilateral	1 298	1 142	1 240	1 088	850	1 066
Grants	372	556	530	498	431	604
Grant-like contributions) . .	) 926	) 586	164	74	-	-
Loans) . .	)	)	546	516	420	461
Multilateral	14	138	188	262	279	(410)
Total	1 311	1 257	1 407	1 350	1 129	1 476

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1973 Review and 1974 Review (Paris); and Wor[ld] Food Programme, Annual Report, various years.

Table 17. Coal: output in major producers, 1950-1974

(Millions of tons)

ountry a/	Average annual output				
	1950-1954	1955-1959	1960-1964	1965-1969	1970-1974
nited States of America	460.5	433.5	410.2	498.1	531.9
SSR.	214.1	325.3	365.1	412.1	452.0
oland.	85.0	95.6	110.2	125.7	151.0
nited Kingdom.	225.9	221.3	197.3	173.6	132.1
ermany, Federal Republic of	138.2	149.0	142.9	120.4	108.9
ndia	35.7	43.4	59.7	69.0	76.5
outh Africa.	27.8	34.8	41.4	50.0	59.8
ustralia	18.6	20.2	23.7	34.4	50.6
rance.	53.2	56.5	52.3	46.4	30.4
zechoslovakia.	19.8	22.8	27.2	26.7	28.1
apan	48.3	47.5	52.6	47.9	27.6
epublic of Korea . . .	0.6	2.5	7.4	11.0	13.3

Source: Centre for Development Planning, Projections and Policies of the nited Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics nd Statistical Yearbook.

a/ Listed in descending order of 1970-1974 production.

Table 18. Changing structure of energy production and consumption, 1961-1973

(Percentage)

Item	Period	Developed market economies: Total	North America	Western Europe	Japan	Southern hemisphere	Centrally planned economies	Developing countries: Total	OPEC[a/]	Other
Average annual rate of increase in total energy consumption	1961-1965	5.3	5.1	5.3	9.1	6.0	6.0	6.1	4.3	6.5
	1965-1970	5.7	4.8	5.8	14.5	5.4	4.9	7.8	8.7	7.7
	1970-1973	4.2	3.6	4.4	7.5	5.3	5.0	7.4	12.2	6.3
Percentage of total energy consumption contributed by:										
Solid fuels	1961	39.1	23.4	62.3	52.9	73.5	74.7	26.1	3.1	31.2
	1965	33.9	23.2	49.2	37.0	69.2	67.3	25.1	2.4	29.7
	1970	26.1	20.3	32.6	26.0	62.6	59.0	19.8	1.5	23.7
	1973	22.7	19.7	25.1	18.9	60.0	55.0	17.0	1.5	20.0
Liquid fuels	1961	38.0	41.9	32.1	39.2	24.9	16.7	60.7	72.2	58.2
	1965	42.6	41.2	44.4	56.2	28.9	19.0	59.5	66.5	58.0
	1970	48.9	42.7	56.3	69.4	33.9	23.8	62.3	52.9	64.3
	1973	51.7	44.7	58.7	76.7	34.3	26.9	63.1	50.2	66.4
Natural and imported gas	1961	20.2	32.7	2.2	1.1	-	7.7	10.7	24.4	7.7
	1965	20.7	33.6	2.7	1.5	-	12.7	12.6	30.5	9.0
	1970	22.3	34.8	7.7	1.5	1.5	16.1	14.6	44.5	8.2
	1973	22.7	33.0	12.7	1.8	3.6	17.0	16.5	46.9	8.7
Hydronuclear and imported electricity	1961	2.7	2.1	3.5	6.7	1.6	0.9	2.4	0.3	2.9
	1965	2.8	2.1	3.7	5.1	1.9	1.1	2.8	0.6	3.3
	1970	2.7	2.2	3.4	3.1	2.0	1.1	3.3	1.2	3.8
	1973	2.9	2.6	3.5	2.6	2.1	1.1	3.4	1.4	3.9
Average annual increase in production of:										
Total energy	1961-1965	3.5	4.7	0.6	-1.6	5.8	6.1	10.0	11.1	6.2
	1965-1970	4.6	6.2	-0.3	-2.4	7.2	5.2	12.5	13.0	10.5
	1970-1973	1.5	0.9	3.2	-11.3	9.5	4.9	8.9	10.1	2.9

Table 18 (continued)

Item	Period	Developed market economies					Centrally planned economies	Developing countries		
		Total	North America	Western Europe	Japan	Southern hemisphere		Total	OPEC[a]	Other
Petroleum	1961-1965	2.9	2.7	7.1	0.4	163.7	9.6	10.5	11.1	5.4
	1965-1970	9.0	8.9	3.3	6.6	96.4	10.4	13.3	12.9	15.6
	1970-1973	1.2	1.4	0.3	-1.1	33.6	8.4	8.9	9.8	2.0
Percentage ratio of production to consumption:										
Total energy	1961	81.7	92.4	66.0	53.8	80.2	104.9	264	1 119	73
	1965	76.1	91.1	55.1	35.6	79.6	105.4	305	1 442	72
	1970	72.5	97.2	44.1	16.0	91.3	106.9	378	1 749	68
	1973	66.9	89.8	39.7	9.0	102.7	106.4	394	1 655	75
Petroleum	1961	54.1	78.8	8.1	1.8	-	119.0	371	1 512	56
	1965	44.0	73.3	6.2	0.9	1.3	119.6	445	2 115	54
	1970	44.5	85.6	4.4	0.5	27.0	123.1	546	3 214	69
	1973	38.5	74.8	3.7	0.4	54.4	120.0	562	3 169	62

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, World Energy Supplies, Statistical Papers Series J.

a/ Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela. (The Neutral Zone, jointly shared by Kuwait and Saudi Arabia, has also been included.)

Table 19. Petroleum in world energy supplies, 1950-1973

(Millions of tons)

Item	1950	1960	1970	1973
Production of primary energy (in coal-equivalent):				
Total	2 658	4 482	7 393	8 485
Coal	1 581	2 191	2 398	2 440
Petroleum	795	1 607	3 456	4 217
Natural gas	247	597	1 382	1 639
Other	36	86	157	189
Exports of crude petroleum:				
Total	254	382	1 165	1 575
Developed market economies	9	13	35	62
Centrally planned economies	3	19	67	87
Developing countries	243	351	1 063	1 426
OPEC	227	335	982	1 343

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on World Energy Supplies, 1970-1973 (United Nations publication, Sales No. E.75.XVII.13).

Table 20. Selected countries: profiles of commercial energy consumption, 1973

Country	Annual energy consumption (coal-equivalent) Kilos per dollar of GDP	Kilos per capita	Consumption of liquid fuel as percentage of total energy consumption	Net imports of petroleum a/ as percentage of total imports	Net imports of energy b/ as percentage of total energy consumption
Developed market economies					
Australia	1.1	6 064	47	2.6	-25
Austria	1.0	3 968	55	4.9	66
Belgium-Luxembourg	1.6	7 035	54	3.1	92
Canada	1.8	9 921	50	-2.4	-30
Cyprus	1.3	1 892	100	5.5	104
Denmark	1.0	5 642	88	8.4	103
Finland	1.3	5 007	76	9.7	104
France	0.9	4 491	69	8.9	88
Germany, Federal Republic of	1.1	5 993	54	9.3	56
Greece	1.1	2 066	72	5.8	86
Iceland	1.1	5 208	75	7.9	75
Ireland	1.6	3 472	67	5.2	77
Italy	1.2	3 103	76	8.6	89
Japan	1.0	3 932	77	10.5	100
Netherlands	1.4	6 260	36	2.3	-4
New Zealand	0.8	3 345	59	6.7	55
Norway	1.0	5 028	52	5.2	49
Portugal	0.9	1 176	83	4.7	73
South Africa	2.7	2 715	17	4.5	20
Spain	1.2	2 021	68	9.4	78
Sweden	1.0	5 973	79	9.6	86
Switzerland	0.6	3 951	82	6.9	84
Turkey	1.1	619	71	8.4	53
United Kingdom	1.8	5 588	44	8.5	50
United States of America	1.9	11 897	44	10.2	17
Yugoslavia	1.8	1 744	39	6.2	42
Centrally planned economies					
Albania	...	674	59	...	-13
Bulgaria	2.9	4 250	43	...	63
Czechoslovakia	3.1	6 817	18	5.1	24
German Democratic Republic	2.9	6 375	16	...	30
Hungary	2.1	3 502	32	4.2	36
Poland	3.1	4 596	10	4.5	-13
Romania	4.0	3 493	26	...	4
USSR	3.2	5 058	36	-11.8	-13
Developing countries					
Petroleum-exporting countries:					
Algeria c/	1.0	489	52	-35.5	-931
Angola	0.4	197	91	-21.5	-928
Bolivia	1.3	269	77	-8.6	-300
Colombia	1.3	644	57	-6.0	-31
Ecuador c/	0.9	359	89	-46.6	-556
Egypt	1.1	286	73	-8.3	-23
Gabon c/	0.9	984	89	-32.5	-2 009
Indonesia c/	0.9	155	64	-48.8	-437
Iran c/	1.1	1 050	52	-86.1	-1 289
Iraq c/	1.1	701	78	-96.2	-1 909

Table 20 (continued)

Country	Annual energy consumption (coal-equivalent) Kilos per dollar of GDP	Kilos per capita	Consumption of liquid fuel as percentage of total energy consumption	Net imports of petroleum a/ as percentage of total imports	Net imports of energy b/ as percentage of total energy consumption
Developing countries (continued)					
Petroleum-exporting countries: (continued)					
Kuwait c/	1.5	12 314	36	-91.0	-1 858
Libyan Arab Republic c/	1.5	5 057	15	-97.5	-1 388
Nigeria c/	0.3	63	80	-83.2	-3 688
Qatar c/	1.8	26 817	9	-94.4	-1 746
Saudi Arabia c/	0.4	1 218	59	-99.0	-5 238
Syrian Arab Republic	1.2	435	100	-13.9	-153
Trinidad and Tobago	3.6	4 304	55	-23.2	-238
Tunisia	0.8	364	87	-21.9	-176
United Arab Emirates c/	0.8	14 325	11	-100.0	-3 643
Venezuela c/	1.7	2 705	47	-89.3	-813
Other developing countries: d/					
Afghanistan	0.9	71	45	...	-237
Argentina	1.2	1 913	73	4.9	16
Bahamas	3.5	7 883	100	4.4	395
Bangladesh	0.3	32	39	...	58
Brazil	0.8	625	80	12.9	74
Burma	0.7	62	87	5.2	26
Chile	1.1	1 363	51	5.9	40
Costa Rica	0.7	549	86	3.4	88
Dominican Republic	0.8	407	99	3.1	108
Ghana	0.6	175	72	8.1	60
Guatemala	0.6	277	97	4.3	95
Hong Kong	0.7	1 040	100	2.4	100
India	1.5	192	25	8.8	21
Israel	1.0	2 976	99	7.0	4
Ivory Coast	0.6	368	99	3.5	106
Jamaica	2.0	1 706	99	9.3	84
Kenya	0.9	167	92	4.6	88
Lebanon	1.1	1 075	98	4.2	110
Malaysia	0.7	527	94	1.8	104
Mexico	1.3	1 173	65	4.5	16
Morocco	0.8	250	80	5.6	85
Mozambique	0.4	158	55	1.5	77
New Caledonia	2.0	10 366	90	...	98
Pakistan	1.5	184	40	6.9	38
Panama	1.0	909	99	13.3	42
Peru	1.0	644	84	3.7	30
Philippines	1.2	304	98	13.0	103
Republic of Korea	2.4	910	53	6.3	60
Singapore	1.5	2 834	100	-1.6	177
Southern Rhodesia	1.6	716	20	...	11
Sri Lanka	0.7	147	94	7.3	106
Sudan	0.8	123	99	5.1	88
Surinam	3.0	2 912	85	...	88
Thailand	1.4	319	97	10.2	95
United Republic of Tanzania	0.6	81	96	8.0	104
Uruguay	1.1	1 016	93	12.7	86
Zaire	0.7	92	58	8.2	69
Zambia	1.1	506	33	7.1	43

(Source and foot-notes on following page)

(Source and foot-notes to table 20)

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, World Energy Supplies; Yearbook of International Trade Statistics and Yearbook of National Accounts Statistics, and national sources.

a/ A minus sign indicates net exports (expressed as a percentage of total exports); the figures for South Africa and USSR are for 1972, that for Qatar, 1970.

b/ A minus sign indicates net exports.

c/ Members of OPEC.

d/ Countries consuming over 1 million tons of coal-equivalent in 1973.

Table 21. Estimated petroleum reserves of members of OPEC

Country	Estimated reserves (billions of barrels)		Ratio of production to reserves	
	1973	1975	1973	1975
Algeria	9.3	7.4	4.1	4.7
Ecuador	1.5	2.5	4.3	2.7
Gabon	0.8	2.2	9.9	3.7
Indonesia	11.5	14.0	4.3	3.6
Iran	68.0	64.5	3.2	3.4
Iraq	35.7	34.3	2.1	2.7
Kuwait	73.0	71.2	1.4	1.1
Libyan Arab Republic	23.2	26.1	3.4	2.0
Nigeria	18.3	20.2	4.1	3.6
Qatar	5.6	5.9	3.7	2.7
Saudi Arabia	96.9	151.8	2.8	1.8
United Arab Emirates	20.7	32.2	2.7	2.1
Venezuela	13.8	17.7	8.9	5.6
Total and average	378.3	450.0	2.9	2.0

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Gulf Publishing Company, World Oil, 15 August and 27 December 1975 (Tulsa, Oklahoma).

Table 22. Selected countries: production of petroleum, natural gas and coal, 1973-1975

Country	Petroleum[a] (millions of tons)			Natural gas (billions of cubic metres)			Coal (millions of tons)		
	1973	1974	1975[b]	1973	1974	1975[b]	1973	1974	1975[b]
Developed market economies									
Australia	18.2	19.0	19.2	3.7	4.4	4.7	54.6	59.8	62.5
Austria	2.6	2.2	2.0	2.3	2.2	2.4	-	-	...
Belgium-Luxembourg	-	-	-	0.1	0.1	(0.1)	8.8	8.1	7.5
Canada	100.1	94.3	80.0	75.1	73.3	74.2	16.8	17.4	25.7
France	1.3	1.1	1.0	7.5	7.6	7.4	26.4	24.0	23.2
Germany, Federal Republic of	6.6	6.2	5.8	19.0	19.8	18.6	103.0	100.9	98.5
Italy	1.0	1.0	1.0	15.3	15.3	14.9	-	-	-
Japan	0.7	0.7	0.6	2.9	2.8	2.7	22.4	20.3	19.1
Netherlands	1.4	1.5	1.5	70.8	83.7	90.2	1.7	0.8	(0.8)
New Zealand	-	-	-	0.3	0.3	0.3	0.4	0.4	0.4
Norway	1.6	1.7	9.4	-	-	...	0.4	0.4	0.4
South Africa	-	-	-	-	-	-	62.4	65.0	69.9
Spain	0.8	1.8	1.9	-	-	...	10.0	10.2	10.5
Turkey	3.6	3.4	3.2	-	-	...	4.6	5.0	4.8
United Kingdom	0.1	0.1	1.1	28.8	34.8	35.2	132.0	110.3	131.9
United States of America	514.3	491.7	468.5	615.4	586.5	563.3	530.2	539.1	584.8
Yugoslavia	3.4	3.5	3.7	1.3	1.5	1.5	0.6	0.6	0.6
Total, above	655.7	628.2	598.9	842.5	832.3	815.5	974.3	962.3	1 040.6
Centrally planned economies									
Albania	2.1	2.2	2.3	0.1	(0.1)	(0.1)	...	...	...
Bulgaria	0.2	0.1	0.1	0.2	0.2	(0.2)	0.3	0.3	0.3
Czechoslovakia	0.2	0.1	0.2	0.7	0.7	(0.7)	27.8	28.0	28.2
German Democratic Republic	0.2	0.2	0.2	...	...	...	0.8	0.6	0.6
Hungary	2.0	2.0	2.0	4.8	5.1	5.1	3.4	3.7	3.0
Poland	0.4	0.5	0.5	6.0	5.7	5.7	156.6	162.0	172.0
Romania	14.3	14.5	14.6	28.0	24.2	24.0	7.2	7.1	7.0
USSR	427.2	459.0	490.0	236.3	260.6	288.4	461.2	473.4	482.0
Total, above	446.6	478.6	509.9	276.1	296.6	324.2	657.3	675.1	693.1

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics; The Petroleum Economist (London), and national sources.

a/ Mostly including natural gas liquids.

b/ Data for 1975 are preliminary; figures in parentheses are estimates.

Table 23. Crude petroleum: changing structure of production, 1955-1975

Country and group	1955	1960	1970	1971	1972	1973	1974	1975
World production (millions of tons)	792 a/	1 073 a/	2 266	2 400	2 531	2 775	2 792	2 702 a/
Percentage contributed by:								
Developed market economies	48.0	37.9	24.9	23.7	23.0	21.0	20.0	22.2
Centrally planned economies	10.7	15.6	17.3	17.5	17.7	18.0	19.5	21.8
Developing countries	41.3	46.5	57.8	58.8	59.3	61.0	60.5	56.1
United States of America	44.5	33.9	21.0	19.4	18.5	16.4	15.5	17.3
USSR	8.9	13.9	15.6	15.7	15.8	15.5	16.4	18.1
OPEC b/	36.2	41.0	51.4	52.6	53.3	55.5	54.8	49.7
In Latin America	14.7	14.0	8.6	7.7	6.8	6.7	5.9	4.9
Venezuela	14.6	14.0	8.6	7.7	6.7	6.3	5.6	4.6
In Africa	-	1.0	11.8	10.5	10.0	9.5	8.7	7.9
Algeria	-	0.8	2.1	1.5	1.9	1.8	1.7	1.6
Libyan Arab Republic	-	-	7.0	5.5	4.2	3.8	2.6	2.6
Nigeria	-	0.1	2.4	3.2	3.6	3.7	4.0	3.3
In the Far East	1.5	2.0	1.9	1.8	2.1	2.4	2.4	2.3
In West Asia	20.1	24.2	29.2	32.6	34.4	36.9	37.7	34.6
Iran	2.1	4.9	8.4	9.4	10.0	10.6	10.8	10.0
Iraq	4.3	4.4	3.4	3.5	2.8	3.6	3.5	4.1
Kuwait c/	7.1	8.0	6.6	6.7	6.5	5.5	4.6	3.9
Saudi Arabia c/	6.0	6.1	8.3	9.9	11.8	13.6	15.1	13.0
United Arab Emirates	-	-	1.7	2.1	2.3	2.7	2.9	2.9
Other producers:								
Developed market economies	3.5	4.0	3.9	4.2	4.5	4.6	4.5	4.8
Centrally planned economies	1.8	1.8	1.7	1.8	1.9	2.5	3.0	3.6
Developing countries	5.1	5.4	6.4	6.2	5.9	5.6	5.7	6.4
Arab petroleum-producing countries d/	18.5	20.6	31.0	31.2	31.4	32.5	31.9	29.9
Oil economies e/	14.0	15.1	25.3	25.9	26.5	27.2	26.8	23.9
Other major developing country petroleum exporters f/	22.5	26.2	27.0	27.4	27.5	29.0	28.7	26.5

(Source and foot-notes on following page)

(Source and foot-notes to table 23)

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, World Energy Supplies, Statistical Papers, Series J; data from the Statistical Office of the United Nations; and The Petroleum Economist (London).

a/ Including natural gas liquids.

b/ Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

c/ Including half of the production in the Neutral Zone, jointly shared by Kuwait and Saudi Arabia.

d/ Algeria, Bahrain, Egypt, Iraq, Kuwait, Libyan Arab Republic, Qatar, Saudi Arabia, Syrian Arab Republic and United Arab Emirates.

e/ Bahrain, Kuwait, Libyan Arab Republic, Oman, Qatar, Saudi Arabia and United Arab Emirates.

f/ Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Nigeria and Venezuela.

Table 24. OPEC: crude petroleum exports, 1970-1975
(Millions of tons)

Country	1970	1971	1972	1973	1974	1975[a/]
Algeria	45	34	46	45	42	37
Ecuador	-	-	4	10	8	7
Gabon	5	5	5	6	9	10
Indonesia	30	33	41	49	51	44
Iran.	165	199	225	264	268	231
Iraq.	73	79	68	95	89	104
Kuwait.	129	140	147	133	111	89
Libyan Arab Republic. .	159	131	107	105	72	67
Nigeria	51	72	88	99	108	85
Qatar	17	21	23	27	25	21
Saudi Arabia.	160	210	271	349	393	327
United Arab Emirates. .	38	51	58	74	81	79
Venezuela	128	121	112	111	93	80
OPEC, total. . . .	1 000	1 096	1 197	1 367	1 349	1 181

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data from the United Nations Statistical Office; and International Monetary Fund, International Financial Statistics (Washington, D.C.)

a/ Preliminary.

Table 25. Major developed market economies: balance of trade, a/ 1970-1975

Country and item	1970	1971	1972	1973	1974	1975 b/
France						
Billions of dollars	1.15	1.85	1.94	1.35	-3.41	3.40
Percentage of gross domestic product	0.81	1.16	1.00	0.54	-1.27	0.97
Germany, Federal Republic of						
Billions of dollars	3.21	3.45	5.40	10.35	16.16	10.79
Percentage of gross domestic product	1.71	1.57	2.06	2.94	4.16	2.60
Italy						
Billions of dollars	0.81	2.20	2.49	-1.97	-7.30	-0.60
Percentage of gross domestic product	0.87	2.16	2.12	-1.42	-4.89	-0.35
Japan						
Billions of dollars	2.18	6.08	7.09	0.18	-4.37	-0.68
Percentage of gross domestic product	1.11	2.64	2.37	0.04	-0.96	-0.13
United Kingdom						
Billions of dollars	2.27	3.09	1.01	-0.91	-7.61	-0.39
Percentage of gross comestic product	1.88	2.25	0.65	-0.53	-4.05	-0.17
United States of America						
Billions of dollars	3.12	-0.08	-5.74	4.41	4.04	10.81
Percentage of gross domestic product	0.32	-0.01	-0.49	0.34	0.29	0.74

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, International Financial Statistics (Washington, D.C.), and national sources.

a/ Goods and services account.

b/ Preliminary.

Table 26. World trade, by country group, 1970-1975

Country group	Value f.o.b., 1970 (billions of dollars)	Exports (percentage change from preceding year) 1971	1972	1973	1974	1975[a]	Value c.i.f., 1970 (billions of dollars)	Imports (percentage change from preceding year) 1971	1972	1973	1974	1975[a]
Market economies	280.2	12.2	18.9	39.4	48.4	2.0	294.4	11.9	17.0	37.9	46.1	3.8
Developed market economies	226.2	11.9	18.8	36.8	33.1	6.0	238.2	11.4	18.4	37.6	42.4	0.5
North America	60.0	4.2	13.5	37.9	35.8	6.3	56.8	14.4	21.6	24.7	44.8	-1.8
Western Europe	138.7	13.8	20.6	37.1	30.6	6.9	152.4	11.4	18.3	39.6	38.0	2.9
Japan	19.3	24.4	19.0	29.4	50.3	0.4	18.9	4.4	19.0	68.4	61.9	-6.8
Southern hemisphere	8.2	7.3	24.7	43.5	17.4	4.5	10.1	7.9	-3.0	41.7	59.2	-4.7
Developing countries	54.0	13.7	19.2	50.0	105.7	-7.7	56.3	14.0	11.6	39.1	62.4	16.2
Petroleum-exporting countries	18.3	32.3	18.6	56.4	202.7	-11.2	11.0	18.2	19.2	41.9	71.4	49.9
Others	35.7	4.2	19.6	45.8	38.6	-2.3	45.3	13.0	9.7	38.3	59.9	6.0
Western hemisphere	15.9	4.0	14.8	45.3	60.9	-1.4	17.7	13.0	10.7	32.6	72.1	6.6
Petroleum-exporting countries	3.3	16.5	4.8	48.3	130.1	-12.7	2.8	18.0	5.3	18.9	69.0	1.7
Others	12.6	0.7	17.9	44.5	41.6	3.6	14.9	12.1	11.8	35.2	72.6	7.4
Africa	12.7	3.7	10.9	48.2	83.0	-12.6	11.1	17.5	6.5	32.3	57.0	34.3
Petroleum-exporting countries	4.7	16.9	7.9	61.2	139.8	-16.0	3.0	20.6	17.2	44.2	64.9	57.5
Others	8.0	-4.2	13.1	39.2	37.4	-7.8	8.1	16.3	2.5	27.2	53.2	22.1
South and East Asia	15.0	10.9	25.0	55.2	47.2	-6.4	19.9	12.0	12.1	44.1	55.1	2.0
Petroleum-exporting countries	1.2	11.3	45.6	83.9	138.3	-10.0	1.1	15.4	33.1	67.0	41.9	32.0
Others	13.8	10.8	23.3	52.1	36.1	-5.6	18.9	11.8	10.9	42.2	56.3	-0.3
West Asia	10.4	44.5	24.3	51.1	234.3	-9.2	7.5	15.9	20.8	48.5	67.9	45.0
Petroleum-exporting countries	9.0	49.5	23.6	53.8	252.4	-9.8	4.1	17.7	27.4	45.1	86.2	69.9
Others	1.4	14.4	26.3	27.2	46.7	6.4	3.4	13.7	12.5	53.4	43.5	1.6
Centrally planned economies[b]	30.9	9.1	18.4	31.3	24.6	19.1	30.2	8.3	23.2	32.0	26.7	29.7
World	311.1	11.9	18.8	38.6	46.1	3.2	324.6	11.6	17.5	37.4	44.4	5.9

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, International Financial Statistics (Washington, D.C.), and national sources.

a/ Preliminary.

b/ Eastern Europe and USSR.

Table 27. Market economies: changes in trade balance and international reserves, by region, 1970-1975

Region	Balance of trade, exports f.o.b. minus imports c.i.f. (billions of dollars)						International reserves end 1970 (billions of SDR)	Percentage change in international reserves				
	1970	1971	1972	1973	1974	1975[a]		1971	1972	1973	1974	1975[a]
Market economies	-14.2	-15.0	-11.6	-10.6	-3.7	-17.9	93.2	29.9	20.9	3.9	18.4	7.9
Developed market economies	-12.0	-12.2	-13.1	-20.8	-67.8	-38.5	74.5	33.0	18.2	-1.0	-0.5	3.5
North America	3.2	-2.5	-8.1	-0.7	-9.8	1.0	19.2	-9.2	1.6	-5.6	7.0	1.4
Western Europe	-13.6	-11.9	-10.5	-19.3	-46.0	-33.9	47.6	33.3	18.1	10.2	-1.3	5.9
Japan	0.4	4.3	5.1	-1.4	-6.5	-2.0	4.8	192.3	19.6	-40.0	8.8	-0.9
Southern hemisphere	-2.0	-2.2	0.3	0.7	-5.5	-3.5	3.0	40.6	82.8	-14.8	-23.6	-15.5
Developing countries	-2.3	-2.8	1.6	10.2	64.1	20.6	18.7	17.9	33.5	23.8	78.4	15.6
Petroleum-exporting countries	7.3	11.2	13.2	22.9	98.2	64.2	5.2	53.3	29.0	19.8	216.7	26.4
Others	-9.6	-14.0	-11.6	-12.7	-34.1	-43.7	13.4	4.1	36.0	25.9	7.0	-1.0
Western hemisphere	-1.8	-3.5	-3.2	-1.8	-6.1	-10.1	5.4	8.7	53.1	31.6	25.3	7.5
Petroleum-exporting countries	0.5	0.6	0.6	1.9	6.8	5.0	1.1	33.0	16.7	25.7	164.8	42.7
Others	-2.3	-4.0	-3.7	-3.6	-13.0	-15.1	4.3	2.2	65.7	33.0	-7.0	-15.7
Africa	1.6	0.2	0.7	3.3	10.8	-4.0	4.3	19.5	8.3	22.8	105.0	-9.0
Petroleum-exporting countries	1.8	2.0	1.8	3.6	13.2	3.8	2.2	54.3	5.2	-8.0	173.7	-10.0
Others	-0.2	-1.8	-1.1	-0.3	-2.4	-7.8	2.1	-16.2	14.3	21.6	8.0	-5.7
South and East Asia	-4.9	-5.6	-4.2	-3.7	-8.3	-12.5	6.0	7.8	25.3	17.0	23.4	0.1
Petroleum-exporting countries	0.1	0.1	0.3	0.7	4.5	2.4	0.2	7.5	207.6	26.5	82.2	-58.9
Others	-5.0	-5.7	-4.5	-4.5	-12.8	-14.8	5.8	7.8	20.3	16.4	19.0	6.9
West Asia	2.8	6.2	8.1	12.4	67.7	47.2	3.0	53.1	47.9	38.6	185.8	37.7
Petroleum-exporting countries	4.9	8.6	10.5	16.7	73.6	53.1	1.8	69.5	51.9	38.4	269.5	40.9
Others	-2.1	-2.3	-2.4	-4.2	-6.0	-5.9	1.2	29.3	40.4	39.1	15.9	16.8

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, International Financial Statistics (Washington, D.C.).

a/ Preliminary.

Table 28. Developed market economies: distribution of trade balance, 1970-1975

(Billions of SDR)

Item and region	1970	1971	1972	1973	1974	1975[a/]
Exports[b/]						
Total	224	250	274	341	451	482
To: Developed market economies	172	192	212	262	331	334
Centrally planned economies	8	9	11	15	22	29
Developing countries . .	42	47	49	62	95	118
OPEC	8	9	11	14	24	42
Others	34	38	38	48	69	76
Imports[b/]						
Total	230	255	278	351	493	497
From: Developed market economies	176	195	215	264	334	344
Centrally planned economies	7	8	9	12	18	18
Developing countries . .	45	50	52	72	138	131
OPEC	15	19	21	29	77	74
Others	30	31	31	43	61	57
Balance[b/]						
Over-all	-5.9	-5.1	-3.5	-9.8	-42.0	-15.1
With: Developed market economies	-3.4	-2.3	-2.3	-2.3	-2.8	-10.7
Centrally planned economies	1.0	0.6	1.7	3.0	4.6	10.1
Developing countries . .	-3.4	-3.2	-2.7	-10.5	-43.3	-12.8
OPEC	-7.6	-10.2	-10.5	-15.2	-52.8	-31.9
Others	4.1	7.0	7.9	4.8	9.5	19.1

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund/International Bank for Reconstruction and Development, Direction of Trade (Washington, D.C.), and data supplied by the Statistical Office of the United Nations.

a/ Preliminary, partly estimated.

b/ Exports, f.o.b. minus imports, c.i.f. These figures, referring to trade with identified partner countries, differ slightly from the figures for total trade presented in other tables in this Survey.

Table 29. Developing countries: changes in international reserves, 1970-1975

Group and country[a/]	International reserves,[b/] end 1970 (millions of dollars)	Change in (millions of dollars) 1971	1972	1973	1974	1975	Ratio of reserves[b/] to imports[c/] (percentage) 1970	1975[d/]
Developing countries	17 799	5 149	7 267	11 515	34 999	7 476	39.8	49.2
Petroleum exporters[f/]	5 098	3 469	2 519	3 627	32 716	9 341	53.1	102.1
Other	12 701	1 680	5 110	7 888	2 283	-1 865	37.2	23.9
Western hemisphere	5 419	976	3 408	4 536	3 885	464	34.6	35.9
Petroleum exporters[g/]	1 147	508	278	767	4 553	2 645	40.8	125.7
Ecuador	83	-19	79	98	109	-64	30.5	27.8
Trinidad and Tobago	43	26	-11	-11	343	361	7.9	55.0
Venezuela	1 021	501	210	680	4 101	2 345	51.2	161.7
Other	4 272	468	3 130	3 769	-668	-2 181	33.3	19.9
Argentina	673	-383	175	858	-8	-870	39.7	8.7
Bahamas	22	8	8	6	7	8	6.4	2.6
Barbados	17	2	9	4	7	-	14.7	18.0
Bolivia	46	9	6	13	122	-38	28.6	34.7
Brazil	1 187	559	2 437	2 233	-1 165	-1 061	41.7	30.9
Chile	389	-167	-73	31	-78	7	41.7	5.7
Colombia	206	-3	122	209	-85	74	24.4	30.1
Costa Rica	16	13	13	8	-6	7	5.1	6.3
Dominican Republic	32	24	3	29	3	25	10.5	13.2
El Salvador	63	2	18	-21	37	29	29.4	19.4
Guatemala	78	15	41	77	-10	102	27.5	36.1
Guyana	20	6	11	-23	10	...	15.2	9.6[h/]
Haiti	4	6	8	-1	3	-9	8.2	6.8
Honduras	20	2	13	7	3	53	9.2	25.5
Jamaica	139	40	-19	-32	63	-65	26.7	11.3
Mexico	744	208	212	191	40	16	30.2	21.2
Netherlands Antilles	42	14	15	-	13	9	4.5	2.7
Nicaragua	49	10	22	36	-12	17	24.7	22.3
Panama	17	5	22	-1	-3	...	4.6	4.9[h/]
Paraguay	18	4	10	26	30	28	23.1	54.2
Peru	336	88	60	85	400	-435	55.7	19.1
Uruguay	175	6	17	34	-15	-39	75.9	35.3
Africa	4 216	1 275	449	835	7 370	-1 844	45.2	28.3
Petroleum exporters[i/]	2 166	1 460	190	84	7 132	-1 537	73.4	49.2
Algeria	339	167	-14	650	546	-336	27.0	17.4
Gabon	15	11	-2	25	54	43	18.4	40.5
Libyan Arab Republic	1 590	1 075	259	-798	-1 489	-1 421	286.7	42.8
Nigeria	222	207	-53	207	5 043	177	21.0	96.4
Others	2 050	-185	259	751	238	-307	32.2	11.7
Benin	16	9	4	5	2	-22	24.4	9.8
Burundi	15	2	1	3	-7	30	68.9	71.1
Central African Republic	1	-1	1	-	-	2	4.1	8.0
Chad	2	9	-1	-9	14	-12	3.7	3.3
Congo	9	2	-	-2	16	-11	15.1	11.9
Egypt	167	-18	-10	224	-7	-7	21.2	4.2
Ethiopia	71	-3	24	84	98	13	41.5	97.1
Gambia	8	3	2	3	12	1	45.1	49.2
Ghana	58	-10	60	82	-95	56	14.1	18.5
Ivory Coast	119	-29	-2	1	-23	-4	30.6	5.5

Table 29 (continued)

Group and country[a]	International reserves,[b] end 1970 (millions of dollars)	Change in (millions of dollars)					Ratio of reserves[b] to imports[e] (percentage)	
		1971	1972	1973	1974	1975[c/d]	1970	1975[d]
Developing countries (continued)								
Africa (continued)								
Others (continued)								
Kenya	220	-49	31	31	-40	-21	49.7	17.0
Madagascar	37	9	6	16	-19	-14	21.8	12.6
Malawi	29	3	4	31	15	-20	29.5	23.5
Mali	1	1	2	1	2	-2	1.9	1.7
Mauritania	3	5	6	29	62	-56	5.4	39.9
Mauritius	46	6	18	-3	64	35	61.1	46.8
Morocco	140	34	63	29	151	-40	20.4	13.3
Niger	19	15	8	9	-5	-3	32.2	28.1
Rwanda	8	-	-1	9	-2	10	27.0	26.1
Senegal	22	7	9	-27	-6	33	11.3	7.2
Sierra Leone	39	-1	8	5	3	-26	33.8	15.9
Somalia	21	6	5	4	7	26	46.8	46.4
Sudan	22	6	8	26	63	-88	7.5	3.6
Togo	35	5	-4	1	17	-10	54.8	27.5
Tunisia	60	88	75	84	111	-33	19.5	24.3
United Republic of Cameroon	81	-7	-30	8	-27	-53	33.4	3.4
United Republic of Tanzania	65	-5	59	25	-94	15	20.4	7.5
Upper Volta	36	7	5	14	22	-11	73.3	50.4
Zaire	186	-40	33	56	-94	-82	35.7	4.2
Zambia	514	-230	-119	28	-21	27	93.1	12.6
West Asia	2 828	1 959	2 342	3 720	20 927	9 502	39.2	114.3
Petroleum exporters	1 624	1 474	1 662	2 543	20 346	9 139	42.4	149.4
Bahrain	71	24	-3	-19	68	154	27.0	25.1
Iran	208	413	339	276	7 147	314	12.5	75.8
Iraq	462	138	181	772	1 720	-546	90.9	119.9
Kuwait	203	84	75	138	898	255	32.5	69.3[h]
Oman	129	29	7	-48	109	...	348.7	31.6[h]
Qatar	18	4	7	47	-4	...	27.7	23.6
Saudi Arabia	662	782	1 056	1 377	10 408	9 034	93.1	338.4
Others	1 204	485	680	1 177	581	363	35.5	39.1
Democratic Yemen	59	5	3	9	-8	3	29.5	11.5
Israel	449	288	485	592	-614	-17	21.6	19.6
Jordan	256	-2	17	43	37	136	138.6	77.5
Lebanon	386	161	128	187	812	-72	69.0	66.3
Syrian Arab Republic	55	33	47	346	354	313	15.3	63.4
South and East Asia	5 351	939	1 428	2 424	2 817	-646	44.3	30.6
Indonesia	160	27	387	233	685	-906	16.0	15.3
Others	5 191	912	1 041	2 191	2 132	260	46.9	32.2
Afghanistan	47	15	-6	5	7	48	41.4	51.1
Burma	94	-22	-20	48	91	-57	60.7	104.4
Fiji	27	12	30	5	36	11	26.3	44.2
India	1 006	200	-26	-38	183	48	47.3	21.8
Laos	6	2	-1	3	4	...	5.4	28.5[h]

Table 29 (continued)

Group and country a/	International reserves, b/ end 1970 (millions of dollars)	Change in (millions of dollars)					Ratio of reserves b/ to imports e/ (percentage)	
		1971	1972	1973	1974	1975 c/d/	1970	1975 d/
Developing countries (continued)								
South and East Asia (continued)								
Others (continued)								
Malaysia	664	154	163	361	276	-94	47.0	42.0
Nepal	95	13	-5	18	12	-25	112.2	87.3
Pakistan	190	-1	92	199	-19	-78	16.5	17.2
Philippines	251	131	169	487	466	-144	20.7	37.4
Republic of Korea . . .	610	-39	169	355	-39	494	30.7	21.5
Republic of South Viet-Nam	241	28	-3	-72	45	-38	64.6	32.6
Singapore	1 012	440	296	538	526	203	41.1	37.4
Sri Lanka	43	7	10	27	-9	-20	11.1	7.5
Thailand	906	-29	175	254	552	-73	70.1	55.5
Western Samoa	5	1	-2	1	1	-	38.4	18.8

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Financial Statistics* (Washington, D.C.), and national sources.

a/ The list represents all the countries for which relevant data are available.

b/ Gold, convertible foreign exchange, SDR and reserve position in the International Monetary Fund.

c/ 1975 data, end of March for Republic of South Viet-Nam; May for Brazil, Syrian Arab Republic; June for Haiti; September for Bahamas, Democratic Yemen, Fiji; October for Mexico, Peru, Lebanon, Gabon, Central African Republic, Congo, United Republic of Cameroon, Singapore; November for Argentina, Uruguay, Benin, Chad, Egypt, Ivory Coast, Mali, Niger, Rwanda, Senegal, Togo and Upper Volta.

d/ Preliminary.

e/ Valued c.i.f. 1974 data: imports for Chile, Netherlands Antilles, Gabon, Central African Republic, Mauritania, Upper Volta, Zaire, Indonesia, Afghanistan, Fiji, Republic of South Viet-Nam, Iraq, Benin, Congo, Madagascar, Somalia, Nepal and Lebanon.

f/ Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, Trinidad and Tobago and Venezuela.

g/ Ecuador, Trinidad and Tobago and Venezuela.

h/ 1974.

i/ Algeria, Gabon, Libyan Arab Republic and Nigeria.

Table 30. Net flow of resources to the developing countries from the developed market economies and the international agencies, 1970-1974

(Millions of dollars)

Source	1970	1971	1972	1973	1974
Grants	4 454	4 940	5 806	6 276	7 207
Bilateral	4 037	4 425	5 261	5 673	6 511
Official	3 179	3 514	4 225	4 308	5 289
Private[a/]	858	911	1 036	1 365	1 222
Multilateral	417	515	545	603	696
Loans	6 630	7 993	7 452	10 047	11 939
Bilateral	5 638	6 668	6 457	8 887	10 657
Official	3 103	3 584	3 320	4 557	5 081
Private	2 535	3 084	3 137	4 330	5 576
Multilateral	992	1 325	995	1 160	1 282
Direct investment	3 249	3 417	4 089	6 199	5 867
Total	14 333	16 350	17 347	22 522	25 013

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1974 Review and 1975 Review (Paris).

a/ Grants by voluntary agencies to developing countries and to the less developed countries in Europe.

Table 31. Organization of Petroleum Exporting Countries: financial flows to developing countries and multilateral lending organizations, 1973-1975

Country	Total disbursements					Concessional disbursements				
	Millions of dollars			As percentage of gross national product		Millions of dollars			As percentage of gross national product	
	1973	1974	1975, first half	1973	1974	1973	1974	1975, first half	1973	1974
Algeria	25	26	...	0.3	0.2	22	26	-	0.3	0.2
Iran	5	1 127	294	-	3	2	381	126	-	0.9
Iraq	4	468	14	0.1	4	4	468	14	0.1	4
Kuwait	531	1 203	1 520	7	6	339	649	667	5	3
Libyan Arab Republic . . .	425	206	188	7	2	235	164	126	4	1
Nigeria	7	130	272	-	0.6	6	10	-	-	-
Qatar	94	235	166	16	12	94	224	166	16	11
Saudi Arabia . .	306	2 209	1 021	3	6	291	968	220	3	3
United Arab Emirates . . .	85	655	280	4	9	83	498	245	3	3
Venezuela	1	759	484	-	4	1	46	23	-	0.3
Total . . .	1 483	7 017	4 237	1.6	3.8	1 077	3 433	1 586	1.1	1.9
Amount going to multilateral agencies . .	303	3 668	2 026			9	416	210		
IMF oil facility . .	-	1 808	1 041			-	-	-		

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data compiled by the secretariat of the United Nations Conference on Trade and Development.

Table 32. Developing countries: use of international bond and Euro-currency credit markets, 1970-1975

(Millions of dollars)

Country group and source of credit	1970	1971	1972	1973	1974	1975
All developing countries						
Bonds	342	322	779	1 049	747	604
Euro-credits	-	985	3 027	7 906	7 319	10 002
Petroleum exporters a/						
Bonds	17	-	85	124	62	68
Euro-credits	-	432	1 070	3 063	773	3 137
Other developing countries						
Bonds	325	322	694	923	685	536
Euro-credits	-	553	1 957	4 843	6 546	6 865
High-income countries b/						
Bonds	325	309	615	792	649	472
Euro-credits	-	428	1 718	3 929	4 627	5 859
Middle-income countries c/						
Bonds	-	12	50	62	36	57
Euro-credits	-	62	91	598	1 629	935
Low-income countries d/						
Bonds	-	1	30	69	-	9
Euro-credits	-	63	148	317	291	71

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on information furnished by the International Bank for Reconstruction and Development.

a/ Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Nigeria, Oman, Saudi Arabia, United Arab Emirates and Venezuela.

b/ Argentina, Bahamas, Brazil, Colombia, Costa Rica, Dominican Republic, Guyana, Israel, Jamaica, Lebanon, Malaysia, Mexico, Nicaragua, Panama, Peru, Trinidad and Tobago, Uruguay and Zambia.

c/ Bolivia, Egypt, El Salvador, Ivory Coast, Morocco, Philippines, Republic of Korea, Senegal, Thailand and United Republic of Cameroon.

d/ Guinea, Haiti, India, Kenya, Malawi, Mauritania, Pakistan, Sudan, Swaziland and Zaire.

Table 33. Developing countries: international borrowing, external public debt, 1971-1975

Country	Borrowing, 1971-1973: International bonds (millions of dollars)	Borrowing, 1971-1973: Euro-currency credits (millions of dollars)	External public debt[a]: Amount outstanding, end 1973: Millions of dollars	External public debt[a]: Amount outstanding, end 1973: As percentage of 1973 exports of goods and services	External public debt[a]: Ratio of 1973 service payments to 1973 exports of goods and services (percentage)	Borrowing in 1974 from: Developed market economies bilateral (millions of dollars)	Borrowing in 1974 from: International organizations (millions of dollars)	Borrowing in 1974-1975: International bonds (millions of dollars)	Borrowing in 1974-1975: Euro-currency credits (millions of dollars)
Developing countries, total	2 199	11 996	76 996	88.6	11.1	18 126	4 296	1 425	17 385
Developing countries, using the international bond and Euro-currency markets	2 199	11 996	67 120	83.6	12.9	9 660	3 201	1 425	17 385
Petroleum exporters . . .	209	4 565	15 562	49.8	11.0	2 230	314	129	3 909
Algeria	96	1 730	2 976	149.2	11.3	577	3	95	500
Bahrain	-	15	...	...	...	-7	-	-	-
Brunei	-	28	...	...	...	2	-	-	-
Ecuador	-	8	332	54.9	7.5	-7	27	-	55
Gabon	-	99	375	92.4	7.3	72	-2	15	97
Indonesia	-	576	4 953	129.0	7.1	754	111	18	1 885
Iran	41	1 321	4 388	34.9	10.6	771	123	-	360
Iraq	-	-	450	17.8	3.0	46	4	-	500
Nigeria	-	-	707	20.2	2.1	50	36	-	20
Oman	25	35	...	...	...	30	-	-	78
Saudi Arabia	-	5	...	...	...	83	-	-	-
United Arab Emirates .	-	348	...	...	...	84	-	-	157
Venezuela	47	400	1 381	23.8	4.2	-224	12	2	258
Others	1 990	7 432	51 558	105.1	14.1	7 430	2 887	1 296	13 475
Argentina	-	381	2 864	81.1	18.3	76	97	16	593
Bahamas	-	30	...	...	...	110	-	-	-
Bolivia	-	52	639	217.3	14.8	35	18	-	142
Brazil	188	1 507	6 425	95.5	13.9	2 447	421	25	3 737
Colombia	45	260	1 938	112.0	13.0	27	103	-	108
Costa Rica	-	11	248	52.0	10.2	7	40	-	56
Dominican Republic . .	-	19	282	55.0	4.5	9	6	-	20
Egypt	53	-	1 746	128.4	34.6	77	6	-	230
El Salvador	-	-	113	[illegible]	5.3	10	46	-	95
Guinea	60	40	...		...	-3	3	-	-

Table 33 (continued)

Country	Borrowing, 1971-1973		External public debt[a/]			Borrowing in 1974 from		Borrowing in 1974-1975	
			Amount outstanding, end 1973		Ratio of 1973 service payments to 1973 exports of goods and services				
	International bonds	Euro-currency credits	Millions of dollars	As percentage of 1973 exports of goods and services		Developed market economies bilateral	International organizations	International bonds	Euro-currency credits
	(millions of dollars)				(percentage)	(millions of dollars)			
Guyana	-	13	158	98.5	5.4	12	6	-	39
Haiti	-	10	...	...	...	-2	6	-	-
Hong Kong	50	144	...	...	...	45	17	75	131
India	4	10	10 181	328.3	20.1	361	649	-	-
Israel	948	10	4 520	158.8	20.8	470	5	727	-
Ivory Coast	9	117	566	62.6	6.3	61	55	-	113
Jamaica	24	36	299	51.0	5.0	40	7	-	198
Kenya	-	20	485	74.8	5.2	38	86	-	-
Lebanon	-	20	...	...	...	34	-1	5	93
Malawi	-	5	189	152.3	9.0	18	8	-	-
Malaysia	42	76	654	21.9	2.3	146	49	-	565
Mauritania	-	8	50	34.5	2.1	-1	-4	-	-
Mexico	404	2 203	5 278	116.0	25.2	1 098	262	334	3 637
Morocco	-	-	978	68.3	9.7	-20	69	57	200
Nicaragua	10	117	319	86.6	17.8	17	29	5	106
Pakistan	-	-	4 334	361.2	16.1	281	183	-	8
Panama	56	307	443	85.6	16.4	126	33	9	226
Peru	-	881	1 491	108.9	32.5	707	11	-	789
Philippines	50	240	892	39.0	6.3	215	65	17	1 096
Republic of Korea	12	212	3 141	79.4	13.9	366	252	19	576
Senegal	-	65	202	84.5	8.1	35	17	-	20
Sudan	24	-	335	75.3	11.1	76	75	9	257
Swaziland	-	3	34	36.6	10.5	6	60	-	-
Thailand	-	-	451	22.6	2.6	59	36	-	15
Trinidad and Tobago	-	30	145	15.9	4.1	11	7	-	27

Table 33 (continued)

Country	Borrowing, 1971-1973 (millions of dollars)		External public debt [a/]			Borrowing in 1974 from (millions of dollars)		Borrowing in 1974-1975 (millions of dollars)	
			Amount outstanding, end 1973		Ratio of 1973 service payments to 1973 exports of goods and services (percentage)				
	International bonds	Euro-currency credits	Millions of dollars	As percentage of 1973 exports of goods and services		Developed market economies bilateral	International organizations	International bonds	Euro-currency credits
United Republic of Cameroon	-	-	240	63.1	5.4	48	25	-	10
Uruguay	-	-	370	93.2	30.1	7	77	-	130
Zaire	13	432	1 017	87.7	7.0	304	13	-	98
Zambia	-	175	535	43.7	28.0	79	52	-	160

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on World Bank, Annual Report, 1975 (Washington, D.C.) and on data supplied by the World Bank.

a/ Including publicly guaranteed debt; not including amounts not yet disbursed.

Table 34. Developing countries: transactions with the International Monetary Fund, 1970-1975

(Millions of SDR)

Region	Net drawings[a/]					
	1970	1971	1972	1973	1974	1975
Developing countries	-335	-22	347	-228	1 274	1 578
Petroleum-exporting countries .	92	-20	-53	-146	-40	74
Other developing countries . . .	-427	-2	400	-81	1 313	1 505
Western hemisphere	-181	41	308	-86	76	434
Africa	-31	-30	-23	44	249	275
West Asia	4	20	-15	-40	64	178
South and East Asia	-218	-33	130	1	925	617

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, *International Financial Statistics* (Washington, D.C.).

a/ A minus sign indicates net repayments.

Table 35. Agricultural production, 1971-1975

(Percentage)

Country group	Change from preceding year: Average, 1971-1975	1971	1972	1973	1974	1975[a/]
Sum of country groups	2.1	3.1	-0.1	5.2	1.2	1.1
Developed market economies	2.3	5.8	-0.8	2.5	2.4	1.6
North America	2.8	8.4	-0.8	1.7	-	4.8
Western Europe	1.8	3.4	-0.8	4.0	4.6	-2.3
Oceania	1.5	2.4	-0.8	3.9	-4.7	6.9
Japan	1.5	-5.0	6.5	1.6	0.8	3.8
Developing countries	2.2	0.8	0.8	3.1	1.5	5.0
Western hemisphere	1.9	-	1.6	0.8	5.3	2.0
Africa	0.9	1.6	0.8	-2.4	4.7	-
Far East	2.2	0.8	-2.4	7.6	-2.3	7.0
Near East	3.9	3.2	8.6	-5.7	7.0	6.0
Eastern Europe and USSR	1.6	2.5	-0.3	11.9	-1.0	-4.2
Eastern Europe	3.8	5.5	7.5	4.1	2.6	-0.6
USSR	0.6	1.1	-4.1	16.1	-2.7	-6

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Food and Agriculture Organization of the United Nations, Monthly Bulletin of Agricultural Economics and Statistics and Production Yearbook, 1974 (Rome), and national sources.

a/ Preliminary.

Table 36. World gross domestic product, by country group, 1971-1975

(Percentage)

Country group	Average 1971-1975	Change from preceding year				
		1971	1972	1973	1974	1975[a]
Sum of country groups	3.7	4.4	5.5	6.6	1.9	0.2
Developed market economies . . .	2.8	3.8	5.6	5.9	0.3	-1.7
North America[b]	2.4	3.4	6.1	5.8	-1.4	-1.8
Western Europe	2.7	3.5	4.4	5.4	2.5	-2.4
Japan	5.4	7.3	9.1	9.9	-1.2	2.0
Southern hemisphere[c]	3.1	4.2	3.7	2.3	6.1	-0.6
Developing countries	5.5	5.4	5.5	6.8	5.3	4.2
Western hemisphere	6.1	6.3	6.7	7.3	7.1	3.3
Africa	4.1	4.7	3.7	4.0	5.0	3.3
West Asia	8.8	10.8	11.2	10.6	7.9	3.5
South and East Asia	4.2	3.1	3.0	7.2	2.6	5.3
Centrally planned economies[d] . .	6.2	6.1	5.0	8.8	6.2	4.9
Eastern Europe[e]	7.9	7.3	7.9	8.4	8.7	7.2
USSR	5.5	5.6	3.9	9.0	5.3	4.0

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Yearbook of National Accounts Statistics; Organisation for Economic Co-operation and Development, Economic Outlook (Paris) and national sources.

a/ Preliminary.

b/ Canada and United States of America.

c/ Australia, New Zealand and South Africa.

d/ Data refer to net material product and are not strictly comparable to those of the other country groups.

e/ Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland and Romania.

Table 37. Developing countries: distribution according to rate of economic growth, 1970-1975

Average annual increase in production (percentage)	Countries: Number	Countries: Percentage of total	Population, 1974: Number (millions)	Population, 1974: Percentage of total	Per capita gross domestic product (1970 dollars): 1970	1975	Gain	Percentage
Less than 3 . . .	38	36	835	46	131	140	9	7
3 - 4.9	22	21	250	14	313	341	28	9
5 - 5.9	18	17	203	11	371	446	75	20
6 - 8.9	13	12	302	17	171	212	41	24
9 and over. . . .	14	13	215	12	436	619	183	30
Total and average	105	100	1,805	100	225	275	50	18

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics and Yearbook of National Accounts Statistics, and national sources.

Chapter II

PROBLEMS AND PROSPECTS FOR THE SECOND HALF OF THE DECADE

Developments in the world economy in the second half of the 1970s are likely to be influenced as much by the traumatic events of the first half of the Decade as by longer-term trends in the production and use of resources. The opening of the second half of the decade finds major developed market economies pulling themselves out of the steepest and deepest recession since the early 1930s, with levels of unemployment that are generally regarded as intolerably high, but at the same time with prices still rising at unacceptably rapid rates as earlier increases are absorbed in costs and transmitted through the system. Most of the Governments concerned are preoccupied with the problem of devising a combination of economic policies that would help to stimulate production and employment without weakening the efforts being made to control the inflationary process.

In view of the fact that the reflationary measures adopted to counteract the 1970/71 rise in unemployment contributed greatly to the acceleration in price increases in 1972/73, there is a noticeable reluctance to use either fiscal or monetary instruments to expand demand in 1976/77. This reluctance has been reinforced by the growing magnitude of actual budgetary deficits in the face of reduced tax receipts - particularly from the corporate sector whose profits declined even faster than activity in the 1974-1975 period - and outlays that have been raised considerably not only by increases in costs but also by the notable expansion in transfer payments necessitated by high levels of unemployment. Balance-of-payments considerations have also militated against reflationary policies in most of the developed market economies: though France, the Federal Republic of Germany and the United States of America were in surplus in 1975 and Italy and Japan had almost eliminated their deficits, Canada, the United Kingdom and most of the smaller members of the group were still running large current account deficits which they have been anxious not to enlarge by actions that would raise domestic prices and the demand for imports.

In the absence of stronger expansionary action, the recovery under way in early 1976 is not expected to result in a vigorous upsurge in developed market economy output. In the years immediately ahead growth in production seems unlikely to regain the longer-term pre-recession average of about 5 per cent a year. And this lower growth rate is likely to be accompanied by higher rates of inflation and unemployment. The gain in output is expected to come more from increases in the rate of participation in the work force and in the productivity of workers than from the lowering of rates of unemployment: though declining from the high 1975 levels, these seem unlikely to reach the levels characteristic of the 1960s. Recovery in production will sharply reduce the rate of increase in unit labour costs, but probably not to earlier levels either. With the rise in industrial activity, moreover, the downward movement in raw material prices is likely to be reversed. Thus, although the rate of increase in prices will continue to decline in 1976 and 1977, it seems likely to remain appreciably higher than the average in the two previous decades.

With the recovery in industrial activity and the resumption of the rise in personal incomes, developed market economy imports should respond, reversing the 1975 decline. Forecasts for 1976 suggest an increase of about 6 per cent and further acceleration in 1977 though, largely because of the impact on trade policies of the events of 1972-1975, it is doubtful whether the long-term pre-recession average of 9 per cent a year will be regained in the second half of the 1970s.

Because of liquidity problems in the centrally planned economies and the petroleum-importing developing countries and absorption problems in the petroleum-exporting countries, developed market economy exports are likely to lag somewhat behind imports in 1976-1977, thus opening up the deficit that, at least in the aggregate, was more or less closed in 1975. The counterpart to this will be a reduction in the external deficits of the centrally planned economies and the petroleum-importing developing countries and the re-enlargement of the surplus of the petroleum exporters. The problem of recycling petro-dollars will thus remain a serious one throughout the decade: the challenge will be to transfer as much as possible of the surplus - after the import and liquidity needs of the petroleum exporters have been met - to the developing countries with the most troublesome shortages of foreign exchange.

While the combination of enhanced demand for primary commodities and moderating increases in the cost of manufactured goods entering international trade should improve the terms of trade of the developing countries and help to narrow the deficit of the petroleum importers in 1976/77, subsequent changes in trade balances are far less certain. They will be influenced not only by the purely economic forces arising from the growth in demand but also by such unpredictable factors as harvest failures and decisions in regard to key administered prices as well as by possible modifications in trade policies. To maintain the imports of the petroleum-importing developing countries at a level consonant with the growth target of the International Development Strategy will continue to require a large inflow of capital.

There is some fear that too rapid a growth in demand in 1976/77 could set off a price explosion similar to that experienced in 1972-1974. This fear rests in part on the fact that world stocks of some commodities - cereals, coffee, cocoa, sugar and cotton, for example - are relatively small and hence unusually sensitive to market forces. It also reflects the fact that for various reasons - shortage of the capital normally generated by corporate profits, memories of the 1970/71 over-capacity situation, environmental restrictions and caution induced by the wave of nationalizations occurring in the first half of the decade - new investment in facilities for producing some commodities, especially minerals, has been particularly low in recent years and that as a result existing capacity could soon come under strain. In the background, moreover, lies the uncertainty arising from the international monetary system: when exchange rates become unstable there is some tendency for speculators and others to transfer their attention to the more durable types of commodities, thereby increasing the proportion of supply diverted to inventory.

Because of the uncertainties overhanging the traditional pattern of trade, economic growth in the developing countries is likely to depend even more than in the past on agricultural performance. There is some prospect that this will be better in the second half of the decade than it was in the first but much continues to depend on the weather and a concerted effort is required to speed up the improvement in water management and cultivation practices now under way and to make it possible to build up, store and distribute security stocks.

The probability that traditional trade flows will provide less development dynamic in the period ahead than was the case in the 1960s and early 1970s also enhances the importance of diversification and, in particular, co-operation among the developing countries. To this end there are now available a range of development banks and other institutions committed to furthering such co-operation, not only in the field of intertrade but also in associated investment - in projects whose viability depends on their serving markets beyond those in the country in which they are established. The motivation for this co-operation is much stronger than it was in the 1960s: collective self-reliance has become a goal of political significance and there is hope that the second half of the 1970s will see it yielding increasing benefit to the process of economic development.

The economic outlook in the developed market economies

In the course of 1975 what had been the steepest decline in production in the post-war period came to an end in the major developed market economies - early in the year in Japan, in mid-year in the United States and during the second half in Western Europe. As prices were still rising at unacceptably high rates, action by Governments to stimulate a recovery were very cautious. There was no upsurge in imports and as a result the recession in many of the smaller partner countries lingered on.

In the major countries the first stage of the recovery owes much to an increase in consumer confidence and a concomitant reduction in the high savings ratios that had prevailed during the recession. Abetted by fiscal measures in some countries, this is expected to result in a marked increase in personal consumption, particularly in North America. Another expansionary force is the demand for inventories: this is building up again after a particularly sharp reduction in 1975. Residential construction is also expected to rise strongly in North America, though much less elsewhere. Given the generally cautious mood of Governments and the size of current budgetary deficits, further increases in public expenditure are not likely to add much to the expansion in demand. Nor is business investment: in the face of much under-utilized capacity, expenditures on plant and equipment are expected to accelerate only later in the recovery.

In the aggregate, developmed market economy production is expected to regain its pre-1974 rhythm in 1976: the more recent the forecast the nearer does the expected 1975 to 1976 growth rate approach the 1971-1973 average of 5.1 per cent. The recovery is expected to continue to be concentrated in the major industrial countries: production in their trading partners is likely to pick up only later in the year as the influence of the upswing in demand in the larger countries begins to be felt.

Among these larger countries, the Federal Republic of Germany and the United States are expected to achieve a 1975-1976 expansion above the pre-recession average, the rest are much less likely to do so, though the more vigorous the growth and the more liberal the trade policy of the leaders, the stronger will be their recovery. The growth rate in Canada, France and Japan should be in excess of 4 per cent.

Among the smaller economies, only Norway and Turkey - countries which escaped the full rigours of the 1974-1975 recession - seem likely to surpass their earlier growth rates in 1976, though given the probability of favourable demand for foodstuffs, Australia and Denmark may regain the pre-recession average (see table 38).

Industrial production has been rising slowly in Japan since February 1975, much more rapidly in the United States since March 1975, rather less vigorously since May 1975 in France and the Federal Republic of Germany and more tentatively in the United Kingdom since August 1975. 1/ A continuation of the rates of recovery recorded since these points of turnaround would bring the Federal Republic of Germany back to its previous peak industrial production by August 1976, France by September and the United States by October (see table 39). This represents a rather closely synchronized upswing 2/ with a consequent risk that it might set off another upsurge in raw material prices.

Such a risk should not be underrated. For various reasons - policies of host Governments towards operating companies, industrial instability and uncertainity, environment protection measures and the financial stringency that developed with the rapid rise in costs - investment in new capacity was unusually small in the first half of the 1970s. No gains have been recorded in the recycling of metals in the principal industrial countries. The international monetary system has still not inspired the sort of confidence that would tend to rule out the use of commodities as a counter in exchange rate speculation. Prices have already been rising as the recovery proceeded.

On the other hand stocks of some of the metals - particularly copper - are still abnormally large and the capacity for transporting supplies between countries is both large and under-utilized. Moreover, the pace of industrial recovery in the two most import-dependent of the industrial countries - Japan and the United Kingdom - has been very slow: unless it accelerates, the peak (November 1973) rates of production will not be regained until the end of the decade. And in neither case does an early acceleration seem likely: in the United Kingdom the prime aim is to stabilize the economy; in Japan present intentions do not include a return to the extremely high rates of industrial expansion that characterized the 1960s and early 1970s.

One of the reasons why rapid acceleration seems unlikely in 1976 is the continuation of the inflation that has plagued most of the developed market economies throughout the first half of the 1970s. This is clearly slackening but the upsurge in commodity prices of 1972-1974 is still working its way through the system through higher monetary costs and higher monetary wages. Moreover, as there are no large stocks of basic food-stuffs, prices in that crucial area remain very sensitive to crop results and even to crop forecasts. In energy, another vital area, OPEC has continued to raise the price of petroleum - by proportions that seem modest by comparison with its actions in 1973 but which are high by earlier standards.

None of the developed market economies expects to experience a higher price rise in 1976 than it did in 1975, whether measured by the change between annual averages or by the change year-end to year-end. But the increases continue to be

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1/ August 1975 seems also to have been the low point of the industrial recession in Italy, but as strikes have disrupted production and no data are available beyond December 1975, Italy has not been included in this analysis.

2/ Though rather less so than that of 1972-1974 which terminated simultaneously in November 1973 after the Arab petroleum exporters reduced production and imposed a boycott of deliveries to certain countries.

high by historical standards: only the Federal Republic of Germany expects its general price level - as measured by the gross domestic product deflator - to register a year-on-year increase of less than 5 per cent, and with France, Italy and the United Kingdom all likely to remain with "double digit" inflation in 1976, the average rise for Western Europe as a whole could be twice that figure. While Japan is aiming for an average rate of price increase of 6 per cent over the second half of the decade, the rise in 1976 will be much above that - perhaps 8 per cent for all prices and 9 per cent for the consumer price index. According to the Secretary of the Treasury, the longer-run target of the United States is a return to a 2 per cent inflation rate by 1979; in 1976, however, price increases are likely to average 5-6 per cent (see table 40).

The opportunities for moderating the rate of price increase are likely to be greater during the present recovery phase than later on: productivity gains will tend to be highest as plant utilization rates recover from the 1975 figure of 80 per cent or less towards the preferred rate of 90-95 per cent. It is doubtful, however, whether more than a small fraction of these gains will be reflected in lower prices. On the one hand, after two or three years in which they have been losing ground - and in some cases experiencing a real net reduction in wages - workers are likely to be more militant in asserting their claim to a share. On the other hand, after several years in which inflation has tended to reduce their real earnings while at the same time pushing them into higher tax brackets, corporations and rentiers are also anxious to improve their position. And Governments may find it difficult to resist either claim - that of the workers for reasons of equity, that of the corporations because in many countries there has been a serious lag in fixed capital formation by productive business and a tendency for the decline in profits to result in a potentially dangerous rise in the ratio of debt to equity. Moreover, in most countries, in order to ensure that more of any gains from productivity are passed on to consumers through lower prices, Governments would have to work towards either administrative and structural changes that would increase competitive forces and reduce the monopolistic behaviour of both business corporations and trade unions or forms of incomes policy involving new ways of distributing the proceeds of production among wages, profits and taxes.

Though there has been a good deal of discussion about restrictive practices and how they might be dealt with, there is little convincing evidence of early action. Similarly, though there have been a number of experiments with various forms of incomes policy - mostly voluntary but some involving statutory links between wage settlements and tax arrangements - none has shown sufficient promise to be regarded as a sure means of escape from the inflationary processes of recent years. It would appear, therefore, that the second half of the 1970s will be a period of further inflation - less virulent than in the first half but well above earlier norms. Thus inaction in regard to restrictive practices and incomes policies will make it all the more necessary for Governments to devise methods of mitigating those effects of inflation that are generally most injurious or most disruptive. Tax laws may have to be revised to prevent the taxation of "paper profits" arising merely from price changes and valuation methods and to lessen the fiscal drag of a progressive tax system as incomes rise in money terms. And more price change links may have to be provided to protect lenders and pensioners and other recipients of incomes defined in money terms.

One of the most awkward features of this persistent inflation is its inhibiting effect on action that might otherwise be taken to lower the level of unemployment. Like inflation, this was also unacceptably high in 1975 and seems unlikely to be rapidly reduced in any of the major developed market economies. Since unemployment tends to be a lagging variable - usually beginning to rise many months after production trends have turned downwards and, correspondingly, beginning to decline long after production has turned upwards - several countries are expecting more people to be out of work in 1976 than was the case in 1975. Even in 1977 and beyond, the expectation is for much higher rates of unemployment than have been customary until 1974. Among the main industrial countries, only in Japan, where the sort of unemployment experienced in more atomistic societies is a new phenomenon, is it hoped to regain a stage of "full employment" by the end of the decade (see table 41).

Even though, because of widespread and effective social security systems, the economic consequences of loss of gainful employment are in no way comparable to those that characterized the Great Depression, yet the fact that the second half of the 1970s will experience a level of unemployment so much greater than at any time since the 1930s is extremely disquieting. At the end of 1975, some 18 million persons were out of work in the developed market economies. This was 5.3 per cent of the labour force: in North America the number was approaching 8 million - or 7.6 per cent of the labour force. One of the most disturbing features of the situation is the fact that over 40 per cent of the unemployed were under 25 years of age. Everywhere the unemployment rate was substantially higher - almost double on the average - among the young workers than among the labour force at large. 3/ When new entrants on to the labour market are unable to find jobs, more than loss of potential income and output is involved: there is a strong risk of psychic and social injury and alienation that could also have serious repercussions on the future organization of industry and industrial relations and on society at large.

The fact that most Governments have tended to regard inflation as a graver threat to the economy than unemployment stems in part from the pervasiveness of the former which translates it very quickly into political terms. It also reflects the realization that, given the lag characteristics referred to above, the normal fiscal and monetary instruments are often too blunt to effect a significant reduction in unemployment without seriously exacerbating the inflationary pressures. Recent experience suggests that what is required is a more carefully designed response involving the selective expansion or redirection of public employment in the light of perceived social needs, the selective stimulation of private employment through new and modernizing investment that avoids freezing workers into declining industries and a much more eclectic and imaginative approach to training and retraining in facilities that are linked more closely to industrial and other employers and thus capable of increasing the mobility of labour not only geographically but also in terms of skills.

The need for a new approach to education has been made more urgent by the fact that among the greatly enlarged numbers of young unemployed persons are many of the participants in the extraordinary upsurge in conventional secondary and tertiary schooling that occurred in most of the developed market economies in the 1960s. The failure to match formal training with employment requirements has a counterpart problem within industry, namely, the failure of the conventional organization of industrial activities to provide the minimum level of job

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3/ The figures cited are estimates made by the International Labour Organisation Bureau of Statistics.

satisfaction necessary to stimulate that sense of identification, responsibility and inventiveness on which economic growth as well as productivity ultimately depend.

The possibility that the decade may end with both inflation and unemployment at unacceptably high levels is a challenge that cannot be ignored. Clearly, experiments will have to continue with various combinations of the conventional fiscal and monetary measures, but it is becoming increasingly evident that, given the processes by which prices and wages are determined in the major developed market economies - and even, more recently, internationally - significant structural changes may be required if stable growth and full employment are to be ensured.

In their efforts to improve the domestic employment situation, many developed market economies - including some of the major industrial countries - are inhibited by the state of their external balance. Unwilling to face the expansion of imports that would be induced by expansionary measures that raised internal demand and pledged by the rules of the General Agreement on Tariffs and Trade (GATT) and by the code of good conduct adopted by the Organization for Economic Co-operation and Development (OECD) at the time of the crisis caused by the quadrupling of petroleum prices not to act in restraint of international trade, many countries have been waiting for the stimulus of increasing demand in their trading partners. Almost all countries expect the decline in imports in 1975 to be followed by a significant increase in 1976 (see table 42).

The sharpest turnaround is likely to occur in Japan and the United States, the countries whose industrial production was the first to turn upwards after the 1974-1975 recession. As these countries will have little reason for concern over any resultant movement towards a passive trade balance, a rapid rise in their imports would provide an invaluable addition to demand in their partners. In the Federal Republic of Germany - one of the few countries whose imports were not reduced in 1975 - the increase in imports in 1976 is expected to exceed the increase in exports. This, too, would be a favourable development for world trade, helping to improve the state of balance and thus facilitating subsequent growth, particularly for such countries as France and the United Kingdom where the expansion of exports is a prime objective in 1976.

The recent depreciation of the pound, the franc and the lira relative to the dollar, the deutsche mark and the yen should also help to improve external balance. It also points to the fact that there are still wide differences in the strength and sources of inflationary forces that might well hamper the growth of trade beyond 1976. This growth will also be affected by the policies adopted to ameliorate unemployment which, as indicated above, may involve institutional and other radical changes. Moreover, trade policies themselves are less certain now than they have been for most of the post-war period. It is hardly surprising, therefore, that very few countries have made public predictions of the course of their trade over the remainder of the decade. 4/

One country which will almost certainly expand its imports more slowly in the second half of the 1970s than was the case up to 1973 is Japan whose five-year

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4/ Some of these trade policy issues are discussed in the next section of this chapter.

plan beginning in 1976 visualizes an average over-all rate of economic growth of 6 per cent a year - not much more than half the rate achieved through much of the 1960s. This more modest growth will be less dependent on private investment in plant and equipment than it was before 1973: relatively more resources are to be devoted to private consumption and housing and to capital formation in the public sector. This change reflects in part the results of the sharp deterioration that has occurred in the terms of trade of an economy that is particularly dependent on imports of fuels and raw materials and in part the steadily increasing desire for improvement in the quality of life. 5/

This notable deceleration in economic growth will call for a number of drastic adjustments of earlier Japanese rhythms. One will involve adapting the labour force to the changed structure of demand while at the same time reducing the volume of unemployment from the high figure (by local standards) that obtained in 1975. Another will involve adapting the internal price structure to accommodate the relatively faster rise in unit labour costs implicit in the slower expansion in production and in other costs arising from the setting of higher environmental standards while at the same time reducing the rate of inflation from its high 1975 figure to a target of less than 6 per cent by the end of the decade. A third major adjustment will be in the fiscal system which will have to yield relatively more public revenue while at the same time assisting business to accommodate itself to the lower rate of growth without losing its competitive position on world markets.

Japan is counting on returning to a current surplus on external accounts - projected at $4 billion in 1980 - but it is far from clear how this will be used. A resumption of large-scale overseas investment such as occurred in the period 1972-1974 - an average of over $6 billion a year - seems most unlikely, though a recovery is expected from the low figure ($0.3 billion) of capital outflow from the large current account surplus of 1975.

Next to Japan, the United States of America has been in a recovery phase for the longest period. Here, too, some reordering of priorities is envisaged, though generally in the opposite direction: policies for the second half of the decade are to be designed to direct relatively more resources to business fixed investment and relatively less to consumption, both private and public. Some acceleration in growth is being advocated 6/ - to an average of about 6 per cent a year - as part of an effort to reduce unemployment below the 5 per cent rate by the end of the decade. The higher investment should facilitate this acceleration without undue inflation, by obviating the sort of capacity bottle-necks that contributed to higher prices in 1972 and 1973. It should also permit the incorporation of adequate pollution controls as well as new technology that will maintain the rate of increase in productivity. The ratio of business fixed investment to gross national product, which averaged 10.4 per cent in the second half of the 1960s but slipped below 10 per cent in 1975 (and probably 1976 too), is to be encouraged to rise to over 12 per cent in the period

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5/ Japan has entered the second half of the 1970s with a large amount of excess capacity in its manufacturing sector. Business investment in 1976/77 is expected to be only 7 per cent above the previous year's total in current terms: this would mean virtually no increase in real terms. Because of political difficulties in the legislature, public investment is also lagging.

6/ By the President's Council of Economic Advisers in its 1976 report.

1977-1980. This will involve sympathetic fiscal and monetary policies to stimulate productive investment.

The immediate outlook for investment in the United States is not bright. At the end of 1975 the index of industrial capacity utilization was not much above 70 per cent and, even with the fairly rapid expansion in demand now under way, it is not expected to exceed 90 per cent until well into 1977. Surveys of investment intentions relating to new plant and equipment taken early in 1976 7/ presage little or no expansion this year. However, after four consecutive quarter-to-quarter declines in appropriations for capital spending, the country's top 1,000 manufacturing corporations set aside some 22 per cent more in the last quarter of 1975. 8/ This should be translated into spending late in 1976. When business fixed investment begins to expand the resources should be available: the increase in the purchases of goods and services by the Federal Government is not expected to exceed 1 per cent in 1976 and that by state and local government between 2 and 3 per cent.

In the meantime, residential construction is rising rapidly from the unusually low levels of 1975: savings have been high, new federal mortgage funds have been committed and rates of interest have been following the inflation rate downwards and for 1976 as a whole housing starts are expected to be up 40 per cent and total residential construction up 30 per cent in real terms.

Hesitation about the desirability of doing more to stimulate capital formation in line with perceived longer-term needs stems from the continuing rise in prices. While there has been a gratifying deceleration in the rate at which consumer prices are increasing, most of this has been the result of better food crops and changing fiscal and administrative arrangements relating to petroleum. If food and petroleum are removed from the consumer price index, the remaining - chiefly industrial and service - items, which probably give a better reflection of the trend of costs in the economy, show an acceleration in 1975, from 5.1 per cent (annual rate) in the second quarter to 7.1 per cent in the fourth. The Government remains fearful lest premature action abort the recovery and believes that, notwithstanding the high level of unemployment, it would be safer to leave the present stage of the transition to more stable growth largely to market forces, supplemented as they are by a 1975/76 budget deficit estimated at $77 billion.

Much the same is true of the Federal Republic of Germany where the recovery that began very tentatively in May 1975 seems to be picking up strength and by April 1976 was promising an over-all growth rate of about 5.5 per cent. Despite a very large federal deficit, public consumption is likely to increase only marginally in real terms in 1976 and less than in any year since 1968. In order to sustain the upswing the Government is trying to engineer a diversion of resources from consumption to investment to counteract the effect of the decline in the share of profit in total income - a long-term tendency accentuated by the inflation of recent years. A combination of changes in corporate and property

7/ By the United States Department of Commerce.

8/ Reported by the Conference Board.

taxes and moderate wage settlements agreed to by labour and management 9/ is expected to increase business incomes about twice as much as income from employment - roughly 13 per cent and 7 per cent, respectively, in current terms.

With over a million workers unemployed, a large number of vacant houses and flats and much under-utilized industrial capacity, the Federal Republic of Germany aims to continue to have a lower rate of price increase than other developed market economies and thus offset the effect of an appreciating deutsche mark on exports while taking advantage of its effect on the local cost of imports of raw materials. When the export-led recovery raises capacity utilization to the point where a new expansion in investment is required, the resources for this are thus expected to be in place.

France, where the recovery began at about the same time as in the Federal Republic of Germany, has a more inflationary economy and a weaker export base and is finding it difficult to pursue the same strategy. The depreciation of the franc in March 1976 may stimulate exports but it will also raise internal prices which were already increasing at about 11 per cent a year. The budget introduced in September 1975 as part of a stabilization programme implied a small cut in real public expenditure, but if the price rise does not slacken this cut could be much deeper. The seventh economic plan that begins in 1976 sets an end-of-decade target of 6 per cent for the annual increase in prices. But even with a planned growth rate of 5.5-6 per cent a year, some projections indicate that about 600,000 workers - twice the post-war average before 1974 - could be without jobs in 1980. In the period immediately ahead, unemployment level is to be rendered more tolerable by a series of social reforms designed to reduce undue inequalities in opportunity and income.

By earlier standards, the official targets of the United Kingdom also appear modest: the unemployment rate is to be reduced from the 5.3 per cent prevailing in the first quarter of 1976 to 3 per cent by the end of 1979 and the rate of price increase from 15 per cent to 5 per cent by the end of 1977. But even these goals may prove difficult to achieve. They are posited on the attainment in 1977-1979 of a historically high growth rate - 8.5 per cent a year for manufacturing output and 5.5 per cent for total production. They also depend on a strategy for avoiding the payments imbalance that has usually been induced by any significant acceleration in economic growth. This involves the diversion of resources away from both private and public consumption and towards fixed investment and exports. This is to be accomplished by a stabilization of public expenditure and of business taxes, improvement of facilities for providing industrial finance and a broad range of manpower policies to increase training and mobility.

One of the immediate aims is to raise the level of industrial investment which, because of the inflation, high interest and tax rates and low profitability, has fallen well behind needs in recent years. Early in 1976, it

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9/ As from February 1976 civil servants are to receive a 5 per cent increase in salaries and the award to workers in the strategic metal industry amounts to 5.4 per cent as from the beginning of the year. Since consumer prices are expected to increase by about 4.5 per cent in 1976, the real wage gains are likely to be minimal.

was estimated 10/ that 59 per cent of manufacturing plant in the United Kingdom was over 11 years old and only 20 per cent had been installed since 1969. The result was a reduced ability to meet export opportunities and a tendency for imports of manufactures to rise sharply whenever there was a marked increase in domestic demand.

The budget of April 1976 also contained proposals for continuing the restraint that was imposed on incomes in 1975. 11/ The first phase of this - to begin in August 1976 - would be a voluntary limitation on wage increases to 3 per cent for the next year, compensated in some degree by a reduction in income tax which, because of the inflation, is now making significant inroads into wage earners' incomes. Such an incomes policy is designed to release resources for investment and make possible an expansion of 8 per cent in manufacturing and 4 per cent in total output between 1975/76 and 1976/77 as a step towards the higher growth rates later in the decade.

In Italy, the recovery in industrial production did not begin until late in 1975 and it has been interrupted by strikes and another balance-of-payments crisis, reflecting a weakness that has persisted since the dramatic deterioration in the terms of trade in 1974 when the external deficit exceeded 5 per cent of the gross national product. The present aim is to achieve a 2 per cent growth rate in 1976 and an average of 4 per cent over the second half of the decade. It is hoped to reduce the rate at which prices are rising from 17 per cent in 1975 to 12 per cent in 1976, with lower rates thereafter as the budget deficit is cut from its high current level of about 10 per cent of gross national product, and production rates are increased.

The achievement of these objectives will depend very much on the country's success in expanding exports, as demand rises in trading partners, and in stabilizing the currency so as to retain for domestic use the earnings from abroad.

While the Italian economy is at present less stable than those of the other leading industrial countries, the prospects for the others are similarly dependent on progress abroad, on the absence of the sort of "external shocks" that disrupted the world economy in 1973 and 1974 and on the ability to adapt domestic policies to developing situations. That such adaptation will be necessary is implicit in the wide divergence that still exists between countries in respect of several economic variables, most notably in inflationary pressures. Exchange rates and trade policies will be at risk until the process of stable growth is restored. And a special responsibility devolves on countries that are in a strong balance-of-payments position to pursue policies that will assist their trading partners to bring their economies under better control.

10/ Organisation for Economic Co-operation and Development, Economic Survey of the United Kingdom (Paris, February 1976).

11/ For the year beginning 1 August 1975 a flat limit of £6 a week was set for all pay increases. This represents an average increase of about 10 per cent, well below the rate at which prices were expected to rise.

Plans and prospects of the centrally planned economies

The second half of the decade constitutes a discrete programming interval under the pattern of five-year plans prevailing in all of the socialist countries. Outline programmes for economic and social development during this period were elaborated in the course of 1975 and published in the form of "draft directives" in all Eastern European member countries of the Council for Mutual Economic Assistance (CMEA), Cuba, Mongolia and the USSR. 12/ Five-year plans are probably in the process of construction also in Albania, as well as in China and the other Asian centrally planned economies.

The five-year plans show the impact of recent changes in the global economic environment on internal development priorities in a shift of investment programmes towards the primary sectors - agriculture, on the one hand, and the raw material-energy complex, on the other. In the Soviet Union, one theme of the period is set by a major effort to open the eastern reaches of the country, the locus of the richest raw material reserves but at the same time a region of difficult natural and climatic conditions and requiring large volumes of infrastructure investment. The preoccupation with securing the basic inputs and adjusting the output structure in the light of new relative scarcities also dominates the medium-term plans of the Eastern European CMEA countries. Joint efforts in this sphere, which for the Eastern European countries are to absorb an estimated 2-3 per cent of total investment outlays, are a new feature of the period. The second major theme common to all the five-year plans is the search for better balance and more effective resource use, a stress on "quality over quantity", which finds expression also in a reduced targeted rate of expansion.

The 1976-1980 draft programmes of the CMEA countries, in a very summary outline, assume continued growth, but at rates which in most countries of the group are lower than those experienced during 1971-1975. Resource allocation targets generally reflect the desire to hold down or reduce the expansion of investment expenditures and to achieve output increments at lower capital cost. Consumption growth is also generally targeted somewhat below the recent experience. In the Eastern European countries of the group - most of which incurred substantial foreign trade deficits in recent years, especially with the convertible currency trading area and, as net raw material importers, had suffered a sharp deterioration in terms of trade - total domestic uses of net material product are generally scheduled to expand at a slower pace than total net output, in order to permit the servicing and repayment of foreign credits and to finance the more costly raw material imports.

12/ Most of the draft programmes available in March 1976 are preliminary outline versions of the final plans which are to be submitted for approval to party congresses sitting during the first half of the year. More detailed variants, which may incorporate changes in targets as additional information on base year performance becomes available, will in most cases be prepared by the planning authorities later in the year. Thus, in the USSR, a final version of the five-year plan is to be submitted to the legislature by September 1976. In some countries of the group, especially those with a more decentralized decision-making system and a relatively high foreign trade intensity, such as Hungary and Poland, no attempt will apparently be made to fill in a detailed target and time-schedule beyond the first two years, as implementation possibilities will to a large extent be dependent upon the course of external events.

The foreign trade of most socialist countries is planned to grow faster than national income in real terms, with export growth in the Eastern European countries exceeding import growth in quantum and probably also in value.

In all cases, the five-year plans may be viewed not so much as precise projections of the most likely course of development but rather as a framework of policy targets, reflecting the planner's view of the future, within which the annual plans, the operative implementation programmes of the centrally planned economies, will be constructed but from which they may frequently deviate under the impact of unfolding circumstances. Thus during 1971-1975, annual plans in most of the Eastern European centrally planned economies thus set production and final use targets which were rather higher than those posited by the five-year plans, implementation of which ran ahead of schedule. In the Soviet Union, on the other hand, the targeted growth priorities, especially those in the consumption goods sphere, were frustrated by several harvest setbacks, and the corresponding targets were adjusted downwards during the period.

The annual economic plans of the CMEA countries for 1976, which were prepared in parallel with the work on the five-year plan directives and enacted prior to the final decisions on the medium-term programmes, appear in most countries to reflect a transitional stage between the experience of the past few years and the assumptions of the medium-term targets. Output growth for 1976 is generally targeted at or near the relatively modest rates achieved in 1975, below the growth rates attained during the preceding four years but above the 1976-1980 plan rates. The targets for the final use of resources generally show a similar intermediate position, but in several countries a much sharper curtailment of domestic uses below total output appears to be intended in an effort to cope with the foreign trade imbalance that emerged in the past two years.

Production

The aggregate net material product of the centrally planned economies of Eastern Europe and the USSR is expected to increase by 5-6 per cent annually over the second half of the decade. The target is thus well below the growth rate of almost 7 per cent planned for 1971-1975, and less than the rate of 6.2 per cent that, despite harvest setbacks and other difficulties, was actually attained.

In almost all countries of the group the slowdown in growth reflects mainly the lower targets for the growth of industry, which accounts for about one half to two thirds of the net material product. Agriculture is expected to expand somewhat above the 1971-1975 rate. Gross industrial output is targeted to increase about 7 per cent annually, down from the 7.8 per cent annual rate experienced during the preceding five years but none the less continuing as the main motor of growth. 13/

13/ None of the five-year plans is at the present stage available with annual breakdowns of the growth targets. In view of the dependence of industrial output increments in several key sectors, especially in the chemical industry, on additional raw material inputs, and the existence of a large volume of investment projects in the raw material sector with gestation periods stretching into the late 1970s, it is likely that the fully elaborated plans, once they become available, will indicate a renewed acceleration of industrial growth towards the end of the period.

The average annual increase in gross agricultural output should rise from below 2.7 per cent in 1971-1975 to slightly above 3 per cent in 1976-1980 (see table 43).

The expectation of somewhat slower growth during the next five years appears to be shared by almost all countries of the group, though to differing degree. Only Bulgaria plans for accelerated expansion, based on slightly faster industrial growth and a substantial increase in agricultural production. Romania, which has the highest national income growth goal of the group - an average annual rate of 11 per cent - foresees a continuation of its past performance on the strength of accelerating agricultural growth (5-8 per cent annually) in spite of some lowering (to 11.4 per cent) of industrial growth. Growth targets for Czechoslovakia, the German Democratic Republic and Hungary are set at about 5 per cent for net material product and 6 per cent for industrial output, somewhat below the most recent trends but at approximately the same level as targets for the previous five-year plan. A much more pronounced deceleration is envisaged in Poland, where national income growth is expected to slow down from the near 10 per cent maintained over the past quinquennium to about 7 per cent, and in the Soviet Union, whose national income growth target range has a mid-point below 5 per cent, the lowest of the group, and almost two percentage points below the expansion rate planned for 1971-1975.

The main motive for the deceleration policy in the growth strategy of several countries appears to be the striving for improved intersectoral balance and greater continuity and efficiency in production. However, the impending deceleration in input increases stemming from demographic trends and new investment priorities is also a significant factor behind the lower targets. In the Soviet Union, moreover, the weak agricultural performance of recent years has reduced the growth capacity for the early years of the new quinquennium. In several of the Eastern European countries, worsening terms of trade in conjunction with increasing import intensity of production support balance-of-payments arguments for a reduced growth pace. In Poland, the sectoral imbalances which developed during the very rapid advances of 1971-1975 appear to have caused bottle-necks and supply difficulties which a slower rate of output growth is to dissolve during the next few years.

In Czechoslovakia, the German Democratic Republic and Hungary, where growth of the labour force is close to zero and the possibility of transferring workers from agriculture and other sectors has either been exhausted or is pre-empted by the priority claims of the support sectors of the non-material sphere, labour supply poses a serious constraint on industrial output growth. Thus in Hungary the entire planned industrial output increment, and in the other two countries a very large proportion, is expected to come from productivity gains. In Poland and the USSR, labour resources are still growing, but at sharply reduced rates, and sectoral shortages as well as difficulties owing to the regional distribution of the population have begun to arise. Only in Bulgaria and Romania will the labour supply remain ample during the period.

The main constraints on capital increments stem from two factors: first, the increasing need to divert development resources to mineral and fuel extraction and transport, as well as to agriculture - sectors whose capital intensity is above average and increasing - and, secondly, the growing claims on capital resources of the infrastructure sectors in both the productive and social spheres.

In all countries, above average expansion rates are planned for the chemical, electronics and engineering sectors of <u>industry</u>. As implied above, fuel, energy and raw materials are also in the foreground of attention in the plans, though planned growth rates in these sectors are usually below the industrial average. In an effort to reduce import dependence as well as adjust to recent and impending price changes, most of the Eastern European countries intend to expand substantially the extraction of domestic fuels, including relatively low-grade materials such as lignite (in Czechoslovakia, the German Democratic Republic, Romania), and their utilization in the generation of electricity and gas. Raw material and fuel needs have also stimulated a number of large-scale co-operative undertakings of the CMEA countries to develop natural resource reserves, mainly in the Soviet Union, which were initiated during 1974-1975 and should result in increased deliveries towards the end of the five-year period.

In agriculture, the five-year plan targets of most countries of the group reverse the growth priorities accorded to the crop and livestock sectors during the previous period. In 1971-1975, animal production expanded substantially faster than crop output in the Soviet Union and in all of the Eastern European countries. Though the difference between the growth rates of the two sectors was sometimes larger than intended, owing to harvest setbacks, the basic relationship was in accordance with the policy targets, but led to considerable strains in the feed-grain and fodder balances of the region. Further growth of livestock output is envisaged for the second half of the decade in the plans of all countries, but at a reduced pace and, with the exception of Poland, in all countries for which data are available at a lower rate than the increase planned for the crop sector. The Soviet Union, in particular, has scheduled a major effort to increase the level and to reduce the wide swings of the grain crops as well as to increase the storage capacity of the economy in order to assure greater steadiness of feed supplies. In spite of the policy emphasis on a goal of self-sufficiency in feed-grains in several countries, however, imports of feed-stuffs are expected to continue to play a significant role in the area's supply-demand balance.

Annual plans for 1976 envisage a net material product increase for the group of 6 per cent, somewhat above both the 1975 experience and the planned medium-term growth rate. The national income targets are based on expectations for industrial output growth which in all countries are below the 1975 performance and generally also at the low end of or below the growth range planned for 1976-1980, and on targets for agricultural output which are above the medium-term expectations and include substantial recovery effects after last year's depressed performance.

In the Eastern European group of countries, national income and industrial output are generally expected to grow at nearly the same rates, about 7.5 per cent for the group, while in the USSR the industrial growth target for the year (4.3 per cent) lags behind the national income target (5.4 per cent). The relatively low industrial expansion targets in all cases reflect, beyond the general policy slowdown under the medium-term plan, the impact of the poor 1975 harvest on light and food industry output, but other problems - such as delays in investment completions and supply bottle-necks - clearly also play a role. Thus, in the Soviet Union, consumer goods production, which is most strongly affected by the previous year's agricultural performance, is planned to grow by 2.7 per cent, but producer goods output with a planned increase of 4.9 per cent is also sharply decelerated.

Resource uses

Final expenditure trends under the five-year plans reflect the production trends: rates of expansion are lower than those experienced during the past five years in all countries but Bulgaria and Romania (see table 44). As noted above, in most of the Eastern European countries exports are scheduled to expand faster than imports in real terms, or total domestic uses slower than total output, partly to counteract the effect on external balances of deteriorating terms of trade, partly to meet the repayment schedules on the external debt of some of the countries.

Though the over-all terms of trade of the Eastern European group of countries generally worsened over the past few years, until 1975 these economies were cushioned against the impact of world market changes in relative prices by the fact that the bulk of their raw material supplies was obtained at essentially stable prices on the intra-CMEA market. The new price formation rules introduced for the intra-group market at the beginning of 1975, under which prices are to be adjusted annually in accordance with a three-to-five year moving average of world market prices, now would permit these changes to feed fully into the foreign trade price structure of the centrally planned economies, albeit with a substantial time lag. For the net importers of raw materials and fuels among the socialist countries - all countries of the group except the Soviet Union - this means that regardless of how world market prices move in the immediate future, because of the lagged impact of the price adjustments they will have to envisage devoting a larger part of national output to the acquisition of their material input requirements over the next few years.

The planned direction of changes in the gross structure of final uses (national income utilized) is not fully spelled out in all national plans, but can generally be discerned. In the Soviet Union the share of consumption in the total is to increase, thus continuing the trend observed in the first half of the decade. In Bulgaria, consumption growth also seems scheduled to exceed output growth. In all other countries of the group, the plans appear to envisage either unchanged shares in the distribution of national income or a slight shift in favour of accumulation. 14/

While accumulation is thus to continue at a relatively high level - 25 to 35 per cent of net material product in most countries of the group - the plan targets in most countries envisage a slowing of the growth rate of investment expenditures. Exceptions are Bulgaria and Romania, where the trends of the past five years are to be maintained (about 7 per cent annual increase in Bulgaria, 13 per cent in Romania). The sharpest deceleration is to occur in Poland, where outlays are to increase at only one third of the more than 18 per cent annual growth rate sustained over the preceding quinquennium, partly with the aid of foreign

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14/ Gross investment in fixed assets is to grow faster than net material product produced in Czechoslovakia, the German Democratic Republic and Romania, and faster than net material product utilized in Hungary. In Poland, gross investment outlays are to increase somewhat less than total net product, but production growth itself is to be higher than the growth of all final uses. Where target growth rates for consumption are available, these fall below planned net output growth rates. The growth rate of gross investment may of course differ from the increase in net accumulation, which, in addition to the net increase in fixed assets, includes the inventory change.

credits, and in the USSR where the growth rate is to be cut from almost 7 per cent to about 4.5 per cent.

The deceleration is tied to projected trends in the availability of resources, but as policy discussions make clear, it is also motivated by the desire to generate greater efficiency and balance in the investment process. In practically all countries, new investment project starts are to be constrained in order to permit a concentration of effort on projects already in progress and to reduce excessive gestation periods caused by the overloading of the construction-installation sector and bottle-necks in building material supply, especially in countries where very high investment growth rates had prevailed. In addition, a better balance is sought between the construction of new plant and smaller, so-called "modernization" investment projects in existing plants which tend to obtain low priorities when the system is operating under high pressure. In the Soviet Union, a new bonus system has recently been introduced to encourage plant managers to consider investments of this type even though in the short run - during the implementation period - they may have a depressing effect on current output performance.

While it is too early for a branch analysis of the investment structure under the five-year plans of most countries, it appears that in general the raw material and fuel, transport and agricultural sectors are intended to obtain somewhat higher shares of total outlays than during the preceding period.

In addition to domestic projects, the investment sections of the five-year plans include for the first time provisions for participation of the CMEA members in about a dozen multilateral investment projects, mainly in the extractive sectors, in Cuba, Mongolia, Poland and the USSR, on which outlays of 9-10 billion transferable roubles are scheduled.

Aggregate consumption, which had increased at rates from well above 5 per cent to more than 9 per cent (in Poland) in the 1971-1975 period, is scheduled to grow about 4-5 per cent in those countries for which data are available. Real consumer incomes are expected to show annual growth in the 3-4 per cent range on a per capita basis in all countries, and somewhat lower rates are envisaged for the growth of real wages. In most cases this represents some slowdown compared to the rates targeted for the preceding quinquennium. It should be noted, however, that actual performance during that period in many countries considerably exceeded the targets and fell short of them only in the Soviet Union. A substantial policy change appears to be involved only in the case of Poland, where rapid income growth during the preceding period had strained the capacity of the economy to supply consumer markets and led to imbalances not only between the structure of demand and supply but also in an over-all sense. Wage growth at about half the 1971-1975 rate as well as some overdue adjustments in the price structure are to help restore the internal balance.

Continuation of the policy of consumer price stability has been announced in the five-year plans of the USSR and the majority of the Eastern European countries. In Hungary and Poland, however, greater flexibility in price policy is envisaged, and this will result in controlled increases in consumer price levels. In Hungary, retail prices are to follow production costs more closely than hitherto, and price measures resulting in a 4.5 per cent increase in the retail price level in 1976 have already been announced. In Poland, where the prices for basic food-stuffs had been frozen since 1971 - though adjustments had been permitted in the prices of some manufactured and imported consumer goods in 1974-1975 - this policy is to be reviewed in 1976 and significant food price increases may be expected. In all countries, however, consumer price levels are likely to remain under policy control and to a large degree insulated from domestic cost and import price changes by means of budgetary subsidies and other fiscal instruments. Where broad-scale consumer price increases occur, their income effects will probably be mitigated by compensatory increases in minimum wages and social transfer payments.

Producer price systems will show more widespread revisions as comprehensive price structure adjustments are under way in several countries, to reflect the far-reaching changes in relative costs and import prices which have occurred in recent years. Some countries are turning towards more frequent limited price adjustments instead of the maintenance of an unchanging structure between comprehensive reviews at long intervals. Though no country has announced a major reform of its price-formation system, the introduction of annual price changes in the foreign trade exchanges among the CMEA countries will undoubtedly reinforce this trend, particularly in the trade-intensive Eastern European centrally planned economies whose internal financial and market balance was put to considerable strain by the earlier impact of price changes in Western markets alone.

Foreign trade

Despite the external imbalances that developed in 1971-1975, all the socialist countries plan to continue the trade-intensification strategy of the preceding five-year plans, though with some important modifications. The smaller, more trade-intensive centrally planned economies of Eastern Europe aim to increase foreign trade turnover (exports plus imports) by 7 to 10 per cent annually, while the USSR envisages an expansion of 5 to 6 per cent (see table 45). With the possible exception of Romania, these targets for trade growth considerably surpass those for national income growth and, in most cases, also those for industrial output.

Though the degree of trade dependence of the centrally planned economies is thus on the whole expected to increase, the planned rates of growth of foreign trade turnover are uniformly below the growth rates of physical trade volume of the first half of the decade. The deceleration implied by the five-year plan targets is especially substantial in the case of the Soviet Union, where trade volume had grown at an 11 per cent annual rate during 1971-1975. Though national income growth is also planned to decelerate, the lower trade targets imply income elasticities of foreign trade which are lower in all countries for which these data are available than the long-term elasticities measured over the past 15 years and generally - with the exception of Hungary - also lower than those observed during the early 1970s. Conversely, it can be argued that if the relationship between foreign trade expansion and output growth observed in the past reflects economic and technological regularities, even if only approximately, then trade growth over the next five years can be expected to be rather higher than the rates explicitly targeted in the five-year plans. This argument is probably reinforced by the observation that the present trade growth targets as well as the implied income elasticities are about the same as or higher than those projected for the preceding five-year plans, which, during the implementation of these plans, were substantially surpassed in almost all countries.

The current five-year plans include several modifications in trade strategy that should lead to more or less pronounced shifts from the performance during the first half of the 1970s. First, the persistent balance-of-payments problems encountered in this period have led to plans that, as noted, call on the whole for a faster increase in exports than in imports. This is true in particular of trade with the developed market economies, where interest and repayment flows on loans taken up in the first half of the 1970s will constrain current import possibilities. As a result of the shifts in terms of trade induced by the 1975 revision in the CMEA price-formation system, the centrally planned economies of Eastern Europe, which are dependent on imports of those goods traded within CMEA that have more than proportionately increased in price, will have to achieve a faster growth in the volume of exports than in that of imports with the region also. Secondly, most of the centrally planned economies appear to plan a slight shift in the geographical distribution of their trade in favour of intra-CMEA relations. 15/ Efforts to deepen and widen socialist economic integration should stimulate this regional trade. Thirdly, in preference to a continued significant expansion of credit inflows from Western capital markets as a stimulant of East-West trade, the centrally planned economies hope to attract an increasing number of Western partners into compensation and product-buyback agreements which link the financing of Western capital goods imports with measures to improve the access of socialist exports to Western markets. 16/ Fourthly, all centrally planned economies hope to increase exports of manufactured products much faster than exports of raw materials and fuels.

Experience gained in trade and co-operation in the unstable world market environment of the early 1970s has led to several shifts in internal planning and organization, with a view towards gradually tightening the link between internal and external price structures. Hungary, in particular, has already introduced modifications in the economic mechanism and price system so as to lower budgetary supports, to restrict the use of automatic government subsidies for the sake of defending domestic price autonomy, and to make internal cost data more reliable decision-making tools. Several other countries of the area are contemplating more or less drastic changes in the price system to take into account the profound shifts in relative trade prices on the world market as well as in intra-CMEA relations. Organizational changes are also envisaged to implement the contemplated trade strategy without destabilizing other important economic policy objectives.

15/ Hungary is a significant exception, as plans for 1976-1980 call for a faster increase in East-West than in intra-CMEA trade (Népszabadság (Budapest), 18 December 1975).

16/ According to United States estimates, about 28 per cent or $7 billion of East-West trade in 1975 was conducted under the auspices of compensation agreements. In United States-Soviet trade, this proportion is to rise to about 38 per cent over the next five years. (East-West Markets (New York), 5 April 1975). In contrast to direct barter, under which the return flow of socialist exports would constitute payment for the earlier imports of Western capital equipment, under compensation arrangements the buyback flow is always the subject of a separate, unlinked trade contract which may be with a different partner from the supplier of the capital equipment or financing.

In fulfilment of the tasks set forth in the Comprehensive Programme for the Further Extension and Improvement of Co-operation and the Development of Socialist Economic Integration by the CMEA Member Countries, the CMEA countries have in the past five years worked towards a new formula for co-ordinating their national economic plans and thus deepening regional economic interaction. They have recently agreed jointly to construct several important multilateral investment projects (especially in the raw materials and fuel sectors) that should ease the tight CMEA market for key raw materials and energy carriers. In 1975, the member countries approved a co-ordinated plan of multilateral integration measures that has since been dovetailed with the national economic plans for 1976-1980. In addition, various other bilateral and multilateral integration measures have been agreed upon and incorporated into the new medium-term plans with a view to attaining a greater degree of specialization, particularly in the engineering and chemical sectors.

Intra-CMEA trade turnover is expected to increase by more than 8 per cent annually over the levels planned for 1971-1975, 17/ to reach about 300 billion transferable roubles in 1976-1980. 18/ Finished manufactured goods, especially industrial machinery and equipment, are planned to be the most dynamic component, especially in the trade of the Soviet Union, the machinery and equipment component of which is slated to grow about twice as fast as over-all regional trade, to reflect the country's internal industrial structure. Part of this increased emphasis on industrial equipment is backed up by the proliferation of specialization agreements.

Plans for East-West trade are, of course, much more uncertain than those for intra-CMEA trade. In relations with the advanced market economies, it would seem that most socialist countries hope for continued trade expansion. Whether this can be realized, however, will depend to a much larger degree than hitherto on the success of their export drives. The faster growth of imports than of exports during the first half of the decade was deliberate policy in several countries to aid modernization and increase production capacities, especially those of exportable goods. The resulting trade gap was deepened over the past two years as Eastern European export growth was retarded by sluggish demand in Western markets and protectionist measures in some developed market economies while the upswing of socialist imports was facilitated by the existence of idle capacities and the availability of easy credit in the West. Western credit terms, however, appear to be tightening now, and the grace period on some of the earlier loans is running out, while new production capacities financed by these loans are coming on-stream. All socialist countries therefore stress major export drives to Western markets and in most cases state their intention to have export growth exceed import growth during the plan period. Unless they make some progress in rectifying their payments imbalance with the hard currency partners through current exports, East-West trade is unlikely to receive the same emphasis as in the preceding quinquennium. Economic recovery in the developed market economies should improve the export prospects of

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17/ The planned levels were substantially overfulfilled (by about 20 per cent in value terms).

18/ Neues Deutschland (Berlin), 11 December 1975, p. 7. Most trade agreements have been negotiated in terms of 1974 prices, which will not be maintained in the current period. As a result, in value terms the growth rate of intra-group trade will substantially surpass the figures quoted above.

the centrally planned economies both for traditional goods and for finished manufactured products. Likewise, the new stress on standards and quality of domestic production in the Eastern European countries and the USSR should widen the assortment of potential exports to hard-currency partners.

Continued growth of trade with the developing countries is emphasized as a goal in all the five-year plans, and at least one country - Romania - has announced its intention of raising the share of third world economies in its foreign trade turnover. 19/ Though in the first half of the decade trade with developing countries expanded rather more slowly than the total foreign trade of the socialist countries, prospects for growth during the next 10 years appear quite good, especially in view of the raw material needs of the Eastern European countries.

During the early part of the 1970s the socialist countries of Eastern Europe concluded a large number of co-operation agreements with developing countries with the aim of securing stable long-term supply links for various primary commodities. Deliveries of machinery and equipment to developing countries under these agreements continue and are beginning to result in increased return flows of raw materials and fuels. In the longer run, however, socialist countries' imports of primary commodities are unlikely to constitute a very dynamic element of foreign trade, especially in view of the inward focus of the group with respect to raw material and fuel development and the increased stress on material saving in production. Because of the relative self-sufficiency of the region in agricultural products, similar arguments apply to that sector, though there is a considerable potential for increased imports of tropical foods, consumption of which is still at relatively low *per capita* levels. The main impetus, however, will have to come from the manufactures sector. At present this accounts for only a small share of the socialist countries' imports from developing countries, but it has been expanding rapidly during the first half of the decade.

19/ Between 1971 and 1974, Romania increased the share of developing countries in its total foreign trade from 8 per cent to over 13 per cent. According to a resolution passed at a foreign trade conference in February 1975, this share is to be increased to 30 per cent by 1980.

The outlook for international trade

With demand recovering in the major developed market economies and a continued expansion of imports planned by the socialist countries of Eastern Europe, world trade should regain its upward momentum after the setback of 1975. It seems unlikely, however, that trade in the second half of the 1970s will play the expansionary and developmental role that it did in the 1960s. It will only be by dint of deliberate policies that international trade will be able to resume its integrative function in the world economy.

The reasons why trade seems likely to increase less vigorously relative to production in the period immediately ahead than was the case in the 1960s lie partly in the state of intercountry imbalance in which the world economy is entering the second half of the 1970s, partly in the changing composition of growth in the more industrialized countries, and partly in the traumatic events of the first half of the decade which have left a legacy of policies and sentiments that have distinct autarkic overtones. None of these factors is immutable and in due course Governments may become less willing than now seems to be the case to forgo the advantages of a more intensive international division of labour and the dynamic of trade that this involves.

The key factor of the imbalance that has emerged in the first half of the decade is the inability or unwillingness of countries that are in external surplus or have high international liquidity or whose external account plays a relatively minor role in total domestic production to take a strong lead in expanding imports. At the end of 1975 over a fourth of the world's monetary reserves belonged to the members of the Organization of Petroleum Exporting Countries (OPEC) (compared with less than 6 per cent at the beginning of the decade) whose internal economies are too small for them to provide the rest of the world with the sort of trade stimulus that would be a normal concomitant of such liquidity. Another fourth of all international reserves belongs to the three industrial giants - the Federal Republic of Germany, Japan and the United States of America - whose imports account for almost a third of world trade but for less than a tenth of their own production. The Federal Republic of Germany continues to run a large trade surplus; Japan, in deficit in 1974, has almost regained its surplus position; and the United States, after falling into deficit in 1971 and 1972, is again running a large surplus. These countries, like most other developed market economies, having been through an extended bout of extremely disruptive inflation, are most reluctant to pursue the sort of expansionary policies that would be required for them to increase significantly their imports from the rest of the world. The other industrial countries, not only the victims of an inflation even more acute than that in the giants but also in precarious external balance - or, as in the case of Italy and the United Kingdom, serious imbalance - are both more reluctant and less able to stimulate incomes and imports. At the same time, all these countries are waiting for an expansion in external demand to get their own growth rates back to the pre-recession average.

As indicated earlier in the chapter, most projections of the economic growth that is likely to occur in the second half of the decade suggest that it will not attain earlier rates. In some cases demographic factors will tend to slow down the rate of increase in production: in a number of countries (Belgium, Federal Republic of Germany, Italy, United Kingdom as well as Czechoslovakia, German Democratic Republic and Hungary) the population is increasing only very slowly -

by less than 0.5 per cent a year. In Japan, though over-all population growth is still above 1 per cent a year, the proportion of working age (15-64) will be lower in 1980 (below 67 per cent) than it was in 1970 (nearly 69 per cent). In most of the industrial countries the proportion of the population in the service sectors is continuing to rise and these are the occupations in which productivity tends to increase most slowly and they include some of the activities that are least dependent on foreign trade. Policies now in effect in several of the major developed market economies to devote more resources to investment - private in the United Kingdom and the United States, public in Japan - seem likely to increase demand more for inputs that are locally produced, or at best produced chiefly in the most industrialized countries, than for imports from the world at large, especially the less developed countries. Efforts to improve the quality of life rather than expand physical output are also likely to favour local inputs over imports: pollution-reducing devices and technology tend to be developed within the industry concerned and the recycling of waste and scrap usually tends to diminish the demand for the prime materials, some of which are imported. There is a perceptible tendency, moreover, for the setting of standards designed to protect the consumer and the environment to act as a "non-tariff barrier" hindering international trade.

Also exerting a negative effect on trade are the policies and measures engendered by developments in the first half of the decade. Apart from the powerful tendency, referred to above, for the experience with inflation to inhibit actions that would encourage growth and trade, policies are also strongly influenced by the rise and persistence of unemployment. This has had a considerable impact on attitudes towards the outflow of capital and the inflow of foreign goods, inducing a defensive outlook even in countries that have long worked towards the liberalization of international trade.

Thus a certain duality has tended to emerge in the trade policies of the major developed market economies. On the one hand, has been the long-standing effort to reduce the obstacles to the free interchange of goods: this has continued, partly under the influence of earlier philosophies and an appreciation of the resultant benefits and partly as a follow-up to earlier institutional arrangements. On the other hand, has been a series of defensive measures designed to protect the domestic economy against the consequences of excesses or deficiencies in external supplies and the often related swings in price.

Among the trade liberalizing actions carried over from earlier decisions were the fourth and fifth instalments of tariff reductions agreed to during the Kennedy Round of negotiations: these came into effect at the beginning of 1971 and 1972, respectively. This set the scene for the next round of multilateral trade negotiations (MTN), inaugurated by a Declaration of principles agreed to in Tokyo in September 1973, but so far characterized more by hesitancy than by firmness of purpose. Whether these negotiations succeed in putting the market economies back on the liberalization track remains to be seen: whatever agreements are reached they will not begin to be implemented before 1977 and are hardly likely to have much influence on the course of trade until later in the decade.

In the meantime another set of trade stimulating measures was inaugurated in mid-1971 when the six members of the European Economic Community (EEC) instituted the first "generalized system of preferences" for imports from developing countries, particularly of manufactured goods. Between then and the beginning of 1976, when a United States scheme came into operation, almost all the developed market economies made arrangements to give imports from developing countries preferential entry. These arrangements are hedged around with safeguards and limitations and some of them have proved awkward to administer and, being generalized, have tended to favour the more industrialized of the developing countries. Nevertheless, from time to time, they have been improved and liberalized and in general have become a positive influence on exports from less developed to more developed countries. Though reductions in tariffs - arranged in MTN, for example - will lower the degree of preference, their influence on this trade flow should increase in the second half of the decade as increasing familiarity with procedures widens their scope.

Also affecting the flow of trade from developing countries have been the arrangements made by EEC with its 18 Associated States. Between 1971 and 1975 these were governed by the Second Yaoundé Convention; since then they have been broadened to include the Commonwealth countries of Africa, the Caribbean and Pacific (ACP) affected by the accession of the United Kingdom to EEC. Negotiations to achieve this culminated in the Lomé Convention which provides for non-reciprocal duty-free access to EEC for all industrial products and most agricultural products from the Associated and ACP countries, 46 in all. It also provides for certain compensatory transfers should earnings from these exports decline. This too should exercise a positive effect on developing country trade in the period ahead. Some expansion in trade should also result from efforts by EEC, resumed in 1974, to strengthen ties with various Mediterranean countries (see table 46).

The first half of the decade also saw a large number of ad hoc trade measures calculated to increase the flow of goods between countries. Many of these were in response to changing balance-of-payments positions: Japan, for example, was persuaded to ease conditions of entry so as to offset a 1971-1973 build-up of surpluses, and several other countries relaxed restrictions that had been introduced in earlier periods of stringency. Other trade-liberalizing measures reflected changes in the supply/consumption balance: in the 1972-1973 upswing in economic activity, for example, many quota restrictions were eased or removed. The same circumstances also worked in the opposite direction. Restraints were applied to exports in order to conserve domestic supplies, for example, as in the case of iron and steel scrap in 1973 and petroleum and its products in 1974. During the period there was also a notable liberalization of trade between the major developed market economies and the centrally planned economies (see table 47).

In 1974 and increasingly in 1975, however, the balance of new actions, that is, measures to implement current policy in contrast to measures adopted to fulfil earlier commitments, swung towards constraint. As unemployment rates rose, so did pressure to protect sensitive industries from undue competition from abroad. Thus there were many restrictive actions - particularly reductions in quota or tightening of licensing arrangements - affecting such products as foot-wear and textiles, electronic apparatus, motor vehicles, steel, ball bearings, butter and other dairy produce, wine and meat. The number of complaints about "dumping" - that is, charging less in export markets than in the home market - swelled noticeably and there was an increasing tendency to resort to arrangements with suppliers to exert control over exports, as an alternative to the imposition of restrictions by the importer. Most of such arrangements were made bilaterally but in the case of some of the textile restraints they were negotiated within the framework of the Multifibre Agreement. In the course of 1975 EEC arrived at voluntary export controls arrangements with as many as nine Asian suppliers of various types of cotton yarn and fabric.

In limiting imports of textiles and foot-wear Sweden claimed that it was important to national security to maintain viable industries producing these essential products. In the case of motor-car imports into the United States it was the trade union rather than the manufacturers that brought the allegation of dumping to the United States International Trade Commission established under the 1974 Trade Act. In principle, the Commission can deal with such a complaint by providing adjustment assistance for retraining, re-employing and resettling parties who have suffered injury from imports: in practice, however, a response of this nature has been rendered much less effective by the generally high level of unemployment. 20/

As long as it is possible to persuade exporters to restrain the flow of goods, higher tariffs or stricter import quotas can be avoided and the facade of a liberal trade régime can be maintained. But voluntary export controls may be as destructive of trade volume as mandatory import restrictions and the immediate outlook is not very bright. In most of the developed market economies levels of unemployment that are high by post-war standards are predicted to continue into 1977 even if there is a substantial pick-up in production. While social security arrangements have made such unemployment less intolerable in terms of levels of consumption, success in providing new jobs has been notably rare. Though a resumption of growth will open up opportunities and facilitate freer movement, the immediate outlook is for a continuation of the essentially defensive attitude towards an expansion in imports.

The upheavals of the first half of the decade have left another legacy of defensive attitudes. This stems from the great upsurge in commodity prices in 1972-1974 and various attempts to control exports - whether to protect domestic supplies or to raise or sustain prices or to achieve some non-economic objective. The response to these events and actions on the part of the main consumer countries has been to seek greater security of supply by means of conservation, the use of substitutes, the development of indigenous resources and the exploration of new resources in areas less susceptible of monopolization. Thus there has been a perceptible strengthening of the forces making for autarky: the rundown of rice production in Japan and coal production in Western Europe has been or is likely to be reversed, EEC is extending its beet area and by growing more coarse grain and using more of its milk surplus as powder is likely to reduce its requirements for imports of animal feed, the nuclear energy industry has been given a notable boost, as have many of the means of conserving energy and recycling cellulose and metals.

Many of these developments are clearly in the interest of long-term global resource management and are timely if not overdue. Others, also sound by

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20/ The United States Trade Act of 1974 contains potentially more effective adjustment assistance provisions than the measure it replaced (the Trade Expansion Act of 1962). Procedures have been streamlined and eligibility criteria eased and assistance has been made available under three heads - to workers (for which $335 million was provided in the first year), to firms ($20-25 million) and to communities ($100 million). In the 12-year life of the previous legislation only 35 firms qualified for assistance and only 20 actually received loans or guarantees; some 47,000 workers were declared eligible and received $69 million of federal money, all in the last five years of the Act when its interpretation became more generous.

longer-term criteria, may have brought forward investment that might not have been necessary for many years and may thus have displaced or postponed forms of capital formation that contemporary criteria would judge more urgent. Some represent a clear misallocation of resources from a global point of view, denying the world economy the benefits flowing from a more rational division of labour. In the present context the feature common to them all is their negative effect on traditional patterns of international trade. Taken in conjunction with the other defensive policies inhibiting imports, they reinforce the conclusion that in the period immediately ahead world trade is unlikely to be the dynamic force that it has been for most of the post-war period.

Since a more vigorous growth of export industries would make a valuable contribution to both incomes and employment, it would be in the general interest for Governments to resist the pressures for protective measures or autarkic policies. This constitutes a special challenge to countries that are in a strong external payments position. In the context of the ongoing MTN, a lead from them could reverse the progressive constriction of international trade that at present appears to be one of the main hazards facing the world economy.

Prospects for the developing countries

The two most important and least certain determinants of the course of events in the developing countries in the second half of the 1970s are likely to be foreign trade and domestic agriculture. Since some agricultural output is exported and in some countries agricultural performance is affected by imported inputs, the two factors are not wholly independent. Together, moreover, they have a direct impact on the course of manufacturing activity: agriculture is the source of most raw materials, imports provide plant and equipment as well as a range of components and other strategic inputs, and in varying degree both constitute important parts of the market for industrial products. For purposes of analysis, however, it is convenient to discuss the prospects for agriculture separately and examine first the general outlook for trade and payments in the light of the forecasts that have been made for the course of economic growth in the developed market economies and the new five-year plans that have recently begun in the centrally planned economies.

The economic turnaround from recession to recovery that occurred in the major developed market economies at different times in 1975 presages an increase in the demand for imports from the developing countries in 1976 and 1977. In the early period - which probably means most of 1976 - this increase will originate not only in final demand as incomes begin to rise again but also in inventories which, in the case of many durable goods and some primary commodities, were drastically reduced in 1975. This should have a strong positive impact on developing country export earnings from some of the raw materials that entered 1976 with prices well below the level indicated by earlier relationships - rubber, for example, and the principal textile fibres and some of the metals, particularly copper, but also aluminium, lead and iron ore.

For some of the commodities whose price is relatively high by earlier standards, the effect of the rise in income will not necessarily be translated into higher earnings of traditional exporters; it is likely to be shared by new producers, by old producers in the importing countries and by substitutes. Thus exports of such commodities as petroleum, zinc, phosphates, sugar and beef are unlikely to resume their earlier growth rates in the near future.

The events of 1974 and 1975 resulted in a radical change in the course of developing country exports. Averaging over 9 per cent a year in the first three years of the decade, the quantum increase almost disappeared in 1974 and was turned into a 10 per cent reduction in 1975. The main locus of the decline was the petroleum exporters, but the developed market economy recession also induced a reduction - of about 6 per cent - in the export quantum of the other developing countries in 1975. Recovery from this setback is unlikely to be rapid: in the light of the growth prospects in the developed market economies - the major markets for developing country exports - the average annual increase in quantum during the second half of the decade may not be much above the 4 per cent average recorded in the first half. The prospect of its reaching the 7 per cent target specified in the International Development Strategy seems very slight. The main lag is expected in the volume of petroleum exports - which may not reach an average of 2 per cent a year - but the expected recovery in the export quantum of the other developing countries is unlikely to be dramatic, and over the second half of the decade the annual average may not be much above the 6.3 per cent of the first half - also below the Strategy target. 21/

There will probably be some delay before a recovery in export earnings is reflected in an acceleration in imports. After two years of extremely rapid growth, purchases by the petroleum-exporting countries are likely to decelerate: too many bottle-necks have developed to permit the continued absorption of imports at the earlier pace. In the course of the first half of the decade the rise in the import quantum of the petroleum exporters accelerated from under 10 per cent to about 36 per cent; it may fall back to about half that rate in the second half of the decade. And among the petroleum-importing countries, the liquidity strain that developed in 1975 as the result of the reduction in developed market economy imports and the simultaneous deterioration in the terms of trade will need to ease perceptibly before new orders are increased and the flow of imports can be expected to accelerate. After expanding by more than 14 per cent in 1974, imports into these countries were cut by 4 per cent in 1975 - reducing the average rate of increase in the first half of the decade to 6.3 per cent a year, fractionally below the Strategy target for the developing countries as a whole. Even if 1976 brings an appreciable slackening in the rate of increase in import prices and an appreciable improvement in export prices, therefore, it may be 1977 before there is a significant upturn in the rate of increase in imports into the petroleum-importing developing countries, unless, indeed, there is an unexpected expansion in the availability of finance.

A short slowdown in imports may not have unduly adverse repercussions on output and development in the petroleum-importing countries: much depends on agricultural production, on the effective utilization of domestic industrial capacity and on skilful control over the composition of imports. If it persists, however, shortage of key imports could severely handicap the investment process and reduce the rate of growth. For this group of countries, therefore, the course of export prices in 1976 and 1977 and the mitigation of the financial constraint will be key factors in shaping the rest of the decade. For most of the petroleum-exporting countries, on the other hand, external finance is no longer a constraint: their development depends on the rate at which other bottle-necks can be overcome.

Much of the increased inflow of petroleum revenue is being used to expand industrial capacity, chiefly but not solely in the petroleum-exporting countries themselves. This should make a perceptible difference to total manufacturing output before the end of the decade. As implied above, however, the developing countries' ability to maintain the rate of growth of the first half of the 1970s - about 8.6 per cent a year, comfortably above the Strategy target - depends in the first place on the outcome in the agricultural sector and in some cases on the flow of critical inputs from abroad and in others on access to overseas markets.

21/ The short-term forecasts emerging from the LINK system of projection models suggest that the export quantum of the developing countries might recover to a gain of 4.6 per cent in 1977 - 3.1 per cent for the petroleum exporters, 6.6 per cent for the others - and then recede to 3.2 per cent in 1978.

Agriculture in the developing countries and trade policies in partner countries thus remain prime challenges for the second half of the decade.

Development in the petroleum-exporting countries

The countries that are grouped together in OPEC are by no means identical in their economic characteristics, and although their future is in all cases linked closely to the revenues they derive from petroleum exports, their domestic circumstances differ considerably as, therefore, does their capacity to translate petroleum earnings into internal economic development. At the one end of the spectrum are the countries that are likely to be able to spend all their prospective earnings from petroleum exports on imports of goods and services; they include Algeria, Ecuador, Indonesia and Nigeria whose domestic economies are large relative to the petroleum sector and whose per capita incomes are lower than those of most of the other petroleum exporters. At the other end of the spectrum are the countries whose prospective petroleum earnings far exceed their probable import requirements; they include Kuwait, the Libyan Arab Republic, Qatar, Saudi Arabia and the United Arab Emirates, all of which have large petroleum resources, high per capita incomes and economies whose non-petroleum sectors are relatively small. In between are the countries - such as Gabon, Iran, Iraq and Venezuela - in which needs and resources are in closer balance; since the great increase in petroleum prices their international liquidity has expanded dramatically but in the period ahead, especially later in the decade, their development needs seem likely to claim most of the newly available financial resources (see table 48).

In the low-income group, petroleum plays a slightly less dominant role than in the other countries and their physical and demographic size makes for a relatively high absorptive power. Though there are many bottle-necks and reserves may build up occasionally - as they did in Nigeria in 1974 when port congestion and infrastructural deficiencies hampered the import programme 22/ - on the whole these countries are likely to use all their prospective petroleum revenues for acquiring foreign goods and services for domestic use.

In the intermediate group incomes tend to be substantially higher, not only because petroleum plays a larger role but because the economies are more diversified and their resources - demographic and natural - are capable of supporting a rapid pace of development. These countries are enjoying large surpluses as a result of their petroleum earnings and are likely to continue to accumulate reserves in the immediate future. Imports are rising sharply, however, and as domestic development accelerates, external accounts seem likely to come into better balance. Iran has already begun to trim some of its more ambitious plans and while still investing abroad on a sizable scale has also entered the capital market as a borrower. Venezuela, while planning to increase its student enrolment from 3.3 million to 4.4 million in the second half of the 1970s, create

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22/ In 1975 Nigeria imported about twice as much as in 1974 and the ratio of exports f.o.b. to imports c.i.f. dropped from 3.49 to 1.45.

365,000 new jobs and treble the proportion of non-traditional goods in its exports - from 4.4 to 12.3 per cent - envisages a rate of petroleum production of 2.2 million barrels per day, far below the 1970-1974 average of 3.4 million.

In the high-income group petroleum plays an overwhelming part and in view of the population and natural resources of the countries in question is likely to continue to do so, however rapid the pace of industrialization. These countries will thus tend to dispose of far greater export revenues than can be beneficially used in the domestic economy, at least in the short run. They will therefore have much greater freedom to decide the rate at which their non-renewable petroleum resources might be exploitable. They are in a better position than the rest of the petroleum exporters to seek to maximize their net rate of return from petroleum over the life of the asset. Since a much higher proportion of their petroleum revenues will be invested outside the domestic economy, however, these countries will tend to have a greater concern about developments abroad and the stability of the world economy. As their surpluses accumulate, their creditor role to the rest of the world seems likely to exercise an increasing influence over their petroleum policies.

Irrespective of their status in this rough categorization, most of the petroleum-exporting countries have given a high priority to tightening their grip on the industry itself, partly by increasing their ownership of - or participation in - the operating multinational companies and partly by expanding their interests and assets downstream towards the consumer end of the petroleum market. The financial resources being generated by the industry are also being used for investment in energy-intensive manufacturing processes, including not only petrochemicals but various metallurgical projects, particularly aluminium and steel. Except where it is not feasible - Kuwait, Qatar and the United Arab Emirates, for example - agriculture is to receive between an eighth (Algeria and Venezuela) and a fifth (Indonesia) of the development budget for the second half of the 1970s. And underpinning much of the other expenditure is a considerable investment in infrastructure.

On the basis of construction under way or planned, petroleum refinery capacity outside the centrally planned economies is likely to increase by about 1.3 million tons a year in the second half of the decade; this would raise the total by over 40 per cent by 1980. Much of the expansion will be in the resource countries. African and West Asian OPEC members, for example, accounting for less than 7 per cent of total capacity in 1975, will be responsible for over a fifth of the increment. Indonesian capacity is to be more than doubled while Venezuela, at present by far the largest of the OPEC refiners, will increase its capacity by more than a fourth (see table 49).

Chiefly through purchases of ships on a market that has been seriously depressed by the delivery of a large amount of new tonnage in a year when petroleum exports declined by 10 per cent, members of OPEC are building up their tanker fleet. Algeria has decreed that half of its direct trade should be carried in national ships and this goal has been suggested for the Arab petroleum exporters as a group. In 1975 Arab tankers carried less than 7 per cent of their countries' petroleum output. By 1977 the Arab Maritime Petroleum Transport Company is planning to operate about 1.2 million tons, dead weight, and by the following year the combined weight of Arab tankers is planned to reach 7.8 million tons.

Considerable additions are at present being made to the ammonia-making capacity of the petroleum exporters. This increase will put to use some of the 72 billion cubic metres of natural gas that are being flared in the Middle East oilfields each year. Much of this ammonia will go into nitrogenous fertilizer for export. According to the Industrial Development Centre for Arab States, a firm building programme has been drawn up for a variety of petrochemical projects which by the early 1980s should provide capacity for an annual output of 2.5 million tons of ethylene - the starting point for many hydrocarbon compounds.

In most of the petroleum-exporting countries these and other components of their industrialization programmes have been encountering a number of difficulties. Perhaps shortages of appropriately skilled labour constitute the most serious constraint: there is a general lack not only of workers with sophisticated technical training and experience but also of managers and administrators at almost all levels. In 1975, over 300,000 foreign workers were employed in Saudi Arabia and by the end of the decade this number is likely to have more than doubled. Implementation of the 1973-1978 plan in Iran is estimated to require some 700,000 skilled workers. Moreover, the magnitude and speed of the development process is imposing a tremendous strain on ordinary public administration: as a result inefficiency and corruption appear to have grown alarmingly despite campaigns to improve and streamline services.

Great efforts have been made to overcome physical bottle-necks. By introducing shift work and mechanical handling and speeding cargo clearance by sharply higher storage charges, the capacity of the port of Jeddah was increased by 50 per cent in two years and the construction of 18 new berths in the course of the 1976-1980 plan is expected to nearly double it. At the end of 1975, however, the average waiting time for an arriving vessel was 80 days in Saudi Arabia, about the same in Iraq and even longer in Iran where over 200 ships were waiting to enter the two main ports. The capacity of the Tripoli docks is being doubled, and in the meantime the Libyan Arab Republic is receiving some of its imports through Tunisian ports. Throughout the area overland transport is booming, including that over the long routes to north-western Europe.

Indonesia, Nigeria and Venezuela all have development plans covering the 1976-1980 period. Their combined expenditure will amount to $11.5 billion a year - with a higher proportion being devoted to agriculture in Indonesia and Nigeria than in Venezuela where greater emphasis is to be placed on industry. The five Middle East countries that have articulated development plans extending over all or most of the second half of the decade intend to spend rather more than $60 billion a year - Algeria, $6.8 billion; Iran, $13.6 billion; Iraq, $6.7 billion; Libyan Arab Republic, $4.8 billion; and Saudi Arabia, $28.4 billion. As there is a certain similarity in their needs as well as in their intentions, a certain amount of pressure is being generated by competition for capital goods and construction facilities. This has already served to bid up the costs of the new investment, especially where a time-table is to be adhered to in conditions that frequently call for adaptations and inventories by contractors used to working in areas where supporting services are more adequate. The higher costs, which include higher wages, are having an impact on the rest of the economy and inflation has become a serious problem.

Financing the deficit of the developing countries

With the recovery in the developed market economies expected for 1976 and 1977, developing countries' exports will resume their upward trend. In the case of the petroleum-exporting countries the rate of increase in imports which slowed down somewhat in 1975 seems likely to decelerate further in the immediate future until the investments now under way in infrastructure and training help to remove some of the bottle-necks to development and expand the absorptive capacity of the countries concerned. This should result in a renewed expansion in the group's external surplus, derived not only from trade but increasingly from investment income.

In the case of the petroleum-importing countries imports will follow exports: the more vigorous the expansion of export earnings in the wake of the developed market economy recovery the greater will be the increase in imports. But import requirements are dictated in large measure by domestic growth and if this is to accelerate towards the 6 per cent a year target for the decade, the gap between export earnings and import expenditure could widen, even beyond the record $44 billion registered in 1975.

The structure of production in the second half of the decade should favour the containment of this deficit. Less of the developing country growth is expected to originate in the external sector than was the case in the first half; agriculture should contribute more and this should be reflected in industrial activity; interchanges that do not involve convertible currency should also expand more rapidly. Nevertheless, if investment is to increase imports will rise and some proportion of the increment in incomes will be translated into imports. And for many developing countries the ability to finance imports will set a ceiling on attainable growth.

Providing the deceleration in inflation now under way in the developed market economies continues and, providing there is no further untoward increase in the cost of petroleum, an improvement in the terms of trade should go some way towards narrowing the gap. Up to a point, moreover, imports can be financed through associated suppliers credits; about a sixth of developed market economy exports to developing countries have been so financed in recent years and as the financial strigency of the corporate sector eases with the subsiding of inflation, competition for export orders could raise that proportion.

Access to other private finance, however, is less likely to become easier in the period immediately ahead. Given the upsurge in borrowing from private sources in 1974 and 1975 and the increase in the burden of debt service payments, it may prove difficult for the developing countries to raise larger amounts on the capital market. Banks are heavily committed by earlier standards and are taking a more critical view of credit worthiness. And though more OPEC funds seem likely to reach the Euro-currency market than the $20 million reported in 1974, the financial intermediaries operating there are becoming more selective in their lending. 23/

Unless some type of guarantee arrangement can be devised, to bring to bear official - and presumably multilateral - underwriting of the private capital market, it is doubtful whether more than a few developing countries will be able to meet any increase in their external financial needs from this source in the immediate future.

One such multilateral approach has been through the various development banks which have raised funds on the private capital market through the sale of bonds on a considerable scale in recent years. Over the 1970-1974 period the net flow of private money to such institutions has averaged about $0.4 billion a year. With new sources of funds opening up, these banks are no longer confined to the traditional markets and it is likely that they will be handling substantially larger amounts in the future. The total loan commitments of the International Bank for Reconstruction and Development (IBRD) and the three main regional banks - based on funds generated by the banks themselves and obtained from Governments as well as those raised on the capital market - rose from $2.5 billion in 1970 to $5.0 billion in 1974. In mid-1975 the cumulative total of commitments still awaiting disbursement was $15 billion.

Next to the Euro-currency market, the principal source of private finance for developing countries has been through direct investment: in recent years this has provided around half of all private flows and about a fourth of the total bilateral flow from developed market economies to developing countries (see table 50). The course of this direct investment flow during the second half of the decade is uncertain: it is resisted by many developing countries as involving a threat to national sovereignty and it is opposed by various interests in the developed market economies on the grounds that it withdraws capital, exports employment and creates competition for domestic industries. Officially, however, most developed market economies encourage direct investment abroad, within existing balance-of-payments policies, in some cases by tax advantages or by insurance against various risks. And most developing countries encourage foreign investment, again within balance-of-payments policies and in most cases subject either to an investment code or to negotiated agreements regarding such things as employment, and purchasing and selling arrangements.

At the end of 1973 the book value of business assets in the developing countries owned by the private investors in the developed market economies was about $55 billion. About 28 per cent of this was located in the petroleum-exporting countries. Most of the remainder was concentrated in the higher-income countries,

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23/ In the first half of 1975, of a total of $7.8 billion of reported Euro-credits, $3.7 billion was borrowed by developed countries, $1.4 billion by petroleum-producing countries and $2.2 billion by the high-income developing countries, with about 6 per cent going to the remaining developing countries.

very largely in the western hemisphere: almost half the total was in countries with per capita incomes of over $600 in 1973 and only an eighth of this was in Africa and Asia (see table 51). The return from these assets, reinvested in large measure in the country in which they were generated, should provide for continuation of the direct investment flow at recent levels. If needs are responded to, there should also be a flow of new investment - to make good the recent lag in natural resource development in advance of the higher rates of consumption that are expected later in the decade, to help the petroleum importers to strengthen their domestic energy supplies and to carry forward the diversification process by assisting in the establishment of new industries.

The flow of official development assistance from the developed market economies, though more or less doubling in current terms during the first half of the decade, held virtually constant in real terms and just about kept pace with the growth of production in the donor countries at well below half the Strategy target of 0.7 per cent (see table 52). Beyond 1975, estimated on the basis of commitments and pipelines, the prospects are vague in detail though, given the institutional framework and 15 years of steady nominal growth, there seems likely to be a continuation of the trend. This should mean a gain of about an eighth in 1976 and thus, with inflation abating, some modest increase in volume.

For some of the smaller donor countries the flow of official aid can be projected on the basis of budgetary programmes and commitments to the Strategy target of 0.7 per cent of gross national product. Thus the Netherlands, Norway and Sweden, which achieved the target in 1975, are expected to advance towards a 1 per cent target by the end of the decade. And a number of other countries - including Australia, Belgium, Canada, Denmark and France, all at or above the 0.5 per cent level in 1975, are expected to reach the target by the end of the decade. These eight countries and New Zealand, which has also accepted the Strategy target, accounted for about $5 billion - almost 40 per cent - of the 1975 flow.

It has been estimated by the secretariat of the Organisation for Economic Co-operation and Development that if members of the Development Assistance Committee (DAC) contributed 0.7 per cent of their projected 1980 gross national product, the amount of aid would be in the vicinity of $30 billion at 1974 prices and exchange rates. How close the flow actually comes to that depends very largely on the performance of the major donors, most of which have not formally accepted the target. In the light of their precarious state of balance, the prospects for a significant increase from Italy and the United Kingdom are not bright: between them these two countries contributed about $1 billion in 1975, the United Kingdom maintaining an aid ratio (0.37 per cent) somewhat above the developed market economy average, Italy having a ratio (0.13 per cent) far below. Japan, which accounted for about $1.2 billion in 1975, has a large volume of resources in the pipeline but with a relatively low aid ratio (0.24 per cent) seems unlikely to reach anywhere near the target. The Federal Republic of Germany, accounting for about $1.4 billion in 1975, has improved its aid ratio since the beginning of the 1970s and, having accepted the Strategy target, has reached the developed market economy average (0.34 per cent); while entering the second half of the decade with large commitments, however, its own expenditure forecast suggests no further expansion. Even more in doubt is the flow from the United States, by far the largest donor country (about $3.6 billion in 1975); its aid ratio has declined to 0.25 per cent and present policies give no indication that this trend will be reversed in the period immediately ahead.

Because of more buoyant private capital flows, the United States was nearer the general Strategy target for resource transfers (1 per cent of gross national product) although at 0.60 per cent in 1974 it was well below the developed market economy average of 0.72 per cent. Several countries attained the target in that year (including Belgium, Canada, France, the Netherlands, Sweden and the United Kingdom) and over the first half of the decade, Australia and Japan came within a few percentage points of the target (see table 53). Though the longer-range prospects for further advance towards the over-all 1 per cent goal would seem to be favourable, in the period immediately ahead, the restraints affecting private lending, referred to above, seem likely to increase the importance of official flows.

Since these official flows seem likely to grow only slowly in the second half of the 1970s, greater importance attaches to the terms of transfer. On the whole, the first half of the decade saw an easing of terms: the average grant element in loans increased from less than 57 per cent to more than 60 per cent, 24/ the average maturity having lengthened to 32 years, the grace period (before repayment begins) to over eight years and the average rate of interest having been reduced to 2.4 per cent. Around half of all official bilateral aid from the developed market economies was in the form of grants and taking this into account the effective proportion of aid subject to repayment had declined to about 14 per cent (see table 54).

In general, moreover, the assistance was being effected in a more discriminatory manner. The flows to the least developed countries, for example, was generally on easier terms than the transfers to other developing countries, In a number of cases, indeed - Australia, Belgium, New Zealand, Norway, Sweden and Switzerland, for example - by the middle of the decade, transfers to the least developed countries were being made entirely as grants (see table 55).

One of the results of this more selective approach was a perceptible reduction during the first half of the 1970s in the share of total developed market economy assistance going to some of the larger or higher-income developing countries - Algeria, Brazil, Chile, Colombia, India, Indonesia, Iran, Mexico, Nigeria, the Republic of Korea, Thailand and Venezuela, for example - and a corresponding increase in the share of many of the smaller or lower-income countries. Measured by gross domestic product, the average size of the economy

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24/ The "grant element" is the difference between the face value of the loan and the present value of future service payments discounted at 10 per cent a year expressed as a percentage of the face value. To be classified as "development assistance", a loan must involve a grant element of at least 25 per cent.

was \$1.0 billion in 1973 in the case of the recipients whose share of bilateral official aid was rising steadily, \$1.6 billion for those whose share was not changing, \$3.5 billion for those whose share was declining steadily and \$18.8 billion for those whose share was declining erratically. There was a similar progression in per capita income: from \$186 in the group with a steadily rising share and \$203 in the static group, to \$317 in the group with erratically declining shares, and \$350 in the group with steadily declining shares. The anomalous group in this classification is the one whose share in development aid was increasing erratically: this includes some large or high-income countries - Argentina, Burma, Egypt, Israel, the Philippines and Saudi Arabia (see table 56). 25/

By 1974 the average per capita receipts of official bilateral development assistance was \$1.75 in the 32 countries in which the share had been declining, \$7.68 in the 34 countries in which the share had remained more or less the same over the first half of the decade, and \$8.20 in the 48 countries in which the share had been increasing. As a proportion of total production, receipts of development assistance were about three times as large (1.80 per cent) in the group with increasing shares as in the group with declining shares (0.55 per cent).

While the tendency to increase the share of total development assistance going to the smaller and lower-income countries seems likely to persist, at mid-decade there were many low-income countries in receipt of far less than the average amount measured on a per capita basis. Apart from the ex-Portuguese Territories, for example, there were a number of developing countries receiving from the developed market economies less than the equivalent of \$1 per inhabitant - Afghanistan, Nigeria, the Syrian Arab Republic and Uganda, for example. And among those in receipt of less than \$2 per inhabitant were Burma, India, Maldives, Nepal and Thailand, as well as El Salvador, Guinea, Sierra Leone and the Sudan.

Commitments of credit from the centrally planned economies to the developing countries other than Cuba averaged about \$2.5 billion a year during the first half of the 1970s (see table 57). Though the amount was below the average in 1971 and above it in 1974, the yearly total was remarkably steady in current prices. This suggests that the flow of resources from the centrally planned economies in the period immediately ahead may continue at much the same level as in the first half of the decade. There are no official figures of this but on the basis of partner country reporting it is estimated to have averaged about \$1.3 billion a year to developing countries other than Cuba, and of this about three fourths was on concessional terms.

In contrast to the movement of resources from the developed countries which has become institutionalized and therefore relatively stable, the flow from the

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25/ For a further analysis of the geographical distribution of official development assistance, see two papers prepared by the Centre for Development Planning, Projections and Policies of the United Nations Secretariat: "Foreign aid and development needs" and "External finance for development: recent experience and its implications for policies", Journal of Development Planning, No. 10 (to be issued as a United Nations publication).

third major source - the petroleum-exporting countries - is new and much less predictable. It began on a small scale in 1973 but reached significant dimensions after the big jump in the price of crude petroleum boosted the group's combined current surplus, measured on a transactions basis, to about $64 billion in 1974. The volume of resources made available to developing countries in 1974 is estimated by the secretariat of OECD at $4.6 billion, of which almost $3 billion was bilateral - three fourths on concessional terms - and the rest channelled through various multilateral institutions, including the International Bank for Reconstruction and Development, bonds of which were bought in the amount of $1.4 billion. 26/ Preliminary estimates of disbursements in 1975 put the total at $5.6 billion, the main increase having been in bilateral investment and lending operations (see table 58).

In 1974 rather more than half the total commitment of OPEC aid was in the form of grants and the grant element in loan commitments is estimated to have been about 40 per cent, giving an over-all grant element of about 70 per cent, or about 1 per cent of gross national product. Preliminary estimates of 1975 commitments suggest somewhat harder terms.

About a third of the OPEC surplus in 1974 went into the Euro-currency market from which, as indicated above, many developing countries were borrowing. In 1975, with the surplus more or less halved, some of the new institutions beginning to function and 1974 commitments to be fulfilled, the amount going into Euro-currency deposits - estimated at $7 billion - was less than a third of that of the previous year.

Given the sudden expansion of their funds and the desire of OPEC donors to build up their own institutions for handling them, disbursements have lagged behind commitments. This means that there is a reservoir and a full pipeline that should continue to deliver resources to developing countries in the period immediately ahead, even if the group's combined external surplus should diminish.

Though, up to mid-1975, aid commitments are reported to have been made to 40 countries, the bulk of the flow had thus far been concentrated mainly in a relatively few channels. Three donors (Kuwait, Saudi Arabia and the United Arab Emirates) accounted for two thirds of this early flow of bilateral aid and four countries (Egypt, Jordan, Pakistan and the Syrian Arab Republic) for two thirds of the receipts. 27/ The three donors, which all have a relatively low capacity to use internally the flow of finance likely to accrue to them from future petroleum exports, seem likely to continue to predominate as sources of

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26/ These figures exclude the moneys transmitted to the International Monetary Fund (IMF) to help finance the so-called Oil Facility - $1.8 billion in 1974 and $2.9 billion in 1975. They also exclude moneys provided for the purchase of arms and other military purposes.

27/ These figures are based on earlier data assembled by the United Nations Conference on Trade and Development (UNCTAD) and presented in a document entitled "Financial co-operation between OPEC and other developing countries".

developing country aid. 28/ As the national and inter-OPEC institutions get into their stride, however, a much wider distribution of recipients is to be expected 29/ especially if triangular and multilateral investment arrangements - linking the natural resources of recipient developing countries and the technology of the more advanced countries by means of the finance of the OPEC donors - begin to proliferate.

Not included in the foregoing figures is a sum of $500 million made available early in 1975 by Venezuela for the setting up of a Trust Fund within the Inter-American Development Bank (IDB) for lending and investing in Latin America, especially for natural resource development, agricultural and agro-industrial development and the promotion of integration. Another source of finance - the International Fund for Agricultural Development (IFAD) - is still in the process of organization: it is intended to have $1 billion at its disposal, subscribed equally by the OPEC members, on the one hand, and DAC members, on the other.

Other recent initiatives that should help to provide additional resources to the developing countries include the opening by IBRD of a so-called third window capable of lending up to a target amount of $1 billion a year at rates of interest half way between those applicable to concessional loans of the International Development Association (IDA) and those that have to cover the cost of raising money on the private capital market. The IMF should also prove to be a greater source of financial support in the period ahead: not only do the developing countries have larger quota-based entitlements to normal accommodation but they should also benefit from the new Extended Fund Facility, enlarging and lengthening lending arrangements, and from improvement in the Compensatory Financing Facility which is designed to assist in cases of sudden shortfall in export earnings. Developing countries may also have access to a trust fund designed to provide concessional balance-of-payments assistance to those in special need and financed partly by voluntary subscriptions and partly from the sale over a period of one sixth of the IMF's holdings of gold.

28/ On a smaller scale, Qatar is also among these donors with low absorptive capacity. Even in 1974 and 1975, these four countries had high ratios of aid to gross national product - between 2 and 3 per cent in the case of Kuwait and Saudi Arabia and over 4 per cent in the case of Qatar and the United Arab Emirates. Iran, whose cumulative commitments exceeded $3 billion by mid-1975 - second only to Saudi Arabia - will be a major source of funds in the short term but, with ambitious domestic development plans, the share of its export earnings left over for outside investment and assistance is likely to decline rapidly as the decade advances.

29/ Apart from the Arab Fund for Economic and Social Development, established as far back as 1968 (though making its first loan only in 1973) the principal newly created institutions are the Arab Bank for Economic Development in Africa, the Special Accounts of the Organization of Arab Petroleum Exporting Countries, the Special Arab Fund for Africa, and the Islamic Development Bank.

Unless there is a sudden change in policies, it seems improbable that there will be an upsurge in the flow of resources to the petroleum-importing developing countries in the second half of the 1970s. More likely is a steady but rather slow increase in concessional assistance from the developed market economies, OPEC, the centrally planned economies and the multilateral agencies, and a similar steady flow - somewhat larger in total and increasing somewhat faster - of credits, loans and investments from private as well as public sources. Since the prospects of slower growth in the developed countries means that there is unlikely to be a significant acceleration in imports from the developing countries, foreign exchange availabilities will continue to be a major constraint on development.

How restrictive this will be depends on the way commodity prices move and the way in which the flow of grants, loans and investments is distributed. Its effect on economic growth will also depend on agricultural performance, on how effectively imports are managed and how closely developing countries are able to co-operate in exchanges that economize scarce convertible currencies.

The outlook for agriculture in the developing countries

The agricultural performance of the developing countries was one of the major disappointments of the first half of the 1970s: the average rate of increase in production hardly equalled the rise in population and thus made it extremely difficult for the developing countries to attain the target for over-all economic growth set forth in the International Development Strategy. To attain the Strategy objective of a 4 per cent annual increase in agricultural production over the decade as a whole would now require an average expansion of 5.5 per cent a year during the next five years. The historical record suggests that such an expansion is beyond reach; the best that can be envisaged is the achievement of the target of 4 per cent a year over the second half of the decade. This would raise the annual average increase in agricultural production over the decade as a whole to 3.3 per cent.

Such a rate of increase would accommodate most of the expansion in demand for food stemming from population growth, on the one hand, and the expected rise in per capita incomes, on the other. 30/ Its attainment would obviate the need for any great expansion in food imports with its resultant strain both on the balance of payments of many developing countries and on the world's stocks of basic foodstuffs which remain uncomfortably low compared with their relative size in the 1950s and 1960s. Without such an acceleration in agricultural growth, moreover, the achievement of a 6 per cent over-all growth rate will be at risk. The availability of an appropriate flow of agricultural inputs and the existence of an adequate rural market for outputs will be among the main determinants of industrial performance. And with the probable diminution of the stimulus emanating from foreign trade the process of economic and social development will depend more than ever on the mutually supporting growth of agriculture and industry.

The prospect for a significant acceleration in the rate of increase in agricultural production in the developing countries is not unfavourable. Though there are land constraints in a few countries, in the aggregate the area under cultivation in the developing countries could be at least doubled, as could the area under irrigation. In the period immediately ahead the area of arable land is expected to expand by about 10 million hectares (about 1.5 per cent) a year and the area under irrigation by about 4 million hectares (or about 6 per cent a year). The scope for raising productivity is enormous: nowhere have average crop yields approached current biological limits and these limits themselves are being steadily raised as the result of genetic research and improvements in agronomic techniques. Less than a third of the developing countries are now using high-yield cereal varieties on a commercial scale and only a third of these have fully operational facilities for seed multiplication and distribution. 31/

30/ The Food and Agriculture Organization of the United Nations (FAO) estimates the prospective rate of increase in demand for food at 3.6 per cent a year in the developing countries, compared with an average of 1.5 per cent in the developed countries.

31/ For a full discussion of the production potential in the developing countries, see Food and Agriculture Organization of the United Nations, "The world food problem - proposals for national and international action" (E/CONF.65/4, August 1974).

Research directed towards the solution of agricultural problems of special concern to developing countries has expanded notably in recent years. The older international institutes have been supplemented by a number of new bodies and there is now a functioning network with a wide geographical and crop coverage: maize and wheat in Mexico, rice in the Philippines, potatoes in Peru, livestock and animal diseases in Ethiopia and Kenya, tropical agriculture in Colombia and Nigeria and dry and semi-arid agriculture in India, Lebanon and the Syrian Arab Republic. 32/ Since 1971 the work of these institutes has been co-ordinated and financially supported through a Consultative Group on International Agricultural Research.

International financial support for agricultural projects has increased markedly since the beginning of the 1970s. Lending by IBRD and IDA, for example, rose from $0.4 billion in 1970/71 to over $0.9 billion in 1973/74 and nearly $2 billion in 1975/76. The total flow of external resources - bilateral as well as multilateral - into rural and agricultural development reached approximately $5 billion in 1975, double the amount reported two years earlier. 33/ Taken in conjunction with domestic counterpart resources - of unknown but presumably much larger magnitude - this flow suggests a significant increase in agricultural investment, some of which should bear fruit in the second half of the decade.

This is borne out by the development plans in effect in many of the developing countries at mid-decade. Projects designed to improve the use of surface and ground-water resources are under way in Afghanistan, for example, and in Bangladesh (where the area under irrigation is to exceed 4 million acres by 1978, three times the 1973 figure), 34/ India (where the fifth plan which began in 1974/75 is to see an extension of over 11 million hectares in the area under irrigation, compared with 7 million hectares in the previous plan) and Brazil (where the annual expansion of irrigation is to rise from 0.7 million hectares in 1974 to 1.1 million hectares in 1979). In a number of other countries - including Colombia, Indonesia, Morocco and Nigeria - the proportion of agricultural development funds earmarked for water development has been appreciably enlarged. And in 1976, with the completion of the Tarbela Dam, the Indus Basin irrigation system will be controlling the surface water supply to 33 million acres of the Punjab in Pakistan. Power generated at the

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32/ Serving some of the same purposes as these research institutes is the West African Rice Development Association formed by Benin, Gambia, Ivory Coast, Liberia, Mali, Mauritania, the Niger, Nigeria, Senegal, Sierra Leone and Togo to improve and extend the cultivation of rice in the region.

33/ The setting up, on the recommendation of the World Food Conference of November 1974, of an International Fund for Agricultural Development and an intergovernmental Consultative Group on Food Production and Investment point to further increases in the external resources to be devoted to agriculture in the developing countries.

34/ A recent survey by the Bangladesh Agricultural Research Council revealed the availability of 3 million acres suitable for the winter cultivation of high-yield varieties of wheat without impinging on the rice crop. This would be about nine times the area under wheat in 1975. With the use of low lift pumps for irrigation, moreover, the output from this acreage might be doubled.

dam - scheduled to rise to 2 million kilowatts - is being carried by overhead lines to about 200 new villages each year, increasing very considerably the scope for agro-industries.

The fact that most of the major food importers - accounting for half the total population of the developing countries - have set themselves a goal of self-sufficiency in basic food-stuffs is itself a reflection of lessons learned in the first half of the decade when the crop failures were so often the result of floods or drought. The conservation and control of water constitute the main hope for reducing the vulnerability of tropical agriculture to fluctuations in the weather. Since in many instances the basic instruments of control involve major engineering works, this is an area in which there is an urgent need for international collaboration.

Such macroprojects are no more than the beginning of the water control process, however, and from the agricultural point of view improvement in usage is as important as assurance of supply. And this means not only dealing with reticulation down to the farm level but also ensuring that the choice of seeds, the rotation of crops and the methods of cultivation are all geared to the water supply. While costly irrigation works may be essential to establish effective control over certain water sources, moreover, there are many places in which the prime need is reafforestation, the reduction of livestock load and the adoption of farming techniques conducive to the conservation of soil fertility and the building up of the underground water table. This involves an integrated approach to agricultural modernization - something that is lacking in many of the plans now being implemented.

In particular, there is reason to fear that in a number of countries investment in agriculture will be limited less by lack of finance than by inadequacy of the physical and institutional infrastructure that brings the needed inputs to the farm and takes the output away to market. One element of this is skilled and trained personnel - especially technical and managerial personnel - lack of which seems likely to create bottle-necks in many countries. Another is the linkage with the rest of the economy through land tenure credit policy and price policy, neglect of which could also prevent the project approach to agricultural development from yielding as much as legitimately expected.

In this context much may be learned from the agricultural development plan of Iraq for the 1976-1980 period. With only a third of its arable land now cultivated and only a third of its river water resources harnessed, the country clearly has a vast capacity for improving its rural living standards. The plan envisages the expenditure of $3 billion - four times as much as in the previous quinquennium - not only on water developments, through dams and irrigation, but also farm organization and equipment and rural housing. The approach of the Arab Fund for Economic and Social Development to a large-scale food production project that it is financing in the Sudan has a similarly broad coverage: a high proportion of the total investment is for providing the physical infrastructure to link the farmers effectively with local agro-industries and with the outside market.

One input that seems unlikely to be the occasion of the sort of difficulties that were feared only a short while ago is chemical fertilizer. The upsurge in demand for fertilizer that followed the crop failures of 1972 was accompanied by much panic and speculative buying and, added to the sudden increase in the price of crude petroleum (the basic raw material for much nitrogenous fertilizer), induced a dramatic rise in its price. The producers of rock phosphate raised its price from $14 to $68 per ton in the first half of 1974 and by the end of the year urea and diammonium phosphate were selling at between six and seven times the 1971/72 price. Though these high prices did not apply to all transactions, the over-all increase was sufficiently great to cut back consumption almost everywhere. 35/ Inventories began to accumulate and prices fell steeply in 1975 - to about double the 1971/72 average by the end of the year.

Partly because of the upheaval in relative prices, fertilizer consumption in the second half of the decade is expected to increase less rapidly than in the quinquennium ending in 1973/74. The sharpest deceleration is expected in North America and Western Europe which now have by far the highest consumption ratios. But decleration is also expected in the developing countries from the high rates of increase recorded in the 1960s and early 1970s. This is not a reflection of any diminution of need but rather part of the infrastructural problem referred to above: distributing fertilizer and ensuring its productive use require physical and institutional services which take time to build up. Even at the reduced rate of increase, developing country fertilizer consumption is expected to double between 1973/74 and 1980/81 (see table 59).

While the rate of increase in consumption may be lower in the period ahead, the expansion in production is likely to accelerate. In the case of nitrogenous fertilizer, capacity at the end of the decade is expected to be more than three times the 1973 level: increases of 4 million tons a year are projected for Latin America and West Asia and of almost 10 million tons in South and East Asia. West Asia is likely to become a net exporting region and the deficit of the developing countries as a whole would be reduced from over 3 million tons a year to under 2 million tons. Phosphoric acid capacity is also expected to treble, the main expansion taking place in Africa (to about 3 million tons) and Latin America (to about 2 million tons). North Africa would increase its exports and bring the developing countries as a whole more or less into balance. Though production of potash is expected to increase rapidly in the developing countries - notably from the Congo, Israel and Jordan - quantities are likely to remain small and the over-all deficit of the developing countries is projected to double between 1973/74 to 1980/81.

In general, the fertilizer situation in the developing countries should ease in the period ahead. 36/ Brazil and India are expected to achieve self-sufficiency

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35/ Preliminary returns suggest that outside the centrally planned economies, consumption was reduced between 1973/74 and 1974/75 by 3 per cent in the case of nitrogen, 10 per cent in the case of potash and 15 per cent in the case of phosphates.

36/ These projections assume that there will be no upsurge in grain prices that would abnormally expand the demand for fertilizer in the developed market economies, that plant now under construction or order will be completed in a normal manner and that developing country capacity will be operated with reasonable efficiency.

in nitrogen and phosphate; Indonesia, Mexico, Venezuela as well as several West Asian countries should become exporters of nitrogen, while North Africa will be exporting less of its phosphate as rock and more as superphosphate and diammonium phosphate. Fertilizer usage is expected to recover its earlier rhythm of growth which was severely disrupted in 1974 and 1975 by spot shortages and the extraordinary prices which reached heights that made it very difficult for Governments to provide adequate subsidies. This would allow the spread of high-yield varieties now emerging from the research institutes 37/ to proceed and set the scene for a major effort to narrow the gap between the consumption of grain, which since the beginning of the 1960s has been rising at 11 million tons a year, and its production, which has been rising at only 8.4 million tons a year.

Improving the basic food balance is clearly the most urgent of the agricultural problems facing the developing countries in the second half of the 1970s, but it is not the only one: a number of changes are expected in other crops that could significantly affect the movement of raw materials to local industry or to export markets. Some of these changes may be expected to work towards the re-establishment of the long-term price relationships that were so severely disrupted by the events of 1972-1974.

In the case of rubber, for example, which emerged from the first half of the decade with an extremely low relative price (see table 7), action is being taken that should help to restore its position. Under the leadership of Malaysia, the Association of Natural Rubber Producing Countries 38/ has launched a stabilization scheme involving an international buffer stock to defend a designated price range and certain supply rationalization measures. Implementing the latter, Malaysia has begun a two-year programme of replanting with high-yield clones all rubber-growing areas yielding less than 800 kilograms of latex per hectare. This will have the effect of reducing the short-term supply and providing a larger and lower-cost supply in the 1980s. The competitive position of natural rubber has also been improved by the rise in the cost of the petroleum-based synthetic product. The market is being strengthened by the recovery in the vehicle industry and within the industry by the continuing trend towards the use of radial tyres which use about an eighth more natural rubber than the bias-ply types which, until recently, were standard in the United States.

Similar influences are at work in the case of jute which also emerged from the first half of the 1970s with a relatively low price. Where there is competition for the land, jute has given way to rice in Bangladesh and India and supply has diminished. India has developed a high-yield variety and with the support of the Asian Development Bank, Bangladesh has launched a project to engage in further

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37/ In the case of wheat, one such variety is Arjan developed in India to be more responsive to higher dosages of fertilizer and to provide greater resistance to rust and other diseases which have been reducing the productivity of the earlier high-yield varieties. Similar improvements are hoped for from two new rice varieties, Padma and Jaya.

38/ The membership consists of Indonesia, Malaysia, Singapore, Sri Lanka, Thailand and the Republic of South Viet Nam.

research and to reorganize the production and distribution of seed. As the main synthetic competitor of jute - polypropylene - is also petroleum-based, the market balance is now telling in favour of the natural product.

Similar developments have also been affecting the position of cotton. The low relative prices have induced considerable reductions in planted acreage in net exporting countries, particularly in the western hemisphere, including Brazil, Colombia and Mexico, while in a number of African and Asian countries - Egypt, Iran, the Sudan, the Syrian Arab Republic and Turkey, for example - cotton areas are being given over to food production. The 1974-1975 recession brought about a notable cutback in investment in the textile industry in the developed market economies, but capacity is still expanding in many of the developing countries: by 1979 Bangladesh expects a 50 per cent increase in cotton spinning and Indonesia a virtual doubling, while major expansion is under way in Egypt, Malaysia, the Philippines and Thailand. The logic of these developments would be a decline in international trade in raw cotton and an increase in trade in fabric and clothing. Such a movement is implicit in the GATT Multi-fibre Textile Arrangement which aims to keep the change orderly and not unduly disruptive of the domestic textile market in the major importing countries. Cotton enters the second half of the 1970s with a competitive advantage over most man-made fibres. The problem will be to retain this advantage during the recovery of demand and the imminent rise in activity in the textile industry.

Coffee ended the 1974/75 season with world market prices that were low relative to those of other traded goods, but because of a disastrous frost in Brazil in July and civil war and population changes in Angola, the second half of the decade opened with prices rising rapidly. The frost is reported to have destroyed or severely damaged almost two thirds of Brazil's coffee trees. Rehabilitation is under way: by replanting with more productive stock and in areas less exposed to the risk of frost, Brazil intends to stabilize its coffee output at an annual 28-30 million bags, substantially above the 23 million-bag average recorded in the first half of the decade. Until the new plantings begin to bear, in three or four years, however, the crop will almost certainly be below recent levels. The disruption of transport by the 1975 earthquake in Guatemala and institutional and organizational changes in a number of African countries - including not only Angola but also Ethiopia, Uganda, the United Republic of Tanzania and Zaire - seem likely to militate against any compensatory short-run expansion. With over-all demand increasing at rather more than 2 per cent a year, the market in the period immediately ahead would therefore appear to be a firm one. And after 1 October 1976 it is likely to be supported by a new six-year International Coffee Agreement through which 62 member Governments will seek - by means of the promotion of consumption, on the one hand, and the use of supply-regulating export quotas, on the other - to stabilize what is currently a trade flow of over $5 billion a year.

A new International Cocoa Agreement is also due to come into effect on 1 October 1976 - for a three-year period. Cocoa, however, has entered the second half of the decade with a relative price above the longer-term average and appreciably higher than the 39-55 United States cent stabilization range specified in the Agreement 39/ and there is no immediate prospect of building up the 250,000-ton buffer stock that is to be used for market intervention. Nor does there seem to be an early prospect for a rapid expansion in production. Cocoa farmers with their relatively assured market have tended to be major contributors - through export taxes or their equivalent - to public revenues in some of the principal producing countries. Cocoa is a labour-intensive and disease-proof crop and in some of these countries producer prices have been declining in real terms. In the wake of the record world market prices of 1974 there was a wave of producer price increases. Nigeria, for example, no longer so dependent on cocoa for export revenue, raised its 1974/1975 producer price to the equivalent of 48.5 United States cents per pound, the highest level in West Africa, and also increased its subsidization of insecticide, fungicide and fertilizer. Recent surveys indicate that there has been an increase in the planting of new trees, not only in Nigeria but also in the Ivory Coast, but this will not be felt in the supply of beans until late in the decade.

World prices of vegetable oils and seeds in the mid-1970s were not far removed from their longer-term position relative to other prices in international trade - the soft oils were rather higher, the hard oils rather lower. From the point of view of the developing countries the outlook for the second half of the decade is uncertain. One important crop, ground-nuts, tends to be grown in the drier regions of West Africa and South Asia and hence much depends on the weather and on the progress that is made in the river valley projects on the Niger and Senegal systems. 40/ Another uncertainty is the Peruvian fishmeal output which has not fully recovered from the non-appearance of the anchovies in the Humboldt Current in 1972 and may have been permanently affected by earlier over-fishing. More certain is the strong upward trend in soya bean production in Brazil: in 1970 1.5 million tons were harvested from 3.3 million acres; in 1975 9.7 million tons were harvested from 14.2 million acres and the 1976 crop is forecast at over 11 million tons. At 0.8 million tons oil-equivalent, Brazil's exports of soya bean products in 1975 were almost 10 times as great as in 1970. Double cropped with wheat in some areas or intercropped with coffee in others, more highly mechanized than most other forms of agriculture and supported by favourable credit and tax arrangements, particularly for exports, Brazilian soya bean production seems likely to continue its expansion, even if world prices should weaken. Bilateral agreements under negotiation with a number of countries - including France, Japan and Poland - would also provide an incentive to production.

Another notable trend in vegetable oil production has been the rise in the contribution of palm oil: in the first half of the 1970s world output increased at an average of 11 per cent a year and expansion is expected to continue at about

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39/ It is for this reason that the Ivory Coast, a leading producer - in fourth position in 1975/1976 - has declined to sign the Agreement.

40/ Complications in the marketing system as well as in relations between farmers and the oil-expressing mills also seem to have clouded the outlook for production, at least in the short term, especially in Nigeria where a substantial increase in producer prices in 1975 did not elicit much response.

9 per cent a year in the second half. This reflects the planting of large areas of high-yield varieties of African oil palms begun in the 1960s and still continuing, especially in Indonesia, Ivory Coast and Malaysia. With yields commencing in the fourth year, reaching a peak in the tenth year and continuing for 30 years or more, average production has risen to 2 tons of oil per acre which is about five times the yield of ground-nuts - the most productive of the oil-seeds. In 1974 the cost on modern Malaysian plantations was estimated at the equivalent of only 4 United States cents per pound. By 1980 palm oil exports are expected to exceed 3 million tons, of which three fourths would come from Malaysia where new palm planting is scheduled to proceed at over 100,000 acres a year, and palm oil output to rise at an average rate of 265,000 tons. As the price of palm oil has lagged behind its relative position in the 1960s while that of soya bean oil has risen above that average, there has been some market displacement, particularly in South Asia and other places that were previously in receipt of soya bean products under United States Public Law 480 programmes. This displacement is expected to continue, even in the United States where rapidly increasing imports have been used chiefly in the manufacture of vegetable shortening.

Two other agricultural commodities - beef and sugar - entered the second half of the 1970s with relative prices above the longer-term average. In neither case is the prospect for maintaining that favourable position very bright. In the case of sugar, the extremely high prices and supply difficulties of 1974 helped to reinforce influences making for greater self-sufficiency in the importing countries. One development was a strengthening of the position of substitutes, most notably corn syrup which, by the end of 1975, had captured about a fourth of the market for sweeteners in the United States. Elsewhere local beet production has been stimulated. In EEC, for example, new arrangements adopted in 1975 for the local sugar market in the second half of the decade involve a substantial (one sixth) increase - from less than 8 million tons to over 9 million tons - in the basic quota of domestic production eligible for full price guarantee. There is also a new provision for the maintenance, by processors, of a safety stock, equivalent to 10 per cent of the basic quota. Over this "basic quota" local production up to a "maximum quota" - to be determined each year - is to be subject to a levy designed to finance as much as possible of any subsidy that proves necessary in order to export amounts produced in excess of domestic needs. Under the Lomé Convention, however, Africa, Caribbean and Pacific sugar producers have been assured of access to the United Kingdom market for 1.22 million tons a year at the EEC quota price. 41/ There have also been a number of bilateral agreements that should help tp stabilize the market for some producers - between Thailand and Japan, 42/ for example, between Cuba and the Soviet Union and between Brazil and the Philippines, on the one hand, and China, on the other. The Philippines has also concluded two five-year contracts with refiners in the United States involving the delivery

41/ In 1975 the United Kingdom produced about 5.5 million tons of sugar beets, much less than in earlier years. An official projection made by the Ministry of Agriculture and published in April 1975 in a white paper entitled significantly "Food from our own resources" visualizes a 1980 output of 9.6 million tons.

42/ Though most of Japanese sugar imports are to come from Australia and South Africa.

of 1.15 million tons of raw sugar each year - a sizable fraction of the latter's expected import requirements. A negotiating conference set for September 1976 will face the task of drawing up a new International Sugar Agreement designed to create orderly trading conditions for the 14 million tons of sugar - out of a world production of rather more than 80 million tons - that is expected to enter the free market, where the price, having fallen to less than a fourth of its November 1974 peak by the end of 1975, seems likely to be still well above the level it held relative to the price of manufactures entering international trade in the 1960s.

A small but increasing number of developing countries are affected by the vicissitudes of international trade in beef. In the 1960s and early 1970s it was a major growth export but though it entered the second half of the 1970s with a relatively favourable price, its immediate outlook is far from certain. As indicated in chapter I, the great 1972-1974 rise in feed prices and the subsequent decline in consumer incomes seriously upset the meat industry in North America and Western Europe which are the main markets for developing country meat exports. With the imposition or tightening of import quotas, the volume of trade has fallen drastically and, despite some sizable purchases by the Soviet Union, is unlikely to expand significantly until price relationships have been adjusted and the demand of the final consumer has resumed its growth. At that stage the developing countries can hope for the recovery in beef exports, for many of them, especially in Latin America and potentially in Africa where livestock have yet to be integrated into the exchange economy, are well placed to expand their output of low-cost range-fed beef.

The meat situation is a reminder that the outlook for developing country agriculture can be affected by the trade policies of leading partner countries. While the shrinkage of export markets gave rise to increased domestic meat consumption in some of the South American countries, the general effect of a deceleration in trade is to reduce prices and profitability and hence discourage production. Thus, if the rate of agricultural growth is to be raised towards the target of the International Development Strategy, it will be necessary not only for the developing countries to intensify local efforts to increase rural investment and pursue congenial economic policies in support but also for the developed countries to provide appropriate external assistance, both through financial and technical co-operation and through sympathetic trading policies.

Economic co-operation among developing countries

The strengthening of trade and investment ties between developing countries is one of the important ways of fostering the economic development process. On the one hand, it serves to open up new markets for traditional exports of the developing countries for which demand is increasing very slowly if at all in the higher-income countries. On the other hand, it helps to enlarge the market for goods whose production would not be economic at the scale dictated by the domestic market of the individual countries. On both scores, developments in the first half of the 1970s suggest that the second half could bring significant gains in what is necessarily part of a much longer-run strategy for the diversification of production and the multilateralization of trade.

The further widening in income levels and technological competence among developing countries in the first half of the decade is one of the factors favouring trade among those countries. In particular, the petroleum-exporting countries, some of which have been virtually freed of any foreign exchange constraints, have opened up new opportunities for the exports of other developing countries, not only manufactures but also a variety of primary products such as rice and tea, bauxite, iron ore and cotton, and other inputs for the industries that are being established to utilize available energy and diversify the local economy.

The first half of the decade also saw the strengthening of the links among some of the organized groups of developing countries seeking closer integration - ANDEAN, ASEAN and CARICOM, for example - as well as a number of agreements on the development of boundary rivers and on the joint exploitation of partucular natural resources. There has also been progress in the setting up of monetary clearing arrangements to facilitate trade and joint guarantee arrangements to facilitate external borrowing. This framework should not only support closer co-ordination of development policies among the participating countries in the years ahead but also act as models for the efforts at economic co-operation among other developing countries.

The wide swings in commodity prices in the first half of the decade rekindled interest in what has become known as "producer associations". Some of the older groups were reactivated and, following the price-raising actions of OPEC, a number of new ones were formed - among producers of lumber, natural rubber, bananas, bauxite and iron ore, for example. These associations have instituted various forms of consultation and co-operation among producers; their major common objective has been to assure resource countries of a larger share in total export proceeds than would otherwise be the case.

More generally, there has been a notable strengthening of the aspiration to "self-reliance" among the developing countries. This has its origin in a wider recognition of the fact that most of the fundamental problems of economic and social development are internal rather than international and have to be solved through appropriate domestic policies and actions. It also reflects the decline that had taken place in the relative contribution of foreign savings to total capital formation in the developing countries. Its main manifestations have been actions to increase the degree of direct control exercised over the exploitation and marketing of their natural resources (as opposed to control exercised indirectly through concession or management contracts and fiscal and commercial policy instruments), efforts to improve their bargaining positions in negotiating with the major industrial countries and a desire to obtain adequate representation on bodies whose decisions shape the international monetary and financial systems. 43/

The prospects for trade among the developing countries

The volume of trade among the developing countries increased at about 6 per cent a year in the 1960s and accelerated noticeably in the early 1970s - to about 8 per cent between 1970 and 1973, rather more if mineral fuels are omitted from the calculation. 44/ On the whole, however, the broad geographical distribution of developing country trade has remained fairly constant in recent years, despite the price upheavals. In 1970 just over 18 per cent of the exports of the petroleum-exporting developing countries went to other developing countries. This trade lagged slightly in the early years of the decade but increased much faster than exports to other destinations in 1974 and continued to increase in 1975 when shipments to the developed market economies were declining. There was some tendency for more of the exports of the petroleum importers to go to the petroleum exporters but the proportion was not much above 4 per cent even after the great increase in the latter's purchasing power in 1974 (see table 60).

In 1973 trade among the developing countries was more or less equally divided among the three main categories - manufactured goods, petroleum, and food and raw materials. The most notable trend in composition was the declining share of food-stuffs and the increasing share of manufactures: the former had been rising at about 3 per cent a year in quantum, the latter by over 11 per cent. The rapid expansion in developed market economy demand for petroleum resulted in a steady reduction in the share of developing country petroleum exports going to other developing countries: it was over 30 per cent at the beginning of the 1960s but not much above 17 per cent by 1973. On the other hand, as their industrialization proceeded, the developing countries absorbed an increasing proportion of their exports of raw materials: it was less than 16 per cent at the beginning of the 1960s, over 19 per cent by 1973. For the same reason, the developing countries' share of their own exports of chemicals had also risen rapidly (see table 61).

43/ These aspirations were reflected in the Action Programme endorsed by the Fourth Conference of Heads of State of Non-aligned Countries, held at Algiers in September 1973. The co-operation in economic and technical matters envisaged in this Programme was no longer regional in scope but global.

44/ In 1970, petroleum accounted for about a third of developing country exports both to the developed market economies and to other developing countries. Largely because of the rapid growth in petroleum exports to the developed market economies, the over-all share of intra-trade in developing country exports had declined from nearly 24 per cent at the beginning of the 1960s to less than 21 per cent at the beginning of the 1970s.

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Though the most promising function of trade as a development stimulus continues to lie in its integrating effect on contiguous countries - particularly the smaller ones where diversification and scale encounter special difficulties - recent expansion has been greater between the main regions than within them. Between 1970 and 1973, for example, African and West Asian exports other than fuels increased much less within these regions than to other developing regions. In Latin America intra-trade - especially within the Latin American Free Trade Association (LAFTA) - expanded faster than total exports but not nearly as fast as exports to other developing regions. Only in South and East Asia did trade within the area increase more than exports to other developing regions (see table 62).

Some acceleration of interregional trade flows got under way in the early 1970s. Though small in absolute value, particularly rapid growth was registered in exports - other than those of petroleum which have special features - from West Asia to South and East Asia, from the developing countries of the western hemisphere to West Asia, and from Africa to the western hemisphere.

Over half of all the non-petroleum trade of the developing countries within each region consists of manufactured goods. Except in intra-African trade - in which food-stuffs play a more important role - the proportion accounted for by manufactures has been rising. In 1973 a third of the manufactures moving within the developing regions - about a seventh of all intra-regional trade, excluding petroleum - belonged to the capital goods category. Textile yarns and fabrics were a major category of intra-trade in South and East Asia - a fourth of all manufactures and an eighth of total non-fuel trade - but elsewhere they were much less important: in Latin America they accounted for only a fourth as much as chemicals.

Chemicals and machinery - the categories of goods which have registered the most rapid growth in trade among the developing countries in recent years - tend to be among the least obstructed by tariffs and other commercial barriers. This suggests that trade is responsive to liberalization and that a judicious and reciprocal lowering of obstacles by some of the developing countries that have been most actively industrializing could result in a significant expansion in inter-trade. This could be advantageous to both sides, facilitating economies of scale in the exporting country and providing a competitive check on costs and efficiency and thereby improving resource allocation in the importing country.

Though the main liberalization efforts have been concentrated within the framework of economic integration arrangements for which GATT rules have granted special dispensation, recent moves have been towards wider trade-oriented action. Following a 1968 Tripartite Agreement involving reciprocal preferential trade concessions by Egypt, India and Yugoslavia, a Trade Negotiations Committee of developing countries was set up under the auspices of GATT and after a November 1971 decision clearing the way for preferential trade barrier reductions outside integration arrangements by waiving the most-favoured-nation provision in the case of trade promotion efforts among developing countries, 16 countries negotiated a protocol granting one another preferential tariff concessions on products covering more than 300 headings in the Brussels Tariff Nomenclature (BTN). The protocol came into force in February 1973 and by the end of 1975, it had been ratified by 10 developing countries (Brazil, Chile, Egypt, India, Israel, Mexico, Pakistan, the Republic of Korea, Tunisia and Uruguay) and four other participants (Greece, Spain, Turkey and Yugoslavia).

Though negotiations have continued, no new products or further cuts have been agreed to and no other countries have acceded to the protocol. It therefore continues to cover but a minuscule proportion of trade among the developing countries - an instrument for future use.

In 1975 an agreement along similar lines was reached in Bangkok, extending trade concessions among seven countries - Bangladesh, India, Laos, the Philippines, the Republic of Korea, Sri Lanka and Thailand - by means of a schedule of reductions in tariff and non-tariff barriers relating to about 160 items of various categories, current trade in which amounts to about $50 million. The agreement, which is open to all members of the Trade Negotiations Group of the Economic and Social Commission for Asia and the Pacific (ESCAP), contains a number of other provisions intended to expand trade, including undertakings not to impose new restrictions on products of export potential in participating States, to extend special concessions in favour of products included in co-operation agreements or joint ventures by two or more participating States, and to work together in the general area of customs administration.

Two of the signatories of the Bangkok Agreement - the Philippines and Thailand - have, since 1967, been linked with Indonesia, Malaysia and Singapore in the Association of South East Asian Nations (ASEAN). Agreements reached late in 1975 and early in 1976 marked important advances in the integration efforts of this group of countries. The thrust of co-operative efforts in ASEAN - unlike most subregional integration schemes - has been less towards trade liberalization than towards joint development in a number of fields, including the establishment of large regional industrial projects. Nevertheless, although the most recent agreements do not constitute a move towards a free trade area, they do envisage intra-group preferential tariff treatment in a number of product categories, including food-stuffs, energy and - most important - the products of the joint ASEAN projects.

In the meantime the oldest of the common market arrangements among the developing countries - LAFTA - has slowed down the process of trade liberalization. By the end of 1973 all members had acceded to the December 1969 Caracas Protocol to the Montevideo Treaty deferring until 1980 the attainment of a free-trade area. A concrete programme towards this new goal has yet to be adopted.

In the absence of progress on the wider front, the five members of LAFTA that in 1969 had founded the Andean Group - Bolivia, Chile, Colombia, Ecuador and Peru - joined by Venezuela in 1973, have continued their efforts towards closer integration through a customs union that was based on specific recognition of the disparity in size and development of participants and included joint programming of some sectors as well as trade liberalization affecting others. Currently it is expected that the aim of full trade liberalization within the market will be achieved, as originally planned, by 1980 (1985 in respect of Bolivia and Ecuador), by which time the phased downward harmonization of tariffs will have ended successfully in the adoption of a system of common external tariffs. This liberalization process depends, however, on the conclusion of joint programming agreements in a number of sectors; so far, the first of such agreements (for metal processing) was concluded in 1972 and the second (for petrochemicals) in 1975.

Sectoral programming has also become a feature of the second Latin American subgroup, namely, the Central American Common Market (CACM), of which Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua are the members. Much of the first half of the 1970s was given over to normalizing trading arrangements that had been strained and disrupted in 1970 by conflict between El Salvador and Honduras. The CACM, whose intra-trade expanded vigorously in the 1960s, now seems set for a further advance based not only on trade liberalization and joint programming of various agricultural and industrial activities but also on a common capital market and closer monetary co-operation.

A third western hemisphere group, the Caribbean Free Trade Association (CARIFTA), is also poised for an acceleration of intra-trade. By 1974, trade among its four larger members - Barbados, Guyana, Jamaica and Trinidad and Tobago - had been virtually freed and a unified external tariff is to be in place by the end of 1976. In accordance with the Treaty of Chaquaramas, signed in August 1973, the Association is being converted into a Community (CARICOM) going beyond free intra-trade and a common external tariff to embody a number of common services and mechanisms for harmonizing economic policies. CARICOM is itself being extended through a Caribbean Development and Co-operation Committee linking it with Cuba, the Dominican Republic and Haiti so as to achieve greater co-ordination of development efforts.

In Africa, as indicated above, intra-regional trade has tended to languish 45/ and there have been several attempts to revive older subregional groupings or establish new ones. In 1973 an effort was commenced to revise the treaty setting up the Central African Customs and Economic Union and in 1975 a similar attempt was made for the East African Community of Kenya, Uganda and the United Republic of Tanzania, including the possibility of enlarging it to embrace Burundi, Ethiopia, Somalia, Rwanda and Zambia. On the other side of the continent, the seven-member West African Customs Union turned itself into a Community in 1974 aiming at free trade in crude materials, a régime of preferential entry for various local manufactures, and a common external tariff to be achieved in the course of 12 years. In the meantime, Liberia and Sierra Leone joined together in the Mano River Union, with integration to begin in 1977. In 1975, however, a broader group of 15 countries 46/ decided to set up an Economic Community of West African States (ECOWAS) aiming at free movement of labour and capital, joint planning of transport and other services, monetary co-operation and various tariff reductions leading to a full customs union over a period of 15 years. An even larger, 17-member, but less formal association was also set up in 1975 to promote intra-African trade.

This last measure belongs among the many efforts made in recent years to improve the peripheral institutions and arrangements facilitating international trade. Many developing countries have opened trade-oriented offices in other developing countries, widening and deepening commercial representation, participating in fairs and exhibitions and, in general, enlarging the flow of information that might lead to a greater flow of goods. 47/ There has also been a spread of national export credit mechanisms and the means for ensuring export credits as well as discussions about multilateral mechanisms.

45/ Statistics of foreign trade probably exaggerate this: many political boundaries cut across economic areas, and customs administrations, concentrated at the major ports, are often ill-equipped to record many of the inland transactions that elsewhere would be included in foreign trade.

46/ Benin, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo and Upper Volta.

47/ The ESCAP Trade Promotion Centre has contributed to this end in the South and East Asian region.

Of the many bilateral trading agreements that should have a significant impact on trade among the developing countries in the second half of the decade, three may be cited by way of illustration. In 1973, the necessary transmission lines having been completed, Ghana was in a position to sell to Benin and Togo an annual 100 million kilowatt-hours of electricity from the Volta hydroplant. In 1974, India and Pakistan brought to an end a 10-year embargo on inter-trade and laid the groundwork for an increasing flow of goods between the two countries in national ships. In 1976, Argentina and Venezuela completed arrangements for the exchange of grain against iron ore; with Venezuelan grain imports running at around a million tons a year this could result in a considerable diversion of previous trade flows.

Also supporting the expansion of trade between developing countries are the multilateral clearing arrangements that have been made to facilitate the settling of international accounts. At the beginning of the decade two such arrangements were in operation in the western hemisphere, one associated with LAFTA and the other with CACM. Two others have recently been organized, one in South Asia, the other in West Africa. The Asian Clearing Union, in which Bangladesh, India, Iran, Nepal, Pakistan and Sri Lanka participate, promotes the use of local currencies in regional trade and, through the use of an Asian Monetary Unit, denominated in Sdr, provides the means for multilateral settlement. In 1975, an essentially similar clearing-house was organized by 12 West African countries. In the meantime the LAFTA clearing mechanism has been improved by the introduction of a multilateral credit element - originally $30 million but progressively increased to $120 million - for the short-term accommodation of members falling into deficit both within the region and with the rest of the world. An additional facility, known as a Latin American Safety Net, is at present being negotiated in order to furnish more adequate support to members running into balance-of-payments difficulties as a result of the 1974-1975 deterioration in their terms of trade. Early in 1976 CARICOM set up just such a safety net: it will provide up to $TT 200 million in cash or guarantee, financed by Trinidad and Tobago, the only member in current account surplus with the rest of the world.

No less important have been the efforts to improve the trade-related infrastructure. There has been a widespread upgrading of transport links between developing countries both through investments made under national development plans and through the lending activities of the regional development banks. By expanding their merchant shipping fleets some of the larger developing countries have been able to establish or regularize new sea links with other developing countries. Some of the projects - road, railway and telecommunications - have involved the co-ordination of their financial and technical content between two or more countries. Among the most spectacular of these projects likely to have an impact on trade in the second half of the 1970s are the east-west Trans-African Highway to link Mombasa with Lagos and the Tan-Zam Railway linking the Zambian copper belt with the Tanzanian port of Dar es Salaam.

The prospects for technical co-operation among developing countries

As implied in the preceding section, most of the arrangements for subregional grouping aim not only at promoting intratrade but also at the co-ordination of policies relating to domestic development, especially through direct investment. Many of the actions taken in the first half of the decade are thus likely not only to influence the pattern of relations with other countries - particularly the more advanced ones - in the second half of the decade but also to be the forerunners of similar actions by other developing countries.

In 1972, as part of an effort to achieve a "uniform industrial climate" among its members, the West African Economic Community initiated a joint investment code and gained the agreement of its members to harmonize policies towards foreign investors and the terms on which technology is transferred. The Cartegena Agreement, establishing the Andean Group, has similar provisions and national legislatures are in the process of putting them into effect. In 1974, an agreement to harmonize fiscal incentives to new industry - and thus prevent undue competition in bidding for foreign investment - was implemented by CARICOM members.

More positively many of the groupings seek to promote multinational regional enterprises. The Agreement for Regional Co-operation and Development that links Iran, Pakistan and Turkey, for example, embodies a "joint purpose enterprise scheme" to pool national resources in common industries under appropriate guarantees for purchases of their output. The ECOWAS also envisages the establishment of joint industrial and transport enterprises. Decisions recently taken by ASEAN should lead to the setting up of a number of multinational plants to produce steel, newsprint and rubber products, various types of fertilizer - urea, potash and superphosphate - as well as soda-ash and a range of petrochemicals for sale in the partner countries on preferential terms.

As indicated above, joint industrial programming is a basic integrating instrument in the Andean Group. Some 2,000 products have been designated for allocation to member countries in a way that takes due account not only of national resources but also the technological compatibility and economic viability of the plants to produce them. Apart from the metal fabricating and petrochemical industries that have already been programmed, work is proceeding on the distribution of plants for other chemicals, motor vehicles and the metallurgical industry.

In 1975, under the stress of the changed price relationships and recession in the developed market economies, the developing countries of the western hemisphere set up a new "economic system" for Latin America (SELA) one of the main purposes of which is to sponsor joint enterprises not only to serve the regional market but also to compete in other countries on the basis of advanced technologies acquired from the major industrial countries or developed through domestic research.

Less ambitious than some of these regional and subregional schemes have been the bilateral arrangements made on an ad hoc basis for more limited purposes. There have been many of these in recent years and cumulatively they will have a significant influence on the nature and pace of industrial development in the second half of the decade. Many of these projects have brought together finance from one of the partners and raw materials from the other, but the availability of skills and technical infrastructure and market considerations have also played a part. Thus India and Singapore have entered into an agreement to produce precision tools; Jamaica and Mexico are to build on the existing bauxite-alumina industry by producing aluminium for domestic use and export; Malaysia and Thailand are combining in a large-scale poultry project.

The availability of finance among OPEC members has spurred some of these countries into joint ventures. Kuwait, for example, is co-operating with the Sudan in the setting up of agro-industries, including a plant for producing animal feed; Nigeria is helping with the establishment of a cement plant in Benin; Iran is co-operating with India in fertilizer production; Venezuela has entered into several joint production projects - a fertilizer plant with Colombia, a packaging plant for the Andean Group, the manufacture of vehicle parts under subcontract with some of the region's vehicle producers. Many more such ventures are likely in the second half of the decade as the financing institutions created by the Arab oil-exporting countries get into full operation.

Co-operation has also tended to increase in other fields, both defensive and developmental. One of the defensive programmes is the rehabilitation of the Sudano-Sahelian zone after the prolonged drought of the early 1970s: this has brought together Chad, the Gambia, Mali, Mauritania, the Niger, Senegal and Upper Volta in a Permanent Inter-State Committee on Drought Control. Another is the programme to control river blindness in the Volta River Basin in which Ghana, Ivory Coast, Mali and Upper Volta are working together. Among recent development programmes is the Yacyretá Agreement between Argentina and Paraguay for water control and power generation on the boundary Paraná River. Another is the participation of the riparian States in a joint programme to develop the Senegal River Basin, which includes the building of a tidal barrage and the dredging of 300 miles of the river channel as well as the building of a hydroelectric station and a network of irrigation canals and the modernization of the estuary port.

Programmes of this nature are likely to have a dual result in the second half of the decade. On the one hand, they will add significantly to the production capacity of the countries involved. On the other hand, it is probable that they will progressively strengthen the ability and willingness of the countries to work together. Inculcating a broader view of the development process - looking beyond national boundaries - is of particular importance to the smaller developing countries with resources and a market too limited to sustain the diversification and specialization on which higher incomes ultimately depend.

The regional development banks are playing an increasing role in this process. While the three main banks referred to in the previous section serve as important conduits for external funds, they and various subregional banks - some of which were established in connexion with broader integration schemes 48/ - also help to mobilize funds from within the region, participating in resource surveys, project planning, the provision of technical assistance and more generally in a cross-country approach to economic development.

Relations with developed countries

One of the forces making for closer co-operation among developing countries in recent years has been a desire to increase their bargaining power in dealings with the more advanced countries. This is by no means a new phenomenon but it seems to have gained strength in the wake of the interest in natural resources that was stimulated by the debate on conservation and environmental issues in the second half of the 1960s. This was linked to mounting concern over the role of transnational corporations, many of which were engaged in seeking, winning and trading minerals - the natural resources whose long-term supply was a major focus of discussion. A feeling spread that in bargaining between resource country and

48/ The Andean Development Corporation, the Central American Bank for Economic Integration, the East African Development Bank and the Council of the Entente's Fund for Material Aid and Guarantee. The Caribbean Development Bank, which disbursed its first loan in 1973, was set up independently but is now identified with the Caribbean Community.

transnational corporation over conditions of entry or the terms of a concession under which exploration and exploitation were to be conducted, Governments often found themselves in a weak position with inferior knowledge, both technical and of the world market. As a result, it began to be felt that Governments were sometimes unnecessarily generous in their dealings with foreign investors, competing with one another to attract them and taking too short a view of the methods and rate of exploitation of non-renewable resources.

The unease was compounded in the early 1970s by the extraordinary swings in the prices of many of the products of the industries concerned. The fact that these swings had a major impact on public revenue, private incomes and the balance of payments of the resource countries exacerbated the feeling of powerlessness of many Governments and strengthened their desire to exercise firmer control over the forces that did so much to determine their economic destiny.

One result was a proliferation of mechanisms to facilitate the strengthening of the position of resource countries in relation to the world market. Most of these took the form of "producers' associations" within which major exporters might consult, organize information concerning the supply and demand situation, discuss policies towards foreign investment and devise strategies for stabilizing international prices. Negotiations among producers, begun informally in the early 1970s, culminated in a number of cases in the creation of an official intergovernmental body (see table 63).

Another result was a series of full or partial nationalizations of foreign investments in resource industries, beginning in the late 1960s in Zaire and continuing through the copper industries of Chile, Zambia and Peru, the bauxite industries of the Caribbean, and the petroleum industries of North Africa and most other developing countries. In 1972, the association of the four main copper-exporting countries (CIPEC) that had been established in 1967 took its first collective action, in support of Chile's nationalization of the Braden mine. At the same time the association of petroleum exporters (OPEC) - established in 1960 - began to play a more prominent role in co-ordinating the position of host Governments in their negotiations with the transnational producing companies. In a series of national agreements in 1971-1973 taxes and royalties were increased and government participation in the companies enlarged and the effective price of crude petroleum thereby raised.

The size of the gains with which these OPEC negotiations culminated at the end of 1973 inspired other groups to similar actions. The first such action was a threefold increase in the export price of rock phosphate, initially by the largest exporter, Morocco, and later in 1974 by exporters in the United States and elsewhere. March 1974 saw the formation of an International Bauxite Association (IBA) - the outcome of discussions that had begun in 1970 - and the beginning of a series of national actions aimed at improving the host country take from taxation, greater processing of the ore and participation in the equity of producing companies.

By concerting their policies and actions within the framework of such producer associations, host countries reduced, at least temporarily, the disadvantages flowing from their essentially competitive relationship, preventing the concessionary companies from playing one off against another. The strength of a producer association, however, depends on the nature of the commodity whose production it seeks to influence, and in this respect petroleum has proved unique:

none of the other associations has been able to control export proceeds to anywhere near the same degree. Notwithstanding a concerted curtailment of production, the price of copper declined erratically in 1974 and 1975 and the price of phosphate rock was sharply reduced early in 1976. The price of aluminium was sustained on the North American market but only by means of a cutback in production: the unit value of bauxite exported from Jamaica was up by just over 50 per cent in the first quarter of 1974 and remained around that level until the last quarter of 1975 when it lost about half the gain. 49/ After discussions in the second half of 1974 an Association of Iron Ore Exporting Countries (AIEC) was organized in 1975, but in the light of the over-capacity then existing in the industry its main functions were limited to serving as a clearing-house for information and consultation.

Some members of AIEC, particularly Australia, argued for the opening of the Association to consuming/importing members. In the case of CIPEC such a policy led to the convening early in 1976 of an international meeting of importing and exporting countries with a view to devising ways and means of stabilizing the copper market.

With the natural resource industries in most of the developing countries now firmly under the control of the host Government the prospects are for more of such rapprochements. The violent fluctuations in price in the first half of the 1970s were embarrassing to the consumers as well as to the producers and the desire for more stable conditions is stronger now than it has been for some time, probably since the end of the 1950s. Moreover, on the importers' side, concern regarding the security of supply has taken on new importance, partly as a result of the more general consideration of the ecological consequences of economic growth, partly as a result of the Arab oil boycott of 1973/74, and partly in reaction to the breakd of contractual arrangements during the 1973-1974 price upheavals. 50/ The time would appear to be ripe for new efforts to stabilize some of the more volatile primary commodity markets, whether by means of networks of multilateral contracts or by means of individual buffer stock arrangements or by means of multicommodity stockpiles along the lines being debated in UNCTAD.

49/ The unit value of alumina was better maintained: it had been declining between 1970 and 1973 but the new arrangements between host Government and operating company reversed the trend. In the third quarter of 1974 it reached a peak and thereafter it dropped back slightly before stabilizing at about double the 1973 average.

50/ In the case of the Commonwealth Sugar Agreement (CSA), for example, the contractual price, which had been well above the world market price in the second half of the 1960s, began to slip below it in 1972 and though raised substantially in 1974, the world price rose faster and over the year averaged about twice as much. The result was the diversion of CSA supplies to more profitable markets. The proportion of exportable supplies shipped to the United Kingdom from the Caribbean participants in the Agreement and from India was substantially less in 1974 than in 1973. The United Kingdom had to supplement its CSA imports by purchases through EEC.

Table 38. Developed market economies: growth of gross product, actual 1971-1975, forecast 1976

(Percentage change from preceding year)

Country	Actual			Forecast, 1976				
	1971-1973, average	1974	1975	National	OECD	NIESR	LINK	Other[a/]
Developed market economies .	5.1	0.3	-2.1		4	4.5		4-5.5
Western Europe	4.4	2.4	-1.7					3
EEC (9)	4.2	2.0	-2.0					3.5
Seven major countries . .	4.5	0.6	-2.25		4.5			
Canada	6.1	2.8	0.1	5-7	4.25	4.5	4.9	
France	5.6	3.9	-2.5	3.5-4.5	3	3.5-4	4.0	
Germany, Federal Republic of	3.8	0.6	-3.6	4.5-5	4	4-4.5	3.1	5.5
Italy	3.7	3.4	-3.7	2-3	1.5	1.0	2.5	
Japan	8.7	-1.8	1.2	5.6	4.25	5.0	5.7	
United Kingdom	3.6	0.3	-2.2	3.5-4	0-0.25	1.3	1.4	
United States of America	5.0	-2.1	-3.0	6-7	6.5	6.0	6.3	
Other European countries:								
Austria	5.8	4.4	-2.0	1.5		1.5	3.0	
Belgium	5.3	3.9	-2.5	1.0		1.3	1.4	
Denmark	3.8	0.5	-3.0		3.8	3.8		4.0
Finland	5.3	4.5	-0.5	1.5		1.0	-0.2	
Greece	7.7	-3.0	-3.0	4.0				
Iceland	7.6	3.5	-3.5					0.2
Ireland	4.5	0.4	3.8			2.0		
Luxembourg	4.1	4.4	-3.5					
Netherlands	4.2	3.3	-2.0			2.5	3.5-4.0	2.0
Norway	4.5	5.3	3.0	7.0		6.3		
Spain	7.1	5.0	-			1.5		2.0
Sweden	2.1	4.2	0.5			1.7	0.9	1.0
Switzerland	4.4	-0.9	-4.3	-0.3		0.5		
Turkey	6.9	8.5	7.9	7.6				
Yugoslavia	6.1	8.0	...	4.5-5.5				
Southern hemisphere:								
Australia	4.4	5.9	-1.6		4.25	2.5	4.6	
New Zealand	3.7	5.0	-1.0	0-0.5	-0.5	-1.0		
South Africa	3.9	7.2	2.0			2-2.5		

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Yearbook of National Accounts Statistics; Organisation for Economic Co-operation and Development, Economic Outlook, December 1975 (Paris) and revised forecasts, 9-10 March 1976; National Institute of Economic and Social Research, National Institute Economic Review, February 1976 (London); and national sources.

a/ The Economic Commission for Europe, the European Economic Community, the five major economic institutes in the Federal Republic of Germany, the Economist Intelligence Unit.

Table 39. Major developed market economies: projected course of the recovery in industrial production

Item	Canada	France	Germany, Federal Republic of	Japan	United Kingdom	United States of America
Industrial production index, 1972-1975 (1970 = 100):						
<u>Highest point</u>						
Month	March 1974	November 1973 January 1974	November 1973	November 1973	July-November 1973	November 1973
Index	129	127.0	115.1	136.3	112.0	119.5
<u>Lowest point</u>						
Month	October 1975	May 1975	May 1975	February 1975	August 1975	March 1975
Index	117.4	108.0	98.8	108.2	98.8	103.1
<u>Most recent month</u>	December 1975	December 1975	December 1975	December 1975	January 1976	March 1976
Index	118.8	116.0	106.2	112.7	99.7	113.1
Average rate of recovery between lowest point and latest month:						
Number of months	2	7	7	10	5	12
Percentage at annual rate . . .	7.2	12.7	12.8	5.0	2.2	9.7
Projected month for regaining previous high point a/ . . .	February 1977	September 1976	August 1976	February 1980	September 1981	October 1976

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund, International Financial Statistics (Washington, D.C.).

a/ Assuming a continuation of recovery at average achieved rate.

Table 40. Developed market economies: forecasts of price movements, 1976-1978

Country or region	Source of forecast a/	Nature of index b/	Percentage change from preceding year: Actual, 1975	Forecast for: 1976	1977	1978
Western Europe	ECE	CP.D	11.7	9-10	...	...
Australia	L	GD.A	14.8	12.2	...	...
Austria	L	GD.A	9.0	7.3	7.4	6.9
Belgium	L	GD.A	13.0	9.0	8.0	...
Canada	L	GD.A	9.5	7.3	7.7	6.0
	O	CP.A)	10.8	9.3	...	...
	M	CP.A)				
Finland	L	GD.A	17.8	8.1	5.6	12.6
France	L	GD.A	12.0	10.5	7.0	6.5
	N	CP.D)	9.6	(8	...	...
	O	CP.D)		(11	...	...
Germany, Federal Republic of	L	GD.A)	8.3	(6.1	3.4	3.7
	N	GD.A)		(4	...	...
	N	CP.A	6.0	4.5-5	...	...
Italy	L	GD.A	17.0	16.5	12.0	6.7
	O	CP.A)	17.0	(12	...	...
	M	CP.A)		(14-18	...	...
Japan	L	GD.A	7.2	7.7	5.4	5.7
	O	CP.A)	11.8	(9.8	6 c/	
	N	CP.A)		(9		
Netherlands	L	GD.A	10.7	9.9	8.0	8.0
New Zealand	N	CP.A	14.7	10	...	...
Sweden	L	GD.A	10.5	9.4	6.8	6.1
United Kingdom	L	GD.A	27.6	14.3	7.0	9.6
	N	CP.D	24.9	10 d/	5 d/	...
	O	CP.A	24.3	15.3	...	...
United States of America	L	GD.A	8.8	5.5	6.1	4.9
	N	CP.D	7.0	6	...	2 e/

(Source and foot-notes to table on following page)

Source and foot-notes to table 40

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Economic Survey of Europe, 1975; Organisation for Economic Co-operation and Development, Economic Outlook, December 1975 (Paris); LINK project forecasts, March 1976; Bank of Montreal (Canada), and miscellaneous unofficial sources.

a/ ECE: Economic Commission for Europe; O: OECD; L: LINK project; N: national sources; M: miscellaneous unofficial sources.

b/ CP: consumer price index; GD: gross domestic product deflator; A: annual average; D: change from December to December.

c/ Average 1976-1980.

d/ End of year targets.

e/ 1979 target.

Table 41. Developed market economies: forecasts of unemployment, 1976-1978

Country	Source of forecast a/	Dimension b/	Actual, 1975	Forecast 1976	Forecast 1977	Forecast 1978
Austria	L	R	2.0	4.3	4.0	...
Canada	N	R	7.1	7 c/	...	...
Finland	L	R	2.2	4.0	4.5	...
France	O	N	840 000	1 million	...	...
Germany, Federal Republic of . .	N	R	4.7	4.5	...	...
Italy	L	R)	3.3	(7	7	6
	O	N)		(1 (million	...	...
Japan	N	R	1.9	...	...	Full employment d/
Netherlands . . .	L	R	4.8	5.5	5	4
United Kingdom .	L	R	4.3	5.5	5.0	4.8
	O	N		1-1.5 million	...	...
	N	R	5.3 e/		...	3 f/
United States of America	N	R	8.5	7 c/	...	Below 5 g/

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Economic Outlook, December 1975; LINK project; national sources.

a/ O: OECD Economic Outlook, December 1975; L: LINK project; N: national sources.

b/ N: number of unemployed workers; R: rate of unemployment, usually as a percentage of labour force. (Definitions differ from country to country.)

c/ Year-end maximum.

d/ 1980 target is an unemployment rate of 1.3 per cent.

e/ First quarter 1976, seasonally adjusted, corresponding to 1.2 million unemployed exclusive of school leave.

f/ 1979 target.

g/ 1980 target.

Table 42. Developed market economies: forecasts of international trade, 1976-1978

(Percentage change from preceding year)

Country	Source of forecast a/	Exports: Actual, 1975	Exports: Forecasts for 1976	Exports: Forecasts for 1977	Exports: Forecasts for 1978	Imports: Actual, 1975	Imports: Forecasts for 1976	Imports: Forecasts for 1977	Imports: Forecasts for 1978
Developed market economies	O	-5.5	4.3	...	...	-9.5	6	—— 8 b/ ——	
Australia	L	6	4.1	...	...	-26	12.6	...	...
Austria	L	-7	3.5	6.3	4.6	-10	3.8	5.8	3.9
Belgium	L	-7	4.9	8.7	...	-6	4.1	6.0	...
Canada	L) M)	-9	(3.5 (4	7.0 ...	6.5) ...)	-7	(2.7 (c/	1.7 ...	6.0 ...
Finland	L	-20	14.0	12.9	11.0	-9	1.8	5.5	9.3
France	L) N)	-6	(6.0 (6	9.0 ...	9.0) ...)	-11	(7.2 (11.5	9.0 ...	7.0 ...
Germany, Federal Republic of	L) N)	-10	(7.0 (5-7 d/	10.7 ...	10.3) ...)	3	(8.0 (...	2.5 ...	5.1 ...
Italy	L	-1	6-7	11.5	7.2	-13	5.0	11.6	7.5
Japan	L	1	8.0	13.8	13.5	-12	5.4	9.2	11.7
Netherlands	L	-4	8.5	...	...	-4	7.5	...	...
Sweden	L	-8	6.7	15.0	9.1	-2	-1.1	8.2	8.5
United Kingdom	L) N)	-2	(2.4 (9 e/	7.4 ...	5.2) ...)	-7	(4.8 (...	4.8 ...	2.3 ...
United States of America	L) M)	-3	(-0.9 (8 f/	2.5 ...	5.0) ...)	-11	(12.1 (18 f/	9.4 ...	8.4 ...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Economic Outlook, December 1975; LINK project estimates, March 1976; Bank of Montreal (Canada); Bank of America (United States); and national sources.

a/ O: OECD, Economic Outlook; L: LINK; N: national; M: miscellaneous unofficial sources.

b/ Average 1975-1980 rate consistent with a set of high but feasible growth projections.

c/ Small increase.

d/ In April 1976 a joint forecast of five of the leading economic institutions in the Federal Republic of Germany suggested an increase in exports of 8.5 per cent in 1976.

e/ Goods and services.

f/ Forecast in current value.

Table 43. Centrally planned economies of Eastern Europe and USSR: trends in national output, planned and actual, 1970-1980

(Percentage, average annual rate)

Country	Net material product			Industrial output			Agricultural output a/		
	1971-1975		1976-1980, planned	1971-1975		1976-1980, planned	1971-1975		1976-1980, planned
	Planned	Actual		Planned	Actual		Planned	Actual	
Bulgaria	7.7-8.5	7.9	8.2-8.7	9.2-9.9	9.2	9.2-9.8	3.2-3.7	2.2	3.7
Czechoslovakia . . .	5.1	5.7	4.9-5.2	6.0-6.3	6.7	5.7-6.0	2.7 b/	2.9	2.6-2.8
German Democratic Republic	4.9	5.4	4.9-5.4	6.0	6.4	6.0-6.3	2.4 c/	2.2	...
Hungary.	5.5-6.0	6.2	5.4-5.7	5.7-6.0	6.4	5.9-6.2	2.8-3.0	3.4	3.2-3.4
Poland	7.0	9.8	7.0-7.3	8.4	10.7	8.2-8.4	3.6-3.9 b/	3.1	2.8-3.0 b/
Romania	11-12	11.3	11.0	10-12	13.0	11.4	6.3-8.3	4.6	5.1-7.6
Eastern Europe . .	6.7-7.0	7.9	7.0-7.3	7.5-7.8	8.8	7.7-8.0	3.5-4.0	3.1	3.3-3.8
USSR	6.8 d/	5.5	4.4-5.1 d/	8.0	7.4	6.2-6.8	3.7-4.0	2.5	2.6-3.2
Eastern Europe and USSR	6.7-6.8	6.2	5.2-5.8	7.9-8.0	7.8	6.6-7.1	3.6-4.0	2.7	2.8-3.4

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on national statistical sources, plans and plan fulfilment reports.

a/ Change of the five-year average output from the average of the preceding five years, expressed as annual compound rate.

b/ Annual compound rate between the year preceding the period and the terminal year.

c/ Production and services of the agricultural sector and the food industry.

d/ Domestic uses of net material product (national income utilized).

Table 44. Centrally planned economies of Eastern Europe and USSR: Average annual change in expenditure components, planned and actual, 1970-1980 a/

(Percentage)

Country	Gross investment b/			Consumption c/			Average real wage			Retail sales		
	1971-1975		1975-1980, planned d/	1971-1975		1976-1980, planned	1971-1975		1976-1980, planned	1971-1975		1976-1980, planned
	Planned	Actual		Planned	Actual		Planned	Actual		Planned	Actual	
Bulgaria	6-7 d/	6.8	7.1	8.4-9.4	7.2	...	...	3.2	3.0-3.4	6.8	7.8	7.0-9.6
Czechoslovakia . .	6.2-6.5 d/	8.1	6.3-6.6	4.9	5.3 e/	4.6	2.5-3.0	3.7 e/	2.5-2.8	5.1-5.4	5.6	4.2-4.6
German Democratic Republic	5.2 d/	4.2	5.2-5.5	4.2	5.6 e/	3.9-4.2	4.0-4.5 f/	5.6 g/	3.9-4.2 f/	4.1 d/	5.1 g/	3.7-4.0
Hungary	8.1-9.4	6.8	4.7-4.7	5.0	5.1	3.9-4.2 h/	3.0-3.4	3.4	2.7-3.0	6.0-6.4	6.2	5.1-5.4
Poland	8.3	18.3	6.5-7.0	6.9	9.2	...	3.4	7.0	3.0-3.4	7.2	9.7 i/	7.3-7.7
Romania	10.4 d/	12.8	12.9	...	...	...	3.7	3.6	3.4-3.7	7-8	8.2	7.0-7.7
USSR	7.2 d/	6.9	4.4-4.7	...	5.6 e/ g/	4.9-5.2	5.5 f/	4.3 f/	3.7-4.0 f/	7.2	6.4	4.9-5.2

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on national statistical sources, plans and plan fulfilment reports.

a/ At constant prices.

b/ Gross annual expenditures on fixed investment.

c/ Total consumption of goods and the material component of services.

d/ Average of the indicated five years divided by the average of the preceding five years, expressed as annual compound rate.

e/ 1971-1974.

f/ Real personal income *per capita*.

g/ At current prices.

h/ Private consumption only.

i/ Estimated.

Table 45. Centrally planned economies of Eastern Europe and USSR: growth of export and import quantum and income elasticity of foreign trade, planned and actual, 1971-1980

(Average annual growth rate in percentage; ratio of trade to national income growth rates)

Country	1971-1975, planned		1971-1974, actual				1976-1980, planned	
	Exports plus imports		Growth rate		Income elasticity		Exports plus imports	
	Growth rate	Income elasticity a/	Exports	Imports	Exports	Imports	Growth rate	Income elasticity a/
Bulgaria	9.9-10.5	1.3	9.4	14.5	1.2	1.9	9.8-10.5	1.2
Czechoslovakia . . .	6.3-6.7	1.3	6.6	7.7	1.2	1.4	6.2-6.5	1.3
German Democratic Republic	...	...	9.5	7.8	1.7	1.4	...	...
Hungary.	7.0-8.5	1.4	10.6	7.7	1.6	1.2	7.7-8.5	1.5
Poland	9.2-9.7	1.4	11.3	18.0	1.1	1.8	...	...
Romania	10-11	0.9	...	...	...	...	7.9	0.7
USSR	5.9-6.2	0.9	10.4	12.4	1.7	2.1	5.4-6.2	1.2

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on national plans and plan fulfilment reports.

a/ Based on mid-points of the range of planned growth rates for trade turnover and national income.

Table 46. Developed market economies: institutional arrangements affecting international trade, 1970-1975

Date	Source of action	Countries affected	Nature of action
A. Multilateral measures			
1 January 1971, 1 January 1972	GATT members	GATT members and others	Fourth and fifth (final) instalment of Kennedy Round tariff reductions
1 July 1971	6 EEC members	91 developing countries	Introduction of a Generalized System of Preferences (GSP) including partial reduction of import duties or levies on 150 processed agricultural products and ceilings on duties on semi-manufactured and manufactured imports
August 1971	Japan	Developing countries	Introduced GSP on selected items, extended April 1973, 1974
1 January 1972	United Kingdom, Denmark, Ireland	Developing countries	Introduced GSP schemes
October 1972	Denmark, Finland, Norway	Denmark, Finland, Norway	Extension to end of 1973 of agreement for free trade in industrial goods
September 1973	102 GATT members	All	Tokyo Declaration setting the framework for a new round of trade negotiations, to include agricultural products and with special consideration for the needs of developing countries
1 January 1974	3 new EEC members	Developing countries	GSP scheme of EEC supersedes the national schemes of United Kingdom, Denmark, Ireland
1 January 1974	Australia	Developing countries	Introduced GSP scheme to replace earlier preferential arrangement
1 November 1974	EEC	Developing countries	Expanded GSP

Table 46 (continued)

Date	Source of action	Countries affected	Nature of action
1 January 1976	United States of America	Developing countries	Introduced GSP scheme (authorized 1 January 1975)
May 1974	OECD	All	Pledged "code of good conduct" not to restrict trade for one year renewed in May 1975 for additional one year
B. Measures associated with enlargement of EEC			
1 January 1973	United Kingdom, Denmark, Ireland	All	Effective date of accession to EEC
June 1974	EEC	United States of America	Agreement to lower tariffs on some imports in compensation for injury resulting from enlargement of EEC
1 August 1974	EEC	17 partner countries, Australia, Canada, Japan, United States, 8 developing countries, 2 centrally planned economies	Application of new lower duties negotiated for specific products on which new EEC members had raised duties as result of membership
1 January 1975	EEC	Australia, New Zealand	Agreement to reduce tariffs on various agricultural products, including beef and veal, and give other concessions to compensate for loss of Commonwealth preferences after United Kingdom entry to EEC
C. EEC relations with Associated countries			
1 January 1971	EEC (6)	18 African developing countries (19 after 1973)	Second Yaoundé Convention giving preferential trade access for five years

Table 46 (continued)

Date	Source of action	Countries affected	Nature of action
1 January 1971	EEC (6)	Kenya, Uganda, United Republic of Tanzania	Second Arusha Convention giving preferential trade access for five years
May 1973	EEC (9)	Cyprus	Association agreement signed for mutual removal or reduction of certain duties, first stage through June 1977
August 1974	EEC (9)	Argentina, Brazil, Uruguay	Arrangements begun to extend existing trade agreements by further concessions within GSP scheme, affecting such products as beef, cocoa butter and instant coffee
October 1974	EEC (9)	Asian Commonwealth countries	Arrangements begun to implement "Joint declaration of intent" annexed to Treaty of Accession of 1973 to strengthen EEC trade relations
October 1974	EEC (9)	Mediterranean countries	Negotiations begun to expand trade relations with Spain, Israel, Morocco, Tunisia, Malta and also with Egypt, Lebanon, Syrian Arab Republic, Jordan
November 1974	EEC (9)	ASEAN	Special arrangements made for co-operation with Indonesia, Malaysia, Philippines, Singapore and Thailand
July 1975	EEC	Mexico	Trade agreement

Table 46 (continued)

Date	Source of action	Countries affected	Nature of action
July 1975	EEC (9)	Israel	Trade agreement entered into force for mutual tariff reductions on EEC industrial goods and on Israeli farm goods
February 1975	EEC (9)	46 African, Caribbean and Pacific (ACP) developing countries	Lomé Convention signed to replace expiring Yaoundé and Arusha Conventions and to include Commonwealth developing countries. Provided for non-reciprocal duty-free access to EEC for all ACP industrial products and 96 per cent of agricultural goods

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat.

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
A. Measures tending to promote trade					
1. Tariff reductions or suspension					
April 1970	Japan	Imports	Small passenger automobiles	Chiefly Western Europe	
June 1970-June 1972	United States of America	Imports	Most types of copper	Chiefly Chile, Peru, Gambia and Zaire	Duty suspended
July 1970-July 1973	United States of America	Imports	Manganese ore	Chiefly Brazil, India	Duty suspended
September 1970	Japan	Imports	Agricultural products	All	
March 1971	United Kingdom	Imports	Corn for industrial use	Canada and United States of America	Duty suspended
April 1971	Japan	Imports	Motor vehicles, home appliances, consumer electronics	Chiefly developed market economies	
August 1971	Benelux	Imports and exports	Various	USSR	According to most favoured nation status
November 1972	Japan	Imports	1,865 items	All	20 per cent reduction of duties
April 1973	Japan	Imports	105 commodities	All	
April 1973-March 1975	Japan	Imports	Small feeder calves	Mainly Australia and United States of America	Suspended (reintroduced April 1975-March 1976)
May 1973	United States of America	Imports	Crude petroleum and petroleum products	All	Duty suspended
December 1973	Japan	Imports	Certain petroleum products	All	
April 1974	Japan	Imports	96 products	All	
November 1975	EEC	Imports	Jute and coir	India	Duty-free entry to Denmark and United Kingdom
March 1976	EEC	Imports	Farm products	Turkey	Part of association agreement
April 1976	EEC	Imports	180 tropical products	Developing countries	Proposal in MTN for reduction in duties and quantitative restriction and removal of internal taxes
2. Quota increases or removal					
January 1970	Denmark	Imports	Coffee, wines	All	
January 1970	Italy	Imports	Automobiles and other items	Japan	Quota removed

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
February 1970	Japan	Imports	Some woollens, some wines, automobiles	All	
June 1970	Italy	Imports	Wine	All	Quantitative restrictions removed
July 1970	Ireland	Imports	Leather foot-wear	All	
December 1970	United Kingdom	Imports	Coal, coke, some other fuels	All	Quota removed
December 1970	United States of America	Imports	Petroleum	All	Effective beginning 1971
1970, 1971, 1972, 1973, 1974	EEC	Imports	Various agricultural and manufactured items	Centrally planned economies	Elimination or suspension of quotas; easing of licensing restrictions
1970, 1971, 1972	United States of America	Exports	Many items including grains	Centrally planned economies	Licensing restrictions eased
January 1971	United Kingdom	Imports	Cotton textiles	All	Quotas increased by 1 per cent
April 1971	United States of America	Exports	Some lumber, semi-fabricated copper	Chiefly Japan	Quota removed
May 1971, 1972, 1973, 1974	United Kingdom	Imports	Bananas	Dollar area countries a/	Supplemental quota established
1971, 1972	United States of America	Imports	Various imports	China	
June, October 1971, February 1972	Japan	Imports	Automobile engines and various agricultural commodities	All	Quotas removed
February-September 1972	Japan	Imports	Various commodities	United States of America	Bilateral arrangement to increase trade
September 1971, April 1972	United Kingdom	Imports	Cheddar and cheddar-type cheeses	All sources	Quota and voluntary restraints suspended
November, December 1971, May 1972, January, March 1973	United States of America	Imports	Fuel and heating oils destined for north-eastern states	Principally Canada	Effective 1972 and 1973; removed March 1973
January 1972	United Kingdom	Imports	Certain dairy products	Dollar area countries a/	Quotas removed
March, June, December 1972; January, December 1973; February 1974	United States of America	Imports	Meat	Existing suppliers	Quota increased then suspended from June 1972-1974

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
April 1972	Japan	Imports	Refined sugar, sulphur, gas and fuel oils	All	Quotas removed
May, October 1972, April 1973	Japan	Imports	Many of the items still under quantitative restriction	All	Included in second and third programmes for maintaining the yen rate of exchange
September, December 1972; May 1973	United States of America	Imports	Petroleum and petroleum products	All	Quota increased effective January 1973; removed May 1973
July 1972	United Kingdom	Exports	Coal	All	Removed
November 1972	United Kingdom	Imports	Some cotton and pottery items	Japan	Quota increased or removed
December 1972; May, August 1973; March 1974	United States of America	Imports	Non-fat dry milk	Chiefly Western Europe	Temporary increases through June 1974
January 1973	United Kingdom	Imports	Jute	India	Quotas replaced by duties
April 1973	United States of America	Imports	Cheese	Existing suppliers	Temporary 50 per cent increase in quotas
July, December 1973-June 1974	France	Imports	Many commodities, excluding certain "sensitive" items	Non-EEC countries	20 per cent increase in July; 50 per cent increase in December through June 1974
June 1973-May 1974	United States of America	Imports	Petroleum products	Canada	
1973	Japan	Exports	Various commodities	CMEA members	
1973	United Kingdom, Federal Republic of Germany	Imports	Certain petroleum products	Selected CMEA members	Quotas raised or ban on trade lifted
October 1973	United States of America	Imports	Cotton textiles	28 partners	Agreement to increase imports by 5 per cent
November 1973	United Kingdom	Imports	Cigars	Cuba	Effective 1974
November 1973	Japan	Imports	Certain food-stuffs	All	
November 1973	United States of America	Imports	Sugar	Existing suppliers	Suspended through December 1974
January-March 1974	United States of America	Imports	Cheddar cheese		
January-June 1974	United States of America	Imports	Wheat and milled wheat products		Quota suspended for 6 months, then indefinitely

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
July 1974	Ireland	Imports	Certain industrial items	All	Quota increased, then removed
October 1974	Japan	Imports	Malt	All	
December 1974	Japan	Imports	Integrated circuits of minimum size	Chiefly United States of America	
December 1975	EEC	Exports	White sugar		
March 1976	France	Imports	Lamb	New Zealand	Proposal to increase quota
3. Reductions of other non-tariff barriers					
August 1970	Federal Republic of Germany	Exports	Less important strategic goods	All	
1970	United Kingdom	Imports	All	All	Prior deposit 50 per cent in December 1968, 40 per cent December 1969, 30 per cent May 1970, 20 per cent September 1970, ended December 1970
January 1971, January 1972	United States of America	Exports	Copper	All but Asian centrally planned economies	Licensing eliminated (copper-based scrap included 1972)
January 1972	Netherlands	Imports	Minimum-sized passenger autos		Licensing eliminated
January 1972	United States of America	Imports	Chrome ore	Southern Rhodesia	Ban revoked
May, June 1973	United States of America	Imports	Certain petroleum products	Canada	Licensing eliminated
B. Measures tending to restrict trade					
1. Tariff increases					
May 1970	Denmark	Imports	All	All	Value added tax on imports raised to 15 per cent
July 1971	United Kingdom	Imports	Meat, dairy products	All sources except Ireland	Variable levies and/or minimum import prices
August-December 1971	United States of America	Imports	Dutiable goods not subject to quantitative restrictions	All sources	10 per cent surcharge, less for imports from the Philippines, agricultural commodities and some textiles and petrochemicals later exempted

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
October 1971-1 April 1973	Denmark	Imports	All	All	10 per cent surcharge; reduced to 7 per cent in July 1972, 4 per cent in January 1973
October 1971	United Kingdom	Imports	Poultry meat	All sources except Denmark and Ireland	Minimum import prices set
January 1972	United Kingdom	Imports	Cotton textiles	Commonwealth Preference Area	Duties of 6.5-17 per cent
April 1972	United States of America	Imports	Manufactured products subsidized by exporting country	All	Countervailing duties imposed
January 1974	France	Imports	Crude petroleum	All	Tax of F.6 a ton
May 1974	United States of America	Imports	Ball bearings	Chiefly Japan	Countervailing duties imposed
September, October 1974	United States of America	Imports	Specified foot-wear items	Brazil, Spain	Countervailing duties imposed
February 1975-1 January 1976	United States of America	Imports	Crude petroleum and petroleum products	All	Special fee of $1/barrel, later raised to $2/barrel
September 1975	France	Imports	Wine	Italy	12 per cent surtax
December 1975	EEC	Imports	Paper products	Sweden	Tariff concessions ended
March 1976-1977	United Kingdom	Imports	Lamb	New Zealand	Duty of 16 per cent in 1976, to be raised to 20 per cent in 1977
2. Quota imposition or reductions					
March 1970	France	Imports	Wine	Algeria, Morocco, Tunisia	Quota established
July 1970	Denmark	Imports	Maize	All	Banned
July 1970	United Kingdom	Imports	Ghee	All	Quota established
July 1970	United States of America	Imports	Beef, veal, mutton when trans-shipped through Canada	Australia, New Zealand	Banned
March 1971	United Kingdom	Imports	Butter	Chiefly New Zealand	Quota reduced
January 1972-January 1975	United States of America	Imports	Items of confectionery	All	Annual quota under the Sugar Act
April-October 1972	Italy	Imports	Automobiles and other goods trans-shipped through EEC	Japan	Authorized by EEC; restrictions on auto imports from all sources eased October 1972
April 1972-March 1973	United Kingdom	Imports	Bacon	Chiefly Denmark	Quota reduced

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
June 1972	United States of America	Imports	Special cheeses	Chiefly Western Europe	Quota re-established
April 1973	Italy	Imports	Tape recorders	Non-EEC members	
April-December 1973	Benelux	Imports	Consumer electronics products	Japan	Replaced by voluntary Japanese export controls
October 1973	United Kingdom	Exports	Iron and steel scrap	All	Quota established
October, December 1973	United Kingdom	Exports	Crude petroleum and petroleum products	All	
January 1974	Federal Republic of Germany	Imports	Textiles	Asia	Quota decreased
July 1974	EEC	Imports	Cattle and beef	Non-EEC countries	Banned
October 1974	Federal Republic of Germany	Imports	Coking coal		Annual quota
November 1974-January 1976	United States of America	Imports	Livestock and meat	Canada	Quota introduced, retroactive to August 1974; beef and veal quotas removed in January 1976 along with similar Canadian controls on United States exports
December 1975	United Kingdom	Imports	Cotton yarns, synthetic fibres	Spain and Portugal	Quotas established
March 1976	United States of America	Imports	Specified dry milk products	Chiefly Western Europe	Banned
3. Other non-tariff barriers					
(a) Licensing restrictions introduced or tightened					
August 1971-1972	Belgium, Luxembourg	Imports	Most agricultural products	France, Federal Republic of Germany, Italy	Import deposits also required for these items from France and Italy
January 1972	United Kingdom	Imports	Sugar	All	
April 1972	Belgium	Imports	Unwrought lead	All sources except Luxembourg	
July 1973	United States of America	Exports	Many agricultural products including ground-nuts, edible oils and fats	All	
July 1973-January 1975	United States of America	Exports	Iron and steel scrap	All	

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
October 1973	Denmark	Exports	Certain petroleum products	Non-EEC countries	
October 1973	France	Exports	Crude petroleum and petroleum products	All	
October 1973-July 1974	Netherlands	Exports	Crude petroleum and petroleum products	All	
December 1973	United States of America	Exports	Crude petroleum and petroleum products	All	
January 1974	United Kingdom	Exports	Cocoa beans and cocoa products	All	
February-July 1974	United Kingdom	Exports	Coal and steel products	All	
August 1974-May 1975	Japan	Imports	Raw silk	Mainly China, Republic of Korea	Government designated sole importer
September 1974	France	Imports	Crude petroleum and products		Monetary limit of F 51 billion placed on 1975 imports
December 1974	United Kingdom	Imports	Cotton yarn	Greece and Turkey	
December 1974	Japan	Imports	Timber	USSR	To support domestic prices
May 1974-March 1975	Italy	Imports	Many commodities, excluding raw materials and capital goods; agricultural products later exempted	All	Cash deposit of 50 per cent of c.i.f. value
4. Restraints on exports					
(a) As alternative to imports controls by partner country					
Late 1960s-December 1973	Japan, other Asian suppliers	Exports	Cotton textiles	EEC, United States of America	Bilateral export restraint agreements to replace import quotas b/
January 1969-1973	Japan, EEC	Exports	Steel	United States of America	Voluntary industry agreements to limit annual export growth
October 1971	Japan, other major suppliers	Exports	Man-made and woollen textiles	United States of America	Export restraint agreements negotiated
April 1972	Japan	Exports	Electrical machinery	Western Europe	Voluntary restraints by producers
September 1972-August 1973	Japan	Exports	20 major commodities	United States of America	Agreement with exporters with aim of reducing trade surplus with United States by $1 billion on annual basis

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
1973	New Zealand	Exports	Cheese	United Kingdom	New Zealand agreed to restrain exports to United Kingdom
1973	Australia, New Zealand	Exports	Beef, mutton, veal	United States of America	Voluntary export controls to forestall import controls
December 1973	Japan	Exports	Consumer electronics items	Benelux	To replace import controls
June 1974	Bangladesh	Exports	Jute	EEC	Bilateral agreement limiting jute exports from Bangladesh in exchange for EEC tariff reductions
April, July, September, November 1975	India, Pakistan, Hong Kong, Singapore, Macao, Malaysia, Republic of Korea	Exports	Textiles	EEC	Voluntary restraint agreements reached to limit annual growth of textile exports to EEC b/
Late 1974	12 supplying countries	Exports	Beef, veal	United States of America	Bilateral agreements for voluntary export restraint in 1975
December 1975	Japan	Exports	Textiles	EEC	Export restraints b/
December 1975	Eastern European countries	Exports	Shoes	United Kingdom	Voluntary restraints extended
(b) To conserve or control domestic supplies					
March-July 1973	United Kingdom	Exports	Potatoes	All	
May 1973	United Kingdom	Exports	Iron and steel scrap	Non-EEC members	Reimposed; earlier controls lifted 1 January 1973
June-July 1973	Japan	Imports	Lumber, steel scrap	United States of America	Import control measures to prevent domestic hoarding
June-October 1973	United States of America	Exports	Soya beans, cotton seeds, other food oils	All	Export embargo
November 1973	Italy	Exports	Petroleum products	All	
November 1973	Federal Republic of Germany	Exports	Crude petroleum and products	All	Banned
June 1974	Japan	Exports	Fertilizer	Asia	To reduce exports by 15-20 per cent
Summer 1974	Japan	Imports	Copper, soya beans, other commodities	All	Import controls to halt speculative hoarding by industry

Table 47 (continued)

Date	Country adopting the measure	Trade flow affected	Commodity affected	Partner countries affected	Remarks
October 1974-October 1975	United States of America	Exports	Grain	USSR	2.2 million-ton limit put on grain exports; advance approval of large grain and soya bean export sales required October 1974-March 1975
July-October 1975	United States of America	Exports	Grain and soya beans	USSR and Poland	Banned
October 1975	United States of America	Exports	Wheat, maize	USSR	5-year agreement effective October 1976 limiting annual sales to 8 million tons unless otherwise authorized by United States

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat.

a/ Fourteen Latin American and Caribbean countries plus Liberia, the Philippines, Canada and the United States of America.

b/ Under the auspices of GATT's Long-term Arrangement regarding International Trade in Cotton Textiles or the Multifibre Agreement that replaced it in January 1974.

Table 48. Members of OPEC: selected economic characteristics, 1974

Country	Population (millions)	Per capita gross domestic product (dollars)	Exports of petroleum: Per capita (dollars)	Exports of petroleum: As percentage of Exports	Exports of petroleum: As percentage of Gross domestic product	International reserves as percentage of imports, end 1974	Ratio of exports to imports (percentage)	Petroleum revenue as percentage of total government revenue a/: 1973	Petroleum revenue as percentage of total government revenue a/: 1974
Algeria	16.3	737	257	91	35	42	113	37	57
Ecuador	7.0	535	88	58	17	37	113	21	...
Indonesia	127.6	195	41	70	21	39	193	33	48
Nigeria	61.3	372	142	91	38	206	349	54	...
Gabon	0.5	1 930	1 538	82	80	29	272	...	...
Iran	32.1	1 158	650	97	56	148	380	41	...
Iraq	10.8	708	641	95	91	138	308	61	...
Venezuela	11.6	2 542	887	95	35	154	256	69	71
Kuwait	0.9	11 841	10 778	96	91	90	672	94	96
Libyan Arab Republic	2.4	5 636	3 504	100	62	131	299	93	...
Qatar	0.2	5 842 b/	10 413	98	178 b/	27	742	98	...
Saudi Arabia	8.7	3 258	3 557	100	109	411	894	93	96
United Arab Emirates	0.3	13 500 b/	19 100	100	142 b/	27	381	...	...
Total and average	279.7	705	413	95	59	139	363	78	...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics and Yearbook of National Accounts Statistics; International Monetary Fund, International Financial Statistics (Washington, D.C.).

a/ Based in most cases on ordinary and development budgets for fiscal years.

b/ Based on gross national product.

Table 49. Members of OPEC: planned capacity expansion, 1976-1980

Country	Petroleum-refining capacity (thousands of barrels per day)		Tanker fleets			Ammonia capacity (thousands of tons per annum)	
				Thousands of tons dwt			
	1974	Under construction, 1975	Number of ships, 1975	1975	1978 target	1975	Planned additions
Algeria	108	477	4	136	450	330	990
Ecuador	36	50	...	...	...	...	...
Gabon	24	20	...	...	...	...	...
Indonesia	419	603	30 a/	...	...	...	...
Iran	708	1 035	15	321	...	...	...
Iraq	185	472	13	391	1 500	60	333
Kuwait	581	...	7	1 164	2 000	720	210
Libyan Arab Republic	69	884	5	413	1 200	-	330
Nigeria	60	111	...	...	...	...	...
Qatar	7	13	1	0.3	...	300	600
Saudi Arabia	674	1 256	9	214	900	200	780
United Arab Emirates	-	515	5	23	...	...	...
Venezuela	1 629	402	...	...	...	...	...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on World Energy Supplies, 1950-1974 (United Nations publication, Sales No. E.76.XVII.5); Petroleum Economist (London), August 1974 and September 1975; Middle East Economic Digest (London), 2 May 1975 and 27 February 1976; Financial Times (London), 12 January 1976 and 25 March 1976; The New York Times, 25 January 1976.

a/ Owned or chartered.

Table 50. Developed market economies: composition of net financial flows to developing countries, 1970-1974

Flow	1970		1971		1972		1973		1974	
	Millions of dollars	Percentage of total	Millions of dollars	Percentage of total	Millions of dollars	Percentage of total	Millions of dollars	Percentage of total	Millions of dollars	Percentage of total
Official, bilateral	6 282	44.6	7 098	44.0	7 545	42.2	8 865	39.5	10 370	41.6
Official development assistance	5 575	39.6	6 258	38.8	6 519	36.5	6 971	31.1	8 228	33.0
Other official flows	708	5.0	840	5.2	1 027	5.7	1 894	8.4	2 142	8.6
Donations	3 179	22.6	3 514	1.8	4 225	3.6	4 308	19.2	5 289	21.2
Loans	3 103	22.0	3 584	22.2	3 320	8.6	4 557	20.3	5 081	20.4
Technical assistance	1 496	10.6	1 629	10.1	1 814	10.1	2 232	9.7	2 486	10.0
Food aid	1 142	8.1	1 240	7.7	1 088	6.1	850	3.8	1 066	4.3
Official, to the multilateral agencies	1 540	10.9	1 756	10.9	2 446	13.7	2 782	12.4	3 176	12.7
Official development assistance	1 137	8.1	1 354	8.4	1 921	10.7	2 272	10.1	3 064	12.3
Other official flows	403	2.8	402	2.5	525	2.9	510	2.3	112	0.4
Private, bilateral	5 784	41.1	6 500	40.3	7 226	40.4	10 529	46.9	11 443	45.9
Direct investment	3 249	23.1	3 417	21.2	4 089	22.9	6 199	27.6	5 867	23.5
Portfolio investment	602	4.3	761	4.7	1 761	9.8	3 319	14.8	3 517	14.1
Guaranteed export credits . .	1 932	13.7	2 323	14.4	1 376	7.7	1 011	4.5	2 059	8.3
Private, to the multilateral agencies	474	3.4	771	4.8	667	3.7	258	1.2	-70	-0.3
Total:										
At current prices	14 080	100.0	16 125	100.0	17 884	100.0	22 434	100.0	24 919	100.0
At 1970 prices	14 080		15 212		15 606		16 680		15 458	

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1974 Review; Food (Paris, 1974); Development Co-operation, 1975 Review (Paris, 1975), communications from the Development Assistance Committee of OECD; and various national sources.

Table 51. Value of direct investment of developed market economies in developing countries, end 1973

Group and item	Total		Western hemisphere		Africa		West Asia		South and East Asia	
	Number of countries	Value of investment (millions of dollars)	Number of countries	Value of investment (millions of dollars)	Number of countries	Value of investment (millions of dollars)	Number of countries	Value of investment (millions of dollars)	Number of countries	Value of investment (millions of dollars)
Petroleum-exporting countries	17	15 490	3	5 140	4	4 505	8	3 935	2	1 910
Other developing country total . . .	93	39 433	28	24 762	39	5 655	5	406	21	8 610
With per capita income of:										
Less than $200 . .	33	4 610	1	57	20	1 763	1	1	11	2 789
$200-399	21	4 870	3	410	13	2 300	2	60	3	2 100
$400-599	12	3 905	6	1 770	5	1 585	-	-	1	550
$600-799	5	10 085	3	8 495	-	-	-	-	2	1 590
$800 and over . . .	22	15 963	15	14 030	1	7	2	345	4	1 581
Total	110	54 923	31	29 902	43	10 160	13	4 351	23	10 520

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data furnished by the secretariat of the Organisation for Economic Co-operation and Development (Paris).

Table 52. Developed market economies: provision of official development assistance, 1970-1975

Country	Flow of official development assistance: Millions of dollars						Percentage of gross national product						
	1970	1971	1972	1973	1974	1975 a/	1970	1971	1972	1973	1974	1975 a/	Average, 1970-1974
Australia	202	202	267	286	430	520	0.59	0.53	0.59	0.44	0.55	0.58	0.54
Austria	10	12	17	40	59	55	0.07	0.07	0.08	0.15	0.18	0.16	0.11
Belgium	118	145	192	233	268	386	0.46	0.50	0.55	0.51	0.50	0.64	0.50
Canada	343	386	491	510	709	855	0.42	0.42	0.47	0.43	0.50	0.55	0.45
Denmark	59	74	96	131	168	200	0.37	0.42	0.45	0.48	0.55	0.60	0.45
Finland	7	13	20	28	38	45	0.07	0.12	0.15	0.16	0.18	0.18	0.14
France	944	1 054	1 292	1 487	1 616	1 811	0.64	0.65	0.66	0.58	0.59	0.60	0.62
Germany, Federal Republic of	555	712	769	965	1 315	1 379	0.30	0.33	0.30	0.28	0.34	0.34	0.31
Italy	153	155	98	153	239	219	0.16	0.15	0.08	0.11	0.16	0.13	0.13
Japan	459	512	608	988	1 103	1 205	0.23	0.23	0.21	0.24	0.24	0.24	0.23
Netherlands	195	215	305	312	434	538	0.61	0.58	0.67	0.52	0.63	0.72	0.60
New Zealand	14	17	21	29	39	60	0.22	0.23	0.25	0.27	0.31	0.45	0.26
Norway	36	42	63	87	131	180	0.32	0.32	0.43	0.44	0.57	0.70	0.42
Sweden	116	157	198	275	401	489	0.37	0.43	0.48	0.56	0.72	0.80	0.51
Switzerland	30	29	64	65	65	77	0.15	0.12	0.21	0.16	0.14	0.17	0.16
United Kingdom	416	539	586	588	721	848	0.34	0.40	0.37	0.33	0.38	0.37	0.36
United States of America	3 003	3 241	3 188	2 993	3 483	3 747	0.30	0.31	0.28	0.23	0.25	0.25	0.27
Total, developed market economies: b/													
At current prices	6 712	7 612	8 439	9 243	11 292	12 693	0.33	0.34	0.32	0.29	0.33	0.34	0.32
At 1970 prices	6 712	7 141	7 219	6 432	6 475	6 604							

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1974 Review and 1975 Review (Paris).

a/ Estimate.

b/ Including, in addition to countries listed, Iceland, Ireland, Luxembourg, Portugal and South Africa.

Table 53. Developed market economies: provision of resources to developing countries and multilateral agencies, 1970-1974

Country	Total flow										
	Millions of dollars					Percentage of gross national product					
	1970	1971	1972	1973	1974	1970	1971	1972	1973	1974	Average, 1970-1974
Australia	399	531	444	342	515	1.16	1.38	0.98	0.53	0.66	0.94
Austria	67	82	42	158	152	0.47	0.50	0.21	0.58	0.46	0.44
Belgium	285	301	404	450	533	1.10	1.03	1.16	0.98	1.00	1.05
Canada	557	839	928	978	1 567	0.68	0.91	0.89	0.82	1.10	0.88
Denmark	85	148	121	171	171	0.54	0.86	0.57	0.62	0.56	0.61
Finland	25	28	53	29	73	0.24	0.25	0.39	0.17	0.35	0.28
France	1 646	1 466	1 882	2 766	3 007	1.11	0.91	0.96	1.08	1.09	1.03
Germany, Federal Republic of . .	1 145	1 452	1 240	1 383	2 601	0.61	0.67	0.48	0.40	0.68	0.57
Italy	690	781	657	495	477	0.74	0.77	0.55	0.36	0.32	0.55
Japan	1 762	2 129	2 738	5 726	2 957	0.80	0.94	0.93	1.41	0.65	0.97
Netherlands . . .	420	426	705	534	858	1.31	1.15	1.55	0.90	1.24	1.23
New Zealand . . .	22	26	32	33	51	0.35	0.36	0.39	0.30	0.41	0.37
Norway	72	72	58	98	185	0.64	0.55	0.40	0.49	0.81	0.58
Sweden	183	213	236	319	587	0.59	0.58	0.57	0.64	1.06	0.69
Switzerland . . .	113	218	149	257	245	0.55	0.89	0.49	0.62	0.53	0.62
United Kingdom .	1 122	1 183	1 327	1 395	2 234	0.92	0.85	0.84	0.79	1.17	0.93
United States of America . .	5 399	6 066	6 624	7 044	8 450	0.54	0.58	0.57	0.54	0.60	0.57
Total, developed market economies a/	14 080	16 125	17 884	22 434	24 919	0.69	0.72	0.68	0.71	0.72	0.70

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1974 Review and 1975 Review (Paris).

a/ Including, in addition to the countries listed, estimates for Iceland, Ireland, Luxembourg, Portugal and South Africa.

Table 54. DAC countries: transfer terms of official development assistance commitments, a/ 1970-1974

Item	1970	1971	1972	1973	1974
Commitments (millions of dollars):					
Amount	8 188	9 507	11 544	12 930	14 864
Grants	5 191	5 581	7 388	8 560	9 646
Loans	2 997	3 926	4 156	4 370	5 217
Grant element (percentage):					
In loans	56.6	56.9	57.9	63.0	60.1
In total ODA	84.1	82.2	84.8	87.5	86.0
Loan terms:					
Average maturity (years) .	30.2	29.1	29.5	32.0	30.1 b/
Interest rate (percentage)	2.8	2.8	2.8	2.4	2.5 b/
Grace period (years) . . .	7.3	7.1	7.8	8.4	8.3 b/

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1975 Review (Paris, 1975).

a/ To the developing countries and the less developed countries of southern Europe.

b/ Excluding France and New Zealand.

Table 55. DAC countries: grant element in official development assistance,[a/] 1970-1974

(Percentage)

Country	1970 Total	1970 To least developed countries	1971 Total	1971 To least developed countries	1972 Total	1972 To least developed countries	1973 Total	1973 To least developed countries	1974 Total	1974 To least developed countries
Australia	92.5	100.0	100.0	100.0	100.0	100.0	99.4	100.0	99.4	100.0
Austria	67.7	28.9	67.0	24.2	81.1	100.0	57.4	...	49.3	...
Belgium	96.9	100.0	97.0	100.0	96.4	...	95.6	100.0	96.3	...
Canada	96.1	92.5	92.4	91.7	96.8	92.9	94.1	92.1	97.2	93.5
Denmark	98.0	97.0	93.0	81.0	94.1	92.3	96.1	90.3	94.4	91.4
Finland	...	...	...	...	96.6	...	85.6	100.0	89.4	84.6
France	82.6	72.2	84.3	88.5	85.8	93.0	91.2	95.4	(87.7)	...
Germany, Federal Republic of	80.4	89.9	83.7	85.5	80.9	92.8	83.1	93.1	(83.8)	...
Italy	67.7	76.1	50.5	52.3	58.8	50.3	69.3	81.4	(97.8)	...
Japan	67.2	90.0	64.9	85.8	61.1	100.0	68.6	69.3	61.4	77.8
Netherlands	84.6	60.0	87.2	58.5	85.2	62.1	88.4	95.3	87.4	93.5
New Zealand	...	...	...	...	95.0	...	98.5	100.0	98.6	...
Norway	99.5	100.0	99.4	100.0	99.6	100.0	99.8	100.0	100.0	100.0
Sweden	95.1	88.7	96.4	78.4	95.2	95.8	98.6	100.0	99.3	...
Switzerland	95.9	100.0	88.6	100.0	95.5	100.0	93.0	100.0	96.9	...
United Kingdom	81.5	88.7	81.4	87.4	85.7	86.1	87.1	86.1	85.6	86.3
United States of America	86.4	93.0	84.3	90.4	87.2	87.5	89.9	88.1	90.2	89.7

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Development Co-operation, 1975 Review (Paris, 1975).

a/ Based on commitments to the developing countries and to the less developed countries of Europe.

Table 56. Developing countries: changes in the share of official bilateral development assistance, 1970-1974

Countries[a/] whose share was rising		Countries[a/] whose share fluctuated without trend	Countries[a/] whose share was declining	
Steadily	Erratically		Steadily	Erratically
Cambodia	Argentina	Afghanistan*	Algeria	Angola
Central African Republic*	Botswana*	Bangladesh	Belize	Brazil
Chad*	Burma	Barbados	Dominican Republic	Chile
Comoros	Egypt	Benin*	El Salvador	Colombia
Congo	Fiji	Bolivia	Ghana	Hong Kong
Cuba	French Polynesia	Burundi*	Guinea-Bissau	India
Democratic Yemen	Gilbert and Ellice Islands	Costa Rica	Guyana	Indonesia
Ethiopia	Israel	Ecuador	Liberia	Iran
French Guiana	Ivory Coast	Gabon	Mozambique	Lao People's Democratic Republic*
Gambia	Libyan Arab Republic	Guatemala	Nigeria	Mexico
Guadeloupe	Malaysia	Guinea*	Sierra Leone	Morocco
Kenya	New Caledonia	Haiti*	Singapore	Nepal*
Mali*	Niger*	Honduras	Uganda*	Netherlands Antilles
Mauritania	Papua New Guinea	Jamaica	United Arab Emirates	Republic of Korea
Mauritius	Peru	Jordan		
New Hebrides	Philippines	Lebanon		Somalia*
Oman	Saudi Arabia	Lesotho*		Thailand
Réunion	Western Samoa	Madagascar		Trinidad and Tobago
Rwanda*		Malawi*		Uruguay
Senegal		Maldives*		Venezuela
Southern Rhodesia		Martinique		
Sudan*		Nicaragua		
Swaziland		Pakistan		
Togo		Panama		
United Republic of Tanzania*		Paraguay		
United States Pacific Islands		Republic of South Viet-Nam		
Upper Volta*		Seychelles		
Yemen*		Solomon Islands		
Zaire		Sri Lanka		
Zambia		Surinam		
		Syrian Arab Republic		
		Tonga		
		Tunisia		
		United Republic of Cameroon		

(Table continued on following page)

Table 56 (continued)

Item	Countries[a] whose share was rising		Countries[a] whose share fluctuated without trend	Countries[a] whose share was declining	
	Steadily	Erratically		Steadily	Erractically
Total population, 1973 (millions)	162	185	273	121	1 067
Gross domestic product, 1973 (billions of dollars)	30.2	127.7	55.4	42.4	338.4
Official development assistance, 1974 (millions of dollars)	1 741	1 100	2 098	253	1 827
Average population (millions)	5.4	10.3	8.0	8.7	59.3
Gross domestic product (billions of dollars)	1.0	7.1	1.6	3.0	18.8
Official development assistance (millions of dollars)	58	61	62	18	101
Per capita gross domestic product (dollars) . .	186	691	203	350	317
Official development assistance (dollars)	10.72	5.95	7.68	2.09	1.71

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, *Monthly Bulletin of Statistics* and *Yearbook of National Accounts Statistics*; Organisation for Economic Co-operation and Development, *Development Co-operation, 1974 Review* and *1975 Review* (Paris).

a/ The countries marked by an asterisk have been designated "least developed".

Table 57. Centrally planned economies: bilateral aid commitments to developing countries, a/ by donor country, 1966-1975

(Millions of dollars b/)

Donor country	Annual average 1966-1970	Annual average 1971-1975	1971	1972	1973	1974	1975 c/
Total	942	2 453	1 940	2 439	2 475	2 924	2 489
CMEA countries . . .	796	1 945	1 358	1 650	2 006	2 487	2 224
USSR	427	1 159	1 016	957	1 229	1 247	1 344
Eastern Europe . .	369	786	342	693	777	1 240	880
Bulgaria	40	52	55	40	43	117	7
Czechoslovakia .	114	126	14	100	303	108	104
German Democratic Republic . . .	100	51	25	23	-	46	162
Hungary	47	98	42	45	148	110	142
Poland	28	109	65	100	247	107	27
Romania	40	350	141	385	36	752	438
China	146	508	582	789	469	437	265

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Bank for International Settlements, Press Review (Basle); Biulleten' inostrannoi kommercheskoi informatsii (Moscow); East-West Commerce Bulletin (London); Vneshniaia torgovlia (Moscow); Far Eastern Economic Review (Hong Kong); East-West Markets (New York); China Trade and Economic Newsletter (London); and other official and unofficial information.

a/ Not including Cuba.

b/ Converted from national currencies at current official rates of exchange.

c/ Preliminary.

Table 58. Resources made available to developing countries by members of OPEC, a/ 1973-1975

(Billions of dollars)

Item	1972	1973	1974	1975 b/
Disbursements				
Total	0.5	0.9	4.6	5.6
Bilateral:				
Concessional	0.4 c/	0.5 c/	2.2	2.0
Other	-	0.2	0.7	2.2
Multilateral:				
IBRD bonds	0.1	0.2	1.4	0.8
Other	c/	c/	0.3	0.6
Commitments				
Concessional assistance	...	0.7	4.2	4.1
Bilateral	...	...	3.5	3.3
Multilateral	...	...	0.7	0.8
IBRD bonds	0.1	0.2	2.2	0.8
Other non-concessional assistance .	...	...	2.2	4.1

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data furnished by the secretariat of the Organisation for Economic Co-operation and Development.

a/ Algeria, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

b/ Provisional estimate.

c/ Multilateral is included with bilateral.

Table 59. World fertilizer situation and prospects, 1968/69-1980/81

Region and item	Nitrogen				Phosphate[a]				Potash			
	Annual average growth rate (percentage)		Millions of tons of N		Annual average growth rate (percentage)		Millions of tons of P_2O_5		Annual average growth rate (percentage)		Millions of tons of K_2O	
	1968/69 to 1973/74	1973/74 to 1980/81	1973/74, actual	1980/81, forecast	1968/69 to 1973/74	1973/74 to 1980/81	1973/74, actual	1980/81, forecast	1968/69 to 1973/74	1973/74 to 1980/81	1973/74, actual	1980/81, forecast
World:												
Capacity			62.5	107.2			20.8	32.4			28.3	36.3
Production . . .	7.5	6.3	41.0	62.3	5.8	4.4	25.4	33.3	6.8	5.5	22.1	32.1
Consumption . .	7.8	6.6	39.6	60.6	6.2	4.3	24.6	33.1	7.8	4.7	21.4	29.5
Balance			1.4	1.7			0.8	0.2			0.7	2.6
Developed market economies:												
Capacity			34.2	46.4			13.3	18.8			17.1	19.6
Production . . .	4.4	3.1	22.7	28.1	4.2	2.3	16.2	19.0	4.9	4.0	13.1	17.2
Consumption . .	6.4	3.7	18.8	24.3	3.9	2.6	14.3	17.1	6.1	3.2	12.1	15.1
Balance			3.9	3.8			1.9	1.9			1.0	2.1
Developing countries:												
Capacity			7.4	25.4			2.7	7.5			0.5	0.8
Production . . .	14.9	17.0	4.0	12.2	12.9	15.1	2.2	5.9	-	10.4	0.3	0.6
Consumption . .	10.8	10.5	7.0	14.1	11.2	8.2	3.4	5.9	14.9	10.0	2.0	4.0
Balance			-3.0	-1.9			-1.2	-			-1.7	-3.4
Centrally planned economies:												
Capacity			20.9	35.4			4.7	6.2			10.7	16.0
Production . . .	12.0	6.3	14.3	22.0	10.8	2.6	7.0	8.4	9.2	7.6	8.7	14.5
Consumption . .	9.9	7.0	13.8	22.2	9.4	5.6	6.9	10.1	9.2	5.2	7.3	10.4
Balance			0.5	-0.2			0.1	-1.7			1.4	4.0

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Food and Agriculture Organization of the United Nations, Longer-term Fertilizer Supply/Demand Position and Elements of a World Fertilizer Policy (document AGS:F/75/7 submitted to the second session of the Commission on Fertilizer, 3-7 June 1975); and United States of America, Department of Agriculture, World Fertilizer Review and Prospects to 1980/81, by Richard B. Reidinger (Washington, D.C., February 1976).

a/ Capacity refers to phosphoric acid only, production to total phosphate fertilizer including P_2O_5 from other sources.

Table 60. Developing countries: distribution of exports, 1970-1974

Exporting group and year	Value of exports (billions of dollars)	Percentage of exports going to		
		All developing countries	Petroleum exporters	Other developing countries
<u>All developing countries</u>				
1970	54.2	20.0	2.6	17.4
1971	60.3	19.7	3.0	16.7
1972	71.5	19.9	3.1	16.8
1973	105.9	19.5	2.9	16.6
1974	202.6	19.6	2.9	16.7
<u>Petroleum-exporting countries</u>				
1970	18.8	18.3	2.3	16.0
1971	23.7	16.3	2.6	13.7
1972	27.6	16.8	2.5	14.3
1973	41.7	16.3	1.7	14.6
1974	110.6	17.8	1.7	16.1
<u>Other developing countries</u>				
1970	35.3	20.9	2.8	18.1
1971	36.7	21.9	3.2	18.7
1972	43.9	21.8	3.5	18.3
1973	64.2	21.5	3.7	17.8
1974	92.0	21.7	4.2	17.5

<u>Source</u>: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on International Monetary Fund/International Bank for Reconstruction and Development, <u>Direction of Trade</u> (Washington, D.C.).

Table 61. Changes in the structure of developing market economy exports, by product group and destination, 1960-1961, 1969-1970 and 1973

Period	All commodities	Food, beverages, tobacco	Raw materials excluding fuels	Mineral fuels and related materials	Manufactures			
					Total	Of which		
						Chemicals	Machinery and transport equipment	Other
SITC	0 - 9	0 + 1	2 + 4	3	5 - 8	5	7	6 + 8
Percentage share of commodity group in total exports to other developing market economies								
1960-1961 . . .	100	24.4	17.1	37.6	20.0	1.9	2.5	15.6
1969-1970 . . .	100	20.4	13.8	34.7	30.5	3.9	5.2	21.4
1973	100	16.5	15.6	35.0	32.2	5.2	7.1	19.9
Percentage share of total exports of commodity group going to other developing market economies								
1960-1961 . . .	23.6	19.8	15.6	30.1	31.3	39.7	73.2	28.5
1969-1970 . . .	21.6	19.3	17.0	21.6	26.8	51.9	45.2	22.6
1973	20.5	19.2	19.3	17.4	27.2	54.5	31.0	23.2
Average annual rate of increase in quantum of exports, by commodity group, to other developing market economies								
1960-1961 to 1969-1970 . .	5.9	2.4	4.1	5.8	10.9	...	...	...
1970 to 1973 .	8.1	5.4	10.7	6.3	12.0	...	...	...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Yearbook of International Trade Statistics and Monthly Bulletin of Statistics.

Table 62. Developing countries: distribution of non-fuel exports, a/ by region, 1970-1973

Region and item	1970	1971	1972	1973
Western hemisphere				
Value of exports other than fuels[a/] (billions of dollars)	13.4	12.9	15.1	21.1
Percentage going to:				
Developing countries	15.5	17.5	17.1	17.9
Western hemisphere	13.2	15.2	14.5	13.6
Other developing countries	2.3	2.3	2.6	4.3
Africa				
Value of exports other than fuels[a/] (billions of dollars)	8.3	7.7	8.3	11.5
Percentage going to:				
Developing countries	11.3	13.4	13.6	11.8
Africa	6.7	7.5	7.0	5.5
Other developing countries	4.6	5.9	6.6	6.3
West Asia				
Value of exports other than fuels[a/] (billions of dollars)	1.5	1.8	2.8	3.9
Percentage going to:				
Developing countries	31.2	32.4	31.3	31.2
West Asia	24.0	24.2	21.8	21.9
Other developing countries	7.2	8.2	9.5	9.3
South and East Asia				
Value of exports other than fuels[a/] (billions of dollars)	13.5	15.0	18.2	28.3
Percentage going to:				
Developing countries	28.8	28.1	28.1	26.3
South and East Asia	21.0	20.6	21.3	20.4
Other developing countries	7.8	7.5	6.9	5.9

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics.

a/ SITC 0-9 other than 3.

Table 63. Primary commodity producers' associations, 1975

Name of association[a]	Date of formation	Membership	Percentage contribution of members to: Volume of world production	Value of world exports
Organization of Petroleum-Exporting Countries (OPEC)	1960	Algeria Ecuador Gabon Indonesia Iran Iraq Kuwait Libyan Arab Republic Nigeria Qatar Saudi Arabia United Arab Emirates Venezuela	55	90
African Groundnut Council	1964	Gambia Mali Niger Nigeria Senegal Sudan Zaire	13	38
Intergovernmental Council of Copper Exporting Countries (CIPEC)	1967	Australia[b] Chile Indonesia Papua New Guinea[b] Peru Zaire Zambia	35	52
Asian Coconut Community	1968	India Indonesia Malaysia Philippines Singapore Sri Lanka Thailand	76	79
Pepper Community	...	India Indonesia Malaysia	...	60
Union of Banana Exporting Countries (UPEB)	1974	Colombia Costa Rica Ecuador Guatemala Honduras Panama	23	70
Association of Natural Rubber Producing Countries (ANPRC)	1974	Indonesia Malaysia Singapore Sri Lanka Thailand	86	93
International Association of Mercury Producers	1974	Algeria Italy Mexico Spain Turkey Yugoslavia	59	...

Table 63 (continued)

Name of association[a]	Date of formation	Membership	Percentage contribution of members to: Volume of world production	Percentage contribution of members to: Value of world exports
International Bauxite Association (IBA)	1974	Australia Dominican Republic Ghana Guinea Guyana Haiti Jamaica Sierra Leone Surinam Yugoslavia	71	80
Council of South-East Asian Lumber Producers' Associations	1975	Indonesia Malaysia Philippines	26	63
African Timber Producers	1975	Central African Republic Equatorial Guinea Gabon Ghana Ivory Coast Madagascar Nigeria United Republic of Tanzania Zaire	5	17
Association of Iron Ore Exporting Countries (AIEC)	1975	Algeria Australia Brazil Chile India Indonesia Mauritania Peru Sierra Leone Sweden Tunisia Venezuela	35	65
Primary Tungsten Producers' Association	1975	Australia Bolivia Peru Portugal Thailand	42	...
Jute International	In process of formation	Bangladesh India Nepal	80	68

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Statistical Yearbook and Yearbook of International Trade Statistics; Food and Agriculture Organization of the United Nations, Production Yearbook, Trade Yearbook and Yearbook of Forest Statistics (Rome).

a/ Listed in chronological order of formation.

b/ Associate member.

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