gap between consumption and production is growing. Metal manufacturers are an important element in the exports of industrial countries and cost-raising trade restrictions are not welcomed by domestic producers in competition with foreign producers. For these and other reasons, such as the fear of rapid depletion of remaining resources, the industrial countries do not maintain extensive trade restrictions on many minerals.

The United States, however, has a tariff of 1.7 cents per pound of unmanufactured copper and in 1958 introduced quotas on lead and zinc. Previously, these two metals had been subsidized to some extent. The quotas are temporary and the present administration appears to be opposed to an extension of trade restrictions and is on record as favoring an internationally negotiated solution. Recently Congress enacted a 4-year subsidy program for lead and zinc designed to halt the contraction of domestic production. The effect of U.S. restrictions, whether quotas, tariffs, or domestic subsidies, is to cut down U.S. imports of these products. Petroleum is another exception to the generally liberal minerals policy of industrial countries. A "voluntary" U.S. quota was superseded by a mandatory quota in 1959. Without doubt the oil quota diminishes the volume of U.S. imports. One authority estimated that if the quota were abandoned the increased imports from Latin America alone would be $500 million to $1 billion.[11]

3. Impact of reducing barriers

The elimination of restrictions on trade in primary commodities would probably result in a significant increase in the exports of less developed to industrial countries. The market share of less developed countries would increase for a considerable period of time. Eventually, the basic primary product export trend, determined by the nature of demand, would reassert itself. The level of exports of less developed countries in the meantime would have been raised substantially above the present level.

The estimates of demand of the industrial countries given earlier have taken into account some liberalization of commodity trade restrictions. An increase of 70 percent in exports from less developed to industrial countries over the next years is not consistent with the present level of restrictions. An elimination of restrictions, however, would probably permit an even greater expansion of exports of less developed countries and would help to reduce the potential deficit faced by these countries 20 years from now.

4. Protection of raw material processing

One important area of manufacturing into which less developd countries might expand is the further processing of their own primary commodities and exporting the processed goods. Industrial countries maintain substantial barriers against these goods at the present time. For example, many European countries do not have any barriers against cocoa beans and those countries which do—West Germany, Austria, Sweden, and the United Kingdom—have duties of less than 10 percent. On the other hand, there are much higher barriers against cocoa powder, paste, and butter. West Germany's tariff on processed

[11] Louis O. Delwart, "The Future Latin American Exports to the United States: 1965 and 1970"; National Planning Association, Washington, 1960, p. 99, table 17.