1. LDC exports of manufactures are small compared with both total LDC exports (about 10 percent) and with world exports of manufactures (about 4 percent). On the other hand, the South buys nearly one-fourth of the manufactured products entering world trade.

2. This Southern export trade is very specialized. The handful of developing countries that export manufactures in quantity have so far concentrated either on light manufactures with a high labor content (carpets, textiles, footwear, clothing) or on processing local raw materials, with a rather small value added by manufacture (metals, plywood, jute products). The degree of this concentration is great by country, region, and product: nearly half of LDC manufactured exports come from two countries; one-third of LDC manufactured exports are textiles; two-thirds of all LDC manufactured exports are from Asia.

3. The export concentration is matched by import concentration. The United States and the United Kingdom account for nearly half of all Northern imports of manufactured products; both countries take more than 10 percent of their manufactured imports (including metals) from the South.

4. The rapid growth of world trade in manufactured products shows no signs of slowing down; this tends to reinforce the preference of the foreign exchange-starved South for industrialization as the high road to development.

This sounds obvious and innocuous enough. But on consideration, it turns out to imply some intractable problems. The fact that the South is a large importer and a small exporter of manufactured products means that it has a comparative disadvantage, or that money costs do not reflects real costs (as, for example, where industrial wages are maintained at higher levels than required to call forth a given labor supply).

Almost all underdeveloped countries will have to change their economic structures and, often, their economic policies before they can export these products. The North does tend to erect high tariff barriers against labor-intensive manufactures as demonstrated below. The effect is to discriminate somewhat against LDC's. In terms of today's realities, that discrimination is confined to the semiindustrial countries; and elsewhere, to the rather limited prospects for materials processing and refining.

Therefore, the UNCTAD contention that preferential access (and to a lesser extent, nonpreferential reduction of Northern trade barriers) will be the catalyst for industrial development implies one or more of the following beliefs: (1) Northern protection is so high that tariff preferences will allow today's inefficient industry to compete; (2) access to the vast Northern market will encourage new domestic and foreign investment on a scale that will permit preference-aided Southern industries to reduce costs through economies of production by large scale firms; (3) preferences will encourage those more widely diffused economies, arising from the growth of industries in general, that ultimately transform economic and social structures; (4) the preferential system will benefit only the semiindustrial countries directly, but the repercussions will ultimately influence the most backward countries, by increasing world demand for their commodities, by concentrating the flow of foreign aid toward them, or by a gradual