

favorable; high prices during the Korean crisis bringing expansion of supply for many products, notably minerals and tree crops; new countries, seeking additional foreign exchange sources, turning to expanded commodity production as the easiest way to compete in world markets. In the past 15 years, regions that previously exported little coffee, tea, or petroleum have entered the world market as significant producers.

The net effect of LDC export supply growth outpacing demand growth for their products was a general reduction in commodity export prices during the period. The UN index of LDC export prices declined from 113 in the 1951 boom to 100 in 1952, and drifted down to 84 in 1962. Subsequently, agricultural commodity prices rose and LDC export unit values were about 5 percent above 1962 levels at the end of 1964. Atlantic Community export prices meanwhile remained relatively stable, so that terms of trade (export price index divided by import price index) of LDC's declined by about 8 percent over the 1952/53-1962 decade, and by about 5 percent for the period 1952/53-1964.

Although the quantity of LDC exports rose more slowly than the Atlantic Community's, there was a substantial increase in total LDC export quantity and value during the decade following the conflict. LDC commodity export values rose from about \$18 billion equivalent in 1952 to about \$28 billion in 1964.³ If these figures are corrected for terms-of-trade declines during the interval, purchasing power of LDC commodity exports apparently rose by about \$7 billion equivalent during the 13-year period, or at the compound rate of 2¾ percent annually. This is much slower than the real growth rate of Atlantic Community exports or of LDC manufactured exports, but it is by no means negligible, compared with LDC export growth over the past 50 years. A continuation of this trend would result in a doubling of 1952 commodity export value by 1977.

In discussing the commodity trade situation of some 70 countries, there is a great deal of variation, perhaps too much to allow any all-inclusive statement. However, a few points seem clear:

1. Many Latin American and Asian countries will be able to rely less and less on commodity trade for financing import growth.
2. The Middle East and Africa are better off, thanks largely to petroleum in the former region and favorable supply conditions for a number of products in the latter.
3. Two conditions will tend to favor the growth of any country's commodity export trade:

Low-cost productive potential, even if the particular commodity faces sluggish world demand (as in the postwar expansion of African tea and sisal exports).

Specialization in products with good demand prospects (as in Peruvian fishmeal trade, African copper exports, Middle East oil, or Malayan tin).

4. For most countries, this last condition does not apply. Those that are semi-industrial (India, Brazil, Argentina, Mexico, Taiwan) can hope to shift increasingly from commodities to manufactured exports, although this is no easy task. Those whose industry is not yet established have even fewer trade alternatives. For them, unless tourism or other service industries can be developed, the foreign ex-

³ UNCTAD, "Handbook of International Trade Statistics" (E/Conf. 46/12 Add. 1), Feb. 28, 1964; "Monthly Bulletin of Statistics," April 1965.