

Nevertheless, it is quite clear that the less developed countries have not achieved what they consider to be an acceptable level of economic activity and industrialization, and that we will have to focus our efforts in the future on working out policies which will help them.

But the trade problems of the developing countries need to be looked at in perspective. The prepared statement makes clear that in terms of present trade, the vast bulk of their export earnings come from exports of primary products. The figure is about 85 percent. And, therefore, the question of trade and pricing of primary products, particularly tropical products, is of extreme importance to the developing countries.

I think, however, that the U.S. Government has a fairly well-established and longstanding policy of trying to deal with trade in primary products, in the first instance by achieving improved access to markets, by eliminating tariff and nontariff barriers as well as internal taxes, where that is possible.

Commodity policy has to be pretty much on a case-by-case basis. It has been possible to work out commodity agreements in some areas. And we are looking into other areas where it may be possible in the future. This again is spelled out in the statement where the history, for example, of the coffee agreement, and the prospects for negotiation of a cocoa agreement are reviewed.

The second area where we think the developing countries can improve their economic and trade position is through regional integration. The problems of regional integration for the developing countries are substantially different from those in Europe that had to be solved to achieve what is now called the European Communities, instead of the European Economic Community. But the advantages which would flow from larger markets, we think, are just as important for the developing countries as for the industrialized countries.

In the case of Latin America in the recent meeting at Punta del Este there was an undertaking that the Latin American countries themselves would move toward a common market. It is expected to be achieved over a number of years. And we think this will have major benefits for the developing countries and the industrialized countries as well.

The third area covered in our paper, which I would like to spend a little more time on, is the question of special tariff treatment or preferences for the trade of the developing countries, particularly in manufactured and semimanufactured goods.

The reason I would like to devote a little more time to this subject is that it is really the major trade policy problem that we may be facing in the coming months and years.

The developing countries have argued that most-favored-nation treatment is really not most-favored-nation treatment, not equal treatment, when you have such wide disparities of economic strength and ability to compete.

Just as some people in this country feel they are disadvantaged, so the developing countries feel they have suffered a disadvantage, and they need what might be called a "head start" in international trade terms. They press their request in this field in the form of a proposal for a generalized system of nonreciprocal preferences. What this means is that all the industrialized countries would give to all the developing countries preferential treatment. I think they have all gen-