



*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

*No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.*

Reserve

1.90

C20u8

173

UNITED STATES DEPARTMENT OF AGRICULTURE

130

Agricultural Marketing Service  
Agricultural Research Service  
Commodity Stabilization Service  
Foreign Agricultural Service  
Forest Service  
and  
Federal Extension Service Cooperating

PROGRAM

33rd ANNUAL AGRICULTURAL OUTLOOK CONFERENCE

Washington, D. C.

Nov. ~~December~~ 28 <sup>Dec</sup> ~~January~~ 1, 1955

UNITED STATES DEPARTMENT OF AGRICULTURE  
 \* U.S. Foreign Agricultural Service \*  
 Grain and Feed Division

- - - - -

X POSITION OF THE UNITED STATES IN WORLD WHEAT  
 PRODUCTION AND TRADE 1/

The United States and Soviet Russia are the world's largest wheat producers, each producing about one billion bushels or more annually. There was a significant increase in Russia's acreage this year. The third largest producing country is China with a 1945-49 average of 864 million bushels. Canada is in fourth place with a postwar average of 366 million bushels, although she has produced much more than that amount in four of the past five seasons. Trends in acreage, yield and production in the principal areas of the world are summarized in the following table, and additional information regarding individual countries is contained in the enclosed report on world breadgrain production.

An analysis of these data indicates that acreage in Western Europe in 1955 was slightly lower than the prewar average (1935-39), but that yields per acre in most of these countries are considerably higher, resulting in production being approximately 200 million bushels more in 1955 than it was before the war. Acreage in Asia has increased appreciably and yields in a number of countries of that Continent also are higher. The principal increases in acreage in Asia have occurred in Turkey and China. Both India and Pakistan have increased acreage a little more than one million acres. India's yield in 1955 was 11.9 bushels, compared with 10.3 before the war. Argentina and Australia in the Southern Hemisphere had somewhat smaller acreages in recent years than before the war, but yields have been higher. Thus for the world as a whole, wheat production has increased from 6,085 million bushels in 1935-39 to an estimated 7,310 million bushels in 1955, reflecting larger acreage and higher yields per acre.

1/ Prepared for the 1956 Agricultural Outlook Conference held in Washington, D.C., November 28-December 1, 1955.

# WHEAT: Acreage, yield, and production summary

Country	Acreage		Yield per acre				Production	
	1935-39	1945-49	1955 1/	1935-39	1945-49	1955 1/	1935-39	1945-49
	1,000	1,000	1,000	Bushels	Bushels	Bushels	bushels	bushels
	acres	acres	acres					
United States .....	57,293	71,024	47,376	13.2	16.9	19.3	758,629	1,202,396
Canada .....	25,595	24,717	21,504	12.2	14.8	23.0	312,399	362,774
Argentina .....	15,834	11,432	-	14.0	16.9	-	221,769	193,740
Australia .....	13,128	12,662	10,610	12.9	14.0	18.8	169,744	177,742
France .....	12,560	10,354	11,300	22.8	23.0	33.2	286,505	238,200
Turkey .....	8,973	9,436	16,300	15.1	12.3	13.8	135,690	125,089
Western Europe .....	53,500	47,590	52,170	21.2	19.9	25.5	1,136,000	947,000
India .....	25,460	23,312	26,842	10.3	9.1	11.9	262,100	212,336
Japan .....	1,735	1,655	1,639	28.8	20.7	32.9	49,954	34,325
Soviet Union .....	104,000	82,200	-	11.9	10.8	-	1,240,000	885,000
China .....	49,000	54,447	-	15.3	15.9	-	750,000	864,280
Estimated world total ..	424,900	406,030	473,470	14.3	14.5	15.4	6,085,000	5,900,000

1/ Preliminary estimates.

From official and unofficial sources.



## World Trade:

The United States has been a net exporter of wheat in all but five years since the adoption of the Constitution. The only years when we have been a net importer were 1837, 1934, 35 and 36, and 1943. Small net imports in the 1930's were due to extremely short crops, and net imports in the 1943 marketing season were due to large imports of feed wheat from Canada.

From 1790 until the close of World War I, the United States was a debtor nation, having borrowed from European capitalists for economic development of our country. Exports of wheat and other commodities were used to pay off these loans. At the end of World War I, we had our first experience with the accumulation of agricultural surpluses, including wheat. At that time we had become a creditor nation, and other countries were short of dollar exchange with which to buy wheat. For a number of years private and public capital was loaned to European countries, and so during the latter part of the decade of the 1920's our wheat exports were sufficient to prevent accumulation of surpluses. When we ceased making such loans, our exports fell off and remained low for the decade of the 1930's. By that time we had again accumulated a substantial surplus of wheat which was used during World War II as feed for livestock.

At the close of World War II in 1945, the world was short of wheat, and it was also short of dollars. To meet this situation, the United States provided aid in various forms, including large shipments of wheat to our defeated enemies in Japan, Germany, and Italy, as well as to our allies. Our wheat exports, financed almost entirely by the United States Government, reached an all-time high.

With increased production in importing countries and reduced amounts of U.S. aid abroad, our exports declined from 475 million bushels in 1951-52 to 217 million bushels in 1953-54. During the last two years there has also been a decline in domestic utilization of wheat because smaller quantities have been used for seed and livestock feed. This combination of reduced exports and reduced domestic utilization, together with continued high yields per acre, has resulted in U.S. carry-over stocks reaching an all-time high level.

This brief review of our world trade in wheat indicates that the accumulation of surpluses in this country have been associated with declining exports. The surplus which accumulated at the end of the 1920's was reduced by four successive years of crop failure, 1933-36, and the surplus which accumulated at the end of the 1930's was utilized during World War II for livestock feeding purposes. It is not clear at the present time just what will reduce our present stocks of wheat, but the amount of wheat which we are now exporting (274 million bushels in 1954-55 and an estimated amount at about this level in 1955-56) is not sufficient to make any substantial reduction in the carry-over in view of reduced domestic disappearance.

The following table shows exports from the U.S. and other countries by 10-year periods, beginning with 1900-09, and by individual years since 1945. It will be noted that the U.S. furnished an average of 26 to 27 percent of the world trade from 1900 through 1929, 10.6 percent for the period 1930-39, and 42.1 percent during 1945-53. Last season we supplied about 29 percent of the world's exports and may maintain about this proportion in 1955-56.

Wheat and flour: World exports, by principal countries, averages  
1900-53, annual 1945-54

Year beginning July 1	United States 1/			Canada 2/			Australia			Argentina			Eastern Europe 3/			Other			Total
	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	Quant- ity	Percent- age of total	
Average:	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	Mil. bu.	Pct.	
1900-09 4/	155	26.0	38	6.4	26	4.4	84	14.1	231	38.7	62	10.4	596						
1910-19 4/	183	27.5	128	19.2	55	8.3	89	13.4	130	19.6	80	12.0	665						
1920-29 4/	222	26.4	267	31.8	89	10.5	154	18.4	40	4.8	68	8.1	840						
1930-39 4/	75	10.6	201	28.3	114	16.1	130	18.3	89	12.5	101	14.2	710						
1945-53	384	42.1	279	30.6	90	9.9	72	7.9	36	3.9	51	5.6	912						
1945	391	45.7	361	42.1	36	4.2	68	7.9	--	--	1	0.1	857						
1946	397	52.4	232	30.6	47	6.2	60	7.9	6	0.8	16	2.1	758						
1947	486	51.8	209	22.2	96	10.2	102	10.9	40	4.3	6	6	939						
1948	504	51.1	222	22.5	122	12.4	61	6.2	53	5.4	24	2.4	986						
1949	299	36.2	236	28.6	144	13.8	88	10.7	54	6.6	34	4.1	825						
1950	366	39.0	221	23.6	127	13.6	103	11.0	37	3.9	84	3.9	938						
1951	475	44.6	347	32.6	99	9.3	30	2.8	54	5.1	61	5.6	1,066						
1952	318	32.2	392	39.7	99	10.0	29	3.0	48	4.9	101	10.2	987						
1953	217	24.7	288	32.7	71	8.1	110	12.5	45	5.1	148	16.8	879						
1954	274	29.0	253	26.8	94	10.0	131	13.9	5/	--	5/191	20.3	943						

1/ Excludes the wheat equivalent of exports of flour milled in bond. Includes principal products other than flour.  
2/ Includes exports of "wheat unfit for human consumption" from Canada to U.S. as follows: 1950-51, 12 million bushels; 1951-52, 30 million bushels; 1952-53, 20 mil. bu; 1953-54, 4 mil. bu; and 1954-55, 3 mil. bu. Also includes wheat exported to the United States for milling in bond and later exported by the U.S.

3/ Includes U.S.S.R.

4/ Calendar years.

5/ Eastern Europe combined with "other."



The world wheat trade, as a whole, remains fairly high in terms of historical averages, but the situation has been complicated by the emergence of France, Turkey and several other countries as exporters of wheat, in addition to Canada, Australia, Argentina, the Danube Basin and North Africa. Thus, there is now extreme competition among exporters for sales on the world market.

Despite the large 1955 world wheat crop and high-level supplies in many of the importing countries, world trade in July and August 1955 exceeded that of 1954. In September and October this year, exports from the Big 4 (Canada, United States, Argentina and Australia) fell off to some extent but France, Turkey, and others have been active exporters during this period. Taking all factors into consideration, it is believed that world wheat trade in 1955-56 may be equal to the 943 million bushels of 1954-55. The higher economic activity and increased purchasing power in many of the importing areas should result in maintaining relatively large exports. If the world total reaches this level, the U.S. should be able, by making full use of existing export programs, to export about 275 million bushels this season.

#### Measures to Facilitate Exports from the United States:

As indicated above, U.S. exports since 1945 have been made possible to a large degree by special programs of the U.S. Government. These programs have included shipments to Japan and Germany at the time of military occupation, donations under UNRRA, economic aid (grants and loans) under the Marshall Plan, ECA, MSA, FOA, and the present agency known as the International Cooperation Administration (ICA). There have also been special relief shipments such as those to India in 1952-53, Pakistan in 1953-54, and to a number of countries in the past year under Title II of P.L. 480.

Wheat is also being exported under barter transactions. Under the provisions of the CCC Charter Act, as amended, and Title III, P.L. 480, CCC-owned agricultural commodities may be exchanged for strategic materials, or other materials, goods, or equipment required by U.S. agencies. During the past year, 1954-55, about 46 million bushels of wheat were exported under this barter program.

During the past year, there also have been agreements with a number of countries under Title I of P.L. 480 whereby the U.S. sold wheat for local currencies. This program was started in the fall of 1954, and by June 30, 1955, about 22 million bushels of wheat had been shipped under this legislation. Additional quantities have been negotiated and shipments under Title I of P.L. 480 in 1955-56 will be considerably larger than they were in 1954-55. Largely as the result of these special government-sponsored programs our exports increased from 217 million bushels in 1953-54 to 274 million bushels in 1954-55.

During the postwar period, prices of wheat in export trade have been declining, and prices to farmers in the U.S. generally have been held above the levels at which other exporters were selling. It has been necessary, therefore, for the U.S. to provide export subsidies in order to meet price competition on the world market. These subsidies were first authorized under the International Wheat Agreement, which became effective August 1, 1949, and the amount of the subsidy since that time has averaged over 60 cents per bushel.

Beginning in November 1953, the CCC has offered wheat for sale outside the Agreement at the IWA price. This action was necessary in order to meet competition of other exporting countries which also were selling to importing countries outside of the Agreement.

It is a significant feature of the world wheat trade of recent years that, in addition to special programs and economic aid, it has been necessary for the U.S. also to offer wheat at competitive prices in order to make sales on the world market.

#### Limitations on Expansion of U.S. Exports:

One important factor which limits opportunities of all exporters to expand their trade in wheat, is the fact that most importing countries of the world maintain prices to their growers above the levels at which wheat is being sold by the exporters in efforts to more nearly attain self-sufficiency in the production of food crops. Importing countries generally are faced with currency exchange difficulties and the necessity of stimulating production at home. It is possible that with continued availability of wheat from overseas at reduced prices, some of these countries may eventually change their domestic production programs and come to depend more on overseas supplies. If such changes should occur in the production programs of importing countries, world trade in wheat would increase, but there is little evidence as yet that many significant changes of this nature are contemplated in the near future. Another factor tending to limit world exports of wheat is the relatively inelastic demand for wheat, with the increased world consumption generally reflecting only population increases rather than higher per capita rates. The above factors, together with the large supplies on hand in many of the importing countries results in a tendency to "hold back" on purchases when world supplies are abundant and when prices are showing signs of declining, and this makes it unlikely that there will be any appreciable increase in world exports this season. Also, it will be exceedingly difficult for the U.S. to obtain more than 30 percent of the total world trade in view of the tendency toward "soft currency" and bilateral trading in wheat.

#### Quality Factors:

During the past several years, there has been much discussion concerning the quality of U.S. wheat offered in the world market. Countries that were very glad to get any kind of wheat that was offered to them during the first few years after the war, have been in a better position to pick and choose, as the situation shifted from a sellers' to a buyers' market. This situation has caused producers, plant breeders and cereal chemists in the U.S. to examine carefully the quality of wheat now being grown with an effort to make all possible improvements. At the same time, buyers have been willing to take substantial quantities of wheat from the U.S. when it was offered to them at competitive prices, with due regard to quality differentials. There is some indication that many buyers abroad still consider price as the principal factor in determining the kind of wheat they will purchase. Nevertheless, it is necessary that we pay due attention to the quality problem if we are to expand and maintain our place in the world wheat trade. Many buyers abroad during the past year have found that they can obtain satisfactory qualities from the U.S. if they will be more explicit in the specifications set forth in their



purchasing contracts. Steps are being taken by the USDA to acquaint buyers abroad with the kinds of wheat available from the U.S. and with our grading and marketing system. The following table shows U.S. exports by classes beginning with the 1945-46 marketing year. It will be noted that we export more Hard Red Winter than any other class of wheat and that we have also exported substantial quantities of Hard Red Spring, Soft Red Winter and White wheat. Durum was not available for export in 1953-54 and 1954-55 because of very small U.S. crops.

WHEAT: U. S. exports by classes, 1945 to date 1/

Year beginning July 1	: Hard Red : Winter	: Soft Red : Winter	: Hard Red : Spring	: Durum	: White	: Total
: - - - - - Million bushels - - - - -						
1945	: 237	66	53	1	36	393
1946	: 271	31	39	4	56	401
1947	: 338	45	49	15	42	489
1948	: 352	42	59	4	50	507
1949	: 180	35	23	2	62	302
1950	: 199	30	49	10	81	369
1951	: 251	23	87	15	103	479
1952	: 184	40	17	3	77	321
1953	: 78	56	11	-	75	220
1954	: 123	62	28	-	64	277

1/ Includes shipments to U.S. territories.

#### Import Controls:

In 1941 the United States established import quotas on imports of wheat and flour. The annual quota on wheat is 800,000 bushels and the quota on flour is 4 million pounds. These quotas have remained in force every year since 1941 except during the war years of 1943 and 1944 when rather large shipments were made to the U.S. from Canada because of war conditions. The quotas are imposed under Section 22 of the Agricultural Adjustment Act. Imports of registered or certified wheat for seed and limited amounts of wheat for experimental purposes are permitted ex-quota. The import duty on wheat for milling is 21 cents per bushel, and the duty on flour is 52 cents per hundred-weight.

Wheat unfit for human consumption may be brought in without limitation at a duty of 5 percent ad valorem, and in some years considerable quantities have been imported from Canada. The amounts imported in the last few years, however, have been relatively small and it has not been considered necessary to place limits on imports of this wheat.

The Tariff Act also provides for the importation of wheat, free of duty, for milling wheat in bond and export as flour. The amounts of our imports under various categories since 1939-40 are shown in the following table.

WHEAT AND FLOUR: Imports into the United States, 1939-54 <sup>1/</sup>

Year beginning July	For domestic use <sup>2/</sup>			Wheat for :		
	Full-duty wheat	Wheat for feed <sup>3/</sup>	Flour <sup>4/</sup>	Total wheat and flour	milling in bond and export <sup>2/</sup>	Total
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
1939	56	86	335	477	9,953	10,430
1940	165	3,237	291	3,693	7,331	11,024
1941	1,700	1,785	179	3,664	11,912	15,576
1942	806	150	100	1,056	7,577	8,633
1943	<sup>5/</sup> 136,013	189	157	136,359	10,952	147,311
1944	<sup>5/</sup> 26,235	15,919	194	42,348	9,213	51,561
1945	1,136	767	97	2,000	11,591	13,591
1946	21	29	7	57	1,984	2,041
1947	7	117	6	130	19	149
1948	1,317	10	174	1,501	3,070	4,571
1949	1,003	1,097	119	2,219	9,621	11,840
1950	174	11,647	5	11,826	8,180	20,006
1951	1,475	29,921	109	31,505	5,907	37,412
1952	1,016	20,383	117	21,516	6,415	27,931
1953	999	4,300	135	5,434	3,089	8,523
1954	1,287	2,915	83	4,285	1,004	5,289

<sup>1/</sup> Includes flour expressed in wheat equivalent. Exports of wheat products other than flour, not shown in the table, expressed in thousand bushels, wheat equivalent, beginning with 1941-42, were as follows: 326; 1,265; 2,347; 2,464; 2,213; 3,441; 7,095; 1,438; 649; 572; 535; 574; 530; and 738. <sup>2/</sup> As reported by the Department of Commerce. <sup>3/</sup> Classified as "unfit for human consumption" or imported for special feeding programs. <sup>4/</sup> Includes some flour imported free for export, which for 1939 was 214,000 bushels; 1940, 170,000 bushels; 1941, 2,000 bushels; 1942, 2,000 bushels; 1945, 19,000 bushels; 1948, 1,000 bushels; 1949, 29,000 bushels; and 1953, 2,000 bushels.

International Wheat Agreement:

This is the seventh crop year in which the International Wheat Agreement has been in operation. Under the provisions of IWA, importing countries are assured of designated quantities of wheat but are obligated to buy only at the IWA minimum (\$1.55 per bushel basis No. 1 Manitoba Northern in store Fort William-Port Arthur.) Likewise, the exporting members are obligated to offer for export certain quantities but only at the IWA maximum of \$2.05 per bushel. International trade during the past season has been between the maximum and minimum. As pointed out earlier, it has been necessary for the U.S. to subsidize wheat moving under the agreement.

WHEAT AND FLOUR: United States exports and subsidy payments under IWA  
1949-50/1954-55

Year beginning August 1	:	Exports in : wheat equivalent	:	Total payments	:	Average rate : per bushel
	:	<u>Bushels</u>	:	<u>Dollars</u>	:	<u>Cents</u>
1949-50	:	162,724,041	:	89,763,201	:	55.2
1950-51	:	249,525,545	:	169,718,889	:	68.0
1951-52	:	255,523,772	:	167,310,583	:	65.5
1952-53	:	<u>251,430,145</u>	:	<u>136,080,203</u>	:	<u>54.1</u>
Total 1949 agreement	:	919,203,503	:	562,872,876	:	61.2
	:		:		:	
1953-54	:	106,413,887	:	49,709,502	:	46.7
1954-55	:	<u>139,210,000</u>	:	<u>105,267,086</u>	:	<u>75.6</u>
Total 1953 agreement (2 years)	:	245,623,887	:	154,976,588	:	63.1
	:		:		:	

1/ Includes an estimated \$10,859,632 to be paid in 1955-56 fiscal year.

Source: I.W.A. Branch - Grain Division, CSS

Consideration is now being given to renewal of the International Wheat Agreement which otherwise would terminate on July 31, 1956.

- - - - -