countries. Some progress was made in the grains agreement of the Kennedy Round. This calls for a joint allocation of food aid among both importing and exporting countries. The issues, however, are broader than providing coordinated food aid. Developed countries in exploring the possibilities of coordinated action to improve the trading relations and to accelerate growth in developing countries should explore a number of questions. These include:

1. The degree to which international cooperation is useful in providing and financing aid, including food aid.
2. The extent to which preferential trading relations and reduction in barriers on imports from developing countries is feasible.
3. The extent to which financial arrangement and positive marketing aids to encourage exports from developing countries can be instituted.
4. The role that international commodity arrangements could play and the form they should take to be politically acceptable and economically useful to developed and developing countries.

International commodity agreements, in particular, have been viewed as one approach to improvement in the trading position of less-developed countries. Their adoption, however, has been limited. Some efforts have been instituted by the International Monetary Fund to provide compensatory financing of export fluctuations that tend to equalize earnings from export over time. The problem of the extent of use of commodity and financial measures and possibilities for international cooperation in developing programs are important issues in trade policy toward developed countries.

Other measures to guarantee export earnings have recently been discussed by the U.N. that need to be considered jointly. Over time most developed countries have instituted a set of nationalistic policies that pay little regard to its impact on less-developed countries. Import restrictions on tropical products with differentials related to degree of processing have already been noted as a case in point. Trade restrictions and subsidies on trade in commodites such as oils and oilseeds reduce the earning from competing exports in less-developed countries. Through this process, international prices are driven to unrealistically low levels with major consequences for competing third countries. These market disruptions are essentially discriminatory against developing countries and cannot be reduced without direct cooperation of all advanced countries.

But, eliminating discrimination against developing countries is not the end point of needed policy coordination. The call has recently been sounded for trade preferences on a general basis for developing countries. Present international arrangements, including the EEC arrangements with overseas territories and the British preferential system in particular, provide certain trade preferences. On the whole, however, these arrangements provide preferences for certain countries over others in the markets in question and do not deal with the question of preferential trading relations between developed and developing countries. This more general question cannot be handled short of major policy coordination among all advanced countries. In the face of preexisting biases toward regionalization among continental European countries and toward more general most-favored-nation treatment in the United States, this may represent the No. 1 immediate challenge in international policy confronting the United States.