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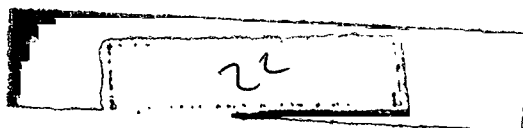
**COMMISSION ON
INTERNATIONAL COMMODITY TRADE
REPORT OF THE SEVENTH SESSION**

(9-24 MARCH 1959)

**ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS : TWENTY-EIGHTH SESSION**

SUPPLEMENT No. 6

NEW YORK



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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

In designating periods, an oblique stroke — as in “ 1957/58 ” — has been used to indicate an agricultural or fiscal year; a hyphen — as in “ 1956-57 ” — has been used to indicate an arithmetic average of the year specified.

In the tables, three dots (...) indicate that data are not available or are included with other groups, and a dash (—) represents nil or less than half the final digit shown.

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UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL
OFFICIAL RECORDS
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SUPPLEMENT No. 6

COMMISSION ON INTERNATIONAL COMMODITY TRADE

**Report to the Economic and Social Council on the seventh session of the Commission,
held at United Nations Headquarters, from 9 to 24 March 1959 inclusive**

INTRODUCTION

1. In accordance with the request of the Economic and Social Council (resolution 691 A (XXVI), para.2(b)) and with rule 39 of its own rules of procedure, the Commission submits its annual report¹ to the Council. This report, unanimously adopted at its 105th meeting, covers the seventh session of the Commission,² which was held at United Nations Headquarters, New York, from 9 to 24 March 1959 inclusive.

2. Fourteen meetings were held (E/CN.13/SR.92-105). Two working parties assisted the Commission in examining the agenda items in the light of the documentation prepared by the Secretariat and of the general debate in the Commission. The special working party which, in accordance with the decision of the Commission at its sixth session (E/3124, para. 45), commenced its meetings on 3 March 1959, prepared for the use of the Commission in connexion with agenda item 5 (see para. 72 below), a working paper containing a review of the commodity situation on the basis of the *Commodity Survey 1958*.³ The other working party was requested to prepare for consideration by the Commission the draft report to the Economic and Social Council.

3. Under agenda item 3 (see para. 72 below) and in

accordance with Economic and Social Council resolution 691 B (XXVI), representatives of other bodies concerned with international commodity trade took part in the work of the Commission. Statements on this subject were made by representatives of the Food and Agriculture Organization of the United Nations, the Interim Commission for the International Trade Organization (for the Contracting Parties to the General Agreement on Tariffs and Trade) and the Interim Co-ordinating Committee for International Commodity Arrangements. The Organization of American States was represented by an observer who also made a statement to the Commission on the relevant activities of his organization. The Commission also heard statements by the representatives of the International Chamber of Commerce, the International Confederation of Free Trade Unions, the International Federation of Christian Trade Unions, and the World Federation of Trade Unions. The active participation of all these representatives in the Commission was much appreciated.

4. The Commission also takes this opportunity to express its appreciation to the large number of Governments which, in accordance with the special invitation of the Economic and Social Council (resolution 691 B (XXVI)), participated in the work of the seventh session of the Commission. The Governments represented by observers are listed in chapter VI of this report.

5. On the basis of the decisions previously taken by the Commission (E/3124, para. 63) and of resolution 691 (XXVI) of the Economic and Social Council, the Commission considered the following subjects at its seventh session:

I. The situation of international trade in primary commodities:

In its general review (see paras. 6-46 below) consideration was given to fluctuations in commodity prices and in the volume of commodity trade, including changes in the terms of trade. In addition,

¹ The previous activities of the Commission have been reported to the Economic and Social Council in the following documents: report of the first session (17 January to 2 February and 25 April to 9 May 1955), *Official Records of the Economic and Social Council, Twentieth Session, Supplement No. 7* (E/2745); report of the second session (28 November to 10 December 1955) and of the third session (7 to 18 May 1956), *ibid.*, *Twenty-second Session, Supplement No. 9* (E/2886); report of the fourth session (28 November to 7 December 1956) and of the fifth session (6 to 17 May 1957), *ibid.*, *Twenty-fourth Session, Supplement No. 7* (E/3003); report of the sixth session (5 to 16 May 1958), *ibid.*, *Twenty-sixth Session, Supplement No. 6* (E/3124).

² At its twenty-sixth session the Economic and Social Council reconstituted the Commission (resolution 691 (XXVI)) and held elections for membership to the reconstituted Commission (*Official Records of the Economic and Social Council, Twenty-sixth Session, 1044th meeting, para. 40*).

³ United Nations publication, Sales No. 59.II.D.1.

some consideration was given (in connexion with both the review and the programme of work) to international measures to deal with international commodity problems.

II. Submissions by Governments concerning international commodity problems.

III. Medium-term and long-term prospects for consumption and production in the main commodities with reference, *inter alia*, to developments in the

consumption and production of synthetic and substitute materials.

IV. Programme of work.

V. Arrangements for the eighth session of the Commission.

These are considered in chapters I to V of this report. Chapter VI deals with the organization of the seventh session of the Commission.

I. THE SITUATION OF INTERNATIONAL TRADE IN PRIMARY COMMODITIES

A. General appraisal

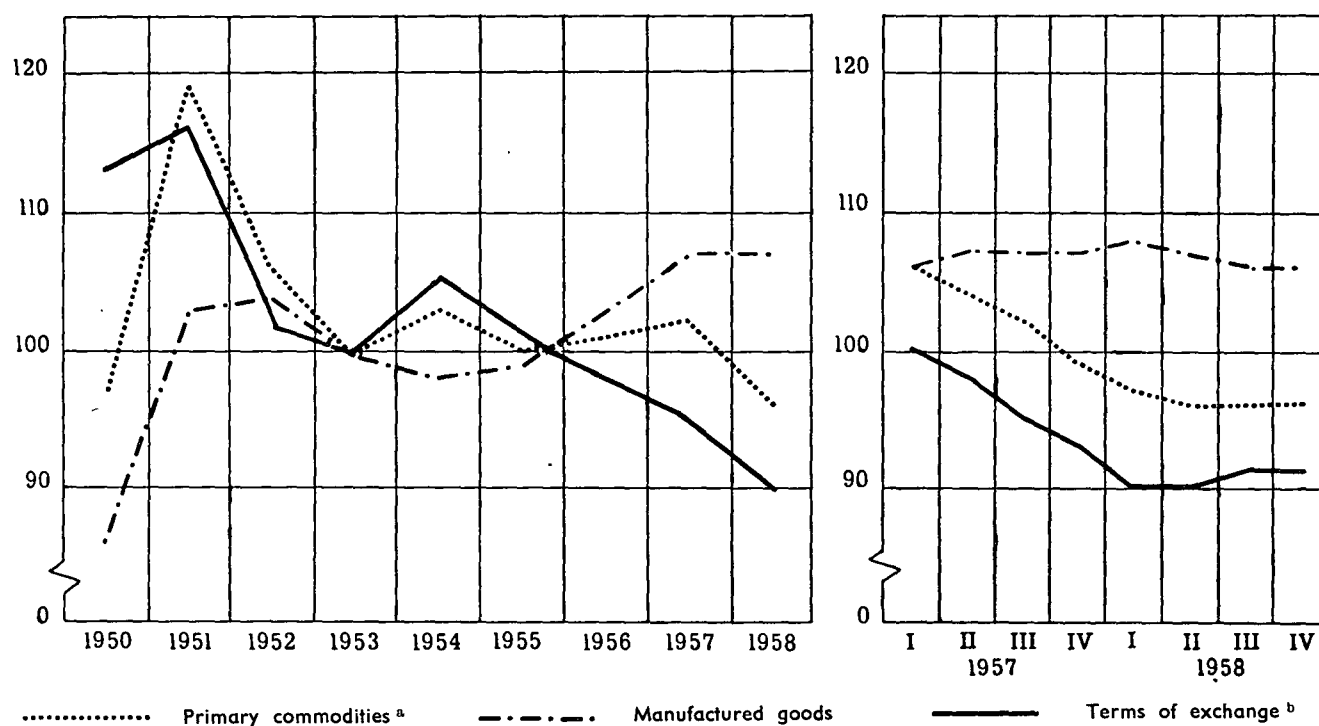
PRICE MOVEMENTS AND TERMS OF TRADE

6. The deterioration in the terms of trade of countries exporting raw materials and crude foodstuffs that had been one of the principal features of world economic developments during 1957 continued in early 1958, but came to a halt after the first quarter of the year (see chart below). The price index of primary commodities in international trade declined steadily from the first

quarter of 1957 to the second quarter of 1958 and although the index levelled out after the first quarter, for 1958 as a whole it was about 5 per cent below the level of 1956. In contrast to this the price index of manufactures was about 4 per cent above its 1956 level; thus the terms of exchange between primary commodities and manufactures deteriorated by about 8 per cent between 1956 and 1958. This was a continuation of a movement that, with certain interruptions, had been in evidence since about 1950. By 1958 the index of the terms of exchange had declined by about 20 per cent from its 1950 level.

Price indices in international trade, 1950-1958

(1953 = 100)



Source: Statistical Office of the United Nations, *Monthly Bulletin of Statistics*.

^a Combined export and import prices.

^b Ratio of the average price of primary commodities to the average price of manufactured goods in international trade.

7. In a rough and ready manner this index reflects changes in the average terms of trade of that group of countries whose exports consist mainly of primary commodities and whose imports consist mainly of manufactures. The terms of trade of particular primary exporting countries naturally reflect the wide dispersion of individual commodity prices within the broad average of movements described above. As shown in table 1, in a selected group of twenty-five countries the variation in the terms of trade between 1957 and 1958 ranged from a decline of 20 to 25 per cent in the case of Australia and Uruguay to a rise of 56 per cent in the case of Ghana.

Table 1. Indices of the terms of trade of selected primary exporting countries, 1958

(Corresponding period of 1957 = 100)

Country	Number of months	Terms of trade ^a
Argentina	9	108
Australia	6	76
Belgian Congo	8	84
Bolivia ^a	9	91
Ceylon	10	106
Costa Rica ^a	6	94
Cuba ^a	6	78
Dominican Republic ^a	8	86
El Salvador	9	79
Ghana	6	156
Greece	9	105
Guatemala	6	78
India	9	100
Iraq	6	102
Israel	12	109
Ireland	10	107
Malaya, Federation of	6	87
New Zealand	9	81
Nicaragua	9	86
Nigeria	6	113
Panama	9	105
Philippines	9	100
Uruguay ^a	9	80
Venezuela	6	106
Viet-Nam	10	95

Sources: United Nations Bureau of Economic Affairs; International Monetary Fund, *International Financial Statistics*; and official national publications.

^a For lack of an adequate import price index, the unit value of exports of the United States has been used.

^b Ratio of average unit value of exports to average unit value of imports.

8. Although the index of commodity prices in international trade remained unchanged during most of 1958, there were significant movements in the prices of many commodities (see table 2). The prices of coffee, long-

staple cotton and wool continued the major decline which had prevailed during 1957. Reductions occurred in the prices of coal, lumber, wood-pulp, jute, several edible oil-seeds, tobacco and aluminium, although in most instances the declines recorded were not sharp. Significant reversals of previous price movements also occurred during 1958. The price of copper rose steadily during most of the year and by the year's end had regained the level at the beginning of 1957. Among other commodities whose prices recovered substantially after declines during 1957 and 1958 were butter, cheese, barley, Manila hemp and natural rubber. A tendency toward increased prices was also manifested by beef, lamb, rice, certain fats and oils (particularly linseed oil, copra, and palm kernels) and sisal. The price of cocoa, which had risen sharply against the general trend during 1957 and the first half of 1958, turned downward during the second half of the year. A number of important commodities, the prices of which had dropped sharply in 1957, moved within a narrow range during most of 1958; this group included sugar, cereals (except barley), olive oil, short-staple cotton, tin, lead and zinc. Toward the end of the year the prices of tin and zinc rose appreciably.

9. Any examination of price movements brings home both the diversity and the complexity inherent in the international commodity market, both as to particular commodities and as to particular countries. This refers not only to the direction of the longer-term trend but also to the rate of change in price and the amplitude of short-term fluctuations, and hence to conditions of demand and supply.

SOURCES OF WEAKNESS IN DEMAND

10. There was a steady decline in the rate of growth of total manufacturing production outside the centrally planned countries ⁴ during 1957 and an absolute reduction in the first three quarters of 1958. This was reflected in the demand for many primary commodities for current consumption. Furthermore during most of 1958 there appears to have been a running down of raw material inventories in the hands of users and a reluctance on the part of industrial buyers to make large forward commitments.

11. The recession in the textile industry affected the demand for fibres with severity because it occurred within the same year in North America, western Europe and southern and eastern Asia. The demand for lumber was particularly affected by weakness in the building industry in western Europe. Markets for metals and rubber were strongly influenced by the decline in output in the automobile industry and other industries producing durable goods for consumers and producers in North America. The reduced demand for coal reflected the general tendency of industrial production in both regions.

⁴ For purposes of analysis in this report, three regions are distinguished: the industrial region (North America, western Europe and Japan), the centrally planned region (China mainland, eastern Europe and the Soviet Union) and the rest of the world referred to here as primary exporting countries.

Table 2. Primary commodities: indices of market prices of selected commodities

1953 = 100^a

Commodity	Annual average		1958											
	1957	1958	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Wheat { A ^b	87	82	...	...	...	83	83	83	83	83	82	81	81	81
B ^c	71	74	75	75	76	74	75	75	74	74	74	73	72	72
Rice ^d	57	62	...	62	62	62	62	62	62	62	62	62	62	62
Maize ^e	95	74	79	74	73	75	74	74	74	73	72	71	75	77
Barley ^f	96	91	84	83	84	88	91	91	94	94	94	96	96	...
Sugar ^g	151	103	110	104	100	101	102	100	103	102	102	100	100	107
Beef ^h	98	104	98	92	88	104	88	...	107	121	127	113	105	...
Butter ⁱ	94	76	84	79	76	69	68	68	73	77	77	80	87	...
Cheese ^j	94	89	66	73	77	76	76	80	91	93	94	115	144	...
Cocoa ^k	83	119	113	121	117	117	126	132	129	128	115	101	118	111
Coffee { A ^l	107	88	95	90	91	92	91	90	89	88	84	85	81	77
B ^m	98	84	95	94	93	90	87	84	81	79	76	77	76	72
Tea { A ⁿ	108	113	115	113	119	118	110	109	98	104	121	110	110	108
B ^o	132	126	116	115	111	110	...	146	172	153	140	127	118	109
Tobacco { A ^p	134	134	135	143	124	131	133	136	...	...	...	...	...	...
B ^q	99	94	—	—	61	63	77	82	83	...	...	...	...	...
Soya beans ^r	89	80	80	78	80	82	83	83	83	82	77	75	76	...
Cottonseed ^s	101	96	100	95	—	94	98	96	95	93	...	...	...	...
Coconut oil ^t	80	93	86	83	86	87	88	88	90	91	95	100	112	111
Copra ^u	78	92	85	84	85	87	87	84	87	90	94	98	113	112
Palm oil ^v	125	113	124	119	118	118	115	113	111	108	107	107	108	110
Palm kernels ^w	80	88	84	82	80	82	82	81	83	86	88	93	107	103
Ground-nuts ^x	94	76	81	77	77	78	76	75	73	72	71	72	76	80
Olive oil ^y	99	83	84	84	84	84	81	81	83	85	86	85	84	79
Linseed oil ^z	114	113	115	107	109	112	112	113	121	117	...	...	112	108
Linseed ^{aa}	100	102	107	105	104	99	98	103	110	105	100	97	103	...
Cotton { A ^{bb}	119	81	99	91	87	86	87	86	82	80	72	70	68	68
B ^{cc}	80	79	83	79	78	77	78	80	81	80	79	78	77	77
Wool ^{dd}	94	64	73	76	68	65	63	65	65	57	57	57	57	...
Jute ^{ee}	119	110	119	115	116	120	121	117	117	115	108	92	94	95
Manila hemp ^{ff}	117	102	112	102	88	77	76	94	104	112	109	112	120	123
Sisal ^{gg}	77	78	78	74	75	74	75	75	84	81	77	77	81	86
Natural rubber ^{hh}	137	118	116	110	109	107	105	108	115	119	124	134	140	130
Coal ⁱⁱ	140	113	123	123	123	123	116	114	113	109	107	107	107	91
Crude petroleum { A ^{jj}	113	115	115	115	115	115	115	115	115	115	115	115	115	115
B ^{kk}	116	104	105	105	105	105	105	105	104	104	104	103	103	103
Aluminium ^{ll}	126	117	126	126	126	115	115	115	115	115	115	115	115	115
Tin ^{mm}	103	101	99	99	101	99	101	102	102	102	100	102	...	...
Copper ⁿⁿ	86	77	69	64	66	69	70	76	78	81	82	92	95	86
Lead ^{oo}	107	80	79	81	82	80	79	80	78	77	78	81	84	79
Zinc ^{pp}	109	88	84	85	84	83	83	85	85	85	87	93	100	99

Sources: Statistical Office of the United Nations, *Monthly Bulletin of Statistics*; International Monetary Fund, *International Financial Statistics*; Food and Agriculture Organization of the United Nations, *Monthly Bulletin of Agricultural Economics and Statistics*.

^a Barley, ground-nuts and cottonseed based on 1954 = 100, 1958 averaged for 10, 11 or 12 months.

^b United Kingdom/Australian: domestic/import price c.i.f., IWA (International Wheat Agreement) sales, Australian f.a.q.

^c Australia: export price f.o.b. Wheat Board selling price for non-IWA sales, f.a.q. bulk.

^d Burma: average of export contract prices f.o.b., white rice No. 1, small mills, special ngasein.

^e United Kingdom/Argentine: import price c.i.f. London, La Plata f.a.q.

^f Western Europe/Canadian: European ports, Canadian No. 2., c.i.f.

^g Free/Cuban: export price f.o.b., spot New York quotations for exports of Cuban centrifugal raw 96° to world except United States.

^h United Kingdom/Argentine: Argentine hindquarters, chilled, Smithfield Market.

ⁱ United Kingdom/New Zealand: New Zealand finest salted, London Provision Exchange.

^j United Kingdom/New Zealand: New Zealand waxed finest, London Provision Exchange.

^k United States/Ghana: domestic/import price ex-warehouse, New York, spot, Accra.

^l United States/Colombian: domestic/import price ex-dock, New York, spot, Manizales.

^m United States/Brazilian: domestic/import price ex-dock, New York, spot, Santos No. 4.

ⁿ Ceylon: export price, Colombo auctions, high grown.

^o India: export price, Calcutta auctions, leaf, all types.

^p Turkey: unit value of exports.

^q Rhodesia: Flue cured, auction price, March through August.

^r European ports: US No. 2 bulk, nearest forward shipment c.i.f.

^s European ports: Sudanese black, bulk, nearest forward shipment c.i.f.

^t Import price c.i.f. Rotterdam, nearest futures in bulk, Straits 3½ per cent.

^u Import price European ports, c.i.f., Philippine, in bulk.

^v Import price European ports, c.i.f., Belgian Congo 6-7 per cent.

^w Import price European ports, c.i.f., British West African.

^x Import price, c.i.f., European ports, nearest futures, Nigerian shelled.

^y Import price c.i.f. Mediterranean ports in drums, Tunisian edible 1 per cent.

^z Import price European ports, c.i.f., Argentine and Uruguayan.

^{aa} United Kingdom/Canadian No. 1 bulk 2½ per cent, nearest forward shipment, c.i.f., London.

^{bb} United Kingdom/Egyptian Karnak: domestic/import price, Liverpool spot, fully good.

^{cc} United Kingdom/American: domestic/import price, Liverpool spot, Texas M 16/16".

^{dd} Australia: domestic/export price, weighted average of sales at Sydney auctions, greasy, constant standard basis.

^{ee} Domestic/import price, c. and f., Dundee, Pakistan mills firsts.

^{ff} Manila.

^{gg} Domestic/import price c.i.f. spot, African No. 1.

^{hh} United States: domestic/import price New York spot No. 3, RSS.

ⁱⁱ United Kingdom: export price f.o.b. Tyne Durham, best gas.

^{jj} Saudi Arabia: export price f.o.b. Rastanura.

^{kk} United States/Saudi Arabian: domestic/import price c.i.f. north-eastern ports, Saudi Arabian crude.

^{ll} United Kingdom: domestic/import price delivered consumers works.

^{mm} Singapore: domestic/export price ex works, Singapore.

ⁿⁿ United Kingdom/Rhodesia: domestic/import price, standard electrolytic wire bars.

^{oo} United Kingdom: domestic/import price ex warehouse, London.

^{pp} United Kingdom: domestic/import price, ex warehouse, London, spot.

Table 3. Indices of production of selected primary commodities

(Corresponding period of preceding year = 100)

Commodity	Period	World, excluding the centrally planned countries	World, excluding the United States and the centrally planned countries
Wheat	1957/58	99	99
Maize	1957/58	99	100
Tobacco	1957/58	97	109
Cotton	1957/58	95	103
Soft sawnwood	1958, 9 months	97	103
Aluminium	1958, 9 months	98	105
Copper	1958, 9 months	93	96
Lead	1958, 9 months	96	99
Zinc	1958, 9 months	92	101
Coal	1958, 9 months	91	96
Petroleum, crude	1958, 9 months	98	105

Sources: Statistical Office of the United Nations, *Monthly Bulletin of Statistics* and Food and Agriculture Organization of the United Nations, *Monthly Bulletin of Agricultural Economics and Statistics*.

CHANGES IN SUPPLY

12. The reduction in demand in 1957-58 occurred in the face of output, productivity and productive capacity that had been rising steadily since the end of the Second World War. The expansion of output and productive capacity was stimulated particularly by high prices and investment decisions made in the years immediately following the outbreak of hostilities in Korea. In the case of a number of commodities, output had continued to expand even after the emergence of surpluses, in part because world prices were shielded from the effects of the imbalance by various officially held stocks, in part because production in a number of countries was insulated from prevailing world prices and in part for other reasons.

13. In the aggregate, world production of primary commodities in 1957 (outside the centrally planned economy countries) was about 23 per cent above the 1950 level. It is probable that over-all primary commodity production declined in 1958 (see table 3), but this was largely the result of the decline in production in the United States. Outside the United States increases continued in most commodities, including, in particular, sugar and coffee, ground-nuts and tobacco, cotton and sisal, iron ore and petroleum. On the other hand, such factors as bad weather and plant diseases were responsible for a reduction in the output of rice and cocoa, copra and linseed, wool and Manila hemp. There were reductions in the output of copper, tin and coal in order to adjust supplies to a reduced level of demand.

MOVEMENTS IN STOCKS

14. In general these changes in the relative rates of consumption and production resulted in an increase in stocks between mid-1957 and mid-1958. Among the significant exceptions were wheat, cotton and cocoa. In the majority of cases the accumulation of stocks was

concentrated chiefly in exporting countries or in the hands of producers; stocks in the hands of consumers were often run down as prices weakened, and this tended to aggravate the effects of reduced current demand.

15. Over and above this movement in the size and distribution of commercial stocks were the changes that took place in programmes of strategic stockpiling. From 1950 through 1956, procurement for government stockpiles played a large part in increasing the demand and productive capacity for many commodities. These programmes had largely drawn to a close by the end of 1956. In the United States, for example, open market purchases and new commitments for delivery to the strategic stockpile declined in 1957 and 1958 from the level of preceding years, as objectives were filled or reduced, in accordance with revised policies regarding procurement and objectives which made requirements for an assumed three-year emergency — rather than one of five years — the basis for the stockpiling programme. Amounts acquired for the United States supplemental stockpile, through barter of surplus agricultural produce, declined because of changes in barter policy designed to strengthen safeguards against the displacement of normal commercial sales. The effect of these changes in the stockpiling situation was cushioned by the fact that stockpiling had been tapering off for some time and that the effect of this development had been in large measure discounted by the market. Actual disposals from the United States stockpile in 1957 and 1958 were not a significant factor in the downswing in commodity prices either in respect of the items sold or in respect of the quantities involved. Nor did disposals of material from the United Kingdom stockpile exert a significant influence on the market, since sales were timed with a view to minimizing their impact.

16. Substantial quantities of certain agricultural products continued to move into consumption abroad from United States surplus stocks. Exports by the Commodity

Table 4. Primary exporting countries: indices of quantum, value and unit value of exports
(1953 = 100)

		1st quarter	2nd quarter	3rd quarter	4th quarter	Average
Quantum :	1956	117	119	114	121	118
	1957	123	121	120	126	122
	1958	123	121	121	...	122
Value :	1956	116	118	112	120	117
	1957	124	122	120	122	122
	1958	117	114	114	...	115
Unit value :	1956	99	99	98	99	99
	1957	101	101	100	97	100
	1958	95	94	94	...	94

Sources: United Nations Bureau of Economic Affairs; and Statistical Office of the United Nations, *Monthly Bulletin of Statistics*.

Credit Corporation in 1957/58, however, were about 20 per cent below the record 1956/57 level. This was the result of a reduction not only in barter transactions but also in local currency sales, and to a smaller extent in dollar sales. The principal reductions were in the exports of cotton, wheat, rice, butter, linseed oil, cottonseed oil and ground-nuts; against these there were increases in disposals of wheat flour, maize, oats, flaxseed, cheese and dried milk.

CHANGES IN INTERNATIONAL TRADE

17. The volume of exports from the primary exporting countries, after rising by 4 per cent between 1956 and 1957, was about the same in the first three quarters of 1958 as in the corresponding portion of 1957. In value, however, they were about 6 per cent lower (see table 4). This reduction in value reflects the decline in the average unit value of exports that had taken place between the second quarter of 1957 and the second quarter of 1958. This decline was sharpest in the case of Oceania — about 25 per cent — and least in the case of the Middle East — about 1 per cent. In Latin America, the decline in average unit value — about 8 per cent — took place largely in the second half of 1957; in Africa, Oceania and south-

eastern Asia a substantial decline continued into the first quarter of 1958.

18. In western Europe net imports of primary commodities were about 14 per cent lower in value in the first half of 1958 than in the first half of 1957; there was a decline of 5 per cent in crude foodstuffs and over 20 per cent in industrial raw materials. The sharpest reductions in quantities were in imports of fibres and vegetable seeds and oils, but most other raw materials — with the exception of some of the non-ferrous metals — were also imported in smaller quantities. Petroleum imports, on the other hand, were substantially higher. In the case of Japan, the decline in primary commodity imports was much sharper than in western Europe (see table 5); as in western Europe, the drop in fibres and vegetable oils was most marked. The reduction in the value of imports into these two regions, which reflects not only a decline in commodity prices but also in freight rates, was significantly greater than the reduction in volume.

19. In the United States, imports of raw materials (crude and semi-manufactured) in the first half of 1958 were about 5 per cent below the corresponding 1957 level in volume and about 12 per cent below in value. The value of imports of crude foodstuffs, however, was

Table 5. Primary exporting countries: regional distribution of exports
(Millions of dollars, f.o.b.)

Exports to	1956	1957	1957 (1st half)	1958 (1st half)
World	28,181	29,201	14,759	13,873
Industrial regions	20,315	20,441	10,427	9,793
North America	6,476	6,533	3,213	3,107
Western Europe	12,471	12,428	6,392	6,058
Japan	1,368	1,480	822	628
Centrally planned regions	626	863	496	424
Primary exporting regions	6,801	7,364	3,570	3,388

Source: Statistical Office of the United Nations, *Monthly Bulletin of Statistics*.

Table 6. Primary exporting countries and territories: change in value of exports between the first three quarters of 1957 and the first three quarters of 1958

Country or Territory	Value (millions of dollars f.o.b.)		Index (corresponding period of preceding year = 100)	Country or Territory	Value (millions of dollars f.o.b.)		Index (corresponding period of preceding year = 100)
	1957	1958			1957	1958	
Reunion	23	16	69.6	Jamaica	106	105	99.1
Viet-Nam	57	40	70.2	Ireland ^a	367	365	99.5
Turkey ^a	345	250	72.5	Martinique ^b	22	22	100.0
Republic of Korea ^a ...	22	16	72.7	Honduras	58	58	100.0
El Salvador	119	89	74.8	Trinidad ^a	229	229	100.0
Bolivia	48	36	75.0	North Borneo ^b	20	20	100.0
Australia ^a	2,203	1,662	75.4	Argentina ^a	975	982	100.7
Barbados	26	20	76.9	Israel ^a	140	141	100.7
Lebanon	27	21	77.8	Nigeria	278	282	101.4
Indonesia	677	528	78.0	Kenya	62	63	101.6
Pakistan ^b	199	160	80.4	French West Africa	264	269	101.9
Burma	182	150	82.4	Syria	98	100	102.0
Fiji	24	20	83.3	Cambodia	41	42	102.4
Malaya, Federation of .	538	448	83.3	Sierra Leone	41	42	102.4
Colombia	396	333	84.1	Algeria ^a	471	483	102.5
South Africa ^a	1,299	1,110	85.5	China (Taiwan)	120	123	102.5
Cyprus	43	37	86.0	Ceylon ^a	353	363	102.8
Mauritius	36	31	86.1	Mexico	522	538	103.1
Belgian Congo	356	307	86.2	Tanganyika	75	78	104.0
British Guiana	44	38	86.4	Philippines	342	356	104.1
Peru ^a	320	277	86.6	Ecuador ^a	133	140	105.3
Thailand	277	241	87.0	Tunisia	107	113	105.6
Cuba ^b	468	415	88.7	Greece	120	127	105.8
Rhodesia	344	309	89.8	Saudi Arabia ^a	850	925	108.8
India ^a	1,350	1,217	90.1	Madagascar	59	65	110.2
Uruguay	112	101	90.2	Spain	327	367	112.2
New Zealand	621	563	90.7	French Equatorial Africa	66	75	113.6
Brazil	975	892	91.5	Angola	74	85	114.9
Surinam	25	23	92.0	Ghana	179	206	115.1
Uganda	105	97	92.4	Paraguay ^a	33	38	115.2
Dominican Republic ..	124	115	92.7	Costa Rica	64	74	115.6
Venezuela ^b	1,211	1,127	93.1	Kuwait	643	794	123.5
Morocco	255	240	94.1	Mozambique ^b ..	25	31	124.0
Egypt	361	343	95.0	French Cameroons	64	86	134.4
Guatemala	82	79	96.3	Guadeloupe ^b	15	23	153.3
Brunei ^b	54	52	96.3	Iraq	233	408	175.1
Panama	28	27	96.4				
Nicaragua	56	54	96.4				
Portugal ^a	288	279	96.9				
Sudan	112	109	97.3				
				TOTAL	21,408	20,090	93.8

Source: International Monetary Fund, *International Financial Statistics*.

^a Estimate for twelve months.

^b Six months.

more or less unchanged, a small increase in volume having offset a comparable reduction in unit value. In the aggregate, the effect of the decline in commodity imports into the United States and western Europe on the over-all demand for the output of the primary exporting countries was moderated by the fact that the burden of the decline of imports of primary commodities

into Western Europe and Japan fell largely on the United States. The reduction in imports into western Europe and Japan of such commodities as wheat, lard, ground-nuts, cotton and coal had its counterpart in reductions of more than one-fourth in United States exports of these items. In the first half of 1958, total exports from North America were about 14 per cent

below the corresponding 1957 level, and the region's share in world trade dropped from almost 26 per cent to less than 24 per cent.

20. Imports into the centrally planned countries from outside the region, after rising by about a fifth in each of the two preceding years, were about 2 per cent higher in the first half of 1958 than in the first half of 1957. Imports of cotton and wool were appreciably greater in 1957/58 than in the preceding season. In the first half of 1958 net imports of rubber and copper were also significantly higher than in the corresponding period in 1957; net exports of lead and zinc and, to a less extent, wood, were all lower. In the case of sugar there was a notable reversal in the flow of trade: as a result of fluctuations in the eastern European beet crop, the region changed from a major net importer in the first half of 1957 to a large net exporter in the first half of 1958. There was a considerable increase in the exports of aluminium and tin from the Soviet Union and of rice from mainland China.

21. Many of these changes in the trade of the industrial and centrally planned regions have their counterpart in the exports of the primary exporting countries. Compared with the first half of 1957, the value of exports from the latter were down 3 per cent to North America, 5 per cent to western Europe and other primary exporting countries, 14 per cent to the centrally planned countries and 24 per cent to Japan (see table 5). Though aggregate export earnings in the primary exporting countries were between 6 and 7 per cent lower in the first three quarters of 1958 than in the corresponding portion of 1957, there was a wide range of movement, reflecting in most cases price changes in the leading export commodity. The variations ranged from an increase of more than 12 per cent in countries such as Costa Rica, Ghana and Iraq, to a reduction of more than 12 per cent in such countries as Australia and South Africa, Indonesia and Malaya, Peru and Turkey, Colombia and El Salvador, Burma and Thailand (see table 6).

22. This decline in the over-all value of trade halted the upswing that had continued, with only one or two breaks, ever since the end of the Second World War. It posed serious problems for many of the primary exporting countries, especially among those whose development programmes had been geared to a high volume of imports. In many of these countries, efforts were made to counteract the effect of falling prices on the balance of payments and on the income of producers by encouraging an expansion of exports by such means as reducing export duties, removing quota restrictions, providing insurance against export risks or offering more favourable rates of exchange. In other countries greater importance was attached to attempts to sustain world prices by holding supplies off the market — as in the case of coffee and wool — or by curtailing output, as in the case of copper and tin. Countries which sought to support the price of their main export commodity by withholding supplies found the burden of financing stocks a heavy one, tending to lead to inflationary increases in public expenditure. Where production was curtailed, unemployment often became a serious problem.

With limited reserves of gold and foreign exchange, some of the primary exporting countries resorted to restriction of imports, thus transmitting to their trading partners — chiefly among the industrial countries — the reduction in their exports. Some countries sought to curb the demand for imports by monetary and fiscal action, seeking to cut back first the demand for consumer goods and then, in some cases, development expenditure. Others supplemented internal measures by increased borrowing abroad.

INTERNATIONAL ACTION

23. During 1958 action was taken at the international level to cope with commodity problems in their various aspects or with their repercussions. In response to the deterioration in markets for copper, lead and zinc, meetings were held under United Nations auspices to examine the situation. In view of an improvement in the outlook for copper, no further action was considered necessary in the case of that commodity, but arrangements were made for further consideration of the question of lead and zinc. The International Sugar Agreement was renegotiated and broadened to cover a larger proportion of trade. Negotiations for renewal of the International Wheat Agreement were begun. To deal with the deterioration in the market for tin, the major producers — through the International Tin Agreement — imposed on themselves drastic cuts in production and trade and also increased the resources at the disposal of the buffer stock. In the last quarter of 1958 the Soviet Union informed the International Tin Council of its agreement to limit its exports in 1959. An International Coffee Study Group was formed in mid-1958, and in September the Mexico City Agreement of 1957 among Latin American producers was extended to cover the 1958/59 season and arrangements were made to increase the proportion of exportable production to be withheld by the major participants. In various international bodies, including the Food and Agriculture Organization and the Contracting Parties to the General Agreement on Tariffs and Trade, commodity questions received special consideration. Steps were taken to provide an increased measure of international liquidity through action to augment substantially the resources at the disposal of the International Monetary Fund.

CONCLUSION

24. Because of the expansion in the world's capacity to produce most primary commodities and the virtual cessation of large-scale buying for strategic stockpiles, the stability of most commodity markets has thus become more and more dependent on the steady growth of normal market demand. The significance of this situation is magnified by the vulnerability — demonstrated once again by the downswing in commodity prices in 1957 and 1958 — of many of the less developed countries which continue to rely, both for their foreign exchange earnings and in respect of the incomes of a large part of the economy, on the export of one or two primary products. Such countries face a problem of particular difficulty;

the speed and effectiveness of their economic development, which aims to create a more dynamic and more diversified economy, depends heavily on exports of their primary commodities. In the absence of adequate foreign exchange reserves, serious reductions in export earnings can be prevented from retarding and disrupting development programmes only if other means, of either a national or international character, are available for helping to ease the strain on the balance of payments.

B. Commodities showing significant price fluctuations in 1958

Coffee

25. The continued decline in coffee prices reflects an expansion in output which has been in progress since 1944/45. Production since then has practically doubled, induced in part by the relatively high prices prevailing in the early part of the post-war period. Though the degree of imbalance between capacity and total demand was obscured to some extent by poor crops in Brazil in 1954/55 and 1956/57, the expansion of production generated an accumulation of stocks in several exporting countries, notably Brazil, after the large 1957/58 crop. With a further increase in production in prospect for the 1958/59 season, prices declined further during 1958, and by the end of the year prices of Brazilian coffees were 20 to 25 per cent below the opening level.

26. On the supply side, over 80 per cent of the increase in production between 1956/57 and 1958/59 was in the form of "hard" coffee from Brazil. During the same period, the prevalent trend towards and increased demand for *robusta* types of coffee, partly in consequence of the rising demand for soluble varieties, continued to manifest itself. Thus the incidence of the decline of coffee prices does not seem to have been uniformly spread; it reflects, in particular, longer term trends in both consumer preferences and geographic distribution of production as well as short-run changes in the sources of supply. United States imports, accounting for well over half the world total, receded slightly in 1957 and 1958 from the peak level of 1956, and it was Brazil that bore the brunt of the decline; imports from Africa continued to rise; their proportion of total United States imports in 1957-58 — about one-sixth — was twice the 1951-55 average.

Cocoa

27. In the case of cocoa a small 1957/58 crop induced a notable rise in the average price for the year 1958 of 40 to 50 per cent for the major producing countries. With a larger 1958/59 output in prospect there was a decline in prices in the second half of 1958.

Dairy products

28. Some of the most violent market changes in 1957 and 1958 affected dairy products, whose international markets are fairly narrow. The price of cheese entering international trade declined precipitously in 1957 but recovered during 1958; quotations for New Zealand

cheese reached a figure at the end of the year more or less equivalent to that at the end of 1956 and twice that at the end of 1957.

29. The decline in butter prices started later, and a minimum was reached in the middle of 1958. As the price ratio between butter and margarine changed there was a notable switch of consumers from margarine. The principal cause of the decline in butter prices was increased output in Europe and a considerable expansion in shipments from certain protected national markets to the main international market in the United Kingdom. Increased consumption — stimulated by lower prices in a number of European exporting countries and in the United Kingdom — unfavourable weather, sales to the Soviet Union as well as limitations on exports to the United Kingdom, all helped toward a recovery in the second half of 1958: by December 1958 prices on the world market slightly exceeded the corresponding 1957 level.

Wool and cotton

30. Wool and long-staple cotton were the fibres most seriously affected by a widespread recession in the textile industry, which also contributed largely to the downward movement of the prices of most other fibres, including rayon.

31. On the average, wool prices were about 30 per cent lower in 1958 than in 1957, notwithstanding a 3 per cent decline in the 1957/58 clip. On New Zealand and South African auctions, reserve bids were introduced in an attempt to halt the decline in prices. There was some accumulation of stocks, but this was offset to some extent by a release of wool previously held back by producers in Argentina and Uruguay. The decline in wool prices slackened early in 1959: on the one hand, there were signs of an upturn in the rate of consumption but, following an upward revision of estimated Australian production, the outlook was also affected by the expectation that the 1958/59 clip was likely to be slightly above the 1957/58 level.

32. In the case of extra-long staple cotton, the effect of the recession in demand was reinforced by an increase in output in 1957/58, especially in the United Arab Republic (Egypt). Prices of Ashmouni and Karnak varieties declined continuously during 1957 and 1958 from the relatively high levels obtaining at the end of 1956. With a further increase in supplies expected for 1958/59, prices in January 1959 were 25 to 30 per cent below the level of January 1958, having lost most of the differential which had previously distinguished them from the prices of shorter staples. As regards medium and short staple varieties, there was a further reduction of output in the United States between 1956/57 and 1957/58 and though in the aggregate crops elsewhere were greater, world consumption exceeded production for the second year in succession. Stocks in the United States were reduced and the prices of medium and short staples, though drifting downward, continued to be sustained in large measure by the United States support programme. In other net exporting countries, however, stocks were higher in mid-1958 than a year earlier.

With an increased 1958/59 crop in prospect and with 1958/59 output likely to be in excess of probable consumption, prices of short and medium staples in January 1959 were about 10 per cent below the level of a year earlier.

Non-ferrous metals

33. These commodities were among the hardest hit by reduced activity in the durable goods industries — especially in the United States; in the case of lead and zinc, reduced acquisition for stockpile in the United States was an additional factor. The sharp decline in price in 1957 induced a cutback in production, especially in the United States, but extending to Canada in the case of aluminium, to the Belgian Congo, Chile and Rhodesia in the case of copper and to all six producer-participants in the International Agreement in the case of tin. The weakness of the market for aluminium and tin was enhanced at certain stages by increased supplies emanating from the Soviet Union. In October 1958 quotas were imposed in the United States on imports of lead and zinc. This action occurred when demand was tending to recover, and, contrary to widely expressed fears, did not occasion any immediate reduction in the price in markets outside the United States. Toward the end of 1958 there was a considerable recovery in the prices of copper, zinc and tin, while the price of lead rose only slightly. In the case of copper and tin the effect of increased demand, partly reflecting the recovery of manufacturing production in the United States, was reinforced by a sharp reduction in world supply.

Fuels

34. For the first time since the war supplies of solid and liquid fuels outside the centrally planned countries were in excess of demand at current prices. In the case of coal, the slackening in the rate of economic growth in western Europe appears to have been the dominant factor in 1958: for the first time in the post-war period there was a general accumulation of unsold stocks and a weakening of the price structure. The weakened demand was superimposed on certain long-term trends affecting the relative demand for coal, particularly the development of other sources of energy and the steady replacement of solid fuels by liquid fuels. By the end of the year decisions were being made in some western European countries to reduce mine activity and lower the price of certain types of coal.

35. In 1958 there was a halting in the growth of demand for petroleum, which had slackened markedly in 1957. This development was in contrast with the rapid rise in the demand for petroleum that has prevailed since the end of the Second World War. In the case of western hemisphere production, the market situation was aggravated by a realignment of trade, reversing the expansion that had taken place in 1956/57 in response to the Suez crisis. In the Middle East, on the other hand, output recovered sharply from the previous decline and in the first half of 1958 was substantially above the corresponding 1956 level. Prices, which had been raised in the Caribbean at the beginning of 1957 and in the

Persian Gulf a few months later, were reduced in the United States late in 1958 and in the Caribbean and Middle East early in 1959. In the United States, following a reduction of production in 1958, accumulated stocks were reduced. Prices continued to decline, however, and because of the collapse in freight rates there was a much greater decline in the c.i.f. prices of imported petroleum. Domestic producers in the United States were given some protection by the fixing of quotas on imports at a level designed to limit them to 12 per cent of domestic output.

C. Some other commodities of significance in international trade

Cereals

36. In general, markets continued to reflect the existence of surpluses, especially in the case of maize, the price of which on international markets was substantially lower in 1958 than in 1957. There was an increment in stocks, and the prospect of larger crops in North America in 1958/59 as well as the use of a certain amount of poorer quality wheat from the local harvest for feed purposes in western Europe seem likely to prevent any early rise in price.

37. The wheat market was affected on the one hand by an increase in western European production in 1957/58, and on the other by smaller crops in North America, Argentina and Australia and large imports by Poland. Stocks were reduced slightly and prices showed relatively little change on the average. Forecasts of the 1958/59 crop, however, indicate much larger supplies, and it is likely that wheat stocks will be significantly higher at the end of the season.

38. In some ways rice was an exception on cereal markets in 1958. The 1957/58 crop was relatively poor and prices were firmer; the shortfall in south-eastern Asia was made good in part by an expansion in exports from mainland China. The 1958/59 crop, however, promises to be appreciably greater, and prices at the beginning of 1959 were generally below those of a year earlier.

Tea

39. Tea prices have remained firm for the better grades, but have tended to decline for the poorer grades. Increased supplies of "low grown" tea from India and Ceylon and greater output from some of the newer producers seem likely to weaken a market in which demand is expanding very slowly.

Meat

40. Of the other crude food items entering international trade in significant quantities, meat was the only one to register an increase in average price on 1958 markets. (Part of the increase was due to industrial disputes in the United Kingdom in mid-1958.) The principal gain was scored by beef, but there was a marked expansion in United States imports which affected lamb as well; this tendency reflects mainly a decline in United States production from the high levels of 1956.

Sugar

41. In 1958 the prices of sugar on the "free market" remained practically stable and within the ranges provided in the International Sugar Agreement, although they later declined and at the beginning of 1959, reached the minimum of the range. The International Sugar Agreement was renegotiated and strengthened, and its area of operation was extended by the accession of Brazil and Peru, thus bringing within the purview of the Agreement practically all the sugar that moves in the "free market".

Tobacco

42. There was a further cutback in the production of tobacco in the United States, but elsewhere crops were greater and prices were lower on the average in 1958 than in 1957 for most of the leaf entering international trade from such countries as Greece and Rhodesia.

Hard fibres

43. Among the hard fibres, there was a marked difference in price trend between Manila hemp and sisal. With a reduction in shipbuilding, demand for the former declined and, despite a smaller Philippine crop, there was a sharp fall in price between mid-1957 and mid-1958. In relation to earlier levels, sisal prices were appreciably below those of Manila hemp in 1957 largely because of increased production. There was some strengthening of the sisal market in the second half of 1958, partly seasonal, in anticipation of enhanced demand engendered by the large prospective 1958/59 cereal harvest, and partly because of some recovery in industrial demand. As a result, the 1958 average was slightly above that of 1957.

Fats and oils

44. Except for copra and palm kernels, edible oil-seeds generally experienced weak markets in 1958. This

reflects larger production on the one hand and increased competition from animal fats on the other. Copra and palm kernels were two of the products whose output declined, partly because of drought in the Philippines and disruption of trade in Indonesia. A decline in cottonseed output, however, did not prevent its price from dropping. There was also a decline in the price of olive oil occasioned in part by increased production and in part by increased competition from other edible oils. In the case of linseed oil, on the other hand, a lower 1957/58 crop contributed to a recovery in price that set in after mid-1957 notwithstanding a decline in building activity in western Europe.

Lumber and pulp

45. The decline in western European building activity was the principal factor weakening the lumber market. The main incidence was on indigenous timber; in the case of hardwood, imports from the tropics tended to increase. There was also some weakening of pulp prices; this reflects the United States recession and the resultant dip in the demand for newsprint for advertising, as well as the more general decline in consumption in the cellulose textile industry.

Rubber

46. The market for natural rubber was weakened primarily by the slump in motor-car production in the United States, but also by the continuing expansion in the capacity of the synthetic rubber industry. Price declined to the level of the synthetic product, despite a reduction in output. From mid-1958, however, it staged a recovery under the influence of heavier purchases by the centrally planned countries and, subsequently, a rise in United States motor-car production. By the end of 1958, prices had regained the level of a year earlier, appreciably above the level of the synthetic product.

II. SUBMISSIONS BY GOVERNMENTS CONCERNING INTERNATIONAL COMMODITY PROBLEMS

47. At its seventh session the Commission had before it a report (E/CN.13/L.62) by the Secretary-General reviewing the action that had been taken by various organizations on the matters which had been submitted to it at previous sessions by Governments in accordance with General Assembly resolutions 1029 (XI) and 1218 (XII) and Economic and Social Council resolution

557 F (XVIII). The report indicated that these submissions had been examined by the Commission in accordance with the procedure which it had established at its fourth session (see E/3003, para. 51), and that appropriate action had been taken by the relevant organizations on all the matters raised.

III. MEDIUM-TERM AND LONG-TERM PROSPECTS FOR CONSUMPTION AND PRODUCTION IN THE MAIN COMMODITIES

48. This item was placed on the agenda of the seventh session at the request of the Economic and Social Council as contained in resolution 691 B (XXVI), which made particular reference to the examination of developments in the consumption and production of synthetic and substitute materials.

49. The Commission had before it a report (E/CN.13/L.63) indicating the nature of relevant studies on certain aspects of economic projections made by the United Nations and other international organizations. The work already done included not only basic research on such matters as the analysis and projection of trends in

population and gross national product, but also some analysis of the projected demand for and supply of particular commodities or groups of commodities. Illustrative material of such work was presented especially from the work of the Economic Commission for Europe⁵ and the studies made by the Contracting Parties to the General Agreement on Tariffs and Trade.

50. Both in the report and in the discussion in the Commission consideration was given to the question of the future of commodities affected by synthetic and substitute materials, with particular reference to textile fibres (cotton and wool), natural and synthetic rubber, fats and oils and certain non-ferrous metals. In this connexion, the Commission recognizes the importance of developing new and increased uses for basic primary commodities, especially those particularly susceptible to competition from synthetic and substitute materials. It draws to the attention of the appropriate international and national organizations the need for research in this field and hopes that for this purpose opportunity will be taken to make maximum use of the facilities and assistance provided under the Expanded Programme of Technical Assistance.

⁵ See *Economic Survey of Europe in 1957* (United Nations publication, Sales No. 58.II.E.1).

⁶ See *International Trade, 1956* (Geneva, June 1957).

IV. PROGRAMME OF WORK

54. At its seventh session the Commission devoted considerable attention to the development of a programme of work in line with its terms of reference, functions and responsibilities as set out in Economic and Social Council resolution 691 A (XXVI).⁷

55. In connexion with its programme of work the Commission wishes to make it clear that it considers the annual publication of the *Commodity Survey* of fundamental importance in order to allow it to discharge its function of analysing periodically the commodity situation. The Commission also commends the Secretariat for its memoranda entitled "Recent Commodity Developments".⁸

56. In submitting the programme of work set out in this chapter, the Commission is aware that it covers a wide field. However, the programme itself represents a selection from many projects of importance in the field. During the course of the examination of its future programme of work, the Commission heard the views of the Secretariat that its present resources are inadequate to enable it to carry out fully the proposed programme of work within a reasonable period of time. The Commission calls this difficulty to the attention of the Economic and Social Council for its consideration in the

⁷ In formulating its programme of work the Commission took into account a memorandum relating to this subject (E/CN.13/L.54 and Add.1) which had been prepared by Mr. C. J. Morales when he was a consultant to the Secretary-General, and which had been considered at the sixth session of the Commission.

⁸ Issued in the document series E/CN.13/SER.A/...

51. The Commission noted the work being done in the field of projections by various international organs, particularly the Food and Agriculture Organization of the United Nations (FAO), and expressed its appreciation of the steps already taken to co-ordinate this work through the Sub-Committee on Commodity Problems established by the Administrative Committee on Co-ordination.

52. The importance of this subject to planning and policy activities of individual Governments was pointed out. It was realized that considerable difficulties existed in making projections, particularly for non-agricultural commodities, and that further work would require the collaboration of both Governments and other bodies. The action that could be taken to develop this work was considered in connexion with the Commission's programme of work (see paras. 54-64 below).

53. The suggestion was made to the Commission that it would be desirable that the Economic and Social Council at its twenty-eighth session and the FAO Conference at its tenth session consider the advisability of holding a joint session of the Commission and the Committee on Commodity Problems of FAO to examine the first substantive report referred to in paragraph 61 (d) below.

hope that appropriate action will be taken with due regard to the importance of the question. The Commission has prepared a programme that should represent the direction of its work for some years, but nevertheless it contemplates that some modifications and changes of emphasis will be made as required in the light of the development of the work.⁹

A. *Study of impact of fluctuations in economic activity in industrial countries on international commodity trade*

57. Fluctuations in the level of output in the industrial countries undoubtedly have a considerable effect on prices and volume of trade in various commodity markets. But the effects vary as between classes of commodities and individual commodities. Moreover, the effects vary for other reasons, such as the timing of recessions in activity in North America as compared with western Europe. Other reasons for variations in the behaviour of commodity markets during a lull or downturn in demand may be found in changes which have occurred in the level of productive capacity over time in primary commodities as compared with industrial capacity (e.g., relative rates of growth in the two sectors), and other reasons for differing behaviour might be adumbrated.

58. It would be useful to have a detailed report which would analyse the behaviour of commodity markets from

⁹ See also the annex to the present report.

this point of view, as well as from the point of view of describing the over-all effects on trade (magnitude and possibly direction) during the three periods of recession and recovery in certain industrial countries since the end of the Second World War which might be compared by this means. Such a report would serve the purpose of providing the Commission and Governments with an objective analysis of matters which have been of much concern. By taking into account the most recent experience, which is just now ending, as well as the experience of the past decade, it may be possible to achieve a greater common measure of understanding and thus facilitate the achievement of international co-operation.

59. Against this background, the following list is intended to indicate the considerations which should be taken into account in preparing the report:

(a) An appraisal of the importance of fluctuations in business activity in the industrial countries among the factors affecting prices and volume of trade in primary commodities.

(b) Consideration of the processes by which national or regional business cycles affect prices and volume of international trade in primary commodities.

(c) Consideration of the extent to which fluctuations in an industrial country have influenced the nature and timing of economic fluctuations in other countries, both industrialized and less developed.

(d) An examination of the behaviour of prices and the volume of trade in primary commodities when (i) economic activity in the industrial countries tended to move up and down together, as contrasted with periods when (ii) economic recession occurred in some of the industrial countries but not in others.

(e) A comparison of the effects of fluctuations in the prices and volume of trade in primary products on different classes of commodities such as foodstuffs and raw materials, and on different groups even within the same general class (e.g., lumber, metals, fibres).

B. Study of measures to deal with fluctuations in primary commodity markets

60. The Secretariat, in its paper on measures for dealing with fluctuations in commodity markets (E/CN.13/L.61), points out that the groups of experts who have examined this subject all emphasize the importance of general economic measures for ensuring stability in commodity trade, particularly the maintenance of a steady and growing level of demand in the major importing countries and the provision of an adequate degree of international liquidity. Nevertheless, the Secretariat's annual *Commodity Survey* shows that many primary commodities have been subject to wide fluctuations in price and volume of trade, and even if the general measures referred to above are completely successful, particular primary commodities or types of commodities may remain subject to these fluctuations. Considering that these fluctuations may have harmful effects, particularly on the economies of the less developed producing

countries, further examination is needed of the possibilities of reducing these fluctuations or mitigating their harmful effects through international or national measures supplementary to the more general measures referred to above. An objective study of the potentialities and limitations of international and national action of this kind would be valuable for the purposes of the work of this Commission. Such a study might be on the following broad lines:

(a) National measures

(i) A description of the types of national measures which are at present being applied in primary exporting countries, or which have been suggested, for reducing wide fluctuations in the price or volume of trade in the commodities which they export, or for mitigating the harmful effects of such fluctuations.

(ii) An analysis of the potentialities and limitations of such national measures for stabilizing producers' earnings and for stabilizing the balance of payments of the countries concerned.

(iii) An analysis of the repercussions of such measures on the trade in the commodities concerned of other primary exporting countries.

(b) International measures

(i) A description of the various techniques which are at present being used in, or have been suggested for single-commodity international stabilization arrangements, including those techniques which have not been fully explored in previous studies.

(ii) An analysis, with due regard to actual experience, of the merits and defects of each of these techniques which would need to be borne in mind when considering their appropriateness for particular international commodity arrangements.

(iii) An analysis of the potentialities of international commodity arrangements in general, and of each of the techniques described in paragraph (i) above in particular, for reducing excessive short-term price fluctuations, and of their effects on longer term trends.

(iv) An appraisal of the value and effectiveness of international study groups for dealing with the problems of particular primary commodities.

C. Study of prospective production of and demand for primary commodities

61. In view of the fact that an imbalance between supply and demand is one of the main factors of instability in the commodity markets, the Commission is of the opinion that it would be desirable to bring together periodically the best informed estimates of prospective supply and demand over the medium term. In the case of agricultural commodities, work of this nature is already being undertaken by the Food and Agriculture Organization of the United Nations (FAO). Because of special limitations in the available statistical data, as well as the special influences affecting the demand for some of

the industrial raw materials, other arrangements will probably prove necessary for projections relating to non-agricultural commodities. The feasibility of making such estimates would depend to a large extent on the availability of national estimates of production and consumption and on their reliability. The co-operation of Governments, and possibly of other bodies, in furnishing information from which the global projection is to be built up would therefore be an essential element in such a project. It is suggested that work in the area of projections begin with a methodological study, and that the work proceed on the basis indicated below.

(a) Estimates of prospective demand and supply for agricultural commodities by 1965 or 1966 would be arranged in consultation with FAO.

(b) Estimates for non-agricultural commodities would be prepared by the Secretariat on the basis of information to be supplied by Governments on their prospective demand and supply, with the advice if need be of consultants, and with the co-operation of appropriate international bodies.

(c) A preliminary report on the required organization of work and on methodology and sources would be prepared for consideration by the Commission in 1960.

(d) Subject to consideration of the preliminary report, it was agreed in principle that a first substantive report, covering as many of the major commodities as practicable, should be prepared for submission to the 1961 or 1962 session of the Commission.

(e) On the basis of the preliminary report and the first substantive report, the Commission would consider the feasibility of revising and updating the study periodically.

D. Compensatory financing

62. The Commission agreed to consider at its eighth session international measures designed to compensate for fluctuations in foreign exchange receipts from the export of primary commodities. In this connexion, the Commission recommends that the International Monetary Fund be invited to inform the Commission about its policies and procedures as they bear on the subject under consideration. The Commission will also have before it for discussion at that time, chapter VII of the report, *Commodity Trade and Economic Development*.¹⁰

E. Price movements

63. In order to be able to consider short-term movements in international commodity prices and the terms of trade in the perspective of long-term trends, the Commission deems it useful that beginning as soon as possible and from time to time thereafter, the annual *Commodity Survey* prepared by the Secretariat should include appropriate data on long-term movements in commodity prices, the terms of trade of individual countries, and the terms of exchange of primary commodities and manufactured goods in international trade.

F. Other topics

64. The Commission also considered it desirable that the annual *Commodity Survey*, particularly in its statistical tables, should make more extensive use of available information concerning the production and foreign trade in the principal primary commodities of countries with centrally planned economies.

¹⁰ United Nations publication, Sales No.: 1954.II.B.1.

V. ARRANGEMENTS FOR THE EIGHTH SESSION OF THE COMMISSION

Date and meeting place of the session

65. The Commission decided to recommend to the Economic and Social Council that its eighth session should commence at United Nations Headquarters on 2 May 1960. It was also agreed that a special working party, consisting of all members of the Commission who found it convenient to be represented, should meet one week prior to the eighth session.

Draft agenda for the session

66. The Commission proposes that the following items be included in the provisional agenda of the eighth session:

1. Election of Chairman and Vice-Chairmen for 1960-1961.
2. Adoption of agenda.
3. Statements by other bodies concerned with international commodity trade referred to in para-

graph 3 (c) of Economic and Social Council resolution 557 F (XVIII).

4. Review of the situation of international trade in primary commodities.
5. Submissions by Governments concerning international commodity problems.
6. Report on the study of prospective production of and demand for primary commodities (see para. 61 above).
7. Consideration of compensatory financial measures to offset fluctuations in the export income of primary producing countries.
8. Study of the impact of fluctuations in economic activity in industrial countries on international commodity trade.
9. Study of measures to deal with fluctuations in primary commodity markets.
10. Establishment of working parties for the session.
11. Agenda, date and place of the ninth session.

12. Consideration and adoption of the Commission's report to the thirtieth session of the Economic and Social Council.

13. Any other business.

67. In connexion with item 4 of the draft agenda, it was agreed that the working party to meet prior to the eighth session (see para. 65 above) would prepare a review of the commodity situation on the basis of the *Commodity Survey, 1959* and other available material. It is contemplated that at its eighth session the Commission would use the report of this working party as a

basis for discussion and would subsequently prepare an analysis of the international commodity situation for the benefit of the Economic and Social Council.

68. The Commission took note of General Assembly resolution 1272 (XIII) regarding the control and limitation of documentation. This was borne in mind in the discussions of the programme of work and in the preparation of the draft agenda for the eighth session. In the case of item 7 of the draft agenda, it was agreed that an earlier document, *Commodity Trade and Economic Development* (see para. 62 above) might be used as a basis of discussion.

VI. ORGANIZATION OF THE SESSION

Attendance

69. A list of the persons attending the session is given below.

MEMBERS ¹¹

Argentina: Mr. Hector Bernardo, Mr. R. A. Salem; *
Australia: Mr. A. J. Campbell, Mr. R. H. Robertson; *
Belgium: Mr. Jules Woulbroun;
Brazil: Mr. Octavio A. Dias Carneiro, Mr. Leonardo Cavalcanti; **
Canada: Mr. John R. Downes, Mr. John G. Hadwen; **
Chile: Mr. José Serrano, Mr. Fernando Maquieira; *
France: Mr. Henri Janton, Mr. Maurice Viaud, * Mr. Philippe Marandet; **
Greece: Mr. Costa P. Caranicas, Mr. Theodore Pyrlas; *
India: Mr. A. K. Mitra;
Indonesia: Mr. Zairin Zain, Mr. R. T. Natadiningrat, * Mr. Sutanto, ** Mr. Zuwir Djamal; **
Pakistan: Mr. Zamiruddin Ahmed, Mr. Yusuf J. Ahmad, * Mr. N. S. Khan; **
Poland: Mr. Tadeusz Lychowski, Mr. Stanislaw Raczkowski, * Mr. Kazimierz Szablewski; **
Sudan: Mr. Abdel Karim Mirghani;
Union of Soviet Socialist Republics: Mr. E. S. Shershnev, Mr. V. S. Alkhimov, * Mr. V. I. Soloviev; **
United Kingdom of Great Britain and Northern Ireland: Mr. A. A. Dudley, Miss A. M. Lough, * Mr. R. C. Barnes; *
United States of America: Mr. Thomas C. Mann, Mr. Francis Deak (principal adviser), Mr. Clarence I. Blau, ** Mr. Seymour M. Finger, ** Miss V. H. McClung, ** Mr. William H. Wynne, ** Mr. Joseph C. McCaskill; **

¹¹ The members listed were elected at the 1044th meeting of the Economic and Social Council on 31 July 1958, in accordance with Council resolution 691 A (XXVI).

* Alternate.

** Adviser.

Uruguay: Mr. Enrique Rodríguez Fabregat, Mr. César Montero Bustamante, * Mr. Mateo Marques Sere; **
Yugoslavia: Mr. Janez Stanovnik, Mr. Janvid Flere, * Mr. Bora Jevtič. *

OBSERVERS

Austria: Mr. Gerhard Zenker, Mr. F. Haromy; *
Cambodia: Mr. Douc Rasy;
Ceylon: Sir Claude Corea, Mr. H. O. Wijegoonwardena, * Mr. T. A. Kreltszheim; **
Colombia: Mr. Andrés Uribe;
Costa Rica: Mr. Manuel G. Escalante, Mr. Gonzalo Ortiz Martín, * Mr. Raúl F. Trejos; *
Czechoslovakia: Mr. Jaroslav Rybar, Mr. Jiří Ryska, Mr. Jiří Jambor;
Dominican Republic: Mr. Kémil Dipp Gómez;
Federal Republic of Germany: Mr. Josef Reufels, Mr. Guenther van Well; *
Finland: Mr. Arttuir Lehtinen;
Hungary: Mr. József Tardos;
Iraq: Mr. Fawzi El-Kaissi;
Ireland: Mr. Paul J. G. Keating;
Israel: Mr. Aryeh Manor, Miss Hava Hareli; *
Italy: Mr. Paolo Rogers;
Japan: Mr. Masayoshi Kakitsubo, Mr. Toshio Urabe, * Mr. Koichi Komura; **
Republic of Korea: Mr. Sang Man Kim;
Mexico: Mr. Manuel Aguilar, Mr. Jorge Aguilar; *
Morocco: Mr. Ahmed Benabud, Mr. Mustapha Alami; *
Netherlands: Mr. J. Kaufmann;
New Zealand: Mr. D. W. Woodward, Mr. N. V. Lough; *
Norway: Mr. Arne Arnesen;
Philippines: Mr. José Ma. Espino;
Romania: Mr. Iosif Hincu, Mr. Emeric Dinbu; **
Sweden: Mr. Nils Montan, Mr. Knut Thyberg;
Thailand: Mr. Chuan Chuen Kambhu;

Tunisia: Mr. Amar Souidi;
Turkey: Mr. Celâl Akbay;
Ukrainian SSR: Mr. I. G. Neklessa;
United Arab Republic: Mr. A. A. Talaat;
Venezuela: Mr. Francisco Alfonzo Ravard, Mr. Carlos Dorante. *

INTERIM CO-ORDINATING COMMITTEE FOR INTERNATIONAL COMMODITY ARRANGEMENTS

Mr. Walter Muller.

SPECIALIZED AGENCIES

International Labour Organisation: Mr. R. A. Métall, Mr. Philippe Blamont; *
Food and Agriculture Organization of the United Nations: Mr. S. D'Amico;
International Bank for Reconstruction and Development: Mr. Dragoslav Avramovic;
International Monetary Fund: Mr. J. J. Polak, Mr. Gordon Williams. **

INTERIM COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION, CONTRACTING PARTIES TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Mr. F. A. Haight.

ORGANIZATION OF AMERICAN STATES

Mr. Cecilio J. Morales, Mr. Paul J. Chrétien. *

NON-GOVERNMENTAL ORGANIZATIONS

CATEGORY A

International Chamber of Commerce: Mrs. Roberta Lusardi;
International Confederation of Free Trade Unions: Mr. Arnold Beichman, Mr. Ismael Rodríguez;
International Federation of Agricultural Producers: Mr. J. F. Keefer;
International Federation of Christian Trade Unions: Mr. G. Thorman, Rev. M. Zanartu;
World Federation of Trade Unions: Miss Elinor Kahn.

CATEGORY B

Chamber of Commerce of the United States: Mr. Earl F. Cruickshank;
International Federation of Women Lawyers: Mrs. Rose Korn Hirschman, Miss Mollie Strum;
Friends World Committee for Consultation: Mr. Elton Atwater.

70. The Secretary-General was represented by Mr. Philippe de Seynes, Under-Secretary for Economic and Social Affairs, Mr. Martin Hill, Deputy Under-Secretary for Economic and Social Affairs, and Mr. Jacob L. Mosak, Assistant Director of the Bureau of Economic Affairs in charge of the Economic Survey Branch. Mr. Perce R. Judd was Secretary of the Commission and Mr. Walter A. Chudson was secretary of both working parties.

Election of officers

71. At its seventh session, Mr. C. P. Caranicas (Greece), the Chairman for 1958-1959, was re-elected Chairman for 1959-1960. Mr. E. Rodríguez Fabregat (Uruguay) was elected First Vice-Chairman and Mr. Zairin Zain (Indonesia) Second Vice-Chairman. One of the working parties met under the chairmanship of Mr. A. K. Mitra (India), and the other (Special Working Party) under the chairmanship of Mr. H. Janton (France).

Agenda

72. At its 92nd meeting the Commission adopted the following agenda:

1. Election of Chairman and Vice-Chairmen for 1959-1960.
2. Adoption of agenda.
3. Reports by other bodies concerned with international commodity trade referred to in paragraph 3 (c) of Economic and Social Council resolution 557 F (XVIII).
4. Establishment of working parties for the session.
5. The situation of international trade in primary commodities:
 - (a) General review;
 - (b) Examination of fluctuations in commodity prices and in the volume of commodity trade, including changes in the terms of trade;
 - (c) Examination of measures applied or proposed for the solution of problems connected with primary commodity trade.
6. Submissions by Governments concerning international commodity problems.
7. Consideration of the medium-term and long-term prospects for consumption and production in the main commodities, with reference, *inter alia*, to developments in the consumption and production of synthetic and substitute materials.
8. Programme of work.
9. Control and limitation of documentation [General Assembly resolution 1272 (XIII)].
10. Agenda, date and place of the eighth session.
11. Consideration and adoption of the Commission's report to the twenty-eighth session of the Economic and Social Council.
12. Any other business.

ANNEX

Financial implications of decisions taken by the Commission on International Commodity Trade during its seventh session ^a

1. Chapter IV of the report of the Commission contains proposals for a programme of work, which is in line with the terms of reference, functions and responsibilities of the Commission as set out in Economic and Social Council resolution 691 A (XXVI), and which should serve as a guide for some years. The Commission has noted that the programme covers a wide field, but that even so it represents a selection from many projects of importance in the field.

2. The Secretary-General has examined the items proposed in the programme of work in relation to the continuing programme of work in this area and the staff resources at present available to meet the requirements of the programme. While it is clear that the items now proposed constitute a substantial addition to the existing programme of work and would require for their proper handling resources not at present earmarked for them, it is not possible to establish at this stage with any degree of certainty the extent to which it would be necessary to submit supplementary estimates for additional staff. Part of the extra costs, perhaps an important part, might be absorbed within existing appropriations, should the Council in the course of its appraisal of work programmes decide to reassess and streamline the total work of the United Nations in the field of economic reporting. The Secretary-General would also have to bear in mind certain practical difficulties inherent in a rapid expansion of staff. For these reasons it is the

^a The mimeographed version of this text was distributed at the 105th meeting of the Commission under the symbol E/CN.13/L.65/Add.1.

Secretary-General's intention to submit his proposals for the allocation of resources in this field along with his proposals for other areas of work, when the long-term appraisals of work programmes are undertaken by the Council at its twenty-eighth session.

3. Pending such an examination, however, the Secretary-General submits for the information of the Commission the following estimates of the extra costs which the programme of work proposed by the Commission would entail. It will be appreciated that these costs will be reduced to the extent that existing staff can be diverted to the new duties.

4. It will be necessary to establish a new commodity studies section of seven to eight professional staff members under a senior officer, together with appropriate statistical clerks and secretaries. The approximate costs of this staff on an annual basis at Headquarters (salary, post adjustment and common staff costs) would be as follows:

	<i>Dollars</i>
Senior officer (P-5)	16,000
Two first officers (P-4)	26,350
Two second officers (P-3)	21,550
Three associate (P-2) or assistant officers (P-1) ..	22,950
Two statistical clerks (G-3) and two secretaries ..	19,100
TOTAL	105,950

5. The expansion of activity in the commodity field would be followed by an increase in documentation, translation requirements and possibly printing. These extra needs would also be borne in mind by the Secretary-General in submitting his proposals to the Council at its twenty-eighth session.