

While the total value of their aggregate exports has been increasing year by year, from \$21 billion in 1953 to \$27.3 billion in 1960 to \$36.5 billion in 1965, the developing countries have not shared proportionately in the dramatic growth-promoting spurt of world trade during the postwar era. Thus while the developing countries account for about 27 percent of world exports in 1953, this figure dropped to about 22 percent in 1960 and dropped further to less than 20 percent in 1965.

The root causes of this situation have been well documented in numerous academic studies as well as reports of various intergovernmental institutions. First and foremost is the heavy dependence of the developing countries on exports of primary commodities. About 85 percent of the export earnings of the developing countries as a whole is accounted for by exports of nonmanufactured primary agricultural commodities, crude minerals and metals, and petroleum. The dependence of particular developing countries on exports of a single product is even more striking, for example coffee, cocoa, rubber, sugar, cotton account for very heavy percentages—up to 80 percent—of the total export receipts of particular countries.

With the exception of petroleum, these commodities are not a dynamic and dependable source of foreign exchange. They are, by and large, subject to a low-income elasticity of demand; their prices fluctuate sharply because of variations in supply or cyclical changes in demand; several of them face growing competition from synthetic substitutes; and many are being produced in increasing quantities in the industrialized countries themselves.

In this situation, it is not at all surprising that the developing countries have been focusing their attention on an acceleration of industrialization and industrialization for export. World trade in manufactures has consistently exceeded the growth of world trade generally. The developing countries are anxious to break out of the straitjacket of dependence on a narrow range of products with an unpromising outlook in hopes of rapidly increasing the foreign exchange earnings they need to pay for their ever-increasing imports.

The developing countries have already achieved a measure of success in this regard. An analysis of imports of manufactures, from developing countries to the OECD countries combined,¹ reveals a yearly rate of increase of 15.5 percent between 1960 and 1964 and an increase of 16 percent from 1964 to 1965. An analysis of 49 commodity groupings over the 10-year period 1956–65 indicates an increase of 215 percent. (See table 4.) This relatively favorable picture, however, must be interpreted with some caution. First, exports of manufactures from developing countries are still only the small visible part of the iceberg—85 percent of their earnings are still accounted for by the unpromising primary or crude materials sector; secondly, the commodity composition is fairly narrow and concentrated on certain products, such as textiles, where they cannot expect large increases—indeed, the whole textile sector is fairly rigidly regulated at the present time under the international long-term arrangement governing trade in cotton textiles; and finally, only a relative handful of the 100-plus developing countries are currently benefiting from the recent rapid

¹ United States, Canada, Western Europe, and Japan.