CONCLUSION.

It is strikingly clear that in many areas, notably South-east Asia, food intake was not sufficient to provide for minimum human requirements even in pre-war years. High death rates point to the extent of chronic malnutrition and the subsequent inroads of disease. The recent war worsened the position. The agricultural systems of Europe and Asia were gravely disorganised, and the struggle for rehabilitation has only just begun. Nutritional levels in many countries are worse than pre-war. Present production, accompanied by careful distribution, can only be expected to maintain these suffering populations at a subsistence level. The task of F.A.O. is to so plan production and distribution that nutritional standards may be raised to some approximation of the scientific estimates of requirements.

In two subsequent articles, the history of F.A.O. will be set down, and the nature of the enormous task confronting the organisation will be more closely examined.

THE CURRENT WHEAT SITUATION.

With an all-time Australian record wheat crop in prospect, currently estimated at 260 million bushels, and a New South Wales crop estimated at, at least, 120 million bushels—more than half as great again as the largest crop ever harvested in this State —it is perhaps opportune to review, in summary form, the current Australian situation in the light of the latest information available regarding the world wheat position.

The world supply-demand situation was reviewed in some detail in the May issue of this journal.* Since then, however, North American and European crops have been harvested and it is now necessary to modify some of the statements and forecasts made at that time. Wheat prices, which appeared earlier to have reached their peak in the first quarter of this year, have recently climbed to all-time record levels, the Australian Wheat Board's current export price being 19s. 5¼d. per bushel, bulk basis, f.o.r. principal ports. Nor, at present, is there any sign of a business recession which the United States Bureau of Agricultural Economics confidently expected would make itself felt in the latter half of this year. Wheat prices have increased despite an all-time record harvest in the United States, a moderate Canadian crop, and a prospective record crop in this country. This increase in price is due primarily to the exceptionally small European harvest this year, and to a below-average corn crop in the United States, necessitating the more extensive use of wheat for feeding livestock in that country, with the result that little, if any, more wheat is available for export from the United States than would have been available if both corn and wheat yields had been more nearly normal. The exceptionally high prices at present being paid for wheat reflect the acute shortage of all basic foodstuffs which still exists in so many parts of the world.

*See "A Review of the World Wheat Situation in 1947"—"Review of Marketing and Agricultural Economics," May, 1947.

The Position in Australia.

The latest information available indicates a crop of at least 260 million bushels, provided seasonal conditions remain satisfactory up to the time harvesting is completed.† Such a harvest would be over 22 per cent. greater than the previous record crop. Table I gives details of the three largest crops recorded in Australia and in New South Wales:—

TABLE I.

Record Australian and New South Wales Wheat Crops.

AUSTRALIA.				NEW SOUTH WALES.			
Year.	Area.	Crop.	Yield per acre.	Year.	Area.	Crop.	Yield per acre.
	thousand acres.	bush.	bush.		thousand acres.	bush.	bush.
1932-33	15,766	213,926,981	13.57	1932-33	4,805	78,870,000	16.4
1930-31	18,165	213,594,391	11.76	1939-40	4,380	76,552,000	17.5
1939-40	13,285	210,277,000	15.84	1915-16	4,189	66,765,000	15.9

The current forecast of 260 million bushels is made up as follows:—

	Million Bushels.
New South Wales	120
Victoria	60
South Australia	43
Western Australia	28
Queensland	9
Total	260

†Heavy rains received in parts of the New South Wales wheat belt early in November will result in some reduction in yield. At the time of going to press, however, it appears unlikely that this will be substantial.

Most of the individual State forecasts were based on conditions existing early in October; since then conditions have remained extremely favourable in all parts of the Commonwealth, with the exception of Western Australia, and it seems quite probable that, providing seasonal conditions continue favourably, this forecast may be exceeded by quite a substantial quantity. However, assuming a crop of 260 million bushels, there should be about 180 million bushels available for export. It is, however, doubtful whether internal transport facilities will prove capable of shifting this unprecedented quantity of wheat prior to the 1948 harvest and, consequently, the whole of the surplus may not be exported during the 1947-48 crop year. This estimate of 180 million bushels exportable surplus is made on the assumption that domestic utilisation will continue at approximately 80 million bushels, which figure is close to average utilisation in recent years. It is highly likely that such will be the case as it is intended that, in view of the acute world shortage and high overseas prices, the quantity made available for stock feed be held at 25 million bushels, at which figure it has been more or less stabilised in the past two years.

In New South Wales, in particular, where it is estimated nearly half of the Australian crop will be harvested, grave difficulties are anticipated in handling, storing and transporting the crop. Stocks of bags at present held in the State appear to be inadequate and, while the Australian Wheat Board has announced that further substantial supplies have been procured from India, it is not expected that these will arrive until early next year and consequently, even if adequate bags are eventually secured, it is likely that many farmers will have to store considerable quantities of wheat on their farms as a temporary measure.

The record export prices in prospect, however, will probably induce farmers to show considerable initiative in this regard and, short of extremely adverse weather, or some such calamity, it is unlikely that much of this record State crop will be wasted.

The following table (Table II), published by the Commonwealth Statistician, shows monthly export prices during recent years and illustrates the continuous rise which has taken place since the end of 1946. Prior to 1946 the highest average annual price received this century was 9s. per bushel in 1920-21.

TABLE II.

Export Wheat Prices: Australia.

(Pence per Bushel.)

Month.	1939 (*a*)	1942.	1943.	1944.	1945.	1946.	1947.
January ...	29.00	(50.00)	51.00	57.00	77.00	(116.00)	164.25
February ...	29.05	50.00	51.00	57.00	77.00	118.50	173.50
March	27.19	50.00	51.00	57.00	(*b*)	122.00	187.00
April	28.12	50.00	51.00	57.00	(*b*)	122.00	194.00
May	30.28	(50.00)	51.00	60.00	(*b*)	122.00	194.50
June	28.68	50.00	(51.00)	60.00	(*b*)	122.00	196.00
July	26.15	50.00	(51.00)	60.00	(*b*)	125.75	196.00
August	24.98	(50.00)	(51.00)	66.00	(*b*)	134.00	196.00
September ...	29.93	(50.00)	51.00	69.00	(*b*)	134.00	...
October	32.00	(50.00)	51.00	75.00	(*b*)	141.00	...
November ...	(32.00)	50.00	54.00	75.00	(*b*)	149.50	...
December ...	35.50	50.00	57.00	75.00	116.00	164.00	...
Average ...	29.37	50.00	51.75	64.00	...	130.90	...

The figures shown in brackets are nominal.

(*a*) Weighted average shippers' limits for growers' bagged and bulk lots, Sydney, Melbourne and Adelaide.

(*b*) No sales.

Wheat export prices rose substantially during October. Australian Wheat Board quotations for bulk wheat, f.o.r. principal ports, were as follows:—

	s.	d.
1st October	16	11¼
17th October	18	5¼
24th October	19	5¼

The brief review of the world supply-demand situation which follows serves to indicate that prices may be expected to remain at very high levels at least until the 1948 crops in Europe and North America are harvested about the middle of next year, although there may, of course, be some fall from present record levels prior to this. While there may be a substantial price fall before the end of next year, it appears most likely that Australian wheatgrowers will receive a highly profitable price for all the 1948-49 wheat they produce for export, and consequently it is expected that there may be a further increase in the acreage sown next year over the estimated 15 million acres sown this season.

The World Situation.

The 1947 European crop is estimated at little more than 1,200 million bushels, that is, nearly 150 million bushels below the small 1946 crop and more than 400 million bushels lower than the 1935-39 average. The reduction in yield took place mostly in Western European countries, due largely to extremely severe winter conditions and lack of labour and seed to resow in the spring. The position of extreme shortage in these countries has been further accentuated by the eighth successive rye crop to fall considerably below the pre-war average. Despite reports of a large Russian wheat harvest this year, it would appear that Europe alone could utilise in the vicinity of 1,000 million bushels of wheat imports during the coming twelve months.

Actually considerably less than this quantity will be available to satisfy world demands for wheat. Table III, incorporating the latest available figures, sets out the supply position in the four major wheat exporting countries during their 1946-47 crop years. This table shows that these four countries will, or already have, exported between 750-800 million bushels of wheat in that period. This figure has been exceeded previously only once, in 1945-46. However, there is little wheat available for export elsewhere; these four countries handle over 90 per cent. of the world's wheat exports.

TABLE III.

The Supply Position in the Four Main Exporting Countries, 1946-47.

(Figures in millions of bushels.)

Country.	Initial Exportable Surplus.	Crop.	Domestic Disappearance.	Current Exportable Surplus.	Total Exportable Surplus.	Net Exports.	Final Stocks.
Canada ...	74	421	168	253	327	243	84 (*a*)
United States ...	100	1,156	772	384	484	401	83
Argentina	21 (*a*)	206	118 (*b*)	88	109	95 (*b*)	14 (*b*)
Australia	20	117 (*a*)	81 (*b*)	36	56	47 (*a*)	9 (*b*)
Total...	215	1,900	1,139	761	976	786	190

(*a*) Subject to revision. (*b*) Forecast.

This table gives striking demonstration of the fact that these four countries have drawn on stocks to the absolute limit; there are at the present time virtually no reserve stocks of wheat in existence.

Using the latest estimates of 1947, North American production and forecasts of Australian and Argentinean production, Table IV shows the quantities of wheat which these four countries may be expected to have available for export during 1947-48. In so far as Australia and particularly Argentina are concerned, these figures are necessarily quite tentative. Nevertheless, they do serve to give an indication of the position. It would appear that these four countries will have about 800 million bushels available for export. Whether it will be possible to export this quantity will depend, inter alia, on the shipping facilities available, and particularly in the case of Australia, on internal transport and handling facilities.

TABLE IV.

Estimated Production and Export Surplus, 1947-48.

Country.	Estimated Production.*	Estimated Quantity Available for Export.
	(m. bushels.)	(m. bushels.)
Canada	341 (*a*)	170
United States	1,408 (*a*)	400 (*a*)
Argentina	180	60
Australia	260	180
Total	2,189	810

(*a*) Official figures—subject to revision.

* Assuming average yields in Argentina.

The 800 or so million bushels available for export will fall far short of meeting the world's needs for wheat this year and, assuming that facilities in all four countries are adequate to handle the quantities involved, stocks at the end of the 1947-48 crop year will again be reduced to the bare minimum, except possibly in the United States, where it is the present intention to build up some reserve. However, should another good crop eventuate next year in that country, something more than 400 million bushels may be exported during the current crop year.

In conclusion, it may be repeated that the supply-demand situation in the near future is such that producers can look forward with reasonable confidence to high prices, although not necessarily the present record prices, for another two to three years at least. Prices may be expected to remain exceptionally high until mid-1948 when, unless crop prospects in major producing countries are poor, some fall may be expected.

P. C. DRUCE.