Western University
Scholarship@Western

Department of Economics Research Reports | Economics Working Papers Archive

1970

Canada's Economic Policies towards the Less-Developed Countries

Grant L. Reuber

Follow this and additional works at: https://ir.lib.uwo.ca/economicsresrpt

Part of the Economics Commons

Citation of this paper:
Reuber, Grant L.. "Canada's Economic Policies towards the Less-Developed Countries." Department of Economics Research Reports, 7038. London, ON: Department of Economics, University of Western Ontario (1970).

20338

Research Report 7038

CANADA'S ECONOMIC POLICIES TOWARDS THE LESS-DEVELOPED COUNTRIES

Grant L. Reuber
Professor of Economics

Evidence submitted to the Parliamentary Sub-Committee on International Development Assistance December 17, 1970, Ottawa, Canada.

December, 1970

Canada's Economic Policies Towards the Less-Developed Countries

Coming at the end of the long list of witnesses whom you have heard over the past year is a mixed blessing. I have the disadvantage that most of what is worth saying has probably already been said. At the same time I have the advantage of not having to concern myself with a variety of general background considerations with which I'm sure you are by now fully familiar. Accordingly, in these opening comments I propose to focus on my own personal views on some of the specific questions of Canadian policy that arise in this area. Since this Committee is concerned with all aspects of aid and trade, I shall have something to say about both of these matters; but my comments will give special attention to trade questions since this is the issue to which I have been asked to address myself particularly.

Aid, Investment and Trade

A simple but basic point to be emphasized is that aid, foreign investment and trade, while all providing direct economic links with the less-developed countries (LDCs), are fundamentally different and have quite different implications from the standpoint of assisting the LDCs. Aid, as I use the word, is a gift. A million dollars worth of aid represents an immediate transfer of one million dollars worth of real resources from Canada to the LDCs which never needs to be repaid. A loan of a million dollars also represents an immediate transfer of one million dollars of real resources from Canada to the LDCs but in time, as this investment yields a return, the loan presumably will be returned along with interest in the form of a reverse flow of real resources. How beneficial a loan is depends on how large is the difference between the rate of return on the use to which the loan is put in the LDC and the cost of borrowing the resources. This benefit clearly will be substantially less than the benefit of a gift of a million dollars similarly invested. For a gift the benefit is equal to the full amount of the gift plus the rate of return on the use to which the resources are put.

Foreign trade occurs when exports are exchanged for imports. The benefits from trade to the LDCs arise because trade makes it feasible for them to acquire the goods and services they need at a lower real cost in terms of their own resources. Without trade, they could use their resources to produce for themselves everything they need. Given the conditions of demand and supply in LDCs, some of this production would be at very high cost. In a world where trade is feasible, the LDCs can concentrate their production on those products where they are most efficient and exchange these products as exports for "low-cost" imports from abroad. Exports in this sense are simply a roundabout way of obtaining the imported products more cheaply. The benefit of trade to the LDCs is the <u>difference</u> between the real resource cost of producing imported-products directly themselves and of producing them indirectly by first producing exports which then are exchanged for the imported products on world markets. It is important to note that the benefit is not equal to the value of exports, unless one is willing to make the highly implausible assumption that the resources employed to produce exports have a real value of zero. Hence,a million dollars worth of aid, which entirely represents an addition to resources, is much more valuable than a million dollars worth of exports produced by using up resources in the LDCs.

In short, an exchange of production is much less beneficial to the LDCs than an outright gift of equivalent size from the DCs to the LDCs. Because of the central importance of this consideration and also because, in my view, Canadian trade policy should and inevitably will be formulated within a broader context than simply from the standpoint of economic development, I believe the White Paper on International Development quite rightly concentrates on foreign aid. At the same time, I believe that the series of papers on Canadian foreign policy would have been much stronger if it had included a review of Canadian foreign trade and investment policies, including our trading policies with the LDCs. Foreign trade and investment are at the heart of our foreign relations with most countries and the complete omission of this area from the review of our foreign policy in my judgement represents a gap that remains to be filled. Whether this review is best undertaken as part of a foreign policy review emphasizing political relationships or within another context is another question of course, on which I do not have strong views. On balance, I suspect there is something to be said for examining political and economic relationships separately, provided that in each discussion one remains fully aware of their close interrelationship.

Foreign Aid

There are two central issues as far as aid is concerned. The first relates to the amount of aid that Canada should make available to the LDCs. This will depend partly, I believe, on our own rate of economic growth and our balance of payments position. The most important consideration, however, will be how much priority we attach to foreign aid, and to what it can achieve in Canada's national interest, relative to competing domestic claims on public funds. The case for providing aid, in my view, rests primarily on humanitarian grounds. I believe that the economic and political arguments frequently presented in support of more aid are very weak, if not wrong. Moreover, I think it is apparent that Canada's foreign assistance, which almost inevitably will be marginal in terms of total aid flows and microsopic in terms of total resource flows in the LDCs, by itself can be expected to make only a minor dent on world poverty, and by itself Canadian aid is unlikely to make a significant difference to long-run political and economic developments in the world. I do not believe that Canadian political leaders are unaware of or unsympathetic to the case for providing more aid. The problem is that in the political and administrative setting in which policy is made, general humanitarian considerations and rather vague and remote strategic considerations tend to be lost sight of in the midst of a wide array of more direct and compelling demands arising mainly from domestic residents with votes.

How much aid Canada should provide is primarily a political issue. While I have no objection to the 1 per cent UNCTAD target, it should be recognized for the political device that it is. There is no inherent virtue in 1 per cent compared to any other per cent, nor is there any inherent reason why the percentage should be the same for all donors, nor is there any reason to believe that the estimates of the actual contributions by various donors on this percentage basis are very comparable, nor, in my view, is the analogy with a domestic tax and redistribution system very cogent. Canada can be criticized for paying lip service to the UNCTAD target and then failing to move towards it more rapidly. This criticism would be more persuasive, however, if aid allocations had not been outrunning disbursements by a wide margin in recent years - a situation, I'm told, that is being rectified.

This leads directly to the second important aspect of aid policy, namely the most effective way to use whatever aid is made available. A wide range of questions arise such as the tying of aid and procurement provisions, the allocation of aid among recipients and among bilateral, multilateral and mixed aid programmes, the terms of official loans, and so forth. These questions have been receiving increasing attention and considerable progress has been made; but more remains to be done. In the words of the O.E.C.D.: "(These) are among the central issues to which any Development Strategy will have to provide some answers. They are of sufficient importance to justify a major effort to define policy guidelines and to establish the investigative and consultative machinery necessary to translate it into aid flows more appropriate than now to the needs of each recipient country".

I do not propose to discuss these questions further at this point. In general I have the impression that these aspects of Canada's aid programme compare favourably with most other countries. The one important exception of which I am aware is in the tying of aid. I understand that Canada has been among the least forthcoming to the proposals now being considered by the O.E.C.D. to untie foreign aid. Moreover, in 1969 a substantially smaller percentage of Canadian bilateral aid was untied than for any other O.E.C.D. country.[1] In my judgment our reluctance to go as far as the U.S., Germany and others - to say nothing of the Scandinavian countries who apparently have

---

[1] For all O.E.C.D. countries the percentage of untied aid to total official development assistance for Canada was 1.6 per cent, compared to an average of 18.0 per cent for all O.E.C.D. countries, 5.4 per cent for the U.S. and over 30 per cent for the U.K., France and Germany.

eliminated tying altogether - in untying our aid is open to considerable question. Tying not only reduces the value of our aid, but also, I believe, contributes substantially to the problem of increasing our aid disbursements in line with allocations.[2]

Foreign Trade

Three years ago I estimated that even if all developed countries eliminated all tariffs on imports from LDCs, the real resource gain to these countries by 1975 would probably be less than 10 per cent of their projected foreign-aid requirements by 1975. And the real gain arising from the elimination of Canadian tariffs alone vanishes into insignificance in relation to these requirements. Any such calculations are, of course, very imprecise, but they demonstrate, I suggest, that it is an illusion to believe that tariff changes can be regarded as a substitute for foreign aid in the short run. On this view, there seems little point in considering tariff policy within the context of the immediate needs of the LDCs. This issue can more appropriately be viewed from the standpoint of establishing a framework of world trading relationships that in the longer term - beyond 1975 - will make the most of the growth potential of both developed and developing countries. In this light, the key issue is how, over the long-term, developed countries might best proceed to liberalize their trade policies to assist the LDCs as well as themselves.

1. Trade Patterns

Before considering what form these policies might take, it is worth considering what our trade with the LDC's has been in recent years and how it compares with that of other countries. Selected statistics bearing on these questions are summarized in the attached Appendix. Several points might be particularly noted.

---

[2] Some indication of the problems of using Canadian aid in India arising out of our tying and procurement provisions is given by Jagdish N. Bhagwadi and Padma Desai in India, Planning for Industrialization (Toronto: Oxford University Press, 1970) p. 197.

a) Over the past decade the share of world exports provided by LDCs has declined relative to the share provided by DCs (Table 1). Virtually all of this relative decline is accounted for by exports to developed countries. And if one excludes petroleum, the decline is even sharper. It is also apparent that this relative decline is not accounted for by relative price changes; in fact in recent years the terms of trade for the LDCs have improved relative to those for DCs (Table 7). At present about a fifth of free world exports emanate from LDCs, and the remainder from DCs (Table 1) The decline in the LDC share from over a quarter a decade ago occurred during a period when world trade increased 150 per cent and when, with the exception of trade in agricultural products and a few industrial products, trade restrictions were generally reduced. In my view, the failure of the LDCs to capture of larger share of this rapid increase in world trade for the most part reflects domestic supply and demand conditions in the LDCs as well as mistaken industrialization policies that have hampered economic development in many of these countries.[3] The decline cannot, I believe, be attributed primarily to the policies pursued in DCs.

b) At present about 75 per cent of LDC exports go to DCs compared with 20 per cent to other LDCs and 5 per cent to Eastern Europe (Table 3). Over time the share going to DCs has increased somewhat relative to the share going to other LDCs. The share going to Canada has increased almost a third from 1.6 in 1956 to 2.1 per cent in 1969. The share going to the U.S. has declined; the share going to Western Europe has remained about the same; and the share going to Japan and Eastern Europe has increased sharply.

---

[3] For an excellent discussion of this thesis see Ian Little, Tibor Scitovsky and Maurice Scott, Industry and Trade in Some Developing Countries (Toronto: Oxford University Press, 1970).

c) If we look at the share of imports by various areas purchased from the LDCs (Table 4) we find that the share of DC imports coming from LDCs has declined significantly since the mid-1960's reflecting the reduced share of world trade, referred to earlier. The share of LDC imports coming from LDCs has remained about the same. The most dramatic decline in the share of imports coming from LDCs is in the U.S. where this ratio has dropped from 39 per cent in 1961 to 25 per cent in 1969. For Canada the decrease has been from 9 to 8 per cent; for Europe from 19 to 15 per cent; and for Japan there has been an increase from 28 to 33 per cent.

d) On a per capita basis, Canada now imports more from the LDCs than the U.S. (Table 3) and the figure approaches that of Western Europe and Japan. More interesting than its size perhaps, is the time trend in this figure. Since 1956 Canada's per capita imports from the LDCs have increased by 70 per cent - significantly more than for either the U.S. or Europe.

e) Over half of LDC exports consist of raw materials and fuel and a further quarter consists of food, beverages and tobacco. (Tables 5 and 6). Most of the remainder consists of light manufactures of various kinds including textiles. On this showing, these are the areas where LDC production is most competitive - if you like, the areas where they have the largest comparative advantage and where, with a reduction in trade barriers, one might expect the largest expansion in trade to occur.

2. Trade Restrictions

The rapid growth in world trade since World War II, especially in manufactures, has resulted to an important degree from the freeing of trade in manufactures from tariffs and quantitative controls. Despite this liberalization many LDCs continue to be pessimistic about export possibilities. Partly this is because of doubts about their competitive abilities; but it is also because of a feeling that DC trade policies discriminate against them and that if they were to achieve any success counter-measures would be invoked by the DCs. This then becomes an argument used to justify the autarkic policies that most LDCs pursue, for the most part with unfortunate consequences. In my view, one important reason for removing discrimination in the trade policies of DCs, and for providing assurance that counter-measures will not be implemented in the face of export success, is to remove this prop from these seriously harmful autarkic policies.

How restrictive are present DC trade policies vis-a-vis the LDCs and to what extent do they discriminate against the LDCs? Consider first tariff restrictions. The following estimates have been made of the average non-preference nominal and effective tariffs on industrial countries' imports of manufactures before and after the Kennedy Round.

	Nominal rate (%)		Effective rate (%)	
	All Imports	Imports from LDCs	All Imports	Imports from LDCs
Pre-Kennedy	10.9	17.1	19.2	33.4
Post Kennedy	6.5	11.8	11.1	22.6

Source: Bela Balassa, "The Structure of Protection in the Industrial Countries and its Effects on the Exports of Processed Goods from Developing Countries". I.B.R.D., mimeo. Table 6.

These figures do indicate continuing discrimination. This conclusion is qualified in two important respects however. First, the figures relate only to non-preference imports. In fact, a large number of LDCs in Asia, Africa and the Caribbean area already enjoy tariff preferences either under Commonwealth preference arrangements or Common Market arrangements. Were preference rates included in the calculations the apparent degree of discrimination would clearly be less. Secondly, it is evident that as a consequence of the Kennedy Round the degree of tariff discrimination against the LDCs was reduced.

What is the picture for Canada? Such evidence as I have been able to find is summarized in Table 8. As I interpret these figures there is not much evidence of discrimination. It is true that for those products classified as being of special importance to the LDCs., a smaller share enters duty free than for all imports and, also, that the duties on these products are somewhat higher than on all imports. However, LDCs receiving Commonwealth preferences - which includes many important LDCs - are apparently not discriminated against relative to DCs, particularly when one recognizes that a very large share of Canadian imports come from the U.S. over MFN rates. Moreover, as a result of the Kennedy Round, the tariff position of the LDCs in Canada seems to have become somewhat more favourable.

Non-tariff barriers to LDC trade, in my view, are much more important than tariff barriers. These are found particularly on imports of such manufactures as textiles, footwear, clothing and processed agricultural products. Because of the nature of these restrictions, it is difficult to say exactly how extensive they are or how restrictive they are. UNCTAD has estimated that in 1965 up to 15 per cent of LDC exports of manufactures and semi-manufactures to DCs were subject to quantitative controls. In addition to quantitative controls, DC imports of these products are also affected by a variety of domestic subsidy programmes, health regulations, valuation procedures and so forth. I cannot say whether the non-tariff barriers faced by LDCs in Canada are higher or lower than in other DCs; but I would guess that, if anything, they probably are somewhat lower than in the U.S. or Europe.

There can be little question that the combination of tariff and non-tariff barriers faced by the LDCs has significantly hampered the volume of their export trade and has distorted its composition. Despite this handicap, it is also evident that these barriers have not been as formidable as frequently portrayed and a number of LDCs have surmounted them with outstanding success. The most notable examples have been Hong Kong, Taiwan, Israel and Korea. Brazil, Mexico and Pakistan have also experienced a rapid growth in exports of manufactures.[4] Indeed, in the words of a recent GATT report, since 1965 manufactures have been "taking over from petroleum the function of the principal agent in the growth in total export earnings of developing countries". In 1968 LDC exports of manufactures increased by 20 per cent in one year. Further, since 1963 the growth of LDC manufactures exports has consistently been higher than that of world exports of these products and far higher than that of manufacturing production in the LDCs. This picture, unfortunately, reflects mainly the export performance of a limited number of countries.

---

[4] For an excellent discussion of this whole question see Ian Little, Tibor Scitovsky and Maurice Scott, Industry and Trade in Some Developing Countries (Toronto: Oxford University Press, 1970) especially Chapters 7 and 8.

In addition to the growth in LDC exports of manufactures there has been a rapid growth in LDC exports of raw materials, reflecting growing demand for imports of these products by DCs. Some of the countries that have achieved particularly large overall increases in export earnings in recent years include Brazil, Mexico, Peru, Taiwan, Hong Kong, Pakistan, Korea, the Congo, Libya, Sierra Leone, Israel, Jordan and the Lebanon. The pace of economic development in these countries has, however, varied greatly. Higher export earnings <u>per se</u> do not ensure development nor will tariff changes that enhance export earnings. From the standpoint of keeping trade and aid policies in perspective relative to the general goal of achieving rapid economic development in the LDCs, one should not lose sight of the important point that the domestic policies pursued by the LDCs have been much more important in determining their rate of economic growth than anything that has been done through the aid and trade policies of DCs.

3. Trade Policy Options

As stated earlier, I believe quantitative restrictions and other non-tariff barriers in DCs at present restrict LDC exports to DCs substantially more than tariff barriers. Accordingly, I think that first priority in our trade policy vis-a-vis the LDCs should be given to encouraging others through international action and by our own example to arrest the extension of quantitative and other non-tariff barriers to LDC trade. And second priority should be given to the reduction and elimination of the many non-tariff barriers that already exist.

Third priority should, I believe, be given to the removal of duties on a multi-lateral basis on a wide range of agricultural products and industrial materials of special importance to the LDCs.

Fourth priority, in my view, should be given to providing assistance to the LDCs directly and indirectly to improve the quality of their production for export, to expand and improve their marketing systems and to reduce transport costs. Unless LDCs can meet international competition on non-price grounds, it is doubtful whether tariff changes will achieve much; and if they can become more competitive in non-price terms, it is doubtful whether existing tariffs will be much of a hindrance. In this connection it is worth recalling also that after World War II, our Trade Commissioner Service not only sought to promote Canadian exports in the U.K. but also to promote U.K. exports to Canada, as a way of assisting post-war recovery in the U.K. Similar arrangements might be considered for the LDCs.

Fifth priority, I would argue should be given to tariff reduction and tariff removal on an MFN basis on a wide range of manufactured products of special interest to the LDCs - such products as processed foods, textiles and clothing, glassware, pottery, sporting goods and so forth. I attach the lowest priority to establishing a generalized system of non-reciprocal temporary tariff preferences for developing countries, - the policy now under active consideration in the O.E.C.D.

The foregoing priorities reflect my views about which policy changes will have the greatest impact on trade in the long-run and which will be of the greatest long-run benefit to both the LDCs and the DCs. In my view, it is in the interest of most countries, including Canada, to aim at a framework of world trading relationships that is free of quantitative and other non-tariff controls and in which tariffs are in the process of disappearing.

I prefer a multilateral to either a bilateral or unilateral approach to changes in trade policy for two reasons mainly. First, given the relative size of the Canadian market, it is apparent that any change that can be made in the access afforded to LDC products in all DCs as a result of Canadian influence will have a greater impact than a change applying only to Canada. Secondly, the domestic adjustments implied by tariff changes are likely to be less if other DCs also share in bearing the burden of adjustment. Nonetheless, even if trade policy changes are implemented on a multilateral basis, it will probably be necessary to establish a better domestic system of adjustment assistance than we now have if significant trade policy changes are to be tolerable politically.

I have several misgivings about the preference system now being established. Production and trade are likely to develop under preferences into patterns that may not be economically desirable nor political preferable from a long-run point of view. The long-standing preference arrangements already inexistence, and the trade and production that have developed as a consequence, are likely to be upset. Moreover, preferences may well inhibit future multilateral reductions in trade barriers. Most important perhaps, by establishing preferences there is a risk of establishing special escape provisions and new quantitative controls for use against the LDCs. The E.E.C. and Japan, for example have offered duty free treatment combined with quantitative ceilings on the volume of preferential imports. The U.S. has offered duty free treatment but has excluded textiles, footwear and petroleum products and all trade from developing countries that extend preferences to DCs in the Commonwealth and E.E.C. unless these preferences are phased out. Our own offer is to extend the lower of existing preferences or one-third of MFN rates for manufactures and semi-manufactures, except for a list of sensitive "low-cost" products including mainly textiles and electronic tubes. Tariff reductions are also offered on a selected list of agricultural products of special interest to the LDCs. It is noteworthy that our offer avoids quantitative controls except for the list of "low-cost" imports. In my view, the whole discussion of preferences has been largely a side-show that has diverted attention away from more important issues of trade policy.

As recently outlined by the Minister of Industry, Trade and Commerce, Canadian trade policy has continued to place heavy emphasis on a multilateral approach to reducing trade barriers. It has strongly supported free trade in industrial materials and in tropical products. Canada has also supported international commodity agreements where these have been deemed helpful - such as those for grains, tin, coffee and sugar. With respect to manufactured products, Canadian policy has generally favoured regional groupings among LDCs, such as Latin and Central America, provided these were in fact designed to increase trade and not to become simply another protectionist device. At the same time we have resisted the notion of special geographic groupings of developed and less-developed countries, as a advocated by the French particularly. Canada has also contunued to press for multilateral reductions in MFN rates. Attempts have been made to assist the LDCs in export promotion by, for example, making funds available through C.I.D.A. for market surveys. Our tariff preference offer, while not exceptionally forthcoming, has avoided quantitative restrictions and seems comparable to that of other countries. In addition, Canada has been actively working through GATT and other avenues for the removal of non-tariff barriers to trade and a more liberal trading regime for so-called "low-cost" imports.

On balance I find myself pretty much in agreement with the general directions of Canadian trade policy as outlined by the Minister. On the other hand, I am disturbed to hear no less a person than the Chairman of the Economic Council of Canada declare recently that Canada now is "one of the relatively high industrial tariff countries of the world". This is the central feature of Canadian tariff policy that I would seriously question, rather than our tariffs as they relate to the LDCs alone. The outcome of our policies in this respect seems inconsistent with the policies that we are alleged to be following. More important perhaps, for Canada to have become a relatively high-tariff country, in my view, is basically contrary to our own long-run national economic interests as well as to the development objectives of the LDCs.

I would also question our policies with respect to "low-cost" imports - such products as textiles, footwear, clothing and electronic tubes. These evidently are areas where the LDCs have a comparative advantage and where Canada does not. Most DCs maintain quantitative restrictions on these products, of course. I know it can be argued that U.S. and European restrictions are more severe than Canadian restrictions and that this may be viewed as leading to an imbalance in burden sharing. On the other hand, it may also be viewed as an imbalance in sharing the benefits to consumers and producers of "low-cost" products. I see little or no future for many of these industries in Canada and in the longer term a major adjustment will, I think, have to be made anyway. I agree that transitional costs are important, that the timing of transitional changes is important, and I whole-heartedly support measures that will spread the burden of the adjustment across all members of the community rather than allow it to fall entirely on those employed in these particular industries. At the same time, it needs to be recognized that the number of employees and employers likely to be adversely affected by this adjustment is small in relation to the total size of the Canadian labour force and the Canadian economy.[5] The

---

[5] Figures for 1970 show that .3 per cent of the Canadian labour force was ployed in the footwear industry and 1.8 per cent in the textile and clothing industry. If quantitative controls were removed it is by no means clear that these industries would be wiped out. It is more likely that the strongest segments of the industry would survive.

sooner this adjustment is undertaken in a purposive manner, the better for all concerned, in my view. I believe the benefit to Canada or the LDCs of gearing this adjustment closely to the pace that is acceptable in the U.S. and the Common Market is highly questionable. Our model should be the policies followed in phasing out large segments of the Lancashire cotton industry in the U.K.[6] This industry was transformed with relatively little disruption once it was clearly decided to proceed. Few would now argue that the U.K. would be better off had it resisted these changes with more protective measures of various kinds. And this result was quite independent of what other countries may or may not have been doing at the time.

---

[6] For a brief review of this experience see Little, _et al_, _op_. _cit_., pp. 279-285.

Table 1

SHARE OF WORLD EXPORTS (EXCLUDING EASTERN EUROPEAN COUNTRIES)

	To Developed and Less Developed Areas														To Developed Areas		To Less Developed Areas	
	Total		Food etc.		Raw Materials excl. fuels		Fuels etc.		Chemicals		Machinery		Other Manufactures		Total		Total	
	LDC	DC	LDC	DC	LDC	DC	LDC	DC	LDC	DC	LDC	DC	LDC	DC	LDC	DC	LDC	DC
1958	.26	.74	.44	.56	.41	.59	.69	.31	.04	.96	.01	.99	.10	.90	.27	.73	.22	.78
1959	.25	.75	.41	.59	.41	.59	.71	.29	.04	.96	.01	.99	.11	.89	.26	.74	.22	.78
1960	.24	.76	.40	.60	.39	.61	.70	.30	.04	.96	.01	.99	.11	.89	.25	.75	.22	.78
1961	.23	.77	.38	.62	.38	.62	.70	.30	.04	.96	.01	.99	.11	.89	.24	.76	.22	.78
1962	.23	.77	.37	.63	.38	.62	.70	.30	.05	.95	.01	.99	.11	.89	.23	.77	.23	.77
1963	.23	.77	.38	.62	.37	.63	.70	.30	.04	.96	.01	.99	.12	.88	.23	.77	.23	.77
1964	.22	.78	.38	.62	.35	.65	.73	.27	.05	.95	.01	.99	.12	.88	.22	.78	.22	.78
1965	.22	.78	.36	.64	.36	.64	.73	.27	.05	.95	.01	.99	.12	.88	.21	.79	.22	.78
1966	.21	.79	.34	.66	.35	.65	.74	.26	.05	.95	.01	.99	.13	.87	.21	.79	.21	.79
1967	.21	.79	.34	.66	.34	.66	.74	.26	.05	.95	.01	.99	.13	.87	.21	.79	.21	.79
1968	.20	.80	.34	.66	.33	.67	.74	.26	.04	.96	.01	.99	.13	.87	.20	.80	.21	.79
1969*	.20	.80	.35	.65	.35	.65	.74	.26	.04	.96	.01	.99	.13	.87	.19	.81	.21	.79

*Preliminary based on incomplete data.

Source: U.N. Monthly Bulletin of Statistics, November 1970, Special Table C.

Table 2

DESTINATIONS OF EXPORTS FROM LESS DEVELOPED COUNTRIES

1956 - 1969

($ U.S. billion)

	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
World	24.9	25.5	24.8	25.8	27.3	27.8	29.0	31.5	34.6	36.4	38.7	40.0	44.1	48.2
Developed Areas	18.3	18.2	17.9	18.8	19.8	19.8	20.8	22.8	24.9	26.1	28.1	29.4	32.8	36.0
Less Developed Areas	5.8	6.2	5.7	5.8	6.1	6.1	6.4	6.7	7.3	7.7	8.0	8.1	8.8	9.7
United States	5.9	6.0	5.8	6.0	6.0	5.7	5.8	5.9	6.4	6.8	7.4	7.5	8.4	9.1
Canada	.4	.4	.4	.5	.5	.5	.7	.7	.7	.7	.8	.8	.9	1.0
Latin America	1.0	1.2	1.2	1.1	1.1	1.0	1.1	1.1	1.3	1.4	1.5	1.5	1.8	1.9
Western Europe	10.2	10.1	10.0	10.5	11.2	11.3	12.0	13.2	14.4	15.0	15.8	16.3	18.0	19.8
E.E.C.	5.6	5.6	5.5	5.7	6.2	6.4	6.8	7.5	8.4	8.9	9.4	9.8	10.8	12.0
E.F.T.A.	4.1	3.9	4.0	4.2	4.4	4.3	4.5	4.8	5.0	5.1	5.2	5.3	5.8	6.2
U.K.	3.3	3.2	3.3	3.5	3.7	3.5	3.7	3.9	4.0	3.9	3.9	3.9	4.3	4.6
Eastern Europe	.4	.6	.6	.8	1.0	1.2	1.3	1.4	1.5	1.9	1.9	1.8	1.9	2.1
U.S.S.R.	.1	.3	.3	.4	.5	.7	.7	.7	.9	1.1	1.1	1.1	1.1	1.2
Other	.3	.3	.3	.4	.5	.5	.6	.7	.6	.8	.8	.7	.8	.9
Asian Middle East	.6	.6	.6	.6	.7	.7	.7	.7	.9	1.0	1.0	1.0	1.1	1.1
Australia, New Zealand	.5	.5	.5	.5	.5	.5	.5	.5	.6	.6	.6	.6	.6	.7
South Africa	.2	.2	.2	.2	.2	.2	.2	.3	.3	.3	.3	.4	.4	.4
Japan	1.1	1.1	1.0	1.2	1.4	1.6	1.6	2.1	2.6	2.8	3.3	3.9	4.4	5.0
Other Asia (part of Asia Economic Class II)	2.5	2.7	2.4	2.5	2.6	2.6	2.7	2.9	2.9	2.9	3.2	3.2	3.5	4.0
Asia Economic Class III	.2	.2	.2	.2	.3	.3	.3	.3	.4	.5	.4	.3	.3	.4
Africa Economic Class II	.8	.9	.8	.8	.9	.9	1.0	.9	1.2	1.3	1.2	1.2	1.3	1.4

Source: U.N. Yearbook of International Trade Statistics 1967, Table B, page 20.

and U.N. Monthly Bulletin of Statistics, June 1970.

Class I: Developed Market-Economy Countries; Class II: Less Developed Countries; Class III: Socialist Countries.

Table 3

PERCENTAGE OF LESS DEVELOPED COUNTRY EXPORTS GOING TO SELECTED AREAS

1956 - 1969

	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Developed Areas	73.5	71.4	72.2	72.9	72.5	71.2	71.7	72.4	72.0	71.7	72.6	73.5	74.4	74.7
Less Developed Areas	23.3	24.3	23.0	22.5	22.3	21.9	22.1	21.3	21.1	21.2	20.7	20.3	20.0	20.1
United States	23.7	23.5	23.4	23.3	22.0	20.5	20.0	18.7	18.5	18.7	19.1	18.8	19.0	18.9
Canada	1.6	1.6	1.6	1.9	1.8	1.8	2.4	2.2	2.0	1.9	2.1	2.0	2.0	2.1
Western Europe	41.0	39.6	40.3	40.7	41.0	40.6	41.4	41.9	41.6	41.2	40.8	40.8	40.8	41.1
E.E.C.	22.5	22.0	22.2	22.1	22.7	23.0	23.4	23.8	24.3	24.5	24.3	24.5	24.5	24.9
E.F.T.A.	16.5	15.3	16.1	16.3	16.1	15.5	15.5	15.2	14.5	14.0	13.4	13.3	13.2	12.9
U.K.	13.3	12.5	13.3	13.6	13.6	12.6	12.8	12.4	11.6	10.7	10.1	9.8	9.8	9.5
Eastern Europe	1.6	2.4	2.4	3.1	3.7	4.3	4.5	4.4	4.3	5.2	4.9	4.5	4.3	4.4
Japan	4.4	4.3	4.0	4.7	5.1	5.8	5.5	6.7	7.5	7.7	8.5	9.8	10.0	10.4

Source: Table 2.

Table 4

SHARE OF IMPORTS OF SELECTED AREAS COMING FROM THE L.D.C.'S

	Exports From the L.D.C.'s to the Selected Area as a Percentage of the Total Imports of That Area									Per Capita Imports Coming From The L.D.C.'s (U.S. dollars)			
	1961	1962	1963	1964	1965	1966	1967	1968	1969	1956	1960	1965	1969
Developed Countries	21.2	20.7	20.6	20.0	19.1	18.6	18.4	18.4	17.5	28.62	29.47	36.51	48.18
Less Developed Areas	19.6	20.3	20.5	20.2	20.3	19.6	19.1	19.2	19.4	5.07	4.58	5.04	5.75
United States	38.8	35.6	34.5	34.2	31.9	29.1	28.0	25.4	25.3	34.69	32.99	34.74	44.58
Canada	8.8	11.9	11.5	10.1	8.8	8.6	7.9	7.9	7.6	26.36	27.36	37.24	45.05
Western Europe	18.6	18.1	17.9	17.4	16.7	16.3	16.3	16.4	15.3	30.12	31.91	40.40	51.48
E.E.C.	19.9	19.0	18.6	18.7	18.1	17.5	17.8	17.4	15.9	34.56	36.76	49.54	65.25
E.F.T.A.	18.2	18.3	18.1	16.6	16.0	15.6	15.0	15.4	14.9	46.74	49.65	54.27	64.98
U.K.	28.5	29.6	28.9	26.0	25.0	24.2	22.7	23.4	23.7	64.78	69.72	71.46	81.93
Eastern Europe	8.1	7.9	8.0	7.7	9.2	8.8	7.8	7.6	7.6	1.39	3.04	5.65	6.91
Japan	27.6	28.6	31.3	32.9	34.1	34.7	33.3	33.8	33.3	12.45	15.02	28.18	49.06

Source: U.N. Yearbook of International Trade Statistics 196?, Special Tables A & B.

and U.N. Monthly Bulletin of Statistics, June and November, 1970.

Table 5

EXPORTS FROM LESS-DEVELOPED COUNTRIES, BY COMMODITY CLASS AND REGION
1968

($ U.S. billion)

	Total	Food, Beverage & Tobacco	Crude Materials (excl. fuels, oils & fats)	Mineral Fuels and Related Materials	Chemicals	Machinery and Trans. Equipment	Other Manufactured Goods
	SITC 0-9	SITC 0 & 1	SITC 2 & 4	SITC 3	SITC 5	SITC 7	SITC 6 & 8
World	44.1	11.0	8.4	14.8	.7	.8	8.2
Developed Areas	32.7	8.0	6.3	11.5	.3	.4	6.2
Less Developed Areas	8.8	2.0	1.2	3.1	.3	.4	1.7
United States	8.4	2.9	1.1	1.8	.1	.2	2.3
Canada	.9	.1	.1	.5	--	--	.2
Latin America	1.8	.4	.3	.5	.1	.1	.4
Western Europe	17.9	4.3	3.4	6.9	.1	.1	3.0
E.E.C.	10.7	2.5	2.1	4.3	.07	.1	1.6
E.F.T.A.	5.8	1.4	1.0	2.0	.06	--	1.2
U.K.	4.2	1.0	.7	1.5	--	--	.9
Eastern Europe	1.9	.9	.8	---	--	--	.3
Middle East	1.1	.4	.1	.4	--	--	.2
Australia, New Zealand	.6	.1	.1	.3	--	--	.1
South Africa	.4	---	.1	.2	--	--	.1
Japan	4.5	.5	1.4	1.9	--	--	.6
Other Asia (in Developing Asia)	3.5	.8	.7	1.0	.1	.2	.7
Developing Africa	1.3	.4	.1	.4	--	--	.3

Source: U.N. Monthly Bulletin of Statistics, March 1970, Special Table E.

Table 6

EXPORTS FROM LESS DEVELOPED COUNTRIES BY SELECTED COMMODITY GROUPS AND REGIONS, 1968

($ U.S. billion)

	Textile Fibres	Metal Ores and Scrap	Cereals	Textile Yarn and Fabric	Iron and Steel	Non-Ferrous Metals	Other Manuf. Metal Products	Crude Fertilizers and Minerals
	SITC 26	SITC 28	SITC 041-045	SITC 65	SITC 67	SITC 68	SITC 691-695, 698 & 812	SITC 27
World	1.9	1.9	1.1	1.6	.3	2.8	.1	.4
Developed Areas	1.2	1.7	.4	.9	.1	2.6	--	.4
Less Developed Areas	.3	.1	.5	.6	.2	.2	.1	--
United States	.1	.4	--	.4	.1	.5	--	.1
Canada	--	.1	--	--	--	--	--	--
Latin America	.1	--	.1	--	--	.1	--	--
Western Europe	.8	.7	.4	.3	.1	1.8	--	.2
E.E.C.	.5	.5	.3	.1	.1	1.1	--	.1
E.F.T.A.	.2	.2	--	.2	--	.5	--	.1
U.K.	.2	.1	--	.1	--	.4	--	--
Eastern Europe	.3	.1	.1	.2	--	--	--	--
Asian Middle East	--	--	.1	.1	--	--	--	--
Other Asia	.2	--	.3	.3	.1	--	--	--
Japan	.3	.6	.1	--	--	.3	--	--
Australia, New Zealand	--	--	--	.1	--	--	--	--
South Africa	--	--	--	--	--	--	--	--
Developing Africa	--	--	.1	.2	--	--	--	--

Source: U.N. Monthly Bulletin of Statistics, May 1970, Special Table B.

Table 7

TERMS OF TRADE INDEX NUMBERS, BY REGION

1961 - 1969

(Base 1963 = 100)

	1961	1962	1963	1964	1965	1966	1967	1968	1969
Developed Areas	99	100	100	100	100	100	101	101	102
Less Developed Areas	100	98	100	102	100	102	101	101	102
(excluding petroleum)	99	97	100	103	103	105	104	104	107
North America	101	102	100	99	101	102	103	104	104
Europe	99	100	100	100	101	100	101	100	101
E.E.C.	98	100	100	100	100	99	99	100	101
E.F.T.A.	99	100	100	100	101	102	103	102	102
Australia and New Zealand	88	89	100	103	95	97	90	90	88
South Africa	100	98	100	102	99	99	96	99	--
Less Developed Africa	103	99	100	103	100	104	103	104	108
Latin America	95	92	100	105	102	105	102	102	103
(excluding petroleum)	93	90	100	107	105	108	105	105	107
Middle East	102	103	100	98	96	97	96	98	94
(excluding petroleum)	104	111	100	99	101	105	104	102	102
Asia (Less Developed Areas)	103	102	100	99	99	99	99	100	104
Japan	103	102	100	96	93	93	96	97	102

Source: U.N. Monthly Bulletin of Statistics, October 1970, Special Table B.

Table 8

SELECTED IMPORT AND TARIFF STATISTICS FOR CANADIAN IMPORTS

	1966 Tariff Rates and Imports						Post Kennedy Round Tariff Rates and 1966 Imports			
	All Imports			Manufactures classified as being of special importance to LDCs***			All Imports		Manufactures classified as being of special importance to LDCs***	
	Total Imports	Dutiable Imports	Dutiable Imports as Percentage of total Imports	Total Imports	Dutiable Imports	Dutiable Imports as Percentage of total Imports	Total Imports	Dutiable Imports	Total Imports	Dutiable Imports
	%	%	%	%	%	%	%	%	%	%
Average Tariff Rates*										
1. Developed countries										
M.F.N.	8.3	16.6	50.0	10.5	18.6	56.4	7.2	14.4	9.1	16.1
B.P.	8.0	19.0	42.1	6.8	13.5	50.8	6.5	15.5	6.6	13.0
All D.C.s**	8.3	17.0	49.3	10.1	18.1	55.9	7.1	14.0	8.8	15.8
2. Less developed countries										
M.F.N.	3.6	9.5	37.7	13.2	17.2	76.6	3.3	7.7	11.2	14.2
B.P.	4.1	20.5	17.7	8.1	13.5	60.1	3.6	20.2	6.5	10.9
all L.D.C.s**	3.8	11.8	34.5	11.8	16.7	37.7	3.5	10.0	4.8	13.2
3. All countries**	7.9	16.5	48.1	10.2	18.1	67.5	6.8	14.2	8.7	15.7

*(Import duty collections ÷ imports) 100.
**Includes trade from countries which is subject to the general tariff.
***Based on Hal B. Lary's classification in Imports of Manufactures from Less Developed Countries (New York, 1968), Appendix C, 189-213.