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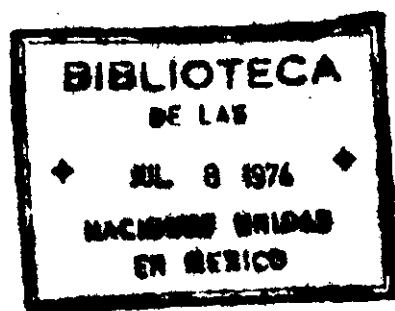
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ECONOMIC COMMISSION FOR LATIN AMERICA

RECENT EVOLUTION OF THE INTERNATIONAL COMMODITY MARKET



This document is the first part of a more extensive study which is in course of preparation.

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RECENT EVOLUTION OF THE INTERNATIONAL COMMODITY MARKET

Since the hostilities in Korea in the early 1950's there has not been a boom such as that recorded in the international commodity market during the past few months. Most of the major world trade commodities have shown price increases, in some cases fairly sharp ones, and although on the whole these increases were the result of supply limitations (and therefore coincided with a reduction in the total volume of trade), in the case of certain products the prevailing conditions led to higher prices combined with a larger volume of exports.

World market conditions for some products of export interest to the Latin American countries are examined in some detail later on in this study, but first an appraisal should be made of the general conditions under which the commodity markets have developed. The point of departure should undoubtedly be the situation created by what was called the "new economic policy" adopted by the United States in mid-1971, which created a real danger that a process of trade reprisals and increased protectionism might be unleashed but which in reality fortunately led to an understanding among the main trading areas regarding the need for international negotiations to resolve the various complex trade and monetary problems resulting from the new power relations of the 1970's.

Thus, the devaluation of the dollar, the agreement to modify monetary parities and the elimination of the surcharge that was being levied on United States imports - all of which measures were adopted in December 1971 - contributed towards the vigorous renewal of economic expansion in nearly all the developed countries, where a certain weakness had been observable in 1971.

Consequently, together with the renewed expansion of economic activity in 1972, a recovery was also noted in some world commodity prices which had declined in the course of 1971. Among the products of export interest to Latin America in the food and beverages group, for example, there had been reductions in the world prices of sugar for export to the free market, bananas, cocoa, coffee and maize; in

/the group

the group of agricultural raw materials there had been fairly sharp declines in the prices of linseed oil and fish meal, while in the non-ferrous metals group the same occurred in the case of copper, tin and lead. From the beginning of 1972 the market for the majority of these products was reactivated, however, so that in the last three months of the year the only Latin American commodities which had not regained their 1970 price levels were bananas, linseed oil and copper. As to the rest, international prices were far above the 1970 levels, and by the end of the year at least three products had reached levels that could not possibly have been foreseen a few months previously. This happened in the case of free market sugar, wheat, and certain types of wool.

It was actually in the first three months of 1973, however, that the boom in the commodity markets became general. It will be seen from the total index of world prices of products of export interest to Latin America (see table 1) that the quarterly variations registered in 1972 - and even the variation between the first and last quarters of the year - were relatively small, whereas from the first three months of 1973 onwards the variations were larger and the increases extended to virtually all commodities. The following are some of the factors which led to and maintained this boom (apart from those strictly related to the situation of each commodity): the recrudescence of monetary instability, which first manifested itself in the floating of the pound sterling at the end of June 1972, persisted with the second official devaluation of the dollar in February 1973, and was shortly afterwards accentuated when the exchange markets in Europe and Japan closed for several weeks. As a result of this instability, a larger flow of financial resources was channelled into speculating on the markets for primary products, particularly those in which funds could be invested more safely than in other activities. Furthermore, because of rising inflation in the developed countries (which inevitably pushed up the cost of the developing countries' imports), the two devaluations of the dollar and the revaluation of other currencies, the developing countries were faced with the need to defend

Table 1

INDEXES OF WORLD PRICES OF LATIN AMERICA'S MAIN EXPORT COMMODITIES

(Base: 1970 = 100)

	1971				1972				1973			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
I. Food and beverages	<u>105.0</u>	<u>101.8</u>	<u>94.2</u>	<u>96.4</u>	<u>120.3</u>	<u>115.1</u>	<u>120.7</u>	<u>126.2</u>	<u>144.9</u>	<u>160.4</u>	<u>167.1</u>	<u>171.3</u>
A. Tropical zone	102.0	96.4	92.0	95.8	123.4	114.7	119.6	129.4	146.3	156.6	158.0	163.2
Sugar a/	128.4	117.6	111.2	126.3	226.9	183.0	166.2	209.8	242.3	253.2	247.9	280.6
Sugar b/	104.0	104.4	106.7	107.3	112.6	107.9	115.2	113.8	115.6	123.5	132.0	138.7
Bananas	101.3	113.6	87.1	82.6	105.8	104.5	97.4	94.8	112.3	129.7	105.8	93.6
Cocoa	87.3	80.8	82.0	68.3	80.8	89.4	105.6	111.2	121.4	187.3	242.9	207.8
Coffee o/	90.1	85.6	85.1	88.8	90.8	93.6	108.2	109.4	128.0	130.0	130.7	126.6
Coffee d/	91.8	78.9	77.8	79.3	82.2	85.9	102.8	102.6	111.4	120.2	128.4	130.4
B. Temperate zone	116.0	121.3	102.4	98.8	109.0	116.7	124.8	114.4	139.8	174.4	199.9	200.6
Beef	124.0	138.8	110.8	108.8	128.7	142.4	151.3	116.3	140.4	191.0	184.3	178.8
Maize	105.9	100.4	89.6	83.3	83.3	84.9	91.6	99.4	128.6	149.4	198.8	197.0
Wheat	115.4	114.1	111.4	110.1	109.4	110.1	120.8	169.8	185.9	189.9	292.6	399.6
II. Agricultural raw materials	<u>103.3</u>	<u>103.2</u>	<u>104.4</u>	<u>107.3</u>	<u>116.8</u>	<u>127.2</u>	<u>111.1</u>	<u>130.6</u>	<u>178.7</u>	<u>190.5</u>	<u>234.9</u>	<u>265.6</u>
Linseed oil	91.7	82.6	85.7	83.0	88.7	83.4	88.3	100.4	125.2	149.9	324.4	392.2
Cotton e/	112.4	119.6	123.3	129.7	139.9	129.3	116.2	119.9	139.1	161.7	203.8	276.3
Cotton f/	108.1	111.7	120.2	122.2	130.3	125.7	111.1	121.2	136.2	167.4	218.2	319.2
Cotton g/	99.1	99.6	99.1	103.1	103.1	104.4	104.4	104.4	-	-	-	-
Cattle hides	105.0	122.5	-	-	175.0	195.0	-	-	-	-	-	-
Fish meal	98.4	88.8	84.0	88.8	90.4	-	99.4	121.3	217.0	226.6	253.7	228.7
Wool h/	95.8	104.2	108.3	108.3	139.6	166.7	168.8	210.4	287.5	270.8	310.4	316.7
Wool i/	87.3	85.9	85.9	85.9	85.9	84.5	87.3	211.3	-	-	-	-
Soya	106.4	104.1	109.8	109.3	113.7	120.0	115.2	123.4	167.5	158.9	203.4	206.1

Table 1 (conclusion)

	1971				1972				1973			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
III. Metals	<u>86.2</u>	<u>92.1</u>	<u>90.4</u>	<u>89.8</u>	<u>94.7</u>	<u>93.5</u>	<u>89.6</u>	<u>89.4</u>	<u>101.2</u>	<u>118.4</u>	<u>141.3</u>	<u>161.0</u>
Copper	75.2	81.7	77.2	72.9	78.9	77.7	74.0	72.0	91.2	115.1	142.4	154.6
Tin	94.9	95.5	94.3	96.4	101.8	104.3	102.2	101.4	109.9	119.4	136.0	158.7
Iron ore	96.0	105.8	105.9	108.0	106.7	109.7	109.6	112.6	112.6	116.4	118.6	122.4
Lead	88.6	88.9	84.4	76.2	96.9	105.4	100.4	100.4	114.7	134.5	150.6	173.4
Zinc	96.2	100.7	108.6	119.3	134.1	131.9	125.1	127.7	146.8	196.4	313.2	504.9
Aluminium	100.4	100.4	101.8	105.1	109.3	98.2	87.4	87.6	90.7	95.6	101.0	96.9
<u>Total</u>	<u>99.6</u>	<u>99.3</u>	<u>94.6</u>	<u>96.1</u>	<u>112.7</u>	<u>110.2</u>	<u>110.7</u>	<u>116.6</u>	<u>136.8</u>	<u>152.4</u>	<u>168.3</u>	<u>180.2</u>

- a/ For export to the free market.
b/ For export to the United States.
c/ Manizales coffee from Colombia.
d/ Santos N° 4 coffee from Brazil.
e/ Sao Paulo cotton from Brazil.
f/ SM 1-1/16 cotton from Mexico.
g/ Pima N° 1 cotton from Peru.
h/ 40-36 wool from Argentina.
i/ 58's - 60's wool from Uruguay.

the purchasing power of their export earnings. The members of the Organization of Petroleum Exporting Countries (OPEC) have done so since early 1972 by establishing a mechanism for adjusting oil prices on the basis of the variations in the exchange rate of the dollar in relation to the developed countries' currencies.^{1/} In contrast, however, the attempt made by the producer members of the International Coffee Organization to obtain a small increase in the indicative price scale established under the International Coffee Agreement - as a partial compensation for the devaluation of the dollar - encountered firm opposition from the major coffee importing countries and, among other factors, led to the breakdown of the International Coffee Agreement. The exporting countries were therefore compelled to follow the policy of defending coffee prices through suitable regulation of exports of this commodity. Thus, two groups of countries exporting such widely different commodities as petroleum and coffee began to apply what later came to be referred to by the somewhat exaggerated term "producers' power". Although exporting developing countries may not be able to regulate supply in the case of all commodities, it does seem clear that concerted action by means of co-ordinated policies and constant consultations can significantly improve their influence in the international market.

The world price indexes presented in table 1 show an increase of 54 per cent between the averages for the last quarter of 1972 and the last quarter of 1973 for the group of primary products listed there. Table 2 shows the annual price indexes, with 1970 as the base year.

^{1/} This decision, which originally referred to changes in the parity of the dollar with respect to the currencies of nine developed countries, calculated quarterly, was revised in mid-1973 and the formula for adjusting petroleum prices was modified, the parities being calculated on a monthly basis and the currencies of two other countries being included. The countries concerned are now: Belgium, France, the Federal Republic of Germany, Italy, Japan, the Netherlands, the United Kingdom, Sweden, Switzerland, Canada and Australia. See "Petroleum Press Service", February 1972, page 64, and July 1973, page 263.

Table 2

INDEXES OF WORLD PRICES OF LATIN AMERICA'S MAIN EXPORT COMMODITIES

(Base: 1970 = 100)

	1971	1972	1973
I. Food and beverages	99.5	120.4	161.0
A. Tropical zone	96.7	121.8	156.1
B. Temperate zone	109.9	115.8	178.6
II. Agricultural raw materials	104.7	121.7	217.3
III. Metals	89.7	91.7	130.4
<u>Total</u>	<u>97.6</u>	<u>112.7</u>	<u>159.4</u>

Source: Table 1.

On the basis of these other figures, the total increase on the international price index in 1973 compared with that of 1972 would be 41 per cent. For purely illustrative purposes the above index for Latin American products can be compared with the index prepared by the UNCTAD secretariat which covers the major export products of all the developing countries, weighted according to the importance of each of the products in the total exports of all the developing countries in 1968-1969 (see table 3).

/Table 3

Table 3

INDEXES OF MARKET PRICES OF THE MAIN PRIMARY COMMODITIES
EXPORTED BY THE DEVELOPING COUNTRIES

(Base: 1970 = 100.0) a/

	1971	1972	1973
Food and beverages	91.5	105.1	141.9
Oilseeds and vegetable oils b/	104.7	92.1	161.1
- Soft oils and oilseeds	114.0	112.0	163.6
- Lauric oils and seeds	86.9	64.9	144.6
Agricultural raw materials	102.3	106.8	185.6
Minerals and metals	85.6	85.3	127.5
<u>Total</u>	<u>92.8</u>	<u>99.4</u>	<u>148.1</u>
<u>Total, deflated in proportion to the depreciation of the dollar c/</u>	<u>91.1</u>	<u>92.4</u>	<u>126.9</u>

Source: UNCTAD, Monthly Commodity Price Bulletin, January-February 1974.

a/ The original base year of the index (1968) was changed to 1970.

b/ Excluding olive oil.

c/ The deflator is an index of the average value in dollars of the currencies of the developed market economy countries, weighted according to the value of the exports of each of these countries to the developing countries during 1968-1970. See Monthly Commodity Price Bulletin, September 1973.

This latter index includes a greater number of products (with different weightings), and they have been grouped differently, but on the whole it reflects the same trends as the index corresponding to Latin American commodities. In short, whether the major products of a group of developing countries such as those in the Latin American region are used, or those of the developing countries as a whole, price increases of some magnitude were recorded in 1973 for practically all the export products of these countries. Calculations based on any

/of the

of the indexes mentioned above show that the percentage increase has no parallel in any of the previous years, even taking into account - as was done in one of the indexes - the devaluation of the dollar with respect to other currencies.^{2/}

Does this mean, then, that the developing countries are the only, or the main, beneficiaries of an exceptional situation?

The question is a pertinent one, for the majority of the news media tend to disseminate this opinion more or less explicitly. It does not, however, correspond to the facts, and the following points should be noted:

(a) First, the share of the different groups of countries in world exports of primary commodities should be established, and for this purpose, broadly speaking, classification by SITC Sections can be used. In order to cover a sufficiently representative period, the averages for the periods 1961-1965 and 1966-1970 were calculated. The results are given in table 4.

^{2/} It should be borne in mind, however, that the indexes refer to market prices and that frequently, when the prices reach their highest level, the volume of effective transactions is relatively small. It is obvious that an index of market prices will give different results from an index of unit values of exports, although, in the long run and under certain conditions, they must approximate to each other.

Table 4

WORLD EXPORTS OF PRIMARY COMMODITIES, BY AREA OF ORIGIN

SITC sections	Years	Value in millions of dollars	Percentage corresponding to:		
			Developed countries	Developing countries	Socialist countries
Food, beverages and tobacco (sections 0 and 1)	1961-1965	27 250	56.1	34.3	8.0
	1966-1970	35 576	57.9	31.9	10.2
Crude materials (section 2) and oils and fats (section 4)	1961-1965	22 468	54.6	34.0	9.3
	1966-1970	28 070	56.9	31.2	11.9
Fuels and lubricants (section 3)	1961-1965	15 738	25.4	61.5	13.0
	1966-1970	23 238	24.5	64.3	11.2
Non-ferrous metals (division 68 of section 6)	1961-1965	5 242	61.9	29.7	7.1
	1966-1970	9 672	62.7	30.4	6.9

Source: Based on figures published in the United Nations Monthly Bulletin of Statistics, April and July 1972. See also Latin America and the International Development Strategy, First Regional Appraisal document E/CN.12/947/Add.1/Rev.1, page 64.

/As these

As these figures show, the share of the developing countries as a whole in world exports of food, beverages and raw materials in general hardly approximates a third of the total. Only in the fuels sector (to be exact, petroleum), where the developing countries provide almost two thirds of the world total, is the picture different. There are, no doubt, a few products which are exported exclusively by developing countries (for example, tropical agricultural products), but as the previous figures show, the dominant position in the trade in primary commodities (including processed agricultural products) is in the hands of the developed countries.

If it is considered that the products exported by the developed countries recorded price increases just like those of the products exported by the developing countries, then the developed countries obviously received a greater share of the total earnings, since they have the greater share of world exports. However, the fact is that the price increases were not similar, but were generally higher for the products of the developed countries, with the important exception of non-ferrous metals. The indexes of export prices calculated by the Statistical Office of the United Nations for various categories of products according to the known groupings into developed and developing countries are given in table 5.

It should be noted first of all that the price indexes for commodities exported by the developed countries consistently maintain higher levels than those for exports from developing countries, with the exception of non-ferrous metals. Secondly, it should also be noted that the quarterly variations in the indexes - usually upwards - are lower for products from developing countries, so that the total cumulative variation between the first quarter of 1972 and the third quarter of 1973 shows the products from the developed countries as having the highest increases, although there is some levelling off if the last quarter of 1973 is included. In any event, however, the changes in these indexes show that the developed countries probably enjoyed greater advantages from the upward trend in the commodity markets, exceptions, of course, in the petroleum market.

Table 5

INDEX OF PRICES OF EXPORTS FROM DEVELOPED AND DEVELOPING COUNTRIES

(Base: 1963 = 100)

		1972				1973				Percent age increase between I/72 and III/73	Percent age increase between I/72 and IV/73
		I	II	III	IV	I	II	III	IV		
I. Indexes											
Primary commodities	A:	127	131	135	144	166	186	213	224		
	B:	122	124	127	129	143	162	179	216		
Food	A:	127	132	136	146	166	191	222	236		
	B:	119	123	132	134	153	176	191	196		
Other agricultural products	A:	116	123	126	138	164	181	206	209		
	B:	108	111	109	115	133	154	180	199		
Minerals	A:	153	153	155	155	170	179	197	214		
	B:	134	135	136	134	139	152	166	248		
Non-ferrous metals	A:	156	151	146	146	163	185	210	235		
	B:	167	166	158	154	182	216	257	285		
II. Variation (percentage)											
Primary commodities	A:		3.1	3.0	6.7	15.3	12.0	14.5	5.2	67.7	76.4
	B:		1.6	2.4	1.6	10.8	13.3	10.5	20.7	46.7	77.0
Food	A:		3.9	3.0	7.3	13.7	15.1	16.2	6.3	74.8	85.8
	B:		3.4	7.3	1.5	14.2	15.0	8.5	2.6	60.5	64.7
Other agricultural products	A:		6.0	2.4	9.5	18.8	10.4	13.8	1.5	77.6	80.2
	B:		2.8	-1.8	5.5	15.6	15.8	16.9	10.6	66.7	84.3
Minerals	A:		-	1.3	-	9.7	5.3	10.1	8.6	28.8	39.9
	B:		0.7	0.7	-1.5	3.7	9.3	9.2	49.4	23.9	85.1
Non-ferrous metals	A:		-3.2	-3.3	-	11.6	13.5	13.5	11.9	34.6	50.6
	B:		-0.6	-4.8	-2.5	18.2	18.7	19.0	10.9	53.9	70.7

Sources: United Nations, Monthly Bulletin of Statistics, December 1973 and March 1974. Special table C.

A: Developed countries.

B: Developing countries.

(b) In order to give a more realistic picture of the situation, this increase in the dollar prices, of primary commodities must be adjusted by two indexes:

(i) The loss in the value of the dollar compared with other currencies of developed countries. The dollar is used to indicate the prices of raw materials, but Latin American countries also have to import goods from other developed countries, and the price index for raw materials should therefore be corrected to show variations in the purchasing power of the dollar compared with that of other currencies. An example of the importance of this adjustment, is shown by table 3, where the total price index was corrected by a deflator which measures the depreciation of the dollar compared to other currencies.

(ii) Even the currencies of developed countries which were revalued (the yen or the mark compared with the dollar, for example) lost and are still losing purchasing power in real terms, that is to say, in relation to average domestic prices for goods in the respective countries. Inflation is now an international phenomenon. The increases in domestic prices in the United States, Great Britain, The Federal Republic of Germany, Japan and France have been very considerable and the prices of raw materials expressed in these currencies should therefore be adjusted to reflect the loss of purchasing power of these currencies in real terms. Latin America buys from the developed countries goods whose prices are also increasing in monetary terms.

(c) The prices of many raw materials (expressed in dollars or any other currency) have not increased in monetary terms in the last 20 years, and in many cases they have even fallen. But even before the recent price increases in the industrialized countries, there was a continuous albeit slower increase in these prices over many years. If the prices of primary commodities were expressed in terms of constant purchasing power of the dollar, for example, it is highly possible that the conclusion would be that the recent price increases are doing no more than making up - and in some cases probably not completely - for the loss in the purchasing power of the dollar over

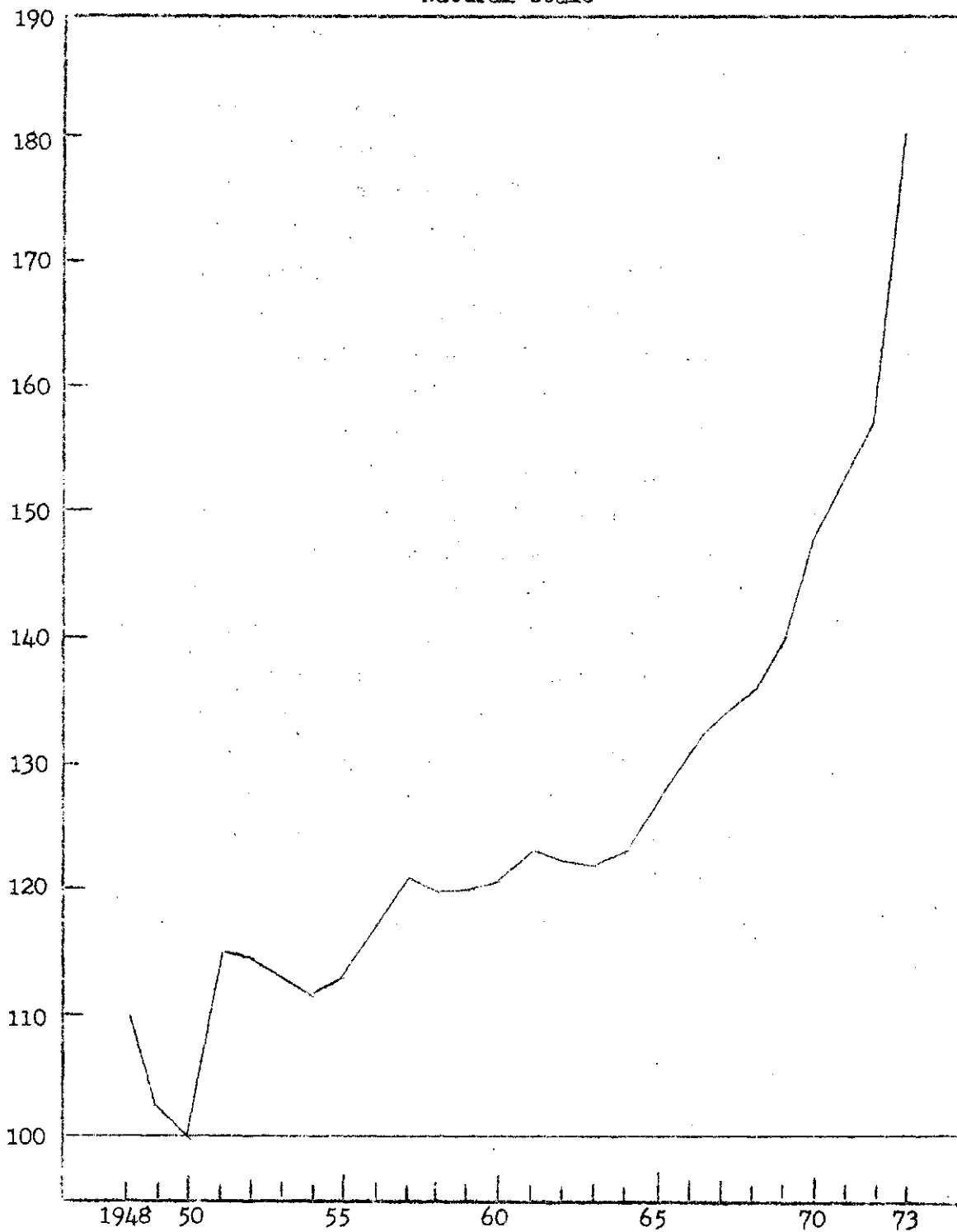
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the last 20 or 25 years. To illustrate this, the average annual prices of a small group of exports were compiled for Latin American countries for the period 1948-1973 and then deflated by the index of the unit value of United States exports. As the following figures and the tables in the last part of this document show, the monetary prices of 1973 are in some cases lower in terms of purchasing power, than prices for previous years.

In the first two months of 1974 the market situation was still somewhat unsettled, for whereas some products (wheat and meat, among others) showed a downward trend in prices, other products such as non-ferrous metals, cocoa and sugar showed an upward trend.

It is obvious that the events of 1973 as regards trade in primary commodities had their positive and negative sides for the developing countries, and an effort must be made to evaluate both of these carefully. For example, the high degree of dependence of many of the developing countries on the export of one or a few primary commodities and the necessity for them to import others (particularly foodstuffs or raw materials) could cause the earnings which they obtained from exports to be more or less offset by the higher cost of imports. Furthermore, the situation is affected by the different possibilities which exist for the producing countries to organize common policies to defend prices and markets for specific products, the greater or lesser degree of control which the producer countries have over the marketing of some of their export products, and of course the action that the developed countries can take either as consumers or as producers of competitive products or substitutes. For these reasons, it should be stressed that the time is ripe to give the highest priority to the problems of the international trade in primary commodities.

Figure I
UNITED STATES: INDEXES OF THE UNIT VALUES OF
EXPORTS OF GOODS
(1950 = 100)
Natural scale

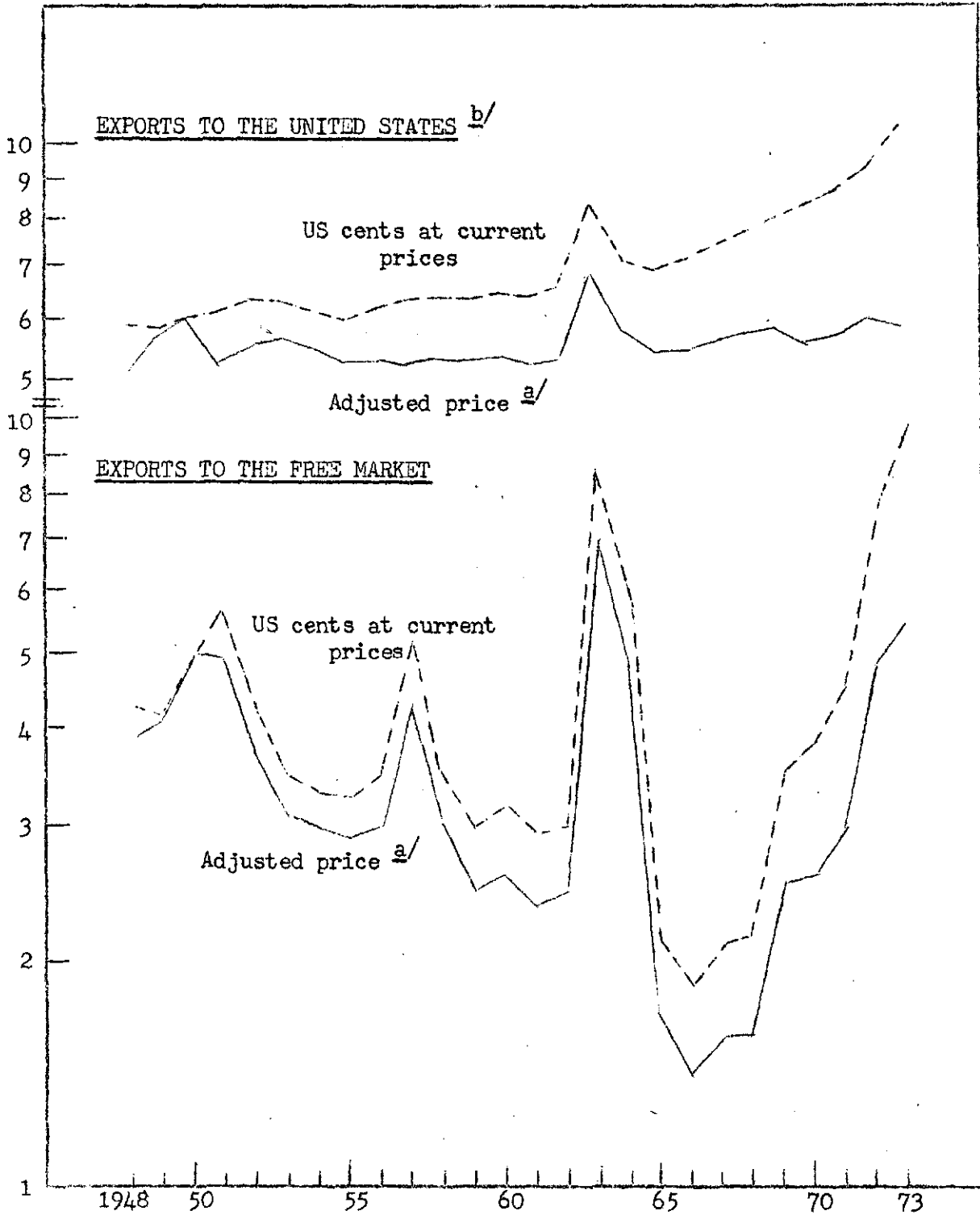


Source: See table A of the Statistical Annex

/Figure II

Figure II
SUGAR: AVERAGE PRICES OF RAW SUGAR FOR EXPORT TO
THE FREE MARKET AND TO THE UNITED STATES
(cents per pound)

Semi-logarithmic scale

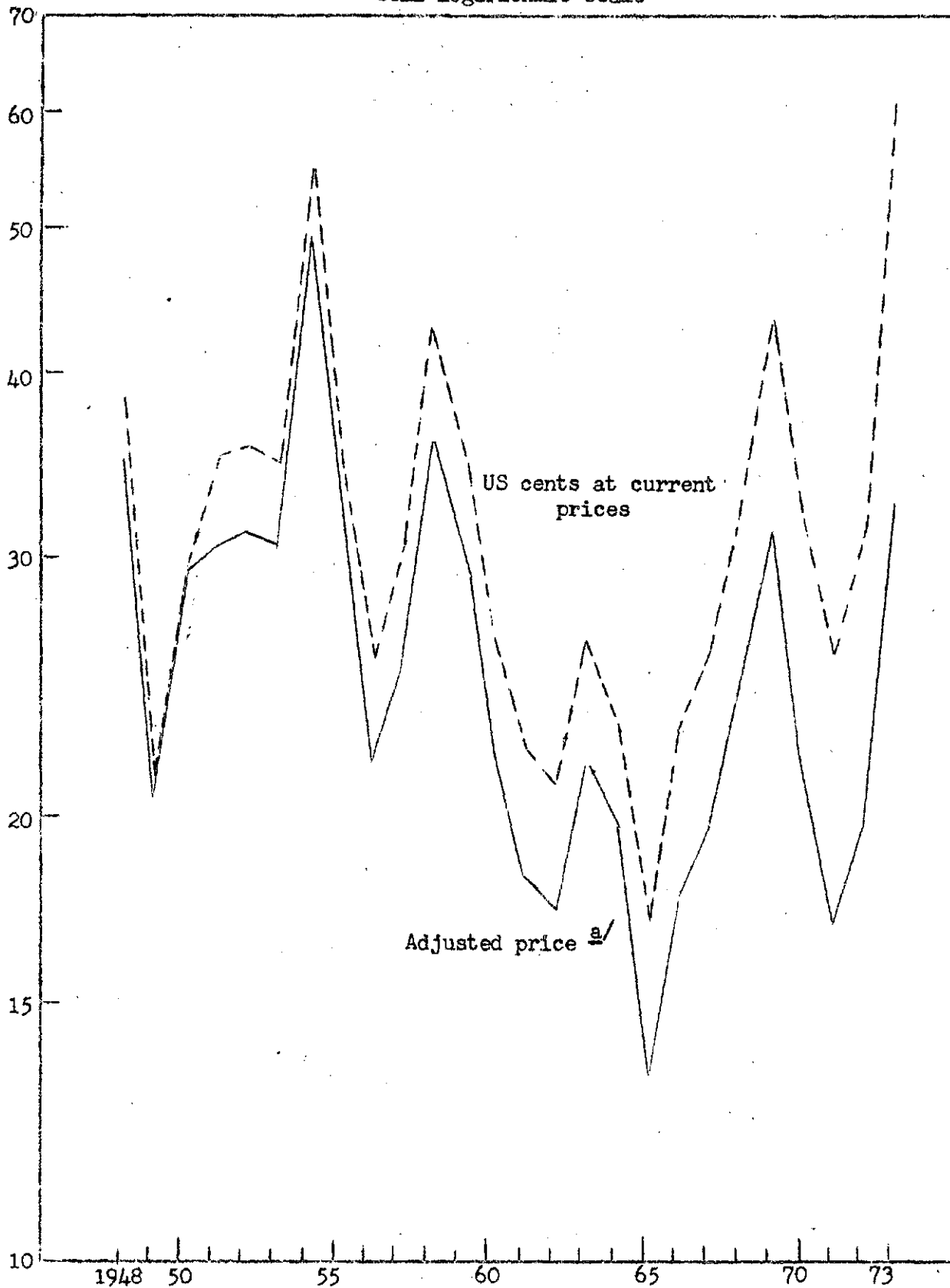


Source: See table B of the Statistical Annex

/Figure III

Figure III
COCOA BEANS: AVERAGE PRICES OF BAHIA COCOA IN NEW YORK
(cents per pound)

Semi-logarithmic scale

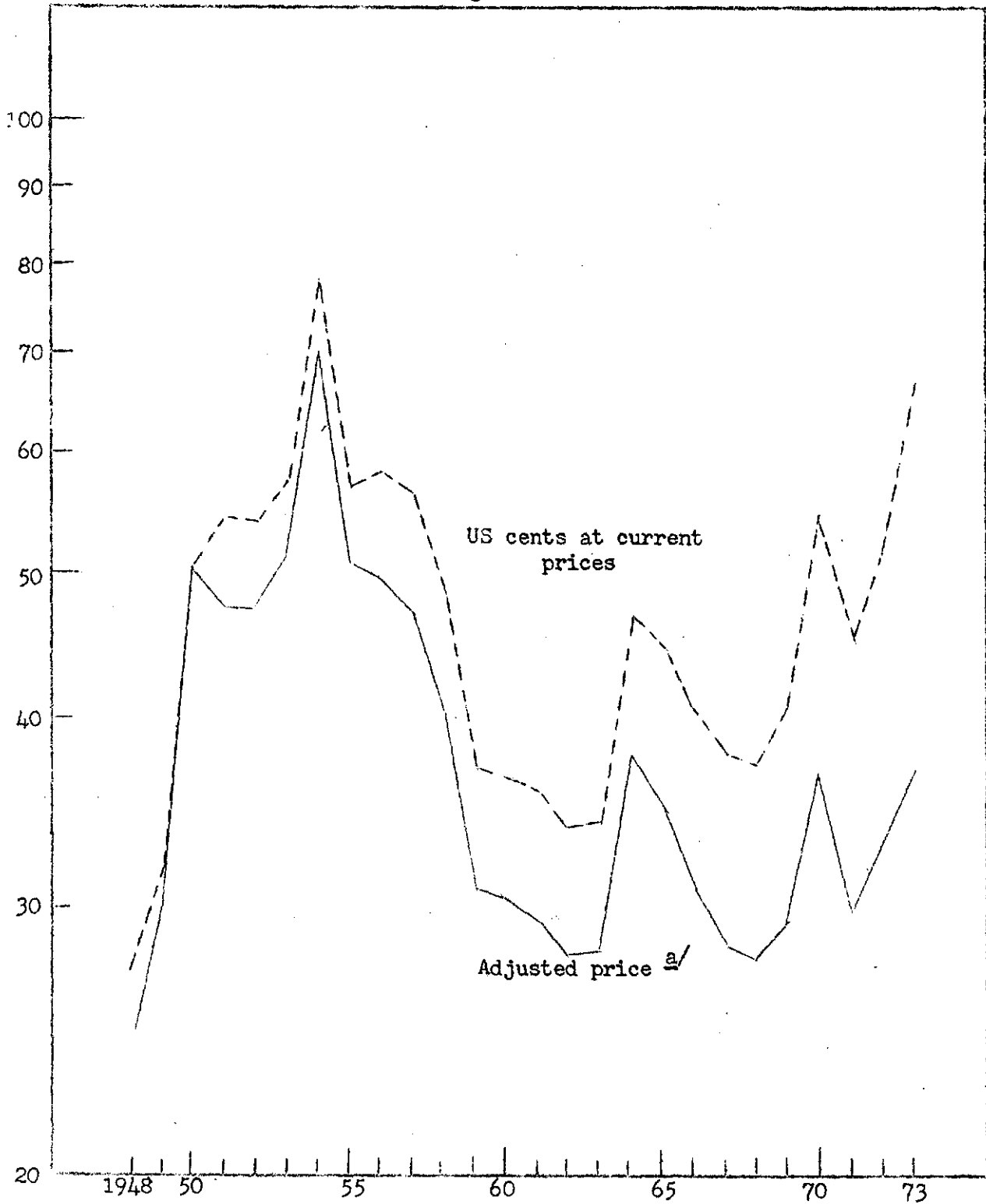


Source: See table C of the Statistical Annex

/Figure IV

Figure IV
COFFEE BEANS: AVERAGE PRICES FOR SANTOS COFFEE N°4
IN NEW YORK, FOR IMMEDIATE DELIVERY
(cents per pound)

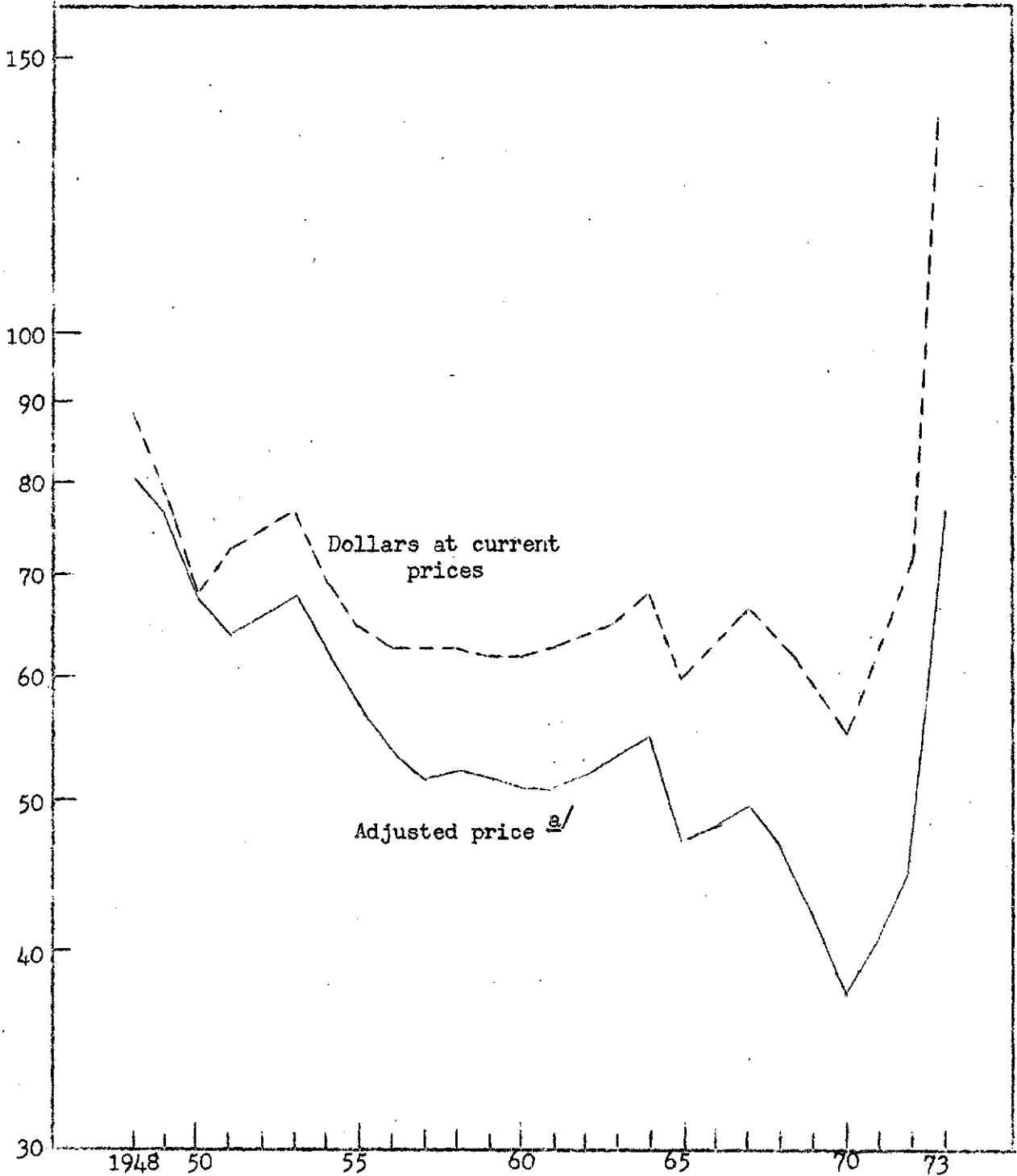
Semi-logarithmic scale



Source: See table D of the Statistical Annex

/Figure V

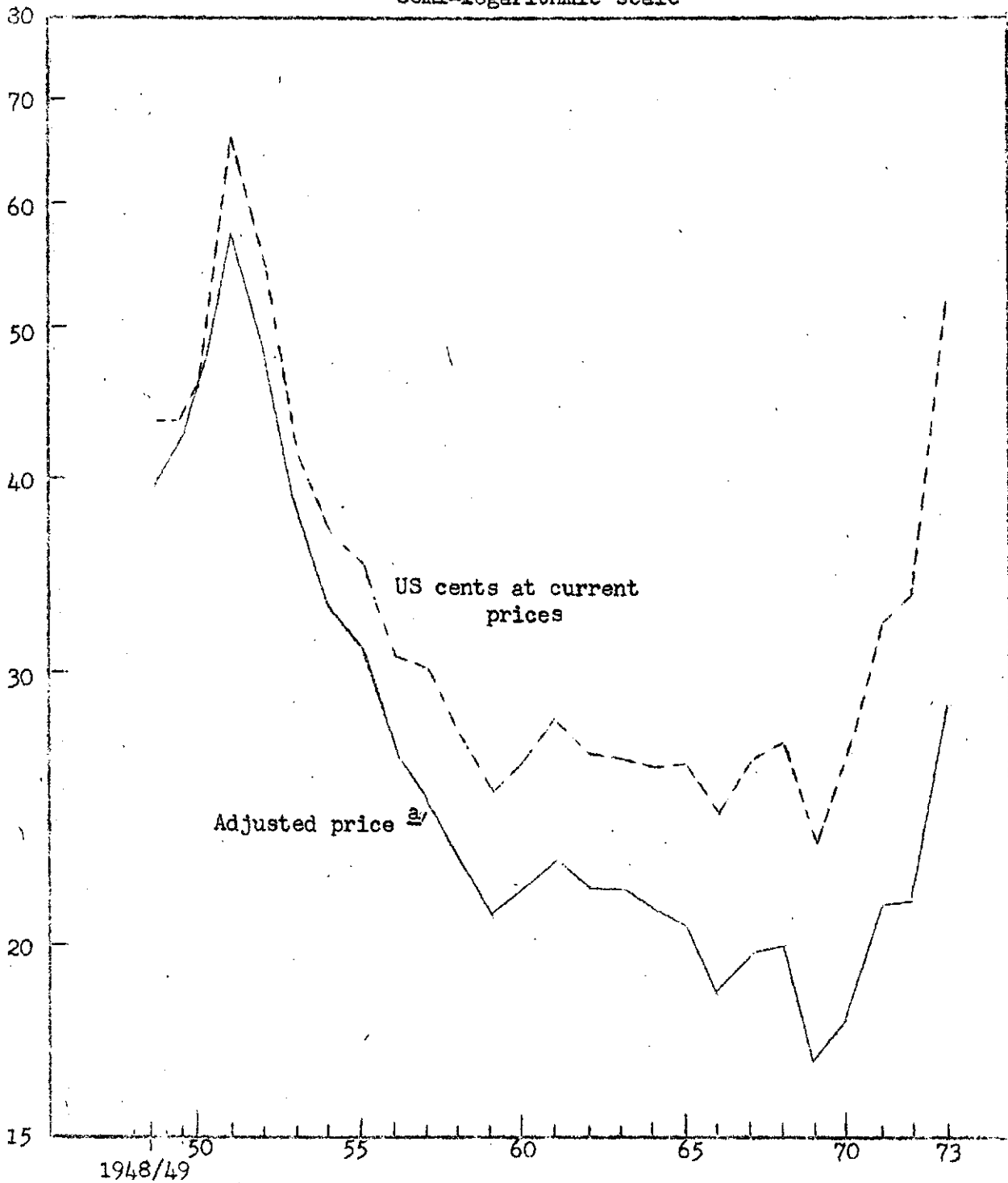
Figure V
WHEAT: AVERAGE PRICE OF UNITED STATES N°2 HARD WINTER
WHEAT FOR EXPORT, FOB GULF PORTS
(dollars per ton)
Semi-logarithmic scale



Source: See table E of the Statistical Annex

/Figure VI

Figure VI
COTTON: AVERAGE PRICES FOR SAO PAULO 5 COTTON,
CIF LIVERPOOL
(cents per pound)
Semi-logarithmic scale



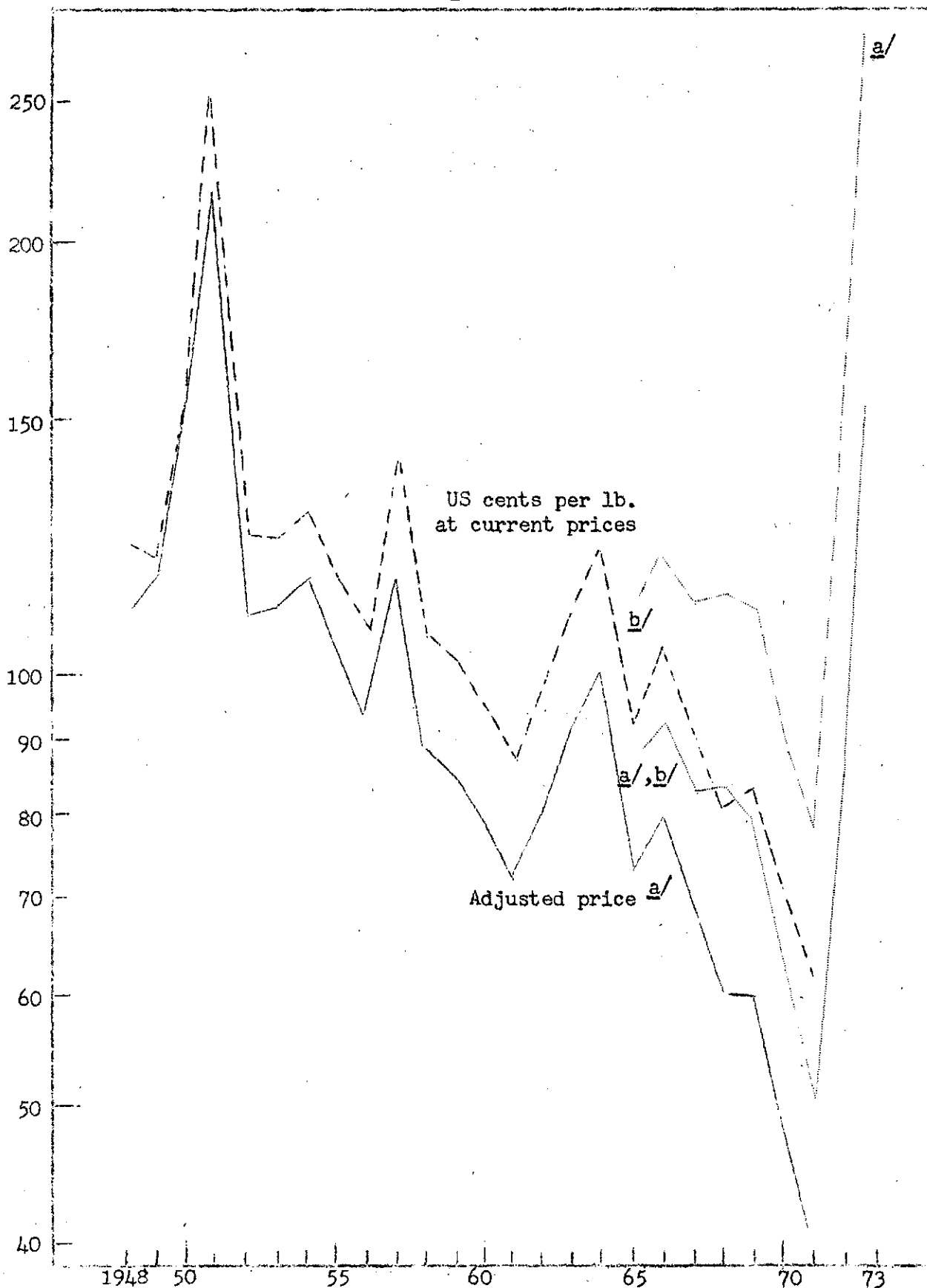
Source: See table F of the Statistical Annex

/Figure VII

Figure VII

WOOL: AVERAGE PRICE OF URUGUAYAN WOOL 58"-60", CLEAN BASIS, BOSTON, IN BOND

Semi-logarithmic scale

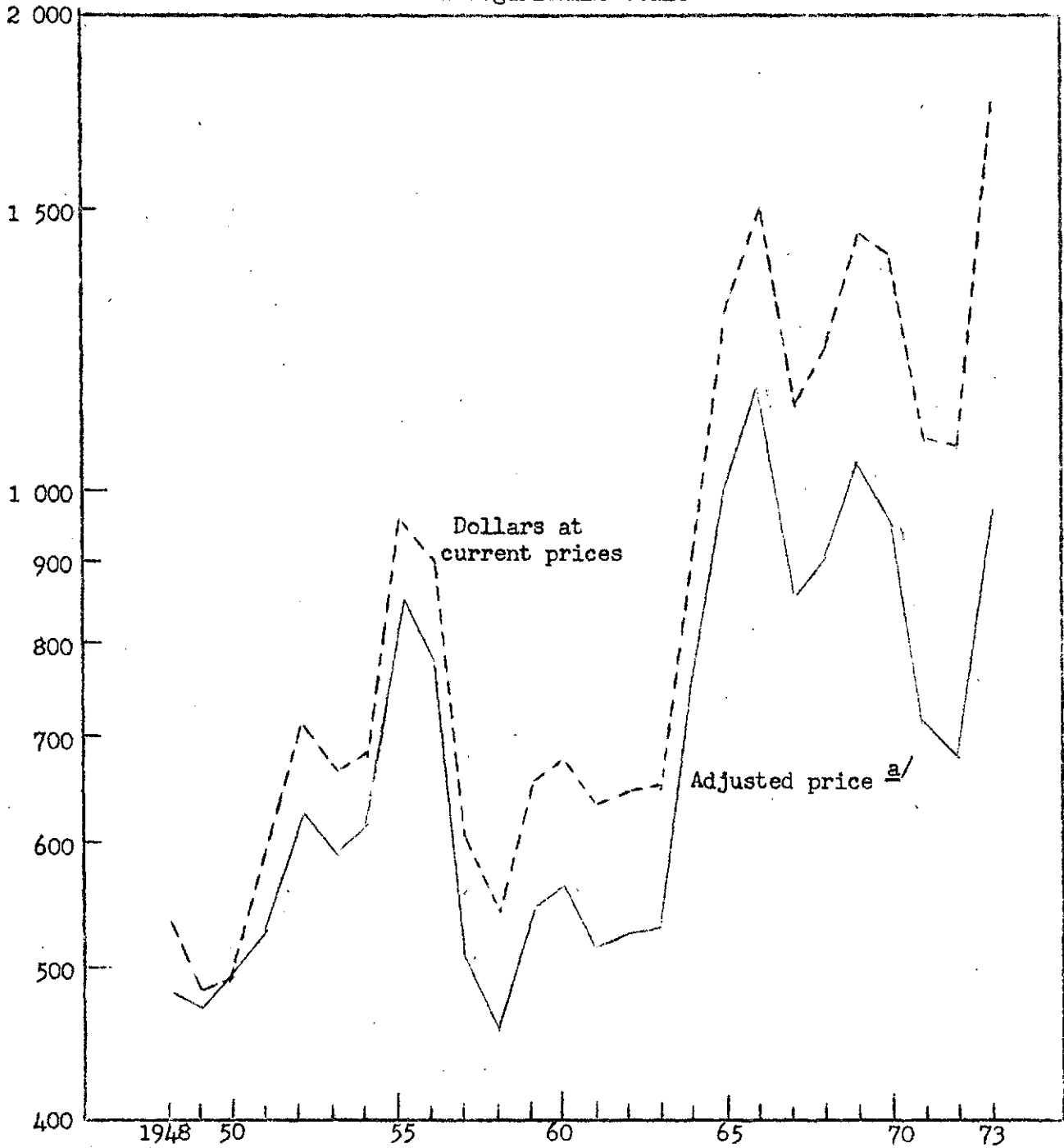


Source: See table G of the Statistical Annex

/Figure VIII

Figure VIII
ELECTROLYTIC COPPER: AVERAGE PRICES ON THE LONDON
METAL EXCHANGE, FOR IMMEDIATE DELIVERY
(dollars per ton)

Semi-logarithmic scale

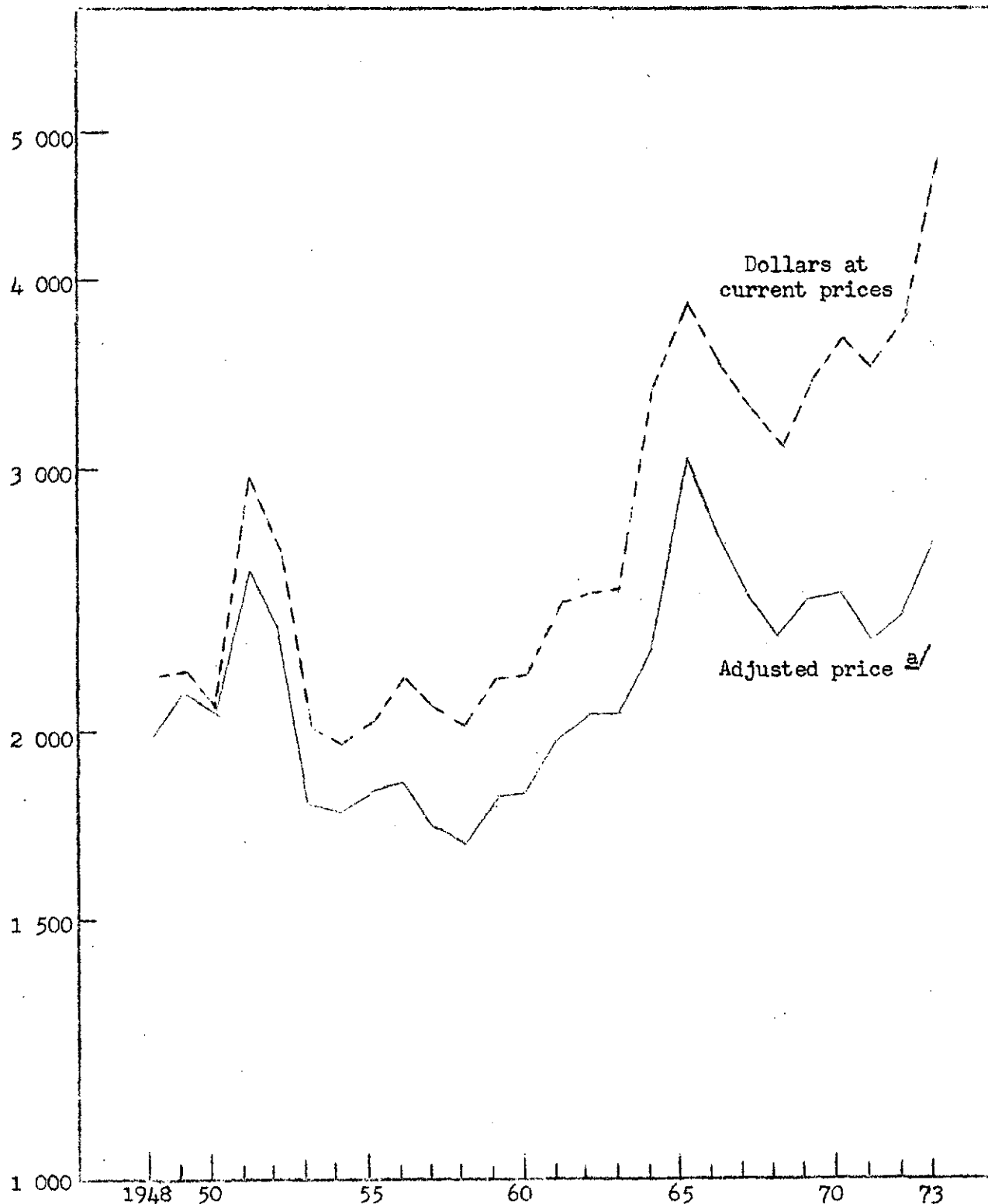


Source: See table H of the Statistical Annex

/Figure IX

Figure IX
TIN: AVERAGE PRICE ON THE LONDON METAL EXCHANGE,
FOR IMMEDIATE DELIVERY
(dollars per ton)

Semi-logarithmic scale



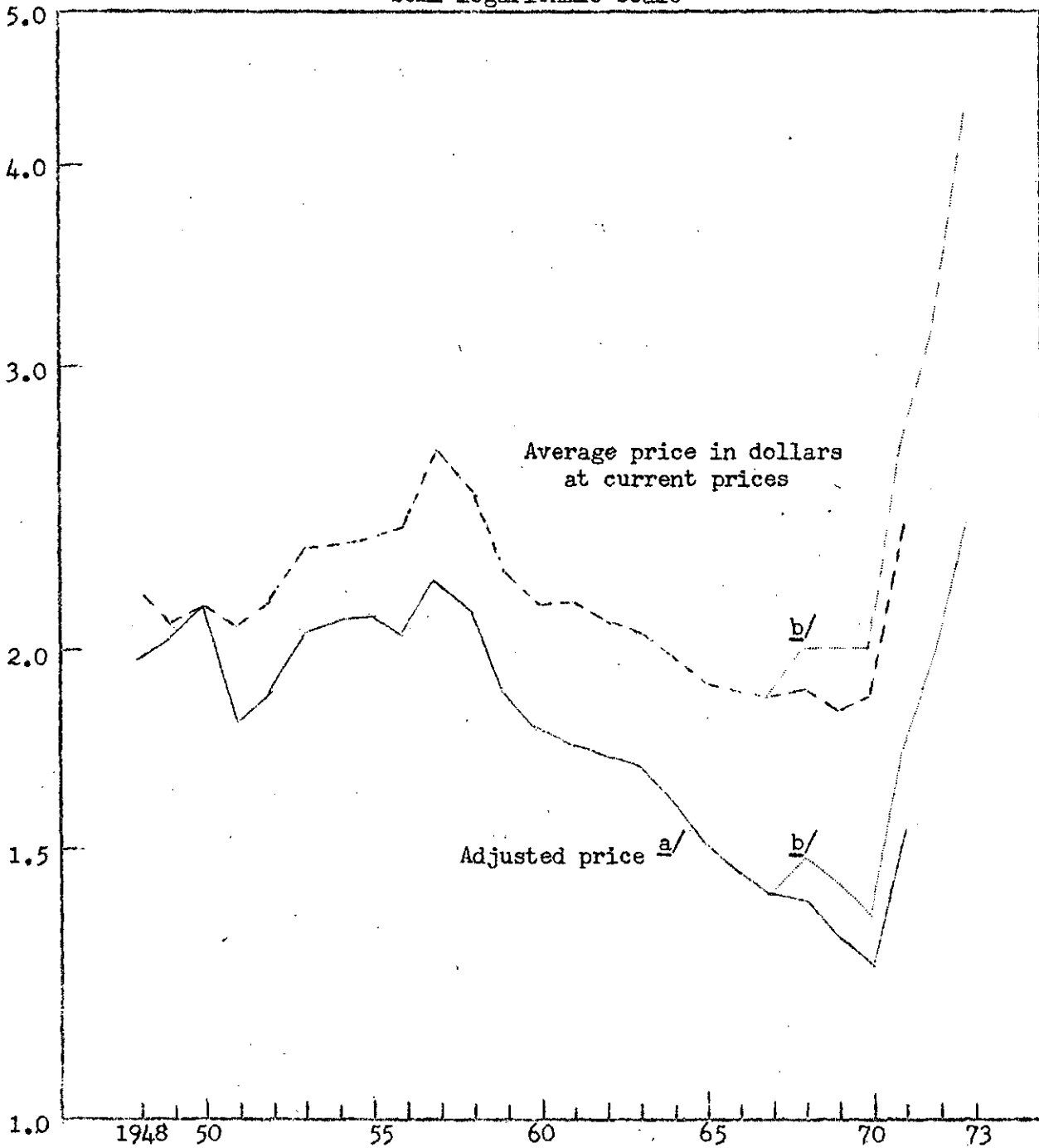
Source: See table I of the Statistical Annex

/Figure X

Figure X

VENEZUELA: AVERAGE PRICE RECEIVED FOR EXPORTS OF CRUDE
PETROLEUM AND PETROLEUM PRODUCTS
(dollars per barrel)

Semi-logarithmic scale



Source: See table J of the Statistical Annex

/SUGAR

SUGAR

International prices for raw sugar, both for export to the United States and to the free market, have shown a firm upward trend since the beginning of 1972, primarily because of supply shortages caused by a drop in production in some of the exporting countries. The situation changed little during 1973, when prices maintained - with slight fluctuations - the highest levels for the last nine years (figure XI).

The 24 countries of the Latin American region all produce sugar, and the majority of them have surpluses for export. The main countries which have to import sugar to supplement their production in order to meet the needs of domestic consumption are Chile and Uruguay. The countries of the region were strongly stimulated to increase their production in the 1960's when the United States market became open to them after that country banned imports from Cuba, its traditional supplier. In recent years, however, following the redistribution of the total import quota of the United States, incentives for increased production have been limited mainly to the increase in domestic demand and the production required to meet the occasional deficit of other exporters. This was the situation in 1972 and 1973. Attention should, however, be drawn to the outstanding increase in Brazil's production which in the years 1971/1972 and 1972/1973 surpassed that of Cuba, although the latter country is still the world's leading exporter. It should be noted, however, that Cuba's production of 8.5 million tons in 1969/1970 was exceptional, for its annual average is between 5 and 6 million tons. Table 6 below shows the evolution of Latin American production:

/Table 6

Table 6

RAW SUGAR: PRODUCTION OF LATIN AMERICAN COUNTRIES
AND WORLD TOTAL

(Thousands of tons)

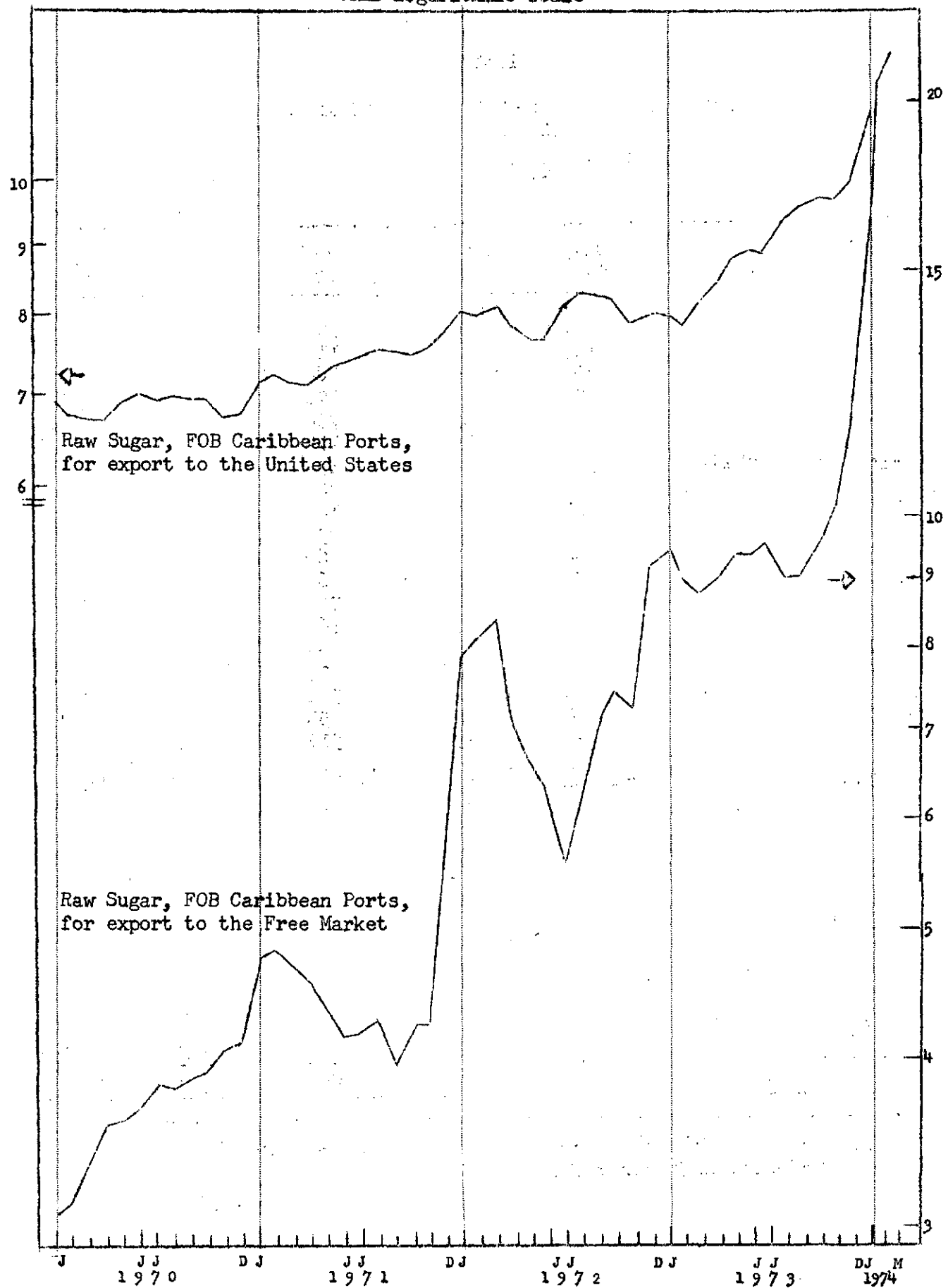
	1969/ 1970	1970/ 1971	1971/ 1972	1972/ 1973	1973/ 1974
Argentina	970	908	991	1 295	1 660
Bolivia	113	82	118	123	185
Brazil	4 593	5 118	5 388	6 268	7 230
Chile	191	206	173	167	107
Colombia	702	688	790	821	880
Costa Rica	151	155	179	178	193
Dominican Republic	984	1 097	1 138	1 179	1 270
Ecuador	209	227	260	250	260
El Salvador	117	158	185	188	222
Guatemala	185	204	235	270	293
Haiti	60	65	68	67	70
Honduras	53	61	62	59	73
Mexico	2 402	2 476	2 520	2 770	2 878
Nicaragua	141	170	166	142	185
Panama	76	86	87	88	118
Paraguay	48	56	55	53	60
Peru	789	903	921	915	920
Uruguay	44	44	58	75	72
Venezuela	424	492	517	511	556
<u>Subtotal</u>	<u>12 252</u>	<u>13 196</u>	<u>13 911</u>	<u>15 419</u>	<u>17 232</u>
Cuba	8 533	5 924	4 388	5 250	5 500
<u>Total</u> <u>20 countries</u>	<u>20 785</u>	<u>19 120</u>	<u>18 299</u>	<u>20 669</u>	<u>22 732</u>
Barbados	158	137	113	118	132
Guyana	316	375	319	295	300
Jamaica	374	396	384	341	380
Trinidad and Tobago	220	217	232	187	193
<u>Total</u> <u>24 countries</u>	<u>21 853</u>	<u>20 245</u>	<u>19 347</u>	<u>21 610</u>	<u>23 737</u>
<u>World total</u>	<u>71 895</u>	<u>70 524</u>	<u>70 350</u>	<u>76 281</u>	<u>82 298</u>

Source: US Department of Agriculture, Foreign Agriculture Circular,
Sugar, December, 1973.

/Figure XI

Figure XI
SUGAR PRICES
(cents per pound)

Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

/To judge

To judge from the production figures, the supply position improved in 1973 in relation to 1972, since the production in the 1972/1973 crop year was 5.9 million tons above the previous year's level. Of this increase, however, only 2.2 million tons are accounted for by Latin American exporting countries, mainly Brazil, Cuba, Argentina and Mexico, and even so the increase obtained by Cuba represents a recovery from the exceptionally small sugar crop in 1971/1972. At all events, demand from importing countries remains active, and although preliminary estimates of the 1973/1974 output indicate a further increase, prices at the beginning of 1974 remained firm.

It is common knowledge that the international sugar market has certain features that distinguish it substantially from other commodity markets. In fact, there have for many years been special arrangements in the world sugar trade regulating the imports of certain countries from a specific group of exporting countries. One such arrangement is the United States system of sugar import quotas, through which this country supplements its domestic production by assigning import quotas to individual countries, mainly in the Latin American region. Another arrangement is the Commonwealth Sugar Agreement by virtue of which the United Kingdom grants preferential access to imports from individual signatory countries of this Agreement within an established quota, at a negotiated price which is revised annually. In the Latin American area the English-speaking Caribbean countries are signatories of this Agreement, which expires at the end of 1974. These countries also have an import quota in the United States market. Exports not covered by the United States system of import quotas or by quotas under the Commonwealth Sugar Agreement go to the "free market", which is thus a residual market.^{3/} In view of the importance to exporting countries of access to the protected markets, table 7 below shows the exports of Latin American countries, broken down by type of market.

^{3/} The special arrangements also cover exports under the Convention of association between the European Economic Community and the Associated African States and Madagascar, Cuba's exports to the socialist countries, including the Soviet Union, and the position regarding the exports of the latter country which, according to articles 35-39 of the 1968 International Sugar Agreement, has the status of an importing member.

Table 7

SUGAR: EXPORTS OF COUNTRIES IN LATIN AMERICAN REGION AND WORLD TOTAL

(Thousands of tons)

Country	Destination	1970	1971	1972	Period	
					1972	1973 a/
Argentina	United States	71.3	63.6	77.8		
	Other	49.5	57.5	89.3		
	<u>Total</u>	<u>120.8</u>	<u>121.1</u>	<u>167.1</u>	...	...
Brazil	United States	607.0	597.7	621.2	415.0	172.0
	Other	522.8	632.7	2 016.3	1 131.0	1 354.0
	<u>Total</u>	<u>1 129.8</u>	<u>1 230.4</u>	<u>2 637.5</u>	<u>1 546.0</u>	<u>1 526.0</u> (7)
Colombia	United States	61.6	53.6	71.2		
	Other	68.1	107.5	131.7		
	<u>Total</u>	<u>129.7</u>	<u>161.1</u>	<u>202.9</u>	...	...
Costa Rica	United States	67.4	83.1	76.3		
	Other	-	-	-		
	<u>Total</u>	<u>67.4</u>	<u>83.1</u>	<u>76.3</u>	...	...
Dominican Republic	United States	660.2	665.0	692.6	351.0	364.0
	Other	132.6	346.2	448.7	335.0	285.0
	<u>Total</u>	<u>792.8</u>	<u>1 011.2</u>	<u>1 141.3</u>	<u>686.0</u>	<u>649.0</u> (6)
Ecuador	United States	81.4	78.7	85.6		
	Other	-	9.1	10.6		
	<u>Total</u>	<u>81.4</u>	<u>87.8</u>	<u>96.2</u>	...	...
El Salvador	United States	41.7	35.1	44.9		
	Other	6.5	36.0	89.5		
	<u>Total</u>	<u>48.2</u>	<u>71.1</u>	<u>134.4</u>	...	...
Guatemala	United States	56.8	66.8	70.1		
	Other	-	11.0	32.8		
	<u>Total</u>	<u>56.8</u>	<u>77.8</u>	<u>102.9</u>	...	...
Haiti	United States	19.6	20.9	20.4		
	Other	-	4.0	-		
	<u>Total</u>	<u>19.6</u>	<u>24.9</u>	<u>20.4</u>	...	...
Mexico	United States	611.9	551.1	598.4		
	Other	-	-	-		
	<u>Total</u>	<u>611.9</u>	<u>551.1</u>	<u>598.4</u>	<u>581.2</u>	<u>512.9</u> (10)
Nicaragua	United States	69.4	64.3	72.8		
	Other	-	14.0	35.7		
	<u>Total</u>	<u>69.4</u>	<u>78.3</u>	<u>108.5</u>	...	...
Panama	United States	34.0	42.9	37.8		
	Other	-	-	-		
	<u>Total</u>	<u>34.0</u>	<u>42.9</u>	<u>37.8</u>	...	...
Peru	United States	403.2	428.6	393.9		
	Other	-	-	87.0		
	<u>Total</u>	<u>403.2</u>	<u>428.6</u>	<u>480.9</u>	...	...

/Table 7 (conclusion)

Table 7 (conclusion)

Country	Destination	1970	1971	1972	Period	
					1972	1973 ^{a/}
Venezuela	United States	32.0	25.9	65.3		
	Other	4.6	7.0	95.0		
	<u>Total</u>	<u>36.6</u>	<u>32.9</u>	<u>160.3</u>	...	...
<u>Subtotal 14 countries</u>	United States	2 817.5	2 777.3	2 928.3		
	Other	784.1	1 225.0	3 036.6		
	<u>Total</u>	<u>3 601.6</u>	<u>4 002.3</u>	<u>5 964.9</u>	...	...
Barbados	United Kingdom	138.6	120.7	97.3	97.3	103.8
	United States	2.9	1.7	1.9	1.9	1.5
	Other	6.6	5.1	2.9	2.9	4.3
	<u>Total</u>	<u>148.1</u>	<u>127.5</u>	<u>102.1</u>	<u>102.1</u>	<u>109.6</u> (9)
Cuba	United States	-	-	-		
	Other	6 906.3	5 510.9	4 139.6		
	<u>Total</u>	<u>6 906.3</u>	<u>5 510.9</u>	<u>4 139.6</u>	...	...
Guyana	United Kingdom	171.1	257.8	228.1	145.5	125.0
	United States	112.6	97.2	91.5	75.1	4.7
	Other	24.4	6.6	-	-	-
	<u>Total</u>	<u>308.1</u>	<u>361.6</u>	<u>319.6</u>	<u>220.6</u>	<u>129.1</u> (9)
Jamaica	United Kingdom	237.1	239.5	243.2	232.2	270.9
	United States	65.6	70.7	42.9	33.3	-
	Other	-	-	-	-	-
	<u>Total</u>	<u>302.7</u>	<u>310.2</u>	<u>286.1</u>	<u>265.5</u>	<u>270.9</u> (9)
Trinidad and Tobago	United Kingdom	149.2	139.9	156.6	155.9	133.1
	United States	19.7	26.9	26.0	26.0	8.7
	Other	2.1	1.9	0.2	-	-
	<u>Total</u>	<u>171.1</u>	<u>168.7</u>	<u>182.8</u>	<u>182.1</u>	<u>141.7</u> (9)
<u>Subtotal for Barbados, Guyana, Jamaica and Trinidad and Tobago</u>	United Kingdom	696.0	757.9	725.2	544.0	584.1
	United States	200.8	196.5	162.3	77.9	10.2
	Other	33.1	13.6	3.1	2.9	2.6
	<u>Total</u>	<u>930.0</u>	<u>968.0</u>	<u>890.6</u>	<u>624.9</u>	<u>596.8</u> (9)
<u>Overall total for 19 exporting countries</u>		<u>11 437.9</u>	<u>10 481.2</u>	<u>10 995.1</u>	...	...
<u>Total world exports</u>		<u>22 959.5</u>	<u>20 805.6</u>	<u>21 786.6</u>	...	...

Sources: International Sugar Organization, Sugar Yearbook 1971, and Statistical Bulletin, June and December 1973.

^{a/} Exports for the number of months indicated in parentheses.

/This table

This table shows that between 1970 and 1972 there was a substantial increase in exports to the free market area by the group of 14 Latin American countries listed first, particularly Brazil and to a lesser degree Argentina, Colombia, El Salvador, Guatemala, Peru, the Dominican Republic and Venezuela. The increase in Brazil's exports - 1.4 million tons more in 1972 than in 1971 - is largely attributable to purchases by the Soviet Union (325,000 tons) and China (411,000), to which Brazil had not exported sugar in previous years. The Soviet Union's sugar purchases from Brazil and other Latin American countries were a result of the sharp reduction in Cuba's exports to that country from 3.1 million tons in 1970 to 1.6 million in 1971 and 1.1 million in 1972.

The information on exports in 1973 is still very incomplete, but the partial data for some countries indicate a decline in the total volume of exports. The critical supply position, which was due to the reduction in stocks in the hands of exporting countries, still persisted at the end of December 1973, when the price of sugar in London for export to the free market area once again increased. Admittedly, part of this increase also reflected the rise in transport costs; for example, at the beginning of 1973 the freight rate per ton of sugar was £ 6, while by the end of that year it had risen to £ 18. This situation does not, of course, apply exclusively to sugar, since the rise in petroleum prices and the restrictions in the supply of this fuel were undoubtedly reflected in a general increase in transport costs.

Exports from the English-speaking Caribbean countries go mainly to the United Kingdom under the preferential arrangements referred to above. The volume of exports of the four English-speaking Caribbean countries declined in 1972, and the same trend is reflected in the figures for the first nine months of 1973. Because of the contractual character of the existing arrangements with the United Kingdom, the exporting Caribbean countries had to send that country the bulk of their exports even though the current price was considerably below

/that obtained

that obtained by other exporting countries not bound by contractual arrangements concerning quotas and negotiated prices. In 1972, prices in the free market area were higher than the "negotiated price" under the Commonwealth Agreement, but in many other years the reverse had been the case. In any event, it must be borne in mind that for producers in the Caribbean countries it was essential to maintain their position in the United Kingdom market, since the Commonwealth Sugar Agreement expires at the end of 1974, and the norms regulating the United Kingdom's imports within the enlarged EEC were to be adopted in the course of 1973.

The sugar market boom in 1972 and 1973 should not, however, conceal the significant failure of the conference convened to negotiate a new international agreement to regulate sugar transactions in the free market area. It may be recalled that during the 1960's, when there were no international regulations governing this market, export prices dropped to extraordinarily low levels. The market did not achieve relative stability until after the negotiation of a new international agreement, which entered into force at the beginning of 1969 and expired in December 1973. This is the third international commodity agreement (the others being the wheat and coffee agreements) regarding which the exporting and importing countries were unable to reach a reasonable compromise for its renewal with appropriate amendments, and they subsist merely as administrative organizations for the exchange of information and publication of statistics. On the other hand, some of the main exporting countries have already taken steps to maintain consultations that will enable them to adopt a price defence policy, along much the same lines as the coffee producers did after the efforts to renew the coffee agreement had failed.

/COCOA BEANS

COCOA BEANS

In July 1973 the monthly average price in New York for Bahia cocoa for immediate delivery rose to the unprecedented level of 85 US cents per pound, as the culmination of a brief period of continuous price increases beginning in February of that year. Prices declined steadily during the next few months, but even so the average for 1973 remained one of the highest figures in the past 10 years. The 1973 average for the indicator price used in the International Cocoa Agreement ^{4/} was 76 per cent higher than the average for 1972 and 67 per cent higher than that recorded for 1970 (figure XII).

As on previous occasions, the wide price fluctuations - both upward and downward - are mainly due to significant variations in world output, and particularly that of the major producers in West Africa. Prolonged drought reduced the yields of the 1972/1973 crop in the principal African producing countries, and this coincided with a world-wide increase in cocoa grinding as a result of low prices in 1971 and the major part of 1972. No doubt these were not the only factors determining price trends, since the devaluation of the dollar, speculation, and the boom in other commodity markets must also have helped to push up prices, but the effect of these latter factors cannot be estimated with any reasonable degree of accuracy. In any case, the reduction seems small in comparison with the impact it had on world market prices. The figures for the Latin American countries and the world total are given in table 8.

^{4/} As mentioned later in this study, the indicator price is based on the quotations of the three-month future markets in London and New York.

Table 8

COCOA BEANS: PRODUCTION OF LATIN AMERICAN COUNTRIES
AND WORLD TOTAL

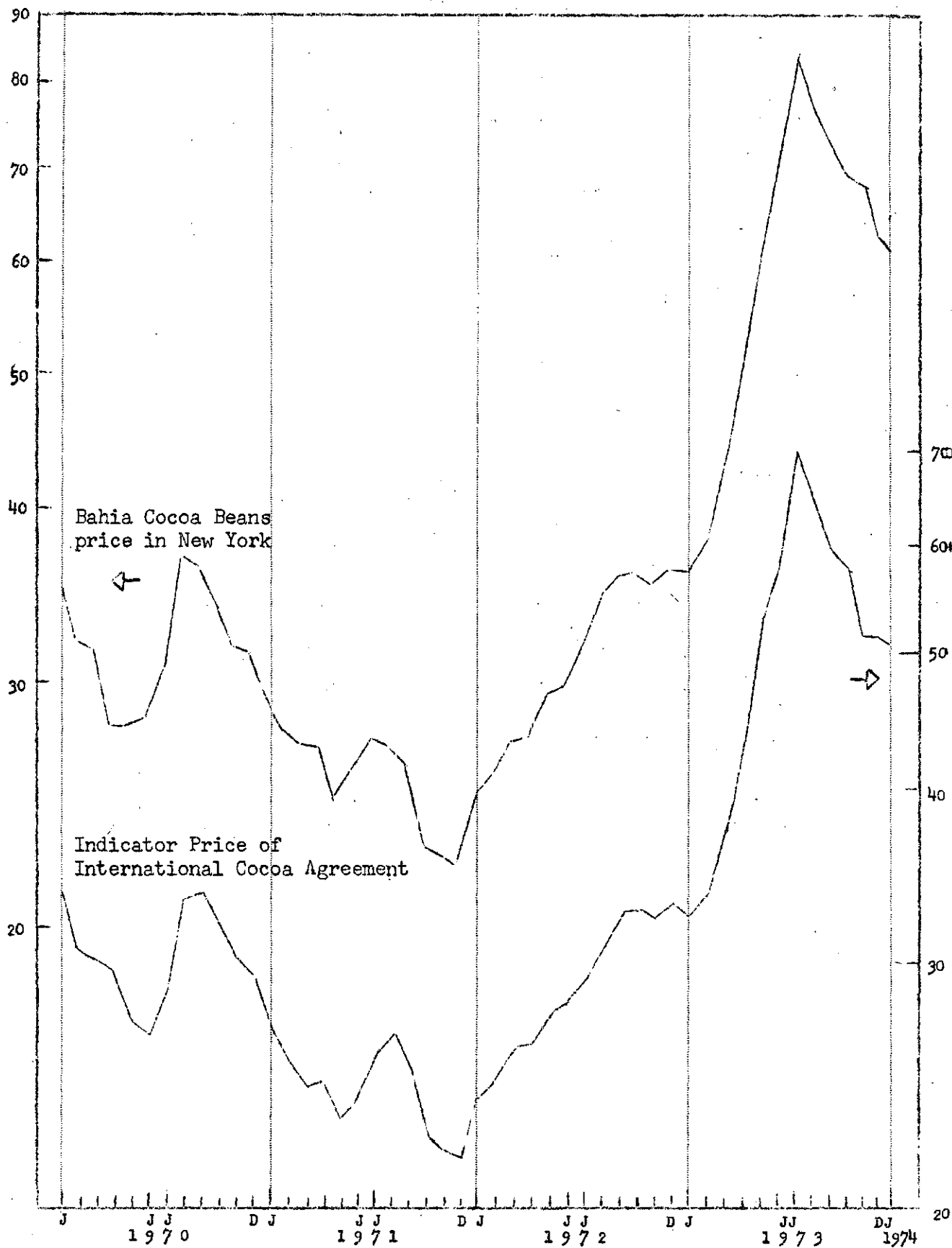
(Thousands of tons) a/

	1969/ 1970	1970/ 1971	1971/ 1972	1972/ 1973	1973/ 1974 ^{b/}
Brazil	200	182	167	161	249
Colombia	19	21	22	23	25
Costa Rica	5	4	7	5	7
Dominican Republic	42	25	40	28	34
Ecuador	55	61	67	43	57
Haiti	4	2	2	3	3
Jamaica	2	2	2	2	2
Mexico	25	25	36	30	23
Trinidad and Tobago	6	4	4	4	4
Venezuela	19	18	19	16	18
Latin Ameirca	379	345	366	315	422
Africa	1 015	1 101	1 163	1 021	983
<u>World total c/</u>	<u>1 441</u>	<u>1 501</u>	<u>1 587</u>	<u>1 386</u>	<u>1 469</u>
Percentage variation	16.1	4.2	5.7	-12.7	6.0

Source: Gill & Duffus, Cocoa Market Report No 254, London,
17 December 1973.

- a/ The original figures in long tons were converted into metric tons.
- b/ Provisional estimates.
- c/ Another source, the FAO publication Cocoa Statistics, No 4, October 1973, indicates a 6.9 per cent decline in world production in 1972/1973 compared with the previous crop year, but this lower estimate was probably made some months before that given in the source of this table.

Figure XII
COCOA PRICES
(US cents per pound)
Semi-logarithmic scale



Sources: UNCTAD, Monthly Commodity Price Bulletin

/Production estimates

Production estimates for 1973/1974 are still very provisional, but they all point to a partial recovery from the previous year's decline, although the sharp reduction in stocks during 1973 could help to make the process of downward price adjustment slower than it might otherwise have been. In this respect, it should be taken into account that the existence of the International Cocoa Agreement (which includes the operation of a buffer stock) introduces a new factor into the international marketing of this commodity, although the average price levels prevailing during the major part of 1973 are far below the maximum price envisaged in the Agreement. The characteristics of the Agreement are examined later in this study.

Over the past three years, the volume of world exports of cocoa beans has shown successive increases, which are mainly attributable to the African exporting countries. The group of Latin American countries as a whole, which generally accounts for 18 to 20 per cent of total world exports, shows relatively little change in its export figures, even though the annual variations in exports of individual countries are sometimes very wide. However, this situation may change next year, in view of the strong expansion expected in Brazil's production. The figures in table 9 illustrate this situation.

Table 9

COCOA BEANS: EXPORTS OF LATIN AMERICAN COUNTRIES
AND WORLD TOTAL

(Thousands of tons)

	1970	1971	1972	Period:	
				1972	1973 ^{a/}
Brazil	120	119	102	15	9 (3)
Costa Rica	3	4	6	2	1 (6)
Dominican Republic	34	28	30	..	..
Ecuador	36	51	46	29	19 (6)
Mexico	5	4	15	..	..
Jamaica	1	1	2	..	..
Trinidad and Tobago	6	4	5	..	..
Venezuela	12	11	10	..	..
Latin America	219	223	218	..	..
Africa	866	915	970	..	..
<u>World total</u>	<u>1 121</u>	<u>1 183</u>	<u>1 238</u>	..	..
Percentage variation	12.3	5.5	4.6	..	..

Source: FAO, Cocoa Statistics, No. 4, October 1973.

a/ Exports for the number of months indicated in parentheses.

The rather exceptional world market conditions for cocoa during 1973 offer a sharp contrast to those prevailing during the major part of the last two decades, when long periods of drastic price declines prompted the main exporters to discuss the bases for international action designed to provide a certain measure of stability for the international cocoa market. In October 1972, after nearly 16 years of persistent effort, the major exporting and importing countries successfully negotiated an international Cocoa Agreement, the main points of which are as follows:

- The quotations of future trading months in London and New York shall serve as the basis for determining a daily price and an indicator price, the indicator price being the average of the daily prices over a period of 15 consecutive market days;

/- The

- The aim is to keep prices of cocoa beans between a minimum price of 23 US cents per pound and a maximum price of 32 US cents per pound. The International Cocoa Council may revise these prices, provided a range of 9 US cents is maintained between them;

- A system of basic export quotas is established, calculated for the first quota year on the basis of the highest annual production figure for each country beginning with and including the 1964/1965 crop year. The mechanisms for adjusting the basic quotas is geared to the price scale, for which purpose the range of 9 US cents between the minimum price and the maximum price is divided into areas requiring an automatic increase or decrease in the basic quotas, their suspension or the buffer stock's intervention either automatically or at Manager's discretion. The Latin American countries eligible for the quota system were to be Brazil (12.7 per cent), the Dominican Republic (3 per cent) and Mexico (1.7 per cent). However, the last two countries finally decided not to participate in the Agreement. The rest of the quotas are for countries in other regions;

- There will be no basic quota for the exporting countries producing less than 10,000 tons a year. These countries are listed in annex B to the Agreement and include Bolivia, Cuba, Guatemala, Haiti, Honduras, Nicaragua and Peru, in addition to countries in other regions;

- The provisions concerning export quotas and contributions for financing the buffer stock shall not apply to countries exporting fine or flavour cocoa. These countries, which are listed in annex C to the Agreement, include Ecuador, Jamaica, Panama, Trinidad and Tobago and Venezuela, in addition to countries in other regions;

- A buffer stock with a maximum capacity of 250,000 tons is established to supplement the export quota mechanism and contribute towards real market stability. The buffer stock will be financed with a contribution of one US cent per pound of cocoa exported. It is estimated that some 25 million dollars can be obtained in this

/way in

way in the first year of operation of the buffer stock. If necessary, however, the Council may decide to obtain funds from another source. In this respect, the International Monetary Fund stated in April 1973 that the existing IMF regulations are applicable to the International Cocoa Agreement in that the governments which so desire are eligible for credit to finance their contribution to the buffer stock.

The International Cocoa Council met for the first time early in August 1973, once the required number of exporting and importing countries had expressed their decision to ratify the Agreement. In the light of existing conditions and prospects for the near future, it is not considered necessary to apply export regulations, so that no decisions were taken with regard to basic quotas. It was decided not to collect contributions for financing the buffer stock until October 1973.

COFFEE

Since the 1964/1965 crop year, Brazil's exportable coffee production has not only averaged less than in the previous 10 years, but there have been more frequent and more extensive losses caused by frost in the main producing areas. In view of the importance of Brazil's output in the world total and its influence on general market conditions and world coffee prices, it seems useful to give the relevant figures in order to show the substantial change that has taken place in this commodity market (see table 10).

The ten years ending with the 1963/1964 crop year were a period of accumulating coffee surpluses and steadily declining world coffee prices, a situation that finally led to the negotiation of the International Coffee Agreement, which entered into force precisely in the 1963/1964 trading year. In the next few years the maintenance of export quotas geared to specific indicator prices introduced a certain measure of stability into the market, without eliminating the tendency of prices to seek their long-term level of equilibrium. This was possible, too, because the availability of surpluses accumulated in the previous decade helped to attenuate the sharp fluctuations in world coffee supplies in certain years.

Table 10

BRAZIL: EXPORTABLE COFFEE PRODUCTION
(Millions of 60-kilogramme bags)

Crop year		Crop year	
1954/55	14.2	1964/65	3.0
1955/56	21.3	1965/66	30.2
1956/57	11.7	1966/67	12.0
1957/58	20.8	1967/68	14.7
1958/59	26.0	1968/69	8.0
1959/60	37.0	1969/70	10.3
1960/61	22.0	1970/71	1.5
1961/62	28.0	1971/72	14.8
1962/63	20.0	1972/73	16.5
1963/64	21.2	1973/74	6.8
Average	22.2	Average	11.7

Source: United States Department of Agriculture, Foreign Agriculture Circular FCOF 1-74, January 1974, and publications from previous years.

Sharp annual variations in the exportable production of coffee occur, of course, in practically all the producing countries. Table 11 presents figures for the Latin American producers in the past five years, highlighting the different incidence of fluctuations in Brazil's production (or Colombia's in some cases), compared with the other producers.

/Table 11

Table 11

COFFEE BEANS: EXPORTABLE PRODUCTION OF LATIN AMERICAN COUNTRIES AND WORLD TOTAL

(Thousands of 60-kilogramme bags)

	1969/70	1970/71	1971/72	1972/73	1973/74 a/
Bolivia	55	65	65	65	65
Costa Rica	1 250	1 095	1 190	1 165	1 285
Dominican Republic	450	505	490	490	515
Ecuador	450	1 080	875	860	650
El Salvador	2 350	2 015	2 440	1 935	1 830
Guatemala	1 510	1 590	1 845	1 990	1 930
Haiti	260	350	370	345	395
Honduras	445	460		645	565
Mexico	1 575	1 680	1 835	2 100	1 800
Nicaragua	495	570	615	480	555
Panama	18	9		20	27
Paraguay	25	13	43	38	40
Peru	720	750	800	800	770
Venezuela	285	255	300	430	450
<u>Total</u>	<u>9 888</u>	<u>10 457</u>	<u>11 466</u>	<u>9 428</u>	<u>10 877</u>
Brazil	10 250	1 500	14 850	16 500	6 000
Colombia	7 080	6 390	5 750	7 100	7 950
Latin America	27 218	18 347	32 066	33 028	24 827
Africa	18 387	18 531	13 600	19 784	17 804
<u>World total b/</u>	<u>48 078</u>	<u>40 110</u>	<u>53 051</u>	<u>57 903</u>	<u>45 748</u>

Source: Foreign Agriculture Circular FCOF 1-74, January 1974, op. cit.

a/ Estimates from the source indicated.

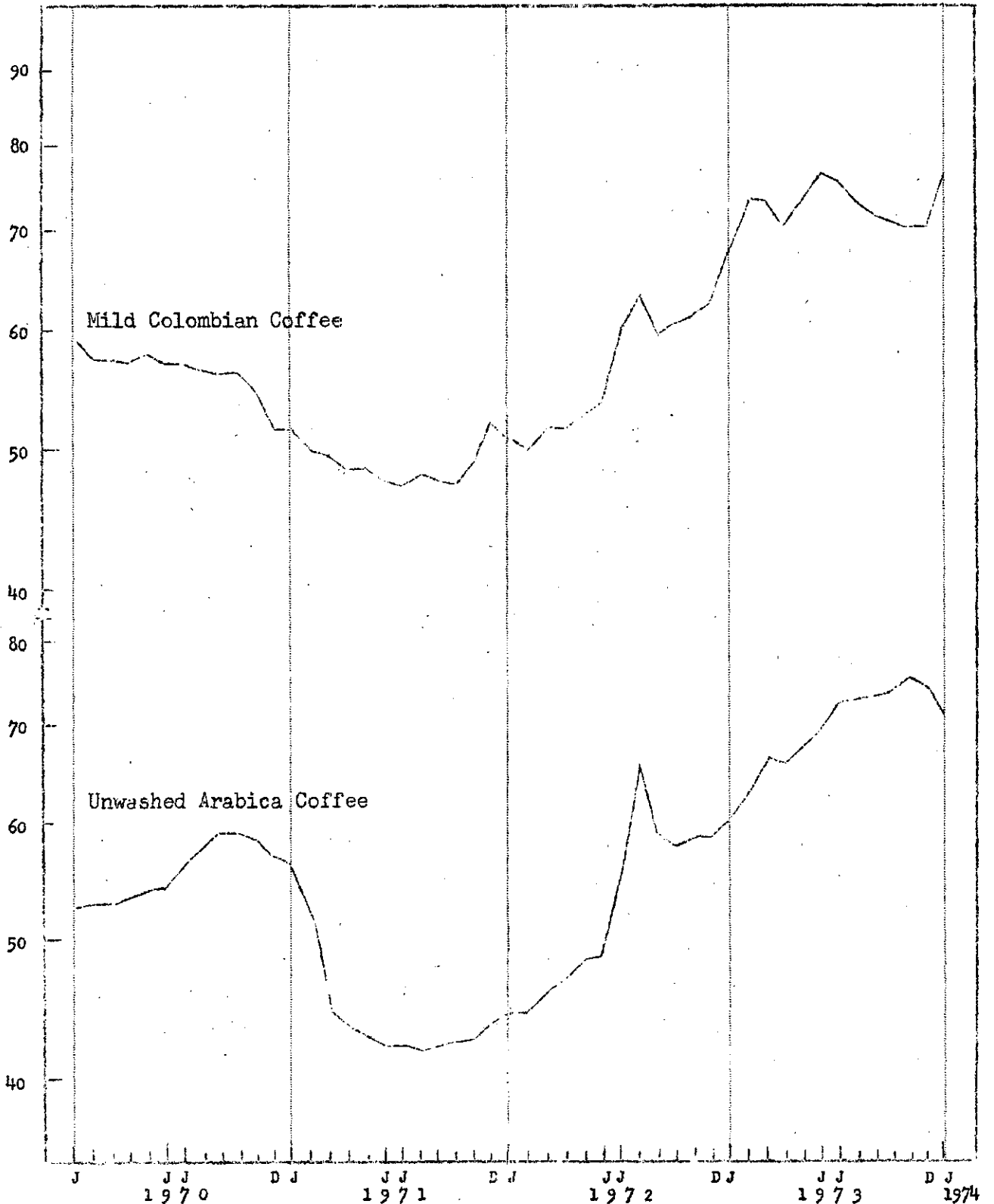
b/ Including other producers, principally Asian.

/The two

The two aspects referred to above, i.e., the smaller volume of Brazil's output in the period 1964/1965-1973/1974 (50 per cent less on average than in the period 1954/1955-1963/1964) and the opportunity this offered of selling its accumulated surpluses, have largely determined the new conditions under which the international coffee market is developing and account for the rising trend in export prices since mid-1972. Undoubtedly, these are not the only causes: it will be remembered, for example, that since early 1972 the producer countries had been proposing a rise of a few points in the indicator price scale used to adjust the export quotas (under the terms of the International Coffee Agreement), as a necessary measure to offset the official devaluation of the dollar in December 1971, but this suggestion was rejected by some of the major importing countries. The position adopted by the importing countries prompted a group of exporting countries to take concerted action to defend prices through the properly regulated use of their respective export quotas. The further devaluation of the dollar in February 1973 and the smaller supplies available for export in the 1973/1974 trading year subsequently strengthened the already firm position with regard to world prices, which remained throughout 1973 at their highest levels since 1960. However, the average 1973 price of mild Colombian coffee increased by only 28 per cent and that of unwashed arabicas (Brazilian) by 32 per cent over the respective 1972 averages (see figure XIII). Moreover, since the annual average quotations for both these types of coffee in 1972 were approximately the same as in 1970, the percentage increase achieved in 1973 may be regarded as negligible, inasmuch as the dollar suffered two official devaluations in the period 1970-1973 which together represent a drop of 19 per cent and a much greater depreciation in terms of purchasing power than the percentage devaluation. Even at best, therefore, the exporting countries' only achievement in 1973 was the recovery of part of their losses caused by the devaluation of the dollar in December 1971 and the sharp drop in coffee quotations in the course of that year.

/Figure XIII

Figure XIII
COFFEE PRICES
(US cents per pound)
Semi-logarithmic scale



Sources: UNCTAD, Monthly Commodity Price Bulletin

/In terms

In terms of volume, both Latin American exports and the world total reached their highest figures in recent years in 1972: 3 per cent above the previous peak recorded in 1969 (see table 12).

Table 12

COFFEE: EXPORTS OF LATIN AMERICAN COUNTRIES
AND WORLD TOTAL

(Thousands of 60-kilogramme bags)

	1970	1971	1972	1973 <u>a/</u>
Bolivia	62	64	68	
Costa Rica	1 142	1 034	1 254	
Dominican Republic	487	421	525	
Ecuador	879	777	896	
El Salvador	1 865	1 641	1 911	
Guatemala	1 599	1 685	1 854	
Haiti	259	394	404	
Honduras	425	417	545	
Mexico	1 413	1 621	1 724	
Nicaragua	503	530	580	
Panama	29	30	40	
Paraguay	27	25	69	
Peru	734	709	915	
Venezuela	273	329	318	
<u>Total</u>	<u>9 695</u>	<u>9 677</u>	<u>11 103</u>	
Brazil	17 085	18 399	19 214	
Colombia	6 509	6 569	6 528	
Latin America	33 289	34 645	36 845	
Africa	16 883	16 215	17 794	
<u>World total b/</u>	<u>52 666</u>	<u>53 280</u>	<u>57 606</u>	

Source: Pan American Coffee Bureau, Coffee Statistics Nos. 35 and 36, New York.

Note: The export figures for Bolivia, Panama and Paraguay are higher than the figures for exportable production, which may be partly attributable to under-estimation of exportable production (or over-estimation of domestic consumption) and partly to border trade, taking advantage of the fact that exporters of less than 100,000 bags annually are not subject to export quotas.

a/ No figures are available for coffee exports in 1973.

b/ Including countries not listed here.

/Although a

Although a smaller volume of exports is to be expected in 1973, particularly in Brazil, there is no doubt that the improvement in prices that year will offset wholly or partially - according to the country - the decrease in volume.

The end of the 1972/1973 trading year on 30 September coincided with the expiry of the International Coffee Agreement, which for ten years had regulated this commodity market with varying degrees of success. During that period the coffee exporting and importing countries achieved a minimum basis of agreement for the implementation of a policy of co-operation which not only helped to make the market reasonably stable, but was extended to other fields such as the work being done in connexion with the Diversification Fund. As in the case of other commodities, the administrative organization has been maintained to continue assembling and publishing statistical information and to serve as a basis for future intergovernmental consultations.^{5/} This new phase of the world coffee market was initiated at a time when supply limitations had pushed up export prices to their highest levels since 1960. Nevertheless, the present more balanced relationship between exportable production and world demand makes this relative price stability particularly vulnerable, and it is therefore all the more imperative for producer countries to continue the close co-operation they have hitherto maintained. A good example of this is the export policy they adopted in the last few months in which the Agreement was legally in force, when no support was forthcoming from the importing countries for the establishment of export quotas. Another example, which may have unforeseeable projections, is the decision of four major exporting countries - later joined by others - to set up a multinational coffee marketing enterprise which could operate as a coffee buffer stock and thus achieve some of the objectives of the defunct International Coffee Agreement.

^{5/} The first meetings of the coffee-producing countries to review the position of the world coffee market and the prospects of the renegotiation of the Agreement were held in mid-February 1974.

WHEAT

The international prices of wheat, which showed a pronounced upward trend as from early in the trade year 1972/1973, continued to increase during the first months of the 1973/1974 season, when they reached the highest levels for the last 20 years. The continued price increases in July-December 1973 (the first half of the 1973/1974 trade year), when the markets for many other commodities were showing signs of weakening or had experienced price falls, were an indication of the particularly critical situation of the international wheat market in the last year and of the conditions under which the market has been developing since the clauses on prices and supplies were deleted when the International Wheat Agreement was renewed in 1971. It may be recalled that international trade in wheat was governed between 1949 and 1971 by successive international agreements which stipulated minimum and maximum prices and provided for guaranteed purchases and sales between importing and exporting countries. These regulations were deleted when the Agreement was renewed in the year in question but turned into an organization for the mere exchange of information and compilation of statistics.

The upward trend in prices was caused mainly by the serious drop in the wheat production of the Soviet Union in 1972/1973. The harvest was 13 per cent lower than that of the previous year, with the result that this country, which in recent years had been exporting somewhat more than 5 million tons annually, became an importer of large quantities of wheat and other cereals. The drop in total world wheat production was barely 3 per cent, due mainly to the fall in the production of the Soviet Union, a 4 per cent decrease in the production of the United States, and a 28 per cent drop in the case of Australia (see table 13).

Table 13

WHEAT: PRODUCTION OF SELECTED COUNTRIES AND WORLD TOTAL
(In thousands of tons, crop years from July to June)

	1969/70	1970/71	1971/72	1972/73	1973/74
Brazil	1 100	1 732	2 027	680	1 900
Chile	1 300	1 307	1 368	1 195	780
Colombia	75	50	78	91	50
Mexico	2 169	2 159	1 682	1 644	1 900
Peru	145	125	136	141	200
Uruguay	403	388	320	180	150
<u>Subtotal</u>	<u>5 192</u>	<u>5 761</u>	<u>5 611</u>	<u>3 931</u>	<u>4 980</u>
Argentina	7 020	4 920	5 680	8 100	5 440
<u>Latin America</u>	<u>12 212</u>	<u>10 681</u>	<u>11 291</u>	<u>12 031</u>	<u>10 420</u>
Australia	10 547	7 890	8 644	6 232	11 750
Canada	18 623	9 022	14 412	14 514	17 010
United States	39 263	36 783	44 029	42 042	47 014
Soviet Union	79 917	99 664	98 760	85 950	95 000
People's Republic of China	22 300	24 500	24 000	23 500	27 000
<u>World total</u>	<u>308 187</u>	<u>311 879</u>	<u>313 711</u>	<u>332 767</u>	<u>348 620</u>
<u>Variation (%)</u>	-5.5	1.2	10.2	-3.2	4.8

Source: For the period 1969/70-1972/73: International Wheat Council, World wheat statistics 1973. The preliminary estimates for 1973/74 were taken from US Department of Agriculture, Foreign Agriculture Circular FG-13-73, November 1973.

According to non-official sources, purchases of cereals by the Soviet Union during the 1972/1973 season came to 19 million tons, of which wheat accounted for 12 million tons; it is estimated in market circles that the total purchases of that country in the 1973/1974 season were in the region of 7.5 million tons, i.e., a good deal lower than the previous year but still of considerable importance in the world market. Reports according to which a major part of the exportable balances of the United States and other exporting countries have already been pledged within the /first three

first three months of the current commercial year, confirm that the demand for wheat is as dynamic as it was in the past season, notwithstanding the fact that the preliminary estimates of harvests for 1973/1974 indicate a complete recovery from the shortfalls experienced in 1972/1973. What is clear is that in February 1974, i.e., more than half way through the 1973/1974 trade year, international prices have risen above the levels reached in several months of 1972/1973.

Wheat is a product exported by a small group of developed countries, among which Canada and the United States alone accounted for 58 per cent of the total tonnage exported in each of the years 1970/1971 and 1971/1972. The position of Argentina, the only Latin American country to export wheat, has been deteriorating continuously in recent years because of poor harvests, but there was a substantial recovery in 1972/1973, as the figures in the previous table show. The trend in world exports by major countries is shown in table 14.

Table 14

WHEAT AND WHEAT FLOUR: WORLD EXPORTS
(Thousands of tons, trade years July-June)

	1968/69	1969/70	1970/71	1971/72	1972/73 ^{a/}
Argentina	2 785	2 108	1 704	1 328	3 300
Australia	5 369	7 250	9 492	8 736	5 400
Canada	8 700	8 999	11 561	13 716	15 700
EEC ^{b/}	5 020	7 167	3 105	4 656	...
Spain	881	499	116	168	...
United States	14 693	16 480	19 821	16 907	32 000
Sweden	365	274	228	135	...
Soviet Union	5 397	5 887	7 072	5 478	2 500
Others	1 785	1 593	607	1 319	...
<u>World total</u>	<u>44 995</u>	<u>50 257</u>	<u>53 706</u>	<u>52 443</u>	<u>69 000</u>
<u>Variation (%)</u>	-11.5	11.7	6.9	-2.4	31.6

Source: World Wheat Statistics 1973, op.cit.

^{a/} Preliminary estimates published in US Department of Agriculture: Wheat situation, November 1973.

^{b/} Excluding intra-Community trade.

/In both

In both absolute and relative terms the increase in world exports of wheat and wheat flour reached the highest figure ever in 1972/1973. This increase reflected, as already stated, the extraordinary volume of wheat imported by the Soviet Union, which is usually a net exporter in the international wheat trade, but which became a net importer in 1972/1973 when it imported approximately fifteen million tons of wheat. This increased demand was satisfied in the main by the United States, whose exports in 1972/1973 increased spectacularly by 89 per cent over those of the previous year. In relative terms, Argentina's exports increased by an even larger amount (148 per cent), and although this is explained by the extraordinarily low volume of exports in 1971/1972, the increase in the volume of exports and the improvement in prices helped to generate a substantial increase in the country's foreign earnings.

The events in the monetary field apparently had little influence on developments in the international wheat market, unlike what happened in the case of other products such as metals. On the other hand, there seems to be no doubt that the massive purchases of cereals by the Soviet Union and to a lesser extent by the People's Republic of China were made possible by the United States policy of rapprochement with these countries, which facilitated the negotiation of trade agreements. Furthermore, the fact that a large part of the supplies available for export by the United States in the commercial year 1973/1974 is already pledged may be due partly to the fact that the Soviet Union wishes to import substantial quantities of wheat to meet its export commitments and partly to hedging by commodity dealers as a means of protecting themselves against the possibility of the introduction of export control regulations such as were brought in temporarily during the trade year 1972/1973 in the case of soya and other products. In any event, there is no doubt that the level of stocks of wheat in the major exporting countries at the end of the trade

/year 1972/1973

year 1972/1973 is lower than it has been for the last 20 years, and indeed this level could be considered critical, particularly in the case of the United States, in view of the current production and export for forecasts for 1973/1974 (see table 15).

Table 15

WHEAT: STOCKS IN THE MAJOR EXPORTING COUNTRIES
(Millions of tons, as at 30 June of each year)

	Argentina	Australia	Canada	United States	Total 4 countries
1970	3.2	12.3	29.1	24.1	68.7
1971	2.9	8.4	22.1	19.9	53.3
1972	2.9	5.1	18.1	23.5	49.6
1973 <u>a/</u>	2.8	3.0	12.0	11.6	29.4
1974 <u>b/</u>	2.6	4.6	9.3	7.9	24.4

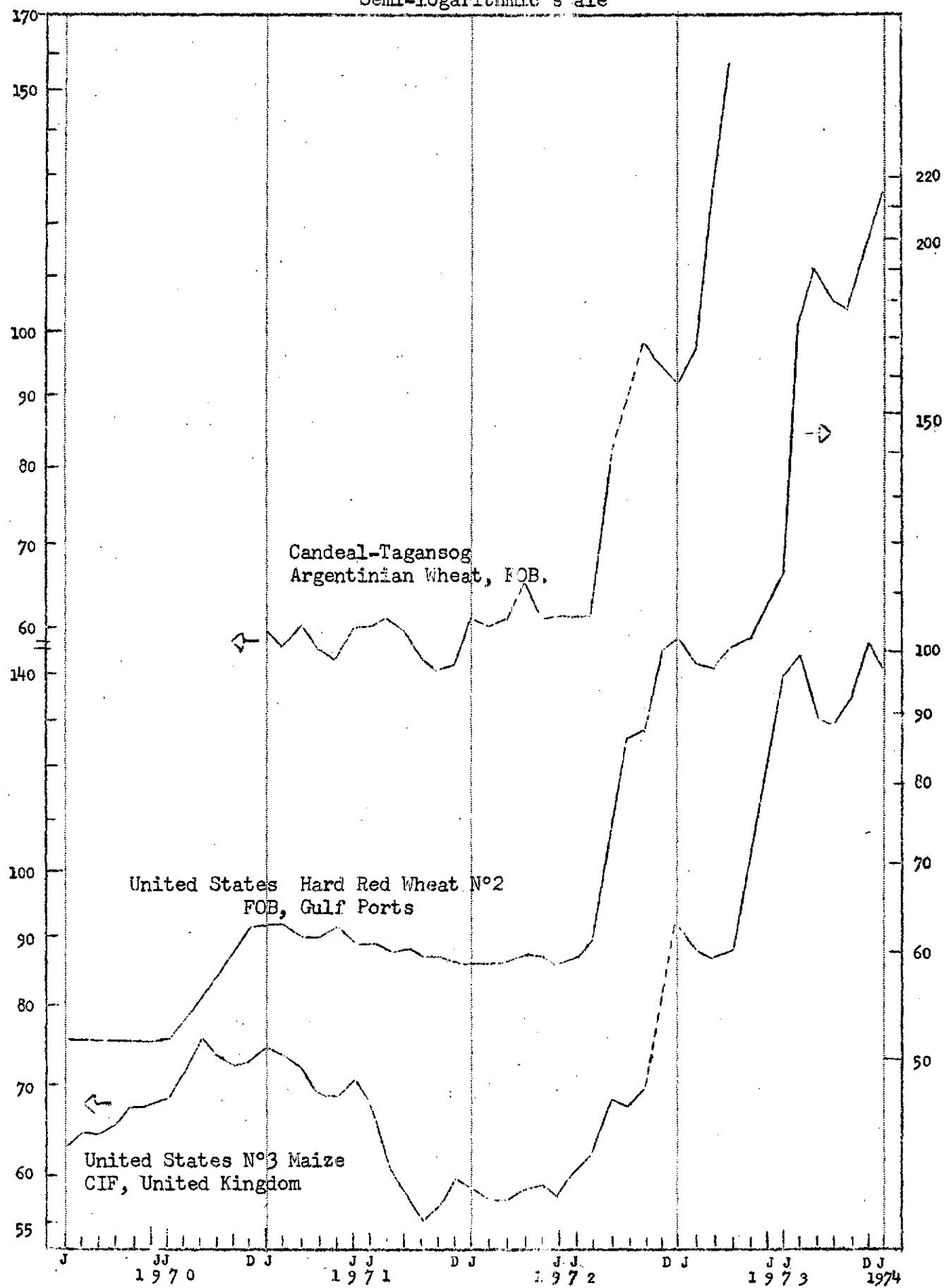
Source: US Department of Agriculture, Foreign Agricultural Circular FG-11-73, 24 August 1973.

a/ Estimates.

b/ Projections.

At all events, the fact that at the end of 1973 (i.e., at the end of the first half of the trade year 1973/1974) the export prices of wheat were still at the high levels shown in figure XIV, suggests that the demand for wheat is still very dynamic and tends to confirm present forecasts to the effect that world exports in 1973/1974 will only suffer a slight reduction from the maximum figure reached in 1972/1973. Although the Soviet Union may well reduce its purchases considerably, it is likely to continue to be a substantial importer, while the People's Republic of China is likely to continue increasing its imports. Details of main world imports, by major areas, are given in table 16.

Figure XIV
PRICES OF WHEAT AND MAIZE
(dollars per ton)
Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

Table 16

WHEAT AND WHEAT FLOUR: WORLD IMPORTS

(Millions of tons)

	1970/71	1971/72	1972/73 ^{a/}	1973/74 ^{b/}
Japan	4.8	5.0	5.5	5.5
Western Europe ^{c/}	13.8	12.2	13.0	13.5
Eastern Europe	6.5	4.8	4.7	4.0
Soviet Union	0.3	3.4	14.9	5.5
People's Republic of China	3.5	3.0	5.4	6.5
Developing countries	20.5	20.6	22.3	27.7
<u>World total</u>	<u>56.3</u>	<u>55.5</u>	<u>73.5</u>	<u>70.3</u>

Source: US Department of Agriculture, Foreign Agriculture
Circular FG-12-73, 26 October 1973.

^{a/} Provisional figures.

^{b/} Forecasts.

^{c/} Including intra-Community trade by the 9 EEC members.

The greatest increase in imports is expected to be recorded by the group of developing countries in south-east Asia (Bangladesh, Sri Lanka, India, Indonesia, and Pakistan) and by certain African countries. In Latin America, imports increased significantly in 1972/1973 because of the substantial fall in Brazil's production. Although imports for 1973/1974 could show a moderate fall, they are likely to continue to exceed 6 million tons annually.

COTTON

By the end of 1973, the increase in international cotton prices had reached levels comparable with those prevailing at the beginning of the Korean war, which had not been repeated since then. The upward trend began in the latter half of 1972 and

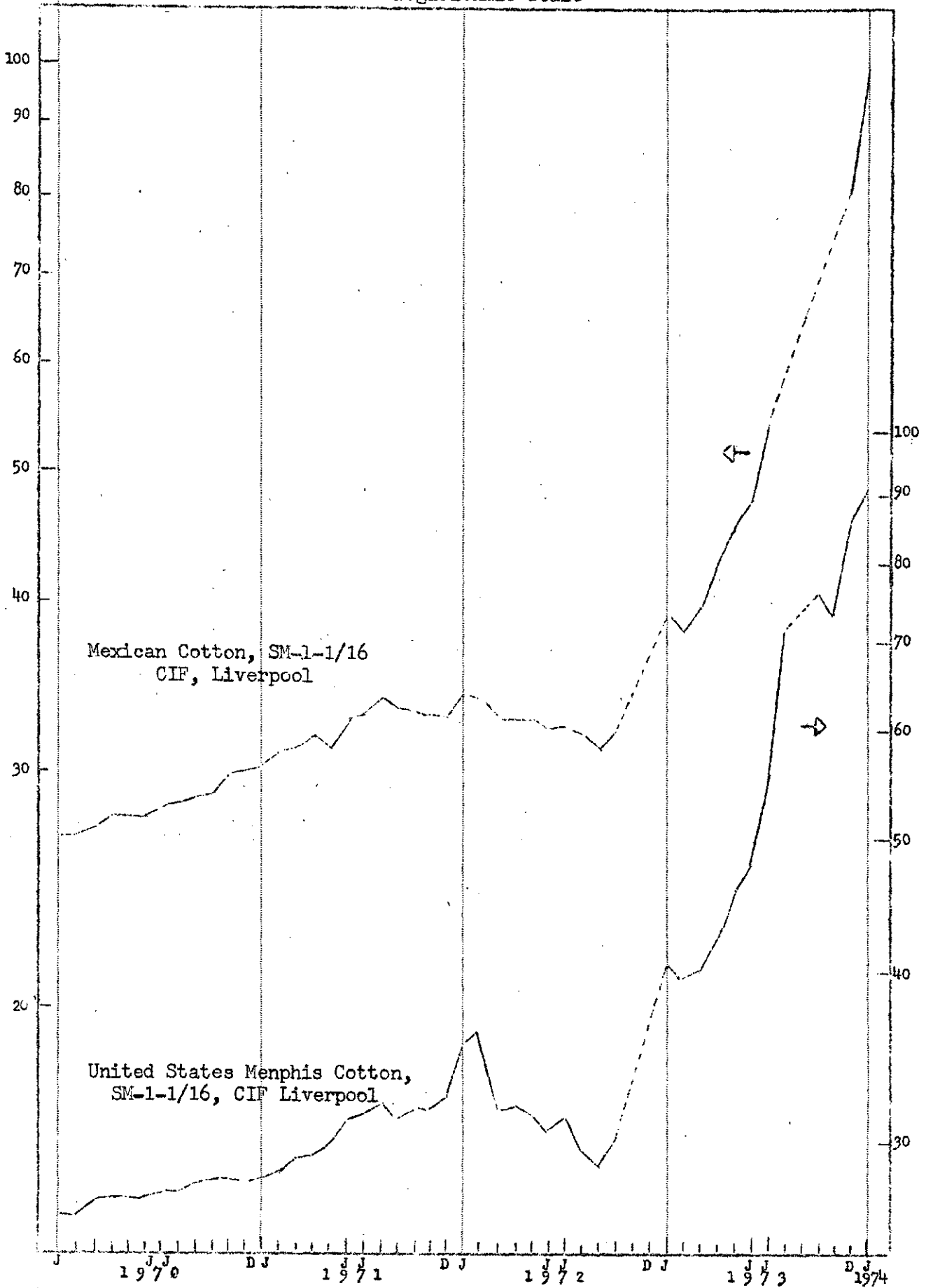
/reached its

reached its peak around the middle of 1973, having been touched off initially by the resumption of production of the textile industry in a large number of countries and later accentuated by the shortage of supplies available for export. The sharpness of the rises can be judged by the fact that the prices for most types of cotton doubled between January and September of 1973 (see figure XV). Although there has been no significant drop in world production - on the contrary, this has increased moderately in recent years - some exporting countries have experienced drops in their production which have affected to a greater or lesser extent the surpluses available for export. The total production of the countries of the Latin American region dropped by approximately 20 per cent in 1970/1971 compared with the previous year, the countries which experienced the most serious drops in production being Brazil and Mexico (the two major exporters of the region), together with Argentina. Table 17 shows the changes which occurred.

As may be seen from the table, following the deterioration in Latin American production in 1970/1971, there was some recovery two subsequent years and previous levels of production were restored, except in Argentina whose production has usually been subject to wide fluctuations. The restoration of these levels of production in Brazil and Mexico did not mean that they had recovered their previous export capacity, however, since domestic consumption had reached a higher level in the meantime. Indeed, in Brazil it was even necessary to introduce temporary export restrictions in order to give priority to domestic supply.

Although it would appear, if we look at the figures for recent years, that the Central American countries - El Salvador, Guatemala and Nicaragua - have increased their production considerably, the fact is that these countries have merely been recovering levels of production already reached during the past decade. Bolivia is the only country where the cultivation of cotton, rising from an insignificant level 10 years ago, has accumulated small exportable surpluses in the past 3 years.

Figura XV
 COTTON PRICES
 (new pence per kilo)
 Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

Table 17

RAW COTTON: PRODUCTION OF LATIN AMERICAN
COUNTRIES AND WORLD TOTAL

(Thousands of tons)

	1969/70	1970/71	1971/72	1972/73	1973/74
Argentina	145	85	87	127	...
Bolivia	4	10	15	26	28
Brazil	672	499	672	640	...
Colombia	128	117	128	136	150
Ecuador	5	4	5	5	5
El Salvador	46	55	68	70	76
Guatemala	56	57	81	93	98
Mexico	379	312	372	386	340
Nicaragua	67	78	104	105	119
Paraguay	13	7	13	22	24
Peru	85	77	87	65	...
Venezuela	14	16	21	18	18
<u>Latin America</u>	<u>1 614</u>	<u>1 317</u>	<u>1 654</u>	<u>1 693</u>	...
Africa	1 385	1 256	1 304	1 233	1 263
United States	2 181	2 219	2 280	2 983	2 845
<u>World total</u>	<u>11 366</u>	<u>11 367</u>	<u>12 415</u>	<u>12 927</u>	<u>13 060</u>

Source: "Cotton: World Statistics", Quarterly Bulletin of the
International Cotton Advisory Committee, January 1974.

Table 18

RAW COTTON: EXPORTS FROM LATIN AMERICAN
COUNTRIES AND WORLD TOTAL

(Thousands of tons)

	1969/70	1970/71	1971/72	1972/73a/
Argentina	12.1	45.5	0.2	-
Bolivia	1.1	4.3	6.5	15.2
Brazil	420.6	220.1	306.8	290.3
Colombia	48.6	44.5	52.3	49.9
El Salvador	43.8	48.6	54.6	58.1
Guatemala	46.0	53.8	71.1	83.5
Mexico	264.7	163.9	196.2	186.2
Nicaragua	61.6	82.8	94.5	91.1
Paraguay	11.5	6.1	3.7	17.3
Peru	76.5	58.8	58.3	43.4
<u>Latin America</u>	<u>986.5</u>	<u>728.4</u>	<u>843.4</u>	<u>835.0</u>
Africa	9 876.0	959.2	886.8	926.5
United States	626.5	848.6	737.1	1 154.8
<u>World total</u>	<u>38 320.0</u>	<u>3 827.8</u>	<u>4 031.8</u>	<u>4 455.7</u>

Source: Cotton: World Statistics, op.cit.

a/ Provisional figures.

The increase in prices which began in the 1973/1974 season can partly be explained by the export figures for the United States and the level of its stocks, for as shown in the previous table, world exports in 1972/1973 showed an increase of 424,000 tons (10.5 per cent) over the figure for the previous year, and the United States provided 418,000 tons of this increase. Concurrently, the level of cotton stocks in the United States, which on 1 August 1966 stood at 3.65 million tons, fell to 1.25 million tons by 1 August 1970 and to 0.7 million tons by 1 August 1972.

It may also be useful to describe the special features of the recent situation from the point of view of the importers. The

/greatest demand

greatest demand came from two countries, the People's Republic of China and Japan, which between them accounted for more than 309,000 tons of the 468,000 tons increase in world imports in 1972/1973. The remainder was accounted for mainly by bigger imports by Western Europe (see table 19).

Table 19

RAW COTTON: IMPORTS BY PRINCIPAL COUNTRIES AND AREAS

(Thousands of tons)

	1969/70	1970/71	1971/72	1972/73 ^{a/}
Western Europe	1 332.1	1 285.7	1 292.7	1 421.5
Soviet Union	260.2	238.5	173.5	173.5
Eastern Europe ^{b/}	574.8	586.9	562.0	585.6
People's Republic of China	75.9	97.6	151.8	390.3
Japan	750.6	798.8	774.0	845.4
Rest of Asia	715.3	820.9	752.8	778.2
<u>World total</u> ^{c/}	<u>3 919.5</u>	<u>4 063.7</u>	<u>3 972.6</u>	<u>4 440.3</u>

Source: Cotton: World Statistics, op.cit.

^{a/} Provisional figures.

^{b/} Includes Albania, Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland and Romania.

^{c/} Also includes other areas not mentioned.

During the final months of 1973 (that is, at the beginning of the second quarter of the trading year 1973/1974), international cotton prices stayed at the highest levels recorded in the last twenty years. If such a situation had occurred some years back, it would have provoked the most serious concern, because of the need to maintain a favourable cotton/synthetic fibre ratio so that there would be no incentives to encourage greater substitution of natural fibre by synthetics, but the higher prices for raw materials for the petrochemical industry has introduced a new

/factor which

factor which makes it necessary to review the whole problem of competition between natural and synthetic products, not only in the light of the new prices being established, but also from the point of view of the alternative use of resources which are more or less scarce.

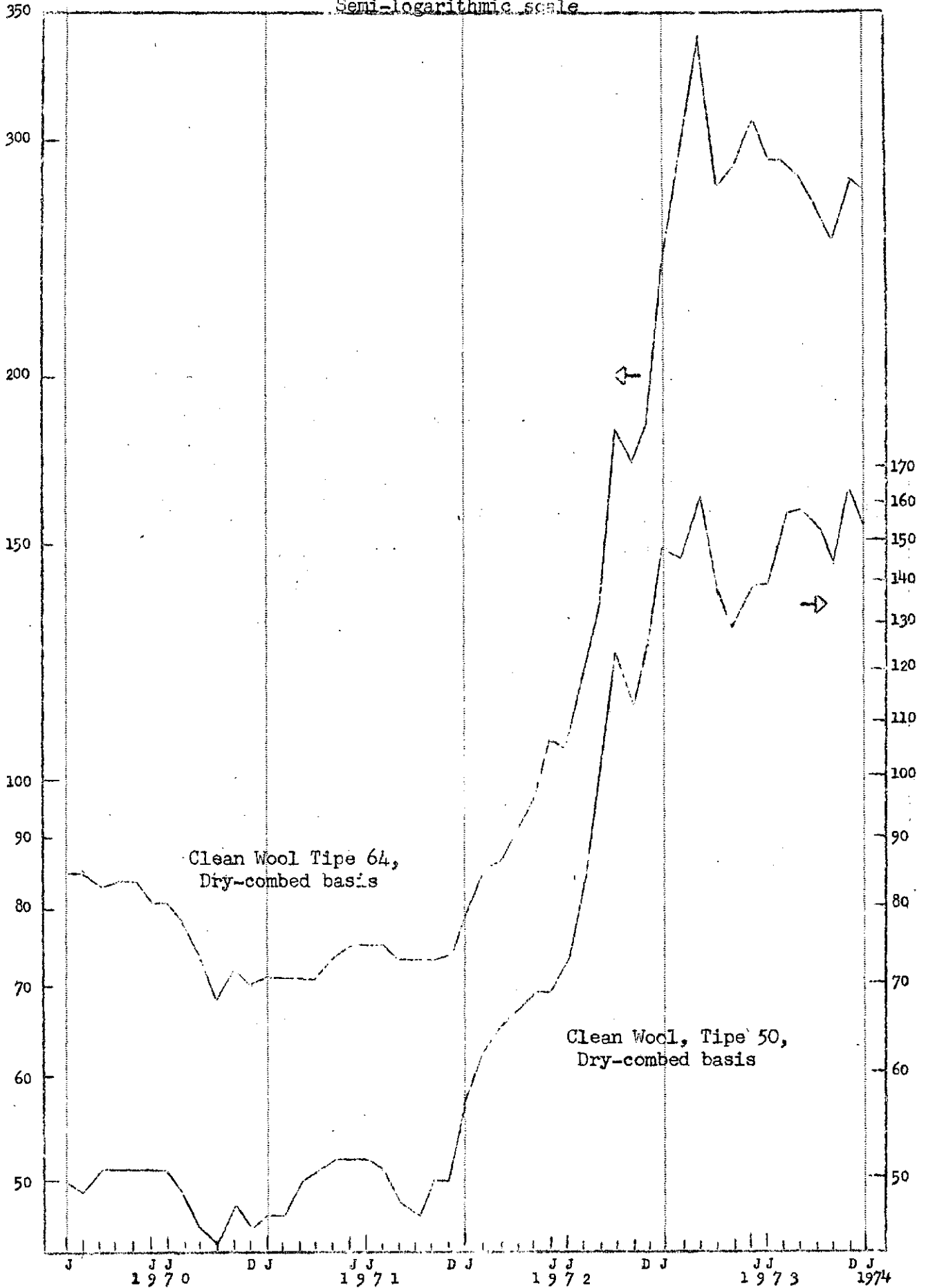
WOOL

Following a long period of depressed prices, which was at first worst between the trading years 1966/1967 and 1971/1972, international prices for the various types of wool began to rise, and in the trading year 1972/1973 they reached levels which had not been recorded during the last twenty years (see figure XVI).

World production of wool has shown a continuous decline since 1968/1969, including the 1972/1973 season, and the estimate for 1973/1974 is the lowest for the last 10 years. The persistent fall in prices and the severe drought in some of the producing countries led to reduced flocks and smaller fleece yields. In such conditions, a reactivation of world consumption like that experienced in the calendar year 1972 rapidly consumed the available stocks held by the principal exporting countries and it is probable that the total consumption in 1973 (although expected to be lower than in 1972) will cause a deficit in view of the insufficient production.

Figure XVI

WOOL PRICES
(new pence per kilo)
Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

Table 20

WOOL: WORLD PRODUCTION AND CONSUMPTION, CLEAN BASIS
(Millions of pounds)

Years	Production <u>a/</u>	Consumption <u>b/</u>
1964	3 263	3 203
1965	3 291	3 281
1966	3 423	3 405
1967	3 470	3 249
1968	3 571	3 453
1969	3 543	3 535
1970	3 508	3 462
1971	3 430	3 410
1972	3 250	3 524
1973	3 228	3 325 <u>c/</u>

Source: US Department of Agriculture, Wool Situation, November 1973.

a/ Trading year.

b/ Calendar year.

c/ Estimate from the source indicated.

Although wool is produced by many countries, the main sources of exports are five countries (Argentina, Australia, New Zealand, South Africa and Uruguay). Variations in production and stocks in these countries are therefore one of the decisive factors in international market trends, together with consumption and demand trends in general. Table 21 gives the recent production figures for wool.

In the Latin American region, Argentina's production has been fluctuating since 1962/1963 around the figures indicated in table 21. Uruguay's production has shown a slight declining trend for the greater part of the last decade, and the years 1971/1972 and 1972/1973 recorded the lowest production since 1960/1961. In the remaining countries of the region which are small producers of wool, only Chile showed a marked drop in production in recent years. From the point of view of the international

/market, the

market, the marked drop in Australian production in the years 1972/1973 and 1973/1974, the persistent decline in South Africa (falling since 1966/1967) and the moderate drop in New Zealand in the last two seasons are all worthy of note.

Tab 21

WOOL: PRODUCTION OF SELECTED COUNTRIES AND WORLD TOTAL
(Actual weight millions of pounds)

	1969/70	1970/71	1971/72	1972/73	1973/74
Argentina	445	441	417	428	448
Brazil	83	89	76	82	85
Chile	57	49	40	36	31
Mexico	10	9	8	8	9
Peru	22	21	20	20	20
Uruguay	176	172	119	132	148
<u>Latin America</u>	<u>793</u>	<u>781</u>	<u>680</u>	<u>706</u>	<u>741</u>
Australia	2 035	1 953	1 929	1 667	1 625
New Zealand	723	736	710	681	661
South Africa	320	271	251	238	223
United States	194	187	181	174	157
United Kingdom	106	101	104	104	106
Soviet Union and Eastern Europe	1 235	1 299	1 323	1 303	1 329
Others	725	735	755	747	745
<u>World total</u>	<u>6 131</u>	<u>6 053</u>	<u>5 933</u>	<u>5 620</u>	<u>5 587</u>

Source: US Department of Agriculture, Wool Situation, November 1973, op.cit. and World Agricultural Production and Trade, September 1973.

The United States, the whole of Western Europe (with the exception of Ireland), the Soviet Union and the countries of Eastern Europe are all net importers of wool.

/The recent

The recent evolution of wool exports is shown in table 22. The figure for 1969/1970 was the highest for the past decade, the average prices for wool in that year having reached some of their highest levels, but this upward trend became even more pronounced in 1970/1971, and this was certainly one of the causes of the drop in exports recorded in that year. A further drop in total exports, this time less marked, was recorded in 1971/1972. This continued until the 1972/1973 season in which, as already stated, production fell steeply just as world demand was showing signs of rapid reactivation, with the result that much of the exporting countries' stocks was absorbed and conditions favourable to the increase in prices already mentioned were created.

Table 22

WOOL: EXPORTS OF SELECTED COUNTRIES AND WORLD TOTAL
(Actual weight, in millions of pounds)

Countries	1969/70	1970/71	1971/72	1972/73a/
Argentina	212	195	163	235
Brazil	43	33	30	
Chile	24	19	9	
Peru	6	5	-	
Uruguay	88	104	61	
<u>Latin America</u>	<u>373</u>	<u>356</u>	<u>263</u>	
Australia	1 662	1 507	1 612	1 548
New Zealand	668	649	696	643
South Africa	247	169	244	179
Others	438	424	238	
<u>World total</u>	<u>3 388</u>	<u>3 105</u>	<u>3 053</u>	

Source: US Department of Agriculture, Wool Situation, November 1973, op.cit., and Foreign Agriculture Circular FW-1-73, April 1973.

a/ Preliminary information.

On the basis of preliminary information, Argentina's exports in the 1972/1973 season increased by 41 per cent over 1971/1972, thus recovering a level comparable with that of the years 1966/1967 to 1968/1969, which had been followed by a sharp decline as shown in the previous table. On the other hand, the exports of Australia, South Africa, and to a lesser extent New Zealand fell in 1972/1973 compared with the preceding year.

Although information on wool imports for 1972/1973 is not yet available, it is understood that the increased activity in the market was due largely to the increase in Japan's purchases. Japan is at present the world's largest importer of wool, a position held not so many years ago by the United Kingdom, which is at present the world's second largest importer.

Table 23

WOOL: IMPORTS FROM SELECTED COUNTRIES AND WORLD TOTAL
(Actual weight, in millions of pounds)

Countries	1969/70	1970/71	1971/72	1972/73
EEC (9 countries)	1 682	1 563	1 425	
Rest of Western Europe	109	125	108	
Soviet Union	157	182	190	
Eastern Europe	194	188	203	
Japan	696	707	679	
United States	250	202	161	
Others	253	265	254	
<u>World total</u>	<u>3 351</u>	<u>3 232</u>	<u>3 020</u>	

Source: Foreign Agriculture Circular FW-1-73, op.cit.

Due note should be taken of the decline in United States imports, which continues in spite of the reduction of its domestic production in recent years. Substantial changes are apparently taking place in the use of the various natural and artificial fibres in that country.

NON-FERROUS METALS

(a) Copper

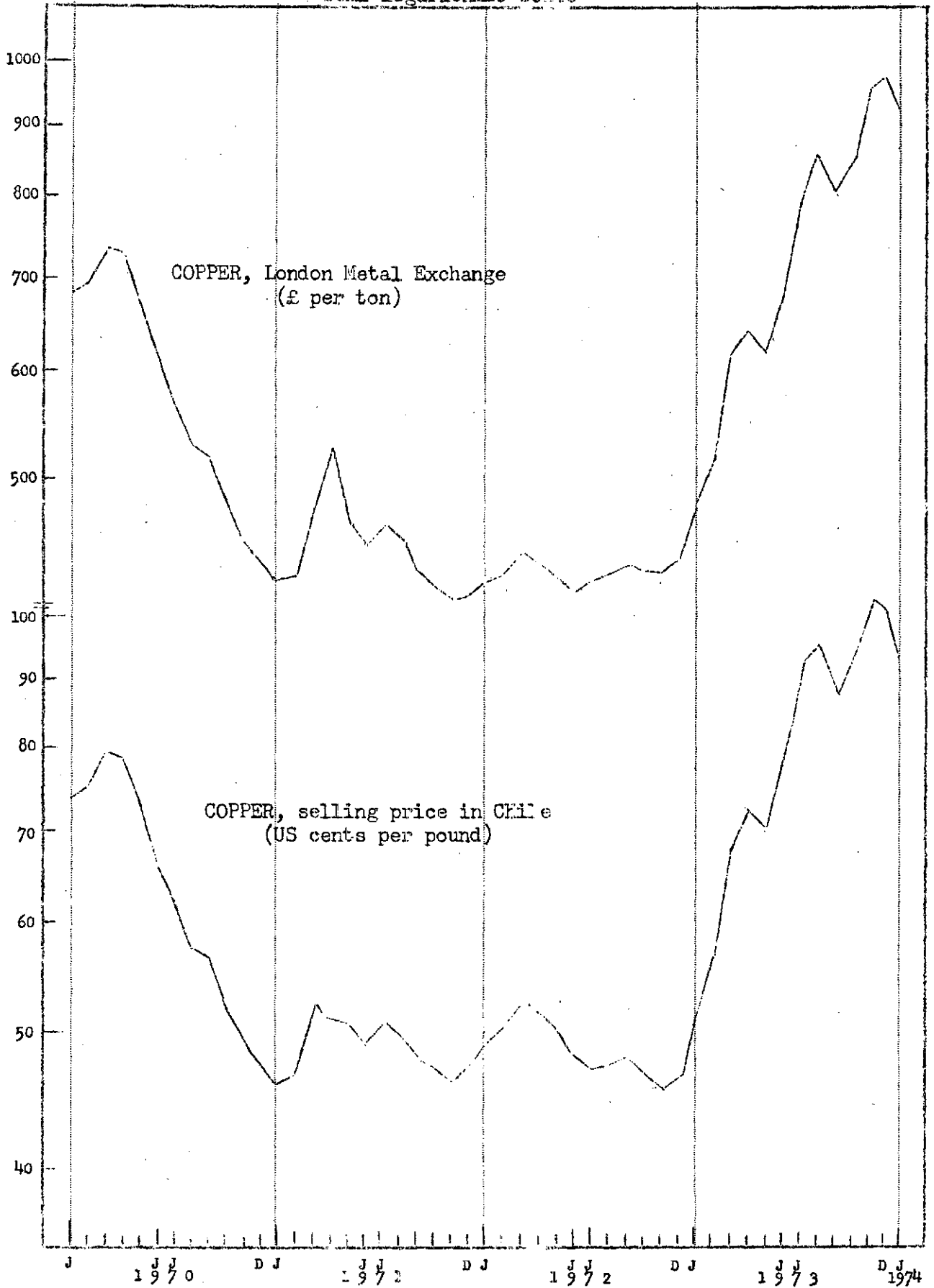
In the last two months of 1973 the prices of copper on the London Metal Exchange reached \$ 1.03 and \$ 1.04 per pound. In January of the same year the price was 50.8 cents per pound, so that between the beginning and the end of 1973 the prices for this metal increased by a little over 100 per cent. This is clearly a situation without precedent, even allowing for the fact that during the years 1971 and 1972 the international copper market was continually depressed and prices were lower than those reached during 1969 and 1970 (see figure XVII).

This development was due to a combination of factors, the most important of which were: (1) The interrupted flow of supplies from some of the major producing countries (in particular Chile and Zambia), because of strikes in one case, and in the other, the border dispute between Zambia and Rhodesia which caused ships to be diverted to other ports. However, not only Chile and Zambia, but other countries too, were obliged to have recourse on several occasions to the "force majeure" clause to cover shortfalls in contracted deliveries; (2) The reactivation of industrial activity in the majority of the developed countries meant that world consumption of refined copper increased substantially during 1972 and 1973; (3) The stocks of copper in the hands of producers and users as well as on the London Metal Exchange dropped rapidly during 1973. Thus, whereas stocks on the London Metal Exchange in January of that year were 168,000 tons, by September they had fallen to 41,000 tons; (4) Monetary instability caused financial resources to be diverted to the markets for certain products, such as copper, which offered better short-term prospects.

Some of the highlights of the international copper market during the past year were the 7 and 10 per cent increases in consumption in 1972 and 1973, respectively, and the deficit of 240,000 tons between the production and consumption of refined copper in 1973 (which explains the sharp reduction in stocks during that year).

Figure XVII
COPPER PRICES

Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

Table 24

REFINED COPPER a/: WORLD PRODUCTION AND CONSUMPTION

(Thousands of tons)

Years	Production	Consumption
1968	6 654	6 442
1969	7 171	7 062
1970	7 543	7 178
1971	7 339	7 238
1972	7 869	7 772
1973	8 300 <u>b/</u>	8 540 <u>b/</u>

Source: Yearbook of the American Bureau of Metal Statistics,
New York, June 1973 (for the 1968-1972 figures).

a/ Including primary and secondary copper.

b/ Preliminary estimates.

In the Latin American region the major producers of copper are Chile and Peru, followed by Mexico and Bolivia, the latter producing relatively marginal quantities. Production figures are given in table 25.

The total volume of production of the four Latin American countries in table 25 increased in recent years at a slower rate than world production. As a result of this, their share in the world production of copper is steadily declining - a trend which has been noticeable for many years. Thus in 1972 these countries accounted for only 15 per cent of world production, compared with 18 per cent in 1964.

This situation could be completely changed in the next few years should prospecting projects for big copper deposits in Colombia and Panama prove successful.

Table 25

COPPER: MINING PRODUCTION OF SELECTED COUNTRIES
AND WORLD TOTAL

(Thousands of tons) a/

	1969	1970	1971	1972	1973 b/
Bolivia	8.0	8.9	7.8	8.4	-
Chile	688.1	691.6	708.3	716.8	736.0
Mexico	66.1	61.0	63.1	78.7	
Peru	198.8	220.3	207.4	217.9	225.0
<u>Total</u>	<u>961.0</u>	<u>981.8</u>	<u>986.6</u>	<u>1 021.8</u>	
South Africa	126.2	149.2	157.5	161.9	
Zaire	362.2	385.5	405.8	428.2	490.0
Zambia	719.3	688.0	651.0	717.7	709.0
Australia	122.8	156.9	172.4	181.4	
United States	1 392.6	1 560.1	1 380.9	1 490.3	1 560.0
Canada	520.0	610.3	654.5	726.3	780.0
Soviet Union	870.9	898.1	916.3	952.6	
<u>World Total</u>	<u>5 850.6</u>	<u>6 301.3</u>	<u>6 278.9</u>	<u>6 793.0</u>	

Source: Yearbook of the American Bureau of Metal Statistics, op.cit.

a/ The original figures, which were in short tons, have been converted to metric tons.

b/ Preliminary estimates.

The importance of copper in the exports of Latin American countries varies from an insignificant percentage in Mexico to a relatively high one in Chile. The volume and value of these exports in recent years are shown in table 26.

Table 26

NON-MANUFACTURED COPPER: EXPORTS FROM
LATIN AMERICAN COUNTRIES

	1969	1970	1971	1972
A. <u>Volume (thousands of tons)</u>				
Bolivia	7.9	8.8	7.8	8.4
Chile	656.5	668.8	684.0	630.8
Mexico	11.1	6.0	10.0	25.7
Peru	200.5	215.6	193.5	218.5
B. <u>Value (millions of dollars)</u>				
Bolivia	10.9	12.5	8.3	8.8
Chile	793.5	976.5	685.5	629.5
Mexico	9.3	8.1	11.2	27.8
Peru	259.4	269.2	170.1	188.5
C. <u>Percentage of value of total exports of each country</u>				
Bolivia	5.0	5.0	3.6	...
Chile	73.8	78.2	71.2	73.6
Mexico	0.6	0.6	0.7	1.5
Peru	30.0	25.8	19.1	20.0

Source: Official foreign trade statistics of the respective countries.

Information on 1973 exports is far from complete. Although a slight reduction in the volume of exports, particularly from Chile and Peru, is expected, the higher price levels in 1973 should mean that these countries will receive higher earnings than in the previous two years. The inevitable question that comes to mind is, what are the prospects that the recent copper prices will remain at their present level? There can be no doubt that the increases in the second half of 1973 were the result of a combination of very special circumstances, which are changing as solutions are found to the export

/problems of

problems of Chile and Zambia. Furthermore, it must not be forgotten that aluminium is a copper substitute for some applications and that certain price relations between the two metals could prove an incentive to such substitution. This is one of the immediate problems facing the copper market, since prices of aluminium have not risen to the same extent as those of copper.

During the greater part of 1973 the international copper market was awaiting the decision to be taken by the United States Congress concerning authorization to sell copper from that country's strategic reserves. The decision was finally taken towards the middle of December 1973, when Congress passed a law authorizing the sale of various metals, including 251,600 tons of copper, according to a sales programme whose details had still not been made public half way through January. According to some information sources, some 80,000 tons of the quantity authorized for sale will be used for minting coins, so that the net quantity available for sale in trade circles may be reduced to some 170,000 tons.

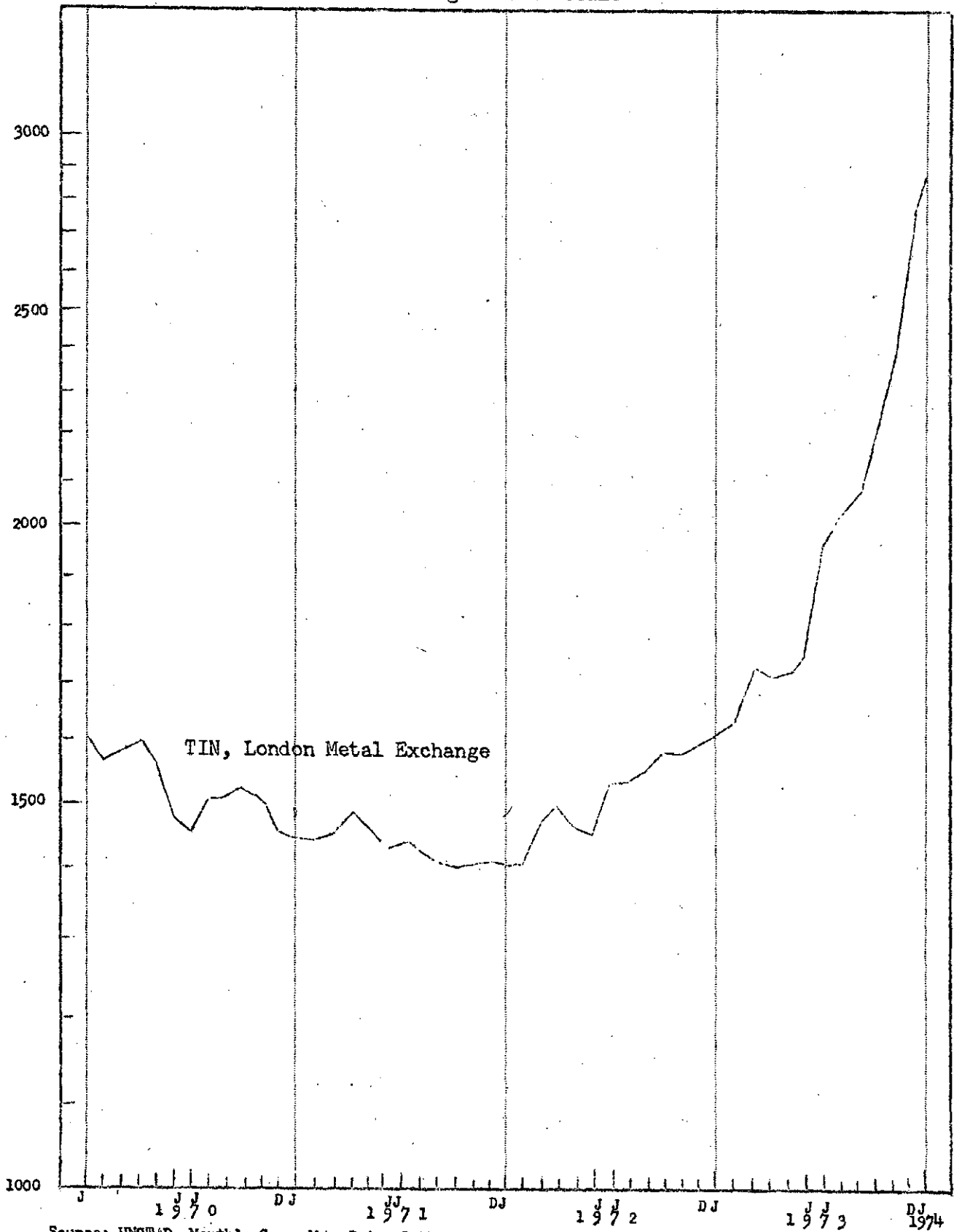
(b) Tin

In early 1973 the situation in the international tin market was rather weak, reflecting chiefly a certain degree of oversupply and the uncertainty caused by the programme for selling metal from the United States strategic reserves. It still did not at the time show a drop in prices, which had partially recovered in the second half of 1972 from the losses suffered during 1971, thanks to the intervention of the buffer stock in the market. However, the level of the buffer stock had already passed the ceiling for the application of export restrictions and a new period of export controls was introduced as from early in January 1973. These controls were due to end on 31 March, but they were extended up to 30 September.

Figure XVIII

TIN PRICES
(£ per ton)

Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

The introduction of export controls was a decisive factor in the defence and improvement of tin prices during 1973, for the sale of surplus tin from the United States strategic reserves, which proceeded relatively slowly in the early months of that year, threatened later to become an unsettling factor in the market when the Government requested the authorization of Congress to reduce the strategic reserve from 232,000 to 40,500 tons, thus making 191,500 tons available for sale - a quantity equal to world consumption for one year. As on previous occasions, the International Tin Council took the initiative and organized consultations with the United States Government on the terms and conditions for the sale of the tin surpluses, so as to attenuate the possible unfavourable effects on the level of prices and on market stability.

The outstanding producer and exporter of tin in Latin America is Bolivia, although Argentina, Brazil and Mexico also produce small quantities. The world total and Bolivia's production in recent years are given in table 27.

Table 27

TIN: PRODUCTION OF CONCENTRATES, FINE CONTENT

(Thousands of tons)

Years	Bolivia	World total ^{a/}	% of Bolivia in total
1969	30 045	189 527	16.7
1970	30 582	188 671	16.2
1971	30 775	189 789	16.2
1972	33 376	200 660	16.6
1973			

Source: Central Bank of Bolivia, Statistical Bulletin, September 1973.

^{a/} Excluding countries with centrally-planned economies.

/At the

At the end of 1973 Bolivia obtained foreign credit to finance the expansion of its existing tin smelting plant. The expansion project aims to increase the plant's annual capacity from the present figure of 7,500 tons to 22,000 tons, and will probably be completed in 1976.

Table 28 shows the evolution of tin exports in recent years.

Table 28

BOLIVIA: VOLUME AND VALUE OF TIN EXPORTS

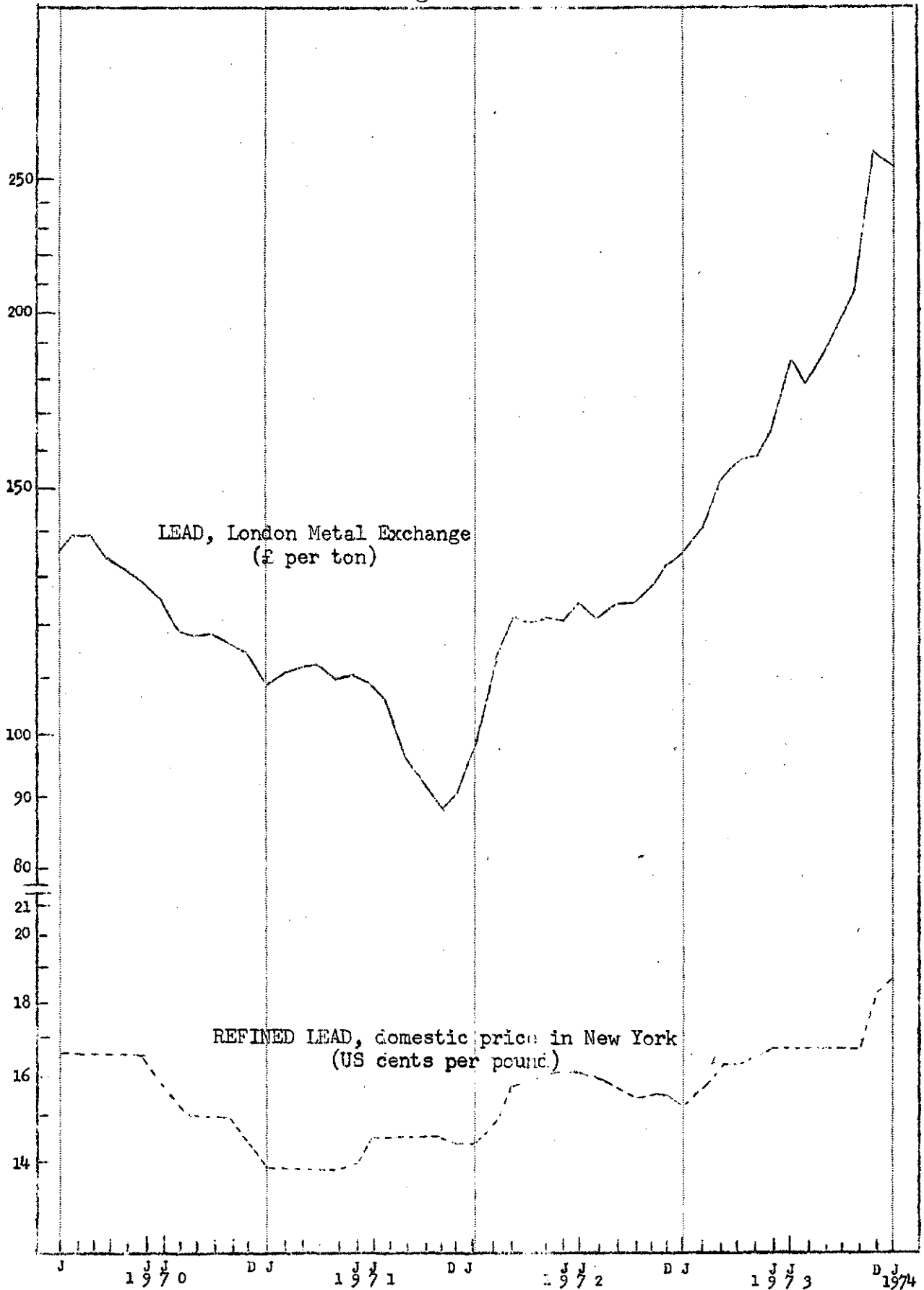
Years	Mineral concentrates, tons	Value, thousands of dollars	Metallic tin, tons	Value, thousands of dollars	Total value
1969	29 962	102 450	-	-	102 450
1970	27 836	101 907	-	-	101 907
1971	23 463	82 004	6 814	23 874	105 878
1972	24 315	90 426	6 257	23 110	113 536
1972 January-June	11 388	42 940	2 932	10 875	53 815
1973 January-June	12 219	50 768	3 372	13 931	64 699

Source: Central Bank of Bolivia, Statistical Bulletin, op.cit.

(c) Lead and zinc

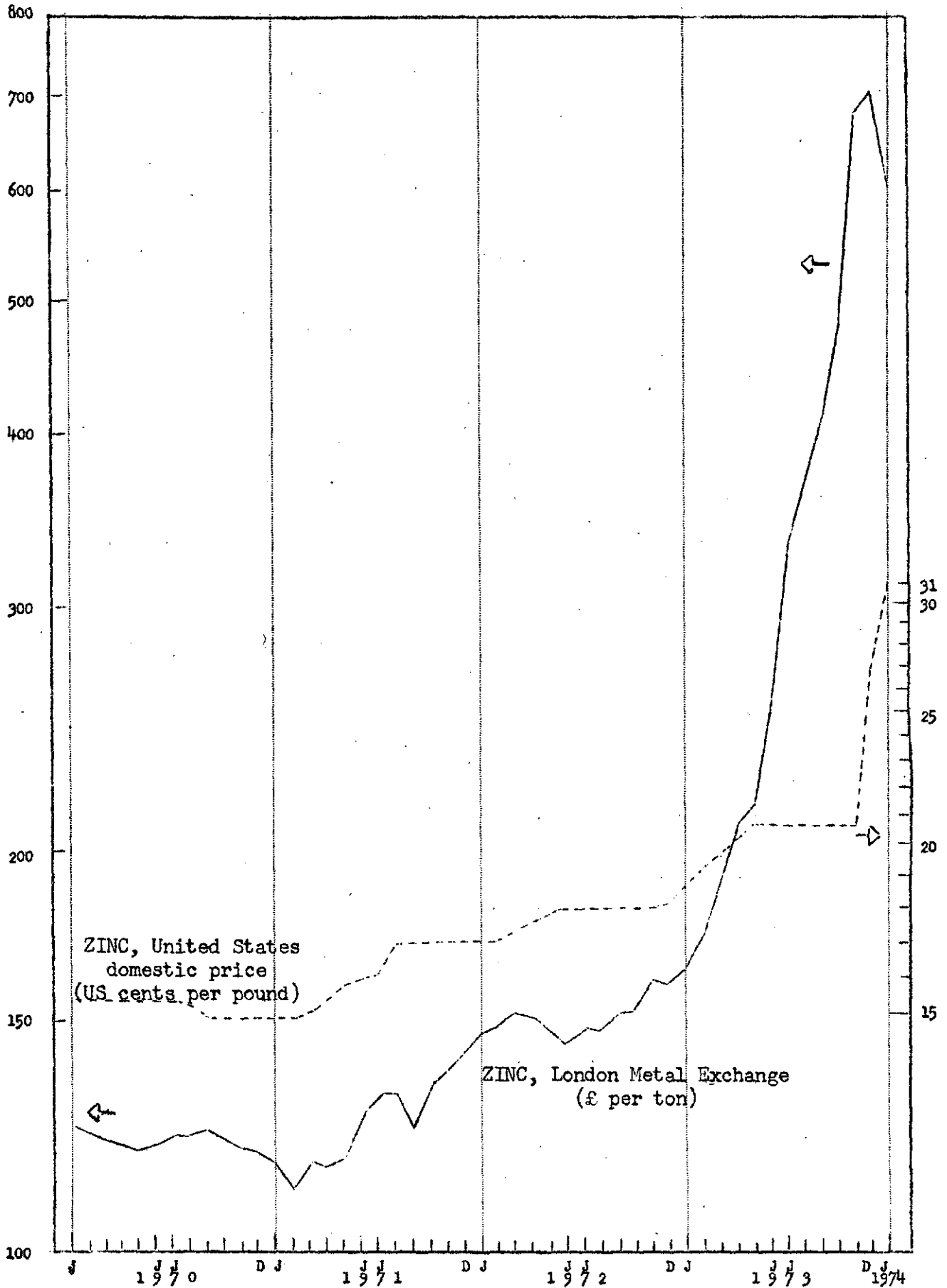
Prices for lead and zinc on the London Metal Exchange rose steadily during 1973, particularly in the case of zinc, prices for which reached unprecedented levels in the closing months of the year (see figures XIX and XX). These prices do not reflect the situation of the entire world market, since for lead and zinc, as for copper, producers' prices in the United States and in other parts of the world rose less than on the London Metal Exchange, but the prices prevailing on the Exchange are a good indication of the relation existing between demand and available supply.

Figure XIX
LEAD PRICES
Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

Figure XX
ZINC PRICES
Semi-logarithmic scale



Source: UNCTAD, Monthly Commodity Price Bulletin

/World production

World production of refined metal did not show any significant drops: indeed, monthly refining averages for both metals in the first half of 1973 easily surpassed the monthly averages for 1971 and 1972. However, consumption - or at least demand for imports for stockpiling increased more rapidly during 1973 than in the two previous years, and this touched off the sharp price increases, together with distortions in producers' prices in some regions, notwithstanding the fact that during the year significant quantities of lead and zinc were sold from the United States strategic reserves.^{6/}

Several Latin American countries produce lead and zinc, but only two of them - Mexico and Peru - produce significant quantities. Table 29 shows their share in recent years in the world total.

From the point of view of the foreign market, the position of the Latin American countries is very weak, since they export the major part of their production of lead and zinc in the form of concentrates (see table 30).

At the end of 1973 it was announced that the new programme of sales from the United States strategic reserves would include 357,300 tons of zinc, a quantity which commodity dealers considered unlikely to have any significant effect on the market, primarily because of the great existing demand, and secondly, because the sales programme was to be implemented gradually, as was done in 1973.^{7/}

^{6/} No complete details are available on the volume of these sales for the whole of 1973, but information for the period August-October indicates that the following quantities were sold by the government department responsible for these operations in the United States:

	Lead	Zinc
August 1973	30 343 tons	21 546 tons
September	13 104	8 399
October	52 653	27 323

Source: Metals Week, New York, 8 October and 5 November 1973.

^{7/} Based on opinions expressed in Metals Week, 10 December 1973.

Table 29

LEAD AND ZINC: MINING PRODUCTION, FINE CONTENT

(Thousands of tons)

	1969	1970	1971	1972	1973 ^{a/}
A. Lead					
Argentina	35.0	37.0	36.0	40.0	37.0
Bolivia	25.0	26.0	23.2	20.4	22.0
Brazil	22.2	18.8	22.8	25.0	24.0
Mexico	166.4	171.6	173.7	177.8	164.0
Peru	155.0	164.0	147.4	160.0	179.0
<u>Subtotal</u>	<u>403.6</u>	<u>417.4</u>	<u>403.1</u>	<u>423.2</u>	<u>426.0</u>
<u>World total b/</u>	<u>2 426.0</u>	<u>2 566.8</u>	<u>2 547.6</u>	<u>2 606.5</u>	<u>2 570.0</u>
Percentage for Latin America	16.6	16.3	15.8	16.2	16.6
B. Zinc					
Argentina	32.0	39.0	38.0	36.2	35.0
Bolivia	34.2	47.0	46.0	40.0	37.0
Mexico	251.6	263.0	261.2	269.4	268.0
Peru	315.0	329.0	311.4	320.0	380.0
<u>Subtotal</u>	<u>632.8</u>	<u>678.0</u>	<u>656.6</u>	<u>665.6</u>	<u>720.0</u>
<u>World total</u>	<u>4 221.5</u>	<u>4 359.9</u>	<u>4 286.1</u>	<u>4 396.4</u>	<u>4 400.0</u>
Percentage for Latin America	15.0	15.5	15.3	15.1	16.3

Source: International Lead and Zinc Study Group, Monthly Bulletin, December 1973.

^{a/} Preliminary estimates based on figures for 9 months.

^{b/} Excluding countries with centrally-planned economies.

Table 30

LEAD AND ZINC: EXPORTS OF LATIN AMERICAN COUNTRIES

(Thousands of tons of fine content)

		1969	1970	1971	1972	1973
A. Lead						
Bolivia	Mineral	25.0	26.0	23.2	20.4	
Mexico	Metal	87.2	94.0	77.6	84.8	
Peru	Mineral	81.5	95.6	145.7	165.7	
Peru	Metal	74.7	53.5	60.5	77.2	
B. Zinc						
Bolivia	Mineral	34.2	47.0	46.0	30.0	
Mexico	Mineral	159.7	173.3	138.1	156.2	
Mexico	Metal	38.8	35.8	42.0	44.1	
Peru	Mineral	253.1	267.0	344.5	399.0	
Peru	Metal	57.7	65.0	49.7	54.0	

Source: International Lead and Zinc Study Group, Monthly Bulletin,
op.cit.

PETROLEUM

In the last months of 1973 the main oil producing and exporting countries announced a series of increases in the reference prices of crude petroleum, which in some cases meant doubling or tripling the previous prices. "Reference prices" are of course those published by the oil companies and used in some countries as a basis for calculating royalties and taxes. There is no "market price" proper for oil (in the same sense as there is a market price or quotation for coffee, wheat, etc.), so that the "actual price" concept is generally used as the equivalent of market prices of other commodities, although it is really an "export unit value" based on the financial statements of the oil companies and checked by the governments concerned.^{8/} In any case, "reference prices", which up to a short time ago were the subject of negotiation between the oil companies and the governments of the countries in which they operate, are now fixed unilaterally by the governments, which at the same time determine the "actual" price of the oil and the State's participation in its development.

The increases in the reference prices of petroleum caused enormous anxiety in a great many countries, not only on account of their size but also of other measures adopted simultaneously by some of the major exporting countries, for when some of the latest increases were announced, it was also reported that there would be cutbacks in production and reductions in shipments to certain countries in line with government policy decisions aimed at achieving specific political objectives. Thus at a certain moment the problem of the higher cost of oil imports was aggravated by supply restrictions and the possibility that if such restrictions were maintained for any length of time they would affect the level of economic activity. However, the situation has not deteriorated further in this respect; on the contrary, it seems that the essentially political aspects of the "oil crisis" are in the process of being solved, so that the problem is confined to the new price levels, the new structure of relations between governments and oil companies, and the longer-term problems linked to the various sources of energy.

^{8/} See a brief discussion on the characteristics of markets and prices of petroleum and petroleum products in La industria del petróleo en América Latina: Notas sobre su evolución reciente y perspectivas (United Nations publication, Sales No. S.73.II.G.2), chapter III.

In oil, as in other raw materials, the recent price increases cause one to "forget" what has happened in the preceding 10 or 12 years. If consideration is given to the "actual price" series for Venezuelan crude oil exports in the last few years, it will be noted that the average price in dollars per barrel declined steadily between 1958 and 1970 (see table 31).

Table 31

VENEZUELA: ACTUAL AVERAGE PRICE OF CRUDE OIL EXPORTS
(Dollars per barrel)

Years	Dollars per barrel	Years	Dollars per barrel
1957	2.59	1966	1.86
1958	2.48	1967	1.84
1959	2.19	1968	1.83
1960	2.08	1969	1.79
1961	2.10	1970	1.78
1962	2.06	1971	2.25
1963	2.02		
1964	1.95		
1965	1.89		

Source: Venezuelan Ministry of Mines and Hydrocarbons, Petróleo y otros datos estadísticos 1971, September 1972, p. 195.

It is true that between 1966 and 1970 the decrease in the average price was small, which mainly reflects the efforts of the Venezuelan Government to prevent a further expansion of production (as was occurring in some countries of the Middle East) and to discourage the granting of price discounts by oil companies. The fact remains, however, that the downward trend in the average price of exported crude oil persisted and was only reversed in 1971 after Venezuela had adjusted its reference prices in line with the increases decided upon by the oil producing countries in the Persian Gulf and North Africa under the Teheran and Tripoli agreements which these countries negotiated with the oil companies.

/During 1972

During 1972 and the first half of 1973 the rise in the reference prices of Venezuelan crude oil was fairly small; in fact the adjustment in March 1973 was designed to offset the new devaluation of the dollar in February of that year. In the second half of 1973, however, the reference prices were raised more frequently, until the increases which came into force in November. Table 32 shows the reference prices of two different types of crude petroleum.

Table 32

VENEZUELA: REFERENCE PRICES, FOR TAX PURPOSES,
OF 25° AND 35° CRUDE OIL

(Dollars per barrel) a/

Date of entry into force	Specific gravity 35°	Percentage variation	Specific gravity 35°	Percentage variation
1 January 1972	2.8856	-	3.2110	-
1 January 1973	3.0294	5.0	3.3621	4.7
13 March 1973	3.3175	9.5	3.7683	12.1
1 August 1973	3.7246	12.3	4.2307	12.3
1 September 1973	4.0491	8.7	4.5993	8.7
1 October 1973	4.1858	3.4	4.7546	3.4
1 November 1973	6.5094	55.5	7.1105	49.5
1 January 1974	10.6702	63.9	11.2156	57.7

Source: The Petroleum Economist, London (monthly bulletins covering 1971, 1972 and 1973, and February 1974).

a/ These reference prices exclude the freight premium and the low-sulphur premium.

The total increase in reference prices between 1 January and 1 November 1973 is 114.9 per cent for each of the types of crude oil indicated in the table, but owing to the gradual scale of the increases and the fact that nearly half the percentage increase is recorded as from 1 November, the effect on Venezuela's total income in 1973 is not as great as might be expected from the total percentage increase.

/Crude oil

Crude oil production in Latin America as a whole has failed to keep pace with world output, so its percentage share in the total has declined. This trend has been determined mainly by the production policy followed by Venezuela, which for many years has been regulating its total production volume in order to avoid contributing - through a bigger expansion - to a deterioration in prices, and in order to help conserve its non-renewable natural resources. The total volume of Venezuela's output increased moderately in 1973 compared with the preceding year, and this increase, together with the new and increasing production of Ecuador, raised Latin America's total production above the 1972 figure to levels comparable with those reached in 1970 and 1971. Production figures for countries and major regions are shown in table 33.

Table 33

CRUDE PETROLEUM: PRODUCTION OF LATIN AMERICAN COUNTRIES
AND OTHER SELECTED AREAS

(Thousands of tons)

	1970	1971	1972	1973 a/
Argentina	19 969	21 494	22 105	21 300
Bolivia	1 124	1 714	2 028	2 150
Brazil	8 009	8 376	8 259	8 500
Ecuador	191	174	3 835	9 500
Colombia	11 071	11 127	10 143	9 400
Chile	1 620	1 652	1 615	1 500
Mexico	21 877	21 920	22 709	23 208
Peru	3 450	3 048	3 182	3 200
Trinidad and Tobago	7 225	8 690	7 248	8 000
<u>Total</u>	<u>74 536</u>	<u>76 195</u>	<u>81 124</u>	<u>86 758</u>
Venezuela	193 209	189 921	168 232	175 866
Latin America	267 745	261 116	249 356	262 624
United States	533 677	530 385	528 454	513 153
Western Europe	16 208	15 308	15 742	15 544
Middle East	713 835	821 125	913 782	1 061 079
Africa	274 578	259 645	263 279	279 199
Soviet Union and Eastern Europe	393 102	393 454	416 197	443 710
<u>World total</u>	<u>2 336 153</u>	<u>2 467 606</u>	<u>2 595 060</u>	<u>2 832 746</u>
Percentage variation	9.4	5.6	5.1	9.1

source: The Petroleum Economist, London, January 1973, January 1974
and February 1974.

a/ Provisional figures.

/Out of

Out of the whole list of Latin American oil-producing countries, only a few have significant balances. To illustrate the situation faced by most of the Latin American countries with regard to petroleum and petroleum products, table 34 presents import and export values for the last few years.

Table 34

LATIN AMERICA: TOTAL VALUE OF IMPORTS (CIF) AND EXPORTS (FOB)
OF CRUDE PETROLEUM, PETROLEUM PRODUCTS AND NATURAL GAS
(Millions of dollars)

	1970		1971		1972	
	Imports	Exports	Imports	Exports	Imports	Exports
Argentina	75.0	7.8	98.6	8.0	64.2	5.2
Bolivia	1.0	13.2	1.4	23.9	1.6	41.6
Brazil	280.0	16.7	475.4	28.6	570.1	57.4
Colombia	-	74.2	-	74.6	-	59.1
Costa Rica	11.7	0.9	15.1	1.8	-	-
Chile	49.9	-	77.6	-	68.4	-
Ecuador	16.8	0.8	20.6	1.5	21.0	61.0
El Salvador	4.7	1.1	13.0	1.0	-	-
Honduras	14.7	6.2	17.5	2.9	-	-
Guatemala	15.9	-	14.3	-	-	-
Jamaica	32.6	8.1	34.0	8.5	52.1	9.2
Mexico	69.6	36.6	115.2	30.8	149.7	23.0
Panama a/	62.1	21.5	66.2	25.1	59.3	24.0
Paraguay	6.1	-	6.3	-	5.9	-
Peru	26.9	7.6	53.5	5.4	51.1	7.6
Trinidad and Tobago	288.0	371.3	361.4	437.2	343.9	407.0
Venezuela	-	2 398.0	-	2 980.0	-	2 923.7

Source: ECLA, on the basis of official foreign trade statistics.

a/ Imports FOB.

STATISTICAL ANNEX

Table A

UNITED STATES: INDEXES OF WHOLESALE PRICES AND UNIT VALUES OF EXPORTS

(1950 = 100)

Year	Indexes of wholesale prices			Index of unit values of exports of goods
	General index	Agricultural products and foodstuffs	Industrial products	
1948	101.2	108.1	98.6	110.4
1949	96.2	95.4	96.5	102.7
1950	100.0	100.0	100.0	100.0
1951	111.3	113.8	110.4	114.7
1952	108.3	109.4	107.8	114.1
1953	106.8	102.2	108.7	112.9
1954	107.1	101.9	109.0	111.5
1955	107.3	97.1	111.4	112.7
1956	110.9	96.4	116.4	116.8
1957	114.1	99.8	119.6	120.7
1958	115.6	104.4	120.0	119.3
1959	115.9	99.6	122.2	119.6
1960	116.0	99.8	122.2	120.5
1961	115.5	99.8	121.5	122.8
1962	115.9	100.9	121.5	122.0
1963	115.5	99.9	121.4	121.7
1964	115.8	99.3	122.1	122.9
1965	118.1	103.4	123.6	126.9
1966	122.0	110.2	126.3	130.8
1967	122.2	106.4	128.2	133.3
1968	125.3	109.1	131.4	135.2
1969	130.2	115.0	135.9	139.6
1970	135.0	119.0	141.0	147.6
1971	139.2	121.2	146.2	152.5
1972	145.6	130.4	151.2	156.8
1973	165.6	169.4	162.8	180.0 */

Sources: United States Department of Commerce, Business Statistics 1971, Survey of Current Business, November 1973, and Economic Indicators, January 1974.

Note: Original base year 1967.

*/ Estimated annual average based on figures for the first 9 months of the year.

Table B

SUGAR: AVERAGE PRICES OF RAW SUGAR FOR EXPORT TO FREE MARKET
AND UNITED STATES

(US cents per pound)

Year	Exports to free market		Exports to United States a/	
	US cents at current prices	Adjusted price b/	US cents at current prices	Adjusted price b/
1948	4.24	3.84	5.84	5.02
1949	4.16	4.05	5.81	5.66
1950	4.98	4.98	5.93	5.93
1951	5.67	4.94	6.06	5.28
1952	4.17	3.65	6.26	5.49
1953	3.41	3.02	6.29	5.57
1954	3.26	2.92	6.09	5.46
1955	3.24	2.87	5.95	5.28
1956	3.48	2.98	6.09	5.21
1957	5.16	4.27	6.24	5.17
1958	3.50	2.93	6.27	5.25
1959	2.97	2.48	6.24	5.22
1960	3.14	2.60	6.30	5.23
1961	2.91	2.37	6.30	5.13
1962	2.98	2.44	6.45	5.29
1963	8.50	6.93	8.18	6.72
1964	5.89	4.79	6.90	5.61
1965	2.12	1.67	6.75	5.32
1966	1.86	1.42	6.99	5.34
1967	2.08	1.56	7.28	5.46
1968	2.12	1.57	7.52	5.56
1969	3.49	2.50	7.83	5.61
1970	3.76	2.55	8.07	5.47
1971	4.52	2.96	8.52	5.59
1972	7.43	4.74	9.09	5.80
1973	9.61	5.34	10.29	5.72

Sources: United States Department of Agriculture, Sugar Statistics and Related Data, February 1970, and Sugar Reports, January 1974.

a/ Prices of exports to the United States include import tax in that country.

b/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

Table C

COCOA BEANS: AVERAGE PRICES OF BAHIA COCOA IN NEW YORK

(US cents per pound)

Year	US cents at current prices	Adjusted price ^{a/}
1948	39.0	35.3
1949	21.2	20.6
1950	29.2	29.2
1951	35.1	30.6
1952	35.8	31.4
1953	34.9	30.9
1954	55.7	49.9
1955	36.2	32.1
1956	25.5	21.8
1957	30.5	25.3
1958	43.3	36.3
1959	35.4	29.6
1960	26.8	22.2
1961	22.4	18.2
1962	21.3	17.4
1963	26.5	21.8
1964	23.2	18.9
1965	16.9	13.3
1966	23.0	17.6
1967	26.4	19.8
1968	32.9	24.3
1969	43.5	31.2
1970	32.3	21.9
1971	25.8	16.9
1972	31.1	19.8
1973	61.1	33.0

Source: Gill & Duffus Group, Cocoa Statistics, London, December 1973.

^{a/} Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

Table D

COFFEE BEANS: AVERAGE PRICES OF SANTOS NO. 7 COFFEE IN NEW YORK,
FOR IMMEDIATE DELIVERY

(US cents per pound)

Year	US cents at current prices	Adjusted price a/
1948	27.1	24.5
1949	31.8	31.0
1950	50.5	50.5
1951	54.2	47.2
1952	54.0	47.3
1953	57.9	51.3
1954	78.7	70.6
1955	57.1	50.7
1956	58.1	49.7
1957	56.9	47.1
1958	48.4	40.6
1959	37.0	30.9
1960	36.6	30.4
1961	36.0	29.3
1962	34.0	27.9
1963	34.1	28.0
1964	46.7	38.0
1965	44.7	35.2
1966	40.8	31.2
1967	37.8	28.3
1968	37.4	27.7
1969	40.8	29.2
1970	54.6	37.0
1971	44.8	29.4
1972	51.0	32.5
1973	66.5	36.9

Source: United Nations, Monthly Bulletin of Statistics.

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

Table E

WHEAT: AVERAGE EXPORT PRICE OF UNITED STATES NO 2 HARD WINTER
WHEAT, FOB GULF PORTS

(Dollars per ton)

Year	Dollars at current prices	Adjusted price a/
1948	88.9 b/	80.5
1949	79.0 b/	76.9
1950	67.5	67.5
1951	72.5	63.2
1952	74.3	65.1
1953	76.6	67.8
1954	69.6	62.4
1955	64.3	57.0
1956	62.3	53.3
1957	62.1	51.4
1958	62.1	52.0
1959	61.4	51.3
1960	61.4	50.9
1961	62.1	50.6
1962	63.3	51.9
1963	64.6	53.1
1964	67.4	54.8
1965	59.5	46.8
1966	62.8	48.0
1967	65.8	49.4
1968	62.8	46.4
1969	58.4	41.8
1970	54.7	37.0
1971	61.7	40.4
1972	69.8	44.5
1973	137.8	76.5

Sources: International Wheat Council, World Wheat Statistics, 1973 and previous years;
UNCFAD, Monthly Commodity Price Bulletin, January-February 1974.

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

b/ Average price of United States No 2 Hard Winter wheat, in Kansas City.

Table F

COTTON: AVERAGE PRICES OF SAO PAULO Nº 5 COTTON, CIF LIVERPOOL

(US cents per pound)

Year	US cents at current prices	Adjusted price a/
1948/49	43.4 b/	39.3
1949/50	43.4 b/	42.3
1950	46.3	46.3
1951	66.1	57.6
1952	54.8	48.0
1953	41.4	36.7
1954	36.9	33.1
1955	35.4	31.4
1956	30.9	26.5
1957	30.2	25.0
1958	27.3	22.9
1959	25.1	21.0
1960	26.3	21.8
1961	28.0	22.8
1962	26.7	21.9
1963	26.5	21.8
1964	26.1	21.2
1965	26.2	20.6
1966	24.4	18.6
1967	26.4	19.8
1968	27.1	20.0
1969	23.4	16.8
1970	26.6	18.0
1971	32.3	21.2
1972	33.6	21.4
1973	51.9	28.8

Source: International Cotton Advisory Committee, Cotton: World Statistics, quarterly bulletin, January 1974 and previous issues.

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

b/ Annual averages for the July-June trading year.

Table G

WOOL: AVERAGE PRICE OF URUGUAYAN WOOL, 58-60, CLEAN BASIS,
IN WAREHOUSE, BOSTON, UNITED STATES

(US cents per pound)

Year	US cents at current prices		Adjusted price a/	
1948	123.4		111.8	
1949	120.8		117.6	
1950	155.4		155.4	
1951	253.0		220.6	
1952	125.2		109.7	
1953	125.0		110.7	
1954	130.0		116.6	
1955	116.0		102.9	
1956	107.8		92.3	
1957	141.4		117.1	
1958	106.0		88.8	
1959	101.2		84.6	
1960	94.8		78.7	
1961	87.8		71.5	
1962	97.3		79.7	
1963	110.4		90.7	
1964	122.7		99.8	
1965	91.8	110.6 b/	72.3	87.2 b/
1966	103.6	120.9	79.2	92.4
1967	91.5	110.3	68.6	82.7
1968	80.0	113.0	59.2	83.6
1969	82.6	111.6	59.2	79.9
1970	70.4	92.0	47.7	62.3
1971	60.9	77.1	39.9	50.6
1972	...	128.2	...	81.8
1973	...	276.2 g/	...	153.4

Source: United States Department of Agriculture, Wool Statistics and Related Data,
Statistical Bulletin No 455; Supplement for 1971 to Statistical Bulletin No 455.

Note: There are no quotations later than January 1972 for Uruguayan wool.

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

b/ Australian 64's wool tops.

c/ Average quotations for 10 months.

Table H

ELECTROLYTIC COPPER: AVERAGE PRICES ON THE LONDON METAL EXCHANGE,
FOR IMMEDIATE DELIVERY

(Dollars per ton)

Year	Dollars at current prices	Adjusted price a/
1948	532.0	481.9
1949	489.0	470.3
1950	492.7	492.7
1951	607.3	529.5
1952	714.7	626.4
1953	663.8	587.9
1954	685.1	614.4
1955	963.4	859.3
1956	906.4	776.0
1957	604.9	501.1
1958	543.9	455.9
1959	655.2	547.8
1960	677.8	562.5
1961	632.6	515.1
1962	644.8	528.5
1963	645.6	530.5
1964	967.5	787.2
1965	1 289.9	1 016.5
1966	1 529.5	1 169.3
1967	1 138.3	853.9
1968	1 240.8	917.7
1969	1 466.3	1 050.3
1970	1 412.7	957.1
1971	1 086.2	712.3
1972	1 070.6	682.8
1973	1 780.7	989.3

Sources: IBRD, Commodity Price Trends (1971 edition); UNCTAD, Monthly Commodity Price Bulletin, January-February 1974.

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

Table I

TIN: AVERAGE PRICE ON THE LONDON METAL EXCHANGE, FOR IMMEDIATE DELIVERY

(Dollars per ton)

Year	Dollars at current prices	Adjusted price a/
1948	2 174.0	1 969.2
1949	2 194.0	2 136.3
1950	2 055.2	2 055.2
1951	2 975.7	2 594.3
1952	2 657.9	2 329.4
1953	2 013.8	1 783.7
1954	1 981.1	1 776.8
1955	2 039.9	1 810.0
1956	2 170.7	1 858.4
1957	2 080.2	1 723.4
1958	2 025.6	1 697.9
1959	2 163.9	1 809.3
1960	2 195.3	1 821.8
1961	2 447.0	1 992.7
1962	2 470.9	2 025.3
1963	2 507.4	2 060.3
1964	3 408.6	2 773.5
1965	3 893.1	3 067.8
1966	3 573.7	2 732.2
1967	3 330.0	2 498.1
1968	3 126.7	2 312.6
1969	3 427.5	2 455.2
1970	3 673.8	2 489.0
1971	3 509.0	2 301.0
1972	3 765.0	2 401.1
1973	4 813.0	2 673.9

Sources: IBRD, Commodity Price Trends (1971 edition); UNCTAD, Monthly Commodity Price Bulletin, January-February 1974.

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

Table J

VENEZUELA: AVERAGE ACTUAL PRICE OF EXPORTS OF CRUDE PETROLEUM
AND PETROLEUM PRODUCTS

(Dollars per barrel)

Year	Average price in dollars at current prices		Adjusted price a/	
1948	2.16		1.96	
1949	2.07		2.02	
1950	2.11		2.11	
1951	2.05		1.79	
1952	2.14		1.88	
1953	2.30		2.04	
1954	2.31		2.07	
1955	2.34		2.08	
1956	2.36		2.02	
1957	2.65		2.20	
1958	2.50		2.10	
1959	2.23		1.86	
1960	2.12		1.76	
1961	2.13		1.73	
1962	2.08		1.70	
1963	2.04		1.68	
1964	1.96		1.59	
1965	1.89		1.49	
1966	1.87		1.43	
1967	1.85		1.39	
1968	1.87	1.97 b/	1.38	1.46 b/
1969	1.81	1.97	1.30	1.41
1970	1.85	1.97	1.25	1.33
1971	2.35	2.61	1.54	1.71
1972	...	3.12	...	1.99
1973	...	4.26	...	2.37

Sources: 1950-1971: Venezuelan Ministry of Mines and Hydrocarbons, Petr6leos y otros datos estadisticos (1968 and 1971 issues).

a/ Dollars at current prices, deflated by the index of unit values of United States exports, 1950 = 100.

b/ Unit values of exports of crude petroleum and petroleum products, calculated on the basis of the quantities and values published by the International Monetary Fund in its balance of payments statistics.