ANNUAL REPORT

International Trade 1957-58

Trade in Individual Commodities

The draft attached hereto deals with international trade in primary products. It is subject to minor modifications in the light of information which may be received later. In the final version, it will be preceded, as in earlier reports, by a comprehensive statement on the commodity composition of, and price movements in, international trade. This statement, as well as a draft on trade in manufactures will be distributed shortly.

Any comments on the attached draft should reach the secretariat not later than 15 June 1959.
PRIMARY PRODUCTS

Food, beverages and tobacco
(SITC 0 and 1)

The aggregate export value of international trade in food, beverages and tobacco rose considerably in recent years, from $16,600 million in 1953 to $19,000 million in 1957, i.e. by 15 per cent. Food prices in foreign trade fell by about 3 per cent in that period and the volume increase was thus slightly larger. But in 1958 food prices were in general considerably lower than in the preceding year and in some cases there were reductions also in the quantities of individual products. As a result, the total value of food trade failed to increase for the first time in several years. In spite of the value increase up to 1957, the share of foodstuffs in total international trade fell from about 22 to 19 per cent, since the value of other commodities increased much more. Of the rise in food exports, by about $2,500 million as between 1953 and 1957 the industrial areas accounted for about $1,600 million, of which Continental Western Europe alone contributed $1,000 million; most of the remaining $900 million was accounted for by the dollar countries in Latin America, the overseas dependencies of Continental Europe and some members of the sterling area.

A small number of individual commodities account for over one-half the total of food exports.1 As seen from Table A, twelve items covered in 1957 about 59 per cent; in 1953 this share had been nearly 64 per cent but it fell in each following year. While the quantities traded of each commodity listed were in 1957 higher than in 1953, a substantial rise in the value of exports occurred only in respect of maize, meat, sugar, tea, bananas and tobacco, while for wheat, rice, butter, coffee and cocoa the value was lower than in 1953.

The total value of food products other than those listed separately in Table A, which include mainly fish, wine and other beverages, eggs and cheese, milk powder, citrus and deciduous fruit, vegetables and spices, increased in the four years 1953-1957 from about $6,000 million to about $7,800 million. While the industrial areas in recent years have strengthened their position in international trade in foodstuffs as a whole, the exports of beverage crops and bananas, which originate exclusively in non-industrial areas, where they moreover account for about one-third of the total value of food exports, did not participate in the general rise in the value of international food trade over the last few years.

1In 1957 each of these commodities had a percentage share in total international trade ranging from about one-third of 1 per cent for bananas to over 2 per cent for coffee.
### TABLE A

**MAIN FOOD PRODUCTS IN INTERNATIONAL TRADE**

1953-1957

Total approximate export value in million dollars

<table>
<thead>
<tr>
<th>Commodities</th>
<th>1953</th>
<th>1954</th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>2015</td>
<td>1610</td>
<td>1630</td>
<td>1955</td>
<td>1900</td>
</tr>
<tr>
<td>Barley</td>
<td>335</td>
<td>285</td>
<td>285</td>
<td>385</td>
<td>325</td>
</tr>
<tr>
<td>Maize</td>
<td>340</td>
<td>330</td>
<td>285</td>
<td>360</td>
<td>405</td>
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<tr>
<td>Rice</td>
<td>710</td>
<td>610</td>
<td>555</td>
<td>605</td>
<td>635</td>
</tr>
<tr>
<td>Butter</td>
<td>410</td>
<td>405</td>
<td>435</td>
<td>440</td>
<td>385</td>
</tr>
<tr>
<td>Meat</td>
<td>1180</td>
<td>1265</td>
<td>1315</td>
<td>1350</td>
<td>1515</td>
</tr>
<tr>
<td>Sugar</td>
<td>1370</td>
<td>1260</td>
<td>1385</td>
<td>1395</td>
<td>1750</td>
</tr>
<tr>
<td>Tobacco</td>
<td>755</td>
<td>760</td>
<td>830</td>
<td>820</td>
<td>930</td>
</tr>
<tr>
<td>Total</td>
<td>7115</td>
<td>6525</td>
<td>6720</td>
<td>7310</td>
<td>7845</td>
</tr>
<tr>
<td>From industri-al countries</td>
<td>3670</td>
<td>3195</td>
<td>3350</td>
<td>3795</td>
<td>4110</td>
</tr>
<tr>
<td>From non-industrial countries</td>
<td>3445</td>
<td>3330</td>
<td>3370</td>
<td>3515</td>
<td>3735</td>
</tr>
<tr>
<td>Coffee</td>
<td>2290</td>
<td>2335</td>
<td>2095</td>
<td>2360</td>
<td>2160</td>
</tr>
<tr>
<td>Cocoa</td>
<td>485</td>
<td>730</td>
<td>570</td>
<td>440</td>
<td>430</td>
</tr>
<tr>
<td>Tea</td>
<td>460</td>
<td>665</td>
<td>585</td>
<td>605</td>
<td>565</td>
</tr>
<tr>
<td>Bananas</td>
<td>245</td>
<td>265</td>
<td>285</td>
<td>275</td>
<td>300</td>
</tr>
<tr>
<td>Total</td>
<td>3480</td>
<td>3995</td>
<td>3535</td>
<td>3680</td>
<td>3455</td>
</tr>
<tr>
<td>Total above</td>
<td>10595</td>
<td>10520</td>
<td>10255</td>
<td>10990</td>
<td>11300</td>
</tr>
<tr>
<td>Other Food</td>
<td>6045</td>
<td>6290</td>
<td>6815</td>
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<td>7770</td>
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<tr>
<td>Total Food*</td>
<td>16640</td>
<td>16810</td>
<td>17070</td>
<td>18510</td>
<td>19070</td>
</tr>
</tbody>
</table>

* Exports from all countries, to all destinations, excluding trade among Eastern European countries, USSR, and mainland China.

For sources and methods, see Appendix.
International trade in principal kinds of grains in 1957/58 (July-June) reached a volume of about 48 million tons, 2 million less than in the preceding period but still larger than in any other post-war year. The fall was entirely due to a decline in wheat since a minor fall in rye and barley was more than offset by a considerable increase in maize. As a whole, trade in coarse grains has increased more than trade in bread grains during the five years up to 1957/58. Among the main importing regions, Western Europe in that year had net imports of about 8.9 million tons of bread grains, substantially less than in the four preceding years and particularly than in 1956/57 when imports reached the figure of 14.9 million tons; it is estimated that in 1958/59 Europe's import requirements will again be larger, especially of high-grade wheat. The level of coarse grain imports into Europe, though rising up to 1955/56 when it amounted to 10.5 million tons, has since varied very little. Imports of bread grains (including wheat flour) into Asia have shown a continuous upward trend in recent years, reaching about 9.0 million tons in 1957/58, largely on account of a rapid increase in imports of wheat by India and Pakistan; these, as well as imports by other countries in Asia, are expected to increase further in the current year.

Since 1953, the total value of wheat exports from the industrial countries and especially of wheat flour from Europe, has been maintained and even increased. By contrast, the aggregate value of wheat exports from other supplying areas has fallen, owing especially to the decline in Argentina.

International trade in wheat in 1957/58, at about 23.5 million tons, was 4.1 million tons lower than in the preceding year but still well above the average level since 1953. United States exports fell by about 4 million tons on account of reduced supplies to Western Europe; about 3 million tons of the decline was due to smaller shipments under various government programmes. While Canada exported more wheat than in the preceding year, mainly as a result of larger sales to countries in Asia, the small crop in Australia occasioned a heavy fall in exports. In Western Europe, the main net importing area, developments contrasted with those of the preceding season, owing especially to the resumption of large exports from France which again became a net exporter. Italy, too, was able to expand exports considerably, but while the increase in France's exports was directed mainly to other countries in Europe, the additional exports from Italy went mainly to outside destinations. The fall in Western European gross imports by nearly 3.5 million tons much more than outweighed the increase in imports into Asia (mainly India, Pakistan and Japan) and Eastern European countries. The reduced imports in the former area were due to a record harvest, whereas the larger import requirements in Asia are ascribable, not only to rising per caput grain consumption, but also to the need for supplementing high-priced rice of limited availability by larger wheat imports; this development was no doubt stimulated by government programmes in the exporting countries. While estimates for the 1958/59 season point towards a new large wheat harvest in all the main exporting countries, among which Australia will have a record crop, prospects in the importing areas, both Western Europe and Asia, would seem to indicate a larger need for imports than in the preceding season. India, which in 1957/58 had total wheat imports of 3.0 million tons, signed an agreement with the United States providing for imports of about 2.7 million tons in the current season under Public Law 30.
In order to meet strong competition from other exporters and to promote wheat exports to such markets as India, the Australian authorities have introduced a system for the extension of long-term credits. Wheat stocks in the main producing countries, which in the middle of 1958 were lower than in mid-1957, on 1 January 1959 stood again 22 per cent above the level of early 1958 and were substantially in excess of the total annual quantity traded internationally.

Trade in wheat flour has in recent years become more important in wheat trade as a whole; the proportion in 1957/58 stood at about 20 per cent (grain equivalent). The developments in recent years (since 1954/55) have been characterized by the sharp rise in exports from European countries (especially Germany and Italy while France's exports fluctuated widely) and an increase also from North America, while South America (especially Uruguay) lost heavily. Australia's exports rose until 1956/57 but dropped sharply in the following year on account of crop failure (which, however, affected exports of wheat even more than those of wheat flour). Of the three European countries only Germany, which is a large importer of wheat grain, exported in 1958 substantial quantities to other countries in the same area, whereas French and Italian exports were mainly directed to destinations in Asia and Africa. In each case, the export of wheat flour was facilitated by various governmental aids.

Under the old International Wheat Agreement (which expires in the middle of 1959) the guaranteed quantity covered less than one-half of the total import requirements of importing countries participating in the Agreement, and only about one-quarter of total wheat exports of exporting Member Countries, but it should be pointed out that wheat exported by the United States under concessional terms is not included in the Agreement quotas. The total quantities traded under the Agreement were about 7 million tons in 1956/57 and fell to about 5 million tons in the following year. The bulk of trade thus took place under support schemes which explains why, in view of the easy supply situation, and the vigorous competition for export outlets the price of non-Agreement wheat has been comparatively well maintained.

The International Wheat Agreement of 1959 will run from 31 July 1959 for a period of three years. The Agreement, which is wider in scope than both preceding agreements, differs from these in particular with respect to the obligations it contains for participants. These obligations are now put on a global instead of a country basis. Each importing country undertakes to buy at least a specified percentage of its total commercial purchases in any year from participating exporting countries, which are obliged to sell a quantity up to that percentage. In these respects the new agreement is a more powerful instrument than its predecessors, since it prevents non-participating suppliers from securing for themselves an unreasonable share in the import markets. The agreed price range is from a minimum of Can. $1.50 to a maximum of Can. $1.90 per bushel of grade No. 1 No. Manitoba, in bulk, in store Fort William/Port Arthur. The Council is empowered to consider possible disputes about price equivalents for other wheat grades. The Agreement further provides for the Council to undertake an annual survey of the world wheat situation, and to study possibilities to promote wheat consumption. In addition, members have to keep the Council informed about surplus disposal and their adherence to certain defined principles in such transactions. It may be noted that the United Kingdom, the largest wheat importer, which did not participate in the Wheat Agreements of 1953 and 1956, will be a member of the new agreement.
A large harvest of maize enabled the trade volume of 1957, about 7.5 million tons (14 per cent more than in 1956), to increase further in 1958 when exports, in the first six months, were one-third above the preceding year's level. A rise in exports from Argentina, the Union of South Africa and Yugoslavia more than made up for the decline in the United States. These suppliers were able to meet the rise in European import demand, which was particularly strong in the United Kingdom and Italy.

World trade in barley registered a considerable increase in volume in 1956-57 over the level of the preceding two years, reaching about 7.8 million tons. Although there was in 1958 a large rise in purchases of the United Kingdom, the largest importing country, and also in Belgium, there were on the other hand sharp reductions in imports by the Netherlands, Germany and Japan. On the export side also there were important shifts. Whereas European exporters, mainly France where the crop was small, reduced foreign sales precipitously, and there were smaller exports also from Argentina and Australia, shipments from North America were in 1958 (three-quarters, including sales under various aid programmes) nearly twice as large as in 1957. Total world trade may have slightly increased in 1958.

World trade in rice, which in 1956 and 1957 moved at a post-war record level of about 6 million tons (milled equivalent), suffered a substantial decline in 1958 which may be estimated at about 12 per cent. This was the result of a drop in the exports of the main suppliers, Burma, Thailand, and the United States, the considerable increases recorded by other countries among which mainland China (disregarding exports to the USSR) made the largest gain, while Egypt, Spain and Italy also experienced larger exports. Burma's exports were reduced mainly because of sharp falls in shipments to Ceylon, India and Japan. Prospects are that there will be an increase in world export supply in 1959. Burma's crop is estimated at about 8.1 million tons, over one-third more than in the preceding season; the export availability would be about 2.4 million tons, compared with actual exports of about 1.5 million tons in 1958. Exports from mainland China, one of the three largest exporters in 1958, may well have a decisive influence on world trade in this commodity in 1959. But there are good crops in the current season also in all main rice-importing countries in Asia, except Pakistan which may diminish their import requirements. Japan, one of the main importers in recent years, now seems to be approaching self-sufficiency, rice imports into the country showing a continuous decline over the past several years.

World sugar exports, which in 1955 and 1956 reached about 12.1 million tons (net, raw value), rose to about 13.1 million tons in 1957. This increase was mainly due to the stimulus which the extraordinarily high prices that prevailed during a large part of the year exercised upon supplies to the world market. These larger supplies originated partly in countries, such as Italy, Turkey and India, which had previously been net importers, and partly were the result of a revival of shipments from Brazil and Mexico, which had been exceptionally small in the preceding year. In 1958 Cuban exports moved at the same level as a year before, but there were important increases in exports in some countries,
e.g. Czechoslovakia, Poland and Brazil, so that the year's total export volume may have been slightly higher than in 1957. On the other hand, sugar production in importing areas, mainly Europe but also elsewhere, is rising rapidly. In several countries in Western Europe, including the Federal Republic of Germany, Belgium, France, the Netherlands, Sweden, production has already offset part of the import requirements and they all imported less in 1958 than in the preceding year. Special mention should be made of the USSR imports from Western countries which, though varying widely from one year to another, had been considerable in recent years. In 1958 they amounted to 198,000 tons (all from Cuba) against 520,000 tons in 1957 (of which 344,000 from Cuba). Production has risen very rapidly in the USSR, reportedly as much as from 3.7 million tons in 1955 to 5.5 million tons in 1957. In 1958, there was no increase in the United Kingdom imports, but United States imports rose by 430,000 tons.

In view of the easy supply situation and the prospect for a large crop in 1958/59, the political developments in Cuba at the end of 1958 did not push the price much higher than the level that had prevailed earlier in the year. The monthly average for the year, at 3.49 cents per lb. f.a.s. Cuba (Contract No. 4) was nearly one-third below the 1957 average, and in the beginning of 1959 the price fell to 3.10 cents, the lowest level in these years, and 5 cents below the lower limit of the price range applying under the International Sugar Agreement. In the beginning of 1959 the producers' export quotas were reduced to 92⅔ per cent of the basic quantities laid down in the Agreement and a further voluntary 10 per cent reduction was agreed to. By these measures it was estimated that about 1.1 million tons may be withheld from the current year's sugar export market, a factor which should contribute to a strengthening of its position.

A large part of world sugar exports moves under preferential arrangements, such as the United States imports from Cuba and the Philippines, the trade within the French Union and the trade covered by the Commonwealth Sugar Agreement. The first of these arrangements, which in 1958 accounted for about 4.1 million tons, is not tied to the International Sugar Agreement, while the other two arrangements are related to it. In 1959, they are expected to cover 0.4 and 3.5 million tons respectively, leaving requirements of about 5.4 million tons to be filled by the participants in the International Sugar Agreement. The estimates quoted have been drawn up under the new Agreement of 1958 which entered into force on 1 January 1959 for a period of five years. Although the provisions of the Agreement are broadly similar to those of the earlier Agreement the scope has been widened by the adherence of two major exporting countries - Brazil and Peru - who were granted export quotas satisfactory to them. The lower limit of the price range remains at 3.15 cents per pound and the higher at 4.00 cents. The new Agreement contains a number of provisions designed to improve its effectiveness. Minimum stocks to be held by participating countries have been raised from 10 to 12½ per cent of the basic export tonnage. Measures are foreseen in order to ensure that export quotas in effect will reflect earlier and more clearly the true position of supplies available to the free market. The international sugar market in 1959 and also the future of the Agreement will depend decisively on the position of Cuba, which (by the end of April 1959) had not yet ratified the Agreement. This fact is considered as the main reason for the sharp decline in the sugar price (from 3.65 cents to 2.85 cents per pound in January-April 1959) and the reluctance on the part of the importers to make commitments.
The trade situation of butter in 1958 was decisively influenced by the fall in its price, which began in the last months of 1957 and continued until the middle of the following year. This was the result of a rapid increase in the production of butter not only in exporting countries but also in some of the principal importing countries, for instance Germany and Italy, who both restricted imports of butter during the latter half of 1958. In the United Kingdom the low price level led to a substantial rise in imports by about 20 per cent in comparison with 1957. As there was, on the other hand, a reduction in import requirements in several other countries, the quantity of butter traded internationally in 1958, about 500,000 tons, was no larger than in the preceding year, thus interrupting the expansion in this trade which had been observed in earlier years. Australia and Denmark were the main exporting countries whose trade was most affected volume-wise by the weakness of the market. The larger imports by the United Kingdom in 1958 originated mainly in New Zealand, Ireland, the Netherlands, the Scandinavian countries and Poland; the United Kingdom, on the other hand, bought less from Australia and Argentina. Other countries, particularly Germany, imported less butter from all her suppliers.

As a result of heavier butter production and larger exports from France and the Netherlands, the six Common Market countries as a whole had a net export balance of about 73,000 tons in 1958, compared with an import balance of 44,000 tons in 1957. Imports into those countries from Australia and New Zealand in 1958 fell substantially but the decline in the (much larger) imports from Denmark was even stronger, from 31,000 tons to 5,000 tons.

In view of the depressed situation of the traditional butter exporters to the United Kingdom, action was envisaged in that country in May 1958 with a view to restricting imports of butter from countries where these exports had been promoted by a system of subsidies. Such restrictions were in fact applied against imports from Belgium and Poland. In some other countries, e.g., Sweden and Finland, exports to the United Kingdom were voluntarily curtailed and the supply was disposed of partly on the internal market through a policy of lower retail prices and partly through an increased export in other directions, for instance, the USSR.

While the low price of butter during a large part of 1958 temporarily increased its consumption at the expense of margarine in many countries, the long-term movement in favour of margarine in total human fat consumption, which had been in evidence already for a number of years, is continuing. For the whole of Western Europe, butter consumption per caput rose from 4.4 kg. in 1950 to only 4.6 kg. in 1957 (it even fell in Norway and Sweden), whereas margarine consumption increased from 5.1 to 6.2 kg. Margarine consumption has risen since the war also in the United States, offsetting an absolute fall in butter consumption per caput from 4.9 kg. in 1950 to 3.9 kg. in 1957 which was almost exactly matched by the increase in margarine consumption from 2.8 to 3.9 kg.

In 1957, international trade in meat of all kinds reached the record volume of about 2.4 million tons (carcase weight), mainly as a result of increased trade among Western European countries, larger imports into that area from Eastern Europe and expanded shipments from Oceania to North America. Trade in 1958 is estimated to have declined slightly in view of lower exports from
Latin America and Australia. But Oceania as a whole last year continued to supply more to North America, and trade within this area also rose substantially. Meat production in the United States fell in 1958 for the second successive year, as a result of the downswing in the cattle cycle, causing the import requirements of the United States to grow strongly, and, together with a high price level, attracting an influx of foreign meat to the market. From a net exporter of meat (in terms of value) in preceding years, the United States became a large net importer of all kinds of meat in 1958. However, in the beginning of 1959 cattle numbers again move back to the 1956 level, and though imports of beef and cattle will continue high, no further rise is expected in the current year.

Trade in beef and veal, which covers nearly 40 per cent of total meat trade, rose rapidly in recent years and in 1957 stood about 50 per cent higher than only two years earlier. There was a substantial fall in imports into Germany (where it was largely compensated by bigger cattle imports) the United Kingdom, France and also Japan in 1958, but United States imports rose sharply. They are estimated to have been about three times as large as in 1957 and about twelve times the 1956 figure. The largest supplier in 1958 was New Zealand which delivered nearly 40 per cent of all United States beef imports. Imports from that source rose from 2000 tons in 1956 to 23,000 and 84,000 tons in the two following years. The rest of imports originated mainly in Canada, Mexico, Australia and Argentina. As from the last quarter of 1957 live cattle imports rose substantially and in 1958 at about 1.1 million heads mainly supplied by Canada and Mexico, were twice as large as in 1957. Although the United Kingdom remained the largest importer of beef and veal, its share in the world total fell from about 75 per cent in 1953 to about 55 per cent in 1957 and even further in 1958. In 1958 it imported 13 per cent less than in 1957, mostly from New Zealand who instead gained in the United States market, but also from Australia and Argentina.

In contrast to beef and veal, trade in pork, bacon and ham has not risen much in recent years. A total of about 480,000 tons was exported in 1957, and this level was maintained in 1958, since decreases in exports from Denmark, Ireland and Canada were offset by reductions in Argentina and the United States. A rapidly expanding pork output in principal importing countries, for instance in the United Kingdom where a rise by 10 per cent occurred in 1958, has acted as a brake on a further rise in this trade. Total imports of pig meat into the United Kingdom have changed very little in the last few years, increases in bacon replacing smaller purchases of pork. Denmark has continued to supply the British market with a quantity of about 220,000 tons of bacon over the last few years, Poland's deliveries have also remained stable, at nearly 50,000 tons while some increase has occurred in imports from Ireland and Sweden.

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Increasing meat production in the cattle cycle 1953-56 caused a large fall in livestock and beef imports in the United States, while exports increased under the influence of favourable prices and also of the PL 480 programme. When the cycle came to an end in the autumn of 1957, production fell and imports on a large scale were resorted to.
Mutton and lamb trade has also remained stationary over the past few years, with a quantity of about 400,000 tons per year, of which 85-90 per cent imported by the United Kingdom. In 1958 heavily reduced imports into that country from Argentina were made up for by larger imports of chilled mutton from Australia and of lamb both from that country and New Zealand. Trade in canned meat has shown a rising trend and reached about 420,000 tons in 1957. Data for the first nine months of 1958 point to a further 18 per cent increase principally on account of larger imports by the United States, Germany and Italy. The United Kingdom accounts for about one-half and the United States for about one-quarter of all imports in this group. But while the United Kingdom imported about 4 per cent less in 1958 than in 1957, mainly owing to smaller purchases of corned beef (the most important kind of canned meat) from Australia and Latin America, imports of most other types continued to expand. The United States canned meat imports rose sharply more than outweighing the decline in the United Kingdom, but exports (which are, however, only one-fifth as large) fell substantially.

Total coffee exports in 1956 and 1957 amounted to about 2.34 and 2.24 million tons, respectively. Judging from importers' data for the first three-quarters of 1958, world trade was very nearly the same as in the preceding year. However, account should perhaps be taken of the revival of imports during the last few months of the year, when there was a need to replenish stocks which had been drawn upon earlier in the year when coffee prices were falling. In 1957, when most exporters in Central America were able to raise the volume of their exports over 1956, while African supplies continued their upward trend, Brazil, the largest exporter, suffered a sharp fall (by about 15 per cent) while Colombia, the next most important supplier, experienced a minor setback. But while in the latter country the decline turned out to be temporary, Brazil's exports in 1958 were again lower than in 1957. As a result of the decline in both volume and price, Brazil's coffee export earnings in 1958 amounted to about $665 million, nearly $180 million less than in 1957. While world coffee imports during the first three quarters of 1958 remained stable, the largest importing country, the United States, showed a fall in comparison with the preceding year which was almost exactly matched by the continued increase in imports of Western Europe. However, it needs to be mentioned that the Federal Republic of Germany which in Europe is the largest importer of coffee from Latin America, did not further increase its coffee imports in 1958 as had happened in earlier years. There was in fact a large reduction in Germany's imports from Brazil.

The present over-supply is to a large extent the result of coffee plantings made in the early 1950's when prices were high and consumption expanded. But this expansion has not continued in the last two years in spite of the sharp fall in coffee prices, while there has been an uninterrupted growth in production. Thus, according to recent estimates the total export availabilities in producing countries in 1958-59 amount to about 3.4 million tons, which is over 40 per cent more than in 1956-57 and 10 per cent more than in 1957-58, and thus exceed the usual trade volume by about one-third.

Already in 1957 Latin American exporting countries took measures to limit supplies available for export, by agreeing to store 10 per cent of their current annual production. This scheme, however, proved insufficient to stabilize prices, or to maintain the volume of exports of the main exporting countries.
Moreover, the African exporters which did not undertake to withhold production found a stronger demand in the United States for Robusta owing to its suitability for making soluble coffee, which resulted in a firm price level for this quality, while the price of Latin American coffee continued to fall.

In June 1958 an International Coffee Study Group was established. In September participating countries signed an agreement for one year, whereby they undertook to store a certain proportion of their harvest, Brazil and Colombia up to 40 and 15 per cent, respectively, and other producers 5 per cent of the first 18,000 tons and 10 per cent of quantities in excess of this amount. In addition to the fifteen Latin American exporters adhering to the agreement, France and Portugal undertook on a voluntary basis to apply similar restrictions. It was estimated that in this way some 700,000 tons were stored away. However, stocks in producing countries in October 1958 were estimated at over 1 million tons, including carry-overs from preceding seasons. It appears also that the practical handling of such a quota system constitutes a heavy financial burden on producing countries with inflationary consequences, for instance in Brazil.

Whereas the supply could cope even with a large increase in consumption, the recent low price level of coffee has not acted as an incentive to larger consumption. While in the short-run no per caput increase is likely to occur in the United States, consumption in Western Europe stands at a loyal which indicates possibilities for considerable growth in the longer run. On the other hand, exporting countries have made efforts to widen the market. Brazil has investigated possibilities of finding outlets in the USSR and other Eastern countries and has also on a small scale exported coffee in soluble form to the United States and Europe; an incentive to such exports is the favourable dollar rate which these exports enjoyed compared with that of green coffee.

Trade in cocoa beans, which showed increases in 1956 and again in 1957, when a record quantity of nearly 800,000 tons was exported, was about 20 per cent lower in 1958. This large decline was entirely accounted for by Africa whose all main exporters, except the French Cameroons, were affected by the fall. There was, on the other hand, no reduction in exports from Latin America, taken as a whole, and shipments from Brazil increased considerably. Most countries in Western Europe, including the four largest consumers, the United Kingdom, the Netherlands, Germany and France, imported less, as did also the United States.

Cocoa prices in 1958, unlike those of most other food products, were moving at a distinctly higher level than in 1957, reflecting the unfavourable crops in Africa which in 1957-58 were nearly 130,000 tons smaller than in 1956-57. The resulting shortage was too large to be significantly alleviated by the resumption of larger exports from Brazil which occurred early in 1958 after world prices again exceeded the official minimum export price imposed by that country.

Reference should be made to the conclusion reached by the Panel of Experts (Trends in International Trade, GATT 1958, paragraph 52) that the widespread use in some European countries of high revenue duties and other internal charges acted as a major restraint on consumption and import demand.
The market outlook is uncertain. While a larger production is expected for 1958-59, stocks in importing countries have been depleted during 1958. On the other hand, there is some doubt concerning supplies from Brazil in the near future, since her official minimum export price, in spite of its recent reduction from 44 to 34 cents per lb, again tends to be higher than the prevailing world price which dropped sharply in the early months of 1959. In April 1959 Brazil concluded for the first time a compensation deal with the USSR for the delivery of 20,000 sacks of cocoa against crude petroleum, representing a value of about 1 million dollars.

The FAO Cocoa Study Group in May 1958 addressed itself to the problems of the world cocoa market. The Group discussed a proposal to set up a flexible buffer stock scheme. However, no such scheme has yet been established or agreed upon.

Apart from minor fluctuations, the volume of world exports of tea was stable during the last three years, at a level of about 500,000 tons. Although changes in the patterns of trade were on the whole minor, it may be noted that India and Ceylon, especially the former, experienced increased exports, while some reduction occurred in Indonesia and Japan. Exports from mainland China and from Africa, though still small, have continued to rise. While total imports into the United Kingdom were practically unchanged, there was a decline in imports from India, the largest supplier, which roughly equaled the increase in imports from Ceylon. A similar shift occurred as between the United Kingdom's purchases from Taiwan (which nearly vanished) and imports from mainland China. Increased imports were recorded in Oceania, several territories and countries in Africa, especially Egypt, and among European countries, in the Netherlands and Turkey. There was no change in North American imports. Prices at London auctions of tea of all origins were lower at the end of 1958 than a year earlier, thus continuing the general tendency which has been evident since 1954.

As world consumption of tea last year did not rise as fast as production in exporting countries, stocks in the latter were at the end of 1958 larger than twelve months earlier. However, stocks in the United Kingdom rose even more. In order to stimulate the export market and also to meet the growing competition from African producers and recently also from mainland China, the principal exporting countries adopted various measures. In India both the excise duty and the export duty were reduced, and moreover, the latter was stabilized since repeated changes had in the past discouraged foreign buyers. While the export duty in Ceylon was increased in 1958, the Government has launched a plan to raise yields and to improve quality.

The recovery in trade in citrus fruit trade in 1957-58 (October-September season) was the outcome mainly of the satisfactory crop in Spain. The country's crop of oranges and tangerines in that season was about 1.3 million tons against only about 0.5 million in the preceding period. While there was in 1957-58 some decline in exports from Italy, North Africa and the United States, offset by an increase in the Union of South Africa, the large increase by about 540,000 tons, in Spain helped to raise the total export level from 2.1 million tons in 1956-57 to 2.5 million in 1957-58. A slight fall may occur in 1958-59, since production of apples and pears in importing countries which had fallen in 1957-58, resulting in an increase in demand for oranges, has again improved. The upward trend in exports of lemons continued unbroken.
with an increase in United States and Spanish deliveries to the European market outweighing a fall in supplies from Italy. The recent growth in Western European imports of citrus fruits taken together was shared by most countries in the area, the main exception being the United Kingdom. The increase was particularly strong in Germany and the Netherlands.

Exports of deciduous fruit (i.e., other than citrus fruit) in 1957 amounted to some 1.6 million tons, compared with 1.3 million in 1956. This increase was mainly the result of larger imports into Europe where the domestic apple and pear crop in many countries had been low. Imports were facilitated by relaxation of import restrictions in some of these countries. The largest group in this category is apples, of which about 1.1 million tons were exported from all sources in 1957 against 0.8 million tons in 1956. Italy alone accounts for about one-half of the total quantity, followed by Argentina, Australia, the Netherlands and the United States.

Following the scarcity of supply in 1957, prices of apples rose and continued high until the middle of 1958 when they fell sharply; prices of citrus fruit generally continued to be better maintained. Of both kinds of fruit it is evident that following the abundant crop in 1957-58, intra-European trade supplied a considerably larger share of the area's requirements than in the preceding year. The total quantity of apples and pears traded in 1958 is estimated to have fallen below the preceding year's level.

Of total banana imports, amounting to about 3.1 million tons per year in the period 1953-57, the United States took 43 per cent, the six Common Market countries 21 per cent, the United Kingdom 10 per cent and the rest of Western Europe 7 per cent. Exports have moved slightly upwards in each year reaching about 3.3 million tons in 1957. The earlier slowing-down in United States imports was overcome in 1957 and larger quantities were also imported by several European countries, especially France and Germany, but not by the United Kingdom. A small crop and a firm price level acted as a check against a further expansion in the first half of 1958 when the United Kingdom, for instance, imported less than in 1957. As from September, however, prices of bananas both of African and Central American origin dropped substantially.

Mainly because of a sharp rise in exports of oriental leaf from Greece and Turkey to the United Kingdom and Germany, world trade in unmanufactured tobacco, at about 780,000 tons, reached a new peak level in 1957. In the first three quarters of 1958, however, the volume traded was about 6 per cent smaller than a year earlier, largely owing to a fall in exports from the United States, Canada, Greece and Turkey, and, on the importing side, to reductions in demand in several countries in Asia, Africa and Oceania. Although some countries in Western Europe imported less in 1958 from North America, the area as a whole, where cigarette production has continued to rise by 4-5 per cent per year, did not reduce total imports in 1958. In the United States, tobacco imports, as in previous years, were still rising on account of the steady demand for heavier type tobacco used in the manufacture of filter-tip cigarettes. The tobacco manufacturers in the United Kingdom were allowed to buy tobacco from dollar sources, subject only to the limitation that these purchases should not exceed 61 per cent of the total usings for the home market of light and oriental tobacco. Japan, who in general made heavy cuts in her agricultural
imports last year, had a substantial rise in imports of United States flue-cured tobacco which is still needed for blending purposes, in spite of efforts to develop Japan's own production of higher quality cigarette leaf.

Trade in flue-cured tobacco fell already in 1957 and the decline continued in 1958 because of a fall in North American exports and in spite of a maintained export level in Rhodesia and Nyasaland, and a substantial increase in India mainly due to larger sales to the United Kingdom and mainland China. Rhodesian exports gained ground in Australia and the Netherlands, which both took much less than in 1958 from North America, and also in Germany, and shipped an unchanged quantity to the United Kingdom, their main market. Although there were in 1958 reductions in exports from Greece and Turkey, by 10 and 25 per cent, respectively, in comparison with 1957, when the harvest had been exceptionally large, these two countries exported substantially more than in 1956. Greece lost in 1958 heavily in exports to Germany, where Turkish exports were almost maintained, but Greece instead had no reduction in the United States market where Turkey experienced a sharp decline (by one-third). Both countries continued to increase exports to the USSR and Eastern Europe but they tended to lose in several Western European markets, including the United Kingdom and the European Economic Community.

A 4 per cent decline in United States exports in 1958 from 227,000 to 219,000 tons (of which 181,000 flue-cured), occurred as a result of some fall in sales to the United Kingdom (from 75,000 to 73,000 tons, nearly all flue-cured), a large drop in Australia, the Netherlands, Sweden and several other European countries, except Germany and Italy, where United States sales rose. The importance of tobacco exports under Public Law 480 has diminished continuously. In 1958, these shipments, mainly destined to France, Spain, Finland and Italy, accounted for only about 8 per cent of total United States tobacco exports.
Raw Materials
(SITC 2 and 4)

Total export value in this group of commodities rose from $13,300 in 1953 to $17,700 million in 1957, i.e. by 33 per cent, an increase more than twice as large as in respect of foodstuffs. On account of a 2 per cent rise in the price, the increase in volume of crude materials was slightly smaller than in value, but corresponded to the volume increase that occurred in international trade in manufacturers. However, total raw material exports from industrial areas rose in 1953-57 by 60 per cent in value but in non-industrial areas by only about 12 per cent.

Among the raw materials a few items, as was noted also in the case of foodstuffs, cover more than one-half of total trade value. The eight products listed in Table B accounted in 1956 and 1957 for about 54 per cent of total export value in this group and for even a larger proportion in the preceding three years. Except for wool, jute, hides and skins, the trade values of these major commodities rose appreciably during the period. With the exception of jute, all these commodities also registered larger quantities traded. The rest of exports in this group consists of a large variety of materials, the main items being copra and coconut oil, palm oil, linseed oil and other oils and oilseeds, sisal, abaca and other fibres, nitrates and various non-ferrous ores and minerals.

Apart from the much larger relative, and also absolute, increase in the value of crude materials exported from industrial than from non-industrial areas, it should be noted that the export value from both origins of the "other" products rose faster than the value of the eight main materials, indicating a higher degree of diversification in the export composition from both these origins in recent years.

World cotton exports, which had been rising in recent years, reaching a level of about 3.22 million tons in 1957, slowed down in 1958 as a result of the depressed situation of textile industries in the industrial countries. In the first six months of 1958 the quantity of raw cotton imports into Western Europe was only three-quarters of the quantity imported in the same period of 1957, and in Japan the reduction was nearly as great. It appears that by and large the whole impact of the decline in cotton trade fell on the United States whose exports in 1957/58 dropped by the same quantity as the volume of world trade as a whole, while the total exports of other suppliers taken together remained unchanged. This was the outcome of larger sales from Mexico, Egypt and British East Africa and reduced exports from Brazil, Peru, Turkey and in particular Pakistan. In view of the excellent production prospects in other exporting countries for 1958/59, it is probable that the United States exports will suffer a further setback, the more so since United States cotton no longer enjoys a price advantage.\footnote{According to Cotton, Monthly Review of the World Situation, International Cotton Advisory Committee, Washington, April-May 1959, the average price for US cotton (SM 1-1/16") c.i.f. Liverpool fell slightly from 35.48 cents per pound in March 1958 to 34.97 cents in August and 32.76 cents in March 1959. But most medium staple cotton of other origin fell even more and extra long-staple cotton dropped by as much as 30 per cent. Thus in April 1959 the c.i.f. Liverpool quotation for Syria SM 1-1/16" was 26.76 cents per pound, Sudan G 5 S 29.42 cents, Egypt Ashmouni F G 28.66 cents and Egypt Karnak 31.95 cents.}
### TABLE B

**MAIN CRUDE MATERIALS IN INTERNATIONAL TRADE**

1953 - 1957

Approximate export values in million dollars

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>Cotton</td>
<td>1,840</td>
<td>2,135</td>
<td>1,855</td>
<td>2,120</td>
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<tr>
<td>Wool</td>
<td>1,840</td>
<td>1,715</td>
<td>1,535</td>
<td>1,625</td>
<td>1,880</td>
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<tr>
<td>Jute</td>
<td>175</td>
<td>165</td>
<td>145</td>
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<td>Hides &amp; Skins</td>
<td>430</td>
<td>420</td>
<td>450</td>
<td>425</td>
<td>455</td>
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<tr>
<td>Rubber</td>
<td>875</td>
<td>885</td>
<td>1,505</td>
<td>1,310</td>
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<tr>
<td>Cellulose</td>
<td>735</td>
<td>885</td>
<td>1,005</td>
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<tr>
<td>Timber</td>
<td>1,360</td>
<td>1,540</td>
<td>1,895</td>
<td>1,565</td>
<td>1,560</td>
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<tr>
<td>Iron Ore</td>
<td>465</td>
<td>435</td>
<td>560</td>
<td>705</td>
<td>875</td>
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<tr>
<td><strong>Total</strong></td>
<td>7,720</td>
<td>8,180</td>
<td>8,950</td>
<td>8,970</td>
<td>9,580</td>
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<td>of which from</td>
<td></td>
<td></td>
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<tr>
<td>industrial areas</td>
<td>3,010</td>
<td>3,510</td>
<td>3,705</td>
<td>3,985</td>
<td>4,365</td>
</tr>
<tr>
<td>non-industrial areas</td>
<td>4,710</td>
<td>4,670</td>
<td>5,245</td>
<td>4,985</td>
<td>5,215</td>
</tr>
<tr>
<td><strong>Other crude materials</strong></td>
<td>5,580</td>
<td>5,780</td>
<td>6,720</td>
<td>7,750</td>
<td>8,100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13,300</td>
<td>13,960</td>
<td>15,670</td>
<td>16,720</td>
<td>17,680</td>
</tr>
</tbody>
</table>

**SITC 2 and 4**

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a The total value shown for wool refers only to exports from the non-industrial areas. In Western Europe nearly one-half of wool exports consists of tops made of wool imported from non-industrial suppliers. Total value of exports of raw wool including tops from Western Europe and North America was (in million dollars):

<table>
<thead>
<tr>
<th>1953</th>
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<tr>
<td>442</td>
<td>425</td>
<td>452</td>
<td>495</td>
<td>566</td>
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</table>

b Exports from all countries to all destinations, excluding trade among Eastern European countries, USSR and mainland China.

For sources and methods, see Appendix.
the first half of the 1958/59 cotton year United States exports were in fact only one-half as large as in the corresponding period of 1957/58. In spite of this development, it has been officially announced that no change in the export subsidies will be made in the current season, i.e. before 1 August 1959, a fact which is no doubt contributing to stabilize export prices in other supplying countries where the large supplies available for export in the current year would otherwise exert a depressing influence on price levels. It is estimated that the recent revival in domestic cotton consumption in the United States will offset to a considerable extent the fall in exports. United States cotton imports in the second half of 1958, mostly of long-staple cotton from Egypt and Peru showed a considerable increase. While cotton consumption in the world in the two years up to mid-1958 was as large as, or larger than, current production (the balance consisting of withdrawals from stocks), there are indications that the present year may bring a reversal and thereby create a surplus situation in this commodity.

Trade in cotton is in many exporting countries conducted under systems involving dual pricing or special currency arrangements as well as export subsidies. Barter deals have also been concluded in some instances. The decline in the market has compelled several exporters, for instance Egypt, Sudan, India, Iraq, Peru to reduce the export tax on cotton. Among the main consumer countries, France has announced derestrictions in cotton imports from dollar sources as from 1 January 1959, which may lead to larger purchases in that area in the current year.

World raw wool exports, which in both 1956 and 1957 reached about 800,000 tons (clean basis), about 8 per cent more than in 1955, met in 1958 with serious difficulties which resulted in a substantial fall in the quantity traded. The aggregate consumption in the United States, the United Kingdom, Germany, France and Japan in the first six months of 1958 was 17 per cent lower than in the same period of 1957. For Western Europe as a whole the decline in imports from all sources was by about 60,000 tons. The United States imported only 38,000 tons, against 51,000 tons in the beginning of 1957. As there was also a heavy fall in Japanese imports, the total quantity imported in January-June 1958 by all consuming countries, about 370,000 tons, was 90,000 tons, or 20 per cent smaller than in the same period of 1957. Following the lessening of consumption, there was a substantial fall in the price of raw wool which set in already at about the middle of 1957 and has seriously affected the export earnings of some wool exporting countries. The decline in export values which continued in the 1958/59 season is exemplified by Australia where in the first four months (July-October) wool exports yielded about $178 million against about $290 million a year earlier (a fall by 39 per cent), while the quantity exported was only about 9 per cent smaller. This declining trend stands in contrast to the simultaneous

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1 According to the United States Department of Agriculture estimates in April 1959, exports for the whole season 1958/59 are not expected to exceed 3.0 million bales as compared with 5.7 million in the preceding season and 4.5 million as an average for the years 1953-1957. But exports from foreign countries are estimated to increase by some 1 million bales in 1958/59.
revival in exports from New Zealand following the stronger demand for crossbreds, e.g., in the United States, which led to increased exports to that country. Exports from Uruguay also rose rapidly in the last months of 1958 from the very low level registered before, following the more favourable exchange rate announced in September. Prospects for the country's wool exports became more favourable and resulted in larger export earnings (by about $15 million) than in 1957 when they amounted to only $64 million against $126 million in 1956.

Towards the end of 1958 there was a brisker demand for wool in the United Kingdom and imports were running at a higher level than a year earlier, though the whole year's result remained about 7 per cent lower. In late 1958 a recovery in imports took place also in France, after the very low level recorded in the first three quarters during which imports were about 25 per cent less than in 1957. In Japan also there were signs of a revival of wool imports towards the end of the year. The USSR reduced purchases from the Union of South Africa in the second half of 1958 to about one-half of the quantity bought a year before, but made correspondingly larger purchases in Uruguay.

The value of exports of raw jute from Pakistan, about $165 million in 1957, was somewhat higher than in the preceding two years, in spite of a decline in the volume exported. This decline reflects three main factors upon which international trade in raw jute mainly depends. On the one hand, jute manufacturing in Pakistan is taking an increasing proportion of the crop which has remained practically unchanged in the last three years. Secondly, the activity in European jute manufacturing has been falling slowly since 1956, and finally, India's jute industry is increasingly relying on domestic raw materials, including the rapidly rising production of mesta. Since the firmness of the jute price in 1957/58 did not lead to a fall in Pakistan's export earnings, no minimum export price was found necessary in that season but, as prices again weakened last year, a minimum was reintroduced in the autumn of 1958. In the face of these developments and also of rising stocks of raw jute, the Government of Pakistan is endeavouring to reduce the crop through acreage restrictions in the current season.

The total volume of trade in fats and oils (excluding butter) in 1957, at about 6.89 million tons, was slightly lower than in 1956, and a further small decrease is estimated to have occurred in 1958. Prices of oilseed in 1958 were either unchanged (groundnuts, linseed) or lower (soybean, cottonseed). Only copra increased in price. Among vegetable oils all declined in price except coconut oil.

As regards edible vegetable oils the fall last year may be due partly to the developments in butter trade (see above) which acted as a strong, if temporary, incentive to an increase in butter consumption at the expense of margarine and led to reduced oil requirements for the manufacture of this product. Among the soft oils which form the largest group in international trade, accounting in 1957 for nearly one-third of the total quantity, there were in that year important declines in trade in groundnuts and cottonseed (including oils) which were of a size large enough to offset the increase that took place in soybeans, olive oil and rapeseed. In 1958, the development
of exports showed divergent movements; there was a clear downturn of soybean exports whereas exports of soybean oil continued to increase. Cottonseed and oil both declined under the impact of reduced exports from the United States and Sudan, but exports of groundnuts rose appreciably, in contrast to groundnut oil which moved at 1957 levels. The increase in groundnut exports was mainly attributable to an expansion in French West Africa, Nigeria and other countries in Africa, while United States exports fell heavily. Exports from India which in 1955 was a major supplier have ceased entirely. World exports of olive oil recovered from the low level of about 120,000 tons in 1955-56 to about 152,000 tons in 1957. But in 1958 trade fell heavily, even below the 1956 level largely owing to a heavy fall, by nearly 50 per cent, in imports by European countries, particularly Italy (whose imports were only about 24,000 tons against 65,000 tons in 1957) where the domestic crop was considerably higher than in the preceding season. However, the expected lower level of current 1958/59 harvest in Europe may stimulate trade. The high price of olive oil relative to other edible oils has so far been a deterrent to a broadening of the market. In addition, shipments under United States Government programmes have increased the availability in the Mediterranean area of substitutes, such as cottonseed and soybean oils. The Olive Oil Council, which acts as a supervising body of the International Agreement on Olive Oil drawn up in August 1958, has been assigned the task of expanding the use of this product.

Exports of copra and coconut oil, by value the most important group of vegetable oils moving in international trade, have been growing in recent years and in 1957 reached a level of about 1.32 million tons. However, a sharp decline occurred in 1958 which affected the Philippines, the principal exporter of copra, as a result of low production, and Indonesia where exports to Malaya and Singapore were smaller. Philippine exports of copra to Europe were even more reduced than those to the United States. A decline in exports occurred also in Ceylon. Trade in palm kernels and oil, about 380,000 tons in 1957, rose further in 1958, mainly thanks to higher exports from Nigeria to Western Europe. Exports of palm oil, which stood at 560,000 tons in 1957 and preceding years, are estimated to have risen in 1958 on account of larger shipments from both Nigeria and Indonesia.

Among industrial oils, exports of linseed and linseed oil, at about 510,000 tons in 1957, were much larger than in preceding years, on account of increased sales from North America, Argentina and Uruguay and in spite of a heavy fall in India. This development occurred in response to the expanded import demand in Western Europe. In the first half of 1958 there was a clear break in this development; both linseed and linseed oil imports into that area declined sharply.

Although most of the international trade in hides and skins is directed to European countries, mainly the United Kingdom, Germany, and the Netherlands, and to Japan and originates in North America and other areas, trade between the European countries themselves is also of some importance. Imports by Western European countries of cattle hides in 1957 were about 370,000 tons, of which 80,000 tons from North America, 138,000 tons from Latin America,
mainly Argentina, 40,000 tons from Australia and New Zealand and 53,000 tons from dependent overseas territories. In addition, about 90,000 tons were traded within Western Europe, almost the same quantity as in 1956, whereas imports from non-European sources in 1957 were about 17 per cent larger than in 1956. More than one-half of the increase came from North America. While imports from that area of calf and sheep skins into Europe are of minor importance, nearly one-half of total calf skin imports (which amounted to about 36,000 tons) were supplied by Western European countries themselves, and one-third of sheep skin imports (about 90,000 tons) was imported from India and Oceania.

In the first half of 1958 exports of cattle hides from two of the principal supplying countries, the United States and Argentina, showed declines of 10 and 15 per cent, respectively. As a result, international trade in hides and skins as a whole is likely to be lower in 1958 as compared with the preceding year.

After a slight fall in 1956, world exports of natural rubber rose again in 1957, reaching about 1,859,000 tons. The fall in consumption in 1958, mainly caused by the reduced motor-car production in North America, led to a fall also in exports, which, in the first ten months, were about 4 per cent smaller than in the same period of 1957. In the United States, consumption of natural rubber was about 351,000 tons as compared with 415,000 tons in 1957. There was only a small reduction in consumption in the first three quarters of 1958 in the United Kingdom, France and Germany combined - from 342,000 to 333,000 tons - but increases elsewhere made up for these losses. World consumption which in January-September 1958 was at the preceding year's level, rose considerably above the 1957 volume in October-November. As the United States accounts for three-quarters of total synthetic rubber consumption, the slackening in demand in that country led to a fall in the world total, from 955,000 tons in the first three quarters of 1957 to 894,000 tons in the same period of 1958. In the last months of the year, however, United States consumption showed a marked recovery. World consumption of synthetic rubber has advanced rapidly in the last few years, from 25 per cent of total rubber consumption in 1950 to 40 per cent in 1957. In the United States this proportion rose from 43 to 63 per cent, a change which was accompanied by a fall in United States consumption of natural rubber from 730,000 tons to 547,000 tons. The United States (and Canadian) exports of synthetic rubber have grown tenfold since 1953 reaching about 206,000 tons in 1957, principally directed to European countries. Another outstanding feature in the market for natural rubber was the considerable purchases by the USSR and Eastern Europe, either directly in South-East Asia or via London. Their share of world imports doubled from 10 per cent in 1950-54 to about 20 per cent in 1958, in spite of their own rapidly developing synthetic production. Notwithstanding a fall in the quantity exported to the United States, Malaya's total rubber shipments were in 1958 no smaller than in 1957, owing to much larger exports to the USSR, Eastern Europe and mainland China, which rose from 85,000 tons in 1957 to 191,000 tons in 1958, representing 8 per cent and 17½ per cent, respectively, of that country's total rubber exports. Indonesia, whose total exports fell last year, also increased sales to the countries mentioned.
While the price of synthetic rubber was being kept constant by the United States producers, those for the natural product declined sharply from the 1957 average to early 1958, severely cutting down the primary producers' export earnings in spite of a sustained export volume. The price ratio of synthetic to natural rubber - which has moved from 1.67 in 1955 to about 1.0 in 1958 - is an important factor in the relative quantities consumed, with synthetic rubber developing at a much higher rate, partly on account of new productive capacity in Western Europe. The prospects for natural rubber would seem to depend essentially on the success of efforts now being made to rationalize production in South-East Asia. It should, however, be kept in mind that technical progress is advancing rapidly, with a tendency to widen the range of uses in which synthetic and natural rubber are substitutes for each other rather than complementary in use.

While in 1957 international trade in both round timber and sawn wood increased in comparison with 1956, and trade in wood pulp remained unchanged 1958 brought a distinct levelling off of trade in forestry products as a whole. In some instances a marked fall was recorded and only in respect of softwood and hardwood logs was there an increase of any importance.

Trade in pulpwood which fell already in 1956 and 1957 continued this downward movement in 1958. This was a reflection of the lower level of cellulose production and of withdrawals from stocks in importing countries. Although exports from the two largest suppliers in Western Europe, Finland and Yugoslavia, were almost maintained at the 1957 level, all other exporters suffered steep reductions with the result that intra-European trade fell by about one-quarter. However, imports from Canada fell even more and Canadian deliveries to the United States also fell sharply. In contrast, European countries imported in 1958 substantially larger quantities of coniferous logs and also of hardwood logs. Among the latter there has been a noticeable increase in logs of tropical species which are being increasingly used by Western European plywood manufacturers. The large imports of tropical timber in 1958 were mainly on account of supplies to France from her African Territories. Because of reductions in coal mining activity in 1958 there was a fall in the use and imports of pit-prop by one-third in the United Kingdom and by one-half in Belgium-Luxembourg - together outweighing some increase in France and Germany.

As regards coniferous sawnwood, Europe in 1957 had net imports more than twice as large as in 1956, a development which further accentuated the shift of that area during the past decade from a net exporter to a large net importer.

Among the most recent developments in this field it should be mentioned that a product called poly-isoprene, manufactured in the United States (although not yet on a commercially important scale) is claimed to have the same properties as natural rubber as regards toughness and strength. It may thus replace the natural material in uses such as tyres for heavy trucks and aircraft, the main fields where natural rubber has so far been considered superior.
Main outside suppliers were the USSR and Canada which in 1957 accounted for about one-fifth of total imports by European countries. In 1958, under the influence of the slackening in house-building activity, all European countries, except Germany, bought less sawn softwood than in 1957. Among the main suppliers, only Finland, whose exports benefited from the devaluation of her currency, made larger shipments in 1958, whereas Sweden suffered a sharp fall. Exports from that country to the United Kingdom, by far her largest market, fell by over 30 per cent, whereas Finland, whose largest outlet also is the United Kingdom increased exports to that destination by 15 per cent; the United Kingdom also bought more sawnwood from the USSR, but less from Canada, than in 1957. Canada had larger sales to the United States, her principal market. Europe imported an almost unchanged quantity of sawn hardwood in 1958.

There was a large increase in recent years in wood pulp production in the USSR and in the non-industrial areas of the world, with the result that the combined share in world production of Europe and North America has declined, in spite of a continued rise in these areas. The increase in output has been particularly rapid in Japan whose output in 1957 was exceeded only by the United States, Canada, Sweden, Finland and the USSR. Within Europe the advance of the Federal Republic of Germany as a producer is of particular importance. The developments mentioned explain why trade in wood pulp has tended to fall relative to production in recent years.

There was a fall of some 14 per cent in European imports of mechanical wood pulp in 1958 and, judging from data for the first-half, an even larger drop in the United States. By contrast, Europe did not reduce imports of chemical wood pulp in 1958, whereas the United States showed a fall here also. While exports from Sweden and Canada were unchanged in quantity, those from Finland and Norway continued to increase. Although Germany and France still rank only as minor exporters compared to those mentioned, it may be noted that their deliveries to other countries have risen rapidly.

World production of crude steel (excluding the USSR, and mainland China) has risen sharply in post-war years, with only minor setbacks in 1952 and 1954. Output is highly concentrated in the United States, the United Kingdom, the six countries of the ECSC and Japan (together they accounted for about 85 per cent in recent years) and rose from 166.5 in 1953 to 196.7 million tons in 1957. During the same period, the production of iron ore in these countries increased only slightly, from 85.8 to 37.1 million tons (Fe content). There has therefore been a large increase in their import requirements and a corresponding rise in the volume of international trade in iron ore. While data on the volume of this trade are difficult to obtain, it may be noted that the value of supplies by the main exporters roughly doubled between 1953 and 1957, reaching nearly $900 million in the latter year. Of this figure, exports valued at nearly $400 million came from non-industrial

1 Average annual unit values of sawn softwood imported into the United Kingdom from Finland in 1958 were lower than those for softwood originating in Sweden, the USSR and Canada by about 5, 7 and 10 per cent, respectively.
countries, principally Venezuela, Yugoslavia, Spain, Brazil, Chile, Peru, Algeria and Tunisia. Among these Venezuela, Brazil and Yugoslavia have recorded the largest increases. In addition to exports from the countries mentioned, there are some exports from countries and territories in South-East Asia, i.e. India, Malaya, Philippines, and Goa, mainly directed to Japan and from African countries, i.e. Liberia, Morocco and Sierra Leone to the United States, Germany and the United Kingdom.

The drop in steel production in 1958, which was particularly large (25 per cent) affected in the United States the domestic production of iron ore far more than imports; the decline in the first three quarters of 1958 as compared with 1957 being by 40 and 20 per cent, respectively. The suppliers most severely affected, and also accounting for the bulk of the decline, were Canada and Sweden, whose combined shipments to the United States in 1958 had a value only two-thirds as large as in 1957. The fall in the United Kingdom's imports also was by about 20 per cent in volume and again Sweden and Canada recorded the largest declines. The drop in imports by the ECSC countries was much smaller, about 5 per cent, but in this case, supplies from Canada even rose slightly whereas Sweden, the principal outside supplier, bore the brunt of the reduced imports.
Base Metals
(SITC 68)

The value of world exports of base metals (excluding those from the USSR, Eastern Europe and mainland China) rose from about $5,200 million in 1953 to about $8,550 million in 1957. Of these totals, by far the largest part consisted of exports from industrial areas which rose from $4,000 million to $7,160 million, i.e. by about 80 per cent, whereas the primary producers recorded a corresponding increase by only 16 per cent, from $1,215 to $1,390 million (see Table C). However, much of the greater increase in the exports from industrial countries is due to iron and steel, the value of which nearly doubled since 1953, and of which they are practically the only suppliers to the world market. However, their exports of non-ferrous metals also rose by about 55 per cent in value - from $1,290 to $2,000 million, i.e. at a much faster rate than from non-industrial areas. On the other hand, these latter areas participated indirectly in the growth of trade in base metals through their supplies of both ferrous and non-ferrous ores and concentrates to the industrial countries. Those supplies showed rising trade values in recent years, and may be estimated at $1,200 - $1,400 million (f.o.b.). A tendency which may be noted in this connexion is the sharp increase among the imports of industrial from non-industrial countries of these ores and concentrates, in contrast with the slower rise (in 1957 there even was a fall) for non-ferrous metals.

Table C gives an estimate of the values of the main base metals in exports from industrial and primary producing countries respectively. As the export values for primary producers are computed from sources which do not always conform to the SITC definitions, the data for the two categories of exporters may not be exactly comparable but they may nevertheless serve as a reasonably accurate indication of the values involved.

The slowing down in manufacturing activity in 1958 had repercussions on production and international trade in iron and steel. In comparison with 1957, production of crude steel in the European Coal and Steel Community (ECSC) countries fell by 4 per cent, in the United Kingdom by 10 per cent, whereas in the rest of Western Europe there was no change. In Japan production fell by about 3½ per cent, in Canada it dropped by 15 per cent and in the United States by as much as 25 per cent. Total production in the industrial areas fell from 208 to 177 million tons, i.e. by 15 per cent; in the USSR, Eastern Europe and mainland China it is estimated to have risen by the same percentage from 72 to 83 million tons. In the steel producing countries in the non-industrial areas, mainly Brazil, Mexico, India, the Union of South Africa and Australia, the previous upward trend continued in 1958 when they had a combined production of some 10 million tons.
### TABLE C

**MAIN BASE METALS IN INTERNATIONAL TRADE**

1953 - 1957

Approximate export values in million dollars

<table>
<thead>
<tr>
<th></th>
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<td>37</td>
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<td>684</td>
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<tr>
<td>Copper</td>
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<td>NI</td>
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<tr>
<td>Zinc</td>
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<td>109</td>
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<td>686</td>
<td>NI</td>
<td>36</td>
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<tr>
<td>Tin</td>
<td>I</td>
<td>147</td>
<td>119</td>
<td>115</td>
<td>116</td>
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<tr>
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<td>I</td>
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<td>1994</td>
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<td>NI</td>
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<td>Total 68</td>
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<td></td>
<td>I</td>
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<td>8050</td>
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<td>NI</td>
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<td>5430</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Estimate of exports of USSR, Eastern Europe and mainland China</td>
<td>(50)</td>
<td>(80)</td>
<td>(160)</td>
<td>(250)</td>
<td>(250)</td>
</tr>
<tr>
<td>Total world exports of base metal</td>
<td>(5265)</td>
<td>(5425)</td>
<td>(6995)</td>
<td>(8300)</td>
<td>(8800)</td>
</tr>
</tbody>
</table>

I = Industrial areas
NI = Non-Industrial areas

For sources and methods, see Appendix.
While exchanges of steel among ECSC countries were unchanged in the first three-quarters of 1958, exports to outside destinations were about 6 per cent lower than in 1957, mainly as a result of reduced sales to the United Kingdom, other countries in Western Europe, India, Pakistan and other countries in Asia, except mainland China to which they rose sharply. There were, on the other hand, a large rise in exports to Argentina and minor increases to the United States and Eastern Europe. Exports from the United Kingdom in 1958 show a fall of 13 per cent most of which was due to decreases in sales to a few Commonwealth countries (Canada, Australia, India, Pakistan, Rhodesia and Nyasaland) who are all steel producers themselves. But like the ECSC countries, the United Kingdom had larger exports to the United States and Argentina. Steel exports from the United States declined much more than from the countries mentioned, i.e., by over 50 per cent (ten months of 1958). They had no part in the generally increased imports of Argentina and suffered declines in all other Latin American countries, except Mexico. But the directions in which most decisively influenced the drop in the United States exports last year were Canada, and particularly Japan, which in 1957 had exceptionally taken about one-fifth of total United States exports, while in 1958 these sales dwindled to only 6 per cent of the previous quantity, thus falling back to the 1955 level. By contrast, the large increase in Japan's steel exports (by about 70 per cent) included a substantial rise in supplies to the United States and also to destinations in Latin America, in particular to Argentina. Among Japan's main customers, only India bought less than in 1957. Australia, which imported substantially less steel from the United Kingdom in 1958, took larger deliveries from Japan.

As from the beginning of 1959, a marked recovery in steel trade has occurred. Thus export orders from third countries placed with steel mills in the ECSC were in the first-quarter nearly twice as large in volume as a year earlier.

World production of all main non-ferrous metals in 1958 was smaller than in the preceding year. The reduction of copper, the output of which leading producers agreed to restrict, and of lead was by 3-4 per cent. Zinc output fell by 6 per cent and production of tin by as much as 31 per cent. The year also witnessed very low price levels of all four metals. Copper fell in February 1958 to the lowest point in the last decade. Lead and zinc prices had been better maintained up to early 1957, owing to the fact that surplus quantities had been absorbed by strategic stocks. The discontinuation of additions to these stocks, in conjunction with the completion of plans for an expansion in mining production and a failure of consumption to increase correspondingly are the main factors that made for low prices. As regards the price of tin, the exports of which were since December 1957 subject to control under the International Tin Agreement, special circumstances were at work (see below).

Some recovery in the prices of non-ferrous metals occurred towards the end of 1958. As regards copper, the firmness was caused by strikes in the mining industry in Rhodesia and Canada which led to a drop in output. Total stocks of refined copper at the end of December were one-third below the position of a year earlier. The uncertainty with regard to the future situation in the United States copper industry, where the three-year wage contract expires in mid-1959, also contributed to the firmness of the price. Lead and zinc prices did not fall, after the import restrictions were put into effect by the United States. In the case of tin the cuts in exports from the USSR helped considerably to stabilize the price level.
Imports of unwrought copper metal by Western Europe and the United States from all sources were in 1957 about 1.40 and 0.42 million tons, respectively, exceeding the 1956 total by 150,000 tons. The whole of this increase occurred in Western Europe while United States imports were unchanged. In 1957 about 1.15 million tons, or 63 per cent of these imports originated in primary producing countries for which this proportion represented a slight advance in the import share as compared with preceding years. In 1958 (first half) the main European importing countries and the United States maintained or even slightly increased (France, Germany) their imports in comparison with 1957, although, because of the low prices, total values fell heavily. However, with the reintroduction on 1 July 1958 of the United States import duty (1.7 cents per pound), imports into that country fell sharply and were for the year 1958 at their lowest level in the whole post-war period. By the end of the first quarter of 1959, no decision had been taken in the United States to release copper from the strategic stocks; in the United Kingdom, it was announced that in 1959 the remainder of stocks held by the Government amounting to about 30,000 long tons, would be offered for sale at the rate of about 2,600 tons per month.

Trade in tin metal, which in 1955-56 had been at the annual level of about 139,000 tons, rose to 146,000 tons in 1957. But in 1958, when exports were restricted under the Tin Agreement the quantity exported in the first ten months was about 9 per cent smaller than in the same period of 1957. However, production in the six producer members of the Tin Agreement fell by over 30 per cent in 1958 as compared with 1957. Malaya, which is the largest exporter of tin metal, accounting in 1957 for about one-half of the world total, supplied only about 46,000 tons in the whole of 1958 as against about 70,000 tons in each of the four preceding years. Lower exports were also registered in the Netherlands. Exports of concentrates also fell heavily in 1958, both from Malaya and from the Belgian Congo, Nigeria, Bolivia, Indonesia and Thailand. In contrast to this general decline stands the larger export of metals from the USSR and mainland China. These exports were directed to several Western European countries. The United Kingdom, the Netherlands, the Federal Republic of Germany, France and Switzerland in 1958 imported nearly 19,000 tons of tin metal of Sino-Soviet origin, against only about 7,000 tons in 1957. In the middle of 1958 the two countries first mentioned introduced restrictions against these imports.

These USSR offers in the beginning of 1958 were made from stocks held in London outside the control of the Tin Council, at a price lower than that quoted on the London Metal Exchange and were one of the reasons why in September 1958 the council had to withdraw its support of the Agreement floor price of £730 per ton, which resulted in a temporary price fall by nearly £100 per ton below that level and led to a temporary suspension of dealings. However, it is obvious that other circumstances also contributed to the depressed situation in the tin market in the middle of 1958. Consumption and imports in the United States were declining. Importers in other countries preferred to rely on stocks rather than to import at or above the floor price which they

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1 Already in 1957 the price development of copper went heavily against the exporters of this metal. In spite of increase in the quantity supplied from non-industrial areas in that year, their aggregate copper metal exports at about $790 million, were about $270 million lower than in 1956.
considered as unrealistic in the circumstances. As a result of negotiations initiated by the Council an understanding was reached by which the USSR agreed to limit its direct exports to countries (other than Eastern Europe) to a quantity of about 13,500 tons in the year 1959. The import restrictions in the United Kingdom and the Netherlands were thereupon abolished. In the beginning of 1959 the Council increased the permissible export quota for the second-quarter to 23,300 tons, i.e., by about 3,000 tons as compared with the quotas set for the preceding three quarters. This measure reflects the growing confidence in the market and the buoyant price trend which obtained in the beginning of the year.

In both 1957 and 1958, world mining production of lead and zinc exceeded consumption, and thus led to an accumulation of stocks and to a weakening of prices. International conferences were held in September and November 1958 under United Nations auspices with a view to reaching an agreement on how to remedy the situation, through voluntary restrictions on production or otherwise. None of the proposed measures had found general acceptance by the end of 1958, but it was decided to convene further meetings during 1959, and the Lead and Zinc Committee which had been set up earlier, was to continue to follow the situation.

Since the third-quarter of 1958 there was some strengthening of the price situation of both these metals, but in the case of lead domestic prices both in the United States and the United Kingdom at the end of the year had only recovered to the level of a year earlier, and as regards zinc, prices were only slightly higher than at the end of 1957. The United States which, before the war was a net exporter of both lead and zinc, in the post-war period became a net importer on an increasing scale. The price development of the two metals is therefore strongly influenced by United States imports which accounted for about 40 per cent of the world total in both cases. The share of primary producing countries in world trade is high in the case of lead (over 80 per cent), but much smaller in the case of zinc.

Imports of refined lead in the last two years up to mid-1958 developed differently in Western Europe and the United States; in Western Europe the fall of about 4 per cent in 1957, as compared with 1956, continued at about the same rate in the first six months of 1958. By contrast, imports into the United States rose in 1957 by about one-quarter over 1956 and further increased in 1958 (six months) by about 40 per cent. The fall in Western Europe was clearly in response to the decline in consumption. In the United States the rise in imports during 1957 occurred in spite of a decline in industrial consumption, as a result of additions to strategic stocks acquired through barter against agricultural surplus commodities under Government programmes. For 1958 the import level rose further in anticipation of measures to support domestic producers. In October 1958 imports of lead and zinc were restricted to an annual quota of 80 per cent of the average imports for the years 1953-1957,

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1 The Tin Agreement drafted in 1953 was based on a floor price of £640 and a ceiling price of £880. In March 1957, however, the Tin Council raised the floor price to £730 while the ceiling remained unchanged.
with a proportionate share for each supplying country. The quotas were stated to be a measure of relief for domestic producers from carrying an unduly heavy burden of adjustment. Producers' stocks of refined lead in the United States had risen from about 94,000 tons at the close of 1957 to about 230,000 tons in December 1958, whereas aggregate stocks in all other producing countries had declined. Data for United States imports of lead in the last quarter of 1958 show that, with United States prices higher than those obtaining in other markets, the lead quotas allocated to supplying countries had, in most cases, been utilized. There was at the same time a noticeable increase in imports from Europe of lead manufactures which are outside the quotas. Prices of these imports were considerably lower than of corresponding domestic products. By contrast, United States imports of zinc showed a falling tendency since the beginning of 1957. On the other hand there was no decline in Western Europe's zinc imports up to mid-1958, but the reduced United States imports caused a fall in total international trade in this metal.

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1 It should be observed, however, that these basic quotas do not include deliveries made in these years to the United States strategic stockpile. Thus, for example, Australia had in the base period delivered about 62,000 tons per year, of which about 8,000 tons were for the stockpile.
Fuels
(SITC 3)

Between 1953 and 1957 the total value of exports of fuels rose by about 55 per cent, i.e. considerably more than all other international trade which increased by about 33 per cent. As seen from Table D, there was only a moderate rise in coal exports by Western European countries compared with the sharp increase in North America, which started in 1955. While the rise in North American exports of petroleum products in 1956 and 1957 was mainly due to the Suez crisis, the exports of Western Europe and of the primary producing countries (which account for about three-quarters of the total export value in this group) have been increasing steadily since 1953.

The outstanding feature in international trade in coal in the past two years is the high level of imports by Western European countries from outside sources. In spite of a decline in 1958, these imports were still much larger than would be expected from the decline in consumption. Although there was only a minor increase in coal production in the area, two mild winters, the reduced use of coal by industrial consumers, railways and gasworks and the growing competition from fuel oil for space heating resulted in an accumulation of stocks as from the beginning of 1957. As far as coal is concerned, the Suez crisis caused only a slight reduction in European pithead stocks towards the end of 1956, but did not lead to any depletion of these stocks nor to any shortage of the commodity. By the end of 1957, stocks had grown to 16 million tons, of which about one-half in the United Kingdom, and by the end of 1958 to 45 million tons, of which about 20 million in the United Kingdom. Since the United Kingdom imported only small quantities, the high level of imports from outside suppliers (United States, Poland, the USSR) concerned mainly the ECSC countries. The pithead stocks held by these countries rose from 7.4 million tons in December 1957 to 24.5 million tons in December 1958. The increase by 17.1 million was two-thirds as large as the total coal imports from outside suppliers (about 26 million tons) in 1958. Total imports from the United States by all Western European countries in 1958, about 30.5 million tons (37 per cent less than in 1957) continued to flow in under long-term contracts signed under the impact of the Suez crisis in the latter half of 1956 at a time when the decisions of importers were also affected by the coal shortage that had prevailed in Europe in preceding years. Imports of United States coal were later on stimulated also by the low freight rates obtaining as from the end of 1957, which made it possible to quote American coal at or below

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1 These imports were in 1957 about 2.9 million tons, mostly from the United States. In 1958 the United Kingdom imported less than 1 million tons, of which practically none came from the United States.
### TABLE D

**FUELS IN INTERNATIONAL TRADE**

1953-1957

Total approximate export values in million dollars

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<td>7540</td>
<td>8360</td>
<td>9380</td>
<td>10530</td>
<td>11710</td>
</tr>
</tbody>
</table>

- **Western Europe**
- **North America**
- **Others**

Export from all countries to all destinations, excluding trade among Eastern European countries, the USSR and mainland China.

For sources, see Appendix.
local prices even in German coal-producing areas. Although the price of coal quoted for export from the United Kingdom was cut on several occasions during 1958, exports to continental Europe fell from 6.8 million tons in 1957 to 3.9 million tons in 1958. Poland, by contrast, where prices were also reduced, registered larger exports which increased from 5.9 to 7.0 million tons, mainly on account of the ECSC but also of Denmark and Sweden. Total intra-European coal trade, which had risen somewhat in 1957, reaching 44 million tons, fell to 39 million tons in the following year.

According to the High Authority of the ECSC total coal demand in 1958 in the Six countries was by about 11 per cent, or 33 million tons, smaller than expected. But though the number of man-shifts worked declined and in spite of forced holidays and other measures taken to limit output, the increased productivity led to a total coal production in the area of nearly 247 million tons i.e. practically the same as in 1957. Steps intended to remedy the coal situation in those countries included attempts at abrogating or postponing the United States contracts and the granting of financial assistance to coal producers. Compulsory purchases from ECSC Member Countries were also contemplated but would have placed a severe burden on Italy, the bulk of whose coal supply derived from the United States, at a price lower than that of Belgian coal. The German Federal Government, while agreeing to waive taxes which tended to give an advantage to oil over coal, early in 1959 imposed a tariff quota under which coal imported from outside the ECSC above an annual quantity of 5 million tons would be subject to a duty of DM20 per ton. If no imports in excess of this quota should take place, it would in 1959 result in coal imports into Germany from outside suppliers nearly 8 million tons lower than in 1958. There was a sharp drop in coal production in the United States and exports also fell from about 70 million tons in 1957 to about 45 million tons last year. The decline occurred as a result of smaller deliveries not only to Europe, but also to Canada and other destinations, mainly Japan.

Coke production in the ECSC and the United Kingdom showed a slight decline but in view of the slump in demand, stocks at cokeries at the end of 1958 were in the United Kingdom twice as large as a year earlier while in the ECSC they rose fourfold. Intra-European trade in coke, about 16.4 million tons in 1957, fell to 14.2 million tons in 1958, most importing countries sharing in the decline.

1 Imports of coal of United States origin into Germany - over one-third of imports from that source into Western Europe - which were about 15.9 million tons in 1957 fell to 11.3 million tons in 1958 and further to about 2.0 million tons in the first quarter of 1959, 36 per cent below imports in the same quarter of the preceding year. The unit value of these imports shows a steady fall, from DM84.40 to DM77.00 and DM71.50 per ton as an average for the first quarters of 1957, 1958 and 1959 respectively.

2 The duty-free quotas allotted on the basis of 34 per cent of the average annual imports in 1950-1958, would for 1959 amount to (in thousand tons): United States 4,420, Poland 303, United Kingdom 207, Norway 35, USSR 27, Czechoslovakia 8.
Inside the ECSC area, exchanges fell from about 9.9 to 8.9 million tons. Scandinavia and Finland imported less both from the United Kingdom and from the ECSC, but there was a slight rise in deliveries from the latter to Austria.

In spite of a decline in the production of crude petroleum in 1958 in the United States and Venezuela by some 6 per cent, an increase in other areas, mainly the Middle East, by over 18 per cent, made it possible to reach a total production figure of about 776 million tons, about 6 million more than in 1957. This one per cent increase was, however, very small in comparison with the average annual rate of growth of about 7 per cent in earlier postwar years. Output in Western Europe was practically unchanged at about 12 million tons. Production of oil on a commercial scale was started in the Sahara in January 1958. Although only less than half a million tons were produced in the year, this source of supply is potentially important; it is planned to have output running at an annual rate of about 8 million tons at the end of 1960.

Owing to reduced demand and to rationing during and after the Suez crisis, world consumption of petroleum products slowed down in 1957. Although the structure of international trade in liquid fuels was temporarily dislocated with a boost in imports from the Western Hemisphere into Europe to meet the emergency, there was no fall in the annual volume moving in international trade. In the first half of 1958, the pre-Suez pattern of oil trade was re-established, the Middle East again becoming the most important supplier of Western Europe.

Imports into Western Europe have continued to rise in recent years. In spite of the temporary sharp decline in oil arrivals in European ports in the last two months of 1956 which continued into 1957, the trend shown by annual figures has moved continuously upwards. Net imports into the area were about 98, 108, 119 and 137 million tons in the four years from 1955 to 1958. While crude oil imports in both 1956 and 1957 were unchanged, at about 100 million tons, the increase was accounted for by larger supplies of imported petroleum products. But in 1958, crude oil imports rose to 118 million tons, while there was a slight fall in the arrivals of products.

Exports from the USSR and Eastern Europe to Western Europe and other directions, though still relatively small in quantity, rose from about 5 to about 10 million tons between 1955 and 1958. Recently concluded trade agreements provide for a further rise in 1959. The main recipients, in addition to Iceland, who covers her requirements exclusively from this source, were Finland, Austria, France, Italy and Egypt, the largest single customer. Some Latin American countries, Argentina, Brazil and Uruguay, also bought oil of this origin last year.

1 Excluding the USSR, Eastern Europe and mainland China, which together produced some 113 and 130 million tons in 1957 and 1958, respectively.
While in the United States, the largest oil importer, imports both of crude oil and products rose in each year between 1953 and 1957, and there was a sharp increase in products imported also in 1958, crude oil receipts from abroad fell in that year. Imports of products were running at exceptionally high rates in the closing months of 1958, partly in anticipation of import controls. The restrictions which had been applied on a voluntary basis in 1958, were in March 1959 transformed into mandatory import quotas. While these quotas would hardly have any impact on imports from the Middle East, the brunt of the restrictions will fall on Venezuela, the principal supplier. It is estimated that, as a result of the restrictions, United States imports of crude and refined oil in 1959 will fall short of the 1958 quantity by about 12 per cent.

The effect of the Suez crisis on the price of crude oil in the Western Hemisphere was to bring it to a level about 25 cents per barrel higher than had been obtaining for about three years prior to that event. There was an increase in the crude oil price also in the Middle East, but by only about one-half that amount. But as oil consumption in the United States in 1957 remained at the preceding year’s level, while in Western Europe it rose only by about 5 per cent, the price increase proved to be shortlived. This slackening in demand did not affect export quotations of crude oil in 1958, but prices of products in the Caribbean market were adjusted downwards twice during the year. However, the sharp competition among producers, which has characterized the oil market since the end of the Suez crisis, later on affected also the price of crude oil. In the beginning of 1959, important cuts were made. But while the prices of crude oil, both in the Western Hemisphere and the Middle East, have thus fallen from their 1957 peak level, the former price in February 1959 was 10 cents a barrel higher than in 1953, but the latter 4 cents lower. The resulting differential between crude oil from these two main supplying areas made Middle East oil more competitive.

1 The scheme for voluntary limitation of crude petroleum imports into the United States dates back to the second quarter of 1955. No restrictions were applied between mid-1956 and mid-1957. As from June 1957 the restrictions were still voluntary but quotas were now allocated to each importer, whereas earlier they had been on a global basis. As from mid-1958, some petroleum derivatives, in addition to crude oil, were included in the quotas. Finally, in March 1959 imports of crudes as well as of all products became restricted, which will limit imports to about 9 per cent of domestic demand, except of finished products the imports of which are not to exceed the 1957 volume.

2 Nearly all these imports, which consist of crude oil, are shipped to the West Coast of the United States where imports of crudes may enter practically unrestricted.