West European tariffs and quotas are even more damaging to primary commodity trade. Nearly all agricultural products are subjected to quotas and tariffs. On some products including coffee, cocoa, and bananas, European countries levy excise tax for revenue purposes. In addition, some European countries give trade preferences to countries with which they have historical ties. The United Kingdom offers a preference in its markets to members of the Commonwealth, not all of whom are less developed countries. The African countries associated with the European Economic Community will also enjoy a preference in selling to the European Common Market. Now that the United Kingdom and other European countries propose to join the EEC, new preferences favoring certain primary producing countries may be established.

There has been a tendency on the part of the industrial countries to become increasingly self-sufficient in Temperate Zone primary products. Primary commodity production has increased in the industrial countries by about as much as in primary producing countries in the last 30 years, and over the same period the industrial countries have expanded food production by more than the nonindustrialized countries. While industrial countries have made substantial progress in reducing barriers to trade in manufactures, little progress has been made in reducing barriers on imports of primary goods from the less developed countries.

Policy recommendations

While the United States and Western Europe have become increasingly aware of the needs of the less developed countries for economic assistance, they have been less willing to undertake measures for broadening the export markets of the products of the less developed countries. In many ways the expansion of export markets is more important than technical and financial assistance, since without markets for their products, less developed countries cannot expect to achieve a condition of self-sustaining economic growth. While a fuller discussion of the commercial policies of industrialized countries is reserved for part V of this study, it is recommended that the United States and Western Europe, both unilaterally and through such organizations as the GATT and the OECD, adjust their domestic and external trade policies with respect to primary commodities so that the primary producing countries will enjoy a larger share in the growth of world demand for these commodities. In addition, no action should be taken by industrialized countries which will seriously impair the exports of primary producing countries.

In addition to the adoption of policies which will promote the longrun expansion of world markets for the commodities of primary producing countries, members of the OECD should cooperate with the primary producing countries in establishing an insurance fund along the lines recommended by the U.N. experts' report discussed above. In saying this, however, we do not imply that we are in agreement with every aspect of this proposal.