Agreement. Access to the funds would be open to countries pursuing appropriate policies to curb coffee overproduction, and the funds themselves would be used for investment in products with a more promising future, including importantly food for domestic consumption where this is feasible.

At the Latin American summit meeting in Punta del Este, President Johnson made clear our willingness to lend $15 million to help initiate a coffee diversification fund that would be financed on a continuing basis by the producing countries themselves; and to match the contributions of other consuming countries by an additional loan of up to $15 million. The International Coffee Organization is working closely with the World Bank in developing the main features of the diversification fund.

Cocoa, a critical export earner for Ghana, Nigeria, and other African and Latin countries, is notoriously subject to wide swings in price because of variations in supply due to weather and insect attack. Cocoa prices averaged 17 cents a pound last year, 36 cents in 1959, 29 cents a few months ago. We cannot disregard the impact of these price fluctuations on the economic and political stability of the producing countries.

Negotiations looking toward an international cocoa agreement foundered in 1963 on the question of price. Producers wanted a price range that consumers believed would encourage overproduction, saddle the market with burdensome stocks, check consumption, and encourage the shift to substitutes. In the years since then, further consultations have been held both on price and on the mechanics and financing of a workable buffer stock scheme. Differences have narrowed appreciably and there is reasonable prospect that an agreement can be consummated in the near future that would give producing countries steady growing earnings and assure consumers a stable supply at reasonable prices.

The outlook is less promising in the case of sugar. The International Sugar Agreement has not been operative for many years—in fact, since Cuba refused to accept the rules. Our own trade is governed by our domestic sugar legislation which provides premium prices for supplying countries to the extent of their import quotas in our market. But the world market price has been seriously depressed for some years and adversely affects many low-income suppliers that sell a substantial volume of their output at the world market price.

Efforts to negotiate an international agreement that would strengthen the world price have proved to be very difficult, complicated by Cuba's intransigence on the matter of supply control, and by the unwillingness of certain advanced countries to provide reasonable access.

For many primary products of importance to the trade of the poor countries, improved access to the markets of developed countries is a major concern. Indeed, more than half of their commodity trade, petroleum apart, competes with similar or identical products produced and exported by the rich countries. Their mineral ores and metal exports face few trade barriers in the industrialized countries; demand is buoyant and future prospects are reasonably good. Natural rubber and some tropical fibers are similarly traded freely but the