

THE STATE OF
FOOD AND AGRICULTURE :
REVIEW AND OUTLOOK
1952



FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
ROME, ITALY

OCTOBER 1952

FAO STATISTICAL YEARBOOKS

YEARBOOKS OF FOOD AND AGRICULTURAL STATISTICS, 1947, 1948, 1949, 1950, 1951

I - PRODUCTION — II - TRADE

These two-volume yearbooks continue the statistical series begun by the International Institute of Agriculture which was absorbed into FAO in 1946. The volumes on Production contain statistical data on crops and livestock numbers and the Trade volumes (publication started in 1948) present statistical information on international trade in the major agricultural products of the world. Production 1947 covers the years 1940/41 to 1945/46, as well as prewar averages for crops and livestock products; Production 1948 covers 1946/47 and adds figures on total population by countries and on persons engaged in agricultural occupations; Trade 1950 contains statistics and notes covering the years 1946, 1947, 1948 and 1949, compared with an average for earlier years. The volume on Trade 1951 contains new figures for 1950 and the latest revised data for the years 1947, 1948 and 1949, compared with the prewar (1934-38) average. The 1952 volumes are now in preparation.

Bilingual English/French, with notes and glossary in Spanish. Per volume \$3.50 17/6

YEARBOOKS OF FISHERIES STATISTICS, 1947, 1948-49

The statistical coverage begins with 1938 and ends with 1949. For identification of species a nomenclature section lists scientific and common names by country. 1948-49, the second yearbook, continues and expands the data published in 1947, which were supplemented throughout 1948 and 1949 by statistics published in FAO Fisheries Bulletin. In addition to the above, the 1950-51 volume is now in preparation.

Bilingual English/French, with Spanish supplement. Per volume \$3.50 17/6

YEARBOOKS OF FOREST PRODUCTS STATISTICS, 1947, 1948, 1949, 1950, 1951

Yearbooks of international forest products statistics including notes on the present salient features of the current world situation. 1948 contains information on world output, imports, exports, and consumption of forest products for the years 1946 and 1947 reported by over 100 countries and territories; 1950 covers the years 1948 and 1949. The 1952 volume is now in preparation.

Bilingual English/French, with Spanish supplement. Per volume \$2.50 12/6

REPORT ON THE ACTIVITIES OF FAO UNDER THE EXPANDED TECHNICAL ASSISTANCE PROGRAM

for the First Financial Period, 1950-1951 and Outline of Activities for 1952

This report contains chapters on selected projects, a statistical summary of ETAP activities, regional activities and activities in various countries, policies and plans and a statistical summary for 1952. With photographs.

In English, French and Spanish. \$1.00 5/-

CL16/2

THE STATE
OF
FOOD AND AGRICULTURE
REVIEW AND OUTLOOK - 1952

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
ROME - 1952

NOTE

The statistical material in this publication has been prepared from such information as has been available to FAO staff not later than 30 July 1952

Printed in Italy

Advanced Printing	September 1952
Final Printing	October 1952

CONTENTS

FOREWORD	1
Chapter I. Summary	5
Chapter II. World Review and Outlook	
Agricultural Production, Trade and Consumption in 1951/52	13
The Demand Situation in 1951/52.	18
Production and Supply Prospects for 1952/53	30
The Demand Outlook 1952-54.	31
The Long-Term Food Situation	34
Agricultural Investment	37
Chapter III. Regional Review and Outlook	
Europe (excluding Eastern Europe and the U.S.S.R.)	45
Eastern Europe and the U.S.S.R.	50
North America (U.S.A. and Canada)	52
Latin America.	58
Africa.	63
The Near East.	66
The Far East.	70
Oceania (Australia and New Zealand)	75
Chapter IV. Review and Outlook by Commodities	
Wheat	81
Coarse Grains	85
Rice	86
Sugar.	88
Livestock Products.	90
Fisheries Products	93
Fats, Oils and Oilseeds	97
Fruit (Citrus)	99
Fruit (Dried)	101
Coffee.	102
Tea.	103
Cocoa.	104
Tobacco.	105
Cotton	107
Wool.	110
Jute.	113
Rubber	115
Forest Products (Roundwood)	116
Forest Products (Sawn Wood)	117
Forest Products (Wood Pulp)	118
Fertilizers	120
Pesticides	123
Farm Machinery	123
Fisheries Equipment	126

Charts

I	Recent Increases in Food Production above Prewar.	12
II	Postwar Increase in Food Production	14
III	Per Caput Food Consumption Prewar	20
IV	Per Caput Food Consumption Postwar (1950/51)	21
V	Industrial Production in Selected Countries	22
VI, VII	Agricultural Wholesale Prices in Selected Countries.	24
VIII, IX	General Wholesale Prices in Selected Countries	25
X, XI	Wholesale Price Indices : Ratio of Agricultural Prices to all Prices in Selected Countries	27
XII - XX	Population and Food or Agricultural Production, Prewar and Postwar	
	Europe	46
	United States	53
	Canada	54
	Latin America	58,59
	Africa.	63
	Near East.	68
	Far East.	70
	Oceania.	76
XXI	Cotton Prices, Postwar.	109
XXII	Wool Prices at Auctions, Postwar.	112
XXIII	Prices of Various Forest Products (1949-52)	119

F O R E W O R D

In putting this latest review of the State of Food and Agriculture before our Member Governments and the general public, I feel it my duty to recall once more the unanimous resolution of FAO Member Governments, adopted at the Sixth Session of the Conference, to try by every means for "a well-balanced increase of one or two percent per annum in world production of basic food and other essential agricultural products in excess of the rate of population growth".

Looking over the past year's results, there is some reason for satisfaction, as total agricultural production has increased by about two percent over the previous year. However, the greater part of the gain was made in products other than food, notably fibers and rubber, and food production alone increased by only one percent. Gratifying as these increases may be, they reveal the need for government planning to take full account of the possible interferences from changing world-market conditions which, if uncountered by adequate incentive policies and other measures, may divert productive resources from the most essential to the most profitable. The expansion of world food production by one percent from 1950/51 to 1951/52 has only barely kept abreast with the rate of population growth and we are thus still far below the rate of increase required for essential improvements in the diet of the large majority of the world population. In addition, because of the uneven regional distribution of productive achievements, the need for more rapid expansion in some regions is even much greater than the global figures reveal.

On the technical side, it is encouraging to note that the generosity of the economically more advanced countries has enabled the community of nations to undertake a co-operative effort of sharing their technical skill and knowledge for the benefit of all, in the Expanded Technical Assistance Program of the United Nations. Recognizing the basic necessity of first developing the agricultural resources of the more backward areas of the world, the largest single share of the available funds has been allocated to FAO, and our work in this field is reported in another document*.

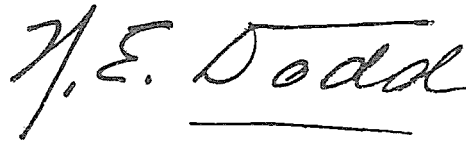
But technical assistance is only the first step towards higher production. While there are many instances in which countries have put to good use the newly acquired technical knowledge without considerable capital expenditure, the fullest advantage from this new program can only be achieved if international co-operation in the financial field is stepped up simultaneously with the expanded technical assistance. Within the framework of its charter and resources, the International Bank for Reconstruction and Development is helping the financing of agricultural development programs. Yet, not all such programs can be financed at the cost of a regular bank credit. Low-cost credit and international grants-in-aid could contribute immensely to implementing some of the major agricultural development projects. I am following with interest the current attempts in the United Nations to find ways of providing these, and thus of giving the Member Governments of FAO increased and better opportunities in their endeavor to increase the output of agriculture.

Moreover, technical help may easily be frustrated if we do not succeed in securing permanent stable markets at adequate prices for the increased production, while at the same time maintaining the flexibility required for meeting major changes in the general price level, in production techniques and in the conditions of demand. The need for such flexibility, no doubt, complicates the adoption of national and international stabilization measures. None the less, our efforts must be directed toward overcoming these difficulties and toward developing an adequate groundwork of carefully planned stabilization, to provide the needed security.

* Activities of FAO under the Expanded Technical Assistance Program 1950-1952, Rome, May 1952.

The picture of world trade in agricultural products remains clouded with difficulties. The exchange and trading difficulties mentioned in my report last year have increased and once again the dollar shortage is putting obstacles in the flow of international trade. It will require the concerted effort and good will of all nations for finding ways and means to prevent the recurrence of these difficulties, which impede so greatly the task of expanding the world's food supply.

Again this year, I am submitting the review and outlook of agriculture against the background of the more general trends in world economy. The great expansion of production and trade has continued in the past year and the most careful analysis of today's operating economic forces indicates another year of high economic activity. Agriculture is called upon to contribute to as well as benefit from existing favorable economic conditions. Governments, in laying their plans and in advising farmers, should keep in mind that demand for the products of agriculture, fisheries and forestry is likely to remain high. But they also should look farther ahead. Within the limits inherent in any long-term forecast, we have also attempted to project economic trends farther ahead and to indicate some of the problems agriculture may have to face once the present economic expansion comes to a standstill. If this report helps governments to make the necessary provisions for future contingencies, it will have fulfilled its purpose.

A handwritten signature in cursive script that reads "N. E. Dodd". The signature is written in dark ink and is positioned above a thin horizontal line.

NORRIS E. DODD
Director-General

Chapter 1

SUMMARY

Chapter I - S U M M A R Y

1. Total agricultural production in 1951/52 increased two percent. However, most of this increase was in non-food products; total food production was at the 1950/51 level and per caput food production was lower than this and still below the prewar level in some areas. While the volume of total world trade expanded, the volume of international trade in agricultural products remained unchanged.

2. Changes in price relationships and greater effort by some governments to expand production of foodstuffs promise some improvement in 1952/53. If weather conditions continue favorable, total agricultural output in 1952/53 will equal and perhaps exceed that of 1951/52, with increased food production. The trend towards expanded agricultural production is likely to continue into 1953/54.

3. While some slight improvements in calorie levels have occurred in the past two years, the diet in the poorest-fed regions of the world is still inadequate, particularly in the rice-consuming areas. Prospects for a marked improvement in the long run are rather discouraging. A more efficient utilization of the world's limited food resources is, therefore, one of the paramount tasks of international co-operation in agriculture.

4. Efforts to expand agricultural and primarily food production will be facilitated by a high demand for the products of agriculture. In the past crop year, world industrial production and employment continued generally at high levels, generating increasing consumer incomes which were reflected in a slowly-expanding demand for foodstuffs. On the other hand, industrial demand for agricultural raw materials receded from the high levels following the Korean outbreak, affecting particularly the textile industry throughout 1951/52. Similarly, prices of most agricultural raw materials entering world trade declined sharply

in 1951/52, but the general level of raw material prices in mid-1952 was still above the level of two years ago. Also, prices of most foodstuffs, with the exception of some vegetable oils and tea, were still higher than in June 1950. The ratio of costs to prices received, however, is moving unfavorably for farmers in a number of countries.

5. Increasing defence production and plant expansion in most of the industrialized countries makes a continuation of the high level of economic activities in 1952/53 very likely. In the less developed areas, economic development programs, supported by expanding technical assistance and by international, bilateral and regional financial aid, will continue to increase employment and the demand for agricultural products. In the longer run, completion of defence programs may cause a decline in economic activities, but present indications are that economic conditions will remain favorable probably until mid-1954, as many governments have large-scale projects in reserve to "take up the slack" in the decline in defence expenditure.

6. The full impact of the high level of economic activities on the demand for agricultural products has been reduced by difficulties arising in international trade. After the interlude due to the post-Korean price rises, the problem of the dollar shortage became accentuated and consequently the trend towards liberalization of foreign trade has been reversed. In 1951/52, restrictions on international trade grew at an alarming rate, affecting the demand for many of the non-basic foodstuffs and forcing a continuation of austerity in many parts of the world. While some alleviation of the difficulties was evident at the beginning of 1952/53, balance-of-payments difficulties will continue to affect unfavorably the demand for agricultural products in 1952/53.

7. The lack of dollars in most parts of the world is an incentive for efforts to reduce the dependence of food-importing countries on North America. This requires considerable investment for expanding agricultural production in the deficit regions. Private domestic investment in agriculture in the underdeveloped areas remains very low, but governments and public institutions are increasing their activities in this field. Agriculture is assigned a major share in most of the plans for economic development but there is great need for stepping up the flow of international capital funds for financing agricultural development. In addition, discussions within the United Nations are under way to find ways and means of financing non-self-liquidating agricultural development projects through international grants.

REGIONAL SUMMARY

Europe (excluding Eastern Europe and the U.S.S.R.)

The recovery of agriculture continued, but Western Europe's dependence on imports from overseas did not diminish, and imports from the dollar area increased as availabilities elsewhere declined. Intra-European trade remained at high levels, although trade between Eastern and Western Europe was much less than before the war. Prices received by farmers improved, but net farm income increased less since costs advanced more than prices. Crop production in 1952/53 can be expected to exceed the previous year's level and livestock production is also likely to increase. Demand for farm products will probably remain generally strong in 1952/53 and the greater availability of coal, steel and other raw materials should encourage high industrial activity.

Eastern Europe and the U.S.S.R.

Collectivization in Eastern Europe has slowed down but the transfer of land and livestock to collective ownership continued in Poland and Eastern Germany. Yugoslavia is moving away from the Soviet type of agricultural organization. Agricultural production of the area is still below prewar, although showing marked improvement in recent years. The crop situation improved but livestock numbers showed little change in 1951/52. Trade appears to have increased considerably within the region. Russian grain exports to Western Europe were higher but total exports from the region declined somewhat.

North America

Increasing rates of government expenditure and of business investment were decisive factors contributing to enlarged output and the maintenance of full employment in North America.

Favorable weather and the high domestic and foreign demand accounted once more for an increase in agricultural production in 1951/52. Similarly output of wood pulp improved, while lumber production declined slightly. Fish landings were smaller than in the preceding year. Farm cash incomes increased, reaching record levels in Canada and one of the highest in the United States.

Crop prospects for the current season are good and great gains in production are expected, particularly in the United States' wheat and maize. Livestock output in the United States is also likely to be higher, but the Canadian livestock industry has been severely affected by the outbreak of foot-and-mouth disease. Demand for the products of agriculture, fishery and forestry is likely to remain high in 1953/54, providing the incentive for maintaining or if possible increasing agricultural production.

Latin America

Unfavorable weather conditions and the after-effects of the emphasis on industrialization reduced Argentina's agricultural production considerably in 1951/52, and thereby reduced total production in the region in spite of larger plantings and better harvests elsewhere. This primarily affected Latin America's exports of breadgrains, meat and oilseeds, while per caput food supplies remained almost unchanged. Large capital investments and technological progress improved the output of fisheries, and forestry production expanded also. With rising production costs, net farm incomes appear to have increased less than gross farm incomes. New policies in Argentina may bring substantial recovery in crop production, but farm labor is likely to continue to be a major problem. Further improvements in 1953/54 may, however, increase export availabilities in livestock products. Exchange difficulties may slow down further increases in food imports of the region. The supply situation of forestry products is expected to improve and to reduce the region's dependence on imports from abroad.

The Far East

Rice production in 1951/52 was again below prewar levels but other grain production in 1951/

52 was higher. Output of non-food crops, with the exception of jute and rubber, as well as livestock, is still below 1934-38 production. The rapid population growth has changed the region from a net exporter to a net importer of food, particularly of grain. Fisheries increased their production in many countries and exports of forestry products continued at high levels. The high prices of the area's main agricultural export products declined sharply, particularly reducing dollar earnings and depleting foreign exchange reserves in many countries of the region. New price relationships between non-food and food crops will encourage efforts for increasing food production, but it is likely that available export surpluses, particularly of rice, will still be insufficient for the food-deficit countries in the region. Economic development projects are progressing but reduced export earnings may slow down the rate of development.

The Near East

The cultivated area expanded considerably and trade increased. Most of the expansion was, however, concentrated on non-food crops and severe droughts in the area held agricultural production lower than expected, although bumper crops were harvested in Turkey. Per caput consumption levels have shown little improvement since before the war, and in most parts of the area food supplies are inadequate. Net exports from the region fell. The immediate outlook for the region indicates a possible decline in food production with particular danger arising from the threat of desert locust outbreaks and, in some areas, from the extension of cotton acreage at the expense of food crops. Economic development plans throughout the Near East stressing agricultural expansion, however, promise improvement over present conditions.

Africa

Despite a record production of oil-bearing crops, African agricultural production did not show any appreciable increase over last season's. The demand for imports, influenced by rising domestic consumption, consequently remained high, and there is a gradual shift from subsistence farming to a market economy. Production and exports of forestry products increased but a declining foreign demand may hamper further expansion.

The outlook for agricultural production does not

promise great improvement in the immediate future. Trends since the war indicate that additional food supplies for export are to come mainly from tropical Africa, since increasing domestic consumption is absorbing most of the additional output elsewhere in the region. Difficulties in speeding up development projects may arise from the shortage of soft-currency capital goods, higher prices and lack of financial means.

Oceania

The decline in wheat production in Australia and the drop in export revenues, particularly from falling wool prices in both Australia and New Zealand, have led to strenuous efforts to encourage greater output of exportable products through a variety of means. Inflationary forces due to the previous year's high export earnings are still operative and, with the declining export values, import restrictions were introduced in Australia to counter a mounting deficit in the balance of trade.

Under normal weather conditions and with the progress of the Australian program to increase output now under way, partly financed by a considerable share of the \$150 million World Bank Loans, total agricultural production in 1952/53 and 1953/54 is likely to surpass present levels. Net farm income, which decreased in 1951/52, may recover again as prices paid to farmers have been increased and subsidies have been introduced.

SUMMARY BY COMMODITIES

Wheat

Exports of wheat and wheat flour were larger in 1951/52 than in the preceding year, shipments from Canada and the United States increasing considerably, but those from Argentina and Australia contracted. Carry-over stocks in these four countries were lower on July 1, 1952, all countries except Canada showing a decline from the previous year. Prices tended upwards in the first half of the year but were slightly lower at the close than at the beginning. Over half the total shipments, however, were traded under the International Wheat Agreement. Supplies will be larger in 1952/53 owing to increased crops in most parts of the northern hemisphere. Prospects for improvement in exportable supplies in Argentina and Australia in 1952/53, however, are not good.

Coarse grains

Total shipments of coarse grains, at about the same level as in 1950/51, were still short of the prewar average. Over half the total was again supplied by the dollar exporters and the inability of Argentina to ship substantial quantities of maize is a serious feature. Supplies in North America in 1952/53 are likely to be large with anticipated good crops of maize in the United States and of barley and oats in Canada, and a large carry-over also in Canada. Barley crops in the Near East and North Africa are reported to be very good. Increased prices to growers in Argentina may result in better maize supplies in 1953.

Rice

World production failed to expand in 1951/52 and the growth in world trade, which marked 1951, was checked in 1952. Uncontrolled prices of rice have risen, in contrast to those of most other commodities, but national policies will determine the extent to which this disparity is allowed to act as an increased incentive to producers. In some important areas, production will also depend on the course of political unrest. Demand for rice may suffer some reduction owing to the diminished purchasing power of other South-East Asian countries and the increased relative attractiveness of alternative foods.

Livestock products

Production of milk and meat increased in 1951. Butter output declined while production of cheese and preserved milk rose substantially. The utilization of milk for fluid consumption generally continued to expand. Also, production of pig-meat expanded, mainly owing to continued recovery in Europe, while shortage occurred in beef and mutton supplies. World trade in butter and meat fell but trade in cheese and preserved milk expanded. Prices of livestock products generally rose considerably in 1951 under the impetus of high consumer incomes. The outlook for 1952/53 is that production in the livestock industries generally will expand, but that world trade, especially in butter and beef, may continue to be adversely affected by small exportable supplies from Argentina and Australia, while hard currency stringencies may continue to limit feed imports, and consequently the exportable surpluses, of the Western European exporters.

Fats and oils

Prices of fats, oils and oilseeds declined during 1951/52. In contrast to 1950/51, there was a widespread desire to reduce stocks accumulated the preceding year. Also, total world production and export supplies of oils and fats increased in 1951/52. The principal increases were in coconut, groundnut, cottonseed and olive oils. In 1952/53, inventory demand for fats and oils will probably be somewhat stronger than a year earlier. World production of fats and oils, particularly of lard and olive oil, is also likely to decline but world export surpluses may be as large as a year earlier because stocks of oils and oilseeds increased during 1951/52 in several producing countries. Notable instances were edible vegetable oils in the United States, groundnuts in Nigeria, and olive oil in some of the Mediterranean countries.

Sugar

The increase in world production by 1.7 million metric tons in 1951/52 as compared with the previous year was due entirely to larger crops in Central and South America. Since the largest increase in production occurred in exporting countries requiring payment in dollars, marketing problems have emerged which will probably result in addition to carry-over stocks of over 1.5 million tons.

The outlook is for further increase in production in 1952/53 in all areas except Cuba, where the 1953 crop may be restricted by administrative measures. World consumption is expanding, and the rise in production in 1951/52 did not result in a substantial decline in wholesale prices. Indeed, retail prices were higher in most countries than during the previous year. A lowering of retail prices would encourage additional consumption in most countries.

Citrus fruit

Production of oranges and mandarines increased in 1951/52 and international trade in citrus fruit reached a new high level. Though OEEC trade liberalization did not apply to European imports from Spain, that country increased exports substantially. The United States continued to grant export premiums and succeeded in marketing larger quantities in Europe. The United Kingdom still takes less citrus fruit than prewar whereas most countries have increased their imports. New plantings of trees are very large and,

though there is no immediate fear of a surplus, some concern has been voiced over the rapid expansion of citrus groves.

Dried fruit

The output of the major varieties of dried fruit in 1951/52 was larger than in 1950/51. Raisin production in the United States increased about 50 percent while elsewhere smaller yields were obtained. The pack of currants did not change appreciably. Production of prunes almost doubled whereas fig production decreased approximately 20 percent. In spite of the absence of carry-overs of raisins from the previous season, buyers were rather cautious for most of the season and the sale of the United States' surplus raisin pool of 30,000 tons to the United Kingdom weakened other markets until it became clear that stocks in other exporting countries were lower than assumed earlier in the season. The 1952/53 pack may be slightly lower for raisins and prunes but larger for figs.

Coffee

The world coffee economy was probably more prosperous in 1951/52 than ever before. Production increased as compared with 1950/51; imports rose by close to 10 percent; prices remained remarkably stable at very high levels. Production outlook for 1952/53 is less favorable, due to the severe drought in Brazil. On the other hand, demand is likely to continue strong and there is little indication of production exceeding demand for some years to come.

Tea

Supplies in 1951/52 were larger than imports for current consumption for the first time since the end of the war. Prices of lower quality tea consequently declined by more than 30 percent, but 1952 prices were still 150 to 200 percent above prewar.

Production in 1952/53 is promising, but the increase in the United Kingdom ration is likely to absorb the probable increase in production. No serious surplus problems are anticipated for the immediate future.

Cocoa

Cocoa production in 1951/52 at 679,000 tons was lower than at any time since the abandonment of international allocations in 1949. As a result, prices rose to the "ceiling" level in the U.S. (38.37 cents per lb.) and were 2 to 4 cents

higher in soft currency countries. The production outlook appears more favorable in 1952/53, but the upward trend in world demand seems likely to continue and it appears probable that the world will absorb at relatively high prices all the cocoa that is likely to be produced during the next few years.

Tobacco

World tobacco output in 1951/52 increased approximately 3 percent above 1950/51. There was a substantial increase in the major cigarette types, in particular the flue-cured Virginia, but production of other tobaccos decreased. Total exports increased slightly and United States exports were the highest since the record of 1946; shipments to the United Kingdom rose considerably in spite of reduced ECA grants. Exports of oriental leaf also increased but there are still substantial carry-overs from previous crops, mainly in Greece. Total supplies in 1952/53 are likely to increase further but exports from the United States and Canada are expected to decline as a result of the cut in the United Kingdom's dollar spending on tobacco in 1952/53.

Rubber

The world output of natural rubber in 1951 was no larger than in the previous year, having declined from April onwards as prices fell. For 1952 a reduction of 11 percent is estimated. World consumption in 1951 was 12 percent less than in 1950, as a result of the restrictions in force in the United States, consumption elsewhere having increased by about 5 percent. Both production and consumption of synthetic rubber in the United States increased, offsetting most of the decrease in its natural rubber consumption. Prices of natural rubber, which had receded almost continuously during 1951, declined more steeply in the early months of 1952, but became more stable towards the middle of the year, when the ceiling on natural rubber consumption in the United States had been removed, and private importation had been fully restored. In view of the price advantage which synthetic rubber enjoys, the removal of these restrictions is not, however, expected to have any appreciable effect on the relatively low level of natural rubber consumption there.

Cotton

In contrast to the acute shortage and extremely high prices of cotton in the preceding season, the 1951/52 season has been characterized by an

increased supply, falling prices, and a contracting demand. Total production, the second largest on record, was 25 percent greater though, with the much depleted carry-over at the beginning of the season, the increase in total supply was of about 4 percent. Consumption, which had been at a record level during 1950/51, declined as a world-wide recession overtook the textile trade and industries. Cotton prices which, at the beginning of the season, had adjusted themselves in accordance with the enlarged volume of supply, continued falling throughout the season in face of the textile recession. The decline still leaves cotton prices high in relation to those obtaining before the outbreak of the Korean war, but appears to have discouraged expansion in acreage for the same 1952/53 crop. Available evidence indicates that production is unlikely to be as much as in 1951/52.

Consumption recovery awaits a trade revival in textile industries, but meanwhile, excessive textile stocks are being reduced. The revival in cotton textiles is likely to be postponed until cotton prices show more signs of stability, possibly after the new season's supply becomes available, but in view of the continued expansion of rayon capacity and the comparative cheapness of rayon, cotton is not likely to enjoy the full fruits of a recovery in textile industries.

Wool

In common with other branches of the textile industry, the woollen and worsted industry was affected by a marked recession in 1951/52. Wool consumption in 1951 was 16 percent lower than in the previous year. The lower price of wool provides a better basis for a more active consumer interest in wool textiles, and reduction in stocks at various stages of manufacture and distribution promises a resumption in mill activity in the next few months. Whilst it is too early to form an estimate of the weight of the 1951/52 clip, little if any increase in production is to be expected following on the adverse pastoral conditions last season in Australia and South Africa. Government stocks are now limited to relatively small quantities held as strategic reserves, and trade stocks in consuming countries are generally low, but there is a substantial accumulation of cross-breeds in South America.

Jute

Planting in Pakistan for the 1952/53 crop is believed to have been about the same as, and in

India slightly less than, in the previous season. The crop is expected to be adequate to meet the requirements of the industry, which last season for the first time since the war was sufficiently well supplied to achieve a greater output than the market was prepared to absorb. A decided reduction in the Indian export duty on jute goods and the lower level of statutory minimum prices, as well as export duties, in Pakistan should ease the industry's task of disposing of its products in the current season.

Fisheries products

Production of all fisheries commodities increased about 4 percent in 1951, largely because of the successful reconstruction of war-damaged fleets and the introduction of technical improvements. While output for most edible fish products declined, oil and meal and frozen fish production continued to increase.

Where pressures of rising demand were felt, indigenous production increased, but in Western Europe and North America, rising costs tended to limit production, although there was an overall increase in fish prices.

The coming year will probably be marked by improved fisheries resources in underdeveloped areas, while demand in the developed areas may be less stable. Demand for frozen fish should increase but more competition will probably develop in marketing of fish meal and fats and oils. Commercialized fishing industries will face discrimination in demand which may raise difficulties, particularly where markets are protected by import regulations.

Forestry products

Demand for forest products was very strong during 1951. As a result production increased and trade expanded even more, especially in sawn softwood and pulpwood. Unprecedented price rises took place mostly in Europe but price ceilings were in effect in the United States.

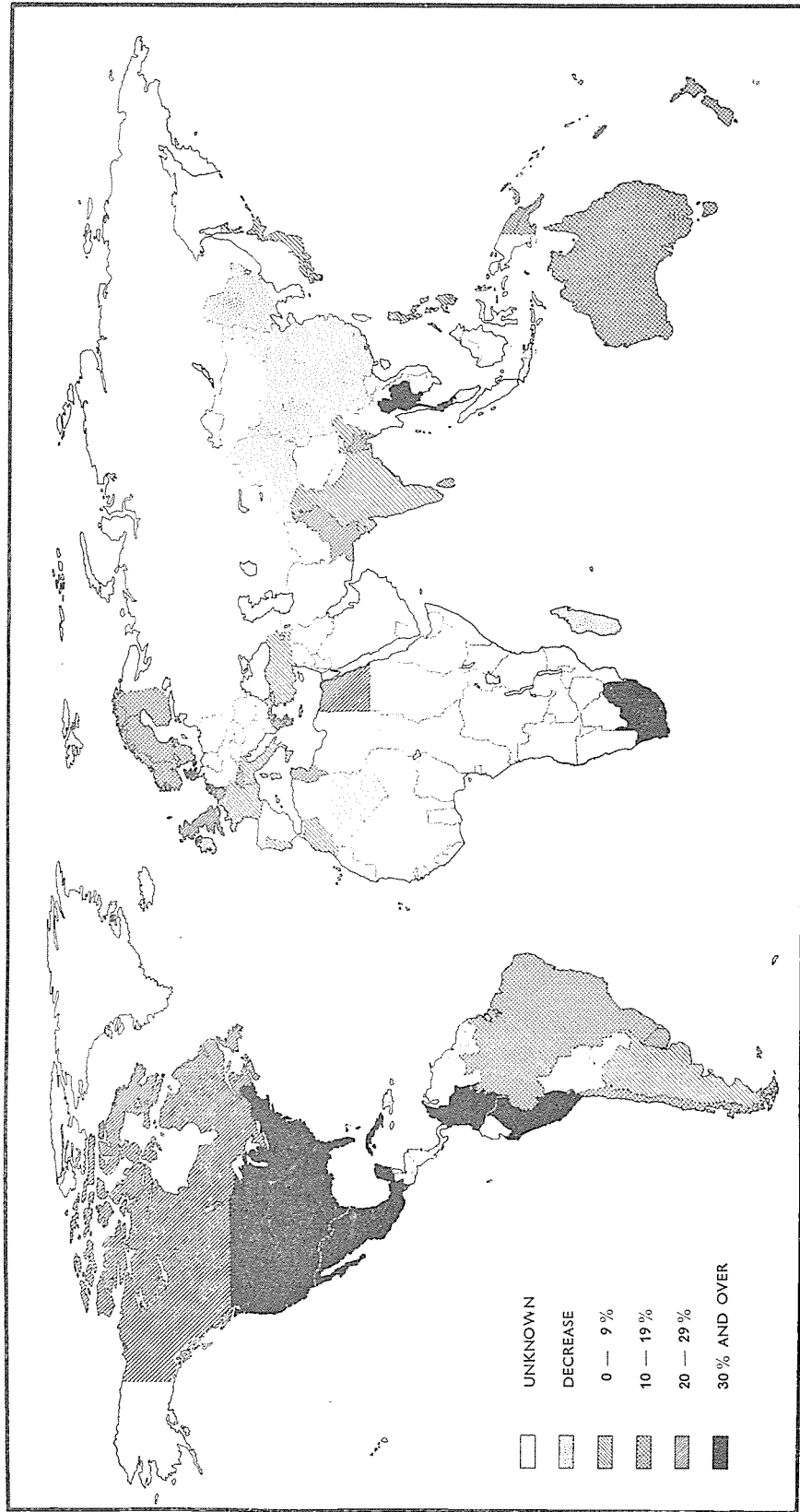
Towards the end of 1951 and during the first half of 1952, a pronounced fall in demand and in prices occurred as the result of balance-of-payments problems and a growing consumer resistance to high prices.

With a continued strong demand in the most important countries, however, a new rush on supplies is not to be excluded.

Chapter II

WORLD REVIEW AND OUTLOOK

CHART I - INCREASE IN FOOD PRODUCTION ABOVE PREWAR. AVERAGE OF 1949 AND 1950
 COMPARED WITH 1934-38



Chapter II - WORLD REVIEW AND OUTLOOK

AGRICULTURAL PRODUCTION, TRADE AND CONSUMPTION IN 1951/52¹

Production

Despite unsettled world conditions and poor weather in such widely scattered areas as Australia, India and Argentina, farmers produced nearly 2 percent² more than in the previous year and 11 percent more than in the immediate prewar years (Table I and Charts I and II). This increase kept pace with the gain in population during the past year, but not over the longer period as population growth has been 15 percent since before the war. Production per caput thus remained at a level below that of the immediate prewar period.

The overall increase in production was distributed unevenly among commodities and regions. Prices during the previous two crop years had favored non-food crops as compared to food, and food production in 1951/52 showed only a slight change over the previous year, although fiber production increased by 13 percent. The production of rubber, cotton, jute and sunflower seed increased 10 to 60 percent in 1951/52 over 1949/50, while the production of eight major food crops³ increased only 2 percent and 1 percent over 1949/50 and 1950/51 respectively and was still below the postwar peak reached in 1948/49. Meat and milk production was slightly higher than in the preceding year. On the other hand, sugar production in 1951/52 was the highest in history and

was 5 percent above the preceding year's. Fish production in 1951 continued the postwar increase with the total catch 4 percent above 1950. The world output of forest products as a whole increased substantially in 1951, although this was distributed unevenly among commodities and regions. The output of woodpulp and pulp products expanded by 10 percent in North America, while that of sawn wood increased most in Europe, with about 5 percent. The world output of fiber building boards in 1951 was 36 percent above the 1950 level, the increase being greatest in Europe — some 85 percent.

In most regions agricultural production, in response to the earlier changes in prices and/or to government policies, shifted somewhat in favor of agricultural non-food items, while food production remained at the same level or showed a smaller increase. In the Far East production of fibers and rubber increased 7 percent over 1951 and 32 percent over 1949/50, and food output increased slightly and only equalled the immediate prewar average despite a rise in population. Thus, in Pakistan and India jute acreage expanded by two fifths between 1950/51 and 1951/52, whereas the rice area declined slightly, and the wheat area remained virtually unchanged. In Indonesia rubber production increased by 16 percent and rice only about 7 percent. However, fiber and rubber output in the Far East was only 16 percent above prewar, whereas in Latin America, the Near East and Africa, the increase above that level ranged from 38 to 23 percent. North America continued to maintain its high level of food production and is the only region where the increase in food production since before the war is well above the rise in population numbers.

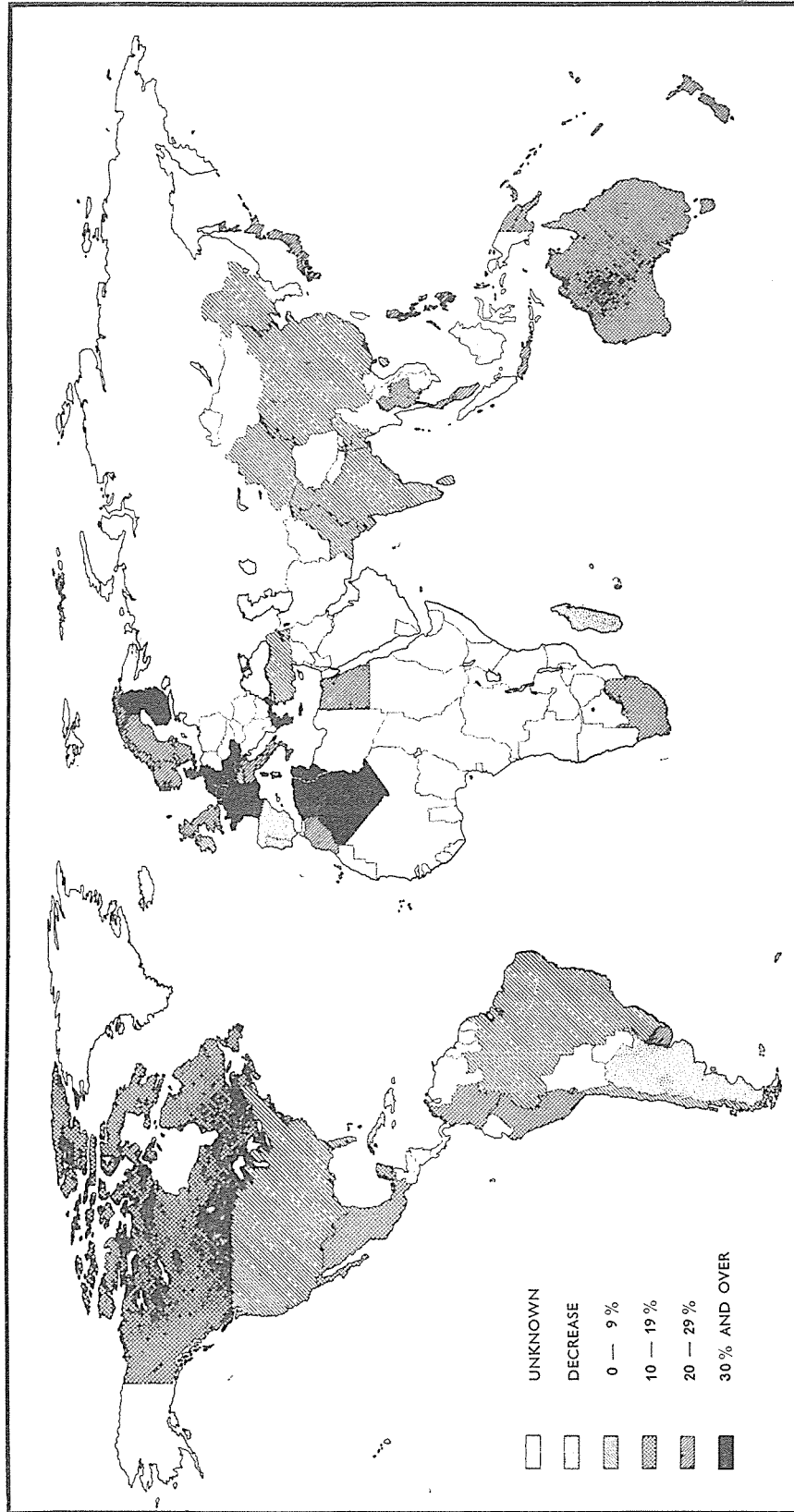
By a more intensive use of agricultural resources and labor, nearly all regions were able to maintain food production and increase that of raw

¹ Excluding the U.S.S.R.

² These estimates have a downward bias, especially for Europe, as no adjustments have been made for increased efficiency in feeding livestock.

³ Wheat, rye, barley, oats, maize, rice, sugar, potatoes.

CHART II - POSTWAR INCREASE IN FOOD PRODUCTION. AVERAGE OF 1949 AND 1950
 COMPARED WITH AVERAGE OF 1946 AND 1947



materials. This is especially important in the underdeveloped regions where farm products provide the main source of export income.

International trade in foodstuffs and fibers

Total volume of world exports of agricultural products was somewhat lower in 1951 than in 1950, with a substantial reduction in the export of fibers although total food exports remained about the same (Table 2). Nevertheless, substantial gains in quantities exported in 1951 over 1950 ranging from 5 to 45 percent are shown for fish, bread grain, rice, sugar, fats and oils, coffee, tea and tobacco.

The lower exports of cotton and wool are mainly an effect of the reduced activity of the textile industry in Europe, Japan and North America.

Europe's slowly increasing food production made possible a further slight reduction of net imports in 1951/52 (Table 3). But the heavy dependence of Europe on overseas food imports has become a greater burden on her balance of payments, since North America's preponderance as the world's greatest supplier of foodstuffs has grown still further in 1951/52.

As the North American share in world trade increased, that of the two other major food exporting regions — Latin America and Oceania — declined. As indicated in more detail in Chapter III, the main reason for the change in Latin America and Oceania in 1951/52 was the sharp decline of grain exports and to a lesser extent of meat exports. In particular, the heavy decline of Latin America's role as a major source of agricultural exports is due to a decline in exports of coarse grains to about 20 percent of the prewar volume; maize, which used to provide the bulk of these exports, fell to less than 10 percent of the quantities exported in 1934-38. The growing share in world imports of the Far East — a net exporter before the war — is mainly due to higher import requirements of bread grains and a net deficit of rice in 1951/52.

The total volume of world exports of forest products in 1951, consisting almost entirely of exports by North America and Europe, increased by 7 percent over 1950. The exports of sawn and round wood rose by 10 percent, and those of wood pulp and pulp products by 6 percent. The increased demand for sawn and round wood in Europe led to an increase in this continent's net imports, while the favorable marketing conditions elsewhere for wood pulp and pulp products

TABLE I. — INDEX NUMBERS^a OF VOLUME OF AGRICULTURAL PRODUCTION 1949-51

(1934-38 = 100)

REGION	1949/50	1950/51	1951/52
<i>Total Production^b</i>			
Europe (excluding U.S.S.R.)	90	97	101
North America	142	137	141
Latin America	114	118	115
Far East	95	99	101
Near East	111	120	124
Africa	120	122	122
Oceania	119	114	111
World (excluding U.S.S.R.)	106	109	111
<i>Food Production^c</i>			
Europe (excluding U.S.S.R.)	89	96	100
North America	145	145	144
Latin America	116	120	116
Far East	96	99	100
Near East	109	118	123
Africa	118	118	118
Oceania	120	114	110
World (excluding U.S.S.R.)	106	110	111
<i>Aromatic Crops^d</i>			
Europe (excluding U.S.S.R.)	125	131	138
North America	155	158	178
Latin America	99	96	98
Far East	86	89	88
Near East	164	155	147
Africa	142	154	154
Oceania	98	103	106
World (excluding U.S.S.R.)	106	107	110
<i>Natural Fibers and Rubber^e</i>			
Europe (excluding U.S.S.R.)	106	106	113
North America	119	76	114
Latin America	120	129	134
Far East	88	108	116
Near East	115	127	123
Africa	123	131	138
Oceania	116	113	114
World (excluding U.S.S.R.)	107	104	118

^a These quantity indices are preliminary revisions of previous FAO production indices. A general revision will be completed and new revised series established before the next edition of this report.

^b Index numbers of agricultural production are based on gross production data applying uniform prewar price weights. There is double counting in the indices since no allowances were made for the utilization of feed. For example, grains may appear once as "production of grains", and again in the form of livestock. *Agricultural products* comprise the commodities listed below in the three aggregates.

^c *Food* comprises wheat, rye, barley, oats, maize, millet and sorghum, rice, dry beans, dry peas, broad beans, chick peas, lentils, unspecified pulses, sugar, potatoes, sweet potatoes, vegetable oils, animal and marine fats and oils, and meat.

^d *Aromatic crops* comprise cocoa, coffee, tea and tobacco. ^e *Fibers and rubber* comprise cotton, wool, jute, hard fibers, hemp, flax and rubber.

TABLE 2. — INDEX NUMBERS OF VOLUME OF TRADE IN AGRICULTURAL PRODUCTS, 1949-51^a

(1934-38 = 100)

REGION	Exports			Imports		
	1949/50	1950/51	1951/52	1949/50	1950/51	1951/52
	<i>Agricultural Products^b</i>					
Europe ^c	56	68	65	90	91	89
North America	171	183	200	126	143	139
Latin America.	94	96	84	152	181	159
Far East	68	82	84	74	89	101
Near East.	111	129	107	216	234	241
Africa	122	127	125	125	131	145
Oceania	132	128	110	140	166	191
World ^d	97	105	102	96	103	103
	<i>Food</i>					
Europe ^c	55	70	71	88	89	89
North America	268	282	335	92	100	98
Latin America.	84	83	74	144	174	158
Far East	37	42	44	78	79	96
Near East.	121	103	86	247	291	291
Africa	110	112	101	109	113	128
Oceania	116	118	95	143	163	140
World ^d	90	96	91	91	95	91
	<i>Aromatic Crops</i>					
Europe ^c	58	50	54	86	83	91
North America	116	117	128	154	138	144
Latin America.	125	105	110	140	130	146
Far East	94	88	100	68	81	86
Near East.	217	156	160	161	146	155
Africa	147	158	166	130	145	147
Oceania.	90	100	74	119	131	142
World ^d	115	124	112	110	124	112
	<i>Natural Fibers and Rubber</i>					
Europe ^c	56	64	53	93	96	88
North America	92	105	91	146	199	184
Latin America.	88	125	81	191	236	173
Far East	97	130	129	68	102	108
Near East.	96	135	108	350	351	454
Africa	124	129	137	419	423	484
Oceania.	148	138	124	173	238	365
World ^d	100	119	104	98	115	108

^a In basic data for trade indices the same commodities are included as for production indices as far as international trade existed, and they have been weighted by corresponding or applicable uniform price weights (See footnotes to Table 1).

^b Trade data relate to calendar years, with the exception of wheat, rye, barley, maize and oats where the data for trade season July-June beginning in the year stated have been used.

^c European exports and imports include trade between Eastern Europe and Western Europe but exclude trade between the Eastern European countries and the U.S.S.R. and between themselves for the most part. For some major commodities estimates have been made of intra Eastern European trade. This may slightly bias the European index. Unreported China trade 1949-1951, partially estimated in the same way, may also affect the Far Eastern index. All other regions present a full trade coverage.

^d Most of the inter trade between non-reporting countries is excluded (See footnote c).

resulted in a slight increase in net European exports. In North America, on the other hand, increased domestic production of wood pulp and pulp products resulted in a slight reduction in net imports.

Food consumption and nutrition

During the past two years food consumption in most countries in nearly all regions showed some further improvement. However, gains of an impressive character have been too few to suggest that any change of fundamental importance is occurring in the world food situation (Table 4 and Charts III and IV).

The improvement in food consumption levels in 1951/52 appears to have been smaller and less widespread than in the previous year. Slight gains were recorded in a number of countries in the Far East and Near East and some setbacks in other countries in these regions, especially Pakistan and Israel. There was some recovery in India following the conditions of acute food stringency that prevailed in parts of the country in the preceding year; serious shortages are, however, still reported from some areas in India. In Europe, except for Spain and Portugal, the past year has witnessed no significant change in food consumption levels. For many years, due largely to a succession of droughts, Spain and Portugal were outstanding exceptions to the general postwar recovery in Europe's food situation. Aided by better weather conditions, the per caput food supply in these two countries substantially increased in 1950/51 and there was a further improvement in 1951/52. For the first time in postwar years, food rationing has been almost completely abolished in Spain but low income prevents large numbers of people both in Spain and Portugal from obtaining adequate supplies. Elsewhere in Europe changes appear to have been mostly of a minor character. Difficulties in procurement, however, have led to some deterioration in the food supply in the United Kingdom, especially in livestock products. The rapidly expanding populations of the food surplus regions of North America, Oceania and Argentina continue to enjoy high per caput food supplies and record levels of consumption of animal products. Apart from one or two countries, notably Brazil, there is no evidence of any further upward movement in consumption levels in Latin America in 1951/52.

For the world as a whole, trends of the past few years suggest that the gradual postwar re-

TABLE 3. — INDEX NUMBERS OF NET TRADE IN AGRICULTURAL PRODUCTS, 1949-51^a

(1934-38 = 100)

— = Net Exports

+ = Net Imports

REGION	1949/50	1950/51	1951/52
<i>Agricultural Products</i>			
Europe.	+ 100+	98+	96
North America ^b	—	—	—
Latin America	— 86—	83—	73
Far East.	— 60—	74—	63
Near East	— 69—	88—	54
Africa	— 122—	126—	119
Oceania	— 132—	126—	104
<i>Food</i>			
Europe.	+ 101+	97+	96
North America ^b	— 8 991—	9 259—	12 058
Latin America	— 72—	65—	57
Far East ^c	—	—	—
Near East ^c	—	—	—
Africa	— 111—	111—	86
Oceania	— 115—	116—	93
<i>Aromatic Crops</i>			
Europe.	+ 90+	87+	96
North America	+ 172+	147+	151
Latin America	— 124—	104—	109
Far East.	— 99—	90—	102
Near East	+ 52+	125+	146
Africa	— 153—	162—	172
Oceania	+ 121+	132+	144
<i>Natural Fibers and Rubber</i>			
Europe.	+ 101+	103+	95
North America	—	—	—
Latin America	— 73—	109—	68
Far East.	— 143—	173—	163
Near East	— 93—	132—	104
Africa	— 115—	120—	126
Oceania	— 148—	136—	117

^a In basic data for net trade indices the same commodities are included as for production indices as far as international trade existed, and they have been weighted by corresponding or applicable uniform price weights (see footnotes to Table 1).

^b Owing to the abnormally low exports of grains from the United States in the 1934-38 period the North American region was a net importer of agricultural products in the base period. This also explains the very large percentage change in food exports from North America.

^c Changed from a net exporting region to a net importing region between 1934-38 and the postwar period.

covery in the food situation may, for the time being, be drawing to a close. Average per caput food supplies in the different regions appear to be becoming stabilized at lower levels than in prewar years, both in quantity and quality in many countries in the Far East as well as in some countries in the Near East and Africa, with less animal products except milk in Europe, and more and a greater variety of supplies in most of the food surplus countries. Despite increased money income generated by higher industrial production in the past few years, expansion in the effective demand for the more costly foods now also appears to have slowed down, especially in Europe. Food prices, particularly at the retail level, have not fluctuated as sharply in the past year as raw material prices. Apart from minor pauses, the trend in retail food prices in most countries appears to move steadily upwards. In a number of countries this tendency has been strengthened by a reduction in food subsidies to the consumer or by the raising of prices paid to farmers. Poorer sections of the population consequently find it difficult to buy the more nutritious foods since these are often also more expensive. For example, in many parts of Europe meat consumption has failed to reach the prewar level.

In the underdeveloped areas of the world, cereals and starchy roots still constitute the bulk of a quantitatively inadequate food supply. For instance, a recent survey in Ceylon shows that the diet is often deficient in calories and that undernourishment is common among the population. In an appreciable number of families surveyed recently in India, the average daily calorie intakes were below 2000 and, in a few, below 1500. Even in countries in which calorie levels are adequate the diet often does not contain enough protective foods. Such unbalanced diets have deleterious effects on the health of the people and are responsible for the prevalence of various deficiency diseases. In Egypt, for example, certain deficiency diseases such as pellagra prevail both among rural and urban populations although the observed calorie intakes correspond reasonably well with their estimated requirements. However, the most serious state of deficiency now prevailing in many parts of the world is a syndrome which is associated with low protein consumption. This syndrome is known to be largely responsible for high mortality among children from six months to five years of age in Africa, Central America, and possibly in some other areas, including Asia.

THE DEMAND SITUATION IN 1951/52

Although world industrial production and employment continued generally at high levels in 1951/52, the sharp upward movement in prices, production, and market demand which had characterized the preceding year was no longer evident, and demands for farm products reflected these changed conditions in varying degrees, especially in export markets. While production of military goods continued to expand, that of civilian goods contracted somewhat, demand of purchasers was generally less strong for both consumption and stockpiling, and inflationary pressures were reduced and even gave way to deflationary tendencies in some countries. Prices of raw materials in the second half of 1951 and in early 1952 generally declined relative to prices of finished products. This, combined with lower exports, reduced the dollar earnings of raw material exporting countries from shipments to dollar countries and thus contributed to renewed dollar shortages.

Industrial production

In North America, despite a recession in some consumer goods industries, industrial output in 1951 as a whole averaged some 10 percent above 1950. In the first quarter of 1952 the general level of industrial production was slightly below that of the first quarter of 1951, while in the second quarter production was seriously affected by the steel strike in the United States.

However, manufacturing capacity in the United States at the end of 1952 will be 50 percent higher than at the end of World War II. Incomes remained high as wage controls gave way to the continued pressure for wage increases, reflecting high consumer prices.

The high industrial production and employment reflected the impact of expanding rearmament and domestic investment. While actual spending on armaments is behind the original schedule, investment in industrial plant continued at record levels. In the United States and Canada initial difficulties in raw materials supply were short-lived and controls and allocations were relaxed. Civilian production, except of automobiles and private building, continued almost unrestricted. The reduced output of many consumer goods such as refrigerators and textiles was caused by a slackening of demand rather than by a shortage of supplies.

TABLE 4. — ESTIMATED ENERGY AND PROTEIN CONTENT OF NATIONAL AVERAGE FOOD SUPPLIES PER CAPUT IN 1951/52 COMPARED WITH 1950/51, 1949/50 AND PREWAR

COUNTRY	CALORIES				TOTAL PROTEIN				ANIMAL PROTEIN				
	Prewar	1949/50	1950/51	1951/52 as percentage of 1950/51	Prewar	1949/50	1950/51	1951/52 as percentage of 1950/51	Prewar	1949/50	1950/51	1951/52 as percentage of 1950/51	
	(. Number per day)				%	(. Grams per day)				%	(. . . Grams per day . . .)		%
NORTH AMERICA													
Canada*	3 070	3 140	3 240	—	85	93	95	—	48	56	57	—	
U.S.A.*	3 150	3 170	3 210	—	89	91	92	+ 1	50	61	61	+ 1	
SOUTH AMERICA ^a													
Argentina	2 730	3 170	3 140	...	98	103	102	...	62	67	68	...	
Brazil	2 150	2 440	2 490	...	68	65	67	...	32	25	26	...	
Chile	2 240	2 340	2 440	...	69	70	73	...	21	22	23	...	
Colombia	1 860	2 330	2 240	...	47	57	55	...	20	26	26	...	
Honduras . . . . .	...	1 980	2 030	...	...	54	57	...	...	19	18	...
Uruguay	2 380	2 900	2 930	...	90	91	92	...	61	59	60	...	
Venezuela . . . . .	...	2 210	2 150	...	...	65	64	...	...	29	28	...
EUROPE													
Austria	2 990	2 600	2 740	...	88	75	79	...	39	29	33	...	
Belgium/Lux.	2 820	2 890	2 890	...	84	85	84	...	34	41	40	...	
Denmark*	3 420	3 230	3 130	+ 2	91	103	97	+ 3	57	59	57	+ 7	
Finland	3 000	3 020	3 210	...	95	96	100	...	44	51	48	...	
France*	2 830	2 750	2 790	+ 2	93	92	91	+ 2	39	41	41	+ 2	
Germany (Fed. Rep.)*	3 070	2 700	2 810	...	84	78	76	+ 1	42	33	36	+ 5	
Greece*	2 600	2 490	2 510	— 3	84	77	77	— 1	23	19	17	+ 6	
Ireland	3 400	3 450	3 500	...	99	96	97	...	48	47	49	...	
Iceland	3 160	...	3 240	...	111	...	113	...	74	...	79	...	
Italy*	2 510	2 360	2 400	+ 3	82	74	76	+ 3	20	18	20	—	
Netherlands*	2 920	2 970	3 090	— 5	80	81	82	— 2	41	39	39	—	
Norway*	3 200	3 150	3 180	— 1	90	104	104	— 2	49	58	57	—	
Sweden*	3 120	3 210	3 240	— 2	95	95	95	— 1	59	61	60	— 2	
Switzerland*	3 140	3 180	3 250	+ 1	96	98	97	+ 1	54	52	51	+ 2	
U. K.*	3 120	3 080	3 100	— 5	83	90	88	— 4	46	46	46	— 6	
Portugal (cont.) . . . . .	...	2 230	2 400	...	...	63	67	...	...	20	20	...
FAR EAST													
Ceylon*	2 140	2 010	2 060	—	48	46	48	+ 1	9	11	12	+ 1	
China ^b *	2 230	2 030	2 120	+ 2	71	62	65	+ 1	6	5	5	—	
India ^c *	1 970	1 620	1 570	+ 2	56	42	42	+ 2	8	6	6	—	
Indonesia*	2 040	1 880	1 950	+ 1	46	42	44	—	5	5	5	—	
Japan*	2 180	2 000	2 100	+ 2	64	52	53	—	10	9	10	— 5	
Pakistan*	—	2 240	2 160	—	—	60	58	—	—	11	11	—	
Philippines*	1 920	1 960	2 050	— 1	45	44	47	— 1	11	10	11	—	
NEAR EAST													
Egypt*	2 450	2 300	2 400	+ 1	74	66	68	+ 1	9	13	14	—	
Turkey*	2 560	2 670	2 710	+ 2	78	85	88	+ 2	12	17	19	+ 3	
Israel . . . . .	...	2 680	2 520	...	...	81	81	...	...	32	30	...
AFRICA													
Union S. Af.*	2 300	2 570	2 640	—	68	72	73	—	23	27	26	—	
OCEANIA													
Australia*	3 310	3 210	3 290	— 3	103	98	98	— 3	67	66	66	— 2	
New Zealand	3 260	3 400	3 470	...	96	101	104	...	64	66	70	...	

^a Figures refer to calendar year of the earlier year mentioned. — ^b Excluding Manchuria and Taiwan. — ^c India and Pakistan in the case of prewar figures.

*REMARKS ON 1951/52 changes: CANADA, slightly less beef + butter more pork + milk. — U.S.A., slight increase in meat + milk slight decline in butter + sugar. — DENMARK, more meat, cheese + fats, less potatoes sugar + milk. — FRANCE, more meat, eggs + milk, slightly more fats, less potatoes. — GERMANY (FED. REP.), more sugar, meat + milk, less cereals + potatoes. — GREECE, more potatoes, slightly more sugar, pulses, fish, milk + cheese, less cereals. — ITALY, more cereals + potatoes, slightly more sugar, pulses, meat, milk + fats, slightly less cheese. — NETHERLANDS, less potatoes + fats, slightly less sugar + meat. — NORWAY, slightly more sugar + cheese, less cereals, potatoes, meat + milk. — SWEDEN, less milk, slightly less potatoes, sugar + butter. — SWITZERLAND, slightly more meat, cheese + fats. — UNITED KINGDOM, less potatoes, slightly less cereals, sugar, meat, eggs, milk, cheese + butter. — CEYLON, slightly more meat. — CHINA, more rice and wheat. — INDIA, more rice and sugar. — INDONESIA, slightly more cereals, more starchy roots. — JAPAN, more sugar, less fish. — PAKISTAN, little significant changes. — PHILIPPINES, slightly less rice and corn. — EGYPT, more wheat, less rice. — TURKEY, more cereals, meat and butter. — UNION OF SOUTH AFRICA, insignificant changes. — AUSTRALIA, less wheat, meat + fats.

CHART III - PER CAPUT FOOD CONSUMPTION PREWAR

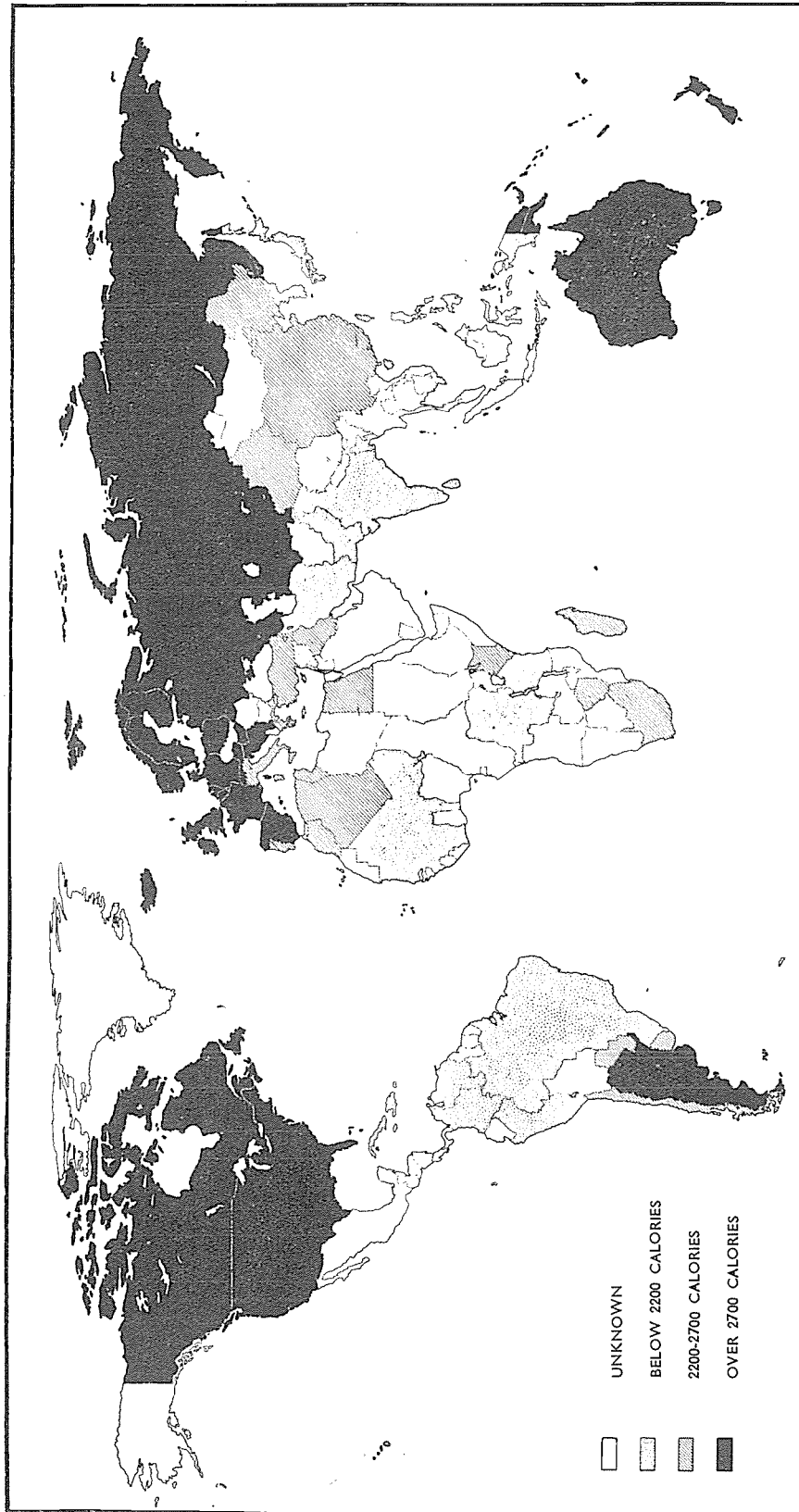
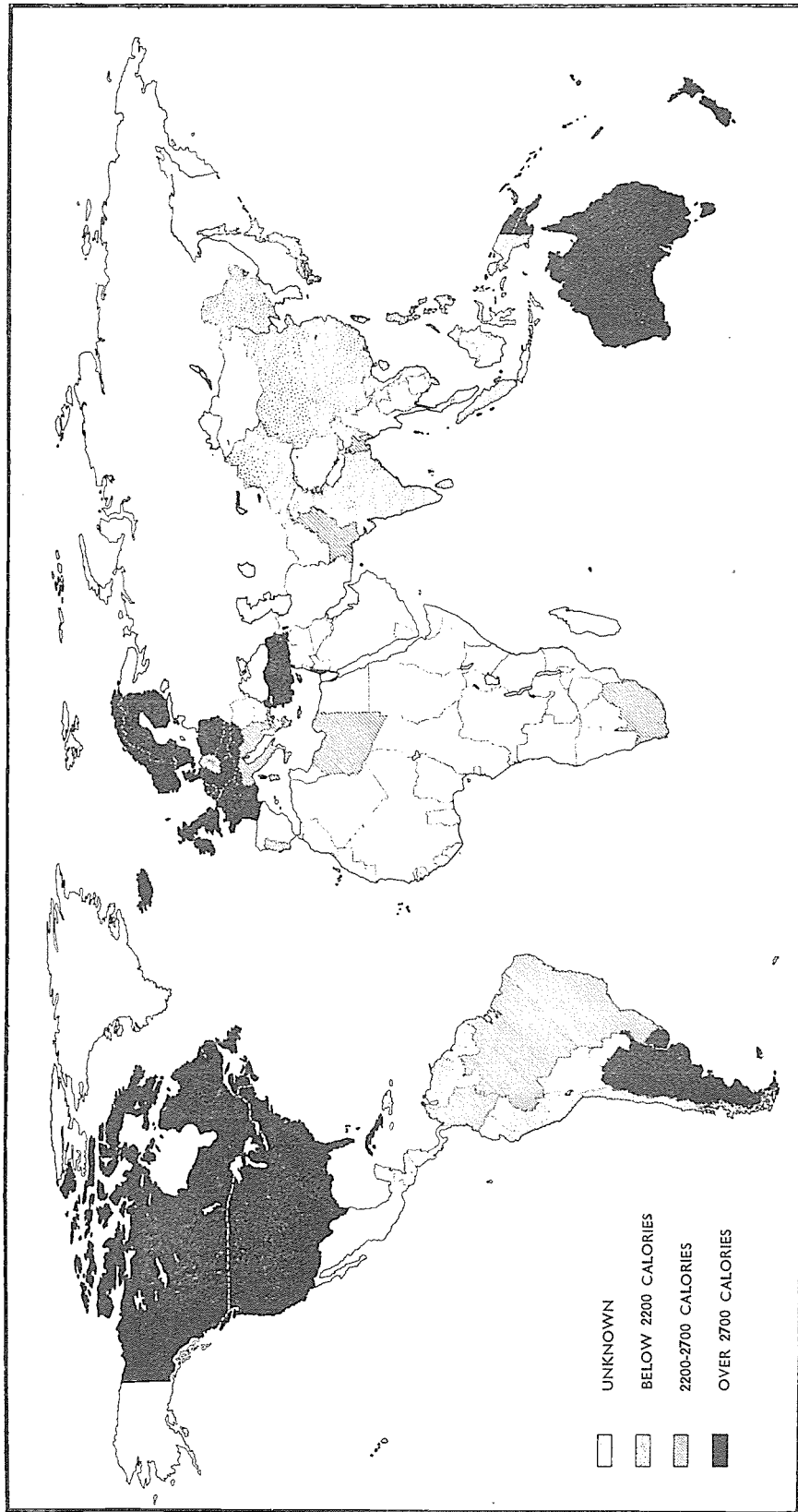


CHART IV - PER CAPUT FOOD CONSUMPTION, POSTWAR (1950/51)



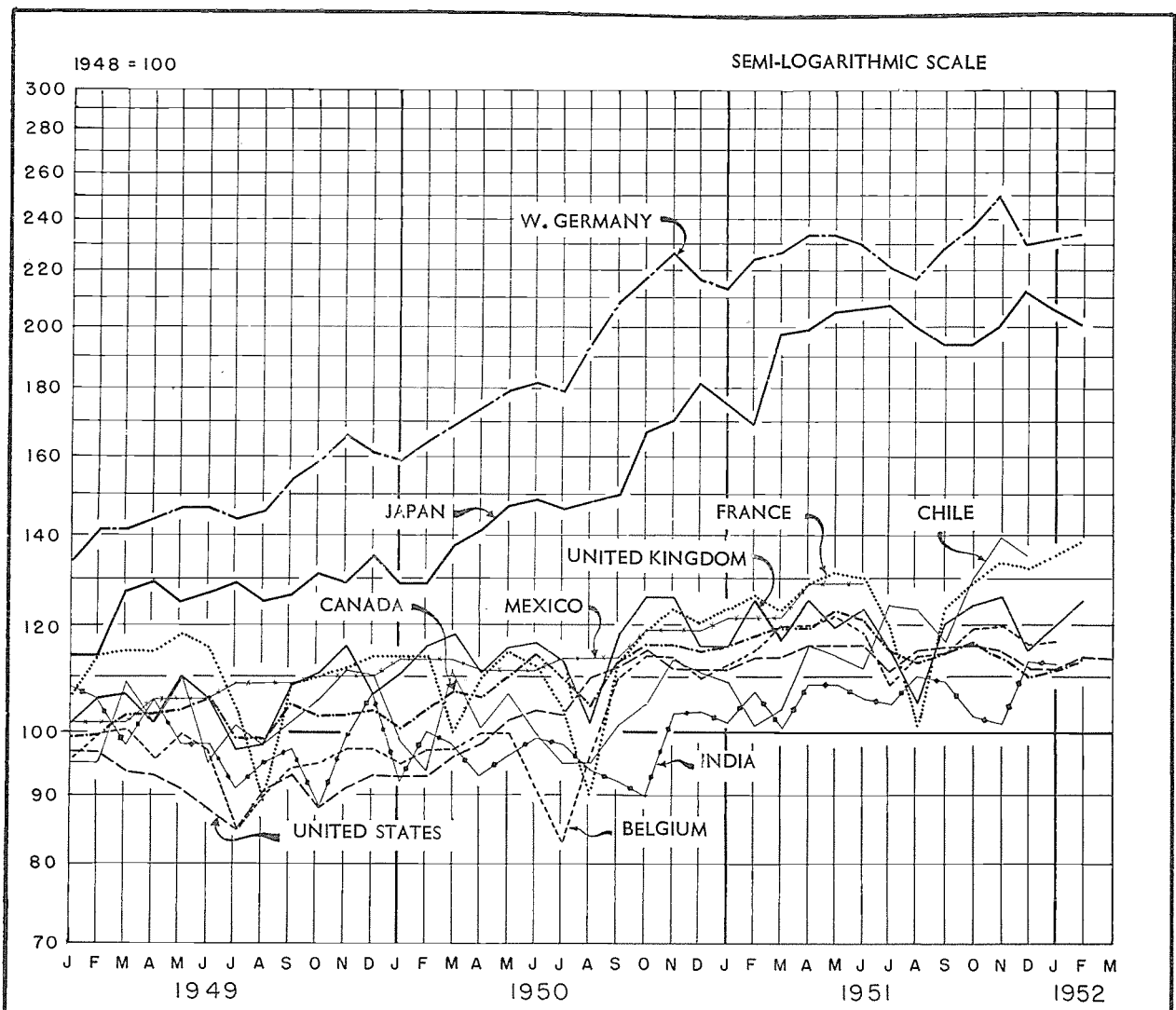
In Western Europe total industrial activity remained high and shortages of coal and steel are slowly disappearing. Beginning in the second half of 1951, however, industrial expansion did slow down considerably. In some countries, e.g. Belgium, Germany and especially Italy there is serious unemployment. An increase of industrial production was reported in Eastern Europe in 1951. For Europe as a whole (excluding U.S.S.R.) industrial production in 1951 averaged 12 percent above the 1950 level.

Industrial activity in India and Japan continued to rise in 1951/52 although at a reduced rate.

China (excluding Taiwan) reported increased activity. The pace of industrialization of some Latin American countries slowed down.

Industrial production is the basic factor behind effective purchasing power for farm production. The slowing down of industrial expansion meant that effective demand for farm produce also stopped growing in 1951/52. The ensuing effects were most noticeable in industries based on agricultural raw materials, where slackening in prices produces exaggerated contractions in manufacturers' purchases. In the leather and shoe industry and the paper and printing and textile

CHART V - INDUSTRIAL PRODUCTION IN SELECTED COUNTRIES



Notes : United Kingdom: including construction.
 United States : excluding electricity and manufactured gas.
 Belgium : adjusted for seasonal variation and number of working days.
 Chile : including building, excluding mining.

France : adjusted for number of working days.
 Mexico : quarterly averages.
 Western Germany : adjusted for number of working days.

industries in many countries, stocks were reduced and consumers were reluctant to buy, although supplies were ample and prices declining. The trend became especially marked after the third quarter of 1951. Reduction of production and increased unemployment in the textile industry was widespread, affecting major producers in North America, Western Europe and in the Far East (Chart V).

Real national income showed the same rising trend as industrial production in Western Europe and in North America. In the former higher gross national production in all countries for which data are available was offset by the effects of the developments of the terms of trade (and invisible items of the balance of payments) resulting in an average increase of less than 5 percent (except in Germany) in real national income in 1951 above 1950. Countries which improved their terms of trade throughout the year, e.g. the pulp exporting Scandinavian countries and Belgium as a steel exporter, increased their real national income around 7-8 percent (except Finland, with 14 percent). In Canada and the United States, relatively less dependent on foreign trade, real national income continued to increase in 1951 by 5 and 7 percent respectively.

Prices

Price movements were varied as between commodity groups. Armament demands and generally high industrial activity caused further

increases in prices of metal products and of some foodstuffs. Reduction of stocks by private industry and governments, the easing of the supply situation, the strengthening of anti-inflationary programs and the reluctance of consumers to buy, resulted in marked price declines on international commodity markets of rubber, wool, most fats and oils, sugar, hides, jute and textiles and their products (Table 5).

Domestic wholesale prices on the whole continued to rise during the first half of 1951 but started levelling off or declining in the second or third quarter. During the first half of 1952 prices stopped advancing in most primary producing countries, and declined slightly in the majority of West European countries. Canada, the United States and Italy had continuous though gradual declines in wholesale prices since mid-1951. In Australia the general wholesale price level continued to increase, though at a decreasing rate since September 1951.

In most countries for which data are available, the cost of living continued to increase in the first half of 1951/52 although at a much reduced rate. In the first months of 1952, the increase slowed down still more and in a number of cases turned into a slight decline. The 1951 increases were mostly around or below 5 percent. However in parts of South-East Asia, in Australia, Japan and in Latin America, where the effects of the high export earnings of 1951 were still in force, and in Austria and France, where the repressed

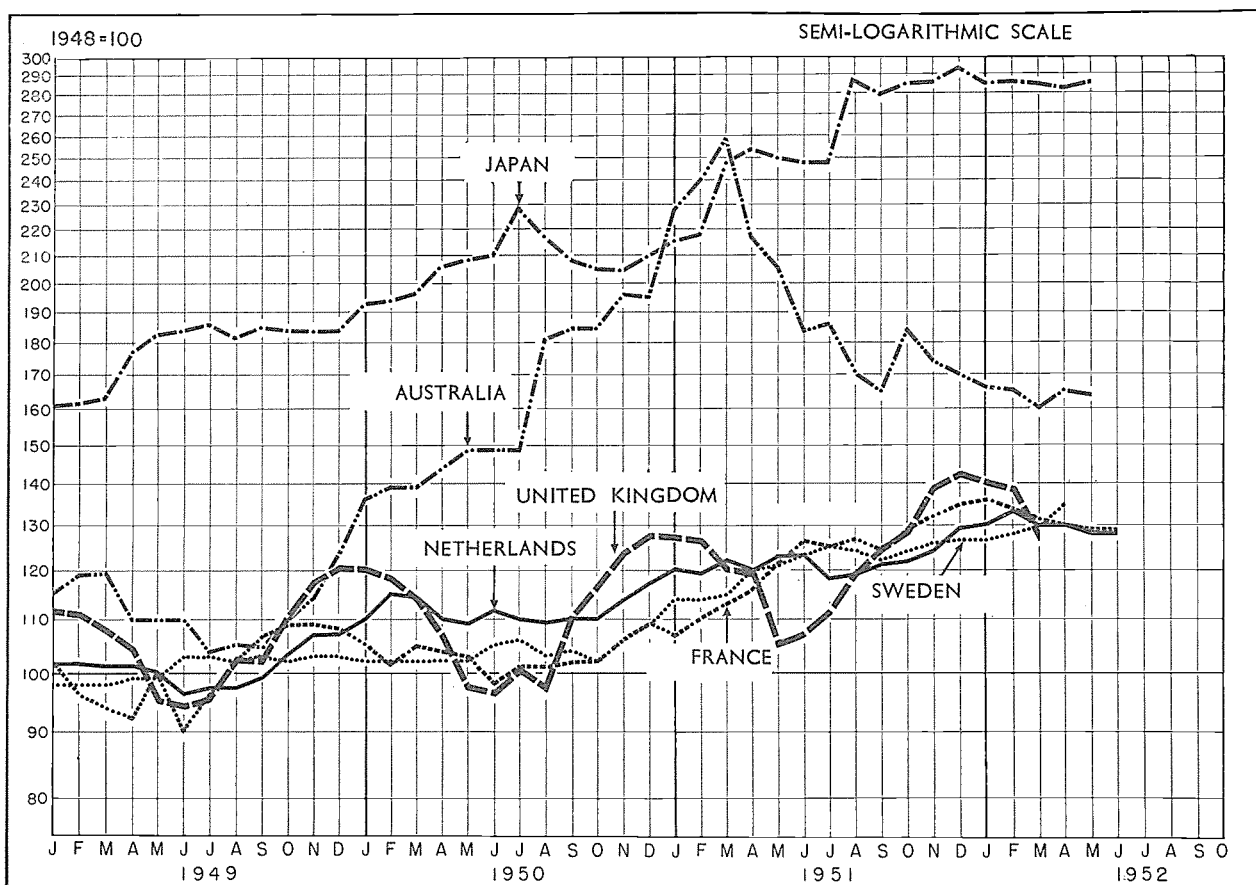
TABLE 5. — WHOLESALE PRICES OF MAJOR WORLD TRADE COMMODITIES IN SELECTED MARKETS

COMMODITY	Average price				Peak price 1951		Most recent price 1952	
	1937	1938	Jan. 1947- Aug. 1949	Jan.- June 1950	Month	Price	Month	Price
	<i>U.S. Dollars per lb. unless otherwise indicated</i>							
Wheat (U.S.) \$/bushel.	1.20	0.78	2.37	2.25	Nov.	2.53	June	2.31
Rice (U.S.)	3.60	3.30	10.86	8.10	March	10.54	May	10.55
Sugar, raw (Cuba)	1.72	1.40	4.35	4.39	June	7.41	May	4.46
Coconut oil (Philippines)	5.93	2.95	18.26	14.82	March	21.09	June	*9.50
Copra (U.S.)	3.70	1.95	10.94	9.52	Feb.	13.78	June	*7.00
Coffee (U.S.)	11.10	7.80	26.77	47.73	Feb.	55.50	June	*53.60
Cocoa (U.S.)	8.40	5.30	31.83	26.41	March	38.38	May	38.37
Tea (Ceylon)	29.80	26.50	61.20	50.50	March	64.90	May	40.30
Wool (U.K.)	^a 116.90	—	139.80	155.40	March	366.30	June	151.70
Cotton (U.S.)	11.80	9.00	33.50	32.40	May	45.20	June	40.40
Cotton (Karnak) (Egypt)	—	—	60.00	45.20	March	102.90	June	*62.30
Jute (U.K.)	^b 4.10	^b 4.10	16.70	14.50	May	28.80	May	15.00
Rubber (natural U.S.)	19.40	14.60	20.30	23.50	Jan.	73.50	June	^c 38.00
Rubber (Malaya)	18.60	13.70	17.90	21.00	Feb.	73.50	May	28.80

SOURCE: International Monetary Fund, *International Financial Statistics*; and FAO food and agricultural statistics.

*: Provisional.
^a 1934-38 average.
^b July 1937 - June 1938.
^c U.S. Government fixed price.

CHART VI - AGRICULTURAL WHOLESALE PRICES IN SELECTED COUNTRIES
(Devaluing in 1949/50)



Notes : Australia : July 1947 - June 1948 = 100.

United Kingdom : Prices paid to farmers.

CHART VII - AGRICULTURAL WHOLESALE PRICES IN SELECTED COUNTRIES
(Not devaluing or devaluing slightly in 1949/50)

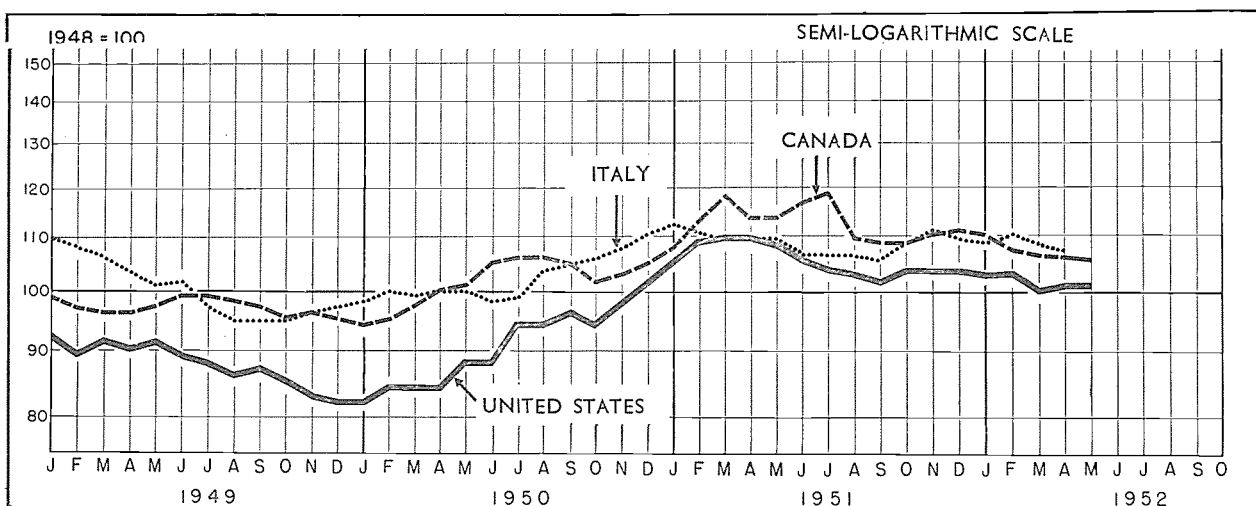
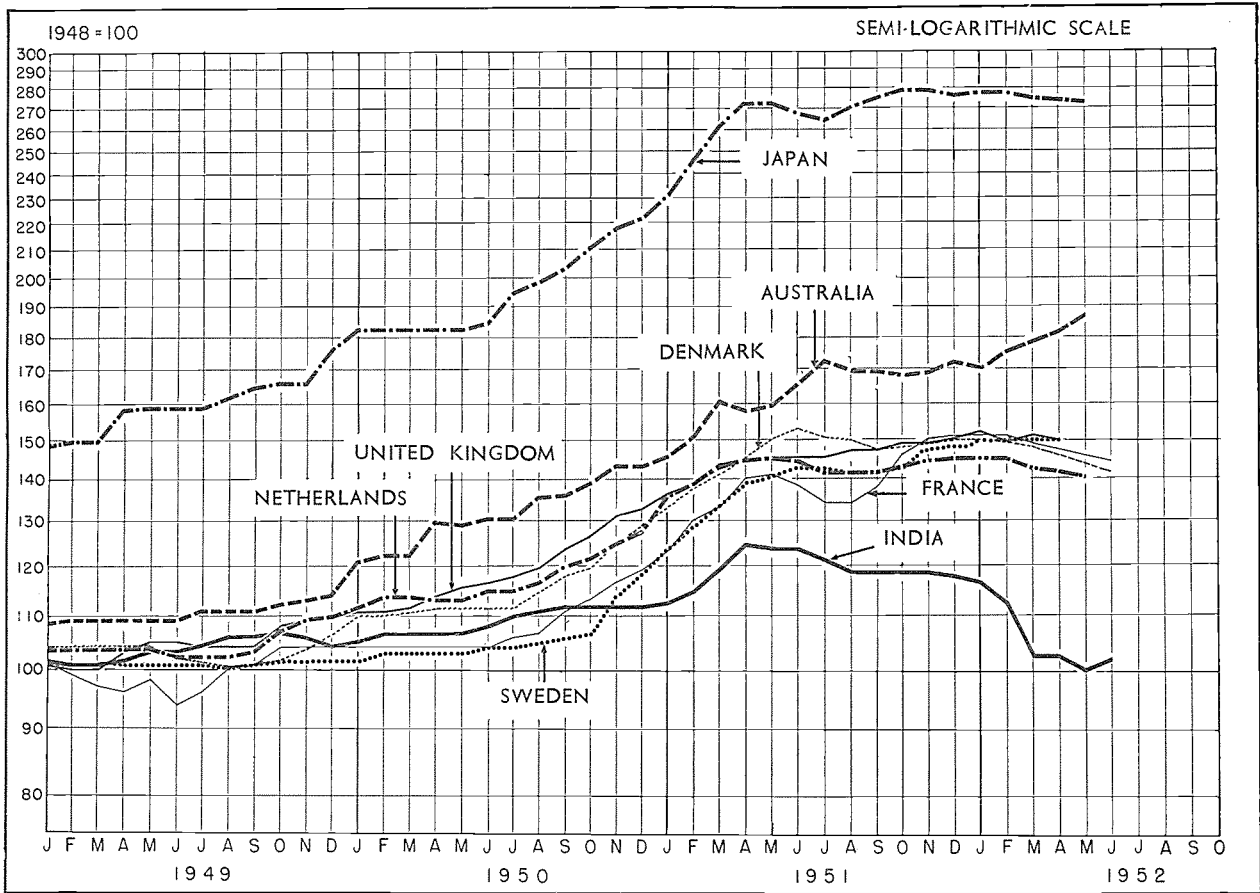
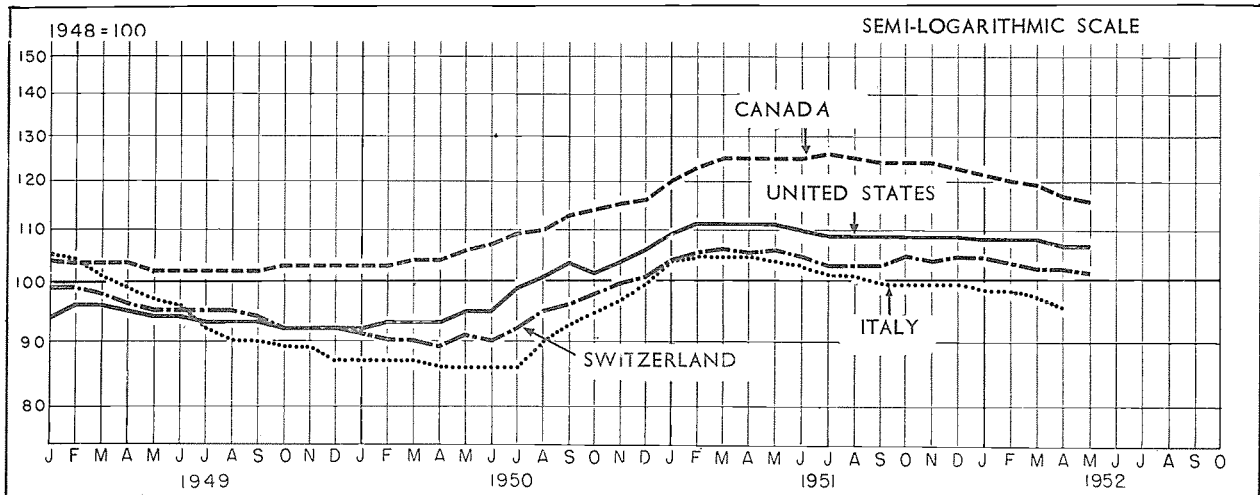


CHART VIII - GENERAL WHOLESALE PRICES IN SELECTED COUNTRIES
(Devaluing in 1949/50)



Note : France : 1949 = 100.

CHART IX - GENERAL WHOLESALE PRICES IN SELECTED COUNTRIES
(Not devaluing or devaluing slightly in 1949/50)



inflationary pressures broke loose, the rise has been 10 percent or more. Consumer prices for food generally kept pace with the overall cost of living in 1951/52.

The slowing down of rises in retail prices was partly due to a more general and more vigorous application of governmental anti-inflationary measures in addition to the price declines on international commodity markets. Such measures include increases in bank rates (Austria, France, India, United Kingdom) a general tightening of credit at all levels and reduction of public expenditures. Measures to facilitate imports, levy of special export taxes, and to a minor extent, direct controls, were also employed in various countries. As inflationary pressures receded curtailment of credit was relaxed in some countries while foreign trade difficulties forced reductions of export taxes (India, Egypt) and the re-imposition of import restrictions (United Kingdom, Australia).

The recent divergent movement of domestic prices as between countries appears to be a continuation of an adjustment process that began with the devaluation of a number of currencies in September 1949. In the countries concerned wholesale prices, including those of agricultural products, have since risen much faster than in countries that did not devalue their currency (or those that devalued only slightly), generally sufficiently to offset any premium gained by the dollar immediately after the devaluation. Between September 1949 and April 1952 the wholesale price level rose by only 8 to 15 percent in the United States, Canada, Switzerland and Italy, while in the United Kingdom, Australia, the Netherlands, Denmark and South Africa, it rose by 36 to 60 percent (Charts VI to IX).

During 1951/52 wholesale prices of agricultural

food products generally remained firm, but weakened considerably for other agricultural products and fats and oils, continuing the downward movement which started in March 1951. Cotton prices have receded in all markets since December 1951 and most markedly in the case of non-dollar cottons which previously had advanced above the price of United States cotton. However, after the sharp decline in March and April 1952, prices showed a slight recovery. Wool prices fell sharply through most of 1951 and by May 1952 were one third of the peak prices of a year before and about 20 percent below the price prevailing before the Korean conflict. But although by June 1952, wool prices had risen between 15 and 20 percent over the March 1952 level, there were still no definite indications of a permanent upward movement. Jute prices dropped rapidly with increased supply at the beginning of the season, then receded further during the first three months of 1952. Rubber prices in June 1952 were at their lowest level since the outbreak of the Korean hostilities, a decline of about 50 percent from the peak in February 1951 but still far above the pre-Korean levels. World market prices of most oils and oilseeds have declined materially from the high levels reached around March 1951, although by May and June 1952, prices began to move upward. Throughout most of 1951/52, prices of wheat, rice, sugar, meats and dairy products were generally steady or have increased somewhat, but recently most grain prices have declined on account of larger crop prospects in the United States.

Current price relationships are tending to favor foodstuff production. Furthermore, upward farm price adjustments were announced in early 1952 by the Governments of the United Kingdom,

TABLE 6. — INDEX OF THE RATIO OF AGRICULTURAL WHOLESALE PRICES TO GENERAL WHOLESALE PRICES, SELECTED COUNTRIES
(1948 = 100)

COUNTRY	1950		1951		1952				
	First half	Second half	First half	Second half	Jan.	Feb.	Mar.	Apr.	May
Australia ^a	106	123	133	96	91	87	84	84	87
Belgium	92	88	82	82	83	83	84	84	
Canada	94	93	92	90	91	90	90	91	91
France ^b	101	92	85	88	89	82	88	88	
Italy	115	113	106	108	110	111	110	110	
Japan	110	102	92	101	102	102	103	103	
Mexico	90	91	95	100	97	97	99	102	
Sweden	100	96	87	86	85	85	87	90	
U. S. A.	91	94	97	95	95	95	93	94	94

^a July 1947 - June 1948 = 100.
^b 1949 = 100.

CHART X - WHOLESALE PRICE INDICES : RATIO OF AGRICULTURAL PRICES TO ALL PRICES IN SELECTED COUNTRIES

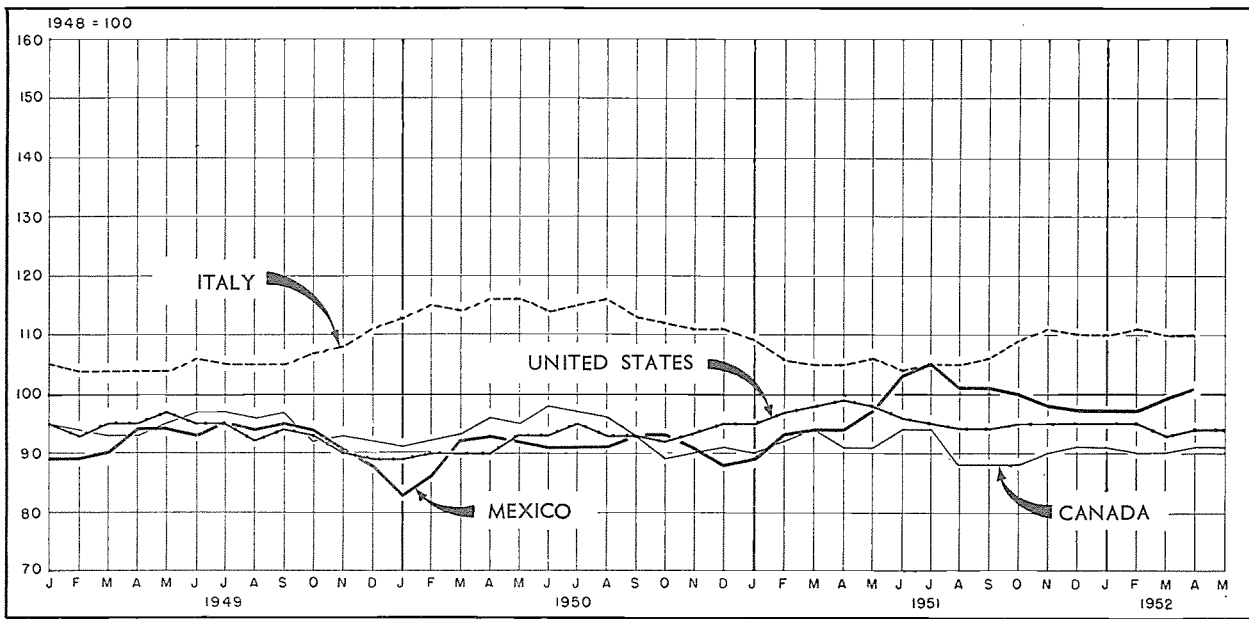
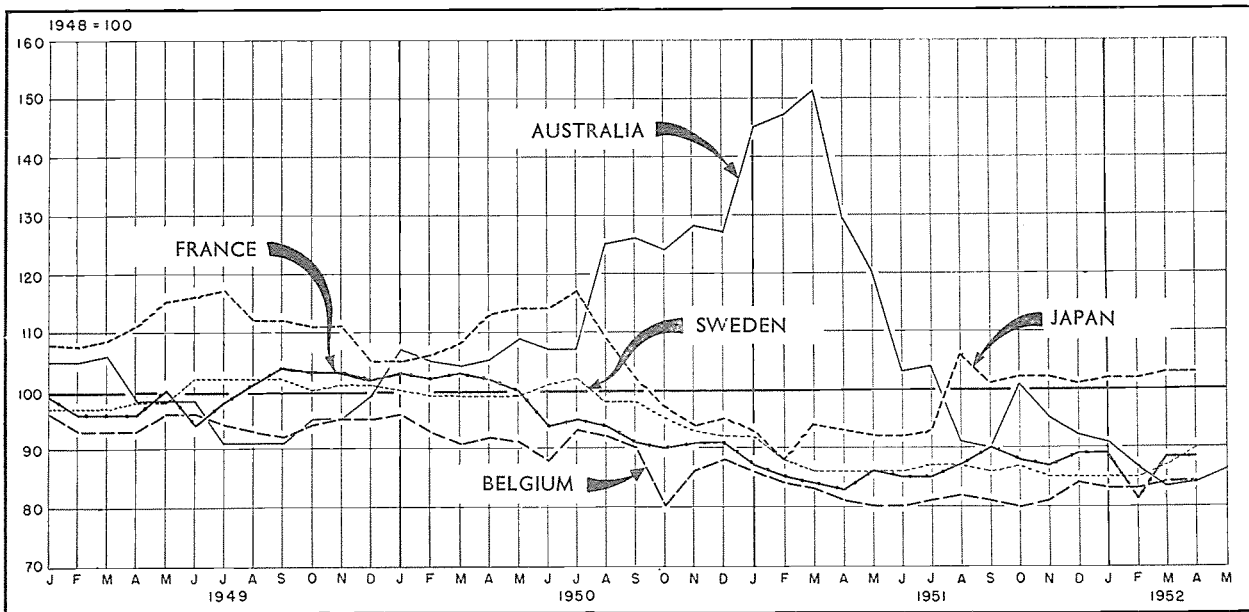


CHART XI - WHOLESALE PRICE INDICES : RATIO OF AGRICULTURAL PRICES TO ALL PRICES IN SELECTED COUNTRIES



Notes : Australia : July 1947 - June 1948 = 100.

France : 1949 = 100.

Sweden, Norway, and Austria. In Australia during 1951/52 upward farm price adjustments have also occurred for all agricultural products except wool, and Argentina has sharply increased price incentives to producers for export.

During 1951, prices of fish increased, important exceptions being canned tuna and some fish oils. The upward movement for nearly all fisheries commodities was somewhat reduced by the relatively abundant supply.

Prices of forest products such as sawn softwood, pulpwood and pitprops which had risen very substantially during 1951, especially outside North America, levelled off toward the end of the calendar year and by April 1952 had dropped sharply below the top 1951 levels.

The prices farmers received for their products relative to those they paid for goods and services during the past year, as measured by the ratio between agricultural wholesale prices and general wholesale prices (Table 6 and Charts X and XI) indicate that the relative position of farmers in 1951/52 as compared with the previous year has improved somewhat in many of the countries of Western Europe and Latin America. In the Far East, Japan and India were the only major countries to show some improvement. The price ratio deteriorated in most of the other countries of the Far East, in Australia (due to wool only) and to a considerably lesser degree in Canada and the United States. In the regions where improvements occurred they were due in part to an upward adjustment of maximum or supported prices. Where a deterioration occurred, it was in the main due to a sharp drop in prices of agricultural raw materials, whereas prices of other goods, in many cases wholly imported, continued to climb, or at least showed a slower decline. In North America, the lower value of the ratio in Canada was in part caused by the outbreak of the foot-and-mouth disease in early 1952, the resulting restrictions of movement of livestock, and a sharp break in livestock and livestock product prices. In the United States the price changes reflected to a large extent changes in the supply situation for individual farm products, e.g. meat, poultry and dairy products and oil-bearing crops. In addition to the supply influence, there apparently was some weakening in consumer demand for fats and oils and for textile products which contributed to the drop in wool, cotton and oil-bearing crop prices. Demand for stockpiling and speculative buying in general in the first half of 1952 did not have the same price-making influence as in the first quarter of 1951.

Terms of trade

While volume of world trade increased appreciably in 1951, the change in price relationships between raw materials and manufactured goods, already discussed, resulted in a change in the terms of trade. The terms of trade of the industrialized countries improved without reaching the pre-Korean level while those of the raw material exporting countries deteriorated although still remaining more favorable than before the Korean conflict.

International trade

During the past year, the division of the world into two trading groups has become more marked, the first consisting of the major trading area outside the Soviet Bloc, and the second of the Eastern European countries, the Union of Soviet Socialist Republics, and China. Although in 1951 trade within the two groups of countries continued to rise, trade between them in 1951 was less than one half of the prewar volume, and judging from present trends, difficulties are likely to be still greater in the near future.

However, total value of world exports increased by about one-third in 1951 over 1950, although quantity increased only between 10 and 15 percent. The most marked expansion occurred in the United States, as Western Europe, Latin America and the Far East increased their purchases, especially during the first half of 1951. World export values declined slightly in the first quarter of 1952.

Balance of payments

The continuing fall in raw material prices and the somewhat lower level of United States consumption in 1951/52 reduced U. S. import values while expanded demand for its exports rapidly increased the positive net balance of trade and services in 1951/52. On the basis of eleven months this balance in 1951/52 would be about four times as large as in 1950/51. The United States' foreign economic aid and other transfers also declined and are insufficient to cover the world's dollar deficit in 1951/52. Many European and some Latin American countries had, therefore, to draw on their gold and dollar reserves. While the rest of the world had acquired from the United States gold and dollar assets of more than 3,600 million dollars in 1950 and of more than 1,000 million dollars in the first half of 1951, the United

States again became a net recipient of over 650 million dollars in the second half of this year and of over 550 million dollars in the first quarter of 1952.

The fall in raw material prices, as well as the United States reduction in imports, were greatest for the three main sterling commodities, rubber, tin and wool, and the Sterling Area was therefore the heaviest loser in gold and dollar assets. Its favorable balance with the United States of 324 million dollars on current accounts during 1950 changed into an unfavorable one of 764 million dollars for the first 9 months of 1951/52. The Sterling Area deficit with Western Europe could not be eliminated, requiring gold payments of about 485 million dollars up to the end of June 1952. Since then, with her total quota exhausted, the United Kingdom has had to pay all her deficit in gold as well as that of the rest of the Sterling Area arising from transactions with the OEEC countries. The total losses of gold and dollars to the Sterling Area in the second half of 1951 amounted to over 1,500 million dollars and in the first quarter of 1952 to over 600 million dollars, reducing the combined holdings to 1,700 million dollars at the end of the latter period. However, only small losses occurred in the second quarter of 1952, thanks to reduction of current deficit and to some acceleration in United States aid payments.

While the Sterling Area lost 50 percent of its gold reserves in only nine months, Latin America lost much less and still had over 3,300 million dollars reserves at the end of 1951. The low level of the Sterling Area's reserves, coupled with the high rate of gold and dollar losses, explains the strong measures taken by countries of this area to slow or to stop the drain on their assets.

The effects on other regions were less marked. The dollar shortage has, however, slowed imports of manufactured consumers' goods into Latin America in 1951/52. Brazil had to utilize the International Monetary Fund for dollars needed to import wheat. Japan's trade with China and Korea has fallen still further and is now only a fraction of its prewar volume. Attempts to compensate this loss by higher exports to non-Communist countries in the Far East have led to the accumulation of considerable sterling balances in Japan.

The growth of restriction in international trade

By April 1952, the United Kingdom, Australia, New Zealand, the Union of South Africa and a

number of smaller countries of the Sterling Area had announced quantitative trade restrictions. Outside this area severe measures were also taken by France and other countries including Argentina, Brazil, Chile, Indonesia, Israel, Syria and Uruguay. Among the agricultural commodities directly affected are fresh and dried fruits and processed foods. These restrictions may be severe enough to create new problems in the balance-of-payments position of Denmark, Italy and the Netherlands. On the other hand Belgium, Germany and Italy were able to extend still further the liberalization of imports.

Besides quantitative restrictions, a number of financial measures such as changes in exchange rates, and increase of interest rates and of customs duties were applied. Other means adopted for redressing the balance of trade included the reduction of contractual prices for imports (wood pulp), and encouraging exports by either lowering export taxes (Ceylon, India) or by granting export subsidies (France).

Some United States foreign trade practices also contributed to disturbances in trade. Among these are the import quotas on dairy products, the "Buy American" provision, the threat of action under the escape clause in reciprocal trade agreements, and the export embargo on a wide variety of goods believed to contribute to potential armaments, with corresponding restrictions on exports by many Western European countries.

The general economic position of agriculture, 1951/52

The farm labor supply was relatively tight, especially in the highly industrialized countries such as the United States, United Kingdom, Canada and, to a lesser extent, in the group of countries where industrialization was being stressed, as in Argentina and Australia. The impact of this supply situation on production was somewhat greater in the countries where agricultural mechanization had not advanced to the U. S. or U. K. level. In both groups of countries, the costs of hired labor increased as alternative opportunities in industry attracted larger numbers of the agricultural population.

Contrary to fears at the beginning of 1951, no general shortages developed in agricultural machinery, although United States availabilities to such countries as Australia were reduced and particular types may not always have been readily available. Earlier, serious supply difficulties in

important pesticides were remedied but the supply of superphosphates was below the greatly increased demand.

Farm income seems to have increased in most regions; however, specific data are available for only a few countries. In the United States and Canada cash receipts from farming in 1951/52 increased by 15 and 19 percent respectively over 1950/51, (based on 10 and 9 months respectively). In Australia, the sharp fall of wool prices was responsible for a 22 percent decrease in gross value of rural production, between 1950/51 and 1951/52. The other countries for which information is available showed smaller gains than North America. In the semi-industrialized and underdeveloped countries there have been financial gains, but these have in many cases been offset by rapidly expanding inflationary forces and or by civil and military disturbances. Furthermore, the rapid rise in prices of farm products in these regions, followed by less sharp declines, has left producers in a somewhat uncertain position.

In the fishing industry, although prices moved somewhat upward, the rate of increase was less than that of costs. Prices of fuel and gear especially showed marked increases.

PRODUCTION AND SUPPLY PROSPECTS FOR 1952/53

Agricultural production

Total agricultural production in 1952/53 will apparently equal or perhaps exceed that of 1951/52. Northern hemisphere bread grain prospects are better than a year ago. Both Australia and Argentina have adopted vigorous policies for increasing wheat acreage. No major changes are expected in world meat and dairy production. Among industrial agricultural products, rubber production may decline with lower prices, while production of wool and jute seems likely to be about the same as last year's.

Possible catastrophes resulting from the Desert Locust plague have so far been checked by effective control measures. A severe plague threat has been building up during the past year. The main infestation fluctuated between eastern Africa, especially Ethiopia, British Somaliland and Somalia, and the countries of the Near East, especially south western Arabia, Jordan, Iraq and Iran. Up to July 1952 there had been little crop loss in Africa. Much of the infested area was

non-agricultural, but agricultural areas may be invaded later in 1952. In the Near East, spring breeding occurred mainly in desert regions and successful control campaigns have prevented heavy escapes in all areas, except perhaps Iran. The swarms that spread into Pakistan from Iran in June and July are likely to penetrate into India and may result in extensive breeding during the monsoon period.

The future trends of the plague will depend upon effectiveness of the campaigns and on the climate, but unless the Desert Locust is checked there is grave danger of an intensification of the plague in all areas already infested, and a spread to West and North Africa later in 1952 and in 1953. It is impossible to estimate what losses might occur, but most crops in all countries from India to Morocco and south Turkey to northern Tanganyika would then be endangered.

Foot-and-mouth disease broke out in 1951 in a very serious form in Europe: since August 1951 there have been tens of thousands of reported outbreaks. The disease, which appears to have originated in Germany, has spread to Belgium, Denmark, France, Greece, Holland, Italy, Luxembourg, Sweden, Switzerland and the United Kingdom, and there is grave danger to all other European countries. The effect on milk, butter, cheese and meat production has been great.

On the South American continent the disease spread further into Colombia and is raging as an epizootic over most of the country. Efforts are being continuously directed towards its control, but losses have been very heavy and at present it has defeated efforts at limiting its spread. A most serious outbreak of this disease occurred in Canada in early 1952. Control measures were immediately instituted and the disease is now well under control.

The world wheat supply should be rather larger in 1952/53, due to an expected increase in production of about 25 percent in the United States, a good crop in Canada, and somewhat larger crops in Australia and Argentina if the newly announced programs prove to be effective.

In Western Europe the postwar trend of progressively improving yields combined with favorable weather conditions promises some increase in production. Some advance, although less marked, is also anticipated for coarse grains in most regions. Total coarse grains acreage in the United States is the same as that planted last year, but gains in yields are expected. In fact, the forecast for maize is for an increase of about 14

percent over last year's output. In the Near East Iraq, Syria, Lebanon and Turkey are anticipating good harvests, especially of barley. The maize planting target of 3.8 million hectares in Argentina, although over 50 percent above the acreage harvested in 1950, is still well below the prewar average.

Provided that widespread crop failure is not repeated in the major rice growing countries of the Far East, production in 1952/53 may show a considerable increase. The total area planted has increased 10 percent above the prewar level and may show a further increase in the coming year, but the yield per acre has been falling steadily in some major producing countries.

Oil-bearing crops are likely to show a substantial advance in Latin America and Eastern Europe. A 10 percent increase is expected in Cuba's sugar production; rapidly expanding acreages in Eastern and smaller gains in Western Europe also promise larger supplies. Tobacco production is expected to remain unchanged in the United States and Canada.

No major change is anticipated in cotton output in the United States while a sharp decline is expected in the Near East as a reaction to the drop of world market prices for non-dollar cotton and of government measures to shift production from export crops to food crops.

In so far as jute is concerned the Pakistan Government has increased the licensed area by 10 percent to 836 thousand hectares for the 1952/53 season. Last year 95 percent of the licensed area was actually cropped, but it does not appear that as high a percentage will be achieved in 1952/53. It is likely that sowings are only about the same as last year. In India, sowings are expected to be less than last season.

Natural rubber production will probably decline by about 11 percent, and the estimated excess of production over consumption in 1952 is estimated to be smaller than in the previous year.

Conditions are favorable for some increase in livestock production in Canada and the United States, while the general good prospects for a further expansion in Western Europe are somewhat compromised by foot-and-mouth disease outbreaks and by the current feed situation. The effects on production may become apparent only in 1953/54. A reduced output is expected in the Union of South Africa as a result of this year's poor maize crop. In Latin America the general trend towards expansion will be weakened by the new policy adopted in Argentina designed to build up herds.

The general trend toward expanding production — as indicated by national and regional government plans and policies — is likely to continue into 1953/54.

It is likely that the heavy demand for forest products in 1950/51 which led to a general increase in production in 1951/52 will result in a somewhat reduced output of many forest products in 1952/53. Increased stocks at the beginning of 1952 will temporarily reduce the demand, particularly in Europe, Australia and South Africa. In North America, however, industrial and building activities are likely to maintain the high level of demand. The demand for sawn wood is also likely to increase from its low level in 1951.

THE DEMAND OUTLOOK, 1952-54

The expected generally sustained high level of economic activity in the United States in 1952/53 may have corresponding effects on the rest of the world by increasing the United States import demand, which lagged considerably in 1951/52 as compared with the levels of internal activity. Such an increase, plus the expected purchases and armament orders placed abroad, would benefit the raw material countries by increased dollar sales, and areas with still unused industrial capacity would increase employment. Such alleviation of the dollar problem would directly and indirectly increase the demand for agricultural products in many parts of the world. In 1953/54, however, some slackening in demand may occur, as plant expansion for defence purposes begins to decline.

Industrial production, 1952/53

The projected high rate of production for defence in North America and Western Europe, while diverting still more energy and material from civilian uses, will probably sustain high levels of industrial activity and of consumer buying power for farm products, even though possibly somewhat below 1951/52 levels.

The scheduled rate of defence expansion has been reduced somewhat in the United Kingdom and the United States. Projected defence expenditure in 1952/53, though somewhat lower than the goals set earlier, is still above the 1951/52 levels. In the United States the rate of expenditure for defence goods and construction is scheduled to advance, by the end of 1952, to about three times the average of 1951. A carry-over of 90,000 million unexpended dollars from 1951

plus 46,000 million dollars new appropriations for 1952/53, exceed by far all physically possible deliveries for the armed forces. This expenditure, combined with domestic business investments for new plant and equipment estimated to exceed still further those of last year, will provide the impetus for keeping the United States economy fully employed and possibly for expanding total industrial output to a higher level in 1952/53, although at a slower rate of increase than that from 1949/50 to 1951/52.

The outlook for the Canadian economy is generally promising. In March 1952 the value of defence orders in progress was three times as high as twelve months earlier, the rate of spending for military equipment and installations is expected to increase greatly, after lagging behind the original plans in 1951/52, new investment in durable physical assets in 1952 is expected to rise by about 10 percent, and higher exports are also anticipated. A high level of employment is expected to continue.

In the United Kingdom it is estimated that industrial output will be maintained with employment generally not falling much below the slightly reduced level of the spring of 1952. It could improve should the recession in the textile industry come to a halt, but this would require an early termination of the import restrictions adopted by some of the United Kingdom's best customers, such as Australia.

The United Kingdom Government has indicated that it expects exports to increase during the year beginning April 1, 1952, by 50 million pounds in terms of 1951/52 prices. The export target is to be achieved mainly by larger sales abroad of machinery and other capital goods which the Government hopes will more than offset the decline now being experienced in exports of British consumer goods.

In Western European countries, after the organizational phase of the European Defence Community has been terminated and after the inclusion of Germany in the scheme, a faster rate of defence production can be expected. Some easing in the recession in soft goods industries is likely as prices remain stable and stocks need replenishing. However, the import restrictions of France and the United Kingdom may adversely affect production for export of a number of European countries, thus retarding the overall production and demand. In some of the Scandinavian countries some increases in national output are likely, in spite of an expected deterioration of the terms of trade.

Industrial expansion in Eastern Europe and the U.S.S.R. is scheduled to continue with rates of growth widely differing in the individual countries. Defence expenditures of the U.S.S.R. in 1952 are officially budgeted 21 percent higher (in current roubles), than in 1951.

Progress of economic development programs in Asia, the Middle East and Latin America will continue to expand industrial employment and domestic demand for farm products over the next two years. The rate of economic development and industrial production has been generally quite rapid in Latin America, and seems likely to continue so. In the Middle and Far East (with the exception of Japan), industrial development has generally been moving much slower, and in most countries little if any progress is being made in absorbing surplus farm population in industrial employment. Political instability in many of these countries is tending further to delay general economic progress. However, the check to economic development which resulted from the sudden fall in demand and prices for raw material exports during 1951 seems unlikely to be repeated during 1952/53, while prospects for 1953/54 are more uncertain.

Trade and international payments, 1952/53

The volume of international trade will be affected by the ability of nations to solve balance-of-payments problems. The drain on the gold and dollar resources of the Sterling Area was almost stopped in the second quarter of 1952 and the heavy debtor position of France (although not of the United Kingdom) within the EPU has been considerably reduced. As is usually the case, international speculation first reinforced the trend towards deterioration, and is presently reinforcing the trend towards improvement as the weakened currencies are regaining strength. The measures designed to curtail home consumption in the United Kingdom, the import restrictions of the Sterling and French franc Areas and some special aid from the United States for both France and the United Kingdom, as well as the disappearing fear of a new sterling devaluation, may very well sustain the initial recovery in the short run.

The United States is continuing its postwar aid in 1952/53, although at a considerably reduced rate, as "defence support" for Europe and as economic and technical aid to non-European countries. In addition there will be offshore purchases and military orders. The prospective availability of foreign dollars, however, will not be sufficient to off-

set a continued United States balance of payment surplus on current account, as large as it was in 1951/52, of close to \$6,000 million (annual rate based on eleven months). To correct the foreign exchange shortages the first necessity is a reduction of this surplus, which is likely to be achieved if the contemplated cuts of imports from dollar areas are implemented. United States exports in the first five months of 1952 still increased by 12 percent while import value had decreased 10 percent compared with the same period in 1951. About one third of the increased export value was due to greater shipments of grains and cotton both of which may decline later, and part was due to increased shipments under the Mutual Security Program.

Agricultural demand, 1952/53

Economic activity generally sustained at high levels in North America and Europe will probably maintain the demand for exportable supplies in foodstuffs and agricultural raw materials from the Far East, Latin America and Oceania, as prices have been brought down from their previous excessive heights and stocks will need to be built up again. Short of a deterioration in the political situation, no sudden developments are likely but rather a slow reversal of the "wait-and see" attitude of buyers accompanied by an equally slow improvement of prices.

The demand for farm products in North America should remain high in 1952/53 even if not quite at the boom level of the past two years. In Western Europe, other than the United Kingdom, the demand for farm products also seems likely to remain about the same as in the past year. In the United Kingdom imports of basic foodstuffs such as wheat, coarse grains, meat, eggs, butter and cheese, oils and fats, which are imported by the Government through bulk purchase schemes, seem likely to remain approximately the same, but imports of processed meats and unrationed varieties of cheese will be curtailed sharply.

The success of attempts to shift supply sources of basic foodstuffs still more to the Sterling Area will depend on the latter's ability to expand its exports, which in the case of bread, coarse grains, and meats is likely to continue to be insufficient.

Textile prospects in the United States are somewhat more promising than a year ago. Inventories accumulated in the hands of manufacturers and retailers are gradually being worked off and by April 1952 were 10 percent below those of a year before. In the United Kingdom and Western

Europe, however, the present depression in the textile industry is partly due to overexpansion after World War II and may therefore continue into 1952/53, although to a lesser extent. Unless general business conditions turn sharply downward, consumption of cotton and wool may increase in 1952/53 to somewhat above the very much reduced levels of 1951/52.

Rubber and wool, the two most important export commodities and dollar earners of the Sterling Area, however, are facing particular problems. While the long term trend of the world's rubber consumption indicates an increase of between 5 and 10 percent a year, the actual market demand depends largely on United States purchasing policies. As the latter return to normal and if synthetic rubber production expands no further, the international demand should be sufficient to absorb the output of natural rubber at its current volume. Wool, too, has to compete increasingly with synthetic products but a growing world demand connected with higher consumer incomes and with defence needs should provide a satisfactory market for the 1953/54 wool supply, bearing in mind that it will consist essentially of a very slow rise in production, since the large postwar stocks have disappeared.

The demand outlook, 1953/54

Over 1953/54 demand prospects are more doubtful, and may be sharply influenced by political developments. A sustained high level of economic activity in the United States seems likely with defence expenditures, other deferred public expenditures and housing all contributing; there is however some possibility of a recession beginning during the latter part of the year, though probably less sharp than that of 1948/49. Government expenditure for national security is scheduled to reach a peak in mid-1953 and remain at this level through 1953/54. In spite of a very high rate of private home building since 1947, there appears still to be a backlog of demand for new housing (mainly due to deferred replacement) which may continue into 1953/54; there are also demands for extensive public non-defence construction, most of which had to be postponed during the past two years. On the other hand, recent surveys indicate a possible 15 percent drop in domestic business investment from 1952/53 to 1953/54. Some decline in economic activities connected with the end of the build-up of the United States defence forces is generally expected not earlier than 1954, unless political events lead to a lessening of the existing tension. This

may be partially offset by consumers drawing on their heavy liquid savings. On the whole, the general levels of United States income and activity in 1953/54 are likely to remain somewhat higher than in 1951/52, while employment and disposable income per caput will remain about equal to that of 1951/52.

Indications are that the Canadian boom will continue into 1953/54. Armament expenditure may rise somewhat further. Domestic investment has been steadily expanding since 1946 and reached a record level of over 22 percent of gross national product in 1951, (excluding Government expenditure for defence but including defence construction). Domestic investment expenditure may remain at a fairly high level as expenditure for resources development and public utilities will continue high during 1953 and 1954. On the other hand, for light manufacturing, retail trade and housing, capital outlays in physical terms are declining. Most of the big development projects such as the iron ore mines in Labrador, construction of facilities for aluminium production in British Columbia, non-ferrous metals in Manitoba and the rapidly expanding oil industry in Alberta are scheduled to continue up to 1954/55 and should contribute to maintaining a high level of employment and high demand for agricultural products in 1953/54. If any recession should occur in the United States in 1954, it would probably be reflected in Canada, but to a reduced extent.

The economic outlook for the United Kingdom for 1953/54 is less clear. It may benefit directly and indirectly from the anticipated generally high level of economic activity in the United States and Canada. A large part of industrial plant will remain employed because of defence production. However, the solution of the recurrent balance-of-payments difficulties will depend on the success of the measures to reduce domestic demand as well as on the speed at which countries like Australia, New Zealand and South Africa are able to remove trade restrictions, and the strengthening and maintenance of the demand for such dollar earners as wool, rubber and tin. The volume of exports in 1952/53 will be determined by the scope of the armament program, the restriction of home consumption, the availability of raw materials and by foreign demand. There has been an extension of planned defence expenditure by one year. This may make possible some increase in civilian output of the engineering industries but there still remains the problem of finding sufficient markets at a period of increasing

deflationary tendencies. There is little room for further cuts in the volume of imports of basic foodstuffs over those planned for 1952/53 without an increasingly austere diet.

In Western Europe a steady increase of economic activity may be expected. In August 1951 the member governments of OEEC issued a declaration in which they agreed that the broad objectives of their policies will be to expand total production in Western Europe by 25 percent over the next five years⁴. A major part of this intended expansion is, of course, identical with the increasing output for defence, but it is hoped that industrial expansion will progressively provide more houses and other consumer goods for Western Europe as well as capital equipment for export to underdeveloped areas. The high employment that should result is expected to absorb such unemployment as still exists in some of the member countries except in cases of structural unemployment (Italy) where emigration would have to contribute substantially. Hence, to the extent that this declaration of intention is implemented, domestic demand for agricultural products should increase while import demand for foodstuffs should, under normal weather conditions, remain at present levels. As Western European agriculture keeps on expanding, it should cover increased requirements for better diets as well as population increase.

Any serious industrial recession in 1954 or later might again have exaggerated effects on demands and prices of world market products, and hence on balances of payments. Bridging the reconversion from defence activity to a more peaceful world without severe economic disturbances thus becomes a major goal for economic statesmanship.

The economic plans of the U.S.S.R. and the Eastern European countries for 1953/54 envisage further industrial expansion, continuing full employment and a demand for agricultural products at least as great as prospective available supplies.

THE LONG-TERM FOOD SITUATION

Despite the greater ease in the supply situations of some commodities, the need of the world for more food so strongly stressed at the last session of the FAO Conference has not yet begun to be met. In the least developed and most heavily populated regions, where the mass of the world's population lives, per caput food consumption levels still continue substantially below the

⁴ OEEC: A Second Survey Prepared by the OEEC for the Council of Europe, p. 25, Paris, Nov. 1951.

already inadequate prewar averages. The last year has shown few signs of significant improvement despite all the governmental programs to this end. This situation is most acute in much of South-East Asia, where it is aggravated by chronic civil or military disturbances and lack of personal security.

In reviewing some of the food and agriculture problems that have to be dealt with in the near future, it is useful to review the trends in food consumption which indicate the task that has to be achieved and the trends in investment which indicate the possible rate of expansion in food production.

Trends in food consumption

Even a moderate improvement in the low nutritional standards prevailing in many parts of the world, especially the Far East, Near East and Africa will require a substantial increase in the supply of food. In the regions mentioned, the rate of expansion for cereals would need to be twice as large as the present rate of increase in their population; for pulses, meat, fish, milk, eggs and fruit the increase must be still greater. In Latin America and Europe less expansion is needed in field crops other than pulses, but livestock output would have to be pushed up beyond the estimated population increase. Statistics for fruit and vegetables, though extremely inadequate, indicate that supplies of these important food groups should also be heavily expanded.

The 6th Session of the FAO Conference considered a 1 to 2 percent increase per annum in world production of food and agricultural products *in excess of the rate of world population growth* (currently about one percent per annum) as a minimum necessary to achieve some improvement in nutritional standards. Furthermore, the demands of this expanding population for agricultural products are becoming more effective since the end of the second World War especially in the industrialized nations where real income per caput is increasing, and distribution of income is tending to become equalized. In Europe, for example, it has been estimated that food requirements will increase over the next five years by 1-2 percent per annum on account of changes in income and by an additional 1 percent on account of population growth.⁵

⁵ OEEC — Food and Agriculture Committee, Report of the Special Group on Agriculture (Ag. 51/40) Paris, Dec. 1951.

In many underdeveloped areas this trend manifests itself more in terms of increasing requirements than of effective demand. The people in these regions are changing their attitude on the acceptability of a low standard of living and are exerting an ever-increasing pressure on their governments or on the governing authorities for more food, more clothing, and more and better housing.

Yet there is little sign of the solid overall advance in food production needed to achieve better world-wide food standards. Charts IV, XVII-XIX show that per caput food output, though higher in nearly all countries than in 1946/47 - 1947/48, is still substantially lower than prewar in most Far Eastern countries and in many parts of Europe, the Near East and Africa. Because international trade in food plays an important part, although in volume only representing a fraction of the world's food production⁶, these facts are inevitably reflected in corresponding changes — mostly for the worse — in the levels of food consumption compared with prewar years. Food consumption levels have risen markedly in Latin America, although they are still inadequate in some countries; this has been achieved chiefly by reducing the region's food export surplus (Table 3). In the great food surplus regions of North America and Oceania, food consumption has been maintained at high levels and, in some countries, it is even higher than before. Elsewhere, however, consumption levels have mostly fallen and diets are poorer in quality. At the lowest end of the scale, the Far East has suffered the largest fall in per caput food consumption and has become a net importer of food. The proportion of the world's population not receiving enough food — large even before the war — has greatly increased (Table 7).

Some slight improvement, mainly in calorie levels, has occurred in the past two years, but not enough to alter the general picture. Indeed the diet in the poorest fed regions has become, if anything, even more unbalanced as indicated by the deterioration in consumption of animal foods (see also Charts III and IV).

The possibility of a recurrence of a serious world shortage of food, particularly cereals, cannot be ignored. To avert this danger will require a maintenance and perhaps an increase in the present proportion of the world's total resources devoted to agriculture and that a major part of existing and potential agricultural resources continue to

⁶ Exported quantities represented less than 9 percent of production in 1950/51 and 1951/52.

TABLE 7 — DISTRIBUTION OF POPULATION ACCORDING TO NATIONAL AVERAGE SUPPLY OF CALORIES AND ANIMAL PROTEINS

Calories and Animal Proteins	Percent of Total Population *	
	Prewar	Recent
<i>Calorie Levels</i>		
Over 2700.	30.6	27.8
2700-2200.	30.8	12.7
Under 2200.	38.6	59.5
<i>Animal Protein Levels</i>		
Over 30 gms.	22.1	17.2
30-15 gms.	18.9	24.8
Under 15 gms.	59.0	58.0

* Comprising about 80 percent of the world's population.

be utilized for the production of foods, especially those of high energy content.

During the postwar years, industrial production has risen much more rapidly than agricultural production. Thus, although production of food in 1951/52 surpassed the prewar (1934-38) level by 11 percent, the volume of manufacturing and mining is estimated to be by the end of 1952 more than 80 percent above the prewar level (1937). These percentages are not strictly comparable due to the different base periods, but they do indicate the magnitude of the gap that has developed in the postwar period between output in agriculture and in industry.

The steadily rising consumption of animal products in some parts of the world where such consumption is already very high poses the question whether resources actually devoted to food production are being used in the most effective way, in view of the low level of food supplies in other parts of the world. It has been pointed out on previous occasions that, when crops are fed to animals, they lose 80 to 90 percent of their calorie value before they re-emerge in the form of meat, milk and eggs. This of course does not mean that for every calorie produced in the form of livestock products, four or five calories could have been produced in other forms of human food. To a considerable extent animal and crop production are supplementary rather than competitive and under the climatic and other conditions prevailing in many parts of the world, a system of mixed farming based in part on grazing or grass production gives best results for both crops and livestock products. In some parts of the world

animals constitute the main form of draft power, in the absence of which crop production would seriously suffer. Nevertheless livestock can and do consume resources at the expense of human food, especially in the excessive feeding of grain to livestock.

In the Far East and in many other less developed parts of the world, the energy value of the diet has not even recovered to prewar levels. Even if account is taken of unrecorded production such as subsistence fishing, consumption of animal protein is so low that were it doubled or trebled in the next ten years, it would still remain far below the present standards in the advanced countries. However, livestock production can be increased without drawing on additional grain supplies, by culling herds, reducing disease, and improving methods of breeding and feeding. These can give results only in the long run. In the years immediately ahead it would be unwise to attempt to expand livestock output by ways which might diminish the supply of high energy foods. However, while avoiding competition by animals for the human food supply, the supply of animal proteins can be, it is conservatively estimated, at least doubled in most countries by improved production techniques without detriment to the output of food crops. All possible means should also be explored for expanding fish production from inland sources, especially as many of the fish resources of the region are still under-exploited.

In Europe, this problem is perhaps more sharply focussed than in other regions. During early postwar years, plans to restore the prewar consumption of livestock products had to be repeatedly postponed because of the inadequate level of the total food supply and because of the high cost of imported feeds. The feeding of wheat to livestock was forbidden in some cases, and imported coarse grains had to be used for human consumption. Efforts to economize in feeding stuffs have now resulted in many improvements in animal husbandry in Western Europe. Livestock numbers have largely been built up again and yields per animal are frequently higher than before the war, with less reliance on imported feeds. But feeding stuffs are still in short supply and prices of crops have risen relative to those of livestock products during the past few years. Some pasture can be converted to high yielding fodder crops and the quality of existing pastures can be raised, but further improvement in the still unsatisfactory level of consumption of animal protein will require the most careful husbanding of resources. As regards other sources of animal protein, only a small

fraction of the whale meat taken by Europeans is used for human food, thus making it necessary to waste or grind into animal feed more than 250,000 tons of meat of a quality which, as is done in Japan, can be used extensively for food. Both in Eastern Europe and the Soviet Union, agricultural patterns are planned with greater emphasis on livestock production than before the war, but the need to safeguard lower and insecure levels of calorie intake has retarded progress towards these aims much more than in Western Europe.

The food surplus regions will probably continue to be heavy consumers of animal products. In the United States, steadily increasing effective demand has raised per caput meat consumption. In Australia, population in the last few years has been expanding at a rate of more than 3 percent per annum, and per caput meat consumption has been maintained at very high levels (Table 8).

TABLE 8 — MEAT CONSUMPTION PER CAPUT IN THE UNITED STATES AND AUSTRALIA (KG. PER HEAD)

PERIOD	United States	Australia
Prewar.	63.9	120.4
1948/49	74.1	110.4
1949/50	76.1	112.6
1950/51	75.2	110.5

The proportion of average calorie intake provided by livestock products is over 40 percent in the United States and Australia, compared with about 30 percent in Western Europe and only between 5 and 10 percent in the Far East. The amount of grain fed to animals to maintain the present volume of livestock products in the United States is approximately 100 million tons per annum. The mounting demand for livestock products has already reduced feed grain stocks in the United States in two successive years and may even force a reduction in livestock numbers in the year ahead. Whether feed grain production and other feed supplies can be stepped up in the coming years to meet the further increase expected in the demand for livestock products without a serious reduction in the volume of grain exports is open to serious doubt.

For the world as a whole, until the entire scale of food production has been substantially raised, careful attention will have to be paid to the possibilities of maintaining and increasing the supply of livestock products in ways that do not compete with calorie needs. A moderate reduction in pres-

ent per caput consumption of livestock products in the major food surplus regions might release a large volume of food and fodder grains for the needy areas. From a nutritional standpoint too, this might not be injurious. There is no indication that any further increase in meat consumption among some sections of the population in food surplus countries would be nutritionally essential. In the less developed and food deficient nations, steps to increase livestock output will involve principally the improvement of grassland and the reduction of losses from diseases and parasites. Such continued improvements in animal husbandry offer the safest hope of better diets without extensive use of grain for livestock feeding. Fish production, without encroaching upon existing agricultural resources, can provide a valuable increase in the world's supply of animal protein. At present its contribution is only about 10-15 percent. The possibilities for a large expansion are considerable and there is hope that, in the future, with improved marketing methods and growing consumer acceptance of the product, a greater proportion of the actual catches will be used directly for human food.

AGRICULTURAL INVESTMENT

The continued expansion of agricultural production requires an ever increasing rate of private and public investment, particularly in the less developed, highly populated areas of the world. Where private investment is inadequate a greater injection of public funds into the production process becomes necessary. This is not a simple matter and the problems and ramifications have already been dealt with in other UN reports. What is pertinent is the current amount of investment and the plans for increasing the total.

Private investment in agriculture

In North America, the United Kingdom and some of the other Western European countries, private investment has expanded markedly since the end of the war. This expansion has been in response to a greater farm income and in Western Europe also to the need to rebuild farm equipment destroyed during the war. In Oceania the flow of private funds into farming has also shown a substantial increase.

In Canada, the United States and the United Kingdom the share of agriculture in total private investment expenditure has corresponded in recent years roughly to the share of agriculture in

the national income. No comparable figures are available for underdeveloped countries, but it appears that private investment in agriculture remained relatively small in these regions. Financing the expansion of agricultural production remained to a great extent the responsibility of governments.

What are the probabilities of an increased rate of private agricultural investment in the developed countries? It is probable that the rate of investment will continue high as long as farm net income remains at the current high level, enabling these countries to maintain and even to improve their position as important producers of agricultural products. In underdeveloped countries, private funds may become available in larger quantities in the future as the terms of trade move in favor of agriculture, as the differential in productivity between agriculture and industry tends to become narrower, and to the extent that price stabilization schemes for major export commodities become a reality. Technical assistance and government development projects may open up new fields for private investment in agriculture. However, in relation to the needs, the rate of private investment will continue to be inadequate.

Public financing of agricultural investment

It is therefore encouraging to note that national and metropolitan governments as well as international organizations are increasing their activities in agricultural investment.⁷

The share of agriculture (including forestry and fisheries as well as processing industries) in the schedule of public expenditures in almost all development plans in underdeveloped areas is greater than that of industry or public utilities⁸. Similarly, metropolitan governments in dependent territories are investing heavily in agriculture. The British Colonial Development Corporation, for example, up to the end of 1951 had started 53

⁷ Unfortunately, available data on public financing of economic development are not of a nature to present a clear separation between funds going into agriculture and those invested in other sectors of the economy. However, there are some indications providing a rough idea of the share allocated to agriculture in the developmental activities of public bodies.

⁸ The trend toward greater investment in agriculture is also referred to in Chapter III. Preliminary data from thirty-five countries provide the basis for this statement.

projects with a projected capital outlay of close to £36 million of which 27 with a capital of £ 17.3 million (48.3 percent of the total) are for projects in agriculture, fishery and forestry⁹.

The Caisse centrale de la France d'Outre-Mer and the Fonds d'investissement économique et social des territoires d'outre-mer have in the period from April 30, 1946 to June 30, 1951 committed a total of 240,000 million frs. for the economic development of the French overseas territories (except North Africa, Indochina and Madagascar) of which 12 percent was for developing agricultural production as against 13 percent for mining and industry which, however, includes food processing and hydro-electric power generation. Of the 5 percent allocated to research about two-thirds were for research in agriculture and forestry. In addition, a great part of the 120,000 million frs. (about 50 percent) for improving communications has been directly benefiting agriculture¹⁰.

Under the Colombo Plan £595 million out of a total of £1,868 million, or 32 percent, are allocated to agriculture, including multipurpose projects, but agriculture is also to benefit from the development program for transportation and communication (34 percent) and for housing, health and education (18 percent)¹¹. Under the United States Point IV program, of the 619 personnel in the field on Dec. 31, 1951, 253 or 41 percent were working in agriculture, forestry and fisheries. Among the 372 foreigners being trained in the United States under the Point IV program at that date 87 were under the supervision of the United States Department of Agriculture¹².

Also within the Expanded Technical Assistance Program of the United Nations which is laying the groundwork for public and private investments in underdeveloped areas, the biggest share has been allocated to agriculture, as shown by the amounts of money allocated to FAO as one of the six international organizations¹³ participating in the program (Table 9).

⁹ Colonial Development Corporation, Reports and Accounts for 1951. Her Majesty's Stationery Office, London, April 1952.

¹⁰ Caisse centrale de la France d'Outre-Mer, Notes et études documentaires, No. 1568, Paris, Feb. 1, 1952.

¹¹ The Colombo Plan, Cmd 8080, H. M. S. O. London, 1950.

¹² First Report to Congress on the Mutual Security Program, Washington, March 1952.

¹³ The other organizations are the UN, ILO, UNESCO, ICAO, and WHO.

TABLE 9. — EXPENDITURES ON TECHNICAL ASSISTANCE, AND PROPORTION OF FUNDS ALLOCATED TO FAO

PERIOD	Total	F A O	
	mil. \$	mil. \$	% of total
1st financial period (July 1950-31 Dec. 1951)			
allocated	13.46	3.82	28.8
obligations incurred . . .	6.44	2.01	31.2
2nd financial period (1952)			
allocation (less retained contributions account) .	19.17	5.36	28.0
3rd financial period (1953)			
projected or requested . .	38.16	11.17	29.3

SOURCE: ETAP, Fourth Report of the Technical Assistance Board to the Technical Assistance Committee; UN document E 2213 (Vol. I).

The extensive Point IV and ETAP activities in the field of agriculture foreshadow the necessity for a much greater flow of public investment funds than heretofore. No comprehensive data are available, but Tables 10 A and B showing the activities of the major agencies for international lending indicate the insufficiency of the present volume to meet the need for a vastly expanded production¹⁴.

Even under the anticipated improved conditions for investment in agriculture, a considerable increase in the flow of foreign funds seems to be required. Yet many of the projects contemplated in national plans and programs or suggested by TA experts are not suitable for financing by existing international financial institutions. Hence the proposal for a new International Development Authority now being studied by an expert committee appointed by ECOSOC is of particular importance for an adequate future level of investment in agriculture.

Whether the new IDA comes into being or not, the responsibility of channelling an ever increasing amount of private and public investment funds into agriculture will remain with national governments. The 6th Session of the FAO Conference outlined a number of measures governments may take to increase funds available for agricultural investment. These, if adopted and implemented, together with the international measures suggest-

¹⁴ An annual foreign investment of \$10,000 million of which \$2,000 million in agriculture has been estimated to be necessary in order to increase the national income of underdeveloped areas by 2 percent per annum (UN, Measures for the Economic Development of Underdeveloped Countries, New York, May 1951).

ed by the Conference, may improve the present unsatisfactory investment situation without, however, giving the promise of an early solution of the problem.

OTHER FACTORS

In many less developed regions farmers hesitate to produce as much as they could with their present knowledge and resources because of insecure tenure on the land, inadequate rewards to the actual producer, lack of farm credit at reasonable rates, and lack of confidence as to markets for increased output at satisfactory prices.

Many of the economically advanced countries have developed workable methods of giving advance marketing and price guarantees to their farmers. In many underdeveloped countries, however, much still remains to be done in this direction. These countries need to establish such conditions for their working farmers and give them such assurance of markets that they will expand production substantially.

While it is generally recognized that the major responsibility for stabilizing action must be at the national level, much attention is also being devoted in current discussions to intergovernmental commodity stabilization measures. The FAO Conference re-affirmed at its Sixth Session its faith in international commodity agreements and it stressed particularly the need for looking at these agreements as more than emergency devices for dealing with surpluses or shortages and for viewing them rather as basic stabilization instruments which can be applied in good times as well as bad.

It is somewhat less reassuring, however, that while these principles have been more or less generally accepted for some time now and re-endorsed on various occasions, they have so far not led to much in the way of tangible results.

The present climate of economic opinion appears to be very conducive to discussions on international commodity agreements. Consultations are proceeding for the renewal of the International Wheat Agreement; a special committee of the International Sugar Council has been functioning for some time to consider an international sugar agreement; the International Cotton Advisory Committee has produced a very able technical report considering possible methods of drawing up an international cotton agreement¹⁵; and recently the

¹⁵ International Cotton Advisory Committee: Report of the Standing Committee to the Eleventh Plenary Meeting on an International Cotton Agreement, Washington, May 1952.

TABLE 10-A. — AMOUNT OF IBRD LOANS DURING THE PERIOD 1 NOVEMBER 1951 TO 15 JULY 1952
(in million U.S. dollars)

COUNTRY	TOTAL LOANS	DIRECT LOANS TO AGRICULTURE						LOANS AIDING AGRICULTURE		All other loans
		Total direct agricultural loans	Machinery and spare parts	Irrigation and flood control	Timber equipment	Process. industries	Multi-purpose loans	Improvement of transportation	Power development	
Australia	50.0	^a 17.0	—	—	—	—	17.0	...	...	^b 33.0
Brazil	37.5	—	—	—	—	—	—	12.5	25.0	—
Colombia	2.4	—	—	—	—	—	—	—	2.4	—
Finland	20.0	10.5	—	—	1.0	9.5	—	—	9.5	—
Iceland	1.0	1.0	—	—	—	—	1.0	—	—	—
Mexico	29.7	—	—	—	—	—	—	—	29.7	—
Netherlands	7.0	—	—	—	—	—	—	—	—	7.0
Pakistan	30.5	3.3	3.3	—	—	—	—	27.2	—	—
Paraguay	5.0	5.0	5.0	—	—	—	—	—	—	—
Peru	3.8	1.3	1.3	—	—	—	—	2.5	—	—
Southern Rhodesia	28.0	—	—	—	—	—	—	—	28.0	—
Turkey	25.2	25.2	—	25.2	—	—	—	—	—	—
TOTAL	240.1	63.3	9.6	25.2	1.0	9.5	18.0	42.2	94.6	40.0

SOURCES: IBRD — Memorandum relating to the Financial Statement as of March 31, 1952.
IBRD — Press Releases.

^a Approximate evaluation.

^b A part of this loan will be used for transportation and power.

TABLE 10-B. — AMOUNT OF EXPORT-IMPORT BANK LOANS DURING THE PERIOD 1 JULY 1951 - 3 JULY 1952
(in million U.S. dollars) ^a

COUNTRY	Total loans to country	LOANS FOR:					
		Agricult. machinery	Transport	Power	Import	Industrial development	Others
Austria	6.0	—	—	—	—	—	6.0
Belgium	6.8	—	—	—	6.8	—	—
Bolivia	2.6	—	—	—	—	2.6	—
Brazil	66.7	5.0	15.6	41.1	—	5.0	—
Canada	0.7	—	—	—	—	0.7	—
Chile	11.1	—	—	—	—	11.1	—
Colombia	23.5	—	—	2.6	20.0	—	0.9
Ecuador	1.8	—	1.0	—	—	—	0.8
France	245.0	—	—	—	45.0	—	^b 200.0
Germany (Fed. Rep.)	60.0	—	—	—	60.0	—	—
Indonesia	4.5	2.6	1.9	—	—	—	—
Italy	4.7	—	4.7	—	—	—	—
Japan	40.0	—	—	—	40.0	—	—
Mexico	4.0	—	—	—	—	4.0	—
Panama	1.5	—	—	—	—	—	1.5
Peru	0.7	—	—	—	—	0.7	—
Philippines	20.0	—	—	20.0	—	—	—
Spain	12.0	—	—	—	12.0	—	—
Thailand	1.0	—	1.0	—	—	—	—
Union of South Africa	26.5	—	—	—	—	26.5	—
Venezuela	4.0	—	—	—	—	4.0	—
TOTAL	543.1	7.6	24.2	63.7	183.8	54.6	209.2

SOURCE: Export-Import Bank of Washington: Statement of Loans and Authorized Credits.

^a This table does not include 2.5 millions to Saudi Arabia from previously authorized credits.

^b Credit in view of off-shore purchases in France.

International Rubber Study Group has also set up a special working group to investigate the possibility of an international rubber agreement. Moreover, discussions are proceeding in various quarters on commodity agreements generally.

Despite all these consultative activities, however, the International Wheat Agreement still remains the only fully inter-governmental commodity agreement in existence and its renewal is uncertain. Nor are there any signs of consultations for any other commodity having reached the immediate pre-conference stage of final negotiations.

In some respects the very slowness of the progress reflects a growing understanding and realism in the appraisal of problems connected with the negotiation and operation of inter-governmental agreements. The experience of the Wheat Agreement, in particular, has brought a number of these technical problems into clear focus¹⁶. Apart from problems of technique, there are certain other difficulties which result in some measure from ap-

¹⁶ Some basic aspects of international commodity stabilization techniques were reviewed in an article "Some Aspects of International Commodity Arrangements" in the FAO Monthly Bulletin of Agricultural Economics and Statistics for July 1952, and a full discussion of some of these problems is presented in the FAO study "A Reconsideration of the Economics of the International Wheat Agreement", September, 1952.

preciation of the need for an adequate balance of producers' and consumers' interests. This principle is a highly commendable one which should not be departed from in any way. At the same time, it is as well to realize clearly that the postulate of such a balance of interests does mean a practical need to achieve a balance of bargaining power before an inter-governmental agreement can be concluded. It is often difficult to find this bargaining balance and also to agree when that point has, in fact, been reached.

Moreover, the problem may be accentuated by the fact that the risks are not the same for governments in the sense that the disadvantages which may result from the conclusion of an agreement tend to be more obvious, generally speaking, than those which may result if no such agreement is concluded; it does not follow by any means that the less obvious risks are the less serious ones in the long run.

Much more active and positive measures than those yet taken by governments will be needed before world food production begins to increase at more than its recent inadequate pace. At the same time, the arrangements for prices, markets, and marketing methods must be greatly improved to assure confidence to producers, while maintaining retail prices which the mass of the world's people can afford to pay.

Chapter III

REGIONAL REVIEW AND OUTLOOK

Chapter III - REGIONAL REVIEW AND OUTLOOK

*EUROPE (excluding Eastern Europe and the U.S.S.R.)*¹

Current situation

The restoration of agricultural production in Western Europe during recent years has been facilitated by the strong effective demand for food, largely due to increasing industrial activity with full employment in most countries. Expansion of industrial production continued during 1951/52, but was, on the whole, slower than in the immediately preceding years. Industry still expanded much faster than agriculture; accordingly, the relative importance of agriculture in the total economy of the region has been further reduced. This trend means that the food supply has to satisfy both the demand of a growing population and the demand for a more diversified diet. Before the war, as urban purchasing power increased, additional food and feed could be bought abroad at favorable prices. Since prices of imported agricultural products are now less advantageous, terms of trade less favorable and the balance of payments situation more difficult, the prewar solution is no longer practical.

General economic conditions. As indicated earlier, the level of economic activity remained high during 1951/52 except in the textile and other

¹For the purpose of this report, Europe (excluding Eastern Europe) has been divided into the following regions:

Western Europe: Belgium-Luxembourg, France, Ireland, Netherlands, Switzerland, Saar, United Kingdom.

Northern Europe: Denmark, Finland, Iceland, Norway, Sweden.

Central Europe: Western Germany and Austria.

Mediterranean Europe: Greece, Italy, Portugal, Spain.

consumer goods industries. Some slackening occurred early in 1952 and the aggravated balance of payments difficulties led to increased trade restrictions. In most countries the cost of living rose during the period and food prices generally rose more rapidly than those of other goods and services, notably in Austria, Denmark, the Netherlands, Western Germany and the United Kingdom.

In most countries wages rose with prices from 1950/51 to 1951/52, but in some, such as Austria and the Netherlands, a decline in real wages appears to have taken place.

In 1951/52, for the first time since 1948, there was no general increase in the average per caput consumption of food. In a number of countries meat consumption has not reached the prewar level, and in Western Europe as a whole, total meat supplies in 1951/52 were nearly 7 percent lower than before the war. Meat is still rationed in the United Kingdom, and elsewhere high prices generally restrict purchases.

Signs of over-supply have appeared in the market for liquid milk, and the availability of margarine, cheap relative to butter, has reduced European butter production and consumption. On the other hand, demand for cheese has generally been well maintained.

Agricultural production. Agricultural production, with the United Kingdom as the major exception, has generally returned to its prewar structure with a few important changes: an increase in milk production, a decrease in most countries of Continental Europe of the area under bread grain, and an extension of the area devoted to sugar beets and oilseeds. Farm production net of imported feed in the region exceeded that of 1950/51 by about two percent representing an increase of about 12 percent above the 1934-38 average and exceeding the population increase, with the result that per caput production exceeded the prewar level (Table 11 and Chart XII).

CHART XII - EUROPE (EXCLUDING EASTERN EUROPE): POPULATION AND AGRICULTURAL PRODUCTION PREWAR AND POSTWAR

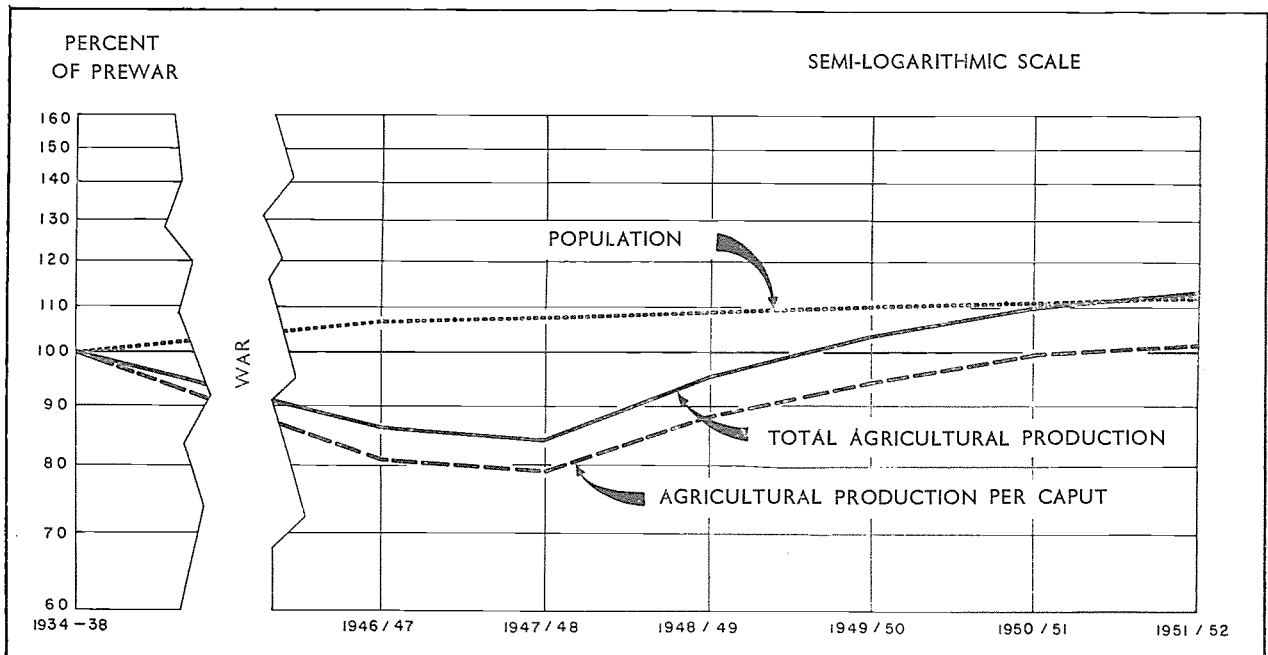


TABLE 11. — INDEX NUMBERS^a OF VOLUME OF TOTAL AND PER CAPUT AGRICULTURAL PRODUCTION IN EUROPE (EXCLUDING EASTERN EUROPE) 1946/47 TO 1951/52

YEAR	Agricultural production	Population	Production per caput
	(1934-38 = 100)		
1946/47	86	106	81
1947/48	84	107	79
1948/49	95	108	88
1949/50	103	109	94
1950/51	109	110	99
1951/52 ^b	112	111	101

^a These index numbers are weighted by values. They are preliminary only. All FAO production indices will be revised during the coming year.
^b Preliminary.

The volume of crops in 1951 was noticeably smaller in the western and northern part compared with 1950, while with more favorable weather conditions, output increased markedly in the Iberian Peninsula (Table 12).

Gross output of livestock products in 1951/52 exceeded the prewar average by 7 percent and was 3 percent above 1950/51. During the year, progress was particularly marked in Western Germany, while some decline occurred in Scandinavia (Table 13).

Milk production exceeded last year's total by 2 percent and the 1934-38 average by 8 percent. This was due mainly to an increase in yield of milk per cow by about 10 percent above the prewar average. Total production, however, declined in Denmark, the Netherlands and Sweden, compared with last year. In Sweden and the United Kingdom, government policy now favors beef rather than milk production for which effective demand seems to have reached a peak. The reduction of horse numbers by 1 1/2 million since 1938 as a result of greater mechanization, has led farmers to increase barley production and decrease the production of oats. This in turn has contributed to the increase in production of pork, poultry and eggs. Pork production increased by 6 percent in 1951/52 and exceeded the prewar level, with the greatest increase over 1950/51 in the United Kingdom and Western Germany. However, because of the general deterioration of the feed/livestock price ratio, pig numbers in Denmark, Ireland and the Netherlands have decreased somewhat while in Western Germany the stock of breeding sows has been reduced.

In general, the livestock output per unit of feed nutrient input has increased since before the war. This progress, together with more efficient utilization of grassland and of such by-products

TABLE 12. — AGRICULTURAL AND INDUSTRIAL PRODUCTION AND POPULATION,
EUROPE (excluding Eastern Europe and U.S.S.R.)

(Prewar = 100)

YEAR	WESTERN EUROPE			NORTHERN EUROPE			CENTRAL EUROPE			MEDITERRANEAN EUROPE			TOTAL OF COUNTRIES							
	Agriculture (1934-38 = 100)		Population	Agriculture (1934-38 = 100)		Population	Agriculture (1934-38 = 100)		Population	Agriculture (1934-38 = 100)		Population	Agriculture (1934-38 = 100)		Population					
	Major food crops	Livestock products	(base 1938)	Major food crops	Livestock products	(base 1938)	Major food crops	Livestock products	(base 1938)	Major food crops	Livestock products	(base 1938)	Major food crops	Livestock products	(base 1938)					
1948/49	110	87	104	122	110	88	113	142	87	59	114	55	79	89	110	105	95	81	108	112
1949/50	105	103	105	130	107	102	114	150	97	81	115	81	84	100	111	110	97	98	109	123
1950/51	109	108	106	141	104	107	116	159	111	94	116	101	91	99	112	125	103	104	110	135
1951/52	101	111	107	149	101	104	117	170	113	102	117	121	98	102	113	137	102	107	111	145

SOURCE FOR INDUSTRY INDICES : Research and Planning Division, Economic Commission for Europe.

NOTE : *Major crops* : includes all grains, potatoes and sugar converted to wheat equivalent.
Livestock products : includes all meats, eggs and total milk production converted on basis of FAO price weights.
Industry : Index numbers of industrial production cover in general manufacturing, mining, and gas, water and electricity supply, but not building. Industrial indices are on calendar year basis 1948, 1949, 1950 and 1951.

TABLE 13. — PRODUCTION OF LIVESTOCK PRODUCTS, EUROPE (excluding Eastern Europe and U.S.S.R.)
(1934-38 = 100)

REGION	Total meat			Beef			Pork			Milk ^a			Eggs		
	1949/50	1950/51	1951/52	1949/50	1950/51	1951/52	1949/50	1950/51	1951/52	1949/50	1950/51	1951/52	1949/50	1950/51	1951/52
Western Europe	100	104	107	102	109	111	96	99	105	106	111	113	118	123	125
Northern Europe	98	110	108	86	101	102	109	122	112	100	104	101	121	118	118
Central Europe	79	91	102	77	86	90	77	92	110	86	95	101	73	98	112
Mediterranean Europe	91	90	91	88	91	93	87	80	84	102	108	110	86	93	96
TOTAL	94	99	103	93	101	103	91	98	104	100	106	108	104	112	116

^a Including goat milk.

as sugar beet tops, has lessened the dependence of livestock production on imported coarse grain feeds and oil cake.

As compared with prewar (1934-38) average production average 1948-51 crop yields per hectare are markedly higher in all parts of Europe except the Mediterranean countries, with the largest improvement in Central Europe. This improvement in crop yields has been largely due to the increase in fertilizer consumption and mechanization. Application of fertilizer has increased by about 50 percent since 1938 (Table 14). At

the same time, with the general restoration of the herds, the quantity of manure available is about the same as before the war.

The relation of change in fertilizer use to changes in yields is indicated in Table 15.

The short-term trend has been quite different, with yields over the last 4 years showing a marked downward trend in Northern Europe, a slight downward trend in Western Europe, and marked upward trends in Central and Mediterranean Europe. How far these trends reflect merely short-term changes in weather, and how far more fundamental factors, is not yet clear.

Table 14. — CONSUMPTION OF FERTILIZERS,
EUROPE (excluding Eastern Europe and U.S.S.R.)

REGION	AMOUNT 1951/52 in 1,000 m.t. of plant nutrient			RELATION TO PREWAR (1938 = 100)					
	N	P ₂ O ₅	K ₂ O	N		P ₂ O ₅		K ₂ O	
				1950/51	1951/52	1950/51	1951/52	1950/51	1951/52
Western Europe . . .	780	1 080	940	162	174	152	152	161	163
Northern Europe . .	210	300	245	194	209	186	188	165	177
Central Europe . . .	410	490	725	110	118	97	116	110	118
Mediterranean Europe	280	550	80	150	154	140	153	135	152
TOTAL . . .	1 680	2 420	1 990	146	156	139	146	138	144

TABLE 15. — INDICES OF CROP YIELDS AND FERTILIZER USE

REGION	Fertilizer use per hectare; average last 2 years	Crop yields per hectare; average last 4 years
	(1938 = 100)	(1934-38 = 100)
Western Europe	172	114
Northern Europe. . . .	194	109
Central Europe.	132	123
Mediterranean Europe .	150	92

Tractor numbers on farms are about four times greater than in 1938. In the Mediterranean area, however, the number of tractors has increased by only 67 percent since 1938, whereas in the United Kingdom it is 6 times the prewar number (Table 16).

TABLE 16. — TRACTORS ON FARMS, EUROPE.
(excluding Eastern Europe and U.S.S.R.)

REGION	1939	1949	1950	1951	1951 as % of 1939
	(. . . thousands of units . . .)				
Western Europe . . .	103	415	470	523	506
Northern Europe . .	31	68	86	104	334
Central Europe . . .	37	80	115	155	419
Mediterranean Europe	52	66	76	86	167
TOTAL . . .	223	629	747	868	389

SOURCE: ECE, The European Tractor Industry, February 1952.

With regard to other sources of animal protein, the 1951 fish catches for the most important European countries show very significant increases

over 1950. Norway had the largest increase, mainly due to her herring catches. There was also a noticeable strengthening of the fresh fish trade which has contributed to the unrest felt on the markets for certain canned fish products e. g. from herring species.

The greatly increased demand for forest products led to record postwar output in Europe. Favorable market conditions made it possible for the main producing countries to dispose of wood pulp and pulp products at steadily rising prices during 1951. Consequently, at the end of the year exporters' stocks were reported to be very low. Large-scale purchases by the United Kingdom in the last quarter of 1950 had led to competition by importing countries for the available supplies and to an unprecedented rise in the price of sawn wood. At the same time, efforts were made by European coal industries to replenish their low stocks of pit props. However, by the end of 1951, a general resistance developed on the part of buyers to high prices. The United Kingdom curtailed its 1952 buying program for sawn wood, and most importing countries have accumulated large stocks of sawn wood and wood pulp. Wood pulp prices in February 1952 declined between 30 and 40 percent. By June 1952 sawn wood prices broke and shippers, embarrassed by unsold stocks, offered deliveries at prices 25 to 30 percent below previous peaks. Demand, however, has been slow to respond. Simultaneously with the fall in sawn wood prices, the United Kingdom set price ceilings for imports of wood pulp 20 percent below ruling prices. In the summer of 1951 an impending shortage of pit props seemed to imperil European coal production programs. The Timber and Coal Committee of the ECE called attention to the danger. Additional supplies were forthcoming and this, together with advance shipments on existing contracts and early

closing of new contracts, carried Europe over the danger period. Prices of small roundwood have fallen by some 20 to 25 percent from the price level of autumn 1951.

Trade. Western Europe has had to continue being a heavy importer of foods. Furthermore, as exportable supplies became less available in non-dollar areas, the region has had to continue making heavy purchases in North America. During the past three years, the annual average percentage food supply in Western Europe obtained by imports from the rest of the world was 34 percent for bread grains, 32 percent for sugar, and, (if imported grain for feed is taken into consideration) 21 percent for meat and eggs. Between 1949 and 1951 expenditures on agricultural imports (excluding fibers) from outside the region by ten of the largest countries declined steadily from 70 percent of their earnings from total exports to 55 percent. The reduction was due in part to increased exports from expanding industry, and improving ability of Europe to feed itself. Food still represented the dominant import cost, however.

In 1951/52 imports of grains were greater by about 12 percent than in the previous year and those of sugar by 10 percent, because of smaller domestic production. Many countries tried to rebuild stocks of grain from which they had drawn in 1950/51, whereas some 400,000 tons of sugar were added to stocks in both years.

While imports of bread grain and fats and oils have been exceeding the prewar levels, imports of sugar, coarse grain and oilcake have been considerably reduced. The reduction in oilcake is due partly to the reduced demand, reflecting improved methods of pasture management and utilization and also lack of foreign exchange. Coarse grain purchases have been reduced, partly because of high prices in the markets for which foreign exchange was available, and partly because of the decrease in horse numbers which released feed for other livestock.

The dependence on the dollar area for imports of essential foodstuffs and feeding stuffs increased further in 1951/52, especially in grains, following the curtailment of supplies from the Argentine and Australia (Table 17).

Intra-European trade in agricultural products remained at a high level during 1951/52. Total meat exports from Denmark have been slightly reduced and the export of butter from Denmark and the Netherlands was below the previous year's, while cheese exports from those countries

TABLE 17. — TOTAL IMPORT OF SELECTED COMMODITIES FROM OTHER REGIONS AND PERCENTAGE IMPORTED FROM DOLLAR AREA^a, EUROPE (excluding Eastern Europe and U.S.S.R.)

PERIOD	Bread grain	Coarse grain	Sugar ^c	Fats and oils ^d	Oilcake and meal ^e
(..... million metric tons					
Prewar	12.6	11.1	3.0	2.6	5.1
1949/50	12.4	8.3	2.8	2.7	n.a
1950/51	12.5	7.5	2.3	2.7	3.4
1951/52 ^b	14.1	9.1	2.7	n.a	3.3
<i>Percentage imported from dollar area</i>					
Prewar	35	8	40	7	7
1949/50	80	46	75	20	n.a
1950/51	80	45	79.5	20	17
1951/52	n.a	n.a	n.a	n.a	17

^a Dollar area comprises: for grains, U.S.A. and Canada; for sugar, U.S.A. and Latin America, excl. Brazil; for fats and oils and oilcake, North America, incl. Mexico and the Philippine Republic.

^b Provisional.

^c In terms of refined sugar. Net of re-exports.

^d In oil equivalent.

^e From imported seeds and imported as such. Postwar figures are for 1950 and 1951 (calendar years).

^f If the quantity of sugar re-exported to other regions is added to the import, the import from the dollar area amounts to less, e.g. 77% in 1950/51.

increased considerably. Most of these exports went to Western European countries, the main exception being butter exports from Denmark and Sweden to Czechoslovakia, Eastern Germany and the U.S.S.R.. France changed from a net exporter of bread grain in 1950/51 to a net importer in 1951/52, and also decreased her exports of sugar and meat.

Imports of coarse grains and wheat from Eastern Europe and, in particular, from the U.S.S.R., although very limited and still far below the prewar average, showed some increase over the preceding year, Italy and the United Kingdom being the main importers from the U.S.S.R.. Western Germany, which before the war relied on eastern countries for a substantial part of its food imports, drew only 3.4 percent of its total from this region.

Prices and income. Prices received by farmers for the major crops, particularly cereals and sugar beets, improved somewhat in 1951/52. In 1949 and even after the outbreak of hostilities in Korea in 1950, these prices increased relatively little in most countries, partly thanks to government policies, while industrial prices rose considerably. Prices of livestock products were sustained during 1951/52, particularly for meat, but did not keep pace with the increase in crop prices. Italy and the Netherlands were the only countries where livestock prices increased more during the year

than did prices of the main crops. The relation remained the same in Denmark, Norway, and Switzerland but in France, Germany and the United Kingdom, for instance, prices of the major crops increased 21 to 31 percent, while prices of livestock products rose only 8 to 18 percent.

Price fixing and control programs have changed little. Norway, Sweden and the United Kingdom have price agreements which aim at assuring their agricultural industries a minimum income. Fixed or guaranteed prices for some basic products remain in operation in Austria, Denmark, France, Italy, the Netherlands, Switzerland and Western Germany.

Gross farm income in 1951/52 was higher than in previous years in most countries. Net farm income, however, increased less, owing to substantial increases in wages and other costs. Prices of imported feedstuffs rose but in France, the Netherlands, Sweden and the United Kingdom the increase was partly offset by subsidies. Some farmers found that fertilizer prices increased more than crop prices.

Outlook 1952/53

Demand for farm products will probably remain generally strong and the greater availability of coal, steel and other raw materials should encourage high industrial activity. Unemployment, which has been increasing in some countries such as the Netherlands and the United Kingdom, will have little effect on the present average level of consumption. Structural unemployment continues high in Italy and Western Germany. Prices may remain more stable than in recent years, largely thanks to the recent fall in prices of raw materials and to anti-inflationary measures taken by various governments.

Crop production can be expected to exceed 1951/52 levels. The area under cereals, including wheat, shows a slight increase, and yields are generally reported to be good. The area under sugar beet has been further extended by some 5-7 percent, the increase being most marked in Austria, Finland, France, Italy and Spain, with decreases in Belgium, Ireland, Western Germany and the United Kingdom. Livestock production should benefit from the good condition of pastures, but in countries depending on imports of feedstuffs, supplies and prices in foreign markets will influence the rate of expansion of output. The after-effects of foot-and-mouth disease on the output of livestock products, especially milk, may become apparent.

Long-term outlook

According to a recent OEEC estimate, total demand for agricultural products in the OEEC area might be expected to increase by 12 to 14 percent within the next five years, if total economic activity were to increase by 25 percent. Although this estimate may be on the high side, it has to be considered in relation to Europe's ability to obtain larger supplies of food and feedstuffs necessary for a growing population from other regions. As indicated in Chapter II, it is not likely that dependence on the dollar area will diminish. At the same time, prices for imports from this area are likely to remain high and exchange difficulties will not easily be overcome.

In the long run, therefore, necessary agricultural supplies can only be assured by increased European production leading to the consequent reduction of imports from the dollar area of such products as cereals, sugar and tobacco. Since there is little scope for expanding the agricultural area the stress has to be laid on further intensification of production.

EASTERN EUROPE AND THE U.S.S.R.²

Current situation

Collectivization in some of the Eastern European countries has slowed down during the past year, but the area in state farms continues to expand rapidly, especially in Poland and Eastern Germany where land abandoned by farmers has been taken over for cultivation.

In Bulgaria, where the process of collectivization is nearest completion, about one-half of the total area of arable land was in collective farms by the end of 1951. In Czechoslovakia, Hungary and Yugoslavia the proportion accounted for by collective and state farms appears to have reached 20 to 30 percent and in Poland about 15 percent. In Romania the number of collective farms at the beginning of 1952 was small compared with neighboring countries. In Eastern Germany, although the number of nationally-owned machine stations has increased, no deliberate policy of collectivization on the usual pattern appears to have been introduced.

² For purposes of this report Eastern Europe includes Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Romania, Yugoslavia and Eastern Germany.

In the Soviet Union, more attention has recently been paid to the transfer of livestock still in private hands to collective ownership, and towards the amalgamation of collective farms into larger farming units. There has been a change in the policy of collectivization in Yugoslavia. The type of co-operative now being encouraged resembles the Western more than the Soviet model, with peasants combining mainly for buying and selling, the provision of credit and other forms of mutual assistance. Existing co-operative farms are changing their methods of paying workers to provide more incentive for individual effort. Machine tractor stations have been dissolved and their stocks transferred to co-operative pools of the western type or distributed among the collective farms. Compulsory state purchase of produce (except wool) has been abolished, freer prices provide a new incentive for sales off farms, and earnings above a level fixed by reference to the cadastral value of the land are not now subject to tax.

Increased agricultural mechanization is also a major preoccupation in Eastern Europe. Apart from Bulgaria and Albania, which have no tractor industries, all the countries of Eastern Europe continued in 1951 their efforts to expand the volume of tractor production. It is anticipated that Czechoslovakia will produce heavy tractors for export to Bulgaria, Poland and other countries.

Agricultural production. Agricultural production, although showing marked recovery since the end of World War II, is still below that of the 1934-38 average.

Throughout most of Eastern Europe the bread grain harvest in 1951 was reported to be the best since the war (Table 18). Yields per hectare

TABLE 18. — CROP PRODUCTION: EASTERN EUROPE^a

COMMODITY	1934-38	1950	1951
	(... million metric tons ...)		
Wheat	14.0	12.8	14.6
Rye	11.8	11.1	11.4
Barley	5.7	4.4	4.9
Oats	6.9	5.1	5.4
Maize	12.2	9.0	12.3
Sugar	2.6	3.2	3.1
Potatoes	67.0	62.9	53.6
TOTAL, wheat equivalent.	62.0	55.6	57.3
Wheat equivalent per caput (kg)	371	339	335

NOTE: Statistics are mostly derived from unofficial sources.
^a Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland, Romania and Yugoslavia.

were substantially greater than in 1950, except in Poland, where some crops, especially potatoes, had poor yields owing to drought. In the Soviet Union the total grain harvest was smaller than in 1950.

The area under sugar beet and industrial crops (e.g. oilseeds, flax and tobacco) is rapidly expanding in several countries. In Bulgaria cotton, hemp, rice, and sugar beet all showed a considerable increase. In Poland and Czechoslovakia, however, the planned increases in sugar beet and industrial crops were not attained, though there was some increase in acreage.

The improved crop situation in 1951 had not greatly affected livestock numbers by the end of the year. In Bulgaria there was an increase of 7 percent in livestock. In Yugoslavia livestock numbers increased somewhat after the setbacks caused by drought in 1950, but except for sheep, smaller numbers were recorded in January 1952 than two years previously. The cattle population in Czechoslovakia and Poland is stated to have been about the same in 1951 as in 1950. In Poland pig breeding was reduced in the earlier part of the year but showed signs of recovery in the fourth quarter. Pigs and sheep increased appreciably in Eastern Germany and in Czechoslovakia.

Shortages of meat and fats were reported in several of the Eastern European countries. In Poland, the effects of the drought, combined with the peasants' reluctance to meet the Government's demands, led to reductions in fat stock deliveries from farms, and towards the end of 1951 a partial rationing of meat and fats was introduced. The problem of feeding industrial workers in Poland, now about double prewar numbers, is of critical importance because of its vital connection with productivity, the key to the fulfilment of all the Government's planning. Compulsory delivery of slaughter animals and of some livestock products has recently been reintroduced, and to encourage production and delivery of pigs there is a bonus payment for pigs sold under contract above the quota. Such deliveries also bring some reduction in land tax and earn for farmers the right to purchase certain quantities of coal and feeding-stuffs.

At the beginning of the year, following the drought of 1950 which had given rise to a shortage of feed, rationing was re-imposed in Hungary. After the good harvest of 1951 food prospects began to improve and in December 1951 rationing was ended. In Czechoslovakia the production

of fat stock and milk fell short of the figure planned, and in reviewing the year's achievements the Government stated that "serious shortcoming had occurred" in the supply of agricultural products.

A change in the system of food prices took place in Romania in January 1952 and in Bulgaria in May 1952, with food rationing abolished and a currency reform announced. The volume of sales of consumer goods, including food, increased thereafter. This move in Romania followed a period of shortage of livestock products. The Meat Department of the Romanian Ministry of Food is reported to have delivered only 42 percent of the planned amount of meat for 1951.

In Eastern Germany meat consumption was substantially greater than in 1950, but still much below the prewar level. Deliveries from farms were regarded as unsatisfactory in view of the estimated production.

Trade. Trade within the region is reported to have been intensified and there were growing restrictions on trade with Western Europe. Eastern Germany and Czechoslovakia continue to be supplied with grains in exchange for industrial products, especially machinery and scientific instruments.

In Eastern Germany the livestock numbers envisaged in the revised five-year plan for production (1951-55) and a trade agreement with the Soviet Union suggest that substantial supplies of coarse grains are expected to arrive from or by way of Russia.

The Soviet Union exported 300,000 tons or 27 percent more grain to Western Europe in 1951 than in 1950, the increase going chiefly to the United Kingdom (coarse grain) and to Finland and Italy (bread grain). Poland, Hungary and Yugoslavia, on the other hand, shipped less grain, and exports from the region as a whole were reduced 100,000 tons (6 percent). These shipments in 1951 made up 7 percent of Western Europe's grain imports as compared with 10 percent in 1950.

Exports of wheat from the Soviet Union included about 180,000 tons to countries outside Europe, mainly to Egypt, during the six months ending January 31st, 1952, and 180,000 tons to the United Kingdom during the first four months of 1952. This was in fulfilment of the agreement concluded in September 1951, under which the United Kingdom would receive 200,000 tons of wheat, as well as 800,000 tons of coarse grains.

Early in 1952 Yugoslavia exported substantial quantities of maize (chiefly to Western Germany

and the United Kingdom) following the more favorable harvest of 1951.

Poland's exports of bacon to the United Kingdom in 1951 were at the 1950 level of 37,000 tons, but reduced quantities were sent in the early months of 1952. The trade in eggs has also diminished.

Exports of pigs to Western Germany from Poland, Hungary and Czechoslovakia were much less in 1951 than in 1950, but exports of sugar were greatly increased.

NORTH AMERICA³

Current situation

Throughout 1951/52 defence activities and the expansion of industrial plant determined the pattern of demand for farm products as well as other products. Stockpiling generally declined or stopped early in the crop year, and consumer purchases were relatively low during 1951 but started to improve slightly in 1952. On the other hand, the imbalance in foreign trade that developed in 1951 continued into 1952 with an export surplus of about 5,500 million dollars (annual rate). Manufacturing capacity in the United States expanded under the impact of the postwar boom.

Agricultural production increased during 1951/52 over that in 1950/51. In the United States total volume of farm production advanced about 2 percent, and in Canada the advance was 13 percent. The gains in production are largely attributable to substantial increases in cotton, tobacco, oilseed and truck crops in the United States and to large grain crops in Canada. Livestock and livestock products gained moderately in the United States, the increase in pigmeat, poultry, and eggs offsetting a slight decline in dairy products and other meat. In Canada, beef, veal and egg production was reduced somewhat but production of pork and poultry was larger.

Food and agricultural supplies of domestic and foreign origin were adequate to meet the domestic and export demand. However, the decline in potato production in both Canada and the United States resulted in a shortage during the first half of 1952, with prices rising sharply. By the end of 1951, agricultural stocks, with some changes in composition, were even larger than at the end of 1950, assuring adequate supplies of most foodstuffs for the balance of the 1951/52 year, but

³ U.S.A. and Canada.

maize and wheat carry-overs will remain lower than a year earlier by the time the 1952 crops are harvested.

General economic conditions. Increasing rates of government expenditure and of business investment were decisive factors contributing to an enlarged volume of output. Full employment was maintained and a larger number of persons were at work at higher wage rates than the year before. Unemployment was reduced to less than 3.0 percent of the total labor force in the United States and to 2.0 percent in Canada.

Total output of goods and services increased significantly in both countries during 1951. Gross national product in 1951 at current market prices increased 16 percent over the 1950 figure in the United States and in Canada 17 percent. For the United States nearly half of the increase was brought about by gains in real output and the other half by higher prices. In Canada only about one third of the increase originated in gains in output and the other two thirds was due to higher prices. The rate of increase declined appreciably in the first quarter of 1952.

The aggregate volume of industrial production for both countries was larger than in 1950, by about 10 percent in the United States and in

Canada about 7 percent. Production for defence and related purposes was the major factor supporting the increased output. In contrast, production of many types of consumers' goods dropped with the decline in individual demand which affected chiefly purchases of durable goods and some types of non-durables at a time when production was close to peak rates and stocks were rapidly accumulating. Price levels were affected by the reduction in the volume of sales and by the slowdown in stockpiling following the decline in consumers' demand. These trends continued into 1952. Wholesale prices of all products declined by 1.5 percent between September 1951 and June 1952. In the United States, consumers' expenditure for non-durables rose slightly in the first quarter of 1952 while those for durables remained unchanged. However, relaxation of government restrictions on instalment buying and on financing of private house construction are expected to affect favorably consumer spending on houses and durables during the rest of 1952.

Government outlays for defence purposes were substantially larger than in 1950 and their share within gross national expenditure rose in the United States from 6.5 percent in 1950 to 11.5 percent in 1951, and in Canada from less than 3 percent

**CHART XIII - UNITED STATES : POPULATION AND FOOD PRODUCTION
PREWAR AND POSTWAR**

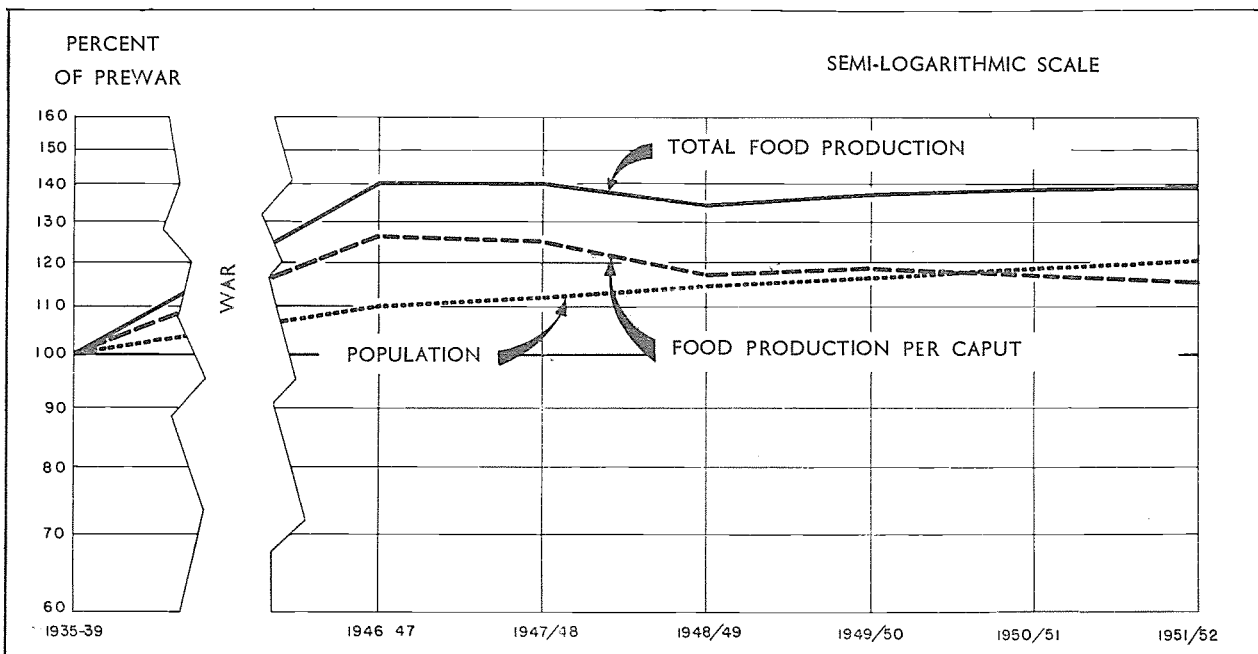
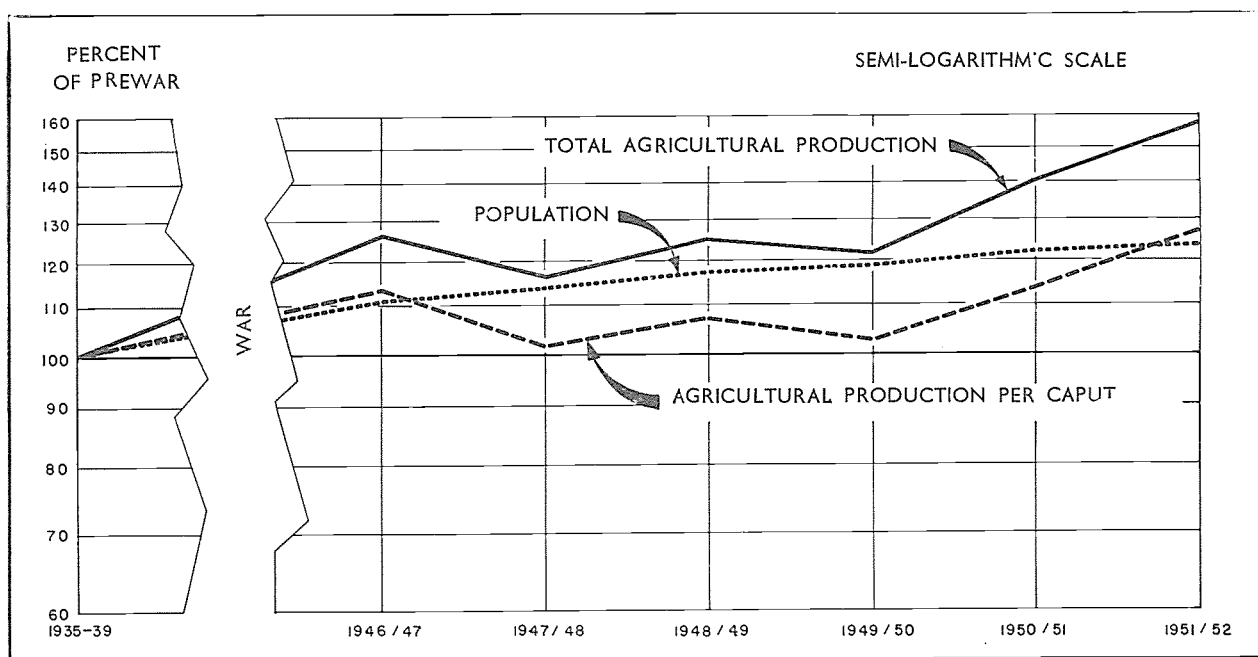


CHART XIV - CANADA : POPULATION AND AGRICULTURAL PRODUCTION PREWAR AND POSTWAR



to more than 5 percent. In addition, total investment for industrial expansion and development of strategic raw materials advanced for both countries though proportionately more in Canada than in the United States. In 1952 the rate of military expenditure continued to increase. Deliveries of military goods were $2\frac{1}{2}$ times as great in the first half of 1952 in the United States as in the first half of 1951. This rate will again double by the end of 1952.

Agricultural production. On the North American continent total agricultural production continued to increase — in the United States at a reduced rate as compared to the war years and in Canada, because of the bumper wheat crops during the past two seasons, at a very high rate. On the other hand, the rate of increase in population in both countries was almost the same, with the result that per caput production, both food and non-food, showed a downward trend in the United States since the end of the war, while in Canada, per caput production declined at first, with poor weather, then rose sharply in the past two years. (Tables 19 and 20 and Charts XIII and XIV).

Adverse weather prevented even larger production in the United States, where abandonment of planted fields was greater than in recent years. With increased acreage, cotton production was markedly larger. In Canada, although weather

TABLE 19. — TOTAL AND PER CAPUT AGRICULTURAL AND FOOD PRODUCTION IN THE UNITED STATES, 1946 TO 1951

ITEMS	1946	1947	1948	1949	1950	1951
	(..... 1935-39 = 100)					
Total agricultural production.	137	136	138	140	137	140
Food production.	140	140	134	137	138	138
Population	110	112	114	116	118	120
Per caput agricultural production.	125	121	121	121	116	117
Per caput food production.	127	125	118	118	117	115

SOURCE: U.S. Department of Agriculture and United Nations.

TABLE 20. — TOTAL AND PER CAPUT AGRICULTURAL PRODUCTION IN CANADA, 1946 TO 1951

ITEMS	1946	1947	1948	1949	1950	1951
	(..... 1935-39 = 100)					
Total agricultural production.	126	116	125	122	140	157
Population	111	114	117	119	122	124
Per caput agricultural production.	114	102	107	103	115	127

SOURCE: Dominion Bureau of Statistics and United Nations.

was generally favorable during the growing season, extremely unfavorable conditions prevailing during the harvesting period in Western Canada prevented a large part of the grain crop from being harvested or threshed until the spring of 1952, creating serious handling problems.

Although the 1951/52 crop production in the United States was among the highest recorded, only 32.6 million tons of food grains were produced as against 33.2 million the previous season. The wheat crop of 26.9 million tons was 8 percent below the 1940-1949 average, the decline resulting mainly from abandonment of planted acreage in winter wheat due to bad weather.

The rice crop, at nearly 2 million tons, was the largest on record and exceeded by 13 percent that of the previous year. Feed grains totalled 114 million tons against 122 million tons produced in 1950/51. In spite of 6 percent decline in soybeans and of 21 percent in peanuts, total production of oilseeds at 16.3 million tons exceeded by 7 percent that of 1950/51. The estimated increase of cottonseed is about 50 percent. The increase in supplies of oilseeds was, however, accompanied by a substantial drop in fats and oils prices.

Beet and cane sugar was estimated below 2 million tons against the 2.6 million produced the year before. Potatoes and sweet potatoes were also lower and dropped by 24 percent and 43 percent respectively. Price support on potatoes was discontinued after the 1950/51 crop. In December 1951 the price had more than doubled as compared with a year earlier and exceeded the parity level for the first time after several years, on account of reduced acreage and yields per acre. The tobacco crop was very high, exceeding by 12 percent that of 1950/51.

In Canada, 1951/52 saw larger yields per acre and higher volumes than the previous year for most crops. Declines occurred in potatoes, field roots, sunflower seeds and sugar beets, due mainly to reduced acreages.

The significantly increased Canadian grain crops will provide larger export surpluses during 1952/53. The wheat crop of 15.3 million tons was 22 percent above the year before. Supplies of feed grains available from the 1951/52 crop plus carry-over were estimated at 20.3 million tons against the 15.3 million during 1950/51. Forage production also increased with important gains in hay and clover.

Cotton acreage was 50 percent larger than the preceding year when acreage allotments were in effect. Yields per acre were also slightly higher

and the crop at 15.3 million bales was 53 percent higher than in 1950/51.

Both countries realized a net increase in livestock population, but total meat production declined slightly because reductions in beef and veal offset increases in pork. Poultry products in general increased for both countries but eggs declined somewhat in Canada. Dairy production remained about the same.

In 1951 the United States and Alaskan catch of fish and shell fish was about 10 percent lower than in 1950, while the value decreased by about 5 percent. The decline was due primarily to reduced landings of pilchards, herring and tuna. Preliminary data also indicated that the 1951 pack of canned fisheries products was 18 percent lower than in 1950. The largest decline was observed in the packs of California and Maine sardines, tuna and mackerel.

In Canada, excluding Newfoundland, fish landings in 1951 decreased by about 3 percent for all species. In Newfoundland, the market conditions for the cod fisheries had shown some signs of improvement in 1951. The 1951 Canadian pack of salmon increased 32 percent above 1950 with a simultaneous upward trend in prices.

Owing to the very favorable market conditions, production of wood pulp in North America rose 11 percent during 1951 and that of newsprint 8 percent. Consumption of wood pulp and pulp products, particularly newsprint, however, rose less than one percent and consequently stocks both at mills and with consumers were at record levels in the first quarter of 1952. The increase in North American wood pulp production resulted in reduced imports from other regions and the area became a net exporter in 1951. Lumber production in North America during 1951 was about 1.5 percent below that of 1950, sawn softwood declining about 4 percent, and hardwood lumber increasing about the same. This decline in the total output of lumber was due in large measure to the curtailment of housing and general construction in the United States.

Agricultural trade. The volume of United States agricultural and food exports increased 19 percent during 1951, and the volume of agricultural imports, although increasing slowly for specific commodities, in general declined and was 4 percent less than 1950. In the first quarter of 1952 exports increased another 17 percent over 1951, while imports declined by 5 percent compared with the first quarter of 1951. Canadian agricultural exports exceeded those of the previous year by 25 percent.

Prices and income. Retail food prices in the United States by the end of 1951 were at the highest level on record — about 18 percent above that in the early months of 1950 — but declined slightly during the first months of 1952. In Canada food prices reached their peak during the third quarter of 1951 and have been declining steadily since then, while remaining above the levels of 1950.

Wholesale prices of farm products also declined. In the United States wholesale prices of food in June 1952 were about 3 percent lower than a year earlier, and agricultural prices 5 percent lower. In Canada, wholesale agricultural prices in April 1952 were 8 percent below those of a year ago.

While prices received by farmers in the United States had risen more rapidly than costs during the general inflation in the latter half of 1950, a price-cost squeeze has been developing since February 1951. In the United States the parity ratio declined from 113 in February 1951 to 102 by June 1952, reaching again the levels of the first half of 1950. In Canada prices received by farmers were in April 1952 about nine percent lower than in April 1951. Farm costs, however, increased.

Farm cash income, as a result of larger marketings and the high prices prevailing throughout 1951, increased substantially in both countries. In the United States farm cash income advanced by 14 percent over 1950 and in Canada the advance was 27 percent. The estimated gross farm income in both countries in 1951 was also much higher than in 1950. In spite of some further rise in production costs during 1951, net farm income rose 38 percent in Canada (including undistributed earnings of the Canadian Wheat Board), and 17 percent in the United States, the highest on record for Canada and one of the highest for the United States, but still some two thousand million dollars lower than in 1947.

Outlook

The heavy influence of the large defence program on business activity might have corresponding effects on the demand for farm products. On the basis of the program as it stands in mid-summer 1952, the high rates of defence expenditure and large private capital investment programs will again, as in 1951, sustain a high level of demand. Productive capacity will be higher in 1952/53 than in previous years and, apart from some frictional and spotty unemployment, total

number at work and wage rates may tend to show a gradual increase. Disposable incomes may show some gains and consumers' demand will be maintained. These conditions will favor high levels of agricultural production, increased marketings and consumption of almost all kinds of farm products. Import and export demand for agricultural products is also expected to remain fairly strong. Foreign demand for North American wheat particularly may be well sustained, on account of the shortcomings of other important suppliers such as Argentina and Australia. Foreign demand for machinery and other agricultural requisites will continue to be strong. In 1953/54 however, termination of the expansion in defence expenditures and the sharp reduction in capital production for defence plants, may cause some decline in demand in both countries. The decline would probably be more marked in the United States than in Canada.

Officially estimated acreages and reported planting intentions indicate that the overall area planted to crops during this season and probably the next will be at recent years' levels, although minor relative changes may occur in the area planted to particular crops. If recent trends in yields are taken into account and normal weather conditions prevail, total agricultural output may be larger.

The 1952/53 wheat harvest in the United States, it is estimated, may exceed by more than 25 percent the 1951/52 crop. Acreages for feed grains are about the same as in the past season, but production is expected to be significantly larger than in 1951. A maize crop about 14 percent above last year's is forecast. Hay acreage and production may also be slightly higher than in 1951/52 and the feed supply situation is therefore estimated to be adequate for the increased number of livestock. Acreage and output of oilseeds, potatoes and sweet potatoes, pulses, sugar and tobacco are not expected to show substantial variations. The cotton goal of 16 million bales is the same as for the past season, although with planting somewhat below the average, the full output may not be attained.

In Canada, under favorable weather conditions, crop production in 1952/53 may be the same as in 1951/52. Favorable conditions enabled the whole 1951/52 crop to be successfully harvested in the spring of 1952, and the new season crops were well advanced and generally in good to excellent conditions by the middle of the year. If those conditions remain unchanged until harvesting time, wheat, feed grain and forage crops may

be as high as or even higher than last year's bumper crops.

With normal yields, potato production may also be somewhat larger, stimulated by the reduced production in the United States in 1951/52 and the upward trend in domestic prices. The outlook for oilseeds and tobacco is also good.

Production of livestock and its products in the United States is expected to be larger in 1952/53 than in 1951/52, beef having expanded faster than dairy cattle. Slaughtering of cattle and calves and sheep and lambs are expected to be larger than in the last year. Hog slaughterings however are expected to drop later in 1952 because of the unfavorable level of prices compared to maize price which has reduced the 1952 pig crop 9 percent and may bring a similar reduction to the fall pig crop. Total meat production, however, is expected to be slightly above last year's.

The present forecast for the United States market during 1952 points to a peak in production of edible fishery products, with some slight adjustment in prices.

Canadian cattle numbers showed an upward trend in 1951/52 and hog producers were expecting a 2 percent increase in the 1952 spring pig crop. The general good prospects for the Canadian livestock industry that prevailed at the beginning of 1952 were, however, shaken by the announcement in February of the outbreak of foot and mouth disease in Saskatchewan. Measures were taken by the Canadian Government to eradicate the disease, but at the same time the United States placed an embargo on Canadian livestock, fresh meat and hay. If the embargo continues it will mean a substantial loss of export trade in meat and livestock which last year brought Canada 138 million dollars. With larger cattle and hog populations, the measure will also inevitably result in a large surplus of meat for 1952/53. Increased meat sales to the United Kingdom under the new three-country agreement including New Zealand are, however, likely to absorb part of such a surplus.

Supply prospects in North America for forest products in 1952 give no reason for anxiety, as stocks for most forest products at the end of 1951 were at a high level; current demand is therefore likely to be met, particularly as an increase in the output of sawn wood appears probable in 1952.

Demand conditions for farm products are expected to continue strong for both countries in

1952/53 with some temporary decline possible during late 1953/54. During the next season farm prices on the average will probably be maintained without major fluctuations at the levels prevailing during late 1951 and early 1952. Furthermore, price support systems in the United States as well as in Canada constitute a safeguard against any sharp drop in farm prices. Farmers' cash income, therefore, will probably continue to rise but net incomes may remain below the high levels in 1951 due to increasing production expenses.

Present trends of economic activity and public expenditure also indicate for 1953/54 a fairly high level of demand for farm products. Although employment may be about the same as in 1951/52 the gradual rise in wage rates is likely to bring some increase in consumer incomes available for spending even if the present tax structure continues. With production facilities becoming increasingly available for civilian use the general price situation at the retail level in 1953/54 may not be much different from that in 1951/52. However, prices received by farmers could be subject to considerable downward pressure if supplies are heavy.

The already tight farm labor situation may become more aggravated as more and better job opportunities are created in non-farm occupations. Rises in farm wage-rates are therefore to be expected. A continued decline in the number of farm workers is likely, but more efficient use of those remaining and a larger use of mechanical implements will continue to offset this decrease. In Canada the immigration program will contribute little to relieve the situation, although the growing need for mechanically skilled farm workers will continue. In the United States the recruitment of outside workers during harvesting periods will probably continue on an increasing scale.

Materials required by farmers, such as equipment, fertilizers, pesticides and fuel, may show some further price rises due to a relatively tight supply situation arising from world-wide shortages and the allocations required for the expanding defence industries. Supplies may not be sufficient to meet the increased domestic and foreign demand.

With farm prices declining relative to prices of goods farmers buy but partially offset by larger volume of production, North American net farm incomes in 1952/53 may be slightly lower than a year earlier with a further decline possible in the following year.

LATIN AMERICA

Current situation

In Latin America greater emphasis is being placed on agricultural expansion than during recent years. Industry has been expanding more rapidly than agriculture, and in some instances agricultural investment was discouraged by price policies. There is, however, a growing realization that agricultural development must not lag behind progress in other sectors of the economy. In most countries agricultural exports, which for the area as a whole have declined during the postwar period, are essential for economic development as they constitute at present an irreplaceable source of foreign exchange with which to pay for increased imports of capital and consumer goods.

The area planted and harvested in 1951/52 was larger than that in the preceding year, except in Argentina where acreage dropped significantly; more farm machinery was in use in many countries. Nevertheless, a heavy setback in Argentina's production, caused mainly by unfavorable weather, offset progress elsewhere and overall farm production in Latin America during 1951/52 consequently declined about 2 percent from the previous year.

There was a sharp contraction in production of cereals and minor declines in potatoes, pulses, tobacco, cocoa, hard fibers and livestock products, which were only partially offset by a significant increase in sugar and smaller gains in cotton, coffee, bananas and oilseeds.

The decline in production affected exports rather than levels of domestic supplies and because of increased imports food supplies in 1951/52 were generally higher than the year before. In several countries, e.g. Brazil, total supplies increased by a higher proportion than population growth and supplies per caput were therefore also higher. For Latin America as a whole, however, supplies did not exceed the population increase and food supplies per caput remained almost unchanged as compared with the previous year.

General economic conditions. Industrial production as well as other non-farm economic activities continued to expand during 1951/52. The rate of growth of industrial production was accelerated in Chile, Mexico and Peru and remained almost unchanged for the rest of the region as compared with the previous year's. In Argentina, however, there was a slowing down, mainly in the production of durable goods. For the region as a whole

CHART XV - LATIN AMERICA : POPULATION AND FOOD PRODUCTION
PREWAR AND POSTWAR

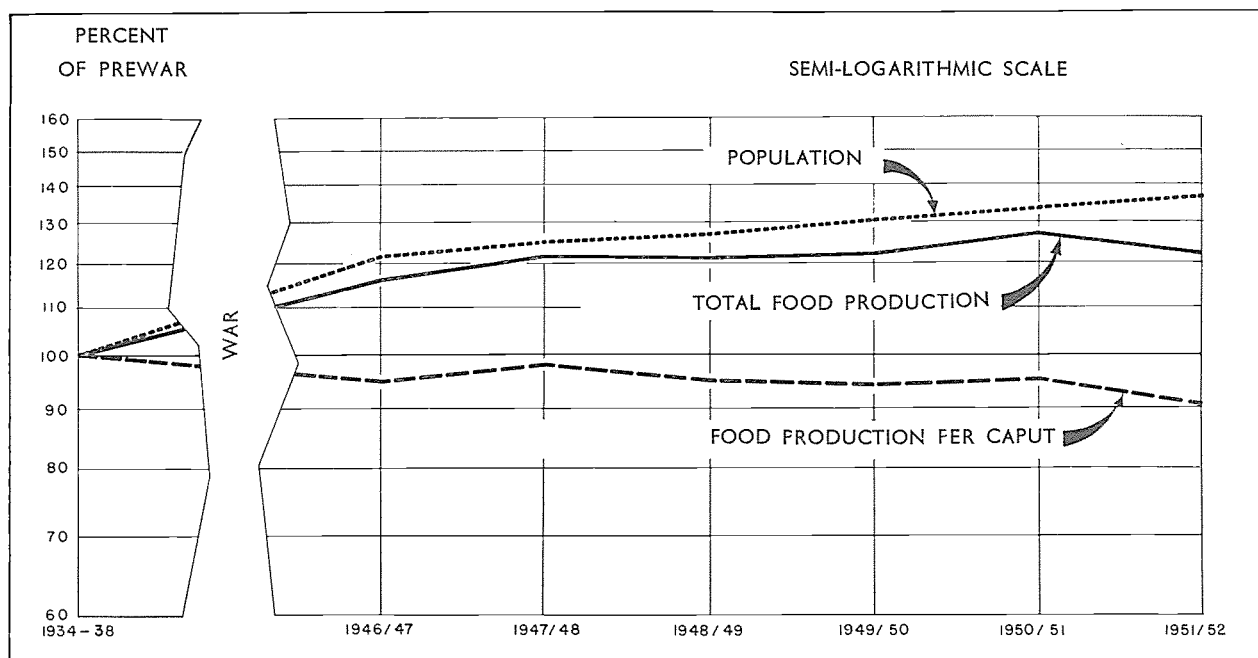
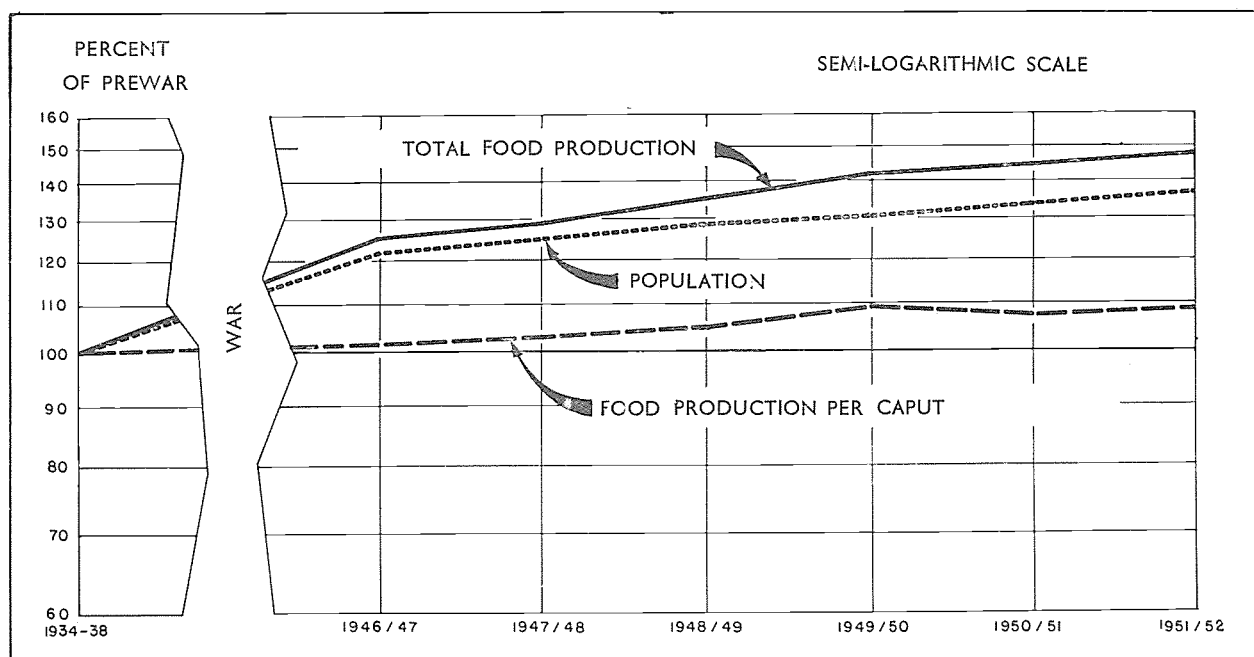


CHART XVI — LATIN AMERICA (EXCLUDING ARGENTINA): POPULATION AND FOOD PRODUCTION, PREWAR AND POSTWAR



the increase in the volume of non-farm production more than offset the decline in agricultural production. In several countries the share of agriculture in gross national production was almost unchanged but in Argentina, Brazil, Chile, and Mexico it was further reduced.

External and internal factors contributed to the inflationary pressures and pushed the general level of prices upward, particularly during the first part of 1951. During the second half, price increases slowed down considerably. For the year as a whole, however, price levels in nearly every country were substantially above those of the preceding year. By the end of 1951 and during the early months of 1952, price increases had levelled off in most countries. In a few countries, e.g. Chile and Paraguay, where inflationary forces were mainly of internal origin, inflation continued although at a reduced rate. Early in 1952 the cost of living was higher than a year previously in all countries of Latin America except Colombia, where it was about the same.

The domestic demand for agricultural products, especially foodstuffs, continued to be firm, as indicated by the sharper rise in food prices than in prices of other consumer goods.

Increased and more expensive imports resulted in a net decline of \$300 million in foreign

exchange reserves. As a result, exchange and import restrictions, which had been generally relaxed in late 1950 and early 1951, were again tightened in early 1952 in several instances.

Agricultural production. Total agricultural production has been increasing somewhat each year since the end of World War II, although there was a setback in 1951/52. (Table 21 and Charts XV and XVI). Food production in 1951/52 was about 22 percent above the prewar level. Nevertheless, population growth exceeded this increase, so that per caput food production has declined 10 percent below the prewar level. However, excluding Argentina, it is obvious that considerable progress has been made in the region, with 1951/52 food production 47 percent above the 1934-38 average and exceeding the rate of growth of population, and per caput production consequently increased by 8 percent. The drop of about 17 percent in cereal production in 1951/52 is accounted for by a decline of 44 percent in bread grains and 4 percent in rice against an increase of about 3 percent in coarse grains. Reduced production of wheat and corn in Argentina, and wheat in Mexico and Brazil, was due to bad weather. The 1951/52 Latin American wheat production declined by more than 3 million metric

TABLE 21. — INDEX NUMBERS^a OF VOLUME OF TOTAL PER CAPUT AGRICULTURAL AND FOOD PRODUCTION IN LATIN AMERICA 1946/47 TO 1951/52

ITEMS	1946/47	1947/48	1948/49	1949/50	1950/51	1951/52 ^d
	(..... 1934-38 = 100) (.....)					
Total agricultural production	109	114	114	117	120	117
Food production	116	122	121	122	127	122
Population	122	125	127	130	133	136
Per caput agricultural production	89	91	90	90	90	86
Per caput food production	95	98	95	94	95	90
LATIN AMERICA, ENCL. ARGENTINA						
Total agricultural production	114	118	124	130	132	135
Food production	125	129	135	142	144	147
Population	122	125	128	130	134	136
Per caput agr. prod.	93	94	97	100	99	99
Per caput food prod.	102	103	105	109	107	108
ALL LATIN AMERICA, PRODUCTION BY COMMODITIES						
<i>Food Crops</i>						
Cereals	102	107	99	94	104	87
Potatoes	129	158	156	163	175	173
Other roots and tubers	184	181	194	195	201	203
Pulses	128	130	144	150	150	149
Sugar	157	161	159	165	171	191
Oilseeds (for edible oils) ^b	160	189	213	206	234	242
Bananas	125	133	135	146	151	155
Cocoa	97	96	106	118	105	95
<i>Animal Foods</i>						
Meat	108	114	115	120	120	117
<i>Non-Food Products</i>						
Coffee	78	81	86	88	87	91
Wool	114	120	114	118	120	118
Cotton	86	88	102	117	130	141
Hard fibers	144	151	159	167	180	172
Tobacco	151	141	141	149	145	136
Oilseeds (for non-edible oils) ^c	67	66	44	57	52	42

NOTE: This index is not fully comparable with that shown in Table 1, because of a somewhat different commodity coverage.

^a These index numbers are weighted by values. They are preliminary. All FAO production indices will be revised during the coming year.

^b Sunflower seed, groundnuts, sesame and cottonseed.

^c Linseed and castorseed.

^d Based on preliminary data.

tons from the 8.6 million metric tons produced the year before. Despite unfavorable weather the increased maize acreage made possible a gain of about 1.2 million tons over the 14.8 million produced in 1950/51 with increases of 700 thousand tons in Mexico, 300 thousand in Brazil and about 150 thousand in Argentina, the major producers. Decreases occurred in rice, rye, oats and barley production. However, the successful drive for increased production of rice in Cuba and Venezuela during 1951/52 resulted in gains of 50 percent and 60 percent respectively. Such

progress in these two countries is significant because they, together with Puerto Rico, are the largest importers of rice in the region.

Production of potatoes was about 3 percent less than a year ago, mainly as a result of a substantial drop in Argentina's crop and a somewhat smaller crop in Peru.

The area planted to cotton was larger and production was 9 percent above the 815 thousand tons of 1950/51. Gains occurred principally in Argentina, Mexico and Peru.

Total production of oilseeds in 1951/52 increased

because of higher cottonseed and groundnuts output which more than offset significant declines in Argentina's linseed and sunflower.

The 1951/52 output of sugar was a record one in many Latin American republics and the gain for the whole region represented a 12 percent increase over the 12.4⁴ million metric tons produced in 1950/51. Increases were as high as 24 percent in Cuba, 13 percent in the Dominican Republic and 8 percent in Puerto Rico. With the new high level of sugar production Latin America's share in the world total moved from 38 percent last year to 40 percent this year. The coffee crop also improved by about 5 percent over the 1,839 thousand tons produced in 1950/51. The gain came mostly from an increased Brazilian output, which was 88 thousand tons larger than a year ago.

Persistent drought and heat have been impairing the production of meat since 1949, and the total 1951/52 production was lower than that of 1950/51. In Argentina, particularly, reduced production is partly due to reduction in livestock numbers, mainly cattle and hogs, which are closely related to the pasturage and feed situation.

The fisheries industries of Latin America are passing through a period of large capital investment and technological improvement which should bring significant changes in the patterns of production and consumption of fisheries products. The year 1951 has been characterized in several Latin American countries, e.g. Brazil and Chile, by the fulfilment of established plans for the expansion of primary and secondary fisheries industries and the introduction of new and more modern transport and market facilities. Countries like Peru, for example, are even entering international trade in fisheries products as important exporters of certain commodities, on equal terms with many of the traditional European producer countries.

The volume of forest products output as a whole increased somewhat in 1951. Wood pulp production rose by less than ½ percent and remained below its relatively high level in other regions. The increase was almost entirely accounted for by the production of mechanical wood pulp in Argentina. With demand exceeding production, imports of wood pulp from other regions rose 13 percent over the 1950 level. Encouraged by increased building activity, production of sawn wood — particularly in Brazil — also expanded.

⁴ Refers only to production of sugar at raw value and excludes panela.

It has been estimated that 60 to 70 percent of the increase of sawn wood production in the whole of Latin America went to meet the demands of domestic consumers and that only 30 to 40 percent was exported, either to countries within the region, or overseas. The domestic prices of sawn wood were higher than the export prices which in 1951 reached a record.

Agricultural trade trends. During 1951 exports of agricultural products were lower than in 1950, because of reduced shipments of grains, meat and wool. However, sugar, coffee and cotton were exported in greater volume than the year before.

The reduction in net exports is a continuation of the downward trend that began in the war years, with the sharp fall in net exports of grains and significant decline in those of meat and oils (Table 22).

TABLE 22. — NET TRADE IN MAJOR AGRICULTURAL COMMODITIES, LATIN AMERICA: 1934-38, 1950 AND 1951

— = Net Exports
+ = Net Imports

COMMODITY	Average 1934-38	1950 ^a	1951 ^a
(.... thousand metric tons)			
Sugar	— 3 790	— 6 570	— 7 050
Coffee	— 1 370	— 1 394	— 1 490
Maize	— 6 590	— 330	— 570
Vegetable oils and oil-seeds	— 549	— 447	— 551
Meat	— 824	— 538	— 468
Cotton (ginned)	— 265	— 231	— 285
Barley	— 380	+ 15	+ 285
Cocoa	— 196	— 216	— 185
Oats	— 400	— 230	— 170
Hard fibers	— 109	— 179	— 140
Wool (greasy)	— 216	— 280	— 109
Rye	— 120	— 200	— 100
Millet and sorghum	— 50	— 20	— 80
Tobacco	— 46	— 58	— 58
Jute	+ 37	+ 20	+ 25
Rubber	— 7	+ 33	+ 41
Dry beans	— 6	— 14	+ 50
Animal and marine oils	— 70	+ 60	+ 120
Potatoes	+ 156	+ 230	+ 160
Rice	+ 290	+ 180	+ 250
Wheat	— 1 700	+ 500	+ 2 100

^a Trade data relate to calendar years with the exception of wheat, rye, barley, maize and oats, where the data for trade season July-June beginning in the year stated have been used.

Imports of foodstuffs and other agricultural products generally increased under the influence of increased consumption and the greater availability of foreign exchange arising out of the larger export surplus of 1950. Rice was an

exception, mainly due to higher production in the importing countries.

Prices and income. Because of higher prices, reflecting a strong domestic and foreign demand, gross farm income was higher in 1951/52 than in 1950/51, except possibly in Argentina. With production expenses rising, net farm income increased less than gross income. The trend in the ratio of agricultural prices to general wholesale prices, however, suggests that in some countries (Venezuela and Costa Rica) farming benefited from price increases more than did other activities, while in others (Mexico and Chile) it gained less.

Outlook

During 1952/53 and 1953/54 the overall rate of agricultural progress in Latin America will be influenced largely by changes in Argentina's production. Due to the new price policy of stimulating agricultural production in that country a substantial advance toward the official goals of greater output of cereals and linseed may be expected in 1952/53. These goals call for an increase of slightly over 20 percent in the area planted to these crops above that in 1950/51 and an estimated 45 percent over the area in 1951/52.

Assuming normal weather and the same rate of increase in output as in recent years in the region outside Argentina, total production of grains may exceed by approximately 3 million metric tons the 29 million metric tons produced in 1951/52. With a significant increase in the area planted to linseed in Argentina, oilseed production is likely to increase substantially. In 1952/53 sugar may again show another advance as the Cuban production may increase somewhat over that of the preceding year, if no administrative measures are taken to reduce output. Production of coffee may make some gains, particularly in 1953/54, as a result of new plantings in recent years in almost every producing country. Cotton output is likely to be somewhat higher in 1952/53, since larger crops are expected in Brazil, Mexico and several of the minor producing countries.

Livestock slaughter and output of livestock products during 1952/53 may decline further, mainly as a result of recent measures adopted by Argentina in order to increase cattle numbers. Argentina's meat output is likely to fall to about 80 percent of current production while the measure

limiting the number of slaughtering days in each week is in force. Progress made in other countries is not likely to offset the expected decline in Argentina's meat output next season. However, in 1953/54, if the increase in stock in Argentina is achieved, total meat production in the area may surpass the levels reached during the last two years and perhaps exceed the record attained in 1949/50.

Expansion of Latin American forestry products will contribute to the improvement of the supply situation in this region and make it less dependent on imports, particularly of wood pulp and pulp products.

Total agricultural exports during 1952 are likely to be reduced and exportable supplies are even lower than in 1951. Some commodities, however, such as coffee, wool and sugar, may be exported in somewhat larger volumes. Meat exports may increase through the efforts being made by Argentina to keep her export levels high even at the expense of reduced home consumption. For 1953 total agricultural exports may be above the volume of the two preceding years, but if Argentina should not succeed in improving her production of grains and meat, exports may be below the low levels expected during 1952.

Food and agricultural imports will probably continue to increase although at a slower rate than in recent years, mainly as a result of exchange difficulties being faced by several countries. During 1952 at least, these imports will require a higher expenditure in hard currencies than in previous years on account of the present short supplies in Argentina.

Industrial production during the coming year may continue to expand more rapidly than agriculture, except perhaps in Argentina. Income and employment will probably also show some gains. The demand for food will continue to be strong but supplies will probably not keep pace with increased population and consumer income. In some instances food exports will have to be reduced in order to maintain the level of domestic consumption. Total consumption of food during the next two years may be above that in 1951/52 but on a per caput basis it is not likely to show any significant change.

Several programs for expanding South America's forest industries are under way. By 1952/53 the supply situation in this region may begin to improve. The probability is that this region will, particularly as regards pulp and pulp products, gradually become less dependent on imports.

AFRICA ⁵

Current situation

Although this review deals with Africa as a whole and not with specific countries, the continent should be considered in three broad regions. These are North Africa, which forms part of the Mediterranean economy, the intra-tropical colonial territories which are complementary to those of the administering metropolitan countries, and South Africa, which is the only partly industrialized region. The nature and rate of development for each of these regions varies of course with its economic relationships with other parts of the world and with its resources.

Agricultural food crop production showed a steady rise in the postwar period, per caput production reaching a peak in 1949/50, the only year when it reached the prewar level. During the last two years food crop production was maintained near the 1949 level, but a further population increase slightly reduced per caput production. (Table 23 and Chart XVII).

⁵ Excludes Egypt, Anglo-Egyptian Sudan, Eritrea, Ethiopia and the Somalilands.

TABLE 23. — INDEX NUMBERS OF TOTAL AND PER CAPUT AGRICULTURAL PRODUCTION IN AFRICA^a 1946/ 7 TO 1951/52

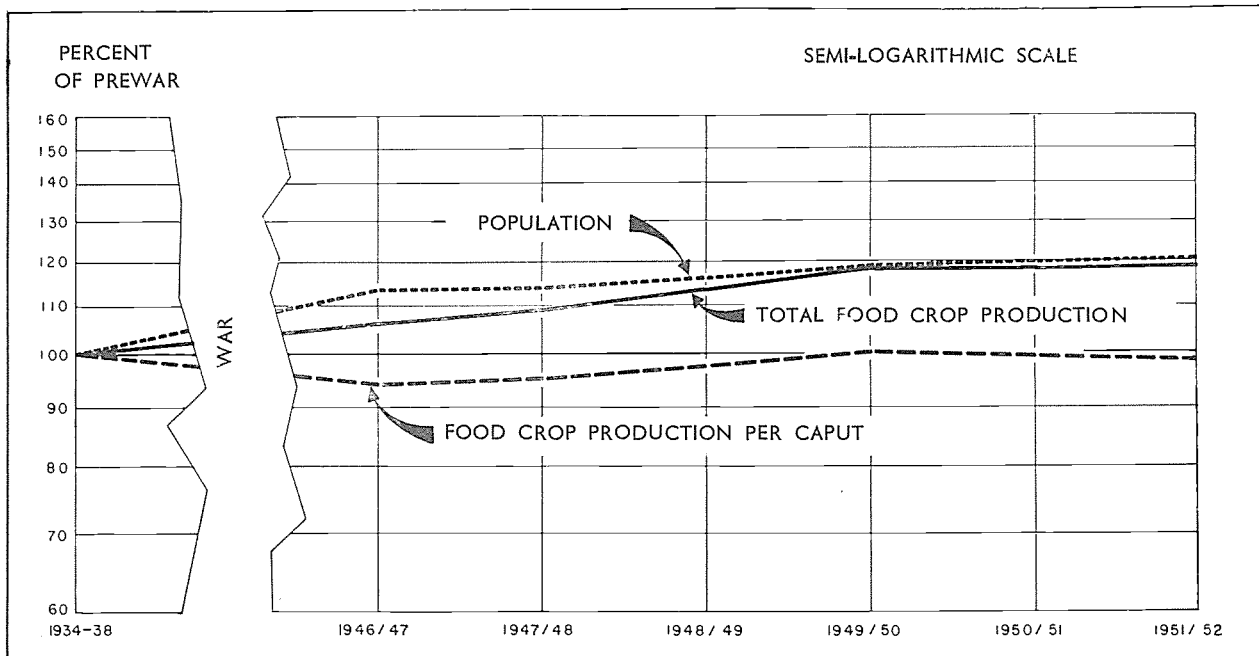
ITEMS	1946/ 47	1947/ 48	1948/ 49	1949/ 50	1950/ 51	1951/ 52
	(..... 1934-38 = 100					
Total agricultural production.	104	108	116	122	122	123
Food crops ^b	106	109	113	118	118	118
Population	113	114	116	118	119	120
Per caput agricultural production	92	95	100	104	103	102
Per caput food production.	94	95	97	100	99	98

^a These index numbers are weighted by values. They are preliminary only. All FAO production indices will be revised during the coming year.

^b Commodities included in food crops production are: wheat, rye, barley, oats, maize, rice, millet, sorghum, dry beans, dry peas, broad beans, chick peas, lentils, potatoes, sweet potatoes, groundnuts, and raw sugar.

Production. Production in 1951/52 in Africa, which accounts for 5 percent of total world agricultural output, did not show any appreciable increase over last season. Some important changes in the agricultural situation have taken place, however, the most important of which were the

CHART XVII - AFRICA : POPULATION AND FOOD CROP PRODUCTION PREWAR AND POSTWAR



almost record high production of oil crops, an increase of approximately 25 percent over the previous year, and a 14 percent drop from last year's cocoa production (Table 24).

TABLE 24. — AGRICULTURAL PRODUCTION IN AFRICA

COMMODITY	Average 1934-38	1949/50	1950/51	1951/52
	(... thousand metric tons ...)			
Cereals ^a	18 810	22 010	21 800	21 200
Millet and Sorghum	7 770	7 820	8 130	8 100
Maize	4 490	6 040	5 560	4 850
Wheat	2 520	2 810	3 130	3 040
Groundnuts(unshelled basis)	1 476	1 908	1 831	2 228
Palm oil ^b	300	420	430	440
Palm kernels	670	730	770	^c 670
Olive oil	67	155	75	91
Cotton	137	196	208	213
Cocoa	484	487	521	450
Coffee	119	204	249	257
Tea	9	16	20	^c 20
Raw sugar	1 034	1 300	1 455	1 350

^a Includes also rye, barley, oats and rice.
^b Calendar year, from export data.
^c Estimate.

Cereal production in Africa during the crop year 1951/52 was 21.2 million tons, 3 percent below that of the previous year, but above the prewar average of 19 million tons. The pattern of production within the region was not uniform; in North Africa, reduced yields due to local droughts in Algeria and Tunisia were offset by very good crops in French Morocco. An average harvest in South Africa yielded a small exportable surplus that offset somewhat the 40 percent deficit in Rhodesia, caused by drought in March 1951. In East Africa heavy rains during the early harvest damaged the crop, about one quarter of which was spoiled. In West Africa, the crop year under review was exceptionally good owing to favorable weather conditions, and the territories will be self-sufficient in staple food crops. There are no marked changes in the relative position of the different cereals within the group, except for an increase in rice production.

Last year's poor groundnut crop was followed in 1951/52 by an above-average crop estimated at 2.23 million tons, an increase of just over 25 percent. In Nigeria, the crop was more than double that of last year, whereas in Senegal the increase was only about 20 percent. Production of palm oil and of palm kernels shows a decrease of 2 percent and 13 percent respectively, compared with the previous season; this was mainly due

to a fall in Nigerian output, whereas the Belgian Congo registered a slight increase. A near-record olive crop was harvested in Morocco and the overall gain for the region as a whole is some 20 percent compared with last year.

The total output of raw cotton at about 213,000 tons increased by 2½ percent over 1950/51 with a decline in the East African crop balanced by larger crops in the Belgian Congo, French Equatorial Africa and, above all, in Nigeria.

Cocoa production in West Africa is estimated at about 450,000 tons, 14 percent less than last year and also less than the prewar average of 484,000 tons. The crop suffered from excessive rainfall and, in the Gold Coast and Ivory Coast, yields dropped 20 percent and 25 percent respectively, whereas the Nigerian crop declined 5 percent.

The coffee crop of 257,000 tons shows an increase of 3 percent against last season with a decrease in Angola and the Belgian Congo more than offset by increases in Kenya, Uganda and the French West African territories. The production of tea has also slightly increased. The plantations in Nyasaland are making steady progress owing to the improved methods of cultivation and, to a lesser extent, to expanding acreage. Raw sugar production in Africa this year registered a decrease of 7 percent. A good yield in Mauritius and in all the smaller producing areas has been cancelled by a 22 percent fall in the Union of South Africa, the other large producer.

Several postwar projects for the development of fisheries on the continent of Africa were still in progress during 1951. It is too early yet for any significant results to have been achieved. Figures available for South Africa show the entry of this country into international markets for fish meals with a considerable volume of exports.

Trade and prices. The demand for imports remained at a high level, although new import restrictions were imposed in sterling countries. In the Union of South Africa, for example, the allocation of foreign exchange to importers has been cut by £70 million or 15 percent. The prewar exportable margins of cereals and sugar in the Union of South Africa and of cereals in French North Africa have in the postwar period been progressively absorbed by increasing domestic food consumption, due to population growth and higher levels of employment.

Export crop prices were maintained, with some notable exceptions, during the first half of 1951, whereas a more general slackening was noticeable

in the first quarter of 1952, reflecting international market developments.

South African wool prices dropped to about one half of the previous season's, which led to a considerable reduction of the country's farm income. Prices of vegetable oils and oil seeds have been gradually declining since their peak in early 1951, and a further fall in the spring of 1952 brought them down to almost half of the earlier level. A tendency to reduce stocks and a good harvest have both contributed to this trend. Coffee, sisal, and tea have maintained their high prices and cocoa prices, as a singular exception, are even rising owing to a tight world supply situation caused by this season's short crops.

Both production of and trade in forest products increased in 1951. Imports of sawn wood, mainly by the Union of South Africa, rose 13 percent in 1951 largely due to an accelerated building program. Some of the imports went to replenish stocks so that at the beginning of 1952 the Union of South Africa was able to ease its purchase program. The capacity of the pulp and paper industries expanded and consumption and stocks increased. Good market conditions, particularly in Europe, increased African exports of wood, notably hardwood, the 1951 volume being about 30 percent larger than that of 1950. With the decline in demand, particularly that of the United Kingdom, which started towards the end of 1951, the production as well as exports of African hardwood are expected to decrease in 1952.

The high export earnings have in many instances been matched by a rise in the prices of domestic food and consumer goods and have thus been partly absorbed. In South Africa, however, food prices are subject to Government regulation and the rise was relatively smaller than in territories where a free market operates. In British West Africa, on the other hand, the various Product Marketing Boards absorb part of the increased incomes generated by exports and they have in this sense some anti-inflationary effect. Domestic food and consumption goods are, however, not subject to price control and their rising level tends to restrict the rise in the real income of the producers.

Outlook

In French North Africa, a somewhat increased acreage of bread grains is expected owing to the higher prices fixed by the Government. In the Union of South Africa, livestock production dur-

ing the coming winter will be adversely affected by a widespread failure of the maize crop due to drought. It is estimated that the crop will be one-third below that of last year.

Long-Term Production Trends and Outlook. A review of production trends over the last two decades indicates that, throughout the thirties, the emphasis was on production for export. During the war this uniform pattern became differentiated into three main regional trends; in French North Africa, there was a drop in the general level of agricultural production, due to political and military conditions. In tropical Africa, there was a switch from export crops to staple food crops for domestic consumption because of the difficult shipping situation. In the Union of South Africa, rapid general development and further diversification of the economy resulted in increasing both production and domestic consumption of food crops.

The recent postwar period has not restored the prewar pattern. In French North Africa the prewar production level has only been reached by 1951 but has been overtaken by a 33 percent increase in consumption. In tropical Africa, the emphasis is again on export crops and prewar levels have been surpassed. Simultaneously, an attempt is also being made to maintain domestic food production at a higher level. In the Union of South Africa, the wartime trend continues and domestic consumption is rising slightly faster than production.

In the long run, additional food supplies for export are most likely to come from tropical Africa (generally the area between the tropic of Cancer and the tropic of Capricorn) through the operation of long-term government development plans. Their aim is to create a basis for further productive investment, by the provision and extension of basic equipment and of administrative and social services. Numerous agricultural development schemes are in operation, such as the large Niger Irrigation Scheme in French West Africa and the Gonja Development Scheme on the Gold Coast. In their implementation, particular attention is being given to the expansion and diversification of domestic food supplies (rice, sorghum and legumes are being introduced into new areas) together with expansion and improvement of the quality of export crops and the introduction of mechanization. The growing agricultural processing industries (pilot palm-oil mills in British West Africa and larger plants in Belgian and French territories) are likely to contribute to this trend.

There are, however, two factors that do not encourage optimistic expectations. One is the shortage of capital goods in soft-currency countries and their rise in price in metropolitan countries, due to rearmament, which is making it necessary to slow down the implementation of the government plans. This is in turn reflected in the difficulties encountered by investors who have to shoulder heavy initial development costs. At present, prospects of substantial investment in agriculture do not appear to be particularly favorable. The growing internal markets for agricultural products, created by the expanding mining industries in the Belgian Congo, the Rhodesias and the Union of South Africa, and by the emergence of secondary industries producing consumer goods in Southern Rhodesia, the Belgian Congo and, of recent years also in Kenya, are likely to help expand domestic consumption.

Viewing the tropical pattern of development as a whole, two complementary trends emerge: broad, gradual improvement of African peasant agriculture, which is in the difficult transition stage from subsistence farming to a market economy, and European-managed research stations, development schemes and plantations which point the way to the better use of modern techniques.

THE NEAR EAST⁶

Current situation

Agriculture remains the basic economic activity of some 90 million people in the Near East, despite the rapid expansion of industry during the war and the postwar period. In no country, except Israel, does industry (excluding oil) account for more than 15 percent of the national income and in most of the region its contribution is substantially lower. So far both public and private investment have tended to favor industry at the expense of agriculture, but there is evidence that in shaping development policies governments are increasingly aware of the need for a more balanced approach, stressing food and agricultural expansion, not as an alternative to but as a necessary basis for industrialization. Agricultural development, however, is severely restricted by limitations of soil and climate. Only

⁶ This term is taken to include the countries from Turkey in the North to Ethiopia and the Somalilands in the South, from Egypt in the West to Afghanistan in the East.

6 percent of the region is cultivated, and a large part of this is left fallow each year. While the region as a whole has ample land for increasing its cultivated area, lack of water is the main limiting factor. Moreover, the basic weaknesses in the social and economic structure of the Near East, such as unsuitable systems of land tenure, primitive cultivation methods, widespread illiteracy and poverty, and unstable governments, tend to slow down food and agricultural development.

General economic conditions. In most of the Near East, recent progress of industry has been greater than that of agriculture. The improvement in farm income resulting from larger crops during 1950 and 1951 stimulated industrial production, notably in Egypt, Iraq, Syria and Turkey. In Israel, output rose considerably owing to high investment levels and continuing strong domestic demand as a result of large-scale immigration. Government policies frequently encouraged the establishment of new industries through granting special subsidies and other measures. There is evidence, however, that in some instances the existing plant capacity is in excess of present requirements; in Egypt and Iran for instance, the textile industry has gone through periods of severe recession since the end of the war.

Output of crude petroleum reached the record level of 98 million metric tons in 1951 compared with 89 million in 1950, and 71 million in 1949. Investment in the industry continued at a high level; the pipeline from the Arabian oilfields to the Lebanon is now in use and a pipeline from Iraq to Syria is nearing completion.

Important investments have been made in the Egyptian fishing fleet which now includes more than 300 motor vessels. In Israel 15 trawlers are to be added this year to the existing fleet of 25. More than 60 craft of other types are also to be put in commission this year. In Turkey, important equipment, including boats and cold-storage equipment, has been imported.

In most countries, prices showed an upward trend, reflecting higher costs of imports, inflationary pressures at home generated by high rates of investment in Israel and Turkey, budgetary deficits in 1951/52 in Iran, and the considerable increase in revenue in some of the oil-producing countries. At their peak in 1951, wholesale prices were generally 10 to 20 percent above the average for the first six months of 1950, and the cost of living was up about 10 percent. However, in no country of the region, except Egypt, did wholesale prices or the cost of living in 1951 reach

the annual average of 1948 or 1949, the postwar peak period. Prices, however, were rising at the end of 1951.

In countries with short grain crops in 1951, grain prices went up sharply, especially in Lebanon and Syria, where wholesale prices increased by almost two thirds over 1950 levels. As a result, the Syrian authorities banned all exports of wheat during the past season. To counter the increasing cost of living, a variety of anti-inflationary measures were adopted. In Egypt, the 1951/52 budget included increased appropriations for food and other subsidies to check the increase in prices to consumers. In the Sudan, import duties were abolished on cotton piece goods, flour and coffee and were reduced from 15 to 10 percent on foodstuffs. In Israel, the Government has taken special measures for subsidizing food and other vital consumer goods. Similar measures to maintain control of prices of at least a minimum range of essential commodities have been applied with varying degrees of success in other parts of the region.

The terms of trade, which had improved considerably since the outbreak of war in Korea for cotton and wool producing areas in the Near East, became less favorable toward the end of 1951 and the beginning of 1952, as international prices dropped and import prices of manufactured goods rose. The terms of trade also moved against countries whose agricultural exports consist mainly of citrus and other fresh or dried fruits, vegetables and tobacco, as their prices did not share in the advance.

In their trade policy, most governments are continually trying to limit imports to essentials, especially from hard-currency areas, and to improve both the quantity and quality of their exports. Most countries have entered into bi-lateral trade agreements, some of which are on a barter basis. At the regional level, Near East trade continued to suffer from such impediments as the disruption of traditional trade patterns following the Palestine conflict, repercussions of the Kashmir conflict on Afghan trade, the cessation of the customs union between Lebanon and Syria, and the decline in Iranian oil exports. In February 1952, however, Lebanon and Syria signed a commercial and financial agreement, thereby putting an end to the trade deadlock which had prevailed since March 1950. At present there is a tendency for improvement in the region's balance of trade, while the gradual shifting of trade to soft currency areas, Eastern Europe, and Asia still continues.

Agricultural production. In food and agriculture, the outstanding development of 1951 was the significant expansion of area cultivated, largely due to favorable prices for farm products and the increase in the number of tractors and irrigation pumps used. Most of it, however, took place in countries like Turkey, Iraq, Syria, and Saudi Arabia, where the pressure of population on resources is relatively light and, except in Israel, there was little increase in area in the countries with the more intense population pressures. Moreover, the expansion tended to be concentrated on non-food commodities like cotton at the expense of food crops (Table 25).

TABLE 25. — AGRICULTURAL PRODUCTION IN THE NEAR EAST

COMMODITY	Prewar	1949	1950	1951
	(..... thousand metric tons)			
Total grains ^a	20 800	21 800	24 200	25 400
Wheat.	9 500	9 200	10 600	11 700
Barley.	4 200	4 400	5 000	5 300
Maize	2 300	2 300	2 200	2 500
Rice.	1 600	2 300	2 500	1 700
Pulses	900	1 100	1 000	1 000
Sugar	220	360	410	460
Citrus fruits	770	640	750	800
Cotton (ginned).	550	600	680	640
Tobacco	85	130	125	115

^a Including rye, oats, millets and sorghum.

Counter-balancing the effects of the expansion on agricultural production were the serious drought conditions in 1950/51 in Cyprus, Israel, Jordan, Lebanon and Syria, and parts of Iraq and Saudi Arabia. Consequent reductions in yield were greatest in Israel, Jordan and Syria, where grain crops declined 40 percent from the 1950 level. With heavy insect infestation and low water supplies the cotton crop in Syria failed, with the 1951 output hardly larger than that of 1950, although acreage planted was three times as great.

Bumper crops were harvested in Turkey. Output of grains rose to a record 10.2 million tons in 1951, an increase of more than one-third over 1950. Cotton, certain oilseeds and sugarbeet also showed substantial increases. In other parts of the region production levels were either similar to or somewhat below those attained in 1950. In Egypt, output of wheat and maize was higher than in 1950, although still below prewar, but

declined to under half the average postwar output, owing to shortage of irrigation water. Cotton output also fell off sharply.

On the whole, total volume of food and agricultural production in 1951 for the Near East increased only slightly over the previous year. Grains rose to 25.4 million tons in 1951 or 5 percent over 1950 and 22 percent above prewar, due mainly to the increase in Turkey. Production of sugar, citrus and vegetable oilseeds and oils also increased. Output of pulses remained unchanged, while that of cotton and tobacco decreased. The fish landings for Israel for 1952 have been estimated at over 14,000 tons, i.e. roughly double those of 1950. In Egypt, the fish output was 60,000 tons in 1950 against 42,000 tons in 1948.

Consumption. In spite of some 20 to 25 percent increase in total food production in the region since before the war, the rapid population growth of 23 percent for the same period leaves only a narrow margin of improvement in per caput production. (Table 26 and Chart XVIII).

However, with greater imports of grains in recent years, the total and per caput food supply within the region increased by 35 percent and 12 percent respectively. In countries where as a result of greater activity in trade and industries such as

TABLE 26. — INDEX NUMBERS OF TOTAL AND PER CAPUT CROP PRODUCTION^a IN THE NEAR EAST, 1946/47 TO 1951/52

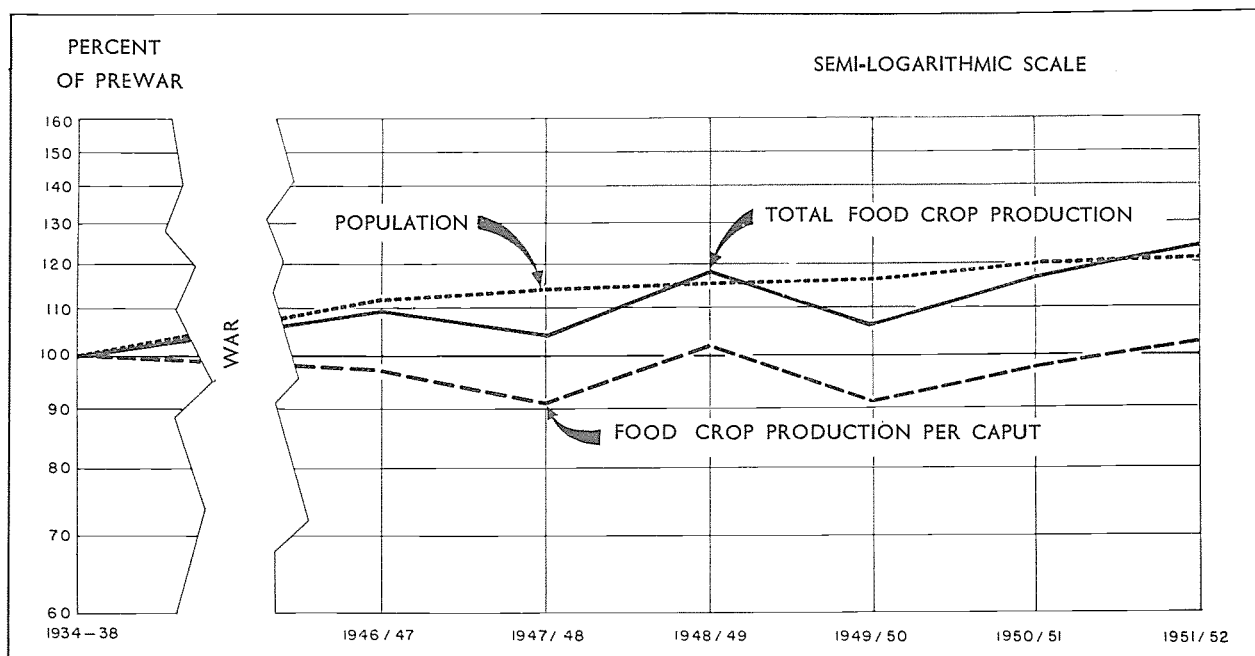
ITEMS	1946/ 47	1947/ 48	1948/ 49	1949/ 50	1950/ 51	1951/ 52
	(.....1934-38 = 100.....)					
Food crop production ^b	109	104	118	106	116	123
Population	112	114	115	116	119	121
Per caput food production	97	91	102	91	97	102

^a These index numbers are weighted by values. They are preliminary only. All FAO production indices will be revised during the coming year.

^b Includes total grains, pulses, potatoes, sugar and citrus fruits.

oil, the purchasing power of certain population groups has increased, there is evidence of some improvement during the past two years in average consumption levels. Such improvement, however, is far from general. In most of the Near East, food supplies for human consumption continue to be inadequate, both in quantity and composition. Moreover, in many instances, substantial increases in the cost of living during the past year made it difficult for large sections of the Near East populations to obtain more satisfactory diets.

CHART XVIII - NEAR EAST : POPULATION AND FOOD CROP PRODUCTION PRE-WAR AND POSTWAR



Trade. Despite the somewhat larger volume of production in 1951, net exports of food and agricultural commodities from the Near East as a whole were smaller than in 1950 (Table 27).

TABLE 27. — NET FOOD AND AGRICULTURE TRADE OF THE NEAR EAST

— = Exports
+ = Imports

COMMODITY	Prewar	1949	1950	1951
(..... thousand metric tons.....)				
Total grains ^a . . .	— 520	+ 160	+ 640	+ 860
wheat	—	+1000	+1200	+1300
barley	— 340	— 600	— 500	— 250
maize	—	+ 160	+ 90	+ 40
rice	— 50	— 310	— 130	— 255
Sugar	+ 210	+ 410	+ 520	+ 580
Citrus fruits . . .	— 340	— 200	— 200	— 190
Cotton (ginned). .	— 470	— 460	— 570	— 460
Tobacco	— 25	— 65	— 40	— 45

^a Including rye, oats, millets and sorghum.

The relatively high cotton prices in Egypt slowed down its exports and other cotton-producing areas like Turkey and Syria also experienced marketing difficulties. As a result, the region exported some 100,000 tons less than in 1950. Exports of grains from Turkey, partly to neighboring countries where crops had failed, amounted to almost 800,000 tons. Imports into grain deficient countries like Egypt, Israel and Lebanon continued at high levels, thus accentuating the shift which has taken place in the Near East during recent years toward greater dependence on grain imports in contrast with the prewar period when the region was a net exporter.

Outlook

In the Near East as a whole, food production in 1952/53 is unlikely to exceed that of the preceding year and may even decline should the serious invasion of locusts over large areas in Iran, Jordan and Saudi Arabia not be checked by the active control measures already under way.

Most of the region received unusually high precipitation in the form of snow and rain during winter and early spring of 1952, but in some areas, floods caused considerable damage to agricultural property and installations. Crop prospects are favorable in Israel, Jordan and Syria, which suffered from severe drought during the past season. Present expectations in these countries are for the new grain crops to be over twice as large as

in 1951. In Turkey, earlier hopes for another bumper crop of grains were dimmed by a prolonged drought in the central Anatolian Plateau. Late rains have eased the situation and it is likely that the temporary ban on grain exports announced as a precautionary measure against crop failure will soon be lifted.

In Egypt, the area sown to wheat is almost 45,000 hectares smaller than in 1951, and a decline in grain output is expected. Owing to the insufficient flow of the Nile, the area under rice will not exceed some 180,000 hectares, as compared with approximately 300,000 hectares in 1949 and 1950. Output is likely to be sufficient to meet local requirements, but will leave no surplus for export. In this country where the situation is particularly serious, far-reaching measures have recently been taken to counter the danger of food shortage resulting from an extension of cotton cultivation at the expense of food crops. The cotton area for the next three years has been restricted to one-third of the total cultivated area and minimum acreages to be sown to wheat have been established. At the same time, guaranteed prices to wheat growers, beginning with the 1953 crop, have been raised appreciably. Similar measures are reported to be under consideration in other Near East countries.

Owing to the abundant rainfall, forage crops have been plentiful and livestock are recovering rapidly from the effects of the drought of last season, when, in some areas, up to 25 percent of the herds were lost.

Indications are that the cotton boom is subsiding following a sharp decline in prices of non-dollar cottons on world markets, and the disappointing crops harvested last year in some Near East countries. In Syria, measures have been taken to regulate cotton cultivation through the creation of a Cotton Board with powers to control the areas sown and the varieties used, and, in collaboration with the Agricultural Bank, to supply farmers with chemicals and spraying equipment for pest control. The area under cotton will probably not exceed some 100,000 hectares as against over 200,000 hectares in 1951. Reductions in area are also reported from Egypt and the Sudan, where the early 1952 harvest showed a decline of 40 percent from the exceptionally high crop of 1951.

The short-term outlook for food and agricultural expansion beyond 1952/53 is not encouraging. For the next few years, Near East agriculture is likely to remain subject to severe annual fluctuations

in volume of production, under the impact of such factors as weather conditions and plant pests and diseases. Stabilization of output at permanently higher levels will only be possible after implementation of the major flood-control and irrigation schemes now in progress in various parts of the region, some of which, however, may take as long as 25 years to complete.

While the economy of some areas on the fringe of the Near East seems almost stagnant, in other parts of the region more or less comprehensive plans and programs for development of food and agricultural resources are under way. The most recent is that initiated last year in Iraq, which is to be financed from the country's oil revenues. Development programs in Iran, especially the seven-year plan, are at a standstill due to reduced oil revenues. The speed with which plans and programs are put into effect varies widely from one country to another. In many instances, implementation is considerably slowed down by the physical obstacles to be overcome and by social, economic and political factors such as the unequal distribution of property and income, lack of technicians and skilled labor, poor health conditions and unsatisfactory tenure systems, and frequent changes of government.

For 1953, new progress in the fisheries industry

is foreseen in Egypt and Israel. Developments will also take place in Turkey when the equipment recently acquired has been put in use. Iraq, Saudi Arabia, Syria and Yemen have decided to develop their fisheries and positive results of these development programs should be apparent in a few years.

THE FAR EAST

Current situation

Agricultural Production. Although unfavorable weather in the Indian subcontinent and civil unrest in parts of South-East Asia impeded 1951/52 production, total crop production in the Far East region reached the average prewar level. For the postwar period this was the highest point in a continuous though gradual upward trend since 1946/47, except for the setback in 1949/50 harvests on the Chinese mainland. Excluding China the volume of the region's food production in 1951/52 was the same as in the preceding year, 3 percent above prewar average. On a per caput basis, food production in the region (excluding China) increased steadily from 1946/47 to 1949/50, but since then has declined slightly. (Chart XIX and Table 28).

CHART XIX - FAR EAST (EXCLUDING CHINA) : POPULATION AND FOOD CROP PRODUCTION PREWAR AND POSTWAR

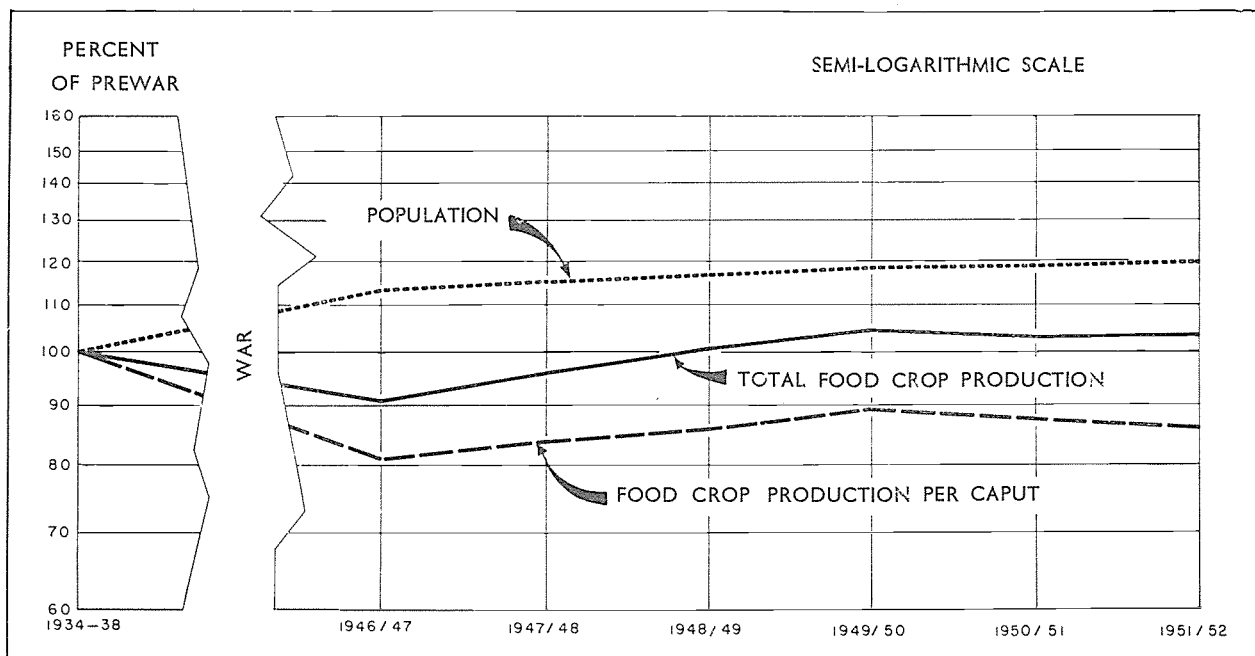


TABLE 28. — INDEX NUMBERS OF VOLUME OF TOTAL AND PER CAPUT CROP PRODUCTION IN THE FAR EAST^a 1946/47 TO 1951/52

ITEMS	1946/ 47	1947/ 48	1948/ 49	1949/ 50	1950/ 51	1951/ 52
	(. 1934-38 = 100)					
All crops ^b	89	93	98	95	99	101
Food crops	92	94	99	96	99	101
Non-food crops	73	84	90	86	99	104
Population	108	110	111	112	112	113
Per caput all crops	82	85	88	85	88	89
Per caput food crops	85	86	89	86	88	90
<i>Far East excluding China</i>						
All crops	87	94	99	103	104	104
Food crops	91	96	101	105	103	103
Non-food crops	71	84	91	91	107	110
Population	113	115	117	118	119	120
Per caput all crops	77	82	85	87	87	87
Per caput food crops	81	84	86	89	87	86

^a These index numbers are weighted by values. They are preliminary only. All FAO production indices will be revised during the coming year. The figures include estimates for China which are approximations only since 1949/50.

^b Food crops include cereals, sugar, root crops, pulses, edible oilseeds, tea, coffee and cocoa. Non-food crops include fibers, linseed, tobacco and rubber.

TABLE 29. — CROP PRODUCTION IN THE FAR EAST

ITEMS	1934- 38 (Average)	1948/ 49	1949/ 50	1950/ 51	1951/ 52
	(. million metric tons)				
<i>Grain crops</i>					
Rice (cleaned basis)	100.6	99.6	98.2	97.5	98.3
Wheat	34.8	35.2	32.6	36.6	38.1
Coarse grains ^a	65.0	62.7	61.0	61.3	63.1
TOTAL:	200.4	197.5	191.8	195.4	199.5
<i>Other crops</i>					
Potatoes and root crops	41.0	53.2	51.8	52.9	53.5
Vegetable oils and oilseeds - oil equivalent	8.1	7.6	7.5	7.9	8.0
Sugar - raw equivalent	7.3	5.7	5.9	6.5	6.8
Tea	0.7	0.6	0.6	0.7	0.7
Tobacco	1.5	1.4	1.2	1.2	1.1
<i>Raw materials</i>					
Cotton	1.9	1.1	1.2	1.4	1.6
Jute	2.0	1.4	1.3	1.5	2.1
Rubber	0.9	1.5	1.4	1.8	1.8

^a Includes maize, barley, oats, millets and sorghums.

Production of non-food crops suffered a greater setback during the war, but has progressed more rapidly in recent years, stimulated by more favorable price relationships. Only rubber and jute, however, have actually surpassed prewar production, though other fibers and tobacco are still increasing. Livestock, which represents only a small percent of the region's food production, is still well below prewar output, with the possible exception of milk (Table 29).

Despite increased efforts to grow more rice, the staple food of the Far East, production has failed to expand in anything like the same proportion as the area planted. Since 1942 a substantial expansion of area under food crops generally and rice in particular has taken place in the Indian sub-continent, but in the absence of adequate measures for improvement of soil fertility and water resources in the expanding food areas, average yields have tended to decline throughout the decade. With the growth of population at relatively high rates the region, which had a sizable export surplus of grains before the war, has become increasingly dependent on imported grain supplies, particularly from the Western Hemisphere. In 1951 the regional net imports of cereals reached the record total of 7 million tons.

Although the intra-regional trade in rice reached its postwar peak at about 3.3 million tons in 1951, the food supply situation in several countries remained precarious and local droughts and near-famine conditions were reported in various parts of India and Pakistan.

Many fisheries development projects were continued throughout the area. These include biological research and management in inland and marine fisheries, the improvement and extension of fish culture, the mechanization and improvement of fishing craft, the introduction of carrier launches, the training of personnel and various schemes for improving distributive methods. In spite of political unrest in some areas, progress was made and fish production increased. Where figures are available they reveal significant increase over the 1950 levels of production — e.g. South Korea over 25 percent, and Philippines over 30 percent. Japan's more highly developed industry expanded rapidly to achieve a production of 3.8 million metric tons in 1951 which was by far the largest in the world. The overall expansion of fishing operations in the region indicates that the total catch in 1951 was near the prewar level of 8 million metric tons.

Political instability in many parts of the region also continued to hamper the production of forest products in 1951. Exports of timber overseas in general continued on a rather high level, except in Thailand, where exports declined somewhat from the 1950 level. High prices for exported timber tended to increase domestic prices in most countries.

Forestry output in Japan continued to expand and accounted for one half of the total Asian

varying degrees of success. They comprised imposition of heavy export taxes on goods in high world demand and liberalization of imports of a wide range of consumer goods. Governments also maintained control over prices and distribution of staple foods which constitute the main item of the cost of living in all countries of the region. With subsequent decline in export prices the inflationary pressures also declined somewhat in several countries of the region.

TABLE 30. — QUARTERLY INDICES OF EXPORT PRICES OF SELECTED COMMODITIES IN FAR EASTERN MARKETS 1950-52

(1949 = 100)

COMMODITY	Market	1950				1951				1952	
		I	II	III	IV	I	II	III	IV	I	II
Copra	Singapore	119	122	137	145	179	144	122	124	100	84
Groundnuts	Bombay.	102	110	115	106	121	127	104	101	85	73
Sugar	Manila	101	104	109	105	100	105	102	97	—	—
Tea	Colombo	121	90	107	112	123	95	87	91	92	78†
Tobacco ^a	Guntur	100	100	108	108	108	106	106	104	108	103
Cotton, raw	Karachi	87	87	104	151	199	190	159	147	144	128
Jute, raw ^b	Chittagong	70	78	71	69	93	160	109	100	97	73†
Rubber	Singapore	136	198	326	468	567	446	389	382	323	258†

^a Base period first six months of 1950.

^b Base period average of 5 months in 1949 — January, February, May, June, July.

† Two-month average.

wood production and 90 percent of the Asian wood pulp. Japanese production of wood pulp increased nearly 50 percent in 1951. In spite of an increased production of sawn wood in Japan, there was a severe shortage for domestic purposes in 1950. U.N. purchases for Korea further aggravated this shortage. Japanese fellings were accelerated in anticipation of severe restrictions on forest exploitation which became effective in January 1952.

Prices and Demand. The greatly increased income due to the expanded demand and higher prices (Table 30) for export raw materials in 1950/51, lasting about a year, was only partially utilized for increasing the pace of economic development, and generated rising inflationary pressures. These tended to reduce real farm income. Expectation of continued high returns led farmers in India to transfer rice lands to jute-growing, while high wages or profit sharing caused diversion of labor forces from intensive rice production to increased tapping of rubber trees in Indonesia. Anti-inflationary measures in the last few years were applied generally in the Far East with

In the absence of sufficient inflow of foreign investment capital, several underdeveloped countries have continued to resort to deficit financing of their agricultural and industrial development projects. In the immediate future production of food and supply of consumer goods are unlikely to expand sufficiently to offset the resultant inflationary trends although some countries are attempting to strike a balance between government spending on necessary economic development and the need for checking inflation.

Trade. By the end of 1951 several countries in the Far East had substantially exhausted the foreign exchange reserves built up in the first half of the year and some developed appreciable deficit in their balance of trade, especially with the dollar areas. The most striking development was the reduction of more than 20 percent in the second half of 1951 in the value of the United States' imports of such regional products as rubber, tin and jute goods.

In the latter part of 1951 and early 1952, with the slackening of foreign demand for, and fall in

prices of, raw materials and textiles, there has been some tightening of import controls, particularly on luxury goods, and a reduction of export taxes.

Export of timber, particularly overseas, continued at a high level, except in Thailand, where there was a drop from the 1950 level. Although the proportion of timber exported was small, exports did have an inflationary effect on domestic prices in most countries, particularly for high-grade timber. Exports to some countries within the region, notably Pakistan, Hongkong and Arabia, declined, mainly because of the high prices.

Rice surplus countries of South-East Asia. In the major rice surplus producing countries of Burma, Thailand and Viet Nam, rice production in 1951/52 increased appreciably over the previous year. Export availabilities in 1952 from this crop, however, are expected to be somewhat lower than the previous year's high exports of 3.3 million tons. Early in 1952 the Thai Government announced its intention of withholding a substantial quantity of the country's rice surplus for building up internal stocks and of programming an export of some 800,000 tons in the period January-September 1952. The announced maximum export target of 1.3 million tons for 1952 as compared with total exports of 1.5 million tons in 1951 may be reached if by the end of September the situation in South-East Asia does not deteriorate and if the prospects for the coming crop are favorable. Exports from Burma are also expected to be below those of 1951. This would mean a decline of at least one-eighth in the region's total rice available for export. At the same time export prices of rice in these countries were raised while prices to producers were held at previous levels.

Seven years after the war a quarter of Burma's prewar rice area still remained abandoned to jungle growth. Partly as a result of land nationalization, private capital is not available for financing the rehabilitation of the industry. The continuing shortage of work-animals also constitutes an important limiting factor.

Under comparatively peaceful conditions Thailand has been able to expand its rice production and at the same time begin to bring about some diversification in its agricultural production. The economy of Viet Nam is at present dominated by the political and military situation. Under stimulus of high prices rubber production in Cambodia and Viet Nam has more than doubled.

Raw material exporting countries deficient or self-sufficient in food. The decline in demand and

the sharp fall in export prices for the region's raw material exports in 1951/52 decreased the foreign exchange earnings of the raw material exporting countries, particularly in dollars. With the rising prices of imported foods, capital goods and certain categories of consumer goods, the terms of trade of these countries also became increasingly adverse. These changes particularly affected the economies of Ceylon and Malaya, both of which depend heavily on the exports of a few specialized crops and import two-thirds of their basic food requirements. In view of the postwar scarcity of rice supplies and the rapid growth of population (2.8 percent per annum in Ceylon and 2.5 percent in Malaya) both countries are giving increasing attention to expanding domestic production of rice. Some of the land reclamation and irrigation projects undertaken in Ceylon are reported to be nearing completion. In Malaya, rice production in 1951/52 has been maintained at the relatively high levels of the last three years, around 35 percent over the prewar average.

In Indonesia agricultural production was at a higher level in 1951 than in any previous postwar year. Production of various export crops on estates, however, is not showing progress. Rice production is said to have reached the prewar level but per caput supplies remained well below this. Local shortages due largely to disorganized internal marketing and dislocated transport caused a steep rise in prices of rice and other foods and led the Government to plan increased imports of rice in 1952. The Government also decided to pay heavy subsidies on imported rice and to control domestic prices in the interest of consumers.

With favorable price relationship, production and exports of rubber rose to a record high level in 1951. Smallholders produce three-fifths of Indonesian rubber and all of the copra. The benefits to them of increased income from exports were, however, largely offset by rising prices and costs.

Assured markets in the United States for copra and sugar from the Philippines gave a strong impetus to the expansion of the former and rehabilitation of the latter industry. The peak level of copra production, reached in 1947/48, two thirds above prewar output, was almost regained in 1951/52. Sugar output reached the prewar level but exports have not yet reached the United States quota of 850,000 metric tons. Food production, though well above prewar levels, suffered a slight setback in 1951/52 from typhoons and floods, and imports of rice continued to be necessary to check rising prices.

Under the stimulus of high prices early in the season production of jute in Pakistan in 1951/52 increased 40 percent over the previous year's low output. A reduction in export demand for jute in the second quarter of 1952 led to the fall in prices below the minimum level established by the Government. Production of cotton also increased, though with the general fall in prices of raw cotton abroad the demand for the Pakistani product slackened and carry-over stocks increased. Lower production of rice and wheat was due to unfavorable weather, necessitating an embargo on grain exports and intensive internal procurement for distribution to the deficit areas. The Government continued to develop bilateral trading in raw materials for manufactured goods and at the same time to expand the productive capacity of the newly established textile industries under a two-year program.

Food and raw material importing countries. With high population density and limited agricultural resources, Japan has to import some of its food and virtually all of its raw material requirements in exchange for its industrial products. In 1951/52 it produced almost 83 percent of its total food supply compared with 85 percent prewar, despite a 30 percent increase in population in the course of the last decade. This has been made possible mainly through slight undermilling of rice, restrictions on industrial uses of food and a somewhat lower consumption level. The upsurge in industrial activity after June 1950 called for progressively heavier imports of raw materials. Although trade expanded considerably in 1951 and Japan re-emerged as the largest exporter of cotton textiles, the trade deficit was larger than in prewar years. Buyers' resistance in the face of falling prices of raw cotton caused the Japanese textile industry to effect a heavy cut in production early in 1952.

In India, food grain production in 1951/52 suffered from drought in some important areas. Production of groundnuts and tobacco also declined, but on the other hand increased acreage and favorable growing conditions resulted in bumper harvests of sugar cane, tea, jute and cotton. Food grain imports in 1951 of 4.7 million tons, twice the volume of the preceding year, eased the internal supply situation and the year-end stocks were larger. Although per caput grain availabilities increased in 1951-52, the problem of providing adequate purchasing power to populations in the drought affected areas remained acute.

The acreage under food crops as well as cash crops has expanded in recent years, though the rate of increase has varied from crop to crop and from State to State. Production of fibers progressed more rapidly, due partly to internal price policies and partly to world market forces. Domestic production of jute supplies the bulk of the mill consumption requirements. Cotton production, which also shows marked expansion, consists mainly of short-staple varieties. About one-fourth of the total mill consumption requirements, which consist of long and medium staple cotton, is met by imports.

Industrial production in India rose by 15 percent in 1951 to a postwar peak 20 percent above 1946 and new engineering and chemical fertilizer industries began operation during the year. Compared with the previous year's favorable trade balance there was a deficit in foreign trade. To stimulate trade, export duties were reduced in the latter part of 1951 and early in 1952. The anti-inflationary measures adopted by the Government contributed to the downward trend of domestic wholesale prices. The sudden break in internal prices toward the end of the first quarter of 1952 is attributed mainly to freeing of speculators' hoarded commodity stocks in the face of increased availability of supplies.

Despite drought in 1951/52, procurement of grains was more successful in 1952 than in the previous year. With increased payments on internally procured grains and reduction or abandonment of subsidy payments on imported staple foods and higher prices for farmers, marketable supplies and stocks in the hands of the Government increased. The fall in free market prices of grains below the controlled prices for rationed supplies has led the Government to decontrol food grains in several deficit States. The food import target for 1952 is likely to be revised downwards from the target of 5 million tons previously fixed (including unshipped balance of the last year's United States grains loan).

Outlook

The economic outlook for a large part of the Far East continues to depend heavily on the raw material demand of the highly industrialized countries of the West. With the fall in prices of raw materials and relative increase in grain prices, greater efforts will be devoted to production of food crops. The reduced foreign exchange earnings may, however, have serious impacts on the

financing of agricultural and industrial development programs upon which many of the underdeveloped countries of the region have embarked.

Prices of several export products of the Far East under the prospective supply and demand conditions may be stabilized at or near the levels prevailing in the first quarter of 1950. Food prices on the other hand are tending to rise both absolutely and relatively in many countries and governments are finding it increasingly difficult to subsidize imports or to control domestic prices in the interests of the consumer. In several countries prices paid to producers of rice and other grains are being raised in order to provide the necessary incentives for increased production.

In the present unsettled conditions in South-East Asia any major expansion of rice supplies is highly problematical. Rice surpluses available for export are therefore expected to remain short in relation to import demand. Even if the short-term programs for agricultural development in Ceylon and Malaya are fully implemented, their import demands for rice are unlikely to show any material decline by 1953/54. Indonesia's agricultural program continues to concentrate on those measures most likely to bring immediate improvement in the production of food and export crops. Provided that this program achieves some success, and the internal transport and marketing facilities are improved, imports of rice may be scaled down somewhat by 1953/54. Given average weather conditions for grain production and effective control of food distribution, Pakistan may once more have a surplus for export in 1953/54 after meeting the expanding requirements for domestic consumption. Per caput food availability in the Philippines has exceeded the prewar level and the country, aided by financial and technical assistance from the United States, is on its way to achieving a position of relative self-sufficiency in rice, and rehabilitation of its agricultural production and trade in export crops.

The high rate of population growth in Japan, estimated at 2.16 percent per annum, requires that the industrial progress be maintained at a high level and that an increasingly higher proportion of its foreign exchange earnings is spent on imports of raw materials than on food. Although the Korean rehabilitation program may provide additional impetus to Japanese industrial progress, a balanced development of the national economy may be difficult to attain without promotion of trade with the other Asian countries.

The country's agricultural development programs are designed to increase domestic food production in step with the population growth.

The annual rate of population growth in India at 1.25 percent is relatively moderate but this rate applied to 357 million makes the task of providing adequate food supply for the nation truly gigantic.

The Indian Planning Commission has given high priority to development of agriculture through completion of various large and small scale irrigation projects in the first Five-Year Plan. The goal of the agricultural programs is to secure by 1955/56 additional production of 7 million tons of food grains, 1.2 million bales of cotton, 2 million bales of jute, and a substantial increase in output of sugar and oilseeds over the 1950 levels. If these goals are achieved, domestic food production would be increased by 1955/56 by 16 percent above that of 1949/50, while population is expected to increase only 9 percent over that period.

Although the demand will remain unsatisfied for some time, the projected large expansion of Asian forest industries will gradually tend to lessen the gap between demand and supplies, though little immediate change is anticipated.

OCEANIA⁷

Current situation

The two most important factors in the agricultural situation for the 1951/52 season in Oceania were the serious decline in wheat production in Australia, which reached a point where that country could no longer meet her current commitments under the International Wheat Agreement, and the recent sharp drop in export income in both Australia and New Zealand, particularly from the sale of wool, from the previous exceptionally high levels established in 1951. As a result the Australian Government introduced measures to encourage greater output of primary products, on the sale of which the export income is dependent. In New Zealand food output has been increasing since the war and exports have also continued to rise. Declining export surpluses from Australia were offset by increases from New Zealand; the ratio of agricultural exports to agricultural production and per caput exports of agricultural goods for the region averaged slightly higher in the 1948-51 period than prewar.

⁷ Australia and New Zealand.

General economic conditions. The sharp fall in wool prices contributed to a moderation of business expectations and by the end of 1951 the index of pastoral share prices had dropped in Australia to 127 (1948 = 100) from a peak of 169 during April of the same year. A less marked decline was experienced in industrial share prices. In New Zealand the index of industrial share prices also declined steadily throughout the year from 115 in January to 96 in December. Although industrial activity has increased slightly over last year's high levels, the inflationary pressures released by the high export income of the two previous seasons were still in force during 1951/52. In Australia during 1951, the index of wholesale prices rose 24 percent and the cost-of-living index 22 percent over 1950, while in New Zealand they rose 17 and 11 percent respectively. In both countries the cost of food increased more than any other item in the consumer's budget. Although there has been an increase in the effective demand, the rise in food prices is also due to the easing of price control on some basic foodstuffs and to the fact that the prices of a number of basic foodstuffs were adjusted in accordance with the movement of the production costs.

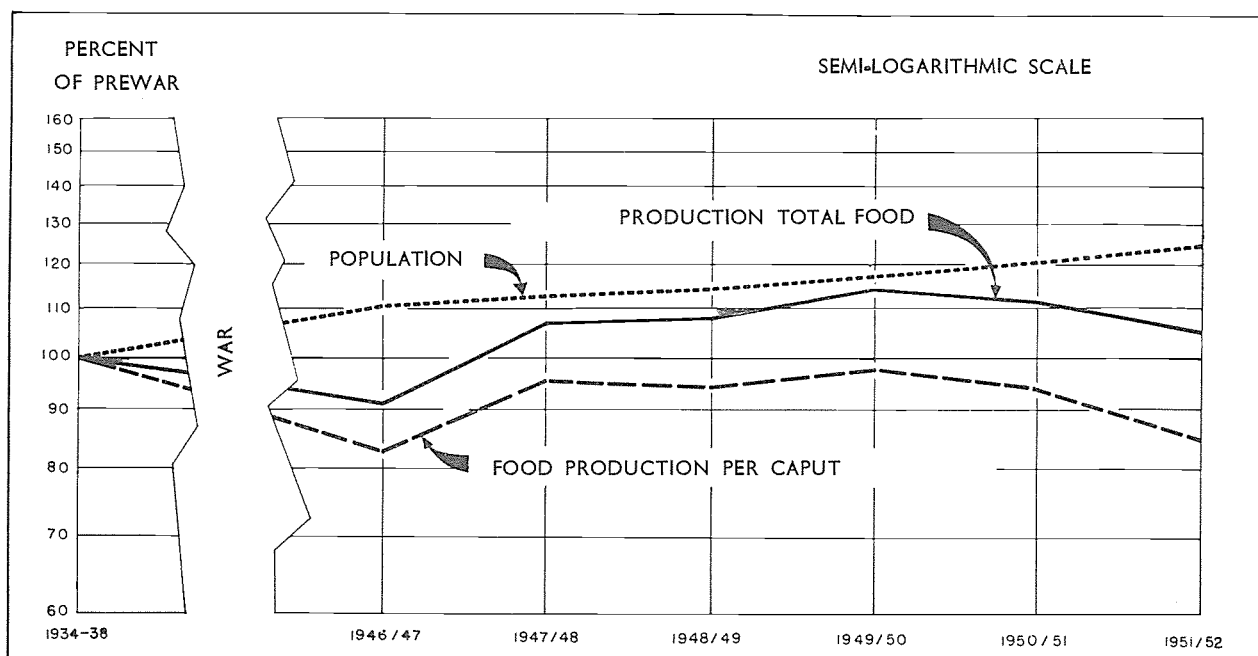
After the middle of 1951 the unit value of exports declined sharply, whereas the total value

of imports increased considerably on account of heavy purchasing by Australia of motor vehicles, textiles and machinery, mainly from the United Kingdom. The result was a mounting deficit in the balance of trade with the Sterling Area and other parts of the world. This forced the Australian Government to impose severe restrictions on imports from all sources. In New Zealand, although a general cut of 20 percent in the allocation of foreign exchange to all importers was imposed in April 1952, there has since been some improvement.

Further measures to combat inflation in Australia included heavier direct and indirect taxation and budgeting for a surplus in 1951/52. In New Zealand the new budget provides for higher Government expenditures, but even greater revenues, less direct taxes and more subsidies. Meanwhile, proceeds of the wool levy established last year are to be returned to farmers in Australia. Regulations freezing one-third of the proceeds of the wool sales were suspended as of 15 August 1951 in New Zealand. At the same time the rise in the cost of living forced new increases in basic wage rates in both countries.

Agricultural Production. Total food production which increased rapidly between 1946 and 1950

CHART XX - AUSTRALIA AND NEW ZEALAND : POPULATION AND FOOD PRODUCTION PREWAR AND POSTWAR



declined in the following two years mainly due to developments in Australia. With population increasing rapidly the per caput food production dropped by 1951/52 to 84 percent of the prewar level (Table 31 and Chart XX). This decline was due mainly to the substantial reduction in the areas sown to wheat which dropped 10 percent to 4.3 million hectares, while production fell 13 percent. The drop in wheat acreage reflected the previous higher relative returns from wool and from cereals other than wheat.

TABLE 31. — INDEX NUMBERS^a OF VOLUME OF TOTAL AND PER CAPUT AGRICULTURAL AND FOOD PRODUCTION IN AUSTRALIA AND NEW ZEALAND 1946/47 TO 1951/52

ITEMS	1946/ 47	1947/ 48	1948/ 49	1949/ 50	1950/ 51	1951/ 52*
	(. 1934-38 = 100)					
Total agr. production ^b	92	107	108	115	111	105
Population	110	112	114	117	120	124
Per caput agr. prod..	84	96	95	98	93	85
Food production. . .	91	107	108	115	111	104
Per caput food prod.	83	96	95	98	93	84
Production by major groups						
Food crops ^c . . .	81	137	124	138	122	109
Cereals ^d	79	145	124	140	122	109
Meat and milk ^e . .	95	99	104	108	108	104
Fats and oils . . .	85	87	92	99	103	97
Wool (greasy). . .	103	107	105	113	114	113

NOTE: This index is not fully comparable with that given for Oceania on Table 1, because it refers only to Australia and New Zealand and covers a somewhat different group of commodities.

* Preliminary
^a These index numbers are weighted by values. They are preliminary. All FAO production indices will be revised during the coming year.
^b All groups below.
^c Cereals, potatoes, dry peas and sugar.
^d Wheat, maize, barley, oats and rice.
^e Meat on calendar year basis. Production of meat for one year is combined with production of milk for the season beginning at the middle of the same year, i.e. production of meat in 1946 with production of milk in 1946/47.

In Australia the areas sown to barley and oats were respectively 9 and 20 percent greater than last year's, but with yields 10 percent lower total production did not increase correspondingly. Production of sugar was about 800 thousand metric tons or about 15 percent below last year's crop. In New Zealand, except for peas, the area planted to basic crops and the corresponding output were less than the year before. Total production of milk, meat and wool showed little decline from 1950/51, which saw high records for milk and wool due to increased production. The severe drought in Australia affected some of the most important grazing areas in the country. Cattle losses in

Australia were estimated at about one million head, and Australian milk production declined 16 percent during the first eight months of 1951/52 as compared with the same period last year.

Some of the factors contributing to a slower rate of development and even a decline in Australian agriculture are the great emphasis placed on development of secondary industries since World War II; price policies and arrangements regarding agricultural products, particularly wheat; high freight rates and inadequate transportation facilities; taxation incidence on farm production; and lack of sufficient machinery, materials and farm labor. Long-term factors affecting agricultural exports are the rapid growth of population, the increase in real income and the resulting increase in domestic consumption.

Production of soft and hard sawn wood in Australia in 1950/51 was 1,234 million super feet, 76 percent over prewar production. Softwood production has been increasing annually and in 1951 constituted nearly 17 percent of the total.

Trade. Because of higher world prices, total value of agricultural exports in 1951 surpassed all previous figures, although the volume did not increase. Wheat exports from Australia at 3.5 million metric tons were about 7 percent larger than the year before, but shipments of dairy products, which constitute an important proportion of agricultural exports of the area, were somewhat lower. Net wool exports amounted to 734 thousand metric tons as compared to a record of 781 thousand in 1950. Total meat exports from both countries also declined about 24 percent.

Early in 1952 it became apparent that wheat exports would be much lower than last year's. Meat exports on the other hand will probably be maintained at the 1951 levels with lower shipments from Australia offset by increased exports from New Zealand.

The improved balance-of-payments position of the Sterling Area in 1951 led to increased imports of forest products, particularly sawn wood. Because of increased needs for building materials arising out of immigration and industrial expansion, imports of sawn wood into Australia in 1951 increased 55 percent over the previous year's record level. A large part of these imports, mainly from Europe and North America, was used to replenish stocks. Towards the end of 1951 the balance-of-payments situation of the Sterling Area deteriorated and Australia, like other Commonwealth countries, was forced to curtail her imports.

Prices and income. The adverse effect of the decline in wool prices after the boom conditions prevailing during 1950/51 was strongly felt in both countries after mid-1951. In Australia the index of wholesale prices for farm products, which during the calendar year 1951 was 60 percent above the 1950 average, dropped sharply from a peak of 259 (1948 = 100) in March to 163 in September. By December the price of wool was US \$76.4 per 100 lbs as against US \$134.6 for all sales during the year. The average price of sales from the 1951/52 wool clip is expected to be about 60 percent of the 1950/51 price. In the calendar year 1951 Australia's total farm income, amounting to £A 800 million, was the largest on record, and farmers' share of the national income was 26 percent as against 21 percent in 1950 and 6 percent in 1939. In 1951/52, because of falling prices and reduced output, total farm income will decline and with rising costs net income will probably show a proportionately greater decrease.

Outlook

Total agricultural production in 1952/53 and 1953/54 may surpass this year's levels, assuming normal weather conditions and progress in the fulfilment of the Australian program now under way. The object of this program is to increase agricultural production by 20 percent over the average for the five years ended June 1950. The targets for 1957/58 call for such increases as 12 percent for meat, 13 percent for milk, and 30 percent for wheat over current levels of production, as well as increases in the production of oats, barley, sugar and wool. At the same time the Government has classified agricultural products as equally important to Australia's security with coal production and the defence industries, and it has been recommended that State priority be given to primary production in the allocation of materials and the accomodation of farm labor. Some taxation concessions on capital investment in agriculture have also been made. The farm labor situation has improved somewhat since

jobs are getting scarcer in the cities and immigration policy is being re-directed to bring into the country more workers with farming experience. A large part of the two World Bank loans of US \$150 million has been allocated for imports of agricultural equipment and materials. Prices for agricultural products will be revised to make them attractive to farmers. Following a review of movements in the index of wheat production costs over the preceding year, the growers' guaranteed price for the 1951/52 wheat crop has been fixed at 10/- per bushel⁸ bulk basis, f.o.r. ports, an increase of 2/2 per bushel over the 1950/51 price. A further incentive to wheat production is the suspension of the Wheat Export Tax. The State Acts covering the Wheat Stabilization Scheme have been amended, with a view to allaying some of the growers' dissatisfaction with the guaranteed price, by providing two separate prices for wheat sold in Australia. Wheat for stock feed up to a total of 26 million bushels will be sold at 2/- per bushel above the guaranteed price. In addition, the Commonwealth Government has agreed to pay growers a subsidy on feed wheat sales equal to the difference between feed wheat price and the maximum price under the International Wheat Agreement. Under a new contract of 15 years duration recently signed with the United Kingdom, minimum meat prices after 1 July 1952 were guaranteed at the 1950/51 levels for some years and will also be related to costs and other considerations, and an increase of 23 percent in the price of beef and of 15 percent in the price of mutton was negotiated under the previous contract.

The supply outlook for forest products in 1952 appears satisfactory as the existing stocks of imported sawn wood have been reported to be "far beyond the ability of the building industry to absorb." Australia is continuously developing her own forest industries and is also actively engaged in expanding timber operations in Eastern New Guinea.

⁸ One bushel of wheat = 60 lb. = 27.216 kg.

Chapter IV

REVIEW AND OUTLOOK BY COMMODITIES

Chapter IV - REVIEW AND OUTLOOK BY COMMODITIES

WHEAT

Current situation

The year 1951/52 was characterized by a slight increase in the aggregate world wheat production over 1950/51, by a high level of wheat exports and by some reduction at the end of the year in the carry-over stocks of the four major exporting countries. Though prices of wheat exports outside Wheat Agreement quotas were generally firm, the movements were not spectacular and at the end of the year they were somewhat lower than at the beginning. With reduced supplies in Argentina and Australia, importing countries depend still more on purchases in Canada and the United States. This accentuated dependence on North America may not be greatly mitigated in 1952/53.

World wheat production in 1951/52 (excluding the U.S.S.R.) again increased slightly to about 147 million metric tons, 14 percent above the

average production of 1934-38. This is the highest figure reached in postwar years and was exceeded only in 1938/39. About four-fifths of the net gain occurred in North America. Production in Europe, which had dropped to drastically low levels by the end of the war, just regained the prewar level in 1951. Among the other regions, only Latin America showed a lower level of production than before the war, but this deficit, brought about by a serious drop in Argentine production, was of serious consequence for other parts of the world, because it caused a significant loss in exportable supplies. Asia showed a gain on the previous year and on the prewar level, but the increase is inadequate when set against the region's increased food requirements. Good crops in some African areas brought the total for the continent to about 10 percent above prewar, but the cultivated area has not increased correspondingly. Production in Oceania was slightly above the prewar level, but compared poorly with other postwar years (Table 32).

TABLE 32. — WHEAT PRODUCTION BY REGIONS, PREWAR AND 1947-1951

REGION	1934-38 average	1947	1948	1949	1950	1951
(..... million metric tons))						
Europe	42.3	23.4	36.8	40.6	41.5	42.4
Western Europe ^a	(28.2)	(15.9)	(24.5)	(27.5)	(28.6)	(27.7)
Other Europe	(14.1)	(7.5)	(12.3)	(13.1)	(12.9)	(14.7)
North America	27.0	46.9	46.8	41.7	40.9	42.6
South America	8.2	8.8	7.6	7.2	8.0	4.4
Asia	43.0	41.1	44.6	40.5	46.0	48.7
Africa	3.8	3.3	3.8	4.1	4.3	4.4
Oceania	4.4	6.1	5.4	6.1	5.2	4.5
TOTAL (excl. U.S.S.R.)	128.7	129.6	145.0	140.2	145.9	146.9

^a Includes Austria, Belgium, Denmark, Finland, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The gain in world production over 1950/51 was brought about by good harvests in a very small number of countries. Canada produced the second largest crop in its history, the increase exceeding the net gain in the world total. In Europe, there was a bumper crop in Spain, good results in the Danube countries, Germany, and Poland and limited gains in some other countries. France, Italy, Sweden and the United Kingdom, however, experienced significant decreases, totalling over 2 million tons. Consequently, European import requirements were greater than in the preceding year. Similarly, the better total for Asia was mainly due to the marked improvement in Turkey's crop, other countries showing only modest changes.

Poor crops were harvested in Argentina and in Australia. In the former, where many producers appeared to be dissatisfied with the prices they received, farmers reduced their sowings by 25 percent; due to an unusually adverse season of heat and drought, they reaped an area only half of that of prewar days, and production was only just over 2 million tons, less than one-third of the 1934-38 average. In Australia the sown area, owing to the competition of other forms of farm production, was over a million hectares or 25 percent below the postwar peak (1947) and the harvest, despite good yields per acre, was barely equal to prewar. On balance, therefore, the year 1951/52 proved less favorable than recent years, and one in which the trade difficulties of importing countries were accentuated.

World shipments of wheat in 1951/52 (1 July to 30 June) were again at a high level. Preliminary estimates suggest that gross exports from all sources may have exceeded 27 million tons and thus reached the highest level on record. Exports from the United States were maintained at a consistently high level, just exceeding one million tons per month, and totalled about two million tons more than in the previous year. Supplies in that country were somewhat lower than in the previous year owing to a smaller crop and some reduction in carry-over, and the high level of exports has scaled down the carry-over stocks by a further 4.1 million metric tons. On July 1, 1952, the carry-over was tentatively estimated at 6.9 million metric tons, about half of the quantity now regarded as a desirable year-end carry-over. The current good crop prospects, however, give promise of reinforcement in 1952/53. (Table 33).

TABLE 33. — WHEAT AND WHEAT FLOUR EXPORTS, PRELIMINARY ESTIMATE FOR 1951/52 WITH COMPARISONS

EXPORTER	JULY/JUNE				
	1934/35 1938/39 aver- age	1948 /49	1949 /50	1950 /51	1951 /52 esti- mated
	(..... million metric tons)				
Argentina	3.30	1.66	2.42	2.83	0.82
Australia	2.84	3.30	3.07	3.49	2.64
Canada	4.70	6.13	6.32	6.12	9.25
United States ^a	1.80	13.50	8.65	10.25	12.79
TOTAL, 4 countries	12.64	24.89	20.46	22.69	25.50
Other countries	5.04	2.09	2.39	2.73	2.00
TOTAL	17.68	26.98	22.85	25.42	27.50

^a Includes estimates of shipments to U. S. Territories and Possessions as well as exports of flour milled from wheat not wholly U. S. wheat.

Canada, with a significantly increased carry-over and a large crop, held a considerably increased export surplus in 1951/52, though the Canadian Wheat Board had to contend with a severe transportation problem and to cope with large supplies of poor quality grades and a large demand on drying facilities. About one quarter of the crop could not be gathered and threshed until the spring of 1952, but good weather enabled this part of the crop to be saved in good condition. About 50 percent more wheat was exported than in 1950/51.

The two North American countries together supplied about 80 percent of the total wheat exports, as compared with about 65 percent in the two preceding years. Exports from Argentina scarcely exceeded 800,000 tons and virtually came to a standstill at the beginning of 1952. The last Argentine crop was inadequate even to meet domestic requirements and special measures — drastic in an exporting country — such as high milling grades and mixing of substitutes in bread flour have been applied; it is also reported that wheat is to be imported from the United States. The deficit in Argentina will still be felt in world trade in 1952/53 and can only be relieved if a more normal harvest becomes available in December 1952. In Australia the 1951/52 crop was reduced to 4.4 million tons as against 5.0 million tons in 1950/51. Its total exports in 1951/52 reached about 2.6 million tons compared with over 3 million tons in recent years. The reduced supplies compelled Australia to apply for a reduction of about 450,000 tons in its quota under the International Wheat Agreement and to reduce its sales outside the Agreement. As

in the case of Argentina, the shortage will continue to affect exports in 1952/53.

The carry-over of wheat on July 1, 1952, in the four major exporters was reduced to about

thereafter until the end of December. By the latter month Chicago quotations had regained the peak of \$2.60 per bushel set in February 1951. The strength of wheat prices during this

TABLE 34. — ESTIMATED WHEAT STOCKS IN PRINCIPAL EXPORTING COUNTRIES,
1 JULY 1948-1952

YEAR	United States	Canada	Argentina	Australia	Total
	.....million metric tons (million bushels in parentheses).....				
1948	5.3 (196)	2.9 (105)	3.5 (130)	2.9 (105)	14.6 (536)
1949	8.4 (308)	3.7 (135)	3.4 (125)	2.6 (95)	18.1 (663)
1950	11.6 (427)	3.7 (140)	2.7 (100)	3.3 (120)	21.3 (787)
1951	10.8 (396)	6.3 (230)	2.3 (85)	2.6 (95)	21.9 (806)
1952 ^a	6.9 (254)	8.2 (300)	1.4 (50)	2.0 (75)	18.5 (679)

SOURCE: Official data and estimates of the United States Department of Agriculture, Office of Foreign Agricultural Relations, and FAO estimates.

^a Preliminary.

18.5 million tons (679 million bushels) as compared with 22.0 million tons (806 million bushels) a year earlier, Canada alone showing some increase in stocks (Table 34).

Exports from sources other than the four major countries are only partially known. They may prove to have been a little smaller than those of 1950/51. France, though an exporter of a small quota under the International Wheat Agreement, was a net importer of about half a million tons. Turkey, though reappearing as an exporter, appears to have held much of the increased supplies resulting from the bumper crop of 1951 to increase its stocks. Exports from the U.S.S.R. appear to have been somewhat larger, but exports from Pakistan appear to have been quite small, and it is reported that imports have recently been necessary.

The quantity of wheat traded under the International Wheat Agreement in 1951/52¹ was 15.5 million tons, which is the total of the guaranteed transactions for the year following the reduction in Australia's quota of 450,000 tons and the increase in the Canadian quota of 150,000 tons. This represents some 57 percent of the estimated world shipments for the year. Trade under the Agreement was more active than in the preceding two years.

Wheat prices on United States markets showed the normal harvest time weakening in June 1951, but there was a consistent upward trend

¹The Wheat Agreement year runs from 1 August to 31 July and thus differs slightly from the trade year adopted in this review.

period reflected the sustained export movement and the continuing poor crop news from Argentina and Australia. After the turn of the year, markets were more hesitant and became weaker.

There was a general weakening in commodity markets early in 1952, but the good progress of the United States winter wheat crop was undoubtedly also a factor in U.S. wheat prices and later became the dominating influence. With the continuing good crop reports prices declined further until in early July the Chicago price stood at \$2.27. At such a level, the commercial price was below the price corresponding to the rate at which farmers could pledge their wheat under the price support arrangements, and it was to be expected that, after the initial pressure of new crop supplies had abated the loan level (\$2.22 per bushel national farm average) would become effective as a support to the market price.

In Canada, the initial price to growers for 1951 wheat was raised from Can. \$1.40 to \$1.60 per bushel (No. 1 Northern in store William Port Arthur). For export sales outside the International Wheat Agreement, the Canadian price has followed the same trend as the United States market, averaging Can. \$2.17 in June 1952 against Can. \$2.32 in June 1951.

In Australia, following the review of movements in the index of wheat production costs prescribed by the Wheat Stabilization Scheme, the growers' guaranteed price for the 1951/52 crop was fixed at 10/- (US \$1.12) bulk basis, delivered at ports, an increase of 2/2 per bushel (27 US cents) on the

1950/51 price. In addition, with a view to allaying some of the growers' dissatisfaction with the guaranteed price, the Stabilization Scheme has been amended to provide a higher price for wheat sold for stock feed, supplemented by a subsidy which will bring the returns on feed wheat up to a level equivalent to the maximum price (16/1 per bushel) under the International Wheat Agreement.

Outlook

Wheat crop prospects in the Northern Hemisphere in mid-1952 gave promise of increases over the previous year in many of the important producing countries. The July estimate of the U.S. crop was 1,250 million bushels (34 million m.t.), an increase of one-fourth over 1951. This was due to an increased acreage of winter crop which survived the winter with rather less than the usual loss, in distinct contrast to the preceding year. The spring crop, however, covered a reduced area and was reported in some areas to be suffering from dryness. The Canadian crop was sown on about the same acreage, but in unusually good sub-soil moisture conditions. Western Europe also enjoyed a generally good wheat season, and it appeared that there would be larger crops in France, Germany, Italy and the United Kingdom. A still more marked improvement has apparently occurred in the Near East and French North Africa. India reports a somewhat better wheat crop, but there has been some decline in Pakistan.

In the Southern Hemisphere, the first reports from Argentina indicated an improvement in weather conditions at sowing time after a long period of drought. This came at an opportune moment, since the Argentine Government policy is now placing greater emphasis on the expansion of agricultural production. A number of measures have been introduced with the aim of restoring agricultural production and export capacity. The most important of these measures is an increase in the prices to growers of the main crops; for wheat the price to producers for the crop year 1952/53 has been fixed at 50 pesos per quintal compared with 34 pesos for wheat of the last harvest, and this increase is believed to be proving effective in securing an increase in wheat sowings. Other measures with the same objective are the passing on to producers of the profits obtained from export sales, priority in the allocation of foreign exchange for purchases of agricultural machinery, revisions in labor regulations and the favoring of rural immigration.

In Australia the improved payments for 1951/52 have been followed by a series of measures designed to bring about a reversal of the recent declining trend in wheat acreage. Thus for the year 1952/53 no deductions are to be made from export proceeds for payment into the stabilization fund. Other and more general provisions have been made to encourage agriculture. Nevertheless, the target set in the Government's production program is not unduly ambitious as regards wheat, since the aim for 1957/58 is only 5.2 million metric tons, a figure which, while it is 24 percent over the prewar average is substantially lower than the actual yields in 1947 and 1949.

On the whole, the preliminary crop indications suggest that there may be some reduced pressure in deficit regions for imports in 1952/53, though the general pattern of 1951/52, notably the high dependence on North America, is likely to be repeated.

The year 1952/53 will be the fourth and last year of the current International Wheat Agreement. Discussions aiming at a renewal began in April 1952 and will be continued early in 1953. The first stage closed with a wide gap between the prices proposed by exporters and importers. During the operation of the current Agreement, non-agreement prices have been generally significantly above the maximum stipulated in the Agreement, and the exporting countries took the view that the maximum of the price range of a new Agreement should make allowance for the generally higher level of prices now ruling in commodity markets as a whole, and proposed as the new maximum approximately the price for free wheat ruling in the spring of 1952 before the good prospects for the new crops began to affect the commercial markets. Importing countries regarded this proposal as being so far from their own ideas that no workable basis for price negotiations could be found at the April-May meeting, and it was agreed to adjourn discussion until later in the year. Consideration is also being given to the introduction into the price arrangements of a formula whereby the agreed prices under the Agreement could undergo subsequent adjustments corresponding with movements in general world price levels.

The more remote outlook is indeterminate, owing to the numerous relevant factors concerned. The supply situation should not, in itself, become burdensome: the North American wheat acreage is unlikely to show any further marked expansion; Australia does not envisage any drastic increase in its production; a considerable rise in the Ar-

gentine grain output is indeed possible, but the relative price position may induce farmers to grow coarse grain rather than wheat. Prospects of supplies from Eastern Europe remain uncertain.

On the demand side, the OEEC countries expect their requirements of bread grain, i.e. wheat and rye, might expand by 2.5 million tons by 1956/57, but that this increase could be provided by an expansion of indigenous production. The marked rise in the wheat imports of non-European countries is largely due to a rise in population coinciding with a fall in rice production and an adequate provision of foreign funds. The degree of the persistence of non-European demand will depend on the political situation in South-East Asia and on the financial and social policies of governments.

COARSE GRAINS

Current situation

Preliminary estimates of world shipments of coarse grains in 1951/52 indicated a total not greatly different from that of the two previous years, or approximately 12 million tons as compared with the prewar movement of over 14 million tons. As in 1950/51, the bulk of the exports was supplied by the United States and Canada, the latter showing a considerable increase following its large 1951 crops, and the former some reduction. Argentina exported some 1.1 million tons compared with less than 700,000 tons in 1950/51. Exports from sources other than these three have in the last three years approximately equalled the prewar quantities but, though this is satisfactory from the standpoint of the importing countries, the development cannot yet be regarded as assuring regular supplies, since in several of these sources exports are dependent on fluctuating crop yields. The failure of East European countries to recover their prewar regular export capacity deprives the importing countries of an important and regular source of supplies (Table 35).

TABLE 35. — EXPORTS OF COARSE GRAINS,^a PRELIMINARY ESTIMATE FOR 1951/52 COMPARED WITH 1948/49, 1949/50 AND 1950/51

EXPORTER	JULY/JUNE				
	1934-38 average ^b	1948/49	1949/50	1950/51	1951/52 estimated
	(. million metric tons)				
Argentina	7.34	2.31	1.94	0.66	1.12
Canada	0.48	1.24	1.09	1.13	2.67
United States	1.10	3.45	4.42	6.05	4.90
TOTAL	8.92	7.00	7.45	7.84	8.69
Other Countries	5.88	3.22	5.39	4.04	....
TOTAL	14.80	10.22	12.84	11.88	....

^a Includes shipments of rye, barley, oats, maize and products. The last three postwar years include grain sorghums.
^b Calendar year average.

The most serious aspect of the general situation is the drastic shrinkage in Argentine exports, a postwar feature which has become accentuated in the past two years by unusually unfavorable growing conditions. Before the war Argentina supplied half of the world exports, but in the past two years it has provided only a fraction of the total and is not likely to ship very much in 1952/53, unless the next crops are considerably more abundant.

The importing countries — mainly those in Western Europe — have thus had to depend on dollar sources for a substantial part of their supplies, and this has prolonged the stringency in animal feeding stuffs first imposed by the war and postwar shortages. Importers have also altered the nature of their purchases, taking barley and sorghum to replace maize.

Prices rose sharply towards the end of 1951, but by July 1952, they had receded in North America to a level only slightly above that of a year ago. In Europe, this recent fall has been accentuated by the drop in freight rates (Table 36).

TABLE 36. — COARSE GRAIN PRICES, 1951/52

COARSE GRAINS	3/VII/51	27/XII/51	8/VII/52
Chicago Maize, spot (U.S. cents per 56 lbs.)	174	200	182
Winnipeg Barley, spot (Can. cents per 48 lbs.)	112	140	118
Australian Feed Oats (In £. c.i.f. U.K., per metric ton)	34½ (\$ 96.6)	39½ (\$ 110.6)	25½ (\$ 71.4)
Iraq Barley (In £ c.i.f. U.K., per metric ton)	32½ (\$ 91.0)	45½ (\$ 127.4)	30½ (\$ 84.7)

Outlook

The large stocks of coarse grains built up in the United States in 1948/49 and 1949/50 have been scaled down considerably in the past two years, and at the end of 1951/52 they are probably no larger than a normal carry-over. In view of the generally sustained domestic demand for livestock products, supplies for domestic and export purposes are very dependent on the 1952 harvest. Looking beyond 1952/53, however, it is possible that United States consumption may fall sharply in 1953/54, since the maize/hog price ratio has become much less favorable to hog production and fattening.

If the July estimates prove to be fulfilled, the 1952 United States maize crop will be the second largest on record, namely 85.5 million metric tons. The total United States feed grain production is expected to exceed last year's by 8 percent.

In Canada, carry-overs of coarse grains are considerably larger than those of a year ago. Intended sowings in 1952 are smaller, but conditions for seeding were very favorable. Very good crop prospects were also reported from some of the other exporting areas, particularly those of the Mediterranean and the Near East, and a good export supply of barley seems to be assured. The prospects of the new Argentine maize crop will not be known for some time, but substantially increased growers' price and official encouragement is expected to produce a significant increase in cultivation.

The outlook for supplies from the Danube/U.S.S.R. region remains uncertain. These countries could no doubt export substantial quantities of coarse grains, but their own development plans are believed to favor the utilization of such crops for livestock products within their own region.

In the main European importing countries, the outlook was quite fair until the long drought and heat wave raised fears concerning the growing coarse grain. The OEEC countries hoping to increase their output of livestock products, expect to require 15 to 22 percent more feeding stuffs by 1956/57. In the absence of additional imports this would entail an additional 1.25 million hectares under coarse grain by 1956.

RICE

Current situation

In contrast to most other commodities, rice has become increasingly scarce during the past year, and its price has risen. The world area under rice continued to increase gradually to a record total in 1951/52 (Table 37). Total production did not expand, however, because of a further fall in the yield per acre in some important areas. The recent sharp fall in the price of Far Eastern exports has not been reflected in a lowering of the effective demand for rice. The price of rice in international trade has continued to rise, and the price spread between rice and wheat has widened. Developments in China, the world's largest rice producer, and events in Korea have reduced

TABLE 37. — WORLD AREA AND PRODUCTION OF RICE

COUNTRY	AREA			PRODUCTION: PADDY		
	1934-38 (average)	1950/51	1951/52 (provisional)	1934-38 (average)	1950/51	1951/52 (provisional)
	(..... million hectares)			(..... million metric tons.....)		
China ^a	19.8	18.5 ^b	18.9 ^b	50.5	47.0 ^b	48.3 ^b
India	25.2	30.5	29.8	34.2	31.1	31.3
Pakistan.	8.6	9.1	9.1	11.2	12.5	11.8
Japan	3.2	3.0	3.0	11.5	12.0	11.3
Thailand.	3.4	5.3	5.9	4.4	6.8	7.2
Burma.	4.9	3.8	3.8	7.0	5.2	5.5
Other Asian Countries.	16.9	17.0	17.4	26.0	25.2	24.7
TOTAL: Asia.	82.0	87.2	87.9	144.8	139.8	140.1
Other Continents	3.8	6.7	6.9	6.4	11.4	11.2
World Total (excl. U.S.S.R.).	85.8	93.9	94.8	151.2	151.2	151.3

^a 22 Provinces and Manchuria.
^b Unofficial estimate.

the reliability of global statistics of rice acreages and crops. Most of the more important Asian producers report lower yields, particularly Japan and Pakistan, whilst Thailand has recently sharply reduced its crop estimate and increased its stock-pile requirements. India's rice harvest was indeed slightly better than last year's, but as that had been an exceptionally low one, the result remains disappointing. In Asia, only Burma and Indochina report any marked improvement. The most severe fall in production occurred in Egypt, where the crop was halved by the failure of the Nile

Europe and North America will thus be doubly welcome; the United States and Italy are expected to increase their exports and Spain and Portugal have recently joined the ranks of exporters, if only on a modest scale. The chief unknown factor on the supply side is the extent of Chinese exports in the second half of 1952.

The main increases in demand have come so far from Japan and Indonesia; the Philippines have raised their import requirements by 35 per cent. Indian needs remain high, although unevenly distributed, for in some rice districts the

TABLE 38. — INTERNATIONAL TRADE IN RICE (MILLED)^a

AREAS	1934-38 Average		1950		1951		1952 Forecast	
	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports
	(.....million metric tons.....)							
Thailand	1.4		1.5		1.6		1.3	
Burma	3.1		1.2		1.3		1.2	
U.S.A.	0.1		0.5		0.5		0.6	
Indochina	1.3		0.1		0.3		0.5	
Japan		1.7		0.6		0.8		0.8
India		1.8		0.4		0.8		0.7
Malaya		0.5		0.5		0.5		0.5
Indonesia		0.3		0.3		0.5		0.5
Other Asian Countries	1.7	1.6	0.1	1.0	0.3	1.0	1.2	2.3
Others	0.3	2.0	0.6	1.2	0.8	1.2		
WORLD TOTAL	7.9	7.9	4.0	4.0	4.8	4.8	4.8	4.8

^aCovers about 90 % of world trade in rice.

floods. In Brazil, the greater attractiveness of cotton reduced the acreage under rice.

On the other hand Europe, the United States and Cuba had good rice crops, the latter country in particular continuing its rapid rise and thus enabling the United States to export increased quantities to the deficit areas of Asia.

Although the disappointing yields in some of the main rice importing countries are intensifying demand, world trade in rice is unlikely to expand in 1952 (Table 38). Of the main exporters, Thailand is pursuing a cautious policy and has reduced its official estimate of available supplies. Burma's liberal shipments in 1951 reduced her carry-over considerably, so that this year's increased crop will not be reflected in greater exports. Pakistan has announced that it will have no exportable surplus, but is bartering some rice against wheat with India; nor can Egypt be looked to for supplies. The sustained large output in

monsoon has failed for the fifth consecutive year. Although the rise in purchasing power has been checked in Ceylon, Indonesia and Malaya by the sharp fall in the price of their main export products, their effective demand has not, so far, shown any sign of falling.

In contrast to most other commodities, the value of rice has continued upward. In the main Asian countries, the internal procurement price has been controlled and has remained nominally unchanged. India, however, allowed a 3 per cent increase at the beginning of 1952 to the equivalent of U.S. \$ 94 per metric ton. In Indochina, the price at Saigon rose by 40 per cent between March 1951 and March 1952, whilst Japan raised its price to internal producers by 15 per cent. In the United States, the average price received by farmers has fluctuated considerably, but at \$ 118 per metric ton in March 1952 it was 10 per cent lower than that recorded last year. Whilst prices

to producers were in some countries prevented from rising by government action, there has been a constant rise in the prices exporters have asked and received at the ports. This was particularly noticeable at the regular sales by tender to allocated destinations, which Burma has instituted for one third of her exportable surpluses. As contrasted with the £44.3.0 (\$123.6) at which Small Mills Specials, 42 percent Broken, had been sold f.o.b. Rangoon in 1951 on a government to government basis, f.o.b. prices for the same quality have recently ranged from £59.10.0 (\$166.6) to £64 (= \$179.2) according to destination. For a better quality, with only 20 percent Broken, Spain recently obtained \$184 f.o.b. Spanish Mediterranean ports. In the United States, high quality Gulf rice sold during May at \$242 for No. 2 Rexoro f.o.b. Houston, whilst Californian rice was exported at \$220 for No. 1 Pearl f.o.b. San Francisco. It was not surprising that under these conditions, every normally rice-eating country took up its full wheat quota under the International Wheat Agreement.

The effect on consumers of these rises in f.o.b. prices was, however, somewhat cushioned by the general fall in freight rates.

Outlook

The prospects for rice production have recently improved. Costs have not risen as much as was feared, nor have alternative demands brought about as serious a shortage of capital goods and agricultural requisites as seemed probable a year ago. The severe fall in the price of rubber, copra, palm-oil and oil-seeds will tend to shift some land and labor back to rice-growing. The degree to which this occurs will, however, be greatly influenced by the extent to which the actual producer is allowed to reap the benefit of the relatively high prices prevailing for rice in international trade. Taking the internal price in Burma as 100, internal prices elsewhere are roughly:

Thailand.	230	Japan.	440
Egypt	280	Indochina	460
India	310	Pakistan.	550
Italy.	330	Brazil.	740
U.S.A..	390		

These indices are not strictly comparable since they refer both to varying qualities and varying conditions; nevertheless, the range is striking. The extent to which order and peace will prevail, e.g. in Burma, Indochina, Korea and Malaya, is clearly a factor of the utmost importance to the

future supply of rice. Political considerations, too, will probably determine the amounts of rice which China will be willing to export.

The remarkable degree to which the demand for rice has been sustained, in spite of its relatively high price, is a clear sign of the great preference it enjoys amongst the vast, growing number of habitual rice-eaters, and this factor is unlikely to change rapidly. On the other hand, the sharp drop in the incomes of some of the chief importing countries, due to the fall in other commodity prices, may reduce effective demand. Japanese demand will depend more on industrial activity, but the annual increase in its population alone constitutes an equivalent rise in requirements of over 100,000 tons a year if present rice consumption per caput is to be maintained.

The smaller, but absolutely large section, which does adjust its consumption by relative prices, will continue to be able to rely in 1952/53 on wheat imports under the prices of the current International Wheat Agreement. The future of this Agreement is, however, still under discussion and great doubt prevails concerning the f.o.b. price-levels that any fresh Agreement may prescribe. No further relief appears to be likely from any renewed sharp drop in freight rates. On the other hand, the tendency to allow prices to the internal consumer to reflect costs seems to be spreading, as in the case of the Indian government reducing food subsidies.

Viewed somewhat narrowly, the demand for rice seems likely to absorb all available supplies, even at prevailing prices. Should price-levels of other products continue to fall, the price of rice is unlikely to remain insulated from consequent adjustments amongst producers and consumers.

SUGAR

Current situation

Following the war time decline in production, the prewar average was first passed in 1947/48, and since then it has continued to grow, exceeding the prewar average also on a per caput basis. Production (excluding the U.S.S.R.) during the decade preceding the outbreak of World War II was comparatively stable at 26 million tons per year. This was equal to about 13 kgs. per caput, as compared with 10 kgs. before World War I. The crop of 1951/52 was equal to 14.4 kgs. per caput, 10 percent higher than prewar. But the great increase in production in dollar countries

has in 1952 engendered new problems for the world free market supplies (Table 39).

TABLE 39. — CENTRIFUGAL SUGAR PRODUCTION BY CONTINENTS ^a

REGION	1934-38	1949/50	1950/51	Preliminary 1951/52	1951/52 as percentage of 1934-38
	(..... million metric tons)				%
Europe	6.5	6.8	9.0	8.8	135
North America	1.9	2.0	2.5	1.9	100
Central America	5.1	8.8	9.1	10.8	212
South America	1.8	2.9	3.1	3.4	189
Asia	7.4	6.0	6.3	7.0	95
Africa	1.2	1.4	1.6	1.5	125
Oceania	1.8	2.0	1.9	1.8	100
World(excl.USSR)	25.7	29.9	33.5	35.2	137
U.S.S.R.	2.3	2.1	2.2	2.3	

^a Includes gur in India and Pakistan in terms of raw sugar.

Larger supplies, rising national income, and comparatively favorable sugar prices in relation to other foods have made possible a substantial growth in per caput consumption in most countries as compared with the prewar level. Increases are especially pronounced in underdeveloped countries, particularly in those which had the lowest per caput consumption in prewar years. In many territories in Africa and Latin America, consumption has increased by 100 percent or more. Only in Asia and Europe has consumption declined.

Although the bulk of the increase in consumption has been made possible by larger domestic production, imports have also increased during the postwar period and in the last two years reached high levels. In 1950 and 1951, about 11.5 million tons of sugar entered world trade as compared with 9.8 million tons in the prewar period. In 23 of the leading importing countries, production increased 33 percent from prewar to 4.3 million tons in 1950/51, while their net imports rose 10 percent to 10.1 million tons. In 18 of the chief exporting countries, production in 1950/51 was 15.1 million tons, as compared with the prewar average of 11.8 million tons, an increase of 28 percent. Their exports increased to 10.6 million tons in 1951, and domestic consumption increased 88 percent from 2.2 million tons to 4.2.

There are indications that the rate of increase in international trade in sugar may diminish.

Production is likely to continue to expand in importing countries and future growth in consumption is likely to depend increasingly on domestic production or on production in soft currency countries. A return to prewar per caput consumption in countries where sugar is still rationed would create a market for an additional 1.5 million tons. Imports to the United Kingdom and Japan alone would have to rise by 1.2 million tons, but postwar economic and political dislocations are likely to retard such a return to prewar consumption. The great increase in exportable supplies has taken place in countries which require payment in dollars. Cuba alone will have for export in 1952 over a million tons more than in 1951 while supplies from non-dollar exporting countries are still substantially lower than before the war.

Prices remained remarkably stable during 1951/52 except for the decline from the artificial price boom during the first part of 1951. Cuban world market prices have fluctuated between 4.5 and 4.2 cents a lb. While the appearance of the large 1952 Cuban crop tended to weaken prices not only of dollar supplies, but also of sugar from soft currency countries (except from the British Commonwealth, where the price was fixed in negotiations at the end of 1951), it has not yet greatly affected current market prices. The Cuban Government has established a single seller for "Special Quota" sugar for the world market, and a "Sugar Stabilizing Reserve" of 1.8 million tons to be marketed over a period of not more than 5 years. Until now, these measures have met with a high degree of success and have prevented a steep decline in prices, but it is too early to judge the long-term effects, especially if, as seems probable, production in importing and other exporting countries increases substantially during the 1952/53 crop year.

Outlook

Early indications point to a further increase in production in 1952/53, but weather conditions can still affect final output by as much as 10 percent. There is also the possibility that the world's largest sugar-producing country may restrict next year's crop. The great increase in postwar production has been unevenly distributed between countries. Indeed, the marketing problems which sugar is likely to encounter in the near future must be considered in the light of the changes in the world production pattern. Asia's production was still 5 percent below prewar in 1951/52, due to

the great decline in Java and Taiwan. Production in Central America, however, has more than doubled. It expanded in all countries of that area, but the major increase was in Cuba where production rose from a prewar average of 2.8 million tons to about 7.2 million tons in 1952. Adverse weather conditions during 1951/52 in North America, Europe and Oceania give a somewhat distorted picture of the changes which have taken place, and during the forthcoming year their production is likely to show an increase of an additional 5 percent over the prewar period. With sugar prices in most markets showing much less increase above prewar than most other foods, and with demand growing with population and buying power in the less developed countries, continued expansion in the world consumption of sugar seems likely. However, the effect of these trends on prices, particularly for supplies for the free world market, will depend on special measures which may be taken either on an international basis or by the major exporting country.

LIVESTOCK PRODUCTS

Current situation

Major developments in the livestock produce situation in 1951 and early in 1952 included: (1) a shrinkage in butter production and a much more considerable decrease in the volume of world trade in butter; (2) a very great expansion of margarine production; (3) increased utilization of milk in the form of fluid, canned and dried milk, and of cheese; (4) a shortage of beef and mutton; and (5) an increase of pigmeat, largely due to recovery in pig numbers in Europe.

1. In 1951 butter imports fell from 341 to 313 million kgs. in the United Kingdom and from 46 to 26 in the German Federal Republic. The latter in mid-1951 raised the import duty (DM 30 per metric quintal since April 1950) to DM 75 without diminishing imports notably, but as of October 1, 1951, changed the rate to 25 percent *ad valorem*, which worked out at about DM 110. After this second increase, imports practically ceased and during the winter stocks, belonging mostly to the Government, were halved. The United Kingdom conceded a 7 1/2 percent increase of the prices paid under its long-term contracts with Australia and New Zealand and with Denmark. It attracted much more butter from New Zealand, but a reduction in imports from

Denmark entirely offset this. The export prices the Danes received for butter developed unfavorably compared with those for cheese and especially for beef and veal. While butter in 1949 fetched 13 1/3 times the price of linseed cake, in 1951 this ratio was 8 2/3. Denmark de-rationed butter and increased domestic consumption. So did Australia, whose exports fell from 83 to 34 million kgs.

In the western world considered as a whole, butter production fell a little owing to smaller output in the exporting countries of Europe and to decreases which were very heavy in absolute figures in the United States and relatively large in the United Kingdom. But more butter was produced in Western Germany, which almost reached the prewar output, and in France and Italy, both of which had attained that goal a year earlier. World exports of butter rose between 1947 and 1950 from 330 to 490 million kgs. The year 1951 marks a break in this upward trend.

2. The demand for butter is very elastic, depending mainly on the ratio its price bears to that of margarine. Cost of production per unit of fat is lower in vegetable than in milk fat. Measures to raise butter prices to consumers are of no avail if not coupled with margarine restriction to which governments could not very well afford to turn after the invasion of South Korea.

Oilseeds and seed oils, the main raw materials for margarine, had risen in price after the middle of 1950, but early in 1952 fell below their pre-Korea level. Cheaper vegetable oils favored margarine in its competition with butter, and so did government measures.

In 15 leading margarine countries, production in 1951 rose to 2,066 million kgs. as against 1,812 in 1950 and 876 in 1938. More margarine was produced both in North America and in Europe, but North America, producing 50 million kgs. more of margarine, had 90 million kgs. less of butter. In Europe, margarine production expanded mainly in the United Kingdom and more in Western Germany.

The margarine/butter price ratio, about one-third in Norway and Switzerland, dropped to a similar level in Germany and Austria; it rose from 42 to 47 percent in the United Kingdom; it fell from 46 to 40 in the United States. It was higher, and still rose, in Denmark and Sweden, but remained low in Belgium (between 32 and 30 percent). In

most national price systems the ratio does not offer a bright prospect for butter.

3. While demand for butter is very elastic, the milk supply is not. Several promising outlets for milk have, however, been opened by the growing demand for fluid milk and cheese. A shift of preference from "visible" fats to fluid milk and to cheese, i.e. to food richer in protein, is reported from the United States and other northern countries, and it seems that the old mistrust, so powerful in warm regions, against fluid milk is breaking down before the achievements of the modern techniques of refrigeration and preserving.

Milk preserves and cheese absorb about as much milk as has been set free by the recession in butter. In 1951 not only Western Germany but also leading European cheese-exporting countries increased their output notably. Cheese replaced butter and meat to a large extent in the United Kingdom, which increased imports from 156.5 to 197 million kgs., buying almost one-fifth in the United States.

Commercial policy affected the cheese markets by two measures: the United States, the largest producer and for short periods during and after the war the largest exporter of cheese, subjected imports to quotas in August 1951, and Western Germany increased import duties to 30 percent *ad valorem*.

4. Beef prices did not share in the decline which many commodities underwent in 1951/52. For this year more abundant meat supplies might have been expected, because the ratio of meat to wool prices rose from the low level to which it had fallen in the great run on raw materials after the invasion of South Korea. In August 1951 when Australian export prices for cheese and butter were raised, meat had increased still more whereas wool in the United Kingdom declined until in April 1952 it was 16 percent below the pre-Korea price level. The exceptionally high wool prices had reduced slaughterings and greatly increased stocks, preparing a recovery in meat supplies. Such an increase, in fact, can be reported for New Zealand, where meat output has risen by one fourth. In Australia and Argentina however, continued droughts reduced output. In Argentina the price policies of the Government favored domestic consumption until January 1952.

Thus various factors combined to reduce exports from the three great surplus areas of the Southern Hemisphere in 1951, and this reduction seriously affected the United Kingdom whose imports fell from 1,220 to 940 million kgs. In the beginning of 1952 imports from New Zealand increased, greatly surpassing the level of the preceding year, and very considerable quantities arrived from the Argentine.

Trade restrictions of importing countries especially affected live cattle. In February 1952 the outbreak of foot-and-mouth disease in Canada caused the United States to close its frontiers for Canadian cattle and fresh meat; in May an agreement was concluded under which Canada replaced New Zealand meat in United Kingdom supplies and New Zealand replaced Canadian meat in United States imports. In the United States the output of beef and veal fell by 388 million kgs. Imports, especially canned meat from Argentina, rose from 81 to 133 million, the United States taking the second place among beef importing countries. Average prices for steers rose 21 percent in the United States (31 in Canada and 36 in Argentina); numbers of cattle increased, promising a recovery in beef supplies. The pig/maize price ratio was 12.4 in the spring of 1951, and pigmeat output rose by 372 million kgs. or 10 percent. In March 1952, the ratio was from 9 to 9 1/2.

5. The year 1951 brought great progress in the reconstruction of the pig industry of Europe which is the more remarkable as it was achieved with less maize from other continents. In 12 European countries pigmeat production increased 10 percent in 1951. The greatest increase took place in Western Germany where December pig numbers between 1947 and 1950 had already risen from 5.5 to 11.9 million. In December 1951 the figure was 13.6 million and pigmeat output for the whole year rose from 830 to 1,040 million kgs. (as against 985 in 1938). The price ratio of pigs to feeds had remained favorable in the first half of the year; it deteriorated towards the end.

Among the traditional exporters, Denmark and the Netherlands increased output by 11 and 16 percent. Both shipped more bacon to the United Kingdom which got almost none from Canada and much less pork from Argentina. Western Germany had taken 360,000 live pigs and 580,000 quintals of pigmeat in 1950;

it reduced such imports by 60 - 70 percent in 1951.

Pig numbers and pigmeat production, especially in Europe, showed most progress in 1951. Cattle and sheep numbers increased only slightly. In world trade in livestock products shrinkages were greater than expansions: while world exports of cheese increased a little, meat exports fell 10 percent and butter exports 12 percent.

The development of world trade in livestock products does not, however, mean an overall lowering of the degree of international division of labor. The butter trade is shrinking mainly because of the expansion of margarine which is almost wholly produced in the countries which consume it, but mostly from imported oilseeds. The meat shortage had transitory causes, namely, the preceding great rise in wool prices and the great droughts in the Southern Hemisphere, and it is hard to believe that the quantitative restrictions of imports announced in the spring of 1952 by the United Kingdom, which at the same time cut down food subsidies, will be permanent.

Outlook

The prospects for the 1952 harvests of feeding crops are generally favorable in most of the Northern Hemisphere. Summer pastures appear to be in good condition and satisfactory surpluses of home-grown fodder are likely to be available at the end of the year. In the Southern Hemisphere, grazing is improving, the droughts in Argentina, Australia and the Union of South Africa having been broken by rains.

Barring a substantial fall in consumer income, demand for livestock products at current prices is likely to continue strong throughout 1952/53. On the other hand, some of the factors limiting livestock production in 1951/52 — the shortage of dollars to pay for feed imports, the increase in costs of livestock products, and foot-and-mouth disease — may be felt more strongly in the coming season. The year may, however, see an improvement in exportable supplies of feed grain in some non-dollar areas.

In Argentina, meat output in 1952 may decline, owing to the introduction of measures limiting cattle slaughtering, but efforts to reduce the high domestic consumption may contribute to larger meat exports.

Owing to losses of cattle from the 1951/52 drought it will take a number of years before beef production in Australia fully recovers. Some increase in the output of lamb may be expected for 1952/53, while higher feed prices and farm wages make any appreciable change in pigmeat production unlikely. Exports of meat from Australia during the coming season will be very small. The new 15-year agreement with the United Kingdom and the overall agricultural expansion program of Australia should, in the long run, improve its exportable supplies. In New Zealand, on the other hand, livestock numbers are at a high level, and both production and exports of meat are likely to expand.

The aggregate meat output of the United States is expected to show an increase in 1952/53, cattle numbers having reached a record level at the beginning of 1952. Hog production, however, will probably decline in 1953 as a result of the sharp reduction in recent hog prices compared to maize prices. The future of the Canadian export market will depend to a large extent on how long the embargo which the United States has placed on livestock and fresh meat from Canada continues, but it is anticipated that the Canada/New Zealand/United Kingdom agreement will enable the expected surplus of meat in Canada in 1953/53 to be disposed of.

In Western Europe some increase in meat production, mainly pigmeat, is expected in 1952/53. Feed and crop prices to farmers have advanced sharply during the past season compared with meat animal prices, however, and this may limit the increase in meat production or bring about a decline in some countries. The 1952 review of farm prices in the United Kingdom encourages the rearing of calves for beef and the production of additional domestic feeding-stuffs by the plowing up of grassland. Given no deterioration in feed-grain imports, European meat exporters are expected to maintain shipments of pigmeat at the level of the previous season.

During 1951/52 most countries have been concentrating on the expansion of beef herds. This will tend to curtail milk output and any increase will largely depend on higher yields per cow. It is likely that total output of milk in Western Europe in 1952 will rise by one to two percent over the last year's level, whereas in North America it may not change substantially. Depleted dairy herds will retard recovery in Australia. New Zealand, however, is expected to show a steady increase during the coming season, provided rainfall is adequate.

Trade in cheese in 1952/53 will be seriously affected by the import limitations of the United Kingdom and by the continued restrictive import policy of the United States. The markets for cheese are, however, more diversified than those for butter and in general production as well as consumption of cheese will continue to increase. The upward trend in the production and trade of preserved milk is likely to continue.

Egg production in Western Europe may continue to feel the impact of feeding-stuff difficulties, and is expected to rise only slightly. In North America, on the other hand, further considerable increases are expected for 1952. Reduced supplies of feeds may check egg production in both Argentina and Australia.

Exports of eggs from Western European countries in 1952 are likely to be maintained or even slightly increased over the previous year's level, as smaller supplies are expected from Australia and China. The upward trend in exports of eggs in shell from the United States is also expected to continue during 1952.

FISHERIES PRODUCTS

Current situation

Fish production increased in 1951 and continued the upward trend recorded since the end of World War II. The figures in Table 40 are based on records and estimates of landings in 60 countries. The catches actually reported by 30 of these countries totalled 14,227,400 metric tons and show an increase of 4 percent over 1950.

This production reflects an overall increase in the fishing effort achieved mainly by the restoration and reconstruction of war damaged fleets, including the introduction of more powerful vessels with a high degree of technical efficiency and by the steady progress of development and mechanization projects in technically underdeveloped countries. In 1951, however, while the continuing strong demands of populations in underdeveloped areas stimulated the growth of indigenous production, the heavily capitalized industries of Western Europe and North America were facing marketing problems which, in the light of rising costs and prevailing restrictions on capital expenditure, tended to limit production at a level which was inconsistent with the potential world demand.

Fisheries commodities review

In the pattern of postwar utilization, while technological development encouraged a swing away from curing to marketing in the fresh and frozen state, the emphasis was on the distribution of edible fish products. In 1951, however, the output of most edible fish products, except stockfish, frozen fish, salted herring and canned salmon fell below the level achieved in 1950. This was due to the attraction of the market for oil and meal where demand was firmer and to the uncertainty which prevailed generally in the markets for edible fish products. The steady increase of oil and meal production was made possible by the slackening in the demand for edible fish products, especially in the case of herring and similar species whose production is concentrated over a relatively short period of time.

TABLE 40. — TOTAL LANDINGS OF 60 COUNTRIES BY REGIONS, 1938, 1947, 1950 AND 1951

REGION	1938	1947	1950	1951
	(..... thousand metric tons ^a))			
Europe (excl. U.S.S.R.)	5 350.1	5 551.2	6 067.6	6 771.6
Asia ^b	4 149.8	3 269.1	4 013.0	4 073.6
North America	3 250.1	3 272.8	3 671.5	3 378.6
Latin America	265.0	460.2	556.7	563.0
Africa ^c	109.5	223.4	508.7	521.8
TOTAL	13 124.5	12 776.7	14 817.5	15 378.6

SOURCE: Official publications and communications and FAO estimates.

^a Round fresh weight for most countries.

^b Japan and South Korea only.

^c Union of South Africa, French Morocco and Angola only.

TABLE 41. — PRODUCTION OF CERTAIN FISHERIES COMMODITIES ^a, 1947 TO 1951

COMMODITY	No. of countries	1947	1948	1949	1950	1951
		(.....thousand metric tons ^b)				
Fish, frozen	14	...	361.3	427.6	375.8	451.7
Cod, hake and similar species, salted ^c	14	255.3	221.3	261.0	322.6	301.9
Cod, hake and similar species, dried (stockfish)	3	17.4	16.5	10.6	21.1	37.7
Herring and similar species, salted ^d	19	511.9	538.9	609.3	473.0	532.0
Salmon, canned	4	156.6	133.9	151.9	124.2	150.5
Herring and similar species, canned	20	239.5	252.5	327.9	397.4	320.0
Tuna, true mackerels and similar species, canned	14	107.9	124.0	116.8	155.3	153.2
Cod liver oil ^e	11	38.1	37.6	38.0	35.9	46.9
Herring and other clupeoid oil	10	114.1	127.3	105.4	158.7	182.0
Herring and other clupeoid meal	10	236.8	313.9	280.2	385.9	433.3
Other fish meal ^f	13	150.0	181.5	230.1	263.7	315.9

SOURCE: Official communications.

^a The number and identity of the reporting countries are not the same for each commodity, but in some cases the figures are close to world totals.

^b Product weight.

^c Dried basis.

^d Includes smoked herring for some countries.

^e Body oil may be included.

^f Includes herring meal for Germany, Netherlands, Spain and United Kingdom.

Fresh fish. The wartime disruption of fish production increased the dependence of belligerent countries on imported supplies and caused some countries, traditionally engaged in processing, to develop a larger fresh fish trade. In Western Europe exports increased from 340,000 tons in 1938 to 540,000 tons in 1949. The revival of indigenous production caused a corresponding decline in this trade which in 1950 was below the 1938 level. In 1951, notwithstanding a remarkable recovery, which in 8 selected European countries amounted to an increase of 5 percent over 1950, the total production of fish marketed fresh dropped to 38 percent of the total catch as compared with 42 percent in 1950, and further reflects the increased production of oil and meal.

Frozen fish. The steady postwar development of frozen fish production continued during 1951. In the Americas, Asia and Europe, production was 20 percent higher than in 1950 and, in Iceland, Norway and the United Kingdom the sharp decline which had occurred in 1950 was reversed. The main increases over 1950 were:

Denmark	34 percent	Norway	63 percent
Iceland	64 "	U. K.	169 "
Japan	13 "	U.S.A.	13 "

In the United States, the largest producer of frozen fish, production increased from 130,000 metric tons in 1950 to 148,000 metric tons in 1951, due chiefly to the growth of the ocean perch and the whiting trade. The United States is also the principal customer for the frozen tuna exports of Angola, Japan, Mexico, Peru, etc., and her imports of frozen tuna and similar species increased from 6,620 metric tons in 1939 to 28,567 metric tons in 1951.

Stockfish (cod and similar species dried without salting). In Norway, the most important producer, postwar production has steadily increased and now exceeds the 1938 level. In 1951 exports amounted to 20,800 metric tons compared with 16,500 metric tons in 1950 and 26,000 metric tons in 1938. There is still a firm demand in Italy and West Africa.

Salted cod, hake, etc. In 1951 the world output (excluding U.S.S.R.) of salted cod dropped by 6 percent to 302,000 metric tons owing mainly to decreases in Canada (8 percent), Iceland (37 percent), Japan (33 percent). Norway, however, which produces 15 percent of world supplies, increased its production by 51 percent to 54,200 metric tons, based on the increased exploitation of the Green-

land grounds which supplied 20,000 tons. Further increases are forecast in 1952. Iceland and the Faeroes have also directed more salt-fish voyages to the Greenland grounds. In the five main producer countries (Canada, Denmark, Faeroes, Iceland and Norway), exports increased by 16 percent to 181,700 tons (dried weight) in 1951. Although exports of wet, salted cod dropped by 19 percent this was offset by a revival of the "klippfish" trade.

Canned fish (salmon and similar species). The world pack (excluding the U.S.S.R.) increased from 124,000 metric tons in 1950 to 150,400 metric tons in 1951. Although the United States pack of 104,600 metric tons showed an increase over the very low 1950 pack it was still only equal to two-thirds of the 1938 pack. Prices are higher as a result of the reduced pack.

In Canada the pack increased to 42,800 metric tons and there is some sales resistance which may disappear owing to the lighter pack expected in 1952. Japan did not produce a pack of commercial significance in 1951.

Canned tuna. The significant features of production in 1951, as in 1950, were the emergence of Japan as the second largest producer and the continued predominance of the United States. The United States' industry sought protection against increasing competition from imported tuna. The lapse of the United States-Mexico trade agreement restored the *ad valorem* duty to 45 percent, so that total United States imports of tuna canned in oil dropped from 20,000 metric tons in 1950 to 7,000 metric tons in 1951. The future of the United States market is uncertain owing to heavy supplies although at the lower level of wholesale prices ruling in the latter half of 1952, there is a chance that all available supplies will be absorbed.

Canned clupeoidae (herring and similar species). Production in the 12 main producer countries fell by 26 percent in 1951. Sharp falls in the California and Maine sardine packs were characteristic of the overall decrease in United States production which at 95,400 tons was 48 percent lower than the heavy 1950 production. Production, although fairly stable elsewhere, increased by 43 percent in Canada and 11 percent in French Morocco but fell by 29 percent in Portugal, both of the latter countries finding considerable resistance in their traditional export markets in Europe and North and South America.

Oils and meal. Production continued to expand in 1951 and in 13 selected major producer countries absorbed a further 2 percent of fish supplies and accounted for 20 percent of the total catch (excluding offals). This trend is shown in the figures below, which show the output of oils and meal commodities in selected countries (1948 = 100):

COMMODITY	1949	1950	1951
All fish, crustacean and mollusk meal	101	129	149
All fish oils	91	124	141

Although the United States accounts for 30 percent of world production, her output fell by 22 percent in 1951 owing to reduced landings of herring and pilchard. South Africa achieved a conspicuous increase in its production viz. 124 percent in the case of meal and 50 percent in the case of oil. In the United States the market for meal, although fairly stable, may weaken as a result of heavier production and imports, and the demand for body oils, stimulated by the war in Korea in 1950, has later shown a sharp recession.

Trade

While the total volume of exports in 1951 was somewhat higher than in 1950, analysis reveals a re-distribution of trade and some significant reductions in the export of the main commodities.

The export of fresh and frozen fish continued to expand in 1951 chiefly because of improved communications and rapid advances in technique. Significant increases were recorded, for example, in France (69 percent), Iceland (83 percent) and Norway (30 percent).

The export trade in cured fish is gradually approaching its prewar level although notable exceptions were Iceland, the Netherlands, and the United Kingdom which were respectively 29 percent, 35 percent and 74 percent below their 1938 levels. In the United Kingdom there was a reduction of 4 percent between 1950 and 1951.

The sustained demand for canned products in the war and postwar period has given way to an unstable situation characterized by increased competition and uneven balance of trade between the major producer countries, especially since the appearance of new and growing productions such as those of French Morocco and Peru. The industry

has suffered from the growing demand for fresh and frozen products on the one hand, and by-products such as oil, meal and fertilizers on the other. Portugal, ill-equipped for the frozen trade and the manufacture of by-products, has been unable to adapt her production to the shifting world demand so that her canned products were being quoted at 20 percent below price levels prevailing before the Korean war.

In several other European countries the canning trade in 1951 was lower than in 1950 — e.g. Denmark (54 percent), France (18 percent) and Norway (6 percent). In countries with few alternative outlets this has meant stockpiling the 1951 pack which with the other factors may complicate still further the distribution of canned goods in 1952.

The trade in oil, meal and fertilizers continued to expand during 1951 and in some countries achieved very large increases over the 1950 production; notably Denmark (768 percent), Iceland (117 percent) and Norway (89 percent). In South Africa, exports of fish meal in 1951 reached 20,000 metric tons, thus placing this country among the major producers.

Prices

Generalizations are difficult because of the wide range of fish products which, during the process of distribution, often have very little in common beyond their origin. Moreover, owing to the perishable nature of the bulk of fish products, prices are particularly sensitive to the availability and price of other commodities and to purely local considerations of quality, variety, season, discrimination and abundance. Price movements as a whole need to be considered against the background of steeply rising costs of production and distribution, and it would be misleading to draw comparisons when prices have been subject to varying degrees of commercial or governmental control and where no significant correlation exists between consumer prices and production costs. Within very broad limits, however, it is possible to trace an overall increase in fish prices in 1951. This increase was not so much due to any sustained increase in the consumer demand as to the efforts of producers and distributors to recover the rising costs of manpower and materials and to the occasions when seasonal shortages coincided with a demand stimulated by shortages of alternative foodstuffs. It was more marked in the case of fresh and frozen products which, as a result of

improved techniques, are attracting demand away from canned products. In the United States, for example, the index of wholesale prices of fish and shellfish increased by nearly 3 percent, but this masks the significant adjustment in demand suggested by the fact that fresh and frozen fish prices advanced by nearly 10 percent while the price of canned products fell by 8.5 percent during the same period. In Western Europe, white fish retail prices advanced 30-45 percent above 1950 levels.

Where canned products were concerned this shifting of demand was accompanied by the increased competition of new producers, so that Portugal, for example, was forced to quote canned products at 20 percent below 1950 prices.

Meanwhile the sustained demand for oil and meal and the incentive of higher quayside prices encouraged more craft to fish exclusively with this production in view.

The capacity of the markets in technically underdeveloped countries is expected to absorb local production and to encourage the development of fisheries resources for some years. In other countries, however, producers in more commercialized industries are facing a critical slackening in demand which suggests that markets are becoming oversupplied at present price levels and under existing restrictions on imports.

Outlook

The competition which has characterized the marketing of canned products during 1950 and 1951 will probably be intensified by the carry-over of stocks accumulated in these two years. The expansion of trade in frozen fish products in 1951 will continue through 1952 although further development may need to recognize a somewhat lower level of prices. The increasing production of salt fish may become more difficult to sell at a price which is consistent with the rising costs of long-range trawling operations.

It is difficult to appraise the demand for fish meal which, during the postwar years has never been seriously tested, but new high levels of production suggest that marketing will become more competitive and more responsive to fluctuations in livestock production. The demand for body oils is expected to be weaker; these profited from the wide demand for fats and oils which was intensified in 1950, but there was a sharp recession in 1951 and keener competition is expected in the coming year owing to the anticipated large production of olive oil in 1952. Medicinal oils

too, will meet more competition owing to the increasing production of synthetic Vitamin A which is already competing in price and is expected to overtake and eventually replace fish-liver oil.

In general, the highly commercialized industries must expect to face more discrimination in consumer demand which will give increasing effect to import restrictions resulting from the protection of some markets and the exclusion of others by balance-of-payments problems.

FATS, OILS AND OILSEEDS

Current situation

The acute world shortage of oils and fats that characterized the early postwar years has been relieved. World production of fats and oils in 1951 is estimated at about 7 percent larger than a year earlier and more than 10 percent above the prewar average. Production per caput has nearly recovered to the prewar level. Production of oils and fats continued at a high level in early 1952.

World indigenous exports of fats and oilseeds in 1951 were still below the prewar level (Table 42). The apparent contradiction between increased world production and reduced world exports is explained by the fact that consumption has increased materially in some of the major prewar exporting countries, including India, parts of Africa, and Argentina.

TABLE 42. — WORLD INDIGENOUS EXPORTS ^a OF FATS, OILS AND OILSEEDS IN TERMS OF OIL, 1938, 1950 and 1951

COUNTRY OR AREA	1938	1950	1951 ^b
	(thousand metric tons)		
Europe	495	367	363
United States and Canada	135	942	1 091
Argentina, Brazil and Uruguay	658	599	618
Africa, South of the Sahara	948	1 235	1 052
India, sea-borne trade	676	172	164
Indonesia	637	332	472
Malaya, Ceylon, and Pacific Islands	420	328	396
Philippine Republic	384	511	565
China (including Manchuria)	580	215	197
Australia and New Zealand	254	216	208
Antarctic	566	344	347
Other areas	366	218	141
WORLD TOTAL	6 089	5 479	5 613

^a "Indigenous exports" comprise oilseeds grown within the exporting country, and oils or fats derived from oilseeds or animals produced within the country. Whale oil produced from whales caught in the Antarctic Ocean is counted in this table as an export from the Antarctic.

Indigenous exports from European countries consist mainly of butter and slaughter fats going to other European countries.

Butter is included in terms of fat content (calculated at 81% of product weight). Sperm oil and fish-liver oils are excluded where reported separately.

^b Preliminary.

The pattern of world trade in fats, oils, and oil seeds has changed considerably since prewar. Exports from Argentina, China, Eastern Europe, India and Indonesia have declined materially. Production of whale oil in the Antarctic has

TABLE 43. — FATS, OILS, AND OILSEEDS IN TERMS OF OIL: RETAINED IMPORTS ^a AND IMPORT BALANCE: PRINCIPAL IMPORTING COUNTRIES, 1938, 1950, AND 1951

COUNTRY	1938		1950		1951 ^b	
	Retained imports	Import balance	Retained imports	Import balance	Retained imports	Import balance
	(..... thousand metric tons)					
United Kingdom	1393	1393	1464	1464	1562	1562
Germany (Federal Republic).	^c 1157	^c 1157	761	761	684	684
France	515	506	333	327	502	495
Other Western Europe ^d	791	558	915	642	959	663
United States	770	659	582	*309	512	*552
Canada	124	100	164	109	136	109
Cuba	45	45	96	96	97	97
Japan	171	166	113	107	148	139

^a Export balance.

^a "Retained imports" comprise fats and oils imported and not re-exported, and the estimated oil in imported oilseeds that is not re-exported in the form of oilseeds or as oil. The "import balance" is the difference between total imports and total exports of all fats, oils, and oilseeds in terms of oil. Whale oil of Antarctic origin brought into a country and retained for consumption is counted in this table as an import, even if produced on ships flying the country's flag. Butter is included in these totals in terms of fat content. Sperm oil and fish-liver oils are excluded where shown separately.

^b Preliminary.

^c All Germany (1937 frontiers).

^d Norway, Sweden, Denmark, the Netherlands, Belgium and Luxembourg, Switzerland, and Italy.

declined. These reductions have been partly, but not entirely, offset by increases in exports from the United States, the Philippine Republic and Western Africa. Exports from Argentina were temporarily large in 1950 and 1951, and those from Africa temporarily low in 1951.

The import balance of 10 leading industrial countries in Western Europe in 1951, at 3.4 million metric tons (including the oil equivalent of oilseeds), was 5 percent less than in 1938. This reduction, however, was more than accounted for by the Federal German Republic (Table 43). The import balance of Sweden was also materially lower than prewar, reflecting increased production of rapeseed in that country. The import balances of Italy, the Netherlands and the United Kingdom in 1951 were considerably larger than in 1938, and those of Belgium, Denmark, France, Norway and Switzerland were at the 1938 level or slightly higher.

Kingdom apparent consumption was about as large as prewar or slightly larger. Nearly all Western European countries showed a sharp improvement over 1950.

Prices of fats, oils and oilseeds in international markets advanced rapidly after the outbreak of hostilities in Korea in June 1950 and by March 1951 most had reached peaks only slightly below those of early 1948. A declining trend began in the spring of 1951, however, and continued through April 1952. There was a moderate recovery in May and June 1952. In contrast to a year earlier, there was a widespread desire in 1951/52 to reduce the relatively large stocks built up in the previous year (Table 44).

Prices of most of the oils and fats used principally for food or soap were lower in June 1952 than in June 1950. Total world production and export supplies of these oils and fats were larger in 1951/52 than a year earlier. The leading in-

TABLE 44. — PRICES OF SPECIFIED FATS, OILS AND OILSEEDS, JUNE 1952, WITH COMPARATIVE DATA

ITEM	Currency in which originally quoted	1950 June ^a	1951		1952 June
			March ^b	June	
(..... U. S. dollars per metric ton)					
Olive oil, North African, 1% f.o.b.	£ st.	496	1 047	882	623
Groundnut oil, Indian, drums	£ st.	397	601	^c 612	364
Groundnut oil, American, crude, bulk	U.S.\$	* 352	...	* 437	424
Soybean oil, American, crude, bulk.	U.S.\$	310	* 495	* 404	* ^d 264
Lard, refined, 37 lb. tins, N.Y.	U.S.\$	* ^e 310	* 486	* 415	* 276
Coconut oil, Straits, 3 or 3½%, bulk	£ st.	322	526	414	244
Palm oil, Belgian Congo, bulk	B. fr.	260	548	359	209
Tallow, fancy, bulk, N. Y.	U.S.\$	* ^e 133	* 352	* 317	* 160
Linseed oil, Belgian, drums, f.o.b.	B. fr.	337	530	448	^f 400
Castor oil, Bombay firsts, drums	£ st.	315	686	820	482
Soybeans, Manchurian bulk	£ st.	116	150	156	127
Soybeans, American, No. 2 yellow, bulk.	U.S.\$	* 102	...	...	113
Copra, Straits	£ st.	227	366	261	176
Copra, Philippines, bulk	U.S.\$	190	323	213	152
Palm kernels, French West Africa	F. fr.	168	283	204	155
Linseed, Bombay Bold	£ st.	182	251	223	201

Compiled from The Public Ledger (London.) Prices are international market prices, for prompt or early shipment, c.i.f. or c. and f. European ports, except as otherwise noted. Original quotations are converted to U.S. dollars at the official rates of exchange.

^a Last month before prices were affected by the Korean crisis.

^b Peak month since June 1950 for most items.

^c Chinese, bulk, plus \$40, the difference in June 1950 between the Indian and the Chinese quotations.

^d Drums.

^e Estimated from Chicago quotations.

^f Bulk.

* F.o.b. American port.

Apparent consumption of fats and oils per caput in 1951 (total food and nonfood) was less than 90 percent of prewar in Denmark, Germany, Italy and Norway. In Belgium, France, the Netherlands, Sweden, Switzerland and the United

creases were in coconut, groundnut, cottonseed, olive, and whale oils.

Prices of linseed and castor beans, and of linseed, castor, and tung oils declined less in 1951/52 than prices of other fat-and-oil items. The Ar-

gentine linseed crop, which is harvested late in the year, amounted to only about 300,000 metric tons in 1951 compared with 559,000 metric tons a year earlier, and 1.7 million metric tons prewar. Also, large surplus stocks of Argentine linseed and linseed oil, which had been accumulated in 1946-49, were nearly exhausted by the beginning of 1952 as a result of relatively heavy exports in the two preceding years. Exports of linseed and linseed oil from Argentina in 1952 are not likely to total more than 100,000 tons, in terms of oil, compared with 345,000 tons in 1951 and 524,000 tons prewar. Droughts in Brazil and India prevented an increase in world production of castor beans in 1951, and the demand from the United States for castor beans and oil remained strong. Exports of tung oil from China in 1951/52 were much below average.

Outlook for 1952/53

According to indications on July 1, total world export supplies of fats, oils, and oilseeds in 1952/53 will probably be about as large as in the previous year. World production may decline slightly, but stocks of oils and oilseeds in several leading producing countries will be larger at the beginning of the 1952/53 marketing year than a year earlier.

The total quantity of lard and edible vegetable oils available for export from the United States is likely to remain approximately the same in 1952/53 as in 1951/52. Reflecting a record production, stocks of edible vegetable oils have increased substantially since the fall of 1951. This increase in stocks is a little larger than the decline in lard production in 1952/53 expected as a result of a 9 percent reduction in the 1952 pig crop. Production of edible vegetable oils may be slightly smaller than in 1951/52 with declines in cottonseed and groundnut oil nearly offset by an increase in soybean oil. Edible vegetable oils and lard compete strongly with each other in the United States because "shortening" is manufactured mainly from vegetable oils and is widely used for the same purposes as lard.

The 1951 Mediterranean crop of olives set a new record and large olive crops are usually followed by small ones. Although there was a good "set" of olives in the major Mediterranean olive-producing countries in 1952, the crop was damaged in some by unusually hot summer weather. The carry-over of olive oil into 1952/53 will be substantially larger than a year earlier.

Commercial sales of Nigerian groundnuts from

the 1951/52 crop totalled about 400,000 metric tons of kernels, compared with only 145,000 tons a year earlier and an average of 296,000 tons in the 1945/46-1949/50 period. Because of limited transportation facilities, however, only about 280,000 tons will be exported before the new crop season. Hence there will be a carry-over into 1952/53 of about 120,000 tons compared with no carry-over a year earlier. Unless weather conditions are unusually unfavorable for the 1952 crop, Nigeria in 1952/53 will have an exportable surplus of groundnut kernels, including carry-over, at least as large as the 280,000 tons being exported in 1951/52.

Prospects for other major world oilcrops in 1952/53 are mixed. The area planted to groundnuts in French West Africa may be smaller than a year earlier. Growers were apparently discouraged by the sharp reduction in prices for the 1951/52 crop from the high levels of a year earlier. In India, average growing conditions in 1952/53 should result in an increase in groundnut production, which was impeded by drought in 1951/52. A reduction in 1952 in total Philippine and Indonesian production and exports of copra from last year's high levels is forecast, partly because of the severe decline in prices since mid-1951 and partly because weather conditions for setting the new crop in Indonesia were less favorable in 1951 than a year earlier. World palm oil production and exports, however, are rising in 1952-reflecting restoration of order in Sumatra and more favorable weather for the oil palms in Nigeria in 1951 than a year earlier.

Consumer and industrial demand for oils and fats in 1952/53 is likely to be well sustained by a high level of economic activity. Also, demand for stockpiling will probably be somewhat stronger than in 1951/52. These are price-supporting factors, but with prospects for large world export supplies as favorable as they were in July, a major rise in 1952/53 in the general level of fats and oils prices in world markets is not probable.

FRUIT: (a) CITRUS FRUIT

Current situation

Total supplies of citrus fruit in 1951/52 were about the same as in the previous season. In the two main producing regions, the United States and the Mediterranean, oranges and mandarines continued their upward trend whereas the lemon crop was smaller, particularly in the United States

and Italy. Grapefruit production in the United States declined as a result of frost. In the Southern Hemisphere, which supplies the European market with "summer" oranges, Brazil had exceptionally low yields.

Compared with the five-year period before World War II there was a substantial increase in all citrus fruit production, 50 percent for oranges including mandarines, 40 percent for lemons and 30 percent for grapefruit (Table 45).

quantities than prewar. In spite of the increase in United Kingdom imports that country took only 402,000 tons as against the 1934-38 average of 543,000 tons. The United Kingdom market is now second to that of France, which with a 1951 import of 498,000 tons of oranges and mandarines has doubled imports since prewar. Lemon and grapefruit imports to the United Kingdom in 1951 were only 50 and 66 percent respectively of the prewar averages. Western Germany's import of

TABLE 45. — PRODUCTION AND EXPORTS OF CITRUS FRUITS BY MAJOR PRODUCING AND EXPORTING COUNTRIES, PREWAR AND 1949-51

COMMODITY AND REGION	P R O D U C T I O N				E X P O R T			
	1934/35-1938/39 average	1949/50	1950/51	1951/52	1934-38 average	1949	1950	1951
	(..... thousand metric tons)							
<i>Oranges and Mandarines</i>								
Mediterranean Region	2 315	2 177	2 947	3 045	1 259	1 026	1 100	1 451
U.S.A.	2 284	4 173	4 701	4 810	150	179	187	261
Mexico	139	411	350	365	—	2	32	...
Brazil	1 172	1 195	1 252	1 100	148	70	85	76
Union of South Africa	132	196	204	213	85	108	147	144
Japan	465	318	437	375	63	4	5	...
Other countries	1 393	1 930	1 909	2 092	115	51	14	40
WORLD TOTAL.	7 900	10 400	11 800	12 000	1 820	1 440	1 570	1 980*
<i>Grapefruit</i>								
WORLD TOTAL.	1 200	1 400	1 800	1 600	110	130	110	110
<i>Lemons and Limes</i>								
WORLD TOTAL.	1 000	1 200	1 400	1 400	280	220	220	230*

*Estimate.

International trade in citrus fruit continued to expand and reached a new high level in 1951, favored by the progress in trade liberalization in the OEEC countries of Western Europe and a strong consumer preference for citrus fruit as a supplement to home-grown fruit in the importing countries. It is noteworthy that Spain and the United States also increased their exports to Western Europe though they did not benefit from the trade liberalization. Spanish orange exports, practically exclusive to Europe, rose from 421,000 tons in 1950 to 730,000 tons in 1951, an increase of 309,000 tons against a total increase for Mediterranean orange exports of 350,000 tons. The United States increased exports of all citrus fruit to Belgium and the Netherlands and found a new market in France.

Nearly all European countries increased imports of oranges in 1951, taking substantially larger

248,000 tons of oranges exceeded prewar imports to all Germany by 30 percent.

The decline in citrus fruit supplies in the United Kingdom has not been compensated for by increased supplies of other fruits. The per caput consumption of all fruit (including tomatoes) was in 1951 only 90 percent of prewar, whereas most other European countries have increased per caput fruit consumption substantially.

The United States has as in previous years encouraged citrus fruit exports to Europe (excl. Eastern Europe) and other overseas territories by substantial subsidies. The export promotion program in 1950/51 provided for payments up to one-half of the export price f.a.s. U.S. port for fresh and processed oranges and fresh lemons. The program for 1951/52 provided for payment of 40 percent of the f.a.s. value and grapefruit were included in the program.

Spain is encouraging orange exports by a favorable exchange rate to exporters and Greece stimulates exports of mandarines by granting import rights covering a certain percent of the export value. Israel and Lebanon are granting direct subsidies.

Prices of oranges and grapefruit were generally lower in the 1951/52 season than in the previous season, but lemon prices increased.

Outlook

Crop prospects for 1952/53 are favorable. Early June estimates in the United States indicate an average yield of oranges and lemons, but a lower than average yield for grapefruit though higher than in 1951/52. Spain expects an orange production of some 1.3 million tons against 1.1 million tons in 1951/52.

New plantings of citrus trees have been substantial during the last five-year period in Florida, U.S.A., as well as in the Mediterranean region, and these young trees are now reaching bearing age. The citrus area in Israel which at present is approximately 12,000 ha. against 29,000 ha. in prewar Palestine is expected to increase by 10,000 ha. in the next few years. The rapid expansion in French Morocco is being continued. The present area of 20,000 ha. is expected to be doubled by 1960. Greece, also, expects a further increase in area.

The revocation of trade liberalization with regard to mandarine imports to the United Kingdom in November 1951 and of all citrus fruit imports to France in February 1952 may have some limiting effect on total European imports in 1952/53, but Western Germany has since April 1952 put all citrus fruit on the free list from OEEC countries.

Whereas most consumption in Europe is still in the form of fresh fruit, the United States is expanding the consumption of processed citrus fruit, particularly concentrated frozen juices. Of the Florida crop of oranges and grapefruit about 62 percent and 55 percent respectively went into processing in the 1950/51 season. Processing is becoming an important outlet also for California oranges which were previously marketed mainly as fresh fruit.

In spite of the increasing supplies of winter oranges in the Northern Hemisphere the trade does not expect any major surplus marketing problems within the next few years. The situation may be somewhat more difficult with regard to man-

darines and this may affect prices of winter oranges.

There is no immediate prospect of substantially larger supplies of summer oranges though demand for this fruit is apparently increasing.

At the Second Mediterranean Citrus Congress, held in Spain in May 1952, a resolution recommending the stopping of new plantings in the region for some time was not approved. The Congress however recommended the establishment of a joint advertizing program to stimulate consumption in the European markets.

(b) DRIED FRUIT

Current situation

The output of the major varieties of dried fruit in 1951/52 was larger than in 1950/51, the size of the pack being affected by the expectation of a strong demand (Table 46).

TABLE 46. — DRIED FRUIT, PRODUCTION AND EXPORTS, 1934-38 AND 1949/50 - 1951/52

A. — Production in the Major Producing Countries

COMMODITY	1934-38	1949/50	1950/51	1951/52 ^a
(..... thousand metric tons				
Raisins	447	455	389	449
Currants.	181	108	93	98
Dried prunes. . .	270	193	107	209
Dried figs	261	230	227	184

B. — Exports from Major Exporters

COMMODITY	1934-38	1949/50	1950/51	1951/52 ^a
(..... thousand metric tons				
Raisins	185	198	140	147
Currants.	80	65	62	62
Dried prunes ^b . .	87	72	25	^c 26
Dried figs	65	42	43	41

^a Preliminary estimates subject to revision.

^b U.S.A. only.

^c September-February only.

The absence of carry-overs and the rearmament programs then under way suggested that the demand for storable foods would be at high levels. Moreover, since the small packs of the previous season resulted in working stocks being lower than usual in the importing countries, a concentration of purchases in the early part of the season was expected.

The tendency towards larger packs did not affect all varieties and all producing countries. Raisin production in North America increased 50 percent, while elsewhere smaller yields were obtained. The pack of currants did not change appreciably in size, but part of the Greek product was diverted to industrial use because of poor quality. The production of prunes almost doubled owing chiefly to the recovery of the Californian industry and the return of the Balkan product. The output of dried figs contracted severely in Italy, Portugal and Spain owing to adverse seasonal factors, but increased in other countries. The production of minor dried fruit (dried apples, pears, peaches and apricots) continued to decline from the peaks reached in the 1940s.

The expected demand for the major dried fruits failed to materialize in spite of the relaxation of import controls in some countries. Buyers were rather cautious throughout most of the season and chiefly during its first months. In the United States, to avoid the full impact of increased supplies on growers' incomes, the export subsidy program for raisins and prunes was reintroduced. At the end of March, 1952, the Government had paid \$5 million in subsidies on sales abroad. The largest single deal taking place under the program was the sale in December of the whole surplus pool of seedless raisins — 30,000 tons — to the United Kingdom. It appears that the American program had some depressive effect on raisin export prices of Greece and Turkey. When the United Kingdom purchase in California was announced those prices fell considerably, but they recovered toward the end of the season, as the Californian supply was near exhaustion and the demand for the Mediterranean product became more active. The recovery of Turkish prices, however, was also affected by a late realization that the actual size of the stocks at hand were far smaller than previously estimated.

Outlook

No change of particular importance is expected in the demand for dried fruit. The demand of the American consumer is expected to be maintained, and some advance in prices is expected in the United States. However, it appears likely that subsidies on exports will be maintained, unless the contraction in output is more drastic than expected. In Western Europe, consumers' tastes are moving away from dried fruit. Only a drastic change in their price relative to those

of competing commodities could reverse the trend.

The American packers are expected to enter the 1952/53 season with very small carry-overs and the Mediterranean countries at the end of the season will have only a few thousand tons of the old raisin crop.

United States production of dried fruit in 1952/53 is expected to be slightly smaller than in the current year. A shorter grape crop is forecast which may lead to a smaller pack. The latter, however, is dependent not only upon the size of the crop but also upon the demand for grapes by wine manufacturers. The carry-over of wine is likely to be substantial. On 31 March 1952 California stocks amounted to 177 million gallons against 138 million at the same date of 1951. These circumstances are likely to lead to reduced activities by the wine producers, but on the other hand they are trying to obtain Federal aid to set up a marketing scheme which would allow them to maintain the scale of their operations. The outcome of this scheme may have decisive effects upon the size both of the wine output and of the raisin pack. The size of the pack of prunes is forecast as smaller than last year's.

Early estimates of Australian raisin and currant production in 1952 place the pack at 70 to 75,000 tons. This would leave a surplus for export of 30 to 40,000 tons, which the British Ministry of Food has agreed to purchase except for some quantities to be sold to other Dominions and on the international market. The prices to be paid by the United Kingdom are £98.10.0 per short ton, f.o.b., for sultanas and raisins and £80 for currants, i.e. \$286 and \$224 respectively.

In Turkey, severe frosts are reported to have reduced the April estimate of the raisin crop to 60,000 tons.

While no great change is expected in the Californian pack of figs, a larger Mediterranean crop is likely, though no estimate of its size is available.

COFFEE

Current situation

The world coffee economy was probably more prosperous in 1951/52 than in any previous year. Production increased nearly everywhere as compared with 1950/51; imports rose about 10 percent; and the strong import demand kept prices remarkably stable at a high level. The problem of the world coffee industry appears to be one of supply rather than of markets.

Favorable weather conditions increased the 1951/52 crop by about 5 percent above that of 1950/51. Production was higher in Brazil, which still contributes about 50 percent of world supplies, in Africa and in most of the minor producing countries in Latin America. However, total world output is still below prewar, due to the decline in production in Brazil and Indonesia from the high level attained in the nineteen-thirties.

The rise in population, income and demand for coffee in the chief importing countries, with production still below the prewar level, resulted in a substantial rise in prices. Demand would have been even stronger but for the restraining influence of financial restrictions imposed for balance-of-payments reasons as well as of high taxes and import duties. Hence, European imports remained in 1951 substantially below prewar and increased only 2 percent as compared with 1950. On the other hand, United States imports increased 10 percent in 1951. The United States absorbed almost 60 percent more coffee than in prewar years, and now takes about 65 percent of total world imports, as compared with 49 percent in 1934-38.

The strong demand sustained prices in 1951 and the first part of 1952 higher than at any level since coffee became an article of general consumption. The United States retail price of about 87 cents a lb. was higher than at any time since 1913. Consumer resistance to the price rises which took place with the exhaustion of the Brazilian stock in 1949 and, subsequently, with the outbreak of hostilities in Korea, appears to have diminished in 1951/52. However, the 8 percent decline from the record imports of 1949 and the marked increase in consumption of soluble coffee products which produce more cups of coffee per lb. of beans, indicates continued consumer sensitivity to prices. Indicative of the strong demand for coffee is the difference between the behavior of coffee prices during 1951/52 and those of most other agricultural products important in foreign trade.

Outlook

Production in 1952/53 is not likely to exceed that reached in 1951/52. The Brazilian crop suffered from drought during the flowering season and the expansion of production in Colombia, the Central American countries and in Africa is not yet sufficiently great to counterbalance an important decline in Brazil. No stocks of significance have been accumulated in producing countries.

On the demand side, there is no reason for anticipating a substantial decline. United States imports may stabilize at the 1951/52 level, but imports to Europe are likely to show some improvement. Latin American producing countries are endeavoring to increase exports to the European market, which absorbed only 28 percent of total world imports in 1950, as compared with 43 percent in prewar years. A large number of trade agreements have been signed with European importing countries. Indications are that major changes in prices are not likely to take place.

In the long run, and taking into account the agricultural development and improvement programs in Latin American and African producing regions, some expansion in coffee production may be anticipated. In Brazil, the greatest increase is likely to take place in Parana, whereas in the old regions of São Paulo the decline in the tree population over the last decade has not yet been compensated by new plantings. Efforts made by Colombia, Mexico and the Central American countries to improve both volume and quality of their output are likely to produce satisfactory results over the next few years. The outlook appears favorable for the African producing regions where labor costs are relatively low, and production in Indonesia can be expected to recover once internal conditions have become stabilized. At the same time, world demand seems likely to continue its upward trend with little indication of production tending to overhaul the growing demand.

TEA

Current situation

For the first time since the end of the war, exportable tea supplies were in 1951/52 larger than imports for current consumption. Production increased in all the main exporting countries with the exception of Japan, where the crop was reduced by unfavorable weather conditions. The slightly lower harvest in Northern India was more than counterbalanced by an exceptionally large crop in the southern part of the country. Ceylon, which in 1950/51 produced a crop 42 percent larger than prewar, again increased production by 3 percent, and Pakistan harvested a record crop. Indonesia's production rose to 62 percent of the prewar level, notwithstanding labor difficulties and the spread of blister blight disease.

Although exports in 1951 from the main producing countries were 13 percent above those of 1950, marketing encountered some difficulties, especially of lower quality teas (Table 47).

TABLE 47. — TEA EXPORTS FROM MAIN PRODUCING COUNTRIES

COUNTRIES	1954-58	1950	1951*	Percent increase over 1950
	<i>(.thousand metric tons.)</i>			
India	151.3	177.3	196.6	+ 11
Pakistan.		7.3	25.4	+ 248
Ceylon	99.6	136.8	138.4	+ 1
Indonesia	67.6	31.0	40.0	+ 29
Japan.	18.6	7.2	8.6	+ 19
China ^a	40.9	13.6	14.5	+ 7
Other Far Eastern	12.2	9.1	10.5	+ 15
Brit. East Africa.	3.1	5.6	5.9	+ 5
Nyasaland.	3.4	6.9	7.1	+ 3
Others ^b	0.4	3.7	3.7	—
TOTAL.	397.1	398.5	450.7	+ 13

* Preliminary.
^a Estimates of the International Tea Committee.
^b Including Mozambique, Iran, Brazil, Turkey, Southern Rhodesia, Union of S. Africa, Mauritius.

Imports and consumption were higher in 1950 and 1951 than in prewar years in the United States, Canada, most South American and African countries and in Oceania, but increases in consumption have been very small and no new markets have emerged to absorb larger supplies. In the United Kingdom, which before the war absorbed about half of the total supplies entering international trade, rationing continued and total consumption was about 10,000 tons lower than prewar, despite the increase in population. Imports rose in 1951 to almost prewar levels, but most of the increase went for rebuilding stocks and did not enter current consumption. Imports by other European countries averaged 17 percent below the prewar volume. The Eastern European market has been reduced to a fraction of prewar; consumption has not yet returned to prewar levels either in Germany, or in the Netherlands which were before the war the largest importers of tea on the European mainland.

Following the rise after the outbreak of hostilities in Korea, prices declined in all the main auctions, especially of lower quality teas. The average for all teas at the London auctions fell from 43.68 pence a lb. during the 1951 season to 35.51 pence in 1952, or 19 percent. The price of Ceylon tea declined relatively less, but those of South India, Africa and Malaya relatively more, between 32 and 42 percent. On the Calcutta auctions,

prices declined from 38.7 pence on 28 May 1951 to 23.3 pence on 24 March 1952. Even so, 1952 season prices were still 150 to 200 percent higher than prewar.

Outlook

Production in 1952/53 is promising. In North India, weather conditions have been favorable and total Indian production is likely to exceed the 1951/52 crop. In Ceylon, the campaign against blister blight is proceeding with a high degree of success. In Japan, production is likely to rise. On the consumption side, the most important development is the increase in the United Kingdom ration which will raise import requirements by about 30,000 tons a year. Indications are that further relaxation of United Kingdom control of consumption and imports might be announced if production expands and prices do not advance unduly. The efforts of tea-producing countries to expand consumption in the United States and in European countries are likely to show slow but steady results.

COCOA

Current situation

Cocoa production in 1951/52 at 679,000 metric tons was lower than at any time since the abandonment of international allocations in 1949. The decline was due to lower crops in almost all the major producing areas, the Gold Coast, Brazil, Nigeria and French West Africa, which normally contribute 75 to 80 percent of the total world production. In the other 25 countries, total production remained practically unchanged (Table 48).

TABLE 48. — WORLD PRODUCTION OF COCOA BEANS PREWAR AND 1941/42-1951/52

YEARS	Gold Coast	Nigeria	Fr. Africa	Brazil	Others	TOTAL
	<i>(. thousand metric tons)</i>					
1934/35-1938/39	283	96	83	124	144	730
1941/42.	255	99	62	132	113	661
1942/43.	211	113	55	109	112	600
1943/44.	199	75	44	125	123	566
1944/45.	232	88	74	109	116	619
1945/46.	213	104	76	110	124	627
1946/47.	195	113	78	148	128	662
1947/48.	211	77	78	97	139	602
1948/49.	283	110	105	128	148	767
1949/50.	250	103	102	161	157	775
1950/51.	266	112	115	131	157	755
1951/52.	214	107	95	110	153	676

The demand for cocoa products has increased in Latin America, Africa, Asia and Oceania and although per caput consumption in underdeveloped countries is still a small fraction of the average consumption in Western countries, consumption has been rising. Until World War I, 70 percent of world net imports went to Europe, and 26.6 percent to the United States and Canada. The rest of the world absorbed only 3.4 percent. The big change between the two world wars was the increase in United States and Canadian imports to about 39 percent while the share of Europe declined to 57.7 percent. Since the end of World War II, cocoa-producing countries of Central and South America have retained for domestic consumption a much larger proportion of their crop than before, and imports into countries outside Europe and North America have risen from 3.7 to 5.2 percent.

The average price of "spot" cocoa on the New York Cocoa Exchange will probably be close to 35 cents per lb. for 1951/52, as compared with 32.1 cents in 1949/50, and with the average of 33 U.S. cents per lb. during the 5 years 1947-51. Prices in non-dollar countries were from 2 to 4 cents higher. These prices compare with the average of 6.1 cents during the last five prewar years. The rise is impressive even after current prices are deflated by the general United States wholesale price index (1926 = 100), the price being about 20 U.S. cents per lb. for the postwar years, as compared with the 1935-39 average of 7.5 cents. Unlike most commodities, cocoa prices showed no decline after the collapse of the post-Korean boom.

Some countries have established high export duties on cocoa beans, and revenue from this source has been used both for general administrative expenses and for special development projects. The British West African territories, where the cocoa crops are marketed by official bodies, have built up large reserves to stabilize prices if they decline.

Outlook

There is no reason for anticipating a recurrence during 1952/53 in all the major cocoa-producing areas of the unfavorable weather conditions which were largely responsible for the poor crops in 1951/52. However, long-term prospects for a substantial increase in production are not promising. New plantings in Brazil, the Gold Coast, and Nigeria will be barely sufficient to compensate

for the decline in the yield of senile trees, the inroads of swollen shoot disease, and other factors which are tending to reduce yields. Production will expand in French and Belgian territories of Africa and in most of the 25 countries which now contribute about a quarter of world production. Plantings are also taking place in countries which have not previously produced cocoa. Still, the total increased contribution from these sources during the next 5 or 6 years is likely to be comparatively small, and no major increase in world supplies of beans over the average for the 3 years 1948-50 can be anticipated during this period. The increased world buying power and demand for cocoa products, with supplies no larger than prewar, have resulted in the high postwar price rise. The upward trend in world demand seems likely to continue over the years ahead, and all the cocoa that can be produced in the next few years is likely to be absorbed at relatively high prices.

TOBACCO

Current situation

Production of manufactured tobacco increased in most countries during 1951/52 and the demand for leaf tobacco was strong as the industry made efforts to increase stocks which generally, since the war, have been below the normal relation to annual requirements (Table 49).

World leaf tobacco production in the 1951/52 crop year was approximately 100,000 tons (3 percent) above the 1950/51 level. Production in Asia and Latin America decreased but this was more than offset by increases in North America and Africa.

The tobacco area in the United States and Canada increased substantially as a result of larger area quotas. There were some increases in area in Asia and Africa but yields were lower.

World production of flue-cured Virginia cigarette tobacco increased by 184,000 tons but the total production of other tobacco types decreased. The United States flue-cured crop increased by 15 percent and reached a record high level of 659,000 tons, 43 percent higher than the average of the last ten years. Canadian flue-cured production was the largest on record.

Amongst other major cigarette tobacco types the United States Burley crop reached a record level of 24 percent above the 1950 figure. Production of oriental cigarette tobacco increased in Greece and Yugoslavia whereas Turkey had a slightly lower production.

TABLE 49. — PRODUCTION AND EXPORTS OF LEAF TOBACCO, PREWAR AND 1949-51

REGION	PRODUCTION				EXPORTS			
	1934-38/39 average	1949/50	1950/51	1951/52	1934-38 average	1949	1950	1951
	(..... thousand metric tons)							
Asia and Oceania ^a	1 485	1 213	1 229	1 172	116	55	79	80*
North America ^b	618	958	976	1 129	203	233	228	249
Europe ^c	335	441	455	462	129	150	111	104*
Latin America.	209	312	304	281	58	73	72	78*
Africa	70	130	130	150	31	63	75	69
WORLD TOTAL ^d	2 717	3 054	3 094	3 194	537	574	565	580*

* Unofficial estimate.

^a Excluding Turkey.^b United States and Canada.^c Including Turkey.^d Excluding U.S.S.R.

Tobacco exports in 1951 reached 580,000 tons, only 15,000 tons above those in 1950. The United States exports of 236,000 tons were the highest since the record of 1946 and about 20,000 tons above the previous year. Most remarkable was the 101,000 tons export to the United Kingdom, 66 percent over 1950, although the value of ECA paid shipments to the United Kingdom was less than one-third of the previous year. United States exports to Western Germany were only 22,000 tons, a decline of 40 percent from 1950 although ECA paid shipments to that country were at least two-thirds of the previous year.

Total ECA paid shipments from the United States in 1951 amounted to \$72.6 million against \$149.8 million in 1950 and \$153.4 million in 1949, so that the expanded exports in 1951 have been mainly based on the regular dollar earnings of the importing countries.

Exports from Brazil, Cuba and India were at the same level as the previous year. Southern Rhodesian exports in 1951 fell 25 percent below those of 1950 because of the smaller crop.

Exports of oriental tobacco from Turkey and Greece increased in 1951 but Greek exports were still only two-thirds of prewar whereas Turkey's have doubled.

Leaf tobacco imports into Europe (excluding Eastern Europe) in 1951 increased to 410,000 tons — 11 percent above 1950 but only 5 percent higher than the prewar level. This region accounted for approximately 70 percent of world imports. Total

imports to the United Kingdom increased only by 22,000 tons, mainly a result of reduced shipments from India and Southern Rhodesia. Commonwealth countries supplied 37 percent of the total as against 48 percent in 1950. United Kingdom imports in the first quarter of 1952 continued very high, with heavy imports of flue-cured tobacco from the United States and Canada. Imports of other leaf types were practically unchanged and Commonwealth supplies accounted for only 50 percent as against 70 percent in the same quarter of 1951. The announced cut in dollar spendings on tobacco imports in 1952 have not affected imports in the first quarter of the year.

Western Germany's imports in 1951 were almost unchanged from 1950 in spite of the decrease in supplies from the United States, but France and Belgium had increases of about 50 percent over 1950. The United States also increased her imports of oriental cigarette tobacco for blending.

Stocks of unmanufactured tobacco in the United Kingdom increased in the latter part of 1951 and reached the highest level since 1938.

In the United States as of April 1952 there were substantial increases in the holdings of flue-cured, Burley and Maryland tobacco, slight increases in stocks of Turkish tobacco and slightly lower stocks of fire-cured and dark air-cured tobacco. Stocks of flue-cured and Burley tobacco were substantially higher than prewar in absolute quantities but only slightly higher in relation to the increased requirement.

By the end of April 1952, Greece still had a 22,000 ton carry-over of tobacco from the 1950 and earlier crops. This is the equivalent of more than two-thirds of 1951 exports and 70 percent of the 1951 crop was still in the hands of producers. The stocks held by the Turkish Monopoly are not known, but they are no longer assumed to exceed requirements for domestic use.

Tobacco prices in 1951 were slightly lower on an average than in 1950 but there was no uniform trend. Prices paid to farmers in the United States for the 1951 flue-cured crop averaged about 52.4 cents per pound against 54.7 for the 1950 crop. This decline is partly explained by the larger proportion of lower-priced grades in 1951. Burley prices increased from 48.9 cents to 51.0 cents per pound. Average prices of dark air-cured and fire-cured tobacco increased substantially but mainly because of an improvement in quality compared with the previous year. Average prices of flue-cured as well as of Burley tobacco exceeded the support prices.

The average price received for the Southern Rhodesian flue-cured crop sold during 1951 was 34.6d. per lb., 3.1d. per lb. less than for the 1950 crop. The 1951 crop, however, contained a higher proportion of low-grade leaf for which there was only a limited demand.

The average value per lb. of United Kingdom imports of unstripped leaf consisting mainly of better grades increased to 56.1d. in 1951 as compared with 52.2d. and 41.6d. per lb. in 1950 and 1949 respectively. The average value of imports to the United Kingdom of flue-cured tobaccos from all countries rose, but those of Nyasaland dark fire-cured and Greek Oriental leaf showed a further decline.

Outlook

Total supplies of leaf tobacco in 1952/53 are likely to increase further and supplies in the hard currency countries may exceed demand.

The area allotments for flue-cured and Burley in the United States are practically the same as last season. If yields are approximately the same as the average for recent years, United States production in 1952/53 will be close to last year's. Price supports for these types are being continued in 1952/53 and the support level is only slightly lower than last season.

Canadian producers have however undertaken a drastic reduction in the area under flue-cured tobacco, anticipating reduced exports to the

United Kingdom and a lower consumption. The Marketing Board of Ontario has set this year's area at two-thirds of the base area or 35,400 ha. against 43,000 ha. in 1951. Area allotments for Burley and cigar tobacco have been cut.

The 1952 plantings in most other countries are not yet known but the strong demand for tobacco payable in soft currency is likely to stimulate further expansion in area.

The United Kingdom has announced a £22 million cut in 1952 imports from the United States and Canada, a 30-40 percent reduction compared with 1951. However the United States has granted some credit facilities through the Commodity Credit Corporation to finance a sizable amount of flue-cured tobacco held under option for United Kingdom manufacturers. It is not yet clear to what extent the financing of tobacco exports will be included in the Mutual Security Administration's activities, but it has been indicated that tobacco may be included because of its vital importance to the fiscal policy of European countries. It is probable, however, that any support given after June 1952 will be more limited than under the ECA program.

COTTON

Current situation

Total cotton production for the season, estimated at 34.5 million bales, is the largest in postwar years and the second largest on record. The very high prices prevailing at planting time were a great incentive to acreage expansion. Although a ceiling was provided by the official maximum price in the United States, prices received by farmers in April 1951 at time of planting averaged 50 percent higher than in April 1950 and were 28 percent above the parity price. Acreage restrictions being lifted, area planted increased by 50 percent to 28 million acres. The yield improved slightly and production increased by rather more than half to over 15 million bales.

In other countries, the area planted to cotton has generally increased gradually during the postwar period; the need to maintain and increase food crops has limited the expansion in many countries. Nevertheless, with uncontrolled prices for non-United States cottons relatively high, the incentive to plant tended to be even greater outside the United States. It is not surprising, therefore, that the scale of expansion last season

in many countries was greater than in any preceding postwar season. Increases in the cotton area were specially marked in the Near East countries, e.g. Syria (130 percent), Turkey (43 percent). Mexico increased its cotton area by 28 percent and Argentina by 20 percent. Food production policies prevented any expansion in Egypt, but were less restrictive in India, where the cotton area increased 10 percent.

Despite efforts to expand production, farmers in many countries were not fully rewarded. Yields generally were affected by the extension of production into marginal lands and by the employment of unskilled labor. In the Near East, there was very heavy insect damage. Drought adversely affected yields in Mexico, and weather was unfavorable in Egypt, the Sudan and Pakistan. Only in India was there an increase in production nearly commensurate with the expansion in acreage. As a result, production increased only 2 percent outside the United States — apart from the Soviet Union and China, where strenuous efforts are reported to have resulted in an increase of 20 percent in cotton production.

The contraction in 1951/52 in textile operations and in cotton consumption follows a period of unprecedented activity caused by the Korean conflict and by fears of scarcity. Cotton and cotton textile prices had been carried to extraordinary heights and there was an accumulation of textile and apparel stocks at all levels from manufacturer to consumer. With the trend towards more stringent monetary conditions and the prospect of increasing fiber supplies, traders during the past year have tried to move excessive textile stocks. Moreover, since the demand on military account has proved to be smaller than expected, acute competition has developed and textile prices have been falling steadily in the face of a pattern of civilian consumer expenditure which has become unfavorable to apparel and textiles. Traders reduced their orders on textile manufacturing industries and the latter reduced their commitments for cotton, the decline in cotton prices inducing caution.

A feature of the recession has been that cotton textile industries operating under quite different conditions have been affected. In the United States, although cotton prices were still rising, mill margins for cotton textiles began falling as early as the beginning of last year. By April 1951, cloth prices were under pressure. The recession was continuous throughout the following twelve months, textile prices falling by 30

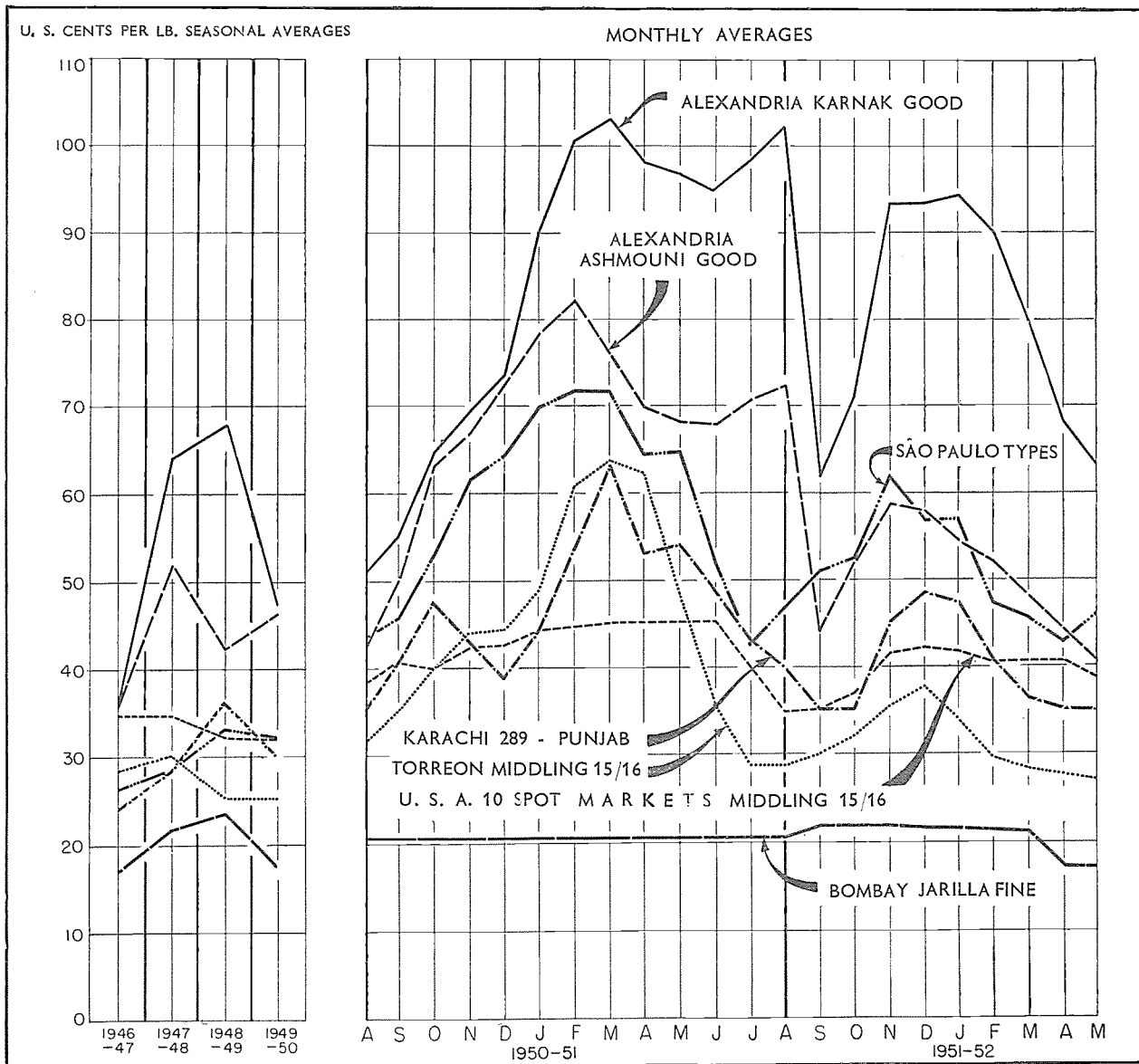
percent and mill margins by a half. Meantime, mill activity continued to contract, the rate of cotton consumption in March 1952 being about 20 percent lower than a year earlier. Over the whole season, consumption may be 12 to 15 percent lower, which represents a significant drop since the United States accounts for about one-third of the global consumption.

Other major cotton manufacturing industries, (excluding U.S.S.R. and China) have also suffered the recession. It is not clear whether the recession will have any great effect in India where the industry operates under relatively low controlled domestic cotton and cotton textile prices and enjoys an advantageous competitive position in export markets. In Japan, as in India, recession came rather late in the season. A large unsatisfied domestic market for textiles (rationing was only abolished in Japan in 1951) and, in Japan, substantial military orders, offset the fall in exports. From March, Japanese output of cotton textiles became subject to an officially enforced reduction to 40 percent below capacity level. In view of substantial earlier expansion, however, the volume for the entire season may not show any reduction.

European textile industries were affected by the recession later than the United States, but before the industries of the Far East. The impact was particularly severe in those dependent upon textile export markets. Curtailement commenced at the turn of the year in the United Kingdom and the Low Countries. By mid-1952, it had spread to practically all Western Europe. In the United Kingdom, the decline in output was as steep as 40 percent, and elsewhere production fell in varying proportions up to 20 percent, as compared with a year earlier. European consumption of cotton in 1951/52 will therefore be considerably less than in the preceding season.

The decline in cotton prices from the high level reached during 1950/51 began in April 1951 with better supply prospects. Since prices and exports of American cotton had been subject to a maximum, the shortage had much more effect on the prices of other growths. Nevertheless, with the prospect of a very large crop in the United States, prices there fell sharply to only a few cents above the support level. Following a temporary recovery, the trend has been generally downward. The decline of prices of non-United States cottons was much more marked. Shortage and United States export restrictions had

CHART XXI - COTTON PRICES AT VARIOUS MARKETS POSTWAR



forced them to extraordinary heights, and heavy export taxes had been in force. With an ample United States supply at relatively low prices, the demand for non-United States growths subsided and prices were reduced. As a result, Brazil, Egypt, Pakistan and some other countries have been undertaking price support operations. As the season progressed, however, there was a move to sell cotton below earlier support levels and to reduce export taxes, in order to stem the accumulation of cotton stocks (Chart XXI).

Outlook

Even assuming that the textile recession has no deep-seated economic cause, there is little to indicate what the timing and scope of recovery will be. Available information suggests a further easing of the overall cotton supply situation, production continuing in excess of consumption and both possibly subsiding somewhat.

Supply and consumption in the last three seasons, as recorded by the International Cotton Advisory Committee, are as shown in Table 50.

TABLE 50. — COTTON: SUPPLY AND CONSUMPTION

ITEMS	1949/50	1950/51	1951/52
	(. . . million bales of 478 lb. net. . .)		
Opening stocks	15.1	16.7	11.2
Production	31.2	27.8	34.5
TOTAL SUPPLY	46.3	44.5	45.7
Consumption	29.6	33.3	32.5
CLOSING STOCKS.	16.7	11.2	13.2

Thus, the 1952/53 season may open with a carry-over of 13.2 million bales. Given a repetition of the 1951/52 volume of production, total supply in 1952/53 would be about 48 million bales — a record postwar supply. It appears however that production is unlikely to be as large as in 1951/52. Price is less favorable to cotton planting. In some countries crops less susceptible to the pests affecting cotton may be grown. With governments committed to supporting prices at near current levels, plantings may be restricted to smaller areas.

Much depends on the United States crop which accounts for from 40 to 50 percent of the world total. Acreage controls are not in force and the official view is that a crop of up to 16 million bales is possible. However, the first official report indicates that the area planted is 7 percent smaller than last season. On the other hand, acreage abandonment was unusually heavy last season and yields were no higher than the postwar average. Given normal weather conditions the 1952/53 crop may be 15 million bales.

Elsewhere, reduced cotton areas have been reported from the Middle East and Mexico. Although the area in Egypt may show little change, yields have been falling steadily for the last few years. In India and Pakistan little expansion is to be expected because of food production priority and technical reasons, but yields may improve. In Africa, immediate prospects for expansion are limited. On the whole, last year's production outside the United States may well be taken as a maximum for the 1952/53 season, especially because of the recent exceptional harvests in the Soviet Union and China.

Consumption recovery awaits a trade revival in textile industries. Greater scope for a fall in textile prices is provided as the replacement value of raw materials declines. As this takes place, it should quicken the disposal of excessive textile stocks in the earlier stages of the produc-

tion chain. A larger movement of textiles into consumers' hands is, of course, also dependent on increased real incomes, particularly in areas where clothing standards are relatively low.

As far as the textile industry is concerned, manufacturers will feel more inclined to accelerate their operations when cotton prices show more signs of stability. The level at which this is achieved will, of course, also effect to some extent manufacturers' choice between cotton and rayon. In major textile manufacturing countries, rayon continues to be the cheaper, and displacement on a greater scale than in the earlier postwar years is now possible as a result of the great expansion in rayon production capacity. Consequently, unless the price relationship changes, cotton is not likely to enjoy the full fruits of recovery in textile industries.

Rayon is now the second most important apparel fiber, accounting for 17 percent of total consumption in 1951 as compared with 11 percent in 1939. Until the Korean outbreak, which injected large-scale military requirements, much more important in cotton than in rayon, into the demand situation, cotton consumption was still 4 percent below the prewar volume whereas that of rayon was 20 percent above it. The recession in demand, being largely civilian, will tend to have a greater impact on rayon (Table 51).

TABLE 51. — INDICES OF COTTON CONSUMPTION AND RAYON PRODUCTION

YEAR	Cotton	Rayon ^a
1938/39	100	100
1948/49	92	111
1949/50	96	120
1950/51	108	150
1951/52	105	177

^a Calendar year.

WOOL

Current situation

The gradual increase in world wool production over the last few seasons virtually came to a halt in 1951/52. Drought caused some decline in the Australian clip, and adverse pastoral conditions prevented any further significant recovery in the Cape clip. Argentine production declined slightly.

There has been some increase in sheep numbers in the socialized sector of the economy in the Soviet Union, but it is not known to what extent this has been at the expense of the private sector. In the other main wool-producing countries — New Zealand, the United States, Uruguay — production remained virtually unchanged.

On a clean basis, the 1951/52 clip is estimated at 1,040,000 metric tons. Joint Organization stock wool was not a factor in the supply situation as it had been in earlier postwar seasons, the United Kingdom-Dominion wartime accumulation having been practically all disposed of by mid-1951. There were, however, considerable commercial stocks in producing countries; in particular, about one-third of the previous season's New Zealand clip, which had remained unsold on account of the waterfront strike in the autumn of 1951. There was also a substantial accumulation of wool in Argentina which has not yet come on to the market.

Both the woollen and worsted branches shared fully in the recession which overtook the entire textile industry in the 1951/52 season. Although the relatively high demand for wool textiles since the war was unlikely to continue, the downward adjustment was accentuated by the results of the Korean conflict. When the immediate buying movement which followed the outbreak of the Korean war ended, consumers and distribution channels were exceptionally well stocked from purchases on a rising market. The effects of this worked their way back to the mills, leading to a precipitous decline in both home and export demand for mill products. The situation was further aggravated by the decline in raw material values which occurred in the spring of 1951 and which made consumers and traders even more hesitant to buy.

The decline in mill operations was accompanied by a proportionately greater reduction in wool consumption in 1951. The exceptionally high price of wool in the 1950/51 season had caused a significant increase in the use of materials other than virgin wool in the manufacture of wool textiles. It was not until the second half of 1951, when wool had become much cheaper, that the trend towards a greater use of other materials was halted.

Wool consumption fell by 16 percent in 1951 to 1,020,000 metric tons, clean basis — the lowest level since the war. The decline would have been even more severe but for the large volume of orders for military requirements (both for cur-

rent needs and reserves), particularly in the United States where apparel wool consumption was reduced much less than in Western Europe. It is estimated that military orders accounted for as much as 45 percent of United States apparel wool consumption in 1951. Among the major wool-consuming countries, the only one remaining unaffected by the general downward trend was Japan. Japanese consumption not only continued to increase, but was as much as 60 percent greater in 1951 than in the previous year (Table 52).

TABLE 52. — WORLD CONSUMPTION OF WOOL

COUNTRY	1948	1949	1950	1951
(..thousand m. t., clean basis..)				
United States	320	232	289	222
United Kingdom.	219	223	235	180
U.S.S.R.	75	90	90	100
France	116	119	115	90
Germany (Federal Republic)	21	41	58	53
Italy	62	54	57	44
Japan.	5	7	23	36
Belgium.	28	27	33	25
Other countries	304	307	304	276
TOTAL	1 150	1 100	1 210	1 020

After the third quarter of 1951, the decline in wool consumption was at least halted, but there is as yet no real evidence of general recovery. Over the 1951/52 season, consumption has been about 25 percent below the level of the previous season, and for the first time since the war, less than current production.

Trade in wool also diminished by about 25 percent in the 1951/52 season. Exports from Australia have been running at a lower rate than in the previous season. On the other hand, New Zealand exports have been substantially higher since they included shipments from a carry-over enlarged by last season's waterfront strike. But the most striking development has been the drastic decline in South American exports which, in the first half of the season, were only one tenth of the volume usually exported. Prices of South American wool have been high in relation to those prevailing in the world market. Government licensing policy and fears of devaluation have interfered with shipment. It was not until May that the South American markets began to show some signs of animation (Table 53).

TABLE 53. — EXPORTS OF WOOL FROM CHIEF EXPORTING COUNTRIES

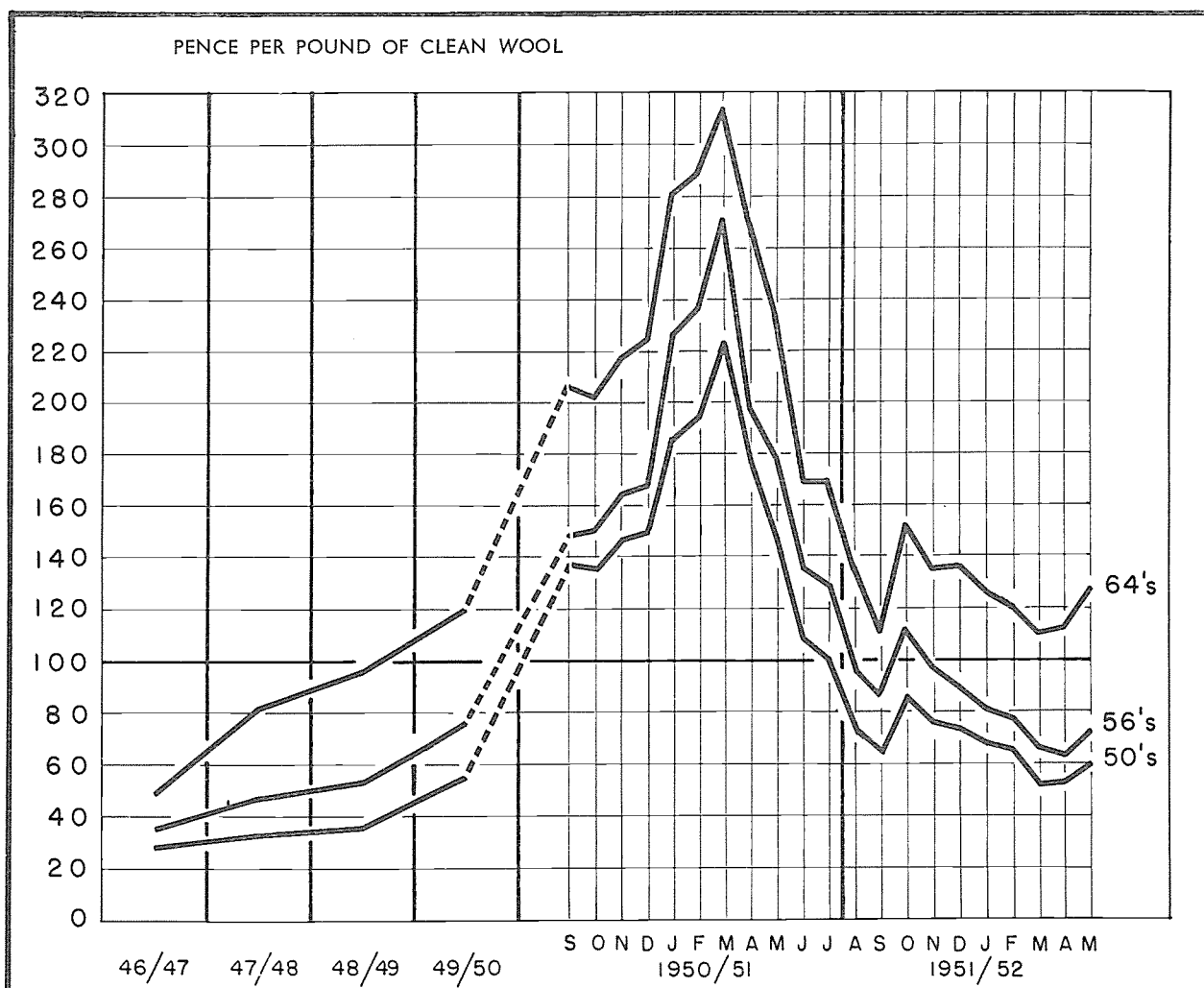
COUNTRY	July - December	
	1950	1951
	(thousand m. t. actual weight)	
Australia	216	167
New Zealand	42	83
South Africa	48	41
Argentina	46	4
Uruguay	50	6
TOTAL	402	301

Imports into all major importing countries, with the exception of Japan, have been reduced both in accordance with the lower requirements

of the industry and in view of the lack of confidence in values. Trade stocks in consuming countries had generally been run rather low towards the end of the season.

After a very irregular market early in the season, prices again moved downwards at the beginning of 1952. The need to cover requirements led to some price recovery as the season was drawing to its close. Average prices appear to have been not much more than half the exceptionally high values of the 1950/51 season. At the end of the season they were below the level existing before the Korean conflict. The differential between qualities widened as prices declined, but towards the end of the season the pre-Korean relationship between Dominion wool qualities was re-established (Chart XXII).

CHART XXII - WOOL PRICES AT DOMINION AND UNITED KINGDOM AUCTIONS POSTWAR



The 1951/52 season saw the final liquidation of the Joint Organization stockpile. Intergovernmental negotiations for an Inter-Commonwealth Organization to continue operating the reserve price scheme, which had been a feature of the J.O. disposals plan, had been proceeding for some time, but the joint plan was abandoned, after having been rejected by the Australian wool growers in a referendum in August 1951. South Africa decided that it would not be practical to operate a reserve price scheme without the participation of Australia; but New Zealand introduced a scheme of its own covering New Zealand wool (except slipes) sold at auction in the Dominion or the United Kingdom. The scheme came into effect in January 1952 at an average reserve price of 24d per lb., greasy, ex-store New Zealand. The New Zealand Wool Commission supported the market during the second half of the season by buying small quantities of wool in New Zealand and London, which failed to reach the Commission's reserve price.

Meantime the United States 1952/53 price support program on the basis of an average price of 54.2 cents per lb. greasy basis became operative in February 1952. Support prices especially for finer wools proved to be high in relation to prices prevailing in world markets in subsequent months. Consequently United States demand was attracted to overseas sources while United States supply was entered to some extent in the Government loan.

Government programs, therefore, in the United States and New Zealand and in the United Kingdom, where the acquisition of a stockpile of 22,000 tons was in progress, strengthened the wool market, especially in the later part of the 1951/52 season.

Outlook

Estimates of the coming clip are not yet available, but after the unfavorable weather conditions of 1951/52 in Australia and South Africa, there seems little prospect of any significant increase in production. It generally takes a season or two after a drought before wool production begins to recover. Efforts to increase production may very well continue, however, in view of the lesser incentives provided by alternative products. The level of production is still somewhat above the prevailing rate of consumption.

With real incomes in the main wool-consuming countries and in wool textile export markets remaining high, there is reason to believe that the

present recession in wool-manufacturing industries will be short-lived. The public has generally held off buying for about a year and traders holding high-priced textile stocks have been reluctant to order ahead. With the current lower wool values and textile prices the prospects of a revival of buying by consumers and traders are now decidedly more favorable. The prospects for the industry and the wool market depend basically on how soon this will be realized and in what measure — particularly as the government sector of the market promises to be less important than in the last twelve months.

While stocks both of textiles and raw wool in consuming countries are being progressively reduced, any substantial resumption in buying may well cause a temporary pressure in some sectors of the market. Though raw wool stocks are generally low in consuming countries, there are substantial stocks of crossbreeds in South America, notably Argentina, which a rise in world prices would be likely to bring on to the market.

JUTE

Current situation

A sudden transition from severe shortage of jute to relative plenty occurred in the 1951/52 season. Throughout the postwar era, jute and jute products have been in short supply, particularly in the first half of 1951 when prices were 12 or 15 times above prewar level. With the advent of much larger crops in 1951/52, prices fell and except for the best qualities of white jute and good tossa supplies became plentiful. Demand for jute goods, however, fell towards the middle of the season, and imports of raw jute were reduced. On the basis of Indian consumption and overseas exports from Pakistan, total absorption of raw jute will exceed production in 1951/52 by 15 percent. This will be the first increase since the end of the war. Moreover, stocks of jute goods have accumulated in the Calcutta mills (Table 54).

Both Pakistan and India expanded their jute acreage by 35-40 percent in 1951/52, resulting in a crop of over 10 million bales. This was the first time since 1940 that production exceeded the prewar level. Yields in Pakistan were about average. In India yields, although slightly higher than last year, are still markedly lower than in earlier postwar years. This is probably largely due to the extension of acreage outside West Bengal into areas less suited to, or less experienced in, jute cultivation.

TABLE 54. — RAW JUTE : PRODUCTION AND DISTRIBUTION

ITEMS	1934/ 35- 1938/ 39 aver- age	1949/ 50	1950/ 51	1951/ 52
	(... thousand metric tons ...)			
<i>Production</i>				
Pakistan	1 860	605	808	1 148
India		560	597	849
TOTAL	1 860	1 165	1 405	1 997
<i>Exports</i>				
From Pakistan	760			
to India		305	460	400*
Overseas		317	773	650*
From India		109	—	—*
TOTAL OVERSEAS	760	426	773	650*
<i>Consumption</i>				
India	1 178	905	966	950

* Estimated.

With more raw jute, mills in Calcutta extended their operations in December 1951. Hessian was then relatively unprofitable and 12½ percent of the Hessian looms remained sealed. This was attributable mainly to a continued fall in the United States demand, by far the largest market. The fall was particularly marked in 1951 when a high rate of export duty was in force. The extension of operations by the Calcutta mills was short-lived, as larger output of sacking was not absorbed, and at the end of March they reverted to the 42½ hour week.

To encourage exports, the Indian Government halved the export duty on Hessian in February and subsequently abolished quotas on exports of gunnies to soft currency markets. Even after the cut in the export duty, the Calcutta industry was being undersold by European mills which increased their exports significantly to the United Kingdom, the United States, and other markets. In the United Kingdom, where notable improvements have taken place in the productivity of the Dundee industry and where the more ample supply of raw jute has made possible the abandonment of rationing, domestically produced goods have made headway against Indian. Consequently, there was a further reduction in Indian export duty on both Hessian and sacking in May 1952.

The general recession in demand also affected the jute industry in other centers, notably Dundee. In the weaving section, the decline in activity

appears to have been comparatively short-lived, but a lower level of demand persisted for non-weaving yarns, largely due to the reduced operations of carpet weavers. Similar conditions prevailed in the United States where yarn production is almost entirely for purposes other than weaving.

Because of the large domestic crop and the state of demand for their finished products, the Calcutta mills have not been taking up their full quota (2.5 million bales for the season) of Pakistan jute. Shipments from Pakistan overseas, which in 1950/51 regained the prewar level of exports from undivided India, have also been smaller in 1951/52.

With falling exports, prices in Pakistan receded sharply in the early months of 1952. In March, the Pakistan Government announced for the interior a new schedule of minimum prices for loose jute, while the Jute Board expressed its willingness to buy jute at the minimum prices. In the Calcutta market, prices showed signs of falling further. At the end of June 1952, the Pakistan minimum price was reduced by about 26 percent.

Outlook

The Pakistan Government has increased the licensed area by 10 percent. Last season, 97 percent of the licensed area was planted, but this season's jute prices at planting time were far less favorable as compared with rice prices and plantings are reported to have been no higher than in the previous season. In India, the area planted is expected to be rather less than in 1951/52. There is a feeling in Indian Government circles that jute cultivation should encroach no further on food production, and increased output should come through higher yields.

Given favorable weather, production should again be adequate to meet the requirements of jute industries, and a recurrence of the very high prices of previous years seems unlikely. Such prices had greatly encouraged the displacement of jute, at both the raw material and manufactured goods stages. Illustrative of this is the increasing use of paper as a packing material in the United States.

The quantity of material used in the manufacture of bags increased 62 percent between 1939 and 1950, but whereas paper expanded fourfold the usage of jute burlap declined 17 percent. A similar development, if to a less marked degree, has been taking place in other countries. Meanwhile, the production of substitute fibers, although still quite

limited, is being expanded in the Belgian Congo, French Equatorial Africa and elsewhere.

As regards jute manufactures, the market for these is becoming more competitive. The Calcutta industry is still predominant, but a good deal of re-equipment has taken place in European mills. Ten jute mills are being set up in Pakistan with an aggregate of 6,000 to 7,000 looms. These are to have a capacity for processing about one million bales of jute a year. In the 1951/52 season the first Pakistan jute mill came into operation and the first exports of hessian were made to the United States. The effect of the Pakistan industrialization program will not be seriously felt for another three years, but since manufacturing capacity is already much in excess of the highest levels of output that have ever been reached, it will ultimately have a considerable effect upon the jute industry in other countries.

Since raw jute is a large element in the cost of the goods produced, Pakistan and India with their ample supply of domestic raw material are in an advantageous position. Moreover, the export tax in Pakistan in effect provides a subsidy to the local industry. If carried too far, it will serve to intensify the search for substitute fibers and alternative packing materials.

RUBBER

Current situation

Production of natural rubber in 1951 showed a trend similar to that of prices. During the first four months output exceeded the volume produced in the corresponding period of 1950. After April output declined until the end of the year. Thus, whereas world output in the year ending April 1951 was about one-third larger than in the preceding twelve months, that for the year 1951 showed no advance on 1950. While insurrection interfered with

production in Malaya, the fall in rubber prices, coinciding with advancing costs of production and of living, was unfavorable to production. The only significant advance in output was in Indonesia, chiefly in smallholdings and in the earlier part of the year when prices were relatively favorable. Indonesian output was 16 percent larger than in 1950, offsetting the decline in Malaya and elsewhere.

World consumption of natural rubber declined by 12 percent in 1951, the drop being accounted for by the United States where restrictions were in force with a view to accumulating strategic stocks. Consumption elsewhere increased by about 5 percent and there was strategic stockpiling in countries other than the United States.

Production of synthetic rubber increased continuously throughout the year in the United States, as did consumption, while consumption of natural rubber fell. Despite restriction, consumption of both kinds of rubber in the United States declined only slightly in 1951, but the natural rubber proportion dropped from 57 to 37 percent.

Natural rubber prices, which had receded almost continuously in 1951, declined more steeply in the early months of 1952 with the fall in the United States stockpile purchases and the continued restrictions on imports and consumption. By the middle of the year, however, private importation was fully restored, the New York market was about to re-open and the ceiling on United States rubber consumption had been removed. Natural rubber prices were then more stable at the pre-Korean war level of about 28 U.S. cents per lb. which is 5 cents above the United States Government fixed price for GR-S synthetic rubber.

Outlook

The world and United States supply/demand situation in 1952, as forecast by the International Rubber Study Group, is shown in Table 55.

TABLE 55. — RUBBER : PRODUCTION AND CONSUMPTION — UNITED STATES AND WORLD TOTAL

YEAR AND AREA	PRODUCTION			CONSUMPTION		
	Natural	Synthetic	Total	Natural	Synthetic	Total
	(..... thousand metric tons)					
1951 United States	—	859	859	462	771	1 233
World	1 910	923	2 833	1 524	828	2 352
1952 United States	—	838	838	472	803	1 275
World	1 717	925	2 642	1 473	889	2 362

A drop of some 200,000 tons (11 percent) is expected in natural rubber production, chiefly on smallholdings in Malaya, Indonesia and Thailand, as a result of the discouraging price trend and conditions affecting yields. As regards synthetic rubber, little change in the volume of output is foreseen. In this connection it may be noted that the United States Reconstruction Finance Corporation has been directed to produce GR-S rubber at an annual rate of no less than 600,000 tons until, in addition to satisfying all other requirements, a Government stock of at least 75,000 tons has been accumulated. When this point is reached, production of GR-S may be allowed to fall, but to no less than 450,000 tons annually, and only with a corresponding increase of GR-S stocks up to at least 122,000 tons. Limited exports of synthetic rubber from the United States are now taking place.

World consumption is expected to be about the same in total in 1952, although smaller shipments to China will reduce consumption of natural rubber. The removal of restrictions on the use of rubber in the United States was not expected to have any appreciable effect on the relatively low level of natural rubber consumption there, in view of the price advantage which synthetic rubber enjoyed early in 1952 and which had been increased with the advent of oil-extended rubber. However, the sharp fall in natural rubber prices has narrowed the margin, while the extent to which competition between the two products can take place is limited by a requirement which supports the above-mentioned production directive, that at least 510,000 tons of synthetic rubber (450,000 GR-S and 60,000 butyl) must be consumed.

The estimated excess of production over consumption in 1952 at 275,000 tons is considerably smaller than in the previous year. For natural rubber, it is 240,000 tons as against 380,000 tons. On the other hand, the United States stockpiling program is nearing completion and purchasing is on a decreasing scale. (Lower grade rubber is gradually being rotated out of the stockpile). Moreover, the prevailing price trend is unfavorable to commercial imports and the holding of stocks in importing countries.

In view of the uncertainties in the rubber situation, the International Rubber Study Group resolved to establish a Working Party — “to consider whether measures designed to prevent burdensome surpluses or serious shortages of rubber are necessary and practicable; to prepare drafts of any agreements required to implement such measures; and to report back to the Study Group as soon as possible.”

FOREST PRODUCTS: (a) ROUNDWOOD

Current situation

The 1951 world production (excluding U.S.S.R.) of all categories of roundwood, both coniferous and broadleaved, is tentatively estimated at slightly over 1,080 million m³, as against some 1,020 million in 1950. While production of sawlogs declined from about 365 million m³ in 1950 to some 360 million, the decrease in the United States not being offset by increases in other regions, the expansion in the production of pulpwood was particularly pronounced in all regions.

The heavy demand for pulpwood and other roundwood in 1951 resulted, notably in Europe, in an unprecedented rise in price of 100 percent or more. This was mainly due to the conditions prevailing in Europe, where the locations of pulp mills and other consumers of roundwood, such as coal mines, are not always the same as those of roundwood supplies, and industries therefore in many countries have to rely permanently on imported raw materials. Consequently, the competition between the users of different categories of roundwood, such as pulpwood, pitprops, and sawlogs, has a much greater importance in Europe than in most other regions, where the supplies are more evenly distributed, or not even utilized to their full extent (Table 56).

TABLE 56. — IMPORTS OF FOREST PRODUCTS
1950 AND 1951

Region	Sawn softwood		Pulpwood		Pitprops	
	1950	1951	1950	1951	1950	1951
	<i>in 1,000 stds</i>		<i>(... in thousand m³ r.)</i>			
<i>By</i>						
Europe . . .	2 300	3 000	2 926	5 477	2 434	2 623
<i>of which</i>						
U.K.	800	1 640				
U.S.A.	1 597	1 142	3 614	6 401		
Australia . .	134	208				

Prices in Canada and the United States throughout 1951 showed only minor fluctuations. In North America the decline in the consumption of sawn softwood arising from the reduction in building activity also reduced the demand for softwood sawlogs and made it easier to meet increased requirements of pulpwood. This absence of competition between different categories of softwood in North America, together with the

establishing of price ceilings for sawn wood in the United States, were the main factors contributing to stable prices.

Towards the end of 1951 a pronounced fall in demand occurred. This was partly the result of accumulated stocks and reduced consumption of some forest products and, in Europe, partly the result of the buyers' increased resistance to high forest products' prices. The falling demand for finished products had also an immediate downward bearing on the output of roundwood, particularly of sawlogs, in the main exporting countries (Chart XXIII).

Output of broadleaved roundwood in 1951 was 4 per cent higher than the previous year, due to some substitution of broadleaved sawn wood for sawn softwood because of excessive prices for the latter, and to increased purchases of tropical broad leaved woods by the British Commonwealth sterling countries at the beginning of 1951. The efforts to promote the utilization of forest resources in the underdeveloped areas for both sawmills and pulping also contributed to this increase. Towards the end of 1951, with the balance of payments position of the Commonwealth countries deteriorating, substantial cuts were planned for 1952 imports. This consequently led to a decline in the output of broadleaved roundwood during the first half of 1952.

Outlook

While output in 1951 showed record figures in most regions for many categories of roundwood, the outlook for 1952/53 is less promising. The weakening of the market for wood pulp and pulp products which was already strongly felt towards the end of the first half of 1952, is likely to reduce temporarily the volume of new pulpwood supplies, particularly as industries prefer in a falling market to dispose of their existing stocks before replenishing them. The high level of sawn wood stocks in most countries at the beginning of 1952 and a somewhat reduced consumption considerably decreased the requirements for 1952. Production of sawlogs in the main exporting countries has already declined and sawn wood availabilities for 1953 will decline correspondingly. If the present reduced demand for finished products continues towards the end of 1952 and production is adjusted to the existing requirements, there is a likelihood of a price rise in 1953. Most of the consuming countries will by that time have met their requirements by having drawn largely upon their stocks which consequently will need

replenishing. In the United States where restrictions on financing housing have been greatly eased, construction expanded in the second quarter to above the level of a year earlier and recently starts of new houses have increased. Similarly in Europe (excluding Eastern Europe) it is anticipated that the demand will strengthen with the increase in building activity and military construction. As the production of forest products, however, lags behind changes in demand, the possibility of a new rush for existing supplies is not to be excluded.

(b) SAWN WOOD

Current situation

The world production of sawn wood (excluding the U.S.S.R.) was estimated at some 175 million cubic metres, about the same as in 1950. Production of sawn hardwood rose by 4 per cent to 39.1 million m³ (s) while softwood production fell about one per cent to 139 million m³ (s) (29.7 million standards). The decline in sawn softwood production was due to marked reduction in the United States output, which was not fully offset by increases in other regions (Table 57).

TABLE 57. — PRODUCTION OF SAWN WOOD
1950 AND 1951

REGION	Sawn softwood		Sawn hardwood	
	1950	1951 ^b	1950	1951 ^b
	<i>in thousand stds</i>		<i>in thousand m³.</i>	
North America.	18 945	18 279	18 833	19 583
Europe ^a	8 388	8 611	8 299	8 678
South America.	520	550	1 200	1 300
Africa.	20	20	650	700
Asia	1 820	1 900	3 800	3 900
Oceania	290	300	1 900	1 900
TOTAL.	29 983	29 660	34 682	36 061

^a Excluding U.S.S.R.
^b Estimates.

There was a pronounced upward trend in trade of sawn woods all over the world. The main factor in this development was the great increase of sawn wood purchased by the United Kingdom and other Commonwealth countries, notably Australia, which practically doubled the imports of sawn wood from all sources of supply (Table 56). In the United Kingdom, imports rose to 800,000 standards (3.7 million m³) in 1950, and to 1,640,000 standards (7.7 million m³) in 1951. These increased purchases by the United King-

dom contributed to an extraordinary increase in the export prices of sawn softwood in all markets. This rise in prices, particularly for Northern European softwood, which during 1951 amounted to 50 percent, was however met by a growing buyers' resistance and led towards the end of 1951 to a slackening of demand in most consuming countries. In the United States and Canada, however, prices remained stable throughout 1951, as ceiling prices were fixed for sawnwood in the United States and Canadian prices are more influenced by price conditions in the United States than elsewhere. In addition to this general resistance to high prices, the United Kingdom because of its balance-of-payments difficulties announced cuts in its 1952 imports. As a result, the main exporting countries, particularly those in Northern Europe, reduced their production schedules for 1952. During the first two quarters of 1952, the sawn wood market was unusually quiet and was characterized by the buyers' continued resistance to high prices and by sellers' efforts to maintain the prevailing price level. However, at the beginning of June, 1952 prices declined and a new price level for international sawn wood trade was established, at 25 to 30 percent below the previous top prices. However, the demand did not show any particular response. Stocks were high in most countries. Since they had been acquired at a time when prices were much higher than those prevailing toward the end of 1951/52, they represented a considerable capital investment and as prices continued to fall, buyers remained reluctant to enter the market. By the late spring, however, United States lumber stocks of softwood had been slightly reduced with production, by April, about 10 percent lower than a year previously.

In general, the total consumption of sawn wood in 1951 was somewhat below the level of 1950. The considerable decline in the civilian consumption in most countries, particularly for housing, was

not fully compensated by increased requirements for military purposes and industrial packaging, and stocks of sawnwood in practically all countries were therefore higher at the end than at the beginning of 1951 (Table 58).

Outlook

The world sawn wood trade is likely to show some decline in 1952, with consumption in general drawing largely upon the existing stocks. However, by the end of 1952 the situation will probably be completely reversed, and new supplies will be needed in most countries, both to satisfy the current demand, and to replenish stocks. As already pointed out, the production of forest products does not follow easily the changes in demand and therefore, if the present weak demand and standstill on the sawn wood market continues until the last months of 1952, there may be considerable difficulty in the main producing and exporting countries in meeting any substantial increases in the demand immediately; there is, therefore, a possibility of price increases in 1953.

(c) WOOD PULP

Current situation

The wood pulp and pulp products situation, which during 1949/50 was characterized by a slackening in demand and a consequent slowing down of production, improved after June 1950, and both production and trade moved at high levels until the end of 1951. Production was 11 percent, imports 4.5 percent and exports 6.5 percent above the 1950 level, and consumption increased in 1951 by 8.5 percent. The United States substantially increased its demand for wood pulp and pulp products for civilian and defence requirements in 1951 and for stockpiling. Many countries in Europe and elsewhere shifted their imports of wood pulp and pulp products from North America, because of dollar shortages, to European, notably Northern European pulp industries; this shift consequently brought about an increase in the production in that area (Table 59.)

As the world demand continued on a high level throughout 1951, pulp industries were working at full capacity even with the addition of new mills in 1951. Stocks at mills, which at the beginning of 1951 had been large, had fallen to unusually low levels by the end of the same year, in

TABLE 58. — STOCKS OF SAWN SOFTWOOD

REGION	31 December 1950	31 December 1951
	(. . . thousand standards . . .)	
Western Europe ^a . . .	709.6	1 281.0
USA	1 739.9	1 938.3
Canada	530.0	545.1

^a Including only: Austria, Belgium, Denmark, Western Germany, Greece, Iceland, Switzerland, Turkey, and the United Kingdom.

TABLE 59. — WORLD PRODUCTION AND CONSUMPTION OF WOOD PULP

REGION	1950		1951	
	Pro-duction	Con-sump-tion	Pro-duction	Con-sump-tion
(... million metric tons ...)				
North America	20.8	21.3	23.2	22.9
Latin America	0.2	0.4	0.2	0.4
Northern Europe ^a	6.1	2.6	6.5	2.9
Western and Central Europe	2.5	5.2	2.7	5.4
Eastern Europe and USSR ^b	3.4	3.5	3.6	3.6
Asia, Pacific and South Africa	0.9	1.0	1.3	1.4
TOTAL	33.9	34.0	37.5	36.6

^a Finland, Norway and Sweden.
^b Estimated figures.

spite of increased output. The sulphur shortage which was hampering pulp industries during early 1951, particularly in Canada, was eased by allocations made by the International Materials

Conference. The extraordinary demand for wood-pulp and pulp products also led to a substantial increase in international pulpwood trade, some 80 percent above the 1950 level, as mills drew heavily upon stocks in order to be able to maintain the high level of production (Table 60).

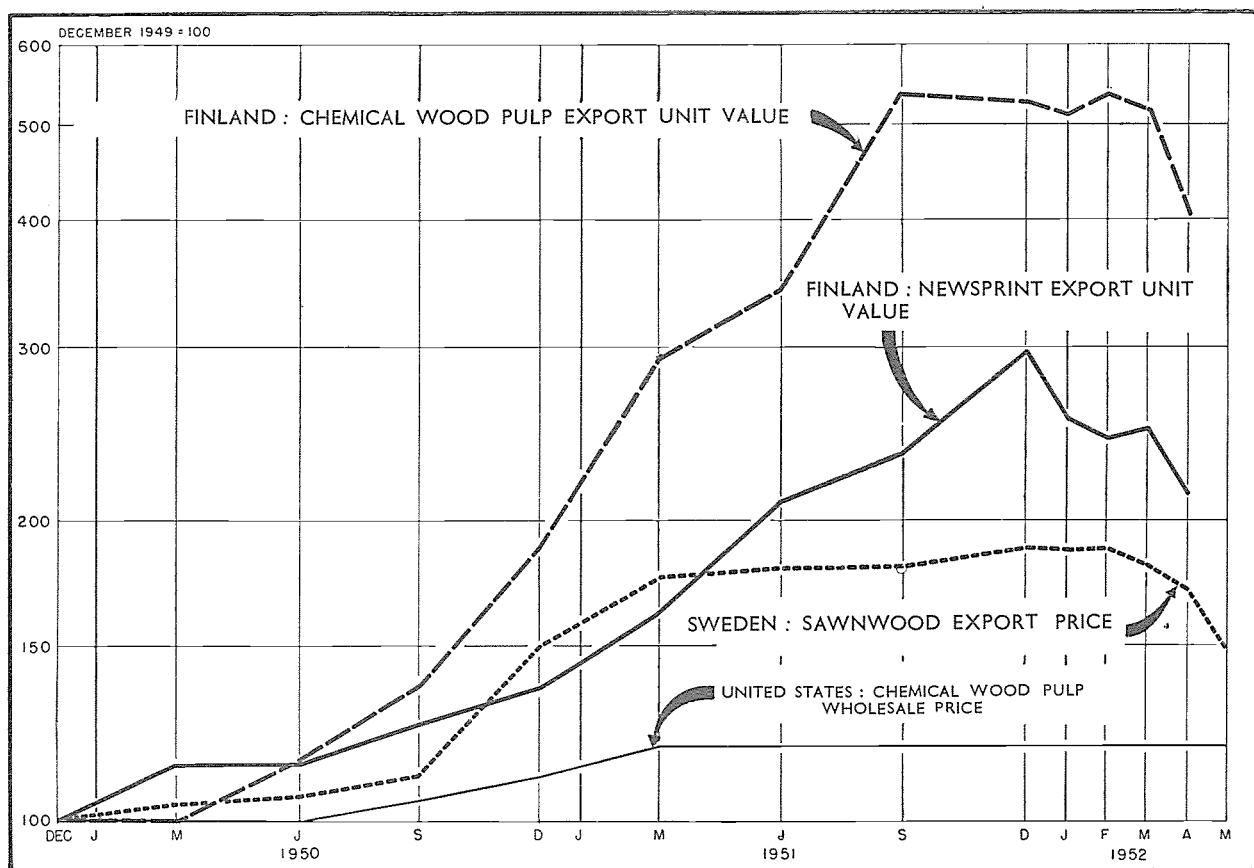
TABLE 60. — EXPORTS OF WOODPULP

EXPORTED BY	1950	1951
(... million metric tons ...)		
United States	0.09	0.18
Canada	1.66	2.02
Northern Europe	3.69	3.76
Other Europe ^a	0.20	0.22
TOTAL	5.64	6.18

^a Excluding Eastern Europe and U.S.S.R.

As a result of this greatly increased activity, export prices of wood pulp in some cases rose close to 250 percent in the course of 1951 (Chart XXIII).

CHART XXIII - PRICES OF VARIOUS FOREST PRODUCTS 1949-52



Notes: Finland: Chemical Wood Pulp: unbleached sulphate
 Sweden: 2 1/2 " x 7 " u/s redwood battens f. o. b. Härnösand.

United States: Domestic and Canadian sulphite (ex-dock Atlantic seaboard) Bleached No. 1, book f. o. b. mill.

With this strong upward trend in pulp prices in all parts of the world except in North America (as price ceilings for domestic pulps were in effect in the United States), wide price differentials appeared between markets and between pulps being sold in the same market but originating from different sources, particularly between domestic and imported pulps. The rise in the prices of imported pulps was particularly marked during the first half of 1951. However, the buyers' growing resistance to the high prices and a noticeable weakening in demand caused by an accumulation of stocks towards the end of 1951, led to a temporary stabilization of prices, which during the first months of 1952 changed to a general fall, except in North America, for all categories of wood pulp. By June 1952 prices were 30 to 40 percent below the previous top level quoted for Scandinavian pulps. This fall was accelerated when the European buyers' stopped buying imported pulps of other than North American origin, which by the end of 1951 had reached a level far above that of domestic and North American pulps. In spite of this pronounced decline in prices no strengthening in demand was noticeable by the summer of 1952. This slackening in the general market situation for wood pulp and also for pulp products led to a marked slowing down in production and in the summer of 1952 some pulp mills in the main exporting countries, notably in Scandinavia, were temporarily closed.

Outlook

While the wood pulp and pulp products situation in 1951 was characterized by a growing demand

and by efforts of many countries to increase the capacity of pulp industries in order to eliminate the apparent shortage, there seemed to exist during the first half of 1952, with a decline in demand, a possibility of over-production of wood pulp and some pulp products, for instance newsprint. This is likely to lead to a somewhat reduced production in 1952 in many countries or a mere maintenance of current production because of the needs of the mills to replenish stocks, which were generally very low at the beginning of 1952.

FERTILIZERS

Current situation

The world-wide trend towards increasing the use of fertilizers continued in 1951/52. Not only does the total production and consumption of fertilizers continue to rise, but the increase is particularly marked in the many regions of the world where commercial fertilizers are relatively less used. Governments in many countries are showing an increasing interest in promoting the production and a wider and more efficient use of both inorganic and organic fertilizers, and special measures have been taken towards this end. Much remains to be done, especially in the less industrially developed areas.

Production. The total production of nitrogen (N), phosphoric acid (P_2O_5) and potash (K_2O) amounted to 14,988,342 tons in 1951/52, an increase of 4.9 percent over the previous year (Table 61).

Nitrogen. Two new plants were put into operation in 1951/52, a calcium nitrate plant in Egypt and

TABLE 61. — TOTAL WORLD FERTILIZER PRODUCTION AS N, P_2O_5 AND K_2O

REGION	1950/51	1951/52	1952/53	% CHANGE	
				1950/51 to 1951/52	1951/52 to 1952/53
	(.....thousand metric tons.....)				
Europe	8 080	8 435	8 879	+ 4.4	+ 5.3
North America	4 505	4 658	5 215	+ 3.4	+ 12.0
Latin America.	383	373	380	— 2.6	+ 1.9
Near East	17	51	63	+ 200.0	+ 23.5
Far East	683	819	916	+ 19.9	+ 11.8
Africa	124	136	138	+ 9.7	+ 1.5
Oceania.	490	516	457	+ 5.3	— 11.4
WORLD TOTAL.	14 282	14 998	16 048	+ 4.9	+ 7.1

a sulphate of ammonia plant in India (Sindri). Thus, for the first time in history, synthetic nitrogen is being manufactured in every continent.

The largest nitrogen production increases occurred in the Near East (from 588 to 28,740 tons) and the Far East (18.3 percent). In Europe and North America nitrogen production increased 7.7 percent and 9 percent respectively. Although still at a high level, nitrogen production in Latin America declined slightly. For the world as a whole, the supply of nitrogen in 1951/52 increased by an estimated 8.5 percent over 1950/51.

Phosphoric Acid. Reflecting the continued shortage of sulphur, the production of phosphate fertilizers (superphosphates, basic slag, fused phosphate and other forms) increased by only 3 percent in 1951/52. There was, moreover, practically no increase in the production of superphosphate which represented some 76 percent of the world's supply of phosphoric acid in 1951/52. This is a vital factor in the overall supply problem. On the other hand, basic slag — an important source of phosphoric acid supply in Europe, increased by 33,000 tons P_2O_5 in the six principal producing countries.

An increasing interest in phosphate fertilizers other than superphosphate is being shown all over the world. Among others, for instance, fused phosphate is now being manufactured in Taiwan and "soda phosphate" is being manufactured in Kenya. In general, there is a trend towards the increased production of these kinds of phosphatic fertilizers which require little or no sulphur in their manufacture.

Plant capacities for the production of triple superphosphate have been substantially expanded in recent years, for example, in Greece, the Neth-

erlands, North Africa, the United Kingdom and the United States. However, since elemental sulphur is required in many of these plants, it is possible that this increased capacity is not being fully utilized.

Potash. The production of potash is principally centered in Europe and North America. In both regions there has been an increasing trend toward the production of potash materials containing a higher concentration of K_2O . Increasing quantities of potash, as potassium nitrate, are being produced in Chile in connection with the new solar process for producing nitrate of soda.

The increase in world production of potash in 1951/52 over 1950/51 was 3.6 percent. The outlook, however, is for a world increase in consumption of 8.8 percent in 1952/53 over 1951/52 which is the largest increase for any of the three plant nutrients.

Consumption. The consumption of commercial plant nutrients in 1951/52 is estimated to have risen 5 percent over the previous year. However, the rate of increase varied greatly from region to region, 2.7 percent in Europe, an expansion of approximately 10 percent in most underdeveloped regions and an exceedingly large increase of over 100 percent in the Near East (Table 62).

Particular interest is attached to the consumption of phosphates. Although the total supply in 1951/52 was much higher than estimated in June 1951, it will still be insufficient to meet the needs fully, particularly of those countries chiefly dependent upon superphosphates. Rationing of superphosphate was adopted in some states of Australia. In the Union of South Africa superphosphate was diluted with rock phosphate, in New Zealand with rock phosphate and serpentine.

TABLE 62. — WORLD CONSUMPTION ALL FERTILIZERS. PERCENTAGE CHANGE BY REGIONS IN THE CONSUMPTION OF N, P_2O_5 AND K_2O 1951/52 OVER 1950/51

REGION	TOTAL TONNAGE		PERCENT CHANGE 1951/52 OVER 1950/51			
	1950/51	1951/52	All fertilizers	N	P_2O_5	K_2O
	(.....thousand tons.....)					
Europe	6 977	7 166	+ 2.7	+ 1.8	— 1.9	+ 7.9
North America	4 700	4 867	+ 3.6	+ 9.1	— 0.2	+ 4.6
Latin America	276	310	+ 11.9	+ 11.8	+ 11.0	+ 14.1
Near East	98	206	+ 109.7	+ 162.0	+ 23.1	+ 43.4
Far East	1 015	1 168	+ 15.1	+ 13.0	+ 11.9	+ 34.3
Africa	186	204	+ 9.2	+ 14.8	+ 9.7	+ 3.4
Oceania	526	552	+ 5.2	— 8.6	+ 4.5	+ 49.5
WORLD TOTAL	13 778	14 473	+ 5.0	+ 8.6	+ 0.6	+ 7.8

The chief phosphate-producing countries helped to meet the needs of other areas, to some extent at the expense of lower home consumption rates. In Europe, the reporting countries showed that the net exports of phosphoric acid increased 60 percent while consumption declined by 1.9 percent. In North America, largely through the need for substantial quantities of elemental sulphur for industrial purposes and the need to meet export requirements, the available supply of phosphoric acid in 1951/52 was slightly smaller than in 1950/51.

Despite the increase in fertilizer production in the Far East, imports of nitrogen, phosphoric acid and potash were larger by about 25 percent, 100 percent and 40 percent respectively in 1951/52 as compared with those of 1950/51. The largest percentage increase was in the Near East. Large percentage increases in potash consumption are evident in Oceania (50 percent), the Near East (50 percent) and the Far East (35 percent).

In line with commodity prices generally, the prices of fertilizers were higher in 1951/52. This was partly due to the relatively short world supply of phosphates. In several European countries fertilizer prices, particularly those of phosphates, increased in varying degrees.

More countries are becoming interested in the use of commercial fertilizers. In 1951/52, for instance, nitrogen consumption was reported in 88 countries or territories located in all parts of the world, and that of phosphoric acid and potash in 70 countries or territories. The total number of consuming areas is even larger, as dependent overseas territories are not all listed separately.

Government interest in the many difficult problems associated with the successful production and distribution of plant nutrients is growing. It includes a wide range of activities in the conservation and marketing of natural organic materials — often the cheapest source — and in the production, distribution and utilization of commercial fertilizers.

For example, in India millions of tons of composts have been prepared under the Town Refuse Composts Scheme involving over 1,000 urban areas and under the Village Compost Scheme covering over 100,000 villages. The conservation and more efficient marketing of guano in Chile, Ecuador, Mexico and Peru, are other examples in this field.

Many countries, either by direct assistance or through appropriate agencies, are helping in the present or planned future production of ferti-

lizers, e. g. Brazil, Ceylon, Colombia, Egypt, India, Mexico, and Pakistan. Fertilizer subsidies are paid in Austria, Germany, Norway, Portugal and the United Kingdom. Some countries such as Colombia purchase and import the necessary fertilizer materials; others, such as Uruguay, pay part of the freight for fertilizer shipments to the farmer. In the United States, assistance is given in the purchase of fertilizers for certain crops. Many countries are also improving credits for the purchase of fertilizers.

Outlook²

Reports from governments indicate that both production and consumption of fertilizers may be expected to rise considerably in 1952/53. The aggregate of production estimates gives a total of 16 million tons, an increase of 7.1 percent over 1951/52. Consumption is expected to expand by 8.6 percent but will, of course, be limited by production, apart from small reductions in stocks.

The largest increase in consumption, in percentage terms, is expected in the Near East where estimates for the consumption of potash and phosphoric acid for the coming year are particularly high. All regions, with the exception of Oceania, expect a substantial gain in fertilizer consumption in 1952/53. The position in Oceania is dominated by the unsatisfactory outlook for the production of sulphuric acid and superphosphate (Table 63).

The anticipated expansion in world production of all phosphates is nearly 6 percent. While data for the proposed production of superphosphate in 1952/53 are not sufficient, indications are that some of the overall increase will be in the form of superphosphate. In Oceania, however, a decrease is expected.

The prospective overall improvement in the total phosphate supply is due, in part, to the special measures being taken by many countries to overcome the current world shortage (about one million tons) of elemental sulphur by such means as a greater use of pyrites and a more complete utilization of all other industrial sources of sulphur. The outlook is also improved by the larger prospective production of phosphatic fertilizers which require little or no sulphur.

² The outlook for 1952/53 is based on official government information.

TABLE 63. — OUTLOOK FOR WORLD CONSUMPTION, ALL FERTILIZERS

REGION	TOTAL TONNAGE		% change 1952-53 over 1951-52
	1951/52	1952/53	
	<i>(thousand metric tons)</i>		
Europe.	7 166	7 745	+ 8.1
North America	4 867	5 388	+ 10.7
Latin America	310	321	+ 3.6
Near East	206	234	+ 13.6
Far East.	1 168	1 321	+ 13.0
Africa	203	209	+ 2.7
Oceania	552	501	— 9.2
WORLD TOTAL	14 472	15 719	+ 8.6

PESTICIDES

Current situation

The supply situation for nearly all pesticides was very tight in early 1951. However, the resultant increase in prices led to considerable expansion of production, principally in the United States which is the major producer, exporter and consumer of pesticides. After mid-1951 when the domestic demand in the United States declined seasonally, some supplies were made available for export, but the situation remained tight up to the end of the year. However, by mid-1952 supplies of most pesticides, with the notable exception of sulphur, were readily available.

Owing to the difficulties which had been experienced by some consumers in obtaining supplies during 1951, an important meeting on the demand and supply situation of two principal pesticides, DDT and BHC, was held in Geneva in February 1952. These consultations revealed that there had been significant increases in production capacity, especially in the United States, and that no significant shortage of these pesticides existed at that time. It also became plain, however, that difficulties do occur in filling orders owing to the fact that consumers often fail to put their orders in sufficiently far ahead or to pay attention to the seasonal trend in the production of pesticides. These considerations apply to other pesticides as well as DDT and BHC. Considerable time is required to move raw materials, and to manufacture, formulate and ship pesticides. Furthermore, production in the United States is geared principally to the domestic market and at present the potential capacity is not fully used

throughout the year. So that orders placed by importers in other countries may be met fully and on time, it is important that they should be placed well in advance and at a time permitting their being filled during the slack months of the late summer and autumn. While this is not the only factor in improving the supply situation for pesticides, it will stabilize the situation.

Outlook

Supplies of most pesticides, especially chlorinated hydro-carbons, are likely to remain ample for the needs of agriculture during the 1952/53 season. However, temporary shortages may occur in areas distant from the basic supplies, if orders are not placed far enough in advance. As in the case of fertilizers, sulphur is certain to remain in short supply for several years and copper is also likely to be short. There are, however, possibilities for use of substitutes, such as methyl bromide in fumigants to replace those using chlorine, which require sulphur in the manufacturing process, and some of the organic fungicides instead of Bordeaux mixture, thus saving both sulphur and copper.

FARM MACHINERY

Current situation

Production, sales and exports of farm machinery in 1951 were generally at record levels. The expectation, in early 1951, that the United States farm machinery industry would not be able to equal the production levels of 1950 turned out to be unfounded; in the United Kingdom production of tractors and implements increased markedly; and 1951 tractor exports by the principal European producers indicated a higher level of production than in 1950. However, some decline in production, at least in the United States, occurred towards the end of 1951 and in early 1952. Imports of tractors into underdeveloped countries increased although largely concentrated in a limited number of countries.

Production and exports. Production in the United States in 1951 exceeded the 1950 level by nearly 7 percent and even passed the 1948 record. Tractor production amounted to 62,000 units more than in 1950 and reached 1949 levels. However, in the final quarter of the year the allocations of metals kept production below capacity and output of tractors in the first four months of 1952

was 21 percent below the corresponding period of 1951. The continued decline in agricultural manpower and the high demand for farm products led farmers to continue to buy farm machinery.

Production of farm machinery in the United Kingdom reached a record value of £106.8 million, compared with £84.7 million in 1950. Production of agricultural tractors was 17 percent above the 1950 record and output of nearly all types of implements exceeded that of the previous year. More than half the farm machinery produced was exported (Table 64).

TABLE 64. — TRACTOR PRODUCTION IN THE UNITED STATES AND THE UNITED KINGDOM (Excluding Garden Tractors)

COUNTRY	1950	1951
	(..... thousands	
United States	508.8	570.8
United Kingdom . . .	120.2	140.2

At the time of writing, production data were not available for Canada, the European continental producers and Russia. However, the German industry made further gains in 1951 with exports of tractors at 22,000, compared with 12,000 in 1950 and 1,400 in 1949. France, Italy and Sweden also sharply expanded exports, while those from Canada declined slightly. Production in Russia is estimated at 137,000, in terms of 15 h.p. units, as compared with 180,000 15 h.p. units in 1950.

Imports and tractor numbers in underdeveloped areas. Imports of tractors increased in all regions and in most countries in 1951, indicating expanding mechanization. However, the increment in absolute terms is as yet small in most countries. In the Far East, India is rapidly becoming the major importer of tractors, even by world standards. Over 7,000 tractors were imported in 1951 as against approximately 4,000 in 1950 and 2,400 in 1949. Indian imports comprised 80 percent of imports into the region, excluding China, which has apparently been purchasing tractors from the U.S.S.R. for use in North China. In the Near East, Turkey (over 6,000) and Egypt (over 3,000) accounted for 90 percent of the total. In Africa three-quarters of the tractors went to the Union of South Africa, which has nearly doubled its imports. Brazil (over 12,000) nearly doubled

its 1950 imports, and Argentina, Uruguay and several other countries had a significant import volume. Imports to Australia and New Zealand increased slightly. Most European countries, including some which manufacture tractors but excepting France and the United Kingdom, showed higher imports in 1951. Canada continues to be the world's principal importer of tractors.

In general the increase in tractor imports by the minor users is equally striking in percentage terms. The aggregate imports into the Far East, the Near East and Latin America by countries not mentioned above, increased by 62 percent, 22 percent and 44 percent respectively. In Africa a decline in imports into French North Africa more than offset a slight tendency to rising imports in Africa south of the Sahara. After allowing for old tractors going out of use, it is evident that tractor numbers in underdeveloped areas are increasing rapidly (Table 65).

TABLE 65. — TRACTOR IMPORTS BY REGIONS ^a (Excluding Garden Tractors)

IMPORTED BY	1950	1951
	(..... thousands	
North America ^b	58.1	58.7
Europe	42.7	55.4
Latin America	26.0	41.0
Far East	5.2	9.0
Near East	8.1	10.8
Africa	16.3	23.5
Oceania	34.8	38.4
Destination unknown. .	10.0	21.6
TOTALS	201.2	258.4

^a According to destination of exports.
^b Mainly Canada.

Utilization and servicing. Even where actual economic conditions are favorable for the use of power machinery and large scale implements, mechanization must proceed slowly in the early stages if serious waste of resources is to be avoided. Facilities must be built up for the regular and economic supply of fuel and replacements, for the servicing and repair of machinery and for the training of operators and mechanics. It is particularly important therefore to watch to what extent countries in underdeveloped regions are taking measures along these lines either by direct government action or through facilities established by private enterprise.

In India the Government has established regional workshops and the technical assistance ex-

perts there are instructing and helping in the organization of modern workshop practices. Field service engineers are being recruited under the Expanded Technical Assistance Program to instruct drivers and machinery operatives in handling, care and maintenance. The Government of India has also given attention to the introduction of hand tools and small implements and to further this policy they have sent young men to study abroad.

The Government of India has a Central Tractor Organization which owns fleets of tractors, used mainly for reclamation operations, working on a non-profit basis. This organization assists various State Governments in land clearing, deep ploughing and eradication of weeds. Each State owns tractors and agricultural machinery; Uttar Pradesh, for instance, has some 400 units, and several of the States have a machinery importing program. Well-equipped workshops with machine tools and tractor servicing tools have been established in some States.

On the request of the Pakistan Government, FAO has made available an expert to give overall assistance in operating the machinery and in organizing maintenance workshops. The Government has further requested FAO to provide three or four field service engineers for similar duties in various provinces. The FAO Technical Assistance Mission in Ceylon, in conjunction with the agricultural engineering staff of the School of Agriculture, are studying and designing small machines and hand cultivating tools for Ceylon farming conditions.

In Turkey it is estimated that approximately 20,000 tractors will be on the land in 1952, as well as the equipment that goes with them, including combines, as compared with the 2000 units in use less than four years ago. The servicing potential, however, has not risen to anything like the same degree. The Government, through the Ministries of Agriculture and Education, and with the assistance of ECA and later MSA has taken certain steps to initiate training of tractor drivers and mechanics. Both the Government and machinery dealers have reasonably equipped workshops in which training could be undertaken.

The Department of Agricultural Machinery in Iraq owns several hundred tractors and related machines, as well as workshops. To assist the Government in its mechanization program FAO and the United States Technical Co-operation Administration are both providing experienced personnel.

The Brazilian Government is carrying out several plans to promote mechanization of agriculture. One of them consists in the formation of 'mechanized patrols' or groups, official machinery pools which hire their services to farmers, assisting them in ploughing, planting and other tasks. The farmers have to pay a reasonable rate for these services. Another important plan provides for training in rural engineering of agronomists, who in turn train men as tractor operators. The plan was started in 1947 in collaboration with the United States Department of Agriculture and the first center was established at the Ipanema Experimental Farm. The plan calls for creation of two regional centers for training tractor operators, 23 repair centers and 120 demonstration farms.

In Chile the Corporación de Fomento, an official agency, provides assistance to farmers renting mechanical equipment at rates which include amortization interest and operational cost, and has established several regional repair shops for the maintenance of the machinery belonging to the Corporation.

TABLE 66. — ESTIMATED TRACTOR POPULATION IN ECONOMICALLY UNDERDEVELOPED REGIONS (Excluding Garden Tractors)

REGION	1939	1950	1951	% Increase 1951 over 1950 ^a
	(. . . . thousands)			
Latin America	35	90	118	31
Asia	8	31	46	48
Africa.	17	63	77	22

^a Based on a 15 percent write-off of the 1950 tractor strength.

Important work has been done in Peru, mostly through SCIPA, an agency to which the Peruvian and the United States Governments both contribute. This agency owns a series of machinery pools, repair shops and training centers for instruction in handling and operating all types of farm machinery.

Outlook

There is every indication that production of farm machinery will be lower during 1952/53 than during the period under review. The combined effects of the rearmament programs of the two major producers, the United States and the United

Kingdom, and the prolonged steel strike in the United States, will curtail the supplies of steel to firms making farm machinery. Even before the steel strike it was estimated that production by the United States industry would suffer at least for the remainder of 1952 and output had been stabilized at around 80 percent of capacity.

With reduced production in both these countries it is probable that fewer tractors and less farm machinery in general will be available for export. With the newly awakened interest in farm machinery in the underdeveloped areas, it may well be that during 1952/53 the demand for imports will exceed deliveries. It is possible that there may be no fall in the volume of machinery exports from the United Kingdom, since the Government puts a high priority on exports. However, in the United States, the outlook is for a continuing high demand for farm machinery, and it is probable that the domestic demand will exceed the supply, leading to severe competition between domestic and export demand.

FISHERIES EQUIPMENT

The expansion and technological development of modern fisheries undertakings involves heavy capital expenditure. In view of the prevailing restrictions on capital investment programs, the fishing industry has now to be considered in terms of its significance in the economic structure of the country concerned, so that its needs, either of capital or of materials and manpower can be fully appraised and integrated with those of other basic industries.

This is one important reason why the steep rise in costs tends to retard the expansion of the fishing effort, which in certain countries may even fall short of the consumer demand for fisheries commodities. These high costs present a serious problem, especially in countries where the uncertain balance between production and distribution tends to discourage the investment of further capital.

In the United States, expansion continued with little or no restriction of the availability of equipment and materials, although a few shortages of packaging materials were reported. New carrier vessels equipped for freezing and packing were engaged in the Gulf of Mexico shrimp fishing, while experimental tuna fishing was carried out there, and in New England, South Atlantic and Central Pacific

waters. In Canada, as part of the 1949 development plan, the issue of licences was extended to cover British-built trawlers as well as second-hand vessels from the United Kingdom and United States. The Atlantic coast trawler fleet has been increased and modernized and 10 more vessels are under construction. In Latin America, development in both production and distribution proceeded steadily, especially in Brazil, where larger vessels have been acquired and a new quick freezing plant is planned.

In the Far East there has been further mechanization of fishing fleets and a start has been made on the improvement of processing and distribution. In Ceylon, the Colombo Plan includes the consideration of distribution, harbor facilities and the mechanization and improvement of the fleets. In Hong Kong the number of mechanized junks increased from 81 in 1949/50 to 112 in 1950/51. In Indonesia, ECA has financed the purchase of 75 vessels of various types and 100 small motors. Japan now operates about 1,000 vessels of over 20 tons and in 1951 several tuna fishing operations were undertaken using mother-ships. The coastal fisheries, however, have had to face a steep rise in operating costs following the lifting of price controls. In Singapore the Fisheries Loan Board has allocated M\$250,000 for the support of offshore fishing and M\$5,000 for materials and equipment. Mechanization has been extended by the use of outboard motors.

In the development of the European fleets the emphasis is now on vessel size and technical equipment. New and larger trawlers are being added to the cod-fishing fleets of Spain and Portugal; in Spain more cod is being caught by the larger *parejeros* following the successful introduction of the 'pareja' (pair) trawl to this fishery. In Germany, despite rising costs, the rebuilding of the fleet is proceeding steadily and, allowing for scrapping, the construction of 92 new steam trawlers has increased the trawler fleet to about 220 vessels of approximately 96,000 GRT as compared with a fleet of 373 craft with a tonnage of approximately 123,000 GRT in 1939. In Belgium the depression suffered throughout the industry has virtually halted construction and restricted the operation of the fleet. In the United Kingdom, although new building is in progress, the effect of steeply rising costs has been to restrict the fullest utilization of the fleets and to discourage further capital expenditure.

FAO AGRICULTURAL STUDIES

Efficient Use of Fertilizers

A guide book on fertilizers and their use in crop production. In English, French and Spanish. \$2.00 10/- (English Edition published by Leonard Hill Ltd, London)

Breeding Livestock Adapted to Unfavorable Environments

A study of the adaptability of various breeds of sheep, cattle, horses, pigs, buffaloes, camels, etc. to different climates and altitudes. Well illustrated. In English, French and Spanish. \$1.50 7/6

Preservation of Grains in Storage: Papers presented at the International Meeting on Infestation of Foodstuffs, London, 5-12 August 1947.

The problems of grain storage discussed by contributors from Canada, USA, Britain, France, Egypt and Australia. In French or Spanish. \$1.50 7/6

Nutritional Deficiencies in Livestocks

Symptoms of nutritional deficiencies in dairy and beef cattle, pigs, poultry, sheep, horses and mules. Well illustrated. In English and French. \$1.00 5/-

Storing and Drying Grain in Canada, in the United States, in the United Kingdom

An illustrated discussion of the usual methods. In English, French and Spanish. \$0.50 2/6

Better Utilization of Milk

A study of current uses of milk and its by-products, and of the possibilities of using them more fully. Written for the technician or government expert. In English, French and Spanish. \$0.75 3/9

Rinderpest Vaccines, Their Production and Use in the Field

The latest information on the production of recently developed Rinderpest vaccines and their uses (1949). In English and French. \$1.00 5/-

Some Important Animal Diseases in Europe: Papers presented at the Animal Disease Meeting, Warsaw, 1948. Papers written by contributors from England, Czechoslovakia, Poland, and the World Health Organization. In English with French summaries. \$2.00 10/-

Consolidation of Fragmented Agricultural Holdings

Individual studies on the problem of fragmented agricultural holdings in Denmark, France, Ireland and Switzerland. In English, French and Spanish. \$1.00 5/-

Some Aspects of Food Refrigeration and Freezing

A well-illustrated compilation of papers written by experts of many nationalities. In English \$2.00 10/-

Weed Control by Growth-Regulating Substances

A short practical guide to the use of hormone weed killers. In English and French. \$0.50 2/6

Improving the World's Grasslands

An international study giving latest information on grassland improvement. Available in English only from Leonard Hill Limited, Stratford House, 9 Eden Street, London, N. W. 1., 10/6. Spanish and French editions in preparation at FAO.

FAO FORESTRY AND FOREST PRODUCTS STUDIES

Planning a National Forest Inventory

A treatise on modern methods of taking a forest inventory, containing chapters on classification, map-making, aerial photography, sampling, etc. In English, French and Spanish. \$1.00 5/-

Forest Policy, Law and Administration

A lucid study of forest policy with reference to specific laws in various countries. In English and French. \$2.00 10/-

FAO ECONOMICS MONOGRAPHS

Progress and Economic Problems in Farm Mechanization

Progress in the manufacture and utilization of farm machinery and equipment, and world trade in these products. In English, French and Spanish. \$1.00 5/-

Program for the 1950 World Census of Agriculture

Supplies governments with outline of data required for completion of the 1950 World Census of Agriculture. In English, French and Spanish. \$1.00 5/-

FAO PERIODICALS

Economics

MONTHLY BULLETIN OF AGRICULTURAL ECONOMICS AND STATISTICS

This bulletin continues in enlarged form the Monthly Bulletin of Food and Agricultural Statistics. Statistical tables present current figures on production, trade, prices and census results of various agricultural products. Notes on current trends of individual commodities, and on the work of FAO's Economics Division, are included.

In English, French and Spanish. Annual subscription \$5.00 25/-

Forestry

UNASYLVA

This quarterly review of forestry and forest products contains articles on world conditions and developments, reports on world, regional and technical conferences, commodity reports on forest products entering international trade, news items and reviews of current technical literature. Articles are contributed by FAO's Forestry Division and forestry experts from all parts of the world. Photographs, graphs, and charts illustrate the articles.

In English, French and Spanish. Annual subscription \$2.50 12/6

FORESTRY AND FOREST PRODUCTS BIBLIOGRAPHY

A monthly bibliography sent free to subscribers to Unasyuva. In English, French and Spanish.

Fisheries

FAO FISHERIES BULLETIN

Published bimonthly, this bulletin presents analyses of recent fisheries developments, economic notes, statistical tables on landings and production of certain fisheries commodities, reports of fisheries activities of FAO and notes on recent fisheries publications.

In English, French and Spanish. Annual subscription \$1.50 7/6

WORLD FISHERIES ABSTRACTS

A bimonthly review of technical literature on fisheries and related industries; covers the field of fisheries technology, processing methods, boat design, fishing methods, chemical examination of fisheries products, etc. The abstracts are published in such a form that they can be cut out and filed.

In English, French and Spanish. Annual subscription \$4.00 20/-

SALES AGENTS FOR FAO PUBLICATIONS*

Argentina : Editorial Sudamericana. S. A. Alsina 500. Buenos Aires ; **Australia** : H. A. Goddard Pty., Ltd. 225^a George Street, Sydney ; **Austria** : Wilhelm Frick Verlag, Graben 27, Vienna 1 ; **Belgium** : Agence et Messageries de la Presse, 14-22 Rue du Persil, Brussels ; **Brazil** : Livraria Agir, rua México, 98-B, Rio de Janeiro ; **Canada** : The Ryerson Press, 299 Queen Street West, Toronto 2, Ontario ; **Colombia** : "Agricultura Tropical," Avenida Jiménez No. 8-74, Bogotá ; **Costa Rica** : Trejos Hermanos, Apartado 1313, San José ; **Cuba** : René de Smedt, La Casa Belga, O'Reilly 455, Havana ; **Denmark** : Ejnar Munksgaard, Nørregade 6, Copenhagen K. ; **Ecuador** : "La Hacienda," Malecón 710-711 y Roca, Guayaquil ; **Egypt** : Librairie de la Renaissance d'Égypte, 9 sh. Adly Pasha, Cairo ; **El Salvador** : Manuel Navas y Cia., 1^a Avenida Sur 35, San Salvador ; **Finland** : Akateeminen Kirjakauppa, 2 Koskuskatu, Helsinki ; **France** : Les Editions A. Pedone, 13 rue Soufflot, Paris 5^e ; **Germany** : Paul Parey, Lindenstr. 44-47, Berlin SW 68 ; **Greece** : "Eleftheroudakis" Constitution Square, Athens ; **Guatemala** : Goubaud y Cia. Ltda., 5^a Avenida Sur No. 28, Guatemala ; **Haiti** : Max Bouchereau, Librairie "A la Caravelle," P.O. Box III B, Port-au-Prince ; **Iceland** : Halldor Jonsson, Mjostraeti 2, Reykjavik ; **Jónsson and Júlíusson**, Garðastræti 2, Reykjavik ; **India** : The Oxford Book and Stationery Co., Scindia House, New Delhi ; The Mall, Simla ; 17 Park Street, Calcutta ; Messrs. Higginbothams, Mount Road, P. O. Box 311, Madras ; Kitab Mahal, Publishers, 235-237 Hornby Road, Bombay ; **Ireland** : The Controller, Stationery Office, Dublin ; **Israel** : Blumstein's Bookstore Ltd., P. O. Box 4154, Tel Aviv ; **Japan** : Maruzen Company Ltd., Tori-Nichome 6, Nihonbashi, Tokyo ; **Lebanon** : Librairie Universelle, Avenue des Français, Beirut ; **Mexico** : Manuel Gómez Pezuela e Hijo, Donceles 12, México, D. F. ; **Netherlands** : N. V. Martinus Nijhoff, Lange Voorhout 9, The Hague ; **New Zealand** : Whitcombe & Tombs Ltd., Auckland, Wellington, Hamilton, Christchurch, Dunedin, Invercargill, Timaru ; **Norway** : Johan Grundt Tanum Forlag, Kr. Augustsgt. 7^a, Oslo ; **Pakistan** : East : Farcos' Publications, P. O. Box 13, Ramna, Dacca, West : Ferozsons, 60 The Mall, Lahore ; Variawa Bldg., McLeod Rd., Karachi ; 35 The Mall, Peshawar ; **Perú** : Librería Internacional del Perú, S. A., P. O. Box 1417, Lima ; **Philippines** : D. P. Parez Co. 132 Riverside, San Juan, Rizal ; **Portugal** : Livraria Bertrand, S. A. R. L., 73 Rua Garrett, 75, Lisbon ; **Sweden** : C. E. Fritze Fredsgatan, Stockholm 16 ; Gumperts AB, Göteborg ; Henrik Lindstahls Bokhandel, Odengatan 22, Stockholm ; **Switzerland** : Librairie Payot, S. A. Lausanne and Genève ; Hans Raunhardt, Kirchgasse, 17, Zurich 1 ; **Syria** : Librairie Universelle, Avenue Fouad 1^{er}, P. O. Box 336, Damascus ; **Thailand** : Requests for FAO publications should be addressed to : FAO Regional Office for Asia and the Far East, Maliwan Mansion, Bangkok ; **Turkey** : Librairie Hachette, 469 Istiklal, Caddesi Beyoglu, Istanbul ; **Union of South Africa** : Van Schaik's Book Store Pty. Ltd., P.O. Box 724 Pretoria ; **United Kingdom** : H. M. Stationery Office, P. O. Box 569, London S.E.1 ; **United States of America** : International Documents Service, Columbia University Press, 2960 Broadway, New York 27 N. Y. ; **Uruguay** : Hector d'Elia, Oficina de Representación de Editoriales, 18 de Julio, 1333, Montevideo ; **Venezuela** : Suma S. A., Sabana Grande 102, "El Recreo," Caracas ; **Yugoslavia** : Državno Preduzeće, Jugoslovenska Knjiga, Belgrade.

Requests from countries where sales agents have not yet been appointed may be sent to : Documents Sales Service, Food and Agriculture Organization of the United Nations, Viale delle Terme di Caracalla, Rome, Italy.

*FAO publications are priced in U. S. dollars and pounds sterling. Payment to FAO Sales Agents may be made in local currencies.

PRICE : U. S. \$ 1.00 or 5 shillings