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VALUES OF AUSTRALIAN AND OTHER WHEATS
ON THE LONDON MARKET.

Towards the end of last year the Division of Marketing and Agricultural Economics communicated with the Premier's Department requesting that information be sought from the New South Wales Government Offices, London, regarding the relative values of Australian and other wheats on the London market during the past 10 years.

The Acting Official Secretary of the New South Wales Government Offices, London, has now advised that he carried out an exhaustive investigation into this question and the following extracts from his communication provide enlightenment on this subject:-

"After contacting the recognised leading statistician in matters relating to grain in Great Britain, I succeeded in obtaining through him a statement furnishing average c.i.f. London quotations on specified dates at intervals of 3 months between January, 1934, and October, 1939, for Plate, Australian, Nos. 1, 2 and 3 Northern Manitoba and No. 2 Hard or Red Winter, U.S.A. wheat, together with average f.o.b. quotations at this centre at corresponding intervals between January, 1940, and October, 1943, for similar wheat. The statement, a copy of which is attached, shows clearly the comparative values of the different imported wheats mentioned in London for the past ten years (1934 to 1943). The statement gives only occasional quotations for U.S.A. wheat as little wheat of this kind was shipped here during that period.

After 1939 only f.o.b. prices were available and in comparing these with earlier c.i.f. prices, allowance would have to be made for freight differentials which normally are favourable to the Argentine by from 9/- to 12/- per ton as compared with Australian. Since shortly after the outbreak of war the British Government, through the Ministry of Food, assumed full control of the purchasing of wheat imported into the United Kingdom. As it provides its own shipping for carrying such cargoes its various transactions are all on an f.o.b. basis at the port of shipment.

Although it not infrequently happens that the various types of Australian and Plate wheat are offered at varying prices, it may, I am informed, be reliably assumed that the quotations supplied represent fair average prices on the dates cited. The Canadian quotations for the war years are all f.o.b. Atlantic ports.

Quotations for the period 1934 to the outbreak of war do not, according to my inquiries, support the theory that the price margin between Australian and Argentine wheats was

narrowing. Normally, I understand, Plate wheat sells at a lower price than Australian but it will sell at a premium if supplies are relatively scarce. There was a relative scarcity of Plate wheat in 1936, part of 1937 and 1938 but by the end of the latter year Plate was again quoted at its normal discount under Australian, no doubt because of the forward influence of an abundant new crop.

So far as the war years are concerned, the quotations being solely on an f.o.b. basis make comparisons more difficult but allowing for the difference in freights the price relationship as between Plate and Australian appears reasonably normal up to the first half of 1942. There was a tendency, however, in the latter half of 1942 and also in 1943 for Plate wheat to sell very close to Australian. This, I think, will at once be noticed if the Plate price is increased by 2/- to 4/- per qr. to allow for a normal freight differential.

As there was certainly no scarcity of Plate wheat in either 1942 or 1943 the Argentine Grain Regulating Board may have taken advantage of the control it exercises at the present time to raise the value of Argentine wheat relatively to other types. In addition, the Argentine has been concerned for a number of years to exercise a closer supervision of agriculture and grain trading in Argentine with a view to improving the qualities of agricultural products, including wheat. Regulations have from time to time been issued with this end in view, such as prohibition of mixing grain from different crops, seed selection, etc. Little by little the foundation has been laid for a certificate of grade, although it should be noted that an unsuccessful attempt was recently made to sell grain to this country on "Certificate final" terms.

The fact which I think I have already established, that Plate wheat has rarely been quoted in London at higher prices than Australian is, I find, confirmed by the figures covering all such wheat imports into the United Kingdom published in the last Annual Statement of the Trade of the United Kingdom with British and Foreign Countries (Vol. II) published by H.M. Stationery Office in 1939. It has been calculated from the figures appearing in this statement that the average "open market" value per cwt. of Australian and Argentine wheat (excluding in the case of the latter the cost of duty when this was payable) during the period 1934 to 1939 was as follows:-

	<u>1934</u>	<u>1935</u>	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Australian	5/4.8	6/0.9	7/4.9	10/3.3	7/11.1	5/3.1
Argentine	4/8	5/3.8	7/4.6	9/3.8	8/7.5	4/11.1

For customs purposes such "open market" value is defined as the price which the goods would fetch on a sale in the open market at the time of importation, if the goods were

delivered to the buyer at the port or place of importation, freight, insurance, commission and all other costs, charges and expenses incidental to the making of the contract of sale and the delivery of the goods at that port or place (except any duties of customs) having been paid by the seller.

On the basis indicated, therefore, it would appear that in 1938 only, within a period of 7 years ending with the year of the outbreak of war did values for Argentine wheat deliveries exceed those for Australian in the United Kingdom and further that on one other occasion only within such period did the values of Argentine even closely approximate those for Australian.

The customs duty of 2/- per qr. imposed under the Ottawa Agreements Act, 1932, on Argentine wheat imports into the United Kingdom was relaxed on 1st January, 1939. This duty factor had, of course, the effect of increasing London market quotations for sales on a duty paid basis of Argentine wheat by 5.6 pence per cwt. In comparison with Australian (which was, of course, exempt from such duty) during the period between 1933 and 1938. If this fact is taken into account, in reviewing the comparative London or United Kingdom c.i.f. values quoted variously above for such wheat, it will be seen that when "landed duty paid" values for Argentine wheat did not within this limited period exceed those for Australian, the margin in prices favouring Australian was not very pronounced. Any consideration in respect of customs duty as affecting Argentine wheat values in the United Kingdom would not, however, arise after 31st December, 1938, when such duty was abolished in respect of United Kingdom wheat imports generally from foreign sources."

WHEAT QUOTATIONS.

C.i.f. London, per 480 lb.

	Plate	Austral- ian.	No.1 Nor. Manitoba	No.2 Nor. Manitoba	No.3 Nor. Manitoba	U.S. No.2 Hd. or Red Winter
1934						
Jan. 1	18/3	22/-	24/9	23/3	22/6	-
Apl. 1	16/9	20/9	25/7 ¹ / ₂	23/7 ¹ / ₂	23/3	-
Jly. 1	20/6	24/3	28/1 ¹ / ₂	26/6	26/1 ¹ / ₂	-
Oct. 1	23/-	27/-	31/9	30/7 ¹ / ₂	30/1 ¹ / ₂	-
1935						
Jan. 1	21/3	23/-	30/7 ¹ / ₂	28/-	27/4 ¹ / ₂	-
Apl. 1	23/6	26/9	32/3	30/-	29/6	-
Jly. 1	23/6	27/-	29/6	27/10 ³ / ₂	26/10 ¹ / ₂	-
Oct. 1	29/3	31/3	34/6	33/-	32/-	-

Wheat Quotations, C.i.f. London, per 480 lb. (Contd.)

	Plate	Austral- ian	No.1 Nor. Manitoba	No.2 Nor. Manitoba	No.3 Nor. Manitoba	U.S. No.2 H or Red Winter
<u>1936</u>						
Jan. 1	34/-	31/3	34/1 $\frac{1}{2}$	32/7 $\frac{1}{2}$	32/3	-
Apl. 1	no supply	30/6	30/10 $\frac{1}{2}$	30/6	29/4 $\frac{1}{2}$	-
Jly. 1	no supply	31/-	30/4 $\frac{1}{2}$	29/4 $\frac{1}{2}$	28/6	-
Oct. 1	no supply	40/-	39/9	39/3	38/6	-
<u>1937</u>						
Jan. 1	41/3	46/-	50/6	49/6	47/9	-
Apl. 1	49/-	49/-	54/10 $\frac{1}{2}$	54/1 $\frac{1}{2}$	52/1 $\frac{1}{2}$	-
Jly. 1	no supply	45/6	51/-	50/4 $\frac{1}{2}$	49/3	47/3
Oct. 1	no supply	46/6	55/-	54/1 $\frac{1}{2}$	49/3	44/3
<u>1938</u>						
Jan. 1	39/9	36/6	55/-	53/-	45/3	39/4 $\frac{1}{2}$
Apl. 1	37/6	34/6	52/-	48/6	41/10 $\frac{1}{2}$	33/3
Jly. 1	33/3	33/3	37/9	37/1 $\frac{1}{2}$	36/9	-
Oct. 1	25/6	30/-	26/3	25/3	24/7 $\frac{1}{2}$	23/9
<u>1939</u>						
Jan. 1	22/-	24/-	26/10 $\frac{1}{2}$	25/10 $\frac{1}{2}$	24/9	22/1 $\frac{1}{2}$
Apl. 1	20/3	21/9	25/10 $\frac{1}{2}$	24/9	22/7 $\frac{1}{2}$	-
Jly. 1	19/6	23/-	26/6	25/1 $\frac{1}{2}$	23/6	-
Oct. 1						
No quotations owing to outbreak of war.						
<u>WAR QUOTATIONS - All F.O.B.</u>						
<u>1940</u>						
Jan. 1	-	Bags 27/6	Bulk 26/-	36/6	36/-	-
Apl. 1	25/9	27/9	26/3	36/3	35/7	-
Jly. 1	-	28/3	26/9	29/7 $\frac{1}{2}$	28/9	-
Oct. 1	-	28/3	26/9	33/1	31/0 $\frac{1}{2}$	-
<u>1941</u>						
Jan. 1	20/3	29/6	28/-	32/2 $\frac{1}{2}$	-	-
Apl. 1	20/4 $\frac{1}{2}$	29/-	27/6	32/3	31/7 $\frac{1}{2}$	-
Jly. 1	20/7 $\frac{1}{2}$	-	27/6	32/7 $\frac{1}{2}$	-	-
Oct. 1	21/3	-	27/6	31/7 $\frac{1}{2}$	-	-
<u>1942</u>						
Jan. 1	22/3	30/-	27/6	34/-	-	-
Apl. 1	22/1 $\frac{1}{2}$	30/-	27/6	34/6	-	-
Jly. 1	24/9	30/6	28/-	35/7	-	-
Oct. 1	25/10 $\frac{1}{2}$	30/6	28/-	39/6	-	-
<u>1943</u>						
Jan. 1	26/1 $\frac{1}{2}$	30/6	28/-	40/4	-	-
Apl. 1	26/1 $\frac{1}{2}$	30/6	28/6	46/6	-	-
Jly. 1	26/9	31/-	28/6	45/-	-	-
Oct. 1	29/9	33/6	31/-	-	-	-