

Department of Economic and Social Affairs

WORLD ECONOMIC SURVEY, 1976

Current Trends in the World Economy

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FOREWORD

The World Economic Survey, 1976 has been prepared as a contribution to the discussion of the world economic situation due to take place at the sixty-third session of the Economic and Social Council in July 1977. The Survey reviews the main developments in the world economy in 1976 and the outlook for 1977. It summarizes the latest available data on world production and world trade and examines briefly the state of economic balance - both internal, as revealed by changes in inflation and unemployment, and external, as revealed by changes in reserves, debt and exchange rates. While dealing primarily with the world economy, the Survey also examines the most recent evidence of economic performance and problems in the developing countries, updating and revising information contained in the preliminary report of the Secretary-General to the Committee on Review and Appraisal assessing progress in the Second United Nations Development Decade. 1/

The Survey has been prepared by the Centre for Development Planning, Projections and Policies of the Department of Economic and Social Affairs of the United Nations Secretariat and is based on information available to the Secretariat in April 1977.

1/ Economic and Social Progress in the Second United Nations Development Decade; Assessment of Progress Made in the Implementation of the International Development Strategy for the Second United Nations Development Decade, the Programme of Action on the Establishment of a New International Economic Order, the Charter of Economic Rights and Duties of States, and Development and International Economic Co-operation (United Nations publication (ST/ESA/68), to be issued).

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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:

CIEC	Conference on International Economic Co-operation
CMEA	Council for Mutual Economic Assistance
EEC	European Economic Community
ISIC	International Standard Industrial Classification
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
LINK	International Research Group of Econometric Model Builders
NIESR	National Institute for Economic and Social Research
ODA	official development assistance
OPEC	Organization of Petroleum Exporting Countries
OECD	Organisation for Economic Co-operation and Development
SDR	special drawing rights

SITC Standard International Trade Classification
UNCTAD United Nations Conference on Trade and Development
UNIDO United Nations Industrial Development Organization
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.

INTRODUCTION

A recovery in economic activity in the developed market economies began in mid-1975 and continued throughout 1976, though with increasing uncertainty as the year advanced. The hesitancy stemmed mainly from the lack of vigour in fixed investment in the business sector. This reflected the persistence of serious imbalances, both internal and in the international economy. A substantial proportion of productive capacity remained under-utilized, and unemployment rates continued high by historical standards in most industrial countries. The rate at which prices were rising, though appreciably reduced in many countries, also remained uncomfortably high and, in the face of some supply difficulties and various wage negotiations and price determinations that seemed to anticipate further increases in costs, inflation continued to be regarded as the prime challenge to the formulation of economic policy as 1977 opened. As rates of price increase differed markedly from country to country, this internal imbalance was a major influence on the extent of external imbalance, which was not always overcome by currency depreciation, with its adverse impact on domestic costs.

Notwithstanding the hesitancy in the second half of the year, total production in the developed market economies in 1976 was over 5 per cent above the depressed level of 1975. There was a similar gain in the centrally planned economies of Eastern Europe and the Union of Soviet Socialist Republics, though in this case the recovery was in agriculture, which offset a deceleration in industrial growth. In the developing countries, generally satisfactory harvests and the renewed demand for their exports raised the over-all growth rate for the year above 6 per cent. This raised the average annual rate of growth for the period 1971-1976 to 5.7 per cent, still short of the 6 per cent rate set as a target for the decade as a whole in the International Development Strategy for the Second United Nations Development Decade.

One of the sources of serious imbalance in the early part of the 1970s - crop failures - was generally eased in 1976. Western Europe, which experienced one of the driest summers ever recorded, was the only region to register a decline in agricultural production. There was a rebound in harvests in the Soviet Union after two years of reduced output. And elsewhere production, while not repeating the gains made in 1975, increased at well above the average for the first half of the decade. Cereal stocks, which had been severely depleted in earlier years, were again augmented. In the developing countries, an average increase of almost 3 per cent in 1976 followed one of over 5 per cent in 1975. Though this served to alleviate the over-all food situation, there were many countries in which supplies remained inadequate. The 1976 increase in agricultural production was less than the growth in population in about a third of the developing countries. And over the first six years of the decade food production lagged behind population in more than half the developing countries, to the detriment not only of nutrition but also of the external balance, the supply of inputs to local industries and the demand for their products.

Benefiting from the better harvests that were reaped in most of the developing countries in 1975 and 1976, and in some cases from the recovery in demand in the major developed market economies, manufacturing activity accelerated in the developing countries. For 1976, as a whole, output was nearly 9 per cent above

the 1975 level, raising the decade average to 7.3 per cent a year - below the 8 per cent International Development Strategy target rate but more than double the average for the developed market economies, where the recovery in 1976 merely restored manufacturing production to its 1973 level. A higher average rate of industrial growth was registered by the centrally planned economies despite a deceleration after 1974 which brought the 1976 increase down to about 6 per cent.

With the resurgence of economic activity in the market economies, world energy consumption, which had receded in 1974-1975, turned sharply upwards. The increase was met almost entirely by imports of petroleum. Thus, after a \$10 billion reduction in 1975, the export earnings of the petroleum-exporting developing countries jumped to a new peak of about \$141 billion in 1976. Though the imports of the group continued to expand strongly, its trade surplus resumed its growth: after dropping to \$56 billion in 1975, it exceeded \$60 billion in 1976 (exports f.o.b. - imports c.i.f.). The counterpart to this was a rebound in the trade deficit of the developed market economies: imports having risen 14 per cent in value and exports 11 per cent, the deficit increased from \$32 billion in 1975 to \$56 billion in 1976. In the petroleum-importing developing countries the rise in import expenditure was held to about 2 per cent while export earnings, responding to both larger volume and higher prices, expanded by about 20 per cent, thus reducing the trade deficit from \$45 billion in 1975 to \$32 billion in 1976. Financing this again caused difficulties for a number of countries and, in the absence of any significant expansion in official development assistance from the developed countries, resulted in a further increase in relatively short-term borrowing from private - and hence more expensive - sources.

As a result of the pattern of borrowing resorted to by some developing countries to meet the post-1973 trade deficits, there has been a serious aggravation in the burden of external debt in a number of cases: shorter maturities and higher interest rates have resulted in debt service profiles that carry the threat of continuing financing problems in the period ahead. This is of concern both to the borrowing countries and to the lending countries, as well as to the banks and other financial institutions that have been involved in the recent growth in private lending. Because of the risks that possible defaults imply for the international financial system, increased urgency now attaches to the efforts being made to underpin the existing pattern of obligations by means of an official fund subscribed or underwritten by Governments.

Some relief may be forthcoming in 1977 from increased demand for developing countries' exports and higher prices for most primary commodities. But the immediate prospects for gains stemming from economic growth in the developed market economies are no more than modest: though the upswing in the United States began accelerating again in the spring after a slackening in the 1976/77 autumn and winter, fear of renewed inflation continues to dominate policy, and in Western Europe the latest forecasts suggest that the 1977 expansion may not reach even the 4 per cent registered in 1976. With unemployment still rising, protectionist sentiments continue to be unusually strong, and make improbable a 1977 upsurge in developing country earnings from manufactures, such as textiles and clothing, that impinge on vulnerable industries. Whatever liberalization of trade results from the ongoing Tokyo Round of negotiations is unlikely to have any impact in 1977 or even 1978. While higher commodity prices will almost certainly raise total developing country export receipts substantially in 1977, the expansion is unlikely to be sufficient to permit the petroleum-importing countries to regain the upward

trend in the imports needed for their more rapid development. Nor is the distribution of the gains likely to accord closely with balance-of-payments needs: resource-poor countries in particular will probably continue to experience great difficulty in financing their import requirements, especially if the prices of major imports should rise.

These difficulties - probable or potential as well as actual or immediate - do more than colour the short-run economic prospects for the developing countries. They pose a challenge to the world community pledged to work towards a new international economic order based on a more rational division of labour and a more equitable distribution of incomes. Recognition of this challenge is implicit in the negotiations that have been proceeding in the Conference on International Economic Co-operation (CIEC) in Paris and in the framework and time-table established at the fourth session of the United Nations Conference on Trade and Development (UNCTAD), as well as in efforts to implement the programmes of action adopted by the World Food Conference in 1974, the Second General Conference of the United Nations Industrial Development Organization in 1975 and the Tripartite Conference on Employment, Income Distribution and Social Progress and the International Division of Labour in 1976. 1/

A renewed resolve to overcome some of the actual or potential obstacles to progress was expressed at a London meeting of the leaders of seven of the major developed market economies in May 1977. 2/ Among the basic objectives of economic policy are stated to be sustained non-inflationary growth and the strengthening of the open international trading system, including access "in a non-disruptive way" to the markets of industrial countries for the products of developing nations. The Governments concerned undertook to work towards an increase in the flow of resources to the developing countries and the stabilization of primary commodity prices and the export earnings of developing countries.

In some of the developed market economies domestic economic policy seems likely to reflect increasing concern over the level and pattern of unemployment. In so far as this results not in additional protection but in job creation and expansion it should benefit the markets for developing country exports, though at some risk of accentuating price increases and the cost of developing country imports.

The uncertainties that surround the expansion in developed country demand for developing country exports serve to re-emphasize the importance of economic co-operation among the developing countries. The expansion of aid from the petroleum-exporting countries and the rapid growth in their import of goods and services from some of the other developing countries may be expected to continue in 1977 as contracts already signed come to be fulfilled. And the improvement in the liquidity of some of the exporters of beverage crops and raw materials should permit a more general acceleration in trade between developing countries.

1/ Some of the most relevant elements in these plans of action are discussed in Economic and Social Progress in the Second Development Decade (United Nations publication, Sales No.: E.77.II.A.11), to which the present Survey is a complementary sequel.

2/ Canada, France, Federal Republic of Germany, Italy, Japan, United Kingdom, and United States of America.

For most developing countries, however, the basic arbiter of progress in 1977 will again be the performance in agriculture. Here the outlook is generally favourable. 3/ Though prospects for the important rice crop will not be known until later in this year, rice and other cereal stocks in most countries are at much higher levels than in earlier years of the decade. This has taken some of the pressure off prices and made a number of developing countries more or less independent of imported basic food-stuffs, at least for 1977. Continued improvement in the agricultural sector is an essential element in the efforts of the developing countries to achieve greater self-reliance. In this context the International Fund for Agricultural Development (IFAD) - one of the institutional consequences of the World Food Conference of 1974 - which, having had \$1 billion in capital pledged to it, is about to begin operations, may be expected to play a seminal role.

3/ In the first quarter of 1977, however, rainfall was below normal in a number of countries - seriously so in the Dominican Republic, Haiti, the Republic of Korea and the Socialist Republic of Viet Nam; in more scattered fashion in North Africa as well as in parts of India, Malaysia, Nepal and the Philippines. And agricultural operations were being handicapped by excessive rain in some of the wheat-growing areas of India, by flooding in Bangladesh and Indonesia, by cyclones in Madagascar and Mozambique and by unusually low temperature in parts of Brazil.

THE 1971-1976 RESULTS IN THE LIGHT OF THE SECOND
UNITED NATIONS DEVELOPMENT DECADE TARGETS

The developing countries benefited from the recovery in demand in the leading developed market economies in 1976 and also enjoyed some endogenous gains from the notable increase in agricultural output in 1975, followed as this was by generally favourable harvests in 1976. The result was a marked improvement in production and exports, which helped to place the over-all level of developing country performance for the first six years of the 1970s slightly nearer the target rates set in the International Development Strategy for the decade as a whole. While actual achievement was on target in the case of some of the economic variables referred to in the Strategy, in most cases performance continued to fall seriously short.

The basic deficiency was in production: average rates of growth in the developing countries as a whole fell short of target in agriculture, in manufacturing and in gross domestic product. The rate of increase in the volume of exports was also below target. And contributing to these shortfalls was the failure of the developed countries to implement the measures set forth in the Strategy for trade and the flow of technical and financial resources. The share of the gross product of the developed market economies transferred to the developing countries was well below the target both in its over-all total and, more significantly, in respect of official grants and concessional loans.

Even in those areas in which the developing countries were on target - namely, the growth in import volume and in gross domestic income and the share of that income devoted to savings - the underlying situation cannot be regarded as satisfactory. Here as in other areas the average performance for the developing countries as a whole conceals a wide and in some cases a widening disparity between the high-income and naturally endowed countries, on the one hand, and the low-income, resource-poor countries, on the other. The latter, among which are the countries designated "least developed" by the General Assembly, tended to have the weakest record in respect of the economic development criteria embodied in the Strategy.

Agricultural growth in 1975-1976 averaged 4 per cent a year - the rate visualized for the decade in the International Development Strategy (see table 1). Though this compensated to some extent for the extremely poor performance of the preceding four years, when the average annual rate of increase in production was only 1.6 per cent, the average growth rate over the six years of the decade was only 2.4 per cent - far below the Strategy target. Indeed, on average the increase in agricultural production barely kept pace with the growth in population. In the light of the high hopes raised by the green revolution in the closing years of the 1960s, this was a great disappointment. As there was hardly any expansion in per capita food production, there was no domestic base to provide for an improvement in levels of nutrition.

Stimulated in some countries chiefly by the improved availability of agricultural inputs and by higher rural incomes and in other countries chiefly by the revival in demand in the major developed market economies, manufacturing activity in the developing countries advanced vigorously in 1976 after two years of

deceleration. Led by the heavier branches of industry - particularly metals and metal products - manufacturing production increased by 8.6 per cent. This equalled the average achieved in the upswing in the first three years of the decade, but the lag in 1974-1975 brought the 1971-1976 average down to 7.3 per cent a year, appreciably short of the International Development Strategy target rate of 8 per cent a year for the decade.

The value of developing country exports exceeded \$240 billion in 1976, about a fifth more than in 1975. Almost a third of this increase reflects higher prices; the increase in quantum was about 13 per cent, more than offsetting the reduction that occurred in 1975. Even after this recovery the average rate of growth for the decade fell short of 5 per cent a year, well below the target rate of just over 7 per cent in the Strategy. The rise in the purchasing power of these exports in 1976 - about 17 per cent in terms of imports - also made good the 1975 decline. Reflecting the large increases that had taken place in 1973 and 1974, however, the annual average increase for the six years of the decade was about 12 per cent, well above the 7 per cent target rate implicit in the International Development Strategy.

In 1976 there was little difference in the gain in purchasing power of exports between the petroleum-exporting countries and the petroleum-importing countries. Over the decade as a whole, however, because the terms of trade of the former improved very greatly - at almost 17 per cent a year when averaged out over the period - while the terms of trade of the latter actually deteriorated there was a marked difference: the increase in the purchasing power of exports averaged almost 22 per cent a year in the case of the petroleum exporters but only 3.5 per cent a year in the case of the rest of the developing countries, half the target rate implicit in the Strategy for the developing countries as a whole.

The slow growth in the purchasing power of the exports of the petroleum-importing countries brought about a severe liquidity squeeze in 1975, as a result of which there was hardly any increase in their import quantum in 1976. Over the 1971-1976 period the average rate of increase was only 4 per cent, about 3 percentage points below the target rate for the decade set in the Strategy for the developing countries as a whole. These countries were thus in danger of having their growth potential seriously inhibited by the lack of some of the imports that are essential for their economic development but cannot be domestically produced.

With a generally favourable out-turn of crops, a notable acceleration in industrial activity and a resurgence in export trade, the combined gross domestic product of the developing countries increased by about 6.2 per cent in 1976. This raised the average annual rate of growth for the first six years of the decade. But at 5.7 per cent, though far above the rate registered by the developed market economies (3.2 per cent a year), this was still short of the Strategy target of 6 per cent.

The gross output of the petroleum-importing countries rose by just over 5 per cent in 1976. This was an improvement over 1975 but it did nothing to raise the average rate of growth for the decade: this stood at 5.3 per cent a year. As the terms of trade of this group of developing countries deteriorated during the period, the average rate of increase in income was even lower: it failed to reach even 5 per cent a year.

Despite the resurgence in the export earnings of the petroleum-importing countries in 1976 and the constraints laid on their imports, the group's merchandise deficit remained extremely large. Though, at about \$32 billion, it was well below the 1975 record of \$45 billion, financing it continued to pose serious problems.

As the flow of external resources into the petroleum-importing countries in 1976 - from grants and loans and direct investment - was of the same order of magnitude as in 1975, the reduction in the trade deficit eased the strain on the group's international reserves. Drawn down by nearly \$2 billion in 1975, they were expanded by over \$9 billion in 1976, restoring their ratio to import expenditure to about a third, the figure obtaining at the outset of the decade.

Though no firm figures can be hazarded at this stage, it would appear - on the basis of commitments reported in 1975 and the preliminary 1976 balance-of-payments of a few countries - that the flow of official development assistance from the developed market economies increased no faster than the nominal gross national product of the countries concerned. This would mean that the ratio of such assistance to the combined gross national product of the developed market economies remained at only half the target figure of 0.7 per cent set in the Strategy, a level around which it has fluctuated rather narrowly throughout the decade.

Preliminary data also suggest that the flow of direct investment to the developing countries in 1976 was somewhat below the record total of 1975 and that bilateral private lending, including export credit - reflecting the constraints on developing country imports and the reluctance of some commercial banks to add to their recently enlarged developing country loan portfolios - was also smaller. This suggests that the over-all flow of resources from the developed market economies is unlikely to have risen any nearer to the target of 1 per cent of gross national product than it did in 1975, when the ratio was 0.90 per cent.

Borrowing on the international bond market and use of Euro-currency credits continued to increase, however. The total nominal value of developing country bonds - private as well as public - floated in 1976 was about \$1.7 billion, double the 1975 figure. And the amount raised in announced Euro-credits approached \$15 billion in 1976, compared with \$11 billion in 1975.

No information is yet available on financial flows from the petroleum-exporting countries to other developing countries in 1976. If the relation between net disbursements of concessional assistance in 1975 and commitments made in the previous year held good in 1976, the flow will have been over \$3 billion, the bulk of it bilateral.

Though official figures are lacking, it seems probable that the external public debt contracted by the developing countries increased by \$25-30 billion in 1975 and only slightly less in 1976, raising the total to over \$180 billion, the disbursed portion of which may have amounted to over \$130 billion, rather more than half a year's export earnings. The debt service ratio - of interest and amortization payments to total exports - which, after falling in the earlier part of the 1970s, had risen sharply in 1975, probably eased slightly in 1976. But, differing widely from case to case, this debt service remained a most serious burden on a number of developing countries, especially among some of those that since 1973 had borrowed extensively from commercial lenders and were facing higher interest rates and earlier repayment schedules.

The disappointing pace of economic development in most developing countries and the consequent dissatisfaction have given rise to serious international concern. This has found expression in recent years at a number of world conferences, each focusing on a particular aspect of the problem.

The process began in May 1974 at the sixth special session of the General Assembly, which considered the external economic environment of the developing countries and adopted a Programme of Action on the Establishment of a New International Economic Order designed to bring about a systematic improvement in that environment. This was complemented by the adoption, at the twenty-ninth session of the General Assembly later in 1974, of a Charter of Economic Rights and Duties of States. The search for ways and means of raising the status of developing countries continued with two conferences to review the problems of the main production sectors: the World Food Conference in November 1974 adopted a series of resolutions aimed at overcoming the economic, technical, institutional and commercial obstacles to higher agricultural productivity in the developing countries; and the Second General Conference of the United Nations Industrial Development Organization (UNIDO) in May 1975 formulated a Declaration of Policy and Plan of Action on Industrial Development and Co-operation aimed at accelerating and guiding the industrialization.

In September 1975 at its seventh special session, the General Assembly concentrated on the theme of international economic co-operation, reviewing the role that the rest of the world might play in furthering the development process and in improving the geographical division of labour so as to achieve a more equitable distribution of income. This was followed in June 1976 by the International Labour Organisation's Tripartite World Conference on Employment, Income Distribution and Social Progress and the International Division of Labour, which adopted a Programme of Action outlining policies designed to achieve full employment and to meet basic human needs in the developing countries.

In the meantime the Conference on International Economic Co-operation had got under way in Paris. This differed from the earlier conferences in its size and procedures: only a small number of countries were directly involved - 19 developing countries and eight developed market economies, with the European Economic Community (EEC) representing its members - and the discussions tended to become negotiations dealing with some of the key aspects of the emerging interdependence between the developed and the developing countries. The former sought greater assurance in regard to supplies of energy and raw materials, while the latter sought to increase the extent to which developed market economy policy and actions could be made to conform to developing country needs. In the light of the events of the first half of the decade, the main subjects of developing country concern were the protection of their terms of trade, access to developed country markets for their exports, the lightening of their debt burden, and an increased inflow of resources, both in financial terms and in terms of appropriate technology for the diversification of internal economic structures. 4/

The subjects were taken up at the fourth session of UNCTAD in 1976, and here too the emphasis was less on deliberative discussion than on negotiations.

4/ The results of these CIEC negotiations will be reviewed at a session at the ministerial level, due to take place at the end of May 1977.

Machinery was set up to re-examine the problem of developing country debt, but the main effort went into the setting up of procedures for systematically improving the development potential of the trade in those primary commodities on which the export earnings of many developing countries depend. An "integrated approach" was agreed to and a time-table laid down for a series of meetings to work out international price stabilization agreements for 13 designated commodity groups. The use of national and/or international buffer stocks is visualized, and a key element of the scheme now under negotiation concerns the establishment of a common fund that could be used to help finance the acquisition of stabilization stocks.

A third set of negotiations that got under way in 1976 concerns the activities of transnational corporations in developing countries. The problem here is to ensure that these corporations are fully integrated into the economic and social framework of their host countries so that the development potential of their technology, capital and access to markets can be maximized and harnessed to the local economy. The negotiations relate chiefly to the content and administration of a code of conduct for companies operating across national boundaries and the extent to which the results of their business operations should be publicized.

In general, the various discussions set in motion after 1973 reflect the desire of developing countries to improve not only the external environment in which their economies operate but also their status as participants in the process of international decision-making. Parallel to these discussions with the more developed countries, there have been intensive efforts to extend and intensify the degree of economic and technical co-operation among the developing countries themselves. Aiming at greater collective self-reliance, these efforts have sought in part to strengthen the bargaining power of the developing countries in dealing with the rest of the world and in part to exploit the complementarities that have been widening among the developing countries in recent years as divergences in growth patterns and rates have compounded differences in resource endowment.

Though it cannot be documented in detail or with precision, there are indications that trade among the developing countries continued to grow with new vigour in 1976. This diversification of exports is one of the most hopeful signs for the future progress of the developing countries, opening up the possibility of an early reduction of the deficit of the petroleum-importing countries and of the disappointments that have come from undue dependence on exports to the developed market economies of goods for which the demand is increasing far too slowly to provide the dynamism that the developing countries need for accelerating their economic growth.

THE 1976 RECOVERY IN WORLD PRODUCTION

After declining throughout 1974, the combined gross national product of the major developed market economies turned upwards in the second quarter of 1975 and continued to rise through 1976, though with diminishing vigour. The recovery in demand in the leading industrial countries provided some stimulus to growth in partner countries. The decline in production in the smaller industrial countries levelled off towards the end of 1975 and output began to rise again late in 1976. Reflecting the new upswing in demand for petroleum, mining production in the developing countries, which had fallen sharply in 1975, began to accelerate in 1976, as did manufacturing production. The recovery was reinforced by exceptionally good cereal harvests in the developing countries in 1975 and in the Soviet Union in 1976.

An aggregation of preliminary national estimates suggests that in the developed market economies year-to-year growth in total production, which had been halted in 1974 and declined by 1.2 per cent in 1975, expanded by 5.2 per cent in 1976. This raised the average rate of growth for the 1970s to about 3.2 per cent, well below the average for the previous decade. An increase of 8.4 per cent in 1976 restored the rate of industrial activity to the 1973 level, while agricultural production continued its slow climb with an increase that was rather less than the decade average (see table 2).

In the centrally planned economies of Eastern Europe and the Soviet Union, over-all production continued the deceleration that began after 1973. Agricultural production, though much improved in 1976, did not regain the record 1973 level. And partly as a consequence of the poor agricultural out-turn of 1975, the increase in industrial production (6.8 per cent) was the lowest of the decade. 5/

In the developing countries there was some advance on the excellent harvests of 1975 but, at 2.9 per cent, the increase in gross production was well below the 4 per cent annual growth rate designated in the International Development Strategy, and it did little to raise the decade average: at 2.4 per cent this still bears the marks of the crop failures of the early 1970s. 6/ Industrial production

5/ This measure of change in output in the European centrally planned economies is based on standard weights for aggregating the industrial components. An aggregation of national industrial production indices, using country weights, yields an appreciably lower rate of growth.

6/ This agricultural production growth rate is based on the gross output of reported crops. In most countries gross output has tended to increase at a somewhat slower pace than the value added in agriculture, and it was on the growth of the latter that the Strategy target of 4 per cent a year was based. Though no figures are available for the sectoral origin of the gross domestic product of most developing countries in recent years, it is probable that the rate of increase in the value added in agriculture exceeded the rate of increase in gross output by 0.5 percentage points or more.

rebounded from the near stagnation of 1975: mining activity regained the 1974 level and manufacturing surged ahead with an increase of 8.7 per cent, bringing the average annual rate of industrial growth for the decade up to 6.7 per cent. The 1976 recovery raised the average annual rate of increase in manufacturing production in the decade so far to 7.3 per cent, still a tenth short of the Strategy target of 8 per cent a year. The recovery in industry and a resurgence in exports stimulated activity in construction, transport, trade and finance and the other service sectors, raising the over-all rate of growth of the gross product above the 6 per cent target figure in 1976. This was not sufficient to raise the decade average to the target rate however: held down by the poor agricultural out-turn in 1971 and 1972 and depressed by the effects of the developed market economy recession in 1975, the annual average for the six years stood at 5.7 per cent.

This average performance subsumes a wide spectrum of results for individual developing countries, both in 1976 and over the six years of the decade. In 1976, for example, the increase in agricultural production in South and East Asia, where record crops had been reaped in 1975, was only half the developing country average; while in Africa, where the 4 per cent target rate was achieved in 1976, the longer-run rate of increase was only half the developing country average. Similarly, the main thrust of industrial expansion in 1976 came from the Asian region: the increase in the western hemisphere (about 6.5 per cent) was not much more than half the rate recorded in the developing countries of Asia.

More serious than these short-term differences in particular sectors has been the tendency for the gap between low-income countries and high-income countries to widen in the course of the decade. On the whole the countries with relatively low per capita incomes at the beginning of the decade registered slower growth in total production than those with higher incomes. In 1976 as in every year of the decade except 1975 - when bumper harvests were reaped in some of the low-income countries - the rate of increase in gross domestic product was lower (4.7 per cent) in countries that began the decade with a per capita income of less than \$200 than in the rest of the petroleum-importing countries (5.3 per cent). And within the low-income group, the countries designated "least developed" registered an increase of only 3.6 per cent. Over the decade as a whole the petroleum-exporting countries and the higher-income petroleum-importing countries attained the target rate of growth set forth in the Strategy, whereas the average rate recorded by the low-income countries was only 3.9 per cent a year and that of the least developed group a mere 3.3 per cent (see table 3).

The upswing in industrial activity

World industrial production, which declined in 1975, recovered strongly in 1976. Preliminary data suggest that the output for the year as a whole was almost 8 per cent above the 1975 level; manufacturing production was up rather more than 8 per cent and mining production just under 5 per cent (see table 4). Within the manufacturing sector, output of the heavy branches, which experienced the brunt of the 1975 decline, was rather more than 9 per cent above the 1975 level, and the output of the lighter branches about 6 per cent. In the case of heavy manufacturing, growth was well maintained, though there was some slackening in the final quarter. In the lighter branches, on the other hand, there was a tendency for growth to decelerate, particularly in the case of textile production (see table 5).

The cyclical swing was most marked among the developed market economies. In the first half of 1975 industrial production was running about 11 per cent below the corresponding 1974 level. By the end of 1975 the downward acceleration having ended, production had regained the level of a year earlier. The recovery continued through 1976 and for the year as a whole production was back to the 1973 pre-recession rate. Among the major developed market economies, however, 1976 industrial production was still fractionally below the 1973 level in the Federal Republic of Germany and Japan and below even the 1972 level in the United Kingdom. And among the smaller countries, in which the recovery tended to be delayed and less vigorous, Ireland and the Netherlands were the only ones to regain the 1974 level, while in the case of Luxembourg and Switzerland industrial production was actually below the 1970 level in 1976. In Greece, on the other hand, industrial production continued its rapid expansion after a minor setback in 1974, while in Norway the falling of manufacturing after 1974 was more than offset by a boom in mining when the North Sea oilfields came on stream in 1975 (see table 6).

In the United States of America, where the decline started earlier, the rebound in 1976 was sharper than elsewhere, at least until the final quarter and the onset of a severe winter. The recovery was led by the light industries, notably the textile branch, and by the chemical branch. Growth in these branches decelerated as 1976 progressed, but the pace of the recovery in manufacturing was maintained by a pick-up in the metal products industry. In Western Europe the decline in textiles and chemicals was steeper and the recovery less vigorous (see table 7). In both regions the recession in the basic metals industry continued into 1976 and was not made good by the subsequent upswing: production in the second half of 1976 was not only well below the 1973/74 peak but in North America was no higher than in the late 1960s. On the other hand, in North America the recovery in mining production which started in 1975 continued in 1976, whereas in Western Europe the recession deepened in 1975 and there was only a hesitant up-turn in mine output in 1976.

In the centrally planned economies of Eastern Europe and the Soviet Union industrial growth was much steadier, though it dropped below the decade average in 1976. This deceleration reflects a sharp slow-down in the Soviet Union, in part a feature of the medium-term plan, but largely the result of the poor out-turn of agriculture in 1975: this brought about a decline in the production of the food industry in the first half of 1976 and a perceptible deceleration in the textile industry. The rate of growth of light industry as a whole was consequently far below the longer-term average in 1976. There was also a slight lowering in the rate of increase in the output of heavy industry, reflecting deceleration in the chemical and metal products branches from the high rates of expansion registered in 1975. The rate of growth in mining production was also below trend, and the over-all output of industry increased by just under 7 per cent, compared with an average of nearly 9 per cent in the two preceding years and a decade average of just over 8 per cent (see tables 4 and 5).

In the developing countries there was some acceleration in both manufacturing and mining. Most notable was the improvement in activity in heavy industry, which had languished in 1975. The gains were widespread, but they were particularly great in the Asian region, where output rose at over twice the average rate for the decade (see table 8). For the developing countries as a whole the production of heavy industry rose by almost 10 per cent in 1976, raising the average rate of increase over the decade to 8.7 per cent. There was also a marked increase in the output of the food and textile branches, reflecting both the better harvests of

1975/76 and the revival in export demand, and raising the rate of increase in production in light industry as a whole to nearly 8 per cent, appreciably above the decade average. In the aggregate, the rate of growth in manufacturing production rebounded from the 3 per cent registered in 1975 to almost three times that figure in 1976. This raised the average for the decade although, at 7.3 per cent a year, it still fell short of the target of 8 per cent set in the Strategy.

Mining production in the developing countries, which had dipped sharply in the wake of declining demand in 1975, recovered strongly in 1976, though it did not regain the 1974 level. The main expansion was in Asia, where there was an upsurge in petroleum production in the last quarter of the year. In Latin America, where petroleum production advanced very little, there was only a partial recovery in mining output (see table 9).

Production of industrial raw materials

In the market economies as a whole the weakness in the mining industry was on the metal side; petroleum production, which had declined slightly in 1974 and more steeply in 1975, recovered to the peak rate that had been registered in 1973 before the great price rise. By contrast, the demand for most of the metals remained relatively weak, reflecting the failure of fixed investment to expand significantly in the major developed market economies.

Thus after a steep decline in production in 1975, the world steel industry staged only a partial recovery in 1976 (see table 10). The swing was confined to the developed market economies, where steel output fell by almost 16 per cent in 1975 and rose by no more than 6 per cent in 1976. Only a few of the smaller producers - Australia, Denmark, Portugal, South Africa and Turkey - produced more steel in 1976 than in 1974. And some countries - including Luxembourg, Norway, Spain and Sweden - registered a second successive decline. In the centrally planned economies of Eastern Europe and the Soviet Union, steel production continued to expand slowly - by about 4 per cent in 1975 and 3 per cent in 1976. In the developing countries there was a more rapid expansion - by 9 per cent in 1975 and 10 per cent in 1976, with Brazil, India and the Republic of Korea all reporting more vigorous growth. World production, outside of China, thus reached a total of about 650 million tons, some 30 million tons more than in 1975 but short of the 1974 output by a similar amount.

With a good deal of idle steel-making capacity, business investment still lagging in many of the developed market economies and fuel and labour costs still rising, the industry continued to experience a severe squeezing of profit. Price-cutting, both within and across national boundaries, gave rise to calls for the rationalization of the industry - including price administration, production quotas and other elements of "orderly marketing" - as well as protection from the dumping of foreign supplies. In the event the closure of some older European steelworks is being accelerated, some restraints were laid on the movement of reinforcing rod into EEC and certain alloy steels into the United States of America and in EEC a plan was formulated for strengthening the commercial role of the European Steel and Coal Community in the new circumstances.

The lag in fixed investment in the developed market economies also slowed down the recovery in the production of other metals. World production of copper, lead and zinc (outside of China), which had been cut back in 1975, began to increase

again, though 1976 output fell short of the 1974 figure - and, indeed, of the 1973 figure in the case of lead and zinc, reflecting the fact that in a number of major producers, output remained below the average for the first half of the decade. ^{7/}

In the case of aluminium 1976 saw a widespread recovery in production in the developed market economies. Apart from Japan, where the output of primary metal continued to decline, the reductions were confined to some of the smaller producers: in the Netherlands production dropped back to the 1974 level, while in Austria and Greece 1976 production was about an eighth below the 1974 level. Australia and Yugoslavia were among the few countries in which the growth in aluminium production continued in 1975 as well as in 1976. There was a notable resurgence in Canada in 1976 after a sharp slump in 1975. In the United States of America, by contrast, 1976 output of primary aluminium, though up 10 per cent on 1975, remained far below the 1974 level although, in the wake of greater recycling activity, secondary production was substantially higher.

In the few developing countries that have aluminium smelters, production continued to expand vigorously in 1975 and 1976. There were particularly large increases in India for domestic use and on a smaller scale in the United Republic of Cameroon, for export. In Bahrain, another exporter, production recovered from a 1975 dip, and shipments of aluminium reached a record level in 1976, about a fourth above the 1973-1974 rate.

Preliminary data suggest that world production of aluminium failed to regain the pre-recession level in 1976: at 12.2 million tons it was about 6 per cent below the 1974 peak. Copper production on the other hand, after a widespread decline in 1975, recovered to the 1974 peak of 7.6 million tons (smelter basis), gains in Belgium, Chile, Peru and Zambia offsetting losses in a number of countries in which copper output declined for the second successive year - Namibia, Spain, Sweden and Turkey in the case of smelter production; Canada, France, the United Kingdom and Yugoslavia in the case of refined metal; and Australia and Norway in both forms.

Though non-ferrous metal consumption in the developed market economies increased appreciably in 1976, markets remained rather weak: stocks were high and prices at the beginning of the year were generally below the corresponding 1975 level (see table 11). Though prices rose strongly in the first half of the year, they remained well below the levels reached by other commodities: their purchasing power over manufactures never regained the peak reached in 1970. Indeed, the prices realized in 1976 are thought to be appreciably below unit costs in many mines, particularly in the case of copper. Added to the high level of stocks, this was a serious deterrent to production and was the occasion for postponing a number of new ventures. Given the lengthy lead time involved in opening up new mines, there was thus a significant enhancement of the risk of future bottle-necks in the face of any sudden upswing in consumption, even though existing capacity was still clearly under-utilized in 1976.

The lag in fixed investment also affected the demand for cement and hence its production. After declining by about 2 per cent in 1975, production outside China

^{7/} This was true in France, Japan, the United Kingdom and the United States of America in the case of lead, and in Australia, France, Japan, Norway, the United Kingdom and the United States of America in the case of zinc.

increased again in 1976, achieving a gain of nearly 4 per cent for the year as a whole. The swing was concentrated in the developed market economies where output dropped by 7 per cent in 1975 and then, with construction still lagging, rose by only 3 per cent in 1976. ^{8/} In the centrally planned economies of Eastern Europe and the Soviet Union there was a further expansion in cement production, though at about 3 per cent it was less than half the increase achieved in 1975, the main deceleration occurring in the Soviet Union. In the developing countries, there was also a deceleration in growth - from 10 per cent in 1975 to about half that figure in 1976. ^{9/}

Production of energy: increased dependence on petroleum

With the revival in economic activity in the major industrial countries the downward trend in energy consumption that had commenced in 1974 was reversed in 1976. The need was met largely by an expansion in petroleum production in the members of the Organization of Petroleum Exporting Countries (OPEC); development of other petroleum resources and other sources of energy proceeded at a relatively slow pace.

World coal production increased by only 3 per cent between 1975 and 1976, compared with about 5 per cent in the previous period. In only four of the developed market economies was production greater in 1976 than in 1975 - Australia (up 13 per cent), South Africa (9 per cent) and the United States of America (7 per cent), and on a much smaller scale, Norway (41 per cent). Even some of the countries that managed to expand output in 1975 recorded a reduction in 1976 - Canada, Spain and the United Kingdom, for example, and on a much smaller scale, Yugoslavia. Reflecting, in part, the depressed state of the steel industry and the lower demand for coke, there was a further decline in France, the Federal Republic of Germany, Japan and Turkey. Thus for the developed market economies as a group the growth in coal output dropped from 5.5 per cent in 1975 to 4.1 per cent in 1976.

There was a similar deceleration in the centrally planned economies of Eastern Europe and the Soviet Union - from 3 per cent in 1975 to less than half of that in

^{8/} In 1976 cement production was increased by more than 10 per cent in Austria, Canada, Cyprus, Greece and Turkey, by 5-10 per cent in Belgium, Italy, Spain and Yugoslavia and by under 5 per cent in the Federal Republic of Germany, Japan and Portugal. By contrast a number of countries - including some of the largest producers - registered their second consecutive decline in output: Australia, France, South Africa and the United States of America by marginal amounts, but Finland, the Netherlands, New Zealand, Sweden and the United Kingdom by 5 per cent or more.

^{9/} About half the developing countries recorded increases in 1976, among them several with gains of over 10 per cent - Bangladesh, Burma, Hong Kong, India, Malaysia, the Republic of Korea and Thailand, for example - all of which had posted gains in 1975 as well. On the other side of the ledger, large (over 10 per cent) reductions in output occurred in Chile, Malawi, Nigeria, Southern Rhodesia and Zambia, and there were swings from expansion in 1975 to contraction in 1976 in several other countries, including Egypt, Israel, Jamaica, Pakistan, the Philippines and Tunisia.

1976. Apart from Czechoslovakia, where coal production maintained its slow expansion, there was a general slackening (in Poland and the Soviet Union) or decline (in the smaller producers).

In the developing countries, largely as a result of a considerable expansion in India and the Republic of Korea, production had risen by 14 per cent in 1975. In 1976, however, there was a deceleration in India (to a 5 per cent increase) and a decline in the Republic of Korea (of 7 per cent), and this brought the over-all rate of increase down to 3 per cent.

Production of natural gas, while increasing in the Soviet Union (10 per cent in 1976), North Sea (about 5 per cent) and a number of developing countries, was held back by contraction in North America where reserves continue to decline. Production of hydroelectricity was reduced by drought in Europe and in the western region of the United States of America.

Nuclear power production made much less progress than was hoped for at the time of the 1973/74 energy crisis. 10/ Doubts about plant safety and technical difficulties in regard to the disposal of spent fuel rods, and the associated environmental objections, as well as the rapid rise in both capital costs and the price of uranium, have all served to slow down the expansion of capacity in many industrial countries. Experimental and prototype fast breeder reactors are still operating in some countries, but their future has been clouded by fears about maintaining adequate control over the plutonium they produce. Security and disposal problems also overhang the reprocessing of the spent rods from regular enriched uranium reactors on which the complete fuel cycle depends for optimum economy. Because of the relative ease with which plutonium can be deployed for explosive purposes, the spread of reprocessing plans has become a serious security issue. Attempts to control exports have begun to affect the viability of the nuclear power construction industry that had already been weakened by the delays caused by the increasing need for regulating the construction of reactors in the interest of minimizing the risks of accidents and pollution. 11/ This too may reduce the rate of increase in the contribution that nuclear fission is likely to make to energy supply in the period immediately ahead.

Thus the increase in energy requirements in 1976 was met very largely from petroleum production. In the centrally planned economies of Eastern Europe and the Soviet Union there was an expansion of rather less than 7 per cent, and in the petroleum-importing developing countries an expansion of just over 5 per cent. In the developed market economies, however - as a result of the continuing decline in production in the United States of America - less petroleum was produced in 1976 than in 1975. The result was a resurgence of imports from the members of OPEC whose

10/ One measure of the lowering of expectations regarding the contribution of nuclear energy is implicit in the change in the capacity and output projected for 1985: whereas estimates for OECD countries prepared in early 1975 visualized a 1985 nuclear capacity of 513 gigawatts with an output of 748 million tons oil-equivalent, comparable estimates published at the beginning of 1977 had reduced these figures to 325 gigawatts and 464 million tons oil-equivalent.

11/ It is estimated that in the United States of America the lead time between the completion of designs and the commissioning of an operational nuclear power station has lengthened to about 12 years, a very long period in an inflationary economy.

output, after two years of contraction, rose rapidly during the year - from 28.1 million barrels a day in the first quarter of 1976 to 33.5 million in the last quarter. For the year as a whole production was about an eighth above the 1975 level and more or less back to the 1973 total. The largest increases were recorded by the Libyan Arab Jamahiriya (31 per cent), after progressive contraction through the first half of the 1970s, and Saudi Arabia (21 per cent), which resumed the sharply upward trend interrupted in 1975. There were also large increases in Indonesia (14 per cent), Nigeria (16 per cent) and the United Arab Emirates (15 per cent), and smaller increases in Algeria (3 per cent) and Kuwait (3 per cent), offsetting reductions in Iraq (where there had been an atypical expansion in 1975) and in Venezuela, as part of a continuing contraction (see table 12). 12/

In the United States of America crude petroleum production fell from an average of about 8.4 million barrels a day in 1975 to about 8.2 million in 1976. Petroleum imports - refined as well as crude - rose from an average of 6 million barrels a day in 1975 to 7 million in 1976 and to even higher figures in the first quarter of 1977, when winter demand soared. 13/ The bulk of these imports came from Africa and West Asia; imports from Canada were sharply reduced, in line with the diminution in reserves and current output, which was down an eighth in 1976. North Sea production rose steeply, though in absolute terms the 1976 output was not much more than the contraction in North American production. Though there was a 9 per cent reduction in the imports of petroleum into the United Kingdom, large increases in France (16 per cent), the Federal Republic of Germany (11 per cent) and the Netherlands (19 per cent), helped to raise total EEC petroleum imports by over 7 per cent.

Widespread but selective gains in agriculture

Compared with earlier years of the 1970s, 1976 was a good agricultural year. There was a massive turn-around in the Soviet Union after two years of diminishing crops. This helped to rebuild stocks and raise the average annual rate of production for the 1971-1976 period in the centrally planned economies of Eastern Europe and the Soviet Union to over 2 per cent. There was also a notable improvement in agricultural out-turn in Africa and Latin America in 1976: the former equalled and the latter exceeded the 4 per cent growth rate set as a developing country target for the decade in the International Development Strategy. The developing countries of the Near East also exceeded the 4 per cent rate - for the third year in a row (see table 13).

The populous South and East Asian region made a small gain on the record harvests of 1975. Production in these two years was instrumental in raising the average 1971-1976 rate of growth in gross agricultural output above the rate of growth in population. Asia (including the western portion) was the only developing

12/ The output of crude petroleum in Venezuela averaged 2.29 million barrels per day, somewhat above the planned ceiling of 2.2 million designated at the beginning of the year, after a reassessment of proven reserves at 17.8 billion barrels, compared with 18.3 million a year earlier.

13/ In February when natural gas shortages were acute and the severe weather slowed down coal movements, United States petroleum imports averaged 10 million barrels per day.

region to achieve an increase in average per capita production over the decade. The average rate of growth in gross agricultural production for the developing countries as a whole - at 2.5 per cent a year - was barely equal to the growth in population and far below the 4 per cent target. 14/

Production in the developed market economies in 1976 increased less than in the two previous years, but the important North American harvest registered its second major increase, raising the 1971-1976 average growth in gross output to 3 per cent a year, higher than any other region except the Near East. Western Europe, hit by an unprecedented drought, registered its second consecutive reduction. Japan, having enjoyed record crops in 1975, showed no further advance, while in the exporting countries of the southern hemisphere there was a further, but under-average, expansion.

As much of the increase in 1976 occurred in some of the major cereal-importing countries, there was a marked change in the pattern of trade. Preliminary estimates suggest that net imports into the centrally planned economies in 1976/77 (21 million tons) dropped sharply from the record level of 1975/76 (35 million tons) and that net imports of the developing countries (25 million tons) were also well below the high figures that had characterized the earlier years of the decade. The poor feed crops in Western Europe, on the other hand, greatly increased import requirements, almost offsetting the reduction in grain shipments elsewhere. Thus net exports of cereals from North America remained at the high level of 1975/76 (see table 14).

In the aggregate, world gross agricultural production increased by about 3 per cent between 1975 and 1976. This rate of growth was virtually the same as in 1971 and it was surpassed only in 1973. It helped to raise the average for the decade to 2.3 per cent a year, comfortably above the rate of population growth, and permitting the rebuilding of some depleted stocks. As the areas with the highest growth in population were among those with the poorest agricultural performance, however, the global average conceals some of the main sources of concern. With almost all the developing countries in the category of net food importers, their failure to make much headway towards the 4 per cent rate of growth despite two relatively favourable seasons remains one of the major disappointments of the Second Development Decade.

The output of food crops

From the point of view of nutrition, the most important increase in 1976 was in cereal production. After fluctuating around 1.2 billion tons a year in the first half of the decade, world production of cereals (wheat, maize, oats, rye, sorghum and millet and rice, included on a milled basis) exceeded 1.3 billion tons in 1976/77. This was about 9 per cent above the previous year's total and 7 per cent above the record out-turn of 1973.

Of the main traded cereals, rice was the only one to register a reduction, though only a small one and from a record 1975 crop. The reduction was concentrated

14/ As indicated earlier in this Survey, growth in agricultural production is being measured by the change in gross output which on average has tended to be lower than the corresponding change in value added, the concept used in designating the International Development Strategy growth targets.

largely in India where, measured as paddy, the 1976/77 crop is estimated at 67 million tons, compared with a record 73 million tons in 1975/76.

The 1976/77 wheat crop, at an estimated 412 million tons, was about an eighth larger than the previous year's and over 10 per cent above the record 1973/74 crop. The increase between 1975/76 and 1976/77 was widespread, but the largest gain was in the Soviet Union: up 30 million tons from the meagre 1975/76 crop, 1976/77 production was only 13 million tons short of the 1973/74 record. In India and North America the harvest was the largest ever.

The world's coarse grain output was also a record in 1976/77: at 692 million tons, it was 5 per cent greater than the high figure reached in 1973/74. As in the case of wheat the largest increase was in the Soviet Union which reaped a record harvest of 113 million tons, farm weight, about an eighth above the bumper crop of 1973/74. Production was also at a new high level (193 million tons) in the United States of America. Among the major producing areas only western Europe had a significantly smaller crop than in 1975/76: drought cut production to about 73 million tons, about 10 per cent below the average for the first half of the 1970s.

In the developing countries total cereal production reached a record of about 364 million tons in 1976/77 (see table 14). This permitted a substantial reduction in imports: after hovering around 10 per cent of domestic output in the three preceding years, the net imports of the developing countries receded by a fourth, to about 7 per cent of production in 1976/77. As cereal prices continued to decline from their 1973 peaks, this reduction in imports represented an even greater saving of foreign exchange. The international price of wheat - the principal import - averaged about an eighth lower in 1976 than in 1975 and at the end of the year was about a fourth below the corresponding 1975 figure (see table 15).

The 1975/76 and 1976/77 cereal harvests not only permitted higher levels of consumption but also transformed the stock situation. World rice stocks carried over into 1976/77 were the highest since the end of the 1970/71 season. Though they fell slightly in 1976/77, at about 16 million tons they remain well above the average level in the first half of the decade. Wheat stocks at the end of the 1976/77 season are likely to exceed 100 million tons for the first time in the 1970s, up substantially from the low point of 60 million tons reached at the end of 1972/73. Coarse grain stocks are also likely to be well above recent levels, though at about 64 million tons they will not have regained the figures common in the 1960s. ^{15/}

In the aggregate, cereal stocks held outside China and the Soviet Union have regained the level of about a sixth of annual consumption widely regarded as a minimum for safety purposes. With the expansion in wheat crops the composition of the world cereal reserve has improved in quality and with the good harvests in some

^{15/} The figures cited in this paragraph represent the aggregation of national stocks carried over at the end of the country's marketing year. They do not include stocks held by Burma, China and many of the smaller cereal producers. They also exclude the stocks of the Soviet Union in absolute terms, though they reflect the United States Department of Agriculture estimates of year-to-year changes in these stocks.

of the deficit countries - particularly South Asia - its geographical distribution has also improved. ^{16/} A number of countries have begun to formulate - or even put into effect - national food stock policies, thus improving the prospects for a more systematic implementation of the International Undertaking on World Food Security which, adopted as resolution XVII by the World Food Conference in November 1974, calls for the international co-ordination of nationally held stocks.

Apart from the grains, 1976 brought increases in the output of most of the other basic food-stuffs, including meat and potatoes. The gain in meat production was in line with the long-term upward trend; in the case of potatoes it followed two years of poor crops (see table 16).

Among the industrial countries there was a considerable and general increase in the production of poultry and a smaller increase in the production of beef and veal, concentrated in North America. Pork production regained the 1973 level after declining sharply in 1975. The output of mutton and lamb continued to shrink: it was less than 2 per cent of total meat production in 1976. In the Soviet Union meat production was substantially below the record 1975 figures, boosted as these were by slaughtering in the wake of shortages of feed. Among the exporting countries of the western hemisphere and Oceania, where the cost of feed-stuffs exerts less influence on slaughtering policy, production continued to expand rapidly, especially in the case of beef and veal, exports of which regained the 1973 level after having been sharply reduced in 1974 and 1975 by restrictive action by the main importing countries. As prices were rising during the year, averaging 7 per cent above the 1975 level, export earnings advanced more than volume in 1976.

Apart from rice the only major food item to register a decline in production in 1976 was oil-seeds. This decline followed a large increase in 1975 and was chiefly a reflection of smaller crops of soya beans in the United States of America, rape-seed in Canada and coconuts in the Philippines. The reduction in soya bean output in the United States was offset to some extent by continued expansion in Brazil and on a smaller scale in Argentina and Paraguay. By 1976 Brazil's share of world production was approaching a fourth, compared to a mere 4 per cent at the beginning of the decade.

The output of most of the other edible oil-seeds was higher than in 1975. In the case of sunflower seed this reflects a recovery in production in the Soviet Union, though to a level still well below that of the second half of the 1960s. Ground-nut production was also above recent levels - reduced as these have been by unfavourable climatic conditions in some of the main growing areas - though the 1976 output was barely 10 per cent above the average for the second half of the 1960s. ^{17/} Palm-oil production, by contrast, continued its rapid expansion, largely as a result of the extension of estates and the maturing of trees in Malaysia.

^{16/} Because of the difficulties that some of the countries concerned have experienced in storing the larger carry-over stocks, the improvement in geographical distribution has been somewhat less in practice than it would appear in principle. A sizable investment in food storage facilities is clearly required before national stock policies based on greater self-reliance can be implemented by many of the cereal-importing developing countries.

^{17/} One of the most notable changes in the 1970s has been a rapid rise in production in Senegal and a corresponding decline in Nigeria.

Vegetable-oil prices, which had declined steeply in 1975 from the 1973/74 peaks, began 1976 at a relatively low level. They climbed rapidly during the year but only in the case of coconut and palm kernel oil did the average price for the year exceed that of 1975 (see table 15). In general, thus, changes in the value of production between 1975 and 1976 were somewhat less than the change in volume.

For the second year in a row there was a substantial increase in sugar production. Of the 5 million-ton increase that was achieved between 1975/76 and 1976/77, two thirds came from cane and one third from beet. Much of the latter reflects the recovery in production in the Soviet Union. The gains in cane sugar output came from extensions in acreage (as in Brazil and Thailand), from improvements in yield (as in Mauritius and Pakistan) and in some cases from both factors (as in Australia, the Dominican Republic, India and South Africa). The high 1974 prices encouraged new planting in many countries, as well as better cultivation, but climatic conditions were the final arbiter of yields. As the high prices, combined with a marked expansion in the use of other sweeteners - including, most notably high fructose corn syrup ^{18/} - had put a brake on the growth in consumption, the production of cane and beet sugars exceeded market requirements in 1975 and 1976. World price declined steeply - by almost 30 per cent in 1975 and by over 40 per cent in 1976, bringing the average price of sugar in international trade down to just over double the 1970 figure, as was the case with the average for primary food-stuffs as a whole. With production exceeding consumption in 1976 sugar carry-over stocks increased: at the end of the 1976/77 season they are expected to exceed 20 million tons or about a fourth of current annual requirements, the highest ratio since 1970.

Of less significance from the point of view of food supply, but of great importance in international trade and to the export earnings of many developing countries, were sharp reductions in the output of coffee and cocoa. The result was a steep increase in prices: by the last quarter of 1976 the average coffee price was double the corresponding 1975 figure and the average cocoa price had risen about 70 per cent. There was also a sympathetic rise in tea prices: though output continued to increase slowly - record crops in India and Kenya more than offsetting reductions in Mozambique and Sri Lanka - the expansion in demand occasioned by a certain amount of switching from coffee served to raise the average price by about 30 per cent during 1976.

The main cause of the decline in coffee production was the severe frost in the southern part of Brazil in July 1975. This killed most of the coffee trees in Parana State and damaged many of the trees in other areas, particularly São Paulo. As there were few compensating increases in production and a number of concurrent reductions in countries suffering from poor weather or civil or military disturbance, world supplies were sharply curtailed: total 1976/77 exportable production was estimated to be about a fifth below the 1975/76 level in volume, though its value is likely to be more than twice as great.

The decline in cocoa production was concentrated in West Africa; elsewhere the 1976/77 crop was somewhat higher than the previous one. The largest reductions were in Ghana and Nigeria, though on a smaller scale, output was also lower in the United Republic of Cameroon, Equatorial Guinea and Togo. To some extent, the decline reflects poor growing conditions but other causes were also at work -

^{18/} In the United States of America, production of high fructose corn syrup trebled between 1973/74 and 1975/76 and by 1976 is estimated to have achieved a 10 per cent share of the local market for sweeteners.

swollen shoot disease and capsid damage have reduced production in many areas, and in some countries the prices paid to growers have lagged behind prices and incomes in other parts of the economy, reducing the incentive to renovate plots, replace aging trees and invest in new acreage. ^{19/} As in the case of coffee, the increase in world price far outweighed the reduction in the crop, and 1976 saw a considerable increase in the value of production.

In the developing countries, total food production, excluding coffee and tea, increased somewhat faster than population in 1976: gains in per capita production in Latin America and, to a smaller extent, Africa more than offset a slight reduction in Asia. Over the decade as a whole, however, Asia saw a greater gain than Latin America, while in Africa per capita food production has not yet recovered from its 1971-1973 setback. In Africa, indeed, per capita food production was lower in 1976 than in the first half of the 1960s and it ranked below South and East Asia in terms of per capita dietary energy supplies.

About two thirds of the developing countries entered the Second Development Decade with average per capita dietary energy supplies below internationally recognized requirements - about a fifth were up to 5 per cent short, another fifth between 5 and 10 per cent short and a fourth had a deficiency of over 10 per cent. In the first four years of the decade about 40 per cent of these countries raised their nutritional status, half of them to the point at which availabilities exceeded minimum dietary requirements. About a fourth continued with much the same deficiency as at the outset; and in about a third of the countries the shortfall was enlarged. About a tenth of the developing countries that had entered the decade with calorie supplies above minimal requirements dropped below that minimum in 1973-1974.

It is not yet possible to translate the better crops of 1975 and 1976 into nutritional terms. It is clear that there were widespread improvements, but it is equally clear that some of the countries that were nutritionally deficient in 1973-1974 failed to benefit from the recent gains in production. Moreover, since national averages reveal nothing about the distribution of food supplies, it is also clear that even countries in which per capita availability of food is slightly above the minimum requirement may have a sizable fraction of the population suffering from inadequate diets. Ad hoc surveys indicate that this had indeed been the case, even in times of increased national food production.

The output of agricultural raw materials

Among the fibres, there was a partial recovery in the production of cotton and jute but wool production resumed its slow decline. The textile industry in the market economies, having been among the earliest to slide into recession in

^{19/} In the last quarter of 1976 when the price of cocoa beans on the New York market averaged about 150 cents per pound, twice the 1975 average, the price being paid to growers was the equivalent of 49 cents in Nigeria, 34 cents in the Ivory Coast, 29 cents in Ghana and 28 cents in the United Republic of Cameroon - not significantly different from the prices paid for the 1975 crop, though between 1975 and 1976 the consumer price index had risen by between 12 per cent (in the Ivory Coast) and 63 per cent (in Ghana).

1973/74, was among the leaders of the recovery in 1975/76. World market prices began to rise again early in 1975 and by the end of 1976 were a third above the corresponding 1975 figure, though still well below the mid-1974 peak (see table 17).

The area planted to cotton in Africa and the western hemisphere was extended in 1976 and as yields were somewhat higher, the 1976/77 crop was well above the previous one in most of the countries concerned, including, in particular, the larger producers such as Argentina, Brazil, Egypt, Mexico, the Sudan and the United States of America. In few cases, however, did the 1976/77 output regain even the average for the first half of the decade. ^{20/} In the Asian region there were increases in the crops of most of the smaller producers but in the major producers the 1976/77 output was at or below earlier levels. In the Soviet Union cotton acreage has continued to expand and, as yields were also higher in 1976/77, the crop was the world's largest. In the aggregate, production, which had dropped to 54 million bales in 1975/76 - the lowest figure since 1970/71 - recovered to about 58 million in 1976/77.

With larger cotton crops in the major exporting countries and a world price averaging about a third above the 1975 level, the value of exportable production was substantially higher in 1976. Though the higher prices are expected to reduce cotton consumption in 1976/77 below the record level of 1975/76 (over 62 million bales), it will probably exceed current production and thus draw stocks down again - from the high level they had reached in mid-1975 (30 million bales) to about 22 million in mid-1976 and a projected 19 million in mid-1977.

In the case of wool the value of production in 1976 was raised moderately by an increase of about 15 per cent in the average world price. As consumption exceeded current output, the opportunity was taken to lower the stocks that had been accumulated - notably in Australia and New Zealand - as part of support activities during the 1973-1975 recession.

With the weakening of rice prices in 1975 there was some switching to jute in Bangladesh and India, where the two crops compete. The result was a 1976/77 jute output appreciably greater than in recent years, though still far short of earlier crops in the case of Bangladesh. In Thailand, production of the allied fibre kenaf, also competing with more profitable crops, continued its downward trend. Though jute prices recovered during the year, the 1976 average was almost a sixth below the 1975 level, offsetting the increase in volume. While the over-all average of agricultural raw material prices in 1976 was over double the 1970 level and the unit price of manufactures was up over 80 per cent, jute prices were only a seventh higher. Reflecting the inroads of synthetic fibres and alternative methods of packaging, this unfavourable price relationship bore heavily on the balance of payments of Bangladesh, for which jute was a leading export.

With the recovery in activity in the developed market economies the demand for rubber began to rise and there was a turn-around in price in 1975. The average price of natural rubber in 1976 was about 40 per cent above the 1975 level and supply was stimulated, especially in Malaysia, the major grower, where production rose by about 10 per cent to a new high level. On a smaller scale there were also increases in India, Indonesia and Thailand, and in the aggregate, world production regained the 1973 level of just over 3.5 million tons, most of it going into exports at the higher prices.

^{20/} The most notable exceptions were Guatemala, Nigeria and Paraguay, where production has continued to expand in the 1970s.

RESUMED EXPANSION IN WORLD TRADE

Responding to the turn-around in economic activity in the developed market economies, international trade began to expand again in the second half of 1975. It continued to increase in 1976, vigorously in the first half of the year, more modestly in the second half until an acceleration in petroleum shipments got under way late in the year. For 1976 as a whole the value of world trade reached about \$1,000 billion (see table 18).

Between 1974 and 1975 the volume of world trade had declined by about 4 per cent though, because of the rapid rise in prices, its value had increased by about 5 per cent. With the rise in the prices of manufactured goods moderating, the gain in value in 1976 (about 13 per cent) was much closer to the expansion in volume (about 11 per cent). This brought the average rate of growth in world trade in the 1970s to about 21 per cent a year in terms of value and just under 7 per cent a year in terms of volume (see table 19).

The distribution of export growth in 1976

After a 4 per cent decline in volume in 1975, developed market economy exports recovered strongly in 1976, registering an 11 per cent expansion. The most vigorous growth continued to be in shipments from Japan, which after a pause in 1975, increased by about 22 per cent in 1976. The volume of exports from Western Europe, which had declined by 6 per cent in 1975, rose by 11 per cent in 1976 and shipments from North America by only half that figure.

The unit value of developed market economy exports having changed little between 1975 and 1976, the over-all value increased to much the same extent as the volume - namely, 11 per cent. The increase was almost universal - only two countries - Portugal and South Africa - earned less than in 1975, though in about a third of the countries concerned export proceeds showed a smaller gain in 1976 than in 1975. These included the United States of America and France, Italy and the United Kingdom, as well as the Scandinavian countries and Greece and Ireland.

Among the major industrial countries the largest gains were posted by three - Canada, the Federal Republic of Germany and Japan - whose export proceeds, after increasing by over 30 per cent in 1974, had shown no increase in 1975. Despite these extraordinary year-to-year variations, the average 1971-1976 rate of growth in the export earnings of this group of countries fell into a fairly narrow band: they ranged from 16 per cent a year for the United Kingdom to 23 per cent a year for Japan (see table 20).

The export earnings of the United States of America increased by about 9 per cent in 1975 and 7 per cent in 1976. Agricultural commodities contributed slightly less to total value in 1976 than in 1975. This reflects a sharp decline in average price: the volume of agricultural exports was about 16 per cent higher but the value only 5 per cent, reducing the share of agricultural products

from slightly over to slightly under a fifth of total export proceeds. ^{21/} The reduction in average unit value was largely the result of the decline in grain and oil-seed prices: exports of these two commodity groups in 1975/76 (October-September year) were up 18 per cent in volume, but they yielded little more than the \$16 billion realized in 1974/75. Exports of fruits and vegetables in various forms (\$1.4 billion) were also up more in volume (18 per cent) than in value (12 per cent). The other main categories of agricultural exports realized higher prices: a slight gain for cotton and tobacco - each of which yielded rather more than \$0.9 billion - and a more substantial one for livestock products, shipments of which rose by a sixth in volume and a third (to \$2.2 billion) in value.

The greatest increase in United States exports (17 per cent) was to the petroleum-exporting developing countries, which accounted for nearly 11 per cent of the total in 1976, more than double the 1973 share. Though smaller in absolute terms, there was a similar increase in United States shipments to the centrally planned economies in 1976. Exports to other industrial countries increased rather less (10 per cent) and there was actually a reduction (of about 2 per cent) in shipments to the petroleum-importing developing countries, although, since the latter had jumped by about 50 per cent in 1974, they still constituted about a fourth of all United States exports.

Among the major industrial countries, Canada and France were the only others to increase their exports to the centrally planned economies in 1976. Shipments from the Federal Republic of Germany and Japan, which had risen steeply in 1974 and 1975, were down slightly in 1976 and shipments from Italy and the United Kingdom were about 12 per cent lower than in 1975. The petroleum-exporting developing countries were the destination of a sharply increased flow of exports not only from the United States of America but also from the Federal Republic of Germany (about a fifth) and Italy, Japan and the United Kingdom (around an eighth). Exports to the other developing countries were by no means as buoyant: increases in shipments from Japan (14 per cent) and from Canada and the Federal Republic of Germany (just over 5 per cent) were offset by reductions from the other industrial countries (see table 21).

In the aggregate, Japanese exports expanded by over a fifth in 1976. The main expansion was in sales to other industrial countries: following an increase of 36 per cent in 1974, these had declined by 11 per cent in 1975 before rebounding with a 37 per cent increase in 1976. The swing was greatest in the case of exports to the United States of America which, having dropped by 13 per cent in 1975, climbed 42 per cent in 1976, rising by \$4.7 billion (from \$11.2 billion to \$15.9 billion) against an increase of 6 per cent (from \$9.6 billion to \$10.1 billion) in the flow of exports from the United States to Japan.

There was a similar though less violent swing in the value of exports from the Federal Republic of Germany: after increasing by 24 per cent in 1974 and slipping

^{21/} Even though the unit value of United States agricultural exports receded from the high level of 1975, it stood at 85 per cent above the 1970/71 figure, compared with a volume increase of about 50 per cent. The great increase in both the volume and the unit value of United States agricultural exports occurred in the commodity boom of 1972/73 and 1973/74.

back by 4 per cent in 1975, sales to other industrial countries rose by a further 17 per cent in 1976. The main upsurge was in shipments to other members of the European Economic Community (19 per cent); shipments to the United States of America, which had declined by a fifth in 1975, made only a partial recovery (8 per cent) in 1976.

Trade among the industrial countries as a group, which comprises nearly two thirds of the total, expanded at about the same rate - around 14 per cent - as sales to the petroleum-exporting developing countries. In 1975 and 1976 the latter comprised about 8 per cent of the total, double the proportion obtaining before 1974. Exports to the centrally planned economies, about 5 per cent of the total, having increased very considerably in 1974 and 1975, were slightly lower in 1976. The value of shipments to the petroleum-importing developing countries registered hardly any growth in 1976, a 5 per cent reduction in exports to the western hemisphere largely offsetting modest increases in the flow to the other regions (see table 22).

The flow of exports from the developing countries recovered strongly in 1976: after stagnating in 1974 and dropping nearly 8 per cent in volume in 1975, they increased by almost 13 per cent in 1976. This resurgence raised the average rate of increase for the first six years of the decade to just short of 5 per cent a year - well below the International Development Strategy target rate of 7 per cent. The lag was chiefly in the petroleum-exporting group, whose exports after two years of decline - occasioned in part by domestic production and price policies - failed to regain the 1973 rate in 1976. The flow of exports from the other developing countries was better maintained in 1974 and 1975 and increased more sharply (by 15 per cent) in 1976.

As most primary commodity prices were appreciably higher in 1976 than in 1975, the unit value of developing country exports increased by about 5 per cent. With both volume and unit value up, the value of developing country exports, which had dropped by about 6 per cent between 1974 and 1975, rebounded in 1976, exceeding \$240 billion, almost 19 per cent above the 1975 level. The developing countries thus accounted for about a fourth of world exports in 1976, compared with a sixth in 1970. The increase was largely the result of the growth in petroleum exports: the share of the petroleum-exporting countries approached 15 per cent in 1976 as against 6 per cent in 1970, while the share of the other developing countries had declined slightly from 11 per cent to 10 per cent of the total. In 1976, however, the petroleum-importing countries shared fully in the recovery (see table 23).

The most vigorous expansion in 1976 was in South and East Asia, where exports, which had dipped slightly in value in 1975, increased by about 30 per cent. Several exporters in the region - including Hong Kong, Malaysia, the Republic of Korea and Thailand - registered gains of over 30 per cent, and only Fiji and Sri Lanka earned less than in 1975.

Led by Saudi Arabia and the United Arab Emirates among the petroleum exporters and Israel and Jordan among the other countries in the region, there was also an over-average expansion in exports from West Asia where Yemen was the only country to post a decline. In Africa there were reductions in the export earnings of a number of countries - including Gabon, the Gambia, Mauritania, Mauritius, Morocco, Sierra Leone, Tunisia and Zaire - reflecting the depressed market for sugar and iron ore and other minerals. However, these were offset by large (over 20 per cent) gains in the Libyan Arab Jamahiriya and Nigeria and, on a smaller scale, Burundi,

the Ivory Coast, Kenya, Rwanda, the Sudan and the United Republic of Tanzania, in the wake of increased production of petroleum and cotton and of higher prices for coffee and cocoa.

The lagging region in 1976 was the western hemisphere. Reductions in the export earnings of Panama and Venezuela and some of the sugar producers - Barbados, the Dominican Republic, Guyana and Jamaica, for example - offset, in part, large (over 20 per cent) gains made by Argentina, Ecuador, Nicaragua and Trinidad and Tobago, recovering from a 1975 setback, and by Colombia, El Salvador, Haiti, Honduras and Uruguay benefiting from higher prices for coffee and to a less extent from cotton and wool, as well as from a resurgence in meat shipments and, in the case of Honduras, a 60 per cent increase in shipments of bananas as the industry recovered from the effects of the severe 1974 hurricanes. In the aggregate, the export earnings of the developing countries of the western hemisphere increased by about 8 per cent, which was insufficient to regain the peak of \$46 billion achieved in 1974.

Altogether there were three developing countries with higher export proceeds in 1976 for every one with lower proceeds, and the countries whose proceeds contracted were among the smaller ones, accounting for not much more than 9 per cent of developing country exports in 1975 (see table 24). Almost two thirds of the developing countries recorded increases of more than 10 per cent, and well over one fifth had gains of more than 30 per cent. In almost a third of the countries recording gains, the expansion represented an acceleration of the 1974-1975 trend, while in 60 per cent it reversed a previous contraction.

The value of exports from the centrally planned economies of Eastern Europe and the Soviet Union rose by about 11 per cent in 1976, less than those of the developing countries but much the same as those of the developed market economies (see table 25). These exports thus constituted about 7 per cent of world trade, slightly less than at the beginning of the decade.

In their exports to the rest of the world there was probably little change in unit value in 1976. In the case of trade among members of the Council for Mutual Economic Assistance (CMEA), the pricing formula that came into operation in 1975 probably resulted in increases of 8-12 per cent in 1976. ^{22/} In the aggregate, thus, the unit value of exports from the centrally planned economies increased by just over 4 per cent and the quantum by about 6 per cent in 1976, much the same as in 1975, though somewhat below the decade average.

In the case of the Soviet Union by far the greatest increase was in shipments to the developed market economies: after languishing in 1975 these rose by over a fourth in 1976 to almost \$12 billion. Shipments to the developing countries also rebounded in 1976: with an increase of over 14 per cent, they reached nearly \$7 billion in value. About half of Soviet exports went to other centrally planned

^{22/} Beginning in 1975, the prices of goods exchanged among CMEA members have been based on a moving average of world market prices in the preceding five years. This resulted in a sharp increase - between 20 and 25 per cent, depending on commodity composition - in average unit values in 1975 and a further, but much smaller, increase in 1976.

economies: these had risen sharply in 1975 but their rate of increase in 1976 (about an eighth) was rather less than that in shipments to market economies.

Exports from the centrally planned economies of Eastern Europe expanded somewhat less vigorously. The lag was chiefly in shipments to the developed market economies: after a small reduction in 1975, these recovered in 1976 but with a relatively modest gain of about 9 per cent. Almost two thirds of their exports went to other centrally planned economies in 1976: at \$32 billion, this trade was about 11 per cent above the 1975 level. Exports to developing countries - about 10 per cent of the group's total - increased to a slightly greater extent (see table 26).

The distribution of import growth in 1976

In contrast to the case of exports, the expansion in the volume of imports in 1976 was substantially greater among the developed market economies (13 per cent) than among the developing countries (less than 9 per cent). This difference has to be interpreted in the light of the fact that developed market economy imports had remained virtually static in 1974 and had declined by 8 per cent in 1975, whereas imports into the developing countries, sustained by an upsurge in purchases by the petroleum-exporting countries had continued to expand at over 10 per cent a year in the 1973-1975 period. Thus, despite the differences in 1976, the decade average was significantly higher in the developing countries (about 8.5 per cent a year, well above the 7 per cent International Development Strategy target) than in the developed market economies (not much more than 5 per cent a year).

These trends in the volume of trade are reflected in changes in current value. Thus, while the export proceeds of the developing countries rose substantially more than those of the developed market economies in 1976, growth in import expenditure followed the opposite pattern: the developed market economy increase (14 per cent) was appreciably greater than that of the developing countries (less than 10 per cent in the aggregate, even though the petroleum exporters recorded a 25 per cent expansion). As implied above, the contrast reflects in part the consequences of the cyclical swings in the developed market economies. The liquidity squeeze suffered by the petroleum-importing developing countries in the wake of the 1974-1975 recession in the industrial countries resulted in a sharp curtailment of imports, just when the 1975-1976 recovery was bringing about a strong revival in imports into the industrial countries. The difference in quantum changes was reinforced by divergent movements in prices: whereas the unit value of developed market economy exports of manufactured goods remained virtually stationary between mid-1975 and mid-1976, the average price of the primary commodities (including non-ferrous metals) exported by the developing countries rose steadily after mid-1975 (see table 27).

Imports into the centrally planned economies of Eastern Europe and the Soviet Union was also constrained by payments imbalances. The rate of expansion was reduced from about 11 per cent in 1974 to 9 per cent in 1975 and 6 per cent in 1976 in terms of volume and even more sharply in terms of value.

Among the developed market economies only a fourth registered a reduction in import value in 1976 - half the 1975 proportion - and all of these belonged to the primary exporting category, whose foreign exchange earnings had generally lagged

in 1975. Among the industrial countries, only Finland, Sweden and the United Kingdom recorded an increase in imports of less than 10 per cent. ^{23/} Of the two major countries with active trade balances, Japan increased its imports by 12 per cent and the Federal Republic of Germany by 18 per cent.

The United States of America whose trade balance (exports f.o.b. - imports c.i.f.) swung from a 1975 surplus of \$4 billion to a record deficit of \$15 billion in 1976, increased its imports by 25 per cent. Much of this increase reflects purchases of petroleum, but most categories of imports were up - in a number of cases, such as rubber and vegetable oils, to record levels. Imports of sugar were 4 per cent above the low 1975 figure in volume but well below earlier levels, and with unit value not much more than half the 1975 average, value was almost 40 per cent down. Imports of the beverage crops recovered in 1976 from the low volume of the previous year but only to the average for the first half of the decade; in value terms, however, they were almost double the 1975 figure.

United States imports from the petroleum-exporting countries, which constituted one of the most buoyant trade flows even in 1975, rose by 48 per cent in 1976 to a total of about \$27 billion (value c.i.f.), six times the 1973 figure. They were thus almost equal to the imports from all other developing countries which, after a 6 per cent decline in 1975, increased by 23 per cent to \$30 billion in 1976. As indicated above, there was also an upsurge in imports from Japan, contributing to an expansion of one fifth in total purchases from industrial countries, despite the failure of the flow from EEC to regain the 1974 level (see table 28).

None of the other major industrial countries registered a comparable upsurge in petroleum imports, though the expansion in purchases from the petroleum-exporting countries was considerable by historical standards in the case of France (almost a sixth), the Federal Republic of Germany (almost a fifth) and Japan (about an eighth). In the aggregate, the industrial countries spent over \$100 billion on goods from the petroleum-exporting countries (valued c.i.f.). This was about twice as much as the industrial countries sold to these countries, about a sixth of their total imports and about a fifth more than they spent in 1975.

Imports from the other developing countries were also a fifth higher in value. The largest increase was in purchases from Asia, which approached \$40 billion, a third more than in 1975. Imports from Africa (\$12.4 billion) and the western hemisphere (\$27.4 billion) rose by less than 9 per cent, and this represented no more than a recovery to 1974 levels.

Purchases from the centrally planned economies accelerated: approaching \$20 billion in 1976 - about 3 per cent of total imports - they were about an eighth above the 1975 level. The largest increases were registered by the Federal Republic of Germany and the United Kingdom (a fourth) and Italy (a third). Japanese imports from the centrally planned economies, which had jumped by more than \$1 billion to over \$3.5 billion in 1974 when petroleum purchases from China were increased, receded in 1975 and again in 1976, to below the \$3 billion level.

^{23/} Measured in national currency, rather than United States dollars, import expenditure increased by 13 per cent in Sweden and 29 per cent in the United Kingdom.

With the rise in petroleum prices in 1974, the proportion of the imports of the industrial countries originating in other industrial countries, dropped from near 70 per cent to around 62 per cent. Among the major countries the decline was sharpest in the United States of America, where the proportion of imports coming from other industrial countries dropped from 64 per cent in 1973 to 51 per cent in 1976. It was least in the United Kingdom where, largely as a result of its joining EEC and the recent development of indigenous energy sources, imports from other industrial countries continued to constitute about 59 per cent of the total. Japanese imports from other industrial countries increased by only 5 per cent in 1976, making up only half the decline that occurred in 1975 and reducing their share in the total to less than 30 per cent, compared with 40 per cent in 1973.

There was a vigorous recovery in the imports of France and Italy from other members of EEC, after a setback in 1975, and an acceleration in the growth in the Federal Republic of Germany imports from its Community partners. There were much smaller increases in the purchases from EEC of other major industrial countries, so that in the aggregate this flow tended to lag somewhat behind purchases from developed market economies outside the Community and well behind purchases from the developing countries.

In contrast to the strong recovery in imports into the developed market economies in 1976, there was a marked deceleration in the growth of the import expenditure of both the centrally planned economies and the developing countries. As indicated above, this was in part a reflection of price movements: the average unit value of developing country imports, for example, which rose by over 9 per cent in 1975, was less than 1 per cent higher in 1976, while the increase in prices in intra-CMEA trade, which had been so steep in 1975, moderated greatly in 1976. It also reflects policy changes, especially in relation to conditions of entry: in the wake of mounting pressure on the balance of payments and increasing concern over the means of financing trade deficits, many countries placed constraints on imports.

The growth of imports into the Soviet Union, which had accelerated rapidly in current value in the 1973-1975 period, was slowed down sharply in 1976. Purchases from other centrally planned economies increased very little in volume in 1976 and by only 8 per cent in value, well below the decade average. Imports from the developed market economies, after rising rapidly in the first half of the 1970s to near parity with imports from the centrally planned economies, increased by 12 per cent in 1976, even further below earlier rates. And imports from the developing countries in 1976 were actually less than in 1975 (see table 26).

In the case of the Eastern European socialist countries, the value of imports from the developing countries, which had stagnated in 1975, seems to have expanded by over a sixth in 1976, while imports from the developed market economies again increased at the reduced rate registered in 1975 (about 5 per cent in current value). As indicated above, the deceleration occurred in trade within the centrally planned economy group, which accounts for about 60 per cent of Eastern European imports: priced in transferable roubles, these increased at about 11 per cent in 1976, less than half the 1975 rate and below the decade average. It is probable that most of the increase in this trade reflects changes in price rather than in volume.

In the case of the developing countries, the flow of imports slowed down appreciably in 1976 in terms of value but, since the rise in prices was much smaller than in 1975, accelerated somewhat in terms of volume (see tables 19 and 23). As

in 1975, however, the main increase was in the purchases of the petroleum-exporting countries: these rose by \$17 billion - as against \$19 billion in 1975 - while the flow of goods to other developing countries rose by a mere \$3 billion. The volume of imports into the petroleum exporters again increased vigorously, though at 24 per cent, the expansion was less than the 32 per cent registered in 1975: port and transport congestion, skill shortages and other bottle-necks tended to limit the capacity of some of the countries concerned to deal with a more rapidly expanding inflow of goods.

Among the petroleum-importing developing countries, imports, which had been reduced in volume in 1975, increased only marginally in 1976. This increase was confined largely to South and East Asia, where imports had been curtailed most sharply in 1975, though there was also a further though smaller (6 per cent) expansion in West Asia. The developing countries of Africa and the western hemisphere reduced their imports in 1976. In the western hemisphere import expenditure continued at approximately the \$41 billion level it had reached in 1974.

Altogether, 39 per cent of the developing countries reduced their import expenditure in 1976, a fourth of them - including Sierra Leone, Uganda and Zaire, and Burma, Fiji and Oman - for the second year in a row. At the other end of the spectrum about a fourth of the developing countries increased their import expenditure by more than 20 per cent; apart from Hong Kong and the Republic of Korea, most of the countries in this group were petroleum exporters or countries, such as Jordan, the Syrian Arab Republic and Yemen, closely associated with petroleum exporters. In between were the 36 per cent of the developing countries that recorded a modest expansion in imports (see table 24). In a third of these the 1976 increase followed a cut-back in 1975; in half the increase was less than that recorded in 1975.

Where there was a reduction in imports in 1976 or a significant deceleration in the rate of increase, the explanation lay partly in the improved agricultural output in 1975 and 1976, but in most cases the main factor was the decline in the export earnings of the petroleum-importing countries in 1975. This tended to reduce the demand for imports and in many cases - where it resulted in foreign exchange stringency - it induced official action to curb imports, especially in those countries facing a rapidly increasing debt service obligation. Since the imports of most of the countries concerned consist very largely of capital goods and intermediate products, this curb, while providing at least a short-run stimulus to local industries, carries a potential longer-run threat to the expansion and diversification of productive capacity. This is particularly so in the many countries in which there was a cut-back in the volume of imports in 1975 also. Two years without any expansion in imports may have weakened the base for economic and social development in the second half of the decade.

CHANGES IN ECONOMIC BALANCE

Though 1976 brought some moderation in the imbalances that had characterized the world economy in 1974-1975, many of the underlying problems remained. Costs and prices continued to rise rapidly in most of the market economies and at the end of the year many - almost half the developed countries and over half the developing countries - were still suffering from what had come to be known as "double digit" inflation. At the same time unemployment was generally higher in 1976 than in 1975, and in almost half the developed market economies more workers were unemployed at the end of 1976 than at the beginning.

Wide differences in the rates at which prices were rising added to the difficulty of reaching a more satisfactory equilibrium in international trade and payments. The more inflationary economies (notably Italy and the United Kingdom, and to a less extent France) ran large trade deficits and saw their currencies depreciate rapidly against those of their trading partners, while those with greater price stability (notably the Federal Republic of Germany and Switzerland) posted trade surpluses and saw their currencies appreciate further.

With the recovery in demand in 1976 and the resurgence of imports, the developed market economies as a group experienced a rapid deterioration in their balance of trade with the rest of the world. The counterpart to this was an enlargement of the surplus of the petroleum-exporting developing countries and a reduction in the deficit of other developing countries. Though the latter represents a significant improvement - reducing the deficit to about 26 per cent of imports, compared with 28 per cent in 1974 and 36 per cent in 1975 - it left another enormous gap to be bridged by borrowing and other financial transfers, adding further to the burden of debt servicing already dangerously heavy in a number of developing countries.

There was also a reduction in the trade deficit of the centrally planned economies of Eastern Europe - imports having been restrained below the rate of increase in exports - but here too the problem of financing the desired level of trade with the rest of the world remained troublesome.

Limited improvement in internal balance

Though there was some abatement in the cost-price spiral in the market economies in 1976, inflationary forces remained very active. The average year-to-year increase in consumer prices in the developed countries receded from a peak of 13 per cent in 1974 to 11 per cent in 1975 and 8 per cent in 1976. The rise slackened further in the course of 1976 - from an annual rate of nearly 9 per cent in the first quarter to below 8 per cent in the last - but even at the new lower level it was more than twice as great as in the 1960s. In the case of the developing countries, the proportion registering year-to-year price increases of over 10 per cent declined from seven eighths in 1974 and three fourths in 1975 to half in 1976 and, although in most cases there was a further deceleration in the rate of price increase, in a fourth of the countries the rise during 1976 was faster than that during the previous year.

Among the major industrial countries, all save France and Italy showed a significant reduction in the rate of price increase in 1976. Even so, the end of the year found prices still rising at an annual rate of 15 per cent in the United Kingdom and over 9 per cent in Japan. At the other end of the spectrum, the rate of increase had dropped below 4 per cent in the Federal Republic of Germany and to 5 per cent in the United States of America. Averaged for the seven countries in the group, the year-to-year rate of price increase was less than 8 per cent in 1976 and in the course of the year there was a further slight deceleration - towards 7 per cent - with food prices leading the way (see table 29).

In most of the smaller industrial countries consumer prices rose by about 8 per cent in the course of 1976 and for the year as a whole fluctuated around 9 per cent above the 1975 level. The exceptions were Finland, where the rate of increase, though decelerating, was much steeper, and Switzerland, where the rate had fallen to a mere 1 per cent by the end of 1976. While most countries in the group experienced some slackening in the rate of price increase during 1976, Denmark was an exception: here the rate had accelerated to 13 per cent by the fourth quarter. For the group of nine countries as a whole the deceleration was only marginal during the year, but the increase between 1975 and 1976 - at 8.5 per cent - was appreciably below the rates recorded in the two preceding years. In this group, food prices were still rising more rapidly than those of other consumer goods.

Among the developed economies the most rapid rise in prices occurred in the primary exporting countries. Only in the case of Cyprus and Malta was the increase between 1975 and 1976 less than 10 per cent, and Yugoslavia was the only one to show a clear deceleration in price rise in 1976. Much of the inflation in these countries came from abroad by way of higher prices for imports. With exports lagging in 1975, several of them were impelled into defensive action - restraints on imports on currency devaluation or both - which tended to accentuate the rise in domestic prices. The primary exporting group of 12 countries registered the least deceleration in its average price increase both between 1975 and 1976 and during 1976, and at about 17 per cent a year the rise in food prices was ahead of the movement in other retail prices.

Notwithstanding this rapid rise in prices in most of the developed market economies, productive capacity continued to be under-utilized. In most cases the average number of unemployed workers was greater in 1976 than in 1975. The exceptions were Austria and the Federal Republic of Germany (in which there were marginal reductions in unemployment), Greece (in which there was a sizable reduction), Sweden (the only country not to suffer any increase in unemployment during the 1973-1976 cycle) and the United States of America (where there was an appreciable reduction that still left the unemployment rate at a level that was extremely high by post-war standards).

In about half the developed market economies, the number of unemployed tended to decline as the year progressed. But in some of the cases in which this decline was significant (Austria, the Federal Republic of Germany, Norway and Sweden, for example), it was accompanied by a shrinkage in the number of job vacancies, so that the ratio of unemployment to vacancies was actually higher at the end of the year. On the other hand, there were a number of countries in which the unemployment/vacancy ratio improved during 1976 - in Australia, Japan, the Netherlands and Switzerland, for example, and also in Canada and the United Kingdom, despite higher unemployment rates (see table 30).

At the depth of the economic recession in 1975, the number of unemployed workers in the developed market economies totalled 14.2 million, compared with 8.7 million at the bottom of the previous recession in 1971. At the end of 1976, 18 months into the recovery, the number of unemployed in the developed market economies still exceeded 14 million - 7.7 million in North America, 5.3 million in Western Europe and 1.3 million in Japan and Oceania.

Some of the countries in which unemployment increased in 1975 and 1976 also recorded increases in employment. This was most notable in Italy, though it was also the case in Australia and Canada, where total employment continued to increase despite a sharp dip in employment in manufacturing in 1975 with only a partial recovery in 1976. In Denmark, the Netherlands, Switzerland and the United Kingdom, on the other hand, the rise in unemployment was associated with a continuing decline in employment in manufacturing, while in the Federal Republic of Germany 1976 brought a reduction in both employment and unemployment (see table 31).

Among the countries in which unemployment was reduced in 1976, Japan, Sweden and the United States of America all reported higher levels of employment. In the United States, indeed, as in Australia, Canada and Italy, the entry into the labour market in the 1970s of the cohorts born in the post-war "baby-boom", as well as the increased participation of women in the labour force and the expansion in part-time work, made it possible for record employment levels to be achieved at a time when unemployment was also at record levels. ^{24/} Given the low rate of fixed investment by business in the 1974-1976 period, the demographic and social changes also resulted in a high proportion of unemployment among the young, especially those seeking their first job, many of whom had passed through an education system not well adapted to provide the sort of training most appropriate to the circumstances.

The persistence of high levels of unemployment tended to induce or strengthen autarkic sentiments in many of the developed market economies. Policies towards immigration were tightened: in EEC stricter conditions were applied to the inflow of migrant workers and their families from outside the Community and in the United States of America steps were taken to enforce the laws against unsanctioned immigrants. Policies on imports also tended to become more restrictive: to protect employment in vulnerable industries, duties on imports were raised and trade quotas negotiated with exporters. Among the trade flows affected in the course of 1976 were special steels moving from Japan and Sweden to EEC and the United States of America, steel rod moving to EEC from Japan, the Republic of Korea, South Africa and Spain, and electronic equipment moving from Japan to Benelux and the United Kingdom. Arrangements were made among various Western European countries and Japan to curb price competition in shipbuilding. The United States of America began negotiating quotas for the entry of shoes and television sets chiefly from Asian producers. More generally, negotiations were begun on the renewal and possible modification of the International Multi-fibre Arrangement.

^{24/} In the United States of America, the rate of increase in the civilian labour force between 1968 and 1976 was 2.4 per cent a year, compared with 1.6 per cent in the 1960s and 1.2 per cent in the 1950s. Though the 1975-1976 recovery generated new jobs at a rate fully comparable to that of earlier cyclical upswings - raising employment from 84.4 million in the second quarter of 1975 to 88.1 million in the fourth quarter of 1976 - the unemployment rate was reduced from its high recession figure of 9.0 per cent only to the still unacceptable figure of 7.9 per cent.

Moreover, the continued anomalous coexistence of high levels of unemployment and high rates of price increase created awkward dilemmas in many developed market economies: action to remedy the one phenomenon was inhibited by fear of exacerbating the other. On the whole, with most countries having income-assurance mechanisms in operation, and production trending upwards for most of the year, 1976 saw more weight being given to price-restraining measures than to job-creating measures. This was particularly true in countries with a weak external balance, though even the surplus countries such as the Federal Republic of Germany and Japan were reluctant to respond to the urgings of deficit countries to provide additional stimulus to their economies, fearing that a more rapid expansion in demand would result not only in an acceptable expansion in imports but also in an unacceptable acceleration in the rise in domestic prices.

In most developing countries, inflation decelerated significantly in 1976, though in a number of cases the cost/price spiral remained acute and in a fifth of the countries it actually intensified. In almost two thirds of the countries the rise in consumer prices was less between 1975 and 1976 than between 1974 and 1975 (see table 32). The proportion of developing countries registering a year-to-year increase in consumer prices of over 15 per cent receded sharply from 71 per cent in 1974 and 53 per cent in 1975 to 28 per cent in 1976 (see table 33). And in the course of 1976 prices declined or increased at less than 5 per cent a year in over a fourth of the developing countries accounting for almost half the total population.

One of the reasons for this notable abatement in the rate of inflation was the improved food position in the wake of the favourable 1975 harvest. Increases in food prices of more than 10 per cent were confined to less than half the developing countries in 1976. In a sixth of the developing countries food prices actually declined in the course of the year.

Another constraining factor was the slackening in the rise in import prices. The price of petroleum remained stable in 1976, about 7 per cent above the 1975 level, while the unit value of manufactures, having declined in the second half of 1975, averaged less than 1 per cent above the 1975 level in 1976.

Despite this broad easing of inflationary pressures there were many countries in which the cost/price spiral continued to reflect acute instability. In a few cases the high rates of price increase recorded in 1976 represent a deceleration from earlier rates: among countries in which consumer prices rose by more than 20 per cent, for example, this was so in Uruguay (where there was a 40 per cent increase in 1976) and Chile (174 per cent). In Colombia, the Gambia and Israel there was a temporary abatement but the pace of price rise picked up again during the year. And there was a clear acceleration of the spiral in Ethiopia and Mexico (to an annual rate of 27 per cent), the Niger (29 per cent), Brazil (38 per cent), Peru (45 per cent), Uganda (51 per cent), Ghana (59 per cent), Zaire (74 per cent) and Argentina (348 per cent).

The persistence of external imbalance

With the revival in demand in the major developed market economies, the slackening in the rate of increase in the unit value of manufactures entering world trade, a reversal in the decline in the prices of most primary commodities exported by the developing countries and the continued wide differences in rates

of domestic price increase among the major industrial countries, 1976 witnessed some marked changes in the state of external balance both of individual countries and of the main country groups. While some of these changes served to mitigate the severe imbalances that emerged in 1974 and 1975, many of the longer run problems remained, and when the world economy entered 1977 it was still far from a sustainable equilibrium in international transactions: the mechanisms for financing deficits and facilitating the transfer of resources remained under considerable strain.

Imports having expanded much more rapidly than exports, the combined trade deficit of the developed market economies increased sharply in 1976, reaching \$56 billion (exports f.o.b. - imports c.i.f.), 75 per cent greater than in 1975 but not quite back to the record 1974 figure. As a proportion of imports, the 1976 deficit amounted to about 8 per cent, well below the 1974 level of 11 per cent but substantially above earlier levels of around 5 per cent. The widening of the deficit in 1976 was largely the result of an \$18 billion swing in the trade balance of the United States of America in the wake of a 25 per cent expansion in imports, though there were also sharp increases in the deficits of France (to a record \$7.2 billion) and Italy (to about \$6.5 billion, almost double the 1975 figure but still well below the 1974 record) and a small increase in the large deficit of the United Kingdom (about \$9.7 billion, also well below the 1974 figure) and, on a smaller scale, increases in the deficits of most of the other industrial countries (see table 20).

Among the industrial countries only the Federal Republic of Germany and Japan recorded trade surpluses in 1976. At nearly \$14 billion the surplus of the Federal Republic of Germany was appreciably smaller than in 1974 and 1975. The Japanese surplus, by contrast, reflects a \$4.4 billion turn-around from the deficit reported in 1975. Canada and Finland registered smaller deficits than in 1975, the former chiefly as a result of a recovery in exports, the latter chiefly by curtailing imports.

Among the primary exporting countries, surpluses or reduced deficits were more common, though in the case of Cyprus, Greece and Ireland the 1976 deficit was slightly greater than the previous one. The combined deficit of this group was below \$20 billion in 1976, down from more than \$21 billion in 1975 and almost \$23 billion in 1974.

Notwithstanding a good deal of borrowing, both bilateral and through the International Monetary Fund (IMF), the international reserves of some of the deficit countries were significantly reduced in 1976. The reserves of Belgium, France and Sweden were all down sharply on 1975 levels and in relation to imports (14-18 per cent) well below the ratios of earlier in the decade. At the end of 1976, Spanish reserves, though still high (32 per cent) in relation to imports, were at their lowest level (valued in SDR) since 1972. Those of South Africa (only 11 per cent of imports) were at their lowest since 1971. Those of Portugal (34 per cent of imports) and the United Kingdom (a mere 8 per cent of imports) were at the lowest level of the decade (see table 34). 25/

25/ Borrowing from the International Monetary Fund and the Euro-market, plus a renewed inflow of foreign exchange, more than doubled the international reserves of the United Kingdom in the first quarter of 1977, raising them to a record level of \$9.6 billion by the end of March. The resultant strengthening of sterling facilitated the conversion of almost \$0.7 billion of the \$3.5 billion of sterling

Reflecting in part these trade balances and reserve movements, as well as capital flows and domestic cost/price relationships likely to affect the course of future trade, exchange rates tended to diverge further in 1976. Measured in relation to the currencies of major trading partners, there was a further appreciation of the Swiss franc and the Deutschemark at the one end of the spectrum and a further depreciation of the lira and the pound at the other. In between, the rate of exchange of the guilder and Belgian franc also rose, as did the yen, at least until the last quarter of the year. The French franc declined towards 1970 parities, while the dollar remained remarkably stable at about an eighth below the 1970 rate.

Relative to the dollar, the year saw a decline in several of the leading currencies, including the French franc (about 10 per cent), the Australian dollar (13 per cent), the pound (16 per cent) and the lira (27 per cent). This left the franc still 11 per cent above the mid-1971 Bretton Woods parity, but the other three currencies had all lost value in relation to the dollar - the pound and the lira by almost 30 per cent. At the other extreme the guilder had increased its dollar value by 45 per cent, the Deutschemark by 48 per cent and the Swiss franc by 67 per cent (see table 35).

The rapid depreciation of the weak currencies in 1976, while a reflection, in part, of the relatively rapid rise in domestic prices in the countries concerned, also served to accentuate the differences in internal price stability, adding significantly to unit costs in the depreciating countries. Making all the more urgent the need for stabilization in the more inflationary economies, this feedback of higher import costs thus tended to defer still further the prospect for a return to fixed parities among the major currencies.

In the centrally planned economies of Eastern Europe and the Soviet Union, 1976 brought some reduction in the combined trade deficit. After two years in which the value of imports increased faster than the value of exports, 1976 saw a reversal: with exports up 11 per cent and imports up 7 per cent, the over-all trade deficit (exports f.o.b. - imports f.o.b.) was reduced to about \$8 billion, substantially below the record figure of nearly \$10 billion that was registered in 1975 (see table 18). The deficit with the developed market economies declined from \$11 billion in 1975 to \$10 billion in 1976.

For the most part the centrally planned economy trade deficit was financed by export credits from the supplying countries, but increasing use was made of bank borrowing and the international capital market. In the first three quarters of 1976 the net liability of the centrally planned economies to the commercial banks in the developed market economies increased by \$5.4 billion. Borrowing

25/ (continued)

then held by foreign Governments as part of their monetary reserves into bonds denominated in dollars, Deutschemarks, yen and Swiss francs, thus diminishing the reserve currency role of sterling and leaving it less exposed to the sort of withdrawals of funds that contributed to the virtual halving of the international liquidity of the United Kingdom in the course of 1975 and 1976.

on the Euro-currency market, which approached \$1 billion in 1974, exceeded \$2.4 billion in 1975 and again in 1976. 26/

Among the developing countries the resumption of growth in petroleum exports in 1976 resulted in a renewed expansion in the trade surplus of the petroleum-exporting countries. After dropping to \$56 billion in 1975, this rose to about \$62 billion in 1976 (exports being valued f.o.b. and imports c.i.f.). The great bulk of the surplus - about \$52 billion - accrued to the petroleum exporters of West Asia; the rest was registered largely in Africa (nearly \$5 billion) and South-East Asia (nearly \$4 billion). In contrast to developments in these regions, the 1976 trade surplus of the petroleum exporters of the western hemisphere was less than half the 1975 figure (see table 36).

Part of the petroleum exporters' trade surplus is used to meet the deficit on services. Preliminary estimates suggest that the remaining current account surplus in 1976 totalled about \$37 billion. Most of this was deployed in foreign investments, loans and grants, but nearly \$9 billion was added to the countries' own exchange reserves - an increase of about 16 per cent, raising the total on hand at the end of 1976 to \$68 billion. This was about 45 per cent of the combined reserves of the developed market economies, compared with a mere 7 per cent at the beginning of the decade.

As in previous years the bulk of the increase was in West Asia, bringing the reserves of this group of petroleum exporters up to 156 per cent of the previous year's imports - almost four times the ratio obtaining at the beginning of the decade. In the western hemisphere there was a further small gain in reserves, raising the reserve/import ratio to 75 per cent, rather more than double the end-1970 figure. In South-East Asia the 1976 gain just offset a loss in 1975, restoring the reserve/import ratio to about 30 per cent. In Africa the 1976 gain did not fully compensate for the reduction that had taken place in 1975: it left the reserves almost five times higher than at the beginning of the decade but in the face of the upsurge that had occurred in imports the liquidity ratio - at 66 per cent - was not much more than half its end-1970 figure.

Although the trade deficit of the petroleum-importing developing countries remained extremely large, it was well below the 1975 figure and there was an appreciable improvement in external balance. This reflects the constraints imposed on imports and a vigorous expansion in exports, assisted by a favourable movement in the terms of trade, along with a sizable inflow of resources from the rest of the world.

Underlying the improvement in the terms of trade was a marked slackening in the rate at which the average price of manufactures was rising and a sharp turnaround in the price trend of the primary commodities exported by developing countries. The year-to-year increase in the price of manufactured imports of the developing countries was less than 1 per cent, whereas the average price of most

26/ In these three years Poland was the largest borrower (\$1.5 billion), but the Soviet Union also borrowed over \$1 billion and Bulgaria, the German Democratic Republic and Hungary around \$0.6 each. The two international banks of the region - for Economic Co-operation and Investment - also raised Euro-currency credits, to the amount of about \$1.2 billion over the period, half of it in 1976.

categories of exports was substantially higher: food-stuffs by almost 4 per cent, minerals other than petroleum about 7 per cent, non-ferrous metals 11 per cent and agricultural raw material almost 19 per cent. As a result, the terms of exchange between manufactures and the average basket of basic commodities exported by the petroleum-importing developing countries improved by 7 per cent in 1976. Some of the ground lost in 1975 was thus recovered and the terms of exchange rose to within 3 per cent of the 1973 peak, about one fifth above the average for 1970 (see table 27).

Except in Africa, where there was a slight contraction in trade, there was a notable expansion in export earnings - by 10 per cent in the petroleum-importing developing countries of the western hemisphere, 26 per cent in West Asia and 34 per cent in South and East Asia - while import expenditure was either cut or held to a relatively modest increase. The result was a substantial reduction - of about \$14 billion - in the over-all deficit of the group (exports f.o.b. - imports c.i.f.), concentrated in the western hemisphere (where the deficit was reduced from \$16 billion to \$11 billion) and South and East Asia (where it was reduced from \$15 billion to \$6 billion). In the aggregate, the deficit amounted to about \$32 billion or about 32 per cent of the group's combined exports, well below the record 55 per cent registered in 1975 and below the 1974 ratio of 39 per cent, but still appreciably above earlier figures (see table 36).

This trade deficit (and a smaller deficit on current services) was financed by the inflow of resources into the petroleum-importing developing countries on much the same scale as in 1975. Information on the composition of the flow of resources to developing countries in 1976 is not yet available, but what is known about commitments entered into previously suggests that official development assistance (ODA) from the developed market economies increased no more than the nominal value of those countries' combined output. ^{27/} There would seem to have been no significant increase in the disbursements of credits from the centrally planned economies. A somewhat larger proportionate increase may have occurred in the official loan and grant disbursements of the members of OPEC. There seems also to have been a modest increase in the transfer of resources through the multilateral agencies.

The bilateral flow of private funds, on the other hand, may well have been below the 1975 level. Direct investment, for example, which reached an all-time

^{27/} The flow of official grants and net loans to the developing countries from the United States of America, for example, is reported to have risen from \$5.2 billion in 1975 to \$6.0 billion in 1976. Norwegian ODA disbursements increased by 40 per cent in dollar terms, raising its ratio to gross national product to 0.66 per cent, and early reports indicate that the official flow of grants and loans from France in 1976 was rather less than 5 per cent above the 1975 level, valued in francs and at current prices. In the case of Japan, on the other hand, the ratio of ODA to gross national product slipped from 0.24 per cent in 1975 to 0.20 per cent in 1976. And, measured in national currency, there were reductions in the flow of official long-term capital to the developing countries from both the Federal Republic of Germany and the United Kingdom.

record in 1975, seems to have been appreciably less vigorous in 1976. ^{28/} The increment in suppliers' credits may also have been smaller than in 1975, as earlier credits were repaid and constraints placed on imports by many developing countries. And bank and other portfolio lending seems also to have declined: with the recovery in the principal industrial countries, local demand for credit began to take precedence, especially over those developing countries whose earlier commercial borrowing had reduced their attractiveness as viable debtors. ^{29/}

In contrast to this apparent slackening in bilateral lending there was a further expansion in the use by developing countries of the international bond and Euro-currency markets. The number of placements on the international bond market increased from 10 in 1975 to 14 in 1976, and the capital sum involved rose from \$243 million to \$896 million (see table 37). The number of developing countries borrowing from the Euro-currency market stood at 32 in 1976. This was fewer than in 1975, but the total volume of credit involved was substantially greater - \$14.7 billion as against \$11.0 billion. Though three fourths of this credit was negotiated by seven countries belonging to the higher-income or resource-rich category, ^{30/} the fact that 25 other developing countries found it appropriate to borrow on this market on essentially "commercial" terms is a reflection both of the urgency of the need and the flexibility and convenience of the mechanism.

Evidence of the liquidity squeeze that made the need for external resources urgent is implicit in the activity of IMF. The number of developing countries making net drawings from the Fund increased from 34 in 1974 to 37 in 1975 and 46 in 1976, and the total sum of money involved rose from SDR 1.3 billion in 1974 and SDR 1.6 billion in 1975 to over SDR 1.9 billion in 1976 (see table 38).

In the aggregate, the inflow of funds into the developing countries in 1976 was probably of the same order of magnitude as in 1975 - namely, about \$52 billion, of which between \$30 and \$35 billion may have been in the form of new debt. However, whereas in 1975 these external resources had to be supplemented by the drawing down of international reserves (by nearly \$2 billion), in 1976 the inflow permitted the rebuilding of those reserves (by over \$9 billion) to a new peak of \$38.5 billion. The largest increase (\$5.5 billion) in 1976 was in South and East Asia, where reserves had been rising steadily during the decade. There was a

^{28/} Direct investment by the United States of America in developing countries, for example, declined from \$3.7 billion to \$2.8 billion (measured net of reinvested earnings), reflecting a major reduction in the flow of corporate resources to Latin America.

^{29/} The United States of America's long-term lending to developing countries in Africa and Asia dropped sharply in 1976, and there was a net repayment of earlier loans made by other financial institutions to developing countries in the western hemisphere. These changes more than offset an increase in bank lending to Latin America and, on a smaller scale, in portfolio investment in developing countries and in non-bank lending to African and Asian countries. In the aggregate, the net flow of private United States capital to developing countries was reduced from \$2.4 billion to \$2.2 billion.

^{30/} The main developing country borrowers on the Euro-currency market in 1976 were Brazil (\$3.3 billion), Mexico (\$2.0 billion), Iran (\$1.4 billion), Argentina and Venezuela (\$1.1 billion each), the Republic of Korea (\$1.0 billion) and the Philippines (\$0.9 billion).

\$3.3 billion gain in the western hemisphere, which made good the losses of the previous two years, a similar recovery on a smaller scale in Africa and a further small increase in the petroleum importers of West Asia.

The gains in reserves in 1976 were fairly widespread - three fourths of the petroleum-importing countries of Asia and the western hemisphere, 60 per cent of those in Africa. The losses in 1976 fell into three more or less equal groups: those of less than a sixth (as was the case in such countries as Lebanon, Mexico, Tunisia and the Upper Volta), those of between a sixth and a third (Burma, Fiji, Ghana, the Ivory Coast, Peru, Senegal and Sierra Leone, for example), and those of more than a third, the most severe of which were the Congo, Guyana, Jamaica, Malawi and Zambia.

In the aggregate, the reserves of the petroleum-importing countries at the end of 1976 were the equivalent of four months' imports, just as they were at the beginning of the decade. In over half the cases, however, there had been a lowering in the reserves/imports ratio. And in about one eighth of the countries, reserves had fallen to the equivalent of less than one month's imports, as in the Congo, Egypt, the Ivory Coast, Guyana, Jamaica, Senegal, the Sudan and the United Republic of Cameroon. These countries and a number of others that had experienced a major decline in the reserves/imports ratio - Benin, Malawi, Peru, Sierra Leone, Western Samoa and Zaire, for example - all entered 1977 in a state of extremely low external liquidity.

At the other end of the scale, the developing countries with reserves equivalent to over eight months' imports included not only all the petroleum-exporting countries (except Bahrain, Ecuador, Gabon, Indonesia and Qatar) but also a variety of other countries - Colombia, Guatemala and Paraguay in Latin America; Burundi, Ethiopia, the Niger and Rwanda in Africa; and Burma, Jordan Malaysia and Nepal in Asia.

Altogether, almost a third of the developing countries had reserves equivalent to under two months' imports, and they accounted for about a tenth of total population and production (see table 39). About a fourth of the developing countries had reserves equivalent to over eight months' imports and they accounted for about 15 per cent of total population and 21 per cent of total production. In between were the countries with reserves equivalent to between two and seven months' imports and accounting for the bulk of the population (three fourths of the total) and output (over two thirds).

In some of the low liquidity countries, the situation was aggravated by a rapid increase in external debt. Between 1970 and 1975, for example, there had been an increase of more than 10 percentage points in the ratio of external debt to gross domestic product in Guyana, the Ivory Coast, Jamaica, the Sudan and Zaire, while in Egypt, Malawi, Peru, the Sudan and Zaire the servicing of external debt was pre-empting more than 10 per cent of export earnings. These are among the countries for which a rapid improvement in import policies and import demand in partner countries and increased availability of external resources have become most important for the continuation of their growth and development.

For the developing countries as a whole external borrowing probably increased somewhat less in 1976 than in 1975, but an addition of the order of \$25 billion will have raised the total outstanding debt to the neighbourhood of \$180 billion,

of which perhaps as much as \$130 billion had been disbursed. No less important than the volume of this debt has been the increase in the proportion of it originating in the private capital market and hence tending to carry appreciably higher interest rates and shorter maturities than most official lending. This implies a significant increase in the amounts required for interest and amortization payments in the period immediately ahead. It also serves to underline the importance not only of judicious debt management - by debtor and creditor alike - but also of more liberal trade and resource transfer policies on the part of the developed countries, as visualized in the International Development Strategy and the Programme of Action for the Establishment of a New International Economic Order.

THE UNCERTAIN ECONOMIC OUTLOOK

The policy dilemmas that have beset the principal market economies for most of the decade remained unresolved at the end of 1976. With prices and costs still rising rapidly - and in some countries beginning to accelerate again - most developed market economy Governments entered 1977 anxious to avoid any measures that might exacerbate the inflation. This was particularly true of those countries in which an external deficit was also a matter of serious concern.

At the same time, however, greater weight was beginning to be attached to the parallel problem of unemployment. This reflected the fact that most forecasts indicated that little or no reduction could be expected in the rate of unemployment in the immediate future. What was once regarded as an essentially transitory cyclical imbalance, whose impact could be satisfactorily mitigated by means of financial transfers under the social security system, came increasingly to be seen as longer-term structural problem requiring special attention. As the period for which individual workers remained without gainful employment lengthened, so the psychological, social and political implications began to weigh more than the purely financial and economic.

The resultant tendency to take a more serious view of unemployment was reinforced not only by its lengthening but also by its disproportionate incidence among the young. At the beginning of 1977, 40 per cent of the nearly 15 million unemployed in the developed market economies were under 25 years of age, and many of these young workers had yet to enter their first job. It was also becoming clear that the high level of unemployment was one of the most inhibiting factors in trade policy: the growth of protectionist sentiment in many countries has been closely linked to the desire to save jobs.

In the centrally planned economies of Eastern Europe and the Soviet Union short-term policy is being strongly influenced by the need to restore external balance. Where there is little expectation of an improvement in the terms of trade, the proportion of resources devoted to exports is being increased and constraints on imports intensified. This, combined with a continued deceleration in the growth of the labour force and a declared intention to concentrate more on raising quality and efficiency than on the quantity of output is expected to result in some slowing down in production in the group as a whole.

Among the developing countries the precarious state of external balance is a dominant factor in the case of most of the petroleum importers. Though a continued rise in export prices and export proceeds is likely to bring some relief in 1977, the current deficit of this group of countries remains very large and the borrowing that was done to close the 1974-1976 gaps has seriously weakened the payments position of many of them. Their rate of growth in 1977, however, will depend very largely on results in the agricultural sector. While these cannot be foreseen, most of the developing countries entered 1977 in a much stronger position - in respect of both farm inputs and food stocks - than in most of the earlier years of the decade. The petroleum-exporting countries will continue to benefit from the rising demand for energy implicit in the developed market economy recovery. They may also be expected to benefit increasingly from the coming into operation of the

infrastructural and industrial facilities whose construction was put in hand in 1974-1976.

In most of the developed market economies government policy has not only been torn between the conflicting desires of disinflation and job creation, it has also sought to respond to a changing economic situation. The three strong economies, the Federal Republic of Germany, Japan and the United States of America, have all sought to provide some stimulation since the slowing down in the recovery in the second half of 1976, but fiscal measures still under discussion in the United States show a moderating force in the face of the spring acceleration in activity and prices. In varying degree the three weaker economies, France, Italy and the United Kingdom, have had to follow a more austere domestic policy and are counting to a much greater extent on the stimulus that would come from a faster expansion in international trade. The smaller economies, which are all at an earlier stage in their recovery than these six industrial countries, are also relying heavily on external demand.

In the United States of America the upsurge in activity after the extremely cold winter - raising the gross national product growth rate to 6.4 per cent in the first quarter - has increased the probability of achieving the official goal of a 6 per cent growth in gross national product between the last quarter of 1976 and the last quarter of 1977, with an unemployment rate of less than 7 per cent. Capital spending by business, which increased by only 2 per cent in 1976, is likely to be at least 4-6 per cent higher in 1977. ^{31/} Since much of this investment is required for capital maintenance and for the upgrading of plants to meet new environmental quality standards, however, it is not clear that the scale of new capital formation is adequate for absorbing the unusually rapid expansion in the labour force that lies ahead. Investment, it would appear, is being held back by a number of inhibiting factors, including the low rate of capacity utilization (not much above 80 per cent in manufacturing in 1976), the low rate of profitability (less than three fourths of the 1967 figure, before tax, in real terms, in manufacturing in 1976), uncertainty regarding the future cost of energy, as well as the high rate of interest, linked, as this tends to be, to the rise in prices in general.

This rise in prices was given an unwelcome boost in the early part of 1977: both consumer prices and wholesale prices increased at an annual rate of over 8 per cent in the first quarter of the year and at a "double digit" rate in March and April, with food and energy costs leading the way. This weakened the prospects for attaining the Administration's inflation target for 1977, already raised from a 5.3 per cent rate at the beginning of the year to 6.7 per cent in April. It also induced a sharp change in fiscal policy: parts of a package of fiscal stimuli, originally visualizing tax rebates and expenditure increases involving about

^{31/} A survey carried out by the Department of Commerce of the United States of America in January-February 1977 indicates that business plans an increase in spending on plant and equipment of nearly 12 per cent in current dollars. A later (March-April) survey by the Economics Department of the McGraw-Hill Publishing Company - based on companies that account for over half of United States business investment - suggests a much higher figure - 11 per cent in real terms in the aggregate, though much less for most of the basic raw-material producing industries. Actual capital appropriations by the top 1,000 manufacturing firms in the last quarter of 1976, reported by the Conference Board (New York), suggest an even sharper increase in future investment.

\$30 billion over two years, were dropped and the nature and size of the rest transformed in Congress. The bill sent for Presidential signature in mid-May contained a \$34 billion tax cut - \$2.6 billion in the current fiscal year (ending 30 September 1977) and \$17.8 billion and \$13.8 billion in the next two fiscal years. Instead of an increase in the investment tax credit, the bill provides for a new employment tax credit granting smaller and more labour-intensive concerns that hire new workers in 1977 or 1978 tax relief estimated at \$2.5 billion a year. And an additional \$2.25 billion is authorized for federal revenue sharing with states and localities with high unemployment.

The Federal Republic of Germany, the second of the countries on which the global economy is peculiarly dependent in 1977, also expects to grow at somewhere near the 1976 rate (up to 5 per cent, as against 5.6 per cent), again with a much lower rate of price increase (about 4 per cent) than other developed market economies, but without much more than a small reduction (from 4.5 per cent to about 4 per cent) in its rate of unemployment. Following a slackening in industrial activity in the second half of 1976, the Federal Government decided to boost its public works expenditure by the equivalent of \$5 billion (subsequently increased to \$6.7 billion), though not necessarily all in 1977. This raised the over-all government deficit in prospect for 1977 to about 5 per cent of the gross national product. The early months of 1977 brought no acceleration in growth, however; indeed, with a decline in new orders of manufactures, from foreign as well as domestic sources, and continuing depression in some of the older basic industries - steel, shipbuilding and textiles, in particular - business confidence continued to ebb. ^{32/} There were signs of greater demands from trade unions, moreover, which cast doubt on the assumption that an average wage increase similar to that of 1976 - 7-8 per cent in gross terms, 2-3 per cent in real net terms - would be achieved in 1977. The threat of an acceleration in costs and prices has tended to reinforce the Government's reluctance to stimulate the economy further.

In Japan, the third of the key countries capable of exerting a strong influence on global recovery, official forecasts are for a 1977 growth rate of 6.7 per cent, slightly above the 1976 figure, and a price rise of 8.8 per cent, slightly below the 1976 figure. Here, too, a slackening in industrial activity in the early months of the year has tended to weaken the prospects for expansion in 1977. A survey of business investment plans carried out by the Ministry of International Trade and Industry in February 1977 suggests that nominal expenditure will increase by less than previously predicted - 5 per cent above the 1976 figure as against the earlier estimate of 12 per cent. With inventories relatively high, capital formation seems unlikely to contribute much to the expansion in real demand in 1977. Nor is the contribution of export demand likely to be as great as it was in 1976: both the United States of America and countries in Western Europe are seeking to lessen the share of their markets enjoyed by various Japanese products and, with the yen continuing to appreciate, sales to other markets may also prove

^{32/} The Institute für Wirtschaftsforschung reported in April 1977 that a majority of the 297 leading companies it had questioned believed that the pace of recovery would continue to diminish, even though investment intentions for the next five years implied somewhat greater expenditure - at least in nominal terms - than was the case in 1976. The earlier official forecast for investment was a real increase of 5 per cent in 1977.

more difficult in 1977. ^{33/} Against this background the 1977/78 budget includes a large (one fifth) increase in outlays on public works by the equivalent of \$2.4 billion (to the equivalent of about \$14.5 billion), as well as a cut in income-tax revenue by about \$1.2 billion. At the risk of exacerbating inflation, Japan has also lowered the central bank discount rate and relaxed its monetary policy.

Because of their precarious external balance, the other three leading developed market economies - France, Italy and the United Kingdom - tend to have less room for manoeuvre in the formulation of economic policies for 1977. All three are seeking an acceleration in industrial production and a major, related increase in exports. All are aiming to reduce unemployment, but are constrained not only by a desire to avoid stimulating imports but also by the need to slow down the rate of domestic price increase.

In France the measures taken in the autumn of 1976 to control prices and the money supply, reinforced by an income-tax surcharge and an effort to win wage restraint and by some monetary stimulus to investment, were supplemented in April 1977 by a direct attack on unemployment. This included the hiring of workers in the public sector, the payment of a bonus to migrants on repatriation and to young persons willing to work abroad, the remission of certain social security taxes in the case of young workers hired in 1977, arrangements to facilitate worker training and new credits to encourage job creation. The package is estimated to cost the equivalent of \$1.65 billion over two years. The official targets include a growth rate of 4.8 per cent in 1977, only fractionally below the 1976 figure, and a reduction in the rate of price increase to 6.5 per cent, but the events of the first quarter make both aims appear optimistic.

Italy also adopted an economic stabilization programme in the autumn of 1976, to be followed by a series of austerity measures in the spring of 1977. The autumn package of increased taxes - direct as well as indirect - higher public utility charges and tighter money supply was designed to absorb the equivalent of \$5 billion (2.5 per cent of the gross national product) from the income stream, reducing domestic demand, containing unit labour costs and diverting resources into exports. This was expected to result in zero growth in 1977, though consumer prices would rise another 20 per cent. The spring measures, worked out in connexion with a \$530 million loan from IMF, set new ceilings on domestic credit and on the public sector deficit, while at the same time limiting labour costs to a 4-5 per cent productivity-related increase in wages and rebating some of the social insurance contributions of employers. Despite these constraints, it would appear that the momentum of the vigorous 1976 recovery may be reflected in continued, though modest, growth in 1977, supported from the liquid assets accumulated in 1976. While the external balance is likely to be improved, both inflation and unemployment may well rise in 1977.

The latest stabilization effort in the United Kingdom was also formulated in conjunction with a standby loan from IMF - \$3.9 billion to be drawn over the 1977-1978 period as needed in support of a series of measures designed to reduce both internal and external imbalance. It is expected that the 30 per cent

^{33/} In April 1977 the effective exchange rate of the yen was at the highest level since the end of 1973.

depreciation of sterling that occurred in 1976, along with the encouragement being given to manufacturing investment and exports, will reduce the trade deficit in 1977. Along with the reduction in petroleum imports as the North Sea oilfields come partly into full operation - estimated at £2.5 billion for 1977, offset by imports of inputs and the outflow of dividends - this is expected to bring the current account into balance in the second half of the year and into surplus in 1978. The new fiscal policy and the resultant sharp cut in the borrowing requirements of the public sector is expected to facilitate the transfer of resources to industry: with the prime lending rate reduced from 15 per cent to 12 per cent, fixed investment in manufacturing is expected to rise by 10-15 per cent in 1977. ^{34/} The main instrument for moderating inflation is an understanding with the trade unions to limit wage increase in the year ending July 1977 to 5 per cent. ^{35/} With prices still rising at about three times that rate, the real disposable income of most workers has been falling, and the renewal of the wage restraint programme poses serious political, as well as economic problems. In partial response to this the 1977/78 budget contained provision for tax relief - £500 million to take effect from April 1977 and a further £1 billion contingent on a satisfactory agreement on pay policy. Little progress is expected in reducing unemployment in 1977, but some £400 million is provided in the budget for training workers and creating or supporting jobs, particularly in the construction industry. Over-all production, which increased by rather less than 1 per cent in 1976, is expected to increase by a modest 1.5 per cent in 1977.

Canada, the remaining member of the group of major industrial countries, has been suffering from the same imbalances as France, Italy or the United Kingdom, though in a less acute form. Although, at about 3.5 per cent, its prospective rate of growth in 1977 is below both the 1976 figure and the group average expected in 1977 (4.5 per cent), little improvement seems likely in its state of economic balance. Official and unofficial forecasts suggest that its current account deficit will be on the order of \$3.5 billion in 1977; that its rate of inflation is unlikely to drop much below the 7.5 per cent registered in 1976; and that its unemployment rate - 7.2 per cent in 1976 - may actually rise. In the light of these prospects, the Government has moved towards a policy of economic stimulation: it has been considering a gradual phasing out of wage and price controls, and the budget presented at the end of March contained a series of measures to expand direct job creation, promote regional growth and encourage capital formation and risk-taking, including a three-year extension of the existing 5 per cent investment tax credit.

Prospects for the smaller countries and for the developing countries depend very much on the state of demand in the major industrial group. Forecasts of this

^{34/} This increase was reflected in a survey conducted by the Confederation of British Industry in January 1977 and it confirmed the conclusions of an earlier inquiry by the Department of Industry. Such an increase in manufacturing investment would just about make good the reductions that occurred in 1975 (13 per cent) and 1976 (3 per cent).

^{35/} This target was not achieved but the rate of increase in average monthly earnings was significantly reduced: the rise between January 1976 and January 1977 was under 12 per cent - not much more than half the rate reported in the preceding 12 months. In April 1977, the Government predicted a rate of under 10 per cent for the year ending in July 1977.

differ widely (see table 40). In general the earlier ones, more strongly influenced by the slow-down in the second half of 1976, tend to be more conservative than the later ones made in the light of the spring upsurge in the United States of America. But much depends on the underlying policy assumptions: more rapid growth was predicted when it seemed that the problem of unemployment was going to be given a higher priority, slower growth when the need to reduce price inflation seemed to be uppermost. Significantly, however, all the multicountry forecasts indicate that the combined growth rate of the major industrial countries is expected to be lower in 1977 than in 1976.

Even the higher growth forecasts are not viewed as necessarily implying a reduction in the unemployment rate. With the possible exception of the Federal Republic of Germany, Japan and the United States of America, among the major economies, and Norway among the smaller ones, virtually all the developed market economies are expected to see unemployment rates rise in 1977 (see table 41). In the case of price movements, on the other hand, the forecasts tend to be more diverse (see table 42). Perhaps the most significant aspect is the vision of continued inflation. Many of the forecasts indicate a higher price rise in 1977 than in 1976, and where some moderation is expected it is envisaged as only slight.

According to OECD forecasts, a developed market economy growth rate of 4-5 per cent in 1977 might mean an increase in import demand of 6-7 per cent (see table 43). This would be below the 1976 recovery rate, but above the 1971-1976 average and in line with the longer-term trend. Since import prices are likely to rise more than the modest 1 per cent recorded in 1976, the increase in developed market economy import expenditure would probably be well above 7 per cent, though short of the 1976 figure of 14 per cent. As export receipts seem unlikely to rise as fast, the trade deficit will probably widen to somewhere between the 1976 amount of \$56 billion and the 1974 record of \$65 billion. This would mean a widening of the current account deficit as well, perhaps to \$25-30 billion. Some reduction in the trade surpluses of the Federal Republic of Germany and Japan may be expected, and in the deficit of the United Kingdom, thus improving the state of balance within the developed market economies. The developed market economy surplus with the centrally planned economies, however, may be expected to diminish and the deficit with the petroleum-exporting developing countries to expand.

Virtually all the centrally planned economies intend to reduce their trade deficits with the market economies, which have mounted considerably since 1973. To achieve this, foreign trade plans appear to concentrate on efforts to accelerate export growth rather than curtail imports, but in some countries machinery has been set up to effectuate the latter, should this prove necessary. The compression of investment demand is one aspect of this, and in several countries institutional measures to exercise closer central control over the conduct of foreign trade is another. It is possible, indeed, that at least in Eastern Europe, though perhaps not in the Soviet Union, the demand for imports from the market economies may not increase very much in 1977 or 1978.

In the aggregate, output in the centrally planned economies of Eastern Europe and the Soviet Union is expected to grow in 1977 at well below the average for the first half of the decade and slightly less than in 1976. The relatively modest aims of the national economic plans for 1977 reflect the over-all intentions of the medium-term development programmes, which tend to emphasize consolidation, the reduction of internal and external imbalances, and improvement in the efficiency of production and quality of output. The rapid dwindling of annual increments to the

labour force in most countries of the group and the increasing capital intensity of energy and raw material supply industries lend urgency to these efforts and impose constraints on potential growth.

The combined net material product of the European socialist countries is targeted to increase by about 5 per cent in 1977, slightly less than in 1976. This reflects a significant deceleration in over-all growth in Poland (from 7.0 to 5.7 per cent) and in the Soviet Union (from 5 to 4.1 per cent). In the other countries of the region - most of which had experienced a setback in growth in the wake of poor 1976 harvests - some acceleration is planned (see table 44).

Targets for gross agricultural output generally assume normal climatic conditions and therefore imply rather high growth rates in countries in which output declined for two successive years, and accelerated expansion in the livestock sector in countries in which good 1976 harvests replenished fodder stocks. The planned agricultural growth rate for the group as a whole is in excess of 7 per cent.

The rate of increase in gross industrial output is expected to slow down significantly in Poland (from 10 to 6-7 per cent) and less markedly in several other Eastern European countries. In the Soviet Union, on the other hand, production is to accelerate in 1977. Industrial growth for the group as a whole should reach about 6 per cent, slightly above the 1976 rate.

In most countries of the region total domestic uses of output appear to be scheduled to expand rather more slowly than total output. Only the Soviet Union, which is likely to benefit from improved terms of trade, appears to have planned for a balanced growth of output and final uses.

Gross investment expenditures of the group are to increase rather less than 5 per cent, only marginally faster than in 1976 and substantially below the average for the early years of the decade (8-9 per cent). In the Soviet Union, investment outlays are to grow somewhat faster than national income (4.6 per cent compared with 4 per cent in 1976), but in the Eastern European countries the average expansion in investment (about 5.5 per cent) is well below the planned growth in over-all production (6.9 per cent). Only Romania plans to accelerate investment growth significantly: at 17 per cent the increase in investment outlays is well above the planned growth in income (11 per cent).

In most of the centrally planned economies consumption also appears likely to increase less than planned over-all output. The most probable exception is the Soviet Union, where the improved agricultural situation resulting from last year's bumper harvest is expected to boost consumer supplies.

As implied above, the constraints on the growth in the domestic use of resources are connected with the concern of the Eastern European countries with improving their external balances. In Hungary and Poland, the plan targets spell out these relationships. Thus, in Poland, total domestic uses of output are to expand by 2 per cent as against a 6 per cent increase in net material product, while exports are to be increased by 13 per cent and imports by only 3 per cent. In Hungary, the corresponding goals are increases of 4 and 6 per cent for domestic uses and net output, respectively, and 8 per cent for imports and 14 per cent for exports. The other Eastern European countries have not designated separate export and import targets, but since most of them are net energy and raw material importers and will probably again experience deteriorating terms of trade in their

exchanges with the Soviet Union, their largest trade partner - as intra-CMEA foreign trade prices are further adjusted towards world market levels - they will probably need to make provision for increased real export flows to maintain the necessary import supplies.

In the developing countries resources are likely to be rather less strained in 1977 than in 1976. Most countries entered 1977 with greater food stocks and, despite a number of trouble spots, generally more favourable agricultural prospects. Likewise, most countries entered 1977 with less strain on their international liquidity than in 1976: foreign exchange reserves were generally larger and export prices higher. Local industries were generally more active than a year earlier, in some cases because higher rural incomes had increased domestic demand, in some because control over imports in 1975/76 had increased their protection and in some because the recovery in the developed market economies had revived external demand.

Notwithstanding these generally positive portents for the short run, the long-run development problems remain, both in regard to the mobilization of domestic resources and in regard to the restoration and maintenance of external equilibrium. And for the petroleum-importing countries even a favourable performance in 1977 can hardly do more than recover some of the ground lost in 1974 and 1975.

Though technical factors such as the availability of fertilizer and insecticide and other inputs and the level of farm incomes and stocks are generally more promising than in the earlier (1970-1974) years of the decade, the agricultural outcome in 1977 will depend very largely on the weather conditions prevailing during the sowing, growing and harvesting of the autumn crops in the northern hemisphere and on the Asian monsoon. Winter and spring crops seem to have been normal in most developing countries, but production results are in doubt in some places where the climate has been adverse. In northern India, for example, excessive rain during the harvest appears to have reduced the "rabi" grain crop from an expected 29 million tons to a probable 26 million. Excess rain and floods have damaged rice crops in Indonesia and also in Bangladesh, where some 300,000 tons of rice was lost, and the Government is finding it expedient to supplement its own stocks by both commercial purchases and relief shipments from the World Food Programme (WFP). Unusually wet and cold weather has delayed the maize and soya bean harvests, and flooding in the wake of cyclones has reduced the autumn crops in Madagascar and Mozambique. Where other crop reductions are threatened it is the result of unusually dry weather as in parts of Malaysia and Nepal, the Dominican Republic and Haiti, Democratic Yemen and parts of Algeria, Chad, Ethiopia and Tunisia. The Philippines and the Republic of Korea have also had below normal precipitation in the first quarter of 1977 but are nevertheless likely to be self-sufficient in rice this year.

An easier agricultural situation and continuing expansion in industry are the basis of relatively optimistic growth forecasts for a number of South and East Asian countries: Hong Kong, Malaysia, the Philippines and Thailand, for example, all expect over-all growth rates of between 6 and 9 per cent in 1977. The petroleum-exporting countries are likely to achieve an even higher rate: with demand for petroleum running at well above 1976 levels and the investments made since 1973 beginning to yield a current output, the growth rate of 10.5 per cent registered in 1976 may well be exceeded.

At the other end of the spectrum are some of the African and Latin American countries in which internal imbalances were particularly serious in 1976. Some of

these - including Ethiopia, Uganda and Zaire, as well as Argentina, Chile, Mexico, Peru and Uruguay - may not achieve their full potential growth rate in 1977 as disinflationary policies are given higher priority.

External imbalances may also hinder growth in some countries in 1977, although with foreign exchange resources somewhat less strained than in 1976 and the terms of trade generally more favourable, imports are likely to rise again and the supply of investment goods to be augmented. Export earnings are likely to be more buoyant in 1977 than in 1976 as industrial demand - which in the developed market economies only regained the 1973 level in 1976 - continues to increase. In the first quarter of 1977 sugar was the only major commodity of significance as a developing country export whose international price was below the corresponding 1976 level. 36/ The price index of meat was up by a seventh, non-ferrous metals and rubber by over a sixth, fibres by a fifth and vegetable seeds and oils by a third, while the beverage crops were selling at well over twice the figure of a year earlier (see table 45). The price of manufactured goods, which began inching up again in the second half of 1976, was about 8 per cent above the previous year's figure in the first quarter of 1977. The price of crude petroleum - another major import of most developing countries - was up about 6 per cent, while the price of wheat was down by almost a sixth.

Prices on the spot and futures markets for various primary commodities in April and May 1977 suggest that the terms of trade of the developing countries implicit in the first quarter figures have continued to obtain. Whether they are maintained in the second half of the year will depend chiefly on the pace of industrial growth in the developed market economies, on the one hand, and the rate at which the unit value of manufactured goods rises, on the other. 37/

It is uncertain how rapidly an improvement in export earnings will be followed by increased imports. Most forecasts indicate a widening of the combined current account deficit of the petroleum-importing developing countries in absolute terms, though not as a proportion of total trade. As only a fraction - perhaps a fourth - of the deficit is likely to be financed by grants, 1977 will see a further substantial increase in developing country indebtedness. It will be important to ensure that as small as possible a proportion of this borrowing is on terms that will add to the debt-servicing load in the period of continued acute external imbalance that lies immediately ahead.

36/ In 1976 the international price of sugar, though well below 1974 and 1975 levels, was still over double the 1970 figure - an appreciably larger gain than for developing country primary commodities as a whole (excluding petroleum). Cereal prices were also below the first quarter 1976 level, but since the developing countries are net importers of cereals, this benefited the terms of trade of all but a few (notably Argentina, Burma and Thailand).

37/ What is known about supply trends suggests that drastic changes are unlikely in 1977, though price movements in 1978 will be affected by the 1977/78 crops. There is some doubt about the course of meat prices, however, as exportable supplies are considered likely to increase and it is uncertain whether import policies in EEC and the United States of America will accommodate a comparable expansion. The price of petroleum will also be determined by unpredictable decisions.

Table 1. Developing countries: summary of performance under the International Development Strategy, 1971-1976
(Percentage change from preceding year)

Item and country group	Average 1971-1976	1971	1972	1973	1974	1975	1976 <u>a/</u>
<u>Gross domestic product b/</u>							
Developing countries	5.7	5.5	6.0	7.1	5.8	3.6	6.2
Petroleum exporters <u>c/</u>	7.5	6.2	7.0	8.4	8.5	4.3	10.5
Others	5.3	5.3	5.7	6.9	5.3	3.4	5.1
<u>Agricultural production d/</u>	2.4	0.8	-	3.2	2.3	5.3	2.9
<u>Manufacturing production e/</u>	7.3	7.4	8.7	9.9	6.1	2.9	8.6
<u>Gross domestic income f/</u>							
Developing countries	7.6	5.5	5.8	9.4	16.5	1.9	7.2
Petroleum exporters <u>c/</u>	16.6	9.5	5.9	13.1	67.3	2.8	13.3
Others	4.9	4.4	5.8	8.5	3.9	1.7	5.4
<u>Value of exports (dollars)</u>							
Developing countries	28.1	12.4	16.4	50.0	102.8	-6.3	18.7
Petroleum exporters <u>c/</u>	39.2	25.8	12.9	57.8	197.3	-7.6	18.0
Others	19.0	5.0	18.8	45.1	37.4	-4.5	19.7
<u>Value of imports (dollars)</u>							
Developing countries	24.4	13.8	11.0	38.6	64.9	17.0	9.7
Petroleum exporters <u>c/</u>	36.2	17.0	17.2	42.9	80.3	44.5	25.3
Others	19.8	12.9	9.3	37.2	59.9	6.9	2.0
<u>Quantum of exports g/</u>							
Developing countries	4.9	6.8	8.4	10.5	0.2	-7.7	12.9
Petroleum exporters <u>c/</u>	4.4	8.9	7.6	15.2	-1.1	-12.8	11.0
Others	6.2	6.9	9.1	7.5	1.0	-1.4	15.1
<u>Quantum of imports g/</u>							
Developing countries	8.5	7.9	2.3	12.9	12.9	7.0	8.5
Petroleum exporters <u>c/</u>	19.1	11.2	7.9	16.4	24.3	32.2	24.1
Others	4.1	6.6	0.6	11.7	8.0	-2.2	0.8
<u>Unit value of exports g/</u>							
Developing countries	22.2	5.2	7.4	35.8	102.4	1.5	5.1
Petroleum exporters <u>c/</u>	33.4	15.7	4.9	37.0	200.6	6.0	6.3
Others	12.1	-1.8	9.0	35.0	36.0	-3.1	4.0
<u>Unit value of imports g/</u>							
Developing countries	14.6	5.5	8.6	22.8	46.0	9.3	1.1
Petroleum exporters <u>c/</u>	14.4	5.0	8.6	22.8	45.0	9.3	1.0
Others	15.0	6.0	8.6	22.8	48.0	9.3	1.2
<u>Terms of trade g/ h/</u>							
Developing countries	6.5	-0.3	-1.1	10.6	38.6	-7.0	4.0
Petroleum exporters <u>c/</u>	16.6	10.2	-3.4	11.6	107.3	-3.0	5.2
Others	-2.5	-6.8	0.4	9.9	-8.1	-11.3	2.8
<u>Terms of exchange between manufactures and primary commodities i/</u>	2.2	-6.5	4.9	23.0	14.3	-26.4	7.6

Table 1 (continued)

Item and country group	Average 1971-1976	1971	1972	1973	1974	1975	1976 <u>a/</u>
<u>Import purchasing power of exports g/ j/</u>							
Developing countries	11.8	6.6	7.2	22.1	38.9	-14.3	17.4
Petroleum exporters <u>c/</u>	21.7	19.8	4.0	28.5	105.0	-15.5	16.8
Others	3.5	-0.9	9.4	18.2	-7.2	-12.6	18.3
<u>International reserves k/</u>							
Developing countries	33.3	28.0	33.4	37.3	80.7	10.3	19.4
Petroleum exporters <u>c/</u>	53.5	65.5	28.8	32.7	218.8	20.7	14.9
Others	18.8	13.0	36.1	39.8	8.0	-5.9	28.5
<u>Import equivalent of reserves l/</u>							
Developing countries	16.2	21.3	22.8	11.8	23.8	0.9	18.1
Petroleum exporters <u>c/</u>	33.2	57.6	18.6	8.1	119.9	10.4	13.8
Others	3.3	6.6	25.3	13.8	-27.0	-13.9	27.0
<u>External public debt m/</u>							
Developing countries	18.7	14.8	18.0	19.2	22.3	21.0	17.0
Petroleum exporters <u>c/</u>	21.0	24.2	23.8	30.0	13.8	18.0	16.7
Others	18.2	13.1	16.4	16.9	24.2	22.0	17.0
<u>Export equivalent of public debt n/</u>							
Developing countries	-2.8	9.1	9.9	-12.2	-39.6	19.2	11.3
Petroleum exporters <u>c/</u>	-9.3	7.3	18.0	-5.1	-62.1	11.3	9.8
Others	5.5	15.2	6.8	-13.4	-8.7	25.9	12.5

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Statistical Yearbook, Monthly Bulletin of Statistics and Yearbook of National Accounts Statistics; Food and Agriculture Organization of the United Nations, Production Yearbook (Rome); Organisation for Economic Co-operation and Development, Development Co-operation; 1976 Review (Paris, 1976); and national sources.

a/ Preliminary.

b/ Measured at constant (1970) market prices.

c/ Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, Venezuela and United Arab Emirates.

d/ Based on index of gross output and hence not comparable with the national accounts measure of production.

e/ Based on index of value added of International Standard Industrial Classification (ISIC) 3. The data are for the organized manufacturing sector and exclude small-scale and handicraft production.

f/ Gross domestic product adjusted for change in terms of trade.

g/ Based on data for trade valued in United States dollars by using IMF conversion factors. Because of variations in the composition of trade and inadequate reporting of transaction prices, estimates of average unit values of exports and imports and of the associated changes in the terms of trade are always subject to considerable uncertainty and the extraordinary changes in commodity prices in the 1971-1976 period have made the results unusually dependent on the weighting system.

(Foot-notes continued on following page)

(Foot-notes to table 1) (continued)

h/ Unit value of exports divided by unit value of imports.

i/ Average price of primary commodities (other than petroleum) and non-ferrous metals exported by developing countries divided by the average unit value of manufactured goods exported by the leading developed market economies.

j/ Quantum of exports multiplied by the changes in the terms of trade.

k/ Gold (valued at SDR 35 per fine ounce), SDR, convertible foreign exchange and reserve positions in IMF, measured in United States dollars.

l/ Current value of international reserves deflated by average unit value of developing country imports.

m/ Disbursed portion of the external public and publicly guaranteed debt of 79 developing countries.

n/ Current value of external public debt deflated by average unit value of developing country exports.

Table 2. World production: annual growth rates,
by country group, 1971-1976

(Percentage change from preceding year)

Item and country group	Average 1971-1976 <u>a/</u>	1971	1972	1973	1974	1975	1976 <u>a/</u>
<u>Gross domestic product b/</u>							
Sum of country groups	4.0	4.4	5.4	6.6	2.0	0.6	5.4
Developed market economies <u>c/</u>	3.2	3.7	5.4	5.9	0.2	-1.2	5.2
Developing countries <u>d/</u>	5.7	5.5	6.0	7.1	5.8	3.6	6.2
Centrally planned economies <u>e/ f/</u>	6.1	6.1	5.0	8.7	6.3	5.4	5.3
<u>Agricultural production g/</u>							
Sum of country groups	2.3	2.9	-0.1	5.2	0.8	2.3	3.0
Developed market economies <u>c/</u>	2.2	5.3	-	2.5	2.5	2.4	1.6
Developing countries <u>d/</u>	2.4	0.8	-	3.2	2.3	5.3	2.9
Centrally planned economies <u>e/</u>	2.1	2.4	-0.3	11.9	-4.1	-5.0	8.3
<u>Industrial production h/</u>							
Sum of country groups	5.1	4.3	7.1	8.8	3.2	-0.8	7.9
Developed market economies <u>c/</u>	3.3	2.4	7.0	8.9	0.2	-6.0	8.4
Developing countries <u>d/</u>	6.7	7.0	7.9	10.3	5.3	1.0	8.6
Centrally planned economies <u>e/</u>	8.2	7.7	7.0	8.0	9.1	8.5	6.8

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; "Survey of economic and social conditions in Africa, 1975" (E/CN.14/645, parts I and II); Economic and Social Survey of Asia and the Pacific, 1975 (Sales No. E.76.II.F.1); Food and Agriculture Organization of the United Nations, Monthly Bulletin of Agricultural Economics and Statistics (Rome); information supplied by the Department of Agriculture of the United States of America and other national sources.

Note: Methods of estimation differ among the production components and among the country groups. For this reason and also because of the problem of assigning weights to the country groups, the aggregated changes should be interpreted with caution. The over-all figures provide no more than a rough indicator of the magnitude of year-to-year changes.

a/ Preliminary, based in some cases on data for a period of less than 12 months and, in some of the developing countries, on indicators.

b/ Measured at constant market prices.

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

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

e/ Eastern Europe and USSR.

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

g/ 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.

h/ Based on index of value added, except in the centrally planned economies, for which the index is based on gross output at constant prices; as an international system of weights is used for aggregating the various industrial branches, the results tend to differ slightly from those obtained from an aggregation of national industrial production indices. In most developing countries, the data are for the organized industrial sector and exclude small-scale and handicraft production.

Table 3. Developing countries: gross domestic product growth
by income groups, 1971-1976

(Percentage change from preceding year)

Country group	Average 1971-1976	1971	1972	1973	1974	1975	1976 <u>a/</u>
<u>All developing countries</u>	5.7	5.5	6.0	7.1	5.8	3.6	6.2
<u>Petroleum-exporting countries <u>b/</u></u>	7.5	6.2	7.0	8.4	8.5	4.3	10.5
<u>Petroleum-importing countries</u>	5.3	5.3	5.7	6.9	5.3	3.4	5.1
<u>Countries with per capita income in 1970 of:</u>							
Less than \$200	3.9	2.5	3.2	5.5	1.8	5.5	4.7
Least developed countries <u>c/</u>	3.3	-2.0	4.7	4.8	2.9	5.4	3.6
Others	4.1	3.4	2.9	5.6	1.5	5.7	4.8
Between \$200 and \$499	6.0	5.9	6.1	6.6	6.3	4.2	6.9
\$500 and over	6.0	7.3	7.3	8.4	7.4	1.0	4.6

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.

a/ Preliminary.

b/ See foot-note c/ to table 1.

c/ As designated by the General Assembly in resolutions 2768 (XXVI) and 3487 (XXX).

Table 4. Industrial production: growth by country group, 1971-1976
(Percentage change from corresponding period of preceding year)

Component and period	Developed market economies <u>a/</u>	Centrally planned economies <u>b/</u>	Developing countries <u>a/</u>	World <u>c/</u>
<u>Industry d/</u>				
Average, 1971-1976	3.3	8.2	6.7	5.1
1974	0.2	9.1	5.3	3.2
1975	-6.0	8.5	1.0	-0.8
1976 <u>e/</u>	8.4	6.8	8.6	7.9
First quarter	7.9	6.7	6.4	7.4
Second quarter	10.0	7.5	8.5	8.9
Third quarter	8.8	6.4	9.4	8.1
Fourth quarter	6.8	6.4	10.2	7.0
<u>Mining</u>				
Average, 1971-1976	0.7	5.6	3.8	3.1
1974	-0.7	5.1	1.8	1.9
1975	-1.6	6.7	-8.2	-1.0
1976 <u>e/</u>	1.9	4.6	8.4	4.7
First quarter	-0.4	3.2	4.1	2.1
Second quarter	0.3	5.1	6.7	3.7
Third quarter	3.8	5.5	6.8	5.3
Fourth quarter	3.7	4.8	16.1	7.7
<u>Manufacturing</u>				
Average, 1971-1976	3.2	8.5	7.3	5.2
1974	-	9.6	6.1	3.4
1975	-6.6	8.7	2.9	-1.0
1976 <u>e/</u>	8.8	7.0	8.6	8.2
First quarter	8.4	7.0	6.9	7.8
Second quarter	10.6	7.7	8.8	9.5
Third quarter	9.5	6.4	10.3	8.5
Fourth quarter	7.1	6.5	8.8	7.0

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

a/ As defined in table 2, except that Israel has been included with the developed market economies and Turkey with the developing countries.

b/ Eastern Europe and USSR.

c/ Sum of country groups.

d/ ISIC 2-4.

e/ Preliminary.

Table 5. Manufacturing production: growth by branch and country group, 1971-1976

(Percentage change from corresponding period of preceding year)

Country group and branch	Average 1971-1976	1974	1975	1976 a/	1976 quarters a/			
					First	Second	Third	Fourth
<u>World</u>								
Light manufacturing <u>b/</u>	4.0	1.6	0.2	6.1	7.2	6.5	5.4	5.6
Food	3.9	4.4	1.3	3.7	4.1	3.3	3.1	4.6
Textiles	3.7	-0.8	0.2	7.3	11.9	8.7	4.4	4.4
Heavy manufacturing <u>c/</u>	5.8	4.2	-1.6	9.2	8.0	10.9	10.0	7.8
Chemicals	6.4	3.7	-1.4	10.7	11.4	12.6	10.7	8.2
Basic metals	3.2	2.8	-8.2	8.5	4.6	12.1	12.4	5.0
Metal products	6.4	4.9	0.2	9.2	8.2	10.3	9.6	8.6
<u>Developed market economies d/</u>								
Light manufacturing <u>b/</u>	2.9	-1.1	-3.2	7.8	10.6	9.0	6.9	5.1
Food	3.1	1.9	-1.1	5.1	7.0	5.1	4.4	4.1
Textiles	2.4	-4.4	-4.1	9.1	18.2	12.6	6.1	0.4
Heavy manufacturing <u>c/</u>	3.4	0.6	-8.2	9.4	7.4	11.4	10.8	8.1
Chemicals	5.3	1.4	-6.5	12.5	14.1	15.2	12.1	8.8
Basic metals	1.0	0.8	-16.5	7.8	-1.4	11.3	14.9	8.1
Metal products	3.6	0.4	-6.4	8.8	7.4	10.2	9.5	8.3
<u>Centrally planned economies e/</u>								
Light manufacturing <u>b/</u>	5.3	6.9	5.5	2.5	1.7	1.7	1.5	5.2
Food	4.6	7.4	4.7	-0.1	-1.2	-0.8	-1.4	3.3
Textiles	5.7	6.2	5.5	4.8	3.3	3.3	3.2	9.4
Heavy manufacturing <u>c/</u>	9.8	10.6	10.2	8.7	9.2	10.1	8.3	6.8
Chemicals	9.5	10.3	10.6	7.5	6.7	8.2	7.9	7.1
Basic metals	6.5	5.9	6.8	8.6	15.6	14.0	7.7	-1.7
Metal products	10.9	12.1	11.0	9.5	9.5	10.5	9.1	8.9
<u>Developing countries d/</u>								
Light manufacturing <u>b/</u>	6.0	3.5	3.9	7.6	6.7	7.7	7.8	8.0
Food	5.7	6.3	2.5	8.0	6.6	7.3	9.5	8.7
Textiles	4.8	0.4	4.4	6.3	9.0	6.7	1.6	8.7
Heavy manufacturing <u>c/</u>	8.7	8.8	2.3	9.8	7.1	9.8	12.9	9.6
Chemicals	6.6	3.3	1.1	8.7	8.4	9.7	10.1	7.0
Basic metals	8.1	10.8	4.5	12.0	5.0	10.2	16.5	15.9
Metal products	11.3	13.4	2.6	10.4	6.7	9.4	14.3	10.8

(Source and foot-notes on following page)

(Source and foot-notes to table 5)

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

a/ Preliminary.

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

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

d/ As defined in table 2, except that Israel has been included with the developed market economies and Turkey with the developing countries.

e/ Eastern Europe and USSR.

Table 6. Selected developed market economies: changes in industrial production, 1971-1976 a/
(Percentage)

Country and group	Change from preceding year				Change from corresponding portion of preceding year							
	Average 1971-1976 b/	1974	1975	1976 b/	1976 b/							
					First	Second	Third	Fourth	First	Second	Third	Fourth
<u>Developed market economies c/</u>	3.0	0.4	-8.2	9.1	-10.7	-11.3	-8.7	-1.5	8.0	10.8	9.0	7.4
<u>Industrial countries c/</u>	2.9	0.2	-8.3	9.2	-10.8	-11.4	-8.8	-1.6	8.2	11.0	9.0	7.4
<u>Major industrial countries c/</u>	2.9	-0.5	-8.4	9.6	-11.2	-11.7	-8.8	-1.5	9.1	11.6	9.3	7.7
Canada	4.0	3.0	-4.7	4.6	-5.3	-5.7	-5.2	-2.7	3.2	5.5	5.6	4.2
France	3.5	2.5	-8.9	9.8	-8.1	-11.2	-12.7	-3.4	6.1	9.8	12.7	8.8
Germany, Federal Republic of	1.9	-1.7	-7.0	8.5	-8.6	-9.6	-7.3	-0.7	5.8	9.2	8.8	6.3
Italy	3.3	4.5	-9.2	12.1	-10.3	-12.8	-13.9	0.6	5.4	14.4	14.7	14.1
Japan	3.7	-3.1	-11.0	13.6	-18.7	-13.9	-8.7	-2.1	12.2	14.7	13.6	13.8
United Kingdom	0.4	-3.5	-4.7	0.9	0.3	-7.0	-7.9	-4.4	-2.5	2.1	1.9	2.5
United States of America	3.1	-0.4	-8.8	10.2	-12.8	-12.8	-8.6	-1.0	12.2	13.3	8.6	6.7
<u>Other industrial countries c/</u>	2.6	4.0	-6.1	4.1	-5.8	-7.2	-8.7	-1.7	0.7	3.8	5.4	2.0
Austria	3.4	5.9	-6.3	6.5	-5.5	-7.9	-8.7	-4.8	0.8	6.8	8.6	11.7
Belgium	3.2	4.9	-10.5	10.6	-9.6	-11.2	-14.1	-7.2	5.6	11.5	13.9	11.9
Finland	3.9	5.8	-5.5	0.8	-3.9	-5.5	-8.5	-6.3	-2.4	1.7	-	5.4
Luxembourg	0.2	4.4	-21.9	7.5	-16.1	-22.0	-30.5	-18.2	-3.7	14.8	15.5	3.9
Netherlands	3.7	2.5	-3.3	6.0	-3.3	-5.7	-7.3	1.7	3.4	7.0	9.6	3.3
Norway	6.3	3.4	6.7	5.5	3.3	11.3	9.6	7.3	15.3	-1.5	1.9	7.6
Sweden	2.1	5.4	-2.6	-0.9	2.5	-1.7	-3.3	-1.7	-8.3	-3.4	-0.9	-2.6
Switzerland	-0.8	0.9	-12.6	-	-18.2	-16.5	-13.0	-1.0	-	2.1	-	-3.6
<u>Other developed market economies c/</u>	4.4	4.6	-5.9	5.9	-8.8	-8.1	-7.3	0.7	3.6	6.2	7.7	6.3
Australia	1.9	2.6	-7.6	5.5	-8.3	-10.7	-9.2	-1.7	4.5	7.4	6.4	4.5
Greece	6.7	-2.1	4.9	8.2	-0.2	4.9	6.1	9.6	6.9	7.3	8.4	12.6
Ireland	3.9	3.3	-6.4	9.2	-8.3	-6.9	-5.0	-2.4	7.2	9.1	11.3	...
Spain	7.1	8.7	-6.0	5.5	-11.2	-7.8	-8.0	2.1	1.5	4.3	8.7	7.8

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 Financial Statistics (Washington, D.C.).

a/ Seasonally adjusted.

b/ Preliminary.

c/ An aggregation of national indices of industrial production, differing somewhat in coverage, weighted by value added by industry in 1970. The results differ slightly from those presented in table 4, in which the production of various industries is aggregated by means of a set of standard weights.

Table 7. Developed market economies: manufacturing production,
growth by branch and country group, 1971-1976

(Percentage change from corresponding period of preceding year)

Country group and branch	Average 1971-1976	1974	1975	1976 <u>a/</u>	1976 quarters <u>a/</u>			
					First	Second	Third	Fourth
<u>Developed market economies b/</u>								
Light manufacturing <u>c/</u>	2.9	-1.1	-3.2	7.8	10.6	9.0	6.9	5.1
Food	3.1	1.9	-1.1	5.1	7.0	5.1	4.4	4.1
Textiles	2.4	-4.4	-4.1	9.1	18.2	12.6	6.1	0.4
Heavy manufacturing <u>d/</u>	3.4	0.6	-8.2	9.4	7.4	11.4	10.8	8.1
Chemicals	5.3	1.4	-6.5	12.5	14.1	15.2	12.1	8.8
Basic metals	1.0	0.8	-16.5	7.8	-1.4	11.3	14.9	8.1
Metal products	3.6	0.4	-6.4	8.8	7.4	10.2	9.5	8.3
<u>North America</u>								
Light manufacturing <u>c/</u>	3.7	-0.7	-1.9	10.2	15.4	11.6	8.3	6.2
Food	3.0	2.4	-2.0	6.7	10.3	5.5	5.8	5.4
Textiles	4.1	-3.4	-0.8	10.0	26.8	17.3	4.2	-4.1
Heavy manufacturing <u>d/</u>	3.8	-0.2	-8.0	11.4	9.1	14.6	12.6	9.5
Chemicals	6.1	2.0	-2.8	14.4	17.6	17.1	12.5	10.9
Basic metals	0.1	-1.6	-20.6	9.9	-2.5	17.6	18.8	7.5
Metal products	4.1	-0.4	-6.8	10.8	8.4	12.9	11.8	10.0
<u>Western Europe</u>								
Light manufacturing <u>c/</u>	2.5	-0.4	-4.6	6.0	6.5	6.9	6.3	4.6
Food	3.4	1.8	-0.1	3.9	5.1	5.2	2.7	2.9
Textiles	1.6	-2.5	-6.7	7.9	11.0	9.0	8.9	3.5
Heavy manufacturing <u>d/</u>	2.6	2.3	-7.6	5.7	4.4	7.0	7.3	4.2
Chemicals	4.5	2.1	-10.1	10.8	10.2	13.8	13.0	6.6
Basic metals	0.9	4.3	-15.3	6.0	-2.6	8.1	14.6	5.7
Metal products	2.5	2.0	-4.3	4.0	4.4	4.5	3.5	3.5

Source: See table 5.

a/ Preliminary.

b/ As defined in table 2, except that Israel has been included with the developed market economies and Turkey with the developing countries.

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

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

Table 8. Developing countries: manufacturing production,
growth by branch and country group, 1971-1976
(Percentage change from corresponding period of preceding year)

Country group and branch	Average 1971-1976	1974	1975	1976 a/	1976 quarters a/			
					First	Second	Third	Fourth
<u>Developing countries b/</u>								
Light manufacturing c/	6.0	3.5	3.9	7.6	6.7	7.7	7.8	8.0
Food	5.7	6.3	2.5	8.0	6.6	7.3	9.5	8.7
Textiles	4.8	0.4	4.4	6.3	9.0	6.7	1.6	8.7
Heavy manufacturing d/	8.7	8.8	2.3	9.8	7.1	9.8	12.9	9.6
Chemicals	6.6	3.3	1.1	8.7	8.4	9.7	10.1	7.0
Basic metals	8.1	10.8	4.5	12.0	5.0	10.2	16.5	15.9
Metal products	11.3	13.4	2.6	10.4	6.7	9.4	14.3	10.8
<u>Western hemisphere</u>								
Light manufacturing c/	5.2	4.3	1.9	6.2	6.1	6.2	6.9	5.6
Food	4.7	7.3	2.1	6.2	5.1	7.0	7.9	5.2
Textiles	5.6	0.6	1.7	7.3	5.0	2.4	4.0	19.1
Heavy manufacturing d/	8.9	8.3	0.5	7.4	4.7	5.8	10.9	7.9
Chemicals	7.6	5.4	-0.6	8.4	8.2	8.3	10.0	7.2
Basic metals	8.3	10.2	1.9	9.3	0.2	5.8	16.9	14.0
Metal products	10.6	10.3	0.5	5.7	2.4	2.8	9.6	7.4
<u>Asia b/</u>								
Light manufacturing c/	6.8	2.3	5.8	9.3	8.3	10.3	8.1	10.6
Food	5.7	4.3	1.9	8.7	9.8	6.6	7.8	10.4
Textiles	4.1	-0.4	6.0	6.4	13.5	11.7	-0.3	2.2
Heavy manufacturing d/	8.7	10.6	4.8	18.1	15.2	22.6	19.9	15.2
Chemicals	4.7	-1.7	1.8	12.0	13.1	14.9	11.9	8.5
Basic metals	8.6	15.2	11.9	21.6	19.8	26.5	17.9	22.9
Metal products	14.0	25.3	7.7	25.0	18.6	30.5	30.1	21.1

Source: See table 5.

a/ Preliminary.

b/ As defined in table 2, except that Israel has been included with the developed market economies and Turkey with the developing countries.

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

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

Table 9. Developing countries: industrial production,
growth by country group, 1971-1976
(Percentage change from corresponding period of preceding year)

Component and period	Developing countries <u>a/</u>	Western hemisphere	Asia <u>a/</u>
<u>Industry b/</u>			
Average, 1971-1976	6.7	6.6	7.5
1974	5.3	6.3	4.6
1975	1.0	0.9	1.3
1976 <u>c/</u>	8.6	6.5	12.1
First quarter	6.4	5.0	10.0
Second quarter	8.5	5.9	13.3
Third quarter	9.4	8.3	10.7
Fourth quarter	10.2	6.6	14.6
<u>Mining</u>			
Average, 1971-1976	3.8	0.9	6.5
1974	1.8	3.6	1.7
1975	-8.2	-6.1	-8.6
1976 <u>c/</u>	8.4	3.5	9.4
First quarter	4.1	2.3	5.9
Second quarter	6.7	5.5	7.1
Third quarter	6.8	4.1	4.7
Fourth quarter	16.1	2.5	20.2
<u>Manufacturing</u>			
Average, 1971-1976	7.3	7.2	7.6
1974	6.1	6.5	5.7
1975	2.9	1.1	5.2
1976 <u>c/</u>	8.6	6.9	13.1
First quarter	6.9	5.3	11.2
Second quarter	8.8	6.0	15.6
Third quarter	10.3	9.2	13.2
Fourth quarter	.	6.9	12.5

Source and foot-notes: See table 4.

Table 10. World a/ production of major industrial products, 1970-1976

Commodity	1970 (millions of tons, except as indicated)	Percentage change from preceding year			
		Average 1971-1976 <u>b/</u>	1974	1975	1976 <u>b/</u>
Coal <u>c/</u>	1 777	1.6	1.0	5.1	3.3
Petroleum, crude <u>d/</u>	2 249	3.7	-	-5.9	7.9
Electricity <u>e/</u> (billions of kWh)	4 838	5.6	2.9	2.9	6.3
Cement	559	3.4	0.4	-1.6	3.5
Pig iron <u>f/</u>	418	3.1	3.1	-8.1	8.6
Steel, crude	576	2.2	1.7	-8.1	4.5
Copper, smelter	6.2	3.5	1.9	-4.5	4.7
Zinc	4.7	0.4	0.6	-8.2	1.2
Lead	3.1	0.4	1.9	-4.5	1.6
Tin <u>g/</u>	0.2	-0.4	-3.8	-1.1	2.3
Aluminium	9.5	6.3	9.0	-8.6	3.0
Merchant vessels (millions of grt) <u>h/</u>	21.7	7.7	8.1	4.7	-6.5
Passenger cars (millions)	22.6	5.1	-13.5	-2.9	17.7
Commercial vehicles (millions)	6.8	6.7	-1.2	-9.5	23.2

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

a/ Not including production of China.

b/ Preliminary, based in some cases on three quarters figures.

c/ Including coal-equivalent of brown coal and lignite.

d/ Excluding natural gas liquids.

e/ Hydro, geothermal, thermal and nuclear power produced by public utilities and establishments generating for their own use.

f/ Including ferro-alloys.

g/ Excluding German Democratic Republic and Democratic People's Republic of Korea.

h/ Gross registered tons. Tonnage launched outside the German Democratic Republic and the USSR.

Table 11. Price indices of non-ferrous base metals
in international trade, 1971-1976

Commodity group	Index (1970 = 100)			Index (corresponding quarter of previous year = 100)				
	1974	1975	1976 <u>a/</u>	1976 <u>a/</u>	1976 quarters <u>a/</u>			
					First	Second	Third	Fourth
<u>Non-ferrous metals</u>	153	120	131	109	97	112	119	113
Aluminium	124	141	152	108	101	104	112	114
Copper	146	88	100	114	98	120	126	110
Lead	197	138	151	109	65	114	139	143
Tin	220	186	205	110	91	107	120	127
Zinc	326	254	248	98	91	99	104	97

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.

a/ Preliminary.

Table 12. Crude petroleum production, 1970-1976

Country and group	Production, 1970 (millions of tons)	Percentage change from preceding year						
		Annual average 1971-1976	1971	1972	1973	1974	1975	1976 a/
<u>World</u>	2 270	4.0	5.8	5.4	9.7	0.5	-5.1	7.6
<u>Developed market economies</u>	569	-1.2	0.2	2.0	0.6	-4.6	-4.4	-1.0
United States of America	475	-2.6	-1.8	0.1	-2.7	-4.7	-4.6	-2.0
Other	94	5.0	10.1	11.0	13.9	-4.3	-3.5	2.7
<u>Developing market economies</u>	1 310	4.7	7.7	6.3	12.9	-0.3	-9.5	10.9
OPEC b/	1 165	4.8	8.4	6.9	14.1	-0.6	-11.4	12.4
In Latin America	194	-6.3	-4.6	-7.1	8.1	-11.6	-20.9	-1.9
Venezuela	194	-7.5	-4.6	-9.1	4.4	-11.4	-21.3	-3.1
In Africa	267	-0.6	-5.8	1.1	3.9	-7.6	-10.9	15.9
Algeria	47	1.2	-22.9	35.5	0.6	-2.0	-7.4	3.1
Libyan Arab Jamahiriya	160	-6.8	-17.0	-18.9	-2.4	-30.1	0.1	30.6
Nigeria	54	12.6	40.9	19.0	11.9	9.6	-20.8	15.3
In Far East	42	10.4	4.3	21.9	23.2	2.7	-4.1	14.2
In West Asia	662	8.4	18.2	11.2	17.6	2.9	-11.6	12.4
Iran	191	8.0	18.6	11.1	16.2	2.7	-11.1	10.2
Iraq	76	7.8	9.6	-15.1	39.7	-2.4	20.5	-5.2
Kuwait	151	-4.9	7.2	2.5	-8.2	-15.6	-18.2	3.1
Saudi Arabia	188	15.8	26.7	25.6	25.9	11.6	-16.6	21.2
United Arab Emirates	38	17.1	35.8	13.9	27.5	9.4	1.0	15.2
<u>Other developing countries</u>	145	3.9	2.3	1.5	2.6	3.6	8.1	5.1
<u>Centrally planned economies</u>	391	8.2	7.7	6.7	10.9	9.1	8.1	6.6
USSR	353	6.7	6.8	6.2	7.1	7.0	6.7	6.4
Other	38	19.1	15.9	10.8	42.0	22.3	15.9	7.8

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, An Extract of Global Energy Statistics; and The Petroleum Economist (London).

a/ Preliminary.

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

Table 13. World agricultural production, 1971-1976
(Percentage change from preceding year)

Country group	Average 1971-1976 <u>a/</u>	1974	1975	1976 <u>a/</u>
<u>World</u>	2.3	0.8	2.3	3.0
<u>Developed market economies</u>	2.2	2.5	2.4	1.6
North America <u>b/</u>	3.0	0.8	5.8	3.9
Western Europe <u>c/</u>	1.5	4.9	-2.3	-0.8
Japan	1.6	0.8	5.6	-
Southern hemisphere <u>d/</u>	1.8	4.4	2.1	1.6
<u>Developing countries</u>	2.4	2.3	5.3	2.9
Latin America <u>e/</u>	2.3	5.6	0.8	5.2
Africa <u>f/</u>	1.3	6.9	1.6	4.0
Near East <u>g/</u>	3.6	8.5	5.7	4.7
Far East <u>h/</u>	2.6	-1.5	7.6	1.4
Other developing countries <u>i/</u>	1.7	3.4	2.4	2.4
<u>Eastern Europe and USSR <u>j/</u></u>	2.1	-4.1	-5.0	8.3

Sources: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on data supplied by the Food and Agriculture Organization of the United Nations.

a/ Preliminary.

b/ Canada and United States of America.

c/ Including Yugoslavia but excluding Cyprus and Turkey.

d/ Australia, New Zealand and South Africa, including Israel.

e/ Antigua, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador (including Galapagos Islands), El Salvador, Falkland Islands (Malvinas), French Guiana, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, St. Kitts-Nevis-Anguilla, St. Lucia, St. Vincent, Surinam, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela, Virgin Islands (United Kingdom), Virgin Islands (United States).

f/ Algeria, Angola, Benin, Botswana, British Indian Ocean Territory, Burundi, Cape Verde, Central African Empire, Chad, Comoro Islands, Congo, Equatorial Guinea, Ethiopia, French Territory of the Afars and the Issas, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Réunion, Rhodesia, Rwanda, St. Helena, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, Southern Rhodesia, Spanish North Africa, Swaziland, Togo, Tunisia, Uganda, United Republic of Cameroon, United Republic of Tanzania, Upper Volta, Western Sahara, Zaire, Zambia.

(Foot-notes continued on following page)

g/ Africa: Egypt, Libyan Arab Jamahiriya, Sudan. Asia: Afghanistan, Bahrain, Cyprus, Gaza Strip (Palestine), Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Turkey, United Arab Emirates, Yemen Arab Republic, Democratic Yemen.

h/ Bangladesh, Bhutan, Brunei, Burma, Democratic Kampuchea, East Timor, Hong Kong, India, Indonesia, Lao People's Democratic Republic, Macau, Malaysia, Maldives, Nepal, Pakistan, Philippines, Republic of Korea, Sikkim, Singapore, Sri Lanka, Thailand.

i/ North America: Bermuda, Greenland, St. Pierre and Miquelon. Oceania: American Samoa, Canton and Enderbury Islands, Christmas Island (Australia), Cocos (Keeling) Islands, Cook Islands, Fiji, French Polynesia, Gilbert and Ellice Islands, Guam, Johnston Island, Midway Islands, Nauru, New Caledonia, New Hebrides, Niue Island, Norfolk Island, Pacific Islands, (Trust Territory), Papua New Guinea, Pitcairn Island, Solomon Islands, Tokelau Islands, Tonga, Tuvalu, Wake Island, Wallis and Futuna Islands, Western Samoa.

j/ Albania, Bulgaria, Czechoslovakia, German Democratic Republic (including East Berlin), Hungary, Poland, Romania, USSR.

Table 14. World cereal production and trade, 1973/74-1975/76
(Millions of tons)

Crop and region	1973/74		1974/75		1975/76 a/		1976/77 b/	
	Production	Trade c/	Production	Trade c/	Production	Trade c/	Production	Trade c/
Wheat	372	63	356	64	350	66	412	59
Rice d/	219	8	223	8	238	8	232	8
Feed grains	660	71	620	64	634	76	692	80
Total cereals:								
North America	275	90	234	77	283	96	295	95
Developed market economies, southern hemisphere	32	8	28	15	29	15	27	12
Other developed market economies	147	-41	155	-39	144	-37	136	-56
Developing countries	323	-31	319	-33	350	-33	364	-25
Centrally planned economies	468	-16	456	-14	406	-35	485	-21

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on the Department of Agriculture of the United States of America, World Agricultural Situation (December 1976) and World Grain Situation, Review and Prospects, figs. 3-77 (Washington, D.C.).

a/ Partly estimated.

b/ Projections.

c/ The global figures refer to gross exports; the regional figures refer to net exports, or net imports (-).

d/ Milled basis. Trade data are based on an aggregate of differing local marketing years.

Table 15. Price indices of food-stuffs in international trade, 1974-1976

Commodity group	Index (1970 = 100)			Index (corresponding quarter of previous year = 100)				
	1974	1975	1976 <u>a/</u>	1976 <u>a/</u>	1976 quarters <u>a/</u>			
					First	Second	Third	Fourth
<u>Food-stuffs</u>	232	219	214	98	84	101	102	107
Cereals	262	232	204	88	86	93	88	83
Wheat	290	258	225	87	91	98	85	75
Rice	321	231	169	73	70	72	74	77
Maize	196	191	183	96	82	94	103	106
Beverages	155	159	263	165	128	181	164	186
Coffee	132	147	278	189	154	223	180	199
Tea	130	133	142	107	87	99	118	129
Cocoa	251	219	292	135	95	130	141	169
Meat	161	176	184	105	101	100	108	112
Beef	157	157	168	107	93	97	118	125
Mutton and lamb	206	193	204	106	100	101	111	114
Sugar	579	410	237	58	43	75	63	62
Olive oil	302	328	316	96	106	100	90	91
Coconut oil	317	124	125	101	69	90	110	145
Ground-nut oil	284	225	194	86	70	89	83	109
Palm kernel oil	315	128	130	102	68	96	130	151
Palm oil	258	165	154	93	70	93	104	111
Soya bean oil	297	209	158	76	54	67	80	117
Cotton-seed oil	285	204	181	89	81	86	82	110

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.

a/ Preliminary.

Table 16. World production of major agricultural commodities, a/ 1970-1976

Commodity	1970 (millions of tons)	Percentage change from preceding year <u>b/</u>			
		Average 1971-1976 <u>c/</u>	1974	1975	1976 <u>c/</u>
Meat	104.8	2.7	4.8	1.3	3.5
Wheat	319.9	3.7	-4.5	-1.5	12.6
Barley	139.4	4.3	1.4	-8.8	14.9
Maize	261.7	3.9	-5.6	9.5	3.3
Rice (paddy)	308.6	1.7	-0.8	7.1	-0.6
Potatoes	312.2	-1.1	-6.4	-3.4	2.4
Coffee beans	3.9	-1.0	17.2	-9.3	-17.0
Cocoa beans	1.5	-1.0	7.1	3.6	-8.7
Tea	1.4	3.3	0.9	3.1	3.1
Sugar (raw)	74.1	2.4	-	4.0	5.9
Tobacco	4.7	2.6	6.3	3.3	1.0
Cotton (lint)	11.8	0.9	1.6	-15.0	3.7
Wool (greasy)	2.8	-1.0	-1.5	4.2	-0.7
Jute and kenaf	3.6	2.7	-17.6	-1.5	10.5
Vegetable oils <u>d/</u>	35.5	2.5	-2.2	8.0	-2.2
Natural rubber	2.9	2.8	-1.1	-3.2	5.8

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

a/ The data refer to the calendar year in which the bulk of the crop was harvested.

b/ Difference divided by the larger of the two.

c/ Preliminary.

d/ These data represent the total production of oil-seeds, oil-nuts and other oil crops harvested in the years indicated and expressed in terms of oil-equivalent.

Table 17. Export price indices of agricultural raw materials,
1974-1976

Commodity group	Index (1970 = 100)			Index (corresponding quarter of previous year = 100)				
	1974	1975	1976 a/	1976 a/	1976 quarters a/			
					First	Second	Third	Fourth
<u>Agricultural raw materials</u>	224	196	218	111	101	107	116	122
<u>Fats, oils and oil-seeds</u>	262	190	184	97	79	94	101	118
Copra	312	118	126	107	62	88	135	170
Ground-nuts	221	191	177	93	75	91	94	117
Palm kernels	282	123	137	111	66	106	140	153
Linseed	420	307	262	85	75	84	81	106
Soya bean	233	188	198	105	80	102	113	131
<u>Textile fibres</u>	245	199	242	122	111	113	129	133
Wool	249	204	234	115	109	106	120	124
Cotton	241	192	255	133	121	125	141	142
Jute	122	136	114	84	72	78	94	98
Sisal	680	480	405	84	62	81	102	109
<u>Rubber</u>	176	136	193	142	129	155	139	145

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.

a/ Preliminary.

Table 18. Elements in the world balance of payments, by country group, 1970 and 1974-1976

(Billions of dollars)

Item and country group	1970	1974	1975	1976 <u>a/</u>
<u>Exports, f.o.b.</u>				
World	311.5	832.7	867.4	977.7
Market economies	280.6	767.4	789.3	890.8
Developed	226.2	551.1	586.7	650.4
Developing	54.3	216.3	202.6	240.4
Petroleum-exporting countries <u>b/</u>	19.5	129.7	119.9	141.5
Other	34.8	86.6	82.7	99.0
Centrally planned economies <u>c/</u>	30.9	65.3	78.1	86.9
<u>Imports d/</u>				
World	325.3	847.5	897.9	1 010.5
Market economies	295.1	780.0	810.1	916.6
Developed	238.4	616.1	618.4	706.3
Developing	56.7	163.9	191.7	210.3
Petroleum-exporting countries <u>b/</u>	12.4	44.0	63.6	79.6
Other	44.3	119.9	128.1	130.7
Centrally planned economies <u>c/</u>	30.2	67.5	87.8	93.9
<u>Balance of trade e/</u>				
World	-13.8	-14.8	-30.4	-32.8
Market economies	-14.5	-12.5	-20.8	-25.7
Developed	-12.1	-65.0	-31.7	-55.9
Developing	-2.4	52.4	10.9	30.1
Petroleum-exporting countries <u>b/</u>	7.0	85.7	56.3	61.8
Other	-9.4	-33.3	-45.4	-31.7
Centrally planned economies <u>c/</u>	0.7	-2.2	-9.6	-7.0
<u>Changes in international reserves f/</u>				
Market economies	17.5	36.9	6.9	29.2
Developed	14.8	1.6	-1.3	10.4
Developing <u>g/</u>	2.7	35.4	8.2	18.8
Petroleum-exporting countries <u>h/</u>	0.9	33.1	10.0	9.4
Other <u>g/</u>	1.8	2.3	-1.8	9.3
<u>Net change in other balance-of-payment items i/</u>				
Market economies	32.0	49.4	27.7	54.9
Developed	26.9	66.6	30.4	66.3
Developing	5.1	-17.0	-2.7	-11.3
Petroleum-exporting countries <u>h/</u>	-6.1	-52.6	-46.3	-52.4
Other <u>g/</u>	11.2	35.6	43.6	41.0

(Source and foot-notes on following page)

(Source and foot-notes to table 18)

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 Financial Statistics (Washington, D.C.); and national sources.

a/ Preliminary, based in some cases on incomplete information.

b/ Algeria,* Bahamas, Bahrain, Brunei, Democratic Yemen, Ecuador,* Gabon,* Indonesia,* Iran,* Iraq,* Kuwait,* Libyan Arab Jamahiriya,* Netherlands Antilles, Nigeria,* Oman, Qatar, Saudi Arabia,* Trinidad and Tobago, United Arab Emirates* and Venezuela.* The countries marked with an asterisk are members of OPEC.

c/ Eastern Europe and USSR.

d/ Imports are valued c.i.f. for market economies and f.o.b. for centrally planned economies.

e/ Exports minus imports.

f/ Gold (valued at SDR 35 per fine ounce), SDR, convertible foreign exchange and reserve positions in IMF.

g/ Excluding certain countries and territories whose international reserves are not reported.

h/ Excluding Brunei and United Arab Emirates from the group indicated in foot-note b/.

i/ Including errors and omissions.

Table 19. World trade: annual growth rates, by country group, 1971-1976
(Percentage change from preceding year)

Item and country group	Average 1971-1976 <u>a/</u>	1974	1975	1976 <u>a/</u>
<u>Quantum of exports</u>				
Market economies	6.6	5.4	-4.7	11.2
Developed	6.9	6.6	-4.0	10.8
Developing	4.9	0.2	-7.7	12.9
Petroleum-exporting countries <u>b/</u>	4.4	-1.1	-12.8	11.0
Other	6.2	1.0	-1.4	15.1
Centrally planned economies <u>c/</u>	8.0	10.7	5.2	6.0
<u>Quantum of imports</u>				
Market economies	5.9	2.0	-5.0	12.1
Developed	5.3	-0.6	-7.8	13.0
Developing	8.5	12.9	7.0	8.5
Petroleum-exporting countries <u>b/</u>	19.1	24.3	32.2	24.1
Other	4.1	8.0	-2.2	0.8
Centrally planned economies <u>c/</u>	9.7	10.9	8.7	6.0
<u>Unit value of exports</u>				
Market economies	13.9	39.9	9.1	1.1
Developed	11.5	25.0	10.9	0.1
Developing	22.2	102.4	1.5	5.1
Petroleum-exporting countries <u>b/</u>	33.4	200.6	6.0	6.3
Other	12.1	36.0	-3.1	4.0
<u>Unit value of imports</u>				
Market economies	14.0	43.9	9.0	1.1
Developed	13.9	43.4	8.9	1.1
Developing	14.6	46.0	9.3	1.1
Petroleum-exporting countries <u>b/</u>	14.4	45.0	9.3	1.0
Other	15.0	48.0	9.3	1.2
<u>Terms of trade</u>				
Market economies	-0.1	-2.8	0.1	-
Developed	-2.1	-12.8	1.8	-1.0
Developing	6.5	38.6	-7.0	4.0
Petroleum-exporting countries <u>b/</u>	16.6	107.3	-3.0	5.2
Other	-2.5	-8.1	-11.3	2.8
<u>Purchasing power of exports over imports</u>				
Market economies	6.3	1.9	-4.6	11.2
Developed	4.8	-7.1	-2.2	9.6
Developing	11.8	38.9	-14.3	17.4
Petroleum-exporting countries <u>b/</u>	21.7	105.0	-15.5	16.8
Other	3.5	-7.2	-12.6	18.3

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 Financial Statistics (Washington, D.C.); and national sources.

a/ Preliminary, based in some cases on incomplete information.

b/ Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Jamahiriya, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, United Arab Emirates and Venezuela.

c/ Eastern Europe and USSR.

Table 20. Selected developed economies: changes in current dollar value of exports and imports, 1971-1976, and the balance of trade, 1973-1976

Country and Group	Percentage change from preceding year					Balance of trade a/ (Millions of dollars)						
	Exports			Imports		1973	1974	1975	1976 b/	1976 b/		
	Average 1971-1976	1974	1975	1976 b/	Average 1971-1976						1974	1975	1976 b/
<u>Major industrial countries</u>												
Canada	18.9	34.7	6.7	10.8	20.2	42.7	-1.0	16.4	-4 257	-29 400	1 054	-22 206
France	15.7	30.5	-1.9	18.6	18.9	39.0	5.1	11.4	1 493	-155	-2 571	-418
Germany, Federal	21.1	26.2	14.8	7.6	22.4	40.3	2.0	19.3	-1 068	-6 659	-846	-7 229
Italy	20.0	32.1	1.0	13.1	19.7	26.8	7.7	17.7	12 673	19 673	15 242	13 768
Japan	18.7	36.1	15.1	6.2	19.4	47.2	-6.3	13.2	-5 572	-10 687	-3 550	-6 464
United Kingdom	23.1	50.2	0.5	20.3	22.8	62.0	-1.7	11.9	-1 365	-6 554	-2 036	2 419
United States of America	15.6	26.8	13.4	4.9	17.1	40.1	-1.7	4.6	-8 183	-15 529	-9 389	-9 714
	17.7	38.1	9.2	6.9	20.5	46.8	-4.3	25.3	-2 236	-9 489	4 203	-14 568
<u>Other industrial countries</u>												
Austria	20.0	31.0	6.4	12.1	19.4	36.4	4.6	12.9	-5 995	-12 976	-11 487	-14 009
Belgium	19.9	35.6	5.0	13.1	21.2	26.7	4.1	19.5	-1 836	-18 610	-1 875	-2 720
Denmark	18.9	26.0	1.7	13.8	20.4	35.3	3.0	13.7	410	-1 547	-1 977	-2 211
Finland	18.1	23.5	12.9	4.6	18.9	27.2	4.5	19.8	-1 554	-2 208	-1 656	-3 307
Netherlands	18.4	43.9	-0.3	15.6	18.9	58.2	11.5	-2.3	-494	-1 324	-2 124	-1 089
Norway	22.6	36.4	6.8	14.3	19.7	37.6	5.6	14.7	-438	-870	-517	-732
Sweden	21.5	32.9	14.7	9.7	20.1	33.9	15.4	14.3	-1 563	-2 138	-2 511	-3 202
Switzerland	18.1	30.6	9.1	6.1	18.4	54.8	8.5	7.8	1 573	-517	-477	-809
	19.6	25.3	8.5	14.5	15.0	24.3	-7.9	11.1	-2 096	-2 511	-350	60
<u>Other developed countries</u>												
Australia	20.2	25.5	4.5	8.1	18.4	55.5	0.9	3.0	-8 021	-22 595	-21 249	-19 675
Cyprus	18.3	15.3	8.3	9.7	16.0	61.3	-10.1	10.7	1 874	-1 371	799	763
Greece	15.7	-11.7	1.0	66.2	10.7	-9.7	-24.3	40.5	-278	-254	-154	-176
Iceland	24.2	39.4	12.2	3.8	18.9	26.1	21.4	4.2	-2 021	-2 355	-3 044	-3 182
Ireland	18.5	13.8	-7.5	32.9	19.9	44.5	-6.7	-3.4	-68	-188	-178	-61
Malta	19.8	24.4	19.7	4.2	17.1	36.5	-1.2	11.1	-659	-1 158	-590	-873
New Zealand	34.4	37.0	22.2	38.6	17.8	50.8	4.0	14.5	-141	-227	-211	-202
Portugal	14.7	-6.3	-11.3	28.8	17.0	67.6	-13.7	-1.4	420	-1 217	-992	-291
South Africa	10.6	23.5	-15.6	-10.5	15.4	52.5	-18.0	-2.8	-1 211	-2 385	-1 901	-1 997
Spain	23.3	42.9	1.1	-10.2	11.4	52.5	5.3	-11.6	962	879	558	616
Turkey	24.1	36.4	8.5	13.5	24.0	59.5	5.4	5.9	-4 472	-8 337	-8 574	-8 493
Yugoslavia	22.2	16.3	-8.6	39.9	32.5	81.1	25.4	8.2	-769	-2 245	-3 338	-3 168
	19.5	33.4	7.0	19.8	17.0	67.2	2.0	-4.3	-1 659	-3 737	-3 264	-2 488
Total, above	19.2	33.2	6.5	10.9	19.9	42.6	0.4	14.2	-18 273	-64 971	-31 683	-55 890

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/ Exports f.o.b. minus imports c.i.f.

b/ Preliminary.

Table 21. Major industrial countries: growth in exports to selected destinations, a/
1975-1976

(Percentage change between 1975 and 1976 in current dollar value of exports)

Exporting country	Industrial countries <u>b/</u>		Developing countries	
	World	Total	Centrally planned economies	Petroleum exporters Other
Canada	19.4	22.0	16.6	8.0 5.5
France	6.9	8.8	4.7	1.5 -0.1
Germany, Federal Republic of	13.1	17.0	-0.7	21.0 5.3
Italy	5.7	11.6	-12.2	12.8 -13.0
Japan	20.8	37.1	-4.7	11.0 14.2
United Kingdom	4.9	10.7	-11.3	11.6 -5.3
United States of America	6.8	9.7	16.7	17.3 -2.3
All industrial countries <u>b/</u>	10.1	14.3	-1.5	13.7 0.5

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

a/ Preliminary, based in some cases on less than 12 months' trade.

b/ Austria, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom and United States of America. In 1975 these 14 countries accounted for 90 per cent of all developed market economy trade.

Table 22. Selected industrial countries: a/ changes in the direction of trade, 1974-1976
(Percentage change from preceding year in current dollar value)

Partner region	Exports f.o.b.			Imports c.i.f.		
	1974	1975	1976 <u>b/</u>	1974	1975	1976 <u>b/</u>
<u>World</u>	33.7	6.7	10.1	40.7	0.3	15.0
Industrial countries <u>a/</u>	26.8	1.5	14.3	27.3	2.0	12.9
Rest of Western Europe	36.5	2.4	4.7	25.2	0.2	13.6
EEC	26.2	4.7	14.0	25.6	3.0	11.9
Australia, New Zealand and South Africa	56.2	-5.6	1.8	15.2	8.1	15.5
Centrally planned economies <u>c/</u>	44.0	29.8	-1.5	37.9	4.1	12.5
Developing countries	52.4	21.3	5.1	91.4	-4.3	20.3
Petroleum exporters	76.6	63.9	13.7	169.8	-3.5	20.2
Other	45.5	6.4	0.5	40.2	-5.3	20.4
Western hemisphere	57.3	2.5	-5.3	45.1	-6.1	8.8
Africa <u>d/</u>	34.6	15.8	2.9	41.6	-10.6	8.8
West Asia <u>e/</u>	49.7	22.9	2.9	59.7	-2.9	29.2
South and East Asia	37.5	2.2	4.7	33.0	-2.2	36.0

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

a/ Austria, Belgium, Canada, Denmark, France, Germany, Federal Republic of, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, United Kingdom and United States of America. These countries accounted for about 90 per cent of the foreign trade of developed market economies in 1975.

b/ Preliminary, based in some cases on less than 12 months of trade.

c/ China, Eastern Europe and the USSR.

d/ Excluding Egypt.

e/ Including Cyprus and Egypt.

Table 23. Developing countries: value of exports and imports, 1970-1976 ^{a/}

Region and item	Value (Billions of dollars)				Percentage change from preceding year			
	1970	1974	1975	1976 ^{b/}	Average 1971-1976 ^{b/}	1974	1975	1976 ^{b/}
<u>Developing countries</u>								
Exports	54.3	216.3	202.6	240.4	28.1	102.8	-6.3	18.7
Imports	56.7	163.9	191.7	210.3	24.4	64.9	17.0	9.7
Petroleum-exporting countries:								
Exports	19.5	129.7	119.9	141.4	39.2	197.3	-7.6	18.0
Imports	12.4	44.0	63.6	79.6	36.2	80.3	44.5	25.3
Others:								
Exports	34.8	86.6	82.7	99.0	19.0	37.4	-4.5	19.7
Imports	44.3	119.9	128.1	130.7	19.8	59.9	6.9	2.0
<u>Western hemisphere</u>								
Exports	15.9	46.1	41.7	45.1	19.0	66.1	-9.5	8.1
Imports	17.8	52.7	55.4	55.6	21.0	79.3	5.2	0.3
Petroleum-exporting countries:								
Exports	4.1	19.0	16.1	16.8	26.7	136.9	-15.4	4.4
Imports	4.1	12.5	13.7	15.9	25.4	96.3	9.3	16.3
Others:								
Exports	11.8	27.1	25.6	28.3	15.6	37.3	-5.3	10.4
Imports	13.7	40.2	41.8	39.7	19.4	74.7	3.9	-5.0
<u>Africa</u>								
Exports	13.2	38.5	34.4	38.8	19.7	82.1	-10.8	12.7
Imports	11.1	28.3	38.0	41.1	24.4	56.3	34.4	8.3
Petroleum-exporting countries:								
Exports	5.2	21.9	19.6	24.4	29.3	138.2	-10.7	24.5
Imports	3.0	9.9	15.9	19.4	36.8	65.8	60.0	21.7
Others:								
Exports	8.0	16.6	14.8	14.4	10.4	39.0	-10.9	-2.9
Imports	8.1	18.3	22.1	21.8	17.8	51.6	20.5	-1.4
<u>West Asia</u>								
Exports	10.1	84.2	80.1	95.9	45.4	230.6	-4.9	19.7
Imports	7.7	26.9	40.2	50.8	37.0	70.8	49.4	26.3
Petroleum-exporting countries:								
Exports	8.9	80.3	76.1	90.8	47.2	249.4	-5.3	19.4
Imports	4.3	17.5	29.0	38.9	44.2	91.1	65.5	34.2
Others:								
Exports	1.2	3.9	4.0	5.1	27.1	55.6	4.3	26.3
Imports	3.3	9.4	11.2	11.8	23.5	42.5	19.2	5.7
<u>South and East Asia</u>								
Exports	15.1	47.5	46.4	60.7	26.1	47.1	-2.4	31.0
Imports	20.2	56.0	58.1	62.8	20.8	54.9	3.8	8.2
Petroleum-exporting countries:								
Exports	1.2	8.4	8.1	9.5	40.3	147.7	-3.6	16.6
Imports	1.1	4.0	5.0	5.4	30.8	40.8	23.6	9.4
Others:								
Exports	13.9	39.1	38.2	51.2	24.3	35.2	-2.1	34.0
Imports	19.1	51.9	53.1	57.4	20.1	56.2	2.2	8.1

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 Financial Statistics (Washington, D.C.).

^{a/} Exports are valued f.o.b. and imports c.i.f.

^{b/} Preliminary.

Table 24. Developing countries: distribution according to change in the value of foreign trade between 1975 and 1976

Percentage change	Exports, percentage of Countries 1975 export value		Imports, percentage of Countries 1975 import value	
<u>Reduction</u>	24	9	39	31
20 or over	10	2	10	8
10-19.9	9	2	9	2
Less than 10	5	6	20	21
<u>Increase</u>	76	91	61	69
Less than 10	11	13	19	20
10-19.9	24	26	17	14
20-29.9	19	21	11	12
30-39.9	13	25	10	18
40 and over	9	7	4	5

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

Table 25. World trade and international liquidity: change in current dollar value, by country group, 1971-1976

(Percentage change from preceding year)

Item and country group	Average 1971-1976 <u>a/</u>	1974	1975	1976 <u>a/</u>
<u>Exports, f.o.b.</u>				
World	21.0	45.3	4.2	12.7
Market economies	21.2	47.4	2.9	12.9
Developed	19.2	33.2	6.5	10.9
Developing	28.1	102.8	-6.3	18.7
Petroleum-exporting countries <u>b/</u>	39.2	197.3	-7.6	18.0
Other	19.0	37.4	-4.5	19.7
Centrally planned economies <u>c/</u>	18.8	24.6	19.6	11.2
<u>Imports <u>d/</u></u>				
World	20.8	45.0	5.9	12.6
Market economies	20.8	46.7	3.9	13.2
Developed	19.9	42.6	0.4	14.2
Developing	24.4	64.9	17.0	9.7
Petroleum-exporting countries <u>b/</u>	36.2	80.3	44.5	25.3
Other	19.8	59.9	6.9	2.0
Centrally planned economies <u>c/</u>	20.8	27.1	29.9	7.0
<u>International reserves <u>e/</u></u>				
Market economies	18.4	20.1	3.1	12.8
Developed	12.4	1.1	-0.9	7.4
Developing <u>f/</u>	33.3	80.7	10.3	19.4
Petroleum-exporting countries <u>g/</u>	53.5	218.8	20.7	14.9
Other <u>f/</u>	18.8	8.0	-5.9	28.5

Source and foot-notes: See table 18.

Table 26. Centrally planned economies of Eastern Europe and the USSR: foreign trade, by direction, 1971-1976

(Value in billions of current dollars; growth rates in percentage) a/

Origin and destination	Exports					Imports				
	Growth rates					Growth rates				
	Value, 1976 b/	1971-1975	1973	1974	1975	Value, 1976 b/	1971-1975	1973	1974	1975
<u>Eastern Europe c/ to or from</u>										
World	49.7	14.8	14.5	20.1	16.2	10.7	55.8	17.3	20.0	30.6
Centrally planned economies	31.9	14.0	10.6	10.2	24.4	11.0	32.6	14.4	12.0	15.6
Developed market economies	12.9	15.2	24.5	34.0	-2.2	8.8	19.2	22.9	35.3	48.6
Developing countries	4.9	20.1	14.9	57.6	26.5	14.2	4.0	18.1	26.9	74.5
<u>USSR to or from</u>										
World	37.2	15.8	24.1	31.2	15.9	16.6	38.1	20.4	16.8	21.2
Centrally planned economies	18.8	13.7	9.6	17.1	33.5	12.0	16.8	13.7	5.3	6.8
Developed market economies	11.6	26.3	50.1	69.8	-0.2	26.5	15.5	30.5	32.0	36.2
Developing countries	6.8	13.0	37.8	19.3	3.2	14.4	5.8	22.6	39.8	43.1

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

a/ Growth rates were computed from national currency data aggregated in terms of transferable roubles, and thus do not reflect the dollar devaluations of 1972 and 1973. Both exports and imports are expressed f.o.b., except for Hungarian imports which are shown c.i.f. in the national returns.

b/ Data for 1976 are preliminary estimates.

c/ "Eastern Europe" refers to the Eastern European countries members of CMEA (Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland and Romania). Trade partner grouping follows the classification employed by the Statistical Office of the United Nations c.f. United Nations Standard Country Code (United Nations publication, Sales No. E.70.XVII.13), which includes Cuba and Turkey among developing countries and Yugoslavia among the developed market economies.

Table 27. Developing countries: price indices of basic commodities, 1971-1976

Item	Annual percentage change from preceding year				1975 quarters (1970 = 100)				1976 quarters (1970 = 100)				
	Average				First	Second	Third	Fourth	First	Second	Third	Fourth	
	1971-1976	1974	1975	1976									
<u>Export category a/</u>													
Food-stuffs	15.1	51.8	-12.2	3.6	267	212	214	198	207	236	238	249	
Other agricultural commodities	13.3	22.6	-21.9	18.5	185	177	176	174	192	204	221	228	
Minerals	34.6	203.3	3.3	4.9	560	560	557	607	605	590	592	593	
Total primary commodities	26.2	119.7	-2.8	6.1	392	373	372	390	396	400	405	411	
Total primary commodities, excluding petroleum	14.4	41.8	-11.0	7.3	235	203	204	195	204	224	231	239	
Non-ferrous metals	3.2	22.1	-31.9	11.0	114	110	108	103	108	127	132	117	
Total, primary commodities and non-ferrous metals	24.9	113.8	-4.3	6.7	369	352	351	367	373	378	383	387	
Total, excluding petroleum	13.7	40.9	-12.2	7.5	225	176	177	188	196	217	224	229	
<u>Import category</u>													
Developed market economy manufactures	10.6	21.8	12.4	0.6	187	188	178	176	178	180	184	190	
<u>Terms of exchange with manufactures</u>													
Primary commodities	14.0	80.0	-13.3	5.3	210	198	209	222	222	222	220	216	
Primary commodities, excluding petroleum	3.5	17.2	-20.8	6.7	126	108	115	111	115	125	126	126	
Primary commodities and non-ferrous metals, excluding petroleum	2.2	14.3	-26.4	7.6	121	105	110	107	110	121	124	121	

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

a/ Weighted in accordance with the composition of developing country trade in 1970.

Table 28. Major industrial countries: growth in imports from selected regions, 1975-1976 a/

(Percentage change between 1975 and 1976 in current dollar value of imports)

Importing country	<u>Industrial countries b/</u>			Centrally planned economies	<u>Developing countries</u>	
	World	Total	EEC		Petroleum exporters	Other
Canada	12.5	12.3	0.5	14.0	4.9	34.2
France	18.5	19.3	20.4	17.3	16.2	15.2
Germany, Federal Republic of	17.6	16.3	14.5	25.8	19.6	22.7
Italy	14.1	13.2	16.1	33.7	6.2	14.1
Japan	12.2	5.2	7.7	-13.6	13.2	24.7
United Kingdom	4.5	4.9	4.7	24.7	3.7	6.0
United States of America	25.3	20.0	6.9	13.6	47.7	23.0
All industrial countries <u>b/</u>	15.0	12.9	11.9	12.5	20.2	20.4

Source and foot-notes: See table 21.

Table 29. Developed market economies: changes in
consumer prices, 1971-1976

(Percentage change from corresponding period in preceding year)

Item and period	All developed market economies	Major industrial countries <u>a/</u>	Other industrial countries <u>b/</u>	Primary exporting countries <u>c/</u>
<u>Consumer price index d/</u>				
Average, 1971-1976	8.4	8.0	8.5	13.0
1974	13.0	12.9	11.2	17.0
1975	11.1	10.7	10.4	16.8
1976 <u>e/</u>	8.4	7.8	8.5	15.6
First quarter	8.7	8.3	8.9	14.5
Second quarter	8.3	7.8	8.9	14.2
Third quarter	7.8	7.3	8.1	14.8
Fourth quarter	7.7	7.1	8.2	14.5
<u>Retail food prices f/</u>				
Average, 1971-1976	9.8	9.5	8.2	14.1
1976 <u>e/</u>	8.9	8.0	9.3	17.1
First quarter	9.3	8.6	10.1	15.1
Second quarter	8.8	7.9	9.9	15.7
Third quarter	7.4	6.5	8.4	14.9
Fourth quarter	7.3	6.2	8.6	16.5

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.

a/ Canada, France, Germany, Federal Republic of, Italy, Japan, United Kingdom and United States of America.

b/ Austria, Belgium, Denmark, Finland, Luxembourg, Netherlands, Norway, Sweden and Switzerland.

c/ Australia, Cyprus, Greece, Iceland, Ireland, Malta, New Zealand, Portugal, South Africa, Spain, Turkey and Yugoslavia.

d/ Geometric mean of national indices weighted by private consumption in 1970.

e/ Preliminary.

f/ Geometric mean of national indices weighted by food consumption in 1970.

Table 30. Selected developed market economies: unemployment and job vacancies, 1971-1976 a/

Country	Number of unemployed (thousands)				Number of vacancies (thousands)				Percentage ratio of unemployment to vacancies			
	1976				1976				1976			
	1971	1974	1975	1976 b/	1971	1974	1975	1976 b/	1971	1974	1975	1976 b/
				Fourth quarter				Fourth quarter				Fourth quarter
Australia	74	123	269	282	287	41	62	24	180	197	897	1 175
Austria	53	41	55	55	57	56	58	29	95	71	177	190
Belgium	71	105	177	229	248	13	14	4	546	750	1 925	5 725
Canada	552	525	697	736	714	33	92	46	1 673	571	1 223	1 600
Denmark	30	45	103	107	123	4	3	2	750	1 500	10 300	5 350
Finland	49	40	51	90	86	12	30	11	408	133	268	818
France	337	498	840	933	1 034	123	205	124	274	243	771	752
Germany, Federal												
Republic of	189	583	1 074	1 060	1 006	641	315	235	29	185	455	451
Greece	30	27	35	28 c/	18 d/	...	...	...	...	...	...	...
Ireland	42	48	75	84 e/	81 f/	...	...	...	...	...	...	...
Italy	613	560	654	732	777	...	...	...	...	...	...	...
Japan	547	574	870	754	588	452	477	348	121	120	257	217
Netherlands	62	135	195	211	210	107	69	49	58	196	415	449
Norway	12	11	20	20	19	11	10	7	109	110	333	286
Spain	190	150	257	356 g/	375 h/	...	...	...	...	...	...	...
Sweden	45	39	37	33	30	36	49	46	125	80	74	72
Switzerland	-	-	10	21	15	4	3	5	...	...	333	420
Turkey	45	82	117	143 e/	132 d/	32	35	37 e/	141	234	390	386 e/
United Kingdom	776	600	929	1 265 c/	1 300 d/	179	303	150	434	198	619	1 045 e/
United States												
of America	4 993	5 076	7 830	7 288	6 983	...	...	...	...	...	...	...

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on Organisation for Economic Co-operation and Development, Main Economic Indicators (Paris), February 1977.

a/ Because of differences in definition both in measuring unemployment and in determining vacancies, these data cannot be used for intercountry comparison. In general, the figures represent the averages of various registration or sample survey enumerations taken at specific times.

b/ Average for January-December.

c/ January-October.

d/ August-October.

e/ January-November.

f/ September-November.

g/ Average for January-September.

h/ Third quarter.

Table 31. Developed market economies: trends in employment
1970-1976

(Index, 1970 = 100)

Category and country	Total employment			Manufacturing employment		
	1974	1975	1976	1974	1975	1976
<u>Clear upward trend</u>						
Australia	109	109	111			
Canada	118	120	123			
Italy	105	106	107	107	107	108
Japan	108	108	110			
New Zealand	110	112	113			
Norway	103	105	110			
South Africa	109	110	113	113	116	118
Sweden	105	107	108			
United States of America	110	108	112			
Yugoslavia	119	126	133	121	124	128
<u>Clear downward trend</u>						
Denmark				98	88	87
Germany, Federal Republic of	100	96	95			
Netherlands				92	88	85
Switzerland				94	86	80
United Kingdom				95	90	87
<u>Partial recovery in 1976</u>						
Australia				102	94	96
Canada				109	103	104
United States of America				104	95	98
<u>Recession in 1976</u>						
Finland	114	115	113	111	110	104
Luxembourg	108	106	103			
Sweden				108	109	105
<u>Uncertain trend</u>						
Austria				107	102	100
France	102	99	99	103	100	100
Japan				105	99	99
Norway				101	104	102

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on United Nations, Monthly Bulletin of Statistics; and Organisation for Economic Co-operation and Development, Labour Force Statistics (Paris).

Table 32. Developing countries: changes in consumer prices,
1975-1976

(Percentage)

Percentage change in consumer prices in 1976 <u>a/</u>	Countries	Population affected
<u>In countries with less inflation than in 1975 b/</u>	65.8	67.1
Decline	5.3	5.9
0 - 4.9	18.4	39.0
5 - 9.9	18.4	10.9
10 - 14.9	11.8	3.2
15 - 19.9	5.3	5.8
20 and over	6.6	2.4
<u>In countries with more or less the same inflation as in 1975 b/</u>	14.5	15.6
0 - 4.9	-	-
5 - 9.9	5.3	1.2
10 - 14.9	6.6	10.8
15 and over	2.6	3.6
<u>In countries with more inflation than in 1975 b/</u>	19.7	17.3
0 - 4.9	2.6	2.7
5 - 9.9	-	-
10 - 14.9	3.9	0.6
15 - 19.9	2.6	0.8
20 and over	10.5	13.2

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

a/ Up to December 1976 or latest month.

b/ Based on a comparison of average prices in 1974, 1975 and 1976.

Table 33. Developing countries: distribution according to change in consumer prices, 1974-1976

Year-to-year change in consumer price index (percentage)	Percentage of countries		
	1974	1975	1976
Decline	-	-	5
Increase of 0 - 4.9	3	8	17
5 - 9.9	9	18	28
10 - 14.9	17	21	22
15 - 19.9	30	26	9
20 and over	41	26	18

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

Table 34. Selected developed economies: international reserves, a/ 1970, 1974-1976

Country and group	Reserves, end of period				Millions of SDR, 1976	Change during 1976 quarters (millions of dollars)				Reserves, end of 1976 as percentage of 1975 imports
	Millions of dollars					First	Second	Third	Fourth	
	1970	1974	1975	1976						
Major industrial countries										
Canada	50 755	90 532	87 884	96 181	82 784	5 340	-474	2 752	682	23
France	4 679	5 825	5 326	5 843	5 029	501	158	-147	5	16
Germany, Federal Republic of	4 960	8 852	12 593	9 728	8 373	-1 458	-1 531	-233	357	18
Italy	13 610	32 398	31 034	34 801	29 954	3 760	-1 470	1 710	-233	46
Japan	5 352	6 941	4 774	6 654	5 727	131	330	-155	1 574	17
United Kingdom	4 840	13 519	12 815	16 605	14 292	1 368	1 214	1 092	116	29
United States of America	2 827	6 939	5 459	4 230	3 641	458	-615	-85	-987	8
	14 487	16 058	15 883	18 320	15 768	580	1 440	570	-150	18
Other industrial countries										
Austria	15 496	29 992	34 448	36 148	31 114	-466	-155	-1 248	3 570	27
Belgium	1 751	3 430	4 439	4 410	3 796	-51	15	-192	199	47
Denmark	2 854	5 360	5 811	5 225	4 497	-460	-130	-489	491	17
Finland	484	935	877	915	788	320	-196	-388	302	9
Netherlands	460	634	470	498	429	-50	100	-23	2	7
Norway	3 241	6 957	7 109	7 387	6 358	171	-182	368	921	21
Sweden	813	1 929	2 237	2 229	1 919	-125	162	-77	32	23
Switzerland	761	1 736	3 077	2 491	2 144	176	44	-393	-413	14
	5 132	9 011	10 428	12 993	11 183	-447	1 032	-54	2 034	98
Other developed economies										
Australia	8 283	20 837	17 709	18 119	15 600	335	-1 015	1 064	35	28
Cyprus	1 693	4 269	3 256	3 170	2 728	-46	-27	74	-87	28
Greece	209	269	215	294	249	-1	38	42	-	95
Iceland	310	936	931	925	796	-41	-21	78	-23	17
Ireland	54	48	47	81	70	23	14	7	-10	17
Malta	697	1 267	1 532	1 837	1 581	170	-161	139	157	49
New Zealand	158	402	500	622	536	-9	48	46	37	166
Portugal	258	640	428	492	423	154	-147	6	51	16
South Africa	1 504	2 354	1 534	1 302	1 121	-137	-106	50	-29	34
Spain	1 012	1 159	1 216	940	809	264	-459	-134	53	11
Turkey	1 817	6 485	6 090	5 284	4 548	-184	-608	232	-246	32
Yugoslavia	431	1 861	1 064	1 123	967	-162	11	146	64	24
	140	1 147	896	2 049	1 764	304	403	378	68	27
Total, above	74 534	141 361	140 041	150 449	129 498	5 209	-1 644	2 568	4 287	24

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/ Including gold (valued at SDR 35 per fine ounce), SDR, positions in International Monetary Fund, and convertible foreign exchange.

Table 35. Developed market economies: changes in exchange rates of selected currencies against the United States dollar, 1970-1976

Country	Exchange rate of national currency, end of period (United States cents/currency unit)							Percentage change in exchange rate between mid-1971 and end of quarter											
	1970	1971	1972	1973	1974	1975	1976	1975				1976							
								First	Second	Third	Fourth	First	Second	Third	Fourth				
Australia	111.5	119.1	127.5	148.8	132.7	125.7	108.6	12.7	17.6	11.4	11.5	10.8	9.6	9.8	9.6	9.8	-3.6		
Belgium	2.0	2.2	2.3	2.4	2.8	2.5	2.8	43.5	41.1	24.4	25.9	27.4	25.3	32.3	25.3	32.3	38.3		
Canada	9.9	99.8	100.4	100.4	100.9	98.4	99.1	2.0	-0.7	-0.2	0.7	4.0	5.7	5.2	5.7	5.2	1.4		
Denmark	13.4	14.2	14.6	15.9	17.7	16.2	17.3	37.8	36.9	20.5	21.3	23.4	21.9	27.7	21.9	27.7	29.5		
France	18.1	19.1	19.5	21.2	22.5	22.3	20.1	30.8	36.5	21.6	23.0	18.1	16.4	12.0	16.4	12.0	11.0		
Germany, Federal Republic of	27.4	30.6	31.2	37.0	41.5	38.1	42.3	49.1	48.5	31.4	33.3	37.7	35.8	43.5	35.8	43.5	48.0		
Italy	0.2	0.2	0.2	0.2	0.2	0.2	0.1	-1.3	-1.1	-9.3	-8.8	-25.8	-25.8	-27.5	-25.8	-27.5	-28.7		
Japan	0.3	0.3	0.3	0.4	0.3	0.3	0.3	21.6	20.5	18.0	17.0	19.2	20.1	24.2	20.1	24.2	22.0		
Netherlands	27.8	30.7	31.0	35.4	39.9	37.2	40.7	48.9	46.1	30.3	32.6	32.7	30.3	38.8	30.3	38.8	45.1		
Norway	14.0	14.9	15.1	17.5	19.2	17.9	19.3	44.5	43.6	24.6	27.2	28.8	25.6	33.4	25.6	33.4	37.0		
Sweden	19.4	20.6	21.1	21.8	24.5	22.8	24.2	30.8	30.9	14.4	17.6	17.2	15.9	20.4	15.9	20.4	25.0		
Switzerland	27.2	25.5	26.5	30.8	39.4	38.2	40.8	62.1	63.7	49.1	56.4	61.7	65.7	66.9	65.7	66.9	67.2		
United Kingdom	239.4	255.3	234.8	232.3	234.9	202.4	170.2	-0.4	-9.2	-15.6	-16.4	-20.8	-26.4	-30.7	-26.4	-30.7	-29.6		

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

Table 36. Developing countries: balance of trade and changes in international liquidity, 1971-1976.
(Millions of dollars)

Country group	Balance of trade a/			Net change in reserves b/			Net change in other balance- of-payments items					
	1971	1974	1975	1976 c/	1971	1974	1975	1976 c/	1971	1974	1975	1976 c/
<u>Developing countries, total</u>	-3 483	52 442	10 883	30 147	5 230	35 378	8 208	18 762	8 713	-17 064	-2 675	-11 385
Petroleum-exporting countries d/	9 927	85 705	56 316	61 846	3 499	33 085	9 997	9 427	-6 428	-52 620	-46 319	-52 419
Other	-13 411	-33 264	-45 433	-31 699	1 731	2 293	-1 789	9 335	15 142	35 557	43 644	41 034
<u>Western hemisphere, total</u>	-3 585	-6 614	-13 697	-10 497	982	3 990	476	3 513	4 567	10 604	14 173	14 010
Petroleum-exporting countries e/	87	6 545	2 441	918	531	4 573	2 657	225	444	-1 972	216	-693
Other	-3 671	-13 160	-16 138	-11 415	451	-583	-2 181	3 289	4 122	12 577	13 957	14 704
<u>Africa, total</u>	550	10 266	-3 595	-2 369	1 270	7 419	-1 838	1 316	720	-2 847	1 757	3 685
Petroleum-exporting countries f/	2 147	11 963	3 658	5 002	1 460	7 133	-1 537	1 027	-687	-4 830	-5 195	-3 975
Other	-1 596	-1 697	-7 252	-7 372	-191	287	-301	290	1 406	1 984	6 951	7 660
<u>West Asia, total</u>	5 197	57 263	39 889	45 133	1 962	21 089	10 180	7 557	-3 235	-36 174	-29 709	-37 576
Petroleum-exporting countries g/	7 597	62 800	47 070	51 896	1 481	20 694	9 783	7 263	-6 116	-42 106	-37 287	-44 633
Other	-2 400	-5 537	-7 180	-6 763	481	395	397	295	2 881	5 932	7 577	7 058
<u>South and East Asia, total</u>	-5 646	-8 473	-11 715	-2 121	1 016	2 879	-610	6 375	6 662	11 352	11 105	8 496
Petroleum-exporting countries h/	96	4 397	3 148	4 029	27	685	-906	913	-69	-3 712	-4 054	-3 116
Other	-5 742	-12 870	-14 863	-6 150	989	2 194	296	5 462	6 731	15 064	15 159	11 612

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

(Foot-notes to table on following page)

(Foot-notes to table 36)

a/ Exports f.o.b. minus imports c.i.f.

b/ Gold (valued at SDR 35 per fine ounce), SDR, convertible foreign exchange and reserve positions in the International Monetary Fund.

c/ Preliminary.

d/ African, West Asian and western hemisphere petroleum-exporting countries and Indonesia.

e/ Bahamas, Ecuador, Netherlands Antilles, Trinidad and Tobago, Venezuela.

f/ Algeria, Gabon, Libyan Arab Jamahiriya and Nigeria.

g/ Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

h/ Indonesia.

Table 37. Developing country use of international bond and Euro-currency markets, 1975-1976

Item	All developing countries		Petroleum exporters		Other developing countries	
	1975	1976 <u>a/</u>	1975	1976 <u>a/</u>	1975	1976 <u>a/</u>
<u>International bonds</u>						
Public:						
Number of countries	6	9	2	2	4	7
Amount (millions of dollars)	183	782	50	129	133	652
Private:						
Number of countries	4	5	-	1	4	4
Amount (millions of dollars)	60	114	-	10	60	104
<u>Published Euro-currency credits</u>						
Number of countries	37	32	10	7	27	25
Amount (millions of dollars)	10 983	14 729	3 213	4 240	7 770	10 489

Source: Centre for Development Planning, Projections and Policies of the United Nations Secretariat, based on World Bank, Borrowing in International Capital Markets (Washington, D.C.), various issues.

a/ Preliminary.

Table 38. Use of International Monetary Fund facilities,
1974-1976

Country group and item	1974	1975	1976
<u>Developed market economies</u>			
Number of countries with net drawings	10	13	13
net repayments	-	-	1
Amount of drawings (millions of SDR):			
Gross	2 365	2 581	4 146
Net	2 203	2 581	3 649
<u>Developing countries</u>			
Number of countries with net drawings	34	37	46
net repayments	17	10	10
Amount of drawings (millions of SDR):			
Gross	1 688	1 977	2 715
Net	1 274	1 578	1 945

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

Table 39. Developing countries: distribution of reserve ratios, 1976
(Percentage)

Ratio of international reserves at end of 1976 to merchandise imports, 1975	Countries	Population	Gross domestic product
Less than 8.33	13	3	3
8.34-16.67	17	8	7
16.68-25.00	7	13	16
25.01-33.33	11	10	7
33.34-41.67	11	11	26
41.68-50.00	7	3	3
50.01-58.33	9	38	17
58.34-66.67	-	-	-
66.68-75.00	8	2	3
75.01 and over	16	13	18
Total <u>a/</u>	87	16	29

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/ Number of countries for which international reserve data are available; mid-1973 population in millions; 1973 gross domestic product in billions of dollars.

Table 40. Developed market economies: growth of gross product, actual 1971-1976, forecast 1977
(Percentage change from preceding year)

Country and group	Actual			Forecast, 1977				
	Average 1971-1976	1975	1976	National	OECD	LINK <u>a/</u>	NIESR <u>b/</u>	Other <u>c/</u>
<u>Developed market economies</u>	3.2	-1.2	5.2		4.5 <u>d/</u>		4.5	4.0-4.5
Seven major countries <u>e/</u>	3.1	-1.4	5.5	4.5	4.0	4.8	4.4	
Canada	4.6	0.6	4.6	3.5	3.5	3.1	3.7	3.0
France	3.8	-1.3	4.9	4.8	3.0	3.4	3.2	3.0
Germany, Federal								
Republic of	2.3	-3.3	5.6	4.5-5.0	3.5	5.6	5.0	5.0
Italy	2.7	-3.7	5.5		0	-0.5	2.9	0.5
Japan	5.6	2.4	6.3	6.7	6.0	5.4	6.5	6-7
United Kingdom	1.8	-1.3	0.9	1.5	1.0-1.5	1.8	0.9	1.5
United States of America	2.7	-1.7	6.1	4.9 <u>f/</u>	4.5 <u>d/</u>	5.4	5.0	4.5-5.0
<u>Other European countries</u>								
Austria	4.0	-2.0	4.8	4.0	3.25	4.6	4.0	3.0-4.0
Belgium	3.6	-2.0	3.9	4.0	2.5	4.2		4.0-5.0
Denmark	2.6	-1.0	4.8	2.5	1.75		2.0	1.0
Finland	3.5	0.1	1.0	5.0	3.5-4.0	0.7	3.0	1.0 <u>g/</u>
Greece	5.2	6.4	5.8		5			4
Ireland	2.7	-0.5	3.5		2.5		3.3	2.5
Luxembourg	2.0	-7.7	2.9					3
Netherlands	3.2	-0.9	3.7	4.5	3.25	4.3	3.5	
Norway	4.7	3.3	5.9	8.0	7.0		7.0	6-7
Portugal	5.3	-2.7	5.0	5.0				
Spain	4.9	0.8	2.0		1.5		2.5	2
Sweden	2.2	0.5	2.0	1.7	2.25	1.5	1.5	0.2, 2.5
Switzerland	0.5	-7.4	-0.8	-0.1	1.5		1.5	4.0
Turkey	7.6	8.8	8.1	7.3				
Yugoslavia	5.7	3.7	3.8	5.5				
<u>European Economic Community</u>	2.6	-2.2	4.3		2.5			3.5
<u>Southern hemisphere</u>								
Australia	3.3	-0.2	1.3		3.25	1.0	3.5	
New Zealand	2.2	-1.0	-1.5		-0.5		-1.0	
South Africa	3.7	2.1	1.4				-3.0	1.0

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, Economic Outlook (Paris), December 1976, and revised forecasts, March 1977 and country Surveys; LINK project pre-linkage forecasts (New York), March 1977; National Institute of Economic and Social Research, National Institute Economic Review (London), February 1977; Commission of the European Communities, The Economic Situation in the Community (Paris), December 1976; and national sources.

a/ International Research Group of Econometric Model Builders.

b/ National Institute for Economic and Social Research.

c/ The United Nations Economic Commission for Europe, the Commission of the European Economic Community, the Economist Intelligence Unit, Conference Board of Canada, Paris Chamber of Commerce, various private research institutes and banks in Japan, Bank of America, Austrian Institute for Economic Research, Swiss Bank Corporation, Report of the Danish Economic Council's Three Chairmen, Economic Committee of the Industrial Council for Social and Economic Studies, Sweden, Economic Research Institute, Sweden.

d/ In March 1977, OECD forecast that stimulative measures in the United States economy would boost United States growth to an annual rate of 6 per cent by the second half of 1977 and would result in raising economic growth in the OECD area to an annual rate of about 4.5 per cent in the latter part of 1977.

e/ Weighted by GDP/GNP 1970, except in the case of the OECD forecasts for which 1975 weights were used.

f/ In May 1977, the Secretary of the Treasury of the United States of America stated that signs in the economy indicated that the Administration's goal of a 6 per cent growth in gross national product from the fourth quarter of 1976 to the fourth of 1977 was "likely to be achieved".

g/ Estimate of the Foreign Service, Department of State of the United States of America and released by the United States Department of Commerce.

Table 41. Developed market economies: unemployment rates,
actual 1976, forecast 1977 a/
(Percentage)

Country and group	Actual 1976 annual average	1977 forecast <u>b/</u>			
		OECD	EEC	NIESR	Other <u>c/</u>
<u>OECD member countries</u>	5.0	5.25			
<u>Major industrial countries</u>					
Canada	7.2	7.5		+	
France	4.5	5.0	5.1	o	
Germany, Federal Republic of	4.1	5.6	3.7	-	
Italy	3.7		4.3	+	
Japan	1.9	(1.9 (1.75 (IV)			
United Kingdom	5.2	6.5 (IV)	5.9		
United States of America	7.7	7.25 (IV)			6.5-7.0 (IV)
<u>EEC <u>d/</u></u>	4.5		4.9		
<u>Other countries</u>					
Australia	4.4	+		+	(I)
Austria	2.0	+			
Belgium	6.1		6.6	+	
Denmark	5.0	6.0	5.6	+	
Finland	3.5	+		+	3.0
Ireland	9.5	+	9.5	+	
Netherlands	4.7	o	4.4		
Norway	1.3	-			
Sweden	1.6	+			3.0-4.0

Source: See table 40.

a/ Because of differences in definition, unemployment rates cannot be compared between countries.

b/ The Roman figures in parentheses indicate the quarter to which the forecast applies; qualitative forecasts are indicated by + (increase), - (decrease) and o (no change).

c/ Government of the United States of America; Wharton Forecasting Institute, University of Pennsylvania; Bank of America; Economic Department, Ministry of Finance, Finland; Economic Committee for Economic and Social Studies, Sweden.

d/ In order to ensure comparability between 1976 and 1977, the data used for EEC and individual EEC countries are those computed by the Commission of the European Economic Community. Because of differences in coverage they may differ from other unemployment figures appearing elsewhere in this report.

Table 42. Developed market economies: year-to-year changes in
consumer prices, actual 1976, forecast 1977
(Percentage)

Country and group	Actual, 1976	Forecast, 1977				
		National	OECD	Pre- LINK <u>a/</u>	NIESR	EEC <u>b/</u>
<u>Developed market economies</u>	8.4		7.75		8.3	
Seven major countries	7.8		7.5			
Canada	7.5		6.5 <u>c/</u>	8.9	7.0	
France	9.6	6.5	8.75	7.9	7.5	8.5
Germany, Federal Republic of	4.5	4.0	4.0 <u>c/</u>	4.6	4.0	4.0
Italy	16.8	20.0	20.5	20.0	18.0	20.0
Japan	9.3	8.8	9.5	6.9	8.5	
United Kingdom	16.5	13 <u>d/</u>	13+	12.2 <u>e/</u>	14.2	14.0
United States of America	5.8	6.7 <u>f/</u>	5.25 <u>c/</u>	6.2	6.2	5.9
<u>Other European countries</u>						
Austria	7.3	6.25	6.25	6.3		
Belgium	9.2		8.75	6.5		8.0
Denmark	9.0		9.0			8.5
Finland	14.4	10.0-11.0	10.0	12.2		
Greece	13.2		16.0 <u>c/</u>			
Ireland	18.0		13.0			15.0
Luxembourg	9.8					8.0
Netherlands	8.8	7.0	6.75	6.9		7.5
Norway	9.2	8.2	8.5			
Portugal	21.1	15.0				
Spain	17.7		14.0			20.0
Sweden	9.8	6.0 <u>g/</u> -8.5 <u>g/</u>	9.0	8.0		9.0-10.0
Switzerland	1.7	2.0	2.5			
Yugoslavia	10.8	10.0				
<u>European Economic Community</u>	10.1		9.5			9.5
<u>Southern hemisphere</u>						
Australia	13.9		10.0	15.8		
New Zealand	17.0		13.25			

Source: See table 40.

a/ Gross domestic product deflator, except in the United Kingdom.

b/ Except for Spain, Sweden and the United States of America, for which the respective sources are the Economist Intelligence Unit, the Economic Committee of the Industrial Council for Social and Economic Studies, Sweden and the United States Business Council.

c/ National accounts implicit price deflator.

d/ From fourth quarter 1976 to fourth quarter 1977.

e/ Consumer price index.

f/ From December 1976 to December 1977.

g/ From January to December 1977, depending on wage settlements.

Table 43. Developed market economies: year-to-year changes in the volume of international trade, actual 1976, forecast 1977
(Percentage)

Country and group	Exports				Imports						
	Actual, 1976	Forecast, 1977			Actual, 1976	Forecast, 1977					
		National	OECD	Pre-link		EEC	National	OECD	Pre-link	EEC	
<u>Developed market economies</u>	8.5 a/		6.5		11.1 a/		6.25				
<u>Major industrial countries:</u>											
Canada	9.2		7.0		12.6		6.75			3.8	
France	8.6		7.5	4.7	8.1		5.75			6.5	3.6
Germany, Federal Republic of	10.5	9.3	7.25	7.9	17.1	7.1	6.0			12.2 b/	7.6
Italy	10.9	9.5	7.5	14.8 b/	11.4	9.0	7.5			5.0	0
Japan	12.2	8.0-9.0	7.25	9.0	16.6	4.0	-1.25			7.9	
United Kingdom	17.1	5.4 c/	4.5	8.1	7.9	7.1 g/	12.0			5.1	2.6
United States of America	5.4	8.5, d/ 10.5 e/	7.75	6.9	5.0	1.5, d/ 5.0 g/	2.25			15.0	
	5.6		7.25	8.9	17.2		8.5				
<u>Other countries:</u>											
Australia	3.6		5.0	12.0	-4.0		7.5			3.3	
Austria	7.0	7.0	6.0	10.9	14.5	6.5	5.0			9.1	
Belgium	3.0	6.0	6.0 f/	10.5	4.0	5.0	4.75 f/			11.0	6.1
Denmark	6.8	6.0	5.0 g/		17.2	-	1.0 g/			2.5	
Finland	15.5	14.5	10.0	10.0	-4.0	7.5	8.0			2.1	
Ireland	10.2	10.2	4.0		18.0	-	3.5			4.0	
Netherlands	9.0	8.5	4.5	8.3	8.5	7.0	3.25			8.8	4.5
Norway	7.8	15.3	13.0		10.3	4.0	2.0				
excluding oil and shipping		12.0	5.5			10.2	5.0				
Spain	9.5		6.0		2.5		1.0				
Sweden	7.0	7.0	5.5	5.0	4.3	2.5	5.5			6.0	
Switzerland	9.3	4.5	4.5		12.3	4.4	5.0				
European Economic Community	8.5				7.0						4.0

Source: See table 40.

a/ Based on data for 19 countries.

b/ Nominal value.

c/ Fiscal year, April-March.

d/ Central forecast of change between second half of 1976 and second half of 1977.

e/ Variant based on an assumed improvement in industrial performance.

f/ Including Luxembourg.

g/ Excluding ships and aeroplanes.

Table 44. Centrally planned economies of Eastern Europe and USSR: trends in national output, planned and actual, 1970-1980
(Percentage change)

Country	Net material product				Industrial output				Agricultural output			
	Actual		Planned		Actual		Planned		Actual		Planned	
	1971-1976, average	1976	1977	1976-1980, average	1971-1976, average	1976	1977	1976-1980, average	1972-1976, average	1976	1977	1976-1980, average
Bulgaria	7.8	7	8.2	7.7	9.0	8	9.2	9.2	2.2	3.1	4.0	3.7
Czechoslovakia	5.4	4	5.2	4.9-5.2	6.5	5.5	5.3	5.7-6.0	2.5	-2.7	8.2	2.6-2.8
German Democratic Republic	5.1	3.7	5.5	5.0	6.4	5.9	5.1	6.0	2.3	-9.8 b/	2.8 c/	3.0 c/
Hungary	5.7	3	6-6.5	5.4-5.7	6.0	4.1	6	5.9-6.2	3.4	-3	7-8	3.2-3.4
Poland	9.3	6.6	5.7	7.0-7.3	10.3	9.8	6.3-7.3 d/	8.2-8.5 d/	3.4	-1.1	5.3	3.0-3.5 e/
Romania	11.2	10.5	11.3	10-11	12.7	11.5	10.5	10.1-11.2	5.3	17.2	1.9-13.6	5.1-7.6
Total, Eastern Europe	7.6	6.0	6.9	6.8-7.1	8.6	7.9	6.9	7.5-7.8	3.3	1.0	5.9	3.3-3.9
USSR	5.6	5 f/	4.1 f/	4.7 f/	7.0	4.8	5.6	6.3	2.1	4	7.8	3.0
Total, Eastern Europe and USSR	6.1	5.3	4.9	5.3-5.4	7.4	5.7	6.0	6.6-6.8	2.5	3.0	7.4	3.1-3.3

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

b/ Change in net value added; gross output change is likely to be smaller, perhaps -5 per cent.

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

d/ Value of output sold.

e/ Average annual compound rate between terminal years.

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

Table 45. Commodities in world trade: price indices, 1976 and 1977, first quarter

Commodity	1976 index (1970 = 100)	Index (corresponding period of preceding year = 100)	
		1976	1977, First quarter
Cereals	204	88	92
Coffee	278	189	230
Cocoa	292	133	205
Tea	142	107	184
Beef	168	107	114
Sugar	237	58	66
Copra	126	107	205
Ground-nuts	177	93	133
Palm kernel oil	130	102	174
Palm oil	154	93	139
Soya beans	198	105	155
Wool	234	115	112
Cotton	255	133	126
Jute	114	84	106
Sisal	405	84	100
Rubber	193	142	118
Bauxite	276	103	119
Petroleum	680	105	106
Aluminium	152	108	113
Copper	100	114	116
Lead	151	109	162
Tin	205	110	146
Zinc	248	98	102
Manufactured goods	183	101	108

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

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