UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service

WORLD COARSE GRAIN SITUATION AND OUTLOOK

Talk by Koy L. Neeley
Grain and Feed Division
at the 40th Annual Agricultural Outlook Conference
Washington, D. C., 10:50 A. M., Thursday, November 15, 1962

The volume of world trade in coarse grains has increased rapidly in the last ten years. A total of 30.7 million tons of coarse grains moved in international trade during 1961-62, as compared to 25 million in the previous year, and an average of 14 million tons during the period 1951-55.

The steady growth of world trade in coarse grains has resulted primarily from the general economic growth in much of the world. Increased individual income and improved standards of living in Western Europe and Japan have been accompanied by increased consumer demand for livestock products, thus an increase in demand for livestock feed. Likewise in these areas, a rapid growth of the starch milling industry has expanded the demand for coarse grains, especially corn.

Coarse grain production has increased in the grain deficit areas of Europe, but not rapidly enough to satisfy increasing demand. Increased production in other parts of the world, especially in Thailand, has not kept pace with increasing world demand. Improvements in balance-of-payments situations in many countries have helped greatly in the expansion of world trade.

A great number of exporting countries has benefited from the increased world need for coarse grains; namely, the U. S., Argentina, Australia, South Africa, and Thailand. The U. S. exports, however, have shown by far the greatest increase. The fact that the U.S. has enjoyed the greatest portion of the export growth results largely from having the world's only substantial reserve supply. The 1961-62 U. S. exports of coarse grains totaled 17.4 million tons, about 5 million tons above the exports for the previous year, and almost three and one-half times the 1951-55 average of 5.0 million tons.

Outlook for World Exports

The 1962 world production of the principal feed grains (corn, barley and oats) is expected to be about the same as last year. Reduced production of corn and oats is offset by increased barley production.

The world demand for feed stuff is expected to continue growth in 1962-63. The volume of export trade, however, may be somewhat below last year's record level due to more favorable domestic production and increased supplies of feed wheat resulting from adverse harvest conditions in Europe.

Outlook for U. S. Exports

U. S. coarse grain exports in 1962-63 are tentatively forecast at 14.3 million tons, about 3 million tons below the record of 17.4 million in

1961-62. The impact of the Common Market regulations and favorable domestic production in Europe will be the principal causes for the expected downward trend. Relatively large stocks of wheat suitable only for livestock feed will have a depressing effect on European sales.

The demand for animal feeds in Japan is increasing at an unprecidented rate, and imports are required to satisfy most of this increase. The U. S. provides a large portion of this demand, but Thailand is becoming an important supplier for this market.

Increased production of barley in Western Europe this year has provided a surplus stock which will find its way into the EEC market channels. The greatly increased demand for corn by Mainland China, the favorable prices offered, and the readiness with which payments have been made for shipments received, have created a large, though temporary, outlet for corn. Thailand, Australia and South Africa are looking with considerable interest at this new market. These traditional suppliers of coarse grains may thus be less a factor in the usual export market.

World coarse grain utilization is expected to be above last year's level, but it is anticipated that world exports of coarse grains will be slightly below those of last year. U. S. exports are expected to drop approximately 13 percent below the 1961-62 level. The long-run trend for U. S. exports is for a more gradual annual growth than during the last ten years.