increase in exports of manufactures and semimanufactures—African countries, for example, are almost totally absent from the figures on exports of manufactures.

TABLE 4.—LESS DEVELOPED COUNTRIES' EXPORTS TO THE OECD AREA BY CATEGORIES OF PRODUCTS

Category	Amount (millions)				Increase from 1956 to 1965 (percent)
	1965	1964	1960	1956	
Textiles and clothing (8 groups)	$1,122	$10,20	$598	$301	273
Foodstuffs and tobacco (8 groups)	462	428	315	256	80
Precious stones and jewelery (2 groups)	378	196	62	54	600
Articles of wood and furniture (4 groups)	170	159	61	39	336
Leather, leather and rubber articles, and footwear (6 groups)	174	158	105	79	120
Iron, steel, and metal articles (2 groups)	140	124	71	51	175
Chemicals (4 groups)	146	103	75	80	83
Paper and paperboard and manufactures thereof (2 groups)	11	12	3	10	10
Glass and ceramics (3 groups)	12	11	3	2	500
Miscellaneous (10 groups)	255	207	93	40	538
Total (49 groups)	2,870	2,417	1,393	912	215

Source: OECD Secretariat.

B. *The Administration's approach to improving developing countries' export earnings*

At the present time, and for the decade ahead, trade in primary products will continue to be the main source of export earnings of the developing countries. If we want to help these countries improve their trade earnings as a means to development, commodity trade is the place to begin.

1. *Primary commodities.*—This trade is plagued by a variety of problems: by persistent overproduction in some key products; by wide and destabilizing price swings in other key products; by severe competition from both natural and synthetic products produced in the industrialized countries, often under highly protectionist regimes; and by preferential arrangements in certain advanced countries that favor one group of primary producers over others.

There is no one solution to this range of problems. What is needed is a multifaceted approach tailored to the problems of specific commodity markets.

In the case of coffee which is the single most important agricultural commodity in the trade of the developing countries and absolutely critical to Latin America and certain African countries, the key problem is structural overproduction.

The International Coffee Agreement, which we helped to develop and actively support, has conducted a valuable holding operation. It averted a disastrous collapse of prices that threatened coffee trade in the early 1960's and it has kept coffee prices reasonably stable by supply control: that is, by keeping exports in line with demand. But more coffee is being produced than the world wants to consume: land, labor, and capital are being wasted in surplus production; and this very surplus production is undermining the agreement.

The critical next step is to help the producing countries move resources out of surplus production into more rewarding uses. We would hope to see a diversification fund become an integral part of the Coffee