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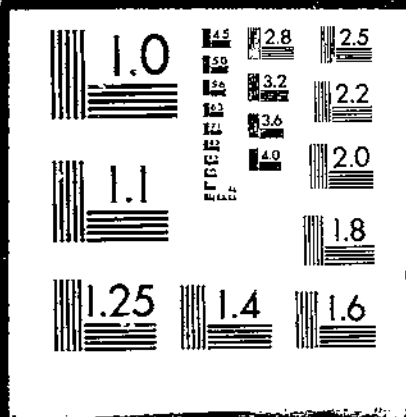
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THE WORLD AGRICULTURAL SITUATION

FOREIGN AGRICULTURAL ECONOMIC REPORT NO. 22

U.S. DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE
FOREIGN AGRICULTURAL SERVICE
Washington, D.C.

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FIVE REGIONAL SUPPLEMENTS

TO BE ISSUED

More detailed statements of the situation by regions will be issued in five publications in late January and February 1965. Separate reports will be presented on each of the following: Western Hemisphere, Western Europe, Eastern Europe, Far East, and combined Africa and West Asia. Publications will be complete with text, tables, and charts.

(Approved by Outlook and Situation Board, December 7, 1964.)

1965 WORLD AGRICULTURAL SITUATION

SUMMARY



World agricultural production in 1964/65 is expected to increase about 1 percent over the previous year. This is a smaller gain than in each of the previous 2 years and also less than the growth in world population and economic activity. Farm output per person is expected to fall about 1 percent. However, production of food is rising faster than other agricultural commodities, so food output per person will remain about the same as last year.

Harvests in 1964 set world records for wheat, barley, sugar beets, sugarcane, soybeans, peanuts, cocoa beans, cotton, tobacco, and tea. The rice harvest probably will also set a record. But smaller than a year earlier were the harvests of coffee, corn, oats, potatoes, beans, olive oil, flaxseed, and rapeseed.

Output of livestock products changed very little in 1964 from the year before. Milk production was about the same, production of meat and lard was down a little, tallow and wool increased slightly. Meat and lard output is expected to gain sharply in the first half of 1965.

The most striking farm production gains in the current season are in the Soviet Union and Mainland China. The USSR more than recovered from the sharp drop in production during the past season. This recovery was due in large part to a good grain harvest more than compensating for a declining livestock situation.

Free World agricultural output in 1964/65 is about the same as a year earlier; declines in the Western Hemisphere are off-

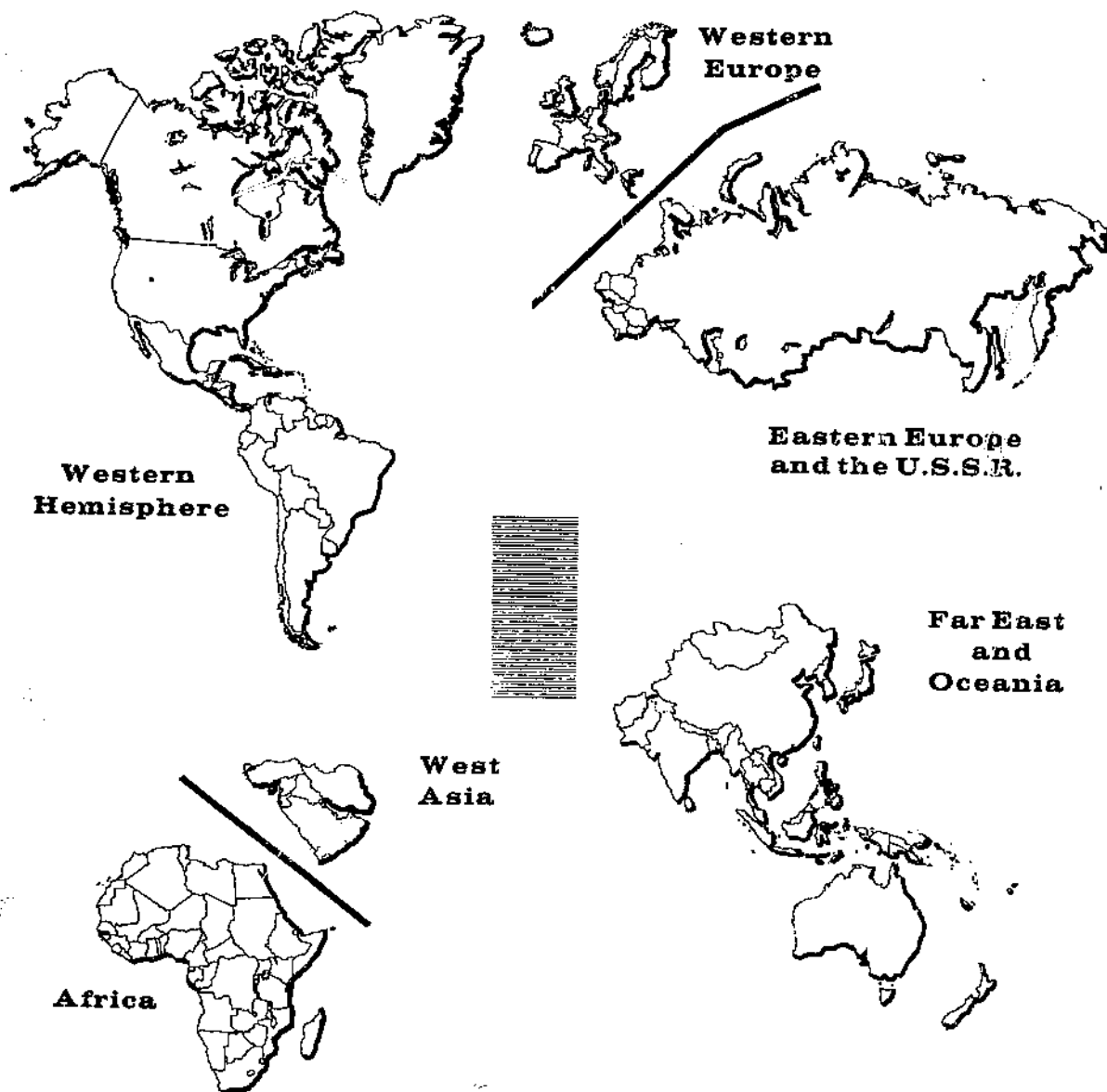
setting increases elsewhere. Slight gains occurred in Western Europe, where 8 countries are expected to set production records. Drought caused a 3 percent decline in North American output, largely because of a sharp drop in feedgrain output. Substantial reductions in Brazil, Argentina, and Chile more than offset record production in Mexico and a dozen other Latin American countries.

World agricultural trade for 1964 apparently was at least as large as in 1963, when it was up slightly from the year before--largely from greater U. S. exports. Increases in exports of feedgrains, fats and oils (including oilseeds), and tobacco in 1964 offset declines in wheat, sugar, and cotton. Exports of most other major commodities appear to have been maintained or increased.

Export prices of some farm goods went up in 1964, improving the terms of trade for less developed countries. This upswing reversed declines of the past several years. The less developed countries recommended the establishment of a permanent U. N. Conference on Trade and Development to deal with their trade problems. Aid from the developed countries to these nations keeps growing; it reached \$9 billion in 1963.

Some gain in food production per capita is expected in the less developed countries during the rest of this decade. However, much of the improvement in diets over the decade will come from increased imports under aid programs.

WORLD GEOGRAPHIC REGIONS



THESE ARE THE REGIONS THAT ARE USED IN THIS REPORT

WORLD SITUATION



PRODUCTION AND SUPPLY

World output of major farm commodities in 1964/65 varied widely from the year before. Wheat, up 10 percent, and sugar, up 11 percent, dominated commodities showing gains. Principal among those with declines were coffee, down 24 percent, feedgrains, down 3 percent, potatoes, down 5 percent, and meat, down 2 percent.

World wheat production recovered from the dip of 1963/64 and moved to a new record exceeding 9 billion bushels. The rice crop forecast is up slightly from 1963/64, but not enough to keep up with the rapidly growing populations in rice consuming countries. The decline in feedgrain output traces largely to the drought-reduced U. S. corn crop and a lesser reduction in the world outturn of oats.

Output of both peanuts and soybeans set new records. Peanuts were up 7 percent and soybeans 2 percent. Output of copra, another leading oil-bearing material, was down 2 percent. Olive oil production fell more than one-fourth from 1963/64's record volume but was above the low outturn of 1962/63.

World sugar output has tended to lag behind consumption in recent years, largely due to reduced Cuban output. However, world production climbed 11 percent in 1964/65. Producers in many countries expanded output in response to recent favorable prices and

a favorable market outlook. Weather conditions and acreage increases favored larger production in Eastern Europe.

There was a record crop of cotton, 51.7 million bales, and jute was up 2 percent.

Tea and cocoa output went up moderately, continuing the recent uptrend. The 1964/65 coffee crop, badly damaged by frost and drought in Brazil, was down nearly one-fourth from the level of recent years. Tobacco production was record high.

Output of livestock products in 1964 was probably no greater than in 1963. Milk production in 36 countries for which statistics are published was about the same in the 2 years. Statistics are lacking, however, for all of Africa and Asia except Japan. Meat production in 44 major producing countries was down 2 percent in 1964. Production in Mainland China was up, but not enough to offset declines elsewhere. Output of wool and tallow was up, but lard was down slightly.

Because of increased hog slaughter, mostly in Western Europe, meat production in the first half of 1965 is expected to be above a year earlier in most regions except the Soviet Union.

Largely because of drought, agricultural production declined in North America, with a

Table 1.--Indices of world agricultural production, total and per capita
by regions, average 1935-39 and annual 1961/62 to 1964/65 1/

(1952/53-1954/55 = 100)

Region	Total				
	Average 1935-39	1961/62	Revised 1962/63	Preliminary 1963/64	Estimates 1964/65
Canada	70	97	121	132	124
United States	69	115	117	121	120
Latin America	72	132	132	136	133
Western Europe	81	118	123	125	126
Soviet Union	102	138	139	131	143
Other Eastern Europe <u>2/</u>	119	129	127	126	128
Far East <u>3/</u>	88	131	134	137	139
West Asia	68	126	133	139	137
Africa	80	122	131	133	136
Australia-N. Zealand	78	128	134	141	143
World <u>4/</u>	85	121	125	127	128
	Per capita				
	Average 1935-39	1961/62	Revised 1962/63	Preliminary 1963/64	Estimates 1964/65
Canada	94	79	97	104	96
United States	85	100	101	103	100
Latin America	103	106	103	103	98
Western Europe	92	111	114	115	115
Soviet Union	104	122	121	113	121
Other Eastern Europe <u>2/</u>	118	120	117	115	117
Far East <u>3/</u>	111	112	111	111	110
West Asia	93	102	105	107	102
Africa	107	102	107	106	107
Australia-N. Zealand	103	108	111	114	114
World <u>4/</u>	102	104	105	105	104

1/ Value of production at constant prices. Crops included in the index are harvested mainly between July 1 of the first year shown and June of the following year. For a few crops and some livestock production, estimates are for the calendar year of the first year shown. 2/ Revised series. 3/ Excluding Communist Asia. 4/ Including estimates for Communist Asia.

substantial reduction of feedgrains in the United States and wheat in Canada. The production index was down 6 percent for Canada and less than 1 percent for the United States.

Latin America also will show a decline in production for 1964/65, with per capita output at the lowest level in a decade. Although half the Latin American countries are expected to break production records this season, a sharp fall in Brazil and smaller decreases in Argentina and Chile will drop total agricultural production below the record level of the past year.

Good weather and advancing technology led to record output in Western Europe in 1964/65. Yields per acre and total production of grain reached new highs.

The major development in Eastern Europe was the Soviet Union's recovery from 1963's disastrous agricultural decline. Output per person, in both the Soviet Union and other Eastern Europe, was back up to the level of 1962/63 but still slightly below 1961/62.

Africa is the only less developed region that increased agricultural production enough to raise output per capita. This came from substantial gains in the Republic of South Africa and modest improvements in several other countries of Southern Africa. In Northern Africa, per capita improvements in UAR and Libya were more than offset by declines in Algeria and Morocco.

Per capita agricultural output in the Far East, excluding Mainland China, went down 1 percent from a year earlier. Declines in such countries as India and Pakistan more than offset gains

in countries such as Japan, South Korea, and Taiwan. In West Asia, per capita output dropped 5 percent, due largely to reduced grain harvests in Iran and Turkey.

Crop prospects in Australia and New Zealand are good. Output of all agricultural products is estimated about 1 1/2 percent above last season's record.

Stocks of most commodities other than dairy products and grain are at levels near or above the average of recent years. Stocks of butter and milk products, especially in exporting countries, have been reduced to low levels by rising demand and stable production, limiting exports in 1965 to current output. The reduction in grain stocks, on the other hand, will not restrain trade, except possibly from Australia where the wheat carryover into the current season was very low.

TRADE

World agricultural trade in 1963 was up about 2 percent from a year earlier. When quantities exported are valued at 1957-59 average U.S. trade prices, the computed value for 1963 is \$30.4 billion, compared with \$29.9

World: Total Farm Output Again High; Per Capita Output Down Slightly

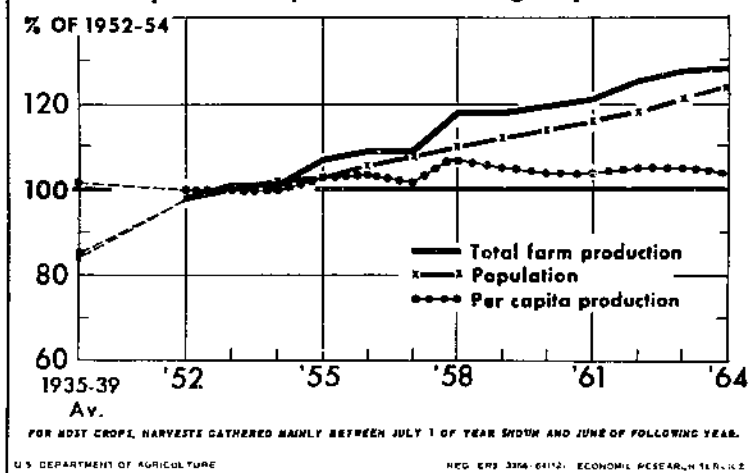


Figure 1

Table 2.--Estimated world production of selected agricultural commodities, average 1955/56-1959/60, and annual 1961/62 to 1964/65

Commodity	Unit	Average 1955/56- 1959/60	1961/62	1962/63	1963/64	1964/65 1/	Percent increase 1964/65 over 1963/64 2/
Wheat	Mil. metr. t.	217	214	238	227	250	10
Rye	Mil. metr. t.	37	34	32	30	31	3
Rice, rough 3/	Mil. metr. t.	132	153	151	163	164	1
Corn	Mil. metr. t.	165	189	191	205	197	- 4
Barley	Mil. metr. t.	71	75	85	89	92	3
Oats	Mil. metr. t.	59	49	49	46	43	- 7
Sugar, centrifugal	Mil. metr. t.	45.1	51.8	49.8	53.8	59.6	11
Sugar, non-cent. 4/	Mil. metr. t.	6.6	6.2	6.3	7.0	7.0	- 1
Fruits, citrus	Mil. metr. t.	5/ 14.5	16.7	15.2	16.1	16.3	1
Apples and pears 6/	Mil. metr. t.	13.2	15.0	16.9	17.4	17.6	1
Potatoes 7/	Mil. metr. t.	240	241	217	239	225	- 6
Dry beans 8/	1,000 metr. t.	4,014	4,595	4,518	5,030	4,518	-10
Dry peas 9/	1,000 metr. t.	603	481	585	581	608	5
Hops 10/	1,000 metr. t.	71	68	80	92	88	- 4
Soybeans	Mil. metr. t.	24.3	28.5	28.1	29.0	29.6	2
Peanuts	Mil. metr. t.	13.2	13.7	14.3	14.9	16.0	7
Cottonseed	Mil. metr. t.	19.2	20.0	21.0	21.8	22.5	3
Flaxseed	1,000 metr. t.	3,353	2,972	3,404	3,251	3,074	- 5
Sesame seed	1,000 metr. t.	1,462	1,513	1,521	1,478	1,492	1
Castor beans	1,000 metr. t.	497	559	593	602	672	12
Sunflower seed	1,000 metr. t.	5,129	6,427	6,766	5,954	6,341	7
Rapeseed	1,000 metr. t.	3,483	3,797	3,735	3,454	3,379	- 2
Olive oil	1,000 metr. t.	11/ 991	1,316	938	1,656	1,089	-34
Palm oil	1,000 metr. t.	1,265	1,279	1,238	1,261	1,266	0
Palm kernel oil	1,000 metr. t.	406	399	367	372	381	2
Coconut oil	1,000 metr. t.	2,074	2,173	2,109	2,218	2,186	- 1
Butter 12/	1,000 metr. t.	4,495	4,808	4,899	4,785	4,808	0
Milk 13/	Mil. metr. t.	263.4	279.0	283.8	282.2	282.2	0
Meats 14/	Mil. metr. t.	5/ 44.1	47.3	49.4	51.3	50.3	- 2
Eggs 15/	Mil. metr. t.	5/ 10.9	11.9	12.2	12.2	12.3	1
Lard 16/	1,000 metr. t.	5/ 3,075	3,216	3,243	3,243	3,221	- 1
Tallow and greases 4/	1,000 metr. t.	5/ 2,930	3,302	3,307	3,579	3,674	3
Tobacco	1,000 metr. t.	3,864	3,503	3,937	4,318	4,412	2
Coffee	Mil. bags 17/	58.4	72.0	67.7	68.0	51.9	-24
Tea	1,000 metr. t.	866	1,012	1,024	1,033	1,055	2
Cocoa	1,000 metr. t.	886	1,129	1,157	1,233	1,270	3
Cotton	Mil. bales 18/	43.7	45.1	47.7	50.1	51.7	3
Wool	1,000 metr. t.	5/ 2,443	2,806	2,583	2,629	2,635	0
Jute	1,000 metr. t.	1,996	2,495	2,292	2,270	2,311	2
Sisal	1,000 metr. t.	532	596	637	653	656	0
Henequen	1,000 metr. t.	135	171	167	150	164	10
Abaca	1,000 metr. t.	117	88	101	118	115	- 2

Note: Revised series. Data relate to the calendar year of the first year shown for tobacco, fats, oils (except olive oil) and oilseeds, livestock products, tea, and hard fibers. For other commodities, harvests in northern countries in the first year shown are combined with those in the Southern Hemisphere which immediately follow.

1/ Preliminary. 2/ Computed from unrounded data. 3/ Excludes Communist Asia and USSR. 4/ Selected countries only. 5/ 1956-60 average. 6/ Dessert and cooking, 20 countries. 7/ 32 countries. 8/ 28 countries. 9/ 19 countries. 10/ 24 countries. 11/ 1954/55-1957/58 average. 12/ Product weight; includes ghee. 13/ 36 countries. 14/ 44 countries; excludes poultry and variety meats. 15/ 32 countries. 16/ 27 countries. 17/ Bags of 60 kg. (or 132 lbs.). 18/ Bales of 480 lbs. net.

billion for 1962. Most of the increase reflects expanded shipments from the United States, the world's largest agricultural exporter; there was no net change for the rest of the world.

World agricultural trade in 1964 probably equaled or exceeded the 1963 level. Although exports of some major items, especially wheat and sugar, appear to have declined, exports of most others, including feedgrains, oilseeds, oils and fats, fruit, meat, whole milk products, beverages, and tobacco, are estimated at or above the 1963 level.

Substantially increased wheat shipments were made in late 1963 and early 1964 following poor harvests in Western Europe and the USSR. With the recovery in output last year, Western Europe's import needs in 1964/65 will likely be restricted to strong wheat for blending with indigenous wheat, while the USSR is expected to limit imports to a relatively small amount from Canada.

U.S. and Canadian wheat exports in 1964/65 are likely to decline significantly; those from the Southern Hemisphere may drop only moderately. French exports are expected to be up. The Soviet Union normally exports wheat but is not expected to be important in wheat trade this season.

Sugar trade fell in 1963 because Cuba, no longer the largest producer but still the largest exporter of sugar, reduced its exports by 31 percent. A further drop in world sugar trade probably occurred in 1964 because of considerably reduced U.S. import needs.

Partly because cotton stocks in importing countries have been built to high levels, world trade may decline slightly from the year--

record peak in 1963/64, reflecting the likely decline in U.S. shipments.

A record volume of oilseeds, oils, and fats moved in trade channels in 1964, when the total, oil equivalent basis, exceeded the 1963 level by 4 percent. There were significant gains in exports of U.S. soybeans, soybean oil, tallow, lard, and cottonseed oil, and a sharp rise in exports of Mediterranean Basin olive oil. These increases were accompanied by a sizable decline in exports of sunflowerseed oil, primarily from the USSR, and a further reduction in supplies of Antarctic baleen whale oil. Soybean exports from Mainland China, which in 1962 dropped to a modern-day low, increased slightly in 1963 and again in 1964.

Free World exports of leaf tobacco in 1963 were just 1 percent under the 1962 record; they moved at record rates in 1964. These rates reflect stock building, increased export availabilities of oriental leaf, and larger movement from the Rhodesian flue-cured crop.

Though feedgrain exports may not reach record levels in 1964/65, they are expected to contribute substantially to the maintenance of world agricultural trade. Western Europe,

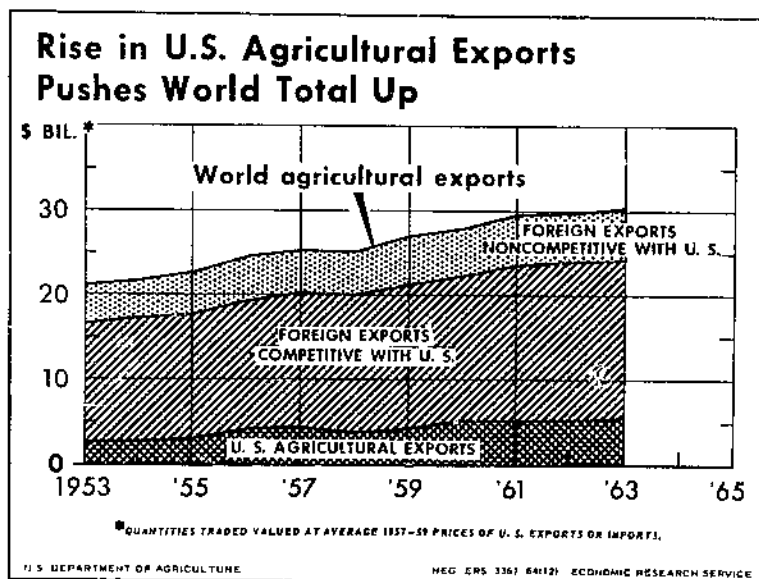


Figure 2

the major importing region, will probably take more feedgrains than in 1963/64, mainly because the poor Spanish harvest of 1964 has increased Spain's import needs. Japan, an increasingly large market for feedgrains, is also expected to import more this season. The United States will probably again supply at least half of the feedgrain shipments. Other major suppliers will include Argentina, South Africa, and Thailand for corn; Argentina for sorghums also; and Canada and France for barley.

U.S. agricultural exports in fiscal 1965 are on the way to another outstanding year in dollar value, and may be only slightly less than the \$6.1 billion record of 1963/64. Commercial sales may total over 70 percent of the value of all farm exports. Government-financed shipments are expected to about equal the \$1.6 billion of fiscal 1964. A sharp decline in wheat exports this fiscal year, due to average or better crops in buyer countries, will be largely offset by larger exports for soybean oil, feedgrains, and some animal products.

The sixth round (Kennedy Round) of trade negotiations--under the General Agreement on Tariffs and Trade (GATT) opened in Geneva in May 1964. These negotiations are intended to lead to an expansion of world trade in agricultural and industrial products through the exchange of trade concessions between GATT members. The United States is participating under authority granted the President by the Trade Expansion Act of 1962. An important phase of the negotiations began on November 16, 1964, when the countries indicated their industrial products on which they would be willing to negotiate reductions. Discussions continued on the negotiation rules for agricultural products. Negotiations on tariff reductions of both

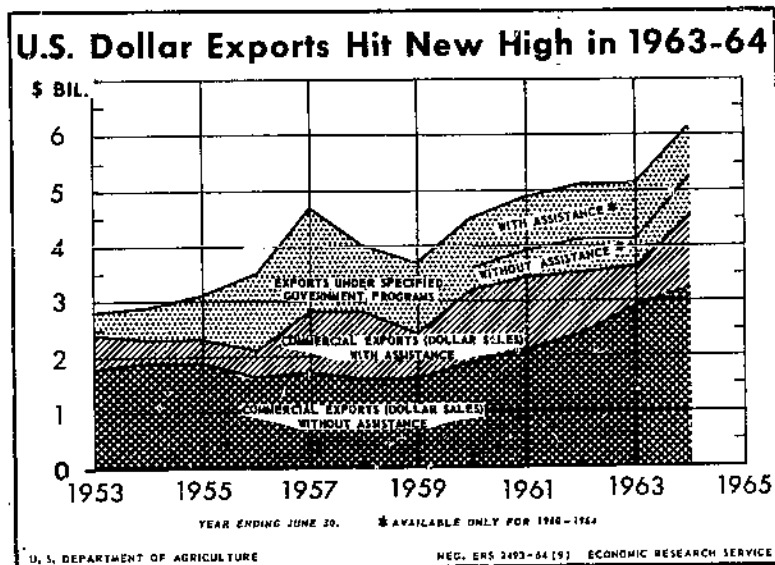


Figure 3

agricultural and industrial products probably will begin early in 1965.

U.S. agriculture has a big stake in these negotiations; they will affect the access of many U.S. farm products to foreign markets, particularly to the European Economic Community and the European Free Trade Area. EEC countries are progressively shifting to common foreign and uniform domestic agricultural and trade policies. These changes make negotiations necessary on many agricultural goods.

The United Nations Conference on Trade and Development (UNCTAD) convened in the spring of 1964. The Conference considered what new policies might be adopted by all countries--developed and less developed--as well as by international institutions, to make world trade more effective in promoting progress of the less developed countries.

The Conference reached decisions in three areas--trade institutions, trade problems, and aid and finance. Most important was a recommendation that the United Nations establish UNCTAD as one of its permanent organs to deal with the trade problems of developing nations.

The outstanding feature of the Conference was the new-found unity of the less developed countries. They are undoubtedly a new major force in world economics. The developed countries will be called upon to discuss on a continuing and permanent basis their policies that affect trade with less developed countries, and can expect the developing countries to try to secure changes in these policies.

PRICE DEVELOPMENTS

Following a marked half-year decline, world agricultural prices have recovered slightly since July 1964. These movements are shown in Reuter's index of commodity prices in United Kingdom markets in which agricultural commodities are weighted by 81 percent and in the Dow-Jones spot index, which is made up entirely of agricultural price quotations. Dow-Jones quotations are all from U.S. markets. Neither index fully reflects world market conditions. Agricultural price trends are further shown by an index of world agricultural export prices made from United Nations indexes.

The price indexes have been heavily influenced by the wide swings in sugar prices during the past 2 years. Because of ample supplies during the current crop year, sugar prices have become less volatile.

The terms of trade (export price indexes divided by import price indexes) recently improved for underdeveloped areas. However, compared with the base year of 1958, the terms of trade of developed areas were at 103 percent, while those of underdeveloped areas were at 99 percent.

Although wheat prices in the United States declined because of program changes, most types of North American wheat were quoted at the

beginning of the current crop year in European ports at prices higher than a year earlier. For most U.S. hard wheats, this relationship has continued, although other types and origins of wheat were recently priced lower than in the fall of 1963 after the Soviet Union entered the world market. Corn and other feedgrain prices generally differed little from a year earlier despite the decline in world production.

Cattle and beef brought substantially higher prices in European markets during 1964 than a year earlier. U.S. cattle and beef prices dropped to very low levels during the first half of 1964 but later in the year recovered somewhat. Prices of butter and inedible tallow were strong in the fall of 1963 and have risen further since then. From September 1962 to February 1963, wool prices (c.i.f. United Kingdom) rose almost continuously. A general price decline since then has affected finer grades of wool more than the coarse grades. Recent cotton, rice, and tobacco prices have lacked strength.

Soybean prices are approximating levels of a year ago, while soybean oil prices have strengthened. By contrast, soybean meal prices are down somewhat. Thus, the oil-meal price ratio has increased. Prices for leading com-

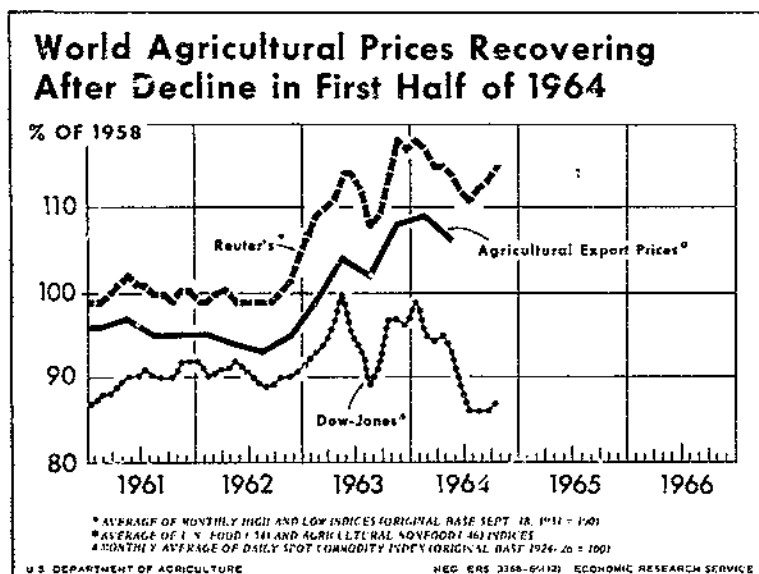


Figure 4

modities among fruits and fruit products exported from the United States have reflected good demand.

Coffee prices rose sharply early in 1964 in response to a Brazilian crop disaster; they have slightly receded since then. Cocoa bean prices weakened early in the year and have been substantially below 1963 levels. The unit value of bananas was up sharply from the unusually low level of 1963. Rubber prices continued at the low level reached in 1963 but recently have shown some strength.

CAPITAL FLOW AND ECONOMIC AID

Total monetary reserves of the 11 industrial countries (IMF classification) declined \$350 million during the first half of 1964. The EEC as a unit had an increase of \$77 million in reserves--the smallest gain since EEC was established. The less developed nations had a net gain of some \$315 million.

The U.S. balance of payments improved sharply in the last half of 1963 and the first half of 1964. The overall payments deficit for the year ended June 30, 1964, was \$1.7 billion--less than for any corresponding period in the past 6 years. The balance on current account improved in the first half of 1964, aided by increased agricultural exports; however, private short-term capital outflows rose. U.S. gold reserves gained slightly in the first 10 months of 1964, reversing a trend of recent years.

Net economic aid from the industrial to the developing countries and contributions to multilateral technical assistance and financial agencies reached an estimated \$9.0 billion in

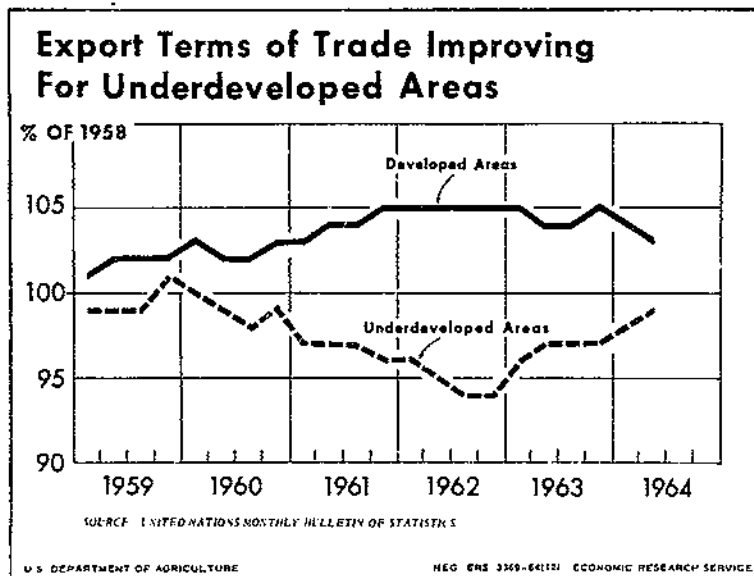


Figure 5

1963. This was a gain of 2 percent from the year before. The United States was by far the leading donor, supplying 57 percent of the total flow from bilateral public sources, 37 percent from bilateral private sources, and half of the contributions to multilateral agencies. Bilateral disbursements from public sources were 7 percent above 1962, with the largest increase from the United States. Only France, the United Kingdom, and the Netherlands reduced their public aid expenditures. Public and private aid to multilateral agencies declined in 1963. However, the actual flow of multilateral technical and financial assistance has doubled since 1960.

Of total public aid, technical assistance rose from 13 percent in 1962 to 15 percent in 1963. The United States was the main contributor, with expenditures of \$368 million compared with \$480 million from 11 other developed countries, principally France and the United Kingdom. About two-thirds of the total public economic aid in 1963 was in the form of cash grants and loans.

Agricultural commodity aid made up about one-fourth of the total bilateral public flow in 1963, with the United States supplying most of this aid under Public Law 480.

LONGER-RANGE PROSPECTS

The Economic Research Service recently published *The World Food Budget 1970*. This study analyzes the supply and utilization of food commodities for the countries of the world through 1970, assesses world food needs, and evaluates the problems and possibilities of overcoming the food deficit. Some progress is expected in the level of consumption in diet-deficit areas during the decade of the 1960's. However, a large food deficit, equivalent to \$6.8 billion, will still exist in 1970.

Per capita food production is expected to rise over the decade at an average annual rate of one-third of 1 percent in the diet-deficit areas (excluding Communist Asia). Much of the improvement in diets during the 1960's will come from increased food imports, largely under food aid programs.

North America, though experiencing a decline in 1964/65 agricultural output because of adverse weather and reduced yields, still remains the great reservoir of production potential.

Long-term prospects for parts of Latin America are not so bright. Regional gains in total farm output over the past decade have actually exceeded those of North America or Western Europe. But with population growing faster than in any other geographic region, output per capita has declined in recent years. Central America and the Caribbean may have more difficulty raising per capita food production than other Latin American areas.

West European food production will probably keep gaining steadily throughout the 1960's. Diets should improve substantially, especially in Southern Europe. Net grain imports by 1970 may increase substantially above the 1959-61 level because of a large increase in feed grain demand. However, net wheat imports probably will decline. Imports of fats and oils and high protein feed probably will increase slightly.

Soviet Union production has recovered from 1963's disastrous decline. With the prospect of increasing availabilities of agricultural chemicals and a large acreage, the USSR may regain by the late 1960's the grain export availability of the early 1960's, once depleted stocks are rebuilt. The other East European countries as a unit will continue as net importers of wheat and cotton.

Africa has not had as much trouble maintaining per capita output as other less developed areas. Food demand, reflecting population growth and rising incomes, has been expanding but has been met largely from domestic production. Food imports, however, have been rising gradually the past several years and will likely continue to do so.

In recent years, West Asia's agricultural production has been keeping up pretty well with population growth, although imports of wheat and other grain have been increasing.

Problems confronting the Far East over the next several years dwarf those of others. It is the only major region with an already dense population and a rapid rate of population growth. The supply of readily cultivated land is nearly exhausted in many countries, so additional output must come from yield increases. But the region's farmers lack technical skills and the capital to buy yield-raising inputs. Increasingly burdensome food shortages are expected.

Prospects for expanding agriculture in Australia and New Zealand continue good. Grain exports, now nearly double those of only a few years ago, may continue the long-term uptrend if world market conditions are favorable. These two countries continue to increase milk and wool production, and corresponding gains in exports are in prospect.

SITUATION

By Commodities



GRAINS

World grain production in 1964/65 is estimated at about 2 percent greater than the year before. World wheat and barley production set records, as did rice production outside Communist Asia. However, corn output dropped approximately 4 percent and oats about 7 percent.

Wheat: Production in 1964/65 is expected to exceed 9 billion bushels (250 million metric tons), the largest on record. This compares with the previous high of 8.8 billion bushels (238 million metric tons) in 1962/63.

North America's production of 1,960 million bushels is the second largest of record, having been exceeded only in 1952 when bumper harvests in both the United States and Canada yielded 2,026 million bushels. Mexican wheat production has expanded sharply; the 73 million bushels for 1964 contrasts with 17 million in 1952.

Supplies are again large in North America, although they were down 7 percent at the beginning of the current marketing season from the high level of the previous season. This reflects the record 1963/64 export movement, when large U.S. and Canadian shipments boosted world exports to a high of over 2 billion bushels of wheat and flour.

Import requirements for wheat likely will be reduced this season, especially in Western Europe and the Soviet Union. Not only did European production gain, but France, Italy, and Sweden have larger surpluses for export. Crops were down from 1963 in Spain and Portugal, the only European countries with larger import requirements.

The Soviet Union in 1964 had an average wheat crop compared with the sharply reduced harvest the year before. Production was probably about at the 1959-62 average, when the Soviets exported considerable quantities of wheat. Official statements indicate, however, that current interest is in building up depleted stocks, and neither exports nor imports are expected to be large this season.

Mainland China's wheat crop was also probably larger than in 1963, and imports may fall below the large 1963/64 total. Japan's partial recovery in output should reduce its imports this season. India's production, however, was down about 10 percent from 1963 and will probably mean larger imports. Most Near East countries reported better crops for 1964, but Turkey's crop was down about 10 percent. However, it was still well above the 1955-59 average.

Prospects are promising for the Southern Hemisphere, where harvesting began in November. Although the Argentine outturn may

not reach the high level of the year before, substantial carryover stocks may largely compensate. Current forecasts for Australia indicate that the record crop of 1963 may be exceeded, if growing conditions remain favorable. Thus, substantial supplies probably will be available for export from both countries.

World trade in wheat and flour during 1964/65 is expected to be down from 1963/64 but above the 1962/63 level of 1,580 million bushels. Partly offsetting lower import requirements in developed countries are the continued gains in consumption of wheat products in many less developed countries. These countries have been largely unable to increase production to meet their requirements.

The major exporters are not expected to share equally in the trade decline. Although U.S. and Canadian exports are likely to decline significantly, those from the Southern Hemisphere may drop only moderately. Exports from France are expected to be up.

Rye: World rye production in 1964 is estimated at 1.2 billion bushels (31 million metric tons), up 3 percent from the year before but 15 percent below the 1955-59 average. Reductions from the average were largest in the Soviet Union and Eastern Europe because of decreased acreage. There were also moderate declines in Western Europe and Argentina. North American production was above average because of a small increase in acreage and a rise in yields.

Rice: World rice prospects in 1964/65 (August-July) are for large harvests comparable to the bumper crops of 1963/64. Weather generally is favorable again. The preliminary estimate, excluding Communist Asia, is 164.1 million metric tons of rough rice, slightly above the record last season.

Asia's crop--88 percent of the Free World total--is forecast at approximately last season's record 144.4 million tons and is 12 million above 1962/63. Large but not record

crops are in prospect again in such principal producing countries as India, Pakistan, and Japan. Of Asia's exporting countries, Thailand, Burma, and Cambodia again have good crops, but only South Vietnam and Taiwan reached new records.

All other continents have increases in both rice acreages and yields. Africa has the largest acreage expansion, with a 10 percent gain in production. Europe's acreage is the largest in 3 years and crop conditions are above average. The United States, Egypt, and Australia expect record harvests. Italy is expected to have the biggest crop in several years.

World demand for rice will continue strong in 1965, and large export availabilities are anticipated to meet this demand.

Feedgrains: World production of corn, barley, and oats, on a combined tonnage basis, is estimated at about 332 million metric tons, about 8 million below the record 1963/64 tonnage. The decline has been in corn and oats. Barley production set a record high.

Corn production is estimated at 7.75 billion bushels, 300 million below the record harvest in 1963. A reduction of more than 500 million bushels in U.S. production was the outstanding change. A decrease has also been reported in Western Europe. The reductions outweigh increases in the Soviet Union, Eastern Europe, Africa, and South America.

Barley production continued its uptrend to a record 4.2 billion bushels, almost a billion bushels above the 1955-59 average. Sharp gains occurred in the Soviet Union and Europe, especially Western Europe. Estimated barley acreage for the Soviet Union was double the 1955-59 average, and yields were estimated to be above average. West European acreage has increased 30 percent since 1955-59; 1964 yields were 25 percent above average. Acreage expansion has been especially large in the United Kingdom, where it has almost doubled

since 1955-59. Acreage in France has increased 29 percent over the same period. West Germany, Denmark, and Sweden have also had substantial increases.

Much of the increase in barley acreage apparently was at the expense of oats. Oat acreage continued to decline; in 1964 it was 41 million acres below the 1955-59 average. Yields were above average, but production was down 27 percent from the 1955-59 average. An estimated decline in the Soviet Union--where acreage was cut drastically--accounted for half the reduction, North America--mostly the United States--for 35 percent, and Western Europe for 13 percent.

World trade in feedgrains (corn, oats, barley, and sorghums) in 1964/65 is expected to continue the irregular uptrend begun in the mid-1950's. Largely responsible for this uptrend are economic growth, bringing increased demand for livestock products, and only a relatively modest increase in feedgrain production in importing countries.

The most important feedgrain markets in 1964/65 will continue to be Italy, Japan, the United Kingdom, and Spain. Imports by Spain--due to poor domestic crops--and Japan are expected to be up substantially. Imports by Italy and the United Kingdom are likely to change little from last season, while imports by some other West European countries may decline slightly because of increased domestic production of feedgrains and other feedstuffs in 1964.

The United States is again expected to supply at least half of the feedgrains moving in world trade in 1964/65. Other major suppliers will be Argentina (corn and sorghums); South Africa, Thailand, and Rumania (corn); and Canada and France (barley). The Soviet Union may also export substantial quantities of barley.

VEGETABLE OILS

World vegetable oil production in 1965 is estimated at a record 19.6 million metric

tons--slightly above the previous record last year and over one-fifth above the 1955-59 average. A slight rise in edible oil output accounts for most of this gain, but increases are also expected in the palm and industrial oils. Most 1965 oil production represents crushings from oilseeds harvested in 1964, except for palm oils that are harvested continuously and rapeseed oil that comes largely from the current year's harvest. Demand for fats and oils will continue strong in 1965, with some depletion of stocks resulting from normal growth in consumption requirements and less than normal increases in production.

Edible oil production probably will increase somewhat from the 1964 record. Greater production of cottonseed, peanut, soybean, sunflowerseed, and rapeseed oils likely will more than offset reduced production of olive oil in the Mediterranean Basin. Of major significance will be probable increases in production of soybean and cottonseed oils in the United States, peanuts in Nigeria, Senegal, Mainland China, the United States, and India, soybeans in Mainland China, rapeseed in India and Canada, and sunflower seed in the USSR. Spain, Italy, Greece, and Portugal will account for most of the decline in olive oil output.

Production of palm oils in 1965 is expected to be slightly above 1964 and be the highest since 1957. Coconut oil output in the Philippines during the first half of 1965 will likely rise from the low level of a year earlier. This rise is expected to result from more adequate rainfall and an increase in the number of productive trees.

World output of industrial oils also may increase slightly in 1965. While 1964 flaxseed production declined moderately from a year earlier, large carryover stocks in major producing and exporting countries--the United States, Canada, and Argentina--may result in an increased outturn of linseed oil in 1965. Expected increases in castor and tung oils are largely accounted for by greater production in Brazil and the United States, respectively.

Gains in tung oil output will be limited by somewhat smaller production in Argentina and Paraguay, reflecting the reduced nut crops of 1963/64.

Demand for vegetable oilseeds and products will probably keep expanding in 1965 because of sustained economic expansion, population growth, and increased prosperity in the industrialized nations. This expansion of demand, probably overshadowing the rise in production, will result in some overall depletion of stocks accumulated in 1964, largely olive oil. Consequently, vegetable oil prices probably will be higher than in 1964.

World vegetable oil exports in 1965 will likely rise by 4 percent following the estimated 3-percent gain in 1964, when they totaled about 6.5 million metric tons. Exports of edible oils account for most of this rise, supplemented by a slight gain in palm oils. Exports of industrial oils probably will also rise slightly, despite reduced flaxseed production.

Edible oil exports in 1965 are forecast to rise by over 240,000 metric tons from those estimated for 1964. The increase reflects: (1) greater movement of soybeans and/or soybean oil from the United States and Mainland China; (2) expanded shipments of sunflowerseed and edible oils from the USSR; (3) larger U.S. exports of cottonseed oil; and (4) more peanuts and/or peanut oil from Nigeria and Senegal. Partly offsetting will be less olive oil from the Mediterranean Basin.

The expansion in production of palm oils will account for an increase in 1965 world trade. This will result chiefly from some increased production of copra in the Far East and slight increases in palm oil and kernels in Africa.

Industrial oil exports probably will rise slightly in 1965. This reflects a likely increase in movements of linseed oil into Europe for replenishing stocks. Exports of castor and tung oils also may increase slightly.

FRUITS, NUTS, AND VEGETABLES

Citrus fruit: Larger 1964/65 crops in the Mediterranean and the Southern Hemisphere will probably result in record world orange production, despite a continued shortage of U.S. supplies. Increased foreign crops and the expansion of foreign processing facilities, coupled with high U.S. domestic prices relative to other countries, will probably reduce U.S. orange and orange product export opportunities in Western Europe and attract record imports of fresh oranges and orange juice into the U.S.

Fruit and juice imports, however, will be a minor part of total U.S. supplies, and nearly all juice will be imported in bulk for blending with U.S. juice for sale under U.S. brand names. Expanding European use of grapefruit will probably sustain U.S. export volume despite larger competitive supplies. Larger Mediterranean summer lemon crops and lower European lemon prices will probably reduce the U.S. summer lemon export volume.

Deciduous fruit: Northern Hemisphere apple production of 507 million bushels in 1964 was about 1.7 percent below a year earlier. The loss was all in Europe. West Germany's crop was down from 90 million bushels to 58 million, and Yugoslavia's crop of slightly under 7 million bushels was only about one-half of 1963 output. Except for a very slight drop in Canada, all other Northern Hemisphere countries reported increased production. Opportunities for U.S. sales in Europe should be about as good as last season.

Northern Hemisphere pear production in 1964 was 148 million bushels, 14.5 percent above 1963. Every producing country had about the same or slightly greater output than in 1963. The major increase was in the United States (30 million bushels vs. the unusually small crop of 19 million in 1963), while European output increased almost 8 million bushels.

Raisins and prunes: World raisin production in 1964 was slightly higher than in

1963; prune output was up substantially. World export supplies of raisins and prunes in 1964/65 are appreciably above last season. Export prices of Australian, Greek, Iranian, and Turkish raisins opened higher than last season, and California prices lower. Although the California 1964/65 raisin supply is down from last season, there are more salable raisins; many 1963-crop raisins were rain-damaged and unsalable. U.S. and foreign export prices of prunes this season have been lower than in 1963/64. Both foreign and California prune packs were larger than in 1963. U.S. exports of raisins and prunes in 1964/65 should be up materially from the season before.

Canned deciduous fruit: The world pack in 1964 was probably the largest on record, exceeding the previous high in 1962 by possibly 5 percent. The U.S. pack was up substantially, especially for cling peaches and fruit cocktail. An increase in the Australian pack was more than offset by a reduction in the South African processing, mainly of peaches. International trade in 1964/65 should be higher than in 1963/64. The United States is expected to register sharp gains in exports, particularly of peaches and mixed fruits. Australian exports may also gain, despite higher prices, because of the short supply in South Africa. U.S. prices are expected to average lower and Australian and South African prices higher than in the previous season.

Almonds, filberts, and walnuts: The world almond crop in 1964 was up from 1963 and well above average. World trade in 1964/65 should exceed the above-average volume the season before. Despite the bigger crop, world prices are fairly high again due to strong demand. U.S. production in 1964 was well above average. U.S. exports in 1964/65 may be larger than last season. World filbert production in 1964 was the largest on record. World trade in filberts will be much above average and prices weak. However, if the Turkish Government's export price controls are effective, trade will not be as large nor prices as low as would be indicated by the record crop. The world walnut

output in 1964 was slightly larger than the fairly large crop of the previous season and well above average. The U.S. crop was large. International trade may be slightly larger in 1964/65 than in the previous year.

Potatoes: World output of potatoes in 1964 was about 6 percent below the large 1963 crop. West European growers reduced acreage about 8 percent and yields were down; production was off one-fifth. The Canadian crop was about the same as the year before, but the U.S. crop was down about 10 percent from 1963 and 8 percent below average. Most of the U.S. reduction was caused by lower yields. A good potato crop was harvested in the USSR, recovering from severe losses in 1963.

Beans: Production in 1964 was down sharply in Japan and in several important importing countries of Western Europe. It was also down in Brazil and the United States, the two largest bean producers. Since the United States is the leading bean exporter, there probably will be a drop in international bean trade in 1964/65. The exportable supply from Chile's 1964 crop has been exhausted.

Little is known of the 1964 bean crops in Eastern Europe, the former source of Western Europe's imports. But most of these beans will undoubtedly be used, as in recent years, to supply communist areas, including Cuba.

LIVESTOCK, DAIRY, AND POULTRY

Livestock numbers: World livestock numbers have been on an almost continuous uptrend since the end of World War II. Cattle and buffalo numbers were a record 1,087 million head at the beginning of 1964, slightly above a year earlier, despite declines in cattle numbers in such key areas as Western Europe and Argentina. Cattle numbers are expected to increase moderately in 1965 due to a strong world demand for beef. Hog numbers in early 1964 were 5 percent less than the previous year. This decline was due mainly to a substantial decrease in the USSR. Hog numbers

in 1965 are expected to increase moderately over 1964. Sheep numbers at the beginning of 1964 remained at about the 1963 level. Numbers in Australia, New Zealand, and Argentina increased during 1964, whereas they were relatively stable in the rest of the world.

Meat: Meat production in the 44 major producing countries (excluding Communist China) that account for about 85 percent of the world supply was about the same as in 1963 and 16 percent above the 1956-60 average. A moderate increase in 1965 is expected. World beef and veal production was slightly above 1963, but there was a moderate decrease in pork production, due mainly to the drop in the USSR. Europe remained a deficit producer of beef and veal in 1964; this situation is expected to continue into 1965. European pork production last year was about the same as in 1963; a sharp gain is expected this year. Some surpluses may develop since the United Kingdom is controlling imports of bacon from its traditional suppliers under quotas. Canadian output will also rise, but U.S. production will be down.

During the past six or seven years, meat consumption per person has gone up substantially in the countries which import meat such as those in Western Europe, Bulgaria, Czechoslovakia, East Germany, USSR, Japan, Canada, and the United States. Rising consumer incomes in most of these countries have caused an increase in meat consumption, particularly beef and veal. Australia, Ireland, Uruguay, and Argentina have been able to ship large amounts of meat at favorable prices and have held down domestic consumption. However, Denmark, Netherlands, and New Zealand have increased meat consumption despite strong export demand. Per capita consumption in 1963 ranged from 13 pounds in Japan to 240 in New Zealand.

World meat trade rose to 4.1 million metric tons (9.0 billion pounds) carcasses equivalent in 1963, an increase of 13 percent over 1962 and 40 percent over the 1956-60 average. Trade continued large in 1964, and further

expansion is expected in 1965. Australia, New Zealand, Argentina, and Denmark remained the leading meat exporters; in 1963 they accounted for 61 percent of world meat exports.

A major shift in world beef trade occurred in 1964. Australia, New Zealand, and Ireland--all major U.S. suppliers--diverted considerable quantities of beef and veal to European markets. However, exports from Argentina to the United Kingdom declined because of short supply. Extremely strong demand, coupled with a shortfall in domestic production, made the European market attractive to these exporters. This situation is expected to continue well into 1965; U.S. beef imports will continue below the record high in 1963.

The United Kingdom remained the world's largest meat importer in 1963, with 1.5 million metric tons (3.3 billion pounds). The United States ranked second, taking about 1.0 million metric tons (2.1 billion pounds). The two countries accounted for 68 percent of the world trade. In 1964, U.K. imports increased moderately, while U.S. meat imports dropped sharply. The other leading importers--Italy, East Germany, USSR, West Germany, Spain, France, and Canada--imported 1.1 million metric tons (2.5 billion pounds) and accounted for 28 percent of total trade.

Beef prices in Europe reached high levels in 1964, with only a slight seasonal downturn at the end of the year. They are expected to continue high in 1965, reflecting a booming economy and little change in domestic beef production. This area, which had been getting more nearly self-sufficient in meat, has had to go into the world market for larger import supplies, particularly beef and veal. Argentina, which would normally have filled this deficit, has begun a herd rebuilding program that will seriously curtail beef production for the next year or two. Argentine exports have fallen off moderately, while domestic consumption has been sharply restricted by unusually high prices. Large

exports from Australia, New Zealand, Ireland, Uruguay, and Yugoslavia have been required to fill the markets in Europe.

Increased pork production in Europe and Canada in 1965 may affect U.S. foreign trade considerably. Imports of canned hams from Europe may rise. Exports of pork to Canada are likely to fall. The United States may face increased competition for sales of lard, and pork variety meats in Europe.

Tallow and lard: World trade in tallow and greases set another record in 1964. U.S. exports totaled over 2.3 billion pounds, with world exports over 3 billion. Demand in Europe and Japan will likely remain strong throughout 1965. Australia, New Zealand, and Canada shipped about the same amounts in 1964 as the year before, while Argentina and most European suppliers exported less. Argentina imported tallow for the first time; it is usually an exporter. Demand in Europe and Asia is expected to be above 1964.

U.S. tallow exports are expected to continue very large. U.S. production is still trending upward, and probably even larger supplies will be available for export at reasonable prices. Long range market growth in industrialized countries will likely be confined to animal feeds, lubricants, and other nonsoap uses, since detergents continue to gain acceptance for most laundry and home cleaning uses. In the underdeveloped world, increased use of tallow probably reflects rising use of toilet soap as living standards rise.

Total lard production in 1964 in the major producing countries was about the same as the year before. Production was down moderately in the United States. Lard output in both Eastern and Western Europe was relatively low in late 1963, but it increased materially by late 1964 and will rise even more this year. The Soviet Union was an exception, however. Lard production was high in 1963 but dropped off sharply in 1964.

Foreign demand for U.S. lard was unusually strong during 1964. Exports for the year exceeded 670 million pounds. Exports from major producing countries exceeded 900 million pounds, with the U.S. share approaching 80 percent.

The long term outlook for U.S. lard exports depends largely on demand conditions in the United Kingdom, which is the only large import market.

Dairy: World milk production, about the same last year as in 1963, fell behind population growth for the second consecutive year. Little further increase in world milk production is expected in 1965. A further decline of 1 percent occurred in world milk cow numbers, probably reflecting closer culling. However, overall feed and pasture conditions were generally good and yields per cow high enough to forestall a second year of decline in total production. The increasingly widespread use of subsidies, price supports, and protective measures also helped maintain production. Prices of dairy products and returns to producers tended to rise during the year.

In Western Europe, 1964 milk production was about the same as in each of the two preceding years. Declines from 1963 were registered in Sweden, Switzerland, and the United Kingdom.

Milk production has declined substantially in Eastern Europe and USSR, where production in 1964 dropped from a year earlier for the second consecutive year. However, these countries are relatively unimportant in international dairy trade.

Increased production was evident only in countries of two rather divergent categories: (1) in those of the generally cool temperate zones, where alternative uses for agricultural land and labor are still relatively limited, and (2) in developing countries where, even though milk production is increasing rapidly because of economic considerations and government

stimulation, indigenous output per capita remains low. Countries which may be included in the second category are Peru, Venezuela, Chile, Greece, Brazil, Mexico, the Philippines, and a few countries of the Middle and Far East. The situation in Japan is similar; per capita consumption is very low despite a sharp increase in milk production, stimulated by Japan's aggressive dairy program.

World production of the principal manufactured dairy products increased slightly in 1964 over a year earlier, implying little change in the use of fresh milk and cream. The main increases were in butter and canned milk, although preliminary data also indicate some increase in cheese production. The output of dry whole milk and nonfat dry milk remained about the same.

World butter trade increased for the second consecutive year, mainly reflecting increased imports into the United Kingdom. Part of this increase represented movements from inventories of supplying countries. There was a slight increase in trade in whole milk products, especially condensed milk, but world trade in dry milk--both whole and nonfat--declined, despite record U.S. exports of nonfat dry milk.

Some increase in trade of milk products may be expected in 1965, assuming market accessibility into the United Kingdom, EEC countries, and Japan. World demand for butter and nonfat dry milk will continue strong.

Poultry and eggs: World production of poultry and eggs increased again in 1964. Egg production in the two largest Free World producing countries, the United States and the United Kingdom, was up substantially. In Western Europe, egg production increased significantly in West Germany, Italy, and Spain. In contrast, egg production in two major exporting countries, Denmark and the Netherlands, probably declined further.

World output of poultry and eggs is expected to increase again in 1965 as the demand for all meat and egg products continues strong. However, the overall rate of increase may not be as large as during recent years, due to reduced egg production in several major countries. Output in Denmark and the Netherlands will be greatly influenced by the export situation.

International trade in poultry meat last year was up moderately from the sharply reduced level in 1963. Imports into the eight major world markets in 1964 probably equaled the 572 million pounds in the record year 1962. Imports by West Germany, the principal market, totaled over 400 million pounds, up sharply from the 379 million in 1963. Among Common Market members, shipments from the Netherlands were only slightly higher, but much greater amounts were exported from Belgium and France. West German purchases from the United States reached an estimated 110 million pounds, up sharply from the 78 million in 1963. However, those from Denmark probably decreased by over 20 percent.

Sharp increases in poultry meat trade with Japan were again noted, with the United States supplying most of the imports. Shipments into that market probably amounted to 15 million pounds. Also, Switzerland, Australia, Hong Kong, Canada, and the United Kingdom showed small increases in imports over 1963.

In 1964, the United States maintained its position as the leading exporter of poultry meat, with the Netherlands second and Denmark third. Of particular interest during the year was the reappearance of Communist Chinese poultry meat exports, mainly to Hong Kong.

World trade in poultry meat will likely continue at a very high level as supplies of red meat, with the exception of pork, are expected to remain in short supply and prices firm to slightly higher. In the principal producing

countries, poultry meat will again be in ample supply and priced attractively to consumers.

International trade in shell eggs has continued downward for the fourth consecutive year. In recent years, the major market for shell eggs has been West Germany. In 1964, shipments of eggs into the German market were down substantially from a year earlier. Most of this reduction was in purchases from Denmark and the Netherlands, with smaller reductions in trade with Finland, Poland, Bulgaria, and Czechoslovakia.

World trade in egg products is expected to continue down in 1964/65. Shipments to all major markets, with the exception of West Germany, will be reduced. Exports from the United States, Denmark, and Eastern Europe, especially Yugoslavia, will be reduced substantially, while appreciably larger quantities are expected from Communist China and the Netherlands.

The three largest markets for egg products are the United Kingdom, West Germany, and Italy, which account for 90 percent of total trade. With the imposition of the EEC regulations on eggs and egg products in July 1962, nonmember suppliers encountered highly restrictive duties in two of the largest markets. West Germany, the largest market, established levies on dried whole eggs amounting to about 37 cents per pound, frozen yolk at 19 cents per pound, and dried yolk at 36 cents per pound. In addition, gate or minimum import prices were established.

SUGAR AND BEVERAGES

Sugar: The 1964/65 world production of centrifugal sugar is estimated at 65.7 million short tons--an alltime record--and about 11 percent above 1963/64. The current bumper crop reflects larger acreages following the high prices in 1963 and in the first half of 1964, and good weather in key producing areas.

The pattern of world sugar production is undergoing a significant change. Production in Cuba, formerly the world's largest producer of centrifugal sugar, was estimated at 4 million short tons in 1963/64, down 46 percent from 1961. Many other areas, however, have expanded production and milling capacity to more than offset the Cuban decline. The increase in 1964/65 production is about equally divided between the Sino-Soviet Bloc and the Free World. The USSR is now the world's largest sugar producer. Cuban production is expected to show some recovery in 1964/65.

World consumption for 1964/65 will probably increase about 1.5 million tons over the previous year. The increase beyond 1964/65 may be higher, perhaps around 2 million tons per year.

World stocks declined to a low of 10.5 million tons at the end of 1963/64. With the easing in the world supply position, which was tight in 1963 and in the first half of 1964, there will be a partial rebuilding of world stocks in 1964/65.

World sugar trade may decline somewhat in future years, since many countries are moving toward self-sufficiency. Over the short run, supplies should be adequate to permit a rebuilding of stocks to more desirable levels and meet any probable consumption requirements.

World sugar prices have declined since supplies increased. The world price, f.o.b. Caribbean ports, late last fall was about 3.40 cents per pound compared with 5.00 cents in midsummer. Futures quotations in early December for the remainder of the 1964/65 season were lower. Beyond 1964/65, prices will depend largely upon governmental programs and policies. However, prices are not expected to drop to the very low level of 2.00-2.25 cents per pound of 1962.

Coffee: World production of green coffee in the marketing year that began October 1964 is estimated at 51.9 million bags (132.3 pounds

per bag), a drop of 24 percent from the preceding crop. This is the smallest crop since 1956/57 and 11 percent below the 1955-59 average. Frost and severe drought in Brazil account for most of the reduction, since overall production in other areas approximates the 1963/64 crop. World exportable production for 1964/65 is estimated at 37.6 million bags, close to 13 million bags below usual import levels. Preliminary indications point to a recovery in production in 1965/66, perhaps approximating next season's requirements.

World coffee trade now is about 50 million bags annually. In terms of value, coffee is one of the three leading agricultural commodities entering world trade. The United States imports almost half of the total and Brazil exports one-third. World consumption will amount to about 64 million bags in 1964/65, increasing at about 3 percent per year.

Lower quality coffees, held for several years, are now being used in producing countries while the higher quality stocks are being exported. Although stocks are being reduced, they will still be at a high level at the end of the 1964/65 season (September 30, 1965). Brazil and Colombia hold the major part of world coffee stocks; however, above-normal stocks are also being held in some other Latin American countries and by the larger African producers.

Green coffee prices increased considerably last year from a 14-year low in 1963. Santos 4, the main Brazilian export type, was selling for about 47.5 cents per pound in late November (New York basis) compared with a 1963 average of 34.6 cents. Futures quotations late last fall for the rest of the 1964/65 season were somewhat lower than current prices.

Cocoa: The 1964/65 world cocoa bean crop is estimated at a record 1.27 million metric tons, 3 percent above the previous high last season. Production in Africa--which accounts for nearly three-fourths of the crop--is estimated at 935,000 metric tons; output in

Latin America is put at 303,000 tons, and in Asia and Oceania, at 31,000 tons. Consumption has been lagging somewhat behind production for the past 6 years, causing a stock buildup and rather low cocoa bean prices.

World exports of cocoa beans during 1963 amounted to a record 1.03 million metric tons, valued at over \$500 million. The 1963 African exports amounted to \$393 million, up \$14 million from the previous year. Exports of cocoa products from Africa are still small (\$16 million in 1963) but will increase because of new processing plants in Ghana and other West African countries.

The Cocoa Producer Alliance, consisting of 6 major producing countries that account for over 80 percent of the world crop, has developed an International Producer Cocoa Agreement. This Agreement became effective October 1, 1964, the beginning of the 1964/65 season. The Alliance hopes to regulate supplies by imposing export quotas. The assigned quotas include cocoa products. In the fall of 1963, a UN Negotiating Conference was unable to arrive at an international agreement between producing and consuming countries primarily because of differences over prices.

Cocoa prices, New York basis, averaged 23 1/2 cents per pound during the first 9 months of 1964; early November quotations were also near this level. This was about 2 cents per pound below the average for the same period in 1963 but above the past 3-year average. Considering the expected large 1964/65 world crop and the rather large stocks in consuming countries, prices may tend to weaken. However, future price developments will depend largely on governmental marketing decisions of producing countries.

Tea: World tea production in 1964 was estimated at a record 1.05 million metric tons. Expanded acreage, together with heavier fertilizer use and more efficient pest control, has increased production in most countries. Thus

far, increases in domestic and export requirements have about kept pace with production, but further increases in production may result in an oversupply position in 1965, at least in some grades.

Asian production--which accounts for over 90 percent of the world tea crop--was estimated at 977,000 metric tons in 1964. The African and South American crops were estimated at 59,000 and 19,000 tons, respectively.

Tea exports during 1963 amounted to a record 573,000 metric tons; incomplete data indicate a small decline in 1964. The average New York spot price of black tea was 53.1 cents a pound in 1963 and about a cent less in 1964. Production is trending now toward a slightly higher percentage of the poorer grades of tea. If this trend continues, prices of the better qualities of tea may strengthen in future years; price for low qualities may weaken.

Hops: Despite slightly increased acreage, 1964 world production of hops was slightly below the record 1963 crop although considerably above the 1958-62 average. Output last year in the top three producing countries--the United States, West Germany, and the United Kingdom--was only marginally above a year earlier. These countries account for 60 percent of world production; the U.S. share is 27 percent. International trade in 1964/65 may about equal levels of the previous year.

TOBACCO

World tobacco production in 1964 totaled about 4.4 million metric tons (9.7 billion pounds), a record high and slightly above the previous high the year before.

The world harvest of flue-cured tobacco last year, at 1.62 million metric tons (3.6 billion pounds), was up about 6 percent from 1963. Much larger harvests in Southern Rhodesia, Japan, and Italy more than offset decreases in the United States and Canada. The U.S. crop

of flue-cured totaled 1.36 billion pounds--slightly less than in 1963. Acreage was down 10 percent, but yields were record high. Canada's crop was also smaller because of an acreage cut. But the combined crops in Rhodesia, Zambia, and Malawi, at about 327 million pounds, were up more than 30 percent from 1963. Flue-cured is the most important tobacco entering world trade, accounting for nearly half the total.

The world crop of oriental leaf in 1964, at about 1.53 billion pounds, set a record, about 13 percent above the previous high the year before. All major producing countries except Greece harvested more oriental tobacco than in 1963. Turkey's 1964 harvest of about 350 million pounds set a record for that country. Blue mold damage reduced the Greek crop somewhat.

Free World exports of leaf tobacco in 1963 (including Cuba) were some 0.76 million metric tons (1.67 billion pounds)--1 percent under the record of 1962. Free World exports in 1964 were probably at a record level because of increased export availabilities of oriental leaf and larger movement from the big Rhodesian flue-cured crop.

The U.S. share in Free World exports in 1963 was 30 percent, compared with 28 percent in 1962 and 35 percent in 1955-59. The U.S. share in world trade probably dropped a little in 1964, due to a decline in the quantity shipped, while exports from several other countries were up. Major world exporters beside the United States include Rhodesia, Turkey, Greece, India, Brazil, the Philippines, the Dominican Republic, Canada, and Italy.

Cigarette manufacture continued to increase in 1963. World output reached a high of 2,466 billion pieces--up 4 percent from the year before.

Filter tipped cigarettes represented 36 percent of Free World output in 1963, compared with 33 percent in 1962. The continued increase

for filter tips is an important factor in world trade in leaf tobacco, since these cigarettes require less tobacco than regular cigarettes.

FIBERS

Cotton: The world cotton supply in 1964/65 is estimated at an alltime high of more than 77 million bales (bales of 480 pounds net weight). Production and consumption are at record levels. However, production is expected to outstrip consumption for the third consecutive year. World production exceeded consumption by 2.4 million bales in 1963/64. An excess of 1.6 million bales is forecast in 1964/65.

World cotton production, tentatively placed at 51.7 million bales in 1964/65, is about 3 percent above last season. U.S. production is forecast at 15.4 million bales (November estimate), an increase of 0.1 million bales from last season. In the foreign Free World, production may total 22.4 million bales, up 0.5 million from the record crop in 1963/64. Production in communist countries reportedly could be 0.9 million bales above the 12.9 million in 1963/64. Governments in many foreign countries are actively encouraging the expansion of cotton production. A major factor contributing to this increased production in recent years has been the uptrend in yields.

World cotton consumption increased significantly in 1963/64, reaching a level of 47.7 million bales. The uptrend is expected to continue in 1964/65, with total consumption likely to set a record of 50.2 million bales. Increases are expected in most countries. The largest increase will be in the United States, where mill consumption is estimated at 9.7 million bales compared with 8.6 million in 1963/64. The rapid increase in production and use of manmade fibers continues to offer formidable competition to cotton.

World cotton stocks on August 1, 1964, were estimated at 25.4 million bales compared with 23.0 million a year earlier. About half

of the stock increase was in the United States. Stocks in foreign Free World importing countries were rebuilt to more normal levels in 1963/64, following reductions in the two prior seasons.

U.S. stocks of 12.4 million bales on August 1, 1964, were the largest since the record 14.5 million bales in 1956. Stocks held by the U.S. Government totaled about 10.4 million bales, the largest August 1 stocks since 1939. Exporters have access to these stocks on a competitive offer and acceptance basis.

World trade in cotton may dip slightly from the record level of 17.8 million bales in 1963/64. World exports in 1964/65, now estimated at 17.6 million bales, reflect the likely decline in U.S. shipments from 5.7 million bales in 1963/64 to 5.2 million. If production estimates are reached, exportable supplies in the foreign Free World are likely to be slightly higher in 1964/65. Net exports from the Free World to communist countries in 1964/65 are estimated at 2.3 million bales, about the same as last season.

Early December prices of U.S. upland cotton in world import markets were trending upward from the competitive year-earlier level of around 28.79 cents per pound for Quality S Middling 1 1/16 inches, a 3-year low. Prices of equivalent qualities of most other cotton were also up around 3/4 cent a pound from a year earlier and were generally holding firm because of rising consumption, heavy forward sales of exportable supplies, and continued heavy takings by communist countries.

Wool: World wool production has remained relatively static during the past 3 seasons. There have been steady increases in Australia and small gains in New Zealand and Argentina, while output in Uruguay and South Africa has remained about the same. In the Northern Hemisphere, wool production has generally been relatively stable, except in the United States.

Over the next year, available wool supplies are expected to be slightly above 1964 because of increased production and somewhat larger carryover stocks accumulated in Argentina and Uruguay despite strong demand. No major wool disposal problems are expected in producing countries during 1965, although growers may have to adjust to a slightly lower price level to facilitate marketings.

Use of manmade fibers increased during the past 2 years; nevertheless, world wool demand outstripped wool supplies and prices were higher during late 1963 and early 1964 than for several years past. World textile activity in general is expected to remain about the same in 1965.

Jute: World production in 1964/65 is estimated at 2.31 million metric tons (5.09 billion pounds) compared with 2.27 million tons in 1963/64. Shipments from Pakistan, the principal exporter, totaled 749,700 metric tons (1.67 billion pounds) in 1963/64. Exports to Europe accounted for 63 percent of the total. The principal importing countries were the United Kingdom, Belgium, the United States, France, Japan, and the Republic of South Africa, which together took more than half of Pakistan's jute exports.

World consumption continued upward through 1964. Carryover stocks in India and Pakistan are being reduced. As of June 30, they fell from 806,000 tons in 1963 to 686,000 in 1964. A further drop is expected--to less than 650,000 tons by June 30, 1965. Prices rose more rapidly in 1964 than in the preceding year.

An FAO Study Group for Jute and Allied Fibers has been established, primarily at the instigation of the major producing countries.

Sisal: The 1964 world crop was an estimated 656,000 metric tons (1,446 million pounds)--a gain of 3,000 tons from a year earlier. Tanzania, Brazil, Angola, and Kenya produced 84 percent. Exports increased in 1963. Prices rose in 2 years from an average 11.8 cents a pound in 1961 to 18.3 cents in 1963. They were steady at 18.8 cents during the first half of 1964 but began falling in the third quarter.

Abaca: Production decreased to 115,000 metric tons (254 million pounds) in 1964 from 118,000 the year before; exports from the Philippines, the principal producer and exporter, increased slightly in late 1963 and early 1964. Prices rose from an average of 22.7 cents a pound in 1963 to an average of 23.8 cents in the first 9 months of last year.

Henequen: Production in 1964 was estimated at 164,000 metric tons (362 million pounds), an increase of 10 percent over the year before. Most of the increase was in Mexico--the world's leading producer and exporter. Mexican stocks remained low throughout 1964. Mexican exports were sharply restricted for a few months in 1963 to supply domestic mills, and remained relatively small in 1964. The Mexican henequen industry is being nationalized; the government is encouraging domestic consumption of henequen fiber and emphasizing exports of farm twines and other manufactures rather than raw fiber.

SITUATION BY REGIONS



WESTERN HEMISPHERE ^{1/}

Total agricultural output in the Western Hemisphere for 1964/65 will decline, due largely to adverse weather. Drought cut production in Canada, the United States, and parts of South America. Floods and frosts in Brazil contributed to the decline. Per capita production is down significantly.

Agricultural trade of the Western Hemisphere was at high levels in 1964; some decline is in prospect for 1965, particularly for exports. The value of U.S. agricultural exports was at an alltime high in fiscal year 1964, with record shipments to Canada. U.S. imports of farm goods were also at high levels in fiscal year 1964, with imports from Latin America up and from Canada down. For 1965, U.S. exports and imports are not likely to exceed year-earlier levels.

Canada: Drought contributed to a 6-percent decline in 1964 Canadian farm production from record levels of the year before. The 1964 wheat harvest was estimated at 600 million bushels (16.3 million metric tons) compared with a record 1963 crop of 723 million bushels. Production of barley, oats, rye, mixed grains, flaxseed, potatoes, apples, and tobacco were also down. Larger harvests of corn, rapeseed,

soybeans, and sunflowerseed were accompanied by a sharp rise in output of beef, pork, poultry meat, and eggs. Other fruit, vegetables, and dairy production continued a slight uptrend.

Preliminary estimates put 1964 agricultural imports slightly above a year earlier, reflecting a rise in demand, particularly for livestock products. Exports were at record levels in 1964, but grain supplies remain high and, with reduced commitments to communist countries, Canada may offer more competition in traditional world markets for these and other agricultural products during 1965. Canadian demand will probably continue strong for imports of U.S. fruits and vegetables, cotton, poultry products, and tobacco, with some weakening of import demand for some other products.

United States: Total U.S. output of farm products declined less than 1 percent from 1963 to 1964. Production of livestock products in 1964 was up around 3 percent. This uptrend probably will continue, somewhat abated, in 1965. Crop prospects as of November 1 pointed to a decline of 2 or 3 percent in 1964 production. Drought reduced crop yields for the first time since 1959; with normal weather a rebound in 1965 is likely. Market prices of farm products in 1964 averaged about 2 1/2 percent below 1963, due primarily to lower prices for livestock products.

^{1/} Discussion is limited to countries listed in table 3.

Continued stability in farm income is indicated for 1965 at about the level of the past 4 years. Food consumption per person was at record levels in 1964, up 1 percent from the previous year, with a gain of 6 percent for beef and veal and 7 percent for turkey. This level is expected to hold in 1965. Some further increase is indicated for beef and a moderately large increase is likely for citrus fruits. Foreign markets will take large exports again in fiscal year 1965, although they may not reach the record of \$6.1 billion a year earlier.

Latin America: Both total agricultural and food output are expected to show some decline in 1964/65 from a year earlier, with a significant drop in per capita production. Output of export crops will likely be at lower levels than food crops for domestic use. Large production increases for Mexico and Central America were more than offset by the decline in South America. Generally favorable weather contributed to the Mexican and Central American gains. Drought, frost, and flood contributed to decreases in South America. The value of U.S. exports to Latin America was up and imports down in the first half of 1964; both may show gains in 1965.

Mexican agricultural production for 1964/65 will likely be at record levels, both total and per capita, continuing the steady uptrend of the past five years. Because of generally favorable weather, gains are estimated for most domestic food and export crops. Greatest increases are expected in potatoes, grain sorghums, sugarcane, milk, wheat, and cotton. Beef and corn production may be up and coffee down slightly from the previous record year.

Central American agricultural output for 1964/65 will probably continue upward, with per capita gains over the previous year. Greatest increases are expected in commercial crops for export, with corn, rice, beans, and other domestic food crops up only slightly and little per capita gain. Sharp increases are expected in sugar, cotton, and bananas. Little change

is expected in beef output; coffee production will probably decline.

Caribbean agricultural output for 1964/65 is expected to increase moderately. Declines in per capita output in the Dominican Republic and Haiti will probably be offset by gains in Cuba, Jamaica, and Trinidad and Tobago.

South American production for 1964/65 is likely to be down from the year before. Agricultural output per capita probably will decline significantly. Lower production estimates stem largely from unfavorable weather in important agricultural areas.

Decreased output is expected in Argentina, Brazil, and Chile, offsetting high or record production in other countries. Dry weather at planting time reduced seeded areas in Argentina, and yields are not likely to equal the record levels of the previous season. Brazilian output was cut because of the effects on coffee production of 1963 frosts and subsequent drought, and floods and drought which reduced rice, corn, and other food crops. Drought in Chile severely affected crop growth.

Sharply increased output is expected for Uruguay as a result of increased wheat plantings and livestock marketings. Record levels of production are expected in Colombia, Ecuador, Bolivia, Peru, and Venezuela.

WESTERN EUROPE ^{2/}

Agricultural production in Western Europe in 1964/65 again increased to a record level, about 1 percent above the previous high a year earlier. The record output reflects generally good weather, except in Spain and Portugal, and advancing technology. The greatest production increases occurred in France, the United Kingdom, and Switzerland. There were sharp decreases in Portugal and Spain, and a smaller drop in West Germany.

^{2/} Discussion is limited to countries listed in table 4.

Table 3. Western Hemisphere: Indices of agricultural production, total and per capita by countries, 1961/62-1964/65 ^{1/}
(1952/53 - 1954/55 = 100)

Country	Total				Per capita			
	1961/62	1962/63	1963/64	1964/65	1961/62	1962/63	1963/64	1964/65
	^{2/}	^{2/}	^{3/}	^{4/}	^{2/}	^{2/}	^{3/}	^{4/}
Canada	97	121	132	124	79	97	104	96
United States	115	117	121	120	100	101	103	100
Latin America:								
Mexico	152	163	175	183	120	124	129	131
Costa Rica	136	139	134	124	100	98	91	81
El Salvador	175	186	194	209	141	145	148	155
Guatemala	151	180	189	195	119	138	141	141
Honduras	143	149	149	159	113	114	110	114
Nicaragua	166	190	208	228	133	147	158	158
Panama	124	125	133	144	98	96	99	104
Cuba	101	84	78	86	86	60	63	68
Dominican Republic	141	137	147	149	107	101	104	102
Haiti	112	110	104	105	95	91	84	83
Jamaica ^{5/}	121	131	129	139	109	117	114	121
Trinidad and Tobago ^{5/}	111	124	123	135	87	95	92	93
Argentina	115	113	123	120	100	97	103	99
Bolivia	142	155	155	158	118	126	124	123
Brazil	148	144	147	131	116	109	108	94
Chile	118	125	126	119	98	102	100	92
Colombia	123	130	131	134	98	101	99	99
Ecuador	182	188	185	195	141	142	135	138
Paraguay	108	117	107	117	91	96	86	92
Peru	131	131	131	135	109	106	104	105
Uruguay	95	101	91	105	83	87	77	88
Venezuela	143	158	166	176	105	112	114	117
Total Latin America	132	132	136	133	106	103	103	98

^{1/} Canada and U.S. production on calendar year, e.g., 1961/62 equals 1961.

^{2/} Revised.

^{3/} Preliminary for Latin America.

^{4/} Preliminary for Canada and United States; forecast for Latin America.

^{5/} Not included in Latin America total.

The winter of 1963/64 was mild, with little or no damage to fall-seeded crops. During the growing season for the small grains and early fruits and vegetables, moisture conditions were good except in drought-stricken Spain and Portugal, with only spotty damage elsewhere from dry, hot weather. The early crops were also favored by excellent harvesting conditions. Pasture conditions were generally good but began deteriorating by late summer. As the season progressed, some late crops suffered from hot weather and lack of moisture.

Wheat production in Western Europe in 1964, estimated at 42.7 million metric tons, has been exceeded only once, in 1962. Yields averaged about 9 percent above 1963. Larger crops were reported by all countries except Spain, Portugal, and Ireland. In contrast with 1963, most areas harvested good quality grain. Rye production was 7 percent larger than in 1963 but about 10 percent below the 1955-59 average.

Barley production reached a record level; both acreage and yields increased. Production gains over 1963 were especially marked in the United Kingdom, Scandinavia, and West Germany, but there were substantial reductions in France and Spain. Oat production continued to decline. Reductions were fairly widespread, but the largest was in France.

Cotton acreage and production were down in both Greece and Spain.

Pork production reached a record high in Western Europe in 1964. Increases occurred in nearly all countries. Beef and veal production declined sharply from 1963 due mainly to the reduction of herds in the northern countries by heavy slaughter during 1962/63. Most countries in Western Europe had shortages of beef and veal in 1964 because of reduced domestic production, sharply increasing demand, and limited supplies from normal overseas suppliers.

Production of most dairy products, eggs and poultry, sugar, and citrus increased in

1964. Deciduous fruit, potato, and rice production declined, and 1964/65 olive oil output fell sharply.

Western Europe's economic growth continued at a rapid pace in 1964, despite a number of serious problems, brought about mainly by inflation and balance-of-payments difficulties. The growth rate of the combined real gross national product in 1964 apparently was about the same as in 1963. The EEC's combined real product last year grew at a rate of about 5.5 percent compared with 4 percent in 1963 and 5 percent in 1962.

Inflation remained a serious problem throughout Western Europe. In mid-1964 the cost-of-living index was from 2 to 10 percent higher than a year earlier in nearly all countries. Wages continued to rise--in most cases considerably faster than the cost of living.

For more than two years, Europe has had a substantial and growing deficit in its merchandise trade balance. However, its overall international payments have been kept from a deficit position by inflows of capital funds; holdings of gold and foreign exchange have been rising in most countries. Italy and the United Kingdom had particularly difficult balance-of-payments problems during 1964. In March 1964, an emergency credit of \$1.2 billion was provided Italy by the United States, the International Monetary Fund, and some European central banks. One of the first actions by the United Kingdom's new Government was to impose a 15 percent surcharge on imports, except for food, unmanufactured tobacco, and basic raw materials. Soon thereafter the Government raised the key "bank rate" for loans from 5 to 7 percent. These actions were prompted by an estimated \$2.26 billion balance-of-payments deficit in 1964.

The EEC has put about 85 percent of its farm products under its Common Agricultural Policy. Rice, beef and veal, and milk and milk products were brought under the common organization of the markets during 1964. A

Table 4.--Western Europe: Indices of agricultural production, total and per capita by countries, 1961/62-1964/65 ^{1/}

(1952/53-1954/55=100)								
Country	Total				Per capita			
	1961/62	1962/63	1963/64	1964/65	1961/62	1962/63	1963/64	1964/65
		^{2/}	^{3/}	^{4/}		^{2/}	^{3/}	^{4/}
Austria	127	136	137	139	125	132	133	134
Belgium	118	125	123	125	113	119	116	117
Denmark	118	120	115	118	112	113	107	109
Finland	132	121	133	136	122	112	121	122
France	124	127	132	133	114	115	117	117
West Germany	113	128	133	131	103	116	118	117
Greece	136	134	151	160	126	124	140	147
Ireland	113	108	114	115	118	112	118	119
Italy	124	119	115	117	118	113	108	109
Netherlands	130	134	130	129	117	119	114	112
Norway	106	101	107	109	99	93	98	100
Portugal	120	130	127	121	115	124	120	113
Spain	110	123	129	124	103	114	119	113
Sweden	93	92	95	96	89	87	90	90
Switzerland	118	124	121	125	104	106	100	102
United Kingdom	117	121	119	124	112	115	113	116
Total	118	123	125	126	111	114	115	115

^{1/} Excludes food produced from imported feed. ^{2/} Revised. ^{3/} Preliminary. ^{4/} Forecast.

common policy is planned for fats and oils and sugar. Producer groups have proposed adoption of common policies for wool and tobacco.

In May 1964 the EEC began a 3-year trade agreement with Israel, and on December 1, the EEC-Turkey association agreement became effective. The second Convention of Association between the EEC and the associated African and Malagasy States became effective June 1. This agreement provides for preferential trade and approximately \$800 million for development loans and grants by the EEC. A similar agreement between the EEC and the Dependent Overseas Territories also became effective June 1.

During 1963/64, trade barriers on industrial products inside the European Free Trade Association market were further reduced to 40 percent of their 1960 level. EFTA is scheduled to become a single market for industrial goods by the end of 1966.

During 1962 and 1963, Western Europe's total agricultural imports were \$18.0 billion and \$19.8 billion, respectively. U.S. farm exports to 16 countries of Western Europe in 1963 increased slightly and totaled \$2,014 million compared with \$1,987 million in 1962. (This does not include grains and soybeans valued at \$119 million in 1963 transshipped to Western Europe through Canada.) In 1963, as in other years, feedgrains comprised the

largest share of these exports followed by tobacco, oilseeds, cotton, fruits, wheat and flour, oilcake, animal fats, and vegetables and vegetable oils.

U.S. agricultural exports to Western Europe in 1963/64 were also up substantially from the previous year, totaling \$2.2 billion. There were increased shipments of meat and other livestock products, poultry (except broilers and fryers), wheat, cotton, soybeans, tallow, tobacco, and vegetable oils.

U.S. agricultural exports to the EEC during 1963/64 reached \$1.3 billion compared with \$1.1 billion a year earlier. Although variable import levies continued to reduce shipments of wheat flour, broilers, and fryers, there were larger shipments of commodities both subject and not subject to the variable levies.

Dollar sales as a share of total U.S. farm exports to Western Europe have been steadily increasing. They were 88 percent in 1961, 95 percent in 1962, and 97 percent in 1963. Western Europe took about 50 percent of all U.S. dollar exports of farm products in 1963.

Moisture conditions last fall were less favorable than in the previous year and fall-crop plantings were delayed. However, by the latter part of October, planting conditions were generally good, with planted acreage about the same as in 1963.

The high quality and greater production of wheat in 1964 seem likely to limit Western Europe's import needs in 1965, although quality wheat will be needed for blending, and Spain and Portugal will need increased imports.

Large West European production will tend to reduce U.S. exports of pork, variety meats, lard, hog grease, and tallow to that area in 1965. The European Common Market Commission has estimated that during the winter of 1964 and spring of 1965 there will

be a surplus of around 500 million pounds of pork within the Common Market, of which more than 60 percent will be in West Germany. In Western Europe outside the Common Market a smaller surplus of about 240 million pounds is expected.

European production of beef probably will continue short of demand in 1965. However, with the accompanying high beef prices, consumers may shift temporarily from beef to pork, in contrast to the trend in recent years. The United States stands a fair chance to share in the West European beef market, if it can supply at competitive prices the type of meat wanted.

The 1965 rate of economic growth may decline slightly in Western Europe. The EEC Commission's preliminary forecasts show the Community's growth rate declining somewhat in 1965, but staying above 4 percent.

EASTERN EUROPE ^{3/}

Agricultural production in the Soviet Union has made a good comeback from the disastrously low outturn of the previous year. Net agricultural production in 1964/65 is estimated tentatively at 9 percent above 1963/64. In the rest of Eastern Europe, agricultural output appears to be up slightly. However, collectivization continued to impose serious production restraints in the region. In the Soviet Union, grain output, hit hardest in 1963, increased substantially. In other East European countries, grain production was up slightly. Root crops and sunflowers were generally good, as was cotton in the Soviet Union. Rapeseed production was down.

In the Soviet Union, the good outturn of 1964 spring crops more than offset the considerable damage to winter grains. The favorable crop outturn was due to record or near-record acreages of several crops; to

^{3/} Discussion is limited to countries listed in table 5.

good moisture conditions in the major spring grain areas, especially in the Virgin Lands region, which had severe drought in 1963 and 1962; to increased use of chemical fertilizer, herbicides, and improved crop varieties; and to late summer rains.

An improved feed situation should permit rebuilding of livestock herds, especially hogs. However, meat production is expected to be lower than in 1963/64, which was characterized by considerable distress slaughter. Milk production is expected to increase somewhat.

The USDA index of Soviet net agricultural production indicates a high of 143 in 1964/65. Two important qualifications, however, must be borne in mind. First, although the total rise in the index throughout the decade is substantial, agricultural production during the base period was low and inadequate. Second, much of this increase is offset by population growth. Output per capita is still substantially below 1958/59, and has merely regained the ground lost during the 1963/64 fiasco.

An intensive drive to procure every possible bushel of grain from the countryside was evident during the summer and fall. More than 67 million metric tons of grain have been procured, compared with 44.8 million during the 1963 season, and the previous record of 56.6 million in 1962 and 1958. The record level of grain procurements reflects not only a good crop but, even more, a determined government drive to meet domestic grain needs and build up depleted stocks. The USSR has historically exported wheat and other grains, but during the 1963/64 season it imported about 12 million tons of wheat. With its strong emphasis on stockpiling, the Soviet Union probably will not export or import large quantities of grain in 1965. However, shipments to some communist countries are expected.

In the Danubian communist countries--Hungary, Rumania, Bulgaria, and Yugoslavia--agricultural production is slightly above

1963/64. Wheat production is not greatly different from the year before. Production of corn, the principal grain crop in the Danubian countries, is estimated to be above the good outturn of the previous year in Yugoslavia and Rumania.

Wheat imports will probably be necessary in all Danubian countries in 1964/65 except Rumania. While Hungary's import requirements will be smaller than in 1963/64, those of Yugoslavia and Bulgaria will likely be larger. Rumania is the only country in the region expected to export corn in 1964/65.

Danubian sugar production is expected to increase again in 1964/65, since both area and yield of beets are up in most countries. Output of sunflowerseed was also up somewhat. Excessive precipitation in May and abnormally hot weather in June indicated a below average tree fruit crop. However, the grape crop is larger than a year earlier.

The livestock situation in the Danubian area is expected to improve in 1964/65. Increased pork exports appear likely. However, live cattle exports will probably be off unless West European demand again entices these countries to decrease herds to obtain hard currency.

The level of guaranteed minimum prices for farm products in Yugoslavia was increased an average of 20 percent on July 18, 1964. The price increases were generally passed on to the consumer, but they were partially offset by an inflationary wage increase. The main result of the price increases will be to encourage wheat production and reduce the deficit incurred by state farms.

Agricultural output in 1964/65 is up slightly in Poland and down a little in Czechoslovakia. Both countries were affected by summer droughts. Production of major grains (wheat, rye, barley, and oats) in Poland was somewhat less than the average of 14.3 million metric tons during 1959-63. In Czechoslovakia,

Table 5.--Eastern Europe: Indices of agricultural production, total and per capita by countries, 1961/62-1964/65

(1952/53-1954/55=100) ^{1/}								
Country	Total				Per capita			
	1961/62	1962/63	1963/64	1964/65	1961/62	1962/63	1963/64	1964/65
		^{2/}	^{2/}	^{3/}		^{2/}	^{2/}	^{3/}
USSR	138	139	131	143	122	121	113	121
Other Eastern Europe								
Poland	139	135	130	132	123	117	111	112
East Germany	100	101	104	106	107	107	110	113
Czechoslovakia	128	127	125	123	120	118	115	113
Hungary	123	124	121	123	117	118	115	117
Rumania	130	123	128	133	117	109	113	117
Bulgaria ^{4/}	145	154	148	153	133	140	134	138
Yugoslavia	136	133	136	137	124	120	121	121
Total	129	127	126	128	120	117	115	117
Total Eastern Europe	135	135	130	138	122	120	114	120

^{1/} Base period for the USSR is 1953/54 - 1955/56.

^{2/} Revised.

^{3/} Forecast.

^{4/} Revised series. The principal revision was in the base period.

total grain production was expected to drop below the annual average of about 5.7 million metric tons. Winterkill and early spring flooding in Poland damaged nearly one-fourth of the rape crop--its principal oilseed. Despite increased acreage, production was below the 1963 level. Root crops in both countries fared better than grains. A record sugar beet crop was expected in Poland, because of increased area and high yields. In Czechoslovakia, sugar beet production was about the same as in 1963.

Livestock numbers increased in Poland. They declined in Czechoslovakia due to the limited supply of feed and increased slaughter. The meat supply, especially pork, is expected to increase in Poland.

Both Poland and Czechoslovakia are expected to continue importing grain in 1964/65. Polish imports are expected to be 2.5 to 3 million metric tons and Czechoslovakian imports around 2 million. The United States and Canada have been supplying a large share of the Polish wheat imports. More than half of Czechoslovakian grain imports are normally supplied by the USSR, but Canada has also become a large source.

After the sharp drop in East German agricultural production following complete collectivization in 1960, it is improving gradually though at a generally low level. Although sown area of most field crops has gradually declined, this decline has been partly offset by yield

increases. Progress in this direction is limited because yields in East Germany were already high before collectivization.

The 1964 output of oilseeds in East Germany was much below earlier years. But sugar beets did well. Grains were affected by drought during June and July; the 1964 grain crop probably was the same as in 1963 (about 5.5 million metric tons). Fruits and vegetables were also affected by drought.

After reaching a low point in 1963, East German livestock numbers have almost returned to the 1960-61 level. Most improvements have been in pig numbers and pork production and in milk and butter production. These improvements reflect, in part, a somewhat improved feed supply, but undoubtedly also the effect of government measures to shore up the livestock sector; the most important action was an increase in livestock prices.

In contrast to most other East European countries, East Germany's population declined up to 1961 and relative stagnation in population growth since then resulted in the per capita index of net agricultural production rising more rapidly than the index of total production.

WEST ASIA ^{4/}

For the first time in the 1960's, West Asian farm production decreased last year; it fell 1 percent below 1963. Coupling this with the normally rapid population growth, production per capita dropped more sharply--by nearly 5 percent below 1963 to only 2 percent above the 1952-54 base period. This drop was mainly due to lower total output in Turkey and Iran, West Asia's leading farm producing countries. Gains in per capita production in other countries during 1964 could not compensate for the losses in Turkey and Iran.

The good wheat crops in Syria and in the smaller countries were not large enough to

offset losses of about 10 percent in each of the Turkish and Iranian wheat harvests. West Asian barley was down 20 percent from 1963, with only Israel and Jordan registering increases. Regional corn production rose only about 1 percent over 1963. Rice barely exceeded 1963 output.

Yields of most major crops other than grains in West Asia, however, were more favorable than in 1963. Grape production was up 6 percent; citrus, 4 percent; dates, 7 percent. Output of cotton continued upward, with an increase of nearly 4 percent over 1963. Tobacco production in 1964 was up about 20 percent. Production of livestock products also gained.

The 1964 decline in Turkey's total and per capita farm production stemmed almost entirely from losses in grains, largely due to winterkill. Most other Turkish crops and livestock products equaled or exceeded production levels of the previous season. In Iran, smaller crops of wheat, barley, dates, some other fruits, vegetables, and cotton mainly contributed to reduced output.

For Iraq, an increase of more than 60 percent over 1963's poor wheat crop, a bumper date harvest, and average to good yields of most other farm commodities raised total and per capita farm production, although the 1964 barley yield did not equal that of 1963. Adverse weather also led to a 30 percent decrease in Syria's barley crop. But production of cotton, sugar beets, livestock products, and most fruit crops except olives increased during 1964 in the Syrian Arab Republic over the average of the 5 preceding years. Israel's farm production exceeded recent levels, with citrus and vegetable crops reaching record-high levels and grains roughly doubling 1963's output.

It was in Jordan, however, that West Asia's most dramatic surge in farm output occurred. It had the best crop year in several decades; the drought-depressed production of

^{4/} Discussion is limited to countries listed in table 6.

1963 was more than doubled. Cyprus had modest increases in agricultural production in 1964. There were excellent yields of potatoes and citrus but a loss in grape production, due to acute political unrest.

U.S. farm exports to West Asia during the year ended June 30, 1964, were valued at \$204 million, a gain of roughly 20 percent over the preceding year. Some further increase is expected during 1964/65. Turkey will again be deficit in grains. In September 1964, Iran signed a P.L. 480 Title I agreement for 140,000 metric tons of wheat. Iraq will require some grain imports.

By contrast, Jordan's relatively large recent imports of U.S. cereals will be reduced in 1964/65 to a small quantity of wheat flour moving under Title III of P.L. 480. Israel's need for imported grains also will decline because of greater domestic production. Syria should have some wheat for export.

Agricultural exports from West Asia should moderately exceed the level of recent years, over \$560 million annually, reflecting increased regional output of high value food crops--mainly citrus, dried fruits, nuts, and sugar--and improvement in exportable supplies of cotton, tobacco, and inedible livestock products. Exports of Syrian and Turkish cotton should reach record highs. Turkish tobacco exports are also expected to increase. Turkey is in a position to increase sugar exports in 1964/65 to 150,000 tons or more, compared with less than 85,000 tons last year.

AFRICA ^{5/}

Agricultural production in Africa in 1963/64 was about 2 percent above the relatively good previous year, and it promises to rise another 2 percent in 1964/65.

^{5/} Discussion is limited to countries listed in table 7.

Table 6.--West Asia: Indices of agricultural production, total and per capita by countries, average 1935-39 and annual 1962-64 ^{1/}

(1952-54=100)									
Country	Total				Per capita				
	1961	1962 ^{2/}	1963 ^{2/}	1964 ^{3/}	1961	1962 ^{2/}	1963 ^{2/}	1964 ^{3/}	
Cyprus	117	121	125	130	103	105	108	110	
Iran	133	130	141	125	110	105	111	96	
Iraq	123	136	116	132	100	116	97	110	
Israel	212	243	241	265	161	175	167	178	
Jordan	104	88	92	196	84	68	69	143	
Lebanon	121	128	135	140	101	102	104	105	
Syria	112	173	153	161	84	123	105	107	
Turkey	121	125	137	135	97	99	103	99	
Total	126	133	139	137	102	105	107	102	

^{1/} Data refers to calendar years, except for citrus fruit and olives (which refer to harvests beginning in the year shown) and for Israel (which refers to years ending Sept. 30).

^{2/} Revised.

^{3/} Forecast.

Northern Africa: Agricultural production in Northern Africa is expected to be 2 percent above the record high of 1963/64. This increase is mainly due to substantial gains for the United Arab Republic, the Sudan, and Libya. However, countries in the western portion of the area, Morocco, Algeria and Tunisia, were unable to equal their record crops of 1963. Population growth more than absorbed the increase; production per capita is down 1 percent from a year earlier.

Production of cotton, olive oil, oilseeds, rice, and corn increased in 1964. Citrus production is expected to remain practically unchanged. The United Arab Republic's rice crop may well surpass its 1962 record crop of 2.1 million tons. The region's wheat production will likely decrease 16 percent (830,000 metric tons) from last season. Only in Morocco is wheat output expected to approximate the crop of the previous year. Likewise, the region's barley harvest is down some 720,000 metric tons from the good 1963 crop of 3.4 million tons. The area's corn output probably regained the level of 2.6 million metric tons in 1962--up 10 percent from 1963. A 20 percent increase is anticipated for the area's olive oil crop--gains occurred in all major producing countries.

More rice, cotton, oilseeds, coffee, and olive oil will be available for export from the area in 1964/65 than the season before. Exports of citrus and wine are likely to hold their own. But smaller bread grain crops will lower per capita food availabilities--requiring larger imports to meet domestic needs in 1965. The United Arab Republic, the largest importer of bread grain, took slightly over 1.8 million metric tons (wheat equivalent) of wheat and wheat flour in 1963/64 and will need even more in 1964/65. Other countries of the area may collectively require an additional million tons. Substantial shipments of vegetable oils, dairy products, coarse grains, and tobacco will also be required if present consumption levels are to be maintained.

Northern Africa took close to 5 percent of total U.S. farm exports in 1963, or an amount valued at \$241.4 million. Some 70 percent of these exports were wheat and wheat flour. Next in importance were vegetable oils and fats, feedgrains, tobacco, and tallow. Because of the area's extreme dollar shortage, the major portion of these imports was under special U.S. Government programs. The financial position of the region has shown little improvement within the past year. Increased petroleum exports by Algeria and Libya, however, have done much to increase their foreign exchange holdings.

Southern Africa: Agricultural production in Africa South of the Sahara is expected to be about 3 percent more in 1964/65 than in the previous year, keeping ahead of population growth. The two leading agricultural producers in the area are Nigeria and the Republic of South Africa. They account for about 40 percent of the total agricultural production of the subregion; they also have about 40 percent of the population.

The Republic of the Congo (Leopoldville) reached a state of relative quiet during 1963. However, in July and August 1964, new rebellions broke out in eastern and northern Congo. While estimates of agricultural production are difficult to obtain under such conditions, 1964/65 production of some commodities obviously may be curtailed.

Other political events in Africa South of the Sahara apparently have not affected agricultural production. These events include the independence of Malawi (formerly Nyasaland) and Zambia (formerly Northern Rhodesia) and the merger of Tanganyika and Zanzibar under the new name, Tanzania.

The small, peanut-producing British colony of Gambia, in West Africa, expects to obtain independence in February 1965.

Most agricultural production of the region is of the subsistence type and there was little

Table 7.--Africa: Indices of agricultural production, total and per capita
by countries, 1961/62-1964/65

(1952/53 - 1954/55 = 100)

Country and region	Total				Per capita			
	1961/62	1962/63	1963/64	1964/65	1961/62	1962/63	1963/64	1964/65
	1/	1/	1/	2/	1/	1/	1/	2/
Northern Africa:								
Algeria	81	103	107	96	67	83	93	84
Ethiopia	118	118	120	123	104	104	103	105
Libya	160	138	145	167	142	120	124	140
Morocco	71	94	101	95	57	73	77	71
Sudan	162	149	138	150	130	116	104	110
Tunisia	81	96	122	121	72	84	104	102
United Arab Republic	113	134	130	137	93	108	102	105
Total	108	121	122	124	91	99	99	98
Southern Africa:								
Angola	164	173	172	179	149	156	152	157
Cameroon	129	131	137	140	119	120	123	125
Congo (Leopoldville)	83	86	87	86	70	70	70	68
Dahomey	126	117	118	121	102	93	91	91
Ghana	150	161	168	171	123	129	130	130
Guinea	133	133	133	137	105	102	99	99
Ivory Coast	127	198	200	196	105	161	159	152
Kenya	164	172	174	179	133	131	130	130
Liberia	105	110	112	112	93	96	97	95
Malagasy Republic	133	138	143	146	107	108	109	108
Mali	115	128	125	125	98	107	102	100
Niger	171	178	192	197	139	141	148	148
Nigeria	124	129	131	135	105	108	107	108
Rhodesia, Malawi & Zambia	154	148	168	170	122	115	126	124
Rwanda & Burundi	91	94	93	93	71	72	69	67
Senegal	154	141	148	152	124	111	113	113
Sierra Leone	112	117	119	121	96	98	98	98
South Africa, Rep. of	141	143	140	148	116	114	109	113
Tanganyika	143	143	152	160	123	121	127	130
Togo	117	119	131	131	99	98	105	102
Uganda	127	147	151	155	104	118	118	118
Upper Volta	113	117	131	133	97	99	108	108
Total	131	137	140	144	109	111	112	113
Total Africa	122	131	133	136	102	107	106	107

1/ Revised.
2/ Forecast.

change in this huge segment of agriculture in 1963/64, nor is much expected in the 1964/65 year. Corn, sorghum, cassava, yams, and plantains are the dominant subsistence crops.

The forecast of 1964/65 African cocoa production is 936,000 metric tons, 1 1/2 percent above the previous record in 1963/64.

Coffee production in Africa South of the Sahara has become increasingly important within the past 15 years. The 1964/65 estimate of 15 million bags (115,000 metric tons) is 2.3 percent below a year earlier, mainly because of a smaller crop in the Ivory Coast, Africa's largest coffee grower.

Peanut production in Southern Africa for 1964/65 is estimated at about 4.7 million metric tons (unshelled), up from the previous crop of 4.6 million. Africa's chief peanut producers, Nigeria and Senegal, are the world's leading peanut exporters.

U.S. agricultural exports to Southern Africa in fiscal year 1964 amounted to \$115 million, considerably above the previous year.

U.S. imports of agricultural products from the area in fiscal year 1964 amounted to \$390 million, also above the previous year. Part of the increase was due to higher prices paid for coffee and sisal. Sugar imports gained substantially.

FAR EAST AND OCEANIA ^{6/}

Far East: Agricultural output in the Far East made only small gains in 1964. An increase of 1.2 percent over the previous year compares with a population growth estimated at nearly 2.3 percent. Thus, food shortages have developed, and in some areas have become serious.

^{6/} Discussion is limited to countries listed in table 8, plus Mainland China.

Japan is the region's main industrialized nation, and its economy continued to prosper in 1964. Industrial activity expanded and incomes rose; consumers could improve the level and quality of diets from increased farm production and expanded imports.

In India, however, foodgrain production has stayed at about 80 million metric tons for four years, and production in 1964/65 is below 1963/64. The industrial sector is not adequate to support necessary food imports. Therefore, even with foodgrain imports of 4 million tons, moving largely under U.S. Government programs, availability per capita has declined the past three years. Food prices have moved upward for two years in India. South Korea and Indonesia are having even greater difficulty with prices.

The Far East rice crop is estimated at 100.0 million metric tons (rough rice basis)--slightly smaller than in 1963. Except for declines of 9 percent in Pakistan and 13 percent in the States of Malaya, the changes from the previous year were not large. The Rice Bowl countries (Burma, Thailand, Cambodia, and South Vietnam) exported 4 million tons (milled rice basis) in 1963--a postwar high. Exports fell to 3.7 million tons last year and may be even less in 1965.

Far Eastern wheat production was down in 1964. Japan made only partial recovery from the small crop of 1963, and both India and Pakistan registered declines. Other grains showed regional increases, but India's barley crop was down 18 percent.

Production in the region was down also for pulses, copra, and cotton. Output was up for sugarcane, peanuts, tobacco, rubber, and tea.

Prices for most important export commodities of the Far East remained steady through the first half of 1964. Tea and rice showed no substantial change. Jute and burlap, having declined sharply in 1962 and 1963,

Table 8.--Far East and Oceania: Indices of agricultural production, total and per capita by countries, annual 1961 through 1964 ^{1/}

(1952-54=100)									
Country and region	Total				Per capita				
	1961	1962	1963 ^{2/}	1964 ^{3/}	1961	1962	1963 ^{2/}	1964 ^{3/}	
Far East:									
Afghanistan	113	119	117	121	97	99	96	98	
Burma	116	119	122	123	101	102	102	101	
Cambodia	126	150	151	154	108	126	123	126	
Ceylon	131	137	137	138	107	108	106	104	
India	132	132	136	135	112	109	111	107	
Indonesia	116	122	117	122	97	101	94	96	
Japan	144	150	148	155	132	138	133	138	
Malaya, States of	136	137	144	147	105	101	104	104	
Pakistan	123	124	132	129	103	102	106	100	
Philippines	141	157	168	168	111	119	124	119	
Singapore	176	181	184	187	124	125	123	121	
South Korea	142	133	127	152	117	107	99	115	
South Vietnam	195	215	208	220	148	159	150	154	
Taiwan	139	141	138	150	107	105	101	106	
Thailand	147	155	166	169	120	122	127	125	
Total	131	134	137	139	112	111	111	110	
Oceania ^{4/} :									
Australia	128	135	143	145	108	112	116	116	
New Zealand	126	128	132	137	107	106	106	108	
Total	128	134	141	143	108	111	114	114	

^{1/} Agricultural production during stated calendar years, except for rice and some minor crops. The figures for these crops also include production in the early months of the next year.

^{2/} Preliminary.

^{3/} Forecast.

^{4/} Split years 1961/62, 1962/63, 1963/64, 1964/65.

held steady in 1964. Rubber prices fell in 1963 but strengthened somewhat in the last half of 1964. Sugar prices softened after the sharp rise in 1963 but remained above the 1962 level. Coconut products maintained the high 1963 levels. Only tin showed a definite increase over 1963.

Holdings of gold and foreign exchange by principal countries of the region were estimated at about \$5.1 billion as of mid-1964. This was down slightly from a year earlier, and most of the decline occurred in the April-June quarter. Japan, India, Pakistan, and Indonesia accounted for most of the decline. Indonesian reserves, low to begin with, are now nearly depleted.

Exports of all commodities from Far Eastern countries for the year ended June 30, 1964, are estimated at \$14.5 billion, 10 percent above the previous year and 20 percent above 1961/62. Japanese exports, mostly manufactured products, account for fully half of this total. Rice, tin, coconut products, and Malay rubber were exported in greater volume. Exports of jute, burlap, Philippine sugar, and Indian tea declined slightly.

The United States is an important market for the region's products. U.S. imports of all commodities from the Far East in 1963/64 totaled \$3.0 billion, of which 53 percent came from Japan. Agricultural imports from the region reached \$708 million in 1963/64. They include rubber from Malaysia and Indonesia; sugar and coconut products from the Philippines; tea from India, Ceylon, and Indonesia; and spices and coffee from Indonesia.

Total merchandise imports into Far Eastern countries have consistently exceeded exports from the region by a considerable margin for many years. Imports rose sharply in 1963/64, reaching \$18.6 billion, up 12 percent from the previous year. The United States is a large supplier in the Far Eastern markets. U.S. exports of all commodities to the region totaled \$4.4 billion in 1963/64, a gain of 19

percent over a year earlier. Agricultural products accounted for \$1.7 billion, a record, and two-fifths of the total. This group increased 21 percent. U.S. agricultural exports to Japan soared to \$742 million. This is by far the largest total for any one country in peacetime history of U.S. agricultural exports. India, Pakistan, South Korea, Taiwan, the Philippines, and Hong Kong also take large quantities of U.S. farm products. Except for the Philippines and Hong Kong, these latter countries depend heavily on sales under U.S. Government programs. Such sales to the Far East totaled \$725 million in 1962/63, or 52 percent of total U.S. agricultural exports to the region that year.

Mainland China: Estimated agricultural production in Mainland China in 1964 was the highest since the "great leap forward" of 1958, but was probably below the level prior to that period. Food crops made a better recovery than either industrial crops or the livestock sector. The output of grains (including tuber crops) approximated the officially claimed figure of 185 million tons in 1957.

Summer harvested grains exceeded those in 1963 because of increased acreages of both winter wheat and early rice and an increase in early rice yields. Estimated declines in the acreage of intermediate rice, miscellaneous grains, and potatoes were likely offset somewhat by generally increased yields. But estimated lower yields of the late rice crop, because of dry weather in Central and East China, probably more than offset an expected acreage increase.

The slow recovery of per capita food availabilities since 1961 accelerated slightly during the 1963/64 consumption year and is expected to continue at a similar pace during 1964/65. Adjustments in quotas of some rationed goods and price reductions of certain categories of food, together with increased production on private plots and grain imports, have improved the quantity and quality of the diet. However, it is much below the 1957 level

and continues considerably below minimum standards. Grain imports in 1964 set a record of over 6 million metric tons, and agreements with Canada, Australia, Argentina, and France indicate substantial grain imports will continue the next few years.

Production of most industrial crops in 1964 probably was above the past few years and may have been the highest since 1958. Neither acreage nor production, however, regained the level of 1957. Acreages of oilseeds (mostly soybeans), tobacco, sugarcane, fibers, and tobacco were expanded in 1964, and yields probably increased somewhat. Favorable weather was a major factor in the improved yield for these crops. The uptrend in livestock likely continued, but the increase in hog numbers appears to have slowed somewhat.

China's major industrial crop, cotton, likely was the best in recent years. Acreage was further expanded in 1964 and weather was generally favorable except at planting time. Also, yields reportedly increased. Despite acreage gains in the past 2 years, however,

last year's estimated acreage was still far below that of the 1957-59 period. Cotton acreage was severely cut during the food deficit years of 1959-61. With China's debt to the Soviet Union almost repaid, new markets are being sought for cotton textiles and soybeans.

Oceania: Australian production of most agricultural goods is expected to continue at either high or record levels in 1964/65. A record wheat crop is forecast, with sizable sales to Communist China in addition to traditional markets. New Zealand's output generally will be maintained, with a record wool clip forecast for the current season.

The economies of both countries are generally buoyant, although inflationary tendencies are developing in New Zealand which will probably continue in 1965. Export demand for farm products remains excellent, with prices for most commodities higher than in the past two or three years. High gross farm income levels, which characterized the 1963/64 season in both Australia and New Zealand, are expected to prevail in 1964/65.

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