

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/129

11 November 1970

Limited Distribution

---

Committee on Trade and Development  
Seventeenth Session  
December 1970

## RECENT DEVELOPMENTS IN COMMODITY EXPORTS FROM THE DEVELOPING COUNTRIES

Note by the Secretariat<sup>1</sup>

### I. Developments in 1969

1. The value of exports from the developing countries as a group expanded at the accelerated rate of about 11 per cent for the second consecutive year in 1969, reaching \$49 billion. Whereas in 1968 price changes had not played any significant rôle in the growth of these exports in terms of value, part of the rise in 1969 was attributable to higher prices. The value of exports from the rest of the world, however, continued to rise more rapidly, and as a result, the share of the developing countries in total world trade declined further.

2. With the sustained growth of demand in the industrial areas, the developing countries' exports to these areas increased by about one tenth in 1969 while exchanges among the developing countries also grew at about the same rate. Exports to the Eastern trading area rose by almost 14 per cent compared with 3 per cent the previous year. By area of origin, South and East Asia and Africa recorded faster rates of export growth than other developing areas, mainly as a result of differences in the commodity structure of their exports.

3. Exports of manufactured goods (including metals) continued to be the most dynamic element in the external trade of the developing countries, the increase in 1969 being of the order of one sixth. Exports of primary products increased by 9 per cent, or slightly faster than in 1968. Primary products (including fuels) and non-ferrous metals together accounted for some 83 per cent of total exports from the developing countries.

4. According to the United Nations export price index, prices of primary products exported by developing countries, which had been stable between 1967 and 1968, increased by 4 per cent in 1969 (see Table 1). The price index for exports of non-ferrous metals rose by 13 per cent, or twice as fast as in 1968. Prices began to improve in the last quarter of 1968 as a result of the continuing strength of demand for raw materials in the industrial countries as well as changes in the supply position of some food commodities. Throughout 1969, prices of both primary products and non-ferrous metals maintained an upward trend.

---

<sup>1</sup>For more detailed information, reference may be made to the current issue of the secretariat's Annual Report, "International Trade 1969".

5. Average prices of foodstuffs exported by the developing countries increased in 1969 reflecting price rises in respect of cocoa, coffee, groundnuts and groundnut oil, bananas, sugar, meat, fish and coarse grains (see Table 2). For cocoa, a prolonged period of shortage raised prices to one third above their level in 1968. The average "free market" price of sugar (which applies only to a part of the developing countries' sugar exports) rose by two thirds in 1969, the first year of operation of the new International Sugar Agreement. As a result of a shortfall in output, groundnut and groundnut oil prices rose by almost one quarter. A number of other food commodities such as tea and wheat were, however, in ample supply in relation to demand, and their prices weakened further. Prices of lauric acid oil-seeds and oils - copra and palm kernels and their oils - and rice fell from the comparatively high levels of 1968. The price index for agricultural raw materials also rose as commodities such as natural rubber, lumber and hides and skins were in strong demand. Rubber prices averaged one third above the low levels recorded in 1968. Jute and abaca prices also increased following upon reductions in supplies, and there was some improvement in prices of sisal. By contrast cotton prices declined and wool prices fell to very low levels.

6. There was a general boom in prices of non-ferrous metals reflecting the strength of demand as well as factors on the supply side, in particular the after-effects of the prolonged strike in the United States' non-ferrous metals industry, and export restrictions in the case of tin. Prices of copper and lead stood about one fifth above 1968 levels, while the average price of tin was about 10 per cent higher. Virtually all non-ferrous metals and ores reached record price levels. Prices of iron ore showed little change during the year, as ample supplies were available to meet the demand. Posted prices for crude petroleum also remained unchanged.

7. Table 3 shows the changes in the value of the industrial areas' imports from developing countries by detailed commodity groups. The uneven performance of primary products contrasts sharply with the generalized growth of manufactured exports. Both semi-manufactures - metals, leather, veneers and plywood - and finished goods participated in the increase. Clothing has become a major export item, the value of sales to the industrial countries having grown by more than one third during each of the past two years. Exports of machinery and transport equipment from the developing countries have expanded at even faster rates.

## II. Trends in 1970

8. Despite a marked deceleration of economic expansion in the industrial countries as a whole during the first half of 1970, preliminary figures indicate that imports into these areas continued to increase vigorously. The value of imports from the developing countries which had risen by 11 per cent between 1968 and 1969, showed a growth of 13 per cent in the first half of 1970 over the corresponding period of 1969. As in the year 1969, this increase was partly attributable to the overall upward movement of commodity prices. In the first half of 1970, the increase in import values (recorded mainly c.i.f.) reflected also the higher cost of transport, especially for fuel.

9. According to the United Nations export price index, the relatively high price level of primary products and non-ferrous metals attained during the last quarter of 1969 was approximately maintained in the first half of 1970. Prices of primary products averaged about 3 per cent more in the first half of 1970 than a year earlier, while non-ferrous metals prices were 15 per cent higher.

10. With the slackening pace of demand for industrial raw materials, prices of several commodities have been weakening. For natural rubber, the downturn commenced in the last quarter of 1969 and prices fell steadily during the first nine months of 1970 when they averaged about 18 per cent less than a year earlier. Average prices for copper and tin during the first nine months of 1970 were above those of the corresponding period of 1969. Prices of cotton have shown no significant change while wool prices have remained depressed. On the whole, prices of foodstuffs have been rising. Cocoa was the main exception; its prices fell sharply from the 1969 level as the 1969/70 crops were larger than had been anticipated. On the other hand, coffee production is expected to decline substantially in the 1970/71 season because of frost damage in Brazil and as a result prices have been significantly higher. The upward trend in tea prices has been attributed to a number of factors including the reduction in London warehouse stocks and to the informal agreement among producing countries to remove some 90 million lb. of black tea from the international market in 1970 under an export quota scheme. Prices of tropical oilseeds and oils were higher than a year earlier, but in the third quarter of 1970 there was some weakening in respect of lauric acid oils; prices of groundnuts and groundnut oil have continued firm. Easier supply conditions have prevailed for rice since 1969 and prices showed a further downward trend in the first half of 1970. During the same period wheat prices remained low, but there was an upturn in the third quarter of the year. Maize prices continued to show a rising trend. The "free market" price of sugar which had fallen in the latter part of 1969 recovered steadily during the first three quarters of 1970.

Table 1. - PRICES OF EXPORTS OF PRIMARY COMMODITIES AND NON-FERROUS METALS FROM DEVELOPING COUNTRIES

(Indices, 1963 = 100)

	1966	1967	1968	1969	1969				1970	
					I	II	III	IV	I	II
Primary commodities..	102	100	100	104	102	104	104	107	106	107
Food .....	102	101	102	108	104	106	107	114	114	117
Agricultural non-food <sup>a</sup> .....	100	94	94	101	99	101	101	101	99	98
Minerals (incl. fuels) .....	103	102	102	103	102	103	102	103	104	104
Non-ferrous base metals .....	177	156	165	187	169	182	195	203	204	201

<sup>a</sup>Including oilseeds, oils and fats, and tobacco

Source: United Nations, 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	1969				1970		
						I	II	III	IV	I	II	III
<b>FOOD</b>												
Bananas - Ecuador, c.i.f. Hamburg .....	\$/ton	121	131	120	131	131	128	132	127 <sup>a</sup>	151	172	..
Wheat - US Hard Red Winter No.2 (ordinary), f.o.b., Gulf .....	\$/60 lbs	1.62	1.71	1.79	1.71	1.70	1.69	1.54	1.42	1.42	1.42	1.48
Maize - U.S. Yellow No.3, c.i.f. United Kingdom .....	\$/ton	64.5	65.3	62.0	55.7	58.5	61.9	60.1	60.6	64.1	66.7	72.1
Rice - Thailand, White, 5-7% broken, Government standard, f.o.b., Bangkok .....	\$/ton	137	165	208	201	182	193	190	176	148	140	..
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	3.17	3.65	3.05	2.94	3.20	3.62	3.83
Beef - Argentine, chilled hindquarters, Smithfield Market, London .....	Cents/lb	40.9	38.5	36.7	-	34.2	38.0	37.1	(38.7)	38.0	40.1	39.6
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	41.1	39.9	42.2	54.5	58.3	57.5	55.7
Other mild arabicas .....	Cents/lb	45.3	42.1	39.2	39.3	37.8	36.6	37.7	47.1	52.2	54.8	53.8
Unwashed arabicas .....	Cents/lb	43.9	40.6	37.7	37.4	37.7	37.2	39.9	48.9	52.9	54.2	57.8
Robustas .....	Cents/lb	30.6	33.5	33.5	33.9	31.8	30.0	32.9	37.7	39.0	42.0	42.7
All coffee .....	Cents/lb	(40.4)	39.6	37.2	37.4	36.3	35.2	37.5	45.8	49.0	50.8	51.9
Cocoa - Ghana, Spot New York .....	Cents/lb	17.3	24.4	29.1	34.4	44.5	45.1	46.3	46.9	35.8	30.5	36.1
Tea - London auction prices, all tea .....	Cents/lb	49.7	48.6	50.0	47.3	45.4	41.8	41.0	48.9	49.6	50.7	48.5
Groundnuts - Nigerian, shelled, c.i.f. European ports .....	\$/ton	266	187	179	166	210	216	201	200	215	224	227
Groundnut oil - Nigerian/Gambian, 3-5% bulk, c.i.f. European ports .....	\$/ton	325	297	280	270	336	334	316	337	348	375	382
Copra - Philippine, bulk, c.i.f. European ports .....	\$/ton	226	185	202	232	201	188	199	224	233	226	208
Coconut oil - Ceylon 1%, bulk, c.i.f. European ports .....	\$/ton	346	312	319	386	378	338	315	354	398	374	355
Palm kernels - West Africa, c.i.f. European ports .....	\$/ton	179	155	161	176	156	145	143	167	174	169	155
Palm oil - Malayan, 5%, c.i.f., European ports .....	\$/ton	..	..	226	168	170	167	172	(153) <sup>a</sup>	257	274	244
Linseed oil - Argentine, bulk, c.i.f. United Kingdom .....	\$/ton	214	192	203	235	242	229	245	235	227	240	223
Soybean oil - Any origin, ex tank, Rotterdam .....	\$/ton	270	262	216	178	182	170	187	252	260	296	287
Sunflowerseed oil - Any origin, ex tank, Rotterdam .....	\$/ton	292	260	212	170	185	171	206	291	294	344	315
<b>RAW MATERIALS AND METALS</b>												
Cotton - Egyptian Mienoufi, F.G., c.i.f. Liverpool .....	Cents/lb	51.2	50.0	53.3	58.7	63.5	63.4	60.6	61.1	61.1	61.1	61.1
- US Memphis Territory S.M. 1-1/16", c.i.f. Liverpool .....	Cents/lb	29.8	28.6	30.8	33.5	29.2	29.2	28.5	28.6	29.2	29.9	30.3
Wool - UK Dominion clean - 64's .....	Cents/lb	107	118	108	106	103	101	97	94	92	90	84
- UK Dominion clean - 50's .....	Cents/lb	83	83	68	56	59	61	59	54	54	56	53
Jute <sup>b</sup> - Pakistan PWD, f.o.b. Chittagong/Chalna .....	\$/ton	256	306	290	276	307	298	267	271	272	281	276
Sisal - Tanzania/Kenya, No.3 long, c.i.f. United Kingdom .....	\$/ton	241	221	180	174	181	177	178	178	167	156	150
Rubber - Singapore, No. 1 RSS, f.o.b. in bales .....	Cents/lb	22.9	21.4	17.7	17.4	21.3	23.2	25.2	21.6	21.6	18.9	17.0
Copper - London Metal Exchange, electrolytic wire bars, cash .....	Cents/lb	58.5	69.2	51.1	56.4	57.7	64.4	70.1	73.8	76.1	72.5	58.6
Tin - London Metal Exchange, cash .....	Cents/lb	177	162	150	142	147	152	157	166	172	168	163
Lead - London Metal Exchange, cash .....	Cents/lb	14.4	11.9	10.3	10.9	11.7	12.6	14.0	14.3	15.0	14.2	13.2
Zinc - London Metal Exchange, cash .....	Cents/lb	14.1	12.8	12.3	11.9	12.2	12.6	13.2	13.9	13.6	13.3	13.6
Aluminium - Canadian delivered main ports outside North America .....	Cents/lb	24.5	24.5	24.5	25.1	26.3	26.5	26.5	27.4	27.5	27.9	28.0

<sup>a</sup> Average of 2 months. <sup>b</sup> Export hearts grade up to January 1968.

Source: UNCTAD, Monthly Commodity Price Bulletin.

Table 3. - COMMODITY COMPOSITION OF IMPORTS OF INDUSTRIAL COUNTRIES<sup>a</sup> FROM DEVELOPING COUNTRIES<sup>b</sup>  
(Million dollars and percentages)

	1969	Change over the preceding year(%)			
	Million dollars (c.i.f.)	1966	1967	1968	1969
<u>Food</u> .....	<u>9 475</u>	<u>5.8</u>	<u>1.5</u>	<u>3.7</u>	<u>5.6</u>
<u>of which:</u> Meat and meat preparations .....	813	10.2	1.9	-4.7	21.2
Fish, fresh or simply preserved .....	419	29.5	17.0	12.5	22.9
Cereals .....	610	2.9	4.3	-18.7	7.0
Fruit and vegetables .....	2 105	6.5	4.2	4.3	9.2
Sugar .....	1 233	6.5	5.8	3.5	4.8
Coffee .....	2 251	3.2	-6.0	11.7	-6.9
Cocoa .....	780	7.3	22.2	9.3	32.9
Tea .....	320	-5.7	5.1	-6.0	-19.0
Feedingstuffs .....	625	9.8	-11.5	3.7	4.7
<u>Beverages and tobacco</u> .....	<u>431</u>	<u>-14.1</u>	<u>-13.8</u>	<u>-5.7</u>	<u>18.4</u>
<u>Crude materials, inedible</u> .....	<u>8 175</u>	<u>7.0</u>	<u>-6.7</u>	<u>5.0</u>	<u>14.3</u>
<u>of which:</u> Hides and skins .....	227	31.3	-20.4	-1.2	32.0
Oilseeds .....	578	4.0	-13.8	6.6	-4.0
Rubber .....	908	-0.4	-10.0	-1.0	46.7
Wood, lumber and cork .....	1 309	16.5	3.9	12.5	22.5
Textile fibres .....	1 502	8.2	-12.8	4.0	2.0
Crude fertilizers .....	207	6.5	-5.7	4.0	-1.4
Iron ore and concentrates .....	1 310	0.1	-2.2	4.5	13.9
Ores and concentrates of non-ferrous base metals .....	1 308	6.3	-4.9	4.2	17.4
<u>Fuels</u> .....	<u>13 689</u>	<u>2.9</u>	<u>12.0</u>	<u>13.5</u>	<u>7.5</u>
<u>Oils and fats</u> .....	<u>491</u>	<u>2.2</u>	<u>-11.0</u>	<u>8.5</u>	<u>1.7</u>
<u>Total primary products</u> .....	<u>32 261</u>	<u>7.3</u>	<u>-6.1</u>	<u>4.9</u>	<u>9.0</u>
<u>Chemicals</u> .....	<u>546</u>	<u>14.9</u>	<u>10.8</u>	<u>9.3</u>	<u>9.9</u>
<u>Machinery and transport equipment</u> .....	<u>711</u>	<u>46.8</u>	<u>13.6</u>	<u>42.1</u>	<u>54.9</u>
<u>Other manufactures</u> .....	<u>7 966</u>	<u>20.0</u>	<u>6.2</u>	<u>24.9</u>	<u>19.7</u>
<u>of which:</u> Leather .....	193	41.2	-7.5	30.1	31.3
Veneers and plywood .....	321	22.2	6.1	42.3	28.9
Textile yarn, fabrics and made-up articles .....	969	11.3	-2.4	9.9	12.7
Clothing .....	1 107	20.5	13.8	34.3	36.5
Footwear .....	126	38.1	24.1	37.5	23.5
Toys, sporting goods, etc. ....	171	23.4	16.5	43.5	29.5
Pearls, precious and semi-precious stones .....	622	13.2	9.5	19.7	14.3
Iron and steel .....	209	-3.0	69.0	13.2	6.1
Copper .....	2 483	30.7	1.3	19.6	24.2
Aluminium .....	142	55.6	45.2	87.0	22.4
Tin .....	397	5.6	1.9	7.6	12.5
<u>Total manufactures</u> .....	<u>9 223</u>	<u>20.9</u>	<u>6.9</u>	<u>24.7</u>	<u>21.4</u>
<u>Total</u> .....	<u>41 831</u>	<u>7.1</u>	<u>3.7</u>	<u>11.0</u>	<u>11.1</u>

<sup>a</sup>Excluding Yugoslavia.<sup>b</sup>Including Yugoslavia.

Note: United States and Canadian imports have been adjusted to c.i.f. values.

Source: OECD, Commodity Trade, Series B.