THE STATE
OF
FOOD AND AGRICULTURE

REVIEW AND OUTLOOK 1951

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
ROME - 1951

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CONTENTS

FOREWORD

THIS REPORT, which not only reviews the past but also appraises the outlook for the immediate future, is as complete as we can make it in the difficult circumstances of 1951. Neither crop forecasts nor economic forecasts can ever be completely right, but the appraisals here, based upon all the information available, present the best considered view of the prospects possible to make in mid-August 1951.

The report is not as complete as previous ones. Reviews by individual countries are mainly omitted, and many familiar index numbers and estimates are replaced by rougher approximations. For two months or more during the spring, regular FAO work was at a standstill because of the physical requirements of moving staff and records from Washington to Rome, and re-establishing the organization in the new setting. There was a heavy loss of experienced staff members, suitable replacements have not yet been fully obtained, and the new staff members can develop expertness in their new duties only slowly. We believe, however, that it covers the general facts of the agricultural situation and outlook sufficiently well to be of service to member nations and the general public.

After five years of FAO's existence, we had hoped there would be much progress to report in agricultural and food consumption, especially in the areas of the greatest difficulties and shortages. The combined circumstances of world war damage or deterioration, gradually swelling populations, droughts, floods, continued civil disturbances, the diversion of energy to armed forces, and the unpreparedness of many nations for rapid or energetic development, have limited actual progress to much less than had been hoped.

Even though there is some progress to report in many areas, in some of the most needy regions per capita food consumption, although improved over the immediate postwar years, has not regained even the low prewar levels. In great regions with more than half the world's people, agriculture is largely conducted with inadequate equipment, few small tools, and scanty use of fertilizers or pesticides. Illiteracy is high, agricultural and other resources are poorly developed, and farmers are often held down by heavy taxes, rents, and interest charges. While the rapid advances in raw material prices since the Korean conflict have increased foreign exchange earnings of raw material exporting countries, defence expansion threatens to reduce supplies of fertilisers, pesticides, and farm machinery available to them. The expanding needs of defence may therefore slow up even the present modest programs of economic development in many of these under-developed countries.

In order to speed up progress toward FAO's goal of seeing that all peoples have enough to eat, and to improve the living-standards of the mass of the world's population, action is needed by all countries. The under-developed countries need to tackle the problems of agricultural and industrial development with much more drive and determination. The highly industrialized countries need to take special measures to maintain and speed the economic development of less favored countries during the difficult times ahead. This involves not only keeping up and enlarging the program of technical assistance now well under way, but also helping such countries to get both the funds and the imported supplies and equipment necessary to carry their development programs into action. Special attention must be given to allocating adequate supplies of chemicals, steel, and other scarce materials to keep up the flow of necessary agricultural requisites to these countries in spite of the demands of defence.

There is a real danger that in the planning of huge defence programs, agricultural requirements may be overlooked. Not only could this cut down supplies in the least developed regions, but it might check further progress in production or even reduce existing production in the more highly developed regions, where agricultural improvements since the war have been most rapid. From the view point of the needs of both the developed and the under-developed regions, assurance of adequate supplies for agriculture is a prime necessity in the period ahead. Even if it means further slight limitations of heavy goods for consumers in the highly industrialized countries, I believe this modest sacrifice on their part will be in their own interest, as well as a humanitarian contribution to a better world.

As indicated in this report, the range of possible developments for the next year or two is extraordinarily wide, owing to political and military as well as economic uncertainties, on top of the hazards of wind and rain, heat and cold. The world is operating at high levels of industrial activity, full employment in most industrialized countries, and rapidly expanding armament expenditures. Food and other prices became stabilized in recent months after previous rapid increases in levels, but renewed inflationary pressures may soon appear. Food production and supplies are generally at about recent levels but are gradually expanding, and harvest prospects for 1951-52 seem fairly favorable. Crop production is increasing gradually, and livestock production more rapidly, in regions where World War II decimated flocks and herds. The high costs of imported raw materials, and the competition from the rapidly expanding domestic consumption in major food exporting countries, are causing increased exchange and other difficulties for many food importing countries.

The textile situation continues tight, although with good promise of substantially larger supplies for cotton. Consumption of coffee and cocoa continue to equal or exceed production, and the expansion in production still under way seems unlikely to change this situation soon. Demand for other scarce products, such as oils and fats, rubber, and sugar, promises to continue high, although their prices may not maintain or soon regain the exceptionally high peaks established in the speculative buying booms of 1950-51. The trend of fish production is rapidly rising; despite expanding consumer demand, increased quantities will probably be sold as processed products for food or fertilizers. Forestry production, while expanding, has lagged behind demand, especially for pulpwood and newsprint. Although defence restrictions on building may reduce temporarily the demands for lumber, the long-term trends are for requirements to rise much more rapidly than the world's available supplies. Hence, intensified efforts are needed to increase forest growth, improve the quality of the forests, and use most completely and effectively all the resources of existing forests and their products.

This brief survey suggests only a few of the complex and inter-related details which make up the situation of agriculture, the world's largest industry, and the occupation of most of the world's people. Behind these myriad facets of producing and distributing most of the raw materials for mankind's basic needs — food, clothing and shelter — the underlying trend is clear. The farmers, fishermen and foresters of the world are making progress towards achieving FAO's goal of enough for all. But that progress is much too slow. It must be speeded up and intensified in the years ahead. To achieve that result in the face of the difficulties and burdens of a period of world re-armament will require the best thought and efforts of all member nations of FAO and of all other nations of the world.

N. E. Dodd

(Norris E. Dodd)
Director-General

Chapter I

WORLD REVIEW AND OUTLOOK

Chapter I

WORLD REVIEW AND OUTLOOK

AGRICULTURAL PRODUCTION, TRADE AND CONSUMPTION IN 1950/51

Food Production

The total world output of food in 1950/51 exceeded that of the previous year. Production of the principal food crops, excluding the U.S.S.R. was 109 (1934-38 = 100) compared to 106 in 1949/50, and the output of livestock products, both meat and milk, continued to expand. The fish catch of major countries was nearly 10 percent higher in 1950 than in 1949. The fact that the index for principal food crops for 1950/51 is the same as that for 1948/49 does not mean that no progress has been made during the past two years. On the contrary, whereas the 1948 crops were favored by excellent weather in most areas, last year's crops were produced under only average weather conditions.

TABLE 1. — INDEX OF VOLUME OF PRODUCTION OF FOOD CROPS[a]

REGION	1948/49	1949/50	1950/51
	(.....*Base*: 1934-38 = 100.....)		
North America. . . .	161	150	151
Latin America. . . .	114	109	120
Europe (excl. U.S.S.R.)	92	91	95
Far East.	98	95	98
Africa and Near East	114	112	119
Oceania	110	120	108
World (excl. U.S.S.R.)	109	106	109

a) Index numbers are based on the production of wheat, rye, barley, oats, maize, rice, potatoes, sugar and oils. Uniform price weights are applied to total output without deduction for quantities fed to livestock.

Methods for computing an index covering not only food crops but also livestock products are at present being investigated in co-operation with other international agencies.

Total food crop production in North America was about the same as in 1949/50. Wheat production decreased by about 3 percent, while the total of other cereals remained unchanged, and sugar output was somewhat larger. In the United States, the increased production of meat, livestock products, fish and sugar offset the effects of the decline of wheat on total food production.

In Latin America, production of most food crops surpassed that of the preceding crop year; the total food crop production increased by 10 percent. The output of cereals was substantially above that of 1949/50, mainly due to better crops of maize and wheat in Argentina and Brazil. Production of sugar, meat and fish also continued to increase in this area.

Food crop production in Europe (excluding U.S.S.R.) reached a new postwar record (95 percent of prewar level) for 1950/51, in spite of a drought in south-eastern Europe (particularly Yugoslavia), causing failure of the maize crop. The output of livestock products and fish also increased substantially.

In the U.S.S.R., food output was higher than in any postwar year, with grain production officially estimated at 124 million tons. Production of meat and livestock products, although increasing, seems to be still low compared with prewar supplies.

Food output was higher in the Far East as a whole. Output of cereals was slightly above that for 1949 50, due principally to good crops in China; in India, rice output and late crops were sharply reduced by drought and floods, leading to serious food shortages in some areas. In Africa and the Near East, the output of cereals

in 1950/51 was apparently about 4 percent above the previous year, production of other foods being almost unchanged.

In Oceania, decline in food crops reflected the drop in Australian wheat production. Output of livestock and products, however, increased, offsetting the loss in crops. Fisheries production declined.

Food Trade

Although the world's current food supply was slightly greater than in the previous years, food crop production in Europe and the Far East still remained below the pre-war average. Moreover, this statement must be considered in the light of a 10 percent increase in population and of very low levels of consumption in Asia. Foreign trade helped somewhat in filling the gaps between surplus and deficit areas, but the supply situation remained quite serious in the Far East, where heavier imports of wheat and coarse grains from non-Asiatic sources were required to offset the shortage of rice.

The total volume of international trade was 12 percent larger in 1950 than in 1949. In early 1951 there was a further rise in trade volume. Much of the 1950 increase was in industrial materials and agricultural commodities for industrial use such as fibers, rubber, hides and skins. With the Korean war and its repercussions on internal demands, there was a sharp decline of total exports from North America and a somewhat smaller decline from Oceania, while exports from other regions to North and Central America showed a substantial increase.

Trade in foodstuffs during 1950/51 was larger than in 1949/50 and almost at prewar levels. All regions increased food crop exports except Africa and the Near East, while notable increases in food crop imports occurred in Latin America, the Far East and Africa and the Near East.

The continuing recovery, during 1950/51, of international trade in foodstuffs as well as in other sectors, was largely due to the general progress toward a more satisfactory equilibrium in United States foreign trade.

The volume of world trade, particularly in food crops, is, however, far from substantially contributing towards meeting the needs of deficit areas.

Food Consumption

Preliminary estimates of the energy and protein contents of the per caput food supplies during 1950/51 indicate slight gains in the average caloric levels and somewhat smaller increases in protein consumption in most of the regions, especially in North America, Europe and Latin America. (*see* Table 3). Many of these changes, although small, are in the direction of better nutrition. However, nutritional levels are still unsatisfactory and in vast regions of the world, such as Africa, the Near East and the Far East, have not even returned to the low prewar standards. In some countries, as in India, there has even been serious deterioration in food consumption levels for various reasons. Even in such regions as Latin America, where food consumption is now higher than ever before, the average levels in many countries are barely sufficient and, in a few, quite inadequate.

TABLE 2. — INDEX OF VOLUME OF TRADE IN FOOD CROPS *

REGION	Exports			Imports		
	1948/49	1949/50	1950/51	1948/49	1949/50	1950/51
	(*Base:* 1934-38 = 100)					
North America	327	297	308	83	97	97
Latin America	87	81	88	123	146	159
Europe (excluding U.S.S.R.)	43	54	61	86	86	90
Far East	34	38	44	85	83	91
Africa & Near East	87	116	115	157	159	165
Oceania	105	100	110	140	125	125
World (excluding U.S.S.R.)	89	90	100	90	92	96

* Index numbers are based on the trade of wheat, rye, barley, oats, maize, rice, potatoes, sugar, and fats and oils. The trade data for grains, except rice, refer to July-June 1948/49, 1949/50 and 1950/51, and represent gross shipments from principal exporters to which estimated movements from other sources and reported exports of grain products from importing countries have been added. Rice trade excludes re-exports. Uniform price weights are supplied in calculating these indexes.

TABLE 3. — CHANGES IN ENERGY AND PROTEIN CONTENT OF PER CAPUT FOOD SUPPLIES BY REGIONS [1]

REGION	CALORIES			PROTEIN			ANIMAL PROTEIN		
	1948/49	1949/50	1950/51 Provisional Estimate of Changes as % of 1949/50	1948/49	1949/50	1950/51 Provisional Estimate of Changes as % of 1949/50	1948/49	1949/50	1950/51 Provisional Estimate of Changes as % of 1949/50
	(*Numbers per day*)			(*Grams per day*)			(*Grams per day*)		
North America (*a*)	3 120	3 170	+ 1.5	90	91	+ 1	59	60	+ 1.5
Latin America (*b*)	2 410	2 450	+ 1.0	67	68	+ 1	26	29	—
Europe (*c*) . . .	2 690	2 750	+ 2.0	85	85	+ 1	33	36	—
Far East (*d*) . .	1 890	1 890	+ 3.0	53	53	+ 2	6	7	—
Near East (*e*) . .	2 480	2 350	+ 5.0	76	72	+ 4	14	13	+ 8.0
Union S. Africa .	2 570	2 580	—	70	71	— 1	25	26	— 2.0
Oceania (*f*) . . .	3 200	3 250	+ 1.5	96	99	—	65	66	+ 1.0

[1] Based on all foods consumed in the regions and therefore not statistically comparable with the figures in Table 1.
(*a*) Canada and U. S. A.
(*b*) Includes Cuba, Mexico, Argentina, Brazil, Chile, Colombia, Peru, Uruguay and Venezuela
(*c*) Excludes Portugal, Spain, Czechoslovakia, Bulgaria, Rumania, Hungary and Yugoslavia
(*d*) Includes Ceylon, China, excluding Manchuria and Taiwan, India, Indochina, Indonesia, Japan and the Philippines.
(*e*) Includes Egypt and Turkey.
(*f*) Australia and New Zealand.

Fiber Situation

With the sharp decline in U.S. cotton production, world natural fiber production in 1950/51 fell by 9 percent compared with the previous year. Production of wool was slightly, and of jute substantially, larger.

Fiber production expanded in 1950/51 in all regions except North America, with Latin America, Africa and the Near East, and Oceania reaching levels one-sixth to one-quarter above their prewar average output. European production approached prewar levels, but in the Far East output reached only three-quarters of the prewar volume, despite appreciable increases.

World consumption of natural fibers outran production, except in the case of jute. Although stocks added significantly to new supplies and some alleviation was provided by an enlarged output of synthetic fibers, extremely tight market situations developed. World trade in fibers expanded where supply would permit, although there were reduced exports from Oceania. A notable feature was the increased imports into the Far East.

TABLE 4 — INDICES OF VOLUME OF PRODUCTION AND TRADE OF NATURAL FIBERS

REGION	PRODUCTION *a*			TRADE *b*					
				Exports			Imports		
	1948/49	1949/50	1950/51	1948/49	1949/50	1050/51	1948/49	1949/50	1050/51
	(*Base:* 1934-38 = 100)								
North America. . .	111	119	76	38	91	110	250	166	166
Latin America. . .	111	122	127	122	90	117	310	291	359
Europe (excluding U.S.S.R.)	94	94	97	49	49	52	74	89	90
Far East	62	64	75	53	36	42	42	51	56
Africa and Near East	104	108	116	94	101	110	331	349	247
Oceania	107	115	119	142	151	145	176	180	172
World (excluding U.S.S.R.)	95	101	92	80	87	97	81	88	89

(*a*) Includes production of cotton, wool, jute, and hard fibers.
(*b*) Includes trade of cotton, wool, jute, and hard fibers. For comparability with prewar for the jute trade, the Indian sub-continent is treated as a single trading area.

Forest Products Situation

The output of major forest products (sawnwood and wood pulp) increased in 1950 in the U.S.A. and Canada, while in Western Europe, production of wood pulp increased and that of sawnwood declined. The output of wood pulp in 1950 in the U.S.A. and Canada combined was about 15 percent, and in Europe, 10 percent above 1949 levels. The output of sawnwood in the U. S. A. reached the highest production figure since 1929 and increased by 14 percent in Canada, while European output remained practically at the previous year's figure. With few exceptions, international trade in woodpulp and sawnwood in 1950 exceeded that of the previous year.

GENERAL ECONOMIC CONDITIONS AFFECTING AGRICULTURE

Developments in 1950/51

The world's economy was sharply affected in 1950/51 by the hostilities in Korea and the subsequent re-armament programs in the U.S.A. and Western Europe. There were two periods of large-scale advance buying by business concerns, and in some countries by consumers and governments. The first occurred after July 1950, following the invasion of Korea, and the second in early 1951, after the enlargement of the conflict by Chinese intervention. The increase in wholesale purchases was especially marked. In both periods purchases far exceeded current consumption ; business inventories increased rapidly, and prices advanced at extraordinary rates. Both waves of scare buying were followed by a reduction in wholesale, and in some countries in retail purchases, together with an accumulation of stocks in manufacturers and wholesalers' hands. After the first wave, price increases slackened, and after the second, many prices decreased. These conditions affected agricultural raw materials and foodstuffs as well as industrial products. Industrial production, already expanding rapidly at the beginning of 1950 as a result of recovery from the 1949 decline in the U.S.A. and of restoration of pre-war levels in Western Germany, received a further stimulus. The index of world industrial production reached a level of 112.5 in 1950 (1949 = 100), and seems to have increased a further 10 percent in the first quarter of 1951. (*see* Charts I and II).

The expansion in industrial production created a tight supply and demand situation in a number of raw materials, but up to now, except in a few cases, such as zinc, copper, and sulphur, output of raw materials is apparently keeping pace with industrial requirements. U.S. stocks of many major raw materials declined in 1950, but since the beginning of 1951, production has more than kept pace with consumption, and increased stocks of most raw materials have been reported. Information is not available about the extent of consequent reductions in stocks in other industrial countries.

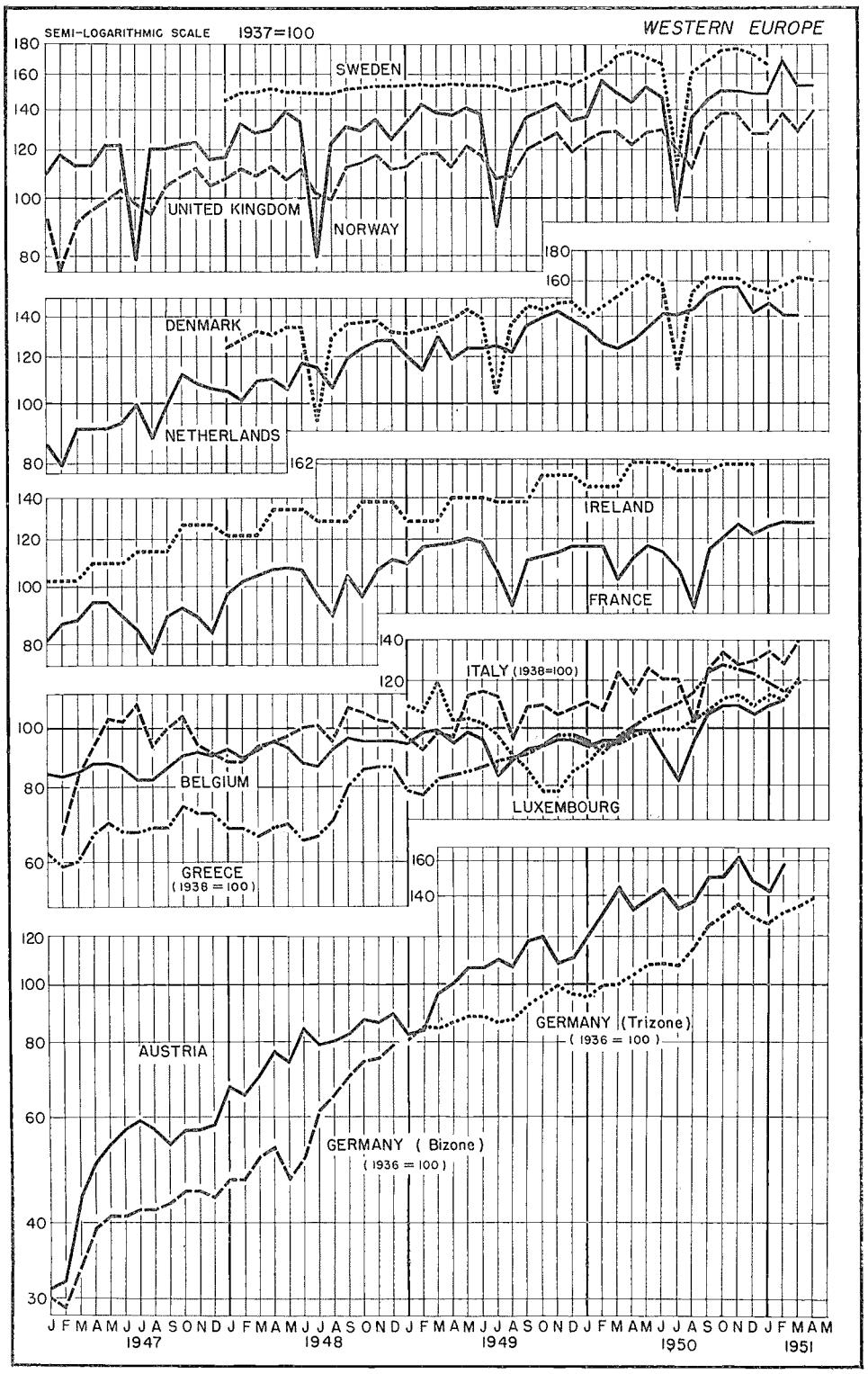
Available evidence does not yet show any serious overall shortage of raw materials. Shortages of particular products, such as zinc, copper, and rubber may be partially met by the use of substitutes. Other raw material shortages may lead to limitation of the output of many products, but information is not yet available to estimate how serious such limitations may become in 1951/52 or 1952/53.

The sharp rise in the prices of raw materials during the second half of 1950 and early 1951 was due not only to increased demand for consumption but also to purchases for government stockpiles, the building up of commercial and consumer inventories, and to speculation. When this advance buying ceased, prices of most raw materials steadied or even declined during the second quarter of 1951.

Movements in Prices

These trends also affected the consumption of agricultural products, particularly fibers, and the volume and composition of international trade in agricultural commodities. They brought with them a rapid rise in demands for stockpiles and appreciably altered both the domestic and international structure of agricultural prices. During the Spring of 1951, the demand pressure eased somewhat as a result of a slackening in the tempo of industrial expansion, the introduction in some countries of measures to freeze additional purchasing power, and an overall change in expectations coupled with a reduction in purchases for stocks. With a few exceptions, prices reacted immediately to the fluctuations in demand. (Table 5).

Chart I **INDICES OF INDUSTRIAL PRODUCTION**



Notes:

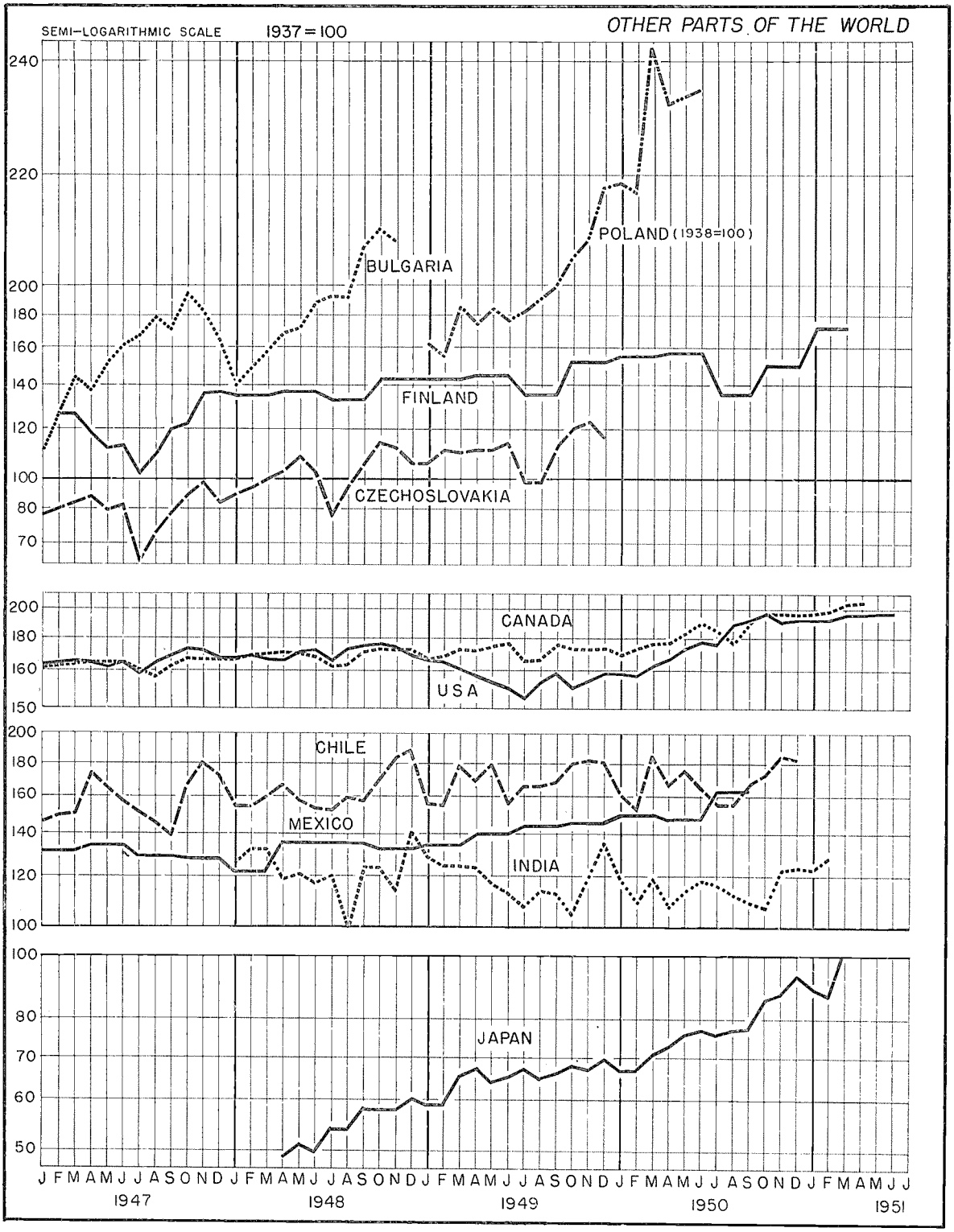
UNITED KINGDOM: partially adjusted for number of working days

AUSTRIA, DENMARK, FRANCE, GERMANY, LUXEMBOURG, NORWAY and SWEDEN: adjusted for number of working days

IRELAND: quarterly averages

BELGIUM: adjusted for seasonal variation and number of working days

Chart II **INDICES OF INDUSTRIAL PRODUCTION**



Notes :

CANADA	: adjusted for seasonal variation and number of working days
U. S. A.	: adjusted for number of working days
CHILE	: excluding mining; including building and electricity
FINLAND	: 1948-1951 quarterly averages
POLAND	: pre-war territory

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

Commodity	1951		1951		Change in Prices		
	1st. half	2nd. half	1st. quarter	latest month *a*	2nd. half '49 compared to 1st. half '50	2nd. half '50 compared to 1st. quarter '51	latest month compared to 1st. quarter '51
	(.... $ *per 100 lbs. unless otherwise indicated*.....)				(.....*Percent*.....)		
Wheat (U.S.) ($/bushel)	2.25	2.22	2.42	2.34	— 1.3	+ 9.0	— 3.3
Rice (U.S.)	8.10	9.11	10.15	10.41	+ 12.5	+ 11.4	+ 2.6
Sugar raw (Cuba)	4.39	5.56	5.22	7.41	+ 26.6	— 6.1	+ 43.0
Coconut oil (Philippines)	14.82	15.72	19.96	*b* 17.69	+ 6.1	+ 27.0	— 11.4
Copra (U.S.)	9.52	10.57	13.38	9.00	+ 11.0	+ 26.6	— 32.7
Coffee (U.S.)	47.73	54.06	55.13	53.56	+ 13.3	+ 2.0	— 2.8
Cocoa (U.S.)	26.41	42.05	37.66	38.31	+ 59.2	— 10.4	+ 1.7
Tea (Ceylon)	50.5	54.3	57.3	*c* 54.80	+ 7.5	+ 5.5	— 4.4
Tobacco (U.S.)	46.5	49.9	53.2	53.20	+ 7.3	+ 6.6	—
Wool (U.S.)	162.0	236.0	343.0	282.00	+ 45.7	+ 45.3	— 17.8
Cotton (U.S.)	32.4	40.1	44.6	45.20	+ 23.8	+ 11.2	+ 1.3
Jute (U.S.) ($/short ton)	320.0	302.0	423.0	576.00	— 5.6	+ 40.1	+ 36.2
Burlap (India) ($/100 yds.)	14.12	16.88	25.74	31.27	+ 19.5	+ 52.5	+ 21.5
Rubber, natural (U.S.)	23.5	58.9	73.0	66.00	+150.6	+ 23.9	— 9.6

SOURCE: *International Financial Statistics.*
(*a*) June, unless otherwise indicated; (*b*) May; (*c*) April.

Even for commodities like rubber, where statistically the supply situation is less tight, international commodity speculation pushed prices up at an unprecedented speed in late 1950 when the U.S.A., U.S.S.R., and China began buying large quantities. Compared with the first half of 1950, during which some prices had already responded to the increasing U.S. demand, many commodity prices soared by 10 to 50 percent, and as much as 150 percent in the case of rubber. In the first quarter of 1951 prices generally continued to increase, although in some cases they began to drop. In the second quarter many prices declined slightly, and in a few commodities such as rubber and wool, where previous advances had been extreme, prices declined sharply.

Terms of Trade

The increase in prices of agricultural products and raw materials was more pronounced than that for finished products, resulting in a deterioration of the terms of trade for countries dependent on imports of raw materials, with advantage to exporters.

For countries like those in Western Europe, which primarily import raw materials and export finished products, this development produced a sizeable increase in trade deficits, usually leading to loss of gold and dollar reserves, and to increasing difficulties in the balance of payments. Some of the countries most sharply affected by the unfavorable turn in their terms of trade profited, however, from the development in their dependent and associated territories. Thus the United Kingdom trade deficit increased from some 70 million pounds in the first quarter of 1950 to 235 million pounds in the same period of 1951, but gold and dollar reserves held in London increased in the same period from $1,984 million to $3,758 million. The regions of the world exporting raw materials had in general corresponding gains, and accumulated foreign currency reserves which may enable them to speed up their development programs.

With the subsequent leveling or reduction in the prices of many raw materials and foodstuffs and the simultaneous increases in prices of finished products, the terms of trade in the second quarter of 1951, became somewhat less favorable to the raw material exporting countries than in the last quarter. In the United Kingdom this new development has caused a slackening in its accumulation of gold and dollar reserves and has compelled the British authorities to consider severe dollar import restrictions. It seems likely, however, that for 1951/52 as a whole, there will be considerable gains in foreign exchanges by the material exporting countries as compared with 1949/50.

Domestic Prices

The increases in the prices of imported goods in all countries, and of exported raw materials, reinforced the effects of enlarged domestic demand and resulted in a general upward movement of domestic prices. This increase was, however, less marked than that in international markets, due to the usual time lag, draining down of stocks, long-term purchasing contracts, internal price controls and/or subsidies. (Table 6).

Governments attempted to check the growing inflation by a variety of means, including higher income taxes (U.S.A.), special export taxes (Peru, Argentina), and blocking parts of export receipts (Australia, New Zealand). As a result of these measures, and of the cessation of buying for reserves, demand for agricultural products generally slackened during March and apparently continued to decline through June.

Dangers of a renewed pressure of demand and further inflationary trends, however, still exist, and may again become a matter of serious concern.

TABLE 6. — INDEX OF RETAIL FOOD PRICES, SELECTED COUNTRIES
1949 = 100

Country	1950		1951					
	1st. half	2nd. half	Jan.	Feb.	March	April	May	June
Belgium	96	99	101	102	104	103	103	103
Denmark	109	120	125			128		
France	108	115	120	121	123	125	129	127
Germany (Fed. Republic)	95	90	95	96	102	103	106	109
Italy	95	98	100	100	101	103	104	106
Netherlands	110	113	113	112	113	122	124	
Norway	104	113	110	120	121	127	129	
Sweden	101	103	109	111	114	116	118	
United Kingdom	107	108	111	112	112	115	118	119
U.S.A	98	104	110	112	112	111	112	112
Brazil	106	109	104	107	108	110	111	
Chile	108	126	129	131	131			
Peru	113	117	129	127	127	127	127	
Egypt	106	111	116	117	117	116	116	
Ceylon	106	108	109	110	109	108	108	
India	102	106	105	106	112	110	110	111
Australia	107	117	126	128	130	135	137	142
New Zealand	102	109	118	117	117	122	123	126

Farmers' Income

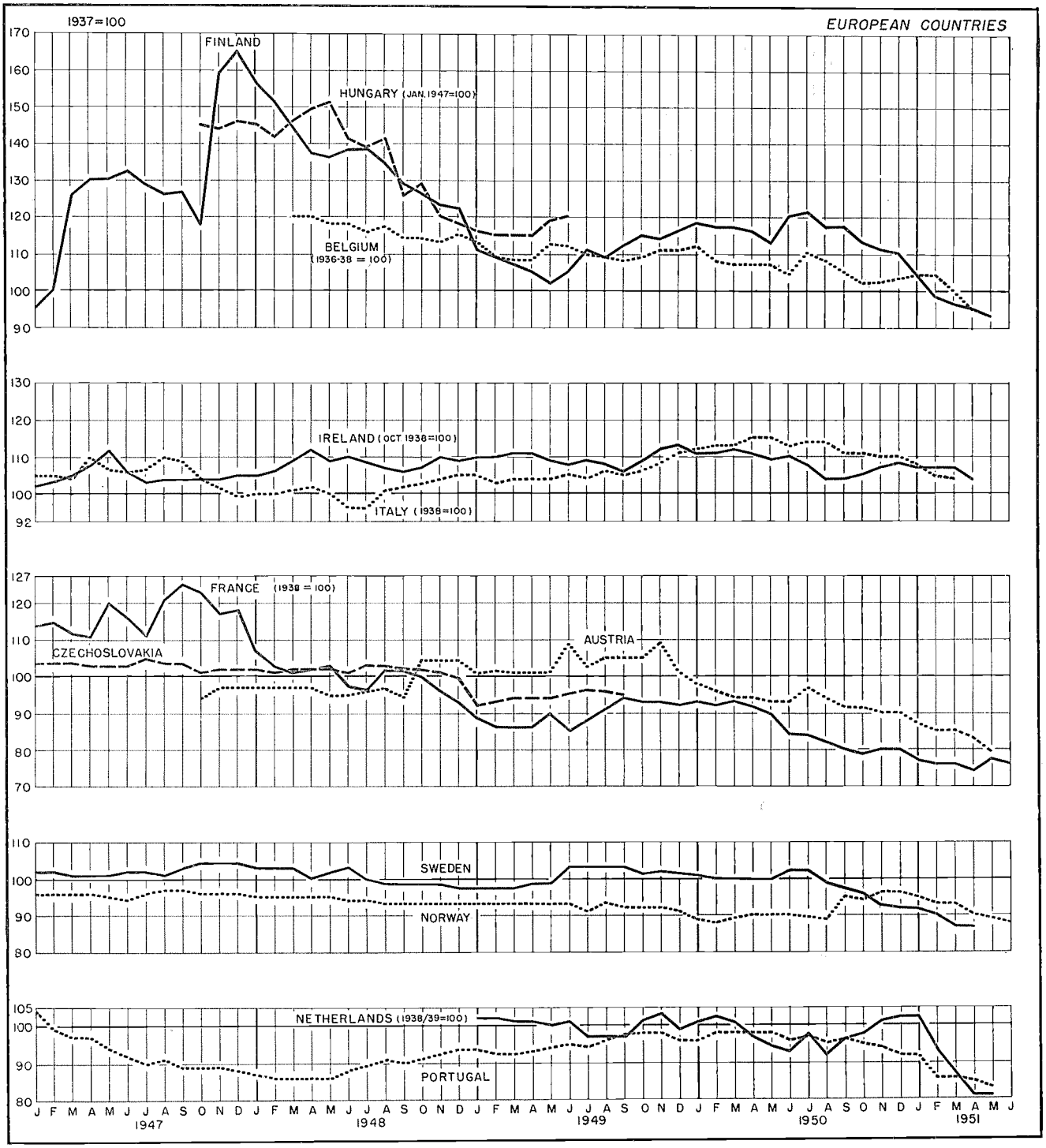
In some countries the increase in prices of agricultural commodities resulted in substantially increased farm cash income from about the same volume of output. Net farm income increased somewhat less, however, because of the simultaneous rise in production costs. In some other countries the increase in farmers' costs was greater than the increase in prices.

As one rough indication of the changes in the economic position of farmers, the movement of the ratio between agricultural and general wholesale prices in selected countries is indicated in Table 7 (Note also Charts III and IV).

Small farmers in less developed areas probably had smaller net gains than other farmers. The marketing of their surplus food crops is poorly organized and the benefit of rising prices often goes mainly to the dense network of merchants and large producers who too often enjoy a kind of monopoly of distribution. Rising farm prices may not necessarily raise the small farmers' standard of living or enable them to increase productivity, since there may be concurrent increases in the prices of consumer goods and for farm equipment. Such farmers depend largely on imported consumer goods, particularly textiles, and supplies of these goods have been short and prices high.

Chart III

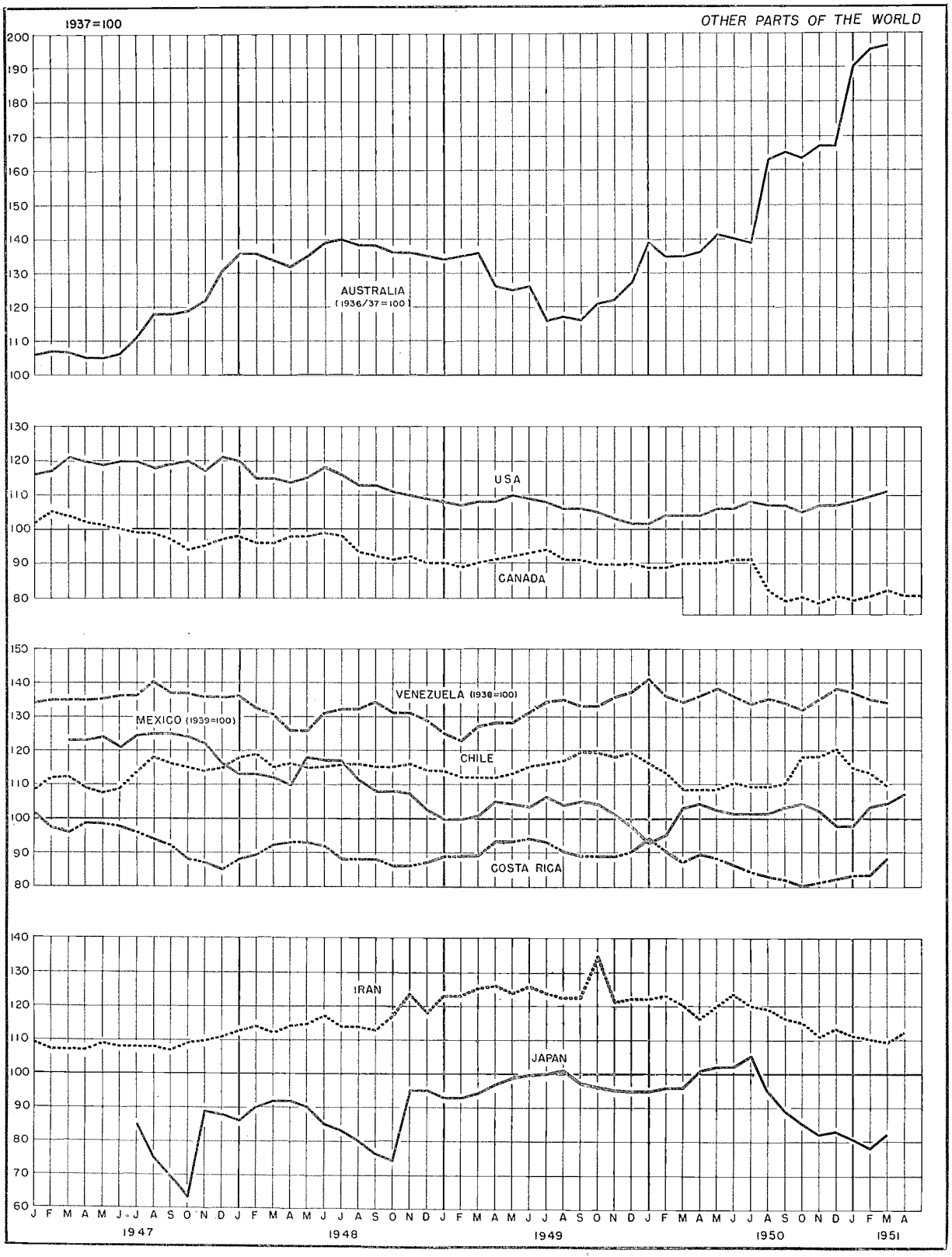
WHOLESALE PRICE INDICES: Ratio of Agricultural Prices to all Prices



Notes: FINLAND and CZECHOSLOVAKIA : agricultural prices include fodder
PORTUGAL : Lisbon

Chart IV

WHOLESALE PRICE INDICES : Ratio of Agricultural Prices to All Prices



Notes : COSTA RICA : San José
MEXICO : Mexico City
VENEZUELA : Caracas
IRAN : Teheran

TABLE 7. — INDEX OF THE RATIO OF AGRICULTURAL WHOLESALE PRICES TO GENERAL WHOLESALE PRICES, SELECTED COUNTRIES

1949 = 100

Country	1950		1951					
	1st. half	2nd. half	Jan.	Feb.	March	April	May	June
Australia (*a*)	110	129	152	154	157	137	129	
Belgium	98	95	91	89	87	86	85	86
Canada	99	94	92	94	96	93	93	96
Chile	96	99	99	98	95	94		
France	99	92	86	85	84	83	86	85
Iran (*a*)	105	101	97	96	95	97	96	
Italy	109	107	103	100	99	99	99	
Japan	103	95	85	82	86	85	81	
Mexico	98	100	96	101	102	102	105	102
Netherlands	99	99	103	94	88	82	82	73
U. S. A.	97	100	101	103	104	103	102	102
Venezuela	105	103	105	103	102	102	105	109

(*a*) 1948/49 = 100

OUTLOOK FOR FOOD AND AGRICULTURE

Supply Prospects

In North America, which continues to be the principal wheat exporting region, grain prospects for 1951/52 seem to be about as favorable as in 1950/51. Production of other foodstuffs, particularly meat and livestock products, is expected to increase both in the U.S.A. and Canada. Increases in the animal population, strong demand for meats, and sharply reduced maize carry-over may cause increased pressure of livestock feeding on food grain supplies. Latin-American expectations are good owing to the upward trend in food production in most countries of the area. Increases are expected in output of meat, grains, sugar, vegetables and fresh fruits in spite of possible shortage of imported tools and equipment. In Western Europe, on the other hand, crop output may be smaller than in 1950 on account of a cold wet winter and Spring and delayed Spring field work, while expansion of pig meat may be hampered by difficulties in importing enough feed grain. In Eastern Europe and the U.S.S.R., weather conditions have been unusually favorable, and this region seems likely to have good crops in 1951/52, with larger supplies of grain available for export. In the Near East, prospects are average but an unusually heavy locust infestation may severely damage the crops. This danger has been recently brought to the attention of FAO and measures are currently being taken to cope with it. Equally serious is the locust infestation in extensive areas of the Far East, where otherwise production of rice and other grains may be expected to exceed last year's, in spite of some tendency to substitute cotton and oil seeds for grain as a result of recent price changes. In Oceania, an increased output of food, particularly a better wheat crop, is expected.

Prospects for fisheries point to an increase in world catches in 1951/52 in view of the expanded capacity of major producing countries.

Efforts are being made in many areas to increase the nutritional value of the food supplies. It is likely that calorie levels and nutritional quality will be raised in some parts of the world where they are now very low. This trend, however, is not found every where ; indeed, in some countries where agricultural development cannot keep pace with the growth of population there may well occur a lowering of nutritional standards.

The fiber supply situation will probably improve in 1951/52. Prospects for the forthcoming cotton crop are good, with substantial increases expected in the United States output and some further gains in other producing areas. Production of wool may be slightly higher owing to continued high prices, while consumption has declined somewhat from the high levels of 1950. The supply and demand situation will continue to be tight.

The situation in forestry products will remain relatively stable in 1951/52 for sawnwood, while a rather tight supply-and-demand situation seems likely to develop for woodpulp.

Impact of General Conditions upon Agriculture

Economic developments outside the agricultural sphere are unlikely materially to affect the agricultural output in 1951/52, save that recent higher prices may stimulate increased plantings and divert production to exceptionally scarce and high priced crops, such as cotton and rubber.

The economic effects of the Korean situation seem likely to continue in 1951/52 and 1952/53, probably with a continued general expansionary situation, and with a high and increasing demand for agricultural products. If the fighting ends in Korea, and international tension lessens, some reductions of inventories of finished goods might occur, and prices of agricultural products and other raw materials decline for a time, accompanied by a general downward movement in price levels. Ordinarily this might cause a retrenchment in investments with resulting widespread depression, first in the U.S.A. and then in other industrialized countries. But in view of the rearmament program, which it is assumed will continue substantially unchanged, prices will probably resume their upward movement after a readjustment period. Private investments are not likely to decline materially as long as the rearmament program is under way.

On the other hand, a subtantial part of current expenditures for expanded defense is going into the construction and enlargement of plants to produce modern weapons in large quantities. The great increase in those expenditures projected for 1951/52 and 1952/53 will involve putting such plants into fairly full production and turning out armaments at a rate approaching that of World War II. If actual fighting stopped or were discontinued on a large scale, so that materials and munitions were not expended rapidly, the stockpiles of completed weapons and munitions would soon reach tremendous quantities. If international tension were relaxed, armament production at such a high rate might not, therefore, be continued very long. While the munitions plants might, if necessary, be kept in condition for immediate use, the rate of current arms production might nevertheless be reduced. The future expenditures for defense would then be substantially smaller than those now projected. If that should prove to be the case, the economic programs of countries would necessarily place less emphasis on defense and more on peacetime goods, both for consumers and for producers. These readjustments could not of course be made instantaneously. The exceedingly high and even inflationary demands for farm products might decline during this readjustment period and might not rise rapidly thereafter to the recent very inflationary levels.

In the immediate future, however, the full impact of vastly increased rearmament expenditures will be felt first in the U.S.A., then in the United Kingdom, and later in varying degrees in other countries. In the industrialized countries the expected expansion in industrial production, employment and income will increase consumers' buying power and demand for food and agricultural commodities. The expansion will enable countries exporting raw material and foodstuffs to earn more foreign currency and so stimulate their own internal demands for foodstuffs, especially if other industrial consumer goods become scarce as a result of the armament programs. Shortage of ships and higher freight rates will also influence prices in importing countries. Prices of foodstuffs and other agricultural products thus seem likely to increase appreciably in 1951/52, with the rate of increase varying in different countries according to the particular conditions and the measures used to control inflationary pressures.

The anticipated high level of agricultural prices will stimulate expansion of agricultural production in the coming years as long as it continues favorable compared with the level of prices paid by farmers for implements and labor.

Manpower and Agricultural Requisites

Enlargement of the armed forces and expansion of industrial production will draw more heavily than in the recent past upon the labor force in the industrialized countries. During the past war such increases in manpower were largely drawn from the unemployed. At present, few untapped sources of manpower are available in most industrialized countries. Additional labor must be supplied by putting an increased proportion of the population to work, or from inter-

national migration of workers from relatively over-populated areas. Unless such movement is substantial, the number of workers in agriculture may fall so sharply as to restrict agricultural production, as exemplified by the 10 percent reduction in the number of North American farm workers last year.

The armaments expansion may also limit the availability of materials and equipment for agriculture. In the U.S.A., fertilizer supplies are apparently still ample, with prices in April 1951 about the same as a year earlier. In Europe, there are already reports of shortages of fertilizers and pesticides, which may become more serious in the future. Unless supplies of farm requisites are maintained, farm production may suffer.

Changes in the ratio of prices received to prices paid by farmers will influence subsequent output. The recent increase in that ratio in some countries has apparently slackened somewhat. In the U. S. A. the ratio declined from a maximum of 113 (1910-14 = 100) in February 1951, to 106 in June. If a similar trend should continue in the U. S. A. and Europe, agricultural output in 1952/53 might not be sufficiently stimulated to satisfy the growing population and their increasing demands.

In less developed areas, the high prices for export crops may divert resources from basic foodstuffs needed for domestic consumption. In a number of Far Eastern countries rice workers are attracted away by the higher wages on rubber plantations ; similarly cotton is expanding at the expense of grain.

Current developments in the industrialized countries may also reduce supplies of farm machinery, heavy agricultural equipment fertilizers, pesticides, etc. to the less developed regions. Although such countries can afford to import goods for development those goods may be in short supply. While this may not appreciably affect current levels of agricultural output, it may restrict further economic development in agriculture.

Any retarding of the agricultural progress of less developed areas may in turn result in greater inflationary pressures, both there and elsewhere.

Under the present circumstances the world may, therefore, be heading for a period in which the recent increases in agricultural output may slacken or even be reversed, with a consequently insufficient supply of basic foodstuffs and increased inflationary tendencies.

Conclusion

The outlook for agriculture is therefore a mixed one. Expanding world economic activity, buttressed by extensive re-armament as well as by expanding consumer incomes, is creating large and increasing demands for products of farm, forest and fisheries, and this expansion seems likely to continue. At the same time the defense demands on men and materials threaten to limit resources for agricultural production, and to reduce supplies of industrial goods for consumers. These tendencies may result in continued price inflation, the cancelling out of part or all of the gains in farm welfare from increased production, and in threats to further expansion in agricultural output. Concurrently, the acute demands for raw materials are creating payment problems for countries importing those materials, while easing the foreign exchange position of many raw material exporting countries ; but the ability of less developed countries to use these increased resources for agricultural and economic development may be hampered by the shortages of supplies.

The apparent gains from intensified economic activity are thus partially neutralized by the development of a world economy based more and more on defense objectives. At the same time the future has become increasingly unpredictable, for a further wide-scale expansion or an extensive new recession are equally possible, according to political and military developments. Despite all the hazards, however, further expansion in industrial and agricultural production seems the most probable development over the next two years.

Chapter 11

REVIEW AND OUTLOOK BY REGIONS

Chapter II

REVIEW AND OUTLOOK BY REGIONS

NORTH AMERICA (U.S.A. and Canada)

Current Situation

North American agricultural production in 1950/51 was about as good as in the preceding year, the decline in grain output in the U.S.A. being almost balanced by larger harvests in Canada.

Total agricultural production in the U.S.A. was about 2 percent less than the peak figure of the year before. The area harvested in 1950 was 4 percent lower than in 1949, reflecting the sharp reduction in acreage of crops subject to the allotment program, notably cotton, wheat and corn, the production of which was appreciably lower than in the previous season. Output of livestock products was a little higher than in the previous season with increases in milk, poultry and eggs.

In Canada, agricultural output exceeded that of last year by 14 percent, a gain almost entirely due to increased yields of grains. Some decline in the output of livestock, livestock products, fruits and tobacco offset to some extent the large increase in field crops.

Canadian wheat was of poor quality in the western provinces owing to bad weather during the harvesting period. This, and the lower initial price established by the Canadian Wheat Board for the 1950 crop, caused a fall of nearly one third in the farm wheat price from that of the previous year.

Similarly an increased production of barley and potatoes was counterbalanced by a decrease in average farm prices for these products. The gross value therefore declined. On the other hand prices received for livestock advanced appreciably. Average prices for all farm products in Canada were about the same as in 1949, while operation costs increased by more than 3 percent. These factors resulted in a slightly lower net farm income. In the U.S. however farm prices rose throughout 1950 and averaged 3 percent higher than in the previous year with a corresponding increase in working costs. Net farm income was lower mainly because of decreased farm output.

The fisheries of the U.S.A. and Canada showed an increased catching capacity, coupled with favourable fish runs. In the U. S. A. certain fish prices were subject to control during 1950-51. In Canada, except for the province of Newfoundland, the significant increase in the general landed prices, coupled with heavier catches of high priced species, led to an advance in fishermen's revenue.

Food supplies in North America continued to be plentiful as in previous years. Exports were lower and imports higher. Food stocks showed no significant decline and were even larger in some instances. Judging from the estimated calorie and protein levels of the food supplies (*see* Appendix), the average consumption levels continue to be adequate in Canada as well as in the U. S. A. There were even some slight improvements in the quantity and quality of food supplies during the last year.

By the end of June 1951, the production of lumber in the U. S. A. was practically equal

to that of the previous year, but new orders averaged 20 percent less than output. There were also signs of slackening in shipments and of increases in gross stocks. During the summer there was a certain weakening in lumber prices in both the U.S.A. and Canada.

Wood pulp production continued on a high level at the beginning of the second half of 1951, and new mill capacity was coming into operation. Ceiling prices fixed in the U.S.A. were expected to have an adverse effect on imports from Sweden.

The outbreak of hostilities in Korea in June 1950 was followed by a great rush to buy on the part of business interests and consumers, to protect themselves from the possibility of shortages such as they suffered during World War II. This movement was most intense in the U.S.A., and caused an immediate sharp upward movement in prices, and a rapid increase in the sales of almost all products. This incentive to full production was re-inforced by a substantial increase in orders for re-armament. The intensity of advance buying died down in late 1950, as the U.N. forces seemed likely to win a decisive victory, but flared up again in mid-winter after their temporary reverses. By March 1951, wholesale prices averaged 17 percent above the level of June 1950. From March through June, as the U.N. military effort became more successful, and as price controls began to take effect, the forward buying ceased, and industrial production, which had expanded to 15 percent above that of a year earlier, began to outrun consumption. Inventories piled up in manufacturers' and merchandisers' hands, and many prices ceased to advance in the U.S.A. or even declined slightly. This slight softening occurred despite the unprecedented peacetime expansion of the re-armament program in North America and Western Europe and the increase of unfilled orders with manufacturers to twice the level of a year earlier.

The recent slackening in current purchases has been reflected in a cessation of the growth of industrial production, which stood unchanged at 222 - 223 from March through July, and in a gradual slight decrease in most wholesale prices, with farm products declining from 202.6 in February to 188.9 at the end of July (1926 = 100); while products other than farm products and foods decreased during that period from 172.4 to 167.8 and the general average of all wholesale prices from 184.0 to 178.0. Defense restrictions caused a sharp drop in house building and other constructional activity, and non-agricultural employment remained almost unchanged from March through June.

These developments had considerable repercussions on farmers' incomes.

Prices received by farmers advanced rapidly from mid-1950 to February 1951, increasing almost 70 percent, then declined gradually until June. Prices paid, on the other hand, advanced less rapidly but continued to increase throughout the period. As a result, the farm parity ratio, which had climbed from 97 in June 1950 to 113 by February, 1951, declined to 106 by June 1951.

Farm income increased from a level of 12.4 millions annually for the first half of 1950 to about 15 billion annually in the first half of 1951. About half of this increase was offset by the higher cost of purchased goods. Even so, the buying power of farmers during 1950/51 was substantially higher than in 1949/50, though it did not reach the very high levels of the two years preceding, 1949/50.

Economic developments in Canada were broadly similar. There were equally sharp advances both in prices and sales at the wholesale level and a substantial expansion in the volume and value of exports and imports. Retail sales, however, showed little change and retail stocks therefore accumulated. In contrast with the U.S.A., farm prices and prices paid by farmers increased relatively little compared with prices for manufactured products. Farm cash income in 1950/51 appears to have been slightly lower than in the preceding year with a marked reduction in farm purchasing power. Industrial production and employment expanded markedly, and national income and expenditure increased substantially, strengthening the domestic demand for farm products.

The expansion in domestic activity after mid-1950 had a striking effect on U.S. imports of agricultural raw materials, both in quantity and value, while exports of most major farm products declined in quantity, though not in value. Every major agricultural import increased in quantity, in most cases by one-fifth to almost one-half; and with advancing prices, import values increased far more sharply. (*See* Table 8).

For the nine months shown, the value of the 8 imported commodity-groups totaled 2,791 millions of dollars in 1950/51, as compared with 1,616 millions a year earlier. This increase of

TABLE 8. — INCREASE IN U.S. IMPORTS OF MAJOR AGRICULTURAL PRODUCTS, JULY-MARCH 1950/51 COMPARED WITH JULY-MARCH 1949/50.

COMMODITY	Proportional Increase	
	Quantity	Value
	(.....*Percent*.....)	
Cane sugar	17	23
Crude rubber	26	219
Copra	19	46
Coconut oil	20	39
Other vegetable oils and oilseeds	12	58
Wool	48	91
Cocoa and cocoa beans	8	75
Coffee	5	58
TOTAL VALUE OF ABOVE ITEMS		73

SOURCE: U. S. Department of Commerce, Monthly Summary, Foreign Commerce of the U. S. A.

almost 1,200 millions of dollars in U.S. imports of agricultural raw materials together with parallel increases in similar imports by other western industrialized countries, contributed substantially to the income of the exporting countries. While the amount and value of U.S. imports of farm products declined somewhat in April of 1951, and apparently also in May, they continued on a level far above that of a year earlier. So long as the expanded defense program continues, countries exporting the agricultural raw materials, indicated in Table 8 will probably enjoy substantially improved export markets.

Outlook

Farm output during the next two years in the U.S.A. and in Canada is expected to be generally above the average of the last few years. Although the 1951 winter wheat crop was sharply affected in the U. S. A. first by dry weather, and later by floods and extensive insect damage, total wheat output is expected to be a little higher than that of 1950/51. Reductions in acreage may cause wheat production in Canada to be less than in the previous season, but favourable weather will improve its quality. With the exception of rice, production of other food crops in the U.S.A. may decline slightly, as in most cases the acreage is smaller. High prices, and the elimination of marketing quotas and acreage allotments, are expected to result in a cotton crop of 15/17 million bales against 10 million in the previous season. Only minor changes in output of livestock products seem likely.

It is believed that curtailments in housing and general construction in the U. S. A. will gradually cause some slackening in timber output. Canada, and to a lesser extent, the U.S.A., are expected to increase their exports of timber if the present softening of prices proves to be enduring.

The increase in North American pulping capacity will lead to a lessening dependence upon imports from Europe. While it is believed that North America will continue for some years to show a net import balance, maximum use of mill capacity could make possible a considerable surplus. Reduction in the huge consumption of paper in the U.S.A. might set free large quantities of pulp for export.

With the considerable expansion in economic activity and increased opportunities for employment in non-agricultural activities, there has been a drift from farm work. Agricultural employment in the U.S.A. declined from an average of 8.8 million persons in the second quarter of 1949 to 8.1 million in the same period of 1950 and to 7.4 million during the second quarter of 1951. In Canada, agricultural employment dropped from 951,000 in March 1950, to 854,000 a year later, a reduction of 10 percent. In May 1951 the United States Senate passed a bill whereby employers will pay all costs of imported farm labor; and in Canada, the Dominion Provincial Farm Labor Program for 1951/52 assumes that immigration of farm workers will be necessary. In both countries, emphasis is being placed on maintaining the levels of production of fertilizers, pesticides, farm machinery and implements, as essentials within the defense programs.

Early in 1951, the U.S.A., in an effort to halt inflation and to adjust demand to the new economic conditions imposed by the Defense Program, not only imposed taxation, credit restrictions and other fiscal and monetary measures, but also introduced government control on prices and wages. These controls were extended in mid-summer 1951. In Canada, price and wage controls have not been established, but other fiscal and restrictive devices have been adopted, including increased taxation. Annual defense expenditure in the U.S.A. before the Korean conflict was 12,400 million dollars; in early 1951 the yearly figure was 30,000 millions; by the end of 1951 it will be 50,000 millions a year, and even

higher for the first half of 1952. In Canada, the budget for 1951/52 includes 1.7 billion dollars for defense expenditures.

The projected expansion in defense expenditure and industrial investment in the U.S.A. and Canada is expected to maintain, through 1951/52 and later, the present situation of almost full employment, rising industrial production and payrolls, and expending national income. The increasing diversion of materials and equipment to defense goods will, however, further limit the supplies of many goods available to consumers. Although this inflationary pressure was checked early in 1951, it is generally expected to reappear in the fall of this year. This pressure may be further increased by the recent relaxation of the limitations on consumer credit and on the financing of civilian construction.

Programs for defense expenditure are unprecedented for peacetime, and dominate the economic future. These programs may be expanded or restricted by political or military developments. If international tension should lessen, and armament programs be reduced or slowed down, the sharp inflation of 1950/51 may not be repeated in coming years. With the enormous present and projected expansion in North American industrial capacity, and rising real national income however, the consumption of food and fibres in North America seems likely to reach new record levels. Exports of food may decline in spite of strong foreign demands. North American import demands may well continue to absorb an increasing proportion of the world production of raw materials, to stimulate demand for those agricultural materials in which the region is deficient, and perhaps even to furnish increased opportunities for immigration to unemployed workers from other regions.

*EUROPE (excluding Eastern Europe)**

Current Situation

The five years 1945-1949 were marked by strenuous efforts to restore Europe's agricultural productivity. By 1950, these efforts had, in the main succeeded. The pattern of production, and the state of agricultural productivity attained in 1950/51, provide a basis for the continued development of European agriculture during the coming years.

In Western and Northern Europe the over-all production of major crops (*see* Table I) has now caught up with the increase in population since the prewar period. In Germany and Austria and in the Mediterranean area the production index lags behind mainly because of the retarded recovery in Eastern Germany and the low output in Spain. Except in the Mediterranean area, increased yields per hectare are due to the greater use of fertilizers and to improved methods of production.

The area devoted to sugar beets, oilseeds, pulse and grass has considerably exceeded the 1934-38 average, but the breadgrain acreage remains below the prewar figure, except where large areas of grassland were plowed up during the war. In some countries, the decline in grain areas has

* For 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.

Western and Eastern Germany and Austria.

Mediterranean Europe : Greece, Italy, Portugal, Spain.

TABLE 9. — INDEX OF PRODUCTION[a] AND AREA OF MAJOR FOOD CROPS IN 1948, 1949 AND 1950, AND COMPARISON WITH INDEX OF POPULATION

REGION	PRODUCTION			AREA			POPULATION		
	1948	1949	1950	1948	1949	1950	1948	1949	1950
	(1934-38 *b* = 100)								
Western and Northern Europe[c]	110	105	106	95	93	93	105	106	107
Germany and Austria	84	86	95	84	85	89	115	116	117
Mediterranean Europe	78	82	92	93	94	96	111	112	112

(*a*) Based on wheat equivalent of gross production of wheat, rye, barley, oats, maize, rice, sugar and potatoes. Conversion factors used : wheat 100, rye 95.8, barley 64.8, oats 58.4, maize 106.3, rice 82.9, sugar (raw) 105.4, and potatoes 21.0.
(*b*) For Spain 1931-35.
(*c*) Excludes Finland.

been counter-balanced by increased yields per hectare.

In the early post-war years, recovery in livestock production lagged behind that of crop production. But in the last few years this trend has been reversed; indeed, a striking improvement has been made upon prewar standards of efficiency in livestock production. The improvement, moreover, has been obtained with lower supplies of feeding stuffs, for coarse grain imports in 1950 were about 4 million tons below the 1934-38 average. More efficient feeding methods, the improvements in grassland, a greater utilization of products formerly wasted, and the high price of imported feeds are responsible for this development.

There has thus been a general rise in productivity over prewar levels in both the crop and livestock sectors of European agriculture. Among countries which show substantial increases in average yields, the rise has been relatively as great in countries which previously had high yields as in those where yields were medium or low.

TABLE 10. — ESTIMATED TOTAL MEAT AND MILK PRODUCTION IN 1950/51 COMPARED WITH 1949/50, 1948/49 AND 1934-38.

REGION	MEAT			MILK		
	1948/49	1949/50	1950/51	1948/49	1949/50	1950/51
	(1934-38 = 100)					
W. Europe	85	97	102	94	104	113
N. Europe	77	98	108	90	102	106
W. Germany and Austria	48	79	94	70	86	94
Italy. . . .	95	98	103	98	114	116

This phenomenon is worthy of note since plans to increase European agricultural production have often been criticized on the grounds that production in many European countries is already too intensive to permit further augmentation.

The current situation in European fisheries is distinguished by intensified activities in Arctic waters : off the coast of Northern Norway, at Svalbard, and on the Barents Sea. The new draft units formed during the post-war reconstruction period are much more efficient than the old ones.

Imports of foods from the western hemisphere in 1950 were, with few exceptions, smaller in volume than in preceding years in consequence of improved domestic production and the building up of stocks. European wheat imports from overseas in the 1950/51 season were, however, slightly higher than those of 1949/50, while imports of breadgrains from Eastern Europe in 1950/51 were considerably lower as compared with the previous season.

On the other hand, the volume of trade in agricultural products within Western Europe was higher than in preceding years. France's role as an exporter of agricultural products became more important, the country's exports of wheat being nearly 40 percent above the previous season's figures. It was a good year for beets, so sugar exports increased sharply from France, Denmark and Belgium. Next to the U.K., Western Germany emerged as the leading purchaser of European food exports — a welcome development, but not without its dangers. For when Western Germany's liberal import policy and increasing luxury consumption exhausted her credits in the European Payments Union, she was forced temporarily to restrict her imports. Exporters, especially of fresh fruits and vegetables (Italy, Netherlands), were thus threatened with serious losses, which were averted only by special arrangements within the OEEC. A long range solution of intra-European trade problems is indispensable if a recurrence of such situations is to be avoided.

In the middle of 1951, there were signs of a seasonal slackening in the timber trade in most of the importing countries except the United Kingdom. It was believed that the reported softening of prices in the United Kingdom's negotiations on contracts with Canada and the U. S. S. R. might have some effects on the price demands of European exporters later in the year.

There were no signs of any slackening of demand for woodpulp and prices continued to be firm.

Available information on the food supplies during the last year shows, on the whole, further improvement in both the quantity and quality of national food supplies. (*See* Appendix). In fact, both calorie and protein levels seem to have exceeded forecasts in most countries and have almost reached prewar standards, except in Central European and Mediterranean countries. The consumption of starchy foods, mainly cereals and potatoes, has been progress-

ively falling during the post-war period, while that of more nutritious foods is increasing. This trend is perhaps the best indication of the general improvement in the quality of the diet. Apart from the rise in the consumption of meat and eggs from the low levels of the immediate post war period, there is clearly discernible a trend towards using milk and milk products as a source of animal protein.

World re-armament created fresh inflationary pressure in Europe. In consequence of rising wages and full employment, in most countries higher prices have not yet reduced food consumption, except possibly in less protected population groups. The U.K., Norway, Sweden and the Netherlands either reduced food subsidies, or failed to increase them in the face of rising prices. In other countries, such as France, where consumers are less protected, the rise in prices was steeper and more rapid. In Spain, where inflationary pressure coincided with an attempt to relax existing food controls, prices of staple foods rose out of reach of large sections of the population and created unrest ; hence price controls had to be re-established. Other countries devised precautionary measures to be used at need.

Outlook

Grain production in 1951 (except in Spain and Portugal) is expected to be slightly lower than in the previous year. Nor are sugar beets likely to show the same high yield as in 1950. Output of livestock products may be maintained.

Although international agricultural prices have recently weakened, prices of food imports will probably continue high enough to force many countries to apply restrictions. For example, wheat prices, despite the Wheat Agreement, may rise because of increased transportation costs. Feed grains may continue to be in short supply, forcing still higher prices. To prevent large scale feeding of wheat and rye to animals, governments may be obliged to establish still higher prices for bread grain, which would affect the price of bread.

With increasing re-armament activities in most Western European countries, total industrial production will continue to increase within the limits of available raw materials and skilled labor. Production of consumer goods will, however, tend to decrease, particularly in countries where raw materials are allocated. Domestic inflationary pressures will therefore continue. Wage increases will tend to follow price increases, and finally most countries may have to restrict consumption directly. Some relief from these pressures may be obtained if recent declining tendencies for many raw materials in world markets continue. If rearmament is still further intensified, governments may have to take even more drastic measures to counteract inflation, e.g. allocation of raw materials and coal, extensive rationing of food and textiles, wage freezing, price controls, higher taxes, longer working hours, further credit restrictions and stricter trade controls.

Farm production prospects beyond 1951/52 depend on the pace and extent of rearmament in the U.S.A. and its influence on the availability of agricultural requisites, fuel and manpower. Given proper allocations, supplies of machinery, equipment, spare parts, and fuel should continue to be adequate for agriculture. The same applies to nitrogen, unless widespread warfare should break out. Shortage of sulphur may curtail superphosphate production and, unless adequate allocation schemes are established, the decline in production may become serious. Higher demand for industrial workers (and perhaps military training) may result in a shortage of agricultural workers in such countries as U.K. and Norway, particularly at harvest time, unless vigorous efforts are made to transfer unemployed workers from other countries.

Finally, European governments may be compelled to suspend programs for the progressive expansion of more expensive livestock products, and to revert to a preference for the production of foods which are cheaper and of higher energy yield. Despite the recent general improvement in diet, there are already signs of a slowing down and, in a few countries, even of a possible reversal in this progressive trend. Whatever changes in agricultural policy are forced upon governments as a result of increasing re-armament, it is important to ensure that the recent nutritional gains are not lost.

*EASTERN EUROPE AND THE U.S.S.R.**

Current Situation

Agricultural production in Eastern Europe during 1950/51 was appreciably affected by last

* For the purpose of this statement, Eastern Europe comprises Bulgaria, Czechoslovakia, Hungary, Poland, Rumania and Yugoslavia.

year's drought in the Danube Basin, where the maize crop suffered heavily.

TABLE 11 — EASTERN EUROPE - INDEX NUMBERS OF CHANGES IN AGGREGATE AREA AND PRODUCTION OF MAJOR CROPS[a]

YEAR	AREA	PRODUCTION
Prewar	100	100
1948	91	89
1949	92	92
1950	93	87

(a) Production based on wheat equivalent of wheat, rye, barley, oats, maize, rice, sugar and potatoes. Areas as officially reported or best available estimates.

The average area producing coarse grains during 1943-50 was appreciably less than prewar, but reached the pre-war level for bread grains. Area and production for sugar and oilseeds have very substantially increased. This change in the pattern of production is in part due to a deliberate policy on the part of many governments to divert land crops needing intensive cultivation and more labour and to build up livestock numbers through an increasing production of animal feeds.

Recovery in livestock numbers from the low early post-war levels has been fairly rapid. Numbers of cattle are now almost back to prewar and pig numbers are appreciably higher. Sheep numbers have also increased significantly during the past two years.

TABLE 12 — EASTERN EUROPE: ESTIMATED NUMBERS OF CATTLE AND PIGS

COUNTRY	CATTLE			PIGS		
	1938/39	1950/51	1950/51 as % of 1938/39	1938/39	1950/51	1950/51 as % of 1938/39
	(*Million head*)			(*Million head*)		
Bulgaria . .	1.5	2.1	140	0.8	1.5	188
Czechoslov.	4.4	4.1	93	3.5	3.7	106
Hungary . .	2.4	2.1	88	3.9	4.3	110
Poland. . .	9.9	6.9	70	9.7	8.1	84
Rumania. .	3.5	4.9	140	2.3	2.3	100
Yugoslavia .	4.3	5.3	123	3.5	4.7	134
TOTAL. . .	26.0	25.4	98	23.7	24.6	104

SOURCE: based on data in E.C.E. Economic Survey of Europe in 1950.

The 1950 drought affected mostly Yugoslavia, but latest reports indicate that even there livestock numbers have increased. Meat production in Eastern Europe in 1949 is estimated at 65 to 75 percent of the prewar level, but is believed to have increased substantially in most of the countries of this region in 1950. Until the setback caused by last year's drought, the poor consumption levels in Eastern Europe had, on the whole, steadily improved, the calorie supply per person in most of the countries being not far short of pre-war standards. However, in the Danube Basin, this was made possible only by drastically reducing the pre-war volume of exports. Even so, consumption of animal products, though rising, is still far below pre-war levels. Measures to restrict and ration food consumption have been recently introduced or restored in a number of countries, notably Yugoslavia, partly to cope with existing food shortages and partly, perhaps, to protect consumers against rising food prices.

The volume of exports of food and other agricultural products from this area depends not only on the size of the region's crop and livestock production, but also on the extent to which the area can import needed manufactured products. Failure to obtain these from the countries of Western Europe may well tend to limit the exports of agricultural products from Eastern Europe.

For this reason the trend in east/west trade in major foodstuffs is unpredictable. The possibility of a recovery in grain exports due to good crops in 1951 should not, however, be dismissed.

Available information indicates that trade within Eastern Europe may have further increased by about 25 percent during the past year. Apart from Yugoslavia, Eastern European countries are apparently co-ordinating this trade with the various production plans and trade agreements into a centralized development scheme for the region as a whole. A closer integration of the region's economy with that of the U.S.S.R. is apparently in progress.

In the U.S.S.R., recovery in agricultural production continued in 1950, although the planned increase of 20 percent above the 1940 level was not attained. The total crop area in 1950 increased over the previous year by about 6 million hectares to about 147 million hectares, but was still somewhat below the pre-war area. Spring wheat, cotton, flax, sugar beets, and oilseeds all showed substantial increases both in area and production. But grain output at 124 million tons was nevertheless 3 million tons below the target and sugar beet production 10 percent below.

On the other hand, cotton output exceeded the goal by 20 percent. The livestock sector of the Soviet agricultural industry continues to lag seriously behind.

The U.S.S.R.'s best post-war year for food supplies was 1950. Bread is no longer in short supply, but supplies of livestock products and sugar continue tight. Following a series of successive general price reductions since 1947, real wages have appreciated considerably. Retail trade in both foodstuffs and manufactured consumer goods increased further during 1950.

The U.S.S.R. remains potentially the largest single European source of grain supplies for Western Europe. Total grain exports were slightly over 2 million tons in 1949/50. India has recently negotiated the purchase of 500,000 tons of Soviet grain. Total Soviet grain export commitments up to May 1951 were about 2,200,000 tons, including 500,000 tons of wheat, and will probably reach 2½ million tons for the whole season. By 1951/2 they might well reach 3 million tons, but probably more will be shipped to Far Eastern countries than in recent years.

Outlook

In 1951, crop production in the Danube Basin, and probably in the other countries of Eastern Europe, promises to be higher than last year. Despite increased use of fertilizers and growing mechanization of agriculture, it is improbable that food production in this region can expand rapidly during the next year or two.

Industrial production however, is growing at a prodigious rate, much more rapidly than in the Western European countries, though from a much smaller base. The speed and character of industrialization varies considerably from country to country, but recently revised long-term plans show a noticeable shift towards the heavy industries. Except in Yugoslavia, farm collectivisation has also been stepped up to supply manpower for industry, while still increasing the food supply. As yet, however, the reduction in the region's agricultural population has been relatively small.

Although increased resources are being allocated both to heavy industry and agriculture, the risk of inflation does not seem serious, in view of the strict controls exercised by the government. Industrial expansion however, may be handicapped by reduced industrial imports from Western Europe.

In the U.S.S.R. also, industrial expansion is proceeding vigorously with particular emphasis on the heavy industries. The continued large allocation of resources to heavy industry rather than to industries producing consumer goods will, however, prevent any spectacular rise in living standards. Currently, large favorable balances are being built up by the Soviet Government in its trade with the western world, notably with the U.K. If these balances can be utilized for the purchase of raw materials and machinery on the scale needed by the U.S.S.R., the tempo of industrial growth may be even more rapid.

In agriculture further efforts are being made to tighten up the collective farm system by amalgamating existing collective farms into large scale enterprises. A considerable saving in manpower and materials is expected to result from this development, but it is not clear to what extent the Soviet authorities are meeting with success in this field. A considerable expansion in the supply of livestock products, oils and fibres is vital to substantial improvement in consumption levels.

As in the case of other controlled economies, rising demand cannot lead to serious inflation, since distribution of supplies can be planned and controlled and excess funds can be drained off by forced loans or monetary revaluations.

LATIN AMERICA

Current Situation

Most Latin American countries are still striving to speed up production of food so that supplies for consumption can keep pace with the high rate of population growth. Area and production of most crops in the 1950/51 season surpassed those of the preceding year. The cereals crop totals about 31 million tons, some 15 percent higher than in 1949/50. Maize shows the greatest increase in this group, principally because of the larger Argentine and Mexican crops. The Argentine wheat crop is placed at about 5.5 million tons, as against earlier expectations of 6.5 million. Brazil's wheat production in 1951 is estimated at 556 thousand metric tons, over 100 percent higher than that of 1946, when the campaign to increase wheat production started. Production of barley, oats and rye also showed important gains. Elsewhere, grain production showed little change. Rice production as a whole was rather lower

this year than last. In Brazil, the major producing country in the region, the price situation was less favorable to farmers and there was a substantial reduction in the area sown. Production of oil seeds is estimated to have increased by 15 percent and sugar output continued its upward trend.

Unfavorable weather in Brazil and Colombia, the two principal coffee producers in Latin America, was responsible for a lower crop than in 1949/50, with some deterioration in quality in Colombia. In minor producing countries the coffee crop was also lower except in Ecuador, the Dominican Republic and Honduras.

Meat production is increasing slowly in the region as a whole. In 1950, this trend was noticeable mainly in Brazil and Chile, but there was a slight decline in meat output both in Argentina and Uruguay. The price deadlock with Great Britain partly accounted for reduced slaughtering in these two countries. At the same time, the improvement in pasture conditions induced cattle growers to rebuild their stocks damaged by drought the year before. Following the signing of the Meat Agreement with Great Britain and the continued improvement in pastures, prospects for production have become more favorable.

Despite record areas planted to cotton in Argentina and Mexico, production only slightly surpassed that of the previous season. Cotton acreage and production were also higher in Brazil, the main producing country in the area. The Peruvian crop, however, is estimated to be less than in 1949/50 owing to inadequate water supplies in the irrigated coastal land and to damage by insects. Perhaps the most noteworthy development in cotton production in this region is the sustained expansion of Mexican acreage. The last harvest in the country was almost double that of 1948 and three times as large as the pre-war average crop.

The 1950/51 wool clip is estimated to be higher than in the previous season. Current information indicates that the Uruguayan wool clip will be nearly 10 percent more. Sheep numbers are estimated to be larger than a year ago both in Argentina and Uruguay.

As for fisheries, although catches increased only slightly in the past year, a very definite and co-ordinated action towards an expansion of national resources is taking place in certain countries (Venezuela, Chile, Uruguay). There, developments have taken into account the need for mechanized craft and facilities for refrigeration, canning, etc.

For the region as a whole, expansion of food exports is restricted by the food needs of the rapidly growing population. Indeed, a number of countries have been forced to adopt measures to maintain consumption levels. For example, in February of this year, the Mexican Government forbade the use of home produced corn for purposes other than human consumption and stipulated that corn for industrial use should be imported. An estimated shortage of 350 thousand tons in the domestic supply of wheat had to be met through a grant from the U.S.A. In Chile, a deficit of 200 thousand metric tons in local production had to be covered by negotiating purchases from Argentina and Uruguay.

Nevertheless, increased production of cereals will make possible somewhat larger exports to other areas this year. Argentine maize exports which were reduced to negligible proportions last year because of a crop failure, have been resumed in 1951. However, efforts to increase meat production in the Argentine are expected to set up a strong domestic demand for maize. Exports may not greatly exceed 1 million tons. Argentine wheat shipments during the current year are estimated at 2.5 million metric tons, about the same as, or slightly less than, last year. A larger share of these shipments is destined for other Latin American countries, particularly Brazil. Reduced production will probably curtail Latin American exports of rice this year.

Exports of coffee in 1950 were less than those of the previous year. The decrease was due to lower production, lack of reserves and diminished foreign demand. During the first half of 1951, however, exports have again resumed the levels of the corresponding period of 1949.

Larger export surpluses of sugar and oil seeds are anticipated, the latter particularly from Argentina. Meat exports to other regions are likely to continue their downward trend in spite of the resumption of the Argentine meat trade with Great Britain.

Export availabilities of cotton have been estimated at 1.9 million bales as compared to 1.5 million in the preceding year. Although production of wool was somewhat higher than in 1950, exports from the region as a whole will decline considerably owing to the liquidation of previously accumu-

lated Argentine stocks. Uruguayan exports of wool are larger than those of last season, when they were reduced by a strike of dock workers.

The strong demand for raw materials caused by the rearmament program was responsible for a sharp rise in export prices in the second half of 1950. This, together with a decline in the value of imports, resulted in a net gain of more than one thousand million dollars over the corresponding figures for 1949. In particular, United States imports from Latin America jumped to U.S. $2.9 million, an increase of one quarter over the previous peak in 1948. This situation brought about a striking improvement in the availability of gold and foreign assets in most of the Latin-American countries, formerly a matter of great concern to the governments of the region.

Total national income and farmers' gross income in 1950 were higher than in 1949. The increased national income stimulated increasing expenditure on the part of consumers. Business activities – with some minor exceptions – also showed an improvement over the preceding year. However, the large expansion in credit and money circulation, coupled, to a certain extent, with scare-buying of non-consumer goods during the second half of the year, renewed past inflationary pressures which were shown by a rise in the indices of wholesale prices and the cost of living. This prompted governments to adopt drastic measures to check inflation.

Estimated changes during the last year in the per caput food supplies, expressed in terms of their caloric and protein content, are available for nine Latin American countries (*See* Appendix). Caloric standards seem to have risen slightly in many countries, reaching record levels, which may be considered in most cases to approach satisfactory average requirements. Nevertheless, caloric levels in some Latin American republics are barely sufficient and, in a few cases, are even inadequate. It appears further that in many of the countries for which recent data are not available the food supplies are likely to be inadequate; this is especially the case in Central America. As for nutritional quality, food supplies generally continue to be insufficient in many countries so that diet is deficient in essential nutrients. The few diet and nutrition surveys, which have been made in some of the countries, confirm this statement.

Outlook

Available information indicates that current levels of agricultural production in Latin America will be maintained or even surpassed during the next two years. Apart from the incentive of high prices, governments are making considerable efforts to improve the output of most agricultural commodities. Given normal weather conditions, it is expected that production of cereals, particularly in Argentina, will be somewhat larger. The Argentine Government has announced a new agricultural policy of higher prices for producers of cereals and oil seeds, based on those actually received by the government in the foreign market, less deductions for marketing expenditure and reserves. This policy will begin with the marketing of the 1950/51 maize crop. Production of fiber crops, as well as coffee and fruits, is also likely to increase. In Brazil, for instance, although the coffee crop in 1951/52 may not be larger than the previous one, a considerable increase is expected in the subsequent crop. Sugar production in the region will probably continue its upward trend. There may be larger exports of fibers, coffee and wool, and food exports may perhaps increase moderately.

Moreover, there are likely to be significant increases in the caloric levels of some of the countries where standards are at present low. Although such improvement is essential, it would be preferable to aim at greater supplies of the comparatively more nutritious foods. For instance, it appears that there is a tendency in some countries to increase the per caput supplies of roots and tubers and, at the same time, to reduce those of cereals and pulses which are comparatively richer in protein and other nutrients.

The crucial question, however, is that of price not only of agricultural commodities, but of all Latin American exports of raw materials. The Latin American countries are showing concern over the attempts of importing countries to obtain agreements to stabilize supply and prices of certain agricultural goods. This may adversely affect the value of Latin American exports, while the prices the region has to pay for imported manufactured goods are not subject to similar control. Latin American countries fear that the improvement in their terms of trade position during 1950 might be reversed.

High or increasing export prices may aggravate

inflationary tendencies against which governments may be forced to adopt even more severe measures. Otherwise, further increases in the cost of living may affect consumption, particularly in the lower income groups. High prices for non-food agricultural exports may also affect food supplies. There are already, for instance, some symptoms of diversion from food crops to fibers and from meat production to wool. On the other hand, if governments plan wisely and effectively control inflation, the improved gross national product arising from the higher value of exports may stimulate sound investments in agriculture and other productive activities.

If the rearmament program in the U. S. A. and Western Europe limits the supply of agricultural requisites, whether farm machinery or fertilizers and pesticides, current efforts to improve agricultural production will be hampered. The prospective shortage of manufactured goods is already prompting governments to adopt a policy of stockpiling. In Brazil, for example, the government has allocated US $140 million to establish stocks of essential imported materials.

AFRICA *

Current Situation

While the volume of food production for local consumption may vary sharply from year to year owing to weather conditions, there can be little change in the general pattern until long-term agricultural and other development plans are put into operation and begin to bear fruit. On the other hand, the volume of production of crops for export is governed to a large extent by external demand and export prices. Excellent weather in the Union of South Africa last year led to record wheat and sugar crops and increases in the production of dairy products and margarine. In other areas, such as North Africa where population pressure on resources available for food production is especially severe, indifferent weather has resulted in only an average harvest of staple crops. In some territories, prices of food for local use are rising together with those of exported primary products. In many areas of commercial crop specialization, these rises are indications of increasingly serious shortages of food crops caused in part by food price control which resulted in a reduction in the area planted to food crops.

Rapid acceleration in prices during the planting or marketing of export crops, such as oils, cocoa, coffee, cotton and wool, did not result in very much larger export surpluses this season. The placing of larger amounts on the market, as in the case of palm oil from the Belgian Congo and Angola, has usually been the fruit of long term expansion programs.

Output of other important export crops (groundnuts, tobacco, olive oil) has decreased owing to unfavorable weather.

TABLE 13. — PRODUCTION OF SELECTED CROPS BY MAIN PRODUCERS

COMMODITY	Prewar Average	1948/49	1949/50	1950/51
	(..... *Thousand metric tons* .....)			
Olive oil. .	105	55	155	65
Palm oil. .	130	150	165	175
Groundnuts	1140	1155	1235	1090
Cocoa . . .	435	490	455	460
Coffee . . .	110	225	215	230
Tobacco . .	20	50	65	60
Cotton . . .	130	160	180	195
Wool. . . .	120	95	100	110
Sisal. . . .	10	20	20	21

The price rises for foodstuffs and raw materials exported from Africa have been steep. Between the early months of 1950 and of 1951 when most tropical products are marketed, prices increased as much as 140 percent, in the case of South African wool ; they have doubled for West African palm oil and cotton ; groundnuts, cocoa and hard fibres have increased in price by 50 percent and other fats and oils up to 30 percent. Copper, tin, wood and other non-agricultural products have shown similar spectacular rises.

These sharp increases have produced at best an uneasy and uneven prosperity in most of the African territories and countries. Long experience of the unsteady demand for tropical commodities has created a fear that a price drop will soon follow. There is concern, moreover, over an accentuation of the competition between cash and food crops for limited land and labor, and of the competition between agricultural and mineral development for labor and other resources. In addition the local producer has often

* The region includes all territories in Africa except Egypt, Anglo-Egyptian Sudan, Ethiopia, Eritrea and Somaliland.

TABLE 14. — CHANGES IN PRICES FOR SELECTED COMMODITIES PRODUCED IN AFRICA

COMMODITY SOURCE	2 May 1950	9 May 1951	Percentage Increase
	(Value in cents per kg.)		
Cocoa (Gold Coast)(a)	61.6	84.0	37
Groundnuts (French West Africa)(a) . .	18.4	28.6	56
Olive oil (Tunisia) .	45.7	82.9–84.3	83
Palm oil (Belgian Congo)(a)	25.5	54.0	118
Seed Cotton (Uganda)(b)	10.1	14.1	36
Wool (Union of S. Africa)(c)	344.7	815.4	137
Tobacco (Southern Rhodesia)(d)	103.8	112.8	9

(a) Price on Metropolitan Market.
(b) Prices fixed by first Marketing Board for 1950 and 1951 seasons.
(c) Unweighted average of better grades, London Market, March.
(d) Average weekly price of first three weeks of April auction.

not received the full benefit of price rises on the world market. Where commodities are in the charge of Marketing Boards such as those for groundnuts, cocoa and palm oil in British West Africa, or are subject to advance price fixing and priority or preferential purchase as in the case of Portuguese, Belgian and French colonial products, prices tend to lag behind world market levels. But though both controlled and free prices of most fibers, oil products and tropical beverages have risen, the producers' real income suffers from the increasingly serious shortage and high prices of imported and locally produced consumer goods as well as of imported foods.

In areas such as the Union of South Africa, which have a variety of economic enterprises, the price of wool and other raw materials has resulted in a more widespread prosperity and is encouraging the growth of secondary industries and other economic activity. Farmers of European origin in French North Africa and elsewhere have been able to afford larger imports of farm equipment; plantation agriculture in tropical Africa has been expanding operations. But the wages of the local inhabitants who work these farms and plantations have not kept pace with soaring prices.

Even the most favorable terms of trade are a mixed blessing for most of Africa where a large part of the economy is not responsive to the price mechanism and where specialization for export is divorced from the rest of the economic activity of the community.

Unless governments have definite programs for spreading the benefits of the sales of commodities now in world demand, the community at large does not participate in the advantages and may actually suffer from consequent food shortages and inflation. Among the measures which governments have adopted to alleviate distress are the continuing large scale importations of maize into British East Africa. In the Belgian Congo the price of palm oil for local consumption has been held below the export price level through subsidies financed by a duty on palm-oil exports. In Uganda the revenues from increased export levies will help build reserves for the financing of general development. The marketing boards for cocoa and palm oil in British West Africa and the cotton subsidy fund in French Equatorial Africa have loaned or granted funds from their reserves for social services, transportation and research.

The most significant characteristic of the current fisheries position in Africa continues to be the increasing interest in the postwar projects in some areas, such as North Africa, Angola and the Union of South Africa, for expanding catching and processing capacity. Landings in South Africa increased by 66 percent in 1950 compared to 1949. In other areas no significant developments are reported.

In the Union of South Africa the demand for lumber has exceeded the supply, and the market has been firm. So far, the expansion of industrial enterprises and the resulting need for office accommodation has more than offset the decline in the demand for private housing, thus encouraging imports of lumber. It seems that exports of timber from various parts of Africa have considerably increased.

Although data on food supplies for human consumption are extremely scarce, it appears from the available information that the African diet is often seriously deficient in calories, proteins and other nutrients. Throughout this region diet is based on a single staple food of starchy nature, such as manioc, maize or rice. As the yields of starchy roots are high per unit of cultivated area, they are planted in preference to other crops. When the calorie levels are sufficient, only then are foods of higher nutritive value, such as millets and legumes, cultivated. Vegetables and fruits have only a secondary place in the diet, while foods rich in protein, especially those of

animal origin, are eaten only in very small quantities. In fact, the lack of protein is one of the most serious defects in the diet of Africans. It is directly connected with the wide prevalence of a serious symptom of malnutrition, called "*kwashiorkor*," which is largely responsible for the high mortality rate among children from 6 months to 5 years of age. The significance of low protein consumption in this connection is evident because protein-rich foods such as meat, fish, milk and possibly pulses are protective against this disease. The inadequacy of food supplies is also reflected in the wide prevalence of many other deficiency diseases.

Outlook

In the coming season, high price levels can be expected to have a greater impact on the quantities available for export — although both food and export crops are subject to severe fluctuations under tropical conditions. Reports on food crop production indicate possible further reductions in North African output and severe losses through drought in East Africa. It can be expected that metropolitan countries will continue to increase their share of trade with their dependencies. There may be increased emphasis on crops which earn or save dollars as Marshall aid comes to an end. If any of the current proposals for pooling European agricultural resources bear fruit, the resources of the European dependencies in Africa may possibly be included.

As long as the emergency demand for raw materials continues, dislocations, already apparent in the African economy, will be accentuated. The most important of these dislocations is the effect on food output of increased production for export, coupled with labor shortages and problems of maintaining soil fertility. The area devoted to almost all the chief export crops has increased since before the war, while the proportion of the population employed on such non-agricultural crops has increased during the same period faster than the growth in the total population. It would be difficult to say how much of this increase has taken place at the expense of food crop production in the continent as a whole. But it is certain that the diet of all but a few groups in the developed and urban sector is marginal and cannot sustain further diversions of resources at the present stage of technical development. Since the war, areas which were once self-sufficient or even net exporters of staple foods, like French North Africa and Southern Rhodesia, have had to import grain supplies. Shortages of local food supplies in areas in West Africa, specializing in cocoa and palm oil production, appear to have become permanent. The area under wheat and maize in East Africa is declining as the prices of tobacco, sisal, cotton and coffee rise. Farmers cannot afford to produce food as production costs climb and prices for food linger behind those for crops on the open export market.

It has recently become recognized that large scale food production schemes are a necessary corollary to intensive export crop production; among the measures now being undertaken are the campaign intended to stimulate food output in the Gold Coast and the experiments in the mechanized production of rice in French and British West Africa, Liberia and Northern Rhodesia. Moreover, the need to improve the calorie levels, particularly during the "hungry months" of the season before the harvest has been realised. Production of animal foods and fish is being stimulated to overcome the shortage of protein. Where animal products cannot be increased so easily, production of vegetable sources of proteins, such as pulses, is being encouraged. The importance of all these measures in preventing the ravages of deficiency diseases is noteworthy.

A number of programs are under way for helping African farmers to adopt new patterns of cultivation suited to the slender resources at hand and to the new demands being made on African agriculture. Numerous plans are being drawn up and measures put into operation, which benefit the native producer directly or indirectly. These include pest control, conservation projects, plant improvement, seed distribution and other technical services; and inter-governmental activity along these lines is being organized in Africa. The result of these efforts on future African food output is difficult to predict but they will undoubtedly pave the way for sounder agricultural developments.

The expansion of the African wood-pulp industry is not expected to keep pace with increasing demand; and it is estimated that the continent's deficit in this material will be about 10,000 tons per annum by 1955.

THE NEAR EAST *

Current Situation

The agricultural development in the Near East has not kept pace with the increase in population. Although the cultivated area, thanks to increased irrigation, has risen to 10 percent above the prewar acreage, the total population of the region has increased by nearly 20 percent in the last 15 years.

The total area planted to all cereals has steadily increased in the post-war period. This trend has continued in 1950/51 with an increase of 860,000 hectares, or more than 4 percent since the previous year. The expansion of the area under other food crops has been relatively insignificant, but area under cotton has shown an upward trend since 1943, reaching a peak of 1.8 million hectares in 1950/51. Roughly 300,000 hectares of potential wheat land was thus brought under cotton cultivation. Since, in areas under controlled irrigation, summer cotton is followed by winter grains, the expansion of cotton cultivation, stimulated by rising world prices, has not seriously affected regional food production.

In general, 1950/51 was a good agricultural year in the Near East. Syria, Iraq and Iran had good grain crops and Egypt had an excellent rice harvest. Although the wheat crop in Turkey was below early expectations, food supplies in the country were adequate, with increased production of milk, meat, eggs and cheese. The citrus crop of Israel has not yet recovered from the serious damage it suffered two years ago. In Syria, Lebanon and Israel the olive crop was also rather poor. Cotton production in Egypt was low but the Sudan, Turkey and Syria harvested record crops. The livestock of the region as a whole entered the winter of 1950/51 in good condition.

The total production of cereals in the region in 1950/51 is estimated at 23.5 million tons, or 11 percent above prewar figures. Excluding millets and sorghum, production was approximately 20 million tons, nearly 3 million tons higher than in the previous year, and not far short of the peak output of 1948/49. The production of other food crops in 1950/51 has been rather uneven. Crops of pulses and citrus were inferior to those of the previous year and well below prewar production There was a small decline in sugar output, but a substantial increase in the potato harvest. Of the annual cash crops, cotton production reached a record level despite the reduced crop in Egypt.

TABLE 15 — AGRICULTURAL PRODUCTION IN THE NEAR EAST

CROP	Pre-war	1948	1949	1950
	(.....*Million metric tons*.....)			
Cereals (excluding millets and sorghum)	17.6	20.2	17.4	20.1
Pulses	1.6	1.1	1.2	1.1
Potatoes	0.3	0.9	0.8	0.9
Sugar	0.2	0.4	0.3	0.3
Citrus	0.8	0.7	0.7	0.6
Cotton (lint)	0.56	0.56	0.59	0.69

Estimates of changes in food supplies for human consumption during the last year are available for Egypt and Turkey only (*see* Appendix). In these two countries, the calorie levels seem to approach the average requirements and in Turkey some recent gains are shown in the per caput levels of calories as well as of proteins. On the other hand, it appears from available information that food supplies continue to be insufficient in most of the other Near Eastern countries. As for quality, food supplies are defective throughout this region as they are mainly of the "energy-producing" kind. The average diets are deficient in "protective" foods of higher nutritive value, and therefore malnutrition is widely prevalent. The low purchasing power of large sections of the Near Eastern populations make it almost impossible for them to obtain a satisfactory diet.

The growth of population has converted Egypt into a food deficit area. In 1950/51, this country imported about ½ million tons of wheat, the bulk of the supplies being obtained under the International Wheat Agreement. In the same year Egypt exported some 173,000 tons of rice at relatively high prices and thereby met a substantial part of the import costs of wheat. Lebanon is the other regular food deficit country of the region, which is supplied from export surpluses of the neighbouring countries. Most other countries of the region have precarious grain surpluses and have to rely on imports in bad years.

The economies of many countries of the region are heavily dependent on production of commercial crops for export. With increasing world demand and rising prices of fibers, shipments of

* The region includes Asian countries west of Pakistan, as well as Turkey, Egypt, the Sudan, Ethiopia, Eritrea and Somaliland.

some 410,000 tons of cotton and 18,000 tons of wool from the region in 1950/51 provided substantial foreign exchange. The value of the total trade of the region has increased substantially above prewar figures, despite the decline in inter-regional trade in agricultural commodities. Before the Korean conflict, adverse trade balances of several countries had to be met by drawing upon their foreign exchange reserves, by releases from sterling balances and payments for oil royalties; but the Korean war and the rearmament program have improved trade-balances. A more lasting improvement might be obtained by regional co-operation in the economic field such as that advocated in the International Islamic Economic Conferences at Karachi (1949) and Teheran (1950), and by intergovernmental regional meetings sponsored by F.A.O. and other agencies of the United Nations.

Outlook

Food production in the region as a whole in 1951/52 is unlikely to exceed that of the previous year. The harvest prospects in different countries vary widely. Egypt and Turkey will have better harvests, but the prospects are poor in Syria, Iran, Israel and Jordan. Syria has recently announced a ban on the exports of barley because of the poor outlook.

In Israel, unirrigated crops have suffered from one of the worst droughts for many years. Losses in the Near East may be serious if the reported invasion of locusts over large areas is not effectively countered by international action. The increasing shortage of supplies of agricultural machinery, and of fertilizers and pesticides containing sulphur, due to western rearmament programs, may seriously affect the intensive agriculture of Egypt and Turkey. Moreover, the sharp rise in world demand for, and prices of, cotton has been an incentive to divert land from food to cash crops. According to preliminary forecasts, cotton production in the Near East in 1951/52 may show an increase of 30 percent over the previous year. The percentage increases in Turkey, Syria, Iran and Iraq are expected to be even higher. The expansion of cotton cultivation in Syria has apparently taken place at the expense of food grains; a similar diversion of land may have occurred in several other countries. True, the area and production of wheat, maize and barley in Egypt show significant gains in 1951, but the Egyptian authorities have raised the guaranteed prices to wheat growers beginning with the 1952 crop, to counter the danger of a critical food shortage that might otherwise arise from an extension of cotton growing at the expense of food crops.

Fisheries report some favorable developments which may have far reaching consequences in the near future. In Turkey, for instance, a comprehensive program for the expansion of fisheries is well under way, while in Egypt a three years' program has been initiated in order to modernize fishery methods and develop fresh water fish production.

On the nutritional side there are encouraging signs that the situation may be improving slightly. For instance, there seems to be a desirable trend in countries where the calorie levels are low, to raise these quickly by increasing supplies of "energy-producing" foods such as cereals and pulses. On the other hand, there seems to be a nutritionally undesirable tendency in some countries to increase supplies of roots and tubers, which are poor in protein content, and to reduce at the same time cereals and pulses.

Increased industrial activities have stimulated employment and output, particularly in the textile industry. Among new industries recently established in the region, a new plant for production of fertilizers and chemicals in Egypt is of special significance to agriculture. The increased purchasing power generated by high world demand for the region's export products, particularly of industrial raw materials, is likely to strengthen the prevailing inflationary pressure on consumer goods in short supply. The upward movement of the cost of living indices in several countries has been accelerated in 1951. While rising prices of foods reduce the consumption level of the majority of non-self-suppliers, high costs of essential consumer goods would tend to limit or reduce the real income of food producers. Despite anti-inflationary measures, it may be difficult in the coming months to maintain even the existing low living standards of the poorer sections of the Near Eastern population.

The favorable trade balances of the cotton exporting countries are likely to maintain, in 1951/52, their favorable trade balances which are chiefly due to prospects not only of an increased volume of fiber exports, but also of a continuation of the present favorable terms of trade. If, in

spite of recent political developments in the region, investment of foreign capital in the petroleum industry of the Near East continues and oil output is undiminished, increased revenues from oil royalties may lead some countries to allocate further funds for agricultural development, including expansion of rural credit. The prevailing shortage of capital goods, however, is likely to slow down the growth of new industries and may indeed delay extension of irrigation, mechanization and other factors in agricultural development.

THE FAR EAST *

Current Situation

Agricultural production in the Far East in 1950/51 showed an increase over that of the previous year, but it probably failed to exceed the post-war peak of 1948/49. All food-deficit countries expanded the area devoted to grain crops in the year under review, but a proportionate gain in productiion did not materialize, mainly because of the widespread crop failure in the Indian subcontinent.

Growth of population, continued migration from rural to urban areas in some countries, and lack of economic incentive for subsistence farmers to market their small surpluses, led to acute food shortages in some areas. In 1951, net imports of food grains into the Far East, which had a sizeable export surplus in prewar years, may reach the record total of 8 million tons.

A spectacular rise in the price of rubber since the Korean war led to increased tapping of small holders' trees. World production of natural rubber, most of which is in Southeast Asia, reached the record total of 2 million tons in 1950. Production of tea in the Far East also exceeded the prewar level but output of tobacco, cotton, jute, hard fibers, sugar, oilseeds and vegetable oils remained well below that level. The postwar diversion of land from cash crops to food crops accounted for the shortage of raw materials for the regional textile industries. Net imports of raw cotton into the region increased steadily from the prewar average of 190,000 tons to 340,000 tons in 1950.

* The region includes all Asian countries east of Afghanistan and continental China, but excludes New Guinea.

Until the new conditions created by the Korean conflict improved the balance of payments position of most Far Eastern countries, imports of foods, consumer and capital goods had to be financed partially by drawings upon foreign exchange reserves, releases from sterling balances and loans from international financial institutions. American loans and economic aid primarily helped rehabilitation of the national economies of war-devastated countries.

Since the Korean war, inflationary pressure on prices of foods and essential consumer goods has tended to increase and this is reflected in the rising cost of living indices in many countries. In some instances further advance of domestic price levels has been checked by anti-inflationary measures such as the introduction of heavy export taxes, relaxation of import restrictions and monetary and fiscal adjustments. The sharp increase in prices of textiles and other manufactured goods compared with those agricultural products has caused farmers' real income to decline in some areas.

In individual countries of the region, production varied from poor grain harvests in India to good crops in China and record harvests in Japan.

A series of natural calamities in India affected the country's grain production and threatened certain areas with famine; over 6 million tons of cereals were imported to offset serious crop losses. According to the National Planning Commission for India, the food problem arises not merely from a temporary disequilibrium between supply and demand, but from the growing pressure of population on relatively static production. The Commission urged that, until the prewar volume of essential consumer goods could be restored by planned economic development during the next five years, provision should be made for imports of at least 3 million tons of food grains each year. It is recognized, moreover, that the objectives pursued cannot be effectively achieved by national action alone. The Five Year Plan of India constitutes an integral part of the Colombo Plan for the co-operative development of economic resources and for the improvement of living standards in Pakistan, Ceylon, Malaya and other Commonwealth territories in East Asia.

Bumper crops in China are reported by the Peking Government, and food production on the mainland is said to be well above that of the previous year. Favorable weather in most parts of China was chiefly responsible for the

improvement; but active flood prevention work and the policy of stimulating production by providing incentives also played important roles. During 1950 the Peking Government introduced fundamental changes into the administrative system, bringing the entire mainland under centralized control. This made possible a centrally directed and unified economic policy, the establishment of production targets for the country as a whole, the extension of land reform, the allocation of resources for various production efforts, and the maintenance of large government food stocks for controlled distribution.

The combined staple food production in Japan in 1950/51 was the highest on record. Since the Korean war, Japan's economy has made remarkable progress, particularly in the industrial sector. American aid to Japan's civilian economy has been suspended as from July 1951. A major proportion of the aid fund was used to buy food grain and cotton in the U.S.A. Japan is now aiming to secure an increasingly greater part of its food and raw materials requirements from Asian sources in exchange for its industrial products.

In other countries of the region, generally favorable harvests were reported except in Ceylon, Malaya and the Philippines. Political unrest continued to retard the economic recovery of Burma and Indo-China, while internal disorders adversely affected the output of plantation crops in Indonesia, although production of small holders' rubber showed a substantial increase over pre-war output.

In fisheries, great progress was recorded in Japan, where 1950 catches were 27 percent higher than in 1949, while only slight improvements were observed in other countries such as India, Pakistan, and Ceylon, in spite of a progressive mechanization of fishing vessels. Even in Japan coastal fisheries are facing serious financial difficulties caused by a decrease in the prices paid to producers and by rapidly rising costs.

Logging and saw-milling in some Far Eastern countries have been heavily hampered by political restlessness. In Burma, the European-owned mills closed throughout 1950 and exports of teak fell to one-tenth or less of the target indicated in the two-year plan. In Malaya also, many logging areas have had to be closed, and a great number of saw-mills have been burnt to the ground. Timber exports from Malaya have been restricted.

Wheat and coarse grain imports into India, which declined in the latter half of 1950, rose sharply in the first half of 1951. Apart from the 2 million tons of grain to be imported under concessional terms from the U.S.A., India expects to receive, in 1951, 1.5 million tons under the International Wheat Agreement and about 1.5 million tons from countries within the region by barter or bilateral agreements. China ceased to import grain and even contracted to export 520,000 tons to India in 1951. Japan plans to import about 3.8 million tons of food grains during the fiscal year 1951; of this amount, only a small part will be covered by its quota under the International Wheat Agreement. Roughly one fourth of the imports will be obtained from the rice-surplus countries of south-east Asia.

The gross volume of disposable supplies (production minus exports plus imports) of the principal energy foods in the region as a whole showed an improvement of 2 percent over the previous year and was 4 percent over the prewar volume mainly owing to higher net food imports. Per caput supplies, however, lagged and are still below the prewar level. (*see* Table 16).

TABLE 16 — NET CHANGES IN GROSS VOLUME OF DISPOSABLE SUPPLIES OF ENERGY FOOD[a] IN THE FAR EAST REGION

SUPPLIES	1948/49	1949/50	1950/51
	(*Percentages of prewar*) (*figures*)		
Disposable supplies of energy foods [a]	510	102	104
Per caput supplies	96	92	94

(a) See Table 6 for foodstuffs included.

It has been possible to estimate the changes during the last year in the calorie and protein content of per caput food supplies available for human consumption in seven countries of this region. (*see* Appendix). It appears that the food supplies continue to be generally inadequate, although some improvements are indicated. The calorie levels, for instance, are higher over most of the region than those of last year, although India shows an appreciable fall in the calorie and total protein levels. A rise in calorie levels is still urgently necessary, since, in most of these countries, they remain below the already inadequate prewar levels. Moreover, the quality of

food supplies continues to be unsatisfactory throughout the region. The increases in food supplies are mainly of the "energy-producing" kinds, whereas more nutritive foods are still scarce. Analyses of reports and the results of recent dietary surveys carried out in some countries confirm the over-all picture of nutritionally unbalanced diets.

The generally favorable harvests, except in India, the maintenance of adequate food stocks, and controlled distribution kept food prices from rising as sharply as prices of raw materials and manufactured goods. In India, the government continued to maintain price control and with the arrival of foodgrains from abroad more "fair price shops" for essential food commodities were opened.

Prices of manufactured goods advanced less rapidly than those of raw materials in the latter half of 1950, but by the beginning of 1951 higher production costs were reflected in a steeper advance in prices of manufactured goods. Difficulties in maintaining a sufficient influx of manufactured goods and hoarding contributed to the advance in prices of manufactured and imported goods. In addition, shortages of shipping increased freight rates. Against these inflationary pressures, governments made efforts to impose purchase price ceilings and export taxes. Nevertheless, the cost of living showed a general though varied rise.

The chief development in Far Eastern trade since the Korean conflict was the sudden swing from unfavorable to favorable trade balances in some countries, and the considerable reduction in the trade deficits of others. In south-east Asia the shift from unfavorable to favorable balances was due very largely to the unprecedented rise in export values of rubber and tin and, to a lesser extent, of fibers and oilseeds. The increased demand and favorable prices for Pakistan raw materials and Indian manufactured goods caused a substantial rise in exports from these countries and consequently a liberalization of imports. The monthly average of United States imports from and exports to Asia during 1950 stood at $ 141.6 million and $ 125.5 million respectively. Asia's favorable trade balance with the United States increased still further in the first half of 1951.

Inter-regional trade was stimulated during the period under review by two factors: first, the increasing availability of manufactured goods for export in Japan and India; and second, the efforts of importing countries within the region to obtain a larger share of such goods which were becoming more difficult to procure elsewhere. This commerce was increasingly conducted through bilateral trade arrangements and barter agreements as a result of which Japan and India obtained a larger amount of raw materials and food imports than in the previous year in exchange for industrial equipment, textiles and other consumer goods. Although the volume of inter-regional trade is still considerably below prewar volume, some significant trends are evident in the post-war pattern, e.g. Japan's increasing imports of rice from south-east Asia as compared with prewar trade; India's favorable balance of trade with other Asian countries in contrast to adverse trade balances before the war; and the greatly diminished trade of China and Korea with other Asian countries, especially Japan.

Outlook

As governmental agricultural policies have largely aimed at steadily increasing production, food output in 1951/52 is expected to show marked improvement, if no major natural calamities, such as occurred in China in 1949/50, and in India in 1950/51, take place. India plans additional irrigation of 3.2 million hectares of land through major works and 2.8 million hectares through minor projects by 1955/56, and the expansion of the area under cultivation by over 2 million hectares in the same period. Among the targets for accelerated production are an additional output of 7.2 million tons of food grains, and self-sufficiency in jute and cotton by 1955/56. However, reports from western and central states of India and West Pakistan of spreading crop damage by locusts indicate that if this pest is not soon checked, 1951/52 production in these areas will be seriously affected. In Japan, where the cultivable area is small, attention is being concentrated on increasing yields per unit. Land reform policy is now shiftin gfrom redistribution of farmland to consolidation and regrouping of farms in order to encourage improvement in farm management and to increase productivity. In the Philippine Republic, the target for rice production in 1951/52 is set at 5 percent over the previous year and maize production at 10 percent. In China, the total production target for grains is 7 percent over 1950/51, though targets for individual sections of the country vary. In

areas where land redistribution was completed prior to 1950 the target is an increase over prewar average production. Indonesian output is expected to show continued improvement as a result of new measures to assist farmers in production problems, such as agricultural extension services and active encouragement to agricultural co-operatives.

As for nutrition, attempts are apparently being made to increase the supplies of those foods which can help to correct some of the major defects in the diets of many countries. There is a desirable trend to raise low calorie levels in most countries. The quality of food, however, needs improvement, particularly in those countries where present calorie levels are not too low. In such cases, it is highly desirable to increase the supplies of more nutritious foods such as pulses, vegetables, fruits, and foods of animal origin.

The prevailing high prices of the region's raw materials may cause diversion of land from grains to export crops but the change is unlikely to be extensive enough to impede governmental food procurement programs. Occasional diversion of land or labor from food to non-food crops may, however, cause local difficulties. In several districts of southern Borneo, for instance, rice fields were reportedly abandoned during 1950/51 for rubber tapping, and local food shortages ensued. More serious problems may arise in connection with procurement of capital goods, especially agricultural requisites. Failure to obtain needed implements, farm machinery and processing equipment, fertilizers, insecticides and pesticides can seriously hamper an expansion of food production.

Some revision of current plans for economic development will undoubtedly be necessitated by the changed conditions resulting from the Korean war. If present favorable trade balances continue for some time, there will be far less need for external financing of development programs. In the period ahead, co-ordinated planning, and inter-governmental co-operation will become even more essential for the best utilization of technical assistance and for the effective distribution of available capital goods.

OCEANIA (Australia and New Zealand)

Current Situation

Farm output increased in value in 1950/51, but the index of crop production was substantially lower owing to a decline of 15 percent in cereals production, chiefly in the important wheat crop, which suffered from unusually heavy rainfall in the eastern states of Australia, both at seeding and harvest times. Production of oats, barley and maize was also smaller. On the other hand, sugar production in Australia was about one million tons, or 20 percent more than a year before.

Cattle and sheep numbers in both countries were larger than a year ago, but the number of hogs declined by about 6 percent owing to an unsatisfactory price situation. Production and domestic consumption of meat and dairy products reached new record heights, and wool output has been increasing due to favourable prices and climatic conditions.

The significant feature of the 1950 fisheries situation was a drop of 11 percent in the Australian production.

Australian domestic timber supplies were severely affected in 1950 by heavy rainfall. In that year, European exporters challenged Canada's position as chief supplier of lumber to Australia. In 1951, however, Australian regulations regarding timber with bark, or timber affected by disease, stopped further purchases from Sweden. New Zealand's timber production has increased considerably, but is still inadequate for that country's expanded housing program.

The total volume of agricultural exports from the 1950/51 crop will probably be lower than a year ago. In particular, exports of Australian wheat and wool are likely to be much less. Expanding civilian demand for wool, government stock-piling and the depletion of former stocks, have substantially reduced the wool surplus available for export.

During 1950/51, economic activity in Australia and New Zealand increased to new high levels. The general economic situation was influenced mainly by a substantial rise in the price of wool and by inflationary pressures emerging from increased purchasing power. Australian wool prices soared from $0.68 per pound (greasy) during the first half of 1950 to $1.37 per pound in December, continued climbing until March 1951, and thereafter fell very sharply. In New Zealand, prices of wool followed approximately the same course.

In both countries, but especially in Australia, the general price level in 1950/51 was considerably above that of a year ago. Farm prices increased faster than the general price level. Prices of

home produced goods, influenced chiefly by higher prices of export commodities and especially of wool, advanced more than prices of imported goods.

The rising level of economic activity was responsible for a considerable increase in total national income in Australia in 1950/51, farmers benefiting more than any other class. With larger disposable incomes, consumers' expenditures rose higher, both in Australia and New Zealand. An increased budget deficit in Australia, an expansion of domestic credits and of money in circulation and higher prices of imported goods added to the inflationary pressure. In both countries the cost of living rose sharply and forced their governments to adopt special measures to meet the inflationary spiral.

In Australia, these measures included governmental control of the use of basic materials in short supply, control over capital issues, and even a 20 percent cut in the program of public works other than for defense purposes. The federal government has also provided for a 20 percent deduction of wool growers' returns to be retained as an advance payment for future income tax. In New Zealand there has been an agreement with representatives of the wool growing industry by which 30 percent of the wool growers' auction proceeds would be frozen in their individual bank accounts. Later, the government announced that farmers will have the right to withdraw 20 percent of the frozen funds in each of the next five calendar years commencing in 1952.

In spite of the rise in the cost of living, ample food supplies continued to place Australia and New Zealand among the best fed nations in the world.

Outlook

If weather is normal, farm output in the next two years may reach new heights in Australia as well as in New Zealand. Sugar production, which has been steadily rising, is expected to continue its upward trend. With an increased number of cattle and sheep, output of livestock products may well be higher than in 1950/51. The increased volume of farm production will benefit, furthermore, from a high level of prices for most commodities. Thus farmers' total income may continue at current high levels in spite of increasing operating costs.

The pulping capacity of New Zealand is expected to increase by 40,000 tons at the beginning of 1952. One half of the new production is to be exported to Australia.

The deficit in Oceania's wood pulp balance, however, is expected to increase; and it is estimated that it will reach, or exceed, 100,000 tons by 1955.

Prices of export products will probably remain high, despite the setback in the price of wool experienced in April 1951. This is expected to ensure a continued high level of economic activity in the next two years, and to raise the value of total output beyond that reached in previous years. Disposable incomes will increase less than national income on account of the restrictive measures in force. Even so, consumers' demand will continue to exert strong pressures upon available supplies. This, together with higher costs, may cause some further rise in the cost of living. Farmers' real income should increase further, although at a slower rate, but real income of workers is likely to deteriorate slightly.

Domestic supplies, particularly of food, should remain more than ample to satisfy the increased demand.

Chapter III

REVIEW AND OUTLOOK BY COMMODITIES

Chapter III

REVIEW AND OUTLOOK BY COMMODITIES

GRAINS

Current Situation

World grain exports have increased somewhat since last year and the general situation has changed significantly, although total grain production in 1950/51 hardly differed from that of 1949/50. The 1949/50 situation, characterized by declining exports, increasing stocks in exporting countries, and an easy supply situation generally, came to an end in late 1950. The new phase showed more active trade, stimulated by purchases for stock by importing countries and by expanding economic activity, and some withdrawal from stocks in exporting countries. The re-introduction of acreage limitations in the U.S.A. for the crops of 1950/51 and their subsequent withdrawal for the 1951/52 crops are essential aspects of the two phases. Some hardening of prices was also associated with the change. The size of the new crops in importing countries and developments in the general economic situation will largely determine the extent of the new trend, but are unlikely to reverse it.

World wheat production in 1950/51 was slightly larger than in the previous year; all regions except North America and Oceania showed some advance. In Europe there was a small net increase, due to a small gain in area, bringing the wheat harvest very close to the prewar level. In North America, yields per acre were generally better than in 1949, but a considerably reduced acreage, following the re-introduction of acreage limitations in the U. S. A. resulted in some decline in production. The Canadian wheat crop was well above the average in quantity, but far below in quality. Owing to better weather conditions, the wheat crops of the Near East and Far East were generally better than in the previous year. In Argentina, efforts to restore wheat production resulted in an acreage gain and some production increase. In Australia, there was a substantial decline in output compared with the previous crop, though the crop compared well with the average of earlier years.

The total production of other grains — rye, barley, oats and maize — showed virtually no net change as compared with last year. Rye production fell slightly in 1950. Barley and oats output was larger, owing mainly to good yields in Canada and to larger acreages in the U. S. A. where acreage limitations on wheat and maize led to increased plantings of other feed grains. This increase was offset by a smaller world maize crop. Acreage allotments significantly reduced the area under maize in the U. S. A., and in Yugoslavia and Italy conditions were unfavorable. In Argentina, however, the maize crop was substantially greater than last year, although the output was still only half that of prewar.

International wheat trade during the year July 1950 to June 1951 was larger than in the previous 12 months; the expansion became specially marked in the latter part of the season. The year opened with wheat stocks in the four major exporting countries totalling 21.3 million metric tons, the highest level reached since the end of the war. With aggregate wheat production only a little smaller than in the previous year, available

export supplies in 1950/51 hardly differed from those in 1949/50.

Wheat and flour exports, which had shown a declining tendency in 1949/50, declined still further in the first months of 1950/51, totalling only 10 million tons for the period. This tendency was reversed in early 1951 when shipping became much more active. To some extent, the revival was the result of delayed purchasing of importers' normal requirements, but the desire among importers to increase their reduced reserves and the relaxation in the dollar stringency, which followed the post-Korean rise in raw material prices, were other factors tending to strengthen the demand for wheat. The greater needs of some importers, notably India and Yugoslavia, also began to be evident in shipments in the first half of 1951. This increased demand was largely directed to the U.S.A., whose shipments had shown the largest fall in the previous slack period; it became necessary in that country to reintroduce a system of monthly export programs, in order to reduce congestion at ports and to ensure that priority be given to the more urgent requirements. United States wheat exports in the second half of the season averaged more than a million tons per month, or twice as much as in the first period. The total world wheat movement for the year is provisionally estimated to have reached 25.0 million metric tons compared with 22.6 million tons in 1949/50. The table below summarizes the estimated trade in the two years, showing principal sources and destinations.

TABLE 17. — ESTIMATED WORLD GRAIN TRADE, 1949/1950 AND 1950/51.

COUNTRY	WHEAT & FLOUR (a)		OTHER GRAINS (b)	
	1949/50	1950/51	1949/50	1950/51
	(In million metric tons)			
Gross Exports				
Argentina	2.4	2.8	1.9	0.7
Australia	3.1	3.4	(c)	(c)
Canada	6.4	6.1	1.1	0.9
U.S.A.(d)	8.3	9.8	4.4	5.7
Others	2.4	2.9	5.4	4.8
TOTAL	22.6	25.0	12.8	12.1
Gross Imports				
Europe	12.7	13.9	9.8	9.0
N. and C. America	1.3	1.7	1.7	1.3
S. America	1.6	2.2	0.2	0.1
Asia	5.6	5.6	0.9	1.6
Africa	1.2	1.4	0.2	0.1
Oceania	0.2	0.2		—
TOTAL	22.6	25.0	12.8	12.1

(a) In wheat equivalent.
(b) Rye, barley, oats, maize, sorghums and their products.
(c) Included in "others."
(d) Excluding shipments to U.S. territories and exports of flour milled from wheat not wholly U. S.

The total shipments of wheat from the U.S.A. are estimated to have reached 9.8 million tons, an increase of 18 percent on 1949/50. Canadian exports of wheat, on the other hand, at 6.1 million tons, were somewhat below the 1949/50 level, largely due to the low grading of the 1950 crop but partly to internal transportation difficulties in the first part of 1951. The decline would have been even greater but for substantial shipments of feed wheat to the U.S.A. towards the end of the season. Movements from Argentina and Australia were somewhat larger than in 1949/50.

The distribution of wheat exports differs very little from the pattern of 1949/50. Europe continues to absorb over half the total shipments, while Asia, owing to continued large Indian and Japanese requirements, took nearly as much as in the previous year.

The proportion of world wheat and flour exports traded under the terms of the International Wheat Agreement increased substantially during the year under review. The total guaranteed purchases and sales provided for in the agreement stood at 15.3 million metric tons at the end of the year, as compared with 12.3 million tons in August 1949. This increase is accounted for by the accession of new importing countries, notably Germany and Spain, and by increases in the quotas of original members notably India, Ceylon, Egypt and Mexico. By mid-July 1951, actual sales and purchases for the year 1950/51 had reached 14.4 million tons and it was expected that some further additional transactions would be made in the few remaining weeks of the Agreement's second year of operation, thus almost completing the full guaranteed total. The only appreciable deficit occurred in the case of Canada, due to its reduced supplies of wheat of good milling grade. The present Agreement has two more years to run, during which time the maximum price will continue at U.S. $1.80, while the minimum declines to $1.30 in 1951/52 and $1.20 in 1952/53.

World exports of coarse grains are tentatively estimated to have been somewhat

smaller than in the preceding year. Until fuller information is available on shipments from exporters other than the trans-Atlantic suppliers, which are the source of a substantial proportion of the total trade, there remains, however, some uncertainty as to the quantity traded. Exports from the U.S.A. were larger than in the previous year, whereas those from Argentina reflected the poor maize crop of 1950, reaching the smallest total recorded in the half century, except for the years of World War II.

Imports of coarse grains into Europe are estimated to have been somewhat smaller, whereas Asia imported rather more than last year. Unlike the wheat trade, which has considerably increased in post-war years, total exports of coarse grains are only about 90 percent and shipments to Europe only 70 to 75 percent of the prewar volume.

Prices of wheat have shown an upward movement, in common with those of other commodities, but the net rise has been relatively small and, except for an initial reaction, the normal seasonal and market factors in the U.S.A. appear to have been more prominent influences than the international situation. Just before the beginning of the Korean war, the price of No. 2 Hard Winter at Kansas City had reached a seasonal low of $2.09 per bushel, or 16 cents below the loan level (i. e. the price at which the government purchasing agency takes over wheat pledged or sold under the price support program). Immediately after the outbreak of hostilities there was a rise to $2.31, 6 cents above the loan, but thereafter, with the marketing of the new crop and a slow export movement, prices declined until mid-October, when they were 19 cents below loan level. They then strengthened, continuing to rise with news of continued dry weather in the winter wheat producing areas and of large purchases for export, and reached the high point of 30 cents above the loan in mid-February. After some reaction there was another advance in March and April. The average price in April was $2.43 compared with averages of $2.31 in April 1950 and $1.95 in June 1950; with the approach of the new harvest, the average eased to $2.34 in June 1951.

The loan rate for wheat of the 1951 harvest has been fixed at 90 percent of parity, giving a price of $2.18 (national farm average), an increase of 19 cents on the price support level in the previous year. Current commercial prices are somewhat below the support equivalent.

In Canada, the initial payment to growers for deliveries from the 1950/51 wheat crop was fixed by the Canadian Wheat Board at Can. $1.40 and was subsequently raised to Can. $1.60. The price for export sales, other than those made under the International Wheat Agreement, declined in the early part of the season from Can. $2.06 in July to Can. $1.96 in December. Thereafter, there was a steady rise till in June 1951 the price stood at Can. $2.32. In Australia, only one small increase of sixpence per bushel took place early in the year for sales outside the Wheat Agreement. In Argentina, an interesting development has been the rise in the government-fixed price to producers. A year ago the wheat price stood at 23.5 pesos per 100 kg., but since then there have been three increases and the price in July 1951 was 34 pesos per 100 kg. In addition, producers in Argentina are now to benefit from the extra returns accruing from export sales.

Prices of feed-grains rose relatively more than those of wheat. In the U.S.A., prices in April 1951 were 26 percent higher than in April 1950. This rise is mainly due to the strong domestic demand for food and to the large quantities of feedgrains held by the Commodity Credit Corporation under the price support arrangements. The difference between the price movements of wheat and feed-grains has been evident also in international grain trade prices, with the important qualification that the considerable volume of wheat sold under the International Wheat Agreement has moved, as in the previous year, at the agreed maximum price which is appreciably lower than the free price. This fact has emphasized the increase in the price of feed-grains.

Outlook

The grain year 1951/52 made an unpromising beginning in the northern hemisphere, with adverse weather conditions in both North America and Europe. The United States winter wheat crop suffered a hard, dry winter and it appeared, from the May production estimate, that the crop would be the lowest since 1943. However, a good recovery in the Spring and an increased acreage of Spring wheat greatly improved the outlook; the June and July estimates point to a slight increase on 1950. Since then the prospects may have been reduced by wet harvesting conditions in some important areas. In Canada, moisture conditions when the Spring wheat crop was sown

were among the best experienced for many years, but a late start with sowing appears to have resulted in a reduction in the wheat area in favor of feed-grains. The wheatcrop maintained excellent condition up to mid-July. In Europe, a cold, wet and protracted winter somewhat curtailed winter wheat sowing, gave the crops a poor start and delayed Spring work on the land. Here too, better summer weather did much to offset these handicaps and it now appears that European wheat production may compare favorably with that of last year. The Mediterranean region enjoyed better than average rainfall, with good effects on crop conditions and it is expected that, except for Italy, where there was excessive rainfall, breadgrain results will show an improvement on last year. In Western and Northern Europe, except Western Germany, where an increased area is expected to yield a larger crop, the effects of a bad winter and the reduced acreage are unlikely to be wholly overcome, and some reduction in yield is probable. Reports from the Danube countries, however, suggest that their crops will be the best for many years.

It is believed that the new wheat crop in India compares favorably with last year's, but in North Africa wheat and barley production will be smaller than a year ago. In Australia, sowings are reported to have been made under good conditions, but on a reduced acreage ; the wheat area in Argentina is expected to be a little larger than a year ago.

On July 1, 1951, wheat stocks in the four major exporters were estimated to be about the same as a year ago ; those of the U.S.A., about 395 million bushels, were approximately 28 million bushels lower. If present prospects hold good, it will be possible for the U.S.A. to repeat the exports of 1950/51 without a further withdrawal from stocks. In Canada, end-of-season stocks were some 80 million bushels larger than last year. With average yields per acre, these stocks and the new crop should suffice to provide at least as much for export in 1951/52 as in 1950/51 ; if the excellent growing conditions of the first part of the season are maintained, larger exportable supplies will be available. Much of the carry-over consists of wheat of feeding quality, but is expected to find an outlet in the U.S.A. and elsewhere. In Argentina and Australia, on the other hand, supplies on hand on July 1 were somewhat below last year's level and some reduction in shipments may well occur in 1951/52.

If the present crop reports are borne out, the Danube countries may produce significant surpluses. Whether these surpluses, together with those that may be made available by the U.S.S.R., will be placed in international trade is a question depending more on the general policies of this group than on supply considerations. Although not comparable with the region's pre-war exports, they could represent useful shipments for the importing countries of Western Europe and Asia ; if the crops in Eastern European countries turn out to be generally good, this would be the first post-war year in which one or another of them is not itself in need of grain imports. France and French North Africa, where smaller crops than last year are foreseen, will probably have to reduce their exports. For other exporters, the data on which to base export forecasts are not yet available.

Import requirements of wheat in the year 1951/52 will depend on the outcome of the crops now reaching harvest and on the policies of importing countries regarding stocks and the use of hard currency resources. Production in these countries may prove smaller than in 1950, but according to present information the difference should not be considerable. On the other hand, the fragmentary information on stocks held by importing countries suggests that there may have been some slight decline in reserves during 1950/51 and some importers are known to be aiming at some replenishment.

Given an import demand approximately equal to last year's, it is unlikely that exporters' wheat stocks will be seriously reduced on July 1, 1952, but any significant extra demand from importers for stockpiling purposes, or the emergence of abnormal needs arising from crop failures, could only be met by a substantial withdrawal from stocks.

In the case of coarse grains, the salient features of the world situation are some decline in the United States carry-over and the prospect of some further reduction in 1951/52, due to some decrease in the output of feed-grains and to the expected continued strong demand for animal products. Firm or rising prices may curtail exports. The improved maize supply in Argentina following the better 1951 crop should mean more exports from this source than last year, though they will again compare poorly with this country's normal exports.

RICE

Current Situation

World area under rice reached a record total in 1950/51 but production failed to increase in proportion. The crop losses in India have apparently largely offset the production gain in China. World rice exports seem likely to increase 15 to 20 percent in 1951 over the previous year, as certain Far Eastern countries, hitherto deficient in rice, now have appreciable surpluses. Even so, the volume of world trade in rice is only about half the prewar average. Population growth and improved purchasing power in the rice-deficient countries of the Far East have tended to increase the pressure of import demand, and this is reflected in higher export prices. With the Wheat Agreement prices remaining virtually unchanged, the price spread between rice and wheat in world markets is expected to widen in the current year.

Post-war food shortage has led to continued expansion of the rice area in the Far East, where some 6 million additional hectares have been brought under rice since before the war. Unfavorable seasonal conditions at sowing time accounted for a small decline in India's rice area in 1950/51. A number of natural disasters caused heavy crop losses in different parts of the country and critical food shortages appeared in certain States during the first half of 1951. In China, the world's leading rice producer, production in 1950/51 more than recovered from the widespread crop failure of 1949/50, but output remained well below the pre-war level. Adverse weather conditions affected this year's maturing rice crops in Ceylon, Korea, Malaya and the Philippines in varying degrees, but significant gains in both area and production have taken place in Pakistan, Japan, Taiwan and Indonesia.

Continued political unrest has retarded the recovery in area and production of some of the "rice bowl" countries of south-east Asia. In Burma a slightly larger area was planted to rice than in the previous year, and thanks to favorable weather its yields were somewhat larger. Both area and production in Thailand were maintained at the record levels of the previous year. Production in Indo-China has reportedly increased in all areas except in the rice-rich Trans-Bassac region, where difficulties in disposing of the previous year's surplus due to military blockade led to a curtailment of rice area in 1950/51.

TABLE 18. — WORLD AREA AND PRODUCTION OF RICE

COUNTRY	AREA			PRODUCTION : PADDY		
	1934-38 (Average)	1949/50	1950/51 (Provisional)	1934-38 (average)	1949/50	1950/51 (Provisional)
	(*Million hectares*)			(*Million metric tons*)		
China (22 Provinces)	19.8	18.5	[a]19.0	50.1	[a]44.5	[a]49.0
India	23.8	29.9	29.7	32.3	34.7	[a]32.0
Pakistan	7.6	8.8	9.0	11.2	12.4	12.9
Japan	3.2	3.2	3.2	11.5	11.7	12.0
Other Asian Countries	26.2	25.2	25.6	37.8	36.1	36.1
TOTAL: Asia	80.6	85.6	86.5	142.9	139.4	142.0
Other Continents	3.8	6.3	6.0	6.4	10.6	10.6
WORLD TOTAL	84.4	91.9	92.5	149.3	150.0	152.6

(*a*) Unofficial estimate.

Despite the upward trend in rice production in Europe and Oceania the share of the non-Asian countries in world production was smaller than in the previous year, reflecting a significant reduction in planted area and production in the U. S. A. A recession in export prices at the time of planting also led to a material reduction of the rice area in Brazil.

World rice exports may reach a post-war peak of 4.3 million tons in 1951. This increase in export availability is more than matched by increased import demand created by improved purchasing power and greater food deficits in

the Far Eastern countries. The distribution of exports is likely to show little significant change from the trade pattern of the previous year except that China, Pakistan and Taiwan have emerged as substantial exporters of rice and other cereals in 1951.

With improved internal conditions and larger 1950/51 production, Burma may export up to 1.2 million tons of rice in 1951. Exports from Thailand may not be far short of the record level of 1.5 million tons shipped in 1950. While the possibility of increased shipments from Indo-China in the current year remains problematical, Pakistan has undertaken to export to India some 250,000 tons of rice under a reciprocal trade agreement signed early in 1951.

Total exports of rice from the non-Asian countries have remained virtually unchanged over the last three years. In recent years Brazil and other rice exporting countries of Latin America have tended to consume more home-grown rice in order to reduce their imports of wheat. With decreased production, U. S. exports will probably decline in 1951. Rice exports from Egypt and Italy depend on their procuring on advantageous terms imports of other cereals over and above the supplies guaranteed to them under the International Wheat Agreement.

In the face of the virtually static level of rice production in the Far East it has only been possible to maintain a precarious balance between cereals' supply and demand in that region by heavy imports of wheat and coarse grains, which have supplemented to an increasing extent the basic rice diet, particularly in urban areas. These net imports of feed-grains into the Far East may exceed 8 million tons in 1951.

The recent sharp rise in prices of rubber and other strategic materials shifted the terms of trade in favor of the food deficient countries such as Malaya, Ceylon and Indonesia. With increased purchasing power, the basically rice-eating populations of these countries are tending to revert to their traditional diet and thereby increase their import demand for rice. Even if these countries are able to import more rice in 1951, the available supplies will hardly permit more than a modest increase in the prevailing low rations.

Table 19. — International Trade in Rice

Areas	1934-38 Average Exports	1934-38 Average Imports	1949 Exports	1949 Imports	1950 Exports	1950 Imports	1951 Forecast Exports	1951 Forecast Imports
	(*Million metric tons*)							
Far East	8.1	6.3	2.5	2.7	2.7	2.5	3.3	3.1
Other Regions	0.5	2.3	1.0	0.8	1.0	1.2	1.0	1.2
World Total	8.6	8.6	3.5	3.5	3.7	3.7	4.3	4.3

Widespread crop failure greatly increased India's import requirements of food grains in 1951. Contracts for grain purchase have been made to cover fully the estimated deficit of 6 million tons. Imports of rice in the current year are expected to reach 1.1 million tons as compared with the receipt of only 0.3 million tons in 1950. The import program of Japan for the fiscal year 1951 provides for the procurement of 3 million tons of food grains, of which rice from south-east Asia in exchange for Japanese industrial products constitutes a little over one-fourth.

Inflationary pressure on rice prices has increased since the Korean conflict. Where domestic prices are rigidly controlled, subsistence farmers have tended to hoard supplies or to dispose of them on the black markets. Controlled prices of rice in India have been maintained throughout 1950/51 at the equivalent of U. S. $91 per metric ton. In Japan, the controlled prices have been raised from $83 to $102 since October, 1950. Prices fell in Pakistan from the seasonal high of $185 in August to $119 in December 1950. In the U. S. A., supporting prices were raised by 7 percent for the 1951 crop to stimulate greater production, and average prices received by rice farmers rose steadily from $98 per metric ton in July 1950 to $129 in February 1951, an increase of 32 percent.

Export prices of rice in Burma and Thailand were raised by 5 to 8 percent in 1951. These prices are determined mainly by hard bargaining or barter deals between governments of the rice exporting and importing countries. The Inter-

national Wheat Agreement, with its guaranteed wheat supplies at lower import costs to the food-deficient countries, has also exerted a stabilizing influence on export prices of rice in the Far East.

Outlook

The developing shortages of capital goods and agricultural production requisites may slow down the rice production programs of many countries in the coming year. Relatively higher prices for cotton and rubber are leading to diversion of productive rice lands to cotton in China and India and of labor to the rubber industry in other regions of south-east Asia. The record world area planted to rice in 1950/51 may not be maintained in the coming year. If the widespread crop failures of the last two seasons are not repeated, world production of rice in 1951/52 may nevertheless show a considerable gain.

Although India has raised her import quota under the International Wheat Agreement to 1.5 million tons a year, her recently concluded trade agreements with Burma and Pakistan may help expand the rice trade between the neighboring countries with complementary economies. The National Planning Commission of India has urged that India should import annually at least 3 million tons of feed-grains in the next few years in order to provide adequate consumption levels for her urban populations.

Japan has planned increased production of rice in the coming years, but the proposed rate of increase can hardly keep pace with the growth of population. In view of the suspension of American aid to the civilian economy from July 1951, Japan is endeavoring to secure greater volume of rice supplies from south-east Asian sources, in exchange for industrial products. With the increased import demand of Ceylon and Malaya, where populations are rising at a relatively faster rate, all rice surplus countries of south-east Asia have assured expanding markets —a benefit which can be better exploited as the political situation becomes more settled.

SUGAR

Current Situation

The largest world sugar crop ever recorded was harvested in the year 1950/51. Approximately 34 million metric tons (raw value), exclusive of the U. S. S. R. crop, was produced as compared with the previous year's 30.4 and the prewar average of 26.1 million metric tons. At the same time the import demand was stronger than in any previous year and prices reached their highest level in almost 30 years. The phenomenal rise in prices, notwithstanding the record output, reflects a marked rise throughout the world in demand for sugar consumption, and in some instances for stockpiling.

Production rose in every continent. The smallest percentage increases were experienced by Africa and Asia. In Taiwan, production declined as compared with the previous year, due to a decline in the area. Production in other Asian countries increased, but the continental total showed only minor improvements as compared with the previous year. Substantial production increases were achieved by North and Central America, and, to a lesser extent, by South America. Equally important, the increases were distributed among nearly all the countries of these continents and were not concentrated, as was the case in previous years, in the main exporting countries. The following table shows the distribution of production by continents.

TABLE 20. — WORLD SUGAR PRODUCTION, BY CONTINENTS

CONTINENT	1934-38	1948/49	1949/50	1950/51 Approximately
	(Thousand metric tons, raw value)			
Africa	1 174	1 479	1 514	1 600
Asia	7 445	6 090	6 057	6 500
Europe (excl. U.S.S.R.)	6 536	6 741	6 770	9 000
N. and C. America	6 978	10 125	10 870	11 600
South America	2 208	3 209	3 187	3 300
Oceania	1 777	1 965	1 974	2 000
World Total (excl. U.S.S.R.)	26 118	29 609	30 372	34 000
U.S.S.R.	*2 300	*1 980	*2 100	*2 200
WORLD TOTAL	28 418	31 589	32 472	36 200

* Estimated.

The greatest increase occurred in Europe, where the record output figure of 9 million metric tons was achieved as compared with 6.8 million in 1949/50 and a prewar average of 6.5. The sugar beet area has increased steadily since the end of the war, but the large rise in output in 1950/51, as compared with the previous year, reflects mainly favorable weather conditions in most countries and — a point of considerable significance —

improvements in cultivation, management and factory operations. The many changes taking place in European sugar beet economy are responsible, collectively, for a marked upward trend in productivity, whether per hectare or per man-day.

Nevertheless, prices, far from collapsing, actually advanced during the spring of 1951 to the highest point since 1921, 16.7.U. S. cents per kilogram. To appreciate adequately the significance of this development one only needs to recall that during the first part of the 1930's, world prices were around 3 U. S. cents a kilogram — and actually declined to as low as 1.65 cents — with a production of approximately 27 million tons. The world then was unable to absorb this quantity; stocks accumulated in the major exporting countries until they constituted an enormous economic burden and prices collapsed to sub-economic levels.

There are many explanations for this development. First, the Korean incident engendered considerable scare buying and some stockpiling. However, while stocks have risen somewhat — perhaps by 700,000 to 1,000,000 tons, — they are still lower in relation to consumption than in prewar years — about 27 percent of consumption as compared with 48-50 percent in 1930-33.

In other words, the bulk of the increased production has, in point of fact, actually moved into consumption. It must also be borne in mind that international marketing is now different in many respects from before the war. Varying degrees of control are now exercised by central authorities, whose purpose it is to prevent sales at uneconomic prices. This type of control is facilitated to a large extent by the fact that the overwhelming bulk of exportable supplies are now concentrated in one country. It is significant that even the anticipation of the bumper 1950/51 crop did not produce a marked collapse.

The chief explanation for the maintenance of a high level of international trade notwithstanding the increase in production in most importing countries, must, however, be attributed to the high levels of world industrial production and real incomes, and the concurrent absolute increase in consumption. This unprecedented increase in demand appears to be connected directly with the rapid increase, since the end of World War II and especially since the summer of 1950, in national incomes associated with the rise in prices of primary raw materials, the increase in employment, and the general intensification of economic activity in almost all countries. Since 1946, tens of millions of human beings have been brought into the market for sugar, and many millions more have been enabled to raise their consumption standards. More than 90 percent of the countries show increases in per caput sugar consumption as compared with prewar. In some, the per caput increase has only been about 10 to 15 percent; in the majority of under-developed countries, however, the increases have been much more significant. The following table shows the changes which have taken place as compared with prewar in a number of representative countries.

TABLE 21. — PER CAPUT CONSUMPTION OF SUGAR IN TWELVE SELECTED COUNTRIES, PREWAR AND 1949 OR 1949/50

COUNTRY	1934-38	1949 or 1949/50
	(In Kgs.. raw value)	
Argentina	29.5	35.0
Australia	51.2	56.5
Colombia	[a]6.0	[a]11.7
Egypt	9.4	14.0
Mauritius	24.3	40.9
Mexico	12.3	22.6
Mozambique	1.2	4.1
Netherlands	31.6	38.5
Southern Rhodesia	5.4	10.5
Surinam	17.8	36.0
Union of South Africa	23.7	44.5
Venezuela	6.1	21.0

(a) Refined only.

Outlook

The current strong demand for sugar will continue as long as the present level of economic activity continues throughout the world; only a substantial world depression is likely to affect the demand adversely.

No useful estimate can be made at this time of supply prospects for 1951/52. In Europe, the area devoted to sugar beet has increased by about 6 percent, but weather conditions have not been uniformly favorable. In Cuba and other Latin American countries, as well as in some countries in Asia, increases can be anticipated, in some instances of a very substantial character. In the U. S. A. a number of factors combined to produce a decline of about 15 percent in the area devoted to sugar beet and a substantial decline in sugar production is foreseen. To sum up, it appears more than likely that the 1950/51 production record will be reached again,

and perhaps even surpassed. Given favorable economic conditions, however, international demand for sugar is likely to continue strong, although prices will more probably recede from the speculative heights reached in May and June of 1951. These prices (12 to 17 U. S. cents per kilogram) were the result of peculiar market conditions, and their repetition would probably not be to the long-term interest of the world sugar industry.

LIVESTOCK PRODUCTS

Current Situation

The year 1950 showed a continuation of the upward trend in the output of livestock products. The production of pig meat increased substantially and milk production also showed considerable gains in most countries as compared with the preceding year. The marked post-war increase in cheese production, however, came to a standstill in 1950, though the production of butter was still rising. The large output of livestock products in 1950 was due to generally favorable conditions for crop and forage production and to the general economic situation, which made it possible for larger quantities of meat and dairy products to be absorbed even at higher prices. The first half of the year 1951 shows signs of a decline in the output of dairy products as a result of a late Spring in most northern hemisphere countries.

Production of meat in the major producing areas was about 6 per cent above the 1934-38 average and 5 per cent above that in 1949. Even so, per caput consumption was generally still below prewar. Feed supplies were good in most areas, except Argentina and the Balkans which were affected by drought. Livestock numbers increased in nearly all regions, notably cattle and pigs in Europe and North and Central America, and sheep in Oceania, Africa and South America.

For Europe, in particular, the year 1950 showed a marked recovery in meat production, with Western European output more than 15 per cent above that of the preceding year. Feed conditions were good, and there was generally plenty of forage available for use in the first quarter of the year. Imports of concentrated feeds did not reach the prewar level but this was counter-balanced to some extent by increased efficiency in feeding practices. The information available from the Eastern European countries seems to indicate a fairly rapid increase in meat production. In the Balkans, the drought caused some abnormal slaughter of livestock which may retard production in coming years.

In North America, total meat production increased only slightly in 1950 as compared with 1949, with the increase all in pig meat, and reached a level about 40 percent above the prewar average. Production in the major producing countries of South America was some 3 percent above 1949 and about 10-15 percent above prewar. There were heavy slaughterings in Argentina as a result of the severe drought in the later part of 1949 and early 1950. On the other hand, production both there and in Uruguay in 1950 was adversely affected by trade difficulties with the United Kingdom.

A decrease in slaughterings of sheep and lambs in Australia caused a decline of about 4 percent in the total meat production in 1950 as compared with 1949.

In spite of a heavy drop in exports of meat from South America, the total quantity moving in international trade in 1950 was considerably higher than in 1949, several European countries increasing their exports. The figures are, however, still well below prewar. On April 23, 1951, a protocol to the Anglo-Argentine Trade and Payments Agreement of 1949 was signed, according to which Argentina, during the next 12 months, will supply the United Kingdom with 203,200 metric tons of meat, at prices considerably higher than those in the original agreement. The United Kingdom has also concluded a new five-year trade agreement with the Irish Republic, effective 1 May 1951, according to which Ireland will export to the United Kingdom at least 90 percent of her exportable pigs and bacon.

Milk production in most countries of the world continued to increase in 1950, but in the first four months of 1951 many countries showed lower figures for milk output than for the corresponding months of last year. The reporting countries produced about 5 percent more in 1950 than in 1949, but for the world as a whole, milk production in 1950 did not increase to this extent. As compared with prewar, milk output in the reporting countries was 13 percent higher.

The increase in milk production took place mainly in Europe. Outside Europe, Australia, and New Zealand reported increased production and the U. S. A. also had a small increase in 1950 as compared with 1949, its production

now being about 18 per cent above prewar. The generally improved supply situation of milk in 1950 resulted from an increase in the number of dairy cows in many countries, and from a higher yield per cow due to better conservation of grass and forage and better feeding practices.

Milk production declined in the first four months of 1951 due to cold and rainy weather in many countries but this is not a definite reversal of the upward trend.

Butter production generally showed increases during 1950 except in N. America, as indicated below :

TABLE 22. — BUTTER PRODUCTION IN SELECTED COUNTRIES

COUNTRY	1949	1950
	(Thousand metric tons)	
Australia [a]	168	171
Belgium [a]	66	70
Canada [b]	126	119
Denmark	156	180
Finland	40	47
France	168	225
Germany (Fed. Rep.)	246	[a] 256
Ireland [c]	35	37
Italy	55	54
Netherlands	84	93
New Zealand [a]	172	175
Norway	19	20
Sweden	104	111
Switzerland	15	19
United Kingdom	20	26
U. S. A.	769	755

(*a*) 12 months ending 30 June of year stated.
(*b*) Factory butter only.
(*c*) Production of co-operative creameries only.

The indicated countries in 1950 showed an average increase of about 5 percent above the 1949 figures. On a world basis, butter production is still estimated at 5-10 percent below prewar figures. The slow recovery of butter output is explained by the low returns of yields relative to those obtained for fluid milk, cheese and other manufactured products, and also by the increased competition of other edible fats and oils.

Trade in butter in 1950 was 2 percent higher than in 1949. Oceania shipped less, as New Zealand suffered drought early in 1950 and derationing of butter in Australia resulted in a higher rate of consumption and reduced quantities available for export. Increased exports from European countries, however, more than offset the decline in deliveries from Oceania. The United Kingdom increased its imports in 1950 by 5 percent as compared with the preceding year, owing to expansion in Danish deliveries, but imports of butter into the United Kingdom are still 30 percent below 1938 shipments. Belgium, France, Switzerland and Italy all reduced their butter imports in 1950.

For the first quarter of this year the output of butter in the reporting countries was about 7 percent lower than during the corresponding quarter of last year, only New Zealand, Denmark and the Union of South Africa reporting increases. This development is probably due mainly to the late Spring. In general, the price of butter tended to be lower in 1950 than in 1949, showing a slight upward trend in the latter part of the year, which accelerated considerably in the first quarter of 1951. Although prices for dairy products, especially butter, did not keep pace with industrial price, they seem generally to have been remunerative to the farmers, especially where rationalization has made it possible to save manpower.

The production of cheese did not continue its steep upward trend, the 1950 output being of the same magnitude as in the preceding year.

TABLE 23. — CHEESE PRODUCTION IN SELECTED COUNTRIES

COUNTRY	1948	1949	1950
	(.....*Thousand metric tons*.....)		
Australia [a]	42	44	46
Canada [b]	40	52	[c] 44
Denmark	56	64	61
France	180	200	230
Germany (Fed. Rep.)	93	149	137
Italy [d]	237	240	242
Netherlands	98	129	127
New Zealand [a]	90	102	107
Norway	[b] 11	21	25
Sweden	52	66	52
Switzerland	50	54	57
United Kingdom [e]	27	36	56
U.S.A. [f]	496	545	532

(*a*) 12 months ending 30 June of year stated.
(*b*) Factory cheese only.
(*c*) Of which 99 percent is cheddar cheese.
(*d*) Includes sheep milk cheese.
(*e*) Excludes processed cheese.
(*f*) Excludes full-skim American types and cottage, pot, and baker's cheese.

Compared with prewar, world production of cheese has increased about 25 percent, and for the first quarter of 1951 most of the reporting countries showed small gains. Although production of cheese in 1950 only slightly exceeded that of the previous year, world trade showed an in-

crease over 1949. New Zealand maintained its exports, as did nearly all the European countries. The output of canned and dried milk generally increased during 1950.

Outlook

Feeding crops in 1951, particularly coarse-grain crops, are estimated to be somewhat lower than last year in most of Europe, North Africa, U.S.A. and Japan, generally owing to late sowing and adverse weather conditions. On the other hand, reports from the Near East, India, Pakistan and Canada seem to give a brighter picture of the situation, and pastures in Europe are (at the time of writing) in good condition as a result of rainy weather. However, the likely reduced output of wheat may have an unfavorable impact on the feed situation. The European feedstuff imports may be curtailed as more foreign exchange has to be used for breadgrain imports.

While the general outlook may not be too satisfactory, there is a background of three good years, and it is estimated that the coming year will show no decline in the output of either meat or dairy products in general. The carry-over from the 1950 harvest of hay, root crops, etc. was good, and undoubtedly better and more generally applied methods of conservation of protein-rich plants will make many countries less dependent on imported feeds than they were a few years ago. Owing to likely increases in South America and Europe, meat production in 1951/52 is expected to exceed the output for the previous year. In the U.S.A., too, the ratio of prices of beef and veal to prices of maize is more favorable than a year ago, but for pigs the ratio is less favorable. The meat trade for 1951/52 will be dominated by the Anglo-Argentine agreement which provides for quantities of carcass meat equal to two-thirds of the supplies provided for in the original 1949 agreement, and for an increase of 50 percent in deliveries of canned meat. Trade in pig meat is not expected to decline during the coming year.

The outlook is less certain for butter. It appears that feed prices rise faster than butter prices, so that the present ratio is less favorable to production than a year ago. Generally speaking, the farmers in the main exporting countries do not consider prices adequate, in view of rising costs, but markets are limited and it is a slow process to change over to the manufacture of other milk products. Probably, therefore, trade in butter during 1951/52 will be of the same magnitude as last year, but undoubtedly there is a long term tendency for butter to give way to cheese, condensed milk and milk powder.

FISHERIES PRODUCTS

Current Situation

1950 was generally a successful year in fish production with a world increase of about 9 percent above the previous year. Catches increased 5 percent in North America, 2 percent in Europe, 27 percent in Japan, 67 percent in the Union of South Africa, and 2 percent in Latin America. The modest fisheries of Israel increased production as a result of calculated efforts from 4,200 tons in 1949 to 7,100 in 1950, that is 69 percent. The Philippine fisheries apparently maintained their trend toward recovery, with an increase over the previous year.

Fishing from Hong-Kong continued to increase, which may be indicative of the prevailing natural conditions of the South China Coast fisheries; a steady increase in supplies was present in Singapore, despite the falling off in supplies from the Indonesian fisheries. No major changes appear to have occurred in the natural availability of fish in Indochina and Thailand during the year, but both countries are affected by conditions which interfered with the dried fish trade. The fisheries of India, Pakistan, and Ceylon showed slight improvement over the previous year. The Indian mackerel and the oil sardine fisheries have been on the down-swing of one of the natural fluctuations which characterize those stocks, and the 1949/1950 fishing season showed only slight improvement over the previous year.

Australian production fell by 11 percent during the period, despite substantial increases in certain sections of the industry, notably in crayfish.

The increases in 1950 brought production for the reporting countries up to 14 percent above the prewar (1938) catch, with Europe 11 percent above prewar, North America 13 percent, Japan 8 percent, Latin America almost double prewar, and South Africa, Morocco and Angola 4 to 5 times prewar.

Fish prices did not rise as sharply as those for other food products, the increase during the fall of 1950 being mainly caused by a temporary

TABLE 24. — LANDINGS OF FISH BY REGIONS FOR SELECTED YEARS

REGION OR COUNTRY	1938	1946	1949	1950
	(.....*Thousand metric tons a*.....)			
Europe	5 363	4 902	5 581	5 952
North America . .	3 250	3 070	3 509	3 672
Latin America . .	265	300	505	515
Asia :				
Japan	*b*3 521	3 265	2 980	3 794
Africa :				
3 Countries *c* .	110	219	377	503
TOTAL . . .	12 509	11 756	12 952	14 436

SOURCE : Official publications and communications, plus FAO estimates. For details by countries, see FAO *Fisheries Bulletin*, Vol. IV, No. 4, July-August 1951.

(a) Round fresh weight : includes crustaceans and seaweed in a few cases.
(b) Adjusted to cover same territory as post-war data.
(c) Union of South Africa, Morocco and Angola.

shortage. Fish body oil, however, followed the sharp upward price trend of most other oils.

In Japan, prices paid to fishermen fell as a result of the improved food supply. Lack of experience among new operators in selling on a free market after a long period of controlled prices and distribution also temporarily contributed to the increase. In Hong-Kong, there was an acute drop in fish prices due to the Chinese ban on imports of salted fish and to the rapid drop in the colony's Chinese population.

In Belgium, after a period of falling prices from 1947 to 1949, the trend reversed in 1950, owing to decreased landings and limited imports. Extremely high fish prices were quoted in France during some periods of 1950, apparently due to short supplies. Prices fell during the first months of 1951, with large landings of low-price fish such as hake and herring, but compared with many other countries, fish prices in France are still high.

After slightly lower prices in the first three months of 1950, average fish prices in Western Germany rose considerably in the second half of 1950, notably for whitefish. In general, recent fish prices in Western Germany are a little more than twice the prewar prices, which is considered reasonable compared with prices of other foodstuffs. Prices to fishermen in Norway for the 1951 season were raised by regulation to 15-20 percent above 1950 prices. In the domestic market retail prices increased some 16-17 percent.

The control of landing prices of fish in the United Kingdom was lifted in April 1950. Prices then fell sharply, but in October 1950, the trend reversed owing to shortage of supplies, caused by strikes and limitation of production by trawlers. The 1951 meat shortage gave fish prices an upward trend, despite an increase in landings.

In the U.S.A. average wholesale prices of fish increased 10 percent, from January 1950 to January 1951. Retail prices for fisheries products in the first quarter of 1951 were the highest on record for that time of the year, and 6 percent higher than a year earlier. In Canada, the general price at landing in the province of Newfoundland was lower in 1950 than in 1949 but showed an 8 percent increase in the rest of the country.

Rising costs are seriously affecting operations in all producing countries. Prices for fuel, net, and rope, as well as other items for maintenance and repair, are rising. Although construction of new craft is very expensive, recent experience has confirmed that, due to their higher efficiency, the new units are nevertheless more profitable than the old ones.

Some countries have their peculiar difficulties; in Western Germany for instance, the abolishment of a subsidy on fuel and oil more than doubled actual prices overnight. In Japan, the removal of government subsidies led to the doubling or trebling of the cost for fishing requisites. In the United Kingdom, the arrangements for subsidies to a certain part of the fleet had to be prolonged.

There was a significant drop in the volume of international trade in fresh and frozen fishery products generally, while the trade volume for dried, salted, or smoked fish was only slightly lower than in 1949. (*see* Table 25).

This situation is mainly due to importing countries developing their own production, and to the adjustments in processing and in trade channels which the exporting countries make accordingly.

International trade in fish meal and oils has increased considerably.

In the Far East, apart from Japan, the present situation makes it virtually impossible to resume the prewar volume of international trade in fisheries products. The possibility of an immediate liberalization of the fish trade in Europe vanished during the early part of 1951.

TABLES 25. — EXPORTS OF CERTAIN FISHERIES PRODUCTS FROM ... 1938 AND 1946-50.

COMMODITY [a]	No. of countries	1938	1946	1947	1948	1949	1950
		(..... *Thousand metric tons* .....)					
Fish, fresh or frozen	8	339.3	406.9	452.6	575.9	583.6	389.1
Fish, dried, salted or smoked	[b]8	566.6	409.6	416.9	457.1	399.4	384.8
Fish, canned [c]	[b]9	99.8	145.3	151.5	125.8	104.8	110.1
Crustaceans and mollusks	7	72.4	43.1	65.8	66.7	75.2	69.6
Fish oils [d]	7	145.5	58.2	70.6	85.9	68.6	90.4
Fish meal and fertilizers	5	124.6	27.9	28.3	83.2	47.6	116.3
Aquatic mammal oils and fats [d]	5	13.2	18.6	46.7	36.1	17.0	15.3

SOURCE : Official publications and special reports.
(a) Includes re-exports for Norway, 1938 and 1946-48.
(b) Includes some crustaceans and mollusks for Belgium.
(c) Includes canned crustaceans and mollusks for United Kingdom and small quantities of fresh or dried fish for Portugal.
(d) Aquatic mammal oils included with fish oils for Netherlands and United Kingdom.

Fisheries Commodities Review

Direct consumption of fish for food did not increase in proportion to the catch. In Europe and Africa the increase in catch was used for oil and meal production. In Europe also, much of the quantity used for human consumption was cured, but the use of fresh, frozen, or canned fish showed an increase in North America.

(1) *Fresh Fish :* The total quantity of fish consumed fresh in 1950 did not increase materially. An increase of over 300,000 metric tons in Japan compensated for declines which were particularly noticeable in Norway, Iceland, and the United Kingdom. Fresh fish supplies in Europe were somewhat unevenly distributed ; in the United Kingdom large quantities of unsaleable fish had to be sent to the fish meal factories, while the German market was under-supplied.

(2) *Frozen Fish :* There was a slight drop in the world output of frozen fish in 1950, principally due to sharp production declines in the United Kingdom, Iceland and Norway. The increase in the Canadian output was not sufficient to compensate for the drop in other countries which

TABLE 26 — PRODUCTION OF CERTAIN FISHERIES COMMODITIES,[a] 1946-50.

COMMODITY	No. of countries	1946	1947	1948	1949	1950
		(..... *Thousand metric tons* [b] .....)				
Fresh fish [c]	14	...	3 622.9	2 884.0	2 965.5	3 238.9
Frozen fish [c]	14	...	...	361.3	427.6	375.5
Cod, hake and similar species, wet-salted and dried-salted [d]	13	185.4	254.7	215.5	258.7	312.0
Cod, hake, and similar species, dried (stockfish)	3	17.5	17.4	16.5	10.6	18.6
Herring and similar species, salted [e]	16	516.2	462.5	506.5	569.9	444.7
Salmon, canned	4	130.6	156.6	133.9	151.9	124.2
Herring and similar species canned	19	242.0	254.7	259.0	323.1	379.5
Tunas, true mackerels and similar species, canned	10	80.8	96.6	110.5	101.1	139.0
Cod-liver oil	8	33.3	38.1	31.7	34.0	30.6
Oil from herring and similar species	6	103.3	113.4	124.7	100.2	151.8
Meal from herring and other species	8	223.6	227.8	301.9	261.2	348.7
Other fish meal [f]	11	126.8	152.2	177.8	231.2	253.7

SOURCE : Official communications.
(a) For some commodities these figures are close to world totals, for others, such as fresh fish, they do not cover all commodities.
(b) Product weight.
(c) Frozen fish is included with fresh fish for Netherlands, Newfoundland, Norway for 1947.
(d) Dried basis.
(e) Includes smoked herring for some countries.
(f) Includes herring meal for Denmark, Germany and United Kingdom.

in many cases, was due to consumers' reluctance to buy frozen fish when fresh fish was available.

(3) *Stockfish :* The total production of the main producing countries increased from 11,600 tons in 1949 to 19,000 tons in 1950. The total output is still lower than it was in 1938 (25,000 tons), but due to a substantial increase in Norway's production, the prewar level is likely to be reached in 1951.

(4) *Salted Cod, Hake, etc. :* The world output increased from 259,000 tons in 1949 to 312,000 tons in 1950, which is well above the prewar level. Nearly all producing countries appear to have expanded their production in 1950, largely due to greater participation in the north-west Atlantic fisheries. It is doubtful, however, whether the world production in 1951 will be much above that for 1950. By and large, prices for salted cod in 1950 may have been about 10 percent below the 1949 level, but in 1951 a 10 percent net rise in prices was apparent in spite of much higher freight rates.

(5) *Salted Clupeidae*: The production of 16 countries declined from 570,000 tons in 1949 to 445,000 in 1950. Among the big producers, only the Netherlands maintained its level, deliberately limiting its production. Japan, Norway and the United Kingdom experienced a sharp decline in their salting of herring and allied species. Production was, however, sold with greater ease than anticipated and the 1951 output may be somewhat larger.

(6) *Canned Fish – Tuna :* The canned tuna industry has been expanding considerably. In the U.S.A., the world's largest producer and consumer, production has increased from 30,000 tons of canned tuna and allied species in 1940 to 80,000 tons in 1950, a record figure ; the output was still rising in early 1951. A tendency for prices to fall has been clearly evident as a result of increased production adding to stocks already carried over from 1950.

Salmon — About 95 percent of the world's canned salmon is produced from catches landed from the North Pacific. World production (U.S.S.R. excluded) was 124,000 tons in 1950 compared with 151,900 tons in 1949. The decline in the U.S.A. resulted in a sharp rise of canned salmon prices between mid-July and mid-August 1950, with the retail price 26.8 percent higher in 1950 than at the end of 1949.

Clupeidae (Herring and Similar Species) : North American production increased in 1950, but landings of Pacific pilchards seem likely to be lower for the 1951-52 season. In French Morocco, the production continues to rise, and canned pack in 1950 will likewise be higher than in 1949 ; still further increase is possible, as existing plants are not working at full capacity. The Portuguese sardine fisheries showed improved catches toward the end of 1950 and during the first few months of 1951, with a corresponding increase in the canned sardine output.

(7) *Oils and Meal :* Traditional producers have expanded and improved their means of production and many new countries are entering the field. In the countries for which information is available, the quantity of round fresh fish reduced to oil and meal increased 30 percent over 1949. Evidence available so far indicate an even greater production of body oils and meal in 1951. Methods of oil and meal manufacturing have been greatly improved and the interest in the manufacture of oil from *clupeidae* species, which has been apparent during the last few years, has been stimulated by the prevailing prices for fish meal and body oils. Owing to heavy competition and synthetic vitamin preparations, prices for liver oil are less favorable to the producer.

Outlook

As in many respects our knowledge of fish resources is lacking, future results of fishing operations can be estimated only with considerable uncertainty. However, under normal conditions similar to those prevailing in 1950/51, the increased catching capacity will most likely lead to a corresponding increase in world catches. The greater interest in *clupeidae*, as well as in various tuna species, may promote their relative importance. Attempts to intensify freshwater fish culture may take longer to show up significantly in world production figures. World trade in fresh fish is not likely to increase, while frozen products may gain in popularity. Salted fish production may increase to a certain extent. Canning operations may be hampered by a tinplate shortage.

Fish prices have reached a high level, but unless operational costs are considerably reduced through a drop in the price of oil, coal, cordage, nets, etc., only the best possible equipment is likely to result in profitable fishing operations. The demand for fish and fish products seems likely to continue over the next year or two.

FATS AND OILS

Current Situation

Demand factors played the leading role in world markets for fats and oils in 1950. Rising industrial activity and consumer incomes in most countries strengthened the demand for fats and oils for food and industrial uses. In addition, following the Korean crisis in late June, the demand for fats and oils was intensified by a widespread desire to increase stocks. Government dealers and consumers in many countries bought fats, oils and fat-and-oil products for stockpiling in anticipation of possible future shortages. As a result, prices rose sharply and there was a general tendency throughout the world for stocks to move out of the hands of producers and producing countries into the hands of users and major importing countries.

Fragmentary information indicates that stocks of fats and fat products, at least in W. Germany, Italy, Switzerland and the Netherlands, were larger at the end of 1950 than a year earlier. According to an unofficial estimate, the total increase in stocks of 10 principal European importing countries may have approached 300,000 metric tons, equal to about 8 percent of imports of fats, oils, and oilseeds into these countries in 1950. In the U. S. A., factory and warehouse stocks of many oils and fats were reduced in 1950, reflecting heavy use by manufacturers for the production of finished goods (margarine, shortening, salad oil, soap, paint, etc.), but stocks of finished goods apparently increased at dealer and consumer levels.

West German expenditure for imported oleaginous materials increased substantially in 1950, reflecting the easing of import restrictions in late 1949 and an increase in the supply of foreign exchange in 1950. Mainly as a result of increased imports, the annual consumption of fats and oils per person in that area rose in 1950 to nearly 21 kilograms, approximately 30 percent above the low 1949 level and equal to about 70 percent of the 1934-38 average.

The strong demand and rising prices in 1950 partly account for the materially larger net shipments of fats, oils, and oilseeds into North America and Western Europe from the rest of the world. Net imports into 13 major importing countries in 1950 were over 700,000 metric tons (30 percent) larger than in 1949 (*see* Table 27.).

TABLE 27. — FATS, OILS, AND OILSEEDS IN TERMS OF OIL: NET IMPORTS OF THE PRINCIPAL IMPORTING COUNTRIES OF NORTH AMERICA AND EUROPE, 1938, 1949 AND 1950.

COUNTRY	1938	1949	1950
	(...*Thousand metric tons*...)		
U.S.A.	659	-538	-316
Canada	96	40	98
Cuba	45	81	*a* 95
United Kingdom(*a*)	1 393	1 430	1 443
Western Germany	*c*1 067	395	762
France	506	391	334
Italy	138	182	189
Belgium & Luxembourg	136	145	145
Netherlands (*b*)	124	172	221
Switzerland	64	74	*a* 106
Norway (*b*)	59	59	*a* 90
Sweden	94	41	21
Denmark: Butter	-130	-113	-126
Other Items	76	49	59
TOTAL, 13 COUNTRIES	4 327	2 408	3 121

SOURCE: Official trade returns. Butter, margarine and soap are included in terms of fat content. The sign (-) indicates net exports.

(*a*) Partly estimated.
(*b*) Whale oil of Antarctic origin brought into the country and retained for consumption is counted here as a net import, even if produced on ships flying the country's flag.
(*c*) 1937 frontiers.

Outstanding increases were 367,000 tons to Western Germany, 49,000 tons to the Netherlands and 59,000 tons to Canada. In the U. S. A. — which exports large quantities of edible fats and oils and inedible tallow and greases, mainly to Europe, while importing large quantities of oils for industrial use, mainly from Asia and South America — net exports declined about 220,000 metric tons.

Argentina was the largest contributor to the 1950 increase in world trade in fats, oils, and oilseeds.

Large stocks of flaxseed, linseed oil, and sunflower seed oil had accumulated in Argentina in previous years, owing mainly to a government trading policy of asking prices above world market levels. In 1950, however, prices were set at competitive levels and large sales and shipments were made, largely to Western Europe. Stocks of linseed, linseed oil, and sunflowerseed oil were reduced from about 465,000 metric tons, in terms of oil, at the beginning of the year, to about 250,000 tons at the end of the year. Total exports of fats, oils, and oilseeds from Argentina in 1950 rose to about 460,000 metric tons in terms of oil, 300,000 tons more than in 1949. Exports in 1950 included oilseeds and oil from the 1949/50

TABLE 28. — FATS, OILS AND OILSEEDS IN TERMS OF OIL : NET EXPORTS FROM PRINCIPAL WORLD SURPLUS-PRODUCING AREAS [a]

COUNTRY OR AREA	1938	1949	1950
	(Thousand metric tons)		
Argentina	486	161	460
Brazil	135	123	95
Nigeria	344	522	517
French West Africa	247	202	213
Belgian Congo	110	184	187
China and Manchuria	641	[b] 88	[b] 177
Philippine Republic	380	414	512
Indonesia	640	364	330
Malaya	130	96	102
India and Pakistan	520	20	[c] 100
Australia and New Zealand	213	178	[c] 90
Antarctic Ocean [d]	*566	340	344
TOTALS	4 412	2 692	3 127

SOURCE: Official trade returns, except as otherwise noted.
(*a*) Some figures represent gross exports but do not differ much from net exports.
(*b*) Unofficial estimates.
(*c*) Partly estimated by FAO.
(*d*) Whale oil produced from whales caught in the Antarctic Ocean : 1938, from KARL BRANDT, *Whaling and Whale Oil during and after World War II:* 1949 and 1950 compiled from *The Whaling Gazette*. Excludes sperm oil.
* 1937/38 season; the average for 1932/33 to 1938/39 was 442,000 tons.

crops and animal fat produced in 1950, as well as seed and oil withdrawn from the carryover on hand at the beginning of the year.

According to an unofficial estimate, exports of oils and oilseeds from China and Manchuria increased in 1950 to about 177,000 metric tons in terms of oil, approximately 90,000 tons more than in 1949. Exports of tung oil were resumed in volume in the spring of 1950 after curtailment for about a year as a result of military and political turmoil. Groundnut exports also increased materially in 1950. Exports of soybeans from Manchuria were substantially larger than in 1949, in fact the largest since before the war although still only about 10 percent of the prewar volume.

Olive oil from the large 1949 crop of olives in the Mediterranean countries made another major contribution to the increase in last year's world exports of fats and oils. Net exports of olive oil in 1950 from Mediterranean countries other than Italy and France (which are net importers) totalled about 140,000 metric tons, nearly 100,000 tons more than in 1949.

The upward movement in world prices of fats and oils that began in 1950 continued into 1951 and reached a peak in late January or February in the U.S.A., at about 65 percent above the June 1950 level, and in March or April in continental European markets, at about 80 percent above June 1950 (Table 29). For most fats, these peaks were the highest since early 1948. Maximum prices were established in late January in the U.S.A. for most domestic fats and oils. In the United Kingdom, prices of only a few fats and oils follow the fluctuations in world market prices. Prices of most fats, oils and oilseeds are established by the government in bulk purchases and long-term contracts with supplying countries, on the one hand, and in sales to domestic users, on the other.

In April-June 1951 dealers and users were apparently no longer bidding for oil and fats to add to stocks and were probably to some extent drawing on accumulated inventories. Prospects for large oilseed crops in 1951 undoubtedly contributed to the decision by many users to slacken purchases. A near-record sunflower-seed crop in Argentina, harvested in the Spring of 1951, provided oil to compensate for the short supplies of liquid edible oil in European markets until the fall, when full scale production from the northern hemisphere crops could begin. By July 1951, prices of fats and oils in both United States and European markets had declined to an average of 20 to 25 percent above those of June 1950.

There was no clear trend in total world exports of fats and oils in the first part of 1951. Exports of Philippine and Indonesian copra were substantially larger than a year earlier. Argentine shipments of oils and oilseeds remained at a high level in comparison with the post-war years before 1950 ; shipments consisted of continuing withdrawals from stocks accumulated in earlier years as well as of seed and oil from the 1950/51 linseed crop. U. S. exports (including oilseeds in terms of oil) in January-May 1951 were slightly larger than a year earlier, large increases in shipments of inedible tallow and soybeans more than offsetting declines in cottonseed oil and some other items. Exports of groundnuts from West Africa and olive oil from Mediterranean countries decreased in early 1951 compared with 1950, reflecting smaller harvests in the fall of that year. Production of whale oil in the Antartic, in the 1950/51 whaling season, and movement of whale oil to consuming countries were about the same in 1951 as in the previous season.

TABLE 29. — WHOLESALE PRICES OF SPECIFIED FATS, OILS, AND OILSEEDS IN EUROPEAN AND U. S. A. MARKETS, JUNE 1950 AND MARCH, JUNE AND JULY 1951.

ITEM	Currency in which quoted	1950	1951		
		June	March	June	July
		(.....*U. S. dollars per metric ton*.....)			
EUROPEAN PORTS [a]					
Groundnut oil, Indian, drums, c.i.f.	£ Sterling	397	602	[b] 612	517
Coconut oil, Straits, 3¼, bulk, c.i.f.	£ Sterling	322	526	414	353
Palm oil, Portuguese West African, 10½, drums, c.i.f.	Escudos	214	520	363	316
Linseed oil, Belgian, drums, f.o.b.	Belgian francs	337	530	448	440
Soybeans Manchurian bulk, c.i.f.	£ Sterling	116	150	156	132
Castorseed, Brasilian, ex-ship, U.K.	£ Sterling	146	331	287	281
U. S. A.					
Soybean oil, crude, tankcars, mid-western mills	US $	291	*452	(362)	320
Cottonseed oil, crude, tanks, south-eastern mills	US $	308	*518	(373)	322
Coconut oil, crude, tankcar lots, Pacific Coast [c]	US $	289	463	(300)	273
Lard, prime steam, tankcar lots, Chicago	US $	225	395	(335)	337
Tallow, inedible, prime, car-lots, Chicago	US $	110	344	(282)	201
Linseed oil, raw, tankcars, Minneapolis	US $	377	494	(401)	333
Tung oil, imported, tanks, N.Y.	US $	527	902	(855)	814

SOURCE: *The Public Ledger* (London), *The National Provisioner* (Chicago) and *The Fats and Oils Situation* (U.S. Dept. of Agriculture, Washington, D. C.). Prices are for prompt or early shipment. Original quotations converted to dollars at the following rates: £ = $2.80 ; $ 1 = 28.6 Escudos ; $ 1 = 50 Belgian francs.

a) Antwerp, Rotterdam, Hamburg, Bremen or Marseilles, unless otherwise specified in the stub.
b) Chinese, bulk, plus $40, the difference in June 1950 between the Indian and the Chinese quotations.
c) Subject to tax of $66 per metric ton on first processing in the U.S.A.
* Maximum price, established by the government.

Outlook

Indications in early August 1951 pointed to an increase in production and world export supplies of fats and oils in the period July 1951/June 1952, compared with a year earlier. The outlook was favorable for an increased production of groundnuts and cottonseed in the northern hemisphere in 1951 ; for an increase in the harvest of olives in Mediterranean countries over the low 1950 level ; for a continued rising output of lard, tallow and greases in the U.S.A. in 1951/52 ; and for a continuation of the upward trend in African exports of palm oil and palm kernels. These prospective increases would be only partly offset by an expected decline in 1951/52 in exports from Argentina, brought about by virtual exhaustion of surplus stocks of linseed, linseed oil, and sunflower-seed oil by late 1951. Little change is likely in 1951/52 in production and exports of whale oil from the Antarctic, since the catch of whales each year is limited to 16,000 blue-whale units. This limit has been established by international agreement as a conservation measure.

Groundnuts. — Unfavorable weather in 1950 reduced yields of groundnuts per acre in Nigeria, French West Africa and India considerably below the average. If growing conditions in 1951 are normal, production in these countries will increase substantially. Also, the Nigerian Government announced at planting-time that the price to growers for the 1951 crop would provisionally be £ 33 per ton, 50 percent higher than a year earlier. A firm price was to be announced in September. Nigeria and French West Africa are now the world's leading groundnut exporters.

Cottonseed. — A sharp increase in world cottonseed production in 1951 was virtually assured by government encouragement of increased acreage in the U. S. A. Exceptionally high prices for cotton in world markets in late 1950 and early 1951 provided a strong stimulus to growers in most of the principal producing countries. World output of commercial cotton in 1951/52 may approach 35 million bales compared with 26 million bales in 1950/51. The United States cotton crop was estimated in August to be 17.3 million bales compared with 9.9 million bales in 1950.

Soybeans. — A decline of 6 percent in the United States soybean crop was forecast on the basis of crop conditions in early August. The acreage is nearly as large this year as last, but the yield per acre was expected to be a little lower than the unusually high yield in 1950.

Linseed. — According to August estimates, the 1951 linseed crops in the U.S,A., Canada, and India totaled 3 percent less than a year earlier. Declines in the U.S.A. and India, due mainly to smaller yields per acre, were partly offset by an increase in the Canadian crop. Canadian production is small compared to that in the other two countries, but there was a large percentage increase in Canadian acreage in 1951.

The Argentine Government encouraged farmers to increase linseed acreage in 1951, increasing the minimum price to growers to 50 pesos per 100 kilograms compared with 41 pesos for the 1950 crop. The Argentine crop is harvested in November and December. Even if there should be a large increase in 1951 plantings, Argentine exports of linseed and linseed oil will probably show a decline after 1951 because the carryover into the new crop year will be small.

Demand for fats and oils for industrial use and for food consumption in most countries of North America and Western Europe will remain strong in 1951/52 and may increase, since consumer incomes and industrial activity are likely to be maintained or to rise still further. Demand for most fats and oils for stockpiling, however, will be considerably less urgent than in late 1950 and early 1951, barring another major international crisis. If the present good prospects for increased output in 1951/52 are borne out, prices of fats and oils will probably average lower than in the 1950/51 marketing year.

FRUIT: (a) Citrus Fruit

Current Situation

World production of citrus fruit in 1950/51 exceeded the previous year's output by about 11 percent for oranges and mandarines, 21 percent for grapefruit and 14 percent for lemons. Orange production was a record, 46 percent above prewar average. Production of grapefruit and lemons did not reach the high level of the early postwar years but exceeded the prewar average by approximately 50 percent for grapefruit and about 16 percent for lemons. Figures for the major producing areas are given below.

From 1949 to 1950 the expansion of orange and mandarine production was extremely rapid in the Mediterranean region, particularly in Italy, with about 85 percent increase, and in Spain and Algeria with 40 and 20 percent. Increases also occurred in the U.S.A. and Argentina, while in the Union of South Africa output reached the high 1948/49 level.

TABLE 30. — PRODUCTION AND EXPORT OF CITRUS FRUIT BY MAJOR PRODUCING AND EXPORTING COUNTRIES
(Prewar and 1948-50)

COMMODITY AND REGION	PRODUCTION				EXPORTS			
	Average 1934/35-1938/39	1948/49	1949/50	1950/51	Average 1934-38	1948	1949	1950
	(*Thousand metric tons*)							
Oranges and Mandarines								
Mediterranean region	2 078	2 185	2 049	2 772	1 019	956	1 013	1 069
U.S.A.	2 284	4 028	4 161	4 530	167	243	179	187
Mexico	137	400	420	350	—	—	2	32
Brazil	1 172	1 226	1 246	1 100	149	100	71	85
Union of South Africa	167	193	131	190	85	96	107	144
Japan	465	290	311	437	63	2	4	5
Other major producers	811	1 106	1 074	1 051	12	13	14	13
TOTAL	7 114	9 428	9 392	10 430	1 495	1 410	1 390	1 535
Grapefruit								
All major producers	1 140	1 770	1 460	1 765	90	140	110	95
Lemons and Limes								
All major producers	960	961	976	1 115	280	180	215	210

Grapefruit production in the U. S. A., where over 90 percent of the world's output is grown, recovered faster than expected from the severe frosts of 1948/49, but was still one-quarter below the 1946/47 production. Some expansion in grapefruit production took place in the Union of South Africa and in the British West Indies, but production in Palestine decreased.

Lemon production increased considerably in the Mediterranean region and in the U. S. A., although Mediterranean production was still below prewar level, mainly as a result of disease in lemon groves.

Exports of oranges from the main exporting countries continued the steady increase which had been apparent for the last five years, in spite of the competition with increasing supplies of other fruits. Export of grapefruit from the U.S.A. and of lemons from Italy, the two major exporters, declined.

One of the most remarkable features in the citrus trade in 1950 was the expansion in Germany's imports. Orange imports increased 150 percent, 130,000 tons above the 1949 level, and lemon imports rose by 15 percent. This development has helped to stabilize the Mediterranean citrus market.

Since British citrus imports were decentralized in May 1950 and imports from soft currency areas were liberalized, South Africa and Spain have increased their share in total United Kingdom imports of oranges. Data for the first four months of 1951 indicated a further total increase in British orange imports, especially from the Union of South Africa and other Commonwealth countries, together with Spain and Brazil. Canada took about two-thirds of the United States' orange export and 90 percent of her lemon and grapefruit exports.

Orange prices at auctions in New York and Chicago during the fall season of 1950 were higher than in the 1949 season, particularly for navels. Lemon prices were substantially lower than the year before and those for grapefruit slightly lower. United Kingdom average import values for oranges increased sharply, averaging £ 54.7 per ton for Spanish oranges in January/April 1951 as against £ 37 a year earlier. The corresponding figures for oranges from Israel were £ 54.0 and £ 42.8 per metric ton.

The U. S. A. has continued subsidies on orange exports and added a subsidy on grapefruit. This provides for payments up to half of the export price f.a.s. limited by maximum rates established for the individual products. Israel increased her export subsidies early in 1951 after a grower's strike. In Spain the subsidy is achieved by free disposal of a portion of the exchange earned from citrus exports (90 percent for lemons and grapefruit); further special exchange rates are paid for the remaining part of the exchange, for example, 61 pesetas per pound sterling for oranges instead of the official rate of 30 pesetas.

Outlook

The citrus planted area is expanding in the major producing countries, particularly in the U. S. A., Mexico, Italy and French North Africa; only in Brazil, Israel and Japan is it below prewar. With a higher percentage of the total number of trees of bearing age and with improved methods of cultivation and disease-control, yields are increasing rapidly. The simultaneous increase in production of other fruits has naturally caused some concern about marketing and only the rapid expansion of fresh fruit consumption in most countries has made it possible to find outlets for the increasing production; the most important of these are Western Europe and Canada.

The U. S. A. is increasingly dependent on the Canadian market and has lost most of its prewar market for oranges in Europe as a result of competition from soft-currency countries. Without the subsidies, practically no export to Europe would have been possible in recent years. Despite the keen competition of the Mediterranean countries, the freeing of trade in Western Europe, and last year's increase in Germany's imports, have stabilized the market for the time being. Imports to the United Kingdom, the Netherlands and Norway are still substantially below prewar, whereas those into France, Belgium, Sweden, Switzerland and Germany (since 1950) exceed prewar. In all these countries, except the United Kingdom, there is a substantial increase in total fresh fruit supplies since prewar years. After the British citrus was handed back to private traders in May 1950, orange imports have increased.

United States production of oranges has about doubled since prewar but exports only increased about 10 percent and per caput consumption in the U. S. A. of fresh citrus fruit was only 21.5 kg in 1949 as against 22.2 kg in prewar

years. Consumption of canned and frozen citrus products has on the other hand increased tremendously. In 1950 only 54 percent of the orange production was marketed as fresh fruit against 64 percent in 1949. Consumption in European countries is still low compared with the U.S.A., Brazil, Canada and Australia. This trend is increasing and may justify the expansion in the exporting countries' production. A set-back in European recovery, however, may lead to increased import restrictions and thus have serious effects on the international citrus trade.

(b) Dried Fruit

Current Situation

The dried fruit situation in the 1950/51 season was characterized by an extraordinarily low production and a considerable increase in prices.

Raisin production for the major producing countries went down from 447,000 tons in 1949 to 384,000 tons in 1950, entirely due to a sharp decrease in the United States production which was the lowest since the early 1920's. The crop of raisin grapes in California was only 9 percent lower than in 1949 but about 41 percent was used for wine crushing as against 15.8 percent in 1949. The total grape crop was only slightly less than in 1949 but wine prices were favorable for crushing.

Production of prunes in the U.S.A. was extremely low and production in the Balkan countries also declined. Fig output in the major producing countries was 10 percent below 1949, being substantially lower in Algeria, slightly lower in Italy and the U.S.A., but higher in Turkey and Portugal.

With the decline in production, the U.S.A. cancelled the export subsidies for raisins and prunes in the 1950/51 season. No surplus or reserve pools were set aside under the Californian marketing program as in the previous season.

World exports of raisins and prunes were higher in the calendar year 1950 than in 1949, but exports of currants and figs dropped. As a result of the continued low production of raisins and currants in Australia, that country only supplied 25 percent of the British quota under the long term contract ; exports to Canada were given priority.

Imports of dried fruit to the United Kingdom decreased in 1950, with the exception of raisins. Total imports in 1949 were 193,000 tons and in 1950 149,000 tons. The decrease was particularly noticeable for currants and dates. Imports in the first four months of 1951 were on the same level as in the corresponding 1950 period for raisins and currants but extremely low for prunes, dates and figs. Imports of the dried vine fruits and prunes are still undertaken by the Ministry of Food.

TABLE 31. — PRODUCTION AND EXPORT OF DRIED FRUIT BY MAJOR PRODUCING AND EXPORTING COUNTRIES

COMMODITY	PRODUCTION			EXPORTS		
	Average 1934-38	1949	1950	Average 1934-38	1949	1950
	(*Thousand metric tons*)					
Raisins	447	447	384	205	199	232
Currants	180	107	94	90	61	51
Dried prunes	270	207	165	*a* 87	*a* 57	*a* 71
Dried figs[b]	193	170	153	65	50	44

(*a*) U. S. exports only.
(*b*) Not including Spain.

Imports of dried fruits into Western Germany increased from 75,000 tons in 1949 to 94,000 tons in 1950. Imports from the U.S.A. declined and Greece and Italy especially increased their share in supplying Western Germany.

With the small supplies of dried fruit in the 1950/51 season and the increasing demand for storable food, prices were firm. Prices received by growers in the U.S.A. for grapes increased from $36.80 per short ton in 1949 to $68.40 in 1950 and for prunes (dried) from $163.00 to $245 per short ton. Prices for Thompsons seedless raisins, choice, f.o.b. averaged 9.2 cents per lb. in 1949, 11.2 cents in 1950 ; in December the price rose to 14.9 cents and in February 1951 to 16.0 cents. Prices for sultanas on the Smyrna exchange, which in 1949 averaged $221 per metric ton, rose in August 1950 to $303 and in February 1951 to approximately $350.

Outlook

The 1951/52 season opens with practically no stocks of raisins, prunes or figs. The U.S. crop prospects are favorable for grapes of all classes. Estimates as of July 1 indicate increases on 1950/51 of 20 percent for all grapes and 30 percent increase for California raisin varieties but, as crushing for wine is one of the unknown factors, dried raisin production is not yet predictable. In spite of the heavy crushing in 1950, stocks in

California wineries at the end of April 1951 were only 3 percent higher than the year before but wholesalers' wine stocks on 1 March were 7 percent greater than on the same date in 1950. There seems to be no reason to expect a lower demand from the wine industry this year. Prune production is expected to be some 14 percent higher than in 1950, but California apricots are yielding less. The dried fruit industry in California does not expect any surplus as in 1948/49 and 1949/50, but plans have been submitted to the government for the re-establishment of a reserve pool and for the granting of export subsidies on raisins and on fresh grapes.

The Turkish sultana crop is expected to be 5-10 percent more, the fig crop slightly higher, than in 1950 ; the Greek raisin crop is expected to be lower than last year.

No forecasts have been received from Australia, but, as the low yields in Australian grape production during the last few seasons have been solely a result of unfavorable weather, it is reasonable to expect some increase in output in 1951/52.

It should be borne in mind that the present short supplies of dried fruits are an exception to the increasing trend in dried fruit production, and that the post-war period generally has shown a shrinking demand in the major markets. With a more normal output than the last few years, the present boom in the dried fruit market may quickly come to an end. However, rearmament programs have for some time stimulated interest in storable food and may result in a strong demand again in 1951/52.

COFFEE

Current Situation

The coffee situation continued to be characterized by inadequate supplies, strong demand and high prices. World production in 1950/51 was slightly lower than in the previous year and is not expected to exceed 2 million metric tons. World trade decreased in volume by 12-15 percent, but exports increased 43 percent in value and reached the spectacular figure of $1,660 million.

Unfavorable weather conditions reduced the 1950/51 production in Brazil and Colombia. Brazil's output decreased about 7 percent against 1949/50 but export during the calendar year 1950 fell by 23 percent below the 1949 level. The value of the exports, however, amounted to $795 million, as compared with $580 million in the previous year. In Colombia the crop was about 5 percent smaller than the previous year's, and 1950 exports were 17 percent down ; no stocks of importance are believed to be carried over. Ecuador, the Dominican Republic and Honduras had better harvests than the year before, while in most other Latin American countries whose economies are to a large degree dependent on coffee, high selling prices compensated for the decline in volume.

Whereas the western hemisphere's share in world production and trade declined during 1950 by about 15 percent, Africa continued its steady expansion. Indonesia, the third most important producer before the war, doubled its crop as compared with the previous year, but its production in 1950/51 was only half of its prewar average.

TABLE 32. — PRODUCTION AND EXPORTS OF COFFEE IN SELECTED YEARS

	PRODUCTION			EXPORTS		
	1934-38	1949/50	1950/51	1934-38	1949	1950
	(..... *Thousand metric tons* .....)					
Brazil . . .	1 446	1 031	[a] 960	847	1 162	890
Colombia. .	251	347	332	229	324	268
Other L A . countries .	419	443	300	296	290	290
French W. Africa . .	8	63	53	8	63	52
British E. Africa . .	44	47	56	41	44	54
Indonesia. .	123	30	65	85	5	13
TOTAL . .	2 291	1 961	1 766	1 506	1 888	1 567
WORLD TOT.	2 430	2 300	*2 000	1 650	2 070	1 758

* Estimate.

(a) Relates to the crop harvested March-September 1950.

World imports declined by about 12 percent. United States imports, which account for approximately 2/3 of the world total, were 16 percent lower in 1950 than in 1949, but 37 percent higher in value ; they show a steady rise from a prewar average of 790,000 metric tons to a postwar average of 1.2 million, reaching the peak in 1949. Consumption per head in the thirties was 14 pounds ; it rose to 18.4 pounds in 1949. But both imports and consumption declined in 1950, although the decline in imports was unquestionably larger than the decline in actual consumption ; anticipat-

ing shortages and high prices, there had been heavy buying in the last quarter of 1949 and large stocks were carried over. The sharp rise in prices may also have exerted some influence on consumption. In this respect, it is worth mentioning that United States tea imports in 1950 were the highest since 1918. However, during the first three months of 1951, the U. S. A. resumed active buying and monthly import figures rose to new heights. Imports during the first five months of 1951 totaled approximately 577,000, against 428,000 metric tons in the same period of 1949.

Canadian imports diminished by about 15 percent in 1950. Again, the decline may have been due, at least in part, to stockpiling in the previous year. It is significant, however, that tea imports increased. British East Africa occupies the third place after Brazil and Colombia in supplying the Canadian market.

Imports in Europe were also slightly lower than in 1949. It is significant that the 1950 volume of imports by the major coffee consuming countries — France, Belgium, Italy, the Netherlands and the Scandinavian group — amounted to only 83 percent of their prewar average. Low-priced African coffee is gaining a foothold in the European market.

World prices maintained throughout 1950 the exceptionally high level reached in late 1949. While a slight decline took place in early 1950 owing to reduced buying, prices rose steeply after the Korean conflict, climbing from 45.9 cents in May 1950 to 56 in September (Santos 4 ex dock, New York). During the first five months of 1951, prices averaged 15 percent more than in the corresponding period of 1950 and fluctuated between 53 and 55.

The United States Office of Price Stabilization established ceiling prices for coffee in February 1951. Santos 4 was fixed at 55.5 cents per lb., and the higher quality Colombia at 60.5 per lb. Subsequently, the Brazilian Government imposed minimum export prices (52.75 per lb., for Santos 4, f.o.b. Santos) which are rigidly enforced; it limited entries of coffee into port in order to avoid increasing stocks and raised the coffee loan rate by $10 per bag which brings government financing to 70 percent of the value. The government has stated its intention to make the machinery for controlling coffee prices permanent, to protect the country's coffee economy. Colombia announced new exchange regulations, reserving to itself 75 percent of dollars earned from coffee exports. It established a floor price of U.S. $88.50 per bag of 70 kilograms, raising at the same time the local purchase price to growers.

Outlook

Forecasts for 1951/52 differ considerably, largely because of differences in the Brazilian crop. After two seasons of unfavorable weather and low yields, the harvest which began in May 1951 promises to exceed 1 million tons, which would still not suffice to satisfy the demand. It is possible, however, that the low point in Brazilian output has been passed, and that, with the rejuvenation of old plantations and the development of new ones, the long-term outlook has somewhat improved. Colombia expects a harvest of normal size and good quality.

The rise in coffee prices since early 1949 has undoubtedly stimulated interest in the expansion of coffee cultivation in most Latin American countries, although costs of production and transportation have also increased. The Mexican Government is actively sponsoring new plantations and encouraging better cultivation practices. Substantial investments have been made in Guatemala, where replantings and improvements in production methods should increase output by 10 percent during the next five years. It is realized that a certain stability can be reached only by extensive use of modern methods of cultivation, and by rationalization which will lower production costs.

The production outlook in Africa appears favorable. The area under coffee has been steadily enlarged. In Indonesia recovery from war damages is making substantial progress. Given maintenance of present levels of employment and national income in the chief consuming countries, the demand for coffee will remain high and imports in 1951 should at least equal those of 1950. If the United States buying for military and civilian purposes goes on at the present rate, imports may even approach the 1949 level. The principal consuming countries do not possess large stocks, and the continuation of inflationary trends is likely to diminish the force of the consumer resistance to high prices which developed in the latter part of 1950. The growing geographical dispersion from one main producing continent to other parts of the world may in the long run be an important

factor in eliminating strong yearly supply fluctuations and thus have a levelling influence on prices.

TEA

Current Situation

Total tea production in 1950 in the four major exporting countries, India, Pakistan, Ceylon and Indonesia, exceeded the 1949 production by 9 percent and the prewar average production by 27 percent. Indonesia increased production by 23 percent over 1949 and has reached a level slightly less than half the prewar average. In Japan, production in 1950 exceeded 1949 by 9 percent but is still only about two-thirds of prewar. The only significant exporter outside the Far East, British East Africa, increased its production by 19 percent from 1949 and has about doubled production since prewar.

In spite of the greater supplies in the major exporting countries during 1950, their total exports declined. Those from India, Pakistan, Ceylon and Indonesia together were only about 90 percent of 1949 exports but 10 percent above prewar.

United Kingdom imports decreased by 53,000 tons or 25 percent from 1949 to 1950, and total European imports decreased by 47,000 tons. France and Germany took less than in 1949 but other continental European importers more.

Imports to the U.S.A., Canada, Australia and New Zealand increased by 22,000 tons, offsetting less than half the European decrease. British tea rations have been reduced by 20 percent since July 1950, but rationing in Australia came to an end. New Zealand abolished the substantial subsidies to tea imports.

Since January 1951 tea imports into the United Kingdom were no longer centralized at the Ministry of Food, and the London auctions, which had been closed since the war, were re-opened in April. In January-April 1951, United Kingdom tea imports increased to 81,000 tons, i.e. 27,000 tons more than in the same period of 1950 and 10,000 tons more than in the first four months of 1949. India and Ceylon in particular increased their exports to the United Kingdom.

Table 33. — Tea Production and Exports of the Major Exporting Countries

Country	Production				Exports			
	Average 1934-38	1948	1949	1950	Average 1934-38	1948	1949	1950
	(*Thousand metric tons*)							
India	167.6	254.8	254.0	274.0	155.0	168.1	227.4	182.0
Pakistan	25.6	19.3	21.0	23.8		13.0	15.0	9.0
Ceylon	103.9	135.5	135.4	143.4	99.6	134.3	135.0	135.0
Indonesia	75.2	12.9	27.2	35.2	67.4	8.4	21.4	29.1
Sub-total	372.3	422.5	437.6	476.4	322.0	323.8	398.8	355.1
Japan	49.3	26.0	31.0	33.8	18.6	4.5	8.3	8.0
British East Africa	8.1	13.1	12.9	15.3	6.6	11.2	9.9	12.6
Total	429.7	461.6	481.5	526.1	347.2	339.5	417.0	375.7

Tea prices, declining in the spring of 1950, were revised after the outbreak of war in Korea ; they began to decrease again late in 1950 but still remained higher than in the spring. Early in 1951, prices became firmer but in April-May they were only 5 to 10 percent above 1950 auction prices in Colombo and Calcutta. Ceylon increased the export duties on tea in March 1951.

Outlook

No indications of total supplies for 1951-52 are yet available but expansion of tea area in Indonesia, Africa and Japan together with the liberal export quotas for the members of the tea agreement should assure ample supplies. One of the most decisive factors on the demand side is the British ration. With regard to trade, under the International Tea Agreement between India, Pakistan, Ceylon and Indonesia, which was renewed in 1950, export quotas for 1951/52 are 135

percent of basis (exports 1929-31). A comparison of these export quotas with actual exports in the calendar year 1950 shows that the established limit for 1951-52 allow the major exporters to increase their shipments by a total of some 40 percent.

The changes in the pattern of the international tea trade, as compared with prewar, may develop still further. It has been reported that India and Ceylon have decided to keep their supplies of tea offered at the London auctions within the limits of British home consumption. The limit for India's export should be approximately 125,000 tons, the quantity exported to the United Kingdom in 1949/50 ; Ceylon has established a limit at 59,000 tons. Under the current contract Ceylon only supplies about 45,000 tons per year but in 1949 the United Kingdom took about 55,000 tons. The limitations of sales in London are in line with the policy of developing international tea markets in Calcutta and Colombo.

COCOA

Current Situation

As anticipated, world production in 1950/51 is likely to prove slightly lower than in the record year of 1949/50 — 770,000 metric tons as compared with 790,000 — but production is still about 35,000 tons higher than the average in the last four prewar years. Demand for cocoa beans and cocoa products has been high and international trade active, in spite of the prevailing high prices.

The decline in 1950/51 production, as compared with the previous year, was due largely to unfavorable weather conditions in Brazil. Weather conditions were responsible also for a number of other small changes in this year's production picture. The Gold Coast crop was lighter, but Nigerian production turned out higher. In general, these fluctuations have been of minor character and in no way indicate fundamental changes in the world production pattern.

As a result of the active demand for cocoa beans and products, prices on the New York market rose to 36 - 42 cents a pound (79.2-88.0 U.S. cents per kilogram). The U.S.A. and Western Europe have remained, as in prewar years, the chief consuming countries. Imports and consumption in Western Europe, including the German Federal Republic have risen steadily, but are still lower

TABLE 34. — PRODUCTION OF COCOA BY CONTINENTS IN SELECTED YEARS

CONTINENT	Average 1934-38	1948/49	1949/50	1950/51 Prelim. Feb. Estimate	July Estimate
	(..... *Thousand metric tons* .....)				
Africa	483.5	514.4	503.8	505.5	517.3
N. and C. America	63.0	58.5	65.6	63.1	60.4
South America. .	178.8	183.8	213.3	192.4	186.7
Asia and Oceania.	8.9	7.5	7.1	7.0	6.1
TOTAL.	734.2	764.2	789.8	768.0	770.5

than in pre-war years. Imports have, however, surpassed pre-war levels in many Latin American countries, in Africa and in some Asiatic countries a development closely connected with the market-rise in national income of those countries, and with growing industrialization. On the other hand the decline in imports and consumption in Eastern European countries is no doubt connected with the political and social changes which have taken place in that area since the end of World War II.

In the world as a whole, the demand for cocoa beans is far greater than before the war. Post-war prices have been between 300 and 600 percent higher than the pre-war average. Supplies per caput are only slightly lower than before the war, but this is not sufficient to account for the steep rise in prices. Rather, the effective demand for cocoa beans is now vastly greater and embraces many more millions of human beings than in the prewar years. On the other hand, in the traditional high cocoa consuming countries the rise in prices has exerted a marked influence on consumption and has forced industrial users to develop numerous techniques for economizing on utilization of cocoa beans and cocoa butter — especially confectionery manufacturers, bakers, ice-cream manufacturers, etc. Not only have they used less of these materials themselves, but they have also resorted increasingly to the use of artificial chocolate flavoring.

Outlook

A number of significant developments are taking place in the production picture, although not yet visible in the statistics of actual production. First, output in Brazil is likely to increase substantially during the next few years. The effects of the substantial post-war planting and replant-

ing will be felt from now on in ever greater volume. Secondly, production in Africa, especially in British West Africa, will tend to rise. Finally, a large number of minor producing countries, especially in Latin America, have been implementing programs to increase production. Mexico, which has achieved the largest percentage increase, is the outstanding example. Indications are that, given average weather conditions in the chief producing countries, world production in 1951/52 is likely to reach and perhaps even surpass the 1949/50 record.

Future trends in the international trade and in prices will mainly depend on levels of general economic activity. No substantial increases in production which might threaten a price collapse are likely to occur, but a serious setback in world economic activity would probably lead to a substantial decline in consumption and in prices. Stocks in both importing and exporting countries, with the exception of Brazil, are at a low level, and prices of cocoa beans will show great sensitivity to changes in political and economic currents.

TOBACCO

Current Situation

World production of tobacco in 1950/51 increased about 3 percent from 1949/50 and exceeded the prewar average by 15 percent, but was slightly below the postwar average. Production of flue-cured tobacco, the major cigarette leaf type, continued its expansion with a 7 percent increase over 1949/50 ; and accounted for approximately 28 percent of all tobacco leaf. Production of oriental tobacco declined.

Of the major producing and exporting countries, the U.S.A. had a 3 percent increase in total production over 1949 in spite of a slight decline in area. The output of flue-cured rose 13 percent. Production of fire-cured and dark air-cured each decreased by 20 percent and Burley by 11 percent. Total production in Canada, Brazil, S. Rhodesia, the Union of S. Africa and Turkey declined mainly because of lower yields. Greece and the Philippine Republic, where the area had been considerably expanded, showed some increases. Flue-cured production increased in India, Pakistan and Japan but declined in S. Rhodesia, where an expected crop of 54 - 59,000 tons was reduced to 40,000 tons by failure of the rains.

TABLE 35. — PRODUCTION AND EXPORT OF LEAF TOBACCO, PREWAR, 1949 AND 1950.

CONTINENT	PRODUCTION			EXPORTS		
	Average 1934-38	1949/50	1950/51	Average 1934-38	1949	1950
	(.....*Thousand metric tons*.....)					
N. and C. America	680	1 070	1 080	225	270	260
S. America	140	160	180	38	40	41
Europe[a]	335	420	415	129	140	105
Africa	70	120	130	32	64	69
Asia and Oceania[b]	1 485	1 200	1 300	116	55	56
WORLD TOT.	2 710	2 970	3 105	540	569	531

(*a*) Including Turkey.
(*b*) Excluding Turkey.

Exports from the U.S.A. declined in 1950 in spite of continued E.C.A. financial assistance to various countries, but exports of flue-cured and Burley types were not affected. Other major exporters, S. Rhodesia, India, Indonesia and Brazil, exported more than in 1949, though Greece and Turkey had a decline in exports. Generally, the difficulties in marketing oriental types continued.

Of the major importers, the United Kingdom took about the same volume in 1950 as in 1949, but imports from the U.S.A. continued to decline even for flue-cured, and the percentage supplied by S. Rhodesia, India and Canada increased considerably. The U.S.A., however, still supplied 47 percent of the total. Western Germany ran second in total imports of unmanufactured tobacco. The U. S. A. supplied about 50 percent, and the Latin American countries expanded their sales, in this important prewar market. The total of European imports declined slightly but except for the great decline in the French imports, particularly from the U. S. A., and the substantial increase in Spanish and Scandinavian imports, changes were small compared with 1949. In the Far East, an exceptional increase in imports of raw leaves to the Philippine Republic has been noticed in 1950 but imports of finished tobacco products decreased. Raw leaf was on the free import list until mid-1950.

U.S. auction prices in the 1950/51 season up to early 1951 exceeded prices for the previous season by 16 percent for flue-cured types and by 6 to 7 percent for Burley and fire-cured tobacco.

During the first two months of the S. Rhodesian 1951 season which opened in April, the average auction prices for flue-cured exceeded the corresponding 1950 prices by 12 percent.

Outlook

Preliminary indications of acreage and yields for 1951/52 seem to indicate an increase in supplies. The United States acreages of flue-cured, Burley and Maryland tobaccoes exceed last year's planting by 12 percent, 8 percent and 4 percent respectively. With an average yield this should result in a 4 percent increase in production of flue-cured and a slight increase in Burley. Price supports (loan-rates) in 1951/52 are higher than last season, minimum support prices being 8 to 12 percent higher.

Canada has lifted acreage restrictions of flue-cured tobacco for 1951 and the planted area is expected to exceed that harvested in 1950 by 25 percent.

In S. Rhodesia and India there is a continued expansion in area of the flue-cured tobacco for which there is a very strong demand from the soft-currency countries and the crop in 1951/52 is likely to exceed last year's harvest. For S. Rhodesia where the yields were exceptionally low in 1950/51 the increase may be substantial. Under the agreement concluded in November 1950, between S. Rhodesian growers and British manufacturers the latter undertook to purchase 34,000 tons or two-thirds of the current crop, whichever is the less. With a crop the same size as that of 1950/51 the U.K. would take 27,000 tons, slightly less than in 1950.

With increased supplies from India the total supplies of flue-cured tobacco in the soft-currency areas in 1951 should not fall below the 1950 level. Last year's experience does not indicate any change in the European attempt to find substitutes for hard currency tobacco wherever possible.

The 1951/52 season may bring some improvement in the export possibilities for the oriental type stocks of which have been increasing during the last few years in Turkey and Greece. In the trade agreement recently concluded by these two countries with the Federal Republic of Germany for the years 1951-53, Germany has agreed to take 35,000 tons from each of them in this period, as compared with a 1950 import of 6,400 tons from Turkey and 3,000 tons from Greece.

COTTON

Current Situation

The world cotton situation in 1950/51 was characterized by acute shortage and extremely high prices, contrasting sharply with the comfortable global supply-requirements balance and prospective American surplus a year earlier, while considerably curtailed acreage, together with somewhat lower yields, brought about an unexpectedly large contraction in United States production, only one-third of which was offset by increased production elsewhere. Taking into account the initial carry-over, the world supply in 1950/51 is estimated at 5 percent less than in 1949/50. On the other hand, consumption under the impact of advancing cotton prices and rearmament requirements has increased by over 10 percent: world stocks have been drastically reduced, while prices have climbed to heights never before reached in the 20th century.

Production developments in 1950/51 presented noteworthy contrasts. In the U.S.A., if the reduced area allotted by the government to cotton had been fully planted, and if yields had been normal, the crop would have been 20 percent larger, the decline in world production 6 instead of 12 percent and the 1950/51 world supply about the same as in 1949/50. Elsewhere, a widespread urge to increase cotton production has been in evidence. Notwithstanding the decline in dollar prices in 1949/50, local prices for cotton were quite remunerative, especially where currencies have been devalued, and larger areas were planted to cotton in 1950/51 in Central and South America, in the Middle East, in India and apparently also in China and the Soviet Union. Where suitable land or labor were limiting factors, as in Pakistan and Africa, increased production was sought through the planting of higher yielding varieties. Growing conditions, however, were not normally favorable in parts of South America and Africa, notably Egypt, so that efforts to produce more were not fully rewarded.

Although reduced supply prospects and an upward tendency in cotton prices were already stimulating the market, the outbreak of hostilities in Korea and the initiation of defense policies involving large scale military requirements of textiles were the dominant influence on the demand for cotton and cotton textiles in 1950/51. In the face of heavy prospective defense expenditures

and advancing fiber prices, a wide desire to invest in textiles developed at all trading levels and was particularly marked in importing areas, where rising raw material prices and increased incomes promised increasing consumer demand. Towards the end of the season, however, fiber prices were falling and the stockpiling movement appeared to have run its course. By April 1951, wholesale prices of cotton textiles in the U.S.A. were on average about 5 percent below their peak; civilian types had fallen as much as 12 percent, whereas prices of military type textiles remained firm. In the United Kingdom, although textile manufacturers were sold out many months ahead, the rate of incoming orders declined, while a wave of cancellations was reported from Japan.

In the meantime, the short supply of cotton was tending to become a limiting factor to textile activity in some importing countries. At the beginning of the season, stocks in such countries averaged about 4 months' consumption, but the rate of consumption was rising, while exporting countries were limiting shipments in order to safeguard supply to domestic industries. In the U.S.A., exports were placed under allocation at the beginning of the season. The concentration of unsatisfied demand in other exporting countries resulted in disproportionate price advances and disturbed market conditions, which governments sought to counteract by increased export taxes and intermittent quantitative controls.

The advance in cotton prices was virtually continuous throughout the season, until the peak was reached in March 1951, when a uniform ceiling on United States cotton prices became effective. Prices in other countries advanced much more than in the U. S. A. As compared with the average for the preceding season, prices at the peak were higher by 42 percent in the U.S.A., by 85 to 126 percent in Egypt, by 122 percent in Brazil and by 110 percent in Pakistan. Price movements in the last three mentioned countries have, however, been sensitive to the enlargement of export allocations and the fixing of ceiling prices in the U. S. A. By May, Egyptian and Pakistan prices had receded 15 percent from their peaks, while Brazilian prices had fallen 7 percent. In the U. S. A., however, prices remained at the ceiling although the prospect of a very much larger crop and the advance issue of export allocation for 1951/52 further reduced the margin between local prices and those elsewhere. In Egypt, the recession in market prices was stemmed by governmental price support operations, while export taxes were reduced. By June, future prices for the new crop in the U.S.A. were quoted at a 10 percent discount on the ceiling price, with prospect of a further recession.

Outlook

There is little doubt that considerable relief will be brought to the world cotton situation in 1951/52. The global carry-over will be very low but production is expected to show extraordinary expansion. Some relaxation in the very high rate of consumption may take place, while prices and textile stocks decrease. Making due reservation for exceptional growing and other conditions, the International Cotton Advisory Committee envisages developments on the following scale:

TABLE 36. — COTTON PRODUCTION 1949-1952

SEASON	OPENING CARRY-OVER	PRODUCTION	CONSUMPTION
	(..... *Million bales* .....)		
1949/50.	14.8	31.3	29.5
1950/51 (provisional). .	16.6	27.5	33.1
1951/52 (provisional). .	11.0	35.0	...

On the supply side, the U. S. A. crop is of the greatest importance. Acreage restrictions on cotton are not now in force and the Government has set a production "guide" of 16 million bales (as compared with a crop of scarcely 10 million bales in 1950/51), from an area of 28 ½ million acres. This involves a re-expansion in plantings beyond any postwar record, with yields at approximately the postwar average or a little above those in 1950/51. According to an estimate in early August, the crop will amount to 17.3 million bales.

The price incentive to cotton growing has increased in a spectacular manner. In the U.S.A., prices received by farmers in April 1951 averaged 50 percent higher than a year earlier and were 28 percent above the "parity" price. Proportionately larger advances in prices in other major cotton growing countries have already been noted. In colonial Africa where outlets and prices are guaranteed, price increases have

been proportionate with those in the U.S.A. Although a down-turn in market prices developed as the new season approached, and futures fell below spot prices, enlarged plantings of cotton besides those in the U. S. A., were still very probable. In India, the ceiling price for cotton from the 1951/52 crop was fixed at 7 percent higher than for the preceding crop.

The expansion in cotton growing will be limited by different factors in different parts of the globe. With economic activity at continued high rate in the U. S. A., the supply of labor, an important element in cotton production (mechanized harvesting accounts for about 8 or 10 percent), may be insufficient, although the use of foreign manpower may relieve the situation. On the other hand, according to the United States Department of Agriculture, the adequacy of fertilizer and insecticide supplies is assured. In South America and colonial Africa, alternative opportunities for employment in extractive and industrial undertakings are increasing. Competition from food crops for land and water resources is an important factor in Egypt where the government is aiming at maintaning food production by guaranteeing prices to wheat growers. Increased cotton production without adverse effect on food crops is planned in India, through more extensive sowing of higher yielding varieties, greater use of fertilizers, and the intercropping of cotton with ground nuts. India's target is a production increase of 33.3 percent.

Preliminary reports relating to the 1951/52 crop year indicate that larger areas have actually been planted to cotton in Mexico, Turkey and in Middle East countries except Egypt. In China and the U.S.S.R., plans also indicate an extended acreage. The first official report on the area planted in the U. S. A. places it at 29 ½ million acres, rather more than the estimated requirement for the 16 million bale crop envisaged by the government. As already mentioned, an even larger crop is already anticipated.

As regards demand and consumption, the pause in the pressure for supply of textiles noticed earlier may extend through a number of months as textile stocks are worked down to a more normal relationship to offtake. This will also be the tendency as long as cotton prices are likely to recede. On the other hand, the larger incomes which have been generated, in both primary producing and industrial countries, promise increasing demand for textiles from both normal and military sources. On balance, however, it seems likely that the short-term recessionary movement will more than offset the more positive longer term trend, and that the volume of consumption will fall off somewhat in 1951/52.

Taking as a base the 1949/50 season immediately before the outbreak of war in Korea, consumption might have increased by ½ million to 39 million bales in 1950/51 in the ordinary course of events; which leaves 3 million as attributable to increased textile stocks and military requirements. The latter have been assessed at 9 to 12 percent of consumption over the rearmament period in the U.S.A. and may account for 9 percent of two-thirds of world consumption, say 2 million bales. This would point to an increase of possibly 1 million bales in civilian textile inventories in 1950/51. Continuing this line of reasoning the 1951/52 season would then see an increase of at least half a million bales in consumption attributable to ultimate consumers, and with military requirements at a constant 2 million bales, consumption would reach 32.5 million bales apart from textile stock movements. In view of current price trends, such movements could be of a negative nature, to the extent of 1 million bales. should last season's increase be wholly offset.

Thus if a world production of 35 million bales is realized in 1951/52 it may possibly exceed the volume of consumption by some 3 million bales. The enlarged world carry-over would, however, still amount to only 5 to 5½ months' consumption, which by prewar standards is relatively low. Because importing countries were not able to obtain all their requirements in 1950/51 and their stocks were depleted to some extent, there is some reason for expecting an expansion in world trade in cotton in 1951/52. This is also indicated by the advance issue of export allocations by the U. S. A. and the possibility of the abandonment of export controls on cotton.

The increased volume will presumably be traded at prices considerably below those obtaining in 1950/51. The recession in prices of growths other than those of the U. S. A. may be sharp as export controls in the U. S. A. are relaxed or ended. On the other hand, such relaxation would seem to depend on the trend of prices inside the U. S. A.; it is most likely when market prices approach the support level. With the announcement of the very large acreage in cotton at the beginning of July, future prices for the new crop dropped by 10 percent to about

10 percent above the prospective support price and the advance export allocation was increased from 2 ½ to 3 ½ million bales.

WOOL

Current Situation

In last year's review, attention was drawn to the increasing shortage of wool and the exceedingly high prices resulting from growing military requirements. In this connection it was noted that government-held stocks which had been used to close the gap between new supply and commercial demand in the five preceding years were virtually exhausted. Furthermore, the alternatives of distributing the limited supply of wool by means of international allocation as opposed to intense competitive bidding, were considered. Allocation would have involved agreement on military and civilian priorities, and would be attended by difficulties in superimposing such a scheme on uncontrolled national markets. On the other hand, intense competitive bidding would have meant an uneven and possibly painful downward adjustment of civilian consumption in the face of a further advance in wool prices.

The 1950/51 season has seen the advent of the second alternative. Inter-governmental efforts to arrive at an agreed allocation procedure have so far proved unsuccessful : bidding for defense requirements has been intensified ; the price ascent during the first three quarters of the season has been extreme ; and a downward adjustment in wool consumption is in progress. These developments have not, however, been unmitigated. While inter-governmental consultation continues on the world issue, governments of both producing and consuming countries have introduced measures to protect their national economies.

During the first half of the 1950/51 season world consumption of wool was still at a relatively high postwar level, despite a downward trend in the United Kingdom and some other European countries. In the U.S.A., consumption was held high by increased investments in wool textiles in view of prospective larger military requirements and advancing prices. In Germany and Japan, where the rehabilitation of textile production was still in progress, consumption was increasing. In the second half of the season, insufficient supply and other factors exercised a general downward pressure. Not only were governmental supply stocks approaching exhaustion, but stocks, previously scarcely larger than normal, were being depleted. In the United Kingdom and the U.S.A., consumption of substitute fibers (synthetic and reprocessed wool) was increasing but not sufficiently to compensate for the drop in virgin wool usage. In the U.S.A., maximum prices had been set for wool, and wool textiles and exports were placed under control. The mixture of synthetic fibers with wool became mandatory in the manufature of certain defense requirements, the proportion being 20 to 30 percent. Here, as in a number of European countries, the high price of wool textiles was reported to be meeting consumer resistance : the rate of consumption dropped by 10 or 12 percent in the second half of the season.

The advance in wool prices continued from June 1950 to March 1951. In that period, prices for Dominion wools more than doubled in the higher qualities and trebled in the lower ones. In the U. S. A., prices paid to farmers for wool more than doubled in the period June 1950 to March 1951, and up to the end of 1950 a similar advance had taken place in Argentine quotations. In Australia and New Zealand, special measures were introduced to reduce the inflationary effects of the tremendous price advance. In the former country they took the form of an advance payment of income tax to the extent of 20 percent of net proceeds of wool sales; in New Zealand, 30 percent of gross proceeds were frozen in woolgrowers' bank accounts. The most important new element in the demand for wool was the increasing military requirements. In the U.S.A. for example, a war reserve equivalent of 100 million pounds — 15 to 20 percent of this country's consumption in the form of raw wool, semi-processed or finished goods, was contemplated. Approximately one-third was to be purchased abroad as raw wool by the CCC (government buying agency). International consideration was given to the possibility of meeting this requirement in some way other than through the normal wool auction system, but without result. Consequently, the full impact of United States special buying operations was reflected in prices. In mid-March, when other factors also were tending to restrain demand, purchases by CCC were suspended, and a recession in prices followed. By June, prices had fallen to one half of their March peaks but they were still 20 percent higher than a year earlier in finer qualities and 66 percent higher in medium qualities.

Outlook

The 1951/52 season will see consumption adjust itself to the reduced volume of supply and perhaps even fall below it, depending on the scale and nature of defense requirements. The basis for such a development is as follows.

TABLE 37. — PRODUCTION AND CONSUMPTION OF WOOL

YEAR	PRODUCTION	STOCK (governmental releases)	TOTAL SUPPLY	CONSUMPTION
	(*Thousand metric tons, clean basis*)			
1949/50. . .	995	169	1 164	[a] 1 205
1950/51. . .	1 010	36	1 046	[b] 1 080
1951/52. . .	1 045	—	1 045	—

(*a*) Year 1950.
(*b*) Year 1951.

The available supply in 1951/52 will consist essentially of the clip in that season. Under normal conditions, the clip should show an increase about equal to the contribution made to last season's supply by the now exhausted governmental stocks. Information now available suggests a larger clip. Sheep populations in Australia and South America are expected to continue to increase. In some European countries, notably the United Kingdom and Spain, the growth in numbers is proportionately large, and in the U.S.A. and Turkey a downward trend has been reversed. Pasture conditions have been variable but not notably adverse.

On the other hand, releases from trade stocks are unlikely to add much to the amount of wool available. Such stocks were recently estimated as equal to 5 or 5 ½ month's consumption which by prewar standards is relatively low. Probably, therefore, the available supply in 1951/52 will be about the same as in 1950/51.

Although the immediate and determining influence on demand and consumption arises from military requirements, it is well to recall the civilian position. The replenishment of wardrobes, depleted by World War II, has developed over a period of years, being achieved earlier in some countries than in others. Thus, in the U.S.A., it appears to have been fully achieved and a standard of wool textile consumption, much higher than in prewar years, was established in 1948. Elsewhere progress had to follow industrial rehabilitation and the abandonment of rationing schemes. This latter has only recently taken place in some countries, notably Japan. But the general economic position of other major wool textile consuming countries would, in any case, be unlikely to allow an advance in standards such as has taken place in the U. S. A., although gradually rising national incomes in many countries are favoring an increasing demand for wool products.

On the other hand, wool consumption for civilian requirements is declining because of the limitation of supplies by military requirements, or because of prohibitive prices. Various reports suggest that textiles for military use will absorb about 10 or 12 percent of the available wool supply in 1951/52. As civilian consumers are transferred to military spheres, civilian demand will naturally decrease; and the supplies available for civilian use will further diminish in proportion to the stockpiling of wool in either raw or processed form. The United States government's 100 million pound war reserve has already been noted. Its decision to place wool on the list of "critical materials" to be stockpiled apart from the war reserve is also important.

Looking further ahead, the trend of wool supply should move slowly upwards, but it may not keep pace with total fiber consumption. Recent surveys in Australia indicate important possibilities for improved pasture and larger flocks. Realization, however, depends to a large extent on price prospects. The reserve price scheme proposed, which is now being considered by the wool growing Dominions and the United Kingdom, may have a bearing on this.

HARD FIBERS

Current Situation

World output of hard fibers in 1950 recovered sharply from the setback of 1949 and, for the first time since the war, reached the prewar volume of approximately 530,000 tons. The increase was confined to abaca and sisal; output of henequen declined. The production trends of these three fibers have followed divergent courses in postwar years, still reflecting the various effects of World War II.

TABLE 38. — PRODUCTION OF HARD FIBERS

YEAR	ABACA	SISAL	HENEQUEN	TOTAL
	(.....*Index* 1934-38 = 100.....)			
1948	51	110	126	94
1949	44	114	111	90
1950	67	126	106	100
	(.....*Percentage distribution*.....)			
1934-38. . .	34	46	20	100
1950	20	58	22	100

Demand was generally favorable in 1950 but conditions of production varied. In the Philippines, which accounts for nine-tenths of the world total, abaca production benefited from favorable weather. Moreover, postwar plantings in some areas are now reaching the stripping stage. Financial aid from the government has encouraged production and prices have been remunerative. Output in plantations of Central America, financed by the United States' Government, on the other hand, fell somewhat due to technical difficulties. Sisal production continued to climb, the increase being chiefly in Latin America ; output in British East Africa, the major producer, shows little change, growth having been adversely affected by the drought in the preceding year. Indonesian output, while increasing, remains only a fraction of prewar. Henequen production declined further in 1950 due to a prolonged drought in Mexico.

There was much more trade in hard fibers in 1950 in conjunction with the general upsurge in economic activity and with governmental stockpiling. This was made possible not only by increased output but by stock reductions in exporting countries. The U. S. A. which, in previous years, accounted for about 40 percent of global imports, absorbed 25 percent more fiber in 1950 than in 1949. At the same time, there were larger movements, particularly of abaca, to Japan and to Europe, with continued ECA financial assistance. In Mexico, the impact of increased external demands on a declining supply of henequen brought about the introduction of export controls in order to reserve sufficient for the domestic cordage industry.

The trend of prices was continuously upwards from mid-1950 until March 1951, abaca prices increasing 47 percent, sisal 88 percent, and henequen nearly 100 percent. The greater increase in availability of abaca and its more moderate price increase is a noteworthy feature of the competitive picture. Price movements in mid-1951 suggested that the peak had been passed.

Outlook

There are good prospects of a further significant increase in the output of hard fibers in 1951, especially if conditions of demand remain favorable. Continued expanded production from postwar plantings of abaca in the Philippines may be expected, possibly involving a 20 or even 30 percent increase in output. Sisal production can also be expected to expand as plantations in British East Africa mature. On the other hand, a decline in production in Haiti is forecast because of the necessity for replanting, and the outlook for Mexican henequen production is still rather poor.

As regards the longer-term prospects, output in the two major producing countries should continue to expand, although there may be some temporary reduction in the Philippines on account of mosaic disease, while in British East Africa there may be a shortage of labor. In Indonesia, plantings are expanding gradually although the area now devoted to sisal is only about one-third of prewar. The additional acreage now being planted with abaca in Central America under the United States' Government's program will start to yield in two to three years' time. Commercial interest in investment in sisal and cordage production in Haiti has been reported.

Ropes and binder and baler twines being the chief products of hard fibers, agriculture and marine transport are the principal fields of their use. The introduction of combined harvesters has resulted in less demand for binder twines in North America; this may be offset by increasing consumption of baler twines. Apart from these developments, larger crops and an increased world movement of goods are calling for greater usage of twines and ropes in harvesting and shipping operations. With world industrial activity likely to continue on the upgrade through 1952/53, the outlook for demand is promising.

Even under generally favorable conditions, however, unduly high prices for hard fibers and their products may lead to short-term recessions in demand, indicating loss of confidence in current, price - levels, or longer-term reductions of demand due to re-use or substitutions. Whether re-use

and postponement of renewal in civilian connections will have any corrective affect on prices depends on the demand for rearmament and for stockpiling.

JUTE

Current Situation

The 1950/51 season has seen a further expansion in jute production, which, however, still remain significantly smaller than in prewar years. In Pakistan, yield increased greatly, although the area under cultivation was smaller. The increase in Indian output is of more modest proportions.

The Indo-Pakistan Trade Agreement (February 1951) provides for movement of jute fiber from Pakistan to Indian mills during the current and following seasons at an increased rate. According to this agreement one million bales were to be delivered up to July 1951 and 2½ million bales in the 1951/52 season. The effects of this and of the removal of price controls in India, against a background of strong demand for jute goods, have not yet fully worked themselves out. It has to be noted, however, that despite the commitment to supply one-third of the million bales mentioned through official channels and to limit exports to other importing countries, shipment of jute from Pakistan to India up to May had been slow. It is rather doubtful whether shipments on private account will reach 650,000 bales, since exchange difficulties and a tight money market are slowing down the rate of transaction.

A strong demand for jute manufactures characterized the 1950/51 season, but the chief supplier, India, and chief recipient, the U. S. A., have been operating under controlled conditions at various times. Until mid-season, the supply position of Indian mills was not assured and prices of jute manufactures were frozen in a fixed relationship to jute fiber prices as of October 1949. Since world conditions of demand were greatly strengthened and other suppliers of jute goods were not similarly restrained, export taxes were increased in India, to absorb some of the margin by which world prices exceeded domestic ceilings. Meantime, the activity of Indian jute mills tended to increase although, in view of the disparity between domestic and world prices and the possibility of adjustment, deliveries of jute goods tended to lag and stock to accumulate.

The situation changed with the advent of the above-mentioned agreements and the decontrol of prices. A freer offering of jute within India and of jute goods in export markets developed as prices advanced sharply. By May, prices for raw jute in Calcutta had increased by 150 percent over the former ceiling and prices for jute manufactures, 100 percent ; later prices subsided somewhat. The demand for burlap (hessian) from the U.S.A. which had hitherto been strong, fell away as a uniform ceiling price was fixed and as prospects of a larger crop in 1951/52 resulted in future prices for both fiber and manufactures falling below spot quotations.

Outlook

If favorable growing conditions continue, the 1951/52 crop will be much larger than any preceding postwar crop and may even exceed the prewar average. Highly remunerative prices prevailed at planting time. Moreover, in Pakistan, farmers have been permitted to expand the area sown by 25 percent and can rely on the use of governmental funds to maintain prices. The volume of trade is increasing and the Indo-Pakistan Trade Agreement provides for deliveries in India in 1951/52 on a scale 50 percent larger than in 1949/50.

In India the policy of attaining self - sufficiency in jute continues. Additional growing areas are planned in West Bengal and Assam which involve the reclamation of fallow land, the diversion of some acreage from paddy and the double cropping of other areas. All restrictions on jute cultivation have been removed in the areas and seeds and fertilizers are distributed at subsidized rates. The Indian target for 1951/52 is 40 percent above actual production in 1950/51, when yields were adversely affected by shortage of good quality seed, unfavorable weather, and an exodus of Muslim cultivators.

The envisaged expansion in raw material supply should make possible a fuller use of jute manufacturing facilities in India and elsewhere in 1951/52. During 1950/51, Indian mills have been working on the basis of a 42½ hour week, as compared with a potential of 48 hours, and about 12½ percent of their hessian looms have been out of operation. Moreover jute, as the major container fabric, should be in growing demand as the world movement of goods expands. The

upward trend in industrial activity and the possibility of considerable defense requirements will reinforce demand. More specifically, the expected large U.S. cotton crop will call for an enlarged supply of jute bale covers.

The lowering of prices for jute and jute goods will help to realize the potentially larger market. Relatively high prices have already resulted in the expanded use of other substitute vegetable fibers in India and elsewhere. Jute manufactures, such as bags, have been losing ground to paper products, especially in the U. S. A., although this trend has been stemmed by rising pulp and paper prices.

The longer-term outlook for jute cultivation is promising, provided conditions of demand remain favorable. Under the Colombo Plan, Pakistan envisages a 10 percent increase in output notwithstanding the prospective diminution in the Indian demand. This implies expansion in exports to other areas, while the plans for the establishment of a domestic jute manufacturing industry depend on investment in transport and industrial equipment on a suitable scale. In India, longer-term benefits to jute production may be expected from the propagation of better cultivation practices, such as the use of the wheel hoe and the seed drill, and from the wider-spread distribution of better quality seeds which are being developed in state-financed farms.

RUBBER

Current Situation

The outstanding feature in regard to natural rubber during 1950 was the remarkable rise in prices. The relaxation by the United States Government of its regulations on the mandatory consumption of synthetic rubber, following the Anglo-American financial talks in August/September 1949, may have given the initial impetus, but increasing consumption of all rubber, particularly in the U.S.A., played its part, and so did a temporary hold-up in exports from Indonesia in the first quarter of 1950. The major factor was, however, the outbreak of hostilities in Korea, followed by strategic stockpiling by the U. S. A. By October 1950, the average monthly spot price for No. 1. R.S.S. on the New York market was double that for the preceding June; in November, the peak month, prices averaged no less than 73 cents per lb., four times the average 1949 price.

The extraordinarily high prices ruling during 1950 affected smallholders' production so favorably that, during the last six months of the year, total world production of natural rubber had jumped to over 1 million tons, more than 30 percent above that of the last six months of 1949. World production of natural rubber in 1950 totaled 1.90 million tons. Production for the 12 months ending with April 1951 reached nearly 2 million tons.

Total consumption of both natural and synthetic rubber has likewise been on an unprecedented scale. In 1950 it reached no less than 2.32 million tons, natural rubber accounting for 1.74 million tons. The previous record rubber consumption was 1.93 million tons in 1949, of which natural rubber accounted for 1.46 million tons.

In order to secure as quickly as possible enough rubber for strategic stockpiling and for the augmented current consumption, the United States Government decided in September 1950 to recommission all its synthetic rubber plants, most of which had been in stand-by condition. In addition, restrictions were imposed on the use of all rubber for civilian purposes during the last four months of 1950. These restrictions were further tightened towards the end of October, so that by December 1950 American manufacturers were limited to only 63 percent of their base quota for natural rubber.

One result of this policy was the bringing into operation of the less efficient synthetic rubber units, and this, coupled with the general price rise, increased costs of production. Early in December 1950, the selling price of government-produced GR-S was increased from 18.5 cents per lb. to 24.5 per lb., while Butyl rubber advanced from 18.5 to 20.75 cents per lb.

Outlook

By the beginning of 1951, the high price and short supply of rubber were causing much concern and an inter-governmental conference met in London in February "to review the present and prospective supply/demand position of natural and synthetic rubber and to consider..... recommendations for international action..... with due regard to the interests of both producer and

consumer." The conference later adjourned and was resumed in Rome in April, where it "proceeded to explore the possibility of developing some form of inter-governmental action for equitable distribution of the commodity and for securing a greater measure of stability." The conference, however, adjourned again without reaching agreement.

At the 8th meeting of the International Rubber Study Group, also held in Rome in April 1951, the situation for 1951 was estimated as follows:

TABLE 39. — 1950 RUBBER SITUATION AND ESTIMATES FOR 1951

TYPE	PRODUCTION		CONSUMPTION	
	1950	1951	1950	1951
	(..... *Million metric tons* .....)			
Natural. . .	1.88	1.90	1.73	1.56
Synthetic. .	0.54	0.93	0.59	0.91
Total	2.42	2.83	2.32	2.47

On this basis, the Group assumed that there would be a balance of natural rubber of about 0.34 million tons available for addition to governmental and commercial stocks during 1951. In May, an absolute embargo was imposed on shipments of natural rubber to China from British territories, and exports from British territories to Russia were made subject to licence. The net effect of these restrictions is difficult to assess. In the past, Russia and China have been getting the great bulk of their natural rubber from British sources; it is possible that in future they will endeavour to obtain them elsewhere. Whether estimates of natural rubber consumption will be achieved thus largely depends on the export policy of other producing territories.

The introduction of restrictions on the use of rubber in the U. S. A. in September and October 1950 has already been referred to; in addition, at the end of the year, competitive buying between rubber goods manufacturers and the stockpile buyer was eliminated by making the General Service Administration the sole U.S. importing and distributing agency for natural rubber and natural rubber latex. Consequently, the Rubber Futures Market in New York closed at the end of March 1951. Largely as a result of all these developments, the price of natural rubber which had fluctuated in the region of the peak (70 to 74 cents per lb.) for five months, dropped about 35 percent.

Judged by the figures for the first four months of the year, natural rubber production in 1951 may be higher than estimated by the Rubber Study Group. It is possible, however, that if the downward trend in prices continues, there may be an accompanying decline in production, as smallholders' output in particular has shown itself highly responsive to price changes.

If there is no further decline in natural rubber prices, production in Indonesia in 1951 may exceed the estimated 712,000 tons, since thus far in 1951, smallholders have been producing at an annual rate of approximately 610,000 tons and estates are now producing at an annual rate of roughly 200,000 tons. In Malaya, smallholders' production is still keeping up, but estate production has been disappointing, due to labor being attracted from the estates to the smallholdings, where an outside tapper is allowed one half or even two-thirds of the rubber he collects.

There seems little doubt that the synthetic rubber production estimates will be achieved. Not only will U.S. production at the end of 1951 be about 1,000,000 tons annually, but it has been suggested that productive capacity should be increased by 25 percent. In Canada, the government has already decided to expand synthetic rubber production at Sarnia by about 25 percent, and new plant should be coming into full operation before the end of 1951. The Allied Occupation authorities in Germany have already relaxed their ban on the production of synthetic rubber in the Federal Republic, and production of German synthetic rubber is estimated at about 3,000 tons in 1951. It has been reported that the French Government is proposing to establish a synthetic rubber production industry in France and the rubber goods manufacturing industry has also called for the establishment of such an industry in the United Kingdom.

Consumption of rubber in 1951/52 may be affected by the scheduled sharp reduction in U.S. automobile production, although this will be partly offset by increased military commitments. If the latter should decline in 1952/53, and stockpiles begin to be drawn on to meet current demands, the supply-demand position might shift sharply from the extraordinary scarcities of 1950/51.

FOREST PRODUCTS : (a) Sawnwood

Current Situation

The 1950 output of sawn wood in the U.S.A. is estimated at 36,722 million board feet, the highest production figure since 1929. Of this total, softwood accounted for roughly 14.7 million standards, an increase of almost 10 percent over last year. Preliminary figures for Canada indicate that sawn softwood production was 3.3 million standards in 1950, 14 percent more than in 1949, but that output of sawn hardwood declined.

An increasing part of North American production was absorbed by the U. S. A., whose exports of sawn softwood declined in 1950 as compared with 1949, and where exports of sawn hardwood also dropped to some extent. Imports of sawn softwood from Canada were up by more than 120 percent, and imports of softwood logs from Canada also increased ; imports of Canadian sawn hardwood were more than doubled. On the other hand, Canada's exports of sawn softwood to countries other than the U. S. A. declined, and her exports of sawn hardwood to overseas countries remained relatively small. United States imports from sources other than Canada almost doubled from 1949 to 1950.

Strong demand for lumber in 1950 was primarily caused by lively construction activity, which was not yet seriously affected by credit controls and other government restrictions. Prices, which had been comparatively firm after the first boom of the 1950 summer, experienced a second boom in January 1951, by which time the United States Government had imposed price controls. Prices reached a peak in September 1950, when the average wholesale price of all lumber was 30 percent higher than the preceding December; prices then declined gradually but rose in 1951 to a level well above the 1950 average. Demand remained strong and prices firm during the first half of 1951.

Lumber production in North America is working under relatively stable conditions in 1951 ; Output of softwood and hardwood lumber in the first four months of 1951 was equal to, or slightly exceeded, the levels of the previous year.

Due largely to the defense restrictions, by midsummer 1951, the monthly value of new construction had fallen sharply, private residental construction declining to 20 percent or more below the average value for 1950, and new housing dropping to the lowest level for the same season since 1949.

Expenditures for all types of building may drop some 15 percent or more as compared with 1950, but restrictions and curtailments are likely to be felt still more strongly in 1952, by which time the demand for lumber to meet defense and military needs is expected to offset, to some extent, the decline in civil construction activity. If, however, industrial construction, other than for rearmament, should also be reduced, lumber demand and prices might be sharply affected.

Europe. Output of softwood and hardwood lumber for 1949 and 1950 in the most important European producing countries in 1950 is given below.

TABLE 40. — OUTPUT OF SOFTWOOD AND HARDWOOD LUMBER, 1949 AND 1950

COUNTRY	SAWN SOFTWOOD		SAWN HARDWOOD	
	1949	1950	1949	1950
	(..1,000 *standards*..)		(1,000 *cubic metres*.)	
Austria. . .	468.2	567.6		—
Finland. . .	850.0	875.0	—	—
France . . .	663.4	620.6	2 000.0	2 000.0
Germany (Fed.Rep.)	1 641.0	1 679.2	1 254.2	1 016.8
Norway . .	*380.0	*290.0		
Sweden. . .	1 100.0	1 140.2		
U. K . . .	—	—	1 179.4	1 059.0
Yugoslavia .	542.3	453.7	677.9	635.9

*Includes sawn hardwood.

According to ECE/FAO estimates, total European (including eastern European countries, but excluding U.S.S.R.) production of softwood lumber was in 1950 about 0.7 percent above the 1949 levels, whereas the production of sawn hardwood showed a decline of about 2 percent.

At the same time, exports of sawnwood from Europe, with the exception of Western Germany, increased somewhat, so that new supplies for European consumption from internal sources were actually smaller in 1949. Imports of sawnwood, from North America also declined considerably from 1949 to 1950, and the somewhat increased imports of softwood lumber from U.S.S.R. were by no means sufficient to balance this. Exports of sawn hardwood from Europe also increased considerably. France and the United Kingdom im-

ported less sawn softwood in 1950 than in 1949, but other European importers of sawnwood increased their 1950 amounts of both soft and hard wood. At the beginning of 1951, stocks in most of the timber importing countries in Europe were as large as, or larger than, a year before. Western Germany and the United Kingdom alone showed a significant decrease.

Prices for lumber during the second half of the year 1950 were affected by the " Korea boom. " On the Belgian import market, for instance, Finnish and Swedish exporters were asking, for certain grades, prices about 60 per cent higher than the previous year.

Outlook

As far as demand and production are concerned, the outlook for 1951 seems relatively stable. Western European defense programs have rendered it difficult to use substitution materials for timber to such an extent as to affect the general consumption picture. At the beginning of 1951, the export trade in northern European and Austrian lumber was very active ; by the middle of April, Sweden and Finland had sold 80 percent of their estimated exports for the year. Sales from eastern European countries to Western Europe were reported to have been very small.

For such various reasons as restrictions on building, and currency difficulties and prices, imports of lumber almost ceased in many countries early in 1951, and were expected to remain far behind the 1950 figures. In some countries there was an obvious reluctance to accept the high prices asked by northern European exporters, but the United Kingdom was making large purchases from them, from the U.S.S.R., and from North America.

According to estimates made by OEEC in March 1951, a sawn softwood deficit ranging between 512,000 and 680,000 standards would develop in Europe in 1951-52. The deficit represents about 16 to 21 percent of import requirements or 8 to almost 11 percent of the region's total consumption. The estimated sawn hardwood deficit of 638,000 cubic meters represents almost 22 percent of total import requirements or 8 percent of total consumption. Actual imports may change to some extent as a result of high prices and increased ocean freight rates.

(b) Wood Pulp

Current Situation

The combined output in 1950 of wood pulp in the U. S. A. and Canada was roughly 2.8 million tons, about 15 percent over 1949 levels. Canadian exports of chemical pulp to the U.S.A. exceeded those of 1949 by about 318,500 tons ; exports to other markets declined sharply.

An upward movement in prices in the U.S.A. became noticeable, particularly during the second half of 1950, though levels were still below the 1948 peak. The 1951 pulp capacity of U. S. mills is reported to exceed that of 1950 by 8 percent, and a further increase is expected in 1952. In Canada also new capacity is coming into operation. Pulp mills in the U. S. A. and Canada continued to operate at a relatively high rate during the first half of 1951.

Pulp imports from Canada, which in 1950 constituted 10 percent of the United States total supply of new pulp and corresponded to 92 percent of Canada's total exports, were expected to continue at a high rate, but imports from Europe, which in 1950 made up about 4 percent of the total, are not expected to be any higher this year.

The price freeze system in the U. S. A. has brought about a considerable difference in prices for domestic and imported pulp. The increase in Scandinavian prices has been particularly strong, although it does not correspond to increases on other markets. Ceiling prices for imported pulp, issued in the U. S. A. in June 1951, are believed to have resulted in a decrease in arrivals from northern Europe.

According to early estimates, European pulp production in 1950 increased about 10 percent over 1949 levels.

Exports from North America to Europe in 1950 were only about half the quantity imported in 1949. Exports from northern European countries to European destinations were estimated to have increased from roughly 2.4 million tons in 1949 to almost 2.7 million tons in 1950. Shipments from the northern European exporting countries to the U. S. A. rose from 530,000 tons in 1949 to an estimated total of 585,000 tons in 1950. The increase in exports from northern European countries to Latin America was outbalanced by a decline in exports to the U.S.S.R., Africa and Oceania.

Exports of pulp from the northern European countries during the first months of 1951 were somewhat higher than a year earlier as a result of exceptionally high prices, Norway, Sweden and Finland have imposed special export charges on pulp and paper exports.

Outlook

The outlook for the European pulp supply situation presents various problems, the most important of which are connected with available supplies and with the possibility of allocating North American pulp for European markets.

The OEEC Pulp and Paper Committee has estimated the total deficit in all grades of wood pulp at more than 500,000 tons in 1951. A plea for obtaining additional supplies of certain grades from North America has been made.

Although the average newsprint consumption in the U.S.A during the first four months of 1951 remained roughly the same as in the previous year, consumption of other paper products was about one eighth higher. Under these conditions, it seems probable that the North American demand for pulp will continue to be heavy in 1951/52, with consequent continuing pressure on supplies for Europe.

Chapter IV

TOOLS OF PRODUCTION

Chapter IV

TOOLS OF PRODUCTION

FERTILIZERS

World production and consumption of all types of fertilizers continue to rise. For the year ending 30 June 1951, the estimated world production and consumption of commercial plant nutrients (excluding U.S.S.R.) reached a record total of about 13.8 million tons.

Nitrogen: The significant postwar developments in world production of nitrogen are the great increase in output in North America during the war and since, the recovery in European production since 1946/47 and the marked increase in production in Asia since 1947/48. There was, however, little change in world production during the last two seasons; the total output increased from 3.6 to 3.9 million metric tons.

Phosphate: The world supply of phosphoric acid, P_2O_5, in the single and triple superphosphate and phosphate concentrates, such as ammonium phosphate, and the supply of other phosphatic fertilizer materials has nearly met the demand during 1950/51. Total output of phosphoric acid amounted to 5.6 million metric tons compared with 5.4 million tons in 1949/50 (*see* Table 41). Superphosphate accounts for nearly 80% of the phosphoric acid used in fertilizers throughout the world.

Of importance to the current world supply of phosphoric acid is the new production of triple superphosphate in Greece, the Netherlands, Portugal and the United Kingdom. This product will help countries using mixed fertilizers or compounds to carry the concentration of plant nutrients to the most practical upper limit. A growing interest in the use of apatite in the manufacture of phosphatic fertilizer is evident, particularly in South America.

TABLE 41. — WORLD PRODUCTION OF PHOSPHORIC ACID, P_2O_5

CONTINENT	PRODUCTION			% OF PHOSPHORIC ACID SUPPLIED BY SUPERPHOSPHATES IN 1950/51
	1948/49	1949/50	1950/51	
	(.....*Thousand metric tons*.....)			
Europe . .	2 371	2 480	2 656	62
N. and C. America .	1 989	2 057	2 015	88
S. America .	42	48	63	41
Asia	177	252	312	89
Africa . . .	108	112	128	100
Oceania . .	445	466	466	99
TOTAL . .	5 132	5 415	5 640	77

The record production of phosphate rock in the U. S. A., North Africa and Ocean Island and Nauru, where mines are now fully rehabilitated, is reported to satisfy current demand. Among other phosphatic materials, production of basic slag in eight European countries, where its use is of importance, increased from 4,593 thousand tons in 1949/50 to 4,810 thousand tons in 1950/51. Guano is an important source of phosphoric acid in Peru, Chile, Mexico and Ecuador. In Peru, the largest producing country, 24,000 tons of P_2O_5 obtained from guano were available in 1950. Increasing tonnage in recent years is due chiefly to successful measures of conservation.

Potash: The most significant changes in potash production have been the great increase in

U. S. A., outpnt from 288,000 in 1938 to 1,139,000 tons in 1950/51 ; the marked increase in production in France ; and the recovery in Germany since 1948/49. Total outpnt of potash amounted to 4.3 million tons in 1950/51 compared with 3.7 million in 1949/50. As for new production, two mines are expected to come into operation in the U. S. A. at an early date. In Europe, some mines and plants are being modernized. In Chile the production of nitrate of potash by solar evaporation as a part of the process of producing nitrate soda is now in progress. A larger number of countries are now producing sulphate of potash.

Consumption : The pattern of consumption varies considerably in each continent. While the supply of all three major plant nutrients is important in all countries using fertilizers, nitrogen is used in relatively larger amounts under tropical conditions and phosphoric acid is of special importance in Oceania. Between 1948/49 and 1950/51 the greatest proportional increase in the use of fertilizer has been in the regions of lowest agricultural productivity, but vast differences in consumption remain between the various areas. World use of fertilizer has increased substantially since 1939, when total consumption was less than 9 million tons.

TABLE 42. — WORLD FERTILIZER CONSUMPTION — TOTAL PLANT NUTRIENTS N, P_2O_5 AND K_2O

CONTINENT	1948/49	1949/50	1950/51
	(....*Thousand metric tons*....)		
Europe	5 791	6 388	6 990
N. and C. America	3 868	4 089	4 604
South America	150	157	180
Asia	930	1 026	1 125
Africa	236	300	332
Oceania	482	505	517
TOTAL	11 457	12 465	13 748

Outlook : Current uncertainty as to the availability of certain raw materials makes it very difficult to venture estimates for 1951/52. A number of the principal producing countries, however, have made production data available for 1949/50 and 1950/51 and have given forecasts for 1951/52. On the basis of these data, as shown in Table 19, a change in the pattern of production may be expected to occur in 1951/52, while total production continues to rise slightly. It may be expected that the world production of superphosphate will continue to decrease while the total production of nitrogen and potash will probably increase.

TABLE 43. — INDICATED CHANGES IN THE ESTIMATED PRODUCTION OF NITROGEN, PHOSPHORIC ACID, AND POTASH IN 1951/52 FROM DATA PROVIDED BY CERTAIN COUNTRIES, (PHOSPHORIC ACID INCLUDES ALL SOURCES WITH THE EXCEPTION OF ROCK PHOSPHATE)

FERTILIZERS	1949/50	1950/51	1951/52	% Change 1951/52 compared with 1950/51
	(.....*Thousand metric tons*.....)			
1. Nitrogen (N)	2 648	2 828	2 996	+ 5.9
2. Phosporic acid (P_2O_5)	3 713	3 641	3 519	— 3.3
3. Potash (K_2O)	2 617	2 957	3 165	+ 7.0
TOTAL	8 978	9 426	9 680	—

This trend, evident for the past two years, is of serious concern because both superphosphate and sulphate of ammonia are among the most widely used fertilizers in the world. Past experience has shown that there is an approximate balance between the tonnages of nitrogen, phosphoric acid and potash which can be efficiently absorbed in the agricultural system of a country. In many countries, the decrease in the superphosphate supply may therefore create serious problems for the efficient use of relatively larger supplies of nitrogen and potash.

The chief cause of this diminution is the increasingly short world supply of native sulphur (elemental or brimstone) which is needed in the manufacture of sulphate of ammonia and superphosphate. In 1950/51, the world requirement for elemental sulphur is estimated at 6,100,000 tons against a supply of 5,570,000 tons, and future availabilities are even more uncertain. Since different sources of raw material are available for the manufacture of sulphuric acid, not all countries will be affected adversly. Many countries, dependent chiefly on pyrites (the iron sulphides of minerals), are planning to increase superphosphate production in 1951/52. Countries more dependent on elemental sulphur estimate that reduced production will be necessary.

Among the countries in which production may be expected to decrease are important food exporters, like the U.S.A., Australia, New Zealand,

and countries endeavoring to increase local food supplies, such as India, the Union of South Africa and the United Kingdom.

Other possible sources of sulphur are natural gas and by-product sulphur from smelters. The ability to use these sources, the degree of dependence on superphosphate and the ability to trade will determine the actual supply position from country to country. The possible and immediate increases in the supply of phosphatic fertilizers, which do not require sulphuric acid in their manufacture, are not expected to offset the estimated deficit from reduced supply of superphosphate.

The uncertain supply situation will, in many countries, lend urgency to the problem of using available fertilizers, particularly superphosphates, in the most efficient way.

FARM MACHINERY

The year 1950 began with a slackening in the pace of mechanization and a correspondingly reduced demand for agricultural machines in highly mechanized countries. This situation remained practically unchanged during the first six months of 1950 and, in the U. S. A., the main farm machinery producing country, resulted in a slight decrease in production, as compared with 1949. In the United Kingdom, the second most important producer of farm machinery, the sterling devaluation enabled farm machinery manufacturers to compete on international markets, accounting for a certain recovery in production.

The outbreak of hostilities in Korea caused a buying rush in July and August 1950. Farmers in highly mechanized countries, remembering war-time difficulties in buying equipment, bought up practically all available stocks of farm machinery, and during the latter part of 1950 the demand for farm machinery exceeded production.

The U. S. A. produced 11 percent less tractors in 1950 than in 1949, and exports declined 12 percent. During 1949, the number of tractors on U.S. farms increased by 300,000, while the total number of horses and mules decreased by 800,000.

The rearmament program began to influence farm machinery production in the U. S. A. in early 1951, when allocation of raw materials to industries was introduced. In the first months of 1951 some leading manufacturers cut farm machinery production to expand defense output. To maintain the production levels of 1950, the farm machinery industry needs about 3.8 percent of the finished steel output of the U.S.A. It was hoped, as a result of allocations established in early 1951, that farm machinery manufacturers can maintain production of a level not more than 10 percent below that of 1950. A few important farm machinery manufacturers, also concerned with heavy industry, may however have to cut down their 1951 farm machinery output by 30 to 40 percent.

Increased shortage of man-power in North American agriculture may intensify the need for further mechanization, and cause more extensive utilization of available machines.

The 1950 rush to buy farm machines in Australia, exhausted the available supply, and this shortage still prevailed during the first months of 1951.

In 1950, the United Kingdom achieved a record production of £ 84.7 million worth of machines and implements, as compared to £ 63.9 million in 1949. The main product was tractors, numbering 120,211 in 1950, compared to 90,411

TABLE 44. — ESTIMATED NUMBERS OF TRACTORS ON FARMS, EXCLUDING GARDEN TRACTORS, AT THE END OF THE YEAR

CONTINENT	1949	1950
	(.....*Thousands*.....)	
Europe	891	972
U. S. S. R.	590	630
North America	3 918	4 235
Latin America	85	90
Asia	27	31
Africa	52	63
Oceania	114	139
TOTAL	5 677	6 160

TABLE 45 — ESTIMATED PRODUCTION OF AGRICULTURAL TRACTORS, EXCLUDING GARDEN TRACTORS

REGION	1949	1950
	(..... *Thousands*.....)	
Europe	171.5	237.9
U. S. S. R.	80.0	86.0
U. S. A.	570.0	508.8
TOTAL	821.5	832.7

in 1949. It is interesting to note that 8,120 of the monthly average production of 11,000 wheel tractors in the last quarter of 1950 were exported. In the case of crawlers, 220 out of an average monthly output of 290 were sent abroad. The United Kingdom is, after the U.S.A., the second most important tractor exporting country. (*see* Table 46).

TABLE 46. — TRACTOR EXPORTS FROM THE U. S. A. AND U. K., EXCLUDING GARDEN TRACTORS

EXPORTED TO	1949			1950		
	U.S.A.	U.K.	TOTAL	U.S.A.	U.K.	TOTAL
	(.....*Thousands*.....)					
Europe. . .	16.8	18.6	35.4	6.3	25.2	31.5
N. America .	60.2	7.9	68.1	47.8	8.7	56.5
L. America.	16.6	2.5	19.1	22.0	3.3	25.3
Asia	7.5	2.0	9.5	6.4	4.9	11.3
Africa . . .	10.6	10.0	20.6	5.1	13.8	18.9
Oceania . .	5.9	22.9	28.8	4.4	28.0	32.4
TOTAL . .	117.6	63.9	181.5	92.0	83.9	175.9

The German farm machinery production had a significant recovery in 1950 and 1951. In 1950 57,600 tractors were made. Of the total export of 12,400 tractors in 1950, the greatest number went to France (4,800), Australia (1,400), Brazil (700), the Netherlands and Italy.

There is no evidence so far that rearmament programs have affected the production of farm machinery in Europe. On the contrary, more farm machines were produced and exported in 1950 and in the first months of 1951 than in previous years and a good supply should also be available in the near future.

The use of tractors on farms has made progress in Argentina, Chile, Mexico, Venezuela and Cuba (see the figures for the exports of the U.S.A. and the United Kingdom to Latin America in Table 46). Further expansion is likely in 1951. Mexico has ordered tractors and caterpillars to the value of 50 million pesos in the U. S. A., while the Chile Development Corporation has contracted for further purchases of tractors and agricultural machinery, in some cases obtaining direct loans from private manufacturers.

In Asia, with the continuing emphasis on increased crop production through land reclamation and improvement, the use of mechanized equipment in agriculture is gaining in importance, but only a limited extension of power farming is likely in this region.

Under the impetus of grow-more-food campaigns and land development programs, India has become the largest importer of tractors in the Far East Region. Most of the reclamation work is being carried out under the responsibility of the Central Tractor Organization, established by the government.

Similarly, in other countries of Asia, power equipment is mainly used for carrying out government controlled reclamation projects.

The various development programs of the Asian countries present considerable export prospects for the large Japanese farm machinery industry, which mainly specializes in small implements and engines. A certain shortage of raw materials since the outbreak of the Korean hostilities has reduced the output of the Japanese farm machinery industry.

In Africa, mechanization has made progress in Algeria, Tunisia and Morocco, Kenya, Uganda and Tanganyika, and in the Union of South Africa. In Kenya some 3,500 European farmers at present use 3,000 tractors with good results. Experienced farmers are of the opinion that mechanization of farm work in some areas of Africa could, under certain conditions, be economically carried out.

FORESTRY EQUIPMENT

The production of equipment for forestry exploitation and timber industries depends on the world's wood consumption; the latter is continuously increasing, especially of sawnwood and pulp, and the manufacture of machines follows the same rising curve.

The main producing countries are increasing and modernizing their equipment; those who still have undeveloped forestry resources, like Latin American countries, are beginning to exploit them, in view of assured markets.

In spite of industrial mobilization for defence, U.S. manufacturers still have sufficient raw materials, especially for the manufacture of machines directly or indirectly employed in the defence effort, such as tractors, windlasses (winches), trucks, machines used for working up timber, etc.

The greatest difficulty encountered by the American industry is the lack of skilled workers;

this shortage is felt not only in the factories but also in forestry exploitation itself.

Delays in delivery are considerably longer than they were last year, especially for heavy equipment such as tractors and trucks.

In industrial countries other than Canada and the U. S. A., and particularly in Europe, the manufacture of machines has increased constantly. In Western Germany alone, the production of machines employed in timber industries exceeds the total German prewar production by 280 percent. European countries are now able to meet all requirements that cannot be satisfied by North America. At the same time they provide buyers with a very complete set of equipment payable in soft currencies.

During recent years, improved forestry equipment has been developed by manufacturers, and has begun to be used in many countries. This includes light "téléphérique" machines to reach previously inaccessible areas, tractor-drawn tree-planting machines, portable wood chippers to reduce previously wasted timber to chips on the spot, fire-fighting and fire-detecting equipment, walkie-talkies, fork-left trucks and straddle trucks for transportation to factories, and improved machinery for felling, cutting, road-building and transportation.

FISHERIES EQUIPMENT

The growing interest in fisheries developments is taking increasingly concrete form in many countries; in others, the interest is still confined to wishful thinking.

In Europe, the postwar reconstruction and reconditioning of fishing fleets is more or less completed; in many countries, present fleets now surpass prewar efficiency. Landings have not however increased proportionately to the means of production; factors such as the prolonged trawler strike in Iceland, the voluntary catch restrictions in the United Kingdom, the unfavorable runs of migratory fish have had an adverse effect on fish production in many countries.

In Latin America the mechanization of the fishing fleet is underway as is also the establishment of new facilities for quick freezing, canning or reduction.

Since May 1950, Japanese fishing vessels have been allowed to extend their operations, and Japan is now permitted to send motorships to a limited area for tuna fishing. The fishing fleet is being restored, but the number of vessels is limited by law in order to prevent depletion of stocks.

In Hong-Kong, a substantial mechanization of the fishing fleet has also taken place. In 1948 only one pair of junks was mechanized; now more than 60 vessels have been converted.

In Indonesia, mechanization is expanding with ECA assistance. It has also been extended in Ceylon, Singapore, Pakistan and in India, where Japanese and Danish technicians have contributed to the development.

In Belgium, the number of craft is slightly less than prewar (461 as against 510), but total tonnage and horsepower has increased. The older vessels have been withdrawn from operation and new craft are being constructed.

In France, where the reconstruction of the fleet is now nearly completed, the tendency is towards stabilization at the present level. The fleet in general, while of a slightly lower total tonnage than prewar, is much more efficient, particularly the fleet operating at the Grand Banks, off Newfoundland.

In Denmark, the efficiency of the fishing fleet has considerably improved. In Norway, where the number of large units has increased, the total capacity of the fleet is now in excess of prewar with distant-water operations expanding particularly off Western Greenland. On the West coast of Sweden, the number of large craft (above 50 GRT) has been more than doubled. The Icelandic fleet with 52 trawlers is now approximately double its prewar number. Reconstruction of the German fleet has been carried on vigorously, and its capacity seems now to be stabilized at a level somewhat below prewar.

In Italy, government subsidies have been granted for a reconstruction program of 145 motor trawlers, and construction is underway. In Greece, larger craft enabling fishermen to operate more easily off the North coast of Africa have been launched. Portuguese trawlers supplying the fresh fish markets now number 70 percent more than prewar, and craft producing salted cod have increased by 15 percent, while the static level of the sardine fleet is possibly due to the very limited runs of fish during recent years. The expansion of the Spanish fleet, initiated in 1944, is still progressing; during recent years a great number of pair fishing units was built.

The United Kingdom's fleet with the exception of distant-water fishing vessels and some motor-

ized herring craft, is rather obsolete and needs replacement. In Ireland, the coastal fleet is expanding, while the trawler fleet is deliberately limited to 4 units.

A three-year program has been initiated to modernize fishing methods and develop fresh water production in Egypt. The sardine fishing fleet is still expanding in Morocco. In the Union of South Africa and in South West Africa, larger motor boats for line and net fishing have been added to the inshore fishing fleet.

In Canada, the Atlantic coast trawler fleet is rapidly expanding as a result of the easing of trawler licence restrictions. In the U.S.A., the capacity of the fisheries continued to grow and by 1950 the number of fishermen had increased to 170,000 from 124,000 ten years earlier. For the same period, a 15 percent increase in the number of the craft is recorded.

It is expected that efforts to mechanize and modernize fleets during 1951-52 will show expanding results, especially in the more developed countries where increased efficiency can be expected within the limits of the present number and tonnage of the fleets. In the less developed countries, progress is likely to be concentrated on increasing the numbers of small mechanized craft.

APPENDIX

ESTIMATED ENERGY AND PROTEIN CONTENT OF NATIONAL AVERAGE FOOD SUPPLIES PER CAPUT, IN 1950/51 COMPARED WITH 1949/50 AND 1948/49

COUNTRY (BY REGIONS)	CALORIES			TOTAL PROTEIN			ANIMAL PROTEIN			REMARKS ON 1950/51 CHANGES
	1948/49	1949/50	1950/51 changes as % of 1949/50	1948/49	1949/50	1950/51 changes as % of 1949-50	1948/49	1949/50	1950/51 changes as % of 1949/50	
	(..*Number per day*..)			(.....*Grams per day*.....)						
NORTH AMERICA										
Canada	3 060	3 130	+1.5	92	93	+1	56.4	56.1	+2	Slightly more wheat, fluid milk, poultry and eggs.
U.S.A.	3 130	3 170	+1.5	90	91	+1	59.6	60.4	+1	More meat and milk.
CENTRAL AMERICA AND CARIBBEAN										
Cuba	2 730	2 822	+4	66.8	67.6	+2	25.3	25.3	—	More cereals, roots and tubers and sugar
Mexico	2 054	2 052	+2	55.5	55.6	+2	16.0	16.1	+2	More cereals and meat
SOUTH AMERICA										
Argentina	3 190	3 169	—1	101.8	102.6	—1	65.6	66.7	—2	More milk, slightly more meat and fats; less cereals.
Brazil	2 343	2 444	+2	63.4	65.2	+3	25.1	24.9	+2	More cereals, slightly more roots and tubers, pulses, meat and milk.
Chile	2 475	2 340	+4	74.7	70.4	+5	22.7	22.0	+3	More cereals, roots and tubers and milk.
Colombia	2 283	2 328	—4	56.3	56.7	—4	25.6	25.6	—	Less cereals, roots and tubers and bananas; more sugar.
Peru	2 233	2 276	—1	62.7	63.8	—1	13.4	13.4	—	More roots and tubers; less cereals.
Uruguay	2 577	2 623	+1	94.1	94.5	+1	62.1	62.1	+1	More roots and tubers, sugar and meat.
Venezuela	...	2 210	+2	...	63.2	+4	...	27.8	—	More roots and tubers and pulses.
EUROPE										
Austria	2 640	2 610	...	76	76	...	25	30	...	
Belgium/Luxemburg	2 730	2 895	+1	81	85	—	36	41	—	More potatoes and sugar
Denmark	3 065	3 160	+4	102	102	—2	57	59	—2	More potatoes, sugar, meat and fats; less cereals and cheese.
Finland	3 070	3 100	...	99	96	...	44	43	...	
France	2 695	2 685	—	98	97	+1	39	41	—	Slightly more eggs, milk and cheese; less meat.
Germany (Fed. Rep.)	2 525	2 660	+4	81	79	—1	27	33	+6	More sugar, meat, milk & fats; less cereals and potatoes.
Germany (Soviet Zone).	2 410	2 460	...	68	72	...	14	19	...	Some improvement in the diet.
Greece	2 465	2 490	—	74	77	+3	14	19	—	More cereals; less potatoes and fats.
Ireland	3 350	3 340	...	98	97	...	49	50	...	

NOTE: ... Information not yet available.

Country (by Regions)	Calories			Total Protein			Animal Protein			Remarks on 1950/51 changes
	1948/49	1949/50	1950/51 changes as % of 1949/50	1948/49	1949/50	1950/51 changes as % of 1949/50	1948/49	1949/50	1950/51 changes as % of 1949/50	
	(...*Number per day*...)			(..... *Grams per day* .....)						
Europe										
Italy	2 355	2 370	+3	75	75	+4	19	20	+5	More cereals and milk slightly more meat; less potatoes.
Netherlands	2 880	2 970	+2	83	81	—	40	39	—	More cereals, meat and fats; less potatoes, sugar and milk.
Norway	2 970	3 135	+2	101	102	+2	52	56	+4	More fats, slightly more potatoes, meat, eggs, less sugar.
Sweden	3 070	3 200	—1	95	94	—2	59	60	—2	Slightly less cereals and meat; less milk.
Switzerland	3 095	3 195	+3	94	98	+3	50	52	+2	More potatoes and sugar, slightly more meat.
United Kingdom	3 045	3 080	...	89	91	...	43	46	...	
Far East										
Ceylon	1 920	2 010	+2	43	44	—	11	11	—	Slightly more rice and sugar but less wheat.
China*	2 170	2 020	+10	66	62	+10	5	5	—	Substantially more rice, wheat and pulses.
India	1 620	1 700	—6	42	43	—5	6	6	—	Appreciably less rice and pulses, slightly more wheat.
Indochina	1 460	1 560	—	35	37	—	5	5	—	No significant change.
Indonesia	1 760	1 880	+3	41	42	+2	5	5	—	Slightly more rice.
Japan	2 050	2 100	+2	50	53	+2	8	8	+10	More sugar, livestock products and fish, less pulse protein.
Philippines	1 980	1 970	+4	45	45	+3	10	10	+4	More cereals, sugar and fish.
Near East										
Egypt	2 460	2 360	+2.5	71.6	69.6	+2	9.5	9.5	—	Slightly more rice and sugar.
Turkey	2 500	2 340	+7.0	79.5	73.5	+8	17.9	17.0	+5	Appreciably more wheat, increases in milk and fats.
Oceania										
Australia	3 210	3 210	+2.0	97	98	—	65.8	66.7	+1	More butter, slightly more livestock products.
New Zealand	3 150	3 400	—	94	101	—	63.4	65.8	—	No significant change.

Note: ... Information not yet available. * Excluding Manchuria and Taiwan.

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