The following notes relate to the programme for future work of Committee II Size and Pattern of the International Market, point 2, (iii), (iv) and (v), as outlined in Annex A, document L/1207, 28 May 1960. The information is arranged under two headings, i.e.:

A. any noteworthy structural characteristics in the trade of the commodity;

B. any special factors that affected trade or prices in the last five years.

The commodities dealt with are: cereals (wheat, wheat flour, rye, coarse grains, rice); dairy products (butter, cheese, dried milk); meat; sugar; fish; vegetable oils and oilseeds.

In order to facilitate the examination of price trends, some of the graphs from documents COM.II/86 and Add.1-5 are included also in the present paper, accompanied by a brief note on major price fluctuations.

WHEAT (including flour)

A.

1. In the last five years, four countries have accounted on the average for 81 per cent of total exports of wheat and wheat flour: United States 37, Canada 27, Argentina 9, and Australia 8 per cent, respectively. The share of exports in domestic production was highest in Canada (66 per cent), somewhat lower in Australia (58 per cent), Argentina (40 per cent) and the United States (37½ per cent). The Federal Republic of Germany is important as an exporter of wheat flour. Other minor wheat exporters are Uruguay and Sweden. In some years Turkey has small exports depending on the size of the crop. The USSR has lately become increasingly important as an exporter.

2. Against these comparatively few exporters, accounting for the bulk of the supply to world markets, there is a large number of importers. The largest importing area is Western Europe, whose (gross) imports in 1956/57 reached 15.9 million tons. They fell to 12.5 million tons in 1957/58 and increased again somewhat, to 13.4 million tons in 1958/59. The largest individual importers in the area were in the last year mentioned, the United Kingdom with about 5.3 million tons, the Federal Republic of Germany 2.4 million, and The Netherlands 1.2 million tons. In Asia and Africa imports have expanded over the last five years. Although a large number of countries and territories in these areas import wheat, by far the biggest importers are India, Japan, and Egypt; fairly important in world trade are also Israel, Lebanon, Ceylon, Korea, Malaya, Pakistan, the Philippines, Algeria, and the
Union of South Africa. In Latin America the main importer is Brazil and although most of the other countries in the area import some wheat, only the following are of some importance: The Federation of the West Indies, Cuba, Colombia, Peru, and Venezuela.

3. Owing to the continuous fluctuation in production both in exporting and importing countries, the level of world trade in wheat and wheat flour may change considerably from one year to another. The total volume exported in 1958/59 reached about 30.8 million tons, i.e. 1.5 million tons more than in 1957/58, but 1.8 million tons less than in 1956/57. In the period 1954/55-1958/59, the lowest export volume was 25.7 million tons and the highest 31.7 million tons.

4. Stocks have been high in relation to trade. End-of-season stocks in 1959/60 in the four major exporting countries are estimated at some 53 million tons (about the same quantity as a year earlier), far exceeding the average annual trade volume.

5. Trade in wheat flour, about 5.7 million tons in 1958/59, accounts for almost one-fifth of total wheat trade, and it has its own special features. In 1958/59 the United States accounted for about 38 per cent of total exports, Canada for 17.2 per cent, and the Federal Republic of Germany for 11 per cent. Australia, France and Spain each had 8-10 per cent of the total, and Italy about 4 per cent. The main importers are: in Europe - the United Kingdom, The Netherlands, and Yugoslavia; in Asia - Ceylon, the Philippines, Malaya, and Indonesia; in Africa - Egypt; in Latin America - Venezuela and Cuba. In addition to surplus disposal schemes, an important incentive to the increase in flour trade has been the assistance to exports in the form of government subsidies of various kinds, e.g. in the United States, the Federal Republic of Germany, France, and Italy. In several less-developed countries there is lately to be noted an increase in milling capacity which has resulted in a switch of imports from flour to wheat, notwithstanding the fact that imported flour is frequently, relatively speaking, cheaper than imported wheat.

B. 

6. The level of wheat trade has been influenced to an important extent by government programmes specially designed to promote exports as a means of surplus disposal. In 1954/55-1958/59 the share of world trade under such arrangements rose from about 17 per cent to 29 per cent, in the United States alone from 58 to 68 per cent, in Canada from 12 to 8 per cent and in Australia from 0.9 to 1.7 per cent. Most of these non-commercial exports from the United States were directed to Latin America, Asia, and Africa, the largest individual recipients being India, Pakistan, and Brazil. The bulk of these shipments have in recent years taken place under Title I of Public Law 480. While these have increased continuously, shipments under barter arrangements, under Title II of P.L. 480 and in the form of ICA foreign assistance, have declined. In Canada, exports within Government programmes have been mainly as gifts to Colombo Plan countries and against long-term credits, in Australia only as shipments under the Colombo Plan.
7. A number of important bilateral agreements, recently concluded, will no
doubt have some influence on the level of wheat trade. Among them may be
mentioned the agreement between the United States and India in May 1960 pro-
viding for deliveries under P.L. 480 of about 16 million tons over the next
five years, the Canadian deal with the USSR, and the agreement Argentina-
Brazil. The USSR, whose exports to European countries in 1959 rose substan-
tially, has recently concluded a number of agreements for the delivery of
wheat.

8. Over the last decade wheat prices have, broadly speaking, followed a
declining trend. In the last few years prices of high-quality wheat have
varied only slightly, whereas in the lower grades prices have fluctuated
more. This relative stability of f.o.b. export prices is essentially the
outcome of governmental action. The experience during the Suez crisis shows
that freight rates may have a significant temporary effect on c.i.f. prices
of wheat in importing areas. In the last two years, freights in this trade
have been stable at a low level. Among important developments should be
mentioned the opening of the St. Lawrence Seaway in the spring of 1959, which
has resulted in lower transport costs for wheat from that region. Another
recent feature is the extended use of oil tankers in carrying wheat.

9. The importance of prices in wheat trade has lessened as a result of
government intervention. Prices at which international transactions take
place are determined by governments or their agencies in most exporting and
importing countries and in many cases there is only little relationship be-
tween these prices and those obtained by producers or paid by consumers. One
can hardly speak of a world market price for wheat. It should be remembered,
moreover, that each of the importing areas has its own demand for particular
types of wheat, be it durum, strong or soft wheat.

RYE

A.

10. Only about 5 per cent of the world's rye crop enters international
trade. Three countries, Argentina, the United States and Canada, accounted
in 1958 for about one-half of the total quantity exported, the rest being
divided mainly between the Federal Republic of Germany, Turkey, and the USSR.
The total quantity traded has fallen continuously in the last years, from
1.7 million tons in 1955 to 1.1 million tons in 1958 and to about 980,000
tons in 1959.

11. Western Europe alone accounted in 1959 for about 60 per cent of world
imports of rye. The level has fluctuated widely in individual countries
over the last five years; in most countries the trend has been declining.
The net trade position of the Federal Republic of Germany has shifted from
one of large net exports in 1955/56 to one of net imports in 1957/58 and
again back to important net exports in 1959. The growth of stocks in that
country has in recent years led to substantial exports of rye in the form of
flour, mainly to The Netherlands.
12. Rye consumption per caput in several of the main consuming countries has been declining. Though the use of rye for feed has been expanding, the development depends essentially on the price relation between rye and other feed grains. In countries where rye is an important crop, the price has been supported by governments at a rather high level.

13. Prices of rye in international trade have over the past several years fluctuated within a narrow range, which stands in contrast to the declining price trend observed in the case of wheat and certain coarse grains. In 1958 rye prices moved at the 1952 level.

COARSE GRAINS

A.

14. World exports of coarse grains (barley, maize, oats, sorghum, and millet) which in 1955/56 were restored to prewar levels, have expanded substantially in recent years, mainly as a result of larger imports into Europe, where production has failed to keep in step with the growing demand. In 1958/59 total trade increased for the fifth consecutive year, exceeding for the first time 20 million tons. Of total world exports of coarse grains, amounting in 1957/58 to about 18.1 million tons, four countries accounted for the bulk, the United States with 7.9 million tons, Argentina 2.3 million, Canada 2.0 million, and Australia 0.5 million tons.

15. Contrary to the situation in wheat, consumption of which is expected to show only a slow increase in developed countries, the rise in world consumption of livestock products provides an incentive to a rapid growth in consumption of coarse grains. However, world coarse grain production has been larger than consumption in each year since 1952 with the result that carryover stocks have continued to increase. The accumulation of stocks in exporting countries, along with a rise in production in importing countries, have led to stronger competition for export outlets.

16. According to a recent report by the FAO Group on Grains, trade in coarse grains in 1959/60 may continue to increase, despite increased domestic production in Western Europe, Central America and Japan, the main importing areas. Decreases in imports into Japan and probably also Central America are likely to be exceeded by the continuing expansion of imports into Europe.

B.

17. Prices of coarse grains in both exporting and importing countries have been insulated from world market prices. In exporting countries, prices have over the last few years been either stable or slightly falling. The important recent increase in the supply of maize, accounted for especially by the United States, has led to a shift in the maize/barley price relationship, the latter since 1958 moving consistently at a higher level than the former, with the result that there has been an increase in the share of maize in total world trade in coarse grains. Import prices in 1959/60 have been affected by some increase in the freight rates.
RICE

A.

18. World exports of rice, in 1959 about 6.4 million tons, i.e. about 4.5 per cent of paddy production, were slightly larger than in the two preceding years, but failed to reach the 1956 record level of over 6.5 million tons.

19. A particular feature of trade has been the tendency for variations in exports from suppliers in Asia (excluding mainland China) to be partly or wholly offset by variations in exports from other areas. This was the case in 1959 when there was a pronounced recovery in Burma’s shipments, and with a rise also in Viet-Nam and Pakistan, total Asian exports were 8 per cent larger than in 1958. By contrast, exports from the rest of the world were reduced (though United States increased) mainly because of the virtual cessation of exports from Egypt and declines in Spain and Italy. Two main reasons account for the recent rise in United States exports to Western Europe: the removal of restrictions on imports for which payment has to be made in dollars, and the decline in supplies from some of the other usual sources. Further, the United States' export prices have recently become more competitive in Western Europe and other commercial markets.

20. According to the FAO Consultative Sub-Committee on the Economic Aspects of Rice, annual fluctuations in the total volume and value of world exports of rice averaged about 10 per cent in 1949-1958, i.e. considerably less than the fluctuations noted in e.g. rubber, cotton and cocoa, but were at a comparable level with fluctuations occurring in wheat, coffee and sugar. This relative stability in rice contrasts however with large fluctuations in exports from individual countries. These have in some cases been mainly due to government stockholding and export price policies, rather than to exceptional changes in supply and demand conditions. In other cases, where only a small part of domestic production is exported, a relatively small change in output has had a large impact on the quantity available for export.

B.

21. Nearly one-half of the international trade in rice in 1958 took place under bilateral contracts between governments. Most of the major importers in Asia, i.e. Ceylon, Pakistan, the Philippines, Japan, India and Indonesia, buy all or the bulk of their rice imports through government channels, often within the framework of long-term agreements. Over 80 per cent of Burma's foreign sales were sold in this way. About one-half of the trade in rice in bilateral channels was (in 1958) on a long-term basis which has the effect of imposing a certain pattern on trade. The level of rice trade is influenced by the increasing movement towards self sufficiency in many importing countries, which was particularly in evidence in Japan and the Philippines in 1959.
22. The position of rice exports is greatly influenced by the uncertainty about supplies available for export from mainland China.

23. Carry-over stocks of rice in the United States represent about one-half of the total United States' exports. Their existence reflects the policy of withholding supplies so as not to cause disruption of the international market. Considerable quantities have been sold under Title I of Public Law 480 against local currencies to Indonesia, Pakistan and Ceylon. Carry-over stocks in all exporting countries combined have shown some recent increase, but there seems to be no reason to expect this to cause an imbalance between world supplies and demand.

24. Under the long-term governmental rice contracts, prices are usually renegotiated each year. On the whole therefore, rice prices reflect changes in the market situation. Both in the "free" market and in the trade in bilateral channels, rice prices fell in 1959 after having been generally slowly rising in the preceding four years. The downward movement in 1959 affected rice of better quality less than of lower qualities, particularly brokens. Since, in many large rice producing countries only a minor part of domestic production is exported, but on the other hand a large part of the export proceeds is often derived from these exports, changes in international market prices have a strong impact on export earnings. Prices in the two trade channels, in each of which about one-half of the world rice trade is conducted, i.e. bilateral trade between governments (mainly in the lower rice grades) and private trade (mainly in higher qualities) are closely related because of the fact that governments intervene also in the private sector. In addition to export quotas being imposed on "free" trade, the price is influenced both by official minimum prices and export taxes as well as by export subsidies.

**BUTTER**

A.

25. The quantity of total butter exports varied in the last five years between about 560,000 and 600,000 tons. The combined exports of the four principal supplying countries (New Zealand, Australia, Denmark, The Netherlands), about 400,000 tons per year except in 1957 when they were lower, incidentally corresponded broadly to the quantity imported annually into the United Kingdom alone. That country, however, up to 1956 was taking increasing supplies also from other butter exporting countries. While the United States, Argentina, Canada, and the Union of South Africa have been exporting minor quantities, the total of which has fluctuated around 30,000 tons, increased production has permitted a strong increase in net foreign butter sales from a number of European suppliers (Austria, Finland, France, Ireland, Norway, Sweden, Poland). They increased from 7,000 to 105,000 tons between 1955 and 1957, but fell to about 66,000 tons in 1959, when there was a fall in production. The United States non-commercial shipments, notably as donations for relief to less developed countries, reached a peak level in 1955 (92,000 tons) but were then reduced and ceased altogether in 1957.
After a period of restriction during 1958, imports into the United Kingdom are, as from the beginning of 1959, again admitted freely from all sources. The United Kingdom's share in world butter imports rose from about 64 to 70 per cent between 1955 and 1959.

26. While the total export volumes of each of the four principal suppliers to the world market varied only moderately in the last five years, the trade position of continental western Europe (excluding Denmark and The Netherlands) has changed from one of net imports of about 50,000 tons in 1955 to net exports of about 35,000 tons in 1959. These increased exports mainly cover the rise in total United Kingdom butter imports of about 95,000 tons between the two years.

27. Butter prices are in most of the major producing countries controlled in one form or another. Unless the country is a substantial exporter, these prices bear no relation to prices in the international market, i.e. prices in London. The latter prices have reacted strongly to movements in the supply, as e.g. in 1957 and early 1958 when abundant supplies exerted a heavy pressure on prices in the London market. Prices recovered at the end of 1958 and rose strongly during 1959, which led to a fall in butter consumption in Europe.

28. The dependence on one single country to absorb the bulk of export supplies would seem to be a factor making for a great deal of instability in prices. Another circumstance with a bearing on prices is the changing level of production in those countries in Europe who are large producers, but whose net trade position may vary heavily from one year to another.

CHEESE

A.

29. In contrast to trade in butter, which has not reached prewar volume, world exports of cheese are about 50 per cent larger than before the war. They rose from 420,000 to 485,000 tons between 1955 and 1958, and fell to 445,000 tons in 1959. The increase in the last years was mainly due to an expansion in Europe, accounted for by Denmark and The Netherlands, the two largest suppliers in the area, as well as by several other countries. Exports from New Zealand, Australia, Argentina, and North America showed practically no change. Imports into the United Kingdom, which remains the largest importer, have been stable, whereas an expansion is noted in several other European countries, especially in the Federal Republic of Germany, France, Italy, Sweden, Switzerland and Austria.
B.

30. Because of the large number of varieties of cheese, many of which are not close substitutes for each other, it is difficult to assess price trends and their determining factors. In 1957/58 the prices of cheddar, which to a large extent depends on the United Kingdom market, have been more unstable than those of continental varieties, at the same time as cheddar prices have tended to rise in relation to the latter cheeses. Continental cheese has benefited from wider markets and in some cases from price supports and other internal measures which have influenced also the export prices.

DRIED MILK

A.

31. World production of dried whole and skim milk increased from about 670,000 tons in 1948/52 to about 1,290,000 tons in 1957, with a slight check to the further increase occurring however in 1958. Over 80 per cent of production is in the form of skim powder. With over 60 per cent of the total, the United States is by far the largest producer.

32. World exports of dried milk rose from 440,000 tons in 1955 to 537,000 tons in 1958; of the latter quantity about 400,000 tons was in the form of skim milk powder of which the United States alone accounted for about 70 per cent. The largest part of United States exports consisted of donations through UNICEF and private charitable organizations. Commercial exports from the United States were in 1958 only about 18,000 tons, as compared with about 290,000 tons shipped from government stocks. The deliveries went mainly to Yugoslavia, Spain, India, Korea, Chile, the Federal Republic of Germany, the Philippines, Italy, Egypt, and Taiwan. About 22 per cent of exports from the United States Government stocks represented donations to areas as emergency relief in food shortages, owing to floods or drought, sales to private exporters for export at world market prices, or shipments under Title I of Public Law 480. Other main exporters were New Zealand, Australia, Canada, and The Netherlands.

33. The United Kingdom, the largest importer of dried milk among industrial countries (the others being mainly The Netherlands, Japan, the Federal Republic of Germany, Italy and Denmark) has recently expanded its own production, with the result that over the period 1955/58 imports declined. In 1959, however, the prolonged drought sharply reduced production and larger imports were resorted to. Increased imports were over the last years recorded in Belgium, the Federal Republic of Germany and Yugoslavia. Other major importers were Japan, India, Israel and Venezuela.
34. Fluctuations in domestic and export prices of dried milk depend to a large extent on the reactions of traders to surplus disposals by the United States and Canada. There are large disparities between export prices (unit values) in various exporting countries, as well as in whole and skim milk powder. Thus in the United States the export unit value of whole milk powder fell between 1955 and 1958 from 111.6 cents to 88.4 cents per kilogram, whereas in Canada it rose from 87.8 to 93.4 cents and in New Zealand from 46.6 to 49.6 cents. The export unit value of skim milk powder by contrast rose in the United States from 22.9 to 26.0 cents per kilogram, in Canada it fell from 26.9 to 22.2 cents, and in New Zealand it rose from 15.8 to 16.9 cents. Export unit values of skim milk powder are generally lower than their average domestic wholesale prices, whereas export prices of whole milk powder are higher than wholesale prices. The explanation is that skim powder has to face surplus disposal, while whole milk powder is not in surplus. Powder was, however, available (e.g. in July-September 1959) from government stocks at prices about 40 per cent below the support price.

CONDENSED MILK

A.

35. World exports of condensed and evaporated milk rose from 430,000 tons to 475,000 tons between 1955 and 1959. The Netherlands has recently supplied more than one-half of that quantity, other major exporters being the United States, Denmark, the United Kingdom, France, and Australia. The main importing area is Asia, which took one-half of the quantity traded, the main importing countries being Malaysia, the Philippines, Thailand, and Burma. Important quantities also went to North Africa and to British dependent territories in Africa.

MEAT

A.

36. Although the volume of international trade in meat continued to increase in 1959, the rate (about 2 per cent) was considerably lower than in the most recent preceding years. In 1955/58 the annual increases, with the exception of 1956, when there was a decline, had been by 6-8 per cent. The reduced expansion in 1959 was entirely due to a decline in exportable supplies of beef and veal. In 1955/58 most of the increase in meat trade had been on account of beef and veal, while there had been only a minor rise in pig meat (an increase in bacon and ham offsetting a drop in pork exports) and a slight decline in trade in mutton and lamb. Australia and New Zealand, taken together, in 1959 again became the largest supplying area of the world meat market, a position they had lost to South America in the preceding two years.

37. The most important feature in meat trade in the last few years was no doubt the sharp rise in United States imports, principally of low-grade boneless meat for manufacturing purposes. This circumstance caused a shift in the structure of exports of Australia and New Zealand as well as in a number of minor supplying countries. The sharp rise in United States imports, which started in 1956, is explained mainly by the cyclical factors in cattle production. Meat output in the United States has shown
a rise in the last two years. A new high may be possible in 1960 which could set a limit to further expansion in imports. United States meat imports in 1959 were 16 per cent larger in quantity than in 1958, beef and veal accounting for about two thirds of total imports. The United States' net position with respect to trade in meat and meat products (including live cattle and hides) underwent a radical shift in recent years, on account chiefly of the sharp rise in beef and veal imports. A net export surplus of this trade of $157 million in 1956 turned into a net import surplus of $215 million in 1959, as a result, however, of a rise both in exports and imports.

38. The world meat market has in recent years expanded, not only in terms of the quantity traded, but also with respect to the number of participating countries, especially those engaged in beef exports. Among exporters, for instance Brazil has developed beef exports in the last five years to a level corresponding in 1958 to about 5 per cent of the total volume traded; an important expansion in beef exports, principally to the United States is also noted in Canada. Import demand for beef has increased in a widening range of countries, which has had the effect of making the leading exporting countries less dependent on the United Kingdom. Still by far the largest outlet, the United Kingdom took for example about 67 per cent of Australia's beef exports in 1958 and 63 per cent of mutton and lamb shipments, while in 1954 these percentages had been 79 and 83, respectively. In New Zealand, a radical shift has occurred after 1954 when the bulk purchase agreement with the United Kingdom came to an end. In 1958, the country sent only about 11 per cent of her beef and veal exports to the United Kingdom, against about 80 per cent four years earlier, while exports to a number of continental European countries, especially the Federal Republic of Germany and Italy, and Japan as well as other Far Eastern destinations, expanded. But the main factor in the changed direction of New Zealand's beef exports was the sharp increase in sales to the United States, starting in 1957. Similarly in Australia, where the long-term agreement with the United Kingdom up to 30 September 1958 had set a limit to exports in other directions, sales to the United States rose sharply when as from that date under the provisions of the renegotiated agreement exports of lower quality beef to other markets became possible. In the first ten months of the 1959/60 trade year beef exports from Australia to the United States even exceeded those to the United Kingdom. The expanding United States market for imported fresh and frozen beef and veal in 1959 was shared in also by Ireland, whereas prepared meats of this kind were supplied in larger quantities mainly from the Western Hemisphere (Argentina, Brazil, and Uruguay).

39. Four countries, i.e. the United Kingdom, the United States, the Federal Republic of Germany, and Italy, together account for about three-quarters of total world meat imports. However, in 1956/59, the United Kingdom annual import volume was almost unchanged, so that most of the increase in world imports occurred in countries other than this main importer. With regard to continental Europe's import requirements of beef and veal, the Common Market had a net import balance in 1958, which was over four times larger than in 1954, and judging from incomplete data for 1959, the requirements
grew larger still. On balance, continental Europe as a whole has after 1955 become a deficit area for this kind of meat, in contrast to the situation prevailing in pig meat.

B.

40. Prices of beef played a decisive rôle in the large upsurge of United States meat imports since 1957; owing to a low production insufficient to meet the demand, prices paid in that country were higher than elsewhere. This was instrumental in diverting beef shipments (e.g. from New Zealand) from the United Kingdom market to the United States. Quotations at the London Central Markets give some indication of the movements of prices of meat entering markets outside North America. A study of these prices since July 1954, when trade was freed from government controls, shows that changes in the volume of new supplies of various kinds of meat have in general been accompanied by price movements in the opposite direction. Prices of beef in that market have on the whole shown a marked buoyancy over the last few years; after a fall in 1956, they have risen continuously. This trend was also in evidence in bacon, whereas, broadly speaking, prices of pig meat have been weakening and those of mutton and lamb, which fluctuated more, fell strongly in 1958/59.

SUGAR

A.

41. Consumption of sugar has risen over the last decade more than that of any other food product, for the world as a whole from 12.0 to 15.8 kilograms per caput per year between 1950 and 1958. Production has risen even more, resulting in a widening imbalance between availability and consumption. Since many new countries have taken up production and the degree of self-sufficiency in importing countries has increased, the principal sugar exporting countries have shared only to a limited extent in the expanded consumption.

42. A principal characteristic of the international sugar trade is the fact that the "free market" covers not even half of total world exports. (World net exports in 1958: about 13,630,000 tons; basic export tonnage under the Sugar Agreement: 6,390,000 tons; permissible export quotas on 3 February 1960: 5,646,000 tons.) The bulk is traded under special quota arrangements, most of which provide for considerably higher prices than the free market price. The United States Sugar Act, in addition to assuring the absorption of sugar produced in Hawaii, the Philippines, Puerto Rico, and the Virgin Islands, also guarantees the importation of Cuban sugar (a fixed quota of about 2.1 million tons, which may be exceeded) at prices determined in relation to other prices in the United States consumer price index, usually resulting in a price paid to Cuba of 2-2½ cents above world prices. The legislation relating inter alia to United States sugar imports from Cuba will expire at the end of 1960. While this arrangement is entirely outside the International Sugar Agreement, the latter is related to the Commonwealth
Sugar Agreement by a provision for a limit to be set for exports from Commonwealth producing countries (except India and Pakistan). For the calendar year 1959, the quantity was set at 2,541,000 tons, of which about 70 per cent were sold at a guaranteed price 50-60 per cent above the free world market price, principally to the United Kingdom.

43. In view of the extremely fluid situation in the sugar market in 1960, mention should be made of some of the most recent events. They include a cut by 700,000 tons in the amount which the United States usually buys from Cuba at prices well above world market prices, and the replacement of those supplies in the United States by sugar from other countries without necessarily reducing supplies to the "free" market, since sales to the United States are additional to the free market quotas. Further, the USSR purchased 700,000 tons from Cuba in addition to the supplies under the five-year contract concluded in early 1960, and Cuba made a barter deal with mainland China for 500,000 tons. The Sugar Agreement quotas were in mid-1960 raised from 85 to 105 per cent of the basic tonnages.

B.

44. Sugar prices in the "free" market have fluctuated violently over the past five years, as reflected in the annual averages. From 3.24 cents per pound in 1955, the quotation for Cuban sugar sold to destinations other than the United States rose to 3.47 cents in 1956 and to 5.16 cents in 1957 (as a result of the Suez crisis). It fell to 3.50 cents in 1958 and to 2.97 cents in 1959. In July of that year the price, at 2.55 cents, reached a postwar bottom level. Subsequently, prices recovered partly in response to action taken by the Sugar Council, but mainly because of large Russian purchases of Cuban sugar and the prospect of a smaller beet crop in Europe causing higher import requirements. The events described above led to a price rise to 3.30 cents in mid-July 1960.

FISH

A.

45. In 1957, the latest year for which such data are available, the volume of international trade in fish (fresh, cured, canned, fish meal, etc.) amounted to about 5.7 million tons, an increase since 1953 by 1.3 million tons. The 1957 quantity represented exports from countries accounting for nearly 80 per cent of total world catch. The share of exports in the total catch of these countries rose between 1948 and 1957 from 19 to 25 per cent.

46. International trade in fish and fish products was in 1957 composed as follows in per cent of the total:

<table>
<thead>
<tr>
<th>Product</th>
<th>Quantity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh, chilled or frozen</td>
<td>27</td>
<td>24</td>
</tr>
<tr>
<td>Dried, salted or smoked</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>Canned</td>
<td>15</td>
<td>27</td>
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<tr>
<td>Fish oil</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>Fish roe</td>
<td>19</td>
<td>8</td>
</tr>
<tr>
<td>Crustaceans</td>
<td>5</td>
<td>11</td>
</tr>
</tbody>
</table>
47. Of the main geographical areas, Europe and North America were in 1957, in terms of value, and counting all fish and fish products, net importers, while Latin America, Africa, and Asia were net exporters, and Oceania's trade was entirely intra-regional. If, however, only edible fish products are considered, European countries together in 1957 exported more fresh, frozen and cured fish, than they imported. In trade in fish meal there has been observed a tendency for European countries to rely to a greater extent on imports from South America and Africa, where production has been rising. As regards canned fish, imports exceeded exports substantially. North America had a deficit in trade in all these varieties, except cured fish.

48. The leading exporter in Western Europe in that year was Norway, accounting for about one-third of the aggregate export value of fish and fish products from the area. The other principal exporters were Iceland, Denmark, Portugal, and the Netherlands. Canada accounted for over 80 per cent of North America's trade, most of which was exported to the United States. The largest European importers (of edible fish products) were the United Kingdom with about 30 per cent of the total, Italy 16 per cent, France 15 per cent, the Federal Republic of Germany, and Belgium, with 8 per cent each. Most other countries in the area also participated in trade as importers.

49. The following comments relate to trade in fish products in 1958-59.

Trade in fresh and frozen fish was in 1958 at the preceding year's level. There was a large increase in Japan's exports of tuna to the United States. Iceland and Denmark had larger exports than in 1957 to Western Europe and North America, while Norway, who was mainly relying upon the United Kingdom, the Federal Republic of Germany, and Eastern Europe, exported less. Frozen fish products from mainland China appeared for the first time in European markets (mainly in Italy and Switzerland). In 1959, the volume of trade was again broadly unchanged, although there were some shifts in the trade pattern. Poor catches on the Atlantic coast made for larger imports from Iceland into the United States. Japan made efforts to diversify exports of tuna and was able to expand sales to some European countries. Trade in cured (dried), salted or smoked fish declined somewhat in 1958 as reflected in lower exports from Norway, Iceland, The Netherlands, and Canada. The declining tendency continued in 1959, resulting in lower exports from Northern European countries, e.g. to Brazil and the Caribbean area. As regards canned fish, there was in 1958 a sharp rise in Canada's exports, mainly of salmon (which were three times as large in 1957) mainly to the United Kingdom, following the relaxation of restrictions on imports from the dollar area which had been applied since the war. In 1959, a poor Japanese catch led to lower exports to the United States, the deficit being filled by supplies from other countries, e.g. from Spain. Japan and Peru continued to be the largest suppliers to the European market. In trade in fish meal in 1958, Norway's lower export availabilities led to a 20 per cent fall in these exports from the country, thereby increasing the demand for fish meal exports from some other suppliers, as for instance Denmark, Peru, the Union of South Africa. The Norwegian herring industry recovered in 1959, but the most notable feature was the sharp rise in fish meal exports from Peru. There was an increase in production also in several other countries in Europe and North America, and African countries are showing an increased interest in developing fish meal production.
50. Prices of fresh and frozen fish generally remained firm throughout 1958. Reduced landings on the Atlantic coast, together with a strong demand, caused a substantial rise in the price of fresh and frozen fillets in the United States. In 1959, when landings generally rose in most of the major producing countries, prices were somewhat weaker, partly because species with a high unit value were selling at reduced prices in some markets. Because of an abundant production, fish meal prices fell substantially in 1959. In addition, a policy of lower export prices was followed in several exporting countries with a view to stimulating exports.

51. Among factors which recently have influenced the level of trade in fishery products may be mentioned the removal of restrictions on imports from the dollar area, e.g. in the United Kingdom and other Commonwealth countries, and Italy. These measures resulted in larger imports from the dollar area. On the other hand, steps were taken in a number of less-developed countries to become more self-sufficient. An example is the sharp decline in imports of canned fish into the Philippines from Japan. Increased cold storage installations have greatly facilitated the trade in fish products among European countries.

VEGETABLE OILS AND OILSEEDS

A.

52. The total exports in 1958 of principal fats and oils from main exporting countries amounted to about 4.1 million tons, oil equivalent. About one-half of these exports was equally divided between soybeans (including oil) and coconut products, the exports of both of which slightly exceeded one million tons. These were followed by groundnuts and oil, with nearly 700,000 tons, palm oil 550,000 tons, palm kernels (and oil) and linseed (and oil) each with about 350,000 tons. Less than 100,000 tons were exported of each of castor oil and cottonseed (and oil).

53. At the same time as world trade in oils and oilseeds has expanded greatly in the past decade, the structure of this trade, both as regards composition and sources of supply, has undergone important changes. Briefly, it is the soft oils (cottonseed, soybeans, groundnuts, sunflower, rapeseed, sesame and olive oil) that have expanded continuously; in lauric oils (coconut and palm kernel) and palm oil the level of trade has varied very little, and in industrial oils (mainly linseed, castor, tung oil) the quantity traded has declined slightly in more recent years. Lard and tallow exports have risen somewhat. An important development is the sharp increase in the United States exports, which has led to an increase in its share in the total of all these fats and oils (combined, expressed in oil equivalent) from only 2 per cent before the war, to about 20 per cent in 1950/54, and to about 29 per cent in 1959. The quantity exported from the United States doubled between the two last-mentioned years.
periods. The United States' share in exports in 1959 was thus even larger than its share in world production (23 per cent). In other supplying areas, African countries and territories, especially as regards groundnuts from Nigeria and the former French West Africa, and palm oil from the Congo, have become increasingly important exporters. Supplies from Asia of copra and coconut oil have, on the other hand, lost ground in world markets, due to various reasons such as stagnant production, higher domestic consumption in many Asian countries and unsettled economic conditions and transport difficulties in Indonesia. Exports from Latin America, notably Argentina, have fluctuated widely. A further important feature is the emergence of the USSR and Eastern Europe and of Latin America as deficit regions with a significant import balance.

54. Before the war, a large part of world vegetable oil trade was supplied from the processing of imported seed in European countries. This pattern has undergone an important shift by the expansion of seed-crushing in producing countries in other areas. However, mainly due to the expansion in oil shipments from the United States in recent years, there has been no large change in the proportion of world net exports moving in the form of oil in the last years.

55. The main features in international trade in 1958/59 were as follows: While trade in vegetable oils and oilseeds considered as a whole rose in volume by almost 7 per cent in 1959, lauric oils continued the decline already observed in 1958; last year's increase was thus due to a rise in other kinds of vegetable fats, particularly cottonseed, soybeans and linseed. There was a sharp rise in trade in soft oils in 1959, principally on account of a steep rise in United States deliveries of soybeans and cottonseed to Canada, Europe and Japan. Considerably more than one-half of United States exports of cottonseed and soybean oils have recently taken place under Public Law 480, principally to Spain, Yugoslavia and Turkey. Western Europe imported about 27 per cent more in quantity in the first three quarters than a year earlier, partly owing to the need for substituting relatively scarce and expensive coconut oil. These higher imports were drawn mainly from the United States (soybeans and cottonseed and their oils), Sudan (cottonseed and groundnuts), mainland China (soybeans) and India and West African countries (groundnuts and oil). Argentina's exports of groundnut oil, still considerable in 1957-58, dropped sharply last year. By contrast, exports of copra and coconut oil suffered, as estimated from provisional export data for main supplying countries, a 6 per cent decline in volume (in terms of oil). World shipments of copra were, however, at the preceding year's level; larger exports from e.g. Ceylon and Indonesia, made up for smaller sales by the Philippines and Oceania. Coconut oil exports, which fell by about 13 per cent, dropped heavily from Malaya and the Philippines but not from Ceylon, which had greatly improved coconut oil exports. The quantities sold from the main supplying countries of palm kernels and palm oil were not much changed in 1959, in comparison with the preceding year. As a result of shipments from the United States, which more than outweighed lower exports
from Canada, total exports of linseed were in 1959 about 15 per cent larger than in 1958. Similarly, the marked rise by about 9 per cent in exports of linseed oil was attributable to the very high shipments from Argentina which were some 34 per cent larger than in 1958. All other main exporters, among them India, Uruguay, Canada, and the United States, had smaller exports of linseed oil than in 1958. The very large fall in the United States in these exports in 1958 and 1959 in comparison with 1957 is especially worth noting. As a result of a better crop in Spain, Portugal and Greece the olive oil supply situation was in the 1959/60 season much more satisfactory than in the preceding year. Exports of olive oil, which in 1958 stood about 6 per cent below the 1957 level (three quarters) may, in 1959, have been about two-thirds larger than in 1958. This large increase resulted mainly from higher sales from Spain and Tunisia. The increased availabilities of olive oil in the Mediterranean area are likely to reduce the need, especially in Spain, for imports of soybean and cottonseed oil from the United States (principally under Public Law 480) which had been greatly expanding in 1956-58. The production level of olive oil is very much subject to biennial fluctuation. The connexion between a poor crop year and imports of liquid oil (mainly from the United States) is direct, but not necessarily proportionate.

56. Controls on trade exist mainly in producing countries. Among exceptions should be mentioned the marketing schemes operating in the French Union which affect both exporters and importers. Perhaps the most important forms of government intervention in exporting countries are the Marketing Boards which exist in several West African countries.

57. In the last years there has been a fairly good balance between supply and demand and no large surpluses have accumulated. However, some instability has been experienced, such as during the Suez and Korean crises, and otherwise due to crop failures, but the price level of all fats and oils, considered together, has been rather stable since 1952. Divergent trends are, however, observed as between the various kinds of oils, which have led to shifts in their competitive position. A major factor in world trade in the last few years has indeed been the great price advantage that certain non-tropical oils, especially soybean oil, have had over coconut oil, for which they are a direct substitute in many uses. Similarly, cottonseed oil has had a price advantage over groundnut oil.
Factors underlying Major Price Fluctuations

58. The foregoing graphs bring out clearly that in the case of most of the commodities examined, the movements in prices, as expressed by representative quotations in main exporting countries, were far from uniform. This depends on a variety of circumstances, such as differences in quality, government intervention in the price formation, whether prices were "free" or determined on the basis of contracts, differences in export availability due to crop variations, etc. For these reasons, it is in most cases not possible to identify, in a clear-cut way, the causes for sharp upward or downward fluctuations in prices in the world market, the more so since in only a few instances there can be said to exist a single world market price. Several of the price curves followed a gently falling trend over the past ten years. The following comments relate to butter and coconut products, the price movements of which were broadly similar as between major exporters, as well as to sugar, where a world price exists in the "free" market.

59. As regards butter, prices rose steadily until the end of 1955. Export prices in Oceania were determined on the basis of agreements concluded annually between Australia, New Zealand and the United Kingdom.

Following the abundant supply of butter in the international market in 1958, which resulted in a precipitous fall in prices, domestic consumption rose in both importing countries in Europe as well as in the exporting countries in the area. As an increased proportion of milk thereupon was processed into products other than butter, the import requirements in Europe rose considerably, with, as a consequence, a steep rise in butter prices in the United Kingdom and in the main exporting countries. In November 1959, the price for New Zealand butter in London was twice as high as a year earlier, but, with the arrival of the new season's supplies, prices began to weaken in late 1959.

Over the whole period the margarine/butter price ratio has greatly influenced the movements in butter prices.

60. The price movements of sugar (Cuban export price to destinations other than the United States) show two peaks, in 1951 and 1957. In the period mid-1950 to mid-1951 the price boom was entirely artificial, induced as it was by the uncertainty provoked by the Korean War. The appearance of the large Cuban crop in 1951/52, accompanied by increases also elsewhere exerted a heavy pressure on prices. A further large crop in the following year paved the way for a continued drop in prices which lasted until late 1953, after which there was only little movement until the end of 1956.

The steep rise in prices which began in November of that year reflected the combined effect of the Suez crisis and the poor crop in Western Europe. This caused the International Sugar Council to suspend all quotas on exports in January 1957, and to request the release of the minimum stocks held under the Sugar Agreement. Prices began to decline in July 1957. Stocks increased during most of that year and since production was substantially higher in 1957/58 than a year earlier, the sugar price continued to fall all through 1958; the movement came to a halt only in mid-1959.
61. Export prices of coconut products (copra and coconut oil) in the main exporting countries have shown great similarity in their movements which include a sharp rise in 1951, a steep drop in the following year, and a recent pronounced tendency to firmness since 1957.

The peak in the prices of coconut products in the beginning of 1951 was in line with that recorded by oils and oilseeds generally in international trade, following the outbreak of hostilities in Korea. The rise in the middle of 1952 was the outcome of a sharp decline in export availabilities in the Philippines and Indonesia, in the last-mentioned country partly the result of increased domestic consumption. In 1953-56 the downward movement in production was checked and prices weakened, to some extent under the influence of an abundant supply of substitutable oils.

As from the end of 1957 the unsettled situation in Indonesia and fears of a reduced crop in the Philippines again drove prices up. The halt to the price rise, which occurred in 1959, may have been partly the effect of the announcement in the United States of releases of coconut oil from stockpiles, but the marked recovery in the Philippine production in the second half of the year also contributed.
A = United States. Average price, No. 2 hard winter wheat, Kansas City
   Etats-Unis. Prix moyen, No 2, blé dur d'hiver, Kansas City

B = Australia. Export price f.o.b., Wheat Board basic selling price for non-AIB sales, f.a.q., bulk.
   Australie. Prix à l'exportation f.o.b., prix de base de la Commission du blé pour les ventes hors AIB, f.a.q., en vrac.
A = United States. Average cash price of barley, No. 3 straight, in Minneapolis.

Etats-Unis. Moyenne des prix de gros, No 3 straight, Minneapolis.

B = Canada. No. 1 feed, basis in store Fort William - Port Arthur, domestic wholesale and export price.

Canada. Orge fourragère No 1, base en magasin Fort William - Port Arthur, prix de gros intérieur et d'exportation.
United States. Average price Chicago, No. 3 yellow.

Etats-Unis. Prix moyen Chicago, No 3 doré.

Union of South Africa. Average declared value of exports.

Union Sud-Africaine. Valeur moyenne déclarée des exportations.
A = United States. Average wholesale price, New Orleans, U.S. No. 2 (fancy) zenith milled.

Etats-Unis. Prix moyen de gros, Nouvelle-Orléans, U.S. No. 2 (fancy) usiné.

B = Burma. Average of export contract prices f.o.b., white rice, No. 1 small mills special nga-sein. - Birmanie. Moyenne de prix contractuels f.o.b. à l'exportation; riz blanc, No. 1 small mills, variété nga-sein spéciale.

C = Thailand. Paddy No. 1 Na Suan, wholesale price, delivered alongside mills, Bangkok.

Thaïlande. Paddy Na Suan No 1, en gros, livré aux rizerie à Bangkok.
A = Denmark. Export unit value f.o.b.  -  Denmark. Valeur unitaire f.o.b. à l'exportation.
C H E E S E  -  F R O M A G E

Prices: line A: 1950=100, line B: 1953=100
Prix: ligne A: 1950=100, ligne B: 1953=100

A - Netherlands, full cream, factory
B - New Zealand, full cream, factory

Fromage à pâte riche, industriel, en entrepôt
Fromage blanc, premièr qualité, en entrepôt
MILK POWDER

Prices, annual, 1950 = 100

Prix, annuellement, 1950 = 100

Skim - Écorce A = Canada. Skim, average factory price. - Canada. Écorce, prix moyen à la fabrique.
B = United States. Dry skim milk, in bulk, for human consumption, wholesale price, f.o.b. factory.
A = Australia. Wholesale price, Brisbane; oxen and heifers, 650-700 lb, 1st and 2nd export quality.

B = Argentina. Frozen beef, export unit values. Annual averages.

C = United States. Average price of beef steers at Chicago.
A = United Kingdom/Argentina; hindquarters, chilled, Smithfield Market, London

B = United Kingdom/Australia; hindquarters, frozen, Smithfield Market, London.
Pigmeat (Pork and Bacon)

Viande de Porc (Porc et Lard)

Prices, 1950 = 100 - Prix, 1950 = 100

A = Denmark, Bacon; export unit value f.o.b. to United Kingdom; prior to October 1955 export contract price f.o.b. with United Kingdom.

B = Denmark, Pork; price to producers paid by cooperative slaughterhouses, 60-80 kgs in 1950; weight limits then gradually reduced. From 1954, first class pigs, approx. 60-70 kgs. - Danemark, Ptre; prix à la production payés par les abattoirs coopératifs; 60-80 kg; après 1950, les poids limites ont été graduellement diminués; depuis 1954, porcs de première catégorie, environ 60-70 kg.
MUTTON AND LAMB
MOUTONS ET AGNEAUX
Prices, 1950 = 100 - Prix, 1950 = 100

A = New Zealand. Lamb. Unit values of exports. Annual averages.
A = United States, Average prices, raw, tank cars, Minneapolis.

B = Uruguay, Unit value of exports. - Valeur unitaire des exportations.
Sugar - Sucre
Prices, 1950 = 100
Prix, 1950 = 100

I = Commonwealth Sugar Agreement contract price, raw, centrifuged, New York duty paid.
II = Cuban, export price to world except United States, raw, ggo, c.i.f.
III = Cuban, export price to ggo, c.i.f., New York duty paid.
COPRA AND COCONUT OIL

COPRA ET HUILE DE COCO

Prices, 1950 = 100 - Prix, 1950 = 100

A = Philippines: Sun-dried, f.o.b., Manila - Sèché au soleil, f.o.b., Manille
B = Indonesia: Export price, f.o.b., Indonesia - Prix d'exportation, f.o.b., Indonésie
C = Philippines: Wholesale price, Manila - Prix de gros, Manille