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RECENT DEVELOPMENTS IN COMMODITY EXPORTS FROM THE DEVELOPING COUNTRIES

Note by the Secretariat¹

I. Developments in 1968

1. The aggregate value of exports from the developing countries rose to almost \$44 billion in 1968 representing an increase over the preceding year of about 9 per cent, the highest rate of growth recorded since 1964. To a large extent the accelerated pace of exports in 1968 is attributable to the resumption of rapid economic growth in the industrial areas. Exports to these areas recorded the strongest advance accounting for most of the increase, but it is worth noting that trade among the developing countries themselves also progressed considerably faster than in the immediately preceding years while deliveries to Eastern Europe and Mainland China, which had fallen for two successive years, made a partial recovery in 1968.
2. As in the previous years, the developing countries' exports of primary products did not advance as rapidly as their exports of manufactured goods. Exports of primary products are estimated to have risen by about 6 per cent in value while manufactures (including non-ferrous metals) rose by almost one fifth. Primary products and non-ferrous metals together accounted for nearly 85 per cent of the total value of exports from the developing countries.
3. The increase in earnings from primary products appears to have been entirely due to an increase in the volume of exports, as average prices, according to the United Nations exports price index, showed no change between 1967 and 1968 (see Table 1). During the last quarter of 1968, however, there was an upturn in prices reflecting the continued strength of demand for raw materials in the industrial countries as well as various supply/demand factors for individual food products. A large gain in earnings from non-ferrous metals in 1968 resulted from both higher average prices and increases in volume. The non-ferrous metals price index - which is heavily weighted by copper - had attained an exceptionally high level in the

¹For more detailed information, reference may be made to the current issue of the secretariat's Annual Report entitled "International Trade 1968" to be issued shortly.

first quarter of 1968 owing to a prolonged strike in the United States copper industry and the consequent depletion of stocks. Prices eased after the settlement of the strike, but moved upwards again in the last quarter of 1968 responding as in the case of raw materials, to the strength of demand. The rising trend of commodity prices continued into 1969.

4. Within the group of food products, there were widely differing movements in price (see Table 2). Abundant supplies of temperate-zone products tended to depress the price level of these commodities: thus between 1967 and 1968 declines were registered in the price of wheat, coarse grains, fats and vegetable oils such as soybean oil and sunflowerseed oil, and the "free market" price of sugar remained depressed. Prices of some tropical oilseeds and oils such as groundnuts and oil and palm-oil which compete with temperate-zone oils and fats also weakened. Prices of tea expressed in dollars fell reflecting slack demand as well as the effect of sterling devaluation. Other commodities benefited from more favourable price movements: prices of coffee were stable, those of cocoa and lauric acid oilseeds and oils - copra, coconut oil and palm kernels - rose sharply as a consequence of poor crops. Prices of rice remained high.

5. Average prices of agricultural raw materials remained depressed in 1968. For some commodities, rubber, sisal and coarse wool in particular, average annual prices fell to exceptionally low levels. However, as demand strengthened in the course of the year, prices of these commodities picked up. Those of jute rose strongly towards the end of the year on reports of a small crop. Unlike the other fibres, cotton commanded higher prices in 1968 following two seasons of reduced output. Despite much stronger demand for natural rubber and fibres in 1968, the process of substitution by synthetic equivalents continued.

6. Prices of non-ferrous metals which have been at a relatively high level in recent years advanced again in 1968 after a slight reduction in 1967. Copper, lead and aluminium participated in the increase, but in the case of tin, over-supply led to a decline in average prices between 1967 and 1968. However, prices of all the main non-ferrous metals started strengthening in the course of 1968. For tin, this was partly the result of the introduction of export controls. Prices of iron ore which have weakened during the last few years showed no improvement in 1968 as supplies continued to be ample.

7. Table 3 shows the changes in the value of the industrial areas' imports from the developing countries by commodity groups. The growth in imports of fuels and non-ferrous metals contrasts sharply with the modest increases in the food and raw materials groups. The value of raw material imports which had fallen back heavily in 1967 made only a partial recovery in 1968.

Trends in 1969

8. Most indicators suggest that the developing countries will achieve another marked advance in the value of their exports in 1969. As in 1968, the mainspring of export growth this year has been the high level of manufacturing activity in the industrial countries. Total imports into the OECD countries from the developing countries, which rose by 11 per cent between 1967 and 1968, showed a gain of 10 per cent in the first half of 1969 over the corresponding period of 1968.

9. Prices of primary commodities and non-ferrous metals have on the whole been favourable. According to the United Nations export price index shown in Table 1, prices of primary products exported by developing countries averaged 2 per cent more in the first half of 1969 than a year earlier, while the index for non-ferrous metals attained the relatively high level of the first half of 1968 and stood considerably above the level of the second half of 1968.

10. Prices of a number of industrial materials maintained a strong upward trend in the first nine months of 1969. This was the case of rubber, copper and other non-ferrous metals. As regards foodstuffs, prices experienced mixed trends. Some weakening in coffee prices occurred in the first half of 1969, but expectations of a poor crop in Brazil caused prices to rise in the third quarter. Cocoa continued to be in short supply and prices continued to rise sharply. Prices of tea have continued to decline. Those of edible vegetable oils have on the whole strengthened in 1969; price quotations for groundnuts and oil during the first nine months were almost one quarter above those of the corresponding period of 1968. Prices of copra, coconut oil and palm kernels, on the other hand, moved down from their 1968 peak. The "free market" price of sugar has improved notably since the approval of the International Sugar Agreement. The abundant supply position of wheat caused prices to weaken further in 1969 but in contrast, maize prices have been recovering.

Table 1. - PRICES OF EXPORTS OF PRIMARY COMMODITIES AND NON-FERROUS METALS FROM THE DEVELOPING COUNTRIES
(Indices, 1963 = 100)

	1965	1966	1967	1968	1968				1969	
					I	II	III	IV	I	II
Primary commodities	102	102	100	100	99	100	99	101	102	102
Food	101	102	101	101	100	102	100	104	104	104
Agricultural non-food ^a	102	100	94	94	94	95	94	95	98	98
Minerals (incl. fuels)	103	103	102	102	102	102	102	102	102	103
Non-ferrous base metals	146	177	156	165	192	158	152	158	169	180

^aIncluding oilseeds, oils and fats, and tobacco.

Source: UN, Monthly Bulletin of Statistics.

Table 2. - PRICES OF SELECTED PRIMARY PRODUCTS AND NON-FERROUS METALS
(US currency per unit indicated)

Commodity	Currency and unit	1965	1966	1967	1968	1968				1969		
						I	II	III	IV	I	II	III
FOOD												
Wheat - US Hard Red Winter No. 2 (ordinary), f.o.b., Gulf	\$/60 lbs	1.62	1.71	1.79	1.71	1.70	1.67	1.73	1.73	1.70	1.69	1.54
Maize - US Yellow No.3, c.i.f. United Kingdom	\$/ton	64.5	65.3	62.0	55.7	58.4	56.1	53.2	55.6	58.2	60.2	59.8
Rice - Thailand, White, 5-7% broken, Government standard, f.o.b., Bangkok	\$/ton	137	165	208	201	226	203	195	179	182	193	..
Sugar - F.o.b. Caribbean ports, bulk basis (as defined in the International Sugar Agreement 1968).....	Cents/lb	2.08	1.81	1.92	1.90	2.03	1.79	1.51	2.27	3.17	3.65	3.05
Beef - Argentine, chilled hindquarters, Smithfield Market, London	Cents/lb	40.9	38.5	36.7	-	-	-	-	-	34.2	38.0	37.1
Coffee - Ex-dock, New York (indicator prices as defined in the International Coffee Agreement):												
Colombian mild arabicas	Cents/lb	48.2	47.4	41.6	42.4	42.1	42.6	42.7	42.2	41.1	39.9	42.2
Other mild arabicas	Cents/lb	45.3	42.1	39.2	39.3	39.6	40.2	39.3	38.3	37.8	36.6	37.7
Unwashed arabicas	Cents/lb	43.9	40.6	37.7	37.4	37.1	37.5	37.3	37.6	37.7	37.2	39.9
Robustas	Cents/lb	30.6	33.5	33.5	33.9	34.3	34.3	34.0	32.9	31.8	30.0	32.9
All coffee	Cents/lb	(40.4)	39.6	37.2	37.4	37.4	37.7	37.4	36.9	36.3	35.2	37.5
Cocoa - Ghana, Spot New York	Cents/lb	17.3	24.4	29.1	34.4	30.5	29.9	32.5	44.7	44.5	45.1	46.3
Tea - London auction prices, all tea	Cents/lb	49.7	48.6	50.0	47.3	48.0	46.7	44.4	49.9	45.4	41.8	41.0
Groundnuts - Nigerian, shelled, c.i.f. European ports	\$/ton	266	187	179	166	158	167	161	178	210	216	200
Groundnut oil - Nigerian/Gambian, 3-5% bulk, c.i.f. European ports	\$/ton	325	297	280	270	254	270	268	290	336	334	316
Copra - Philippine, bulk, c.i.f. European ports	\$/ton	226	185	202	232	265	268	201	197	201	188	199
Coconut oil - Ceylon 1%, bulk, c.i.f. European ports	\$/ton	346	312	319	386	403	414	366	361	378	338	315
Palm kernels - West Africa, c.i.f. European ports	\$/ton	179	155	161	176	203 ^a	208 ^a	155	160	156	145	143
Palm oil - Malayan, 5%, c.i.f., European ports	\$/ton	226	168	191	184	152	146	169 ^a	167	172
Linseed oil - Argentine, bulk, c.i.f. United Kingdom	\$/ton	214	192	203	235	235	239	232	234	242	229	248 ^a
Soybean oil - Any origin, ex tank, Rotterdam	\$/ton	270	262	216	178	193	186	160	173	181	171	184
Sunflowerseed oil - Any origin, ex tank, Rotterdam	\$/ton	292	260	212	170	178	160	164	179	185	171	206
RAW MATERIALS AND METALS												
Cotton - Egyptian Menoufi, F.G., c.i.f. Liverpool	Cents/lb	51.2	50.0	53.3	58.7	56.8	56.8	58.0	63.0	63.5	63.4	60.6
- US Memphis Territory S.M. 1-1/16", c.i.f. Liverpool	Cents/lb	29.8	28.6	30.8	33.5	35.1	33.4	34.4	31.0	29.2	29.2	28.5
Wool - UK Dominion clean - 64's	Cents/lb	107	118	108	106	107	106	104	106	103	101	97 ^a
- UK Dominion clean - 50's	Cents/lb	83	83	68	56	50	54	57	63	59	61	60 ^a
Jute - Pakistan PWD, f.o.b. Chittagong/Chalna	\$/ton	256	306	290	276	257	257	265	305	307	305	..
Sisal - Tanzania/Kenya, No. 3 long, c.i.f. United Kingdom	\$/ton	241	221	180	174	163	165	180	189	181	177	178
Rubber - Singapore, No. 1 RSS, f.o.b. in bales	Cents/lb	22.9	21.4	17.7	17.4	15.5	17.1	17.9	18.8	21.3	23.2	25.2
Copper - London Metal Exchange, electrolytic wire bars, cash	Cents/lb	58.5	69.2	51.1	56.4	72.9	52.6	48.6	50.8	57.7	64.3	70.0
Tin - London Metal Exchange, cash	Cents/lb	177	162	150	142	141	141	139	146	147	152	157
Lead - London Metal Exchange, cash	Cents/lb	14.4	11.9	10.3	10.9	10.3	10.7	11.3	11.3	11.7	12.6	14.0
Zinc - London Metal Exchange, cash	Cents/lb	14.1	12.8	12.3	11.9	11.8	11.8	12.0	12.0	12.2	12.6	13.2
Aluminium - Canadian delivered main ports outside North America	Cents/lb	24.5	24.5	24.5	25.1	24.5	24.8	25.5	25.5	26.3	26.5	26.5

^a Average of 2 months. ^b Export hearts grade up to January 1968.

Source: UNCTAD, Monthly Commodity Price Bulletin.

Table 3. -- CHANGES IN THE VALUE OF OECD IMPORTS FROM DEVELOPING COUNTRIES BY COMMODITY GROUPS

(Billion dollars c.i.f. and percentages)

	1965	1966	1967	1968	Value in 1968
	Percentage change over preceding year				
<u>Food, beverages and tobacco</u>	<u>0.8</u>	<u>4.4</u>	<u>-0.8</u>	<u>3.8</u>	<u>10.35</u>
<u>of which:</u> Cereals	27.4	2.9	4.3	-18.7	0.57
Fruit and vegetables	18.7	6.5	4.3	4.4	1.92
Sugar	-24.2	6.5	5.8	3.5	1.17
Coffee	-5.9	3.0	-6.1	12.1	2.37
Cocoa	-11.9	7.3	22.2	9.3	0.59
Tea	-1.4	-5.7	5.1	-6.0	0.40
Meat and meat preparations	1.6	10.2	1.9	-4.7	0.67
Oilseeds	10.9	4.0	-13.8	6.6	0.60
Oils and fats	13.5	2.2	-11.0	8.5	0.48
Feedingstuff	8.0	9.8	-11.5	3.7	0.60
<u>Raw materials</u>	<u>3.9</u>	<u>7.3</u>	<u>-6.1</u>	<u>4.9</u>	<u>6.54</u>
<u>of which:</u> Hides and skins	-2.4	31.3	-20.4	-1.2	0.17
Rubber	-4.8	-0.4	-10.0	-1.0	0.62
Wood	3.4	16.5	3.9	12.5	1.07
Textile fibres	-4.1	8.2	-12.8	4.0	1.47
Iron ore	17.7	0.1	-2.2	4.5	1.15
Non-ferrous base metal ores	9.2	6.3	-4.9	4.2	1.11
<u>Fuels</u>	<u>9.0</u>	<u>2.9</u>	<u>12.0</u>	<u>13.6</u>	<u>12.72</u>
<u>Manufactures</u>	<u>17.9</u>	<u>20.9</u>	<u>6.9</u>	<u>24.7</u>	<u>7.60</u>
<u>of which:</u> Copper	16.0	31.2	1.4	19.4	1.99
Tin	36.2	5.6	1.9	7.6	0.35
Aluminium	-10.0	55.6	45.2	87.0	0.12
<u>Total imports</u>	<u>6.5</u>	<u>7.1</u>	<u>3.7</u>	<u>11.1</u>	<u>37.55</u>

Note: United States and Canadian imports have been adjusted to c.i.f. values. Yugoslavia is included with the developing countries.

Source: OECD, Commodity Trade, Series B.