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UNITED STATES CAPACITY TO ABSORB
LATIN AMERICAN PRODUCTS

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THE UNITED STATES MARKET FOR LATIN AMERICAN EXPORTS

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PART A. THE UNITED STATES MARKET FOR LATIN-AMERICAN EXPORTS

Summary

In the period between 1900 and World War II United States demand for imports failed increasingly to keep pace with the growth of United States real income. This decline in United States demand was not uniform in its effect on different areas, as is indicated by a moderate fall in United States demand for Latin-American goods compared with aggregate United States import demand.

Trends up to World War II may have been modified to some extent by recent developments which have raised United States demand for Latin-American goods to unprecedented levels. High levels of United States real income and the elimination, until quite recently, of other traditional suppliers from the United States market were largely responsible for Latin America's improved position. Latin America should retain some of its gains relative to other areas, and may expect a higher level of United States demand for its products than during the inter-war period.

The potential United States market will depend to a substantial degree on the growth of United States demand for Latin-American foodstuffs, representing the major part of total United States imports from the area. The sizable increase in United States demand for these products (mainly coffee and sugar) between the years 1940 and 1950 suggests that their future growth may be less pronounced and less responsive to the growth of United States real income. United States demand for these products in the future is not likely to exceed the growth of United States population by any appreciable margin and will probably grow at a rate of around 1 and 1.5 per cent per year.

United States demand for Latin America's leading raw materials is likely to grow at a somewhat higher rate than in the case of foodstuffs, although the established raw materials will not influence the total to the same extent. Latin America's share of this sector of the United States market, however, will depend both on the supply

/position of

position of competing areas and on the prices of substitute materials. On balance, the potential market for Latin-American raw materials is likely to grow at a slower rate than United States real income, or somewhat less than 3 per cent per year.

Some progress has been made, particularly during World War II and subsequently, in the development of new primary products, and in the expansion of a limited range of manufactured goods for export. Although dollar earnings from these products have declined from war-time levels, a number possess good future possibilities for the United States market.

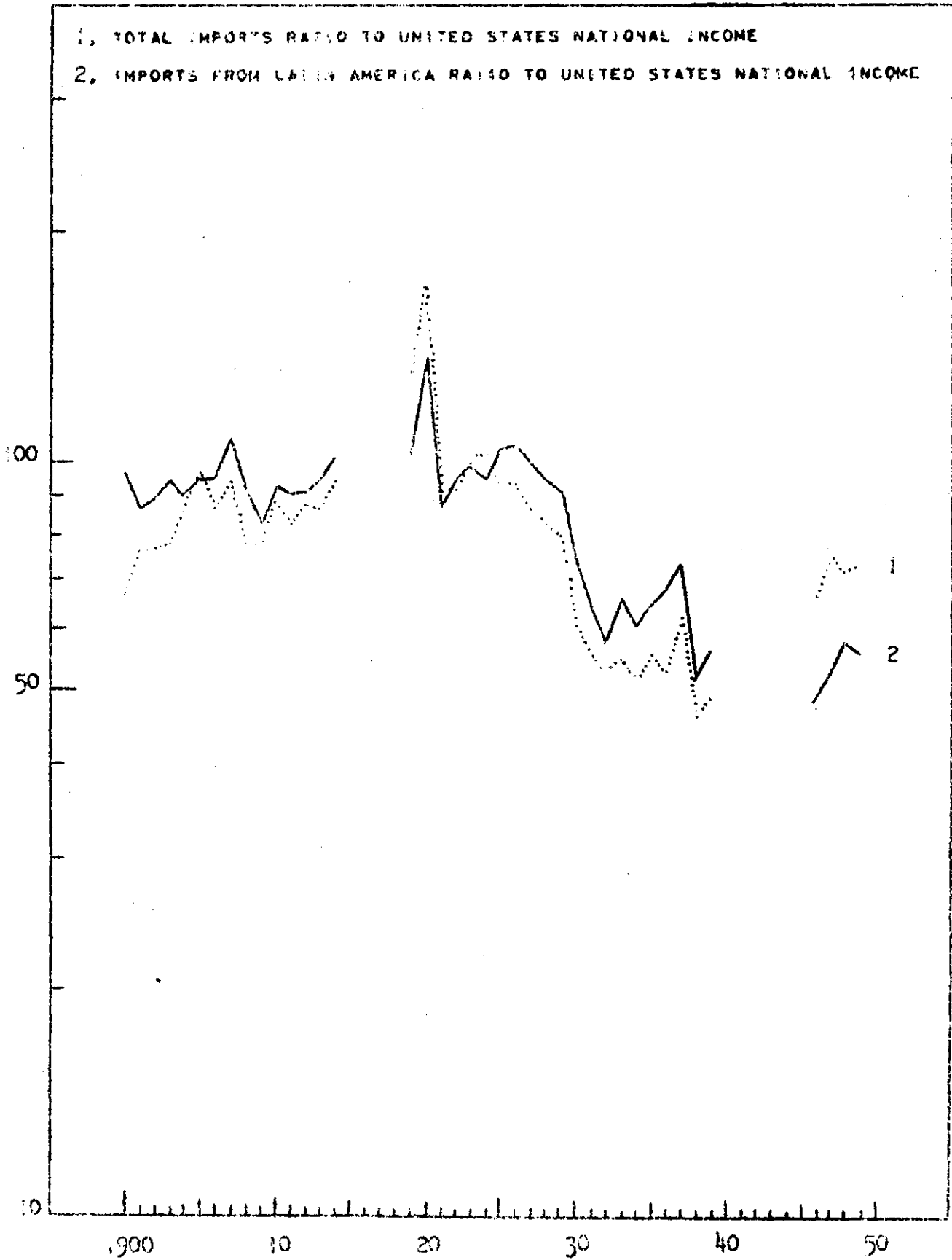
The overall long-run prospects for traditional Latin-American exports in the United States market are moderate and are not likely to involve appreciable expansion over the high levels achieved in the recent past. While a possible upper limit is indicated by the growth rate of United States real income at some 3 per cent a year, on balance the volume of United States imports from Latin America is likely to grow at a somewhat slower rate, but probably not less than 1.5 per cent per year.

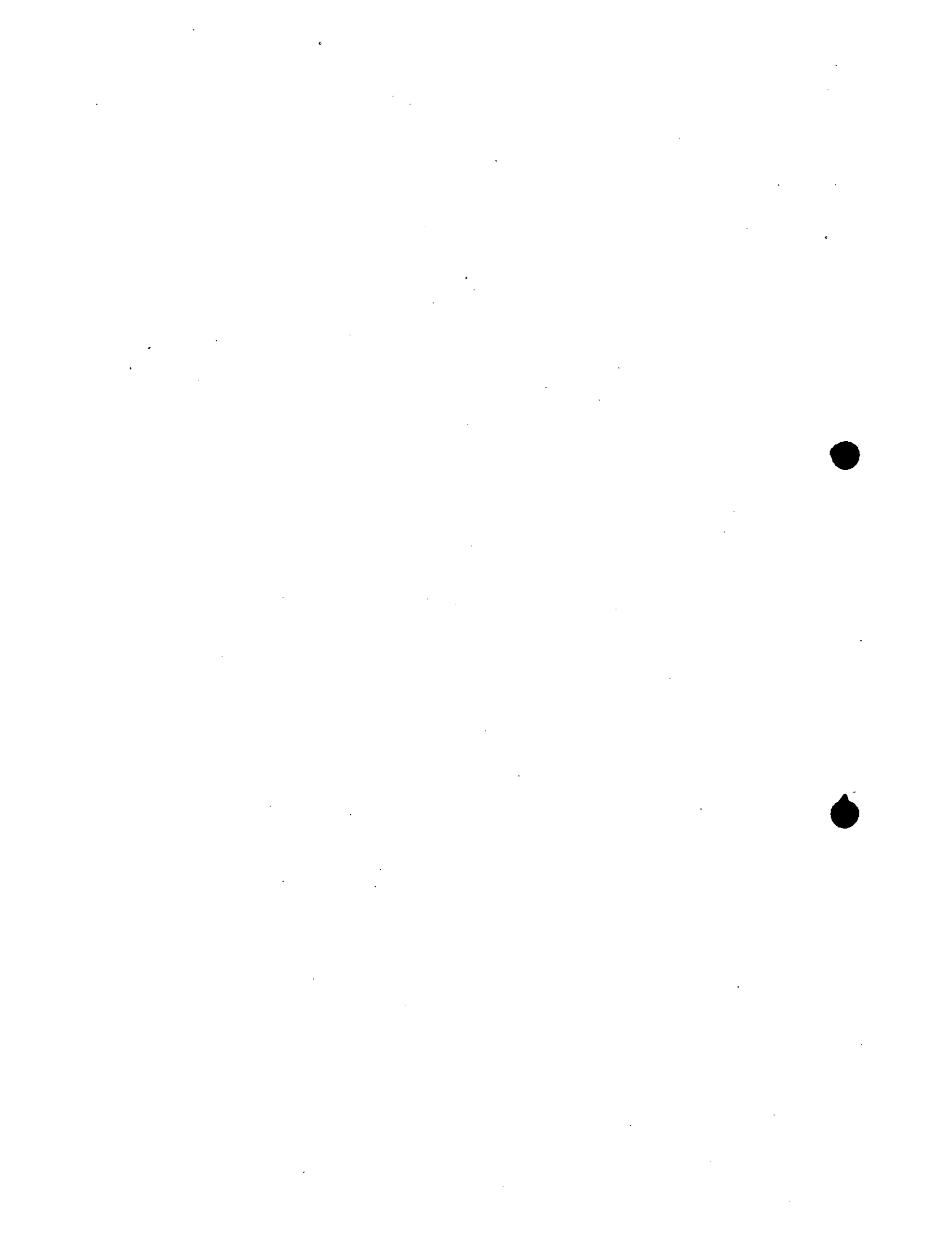
In attempting to expand its share of the United States market, Latin America may find it necessary to diversify its existing range of exports and to adapt the composition of its exports to long-run shifts in United States demand. The ability to achieve this adaptation will depend in large measure on the direction and rate of Latin America's economic development as well as on market appraisal of United States potential demand for specific commodities.

TOTAL IMPORTS AND IMPORTS FROM LATIN AMERICA AS A PERCENTAGE TO U.S. NATIONAL INCOME.

1923-25 = 100

SEMI-LOGARITHMIC SCALE





CHAPTER I. THE GROWTH OF UNITED STATES IMPORTS FROM LATIN AMERICA

Latin America's returns from trade with the United States have been shaped by prevailing conditions of production and supply in the area as well as by the character of United States demand and that of other areas for Latin-American goods. This report does not consider Latin-American supply conditions or the demand of other areas, but rather is confined to the past and prospective influence of United States demand on Latin-American export earnings.

The Trend of United States Demand

Although the level of United States real income has been a major factor governing United States import demand over the long run, imports from all areas have lagged increasingly behind the growth of United States real income (Chart A). United States demand for Latin-American goods, in fact, has grown at an irregular rate, with demand reaching peaks during and immediately after both wars and declining precipitately during periods of cyclical downturn. Furthermore, United States demand increased at substantially slower rates during the Twenties, over the peak levels attained immediately after World War I, while United States real income rose much more sharply. The growth of United States import demand has also been influenced to some extent by United States expansion of production competitive with imported raw materials, often under the pressure of war time need, and the extension of protection to the domestic product after emergency conditions have passed.

From the turn of the century through the inter-war period, United States imports from Latin America at constant prices increased at a somewhat slower rate than United States imports from all areas. This divergence in growth rates was reversed during the present post-war period, in part because of Latin America's more favourable supply position, with the volume of United States imports from Latin America attaining their highest level over the past fifty years (Chart B).

/Prior to

Prior to World War I the volume of United States imports from Latin-American countries increased at about the same rate as United States imports from all areas. The appreciable margin of increase over aggregate United States imports immediately after World War I followed mainly from Latin America's more favourable supply position in that period, while the much slower rate of increase in the second half of the 'twenties (3 per cent over the period 1920-1924) reflects the improvement of supply conditions in other areas and the very high level of United States imports from Latin America in the early 'twenties. It will be noted, however, that the

Table 1 United States Imports at Constant Prices, Aggregate
and Latin America

(1923-1925 prices)

<u>Period</u>	<u>Aggregate</u>		<u>Latin America</u>	
	<u>Annual</u> <u>Average</u> (US\$ millions)	<u>Index</u> (1900-04 = 100)	<u>Annual</u> <u>Average</u> (US\$ millions)	<u>Index</u> (1900-04 = 100)
1900-04	1,595	100	379	100
1905-09	1,990	125	496	124
1910-14	2,485	156	597	158
1920-24	3,498	219	1,015	268
1925-29	4,456	279	1,045	276
1930-34	3,566	224	817	216
1935-39	4,266	268	974	257
1946-49	5,096	320	1,686	445
1929	5,057	317	1,150	303
1937	5,017	315	1,103	291

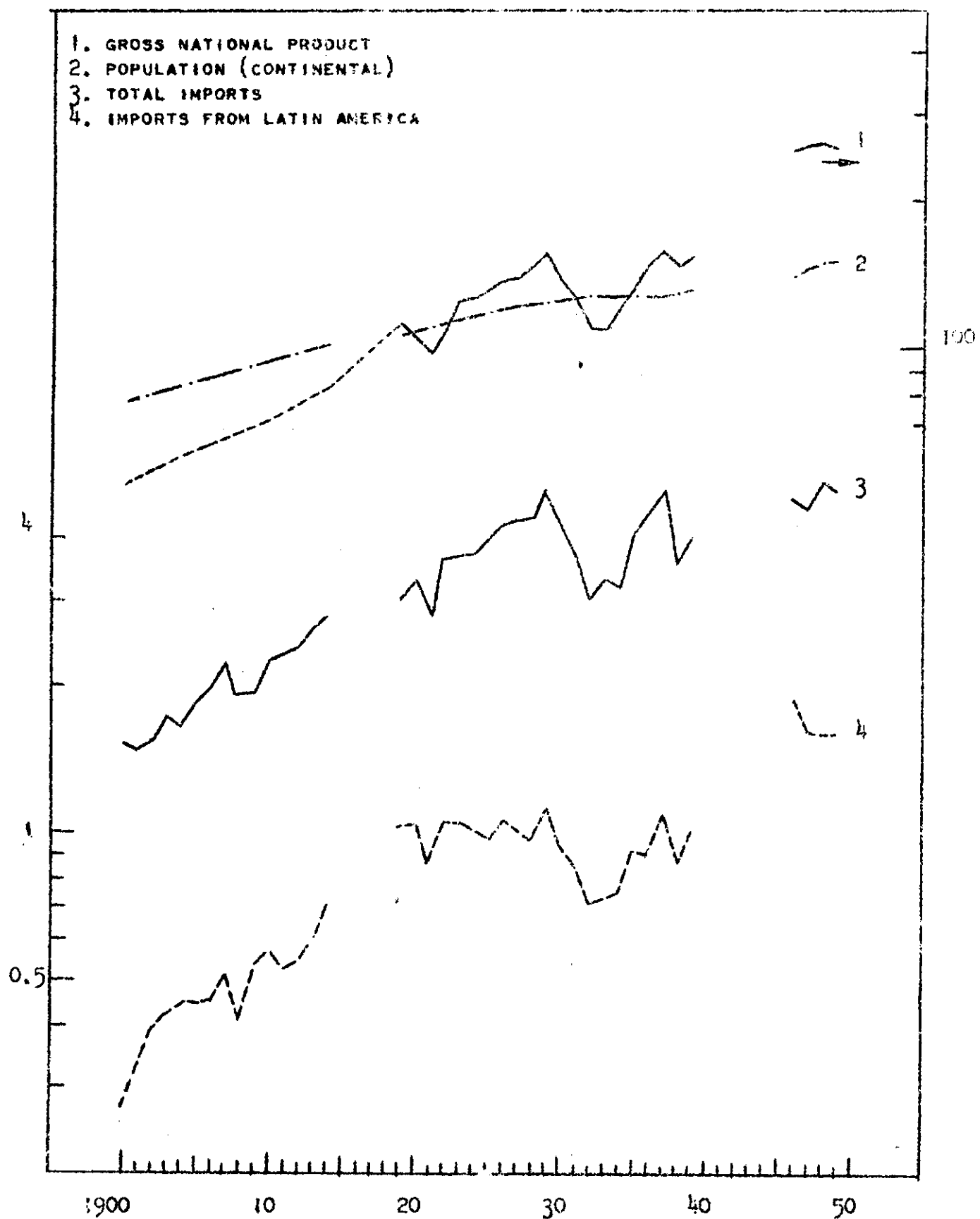
Source: See Appendix Tables.

somewhat slower rate of increase in United States imports from Latin America during the inter-war period continued after the improvement in world supply conditions and that the divergence in growth rates is somewhat greater if United States imports during years of full employment are compared with pre-war import volume. Thus, imports from the American Republics at constant prices increased some 93 per cent between

UNITED STATES GROSS NATIONAL PRODUCT, TOTAL IMPORTS AND IMPORTS FROM
LATIN AMERICA AT CONSTANT PRICES

THOUSAND OF MILLIONS OF U.S. \$ AT 1923/25 PRICES

SEMI-LOGARITHMIC SCALE





cent between 1910-1914 and 1929, and 85 per cent between 1910-1914 and 1937, compared with increases of 104 and 102 per cent in the case of aggregate United States imports.

These moderate changes in the trend of United States demand after 1925 are also clearly revealed by changes in the relation of imports (at constant prices) to United States real income. Thus, the ratio of United States imports from Latin America to real income (both in terms of five-year averages) increased at about the same rate as the aggregate ratio up to World War I. The sharp rise in the Latin-American ratio in 1920-1924, relative to pre-war exceeded the rate of increase in the aggregate ratio, again because of Latin America's favourable supply position immediately after World War I. Thereafter, both ratios fell below pre-World War I levels, with the Latin-American ratio declining somewhat more rapidly until the present post-war period.

Table 2 Ratio of United States Imports at Constant Prices to United States Real Income, Aggregate and Latin America

(annual averages)

	U.S. Real Income (\$ billions)	Ratio of Imports to Income		1900-04 Ratio = 100	
		Aggregate %	Latin America %	Aggregate	Latin America
1900-04	56	2.85	.68	100	100
1905-09	65	3.06	.72	107	106
1910-14	76	3.27	.79	115	116
1920-24	111	3.15	.91	111	134
1925-29	140	3.18	.75	112	110
1930-34	120	2.97	.68	104	100
1935-39	147	2.90	.66	102	97
1946-49	255	2.00	.66	70	97

Source: See Appendix Tables.

Factors Affecting the Trend

Since the divergence in growth rates of United States imports from Latin America, compared with imports from all areas, appears well before the 'thirties, it cannot be attributed to the depression alone. However,

/the sharp

the sharp contraction in United States economic activity during the 'thirties undoubtedly intensified the problems of primary producing areas in the United States market and contributed to the relatively slower growth rate of United States imports from the Latin-American Republics. Following are the main factors which appear to have influenced the trend of United States demand for Latin-American goods during this period:

a) Expansion of United States domestic production during and after World War I extended to a number of raw materials imported in substantial amounts from Latin America, including copper, lead and zinc, wool, fertilisers and petroleum. United States production of these raw materials in the inter-war period was sufficient to meet the bulk of United States consumption requirements, except at peak levels of United States economic activity as in 1929, thus placing a whole range of raw materials imported from Latin America in a somewhat marginal position.

b) United States imports of coffee, representing some 20 to 25 per cent of total imports from Latin America, averaged some 50 per cent more by volume in 1920-1924 compared with the immediate pre-war period (1910-1914). By the late 'twenties the percentage increase over pre-war amounted to 60 per cent, indicating a relatively limited rate of increase in coffee imports during the 'twenties. United States per capita consumption of coffee, in fact, failed to rise during the 'twenties, although United States real income in the same period (1920-1924 to 1925-1929) rose about 26 per cent. Similarly, United States imports of sugar soared during World War I, with volume rising some 85 per cent by 1920-1924 over pre-war (1910-1914). This rate of increase could not be sustained; and United States commercial policy aimed at expanded duty-free sugar imports from United States territories, together with quotas introduced in the 'thirties, was followed by a sharp contraction in sugar imports from Latin America.

c) While coffee imports increased at a somewhat greater rate in the 1930's, United States demand for a wide range of raw materials imported from Latin America remained at low levels during most of this /period.

period. United States domestic production of these raw materials was adequate to meet prevailing levels of consumption in end uses during most of the period; and imports of these commodities from Latin America did not begin to rise appreciably until the start of World War II. Tariffs, excise taxes and quotas were major instruments of United States policy in limiting the competition offered by imports to domestic production of raw materials; and it is mainly in this period that United States protection represented a real barrier to imports of primary goods.

Trends in United States Demand after World War II

The relatively favourable supply position of Latin America in the present post-war period contributed to the sharp rise in the volume of United States imports from the area to a level some 70 per cent higher than the pre-war average (1935-1939), or the same percentage increase as in a comparable period after World War I. It will be noted however, that Latin America's share of the United States market was substantially above the level reached after World War I (See Table 3).

Table 3 Ratio of United States Imports from Latin America to Total United States Imports

	<u>Constant Prices</u> Annual Average	<u>Current Prices</u> Annual Average
1910-14	24.0	24.7
1920-24	29.0	29.0
1935-39	22.8	22.3
1946-49	33.1	35.4

Source: See Appendix Tables.

In spite of this substantial rise, the ratio of imports from Latin America to United States real income in the period 1946-1949 was no higher than pre-war (1935-1939, see Table 2). This represented the lowest point reached since the early 1900's, indicating that the war did not alter the steady long-run downward trend in United States import propensities for Latin-American goods. Supply conditions were responsible to some extent for the even more pronounced decline in the

/aggregate United

aggregate United States import propensity. The trend of United States demand during this period, with reference to particular commodity imports, is discussed more fully in chapter II.

Dollar Earnings and Price Movements

The trend of United States imports from Latin America by value reflects the importance of cyclical shifts in United States demand to Latin-American dollar earnings. A partial measure of the impact of price fluctuations is indicated by the relative degree of change in the quantum and value of United States imports.

Thus, the average rate of increase in dollar earnings substantially exceeded the increase in the quantum of United States imports from Latin America in comparable periods except in 1925-1929 and 1935-1939. Moreover, price increases accounted for about one half the rise in

Table 4 United States Imports at Current Prices, Aggregate and Latin America

<u>Period</u>	<u>Aggregate</u>		<u>Latin America</u>	
	<u>Annual Average</u> (US\$ millions)	<u>Index</u> (1900-04 = 100)	<u>Annual Average</u> (US\$ millions)	<u>Index</u> (1900-04 = 100)
1900-04	919	100	206	100
1905-09	1,257	137	302	147
1910-14	1,689	184	417	202
1920-24	3,660	398	1,062	516
1925-29	4,267	464	994	483
1930-34	1,912	208	433	210
1935-39	2,340	255	521	253
1946-49	6,044	658	2,136	1,037
1929	4,399	479	1,014	492
1937	3,010	328	673	327

Source: See Appendix Tables.

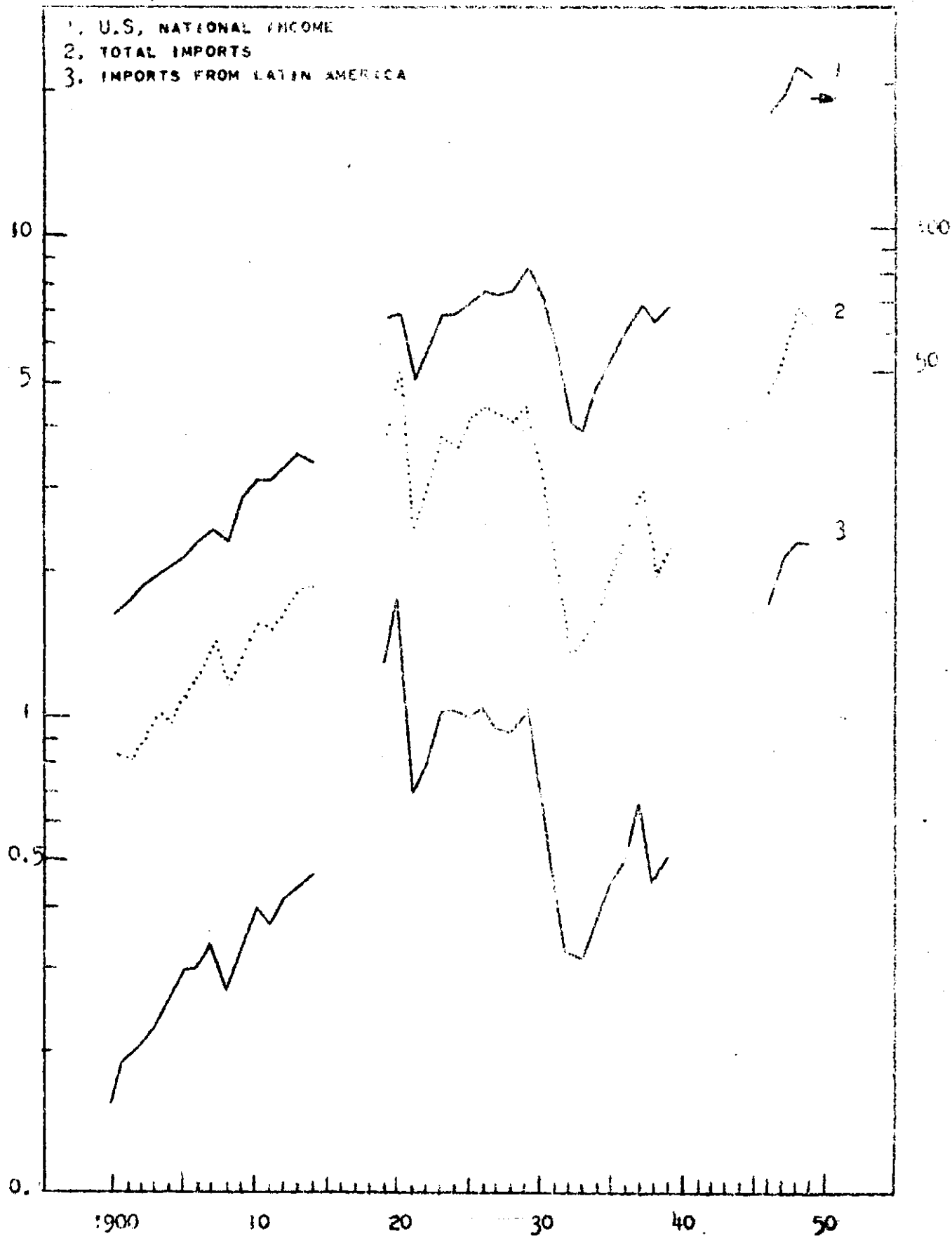
values after World War I (1920-1924) and some three-fifths of Latin America's increased dollar earnings after World War II (1946-49).

These shifts in dollar earnings corresponded to the movement of total United States import values except in the present post-war period. This was due mainly to the substantially larger post-war
/increase in

UNITED STATES NATIONAL INCOME, TOTAL IMPORTS AND IMPORTS FROM LATIN AMERICA
(CURRENT VALUES)

THOUSAND OF MILLIONS
OF U.S. \$

SEMI-LOGARITHMIC
SCALE





increase in the volume of United States imports from Latin America, compared with United States imports from all areas, although the prices of United States imports from Latin America also increased somewhat more than aggregate imports (See Chart C).

United States import prices for Latin-American goods have thus corresponded closely to the movement of aggregate United States import prices except in the present post-war period (See Chart D). In contrast to the period after World War I, when the unit values of imports from Latin America initially exceeded the rise in aggregate United States import prices and then fell substantially below the aggregate level (in 1922), the prices of Latin-American exports in the United States market continued to rise through 1948 and were well sustained during the recession in 1949.

Future Growth

Post-war price and trade developments reflect a sustained United States demand for traditional Latin-American foodstuffs, due in part to the high levels of income and employment which have been maintained in the United States economy in the post-war period, and in part to the slow recovery of supply in other areas. Latin America's share of the United States market, however, far exceeded that in a somewhat comparable period after World War I. Recent developments suggest also that, in contrast to the period after World War I, and indeed the inter-war period as a whole, United States domestic production of many raw materials may have reached upper limits in relation to the growth of United States consumption requirements and real income involving considerably greater dependence on imported raw materials. United States demand for Latin-American goods, therefore, may continue at permanently higher levels, relative to United States imports from all areas. The present United States defence effort will heighten this probable trend in United States demand, but, in view of already high levels of United States demand, the long-run United States market for Latin-American products may be expected to grow at a somewhat slower rate than in the recent past.

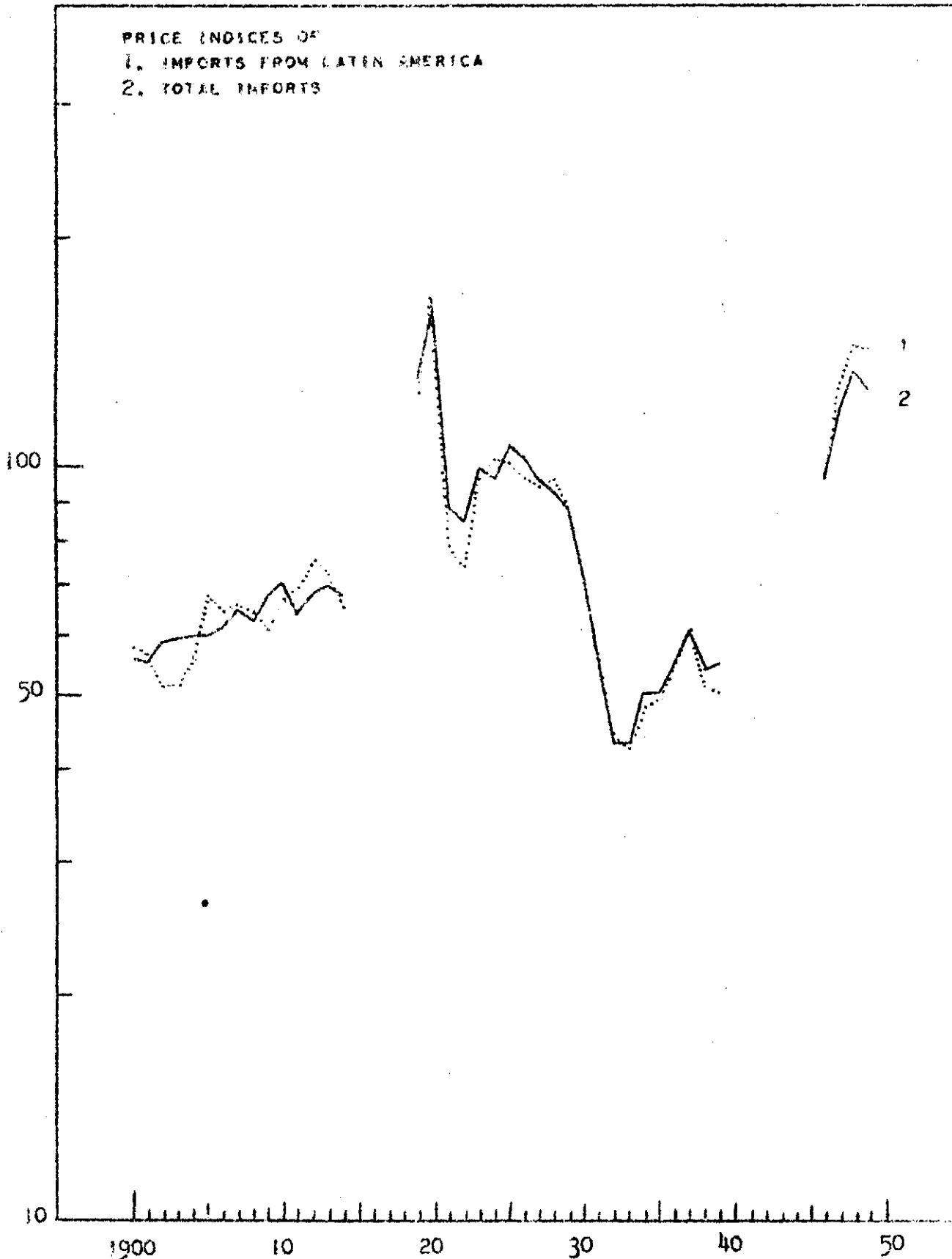
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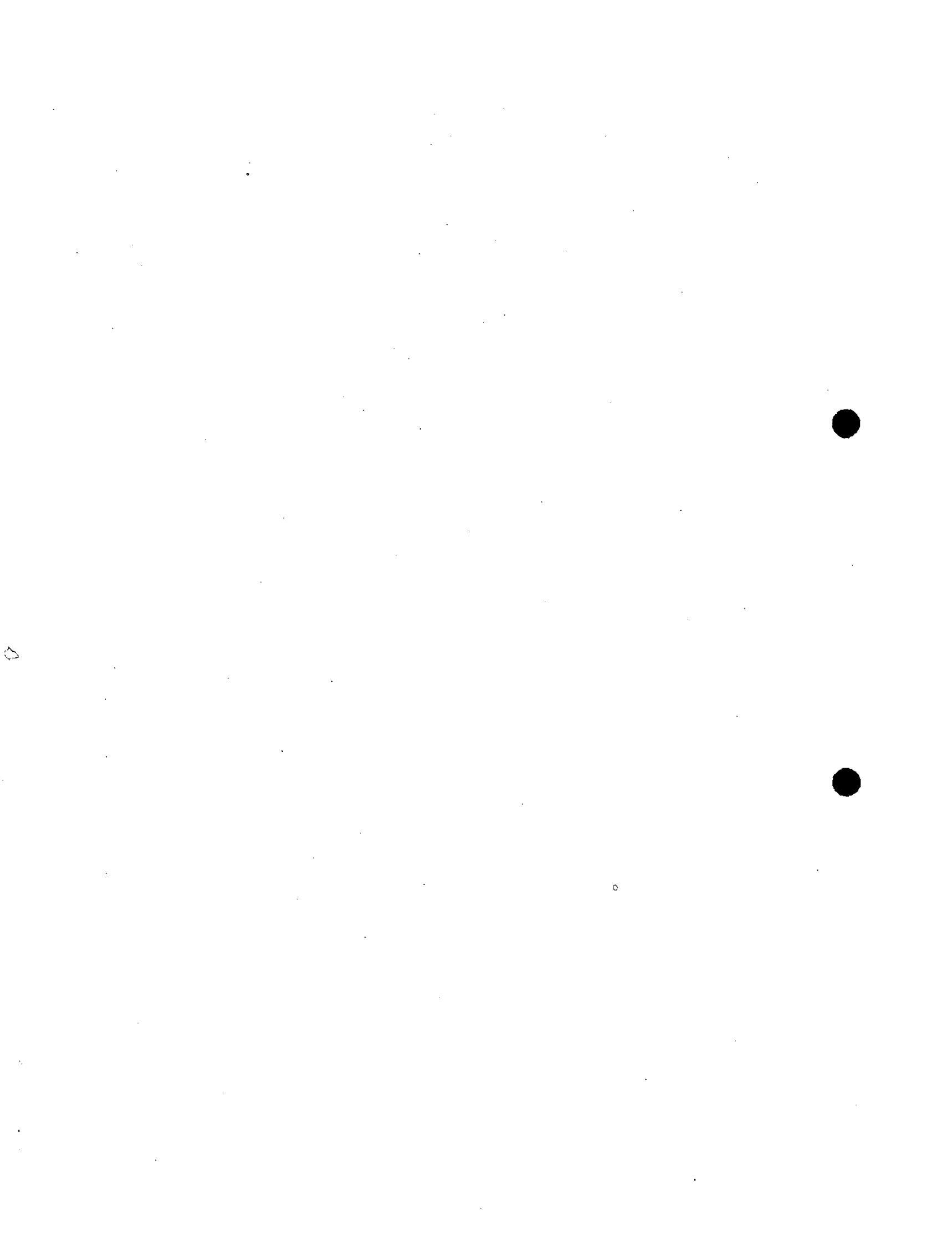
On balance, the volume of United States imports from Latin America should increase at a rate of some 1.5 to 3 per cent per annum. This growth of the United States market for Latin-American goods would constitute a rate of increase higher than that reached in a somewhat comparable period after World War I (for example, between 1920-1924 and 1925-1929), and assumes continued high levels of United States economic activity and real income over the next decade.

INDICES OF UNITED STATES ~~IMPORTS FROM LATIN AMERICA~~

1923-25 = 100

SEMI-LOGARITHMIC SCALE





CHAPTER II RECENT POST-WAR EXPERIENCE

United States demand for Latin-American products rose sharply during and after World War II, as United States unemployment and industrial activity reached record levels. This is reflected in the steep rise in the volume of United States imports from Latin America, compared with pre-war, and in the even greater increase in dollar returns to the Latin-American countries attendant on rising world prices for raw materials and crude foodstuffs. The slight decline in the volume of United States imports from Latin America after 1946 is attributable in part to the improved supply position of other areas. It should be noted, however, that while the volume of United States imports from Latin America has declined somewhat since 1946, dollar returns continued to rise until 1948 and fell only slightly during the brief recession in 1949. Post-war price developments, therefore, have tended to check the fall in Latin-American dollar earnings as volume declined.

Table 5 Percentage Change in Total United States Imports, Imports from Latin America and Real Income in two War Periods

	<u>Quantum of Imports</u>		<u>Value of Imports</u>		<u>U.S. Real Income</u>
	<u>Aggregate</u>	<u>L.A.</u>	<u>Aggregate</u>	<u>L.A.</u>	
1937-46	-8	57	59	160	62
1937-48	7	46	130	246	69
1946-49	6	-12	35	31	-2
1914-19	7	46	106	179	35
1914-22	32	50	64	70	31
1919-22	23	1	-20	-39	-2

Source: See Appendix Tables.

The United States import quantum from Latin America rose almost at the same rate as United States real income through 1946 but had fallen below the growth of real income by 1948. Moreover, while the import quantum for Latin America fell by 12 per cent between 1946 and 1949, reflecting the recession of 1949, aggregate United States imports showed an increase in spite of the recession. This illustrates to some extent the

extent the sensitivity of Latin-American exports, except for the major foodstuffs, to downward movements in United States activity.

The growth rate of United States imports from Latin America in the present post-war period approximates the growth of imports from the area after World War I. By contrast, aggregate imports recovered at a much slower rate than after World War I. The fact that imports from Latin America have thus outstripped aggregate imports may indicate either a change in the structure of United States demand favourable to Latin America or a shift in the supply positions of other areas.

The increased returns from Latin America's exports to the United States in 1946, compared with the pre-war period, are largely a consequence of the steep increase in United States coffee imports. The magnitude of the quantum increase in coffee imports between 1937 and 1946 was greater than during any other period. Moreover, while the volume of coffee imports rose by about 70 per cent, dollar returns from coffee compared with 1937 rose by some 220 per cent, reflecting the steep upward movement of coffee prices. By contrast, United States imports of sugar from Latin America rose only 18 per cent by volume and 84 per cent by value between 1937 and 1946.

Table 6 Percentage Change in Selected United States Imports from Latin America 1937-46 and 1946-49

	Coffee		Sugar		Copper Refined		Petrol- eum		Apparel Wool		Carpet Wool		Cattle Hides	
	Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.	Vol.	Val.
1937-46	68	222	18	84	54	60	146	291	501	549	279	148	-59	-33
1946-49	7	66	21	63	28	103	39	170	-49	-49	-10	-8	-62	-67

Source: See Appendix Tables.

The raw materials group shared to some extent in the post-war expansion of the United States market. Among the raw materials, the rate of increase for copper was substantial, cattle hide imports declined, and both petroleum and wool imports rose sharply.

The extent to which the immediate post-war increase in United States import demand may be sustained at high levels is indicated

/in part

in part by United States demand for Latin-American products after 1946. (See Table 6.) Coffee imports rose only 7 per cent by volume between 1946 and 1949, while dollar earnings from this commodity increased almost 70 per cent as a result of continuing price increases^{1/}. Sugar imports continued to increase at a substantial rate, both by volume and value. In the case of the raw materials, both wool and cattle hides imports showed sharply falling rates of demand, while copper and petroleum imports continued to increase substantially.

Recent post-war experience, therefore, indicates, as in the past, that the growth of United States demand for Latin-American goods depends mainly on several leading commodities. Among these, coffee predominates, with a steady and at times rapid growth in United States demand. The magnitude of the rise in coffee imports since 1937 reflects an upward shift in United States coffee consumption, far greater than that indicated by United States population growth, and approximating the rate of increase in United States real income^{2/}. Furthermore, although coffee consumption increased only to a limited extent after 1946, dollar earnings from coffee exports have been sustained in view of substantial price increases.

The record rates of growth of Latin America's major exports to the United States throughout the war and recent post-war periods suggest some reversal of the long-run trend in United States demand previously discussed, and a somewhat improved position for Latin-American exports to the United States market in the future, compared with United States imports from all areas. United States demand for Latin-American goods may be expected to grow over the long run at a somewhat slower rate

^{1/} Furthermore, the post-war rise in coffee prices was only partially reflected in 1949; the major part of the increase began in the autumn of that year. Thus, the full impact was not recorded until 1950, with only a very limited decline in volume.

^{2/} The per capita consumption of coffee in the United States increased by some 42 per cent from 1937 to 1949.

/than in

than in the recent past in view of the very high levels of demand attained during the post-war period; but the demand for imports generated by the current defence effort, as well as the increasingly limited supplies of raw materials available to the United States from its own domestic production should sustain United States demand for Latin American products at a substantially higher level, and a greater rate of growth, than in the inter-war period.

CHAPTER III THE IMPACT OF FLUCTUATIONS IN UNITED STATES
ECONOMIC ACTIVITY

The price inelasticity of United States demand for Latin-American goods coupled with severe fluctuations in United States' economic activity has had serious repercussions on Latin America's economic position. Since the volume and price of United States imports from Latin America, as a whole, move in the same direction during periods of recession in the United States economy, recessions exert a doubly depressing effect on Latin-American dollar returns. It is necessary, however, in judging this effect more broadly, to consider the relative impact of United States recessions on Latin-American export earnings as compared with other areas.

United States imports from Latin America and in the aggregate by value have followed closely similar patterns of fluctuation. In each of the major United States recessions since 1900 Latin-American dollar earnings in direct trade with the United States decreased at about the same rate as the earnings of all areas.

Table 7 Rates of Decrease in United States Imports by Value in
Recession Periods

	<u>Aggregate</u>	<u>Latin America</u>
	%	%
1907-08	-17	-16
1920-21	-53	-64
1929-32	-70	-68
1937-38	-36	-30
1948-49	- 2	- 2

Source: See Appendix Tables.

Volume changes exhibit a somewhat similar pattern, with the decline in United States imports from Latin America corresponding closely to decline in aggregate United States imports. This is /confirmed in

confirmed in Table 8 below.

Table 8 Rates of Decrease in the Quantum of United States Imports and Real Income

	<u>Aggregate</u>	<u>Latin America</u>	<u>United States Real Income</u>
	%	%	%
1907-08	-16	- 9	- 4
1920-21	-15	-17	-37
1929-32	-39	-37	-32
1937-38	-28	-28	- 9
1948-49	- 1	- 1	--

Source: See Appendix Tables.

On the basis of these data, periods of recession in the United States economy show no trend of increasing severity of impact in regard to United States imports either by value or volume, unless the 'thirties are regarded as indicative of such a trend.

The importance of price fluctuations in contrast to changes in the volume of United States imports, both from Latin America and in the aggregate, varied substantially in different periods of recession. Volume changes evidently accounted for the major part of the fall in United States import demand during the recessions of 1907-08 and 1937-38. The decline in United States import demand during the recessions of 1920-21 and 1929-32, on the other hand, was closely associated with sharp downward price movements.

The closely similar response of United States imports from Latin America and in the aggregate to downward movements in United States economic activity are in part due to the existing composition of United States imports. Since the early 1900's United States imports of crude materials and crude foodstuffs have consistently averaged some 45 to 50 per cent of aggregate United States imports. United States imports from Latin America also consist predominantly of crude materials and crude foodstuffs. Comparable value and volume changes in aggregate imports and imports from Latin America are

/therefore to

therefore to be expected.

While the major fluctuations in United States demand for Latin American products occurred during United States business recessions, imports from the area also followed a pattern of shorter-run fluctuations not apparent in the aggregate quantum of United States imports. These short-run movements occurred at times when United States economic activity was at high levels and appear to be related to periodic inventory adjustments within certain manufacturing sectors of the United States economy. The influence of such adjustments on United States' import volume from Latin America is not apparent prior to World War I, suggesting a significant change in the impact of this factor on import volume since that period.

A factor apparently contributing to these short-run fluctuations was the expansion in United States domestic production of raw materials competitive with imports from Latin America during and after World War I. During the inter-war period a number of such raw materials, including copper, petroleum, hides and skins, and wool received tariff protection and were imported in substantial amounts only at times when United States domestic consumption requirements exceeded United States capacity for the production of these raw materials. When United States consumption requirements shifted upward or downward, even to a relatively limited degree, the main impact of adjustments in stocks was apparently reflected in United States imports of corresponding raw materials. Small fluctuations in United States domestic consumption, therefore, produced substantially greater fluctuations in a whole range of raw materials imported from Latin America. The cyclical behaviour of particular commodity imports from Latin America is considered more fully in Chapter IV.

CHAPTER IV PATTERN OF COMMODITY EXPORTS

As suggested in Chapter I, United States demand for Latin-American products since the early 1900's has been largely determined by the particular composition of Latin American exports in relation to the growth of United States real income. The nature of Latin-American exports and the fact that their composition has remained relatively stable during the course of basic changes in the United States economy has closely influenced the growth rate of the United States import quantum from this area and the dollar returns of individual Republics. In addition, the trend of United States import demand for Latin-American products has been affected to a lesser extent by the tariff structure and United States commercial policy^{1/}.

The following discussion examines the influence of these factors on the trend and suggests certain long-term prospects in the United States market for imports from Latin America. Furthermore, since the response of Latin America's leading exports to United States recessions has been determined to a large extent by their composition, the impact of the United States business cycle is considered briefly in terms of its effect on different groups of commodities imported from Latin America.

^{1/} The level of United States duties on imports from Latin America has in general been lower than that applicable to other areas supplying commodities competitive with domestic output. Furthermore, this factor may be even less important in the future on the assumption of a continuation of present United States policy, which since 1934 has been aimed at a reduction of the level of United States import barriers. United States commercial policy, however, will undoubtedly become protectionist at times when United States economic activity declines, affecting products competitive with or supplemental to United States domestic production. Thus submarginal deposits of non-ferrous metals in the United States have received a considerable stimulus towards expansion as a result of the present defence effort. Although this production in many cases would not be economical at lower price levels, it may continue to receive protection once expansion has taken place. This has been a major factor in the past tending to place foreign producers in a residual supply position in the United States market. The general effects of the trend in United States tariff policy since 1934 are discussed in detail in Part B, Chapter IV.

United States import demand for Latin-American products in the past has been dominated by a relatively small group of commodities. Some ten products have consistently comprised between two-thirds and three-fourths of total United States imports from Latin America since the early 1900's^{1/}. (See Appendix Table V). The effect of this concentration has been heightened by the fact that two commodities, namely coffee and sugar, have constituted between 45 and 50 per cent or more by value of total United States imports from Latin America over several decades. While comprising a much smaller percentage of United States imports from Latin America, cacao beans and banana imports bring the percentage for the traditional foodstuffs group to some 50 to 55 per cent of total United States imports from the area.

Table 9 Leading United States Imports from Latin America

<u>Total Value by Decades since 1900</u>										
(millions of U.S. \$)										
<u>Coffee</u>	<u>Sugar</u>	<u>Cacao</u>	<u>Petrol-</u> <u>eum</u>	<u>Copper</u>	<u>Flax-</u> <u>seed</u>	<u>Nitrates</u>	<u>Cattle</u> <u>hides</u>	<u>Wool</u>	<u>Total U.S.</u> <u>Imports from</u> <u>Latin America</u>	
1900-09	665	583	79	--	153	3	92	99	52	2543
1920-29	2409	2842	244	807	615	338	385	308	257	10280
1930-39	1428	718	148	427	280	161	102	79	95	4766
<u>Per Cent of Total United States Imports from</u> <u>Latin America by Decades</u>										
1900-09	26.0	22.9	3.1	--	6.0	--	3.6	3.9	2.0	
1920-29	23.4	27.6	2.4	7.8	6.0	3.3	3.7	3.0	2.5	
1930-39	30.0	15.1	3.1	9.0	5.9	3.4	2.1	1.7	2.0	

Source: See Appendix Tables.

^{1/} These percentages of total value approximate the quantum share represented by these commodities since their prices generally changed in the same direction as the prices of total United States imports from Latin America.

/The trend

The trend of United States aggregate imports from Latin America can thus be seen to be closely related to the demand for four major foodstuffs. The remaining six commodities, averaging some 25 per cent or more by value of total, constitute a group more closely related to United States industrial development and exerting a lesser influence on the trend of aggregate United States imports from Latin America. The position in the United States market of a range of new or emerging products and manufactures is considered separately.

/a) Traditional Foodstuffs

a) Traditional Foodstuffs

As noted, the major food products among the imports into the United States from Latin America — coffee, sugar, cacao beans, and bananas— have constituted one-half and, at times, somewhat more than one-half of the total value of such imports since the beginning of the present century. They have not varied appreciably in relative importance throughout the period. Although the proportion was reduced to somewhat less than one-half of the total in the period 1946-1949, it is likely that it will have recovered with the substantially higher returns for coffee since the latter part of 1949.

Although there have at times been substantial deviations between the trend of imports and levels of United States real income as in the 'twenties, per capita consumption of coffee and cacao beans has increased at a favourable rate relative to real income levels of the United States economy since the beginning of the century. Both of these commodities are relatively widely dispersed in Latin America, and coffee has become firmly entrenched as by far the leading Latin-American export to the United States. Consumption of sugar has increased over the long-run to a much smaller extent, while the trend has been relatively stationary in the case of bananas. It appears likely that per capita consumption of sugar will not expand substantially, and that bananas will continue to be of declining importance as the level of United States real income rises.

With the exception of sugar, United States requirements for these food products are met entirely by imports, free of import duties and all other restrictive import controls. Coffee is not subject to serious competition in the United States market from any other supplying area or from any other substitutable commodity. Cacao beans have similarly been unaffected by competition from other products, but Latin America has lost ground to African supplying areas as demand for the commodity has grown. The opportunity to regain a growing share of the United States market, however, may be afforded by the progressive improvement of European markets lost to Africa during the war. Bananas, on the other hand, although not subject to serious

/competition from

competition from other areas, appear to have become less important because of the competition of canned fruits. Sugar alone has been affected by direct competition of domestic output in the United States and by a policy of United States protection. Although this policy has served to limit the extent to which Latin America can participate in the market, the limit has been set at moderate levels and Latin America has enjoyed the price-supporting advantages of the policy intended primarily for United States domestic producers.

The orders of magnitude of growth of imports of the major foodstuffs, in response to the factors cited above, are summarised in Table 10 below for selected periods since the beginning of the century. Coffee, it will be noted, experienced a greater growth by far both in volume and value during the last decade than in any other period since 1900-09. Any increase during the next decade may be expected to conform more closely to the modest growth achieved during the 1920's than to the steep increase which occurred during the second world war.

The appreciable decline in the volume of sugar imports during the 1930's, accompanied by only a small decrease in value both absolutely and relative to the other foods, indicates the effect of United States allocation and price support policy. Future growth of sugar imports is limited by United States policy to a given percentage of the total of United States sugar consumption not met out of domestic, territorial and Philippine production, the total for all three being fixed. Thus, sugar imports can grow only slightly as consumption increases, with the latter likely to be limited to the rate of United States population increase. The prospects for imports of cacao beans, particularly in view of the possibility of African attention being turned increasingly toward European markets, appear to be favourable on the basis of recent experience.

/Table 10

Table 10. Percentage Change in Volume and Value of Major Foodstuff Imports during Selected Decades since 1900

	Coffee		Sugar		Cacao Beans	
	Volume	Value	Volume	Value	Volume	Value
1900-09	35.7	53.8	124.2	115.5	166.7	136.8
1920-29	14.1	19.7	24.5	-79.9	5.2	-34.4
1930-39	26.1	-33.6	-27.5	-3.4	42.5	-24.6
1937-46	67.8	221.7	18.3	84.2	-7.4	27.7

Source: See Appendix Tables.

The declines in Latin-American exchange earnings from its major foodstuff exports to the United States in periods of downturn in United States economic activity, as indicated in Table 11, has been largely attributable to price movements. In general, imports of foodstuffs by volume have shown a lesser degree of sensitivity to United States recessions than the raw materials group, reflecting the relatively high short-run income inelasticity of demand for the foodstuffs group. Indeed, during the recession of 1949, both volume and value increased in the case of the two major commodities, coffee and sugar, as income declined.

The volume of United States coffee imports, the most important commodity import in the foodstuff group as well as in the aggregate, has shown a remarkable degree of stability in periods of United States recession. A moderate decline in import volume, amounting to 11 per cent, occurred only in one recession period (1907-08), while volume decreased only by 1 per cent during the severest depression on record. The volume of sugar imports appears to have shown a much closer correspondence to United States real income changes during certain periods of recession than coffee, but this is to some extent a result of special factors. The decline between 1920 and 1921, for example, was probably the result of satisfaction of war-time deferred demand, while the major drop in the period 1929 to 1932 was probably largely the result of increased United States protection for domestic and territorial output. On balance, however,

/official regulation

official regulation of the United States sugar market since 1934 has probably served to minimise the degree of fluctuation in returns from sugar imports. The volume of cacao bean imports exhibits no direct relationship to income, since virtually all of the decreases in value during recessions resulted from the price factor. The impact of United States recessions on exchange earnings from the traditional foodstuffs has thus been moderated by the relatively high income inelasticity of demand for these products.

Table 11 Percentage Change in Volume and Value of Major Foodstuff Imports during Periods of Recession in the United States

	Coffee		Sugar		Cacao Beans	
	Volume	Value	Volume	Value	Volume	Value
1907-08	- 10.9	- 13.8	- 28.2	- 17.3	- 4.0	14.5
1920-21	4.2	- 43.1	- 16.6	- 73.3	0	-51.5
1929-32	- 1.2	- 55.8	- 53.7	- 75.3	11.1	-51.7
1937-38	21.1	- 7.0	- 10.1	- 25.4	1.1	-42.2
1943-49	5.2	13.7	8.3	10.9	18.9	-38.8

Source: See Appendix Tables.

The conclusion that emerges with respect to Latin America's prospective dollar position from exports of the major foodstuffs is that it will grow from present high levels at a slower rate than United States real income.^{1/} Recessions in the United States

^{1/} It is of interest to note that only in the cases of bananas and sugar, among the four traditional foodstuffs, is there substantial foreign ownership of enterprises. However, even in these fields foreign ownership has become of lesser importance. While banana exports are of great significance to a number of Central American countries, their importance in total United States imports from Latin America has declined appreciably in recent years. Sugar, on the other hand, which constitutes a much larger proportion of the total, is being produced to an increasing extent by national interests. Sugar in Cuba, accounting virtually for all Latin-American exports to the United States, was produced by nationals to the extent of 45 per cent of the total in 1949, compared with 22 per cent in 1939. Thus, the production of these commodities for export results in exchange returns of which only a declining portion must be set aside to service foreign investment. To this extent dollar exchange can be increasingly directed toward the import needs of the producing country.

economy, on the other hand, are likely to affect the foodstuffs group mainly through lower prices, with volume being relatively well sustained compared with United States imports of raw materials.

/b) Traditional Raw

b) Traditional Raw Materials

United States demand for raw materials from Latin America has at times outstripped the rate of increase in United States demand for crude foodstuffs from the area. At the same time United States demand for Latin American raw materials has been particularly sensitive to competing United States production and to the development of substitute materials. In addition, the United States business cycle and shorter-run inventory adjustments have generated sharp fluctuations in demand for the raw materials.

The six leading raw materials traditionally imported by the United States from Latin America have been petroleum, copper, flaxseed, nitrates, cattle hides and wool. With the exception of petroleum and flaxseed, which became important in the United States - Latin-American trade after World War I, each of these commodities shows a rapidly rising trend prior to the First World War. (See Table 12.) During the 'twenties, United States demand for most of these commodities rose, but the rate of increase fell off sharply by comparison with the earlier period; and, in several instances, there were moderate downward trends in demand. For example, United States imports of copper from Latin America increased at a much slower rate than in the period preceding World War I. United States imports of Latin-American petroleum actually decreased in volume terms during the period but increased by value in view of substantial price increases. Apparel wool and cattle hide imports from Latin America followed a declining trend. By contrast, United States carpet wool imports from the area increased at a rapid rate, by volume and value, indicating a definite shift in the composition of United States wool imports from Latin America. During the 'thirties imports of the leading raw materials from Latin America followed declining trends, both in volume and value terms.^{1/} Among the commodities considered,

^{1/} The choice of initial and final years for the period introduces a bias in measuring changes during the 'thirties. United States imports of raw materials from Latin America in 1930 were still relatively high while United States imports of raw materials in 1939 reflected a number of abnormal conditions both in the United States and abroad. However, United States import demand for raw materials in 1939 was either close to or exceeded the peak levels of 1937. In addition, any measure of change during the 'thirties, which excludes the depression lows after 1930, indicates a decreasing trend when compared with the later 'thirties.

only United States wool imports showed an increasing trend with the main increase occurring in carpet wools. While the 'thirties exaggerate the impact of these changes and therefore may not appropriately reflect the trend, a downward trend in United States demand for some Latin-American raw materials appears to have commenced in the 'twenties.

Table 12 Percentage Rates of Change in Selected United States Raw Materials Imports from Latin America by Decades

	<u>Petroleum</u>		<u>Copper (Crude)</u>		<u>Copper (Semimfd)</u>		<u>Wool (Apparel)</u>		<u>Wool (Carpet)</u>		<u>Cattle Hides</u>	
	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>
1900-09			141	298	322	333	297	259	-33	-7	68	62
1920-29	-7	53	35	1	75	51	-64	-74	262	158	-14	-55
1930-39	-30	-38	-42	-84	-24	-38	10	3	168	140	-22	-47
1937-46	146	291	31	51	54	60	501	549	279	148	-59	-33

Source: See Appendix Tables.

a/ Crude petroleum, fuel oil and topped petroleum.

The somewhat slower rate of increase in United States demand up to World War II, compared with United States demand from all areas, extended to all of the major Latin-American raw materials, with the exception of wool. United States demand for raw materials from the area has been particularly sensitive to competing United States and foreign production and to the development of substitute materials. These conditions of demand in the United States market have varied substantially in the case of each of the raw material imports; and an assessment of prospective United States demand depends on the particular conditions affecting each of the commodities concerned.

Prospective United States demand appears to be most favourable for imports of copper, carpet wool and petroleum from Latin America. Imports of copper and petroleum in the past have supplemented United States production and have reached substantial proportions only at times when United States consumption requirements have exceeded United States capacity to produce these raw materials.

/Copper and

Copper and petroleum imports have thus occupied a residual position in the United States market, with import demand being determined largely by the spread between United States consumption and United States domestic production of the two raw materials.

On the basis of presently estimated reserves, United States domestic copper production can be maintained at a peak of about one million tons per year, with reserves becoming increasingly inadequate after some ten years, in meeting growing domestic consumption needs. While Latin-American producers should therefore find an increasingly favourable market for copper exports to the United States, growing competition between Latin America and other areas, namely, Canada, Rhodesia and the Belgian Congo, may limit the growth of United States demand for Latin-American copper. In addition, increased aluminium production both in the United States and abroad may offer increasing competition to copper in the United States market, with the trend of relative prices determining the long-run demand for copper as against aluminium. Extensive substitution of aluminium for copper is likely to develop only if aluminium capacity is expanded substantially during the present emergency and if an over-supply of aluminium eventually results because of lower levels of aluminium consumption. While Latin America should find a definite market in the United States for copper, it is unlikely, in view of competition from other areas and from substitutes, that United States demand will grow in direct proportion to the rate of increase in United States real income, estimated at some 3 per cent annually.

United States demand for petroleum imports from Latin America will be influenced by similar considerations, although United States petroleum reserves are not likely to be depleted at quite the same rate as United States copper reserves. Petroleum faces some competition from other types of fuel produced in the United States and from expanding Middle East supplies of petroleum. An increasing proportion of the Middle Eastern petroleum supplies, however, may be /directed toward

directed toward the European market. The post-war increase in European refining capacity and the proximity of Latin-American petroleum supplies to the United States may limit competition from growing Middle Eastern sources of supply. It is likely, therefore, that Latin America will supply not less than three-fourths of the volume of United States crude petroleum imports over the near future at least, while long-run United States demand will depend to a large extent on European requirements for Middle Eastern oil.

The trend of United States demand for copper and petroleum in the early post-war period may be indicative of shifts in the long-run trends previously noted. Of the two, petroleum imports from Latin America increased most heavily by volume and value, while the rates of increase for copper were somewhat less favourable. It will be noted that imports of semi-manufactured copper represented higher value returns than imports of crude copper and were also higher in volume terms. While these rates of increase between 1937 and 1946 reflect unusually high demand conditions in the United States, due in part to special conditions related to the war, they may also indicate some reversal of the long-run declining trend in United States demand for these two imports, resulting from the growth in United States real income and increasingly limited United States reserves of the two commodities. The more recent trends, therefore, appear to confirm the prospect of a growing market for these commodities in the United States.

Early post-war United States demand for wool imports from Latin America also indicate some reversal of long-run trends, especially in the case of apparel wool. United States domestic production of wools, which consists almost entirely of apparel wools, has been declining over the long-run and will be increasingly inadequate to meet United States consumption requirements. This suggests a definitely growing market in the United States for foreign wools. Over the long-run, however, the United States tariff structure and likely competition from Australian and New Zealand sources of supply will (a) probably limit United States demand for
/apparel wool

apparel wool imports from Latin America, and (b) encourage Latin-American exports of carpet wools to the United States market. The United States thus offers a sizable market to Latin-American wool producers over the long-run, although this market is not likely to grow at an appreciable rate. It may in fact decline in the field of apparel wools, in view of the factors noted as well as the increasing competition from synthetic fibres. A rough order of magnitude for the growth in United States consumption requirements is indicated by the rate of population growth.

United States imports of cattle hides from Latin America have followed a definitely declining long-run trend. United States domestic production of hides and skins increased phenomenally during World War II, and United States import demand for Latin-American cattle hides showed a sharp rate of decrease even during the present post-war period. The United States, therefore, does not offer a promising market for Latin-American exports of cattle hides.

Prospective United States demand for other Latin-American raw materials, representing a much smaller proportion of total United States imports from Latin America in the past, depends on considerations similar to those mentioned for the leading raw materials. United States lead and zinc deposits, for example, are gradually approaching exhaustion, indicating a definite market for foreign producers. However, Latin-American exports of lead to the United States will depend in the long-run on increasing Canadian competition. The market for Latin-American lead therefore should grow, but at a lesser rate than in the post-war period. The market prospects for a number of other established raw materials imported from Latin America are discussed briefly in the appropriate commodity sections of this report.

The response of the leading Latin-American raw materials to major recessions in the United States economy indicates that the raw materials as a group are subject to a limited price, and high income, elasticity of demand. Since the volume of United States demand for Latin-American raw materials is not sustained during

/recession periods,

recession periods, falling prices bring a sharp contraction in dollar earnings from exports of these commodities.

Table 13 Percentage Change in Selected United States Imports of Raw Materials from Latin America in Recession Periods

	<u>Copper</u>		<u>Petroleum</u>		<u>Wool (Apparel)</u>		<u>Wool (Carpet)</u>		<u>Cattle Hides</u>	
	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>	<u>Vol.</u>	<u>Val.</u>
1907-08	-28	-32	n.a.	n.a.	-35	-48	-71	-82	-30	-42
1920-21	-29	-50	18	19	-6	-68	92	-36	-31	-70
1929-32	-63	-86	-33	-57	-99	-100	-49	-86	-75	-91
1937-38	-20	-40	-10	-11	-84	-85	-42	-60	-63	-74
1948-49	-2	-9	22	9	-45	-29	-53	-35	-77	-84

Source: See Appendix Tables.

The impact of United States recessions was greatest in the case of apparel wool, cattle hide and copper imports from Latin America and exerted a smaller effect on dollar earnings from petroleum exports. The sensitivity of raw material exports to shifts in United States industrial activity indicates quite clearly that Latin-American dollar earnings from raw materials generally, whether consisting of the traditional raw materials or new raw material exports, will be highly vulnerable to the United States business cycle in terms both of downward price and volume movements. In this respect raw material exports as a group contrast sharply with the cyclical behaviour of foodstuffs imported by the United States from Latin America.

/c) New Primary

c) New Primary Products and Manufactured Goods

With respect to United States demand for Latin-American products, consideration has been given, not only to the limited number of traditional commodities that have constituted the bulk of imports, but also to a range of new primary products and manufactured goods.^{1/} These two groups accounted only for about 10 per cent of the total value of imports immediately before the Second World War. Under the impetus of abnormal demand during the war, they assumed considerably greater importance, representing 25 per cent to 30 per cent of the total. The net gain that has persisted into recent years from the abnormal war-time increase has been small. By 1947-1949 new primary products and manufactured goods accounted for 12 per cent to 13 per cent of all imports, or almost \$300 million of dollar exchange.

The diversification of Latin-American exports through expansion of this currently small portion of its total exports to the United States is significant both in terms of United States long-run demand and the United States business cycle. The long-run importance of a diversified export structure lies of course in the additional dollar exchange that might become available and the possibility that such earnings might offset in part the effect of declining rates of growth noted for a number of traditional exports. Furthermore, to the extent that exports of manufactures are expanded, the dollar return per unit will rise substantially in view of the increased value added at higher stages of fabrication.

Diversification of exports has also been frequently recommended as a means of minimising the impact of cyclical fluctuations in the United States economy. In this connection, it seems likely that manufactures are subject to less violent fluctuations than raw materials; and that an economic recession is less likely to be transmitted with the same intensity to foreign producers the wider the range of exports and the more varied their composition. However,

^{1/} Experience in these groups is discussed in detail in Part B, Chapters II and III, of this report.

/it should

it should be borne in mind that the relatively new commodities under discussion are (a) raw materials and (b) manufactures which occupy a marginal position in the United States market. Both would probably exhibit the cyclical responses characteristic of Latin America's traditional exports. Thus, the secular aspect of diversification for export appears to be the more significant of the two.

The expansion of new primary products and manufactured goods during the war essentially reflects an abnormal market for high-cost goods. Accordingly, with the reappearance of more competitive conditions in the United States market, these export products have been narrowed to a smaller group which show definite competitive ability. Since the relative exchange value of this group of products is moderately greater than before the war, the possibilities of long-run expansion in relation to Latin America's overall dollar position are limited but nevertheless not to be overlooked. Gains of modest proportions can be achieved with conscious policies of improvement of production and thorough study of specific requirements of the United States market.

Several of the primary products have emerged from the war period as new or substantially expanded exports to the United States with considerable future potential. Among these are iron ore, tin ore, abaca fibre, and hardwood lumber. The special factors affecting each, noted in Part B, Chapter II, are: iron ore-- declining reserves in the United States, increasing steel capacity in that country, and increased United States investment in Latin America; tin ore-- the development of smelting facilities in the United States, making direct importation of the ore possible and necessary; abaca fibre-- United States investment in Latin America in order to develop a nearby source of supply to offset loss of the Philippines as a source; and hardwood lumber-- increased demand in the United States for hardwoods, and increased processing within Latin America of logs to lumber. Considering the specific nature of the relevant factors in each of these cases, generalisation regarding the potential for new primary products must be limited to the observation that

/moderate advances

moderate advances have been and may continue to be achieved. The extent of the potential market can be revealed only by detailed study of the conditions of demand and competing sources of supply for individual products.

The volume of exports of manufactured products to the United States, always a small component of the total, appears to have experienced a favourable rate of growth, having increased by about two-thirds from 1929 to the average for 1947-1949. The level of the United States tariff, generally higher for manufactures than for less-processed goods, appears, with few exceptions, not to be an important limiting factor. The basic impediment is the stage of industrialisation in Latin America relative to that in the United States, and in supplying countries of Europe. Even with this impediment, however, analysis of individual commodity situations in Part B, Chapter III, leads to the conclusion that there are possibilities for moderate advances in fields requiring only limited use of capital equipment, depending upon the aggressiveness of efforts in Latin America to adapt production to competitive conditions in the United States market.

CHAPTER V THE PROSPECTIVE UNITED STATES MARKET

The dominant position of Latin-American foodstuffs in the United States market suggests that this group of commodities will exert a major influence in the future on the quantum and value of aggregate United States imports from Latin America. In the past the growth of United States demand for the major Latin-American foodstuffs as a group has been steadily upward, largely because of the influence of coffee imports. The long-run trend indicates divergent rates of increase in United States demand for particular foodstuffs with sugar imports declining, banana imports merely keeping pace with population growth, and imports of cacao rising substantially.

Coffee imports show a relatively rapid rate of growth since 1900, in general exceeding the increase in United States real income in all periods except the 'twenties. Recent high levels of United States consumption of coffee, accompanied by a substantial upward shift in coffee prices, suggest that the present period is likely to be followed by a less rapid growth of United States imports, comparable to that experienced after World War I. United States demand for this important commodity, therefore, may approximate the rate attained during the 'twenties or an increase corresponding roughly to United States population growth. On balance, therefore, the growth potential of the traditional foodstuffs group in the United States market is likely to be moderate. The range of possible increase lies between 1 per cent and 3 per cent a year (or the normal growth rate of United States real income). The probable potential, however, may not exceed the lower limit of 1.5 per cent per year.

The prospective market for several Latin-American raw materials including petroleum, copper and carpet wools, is likely to show a sharper rate of increase than the foodstuffs group. The raw materials group, however, constitutes a much smaller proportion of total United States imports from Latin America and its influence on total Latin-American dollar earnings is of much smaller magnitude. The growth

/in United

in United States demand for the major Latin-American raw materials will probably not exceed the annual rate of increase in United States real income and, in view of competing United States production and substitute materials, may increase at a slightly slower rate than United States real income.

It should be noted also that major United States recessions have exerted a somewhat greater impact on the raw materials as against the foodstuffs group. United States imports of the leading raw materials fell substantially, both by volume and value, during major recessions. United States import demand for several major Latin-American foodstuffs, by contrast, was sustained at fairly stable levels during comparable recession periods, although prices, as in the case of the raw materials, declined substantially. The behaviour of the two groups during major United States recessions, therefore, suggests a high income elasticity of United States demand for raw materials and a more limited income elasticity of demand for the major foodstuffs imported from Latin America. This acts to check the relative decline in dollar earnings from exports of foodstuffs during United States recessions.

Latin America has been able to retain only a small portion of the substantial advances in diversification of exports to the United States achieved during the period of the Second World War. New primary products and manufactured goods attained the sizable proportion of 25 to 30 per cent of total exports during that period, but have since declined to about 12 to 13 per cent. Among the new primary products that have persisted are several with good future prospects, but their magnitudes are not such as to be likely to affect the total to any appreciable extent. A similar outlook characterizes the situation for exports of manufactured products. These two groups, new primary products and manufactured goods, however, can perhaps contribute to even greater advances in the export total and structure, depending upon the extent to which efforts are directed
/to their

to their development.^{1/}

Assuming the continuation of Latin America's present export structure, the overall long-run prospects for Latin-American exports in the United States market are moderate and are not likely to involve appreciable expansion over recent high levels. The long-run growth of the United States market for Latin-American products at a rate of about 1.5 to 3 per cent per annum appears to represent a reasonable range. Over the near future the growth rate will more nearly approximate the lower limit, in view of the high level of United States imports from Latin America in the recent past. Over the next decade or more, however, United States imports from the Republics may grow at a rate somewhat in excess of 1.5 per cent per year. This rate of growth would be substantially higher than that achieved in the inter-war period under conditions of full employment in the United States economy.

In attempting to expand its share of the United States market, Latin America may find it necessary to diversify its existing range of exports and to adapt the composition of its exports to long-run shifts in United States demand. The ability to achieve this adaptation will depend in large measure on the direction and rate of Latin America's economic development as well as on market appraisal of United States potential import demand for specific commodities.

^{1/} It should be noted that processing beyond the raw material or crude product stage is capable of bringing proportionately greater dollar returns than the expansion of purely primary exports. A major effort in this direction, besides favouring Latin America's economic development may also be more feasible than large-scale expansion of exports in final stages of manufacture.

APPENDIX

Table I. U.S. Imports and National Income, in current dollars and indexes of value

Year	(a) Total U.S. Imports 1/	(b) U.S.Imports from Latin America 1/	(c) U.S. National Income 2/	(d) Total U.S. Imports	(e) U.S.Imports from Latin America	(f) U.S. National Income	col(d) col(f) 3/	col(e) col(f) 3/
	(\$ Millions)	(\$ Millions)	(\$ Billions)	(1923 - 25 = 100)				
1900	849.9	158.4	16.2	21.9	15.5	22.9	95.6	67.7
1901	823.2	190.5	17.2	21.2	18.6	24.3	87.2	76.5
1902	903.3	204.1	18.4	23.3	20.0	26.0	89.6	76.9
1903	1,025.7	221.8	19.6	26.5	21.7	27.7	95.7	78.3
1904	991.1	225.5	20.1	25.6	25.0	28.4	90.1	88.0
1905	1,117.5	299.5	21.4	28.8	29.3	30.2	95.3	97.0
1906	1,226.6	292.2	23.2	31.6	28.6	32.8	96.3	87.2
1907	1,434.4	333.1	24.4	37.0	32.6	34.5	107.3	94.5
1908	1,194.3	266.9	23.5	30.8	26.1	33.2	92.8	78.6
1909	1,311.9	321.8	28.7	33.8	31.5	40.6	83.3	77.6
1910	1,557.0	391.0	30.4	40.2	38.2	42.9	93.7	89.0
1911	1,527.2	368.1	30.5	39.4	36.0	43.0	91.6	83.7
1912	1,653.3	419.4	32.9	42.7	41.0	46.5	91.8	88.2
1913	1,813.0	440.6	34.8	46.8	43.1	49.2	95.1	87.6
1914	1,893.9	468.0	33.9	48.9	45.7	47.9	102.1	95.4
1919	3,904.4	1,302.4	68.2	100.7	127.4	96.4	104.5	132.2
1920	5,278.5	1,766.1	69.5	136.2	172.7	98.2	138.6	175.9
1921	2,509.2	691.2	51.7	64.7	67.6	73.1	88.5	92.5
1922	3,122.7	792.4	59.5	80.3	77.5	84.1	95.5	92.2
1923	3,792.1	1,026.2	69.5	97.8	100.4	98.2	99.6	102.2
1924	3,610.0	1,034.9	69.1	93.1	101.2	97.6	95.4	103.7
1925	4,226.6	1,005.9	73.7	109.0	98.3	104.1	104.7	94.4
1926	4,430.9	1,041.9	76.6	114.3	101.9	108.2	105.6	94.2
1927	4,184.7	959.5	75.9	108.0	93.9	107.2	100.7	87.6
1928	4,091.4	948.0	78.7	105.6	92.7	111.2	95.0	83.3
1929	4,399.4	1,014.3	87.4	113.5	99.2	123.5	91.9	80.3
1930	3,060.9	677.7	75.0	79.0	66.3	106.0	74.5	62.5
1931	2,090.6	478.1	58.9	53.9	46.8	83.2	64.8	56.3
1932	1,322.8	323.2	41.7	34.1	31.6	58.9	58.0	53.7
1933	1,449.6	316.0	39.6	37.4	30.9	56.0	66.8	55.2
1934	1,636.0	370.9	48.6	42.2	36.3	68.7	61.4	52.8
1935	2,038.9	461.0	56.8	52.6	45.1	80.3	65.5	56.2
1936	2,424.0	501.7	64.7	62.5	49.1	91.4	68.4	53.7
1937	3,009.9	672.6	73.6	77.7	65.8	104.0	74.7	63.3
1938	1,949.6	453.0	67.4	50.3	44.3	95.2	52.8	46.5
1939	2,276.1	517.6	72.5	58.7	50.6	102.4	57.3	49.4
1946	4,824.9	1,759.6	180.3	124.5	172.1	254.8	48.9	67.5
1947	5,666.3	2,155.9	198.7	146.2	210.9	280.8	52.1	75.1
1948	7,093.0	2,328.8	223.5	183.0	227.8	315.8	57.9	72.1
1949	6,591.7	2,300.5	216.8	170.0	225.0	306.3	55.6	73.5

Sources:

1/ Foreign Commerce and Navigation of the United States, U.S. Department of Commerce, selected issues.

2/ 1900-08 National Income in the U.S., 1799-1938, National Industrial Conference Board, Study No 241, 1939.

1909-28 America's Needs and Resources, Dewhurst and Associates, Twentieth Century Fund, 1947.

1929-49 U.S. Department of Commerce Survey of Current Business, National Income Number, July, 1950.

3/ The last two columns give percentages in relative terms i.e. expressed as a proportion of 1923-25=100. During this three-year period the ratios in terms of current dollars were

$$\frac{\text{Total U.S. imports}}{\text{U.S. National Income}} = \text{Approx. } 5.5\% \text{ and } \frac{\text{U.S. Imports from Latin America}}{\text{U.S. National Income}} = \text{Approx. } 1.5\%$$

APPENDIX

Table II. Indices of U.S. Gross Product at Constant Prices,
Imports by Volume and Ratios to Gross Product.

Year	(a)	(b)	(c)	col(b)	col(c)
	U.S. Gross National Product (1923-25=100)	Total U.S. Imports (1923-25=100)	US. Imports from Latin America (1923-25=100)	col(b) col(a)	col(c) col(a)
1900	40.7	39	30.0	96.6	73.7
1899-1908	47.4	45	42.3	94.5	89.2
1919	87.3	77	101.6	88.2	116.4
1920	82.2	85	102.6	103.4	124.8
1921	76.6	74	86.1	96.6	112.4
1922	85.5	96	105.5	112.3	123.4
1923	97.7	99	102.6	101.3	105.0
1924	98.9	97	99.7	98.1	100.8
1925	103.4	104	97.7	100.6	94.5
1926	108.1	112	108.4	103.6	100.3
1927	109.8	113	102.6	102.9	93.4
1928	112.9	115	102.6	101.9	90.9
1929	121.2	131	120.0	108.1	99.0
1930	110.0	111	107.4	100.9	97.6
1931	101.3	98	95.8	96.7	94.6
1932	85.4	79	77.4	92.5	90.6
1933	85.6	86	73.6	100.5	86.0
1934	95.3	86	75.5	90.2	79.2
1935	103.8	106	94.8	102.1	91.3
1936	118.0	118	91.9	100.0	77.9
1937	123.4	131	107.4	106.2	87.0
1938	117.6	94	89.0	79.9	75.7
1939	128.0	108	100.6	84.4	78.6
1946	200.0	131	181.9	65.5	91.0
1947	201.3	125	167.4	62.1	83.2
1948	208.2	141	164.5	67.7	79.0
1949	204.5	138	163.6	67.5	80.0

Sources:

Gross National Product:

Compiled from the Report of the Joint Committee, on the Economic Report of the President, N° 1843, p.84.

Total U.S. Imports:

1900-1908: Current value of the U.S. imports deflated by the U.S. wholesale price index and converted to 1923-25 base.

1919-49: Statistical Abstract of the United States, quantity index of imports, selected issues.

Imports from Latin America.

Derived from a quantity index of U.S. imports from Latin America, prepared for ECLA by the U.S. Department of Commerce, Office of International Trade.

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Table III. Imports, Unit Values and Quantum,
Gross National Product and Population

Year	(a) Prices of total U.S. Imports 1/	(b) Total U.S. Imports at constant prices	(c) Price of U.S. Imports from Latin America 2/	(d) U.S. Imports from Latin America at const. prices	col (d) col (b)	(e) Gross Nat. Product at constant prices 3/	(f) Population of conti- nental U.S. 4/
	1923-25=100 (\$ Millions)	1923-25=100 (\$ Millions)	1923-25=100 (\$ Millions)			(\$ Billions)	(Millions)
1900	55.7	1,525.9	58.2	272.2	17.8	51.3	76.1
1901	54.9	1,499.4	56.7	336.0	22.4		77.6
1902	58.5	1,544.1	51.3	397.9	25.8		79.2
1903	59.2	1,732.6	51.9	427.4	24.7		80.6
1904	59.3	1,671.3	55.6	459.5	27.5	59.8	82.2
1905	59.7	1,871.9	67.9	441.1	23.6		83.8
1906	61.4	1,997.7	64.2	456.2	22.8		85.4
1907	64.7	2,217.0	65.8	506.2	22.8		87.0
1908	62.5	1,910.9	64.2	415.7	21.8		88.7
1909	67.1	1,955.1	61.0	527.5	27.0		90.5
1910	69.9	2,227.5	67.4	580.1	26.0	70.8	92.4
1911	64.4	2,371.4	69.5	529.6	22.3		93.9
1912	68.6	2,410.1	75.4	556.2	23.1		95.3
1913	69.3	2,616.2	72.7	606.1	23.2		97.2
1914	67.6	2,801.6	65.8	711.2	25.4	81.9	99.1
1919	130	3,003.3	125.7	1,036.1	34.5	110.1	105.1
1920	158	3,340.0	167.4	1,055.1	31.6	103.6	106.5
1921	88	2,851.4	79.1	873.8	30.6	96.5	108.5
1922	84	3,705.6	73.8	1,073.7	29.0	107.8	110.1
1923	99	3,830.4	97.8	1,049.2	27.4	123.3	112.0
1924	96	3,760.4	101.1	1,023.6	27.2	124.6	114.1
1925	105	4,025.3	101.1	995.0	24.7	130.3	115.8
1926	102	4,344.0	96.3	1,081.9	24.9	136.2	117.4
1927	95	4,404.9	94.7	1,013.2	23.0	138.4	119.0
1928	92	4,447.1	96.3	984.4	22.3	142.3	120.5
1929	87	5,056.7	88.2	1,150.0	22.7	152.7	121.8
1930	71	4,311.1	69.0	982.1	22.8	138.7	123.1
1931	55	3,801.0	54.5	877.2	23.1	127.6	124.0
1932	43	3,076.2	44.4	728.0	23.7	107.6	124.8
1933	43	3,371.1	42.8	738.3	21.9	107.9	125.6
1934	50	3,272.0	48.7	761.6	23.3	120.1	126.4
1935	50	4,077.8	49.2	937.0	23.0	130.8	127.3
1936	54	4,488.9	54.5	920.6	20.5	148.6	128.1
1937	60	5,016.5	61.0	1,102.6	22.0	155.5	128.8
1938	54	3,610.4	51.3	883.0	24.5	148.3	129.8
1939	55	4,138.4	50.3	1,029.0	24.9	151.4	130.1
1946	97	4,974.1	95.7	1,838.6	36.9	250.4	139.9
1947	119	4,761.6	128.3	1,680.4	35.3	251.1	143.4
1948	132	5,373.5	144.4	1,612.7	30.0	259.1	146.1
1949	125	5,273.4	142.8	1,611.0	30.5	258.4	148.7

Sources:

- 1/ 1900-14; U.S. wholesale price index, Historical Statistics of the United States, 1789-1945, p.233, converted to 1923-25=100.
See Table I for series deflated by this index.
- 2/ Derived from unit value index of U.S. imports from Latin America, prepared for ECLA by the U.S. Department of Commerce, Office of International Trade. See Table I for series deflated by this index.
- 3/ Council of Economic Advisers to the President, unpublished data at 1948 prices. The figures shown for 1904, 1910 and 1914 are inter-polations of decade averages obtained from the above source.
- 4/ Historical Statistics of the United States, 1789-1945, p.26, and Statistical Abstracts of the United States, selected issues.

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Table IV. Indices of United States Imports ^{1/} from Latin America
1900-1914, 1919-1939, and 1946-1949
(1935-39 = 100)

Year ^{2/}	Quantity	Unit Value	Value
1900	31	109	33
1901	37	106	39
1902	43	96	41
1903	46	97	44
1904	47	104	49
1905	46	127	58
1906	47	120	56
1907	52	123	64
1908	44	120	53
1909	55	114	62
1910	59	126	75
1911	55	130	71
1912	57	141	81
1913	62	136	84
1914	73	123	90
1919	105	235	248
1920	106	313	333
1921	89	148	131
1922	109	138	150
1923	106	183	194
1924	103	189	195
1925	101	189	192
1926	112	180	202
1927	106	177	188
1928	106	180	190
1929	124	165	204
1930	111	129	144
1931	99	102	101
1932	80	83	66
1933	76	80	61
1934	78	91	71
1935	98	92	90
1936	95	102	97
1937	111	114	127
1938	92	96	88
1939	104	94	97
1946	188	179	336
1947	173	240	414
1948	170	270	458
1949	169	267	451

^{1/} General Imports through 1933; Imports for consumption thereafter.

^{2/} Year ending June 30, 1900-1914; calendar years beginning 1919.

Source: International Economic Analysis Division, Office of International Trade, Department of Commerce, from basic data of the Bureau of Economic Census, December 1950.

APPENDIX

Table V. U.S. Imports of Selected Commodities from Latin America,
as a percent of total imports from Latin America.
(Current Values)

Year	Cane Sugar %	Coffee %	Cocoa or cacao beans & shells %	Sisal or henequen from Mexico %	Apparel & carpet wool %	Cattle Hides %	Copper, crude & semimanu- factured %
1900	21.3	29.9	2.9	7.3	2.0	5.5	2.7
1901	25.1	31.2	3.0	4.2	0.8	4.3	5.5
1902	16.8	33.2	2.8	5.7	2.0	5.3	7.4
1903	24.6	25.4	3.1	5.9	1.3	4.9	6.3
1904	24.4	25.8	2.8	6.2	1.6	3.1	5.5
1905	24.8	27.1	2.2	5.0	3.2	3.0	5.5
1906	22.3	24.2	2.5	5.1	3.0	3.8	6.9
1907	22.7	22.8	3.2	4.4	1.9	3.6	7.5
1908	23.4	24.5	4.6	5.1	1.1	2.7	6.2
1909	22.6	23.3	3.3	3.0	2.8	4.4	5.7
1910	24.3	17.1	2.3	2.8	2.2	6.6	5.3
1911	22.6	23.2	3.0	3.1	1.1	3.7	5.9
1912	22.5	26.0	2.9	2.6	1.3	5.5	6.7
1913	21.4	26.2	2.7	3.5	1.4	4.9	7.6
1914	21.1	23.0	3.3	4.9	2.2	6.2	6.5
1919	29.3	19.0	2.7	2.8	8.3	7.2	5.5
1920	44.9	13.9	2.1	1.7	3.6	3.7	4.1
1921	30.7	20.1	2.6	1.7	3.0	2.7	5.2
1922	29.2	19.7	2.5	0.8	2.1	4.7	5.7
1923	34.0	18.1	2.0	0.7	3.7	3.4	6.9
1924	31.2	23.4	1.9	1.1	2.0	1.8	6.2
1925	20.2	27.7	2.4	1.8	3.1	1.9	5.2
1926	19.4	30.3	2.4	1.3	2.6	1.5	5.7
1927	21.9	26.8	3.4	1.4	1.4	2.9	5.6
1928	16.8	31.3	2.6	1.3	1.2	4.5	6.3
1929	15.7	28.9	2.3	1.2	2.1	2.8	10.1
1930	11.5	30.3	2.7	0.7	1.5	2.7	8.3
1931	13.1	35.4	3.0	0.7	0.8	1.2	6.7
1932	12.2	40.1	3.6	1.8	0.3	0.8	4.4
1933	12.9	38.5	3.6	1.3	1.6	2.6	3.9
1934	15.1	34.3	3.2	0.7	1.0	1.0	5.5
1935	17.7	28.9	3.1	1.0	1.4	1.9	5.1
1936	19.6	25.6	3.3	1.4	3.3	2.6	4.4
1937	15.9	21.4	3.4	0.9	3.7	1.8	6.5
1938	17.6	29.6	2.9	0.9	1.7	0.8	5.9
1939	14.5	26.3	2.7	0.6	3.1	1.7	5.8
1946	11.9	26.3	1.7	0.6	5.8	0.5	3.9
1947	19.0	27.4	3.5	0.7	3.2	0.4	6.9
1948	12.5	29.5	3.9	0.7	5.8	0.9	7.3
1949	14.0	33.9	2.4	0.2	4.0	0.1	6.7

Source: Derived from data prepared for ECLA by the U.S. Department of Commerce; and from Foreign Commerce and Navigation of the United States, selected issues.

PART BTHE COMMODITY STRUCTURE OF LATIN AMERICAN
EXPORTS TO THE UNITED STATES

Part B of this report contains detailed analyses of the major factors affecting Latin America's commodity exports to the United States. The commodities are dealt with in the first five chapters, as follows: the first three consist of individual analyses of 13 traditional exports which represent about three fourths of the total of current United States imports from the region; the fourth contains an analysis of raw and semi-finished materials that rose substantially during or after the Second World War; and the fifth an analysis of exports to the United States of manufactured products. The commodities considered together represent 85 to 90 per cent of total United States imports from Latin America in recent years. The sixth chapter gives detailed consideration to the impact of the United States tariff on Latin America's exports as a whole as well as on commodities grouped according to stages of fabrication. The seventh and final chapter contains an account of the market positions of several Latin American Republics in relation to their principal commodity exports.

The 13 traditional exports analysed individually in the first three chapters were selected on the basis of their importance and persistence among United States imports from Latin America since the beginning of the century. They consist of crude and semi-processed foodstuffs: coffee, sugar, cacao beans and bananas; mineral raw materials: copper, lead, petroleum and nitrates; and miscellaneous raw materials: henequen fibre, flaxseed and linseed oil, wool, cattle hides and quebracho.

/Since the

Since the beginning of the century these 13 products have never accounted for less than three fourths of total United States imports from Latin America. Before the First World War they represented between 75 to 80 per cent of the total; and during the 1920's around 85 to 90 per cent. There is some indication of diversification of exports after the twenties. During the 1930's the 13 traditional exports accounted for some 78 per cent of the total. The downward trend has continued into the recent period, in response to the impact of the depression of the early 1930's and to the abnormal supply-demand conditions during and immediately after World War II; but in 1946-1949 Latin American exports to the United States were still concentrated on these traditional products to the extent of 73.7 per cent of the total.

The fourth and fifth chapters deal with several commodity groups that might serve to widen the base of Latin American export activity in the United States market. Commodities in the crude or semi-processed stages of fabrication that assumed unusual importance during or since the Second World War are considered first. A number of products in this group appear to have become established as important additions to dollar earnings, representing about 4 per cent of the total immediately before the war; in 1947-1949, after readjustment of the world supply situation, they had risen to an average of 6 per cent to 7 per cent of the total. A final group of exports, consisting of manufactured products, covers commodities processed to final stages in Latin America and ready for ultimate consumption upon exportation. This group has of course always been of minor importance in the total of United States imports from Latin America. In 1947-1949 it constituted about 6 per cent of the total. However, developments during the past twenty years and present market conditions indicate that modest advances could be achieved with aggressive efforts at market penetration.

1. POSITION OF

I. POSITION OF LATIN AMERICAN FOODSTUFFS IN THE UNITED STATES MARKET

Coffee

The quantities of coffee imported annually into the United States from Latin America have increased steadily and substantially since the early years of the twentieth century. By the end of the First World War, imports were fifty per cent greater than those of the decade 1899-1908; by the years 1935-1939 they had doubled; and by 1946-1949 they had tripled. (See Table 14). Latin America has supplied virtually all United States imports of coffee, with the proportion ranging between the narrow limits of 93 per cent and 98 per cent since the beginning of the century. Latin America supplied 98 per cent of the total in 1946-1949.

The upward trend of coffee imports during the first half of the present century has generally paralleled the trend in the aggregate volume of United States imports from Latin America, although coffee has exhibited a greater degree of steadiness in its movement. (See Appendix). During the inter-war period, for example, the quantities of aggregate imports fluctuated more sharply than coffee. Furthermore, the trend of aggregate imports was relatively stationary, while coffee imports gradually increased over that period by about one third. Post-war imports of coffee have increased by about the same extent as aggregate imports relative to their 1935-39 levels.

Imports of coffee into the United States have increased much more than population, as is evident from the rise in per capita consumption. Data for imports per capita, which can be considered to represent consumption since they take into account changes in stocks, indicate that quantities consumed per person had increased, by comparison with the last decade of the nineteenth century, by about one third immediately after the First World War, by more than one half in the period 1935-1939, and had more than doubled in the present post-war period. Thus average per capita consumption in 1946-49 was 18.58 pounds, compared to 8.96 pounds in 1889-1898. (See Table 15).

/Aside from the

Table 14. United States Imports of Coffee from Latin America: Quantities and Unit Values, 1899 - 1949

	Quantity		Unit Value	
	(million lbs)	Index (1935-39=100)	(\$ per lb.)	Index (1935-39=100)
1899	801.3	45	.0640	84
1900	748.5	42	.0632	83
1901	827.1	47	.0720	94
1902	1,062.9	60	.0637	84
1903	839.8	50	.0632	83
1904	956.3	54	.0689	90
1905	1,012.9	57	.0800	105
1906	831.5	47	.0849	111
1907	968.6	55	.0784	103
1908	874.5	49	.0749	98
1909	1,013.9	57	.0741	97
1910	852.2	48	.0783	103
1911	833.2	47	.1024	134
1912	828.3	47	.1314	172
1913	842.2	47	.1372	180
1914	981.3	55	.1095	144
1919	1,256.7	71	.1966	258
1920	1,257.2	71	.1947	256
1921	1,314.7	74	.1059	139
1922	1,207.3	68	.1292	170
1923	1,383.3	78	.1344	176
1924	1,385.2	78	.1752	230
1925	1,243.9	70	.2229	293
1926	1,464.4	83	.2159	283
1927	1,397.9	79	.1842	242
1928	1,387.1	78	.2140	281
1929	1,433.6	81	.2044	268
1930	1,568.6	88	.1307	172
1931	1,696.9	96	.0998	131
1932	1,411.7	80	.0918	120
1933	1,558.4	88	.0781	102
1934	1,458.6	82	.0873	115
1935	1,710.1	96	.0838	110
1936	1,658.2	93	.0774	102
1937	1,602.5	90	.0899	118
1938	1,932.0	109	.0693	91
1939	1,968.8	111	.0692	91
1935-39 average	1,774.3	100	.0762	100
1946	2,673.5	151	.1733	227
1947	2,444.1	138	.2414	317
1948	2,721.5	153	.2523	331
1949	2,843.4	161	.2726	358

Source: Data prepared for ECLA by Office of International Trade, United States Department of Commerce.

Table 15. United States: Coffee: Net imports per capita and average retail prices, 1889 = 1950

	<u>Net Imports a/</u> <u>per capita</u> <u>lbs.</u>	<u>Average Retail</u> <u>prices e/</u> <u>cents per lb.</u>
1890	7.77	N.A.
1889-1898 (annual average)	8.96	N.A.
1900	9.84	N.A.
1899-1908 (annual average)	10.95	N.A.
1919	11.89	43.3
1920	11.68	47.0
1921	12.05	36.3
1922	11.04	36.1
1923	12.38	36.9
1924	12.23	42.6
1925	10.97	50.4
1926	12.61	50.2
1927	12.61	47.4
1928	12.03	48.2
1929	12.09	47.9
1930	12.76	39.5
1931	13.93	32.8
1932	11.88	29.4
1933	12.51	26.4
1934	11.94	26.9
1935	13.68	25.6
1936	13.48	24.3
1937	13.13	25.5
1938	15.23	23.2
1935-1939 (annual average)	14.15	24.2
1946	19.39	34.4
1947	17.81	46.9
1948	18.42 b/	51.4
1949	18.68 c/	55.4
1950	17.0-17.5 d/	78.6 f/

Source: U.S. Department of Commerce, Statistical Abstract of the United States, selected annual volumes.

Note: N.A. = not available.

- a/ Imports less reexports, mostly green coffee. Imports represent imports from foreign countries and from territories and possessions into continental United States, and reexports represent exports from continental United States to foreign countries and outlying territories and possessions. Calculations take into account changes in stocks. Postwar years from 1946 exclude allotments for military consumption within the United States.
- b/ Published figure revised by Office of International Trade, United States Department of Commerce for corrected figure of stocks.
- c/ Data obtained directly from Office of International Trade, United States Department of Commerce. Reexports to territories are excluded.
- d/ Forecast for entire year obtained at end of November 1950 directly from Bureau of Agricultural Economics, United States Department of Agriculture. Method of computation is similar to, though not identical with, that used by the Department of Commerce. Differences in earlier years are negligible.
- e/ Average for 51 large cities through 1939 and for 56 cities thereafter.
- f/ First ten month of the year.

Aside from the psychological and institutional factors in the United States which have served to establish coffee drinking as a firm national habit, the most important factor affecting the consumption of coffee appears to have been the level of real national income. The trend of per capita consumption over the long run has moved upward with the growth of United States real income. Furthermore, the close relation between the trend of coffee consumption and changes in real income persisted despite sharp price fluctuations. Indeed, short-term income fluctuations were also associated with considerably smaller changes in consumption. Demand for coffee over short periods thus appears to be relatively price and income inelastic.

During certain short periods, however, coffee consumption has remained constant, not so much because of price and income inelasticity of demand, but because changes in price and income tended to offset each other. In this connection, it may be noted that per capita consumption during the 1920's remained stationary despite a marked rise in real incomes. During this period the potential effect of increased incomes may have been offset by the upward movement of prices. Coffee prices rose to a relatively high level from 1921 to 1925 and remained more or less at that level through 1929. Similarly, coffee consumption was well maintained during the early 1930's despite a sharp decline in real incomes. Again, the price effect may have been the major offsetting factor. Prices by 1933 had dropped to almost half the prices prevailing in 1925. Consumption increased markedly up to the end of the decade as prices continued to decline to the lowest levels of the inter-war period and as income recovered from depression levels. The price inelasticity of demand for coffee may thus not be as great as is generally assumed.

During the periods of the two World Wars, when incomes were rising sharply in the United States, the principal factors leading to increased coffee consumption appear to have been the relatively moderate and steady levels of coffee prices, with the consequent /cheapening of

cheapening of coffee relative to the prices of other consumption goods; the addition of consumers not formerly in the market because of insufficient purchasing power; and the influence of the war-time environment on habits of coffee consumption.

In the recent post-war period, as in the 1920's and 1930's, no close correspondence is noted between the year-to-year fluctuations in income and coffee consumption. The high level of consumption reached in 1946 had declined moderately by 1947 in association with a much more sizeable increase in price and no fall in United States real income. The chief factors in the moderate decline of consumption may have been the relative post-war increase in the price of coffee, and the elimination of some of the factors that had influenced habits of consumption during the war. From 1947 through 1949, however, consumption increased steadily despite continued increases in price.

Coffee consumption in the United States has reacted only slightly to the sharp price increases that have occurred since the latter part of 1949. The average retail price was 78.6 cents per pound during the first ten months of 1950, an increase of some 42 per cent over the average price of 55.4 cents during the year 1949. Per capita consumption for the full year 1950 is estimated by the United States Department of Agriculture at 17.0 pounds to 17.5 pounds, a reduction of only 6 to 9 per cent from 1949.^{1/} As a result, the proportion of income spent for coffee, even at the high income levels prevailing, was about two thirds greater than that in 1946 and had exceeded the high average for 1925-1929. Compared to this increase between 1946 and 1950, the most rapid and highest increase in the proportion of income spent for coffee occurred during the twenties, when it rose about one third in the period 1922 to 1926.

^{1/} Bureau of Agricultural Economics. A substantial part of the decline in consumption is believed to result from the practice in commercial eating establishments of maintaining the traditional price to consumers by dilution.

/Thus, the most

Thus, the most persistent economic factor in the United States affecting coffee consumption in the long run appears to be the level of real income. The reaction of demand to changes in price has been relatively limited; the price factor has, however, resulted in noticeable short-run deviations between income and consumption in certain periods. It would therefore appear that coffee consumption will continue to move upward moderately with advancing levels of economic activity provided that existing price relationships are not seriously altered. This may be particularly true if it is assumed that a peak has currently been reached in the proportion of personal incomes in the United States being expended for coffee.

Sugar

During the first three decades of the twentieth century average annual United States imports of sugar from Latin America almost quadrupled in volume, rising from about 1.0 million short tons in 1899-1903 to 3.9 million tons by 1925-29. The trend of imports from the 1920's to the Second World War was, however, sharply downward. The average in the period 1935-1939 was 2.1 million tons, almost 50 per cent less than a decade earlier. A substantial recovery in import volume occurred during the postwar years 1946-1949, when imports averaged 3.3 million tons (See Table 16).

Sugar imports, by volume, have fluctuated considerably more than aggregate United States imports from Latin America. (See Appendix). Prior to the First World War there was a much greater increase in sugar than in aggregate imports, accompanied by sharper fluctuations from year to year. Aggregate imports, furthermore, did not rise to the peaks attained by sugar during the 1920's and, similarly, declined less during the depression of the early 1930's. Over the entire interwar period the trend of aggregate imports was relatively stationary in contrast with the sharp downturn in sugar. Postwar imports of sugar have increased by about the same extent as aggregate imports, both reaching considerably higher levels than in 1935-39. However, sugar has again been subject to much sharper fluctuations.

As with quantities, sugar import prices have fluctuated more than the prices of aggregate imports. The post-World War I inflation /of prices was

Table 16 United States Imports of Cane Sugar from Latin America
1899-1914, 1919-1939 and 1946-1949

	<u>Q u a n t i t y</u>		<u>U n i t V a l u e</u>	
	(million lbs.)	Index (1935-39=100)	(\$ per lb.)	Index (1935-39=100)
1899	1,322.7	32	.0238	111
1900	1,366.4	33	.0247	115
1901	2,067.4	50	.0231	107
1902	1,950.9	48	.0176	82
1903	3,061.1	75	.0178	83
1904	3,136.3	76	.0198	92
1905	2,439.9	59	.0305	142
1906	3,049.2	74	.0214	100
1907	3,490.6	85	.0217	101
1908	2,487.0	61	.0251	117
1909	3,040.8	74	.0239	111
1910	3,577.7	87	.0266	124
1911	3,409.0	83	.0244	113
1912	3,287.2	80	.0288	134
1913	4,336.4	106	.0217	101
1914	4,943.6	120	.0200	93
1919	6,786.6	165	.0562	261
1920	6,676.4	163	.1183	553
1921	5,585.3	136	.0380	177
1922	9,159.3	223	.0253	118
1923	7,196.1	175	.0485	226
1924	7,576.4	185	.0427	199
1925	7,910.5	193	.0257	120
1926	8,644.8	211	.0234	109
1927	7,352.3	179	.0285	133
1928	6,560.7	160	.0243	113
1929	8,346.2	203	.0191	89
1930	5,386.5	131	.0144	67
1931	4,707.8	115	.0133	62
1932	3,850.6	94	.0102	47
1933	3,274.1	80	.0124	58
1934	3,780.5	92	.0148	69
1935	4,100.5	100	.0199	93
1936	4,027.6	98	.0244	113
1937	4,453.8	109	.0240	112
1938	4,038.6	98	.0197	92
1939	3,901.9	95	.0192	89
1935-39 average	4,204.5	100	.0215	100
1946	5,312.7	129	.0371	173
1947	8,329.3	203	.0493	229
1948	5,914.9	144	.0490	228
1949	6,400.8	156	.0502	233

Source: Data prepared for ECLA by Office of International Trade, United States Department of Commerce.

of prices was very much more pronounced in the case of sugar; and the unit values of aggregate imports were relatively better sustained during the 1920's and early 1930's. Similarly, the recovery of sugar prices after the depth of the depression was much more marked than in the case of aggregate imports. In recent post-war years prices both of aggregate United States imports and sugar imports have risen to levels substantially higher than pre-war, with sugar tending to be stabilised at a somewhat lower level. Since 1900, therefore, exchange earnings from sugar have been considerably more erratic than Latin American earnings in the aggregate. However, since the middle 1930's, the fluctuations have been less sharp, as indicated more fully below.

It is of interest to compare the course of United States imports of sugar and coffee, which have together accounted for 40 to 50 per cent of total United States imports from Latin America since the beginning of the century. During the first decade of the century, coffee accounted for 26.7 per cent of the total and sugar for 22.8 per cent. Imports of these commodities followed similar upward trends to the end of the 1920's, although their relative importance was reversed to a slight degree during the 1920's. In that decade sugar increased to 26.4 per cent of the total, while coffee declined to 24 per cent. Thereafter, and particularly up to the Second World War, coffee imports continued to increase while sugar imports dropped sharply. Since 1930 coffee has accounted for about 30 per cent of the total and sugar for only about 15 per cent. This ratio has persisted into the present post-war period. Part of the explanation for these divergent movements is to be found in the competition offered Latin American sugar by production in the United States and its territories.

Per capita consumption of sugar in the United States has increased since the beginning of the century, but to a much smaller extent than the consumption of coffee. In recent post-war years, per capita sugar consumption was about one third greater than in the early years of the century, whereas coffee consumption had doubled.

/(See Table 17).

Table 17 United States: Sugar: Indices of Quantities of Imports from Latin America, of domestic production plus imports from Insular areas, of apparent consumption per capita, and of real gross national product. (1935-1939 = 100).

	Imports of Cane Sugar From Latin America <u>a/</u>	Domestic Production Plus Imports From Insular Areas <u>b/</u>	Apparent Consumption Per Capita		Gross National Product <u>e/</u> (constant dollars)
			<u>IC/</u>	<u>II d/</u>	
1900	33	17	72	N.A.	34
1899-1908	59	24	71 <u>f/</u>	N.A.	40
1919	165	40	N.S.S.	89	74
1920	163	52	94	88	70
1921	136	59	N.S.S.	90	65
1922	223	48	N.S.S.	107	72
1923	175	51	N.S.S.	93	83
1924	185	62	N.S.S.	102	84
1925	193	66	109	107	88
1926	211	58	N.S.S.	107	92
1927	179	70	102	105	93
1928	160	69	114	106	96
1929	203	79	107	99	103
1930	131	88	104	113	93
1931	115	90	107	103	86
1932	94	102	101	97	72
1933	80	112	98	96	72
1934	92	81	105	96	81
1935	100	92	103	99	88
1936	98	99	102	100	100
1937	109	97	92	99	105
1938	98	109	96	98	100
1935-1939	100	100	100	100	100
1946	129	73	88	77	169
1947	203	86	97	94	170
1948	144	83	N.A.	99	176
1949	156	97	N.A.	99	173

a/ Compiled for ECLA by Office of International Trade, U.S. Department of Commerce.

b/ 1900-1947: Derived from data in Statistical Abstract of the U.S. "Insular areas" include Hawaii, Puerto Rico, Philippines and Virgin Islands.

1948-1949: Derived from data obtained directly from Sugar Branch, Production and Marketing Administration, U.S. Department of Agriculture.

c/ Derived from data in Statistical Abstract of the U.S. Apparent consumption takes into account changes in stocks beginning in 1919.

d/ Derived from data in U.S. Department of Agriculture, Consumption of Food in the U.S. 1909-48 and Supplement for 1949. Data are for per capita consumption in terms of refined sugar, primary distribution weight.

e/ See Footnote b, Table 3.

f/ Average for 1900-1904; figure for 1905 is 76.1

Note: N.A. = Not Available N.S.S. = Not Shown Separately

(See Table 17). Furthermore, virtually all the increase in the case of sugar had been attained by the middle 1920's; consumption per capita since then has been relatively stationary, despite continued growth in levels of real income in the United States. The capacity of the United States to increase imports of sugar from Latin America, relative to coffee, therefore, appears to have been adversely affected, not only by the competitive factor, as suggested above, but also by the relative stability of levels of consumption.

The increase in per capita consumption from the beginning of the century to the middle 1920's was paralleled by the growth of real income. (See Chart E). There was, however, a proportionately greater increase of income than of sugar consumption. Similarly, the level of sugar consumption remained relatively constant during the period of declining incomes during the 1930's. The stability of consumption relative to income was also indicated in recent years, when the large increase in income did not result in an appreciable change in per capita consumption.

The United States sugar market has been supplied by domestic production, by imports from territories, and by imports from foreign countries. The division among these three sources has been determined primarily by United States government policy. As has been historically true for most major consuming countries, the United States market for sugar has been governed by a system of preferences. Duty-free entry of sugar has been accorded Hawaii and Puerto Rico throughout the twentieth century, and extended to the Philippines and the Virgin Islands since the First World War. Cuba, which has supplied virtually all of Latin American and other non-territorial sugar exports to the United States, has enjoyed a tariff preference of at least twenty per cent since 1902. Since 1934, the impact of the tariff as a means of allocating the market has been minimized, however, as a result of adoption of the policy of direct allocations.

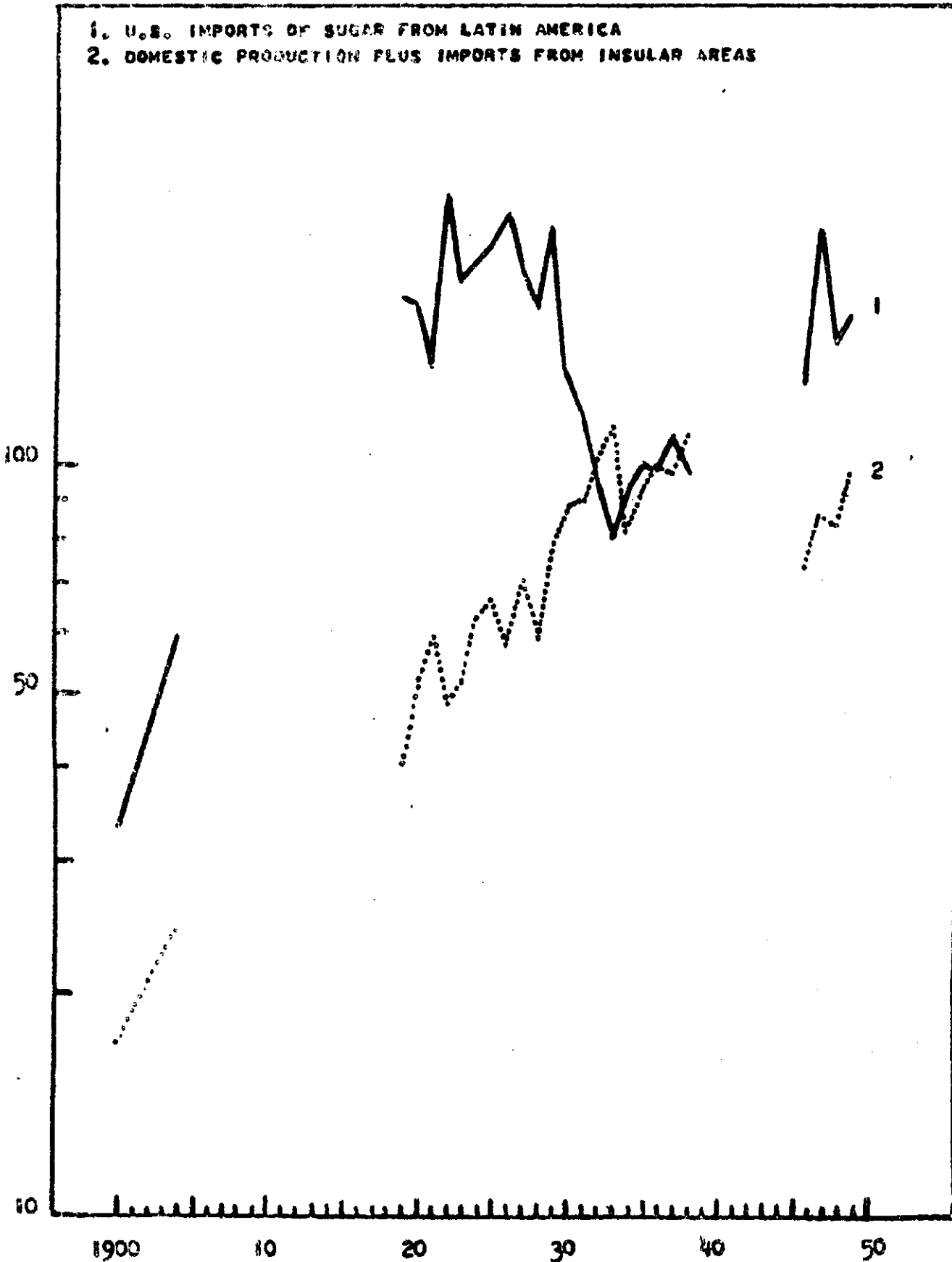
From the beginning of the century to the end of the 1920's, with moderate tariff rates, duty-free entry for territorial imports, and the Cuban preference, the several major supplying sources reacted as follows:

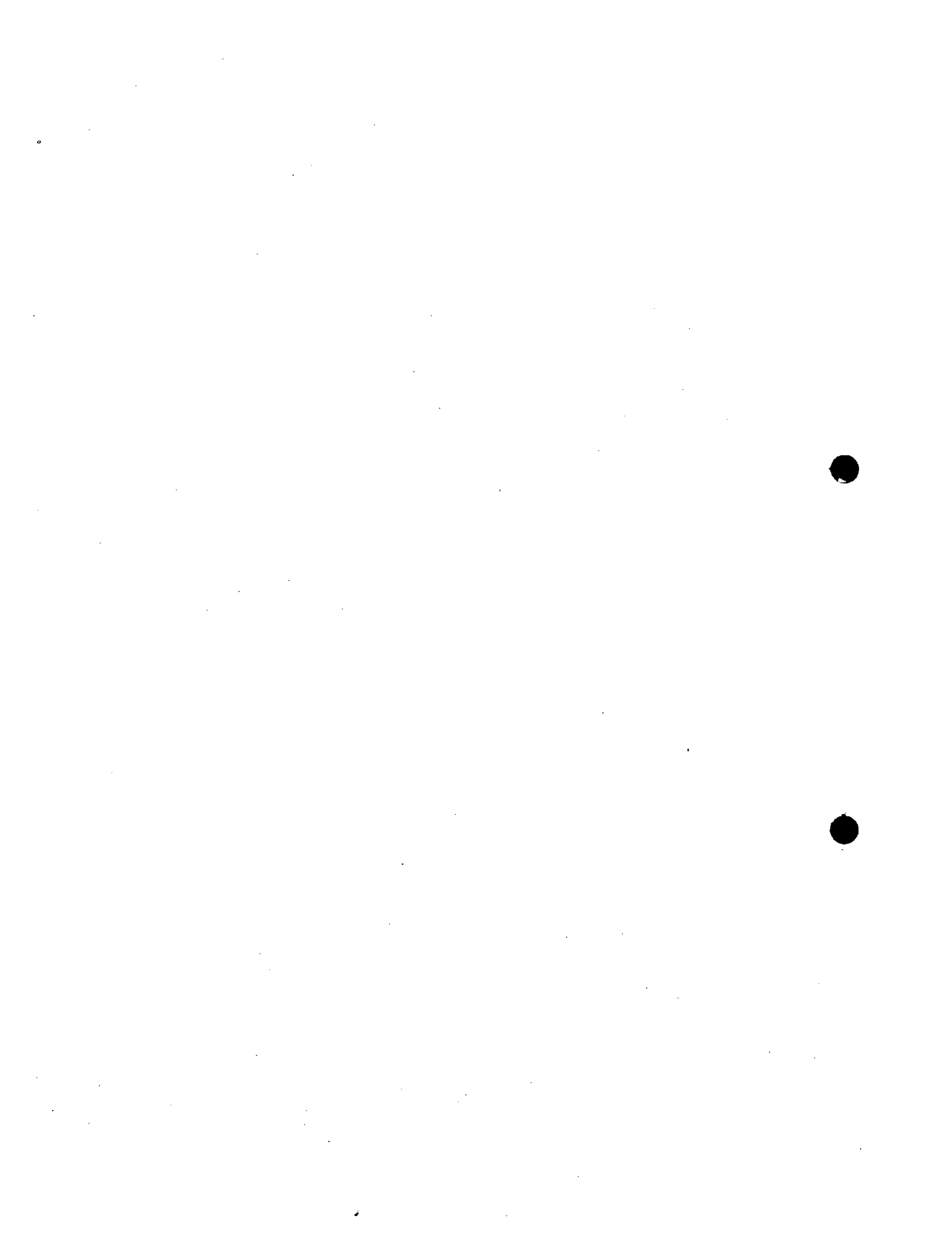
UNITED STATES

IMPORTS OF SUGAR FROM LATIN AMERICA AND DOMESTIC PRODUCTION
PLUS IMPORTS FROM INSULAR AREAS

INDEXES OF QUANTITIES, 1935/39 = 100

SEMI-LOGARITHMIC SCALE





follows: domestic production as a source remained relatively constant, accounting for 20 to 25 per cent of consumption; the proportion supplied by the territories almost doubled, rising from 17 per cent in 1900-1904 to 30 per cent in 1925-1929. Although imports from Latin America increased absolutely, as previously noted, they declined proportionately by almost the same amount as the territories gained.

The violent price fluctuations affecting sugar imports from Latin America during the 1920's occurred, not because of any corresponding fluctuations in the level of economic activity in the United States, but because of factors influencing the movement of world sugar prices. World production increased during the decade by about 50 per cent, and prices fell drastically from the peak attained at the beginning of the period, largely as a result of the highly inelastic nature of demand for this product. The average price of imports from Latin America in 1925-1929 was about one fifth the peak price of 1920; while at the same time the volume of imports had increased only by about 15 per cent. The dollar-earning capacity of Cuba, therefore, was seriously impaired even before the onset of the world depression of the early thirties.

In 1930 the United States increased its import duties on sugar by about 10 to 15 per cent, although the Cuban preferential of 20 per cent was retained. In 1934 the duties, both general and Cuban preferential, were reduced by 25 per cent following replacement of the tariff by a system of allocations. During that same year the Cuban duty was reduced by an additional 40 per cent through the United States-Cuban Reciprocal Trade Agreement, thereby increasing the margin of preference to 52 per cent. The allocations system was imposed to improve the price position of domestic producers as well as to stabilise the relative shares of the market supplied by foreign and domestic producers.

Quotas for Cuba were based on the quantities entered during the years 1931-33, when imports from Cuba were low compared with the twenties and earlier periods. Cuba's share of the market had

/declined after

declined after the twenties relative to the territories partly as a result of the increase of duties in 1930 noted above, which had the effect of increasing the margin of preference for duty-free territorial imports. On the other hand, the quota system definitely stimulated prices. During the period 1934-39, when the quota system was in effect, the price of quota sugars at New York averaged 75 per cent higher than the price (exclusive of duties) of non-quota sugars at London, converted to a New York basis.^{1/} Furthermore, the extent to which this favourable price could be enjoyed by Cuban producers was enhanced by the reduction in the duty brought about by the United States-Cuban Reciprocal Trade Agreement. Thus, although the quantity of Latin American sugar imported into the United States averaged 47 per cent lower in 1935-1939 than in 1925-1929, average prices dropped by only 12 per cent despite the depression. While the quota system kept the volume of imports from Cuba at a lower level than in earlier periods, it resulted in prices substantially higher than the world level.

United States quota restrictions were suspended during the Second World War with the shift from a surplus to a deficit position in sugar, largely as a result of the loss of imports from the Philippines. Imports from Cuba responded by increasing by some 70 per cent in the period 1943-1947 as compared with pre-war. Quotas were re-imposed in 1948 with an improvement in the supply situation, and imports from Latin America in 1948-1949 averaged about one fourth less than the high volume achieved in 1947. Imports from the area, however, were 50 per cent greater than in 1935-1939.

Under the United States Sugar Act of 1948^{2/} 98.64 per cent of United States sugar requirements in excess of the domestic, territorial and Philippine quotas is allotted to Cuba. Furthermore, Cuba is allowed to supply 95 per cent of the amounts by which the Philippines fail to meet their quota, as well as portions of other unfilled quotas. Quotas for domestic, territorial and Philippine

^{1/} United States Tariff Commission, Summaries of Tariff Information, Vol. 5, Sugar, Molasses and Manufactures, p. 8, Washington, 1948.

^{2/} Effective for five years, beginning 1 January 1948:

/producers are set

to relatively small quantities.^{1/} Cuba, therefore, is strictly limited in the extent to which it can refine sugar and market the processed product in the United States.

United States imports of sugar from Latin America are thus affected primarily by governmental intervention in the trade. Virtually all of Latin America's participation is limited by direct allocation to Cuba. The magnitude of such allocations can vary only as total United States requirements vary and, under abnormal circumstances, as quotas fail to be filled by domestic, territorial and Philippine producers. Total normal requirements are not likely to vary by any appreciable margin in view of the highly stable nature of demand. It may be noted, however, that the policy of direct allocations affords certain guarantees as well as upper limits to the expansion of imports from Latin America. Aside from the minimum quantity participation assured as an inherent element in the programme, it affords the additional guarantee of relative price stability.

Cacao Beans

United States imports of cacao beans from Latin America have increased steadily in volume since 1900. From an annual average of some 60 million pounds during the first decade of the century, imports of this item had increased almost fourfold by the twenties and almost fivefold by the thirties. Average imports during 1946-49, however, were no greater than in the period 1935-39.

United States imports of cacao beans from the beginning of the century to the outbreak of the Second World War increased to a greater extent than the volume of aggregate imports from Latin America. (See Appendix). During the inter-war period, in particular, imports of cacao beans increased by about one third, largely as a result of an upward trend during the 1930's. Aggregate imports, on the other hand, exhibited no definite trend during this period, although they were subject to considerably greater fluctuations. Especially

^{1/} The quantities fixed in the 1948 Sugar Act are: 375,000 short tons from Cuba; 59,920 tons from the Philippines; 126,033 tons from Puerto Rico; and 29,616 tons from Hawaii. These quotas are about the same as in the 1934 and 1937 Acts. See United States Tariff Commission, op. cit., p. 15.

notable is the sharp downturn from the late 1920's to the early 1930's. In recent post-war years, on the other hand, imports of cacao beans have failed to share in the response of aggregate imports to the higher levels of economic activity in the United States.

Variations in cacao bean import prices have been substantially greater than for the aggregate, although in most periods they have been well above the level of aggregate import prices.

Although imports of cacao beans from Latin America have increased with the growth of the United States economy, the percentage of total United States imports supplied by Latin America has steadily declined. As indicated below, the proportion of total United States imports supplied by Latin America since the early part of the century has declined from about three fourths to somewhat less than half.

Table 19 Percentages of Total United States Imports of Cacao Beans, by Volume, Supplied by Latin America

Periods averaged:

1909-1913	74.9
1919-1923	66.5
1924-1928	56.7
1929-1933	56.6
1934-1938	53.6
1946-1949	46.9

Source: Derived from data in Table 10 and United States Department of Agriculture, Supplement for 1949 to Consumption of Food in the United States 1909-48, p. 39. In the derivation of these percentages, the data used for total imports include the cacao bean equivalent of processed products while those for imports from Latin America do not. The difference is of no practical importance, however, since imports of processed products have not been large enough to affect the percentages appreciably.

The most important area of competition with Latin America has been Western Equatorial Africa.^{1/} Demand factors in the United

^{1/} The leading African producing areas are the Gold Coast, Nigeria, the Ivory Coast, and the French Cameroons.

/States have had

States have had much the same impact on both areas, with imports entering free of duty, and with no persistent preferential arrangements in either area by the major United States purchasers.

Prior to 1900 most of the world's supply was produced in Latin America, but since the beginning of the century production in Africa has expanded more rapidly than in Latin America. The present ratio is almost 2 to 1 in favour of Africa, possibly indicating more favourable growing conditions and lower costs in Africa. Whereas cacao has been a relatively important cash crop in Africa, it has had to compete in Latin America with other more important commodities, such as coffee and petroleum.^{1/} It may be noted that in recent post-war years Africa has had to turn increasingly to the United States market because of the limited recovery of European markets. With the improvement of these markets, the relative competitive positions of the two areas in the United States market may return to that prevailing immediately before the Second World War.

A fairly close degree of correspondence may be noted between per capita consumption of cacao beans and the course of real incomes in the United States throughout most of the period under review, with the exception of recent post-war years. (See Chart F). No close correspondence was apparent between the volume of imports and prices. (See Appendix). These relationships suggest that, over the long run, the movement of real income appears to be more important than price in determining the level of consumption.^{2/}

^{1/} Cacao has accounted for less than five per cent of the total value of United States imports from Latin America since 1900.

^{2/} Although there is less evidence in the case of cacao beans than in coffee of a tendency over short periods for price movements to offset income changes in their effects on consumption, a similar offsetting effect may have occurred in the case of this commodity. cf. section on "Coffee", p. 6.

/The extent of

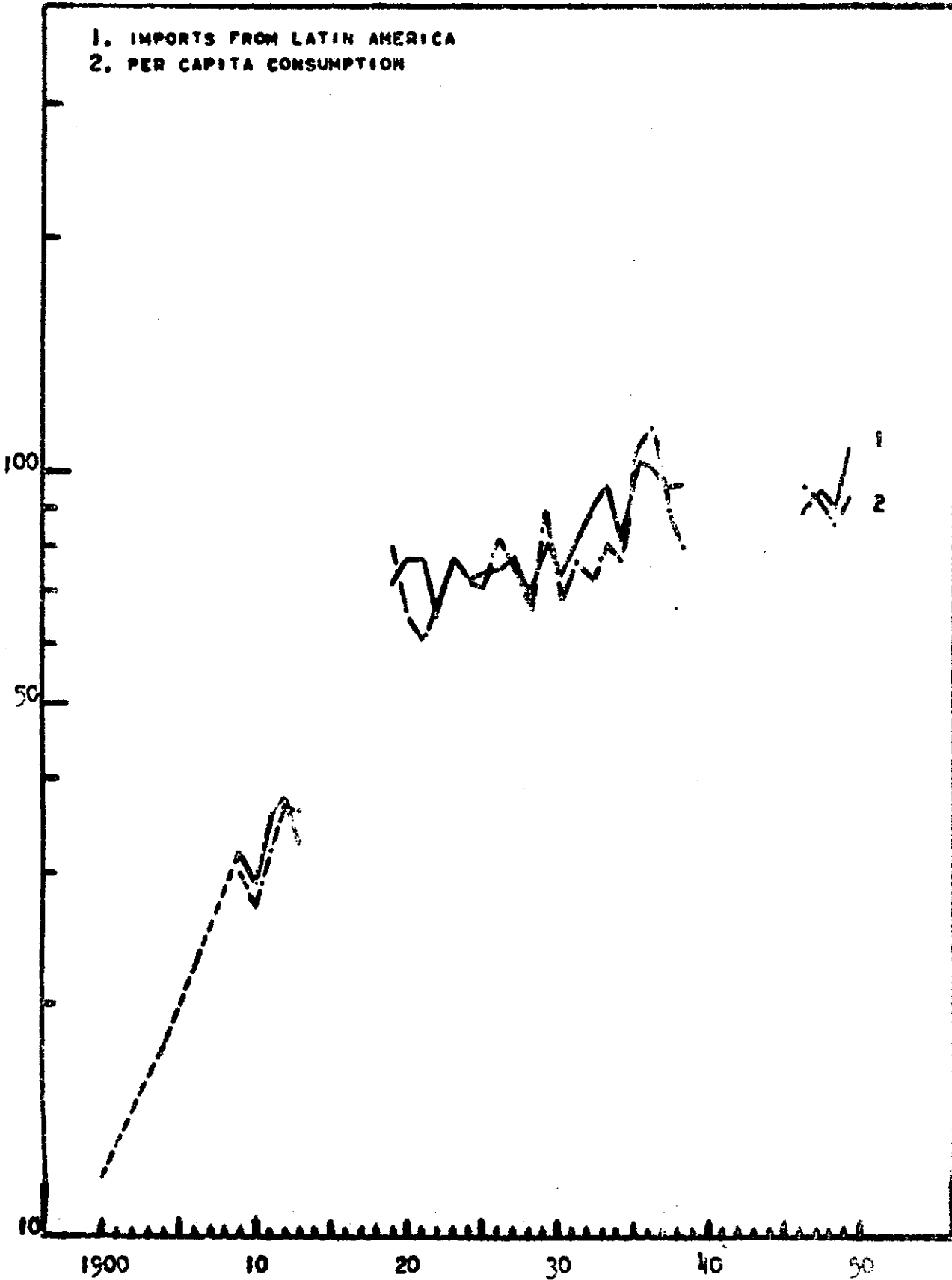
CHART 4

UNITED STATES

CACAO BEANS: INDEXES OF QUANTITIES OF IMPORTS FROM LATIN AMERICA
AND OF PER CAPITA CONSUMPTION

1935/39 = 100

SEMI-LOGARITHMIC SCALE





The extent of price elasticity of demand for this commodity is indicated below. Drastic declines in prices were accompanied by a limited increase in import volume during certain periods of contraction in United States economic activity.

Table 20 Percentage Change in Unit Values and Quantities of United States Imports of Cacao Beans from Latin America

<u>From</u>	<u>To</u>	<u>Unit Values</u>	<u>Quantities</u>
1920	1921	-51.9	0
1927	1933	-71.7	23.1
1937	1938	-42.6	1.1
1948	1949	-48.6	18.9

Source: Derived from data in Table 10.

This moderate degree of price elasticity is apparent also in periods of upturn. The value of United States cacao imports from Latin America between 1946-1949 were on the average about four times higher than in the years 1935-1939, while volume fell only some five per cent.

During 1946-1949, as may be noted in Chart F, there was a large spread between income and consumption compared to pre-war. This may have been attributable, however, to shortages of supply rather than to demand factors.^{1/} In view of the close correspondence between incomes and consumption in past periods, it appeared likely that post-war consumption might expand as Latin America's supply position improved. This occurred to some extent during 1950. The United States Department of Agriculture estimate of per capita consumption of 4.5 pounds for that period was about ten per cent higher than the 1946-1949 average.^{2/} It was expected, moreover, that consumption would increase substantially in 1951 because of accelerated purchases for the armed forces.

^{1/} Allocations by the International Emergency Food Committee were in effect until June 1949.

^{2/} Bureau of Agricultural Economics.

The capacity of the United States to absorb increasing quantities of cacao beans from Latin America at remunerative prices thus appears to be favourable over the long run on the assumption of the maintenance of high and expanding levels of economic activity in that country. Demand in the United States for the processed products of the cacao bean has increased as the level of income has grown, and there appears to be room for considerable expansion of demand in the future. Price fluctuations have had only limited effects on consumption. Furthermore, a continued revival of European markets is likely to provide the opportunity for Latin America to expand its share of the market in the United States.

Bananas

United States banana consumption has been supplied almost entirely by the Republics of Latin America, with minor quantities coming from European tropical possessions in the Western Hemisphere. The salient feature of this trade, by contrast with the other major foodstuffs imported from Latin America, is the fact that the trend of per capita consumption in the United States has remained relatively stationary. Imports have thus merely kept pace with the growth of population. During the five-year period immediately before the First World War, 1909-1913, per capita consumption was 21.7 pounds, while in 1935-1939 it amounted to 23.6 pounds, an increase of less than ten per cent. In recent post-war years per capita consumption averaged 18.4 pounds, compared to 19.1 pounds in 1919-1922. From the viewpoint of recent demand, therefore, the trend appears to be slightly downward.

Considering the inter-war period alone, there was a slight upward trend of per capita consumption, accompanied by a steep downward movement in the trend of retail banana prices. (See Chart G). Income changes apparently exerted a more important effect on consumption than prices. From 1929 to 1933, for example, consumption declined sharply despite an equally severe decline in retail prices. From 1946 to 1949 consumption increased moderately as supplies became more plentiful, despite a rise in prices beyond all previous levels, again indicating the more significant influence of income.

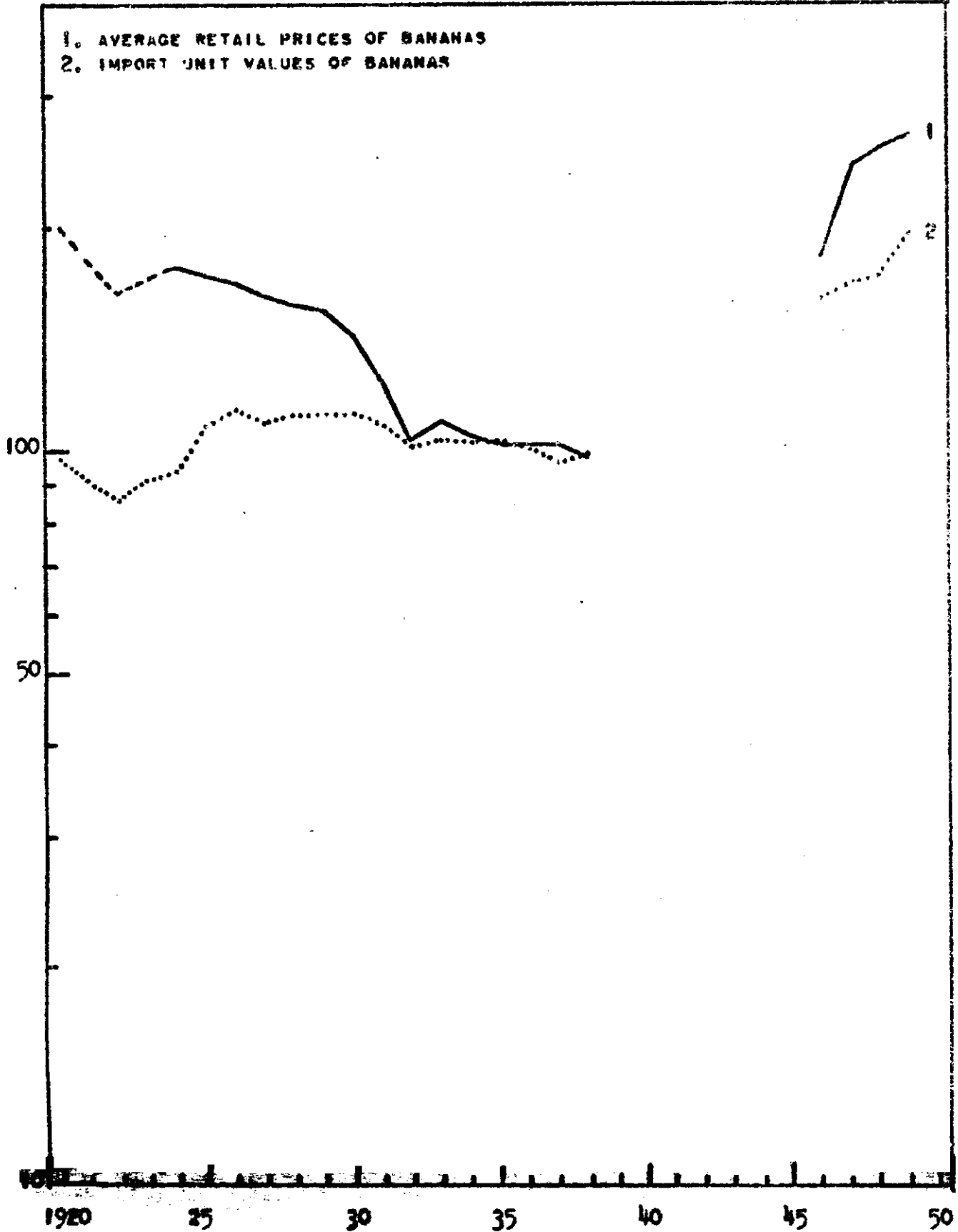
/In comparing

UNITED STATES

BANANAS: INDEXES OF AVERAGE RETAIL PRICES AND IMPORTS UNIT VALUES

1935/39 = 100

SEMI-LOGARITHMIC SCALE





In comparing the volume of banana consumption and prices with aggregate United States imports from Latin America, the following may be noted: during the inter-war period, changes in banana consumption conformed closely to changes in the volume of aggregate imports from Latin America, although aggregate import prices fluctuated somewhat more than did banana prices; from 1946 to 1949 price movements were similar, but the volume of banana consumption fell relative to pre-war at the same time that the volume of aggregate imports increased substantially; bananas have thus come to represent a much smaller proportion of total imports from Latin America, accounting for about two per cent of the total in 1946-1949 compared to some six per cent in the 1930's.

Dollar earnings from bananas have shown greater stability than earnings from aggregate Latin American exports to the United States. This assumes that the benefits of relatively greater price stability, made possible in part by the degree of concentration in the banana trade, have been passed on to the producing countries. It is difficult, however, to establish these conclusions from the available data on banana imports into the United States. As indicated in Chart G, there has been no correspondence until recent years between the import prices and average retail prices of bananas. This apparently reflects the fact that the bulk of the trade is carried on by companies involved both in exportation from Latin America and importation into the United States; declared import prices have thus not necessarily reflected either dollar exchange accruing to the producing countries or banana prices in the consuming country.

The declining relative importance of bananas, particularly in recent years, appears to have been affected on the supply side by plant diseases and, to some extent, by development of other crops, such as abaca and oil palms, and on the demand side by increasing diversion of consumers' expenditures to related products, especially canned fruits. It may be noted from Chart G that, as real incomes in the United States have grown, per capita consumption of bananas, and indeed of all fresh fruits, has failed to keep pace. Although fresh fruits as a group have fared better in the recent post-war period than bananas, the trends for both over the entire period have been relatively stationary. Per capita consumption of canned fruits, on the other hand, has recently been six or seven times higher than before the First World War. Thus, aside from supply conditions, there appears to have been a decided change in consumer tastes in the United States limiting banana consumption as compared with competing products. It appears likely that this tendency will persist as incomes and the variety of competing products grow.

II. TRADITIONAL MINERAL EXPORTS

Copper

United States imports of copper from Latin America have consistently averaged some five to seven per cent of the aggregate value of United States imports from this area since the turn of the century. The principal foreign exchange return to Latin America has come increasingly from exports of semi-manufactured as against crude copper. While crude copper imports from Latin America doubled between 1900 and 1937, the volume of refined copper imported from Latin America increased nearly thirteenfold. (See Table 21). However, United States copper imports have not fully reflected United States requirements for domestic consumption. Even before the imposition of the excise tax in the early thirties the United States was on a net export basis with respect to copper. Thereafter foreign copper entered mainly under bond for re-export.^{1/} Copper imports therefore have had a varying relationship to United States domestic consumption and industrial activity in different periods. Only after World War II did the United States become a net importer of copper.^{2/}

^{1/} Following imposition in 1932 of the excise tax, amounting to four cents per pound, copper imports from Latin America went almost entirely into re-exports to Europe and the bulk of Latin American copper exports were thus dependent on the European market. The tax was reduced from four to two cents per pound under the Geneva Agreement effective March 16, 1949, but remained suspended from April 30, 1947 to June 30, 1950. In the 13-year period 1935-1947 the quantity of copper imported for consumption amounted to about seven per cent of total imports.

^{2/} The United States was also on a net import basis in the years 1929-32.

Table 21 United States imports of copper from Latin America: quantities and unit values, 1899 - 1949

	Quantity Indexes (1935-39=100)		Unit Value Indexes 1935-39=100	
	Crude	Semimanufactured	Crude	Semimanufactured
1899	49	7	100	109
1900	56	9	85	141
1901	203	7	161	151
1902	290	10	164	140
1903	-	37	-	131
1904	51	35	152	132
1905	100	35	151	139
1906	135	35	168	158
1907	146	36	178	198
1908	104	26	181	176
1909	135	38	140	138
1910	161	43	141	134
1911	158	49	128	130
1912	136	64	134	138
1913	137	65	170	161
1914	172	57	161	156
1919	192	107	239	226
1920	223	109	237	204
1921	245	68	180	139
1922	290	95	144	140
1923	365	133	170	157
1924	345	142	149	139
1925	347	104	157	142
1926	263	130	154	142
1927	355	121	146	129
1928	281	136	151	138
1929	302	191	177	176
1930	281	134	135	133
1931	220	113	97	90
1932	97	73	68	65
1933	122	60	69	64
1934	88	94	73	75
1935	106	106	85	75
1936	128	81	88	89
1937	118	116	124	129
1938	86	94	103	98
1939	62	102	102	105
1946	154	179	143	133
1947	364	226	243	212
1948	279	253	239	229
1949	456	229	234	213

Source: Data prepared for ECLA by Office of International Trade, United States Department of Commerce.

Table 22. Copper Imports from Latin America as a Percentage of Total United States Imports from Latin America by Value

	<u>Per cent</u>
1900-1909	5.9
1911-1914	6.7
1920-1929	6.6
1930-1939	5.7
1946-1949	6.2

Source: Table V, Appendix of Part A.

Until World War I the growth of United States domestic copper production^{1/} exceeded that of manufacturing output, while the trend of imports from Latin America also showed an uneven but rapid rate of increase. During the twenties the rate of increase of domestic copper output and imports of copper from Latin America (in semi-manufactured form) was similarly greater than that of United States manufacturing output. This occurred in large part as a result of the rise in United States consumer durables output requiring increasing amounts of copper components. (See Chart H).

Domestic copper output exhibited sharper fluctuations than did imports from Latin America in periods of recession during the inter-war period. While these fluctuations reflect declines in copper imports for re-export purposes as well as in domestic uses, the cyclical behaviour of copper imports may be indicative of the long-run relative competitive positions of imported and domestic copper.

^{1/} Domestic copper production refers throughout to smelter output from domestic ores.

UNITED STATES

UNITED STATES IMPORTS OF COPPER FROM LATIN AMERICA AND
MANUFACTURING PRODUCTION

1935/39 = 100

SEMI-LOGARITHMIC SCALE

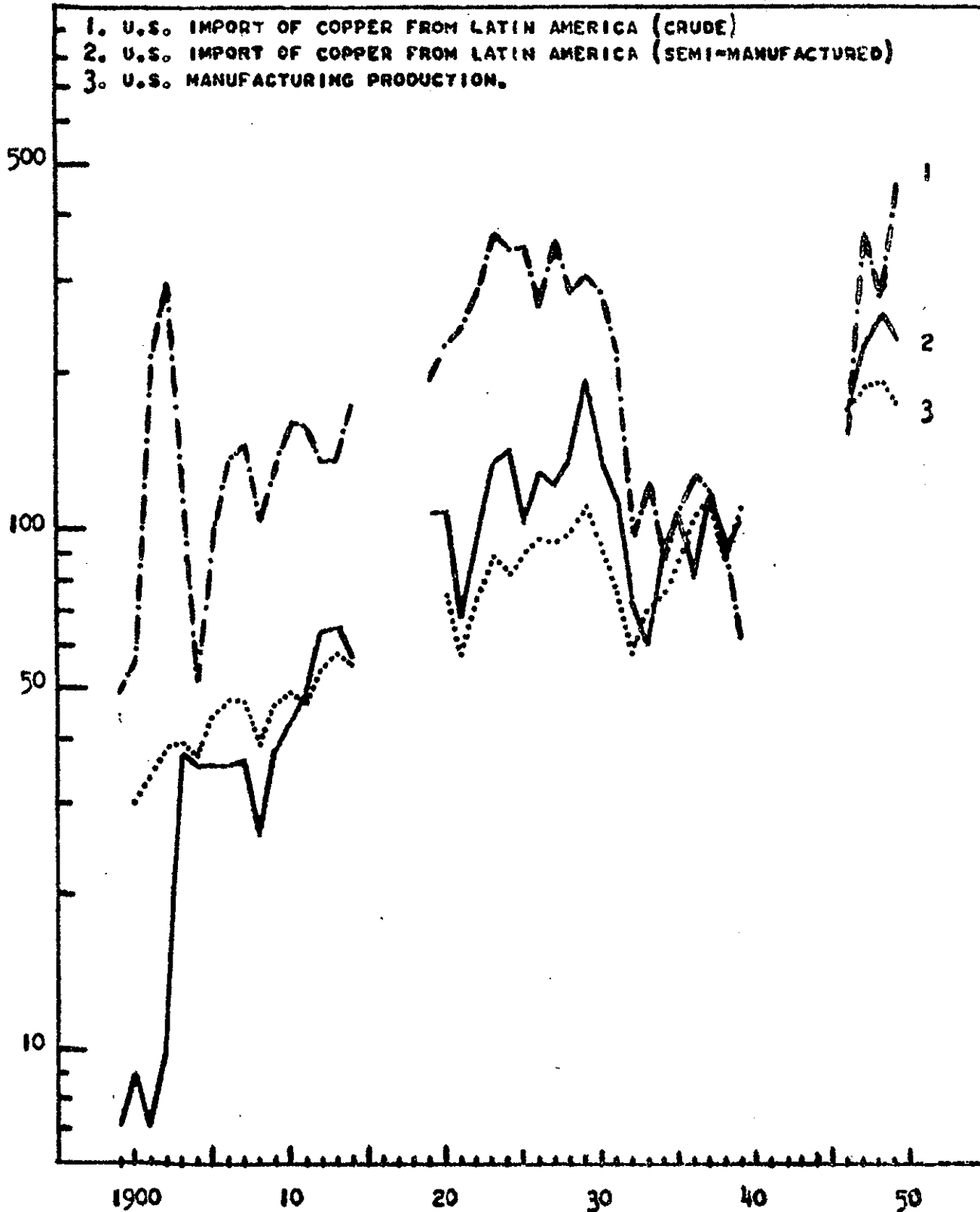




Table 23. United States Imports and Production of Copper

	<u>Imports from Latin America</u>		<u>Total Imports</u>		<u>Domestic Production</u>	
	<u>% Value Change</u>	<u>% Volume Change</u>	<u>% Value Change</u>	<u>% Volume Change</u>	<u>% Value Change</u>	<u>% Volume Change</u>
1907-08	-32	-28	-49	-28	-28	9
1920-21	-50	-29	-85	-60	-71	-58
1929-32	-86	-63	-28	-10	-90	-73
1937-38	-40	-20	-9	-10	-45	-33
1948-49	-9	-2	n.a.	n.a.	-16	-11

Source: United States Department of Commerce, Statistical Abstract of the United States and unpublished data of the Commerce Department.

Note: n.a. = not available.

This difference in amplitude of cyclical fluctuations is probably explained by the fact that costs of production in the case of United States domestic ores have risen progressively since the early 1900's because of a decline in grade and difficulty of access to domestic ore.^{1/} Domestic production tends to become profitable, and tends to expand relative to imported copper, when prices rise, but shows a tendency to fall off more sharply than the volume of imports as prices decline in relation to cost at times of cyclical downturn.

The level of United States industrial activity is the main factor determining United States demand for copper imports. Imports rise only moderately as United States copper production recovers from low levels of industrial activity and tend to rise substantially at peak levels of United States economic activity when, as in 1929 and the present post-war period, United States copper production is not sufficient to meet internal requirements. United States copper

^{1/} Over one half the copper mined in the United States is obtained from large open cuts by highly mechanised mining methods from ores assaying on the average less than one per cent copper content. Copper from such low grade deposits can be mined economically only through the use of large-scale mass production methods requiring sizeable capital outlays.

imports thus occupy a marginal position in the United States market, with the demand being determined mainly by the spread between consumption and United States domestic copper production. This is evident in part from the sharp fluctuations of United States imports from Latin America. (See Appendix).

Periods of recession in the United States economy were accompanied by sharp declines in the prices of copper imports and in dollar earnings by Latin America from this commodity. There was little apparent relationship between price and quantity changes in the case of imported copper during the inter-war period. Prices, in fact, moved in the same direction and rose or fell practically in the same proportion as the quantity of imports except for the periods 1924-1926 and 1933-1936.

Copper imports from Latin America have consistently amounted to two thirds or more of the total volume of copper imports by the United States. With United States smelter production declining from some 51 per cent of world production in 1925-1929 to 29-35 per cent in 1945-1948, Latin American producers in the future should find a favourable market for copper exports in the United States. (See Table 24). As United States reserves decline and United States copper consumption expands, the United States should become a consistent net importer over the long run, removing imported copper from its previously marginal position. The share of this market which might be obtained by Latin America depends on several factors.

Growing competition between Latin America and other areas, notably Canada, Rhodesia and the Belgian Congo, may take several different forms. Increasing African production may be expected to reduce pre-war markets in Europe for United States re-exports of processed copper originating in crude or semi-finished form in Latin America.

Table 24. United States copper imports, production and durables output
(thousands of short tons or per cent)

	<u>U.S. Imports</u>			<u>U.S. Smelter Production</u>		<u>Durables Output</u>
	<u>Total</u>	<u>From Latin America</u>	<u>% of Total</u>	<u>Total</u>	<u>Ratio of Latin American Imports</u>	<u>1935-1939=100</u>
1900		21		303	7.0	
1905		66		445	14.8	
1910	175	87	49.7	540	16.1	
1913	189	115	60.8	612	18.8	
1920	243	192	79.0	605	31.7	
1922	271	181	66.9	475	38.1	
1924	338	257	67.2	817	31.5	95
1926	390	228	58.5	870	26.2	114
1928	394	239	60.7	913	26.2	117
1929	487	322	66.1	1001	32.2	132
1930	409	237	57.9	697	34.0	98
1931	293	197	67.2	521	37.8	67
1932	196	121	61.7	272	53.3	41
1933	127	106	83.8	225	47.1	54
1934	200	150	75.0	244	61.5	65
1935	241	171	70.9	381	44.9	83
1936	184	137	74.8	611	22.4	108
1937	228	187	82.2	835	22.4	122
1938	206	149	72.4	562	26.5	78
1939	231	157	68.3	713	22.2	109
1946	355	284	80.1	600	47.3	192
1947	453	383	84.6	863	44.3	220
1948	569	401	85.2	843	41.8	225
1949	490	410	70.0	758	53.0	202

Source: United States Department of Commerce, Statistical Abstract of the United States and data prepared for ECLA by Office of International Trade, United States Department of Commerce. Durables Output from Federal Reserve Index of Production, October 1943 and Supplement, April, 1950.

Table 25. Copper - Percentage of World Smelter Production

	<u>1929</u>	<u>1938</u>	<u>1948</u>
Latin America	24.5	20.2	20.8
Canada	5.7	10.6	8.2
N. Rhodesia)	10.6	9.3
Belgian Congo) 8.1	6.1	6.6

Source: United States Department of the Interior, Bureau of Mines, Minerals Yearbook.

The dollar shortage has perhaps been a contributing factor in the expansion of African copper production; and, unless price differentials favour Latin America, African production for export to Europe will probably continue to expand at the expense of Latin American producers. Shorter transport hauls are also likely to favour African exports in this connection. Canadian exports will face much the same position in the United States market as Latin American copper, namely dependence on an active United States export industry as well as high United States levels of economic activity.

At moderate or depressed levels of United States economic activity, efforts to limit United States copper imports may be expected in view of a more limited demand for copper products at such times and the depressing effect of imports on domestic copper prices. In addition, the high cost of United States domestic copper production, in large part due to the pressure on available resources and the low grade of recoverable ore, and the severe impact of United States recessions on the industry, has contributed to a strong protectionist attitude on the part of the domestic copper industry. Advances in productivity in United States copper mining have been sporadic. There were no advances in United States mining technology between 1890 and 1920; and it may be noted that restrictions on copper imports were imposed for the first time in

/in 1932

in 1932 following major advances in productivity during the twenties.^{1/} In spite of improvements in technology and productivity, the grade of United States ore continued to decline during the thirties. Because of its strategic position, the domestic copper industry will probably continue to receive restrictions on imports should United States economic activity decline from peak levels.^{2/}

The relative demand for copper in United States production has evidently not been affected as yet by the growth of aluminium capacity in the United States or in other countries. However, electric cable and electrical manufactures, representing end uses in which aluminium can be substituted for copper, consume some fifty per cent of total refined copper from all sources in the United States.

Table 26. Distribution of Copper Consumed in the United States
1935-1940

	<u>Per cent</u>
Light and power lines, telephones and telegraphs, and other electrical wire	26
Electrical manufactures (generators, motors, electric locomotives, switchboards, etc.)	25
Automobiles (excluding starters, generators and ignition equipment)	13
Buildings (excluding electrical work)	11
Castings (bearings, bushings, valves, and fittings)	5
Radio receiving sets	3
Ammunition	2
Wire cloth, heating radiators, air-conditioning	2
All other	<u>13</u>
	100

Source: United States Tariff Commission, Summaries of Tariff Information, Vol. 3, Part 5, p. 46. Washington, 1948.

^{1/} United States copper reserves in 1944 were estimated at 20 million tons of recoverable copper, including reserves likely to be exploited only at premium prices. Estimated production could be maintained at the peak rate of one million tons per year for ten years after which output would decline gradually to exhaustion. Sub-marginal deposits have been estimated at ten million tons of copper.

^{2/} This applies to the independent United States copper producers since the large integrated producers have important subsidiaries abroad and are opposed to import restrictions. Recent consumer groups that have opposed restrictions on copper imports include the United States electrical workers union and the Revere Copper and Brass Company.

/The trend

The trend of relative prices, however, may determine the long-run demand for copper as against aluminium and this depends to some extent on the prospective supply position of aluminium. Aluminium capacity in the United States in 1950, including standby capacity, was some one million tons. At this level of capacity aluminium did not offer any real degree of competition to copper in view of extensive post-war demand for copper and aluminium products. Aluminium, furthermore, is a substitute in certain uses for several non-ferrous metals other than copper. Extensive substitution of aluminium for copper is likely to develop only if aluminium capacity is expanded substantially during the present emergency and if an over-supply of aluminium eventually develops.

In addition, stainless steel, selling at prices far less than copper, may be used to an increasing extent in place of copper for products in which resistance to corrosion is the prime consideration. Expansion of copper consumption in alloy form, other than brass, on the other hand, is likely to lead to increased consumption of copper in the future, especially as United States capacity in steel and other metals expands.

Assuming, on the basis of presently estimated reserves, that United States domestic copper production can be maintained at a peak rate of one million tons per year, United States reserves would be increasingly inadequate after some ten years to meet growing domestic consumption requirements. Even in the event of the increased use of aluminium and other substitutes, therefore, Latin America should find a definite market in the United States for its copper products. While the size of this market may come to depend on the relative prices of other metals, Latin American copper exports to the United States should be far less affected by price competition from competing products than copper produced in the United States.^{1/}

^{1/} A substantial part of estimated United States reserves, as noted previously, can be exploited only at premium prices.

Lead

The United States has typically been a net importer of lead, even though the import surplus was small prior to World War II. Virtually all United States purchases of this metal have come from Mexico, Peru, Canada and Australia, with the Latin American Republics consistently providing a major share of total imports. (See Table 27).

Prior to World War II, most United States imports of lead were not destined for final consumption within the country. Instead, foreign lead from all areas entered primarily in the form of ore and base bullion under bond for smelting, refining and export. During the 1920's, United States production of domestic ore and bullion, stimulated by high levels of industrial activity and national income, reached its highest level for the entire half century. (See Table 28), and was generally sufficient to meet the bulk of United States consumption requirements. In the 1930's, the decline in domestic production was matched by a drop in domestic consumption. Until 1940, therefore, United States imports of foreign lead were relatively small in terms of domestic United States lead production and were primarily purchased for ultimate re-export.

Since World War II, two major trends have been noticeable in total United States purchases of foreign lead. First, domestic consumption has risen sharply, even when military stockpiling is excluded, and domestic production has not kept pace with the increased demand. As a result, lead imports have reached their highest levels since 1900. Second, lead imports are now primarily destined for final consumption within the United States rather than for the export trade. This factor, combined with the growth in lead refining capacity abroad, has resulted in a preponderance of pig and bar imports rather than ore and base bullion as in the past.

United States imports of lead from Latin America have exhibited the general characteristics already outlined. In brief, when comparing post-World War II with the period prior to the war, recent United States purchases of lead from Latin America have increased

/considerably in value.

Table 27 United States Imports of Lead
(Thousands of Short Tons)

	<u>From All Areas</u>	<u>From</u>	<u>Latin</u>	<u>America</u>	<u>Column (b)</u>
	<u>Total</u>	<u>Total</u>	<u>Ore and</u>	<u>Pigs</u>	<u>Column (a)</u>
	(a)	(b)	<u>Base</u>	<u>and</u>	
			<u>Bullion</u>	<u>Bars</u>	
1920	98.5	69.5	55.9	13.6	71
1921	74.2	54.4	38.7	15.7	73
1922	77.8	72.5	69.4	3.1	93
1923	135.2	124.0	108.2	15.8	92
1924	137.7	129.6	119.9	9.7	94
1925	122.1	114.4	108.7	5.7	95
1926	146.4	139.5	130.3	9.2	95
1927	161.4	157.7	155.8	1.9	98
1928	155.1	147.8	147.2	0.6	95
1929	116.1	111.5	110.2	1.1	96
1930	78.2	59.2	59.1	0.1	76
1931	53.2	40.9	40.9	---	77
1932	34.5	16.4	16.4	---	48
1933	7.7	3.7	3.7	---	48
1934	18.6	6.8	6.8	---	37
1935	15.7	8.0	7.6	1.4	57
1936	15.4	9.7	7.7	2.0	63
1937	14.4	10.0	7.7	2.3	70
1938	38.2	23.1	21.3	1.8	61
1939	93.8	78.7	75.1	3.6	84
1946	129.6	67.6	8.8	58.8	52
1947	207.8	102.5	16.3	86.2	50
1948	289.8	138.9	19.3	119.6	48
1949	395.8	225.4	67.1	158.3	57

Sources: Column (a); Foreign Commerce and Navigation of the United States,
U.S. Department of Commerce, selected issues.

All other columns; data prepared specially for the Economic
Commission for Latin America by the U.S. Department of Commerce,
Office of International Trade.

Table 28 United States Production of Domestic Ores and Bullion; Selected

	<u>Years</u>
	(Thousand of Short Tons)
1900	260.9
1910	375.4
1920	476.8
1922	543.8
1924	566.4
1926	680.7
1928	626.2
1930	573.7
1932	248.9
1934	300.0
1936	387.7
1938	331.9
1939	421.0
1946	293.3
1947	381.1
1948	339.4
1949	404.4

Source: Minerals Yearbook, U. S. Bureau of Mines, and Statistical Abstract of the United States, U.S. Department of Commerce; selected issues.

considerably in value. In addition, they are now imported primarily in refined form rather than ore or base bullion^{1/} (see Appendix), and are destined for United States domestic consumption rather than for final export.

Prospects for increased United States lead imports from Latin America are encouraging. In 1948 and 1949, this metal provided 1.8 per cent and 2.7 per cent respectively of Latin America's total dollar earnings from the United States, the highest since the beginning of the century. During the immediate future, emergency military demands for stockpiling and current civilian usage will continue to be very heavy. (See Table 29). Thereafter, since domestic ore production is not likely to reach the peak levels achieved in recent years,^{2/} growing United States lead consumption will have to be increasingly met from foreign sources of supply. Latin America's strong position among foreign producers should enable it to obtain a considerable share of the growing United States market for lead imports although it will face competition from other producers, principally Canada. Latin America's share of total United States lead imports by volume has dropped from an average of nearly 90 per cent in the 1920's to 61 per cent in the 1930's and 52 per cent between 1946 and 1949. Consequently, Latin America's ability to obtain a growing proportion of the United States lead market over the long run will depend in large measure on the competition offered by Canadian lead producers.

1/ The much sharper fluctuations of refined lead purchases are of course explained by the marginal position of lead imports in this form until the post-war period. (See Table 30).

2/ During the 1920's, domestic mine production of lead reached its highest levels of the century, with mine output (recoverable content) averaging 585,000 tons per year. In the following decade, production dropped to its lowest point since 1900, averaging some 375,000 tons annually. During the war it increased again to a peak of nearly 500,000 tons in 1942, declining thereafter despite war-time efforts to stimulate production. It seems unlikely that domestic mine output from present known sources will, on the average, rise much above 500,000 tons annually. The principal restraining factors are depletion of known reserves, declining grade of ore, and increased production costs.

Table 29. Apparent Consumption of Lead in the United States ^{a/}

(Thousands of Short Tons)

1920	538.0
1921	444.9
1922	492.7
1923	768.0
1924	812.2
1925	856.5
1926	900.9
1927	840.9
1928	930.6
1929	972.3
1930	768.6
1931	567.7
1932	400.0
1933	439.7
1934	491.3
1935	538.9
1936	633.6
1937	678.7
1938	546.0
1939	667.0
1946	925.0
1947	1,172.0
1948	1,129.0
1949	868.0

Sources: 1920-22: Minerals Yearbook, U.S. Bureau of Mines, selected issues. Since consumption of secondary lead is not available prior to 1923, these three years show apparent consumption of refined lead only.

1923-47: Materials Survey: Lead. Report prepared by the Munitions Board Non-Ferrous Metals Interagency Committee, September 1949.

1948-49: Yearbook of the American Bureau of Metal Statistics, selected issues. This publication was the basic reference source used by the Munitions Board in the 1923-47 series referred to above.

^{a/} This series give total apparent United States consumption of lead, including both primary and secondary hard and soft lead, for military and civilian uses. Antimonial lead is also included. Data, however, excludes pig lead exported or delivered to United States permanent stockpile.

Table 30 Indices of United States Lead Imports from Latin America

(1935 - 39 = 100)

	<u>Ore and Base Bullion</u>		<u>Pigs and Bars</u>	
	<u>Quantity</u>	<u>Unit Value</u>	<u>Quantity</u>	<u>Unit Value</u>
1900	367	43	3	95
1901	401	46	1	124
1902	358	63	76	109
1903	403	55	---	157
1904	386	47	373	115
1905	397	50	227	112
1906	304	61	222	153
1907	222	72	255	192
1908	385	64	105	168
1909	448	57	112	137
1910	419	52	183	135
1911	273	86	107	127
1912	386	60	53	160
1913	279	69	---	162
1914	110	94	1	235
1919	253	120	229	173
1920	234	166	613	206
1921	162	85	711	116
1922	291	94	139	159
1923	453	147	709	229
1924	502	153	432	306
1925	455	199	262	350
1926	545	182	416	310
1927	653	150	81	316
1928	616	135	28	314
1929	462	156	49	172
1930	247	154	4	271
1931	171	80	---	225
1932	68	59	1	85
1933	15	76	2	87
1934	28	76	---	---
1935	32	55	62	129
1936	32	57	89	104
1937	32	108	105	149
1938	89	83	79	80
1939	314	113	165	67
1946	37	145	2655	298
1947	68	275	3894	528
1948	81	379	5401	666
1949	281	380	7149	603

Source: Data prepared for the Economic Commission for Latin America by the U.S. Department of Commerce, Office of International Trade.

Petroleum

Since the turn of the century, United States domestic production of crude petroleum has consistently provided the major share of total world crude production (see Table 31), as well as by far the greater proportion of its own internal consumption of petroleum and products.^{1/} From the United States viewpoint, therefore, petroleum imports have always been marginal with respect to domestic output.

From the viewpoint of Latin American exporters, however, the United States economy has long provided a very important market for crude oil and refined products. Latin America's annual earnings from oil sales to the United States have grown from 400,000 dollars in 1911 to a peak of 409,000,000 dollars by 1949.^{2/} From 1919 through 1939 Latin American exports of crude and processed oils averaged some 82 per cent of total United States petroleum imports by value. From 1946 to 1949 this average had risen to over 90 per cent.^{3/} As a result of this long-run increase in import values, petroleum accounted for nearly 18 per cent of Latin America's dollar trade with the United States in 1949, as seen in Chart I, contrasted with 8 per cent in 1939 and some 2 per cent in 1919.

Crude petroleum: As already indicated, United States demand for crude oil has been met primarily from its domestic sources. Barring a few years in the early 1920's, total United States imports of unrefined petroleum have never exceeded 11 per cent of United States domestic production, and generally tended to provide only 2 to 8 per cent. (See Table 33). Nevertheless, while United States crude imports may be proportionately small, they can still provide an important source of demand for foreign suppliers, as seen in the

^{1/} See Columns (a) and (d) in Table 32.

^{2/} See Column (h) in Table 32.

^{3/} See Table 33. From 1933 to 1939 the average was also over 90 per cent. However, the post-World War II comparison is much more significant, due to the recent increase in the value of United States petroleum imports.

Table 31. United States Share of World Crude Petroleum Production
(based on volume data)

<u>Period</u>	1901-10 ^{a/}	1911-15 ^{a/}	1916-20 ^{a/}	1921-25 ^{a/}	1926-30 ^{a/}	1931-35 ^{a/}
<u>Percent</u>	58	64	67	69	68	61
<u>Period</u>	1944 ^{b/}	1948 ^{b/}	1949 ^{b/}			
<u>Percent</u>	65	59	54			

Sources: 1948-49; Minerals Yearbook, U.S. Bureau of Mines, 1949,
Preprint of Petroleum Commodity Review, page 4.

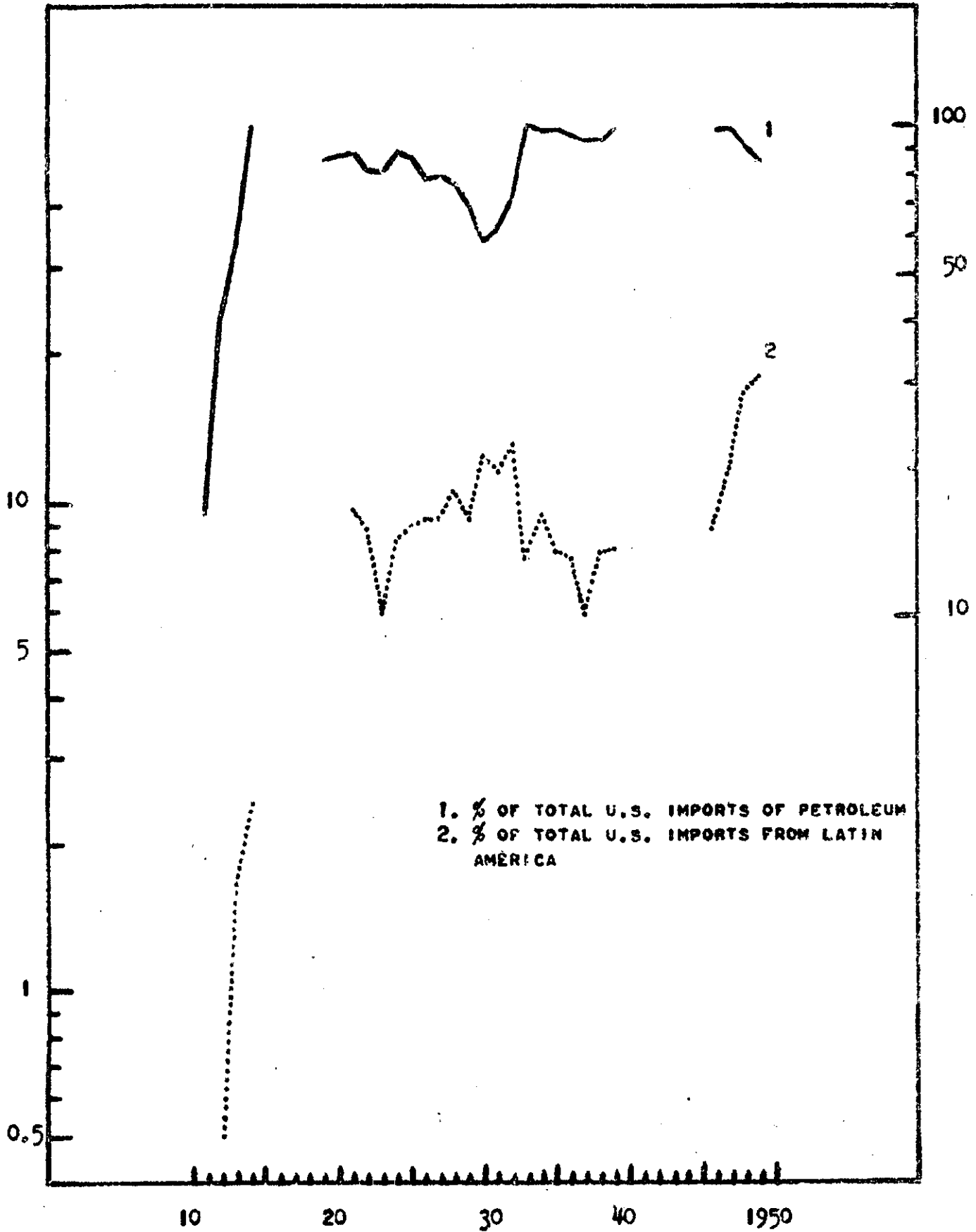
All other years; Statistical Abstract of the United States,
U.S. Department of Commerce, selected issues.

a/ Annual averages

b/ Annual.

UNITED STATES IMPORTS OF PETROLEUM FROM LATIN AMERICA
(CURRENT VALUES)

SEMI-LOGARITHMIC SCALE



1. % OF TOTAL U.S. IMPORTS OF PETROLEUM
2. % OF TOTAL U.S. IMPORTS FROM LATIN AMERICA

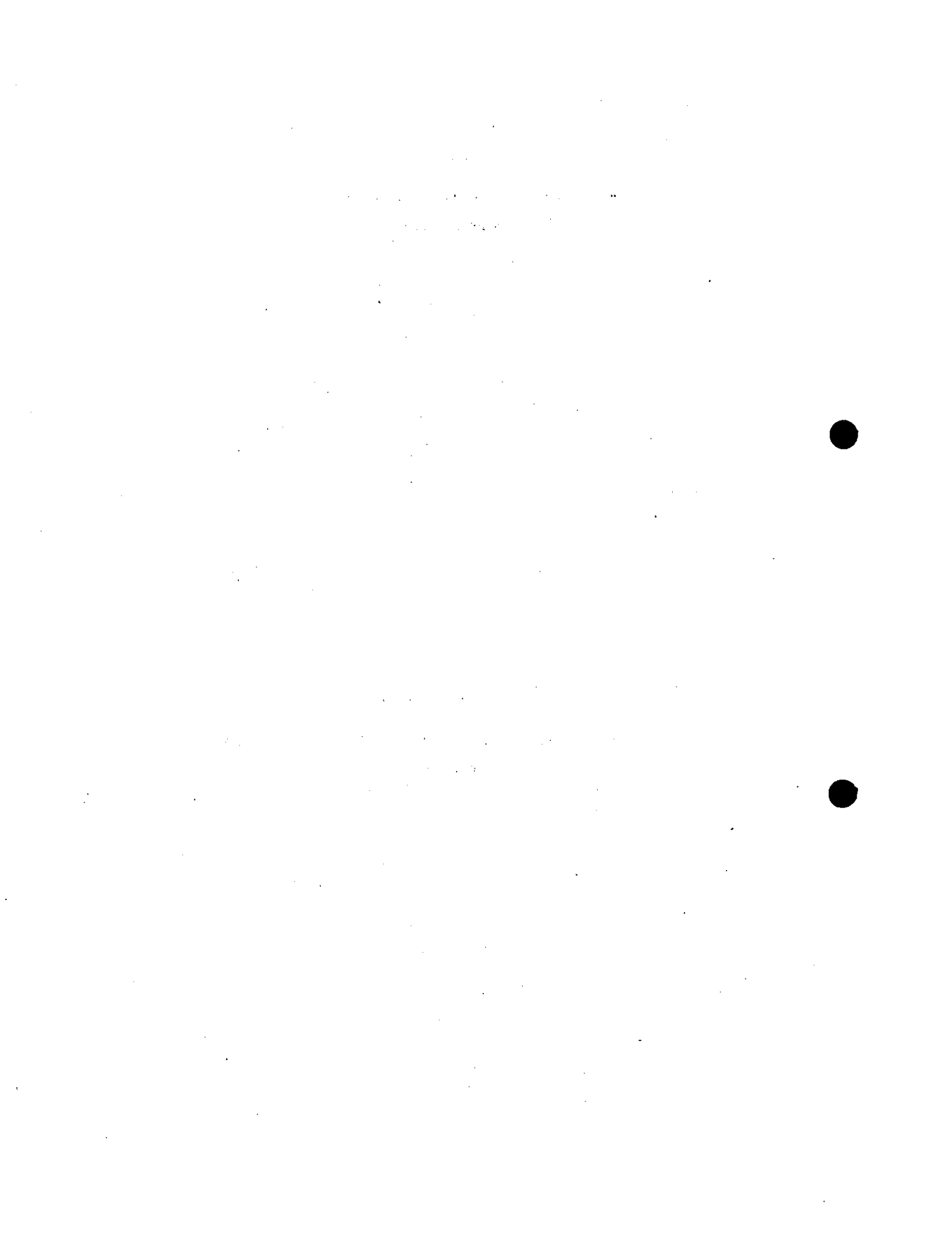


Table 32: Selected United States Petroleum Data

Year	US Domestic Production of crude petroleum a/	Total US Imports of crude petroleum b/	Total US Imports of refined petrol. b/	US Domestic Demand for all oils c/	US Imports of crude from Lat. Am. d/	US Imports of refined from Lat. Am. d/	Total US Imports of crude & refined e/	US Imports of crude & refined from Lat America d/
	(bbls. Mills)	(bbls. Mills)	(bbls. Mills)	(bbls. Mills)	(bbls. Mills)	(bbls. Mills)	(\$ Millions)	(\$ Millions)
1911	220.4	Not reported separately		-	0.3	-	2.4	0.4
1912	222.9	3.5	0.5	-	3.4	-	6.1	2.5
1913	248.4	12.2	0.4	-	12.2	-	13.0	7.4
1914	265.7	18.4	0.3	-	18.4	-	12.2	11.8
1919	378.4	52.8	1.3	374.6	52.8	-	31.4	26.4
1920	442.9	106.2	2.6	455.8	106.2	-	65.9	55.8
1921	472.2	125.3	3.4	457.6	125.3	-	77.3	66.5
1922	557.5	127.3	8.6	531.0	127.3	Not reported sep.	88.2	70.4
1923	732.4	83.0	17.6	652.1	82.0	12.3	78.2	61.4
1924	713.9	77.8	16.8	687.5	77.8	12.4	100.7	85.9
1925	763.7	61.8	16.3	727.2	61.8	12.1	106.7	89.3
1926	770.9	60.4	20.9	780.8	60.3	14.1	123.9	95.7
1927	901.1	58.4	13.3	803.2	58.3	7.8	112.2	88.1
1928	901.5	79.8	11.7	860.2	79.6	6.8	131.4	98.0
1929	1,007.3	78.9	29.6	940.6	78.8	20.0	140.9	95.7
1930	898.0	62.1	43.4	926.6	62.1	25.6	143.6	83.2
1931	851.1	47.3	38.7	902.6	47.3	24.7	91.3	55.1
1932	785.2	44.7	30.2	835.2	44.7	21.3	59.6	41.5
1933	905.7	31.9	13.5	868.4	31.9	13.4	24.8	24.1
1934	908.1	35.8	15.0	919.8	35.8	14.4	35.5	34.4
1935	996.6	32.3	22.4	983.3	32.3	22.0	36.9	36.2
1936	1,099.7	33.0	25.5	1,092.8	33.0	24.1	39.7	37.9
1937	1,279.2	27.3	32.7	1,169.7	27.3	30.5	42.9	39.6
1938	1,214.4	26.1	27.8	1,136.9	26.1	26.1	38.2	35.4
1939	1,264.9	34.1	27.4	1,230.5	34.1	27.0	42.0	41.2
1946	1,733.9	89.2	57.1	1,792.8	87.4	54.7	158.7	154.7
1947	1,856.9	99.3	63.5	1,989.8	98.6	60.2	248.6	242.8
1948	2,020.2	129.0	59.7	2,113.7	106.5	56.3	415.3	374.4
1949	1,840.3	154.9	84.2	2,114.2	117.6	81.7	475.2	409.3

a/ 1911-47; Statistical Abstract of the United States, U.S. Department of Commerce, selected issues.

1948-49; Minerals Yearbook, 1949, U.S. Bureau of Mines Preprint of Petroleum Commodity Review, p.4

b/ 1911-47; Statistical Abstract, selected issues.

1948-49; Minerals Yearbook, 1949 Preprint, p.125.

c/ Statistical Bulletin, American Petroleum Institute, Vol. XXI, N°30, June 19, 1950, p.2.

d/ Data prepared for ECLA by Office of International Trade, U.S.

Department of Commerce. "Refined" petroleum heading encompasses gas oil and distillate fuel oil, fuel oil residual, and crude oil topped.

e/ Statistical Abstract, selected issues.

Appendix. Thus, in absolute terms, United States annual imports of crude petroleum have shown almost a 50-fold increase from 1912 (3.5 million barrels) to 1949 (155 million barrels).

Within this marginal source of new United States crude supply, Latin America has historically held the dominant position. Between the two World Wars the various Republics consistently supplied practically 100 per cent of United States crude oil imports. Since World War II, however, Latin America's share of United States crude imports has declined; from 98 per cent in 1947 to 83 per cent in 1948 and 76 per cent in 1949. (See Table 33). Increased competition from the huge Middle East reserves, especially Saudi Arabia, Kuwait and Iran, has made significant short-run inroads upon Latin America's virtual monopoly as a supplier of United States crude imports. Thus, while there seems every likelihood that United States imports of crude from the Caribbean region will continue to expand in the future, the Eastern Hemisphere will undoubtedly prevent Latin America from recovering its position as the supplier of all United States crude import requirements.

Refined products: In addition to exporting crude petroleum directly for foreign consumption, Venezuela also ships considerable quantities to refineries in the nearby Netherlands West Indies for transshipment abroad as refined oil products. The Antilles are therefore treated as part of Latin America for the purposes of this report.

The United States provides a considerable and growing market for Latin American refined petroleum, especially residual fuel oil. This has been due to several factors. Perhaps the main reason is that Latin American crude, with its heavy gravity, is more suitable for efficient production of heavy fuel oils than is the lighter United States crude. The trend of United States domestic demand towards light petroleum products has therefore resulted in a pattern of United States refinery production that maximises the more profitable light products (especially gasoline) in comparison with the heavier end products. The United States has large direct investments in wholly or partly-owned subsidiaries and affiliates in Venezuela and the Netherlands West Indies refineries that have long been surplus

/producers of

Table 33. United States Imports of Petroleum from Latin America

Years	Imports of Crude Petroleum		% of Total Imports of	
	As a % of total U.S. imports of crude petroleum	% of U.S. domestic production of crude petroleum	Refined petroleum	All Petroleum products
1911	n.a.	negligible	n.a.	16
1912	99.9	1.5	n.a.	41
1913	"	5.0	n.a.	57
1914	"	6.5	n.a.	98
1919	"	14.0	n.a.	84
1920	"	24.0	n.a.	85
1921	"	26.5	n.a.	86
1922	"	23.0	n.a.	80
1923	"	11.0	70	79
1924	"	11.0	74	86
1925	"	8.0	74	84
1926	"	8.0	68	77
1927	"	6.5	59	78
1928	"	9.0	58	75
1929	"	8.0	67	68
1930	"	7.0	59	58
1931	"	5.5	64	60
1932	"	5.7	71	70
1933	"	3.5	99	97
1934	"	4.0	97	96
1935	"	3.3	98	98
1936	"	3.0	95	95
1937	"	2.1	93	92
1938	"	2.1	94	92
1939	"	2.7	98	98
1946	98	5.0	96	97
1947	98	5.3	95	98
1948	83	5.3	94	90
1949	78	6.3	96	86

Source: Derived from data in Table 32.

producers of residual fuel oils. Thus, the United States companies concerned have consistently attempted to develop a strong demand for residual within the United States. Part of this demand comes from public utilities (such as those serving the Atlantic coast area), and has been primarily developed through price adjustments, since the market for residual is very sensitive to changes in coal prices when alternative fuel or power units can be utilised. More important, however, is the demand arising from foreign trade bunkers, and from certain other industries (for instance, locomotives already converted from coal), where a drop in coal prices relative to oil cannot result in short-run changes from one fuel to the other. Finally, many Latin American refineries are closer, by shipping route, to certain Atlantic ports (e.g. New York) than are United States Gulf port refineries. All of these factors have led United States fuel oil distributors to look increasingly to larger imports of residual from Latin America.

United States imports of fuel oil and topped petroleum from Latin America (mainly Aruba and Curaçao) have increased considerably since 1923, the first year in which these products were reported separately, as seen in the Appendix. From 1923 through 1949, United States annual imports of refined oils from Latin America rose from 12.3 million barrels to 81.7 million barrels;^{1/} in value terms this increase has been from 7.6 million dollars to nearly 130 million dollars.^{2/} For every dollar of crude oil which the United States imported from Latin America in 1923, it imported only 14 cents of refined. By 1949, it was importing 46 cents of refined with every dollar of crude. (See Table 34). The competitive inroads which Latin American refineries have made on other foreign suppliers is seen by the fact that Latin America has increased its proportion of total United States refined imports (by volume) from 70 per cent in 1923 to 96 per cent in 1949. (See Table 33).

^{1/} See Table 32, column (f).

^{2/} See Table 34, column (b).

/Future prospects:

Table 34. Imports of crude and refined petroleum from Latin America

(millions of dollars)

<u>Year</u>	(a) <u>Crude</u>	(b) <u>Refined</u>	<u>Column (b)</u> <u>Column (a)</u>
1923	53.8	7.6	13.9
1924	73.8	12.1	16.3
1925	75.4	14.0	18.6
1926	79.2	16.5	20.8
1927	78.5	9.7	12.4
1928	90.2	7.8	8.6
1929	79.9	15.7	19.6
1930	64.8	18.3	28.2
1931	39.2	15.8	40.3
1932	30.4	11.0	36.2
1933	17.8	6.3	35.6
1934	25.9	8.5	32.8
1935	23.4	12.9	55.1
1936	23.4	14.5	62.2
1937	20.8	18.8	90.4
1938	18.6	16.8	90.3
1939	23.2	18.0	77.3
1946	101.5	53.2	52.4
1947	160.6	82.2	51.2
1948	251.8	122.6	48.7
1949	280.4	128.9	46.0

Source: Data prepared for Economic Commission for Latin America by the U.S. Department of Commerce, Office of International Trade.

Future prospects: The ability of Latin America to maintain or increase its dominant share of total United States petroleum imports seems assured, for the short run at least. Within recent years the United States has reversed its traditional position on oil account from a net exporter to a net importer (total imports exceeded total exports by 53 million barrels and 115 million barrels in 1948 and 1949 respectively). Under such circumstances, although imports may be marginal, they become increasingly more important in terms of total United States demand. Military programmes already planned or under way in the United States indicate a further rise in total demand beyond even the present high levels. Thus, the published forecast of the United States Bureau of Mines for United States petroleum imports places 1951 crude imports at 203 million barrels and refined imports at 138 million barrels, an increase of 31 per cent and 64 per cent over their respective volumes in 1949.^{1/}

Insofar as crude imports from Latin America are concerned, the new Middle East supplies will doubtless capture a portion of the previous Latin American market in the United States. Since World War II, however, European refinery investments have been programmed towards an ultimate goal of European self-sufficiency with respect to refined oils. Increasingly larger shipments of Persian Gulf crude may consequently be diverted in the future to European refineries, thereby modifying the rapid growth trend of recent Middle East crude exports to the United States.^{2/} In addition, strategic military factors should tend to increase United States reliance upon nearby oil deposits. Consequently, even the new and highly competitive Middle East supplies are unlikely to prevent Venezuela, Colombia and Mexico from supplying much less than three

^{1/} Mineral Industry Survey, United States Bureau of Mines, Monthly Petroleum Forecast No. 185, November 28, 1950.

^{2/} A 30-31 inch pipe-line, over 1,000 miles long, has recently been built from Saudi Arabia to the Mediterranean. This line, representing a 200 million dollar investment, will deliver 315,000 barrels per day at full capacity, which is expected to be in early 1951. See the International Monetary Fund, International Financial News Survey, November 17, 1950, p. 161 and December 8, 1950, p.184.

fourths of the growing volume of United States crude imports over the short run. Indeed, a short-run movement towards Latin America's pre-war share of total United States crude imports seems likely.

Insofar as refined imports are concerned, the United States seems likely to continue increasing residual fuel oil imports from Latin America. Crude imports will undoubtedly continue to be the larger of the two in terms of total volume, but refined imports should show the largest relative gain. As already mentioned, the heaviest demand arising from the bunker trade is inelastic to price changes insofar as coal substitution is concerned. Even where coal-petroleum conversion is possible, as in the case of certain United States public utilities, present price relationships between these alternative fuel and power sources do not indicate any major change in demand away from the oils. And since it is still more profitable for domestic United States refineries to stress production of light products in their crude runs to stills, Latin America should continue to find a strong United States market for its heavy residual fuel output.

In overall terms, therefore, total United States petroleum imports seem likely to continue their expansion within the next few years, with Latin America maintaining or even increasing its share of the total. In absolute terms, both crude and refined exports from the Caribbean to the United States should increase, with residual fuel oils showing the largest proportional gain.

The above discussion has stressed some relevant factors affecting United States demand for Latin American oil in the near future. Over the long run, however, certain other aspects should be considered which could conceivably limit the demand for Latin American petroleum. To cover all such aspects in their entirety, a study would be necessary to determine the main substitution factors governing rapid oil-coal convertibility in the United States, and to estimate the extent to which recent investments by natural gas companies, such as those in the eastern United States, could reduce present usage of petroleum products. Other fundamental factors to be considered are the long-run effects of Canada's recent oil discoveries on

discoveries on Latin American sales; the long-run European demand for Middle Eastern oil and the extent to which Venezuelan deposits can maintain their present rate of output.

United States tariff policy will also influence the level of petroleum imports. The United States-Mexican Reciprocal Trade Agreement of 1943 lapsed on 1 January 1951, so that oil imports are now governed by roughly the same terms as those existing under the United States-Venezuelan Agreement of 1939. Basically, this levies a 10-1/2-cent-per-barrel duty on foreign imports not in excess of five per cent of United States crude runs to stills in 1950, and an additional 10-1/2 cents per barrel on all other imports, with allocations outlined for major supply sources. Preference is also given to oil imports used for bunkers. This legislation need not have any major short-run impact on Latin America since the extra 10-1/2-cent duty per barrel is not too important in relation to total crude oil costs; much of the duty-free imports for bunkers will come from the Netherlands West Indies; and in the event of increased military needs, imports on government account will not be deterred by price factors. Nevertheless, the tariff does raise an important issue with respect to Latin America's long-run position in the United States petroleum market. When United States domestic demand is close to, or exceeds domestic supply, the lobbying efforts of certain groups opposed to "foreign" oil imports (for example, coal and natural gas producers, or independent oil operators) lose much of their political force. If the United States becomes a "surplus" producer, however, the application of tariff and other restrictions against oil imports could conceivably mean a sharp decline in United States imports from all areas, including Latin America.

Thus, levels of United States industrial activity will be of major importance in determining the demand for petroleum imports from Latin America. United States tariff policy may be expected to result in limitations of such imports at times when United States domestic production is sufficient to meet consumption requirements. Over the long run, however, United States demand for Latin American petroleum products is likely to grow, possibly at a rate close to the
/increase in

increase in United States real income with the potential market depending mainly on (1) United States substitute fuel production, (2) United States petroleum reserves, and (3) competition from Middle Eastern suppliers.

Sodium Nitrate

Nitrogen consumption in the United States is determined primarily by agricultural demand for fertilisers, and in part by military and industrial requirements. Prior to the development of synthetic and by-product nitrates, the United States imported the bulk of its total nitrogenous supplies.^{1/} Since Chile possesses the only important world source of natural sodium nitrate, it has provided all United States nitrate imports in this form.

From 1900 to 1929, United States imports of Chilean nitrates showed a definite upward trend, as indicated in the Appendix. After 1929, however, the depression and the increasingly competitive impact of the new artificial nitrogen industry caused a rapid decline in imports to an all-time low of 50,000 long tons in 1932, compared with the 1922 peak of 1,300,000 long tons. From 1937 to the present, Chilean sales of nitrate of soda to the United States have recovered to a fairly stable level averaging around 600,000 long tons annually. (See Table 36).

United States production of artificial nitrogen has in effect completely displaced Chilean natural nitrates from non-agricultural requirements, and in addition has made significant inroads upon the farm demand for fertilisers. Thus, during the first three decades of this century, Chile provided an average of 60 per cent of total United States consumption of nitrogen for commercial fertilisers. From 1946 to 1949, however, this average had declined to only some 11 per cent. (See Table 37).

Despite its long-run decline, the United States market for foreign nitrate of soda has continued to be of some importance to Chile. From 1946-49, natural nitrates comprised nearly 15 per cent

^{1/} See Table 30 for the increased United States self-sufficiency in nitrogen after World War I.

Table 35. Per cent of U.S. self-sufficiency in nitrogen, a/
1913-1946

1913	24
1914	24
1915	23
1916	20
1917	19
1918	18
1919	47
1920	30
1921	61
1922	56
1923	48
1924	44
1925	43
1926	52
1927	53
1928	48
1929	62
1930	66
1931	64
1932	72
1933	67
1934	75
1935	78
1936	84
1937	72
1938	70
1939	71
1940	81
1941	84
1942	78
1943	87
1944	89
1945	84
1946	85

Sources: Strategic Mineral Supplies, Mc Graw Hill Book Co., 1939, G.A.Roush.

National Resources and Foreign Aid, Report of J.A.Krug, Secretary of the Interior, October 9, 1947.

a/ Calculated by dividing total United States production of nitrogen content by total United States consumption of nitrogen.

Table 36. United States imports of sodium nitrate
from Chile

	<u>000's Long Tons</u>	<u>Index (1935-39=100)</u>
1900	180	34
1901	204	38
1902	181	34
1903	252	47
1904	281	53
1905	273	51
1906	374	70
1907	332	62
1908	324	61
1909	329	62
1910	538	101
1911	528	99
1912	476	89
1913	574	107
1914	561	105
1919	392	73
1920	1,298	243
1921	362	68
1922	511	96
1923	874	164
1924	982	184
1925	1,100	206
1926	898	169
1927	736	138
1928	1,018	191
1929	922	173
1930	565	106
1931	548	103
1932	50	9
1933	122	23
1934	293	55
1935	390	73
1936	472	88
1937	676	117
1938	576	108
1939	604	113
1946	483	90
1947	497	93
1948	644	121
1948	603	113

Source: Data prepared specially for Economic Commission for Latin America by the United States Department of Commerce, Office of International Trade.

Table 37:

	a	b	Column b + Column a
	<u>Total United States Consumption of Commercial Fertilizer</u>	<u>United States Imports of Chilean Nitrates</u>	
	Nitrogen Content (000's short tons)		
1900	62	32	52
1901	68	36	53
1902	70	32	46
1903	77	44	57
1904	84	50	59
1905	90	48	53
1906	99	66	67
1907	101	58	57
1908	107	69	64
1909	125	58	46
1910	146	95	65
1911	162	93	57
1912	157	84	54
1913	173	101	58
1914	216	99	46
1919	219	69	32
1920	228	226	98
1921	159	64	40
1922	191	90	47
1923	230	154	67
1924	252	173	69
1925	279	194	69
1926	286	158	55
1927	282	130	46
1928	342	179	52
1929	352	162	46
1930	377	99	26
1931	301	97	32
1932	214	9	4
1933	240	22	9
1934	275	52	19
1935	312	69	22
1936	350	83	24
1937	412	110	27
1938	384	101	26
1939	398	106	27
1946	756	85	11
1947	836	88	13
1948	841	113	11
1949	940 (estimate)	106	11

Sources: Column a: Historical Statistics of the United States 1789-1945, p. 100, and United States Department of Agriculture, unpublished data.

Column b: Converted to short tons of approximate nitrogen content from Table 31.

of total Chilean exports to the United States, even though they represented less than 1 per cent of total Latin American trade with the United States. (See Table 38). The volume of United States nitrate imports from Chile has remained fairly stable since 1937, despite the fact that synthetic and by-product nitrogen provide much the same basic nutrient value to the soil, and generally speaking offer a considerable price advantage (see Table 39) to the purchaser. The fact that Chilean nitrate of soda has been able to retain such a stable import volume since the late 1930's seems, therefore, to rest primarily upon an ingrained consumer preference for the natural product.

Several factors should combine to keep Chilean nitrate imports near present levels during the immediate future. These include the traditional "brand-name" appeal for natural nitrates, especially in the south-eastern United States; the high parity support programme for major crops, especially corn, cotton and tobacco, using nitrogen fertilisers; the efficient control over imports, distribution and advertising of Chilean nitrates by a single agency in New York; and the fact that freighting charges from synthetic factories in the Midwest partly reduce the price differential of artificial nitrogen in the South. Over the long run, however, it is more difficult to forecast any growth tendency in the volume of United States imports of nitrate from Chile. The natural product does have some advantage as a top dressing over liquid forms of nitrogen, but basically does not possess any major nutrient superiority over artificial nitrogen as a commercial fertiliser. Faced with substitutes that are almost comparable in quality and have a definite price appeal, Chile's share of United States nitrogen consumption may well show a long-term down trend unless the price of Chilean nitrates becomes more competitive in the United States.

III. MISCELLANEOUS RAW MATERIALS

Table 38:

	a	b	c	
	<u>Total United States Imports from Latin America</u>	<u>Total United States Imports from Chile</u>	<u>United States Imports of Sodium Nitrate from Chile</u>	<u>Column c + Column b</u>
	(000,000's of current dollars)			
1900	158.4	7.1	4.6	65
1901	190.5	8.7	5.8	67
1902	204.1	7.7	5.2	68
1903	221.8	9.4	7.7	82
1904	255.5	10.8	8.9	82
1905	299.5	11.1	9.3	84
1906	292.2	16.9	13.1	78
1907	333.1	18.3	13.6	74
1908	266.9	14.8	12.3	83
1909	321.8	13.7	11.3	83
1910	390.9	20.9	16.2	78
1911	368.1	19.9	16.2	81
1912	419.4	20.2	15.1	75
1913	440.6	27.7	19.9	72
1914	468.0	25.7	17.8	69
1919	1302.4	82.4	18.6	23
1920	1766.1	120.5	61.5	51
1921	691.2	46.9	17.6	38
1922	792.4	59.7	24.3	41
1923	1026.2	91.8	41.1	45
1924	1034.9	98.3	46.9	48
1925	1005.9	89.2	51.8	58
1926	1041.9	81.4	41.9	52
1927	959.5	61.9	29.5	48
1928	948.0	75.2	36.3	48
1929	1014.3	102.0	34.5	34
1930	677.7	54.8	21.3	39
1931	478.1	39.9	21.0	52
1932	323.2	12.3	1.4	11
1933	316.0	11.5	2.3	20
1934	370.9	22.9	5.6	24
1935	461.0	24.1	7.9	33
1936	501.7	25.8	9.1	35
1937	672.6	46.7	11.6	25
1938	453.0	28.3	10.7	37
1939	517.6	40.6	11.2	27
1946	1759.6	83.0	11.7	14
1947	2155.9	121.6	15.2	13
1948	2328.8	174.6	23.4	13
1949	2300.5	157.3	26.0	16

Sources: Columns a and b: Foreign Commerce and Navigation of the United States, selected issues.

Column c: Data prepared specially for ECLA by the United States Department of Commerce, office of International Trade.

Table 39. Average Wholesale Prices,^{a/} in Dollars, per Unit of Twenty Pounds of Nitrogen, in Various Materials at Producing Points or Ports in Bulk Car Lots

	<u>Chilean Nitrate</u> ^{b/}	<u>Ammonium Sulphate</u> ^{c/}	<u>Anhydrous Ammonia</u> ^{c/}
1900	2.37	2.79	
1905	2.97	3.01	
1910	2.76	2.64	
1915	3.04	3.09	
1920	4.44	4.08	
1926	3.27	2.52	1.75
1928	2.88	2.27	1.54
1930	2.49	1.79	1.40
1932	1.86	1.02	1.34
1934	1.54	1.18	1.09
1936	1.55	1.17	1.09
1938	1.68	1.36	1.09
1939	1.68	1.33	1.09
1946	1.97	1.44	0.72
1947	2.50	1.60	0.72
1948	2.86	2.03	0.80
1949	3.15	2.29	0.94
1950 (first half)	3.00	2.10	0.91

Source: United States Department of Agriculture, unpublished data.

a/ Computed largely from published quotations in the Oil, Paint and Drug Reporter after the mid 1930's. Prior to this period the quotations were supplied by the producers. These prices are for spot purchases in small car lots. Contract prices are lower than those stated above. Quantity discounts are also given for large lots.

b/ Atlantic ports.

c/ Freight equalized 1926-46 inclusive, but not equalized thereafter, i.e. prior to 1946 producers adjusted prices to individual points so that the delivered price was the same as that of one or more competitors products at the same point.

III. MISCELLANEOUS RAW MATERIALS

Henequen Fibre

Except for a period of sharp increase from 1900 to the First World War, the quantities of henequen fibre imported into the United States from Mexico, the country supplying virtually all imports, have shown an irregular but definitely downward trend. This has not only diminished the general exchange earnings of Mexico, but in particular has tended to depress the economy of the Yucatan Peninsula, which accounts for most of the world output and which has been heavily dependent upon this crop. The peak level of dollar earnings, amounting to some 37 million dollars, was attained in 1919 at a volume of about 134,000 long tons. The low point, reached in 1949, was 7 million dollars with imports at some 31,000 tons.^{1/} Consequently, the relative importance of henequen among Latin American exports to the United States has steadily declined from about 5 per cent of total values during the first decade of the present century to 0.6 per cent in 1946-1949.

The principal use for henequen fibre is in the manufacture of binder twine. Consumption has declined in the United States with the steady replacement of mechanical binders in farm operations by the combined harvester-threshers, which do not utilise twine. Henequen is used to a considerably smaller extent for the manufacture of other twines, such as baler twine, and cordage, the chief obstacle to expansion in these other uses being competition from sisal.

Improvement of the competitive position of henequen apparently depends upon the success of Mexico's efforts to improve its quality. Price differentials alone, which have favoured henequen, have failed to achieve expansion of the United States market to any appreciable extent.

^{1/} This long-run decline has been offset to some extent by increased imports of henequen cordage, especially during the period of the Second World War. Demand for the cordage in the United States during the years since the end of the war has, however, dropped considerably, as indicated in the chapter on manufactured products.

The principal sources of United States imports of sisal before the Second World War were Indonesia and British East Africa. In recent post-war years, Indonesia has failed to revive, but expansion in Latin American output, particularly in Haiti, has more than offset the contraction in Indonesian production.^{1/}

It may be noted from the Appendix that imports of henequen fibre, unlike most other products, increased sharply in 1932, although its price in that year followed the general downward movement. The explanation for this anomalous development may be the severely depressed state of farmers' incomes and a consequent tendency to continue using old equipment and binder twine rather than replace it with the "combine" harvester-thresher.

In view of the technological factor, it would appear that consumption of binder twine will continue to decline as real income increases in the United States. Accordingly, as pointed out above, the future of henequen will depend upon its adaptation to other uses, which in turn appears to be mainly a problem of improvement of quality.

The high level of henequen prices in recent post-war years relative to the aggregate of imports from Latin America was accompanied by a declining trend of import quantities. A downward readjustment of prices became necessary during the latter part of 1949 with the hope of stimulating demand, particularly because of the competition of sisal.

Flaxseed and Linseed Oil

The United States has become self-sufficient in flaxseed and linseed oil, and indeed has developed a substantial surplus position under the official price support programme developed during the Second World War. The attempt by the United States Government to become independent of foreign supplies was undertaken because of the

^{1/} The quantity of United States imports from Haiti increased by about five times from immediate pre-war levels to 28,500 long tons in 1949. The value of imports from Haiti in that year was more than 8 million dollars, compared to less than one million before the war.

essential nature of these commodities to the war effort and the uncertainties, as a result of shipping problems and other factors, of obtaining supplies abroad at prices it considered reasonable. During the course of this programme, moreover, the domestic crushing industry adjusted its facilities to the conversion of domestic flaxseed into linseed oil. With the passage of the emergency conditions of the war-time period, protection of domestic growers and processors against foreign competition has been established by direct import control of both flaxseed and linseed oil. Imports as a result have been negligible since 1947.^{1/}

United States import controls over flaxseed and linseed oil and other fats and oils have been exercised under temporary legislation, repeatedly re-enacted.^{2/} Under the multilateral General Agreement on Tariffs and Trade, to which the United States is a party, member nations are permitted to exercise import controls essential to the orderly liquidation of temporary surpluses of stocks owned or controlled by the Government.^{3/} The contracting parties to the Agreement announced on 18 December 1950 the extension of this provision from 1 January 1951 to 1 January 1952. Thus, the legal authority, both national and international, under which the United States has controlled imports of flaxseed and linseed oil is temporary and presupposes review of the United States position in these commodities prior to re-enactment.

With respect to flaxseed, by far the major portion of United States imports before the Second World War came from Argentina. Imports assumed major importance after the First World War, although

^{1/} Imports of flaxseed were valued at about 8,000 dollars in 1950, and of linseed oil at 13,000 dollars.

^{2/} The latest authorisation, United States Public Law 590, was enacted in June 1950 and expires on 1 July 1951.

^{3/} United States Department of Agriculture, Bureau of Agricultural Economics, The Fats and Oils Situation, December 1950 - January 1951, p. 10.

they began to grow substantially around 1910.^{1/} Total United States imports during 1925-1929, of which Argentina supplied 85 per cent, were about equal to domestic production. The volume of imports was well sustained during the 1930's, with the Argentine share continuing to average about 85 per cent of the total. In that decade imports equalled about one and one half times the volume of domestic production, which was abnormally low largely because of drought.

The average value and volume of flaxseed imported from Argentina during the 1920's and 1930's are indicated in the tabulation below.

Table 40. United States Imports of Flaxseed from Argentina -
Average 1920-1929 and 1930-1939

	<u>Quantity</u>	<u>Value</u>
	(million bushels)	(million dollars)
1920-1929	16.6	33.9
1930-1939	13.8	16.0
Percentage decline	-16.8	-52.9

Source: Data supplied to ECLA by Office of International Trade, United States Department of Commerce.

During the thirties, volume declined only 17 per cent, while values fell by more than 50 per cent as a result of a sharp price decline. The value of this trade to Latin America amounted to almost 35 million dollars annually in the 1920's and 16 million dollars annually in the 1930's.

During the inter-war period, the United States tariff structure favoured the importation of flaxseed rather than linseed oil. Under the Tariff Act of 1930, the rate of import duty on flaxseed was 65 cents a bushel, equivalent to about 3.4 cents per pound of oil content, whereas the rate was 4.5 cents per pound on linseed oil.^{2/} Thus, in

^{1/} Argentine production expanded appreciably after the First World War. Argentina accounted for 20 per cent of world production in 1909-1913 and for 50 per cent in 1919-1923.

^{2/} The differential between the two rates is even greater at present, although import controls nullify any effect they might otherwise have. The duty on linseed oil remains the same, but the rate on flaxseed was reduced to 32.5 cents per bushel in the United States Trade Agreement with Argentina, effective November 1941.

/contrast to

contrast to flaxseed, United States imports of linseed oil were negligible before the Second World War; and the domestic crushing industry used imported flaxseed to the extent of more than half the total. In 1935-1939 an average of about two thirds of the flaxseed crushed in the United States was imported.

During the Second World War, the Argentine Government adopted a policy of favouring the exportation of linseed oil rather than flaxseed. With strong demand for drying oils in the United States during that period, the United States Government imported linseed oil to a considerable extent, as indicated in the tabulation below of United States imports of linseed oil from Argentina in the period 1943-1949. As previously noted, imports have been virtually negligible since 1947 following the imposition of United States import controls and the expansion of domestic output to a point more than sufficient to meet consumption requirements.

Table 41. United States Import of Linseed Oil from Argentina,
1943-1949

	<u>Quantity</u>	<u>Value</u>
	(million pounds)	(million dollars)
1943	60.5	5.4
1944	60.2	6.4
1945	56.7	5.4
1946	76.6	14.7
1947	100.9	29.8
1948	0.5	0.2
1949	--	--

Source: 1943-1945: United States Tariff Commission, Summaries of Tariff Information, Linseed Oil (Par. 53).
1946-1949: Data prepared for ECLA by Office of International Trade, United States Department of Commerce.

The magnitude of current United States production of flaxseed and the relative price of the United States product are likely to limit United States demand for imports quite apart from the controls imposed on imports. United States production of flaxseed increased, under the impetus of the price support programme, from an average of /19.6 million

19.6 million bushels in 1937-1941 to a peak of 54.5 million bushels in 1948. This increase occurred as a result not only of increased acreage planted (from 2.3 million acres in 1937-1941 to 5.0 million acres in 1948), but of increased yield as well. The yield per acre rose from 8.0 bushels in 1937-1941 to 10.9 bushels in 1948, an increase of some 36 per cent.^{1/} Since the bumper crop of 1948, there has been a decline in production to 39.3 million pounds in 1950 (as indicated on 1 December of that year), with declines in acreage to 4.1 million acres and in yield to 9.7 bushels per acre. These latest production figures, despite the decline from the record year 1948, are, as may be noted, still well above pre-war. It was estimated at the beginning of 1951 that production would decline somewhat further during this year because of increased emphasis on the production of wheat which competes with flaxseed acreage. However, it was believed that production and stocks would be more than adequate to meet domestic requirements. Prices received by farmers have in recent years been well above Government support levels, and this situation was expected to continue into 1951.

Prices for linseed oil in the United States during 1950, crushed from domestic flaxseed for which prices well above support levels were paid, appear to have been competitive with export prices for Argentine linseed oil. Development of the industry in the United States may thus have proceeded to the point where import controls are no longer necessary except possibly in connection with the "orderly liquidation" of temporary Government-held surpluses, as provided by the General Agreement on Tariffs and Trade.

The average wholesale price per pound for linseed oil in the United States (tank-cars, Minneapolis) was 16.4 cents between July-December 1950. The Argentine Trade Promotion Institute's price (for payment in other than United States dollar currencies, fob.

^{1/} Yield in Argentina increased by some 10 per cent from 1935-1939 to 1945-1947: from 626 kilogrammes per hectare to 688 kilogrammes per hectare. See ECLA Document E/CN.12/164, 1 May 1950, The Economic Development of Argentina.

Buenos Aires) averaged 15.15 cents per pound in September-December 1950.^{1/} The United States import duty is currently 4.5 cents per pound, equivalent to about 30 per cent of the Argentine price quoted above, which was well below world export prices. Thus, the United States price, even ex-duty, was quite competitive with the Argentine quotation. It may be noted, however, that the United States price for linseed oil in 1950 was considerably lower than in immediately preceding years, and there was a noticeable tendency for it to rise early in 1951.

Considering the intensified development of United States flaxseed output and of United States linseed oil production from domestic seed during the past decade, it appears that a major structural change has occurred in the United States economy likely to have an adverse long-run effect on imports of these commodities, even if import controls are eliminated. Furthermore, it may be noted that there has been a trend, with the introduction of governmental conservation measures during the Second World War, toward a permanent reduction in the quantity of linseed oil per unit of output of paints, the major finished product for which it is used.

^{1/} International Monetary Fund, International Financial Statistics, February 1951, p. 29.

Table 42. United States Imports of Flaxseed
(thousands of bushels)

	<u>a</u> <u>From All Areas</u>	<u>b</u> <u>From Argentina</u>	<u>Column B</u> <u>Column A</u>
1900	67	--	--
1901	1,632	1,469	90
1902	477	359	75
1903	129	--	--
1904	213	154	72
1905	296	--	--
1906	52	a/	--
1907	90	a/	--
1908	57	a/	--
1909	594	76	13
1910	5,002	3,209	64
1911	10,499	5,021	48
1912	6,842	1,211	18
1913	5,294	429	8
1914	8,653	--	--
1919	14,036	12,354	88
1920	23,392	22,778	97
1921	16,170	8,885	55
1922	13,632	12,213	90
1923	25,006	21,151	85
1924	19,577	13,838	71
1925	13,419	10,537	79
1926	22,550	19,443	86
1927	24,224	19,365	80
1928	18,112	14,941	82
1929	23,494	23,120	98
1930	19,652	11,526	59
1931	14,476	13,264	92
1932	7,672	7,400	96
1933	13,966	11,288	81
1934	14,170	8,592	61
1935	17,560	16,151	92
1936	15,365	13,167	86
1937	28,032	27,385	98
1938	15,364	14,342	93
1939	16,028	15,277	95
1946	3,462	490	14
1947	282	--	--
1948	1,066	--	--
1949	148	--	--

Sources: All Areas: Selected issues of Statistical Abstract of the United States, and Foreign Commerce and Navigation of the United States.

Argentina: Data supplied to ECLA by Office of International Trade, United States Department of Commerce.

a/ Less than 500 bushels.

/Wool

Wool

United States wool imports from Latin America from 1900 to World War II constituted a minor and fairly stable proportion of total United States imports from the area, ranging from about one to three per cent by value. Europe has constituted the traditional market for Latin American wool exports and the United States has been a much less important market.

Table 43. United States Wool Imports as Per Cent of Total from Latin America, by Value

<u>Period</u>	<u>Annual Average</u>
1900-1909	2.0
1911-1914	1.5
1920-1929	2.5
1930-1939	1.8
1946-1949	4.7

Source: Table V, Appendix of Part A.

In spite of the limited proportion of total Latin American imports into the United States represented by wool, earnings on this commodity have at times constituted a significant source of dollar exchange to Uruguay, and have been important, although somewhat less so, to Argentina.^{1/} Dollar earnings from wool exports by Uruguay, however, have fluctuated greatly in comparison with Argentine wool exports, largely because of the difference in types of wool supplied by each country to the United States.

^{1/} Wool exports from other Latin American countries to the United States have been negligible.

Table 44. Wool as Per Cent of Total United States Imports

<u>Year</u>	<u>Uruguay</u>	<u>Argentina</u>
1929	17.8	6.9
1932	1.1	4.2
1936	42.0	9.2
1937	37.4	6.7
1938	7.8	11.0

Source: Compiled for ECLA by Office of International Trade, United States Department of Commerce.

United States apparel wool imports from Latin America have represented a sizeable, although fluctuating, percentage of total United States apparel wool imports by volume. Latin America became a leading source of United States imports of apparel wool in the early 1900's. During the twenties, United States apparel wool imports from Latin America averaged about forty per cent of total apparel wool imports by volume. A decline in apparel wool imports from Latin America as well as from all areas, however, began in the middle twenties as a result of a downward trend in United States per capita wool consumption between 1920 and 1934 and coincident with a period of rising United States wool production and tariff protection.^{1/} One factor possibly contributing to the decline in United States wool consumption was growing competition from and sharply rising per capita consumption of staple rayon fibres beginning in the early twenties. (See Tables 45 and 46).

During the thirties United States apparel wool imports from Latin America declined even more steeply than in the twenties, while United States carpet wool imports from the area increased at a rapid rate. This shift in composition of Latin American wool exports to the United States apparently resulted in part from the operation of the United States wool tariff which made most unimproved wools

^{1/} A rise in United States wool prices, related to the protection offered by the tariff, was undoubtedly largely responsible for the rise in United States production.

Table 45. United States Production, Imports and Consumption of Wool

	Production ^{a/}	Consumption ^{b/}		Imports		Per Capita Consumption		
	(million lbs.)	Apparel	Carpet	Total	(Apparel Wool)	Apparel	Carpet	Total
		(million lbs.)		(million lbs.)		(millions lbs)		
1900	268.6			212.5	50.0			2.79
1901	302.5			212.0	48.2			2.73
1902	316.3			244.5	67.0			3.08
1903	287.5			228.7	50.5			2.82
1904	291.8			238.0	79.5			2.88
1905	295.5			269.0	132.1			3.19
1906	298.9			245.5	90.0			2.86
1907	298.3			241.7	95.6			2.76
1908	311.1			223.3	81.7			2.51
1909	351.2			331.1	175.9			3.64
1910	345.8			258.4	102.1			2.80
1911	342.6			247.5	54.1			2.64
1912	319.4			277.8	113.0			2.92
1913	309.4			228.5	63.9			2.35
1914	293.6			271.7	171.2			2.74
1919	318.4	283.1	46.0	329.1	341.8	2.69	.44	3.13
1920	293.8	264.3	49.9	314.2	219.0	2.48	.47	2.95
1921	290.2	299.7	43.7	343.4	218.7	2.76	.40	3.16
1922	270.4	312.8	93.7	406.5	193.5	2.84	.85	3.69
1923	272.7	311.3	111.1	422.4	265.9	2.78	.99	3.77
1924	282.0	249.7	92.5	342.2	121.7	2.19	.81	3.00
1925	300.0	251.7	98.2	349.9	178.7	2.17	.85	3.02
1926	318.9	254.7	88.0	342.7	183.9	2.17	.75	2.92
1927	339.5	258.7	95.4	354.1	120.3	2.17	.80	2.97
1928	366.7	232.4	100.8	333.2	91.0	1.93	.84	2.77
1929	382.3	253.2	114.9	368.1	102.2	2.08	.94	3.02
1930	414.0	200.7	62.5	263.2	71.2	1.62	.50	2.13
1931	442.4	237.7	73.3	311.0	43.4	1.91	.59	2.49
1932	418.1	188.5	41.6	230.1	16.9	1.50	.33	1.83
1933	438.4	245.5	71.6	317.1	59.6	1.94	.57	2.51
1934	429.4	167.6	62.1	229.7	29.3	1.32	.49	1.81
1935	427.5	319.0	98.5	417.5	42.0	2.49	.77	3.26
1936	419.4	299.8	106.3	406.1	110.7	2.33	.82	3.15
1937	422.3	274.2	106.6	380.8	150.2	2.12	.82	2.94
1938	424.4	219.6	64.9	284.5	30.8	1.68	.50	2.18
1939	426.2	293.1	103.4	396.5	98.2	2.22	.78	3.01
1946	341.8	609.6	127.9	737.5	923.8	4.29	.90	5.19
1947	309.4	525.9	172.3	698.2	528.1	3.63	1.19	4.82
1948	280.5	485.2	207.9	693.1	596.5	3.29	1.41	4.70

Source: Wool Statistics, United States Department of Agriculture, Bureau of Agricultural Economics, Washington, D.C. 1949.

a/ Grease basis

b/ Scoured basis.

Table 46. United States per capita consumption apparel wool and rayon
(Pounds)

	<u>Apparel Wool</u>	<u>Rayon</u>
1919	2.69	.09
1920	2.48	.08
1921	2.76	.18
1922	2.84	.22
1923	2.78	.29
1924	2.19	.37
1925	2.17	.50
1926	2.17	.52
1927	2.17	.84
1928	1.93	.83
1929	2.08	1.10
1930	1.62	.96
1931	1.91	1.27
1932	1.50	1.24
1933	1.94	1.72
1934	1.32	1.55
1935	2.49	2.02
1936	2.33	2.50
1937	2.12	2.35
1938	1.68	2.52
1939	2.22	3.48
1946	4.29	6.16
1947	3.63	6.82
1948	3.29	7.80

Source: Wool Statistics, United States Department of Agriculture,
Bureau of Agricultural Economics, Washington, D.C., 1949.

eligible for free entry.^{1/} The bulk of apparel wools thus remained dutiable while duty-free wool imports were confined almost entirely to wools usable in the United States carpet industry. (See Table 47).

In the present post-war period United States imports from Latin America, both of apparel and unimproved wools, have increased greatly. Imports of unimproved or carpet wools from Latin America have reached all-time peaks in volume terms and apparel wool imports from this area have also exceeded pre-war levels. The prices of United States apparel wool imports from Latin America, however, have increased somewhat more than those of carpet wool or cheaper grade wool imports.

Fluctuations in the volume of United States wool imports from Latin America have varied considerably as between apparel and carpet wools. Since 1900, the volume of United States apparel wool imports from Latin America has fluctuated constantly in cycles of two to three years against a long-term downward trend beginning in the twenties. Carpet wool imports, on the other hand, have shown a rising trend and have exhibited fluctuations of relatively minor amplitude. (See Appendix). This difference in behaviour is evidently due to the fact that the United States produces large quantities of apparel wool, which do not vary substantially from year to year or over the long run, while United States production of carpet wools is negligible. During depression periods United States production of apparel wools is sufficient to supply the bulk of domestic requirements while in prosperous periods, with rising total consumption of wool, imports in substantial amounts are needed to supplement United States consumption. Imports, therefore, meet marginal requirements determined by the spread between a relatively fixed domestic supply of apparel wool and domestic consumption.

^{1/} In 1929, the coarser Argentine cross-bred wools ranging from 36's to 28's were held to be unimproved from the standpoint of United States tariff classification under paragraph 1101 of the United States Tariff Act. This paragraph was extended in 1930 to cover all wool imports not finer than 40's if intended for certain specified uses.

Table 47. Raw Wool, Changes in United States Rates of Duty
(Group Summary)

(Cents per pound of clean content; per cent ad valorem)

Item	Tariff rate in			
	Act of 1922	Act of 1930	1945	1948
Par. 1101 (a):				
Unimproved wools, and other wools not finer than 40s:				
For use in carpets, etc., under bond.....	Free	Free	Free	Free
For apparel uses:				
In the grease or washed ^{1/}	12¢	24¢	13¢	13¢
On the skin.....	11¢	22¢	11¢	11¢
Sorted, or matchings, if not scoured.....	12¢ or 18¢	25¢	14¢	14¢
Scoured.....	24¢	27¢	16¢	16¢
Par. 1102 (a):				
Wools finer than 40s but not finer than 44s:				
In the grease or washed...	31¢	29¢	17¢	17¢
On the skin.....	30¢	27¢	15¢	15¢
Sorted, or matchings, if not scoured.....	31¢	30¢	18¢	18¢
Scoured.....	31¢	32¢	20¢	20¢
Par. 1102 (b) and 1106:				
Wools finer than 44s:				
In the grease or washed...	31¢	34¢	34¢	25 1/2¢
On the skin.....	30¢	32¢	32¢	24¢
Sorted, or matchings, if not scoured.....	31¢	35¢	35¢	26 1/4¢
Scoured.....	31¢	37¢	37¢	27 3/4¢
Carbonized wool.....	31¢	37¢ †	37¢ †	27 3/4¢ †
		20%	12 1/2%	6 1/4%

Source: United States Tariff Commission, Summaries of Tariff Information, Volume II, Wool and Manufactures, Part I Raw Wool and Related Hair, Washington, 1948.

^{1/} The rate for washed wool in the Act of 1922 was 18¢ per pound.

There is, however, another factor making for fluctuations in apparel wool imports. Total United States imports of apparel wool by volume have fluctuated in the same manner as United States apparel wool imports from Latin America and in cycles which are shorter and more frequent than the United States business cycle. (See Chart F). These shorter cycles appear to reflect inventory movements in the United States apparel wool industry that are closely related to mill production of worsteds, rather than woollens.^{1/} Mill consumption of imported apparel wools from all areas, moreover, in contrast to consumption of domestic wools, exhibits the same short-run fluctuations as imports from Latin America, suggesting that inventory adjustments in the United States apparel wool industry are undertaken mainly in relation to imported rather than domestic wools.^{2/} Both inventory and business cycle fluctuations in apparel wool show the same basic pattern, since imports are restricted to a margin between (a) total consumption, or business estimates of consumption, and (b) United States domestic apparel wool supply. Small changes in consumption or inventory, therefore, tend to produce considerably greater fluctuations in imports of apparel wool.

Carpet wool imports show less variation than apparel wool imports, largely because United States production of carpet wools is negligible. However, imports of such wools fluctuate closely in response to movements in United States economic activity and consumer income.

^{1/} See United States Department of Agriculture, Bureau of Agricultural Economics, Wool Statistics, 1949, Table 39, p. 45. Mill consumption of apparel wools on the worsted system shows the same two-to-three-year cycles as United States apparel wool imports. However, the amplitude of the cycles exhibited by mill consumption is substantially smaller than that of imports. This may indicate basic differences in consumer demand for apparel produced on these two systems. A more definite explanation of this difference calls for specific market analysis.

^{2/} The fact that adjustments in stocks are reflected mainly in changes in United States apparel wool imports is explained in part by the fact that domestic wools can be delivered to buyers immediately, and are therefore in a "spot" position, whereas imported wools involve greater delay in delivery.

The prices of United States apparel wool imports from Latin America have fluctuated somewhat less than carpet wool import prices, which have moved more closely in response to the United States business cycle. (See Appendix). Price changes have generally moved in the same direction as quantity changes, indicating little or no price elasticity of demand for both types of wool imports from Latin America.

The future of foreign wools in the United States market, including Latin American wools, depends on several factors. First, United States civilian apparel wool consumption is expected to level off at about 390 million pounds annually (scoured basis) by 1955. This offers a substantial market to foreign producers of apparel wools, since estimated domestic production of some 145 million pounds annually would provide only some 37 per cent of estimated consumption requirements.^{1/} Second, consumption may increase over 390 million pounds after 1955 at about the same rate as population growth if no further increase occurs in the proportion of synthetic fibres, notably staple rayon fibres used as substitutes for wool. The per capita consumption of synthetic fibres has been steadily upward even during periods of recession in the United States economy. However, possibilities of complete substitution for wool appear unlikely and competition between wool and synthetics within a certain range of products will depend mainly on their relative prices. Third, in the shorter run, consumption for military uses is likely to average some 30 to 40 million pounds annually. Fourth, the tariff on apparel wools places foreign producers at a clear disadvantage, but price is of secondary importance so long as United States consumption requirements exceed United States production. If world wool prices were to fall, a substantial measure of protection would be provided to United States wool producers by the tariff and the

^{1/} United States domestic production declined between 1942 and 1950 as sheep numbers dropped about 45 per cent. Increased labour costs and higher returns on cash crops appeared to be the main contributing factors. These factors will probably continue to limit sheep numbers and United States domestic wool production for an indefinite period.

price support programme. Carpet wools imported from Latin America, however, consist mainly of coarser wools (not finer than 40's) and enter the United States duty free, or at relatively lower rates of duty. Latin American exports of this type of wool should expand over the long run at a more rapid rate than apparel wools. (See Table 48). On balance, therefore, the United States offers a sizeable market to Latin American wool producers over the long run. However, the market for apparel wools in particular is not likely to grow at an appreciable rate in view of the increasing competition offered by synthetic fibres.

Cattle Hides

The output of non-durable consumer goods in the United States tends to follow major shifts in industrial production and gross national product but with a smaller degree of fluctuation. As seen in Charts J and K,^{1/} this pattern has been typical of United States production of all leather and leather products, as well as of cattle hide leathers specifically, at least during the inter-war period.

United States demand for leather products has generally followed short-run fluctuations in industrial activity and income levels. On the supply side, however, domestic production of cattle hide leathers has tended to remain relatively stable (see Table 50), barring abnormal changes in the number of animals that are slaughtered for meat or that die a natural death. Faced with such inelastic supply conditions, imports have fluctuated widely in response to variations of demand from United States tanners, as indicated in Chart K.^{2/} Relatively small changes in United States leather goods production have, therefore, tended to result in much greater fluctuations of cattle hide imports.

Since World War II, certain of these traditional pre-war relationships have altered considerably. (See Chart J). Although industrial output and real gross national product have both risen

^{1/} See also Table 49.

^{2/} See also Table 49.

/sharply over their

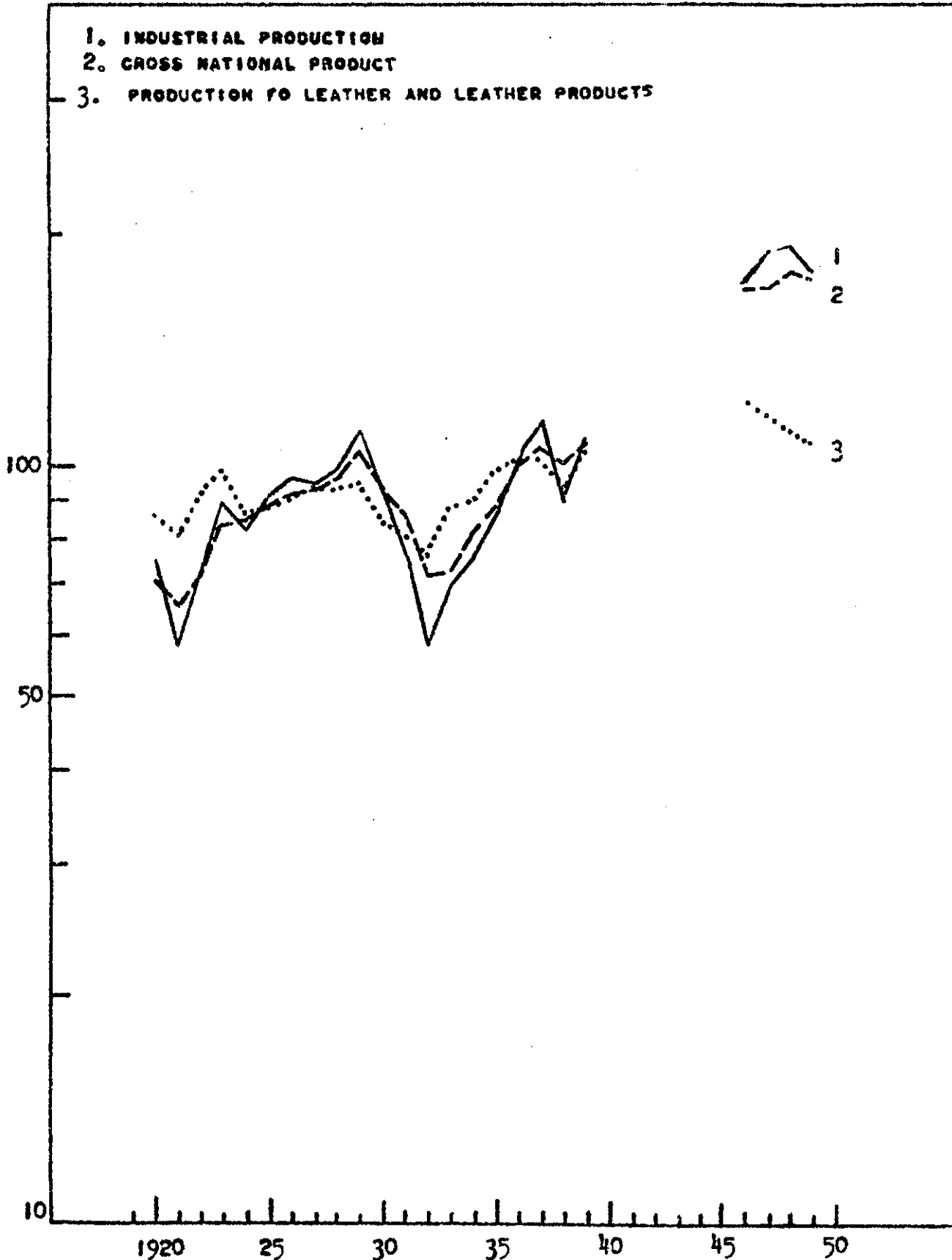
CHART J

UNITED STATES.

INDEXES OF GROSS NATIONAL PRODUCT AND INDUSTRIAL PRODUCTION.

1935/39 = 100

SEMI-LOGARITHMIC SCALE



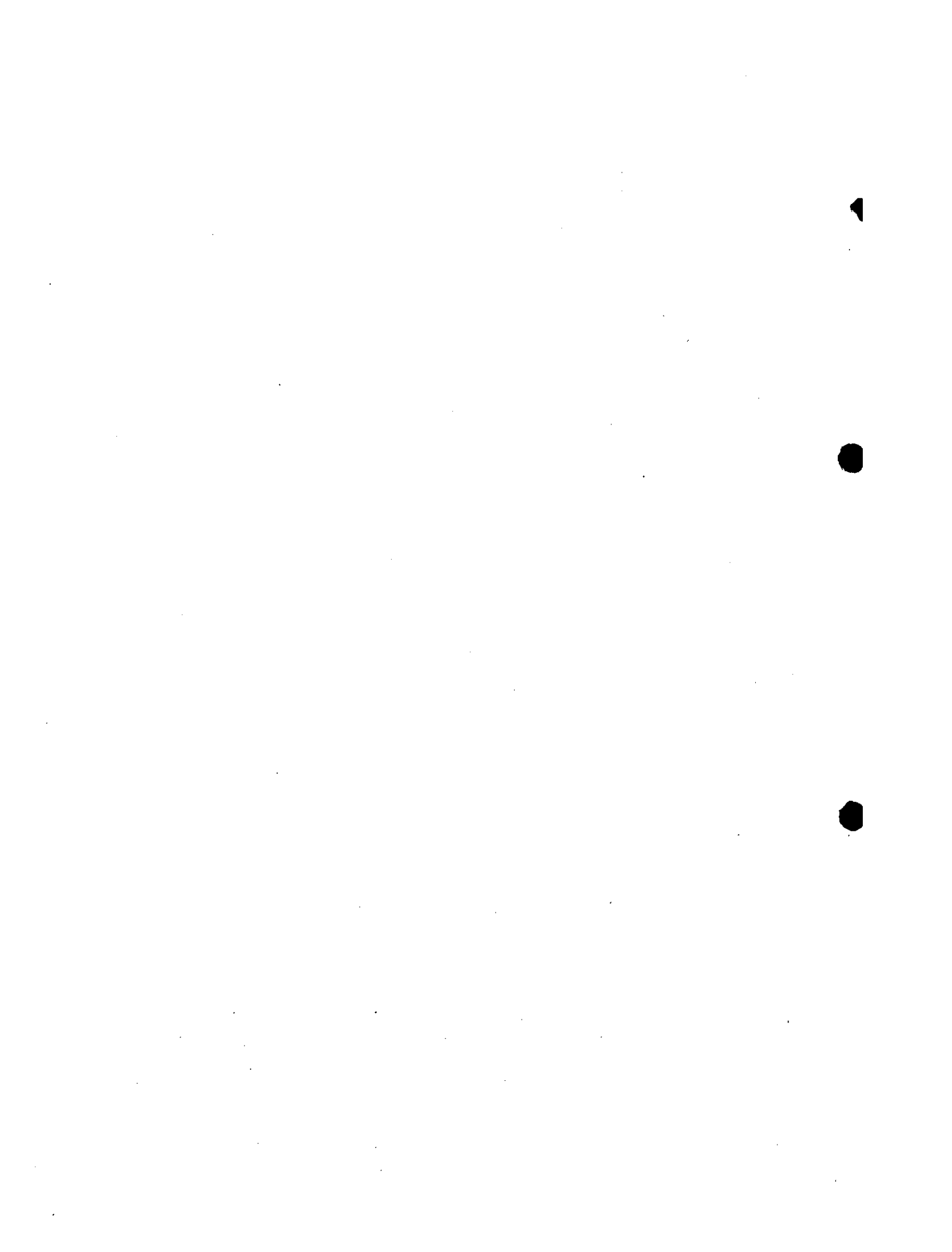


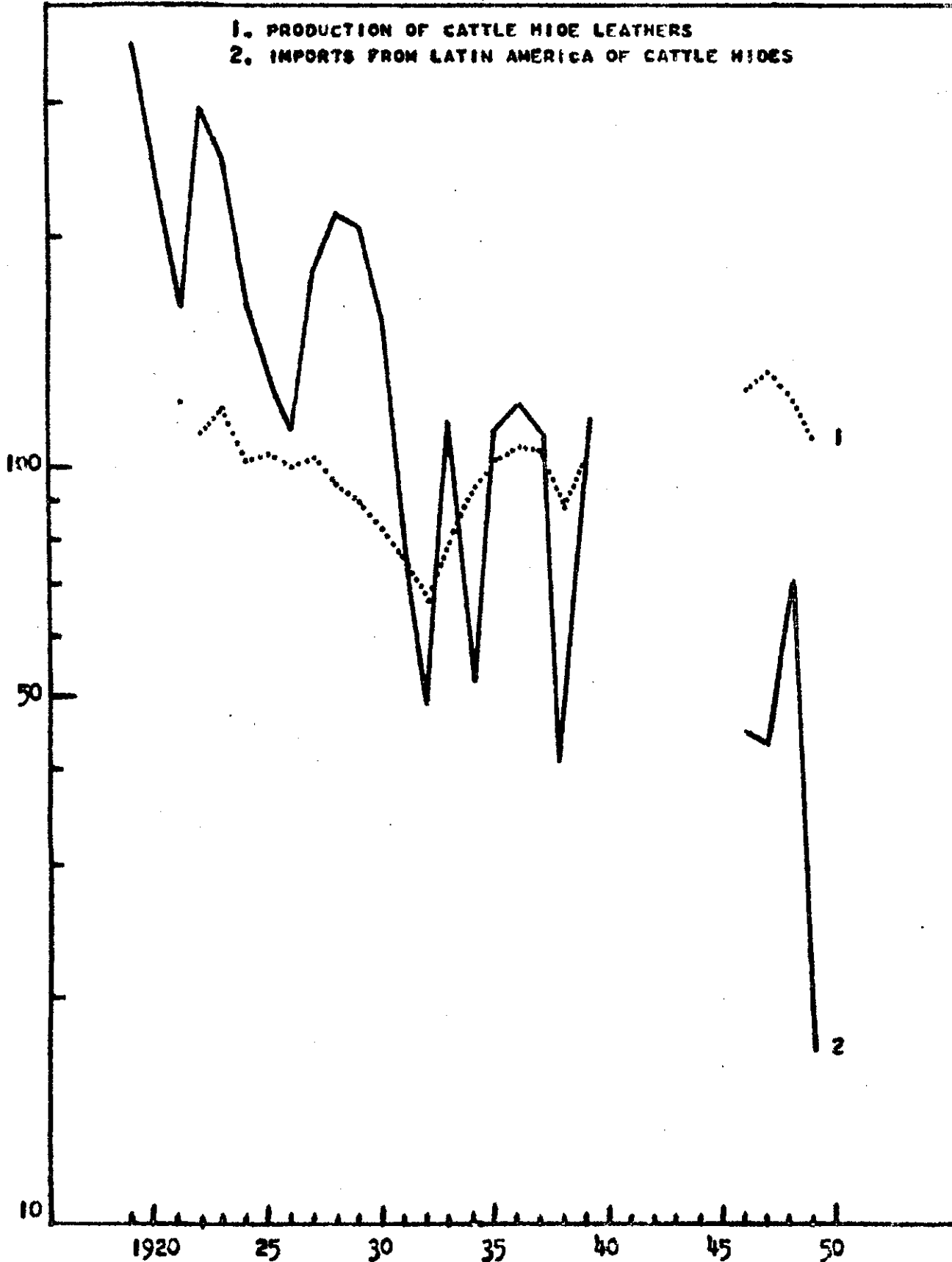
CHART K

UNITED STATES

INDEXES OF PRODUCTION OF CATTLE HIDES LEATHERS AND IMPORTS
FROM LATIN AMERICA OF CATTLE HIDES

1935/39 = 100

SEMI-LOGARITHMIC SCALE



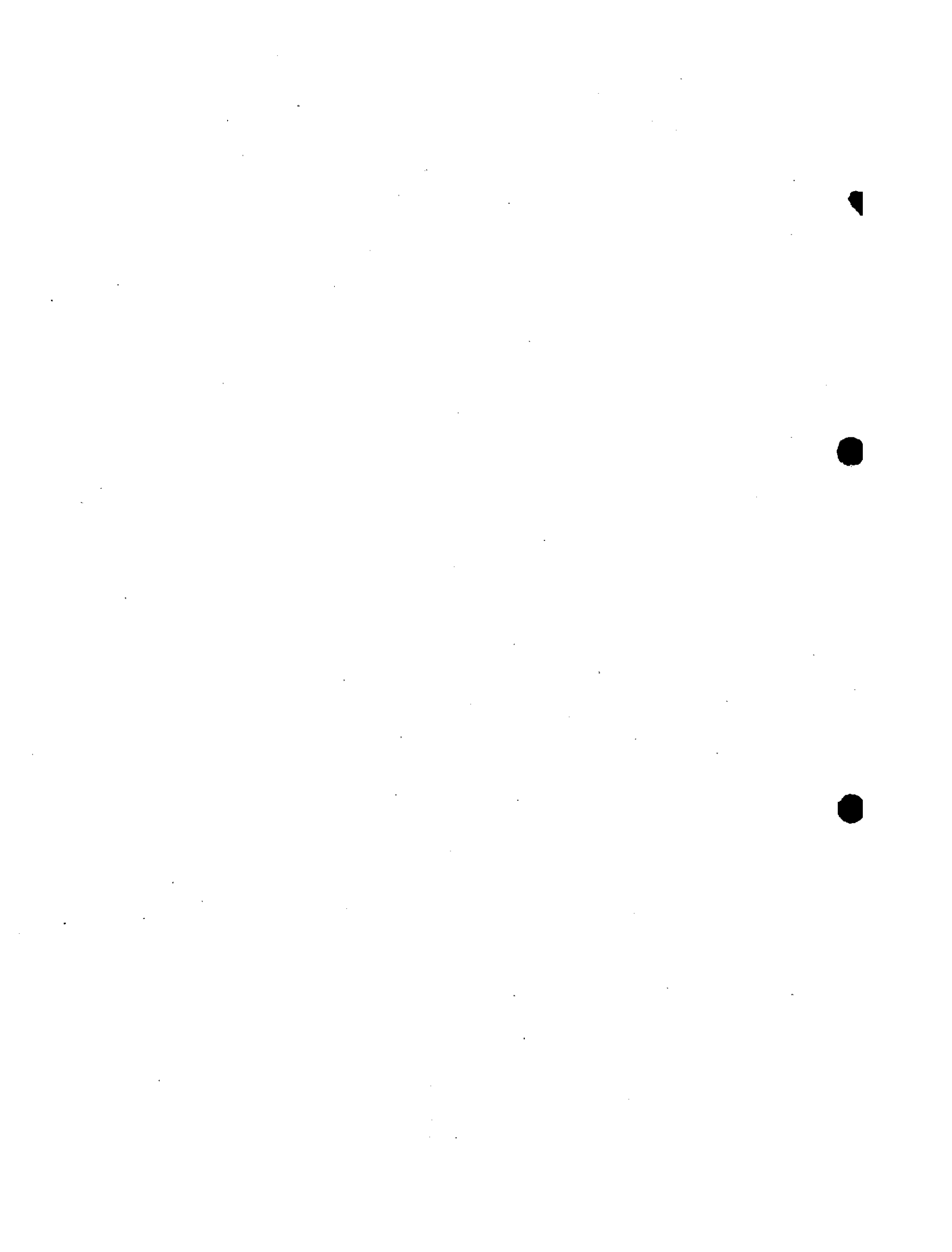


Table 48. United States Wool Imports from Latin America

	Carpet				Apparel			
	Pounds	Value	% Total	Quantum	Pounds	Value	% Total	Quantum
	(000's)	(\$1,000)	Carpet	Index a/	(000's)	(\$1,000)	Apparel	Index a/
		Wool				Wool		
		Imports				Imports		
		(lbs.)				(lbs.)		
1920	6,596	2,485	18	13	119,283	60,183	54	594
1921	12,667	1,611	13	24	112,312	19,075	51	559
1922	11,148	1,638	6	22	79,210	15,346	41	394
1923	9,496	1,839	8	18	110,023	35,483	41	548
1924	6,338	1,352	5	12	37,965	14,149	31	189
1925	6,467	1,728	4	13	62,678	29,610	35	312
1926	6,636	1,390	6	13	70,047	25,010	38	349
1927	10,050	2,282	7	19	37,310	10,731	31	186
1928	9,197	2,249	6	18	25,431	9,140	28	127
1929	24,265	6,406	14	47	42,865	15,721	42	213
1930	22,695	4,338	31	44	23,551	5,689	33	117
1931	32,082	3,084	28	62	5,483	796	13	27
1932	12,465	855	32	24	539	78	3	3
1933	43,571	3,495	38	84	10,841	1,485	18	54
1934	23,344	2,442	30	45	6,134	1,242	28	31
1935	50,082	5,645	32	97	6,466	1,024	15	32
1936	55,553	8,620	39	107	27,882	6,518	25	139
1937	58,060	14,335	34	112	34,263	10,313	23	172
1938	33,619	5,669	47	65	5,561	1,589	18	28
1939	61,226	10,409	42	113	25,924	5,835	26	129
1946	219,817	35,490	90	425	207,483	66,880	26	1,033
1947	165,703	29,571	82	320	110,966	39,540	45	552
1948	241,175	50,332	71	466	191,855	84,549	26	955
1949	112,341	32,808		217	105,262	59,992		524

Source: Data prepared for ECLA by United States Department of Commerce, Office of International Trade; United States Department of Agriculture, Bureau of Agricultural Economics, Wool Statistics, pages 27-28.

a/ Imports into the United States from Latin America, 1935-1939 = 100.

Table 49 Indices of United States Gross National Product, and Selected
Production Series
(1935-39 = 100)

Year	(a) Gross National Product (Constant Prices)	(b) Industrial Production	(c) Production of Leather and Leather Products	(d) Production of Cattle Hide Leathers
1920	70	75	86	n.a.
1921	65	58	82	n.a.
1922	72	73	93	110
1923	83	88	99	118
1924	84	82	86	102
1925	88	90	88	103
1926	92	96	90	99
1927	93	95	94	101
1928	96	99	93	94
1929	103	110	95	89
1930	93	91	84	82
1931	86	75	82	775
1932	72	58	76	67
1933	72	69	88	79
1934	81	75	91	91
1935	88	87	99	101
1936	100	103	103	105
1937	105	113	102	104
1938	100	89	93	88
1939	108	109	105	102
1946	169	170	122	125
1947	170	187	116	133
1948	176	192	111	121
1949	173	176	106	108

Source : Column (a); Council of Economic Advisers to the President, unpublished data.

Column (b); Federal Reserve Bulletin, September 1950, p.1225.

Column (c)
and (d); Federal Reserve Bulletin, selected issues. (Series based on volume data)

Table 50

United States Production of Cattle Hide Leathers

(Thousands of Skins)

1922	23,665
1923	25,577
1924	23,094
1925	22,297
1926	21,500
1927	21,820
1928	20,237
1929	19,146
1930	17,675
1931	16,234
1932	14,583
1933	17,115
1934	19,771
1935	21,932
1936	22,628
1937	22,380
1938	19,047
1939	22,095
1946	27,032
1947	28,824
1948	26,070
1949	23,332

Source: U.S. Department of Agriculture, Bureau of Agricultural Economics, Division of Statistical and Historical Research. Compiled from reports of the Tanners Council of America.

Table 51

United States Imports of Cattle Hides

(Pounds, Millions)

<u>Year</u>	(a) <u>From all Areas</u>	(b) <u>From Latin America</u>	<u>Column (b)</u> <u>Column (a)</u>
1900	n.a.	62.0	--
1901	n.a.	59.1	--
1902	143.0	81.5	57
1903	106.3	79.7	75
1904	91.7	55.4	60
1905	136.6	61.0	45
1906	144.0	69.2	48
1907	122.9	70.6	57
1908	137.9	49.3	36
1909	279.0	104.4	37
1910	222.0	169.4	76
1911	170.7	88.3	52
1912	303.5	143.0	47
1913	223.5	122.2	55
1914	308.1	149.1	48
1919	407.3	309.9	76
1920	275.3	203.7	74
1921	180.2	140.1	78
1922	324.5	252.1	78
1923	292.0	213.9	73
1924	185.6	138.9	75
1925	166.8	113.0	68
1926	150.5	97.5	65
1927	237.2	154.7	65
1928	276.2	182.0	66
1929	265.6	176.1	66
1930	186.9	128.9	69
1931	92.6	66.1	71
1932	55.7	43.3	78
1933	139.9	99.1	71
1934	66.5	45.2	68
1935	135.6	97.7	72
1936	141.6	103.3	73
1937	124.6	94.5	76
1938	59.7	34.9	58
1939	134.1	100.4	75
1946	45.2	38.8	86
1947	46.2	36.7	79
1948	100.8	61.3	61
1949	31.1	14.4	46

Sources: Imports from all areas: Compiled from Foreign Commerce and Navigation of the U.S. by the Bureau of Agricultural Economics, Division of Statistical and Historical Research, U.S. Department of Agriculture.

Imports from Latin America: Data prepared for ECLA by the U.S. Department of Commerce, Office of International Trade.

sharply over their pre-war levels, United States imports of cattle hides from all countries, as well as from Latin America, have fallen below their lowest levels in the last three decades. This has resulted from several factors. One major reason has been the maintenance of United States domestic leather production at a high and stable level since the war, due mainly to the increased United States per capita consumption of beef. At the same time, United States demand for sole leather in footwear has been increasingly met by highly competitive substitutes, especially rubber and composite materials. Finally, the appreciable diversion of Latin American leather to Western European markets (especially the United Kingdom) and the decline in Argentina's exportable surplus of high-grade wet hides (used by the heavy leather branch of the United States tanning industry)^{1/} have combined to reduce Latin America's ability to supply its pre-war share of total United States cattle hide requirements.

From 1919 through 1939, Latin America's share of total United States cattle hide imports averaged some 71 per cent by volume, dropping to 67 per cent during the present post-war period. Of perhaps greater significance is the fact that this average has declined consistently between 1946 and 1949, i.e., from 86 per cent to 46 per cent. (See Table 52). Similarly, the ratio of United States cattle hide imports to total United States production of cattle hides has shown a considerable decline, from 42 per cent in 1929 to 20 per cent in 1939, and an average of only 8 per cent from 1946 through 1949. (See Table 52). Thus, the importance of cattle hide imports has been declining in relation to total United States cattle leather supplies, and Latin America in turn has been securing a smaller share of the dwindling market, especially since World War II. This trend is clearly indicated by the fact that cattle hides

^{1/} Due in part to the increased domestic demand for leather products by Argentine nationals and the relative decline in Argentina's cattle production. Criticisms have also been raised by United States cattle hide buyers concerning the pricing policies of I.A.P.I. (Argentine Trade Promotion Institute).

Table 52. Ratio of U.S. imports of cattle hides to U.S. domestic production of cattle hides, for selected years

(Volume data)

1929	42 %
1937	17 "
1939	20 "
1941	49 "
1946	7 "
1947	6 "
1948	12 "
1949	6 "

Source: Summaries of Tariff Information, U.S. Tariff Commission, Volume 15, Part. 6; and unpublished data.

provided 4.5 per cent of total United States imports from Latin America between 1900-14; 3.4 per cent between 1919-29; 1.7 per cent between 1930-39; and only 0.1 per cent in 1949.

United States demand for leather imports might increase over the next few years following the likely growth in United States industrial activity, income levels, and short-run military requirements. Nevertheless, in view of the increased quantity of United States domestic leather production and the substitution of alternative rubber and composite materials, it would seem unlikely that the pre-war importance of this commodity in terms of total United States-Latin American trade will be regained over the long run.

Quebracho Extract

The volume of United States imports of quebracho extract, supplied almost entirely by Argentina and Paraguay, has moved upward since the early part of the present century to about the same extent as aggregate United States imports from Latin America. (See Appendix). Although the trend of imports was stationary during the inter-war period, import volume in 1946-1949 averaged more than twice as much as during the first decade of the century and about fifty per cent more than in the late 1930's. The sharp drop in imports during 1949 was the result of a steady decline in shoe production from the 1946 peak.

It may be noted that import prices dropped to considerably lower levels during the early 1920's and 1930's than did the prices of aggregate imports. In neither period did the fall in price appear to stimulate consumption appreciably. Producers have since organised output in order to maximise the price return. This has been facilitated by the limited area in which the product is available.

Quebracho extract appears to be an essential raw material in the leather tanning industry in the United States. Accordingly, imports are closely correlated with shoe production, as indicated in Chart L. The extent to which the trend of imports departed from the trend of shoe production in the inter-war period was probably due to increases in domestic production of vegetable tanning materials,

/either from

either from imported quebracho wood or from domestic woods. In this connection, it may be noted that imports of quebracho wood have been negligible in the post-war period, largely because producing countries have discouraged the exportation of wood in order to favour the extract industry. The margin of tariff differential between the wood, which is duty free, and the extract was narrowed in 1941, through the United States-Argentine Reciprocal Trade Agreement, following a reduction in duty on the extract from 15 per cent to 7-1/2 per cent ad valorem. In addition, recent production in the United States of vegetable tanning materials from domestic raw materials, principally chestnut, has been declining.

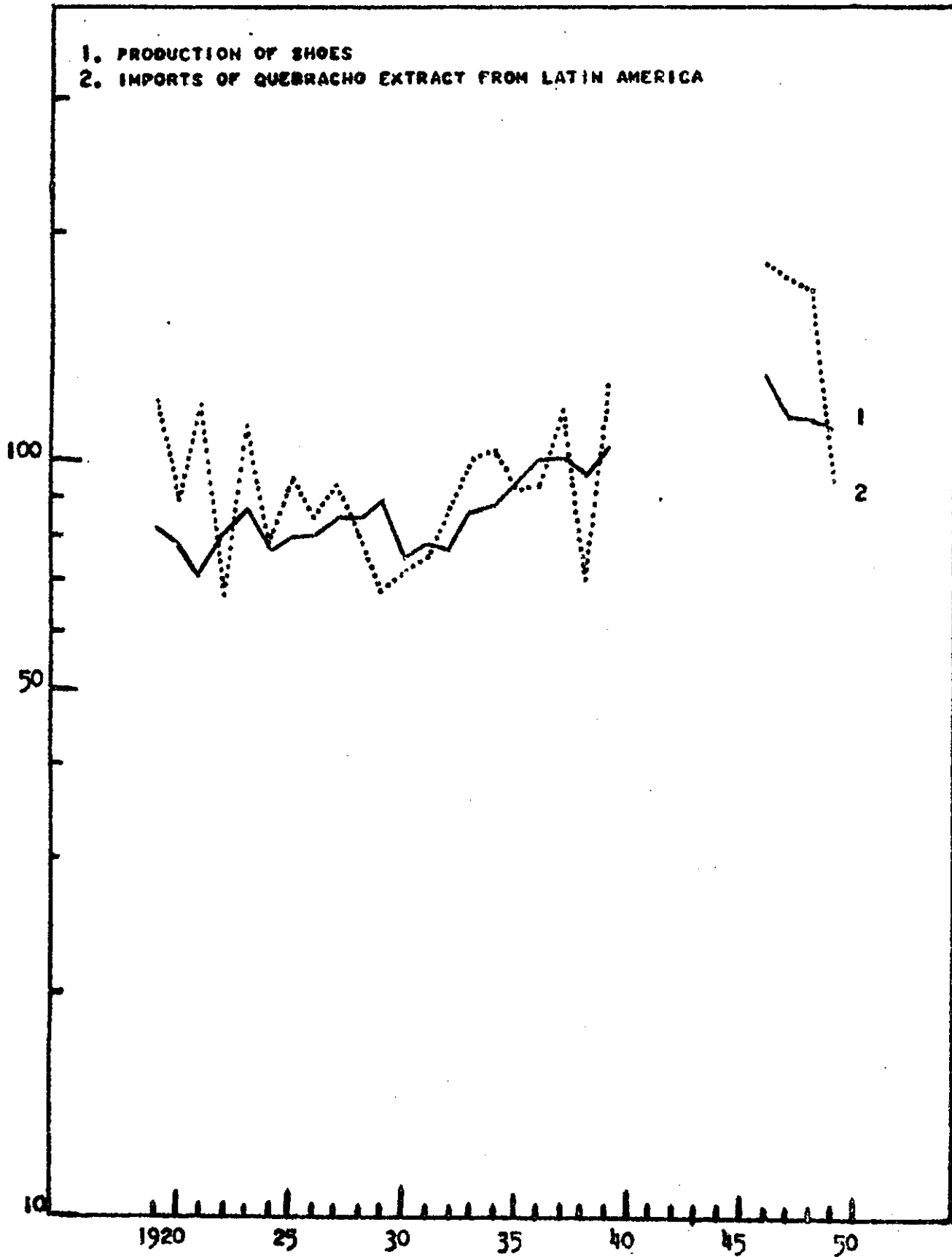
Under present conditions, it therefore appears that the demand for quebracho extract in the United States should continue to increase as economic activity and shoe production, in particular, expand. Prices should be sustained at relatively favourable levels, especially in view of the policies adopted by producers.

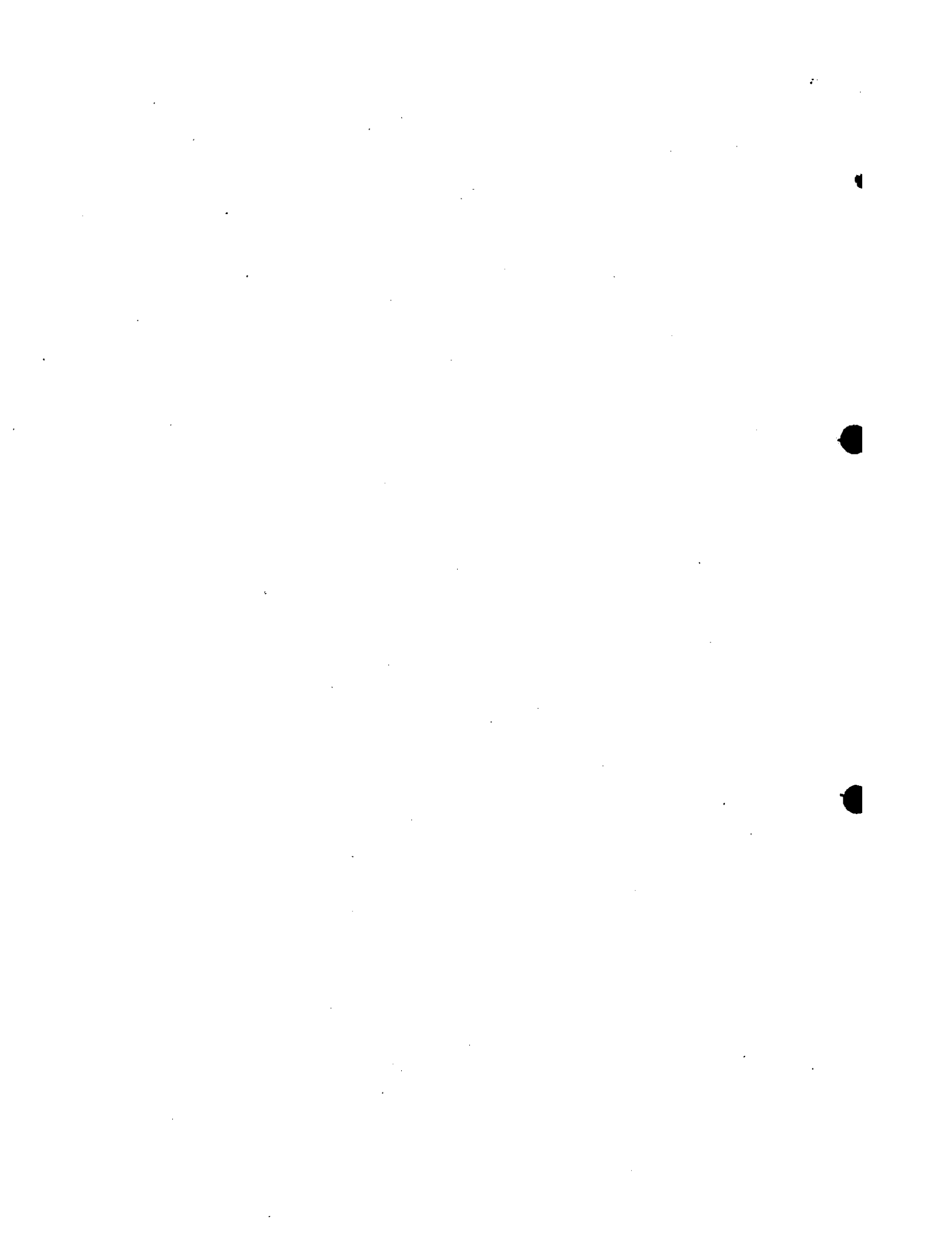
/IV. NEW AND EXPANDED

UNITED STATES
INDEXES OF QUANTITIES OF IMPORTS OF QUEBRACHO EXTRACT FROM LATIN
AMERICA AND PRODUCTION OF SHOES

1935/39 = 100

SEMI-LOGARITHMIC SCALE





IV. NEW AND EXPANDED PRIMARY PRODUCTS

During World War II, the total value of United States imports from Latin America showed a considerable increase over pre-war, accounted for primarily by an expansion of those crude materials and foodstuffs that have traditionally formed the major share of Latin American exports to the United States. In addition, however, United States purchases from the 20 republics were characterised by the appearance of several "war-induced" imports of primary products, including some which were completely new, and others which had been traded in very small amounts pre-war but expanded significantly as a result of abnormal United States war demand.

The appearance of such new or abnormally expanded exports is significant to Latin America since these products can provide potential sources of added dollar earnings. Furthermore, and perhaps of even greater long-run importance, they indicate one means by which Latin America can achieve a greater degree of diversification, within the broad heading of unmanufactured-goods exports, by reducing its previously heavy reliance on a small group of crude materials.

The products involved, produced in many cases at high unit cost, increased in value during the war primarily because of the high prices offered by United States buyers. Latin America's ability to maintain these "war-induced" exports at high levels has been primarily dependent upon the extent to which prices of such products have remained commercially competitive in post-war United States markets.

An examination of the commodities listed in Table 53 indicates that in the case of every commodity except one,^{1/} the value of the war-time imports considerably exceeded their pre-war totals. This was due to a combination of several factors.

United States military demand for scarce and critical materials was abnormally high, as evident in the case of balsa wood for aircraft fuselages, Brazilian pebble for high frequency radio equipment, and tungsten ore for armour-plating.

1/ Iron ore, including manganiferous ores.

/Many such

Table 53: United States Imports from Latin America of Selected Commodities, not fully manufactured, 1938-1949.
(US\$ Millions)

	1938	1943	1944	1945	1947	1948	1949
<u>Textile fibres & manufact.</u>							
Manila or abaca fibre	-	0.3	0.8	2.0	6.1	7.0	7.7
Animal hair, unmanufactured a/	0.3	5.8	7.1	6.1	2.8	2.5	2.3
<u>Wood and paper</u>							
Logs of hardwood & cabinet wood b/	0.5	1.7	2.5	2.6	3.3	3.3	1.5
Hardwoods, sawed & flooring b/	0.5	1.0	1.5	1.7	5.0	4.1	2.6
Pine, sawed	0.1	1.5	2.3	2.9	8.9	11.1	7.5
Balsa, sawed	0.1	2.7	2.7	1.5	0.1	0.3	0.4
<u>Chemicals & related products</u>							
Menthol, natural	-	0.7	7.3	5.0	1.9	2.2	1.8
Caffeine	-	2.6	3.5	2.5	0.2	0.5	0.7
Ethyl alcohol	-	1.5	11.2	14.1	14.8	4.1	n.a.
<u>Metals & manufactures, excluding machinery & vehicles</u>							
Iron ore, including manganiferous ores	3.3	0.1	0.2	0.5	6.1	9.5	9.6
Manganese ore	2.5	11.9	17.7	15.6	5.3	3.7	5.8
Chrome ore, or chromite	0.2	3.8	4.3	3.6	2.0	2.0	1.2
Tungsten ore, & concentrates c/	-	12.4	19.1	6.9	2.3	2.0	0.5
Molybdenum ore & concentrates	-	1.0	1.4	0.1	-	-	-
Tin ore, cassiterite, & black oxide of tin	-	20.1	32.3	35.4	31.2	38.1	37.5
Antimony ore	1.1	5.3	2.7	4.6	2.6	4.3	2.5
Quicksilver or mercury	-	5.5	2.2	1.4	0.1	0.2	0.2
<u>Vegetable products inedible excluding fibres & wood</u>							
Rubber, crude, excluding guayule	1.0	13.9	19.0	19.7	12.6	0.7	0.3
Rubber, guayule	0.6	3.6	3.4	6.0	1.5	0.1	-
Drugs, herbs, leaves, etc. d/	0.6	5.3	9.1	9.2	5.3	4.7	2.4
Castor beans	2.1	10.8	11.0	9.9	24.6	20.7	14.5
Expressed or extracted vegetable oils e/	4.6	21.6	20.8	21.2	21.5	18.0	21.2
Essential or distilled vegetable oils f/	0.4	2.3	5.6	4.5	3.9	2.9	3.6
<u>Non-metallic minerals</u>							
Brazilian pebble, unmanufactured	0.2	11.4	11.2	6.2	1.8	4.2	1.4
Mica, unmanufactured	-	3.1	1.7	1.9	0.9	1.4	1.2
Diamonds, cut, unset for jewelry	-	9.9	11.0	16.2	0.7	1.3	2.1
Diamonds, industrial	0.7	4.4	4.6	0.8	0.8	0.8	0.2
TOTAL	18.8	164.2	216.2	202.1	167.2	149.7	128.7

Source: Foreign Commerce and Navigation of the U.S., selected issues, and data prepared for Economic Commission for Latin America by the United States Department of Commerce, Office of International Trade. It is recognized that 1938 does not provide a completely satisfactory basis for prewar comparison because of the recession in the United States. However its use was prompted by the ready availability of data for that year, and because additional representative prewar years would involve a considerable amount of compilation without materially affecting the over-all results.

- a/ Chiefly horsehair.
- b/ Chiefly mahogany.
- c/ Exclusive of that for refining and export.
- d/ Chiefly cinchona bark, cube root and fish liver oil.
- e/ Chiefly carnauba wax, candelilla wax, oiticica oil, castor oil, sunflower oil, rapeseed oil, ouricury wax and babassu nut oil.
- f/ Chiefly lignaloe, pettigrain oil, lime oil, citronella oil, orange oil, and lemon grass oil.

Many such items will be faced with increased competition from a wide range of synthetic substitutes. Experimental work in artificial quartz indicates that it should become more important commercially than Brazilian pebble. Similarly, anti-malarial substitutes should replace the pre-war reliance upon cinchona alkaloids.

Closely associated with the expansion of military demand was the stimulus given Latin American exports by the disappearance of other foreign producing areas from the United States market. Rubber sales from Brazil and Mexico increased sharply to compensate for the loss of British Malaya, Indonesia and Ceylon; shipments of oiticica, citronella and lemongrass oils rose as supplies from China, Java and India fell in importance; Mexico and Chile temporarily supplied United States quicksilver requirements formerly met by Spain and Italy; and Mexico and Bolivia, rather than China, were able to expand war-time antimony exports to the United States. This was true for a wide range of items previously supplied by other areas.

In the case of several products such as oils, waxes, gums, abaca, and tin ore, Latin America is likely to continue exports to the United States at levels well above pre-war. In other cases, such as rubber, quicksilver, and chrome ore, Latin America's war-stimulated sales have fallen with the reappearance in the market of other traditional foreign suppliers operating under conditions of greater comparative advantage.

World War II provided several illustrations of increased exports to the United States resulting from the importation of technical skills and equipment. In 1938, for example, United States cut-diamond imports from Latin America were very small. When skilled cutters from the Low Countries left Europe during the war, however, many settled in Brazil and Cuba and by 1945 cut-diamond sales to the United States exceeded 16 million dollars. The benefit of added capitalisation is illustrated by United States assistance in developing abaca plantations in Central America. Similarly, the installation of mills and equipment for sawing mahogany logs and /recent experiments in

recent experiments in the pulping of hardwood stands should help the continued growth of Latin America's hardwood lumber exports.

The successful importation of skills and capital can be of considerable help in Latin America's attempts to broaden its range of exports. In most cases it would result in a greater degree of processing of products which had formerly been exported in purely raw material form. In view of the increased value added at higher stages of fabrication, Latin America's dollar-earning position should be improved while at the same time providing a greater degree of diversification below the stage of completely finished manufactures. This may in fact be more feasible for some time to come than large-scale expansion of exports in final stages of manufacture.

One qualification, however, should be added. Imports of technical knowledge and machinery must obviously be accompanied by a permanent lowering of comparative costs of production in Latin America, if its semi-processed exports are to be maintained. Fibre exports from the Caribbean have received an encouraging stimulus, but Philippine producers are strong competitors under ordinary peace-time conditions. United States diamond imports from the southern republics have declined sharply since 1945 as the traditional European industry revived.

Finally, certain imports such as iron and tin ore, abaca and castor beans, have expanded considerably in recent years as a result of basic long-run demand conditions in the United States economy, although their initial increase was in part due to short-run factors already discussed such as purely military needs, loss of supply from other areas, or increased use of capital equipments.

Active steps for example were taken during the war to develop a United States tin-smelting industry, requiring the importation for the first time of tin in the form of ore or concentrates. Since United States domestic tin reserves are negligible, imports of this important mineral directly from Bolivia should continue at high levels. The depletion of United States iron ore deposits concurrent
/with the planned

with the planned expansion of existing capacity^{1/} should keep demand for Chilean and Brazilian iron ore high, and exports of Venezuelan iron ore resulting from new United States investments, are expected to commence in appreciable amounts during 1951-52. Competition from Canada, however, may be expected as the Labrador ore fields are further developed. With a comparatively high demand for abaca consumption and stockpiling in the United States, supplies will probably be limited for some time. If production costs in Central American plantations can be kept competitive with the Philippines, this superior cordage fibre could remain an important addition to United States imports of primary goods from Central America. Similarly, United States demand for specialised high-grade drying oils and lubricants should help in maintaining castor bean imports from Latin America at or above their war-time values.

The factors briefly outlined above have all contributed to the appearance of several new or abnormally expanded United States imports from Latin America. If the 27 representative groupings listed in Table 54 could maintain their peak war-time values, the dollar-earning ability of the 20 republics would be increased by nearly 200 million dollars compared to pre-war, and a greater degree of export diversification achieved.

Table 54. New and "War-induced" United States Imports from Latin America

(millions of dollars)

	<u>1938</u>	<u>1943</u>	<u>1944</u>	<u>1945</u>	<u>1947</u>	<u>1948</u>	<u>1949</u>
27 representative groups of "war-induced" imports	18.8	164.2	216.2	202.1	167.2	149.7	128.7

Source: Foreign Commerce and Navigation of the United States, selected issues, and data prepared for ECLA by the United States Department of Commerce, Office of International Trade. It is recognised that 1938 does not provide a completely satisfactory basis for pre-war comparison because of the recession in the United States. However its use was prompted by the ready availability of data for that year, and because additional representative pre-war years would involve a considerable amount of compilation without materially affecting the over-all results.

^{1/} A recent survey by the American Iron and Steel Institute places annual United States steel capacity at 117.5 million tons by 1952, a 36 million ton (45 per cent) increase over 1940. More than 18 million tons of new capacity are expected between 1950 and 1952.

/Since the

... Since the post-war totals have declined to some 129 million dollars, however, it is clear that the various "war-induced" imports show wide variations in competitive ability under peace-time commercial conditions.

One approximate method of determining the competitive position of individual imports which expanded during the war years, is to compare their post-war values with preceding years. When the separate headings in Table 53 are so viewed, a broad threefold grouping may be used depending on whether the post-war export totals accord with one of the following conditions: (a) Post-war export values close to or significantly in excess of their war-time levels (tin ore, iron ore, castor beans and abaca); (b) Post-war exports below World War II peaks but still well above 1938 (manganese ore, essential or distilled vegetable oils, jewelry diamonds and sawn hardwoods); (c) A fall in post-war exports to the lower pre-war levels (quicksilver, crude rubber including guayule, tungsten ore, cinchona bark and industrial diamonds).

This form of classification is helpful insofar as it indicates roughly how recent demand and supply factors already analysed have affected the ability of various "war-induced" imports to sell successfully under present United States market conditions. Imports which expanded primarily because of urgent military needs, or short-run shifts in traditional supply positions, will be found mainly in group (c) and partly in group (b). Conversely those items whose war and post-war growth has been due in large part to increased application of technical skills and capital, and especially to long-run trends in United States industrial requirements, will be more likely to fall under group (a) and partly in group (b). Only products in group (a) and several in group (b) have proved sufficiently competitive to persist in peace-time United States markets.

Further detailed studies bearing on these commodities would obviously be necessary to determine their future position in the United States market. However, it may be concluded that iron and tin ores, abaca, castor beans, manganese ore, and hardwood lumber, for example, are a few of the more logical choices for long-run

/expansion by

expansion by Latin America for the United States market. Many of the other commodities listed in Table 53 will undoubtedly continue for some time at levels well above 1938, but their prospects appear somewhat precarious unless it can be assumed that current United States purchases for military and stockpiling purposes will continue indefinitely.

In summary, therefore, World War II increased the relative importance^{1/} of several lesser-known United States imports from Latin America. The temporary character of increased demand for certain of these products has already been indicated. However, others have demonstrated their ability to compete effectively in present United States markets. Specialised studies, covering the market conditions relating to the latter commodities, should therefore be rewarding both in terms of continued expansion of new dollar earnings and increased export diversification.

^{1/} The relative importance of the 27 groups examined, in terms of total United States imports from Latin America, increased from about 4 per cent in 1938 to some 14 per cent in 1944, declining thereafter to nearly 6 per cent in 1949.

V. LATIN AMERICAN

V. LATIN AMERICAN MANUFACTURES IN THE UNITED STATES MARKET

Manufactured products have constituted less than 10 per cent of the value of aggregate United States imports from Latin America during the past twenty years, except during the Second World War. (See Table 55). In the years 1943-1945 the proportion of total values accounted for by manufactured goods increased to an average of some 14 per cent, in response to the abnormal supply situation in the United States and in Europe and to the unusually high level of demand in the United States. By 1947-49, with virtually complete recovery of supply conditions, at least as regards production in the United States, the percentages of total imports represented by these goods had reverted to the pre-war level of some 5 to 8 per cent of the total.

The current values of these imports in 1947-1949 averaged about 140 million dollars. About two thirds of the total consisted of manufactured foodstuffs.^{1/} In this connection, it may be noted that the foodstuff items have tended to be more stable than other manufactured goods. Their relative importance in the recent period has been much the same as during pre-war years. Furthermore, although they shared in the abnormal trend of the war years, their increase during those years was much less marked than for the non-food items.

The volume of imports of manufactured goods from Latin America appears to have increased by about two thirds from 1929 to 1947-1949. (See Table 56). This is a substantially greater increase than for the aggregate of imports from Latin America, for which the comparable rate of growth is about two fifths. The comparison is all the more marked in that the base year was a year of peak economic activity in the United States during the inter-war period. The growth in the volume of imports of manufactures thus corresponded more closely than aggregate imports from Latin America to the increase in real income

^{1/} Excluding cane sugar.

Table 55. United States Imports of Manufactured Products from Latin America: Percentages of total imports and values. Selected years, 1929-1949

	1	2	3	2 + 3	4
	Aggregate Imports from Latin America (millions of current dollars)	Percentage of aggregate values consisting of "finished manufactures"	Percentage of aggregate values consisting of "manufactured foodstuffs" excluding cane sugar	Percentage of aggregate values consisting of manufactured products	Derived Values of 2 + 3 (millions of current dollars)
	a/	b/	c/		d/
1929	1,014.3	1.9	3.1	5.0	50.7
1936	501.7	1.5	5.9	7.4	37.1
1943	1,318.7	3.8	9.3	13.1	172.8
1944	1,593.9	4.9	10.5	15.4	245.5
1945	1,623.3	7.3	6.6	13.9	225.6
1947	2,155.9	2.6	3.4	6.0	129.4
1948	2,328.8	1.9	5.1	7.0	163.0
1949	2,300.5	1.8	3.4	5.2	119.6

Sources: 1929-1945: U.S. Department of Commerce, Foreign Commerce and Navigation of the U.S., selected annual volumes.

1947-1949: Data obtained directly from U.S. Department of Commerce, Office of International Trade.

- a/ General imports from the 20 Republics.
- b/ "Finished manufactures" are one of the 5 economic classes used in United States import statistics. The data for 1929-1945 from which these percentages are derived cover the 20 Republics plus colonial possessions in South America, i.e., British, Dutch and French Guiana, and the Falkland Islands. Imports from these possessions, however, affect the percentages only to a negligible extent. The data for 1947-1949 cover the 20 Republics only. It is important in the context of this section to exclude the Netherlands West Indies in particular, among the colonial possessions, because of U.S. imports of gasoline, especially during the war years, classified as a "finished manufacture".
- c/ Cane sugar, classified in U.S. statistics as a "manufactured foodstuff" has been excluded because it is subject to refining in the U.S. and so is not properly considered to be a finished manufacture. The data for all years include the colonial possessions, which has only a negligible effect on the percentages.
- d/ Percentages given under "2 + 3" taken of data in column 1.

Table 56: U.S. Imports of Manufactured Products from Latin America:
Quantum Changes from 1929.

	<u>Imports of Manufactured Products from Latin America</u>			<u>Aggregate Imports from Latin America -</u>
	<u>(millions of current dollars)</u> a/	<u>(millions of current dollars at 1929 prices</u> b/	<u>Percentage increase over 1929 at constant prices</u>	<u>Percentage change of quantity indexes from 1929</u>
1929	50.7	50.7	-	-
1936	37.1	59.9	18	-23
1947	129.4	89.2	76	+40
1948	163.0	99.4	96	+37
1949	119.6	73.8	46	+36

a/ Column 4 of Table 63.

b/ Deflators are index numbers of unit values of aggregate imports from Latin America, used in this connection in the absence of an index of unit values of imports from Latin America by economic classes. The index of unit values of aggregate imports from Latin America, however, moves in close correspondence with the index of unit values of total United States imports of finished manufactures, as indicated below:

Indexes of Unit Values of U.S. Imports

(1929 = 100)

<u>Aggregate from Latin America</u>	<u>Total of Finished Manufactures</u>
1929 : 100	100
1936 : 62	59
1947 : 145	153
1948 : 164	165
1949 : 162	162

in the United States, which was also about two thirds during the period under consideration.

The favourable rate of growth of the volume of manufactured imports, considering the narrow base from which it developed, is not cited to convey any implication of a major change in the composition of demand for Latin American products in the United States. However, simply finished consumer goods, carefully adapted to the requirements of the United States market, could contribute to the diversification of Latin American exports to the United States. To this end, specific market surveys and the adjustment of production to the tastes and other factors affecting demand in the United States market could well be rewarding.

Analysis of individual commodities that comprise the group of manufactured imports from Latin America is made difficult by their wide dispersion.^{1/} The commodities presented in Table 57 are intended to be merely representative of the types of goods that could provide the basis for an expansion of such exports. Among the foodstuffs are canned beef, cheese, sugar candy and confectionery, rum, and malt liquors. The non-food items selected are leather goods, including sandals, trunks and travelling-bags, purses and handbags; silver jewelry; wool blankets; cordage, cords, and twines; palm leaf, and toquilla fibre hats; and baskets of bamboo and similar materials.

Most of the goods selected as indicative of the finished manufactures imported from Latin America are relatively simple manufactures, closely related to raw materials available in the area of production and not requiring highly capital-intensive processes of production. Thus, with respect to the conditions of supply, there appears to have been a market in the United States for certain types of manufactured goods in spite of the limitations facing such

^{1/} Indicative of this statistical difficulty is the fact that the 12 to 15 items that could be selected with relative facility represent only some 27 per cent of the value of all manufactured products in 1947-1949. (See Table 57).

Table 57: United States Imports of Selected Products
from Latin America, 1938, 1943-1945, 1947-1949

Manufactured Foodstuffs	1938 ^a /1943	1944	1945	1947	1948	1949
<u>Canned beef, including corned beef</u>						
(million lbs)	78.5	105.4	87.2	54.7	28.9	128.9 72.1
Argentina	33.9	51.3	61.8	26.1	19.5	83.3 44.2
Uruguay	25.8	42.5	18.6	7.1	3.5	21.2 18.7
Brazil	14.6	11.3	2.9	5.0	5.9	22.2 6.8
(million dollars)	8.4	18.6	15.2	9.1	8.8	41.3 23.4
Argentina	3.7	9.4	11.0	4.7	5.6	26.2 14.2
Uruguay	2.7	7.3	3.1	1.3	1.2	7.5 6.3
Brazil	1.6	1.9	0.4	0.7	2.0	7.0 2.2
<u>Cheese</u>						
(million lbs.)	1.5	24.7	8.8	9.4	4.3	8.3 7.5
Argentina	1.5	24.0	8.3	7.0	3.9	8.1 7.4
(million dollars)	0.2	4.2	1.8	2.4	1.4	2.8 2.8
Argentina	0.2	4.1	1.7	1.8	1.3	2.7 2.8 ^b
<u>Sugar candy and confectionery</u>						
(million lbs.)	0.6	37.9	38.8	61.8	8.1	0.3 0.1
Cuba	0.6	26.9	31.6	49.9	7.1	0.1 0.06
(million dollars)	0.02	6.0	5.1	9.4	1.5	0.06 0.03
Cuba	0.02	4.7	3.8	6.4	1.2	0.03 0.02
<u>Rum</u>						
(million proof gallons)	0.2	4.2	5.8	0.5	0.05	0.09 0.08
Cuba	0.2	4.1	5.7	0.5 ^c	0.05	0.09 0.08
(million dollars)	1.0	9.4	13.6	2.2	0.3	0.5 0.4
Cuba	1.0	9.3	13.2	2.1	0.3	0.5 0.4
<u>Malt liquors</u>						
(million gallons)	0.2	1.8	5.8	7.5	0.9	0.4 0.1
Mexico	0.2	1.8	5.8	7.5	0.9	0.4 0.1
(million dollars)	0.1	1.9	6.4	6.2	0.7	0.3 0.1
Mexico	0.1	1.9	6.4	6.2	0.7	0.3 0.1
<u>Other manufactures</u>						
<u>Leather sandals</u>						
(million pairs)	d/	4.6	0.4	1.9	0.2	0.2 0.4
Mexico	d/	4.6	0.4	1.9	0.2	0.2 0.4
(million dollars)	d/	5.1	0.5	2.1	0.2	0.2 0.3
Mexico	d/	5.1	0.5	2.1	0.2	0.2 0.3
<u>Leather trunks, etc., purses & handbags</u>						
(million dollars)	e/	2.3	5.3	5.3	1.2	0.8 0.6
Argentina	f/	1.4	4.5	4.5	0.8	0.4 0.1
Mexico	f/	0.6	0.4	0.4	0.04	0.03 0.03
Cuba	f/	0.2	0.2	0.3	0.2	0.2 0.3
<u>Jewelry, other than gold or platinum</u>						
(million dollars)	e/	1.8	2.0	3.9	0.09	0.09 0.06
Mexico	e/	1.7	1.9	3.5	0.09	0.09 0.06
<u>Wool blankets, including carriage and automobile robes</u>						
(million lbs.)	g/	0.5	0.2	0.1	0.003	0.003 0.001
Uruguay	-	0.2	0.04	0.02	-	- -
Argentina	-	0.2	0.1	0.07	-	- -
Mexico	g/	0.02	0.03	0.01	0.003	0.003 0.001
(million dollars)	e/	0.7	0.3	0.2	0.001	0.006 0.002
Uruguay	-	0.3	0.06	0.02	-	- -
Argentina	-	0.3	0.04	0.1	-	- -
Mexico	e/	0.03	0.2	0.04	0.01	0.006 0.002

Continued on next page

Table 57 (Continuation) U.S. Imports of Selected Products
from Latin America, 1938, 1943-1945, 1947-1949

Manufactured Foodstuffs	1938 ^a	1943	1944	1945	1947	1948	1949
<u>Binder twine</u>							
(million lbs.)	22.0	24.4	27.0	20.4	14.8	1.6	2.8
Mexico	16.0	23.9	27.0	20.4	14.8	1.3	2.6
(million dollars)	1.1	3.2	3.5	2.7	2.9	0.3	0.4
Mexico	0.8	3.1	3.5	2.7	2.9	0.2	0.37
<u>Cordage, including cables, tarred or untarred, composed of three or more strands</u>							
(million lbs.)	0.07	14.6	45.8	75.8	1.3	1.2	1.3
Mexico	0.06	9.8	34.1	56.2	0.1	0.7	0.7
Cuba	0.01	4.8	11.7	19.6	1.2	0.5	0.6
(million dollars)	h/	2.1	7.5	12.6	0.3	0.3	0.2
Mexico	h/	1.3	5.5	9.3	0.02	0.2	0.1
Cuba	h/	0.8	2.0	3.3	0.28	0.1	0.1
<u>Cords & twines, wholly or in chief value of manila, sisal, henequen, or other hard fibres</u>							
(million lbs.)	0.5	2.6	6.9	12.5	16.9	7.6	10.5
Mexico	0.5	2.5	6.9	12.4	15.4	7.5	10.5
(million dollars)	0.02	0.3	1.0	1.8	3.2	1.3	1.5
Mexico	0.02	0.3	1.0	1.79	2.9	1.2	1.5
<u>Harvest hats, palm leaf</u>							
(millions)	3.5	11.8	14.3	12.0	2.6	2.7	3.3
Mexico	3.5	11.8	13.7	11.8	2.5	2.7	3.1
(million dollars)	0.09	1.0	1.4	1.1	0.3	0.2	0.2
Mexico	0.09	1.0	1.3	1.1	0.27	0.2	0.16
<u>Toquilla fibre hats</u>							
(millions)	0.2	2.1	3.0	3.9	2.8	3.5	4.3
Ecuador	0.2	2.1	2.9	3.6	2.6	3.3	4.2
(million dollars)	0.1	1.6	3.7	4.6	3.7	3.9	4.8
Ecuador	0.1	1.6	3.6	4.5	3.6	3.8	4.1
<u>Baskets and bags of bamboo, straw, willow, wood & similar materials</u>							
(millions)	0.2	2.5	4.6	6.8	2.4	3.1	2.9
Mexico	0.2	2.5	4.5	6.3	2.3	3.1	2.9
(millions dollars)	0.02	0.5	1.0	1.2	0.3	0.4	0.3
Mexico	0.02	0.5	0.97	1.0	0.3	0.4	0.3

a/ It is recognized that 1938 does not provide a completely satisfactory basis for prewar comparison because of the recession in the U.S. Its use has been prompted by the ready availability of data for that year. The use of a more representative prewar base period, involving a considerable amount of additional compilation, would not change the results materially. Data for other years are taken into account in the discussion above.

b/ Approximate.

c/ Approximate.

d/ Not shown separately.

e/ \$ 1 000.

f/ Less than \$ 500.

g/ 1,000 lbs.

h/ Less than \$ 5,000.

Sources: 1938-1944: Data supplied directly by Office of International Trade, U.S. Department of Commerce.

1945: U.S. Department of Commerce, Foreign Commerce & Navigation of the U.S.

1947-1949: U.S. Bureau of the Census, Report No. Ft. 410, U.S. Imports of Merchandise for Consumption, annual volumes.

production and its exportation to a highly competitive market. However, the need for lowering costs is pointed up by the fact that the demand for these goods in the United States is largely marginal; they are competitive to a large extent, directly or by substitution, with domestic manufactures or with goods supplied by other, frequently highly industrialised, countries.

In this connection, it is of interest to note that, despite the generally higher levels of United States import duties on finished manufactures compared with primary materials (see chapter on United States tariff, pages 89-93), the major obstacles to expansion of exports of manufactures from Latin America appear to be factors other than the tariff. United States tariff policy since 1934 has resulted in a lowering of duties on manufactured products as well as on other products. The tabulation below of the approximate ad valorem equivalents of duties on the selected commodities indicates that they are dutiable in general at less than 25 per cent ad valorem:

0-15%:	Sugar candy and confectionery Malt liquors Binding twine (duty-free) Cordage, cords and twines Harvest hat bodies, palm leaf Hat bodies, toquilla fibre
16%-25%:	Canned beef Cheese Leather sandals, ^{1/} trunks and travelling-bags, purses and handbags
33-1/3%:	Rum
45%:	Wool blankets ^{1/}
50% or more:	Jewelry ^{1/} Baskets ^{1/}

The few instances of highly protective duties obviously enhance the difficulties for Latin America of competing with lower cost products.

^{1/} Duties increased as of 1 January 1951 upon abrogation of the United States-Mexico Reciprocal Trade Agreement of 1943; sandals, from 10 per cent to 20 per cent; baskets, from 25 per cent to 50 per cent; and handwoven wool blankets, from 27.5 per cent to 45 per cent.

The marginal nature of demand for many of these imports and the consequent need for lowering costs if they are to compete in the United States market is indicated by the drastic decline of such imports in the recent post-war period. The following products, for example, returned either close to or below low pre-war levels: sugar candy and confectionery, rum, malt liquors, wool blankets, palm leaf harvest hat bodies, and twine and cordage.

Cuban exports of sugar candy and confectionery to the United States have returned to negligible pre-war levels after having attained values of about 5 million dollars during the war. With the passage of abnormal war-time supply shortages, the difficulty has been the competition offered by a large, efficient and highly mechanised industry in the United States and by other suppliers, such as the United Kingdom, even at the low and preferential duty rate of 10 per cent. Rum imports from Cuba similarly reached the level of 13 million dollars in 1944 and have since declined drastically. In this case, the main factor appears to be competition from other domestic alcoholic beverages and duty-free rum from Puerto Rico. The duty for Cuba of about one third of unit values is preferential with respect to other foreign suppliers, such as Jamaica. Malt liquors from Mexico, which amounted to more than 6 million dollars during the peak year of the war, are back to their low pre-war status. With a low rate of duty of about 12-1/2 per cent and the localised nature of trade in this product, the possibility of competition at least in the border areas of the United States would appear to be good, even though the abnormal encampment of military personnel in those areas is no longer a factor.

Wool blankets from Argentina and Uruguay appeared only during the war, with no imports after the war. The maintenance of at least a small portion of the increased imports from Mexico of handwoven blankets perhaps reflected the reduction in duty from about 45 per cent to 27.5 per cent, effected in the Reciprocal Trade Agreement of 1943. This Agreement, however, was abrogated as of 1 January 1951 with a resulting increase in duty to the 45 per cent level. The

/decline in

decline in imports of harvest hat bodies from Mexico, entering at the low rate of 6-1/4 per cent, is a reflection primarily of competition with substitute products.

As indicated in the discussion of henequen fibre, there has been a secular decline of demand in the United States for binder twine for technological reasons. During the war there was only a slight increase in the volume of imports of binder twine from Latin America, principally Mexico. In recent post-war years the level of imports has been substantially below even that of pre-war, indicating an increasing impact of the technological factor. This commodity entered free of import duty long before the inception of the United States Trade Agreements programme. As for other twines, cordage, and cords, however, imports in 1947-1949 were well above pre-war, averaging somewhat more than 2 million dollars annually, but substantially below the war-time average of more than 8 million dollars. In this group of commodities, cords and twines were largely responsible for the maintenance of the post-war level of imports. Cordage is supplied principally by the Philippines under a duty-free quota (as against general duties ranging up to about 15 per cent).^{1/} Mexico faces competition in hard-fibre cords and twines with a few large producers in the United States at a duty level of 15 per cent ad valorem.

A second group of commodities among those selected has also shown substantial declines from the levels attained during the war, but imports of these commodities are still well above pre-war. Aggressive efforts, however, will be necessary if they are to retain their position. Included in this group are cheese; leather sandals; leather trunks and travelling-bags, handbags and purses; silver jewelry; toquilla fibre hat bodies; and baskets of bamboo, willow and related materials.

United States imports of cheese of various types from Argentina increased during the war years to an average of close to 3 million dollars annually, compared to pre-war annual imports of substantially less than half a million dollars. The main reason for the increase was the elimination of traditional European suppliers of these

^{1/} The duty-free quota will be eliminated in gradual stages by 1974.

/products, such as

products, such as Italy, France, the Netherlands, Denmark and Switzerland. There has been a considerable reduction in the quantities supplied by Argentina in recent post-war years with the re-entry of European suppliers. However, average values during 1947-1949 of 2.3 million dollars are not very much less than during the war, and the volume of imports, averaging 6.7 million pounds, is several times above pre-war. Although United States production is considerable and increasing, the prospects of competition are enhanced by the wide varieties of products in this field and by increasing United States consumption. Per capita consumption of cheese in the United States increased by some 22 per cent from 1937-1939 to 1947-1949. The rates of duty on the wide variety of products under this heading appear to average about a minimum of 25 per cent, compared to about 35 per cent under the Tariff Act of 1930.

Imports of sandals from Mexico responded to the abnormal supply situation during the war, increasing to 4.6 million pairs in 1943 with a value of 5.1 million dollars, compared to a very much lower pre-war level (only 73,000 pairs in 1937). These items are ordinarily competitive with the large domestic output of sports footwear and with the products of other supplying countries, especially Czechoslovakia. The post-war level of imports is still well above pre-war, but amounts in value to only about a quarter of a million dollars, largely as a result of renewed and expanded domestic production of competitive products. The import duty, which had been lowered from 20 per cent to 10 per cent by the United States-Mexico Reciprocal Trade Agreement of 1943, reverted to 20 per cent upon abrogation of that Agreement as of 1 January 1951. Similarly, imports of leather trunks and travelling-bags, purses and handbags from Latin America, coming largely from Argentina but with significant amounts also from Mexico and Cuba, increased from negligible pre-war levels to more than 5 million dollars during the war years. Although there has been a considerable reduction in recent post-war years, with the disappearance of the abnormal supply conditions, the level of almost one million dollars annually is far
/above pre-war.

above pre-war. Duty rates have generally been reduced under the Trade Agreements programme and current rates range from 17-1/2 per cent to 25 per cent ad valorem. Maintenance of the level of exports is dependent upon ability to compete with other specialty exporters, such as the United Kingdom and France. The bulk of demand for these items in the United States is met from domestic production.

The major problem for Mexican silver jewelry exports to the United States appears to be competition with the domestic industry in the United States, which is protected by high import duties.^{1/} With progressive reductions under the Trade Agreements programme, duties are now much lower than the range of 80 per cent to 110 per cent ad valorem under the Tariff Act of 1930, but they still range from 55 per cent to 80 per cent. The industry in the United States is largely mechanised, but the processes nevertheless involve a considerable amount of hard work. Successful competition therefore appears to be possible despite the high level of protection.

Imports of toquilla fibre hat bodies (Panama hats), almost entirely from Ecuador, appear to have attained a new level well above pre-war and even that of the war-time period. These commodities have been dutiable at 12-1/2 per cent since 1938.^{2/} The average value of 4.1 million dollars of imports in 1947-1949 appears to indicate successful competition with other types of substitutable hat bodies. Imports of baskets of bamboo, willow and related materials, coming chiefly from Mexico, on the other hand have declined from the war-time peak of about one million dollars annually to about 0.3 million to 0.4 million dollars in 1947-1949. These imports, furthermore, faced a doubling in import duties to 50 per cent as of 1 January 1951 by virtue of termination of the United States-Mexico Trade Agreement. Baskets of straw, an important competitive substitute, continue dutiable at half that rate.

^{1/} Considerable duty-free exports of Mexican silver jewelry probably take place through purchases by United States tourists in Mexico.

^{2/} United States-Ecuador Reciprocal Trade Agreement, reduced from 25 per cent established by the Tariff Act of 1930.

Among the largest and most persistent United States imports of manufactures from Latin America is canned beef. United States imports have come almost entirely from South America, largely from Argentina, Uruguay and Brazil. They became of importance in the late 1920's, by which time domestic production in the United States of canned beef virtually ceased because of diversion of the lowest or "canner" grade of beef to the more profitable production of sausage. The pre-war peak of imports was reached in 1937-1939 with average quantities of 84.2 million pounds valued at 8.7 million dollars. Imports since then have steadily declined, amounting to an average of 76.6 million pounds in 1947-1949 or some 10 per cent less than in 1937-1939, although the rise of prices is reflected in the average value of 24.5 million dollars, almost three times higher than that of 1937-1939. The decline in imports has occurred despite increased per capita consumption of beef in the United States and the lowering of import duties since the pre-war period. Per capita consumption of fresh and processed beef increased by 20 per cent from an average of 43.0 pounds in 1937-1939 to 51.4 pounds in 1947-1949. The lowering of duties effected through the United States Reciprocal Trade Agreements with Argentina in 1941 and with Uruguay in 1943 resulted in a reduction from about 50 per cent ad valorem in 1937-1939 to 20 per cent in the recent period. Furthermore, competition for the relatively limited market in the United States for canned beef is likely to increase in view of the development of a beef canning industry in Mexico since the end of 1946. At that time, United States imports of live cattle from Mexico were embargoed because of the outbreak of hoof-and-mouth disease among Mexican cattle. The development of a canning industry resulted as a means of eliminating the surplus of live cattle that were formerly exported to the United States.

/VI. IMPACT OF

VI. IMPACT OF THE UNITED STATES TARIFF

United States tariff policy since the adoption of the Reciprocal Trade Agreements programme in 1934 has in general resulted in a reduction of the level of United States import duties. The substantial reductions of duties effected under the programme are indicated in the tabulation below.

Table 58. Percentage of Total Values of United States Dutiable Imports in 1947 Affected by Tariff Reductions under Reciprocal Trade Agreements in Force on 1 January 1949

Duty reduced: total 68.4%

Extent of Reductions

0 to 25 per cent	7.0%
26 to 45 per cent	11.2%
46 to 65 per cent	60.3%
66 to 75 per cent	9.9%

Source: Gray, Gordon et al, Report to the President on Foreign Economic Policies, p. 125, Washington, 10 November 1950.

The programme, has however, encountered considerable opposition since its inception from producers who consider their interests to be adversely affected, with the result that the policy of lowering duties has been faced by a number of restraints.^{1/} Thus, it has been reported by official advisory bodies to the President that "despite these reductions, . . . many United States imports are still subject to rates of duty of 25 per cent or more and, in some

^{1/} A reflection of opposition encountered by the programme is the increasingly limited duration of the various Trade Agreement Acts empowering the President to negotiate tariff reductions. In the various enactments since 1934 the authority has been granted four times for 3 years, twice for 2 years, and once for 1 year. The current Act expires on 12 June 1951, with the Executive Power seeking an extension of 3 years.

cases, to duties of over 100 per cent"^{1/} and, elsewhere, that "despite duty reductions under reciprocal trade agreements, many United States imports are still subject to high duties."^{2/}

Insofar as traditional imports from Latin America are concerned, the level of United States duties and other controls on imports have in general been much less restrictive than in the case of other areas supplying commodities more competitive with domestic output. In several instances, however, United States commercial policy has had a significant effect on the entry of imports from Latin America (e.g., sugar, wool, copper, petroleum, flaxseed and linseed oil), as observed in more detail in the appropriate commodity sections of this report.

In view of the structure of the United States economy, tariff margins have generally varied directly with the stage of fabrication of imported goods. Thus, while traditional imports from Latin America have always been relatively favourably situated with respect to the tariff, the entry of new Latin American processed products in the United States market is to some extent dependent upon continuation of the downward trend in United States duties since 1934. Probably a much more important factor in penetrating the United States market, however, is the ability of Latin America to improve its competitive position relative to that of traditional suppliers of processed products.

The bulk of the products which may be imported free of duty into the United States are raw materials and crude foodstuffs, with only minor duty-free imports represented among manufactured products. This is evident from the following percentages of duty-free imports within each of the 5 economic classes into which United States imports are grouped (based on 1939 import values)^{3/}:

1/ Gordon Gray, *op. cit.*, p. 78.

2/ The Economic Report of the President, 12 January 1951, p. 123.

3/ United States Tariff Commission, Operation of the Trade Agreements Programme, July 1934 to April 1948, Part III, Trade Agreement Concessions Granted by the United States, p. 55. Washington, 1949.

Crude foods:	81 per cent
Crude materials:	78 per cent
Semi-manufactures:	63 per cent
Manufactured foods:	21 per cent
Finished manufactures:	21 per cent
(excluding duty-free newsprint)	

Bearing in mind that only a minor proportion of imported raw materials and crude foods are subject to duties, the level of duties for dutiable imports in each of the economic classes confirm the pattern noted with respect to the duty-free portion of the United States tariff. The ad valorem equivalents of the rates of duty are generally higher for more highly processed goods. On balance, however, the tariff margins among goods at various stages of fabrication have been considerably narrowed by virtue of substantial reductions on manufactured goods effected under the Trade Agreements programme. This may be noted in the Table below.

Table 59. United States Agreements in Effect of Provided for on 1 January 1948: Average Ad Valorem Equivalents on Total Dutiable Imports Before and After Agreements and Average Reduction in Rates, by Economic Classes.

(based on 1939 values of imports)

	<u>Ad Valorem Equivalents)</u>		Average Reduction in Rates
	<u>Before any Agreements</u>	<u>As of 1 January 1948</u>	
Total, all classes	48.2%	25.4%	47%
Crude foods	39.0%	20.5%	47%
Crude materials	52.6%	32.3%	39%
Semi-manufactures	23.0%	14.3%	38%
Manufactured foods	66.2%	26.8%	60%
Finished manufactures	45.3%	28.1%	38%

Source: United States Tariff Commission, op.cit., p.48.

The greater than average reduction (60 per cent) in the duty level on manufactured foods is misleading since a large part of the reduction is accounted for by cuts in the duty on sugar, imports of which are directly controlled by a system of allocations.

/Furthermore, the

Furthermore, the impact of duties on crude foods and materials and on semi-manufactures is in effect much less than indicated since, as previously noted, most imports in these classes enter duty-free. With respect to crude materials, in particular, however, the high level of duties maintained even after reductions under the trade agreements, is a reflection of the protective policy for certain raw materials domestically produced, such as wool. It is of interest to note that the group of semi-manufactures is in a highly favoured position with respect both to the extent to which goods in this class enter duty-free and to the level of the dutiable portion of imports. An important qualification in regard to this method of measuring the relative impact of the tariff, is the fact that there is no way of determining the extent to which duties may have kept imports from surpassing recorded levels. Furthermore, attempts to assess the effects of the United States Reciprocal Trade Agreements programme by relating reductions of duty to changes in the values of imports are beset with the basic difficulty of isolating the tariff factor from other, frequently more significant, factors affecting imports.

/VII. COMMODITY EXPORTS

VII. COMMODITY EXPORTS IN RELATION TO INDIVIDUAL REPUBLICS

The relative experience of individual Republics in the United States market over the long run as well as during periods of business recession in the United States has been determined largely by the commodity patterns already considered.

Thus, Brazil and Cuba have obtained by far the largest share of the United States market for Latin American goods since 1900. Their combined share of total United States imports from the area, however, declined from some 60 per cent in the decade 1900-09 to about 45 per cent in 1930-39; these countries obtained about the same share of the United States market in the present post-war period.

Table 60. United States Imports from Selected Republics as Per Cent of Total Imports from Latin America

	<u>1900-09</u>	<u>1920-29</u>	<u>1930-39</u>	<u>1946-49</u>
Argentina	5	10	12	7
Brazil	32	17	22	23
Chile	5	8	6	6
Colombia	2	7	12	10
Cuba	27	31	21	19
Guatemala	1	1	1	2
Honduras	1	1	2	1
Mexico	17	14	10	11
Uruguay	1	2	2	2
Venezuela	3	2	5	10

Source: United States Department of Commerce, Foreign Commerce and Navigation of the United States, selected issues.

The decline in the percentage share of the United States market obtained by Brazil and Cuba reflects two distinct developments. First, coffee production for export to the United States has become more widely dispersed among a number of Latin American countries, as is evident from steady rise in Colombia's and to a lesser extent in Guatemala's, share of the United States market. Second, the decline in Cuba's percentage share is attributable to the decline in United States sugar imports, particularly since the twenties.

/The gradual decline

The gradual decline in Mexico's share of Latin American dollar earnings is explained mainly by the relative fall in United States lead and zinc imports from this republic and, to a lesser extent, by the downward trend of United States imports of henequen. By contrast, Chile's share of the United States market has remained relatively stable, indicating a steady, but not rapidly growing, United States demand for copper in relation to total United States imports from the area, which more than compensated for the declining importance of sodium nitrate. Similarly Uruguay's percentage share has remained virtually unchanged over several decades.

The substantial increase in Venezuela's percentage share of total imports from Latin America, especially in the present post-war period, reflects a steady growth in United States demand for petroleum imports from this republic. A similar rise in Argentina's share of total Latin American dollar earnings up to the Second World War indicates a relative increase in United States imports of carpet wools as well as a more diversified range of Argentine exports to the United States. The decline in Argentina's percentage share during the present post-war period reflects the elimination of United States demand for flaxseed and linseed oil imports as well as a continuing downward trend in United States demand for cattle hides.

The long-run position of individual republics in the United States market is thus confirmed by the trend of United States demand for particular groups of Latin American products. Certain countries in particular have benefited from the demand for new primary products: tin ore in the case of Bolivia; iron ore from Venezuela and Chile; and abaca fibre and hardwoods from several Central American Republics. Others, largely Argentina and Mexico, have benefited from the demand for certain manufactured products. Over the long run, however, the dollar earnings of individual republics have been heavily dependent on one or a few commodity exports, placing a number of Latin American countries in a vulnerable position with respect to shifts in United States demand for their exports.

/The dollar earnings

The dollar earnings of a number of Latin American countries indicate substantial departures from the cyclical behaviour of United States imports of Latin American products in the aggregate. In particular, United States imports from Argentina, Chile and Uruguay show a greater range of fluctuation in almost every major United States recession.

Table 61 Percentage Changes in United States Imports by Value from Specified Republics During United States Recessions

	Total U.S. Imports from Latin America	Argen- tina	Bra- zil	Mexi- co	Vene- zuela	Chile	Colom- bia	Uru- guay	Cuba
1907-08	-16	-34	-24	-18	-14	-21	1	-57	-15
1920-21	-64	-72	-87	-34	-50	-61	-18	-63	-68
1929-32	-68	-86	-60	-68	-60	-88	-41	-89	-72
1937-38	-30	-70	-19	-18	-13	-39	-6	-66	-29
1948-49	-2	-46	7	-7	3	-15	3	-7	4

Source: United States Department of Commerce, Foreign Commerce and Navigation of the United States, selected issues.

This suggests greater sensitivity to shifts in United States business conditions in the case of major United States commodity imports from these countries, in particular wool, hides and skins, and copper. United States imports from Brazil and Cuba, on the other hand, closely follow the pattern of fluctuations in total United States imports from Latin America. This is due mainly to the predominance of coffee and sugar in the total of United States imports from Latin America.

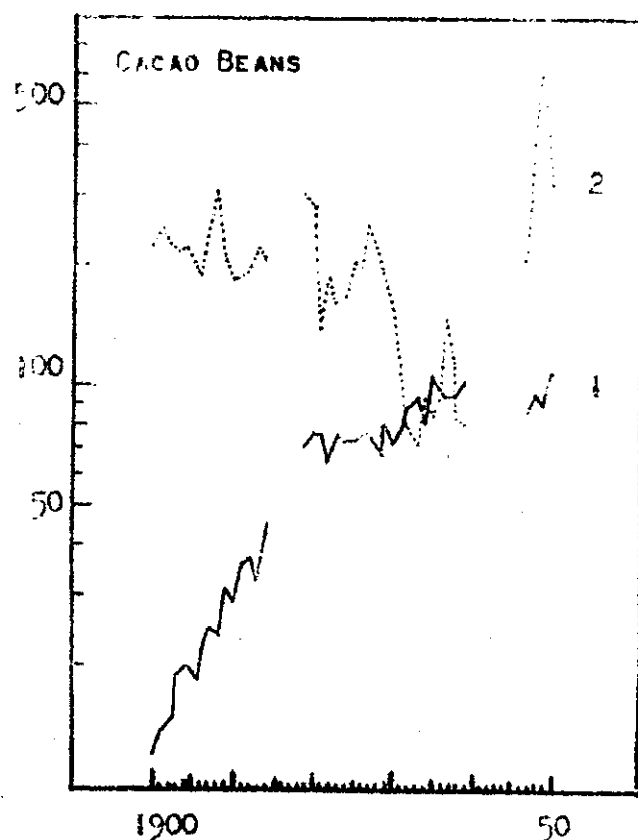
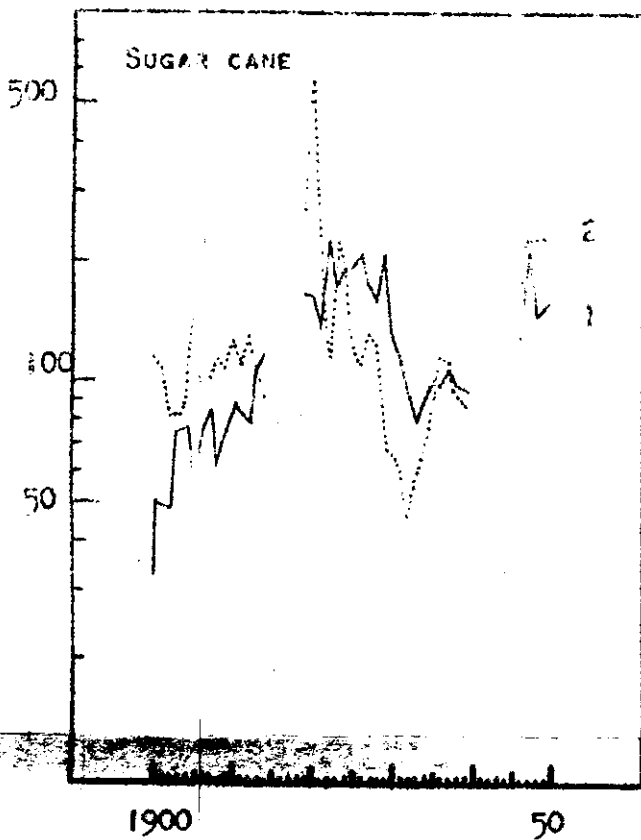
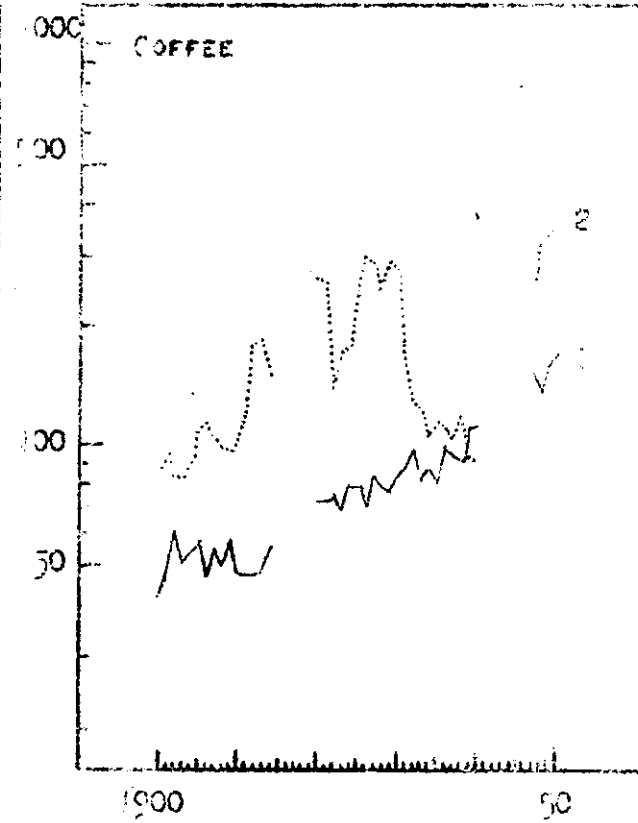
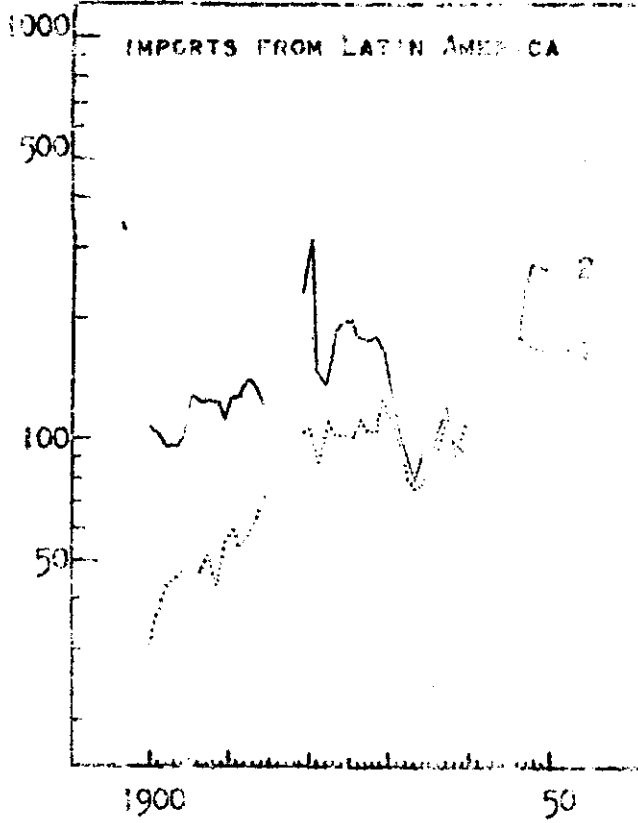
CHART I

APPENDIX - INDEXES OF QUANTITIES AND UNIT VALUES OF IMPORTS
FROM LATIN AMERICA

1935/39 = 100

- 1. INDEX OF QUANTITY
- 2. INDEX OF UNIT VALUE

SEMI-LOGARITHMIC SCALE

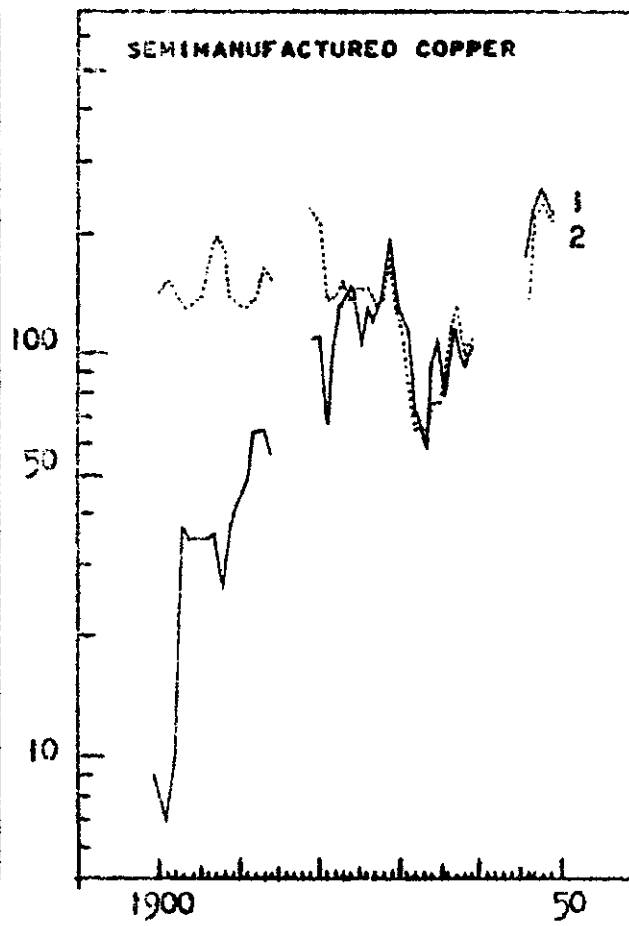
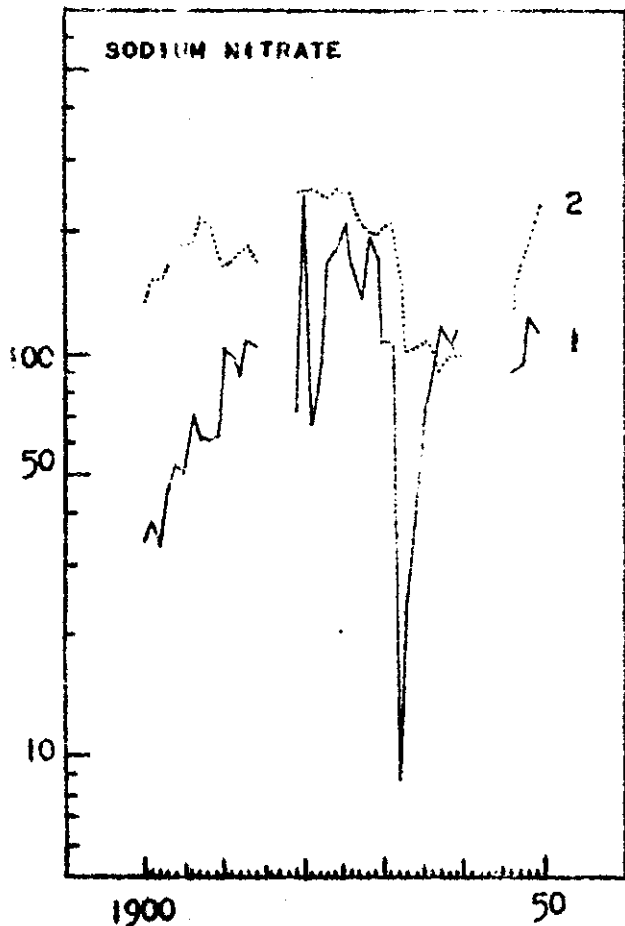
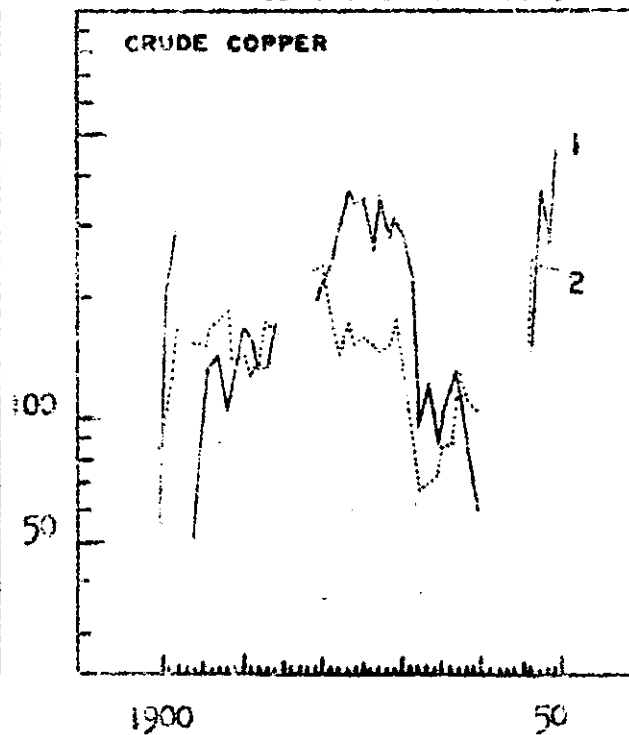
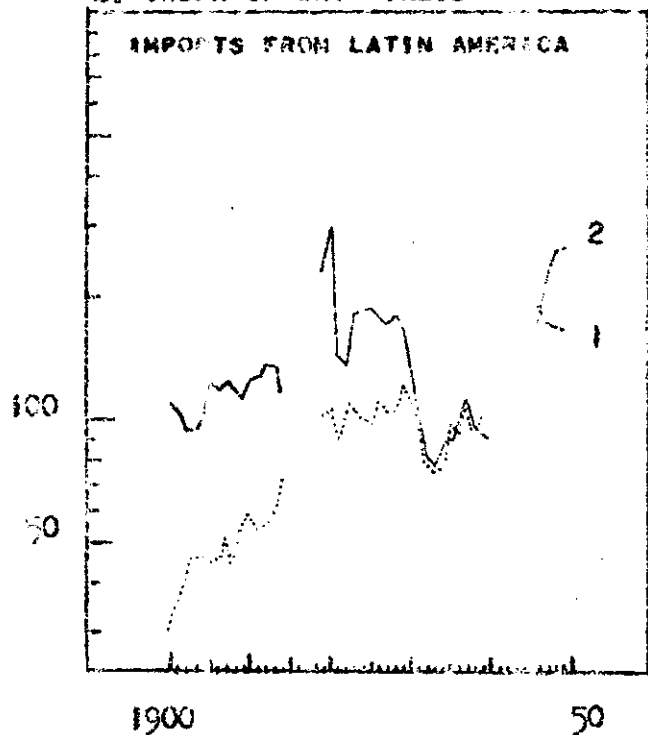


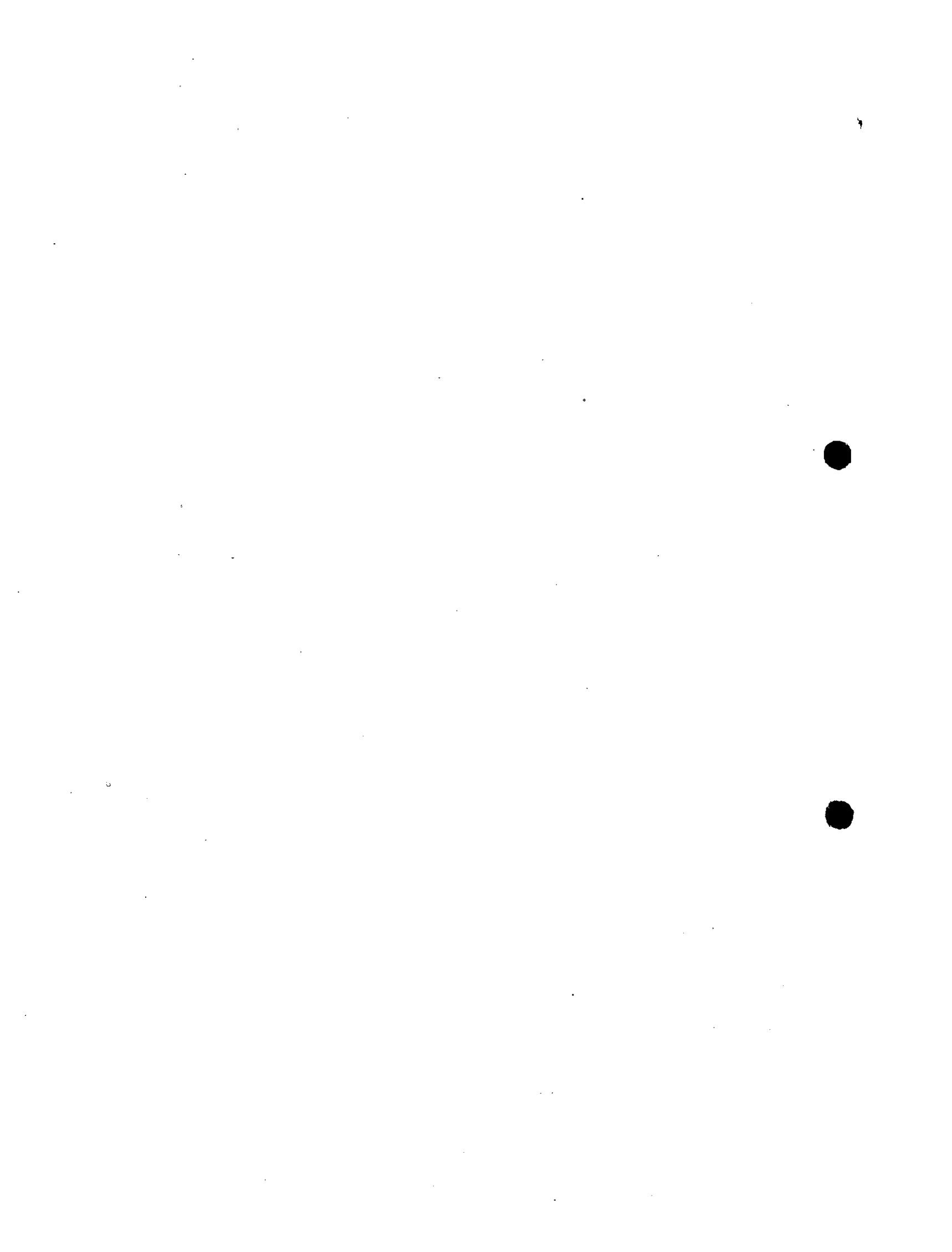


APPENDIX - INDEXES OF QUANTITIES AND UNIT VALUES OF IMPORTS
FROM LATIN AMERICA
1935/39 = 100

- 1. INDEX OF QUANTITY
- 2. INDEX OF UNIT VALUE

SEMI-LOGARITHMIC SCALE

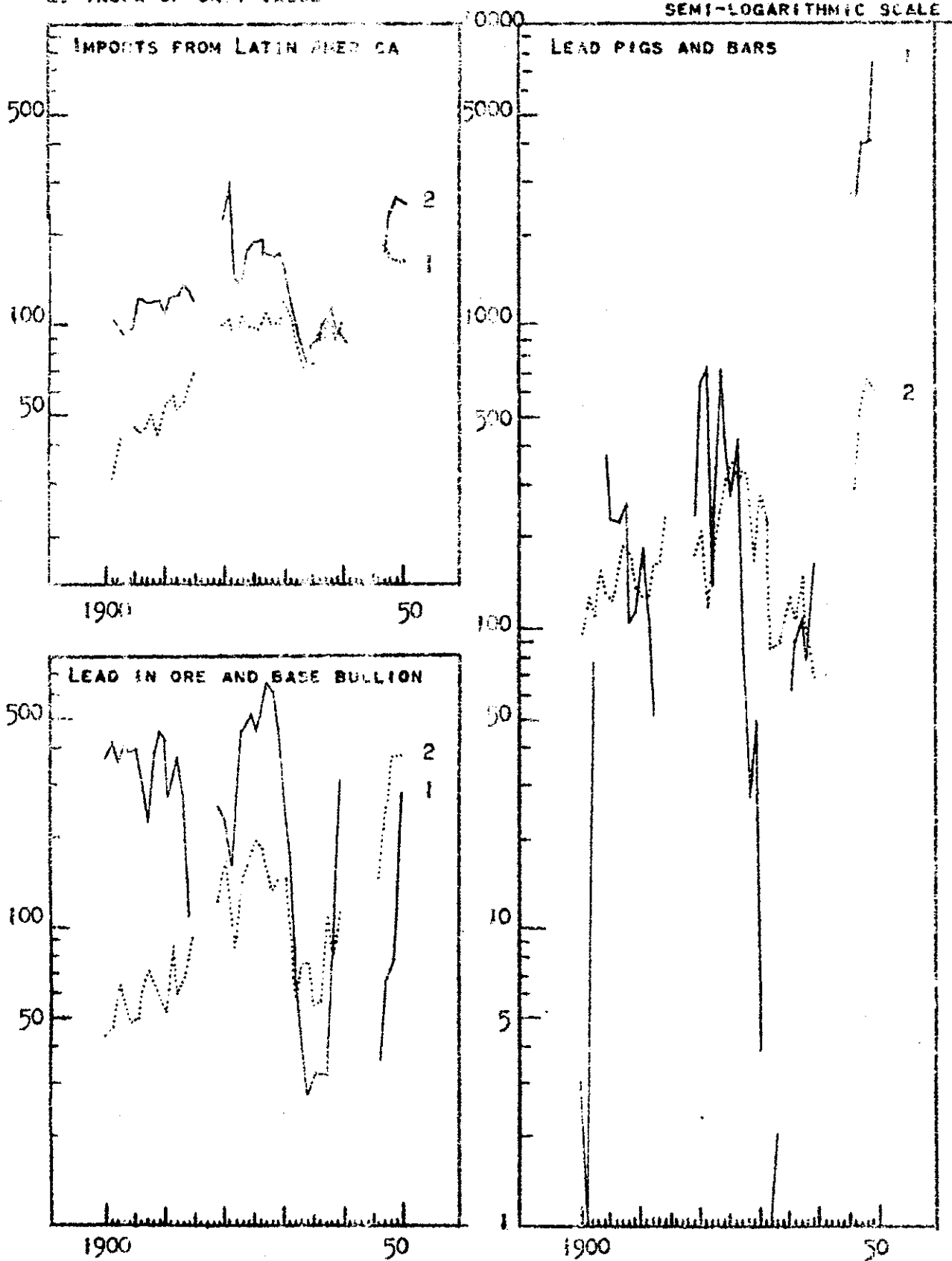




APPENDIX - INDEXES OF QUANTITIES AND UNIT VALUES OF IMPORTS
FROM LATIN AMERICA

1935/39 = 100

- 1. INDEX OF QUANTITY
- 2. INDEX OF UNIT VALUE



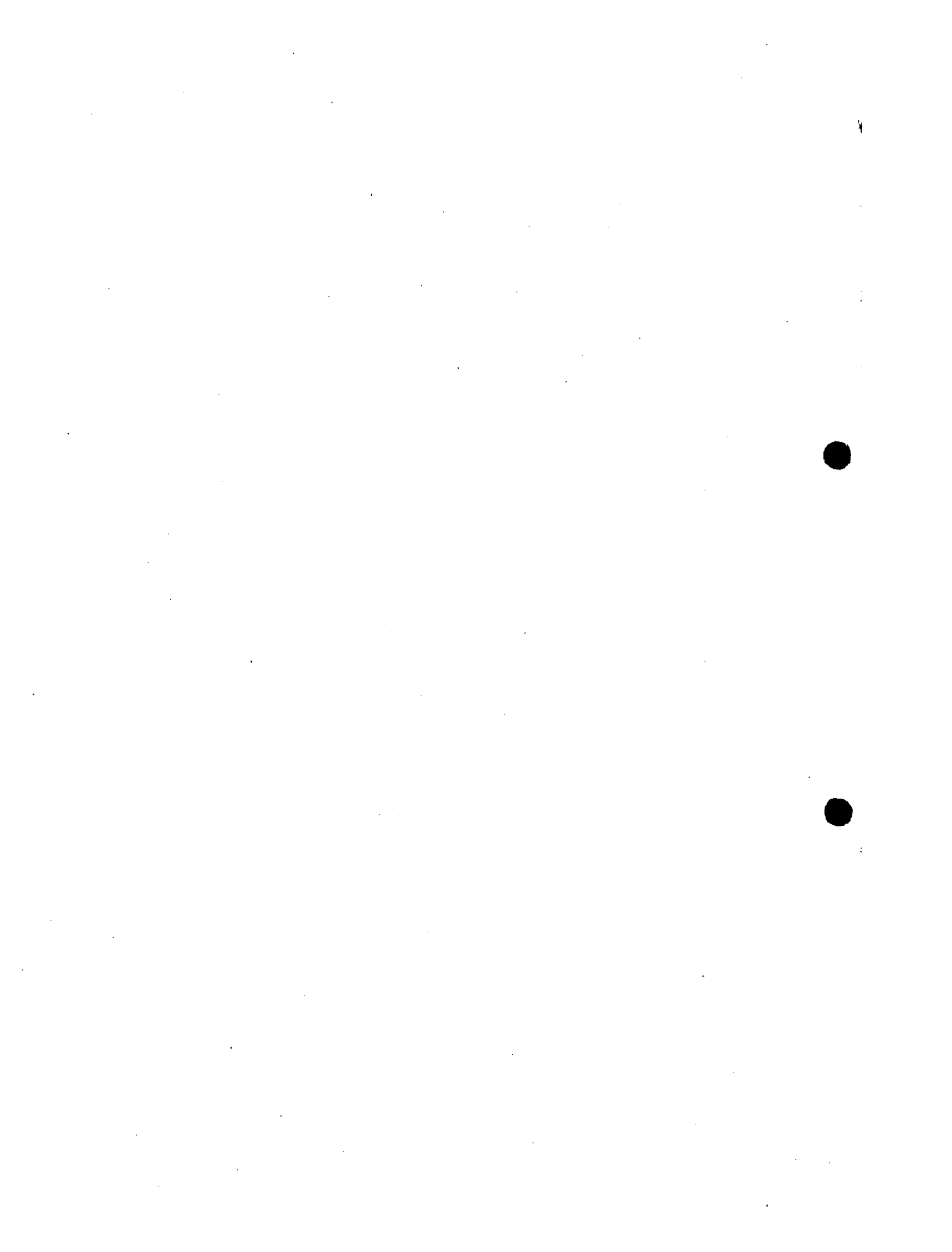
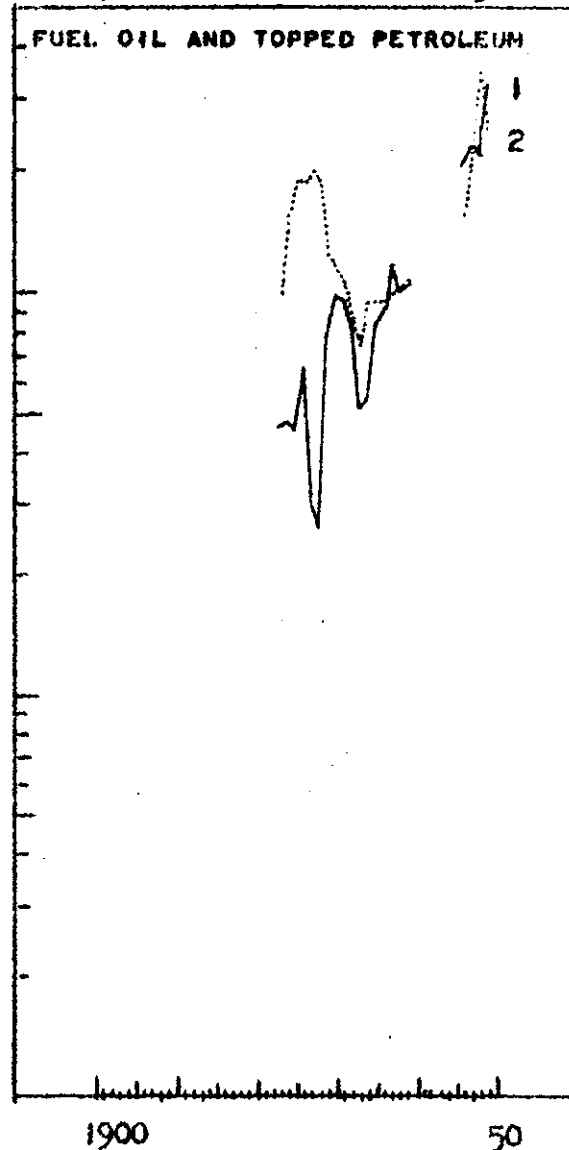
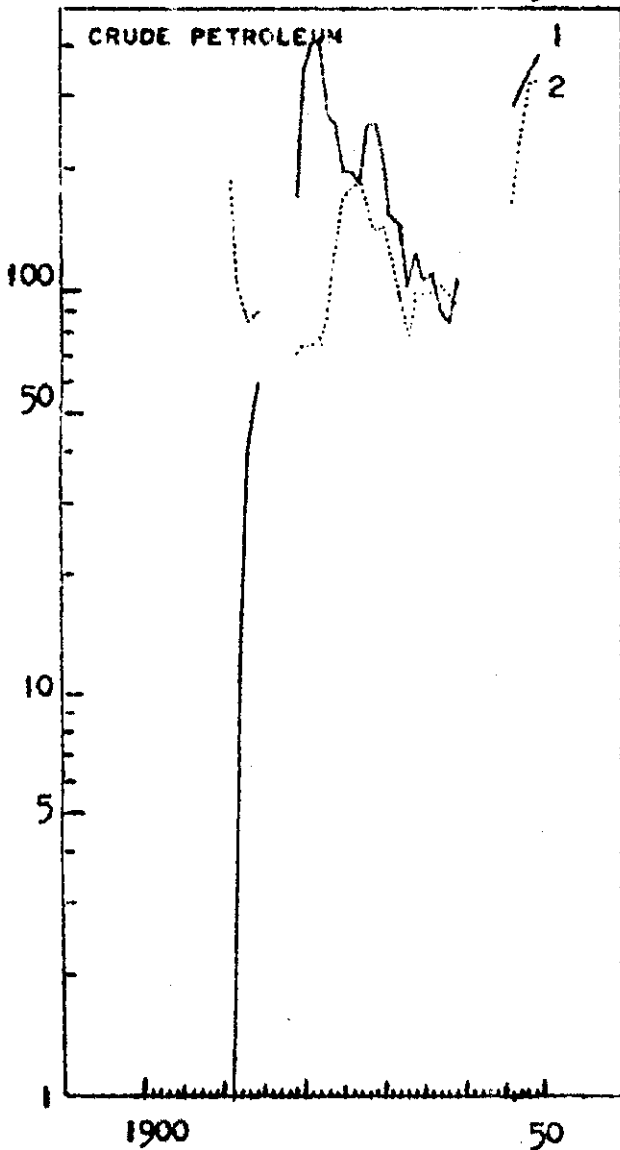
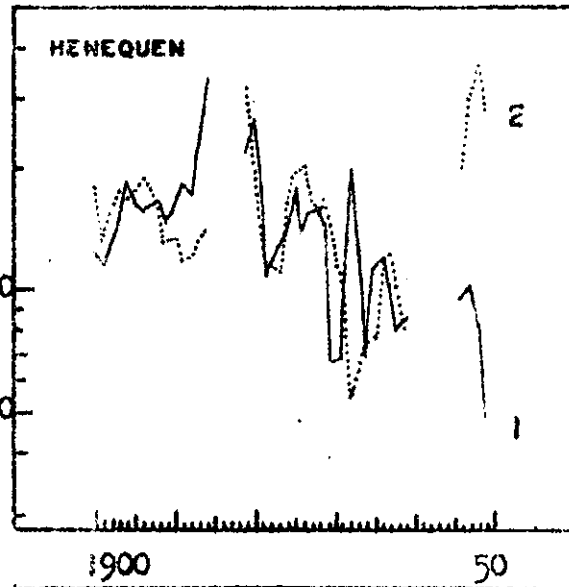
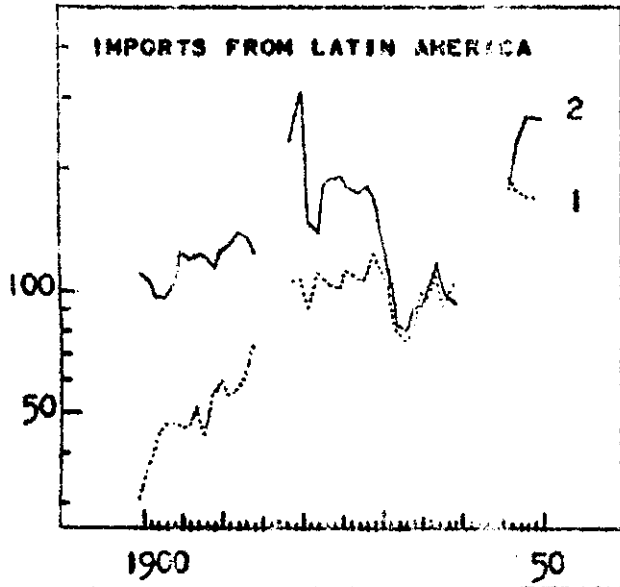


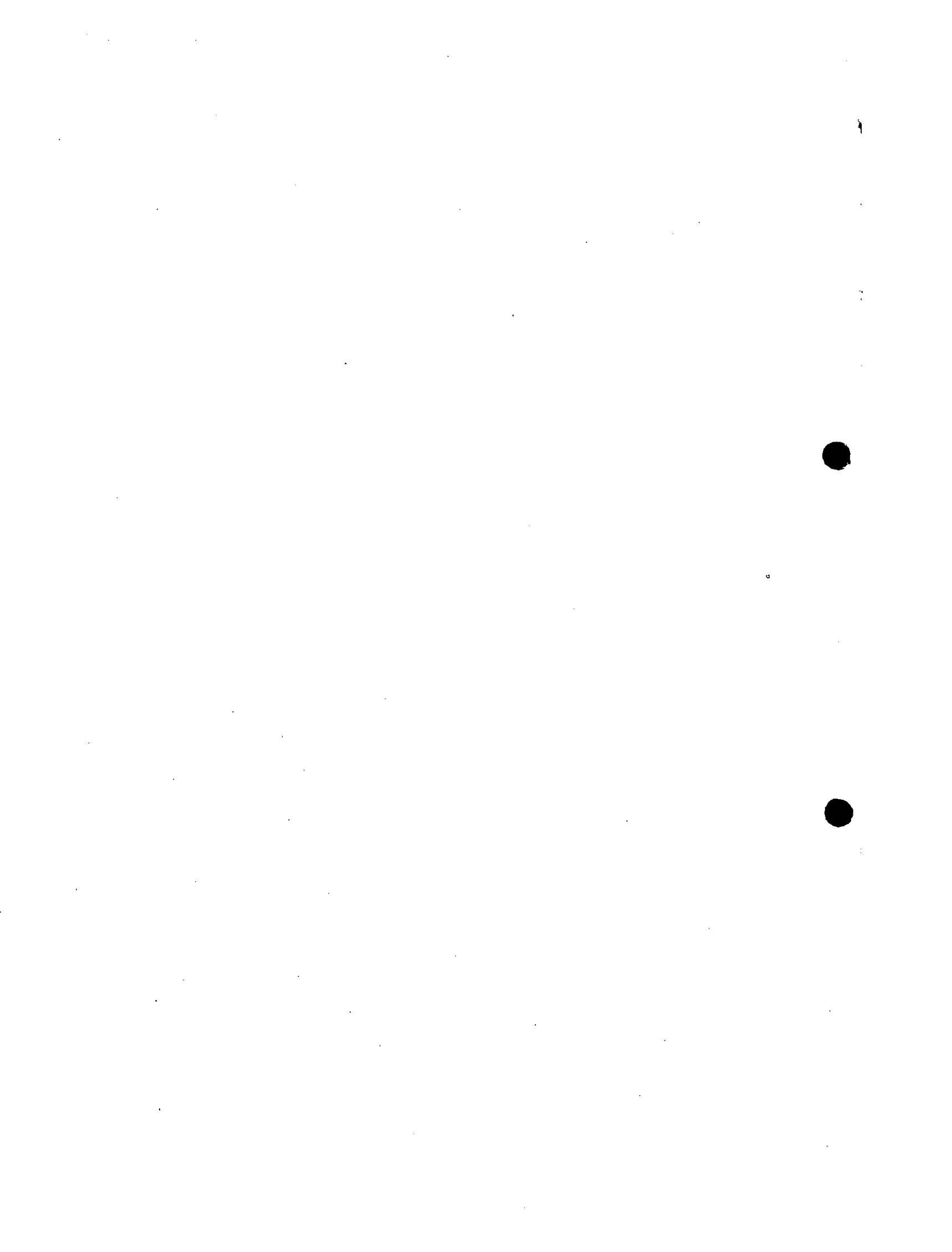
CHART IV

APPENDIX - INDEXES OF QUANTITIES AND UNIT VALUES OF IMPORTS
FROM LATIN AMERICA
1935/39 = 100

- 1. INDEX OF QUANTITY
- 2. INDEX OF UNIT VALUE

SEMI-LOGARITHMIC SCALE





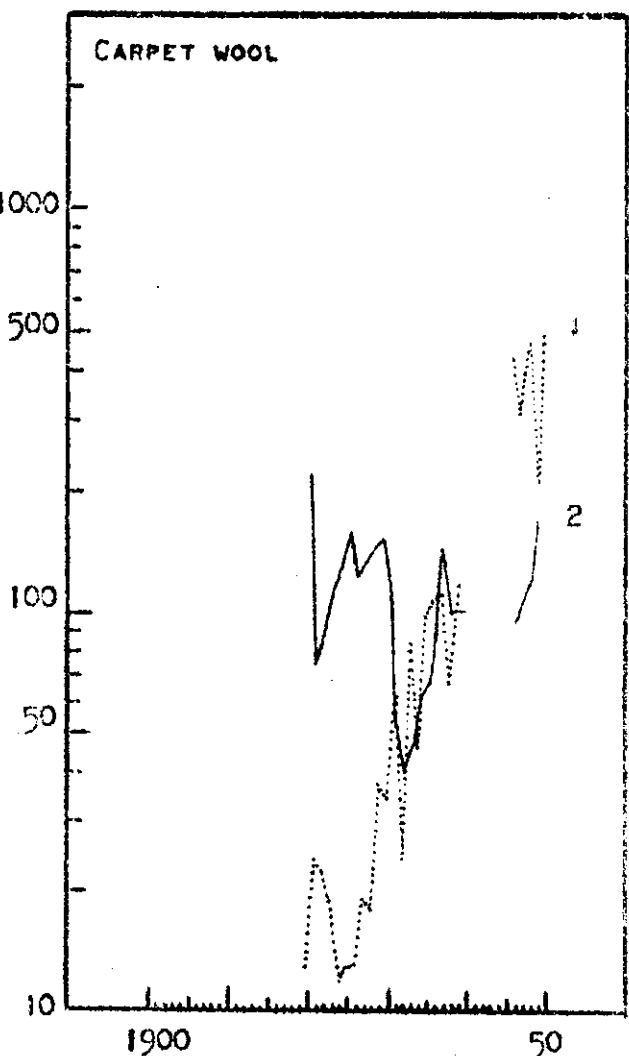
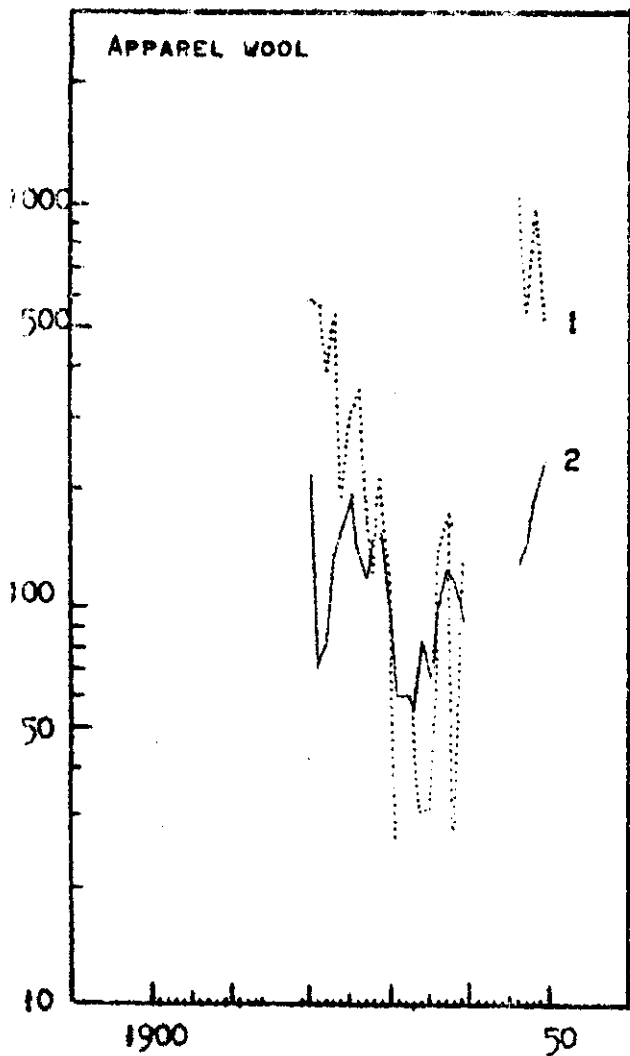
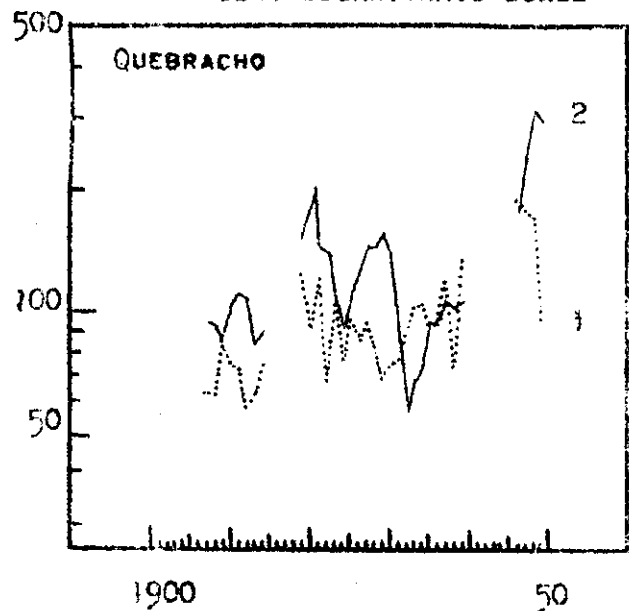
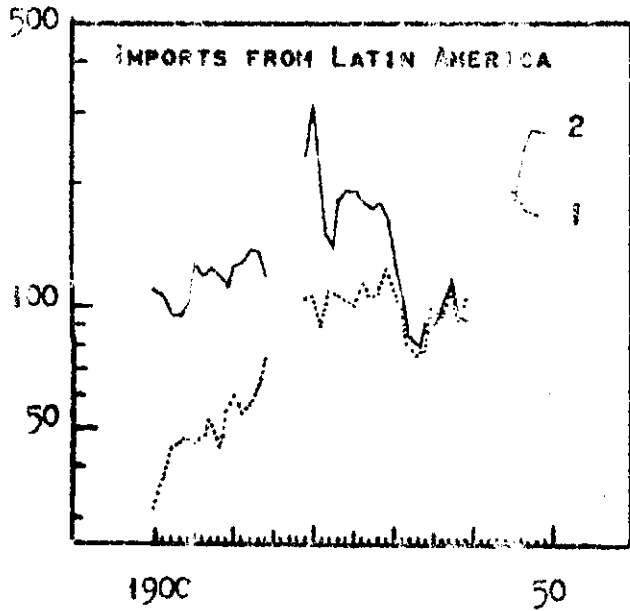
APPENDIX - INDEXES OF QUANTITIES AND UNIT VALUES OF IMPORTS

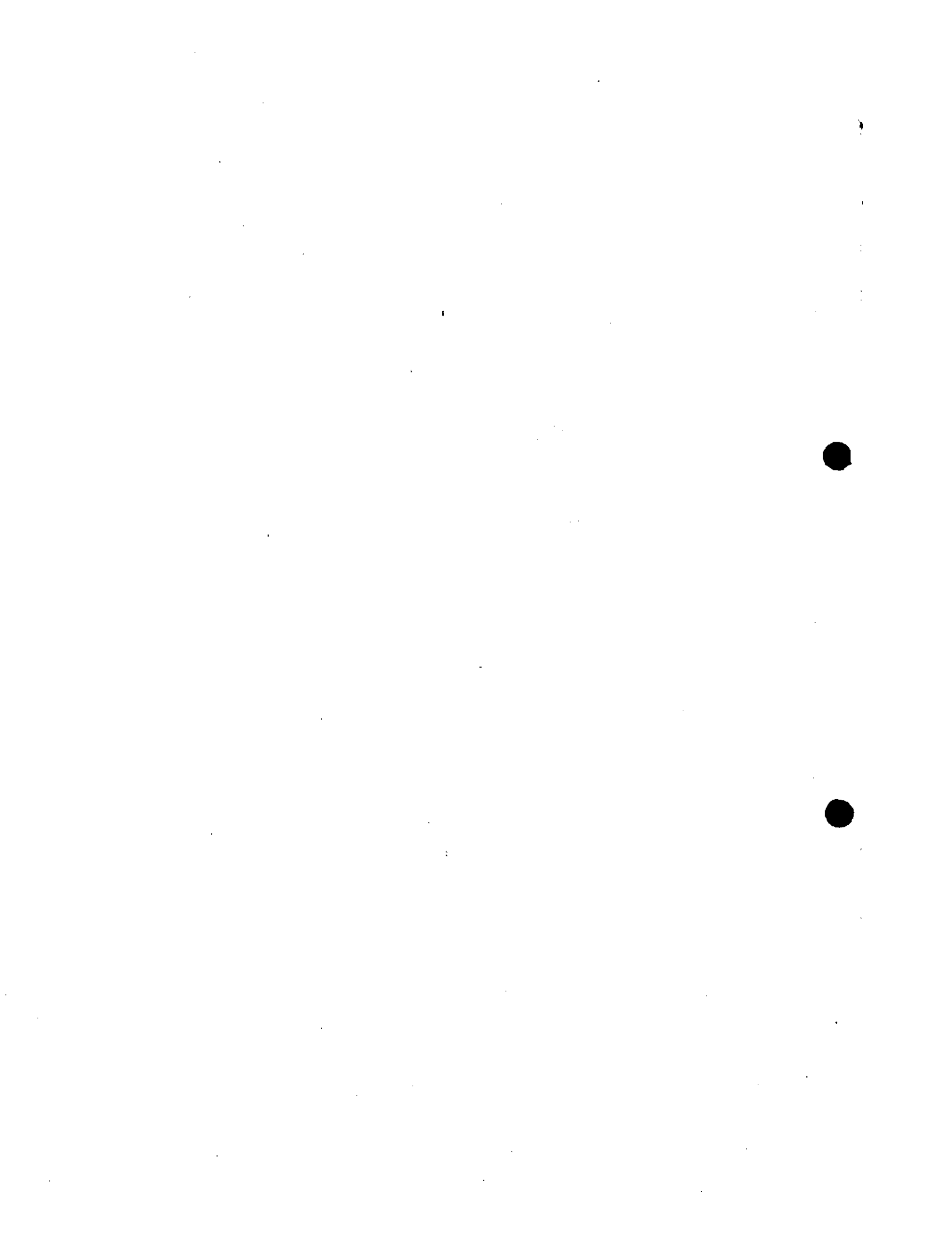
FROM LATIN AMERICA

1935/39 = 100

- 1. INDEX OF QUANTITY
- 2. INDEX OF UNIT VALUE

SEMI-LOGARITHMIC SCALE





APPENDIX

Table VI. United States: Indices of net imports per capita and average retail prices of coffee; and of real gross national product, 1889-1949

(1935-1939 = 100)

	<u>Net Imports of Coffee</u> (per capita) a/	<u>Average Retail Prices</u> a/	<u>Real Gross National Product</u> (constant \$) b/
1890	55	N.A.	23
1889-1898	63	N.A.	26
1900	70	N.A.	34
1899-1908	77	N.A.	40
1919	84	179	74
1920	83	194	70
1921	85	150	65
1922	78	149	72
1923	88	153	83
1924	86	176	84
1925	78	208	88
1926	89	207	92
1927	85	196	93
1928	85	199	96
1929	85	198	103
1930	90	163	93
1931	98	136	86
1932	84	122	72
1933	88	109	72
1934	84	111	81
1935	97	106	88
1936	95	100	100
1937	93	105	105
1938	108	96	100
1935-1939	100	100	100
1946	137	142	169
1947	126	194	170
1948	130	212	176
1949	132	229	173

a/ Derived from data in Table 15.

b/ Estimates of the Council of Economic Advisers, published in U.S. Senate Report No. 1843, Report of the Joint Committee on the Economic Report, p. 84. Washington, 1950. Index numbers recomputed on 1935-1939 base from original base of 1890.

Note: N.A. = Not Available.

APPENDIX

Table VII. Ratios of retail values of per capita consumption of coffee in the United States to disposable income per capita.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
	Average retail values of per capita consumption of coffee ^{a/} (current dollars)	Disposable income per capita ^{c/} (current \$)	Ratio of column 1 to column 2	Index of column 3 (1913 = 100)
1913	2.65	342	0.77	100
1919	5.15	604	0.85	110
1920	5.49	627	0.86	112
1921	4.37	486	0.90	117
1922	3.99	518	0.77	100
1923	4.57	589	0.78	101
1924	5.21	585	0.89	116
1925	5.53	610	0.91	118
1926	6.33	624	1.01	131
1927	5.69	617	0.92	120
1928	5.80	626	0.93	121
1929	5.79	678	0.85	110
1930	5.04	599	0.84	109
1931	4.57	508	0.90	117
1932	3.49	383	0.91	118
1933	3.30	360	0.92	120
1934	3.21	408	0.79	103
1935	3.50	456	0.77	100
1936	3.28	516	0.64	83
1937	3.35	552	0.61	79
1938	3.53	505	0.70	91
1946	6.67	1,125	0.59	77
1947	8.35	1,177	0.71	92
1948	9.47	1,285	0.74	96
1949	10.35 ^{b/}	1,256 ^{d/}	0.82	107
1950	13.36-13.76	1,355 ^{d/}	0.99-1.02	129-133

a/ Product of quantities of net imports per capita and average retail prices.

b/ Average retail prices represent only first ten months, while per capita consumption is estimate for entire year.

c/ 1909-1928: Dewhurst, J. Frederick and Associates, America's Needs and Resources, p.696. The Twentieth Century Fund, New York, 1947. Source of data on total disposable income is unpublished material of U.S. Bureau of Foreign and Domestic Commerce. Data were divided by official population estimates as of 1 July of each year. 1929-1949: U.S. Council of Economic Advisers, The Economic Situation at Midyear 1950, p. 122. Washington, 1950.

d/ Annual rate of personal disposable income of \$204.7 billion, estimated by U.S. Dept. of Commerce on basis of data for first nine months of year, divided by 1 July population estimate of 151,772,000, which includes armed forces overseas; civilian population estimate is 150,457,000; estimate excluding armed forces overseas is 151,376,000; only negligible differences result from use of any of three population estimates.

APPENDIX

Table VIII. United States imports of Cacao Beans from Latin America

	Quantity (Million lbs.)	Index (1935-39=100)	Unit value (\$ per lb.)	Index (1935-39=100)
1899	32.2	11	.1405	258
1900	35.7	12	.1265	233
1901	40.9	14	.1381	254
1902	44.8	15	.1278	235
1903	55.7	19	.1214	223
1904	59.8	20	.1205	222
1905	57.5	19	.1150	211
1906	66.6	22	.1074	197
1907	74.4	25	.1430	263
1908	71.8	24	.1698	312
1909	95.0	32	.1128	207
1910	86.9	29	.1032	190
1911	106.2	36	.1039	191
1912	114.1	38	.1075	198
1913	97.4	33	.1212	223
1914	136.5	46	.1145	210
1919	212.6	71	.1649	303
1920	229.7	77	.1603	295
1921	231.1	77	.0772	142
1922	194.0	65	.1037	191
1923	229.0	77	.0876	161
1924	216.9	73	.0883	162
1925	220.4	74	.1105	203
1926	225.3	75	.1096	201
1927	234.2	78	.1405	258
1928	204.7	69	.1222	225
1929	240.5	81	.1004	185
1930	217.9	73	.0843	155
1931	242.2	81	.0583	107
1932	267.9	90	.0435	80
1933	286.4	96	.0395	73
1934	240.9	81	.0498	92
1935	308.8	103	.0465	85
1936	300.7	101	.0559	103
1937	285.2	95	.0806	148
1938	287.1	96	.0463	85
1939	312.1	104	.0444	82
1935-39 aver.	298.8	100	.0544	100
1946	261.6	88	.1123	206
1947	284.4	95	.2619	481
1948	267.7	90	.3406	626
1949	319.0	107	.1749	322

Source: Data prepared for Economic Commission for Latin America by Office of International Trade, United States Department of Commerce.

APPENDIX

Table IX: United States: Cacao Beans: Indices of quantities of imports from Latin America, and of per capita consumption; and indices of real gross national product, 1899-1949

(1935-1939 = 100)

	<u>Imports from Latin America</u>	<u>Per capita Consumption a/</u>	<u>Gross National Product (constant \$) b/</u>
1900	12	N.A.	34
1899-1908 (annual average)	18	N.A.	40
1909-1913 (annual average)	34	32 c/	N.A.
1919	71	80	74
1920	77	66	70
1921	77	61	65
1922	65	63	72
1923	77	77	83
1924	73	73	84
1925	74	71	88
1926	75	82	92
1927	78	75	93
1928	69	66	96
1929	81	89	103
1930	73	68	93
1931	81	77	86
1932	90	73	72
1933	96	80	72
1934	81	77	81
1935	103	107	88
1936	101	114	100
1937	95	89	105
1938	96	80	100
1935-1939 (annual average)	100	100	100
1946	88	96	169
1947	95	93	170
1948	90	86	176
1949	107	93	173

a/ Derived from data in United States Department of Agriculture, Supplement for 1949 to Consumption of Food in the United States 1909-48, p. 39

b/ Estimates of the Council of Economic Advisers, published in U.S. Senate Report No. 1843, Report of the Joint Committee on the Economic Report, p. 84. Washington, 1950. Index numbers recomputed on 1935-1939 base from original base of 1890.

c/ 1909: 30; 1910: 27; 1911:32; 1912:36; 1913:36.

Note: N.A. = Not Available.

APPENDIX

Table X. United States: Bananas: per capita consumption, average retail prices and unit values of imports
1919 - 1949

	<u>Per Capita Consumption</u> <u>(lbs.)</u>	<u>Average Retail Prices</u> <u>(cents per lb.)</u>	<u>Indices of Average Retail Prices</u> <u>(1935-39=100)</u>	<u>Unit Values of Imports</u> <u>(cents per bunch)</u>	<u>Indices of Unit Values of Imports</u> <u>(1935-39=100)</u>
	a/	b/		b/	
1919	17.5	N.A.	N.A.	43.07	87
1920	18.4	12.6	200	48.55	98
1921	19.9	N.A.	N.A.	44.70	91
1922	20.4	10.3	164	42.46	86
1923	19.6	N.A.	N.A.	44.91	91
1924	20.6	11.1	176	46.59	94
1925	23.4	10.8	171	53.52	108
1926	22.8	10.6	168	56.33	114
1927	24.4	10.2	162	56.17	114
1928	26.2	9.9	157	55.02	111
1929	26.1	9.7	154	55.34	112
1930	24.6	9.1	144	55.46	112
1931	21.8	7.9	125	52.69	107
1932	19.7	6.5	103	49.94	101
1933	16.2	6.9	110	51.00	103
1934	19.8	6.6	105	50.55	102
1935	22.3	6.4	102	50.95	103
1936	23.8	6.4	102	49.18	100
1937	27.1	6.4	102	47.22	96
1938	22.0	6.2	98	48.61	99
1935-39 average	23.6	6.3	100	49.37	100
1946	16.6	11.6	184	78.77	160
1947	18.9	15.1	240	82.50	167
1948	19.5	15.9	252	84.26	171
1949	18.6	16.6	264	96.36	195

Note: N.A. = Not Available

a/ U.S. Department of Agriculture, Consumption of Food in the United States 1909-48, p. 75; and Supplement for 1949, p. 5. Washington, August 1949 and September 1950. Data on basis of primary distribution weights.

b/ U.S. Department of Commerce, Statistical Abstract of the United States, selected annual volumes. Average retail prices cover 51 large cities through 1939 and 56 cities thereafter.

APPENDIX

Table XI. United States: Indices of per capita consumption of bananas, all fresh fruit, and canned fruits; and of real gross national product, 1909-1949.

(1935-1939 = 100)

	<u>Bananas</u> ^{a/}	<u>Fresh Fruits</u> ^{b/}	<u>Canned Fruits</u> ^{b/}	<u>Gross National Product</u> ^{c/} (constant \$)
1909	89	89	20	N.A.
1913	96	86	28	N.A.
1919	74	84	64	74
1920	78	96	63	70
1921	84	81	55	65
1922	86	99	50	72
1923	83	97	60	83
1924	87	101	59	84
1925	99	92	74	83
1926	97	110	80	92
1927	103	90	83	93
1928	111	101	83	96
1929	111	100	82	103
1930	104	93	86	93
1931	92	111	74	86
1932	84	90	68	72
1933	69	87	78	72
1934	84	87	84	81
1935	95	98	90	88
1936	101	93	112	100
1937	115	102	90	105
1938	93	98	102	100
1935-39 average	100	100	100	100
1946	70	105	143	169
1947	80	m 108	121	170
1948	83	98	117	176
1949	79	94	113	173

Note: N.A. = Not Available

^{a/} Derived from data of U.S. Department of Agriculture, Consumption of Food in the United States 1909-48, p. 75; and Supplement for 1949, p.5. Washington, August 1949 and September 1950.

^{b/} Op.Cit., pp. 91 and 12. Data are on retail weight equivalent, weighted by average retail prices for the base period, 1935-39.

^{c/} See Footnote b, Table I.

APPENDIX

Table XII. Indices of U.S. manufacturing production and copper smelter output

	<u>U.S. Manufacturing</u> ^{a/} <u>Production</u>	<u>U.S. Smelter</u> <u>Production</u>
	(1935-39 = 100)	
1900	30	49
1901	34	
1902	38	
1903	39	
1904	37	
1905	44	72
1906	47	
1907	47	
1908	39	
1909	46	87
1910	49	
1911	47	
1912	54	
1913	58	99
1914	55	
1919		
1920	75	98
1921	58	
1922	73	77
1923	88	
1924	82	132
1925	90	
1926	96	140
1927	95	
1928	99	147
1929	110	161
1930	91	112
1931	75	84
1932	58	44
1933	69	36
1934	75	39
1935	87	62
1936	103	99
1937	113	135
1938	89	91
1939	109	115
1946	170	97
1947	187	139
1948	192	136
1949	176	122

Sources: a/ 1900-14: derived from National Bureau of Economic Research index of manufacturing production. See Historical Statistics of the U.S., 1789-1945, p. 179.
1919-49: Federal Reserve Bulletin, September 1950, p. 1225

APPENDIX

Table XIII. United States Imports of Petroleum from Latin America as a Percentage of Total United States Imports from Latin America
(based on value data)

<u>Year</u>	<u>Percent</u>
1911	negligible
1912	0.5
1913	1.7
1914	2.4
1919	2.1
1920	3.2
1921	9.6
1922	8.9
1923	6.0
1924	8.3
1925	8.9
1926	9.2
1927	9.2
1928	10.3
1929	9.4
1930	12.3
1931	11.5
1932	12.8
1933	7.6
1934	9.3
1935	7.9
1936	7.6
1937	5.9
1938	7.8
1939	8.0
1946	8.8
1947	11.5
1948	16.2
1949	17.9

Sources: Total U.S. imports; derived from Foreign Commerce and Navigation of the United States, U.S. Department of Commerce, selected issues.

U.S. petroleum imports from Latin America; derived from Table 33.

APPENDIX

Table XIV. U.S. Imports of Henequen Fibre from Mexico, 1899-1949

Year	Q u a n t i t y		U n i t V a l u e	
	Thousands of long tons.	Indices (1935-39=100)	\$ per ton	Indices (1935-39=100)
1899	69.6	116	127.91	151
1900	75.2	125	153.29	181
1901	69.5	116	113.63	134
1902	87.4	145	132.90	157
1903	85.7	143	152.59	180
1904	107.8	186	145.91	172
1905	97.7	163	152.47	180
1906	95.0	158	156.61	185
1907	96.5	161	151.95	179
1908	101.1	168	135.58	160
1909	87.4	145	112.20	132
1910	94.8	158	114.87	136
1911	111.4	186	102.92	121
1912	103.7	173	103.53	122
1913	136.6	227	113.47	134
1914	195.1	325	117.80	139
1919	133.6	222	274.42	324
1920	164.2	273	177.85	210
1921	104.7	174	111.75	132
1922	66.4	110	97.24	115
1923	75.3	125	95.19	112
1924	84.8	141	134.51	159
1925	109.0	181	162.51	192
1926	82.7	138	172.48	204
1927	91.0	152	143.60	169
1928	96.7	161	133.94	158
1929	85.3	142	141.58	167
1930	40.3	67	112.54	133
1931	41.1	68	83.49	99
1932	118.2	197	47.87	56
1933	73.2	122	54.05	64
1934	41.7	69	62.62	74
1935	67.5	112	65.05	77
1936	71.0	118	100.79	119
1937	61.8	103	103.94	123
1938	48.4	81	82.06	97
1939	51.6	86	67.83	80
1935-1939 av.	60.1	100	84.72	100
1946	57.9	96	172.53	204
1947	61.3	102	261.43	309
1948	49.9	83	308.48	364
1949	30.7	51	233.72	276

Source: Data prepared for Economic Commission for Latin America by Office of International Trade, U.S. Department of Commerce.

APPENDIX

Table XV. United States: Indices of imports of Quebracho extract
from Latin America, and of shoe production,
1919-1949
(1935-1939 = 100)

	<u>Imports of Quebracho Extract</u> <u>from Latin America a/</u>	<u>Production of</u> <u>shoes b/</u>
1919	120	82
1920	89	78
1921	120	71
1922	67	80
1923	111	87
1924	77	77
1925	94	80
1926	84	80
1927	93	85
1928	80	85
1929	68	89
1930	72	75
1931	75	78
1932	87	77
1933	101	86
1934	104	83
1935	92	95
1936	93	102
1937	118	102
1938	71	96
1939	127	105
1946	183	131
1947	177	116
1948	169	114
1949	95	112

a/ Quantity Index selected from Table XI.

b/ U.S. Federal Reserve Index of Industrial Production, p. 70.

APPENDIX

Table XVI. United States Imports of Quebracho Extract from Latin America,
1907 - 1949

	Q u a n t i t y		U n i t V a l u e	
	Millions of lbs.	Index (1935-39 = 100)	\$ per lb.	Index (1935-39= 100)
1907	75.1	62	0.0297	94
1908	75.9	63	0.0289	92
1909	97.1	80	0.0269	85
1910	87.5	73	0.0319	101
1911	85.7	71	0.0338	107
1912	67.3	56	0.0330	105
1913	74.5	62	0.0255	81
1914	88.8	73	0.0276	88
1919	144.3	120	0.0477	151
1920	107.7	89	0.0616	196
1921	144.4	120	0.0447	142
1922	80.9	67	0.0431	137
1923	133.3	111	0.0332	105
1924	92.5	77	0.0279	89
1925	113.2	94	0.0349	111
1926	101.5	84	0.0366	116
1927	112.0	93	0.0440	140
1928	97.0	80	0.0445	141
1929	82.4	68	0.0459	146
1930	86.8	72	0.0439	139
1931	90.1	75	0.0274	87
1932	105.4	87	0.0173	55
1933	121.9	101	0.0207	66
1934	125.1	104	0.0229	73
1935	110.4	92	0.0287	91
1936	112.0	93	0.0300	95
1937	142.4	118	0.0325	103
1938	85.2	71	0.0321	102
1939	153.0	127	0.0332	105
1935-39 average	120.6	100	0.0315	100
1946	220.2	183	0.0523	166
1947	213.9	177	0.0711	226
1948	204.1	169	0.0951	302
1949	114.6	95	0.0928	295

Source: Data prepared for the Economic Commission for Latin America by the Office of International Trade, U.S. Department of Commerce.

